**Procurement Procedure for CSOs**

**Bid, Quotation or Proposal** is a formal offer by a potential bidder or consultant indicating the price at which supply of goods or works, non-consultancy services or consultancy services will be made should the bid, quotation or proposal is accepted

**Donor Funded Project** means project financed by pursuant on any donor agreement, which finance the subject procurement actions.

**Procurement** means obtaining appropriately of goods, works, non-consultancy services, or consultancy with CSO’s funds or funds from any other source whether local or foreign. It would include purchase, rental, lease or hire purchase, including services incidental to the supply of said goods or the works and disposal of stores items.

**Procurement Entity** means CSOs that engages in procurement

**Procurement Actions** means any action in furtherance of performance of goods, works, non –consultancy services or consultancy services.

**Goods** means raw-material, products, equipment and other physical objects of every description whether in solid, liquid or gaseous form.

**Non-Consultancy Services** means services other than consultancy services. Eg. Janitorial services, security service, currier services

**Works** means all construction works associated with the construction, reconstruction, demolition, repair or renovation of a building, structure or associated works such as site preparation excavation, erection of a building, installation of equipment or materials, decoration and finishing.

**Consulting Services** means the services provided by consultant of an intellectual and advisory nature in wide range of activities such as policy advice, institutional reform, management study, engineering services, architectural services, construction supervision, financial services, social and environmental studies and identification, preparation, and implementation of projects

**1.1 The Purpose**

The purpose of this Procurement Guideline is to set forth the procedures that should be adhered by the CSO, in carrying out any Procurement action financed in whole or in part by the CSO

**1.2 Objectives**

The Procurement process should ensure:

a) Maximizing economy and efficiency in Procurement resulting in least cost together with the high quality;

##### **VALUE FOR MONEY**

The procurement processes should be carried out to achieve the most advantageous combination of cost, quality and sustainability over the life cycle of the project.

b) Adhering to prescribed standards, specifications, rules and regulations;

c) Maximizing income in the disposal of acquired assets or in granting of rights, concessions or exclusive benefits;

d) Providing fair and equal opportunity for interested parties to participate in Procurement;

e) Expeditious execution of Works and delivery of Goods and Services;

f) Compliance with local laws and international obligations;

g) Ensuring transparency and uniformity in the evaluation and selection procedure;

h) Retaining confidentiality of information provided by bidders.

**1.3 Scope of Application**

This guidelines applicable to CSO Financed as well as Donor Funded Projects of the CSO. Hence, this guidelines would be applicable to all Procurements irrespective of the source of funding. However, when a Donor Funded Projects, is mandated by its funding agency to use the procurement guidelines of such funding agency, such funding agency guidelines shall prevail over the CSO’s guidelines to the extent applicable. In the event of a conflict between the CSO’s guidelines and that of the funding agency, the funding agency guidelines shall take precedence over CSO’s guidelines.

**1.4 Ethics in Procurement**

**1.4.1 Confidentiality**

In all Procurement Actions, parties associated, namely, suppliers, contractors and officials shall ensure that they maintain strict confidentiality throughout the process.

**1.4.2 Corruption**

The officials involved in Procurement Actions shall not abuse their powers. An official who abuses one’s position in Procurement Action to derive benefits for oneself or one’s close family or associates, would be deemed to be engaged in corrupt practices.

**1.4.3 Conflict of Interest**

Officials shall declare that they remain without a conflict of interest throughout the process. Should such a compromising situation arise, the official shall declare his/her interest and disassociate himself/herself from the process.

**1.4.4 No gifts or inducement to be accepted**

Officials shall refrain from receiving any personal gain from any Procurement Action. No gifts or inducement of any value shall be accepted. Suppliers/contractors are liable to be disqualified from the bidding process if found offering any gift of value which may have an effect of influencing a decision or impairing the objectivity of an official.

**1.4.5 Officials shall refrain from receiving any personal gain from any Procurement Action.**

**1.5 General Principles of Public Procurement**

The award of public contracts is governed by the following general principles:

• Non-discrimination and equality of treatment;

• Transparency;

• Confidentiality of Contractors

• Fairness

• Openness

• Accountability

**1.5.1 Non-Discrimination and Equality of Treatment**

The principle of “non-discrimination” is a cornerstone of Public Procurement. This principle prohibits any discrimination meaning that all participants shall be treated in the same manner, unless the difference is objectively justified. Both direct and indirect discrimination is prohibited. Bank must remain non-biased and Impartial toward all participants.

**1.5.2 Transparency**

Transparency in the context of public procurement refers to the ability of all interested parties to know and understand the actual methods and processes by which contracts are awarded and managed.

**1.5.3 Confidentiality of Contractors**

All bids should be kept in a safe and secure environment to ensure that the confidentiality of bids is preserved. Confidential information may include technical or trade secrets. The principle of confidentiality obligates the Bank not to examine the content of bids, before the deadline for their submission has expired.

**1.5.4 Fairness**

System needs to operate in a manner that is perceived as offering an opportunity for participants to win contracts in accordance with an agreed set of rules that are not “prejudiced” against participants without a reasonable explanation.

**1.5.5 Openness**

Relates to fairness, but is more specific as to ability of wide range of participants to participate in a competition. An example of lack of openness might be restricting procurement to national or local firms.

**1.5.6 Accountability**

Assuming responsibility for actions taken and being held to account for those actions. It also entails an obligation to explain and justify the procurement actions taken to perform tasks.

**1.6 Laws applicable for Procurement Actions**

The laws applicable to Procurement Actions shall be the Laws of the Democratic Socialist Republic of Sri Lanka unless such Procurement Actions are consequence to agreement/s or treaties between the CSO and other Foreign Funding Agencies and which imposed International obligations, the specific requirements of the treaty or agreement shall prevail.

**1.7 Amendments to the Procurement Guidelines**

Any amendment to the procurement guidelines shall be made by issuing Supplement/s approved by the Board of Director or Council of the CSO.

**2. Procurement Committees and their Functions**

**2.1 Council or Board of Director of the CSO**

a) The BOD is the principle authority for formulating and effecting amendments to the procurement guidelines.

 **2.2 Executive Director**

a) The responsibility of Procurement Actions shall be vested with the ED of the CSO who is deemed to be the Accounting Officer. The responsibility and accountability of the other officers of the CSO who are involved in Procurement Actions shall be duly authorized by the ED in accordance with the Delegation of Financial Authority for each Financial Year.

**2.3 Responsibility of the CSO**

a) The RDB shall responsible for the entire Procurement Process i.e., Procurement Planning and Preparedness Activities, Pre-contract Activities and Post Contract Activities.

b) The respective Procurement Committees (PCs), Technical Evaluation Committees (TECs) and Bid Opening Committees (BOCs) shall be appointed by the BOD, ED or his delegated authority.

c) All PCs and TECs shall be appointed at the beginning of each financial year on ex-officio. The seniority and procurement capacity shall be taken into consideration when such appointments are made. However, members of TEC shall be changed depending on the expertise required.

d) Request shall be made by the ED to the BOD to appoint the PCs at the beginning of each financial year.

**2.4 Responsibility of the Procurement Unit**

Head of Admin Service Unit or Finance Manager of the CSO is responsible for the following activities:

a) Obtaining procurement requirements of all departments, divisions, regional office and project office before the end of current financial year for the ensuring financial year;

b) Prepare Master Procurement Plan **(**see **Annex 1)** and proposed Annual Procurement Plan (APP) (see **Annex 2)** by using the Format to incorporate such requirements by properly packaging and slicing;

c) Organize Procurement Planning Meeting before finalizing the APP;

d) Appoint TECs and BOCs within the provisions of the guidelines;

e) Monitor and ensure that all the preparatory activities such as Specifications, Bill of Quantities (BOQ), Initial Environmental Examinations (IEE), Environmental Impact Assessments (EIA) Assessments, Plans, Drawings, preparation of draft bidding documents, obtaining necessary approvals etc. have been duly completed by the respective users for all procurement packages included in the APP and Procurement Preparatory Plans (see **Annex 3)** are duly submitted;

f) Assist and advice officers who need assistance and guidance to prepare such Preparatory Activities;

g) Assess the procurement capacity of officers of the Bank, particularly the members of different PCs and TECs and organize procurement capacity building activities from time to time;

h) Arrange the services from outside Procurement Specialists, Consultants etc. as per the provisions of this guidelines to prepare such preparatory activities whenever deemed necessary;

i) Maintain necessary communication with all internal and external stakeholders of the Procurement Process;

j) Arrange annual suppliers, contractors and service providers’ registration process;

k) Preparation of Invitation for Bids (IFB), Invitation for Pre-qualification, preparation and vetting of bidding documents, submission of such documents to respective TECs and PCs for review and approval; l) Maintain a data base for all PCs and TECs and accredit members of PCs and TECs by considering timely completions of tasks, quality of evaluation reports, integrity of members etc.;

m) Maintain a data base for all procurement activities carried out by the Bank and take prompt actions to complete the contract awards as scheduled using the Detailed Procurement Plan (DPP) **(**see **Annex 4)**

n) Obtaining Contract Administration Plans (CAP) **(**see **Annex5)** from respective Departments/Divisions/Regions/Branches and monitor implementation activities to ensure that all contracts awarded are completed as scheduled;

o) Assist to ED /BOD to appoint all PCs/TECs/BOCs, facilitate and coordinate all committees;

p) Provide information pertaining to contracts awarded by the CSO to BOD quarterly.

q) Provide progress reports on all procurement activities to the ED monthly.

**2.5 Duties and Responsibilities of Appropriate Procurement Committees (PC)**

1. Ensuring that the funds are available for the Procurement under consideration;
2. Reviewing and agreeing upon the Procurement Time Schedule (PTS) in order to award the contract as planned;
3. Determining the dates and manner of advertising the Procurement, sale of bidding documents, and closing and opening of bids;
4. Agreeing with the Technical Evaluation Committee (TEC) on the type and nature of bidding and contract documents to be used;
5. Participating and directing the TEC in providing/requesting where deemed appropriate; and
6. Review the evaluation report and recommendation of TEC and making determinations/recommendations in accordance with the procurement guidelines.

**2.6 Duties and Responsibilities of Appropriate Technical Evaluation Committees (TEC)**

1. Recommend and agree with the respective Procurement Committee (PC), the Procurement Time Schedule (PTS) in order to award the contract within the minimum time period possible;
2. Review and approve of specifications to ensure that the specifications are generic in nature and competitiveness could be promoted on an equal level;
3. Review and approve of the pre-qualification documents/bidding documents prepared by the CSO to ensure that the procurement principles are complied with;
4. Direct the CSO to obtain clarifications from bidders in writing where appropriate;
5. Participate in negotiations if directed by respective PC;
6. Review the draft contract agreement prepared by the PE to ensure that it complies with the determination of the PC.
7. The TEC may get assistance from any external consultant if necessary. However, any services performed by the consultant should be under the guidance and supervision of the TEC. The consultant shall not be a member of the TEC.
8. The Chairperson of TEC or his nominee selected from amongst the members of the TEC shall participate at the pre-bid meeting.
9. The respective PC and TEC as described in this guidelines shall carry out the entire procurement Process;
10. However, there may be different TECs for such different Procurement Activities.
11. Any Procurement that will lead to other downstream Procurement/s such as selection of consultants for designing and the subsequent selection of contractors for construction activities shall be aggregated and the appropriate PC shall be selected considering the Total Cost Estimate (TCE).
12. All members serving in their respective BOC, PC and TEC shall give priority to the duties assigned to them over their routine functions.

**2.7 Bid Opening Committee (BOC)**

1. ED or his authorized delegated officer shall appoint BOC for Procurement higher than the value of Rs 500,000/-
2. The responsibility of opening of bids is vested with BOC;
3. The minimum number of members for BOC shall be two;
4. The appointing of BOC shall be done with the concurrence of the respective PC;
5. Duties and Responsibilities of BOC is spelt out in Chapter 6, ‘Bid Opening’’
	1. **Different Procurement Committees**

Composition of Procurement Committees

The Number Member of all PCs shall be three

***Corporate Procurement Committee (CPC) headed By ED***

 Chairmen - ED

 Member 1 - Finance Manager

 Member 2 - Manager Admin Services

 The ……………………shall function as the Secretary to the CPC

***Executive Procurement Committee (EPC) headed By FM***

Chairmen - FM

Member 1 - Manager Admin Services

 Member 2 - Program Manager

 The …………………… shall function as the Secretary to the EPC

***Project Procurement Committee (PPC) headed by Project In Charge/ Manager***

Chairmen - Project Manager

Member 1 - Deputy In-Charge

 Member 2 - Project Account Officer

 The …………………… shall function as the Secretary to the EPC

Each Procurement Committee who are appointed by designation, shall have a pre-designated alternate member to participate in meetings in the event a nominated member is rendered unavailable on the scheduled date of a meeting.

**2.9 Financial Threshold Limits for Different PCC**

|  |  |  |  |
| --- | --- | --- | --- |
| **Different PCs** | **Local Funds/CSOs Funds**  | **Donor Funded /Foreign Funded**  | **Approving Authority**  |
| Council / BOD | Any amount  | Any amount  | Board  |
| CPC headed by ED | Up to Rs ……….. | Up to Rs ……….. | ED |
| EPC headed by FM  | Up to Rs ……….. | Up to Rs ……….. | FM  |
| PPC headed by Project Manager  | Up to Rs ……….. | Up to Rs ……….. | PM  |

**2.7 Financial Authority under Direct Procurement**

Financial Authority for Goods, Works and Services under Direct Procurement

|  |  |  |
| --- | --- | --- |
| When uneconomical to follow competitive procedure | ED | Up to Rs 200,000 |
| FM | Up to Rs 50,000/- |
| Smaller value not exceeding Rs 15,000/- per day per event. Total should not exceed Rs. 60,000/ per month  | Program/ Project Manager  | Up to Rs. 15,000/- |

**2.7 Financial Authority under Shopping**

|  |  |
| --- | --- |
| **Works****At least Five Sealed Quotations)** | **Financial Threshold** |
| Council  | Any amount  |
| PC headed by ED | Up to Rs ……….. |
| PC headed by FM  | Up to Rs ……….. |
| ED | Up to Rs ……….. |
| FM  | Up to Rs ……….. |
| Program / Project Manager  | Up to Rs ……….. |
| **Goods and Non-Consultancy Services** **At least Five Sealed Quotations** | **Financial Threshold** |
| Council  | Any amount  |
| PC headed by ED | Up to Rs ……….. |
| PC headed by FM  | Up to Rs ……….. |
| ED | Up to Rs ……….. |
| FM  | Up to Rs ……….. |
| Program / Project Manager  | Up to Rs ……….. |
| **Goods and Non-Consultancy Services** **At least Three Sealed Quotations** | **Financial Threshold** |
| Council  | Any amount  |
| PC headed by ED | Up to Rs ……….. |
| PC headed by FM  | Up to Rs ……….. |
| ED | Up to Rs ……….. |
| FM  | Up to Rs ……….. |
| Program / Project Manager  | Up to Rs ……….. |

ED may delegate his authority to other officers under Delegation of Financial Authority

**4. Procurement Planning**

**4.1 Strategic Concern**

a) Procurement planning is much more than a schedule of procurement requirements of the CSO. Importance of procurement activities of the CSO should be assessed considering many factors such as contribution to the total budget, achieving of corporate goals and objectives, ensuring value for money, assigning responsibilities to different officials and committees and supervision and monitoring of procurement activities of the CSO etc.;

b) The conventional approach is to request the procurement requirements from each departments/divisions or regions by the Procurement Division which is responsible to manage the procurement function of the CSO;

c) Once the requirement is received; some procurement is reduced or completely removed and finalized the procurement list. The inclusion or deletion has no rational basis what so ever. This is not meant of real procurement planning;

d) The procurement plan of the CSO should be prepared in line with the Action Plan. Since the Action Plan entails various activities, sub-activities and performance / output targets that are expected to be achieved under different goals and objectives of the CSO, procurements should be considered as the resource requirements to achieve such targets through such activities and sub-activities;

e) Since the activities and sub-activities are the best options available and determined by the management, the agreed resource allocation to such activities could be considered as strategic procurement planning.

**4.2 Master Procurement Plan (MPP)**

a) The CSO may prepare the MPP in line with its Action Plan. Where possible procurement activities envisaged - for a period of three-years - may be listed in the MPP;

b) The procurement activities for the succeeding year shall be prepared in detail;

c) The MPP shall assess the relative advantages of centralized versus decentralized Procurement; packaging of Procurement; size of the packages for Goods, Works, etc.;

d) The MPP shall be regularly updated, at intervals not exceeding six months;

e) Approval should be obtained for the MPP from the BOD.

**4.3 Annual Procurement Plan (APP)**

a) The CSO shall prepare an Annual Procurement Plan for the ensuring financial year before the end of the current financial year;

b) This plan spells out the procurement requirements of the CSO for the ensuring financial year;

c) This APP is essentially derived from the Annual Action Plan of the financial year;

d) This APP should entail all required details such as procurement packages /slices under different Procurement Categories i.e. Works, Goods, Non-consulting Services and Consulting Services (separate Plans), proposed Procurement Methods, Total Cost Estimate for each packages, the expected dates of Bid Invitation and Contract Award etc.;

e) Approval should be obtained for the APP from the BOD.

**4.4 Procurement Packaging and Slicing**

a) All procurement requirements should be packaged considering the suppliers point of view and required dates of procurement (see **Annex 6**);

b) In order for large and small suppliers/ contractors to participate for bidding, market capacity and to meet the critical delivery or completion schedules, large contracts may be divided into Smaller slices and procured on ‘slice and package’ method;

c) Both small and large contractors may be allowed, at their option, to bid for one or more slices or the whole package according to their capacity;

e) All bids shall be received by the same closing date, time and shall be opened and evaluated simultaneously so as to determine the Bid for combination of Bids that offers the lowest evaluated cost.

**4.5 Procurement Preparatory and Planning**

a) All the contract packages included in the APP, procurement preparatory activities should be identified by the user departments/ divisions such as preparation of specifications, estimates/ BOQs, drawings, plans, required approvals from local authorities, CEA and preparation of Bidding Documents etc.;

b) Procurement Preparatory Plan should also be submitted to the management along with the APP. It is the responsibility of the CSO to allocate funds required to complete the preparatory activities whenever applicable;

c) If preparatory activities are not planned properly and completed by the users, such procurements may not be included into the APP;

d) However, the Officer in charge of the subject of Procurement should monitor the preparatory activities

**4.6 Detailed Procurement Plan (DPP)**

a) Detailed Procurement Plan should be prepared once the APP is approved by the BOD in accordance with the format in the Procurement guidelines;

b) DPP is a schedule describing, steps of each individual Procurement action from the point of commencement until the contract award;

c) DPP entails Procurement Time Schedules (PTS) of each contract package included in the DPP;

d) PTS is a time schedule in chronological order;

e) PTS shall be prepared in two stages as described below;

f) The preparation and regular updates of

**Stage 1**

i) Stage 1 of PTS shall include all activities after preparation of draft bidding documents. The responsibility of preparing of draft bidding documents rests with the CSO.

**Stage 2**

1. Stage 2 of PTS shall include all activities after preparation of bidding documents;
2. DPP shall entail all procurement requirements exceeding LKR 100,000
3. Responsibility of preparing the draft of Stage 2 is also rests with the Procurement Unit

**4.7 Monitoring of Procurement Plan**

All procurement activities spelt out in the DPP should be monitored by the respective authority. The head of Admin Service or Finance Manager will collect periodic information (at least quarterly) from all the HODs to ensure that all procurement activities are performed as scheduled. If the delays are apparent prompt actions to be taken by the head of procurement and report to the ED or BOD appropriately. Average time frame for procurement process is given (see **Annex 7**)

**5. Procurement Methods**

**5.1 Choice of Procurement Methods**

 a) This Manual describe various Procurement Methods and Bidding Procedures, the respective officers of the CSO may select different Procurement Methods appropriately:

 b) The choice of Procurement Methods depends on:

1. The nature of the procurement;
2. The value of the procurement;
3. The availability of local contractors, suppliers;
4. Critical dates for delivery or completion;
5. Capacity of local suppliers and contractors;
6. Urgency or immanency situations;
7. Agreements with funding agencies;
8. Transparency of procedures proposed

**5.2 Commonly used Procurement Methods**

5.2.1 International Competitive Bidding (ICB)

5.2.2 Limited International Bidding (LIB)

5.2.3 National Competitive Bidding (NCB)

5.2.4 Limited National Bidding (LNB)

5.2.5 Shopping

5.2.5.1 National Shopping (NS)

5.2.5.2 International Shopping (IS)

5.2.5.3 Registration of Suppliers/Contractors

5.2.5.4 Use of Rainbow Pages

5.2.6 Force Account

5.2.7 Direct Contracting

5.2.7.1 Repeat Orders

5.2.7.2 Direct Contracting to Community Based Organizations

5.2.8 Emergency Procurement

5.2.9 Two stage Bidding Process

5.2.10 Two Envelop System

5.2.11 Pre-qualification

**5.4.1 International Competitive Bidding (ICB)**

a) ICB shall be used:

1. When the funding agency agreement has specified accordingly; and/or

ii.) For GOSL funded projects, the capacity of the domestic contractors, suppliers and service providers are limited and advantage of ICB is evident; however, in the case of Works contracts in view of development of domestic construction industry, the possibility of slicing the contract to suit domestic contractors may be considered.

b) When ICB is used for GOSL or Foreign Funded Project the domestic preferences shall be used.

c) Other than the domestic preference, all conditions including taxes and currencies shall be equally applied to foreign and the domestic bidders.

d) Advertise at least in one widely circulated national newspapers and relevant web pages

**5.4.1.4 Advertisement Internationally**

 a) In addition to wide publicity that is normally given in competitive bidding, the Procurement Entity shall publish the advertisement internationally such as in United Nations Development Business (UNDB) and Development Gateway’s dg Market and should transmit such invitations to embassies and trade representatives of countries where suppliers and contractors are likely to participate, and post them in relevant websites.

b) ICB for Works contract with pre-qualification may need 16 -20 months procurement lead time and Works contract without pre-qualification may need 8-12 months. Similarly ICB Goods contract may need 16-20 months and 8-12 months respectively.

**5.4.2 Limited International Bidding (LIB)**

a) Limited International Bidding is followed when the invitation to bid is directly addressed to a pre-selected suppliers/contractors list of International Suppliers/contractors.

b) Bids should be solicited from a list of potential suppliers/contractors broad enough to ensure competitive prices, including all known suppliers/contractors, if the number is small.

 c) The procedure is chosen when;

i) Only a few known sources are available;

ii) Advertising would be a waste or for small value procurements in which the cost of advertisement is disproportionately high;

iii) LIB may be used for procurement of goods such as highly specialized equipment for construction of dam or where there are only a limited number of known suppliers or manufactures.

iv) All ICB procedure apply except the requirements for advertising and in the case of foreign funded projects, Domestic Preference.

**5.4.3 National Competitive Bidding (NCB)**

a) National Competitive Bidding (NCB) is the competitive bidding procedure that shall be normally used for GOSL funded projects.

When NCB is used:

1. Should be advertised at least in one widely circulated national newspapers in and relevant websites where possible;
2. Any supplier, service provider or contractor who desires to obtain bidding document should be allowed to purchase same, provided the bidder is prepared to pay any specified fees;
3. The contractors/suppliers/service providers should be allowed to purchase the bidding document up to a day prior to the date of submission of bids;
4. For construction Works, to be eligible for contract award, the domestic contractors shall have a valid and appropriate registration at the time of submitting the bid, under the National Registration System of ICTAD. However, ICTAD registration should not be an eligibility criterion for purchasing the bidding document.
5. NCB for Foreign Funded Project
6. With the agreement of the foreign funding agency; and
7. By allowing foreign contractors or suppliers to bid on same terms with the domestic contractors or suppliers; and
8. By not giving preference to the state owned agencies or approved societies etc; and
9. By considering equivalent registration under the national registration system of ICTAD to the experience and qualification described in the bidding document as eligibility criteria for domestic contractors.

c) NCB contract may need 6 month of lead time.

**5.4.4 Limited National Bidding (LNB)**

a) The procedure is chosen when;

1. Only a few known sources are available;
2. Advertising would be a waste or for small value procurements in which the cost of advertisement is disproportionately high;
3. LNB may be suitable for exceptional reasons such as emergency actions related to major natural or manmade disaster which may justify the waiving of advertising of competitive bids;
4. All NCB procedure applies except the requirements for advertising and in the case of foreign funded projects, Domestic Preference.

**5.4.5 Shopping**

a) National Shopping Is an appropriate procurement method based on comparing price quotations obtained from several invited bidders, and is an appropriate method for procuring readily available off-the-shelf Goods or standard specification commodities and small value construction Works or Services within the limits specified in this guidelines;

b) Requests for quotations shall indicate the description and quantity of the Goods, as well as the desired delivery time, place and warranties. The evaluation of quotations shall follow NCB principles wherever applicable. The terms of the accepted offer shall be incorporated in a purchase order;

c) When shopping procedure is used for Works, request for quotations shall be only from ICTAD registered contractors.

**5.4.5.2 International Shopping**

1. When small value Goods are procured internationally, same procedure to be followed to obtain quotations from different suppliers;
2. If quotations are given on emails, fax or faci-male, such quotations shall be received only by responsible and authorized offices of the CSO.

**5.4.5.3 Registration of Suppliers and Contractors**

* 1. The CSO may publish a notice for the registration of suppliers and prepare a list of suppliers to supply particular categories of Goods and Services such as stationery, electrical supplies, vehicle repairs, etc., and confine shopping procedures to names appearing on the list;
	2. This procedure should be applied for Procurement of items of small value or for purchases of items used continuously for which advertising procedure may be uneconomical. After evaluating the past experience and other qualifications such as capacity of the applicant, by a committee consisting of not less than three members appointed by the ED, prepare a list comprising names of suppliers who are capable to supply particular categories of Goods and Services mentioned above;
	3. The registered list of suppliers should be updated periodically, at least once a year;
	4. Remove any supplier or who are not responded twice for an invitation to submit a quotation without a valid reason or performed unsatisfactorily under any contract previously awarded;
	5. The selection is based on comparison of price quotations obtained from several suppliers invited for Bids appearing on the registry;
	6. However, separate registration may not be appropriate when sufficient Suppliers/Service Providers are available in the Rainbow Pages.

5.4.5.4 Rainbow / Yellow Pages

1. When the appropriate authority is satisfied, in the case of supplies of Goods that sufficient number of reputed vendors is registered in the Yellow and Rainbow Pages, quotations may be invited from that list;
2. However, opportunities may be given to suppliers on rotational basis to ensure equal chances to bid;
3. If sufficient number of supplier is in the Rainbow/ Yellow pages, supplier registration for such Goods and Services shall be avoided.

**5.4.6 Force Account**

1. Force Account means the construction of Works by using Procurement Entity’s own personnel and equipment.
2. This method of construction is appropriate:
3. Small value of Works or scattered in different places;
4. When quantities are difficult to define in advance;
5. Contractors are unlikely to bid at reasonable prices;
6. Work should be carried out without interrupting the ongoing work;
7. Emergency situations that need urgent attention; and/or
8. If CSO has the required workforce to undertake execution of such works.

**5.4.7. Direct Contracting**

Direct contracting is a means of Procurement of Goods or Services or Works from a single supplier source. It entails no competition and shall be used only under exceptional circumstances. Direct contracting without competition may be an appropriate method under the following circumstances:

1. When the prices or rates are fixed pursuant to legislation by regulatory bodies;
2. Standardization of equipment, to be compatible with existing equipment, may justify additional purchases of the same type of goods;
3. The required equipment is proprietary and obtainable only from one source such as proprietary software, text books, spare parts, defense items;
4. The process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee; and
5. When direct contracting is used under any of the reasons above, the value of the Procurement shall be subjected to the upper limits given in procurement guidelines.

5.4.7.1 Repeat Orders

1. Orders placed with the same supplier over a short period of time from the same selection process shall be considered as repeat orders.
2. Repeat orders for the Procurement of Goods may be authorized only in exceptional circumstances up to a limit of 50% of the original contract value, provided that the original contract was entered within a period of six months from the current Procurement and the Procurement Entity certifies that:
3. The necessity for additional requirements was not foreseen and identified at the time the original invitation to bid was issued; and
4. It is not economical to follow the bidding procedure again; and
5. Price of the Goods have not dropped since the original order;
6. The price is reasonable;
7. Appropriate Procurement Committee has no objection to such repeat order.
8. Prior to placement of repeat orders, the PC shall use its best endeavor to negotiate with the supplier to obtain more favorable terms and conditions;
9. However, if the PC is of the view that the prices of particular items display a downward trend, repeat orders should not be recommended.

**5.4.7.2 Direct Contracting to Community Based Organizations**

1. In the interest of project sustainability, or to achieve certain specific social objectives, such as creating employment opportunities in the area it is desirable to call for the participation of local communities based organizations (CBOs) in the procurement procedures;
2. CSO may entrust Works contracts not exceeding Rs 2 Million to approved societies in accordance with the provisions of the Government Procurement Guidelines.

**5.4.7.2.1 Direct Contracting for communities under foreign funded Projects:**

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

**5.4.8 Emergency Procurement**

a) The CSO may utilize this method of Procurement;

 i. In exceptional circumstances, such as manmade or natural disasters;

 ii. To meet unforeseen social obligations and the like of which the GOSL may declare from time to time; the Procurement Entities may utilize the procurement methods as set out herein;

b) To initiate Procurements exceeding the financial thresholds indicated in the Procurement Manual, a formal approval shall be obtained from the appropriate authorities at the first available opportunity.

**5.4.8.1 Provisions available to meet Emergency Procurement needs**

1. For Works, the CSO may also use any of the following provisions to meet the emergency Procurement requirements:
2. The bidding document will disclose an itemized priced Bills of Quantities based on the Engineer’s estimate;
3. All bidders who participate in bidding will be allowed to bid a percentage above or below the Engineer’s estimate;
4. The lowest bid price is selected as the winner provided the bid is substantially responsive otherwise;
5. If this method is used, the bidding period may be reduced to 3 days in the case of limited bidding by invitation and 7 days when open advertisement is used;
6. The concessions given to suppliers and contractors in respect of advance payments/interim payments will be determined by the Board of Directors;
7. Lump sum contracts shall be used wherever possible, with milestone payments identified at intermediate levels;
8. Purchases from government institutions must be given preference.

**5.4.9 Pre-qualification**

a) Pre-qualification is usually necessary for large or complex Works, turnkey plants, private sector infrastructure projects, some special goods and complex information technology system etc.;

b) Pre-qualification aims at ensuring that only contractors who have the required experience, technical and financial resources submit bids;

c) Possible Pre-qualification Criteria

1. Relevant past experience
2. Personnel capabilities
3. Equipment capabilities
4. Financial capability and ability
5. Arbitration and litigation history

d) CSO may review pre-qualification requirements but should not use it to lower them to increase competition;

e) After pre-qualification, all pre-qualified applicants are invited to submit bids, and the lowest evaluated substantially responsive bid shall be selected;

f) CSO shall request pre-qualified applicants to confirm and update information at the time of bid submission. If the lowest bidder no longer possesses the necessary capabilities, shall be rejected. This could occur due to changes in financial, technical, personnel or equipment capabilities after the pre-qualification process;

* + - 1. Prequalification should not be used to limit competition among qualified bidders:

**6. Bidding Documents**

6.1 Initiation of Drafting Bidding Documents

1. Drafting of bidding documents including technical specifications, drawings etc.
2. The CSO should commence the above tasks before the TEC is appointed.

**6.2 Contents of Bidding Documents**

1. The bidding documents shall contain all relevant information necessary for a prospective bidder to prepare a bid for the Goods or Services or Works to be offered in response to the invitation to bid (or request for quotation).
2. The CSO should prepare the bidding documents. The contents of bidding documents should be unambiguous. Following table provides guidance for contents of for Works, and Goods SDB;
3. The details and complexity of these documents may vary with the size and nature of the proposed Procurement.
4. Bidding documents should provide all necessary information for bidders to prepare a bid.

**6. 3 Standard Bidding Documents (SBDs)**

1. Procurement Entity shall use the appropriate SBDs approved by NPA with minimum changes, if there are any, to address contract specific issues.
2. The CSO shall use appropriate SBDs with minimum changes. If any changes to be made, that should be done through Bid Data or Contract Data Sheets, or through Special Conditions of Contract, and not by introducing changes in the standard wording of the SBDs.
3. Where no relevant standard bidding documents have been issued, the CSO may use other documents with the concurrence of the appropriate PC.

**6.3.2 Invitation for Bids (IFB)**

1. IFB (Specific Procurement Notice –SPN) shall contain appropriate and relevant information to the prospective bidders. In addition to basic information on procurement it should contain main eligibility and qualification requirements of the successful bidder. The sample Form of IFB ids given in **Annex 8**
2. IFB shall be advertised at least one nationally circulated newspaper. The CSO may send a copy of the IFB to prospective bidder known to them. In case of ICB contracts, in addition to national newspapers, it should be published in appropriate international media and websites;
3. General (Advance) Procurement Notice (GPN) is advantageous particularly for high value procurements in order for suppliers or contractors to be alert. It is strongly advised to use appropriate websites and print media. The name and address of the CSO, source of funds, the scope of the procurement, intended procurement methods, pre-bid meeting, main eligibility, experience and qualification requirements, etc. could be incorporated in the GPN;
4. A copy of the SPN shall be sent to those who have responded to the GPN.

**6.4 Price Adjustment**

1. Any contact for Works, exceeding a period of three (03) months, the Price variation for SLR component shall be included in the contract data of the bidding document and the contract agreement. Price variation formulae developed by ICTAD shall be used;
2. If foreign funded projects, if it is a requirement of the Foreign Funding Agency, the price adjustment shall be made for the foreign currency component with the recommended formulae may be used for the foreign currency component and the ICTAD formula shall be used for SLR component.

**6.5 Advance Payment for Works Contracts**

a) A maximum of twenty percent (20%) of the contract sum (less any provisional sums and contingencies) may be paid for Works contracts against the submission of an acceptable advance payment guarantee;

b) The advance payment shall be fully recovered before 90% of the payments are made to the contractor.

**6.6 Advance Payment for Import of Goods/Equipment and Machinery**

a) When the bidding documents require opening of Letters of Credit (LC) in favour of the Procurement Entity, the cost of which shall be borne by the supplier, an advance payment not exceeding the SLR equivalent of thirty percent (30%) of the value of LC on the submission of an acceptable to the CSO.

**6.7 Retention for construction Works contracts**

1. The CSO shall retain from each payment due to contractor a special amount as retention money from all construction contracts to cover any defects;
2. Fifty percent (50%) of retention may be released on the final completion and after taking over of Works and the balance fifty percent (50%) will be released upon satisfactory completion of the defect liability period;
3. Alternatively after final completion and taking over of works, contractors may be allowed to replace the second 50% of retention money, with an unconditional irrevocable guarantee. An acceptable Retention Guarantee form is given in **Annex 9**

**6.8 Performance Security**

**6.8.1 Works**

1. Any Works contracts shall require a security of not less than five percent (5%) of contract sum to protect the Procurement Entity in case of breach of contract by the contractor. The acceptable form of performance security is given in **Annex 10**
2. This security shall be provided by a performance guarantee issued from an acceptable agency, in an appropriate form given in the Procurement guidelines and valid till 28 days beyond the intended completion date.
3. However, in smaller contracts, not exceeding Rs 2 Million, the requirement of submitting a performance security may be waived off by the CSO.

**6.8.2 Goods**

a) In contracts for the supply of Goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of Goods.

b) Suppliers may be required to provide a performance guarantee to protect against non-performance of the contract.

c) Such security is not less than ten percent (10%) of the estimated contract sum may also cover warranty obligations.

d) If warranty obligations is a requirement, a percentage of the payments a percentage of the payments may be withheld as retention money to cover, and any installation or commissioning requirements.

**6.8.3 Payment of Value Added Tax (VAT)**

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

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

**6.8.4 Liquidated Damages (LD)**

a) Provision shall be made in the contract for the payment of liquidated damages (generally in an amount 0.05% of contract price per day) for delays in the delivery of Goods or completions of Works resulting in extra cost or loss of revenue or loss of other benefits to the Procurement Entity. However, the maximum LD shall not exceed ten percent (10%) of the contract sum.

b) The amount in liquidated damages shall be revised upwards than the amounts suggested above, if the urgency in the receipt of Goods/ completion of Works is the vital factor in the performance of the contract on the basis of any actual/ realistic to quantify any loss/ damage that maybe actually incurred by the CSO.

c) The contracting parties are at liberty to agree on the quantum and the basis of damages. However, any sum that is payable as damages should be reasonable and not extravagant or unconscionable, as such would open the possibility for a Court of Law to consider the quantum more as a penalty and not as damages.

**7. Invitation, Closing and Opening of Bids**

**7.1 Submission and Receipt of Bids**

1. The bids shall be received only at one location either by:
2. Mail under registered post; or
3. Personal delivery to the officer authorized by the PE to receive such bids at the specified location; or
4. Depositing in the sealed tender Box identified for such purpose by the PE specified in the bidding documents.
5. All bids must be submitted only under sealed covers and the bidding documents should stipulate a condition to this effect;
6. Bids shall be submitted in one ‘original’ and with number ‘copies’ (duplicates) as stipulated in the bidding documents in the ‘Instructions to bidders (ITB) and Bidding Data’ sealed separately and clearly marked as “original” or “copy”. All these envelopes shall together be enclosed in one envelop and delivered as per (a) above.

**7.2 Bidding Period:**

a) The bidding period shall commence from the date on which the bidding documents are available for purchase;

b) The period shall end with the deadline for bid submission;

c) The bidding period shall be reasonably adequate to prepare the bids;

d) The dates shall be calendar days.

**7.3 Minimum periods of bidding time shall be maintained as per the table below;**

|  |  |
| --- | --- |
| ICB | 42 days (more for complex Procurement) |
| LIB | 28 days |
| NCB | 21 days; |
| LNB | 14 days; |
| National Shopping  | 7 days minimum |

**7.4 Rejection of Late Bids**

1. Bids shall be closed at the time specified in the bidding documents; No late bids shall be accepted and shall be returned unopened.

**7.5 Public Bid Opening**

1. Responsibility of Opening of Bids shall be done by a Bid Opening Committee (BOC) appointed by the CSO
2. The Bid Opening Committee shall consist of a minimum of 2 members;
3. Bids shall be opened in the presence of the bidders or their authorized representatives, immediately after closing of bids who have attended for the bid opening;
4. Before bid opening, bid shall be closed. Time of bid opening shall be same as the time for the deadline for submission of bids in the bidding documents. Immediately after bid closing bids shall be opened. However, the time difference between the bid closing and bid opening shall not exceed thirty (30) minutes which could be spent for preparatory works;
5. Just before the bids are closed, the BOC shall ensure that all bids that are posted , personally delivered, deposited in the Tender Box or any other means allowed for submission of bids have been brought to the bid opening room;
6. BOC must ensure that the clock that will be used for closing of bids shall be set correctly;
7. Any bid received on or before the deadline for submission of bids shall not be rejected at the bid opening;
8. The bid opening shall take place at the location described in the bidding documents;
9. Only the bidder or his/her authorized representative who has submitted a bid shall be allowed to participate at the bid opening;
10. BOC should bring necessary information and equipment required for bid opening i.e Name list of bidders who have submitted bids, PE’s official day stamp, sealing equipment, keys of the tender Box or location, Bid Opening Minute, pair of scissors, etc.

**7.6 Bid Opening Procedure**

1. “Originals” of all the bids shall be opened at the bid opening. The “Copy” shall not be opened;
2. If any envelope marked “withdrawals” of bid is received on or before the deadline for submission, that letter should be opened first; if the Bid Opening Committee is satisfied beyond doubt with the contents of the letter, the bidders’ original bid should not be opened. If in doubt the original bid should be opened with other bids;
3. Any envelope marked “modification” should be opened next with the original bid and modification proposal is read out. The original bid of the bidder who has submitted modification envelop read out is opened next;
4. All other original bids shall be opened next and numbered, day stamped and counter signed by the members of the BOC; However, when day stamped BOC should ensure that day stamp is place on all the important documents such as the covering letter, Form of Bid, BOQ, Price Schedule, bid security, warrantee, specifications, discount letter if any etc.;
5. Acceptance of samples with the bid is discouraged. However, on exceptional basis where the respective PC has specifically authorized, samples could be accepted. All samples received should be labeled and counter signed by the members of the BOC.

**7.7 Mandatory Information to be disclosed at the Bid Opening**

1. The BOC shall read out the following to those present:
2. Name and address of the bidder (if Joint Venture read the name of the JV)
3. The bid price given in words in the form of bid. If not available the total of the price schedule or schedule of requirements; if there is a discrepancy between the bid price in Figure and in Words, bid price in words shall be read out. Whether the bid price announced is inclusive or exclusive of VAT shall be indicated clearly. If the contract will be awarded as a whole, the final bid price shall be announced. If contracts will be awarded in different items, lots or schedules, such prices shall be read out. If different prices given under different options such prices shall be read out. It is important to cover the details of price schedules, rates and sub-total of BOQ etc.
4. Whether or not a bid security/bid security declaration is submitted. The amount, source, validity period shall be read out. In case of ICB contracts if bidders have obtained the bid security from their countries whether the bid security is “confirmed” by a local bank operating in Sri Lanka as described in the bidding documents;
5. Whether bid form is signed;
6. Any discounts offered shall be carefully searched and read out separately by clearly indicating that the announced prices are inclusive or exclusive of discounts;
7. Any other relevant information at the BOC’s discretion. However, the details of the mark-up or brand names, country of origin etc. shall not be read out;
8. If alternative bids have been requested, whether or not an alternative bid is submitted shall be announced. However, alternative covers shall not be opened;
9. After reading out all such information, opened covers and unopened covers shall be sealed separately.

**7.8 Bid Opening Minute**

a) The proceedings of the bid opening shall be recorded in the prescribed format (**Annex 11**) and should be signed by all members of the BOC and signature of bidders who wish to sign as a proxy;.

b) The sealed Bid Opening Minute, together the original bids, unopened sealed copies and other relevant covers shall be handed over to the Officer who appointed the BOC by the BOC;

c) The authorized officer of the CSO shall keep copies safely and shall hand over the Bid Opening Minutes and the sealed covers with Original Bids shall be handed over to the chairperson of the TEC in sealed form.

**8. Bid Evaluation**

**8.1 Meetings of TECs**

1. Upon receipt of the bids from the authorized officer concerned of the CSO, the chairperson the TEC shall convene a meeting;
2. Matters relating to the evaluation of bids will be considered at the initial meetings of the TEC;
3. Take over the originals of the bids with a copy of the Bid Opening Minutes from the officer concerned.

**8.2 Confidentiality**

1. After bid opening, information relating to substance, clarifications, examination and evaluation of bids and recommendations concerning awards shall not be communicated to bidders nor other person unless they are officially and formally involved in the process, until after the date on the award of contract is officially notified to the successful Bidder;
2. A declaration shall be given by all the members of TEC, PC and other officers including officers assisting to PCs and TECs for all authority levels of procurement committees in **Annex 12** to the ED stating that they shall remain without conflict of interest throughout the process and if such situation arise, the official shall declare his/her interest and disassociate himself/herself from the process.

8.3 Time Frame for Bid Evaluation

1. Bid evaluation shall be undertaken expeditiously, leaving ample time to seek all the requisite formal approvals. Hence bids shall be evaluated within the period specified in the agreed PTS unless there is a specific reason to allow more time;
2. To unable the CSO to award the contract within the bid validity period, it is required the respective TEC to complete the evaluation report generally within fifty percent (50%) of the original bid validity period;
3. Where there is a delay in bid evaluation, the ED or his authorized representative with the concurrence of the respective PC shall request bidders to extent the bid validity period;
4. However, when such request is made in case of fixed –price bids, bidders may chose;
5. Refusing to grant the extension or
6. Extent the bid by absorbing any cost increase that might occur during such extension. However, bidders are not allowed to increase their bid prices as a condition of extending the bid validity.
7. Due to the above reason, a bidder who has submitted a low bid may refuse (option i) resulting additional cost to the CSO. Hence the extension of bid validity should be requested only under exceptional situation;
8. In order to encourage the members of PCs and TECs to expedite the contract award within the original bid validity period, the payments for PC and TEC members are linked with the time taken for bid evaluation (**Annex 13**);
9. However, if bid validity is extended, the validity of the bid security (if obtained) shall also be extended by the bidders. If a bidder does not agree for an extension of bid validity his bid shall be rejected. However no adverse action shall be taken against the bid security of those who reject the bid validity.

8.4 Services of Consultant for Evaluation of Bids

1. If the evaluation of bids is entrusted to consultant/s, it shall be made under the supervision and guidance of the TEC;
2. Consultants shall not form a part of a TEC;
3. The TEC shall submit its own formal report along with the consultants’ report to the respective PC.

**8.5 Original Bid to be evaluated**

1. Only the Bids marked “original” shall be evaluated by the TEC. The “duplicate “or “copy” of the bid will be used if required for comparison;
2. Late Bids, as well as those not opened and read out at a bid opening shall not be considered for evaluation.

**8.6 Purpose and Stages of Bid Evaluation**:

1. The purpose of bid evaluation is to determine the “lowest evaluated substantially responsive bid out of the Bids received”.
2. Therefore, bid evaluation process could be divided into three broad stages:

**i) Preliminary Bid Examination**

 To determine the substantial responsiveness of Bids received.

**ii) Detailed bid evaluation**

To determine the lowest evaluated bid from the substantially responsive Bids received.

**iii) Post Qualification**

To determine the qualification and experience of the lowest evaluated bidder.

**8.7 Preliminary Bid Examination**

a) The Objective of preliminary bid examination is to exclude non-responsive bids from further detailed evaluation. However, TEC should exercise reasonable judgments and should avoid rejecting bids with trivial procedural grounds and deviations those are not considered as critical (material or major) deviations;

b) A bid that complies fully with the requirements of the bidding document may be an extremely rare instant. Therefore, the substantially responsive concept is used rather than following fully responsive bids;

c) Bid evaluation shall be done strictly in accordance with the requirements of the bidding document and the evaluation criteria. Evaluation factors not specified in the bidding document should not be used in bid evaluation.

**8.8 Determination of Substantially Responsive of Bids**

a) At the end of the Preliminary Bid Examination, TEC shall determine the “Substantially Responsive Bids”. A substantially responsive bid should be one which conforms to all the terms, conditions, commercial and technical specifications of the bidding documents, without material deviation or reservation;

b) All Bids that are considered as substantially responsive shall be subjected to “Detailed Bid Evaluation”.

**8.9 Detailed Bid Evaluation**

*General Principles*

1. The main objective of detailed bid evaluation is to determine the actual cost that the CSO will incur if the contract is awarded to each of the Bid which was determined as substantial responsive bid;
2. Therefore, only the bids that have been determined as substantially responsive according to the bidding documents should be considered for detailed bid evaluation;
3. However, the Lowest Evaluated Substantially Responsive Bid (LESRB) may not necessarily be the lowest quoted price or the perfect bid which has no any deviations;
4. The LESRB should be determined only by using the methods, terms, conditions and evaluation criteria disclosed in the bidding documents and no additional or new criteria be used or changed during the evaluation;
5. A systematic and logical sequence should be followed as enumerated below;

 *Step-by step procedure to be followed***:**

i) Exclude VAT, Contingency Provisions (CP) and Provisional Sums (PSs) in the Bid;

ii) Correction of arithmetical errors and inform the corrected bid price to the bidder if changed;

iii) Conversion to a common currency;

iv) Apply applicable discounts, if any

v) Adjustments for minor technical and commercial deviations/omissions, acceptable departures and inland transportation;

vi) Operational costs or life cycle costing (if applicable);

vii) Availability of after sales service and spare parts;

viii) Apply Domestic Preference, if applicable;

ix) Reassess the ranking order;

x) Check any imbalanced /unbalanced bidding;

xi) Clarifications during evaluation;

xii) Alternative bids if requested;

xiii) Post qualification verification of the LESRB;

xiv) Evaluation Report and the Final Recommendation

1. Immediately after the evaluation is completed, the TEC should prepare a Bid Evaluation Report as per the format given in **Annex 14** and submit to the Procurement Committee together with the recommendations and all supporting documents;

**8. Award of Contract**

**8.1 Recommendation / Determination of Contract Award**

1. After the respective PC carefully examined the report forwarded by the TEC and has sought any required clarification from the TEC (if any), and the PC may exercise any of the following options:
2. If the respective PC agrees with the recommendations of the respective TEC, the Chairperson of the PC shall:
	1. In case of PC headed by ED, convey the determination of contract award to the BOD;
	2. In all other cases, convey the determination of contract award to the ED;
	3. In case of PC headed by Program/Project Manager, convey the determination of contract award to the Finance Manager;
	4. If PC disagree with the recommendations of the TEC:

Request the TEC to resubmit the report after giving due attention to the observations made by the PC; in such situations if PC agrees with the subsequent report submitted by the TEC, the decision should be conveyed in accordance with the Procurement Manual 8.1(a) above

**8.2 Award of Contract**

1. Prior to contract, the CSO should ensure that the budgetary provision is available to meet the cost of the contract;
2. Letter of Acceptance (LOA) (**Annex 15**) shall be issued to the successful bidder within the validity period of the bid, and no sooner the final determination of the contract is received.

**Award of Contract**

**8.1 Recommendation / Determination of Contract Award**

a) After the respective PC carefully examined the report forwarded by the TEC and has sought any required clarification from the TEC (if any), and e the PC may exercise any of the following options:

* 1. If the respective PC agrees with the recommendations of the respective TEC, the Chairperson of the PC shall:
	2. In the case of CAPC and MPC, may give the recommendation of contract award to the Secretary to the Line Ministry;and
	3. In case of CPC - Major , convey the determination of contract award to the BOD;
	4. In all other cases other than RPC, convey the determination of contract award to the GM;
	5. In case of RPC, convey the determination of contract award to the Regional Head;
	6. If PC disagree with the recommendations of the TEC:

Request the TEC to resubmit the report after giving due attention to the observations made by the PC; in such situations if PC agrees with the subsequent report submitted by the TEC, the decision should be conveyed in accordance with the Procurement Manual 8.1(a) above; or

c) If PC continues to dispute on any specific matter in the TEC report, the disputed matter shall be further examined by a joint committee comprising of all the PC and TEC members together in order to arrive at a consensus.

d) If no unanimous decision is arrived at this joint meeting the decision, then the majority decision of PC shall prevail and the decision should be conveyed in accordance with Procurement Manual 8.1(a) above. However, any PC or TEC member may submit a descending report.

**8.2 Intention to Award**

a) In case of CAPC/ MPC recommendations, the Bank shall inform all bidders in writing of the selection of successful bidder and the intention to award the contract to such bidder.

**8.3 Appeals against the Contract Awards Determination**

*a) In case of CAPC/MPC*

 i) The Bank shall within one week (01) week shall inform the recommendation to all unsuccessful bidders in writing, to make their representations (if any) against the recommendation of the intention of the CAPC/MPC to award the contract to the successful bidder to the Procurement Appeal Board (PAB) established at the Presidential Secretariat;

 ii) If any bidder disagrees with the intention to contract award to the successful bidder, the bidder shall submit within one week of the receipt of such recommendation of the award to the PAB with a copy to Secretary to the Line Ministry (SLM), his/her objection with all material facts required to support the averment in self-contained to enable for the PAB to arrive at a conclusion;

iii) The PAB upon receipt of any representation from any bidder against the recommendation shall notify to the Secretary to the line Ministry;

iv) Upon receipt of such notification from the bidder or PAB, the SLM shall in consultation with the Minister submit a Memorandum to the Cabinet relating to the CAPC/MPC with his/her observations;

v) After investigating into such representations, PAB shall forward its findings and the recommendations to the Cabinet of Ministers for a final decision ;

vi) The decision of the Cabinet of Ministers shall be informed to the SLM by the Secretary to the Cabinet.

*b) In case of CPC (Major)*

i) The GM shall within one week of the determination to award the contract, inform in writing to all bidders who participated in the bidding process, the intention to award the contract to the successful bidder and request that if there are any representations/objection to be made against the determination to do so in writing to the GM within one week of receipt of the intimation of the determination.

ii) Such representations should be self-contained;

iii) If any representations are received within the one week (01) period, GM in consultation with the chairperson of the CPC and the TEC organize a joint committee to consider such representations;

iv) The joint committee so appointed shall adopt its own procedures for expeditions inquiry;

v) The findings/recommendations of the joint committee will be forwarded to the Chairperson of the BOD no later than fourteen days (14) of appointment of such committee and the GM shall act in accordance with such findings/recommendations;

vi) If no such representations/ objections received, GM shall promptly award the contract to the successful bidder.

c) In all other cases GM or authorized representative shall inquire such appeals with the assistance of the respective PC/TEC and the findings shall be informed to bidders.

**8.4 Award of Contract**

a) Prior to contract, the Bank should ensure that the budgetary provision is available to meet the cost of the contract;

b) Letter of Acceptance (LOA) (Annex…………..)shall be issued to the successful bidder within the validity period of the bid, and no sooner the final determination of the contract is received.

**8.5 Debriefing**

The Purposes of debriefing are to:

a) After the notification of contract is award, any bidder who wishes to ascertain the grounds on which its bid was not selected; it should address its request to the Bank. In such situation the Bank should discuss only such bid and not the bids of other competitors;

b) Inform the unsuccessful bidders of the reason for unsuccessfulness, pointing out the specific shortcomings in its bid without disclosing contents of other bids, with the overall objective of educating the bidder to submit more responsive and competitive bids in future;

c) minimize the level of complaints and to demonstrate clearly the principle and practice of probity and transparency;

**8.6 Authority to Sign the Contract**

a) A formal Letter of Acceptance (LoA) and a contract agreement shall be signed for the following;

 i.Any contract for Works exceeding SLK 250,000 (Two Hundred and Fifty Thousand);

 ii. Any Goods or Services contract exceeding SLK 500,000 ( Five Hundred Thousand); and

 iii.If a LoA is not issued and not a formal contract agreement is not executed, a Purchase Order(PO) or any other appropriate written document hall be issued to bidders.

**8.7 Authority for Contract Signing**

a) The authority to sign the contract is given below:

|  |  |
| --- | --- |
| Up to 25 LKR Million | A senior officer of the Bank who is delegated by the GM |
| Up to 100 LKR Million | GM or DGM whom the authority is delegated by the GM |
| More than 100 LKR Million | SLM/ Chairman/ Chairperson of the BOD |

b) Standard form of agreement approved by the NPA, ICTAD or Funding agencies shall be used;

c)For any contract less than the amount specified above 8.7 (a), Bank may at its discretion enter into a formal contract.

**8.8 Publication of Contract Award**

a) Bank should publish promptly in its website and/or any other appropriate media, the following particulars in regard to contract on which awards have been made:

1. description of the items / Works for which bids were invited;
2. total number of bids received;
3. name of the successful bidder;
4. amount at which the contract was awarded;
5. in the case of a contract awarded to a foreign principal who has a local agent, the name of the local agent;
6. For contracts exceeding Rs. 250,000,000 (two hundred and fifty million), publication of contract award in at least one widely circulated national newspaper and the website of the Department of Public Finance Website ([www.pfd.gov.lk](http://www.pfd.gov.lk/) ) and the Government gazette is mandatory.

**8.9 Default**

**Data Base of Defaulting Contractors, Suppliers and Service Providers**

* + 1. In every case involving a contract exceeding the value of SLR5,000,000 ( Sri Lankan Rupees Five Million) the Department of Public Finance (DPF) of the General Treasury shall maintain a data base of defaulting Contractors, Suppliers and Service Providers which would be updated regularly. The names of such Contractors, Suppliers and Service Providers will also publish in the Bank’s website;
		2. The DPF will issue bi-annual list of such defaulting Contractors, Suppliers and Service Providers to all Line Ministries for circulation among departments, corporations under their purview;
		3. The Bank should not award any contract to any such defaulted Contractors, Suppliers and Service Providers as long as their names remain in the data base;
		4. The placement of defaulting Contractors, Suppliers and Service Providers in the DPF website is merely for the purpose of informing PEs that they must refrain from dealing with such parties, until such times their names are removed from the data base at the sole discretion of the DPF and is not intended to imply any moral delinquency on the part of such Contractors, Suppliers and Service Providers.
	1. **Default on Bid Security Declaration**
1. In case a bid security declaration is requested with the bid, and any particular bidder fail to fulfill any condition in the bid security declaration, Bank shall promptly inform the DPF of such failure, with details;
2. Upon receipt of such notification from a Procurement Entity, the DPF will issue a letter to the bidder allowing a period of seven (07) days to respond;
3. If no satisfactory reply is received, the bidder’s name shall be included in the “Defaulted Contractors, Suppliers and Service Providers Data Base” maintained by the DPF and also published in its website.

**8.11 Default on Implementation**

a) In every case involving a contract exceeding the value of Rs.5,000,000 (Sri Lankan Rupees Five Million)) in which a successful Contractor, Supplier and Service Provider:

1. informs the Bank of his inability to carry out the contract after contract is awarded; or
2. fails to submit the required Performance Security; or
3. fails to carry out the contract in a satisfactory manner; or
4. abandon the Works; or
5. is guilty of improper conduct;

b) The Bank shall serve on the Contractor, Supplier and the Service Provider a written notice requiring him to ‘’Show Cause’’ within two weeks, why his name should not be included in the List of Defaulting Contractor, Supplier and Service Provider;

c) If the Bank is not satisfied with the explanation furnished, the Bank will submit a report to the Secretary to the Line Ministryproviding details with regard to such default**;**

1. On receipt of such a report, the Secretary to the Line Ministry shall appoint a committee to inquire into the alleged default or improper conduct of such Contractor, Supplier and Service Provider;
2. If the committee so appointed decides to treat the Contractor, Supplier or Service Provider as a defaulting contractor, the Secretary to the Line Ministry will furnish a report to the DPF stating all facts pertaining to such default;
3. If the DPF is satisfied with the findings of the committee, Contractor, Supplier or Service Provider’s name shall be included in the data base of the Defaulted List of Contractor, Supplier and Service Provider and will be published in its website.

**8.12 Bank’s Data Base on Defaulting Contractor, Supplier and Service Providers**

a) For contracts, the value of which is less SLR 5,000,000 (Sri Lankan Rupees Five Million), the PE may maintain a data base of defaulting Contractor, Supplier and Service Providers by following a similar procedure spelt out in 8.11 above;

**8.3 Authority to Sign the Contract**

1. A formal Letter of Acceptance (LoA) and a contract agreement shall be signed for the following;
2. Any contract for Works exceeding SLK 250,000
3. Any Goods or Services contract exceeding SLK 500,000; and
4. If a LoA is not issued and not a formal contract agreement is not executed, a Purchase Order (PO) or any other appropriate written document hall be issued to bidders.
* Preparation of biding documents

(Pre procurement activities such as reviewing of bid documents for pre-qualification and post qualification criteria etc.)

* Invitation for bids
* Closing and opening of bids
* Bid evaluation
* Award of contract or purchase order
* Special procurement
* Stores procedure with regard to the procurement of goods
* Payments on procurement of goods and services etc.