



Government of Nepal, Ministry of Local Development

**Department of Local Infrastructure Development and Agricultural Roads
(DoLIDAR)**

**Rural Reconstruction and Rehabilitation Sector
Development Program (RRRSDP)**

Procurement Training

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OVERVIEW OF CONTENTS OF TRAINING

- **Procurement Procedures in RRRSDP**
- **Preparation of bidding documents for Works (Bid Data Sheets)**
- **Preparation of bid qualification criteria and Technical Specifications**
- **Preparation of Particular Condition of Contracts**
- **Bidding documents for Shopping and Formats for Community Participation**



Procurement Procedures in RRRSDP

OVERVIEW OF PRESENTATION

- **Introduction**
- **Types of procurement**
- **Procurement methods**
- **Procurement of services**
- **Consultant Selection methods**
- **Technical proposal types**
- **CQS method**



OVERVIEW OF PRESENTATION (Contd..)

- **Procurement Steps for Services: CQS Method (Work Flow Chart)**
- **Procurement of Goods and Works**
- **Bidding procedures (Goods and Works)**
- **Prequalification and Post-qualification**
- **Procurement Steps for Goods and Works in RRRSDP (Work Flow Chart)**
- **Bidding process (Goods & works)**



Introduction

- **What is procurement?**
- **Procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit or use of governments, corporations, or individuals, generally via a contract.**
- **Procurement steps – 6 steps**
- **Information Gathering - to search for suppliers / service provider **who can satisfy the requirements****



Procurement steps (contd..)

- **Supplier / Service provider Contact** - When one or more suitable suppliers or service providers have been identified, Requests for Quotation (RFQ), Request for Expression of Interest (EOI), Requests for Proposals (RFP), Requests for Information (RFI) or Requests for Tender (RFT) may be advertised
- **Background Review/Evaluation** - References for product/service quality are consulted, evaluated
- **Negotiation and Contract** - Negotiations are undertaken, and price, availability, and customization possibilities are established and a contract to acquire the P/S is completed.



Procurement steps (contd..)

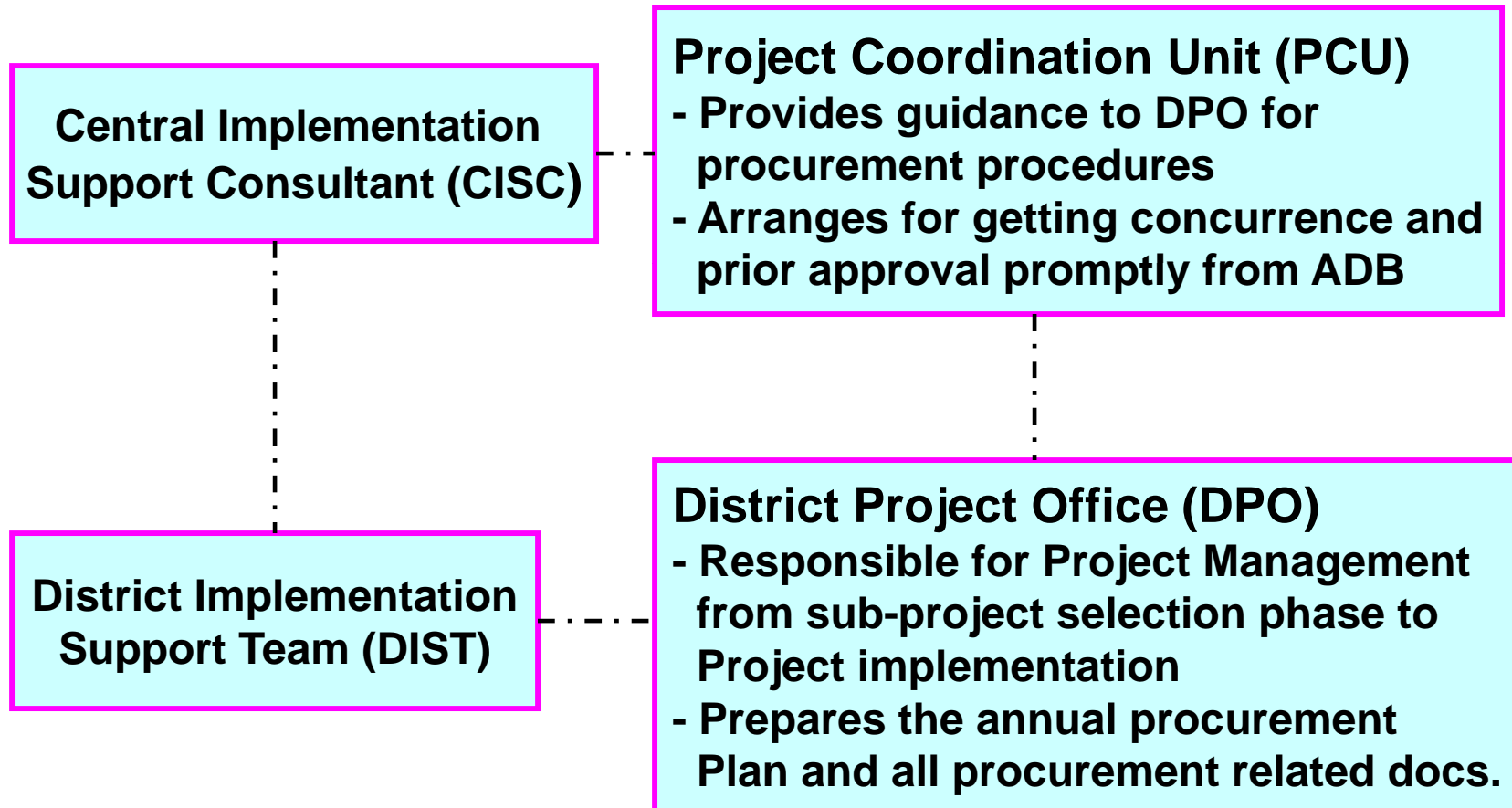
- **Fulfillment - based on contract terms**
- **Warranty / Defect Liability Period (Consumption, Maintenance and Disposal) - During this phase the performance of the P/S and any accompanying service support are evaluated as they are consumed, any defects found in P/S are corrected / remedied by P/S provider.**



Procurement Plan

- **Be prepared before starting any procurement activities**
- **Prepared based on the available Budget, Type & Methods of procurement, Time required for the selected method**
- **Needs to be prepared for each year (yearly procurement plan)**

Role of PCU and DPO for Procurement





Types of Procurement

- **Procurement of Goods**
- **Procurement of Works**
- **Procurement of Services**



Procurement methods (Goods and Works)

- **International Competitive Bidding (ICB)**
Work volume >1,000,000 US \$
- **National Competitive Bidding (NCB)**
Work volume >100,000 and </= 1,000,000 US \$
- **Shopping**
Work volume </= 100,000 US \$
(GoN's sealing for quotation is NRs 10,00,000)
- **Community participation**
Work volume </=30,000 US \$

Procurement Thresholds for Goods & Related Services, Works and Supply

Procurement Method	Threshold (US\$)
Goods	
International Competitive Bidding (ICB)	>1,000,000
National Competitive Bidding (NCB)	>100,000 and </= 1,000,000
Shopping	</= 100,000
Works	
ICB	>1,000,000
NCB	>100,000 and </= 1,000,000
Shopping	>30,000 and </=100,000
Community participation	</=30,000, in accordance with <i>Procurement Guidelines (2007)</i> para. 3.17, and PAI 3.05H and PAI 5.12



National Competitive Bidding (NCB) (works & goods)

- **NCB must provide adequate competition to ensure reasonable prices**
- **Must not conflict with the basic principles of ADB's *Procurement Guidelines***
- **Evaluation of bids and contract awards must be fair**
- **Bridge construction, drainage works, road pavement, high retaining walls, hard rock cutting etc.**



Shopping (goods)

- **Simplified procedure used for procuring readily available off-the-shelf goods or standard specification commodities of small value**
- **Based on comparing price quotations obtained from minimum of three to assure competitive prices**
- **Requests for quotations:**
- **Shall indicate the description and quantity of the goods or specifications of works, the terms and conditions of procurement, desired delivery (or completion) time & place**
- **Used - when bidding procedures not feasible - available time not sufficient**



Procurement shall be on Open Competition basis

**Unless Otherwise Specified in the Act,
Procurement is to be Done Based on Open
Competition Basis, As Far As Possible, and
Bidders are to be Allowed to Participate
Without Any Discrimination (Clause 9 of the
Public Procurement Act)**



Community participation (works)

- **VICCC will normally be responsible for procurement**
 - DPO/VICCC shall ensure to use community participation in procurement for all small and widely dispersed Civil Works**
- **Local procurement procedures shall be transparent and fair**



Procurement of Services

Consultant Selection Methods (6)

- **Quality- and Cost - Based Selection (QCBS)**
- **Quality-Based Selection (QBS)**
- **Fixed Budget Selection (FBS)**
- **Least-Cost Selection (LCS)**
- **Consultants' Qualifications Selection (CQS)**
- **Single Source Selection (SSS)**
- **Individual Consultant Selection –
DRILP districts**



Quality- and Cost - Based Selection (QCBS)

- **Based on the quality of the technical proposal and the cost of the services**
- **Quality : Cost ratio is 80:20 (In general)**
- **Method is appropriate in the case -**
 - (i) **the scope of work can be precisely defined,**
 - (ii) **the TOR are well specified and clear, and**
 - (iii) **the personnel time and the other inputs required can be estimated with reasonable precision**
- **In RRRSDP - CISC**



Consultants' Qualifications Selection (CQS)

- **Based on the Consultant's Qualifications (technical) for small assignments**
- **Method is used for small assignments where - (i) highly specialized expertise is required for the assignment**
 - (ii) recruitment time is critical and the assignment is, typically, short-term**
 - (iii) few consultants are qualified and**
 - (iv) the preparation and evaluation of competitive proposals is not justified.**
- **In RRRSDP - DIST**



Procurement Thresholds for Consulting Services

Procurement Method	Threshold (US\$)
Quality and Cost Based Selection (QCBS)	>200,000
Consultants Qualifications Selection (CQS)	</=200,000
Least Cost Selection (LCS)	</=100,000
Single Source Selection (SSS)	Applied in accordance with Para. 2.29-2.31, <i>Guidelines on the Use of Consultants</i> (2007)
Individual Consultant Selection (ICS)	Applied in accordance with Para. 2.34, <i>Guidelines on the Use of Consultants</i> (2007)



Technical Proposal Type

- **Full Technical Proposal (FTP)**
- **FTPs - most detailed technical proposal format and are commonly used for complex assignments**
- **FTP - default type of proposal for contract budgets exceeding \$1 million**
- **Forty-five (45) days are allowed for the preparation and submission of the proposal**



Technical Proposal Type (contd.)

- **Simplified Technical Proposal (STP)**
 - STPs - default type of proposal format when the contract budget is > \$500,000 and <=/ \$ 1,000,000
 - STP may also be used on a case-by-case basis when the budget is over \$1,000,000
 - Thirty five (35) days are allowed for the preparation and submission of the proposal

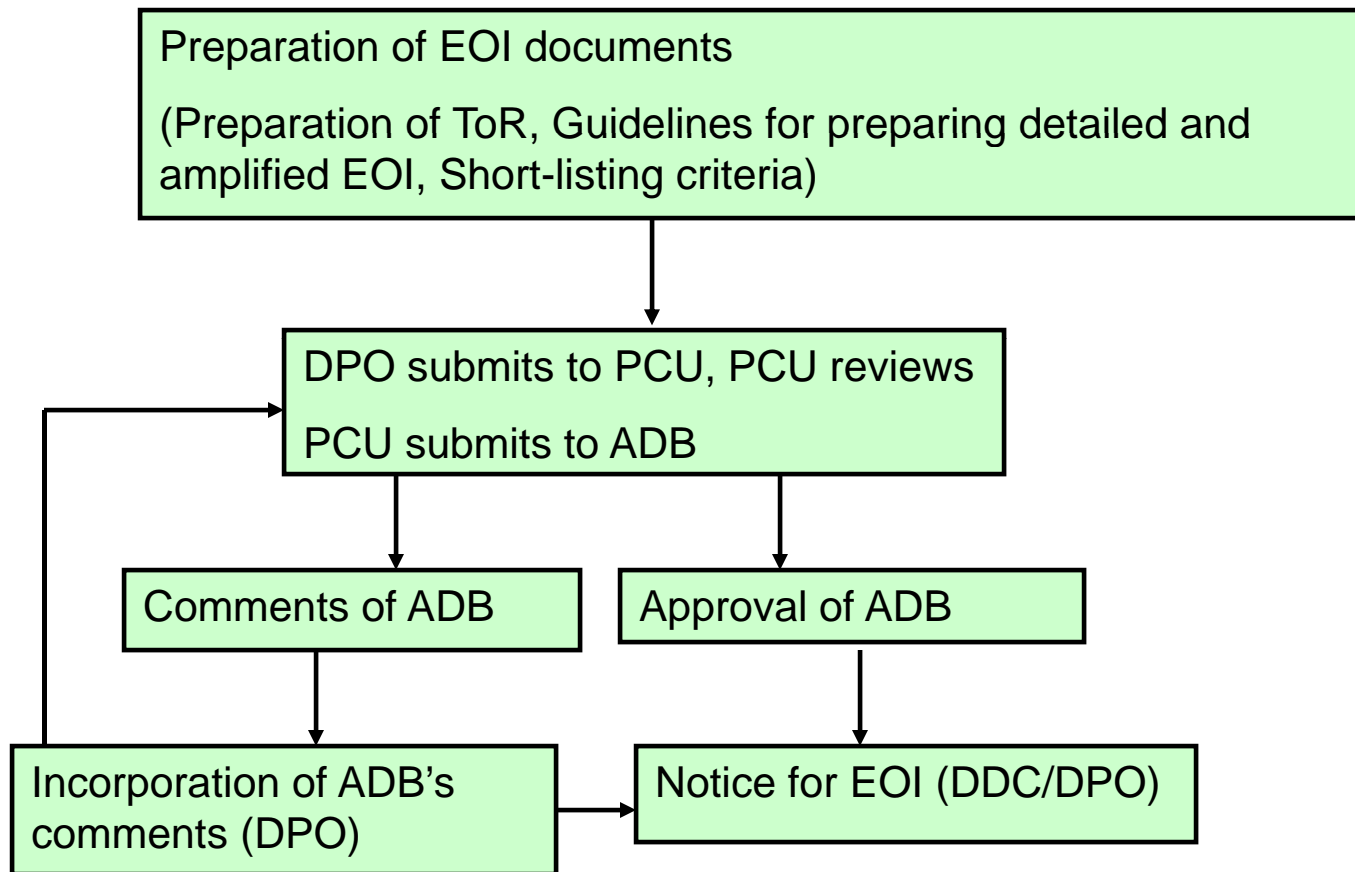
- **Bio-data Technical Proposal (BTP)**
 - BTPs - default type of proposal when the contract budget amount is \$ 500,000 or less, and when consulting firms are directly selected
 - Twenty one (21) days are allowed for the preparation and submission of the proposal



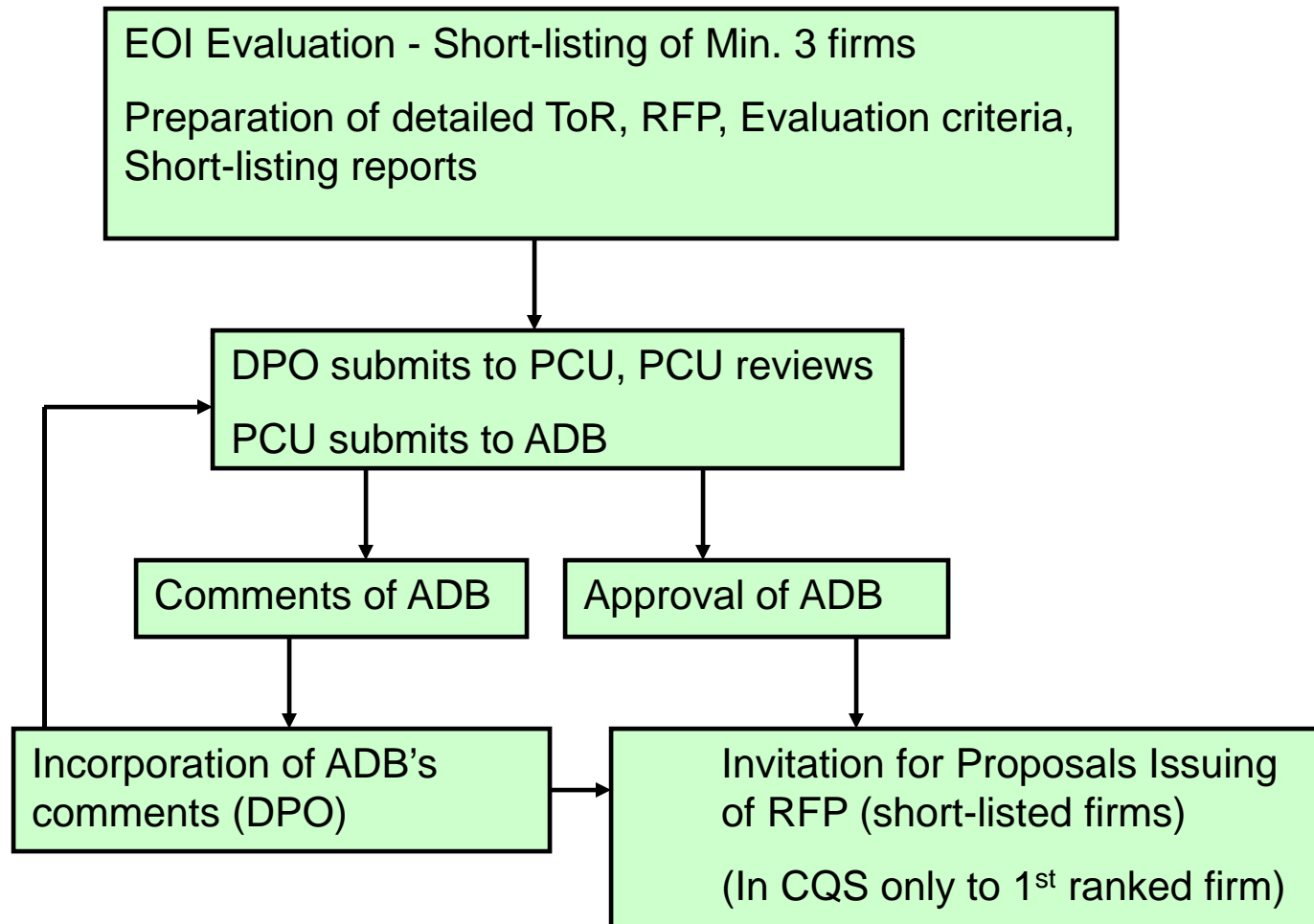
Consultants' Qualifications Selection (CQS)

- **Preparation of documents for EOI**
- **Terms of Reference (ToR)**
- **Guidelines for detail and amplified EOI based on ToR and ADB Guidelines**
- **Preparation of short-listing criteria based on ToR and Guidelines**
- **Preparation of EOI Invitation notice**
- **Evaluation of EOI**
- **Issuing of RFP**
- **Evaluation of Proposal**

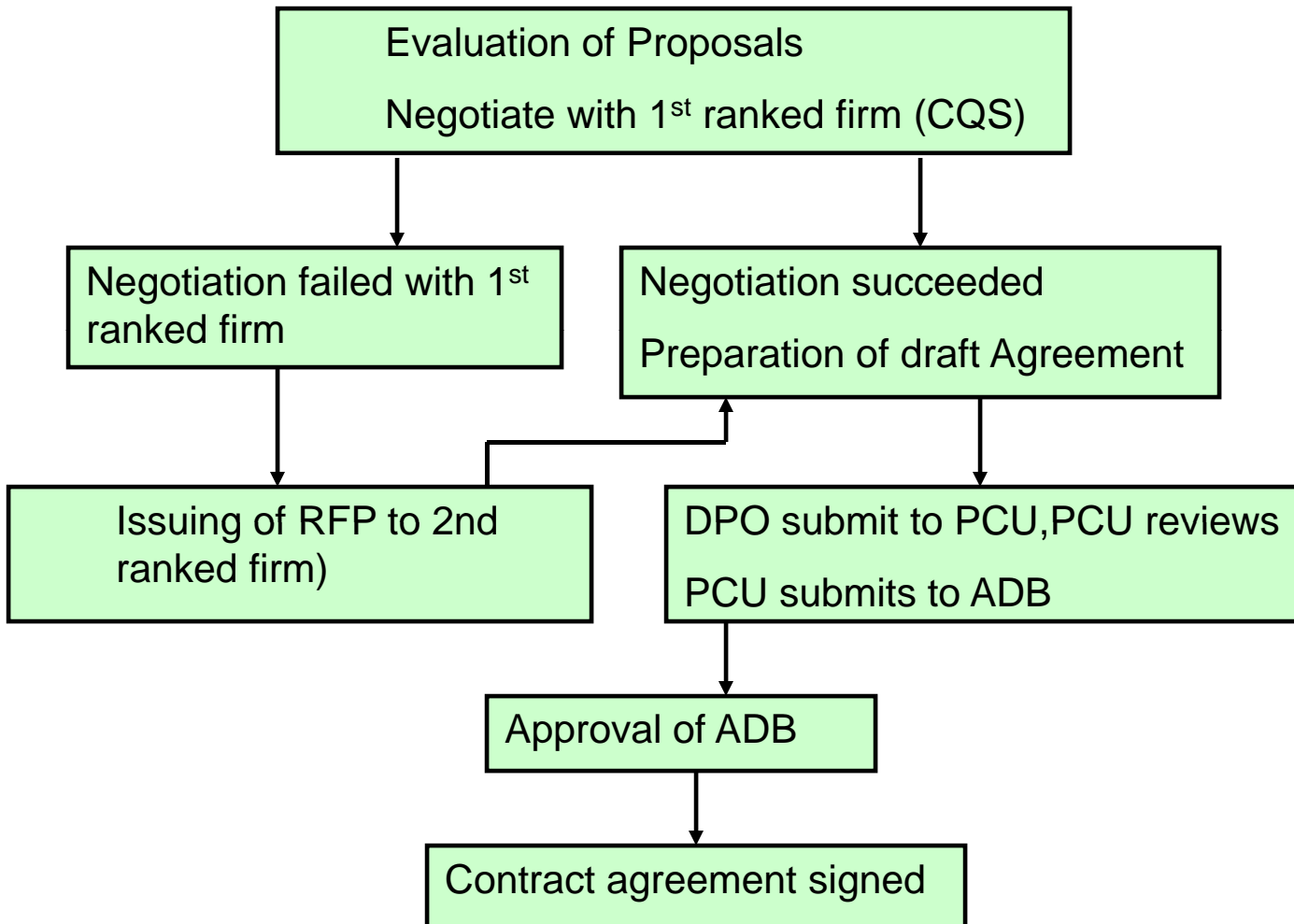
Procurement Steps for Services: CQS Method (Work Flow Chart)



Procurement Steps (contd.)



Procurement Steps (contd.)





Consultants' Qualifications Selection (contd.)

- **Evaluation of EOI**
- **Based on already approved short-listing criteria**
- **Short-listing of Consultants at least three firms**
- **First ranked firm asked for submitting combined Technical and Financial Proposals**



Consultants' Qualifications Selection (contd.)

- Documents for Request for Proposal
- Preparation of evaluation criteria
- Preparation of RFP
- The RFP includes the following documents:
 - Section 1 - Letter of Invitation
 - Section 2 - **Instructions to Consultants** (including Data Sheet)
 - Section 3 - Technical Proposal - Standard Forms
 - Section 4 - Financial Proposal - Standard Forms
 - Section 5 - Terms of Reference
 - Section 6 - Standard Forms of Contract (Form of Contract, **The General Conditions of Contract**, The Special Conditions of Contract, **For CQS method - Small Assignments/Time-Based**)



Consultants' Qualifications Selection (contd.)

- **Evaluation of Proposals**
- **If technical proposal of 1st ranked firm ok as assessed in EOI, then negotiate with 1st ranked firm**
- **If negotiation failed, asked 2nd ranked firm to submit combined proposal**
- **Evaluate and negotiate with it**
- **If succeeded forward the documents to PCU with draft agreement**



Procurement of Goods and Works

- **Bidding Procedures**
- **As per ADB' Guideline - four bidding procedures**
 - **Single-Stage: One-Envelope**
 - **Single-Stage: Two-Envelope**
 - **Two-Stage: Two-Envelope**
 - **Two-Stage**



Bidding Procedures (Contd.)

- **Single-Stage: One-Envelope**
- **The main bidding procedure used for most of the procurement financed by the ADB**
- **Both Price Proposal and the Technical Proposal in single envelope**
- **Public opening of bids at the date and time advised**
- **Bids evaluated, and following approval by the ADB, the Contract awarded to the Bidder whose Bid has been determined to be the **lowest evaluated substantially responsive Bid****



Prequalification and Post-qualification

- **Prequalification**
- **An assessment of appropriate level of experience and capacity of firms for a particular contract - by the Employer before inviting to bid**
- **Prequalification is discouraged for NCB in RRRSDP**

- **Post-qualification**
- **An assessment of appropriate level of experience and capacity of firms - by the Employer during the evaluation of bids to ensure that the lowest-evaluated, responsive, eligible bidder is qualified for the contract**
- **Post-qualification procedure will be used in RRRSDP**



Post-qualification (contd..)

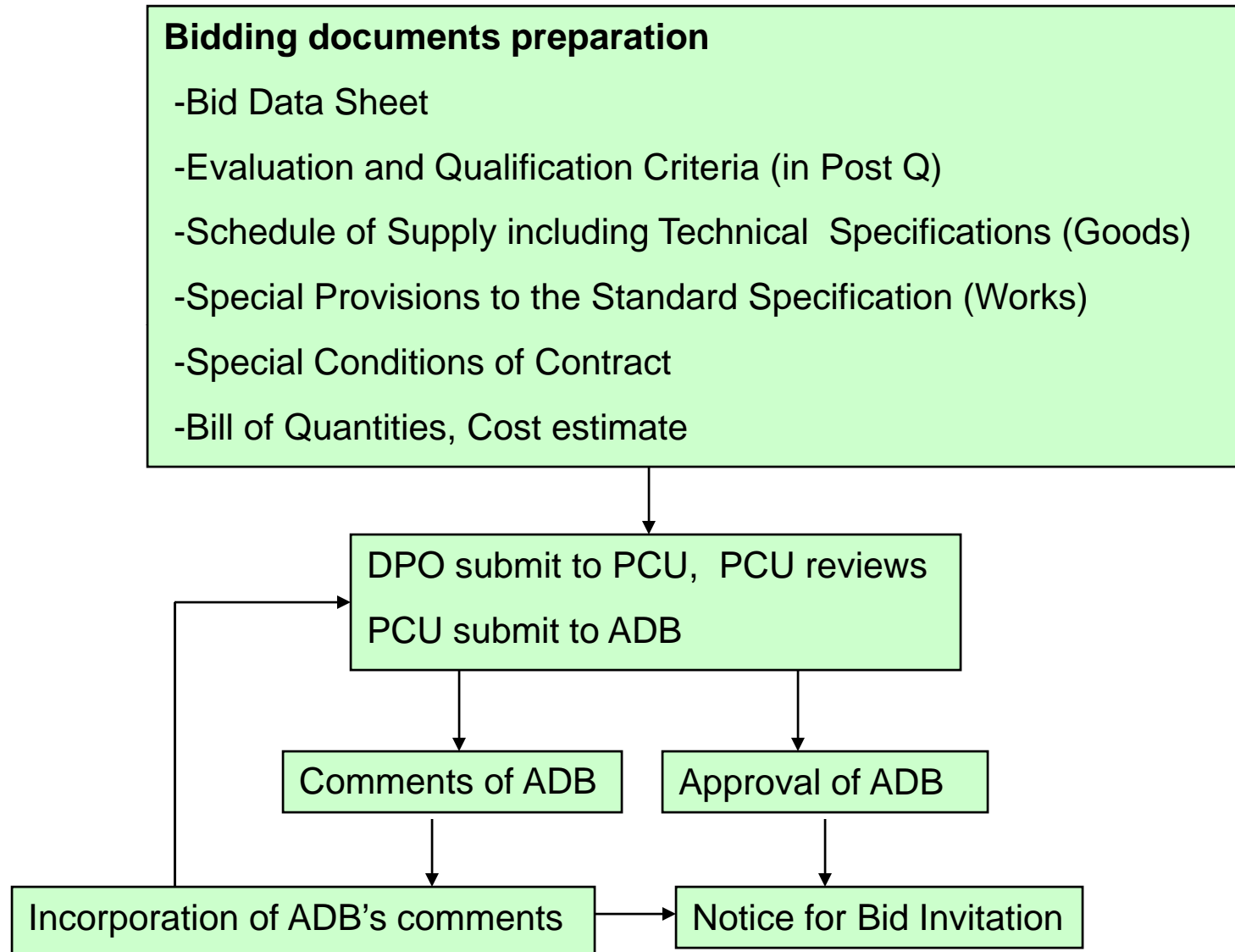
- **Post-qualification**
- **For the procurement of simple and unsophisticated works contracts**
- **Qualification information received together with their bids**
- **Clear-cut, pass-fail qualification criteria need to be specified in BD**
- **Post-qualification criteria and procedures - covered in Section 3 (Evaluation and Qualification Criteria) and Section 4 (Bidding Forms) of BD**



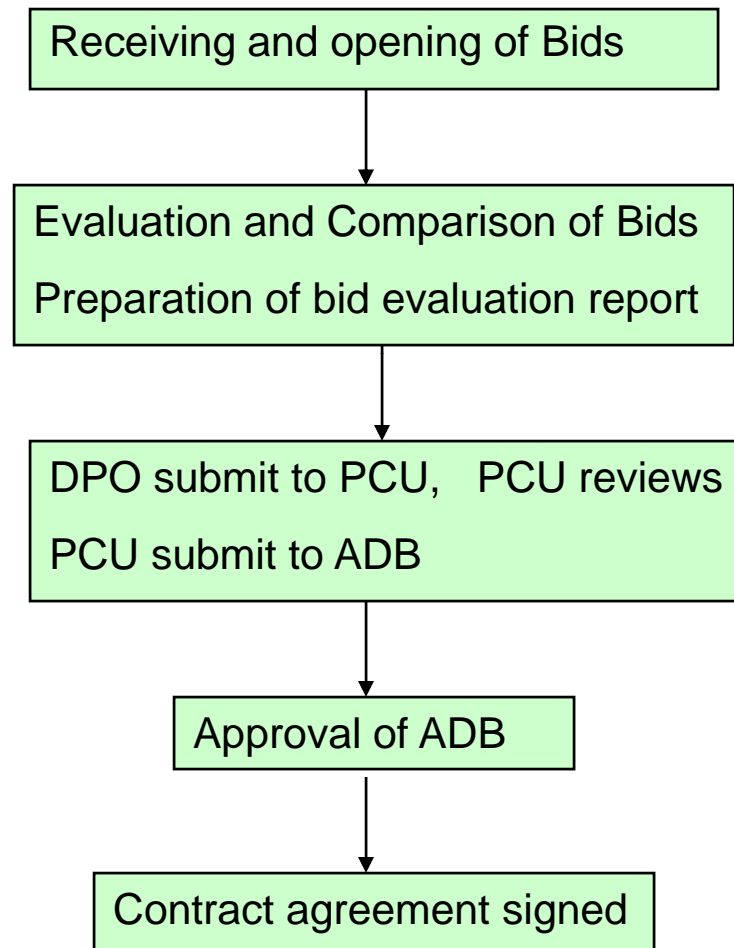
Bidding Process (Goods & works)

- **Any bidding Process – 6 phases**
- **Advertisement and Notification**
- **Preparation and Issuing of the Bidding Document**
- **Bid Preparation and Submission**
- **Bid Opening**
- **Bid Evaluation**
- **Contract Award**

Procurement Steps for Goods and Works in RRRSDP (Work Flow Chart)



Procurement Steps for Goods and Works (contd..)





Bidding Process (Goods & works) (contd.)

Preparing and Issuing a Bidding Document

- **Purchaser - responsible for preparing and issuing the Bidding Document (BD)**
- **Purchaser shall use the SBD issued by ADB**
- **Purchaser shall allow Bidders sufficient time to study the BD, prepare complete and responsive Bids, and submit their Bids.**



Preparing and Issuing a Bidding Document (contd.)

- **Bidding Documents (Goods)**
- **Section I: Instructions to Bidder (ITB)**
- **Section II: Bid Data Sheet**
- **Section III: Evaluation and Qualification Criteria**
- **Section IV: Bidding Forms**
- **Section V: Eligible Countries**
- **Section VI: Schedule of Supply including Technical Specifications**
- **Section VII: General Conditions of Contract**
- **Section VIII: Special Conditions of Contract**
- **Section IX: Contract Forms**



Preparing and Issuing a Bidding Document (contd.)

- **Bidding Documents (works)**
- **Section I: Instructions to Bidder (ITB)**
- **Section II: Bid Data Sheet**
- **Section III: Evaluation and Qualification Criteria**
- **Section IV: Bidding Forms including BoQ**
- **Section V: Eligible Countries**
- **Section VI: Standard Specification including Special Provisions to the Standard Specification**
- **Section VII: General Conditions of Contract**
- **Section VIII: Special Conditions of Contract**
- **Section IX: Contract Forms**



Bidding Process (Goods & works) (contd.)

Bid Opening

- **Bid Opening strictly following the procedures as specified in ITB for all Bids received within deadline**
- **The sequence in which Bids are handled, opened, and recorded is crucial**
- **No rejection of any Bid at Bid Opening, except for late bids**
- **Verification of the validity of the documentation - authorized signature, bid security, bid validity, discount offered, unit rate of Items, total bid amount etc.**



Bidding Process (Goods & works) (contd.)

Bid Evaluation and Contract Award

- **Bid Evaluation by experienced staffs**
- **Bid Evaluation strictly following all of the evaluation and qualification criteria specified in the BD**
- **Maintain the bid evaluation process strictly confidential**
- **Contract award only to the lowest evaluated substantially responsive bidder**



References

- Program Administration Memorandum (PAM), RRRSDP
- Report and Recommendation of the President to the Board of Directors (RRP), RRRSDP
- ADB's web site: : www.adb.org/Consulting/documents.asp,
www.adb.org/procurement/prequalification-bid-documents.asp
- Public Procurement Regulation, 2064, (सार्वजनिक खरिद नियमावली, २०६४)
- GoN, Public Procurement Act, 2063 (सार्वजनिक खरिद ऐन, २०६३)
- Local Body Financial Administration Regulation (LBFAR), 2064, (स्थानीय निकाय आर्थिक प्रशासन नियमावली, २०६४)



Thank You !!

Any Questions?