

Procurement Manual

Services, Works, Plant, Equipment
& Information Systems
For
Pakistan International Airlines

The Procurement Manual has been compiled by

Pakistan International Airlines

In collaboration with

Transparency International Pakistan

September 2005



TRANSPARENCY INTERNATIONAL - PAKISTAN

Strives to make Pakistan a better country to live in

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TRANSPARENCY INTERNATIONAL PAKISTAN

Strives to build a better country to live in

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is signed on the 10th day of June 2005 between Transparency International Pakistan (TIP) and the Pakistan International Airlines (PIA) for the Implementation of the “Integrity Pact” and Transparency in its Procurement Systems.

Transparency International, is a non-governmental organisation, dedicated to government accountability, and curbing the international and national corruption. Through over 98 independent National Chapters, Transparency International bring together people of integrity in civil society, business and government, to work as coalitions for Systemic reforms. Transparency International do not “ name names” or attack individuals or investigate, but focus on building systems that combat corruption.

Transparency International national chapter Transparency International Pakistan aims at Building a coherent National Integrity System, to institutionalize efforts to curb corruption. The ultimate goal of this system is to make corruption a “high risk” and “ low return” undertaking. It is designed to prevent corruption from occurring in the first phase, rather than resting on punishment after the event. Because corruption tends to be the result of SYSTEMATIC failures. The primary emphasis of Transparency International Pakistan is on reforming the system, rather than blaming the individuals.

The “Integrity Pact” is an Integral Part of the National Accountability Bureau initiative towards Shafaff Pakistan, the National Anti Corruption Strategy approved by the Cabinet on 20th September 2002 & 5th October 2002, its Implementation mechanism approved by the President 24th October 2002. The Integrity Pact is a tool developed by Transparency International, which ensures that all activities and decisions of public offices are transparent and that the projects/works are implemented, services are provided or taken, and goods/materials are supplied without giving taking or allowing for any kind of benefit, financial or otherwise. Justification of the decisions taken is provided without discrimination to all parties concerned or to any individual or institution/organization.

Considering that all Companies and Organizations in Pakistan share a responsibility to combat bribery in all forms and manifestations, it is agreed;

That Public Procurement Rules 2004 are applicable in PIA including “Integrity Pact” prescribed by PPRA.

To sign this Memorandum of Understanding between Transparency International Pakistan (TI-Pakistan) and the Pakistan International Airlines (PIA) for the Implementation of the “Integrity Pact” and Transparency in its Procurement Systems.

That PIA along with TI-Pakistan will work jointly for the implementation of the PEC & World Bank SBDs which is a recommendation of the NACS, and those

recommendations in the NACS involving Transparency in procurement, and Public Procurement Rules 2004 .It is also agreed that the PIA will establish an accountability in all its dealings and try to provide all the necessary Checks and Balances in its effort towards a Transparent Procurement System .

A Coordination Committee of PIA & TIP members will be formed. to implement “Integrity Pact” and Transparency in its Procurement Systems.

The Coordinating Committee.

This committee to be set up by PIA, shall consist of a three members comprising Officials of PIA, with responsibilities related to Law, Finance and Technical (Procurement & Contracts) Departments. and two Representative of TI-Pakistan. The Secretary General TI Pakistan shall act as its Chairman.




The Coordinating Committee will:

1. Identify and list all issues of transparency and evaluation of tenders criteria in the procurement bidding documents, including the discretionary conditions of exiting in the contract documents and make the necessary changes where necessary..
2. Prepare ways and means to be included in Contract Documents to eliminate/reduce delays to a bare minimum (Time base decisions with predictable milestones) and in approvals by providing mandatory time frames for submittals by consultants/contractors and approvals by client/consultants.
3. Introduce approval systems to process and award contracts, as well as complete the Projects at the most economical cost and within the scheduled time.
4. Incorporate the Directives of the NACS & PPRA with regards to Procurement and Contracting.

Herein after it is agreed that;

- All important decisions be made public.
- Information on all important activities including auditor's report should be made easily accessible to all.
- PIA will periodically make public their sources of income and revenues.
- PIA has the responsibility to inform the local public and all interested individuals / institutions / organizations / Vendors and others about the activities carried out under this Agreement.
- In accordance with the proposed Pact, Transparency International Pakistan will provide experts' services for 3-months beginning from June 2005, which may be renewed on mutual understanding.
- Team of Experts of TI Pakistan and PIA will prepare “PIA Procurement Manual”.

- The “PIA Procurement Manual” will comprise of all the Standard Bidding Documents on procurement of Works, Goods & Services, based on International Standards, World Bank, FIDIC and Pakistan Engineering Council, duly amended to comply with the Transparent Procurement Procedures, recommended by the National Accountability Bureau in the National Anticorruption Strategy 2002, and fully compliant to the Public Procurement Rules 2004.
- TIP agree to vet all tender document of which PIA prepares on the basis of Procurement Manual for 3 months w.e.f. . the date a directive is issued by the Chairman PIA.
- PIA will hold a press conference/seminar to declare application of PIA Procurement Manual.
- TIP under its charter will not participate in the PIA tendering process in any capacity, not even as observer.
- Transparency International Pakistan will provide experts’ services to PIA without any cost to the PIA .
- That all information relevant to providing Transparency Procurement procedures shall be provided to the Coordination Committee by the PIA and all its related departments. It shall include documents which are in addition to those that are allowed under the Freedom of Information. Ordinance 2002.
- That in case the PIA fails to carry out the above agreed-upon recommendations Transparency International Pakistan has the right to withdraw from this Memorandum of Understanding and declare the same through a public announcement. Such withdrawal shall be effective 30-days after the date of the receipt of a notification given by TI-Pakistan to the PIA to this effect.

 Tariq Kirmani Chairman Pakistan International Airlines (PIA)	 Syed Adil Gilani, Vice Chairman, Transparency International Pakistan
	 Saad Rashid, Project Advisor, Transparency International Pakistan

ACKNOWLEDGMENT

Transparency International Pakistan extends its deep appreciation for voluntarily signing the MOU with Transparency International Pakistan on 10 June 2005, and the support of **Tariq Kirmani, Chairman and CEO Pakistan International Airlines**, and acknowledges the participation and contribution of the Coordination Committee established by him in compiling this Procurement Manual

We would like to thank the following Senior Participants and members of the Coordination Committee for their support in this endeavors.

1.	Mr. Jamil Rauf	GM Logistics	PIA
2.	Mr. Iqbal Surmawalla :	GM Accounting	PIA
3.	Mr. Asmatullah	Manager Legal	PIA
4.	Mr. Mujeeb-ur-Rehman	Manager, Procurement Management	PIA
5.	Engr. Saad Rasheed	Engineering Expert	TI Pakistan
6.	Shamsu Zaman Khan	Aircraft Expert	TI Pakistan
6.	Syed Adil Gilani	Vice Chairman/ Procurement Specialist	TI Pakistan

In order to allocate a dynamic nature to this procurement manual Transparency International Pakistan welcomes feedback from bidders and others stakeholders for improvement, both from their experiences and from the use of this Procurement Manual

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PREAMBLE

Government of Pakistan carried out a comprehensive study and prepared the National Anticorruption Strategy 2002, which is based on the Transparency International guidelines National Integrity System and one important pillar of NIS is the transparent public procurement procedures.

The pertinent extracts from the National Anti Corruption Report (the Complete NACS Report can be downloaded from www.nab.gov.pk) are quoted here.

Quote

“Procurement was of huge concern to stakeholders, who highlighted the following weaknesses as being particularly vital in allowing procurement to be the breeding ground for corruption.

*Pakistan has **no coherent single law setting standards** and no effective legal protection against collusion and corruption in the award of government contracts. Instead, there is an **accretion of complex laws, rules, regulations, codes and manuals** which create a web of lengthy and cumbersome practices and customs. (Unlike other developing countries, donors’ procurement rules do not prevail over local rules, although the Ministry of Finance has tried to enforce this.) The rules and regulations are manipulated to deter competition, thwart objectivity and transparency and give officials wide and unsupervised latitude in applying or ignoring the tangle of rules. The ground for corruption is laid at every stage of the procurement process, as seen in the box below.*

Manipulation of the procurement process

Overall: head of procuring agency certifies that procurement process is urgent, thereby avoiding requirement for competitive bidding; projects/contracts split to avoid competitive bidding requirements above a certain cost ceiling; officials take advantage of the year-end (May-June) period, when departments are trying to spend their budget allocations, to rush through procurements which then escape proper procedures and monitoring;

Technical feasibility: improper feasibility studies may be undertaken to overvalue projects, to the benefit of officials; studies may also be undertaken by consultants with links to contractors;

Tender documents: project specifications are prepared to favour particular contractors; Registration/pre-qualification and Invitations for bids: process is kept bureaucratic (e.g. numerous unnecessary conditions to fulfill) and lengthy to deter competition; advertisements in low circulation publications; published tender notices are followed by a number of short addenda, which if missed by bidders in their tenders would lead to their disqualification; short notice for submission of bids whilst favoured bidder had prior notice and time to prepare; officials will create their own fictitious companies to bid and approve them through this stage of the process;

Preparation of bids: collusion between competitors will lead to inflated pricing; ‘pooling’, whereby one bidder “buys” his competitors’ bids, changing their values,

submitting the lowest bid far in excess of the market price; multiple bids by contractor operating under different names;

Bid evaluation: financial envelopes are often opened before technical; unrealistic and outdated Schedules of Rates are used to defeat good bids by "outsiders"; delays are created to generate kickbacks.

Negotiations: no rules exist for the negotiation period, but is often the period when collusion and coercion occur. Prices may be renegotiated and adjusted after contracts have been let.

*This manipulation of often quite acceptable rules only allows corruption because of the inherent **lack of transparency and public participation** in the procurement process. Without this, any set of procurement laws and rules can be manipulated for self-enrichment.*

The public are usually denied the opportunity to be informed of, monitor or participate in, aspects of the procurement or development affecting their community and country. There is no other mechanism by which the public may be satisfied about the integrity of the process.

*The blame does not lie entirely with the government side of course. There are builder's mafias, collusion between bidders and widespread **bribery by national companies**. However, in terms of grand corruption, **multinationals**, and therefore their **governments** must share the blame, as many tend to view corruption as a Pakistani trait, which they are content to accept, by the use of "agents."*

Unquote.

In order to address these serious drawbacks in the public procurement procedures, the National Anti-Corruption Strategy (NACS) was prepared by the Government of Pakistan in 2002 wherein it is prescribed to use the World Bank and Pakistan Engineering Council Procurement Procedures and Standard Bidding Documents, till the time PPRA makes its own SBDs. At the same time it has also specified special modifications in these procedures to comply with conditions of Transparency in Procurement.

Public Procurement Regulatory Authority formed under Presidential Ordinance the Public Procurement Regulatory Authority Ordinance, 2002. has prepared Public Procurement Rules 2004, and the Government of Pakistan, Finance Division. (Admn. And Coord. Wing) has issued Statutory Notification (S.R.O.), Notification on 8th June, 2004, S.R.O. 432 (I)/2004 which have become mandatory also on PIA.

While formulating this Procurement Manual, prescribed procedures of Public Procurement Regulatory Ordinance-October 2002, PPRA Public Procurement Rules 2004 www.ppra.org.pk, have been incorporated in the Pakistan Engineering Council and World Bank SBD's. The requirements of National Accountability Bureau (NAB) ordinance and prescribed transparent procurement procedures contained in the NAB Anti-Corruption Strategy [reference available on www.nab.gov.pk] have also been catered for in the Procurement Manual. Assistance of Transparency International has also been solicited in formulation of this manual.

INTRODUCTION

The Government of Pakistan carried out a comprehensive study on the reasons for corruption in public procurement in Pakistan and made its recommendations in the National Anti Corruption Strategy (NACS) Report published in 2002. The NACS report describes various modes of corrupt practices prevailing in public procurement and their impact on the national economy.

In order to address these serious drawbacks in the public procurement procedures, the National Anti-Corruption Strategy (NACS) has prescribed the use of the World Bank / Pakistan Engineering Council Procurement Procedures and Standard Bidding Documents. At the same time it has also recommended specific improvements in these procedures to enable them to be transparent and discretion free. .

On 10 June 2005 Pakistan International Airlines signed a Memorandum of Understanding with Transparency International Pakistan (TI-Pakistan) in which it was agreed that PIA along with TI-Pakistan will work jointly on the implementation of the recommendations of the National Anti corruption Strategy for providing Systemic improvements in PIA for transparency in its procurement procedures. That PIA would include Transparency in all its dealings and incorporate the necessary Checks and Balances in PIA's effort to reduce corruption. It was also agreed that the "Integrity Pact" which is an Integral Part of the National Anti Corruption Strategy which was approved by the Cabinet on 20th September 2002 & 5th October 2002 with its Implementation mechanism approved by the President on 24th October 2002, would be a part of all Contract Awards by the PIA.

It is an established fact that the misuse of discretionary authority, and the discriminatory evaluation procedures can only be prevented by a transparent procurement process and with the participation of Civil Society.

PIA firmly believes that Transparency through internal and external scrutiny is an essential element of accountability and should be an inherent characteristic of all processes and procedures, plans, actions or decisions relating to Procurement.

The Manual has been compiled to achieve following aims

- All Procurements shall be allotted to the eligible firms, with the best quality of Works/Plant & Equipment/services / Information Systems, but at the same time consideration must be given to obtain the lowest price for the stipulated/acceptable quality.**
- Timely and Transparent Contract Implementation is a key to the success of Procurement and will only be achieved by making available on PIA website all Tenders Notices, , Evaluation Reports, Award Decisions and Progress reports for general public information.**

This Procurement Manual has been prepared using all the PEC SBDs and those World Bank SBDs which are not available in PEC documents to establish Transparent Public Procurement in the PIA, based on the principles laid down in the National Anti-Corruption Strategy (NACS) and PPRA Public Procurement Rules 2004.

EXECUTIVE SUMMARY

Principles of Procurement.

PIA has five basic concerns that govern its procurement policies:

1. To ensure that the Products/goods, Services, Works, Plant & Equipment and Information Systems needed to carry out the new projects and or the operation and maintenance of the Airline, are procured with due attention to technically the best, and economical the lowest;
2. To ensure that Projects are executed most efficiently and within shortest period of time;
3. To ensure that the funds are used to buy only those Products/Goods, Services, Works, Plant & Equipment and Information Systems which are needed to operate and maintain PIA;
4. To give all qualified bidders an equal opportunity to compete for the contracts;
5. To ensure that the procurement process is transparent, fair and discretion free.

The Procurement Manual is based on the following principles;

- Economy;
- Efficiency;
- Fairness;
- Reliability;
- Transparency; and
- Accountability and Ethical Standards.

Statutory Requirements.

Various government departments are using more than 26 different procurement procedures, which had been a major cause to complaints and misuse of funds.

The Government of Pakistan to address this flaw in the procedures, carried out a comprehensive study in association with World Bank in 1994-2000, and decided to have a uniform Procurement Code in Pakistan. In May 2002, the Public Procurement Regulatory Authority (PPRA) was established through an Ordinance which has been entrusted the Task of preparing uniform procurement procedures for Pakistan.

In accordance with Pakistan Engineering Council Act 1976 the PEC Act 1976 promulgated on 14th January, 1976, SRO No 809 (1)86 dated 24 August 1986 and the PEC SRO 628 (I)/2003 issued by Ministry of Water & Power, Government of Pakistan vide Gazette Notification dated 21st June, 2003, Standard Bidding Documents of PEC are mandatory for all PIA. However, in accordance with S.R.O. 432(I)/2004.-issued by Ministry of Finance GoP on 9 June 2004, Public Procurement Rules, 2004 are applicable and supersedes all other procurement procedures.

In October 2002, National Anticorruption Strategy (NACS) Report was issued by the National Accountability Bureau which gave the recommendations for regulating the procedures on Contracting and Procurement.

The NACS 2002 has prescribed that for all Procurement in Pakistan, either the Pakistan Engineering Council (PEC) byelaws or the World Bank guidelines should be uniformly implemented until such time that the Public Procurement Regulatory Authority prepares its own laws and procedures.

On 9 June 2004, Public Procurement Rules, 2004 were issued under S.R.O. 432(I)/2004. The PIA Procurement Manual is compiled to comply with the PPRA Public Procurement Rules, 2004 and Pakistan Engineering Council SBDs, World Bank SBDs, NACS 2002, and also complaint to the Law of the Land..

Nevertheless, the PEC and World Bank SBDs necessitate the incorporation of the provisions of the PPRA Rules & NACS, to be a truly transparent procurement document such as the inclusion of the Transparency International's "Integrity Pact", Selection of Consultants, formation of Evaluation Committees, declaration of the Evaluation Report prior to Award, bidders right to complain, declaration of Contract and evaluation Report public after the award etc.

Transparency International Pakistan in association with the senior officers and procurement experts of PIA has prepared this Manual for Procurement. In addition the process for prequalification, evaluation and award decisions etc have also been prescribed in this manual.

Applicability of Procurement Manual.

The Procedures given in the Procurement Manual will be applicable to all the Consultancy Contracts, and the Works, Plant & equipment, Information Systems, goods/products etc which are of more than Rupees One Million in value.

PIA will use the same procurement procedures for of Works, procurement of Plant & equipment, Information Systems, goods/products/turn key etc which are of less than Rupees One Million value, without publication of evaluation report, and Prequalification may be waived for PIA registered/enlisted contractors/suppliers.

Use of Procurement Manual

This Manual is intended to provide necessary clarifications and assistance in the procurement process in PIA with essential in-built Checks and Balances to ensure the desired transparency in all its procurement.

The Manual does not contain any new rules of procurement, but is compiled from existing World Bank / PEC procedures combined with the recommendations of the NACS 2002 policy and Public Procurement Rules, 2004 . However it explains in more detail how specific aspects of procurement should be handled to be consistent with the Guidelines. It is a source of "how-to" information about the tasks and elements that comprise the procurement process.

In Chapter I, the Procurement Manual describes the review of policy and institutional aspects of transparent public procurement that have a broad applicability and about which questions are most frequently asked. Subsequent chapters deal with specific procurement topics, taking them generally in the chronological order in which they occur, from the initial analysis of a procurement systems and capacity, through the procurement planning stages and into project implementation and contract administration.

The Four considerations that guide the rules for Procurement are:

- a) Ensuring economy and efficiency in project procurement.
- b) Giving eligible, responsive and technically qualified bidders a fair opportunity to compete on a level playing field,
- c) Encouraging the development of Domestic Producers, Constructors and Engineering Services Providers
- d) Providing for Transparency in the Procurement Process.

Main Procurement Procedures

PPRA Public Procurement Rules 2004 Methods of advertisement.-

(1) Procurements over forty thousand rupees and up to the limit of one million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the PIA.

(2) All procurement opportunities over one million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

(3) In cases where the PIA has its own website it may also post all advertisements concerning procurement on that website as well.

(4) PIA utilizing electronic media shall ensure that the information posted on the website is complete for the purposes for which it has been posted, and such information shall remain available on that website until the closing date for the submission of bids.

Response time.- (1) The PIA may decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency. However, under no circumstances the response time shall be less than fifteen working days for national competitive bidding and thirty working days for international competitive bidding from the date of publication of advertisement or notice. All advertisements or notices shall expressly mention the response time allowed for that particular procurement along with the information for collection of bid documents which shall be issued till a given date, allowing sufficient time to complete and submit the bid by the closing date:

Provided that no time limit shall be applicable in case of emergency.

(2) The response time shall be calculated from the date of first publication of the advertisement in a newspaper or posting on the web site, as the case may be.

(3) In situations where publication of such advertisements or notices has occurred in both electronic and print media, the response time shall be calculated from the day of its first publication in the newspapers.

Exceptions.- It shall be mandatory for PIA to advertise all procurement requirements exceeding forty thousand rupees. However under following circumstances deviation from the requirement is permissible with the prior approval of the Authority,-

- (a) the proposed procurement is related to national security and its publication could jeopardize national security objectives; and
- (b) the proposed procurement advertisement or notice or publication of it, in any manner, relates to disclosure of information, which is proprietary in nature or falls within the definition of intellectual property which is available from a single source.

Cost of Tender Documents

The PIA shall provide a set of pre-qualification documents to any supplier or contractor, on request and subject to payment of price, if any.

Explanation.- For the purposes of this sub-rule price means the cost of printing and providing the documents only.

Blacklisting of suppliers and contractors.- The PIA shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Such barring action shall be duly publicized and communicated to the Authority:

Provided that any supplier or contractor who is to be blacklisted shall be accorded adequate opportunity of being heard.

Opening of bids.-

(1) The date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at the time specified in the bidding documents. The bids shall be opened at least thirty minutes after the deadline for submission of bids.

(2) All bids shall be opened publicly in the presence of the bidders or their representatives who may choose to be present, at the time and place announced prior to the bidding. The procuring agency shall read aloud the unit price as well as the bid amount and shall record the minutes of the bid opening. All bidders in attendance shall sign an attendance sheet. All bids submitted after the time prescribed shall be rejected and returned without being opened.

Evaluation criteria.- Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Evaluation of bids.- (1) All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in clause (iv) of sub-rule (3) of rule 36 no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.

Rejection of bids.-

(1) The procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The procuring agency shall upon request communicate to any supplier or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds.

(2) The procuring agency shall incur no liability, solely by virtue of its invoking sub-rule (1) towards suppliers or contractors who have submitted bids or proposals.

(3) Notice of the rejection of all bids or proposals shall be given promptly to all suppliers or contractors that submitted bids or proposals.

Announcement of evaluation reports.- Procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

Re-bidding.-

(1) If the procuring agency has rejected all bids under Rejection of bids rule, it may call for a re-bidding.

(2) The procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

Record of procurement proceedings.-

(1) PIA shall maintain a record of their respective procurement proceedings along with all associated documentation for a minimum period of five years.

(2) Such maintenance of record shall be subject to the regulations framed in this regard from time to time.

Public Access and Transparency.-

As soon as a contract has been awarded, PIA shall make all documents related to the evaluation of the bid and award of contract public:

Provided that where the disclosure of any information related to the award of a contract is of proprietary nature or where PIA is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Authority.

Limitation on negotiations.- Save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder:

Provided that the extent of negotiation permissible shall be subject to the regulations issued by the PPRA.

Note: PIA at present is exempted from PPRA Rules under the MOD Notification. Accordingly, Negotiation is permissible in case the bid prices are unreasonable.

In such cases, Transparent negotiations shall be held with all three lowest bidders, who shall be directed in writing to submit discount on their bid costs in a sealed envelope, which shall be opened in presence of all the bidders at the given time.

However use of this method shall be subject to the prior approval of the Chairman PIA.

Special Tendering Procedure for Procurement of Aircraft Spars.

In order to follow the current practice in the aviation industry, the Procurement of Aircraft Parts will be through email, and bids will be invited in two parts, Technical and Financial, without any bid security as well as without any performance security. P.I.A. is using ILS (Inventor Locator Services) and Aeroexchange source for the RFQs (Request for quotations).

1. All the approved vendors have an internet based system having EDI facility which generates automatic response upon receipt of tender enquiry/RFQS. The response so received contains price, delivery period/terms and payment etc. Part number quoted in the response itself is the complete identification/specification of the required item.

2. Every tender will have an independent and confidential E-mail address for submission of technical and financial quotations. The bid received through E-mail will be opened on a pre-determined date and time. This independent and confidential E-mail address will only be accessed by the Evaluation Committee at the time and date of tender opening. Technical and financial evaluation will be carried out, which may include life cycle cost determination, and the Lowest Evaluated Responsive Bid will be awarded the Contract.

3. The response time of E-Tendering will be shorter than the normal response time of 15 working days. It will be 5-7 working days.

4. The procurement of normal requirement for the Aircraft maintenance such as Aircraft paints, chemicals, metals spares of GSE (Ground Support Equipment) and Cabin

Furnishing etc.having multiple sources of supply for these items, prescribed procurement rules and procedure including Bid Security and Performance Security shall be followed, however, for RFQs and responses received shall be through E-mail/Internet based system. The responses received shall be opened on a prescribed date and time.

5. AITP (Airline International Transfer Pool). It is basically an organization of Airlines which share each others Aircraft parts and maintenance facilities on loan basis in emergency cases, and replacement will be as per Procurement manual Procedures..

Redressal of grievances by the procuring agency.- (1) The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract.

It is agreed between PIA and TIP that the respective Evaluation Committee shall be the Grievance Committees also, to examine the objections of the bidders. This decision was taken in view of the fact that the evaluation committee is accountable for the detailed evaluation, and by getting the inputs from the bidders on its draft evaluation report, the committee is the best judge to examine the objections and respond to them in cases when the complains are justified, by amending its draft evaluation report and preparation of the Final Evaluation Report. This decision is also justified in view of the fact that according to the procedures prescribed, the Final Evaluation Report and the Contract Agreement are to be declared on the PIA website after the Contract is Awarded.

(2) Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under rules.

(3) The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.

(4) Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.

(5) Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction.

Mis-procurement.- Any unauthorized breach of these rules shall amount to mis-procurement.

Procedure of Routing the Tenders.

Prequalification(if being undertaken) and Tender Documents must be ready by the time the Budget approval is received.

- Notification for Prequalification(if being undertaken) 03Days
- Receipt of Prequalification documents from bidders (minimum) 15 Days
- Evaluation of Prequalification. 07 Days
- Invitation to Qualified Bidders. 01 Day
- Receipt of Tenders (local minimum) 15 Working Days

(International minimum)	30 Working Days
• Opening & Evaluation of tenders (Technical & financial) by ER Committee	*15 Days
• Public Declaration of Evaluation Report	10 Days
• Evaluation Report	
- Finalization of ER	06 Days
- Approval of ER by Project Award Committee.	02 Days
- Approval of Award of Contract by PIA.	02 Days
- Issue of Letter of Award	02 Days
- Signing of Agreement	28 Days

Note: * Evaluation period may be amended depending on the complicity of the Tender, but prior to issue of tenders.

Note: Following Procurement Committees will function.

(A1) CENTRAL PURCHASE COMMITTEE

1. D.M.D	-	Chairman
2. SVP Finance	-	Member Permanent
3. SVP Corporate Planning	-	Member –do-
4. General Manager (P&L)	-	Member –do-
5. SVP Indenting Department	-	Member –do-
6. SVP Financial Monitoring & Appraisal	-	Member –do-
7. Manager Procurement Management	-	Member –do-

NOTE: In case any permanent member (director) is not available or is Director of the Indenting Department then DMD may call any other Director as a substitute.

The position of Manager Supply Administration has been renamed as Procurement Management vide Office Circular No.014/06 dated 20-6-2005. The delegated Financial Powers of CPC are up-to Pak Rupees from Rs. 10 Million to Rs.100 million per order/contract. The rest of the functions will remain same as given in the Admin. Order 42/2001.

(A2) CENTRAL PURCHASE COMMITTEE

Financial Power of Board is for above Rs. 100 million

(B) STORES PURCHASE COMMITTEE

1. G.M. P&L	-	Chairman
2. G.M. Accounting	-	Member
3. G.M. of Indenting Department	-	Member
4. Manager Procurement Management	-	Secretary
5. Manager Indenting Department	-	

(Delegated Financial Powers for SPC are up-to Pak Rupees from 2.5 million to Rs.10 million per order/contract.

Rest of the functions of S.P.C. will remain the same as per Admin. Order 42/2001.

(B1) Delegated Financial Powers for G.M. P&L is upto Rs. 1.5 Million.

(B2) Delegated Financial Powers for DMD is from Rs. 1.5 Million to Rs. 2.5 Million

Note:-

Capital expenditure requiring approval of SPC will only be referred to the Committee. All other cases for the purchase of capital items shall be approved by the respective C.F.A. (Competent Financial Authority)

C. (FINANCIAL POWERS OF THE OFFICERS OF PROCUREMENT & LOGISTICS)

1) DEPUTY MANAGING DIRECTOR

a) Deputy Managing Director to approve standardized/proprietary/item on lowest evaluated bid basis up-to Pak Rupees 04 million per order/contract for one year.

b) REPEAT ORDER

15% of the original order/contract also include enhancement of the contract value/period up-to 15% without calling fresh quotations.

c) EMERGENT ORDER

Up-to Pak Rupee 0.5 Million per order.

2) GENERAL MANAGER P&L

a) Approved/standardized/proprietary and item on lowest evaluated bid basis up-to Pak Rupees 02 Million per order/contract for one year.

b) CASH PURCHASE

Commercial items valuing Pak Rupees 25,000/- per order/contract.

c) REPEAT ORDER

Up-to 15% of the original quantity valuing within his Financial Powers. It also includes enhancement of contracts already approved by him and financial and enhancement of the contracts value falls within his competency.

03) MANAGER PURCHASES COMMERCIAL/TECHNICAL AND FLIGHT KITCHEN.

a) Approved standardized/proprietary and item on lowest evaluated bid basis up-to Pak Rupees 300,000.00 per order/contract for a period of one year.

b) REPEAT ORDER

15% of the original orders which include enhancement of contract up-to 15% of period/value already approved by him.

c) CASH PURCHASES

Manager Purchases at Head Office can purchases commercial items up-to Pak Rupees Ten thousand per line item and P&L Manager at out stations Pak Rupees 05 thousand per line item.

4. MANAGER PURCHASES U.S.A.

Approved standardized/proprietary item on lowest evaluated bid basis up-to USD 10,000/- per order/contract.

D) FOR ENSURING COMPLIANCE TO THE PUBLIC PROCUREMENT RULES FOLLOWING FORUM IS PROPOSED FOR THE SPECIFIC PURPOSE OF URGENCY/EMERGENCY:-

i) To declare operational emergency/urgency proper forum should be the concerned Divisional Head/GM, with intimation in writing to Director concerned. The urgent condition will be certified and forwarded to the concerned Procurement office. This will cover Rule 13 & 14 of the Public Procurement Rules.

E) EVALUTUIB COMMITTEE

To ensure compliance of Public Procurement Rules for evaluation of the pre-qualification applications for all the goods, services and works and technical proposal Evaluation, following Committee is proposed.

- | | | |
|-----|--|------------------|
| 1.. | General Manager P&L | Chairman |
| 1. | G.M. of the Indenting Department | Member |
| 3. | G.M. (A) | Member |
| 4. | G.M. T.G.S. OR
(Chief Engineer Engg.) for technical cases only | Member |
| 5. | Manager Procurement Management | Member/Secretary |
| 6. | Co.opt member:- Manager/Asstt. Manager Technical of the Indenting Department
Consultants. | |

NOTE:

Same evaluation committee will be the redressal committee. As evaluation committee will be the best Judge to examine and respond to the objections raised by the bidders, and do amendment of any given mistaken is done.

EVALUATION COMMITTEES

A.

1. Director In-charge P&L (D.M.D.)	-	Chairman
2. G.M. P&L	-	Member
3. G.M. Accounting	-	Member
4. G.M. of Indenting Department	-	Member
5. Manager Procurement Management	-	Secretary

Delegated Financial Powers up-to Pak Rupees 12.5 million per order/contract.
Rest of the functions of S.P.C. will remain same as per Admin. Order 42/2001.

Note:-

All the capital expenditure will be approved by the respective competent Financial Authority instead of all cases being sent to S.P.C. for approval.

B.

To ensure compliance to the Public Procurement Rules for evaluation of the pre-qualification applications for all the goods, services and works and technical proposal Evaluation, following Committee is proposed:-

1. G.M. of the Indenting Department
2. Finance Manager P&L
3. G.M. T.G.S/ OR
Chief Engineer P&P/ OR G.M. P&L
4. Manager Procurement Management
5. Co-opted members:- Manager/Asst. Manager Technical of the Indenting Department.

Same evaluation committees will be the redressal committee. As evaluation committee will be the best Judge to examine and respond to the objections raised by the bidders, and carry out any amendment deemed necessary.

APPROVING AUTHORITY.

COMPOSITION OF CENTRAL PURCHASE COMMITTEE

- | | |
|---|-------------|
| 1. Director Finance | - Chairman |
| 2. Director In-charge P&L | - Member |
| 3. Director Indenting Department | - Member |
| 4. Director Corporate Planning | - Member |
| 5. Director Admin./Director Engg. &
Maintenance/Director Airport Services. | - Member |
| 6. Manager Procurement Management | - Secretary |

This position of Manager Supply Administration has been renamed as Procurement Management vide Office Circular No.014/06 dated 20-6-2005. The delegated Financial

Powers of S.P.C. are up-to Pak Rupees 100 million per order/contract. The rest of the functions will remain same as given in the Admin.Order 42/2001.

(FINANCIAL POWERS OF THE OFFICERS OF PROCUREMENTS LOGISTICS)

1) DIRECTOR INCHARGE P&L – (D.M.D.)

- a) Director In-charge P&L to approve standardized/proprietary/item on lowest evaluated bid basis up-to Pak Rupees 02 million per order/contract for one year.
- b) Non-standardized/proprietary item other than evaluated lowest basis up-to Pak Rupees 200,000.00 per order/per contract.

c) REPEAT ORDER

15 % of the original order/contract which also include enhancement of the contract/value, period up-to 15% without calling fresh quotations.

d) EMERGENT ORDER

Up-to Pak Rupees 400,000.00 per order.

2) GENERAL MANAGER P&L

- a) Approve/standardized/proprietary and item on lowest evaluated bid basis up-to Pak Rupees 500,000.00 per order/contract for one year.

b) CASH PURCHASE

Commercial items valuing Pak Rupees 10,000/-per order/contract.

c) REPEAT ORDER

Up-to 15% of the original quantity valuing within his Financial Powers. It also includes enhancement of contracts already approved by him and financial and enhancement of the contracts value falling within his competency.

3) MANAGER PURCHASES COMMERCIAL/TECHNICAL AND MANAGER FLIGHT KITCHEN.

- a) Approve standardized/proprietary and item on lowest evaluated bid basis up-to Pak Rupees 100,000.00 per order/contract for a period of one year.

b) REPEAT ORDER

15% of the original orders which include enhancement of contract up-to 15% of period/value already approved by him.

c) CASH PURCHASES

Manager Purchases at Head Office can purchase commercial items up-to Pak Rupees Five thousand per line item and P&L Manager at out stations Pak Rupees 05 thousand per line item.

4) MANAGER PURCHASES U.S.A.

Approve standardized/proprietary item on lowest evaluated bid basis up-to USD 10,000/- per order/contract.

(A) FOR ENSURING COMPLIANCE TO THE PUBLIC PROCUREMENT RULES FOLLOWING FORUM IS PROPOSED FOR THE SPECIFIC PURPOSE OF URGENCY/EMERGENCY:-

- i) To declare operational emergency/urgency proper forum should be the concerned Departmental Head/Director. The urgent condition will be certified and forwarded to the concerned Procurement office. This will cover Rule 13 & 14 of the Public Procurement Rules.

STANDARDIZED/PROPRIETARY/SINGLE SOURCE PURCHASE

To comply with Public Procurement Rule 42C. regarding appropriate forum for authorizing procurement of proprietary items. It is proposed that all cases to be referred to CPC for authorizing procurement on proprietary/standardized or single source basis.

Consultants: In cases where PIA is procuring new technology or has shortage of in-house capacity, Consultants may be appointed, who will also be authorized to carry out the Evaluation of Bids and submit their report to PIA which shall be considered by the Evaluation Committee. In such cases the Evaluation Committee may not be assisted by Evaluation Teams.

Note: Publication of the Evaluation Report

PIA shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

PIA shall publish on its website the following information:

- (i) Name of all bidders who submitted a bid;
- (ii) Bid prices as read out at bid opening;
- (iii) Name and evaluated prices of all bids that had been evaluated;
- (iv) Name of bidders that were disqualified and the reasons for their disqualification; and
- (v) Name of the bidder recommended for award and reason for recommendation, price, duration and summary scope of the contract

Note: In order to expedite the evaluation process, the Bidders shall be asked to submit compliance report of all technical and contractual requirements. For this purpose a compliance chart shall be included in the Bid documents, which shall include columns for compliance, reference of page numbers of the supporting documents of bidder in the submitted bid.

The Bid Documents(TOR) shall also specify the mandatory Non Responsive Conditions for information of Bidders.

Major deviations to the commercial requirements and technical specifications are a basis for the rejection of bids. As a general rule, major deviations are those that, if accepted, would not fulfill the purposes for which the bid is requested, or would prevent a fair comparison with bids that are properly compliant with the bidding documents. Examples of major deviations include:

- (i) Stipulating price adjustment when fixed price bids were called for
- (ii) Failing to respond to specifications by offering instead a different design or product that does not offer substantial equivalence in critical performance parameters or in other requirements
- (iii) Phasing of contract start-up, delivery, installation, or construction not conforming to required critical dates or progress markers
- (iv) Subcontracting in a substantially different amount or manner than that permitted
- (v) Refusing to bear important responsibilities and liabilities allocated in the bidding documents, such as performance guarantees and insurance coverage
- (vi) Taking exceptions to critical provisions such as applicable law, taxes and duties, and dispute resolution procedures
- (vii) Those deviations that are specified in the ITB as requiring rejection of the bid (such as, in the case of works, participating in the submission of another's bid other than as a subcontractor).

Note: The evaluation method for performance acceptability with regards to specifications (ii) above shall be included in the evaluation criteria in detail, and bidders shall be instructed to fill the required details of their submittals in this criteria to become responsive.

Chapter. 1

PUBLIC PROCUREMENT: WHY DOES IT MATTER.

Before describing various steps of procurement it is appropriate to establish at the outset as to why this topic is attention worthy. This inquiry can be fruitfully addressed by approaching it from three inter-linked though diverse perspectives:

- i) What constitutes proficient public procurement—what are its distinguishing characteristics?
- ii) Why is it so important?
- iii) Why should its achievement and maintenance be a priority concern for PIA and its staff?

What is Good Procurement? What Does It Look Like?

The principal hallmarks of proficient public procurement as mentioned previously are clarified below:

- Economy;
- Efficiency;
- Fairness;
- Reliability;
- Transparency; and
- Accountability and Ethical Standards.

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

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

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

Transparency: Good procurement establishes and then maintains rules and procedures that are accessible and unambiguous. It is not only fair, but should be *seen* to be fair.

Accountability and Ethical Standards: Good procurement holds its practitioners responsible for enforcing and obeying the rules. It makes them subject to challenge and to sanction, if appropriate, for neglecting or bending those rules. Accountability is at once a key inducement to individual and institutional probity, a key deterrent to collusion and corruption, and a key prerequisite for procurement credibility.

A sound procurement system is one that combines all the above elements. The desired impact is to inspire the confidence and willingness-to-compete of well-qualified vendors. This directly and concretely benefits the purchasing entity and its constituents, responsive contractors and suppliers, and the donor agency providing the project finance.

Conversely, a procurement system that does not consider the above elements stimulates hesitation to compete, submission of inflated bids containing risk factor, or submission of deflated bids followed by delayed or defective performance. Other direct results include collusion in bribery by frustrated or unscrupulous vendors and purchasing entities, bad value for those entities and their constituents, and betrayal and abuse of the public trust for personal gains.

Proficient public procurement is not difficult to describe in principle or to distinguish from its antithesis in practice, but it does require varied professional and technical know-how to establish, and a discipline and determination to successfully administer.

Why Is Proficient Public Procurement So Important?

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

- Services - expert advice and training, conventionally labeled Consulting Services.
- Civil works - for example, buildings, and other construction/renovation works etc.
- Plant & Equipment - typically equipment, materiel and supplies.
- Information Systems.

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

There are four basic concerns that Govern Procurement Policies:

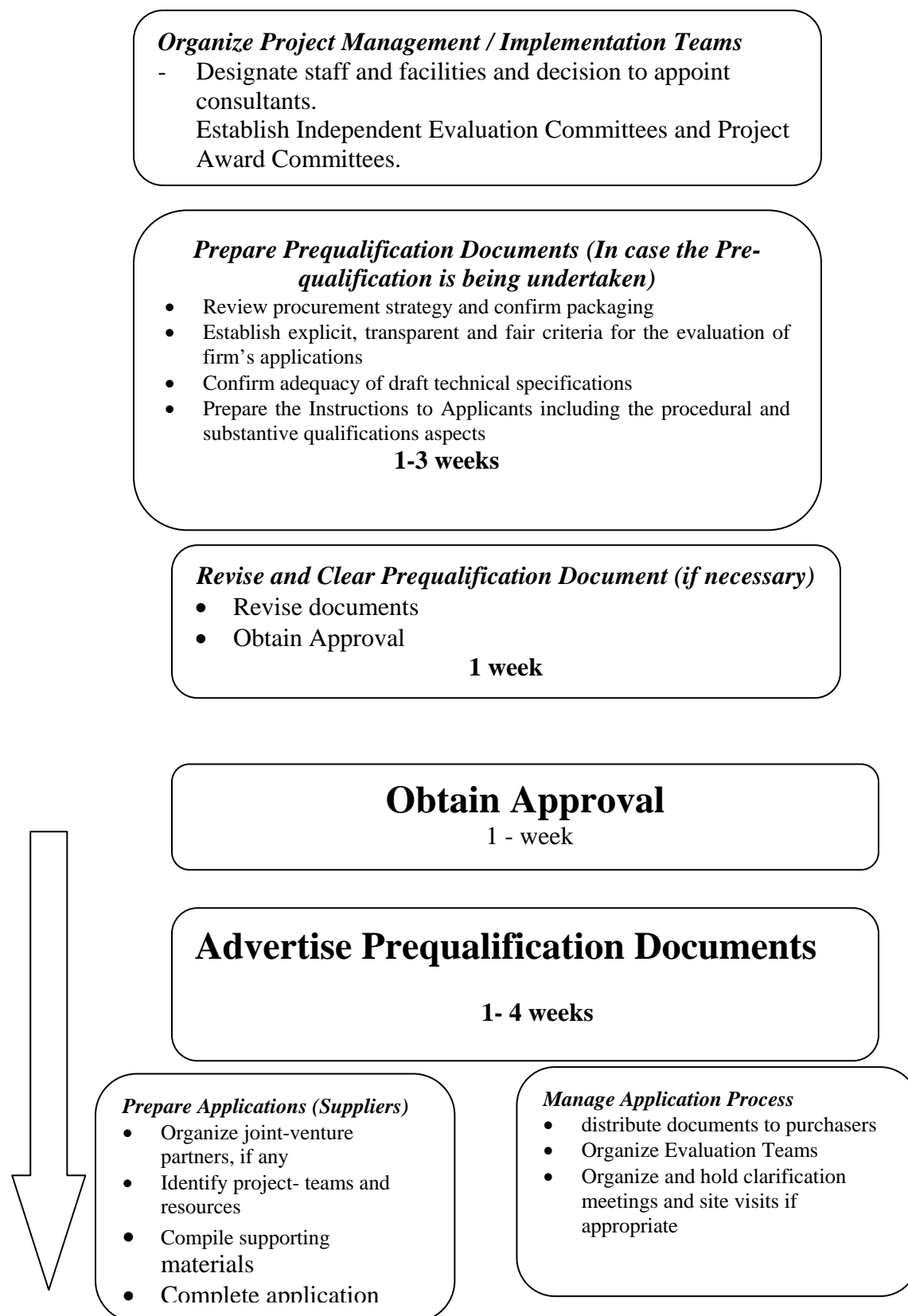
- To ensure that the Plant & Equipment and services needed to carry out the project are procured with due attention to economy and efficiency;
- To ensure that the funds are used to buy only those Plant & Equipment and services needed to carry out the project;
- To give all qualified bidders an equal opportunity to compete for the contracts;
- To ensure that the procurement process is transparent.

The procurement policies and procedures through this manual have been designed to promote fairness and equal treatment.

Chapter. 2

Tendering Process

Flow Chart showing Prequalification, Bidding and Indicative Time



Draft Bidding Documents

Technical specifications

- schedule of requirements
- special conditions of contract & sample forms
- instructions to bidders and bid data sheet, including supplier qualifications and bid evaluation method
- invitation to bid & procurement notice
- assemble documents & obtain agency approval

(2-8 Weeks)

Obtain Approval of Bid Documents

(1 week)

Evaluate and Select Pre-qualified Firms

- Confidentially evaluate applicants in terms of their: experience and financial and technical resources
- Select qualified applicants
- Prepare full prequalification report and submit to approving Authority

1- 2 weeks

Obtain approval

1 week

Distribute List of Pre-qualified Firms to All Applicants

Issue Bidding Documents

- Distribute invitation to bid

4 - 8 weeks

Opening of Bids

- Open Bids in presence of Bidders.
- Announce the Bidders name, Bid Security, Bid Price, and any discount bidders have offered.
- Get the signatures of all Bidders and Bid Opening Committee Members.
- After Bidders leaves the meeting, Bid Committee members shall sign all the Bids, including the prices, rates offers, and initial all pages, and initial all the corrections made by the bidders in the Bid Documents.

Evaluate and Select Lowest Responsive Evaluated Bid

****15 Days***

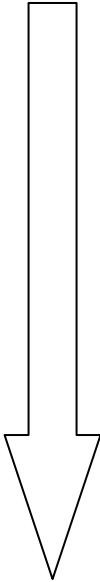
Note: * Evaluation period may be amended depending on the complicity of the Tender, but prior

Evaluation Report Declaration on PIA Website for inviting Objections

15 Days

Re Examine Evaluation Report and Objections. Revise and Finalize Evaluation Report and Submit the Recommendation to Award the Bid to the Lowest Responsive Bidder to Authority for Approval, and Award the Bid to the Lowest Responsive Bidder

16 Days



Chapter. 3

Procurement of Services.

A) PREQUALIFICATION

Pre-qualification of Consultants is an important step in the selection process to ensure high quality proposals for a meaningful proposal evaluation in shorter time for grading of firms for ultimate selection of suitable consultants. It may be remembered that registration of firms in PEC in general terms is not a substitute for Prequalification before inclusion in the shortlist. The qualifications and experience of the qualifying consultant should be such as to reflect its previous association with such project(s) and capability to handle the project with dexterity.

Unlike in procurement of goods and works in which all interested qualified bidders are publicly invited to present their bids, the process of consultant selection is based on obtaining a limited number of proposals from a shortlist prepared by the PIA. Because it is too time consuming to invite and evaluate proposals from all consultants who want to compete. Selection is based on limited competition among qualified firms who have the required experience and are capable of delivering the required services and desired level of quality.

From the consultants' point of view, the use of a shortlist reduces the number of proposals to be prepared, raises proposal quality, and increases the chances of the consultant winning the competition. For the PIA, it is an effective way of attracting the best candidates for the assignment.

PIA procedures for hiring consultants provide that, first, consultant opportunities are advertised. Then, on the basis of those consultants who submitted expressions of interest in response to the advertisement the PIA prepares a shortlist of consultants who will be invited to present their proposals.

B) STANDARD GUIDELINES FOR EVALUATION.

I) Use Standard Guidelines for Pre-Qualification of Consultants (First Edition) May 2002, issued by the Pakistan Engineering Council Islamabad, amend by TI Pakistan in June 2005 attached as **Annexure I**.

II) Amendments are made in this PEC document incorporating NACS 2002 policy and PPRA Rules.

III) Integrity Pact.

High value and high profile procurements in particular, above Rupees Five Million for procurement of services, are to be based on Integrity Pacts. The Standard prescribed "Integrity Pact" is attached.

IV) Associations between Consultants

Consultants may associate with each other. Such an association may be for the long term (independent of any particular assignment) or for a specific assignment. The "association" may take the form of a joint venture or of a sub-

consultancy. In case if the an association is in the form of a joint venture, the association should appoint one of the firms to represent the association. All members of the joint venture shall sign the contract and shall be jointly and severally liable for the entire assignment. Any association in the form of joint venture or sub-consultancy among short-listed firms shall be permissible only with the approval of PIA.

V) Fraud and Corruption

Following clause should be included in the prequalification documents.

It is the PIA policy to require its staff and the consultants to observe the highest standard of ethics during the selection and execution of such contracts. In pursuance of this policy, PIA:

(a) Defines, for the purposes of this provision, the terms set forth below:

(i) “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, of any thing of value to influence the action of a public official in the selection process or in contract execution; and

(ii) “Fraudulent practice” means a misrepresentation or omission of facts in order to influence a selection process or the execution of a contract;

(iii) “Collusive practices” means a scheme or arrangement between two or more consultants with or without the knowledge of PIA, designed to establish prices at artificial, noncompetitive levels and to deprive PIA of the benefits of free and open competition;

(iv) “Coercive practices” means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract.

(b) will reject a proposal for award if it determines that the consultant recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the contract in question;

(c) will sanction a consultant, including declaring the consultant ineligible, either indefinitely or for a stated period of time, to be awarded a PIA contract if it at any time determines that the consultant has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices.

vi) Allocation of Sub Criteria.

Sub-criteria and their weighting determine the outcome of the evaluation, they should be chosen considering the aspects that are critical to the success of the assignment. Evaluation criteria and sub-criteria, associated points, and the rating

system form an arithmetic model to assess the technical merit of the proposals. The more reliable the model, the more accurate the evaluation and the greater the possibility that PIA will select the proposal of the consultants who are best suited for the assignment. All sub-criteria points shall be included in the prequalification documents for information of the applicants.

vii) Fair Competition.

Sub Clause 6.3 of the PEC Standard Guideline restricting the number of qualified firms, is deleted, to enable all qualified firms to have fair opportunity to participate in the competition.

This has therefore to be ensured that the Prequalification should not be used to limit competition to a predetermined number of potential bidders. All applicants who have the qualifications to perform the proposed contract should be pre-qualified and bidding documents made available to all those who stands pre-qualified. No upper limit therefore should be imposed on the number of pre-qualified potential bidders.

viii) Evaluation

The Evaluation Committee shall evaluate the proposals in accordance with PEC Standard Guidelines for Pre-Qualification of Consultants.

ix) Invitation of Proposals.

Proposals for Procurement of Services on the standard format shall then be invited.

C) PROPOSAL FOR CONSULTING SERVICES.

Copy of the PEC Standard Guidelines for Evaluation of Proposals for Procurement of Engineering Services issued on May, 2002 by Pakistan Engineering Council Islamabad and amended by TI-Pakistan in June 2005 is attached as **Annexure IV**.

The Use of the Standard Guidelines For Evaluation of Proposals for Procurement of Engineering Services issued on May, 2002 by Pakistan Engineering Council Islamabad along with the with modifications is prescribed by the Public Procurement Rules, 2004. All consultancy contracts except single source selection of engineering experts if falls under the preview of direct contracting, or negotiated tendering under the Public Procurement Rules 2004, should be processed on the two envelope system, evaluated on the basis of technical competence with minimum passing marks of 75% .

i) Procedures of open competitive bidding.

Save as otherwise provided in PPRA rules the following procedures shall be permissible for open competitive bidding, namely:-

Single Stage – Two Envelope Procedure.-

- (i) The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;

- (ii) the envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;
- (iii) initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;
- (iv) the envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the PIA without being opened;
- (v) the PIA shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which do not conform to the specified requirements;
- (vi) during the technical evaluation no amendments in the technical proposal shall be permitted;
- (vii) the financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;
- (viii) after the evaluation and approval of the technical proposal the PIA, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders; and
- (ix) the bid found to be the lowest evaluated bid shall be accepted.

ii) Single Source Selection of consultants- NACS

Under Single Source Selection PIA will ask a specific consultant to prepare technical and financial proposals, which are then negotiated. Since there is no competition, this method is acceptable only in exceptional cases in case of an emergency or repeat order. This is because;

- The assignment represents a natural or direct continuation of a previous one awarded competitively, and the performance of the incumbent consultant has been satisfactory; or
- A quick selection of the consultant is essential, for instance, in emergency operations such as natural disasters and financial crisis; or
- The contract is very small in value; or

If continuity of downstream work by retaining an incumbent consultant for a downstream assignment is essential to the project and is in the interest of PIA, the RFP for the original assignment should indicate this likelihood. Satisfactory performance in the first assignment has to be a precondition for continuation. In these cases, PIA should balance the importance of continuing with the same technical approach, the experience acquired, and the continued professional liability of the incumbent against the benefits of renewed competition such as fresh technical approaches and competitive remuneration rates.

If the RFP for the original assignment has indicated the likelihood of continuity of downstream work by retaining an incumbent consultant for a downstream assignment, and once valid causes have occurred under the four situations described above, PIA may agree to an SSS on a continuation basis. PIA then should ask the consultant to prepare technical and financial proposals on the basis of the TOR prepared by PIA, or by an independent adviser with no relation to the incumbent. This is the basis for negotiating a continuation contract.

The Amendments have been incorporated in this PEC Standard Guidelines for Evaluation of Proposals for Procurement of Engineering Services issued on May, 2002 for incorporating the Public Procurement Rule 2004 and NACS 2002 as described in the prequalification chapter above, which are:

- i) The Integrity Pact.**
- ii) Associations between Consultants.**
- iii) Fraud and Corruption**
- iii) The Evaluation of proposals by the Evaluation Committee**

At the time of opening of the Tenders, all members of Evaluation Committee shall sign each and every page of the Proposal, quoted costs, cuttings and overwriting at the time of opening of Technical and Financial proposals as the case may be.

Standard Evaluation based on the RFP and PEC Evaluation Form be carried out by the Evaluation Committee. PEC Standard Guidelines for evaluation of proposals for procurement of Engineering Services is attached as Annexure II. The method of selection as prescribed by NACS and Public Procurement Rules 2004 is **Two Envelope Procedure as described above.**

The Evaluation Committee shall evaluate the proposals in accordance with Standard Guidelines for Evaluation of Proposals for Procurement of Engineering Services along with the amendments prescribed in this chapter.

iv) Establishment of Sub Criteria for Evaluation.

Sub-criteria and their weighting determine the outcome of the evaluation, they should be chosen considering the aspects that are critical to the success of the assignment. Evaluation criteria and sub-criteria, associated points, and the rating system form an arithmetic model to assess the technical merit of the proposals. The more reliable the model, the more accurate the evaluation and the greater the possibility that PIA will select the proposal of the consultants who are best suited for the assignment.

All adopted sub-criteria should be specified in the RFP. The points allocated to each of the sub-criteria under “qualifications and competence of key staff” must be indicated in the RFP. It is also recommended to disclose in the RFP the points allocated to the sub-criteria of “adequacy of the proposed methodology and work plan” and “suitability of the transfer of knowledge program”, since it increases the transparency of the evaluation. The weight of each sub-criterion will vary according to its relative importance to the specific assignment. To avoid over detailed lists of sub-criteria, it is recommended that no fewer than three points be allocated to each sub-criterion. Allocation of fewer than three points would imply that the sub-criterion is of only minor importance to the overall evaluation.

v) **Evaluation of Personnel.**

There was an ambiguity in allotting scores for personnel in the PEC Bidding Documents. LOI Section 3.iv on status of personnel says that “ The majority of the key professional staff proposed shall be permanent employees of the firm or have an extended and stable working relation with it unless otherwise indicated in the Data Sheet.”

Following clause has been deleted.

Section 5.6.7 of the Standard Guidelines for Evaluation of Proposals for Procurement of Engineering Services “ It is accordingly desirable that no undue importance and weight age may be assigned to this element except that the consultants may be required to provide a certificate that the services of the nominated experts will be available up to the end of the validity period of the consultants proposal”.

Evaluation of Advocacy of Proposed Work Plan. This is a highly sensitive item, which requires understanding of the evaluators that all bidders have been prequalified and are approved by PIA as technically experienced and competent to execute the assignment. It is therefore not allowed that their bids may be allotted zero marks in any of the four subcategories.

Following Subcriteria is prescribed.

Adequacy of Proposed Work Plan

Max 40 Marks

i. Addressing the TOR

Max. 15 marks

The Proposal contains a separate section commenting on each and every scope of work defined in the TOR . Marking based on extent of compliance to the project concept and requirements of TOR

Majority of the comments does not comply.	7 Marks
Upto 75 % compliance.	10 Marks
Upto 95 % compliance.	12 Marks
Over 95 % compliance.	15 Marks

ii. Proposed Methodology, Tasks Details and Working Programme of Assignment
Max. 20 marks

ii (a) Methodology

Max 10 Marks

Poor Methodology	5 Marks
Above Average Methodology	7 Marks
Good Methodology	10 Marks

Ii (b) Tasks Details and Work Programme of Assignment **Max10 Marks**

Poor Tasks & Work Programme	5 Marks
Above Average Tasks & Work Programme	7 Marks
Good Tasks & Work Programme	10 Marks

iii. Innovation in approach

Max 5 Marks

Marketing Strategy rated as average	2Marks
Marketing Strategy rated as good	3 Marks
Marketing Strategy rated as Excellent	5 Marks

vi) Financial Evaluation.

a) The financial proposals of firms lower than 75% shall be returned unopened, the remaining financial proposals should be publicly opened by inviting all the remaining bidders.

b) On the date and time set for opening the financial proposals, the appointed PIA official delivers them to the Evaluation Committee. The opening is public. The Evaluation Committee verifies that the financial proposals have remained sealed and then opens them.

The Evaluation Committee should first review the financial proposals for arithmetical errors and consistency between the financial and technical proposals (for example, omissions of items included in the technical proposals). Arithmetical errors should be corrected, omitted items evaluated, and the corresponding adjustments made to the offered prices to obtain the final evaluated prices. For example, if a technical proposal indicates the presence of the team leader at the assignment site for 12 months and the financial proposal indicates only 8 months, and should be calculated by adding the corresponding amount of staff remuneration to the proposed amount.

The Financial proposals shall be evaluated by the Evaluation Committee, and Evaluation Report prepared.

viii) Finalization and Public Declaration of Evaluation Report.

The Evaluation Report shall be published on PIA website for a minimum period of 10 days for inviting objections.

vii) Publication of the Evaluation Report, Review, approval and Award of Contract.

PIA shall publish in its website the following information: (i) name of all bidders who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated prices of all bids that had been evaluated; (iv) name of bidders that were disqualified and the reasons for their disqualification; and (v) name of the bidder recommended for award and reason for recommendation, price, duration and summary scope of the contract.

After 10days, all objections shall be examined by the evaluation committee, and evaluation report to be finalized in 6 days, signed by all committee members. The ER shall then be approved by the Project Award Committee in 2 days, President – PIA or prescribed authority, in 2 Days and letter of Award issued in 2 days and Contract Agreement Signed in 15 days.

ix) Negotiation of Contract.

The lowest evaluated bidder will be invited to negotiate a contract with PIA.

The negotiations will not allow any deletion or addition on man months, or costs, but technical requirements will be negotiated and contract agreement finalized.

Note A copy of the Executed Contract of over Rupees Fifty Million shall be forwarded to the National Accountability Bureau for information.

x) Standard Contract Documents

The RFP shall also include one of the following three appropriate form of Standard Contract Documents issued by PEC,

1. Small Projects
2. Large Time based Projects
3. Large Lump Sum Projects

These Standard Contract Documents are attached as **Annexure II IV, and V.**

xi) Amendments in the Standard Contract Documents

Following amendments are to be made in the Contract documents.

Clause 3.8 , “The Client and Consultant shall not use these documents for the purpose unrelated to this contract without the prior written approval of the other party” is to be substituted with following;

“Any studies, reports or other material, graphic, software or otherwise, prepared by the Consultant for the Client under the Contract shall belong to and remain the property of the Client.”

xii) Project Director

According to the NACS Tenures are to be fixed for the Project Directors. In case of short duration projects of up to three years, posting for the entire project period should be made. For projects of longer duration, there must be a criteria giving employment for a minimum period of three years.

xiv) Time Frame.

This process shall be completed within the time prescribed below;

- Prequalification (if undertaken) and notification in the press. 03 Days.
- Receipt of Prequalification from bidders 25 Days
- Evaluation of Prequalification. 07 Days
- Invitation to Bidders. 01 Day
- Receipt of Tenders (local minimum) 15 Working Days
(International minimum) 30 Working Days
- Opening & Evaluation of tenders *15 Days

- (Technical & financial) by ER Committee
- Public Declaration of Evaluation Report 10 Days
 - Evaluation Report
 - Finalization of ER 06 Days
 - Approval of ER by Project Award Committee. 02 Days
 - Approval of Award of Contract by PIA. 02 Days
 - Issue of Letter of Award 02 Days
 - Signing of Agreement 28 Days

Note: * Evaluation period may be amended depending on the complicity of the Tender, but prior to issue of tenders.

Chapter 4

Procurement of Works, Plant & Equipment and Information Systems

According to PEC Engineering Works Bye-Laws notified under S.R.O. 568 (I)/87 dated 8th July 1987, Statutory Tendering process recommendations are;

Selection and Tendering process-

(1) All construction and management and supervision of operations of engineering work shall be entrusted only to the constructors or operators, as the case may be, licensed as such by the Council.

(2) A foreign constructor or foreign operator wishing to perform any construction or operation of engineering works in Pakistan shall obtain an appropriate license from the Council before initiating any activity which is a subject of these Bye-laws. The foreign constructor or foreign operator may be granted license only for specific projects which need expertise and specialized technology of construction or operation not available with a Pakistani constructor or Pakistani operator. Any such foreign constructor or foreign operator shall enter into a joint venture agreement with the Pakistani constructor or Pakistani operator in which share of foreign constructor or foreign operator shall be limited to the expertise and technology not available with the Pakistani constructor or Pakistani operator. The establishment of a joint venture shall be subject to the condition that share of the Pakistani constructor or Pakistani operator shall not be less than thirty percent.

(3) The client or employer shall adopt an equitable method of selection of a constructor or operator for a particular project and will ensure that the following basic requirements are met namely:-

(a) An engineering work falling under a certain category must be entrusted only to those constructors or operators who are licensed by the Council in accordance with these byelaws, either in the same category or in a higher category.

(b) A uniform system of credit points for the purpose of evaluation of the applicant's capabilities in the respect of vital elements of applicant's organization and capacity to perform shall be established before tenders or proposals are called from prospective bidders. The various vital elements to be covered are:

(i) Net worth of the applicant as on the date of application.

(ii) current ability to obtain finances and bonds (i.e. total ability less existing commitments).

(iii) current availability of applicant's construction equipment of tools required for the project (total equipment and tools owned as well as equipment irrevocably committed to be leased to the

applicant on demand less current commitment and the period of their commitment).

(iv) Professional experience of construction or operation of the type of proposed project, including professional personnel of required experience in full time employment of the applicant less the personnel commitment on projects in hand.

(v) Previous performances of the applicant on other projects and similar projects,

(vi) Current license issued by the Council; and

(vii) Any other relevant factors.

(c) A provision is made in the proposed contract with the constructor or operator for the settlement of any differences by arbitration under the Arbitration Act 1940, before recourse to any other legal action.

(d) Selection is done through open and fair competition and no preference is given to any contractor or operator for reason of his being in the public or private sector.

S.R.O. 628 (I)/2003 21 June 2003-In the aforesaid Bye-laws, in bye-law 7, after clause (4), the following new clause shall be added, namely:-

“(5) For award and execution of an engineering work the relevant standard from of bidding or tender document prepared by the Pakistan Engineering Council shall be adopted.”

A) PREQUALIFICATION.

A Prequalification is aimed at ensuring that only contractors and suppliers who have the required experience, technical and financial resources bid for a contract. Prequalification screens potential bidders and is designed to provide the following benefits:

- Unqualified bidders save the cost of bid preparation which results in lower overhead costs to them and, therefore presumably lower bid prices in the long run, to the benefit of the PIA.
- Leading contractors and suppliers, particularly the reputable ones, are more likely to bid knowing that competition is confined to only those qualified. This is also to the benefit of the PIA.
- The scale of interest by potential bidders can be measured, affording the opportunity to revise bidding conditions as necessary to develop adequate competition.
- The evaluation of bids only from the qualified bidders may result in time and cost savings to PIA, as well as a reduction (or elimination) of the threat of pressure being applied by marginally or unqualified bidders for their low prices to be considered.

- An early indication of PIA procurement capability is provided, allowing necessary improvements to be made at the initial stages of procurement.
- The creation of appropriate joint ventures is encouraged.

This has to be ensured that the Prequalification should not be used to limit competition to a predetermined number of potential bidders. All applicants who have the qualifications to perform the proposed contract should be pre-qualified and bidding documents made available to all those who pre-qualified. No upper limit should be imposed on the number of pre-qualified potential bidders, but, if the pre-qualified applicants are too few to ensure competition, a reassessment of the situation can be carried out. This includes:

- further advertising for prequalification submission;
- extension of the deadline for applications;
- review of the proposed contract conditions to reduce contractors' risks; and
- improvement of advance mobilization payments. PIA may also review prequalification requirements but should not lower them merely to increase competition. Setting of standards/requirements at different well defined levels may be justified when a contract is divided into several smaller, less complex contracts, and bidding is on a slice or package basis.

After prequalification, pre-qualified bidders are invited to submit bids which are eventually evaluated. PIA is required to award the contract to the bidder offering the lowest evaluated responsive bid. PIA should ask bidders to confirm and update essential prequalification information at the time of bid submission. The lowest apparent evaluated responsive bidder may be denied the contract if evaluation of the updated information indicates that the bidder, no longer possesses the necessary capabilities. This could occur because of changed financial situation, loss of equipment or key personnel, or lack of capacity because of new contract commitments on the bidder's part.

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

- the proposed procurement;
- the estimated value of the contract and major quantities of work;
- location of the work;
- procurement scheduling of goods or works to be procured;
- abbreviated specifications and conditions of contract;
- main quantities to be procured;
- delivery or implementation schedules;
- requirements for bid and performance securities;
- prequalification evaluation criteria and sub criteria,
- how the project is to be financed;
- payment terms;
- price adjustment provisions;
- the language and governing law of the contract;
- other information in sufficient detail to enable bidders, suppliers or contractors to assess their interest and respond appropriately; and
- The name and address of PIA and of its officials in charge of the procurement with a statement of their roles.

- Registration with Pakistan Engineering Council and the Current license issued by the Council;
- Consent to sign “ Integrity Pact” and
- Any other relevant factors..

The criteria should also be objective; ambiguous requirements such as “general reputation”, or “co-cooperativeness” or irrelevant ones should not be used. Likewise the criteria should not be unfairly discriminatory.

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

Prequalification Documents

Prequalification documents should specify the submissions required, such as completed questionnaire forms and supporting documents and their number and the deadline for their submission. **They should also contain a clear statement on the criteria and sub criteria for evaluation of prequalification applications.** The anticipated period for evaluation after receipt of prequalification applications, usually 2 to 3 weeks and the method of notification to all applicants of the results should be indicated in the documents and displayed on website. PIA should not consider prequalification applications received after the time stipulated.

B) STANDARD GUIDELINES FOR EVALUATION.

PIA will use the following Guidelines and Standard Bidding Documents for its procurement in Works, Plant & Equipment and Information Systems.

- I) Standard Guidelines for Pre-qualification of Constructors issued by Pakistan Engineering Council Islamabad, in May 2002, with amendments prescribed by NACS 2002 and Public Procurement rules 2004.
- II) Copy of the Amended PEC Standard Guidelines for Pre-Qualification of Constructors is attached as **Annexure VI.**
- III) Integrity Pact.- Same as prescribed in Consultants procedures.

Allocation of Sub Criteria.

Sub-criteria and their weighting determine the outcome of the evaluation, they should be chosen considering the aspects that are critical to the success of the assignment. Evaluation criteria and sub-criteria, associated points, and the rating system form an arithmetic model to assess the technical merit of the proposals.

The more reliable the model, the more accurate the evaluation and the greater the possibility that the PIA will select the Contractors who are best suited for the assignment.

In the PEC Standard Guidelines for Pre-Qualification of Constructors, clause 3.2.5 shall be examined in the following manner;

Financial Position - General Information

- i) The purpose of assessing the financial soundness of the Applicants is to reassure the Employer that the individual Applicant's financial standing in its whole does not have structural weaknesses that may result in the Applicant's financial inability to perform, and to give an indication of the scope and value of the work the Applicant would be able to undertake. To place a detailed analysis in context, it is necessary to look at trends in key figures over a number of years and to make comparisons of the firm's annual activities to the same firm's results from previous years.
- ii) Because of differing international accounting practices and tax laws, published information on the financial position of companies and financial ratios derived there from do not provide a uniform and satisfactory basis to compare the financial standing of an Applicant with other Applicants for prequalification purposes. Nevertheless, audited financial statements or balance sheets should be sought as a general guide to the financial situation of the Applicant. Firms owned by individuals and partnerships may not be required to maintain audited accounts by the laws of their countries of origin. In such cases, balance sheets should be certified by a registered accountant and supported by tax returns.
- iii) In any case, PIA should require applicants to provide the following background information to support the presentation in the Information Forms:
 - Audited or certified financial statements for the last five years or for the period stated in the prequalification notice, supported respectively by audit statements or tax returns; and
 - Names and addresses of the Applicant's banker(s), as well as the names and addresses of clients or organizations familiar with its financial standing.

Development of Indicators and Ratios

The financial information provided by an Applicant should be reviewed in its entirety to allow a truly informed judgment, and the pass-fail decision on the financial position of the Applicant should be given on this basis. To assist in this review, the indicators used most frequently are **working capital** and **net worth**. The following table summarizes the financial information of an example firm as would be reported by an Applicant in the Form A 10, as well as an evaluation by the Employer of the Applicant's **working capital** and **net worth**.

The example for financial capability to be provided under Form A-10 is given below for information.

EXAMPLE

Financial Information (Rs. million equivalent)

	Actual: previous five years					Projected: next two years		
	5	4	3	2	1	0	1	2
1. Total assets	185	190	200	230	250		255	253
2. Current assets	120	130	145	140	150		160	162
3. Total liabilities	90	105	100	110	115		120	126
4. Current liabilities	70	65	70	75	78		90	95
5. Profits before taxes	14	13	13	14	18		21	21
6. Profits after taxes	10	9	9	10	13		15	15

Overview Analysis

7. Net worth (1) - (3)	95	85	100	120	135		13.5	127
8. Current ratio (2)/(4)	1.7	2.0	2.1	1.9	1.9		1.8	1.7
9. Return on equity % (5)/(7 of prior year)		13.7	15.3	14.0	15.0		15.5	15.5

Working capital is the difference between current assets and current liabilities, and measures the firm's ability to generate cash in the short term. Current assets are cash and other assets suitable for conversion into cash within one year. Current liabilities are monetary obligations that must be paid out within the current year. To help in the interpretation of the adequacy of **working capital**, the **current ratio**, which compares the current assets with the current liabilities, is more helpful than a figure for working capital. In the example, the current ratio of the firm varies from 1.7 to 2.1 over the previous five years and the projected ratios for the next two years are also within this range. This indicates that the firm has had a consistent record of its working capital with at least Rs. 1.7 in current assets to back each rupee of its current liabilities. Construction firms normally have small inventories and accounts receivable are easy to collect; they can therefore operate safely with a low current ratio. The example firm appears healthy from its **working capital** point of view.

Net worth or **net equity** is the difference between total assets and total liabilities. The **net worth** measures a firm's ability to produce profits over the long run as well as its ability to sustain losses. Although the yearly figures for the **net worth** indicate the growth of the firm, the **return on equity** gives a better indication of the efficiency with which equity is employed within the firm. This is obtained by dividing the annual profit before taxes by the net worth of the previous year and expressed as a percentage. In the example, for every rupee of equity, the firm made 13.7 to 15.3 paisa during the five-year period. The example firm shows a rather consistent net worth record.

Example: Estimating minimum "Cash-flow" Requirement

Consider a Rs. 100 million Contract of Road Work with a Two year completion period.

Estimated Cost:	Rs. 48 m
Duration:	2 years
Average monthly "cash flow" amount:	Rs. 48 m ÷ 24 = <u>Rs. 2.0m</u>
Elapsed period (sample)	
(a) Interim construction period	1 month
(b) Engineer issues payment certificate	5 days
(c) Employer pays invoice	45 days

- (d) Contingency period 1 month
Total 4 months

“Cash flow” requirement for four months: = $4 \times \underline{\text{Rs. 2.0m}} = \underline{\text{Rs. 8.0m}}$

Contract Evaluation

- (a) The average annual amount of the Applicant’s past turnover on general construction stated by the Applicants in should be equal to or greater than that stated in Prequalification documents. If there has been a downward trend in turnover in more recent years over the specified period, a clarification should be sought by the evaluator with a view to a possible weighting of the more recent years in determining the annual average (see example below).

Example:

Year	Turnover	Rs. equivalent in M
1. 1998 (to end June)	(completed in different currencies)	20
2. 1999	“	40
3. 2000	“	80
4. 2001	“	120
5. 2002	“	100
Totals: 4.5 years		R. 360 m
Average T/O p.a.: $360 \div 4.5 =$		<u>Rs. 80m p.a.</u>
Minimum Average Requirement stated in PQ Doc:		<u>Rs. 60m p.a.</u>

Note: Although appearing to pass the qualifying criterion, the Applicant has only averaged Rs.56 m/per annum. ($140 \div 2.5$) in the last two and one-half years, with decreasing turnover. In such cases, the Employer should make a thorough investigation of the financial soundness of the Applicant and, failing a satisfactory resolution, the Applicant could be disqualified.

- (b) The particular experience on similar contracts, and minimum key production rates as stated in PQ Doc., should be compared with information provided by applicant. The contribution of named specialist subcontractors may be a factor in satisfying these criteria.
- (c) The minimum required cash flow amount stated in PQ Doc. should be adequately supported by the Applicant’s statements .. If the Applicant is a JV, the available contribution of each partner may be aggregated.
- (d) The sources of financing for “Works in Progress” should be satisfactory.

vi) The Analysis of Litigation History

1 The execution of any construction contract will normally result in the payment by the Employer of a number of reasonable claims from the Contractor, e.g., for defaults of the Engineer/Project Manager, delays, unforeseeable ground and climatic conditions, etc. However, some Contractors have an established business practice of bidding low to obtain award of contract; and then flooding the Employer with excessive or frivolous claims to increase their income. Employers should be on guard against any Contractor

who habitually resorts to excessive claims, arbitration, and litigation in the execution of contracts.

2 Applicants with a consistent and significant history of excessive contract arbitrations and litigation resulting in awards or decisions against them should not be qualified to bid. So that the litigation history may be evaluated, Applicants should be required to list all contracts over a stated period of time (normally five years) that resulted in litigation or arbitration proceedings, with an indication of the matters and amounts in dispute, the parties involved, and the resolution of the dispute.

3 The criterion for rejection should be that of numerous arbitral awards or court decisions **against** the Applicant in relation to awards **for** the Applicant, taking the number and amount of contracts executed. As an indicative example, the occurrence of one or two adverse cases over five years for a Contractor handling, on average, ten construction jobs simultaneously, should not be a cause for rejection. If dispute resolution is found relatively frequently in the business of the Applicant, it may indicate an attitude of the management of the firm that could be dangerous for the Employer if the Applicant were awarded the contract, and further investigation with previous Employers may be warranted.

Evaluation

The Evaluation Committee shall evaluate the proposals in accordance with PEC Evaluation Form is attached as **Annexure VII**. Approval of Project Award Committee shall then be obtained. This activity shall be completed in Seven days.

Invitation of Tenders.

Tenders shall then be invited from the Pre-qualified Contractors.

C) INVITATION OF TENDERS.

- I) Use Standard Form of Bidding Documents issued by Pakistan Engineering Council in August 2002, with amendments prescribed by NACS 2002 & Public Procurement Rules, 2004.
1. Standard Guidelines for Evaluation of Bids for Procurement of Works. **Annexure VII**
 2. Standard forms of Biding Documents (Civil Works) **Annexure VII**
 - Part I. General Conditions of Contracts.
 - Part II Condition of Particular Applications.
 - FIDIC conditions for works of civil engineering constructions
 3. Standard forms of tender documents for procurement of works (Electrical and Mechanical)- **Annexure IX**
 4. Escalation and Construction Contracts.- **Annexure X**
 5. Standard Bidding Documents Supply and Installation of Information Systems (Single-Stage Bidding)- **Annexure XI**
 6. Standard Bidding Documents Supply and Installation of Information Systems (Two-Stage Bidding)- **Annexure XII**
 5. Standard Bidding Documents – Procurement of Plant & Equipment.(Goods)- **Annexure XIII**
- II) Amendments to be made in these PEC documents incorporating NACS 2002 & Public Procurement Rules, 2004 as given below.
1. **Integrity Pact.**
Same IP to be included as prescribed in Consultants procedures.
 2. **Allocation of Sub Criteria and Financial Evaluation.**
Sub-criteria and their weighting determine the outcome of the evaluation, they should be chosen considering the aspects that are critical to the success of the assignment. Evaluation criteria and sub-criteria, associated points, and the rating system form an arithmetic model to assess the technical merit of the proposals.
- The more reliable the model, the more accurate the evaluation and the greater the possibility that PIA will select the proposal of the consultants who are best suited for the assignment.
- III) **Check for balanced bid prices, to evaluate determination of enhancement of performance security.**
Bill of Quantity (BOQ) Format requires change, to include breakdown against each BOQ item cost of material, equipment, labour & overhead costs.

IV) Amendments in the Tender Documents for Civil Works.

- a) In Standard Form of Bidding Documents Civil Works also the Arithmetic Check and Correction of error should be included at the preliminary checking stage.
- b) The IT.26 and IT. 27 Examination of Tenders and Determination of Responsiveness may therefore be substituted with IT 24.1 a & b, 24.2 and 24.3 of the Tender Documents for Electrical and Mechanical Works.
- c) The IT.18 Format and Signing of Tender. Wording of 18.6 is substituted with new wording. 18.6.

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

“The Correction shall be made by striking a line over the wrong amount, and writing the correct amount separately. The use of White Fluid for correction of error is not allowed. The Correction shall be made by striking a line over the wrong amount, and writing the correct amount separately”

V) Amendments in the Tender Documents for Electrical and Mechanical Works.

The PEC Standard Form of Tender Documents for Procurement of Works (Electrical & Mechanical) includes following clause.26.2 Evaluation and Comparison of Tenders

VI) Commercial Evaluation

It will be examined in detail whether the tenders comply with the commercial/contractual conditions of the Tender Documents. It is expected that no major deviation/stipulation shall be taken by the bidders.

However there is no information on the procedure of commercial evaluation. The procedure for commercial evaluation has to be defined in the Tender Documents for transparent evaluation. For this purpose following Clause is to be included in the Tender Documents for Electrical & Mechanical Works. This clause has been borrowed from the “Standard Bidding Documents for the Supply and Installation of Plant and Equipment” prepared by the World Bank, issued in November 1997, Revised January 1999 and March 2002.

- | | |
|---------------------------------|---|
| 25 Commercial Evaluation | 25.1 The comparison shall be of the EXW price of plant and equipment offered from within the Employer’s country, such price to include all costs as well as duties and taxes paid or payable on components and raw material incorporated or to be incorporated in the plant and equipment, with the price of the CIF-named port of destination (or CIP border point or CIP-named place of destination) offered from outside the Employer’s country, plus the cost of local transportation, all installation and other services required under the contract. The Employer’s comparison will also include the costs resulting from application of the evaluation procedures described in ITB Sub-Clause 25.3. |
|---------------------------------|---|

25.2 The Employer's evaluation of a bid will take into account, in addition to the bid prices indicated in Price Schedule Nos. 1 through 5, the following costs and factors that will be added to each Bidder's bid price in the evaluation using pricing information available to the Employer, in the manner and to the extent indicated in ITB Sub-Clause 25.3 and in the Technical Specifications:

- (a) the cost of all quantifiable deviations and omissions from the contractual and commercial conditions and the Technical Specifications as identified in Attachment 6 to the bid, and other deviations and omissions not so identified
- (b) compliance with the time schedule called for in the corresponding Appendix to the Form of Contract Agreement and evidenced as needed in a milestone schedule provided in the bid
- (c) the projected operating and maintenance costs during the life of the facilities
- (d) the functional guarantees of the facilities offered
- (e) the extra cost of work, services, facilities, etc., required to be provided by the Employer or third parties.

The estimated effect of the price adjustment provisions of the Conditions of Contract, applied over the period of execution of the contract, shall not be taken into account in bid evaluation.

25.3 Pursuant to ITB Sub-Clause 25.2, the following evaluation methods will be followed:

- (a) ***Contractual and commercial deviations***
The evaluation shall be based on the evaluated cost of fulfilling the contract in compliance with all commercial, contractual and technical obligations under this bidding document. In arriving at the evaluated cost, the price for withdrawal of deviations shown in Attachment 6 of the bid will be used, if necessary. If such a price is not given, the Employer will make its own assessment of the cost of such a deviation for the purpose of ensuring fair comparison of bids.
- (b) ***Time schedule (program of performance)***
The plant and equipment covered by this bidding are required to be shipped and installed, and the facilities shall have the pre-commissioning completed within the period named in the Bid Data Sheet after the effective date specified in the Form of Contract Agreement. **Bidders are required to base their prices on the time schedule given in the corresponding Appendix to the Form of Contract Agreement (Time Schedule) or, where no time schedule is given, on the completion date(s) given in the Bid Data Sheet.** No credit will be given for earlier completion. Where an Alternative Time Schedule is accepted, pursuant to ITB Sub-Clause 9.3 (g) (i), and where the completion date offered is within the limits specified in the Bid Data Sheet, bids offering a completion date beyond the minimum designated period shall be adjusted in the evaluation by adding a factor specified in the Bid Data Sheet to the bid price. Bids offering a completion date beyond the maximum designated period shall be rejected.
- (c) ***Operating and maintenance costs***
 - (i) Since the operating and maintenance costs of the facilities being procured form a major part of the life cycle cost of the

facilities, these costs will be evaluated according to the principles given in the Bid Data Sheet, including the cost of spare parts for the initial period of operation stated in the Bid Data Sheet and based on prices furnished by each Bidder in Price Schedule Nos. 1 and 2, as well as on past experience of the Employer or other employers similarly placed. Such costs shall be added to the bid price for evaluation.

- (ii) The price of recommended spare parts quoted in Price Schedule No. 6 shall not be considered for evaluation.
- (d) **Functional Guarantees of the facilities**
 - (i) Bidders shall state the functional guarantees (e.g., performance, efficiency, consumption) of the proposed facilities in response to the Technical Specifications. Plant and equipment offered shall have a minimum (or a maximum, as the case may be) level of functional guarantees specified in the Technical Specifications to be considered responsive. Bids offering plant and equipment with functional guarantees less (or more) than the minimum (or maximum) specified shall be rejected.
 - (ii) For the purposes of evaluation, the adjustment specified in the Bid Data Sheet will be added to the bid price for each drop (or excess) in the responsive functional guarantees offered by the Bidder, below (or above) either a norm of one hundred (100) or the value committed in the responsive bid with the most performing functional guarantees, as specified in the Bid Data Sheet.
- (e) **Work, services, facilities, etc., to be provided by the Employer**

Where bids include the undertaking of work or the provision of services or facilities by the Employer in excess of the provisions allowed for in the bidding documents, the Employer shall assess the costs of such additional work, services and/or facilities during the duration of the contract. Such costs shall be added to the bid price for evaluation.
- (f) **Specific additional criteria**

The relevant evaluation method, if any, shall be detailed in the Bid Data Sheet and/or in the Technical Specifications.

25.4 Any adjustments in price that result from the above procedures shall be added, for purposes of comparative evaluation only, to arrive at an "Evaluated Bid Price." Bid prices quoted by bidders shall remain unaltered.

vii) Evaluation Form.

PEC Standard Form of Evaluation report is to be used, with amendments prescribed by NACS 2002 & Public Procurement Rules, 2004. Copy of the PEC Standard Form of Evaluation report is attached as **Annexure X**.

vii) Declaration of Evaluation Report for Transparency of decision.

Evaluation reports should be made public, e.g. by placing on website or locally by the clients 10 days prior to finalization of Evaluation Report to invite any objections from any sector for the purpose of making any re-evaluation, if needed.

Note: Publication of the Evaluation Report

PIA shall publish in its website the following information: (i) name of all bidders who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated prices of all bids that had been evaluated; (iv) name of bidders that were disqualified and the reasons for their disqualification; and (v) name of the bidder recommended for award and reason for recommendation, price, duration and summary scope of the contract.

viii) Finalization of Evaluation Report.

After 10 days, all objections shall be examined by the Evaluation Committee, and evaluation report to be finalized in 6 days, signed by all ER Committee Members. The ER shall then be approved by the Project Award Committee in 2 days, competent authority in 2 Days and letter of Award issued in 2 days and Contract Agreement Signed in 28 days.

x) Award of Contract.

The negotiations for award of Contract shall be held with the responsive evaluated lowest bidder, and the contract awarded to the at the quoted cost. This process shall be completed within the prescribed time frame quoted below

• Receipt of Tenders (local minimum)	15 Working Days
(International minimum)	30 Working Days
• Opening & Evaluation of tenders (Technical & financial) by ER Committee	*15 Days
• Public Declaration of Evaluation Report	10 Days
• Evaluation Report	
- Finalization of ER	06 Days
- Approval of ER by Project Award Committee.	02 Days
- Approval of Award of Contract by PIA.	02 Days
- Issue of Letter of Award	02 Days
- Signing of Agreement	28 Days

Total 37 Days

Note: * Evaluation period may be amended depending on the complicity of the Tender, but prior to issue of tenders.

xi) Copy of Contract for National Accountability Bureau.

A copy of the Executed Contract of over Rupees Fifty Million shall be forwarded to National Accountability Bureau for information.

xii) Standard Contract Documents

The Tender Documents shall also include one of the following two appropriate form of Standard Contract Documents issued by PEC,

1. Standard Form of Bidding Documents (Civil Works) **Annexure VIII**
2. Standard Form of Tender Documents (electrical & mechanical) **Annexure IX**

D) ALTERNATIVE METHODS OF PROCUREMENT

PIA may utilize the following alternative methods of procurement for Plant & Equipment,, Services , Information Systems and Works:-

- i) **Petty Purchases.** Where the object of the procurement is below the financial limit of Rs.10,000. Such procurement shall be exempt from the requirements for bidding or quotations for prices.

Provided that the PIA shall ensure that procurement of petty purchases is in conformity with the principles of procurement described below.

When engaging in procurement, PIA shall ensure that all procurement is conducted in a fair and transparent manner. The aim shall be to obtain the best value for money. The procurement process shall be both efficient and economical. It shall seek to improve governance, management, transparency and accountability.

- ii) **Request for Quotations (RFQ).** A PIA shall engage in this method of procuring only if the following conditions exist:-

- a) The cost of object of procurement is below the prescribed limit of Rs.100,000.
- b) The object of the procurement has standard specifications.
- c) Minimum of three quotations have been obtained.
- d) The object of the procurement is purchased from the supplier offering the lowest price.

Provided that PIA are convinced of the inadequacy of the financial limit prescribed for RFQ in undertaking their respective operations may approach the Authority for enhancement of the same with full and proper justifications.

- iii) **Direct Contracting.** PIA shall only engage in Direct Contracting if the following conditions exist:-

- a) The procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier.
- b) Provided that the same are not available from alternative sources.
- c) Only one manufacturer or supplier exists for the required procurement.
- d) Provided that the procurement agencies shall prescribe appropriate and may authorize procurement of proprietary object after due diligence,
- e) Where a change of supplier would oblige the PIA to acquire material having different technical specifications and/or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance. Provided that the contract or contracts do not exceed 3 years in duration.

iv) Repeat orders

PIA may place a repeat order at the same lowest price on the same bidder qualified/declared successful in the last tender for a particular commodity/service for a quantity not exceeding 15% of the original procurement.

v) Negotiated Tendering.

PIA may engage in negotiated tendering with one or more suppliers/contractors with or without prior publication of a procurement notification. This procedure shall only be used:

- a) when the suppliers involved are manufacturers purely for the purpose of appointing a specific piece of research of an experiment, a study or a particular development.
- b) When for technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier.
- c) When for reasons of extreme urgency brought about by events unforeseeable by the PIA, the time limits laid down for open and limited bidding procedures cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the PIA.
- d) Provided that any PIA desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.



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SAMPLE

PREQUALIFICATION EVALUATION CRITERIA OF CONTRACTORS.

In the Invitation for Pre-qualification, minimum requirements have to be specified. For guidance, the following may be considered; however it may be necessary for PIA to prepare its own criteria / sub-criteria depending upon the nature, size and requirements of specific projects.

Use of Prequalification

Prequalification is aimed at ensuring that only contractors and suppliers who have the required experience, technical and financial resources bid for a contract. The Prequalification process screens potential bidders and is designed to provide the following benefits:

- Unqualified bidders save the cost of bid preparation which results in lower overhead costs to them and, therefore presumably lower bid prices.
- At times the lowest submitted bid may be non responsive, i.e. it fails to satisfy the requirements of the project specification or TOR, this puts the PIA in an embarrassing situations. This must be avoided at all costs..
- It eliminates firms with insufficient experience as the technical abilities of firms is checked at this stage.
- Leading contractors and suppliers, particularly the international bidders, are more likely to bid knowing that competition will be confined to only those qualified and responsive to the requirements of the project TOR and specifications. This benefits the PIA in terms of only qualified bidders responding.
- The scale of interest by potential bidders can be measured, affording the opportunity to revise bidding conditions as necessary to develop adequate competition.
- The evaluation of only bids from qualified bidders may result in time and cost savings as well as a reduction (or elimination) of the threat of pressure being applied by marginally or unqualified bidders for their low prices to be considered.

Where government agencies come in as bidders, prequalification may be used to determine that they are not only capable of supplying the items to be procured, but also that they are commercially-oriented and do not enjoy direct or hidden subsidies from the government. This ensures that a fair competitive bidding situation exists and thus, eligible private sector domestic and foreign suppliers and contractors, safely participate in the bidding process.

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

stand pre-qualified No upper limit should be imposed on the number of prequalified potential bidders.

Evaluation Criteria

The Evaluation Criteria given along with is a sample based on the World Bank and Pakistan Engineering Council guidelines, and is based on the factors given in sub-para of Instructions to Applicants and shall result in fail/pass basis. The 'pass' Applicants should be allowed to participate in the Tender.

Pre-qualification will be based on the Applicant's general and particular experience, personnel and equipment capabilities, and financial position, as demonstrated by the Applicant's responses in the forms attached to the prequalification request form. Sub-contractor's experience and resources shall not be taken into account in determining the Applicant's compliance with the qualifying criteria. However, Joint Venture experience & resources shall be considered. Consortium or Association of firms will be considered for similar treatment as in the case of Joint Venture.

Maximum Marks 100 and minimum passing marks are 75, and 15 marks in each category.

a) Experience

25 Marks

The Applicant shall meet the following minimum criteria:- (*Indicate amount here*)

a) Average annual turnover which is also termed as Income from contracting, Revenue or Sales and is defined as billing for works in progress and completed over the last five years of Rs. _____ million or equivalent.

b) Successful experience as prime contractor in the execution of at least one to three projects of a nature and complexity comparable to the proposed contract(s) within the last five years. This experience should include _____

_____ [*Indicate annual rate for key construction activities in the proposed contract or works. The annual rate should equal about 80 percent of expected peak rate of construction of the key activity in the contract or works.*]

b) Personnel Capabilities

25 Marks

Requirement of Employer/User will be varied from Project to Project. The Applicant must have in his employment suitably qualified personnel to fill the following key management and specialist positions. The Applicant will supply information on a prime and an alternate candidate for each position (both should meet the specified experience requirements):

However following factors should be given due consideration by the user of this document.

i) For Key Positions e.g. Project Manager, Contract Manager, Project Director etc.

- The experience of the personnel on similar projects of 2 or more shall be 10 years or more.
- Specialized experience if required shall be specified.

- M.S./B.S. Engineering or equivalent qualification approved by PEC as an academic qualification shall be essential for execution/supervision of Engineering Works/Projects.

ii) For other Engineering Positions

- B.S. Engineering or equivalent approved by PEC as an academic qualification shall be essential for Engineering Works/Projects.
- Experience on similar projects from 3 to 5 years in accordance with the project requirements.

iii) For other Positions

- The Employer/PIA should assess and specify the experience/qualification requirements for other positions.

c) Equipment Capabilities

25 Marks

(a) The Applicant should own, or have assured access to (through rented, lease, purchase agreement or other means), the following key items of equipment (limited to only major items of equipment) in full working order, and must demonstrate that, based on known commitments, these will be available for deployment on the proposed contract or works. The Applicant may also list alternative equipment which he would propose for the contract together with an explanation of the alternate proposal.

Sr.No.	Equipment Type & Characteristics	Minimum Number required
---------------	---	--------------------------------

- 1.
- 2.
- 3.

d) Financial Position

25 Marks

The Applicant should demonstrate that he has access to, or has available liquid assets, un-encumbered real assets, lines of credit and other financial means sufficient to meet the construction cash flow for the execution of works. Applicant's commitments for other ongoing contracts shall also be considered. *[The duration for the ongoing contracts are calculated by allowing the time of construction from beginning of month invoiced plus the time needed for the Engineer to certify the pay estimate plus the time needed by the Employer to pay the certified amount]*

Conflict of Interest

The Applicant (including all members of a JV) must not be associated, nor have been associated in the past, with the consultant or any other entity that has prepared the design, specifications, and other prequalification and bidding documents for the project, or was proposed as Engineer for the contract, over the last five years. Any such association may result in disqualification of the Applicant.

EVALUATION SUB-CRITERIA FOR CONTRACTORS.

[For guidance, the following sub-criteria is considered; however PIA may fix its own criteria depending upon nature, size and requirements of the specific projects.]

Max 100 Marks

1. Experience

25 Marks

Experience of Firm	10 Years	5 Marks
*Average annual turn over in last five years Rs 60 million. Carried out Projects of value more than Rs 40 Million in last 5 years		5 marks
Each subsequent Project 1 Marks,	3 Projects Max	10 Marks 5 Marks

2. Personnel Capabilities

25 Marks

For Key Position

Project Manager:

15 Marks

B.E. (preferred discipline) 20 Years Experience	5 marks
M.S.. Engineering	2 Marks
Employed in Firm for 5 year or more	2 Marks
3 Project of similar nature	3 Marks
Each additional project of similar nature will score 1 marks(max 3)	3 Marks

Construction / Installation Engineer:

5 Marks

B.E. (preferred discipline) 15 Years Experience	2 marks
Employed in Firm for 5 year or more	1 Marks
3 Project of similar nature	2 Marks

For other Engineering Positions min. experience 10-years

1. (Engineer Specify Discipline). **3 Marks**
2. (Engineering Diploma specify discipline) **2 Marks**

3. Equipment Capability – (owned by firm)

25 Marks

(PIA to Specify Equipment requirements)

i) Equipment	10 Marks
ii) Equipment	5 Marks
iii) Equipment	4 Marks
iv). Equipment	2 Marks
v). Equipment	4 Marks

**Note the above marks given to each piece of equipment to be
Based on the importance of the equipment for the project**

4. Financial

25 Marks

Working Capital with firm	Rs (8.0) Million	15 marks
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For Additional Rs 10 Million,5 Marks Max 10 Marks

** (Working Capital: Total assets, including bank overdraft limits- Present Value of Contract in Hand)

Financial Capabilities

Example: Estimating minimum “Cash-flow” Requirement

[ESTIMATED COST OF Project to be filled by PIA. Sample is based on Rupees 96 Million.]

Explanatory Notes.

Development of Indicators and Ratios

4.1 The financial information provided by an Applicant should be reviewed in its entirety to allow a truly informed judgment, and the pass-fail decision on the financial position of the Applicant should be given on this basis. To assist in this review, the indicators used most frequently are **working capital** and **net worth**. The following table summarizes the financial information of an example firm as would be reported by an Applicant in the Form A 10, as well as an evaluation by the Employer of the Applicant’s **working capital** and **net worth**.

The example for financial capability to be provided under Form A-10 is given below for information.

EXAMPLE

Financial Information (Rs. million equivalent)

	Actual: previous five years					Projected: next two years		
	5	4	3	2	1	0	1	2
1. Total assets	185	190	200	230	250		255	253
2. Current assets	120	130	145	140	150		160	162
3. Total liabilities	90	105	100	110	115		120	126
4. Current liabilities	70	65	70	75	78		90	95
5. Profits before taxes	14	13	13	14	18		21	21
6. Profits after taxes	10	9	9	10	13		15	15

Overview Analysis

7. Net worth (1) - (3)	95	85	100	120	135		13.5	127
8. Current ratio (2)/(4)	1.7	2.0	2.1	1.9	1.9		1.8	1.7
9. Return on equity % (5)/(7 of prior year)		13.7	15.3	14.0	15.0		15.5	15.5

Working capital is the difference between current assets and current liabilities, and measures the firm’s ability to generate cash in the short term. Current assets are cash and other assets suitable for conversion into cash within one year. Current liabilities are monetary obligations that must be paid out within the current year. To help in the interpretation of the adequacy of **working capital**, the **current ratio**, which compares the current assets with the current liabilities, is more helpful than a figure for working capital. In the example, the current ratio of the firm varies from 1.7 to 2.1 over the previous five years and the projected ratios for the next two years are also within this range. This indicates that the firm has had a consistent record of its working capital with at least Rs. 1.7 in current assets to back each rupee of its current liabilities. Construction firms normally have small inventories and accounts receivable are easy to collect;

they can therefore operate safely with a low current ratio. The example firm appears healthy from its **working capital** point of view.

Net worth or **net equity** is the difference between total assets and total liabilities. The **net worth** measures a firm's ability to produce profits over the long run as well as its ability to sustain losses. Although the yearly figures for the **net worth** indicate the growth of the firm, the **return on equity** gives a better indication of the efficiency with which equity is employed within the firm. This is obtained by dividing the annual profit before taxes by the net worth of the previous year and expressed as a percentage. In the example, for every rupee of equity, the firm made 13.7 to 15.3 paisa during the five-year period. The example firm shows a rather consistent net worth record.

Example: Estimating minimum “Cash-flow” Requirement

Consider a Rs. 100 million Contract of Road Work with 2 year completion period.

Estimated Cost:	Rs. 48 m
Duration:	2 years
Average monthly “cash flow” amount:	Rs. 48 m ÷ 24 = <u>Rs. 2.0m</u>
Elapsed period (sample)	
(a) interim construction period	1 month
(b) Engineer issues payment certificate	5 days
(c) Employer pays invoice	45 days
(d) contingency period	<u>1 month</u>
Total	4 months

“Cash flow” requirement for four months: = 4 × Rs. 2.0m = Rs. 8.0m
Firm shall have working capital to provide this cash flow..

Contract Evaluation

- (b) The average annual amount of the Applicant's past turnover on general construction stated by the Applicants in should be equal to or greater than that stated in Prequalification documents. If there has been a downward trend in turnover in more recent years over the specified period, a clarification should be sought by the evaluator with a view to a possible weighting of the more recent years in determining the annual average (see example below).

Example:

Year	Turnover	Rs. equivalent in M
1. 1998 (to end June)	(completed in different currencies)	20
2. 1999	“	40
3. 2000	“	80
4. 2001	“	120
5. 2002	“	100
Totals: 4.5 years		R. 360 m
Average T/O p.a.: 360÷4.5 =		<u>Rs. 80m p.a.</u>
Minimum Average Requirement stated in PQ Doc:		<u>Rs. 60m p.a.</u>

***Note:** Although appearing to pass the qualifying criterion, the Applicant has only averaged Rs.56 m.p.a. (140÷2.5) in the last two and one-half years, with decreasing turnover. In such cases, the Employer should make a thorough investigation of the financial soundness of the Applicant and, failing a satisfactory resolution, the Applicant could be disqualified.

- (b) The particular experience on similar contracts, and minimum key production rates as stated in PQ Doc., should be compared with information provided by applicant. The contribution of named specialist subcontractors may be a factor in satisfying these criteria.
- (c) **The minimum required cash flow amount stated in PQ Doc. should be adequately supported by the Applicant's statements .. If the Applicant is a JV, the available contribution of each partner may be aggregated.
- (d) The sources of financing for "Works in Progress" should be satisfactory.



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Sample Evaluation Format for Contractors / Suppliers.

After the public opening of bids, information relating to the examination, clarifications, and evaluation of bids shall not be disclosed to bidders or other persons not officially concerned with this process until the Evaluation Report is completed and then it shall be displayed on PIA website for inviting objections for ten days. On 11, 12 and 13th days the objections shall be reviewed by the ER Committee and the Evaluation Report finalized.

The evaluation committee should work in a secure office where all bidding documents can be kept. There may be a considerable advantage if the members who participated in the preparation of the bidding documents are included in the bid evaluation committee. This is recommended in order to prevent the un-realistic time gap between submission of Bids and the completion of the Evaluation process because such gaps may create opportunities for disclosure of contents of Bids/information.

The evaluation process should begin immediately after bid opening. The purpose of preliminary examination is to identify and reject bids that are incomplete, invalid, or substantially non-responsive to the bidding documents and therefore are not to be considered further..

Evaluation of Bids.

Step 1. Carry out Arithmetic check.

Arithmetical errors shall be rectified. If there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected.

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

“The Correction shall be made by striking a line over the wrong amount, and writing the correct amount separately. The use of White Fluid for correction of error is not allowed.

Non compliance of the correction of arithmetic error as described shall be cause of rejection of bid at this preliminary stage.

Step 2. Post Qualification. Evaluate the Qualification of the Bidder i.e., - Review of updated information on the sub-elements for prequalification to establish continued status as at the time of pre-qualification, or - Assessment of qualification of the Bidder from data provided for post-qualification.

Only post qualified bids shall be further evaluated for responsiveness and detailed evaluation.

Step 3. Check for Substantial Responsiveness of Bid. : Unless the bidding documents have specifically allowed, bids not offering all of the required items should ordinarily be considered non-responsive. However, under works/other contracts, missing prices for occasional work items are considered to be included in prices for closely related items elsewhere; if such provision exists in the preamble of Bill of Quantity. If any erasures, interlineations, additions, or other changes have been made, these should be initialed by the bidder. Exception from bid conditions are acceptable if they are corrective, editorial, explanatory; otherwise, they should be treated as deviations and should be analyzed as per evaluation criteria.. Missing pages in the original copy of the bid which affect the ranking of the Bidders may be a cause for rejection of the bid.

Major (Material) deviations

Major deviations to the commercial requirements and technical specifications are a basis for the rejection of bids. As a general rule, major deviations are those, that if accepted, would not fulfill the purposes for which the bid is requested, or would prevent a fair comparison or affect the ranking of the bids that are compliant with the bidding documents.

A bid is not to be considered in the light of the above if;

- (i) It is submitted by a Bidder who has participated in more than one Bid.
- (ii) It is received after the time and date fixed for its receipt.
- (iii) It is submitted through fax, telex, telegram or e-mail.
- (iv) It is unsigned.
- (v) It is not accompanied with Bid Security.
- (vi) Bid Security value/validity is less than specified.
- (vii) It is submitted for incomplete Scope of Work.
- (viii) It indicates a completion date later than specified.
- (ix) It indicates that material to be supplied does not meet the specifications requirements. (This item will be examined at the stage of Technical Evaluation).
- (x) It indicates that prices quoted are not firm during currency of the contract except those prices where escalation/adjustments are permitted in the Conditions of Contracts (This item will be examined at the stage of Financial Evaluation).
- (xi) It indicates that Bid Prices do not include the amount of taxes & duties.
- (xii) If Bidder refuses to accept the arithmetic corrections.
- (xiii) It is materially and substantially different from the Conditions/Specifications of Bidding Documents. (This item will be examined at the stage of Technical Evaluation).
- (xiv) It provides Sub-contracting, contrary to conditions specified in the Bidding Documents.
- (xv) It fails to comply with Milestones/critical dates specified in Bidding Documents.
- (xvi) The bidder is not valid license holder of the PEC.
- (xv) It does not comply with the performance requirements of supplies specified in the Bid documents. (This item will be examined at the stage of Technical Evaluation).
- (xvi) Subcontracting contrary to the Conditions of Contract specified in Bidding Documents.

- (xvii) Refusing to bear important responsibilities and liabilities allocated in the Bidding Documents, such as performance guarantees and insurance coverage.
- (xviii) Taking exception to critical provisions such as applicable law, taxes and duties and dispute resolution procedures.
- (xix) Those deviations that are specified in the ITB requiring rejection of the bid (such as, in the case of Works/Plant & equipment supplies/Information System participating in the submission of other bids other than as a subcontractor).

Minor Deviations

Bids that offer deviations acceptable to the PIA and which can be assigned a monetary value defined in the bidding documents, may be considered substantially responsive at least as to the issue of fairness. This value would however be added as an adjustment for evaluation purposes only during the detailed evaluation process

Step 4. Technical Evaluation shall be carried out on the basis of pre determined Criteria given in the Bid Documents. Sample Technical Evaluation Requirements and Weightage to be assigned for telecommunication items is attached, which is to be made according to the product requirement.

Note: In Information System Procurement **Technical : Financial** scoring ratio varies from 80:20 for complicated software only to 20:80 for simple software and supply of hardware also. Each project has to be assigned the ratio according to PIA requirement.

Step 5. The Financial Evaluation as prescribed in the PEC Standard Guidelines for Evaluation of Bids for Procurement of Works/ Equipment of only the Responsive Bids shall be carried out after the responsiveness evaluation is completed.

Integrity Pact

DECLARATION OF FEES, COMMISSIONS AND BROKERAGE ETC. PAYABLE BY THE SUPPLIERS/CONTRACTORS OF GOODS, SERVICES & WORKS

_____ [the Seller/Supplier/Contractor] hereby declares its intention not to obtain or induce the procurement of any contract, right, interest, privilege or other obligation or benefit from Government of Pakistan or any administrative subdivision or agency thereof or any other entity owned or controlled by it (GoP) through any corrupt business practice.

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

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

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

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

GOVERNMENT OF PAKISTAN
MINISTRY OF COMMUNICATIONS

Islamabad, the 18th January, 2000

OFFICE MEMORANDUM

SUBJECT: CHIEF EXECUTIVE DIRECTIVE-2/2000

The undersigned is directed to enclose to a copy of Chief Executive Secretariat's P.O.No.16-1/SO(A-1)/2000-142 dated 12th January, 2000 along with its enclosure on the above endorsed subject for compliance/implementation.

Same as above:

SAMINA NOOR
Section Officer (Coord./Imp)

1. . IC(E/PMP), Islamabad.
2. DIG, Ports & Shipping Wing, Karachi.
3. Chairman, PTA, Islamabad.
4. Chairman, PTCL, Islamabad.
5. Chairman, NHA, Islamabad.
6. Senior Chief NTRC, Islamabad.
7. DIG, PPO, Islamabad.
8. Chairman, NTC, Islamabad.
9. Vice Chairman, FAE, Islamabad.
10. Chairman, KPT, Karachi.
11. Chairman, PQA, Karachi.
12. MD, PSEB, Islamabad.
13. MD, TIP, Haripur.
14. Chairman, NMTA, Islamabad.
15. DIG, EP/Cell, Islamabad.

Copy of DIS(I), DS(II) and Director (R&RT) for follow up action.

SAMINA NOOR
Section Officer (Coord./Imp)

Subject: Chief Executive Directive – 1/2000

1. While showing concern over undue and avoidable delays in the processing of cases at various levels, the Chief Executive has desired greater efficiency and removal of bottlenecks.
2. The Chief Executive has directed that the Ministers/Heads of Departments should evolve measures whereby a case is disposed of within SEVEN DAYS of its initiation/receipt. Delays, if any, must be brought to the notice of concerned Secretaries on the 8th day for remedial action.
3. A flow chart, as per proposed specimen at Annex-A, may please be place on every file, to monitor the progress of processing of every case.

Major General
COS of the Chief Executive
(Anis Ahmed Bajivo)

All Federal Ministers/Heads of Departments

No.16-1/SO(A-1)/2000-142 dated/2 Jan 2000

Annex-A

CASE FLOW CHART

Serial	Office Where Case is Received	Date In	Date Out	Remarks & Reasons For Delay	Signature of Concerned Officer
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*A Commitment
- A Resolve
Every Step of the Way*

Shaffaf Pakistan

Public Procurement Rules 2004

**An initiative
of the
Government
of Pakistan**

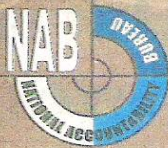
To ensure fairness and transparency and best value for money in Public Procurement and to identify well-reputed bidders, suppliers and contractors, the Government of Pakistan has promulgated Public Procurement Rules 2004. These Rules ensure:

- **A transparent and standardized procurement process.**
- **Equal opportunity to all eligible participants.**
- **A system of accountability.**
- **Public procurement through PUBLIC PROCUREMENT REGULATORY AUTHORITY (PPRA) web portal.**
- **Registration of complaints through PPRA website**

**Join the effort...
build a Shaffaf Pakistan.**

For complete details
visit the website: www.ppra.org.pk

**An anti-corruption
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P I D (I) 1450/04

NATIONAL ANTICORRUPTION STRATEGY 2002

The following are some of the Major Guidelines for Development, Procurement and Contracting as recommended by the NACS.

Systemic weakness	Proposed strategy	Proposed measures	Responsibility
Failures in mechanisms to ensure sound use of development funds	Introduce wider participation and transparency in development process	Development projects to be based on independent community needs assessment with broad local public participation	All tiers of Local Government
		Laid down requirements for details of all projects to be made public at planning stage, either in local community (local projects) or in the media (national projects) Aid agencies and International	All concerned organizations
		Tensures to be fixed for Project Directors. In case of short duration projects of upto three years, posting for the entire project period. For projects of longer duration, there must be criteria of minimum three years	All concerned organizations
Lack of clear standard coherent and transparent set of laws and procedures	Create standard, coherent and transparent set of laws and procedures	Either the Pakistan Quick with Gop Engineering Council (PEC) byelaws of the World Bank guidelines should be uniformly implemented until such time the Public Procurement Regulatory Authority prepares its own laws and procedures	GoP
Procurement rules and practices outdated, anti-competitive, non-transparent	Ensure that new law and procedures facilitate fair competition, transparency and public participation	High value and high profile procurements in particular, above Rs. 5 Million for procurement of services, and over Rs. 50 Million for procurement of works, goods and equipment, to be based on Integrity Pacts. These shall serve as model for inclusion in law	All concerned organizations
		All consultancy contracts Except single source selection of engineering experts, should be processed on the two envelope system, evaluated on the basis of technical competence with minimum passing marks of 75%. The financial proposals of firms lower than 75% should be returned unopened, the remaining financial proposals should be publicly opened and the contract awarded to the lowest bidder.	PPRA
		Project specifications to be	PPRA

		widely publicized/circulated/ advertised with defined minimum period before invitations to bid	
		Bill of Quantity (BOQ) Format requires change, to include breakdown against each BOQ item cost of material, equipment, labour & overhead costs	PPRA
		Evaluations should be on pre-determined and pre-publicized criteria	
		Evaluation committees for procurement over defined amount should include members of civil society, for example from Institute of Chartered Accountants, PEC and FPCCI	
		Evaluation reports should be made public, e.g. by placing on website or locally by the clients 10 days prior to award of contracts to invite any objections from any sector for the purpose of making any re-evaluation, if needed	
		Introduce standard systems of required documentation, reasons for decisions and procedures for audit	
Foreign governments, multinational/ national companies and donor agencies encourage or fail to prevent corruption	Build the willingness, capacity and confidence of the governments/ multinational/ donor agencies to fight corruption	All companies operating in Pakistan to have Code of Conduct, Good Governance Corporate policies, including no bribery provisions in conformity with US Foreign Corrupt Practices Act and the OECD Convention etc.	Transparency International embassies, donor agencies and PPRA
		Provide guidance to all businesses to inform their employees about the tougher anti-bribery arrangements, and the definition of bribery i.e. includes entertainment of officials etc.	FPCCI, TI Pakistan, American Business Council, Overseas Investment, Chamber of Commerce and Industry
		All companies operating in Pakistan to have Code of Conduct, Good Governance Corporate policies, including no bribery provisions in conformity with US Foreign Corrupt Practices Act and the OECD Convention etc.	FPCCI, TI Pakistan, American Business Council, Overseas Investment, Chamber of Commerce and Industry
Honest bidders dissuaded from bidding	Reform procedures and practices to incentivize wider group of bidders	GoP to put in place arrangements to guarantee swift payment of consultants, contractors invoices	PPRA, Ministry of Finance

		Introduce system of milestone payment release system, i.e. opening of local Letter of Credit (LC), and development funds for projects should be placed with Bank for opening of LC for full duration of Project	PPRA, Ministry Of Finance
		Effective system for blacklisting corrupt contractors	PPRA, Ministry of Finance
Projects offer opportunities for corruption and fail to meet development needs	Strengthen Functional specialization and professionalism in technical/ developmental areas	Ensure all projects planned, and payments made, on the basis of milestones and outputs	PPRA,
		In key technical/ developmental depts, amend service laws to provide for continuity of professional officers on projects and in technical departments and prevent rotation to different dept; technical depts to be headed by technical professionals	Ministry of Law, Ministry of Finance, Establishment Division and Provincial Governments

PUBLIC PROCUREMENT RULES, 2004

Part-II

STATUTORY NOTIFICATION (S.R.O.)

GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(Admn. And Coord. Wing)

NOTIFICATION

Islamabad, the 8th June, 2004

S.R.O. 432 (I)/2004.-- In exercise of the powers conferred by section 26 of the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002), the Federal Government is pleased to make the following rules, namely:-

- 1. Short title and commencement.-** (1) These rules may be called the Public Procurement Rules, 2004.
- (2) They shall come into force at once.

GENERAL PROVISIONS

- 2. Definitions.-** (1) In these rules, unless there is anything repugnant in the subject or context,-

- (a) “bid” means a tender, or an offer, in response to an invitation, by a person, consultant, firm, company or an organization expressing his or its willingness to undertake a specified task at a price;
- (b) “bidder” means a person who submits a bid;
- (c) “competitive bidding” means a procedure leading to the award of a contract whereby all the interested persons, firms, companies or organizations may bid for the contract and includes both national competitive bidding and international competitive bidding;
- (d) “contractor” means a person, consultant, firm, company or an organization who undertakes to supply goods, services or works;
- (e) “contract” means an agreement enforceable by law;

(f) “corrupt and fraudulent practices” includes the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official or the supplier or contractor in the procurement process or in contract execution to the detriment of the procuring agencies; or misrepresentation of facts in order to influence a procurement process or the execution of a contract, collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition and any request for, or solicitation of anything of value by any public official in the course of the exercise of his duty;

(g) “emergency” means natural calamities, disasters, accidents, war and operational emergency which may give rise to abnormal situation requiring prompt and immediate action to limit or avoid damage to person, property or the environment;

(h) “lowest evaluated bid” means,-

(i) a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and

(ii) having lowest evaluated cost;

(i) “Ordinance” means the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002);

(j) “repeat orders” means procurement of the same commodity from the same source without competition and includes enhancement of contracts;

(k) “supplier” means a person, consultant, firm, company or an organization who undertakes to supply goods, services or works; and

(l) “value for money” means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-gradeability, price, source, and the combination of whole-life cost and quality to meet the procuring agency’s requirements.

(2) The expressions used but not defined in these rules shall have the same meanings as are assigned to them in the Ordinance.

3. Scope and applicability.- Save as otherwise provided, these rules shall apply to all procurements made by all procuring agencies of the Federal Government whether within or outside Pakistan.

4. Principles of procurements.- Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

5. International and inter-governmental commitments of the Federal Government.- Whenever these rules are in conflict with an obligation or commitment of the Federal Government arising out of an international treaty or an agreement with a State or States, or any international financial institution the provisions of such international treaty or agreement shall prevail to the extent of such conflict.

6. Language.- (1) All communications and documentation related to procurements of the Federal Government shall either be in Urdu or English or both. Except where a procuring agency is situated outside the territories of Pakistan and procurements are to be made locally, the procuring agency may use the local language in addition to Urdu or English.

(2) Where the use of local language is found essential, the original documentation shall be in Urdu or English, which shall be retained on record; for all other purposes their translations in local language shall be used:

Provided that such use of local language ensures maximum economy and efficiency in the procurement.

(3) In case of the dispute reference shall be made to the original documentation retained on record.

7. Integrity pact.- Procurements exceeding the prescribed limit shall be subject to an integrity pact, as specified by regulation with approval of the Federal Government, between the procuring agency and the suppliers or contractors.

PROCUREMENT PLANNING

8. Procurement planning.- Within one year of commencement of these rules, all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

9. Limitation on splitting or regrouping of proposed procurement.- Save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agencies shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

10. Specifications.- Specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words "or equivalent".

11. Approval mechanism.- All procuring agencies shall provide clear authorization and delegation of powers for different categories of procurement and shall only initiate procurements once approval of the competent authorities concerned has been accorded.

PROCUREMENT ADVERTISEMENTS

12. Methods of advertisement.- (1) Procurements over forty thousand rupees and up to the limit of one million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

(2) All procurement opportunities over one million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

(3) In cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.

(4) A procuring agency utilizing electronic media shall ensure that the information posted on the website is complete for the purposes for which it has been posted, and such information shall remain available on that website until the closing date for the submission of bids.

13. Response time.- (1) The procuring agency may decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency. However, under no circumstances the response time shall be less than fifteen working days for national competitive bidding and thirty working days for international competitive bidding from the date of publication of advertisement or notice. All advertisements or notices shall expressly mention the response time allowed for that particular procurement along with the information for collection of bid documents which shall be issued till a given date, allowing sufficient time to complete and submit the bid by the closing date:

Provided that no time limit shall be applicable in case of emergency.

(2) The response time shall be calculated from the date of first publication of the advertisement in a newspaper or posting on the web site, as the case may be.

(3) In situations where publication of such advertisements or notices has occurred in both electronic and print media, the response time shall be calculated from the day of its first publication in the newspapers.

14. Exceptions.- It shall be mandatory for all procuring agencies to advertise all procurement requirements exceeding forty thousand rupees. However under following circumstances deviation from the requirement is permissible with the prior approval of the Authority,-

- (a) the proposed procurement is related to national security and its publication could jeopardize national security objectives; and
- (b) the proposed procurement advertisement or notice or publication of it, in any manner, relates to disclosure of information, which is proprietary in nature or falls within the definition of intellectual property which is available from a single source.

PRE-QUALIFICATION, QUALIFICATION AND DIS-QUALIFICATION OF SUPPLIERS AND CONTRACTORS

15. Pre-qualification of suppliers and contractors.- (1) A procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

(2) A procuring agency while engaging in pre-qualification may take into consideration the following factors, namely:-

- (a) relevant experience and past performance;
- (b) capabilities with respect to personnel, equipment, and plant;
- (c) financial position;
- (d) appropriate managerial capability; and
- (e) any other factor that a procuring agency may deem relevant, not inconsistent with these rules.

16. Pre-qualification process.- (1) The procuring agency engaging in pre-qualification shall announce, in the pre-qualification documents, all information required for pre-qualification including instructions for preparation and submission of the pre-qualification documents, evaluation criteria, list of documentary evidence required by suppliers or contractors to demonstrate their respective qualifications and any other information that the procuring agency deems necessary for pre-qualification.

(2) The procuring agency shall provide a set of pre-qualification documents to any supplier or contractor, on request and subject to payment of price, if any.

Explanation.- For the purposes of this sub-rule price means the cost of printing and providing the documents only.

(3) The procuring agency shall promptly notify each supplier or contractor submitting an application to pre-qualify whether or not it has been pre-qualified and shall make available to any person directly involved in the pre-qualification process, upon request, the names of all suppliers or contractors who have been pre-qualified. Only suppliers or contractors who have been pre-qualified shall be entitled to participate further in the procurement proceedings.

(4) The procuring agency shall communicate to those suppliers or contractors who have not been pre-qualified the reasons for not pre-qualifying them.

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

Provided that such qualification shall only be laid down after recording reasons therefor in writing. They shall form part of the records of that procurement proceeding.

18. Disqualification of suppliers and contractors.- The procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.

19. Blacklisting of suppliers and contractors.- The procuring agencies shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Such barring action shall be duly publicized and communicated to the Authority:

Provided that any supplier or contractor who is to be blacklisted shall be accorded adequate opportunity of being heard.

METHODS OF PROCUREMENT

20. Principal method of procurement.- Save as otherwise provided hereinafter, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

21. Open competitive bidding.- Subject to the provisions of rules 22 to 37 the procuring agencies shall engage in open competitive bidding if the cost of the object to be procured is more than forty thousand rupees.

22. Submission of bids.- (1) The bids shall be submitted in a sealed package or packages in such manner that the contents are fully enclosed and cannot be known until duly opened.

(2) A procuring agency shall specify the manner and method of submission and receipt of bids in an unambiguous and clear manner in the bidding documents.

23. Bidding documents.- (1) Procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid.

(2) For competitive bidding, whether open or limited, the bidding documents shall include the following, namely:-

- (a) invitation to bid;
- (b) instructions to bidders;
- (c) form of bid;
- (d) form of contract;
- (e) general or special conditions of contract;
- (f) specifications and drawings or performance criteria (where applicable);
- (g) list of goods or bill of quantities (where applicable);
- (h) delivery time or completion schedule;
- (i) qualification criteria (where applicable);
- (j) bid evaluation criteria;
- (k) format of all securities required (where applicable);
- (l) details of standards (if any) that are to be used in assessing the quality of goods, works or services specified; and

- (m) any other detail not inconsistent with these rules that the procuring agency may deem necessary.
- (3) Any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.
- (4) Procuring agencies shall use standard bidding documents as and when notified by regulation by the Authority:
Provided that bidding documents already in use of procuring agencies may be retained in their respective usage to the extent they are not inconsistent with these rules, and till such time that the standard bidding documents are specified by regulations.
- (5) The procuring agency shall provide a set of bidding documents to any supplier or contractor, on request and subject to payment of price, if any.
- Explanation.-** For the purpose of this sub-rule price means the cost of printing and providing the documents only.

24. Reservations and preference.- (1) Procuring agencies shall allow all prospective bidders to participate in procuring procedure without regard to nationality, except in cases in which any procuring agency decides to limit such participation to national bidders only or prohibit participation of bidders of some nationalities, in accordance with the policy of Federal Government.

(2) Procuring agencies shall allow for a preference to domestic or national suppliers or contractors in accordance with the policies of the Federal Government. The magnitude of price preference to be accorded shall be clearly mentioned in the bidding documents under the bid evaluation criteria.

25. Bid security.- The procuring agency may require the bidders to furnish a bid security not exceeding five *per cent* of the bid price.

26. Bid validity.- (1) A procuring agency, keeping in view the nature of the procurement, shall subject the bid to a bid validity period.

(2) Bids shall be valid for the period of time specified in the bidding document.

(3) The procuring agency shall ordinarily be under an obligation to process and evaluate the bid within the stipulated bid validity period. However under exceptional circumstances and for reason to be recorded in writing, if an extension is considered necessary, all those who have submitted their bids shall be asked to extend their respective bid validity period. Such extension shall be for not more than the period equal to the period of the original bid validity.

(4) Bidders who,-

(a) agree to extension of their bid validity period shall also extend the validity of the bid bond or security for the extended period of the bid validity;

(b) agree to the procuring agency's request for extension of bid validity period shall not be permitted to change the substance of their bids; and

(c) do not agree to an extension of the bid validity period shall be allowed to withdraw their bids without forfeiture of their bid bonds or securities.

27. Extension of time for submission of bids.- Where a procuring agency has already prescribed a deadline for the submission of bids and due to any reason the procuring agency finds it necessary to extend such deadline, it shall do so only after

recording its reasons in writing and in an equal opportunity manner. Advertisement of such extension in time shall be done in a manner similar to the original advertisement.

OPENING, EVALUATION AND REJECTION OF BIDS

- 28. Opening of bids.-** (1) The date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at the time specified in the bidding documents. The bids shall be opened at least thirty minutes after the deadline for submission of bids.
- (2) All bids shall be opened publicly in the presence of the bidders or their representatives who may choose to be present, at the time and place announced prior to the bidding. The procuring agency shall read aloud the unit price as well as the bid amount and shall record the minutes of the bid opening. All bidders in attendance shall sign an attendance sheet. All bids submitted after the time prescribed shall be rejected and returned without being opened.
- 29. Evaluation criteria.-** Procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.
- 30. Evaluation of bids.-** (1) All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in clause (iv) of sub-rule (3) of rule 36 no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents.
- (2) For the purposes of comparison of bids quoted in different currencies, the price shall be converted into a single currency specified in the bidding documents. The rate of exchange shall be the selling rate, prevailing on the date of opening of bids specified in the bidding documents, as notified by the State Bank of Pakistan on that day.
- (3) A bid once opened in accordance with the prescribed procedure shall be subject to only those rules, regulations and policies that are in force at the time of issue of notice for invitation of bids.
- 31. Clarification of bids.-** (1) No bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.
- (2) Any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.
- 32. Discriminatory and difficult conditions.-** Save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty. In ascertaining the discriminatory or difficult nature of any condition reference shall be made to the ordinary practices of that trade, manufacturing, construction business or service to which that particular procurement is related.
- 33. Rejection of bids.-** (1) The procuring agency may reject all bids or proposals at any time prior to the acceptance of a bid or proposal. The procuring agency shall upon

request communicate to any supplier or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposals, but is not required to justify those grounds.

(2) The procuring agency shall incur no liability, solely by virtue of its invoking sub-rule (1) towards suppliers or contractors who have submitted bids or proposals.

(3) Notice of the rejection of all bids or proposals shall be given promptly to all suppliers or contractors that submitted bids or proposals.

34. Re-bidding.- (1) If the procuring agency has rejected all bids under rule 33 it may call for a re-bidding.

(2) The procuring agency before invitation for re-bidding shall assess the reasons for rejection and may revise specifications, evaluation criteria or any other condition for bidders as it may deem necessary.

35. Announcement of evaluation reports.- Procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

36. Procedures of open competitive bidding.- Save as otherwise provided in these rules the following procedures shall be permissible for open competitive bidding, namely:-

(a) **single stage – one envelope procedure.-** Each bid shall comprise one single envelope containing, separately, financial proposal and technical proposal (if any). All bids received shall be opened and evaluated in the manner prescribed in the bidding document.

(b) **single stage – two envelope procedure.-** (i) The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;

(ii) the envelopes shall be marked as “FINANCIAL PROPOSAL” and “TECHNICAL PROPOSAL” in bold and legible letters to avoid confusion;

(iii) initially, only the envelope marked “TECHNICAL PROPOSAL” shall be opened;

(iv) the envelope marked as “FINANCIAL PROPOSAL” shall be retained in the custody of the procuring agency without being opened;

(v) the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which do not conform to the specified requirements;

(vi) during the technical evaluation no amendments in the technical proposal shall be permitted;

(vii) the financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;

(viii) after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned unopened to the respective bidders; and

(ix) the bid found to be the lowest evaluated bid shall be accepted.

(c) **two stage bidding procedure.-**

First stage

(i) the bidders shall first submit, according to the required specifications, a technical proposal without price;

- (ii) the technical proposal shall be evaluated in accordance with the specified evaluation criteria and may be discussed with the bidders regarding any deficiencies and unsatisfactory technical features;
- (iii) after such discussions, all the bidders shall be permitted to revise their respective technical proposals to meet the requirements of the procuring agency;
- (iv) the procuring agency may revise, delete, modify or add any aspect of the technical requirements or evaluation criteria, or it may add new requirements or criteria not inconsistent with these rules:

Provided that such revisions, deletions, modifications or additions are communicated to all the bidders equally at the time of invitation to submit final bids, and that sufficient time is allowed to the bidders to prepare their revised bids:

Provided further that such allowance of time shall not be less than fifteen days in the case of national competitive bidding and thirty days in the case of international competitive bidding;

- (v) those bidders not willing to conform their respective bids to the procuring agency's technical requirements may be allowed to withdraw from the bidding without forfeiture of their bid security;

Second stage

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

Provided that in setting the date for the submission of the revised technical proposal and financial proposal a procuring agency shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and prepare their financial proposals accordingly.

(d) two stage - two envelope bidding procedure.-

First stage

- (i) the bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- (ii) the envelopes shall be marked as "FINANCIAL PROPOSAL" and "TECHNICAL PROPOSAL" in bold and legible letters to avoid confusion;
- (iii) initially, only the envelope marked "TECHNICAL PROPOSAL" shall be opened;
- (iv) the envelope marked as "FINANCIAL PROPOSAL" shall be retained in the custody of the procuring agency without being opened;
- (v) the technical proposal shall be discussed with the bidders with reference to the procuring agency's technical requirements;
- (vi) those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals following these discussions;

- (vii) bidders not willing to conform their technical proposal to the revised requirements of the procuring agency shall be allowed to withdraw their respective bids without forfeiture of their bid security;

Second stage

- (viii) after agreement between the procuring agency and the bidders on the technical requirements, bidders who are willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirement;
- (ix) the revised technical proposal along with the original financial proposal and supplementary financial proposal shall be opened at a date, time and venue announced in advance by the procuring agency:

Provided that in setting the date for the submission of the revised technical proposal and supplementary price proposal a procuring agency shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and to prepare the required supplementary financial proposal; and

- (x) the procuring agency shall evaluate the whole proposal in accordance with the evaluation criteria and the bid found to be the lowest evaluated bid shall be accepted.

37. Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures.- Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances, namely:-

- (a) single stage two envelope bidding procedure shall be used where the bids are to be evaluated on technical and financial grounds and price is taken into account after technical evaluation;
- (b) two stage bidding procedure shall be adopted in large and complex contracts where technically unequal proposals are likely to be encountered or where the procuring agency is aware of its options in the market but, for a given set of performance requirements, there are two or more equally acceptable technical solutions available to the procuring agency; and
- (c) two stage two envelope bidding method shall be used for procurement where alternative technical proposals are possible, such as certain type of machinery or equipment or manufacturing plant.

ACCEPTANCE OF BIDS AND AWARD OF PROCUREMENT CONTRACTS

38. Acceptance of bids.- The bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

39. Performance guarantee.- Where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten *per cent* of the contract amount.

40. Limitation on negotiations.- Save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder:

Provided that the extent of negotiation permissible shall be subject to the regulations issued by the Authority.

41. Confidentiality.- The procuring agency shall keep all information regarding the bid evaluation confidential until the time of the announcement of the evaluation report in accordance with the requirements of rule 35.

42. Alternative methods of procurements.- A procuring agency may utilize the following alternative methods of procurement of goods, services and works, namely:-

(a) **petty purchases.-** Procuring agencies may provide for petty purchases where the object of the procurement is below the financial limit of ten thousand rupees. Such procurement shall be exempt from the requirements of bidding or quotation of prices:

Provided that the procuring agencies shall ensure that procurement of petty purchases is in conformity with the principles of procurement prescribed in rule 4:

Provided further that procuring agencies convinced of the inadequacy of the financial limit prescribed for petty purchases in undertaking their respective operations may approach the Federal Government for enhancement of the same with full and proper justifications.

(b) **request for quotations.-** A procuring agency shall engage in this method of procurement only if the following conditions exist, namely:-

- (i) the cost of object of procurement is below the prescribed limit of forty thousand rupees;
- (ii) the object of the procurement has standard specifications;
- (iii) minimum of three quotations have been obtained; and
- (iv) the object of the procurement is purchased from the supplier offering the lowest price:

Provided that procuring agencies convinced of the inadequacy of the financial limit prescribed for request for quotations in undertaking their respective operations may approach the Federal Government for enhancement of the same with full and proper justifications.

(c) **direct contracting.-** A procuring agency shall only engage in direct contracting if the following conditions exist, namely:-

- (i) the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier:

Provided that the same are not available from alternative sources;

- (ii) only one manufacturer or supplier exists for the required procurement:

Provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence; and

- (iii) where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance:

Provided that the contract or contracts do not exceed three years in duration;

- (iv) repeat orders not exceeding fifteen *per cent* of the original procurement; and
- (v) in case of an emergency:

Provided that the procuring agencies shall specify appropriate fora vested with necessary authority to declare an emergency.

(d) negotiated tendering.- A procuring agency may engage in negotiated tendering with one or more suppliers or contractors with or without prior publication of a procurement notification. This procedure shall only be used when,-

- (i) the supplies involved are manufactured purely for the purpose of supporting a specific piece of research or an experiment, a study or a particular development;
- (ii) for technical or artistic reasons, or for reasons connected with protection of exclusive rights or intellectual property, the supplies may be manufactured or delivered only by a particular supplier;
- (iii) for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the time limits laid down for open and limited bidding methods cannot be met. The circumstances invoked to justify extreme urgency must not be attributable to the procuring agency:

Provided that any procuring agency desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.

43. On account payments.- All procuring agencies shall make prompt payments to suppliers and contractors against their invoices or running bills within the time given in the conditions of the contract, which shall not exceed thirty days.

44. Entry into force of the procurement contract.- A procurement contract shall come into force,-

- (a) where no formal signing of a contract is required, from the date the notice of the acceptance of the bid or purchase order has been given to the bidder whose bid has been accepted. Such notice of acceptance or purchase order shall be issued within a reasonable time; or
- (b) where the procuring agency requires signing of a written contract, from the date on which the signatures of both the procuring agency and the successful bidder are affixed to the written contract. Such affixing of signatures shall take place within a reasonable time:

Provided that where the coming into force of a contract is contingent upon fulfillment of a certain condition or conditions, the contract shall take effect from the date whereon such fulfillment takes place.

45. Closing of contract.- (1) Except for defect liability or maintenance by the supplier or contractor, as specified in the conditions of contract, performance of the contract shall be deemed close on the issue of over all delivery certificate or taking over certificate which shall be issued within thirty days of final taking over of goods or receiving the deliverables or completion of works enabling the supplier or contractor to submit final bill and the auditors to do substantial audit.

(2) In case of defect liability or maintenance period, defect liability certificate shall be issued within thirty days of the expiry of the said period enabling the supplier or contractor to submit the final bill. Except for unsettled claims, which shall be resolved through arbitration, the bill shall be paid within the time given in the conditions of contract, which shall not exceed sixty days to close the contract for final audit.

MAINTENANCE OF RECORD AND FREEDOM OF INFORMATION

46. Record of procurement proceedings.- (1) All procuring agencies shall maintain a record of their respective procurement proceedings along with all associated documentation for a minimum period of five years.

(2) Such maintenance of record shall be subject to the regulations framed in this regard from time to time.

47. Public access and transparency.- As soon as a contract has been awarded the procuring agency shall make all documents related to the evaluation of the bid and award of contract public:

Provided that where the disclosure of any information related to the award of a contract is of proprietary nature or where the procuring agency is convinced that such disclosure shall be against the public interest, it can withhold only such information from public disclosure subject to the prior approval of the Authority.

REDRESSAL OF GRIEVANCES AND SETTLEMENT OF DISPUTES

48. Redressal of grievances by the procuring agency.- (1) The procuring agency shall constitute a committee comprising of odd number of persons, with proper powers and authorizations, to address the complaints of bidders that may occur prior to the entry into force of the procurement contract.

(2) Any bidder feeling aggrieved by any act of the procuring agency after the submission of his bid may lodge a written complaint concerning his grievances not later than fifteen days after the announcement of the bid evaluation report under rule 35.

(3) The committee shall investigate and decide upon the complaint within fifteen days of the receipt of the complaint.

(4) Mere fact of lodging of a complaint shall not warrant suspension of the procurement process.

(5) Any bidder not satisfied with the decision of the committee of the procuring agency may lodge an appeal in the relevant court of jurisdiction.

49. Arbitration.- (1) After coming into force of the procurement contracts, disputes between the parties to the contract shall be settled by arbitration.

(2) The procuring agencies shall provide for a method of arbitration in the procurement contract, not inconsistent with the laws of Pakistan.

50. Mis-procurement.- Any unauthorized breach of these rules shall amount to mis-procurement.

51. Overriding effect.- The provisions of these rules shall have effect notwithstanding anything to the contrary contained in any other rules concerning public procurements:

Provided that the prevailing rules and procedures will remain applicable only for the procurement of goods, services and works for which notice for invitation of bids had been issued prior to the commencement of these rules unless the procuring agency deems it appropriate to re-issue the notice for the said procurement after commencement of these rules.

[No. F. 6(1)-Admn.V/04]

Sd/-
(Sajid Hassan)
*Additional Secretary to the
Government of Pakistan
Finance Division
Islamabad*



F.No.3(8)-DD-III/PPRA/04
GOVERNMENT OF PAKISTAN
PUBLIC PROCUREMENT REGULATORY AUTHORITY
(FINANCE DIVISION)

Islamabad – September 16, 2004

Mushtaq Mahmood
Director-II (PPRA)
Ph: 9204462
Fax: 9224823

Subject: **IMPLEMENTATION OF TRANSPARENT PROCUREMENT PROCEDURES**

My dear, *Gilani Sabuli*

Reference your endorsement of 28th August, 2004 on the subject cited above.

2. I wish to inform you that being the most recent legislation the Public Procurement Rules, 2004 notified vide Ministry of Finance S.R.O. No.432(1)/2004 dated 8th June, 2004 take precedence over Pakistan Engineering Council (Conduct and Practice of Consulting Engineers) Bye Laws, 1986 notified by Ministry of Water and Power vide S.R.O.809 (1)/86 dated 24th August 1986. In case of any conflict between the Public Procurement Rules, 2004 and the Pakistan Engineering Council Bye Laws, both these offices will jointly resolve the problem.

With best regards,

Yours sincerely,

(Mushtaq Mahmood)

Syed Adil Gilani,
Procurement Specialist,
Transparency International Pakistan,
65-C, National Highway,
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Karachi