



Presentation on Punjab Procurement Rules



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BASIC IDEA



- People's welfare is Supreme Law
- Laws / Rules for Facilitation not for opposition
- Do the thing right end justify



Kinds of Procurements



- *Restricted Procurement*
- *Open Tendering*
- *Without Tendering (Alternative Methods)*



Public Procurement (Principles R-4)



Value for Money (Object)

Fair Competition (Ensure)

Transparency (Ensure)

Efficient (Process)

Economical (Process)



Definitions



- **“Goods”** articles / objects of every kind description including raw materials / products / equipment / machinery / spares / commodities in any form **includes** services incidental to installation, transport, maintenance and similar obligations related to the supply of goods if the value of these services does **not exceed** the **value** of such goods.
- **“Works”** construction work adding consisting of erection, assembly, repair, renovation or demolition of a building or structure or part thereof, such as site preparation, excavation, installation of equipment or materials and decoration, finishing and **includes incidental services** such as drilling, mapping, satellite photography, seismic investigations and similar activities, if the **value** of those services does **not exceed** that of the works themselves.



Definitions



Services

Includes physical, maintenance, Professional, intellectual, consultancy or advisory services.

Not include :

- appointment of an individual to a post or office, advertisement, arbitration, conciliation mediation services.
- services of an advocate in a court case or any other services specifically excluded

Procuring Agency

- A department, attached department, An autonomous body or a special institution,
 - A court or tribunal financed by the Provincial Consolidated fund;
 - Provincial Assembly of the Punjab, a local government;
 - A body corporate owned or controlled by the Government or a local government;
- A **private organization** financed by the Government or a local government where such finance is not **less than five million** rupees and constitutes not less than fifty percent of the **expenditure** of the organization in the financial year.



Definitions PP Rules 2014 (Amended 2016)



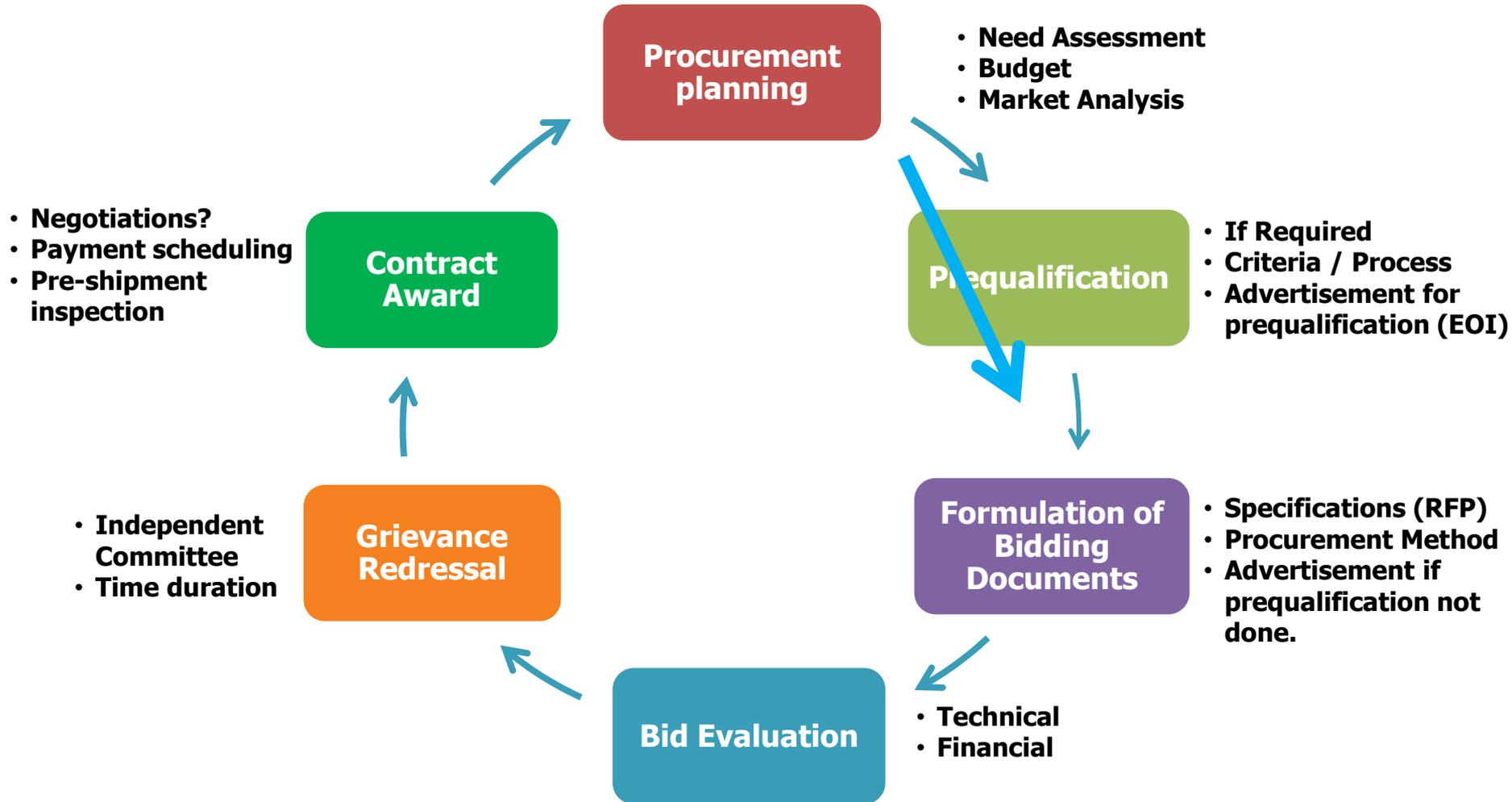
‘Evaluation Committee’ committee constituted by the procuring agency to evaluate tender or proposal to ascertain whether the bid’s proposal or tender correspond to the evaluation criteria formulated by the procuring agency.

‘Evaluation Report’ means the report prepared after the evaluation of tenders, quotations, expression of interest, or proposal.

‘Value for Money’ means the best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency’s requirements.



PROCUREMENT CYCLE





Procurement Planning



- Identifies those needs which can best be, or must be, met by acquiring products, services, or results outside of the organization, versus those needs which can be accomplished by the organization
- Procurement committee
- For one financial year





ANNUAL PROCUREMENT PLAN (R-8)



- A Procuring agency shall, within one month from the commencement of a financial year, devise annual planning 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.



SPLITTING (R-9)



- (1) Save as otherwise provided and subject to the regulations, a procuring agency 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.
- (2) The procuring agency shall advertise in advance annual requirements for procurement on the website of the Authority as well as on its website.

What is
specification?



“It is a statement of a set of requirements to be satisfied by a product, material or process.”

It lays out the conditions under which the goods, works or services are to be delivered.



- Widest possible competition
- Not Favour Nor Disadvantage
- Generic
- Reference, brand , Classifications etc. not allowed.
- However, to complete the otherwise incomplete specification shall qualify with the words “Equivalent”

SPECIFICATIONS



Bid Security (R-27)



- Bid Security on estimated price instead of bid price (uptill five percent if required)
- Explanation. - In this rule, the words 'estimated price' mean the price of procurement estimated by the procuring agency before initiation of the process of procurement.



Bid Validity (R-28)



- Bid Validity Period
- Bid shall be valid
- Process and evaluate within stipulated time
- Extension of bid validity
- Condition on procuring agency seeking for extension of bid validity period



Extension of time (R-29)



If a procuring agency considers that it is necessary in public interest to extend the last date for the submission of the bids, it may, after recording reasons, do so in the manner similar to the original advertisement.



Evaluation criteria (R-31)



- (1) A procuring agency shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated and such evaluation criteria shall form an integral part of the bidding documents.
- (2) Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.
- Qualitative and quantitative.



Bidding Documents (Rule-25)



- (1) A procuring agency 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
 - (a) invitation to bid;
 - (b) instructions to bidders;
 - (c) form of bid;
 - (d) form of contract;



Bidding Documents (contd.)



- (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



Bidding Documents (contd.)



- (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.
- (4) Where any change becomes essential in the procurement process, such change shall be made in a manner similar to that of the original advertisement.



Bidding Documents (contd.)



- (5) A procuring agency shall use standard bidding documents as and when notified under the regulations.
- (6) Until the standard bidding documents are specified under the regulations, a procuring agency may use bidding documents already in use of the procuring agency to the extent they are not inconsistent with these rules.
- (7) The procuring agency shall, on payment of such fee as the procuring agency may determine keeping in view the cost of printing and provision of the documents, provide a set of bidding documents to the prospective bidders.



RESERVATIONS AND PREF.(R-26)



- (1) A Procuring agency shall allow all prospective bidders to participate in procuring procedure without regard to nationality except in cases in which any procuring agency decide to limit such participation to national bidder only for prohibit participation of bidders of some nationalities in accordance with the policy of the Government.



R - 26 (Contd.)



(2). A procuring agency shall allow for a preference to domestic or national contractor in accordance with the policies of the Government and the magnitude of the bidding documents under the bid evaluation criteria



Advertisement (R-12)



- Quantity
- Closing Date / Opening Date same
- Minimum 30 Minutes duration between
- Ensure Availability of bidding documents
- **Response time: 15 / 30 days (R-14)**
- Authorized person / Procuring Agency



Submission of Bids (R-24)



- (1) A bidder shall submit a bid in a sealed package or packages in such manner that the contents of the bid 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



Opening of Bids



- Opening of bids. (R-30)
- Evaluation of bids. (R-32)
- Clarification of bids. (R-33)
- Discriminatory and difficult conditions. (R 34)
- Rejection of bids. (R-35)
- Re-bidding (R-36)
- Announcement of evaluation report (R-37)



EVALUATION OF BIDS(R-32)



- (1) All bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents.
- (2) For purposes of comparison of the bids quoted in different currencies, the price shall be converted into a single currency specified in the bidding documents and 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



EVALUATION OF BIDS(R-32) Contd.



(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.



Evaluation Criteria (R 31-3)

"In simple or standard procurement process like open competitive bidding or procurement through direct request for tender, the procuring agency may use the amount of the bid price as the sole evaluation criteria for the bids."

Restart bidding process (R 35-5)

"A procuring agency may, for reasons to be recorded in writing, restart bidding process from any prior stage if it is possible without violating any principle of procurement contained in rule 4 and shall immediately communicate the decision to the bidders."



One person one bid (36-A)

(1) In any procurement, one person may submit one bid and if one person submits more than one bids, the procuring agency shall reject all such bids.

(2) If a consortium of persons has submitted a bid in any procurement, it shall be construed that each member of the consortium submitted the bid.

Single complying proposal (55-A)

If one complying bid is received, the procuring agency may award the contract to the bidder in procurement of goods, works, services or consultancy services.

Assignment (R 64-A)

- A procuring agency may assign whole or part of procurement process to another procuring agency with the consent of that other procuring agency.



Procedure for selection of contractors(R-38)

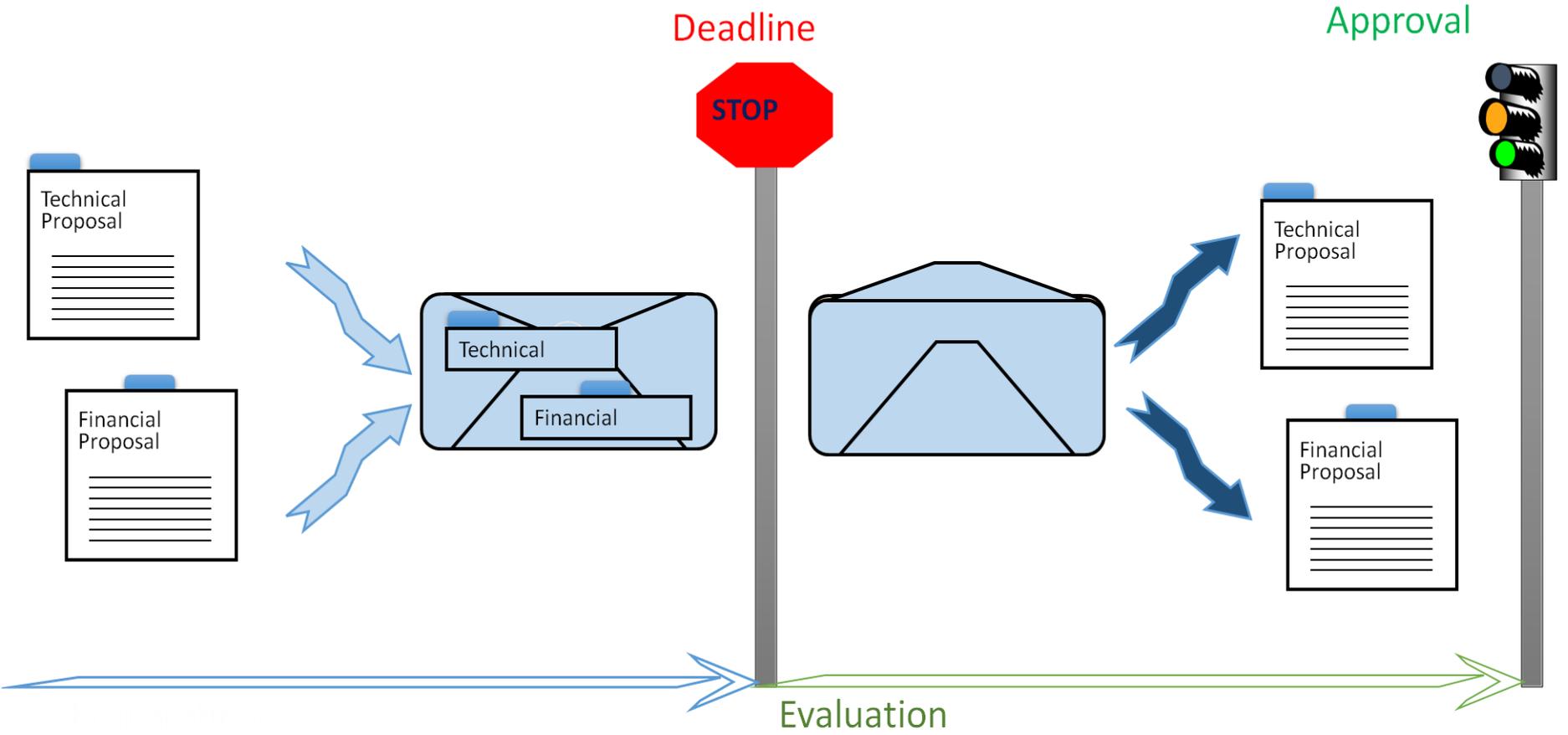


- Single stage one envelope (R38-1)
- Single stage two envelopes (R38-2-a)
- Two stage (R38-2-b)
- Two stage two envelopes(R38-2-c)

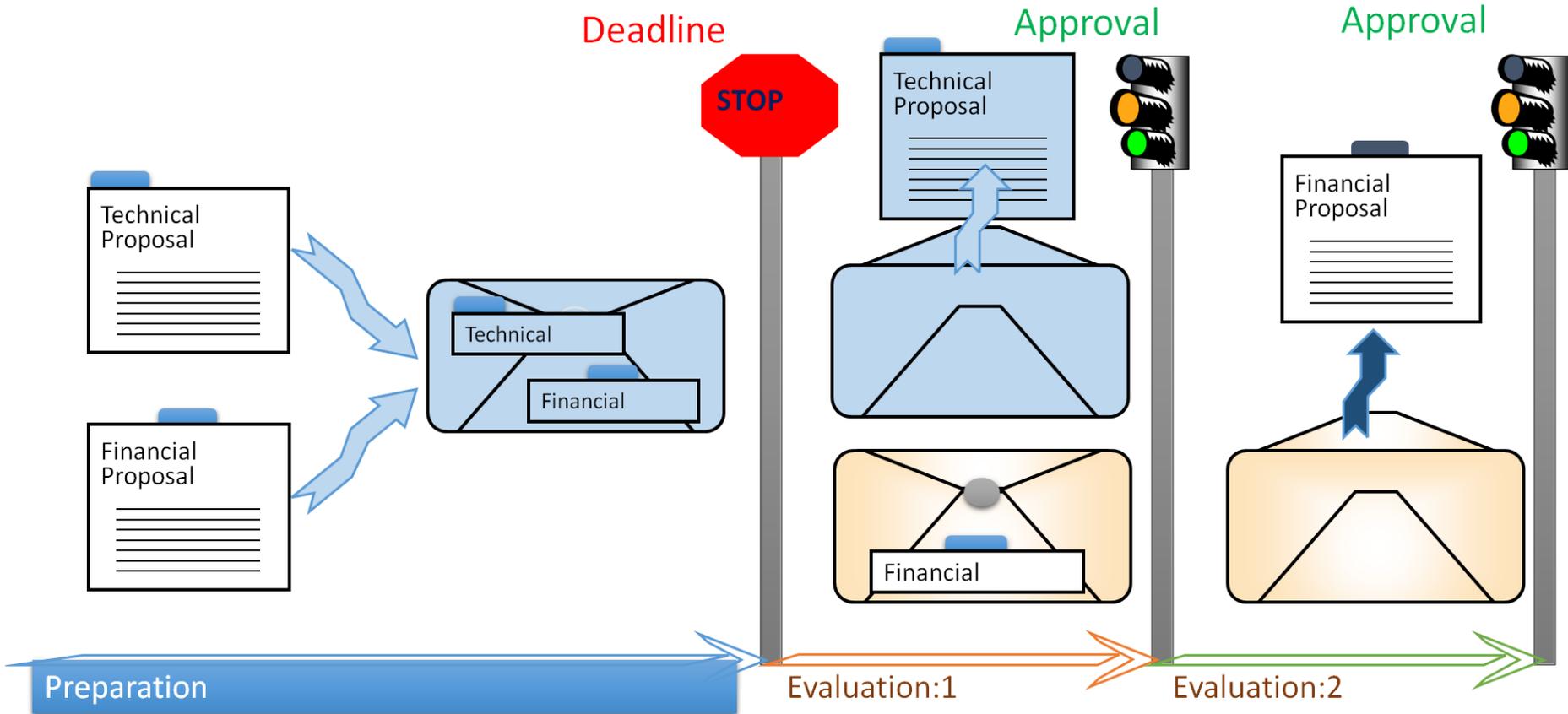


Single Stage : One Envelope

Single Stage : One Envelope (RFT) (for Works & Standard Goods)



Single-Stage: Two-Envelope (for Goods on technical & financial involvement)



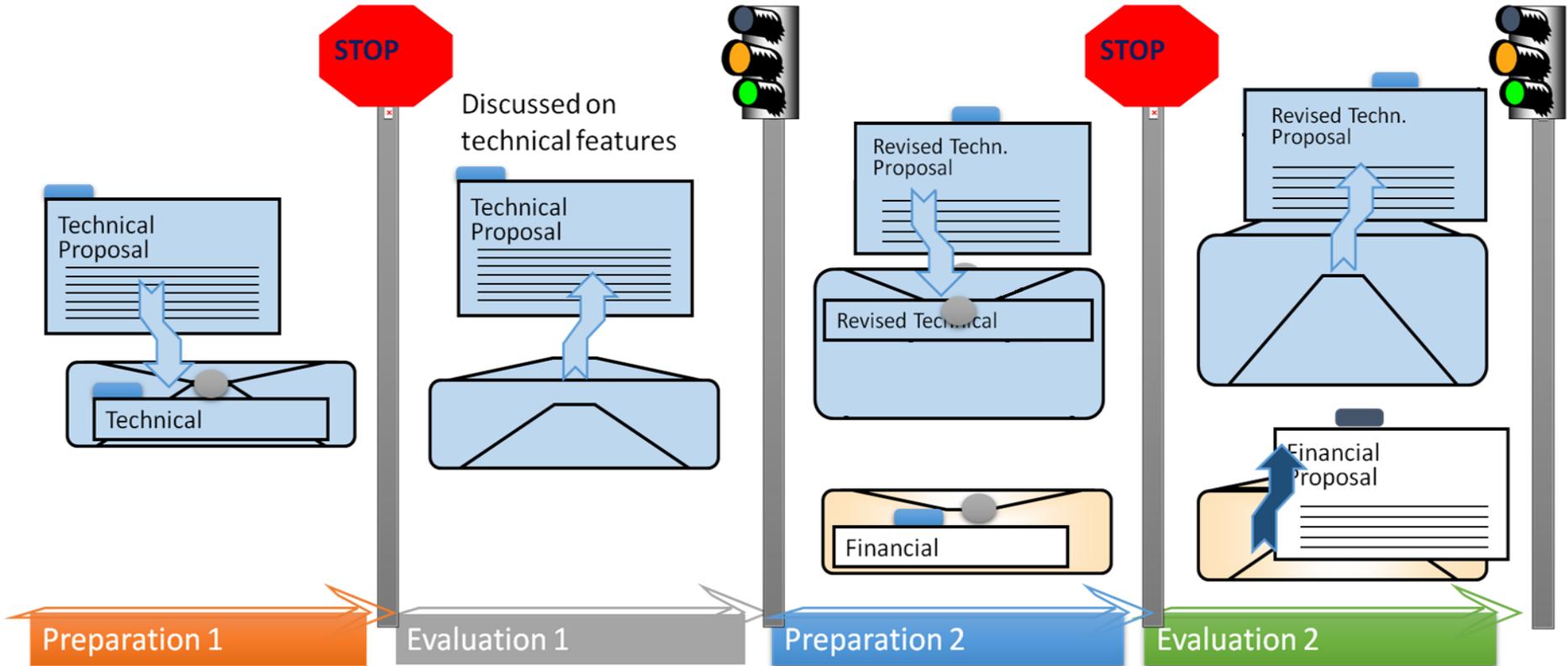
Two-Stage (in large & complex projects / technically unequal proposals)

Deadline

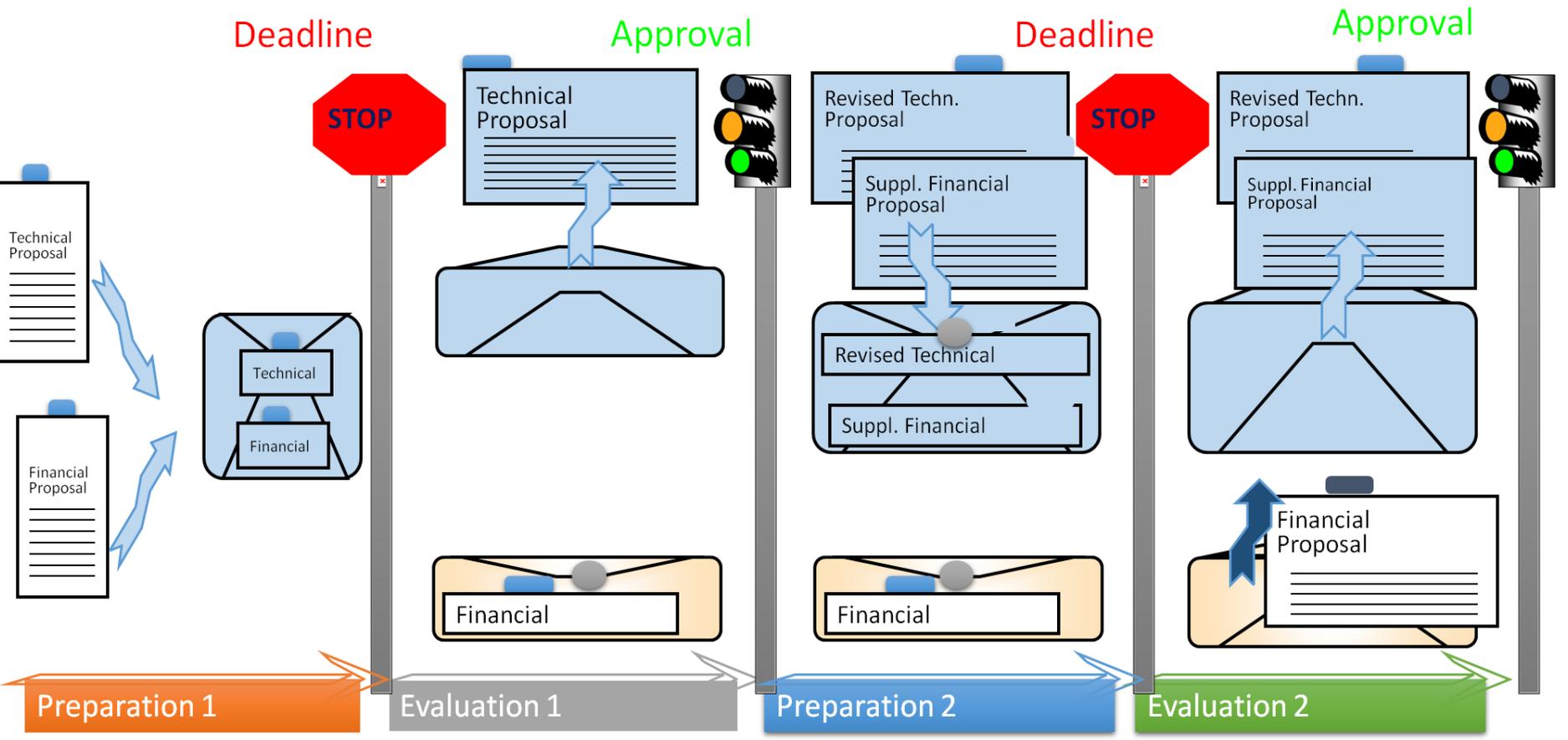
Approval

Deadline

Approval



Two-Stage : Two-Envelope (Possibility of alternate technical proposals such as certain type of machinery or equipment etc.)





- **GOODS, SERVICE AND WORKS**

- Petty Purchases (Below 50,000/-) exempted from the requirements of bidding or quotation **(R-59-A)**
- Petty Purchases From 50,000 uptill 100,000/-) exempted from the requirements of bidding (at least three quotations required) **(R-59-B)**



Direct Contracting (R-59-C)

- i) Spare parts etc. / from original manufacturer
- ii) Only one manufacturer / supplier exists (specified the appropriate fora by PA)
- iii) Cause incompatibility or disproportionate technical difficulties
- iv) Repeat order (not exceeding 15 %)
- v) In case of **emergency** (specified the appropriate fora by PA)
- vi) Price Fixed by government / authority
- vii) Purchase of Motor vehicle from local original manufacturer on his price.



Negotiated Tendering (R-59-D)

With one or more contractor with or without prior publication of procurement

- i) Specific piece of research / experiment / study etc.
- ii) For technical or artistic reasons connected with protection of exclusive rights or intellectual property by a particular supplier
- iii) Reason of extreme urgency
- iv) Provincial cabinet shall approve any specific procurement to be made on urgent basis and fix time for urgency**



EMERGENCY(R-59-C-V)



- (Def. R-2-ad) `Emergency' mean natural calamity, disaster, accident, 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;



URGENCY(R-59-d-iii)



(Def.R-2-q) `Urgency' mean a limited timeline for the accomplishment of procurement which cannot be met through open and limited bidding method;



PPR-2014 (Recent amendments 2016)



Exemption (R-61)

The Government or the Board shall not relax application of these rules for the procurement of services.

A procuring agency may directly procure goods from a public sector manufacturing unit on fixed price or negotiated price where value of procurement does not exceed one million rupees.

Where value of goods exceeds one million rupees or in a competitive bidding, the public sector manufacturing unit participating in the bid may, within three working days of opening of the bids, match the lowest evaluated bid.

In this rule, public sector manufacturing unit means a manufacturing unit owned or controlled by the Government, Federal Government, local government or by an organization which is owned or controlled by any of these Governments and enlisted on the website of the Authority."



REDRESSAL OF GRIEVANCE(R-67)



- Procuring agency shall constitute a grievance committee of odd numbers of persons.
- Complaint within 10 days.
- Decision of Committee within 15 days.

Arbitration (after contract)

- ❖ Public access and record of procurement **five years** at least
- ❖ Prompt payments on satisfactory performance within time given by the PA shall not exceed **thirty days**



Blacklisting(R-21,SEC.17-A,schedule)



Grounds for blacklisting

- (a) Acted in a manner detrimental to the public interest or good practices;
- (b) Consistently failed to perform his obligation under the contract;
- (c) Not performed the contract up to the mark;
- (d) Indulged in any corrupt practice.

After Blacklisting

- (a) Decision to the Authority for publication on the website of the Authority;
- (b) May request to debar the contractor for procurement of all procuring agencies.

Representation against the decision of procuring agency before MD within 30 days.

Representation against the decision of MD before Chairperson within 30 days.



Thank You



Prequalification



- Pre-conditions for invitation (prior to float tender).
- To ensure the **capable firms** / person only.
- **May be** adopted in case of services, civil works, turnkey projects, expensive and technical complex equipment.
- **Mandatory** in case of procurement of goods of **One Hundred Million** Rupees or above (except where dispense with reason) & **Large consultancy**. Dispensed with reason **approval required** from provincial development working party
- P&D Department may only shortlist consultants (legal, financial and technical experts).
- Any procuring agency may utilize the facility of P&D shortlisted consultants.
- Prompt information to contractors about qualification/ disqualification.
- Only prequalified shall be entitled to participate in the subsequent proceedings.



Prequalification (R 16 & 17)



(1) Subject to sub-rule (2), a procuring agency may, prior to floating the tenders or invitation to proposals or offers, engage in prequalification of bidders in case of services, civil works, turnkey projects and also in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms or persons having adequate managerial capacity are invited to submit bids.



Prequalification (Contd.)



- (2) The procuring agency shall prequalify bidders under sub-rule (1) in case of procurement of goods of one hundred million rupees and above and large consultancy, except where a procuring agency, for reasons to be recorded in writing, dispenses with the requirement of prequalification of bidders.
- (3) For purposes of the prequalification of bidders, a procuring agency shall take into consideration the following factors: (a) qualifications;



Prequalification (Contd.)



- (b) relevant experience and past performance;
- (c) capabilities with respect to personnel, equipment, and plant;
- (d) financial position;
- (e) appropriate managerial capability; and
- (f) any other factor that a procuring agency may deem relevant, not being inconsistent with these rules.
- (4) The procuring agency shall ensure that the prequalification is based on the capacity of the interested parties to satisfactorily perform the services or works.



Prequalification (Contd.)



- (5) In case of fast track projects where the time is the essence or where potential consultants are limited or the assignment is of a complex nature, the procuring agency may, after recording reasons and with the approval of Provincial Development Working Party, invite a request for proposals through public notice under
- rule 12.
- * (6) Notwithstanding anything contained in sub-rules (1) and (2), Planning and Development Department of the Government may shortlist the individual consultants, firms or companies involving legal, financial and technical expertise.



Prequalification (Contd.)



- * (7) A procuring agency may, at the time of prequalification process consider any of the individual consultants, firms or companies shortlisted under sub-rule (6), after conducting the due evaluation process (technical or financial), in case where:
 - (a) procuring agency lacks capacity of prequalification process;
 - (b) sufficient time to take up the process of prequalification is not available; and



Prequalification (Contd.)



- (c) expertise acquired by individual consultant, firms or companies shortlisted under sub-rule (6) in line with the requirements of the procuring agency.
- (8) Planning and Development Department of the Government shall:
 - (a) before shortlisting process, in consultation with the key line departments, determine the parameters and selection criteria for shortlisting of individual consultants, firms or companies to be considered as consultant;



Prequalification (Contd.)



- (b) shortlist all such individual consultants, firms or companies only for one financial year through its notified committee strictly in accordance with the procedure provided under these rules;
- (c) shortlist atleast three individual consultants, firms or companies for each area of expertise;
- (d) upload the list of such shortlisted individual consultants, firms or companies on the website of Punjab Procurement Regulatory Authority and Planning and Development Department of the Government for the consumption of public sector organizations; and



Prequalification (Contd.)



- (e) circulate the list to all the public sector organizations.
- (9) A procuring agency intending to use the facility of shortlisted individual consultants, firms or companies, while taking up the process of procurement, shall invite technical or financial bids from all such shortlisted individual consultants, firms or companies as per requirement of the procuring agency.
- (10) A procuring agency may select a consultant under this rule and where this rule is silent about any selection process, it shall adopt the selection process of a consultant provided in other rules.



Prequalification (Contd.)



- **17. Prequalification process.**– (1) The procuring agency engaging in prequalification shall announce, in the prequalification documents, all information required for prequalification including instructions for preparation and submission of the prequalification documents, evaluation criteria, list of documentary evidence required by contractors to demonstrate their respective qualifications and any other information that the procuring agency deems necessary for prequalification.



Prequalification (Contd.)



- (2) The procuring agency shall provide a set of prequalification documents to any contractor, on request and subject to payment of such price as the procuring agency may determine to defray the cost on account of printing and provision of the document.
- (3) The procuring agency shall promptly inform the contractor who has applied for the prequalification whether or not he has been prequalified and shall, on request from the applicant who had applied for prequalification, a list of contractors who have been prequalified.



Prequalification (Contd.)



- (4) On a request, the procuring agency shall communicate to the contractor who has not been prequalified the reasons for not prequalifying the contractor.
- (5) Only the prequalified contractors shall be entitled to participate in the subsequent procurement proceedings.



Expression of interest (EOI) R-47



- (1) A request for expression of interest shall be advertised in accordance with the provisions of rule 12 and rule 13.
- (2) The expression of interest shall contain the following information:
 - (a) the name and address of procuring agency;
 - (b) an appropriate description of the assignment providing scope of the intellectual and professional services required;



Expression of interest (Contd.)



- (c) closing date and place of the submission of the expression of interest;
- (d) criteria for short listing or prequalification where required; and
- (e) any other information that the procuring agency may deem appropriate to disseminate at this stage.



Request for Proposals (RFP) R-48



- 1) A procuring agency shall use a request for proposal for seeking proposals from the shortlisted or
- pre-qualified consultants which shall include the following:
- (a) letter of invitation: the letter of invitation shall mention the name and address of the procuring agency and its intention to enter into a contract for provision of consulting services and contain names of all the short listed firms;
- (b) instruction to consultants: the instructions to consultants shall contain all necessary information that may help them prepare responsive proposals;



Request for Proposals (Contd.)



- (c) terms of reference: the terms of reference shall unambiguously define the objectives, goals and scope of the assignment, core team of required experts, expected deliverables with timelines and list of services necessary to carry out the assignment;
- (d) evaluation criteria: except as otherwise provided, the evaluation of proposals shall be carried out giving due consideration to quality and cost;
- (e) type of contract: a procuring agency, depending on the circumstances, may use one of the following types of contracts:



Request for Proposals (Contd.)



- (i) lump sum contract shall be used mainly for assignments in which the content, duration of the services and the required output are unambiguously defined;
- (ii) time based contract shall be used when it is difficult to define the scope and the length of services;
- (iii) hourly or daily rates shall be used for small projects, especially when the assignment is for less than a month; and
- (iv) any other, based on combination of the above and including out of pocket expenses, where required;



Request for Proposals (Contd.)



- (f) special provisions: a procuring agency may specify any other requirement related to the assignment or contract, where required.
- (2) A procuring agency shall invite the prospective consultants to submit their technical and financial proposals in separately sealed envelopes and the procuring agency shall give deadline for submission of proposals but the consultants shall be given adequate time to prepare their proposals which shall not be less than two weeks.



CONSULTANCY SERVICES



- Selection of Individual consultant in short consultancy (selected based)
- Expression of Interest (EOI) and Request for Proposals (RFP) 
- Consultant Selection Committee
- Negotiations with the highest ranked
- Rights & Obligation
- [Complex projects](#)



Consultancy Services



- Having Adequate technical Expertise and financial capability / intellectual nature differ from other types of services (Goods, Works)
 - Advisory / Review / Special Studies / Design
 - Surveys / Investigations / Supervision
 - Pre-Investment / other technical services

| Short Consultancy | | Large Consultancy | |
|-----------------------------------|---------------------------------|--------------------------------------|--------------------------------------|
| Individual | Firms | Individual | Firms |
| Cost : Upto 2 million | Cost : Upto 5 million | Cost : Exceeding 2 million | Cost : Exceeding 5 million |
| Duration: Upto 6 months | | Duration: Upto 12 months | |



Methods for Selection of Consultants

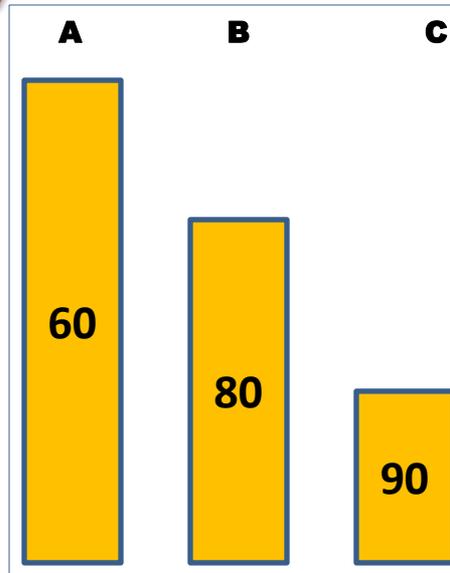


Publication



Stop

Criteria Table



COST

100 %

Quality

0 %

Stop

Selected Contractor

C awarded
the contract

LEAST COST

Audit, Simple Engineering ,
Non Complex works or
Routine Nature Assignments



Quality & Cost based Selection



Publication

Stop

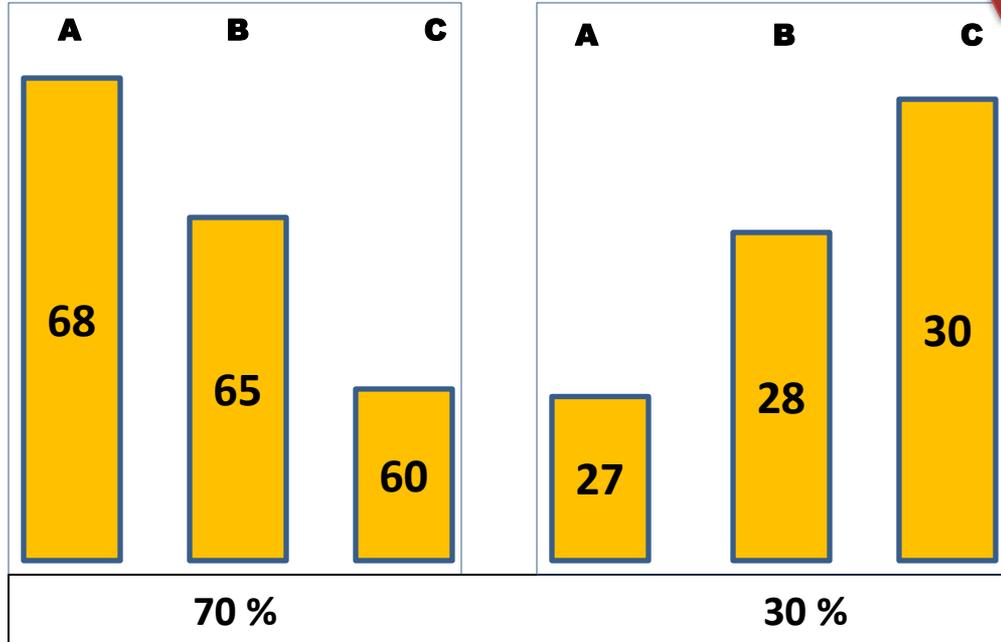
Criteria Table

Stop

Selected Contractor



Quality is prime
Consideration



Quality

Cost

| | |
|---|--------------|
| A | $68+27 = 95$ |
| B | $65+28 = 93$ |
| C | $60+30 = 90$ |

A being
Highest
Combined
score



Quality based Selection



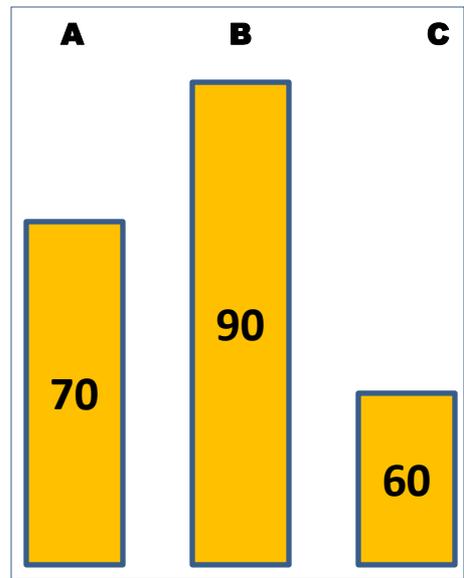
Publication



Highly Specialized
Innovative or
Complex
Assignment



Criteria Table



Quality

100 %

Cost

0 %



Selected Contractor

B awarded
the contract



Steps toward declaring a complex



- Approval required from the Authority (BOM, PPRA).
- Reasons in writing.
- Direct contract with an organization owned or controlled by the Government.
- Certificate of reasonability of the negotiated price (based on rule 4).
- Any method of selection accept lease cost



Parameters/Criteria



- i. Complex or highly **specialized assignments** for which it is **difficult** to define precise **Terms of Reference (TORs)**;
- ii. Tasks for which the client expects the consultants to **demonstrate innovation in their proposals**;
- iii. Assignments that have a high downstream impact and in which the **objective is to have the best expertise** available;
- iv. Assignments that **can be carried out in substantially different ways**, such that proposals will not be comparable;
- v. Projects where **variety of expertise is needed** and tasks involve multidisciplinary/multi-sectoral specialties preferably available within single organization/consultancy firm;
- vi. Consultancy assignment where **after bidding process no responsive or satisfactory bid is received**;
- vii. Tasks/projects where **quality is considered to be the predominant factor** and the **timelines planned** for the project are compressed;
- viii. Projects that are **security sensitive**.





Thank You