



## ENHANCING PROCUREMENT EFFICIENCY: PROCUREMENT PRINCIPLES AND CYCLE

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## Context

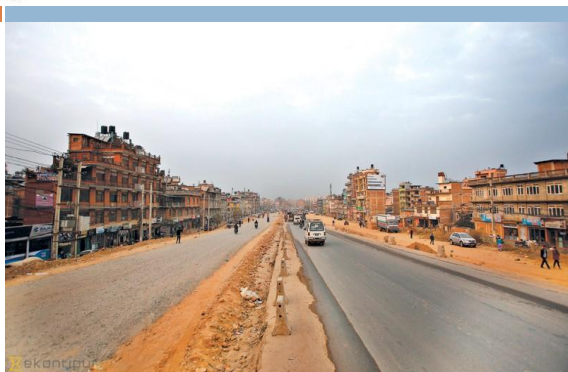


‘टेन्डर नगरी काम गराउन पाए शानदार तरिकाले  
गरिदिन्छु’

चिरिबाबुलाई एलर्जी गराउने दुई चिज: कर्मचारी र टेण्डर !



## Context



## Context





## Context

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मिति : २०७३/०४/०६

राय परामर्श माग गर्ने निकाय :

डिभिजन सडक कार्यालय, काठमाडौं

राय माग गरिएको विषय :

Withdraw पत्रमा रहेको आधिकारिक व्यक्तिको दस्तखत र bidding Document मा भएको दस्तखत फरक फरक आधिकारिक व्यक्तिको दस्तखत भएको बोलपत्र मान्ने, नमान्ने ?

राय परामर्श :

सार्वजनिक खरिद ऐन २०६३ को दफा २३ र दफा २५ बमोजिमको मापदण्ड पुरा गरेको अवस्थामा दफा २३ (४) बमोजिम बोलपत्रदातासंग आवश्यक जानकारी माग गरी सम्बन्धित कार्यालयबाटै निकाल्न गर्नुपर्ने ।



## Context

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मिति : २०७३/०४/१८

राय परामर्श माग गर्ने निकाय :

पशु सेवा विभाग, ललितपुर ।

राय माग गरिएको विषय :

बस भाडामा लिने सम्बन्धी कार्यकोलागि मिति २०७३।०२।२३ मा शिलबन्दी दरभाउपत्र आव्हान सम्बन्धी सूचना प्रकाशन गरिएकोमा एउटा मात्र दरभाउपत्र पेश हुन आएकोले मिति २०७३।०३।०७ मा पुनः दोश्रो पटक सूचना आव्हान गर्दा थप तीन वटा दरभाउपत्र पर्न आएकोमा सार्वजनिक खरिद २०६३ को दफा २४ र ४० तथा सार्वजनिक खरिद नियमावली २०६४ को नियम ८४ मा एउटै व्यक्तिले दुईवटा कारोबार दर्ता गरी दुवै कारोबारको नामबाट दरभाउपत्रमा भाग लिन पाउने, नपाउने सम्दर्भमा दरभाउपत्र मूल्याङ्कनको चरणमा जटिलता उत्पन्न भएको ।

राय परामर्श :

पेश भएका संलग्न कागजातहरूलाई अध्ययन गर्दा शिलबन्दी दरभाउपत्रको प्रकृत्यामा खट्टी देखिएको र शिलबन्दी दरभाउपत्रदाताहरू बीचमा समेत स्वार्थ बाझिएको देखिएकाले शिलबन्दी दरभाउपत्र सम्बन्धी प्रकृत्या रद्द गर्नु उपयुक्त हुने ।



## Agenda

- ✓ Procurement Management: Strategic Orientation
- ✓ Procurement: Principles
- ✓ Procurement Cycle : Conduct, Control and Close



## Procurement: Introduction

- ✓ Common process with verities of practices
- ✓ Guided by formal procurement process
- ✓ Requires different levels of governance controls and approvals
- ✓ Involves risk management and stakeholders involvement



## Procurement: Introduction

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Public procurement refers to the process of **acquisition by government and public entities** of goods, works and services that are necessary to fulfill their mandate in the **provision of services and facilities** to the general public.



## Procurement: Introduction

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Governments and state-owned enterprises purchase a wide variety of **goods, services and public works** from the private sector, from basic computer equipment to the construction of roads.



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## Procurement: Strategic Orientation

### Organizational experience sharing

- Procurement Efficacy (Cost, Time, Value)
- Learning and Development of persons conducting procurement
- Compliance standard: *Beruji*
- User satisfaction



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## Procurement: Strategic Orientation

- Center of the **strategic management of public funds** to promote overall value for money
- **Strategic profession** rather than a simple administrative function
- Represents a **significant percentage of the GDP generating** by financial flows, estimated on average at 10-15% of GDP across the world.

(OECD Principles for Integrity in Public Procurement)



## Procurement: Strategic Orientation

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- It is at the **interface of the public and private sectors**, which requires close co-operation between the two parties to achieve value for money
- It has been **overshadowed with inefficiency, corruption and disregard** of fundamental “value for money” considerations
- Adversely impacted the **rate and quality of progress** in **realizing the objectives of national development**, especially in developing and transition countries



## Procurement: Objective

- Meet expectation
- Value for money
- Deliver benefits
- Drive value



## Procurement Management: Objective

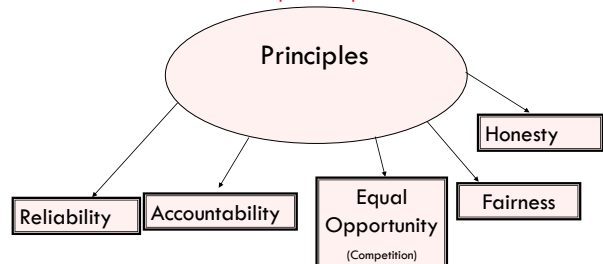
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- Open
- Transparent
- Objective
- Reliable



## Procurement Principles

For economical and rational public expenditures





## Procurement: Principles

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Proper and successful government procurement rests upon certain core principles of behavior:

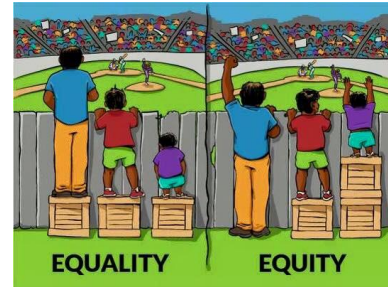
“खुला, पारदर्शी, वस्तुनिष्ठ र विश्वसनीय बनाउन, सार्वजनिक खरिद प्रक्रियामा प्रतिस्पर्धा, स्वच्छता, ईमानदारीता, जवाफदेहीता र विश्वसनीयता प्रवर्द्धन गरी मितव्ययी तथा विवेकपूर्ण ढङ्गबाट सार्वजनिक खर्चको अधिकतम प्रतिफल हासिल गर्न”



## Procurement: Success Factors

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### □ Believing on Equity Vs Equality



## Procurement: Success Factors

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- Knowing and naming the requirements
- Classifying the requirements
  - Profiling the supplies and suppliers
  - Defining specifications (Knowing basics)
- Naming and defining the procurement process (*Bidhi ra Prakriya*)
- Initiating the procurement process



## Procurement: Success Factors

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- Creating efficient structure to deliver
- Adding creativity and innovation
- Making available on time
- Communication and engagement is key
- Defining and implementing the governance to rationalize the value of procurement



## Guiding documents

- ❑ Public Procurement Act, 2063 / Public Procurement (First Amendment) Act, 2073  
Published Date - 2073/03/30
- ❑ Public Procurement Rules, 2064 / Public Procurement (Fifth Amendment) Rules, 2073  
Published Date-2073/11/26
- ❑ Annual Budget
- ❑ Annual Procurement Plan



## Procurement Requirements

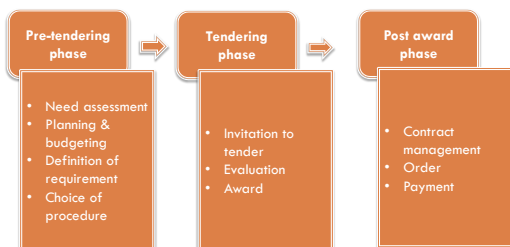
- ❑ Construction
- ❑ Goods
- ❑ Consulting services
- ❑ Other services



## Procurement Cycle

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### Three phase and five steps cycle



## Procurement Cycle





### Step 1: Identification & Analysis

1. Identification of organizational and stakeholders need
2. Need to know:
  - o What is needed now
  - o What might be need to be in future
  - o How these might be affected in future
3. Internal Spend Analysis
4. Works/Products/Services specifications/requirement
5. Min. Required vs Value-Adds



### Step 2: Supply Market Profiling

1. Need to know what the supply market has to offer
2. Knowing if you can buy
3. When to buy
4. Who to buy from
5. Need comprehensive understanding of supply market on each category
6. If expertise don't exist in – can be sourced from market as a consulting service



### Step 3: Market Engagement Strategy (Develop):

What can you do to position yourself to get best possible outcome from procurement:

1. Profile the supplier capabilities
2. Estimate the demand for your need
3. Bundle or unbundle the requirement (If Possible)
4. Engage consulting service fully or partial (If competency does not exists inside)
5. Prepare the procurement documents



### Step 4: Market Engagement Strategy (Execute)

1. Issue the Procurement related documents
2. Get the early feedback (Pre-bid meeting, E-mail, etc)
3. Receive and register bid
4. Open and evaluate the bids
5. Discuss in procurement committee and make recommendations
6. Perform selection based on method of selection
7. Manage communication
8. Ensure biased and corruption is avoided



आ.ब. :  
मन्त्रालय/विभाग/आयोजना/कार्यालय :

[illegible]

for projects that operate for more than a year or the yearly procurements are valued in excess of Rs100 (10 caror) million. The plan should be updated in each financial year.

to be prepared while preparing estimated annual program and budget for next financial year.





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## Procurement of goods



## Procurement goods - cycle

- ✓ Procurement proceedings, procurement planning and cost estimate
- ✓ Conduct Procurements
- ✓ Control Procurements
- ✓ Close Procurements



## Procurement proceedings, planning and cost estimate

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1. Procurement order of competent authority
2. Requisition to be received
  - Types of Goods
  - Quality Information
  - Quantity Information
  - Timing of requirement
  - Estimated Price
  - Source of the Price



## Procurement proceedings, planning and cost estimate

3. Preparing the cost estimates
  - Actual cost incurred on the procurement of the same nature made in the current or previous years by the concerned Public Entity or other Public Entity of the district where such Public Entity is located
  - Prevailing rate in the local market (Average)
  - Prevailing rate of other markets and estimated transportation cost up to the destination of delivery of goods
  - The rate issued by Chamber of Industry and Commerce.



## Procurement proceedings, planning and cost estimate

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4. Cost estimate approval from competent authority
5. Selection of Procurement
6. Preparation of procurement document: Technical specification, Bills of Quantity (BoQ), Design, Drawing, Cost
  - From self
  - From consulting services
  - From related govt. agencies



## Procurement proceedings, planning and cost estimate

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7. If consulting service required (Basis of Consultant selection):
  - Work experience (Generic and Specific)
  - HR competency
  - Quality of proposal
  - Managerial and financial capabilities



## Cost Estimate Approval

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लागत अनुमानको स्वीकृति (१) नियम १०, ११ र १२ बमोजिम तयार भएको लागत अनुमान बेदायको अधिकारीबाट स्वीकृत हुनु पर्नेछ :-

- क) एक करोड रुपैयाँसम्मको लागत अनुमान राजपत्राङ्कित तृतीय श्रेणीको कार्यालय प्रमुखबाट,
  - ख) पाँच करोड रुपैयाँसम्मको लागत अनुमान राजपत्राङ्कित द्वितीय श्रेणीको कार्यालय प्रमुखबाट,
  - ग) बराबरी करोड रुपैयाँसम्मको लागत अनुमान राजपत्राङ्कित प्रथम श्रेणीको कार्यालय प्रमुखबाट,
  - घ) बराबरी करोड रुपैयाँभन्दा बढी रकमको लागत अनुमान विभागीय प्रमुखबाट ।
- (२) नियम १२ बमोजिम तयार भएको लागत अनुमान बेदायको अधिकारीबाट स्वीकृत हुनु पर्नेछ :-
- क) बराबरी लाख रुपैयाँसम्मको लागत अनुमान राजपत्राङ्कित तृतीय श्रेणीको कार्यालय प्रमुखबाट,
  - ख) पच्चीस लाख रुपैयाँसम्मको लागत अनुमान राजपत्राङ्कित द्वितीय श्रेणीको कार्यालय प्रमुखबाट,
  - ग) पचास लाख रुपैयाँसम्मको लागत अनुमान राजपत्राङ्कित प्रथम श्रेणीको कार्यालय प्रमुखबाट, र
  - घ) पचासलाख रुपैयाँभन्दा बढी रकमको लागत अनुमान विभागीय प्रमुखबाट ।



## Cost Estimate Approval

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(३) सार्वजनिक निकायको प्रमुख आफूले यस नियम बमोजिम लागत अनुमान स्वीकृत गर्ने नभिले भएमा<sup>४</sup> वा नियम ५क बमोजिमको विवरण स्वीकृत गर्ने तथा उपनियम (१) र (२) बमोजिम लागत अनुमान स्वीकृत गर्ने एकै तहको अधिकार प्राप्त अधिकारी भएमा एक तह माथिको अधिकारीबाट स्वीकृत गराउनु पर्नेछ ।

(४) यस नियममा अन्यत्र जुनसुकै कुरा लेखिएको भए तापनि संवैधानिक अङ्ग वा निकाय, मन्त्रालय, सचिवालय र यस्तै प्रकृतिका अन्य कार्यालयका सचिव वा प्रशासकीय प्रमुखले आफ्नो कार्यालयको लागि गरिने खरिदको जीतिसुकै रकमको लागत अनुमान स्वीकृत गर्न सक्नेछ ।



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## Decide the procurement method



## Window Shopping

- Generally from standing list up to 1,00,000
  - From PAN: Up to 20,000, Not Applicable for VAT, Rent, Beneficiary groups, Remote Area: List of suppliers listed by committee up to 10,00,000



## Direct Procurement from listed / known supplier (Limited)

(३) यस नियममा अन्यत्र जुनसुकै कुरा लेखिएको भए तापनि नेपाल सरकारले दुराग क्षेत्र भनी तोकेको जिल्लामा सम्बन्धित आन्तरिक राजस्व कार्यालयबाट कुनै पनि फर्म वा बिक्रेताले मूल्य अभिवृद्धि कर दर्ता प्रमाणपत्र लिएको रहेनछ भने सो जिल्लाको लागि देहाय बमोजिमको समितिसे तयार पारेको जिल्लामा उपलब्ध आपूर्तिकर्ताको सूचीमा रहेका आपूर्तिकर्ताबाट दश लाख रुपैयाँसम्मको खरिद गर्न सकिनेछ :-

- |  |              |
|--|--------------|
| (क) प्रमुख, कोष तथा लेखा नियन्त्रक कार्यालय                | - अध्यक्ष    |
| (ख) प्रतिनिधि (अधिकृतस्तर), जिल्ला प्रशासन कार्यालय        | - सदस्य      |
| (ग) अध्यक्षले तोकेको जिल्ला प्राविधिक कार्यालयको प्राविधिक | - सदस्य      |
| (घ) प्रतिनिधि, जिल्ला उद्योग वाणिज्य संघ - सदस्य           |              |
| (ङ) अध्यक्षले तोकेको अधिकृतस्तरको कर्मचारी                 | - सदस्य-सचिव |

(४) उपनियम (२) बमोजिम गठित समितिको सचिवालयको काम कोष तथा लेखा नियन्त्रक कार्यालयले गर्नेछ।

(५) उपनियम (२) बमोजिम तयार भएको सूची कोष तथा लेखा नियन्त्रक कार्यालयले सम्बन्धित आन्तरिक राजस्व कार्यालयमा पठाउनु पर्नेछ।



## Direct Procurement from listed / known supplier (Limited)

Eg – Procurement of Officer Chair – Qty (5)

- Up to 5,00,000
- Up to 1500000 – Domestic Goods
- Up to 2000000 – Medicine and Medical Equipment's
- Up to 2500000 – Cottage industry

- Factors to be considered: Stock, Eligibility, Quality, Cost, At least 3 proposals



## Sealed Quotation

### Eg – Procurement of Laptop – Qty (10)

- Up to 20,00,000
- Medical equipment: Up to 50,00,000

#### Factors to be considered:

- Details of goods provided: Qty, Technical Specification, Terms of Reference, Stock, Eligibility
- Bid Security: 2 to 3 % of Estimated Cost- In cash or Bank guarantee of 75 days validity
- Performance Security: 5% of Contact amount
- Quote responsiveness: Seal and Sign
- Evaluation process: Normally LCBS



## Sealed Quotation

- Financial quote validity: 45 Days
- Details of quote availability and opening
- Notice Days: 15 Days
- Quotation cost: 1000
- Evaluation time: 15 Days after opening of Quote
- Contract Date: 7 Days after approval of Quote
- Should be at least 3 proposal in first notice
- Less than 3 proposals- should re-notice with 7 days deadline



## Open tender: (Methods: NCB or ICB)

- परिच्छेद-५  
घोषपत्र सम्बन्धी व्यवस्था
२१. घोषपत्रको माध्यमद्वारा खरिद गर्नु पर्ने: □ (१) सार्वजनिक निकायले बीसलाख रुपैयाँ भन्दा बढी लागत अनुमान भएको निर्माण कार्य, मालसामान वा जुलसुके सेवा खरिद गर्नु पर्दा खुला घोषपत्रको माध्यमद्वारा खरिद गर्नु पर्नेछ।  
(२) ऐनको दफा १५ को अवस्थामा अन्तर्राष्ट्रियस्तरमा खुला घोषपत्र आह्वान गरी मालसामान, निर्माण कार्य वा अन्य सेवाको खरिद गर्नु पर्नेछ।

### Eg – Procurement of Car – Qty (10)



## Open tender: (Methods: NCB or ICB)

- More than 20,00,000
- Bid Validity: Up to 100 million – 90 days, Above 100 million – 120 days
- Bid Security: 2 to 3 % of Estimated Cost- In cash or Bank guarantee – One month more than bid validity date
- Quote responsiveness: Seal and Sign, Power of attorney
- Performance Security: 5% of Contact amount, Counter Guarantee
- Evaluation process: Normally LCBS



## Open tender: (Methods: NCB or ICB)

- Details of goods provided: Qty, Technical Specification, Terms of Reference, Stock, Eligibility
- Performance Security: 5% of Contract amount, Special provision: 5% of Bid Price if it is up to 15%. Below estimate; additional 50% of the amount by which the bid price is lower than 15% below the cost estimates
- Quote responsiveness: Seal and Sign
- Evaluation process: Normally LCBS
- Notice period: 30 days in case NCB and 45 days in case of ICB
- Pre – Bid: 10 Days for NCB, 15 Days for ICB



## Open tender: (Methods: NCB or ICB)

- **Catalog shopping from Manufacturer or Authorized Dealer:** 7 to 15 Days Written Notice
  - Heavy Equipment's, Vehicles, Machinery, Health Equipment's
  - Rate analysis should include all benefits (Offer, Discounts, etc)



## Open tender: (Methods: NCB or ICB)

- **Limited Tendering** - if supplier is less than 3: 15 Days notice
  - (Not Applicable to Multi-year project)
  - Required approval from one level higher authority.



## Open tender: (Methods: NCB or ICB)

- **Buy back method:** After warranty or Guarantee
  - Machines, vehicles, Instruments, Chemicals, Fertilizers, Software's, Hardware's
  - As per contract provisions Or Company terms and condition
  - Performed in conditions: Spares and Service not available, Out-of-Service, Repair cost is extensively high, Economical, Meaningful, Health hazard, Environmental and social issues in storing, use and disposal



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## Procurement of Works



## Procurement Proceedings

### (iii) Preparation of Standing List

Standing lists of contractors, to be prepared for direct procurement works, and procurement of works to be carried out through NGO's.

### (iv) Description of Construction Work

Procurement details such as specifications, plans, designs and drawings, descriptions and special requirements necessary for the procurement the construction works to be prepared and approved by the authority authorized to approve the cost estimate.



## Procurement Methods

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- By Inviting Open Bids at International Level
- By Inviting Open Bids at National Level, (Rs.2 to Rs.1000 million)
  - (2 crore to 1 arab) One stage two envelop
- Lump Sum Rate (Rs.20mil); national advertisement with estimate for single year contract only



## Procurement Methods

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- Through Participation of Users' Committee or Beneficiary Group, up to Rs.10 mil (1 crore)
- Limited Tendering - if supplier is less than 3
- Inviting Sealed Quotations up to Rs.2 mil (20 lakh)
- Direct Procurement up to Rs.500,000



## Misc. Provisions of Bid Documents

**Advance Payment:** up to 20% of the contract amount against bank guarantee to be paid in two installment through a separate account for advance payment,

**Liquidated damages:** to be paid by the contractor for non-completion within the contract period shall be 0.05% of contract amount for each day of delay and should be limited to 10% of the contract amount.

**Bonus Payment:** for early completion shall be 0.05% of contract amount for each day of early completion limited to 10% of the contract amount

**Site Visit:** Permitted or arranged by the PE for the bidders/representatives for collection of bid information



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## Procurement of Consulting Services



## Consulting Services

- Consultancy Service” means any **study, research, survey, design, drawing, supervision, training, testing, software development service or other intellectual or professional service** of a similar nature



## Point of Difference

Consulting Services	Goods and Works
Two stage	Generally Single Stage
Emphasis on competence/capacity qualification	Generally Emphasis on Price
Knowledge Based	Product Based
Short list	Open competition
Terms of Reference	Technical Specifications
Request for proposal	Invitation for bid
Method based Negotiations	Generally no negotiation
No Securities?	Bid & Performance Securities



## Procurement Proceedings: Consulting Services

1. **Identify procurement requirements** (From Units, Sections or Divisions –Service requirement, quality, quantity, time) (PPR-3a)
2. **Collect market information** about procurement contract in practice to resolve various technical matters and ascertain the availability of consultants of the type required and Consultant availability
3. **Study procurement proceedings of consultancy service of similar nature** that was procured in the previous year of the procuring entity (The experience of other public entity of hiring consultants can also be useful)

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## Procurement Proceedings: Consulting Services

4. Ascertain the details, quantity and **scope of procurement** (Terms of Reference (ToR))
5. Divide the procurement into a **more convenient group** or including into package (Based on ToR, Individual or Firms, Similarity and Nature of Service etc.)
6. Prepare **Cost Estimate** (PPA-5)
7. Prepare the **procurement plan** (Master or Annual Procurement Plan, if necessary) (PPA-6)
8. Identify **financial source** (Budget, Program and Accounting Code) (PPR-3h)

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## Procurement Proceedings: Consulting Services

9. Select **procurement/selection method /agreements**: (Direct or RFP Method and Selection Methods, Contract Agreements)
10. Prepare **Procurement Document including EOI Document**, EOI evaluation criteria and RFP, RFP evaluation criteria,
11. **Conduct Procurement Proceedings**: Solicitation, Submission, Opening, Examination and Evaluation, Evaluation Reports, Selection, Negotiation, letter of Intent, Review (entity chief or Review Committee, if any), Invitation for Contract Agreement and Award of Contract)
12. **Contract Implementation** and follow up

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## Preparing Terms of Reference





## Consideration in ToR

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- Should be **adequate and clear** for the understanding of the assignment and subsequently its correct execution.
- Should explain the **details necessary** to carry out the assignment
- The **objective & scope of work** should be realistic and consistent with the available budget and program
- TOR should take into account the **organization, technical expertise and the institutional strength of the client**



## Consideration in ToR

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### 1. Background

- Introduction of the Procuring entity and objective detail,
- Project history, location and rational of the assignment
- Need of consultant, issues to be resolved ,
- Source of fund
- The legal aspects of the entity, etc

### 2. Objective of the Assignment

- Specify the objectives: feasibility studies; design of project; preparation of bidding documents; supervision of works; institutional strengthening, etc



## Consideration in ToR

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### 3. Scope of Services

- Main activities and their expected results
- Desired level of details (level of design, accuracy composition of cost estimates etc)
- Main issues to be addressed
- Alternatives to be considered
- Surveys and investigations



## Consideration in ToR

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### 4. Specific Job Responsibilities

- Preparation of the report/s
- Submit the design and survey results
- Carryout the research
- Design model
- Policy Analysis
- Supervision
- Procurement services (bid document preparation, evaluation, training, contracts supervision/ administration etc)
- Other specific jobs which match with the objectives and scope of services



## Consideration in ToR

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### 5. Previous study and basic data

- Relevant Publications,
- Research Studies,
- Designs and drawings,
- Reports related with the consulting service
- Databases, and
- Other relevant Information



## Consideration in ToR

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### 6. Training and Knowledge Transfer

- Ask consultant to propose their approach and methodology Trainings
- Employees levels, Event, Number of Participants, Venues, type of trainings (Technical, Operational, Conceptual etc.)



## Consideration in ToR

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### 7. Responsibilities and Qualifications of Key Personnel

- **Specific responsibilities of the Key Personnel** such as The team leader, designer, programmer, Software engineer, network /database administrator and their number etc.
- The **estimated time required** for the work to be performed by them individually, the Person man-months, full or intermittent
- **Qualification and Experiences** of each Personnel (Minimum and preferable)



## Consideration in ToR

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### 8. Time and Facilities

Time for completion: Need to mention the time for the completion of assignment by the consultant.

Facilities to the Consultant:

- Description of information, reports, data's and facilities to be provided by the Client
- Physical facilities that will be made available by the Client e.g.. Computers, software, office space, vehicles, internet service, equipment etc.
- Staffs



## Consideration in ToR

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### 9. Reporting Requirement

Details of the report, data, drawing and survey report etc. to be submitted by the consultant.

- Specify the reporting requirement eg. Inception, Progress Reports, Interim Project reports ,Draft Project Report , Final Project Report ,Completion Report etc,
- Their schedule and frequency where applicable
- Format, number of copies, names of recipient of the reports etc



## Consideration in ToR

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### 10. Institutional and Organizational Arrangement

- TOR should define the institutional arrangement for the assignment
- Indicate the role and responsibilities of all those involved in the organization
- Should define the hierarchy and level of authority of counterpart personnel
- Information on the level of experience of Client's personnel who will be integrated in the consultant's team



## Consideration in ToR

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### 11. Selection Method

TOR should define the applicable selection method:

- Indicate selection method,
- Indicate applicable Rules, Regulations or Guidelines



Methods of Evaluation: Other than consulting services

### □ LCBS: Least Cost Based Selection

- Completeness of Bid;
- Eligibility Criteria;
- Technical Viability / Competency;
- Financial Viability / Competency.



## Methods of Evaluation: Consulting Services

- QCBS: Quality and Cost Based Selection
- QBS: Quality Based Selection
- LCBS: Least Cost Based Selection
- FBS: Fixed Budget Selection
- CQBS: Consultant's Qualification Based Selection
- Procurement through standing list
- Direct Negotiation



## Tender approving authority

बोलपत्र स्वीकृत गर्ने अधिकारी (१) बेदायको रकमको बोलपत्र स्वीकृत गर्ने अधिकार बेदायका अधिकारीलाई हुनेछ :-

- क) तीन करोड रूपैयाँसम्मको राजपत्राङ्कित तृतीय श्रेणीको कार्यालय प्रमुख,
- ख) सात करोड रूपैयाँसम्मको राजपत्राङ्कित द्वितीय श्रेणीको कार्यालय प्रमुख,
- ग) पन्ध्र करोड रूपैयाँसम्मको राजपत्राङ्कित प्रथम श्रेणीको कार्यालय प्रमुख,
- घ) पन्ध्र करोड रूपैयाँभन्दा बढीको विभागीय प्रमुख ।

✕ (१क) कुनै सार्वजनिक निकायको प्रमुखले उपनिषम (१) बमोजिम बोलपत्र आफैले स्वीकृत गर्न ताम्रले भएमा एक तह माथिको अधिकारीबाट स्वीकृत गराउनु पर्नेछ ।

(२) उपनिषम (१) मा नुनसुक्कै कुरा लेखिएको भए तापनि सवैधानिक ढंग वा निकाय, मन्त्रालय, सचिवालय र यस्तै प्रकृतिका अन्य कार्यालयका सचिव वा प्रशासकीय प्रमुखले आफ्नो कार्यालयको लागि गरिने खरिदको नतिसुक्कै रकमको बोलपत्र स्वीकृत गर्न सक्नेछ ।



## Tender Cost

बोलपत्र सम्बन्धी कागजातको बस्तु (१) बोलपत्र सम्बन्धी कागजात खरिद गर्न चाहने इच्छुक व्यक्ति, फर्म, संस्था वा कम्पनीले सम्बन्धित सार्वजनिक निकायको प्रमुख वा निजले तोकेको कर्मचारीको वस्तुतः र कार्यालयको छाप लागेको बोलपत्र सम्बन्धी कागजात सो निकाय वा सो निकायले तोकेको बुई वा बुईभन्दा बढीअन्य निकायबाट बेदाय बमोजिमको बस्तु तिरी लिनु पर्नेछ :-

- क) बीस लाख रूपैयाँभन्दा माथि बुई करोड रूपैयाँसम्मको लागि तीन हजार रूपैयाँ,
- ख) बुई करोड रूपैयाँभन्दा माथि बश करोड रूपैयाँसम्मको लागि पाँच हजार रूपैयाँ,
- ग) बश करोड रूपैयाँभन्दा माथि पच्चीस करोड रूपैयाँसम्मको लागि बश हजार रूपैयाँ,
- घ) पच्चीस करोड रूपैयाँभन्दा माथि नतिसुक्कै रकमका लागि बीस हजार रूपैयाँ

(२) कुनै व्यक्ति, फर्म, कम्पनी वा संस्थाले उपनिषम (१) बमोजिमको बस्तु र लाने हुलाक वा कुरियर महसुल तिरी बोलपत्र सम्बन्धी कागजात वा प्रस्ताव आह्वान सम्बन्धी कागजात पठाई बिन लिखित अनुरोध गरेमा सम्बन्धित सार्वजनिक निकायले त्यस्तो व्यक्ति, फर्म, कम्पनी वा संस्थालाई हुलाक वा कुरियर मार्फत बोलपत्र सम्बन्धी कागजात पठाई दिनु पर्नेछ ।

तर त्यसरी पठाउँदा त्यस्तो व्यक्ति, फर्म, कम्पनी वा संस्थाले बोलपत्र सम्बन्धी कागजात समयमा नै प्राप्त गर्न नसकेमा सोका लागि सार्वजनिक निकाय जवाफदेवी हुनेछैन ।



## Standard Bidding Documents

- [http://ppmo.gov.np/standard\\_bid\\_document](http://ppmo.gov.np/standard_bid_document) for standard documents



## Key terms in Procurement

- Pre-Qualification Documents;
- Eligibility Criteria;
- EOI (Expression of Interest);
- RFP ( Request for Proposal);
- Instruction to Bidder;
- Datasheet;
- Technical and Financial Standard Form;
- Right to Information (RTI);



## Key terms in Procurement

- Terms of Reference (TOR);
- Evaluation Criteria;
- Bid Security;
- Performance Guarantee;
- Retention Money;
- Counter Guarantee;
- Bills of Material (BOQ);
- Contract Management (Agreement);



## Methods of Evaluation: Other than consulting services

- **LCBS: Least Cost Based Selection**
  - Completeness of Bid;
  - Eligibility Criteria;
  - Technical Viability / Competency;
  - Financial Viability / Competency.



## Controlling Procurement

1. Information Sources
2. Influencing Factors and Key Drivers
3. Key Players and Competitive Rivalry
4. Market Maturity
5. Pressures: PESTLE



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## Group work

Preparation of Procurement Plan for F.Y. 2075/76

Time: 40 min

Presentation: 10 Min each group



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## Contemporary Management Issues



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## A. Contract Management

- Effectiveness of Contract
- Contract Variation order
- Extension of Time (EoT)
- Termination of Contract
- Insurance, professional liability insurance
- Proprietary Rights
- Replacement/Removal of Key Experts
- Assistance and Exemptions



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## A. Contract Management

- Access to Project Site/Services, Facilities and Property of the Client/Counterpart Personnel
- Payment Obligation
- Interest on Delayed Payments
- Blacklisting
- Liquidated Damages
- Claims and Settlement of Disputes
- Resolution of Disputes



## B. Litigation issues

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- ❑ Litigation is legal method for settling controversies or disputes between PE and contracting parties.
- ❑ The process of taking legal action
- ❑ The **process** of taking a **case** to a **legal Authority** so that a **judgment** can be made.
- ❑ Where dissatisfaction between Parties could not be settled amicably.



## B. Litigation issues

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- Litigation issues in Consulting service is rear as compared with the Works Contract.
- Mainly issues are relating with:
  - Liquidated Damages
  - Termination of contract
  - Blacklisting



## C. Use of Standard Bidding Document

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- ❑ Procurement of Goods (NCB),
- ❑ Procurement of Goods (NCB) Nepali version,
- ❑ Procurement of Goods (ICB)
- ❑ Procurement of Works (NCB) 20 M 1 Billion (two envelope)
- ❑ Procurement of Works (NCB) 2 M 20 M (Non-qualification)
- ❑ Procurement of Works (NCB) 2 M 20 M (Qualification)



## D. Completeness of Sections of Bid Document

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A Bid Document (Goods) normally includes:

- ❑ Invitation for Bids
- ❑ Instructions to Bidders
- ❑ Bid Data Sheet
- ❑ Evaluation and Qualification Criteria
- ❑ Bidding Forms
- ❑ Schedule of Requirements
- ❑ Contract Forms
- ❑ General Conditions of Contract
- ❑ Special Conditions of Contract
- ❑ Contract Forms



#### D. Completeness of Sections of Bid Document

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A Bid Document (Works) normally includes:

- Invitation for Bids
- Instructions to Bidders
- Bid Data Sheet
- Evaluation and Qualification Criteria
- Bidding Forms
- Works Requirements,
- Bill of Quantities
- General Conditions of Contract
- Special Conditions of Contract
- Contract Forms



#### E. Preparation of Bidding Document

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- Schedule of requirements/works requirements, Cost estimate
- Procedures of buying bid, submission, withdrawals, modifications
- Eligibility requirements,
- Qualification requirements,
- Contract conditions
- Nature & time of procurement,
- Technical specifications,
- Contractual terms,
- Bidders' qualification requirements,
- Details of site visits and pre-bid conference,
- Instructions for preparation and submission of bids,
- How to show prices and currencies, etc



#### F. Behavioral & Managerial

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- Lack of professional & Managerial competencies
- Delay in decision making
- Discriminative business policy
- Empire Building Syndrome
- Rent Seeking Behavior
- Inconsistence in procurement documents & directives
- Weak inter organizational coordination



#### G. User Capability in using Electronic Procurement System (eGP):

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## Ways forwards

1. Issue the Procurement related documents;
2. Leave a change to get feedback through pre-bid meeting;
3. Receive the Bidder's response documents;
4. Open and Evaluate the Bidder's Capability vs Required;
5. Select the best capable depending on the method of selection;
6. Manage communication;
7. Ensure biased and corruption is avoided;
8. Negotiate for right commercial deal;
9. Contract with clearly mentioned Terms & Conditions and Schedules and ToR of Job.



**THANK YOU FOR ATTENTION**

