



Democratic Socialist Republic of Sri Lanka

PROCUREMENT MANUAL 2024

GOODS, WORKS AND NON-CONSULTING SERVICES

**To be used along with the Procurement Guidelines - 2024
for Goods, Works and Non-consulting Services**

NATIONAL PROCUREMENT COMMISSION

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DEFINITIONS

Unless the context otherwise requires the following terms whenever used in these Procurement Guidelines have the following meanings:

- “Action Plan”** Means a work plan of a Government Institution for the year under consideration, based on the medium-term budgetary framework approved by the Parliament.
In relation to State Owned Enterprises (SOE), a work plan for the year under consideration is based on the Corporate Plan approved by the Board of Directors, and for Provincial Councils and Local Authorities, an Action Plan means the work plan approved by the respective Authority for the year under consideration.
- “Bid/Proposal/Quotation”** Means an offer, by a firm, Joint Venture, or any other party or parties in response to a Request for Bids/Proposals/Quotations, to provide the required Goods, Works, or Services.
- “Bidder”** Means a natural person, legal person, or Joint Venture that submits a bid for Goods, Works, or Services in response to a Request for Bids/Proposals/ Quotations.
- “Detailed Annual Procurement Plan”** Means a subset of the Master Procurement Plan which lists out the procurements planned to be carried out during a particular financial year, with due emphasis on available budgetary provisions and planned timelines for the completion of critical milestones pertaining to each procurement.
- “Effective Date”** Means the date on which these Procurement Guidelines will become effective, replacing all Procurement Guidelines, Procurement Manual, and Supplements as well as any related Circulars and Directives as prevalent on that date. The Effective Date shall be a date specified by the National Procurement Commission (NPC) after the *Gazette* notification issuance.

“e-GP”	Means the use of Information and Communication Technology by the Government of Sri Lanka in the process of procuring Goods, Works, and Services required by the Public Sector, while ensuring adherence to the Public Procurement principles.
“Foreign Funding Agency”	Means any multi-lateral or bi-lateral agency that has entered or intends to enter into an agreement with the Government of Sri Lanka for financing a project or a program.
“Foreign Funded Project”	Means any project that is fully or partly financed by a Foreign Funding Agency/Foreign Funding Agencies.
“Framework Agreement”	Means an agreement with one or more parties, that establishes the terms and conditions which govern any contract awarded during the term of the said agreement.
“Fraud and Corruption”	Means any activity such as corruption, fraud, collusion, coercion, or obstruction that is contrary to the achievement of objectives of Public Procurement, and the acts and/or omissions as stipulated as an offence under the Anti-Corruption Act No. 09 of 2023 by any person or entity connected to the procurement process in any manner including a person who holds the position of trust.
“Goods”	Means all commodities, raw materials, products, plants and machinery, motor vehicles, equipment, livestock, and other physical objects of every description, whether in solid, liquid, gaseous, or living form.
“Government Institution”	Includes the office of the Secretary to the President, the office of the Secretary to the Prime Minister, the office of the Secretary to the Cabinet of Ministers, the offices of the Ministers appointed under Article 44 or 45 of the

Constitution of Sri Lanka, the Judicial Service Commission, the Constitutional Council, the Commissions referred to in the Schedule to Article 41B of the Constitution, the Parliamentary Commissioner for Administration, the Secretary General of Parliament, Ministries, Government Departments, Provincial Councils, local Authorities, Public Corporations, business or other undertakings vested in the Government under any written law and Companies registered or deemed to be registered under the Companies Act, No. 7 of 2007, in which the Government, a public corporation or local authority holds more than fifty per centum of the shares of that company.

“Information System”

Means an organized system consisting of an integrated group of components of software, hardware, and networks for the collection, organization, storage, processing of data, and communication of information.

“Information Technology”

Means the development, maintenance, and use of computer systems, software, and networks for the processing and distribution of data.

“In Writing”

Means communicating or reporting in written form which includes mail, electronic mail (e-mail), fax, reports, documents, and any other form of electronic communication to be accurate, reliable, accessible, secure, ensure confidentiality, and have a sufficient audit trail.

“Master Procurement Plan”

Means a plan prepared by the Procurement Entity by listing all procurements envisaged to be carried out during a period of three (03) years in a medium-term budgetary framework, with tentative timelines to carry out such procurements.

“Non-consulting Services”

Means Services, including supply of electricity, water, telecommunication and internet, cleaning, security, cargo clearance, utility services, and services other than Consulting Services.

“Public Procurement”	Means acquisition of Goods, Works, Services, and Information Systems by Procuring Entities through the most appropriate means, using public funds or funds received from any other local or foreign source as loans, grants, gifts, donations, or contributions. It includes purchase, rental, taking on lease, or hire purchase including services incidental to the provision of the said Goods, Services or the execution of the Works and acquisition of assets.
“Procurement Action”	Means any action in furtherance of Public Procurement.
“Procurement Documents”	Means all documents related to the Public Procurement whether in hard or electronic forms including General Procurement Notice (GPN), Special Procurement Notice (SPN), Requests for Bids (RFB), Addenda, Contract Forms, Expression of Interest (EOI), Request for Quotation (RFQ), Request for Proposal (RFP), and all the other forms of different documents used in Public Procurement.
“Procuring Entity”	Means a Government Institution that engages in Public Procurement.
“Procurement Guidelines”	Means Guidelines published by the National Procurement Commission for Procurement of Goods, Works, and Non-consulting Services.
“Procurement Manual”	Means a detailed operational manual published by the National Procurement Commission on procurement procedures relating to Public Procurement.
“Procurement Process”	Means a process that commences with the identification of needs and continues through planning, preparation of Procurement Documents, selection, the award of the contract and implementation.

“Procurement Time Schedule”

Means a schedule that is prepared by a Procurement Entity depicting the specific dates to accomplish each procurement action from commencement to the award of the contract related to a particular procurement.

“Variation Review Committee”

Means a committee appointed by the respective authority to review and consider variations to a contract.

“Works”

Means a category of procurement that includes construction, repair, refurbishment, renovation, rehabilitation, restoration, maintenance, and demolition of buildings, infrastructure, and civil work structures.

ACRONYMS

AC	Acceptance Committee
AO	Accounting Officer
BEC	Bid Evaluation Committee
BOQ	Bill of Quantities
BOC	Bid Opening Committee
CAO	Chief Accounting Officer
HLPC	High Level Procurement Committee
CBO	Community Based Organizations
CIDA	Constructions Industry Development Authority
DC	Direct Contracting
DPC	Department Procurement Committee
e-GP	Electronic Government Procurement
FFA	Foreign Funding Agency
FFP	Foreign Funded Project
GI	Government Institutions
GOSL	Government of Sri Lanka
GPP	Green Public Procurement

GPN	General Procurement Notice
HD	Head of Department
ICB	International Competitive Bidding
IS	Information System
LIB	Limited International Competitive Bidding
LNB	Limited National Competitive Bidding
LKR	Sri Lanka Rupees
MPC	Ministry Procurement Committee
MPP	Master Procurement Plan
NPA	National Procurement Agency
NCB	National Competitive Bidding
NPC	National Procurement Commission
PAB	Procurement Appeal Board
PAC	Procurement Appeal Committee
PC	Procurement Committee
PD	Project Director
PE	Procuring Entity
PFM	Public Finance Management
PMD	Procurement Management Division

PPP	Public-Private Partnership
PTS	Procurement Time Schedule
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Quotations
RPC	Regional Procurement Committee
SHLPC	Standing High Level Procurement Committee
SOE	State Owned Enterprises
SPD	Standard Procurement Document
SPN	Special Procurement Notice
SPP	Sustainable Public Procurement
TCE	Total Cost Estimate
VAT	Value Added Tax
VFM	Value for Money
VRC	Variation Review Committee

CHAPTER 01 – GENERAL

Purpose

(Relevant Reference to the Procurement Guidelines - 1.1)

- (a) The purpose of these Guidelines is to establish governing principles and procedures to ensure value for money with integrity, in an efficient, fair, equitable, transparent, competitive, accountable, and cost-effective public procurement process by the Government Institutions for procurement of Goods, Works and Non-consulting Services.
- (b) Public procurement is an integral part of overall Public Financial Management (PFM). Hence, it was detailed in the Financial Regulation (FR), which is the source that regulations and governing principles are prescribed to ensure a sound PFM system, in the planning, budgeting, accounting and budget execution process. Public procurement is a process that comes under budget execution and so it shall not survive without due consideration to other salient elements of PFM, planning, budgeting and accounting that prevail in action in the other chapters of FR.
- (c) These Guidelines shall not be used as a stand-alone document and shall be read, understood, and used in conjunction with the public financial management framework stipulated in the Public Finance Management Act, Financial Regulations, or any Laws that will be enacted by the Government of Sri Lanka (GOSL) pertaining to the Public Finance Management (PFM), to ensure Value for Money in Public Procurement.

Objective

(Relevant Reference to the Procurement Guidelines - 1.2)

Importance of Public Procurement

- (a) Public Procurement is the process by which the Procurement Entities (PEs) acquire the inputs for vital public-sector investments. Those investments, in physical infrastructure, and institutional and human capacities lay the foundation for national development. In procurement terms, those inputs are generally grouped into three (03) categories;
- i. Goods – machinery, equipment, materials, commodities, textbooks, medical supplies, livestock, IT equipment, etc.;
 - ii. Works – construction of bridges, buildings, harbours, roads & highways, maintenance of works, demolition of buildings, etc.;
 - iii. Non-consulting Services – janitorial services, security services, machinery and equipment maintenance, cargo clearance, catering service, transportation, etc.
- (b) The quality, timeliness, appropriateness, cost-effectiveness and affordability of those procured inputs can largely determine whether the public investments will succeed or fail. Also, the desired impact of procurement is to enhance the competitiveness among the qualified suppliers, contractors and service providers. This may directly and indirectly benefit the Government, PEs, responsive contractors, suppliers, service providers, funding agencies and the general public, at large.

- (c) A sound procurement system combines all the following;
- i. Maximizing economy, efficiency, effectiveness, equity and Value for Money;
 - ii. Adhering to laws, rules, regulations, international obligations, prescribed standards, and specifications;
 - iii. Fair, equal, and maximum opportunity for interested parties to participate in Procurement;
 - iv. Expeditious execution of Works, delivery of Goods, provision of Services, and completion of Information Systems;
 - v. Ensuring transparency and consistency;
 - vi. Sustainable Public Procurement (SPP); and
 - vii. Retaining confidentiality of information.

Scope of Application

(Relevant Reference to the Procurement Guidelines - 1.4)

- (a) This Manual is applicable to all Ministries, Government Departments, Public Corporations, Local Authorities, Government own Business undertakings and any Business or other undertaking vested in the Government, and Companies registered or deemed to be registered under the Companies Act No.7 of 2007 in which the government, a Public Corporation or any Local Authority holds more than 50% of the shares.
- (b) Provincial Councils shall adopt this Manual, with necessary amendments to the financial authority levels in conjunction with the delegated financial authorities in accordance with the applicable laws.
- (c) If any hindrance or inadequacy experienced in the use of these provisions, under extraordinary circumstances that warrant any deviation from the procedures in delivering public needs shall be addressed by the respective Authorities as stipulated in Section 2.9 of this Procurement Manual, supported by reasonable documentary evidences.

Guidelines of Foreign Funding Agencies

(Relevant Reference to the Procurement Guidelines - 1.4.1)

Contemporary Investment projects mainly rely on foreign grants, loans, or credit financing.

When an investment project is financed through a foreign grant, the Procuring Entity may adhere to the Guidelines mandated by the respective Foreign Funding Agency.

However, for the projects financed through bilateral or multilateral loan/credit agreements that require repayment, the PE shall carefully review the Guidelines of the Foreign Funding Agency to ensure whether it is feasible to achieve the objectives specified in Section 1.2 of the Procurement Guidelines of Sri Lanka.

Ethics of Public Procurement
(Relevant Reference to the Procurement Guidelines - 1.5)

- (a) These Guidelines are based on the best practices of procurement to ensure Value for Money by adhering to procurement principles. Therefore, Public Officers and Bidders who are expected to implement the provisions of the Guidelines shall maintain the highest integrity throughout the entire procurement process. The behaviour in handling procurements as well as the adherence to the best commercial practices by the bidders and other stakeholders are important in this context. Refer the **Annexure III of Chapter 01** for Non-Collusion Affidavit that shall be submitted by the Bidders.
- (b) Public Procurement is considered as a subject that is highly vulnerable to fraud and corruption and the burden of the immense cost involved is to be borne by the general public. Moreover, it hampers achieving macro-economic targets of the country and such actions shall be considered crucial. Therefore, appropriate action shall be initiated, if reasonable grounds surfaced.
- (c) The general public, individuals, public Officers, or any interested party may inform the CAO/AO of any aforementioned acts involved by any stakeholder of the Public Procurement process. The CAO/AO on receipt of such information shall conduct a preliminary investigation and if sufficient evidence is found or based on reasonable grounds to suspect wrongdoing, a formal panel of inquiry in line with established procedures for detailed investigations.
- (d) Moreover, CAO/AO shall take appropriate action and such actions shall be inclusive of imposing sanction to participate in the bidding process for the bidder/s and/or sanctioning public officers to participate in procurement activities as per the provisions of Chapter 10 of the Procurement Guidelines.

Sanction for Involvement in Prohibited Practices
(Relevant Reference to the Procurement Guidelines - 1.5.3)

Appropriate actions against the bidders, Officers, or individuals found to be involved in fraud and corrupt practices related to public procurement shall be imposed sanction as prescribed in Chapter 10 of the Procurement Guidelines and report appropriate authorities for further action.

Conflict of Interest
(Relevant Reference to the Procurement Guidelines - 1.5.4)

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

- (a) Has any connection such as ownership, next of kin, or shareholding with a prospective bidder;

- (b) Has provided consulting services for the preparation or implementation of a project such as;
 - i. Being directly or indirectly involved in the preparation of the Procurement Documents or specifications, and/or the evaluation process of such procurement.
 - ii. Being involved in the execution or supervision of such contract (unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Government throughout the procurement process and execution of the contract).
 - iii. Has provided consultancy services by an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm;
- (c) Has employed personnel, who have close business or family relationships with the staff of the PE, the project implementing agency, a recipient of a part of the funding agency financing, or any other party representing or acting on behalf of the PE;
- (d) If any other conflict of interest situation arises as specified in the Procurement Documents relevant to the specific procurement process;

If such a compromising situation arises, the officer and any other firm/individual involved shall declare his/her interest and request from the relevant authority to disassociate himself/herself from the procurement process.

All Officers involved in the procurement process shall furnish the forms in **Annexure I of Chapter 01** and **Annexure II of Chapter 01** of this Manual before commencing the procurement process.

Annexure I of Chapter 01

Declarations by Members of Procurement Committees and Bid Evaluation Committees

(Relevant Reference to the Procurement Guidelines - 1.5)

Member's Reference No.:

Contract Title:

Contract Reference:

Date:

- 1) I, the undersigned * appointed to the HLPC/SHLPC/MPC/DPC/PPC/RPC for determination of the award related to the above procurement, fully understand the "commercial-in-confidence" in terms of Section 1.5.4 of the Procurement Guidelines, "Conflict of Interest" nature of the proceedings of the procurement process and declare that I will not discuss any matters pertaining to the proceedings, including our recommendations with any party other than the other members of the PC and the BEC appointed for this procurement and who are officially involved in the process;
- 2) I, the undersigned declare that I am not linked, associated, or involved in any way with any of the potential bidders of the procurement under consideration;
- 3) At the first instance that I come to know that the 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 sort of personal gain under any circumstance for any action related to this procurement;

I am fully aware of the responsibilities of the PC and BEC and also the Ethics in Procurement as spelt out in the Procurement Guidelines.

Name and Signature of the Member:

** Mention the name of the HLPC/SHLPC/MPC/DPC/PPC/RPC Member or BEC Member assisting HLPC/SHLPC/MPC/DPC/PPC/RPC as appropriate.*

Annexure II of Chapter 01

Declarations by Staff Officers and Other Officers Assisting Procurement Committees

(Relevant Reference to the Procurement Guidelines - 1.5)

Contract Title:

Contract Reference:

Date:

- 1. I, the undersigned * assisting the above contract, fully understand the “commercial-in-confidence” in terms of Section 1.5.4 of the Procurement Guidelines, “Conflict of Interest” 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 not linked, associated or involved in any way, with any of the potential bidders of the procurement under consideration;
- 3. At the first instance that I come to know that the 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 sort of personal gain under any circumstance for any action related to this procurement;

Name & Signature of the Member

** Mention the name of the Staff Officer or Other Officer*

Annexure III of Chapter 01

**Non-collusion Affidavit (Template)
(Procurement Guideline Reference - 1.5)**

The undersigned bidder or agent, hereby solemnly, sincerely, and truly declares and affirms/makes an oath and states as follows;

- a) That he/she has not, nor has any other member, representative, or agent of the firm, company, corporation, or partnership representing him/her, entered into any combination, collusion, or similar agreement with any person in connection with the price to be bid;
- b) That he/she or anyone representing him/her has not taken any step whatsoever to prevent any person from bidding, nor to induce anyone to refrain from bidding; and
- c) That this bid is made without reference to any other bid and without any agreement, understanding, or combination with any other person in reference to this bid.

He/she further states that no person, firm, or corporation has received or will receive, directly or indirectly, any rebate, fee, gift, commission, or thing of value in connection with the submission of this bid.

The bidder accepts full responsibility for ensuring the absence of collusion and hereby pledges to abide by fair and ethical competition practices throughout the procurement process and fully comply with the applicable Procurement Guidelines.

I hereby affirm, under the penalties for perjury, that all statements made by me in this affidavit are true and correct.

The foregoing Affidavit having been duly read over and explained by me to the Affirmant above named and he/she having understood the contents therein and admitted to be correct, affirmed and set his/her signature hereto before me) on this day of ... at ...

BEFORE ME,

JUSTICE OF THE PEACE/COMMISSIONER OF OATHS

CHAPTER 02 – GOVERNANCE OF PROCUREMENT ACTIONS

National Procurement Commission (Relevant Reference to the Procurement Guidelines - 2.1)

The National Procurement Commission (NPC) was established under Article 156B. (1) of Chapter XIXB. of the Constitution of the Democratic Socialist Republic of Sri Lanka. It is the sole authority for governance of public procurement followed by government institutions of Sri Lanka.

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

Article 156c. (2) specified that, without prejudice to the generality of paragraph (1) above, the functions of the Commission shall be to;

- (a) monitor and report to the appropriate authorities, on whether all procurement of goods and services, works, consultancy services, and information systems by government institutions are based on procurement plans prepared in accordance with previously approved action plans;
- (b) monitor and report to the appropriate authorities on whether all qualified bidders for the provision of goods and services, works, consultancy services, and information systems by government institutions are afforded an equal opportunity to participate in the bidding process for the provision of those goods and services, works, consultancy services and information systems;
- (c) monitor and report to the appropriate authorities on whether the procedures for the selection of contractors, and the awarding of contracts for the provision of goods and services, works, consultancy services, and information systems to government institutions, are fair and transparent;
- (d) report on whether members of Procurement Committees and Technical Evaluation Committees relating to the procurements, appointed by government institutions are suitably qualified; and
- (e) investigate reports of procurements made by government institutions outside established procedures and guidelines, and report the officers responsible for such procurements to the relevant authorities for necessary action.

**Role and Responsibility of the National Procurement Commission
(Relevant Reference to the Procurement Guidelines - 2.1.1)**

In carrying out the functions specified in Articles 156c. (1) and 156c. (2), the NPC shall do the following;

- (a) Formulate fair, equitable, transparent, competitive, and cost-effective procedures and guidelines for public procurement;
- (b) Introduce systems, procedures, and technology, where necessary to facilitate the achievement of objectives in Public Procurement to improve efficiency and effectiveness;
- (c) Provide advisory services to stakeholders on matters pertaining to Public Procurement;
- (d) Review and approve the relevant Standard Procurement Documents (SPDs) and other related Procurement Documents;
- (e) Introduce indicative generic specifications, formats, etc. for commonly procured Goods and equipment by Government Institutions;
- (f) Determine and issue procurement authority limits for PCs;
- (g) Determine remunerations for the members of PCs, BECs, ACs, PACs, PAB and supportive staff with the concurrence of the General Treasury;
- (h) Capacity Building of the public officers and bidders who are engaged in the Public Procurement Process;
- (i) Introduce standards, systems, and procedures for accreditation of members of PEs, PCs, BECs, ACs, and PACs;
- (j) Accredite public officers who are involved in Public Procurement activities;
- (k) Monitor the performance of different committees such as PCs, BECs, ACs, VRCs and PACs including individual members of such committees related to Public Procurement;
- (l) Review and monitor the procurement procedures, processes and activities of Government Institutions;
- (m) Monitor and report to the appropriate authorities on whether the members of committees such as PCs, BECs, ACs, VRCs and PACs are suitably qualified;
- (n) Monitor the electronic Government Procurement System (e-GP) and report to the respective authorities;
- (o) Appraise the Procurement Performance of PEs;
- (p) Undertake procurement-related investigation activities;

- (q) Investigate reports of procurements made by government institutions outside established procedures and Guidelines, and to report the officers responsible for such procurements to the relevant authorities for necessary actions;
- (r) Issuance of a Code of Ethics in relation to public procurement, applicable to public officers, bidders, contractors, suppliers, service providers and other relevant stakeholders; and
- (s) Engage and facilitate Research and Development (R&D) activities and publications in relation to public procurement.

Role and Responsibility of Chief Accounting Officer and Accounting Officer
(Relevant Reference to the Procurement Guidelines - 2.2)

Responsibility for Procurement Actions shall be vested with the Chief Accounting Officer (CAO) and the Accounting Officer (AO) of Government Institutions, as appropriate.

CAO/AO shall make every endeavour to carry out the procurement function that is under the scope of the Ministry or the respective Institution efficiently and effectively.

- (a) Responsibility for the entire Procurement Process from making pre-procurement arrangements to contract execution shall be vested with the Secretaries of the respective Ministries, who are deemed to be the Chief Accounting Officers (CAOs) of such Ministries and the Accounting Officers (AOs) of respective Departments and Other Institutions.
- (b) If there is no Ministry for the particular Institution, the responsibility of the entire Procurement Process including contract execution shall be vested with the relevant Head of the Institution.
- (c) Establishment of a Procurement Management Division and deploying the required cadre and resources.
- (d) Appointing and monitoring relevant Committees such as PCs, BECs, ACs, VRCs and PACs, etc. annually or appropriately.
- (e) Ensuring procurements are carried out as per the procurement plans prepared in accordance with the Approved Action Plan. All CAOs shall submit copies of the approved Master Procurement Plans (MPPs) and Detailed Annual Procurement Plans (DAPPs) pertaining to all PEs coming under the purview of the CAO to the NPC prior to the beginning of each financial year. MPP and DAPP shall be prepared in line with the agreed Action Plan of PE. All AOs shall submit their plans timely to CAO in this endeavour.

- (f) After finalization of budgetary allocation of all procurements, irrespective of source of financing, all the PEs shall identify the “Procurement Budget” (i.e., the financial allocation for procurement activities) for the financial year. Any procurement that is not included in the DAPP is to be notified to the CAO with valid reasons. All CAOs shall send the consolidated procurement budgetary information to NPC along with the consolidated DAPP as mentioned above.
- (g) CAO shall furnish a consolidated “Procurement Performance Report” quarterly to the NPC using the DAPP of PEs on all procurements awarded and executed in the Ministry and all PEs coming under its purview indicating the parameters of actual quantity, quality, cost, and time targets against the plan for each contract executed shown in the DAPP together with the name of each supplier/contractor/service provider.
- (h) CAO/AO shall maintain an interactive web-based system through the Procurement Management Division for timely monitoring of activities up to the award of the contract using Procurement Time Schedule (PTS) for each contract to monitor the procurement performance.
- (i) Ensuring to provide necessary external inputs, including consultants, where adequate capacity is not available within the Ministry/Institution.
- (j) Continuous Capacity Building on Public Procurement for the relevant staff.
- (k) Ensuring maintenance of a procurement-related resource centre.

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

- (a) Ensuring availability of properly formulated approved project proposal/need assessment of all procurements, with the necessary information, which could be translated into a Procurement Document for the clear understanding of the bidders without ambiguities.
- (b) With the request for the appointment of a PC and/or BEC, the PE shall confirm to the appointing authority that the following preliminary arrangements related to the particular procurement are made;
 - i. A feasibility study including Environmental Impact Assessment (EIA), Social Impact Assessment (SIA), etc. has been carried out where applicable;
 - ii. Total Cost Estimate (TCE) has been prepared and approval has been obtained;
 - iii. Required budgetary provisions have been made available;
 - iv. Clearances from the relevant authorities have been obtained and associated functional aspects pertaining to other Government Institutions are addressed;

- v. Land acquisition has been completed where applicable;
 - vi. Technical and Functional Specifications/ Plans/ BOQs and Scope of Works/ Schedule of Requirements have been developed and it has completed all the documents required for the preparation of the Procurement Documents.
 - vii. Draft Procurement Documents have been prepared using Standard Procurement Documents (SPDs), as appropriate.
 - viii. Procurement Time Schedule have been developed describing each individual procurement action from commencement to completion of the procurement process up to the award of contract.
- (a) Make necessary payments to members of Committees such as PCs, BECs, ACs, PACs, etc. and assisting staff based on the performance and the instructions issued by the NPC time to time.
- (b) CAO/AO and other relevant staff shall be responsible for the following:
- i. Establishment of the Procurement Management Division (PMD) for implementation, coordination, documentation and reporting purposes to ensure effective and efficient utilization of public funds for procurements by adhering to the procurement principles and ethics;
 - ii. Engaging in communication with the relevant stakeholders throughout the procurement process, including Government Institutions, to ensure all cross-functional issues are addressed, and keeping records of such communications;
 - iii. Ensuring the preparation of pre-qualification documents/ initial selection documents, invitation, solicitation, and submission of the said documents to the BECs for review and approval. In the absence of a BEC, the same shall be submitted to the PC for review and approval;
 - iv. Ensuring the preparation of the draft Procurement Documents including the Specifications/ Plans/ BOQs and Scope of Works/ Schedule of Requirements and the submission of the said documents to the BEC for review and approval. In the absence of a BEC, the same shall be submitted to the PC for review and approval;
 - v. Ensuring obtaining of clarifications, conducting of pre-bid meetings, site visits, etc. on the request of PC and/or BEC through the PE;
 - vi. Appointing of a Bid Opening Committee (BOC) with the consent of the PC;
 - vii. Ensuring the communication with bidders for seeking clarifications, additional information, etc. on the request of PC and/or BEC through the PE during the evaluation stage;
 - viii. Ensuring circulation of the clarifications, addendums, minutes of the pre-bid meetings and meeting minutes of BECs and PCs; and

- ix. Ensuring expeditious completion of the Procurement Process and all other matters incidental thereto.

Reporting Responsibilities of CAO/AO, with respect to Procurement Actions

(a) Reporting of the Procurement Budget

A Procurement Budget shall be prepared by the AO and submitted to the CAO. The CAO shall prepare a Consolidated Procurement Budget. A copy of the Consolidated Procurement Budget shall be made available to the NPC without delay.

The Procurement Budget referred to above shall show all capital expenditure allocated by the annual budget estimate and all recurrent expenditure allocations identified to be spent following the procurement procedure.

(b) Reporting of Detailed Annual Procurement Plan/ Consolidated Detailed Annual Procurement Plan

A Detailed Annual Procurement Plan shall be prepared by the AO and submitted to the CAO. The CAO shall prepare a Consolidated Detailed Annual Procurement Plan. A copy of the Consolidated Detailed Annual Procurement Plan shall be made available to the NPC without delay.

(c) Procurement Compliance Report

An Annual and a Bi-annual Consolidated Procurement Compliance Report shall be prepared and maintained by the relevant PE to show that public procurement principles have been properly adhered to and the Procurement Guidelines have been followed. Copies of such reports shall be submitted to the National Procurement Commission by the CAO/AO.

Role and Responsibility of Procuring Entity (Relevant Reference to the Procurement Guidelines - 2.3)

CAO/AO of the PE, together with the assistance of the consultants and other relevant staff who are involved in procurement decision making shall be responsible for the following activities;

- i. Establishing a PMD;
- ii. Procurement planning and preparatory activities;
- iii. Pre-contract activities; and
- iv. Post procurement/ contract activities.

Procurement Management Division (PMD)

A PMD established in a Ministry shall be headed by a Chief Procurement Officer (CPO) appointed by the CAO. A Department which has a high volume of procurements shall also be headed by the CPO. In all other Institutions to which the Procurement Guidelines are applicable, including Provincial Councils and Local Authorities, the PMD may be headed by a Chief Procurement Officer (CPO)/ Senior Procurement Officer (SPO)/ Procurement Officer (PO) suitably qualified and competent in the subject of public procurement.

CPO/SPO/PO shall assist CAO/AO during the entire procurement process including procurement management and shall function as a coordinating officer with the NPC.

The duties and responsibilities of CPO/SPO/PO are given below;

- i. Assist CAO/AO to develop the Procurement Plans of the PE;
- ii. Liaise with all the relevant Departments, Institutions, Divisions and Units, as appropriate, for procurement preparatory activities and implementation of the Preparatory Plan (PP);
- iii. Coordinate the procurement planning activities of the PE in collaboration with the heads of the other divisions, units or institutions;
- iv. CPO/SPO/PO is directly responsible for preparing MPP, PP, APPP and DAPP. The CPO shall prepare the consolidated procurement budget and the consolidated DAPP of the Ministry/Institution including the PEs which are under the purview of the Ministry/Institution;
- v. Liaise with the NPC in connection with all procurement related activities, i.e. continuous interactive procurement monitoring, procurement performance reporting, procurement compliance reporting, investigation, capacity building, etc.;
- vi. Assist the CAO/AO to appoint committees such as PCs, BECs, ACs, VRCs, BOCs, PACs, etc. and monitor the performance of such committees and promptly report to the CAO/AO;
- vii. Prepare required Procurement Documents including advertisements;
- viii. Organizing, assisting and coordinating PC and/or BEC meetings, pre-bid meetings including site visits, when necessary, BOC meetings, debriefing and management meetings;
- ix. Coordinating activities pertaining to all procurement related activities with the relevant Committees/ Institutions/ Authorities;
- x. Obtaining necessary approvals for recommendations of the PC and issuing the Intention to Award where appropriate (for avoidance of doubt, it shall be noted that the Intention to Award is only issued when the Procurement Guidelines specifically provide for such issuance);

- xi. Facilitating the procurement appeal process and disseminating the decisions made in connection with the appeals to the relevant parties;
- xii. Providing assistance in connection with the Contract awarding process including the preparation of contract documents and signing of the Agreement;
- xiii. Publish information concerning the awards of contracts as required under Section 8.8 of this Manual;
- xiv. Engage in the evaluation of performance of committees involved in procurements, payments to committee members
- xv. Be responsible for investigating and reporting to the relevant Authority on imposing of sanctions against Bidders/ Contractors/ Service Providers/ Suppliers and Public Officers engage in procurement in connection with material violation of Procurement Guidelines or terms and conditions contained in Procurement Documents or for having conflict of interest concerning the procurement process (Chapter 10 of the Procurement Guidelines and Sections 10.1 to 10.5 of this Manual);
- xvi. Assessing the performance of suppliers, contractors and service providers to whom contracts have been awarded and maintaining a database or a system on such information;
- xvii. Providing necessary assistance in connection with post procurement activities;
- xviii. Prepare a monthly statement on forecasted cash requirements and submit to the Finance Division of the PE to request the monthly imprest as per the Contract Administration Plan;
- xix. Providing assistance for taking over of completed Works, accepting of supplied Goods and/or Services and keeping inventory records including ownership details;
- xx. Providing assistance for effective dispute resolution;
- xxi. Ensuring safe custody of securities, procurement documents, procurement files, etc.
- xxii. Monitoring of all procurement actions as per the agreed PTS, monitoring of all procurement activities of Departments and Institutions coming under the purview of the Ministry/Institution through prior review and post review, and providing clarifications and directions, as required.
- xxiii. Updating the details of the DAPP on planned and actuals of the completed contracts on quantity, quality, cost, and time.
- xxiv. Any other duties as assigned by the CAO/AO from time to time.

Role and Responsibility of Procurement Committees and Bid Evaluation Committees

(Relevant Reference to the Procurement Guidelines - 2.4)

A. Joint Responsibilities of PC and BEC

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

- i. Slicing and packaging of procurements as appropriate to obtain the most advantageous best price;
- ii. Reviewing and agreeing upon the PTS, to ensure the timely award of the contract;
- iii. Agreeing on the procurement method, bidding procedure and type of contract to be used, determining the period of bid/proposal submission, closing of bid/proposal submission and opening of bids/proposals;
- iv. Reviewing, recommending and approving the draft Procurement Documents, to ensure the completeness of the contents of such documents and to promote the competitiveness and adequacy of the procurement in order to ensure that the Goods, Works, and Non-consulting Services are procured to provide the best technical and financial advantage to the PE;
- v. Requesting the PE to seek clarifications from the bidders appropriately during the evaluation process; and
- vi. Conducting negotiations (only in exceptional circumstances) as described in Section 7.8 of the Procurement Guidelines.

Confidentiality in the Evaluation Stage

PC and BEC members shall not directly communicate with the bidders. All such communications shall be done through the PE.

The composition, names, or any other details of the PC/BEC members shall not be disclosed to the bidders.

B. Role and Responsibilities of Procurement Committee (PC)

The members of the PCs are jointly and severally responsible for the following, as applicable;

- i. Ensuring that the financial allocations are available for the procurement under consideration;
- ii. Ensuring sufficient readiness of the Procuring Entity to commence the procurement process by completion of the pre-procurement activities, including drafting of Procurement Documents;
- iii. Determining the dates and manner of advertising the procurement to provide wide publicity, the dates for the issuance of Procurement Documents and closing and opening of bids/proposals, at the first meeting;

- iv. Determining the appropriate Procurement Method and Bidding Procedure;
- v. Granting concurrence for the Procurement Documents approved by the BEC. In the absence of the BEC, PC shall approve the Procurement Documents;
- vi. Obtaining clarifications on the contents of the Procurement Documents from the BEC through the PE, when necessary;
- vii. Approving the addendums to the Procurement Documents, if required;
- viii. Reviewing the evaluation report and recommendation of BEC, and making determinations on the award of the contract. In the absence of BEC, preparing the Evaluation Report;
- ix. Maintenance of detailed records on the proceedings of the PCs and committee decisions with reasons for the decisions. (Refer the **Annexure I of Chapter 02** for the format for recording of PC minutes); and
- x. Granting concurrence for appointing the BOC.

The PC shall have the discretion to recommend the following, in compliance with the Procurement Guidelines, this Manual, and the relevant Procurement Documents;

- 1) Accept any Bid/Proposal, or part of a Bid/Proposal;
- 2) Accept part of more than one Bid/Proposal;
- 3) Reject all or any Bid/Proposal; and
- 4) Decide to re-invite Bids/Proposals.

The recommendation shall be recorded and made available to the PE for approval.

PC has no authority to grant approval for any contract award.

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

- (a) The members of the BECs are jointly and severally responsible for the following activities, as applicable;
 - i. Review and approve of specifications to ensure that the specifications are fit for the purpose and are generic in nature, in order to promote competitiveness and fairness;
 - ii. Revisit specifications, if objections are received from any bidder prior to the closing of bids/proposals enabling the PE to convey its decision to all the bidders who have purchased the Procurement Documents and also to the prospective bidders who will purchase the Procurement Documents, any changes concerning the specifications;

- iii. Review and approve the drafted pre-qualification documents/procurement documents prepared by the PE;
- iv. Participate in pre-bid meetings and negotiations, if directed by the PC;
- v. Carry out Bid/Proposal evaluations and make recommendations to the PC;
- vi. Maintenance/keeping of proper minutes/records on the deliberations of the BECs. (Refer to **Annexure II of Chapter 02** for the format to maintain Minutes/Records of BEC meetings); and
- vii. Preparation of Bid Evaluation Reports and Bid Evaluation Summary Reports. (Refer to **Annexure III of Chapter 02** for the format for preparation of the Bid Evaluation Summary Report).

(b) BEC may obtain expert advice from external consultants on specific subject matters where necessary with the approval of the PC. However, the sole responsibility for the Bid/Proposal evaluation lies with the BEC. Therefore, the BEC is not bound to accept all of the recommendations of the consultants unless the BEC satisfied that the recommendations are sound, reasonable and are factually supported.

(c) As directed by the PC, the Chairman of the BEC or his nominee/s selected amongst the members of the BEC, shall participate at pre-bid meetings.

(d) Any BEC member may submit dissenting comments with reasons.

D. Absence of Members of HLPC, SHLPC, MPC, DPC, PPC and RPC, and BEC Assisting such PCs

Members of PCs and BECs are responsible for attending respective committee meetings and shall make every possible effort to attend all meetings.

- i. In the event, that a member of a PC or a member of a BEC is unable to attend a scheduled meeting for whatever reason and to perform his/her duties as required, before the particular meeting, such member is required to communicate in writing to the Chairman of the respective PC/BEC through the Head of the PMD regarding the inability to attend the meeting.
- ii. In the absence of a member, the members who present may decide to proceed with the meeting, as scheduled. The PMD shall circulate the observations of the absent member, if any, to other members of the committee.
- iii. The PMD shall dispatch minutes of the meeting to the absent member without delay.
- iv. In the event the Chairman of a PC or BEC is unable to attend a scheduled meeting for any reason, the most senior attending member of that committee shall act as an interim Chairman and proceed with the meeting as scheduled.

- v. If a member of a PC or a BEC is absent for three (03) meetings consecutively without a valid reason, then such member shall be removed from being a member of such committee. The payments to such member shall be based on the provisions stipulated in 2.7.7 of this Manual.
- vi. If a member fails to attend two (02) or more meetings for a particular procurement, based on the reports of the PC/BEC, the Head of the PMD shall report the same to the respective CAO/AO using the form in **Annexure IV of Chapter 02**.
- vii. The above information may be used to review the performance of the members of PC and BEC.

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

1. Scheduling of Meetings

- i. Head of the PMD in consultation with the Chairman of the PC/BEC shall notify all the members of the date, time, and venue of the meetings, in advance.
- ii. Dates and times of meetings of the committee shall be fixed considering the PTS.
- iii. The PC may invite the BEC to the first meeting of the PC to get assistance in order to decide the PTS, procurement method, bidding procedure, and type of contract.

2. Minutes of the Meetings

- i. The proceedings of the committee meetings shall be recorded in the specified format given in the Procurement Manual and authenticated by the committee members. (Refer the **Annexure I of Chapter 02** for the Format for recording of PC minutes).
- ii. Members may submit dissenting comments with reasons.
- iii. The PMD shall keep the committee meeting minutes and other relevant records safely under their custody.

F. Declarations by Members of Procurement Committees (PCs) and Bid Evaluation Committees (BECs)

- i. All members of PCs and BECs are required to sign a declaration in the prescribed format at its first meeting, affirming confidentiality of the proceedings of the committee and the content of section 1.5.4 of the Procurement Guidelines.
- ii. Their impartiality and integrity, and
- iii. Absence of any personal interest (conflict of interest).

The PMD shall keep such declarations safely under their custody.

Refer **Annexures I and II of Chapter 01** for the format to be used to make the declaration by the parties concerned.

G. Termination of PC and BEC

The PCs and BECs appointed for a particular procurement cease to exist after the parties entered in to a formal agreement. Thereafter entire responsibility of implementation of the contract lies with the PE. If further services pertaining to the same procurement are required, the appointing authority may re-call the respective PC/BEC with a new mandate.

The re-calling of a PC/BEC as stated above may be to consider the residual matters such as major variations to the contract.

If such committees are re-called, any additional payment may be determined by the CAO/AO, not exceeding the original payment.

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

- (a) The CAO/AO with the assistance of PMD, shall monitor and review the performance of members of PCs and BECs and the supportive staff who constantly assists such committees.
- (b) The following may be monitored during the process;
 - i. Adherence to the agreed PTS of the procurements;
 - ii. Performance of such committees and members and whether they have complied with the principles of public procurement and VFM of procurements;
 - iii. Timely completion of evaluation and submission of relevant reports;
 - iv. Attendance of meetings; and
 - v. Performance related to other relevant matters.
- (c) If delays in procurement, negligence of duties, non-compliance with procurement procedures, incompetency in handling procurements, or any irresponsible act or behaviour are revealed, the CAO/AO shall take appropriate actions as follows;
 - i. Advising to reschedule PTS and expedite the process;
 - ii. Proposing suitable corrective measures for adherence;
 - iii. Removing of members responsible for the aforesaid acts and replacing them with suitable Officers;
 - iv. Proposing sanctions on members responsible for the aforesaid acts to curtail and/or prevent their participation in Public Procurement matters;
 - v. Directing the relevant Officers for appropriate capacity building programs on procurements; and
 - vi. Conducting inquiries and reporting to appropriate authorities for further action.

**Role and Responsibility of Acceptance Committee
(Relevant Reference to the Procurement Guidelines - 2.5)**

- (a) The Acceptance Committee (AC)
- i. Acceptance Committee is the committee authorized to accept Goods, Works, and Services on behalf of the Employer or Purchaser of the Procuring Entity. In Works contracts, despite the functioning of this committee, the role of the Engineer as provided in the relevant contract/agreement shall remain unchanged.
 - ii. AC shall independently check and accept the delivered Goods, Works and Services, in compliance with the requirements of the contract/purchase order inclusive of its technical and functional requirements with due consideration of the quality, quantity, cost, and time and also the documentary evidence for the ownership in terms of the awarded contract.
 - iii. In the case of specialized or highly technical Goods, materials, or products, AC may accept accredited certificates or obtain a specialized consultant's report.
 - iv. AC may obtain a random sample using an appropriate sampling method.
 - v. In this process, if the AC finds non-compliance situations, the same shall be reported to the relevant authority for appropriate action.
- (b) In addition, based on the records of the AC, the CAO shall ensure that the relevant assets are recorded in the main inventory. The AO shall ensure recording of the assets derived from the respective procurements in the assets inventory of the PE and keep the CAO informed of such information in order to include in the main inventory.

Further details concerning the functions of the AC will be provided in the Contract Management Guidelines.

**Appointment of Procurement Committees, Bid Evaluation Committees, and
Acceptance Committees
(Relevant Reference to the Procurement Guidelines - 2.6)**

Procurement Committees, Bid Evaluation Committees, and Acceptance Committees may be appointed as appropriate under different financial authority limits for handling of procurement actions from the planning to completion.

A. Types of Procurement Committees

- i. High Level Procurement Committee (HLPC)
- ii. Standing High Level Procurement Committee (SHLPC)
- iii. Ministry Procurement Committee (MPC)
- iv. Department Procurement Committee (DPC)

- v. Project Procurement Committee (PPC)
- vi. Regional Procurement Committee (RPC)

BECs may be appointed in order to assist the PCs in accordance with the provisions stipulated in this Manual.

B. Minor Procurement Committees

Minor Procurement Committees may be appointed, under Ministry/Department/Project and Regional levels to handle procurements with smaller values within the authority limits of the MPC/DPC/PPC/RPC, with the approval of the respective CAO or his/her delegated authority. The composition of such Minor Procurement Committees shall be decided by the CAO or any person to whom such authority is delegated.

C. General Conditions Applicable in Appointing BECs

Appointing authorities of BECs shall consider the following general conditions when appointing BECs to assist different PCs;

- i. There shall be BECs for all procurements falling under the purview of HLPC and SHLPC;
- ii. However, a BEC may be appointed by the respective appointing authority of MPC/DPC/ PPC/ RPC level to perform specific functions delegated by the PC in the Procurement Process, as appropriate considering the nature and complexity of the procurement;
- iii. Where there is no requirement to appoint a BEC, the appointing authority may include required technical/subject expert/s into the relevant PC;
- iv. Appointing of BEC/s for Minor Procurement Committee/s may not be necessary;
- v. No member shall be appointed to serve in both the PC and BEC for a particular procurement;
- vi. BECs should consist of subject specialist/s and at least one member who is sufficiently knowledgeable on procurement procedures;
- vii. The relevant PMD shall nominate suitable officers who could devote time to participate in the Bid/Proposal evaluation process and obtain approval from the relevant authority for the appointment. An officer may not be appointed to serve in more than six (06) BECs at a given time;
- viii. However, in the event of appointing an officer for more than six (06) committees becomes necessary due to exceptional requirements, the approval is to be obtained from the relevant appointing authority by informing the reasons; and
- ix. The BEC members shall inform the completion of committee works to the respective PMD, enabling to consider such members to be appointed to future committees.

**Subject specialist means a person who is knowledgeable to make a judgment on the responsiveness of the bids/proposals on technical/financial/procurement and other related background as appropriate to the procurement concerned.*

Procurement Committees

(Relevant Reference to the Procurement Guidelines - 2.7)

High Level Procurement Committee

(Relevant Reference to the Procurement Guidelines - 2.7.1)

A. Appointing Authority

The Secretary to the General Treasury shall appoint the members of the High Level procurement Committee (HLPC) from the list of names maintained by the Department of Public Finance. All such appointments should be made with the concurrence of the NPC.

Subsequent changes to the composition of an initially appointed HLPC, shall be done with the concurrence of the NPC. When seeking such concurrence, the reasons for the change should be communicated to the NPC.

An officer may not be appointed to serve in more than six (06) HLPCs at a given time.

B. Request for appointment of HLPC

- i. The CAO shall submit the request for appointment of members to the HLPC and the respective BEC to the Secretary to the Treasury. A copy of the same should be submitted to the NPC.
- ii. The Secretary to the Treasury shall appoint members of the HLPC, along with two alternative members, from the list of names maintained by the Department of Public Finance. Such appointments should be made with the concurrence of the NPC as provided in 2.7.1 A above.
- iii. Such appointments will be addressed to the CAO with a copy to the NPC.

Refer the format in **Annexure V of Chapter 02**, to make requests for the appointment of members to the HLPC.

C. Composition of the HLPC

The number of members in a HLPC shall not be **less than three (03) and shall include:**

- i. A Secretary/Additional Secretary or an Officer equal an Additional Secretary level to function as the Chairman;
- i. Secretary to the relevant Ministry or a nominee of the Secretary who shall not be below the rank of an Additional Secretary level to represent the Ministry; and
- ii. A Director General/Additional Director General, or an Officer at Director level to represent the General Treasury.

D. Appointing an Alternate Member to Ensure the Continuity of HLPC

When appointing members to HLPCs, the Secretary to the Treasury shall appoint an alternate member as well. Such alternate member shall attend HLPC meetings, in any regular member is unable to attend.

The Appointed Members shall ensure attendance of HLPC meetings with the objective of concluding procurements on time as planned in the PTS.

If any appointed member is unable to attend a meeting of the HLPC, such member is solely responsible for making prior arrangements by informing the alternate member to attend the scheduled HLPC meetings to ensure the uninterrupted functioning of the HLPC.

The alternate member who attends HLPC meetings shall function in the full capacity of the appointed member and is liable to inform the appointed member of the deliberations of the particular meeting.

In the absence of the Chairman, an interim Chairman shall be appointed from amongst the other members and he/she shall preside over the particular meeting. The Non-member Secretary of the HLPC shall forward the minutes of the particular meeting in which the Chairman had been absent to the PMD and the PMD shall inform the relevant deliberations of the HLPC meeting to the Chairman and all members.

E. Appointing a Representative of the PMD for the HLPC

The CAO shall appoint a representative for each HLPC as a Non-member Secretary.

The Non-member Secretary is responsible for the coordination and documentation-related activities of the HLPC.

F. Appointment of BECs to Assist HLPC

The request for the appointment of a BEC to assist HLPC shall be made to the Secretary to the Treasury by the CAO, together with the request for appointing HLPC, using the format specified in **Annexure V of Chapter 02**.

Upon receiving such request, the Secretary to the Treasury shall appoint the BEC to assist HLPC.

CAO shall nominate officers who are competent to handle the particular procurement and able to allocate time to participate regularly in the BEC proceedings.

An officer shall not be appointed as a member of more than six (06) BECs at a given time. However, if the case of nominating an officer for more than six (06) BECs is warranted due to unavoidable circumstances, it shall be justified in the request letter addressed to the Secretary to the Treasury.

G. Composition of BEC to Assist HLPC

The minimum number of members in the BEC **shall be five (05)**. The composition shall be as follows;

- i. There shall be a Chairman for the BEC;
- ii. BEC shall consist of subject specialist/s*, and at least one member who is sufficiently knowledgeable on the subject of procurement;
- iii. Any other Officer possessing specialized expertise (if required);
- iv. A representative from the relevant Ministry; and
- v. A representative from the Treasury.

When the Head of the Institution/Division or Chief Executive Officer is a member of the BEC, his or her subordinates shall not be appointed as member/s of the same BEC unless it is essential and justifiable.

H. Obtaining Expert Advice

A BEC where necessary may obtain expert advice from external persons or institutions on specific subject matters with the concurrence of the HLPC and with the approval of the CAO.

A BEC may also obtain assistance for drafting Procurement Documents and evaluation of bids/proposals from external consultants who shall be guided and directed by the BEC. However, a BEC is solely responsible for the above and the Bid/Proposal evaluation.

Standing High Level Procurement Committee (Relevant Reference to the Procurement Guidelines - 2.7.2)

A. Appointment of SHLPC and Appointing Authority

In cases, where high-level procurements have to be carried out continuously and the CAO can justify that such procurements cannot be carried out efficiently and effectively through a High Level Procurement Committee, a request shall be made to appoint a Standing High Level Procurement Committee (SHLPC) to the Secretary to the Treasury. Such appointment shall be made with the concurrence of the NPC.

Refer the **Annexure VI of Chapter 02** for the format to obtain approval/concurrence for appointing SHLPC.

B. Appointment of a SHLPC may be justified where;

- i. Items/commodities need to be purchased very frequently, without significant changes in specifications, and are of the same nature;
- ii. Expeditious processing of procurement is necessary due to volatile market situations which warrants speedy decisions to ensure VFM and uninterrupted supply/service;
- iii. Bids/proposals have a very short validity period, due to the fluctuation of market prices frequently;

- iv. Special circumstances where national security and/or emergency is considered;
- v. A project involves a large number of Bids/Proposals or packages spread over a long time span and handling all by one PC would enable members to specialize in the procurement of such Goods and/or Works; and
- vi. Immediate supplies are required to avoid acute shortages in the market.

C. Composition of the SHLPC

Number of members of SHLPC **shall not be less than five (05)**. The composition shall be as follows;

- i. A Secretary to a Ministry, other than the Secretary to the relevant Ministry shall function as the Chairman;
- ii. Secretary or an Officer at Additional Secretary level nominated by the Secretary to the relevant Ministry to represent such Ministry;
- iii. A Director General, an Additional Director General or a Director level officer representing the General Treasury; and
- iv. Two members who are considered knowledgeable in the subject of procurement and the market behaviour of the relevant Goods and/or Works.

D. Appointing Alternate Members to Ensure the Continuity of SHLPC

Same as of HLPC - Refer procedure given in Manual; 2.7.1 - D

E. Secretary to the SHLPC

Same as of HLPC - Refer procedure given in Manual; 2.7.1 – E

F. Appointment of BECs to Assist SHLPC

Same as of HLPC - Refer procedure given in manual; 2.7.1 – F

G. Composition of BEC to Assist SHLPC

Same as of HLPC - Refer procedure given in manual; 2.7.1 - G

**Ministry Procurement Committee
(Relevant Reference to the Procurement Guidelines - 2.7.3)**

A. Appointment of MPC and Appointing Authority

The CAO shall appoint the MPC for a financial year to carry out the procurements within the financial authority limit as indicated in Section 2.9 of the Procurement Guidelines.

B. Composition of MPC

The minimum number of members in a MPC shall be three (03). The composition shall be as follows;

- i. Secretary or an officer not below the level of Additional Secretary of the relevant Ministry shall be the Chairman;
- ii. Where the Ministry is not the PE, the Head of Department or CEO/MD/Project Director of the relevant PE shall be a member; and
- iii. One (01) member who is conversant in the subject of procurement or relevant subject who shall be from outside the Ministry concerned.

The Chairman of the BEC or nominee amongst the members of the BEC, shall participate as a non-member in meetings of MPC in order to provide necessary clarifications.

An officer not below the rank of an Assistant Secretary, nominated by the PMD, shall act as the Non-member Secretary of the MPC.

The appointed members shall attend the MPC Meetings on a priority basis to conclude particular procurements on time as planned in the PTS.

In the event that any appointed member of the MPC is unable to attend a meeting, such member shall be solely responsible for making prior arrangements by informing the Alternate Member/s to attend scheduled meeting through the PMD to ensure the uninterrupted functioning of the MPC.

The Alternate Member who attends the MPC meeting shall function to cover the role of the appointed member and shall inform the appointed member of the deliberations of the particular meeting.

In the absence of the Chairman, an interim Chairman shall be elected from amongst the other members who shall preside over the particular meeting. The Secretary to the MPC shall inform the Chairman, on the deliberations of the meeting without delay.

In the absence of any member, the remaining members present may decide to proceed with the meeting as scheduled. The PMD shall circulate the observations of the absent member, if any, to other members of the committee.

The Secretary of the MPC shall dispatch minutes of the meeting to the absent member without delay.

C. Composition of MPC for Minor Contracts

In order to carry out relatively low-value procurement activities at the Ministry level, CAO may formally appoint the Minor Procurement Committees at the Ministry level by specifying the financial authority limits.

The number of members in a Ministry level Minor Procurement Committee shall be three (03);

- i. One senior staff officer may be appointed as the Chairman; and
- ii. Two other staff officers shall be appointed as members.

A suitable alternate member may be appointed to serve as the Chairman/member, as appropriate.

An officer nominated by the PMD shall act as the Non-member Secretary of the Ministry level Minor Procurement Committee.

The CAO shall appoint the Ministry Level Minor Procurement Committee and two alternate members shall be appointed to participate in the committee meetings in the absence of any appointed member.

D. Request for Appointment of MPC

The request for appointment of a MPC shall be forwarded to the CAO by the PMD as appropriate.

When there is a requirement of a MPC for a Department or a project under a Ministry, the relevant Department Head/Project Director shall submit the relevant request to the CAO.

Such requests shall be submitted as per the format given in **Annexure VII of Chapter 02**.

E. Appointment of BECs to Assist MPC

Giving due consideration to the recommendations made by the PMD/Head of Department/Project Director, as the case may be, the CAO may appoint a BEC, as appropriate, considering the nature and complexity of the procurement. The CAO may appoint BECs for a specific time period for different agencies, different categories, or components, with due emphasis on the nature and complexity of the procurements.

If the Appointing Authority is satisfied that the PC can perform without the assistance of a BEC, an expanded MPC may be appointed by including subject matter experts, as required.

F. The Composition of BEC to Assist MPC

- (a) Composition of the BEC for Major Contracts

The minimum number of members in a BEC shall be five (05);

- i. There shall be a Chairman at the level of an Additional Secretary for the BEC;
- ii. BEC shall consist of at least one external member who is a subject specialist or a person sufficiently knowledgeable on procurement procedures;
- iii. At least one member shall be nominated by the Head of Institution/Project Director;

- iv. In addition to the member referred to in (ii) above, another internal or external member shall be a subject specialist*;

When the Head of the Institution/Division or Chief Executive Officer is a member of the BEC, his or her subordinates shall not serve as member/s of the same BEC unless it is essential and justifiable.

(b) Composition of the BEC for Minor Contracts

The composition of the BEC to carry out minor procurements shall not exceed three (03) members.

G. Request for appointment of BEC for MPC

The request for appointment of a BEC for MPC shall be forwarded to the CAO by the PMD.

With respect to a Department or a project under a Ministry, when there is a requirement of a BEC to be appointed for the MPC, the relevant Head of the Department/Project Director shall submit the request to the CAO.

Such requests shall be submitted as per the format given in **Annexure VII of Chapter 02**.

**Department Procurement Committee
(Relevant Reference to the Procurement Guidelines - 2.7.4)**

A. Appointment of DPC and Appointing Authority

The CAO shall appoint the DPC for a financial year to carry out the procurements within the financial authority limit as indicated in Section 2.9 of the Procurement Guidelines.

In order to carry out procurement activities with relatively low financial value at the Department level, CAO may formally appoint the Minor Procurement Committees at the Department level by specifying the applicable financial authority limits. The CAO may delegate to relevant Additional Secretaries or Heads of the Institutions the authority to appoint minor Procurement Committee/s.

B. The Composition of DPC

1) Composition of DPC for Major Contracts

The minimum number of members in a DPC shall be three (03).

- i. The Head of the Department/Institution shall be the Chairman.
- ii. One member shall be a Senior Staff Officer from the PE.

- iii. One member shall be from the relevant Ministry who holds equivalent position of a Senior Assistant Secretary/ Director level or above.
- iv. If the DPC is not assisted by a BEC, the DPC may be enhanced by appointing two or more subject matter specialists.

The Chairman of the BEC or his/her nominee who shall be a member of the BEC shall participate in committee meetings of DPC to provide clarifications.

An officer nominated by the Procurement Management Division, shall act as the Non-member Secretary of the Department level Procurement Committees.

2) Composition of DPC for Minor Contracts

The number of members in a Department level Minor Procurement Committee shall be three (03).

- i. One senior staff officer shall be appointed as the Chairman.
- ii. Two other staff officers shall be appointed as members.

A suitable alternate member may be appointed to serve as the Chairman/member, as appropriate, to participate in the committee meetings in the absence of the Chairman or any other appointed member.

CAO may increase the number of members by including additional subject specialists if BEC has not been appointed to assist the DPC.

C. Request for Appointment of DPC

A request for the appointment of a DPC shall be made to the CAO, by the Head of the Institution.

Please refer the **Annexure VII of Chapter 02** to make such a request.

D. Appointment of BECs to Assist DPC

The Head of the Institution may appoint BECs for a specific time period for different categories, or components, with due emphasis on the nature and complexity of the procurements.

E. Composition of the BEC assisting DPC

The minimum number of members in the BEC shall be three (03);

- i. There shall be a Chairman for the BEC;
- ii. At least one (01) member shall be a subject specialist*;

- iii. At least one (01) member shall be from the relevant Ministry or outside the PE and such member shall be conversant with procurement; and
- iv. If a Sectional Head is a member of the BEC, his or her subordinates shall not serve as members of the same BEC unless it is essential and justifiable.

F. Request for Appointment of BECs to assist DPC

The request for the appointment of a BEC for DPC shall be made to the Head of Institution by the PMD, as appropriate.

**Project Procurement Committee
(Relevant Reference to the Procurement Guidelines - 2.7.5)**

A. Appointment of PPC and Appointing Authority

The CAO shall appoint the PPC for a financial authority limit as indicated in Section 2.9 of the Procurement Guidelines which shall be functional within a financial year to carry out the procurements as indicated in Section 2.4 of the Procurement Guidelines.

The CAO may appoint PPCs annually, for different project agencies, categories or components. The CAO may also appoint a minor PC to carry out procurement activities with relatively low financial value. The CAO may delegate the appointment of minor Procurement Committees to Additional Secretaries or Head of the Departments.

B. The Composition of PPC

1) Composition of PPC for Major Contracts

The minimum number of members in a PPC shall be three (03).

- i. If the Project Director is not a Class I officer who belongs to the All-Island Service in Sri Lanka, the CAO may appoint a suitable officer of Class I or above as the Chairman.
- ii. If the Project Director is not a Class I officer who belongs to the All-Island Service in Sri Lanka, the CAO may appoint the respective Project Director as the Chairman of PPC by considering capabilities under his personal approval.
- iii. If the Project Director is not the Chairman, then he/she shall be a committee member.
- iv. One member shall be a senior officer from the PE who is a subject matter expert.
- v. One member who is a Class I officer of all island service shall be from the Ministry.
- vi. If the PPC is not assisted by a BEC, the committee may be enhanced by appointing one or two subject matter specialists.

The Chairman of the BEC or his nominee selected among the BEC members shall participate as a non-member at meetings of PPC to obtain clarifications.

An officer nominated by the Procurement Management Division, shall act as the Non-member Secretary of the Project level Procurement Committee.

2) Composition of PPC for Minor Contracts

The minimum number of members in a PPC shall be three (03). CAO may increase the number of members by including additional subject experts in the absence of a BEC.

- i. A senior staff officer shall be appointed as Chairman.
- ii. The other two (02) members may be staff officers.

A suitable alternate member may be appointed to serve as the Chairman/member, as appropriate to participate in the committee meetings in the absence of any appointed member.

CAO may increase the number of members by including additional subject specialists in the absence of a BEC.

C. Request for appointment of PPC

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

Please refer the **Annexure VII of Chapter 02** to make such requests.

D. Appointment of BECs to assist PPC

The Project Director may appoint a BEC for a specific time period for different categories, or components, with due emphasis on the nature and complexity of the procurements. The composition of the BECs to the PPC is as same the Section 2.7.4-E of this Manual.

Regional Procurement Committee (Relevant Reference to the Procurement Guidelines - 2.7.6)

A. Appointment of RPC and Appointing Authority

CAO/Head of the Institution having a large number of Provincial/ District / /Regional or Divisional offices may set up RPCs. CAO/ Head of the Institutions may appoint one or more RPCs for Provincial/ District/ Divisional/ Regional levels and also on different categories or components of procurements.

B. Composition of RPC

The minimum number of members in a RPC shall be three (03) as follows;

- i. The head of the Provincial/ District /Regional/ Divisional office shall be the Chairman;
- ii. One member shall be a Senior Officer who is an expert in the relevant subject from the Procuring Entity; and
- iii. One member shall be a Staff Officer who is knowledgeable in Public Procurement procedures appointed externally.

If the RPC is not assisted by a BEC, the committee may be enhanced by appointing one or two subject matter specialists by the Head of the Institution.

C. Request for appointment of RPC

The request for the appointment of a RPC shall be made to the Head of the Institution, through the PMD of the relevant Institution, by the officer in charge of the region.

Please refer **Annexure VII of Chapter 02** to make such requests.

D. Appointment of BEC to Assist RPC

The Head of the Institution may decide the requirement of a BEC based on the nature and the complexity of the procurement.

If the Head of the Institution is satisfied that the RPC appointed for the purpose comprises of the subject matter experts he/she may decide the RPC to operate itself without the assistance of a BEC.

The Head of the Institution may appoint a BEC for a specific time period for different categories, or components, with due emphasis on the nature and complexity of the procurements.

E. Composition of the BEC

The minimum number of members in the BEC shall be three (03).

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

F. Request for Appointment of BEC for RPC

The request for the appointment of a BEC for RPC shall be made to the Head of the Institution through the PMD of the relevant Institution by the officer in charge of the region.

**Payments for Members of Procurement Committees, Bid Evaluation Committees, and Acceptance Committees, Staff Officers, and Other Officers Assisting in the Procurement Process
(Relevant Reference to the Procurement Guidelines - 2.8)**

Payments for Committee Members/Officers

Members of the PC, BEC, AC, alternate members, staff officers, and other officers assisting procurement activities shall be paid for participation in such committee meetings. However, it shall be noted that the payment scheme shall not be applied, and no payment shall be made when procurements are carried out by adhering to direct contracting or shopping procedures.

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

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

This payment scheme is applicable only for procurements exceeding the value of Sri Lanka Rupees Two Million (LKR 2 Mn.) However, if assistance of an external member is obtained by the PE for the PC and/or BEC considering the nature and the complexity of the procurement, such an officer may be paid a reasonable amount even in shopping procedure or direct contracting as decided by the head of the PE. Such payment shall not be more than the payments indicated in **Annexure VIII and IX of Chapter 02**, as appropriate.

The members may scrutinize the documents or perform any other work connected with the procurement outside the meetings and the normal legitimate working hours of the members. However, the members may meet at least on two occasions to discuss and agree on the matters connected to the procurement under consideration to be entitled to a payment and such meetings may be held outside the normal working hours. The total payment of a public officer is entitled for a payment for participating in procurements during any financial year shall not exceed the aggregate annual basic salary of the officer.

Upon submission of the final BEC report with a firm recommendation in the contract award, the BEC may be paid 75% of the respective payment while the rest of the payment is paid after the contract is awarded.

To implement this requirement, the following method shall be adhered;

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

- b. At the end of any year, If the aggregate of such payments received exceeds the aggregate annual basic salary of the officer for the year concerned, the officer shall refund such excess amount to the organization of which he/she is regularly employed; and,
- c. This payment scheme will be applied as follows,
 When the contract is awarded within the PTS – 100%
 When the contract is awarded outside the PTS – 50%
- Please refer the **Annexure VIII of Chapter 02, Annexure IX of Chapter 02, and Annexure X of Chapter 02** for payments.
- d. In instances where PC/BEC has not been able to accomplish the relevant tasks due to reasons beyond their control, the CAO/AO may approve a reasonable payment to the members of such committees, if the members have spent a considerable amount of time on the task concerned.
- e. After PC/BEC successfully completes the task, the members shall be paid the entitled amount even if a contract has not been awarded.
- f. In instances where, after awarding a contract, if the PC/BEC is summoned to perform any task in connection with such contract, the members concerned shall be made a reasonable payment approved by the CAO/AO.

**Authority Limits for Contract Awarding
 (Relevant Reference to the Procurement Guidelines - 2.9)**

When Open Competitive Bidding Procedure (Guidelines 3.1.1, 3.1.2, 3.1.3, 3.1.4), Direct Contracting Procedure (Guideline 3.1.6) and Force Account (Guideline 3.1.7) for the procurement of Goods, Works and Non-consulting Services are followed.

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

Procurement Committee	Authority Limits for GOSL Funded Projects (LKR)	Authority Limits for Foreign Funded Projects (LKR)
High Level Procurement Committee (HLPC) / Standing High Level Procurement Committee (SHLPC)	More than 750 Mn.	More than 1500 Mn.
Ministry Procurement Committee (MPC)	Up to 750 Mn.	Up to 1500 Mn.

Department Procurement Committee (DPC)/ Project Procurement Committee (PPC)	Up to 400 Mn.	Up to 800 Mn.
Regional Procurement Committee (RPC)	Up to 50 Mn.	Up to 100 Mn.

When Shopping Procedure (Procurement Guidelines 3.1.5) is followed for the procurement of Goods, Works, and Non-consulting Services the following authority limits shall be applicable in the determination of the appropriate PC or refer to CAO/AO;

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

The Procuring Entity shall use Standard Procurement Documents, wherever applicable, and bids/proposals shall be closed at pre-disclosed deadline.

Procurement Committee/Level of Authority	As per Section 3.1.5 of the Procurement Guidelines, by inviting at least three (03) quotations	Limits of Authority (LKR Mn.)	
		GOSL Funded	Foreign Funded
MPC	Works	Up to 40	Up to 40
	Goods, Non-consulting Services	Up to 25	Up to 35
DPC / PPC	Goods, Works, Non-consulting Services	Up to 20	Up to 30
RPC	Goods, Works, Non-consulting Services	Up to 6	Up to 6
CAO / HD / PD	Works	Up to 2	
	Goods, Non-consulting Services	Up to 1	

Direct Purchase of smaller value repair Goods, Works, and Non-consulting Services by GOSL funds or foreign funds (Procurement Guidelines 3.1.6)

Followings are the authority limits of the different procurement authorities in the events where Direct Purchase of smaller value repair Works, Goods, and Non-consulting Services by GOSL funds or foreign funds (Procurement Guidelines 3.1.6). In the case of foreign funding, the concurrence of the appropriate financing agency is required.

Level of Authority	Requirements to be fulfilled	Authority Limit (LKR)
CAO / HD / PD	Works <ul style="list-style-type: none"> • Satisfying the requirements given under Guideline 3.1.6 	Up to 1,000,000/=
	Works <ul style="list-style-type: none"> • When it is uneconomical to follow competitive procedure. • CAO/HD/PD must ensure the economy of procurement. • This authority shall be used under the personnel supervision of CAO/HD/PD & shall not be delegated to any person. 	Up to 500,000/=
	Goods, and Non-consulting Services <ul style="list-style-type: none"> • Satisfying the requirements given under Guideline 3.1.6 	Up to 500,000/=
CAO / HD / PD	Goods, and Non-consulting Services directly from the open market <ul style="list-style-type: none"> • When it is uneconomical to follow competitive procedure. • CAO/HD/PD must ensure the economy of procurement. • This authority shall be used under the personnel supervision of CAO/ HD/ PD. 	Up to 200,000/=
HD / PD	Repairs to motor vehicles and other equipment <ul style="list-style-type: none"> • When it is uneconomical to follow competitive procedure. • CAO/HD/PD must ensure the economy of procurement. • This authority shall be used under the personnel supervision of CAO/HD/PD. • For repairs exceeding LKR. 700,000/= CAO's personnel approval shall be obtained. 	Up to 700,000/=

Regional Heads or Officers in charge of separate units who were delegated authority by HD	Goods and Services, including equipment of smaller value not exceeding LKR. 20,000 per event per day <ul style="list-style-type: none"> Total of such purchases during any calendar month shall not exceed LKR. 100,000/= 	Up to 20,000/=
	Repair motor vehicle to a value not exceeding LKR. 100,000/= per month	Up to 100,000/=

A. Authority Limit for Deviating from Procurement Procedure

When it is mandated to deviate from procurement procedures, may be due to extremely urgent and exceptional circumstances, with regard to procurements under funds of the Government of Sri Lanka, the following competent authorities may authorize such deviations within the limits prescribed, provided that the reasons are explicitly recorded in writing and a copy is forwarded to the Auditor General.

Competent Authority	Authority Limits for Deviating from Procurement Procedure
Head of Department (His personal approval is required)	Up to LKR. 250,000
Department Procurement Committee (DPC)	Up to LKR. 5 Mn.
Ministry Procurement Committee (MPC)	Up to LKR. 10 Mn.
Cabinet of Ministers	Above LKR. 10 Mn.

B. Approving Authority

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

Minor Procurement Committee	Chief Accounting Officer/ Accounting Officer
Regional Procurement Committee (RPC)	Accounting Officer
Project Procurement Committee (PPC)	Chief Accounting Officer
Department Procurement Committee (DPC)	
Ministry Procurement Committee (MPC)	
High Level Procurement Committee (HLPC)	Cabinet of Ministers
Standing High Level Procurement Committee (SHLPC)	

Annexure I of Chapter 02

**Format for Recording of Minutes of Procurement Committee Meeting
(Relevant Reference to the Procurement Guidelines - 2.4)**

The following format may be used to record the proceedings of a Procurement Committee. Each member of the PC shall sign the minutes. However, any member may record a dissent.

MINUTES OF THE PROCUREMENT COMMITTEE

Nature of the Procurement Committee	HLPC/SHLPC/ MPC/ DPC/PPC/RPC	Name of the Procuring Entity	
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Title of Procurement:

Meeting No.		Date		*Purpose/s of the Meeting	
-------------	--	------	--	---------------------------	--

1. Present: -

Members of the PC:		Others (On Invitation)	
Name	(Chairman/Member)	Name	Capacity
I.		I.	
II.		II.	
III.		III.	

1. Absent:
- I.
 - II.
2. Comments (if any) on the presence and absence of PC/BEC members
3. Adoption or review of the Procurement Activity Schedule, comments on any delay in the procurement process, in comparison to the PTS, and setting up new target dates for completion of delayed activities, if any.
4. Confirmation of Minutes of the previous meeting and briefing the progress, including the follow-up action that had been taken.
5. Summary of main issues discussed; (The summary of key observations may be outlined here. The details can be attached by making references)

Some essential information that shall be listed below are;

- ii. For Procurement Time Schedule: Key dates such as issue of documents, closing of bids/proposals; contract award (other details may be included in an attachment);
- iii. For Pre-Qualification/Shortlisting: Statement on agreement or disagreement with BEC recommendation/s; Number of applications received; Names and addresses of the bidder pre-qualified/shortlisted;
- iv. For Contract Award; Statement on agreements or disagreement with BEC recommendation/s, Name and address of the successful bidder, contract amount (various currencies if applicable);
- v. For intermediate decisions; clearly state the direction given to the BEC/PE;
- vi. Justification (if required) for their decision/s the PC wishes to add; and
- vii. Justification for not selecting/awarding the lowest bidder.

6. Comments on the entire procurement process

7. Any special features/methods adopted.

Signatures:			
Name	Capacity	Agree with the above decision/s (Yes/No)	Signature

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

Annexure II of Chapter 02

**Format for Bid Evaluation Committee Meeting Minutes/Records
(Relevant Reference to the Procurement Guidelines - 2.4)**

The following format may be used to record the proceedings of a BEC meeting. The summary of the BEC report and the detailed Bid Evaluation Report (BER) shall be prepared and submitted in addition to these minutes. The minutes shall be signed by each member of the BEC. However, any member may record a dissent. Copies of these minute sheets shall be forwarded to PC when submitting the BEC report.

REPORT OF THE BEC MEETING

Nature of the Procurement Committee	HLPC/SHLPC/MPC/DPC/PPC/RPC	Name of the PE	
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Title of the Procurement	
---------------------------------	--

Meeting no:		Date		Purpose/s⁸	
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Present

Members of the BEC	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 shall be listed is stated below;

1. Proceedings of the meeting and follow-up actions from previous meeting (if any)
2. Comments (if any) on presence and absence of members
3. Comments on entire procurement process
4. Documents forwarded and discussed
5. Any special features/methods adopted

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

- i. For Scrutinizing documents: Use of SBDs and appropriateness of Procurement Documents;
- ii. For pre-qualification/shortlisting: Number of applications received; Names and addresses of the bidders pre-qualified/shortlisted;

- iii. For contract award recommendation: Name and address of the successful bidder; contract amount in various currencies if applicable;
- iv. For intermediate decisions: clearly state the direction given to the PE; and
- v. Justification (if required) for their decision/s the BEC wishes to add.

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

Annexure III of Chapter 02
Format for Bid Evaluation Summary Report
(Relevant Reference to the Procurement Guidelines - 2.4)

BEC shall prepare a detailed Bid Evaluation Report in addition to this summary report

1.	Name of the Procuring Entity:	
2.	Title of the Procurement:	
3.	Source of Financing	
4.	Pre-bid estimated amount of the Procuring Entity:	
5.	Method of Procurement ICB/ NCB/ LIB/ LNB etc.)	
6.	Number of Procurement Documents issued	
7.	Number of bids/proposals received	
8.	Number of bids//proposals determined as substantially responsive	
9.	Any common reason/s found for determining many bids/proposals as non-responsive (if a common reason/s observed describes the departure)	
10.	Is the lowest evaluated bidder recommended for the contract award? (Yes/No)	
11.	If the answer for “10” above is “No”, give reason/s for not recommending.	
12.	What is the recommended contract award price?	
13.	What is the Bid/Proposal price of the recommended bidder at the Bid/Proposal opening?	
14.	If there is a difference between “12” and “13” above what are the reasons?	

Annexure IV of Chapter 02

**Notification of Absence of a Committee Member
(Relevant Reference to the Procurement Guidelines - 2.4)**

If a PC/BEC member appointed has failed to attend two or more meetings of a single procurement, the PE shall inform such absence to the CAO 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.

NOTIFICATION OF ABSENCE OF A PC/BEC MEMBER

1. Name of Procuring Entity:
2. Address of Procuring Entity:
3. Title of Procurement:
4. Estimated Value of Procurement:
5. Nature of the Procurement Committee: (Indicate HLPC, SHLPC, MPC, etc.)
6. Details of the member who has been absent from PC/BEC meetings:
 - a) Name:
 - b) Address:
 - c) Capacity: PC Chairman/PC member/ BEC Chairman/ BEC member
 - d) Contact details: Phone: Fax:

7. Total number of meetings held:
8. Number of meetings the member has not attended:
9. Date of the meeting
 - i. -----
 - ii. -----
 - iii. -----

Signed: (by Head of Procuring Entity)

Date:

Name and Designation:

Cc:

01.PC/BEC Member

**Format for Requesting the Appointment of HLPC/SHLPC, and BEC
(Relevant Reference to the Procurement Guidelines - 2.6)**

1. Details of the Ministry and Procuring Entity

i. Details of the Ministry

- a. Name of the Ministry:
- b. Address:
- c. Name of the Secretary:
- d. Contact details of the Secretary
Phone;; fax;; e-mail
- e. Name of the officer in charge:
- f. Contact details of the officer in charge:
Phone:; fax;; e-mail

ii. Details of the Procuring Entity (PE)

- a. Name:
- b. Name of the officer in charge:
- c. Contact details of the officer in charge:
Phone;; fax;; e-mail
- d. Name of the officer in charge (if any):
- e. Contact details of the officer in charge:
Phone;; fax;; e-mail

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

- i. Title:
- ii. Contract Reference number:
- iii. Procurement Plan Ref:

3. Description of the Contract/s (Describe the type of Goods/Works/Non-consulting Services/ proposed to procure):

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

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

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

6. Status of procurement preparedness activities

- i. Environmental/ social and other required clearances:
- ii. Land acquisition (if needed):
- iii. Status of land clearance:

iv. Pre-qualification documents/Procurement Documents including RFB, drawings, specifications, etc.

7. **Draft Procurement Time Schedule:** (Shall be a separate attachment)

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

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

10. **Nominated member for the BEC**

- i. Name 1:;
Designation:;
Area of Specialty:;
Address;
Phone;; fax;; e-mail
- ii. Name 2:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail
- iii. Name 3:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail
- iv Name 4:;
Designation:;
Area of Specialty:;
Address;
Phone;; fax;; e-mail
- v. Name 5:;
Designation: ;
Area of Specialty:
Address;
Phone;; fax;; e-mail

I hereby certify information given above are correct.

Signature of the Secretary:

Name:

Date:

Ministry:

Annexure VI of Chapter 02

**Format for Requesting Approval/Concurrence for Appointing SHLPC
(Reference for Procurement Manual - 2.7.2)**

1	Details of the Ministry and the Procuring Entity (PE)			
	i. Details of the Ministry a. Name of the Ministry b. Address c. Name of the Secretary d. Contact details of the Secretary	Phone:	Fax:	E-mail:
	ii. Details of the Procuring Entity a. Name of the PE b. Name of the officer in charge c. Contact details of the officer in charge	Phone:	Fax:	E-mail:
2	Description of the Proposed Procurement			
3	Reasons/Justifications to appoint a SHLPC			

I hereby certify information given above are correct.

Signature of the CAO:

Name:

Date:

**Format to Request the Appointment of MPC/DPC/PPC/RPC and BEC
(Relevant Reference to the Procurement Guidelines - 2.7)**

1. Details of the Procuring Entity:

i. Details of the Ministry;

- a. Name of the Ministry:
- b. Address:
- c. Name of the Secretary:
- d. Contact details of the Secretary
Phone:; fax:; e-mail:
- e. Name of the officer in charge:
- f. Contact details of the officer in charge:
Phone:; fax:; e-mail:

ii. Details of the Procuring Entity (PE);

- a. Name:
- b. Name of the officer in charge:
- c. Contact details of officer in charge:
Phone;; fax;; e-mail
- d. Name of the officer in charge (if any):
- e. Contact details of the officer in charge:
Phone;; fax;; e-mail

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

- i. Title:
- ii. Contract Reference number:
- iii. Procurement Plan Ref:

3. Description of the Contract/s: (Describe the type of Goods/ Works/ Non-consulting Services proposed to procure)

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

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

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

6. Status of procurement preparedness activities:

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

7. Draft Procurement Time Schedule: (provide as a separate attachment)

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

9. Nominated members for the PC

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

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

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

11. Nominated members for the BEC:

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

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

I hereby certify information given above are correct.

Signature of the HD/PD:
Name:

Date:

Annexure VIII of Chapter 02					
Payments for Members of Procurement Committees – (HLPC, SHLPC, MPC, DPC, PPC, RPC)					
(Relevant Reference to the Procurement Guidelines - 2.8)					
Value or Nature of the Procurement – Goods, Works, or Non-consulting Services		Payment for Chairman, if contract award is completed		Payment for other Members, if contract award is completed	
(In LKR. Million)					
GOSL Funds	Foreign Funds	Within the PTS LKR.	Beyond the PTS LKR.	Within the PTS LKR.	Beyond the PTS LKR.
More than 1000 with PQ	More than 3000 with PQ	40,000	20,000	30,000	15,000
More than 1000 without PQ	More than 3000 without PQ	40,000	20,000	30,000	15,000
More than or equal to 500 and less than 1000 with PQ	More than or equal to 2000 and less than 3000 with PQ	30,000	15,000	25,000	12,500
More than or equal to 500 and less than 1000 without PQ	More than or equal to 2000 and less than 3000 without PQ	30,000	15,000	25,000	12,500
More than or equal to 250 and less than 500 with PQ	More than or equal to 1000 and less than 2000 with PQ	25,000	12,500	20,000	10,000
More than or equal to 250 and less than 500 without PQ	More than or equal to 1000 and less than 2000 without PQ	25,000	12,500	20,000	10,000
More than or equal to 100 and less than 250 with PQ	More than or equal to 500 and less than 1000 with PQ	20,000	10,000	15,000	7,500
More than or equal to 100 and less than 250 without PQ	More than or equal to 500 and less than 1000 without PQ	20,000	10,000	15,000	7,500
More than or equal to 25 and less than 100 with PQ	More than or equal to 250 and less than 500 with PQ	15,000	7,500	12,000	6,000
More than or equal to 25 and less than 100 without PQ	More than or equal to 250 and less than 500 without PQ	15,000	7,500	12,000	6,000
More than or equal to 5 and less than 25	More than or equal to 100 and less than 250 with PQ	5,000	2,500	3,500	1,750

	More than or equal to 100 and less than 250 without PQ	4,000	2,000	3,500	1,750
	More than or equal to 25 and less than 100 with PQ	5,000	2,500	3,500	1,750
	More than or equal to 25 and less than 100 without PQ	3,500	1,750	2,500	1,250
More than or equal to 2 and less than 5	More than or equal to 2 and less than 25	3,000	1,500	2,000	1,000

PQ = Pre-qualification

PTS = Procurement Time Schedule

Annexure IX of Chapter 02					
Payments for Members of Bid Evaluation Committee					
(Relevant Reference to the Procurement Guidelines - 2.8)					
Value or Nature of the Procurement – Goods, Works, or Non-consulting Services		Payment for Chairman, if contract award is completed		Payment for other Members, if contract award is completed	
(In LKR. Million)					
GOSL Funds	Foreign Funds	Within the PTS LKR.	Beyond the PTS LKR.	Within the PTS LKR.	Beyond the PTS LKR.
More than 1000 with PQ	More than 3000 with PQ	35,000	17,500	25,000	12,500
More than 1000 without PQ	More than 3000 without PQ	35,000	17,500	25,000	12,500
More than or equal to 500 and less than 1000 with PQ	More than or equal to 2000 and less than 3000 with PQ	25,000	12,500	20,000	10,000
More than or equal to 500 and less than 1000 without PQ	More than or equal to 2000 and less than 3000 without PQ	25,000	12,500	20,000	10,000
More than or equal to 250 and less than 500 with PQ	More than or equal to 1000 and less than 2000 with PQ	20,000	10,000	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	20,000	10,000	15,000	7,500
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	10,000	5,000
More than or equal to 100 and less than 250 without PQ	More than or equal to 500 and less than 1000 without PQ	15,000	7,500	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	8,000	4,000
More than or equal to 25 and less than 100 without PQ	More than or equal to 250 and less than 500 without PQ	10,000	5,000	8,000	4,000
More than or equal to 5 and less than 25	More than or equal to 100 and less than 250 with PQ	5,000	2,500	3,000	1,500

	More than or equal to 100 and less than 250 without PQ	5,000	2,500	3,000	1,500
	More than or equal to 25 and less than 100 with PQ	4,000	2,000	3,000	1,500
	More than or equal to 25 and less than 100 without PQ	4,000	2,000	3,000	1,500
More than or equal to 2 and less than 5	More than or equal to 2 and less than 25	2,500	1,250	2,000	1,000

Annexure X of Chapter 02

Payment for Staff Officers and Other Officers Assisting Procurement Committees

(Relevant Reference to the Procurement Guidelines - 2.8)

If the Staff Officer assisting the procurement is also serving as a member of the Standing High Level Procurement Committee (SHLPC), High Level Procurement Committee (HLPC), or Bid Evaluation Committee (BEC), he/she will not be entitled to staff officers' payment.

Value of the Procurement – Goods, Works, and Non-consulting Services Procurement		Staff Officer (LKR.)	Officer (LKR.)
GOSL Funded (LKR. Million)	Foreign Funded (LKR. Million)		
More than or equal to 100	More than or equal to 500	6,000	3,000
Less than 100 and more than or equal to 25	Less than 500 and more than or equal to 250	3,000	2,000
Less than 25 and more than or equal to 5	Less than 250 and more than or equal to 25	2,500	1,500
Less than 5 and more than or equal to 2	Less than 25 and more than or equal to 5	2,000	1,000
	Less than 5 and more than or equal to 2	1,000	500

CHAPTER 03 - PROCUREMENT METHODS & TYPES

Procurement Methods

(Relevant Reference to the Procurement Guidelines - 3.1)

This chapter describes various procurement methods referred to in the Procurement Guidelines for procuring Goods, Works, and Non-consulting Services. The selection of the most appropriate method is extremely important to promote competitiveness and to ensure value for money. It is important to have a clear understanding of the best applicability of situations related to a particular procurement to each method.

A fair and reasonable judgment shall be arrived at when procuring Goods, Works and Non-consulting Services considering the following aspects of the particular procurement;

- i. The size, type, complexity, nature, and availability of the Goods, Works, and Non-consulting Services to be procured;
- ii. The value of the procurement;
- iii. The local availability, cost of Goods and Services, and availability of reliable suppliers;
- iv. Availability of in-house labour/manpower;
- v. Urgency and critical dates for delivery;
- vi. Agreements with a funding agency; and
- vii. Transparency and competitiveness of the procedures proposed.

PE may use any of the following methods, with the approval of the respective PC.

1. International Competitive Bidding (ICB)
2. National Competitive Bidding (NCB)
3. Limited International Bidding (LIB)
4. Limited National Bidding (LNB)
5. Shopping/Request for Quotation (International and National)
6. Direct Contracting
7. Force Account
8. Emergency Procurement
9. Community Participation in Works Contracts
10. Procurement under Co-financing

International Competitive Bidding

(Relevant Reference to the Procurement Guidelines - 3.1.1)

International Competitive Bidding (ICB) is the most appropriate method of procurement for large contracts under the following circumstances.

- i) When the capacity of the domestic contractors, suppliers, and service providers is limited and there is no adequate competition locally;
- ii) Complex procurements where technology and the knowhow are inadequate locally;

- iii) For Foreign Funded Projects, when the Foreign Funding Agency (FFA) Agreement requires the PE to resort to ICB procedures;

International publicity shall be provided concerning bidding opportunities to ensure maximum participation and competition when following the ICB procedures. The publicity shall be given by advertising in both local and international publications and relevant websites regarding bidding opportunities.

However, in connection with Works contracts, with the objective of providing bidding opportunities to the domestic contractors, the possibility of slicing the contract and following a “slice and package approach” to suit domestic contractors may be considered.

A. Applicability of Domestic Preference for ICB

When ICB is used, domestic preference criteria stipulated under the Procurement Guideline shall be used. Provisions related to applicable domestic preference are stipulated in Section 7.7.1 of the Procurement Guidelines and the Manual.

All other conditions including currencies, taxes, and other statutory levies shall be equally applied to foreign and domestic bidders. Any foreign or domestic bidder/proponent who agrees to make the specified non-refundable payment shall be allowed to purchase the Procurement Documents.

B. International Publicity

The PE is required to give worldwide publicity to the IFB/RFB/EOI/RFI/RFP Notice in various media to ensure maximum competition.

The PE shall fulfil the following requirements;

- (a) Advertise in at least one national newspaper of wide circulation;
- (b) Advertising in at least one newspaper printed in the English language is mandatory;
- (c) Relevant websites including the website of the General Treasury;
- (d) On Internationally known and freely accessible websites, have credibility in the publication of bid notices, (For example: United Nations Development Business (UNDB) and Development Gateway’s Market (dgMarket); and
- (e) Transmit such invitations to Embassies and trade representatives of countries from where suppliers and contractors are likely to participate and Sri Lankan Missions through the Ministry of Foreign Affairs.

The bidding period for ICB is stated in Section 6.3 of this Procurement Manual.

National Competitive Bidding
(Relevant Reference to the Procurement Guidelines - 3.1.2)

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

In the NCB bidding process;

- i) Any bidder/proponent who agrees to make a specified non-refundable payment shall be allowed to purchase the Procurement Documents;
- ii) Any bidder/proponent shall be allowed to purchase the Procurement Documents one day prior to the Bid/Proposal closing and shall be clearly disclosed in the Procurement Documents;
- iii) In the case of Works contracts, the domestic contractors shall not be eligible for contract award, without a valid and appropriate registration under the National Registration System of CIDA at the time of submitting the bids/proposals. However, CIDA registration shall not be an eligibility criterion for purchasing/issuance of the Procurement Documents; and
- iv) Any foreign bidder/proponent who has relevant registrations in Sri Lanka is also eligible to submit a Bid/Proposal under NCB.

A. NCB in Foreign-Funded Projects

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

- i) The terms and conditions shall be applicable to both, domestic and foreign bidders/proponents equally;
- ii) Domestic preference may be applied to the domestic bidders with the concurrence of the funding agency; and
- iii) Under the registration system of Construction Industry Development Authority, foreign firms shall be registered in the appropriate category in accordance with similar experience and criteria and shall be described in the Procurement Documents.

B. Publicity for IFB/RFB/EOI/RFI/RFP under NCB

The notification of IFB/RFB/EOI/RFP shall be advertised in widely circulated National Newspapers in official languages and further details shall be published in the relevant websites of the PE, as appropriate.

(Refer **Annexure III of Chapter 05**).

The bidding period for NCB is stated in Section 6.3 of this Procurement Manual.

**Limited International Competitive Bidding and Limited National Competitive Bidding
(Relevant Reference to the Procurement Guidelines - 3.1.3, 3.1.4)**

Under the Limited Competitive Bidding procedure, bids or proposals are invited directly from all international or national suppliers/contractors/service providers included in the pre-selected list.

In case there is a limited number of potential suppliers/contractors/service providers sufficient to ensure competitive pricing, bids/proposals shall be invited from a list which includes all identified suppliers/contractors/service providers.

Domestic preference for local bidders/proponents shall not be applied for LIB/LNB. Other than the requirement for open advertisement and the application of domestic preference, rest of the procedures that shall be followed under ICB/NCB shall apply for LIB/LNB.

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

Bidding period for LIB/LNB is stated in Section 6.3 of this Procurement Manual.

**Shopping/ Request for Quotations – National or International
(Relevant Reference to the Procurement Guidelines - 3.1.5)**

Shopping is an appropriate procurement method for procurement of Goods, Works, and Non-consulting Services described below, comparing price quotations obtained from reputed/registered Suppliers/Contractors/Service Providers when following more competitive procedures are ineffective due to the cost and efficiency.

The shopping method may be selected for the procurement of;

- i. Goods of small value which are readily available off the shelf;
- ii. Small value items of which the specifications are standard; and
- iii. Frequently procured Works and Non-consulting Services which are of small value.

Sealed quotations shall be obtained, after issuance of the Request for Quotations (RFQs) which articulates specifications and basic conditions for procurement. Obtaining quotations through the telephone/fax or verbally are not acceptable. However, secured/password-protected electronically submitted quotations could be accommodated.

It is not mandatory to request a bid security under this procurement method. However, depending on the nature of the procurement, if a requirement of bid security is stipulated in the standard bidding documents, PE shall proceed accordingly.

The shopping method shall be confined to financial authority limits, specified under Section 2.9 in this Procurement Manual.

A. Identification of Prospective Bidders

- i. PE may invite quotations from the registered bidders, reputed Contractors/Suppliers/Service Providers listed in the telephone directories, and e-commerce websites, or reputed suppliers in the market when the respective authority is satisfied that a sufficient number of contractors/suppliers/service providers are available.
- ii. If a sufficient number of suppliers/contractors/service providers are not registered, then the PE may request quotations from reputed suppliers/contractors/service providers through the telephone directories/e-commerce websites or the market.
- iii. PE may prepare a list of suppliers who are capable of supplying particular categories of Goods, Works, and Non-consulting Services after evaluating the past experience and other qualifications such as the capacity of the applicant, by a committee consisting of not less than three (03) members appointed by the Head of the PE. The PE may publish a notice on the PE's website inviting applications for registration of suppliers.
- iv. The register of suppliers shall be updated annually or may be updated at any time of the year, as required. PE may remove any supplier/contractor/service provider who has not responded three (03) times consecutively to requests for quotation. Removal from the list may also be done based on the performance of the previously awarded contracts.
- v. When the shopping procedure is used for Works, CIDA registration shall be considered as per Section 5.6.1 of this Manual.
- vi. For International Shopping, a list of names to request for quotations may be prepared browsing websites for the suppliers and shall obtain approval of the respective PC before proceeding.

B. Procedure for Determination of Suppliers/Contractors/Service Providers

- i. Request for Quotations in this procedure shall be carried out objectively, openly, and transparently.
- ii. Standard RFQ for shopping shall be used where applicable with minimum modifications.
- iii. Opening of sealed quotations shall be based on the procedures stipulated in Section 6.6 of this Manual.
- iv. The evaluation of quotations shall be based on the principles and procedures stipulated in Chapter 7 of this Manual.
- v. Applicable terms of contract shall be incorporated into the purchase order/ letter of acceptance.

The quotation submission period for the shopping procedure is stated in section 6.3 of this Manual.

Direct Contracting
(Relevant Reference to the Procurement Guidelines - 3.1.6)

Direct contracting means procurement of Goods, Works, and Non-consulting Services from a single source with no competition and shall be used only under exceptional circumstances, when procurement from a single source is more advantageous than following the competitive methods.

This method is appropriate under the following special circumstances;

- i. When the prices or rates are fixed and regulated by regulatory bodies;
- ii. When standardization of equipment, for compatibility with existing equipment, may justify additional purchases of the same type of Goods;
- iii. Where the price is reasonable and no price benefit can be gained from competition;
- iv. When the product ownership of the required equipment is held by the Supplier and obtainable only from one source, such as software, textbooks, spare parts, and national defence-related items and no alternative equipment or products with equivalent performance characteristics are available;
- v. When there is no other option even after considering advantages of substitute products or sources;
- vi. When the process design requires the purchase of critical items from a particular supplier as a requirement of performance or functionality;
- vii. When standardization of equipment or spare parts that are compatible with existing equipment may justify additional purchases from the original supplier; and
- viii. In exceptional cases, such as in response to natural disasters.

When direct contracting is used under any of the reasons above, it shall be subjected to financial authority limits given under Section 2.9 of the Procurement Manual, as appropriate.

Direct Contracting method shall be used with the prior approval of the CAO/AO, providing specific reasons to follow the direct contracting method.

The Direct Contract method is not encouraged and PE shall make every effort to follow the competitive methods.

Emergency Procurement
(Relevant Reference to the Procurement Guidelines - 3.1.8)

Emergency procurement arrangement for procurement of Goods, Works and Non-consulting Services under emergency situations shall be used in conjunction with the general provisions stipulated in Section 3.1.8 of the Procurement Guidelines.

(a) Situations to utilize Emergency Procurement Provisions.

PEs may use emergency procurements in the following situations.

- i. In exceptional circumstances, such as man-made or natural disasters; or
- ii. To meet unforeseen social obligations due to irrecoverable damages such as a threat to lives, properties, public assets, public health or environment which require immediate action or to minimize the damages including the situations that shall be determined or declared by the GOSL as an emergency situation.

(b) Procurement flexibilities in an Emergency Situation

Considering the circumstances of the emergency, PEs may decide on relaxing the procedures applicable to standard procurements concerning the following, provided that the prior approval of CAO/AO is obtained.

- i. Procurement arrangements (standard procurement methods and other arrangements such as force accounts and framework agreements, etc.)
- ii. Bidding period (may be reasonable and practical depending on the event)
- iii. Obtaining securities
- iv. Advance payments
- v. Expansion or adjustments for existing contracts
- vi. Bidder's qualifications
- vii. Engagement of multiple contractors

However, approving authority which is prescribed in section 2.9 in this Manual, shall not be changed.

(c) Contracting Arrangements under Emergency

PEs may provide preference to employ one or more following contracting arrangements with the objective of bringing such emergency procurements within the principles of Procurement.

I. Direct Contracting to Government Institutions

In Emergency Procurements, as far as possible the PEs shall use Direct Contracting to award the contracts to Government Institutions.

II. Selection of Private Contractors

Provided that direct contracting with Government Institutions is not practicable and would not address the emergency requirements, the PE shall consider the possibility of employing one of the other procurement methods described in the Procurement Guidelines and select private contractors, determining a shorter bidding time with the approval of the CAO.

If following of such methods would not serve the purpose, contractors may be selected deviating from prescribed competitive procedure, with maximum effort to ensure adherence to the basic principles and best practices related to public procurement ensuring transparency, efficiency, and effectiveness in the process. In such situations, in the selection of private contractors, suppliers, or service providers, the following options shall be considered.

- i. If there are contractors, suppliers, or service providers selected previously through the competitive process, the contract may be awarded at the same price agreed before with the PE or any other Government Institute in the District or the Province, as appropriate. If the agreed prices are not applicable due to the emergency situations, price increase may be considered in civil work contracts, with the recommendations of the Engineer and approval of the CAO/AO. Approval for such awards shall be obtained from the appropriate PC, at the first available opportunity.
- ii. When such agreed competitive rates as well as the contractors are not available, approved rates of government construction agencies, such as the Department of Building, Road Development Authority, National Water Supply and Drainage Board, and Department of Irrigation, etc. may be used with necessary adjustments approved by the CAO/AO, as required.

Contractor/s may be selected to perform the contract at such rates, from among the CIDA registered contractors, applicable to a particular grade following the Shopping/Request for Quotations with shorter bid submission period as determined by the CAO/AO, taking in to consideration the prevailing situation. Approval for such awards shall be obtained from the appropriate PC, at the first available opportunity.

- iii. When quantities are unknown, Rate Contracts may be used under direct contracting or through a competitive process. When a competitive process is used, representative quantities shall be given to bidders and prices shall be valid for a defined time period and location. The rates quoted by the bidders shall be valid for an indefinite quantity for a defined time and to a given geographical location.
- iv. For emergency procurement of Goods, in the absence of selected suppliers on a competitive basis, first preference shall be given to the manufacturers or the reputed local agents of respective Goods. If giving such preference is not possible or is time consuming, Shopping or Direct Contracting procedures may be adopted, with a reduced bidding period, as determined by the CAO/AO.
- v. A formal covering approval for such emergency procurements shall be obtained from the CAO/AO with the recommendation of appropriate PC at the first available opportunity.

(d) Determining the Upper Limits for Emergency Procurement

The CAO shall determine the upper limit of the expenditure to be incurred under each procurement, which is required to be carried out in an emergency as specified in Section 2.9 of this Manual.

(e) Capacity of the Contractors

The capacity of the contractors shall be an important aspect of the selection process of the contractors to perform emergency contracts and high consideration shall be given to the availability of resources, past experience, number of contracts in hand, and the management ability.

(f) Percentage Bidding as a Bidding Option for Contracting of Civil Works

In Emergency Procurements, instead of using procurement methods which involve fixed monetary amounts, Percentage Bidding approach, which requires the contractors to submit bids based on a percentage of the estimated price, may be used.

In Percentage Bidding, evaluation and comparison are based on a percentage difference of the quoted price compared to the estimated price. Percentage Bidding approach may reduce the bid submission and evaluation periods.

The following are considered when selecting the Percentage Bidding approach;

- i. Bill of Quantity, with itemized prices will be issued along with the relevant bidding documents based on the Engineer's estimate;
- ii. A bidding condition shall be incorporated in the relevant bidding documents, requesting all bidders who participate in the bidding process to bid, giving a percentage above or below the Engineer's estimate, which the bidder is willing to perform the contract if awarded, instead of quoting prices for individual items; and
- iii. The lowest Bid price will be determined considering the plus or minus percentage to the Engineer's Estimate, given by the bidder, and shall be considered as the successful bidder, if the Bid is substantially responsive.

(g) Use of Lump Sum Contracts

Lump sum contracts may be used wherever appropriate, with milestone payments identified at intermediate levels of completion of the Works, based on an Engineer's estimate.

(h) Concessions for Contracts under Emergency Procurements

CAO may determine granting concessions to the suppliers and the contractors with respect to the advance payment/interim payments or payment for raw materials for expeditious delivery of the contract by taking different emergencies into account.

(i) Signing of the Contracts under Emergency Situations

As per the decision on contract award, the PE shall enter into a legally binding agreement with the selected Contractor, Supplier, or Service Provider in writing, by following a legally accepted format as stipulated in Section 5.25 of this Manual.

For contracts below the thresholds stipulated in Section 5.25 of this Manual, the PE at its discretion may enter into a formal legally valid written agreement. If a formal agreement is not entered in to, a purchase order or a letter of award issued to the supplier/contractor or service provider shall form the applicable contract.

Community Participation in Works Contracts (Relevant Reference to the Procurement Guidelines - 3.1.9)

A. Community Participation in Works Contracts

In the interest of project sustainability, and to achieve certain specific social objectives, such as creating employment opportunities in an identified area, it is desirable to call for the participation of local community based organisations (CBOs) in the procurement process. Under this objective and on the recommendation of a committee comprising of two (02) nominees of the Head of Department and the Divisional Secretary of the area (selection committee for community participation) the PE may directly award Works to such CBOs provided that they are registered as approved societies as specified in this Manual. However, when awarding contracts directly to CBOs the following shall be considered;

- i. Procuring Entity shall assess and be satisfied with the execution capacity of the Society;
- ii. CBO shall have been registered under a Government Institution as a society at least one (01) year prior to the date of contract award;
- iii. The Works so entrusted shall be within the locality of the CBO and the registered mandate of the CBO;
- iv. The CBOs to whom direct contracts are awarded shall not be required to furnish bid security;
- v. The maximum amount payable to a CBO as an advance payment shall not exceed Sri Lanka Rupees Two hundred Thousand (LKR. 200,000) and such advance payment shall only be made upon submission of an advanced payment guarantee/security issued by any financial institution specified in Section 5.17 of this Manual;
- vi. Subcontracting of Works awarded to CBOs shall not be allowed;
- vii. The total number of contracts executed by the society at a given time shall not exceed three (03);
- viii. The aggregate value of the balance portion of the contracts already awarded and the value of the proposed contract shall not exceed Sri Lanka Rupees Two Million (LKR. 2 Mn.) under Direct Contracting when awarding contracts to a CBO;
- ix. The name or title of the Work project along with the costs involved, number of beneficiaries, name of the CBO, and the implementing authority shall be displayed at the work site;

- x. Prior to selection of a CBO, PE shall request the CBO to submit proof of satisfactory past performance and experience in similar Works, to determine the eligibility;
- xi. The committee referred to in “A” above, determine the contract award, after considering the recommendations of the PE and the proof submitted by the CBO; and
- xii. Awarding a contract to a CBO may be considered under a Foreign Funded Project, provided the procedures proposed are outlined in the relevant financing agreement.
- xiii. Proof that shall be submitted by a CBO to confirm its capacity.
 - a) Financial capacity in the form of bank statements, letters from banks approving overdraft facilities, etc.
 - b) Technical capacity for the relevant Works contract.
 - c) Certificates providing proof of past experience in similar works.
 - d) A declaration by the CBO of Works contracts awarded to them within the last five (05) years including any incomplete and/or abandoned contracts (giving the name of the contract, location, employer, contract value, and current status).
 - e) A declaration by the CBO, that the work will not be subcontracted.

B. Award of Contracts on Competitive Basis by Giving Margin of Preference to CBOs

CBOs which have registered in Provincial Councils/ District Secretariats/ Divisional Secretariats/ Local Authorities and any relevant Government Institutions may be awarded Works contracts not exceeding Sri Lanka Rupees Ten Million (LKR 10 Mn.) subject to the procedures laid down below, under competitive basis.

In this process, three (03) sealed quotations shall be invited from the CIDA registered CBOs and/or the other civil works contractors.

If quotations are called including CBOs, then such CBOs shall have been registered as a contractor under the respective PE, or in the absence of such registration, CBO shall have been registered in the respective District Secretariat and/or Divisional Secretariat.

The minimum period for submission of quotations shall be Seven (07) calendar days.

CBO may compete for contracts exceeding LKR. 10 Mn under the shopping method. In such situations, 5% percent of the margin of preference shall not be applicable.

Evaluation and comparison of the quotations shall be carried out using the principles and procedures stipulated in Chapter 07 of this Manual. When CBOs compete with other contractors, during the evaluation, the eligible CBOs may be given a margin of preference of Five percent (5%) above the other contractors.

C. Criteria for Registration of CBOs as Contractors;

- (i) Procuring Entity shall assess and satisfy with the technical and financial capacity, and the past experience of the CBO;
- (ii) The Works to be entrusted shall be within the locality in which the CBO is established and should fall within its registered mandate;
- (iii) CBO shall possess a valid CIDA registration, if the CBO is to be considered when competitive bidding is used; and
- (iv) CBO shall have been registered under a Government Institution for at least one (01) year prior to the registration as a Contractor.

Procurement under Co-Financing (Relevant Reference to the Procurement Guidelines - 3.1.10)

For the purpose of livelihood development when providing a grant or loan for the purchase of Goods by the beneficiaries, if some financial contribution should also be made by the relevant beneficiaries, such procurement shall be termed as co-financing and the procurement can be carried out by giving priority to the needs of the beneficiaries.

When selecting suppliers under this method, priority may be given to the preferences of the beneficiaries in line with the objectives of the relevant livelihood development program.

The following procedures shall be followed;

A. When the contribution of public funds is less than 50% of the Total Cost Estimate (TCE) of the procurement;

- i. If the value of the procurement is less than LKR. 10 Mn., then Goods can be procured directly from the open market, giving priority to the needs of the beneficiaries; and
- ii. If the value of the procurement is above LKR. 10 Mn., then competitive procedure shall be followed, giving priority to the needs of beneficiaries when preparing the specifications and evaluation criteria.

However, the PE shall satisfy that the price complies with the market price, quality and performance of the Goods in both the above situations.

B. When the contribution of public funds is equal or more than 50% of the Total Cost Estimate of the procurement, PE shall use the competitive procurement method by considering the needs of beneficiaries.

Repeat Orders

(Relevant Reference to the Procurement Guidelines - 3.2)

Repeat Order means placing an order for supply of an additional quantity of Goods from the same supplier, who had originally supplied the same Goods in the recent past as morefully described below.

Generally, a Repeat Order is a reflection of improper procurement planning. Hence, a proper assessment of the requirement for the procurement in advance is necessary to ensure obtaining of cost, time and bulk purchasing advantages (economies of scale).

A. Circumstances in which Repeat Orders may be considered

- i. Inability to identify the actual requirement at the time of invitation for Bids/Proposals due to unforeseen reasons.
- ii. Invitation of new bids/proposals are not economical due to the small quantity required or the value involve, and the market price for the relevant Goods has not dropped.
- iii. When standardization of equipment is necessary to maintain compatibility with the existing equipment.
- iv. Procurement of a different make or from a different source may have disadvantages.

B. Applicable conditions for considering Repeat Orders.

- i. Required additional quantity shall be less than 50% of the original procurement.
- ii. Repeat Order shall be within the period of six (06) months from the date of original contract award.
- iii. The CAO/AO shall be satisfied with the justifications provided.
- iv. Repeat Order shall be agreed upon by the original Procurement Committee.

Bidding Procedures

(Relevant Reference to the Procurement Guidelines - 3.3)

Following bidding procedures are available for inviting bids/proposals and it is the responsibility of the PE to propose the most appropriate bidding procedure that shall be used in a particular procurement process.

PC is responsible for selection of the appropriate bidding procedure from the following;

- I. Single Stage One Envelope Bidding Procedure;
- II. Single Stage Two Envelopes Bidding Procedure; and
- III. Two-Stage Bidding Procedure.

Single Stage One Envelope Bidding Procedure is mostly appropriate for relatively less complex procurements of Goods, Works and Non-consulting Services with standard technologies.

Unlike the Single Stage One Envelope Bidding Procedure, the Single Stage Two Envelope Bidding Procedure allows for a better review of the technical requirements by obtaining the technical proposals and the financial proposals separately.

In the first stage of the Two Stage Bidding Procedure, there will be an opportunity to interact directly with the proponents and properly review the technical proposals, in order to obtain revised proposals from the proponents in the second stage.

Each of the stages referred to above are described in detail below.

Single Stage One Envelope Bidding Procedure (Relevant Reference to the Procurement Guidelines - 3.3.1)

Single Stage One Envelope Bidding Procedure is the most common and widely used procedure for procuring Goods, Works and Non-consulting services by Procuring Entities. This bidding procedure can be used in procurements where the PE knows the requirements including the design, specifications and the schedule of requirements without ambiguities, as well as in the procurement of simple information systems.

In this process, the Bidders will be able to submit the Bids in response to an Invitation for Bids by considering the Procurement Documents which include specifications, schedule of requirements and applicable terms of contract, etc.

Such Bids shall be evaluated by the relevant PC and/or BEC and select the substantially responsive lowest evaluated Bidder for onward recommendation for the award of contract.

Single Stage Two Envelope Bidding Procedure (Relevant Reference to the Procurement Guidelines - 3.3.2)

This bidding procedure would be more appropriate, where the PE is certain about the technical parameters of the Goods to be procured and certain about the design and the nature of the Works.

Under this procedure, the technical and financial proposals are obtained from the proponents at once. As the initial step of this process, the PE shall evaluate the Technical Proposals and qualifications of the prospective proponents. As the next step, the PE shall select the responsive proposals and thereafter evaluate the financial proposals submitted by the responsive proponents.

When this bidding procedure is used, the prospective proponents shall be instructed to submit a separate technical proposal and a financial proposal contain in two different envelopes in one envelop to the PE. This is done to enable the evaluation of the technical proposal and the financial proposal separately.

In this process;

- i. Bidders are requested to submit their qualifications, technical proposals and all other information (such as bid security, eligibility, experience, capacity, commercial requirements, etc.) in one envelop and the other envelop shall contain only the financial proposal;
- ii. Technical proposals are to be opened first and reviewed to determine their substantial responsiveness in terms of technical acceptability and other non-financial requirements as per disclosed specifications, technical and other requirements;
- iii. The technical proposal is evaluated first. The substantial responsiveness of the proposal is checked at this stage. If any proposal is found to be non-responsive (including not complying with critical functional requirements), such proposals will be rejected. The substantially responsive proposals may be further evaluated and if required, a point system disclosed in the Bidding Documents may be used. If a point system is used, the minimum points for any proponent to be qualified shall be a disclosed;
- iv. Opening of financial proposals shall be confined only to the substantially responsive proponents and that shall be done in their presence; and
- v. Financial proposals of the proponents whose technical proposals are not responsive shall be returned to them unopened, after the award of contract.

Financial evaluation shall be conducted only for the substantially responsive proposals by emphasizing on the financial aspects. One of the following two methods may be used for financial evaluation. The selected method shall be stipulated in the Procurement Documents.

a) **The first method**

The financial proposals of the responsive proponents are opened in their presence and the lowest evaluated financial proposal is selected.

b) **The second method**

Where the Procurement Documents have specified that a combined evaluation of both technical and financial proposals will be considered, the weightages to be given for each of the proposals shall be specified in the procurement documents. When this method is used the weightage given for the financial proposal shall not be less than 80%. The procurement Documents shall also specify the mechanism for the allocation of points when weightage is given to technical proposal.

The successful proponent shall be selected based on the calculated highest combined mark.

Two Stage Bidding Procedure

(Relevant Reference to the Procurement Guidelines - 3.3.3)

This procedure may be appropriate for turnkey contracts or contracts for large complex plants or information technology systems or Works of a special nature, all of which require innovative approaches, or where the problem of technically unequal proposals is likely to be encountered.

This procedure consists of two stages,

Stage I

In the two-stage bidding procedure, the PE prepares draft Procurement Documents with functional performance specifications and requirements, rather than with detailed technical specifications.

Bidders/proponents shall offer technical proposals in response. When two envelop system is used, both technical and financial proposals shall be submitted by bidders/proponents at this stage. However, financial proposals shall not be opened during this stage.

On the receipt of the technical proposals, the following shall be performed by the PC and/or BEC, as appropriate;

- i. Assess the qualifications of the proponents;
- ii. Evaluate the technical proposals in order to confirm whether the submitted proposals meet the requirements; and
- iii. If the PC and/or BEC identify the need for any amendments to be made to the Procurement Documents, such needs shall be communicated to the PE.

If the PE receives a communication from the PC and/or BEC as stated in (iii) above, the PE shall issue an addendum to the Procurement Document to invite improved technical proposals. Such addendums prepared by the PE shall only be issued with the concurrence of the PC and/or BEC.

Stage II

In this stage, amended final technical proposals and financial proposals shall be invited from the proponents.

Then the PC and/or BEC shall evaluate the combined proposals (technical and financial) according to the method specified in the Procurement Documents to determine the substantially responsive most advantageous proposal for the contract award.

In the case of two envelop system, the final technical proposal and the supplementary financial proposal shall be invited from the bidders/ proponents. Then the PC and/or BEC shall evaluate the final technical proposal and financial proposal submitted at Stage I along with the supplementary financial proposal submitted at Stage II.

Pre-qualification/ Initial Selection
(Relevant Reference to the Procurement Guidelines - 3.4)

A. Use of Pre-qualification/ Initial Selection

Pre-qualification/Initial Selection processes are appropriate for large and complex Works, turnkey contracts, complex infrastructure development projects, special Goods, and complex Information Systems.

Pre-qualification/Initial Selection processes are used to shortlist applicants for the procurement of Goods, Works, and Non-consulting Services. These processes ensure that only those with appropriate and adequate capacity, capability, and resources are invited to submit the Bids/Proposals.

Pre-qualification/Initial Selection processes may be followed for a single contract, contract packages, and multiple contracts that are similar in nature, type, and size.

This process shall be initiated considering the advantages and disadvantages described below and the process set out below.

B. The benefits of Pre-qualification/Initial Selection process

- i) Promote competition among potential bidders with high capacity and experience in the particular contract.
- ii) Provide the opportunity to revise the bidding conditions, if necessary, based on the scale of interest and responses received from the potential bidders.
- iii) Save time and cost to the PE, due to the evaluation of bids/proposals only from pre-qualified bidders.
- iv) Possibility of overlooking unqualified bidders.

C. Disadvantages of Pre-qualification/Initial Selection process

- i) Increase procurement lead-time due to the time consumed in the procurement process;
- ii) Requirement of reviewing pre-qualification applications of all the bidders which is not a requirement when other methods are used. This is because when other methods are used, post-qualification review is conducted only with regard to the selected bidder; and
- iii) There is potential for collusion and price fixing, as names of all pre-qualified bidders are known in advance of Bid/Proposal submission.

Pre-qualification/Initial Selection shall not be used for the purpose of limiting competition. It should be used to promote competition among the potential bidders by providing a level playing field.

D. Process of Pre-qualification/Initial Selection process

- i. Pre-qualification shall be carried out by giving wide publicity, nationally and internationally as appropriate to enhance competition.
- ii. Calling for required qualifications shall be done by issuing a standard format prepared by the PE.
- iii. A non-refundable, reasonable submission fee determined by the PE shall be collected from each applicant responding to an invitation for submission of applications for pre-qualification/initial selection.
- iv. A description of the scope and requirements of the procurement, and required qualifications of the applicant shall be specified in the pre-qualification invitation.
- v. The minimum period given to submit a pre-qualification application shall not be less than 21 calendar days for National level procurement and 42 calendar days for International level procurements.
- vi. The Procurement Documents shall be issued to the applicants who have fulfilled the required qualifications.
- vii. In the pre-qualification process, no upper limit shall be imposed as a number of pre-qualified potential bidders.

E. If the number of pre-qualified applicants are limited and therefore adequate competition cannot be assured, a reassessment may be carried out as follows;

- i. Extension of the deadline for submission of applications; or
- ii. Relax the existing conditions and qualifications for submission of applications; or
- iii. Divide the contract into smaller contracts, less complex contracts based on slicing or packaging; or
- iv. Re-advertising the invitation to submit applications for pre-qualification.

F. Invitation for Pre-qualification/Initial Selection

The following information should be included in the invitation for pre-qualification/initial selection;

- i. A brief description of the Goods and Works to be procured;
- ii. The applicable conditions;
- iii. Source of financing;
- iv. Eligibility requirements for potential applicants;
- v. Qualification requirements of potential applicants including historical performance, financial performance, experience, etc.;
- vi. The method of obtaining clarifications;
- vii. The place and time where pre-qualification documents can be obtained;
- viii. The date and time for closing of application submission; and
- ix. Information concerning the opening of submitted applications.

G. Publicity for Invitation of Pre-qualification/ Initial Selection

PE shall ensure that maximum possible publicity is given for the invitation in order to attract the attention of the potential bidders. In the case of National level procurements, the publicity shall be given by publishing the invitation in widely circulated National Newspapers in all three (03) official languages. In addition, publicity should be given by advertising in the relevant website of the PE. In the case of International level procurement, world-wide publicity shall be given as provided in Section 3.1.1 of this Manual.

H. Documents for Pre-qualification/Initial Selection

The documents shall contain all basic details which are necessary to attract the potential applicants, providing descriptive information such as;

- i. Basic information of the PE;
- ii. The proposed procurement and its scope;
- iii. Source of finance;
- iv. The estimated value of the contract and quantities;
- v. Location of the Work;
- vi. Eligibility and Qualification requirements;
- vii. Application of domestic preference;
- viii. Specifications and conditions of contract;
- ix. Delivery or implementation schedules;
- x. Requirements for Bid/Proposal securities and performance securities;
- xi. Schedule of payments/payment terms;
- xii. Price adjustment provisions; and
- xiii. Other specific information related to the particular procurement.

A format prepared by the PE which is structured to obtain the necessary information listed above, as appropriate, shall be issued along with the pre-qualification documents.

I. Pre-qualification/Initial Selection for Multiple Contracts;

Pre-qualification/Initial Selection can also be used for a package of contracts similar in type and size. When packaging is done, applicants can be prequalified for one or more contracts within the same package; and

The pre-qualification document shall describe the package and the slices, and the criteria required for the applicants to meet the qualification requirements for one or more of the slices. The applicant shall be required to state the specific slices for which applicant desires to be considered in the pre-qualification application.

J. Basis of Pre-qualification/Initial Selection

Pre-qualification/Initial Selection shall be based on;

- i. The technical, managerial and financial capacity and capability, past performance, and litigation history of the prospective applicants;

- ii. Completeness of the submitted application;
- iii. The ability of the applicant to perform the contract considering on-going commitments; and
- iv. Names and experience of the major specialist subcontractors, if the applicant intends to use them (applicants are not required to provide details of minor subcontractors to the PE).

The PE should not reject applications of qualified applicants on the basis of trivial or narrow interpretations of pre-qualification criteria. Therefore, the PE shall avoid rigid statements in the pre-qualification documents to the effect that applicants who do not answer all the questions or submit all required information “shall be disqualified”. The expression “may be dis-qualified” is preferable, as it provides flexibility.

K. Pre-qualification/Initial Selection of Joint Ventures

Special conditions apply when the applicant for pre-qualification is a Joint Venture formed by two or more firms and/or individuals.

Conditions applicable to the Joint Ventures and any subsequent changes in the parties involved after pre-qualification shall be clearly specified in the pre-qualification documents.

The following conditions are recommended for this purpose;

- a. No firm and/or individual partner of a Joint Venture should be allowed to submit or to participate in, more than one Bid/Proposal. The PE shall reject any Bid/Proposal submitted in violation of this rule;
- b. Applications submitted by a Joint Venture must meet the following requirements;
 - i. Details pertaining to each partner in the Joint Venture shall be included when submitting the documents for pre-qualification;
 - ii. Bid/Proposal as well as the resulting contract shall be signed so as to be legally binding on all partners jointly and severally. A Joint Venture agreement providing that joint and several liabilities of all partners in respect to the contract shall be submitted together with the bid/proposal;
 - iii. The application must include a description of the proposed participation and responsibilities of each partner of the Joint Venture;
 - iv. The application should also identify the lead partner, if any of the Joint Venture, through whom any correspondence between the applicant and the employer will be channelled;
 - v. The application must include a statement of proposed capital contribution of each partner, and the sharing of profits and losses among the partners; and
 - vi. 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.

- c. If any changes are made to the composition of the Joint Venture or the Joint Venture agreement after pre-qualification, such change shall be made with the approval of the PE. After pre-qualification, there shall be no new Joint Ventures formed. The PE shall not approve any changes in pre-qualified Joint Ventures, if they would in the PE's opinion result in;
- i. Substantial reduction of competition;
 - ii. The inclusion of a firm which had not previously been pre-qualified (either individually or as a part of another Joint Venture); or
 - iii. The proposed change undermines the required pre-qualification criteria.

L. Procedural Requirements for Pre-qualification

Pre-qualification documents shall specify the submissions required, such as completed questionnaire forms and supporting documents and the deadline for their submission. They shall also contain a clear statement on the criteria for evaluation of pre-qualification applications.

The anticipated period for evaluation, usually 30 to 60 calendar days and the method of notification to all applicants of the results shall be indicated in the documents. The PE shall not consider pre-qualification applications received after the stipulated time. The PE shall also make a formal acknowledgment of receipt of the pre-qualification applications. Bids/proposals shall be invited as soon as possible after completion of the pre-qualification process.

For very large projects, it is encouraged to hold a pre-qualification conference, including a site visit, in order to enable the potential applicants to assess the relevant conditions prior to submission of applications.

M. Evaluation of Prequalification Applications

The evaluation criteria for pre-qualification shall be objective and unambiguous and vague criteria shall not be used. The applicable parameters that should be generally used are described below;

- a) **Financial resources of the applicant:** the applicant should demonstrate the financial capacity and the ability to maintain an adequate cash flow to perform the contract during the applicable contract period;
- b) **Personnel resources of the applicant:** the applicant should demonstrate that he has the required, qualified and experienced personnel to perform the contract; and
- c) **Equipment Resources of the applicant:** the applicant should demonstrate the availability of required equipment including specialized equipment essential for the execution of the contract.

An applicant can be pre-qualified subject to fulfilment of certain conditions prior to award of the contract. Typical conditions include conditions such as the requirement for submission of additional information, revision of Joint Venture agreement, hiring of experts in specialized areas, proof of availability of specialised equipment, etc.

Conditional pre-qualification 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 pre-qualification application, the applicant shall be requested to provide clarifications or supplement the information previously provided. PE may also contact references cited in the applications for obtaining information concerning the applicant for evaluation. Applicants for pre-qualification are required to provide the PE with authorization to do so, in their pre-qualification applications.

N. Subsequent Activities after Pre-qualifications

Subsequent to pre-qualification, pre-qualified applicant are invited to submit bids/proposals.

The PE is required to award the contract to the bidder who has submitted the substantially responsive lowest evaluated bid/proposal as provided in the Chapters 07 and Chapter 08 of this Manual which deals with the evaluation process and the award of the contract.

CHAPTER 04 - PROCUREMENT PLANNING

Procurement Planning (Relevant Reference to the Procurement Guidelines - 4.1)

A. Strategic Considerations of Procurement Planning

Expenditure for public procurement is a significant component of a PE and one of the main expenditure items of the Government. In order to ensure VFM of procurement, PEs shall prepare Procurement Plans.

Procurement planning shall be initiated with the approved Action Plan of the PE. Therefore, different procurement requirements shall be derived in line with the resource requirements of the Action Plan to deliver the desired outputs and outcomes as indicated in the Action Plan in order to achieve vision, mission and objectives of the PE with a rational resource allocation.

The different types of Procurement Plans are;

1. Master Procurement Plan (MPP);
2. Annual Proposed Procurement Plan (APPP);
3. Detailed Annual Procurement Plan (DAPP);
4. Preparatory/Preparedness Plan (PP); and
5. Procurement Time Schedule (PTS).

B. Preparing the Procurement Plans

Procurement Planning in general is a rational resource allocation process of a PE. As such, the following key factors shall be considered in preparation of different Procurement Plans.

- i. Need analysis

Needs analysis is a process of determining and prioritising needs for the purpose of taking action.

There are many benefits associated with undertaking a needs analysis, including purchasing more relevant and effective Goods and Services, and enabling a more systematic and transparent distribution of resources.

Conducting of a needs analysis would enable effective and efficient Public Procurements without having to make repetitive procurements. It is a part of the procurement planning process. It is important to define the reasons why there is a need to procure Goods, Works or Services, and taking in to consideration the associated risks.

Needs may arise due to various reasons, such as organisational priorities, government policy decisions, community needs, social demand, technology demands and innovations, and operational requirements of public entities.

PEs shall perform a need analysis before commencing of procurement planning.

ii. Determination of Priorities

CAO/AO with the assistance of the key officers of the different divisions/ sections/ units of a PE shall identify the priorities of the PE and rank the procurement requirements identified in the Procurement Plans. In this endeavour, PMD shall play a coordinating role.

Prioritization would provide the basis for the PE to decide the urgency of the procurements, maximize the use of limited financial and other resources allocated to the PE and available resources in the national budget in the light of medium-term budgetary framework of the country pertaining to PE, to gain optimum benefits.

iii. Appropriate Timing for Procurement

Appropriate timing for procurement of Goods, Works or Services depends on the requirements to meet the objectives and targets of the PE. The decision shall be taken with due consideration on procurement lead time/construction period.

For example, if a civil Works contract with a construction period of two (02) years is awarded, procurement of furniture and equipment for the completed project shall be appropriately planned, to ensure delivery of such items by the completion of the construction, to avoid the idling of resources, waste, damages, etc.

iv. Choice of Procurement Methods

Contract packaging, scheduling and choice of procurement methods are all interlinked. When preparing the Procurement Plans, it is necessary to carry out iterative adjustments in all three (03) of the above aspects.

The details on selection of method of Procurement are given in Chapter 03 of this Manual.

C. Presentation of Plans

The following formats shall be used in the procurement planning process.

- a) Format for preparation of MPP is in **Annexure I of Chapter 04**
- b) Format for preparation of APPP is specified in **Annexure II of Chapter 04**
- c) Format for preparation of DAPP (General) is specified in **Annexure III of Chapter 04**
- d) Format for preparation of DAPP for Foreign Funded Projects is given in **Annexure IV of Chapter 04**, DAPP for Complex Works Projects is given in **Annexure V of Chapter 04**
- e) Format for preparation of Preparatory Preparedness Plan shall be prepared annually as per the format specified in **Annexure VI of Chapter 04** and **Annexure VII of Chapter 04**.

D. Plan Monitoring and Updating

During procurement execution, the original Procurement Plans shall be regularly monitored and updated at least quarterly. The purpose of monitoring is to assess and compare the planned procurement activities with the actual procurement performance. Moreover, Procurement Plans shall be updated based on the priorities of the Government and/or the PE.

The respective PMD, in consultation with the Heads of Divisions/Sections/Units and the respective PCs/BECs if required, shall 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/services with the concurrence of the respective PC.

E. Recommended Time Frames for Completion of Procurement Activities

Recommended time frames for completion of procurement activities with emphasis on the procurement method used and the different bidding processes are given as an annexure to this chapter. These time frames shall be used in procurement planning, including preparation of MPP, APPP, DAPP, PP and PTS described in this Manual.

Master Procurement Plan

(Relevant Reference to the Procurement Guidelines - 4.1.1)

MPP is the document in which all of the identified, planned procurements (Goods, Works, and Services) that are coming under the purview of the respective PE within a period of three (03) years, in line with the medium-term budgetary framework of the country, are compiled.

In other words, it shall be the approved project/procurement pipeline of the particular PE in which Goods, Works and Services to be procured are listed on a priority basis. The list is determined based on the criteria applicable to the respective PE considering the nature of the PE's responsibilities.

The MPP of a PE shall be prepared in line with the medium-term Action Plan of the PE and shall be approved by the CAO/AO.

Same priority basis could be used in making requests for budgetary allocation for the respective financial year based on the resource requirements identified in the relevant Action Plan to implement the procurements irrespective of the source of finance.

As MPP is a rolling plan for which changes could be introduced, where necessary in the situations described under Section 4.1 of the Procurement Guidelines.

The projects and procurements for the ensuing financial year, with guaranteed budgetary allocations, shall be included in the Detailed Annual Procurement Plan (DAPP), as per the provisions prescribed under Section 4.1.3 of the Procurement Guidelines.

If new projects are identified and approved by the respective authority then the MPP shall be amended accordingly and such projects/procurements shall be included subsequently in the APPP.

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

- (a) Centralized versus decentralized procurement;
- (b) Packaging/slicing of contracts;
- (c) Determination of the size of the packages; and
- (d) Usage of the provisions of Framework Agreements to reduce transaction time periods.

MPPs of each PE which are coming under the purview of a particular Ministry, including the Ministry itself, shall be compiled as a “Consolidated MPP” which shall be submitted to the NPC for the purpose of monitoring of procurement activities, before the end of January in each financial year.

Similarly, with respect to the Provincial Councils, the Consolidated MPP shall be submitted to the NPC before the end of January in each financial year.

The format for preparation of MPP is in **Annexure I of Chapter 04**.

Annual Proposed Procurement Plan (Relevant Reference to the Procurement Guidelines - 4.1.2)

Annual Proposed Procurement Plan (APPP) comprises of all the proposed procurements that have been identified by the PE in line with the MPP.

APPP is prepared by the PE to obtain the required budgetary provisions for the procurement activities planned for the ensuing financial year by adhering to the dates of the Budget Call.

APPP shall be submitted to the Department of National Budget along with the respective annual Action Plan and other required supportive documents. Similarly, in case of Provincial Councils, APPP shall be submitted to the Provincial Treasury.

However, this is a tentative plan until financial allocations are granted by the relevant Budgetary Authority. Then, the DAPP shall be prepared based on the approved financial allocations for procurements depicted in the APPP.

The format for preparation of APPP is specified in **Annexure II of Chapter 04**.

Detailed Annual Procurement Plan (Relevant Reference to the Procurement Guidelines - 4.1.3)

Detailed Annual Procurement Plan (DAPP) is the implementing procurement plan of the PE for the respective financial year with guaranteed financial resources. It shall state projects/ procurements for which the procurement process is ready to commence, after completion of necessary procurement preparedness/preparatory activities.

Details relating to the different activities of projects/procurements that are carried out by the PE for the ensuing financial year shall be included in the DAPP, which shall be in line with the approved Action Plan. DAPP shall be approved by the Secretary to the relevant Ministry/CAO.

The total value of procurements included in the DAPP shall be equivalent to the total annual procurement budget of the PE, irrespective of source of finance. For any exclusions, the approval to be obtained from the CAO. However, if separate project management units (PMUs) are functioning under foreign financing, then separate DAAPs shall be prepared for such projects.

DAPP shall include;

- i. Package Number;
- ii. A brief description of each procurement activity;
- iii. Cost estimate;
- iv. Source of Funding;
- v. Procurement method;
- vi. Procurement Time Schedule; and
- vii. Any other procurement related information.

Consolidated DAPP shall be prepared by every Ministry, considering all the DAPPs of all the PEs which are coming under the purview of the respective Ministry, including the DAPP of the Ministry itself. Consolidated DAPP shall be submitted to the NPC, before 31st of January, each year, for the purpose of monitoring procurement activities.

Similarly, in case of Provincial Councils, consolidated DAPP shall be submitted to the National Procurement Commission.

The formats for the preparation of DAPP (General) is specified in **Annexure III of Chapter 04** and the format for preparation of DAPP for Foreign Funded Projects is given in **Annexure IV of Chapter 04** and **DAPP for Complex Works Projects Annexure V of Chapter 04**.

Preparatory Plan

(Relevant Reference to the Procurement Guidelines - 4.1.4)

Preparatory Plan/ Preparedness Plan (PP) shall be prepared to facilitate implementation of the relevant procurement without delays. Procurement Preparatory activities shall be commenced once the procurements are approved in principle.

The prime objective of PP is to reduce the time duration of the procurement process.

Preparation of a PP is the responsibility of the PMD with proper coordination and assistance of the respective divisions, sections or units of the PE. The approval for PP shall be obtained from the CAO/AO.

In case, if the financial provisions are not provided for procurement preparatory activities included in the PP, then the PE shall discuss with the relevant budgetary authorities to obtain the required financial provisions.

If such procurements are implemented using foreign loans/grants/aid then the terms and conditions stated in the loan/grant/aid agreement with respect to advance contracting, and retroactive financing shall be obtained from the relevant funding agency for project preparatory financing.

The status of each preparatory activity shall be updated periodically for monitoring purposes and shall take remedial actions for delays.

Preparatory/ Preparedness Plan shall be prepared annually as per the format specified in the **Annexure VI of Chapter 04** and **Annexure VII of Chapter 04**.

Procurement Time Schedule

(Relevant Reference to the Procurement Guidelines - 4.1.5)

Procurement Time Schedule (PTS) is prepared to set time targets to complete each activity of the pre contract stage to ensure timely procurement of Goods, Works, and Services.

PTS provides a road map to the PC and/or BEC to complete each activity on time. PTS can be used as a tool to monitor the progress of the pre-contract activities. Responsibility of preparing the PTS rests with the PE.

PTS shall include all activities pertaining to preparation of draft Procurement Documents including the pre-qualification process and up to the time of awarding of a contract, which enables monitoring of the progress against the set time targets of the pre-contract activities.

Preparatory activities such as completion of relevant studies (including feasibility studies), project proposal, land ownership clearance and acquisition, social settlement, preparation of drawings, BOQs, estimates, specifications, required approvals for estimates, approval from the relevant competent authorities and preparation of Procurement Documents (including pre-qualification documents), etc. shall be included in the scheduled PTS, once the PTS is approved by the respective PC.

The time targets for completion of all activities of the bidding process, after the preparation of the Procurement Document up to contract award shall be included in the PTS.

Time targets, along with the compulsory bidding period to be taken into account to complete the procurement, following the ICB and NCB methods, with and without pre-qualification are given in **Annexure VIII of Chapter 04** and **Annexure IX of Chapter 04** respectively.

PEs shall plan to complete the procurement within the aforesaid time targets with appropriate allocation of time amongst the activities to be completed, with the approval of the PC.

PEs in consultation with BEC/PC shall make all possible arrangements to reduce the time period by adhering to best practices, such as evaluation of Bid/Proposal immediately after Bid/Proposal opening.

It is an obligation of the respective PC, to consider the PTS and approve it at the first meeting. The PE shall forward the draft PTS for the procurement concerned, together with any connected downstream procurements that shall be handled by the same PC. Once the PTS is agreed upon, the Chairman of the PC and/or BEC shall monitor the progress in consultation with the PE. Where a major delay occurs, it is the responsibility of the Chairman of the PC to explain the cause/s for the delay, effect remedial measures and inform CAO.

Once approved, PTS will be the guiding document, which PC and/or BEC shall follow to complete tasks. Monitoring of performance of the procurement process shall be carried out and compliance with the time targets set therein will be a basis for payment of remunerations to the individuals involved in the procurement process.

Guidance for setting time target to complete each activity of the procurement process, with reasonable time targets and the procurement activities applicable in the pre-qualification and the bidding process, are given in **Annexure VIII of Chapter 04**.

Efficient planning of the entire procurement process is vital to ensure timely completion of the procurement. Therefore, PEs are instructed to consider the time frames given in **Annexure VIII of Chapter 04, Annexure IX of Chapter 04 and Annexure X of Chapter 04**.

Total Cost Estimate

(Relevant Reference to the Procurement Guidelines - 4.2)

A. Preparation of Cost Estimates

Estimating the costs of infrastructure as accurate to the extent possible plays a pivotal role when deciding the feasibility of the required procurement preparation of national budgets which taking to account the cost of such procurement, mitigating the consequences due to fund shortage/surplus during the implementation stage and to determine competitive and reasonable price at the bidding process.

Such estimates can be broadly categorized as;

- i. Costs at the Conceptual Stage;
- ii. Cost Estimates at Preliminary Stage; and
- iii. Cost Estimates following Detailed Engineering Design and other factors.

i. **Cost Estimates at Conceptual Stage** - At this stage, what really exists is an approximate estimate based on the historical data and from similar experiences in other countries.

ii. **Cost Estimates at Preliminary Stage** – Once the conceptual stage is passed, a more detailed preliminary cost estimate shall be prepared based on the specific requirements of the procurement including the specifications, quantity, design, etc. in the case of procurements relating to Works contracts, it may be necessary to carry out a preliminary set of architectural/ engineering drawings of the proposed

development after a reasonably accurate site investigation. Such drawings will facilitate the preparation of more detailed costing based on the historical unit rates for similar activities per linear meter or square meter or any other empirical methodology. At this stage, the current price levels of material, equipment and labour prices may be considered.

- iii. **Cost Estimates following Detailed Engineering Design and Other Factors** - Once there is an agreement to proceed with the project, it is necessary to develop detailed drawings, environmental plans, and social action plans such as detailed resettlement Action Plans as deemed necessary. In the case of Works contracts;
- (a) From a technical perspective, detailed drawings and cost estimates should be prepared pursuant to performing appropriate engineering investigations such as Hydrological and Geotechnical forecasting on landslide hazards, and based on work breakdown elements or unit rates for such work items, for example, cost of a cubic meter of concrete or cost of square meter of asphaltic concrete in road construction;
 - (b) The above work items will then be summarized in a Bill of Quantities (BOQ) for the proposed project under different headers such as preliminaries, foundation work, earthworks, concrete works, pavement works, plastering, electrical works, water supply and drainage works, roof work etc;
 - (c) The direct and indirect taxes have to be included in to the above rates;
 - (d) When preparing the unit rates due consideration has to be given to the specifications applicable for the project including the standards;
 - (e) Appropriate provisions have to be made for contingencies, price adjustments, preliminaries, Engineer's facilities, provisional sums, day works schedule, etc.

The above estimate will be the basis for inviting competitive bids/proposals or even negotiating contracts following Direct Contracting.

In the event that budgetary resources have to be identified for project execution, all the associated costs towards implementing environmental and social risk mitigation plans including resettlement costs, legal fees, construction supervision consultancy, or any other associated consultancies, shall be considered.

There are software and standard norms available for preparation of unit costs for work elements, which will facilitate the preparation of costs estimates for all the three phases.

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

B. Responsibility for Preparation of Total Cost Estimates

The PE shall prepare conceptual, preliminary and detailed Total Cost Estimates (TCE) including all associated costs as required and appropriate at different stages.

TCE shall identify cost of procurement preparedness activities and post-contract award activities separately; the TCE shall include a maximum of 5% of Direct Construction Cost (DCC) for procurement preparedness activities if applicable. Further, a maximum of 10% of DCC shall be allocated for physical contingencies. Furthermore, an appropriate percentage of DCC as given in the table D below, for price fluctuations shall be allocated in the estimate.

TCE shall also include applicable VAT, shown separately. All other taxes/levies shall be included in the cost.

C. Content of a TCE

Item	Cost Allocation	Instructions
Project Brief	n/a	Shall accompany the request for funding
Direct Construction Costs (DCC)	n/a	A summary of the DCC shall accompany the request for funding
Cost of feasibility studies, investigations and other related costs	Should not exceed 1% of DCC	Preliminary Drawings, Designs, Specifications and Bills of Quantities shall be available with the Procuring Entity
Preliminary design and detailed design costs	Large Projects (More than LKR. 300 Mn.) Should not exceed 2.5 % of DCC	
	Medium Projects (Less than LKR. 300 Mn. And More than LKR. 100 Mn.) Should not exceed 3 % of DCC	
	Small Projects (Less than LKR. 100 Mn.) Should not exceed 3.5 % of DCC	
Supervision costs	Should not exceed 1.5 % of DCC	
Administrative costs	Should not exceed 1% of DCC	

Note; the above mentioned percentages of cost allocations should only be exceeded in exceptional circumstances with the approval of the CAO/AO, as appropriate.

D. Physical Contingencies and Price Adjustment Provisions in the TCE

Item	Recommended Maximum Cost Allocation		Instructions
Physical contingencies	10 % of DCC		
Price contingencies	LKR. 500 Mn. or more	15%	If project is phased or planned for a longer duration than the periods given under the Procurement Guidelines, then higher price contingencies may be considered.
	LKR.300 Mn. - LKR. 500 Mn.	12%	
	LKR.100 Mn. – LKR. 300 Mn.	7 %	
	LKR. 50 Mn. – LKR 100 Mn.	5 %	
	LKR. 20 Mn. – LKR. 50 Mn.	4 %	
	LKR. 10 Mn. – LKR. 20 Mn.	3 %	
	LKR. 2 Mn. – LKR. 10 Mn.	2 %	
	Less than LKR. 2 Mn.	1.5 %	

The TCE for procurements not exceeding LKR.400 Mn. shall be authorized by the AO and TCEs of all the other procurements equal or exceeding LKR.400 Mn. shall be authorized by the CAO.

Amendments to Total Cost Estimate

(Relevant Reference to the Procurement Guidelines - 4.2.1)

- a. If considerable time is taken to invite bids/proposals after preparation of the initial TCE, the TCE shall be updated, taking in to consideration inflation and other applicable factors. Such updated TCEs shall be approved by the respective authority. However, such revision shall not be done during the bidding process or Bid/Proposal evaluation period.
- b. The estimate at conceptual or preliminary stages shall not be used once the detailed TCE is prepared, or in turnkey contracts, when the estimate of the consultant of the contractor is finalized. If there is a considerable variation between the estimate at conceptual or preliminary stage and the TCE, the reasons for such variation shall be explained by the BEC, to the satisfaction of the PC.
- c. Once the contract is awarded, award price shall be considered as the cost of the project. If the award price is lower than the TCE, the balance shall not be considered as an amount that shall be spent for that contract.
- d. When a contract is awarded to a contractor who is not registered for VAT, necessary steps shall be taken to revise the TCE accordingly.

Slicing and Packaging of Contracts

(Relevant Reference to the Procurement Guidelines - 4.3)

Contract packaging/slicing is a tool, which is used to award contracts taking in to consideration the nature of the project and the capacity of the contractors to perform.

In addition, packaging and slicing is done in order to gain the bulk purchasing price advantage for the government and to ensure timely delivery by allowing contractors possessing different capabilities and specialties to bid/undertake contracts as per their ability and capacity.

Contract packaging/slicing will also ensure time and economic efficiency with regard to the completion of the project.

The first obvious step in packaging/slicing, unless it is a turnkey project, is to separate needs into Goods, Works and Services categories. Then required packaging of items in such different categories considering the similarity, size, nature, capabilities of contractors' suppliers', and to encourage or promote local industry.

Normally, when packaging/slicing is done, contracts will be awarded within a single category. However, there could be exceptions, for example, when certain type of plant/equipment/ machinery is procured on a "supply and install" basis where Goods delivery and related installation services are combined in a single contract.

A. Capabilities of Suppliers and Contractors

The ability of suppliers of Goods and Services to meet project needs and the likely interests of foreign bidders to participate in a project are some of the factors to be considered when making contract-packaging decisions.

If there are well established domestic civil Works contracting and Goods supply capabilities, the scope and sizes of contract packages shall be set in such a way that permits domestic firms to compete effectively. However, if there are economic or efficiency reasons for choosing large contract packages, or if it is known or believed that foreign bidders' participation could be advantageous, such factors shall be considered when determining whether contract packaging/ slicing should be used.

B. Slicing of Contracts

If there are domestic and foreign interests and capabilities to supply project procurement needs, it may be possible to meet both of these by appropriate slicing and timing of contract awards. Works contracts for roads, drainage canals, etc., may be divided into individual packages that can be handled by domestic contractors who have the specialty in the particular field and then by inviting bids/proposals for several packages/slices at the same time.

A domestic contractor can bid for one or many packages/slices based on capacity. A large foreign bidder can bid or submit proposals for many or all slices in the entire package, offering a discount if all or a specified number are awarded to the prospective bidder.

A similar approach can be followed and results can be achieved in Goods contracts by making the basic Bid/Proposal "lots" conform to domestic bidding capacities and then awarding contracts for one or more lots in the same bidding process, thereby allowing large suppliers/contractors to offer discounts in the case of multiple lot (contract) awards.

All Bids/Proposals shall be received by the same closing date and opened and evaluated simultaneously so as to determine whether the Bid/Proposal or combination of Bids/Proposals offers the lowest evaluated cost.

C. Approval from the relevant Procurement Committee

Packaging/slicing of a large Works or Goods Procurement, which would normally fall under the purview of a PC with a higher limit of authority, merely for the purpose of accommodating it under a PC with a lower level of authority, shall be considered as highly irregular and an attempt to circumvent the due process. However, if packaging/slicing is deemed necessary for legitimate reasons, it shall be approved by the PC under whose purview such procurement originally fell.

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 PC shall be selected.

D. Procurement Scheduling

One of the considerations in choosing contract packaging/slicing is the timing of Goods or Services needed. After preliminary packaging/slicing 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.

General Procurement Notice / Advanced Procurement Notice (Relevant Reference to the Procurement Guidelines - 4.4)

The PEs shall publish General Procurement Notices referred to in the Procurement Guidelines in PE's website, if available, and on the websites of the relevant Ministry and the Ministry of Finance. In addition, for high value procurements, such notices may also be published on print and electronic media.

The objective of such publication is to attract bids/proposals from prospective bidders, and to inform them of bidding opportunities.

GPN could be published with regard to a particular procurement or number of bidding opportunities. Such publications shall ideally be made upon confirmation of availability of funding for the project.

The Specific Procurement Notice (SPN) shall be sent to those who have expressed their interest to bid in response to a GPN.

This General Procurement Notice may include;

- Name and address of the of the PE;
- Source of Funding;
- The scope of the procurement;
- Intended method of procurement (ICB, NCB, etc.); and
- Level of PC (to give some indication to the prospective bidders about the magnitude of the contract); and
- If known, the approximate scheduled dates of availability of the Procurement Documents or, as appropriate the pre-qualification documents.

The Format for Master Procurement Plan
(Relevant Reference to the Procurement Guidelines - 4.1.1)

Master Procurement Plan for Year

Name of the Procuring Entity

S/N	Department/ Line Agency/ Ministry	Procurement Category (Goods, Works, Services, etc.)	Estimated Cost (LKR. Mn)	Source of Financing/ Name of the Donor	Procurement Method (ICB, LIB, LNB, NCB, National Shopping, etc.)	Level of Authority (HLPC, SHLPC, MPC, DPC, RPC)	Priority status P=Priority N=Normal U=Urgent	Current Status of Procurement Preparedness Activities*	Scheduled Date of Commencement			Scheduled Date of Completion			Contract Period	Reference to Medium Term Budgetary Framework/ Corporate Plan	Remarks
									Yr 1	Yr 2	Yr 3	Yr 1	Yr 2	Yr 3			

.....
Prepared by

.....
Approved by the Secretary to the Ministry/CAO

.....
Date

* Indicates the percentage of completion with detailed information in the Preparatory Plan.

**The Format for Annual Proposed Procurement Plan
(Relevant Reference to the Procurement Guidelines - 4.1.2)**

Annual Proposed Procurement Plan for year
Name of the Procuring Entity

S/N	Description 1	Quantity/ Scope of Procurement	Vote Particulars 2	Procurement Category	Estimated Cost (LKR. Mn.)	Procurement Method	Priority Status U= Urgent P= Priority N= Normal	Tentative Date of Specific Procurement Notice 3	Date of Contract Award Determination 4	Reference to Action Plan 5	Reference to MPP 6	Remarks

.....
Prepared by

.....
Approved by the Secretary to the Ministry/CAO

.....
Date

¹.Indicate each procurement separately.

².Indicate the Vote Particulars (Head-Program-Project-Sub Project-Object Item-Finance Code) pertaining to each procurement.

³. Indicate proposed date of Completion of preparation of draft Bidding Document, PQ Invitation, EOI etc.

⁴. Indicate proposed date of Contract Award.

⁵. Indicate the serial number of the corresponding activity in the Action Plan.

⁶. Indicate the serial number of the corresponding activity in the Master Procurement Plan.

Note: Procuring Entity is responsible to include all procurements proposed to get the budgetary allocations for the particular year.

**The Format for Detailed Annual Procurement Plan (for General Procurements)
(Relevant Reference to the Procurement Guidelines - 4.1.3)**

Detailed Annual Procurement Plan for Year
Name of the Procuring Entity

S/No.	Ref. No.	Ref. to Action Plan	Ref. to MPP	Description	Estimated Cost (Mn.)	Procurement Method		Appointment of PC/BEC	Prep. Bidding Documents/PQ	Approval of Bidding Documents/PQ by PC/BEC	Concurrence of Funding Agency	Invitation for Bid/Proposal/PQ	Clarification/Pre-Bid Meeting	Bid/Proposal Opening	Bid/Proposal Evaluation	Determination of Contract Award	Approval for Contract Award	Contract Awarding	Signing of Contract	Completion of Contract	Contract Number, Amount and Name of the Contractor	Remarks **
								1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
GOODS																						
							Schedule															
							Revised															
							Actual															
WORKS																						
							Schedule															
							Revised															
							Actual															
SERVICES																						
							Schedule															
							Revised															
							Actual															

* Specify the dates

** Indicate the name of the contractor/supplier/service provider, contract value, date of completion and remarks of Acceptance Committee pertaining to planned and actuals of Quantity, Quality, Cost & Time and Assets Recordings, etc., in case of continuous procurements indicate the percentage of completion

*** update the "Revised" and "Actual" rows accordingly as and when required

**The Format for Detailed Annual Procurement Plan (Foreign Funded Projects)
(Relevant Reference to the Procurement Guidelines - 4.1.3)**

**Detailed Annual Procurement Plan for year
Name of the Procuring Entity**

S/No.	Ref. No.	Ref. to Action Plan	Ref. to MPP	Description	Estimated Cost (Mn.)	Procurement Method	PTS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28					
GOODS																																								
							Schedule																																	
							Revised																																	
							Actual																																	
WORKS																																								
							Schedule																																	
							Revised																																	
							Actual																																	
SERVICES																																								
							Schedule																																	
							Revised																																	
							Actual																																	

** Indicate the name of the contractor/supplier/service provider, contract value, date of completion and remarks of Acceptance Committee pertaining to planned and actuals of Quantity, Quality, Cost & Time and Assets Recordings, etc., in case of continuous procurements indicate the percentage of completion

The Format for Detailed Annual Procurement Plan (for Complex Works Projects)
(Relevant Reference to the Procurement Guidelines - 4.1.3)

S/N	Ref. to Action Plan	Ref. to MPP	Title of Procurement	Total Cost Estimate in LKR. Mn	Proc. Method	PTS	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
							2019											
						S					V23							
						R												
						A						V15						
							E.g. Means action item 'V' Bid Evaluation is scheduled on 23 rd day of the May 2018.					E.g. Means action item 'V' Bid Evaluation was actually completed on 15 th day of June 2018.						
						S						2019						
						R												
						A												
							E.g. Means action item 'E' advertising for PQ is scheduled on 10 th day of Feb 2019.					2020						
						S		E10										
						R												
						A												
		S – Schedule; R – Revised; A – Actual	Procurement Methods** ICB International Competitive Bidding LIB Limited International Bidding LNB Limited National Bidding NCB National Competitive Bidding NS National Shopping IS International Shopping DC Direct Contracting FA Direct labour ** Select only appropriate		Pre-Qualification Activities** A * Prepare PQ application document B Appoint PC and BEC C* Approve PQ document by BEC D Concurrence from funding agency E Advertise for pre-qualification F Issue PQ applications G Receive PQ application H Evaluation of PQ application by BEC J Approve pre-qualified Bidders by PC K Concurrence from funding agency		Bidding Process Activities** B Appoint Procurement Committee /BEC L Preparation of bid documents M Approve bidding document by TEC N Concurrence from funding agency O Issue invitation of bid P Issue bidding documents Q Clarifications and pre-bid conference R Prepare minutes and addendum if any S Concurrence from funding agency T Issue minutes/ Addendum U Receive Bids V Bid Evaluation W Contract X Award/determination Y Concurrence from funding agency Z Appeal Procedure A* Approval from Cabinet Contact Award											

Note:
PE can use Annexure IV of 4.1.3 or Annex IX of 4.1.5 depending on the complexity of the project with donor assistant.

The Format for Preparatory Plan (General)
(Relevant Reference to the Procurement Guidelines - 4.1.4)

Preparatory Plan for Year
Name of the Procuring Entity

S/N	Ref. to Action Plan	Ref. to MPP	Department/Line Agency/Ministry	Description of the Relevant Procurement	Total Estimated Cost of the Relevant Procurement (LKR. Mn.)	Description of Preparatory Activity/s Related to the Relevant Procurement	Source of Financing / Name of The Donor for the Preparatory Activity/s	Procurement Method of Preparatory Activity/s	Estimated Cost for the Preparatory Activity/s of the Relevant Procurement (LKR. Mn.)	Current Status of Preparatory Activity/s	Responsibility of Preparatory Activity/s	Commencement/Completion Date of each Preparatory Activity/s		Remarks **
												Start Date	End Date	

.....
Prepared by

.....
Approved by the Secretary to the Ministry/CAO

.....
Date

** If not completed indicate the percentage of completion.

Annexure VII of Chapter 04

**The Format for Preparatory Plan – (for Complex Works Projects)
(Relevant Reference to the Procurement Guidelines - 4.1.4)**

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

Note:

(i) Please fill the relevant columns only.

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

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

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

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

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

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

** Indicate the percentage of completion of preparedness activities

*** Indicate the “Revised Date” and Actual Date accordingly, as and when necessary.

Annexure VIII of Chapter 04

**Recommended Time Frame for Completion of Procurement Activities in the Bidding Process with Pre-qualification
(Relevant Reference to the Procurement Guidelines - 4.1.5)**

Value of the Procurement	ICB		NCB	
	Maximum bidding period (Weeks)	Compulsory bidding period (Weeks)	Maximum bidding period (Weeks)	Compulsory bidding period (Weeks)
More than LKR.2000 Mn.	17	06	14	03
More than LKR. 750 Mn. to LKR. 2000 Mn.	15	06	12	03
More than LKR. 250 Mn. to LKR. 750 Mn.	10	06	08	03
More than LKR. 50 Mn. to LKR. 250 Mn.	09	06	06	03
Up to LKR. 50 Mn.	08	06	04	02

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

**Recommended Time Frame for Completion of Procurement Activities in the Bidding Process without Pre-qualification
(Relevant Reference to the Procurement Guidelines - 4.1.5)**

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

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

**Average Time Frame for Procurement Process
(Relevant Reference to the Procurement Guidelines - 4.1.5)**

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 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 ** :

Value (LKR. Mn.)	Feasibility, Investigation and Designs/Preparation of Bidding/PQ Documents	Procurement	Construction ***	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 25 & 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	3	4	8	15

*** In the case of supply contracts, the time period depending on the nature of supply

** The periods may vary with complexity of construction

CHAPTER 05 - PROCUREMENT DOCUMENTS

Preparation of Draft Procurement Documents (Relevant Reference to the Procurement Guidelines - 5.1)

Responsibility of Drafting Procurement Documents

Procurement Documents shall be drafted and kept in readiness to commence the Procurement Process.

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

The aforesaid responsibility of the PE concerning the preparation of the draft Procurement Documents shall be performed by the PMD on behalf of PE.

Contents of Procurement Documents (Relevant Reference to the Procurement Guidelines - 5.2)

Purpose and the Content of Procurement Documents

The key purpose of Procurement Documents is to inform and instruct the potential bidders of the requirements of a particular procurement and the applicable terms and conditions subject to which a contract shall be performed if a contract is awarded. Thus, Procurement Documents shall be drafted with clarity to enable bidders to submit responsive bids/proposals, without ambiguities.

Therefore, Procurement Documents shall clearly define the specification of Goods, scope of Works, schedule of requirement for Non-consulting Services and Terms of Reference for IS Services to be procured, the rights and obligations of the PE and of the bidders, and the conditions to meet in order for bids/proposals declared to be valid and responsive, and the terms and conditions applicable to the contract.

The Procurement Documents shall also clearly state the evaluation criteria of bids/proposals which shall be fair and non-discriminatory.

PEs shall take utmost care in drafting the Procurement Documents to ensure that the same is drafted in harmony with the Procurement Guidelines.

The detail and complexity of the Procurement Documents may vary depending on the size and nature of the proposed Procurement. However, the following essential contents shall be included in the Procurement Documents.

- i. Invitation for Bids (IFB)/ Request for Bids (RFB)/ Request for Information (RFI), Request for Proposals (RFP), as relevant
- ii. Instruction to Bidders (ITB)
- iii. Bid Data Sheet (BDS)
- iv. Evaluation and Qualification Criteria

- v. Form of Bid
- vi. Price Schedules
- vii. General Conditions of Contract (GCC)
- viii. Special Conditions of Contract (SCC) / Contract Data (CD)
- ix. Specifications / Functional Requirements / Schedule of Requirements, as relevant
- x. Employer's Requirements
- xi. Drawings/Sketches, as relevant
- xii. Bill of Quantities (BOQ) / Bill of Materials (BOM), as relevant
- xiii. Activity Schedule / Delivery Schedule, as relevant
- xiv. Sample form of Contract Agreement
- xv. Sample formats of Bid Security, Performance Security, Advance Payment Guarantee, etc.

Refer **Annexure I of Chapter 05** - Specimen of checklist which could be used for submission of draft Procurement Documents.

Standard Procurement Documents (Relevant Reference to the Procurement Guidelines - 5.3)

A. Standard Procurement Documents (SPD) /Standard Bidding Documents (SBD) – for GOSL Funded Projects

PE shall use the appropriate SPD/SBD for GOSL funded projects.

The PE may change SPD/SBD as appropriate, by considering the nature and complexity of the procurement. If there are any contract specific issues to be addressed, such changes shall be introduced only through the bid/proposal or contract data sheet, or through special/particular conditions of contract. However, it is important to note that any changes shall not be introduced to the ITB or GCC.

In the event that a SPD/SBD developed locally is not available or suitable for a GOSL funded project, the PE may use an appropriate SPD/SBD developed by a FFA with necessary amendments.

B. Standard Procurement Documents (SPD) /Standard Bidding Documents (SBD) Developed by Foreign Funding Agencies (FFAs)

When mandated under the financing agreements entered in to with a FFA, a SPD/SBD developed by such agency shall be used for the relevant procurement.

Use of FIDIC (Fédération Internationale des Ingénieurs Conseils) Form of Contract

If the FFA mandates the use of a standard form developed by FIDIC, such form of contract may be used subject to the concurrence of the PC. In order to obtain the concurrence of the

PC, the PE shall submit to the PC, the special circumstances which warrant the use of a FIDIC form. The concurrence or the rejection of the PC concerning the use of a FIDIC form shall be recorded in the minutes.

C. Use of Standard Procurement Documents

BEC shall review the draft of the Procurement Documents for the proposed procurement and shall approve the same if the documents are in order with the concurrence of the PC.

In situations where a BEC is appointed, the draft Procurement Documents shall be submitted to the PC for review and approval.

Note:

Maintenance of a Resource Centre for Standard Procurement Documents – it is recommended that the PEs maintain a Resource Centre for standard documents relating to procurements, including SPDs developed by CIDA, NPC, FFAs, FIDIC and other relevant agencies for easy reference.

D. Issuance of SPDs

SPDs issued by CIDA shall be used for Works Contracts.

For the procurement of Goods, Non-consulting Services and Shopping procedures, SPDs which are currently in use which have been issued by the NPA/General Treasury shall be used, as appropriate. When SPDs are developed and introduced by the NPC, the same shall be used as recommended by the NPC.

Where there are no relevant SPDs, the PE may use any other suitable document with appropriate changes, in line with the Procurement Guidelines.

It is recommended to use SBDs/SPDs issued by the respective Institutions as stated in **Annexure II of Chapter 05**.

Request for Bids/Proposals (Relevant Reference to the Procurement Guidelines - 5.4)

A. Publicity for IFB/ RFB/ EOI/ RFI/ RFP

Providing wide publicity for IFB/RFB/EOI/RFI/RFP, in an appropriate and timely manner is important to ensure that the principles of fairness, transparency and competitiveness in Public Procurement are followed. It is essential for providing fair and equal opportunities to all eligible potential bidders and ensuring economical and effective procurement.

B. Responsibility of the PC and PE for Providing Publicity for IFB/ RFB/ EOI/ RFI/ RFP

It shall be the responsibility of the PC to select the most appropriate mode of providing publicity for IFB/RFB/EOI/RFI/RFP. Appropriate publicity that shall be given under different procurement methods are described under the Chapter 03 of the Procurement Guidelines and this Manual.

The dates for requesting for bids/proposals (the commencement of publishing) shall be decided at a PC meeting based on PTS. Such decisions shall be properly recorded.

When publishing, both printed and electronic media shall be considered to provide maximum publicity concerning the relevant procurement. The PE is advised to advertise in the website of the PE and the website of the General Treasury.

Decisions of PC on IFB/RFB/EOI/RFI/RFP shall be promptly implemented by the PE.

C. Content of the IFB/RFB/EOI/RFI/RFP

Invitations for bids/proposals shall contain sufficient information to enable the prospective bidders to make a decision concerning their participation. Such information includes;

- i. Scope of work and description of major components;
- ii. Source of funds;
- iii. The fact that the Procurement Guidelines shall be applicable;
- iv. Name and address of the PE;
 - v. Main eligibility, experience and qualification requirements of the bidder;
 - vi. Method of procurement (ICB, NCB, etc.);
- vii. Applicability of domestic preference;
- viii. The opportunity of inspecting the Procurement Documents;
- ix. The dates and place/s for collecting the Procurement Documents and the manner in which the collection shall be made;
 - x. Applicable payment and the method of payment for issuance of the Procurement Documents;
- xi. The manner of obtaining further clarifications regarding the procurements (include the name and designation of the responsible officer, postal address, telephone number, fax number and e-mail address);
- xii. The applicable bid security; and
- xiii. Deadline for submission and the place of submission of bids/proposals.

When organising the Procurement Documents, the relevant IFB/RFB/RFI/RFP shall be the first document.

Refer **Annexure III of Chapter 05** for Sample Form for Invitation for Bids/Request for Bids/Proposals.

Instructions to Bidders

(Relevant Reference to the Procurement Guidelines - 5.5)

Instructions to Bidders (ITB) is a Section of Procurement Documents, which articulate specific instructions to the prospective bidders on procedures, expectations and disclaimers of the PE and other necessary information for preparation of successful bids/proposals.

The ITB provides necessary information to bidders on the nature of the particular procurement, the information for preparation of the Bid/Proposal in the manner acceptable to the PE, the applicable evaluation criteria and the contract awarding procedure.

The general content of ITB;

- a. The details about the Employer/Purchaser;
- b. Description of Goods, Works, Service to be procured and the source of funding;
- c. Applicability of the Procurement Guidelines and relevant laws/regulations;
- d. Required eligibility, qualification, capacity and experience of the bidders;
- e. The Bid/Proposal validity period;
- f. The required bid security;
- g. The factors that shall be taken into account in pricing the Bid/Proposal;
- h. The procedure for submission of bids/proposals;
- i. The bid opening and bid evaluation timelines and the procedure;
- j. The applicable General Conditions and Special Conditions, if any; and
- k. The method of awarding contract.

The extent of the information that shall be provided under the ITB, may depend on the nature, size and complexity of the procurement. However, irrespective of the nature, size and the complexity, PE is responsible to provide necessary information concerning the bids/proposals to enabling prospective bidders to understand the requirements of the procurement concerned and to facilitate effective participation by eligible bidders.

Refer **Annexure IV of Chapter 05** - Documents Required for Each Procurement Method.

Eligibility and Qualification Requirements of Bidders (Relevant Reference to the Procurement Guidelines - 5.6)

The eligibility criteria of the bidders to participate in the bidding process should be set with the objective of ascertaining the capacity of the bidders and the legality of their bids/proposals, and their capacity to perform contracts, if awarded.

The objective of setting such eligibility criteria shall not be to limit or restrict the participation or competition in the bidding process.

Therefore, adequacy of the experience and qualifications to perform the contract will be based on a judgment considering the nature of the procurement.

Over stating the eligibility and/or the qualification criteria might limit the competition.

The Qualifications, experience and other eligibility requirements shall be clearly described in the Procurement Documents.

A. Ineligible Bidders

Bidders shall be considered as ineligible under the following circumstances;

- a. The bidder is a debarred or blacklisted contractor/supplier/service provider as per Section 10.4 of the Procurement Guidelines;

- b. The bidder is a contractor/supplier/service provider who has been engaged by the PE to provide consulting services for the same contract;
- c. In case of Joint Ventures, the JV partners shall not be eligible to submit more than one Bid/Proposal, individually or collectively;
- d. The bidder is from a country (in the case of a natural person, the country of nationality and in the case of a legal person, the country of incorporation), for which UN sanctions have been imposed.

**Eligibility for Works Contracts
(Relevant Reference to the Procurement Guidelines - 5.6.1)**

- (a) For Works contracts, CIDA registration shall be considered as an eligibility criterion and the bidders who are not registered for the respective grade, corresponding to the value of the Bid/Proposal shall be considered as ineligible. However, the CIDA registration is not a criterion for issuance/purchasing of Procurement Documents.

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

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

The equivalent CIDA registration grade is considered, as the grade that falls within the annual value of the proposed contract. The annual value of the proposed contract is computed by multiplying the estimated contract value by 12 and dividing by the proposed contract duration in months. The following examples illustrate the equivalent registration computations for main contractors.

$$\text{Annual value of proposed contract} = \frac{12}{\text{Proposed contract duration in months}} \times \text{Estimated Contract Price}$$

For contracts where the construction period is less than 12 months, the equivalent CIDA registration grade may be considered as the estimated contract price.

Computation of the annual value of the proposed contract as above shall not be applied for contracts with a contract period of less than one year. In connection with such contracts, the estimated value of the contract shall be considered for the CIDA grade.

EQUIVALENT CIDA REGISTRATION AS QUALIFICATION CRITERIA

Amount of Proposed Contract (CP) in LKR. Mn	Proposed contract period expressed in months (T)	Annual Value of Contract = $[12 \times CP]/T$	Equivalent CIDA Registration
12500	24	6250	CS2
7000	18	4,666.67	CS1
3000	18	2000	C1
1500	18	1000	C2
750	18	500	C3
250	14	214.3	C4
120	10	120	C4
60	09	60	C5
40	09	40	C6
15	06	15	C7
07	03	07	C8
03	02	03	C9

Note:

The equivalent CIDA registration shall be the minimum required CIDA registration to be fulfilled by the bidders under works contracts.

CIDA REGISTRATION AS EQUIVALENT POST QUALIFICATION CRITERIA (cont.)

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

Main Contractors Registered by CIDA			Specialized Contractors Registered by CIDA		
Grade	Amount ³⁸ (in LKR. Mn.)	Specialties	Grade	Amount ³⁹ (in LKR. Mn.)	Specialties
CS2	X > 6000	<ul style="list-style-type: none"> ▪ Building ▪ Highway ▪ Bridge ▪ Water Supply and Sewerage ▪ Irrigation and Drainage Canals ▪ Dredging and Reclamation ▪ Storm Water Disposal and Land Drainage ▪ Maritime Construction ▪ Heavy Construction (Areas to be Specified) 	Electrical & Mechanical Services (EM)		
CS1	6000 ≥ X > 3000		EM1	X > 100	<ul style="list-style-type: none"> ▪ Electrical Installation (Low Voltage) (including renewable energy systems such as Solar Power and Wind Power) ▪ Electrical Installation (Medium Voltage) ▪ Elevators, Escalators & Travellators ▪ Extra Low Voltage Installations (Data, Telecommunication, Security Systems, Public Address Systems, Pipe Music Systems, Traffic Lighting Systems) ▪ Fire Detection, Protection & Suppression ▪ Generators ▪ Heavy Steel Fabrications ▪ LP Gas Systems ▪ Mechanical Ventilation and Air Conditioning ▪ Medical Gas Systems ▪ Plumbing & Drainage ▪ Refrigeration
C 1	3000 ≥ X > 1200		EM2	100 ≥ X > 50	
C 2	1200 ≥ X > 600		EM3	50 ≥ X > 20	
C 3	600 ≥ X > 300		EM4	20 ≥ X > 04	
C 4	300 ≥ X > 100		EM5	04 ≥ X	
C 5	100 ≥ X > 50		Specialized Construction Contractors (SP-C)		
C 6	50 ≥ X > 20		SP1	X > 100	Finishing Trades <ul style="list-style-type: none"> ▪ Carpentry & Joinery ▪ Floor, Wall & Ceiling Finishes (FW&C) [must specify the finish] ▪ Furniture, Fittings & Equipment's ▪ Landscaping ▪ Light Metal Work Other Specialized Trades <ul style="list-style-type: none"> ▪ Aluminium & Finishes ▪ Soil Nailing & Stabilization ▪ Swimming Pools - (Industrial & Domestic) ▪ Water Proofing
C 7	20 ≥ X > 10		SP2	100 ≥ X > 50	
C 8	10 ≥ X > 04	SP3	50 ≥ X > 20		
C 9	04 ≥ X	SP4	20 ≥ X > 04		
			SP5		
			Piling construction contractors (GP-P & GP-B)		
			GP-P	X ≥ 100	<ul style="list-style-type: none"> ▪ Geotechnical Piling – Precast ▪ Geotechnical Piling - Bored Cast In-situ
			GP-B1	X > 300	
			GP-B2	300 ≥ X > 100	
			GP-B3	100 ≥ X > 20	
			GP-B4	20 ≥ X	

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

³⁸ Registered Annual Capacity

³⁹ Registered Annual Capacity

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

Eg.: - C1 – Irrigation & Drainage Canals

EM2 – Plumbing & Drainage SP3 – Landscaping

**Declaration for Non-collusion and Multiple Bids/Proposals
(Relevant Reference to the Procurement Guidelines - 5.6.4)**

Refer **Annexure III of Chapter 01** of this Manual.

**Bid/Proposal Validity Period
(Relevant Reference to the Procurement Guidelines - 5.8)**

The Bid/Proposal validity period is the duration for which the Bid/Proposal shall be valid to enable the award of contract during such period of validity. The required validity period specifying the date of commencement and the date of expiry shall be specified in the Procurement Documents. It is mandatory for the bidders to submit the bids/proposals which are valid for the specified period.

The validity period depends on the time required by the PE to complete the comparison and evaluation of bids/proposals, review the recommendation of the PC and/or BEC to award the contract, in connection with foreign funded projects – the time required to obtain necessary approvals, and to obtain all such other requisite approvals from the procurement authorities, prior to the award of contract.

Bidders are required to confirm the validity of the bids/proposals. Any bid/proposal, which does not guarantee the validity period specified in the Procurement Documents shall be treated as non-responsive during the preliminary evaluation stage, without detailed evaluation.

The specified bid/proposal validity period shall be practical and reasonable. It should not be unduly lengthy to avoid additional cost to the bid/proposal.

The recommended bid/proposal validity periods for procurement of Goods and Works, in terms of the value of the contract are given below.

BID/PROPOSAL VALIDITY PERIOD (in Calendar Days)

Contract Value in Rupees Million	Works Contract		Goods Contract	
	GOSL Funded	Foreign Funded	GOSL Funded	Foreign Funded
More than or equal to 3,000	189	203	175	189
More than or equal to 1,000 and less than 3,000	175	189	147	175
More than or equal to 500 and less than 1,000	147	175	119	147
More than or equal to 250 and less than 500	119	147	91	119
More than or equal to 25 and less than 250	91	119	91	119
More than or equal to 5 and less than 25	77	77	77	77
Less than 5	49	49	49	49

Bid Security/ Bid Securing Declaration/ Refundable Cash Deposit (Relevant Reference to the Procurement Guidelines - 5.9)

A. What is a Bid Security

Bid security is provided to secure the commitment of the bidder to the bid that is submitted and to compensate the PE for the time and cost if the successful bidder fails to honour his bid/proposal and to enter into a contract, if selected for the award of a contract.

The period, for which the bid security is required, is generally longer than the bid/proposal validity period as there could be a gap between the date of award of the contract and the date of entering in to a contract and the bidder fulfilling essential pre-conditions such as the requirement to submit a performance guarantee.

The bid security is obtained to ensure the following;

- i. That the bidder will not withdraw or modify the Bid during the period of validity;
- ii. That the bidder will agree to an adjusted bid price after the correction of arithmetical errors, pursuant to the criteria described in the bidding document;
- iii. That the bidder will sign the contract if the contract is awarded within the validity period of the bid; and
- iv. That the bidder will submit a performance security prior to the deadline specified in the bidding document.

B. Requirement of Bid Security

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

A Bid shall not be rejected due to minor deviations which are not related to the value, period and legality of the Bid Security.

C. Validity Period of Bid Security

The bid security shall be valid for 28 days beyond the Bid/Proposal validity date for National level procurements. It shall be valid for 56 days beyond Bid Validity date for international level procurements.

D. Amount of Bid Security

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

E. Options for Obtaining Bid Securities

Following options are available to obtain the bid securities. If any one or more of the said options are preferred by the PE, then the Procurement Documents shall specify such option/s:

Option 1 – Obtaining a Bid Security in the Form of a Bank Guarantee

The PE shall require that the bid security is provided in the form of a Bank Guarantee using the format given in **Annexure V of Chapter 05**. Such Bank Guarantee shall be irrevocable and unconditional, and shall be encashable upon the first written request by the PE. Bank Guarantees issued by any of the following Banks/Institutions are acceptable;

- (a) A local commercial bank approved by the Central Bank of Sri Lanka, which is operating in Sri Lanka;
- (b) A foreign commercial bank operating in Sri Lanka, which is approved by the Central Bank of Sri Lanka;
- (c) A foreign bank operating outside of Sri Lanka, provided that the relevant Bank Guarantee is confirmed by a local or foreign bank operating in Sri Lanka, which is approved by the Central Bank; and

Note: The requirement of confirmation referred to above is not necessary, if the entity that issues the guarantee is an Export Import Bank (EXIM Bank), Export Credit Agency of any foreign Government or a reputed international financier acceptable to the Central Bank of Sri Lanka if proof concerning such approval is available.

- (d) Unconditional, on demand Bid Security issued by the Construction Guarantee Fund.

A Bid Security shall not be rejected on the basis of minor deviations which do not limit the rights of the PE, or affects the value of the bid security, its validity period, or its ability to be encashed upon the first written request of the PE.

Option 2 – Obtaining a Refundable Cash Deposit

A refundable cash deposit or a bank draft, generally a lump sum in the range of 1% to 2% of the estimated value of the procurement (excluding VAT) may be accepted as Bid Security instead of a Bank Guarantee. The cash deposit shall be made or the bank draft shall be issued in favour of the CAO/AO.

In case of cash deposit, the bidder shall deposit the money and attach the original of the cash receipt/General 172 along with the bid.

Option 3 – Obtaining a Bid Securing Declaration

The PE may request the bidders to sign and submit a bid securing declaration in the format given in **Annexure VI of Chapter 05**, instead of a Bank Guarantee or a Cash Deposit, for low value procurements described below.

If the bidder fails to fulfil any of the requirements given in the declaration, the bidder shall be blacklisted as per Section 10.4 of the Procurement Guidelines.

PEs may consider obtaining Bid Securing Declarations for contracts which are less than LKR. 20 Mn.

Clarity of Procurement Documents
(Relevant Reference to the Procurement Guidelines - 5.10)

PE with the assistance of the PC and/or BEC shall take appropriate action to arrange pre-bid/proposal meetings and/or site visits to ensure that the prospective bidders understand the requirements of the PE and are able to submit the bids without ambiguities.

Objective of the pre-bid/proposal meeting is to clarify issues raised by the prospective bidders who have purchased Procurement Documents.

A pre-bid/proposal meeting shall be conducted at least ten (10) calendar days before bid/proposal closing date in case of procurements exceeding LKR.50 Mn. For all other procurements, pre-bid/proposal meeting may be arranged a reasonable number of days prior to the bid/proposal closing date.

Minutes of the pre-bid/proposal meeting shall be recorded and disseminated to all the bidders who have purchased the Procurement Documents.

If findings of the pre-bid meeting warranted amending the Procurement Documents, such amendments shall be made subject to approval by the PC and circulated amongst all prospective bidders/proponents who participated at the pre-bid meeting, as an addenda to the Procurement Documents. In addition. Such addenda shall be issued to the bidders/proponents who have purchased the Procurement Documents. Such addenda shall be issued at least three (03) working days prior to the bids/proposal closing date.

Provided such changes are substantial to the initial procurement document, PE may consider calling for a fresh bid with the recommendation of PC.

Clarifications and Modifications
(Relevant Reference to the Procurement Guidelines - 5.11)

(a) Any additional information, clarifications, correction of errors or modifications of Procurement Documents by the PE shall be circulated among all the bidders who have purchased the Procurement Documents.

(b) Sufficient time prior to the expiry of the deadline of Bid/Proposal closing shall be given in order that the bidders are able to take appropriate actions. It is advisable to give a deadline (shall be a working day) to obtain clarifications in the Procurement Documents allowing prospective bidders to seek clarifications and prepare a proper Bid/Proposal. This date shall be determined by the PE considering Bid/Proposal closing date giving adequate time in order to send such clarifications in the form of Addenda, allowing prospective bidders to consider a reasonable time period to prepare their bids/proposals.

(c) A prospective bidder requiring any clarification of the Procurement Documents shall notify to the PE in writing, before the deadline disclosed in the Procurement Documents. Response shall be sent in writing before the deadline. Copies of the query and clarification notes shall be sent to all prospective bidders who have purchased the Procurement Documents. The bidders who will purchase the documents after the clarification deadline, modified Procurement Documents shall be issued.

- (d) At any time prior to the date of submission of bids/proposals, PE may at his own initiative, can modify Procurement Documents by issuing addenda. The addenda shall be notified in writing by registered/speed post or by e-mail, to all prospective bidders. A reasonable time period shall be given to consider the amendments. In absence of sufficient prior notice, PE may consider extension of the bidding period. In such a situation CAO/AO shall make an inquiry for such amendments.
- (e) If deemed necessary, the PE may extend the deadline for Bid/Proposal closing giving due consideration to the PTS in concurrence with the respective PC.
- (f) Provided such changes are substantial to the initial Procurement Documents, PE shall consider calling for a fresh bid.

Value Added Tax
(Relevant Reference to the Procurement Guidelines - 5.13)

Provision for VAT component shall be made in the TCE appropriately, covering the contingency provision as well, as prescribed in this Manual.

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

Despite VAT is considered as an additional cost to the PE, in the evaluation process, all the bids/proposals shall be evaluated excluding the VAT to bring the all bids into an equal level for comparison purpose.

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

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

Bid/Proposal Evaluation Criteria and Qualification Requirements
(Relevant Reference to the Procurement Guidelines - 5.14)

Bid Evaluation Criteria shall be decided considering the factors that are effective for the selection of the most responsive Bid/Proposal for the supply of Goods, Works, and Non-consulting Services, to serve the purpose intended from the particular procurement.

Other than the price of the Bid/Proposal, there are other factors, depending on the nature of the procurement, that are relevant to the substantial responsiveness of the bid/proposal for the selection of the most advantageous Bid/Proposal.

A. Development and Application of Qualification Requirements

- (a) In the pre-qualification/post-qualification process, criteria shall be developed, enabling to make an assessment on the bidder/proponent related to following areas.
- i. Past experience relating to the project/procurement
 - ii. Similar experience to the project/procurement
 - iii. Past performance
 - iv. Personal capabilities
 - v. Equipment capabilities
 - vi. Financial capability and ability
 - vii. Litigation history
 - viii. For Works, and Non-consulting Services; volume of works in hand and work in progress (bidding capacity)
- (b) For assessment of the nature and the ability of a supplier, following areas relating to bidder's past records could be looked in to.
- i. Financial viability
 - ii. Technical capability – design etc.
 - iii. Production capability
 - iv. Performance and delivery records
 - v. Quality Standards
- (c) With the view to assess the competitiveness of the Bid/Proposal, criteria shall be developed to assess the following aspects.
- i. Price
 - ii. Payment schedule
 - iii. Delivery cost e.g. to project site
 - iv. Operating cost, mainly related to equipment
 - v. Maintenance cost
- (d) In case of procuring civil works, criteria shall be aimed at assessing the followings.
- i. Construction methods
 - ii. Reliability of construction method
 - iii. Standards
 - iv. Past records on time taken to complete construction
- (e) In procurement of equipment, following aspects shall be assessed.

- i. Efficiency and compatibility
- ii. Reliability and maintainability
- iii. Availability of services and spare parts

B. Development and Application of the Evaluation Criteria

The PE shall identify following factors and include in the Procurement Documents. The evaluation shall be done only using such criteria and methodology disclosed. No advantage shall be given to any Bid/Proposal submitting/proposing requirements other than specified in the Procurement Document.

Some of the generally used criteria are;

- a. Procedure for evaluation of substantial responsiveness including deviation and omissions or conditional Bid/Proposal;
- b. Correction of arithmetical errors;
- c. Applicable discounts;
- d. Basis for ranking of delivery schedule or time for completion proposed;
- e. Basis for evaluation of efficiency of the equipment;
- f. Spare parts availability requirement;
- g. Availability of after sale services;
- h. Bidding Capacity of the contractor;
- i. Payment schedule;
- j. Method of evaluating the operating cost;
- k. Life cycle costing/Total Cost of Ownership;
- l. Basis of conversion of currency;
- m. Domestic preference;
- n. Preference for CBOs;
- o. Experience and qualifications of the lowest evaluated and substantially responsive bidder; and
- p. The basis on which the Alternate bids/proposals are considered.

C. Modification of Evaluation Criteria

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

D. Evaluation of Post Qualifications

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

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

I - Works Contracts

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

II - Goods Contracts

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

Conditions of Contract
(Relevant Reference to the Procurement Guidelines - 5.15)

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

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

A. Applicability of Special Conditions of Contract (SCC)

Conditions stipulated in SCC prevails over the GCC, Special Conditions of Contract shall be decided with due attention to the provision related to the special conditions in the GCC.

B. Delivery Cost

The delivery cost is one of the components in procurement of Goods. It is an important factor in evaluation of Bids/Proposals. Transport by air shall only be confined to situations where it is absolutely necessary with the approval of the CAO.

In international trade, the latest International Commercial Terms of Carriage (INCOTERMS), shall be used by Procuring Entities.

C. Use of INCOTERMS

INCOTERMS which have been issued by the International Chamber of Commerce shall be used for procurements of Goods under the GOSL or Foreign Funded Procurements.

The following terms are most relevant for Sri Lanka.

TERM	Meaning
Ex – Works (EXW) (named place)	EXW - Ex-Works or Ex-Warehouse “Ex Works” means that the seller delivers when it places the goods at the disposal of the buyer at the seller’s premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.
Free on Board (FOB) (named port of shipment)	“Free On Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

<p>Cost Insurance Freight (CIF)(named port of destination)</p>	<p>“Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. ‘The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer shall note that under CIF the seller is required to obtain insurance only on minimum cover. Shall the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”</p>
<p>Carriage and Insurance Paid to (CIP) (named place of destination)</p>	<p>“Carriage and Insurance Paid to” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination. ‘The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer shall note that under CIP the seller is required to obtain insurance only on minimum cover. Shall the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”</p>
<p>Delivered Duty Paid (DDP) (named place of destination)</p>	<p>“Delivered Duty Paid” means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.</p>

<p>Price Adjustments (Relevant Reference to the Procurement Guidelines - 5.16)</p>
<p>Price adjustment provisions are provided to absorb the market rates fluctuations and shall be applicable for procurements in which the contract period exceeds three (03) months. Applicability of price adjustment provisions shall be included in the Procurement Documents.</p> <p>If price adjustment provisions are provided for locally funded Construction/Works projects, Price Adjustment Formula, published by CIDA shall be adopted.</p> <p>If foreign financing agency agreements specify that price adjustment shall be made for the foreign currency component as well, in terms of the formulae suggested by the respective Agency. However, CIDA formula shall be used for Sri Lankan Rupee component of such projects.</p>

Advance Payments

(Relevant Reference to the Procurement Guidelines - 5.17)

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

A. Advance Payment for Works Contracts

The advance payment for a work contract above LKR.50 million shall be a maximum of twenty percent (20%) of the contract value. Advance payment for works contract below LKR.50 million shall be the maximum of thirty percent (30%) of the contract value. An advance payment guarantee shall be obtained when paying an advance payment. Advance payment shall be fully recovered before the payment of ninety percent (90%) of the due amount to the Contractor (excluding any provisional and contingent payment).

B. Advance Payment for Procurement of Goods Contracts

Advance payment for any Goods Contract shall be a maximum of thirty percent (30%) of the contract value, provided that an acceptable advance payment guarantee is submitted.

C. Advance Payment for Procurement of Goods on Import and Supply Basis

If the Procurement Documents specify that it is required to open the Letter of Credit (LC) in favour of the PE, the cost of which shall be borne by the supplier, an advance payment not exceeding the LKR equivalent of thirty percent (30%) of the value of LC may be paid, on the submission of guarantee acceptable to the PE.

D. Advance Payment Guarantees

An unconditional on demand advance payment guarantee issued by the following agencies are accepted. Advance payment guarantee shall be furnished including the correct amount, validity and payable upon the receipt of the first demand in writing without critical deviations to the format given in this Procurement Manual.

- (a) A commercial bank operating in Sri Lanka approved by the Central Bank of Sri Lanka;
- (b) A bank based in another country, backed by a commercial bank operating in Sri Lanka and approved by the Central Bank of Sri Lanka;
- (c) Unconditional, on demand advance payment guarantee issued by the Construction Guarantee Fund;

The format which shall be used for issuance of Advance Payment Guarantee is in **Annexure VII of Chapter 05**.

E. Administration of Advance Payment Guarantees

The PE shall have a proper monitoring mechanism for administration of Advance Payment Guarantees to ensure the recovery of the advance payment. If there is a need to extend the contract, the PE shall request an extension of the guarantee from the contractor, providing sufficient time for extension if the guarantee is not totally recovered. Such request shall be in writing, prior to the expiration date stated in the guarantee.

Retention of Money in Works Contracts
(Relevant Reference to the Procurement Guidelines - 5.18)

1) With respect to all Works contracts, retention money shall be deducted from the payments due to the contractor to cover the period for remedying any defects.

- i. Minimum five percent (5%) of the contract value shall be retained for all the contracts and the percentage of retention money may be increased based on the nature, complexity and the risk factors related to the contract. The percentage of retention money shall be included into the Procurement Documents.
- ii. Retention money shall be deducted from the net payment due (including material at site) from interim payments before making any adjustments for price fluctuation, VAT and advance payment recovery. No retention money will be deducted from the advance payment.

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

- i. If the contractor requests to release the full amount of the retention money as soon as the completion of the contract, fifty percent (50%) of retention money could be released and for the balance fifty percent (50%) the PE shall request from the contractor to replace the balance fifty percent (50%) of retention with an equivalent security in the form of an unconditional and irrevocable guarantee issued by a bank acceptable to the Employer or Construction Guarantee Fund and valid up to 28 days beyond the completion of Defects Liability Period.
- ii. If the contractor requests 50% of retention money to be released after completion of the contract from the Employer, then the requested fifty percent (50%) can be released. The balance fifty percent (50%) can be released upon satisfactory completion of the Defects Liability Period of the contract.

3) Banks/Institutions acceptable to the Employer for issuance of retention guarantee shall be;

- i. A commercial bank operating in Sri Lanka approved by the Central Bank of Sri Lanka;
- ii. A bank based in another country, backed by a commercial bank operating in Sri Lanka and approved by the Central Bank of Sri Lanka; and
- iii. Unconditional, on demand retention guarantee issued by the Construction Guarantee Fund.

The PE shall note that in the event of an extension of the Defects Liability Period of the Contract, the PE shall request an extension of this retention guarantee from the contractor. Such request must be in writing and must be made prior to the expiration date established in the guarantee.

Refer **Annexure VIII of Chapter 05** for the acceptable format for Guarantee of release of retention money.

Performance Security
(Relevant Reference to the Procurement Guidelines - 5.19)

Contractors shall submit a performance security to ensure their performance of the contracts as per the terms and conditions of the contract prior to entering in to the agreement.

Once the Performance Security is duly submitted followed by the contract agreement is signed, the Bid Securities shall be released.

When the contract value is less than LKR. 5 Mn., PE may waive off the Performance Security requirement, considering the nature and risk factor of the contract.

A. Performance Security for Works Contracts

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

B. Performance Security for Goods Contracts

- i. In a contract for the supply of Goods, the need for performance security depends on the market conditions and commercial practices in supplying of the particular kind of Goods.
- ii. Suppliers are required to provide a performance guarantee to safeguard the PE, from losses and damages due to non-performance of the contract.
- iii. Such security shall be in an appropriate financial value not less than ten percent (10%) of the contract value.
- iv. If warranty obligation is a condition of the contract, a percentage of the payments to the contractor may be withheld, as retention money to cover such obligations and any installation or commissioning requirements.
- v. The validity of the performance guarantees for twenty-eight (28) days beyond the scheduled completion of the supply of Goods shall be provided in the format given in **Annexure IX of Chapter 05**.

C. Performance Security for Service Contracts

- i. Performance Security requirement for Service Contracts shall be not less than five percent (5%) of the contract value for the total contract period.
- ii. The security shall be valid till twenty-eight (28) days beyond the intended completion date of the Service Contract.

D. Acceptable Performance Securities

The performance securities issued by the following Banks/Institutions 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.

- i. A commercial bank operating in Sri Lanka approved by the Central Bank of Sri Lanka.
- ii. A bank based in another country, backed by a commercial bank operating in Sri Lanka and approved by the Central Bank of Sri Lanka.
- iii. Unconditional, on-demand performance security issued by the Construction Guarantee Fund.

E. Administration of Performance Securities

The PE shall have a proper monitoring mechanism for the administration of the Performance Securities to ensure recovery of the guarantee. If required to extend the validity period of Performance Security, then the PE shall request an extension of the security from the contractor, with sufficient time for extension. Such request shall be in writing, prior to the expiration date mentioned in the guarantee.

Liquidated Damages/Delay Damages (Relevant Reference to the Procurement Guidelines - 5.20)

Provisions for liquidated/delay damages or similar provisions in an appropriate amount shall be included in the conditions of the contract when delays in the delivery of Goods, completion of Works, provision of Services, 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.

Liquidated damages/delay damages are as follows;

- (a) In the case of Goods, it may be a maximum of 1% of the contract value per week or part thereof; and
- (b) In the case of Works, it may be a maximum of 0.05% of the contract value per day.

However, the quantum of liquidated damages/delay damages shall not exceed 10% of the contract value.

When delay damages reach the maximum limit, then the PE may take appropriate actions for the contract termination process.

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

Dispute Resolution
(Relevant Reference to the Procurement Guidelines - 5.21)

A. Amicable Settlement

In the first instance, parties to the contract shall resort to an amicable settlement subject to the approval of the CAO/AO, as appropriate.

B. Mediation

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

C. Adjudication

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

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

Named adjudicator or Dispute Adjudication Board (DAB), depending on the size of the contract shall be named from the registered lists of CIDA or Institution of Engineers Sri Lanka (IESL), etc. DAB shall consist of representatives from employer and contractor.

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

D. Arbitration

All disputes arising out of contract agreements shall be governed in accordance with the provisions of the Arbitration Act No. 11 of 1995 of Sri Lanka (unless otherwise specified by the foreign financing agencies). A separate clause on this shall be included in the Procurement Documents as well as in the Contract Agreement. Disputes shall be referred to Sri Lanka National Arbitration Centre (SLNAC).

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

Proper Dispute Resolution mechanisms shall be specified in the Procurement Documents in order to minimize delay and costs. Furthermore, CAO/AO are advised to refer to the existing provisions in relation to Contract Management.

Specifications

(Relevant Reference to the Procurement Guidelines - 5.23)

A. Objectives, Function, and Nature of Specifications for Goods

Clear and detailed specifications are prerequisites for bidders to respond realistically and competitively to the requirements of the PE, without qualifying or conditioning their bids/proposals.

The specification must be drafted in a generic manner to reflect the functional/performance and technical requirements, which would lead to the widest possible competition. At the same time, specifications shall have made an unambiguous understanding on the required standards of workmanship to be provided, the standard of plant and other supplies and performance of the Goods and Services to be procured. Such specifications shall be beneficial to achieve the fundamental objectives of economy, efficiency and fairness in Public Procurement. It shall promote responsiveness to the bids/proposals and also shall simplify the subsequent evaluation process.

B. Specifications for Goods, Machinery and Equipment

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

C. Specifications for Works Contracts

For Works contracts, depending on the scope of work the list of specifications shall be given together with the list of drawings. Where the contractor is responsible for the design of any part of the Works, the extent of his obligations must be stated. PEs shall use specifications recommended by CIDA or appropriate International Institutions for Works Contracts.

D. Use of Brand Names

In the case of procurement of Goods or the supply and installation of Plant, Machinery, and Equipment, reference or brand names, catalogue numbers, country of origin or other relevant details that limit any materials or items to a specific manufacturer shall be avoided as far as possible. Where unavoidable, such item description shall always be followed by the words “substantially equivalent”.

“Substantially equivalent” includes functionality, performance and maintenance, etc.

E. Descriptiveness of Specifications

Specification can be categorized into two;

- 1) Conformance Specifications (Technical Specifications)
- 2) Performance Specifications (Functional Specifications)

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

- (a) Standard of materials and workmanship required;
- (b) Details of the factory, testing requirement, and acceptance;
- (c) Details of all work required to achieve completion;
- (d) Details of all pre-commissioning and commissioning activities to be performed by the contractor; and
- (e) Details of all functional guarantees required and liquidated/delay damages to be applied in the event that such guarantees are not met.

A performance specification defines the functional requirements for the item, the environment in which it shall operate, interface and interchangeable characteristics.

Historical information/lessons relating to specifications from similar procurements may be useful in this respect. Care shall be taken in drafting specifications to ensure that they are not restrictive. CIDA has issued wide range of specifications for Works contracts.

NPC will issue indicative generic specifications for commonly used Goods. PEs shall use such specifications to the extent possible.

Types of Contracts and Contracting Arrangements (Relevant Reference to the Procurement Guidelines - 5.24)

Contract terms or the contracting arrangements that shall be applied for a particular procurement shall be specifically defined in the procurement documents and a draft contract agreement shall be issued with the Procurement Documents. The draft contract agreement shall;

- (a) Define the scope of Works to be performed, the Goods to be supplied or the Non-consulting Services to be rendered, and the terms of payment conditions;
- (b) The rights and obligations of the Purchaser/Employer;
- (c) The rights and obligations of the contractor, service provider or supplier;
- (d) If the PE envisages the engagement of an engineer or a consultant, for the purpose of contract supervision and administration, the authority and functions of the engineer or consultant must be clearly stated in the contract; and

- (e) Conditions of the contract shall also stipulate that failure on the part of the parties to the contract to perform their obligations under the contract will not be considered a default unless such failure is the result of an event of Force Majeure/Exceptional Event, as defined in the contract.

In addition to the general conditions of the contract, any special conditions particular to the specific Goods, Works or Non-consulting Services to be procured shall be included in the Contract Data/Particular Conditions of Contract/Special Conditions of Contract.

One of the following types of contracts as appropriate shall be applied for individual procurement, considering the nature of the Works to be performed, the Goods to be supplied or the Non-consulting Services to be offered.

i. Measure and Pay (Unit Rate Contracts)

The above types of contracts are appropriate for procurement of works when the scope of the work is well defined in to separate items are quantified to units and unit price is quoted, but the actual quantities that performed by the contractor cannot be determined with reasonable accuracy in advance of Works Contracts. Upon the completion of Works, payments are calculated based on actual measurements.

In case of Unit Rate Contracts, as there is no commitment to a specific quantity, payment shall be made on measure and pay basis.

ii. Paid-on Delivery

These types of contracts are appropriate for the supply of Goods or Non-consulting Services based on the scope of the particular procurement.

A Paid-on Delivery contract means any Contract whereby payment of invoice is based on the unit rate and quantity for Goods and Non-consulting Services.

In respect of Goods, partial or full delivery shall be carried out to the designated location as specified in the delivery schedules under the respective Contract.

In the case of Non-consulting Services, delivery shall be based on a schedule of requirements.

iii. Lump-sum Contracts

In a lump-sum contract, the contractor/supplier/service provider agrees to perform the scope of the contract for a fixed amount/price. Payment percentages or amounts may be linked to the completion of contractual milestones or determined as a percentage of the value of the work to be done.

Lum-sum contracts may be appropriate when;

- a) The scope of the procurement can be clearly and accurately specified and can be linked to milestone payments at the time of bid invitation (e.g., simple civil Works); and

- b) the contractor is responsible for delivering the completed Works, Plants, or Pre-built Information Technology Solutions, including Turnkey Contracts, Design & Build Contracts, Design, Build & Operate Contracts, Engineer, Procure and Construct (EPC) Contracts, and shall be paid on a lump-sum basis upon completion of respective milestones of the contract.

iv. Framework Agreements (FA)

Framework Agreement is an agreement applicable for a long period of time with one or more contractors, suppliers or service providers that establishes the terms and conditions that will govern any contract awarded during the term of the FA.

FA may be established for the anticipated procurement of Goods, Works or Non-consulting Services as and when required over a specific period of time, limited to a maximum of three (03) years.

This contract arrangement is appropriate for, when the purchaser has a recurring or predictable need for the same or similar Goods, Works or Non-consulting Services over a long period of time, wishes to establish a long-term and strategic relationship with a reliable and qualified supplier/s, contractor/s and service provider/s.

Prices shall generally remain fixed during the validity period of the framework agreement. But, where the inclusion of a reasonable price adjustment mechanism may be justified based on the economic/market conditions for a particular product, the mechanism for such price adjustment shall be clearly specified in the contract.

Framework Agreement requires simplifying and streamlining the procurement process, reducing administrative and transaction costs, secure stable and competitive prices and terms, and ensure the quality and performance of the Goods, Works or Non-consulting Services.

The approval of the CAO/AO shall be obtained before commencement of the procurement process for Framework Agreement by indicating the list of Goods, nature of Works or Non-consulting Services.

Terms and criteria for awarding contracts shall be disclosed at the beginning of the initial selection and registration of suppliers and shall not be changed thereafter.

(a) Circumstances which Framework Agreements to be Considered;

- i. Need for procurement of same Goods, Works or Non-consulting Services frequently for a longer period;
- ii. Difficulties in defining the Schedule of Requirements;
- iii. When this arrangement provides more economic benefits and advantages;
- iv. Requirement for procuring standardized Goods, where there are no significant price fluctuations;
- v. Where there is a potential for gaining economies of scale (bulk procurement advantage); and

- vi. Where there is a necessity to procure Goods, Works, and Non-consulting Services continuously and uninterruptedly.

(b) Ascertaining the Need for Framework Agreements;

- i. As per the list of commonly used Goods or Non-consulting Services, PEs shall identify the aggregate requirement of such items with the corresponding financial values for a long period limited to three (03) years.
- ii. Suppliers/Contractors/Service Providers shall be selected through a competitive process by giving wide publicity before entering into a Framework Agreement. Items that are intended to be procured shall be of the same nature, and items of a different nature shall not be considered for inclusion into framework agreements.
- iii. A PE or number of PEs together can be entered into a Framework Agreement based on an invitation initiated by a major entity considering the needs of such PEs, to gain economies of scale (bulk procurement advantage).

Upon receipt of the approval of the CAO/AO, one of the following three (03) options can be selected to enter into Framework Agreements for the procurement of Goods, Works, and Non-consulting Services.

Option – I “Closed Framework Agreements in Single Stage”

Framework agreement shall be signed with the Suppliers/Contractors/Service Providers by following the open competitive process, based on predefined criteria including for the award of “call-offs”, with one or multiple Suppliers/Contractors/Service Providers.

During the validity period of FA, new Suppliers/Contractors/Service Providers shall not be permitted. Under this arrangement, there shall be a commitment from the PE to “call-off” a certain quantity of Goods, Works, or Non-consulting Services, sometimes based on a delivery schedule, with no financial commitment and purely based on Payment on Delivery basis.

Option – II “Closed Framework Agreements in Two Stages”

In the First Stage, supplier/s, Contractor/s, or Service Providers shall be registered for a certain period of time, on open advertisement on pre-disclosed criteria, with the restriction on that new entrants shall not be entertained during the respective period. The register shall be maintained by PE, according to the category or nature of such Goods, Works or Non-consulting Services.

In the Second Stage, call-offs shall be decided through competition among suppliers/contractors/service providers selected at the first stage and the award is made to the substantially responsive lowest evaluated bidder based on the offered priced and delivery conditions.

Under the option, no any commitment from the PE, at the first stage, other than maintaining the register and award shall be decided through competition among the registered suppliers/contractors/service providers for the particular item or category of procurement.

Option III “Open Framework Agreements”

This approach is similar to the Option II, but the only deviation is that the call-offs shall not be confined to the registered contractors/suppliers/service providers identified at the first stage. It shall be opened to other bidders as well.

v. Performance Based Contracting

In a performance-based contract, the payments are not made for inputs but for measured outputs that aim at satisfying functional needs in terms of quality, quantity, and reliability.

Performance based contracts may appropriate for the following scenarios;

- (a) Contracts for rehabilitation, operation and maintenance of roads, buildings, plants, etc. during specified periods;
- (b) Contracts for Non-consulting Services that are procured on deliverables; and
- (c) Contracts for the provision of facilities based on performance.

Contract Agreement

(Relevant Reference to the Procurement Guidelines - 5.25)

The Contract Agreement shall be a significant part of the Procurement Documents.

Period/term of the contract is determined based on the requirements and the nature of the contract.

As per the decision on contract award, the PE shall enter into a mandatory legal agreement with the selected Contractor, Supplier, or Service Provider, in writing by following a legally accepted format with respect to the following procurements as follows;

- (a) For Goods Contract exceeding LKR. 1 Mn.; and
- (b) For Works or Service Contracts exceeding LKR. 500,000/=.

AO or his/her delegate shall sign the contract agreement not exceeding the authority limits stipulated in the Section 2.9 of this Manual for Determination of Contract Awarding. In all other instances, CAO or his/her delegate shall be the contract signing authority.

**Specimen of Checklist Which Could Be Used for Submission of Draft
Procurement Documents
(Procurement Manual Reference - 5.2)**

Contents of Procurement Document

Given below is a specimen of a checklist which shall be completed and forwarded with draft Procurement Documents to the PC/BEC for their easy reference. This specimen may be used for the procurement Goods, Works and Services improved by adding further items of importance.

1. Whether Procurement Notice is attached?

- i. The sources for publicity
- ii. Closing and opening time of bids/proposals
- iii. Responsibility of opening of bids/proposals
- iv. Place of Bid/Proposal opening
- v. Eligibility criteria for bidders

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

3. If changes are made such changes are in line with these guidelines?

4. Whether the following documents are attached?

a. Instruction to Bidders (ITB)

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

b. Contract Data/Special Conditions of the Contract

c. Specifications/Schedule of Requirement/Employers Requirements

d. Drawings/Sketches

e. Bills of Quantities/Bills of Materials

f. Activity Schedule/Delivery Schedule/Method Statement

g. Form of Contract/Draft Contract

h. Price Schedule

i. Sample Bid Security Form, Sample Bid Securing Declaration, Sample Performance Guarantee Form, Sample Advance Payment Guarantee Form and Sample Retention Payment Guarantee Form

Annexure II of Chapter 05	
Standard Procurement Documents	
(Procurement Manual Reference - 5.3)	
Publication	Title
CIDA/SBD/01	Standard Bidding Document for Procurement of Works – Medium Contracts
CIDA/SBD/02	Standard Bidding Document for Procurement of Works – Major Contracts
CIDA/SBD/03	Standard Bidding Document for Procurement of Works – Minor Contracts
CIDA/SBD/04	Standard Bidding Document for Procurement of Works – Design and Build Contracts
NPA/SBD	Standard Bidding Document for Procurement of Goods for NCB
Treasury/SBD	Standard Bidding Document for Goods – National Shopping
NPC/SPD	Standard Procurement Document for Works – National Shopping (to be developed)
NPC/SPD	Standard Procurement Document for Non-consulting Services – NCB (to be developed)
NPC/SPD	Standard Procurement Document for Non-consulting Services – National Shopping (to be developed)
NPC/SPD	Standard Procurement Document for Goods – ICB (to be developed)

Annexure III of Chapter 05

**Sample Form – Invitation for Bids/ Request for Bids/Proposals
(Procurement Manual Reference - 5.4)**

Given below is a sample form that can be used in requesting bids/proposals for procuring of Goods/Works and Non-consulting Services. 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 procurements funded by a Foreign Funding Agency.

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

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

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

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

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

1.This Request for Bids/Request for Proposals follows the General Procurement Notice/Advanced 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/grant] from the [insert name of the foreign funding Agency] towards the cost of [insert name of Project], and it intends to apply part of the proceeds of this [loan/credit/grant] to payments under the Contract for [insert name/no. of Contract] *

3.The Chairman [insert HLPC/MPC/DPC/PPC as appropriate] on behalf of the [insert name of Procuring Entity] now invites sealed bids/proposals from eligible and qualified bidders for [insert brief description of the Goods, Works or Non-consulting Services to be procured].

4.Estimated cost is (LKR....)

[In the case of works estimated cost shall be indicated, and for Goods contracts the estimated cost of each lot shall be indicated wherever possible. A brief description of the type(s) of Goods, Works or Non-consulting Services shall 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 to Bidders specific experience and/or capabilities require shall also be included in this paragraph.

5.The delivery/construction period is [insert no. of days/months/years or dates also shall be inserted].

6.Bidding will be conducted through [insert the method of procurement]

7.Interested eligible bidders may obtain further information from [insert name of Procuring Entity; insert name and e-mail of officer in charge] and inspect the Procurement Documents at the address given below [state address at end of this ITB] from [insert office hours].

8. Qualifications requirements include: [insert a list of key technical, financial, legal and other requirements]. A margin of preference for eligible locally produced goods offered [insert “shall” or “shall not” be applied, as appropriate]. Additional details are provided in the Procurement Documents.

9. A complete set of Procurement Documents in English language may be purchased by interested bidders on the submission of a written request 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].

10. Bids/proposals must be delivered to the address below [state address at the end of this ITB] at or before [insert time and date]. Late bids/proposals shall be rejected. Bids/proposals will be opened in the presence of the bidders’ representatives who choose to attend in person or virtual at the address below [state address at end of this ITB] at [insert time and date]. All bids/proposals must be accompanied by a [insert as appropriate, either “Bid Security Declaration” or “Bid-Security,” of (insert amount in local currency or an equivalent amount in a freely convertible currency and validity date)].

11. The address(es) referred to above clause (8) is (are): [insert detailed address(es) including name of the Procuring Entity, designation, name of the officer, address, fax number etc.

Documents Required for Each Procurement Method

(Procurement Manual Reference - 5.5)

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

✓ - document required
RFB – Request for Bids

✗ - document not required
RFQ – Request for quotations

IFB – Invitation for Bids
BOQ – Bill of Quantity

Annexure V of Chapter 05

**Format for Bid Security Guarantee
(Procurement Manual Reference - 5.9 [Option – 1])**

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

----- [Insert issuing agency’s name and address of issuing branch or office]
Beneficiary: ----- [Insert (by PE) name and address of Employer/ Purchaser]
Date: ----- [Insert (by issuing agency) date]
BID GUARANTEE No.: ----- [Insert (issuing agency) number]

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

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

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

- (a) has withdrawn its Bid during the period of bid validity specified; or
- (b) does not accept the correction of errors in accordance with the instructions to Bidders (herein after “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) authorized representative(s)]

Annexure VI of Chapter 05

**Format for Bid Security Declaration
(Procurement Manual Reference - 5.9 [Option – 2])**

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

Date: _____ *[insert date by bidder]*

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

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

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

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

We, the undersigned, declare that:

1. We understand that, according to instructions to bidders (hereinafter “the **ITB**”), bids must be supported by a bid-securing declaration;
2. We accept that we shall be suspended from being eligible for contract award in any contract where bids have been invited by any of the Procuring Entity as defined in the Procurement Guidelines published by the National Procurement Commission, for the period of three (03) years starting on the latest date set for the closing of bids of this bid, if we:
 - (a) Withdraw our bid during the period of the 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]*

Annexure VII of Chapter 05

**Acceptable Format for Advance Payment Guarantee
(Procurement Manual Reference - 5.17)**

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

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

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

Date: -----

ADVANCE PAYMENT GUARANTEE No.: -----

We have been informed that ----- *[name of contractor /
supplier]*(hereinafter called “the Contractor”) has entered in to contract No. -----
---- *[reference number of the contract]* dated ----- with you, for 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 of figures]* (-----)
[amount in words] is to made against an advance payment Guarantee.

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

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

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

Consequently, any demand for payment under this guarantee must be received by us at this
office on or before that date.

¹ *The guarantor shall insert an amount representing the amount of the advance payment and
denominated either in the currency/currencies) of the advance payment as specified in the
contract.*

Annexure VIII of Chapter 05

**Acceptable Format for Guarantee of Release of Retention Money
(Procurement Manual Reference - 5.18)**

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

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

Date: -----

RETENTION MONEY GUARANTEE No.: -----

We have been informed that ----- *[Name of Contractor]* (hereinafter called 'the Contractor') has entered into Contract No. ----- *[Reference number of the contract]* dated ----- with you, for the execution of ----- *[Name of the contract and brief description of works]* (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, when the Works have been taken over and the first half of the retention money could be obtained by submission of retention money guarantee. The balance fifty percent (50%) also could be released may be made against a retention money guarantee which shall be valid 28 days beyond the defects notification period.

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

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

[signature(s)]

Annexure IX of Chapter 05

**Acceptable Format for Performance Guarantee/Security
(Procurement Manual Reference - 5.19)**

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

Beneficiary: _____ [Name and Address of Employer]

Date: _____

PERFORMANCE GUARANTEE/SECURITY No.: _____

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

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

At the request of the Contractor, we _____ [name of Agency] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of _____ [amount of figures] (_____) [amount in words], such sum 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 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)]

CHAPTER 06 - PROCUREMENT PROCESS

Publication of Specific Procurement Notice / Request for Bids / Request for Proposals

(Relevant Reference to the Procurement Guidelines - 6.1)

With the approval of the respective PC, the Procurement Documents shall be made available for purchase by the prospective bidders, as mentioned in the RFB/EOI/RFI/RFP/SPN on the payment of the prescribed fee, if any, until the date specified in the RFB/EOI/RFI/RFP/SPN.

Refer Chapter 03 of this Manual concerning the publicity that shall be given under different procurement methods and types.

The notice shall contain the essential particulars indicating the method of obtaining further details and payments involved in the issuance of Procurement Documents.

Refer **Annexure III of Chapter 05** of this Manual for a Sample RFB/EOI/RFI/RFP/SPN.

Issuance of Procurement Documents

(Relevant Reference to the Procurement Guidelines - 6.2)

- (a) Procurement Documents shall be made available for purchase by the prospective bidders, as mentioned in the particular RFB/EOI/RFI/RFP/SPN on the payment of the prescribed fees, if any, up to one day prior to the deadline of submission of bids/proposals.
- (b) In the instances where pre-qualification of bidders is carried out, the Procurement Documents shall be issued only to the pre-qualified bidders.
- (c) PE may use an electronic system to issue Procurement Documents provided that PE is satisfied with its efficiency and adequacy. If Procurement Documents are distributed electronically, the electronic system shall be secured, as far as possible, to prevent any modifications or alterations to the Procurement Documents.
- (d) Procurement Documents shall also be provided in printed form to bidders who request them. A master copy of electronic documents shall be published in the relevant websites and retained in printed form by the PE. The relevant web sites from which the Procurement Documents can be downloaded shall be clearly stated in the RFB/EOI/RFI/RFP/SPN.
- (e) The Procurement Documents shall be made available for inspection, free of charge, for any prospective bidder who wishes to inspect them.
- (f) The Procurement Documents may be issued at the main office of the PE and sub offices, as appropriate.
- (g) The PE shall keep a record pertaining to the issuance of the Procurement Documents.

Fee for Issuing Procurement Documents

PEs may charge a fee to cover the cost for preparation of Procurement Documents.

The prescribed fee for purchase of Procurement Documents shall not be unnecessarily high so as to discourage the bidders.

Appropriate fee shall be decided by the PE in consultation with the PC considering the value of the Bid/Proposal and the complexity of the Procurement Documents, within the recommended range given below (size of the Document, designs, art works and other related costs, etc.)

Recommended Ranges of Fees (non-refundable) to issue Procurement Documents

Total Estimated Cost of the Procurement (LKR. Mn.)	Minimum Amount (LKR.)	Maximum Amount (LKR.)
Less than 10	1,000	3,500
More than or equal 10 and less than 50	3,500	12,500
More than or equal 50 and less than 100	12,500	20,000
More than or equal 100 and less than 200	20,000	35,000
More than or equal 200 and less than 500	35,000	60,000
More than or equal 500 and less than 1000	60,000	100,000
More than 1000	100,000	500,000

Bidding Period
(Relevant Reference to the Procurement Guidelines - 6.3)

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

The bidding period commences from the date of issuing the Procurement Documents to the potential bidders.

The bidding period prevails until the deadline for bid/proposal submission.

Depending on the respective method of procurement, the following minimum bidding period shall be given.

Method of Procurement	Minimum Bidding Period/Calendar Days
ICB/LIB	42
NCB/LNB – More than or equal LKR. 50 Mn.	21
NCB/LNB – Less than LKR. 50 Mn.	14
Shopping/RFQ – National	07
Shopping/RFQ – International	14
Emergency Procurement under Procurement Guidelines 3.1.8	Bidding period shall be reasonable and practical depending on the situation

A. Handling Procurement Complaints (Before Closing of Bids/Proposals, and Prior to Completion of Evaluation)

Procurement related complaints may be submitted by suppliers, contractors and service providers from time to time. Such complaints received by the PE during the aforesaid period shall be referred to the PC.

Such complaints shall be handled in the following manner;

(a) Complaints received before closing of bids/proposals

- i. Upon receipt of a complaint from a prospective bidder, the PE shall acknowledge the receipt and thereafter refer such complaint to the respective PC.
- ii. The PC shall make a determination concerning the complaint in consultation with the BEC, where a BEC has been appointed. In the absence of a BEC, the PC shall make a determination.

- iii. If the complaint has merit and corrections are necessary in the Procurement Documents, the PC shall direct the PE to make the relevant corrections and inform all the bidders of the corrections made by issuing an addendum to the Procurement Documents.

(b) Complaint Received after closing of bids/proposals but prior to completion of the evaluation.

- i. Upon receipt of a complaint by the PE from a prospective bidder, the PE shall acknowledge the receipt of the complaint and thereafter refer the complaint to the respective PC/BEC.
- ii. The BEC shall give special attention to the complaint and if the complaint has any merit, the necessary remedial measures shall be comprehensively addressed during the evaluation process. In the absence of a BEC, the PC shall perform the above function. The BEC/PC shall record the remedial measures taken concerning the complaint in the BEC/PC report.

Submission and Receipt of Bids/Proposals
(Relevant Reference to the Procurement Guidelines - 6.4)

A. Method of Bid/Proposal Submission

- (a) All Bids/Proposals shall be submitted under sealed envelopes. The PE shall specify this requirement in the Procurement Documents.
- (b) One Original and an appropriate number of copies of the Bids/Proposals shall be submitted as instructed in the ITB. The original and copies so submitted shall be sealed separately and marked as “Original” or “Copy”.
- (c) In the single stage one envelop bidding procedure, all the Original and Copy/Copies of the Bid/Proposal shall be enclosed together in one envelop and delivered.

In the single stage two envelop and two stage bidding procedure, the method of bids/proposals submission shall be as specified in Section 3.3.2 and 3.3.3 of this Manual.

B. Place and Means of Bid/Proposal Submission and Receipt

- (a) The bids/proposals shall be received only at one location, which is prescribed in the ITB/BDS.
- (b) Bidders shall be allowed to submit their bids/proposals through following three (03) ways as specified in the Procurement Documents before the relevant deadline;
 - i. By post under registered cover or through a courier;
 - ii. Personal delivery to the officer authorized to receive such bids/proposals; or
 - iii. Depositing in the sealed Bid/Proposal box, designated for the purpose.
- (c) The PE may make appropriate arrangements to maintain a register of received bids/proposals indicating the name of the bidder, date and time of submission and a reference to the relevant procurement. This record shall be maintained as a confidential register.

Rejection of Late Bids/Proposals
(Relevant Reference to the Procurement Guidelines - 6.5)

Any bids/proposals received after the deadline for submission of bids/proposals shall be rejected and returned unopened to the bidder by the PE. However, returning of such late bids shall be done only after the awarding of the contract.

Bids/Proposals Opening in Public
(Relevant Reference to the Procurement Guidelines - 6.6)

A. Public Bid/Proposals Opening

The bids/proposals shall be opened immediately (as far as possible within 30 minutes from closing of bid/proposal submission) after the closing date and time specified in the Procurement Documents.

Bids/proposals shall be opened in one designated location.

Bids/proposals opening shall be in the presence of the parties who have submitted bids/proposals or their authorized representative/s who wish to attend, except in the case of Direct procurement method.

B. Bid Opening Committee (BOC)

Opening of bids/proposals shall be carried out by a BOC, appointed by the PE with the concurrence of the PC.

The BOC shall comprise of a Chairman and at least one other member.

The BOC is responsible for closing the bids/proposals submission at the correct time as specified in the Procurement Documents. BOC shall ensure that all bids/proposals received prior to the deadline are made available to them.

C. Proceedings of the Bid Opening Committee (BOC)

The opening of the bids/proposals shall be recorded in the prescribed formats (see **Annexure I of Chapter 06, Annexure II of Chapter 06, and Annexure III of Chapter 06** of this **Manual**).

BOC has no authority to reject bids/proposals other than those that have been submitted late.

D. Opening Procedure of Bids/Proposals

1. Sorting of the Bids/Proposals

- i. As a first step the BOC shall separate from all the bids/proposals submitted to it, the bids/proposals which have been withdrawn by the submitting parties.
- ii. As a second step the BOC shall identify the modifications that have been submitted in connection with the any of the bids/proposals.
- iii. Thereafter, the BOC shall identify the relevant original bids/proposals in connection with which such modifications have been submitted.
- iv. Pursuant to completing the above task, the BOC shall separate the originals and duplicates.
- v. After completing the above, the BOC shall affix the official seal on all the envelopes and each member of the BOC shall initial the same.

2. Withdrawn Bids/Proposals

If the BOC is satisfied with the contents and authentication of the withdrawal letter, the bidder's original Bid/Proposal shall not be opened. The withdrawn Bids/Proposals shall be placed at a secured place to return on finalization of the contract award. However, if the BOC is not satisfied with the contents and authentication of the withdrawal letter, the bidder's original Bid/Proposal shall be opened together with the other bids/proposals.

3. Opening of Modified Bids/Proposals

All envelopes marked as “Modification” shall be opened along with the respective “Original” Bid/Proposal. The envelope marked as “Modification” shall be opened and read out first and thereafter the original Bid/Proposal of the bidder who has submitted the modifications shall be read out as provided in Section 6.6 (e) below.

4. Opening of Originals of Bids/Proposals

- i. All other original bids/proposals shall be opened and read out. The duplicates shall not be opened and kept securely.
- ii. In the event that a bidder had not marked the envelopes as “Original” or “Duplicate”, the BOC can select one of the envelopes for reading out. If the documents found in such envelop are not the originals, the BOC shall open the other envelop submitted by such bidder. Following this process, the BOC shall mark as “Original” and “Duplicate”.
- iii. In case, the “Original” envelop opened by the BOC contains duplicates, the BOC shall open the envelope marked as “Duplicate” to check whether it contains the originals. If this is the case, the BOC shall give the correct marking to the relevant envelop.
- iv. In cases where a bidder has submitted only one envelop, without specifying it as the envelopes containing the originals, the BOC shall open such envelops to check whether it contains the originals. If “Original” is so found it should be read out.
- v. In cases where a bidder has submitted only one envelop marked as “Duplicate/Copy”, the BOC shall open the same to check whether it contains the originals. If “Original” is so found it should be read out.
- vi. If the BOC finds any alternative bids/proposals, such bids/proposals shall not be opened under any circumstances.
- vii. If the Procurement Documents require the submission of samples, the BOC shall ensure that the samples are received and recorded.
- viii. BOC shall cover the “Rate” and “item total column” of the BOQ/Price Schedule with an adhesive transparent tape to ensure that no modifications or alterations could be made.

ix. Members of BOC shall initial the documents submitted by the bidders including;

- Form of Bid;
- Summary of BOQ;
- Cover letter of the Bid Security;
- Discount offering letter (if any); and
- Any modification.

E. Announcements by BOC at the Bids/Proposals Opening

The BOC shall read out the following at the bids/proposals opening;

- i. Name and address of the bidder indicated in the Form of Bid;
- ii. Bid amount indicated in the Form of Bid. If the bid amount is not mentioned in the Form of Bid, the BOC shall announce and record the bid amount indicated in the BOQ or Price Schedule;

If bids are invited on the basis of lot by lot or item by item, the information pertaining to each lot or item shall be announced and recorded;
- iii. Whether the original Bid Security is available or not. If available the issuing entity of the bid security shall be announced;

If the Bid Security is submitted from a foreign source, the availability of the original security and the confirmation letter shall be announced;
- iv. The discounts offered shall be announced separately by clearly indicating that the announced prices are inclusive or exclusive of discounts. If BOC has not announced, the bidder has the right to make a request to BOC to announce the discount offered;
- v. Availability or unavailability of samples; and
- vi. Availability of modifications, if any.

F. Handing Over the Documents to the PE/PMD

- i. After completion of the bid opening process, the originals as well as the duplicates of each Bid/Proposal received shall be resealed separately and handed over to the PE/PMD. The PE/PMD in turn shall hand over the originals of bids/proposals to the Chairman of the PC/BEC. The duplicates shall be kept in safe custody.
- ii. When the aforesaid handover is made, the BOC shall also handover the Minutes of the Bid Opening Committee prepared in accordance with the template given in this Manual (**Annexure I, Annexure II and Annexure III of Chapter 06**)

G. Handling of Samples

Requesting of samples together with bids/proposals is discouraged. However, in exceptional situations where the respective PC has specifically requested samples, the procedure for receiving and accepting them shall be clearly indicated in the Procurement Documents.

**Handling Complaints within the Bid/Proposal Evaluation Process
(Relevant Reference to the Procurement Guidelines - 6.7)**

Upon receipt of a complaint from a bidder, PE shall acknowledge the receipt of the complaint. Thereafter, the PC/BEC shall comprehensively address the complaint during the evaluation process giving special attention to the same. The PC/BEC shall ensure that the complaint is sufficiently and satisfactorily addressed in the evaluation process.

Annexure I of Chapter 06

**Format for Bids/Proposals Opening Minutes –Attendance
(Procurement Manual Reference - 6.6)**

All who are officially attending the bid/proposal opening shall sign the attendance sheet given below. Just before the bid/proposal opening, a request shall be made to all the bidders and their representatives to sign the aforesaid sheet. If anyone refuses to sign the attendance sheet, such person should be asked to exit the bid opening venue. Any bidder or representative who arrives late shall also comply with the above requirement.

The bidder or one representative of the bidder is generally allowed to attend the bid opening meeting.

ATTENDANCE AT BID OPENING MEETINGS

Title of Procurement:	
Date:	
Time:	
Location:	

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

A: Bidder/Bidder's Representative;

Name of Bidder	Name of the Representative	NIC No. of the Representative	Signature
1.			
2.			
3.			
4.....			

B: Bid Opening Committee

Name	Capacity (Chairman/Member)	Signature
1.		
2.		
3.		

Annexure II of Chapter 06

Format for Bid/Proposal Opening Minutes – General Information
(Procurement Manual Reference - 6.6)

The proceedings of the bid/proposal opening shall be recorded in the prescribed format and shall be signed by all members of the Bid Opening Committee.

In addition to the time, location etc. of bid/proposal opening, the bid/proposal opening minutes shall include the name of the bidder, announced prices (as relevant), presence or absence of bid security, and any other special features of the bids/proposals submitted.

The minutes may also include any special events/incidents taken place during the bid/proposal opening.

If contracts will be awarded on item by item or on lot by lot basis, the prices applicable to each item/lot shall be indicated in a separate schedule.

The proposed format for preparation of Bid Opening Minutes is provided below.

BID/PROPOSAL OPENING MINUTES

OBSERVATIONS OF EACH BIDS/PROPOSALS

	Bid 1	Bid 2	Bid 3	Bid n	Remarks
Observation Criteria	<i>Insert "Y" if answer is Yes and "N" if answer is No</i>				
Is outer envelope of bid/proposal sealed?					
Is bid/proposal form completed and signed?					
Any "Withdrawal", or "Modification" submitted* :					
Any alternative bid/proposal made** :					
Additional comments*** :					
* Describe					
** Describe					
*** Describe					

Annexure III of Chapter 06

**Format for Bid/Proposal Opening Minutes - Financial Information
(Relevant Reference to the Procurement Guidelines - 6.6)**

1. FINANCIAL INFORMATION

LOT NUMBER (Lot 1, 2, 3.....n)

ITEM DESCRIPTION

Bidder No.	Name of Bidder	Bids/Proposals Price		Discounts Offered	Bid Security Issuing Bank/Entity Name/Amount	Remarks	Bidder's Signature
		Without VAT	With VAT				
1.							
2.							
3.							
4.							

Note – All information above shall be filled lot by lot indicating the Lot Number and description separately.

2. ANY OTHER COMMENTS/OBSERVATIONS BY BIDDERS/REPRESENTATIVES

Bidder No.	Name of Bidder	Comment/observations made by bidder	Signature
1.			
2.			
3.			

3. ANY OTHER COMMENTS/OBSERVATIONS BY THE BID OPENING COMMITTEE

4. ANY OTHER COMMENTS OF BIDDERS

5. NAME AND SIGNATURE OF BIDDERS (not mandatory)

--

6. NAME, CAPACITY AND SIGNATURE OF BOC

We, the undersigned certify that the bids/proposals have been opened under our supervision and the information given above is correct.

Name	Capacity (Chairman/Member)	Signature
1.		
2.		
3.		

Notes

1. If different currencies are involved, indicate them separately using an additional row. If currencies in different proportions are involved, the proportion/s of different currencies shall be indicated in different rows.
2. Discount offered, comments/objection by bidders, and deviations on requirements etc. shall be recorded in the minutes.

CHAPTER 07 – BID/PROPOSAL EVALUATION

General

(Relevant Reference to the Procurement Guidelines -7.1)

Introduction

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

The objectives of the bid/proposal evaluation are to determine the substantially responsive lowest evaluated bid/proposal out of the bids/proposals received, in accordance with the terms, conditions, evaluation criteria and specifications stipulated in the Procurement Documents.

The substantially responsive lowest evaluated Bid/Proposal may or may not necessarily be the lowest price quoted in bid/proposal. In order to determine accurately the substantially responsive lowest evaluated bid/proposal, PC and/or BEC have to follow a logical systematic evaluation procedure as specified and designed to cover all aspects of the evaluation process.

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

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

Bid/Proposal evaluation procedure described in this Chapter 07 basically applies for the Public Procurement of Goods, Works, and Non-consulting Services, unless otherwise particularly specified. However, the evaluation procedure may be modified to meet the special contracts such as Information System, and according to the type of particular procurement.

Confidentiality

(Relevant Reference to the Procurement Guidelines - 7.2)

No information relating to Bid/Proposal evaluation shall be disclosed, to bidders or any other party after opening of bids/proposals, unless they are officially involved in the process until arrive at the award determination.

However, at a debriefing, unsuccessful bidders shall be informed by the employer/purchaser the reasons as to why their respective bids/proposals were not selected.

**Time Frame for Bid/Proposal Evaluation and Extension of Bid/Proposal
Validity Period
(Relevant Reference to the Procurement Guidelines - 7.4 & 7.5)**

Necessity to Award the Contract Within the Original Bid/Proposal Validity Period

Bid/Proposal evaluation shall be carried out expeditiously, leaving sufficient time to seek all the requisite formal approvals, within the period specified in the agreed Procurement Time Schedule. Refer Section 4.1.5 of this Manual relating to time periods indicated for Bid/Proposal validity.

It is recommended that the PC/BEC shall complete the evaluation report within the original PTS.

Extension of Bid/Proposal Validity

Where there is a delay in Bid/Proposal evaluation or obtaining required approvals, so that award of contract within the Bid/Proposal validity period is unlikely to achieve, the PE with the concurrence of the respective PC shall request all the bidders who have submitted bids/proposals to extend the validity period.

Extension of bid validity may result in refusal by the bidder who has quoted the lowest Bid/Proposal price. This will increase the cost to the PE.

As such, the extension of bid/proposal validity shall be made only when it is unavoidable and due to the reasons beyond the control of PE subject to the following;

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

Evaluation of the Original Bids/Proposals
(Relevant Reference to the Procurement Guidelines - 7.6)

- a. Only the bids/proposals marked as “Original” which are submitted by PE/PMD shall be evaluated by the PC/BEC.
- b. If BEC finds any document is missing or unclear in the original Bid/Proposal, BEC with the approval of PC shall make a request to PE through PMD for the “Copy/Duplicate” related to the particular Bid/Proposal and shall confirm whether the respective document/information for clarification, prior to arriving at a decision. In the absence of BEC, it is the responsibility of PC to follow the above procedure.
- c. If required, the PC may authorize the BEC to use the copy of the Bid/Proposal for clarification purposes.

Purpose and Stages of Bid/Proposal Evaluation
(Relevant Reference to the Procurement Guidelines - 7.7)

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

Bid/Proposal evaluation process could be divided into four (04) main stages.

STAGE ONE: Collection of Data and Information, and Preparation for Evaluation of Bid Proposals

A: Basic data

The actual Bid/Proposal evaluation process begins with the collection of all necessary information relating to the particular bidding process in order to follow a systematic, and sequential for Bid/Proposal evaluation process.

Upon receipt of the bids/proposals, along with the records of the BOC, the PC/BEC shall evaluate the bids/proposals in a step-by-step manner, to ascertain the substantially responsive lowest evaluated Bid/Proposal, for consideration of the contract award.

Basic data disclosed in the Procurement Documents in relation to the bidding process needs to be compiled in a schedule as shown as **Annexure I of Chapter 07**.

B. Records of Bid/Proposal opening, and related information

The following information shall be compiled by the PC/BEC before the commencement of the bid evaluation process.

- i. BOC records (**Annexure I of Chapter 06, Annexure II of Chapter 06, and Annexure III of Chapter 06**) and all other information and evidence in relation to the bid/proposal opening.
- ii. All information such as pre-bid meeting records, clarifications, and addendums, if any.
- iii. All other documents required for the evaluation process

After compiling all these information, PC/BEC needs to prepare a comprehensive table/record for reference purpose. A sample format of the record of Bid/Proposal opening is shown in **Annexure II of Chapter 07**

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

Examination of bids/proposals for Substantial Responsiveness can be carried out in two (02) steps. The purpose is to exclude or reject bids from further evaluation by using step 1 and step 2.

Step 01 - The purpose of this step is to ascertain whether the Bidder is eligible, Bid is legally valid, accompanied by a Bid Security, bid is complete, accompanied the required legitimate documents and bid is unconditional;

Step 02 - The purposes of this step is to ascertain whether there are any deviations from the provisions of Procurement Documents and categorize such deviations into major, minor and debatable deviations through technical and commercial evaluation process.

Step 01

The following examinations to be carried out under this step;

- A. Preliminary Examination of Bids/Proposals and reject bid/proposal considering the factors given below;
- B. Examination of Substantial Responsiveness to Commercial Requirements; and
- C. Examination of Substantial Responsiveness to Technical Requirements.

A. Preliminary Examination of Bids/Proposals

The objective of this step is to ascertain whether the bids/proposals received are responsive as stipulated in the Procurement Documents.

The following requirements shall be examined,

- i. **The eligibility of the Bidder;** (for example, whether for Works contracts the bidder has valid CIDA registration at the time of bid closing or in case of foreign funded projects, whether bidder is from a eligible country specified in the procurement documents) Bidder shall furnish documents establishing the eligibility.

- ii. **Whether no deviation in Bid Securities or Bid Securing Declarations;** The required bid security shall be in compliance with the given format, which is encashable on the first written demand supported by a written statement by the PE. The bid security shall be for the amount specified in the procurement documents. It shall be valid for the period specified in the Procurement Documents. If the Bid security is provided from a foreign bank, it shall be supported by a local bank operating in Sri Lanka. PC/BEC through PE/PMD shall verify the authenticity and encashability of bid security.
- iii. **Legality;** PC/BEC shall check whether the bid is legally valid and the bidder is legally eligible. For example, whether the bidder is blacklisted, bid is not legally valid or Bidder has submitted more than one bid.
- iv. **Form of Bid;** Procurement Documents have been duly completed and the Form of Bid has been properly signed by an authorized party of the bidder. For example, a Power of Attorney or any other relevant evidential document such as a board resolution authorizing the signatory to sign the Form of Bid shall be submitted. In the case of a Joint Venture, the JV agreement or a letter indicating the intention to form a JV shall be submitted. In the case of a sole proprietorship, the Form of Bid shall be signed by the sole proprietor. In the case of a partnership, if the Form of Bid is not signed by all partners, it shall be accompanied by a Power of Attorney signed by the non-signing partners authorizing the signing partners. In the case of a Company limited by liability, the Form of Bid shall be signed by a person authorized by a Board Resolution.
- v. **Required supporting documents;** The Procurement Documents shall specify what documentary evidence is required to support the bid and also specify that the bidder's failure to submit the required documents along with the bid will be considered a ground for rejection. However, non-submission of "historical documents" such as audited accounts, additional details on the technical part of the bid such as brochures etc. would be considered a minor deviation which can be remedied by subsequent submission within the specified period of the PC/BEC.
- vi. **Completeness of the Bid;** a Bid submitted for a procurement shall be for the entire scope/quantity described in the Procurement Documents. If the PE intends to reject bids due to incompleteness, it shall be clearly mentioned in the Procurement Documents. For example, PE shall specify the minimum number of items for which prices shall be quoted in the bid or the minimum value of the items to be quoted.
- vii. **Conditional Bids;** bids that are offered with any condition shall be considered as non-responsive and therefore shall be rejected.

In this process, PC/BEC shall prepare a table incorporating all the above requirements pertaining to each bidder in order to facilitate further evaluation. (A format is shown in **Annexure III of Chapter 7**).

B. Examination of Substantial Responsiveness to Commercial Requirements

Followings are the factors that shall be considered at this stage to ascertain the substantial responsiveness of the Bid/Proposal for commercial requirements. The non-responsiveness of Bid/Proposal to any of the following are some of the grounds for rejection of the bid/proposal.

- i. The Bid/Proposal validity period is not in compliance as specified in the Procurement Documents,
- ii. Inability to meet the critical delivery schedule or work schedule as specified in the Procurement Documents.
- iii. Inability of the bidder, manufacturer or supplier, or both, to comply with minimum evaluation and qualification criteria as specified in the Procurement Documents.
- iv. Inability to accept the price adjustment formula as specified in the Procurement Documents.

After examination of responsiveness of bids/proposals to commercial requirements, PC/BEC shall prepare a table for examination of substantial responsiveness of bids/proposals for Commercial Requirements. A format for this purpose is shown **Annexure IV (a) of Chapter 7 for Goods and Services and IV (b) of Chapter 7 for Works**.

C. Examination of Substantial Responsiveness to Technical Requirements

Substantial responsiveness to the technical requirements of the Procurement Documents is a key aspect that shall ascertain in Bid/Proposal evaluation. All bids/proposals shall be examined for substantial responsiveness to the technical requirements as specified in the Procurement Documents.

The major technical requirements are as follows;

- i. Submission of the Bid/Proposal in compliance to the entire scope of work/supply/service as requested in the Procurement Documents where appropriate;
- ii. Comply with the technical requirements as specified in Procurement Documents, such as plant capacity, specifications, certificates of standards, specific equipment, etc.;
- iii. Submission of test reports for critical equipment, as specified in the Procurement Documents; and
- iv. Comply with the requirement of warranty and after sales services and availability of stocks as requested in the Procurement Documents.

After examination of responsiveness of bids/proposals for technical requirements, PC/BEC shall prepare a table for Examination of Substantial Responsiveness of Bids/proposals for technical requirements.

Step 02

A. Deviations

The following definitions will apply during the evaluation of bids in this stage.

- i. “Deviation” is a departure from the requirements specified in the Bidding Documents;
- ii. “Reservation” is the limiting of conditions or withholding from complete acceptance of the requirements specified in the Bidding Document; and
- iii. “Omission” is the failure to submit part or all of the information or documentation required in the Bidding Documents.

Examination of bids/proposals for substantial responsiveness according to the provisions of the Procurement Documents is the most essential requirement of Bid/Proposal evaluation process.

The purpose of this stage is to reject the bids/proposals which are not substantially responsive considering major (material) commercial and/or technical requirements, as they are specified in the Procurement Documents.

Bids/proposals which are complied with the commercial and technical requirements are declared as substantially responsive and proceed to the next stage of detailed Bid/Proposal evaluation.

B. Examination of Deviations

PC/BEC shall examine the following deviations and shortcomings with due care.

Deviations fall into the following categories;

1. Major deviations;
2. Minor deviations; and
3. Debatable deviations.

Bids/proposals with Major deviations shall be treated as “non-responsive” and shall not be considered for further evaluation.

Bids/proposals with minor deviations, shall not be rejected (considered as substantially responsive) and be considered for detailed evaluation.

In the detailed evaluation process, monetary value of such deviations (if any) shall be determined and used to adjust (load) the Bid/Proposal Price.

The objective of this exercise is to keep all bidders on an equal playing field for comparison purposes. However, the aforesaid adjustment for minor deviation is only to ascertain the correct cost to the PE. If such bid is accepted for evaluation, the final ranking of the bid/proposal shall be based on such evaluated Bid/Proposal price.

1. Major Deviations

Major deviations, inclusive of the deviations identified under step 1 and step 2 of the preliminary bid examination, are as follows but not limited to;

- i. Which has an effect on the validity of the Bid/Proposal;
- ii. Which has been specified in the Procurement Documents as grounds for rejection of the Bid/Proposal;
- iii. Which has substantially affected to the scope, quality, functionality or performance;
- iv. Which will limit in any substantial way, the PE's rights or bidder's obligations;
- v. Which has a significant departure from the commercial and technical requirements in the Procurement Documents. If such departure has an substantial effect on the Bid/Proposal price, but cannot be considered in terms of a monetary value; and
- vi. Any conditional bid.

Examples of occurrences that shall be considered as major deviations in procedural, commercial and technical nature;

- i. Failure to sign the Form of Bid/Proposal by an authorized person or persons;
- ii. Failure of bidder to satisfy eligibility requirements;
- iii. Failure to submit a bid security or Bid/Proposal securing declaration as specified in the Procurement Documents;
- iv. Failure to satisfy the requirement of Bid/Proposal validity period (i.e., the bid validity period is shorter than specified in the Procurement Documents);
- v. Failure to satisfy the critical specifications in the Procurement Documents;
- vi. Inability to meet the critical delivery schedule or work schedule clearly specified in the Procurement Documents, where such schedule is a crucial condition which bidders shall comply;
- vii. Failure by manufacturer or supplier, or both, to comply with minimum experience criteria as specified in the Procurement Documents; and
- viii. Any conditions in a Bid/Proposal which limit the bidder's responsibility (prior sale or availability of critical material available in the market, or a Bid/Proposal submitted with a price escalation condition when a fixed price Bid/Proposal is specified);

2. Minor Deviations

Minor deviations are as follows;

- i. Has no effect on the validity of the Bid/Proposal;
- ii. Has no substantial effect to the scope, quality, functionality or performance;
- iii. Has no effect on the price, quality or delivery of the goods or services offered;
- iv. Will not limit in any substantial way the PE's rights or the bidder's obligations;
- v. Deviations from commercial terms or technical specifications in procurement documents that have minor impact, but are minimal and can be given in monetary value;
- vi. Has not been specified in the Procurement Documents as grounds for rejection of the Bid/Proposal, provided that the total amount of adjustments for such deviations does not exceed the average price of all other bids/proposals, determined for the particular item, the equipment or the portion of work; and
- vii. Any deviation which has a financial value which can be monetarily ascertained and loaded to the bid/proposal.

However, if the deviation does not have any monetary value, such deviations shall be ignored. For example;

- i. When the PE specifies that the bidder shall initial all pages in the Procurement Documents, a failure to do so is a minor deviation, which has no monetary value.
- ii. When the PE specifies that the bidder shall seal the bid, a failure to do so is also considered as a minor deviation which has no monetary value.

For minor deviations, specific justification shall be recorded in the Bid/Proposal evaluation report, providing the reasons to consider them as minor deviations.

3. Debatable Deviations

There may be certain deviations which on the face of it may not show whether it is a major or a minor deviation. In some instances, such deviations could be considered as major, whereas in another instance same deviation could be considered as minor, depending on the scope, nature, size and other factors related to the respective Bid/Proposal. Such deviations are considered as debatable deviations.

Some examples of debatable deviations are as follows;

- i. Requesting payment terms different to what is specified in the Procurement Documents; if such requests are accepted during evaluation, the additional cost that will be incurred by the PE shall be loaded to the Bid/Proposal price. In the case of advance and payment stages, the additional cost may be the respective interests, and in the case of retention it may be the maximum amounts specified in the Procurement Documents;

- ii. Requests for changes in construction period which is not critical; If such proposals are accepted the additional cost (may include additional rentals, supervision cost) that will be incurred by the PE shall be loaded to the Bid/Proposal price for evaluation; and
- iii. 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. If the omitted items or Works are procured separately, the cost of such procurements shall be added to the Bid/Proposal price.

C. Preparation of Table of Substantial Responsiveness to Technical Requirements and Conditions of Bids

At this stage PC/BEC shall prepare a table of substantial responsiveness of technical requirements compiling all technical requirements as mentioned in the Bid Evaluation Report.

The sample format for the table of substantial responsiveness to technical requirements is shown as **Annexure V of Chapter 07**.

STAGE THREE: Detailed Bid/Proposal Evaluation

Bids that are substantially responsive are examined for detailed bids/proposals evaluation. At this stage no bid shall be rejected.

The main objective of detailed evaluation is to determine the cost that shall be incurred, if the contract is awarded to the respective bidders, who have submitted substantially responsive bids/proposals. Therefore, only the bids/proposals that have been determined as substantially responsive after examination of commercial and technical requirements as per Procurement Documents shall be considered for detailed evaluation.

The purpose of the comparison is to determine the lowest evaluated cost that shall be incurred by the PE, out of the substantially responsive bids/proposals received. The lowest evaluated responsive Bid/Proposal may or may not necessarily be the lowest quoted Bid/Proposal.

The PE may request bidders for clarifications in writing on the request of the PC/BEC. The bidder's clarification shall not involve modification to the contract price, delivery, conditions of contract or the specifications or any other effect the substance of the bid. However, PC/BEC shall not directly involve in any correspondence with Bidders in obtaining clarifications. In the case of BEC, requesting the PE to seek clarifications without the approval of the PC, such requests shall be made known to the PC concurrently.

A. Sequential Steps and Criteria for Detailed Bid/Proposal Evaluation

A systematic and logical sequence as described in this manual shall be followed during the detailed evaluation and comparison of bids/proposals.

Most frequently used evaluation criteria for detailed Bid/Proposal evaluation are given below.

The PE may use other appropriate criteria for a particular procurement and disclosed such criteria together with the evaluation methodology in the Procurement Document.

PC and/or BEC shall consider the following general evaluation criteria, steps and related principles depending on the Procurement Documents;

- 1) Follow evaluation criteria disclosed in the Procurement Documents;
- 2) Exclude VAT, contingencies and provisional sum amount;
- 3) Correction of arithmetical errors;
- 4) Application of applicable discount;
- 5) Adjustment to Bid/Proposal price for omissions;
- 6) Adjustment for delivery periods;
- 7) Adjustment for acceptable deviations that could be financially quantified;
- 8) Adjustment for inland transportation;
- 9) Operational costs and life cycle costing;
- 10) Application of domestic preference;
- 11) Conversion to common currency;
- 12) After sales services;
- 13) Treatment for unrealistic Bid/Proposal prices in Goods, Works, Services and IS Contracts; and
- 14) Clarification during evaluation.

B. Detailed Bid/Proposal evaluation

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

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

Steps and related principles for detailed bid evaluation are as follows.

1. Follow the Evaluation Criteria Disclosed in the Procurement Documents

In order to determine the lowest evaluated Bid/Proposal, the PE shall only use the evaluation criteria disclosed in the Procurement Documents. No additional evaluation criteria other than that were disclosed shall be used during the evaluation.

2.VAT Component, Contingencies and Provisional Sums shall be Excluded

For evaluation of bids/proposals, the VAT Component and the amounts quoted as provisional sums and contingencies shall be excluded from the Bid/Proposal prices for the purpose of evaluation, as such sums and VAT are not considered as part of the Bid/Proposal price.

However, all other taxes/levies shall be included as a part of the cost of the Bid.

3. Corrections of Arithmetical Errors

Bid/Proposal shall be checked for arithmetical errors, if any, to ensure that stated quantities and unit prices related to such quantities are consistent. The quantities shall be same as that stated in the Procurement Documents. The total Bid/Proposal price shall be the total of all line items.

The total of the line items shall be the figure reached by multiplying quantities by the relevant unit rates or the lump sum that is quoted. If there is a discrepancy between quantities, unit rate and corresponding totals, such discrepancies shall be corrected.

In case of Lump Sum contract, if there is a discrepancy between the total bid price and the price quoted under each column in the price schedule, the column price shall prevail in correcting the arithmetical errors.

The correction of arithmetical errors shall be done based on the following principles;

- 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 prevail;

However, if there is an obvious gross misplacement of the decimal point in the unit rate, in which case the line-item total as quoted will prevail and the unit rate will be corrected by editing digits which confirm to the line-item total; and

- iii. After arithmetical correction, if there is a change in the Bid/Proposal price, the amount stated in the form of Bid/Proposal shall be adjusted and shall be considered as binding upon the bidder.

If a Bid/Proposal price of any Bid/Proposal is adjusted as above, the PC/BEC shall give a detailed explanation in the PC/BEC Report concerning the adjustments made.

4. Application of offered discounts

Application of offered discounts shall be made based on the following steps and principles.

Any discount offered by a bidder could only be considered if such discount is offered prior to closing of bids/proposals. Only the discounts which have been announced at the bid opening shall be considered for evaluation.

However, if the discount is not disclosed and read out at the bid opening due to an oversight, bidder has the right to bring that to the notice of the BOC. Thereafter, the BOC shall read out such discounts.

If conditional discounts are offered, such discounts shall be ignored for the purpose of evaluation.

The unconditional discounts shall be considered in the manner, the bidder has offered them;

- i. If discounts are offered to limited items, it shall only be applied to such items;
- ii. If the discount is offered to the total Bid/Proposal price as a percentage, such discounts shall be applied to all the items in the price schedule;
- iii. If the discount is offered to the total Bid/Proposal price as a lump sum, such lump sum amount shall be proportionately distributed among all the items in the price schedule; and
- iv. If cross discounts* are offered, such discounts shall be taken for evaluation.

** Cross discounts are discounts offered by the bidders, if a bidder is eligible for award more than a single contract (or a lot). Bidders will offer different discounts based on the number of contracts eligible to award).*

5. Bid price adjustments due to omissions/missing items

Adjustment of bid prices due to omissions/missing items shall be made based on the following steps and principles.

The bid price shall be adjusted to account for items not included in the Bid/Proposal, provided that the Bid/Proposal;

- i. Can be accepted as substantially responsive if unquoted items are not of a critical nature; and
- ii. Values of such items are insignificant.

If the bids/proposals have missing items, such items shall be priced as an average of quoted prices offered by other bidders for the same items or by using the prevailing market prices, as the case may be. Such adjusted total amount is for evaluation purposes only. Supplier is obliged to supply the missing items within his quoted price.

Generally, for Works contracts, Instructions to Bidders may include clauses, which state that, if a bidder fails to quote for any items in the Bill of Quantities (BOQ), the bidder will not be paid by the PE for such items. However, if such bidder is selected, the bidder shall be obliged to provide such items within the total price quoted in the BOQ.

6. Adjustment for delivery periods

Adjustment for delivery periods shall be made based on the following steps and principles.

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

The adjustment to the Bid/Proposal prices shall be done in the manner described in the Procurement Documents. Generally, no advantage is given to a Bid/Proposal offering early delivery than that is specified in the Procurement Documents. Any Bid/Proposal which requires a price adjustment in excess of ten percent (10%) for late delivery shall be considered non-responsive and such Bid/Proposal shall be rejected at the preliminary bid examination.

7. Adjustment for acceptable deviations that could be financially quantified

Adjustment for acceptable deviations shall be made based on the following steps and principles.

In some cases, bidders may present their bids/proposals that deviate from the requirements of the Procurement Documents. Such deviations shall be quantified in monetary terms whenever possible, to permit fair comparison with other bids/proposals, if such deviations are considered as minor deviations during the preliminary examination of bids/proposals.

The most common deviations are related to different commercial terms such as different value/percentage of advances, changes in payment schedules etc. Unless it is specified in the Procurement Documents as a reason for rejection, such deviations shall not be considered for rejection of bids/proposals.

Such deviations shall be converted in to a monetary value by applying appropriate method such as using prevailing commercial interest rates.

Another form of bids/proposals deviation is the offering of a higher capacity or standard of performance different to what is specified in the Procurement Documents, such as a larger output capacity, greater carrying capacity or storage, etc. No additional advantage shall be given to such offers, unless the Procurement Documents specifically provide how such deviations should be evaluated.

8. Adjustment for inland transportation

Adjustment for inland transportation shall be made based on the following steps and principles.

For Works Contracts, no adjustments are allowed for inland transportation.

However, for supply of imported Goods, an adjustment for inland transportation to the project site may be allowed, if the price offered covers only the cost up to the port of entry based on the applicable INCOTERMS.

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

For Goods supplied on EXW/Exfactory basis, the bidders will not be entitled to inland transportation costs.

If the bid calls for the supply of Goods on CIF/FOB or EXW/Exfactory basis, the cost of local handling and inland transportation will only be considered for bid comparison purposes. In such event, the cost of local handling and inland transportation shall be calculated in the manner specified in the Procurement Documents.

9. Life cycle costing

Life cycle costing shall be made based on the following steps and principles.

Life cycle cost is the assessment of the initial cost of acquisition (purchased price) plus the follow-on operational costs to determine the total cost during the life of a plant or equipment.

In the procurement of equipment in which the operational cost and the cost of maintenance are substantial, it is important to consider that a minor difference in the initial purchase price between two competing bids/proposals can easily be overcome by the difference in the life cycle cost.

In these cases, it is most appropriate for the PE to evaluate bids/proposals on the basis of life cycle cost as specified in the Procurement Documents.

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

- i. Initial purchase price;
- ii. Operational cost;
- iii. Maintenance cost; and
- iv. Disposal cost.

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

If the PE determines that any Public Procurement shall include life cycle costing, provisions for life cycle costing shall be incorporated in to the Procurement Documents. In such an event, the method of evaluation of life cycle costing shall also be included.

10. Application of Domestic Preference

Please refer the steps and principles stipulated in the Section 7.7.1 of this Manual for the application of domestic preference.

11. Conversion to Common Currency

Conversion to common currency shall be made based on the following steps and principles.

In order to minimize the foreign exchange risk, in certain procurements (especially those done following ICB procedures) bidders are allowed to submit Bids/Proposals in maximum of three (03) foreign currencies. This would result in bids/proposals being presented in a wide variety of currencies. In such a situation, the relevant foreign currencies shall be converted to a single common currency, preferably to Sri Lankan Rupees, for evaluation purposes.

Such conversion shall be done, using the weighted average rates established for similar transactions by the Central Bank of Sri Lanka, applicable to the date specified in the Procurement Documents.

In some Works contracts, and in some supply contracts it is customary that the bidders are allowed to quote proportions in different currencies for the same item. In such situations, the bidders shall be instructed to quote local expenditure in Sri Lankan Rupees.

The following principles shall be applied for conversion to a common currency;

- i. Date of conversion shall be the bid closing day or a day that is twenty-eight (28) days prior to the bid opening which is specified in the Procurement Documents. The preferred day to be used shall be the latter; and
- ii. Always use the selling price of the currency based on the conversion rates declared by the Central Bank of Sri Lanka (CBSL).

12. After Sales Services

If availability of after sales services is considered as an essential factor, it shall be used as an evaluation criterion and provisions for that shall be included in the Procurement Documents.

The quality of after sales services 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 shall be specified in the Procurement Documents.

13. Unrealistic Bid/Proposal Prices for Goods, Works and Services Contracts

Unrealistic bid/proposal prices shall be dealt with applying the following steps and principles.

i) Comparison with Engineer's estimate in the case of Work contracts

A Bid/Proposal shall not be rejected solely because the Bid/Proposal price exceeds a pre-determined margin of the Engineer's estimate. Further, such rejection shall not be made solely on the ground that the bid/proposal price is substantially lower than the Engineer's estimate, or on the basis that such bid/proposal price is unbalanced or front loaded.

The degree of acceptability of a bid/proposal price depending on its "reasonableness" shall be determined at the evaluation. The reasonableness may be established by considering all factors such as market conditions, special terms specified in the Procurement Documents and prices of similar items procured in the recent past. If significant differences between Bid/Proposal price and the Engineer's estimate are found, the reasons for the differences shall be analysed.

The Engineer's estimate shall be reviewed to ascertain whether the price difference between the Engineer's estimate and the bid/proposal prices are due to any unusual items.

Current market conditions shall be analysed to ensure that the Bid/Proposal prices are not unrealistic.

The following options are available in the event of a discrepancy referred to above;

- (a) The Bid/Proposal shall be accepted if it is reasonable under the given circumstances; and
- (b) If the Bid/Proposal price is marginally low, the bidder shall be requested to prove to the satisfaction of the PE, how the bidder intends perform the Work as per the quoted rates. For this purpose, the bidder may be requested to provide a rate analysis together with an explanation of the bidder's capacity to perform. If the PE is of the view that the justifications/explanations provided by the bidder are unacceptable, and hence the bidder might fail in performing his obligations within the quoted rates, a higher performance security (performance bond with an increased value) may be requested from the bidder to mitigate such risks. If the bidder fails to provide such increased performance security, the Bid/Proposal of such bidder shall be rejected.

After applying the above criteria, if the PE finds that all the received responsive bids/proposals are unrealistic, all bids/proposals may be rejected and then take steps to call for fresh bids/proposals using modified Procurement Documents.

ii) Excessive Bid/Proposal Prices in Procurement of Goods/Services Contracts

A Bid/Proposal shall not be rejected solely due to the reason that the Bid/Proposal price exceeds the TCE.

In the price evaluation, the reasonableness of the substantially responsive lowest evaluated Bid/Proposal price shall be considered on the following;

- (a) Last purchase price accepted as reasonable/workable;
- (b) Prevailing market price ascertained through a market survey or published indexes;
- (c) Price of a similar/nearly equivalent Goods/Services; and
- (d) In the case of Goods, by considering an estimate for assembling parts of a machine separately.

C. Preparation of Table of Bidders after the Detailed Bid Evaluation

After going through the three (03) stages described above, PC/BEC shall be able to determine substantially responsive bids/proposals.

Sample formats for preparing the tables of evaluated substantially responsive bids (Tables for comparison of bids) are shown in **Annexure VI (a) and Annexure VI (b) of Chapter 7**.

D. Alternative Bids/Proposals

If the lowest evaluated substantially responsive bidder has submitted an alternative Bid/Proposal, when it is allowed in the Procurement Documents, such Bid/Proposal has to be examined for responsiveness from stage 1 up to the final stage of the Bid/Proposal evaluation process and shall be selected only if the evaluated alternative Bid/Proposal price is less than the evaluated Bid/Proposal price of the original Bid/Proposal, and it has been submitted in compliance with the instructions given in the Procurement Documents.

E. Preparation of table of bidders after the detailed bid examination and application of domestic preference.

After going through the three (03) stages described above, PC/BEC shall be able to determine substantially responsive bids/proposals in accordance with the provisions of the Procurement Documents. Thereafter, if domestic preference is applicable, the substantially responsive bids/proposals shall be adjusted applying domestic preference as provided in the Section 7.7.1 of this Manual.

After making adjustments applying the domestic preference PC/BEC shall prepare a table of evaluated substantially responsive bids following the format provided in **Annexure VII (a) of Chapter 07 and Annexure VII (b) of Chapter 07**.

The substantially responsive lowest evaluated Bid/Proposal which is selected after completing the three stages described above, shall thereafter, be taken to the Stage Four (04), to assess the post qualification requirements.

STAGE FOUR: EXAMINATION OF POST QUALIFICATION REQUIREMENTS FOR CONTRACT AWARD

The substantially responsive lowest evaluated bid/proposal will be examined to check whether it is unbalanced during the post qualification stage. In addition, financial and technical capability of the bidder/proponent and other relevant qualifications to ensure satisfactory execution of the contract as stipulated in the Procurement Documents shall be ascertained.

A. Examination of unbalanced bids/proposals

The bids/proposals shall be examined for any unbalanced pricing. If unbalances are observed the bids/proposals shall be subjected to verification and the measures laid down below for balancing the pricing will be applied.

A bid/proposal may appear unbalanced resulting from a comparison of unit prices quoted by bidders/proponents with the rates estimated by the PE.

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 (front loading). In other cases, the bidders who have reasons to believe that the quantities given in the bidding documents for one or more items are under estimated will quote high on those items.

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

In both cases referred to above, steps can be taken to remedy the situation if unbalancing is substantial, i.e. where the unit price quoted for the items involved is higher by fifty percent (50%) and more than the average price quoted by the other bidders for same items, and where such difference exceeds five percent (5%) of the total bid/proposal price.

Procedure to be followed in evaluation of unbalanced bids/proposals

In the case of contracts exceeding Sri Lanka Rupees Seven Hundred and Fifty Million (LKR. 750 Mn.) or equivalent in any foreign currency, the Net Present Value (NPV) of all unbalanced items shall be computed using the work program as a basis for timing of payments.

Simultaneously, the NPV for prices of such items in the Engineer’s estimate shall be computed. The difference between the two NPVs so computed shall be added to the quoted bid/proposal price only for comparison purposes.

In cases of overpricing, the items that are believed to be underestimated in quantities shall be adjusted without applying the existing rates to the entire adjusted quantities of such items. The mandatory use of existing rates for the adjusted quantities of such items shall be limited up to a certain percentage by incorporating appropriate clauses in the conditions of the contract.

In the case of other contracts, not exceeding Sri Lanka Rupees Seven Hundred and Fifty Million (LKR. 750 Mn.);

- i. The remedial action shall be based on the items for which the bidder/proponent appear to have quoted low prices;
- ii. The bidder shall be requested to prove to the satisfaction of the PC/BEC, 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 requested to provide a rate analysis together with an explanation of the bidder's capacity to perform;
- iii. If the justification/explanation of the bidder is acceptable, the PC/BEC shall proceed with the evaluation;
- iv. If the PC/BEC 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 (performance bond with an increased value) may be requested to mitigate such risks; and
- v. If the bidder fails to provide such additional performance security, his bid/proposal shall be rejected without forfeiting his bid security.

If the bidder who submitted the substantially responsive the lowest evaluated bid/proposal agrees with the remedial measures suggested by the PE, such bidder shall be recommended for the award of the contract. In case the bidder is not agreeable with the remedial measures suggested, the next lowest substantially responsive bidder will be evaluated, until such time a qualified bidder/proponent is selected for the award of a contract.

B. Post Qualification

Procurement Document shall contain factors that will consider post qualification requirements or similar to which would have been used in a pre-qualification document. Wherever appropriate and practicable, the minimum qualifications (such as CIDA registration for Works contract) shall be listed in the invitation for bids/proposals, to provide guidance for potential bidders as to whether in their own judgment they are qualified to be awarded the contract.

The post qualification criteria shall be aimed to select the bidder who has adequate capacity, experience and qualifications to perform the proposed contract with due attention to the size, nature and complexity of respective contract. If sufficient information is not available with the Bid/Proposal the PE may obtain additional information from the bidder to verify the experience and qualifications, provided such information is historical and factual and to be substantiated.

Some post qualification criteria that are being generally used for,

(a) Works and Services Contracts

- i. For high rise buildings, may require experience in construction of high-rise buildings of similar nature and complexity.
“Experience as a main contractor in the construction of high rise building of at least (Specify the number floors depending on the requirement) within last (10) years (specify number of years depending on the nature of the work). To comply with the above requirement, works cited shall be at least 70 % complete by value”.
- ii. Arrangement of cash flow for minimum period of three (03) months (number of months will depend on the ability of the employer to process interim Payment certificates).
- iii. Proposal for timely acquisition of the key equipment (own, lease, hire, etc.).
- iv. Staff with specified qualifications and experience for execution of contract.
- v. Detailed Work Program with Critical Path Analysis.
- vi. Guarantees and warranties as necessary.

(b) Goods and Information Systems Contracts

- i. Manufacturer’s authorization to demonstrate that the bidder is duly authorized to supply the Goods/Information Systems.
- ii. Proof of ability to carry out maintenance, repairs and spare parts stocking of the equipment offered.
- iii. Financial capability to supply Goods/Information Systems.
- iv. Past experience in supply of similar Goods/Information Systems.

If the substantially responsive lowest evaluated bid/proposal meets the post qualification requirements in terms of the Procurement Documents, PC/BEC may recommend the bidder for the award of contract. In the event that the bidder/proponent who submitted the lowest evaluated bid/proposal fails to meet the post qualification requirements, then the PC/BEC shall continue with the post qualification determination procedure considering the next lowest evaluated bid/proposal until such time a qualified bidder/proponent is selected for the award of a contract.

Domestic Preference

(Relevant Reference to the Procurement Guidelines - 7.7.1)

A. Entitlement of Domestic Preference

Local manufacturers and civil contractors who fulfil criteria mentioned below in respect to Goods including IS products and Works will be entitled to domestic preference provided that it is specified as a condition of the Procurement Document pertaining to the particular bid.

B. Preference for Domestic Goods

Preference will be applicable to domestically manufactured Goods in competing with the imported items. This eligibility will be decided, not in reference to the nationality of the bidder or manufacturer but with reference to domestically manufactured, value added goods.

C. Criteria for application of domestic preference for Goods

Application of domestic preference stated above would apply only to manufactured Goods and the bidder shall satisfy the PC that;

- i. Local labour, locally produced raw material and components source within Sri Lanka will account to thirty percent or more ($30\% \leq$) of EXW (Ex-Works) price of the product offered;
- ii. The production facility in which those Goods would be manufactured has been engaged in manufacturing such Goods by the time of invitation of bids;
- iii. The Bidder shall be registered under the Companies Act No7 of 2007;
- iv. Bidder shall submit an affidavit stating that the value addition is 30% or more of EXW price along with the breakdown of price structure; and
- v. Bidder shall submit certified audited financial statements to prove that the value addition is 30% or more of EXW price.

D. Guidelines for application of Domestic Preference

The following guidance shall be used for application of domestic preference by PEs;

- i. The application of the applicable preference shall be used only if it was specified in the Procurement Document pertaining to the particular bid;
- ii. The Goods being procured are “manufactured Goods” involving processing fabrication assembly etc., where a commercially recognized final product is substantially different from in basic characteristics of its components and raw materials;
- iii. The Goods qualified for domestic preference are identical or comparable to requirements given in the Procurement Documents with respect to quality, capacity and performance;

- iv. Satisfying the minimum domestic value addition as specified in the Procurement Documents;
- v. The margin of preference shall be loaded to the CIF bid price of foreign product for comparison purposes without subtracting from the bid price of the domestic products; and
- vi. It is the responsibility of the BEC/PC to verify whether the Goods offered are entitled for domestic preference based on the level of domestic value addition as stipulated in the Procurement Document pertaining to the particular bid.

E. Preference for domestically manufactured Goods

Domestically manufactured Goods for contracts funded by Foreign Funded Agencies (FFA)	Less than 15% (fifty percent) As specified in the loan/credit agreement of the FFA
Domestically manufactured Goods for contracts funded by the GOSL	20% (twenty percent)

F. The method for applying Domestic Preferences

- i. In the first instance all the bidders shall be divided into two (02) groups, i.e. “**preference entitled group**” and “**preference not entitled group**” giving due attention to the criteria i, ii, iii, and iv above under the criteria for application of domestic preference for Goods.
 - (a) Preference entitled group - Bids exclusively offering Goods manufactured in Sri Lanka, for which local labour and local raw material components within Sri Lanka will account for 30% or more of the EXW price;
 - (b) Preference not entitled group - The composition of this group is as follows.
 - Bids offering Goods manufactured in Sri Lanka where it is established local labour and local raw material component is less than 30% of the EXW price;
 - All bids offering goods manufactured abroad that have been already imported or that will be directly imported;
- ii. Bids offering imported articles, which are not entitled to domestic preference an amount equal to margin of preference (20%) of the CIF price of respective bid shall be added to the respective evaluated bid price, for bid comparison. In the case of locally manufactured articles, which are not entitled for domestic preference, amount equal to margin of preference (20%) of the EXW price of respective bid shall be added for the purpose of bid comparison.
- iii. Re-rank the bidders considering the hypothetical bid prices and the lowest responsive bid shall be determined. Award price shall be with no regard to the hypothetical bid price which calculated only for the purpose of bid evaluation.

G. Domestic Preference in case of Works

Domestic contractors and Joint Ventures must meet minimum criteria as specified below for eligibility under the domestic preference scheme.

The margin of preference is added to the Bid/Proposal price of foreign Bid/Proposal for comparison purposes, rather than subtracting from the domestic bid/proposal prices.

With a view to providing a realistic value addition to domestic bidders and Joint ventures, thereby promoting national industry and enterprise, when competing with foreign bidders, the domestic bidder's and Joint Venture's Bid/Proposal shall be given the following margins of preference during Bid/Proposal evaluation.

Domestic Preference for Works contracts

Domestic bidders in Works contracts funded by Foreign Funded Agencies (FFA)	Less than 10% (Ten percent) As specified in the loan/credit agreement of the FFA
Domestic bidders in Works contracts funded by GOSL.	15 % (fifteen percent)

Application of the margins of preference stated above would apply to domestic bidders and Joint Ventures that meet the following criteria:

- i. For an individual/sole proprietorship the bidder shall be a Sri Lankan;
- ii. For partnerships more than fifty percent (50%) of the ownership, shall be Sri Lankan;
- iii. For a Company;
 - (a) Such Company shall be registered in Sri Lanka;
 - (b) Shall have more than fifty percent (50%) ownership by Sri Lankans; and
 - (c) Shall not sub contract more than ten percent (10%) of the contract price, excluding provisional sums to foreign contractors.
- iv. The application of the margin of preference for a Joint Venture of domestic Companies;
 - (a) Would be limited only to Joint Ventures of individual firms who meet the criteria stipulated in iii (a) & (b) above; and
 - (b) The Joint Venture shall be registered in Sri Lanka.

Bid/Proposal Evaluation Report
(Relevant Reference to the Procurement Guidelines - 7.9)

A. Preparation of Bid Evaluation Report (BER)

After completing the Bid/Proposal evaluation process, the BEC/PC, as appropriate shall prepare a bid evaluation report explaining the process of evaluation, findings of the BEC/PC and making their recommendations on award of contract to the substantially responsive lowest evaluated bidder.

1) Bid evaluation report is based on the following principles;

- i. Goods, Works, Services are procured subject to evaluation criteria, as specified in the Procurement Documents;
- ii. The competitiveness and the transparency of the bidding process is clearly demonstrated that fair and equal opportunities to manufacturers, suppliers, contractors and service providers have been provided; and
- iii. The principle of "economy, efficiency and value for money" has been applied in the bidding and Bid/Proposal evaluation process in order to determine the substantially responsive lowest evaluated Bid/Proposal.

2) The following information among the other factors has to be included in the Bid evaluation report (suggested format of a bid evaluation report is stipulated in **Annexure VIII of Chapter 07**).

- i. A data sheet including key dates and steps in bidding process, and related evidence [A copy of the invitation to Bid/Proposal as advertised shall be attached]; (Refer to **Annexure I of Chapter 07**).
- ii. Bid opening information, clarifications, addendums if any and attendance sheet of the bidder's representatives (copy of the Bid/Proposal opening minutes shall be attached); (Refer to **Annexure II of Chapter 07**).
- iii. A table for Bid/Proposal prices, discounts offered, if any and arithmetic error corrections. (Refer to **Annexure III of Chapter 07** – Examination of Completeness of Bid/Proposal documents).
- iv. A table showing compliance with the major commercial conditions including completeness, bid security, Bid/Proposal validity, delivery or completion period, Payment terms.
- v. A table showing compliance with the key provisions of the technical specifications, requirements including capacity, operating characteristics, etc. with deviations and other shortcomings.
- vi. For all substantial responsive bids/proposals: table showing arithmetic errors and discounts.

- vii. For all substantial responsive bids/proposals; a table showing additions and adjustments made to bids/proposals prices for deviations with reference to the clauses in the Procurement Documents (indicating methods used in computing the adjustments).
- viii. For all substantial responsive bids/proposals: table showing currency conversion.
- ix. For all substantial responsive bids/proposals: table showing domestic preference.
- x. For all substantial responsive bids/proposals: table showing various steps from Bid/Proposal price announced to evaluate Bid/Proposal price.
- xi. Record of clarifications made from all bidders.
- xii. For lowest evaluated bidder: Post qualification verification.
- xiii. Names of bidders rejected and reasons for rejection: names of unresponsive bidders could be shown under each stage and step depending on the situation.
- xiv. The proposed contract award recommendation.

In addition, the evaluation report shall be included a narrative section in which any information not suitable for presentation in the form of tables, together with any supplementary information necessary for a complete understanding of all factors considered during Bid/Proposal evaluation.

B. Recommendation of Award of Contract

The bidder who will become successful at the end of stage 4 will be recommended for award of contract by BEC for PC's approval. In the absence of a BEC, it is the responsibility of the PC to decide on the award of contract.

C. Situation on the Lowest Evaluated Bid Value is Equal for Multiple Bidders

When the substantially responsive lowest evaluated bid value is the same for two or more bids, then the following options may be followed;

- i. Awarding the contract by splitting the contract among the equal and lowest evaluated bidders based on the nature of the procurement;
- ii. Requesting for fresh sealed bids/quotations from among the equal and lowest evaluated bidders; or
- iii. Selecting through a fair tossing/drawing lots procedure.

**Rejection of All Bids/Proposals Received
(Relevant Reference to the Procurement Guidelines - 7.10)**

A. Justifiable Instances for Rejection of all the Bids/Proposals

There are instances where all the bids/proposals to be rejected according to the provisions in the Procurement Documents because all the bidders failed to meet the PEs basic requirements.

Rejection of all the bids/proposals shall on justifiable grounds such as;

- i. Lack of effective competition or inadequate competition;
- ii. There are no substantially responsive bids/proposals;
- iii. All Bid/Proposal prices are unreasonably high, unrealistic and substantially above the TCE or budgetary provisions; and
- iv. Found that Procurement Documents are defective and continuing the bidding process is meaningless;

In instances, where the requirement of PE has changed during the Procurement Process for justifiable reasons, PE shall report such requirement to the relevant authorities for cancellation of the procurement.

B. Procedure to be followed for rejection

Before rejecting all the bids/proposals, the PC, with the assistance of the BEC shall review that whether there are valid reasons for rejection and causes for such rejection are justifiable.

If found reasonable, BEC/PC, appropriately shall suggest remedial actions to be taken by PE to proceed with the procurement action that shall be taken to correct the situation such as revising the conditions of contract, design and specifications, scope of the contract, or a combination of these. Such recommendations shall be referred to the PE through the PC for necessary action.

All the bidders who responded to the IFB shall be informed of the decision for rejection, with reasons and return the bid securities, if any by PE.

C. General instructions

It is worthy that lack of competition shall not be determined solely on the basis of the number of bids/proposals received. Even if there is a single substantially responsive Bid/Proposal, that shall be examined for responsiveness and reasonableness of price offered. If found that the Bid/Proposal is substantially responsive, and price is reasonable, such bids/proposals shall be considered for award.

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

All bids/proposals shall not be rejected and new bids/proposals invited on the same procurement and contract documents solely for the purpose of obtaining lower prices. If the lowest evaluated responsive bids/proposals exceed the engineer's estimates by a substantial margin, the PE shall review cause for the excessive cost prior to requesting new bids/proposals.

However, substantial reduction in the scope or modification to the Procurement Documents may require prior to re-bidding.

Annexure I of Chapter 07

**Suggested Example - Formats for the Use of Bid Evaluation Report - Stage One - Basic Data
(Procurement Manual Reference - 7.7)**

(PC and BEC have the liberty to develop suitable formats depending on the type of procurement)

BASIC DATA (All data applicable for the Bid/Proposal evaluation are needed to be included in this table)

Name of the institution:

Bid number:for.....

Bid/Contract/Title:

	Procurement documents reference	Requirements
	Section & clause no of procurement documents	List of all requirements/conditions as stipulated in the procurement documents
1.	Example: ITB.....	No. of invitation for bids:
2.	ITB.....	The name of the bidding process:
3.	ITB.....	Bid or contract No:
4.		Estimates value or Engineer's estimate:
5.		Date of invitation of bids issued:
6.		Method of procurement:
7.		Bid closing date and time:
8.		Bid opening date and time:
9.		Number of bids received:
10.		Bid validity period:
11.		Bid validity expiry date:
12.		Bid security amount:
		Bid security validity expires on:
13.		Bid evaluation criteria: need to mention as stipulated in the procurement documents
14.		Clarification of bids;
15.		Deviation, reservation, modifications
16.		Omissions.....
17.		Determination of substantially responsive bids: Major deviations:
18.		Commercial terms and conditions:
19.		Technical requirements:
20.		Correction of arithmetical errors:
21.		Conversion to single currency:
22.		Bid evaluation methodology:
23.		Comparison of bids:
24.		Examination of bidders' capacity
25.		Margin of preference

Annexure II of Chapter 07

**Records of Bid/Proposal Opening
(Procurement Manual Reference - 7.7)**

Suggested Formats for the use of Bid Evaluation Report – Stage 01

(In addition to the bid opening report prepared by the BOC, BEC could prepare a Bid/Proposal opening report including their findings)

Name of the PE:

Name of the project:

Bid/Proposal No:

Bid /proposal contract title:

Bid/Proposal description:

Following bids/proposals have been received by the BOC and by the deadline fixed on date..... and time.....at the designated place/PE and were publicly opened and read at time:hours on the Bid/Proposal opening date.

No:	Name of the bidder	Bid security amount	Bid/Proposal amount (discount offered recorded) package amount separately			Whether alternative Bid/Proposal is submitted (Yes/No)	Remarks short comings deficiencies important points	Any other points
			Package No. One	Package No. Two	Total			
							BEC shall include all applicable points	
1								
2								
3								
4								
5								
6								
7								

Notes: In addition to BOC report, all the other important information noted by the BEC are to be listed below;

1. Clarifications and discounts offered
2. Clearances and questions asked and answers;
3. important points which are not noted by BOC

As an attachment:

- (1). Bid Opening Report (BOR) prepared by the BOC: with Names and signatures
- (2). Records of bidder’s attendance also may be attached

Annexure III of Chapter 07

**Examination of Completeness of Bid/Proposal Documents
(Procurement Manual Reference - 7.7)**

Suggested Format for the Bid Evaluation Report – Stage 01 (Prepared by the BEC as the first step for Bid/Proposal evaluation.)

Name of the PE:
 Name of the project:
 Bid No:
 Bid / Contract title:
 Bid description:

Item in Procurement document	Description as mentioned in Procurement Documents	Bidder No/s Examples				Remarks
		1	2	3	4	
Example: item Nos.	Procurement documents	1	2	3	4	
1.-1	Original bid and one copy	Y	Y	Y	Y	
1.-2	Completeness of form of bid	Y	Y	Y	N	
1.-3	Price schedules	Y	Y	Y	Y	
1.-4	Bid security	Y	Y	Y	Y	
1.-5	Power of attorney	Y	Y	Y	Y	
1.-6	Signature of the bid form	Y	Y	Y	Y	
1.-7	Authority to signature	Y	Y	Y	N	
1.-8	Eligibility: bidder	Y	Y	Y	Y	
1.-9	Eligibility: Goods, services	Y	Y	Y	N	
1.-10	Joint venture agreement	Y	NA	Y	NA	
1.-11	Bid validity dates	Y	Y	N	Y	
2 - 1	Commercial terms and conditions					
2 - 2	Technical requirements and evidence					
3. - 1	Authority to signature	Y	Y	Y	Y	
3. - 2	-----					
-----	-----					
5. - 8	Completeness of bids	Y	N	N	N	
	Bid price quote as they are;					

Y = Yes
 N = No
 NA = Not available

Annexure IV(a) of Chapter 07

**Table for Examination of Substantial Responsiveness of Bids/Proposals
for Commercial Terms and Conditions - Goods and Services
(Procurement Manual Reference - 7.7)**

**Suggested Format for the Bid Evaluation Report – Stage 02
(BEC has the liberty to design a suitable format)**

Name of the PE:
 Name of the project:
 Bid/Proposal No:
 Bid/Proposal / Contract title:
 Bid description:

No	Requirements	Procurement Document reference	Bidder No's				Remarks and Effects of major deviations
			1	2	3	4	
1.	Power of attorney	ITB Sec....	C	C	C	C	
2	Signature on bid form and price schedule	ITB Sec....	C	C	C	C	
3	Joint venture conformation and letter of intent to enter into an agreement	ITB Sec....	C	C	C	C	
4	Eligibility (a) bidder (b) goods and related services	ITB Sec....	C C	C C	C C	C C	
5	BID VALIDITY 100 DAYS	ITB Sec....	C	NC	C	C	
6	Bid security (a) Amount (b) Validity (c) Correct format	ITB Sec....	C C C	NC NC C	C C C	C C C	
7	FIXED PRICE CONTRACT	ITB Sec....	C	C	C	C	
8	Terms of payments	ITB Sec....	C	C	C	C	
	List out each relational conditions and deviations if any	Verified Major deviation and their effects may be included in the remark's column. Similar for minor deviations if the results are quantified					
	Conclusions		R	NR	R	R	

C = Complied NC: Not complied R= Responsive and NR = Not responsive

Note:

1. All commercial conditions mentioned in the bidding documents are to be listed out and examine for each bidder has been complied or not. Bidders who are complied to all commercial conditions are considered as responsive and qualify for further examination.
2. Suitable format for commercial terms and conditions may be developed for work, services and other procurements.

Annexure IV(b) of Chapter 07
Table for Examination of Substantial Responsiveness of Bids/Proposals
for Commercial Terms and Conditions – Works
(Procurement Manual Reference - 7.7)

Suggested Format for the Bid Evaluation Report – Stage 02

(BEC has the liberty to design a suitable format)

Name of the PE:
 Name of the project:
 Bid No:
 Bid / Contract title:
 Bid description:

No	Requirements	Procurement Document reference	Bidder No's				Remarks and Effects of major deviations
			1	2	3	4	
1.	Power of attorney	ITB Sec....	C	C	C	C	
2	Signature on bid form and price schedule	ITB Sec....	C	C	C	C	
3	Joint venture conformation and letter of intent to enter into an agreement	ITB Sec....	C	C	C	C	
4	Eligibility (a) bidder (b) goods and related services	ITB Sec....	C C	C C	C C	C C	
5	BID VALIDITY 100 DAYS	ITB Sec....	C	NC	C	C	
6	Bid security (a) Amount (b) Validity (c) Correct format	ITB Sec....	C C C	NC NC C	C C C	C C C	
7	FIXED PRICE CONTRACT	ITB Sec....	C	C	C	C	
8	Terms of payments	ITB Sec....	C	C	C	C	
9.	List out each relational conditions and deviations if any	Verified Major deviation and their effects may be included in the remarks column. Similar for minor deviations if the results are quantified					
	Conclusions		R	NR	R	R	

C=Complied; NC=Not complied; R=Responsive; NR = Not Responsive

Note:-

1. All commercial conditions for civil work list out in the bidding documents are to be listed out and examine for each bidder has been complied or not. Bidders who are complied to all commercial conditions are considered as responsive and qualify for further examination.
2. Appropriate requirements of Commercial terms and conditions for information technology procurement has different from supply or work bids. Suitable format could be developed for such procurements.

Annexure V of Chapter 07

**Table of Substantial Responsiveness of Bids/Proposals for Technical Requirements
(Procurement Manual Reference - 7.7)**

Suggested Format for the Bid Evaluation Report – Stage 02

(BEC has the liberty to design a suitable format)

Name of the PE:
 Name of the project:
 Bid No:
 Bid / Contract title:
 Bid description:

No	Requirements: List out all technical terms and conditions mentioned in the Procurement Documents	Procurement Document reference	Bidder No's				Remarks
			1	2	3	4	
1.	Bid for specified scope of work/ supply or services	ITB Sec....	C	C	C	C	
2	Quoted for major items in the package	ITB Sec....	C	C	C	C	
4	Eligibility: technical requirements	ITB Sec....	C	C	C	C	
5	ISO certification	ITB Sec....	C	NC	C	C	
6	Technical qualification requirements	ITB Sec....	R	NR	R	R	
7	Minor deviations and effects	ITB Sec....	C	C	C	C	
8	Major deviations and effects	ITB Sec....	C	C	C	C	
9.	Technical qualifications	ITB Sec....	C	C	NC	C	
	List out technical conditions						
	Conclusions		R	NR	NR	R	

C = Complied

NC: Not complied R= Responsive and NR = Not responsive

Note:

1. All Technical conditions list out in the bidding documents are to be listed out and examine for each bidder has been complied or not. Bidders who are complied to all technical conditions are considered as responsive and qualify for further examination.
2. All technical terms and conditions are to be included and in accordance with the BEC report.

Annexure VI(a) of Chapter 07

**Table of Bids/Proposals Comparison: Substantial Responsiveness of All
Bids/Proposals Work Contracts
(Procurement Manual Reference - 7.7)**

Suggested Format for the Bid Evaluation Report

(Example Table to Be Prepared at the End of Detailed Bid Evaluation)

Name of the PE:
 Name of the project:
 Bid No:
 Bid / Contract title:
 Bid description:

	Detailed bid evaluation criteria as specified in Procurement Documents	Bidder Name	Bidder Name:	Reference to bid evaluation report
	Adjusted bid price after consideration of minor deviations terms, conditions and requirements.	Rupees Value calculated for each minor deviation + & -	Rupees: Values calculated for each minor deviation + & -	Remarks
PD Number	Detailed bid evaluation factors depending on the Procurement Documents	Plus, or minus to bid price if any	Plus, or minus to bid price if any	
	<ol style="list-style-type: none"> 1. Exclude VAT, contingencies and provisional sum amount; 2. Correction of arithmetical errors; 3. Application of applicable discount; 4. Adjustment to bid price for omissions; 5. Adjustment for acceptable departures; 6. Adjustment for delivery period; 7. Adjustment for inland transportation; 8. Operational cost and life cycle costing; 9. Conversion to common currency; 10. Domestic preference; 11. Reassess ranking order; 12. After sales services; 13. Examine bidding for unbalance; 14. Clarifications during evaluation; 	Under each bidder effect is quantified and mentioned each adjustment separately, if there are:	Under each bidder effect is quantified and mentioned each adjustment separately, if there are:	
	The total value of adjustments	plus, or minus	plus, or minus	
	Adjusted bid price	000000000	000000000	
	Bid value after detailed examination:			

Annexure VI(b) of Chapter 07

**Table of Bids/Proposals Comparison: Substantially Responsive
Bids/Proposals for Goods/Services
(Procurement Manual Reference - 7.7)**

Suggested Format for the Bid Evaluation Report – Stage 03

(Example Table to be prepared at the end of detailed bid evaluation)

Name of the PE:

Name of the project:

Bid No:

Bid / Contract title:

Bid description:(Assumed ICT equipment')

Package/lot NO	Particulars as mentioned in the Price Schedule (Example)	Detailed bid evaluation criteria specified in the Procurement Document	Bidder No's 1,2,3,4 Rupees Millions				Remarks
			1	2	3	4	
1.	Computers 50 Nos	Section.....	13.2	13.6	14.5	13.8	
2	Printers 10 NOs	Section.....	3.5	4.1	3.8	3.9	
3	Original operational systems and guarantees	Section.....	4.5	4.3	3.5	2.9	
4	3 Year spare parts: original CIF /EXW	Section.....	2.4	1.9	1.7	2.3	
5	Computer tables 50 NOs	Section.....	5.7	5.6	4.8	4.5	
6	Installation cost	Section.....	1.1	1.4	1.2	1.5	
7	Inland transportation	Section.....	0.5	0.3	0.2	0.3	
	Sub -total Part (A)	Xxxxx	xxxx	xxxx	Xxxx	xxxx	
	List out each adjustment and their related value: such as technical compliance, scope of work, terms of payments, delivery or work schedule, etc.	As per the Procurement Documents					
	Total evaluated bid price: comparison		yyyyy	yyyy	Yyyyyy	yyyyy	

Note:

After going through a detailed bid evaluation, the substantially responsive lowest evaluated Bid/Proposal has been determined as per the Procurement Documents. The final stage of bid evaluation begins thereafter.

Annexure VII(a) of Chapter 07

**Table of Bids/Proposals Comparison: Substantially Responsive
Bids/Proposals Quoted Prices After Domestic Preference
(Procurement Manual Reference - 7.7)**

Suggested Format for the Bid Evaluation Report – Stage 03

(Example for Supply contract)

Name of the PE:

Name of the project:

Bid No:

Bid / Contract title:

Bid description:(Assumed supply for water supply station).

Particulars as mentioned in the Price schedule	Bidder No's 1,2,3,4, Rupees Millions				Remarks
	1	2	3	4	
Part A. Supply and installation of water supply station.	13.2	13.6	14.5	13.8	
Pumps 10 NOs	3.5	4.1	3.8	3.9	
Motors operational systems and guarantees	4.5	4.3	3.5	2.9	
Pipes, valves and fittings 3 Year spare parts: original CIF /EXW	2.4	1.9	1.7	2.3	
Inland transportation	5.7	5.6	4.8	4.5	
Installation cost	1.1	1.4	1.2	1,5	
Commissioning	0.5	0.3	0.2	0.3	
Any other item/s					
Sub -total Part (A)	xxxx	xxxx	xxxx	xxxx	
Part B. List out each adjustment and their related value as applied in stage three above					
Evaluated Bid/Proposal price	yyyy	yyyy	yyyy	yyyy	
Total Bid/Proposal price after application of domestic preferences					
Bidder's rank;					

Note:

1. After going through a detailed bid evaluation, the substantially responsive lowest evaluated Bid/Proposal has been determined as per the Procurement Documents.
2. Application of domestic preferences applied for bid comparison purposes before the stage four of the Bid/Proposal evaluation.
3. BEC may design a suitable format depending on the cost components and Procurement Document requirements.

Annexure VII(b) of Chapter 07

**Table of Bids/Proposals Comparison: Substantially Responsive Bids/Proposals
Quoted Prices After Domestic Preference
(Procurement Manual Reference - 7.7)**

Suggested Format for the Bid Evaluation Report – Stage 03

(Example for Civil Work contract)

Name of the PE:

Name of the project:

Bid No:

Bid description:(Assumed construction of a building)

Particulars as mentioned in the Price Schedule	Bidder No's 1,2,3,4, Rupees Millions				Remarks
	1.	2	3	4	
Work site preparation	13.2	13.6	14.5	13.8	
Mobilization	3.5	4.1	3.8	3.9	
Earthworks	4.5	4.3	3.5	2.9	
Imported material CIF /	2.4	1.9	1.7	2.3	
Foundation and pilings	5.7	5.6	4.8	4.5	
The total concrete work cost	1.1	1.4	1.2	1.5	
Metalwork	0.5	0.3	0.2	0.3	
Drainage structures, Inland transport, finishing, etc.	0.7	0.8	0.6	0.2	
Any other item/s	N/A	N/A	N/A	N/A	
Sub -total Part (A)	xxxx	xxxx	xxxx	xxxx	
Part B. List out each adjustment and their related value: such as technical compliance, scope of work, terms of payments, work schedule etc.					
Evaluated Bid/Proposal price	yyyy	yyyy	yyyy	yyyyy	
Total Bid/Proposal price after application of domestic preferences					
Bidder's rank;					

Note:

1. After going through a detailed bid evaluation the substantially responsive lowest evaluated bid has been determined as per the Procurement Documents.
2. Application of domestic preferences has been applied for comparison purposes before stage four of the Bid/Proposal evaluation.
3. BEC may design a suitable format depending on the cost components and Procurement Document requirements.

Annexure VIII of Chapter 07

**Suggested Format of Bid Evaluation Report
(Procurement Manual Reference - 7.7)**

(BEC May Prepare the Report in a Suitable Format According to the requirement)

SUPPLY CONTRACTS	CIVIL WORK CONTRACTS
1. INTRODUCTION	1. INTRODUCTION
1.1: General introduction 1.2: Bid submission 1.3: Bid opening 1.4: Basic data and information 1.5: Committee of BEC	1.1: General introduction 1.2: Bid submission 1.3: Bid opening 1.4: Basic data and information 1.5: Committee of BEC
2. EXAMINATION FOR COMPLETENESS OF BIDS	2. EXAMINATION FOR COMPLETENESS OF BIDS
2.1: List Bidder names 2.2: Procurement documents' basic data 2.3: Validity of bids	2.1: List Bidder names 2.2: Procurement documents' basic data 2.3: Validity of bids
3. DETERMINATION OF SUBSTANTIVE RESPONSIVENESS OF BIDS	3. DETERMINATION OF SUBSTANTIVE RESPONSIVENESS OF BIDS
3.1: Eligibility of bidders and supply 3.2: Bidders qualification and validity 3.3: Response to arithmetical corrections 3.4: Commercial terms and conditions 3.5: Technical Requirements and Deviations	3.1: Eligibility of bidders and for civil work 3.2: Bidders qualification and validity 3.3: Response to arithmetical corrections 3.4: Commercial terms and conditions. term of completion. Terms of payments 3.5: Technical requirements and deviations
4. DETAILED BID EVALUATION	4. DETAILED BID EVALUATION
4.1: Selected bidders for detailed evaluation 4.2: Examination for other commercial terms and conditions as per Procurement Documents 4.3: Examination for other technical matters as per Procurement Documents 4.4: Analysis of each selected bidder for requirements mentioned in Procurement Documents 4.5: Clarification	4.1: Selected bidders for detailed evaluation 4.2: Examination for other technical terms and conditions as per Procurement Documents 4.3: Examination for other technical deviations, specifications construction schedule, construction method & equipment, site plan, personnel, subcontracting, construction facilities, etc. as per Procurement Documents 4.4: Analysis of each selected bidder for requirements mentioned in Procurement Documents 4.5: Clarification
5. DETERMINATION OF LOWEST EVALUATED BIDS/PROPOSALS.	5. DETERMINATION OF LOWEST EVALUATED BIDS/PROPOSALS
5.1: Checking for financial capability 5.2: Checking for technical capability 5.3: Checking for other qualifications such as for unbalanced prices	5.1: Checking for financial capability 5.2: Checking for technical capability 5.3: Checking for other qualifications such as for unbalanced prices

<p>5.4. Substantially responsive lowest evaluated bid</p> <p>5.5: Reasons for selection of the Substantially responsive lowest evaluated bid</p> <p>5.5: Application of domestic preferences according to Procurement Documents</p> <p>5.6: Evaluation of Post Qualification Requirements</p> <p>5.7: Selection of the bid for award of contract</p>	<p>5.4: Substantially responsive lowest evaluated bid</p> <p>5.5: Reasons for selection of the Substantially responsive lowest evaluated bid</p> <p>5.5: Application of domestic preferences according to Procurement Documents</p> <p>5.6: Evaluation of Post Qualification Requirements</p> <p>5.7: Selection of the bid for award of contract</p>
<p>6. CONCLUSIONS AND RECOMMENDATION</p>	<p>6. CONCLUSIONS AND RECOMMENDATION</p>
<p>8. APPENDIXES</p>	<p>8. APPENDIXES</p>
<p>9. ANY OTHER IMPORTANT MATTERS</p>	<p>9. ANY OTHER IMPORTANT MATTERS</p>

CHAPTER 08 – AWARD OF CONTRACT

Recommendation/Determination of Contract Award (Relevant Reference to the Procurement Guidelines - 8.1)

Responsibility for Recommendation/Determination of Contract Award

- i. Recommendation/determination of contract award is the responsibility of the respective PC.
- ii. Upon the receipt of the Bid Evaluation Report (BER), the Secretary to the PC shall immediately distribute copies of the BER among the PC members and shall summon a PC meeting to be held not later than one week after the receipt of the BER.
- iii. If PC is of the view that as per the Procurement Documents, further aspects have to be looked into prior to recommendation/determination of contract award or find any omission in the BER, the PC may request the BEC to reconsider such observations and re-submit the BER with appropriate amendments.
- iv. Once the BEC forwards the BER to the PC, the recommendations of the BER may be completely or partially accepted or rejected by the PC.
- v. If the PC rejects the recommendations of the BER completely or partially, then the PC shall indicate the reasons for such rejection.
- vi. If there is a disagreement among the members of the PC, the majority decision of the PC shall prevail. Dissenting comments/views of the member/s shall be recorded in the PC minutes.
- vii. Once the PC decides on its recommendation concerning the award of the contract, the Chairman of the PC shall inform the decision of the PC to the respective authorities as follows;
 - (a) In the case of HLPCs, SHLPCs and MPC, to the Secretary to the relevant Ministry; and
 - (b) In the case of DPCs, PPCs and RPCs, to the AO/Head of the Department and Project Director, as appropriate.

Standstill Period

(Relevant Reference to the Procurement Guidelines - 8.4)

The Standstill Period morefully explained below shall not apply under a situation where a single bid/proposal has been received in competitive bidding or in direct contracting or in response to Request for Quotations/Shopping or when the procurement is made to deal with an emergency as determined by the relevant Government Authorities.

There shall be an interval between the submission date of the PE's notification of the intention to award the contract and the actual award of the contract (Standstill Period). The purpose of the Standstill Period is to provide sufficient time for the bidders to consider whether they should submit an appeal against the decision to award the contract.

The Standstill Period shall be at least ten (10) working days.

Before the expiry of the third (3rd) working day of the Standstill Period, any unsuccessful bidder may request a debriefing from the PE. The PE shall conclude the debriefing before the expiry of the fifth (5th) working day of the Standstill Period.

If any successful bidder wishes to submit an appeal, such appeal shall be made before the expiry of the Standstill Period.

Appeals against Contract Awarding Recommendations (Relevant Reference to the Procurement Guidelines - 8.5)

A. Objectives of the Procurement Appeal Board (PAB)

The key objective of establishing the Procurement Appeal Boards is to provide an independent review of the PC decision upon the consideration of appeals submitted by the bidders. The appeals would allow contested issues concerning the procurement to be reviewed and corrective measures to be recommended.

PAB procedure is intended to provide speedy determination of appeals whilst keeping the costs low for all concerned parties. Further, the PAB procedure is intended to be fair and transparent.

B. Role of the Procurement Appeal Board

- i. The PAB shall only consider the issues raised in an appeal.
- ii. The PAB shall review the issues raised in an appeal taking in to consideration the relevant Procurement Documents, the bidding conditions, evaluation criteria and the minutes and reports of BEC and/or PC relating to the particular procurement. Any extrinsic evidence or assumptions shall not be considered.
- iii. If necessary, in addition to the appeal and any written responses submitted by the PE, the PAB may hear both parties before reaching any conclusion with regard to its recommendations.
- iv. The PAB shall not take any final decision concerning the award of contract. Pursuant to considering the appeal, it shall only make recommendations as to whether there is any merit in the appeal reviewed by the PAB and the PAB's recommendation concerning the appeal.

- v. If no appeals are made before the expiry of the Standstill Period, the CAO shall proceed to obtain the approval of the Cabinet of Ministers to award the contract. In the Cabinet Memorandum submitted to obtain the Cabinet Approval, it shall be specifically stated whether appeals have been received by the PAB under Guideline 8.5 of the Procurement Guidelines. If an appeal had been made, a copy of the PAB report concerning such appeal shall also be attached to the Cabinet Memorandum.

- vi. Where the submission of a Cabinet Memorandum to obtain a Cabinet Approval for the award of contract is not necessary, the approval of the relevant competent authority as defined in the Procurement Guidelines shall be obtained to award the contract. In connection with such contracts, where there have been appeals to the relevant PAC, the determination of the PAC shall be submitted to the relevant competent authority. In this regard, the relevant Sections of this Manual are Sections 2.9 and 8.5.3, 8.5.4 and 8.5.5.

**Appointment, Reporting, and Responsibilities of Procurement Appeal Board / Procurement Appeal Committees
(Relevant Reference to the Procurement Guidelines - 8.5.1)**

The intention to award a contract will be informed by CAO/AO to the bidders who participated in the procurement. Any bidder who disagrees with the decision of the PC has to submit its appeal within the Standstill Period (refer Section 8.4 of this Manual) to the relevant appeal board/appeal committee. The types of the appeal bodies are given below;

- i. Procurement Appeal Board (PAB) for High level Procurements related to SHLPC and HLPC;
- ii. Ministry Procurement Appeal Committee (MPAC) for Ministry level Procurements;
- iii. Department Procurement Appeal Committee (DPAC) for Department level procurements;
- iv. Project Procurement Appeal Committee (PPAC) for Project level procurements; and
- v. Regional Procurement Appeal Committee (RPAC) for Regional level Procurements.

The manner in which the aforesaid appeal bodies are appointed, the applicable reporting criteria and their respective responsibilities are dealt with in Sections 8.5.1 to 8.5.5 of this Manual.

**Procurement Appeal Board for Procurements Related to High Level
Procurement Committee and Standing High Level Procurement
Committee**

(Relevant Reference to the Procurement Guidelines - 8.5.2)

The PAB is appointed by the Cabinet of Ministers in consultation with the NPC for a term of three (03) years.

The PAB shall consist of three (03) members. The members so appointed shall have expertise and experience in fields such as;

- i. Public procurement;
- ii. Public finance;
- iii. Public administration;
- iv. Law;
- v. Engineering; or
- vi. Any other relevant field.

The Chairman of the PAB shall be appointed by the Cabinet of Ministers from among the three (03) members of the PAB.

The Cabinet of Ministers shall also appoint an alternate member to the PAB to serve as a member when a permanent member is absent.

The function of the PAB is to examine the appeals received from aggrieved bidders concerning the decisions of intention to award contracts by the High Level Procurement Committees or the Standing High Level Procurement Committees.

As far as reasonably practicable, the PAB shall conclude its review process within ten (10) working days.

The PAB shall carry out its functions independently. The PAB shall directly report its finding and/or recommendations concerning any appeal to the Secretary to the Cabinet of Ministers with a copy to the Secretary to the relevant Ministry.

Submission of Appeals to the PAB

The Secretary to the Ministry shall when informing the bidders of the intention to award the contract to the successful bidder, shall also inform the unsuccessful bidders that if they wish to appeal against the recommendation of the relevant HLPC/SHLPC, they may accordingly submit an appeal to the PAB in accordance with the Procurement Guidelines.

An unsuccessful bidder who is aggrieved by the recommendation of a HLPC/SHLPC may appeal in writing, against the recommendation of the said HLPC/SHLPC as the case may be, to the Procurement Appeal Board (PAB) within the Standstill Period.

Each appeal which shall be made in writing shall be accompanied by a non-refundable cash deposit of One Hundred Thousand (LKR.100,000/=) as indicated in the Procurement Documents. All such deposits shall be made at the office of the PAB where it is located, and a receipt shall be issued to each appellant who makes the deposit.

All appeals shall be submitted by registered post or hand-delivered to the office of the PAB and shall be acknowledged by the PAB.

It shall be the responsibility of the appellant to ensure that appeals submitted shall contain all relevant documents relied on by the appellant to support the grievance.

The PAB, upon the receipt of an appeal, shall promptly notify the same to the Secretary to the relevant Ministry and call for the relevant observations along with the relevant supporting documents for consideration by the PAB.

In addition, if necessary, for the purpose of investigating the grievances of the appellant, the PAB may also call for reports, files, or any other relevant documents from the Secretary to the relevant Ministry, who shall promptly provide the same to the PAB.

The PAB, where deemed necessary, may obtain the advice of subject experts in relation to the relevant procurement when considering an appeal.

The PAB may also consult the NPC, if deemed necessary.

Further details are stipulated in the Section 8.5.6 of this Manual.

**Ministry Procurement Appeal Committees for Procurements Related to
Ministry Procurement Committee
(Relevant Reference to the Procurement Guidelines - 8.5.3)**

The CAO shall appoint one or more Ministry Procurement Appeal Committees (MPACs) for each Ministry based on the requirements of the Ministry.

A. Composition and Appointment of a MPAC

Each MPAC shall have three (03) members appointed for a period of three (03) years.

The Chairman of the MPAC shall be an in-service or retired competent Senior Executive Level Officer with experience in procurement and, who holds or had held a position of an Additional Secretary or a position of equal level or above;

Two (02) members of the MPAC shall be selected from among in-service or retired, Executive Level Officers, who have experience in fields such as;

- i. Public Procurement;
- ii. Public Finance;
- iii. Public Administration;
- iv. Law;
- v. Engineering; or
- vi. Any other relevant field.

Such member shall be a person who holds or had held a Director level position or above.

In addition to the three (03) members referred to above, the CAO shall also appoint an alternate member to the MPAC who shall be available to serve when a permanent member is absent.

An Officer, who is at the level of a Senior Assistance Secretary/Director, shall function as the Secretary to the MPAC.

The MPAC shall carry out its functions independently. The MPAC shall directly report its finding and/or recommendations concerning any appeal to the CAO.

B. Submission of Appeals to the MPAC

The CAO shall when informing the bidders of the intention to award the contract to the successful bidder, shall also inform the unsuccessful bidders that if they wish to appeal against the recommendation of the relevant MPC, they may accordingly submit an appeal to the MPAC in accordance with the Procurement Guidelines.

An unsuccessful bidder who is aggrieved by the recommendation of a MPC may appeal in writing, against the recommendation of the said MPC to the MPAC within the Standstill Period.

Every appeal shall be addressed to the Chairman of the MPAC.

Each appeal shall be made in writing and shall be accompanied by a non-refundable cash deposit of Rupees Twenty-Five Thousand (LKR.25,000/=) as indicated in the Procurement Documents. Such deposits shall be made at the relevant Ministry and a receipt shall be obtained. The MPAC shall only consider an appeal if proof of such deposit is available.

All appeals shall be handed over to the relevant Ministry and an acknowledgment shall be obtained.

It shall be the responsibility of the appellant to ensure that appeals submitted shall contain all relevant documents relied on by the appellant to support the grievance.

The MPAC shall upon the receipt of an appeal from an unsuccessful bidder shall promptly notify to the CAO and call for the relevant observations along with the relevant supporting documents for consideration by the MPAC.

In addition, if necessary, for the purpose of investigating the grievances of the appellant, the MPAC may also call for reports, files, or any other relevant documents from the CAO, who shall promptly provide the same to the MPAC.

The MPAC, where deemed necessary, may obtain the advice of subject experts in relation to the relevant procurement when considering an appeal.

The MPAC may also consult the NPC, if deemed necessary.

Further details are stipulated in the Section 8.5.6 of this Manual.

C. Operational Responsibility of MPAC

After considering an appeal, the MPAC shall submit its independent report to the CAO, indicating whether the appeal has any merit or not together with its recommendations.

The MPAC shall submit the aforesaid report within Ten (10) working days from the closing date of the appeal.

MPAC may, if it is deemed necessary, make special observations, in its report to the CAO regarding any instances of serious non-compliance with the Procurement Guidelines, which have come to the attention of the MPAC during the course of its consideration of the appeal;

After reviewing the report submitted by the MPAC, the CAO is responsible for taking the final decision concerning the award of the contract.

Department Procurement Appeal Committee/ Project Procurement Appeal Committee for Procurements Related to Department Procurement Committee/ Project Procurement Committee (Relevant Reference to the Procurement Guidelines - 8.5.4)

The CAO may appoint a Department Procurement Appeal Committee (DPAC)/ Project Procurement Appeal Committee (PPAC) for each institution depending on the requirements of the respective institution to deal with appeals in relation to DPC/PPC level procurements.

The members to be appointed to a DPAC/PPAC shall be nominated by the AO/HD/PD to the CAO.

A. Composition and appointment of DPAC/ PPAC

Each DPAC/PPAC shall have three (03) members appointed for a period of three (03) years.

The Chairman of the DPAC/ PPAC shall be an Executive Level Officer with experience in Public Procurement.

The other Two (02) members of the DPAC/PPAC shall be the Executive Level Officers selected from in-service personnel.

In addition to the Three (03) members aforesaid, the CAO shall also appoint an alternate member who shall serve when a permanent member is absent.

A suitable Staff Grade Officer of the Institution concerned shall be appointed as the Secretary to the DPAC/PPAC by the CAO.

B. Submission of Appeals to the DPAC/PPAC

The CAO/AO shall when informing the bidders of the intention to award the contract to the successful bidder, shall also inform the unsuccessful bidders that if they wish to appeal against the recommendation of the relevant DPC/PPC, they may accordingly submit an appeal to the DPAC/PPAC in accordance with the Procurement Guidelines.

An unsuccessful bidder who is aggrieved by the recommendation of a DPC/PPC may appeal in writing, against the recommendation of the said DPC/PPC to the DPAC/PPAC within the Standstill Period.

Every appeal shall be addressed to the Chairman of the DPAC/PPAC.

Each appeal shall be made in writing and shall be accompanied by a non-refundable cash deposit of Sri Lanka Rupees Ten Thousand (LKR. 10,000/=) as indicated in the Procurement Documents. Such deposits shall be made at the relevant entity and a receipt shall be obtained. The DPAC/PPAC shall only consider an appeal if proof of such deposit is available.

All appeals shall be handed over to the relevant entity and an acknowledgment shall be obtained.

It shall be the responsibility of the appellant to ensure that appeals submitted shall contain all relevant documents relied on by the appellant to support the grievance.

The DPAC/PPAC shall upon the receipt of an appeal from an unsuccessful bidder, promptly notify the CAO/AO and call for the relevant observations along with the relevant supporting documents for consideration by the DPAC/PPAC.

In addition, if necessary, for the purpose of investigating the grievances of the appellant, the DPAC/PPAC may also call for reports, files, or any other relevant documents from the CAO/AO, who shall promptly provide the same to the DPAC/PPAC.

The DPAC/PPAC may also consult the relevant Ministry, if deemed necessary.

Further details are stipulated in the Section 8.5.6 of this Manual.

C. Operational Responsibility of DPAC/PPAC

After considering an appeal, the DPAC/PPAC shall submit its independent report to the CAO/AO, indicating whether the appeal has any merit or not together with its recommendations.

The DPAC/PPAC shall submit the aforesaid report within Ten (10) working days from the closing date of the appeal.

DPAC/PPAC may, if it is deemed necessary, make special observations, in its report to the CAO/AO regarding any instances of serious non-compliance with the Procurement Guidelines, which have come to the attention of the DPAC/PPAC during the course of its consideration of the appeal;

After reviewing the report submitted by the DPAC/PPAC, the CAO/AO is responsible for taking the final decision concerning the award of the contract.

**Regional Procurement Appeal Committees for Procurements Related to
Regional Procurement Committee
(Relevant Reference to the Procurement Guidelines - 8.5.5)**

The AO may appoint a Regional Procurement Appeal Committee (RPAC) for each regional office depending on the requirements of the respective institution to deal with appeals in relation to RPC level procurements.

A. Composition and appointment of RPAC

Each RPAC shall have three (03) members appointed for a period of three (03) years.

The Chairman of the RPAC shall be a Staff Grade Officer with experience in Public Procurement.

The other Two (02) members of the RPAC shall be suitable in-service Staff Grade Officers.

In addition to the Three (03) members aforesaid, the AO shall also appoint an alternate member who shall serve when a permanent member is absent.

A suitable Staff Grade Officer of the Institution concerned shall be appointed as the Secretary to the RPAC by the AO.

B. Submission of Appeals to the RPAC

The AO shall when informing the bidders of the intention to award the contract to the successful bidder, shall also inform the unsuccessful bidders that if they wish to appeal against the recommendation of the relevant RPC, they may accordingly submit an appeal to the RPAC in accordance with the Procurement Guidelines.

An unsuccessful bidder who is aggrieved by the recommendation of a RPC may appeal in writing, against the recommendation of the said RPC to the RPAC within the Standstill Period.

Every appeal shall be addressed to the Chairman of the RPAC.

Each appeal shall be made in writing and shall be accompanied by a non-refundable cash deposit of Sri Lanka Rupees Five Thousand (LKR. 5,000/=) as indicated in the Procurement Documents. Such deposits shall be made at the relevant entity and a receipt shall be obtained. The RPAC shall only consider an appeal if proof of such deposit is available.

All appeals shall be handed over to the relevant entity and an acknowledgment shall be obtained.

It shall be the responsibility of the appellant to ensure that appeals submitted shall contain all relevant documents relied on by the appellant to support the grievance.

The RPAC shall upon the receipt of an appeal from an unsuccessful bidder, promptly notify the AO and call for the relevant observations along with the relevant supporting documents for consideration by the RPAC.

In addition, if necessary, for the purpose of investigating the grievances of the appellant, the RPAC may also call for reports, files, or any other relevant documents from the AO, who shall promptly provide the same to the RPAC.

The RPAC may also consult the relevant Department, if deemed necessary.

Further details are stipulated in the Section 8.5.6 of this Manual.

C. Operational Responsibility of RPAC

After considering an appeal, the RPAC shall submit its independent report to the AO, indicating whether the appeal has any merit or not together with its recommendations.

The RPAC shall submit the aforesaid report within Five (05) working days from the closing date of the appeal.

RPAC may, if it is deemed necessary, make special observations, in its report to the AO regarding any instances of serious non-compliance with the Procurement Guidelines which have come to the attention of the RPAC during the course of its consideration of the appeal;

After reviewing the report submitted by the RPAC, the AO is responsible for taking the final decision concerning the award of the contract.

Role of the Procurement Appeal Board / Procurement Appeal Committees

(Relevant Reference to the Procurement Guidelines - 8.5.6)

The role of the PAB is described above in Section 8.5.B.

The roles of the PACs (MPAC/DPAC/PPAC/RPAC) are described below;

- i. To review the appeals of the aggrieved parties submitted under Section 8.5 of the Procurement Guidelines taking in to consideration the Procurement Documents, bidding conditions, evaluation criteria, minutes and the reports of the MPC/DPC/PPC and RPC as may be relevant;

- ii. To do such review without considering extrinsic evidence or assumptions;
- iii. In addition, the following shall be taken into consideration;
 - (a) Any documents that are not relevant to the bidding and evaluation process shall not be called for;
 - (b) Shall not suggest changes to the conditions already included in the Procurement Documents;
 - (c) The review shall be confined to the issues raised by the appellant;
 - (d) To make a determination as to whether the issues raised by the appellant have any merit;
 - (e) Submit the report of the PAC to the relevant Authority for awarding the contract; and
 - (f) May require the appellant and/or any other relevant party to make representations concerning the review performed by the PAC.

**Payments for Members of Procurement Appeal Board/ Procurement Appeal Committees and Staff Officers and Other Officers Assisting the Procurement Appeal Process
(Relevant Reference to the Procurement Guidelines - 8.5.7)**

Members and alternate member of the Procurement Appeal Board (PAB)/ Procurement Appeal Committees (PACs) shall be remunerated for their services. Any Officers who have assisted the PAB or PACs shall also be remunerated.

Payment of remunerations shall be based on the performance of the members or officers concerned.

The applicable payments shall be determined by the NPC, in consultation with the General Treasury.

**Formal Contract Agreement
(Relevant Reference to the Procurement Guidelines - 8.7)**

i. The Issuance of the Letter of Acceptance (LOA)

The PE shall issue the Letter of Acceptance to the successful bidder within the Bid/Proposal validity period.

The LOA shall not contain any new conditions contrary to the conditions contained in the Procurement Documents.

The LOA shall state contract price.

A binding legal agreement comes in to existence when the LOA is issued to the successful bidder and when the same is acknowledged by the bidder.

Specimen formats used for LOA related to Goods, Services and Works are in **Annexure I of Chapter 08** and **Annexure II of Chapter 08**.

ii. Signing of the Formal Contract

Pursuant to the issuance of the LOA, it shall be necessary to enter in to a formal contract agreement with the successful bidder for;

- a. Any Works contract, exceeding LKR 500,000/= (Sri Lankan Rupees Five Hundred Thousand); and
- b. Any Goods or Service contract exceeding LKR 1,000,000/= (Sri Lanka Rupees One Million).

For any contract with a value less than the amounts specified above, the PE may enter into a formal contract at its discretion.

A purchase order or any other appropriate written document shall be used, if a formal letter of acceptance is not issued or a formal agreement is not executed.

The formal contract agreement shall be signed by the appropriate authority as per the delegated financial authority of the respective PE.

Where a formal contract agreement is required, until the signing of such contract agreement, the LOA shall serve as the binding agreement between the parties.

Publication of Contract Award (Relevant Reference to the Procurement Guidelines - 8.8)

The PE shall publish the particulars concerning contracts that have been awarded by the PE on its website. The particulars shall include;

- i. Description of the Items/Works/Services for which bids /proposals were invited;
- ii. Total number of bids/proposals received;
- iii. The name of the successful bidder;
- iv. The contract price; and
- v. In the case of a contract awarded to a foreign bidder, the details of the local agent.

If the contract value exceeds Sri Lanka Rupees Seven Hundred and Fifty Million (LKR 750 Mn.), the information concerning the contract award shall be published in the Government Gazette in all three official languages. In addition, such publicity shall be given on websites of the General Treasury.

Annexure I of Chapter 08

**Sample Format for Letter of Acceptance for Supply Contract
(Relevant Reference to the Procurement Guidelines: 8.7)**

[USE THE LETTER HEADING PAPER OF THE PROCURING ENTITY]

To: -----[name and address of the Contractor] -----

This is to notify you that your bid dated ----- [insert date] supply of goods, installation, maintenance, and delivery of service¹ of the ----- [name of the Contract and identification number] for the Contract price of -----[name of currency¹] -----[amount in figures and words] corrected as per the Instructions to Bidders and/ or modified by a Memorandum of Understanding² is hereby accepted.

You are hereby instructed to proceed with the execution of the said supplies following the Contract documents.

The Commencement Date shall be:(fill the date as per Conditions of Contract).

The amount of Performance Security is:(fill the amount as per Conditions of Contract).

The Performance Security shall be submitted on or before (fill the date as per Conditions of Contract).

Authorized Signature:

Name and title of Signatory:

Name of Agency:

¹Delete inapplicable words

²If multiple currencies are involved, indicate amounts under each currency separated with the words, connecting them with 'and'.

³Delete "corrected per ITB and/or " or "and/or modified by a Memorandum of Understanding", if not applicable

Annexure II of Chapter 8

**Sample Format for Letter of Acceptance
(Relevant Reference to the Procurement Guidelines - 8.7)**

[USE THE LETTER HEADING PAPER OF THE PROCURING ENTITY]

To: -----[name and address of the Contractor] -----

This is to notify you that your bid dated ----- [insert date] construction, remedying the defects of the ----- [name of the Contract and identification number] for the Contract price of -----[name of currency¹] -----[amount in figures and words] as corrected following Instructions to Bidders and/ or modified by a Memorandum of Understanding² is hereby accepted.

The adjudicator shall be ----- [name and address of the Adjudicator, if agreed] /shall be appointed by the appointing authority.³

You are hereby instructed to proceed with the execution of the said supplies in accordance with the Contract documents.

The Commencement Date shall be:(fill the date as per Conditions of Contract).

The amount of Performance Security is:(fill the amount as per Conditions of Contract).

The Performance Security shall be submitted on or before (fill the date as per Conditions of Contract).

Authorized Signature:

Name and title of Signatory:

Name of Agency:

¹If multiple currencies are involved, indicate amounts under each currency separated with the words, connecting them with 'and'.

²Delete "corrected per ITB and/or " or "and/or modified by a Memorandum of Understanding", if not applicable

³Delete whichever is inapplicable or delete both if not applicable.

CHAPTER 09 - CONTRACT MANAGEMENT

Contract Management (Relevant Reference to the Procurement Guidelines - 9.1)

A. Purpose of Contract Management

The purpose of contract management is to ensure delivery of Goods, Works and Non-consulting Services, that were agreed upon at the time of award, in terms of standards quality and quantity as per the delivery schedules agreed, while managing the situations to curtail delays, variations and cost overrun to the maximum possible extent.

B. Responsibility for Contract Management

- (a) Responsibility for contract management lies with the respective PE, with regard to all Goods, Works, Services, and Non-consulting Services.
- (b) Contract management shall be governed based on the conditions of the contract.
- (c) New conditions shall not be introduced during the contract management process as a general principle.
- (d) PE shall ensure that the execution of Works, supply of Goods and delivery of services are adequately supervised and assessed prior to make the payments.
- (e) The quality of the Goods and the Services supplied and the execution of Works, shall be checked before acceptance/ taking over.
- (f) Timely addressing the issues on claims, arising from variations, time extensions and disputes, during implementation, and taking prompt action with due attention to cost escalations.

C. Certification of Interim, Final Payments and Completion of Works

The Engineer/ Consultant/ Technical Officer shall be responsible for certifying the interim payments, final payments and Completion of work by ensuring;

- (a) That the Works have been carried out following the specifications and other agreed terms and conditions; and
- (b) That the payments certified are under the conditions of the contract.

D. Certification for Receipt of Goods

The officer in charge of receipt of Goods shall issue a certificate for receipt of Goods, certifying that;

- (a) The Goods supplied are in accordance with the specifications and other agreed terms;
- (b) The supplied quantity is in accordance with the contract; and
- (c) Receipt of all certificates of warranties, guarantees, and operational manuals.

E. Certification of Service Completed

For Service contracts, the officer-in-charge of subject shall issue a certificate that the Services provided have been carried out under contractual provisions.

F. Joint Inspections

The PE, as appropriate may arrange a joint inspection on receipt of the certified interim payments, final payment, or completion report related to works contracts with the Contractor or his representative. The head of the PE may appoint an Inspection Committee consisting of three members for Joint Inspection, including the Engineer/ Consultant/ Technical Officer who certified the particular payment or completion report. Two (02) other Senior Officers may appoint as members representing the PE.

G. Payment of VAT

- (a) In respect of VAT registered Contractors/ Suppliers/ Service Providers, the amount of VAT on the value of Work done, Goods supplied, or Services provided, shall be paid by the PE, provided that such Goods, Works, or Services are not exempted or not excluded from VAT and the Supplier/ Contractor/ Service Provider has quoted for VAT and has submitted the tax invoice mentioning the VAT registration number.
- (b) Payment of VAT will be applied in respect of advance payments as well.
- (c) When retention money is released by the PE, the relevant amount of VAT shall also be paid by the PE.
- (d) When the VAT is paid to a Contractor/ Supplier/ Service Provider, the PE shall take immediate steps to inform such payments to the Commissioner General of Inland Revenue as per the instructions given by him.

Any clarification about VAT may be referred to the Commissioner General of Inland Revenue.

Variation Review Committee

(Relevant Reference to the Procurement Guidelines - 9.2)

A. Contract Variations

Variations to contracts beyond the permitted levels provided under contingencies in the estimates are considered unhealthy practices in Public Procurement. It reflects improper identification of the needs, poor designing, and estimation in procurement planning.

Variations lead to heavy financial burdens on the public, diluting the principles of Public Procurement and eroding confidence. PEs are responsible for managing the contracts appropriately within the contract value, with the commitment of all professionals involved in contract management, except in highly exceptional circumstances. Such variations may arise due to unforeseen circumstances.

B. Minimizing the Avenues for Variations

Precautionary measures for minimizing variation shall be taken from the time of procurement planning, designing, estimation, and contract management/administration. For this purpose;

- (a) Necessity/requirements of the PE shall be identified specifically during procurement planning;
- (b) Before the preparation of the Procurement Documents, PE shall obtain confirmation from the persons who prepared the design, TCE, and documentation for its accuracy and completeness by certifying such design and documentation. Similarly, confirmations shall be obtained from persons identifying the requirement of goods and services on the accuracy and the completeness of such requirements and specifications;
- (c) Appropriate steps in the preparation of TCE shall be taken, not to allow physical contingencies and price adjustments exceeding the limits specified in the section 4.2 in this manual of the Direct Construction Cost; and
- (d) When “Type Plan” structures or buildings are constructed, compare the original BOQ with the final measurement of similar “Type Plan” structures or buildings, before finalizing the BOQ related to another location, and taking steps to maintain the accuracy of the BOQ.

C. Approving Authority for Variations

The variation request shall be examined by the Variation Review Committee (VRC) and make its recommendation to the appropriate authority for approval.

VRC shall be satisfied that;

- i. Variations could not have been foreseen at the time of award of the contract; and
- ii. The change is justifiable in all aspects including scope, quantity, specifications, and financial commitment.

VRC shall be comprised of at least three members appointed by CAO/AO (Head of the Department (HD))/PD as appropriate. The three members shall be selected from among the specialists in the subject of engineering, finance, procurement and other related fields.

One of the members shall be appointed as the Chairman of the VRC.

D. Limit of approval of variations by AO/HD/PD

Aggregate variation up to 7.5% of the Contract Award Price and aggregate variation amount shall be less than the DPC/PPC threshold, AO/Head of the Department (HD) /Project Director (PD) may approve the change request on recommendation by the VRC.

When variation is less than 7.5% and variation amount is exceeding the DPC/PPC threshold, variation request shall be forwarded to the CAO.

E. Limit of approval of variations by CAO

Aggregate variation beyond 7.5% and up to 10% of the Contract Award Price and aggregate variation amount shall be less than the MPC threshold, AO shall forward all the relevant documents along with the VRC and AO's recommendation to the CAO for approval.

When variation is less than 10% and variation amount is exceeding the MPC threshold, variation request shall be forwarded for the approval of Cabinet of Ministers.

F. Aggregate variation exceeds 10% of the contract award price

- i. AO shall forward all the relevant documents along with the AO's and VRC's recommendation to the CAO to obtain the approval for the variation from the appropriate procurement committee and such PC need not necessarily be the PC that handled the original procurement.
- ii. On receipt of the approval for the variation, CAO/AO shall take necessary action for revision of TCE where necessary.
- iii. When variation amount is exceeding the MPC threshold, variation request shall be forwarded for the approval of Cabinet of Ministers.

The aggregate variation shall be submitted to the appropriate authority for approval according to **Annexure I of Chapter 09**.

Annexure I of Chapter 09				
Variation to Contract				
(Relevant Reference to the Procurement Guidelines - 9.2)				
Seeking Approval for Contract Variations				
1. Amount of the original TCE				LKR.
2. Original Contract Price				LKR.
3. Percentage of Contingencies provided in the TCE				
4. Aggregate variations calculated excluding contingencies and provisional sums (including changes in quantities) to date				
Amount:				
Percentage from the original contract price				
5. Comparison of current Variations against the contract;				
Reasons for variations	In the Original Contract		Variation Requested	
	Quantity	Amount (LKR.)	Quantity	Amount (LKR.)
The quantity provided in the BOQ				
Change of Scope				
Subtotal				
Variations issued to date (from 4 above)				LKR.
Aggregate current variations				LKR.
Percentage of the aggregate from the original contract price ¹				
Revised contract price with current aggregate variation				LKR.
6. If the current variation/s is due to an error in BOQ, explanation from the officer who was responsible for preparing the original BOQ: (use attachments)				
7. If the current variation/s is due to a change in scope, explanation from the Procuring Entity on why it was not foreseen at the design stage: (use attachments)				
8. For comparison purposes, the above 5 shall be elaborated item-wise in a separate attachment				
9. I agree/disagree and certify/ do not certify the proposed variation and recommend/do not recommend for approval. Proposed variations are essential for proper implementation of the project and such variations are due to unavoidable circumstances. ²				
Signature of the Chairman of the HD/PD	Designation			Date

¹ If the aggregate amount of variation as computed above is within the approving authority of the CAO and if the CAO is satisfied with the variation and by obtaining the assistance of a BEC appointed by him/her may approve the variation.

If the aggregate amount of variation as computed above is more than the authority level, of the CAO, he/she shall refer it to the appropriate PC, assisted by an appropriate BEC. For this purpose, the appropriate committees shall be decided based on the increased amount of the contract price and not necessarily the PC relevant to the revised contract price,

² Delete inappropriate words/sentence.

CHAPTER 10 – SANCTION/ DEBARMENT/ BLACKLISTING IN PUBLIC PROCUREMENT AND ACTIONS AGAINST OFFICERS INVOLVED IN MISCONDUCT IN PUBLIC PROCUREMENT

Appropriate authorities described in Section 10.3 of the Procurement Guidelines may impose sanction/ debarment/ blacklisting against the bidders/ suppliers/ contractors/service providers for violating the Procurement Guidelines and the terms and conditions of the relevant Procurement Documents.

Actions may also be taken by the appropriate authorities, against Officers of any Institution to which Public Procurement Guidelines are applicable, who are involved in public procurement, if found responsible for violating the Procurement Guidelines including Ethics of Public Procurement referred to in Section 1.5 of the Procurement Guidelines.

In this regard, it is important to note that the Section 107 of the Anti-corruption Act No.09 of 2023 shall be adhered to.

Sanction/ Debarment/ Blacklisting of Defaulted Bidders/ Suppliers/ Contractors/ Service Providers and Actions against Public Officers Involved in Misconduct in Public Procurement (Relevant Reference to the Procurement Guidelines - 10.1)

**A. Sanction, Debarment or Blacklisting of Defaulted Bidders/ Suppliers/ Contractors/
Service Providers**

Sanction, debarment or blacklisting of any bidder/ supplier/ contractor/ service provider restricts his right to participate in public procurement for a specific period determined by the appropriate authority described in Section 10.3 of the Procurement Guidelines. The process followed in making such determinations shall be fair and transparent.

The sanction, debarment or blacklisting of a firm or individual contractor shall be confined to the following three (03) levels;

- i. To all Government Institutions for which these Guidelines are applicable;
- ii. To a specific Ministry, in which the firm/contractor is blacklisted; and
- iii. To a respective Procuring Entity, which such action is taken.

Examples of possible violations by any Bidder/ Supplier/ Contractor/ Service Provider who participated in Public Procurement which shall attract the aforesaid sanction/ debarment/ blacklisting are provided below;

i. Non-Compliance to Bid Security Declaration

When a bid security declaration is allowed as per the Section 5.9 of the Procurement Guidelines and if any Bidder/ Supplier/ Contractor/ Service Provider failed to fulfil any of the specified conditions that shall be contained in such bid security declaration (Annexure VI of Chapter V of this Manual).

ii. Default in Bidding Stage

- (a) Submission of eligibility and qualification requirements containing false information or falsified documents.
- (b) Unauthorized use of one's name or using the name of another for the purpose of bidding.
- (c) Any unsolicited attempt by a bidder/supplier/contractor/service provider to unduly influence the outcome of the procurement.
- (d) Withdrawal of a Bid/Proposal after closing of the bid submissions.
- (e) Refusal to accept an award or enter into a contract without justifiable cause, after the Bid/Proposal had been determined as the substantially responsive lowest evaluated Bid/Proposal and such determination has been communicated to the relevant bidder/supplier/contractor/service provider.

iii. Default After Contract Award

The selected bidder/supplier/contractor/service provider informing the PE of his inability to carry out the contract after the contract award and/or failing to submit the performance security.

iv. Default in the Contract Implementation

In the event of a breach of the terms and conditions contained in the applicable contract/agreement.

B. Actions Against Officers of any entity to which Public Procurement Guidelines are applicable (Involvement in Breach of Ethics in Procurement, Prohibited Practices or Conflict of Interest)

When it is established following a fair and transparent process that any Officer referred to above involved in Public Procurement has violated the Ethics of Public Procurement described in Section 1.5 of the Procurement Guidelines, actions against such Officers shall be taken as prescribed in this Manual.

The process to be followed in taking action against such an Officer shall be as follows;

- i. When a complaint is received alleging that an Officer involved in Public Procurement has violated the Section 1.5 of the Procurement Guidelines or it is discovered during any audit and/or any other official process that an Officer may have violated the Section 1.5 of the Procurement Guidelines, a written communication shall be sent to the Officer concerned through the relevant appointing authority/disciplinary authority.
- ii. The process to be followed pursuant to sending a written communication as aforesaid shall be as laid down in the Establishment Code or any applicable code of conduct used by the relevant institution.

Sanction/ Debarment/ Blacklisting Procedure
(Relevant Reference to the Procurement Guidelines - 10.2)

A. Procedure for Sanction/ Debarment / Blacklisting

The procedures to be followed for Sanction/ Debarment / Blacklisting of a bidder/ supplier/ contractor/ service provider;

- i. A request to debar a bidder/ supplier /contractor/ service provider could be submitted by a relevant Implementing Unit, the Internal Auditor, the Auditor-General, or any other oversight institution. A request for debarment shall be submitted to the relevant Authority prescribed under Section 10.3 of this Manual.

Such requests shall contain;

- (a) The name of the bidder/contractor/ supplier/service provider;
 - (b) The grounds for recommending Sanction/ Debarment / Blacklisting;
 - (c) Details of the procurement proceedings of the relevant contract; and
 - (d) Documentary or other evidence supporting the complaint.
- ii. The PE shall serve on the bidder/ supplier /contractor /service provider a written notice informing him of the complaint received and requiring him to show cause in writing, within two (02) weeks of such written notice. The recipient of such notice shall in his response shall provide explanations if any, as to why he should not be the subject of any determination for sanctioning/ debarring or blacklisting.
 - iii. If the PE is not satisfied with the explanation provided by the bidder/supplier/ contractor/service provider, the PE shall request the relevant authority described in Section 10.3 of the Procurement Guidelines, to appoint an independent committee consisting of one (01) or three (03) members as appropriate depending on the value and complexity of the procurement/contract. If it is a one-member committee, the member shall be appointed from outside the PE. If a three-member committee is to be appointed, at least one (01) member shall be from outside the PE.
 - iv. Before appointing a committee for sanction/ debarment / blacklisting, the relevant Authority shall consider;
 - (a) The information contained in the complaint and other relevant information obtained from the PE and the complainant;
 - (b) Information provided by the bidder/ supplier /contractor / service provider; and
 - (c) Any other relevant information, including reviews and/or audits already conducted by the PE or other oversight institutions.
 - v. The committee shall provide an adequate opportunity to the bidder/ supplier /contractor /service provider to present his case and follow the following process;
 - (a) The committee shall set a hearing date and inform all concerned parties;
 - (b) The initial hearing shall be held within ten (10) working days from date of appointment of the committee;
 - (c) The hearing shall be recorded and all evidences presented shall be preserved;

- (d) No legal representatives are allowed to appear, on behalf of the parties concerned; and
 - (e) All concerned parties should be allowed to submit written submissions if requested.
- vi. After conducting the hearing, the committee shall prepare a report with its recommendations and submit the same to the relevant authority described in Section 10.3 of the Procurement Guidelines. Such report shall state;
- (a) Whether the request for Sanction/ Debarment / Blacklisting is upheld or rejected;
 - (b) The reasons for its recommendations; and
 - (c) The level (whether it is Institutional or National level) and extent (time period) of applicability of the recommended sanction/ debarment / blacklisting.
- vii. The relevant Authority which receives the aforesaid recommendations shall, after reviewing the report forwarded by the committee, make a determination concerning the sanction/ debarment / blacklisting and communicate its decision in writing to;
- (a) The relevant bidder/ supplier /contractor/ service provider;
 - (b) The complainant; and
 - (c) The relevant PE.

B. Appeal Against Sanction/ Debarment / Blacklisting

- i. If any bidder/ supplier /contractor/ service provider who receives a determination concerning sanction/ debarment / blacklisting against him is unsatisfied with such determination he may submit an appeal, within five (05) working days from the date on which he received the determination to;
 - 1. If the relevant determination had been made by a CAO, to the Secretary to the General Treasury; and
 - 2. If the relevant determination had been made by a AO, to the relevant CAO.
- ii. Upon the receipt of such an appeal, the Secretary to the General Treasury or the CAO as the case may be, shall appoint an independent Appeal Committee consisting of one (01) or three (03) members depending on the value or complexity of the procurement/contract. If it is a one-member committee, the member shall be appointed outside of the relevant PE. If it is a three-member committee, at least two members shall be from outside the relevant PE.
- iii. The Appeal Committee shall conclude hearing the appeal within Twenty-one (21) calendar days from its appointment. Such hearing shall be conducted in a fair and transparent manner and giving an opportunity for the appellant and other relevant parties to present their respective cases and/or positions.

- iv. Pursuant to concluding the hearing, the Appeal Committee shall submit a report with its recommendations to the entity which appointed the Appeal Committee. Such recommendations shall state;
 - (a) Whether the appeal is upheld or rejected;
 - (b) Whether the decision to sanction/ debarment / blacklisting should be varied or amended; and
 - (c) The reasons for the recommendations.
- v. The Secretary to the General Treasury or CAO as the case may be, pursuant to receiving the recommendation of the Appeal Committee, communicate the final determination on the appeal to;
 - (a) The appellant;
 - (b) The relevant Authority described in Section 10.3; and
 - (c) The relevant PE.

C. Implementation of Sanction/ Debarment/ Blacklisting

If no appeals are received concerning any decision concerning Sanction/ Debarment/ Blacklisting, such decision shall take effect immediately. If there was an appeal, the decision made as per Section 10.2.B.(v) above shall prevail.

During the period of any debarment, including the appeal process, if any, a bidder/supplier/contractor/service provider shall not be permitted to participate in any public procurement but shall be required to continue the performance of any contracts/ agreements already awarded.

CHAPTER 11 – PROCUREMENT OF ESSENTIAL REQUIREMENTS

Procurement of Essential Requirements

(Relevant Reference to the Procurement Guidelines - 11.1)

Procurement Entities often procure essential Goods and Services to carry out day-to-day operations, uninterruptedly.

Generally, these provisions are used to procure Goods and Services including fuel, spare parts, and repair of motor vehicles and equipment which involves multiple awards for partial quantities.

Procurement of Spare Parts

(Relevant Reference to the Procurement Guidelines - 11.2)

CAO/AO can take a decision to purchase original or genuine spare parts. These spare parts are usually the safest option as these Goods are produced for the specific motor vehicle/ equipment with the manufacturer's guarantee.

Repairing Motor Vehicles and Equipment

(Relevant Reference to the Procurement Guidelines - 11.3)

The CAO/AO may delegate the financial authority as given in the Section 2.9 of this Procurement Manual. However, the approval of the CAO shall be obtained for repairs exceeding the cost of Sri Lanka Rupees Seven Hundred Thousand (LKR 700,000/=).

Periodicals and Publications

(Relevant Reference to the Procurement Guidelines - 11.4)

Periodicals and publications including magazines and newspapers may be purchased directly from the relevant publishers through direct subscription method and/or through the agents of the publishers.

However, when there are number of publishers and agents for a particular publication, then availability, distance, transportation costs, discounts offered, etc. shall be taken into the consideration.

Purchasing of Fuel

(Relevant Reference to the Procurement Guidelines - 11.5)

PE may directly purchase fuel as and when required since the fuel prices are decided by a regulatory body.

However, if the PE continuously purchases fuel from a particular depot/s then, the selection of the depot/s shall be carried out based on the criteria such as distance to the PE, credit facilities and the amount of the deposit.

CHAPTER 12 - PROCUREMENT OF INFORMATION SYSTEMS

Procurement Documents for Information Systems (Relevant Reference to the Procurement Guidelines - 12.2)

The purpose, nature, and complexity of the contract of the procurement shall be examined to select the appropriate Procurement Documents for a particular Information System (IS) procurement.

Proprietary Information Systems Procurements (Relevant Reference to the Procurement Guidelines - 12.3)

In the procurement of proprietary IS products, PE defines required products, their technical specifications, and service requirements such as installation and maintenance support for a specific period.

Bids/Proposals shall be obtained through advertisement for Request of Bids (RFB). When limited competition is justified, Request for Quotations (RFQ) may be obtained for small value contracts (Section 3.1.5 of this Manual) from limited number of firms.

This provision is applicable for supply and maintenance of Commercial Off-the-Shelf Information Systems and Commercial Off-the-Shelf Software and Licenses, etc.

Moreover, this provision may also be applicable when procured in large quantities of items such as laptops, servers, printers, scanners and also extensions to Local Area Networks, etc. which require similar installation, simple interconnections, and maintenance.

Since the market of these items is highly competitive, the PE shall use open competitive bidding methods whenever possible.

The following Bidding Procedures may be used considering the estimated value, nature and complexity of the procurement.

i. Single Stage One-Envelop (without pre-qualification/initial selection)

This procedure is more appropriate when the specifications and other requirements are well-defined and sufficient to enable submissions of complete bids/proposals. This method requires the submission of both technical and financial bids in one envelope.

The basic factors including the following shall be considered for the selection;

- (a) Compliance with technical specifications;
- (b) Ability to deliver as per the delivery schedule; and
- (c) Price and other requirements specified in the Procurement Documents.

The procedure to be followed is described below;

- (a) Publish Invitation for Bids (IFB), Request for Bids (RFB);
If required, Request for Information (RFI) can be used to collect information about the capabilities of various suppliers, contractors, and service providers, before commencing the procedure;
- (b) Pre-bid meetings or clarifications, if required;
- (c) Closing of Bid submission and opening of bids;
- (d) Evaluation of bids;
- (e) Selection of the most advantageous Bid;
- (f) Decide on intention to award of contract;
- (g) Issue notice of intention to award;
- (h) Allowing the bidders to seek debriefings and receiving of complaints and appeals from bidders during the standstill period;
- (i) Award of contract;
- (j) Obtain performance security and sign the contract agreement; and
- (k) Publish the contract award notice.

ii. Single Stage Two-Envelope (with or without pre-qualification/initial selection)

Single Stage Two-Envelope procedure can be used for complex IS supply and installation projects where the service component of the procurement is beyond the routine supply, installation and maintenance, other than the straightforward Information Systems.

In this procedure, the proposal shall be submitted in two envelopes. One envelope shall contain the qualifications and technical proposal and the other envelope shall contain the financial proposal. The envelope containing the qualifications and technical proposal shall be opened and examined.

The envelope containing the financial proposal of the responsive bidders shall only be opened and evaluated.

Procurement Documents shall specify the technical requirements in addition to the price, to be considered in the evaluation and how do they apply for the evaluation.

The procedure to be followed is described below;

- i. Publish Invitation for Bids (IFB)/ Request for Bids (RFB)/ Expression of Interest (EOI) to call Request for Proposals (RFP);
If required, Request for Information (RFI) can be used to collect information about the capabilities of various suppliers, contractors, and service providers, before commencing the procedure;
- ii. Pre-bid meetings/ pre-proposal conference or clarifications, if required;
- iii. Closing of bids/proposals submission;
- iv. Opening of technical proposals and evaluation;
- v. Notify the financial proposals opening time and the date only to technically responsive bidders/proponents;
- vi. Opening of financial proposals;
- vii. Financial proposal evaluation and final evaluation;
- viii. Select the most advantageous bid/proposal;
- ix. Determination of substantially responsive lowest evaluated bid/proposal;
- x. Issue notice of intention to award;
- xi. Allowing the bidders to seek debriefings and receiving of complaints and appeals from bidders during the standstill period;
- xii. Award of contract;
- xiii. Obtain performance security and sign the contract; and
- xiv. Publish the contract award notice.

Complex Supply and Installation and Complex System Engineering Procurements

(Relevant Reference to the Procurement Guidelines - 12.4)

In this procurement, the bidder bears much of the design risk since it undertakes the responsibility to design and build a system that meets operational acceptance.

This procedure of procurement should be used when the specialized knowledge required to design the ideal technical solution is not available with the PE. In such situation, the PE could minimize risks by letting bidders propose various solutions.

Both parties reduce their risk considerably through the first stage of discovery and clarification meetings which ensures that the solutions proposed, plus improvements requested and/or suggested by the PE, will meet the PE's business/functional/performance requirements.

When this procedure is used the following stages shall be considered.

Multi-Stage IS Procurement Process – (with or without pre-qualification/initial selection)

Under a two-stage bidding process, the Request for Proposals (RFP) selection method is normally appropriate for complex procurement where the PE's requirement is specified in terms of business/functional/performance requirements but not with detailed technical specifications.

In the First Stage; The PE solicits non-priced technical proposals to address business/functional/performance requirements.

Proposals are invited on the basis of a brief conceptual design, performance, business or functional specification, subject to the PE's discretion to call for meetings with the bidders/proponents or to call for additional information for conducting confidential discovery and seeking clarifications to learn about the required solutions.

However, based on the nature and complexity of the IS procurement, PE may call, Request for Information (RFI) or Expression of Interest (EOI) and then short list/ qualified bidders/proponents before soliciting of non-price technical proposals.

The PE engages in clarification meetings with the bidders/proponents whose initial proposals have not been rejected at the evaluation of first-stage.

When the PE engages in discussions with any bidder/proponent whose initial proposal has not been rejected, it shall extend an equal opportunity to participate to all other such bidders/proponents.

In the Second Stage; The RFP document is prepared reflecting the discoveries made by the PE during the first stage. Such RFP shall be issued to each bidder/ proponent that offered a sufficiently responsive first stage proposal and they shall be requested to submit a second-stage technical proposal and corresponding financial proposal in two envelopes.

In case if financial proposal is also requested at the first stage, bidders/ proponents may submit supplementary financial proposals along with final technical proposals in the second stage.

The two envelopes shall be opened and evaluated consecutively, with the technical proposal being evaluated first. The PE's evaluation of responsive proposals will take into account technical factors, in addition to cost factors.

RFP document shall also specify the relevant factors particularly technical proposals in addition to price to be considered in evaluation and the manner in which they will be applied for evaluation.

Information Systems that may best be procured by a two-stage RFP process include;

- (a) Complex business applications, (e.g., an integrated commercial banking system, a treasury management system, an electronic Government Procurement system (e-GP, etc.);
- (b) A system requiring extensive software development;
- (c) Complex information technologies that are subject to rapid technological advances (e.g., large-scale data processing equipment, systems including highly specialized equipment such as graphics workstations, plotters, photographic equipment such as advanced cadastres, systems requiring large-scale high-speed telecommunications, country portals). Systems involving extensive technical services for design, development, customization, installation, training, operations, and technical support; and
- (d) A combination of the above.

Summary of process to be followed after Pre-qualification (PQ) or Initial Selection.

- i. Issuing the RFP requesting technical proposals from initially selected bidders/proponents.
- ii. Clarification period – bidders can ask questions/clarifications.
- iii. Deadline for proposal submission of technical proposals and public opening of technical proposals.
- iv. Evaluation of technical proposals and confidential discovery meetings with qualified bidders/proponents.
- v. PE issues addendum/s of changes to the RFP, if appropriate issue memorandum of changes to all qualified bidders/proponents and request the submission of revised technical proposals and financial proposals.
- vi. Public opening of (revised) technical proposals.
- vii. Evaluation of technical proposals.
- viii. Public opening of financial proposals.
- ix. Financial proposal evaluation.
- x. Combined evaluation of technical and financial proposal.
- xi. Select the most advantageous proposal.
- xii. Decide on the intention to award the contract.
- xiii. Issue notice of intention to award.
- xiv. Standstill Period (during this period the proponents could seek debrief/s, lodge complaints and appeals).
- xv. Award of contract.
- xvi. Obtain performance security, appointment of adjudicator (if required) and signing of the contract.
- xvii. Publishing a notice on the award of contract.

**Consulting Services Related to Procurement of Information Systems
(Relevant Reference to the Procurement Guidelines - 12.5)**

When using the RFP approach for this type of procurement, there might be a need for some customization of the standard RFP issued by the GOSL for the selection and employment of consultants to;

- (a) Address IP rights and copyright to the software developed;
- (b) Secure on-going warranty/support after the end of the development work;
- (c) Determine the nature of the development equipment;
- (d) Software license;
- (e) Lay out the approach for testing and acceptance;
- (f) Software quality assurance;
- (g) Escrow arrangements and changing the payment clauses to meet requirements of software development; and
- (h) Other related areas.

Examples of this type of procurement are,

- (a) Consulting assignments to prepare a strategic IS plan or to develop the IS Procurement Documents, and provide management support services for an IS project.
- (b) Procurements which focus mainly on software design, customization, development, and similar services.
- (c) Procurement of hardware and packaged software by the Consultant where the value of such hardware and packaged software shall be less than 20% of the estimated contract value. If it is more than 20%, PE shall make arrangements to purchase such hardware and packaged software separately using a competitive bidding process.

**Pre-qualification / Initial Selection of Bidders Related to Procurement of Information Systems
(Relevant Reference to the Procurement Guidelines - 12.6)**

Pre-qualification/initial selection is normally used and is optional depending on the nature and complexity of the IS procurement. In pre-qualification, minimum requirements are normally assessed on a pass/fail basis or rated criteria to rank applications on merit based on;

- i. Experience;
- ii. Technical capability;
- iii. Satisfactory past performance;
- iv. Successful completion of similar contracts over a given period;
- v. Financial situation;
- vi. Financial resources; and
- vii. Any other requirement as appropriate.

The PE shall state in the PQ document, the range of applicants that may be Initially Pre-qualified.

All applicants that substantially meet the minimum qualification requirements shall be pre-qualified and invited to submit proposals.

At the end of the Pre-qualification process, the PE shall inform all applicants of the results of the Pre-qualification.

The invitation to submit proposals shall be extended to all prequalified applicants.

Pre-qualification/Initial Selection shall normally be used for IS Procurements. The PE shall follow the following steps when carrying out the Pre-qualification/Initial Selection process;

- (a) Preparation of Pre-qualification/Initial Selection Document;
- (b) Publication of Pre-qualification/Initial Selection Notice;
- (c) Receipt of Pre-qualification/Initial Selection application;
- (d) Evaluation of Pre-qualification/Initial Selection application; and
- (e) Issue invitation to submit a proposal to the pre-qualified applicants.

CHAPTER 13 – ELECTRONIC GOVERNMENT PROCUREMENT

Introduction

(Relevant Reference to the Procurement Guidelines - 13.1)

The Electronic Government Procurement (e-GP) is the collaborative use of Information and Communication Technology (ICT) by Government Institutions for the Public Procurement process. e-GP portal is an electronic system which facilitates transactions in Public Procurement process.

e-GP Sri Lanka can be identified as a catalyst to enhance good governance in public procurement process to ensure socio-economic development of the country.

Advantages of e-GP, include;

- i. Increase economic efficiency;
- ii. Increase transparency and accountability;
- iii. Reduce lead time of Public Procurements;
- iv. Improve supplier relationship management;
- v. Create simplified and user friendly environment;
- vi. Facilitate data driven decision making; and
- vii. Ability to generate reports for analytical requirements.

Implementation of Electronic Government Procurement Process at the Procuring Entities

(Relevant Reference to the Procurement Guidelines - 13.2)

Implementation of e-GP will be based on the e-GP Guidelines/Manual which is issued by the NPC in collaboration with the Ministry of Finance (MOF) and other relevant stakeholders.

CHAPTER 14 – PUBLIC PRIVATE PARTNERSHIP

Public Private Partnerships

(Relevant Reference to the Procurement Guidelines - 14.1)

Public Private Partnership (PPP) means a long-term contractual arrangement between a Government Institution/ Statutory Body/ State Owned Enterprise on one side and a private sector Investor/s on the other, to develop a public asset or to deliver a public service. In this process, the private sector entity bears a significant risk and management responsibility.

Main features of a PPP are as follows;

- (1) Sharing of capital and profits;
- (2) Transferring/sharing of risks;
- (3) Entering in to a long-term contract; and
- (4) Partnership agreement.

Benefits of a PPP, include;

- i. Reduce financial burden to National Budget through capital availability;
- ii. Mitigation of risks;
- iii. Sharing of expertise and applying of new technologies;
- iv. Cost-effective operations and effective public resources management;
- v. Create new revenue opportunities;
- vi. Achieving Value for Money through efficiency, economy, effectiveness and transparency;
- vii. Faster project implementation, and service delivery; and
- viii. Improve quality of services and opportunity for innovation.

A Separate Guideline/Manual for Public Private Partnerships will be issued by the NPC.

CHAPTER 15 – SUSTAINABLE PUBLIC PROCUREMENT

Introduction to Sustainable Public Procurement (Relevant Reference to the Procurement Guidelines - 15.1)

Sustainable Public Procurement (SPP) is a process that aims to consider the economic, social and environmental aspects of development when procuring Goods, Works and Services. SPP helps the Government and organisations to achieve the Sustainable Development Goals (SDGs).

The objective of Sustainable Public Procurement is to procure Goods, Works, and Services with due consideration to economic, social, institutional and environmental aspects including green procurement, to achieve value for money on a whole-life basis in a manner to promote sustainable development while adhering to fundamentals of Public Procurement.

PEs are required to give due weightage to the sustainable aspects as applicable to specific procurement to achieve value for money considering the lifecycle cost of respective procurement, generating benefits not only to the PE but also to the society and the economy. In this process, consideration shall be given to environmental impacts and Green Procurement principles. It is about considering aspects such as, what the products are made of, where they have come from, who has made them, how they are transported, and how they are eventually disposed of with due consideration to budgetary constraints.

When implementing SPP, the following aspects shall be considered;

- 1) Existing public policies;
- 2) Long-term impacts not limited to short-term needs;
- 3) Net benefits to the entire system not limited to individual/organizational benefits; and
- 4) Quality consideration assessment.

Adaptation of Sustainable Public Procurement (Relevant Reference to the Procurement Guidelines - 15.1.1)

Separate Guidelines/Manual for SPP is issued by the NPC in collaboration with the relevant stakeholders.