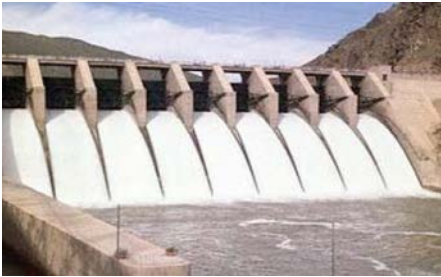


WATER AND POWER DEVELOPMENT AUTHORITY



PROCUREMENT AND CONTRACTS MANUAL

2014

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PART I

GENERAL

1. INTRODUCTION

1.1 GENERAL

Pakistan Water and Power Development Authority (WAPDA) is a Body Corporate, having perpetual succession, a Common Seal and by name sue and be sued, established under WAPDA Act 1958. WAPDA (the Authority) comprises of Chairman and Members Water, Power and Finance. Its statutory mandate is development and utilization of the water and power resources of the country on a unified and multi-purpose basis. WAPDA is empowered through the Act to frame program for the generation of Hydel and Thermal Power, Transmission and distribution lines and Grid stations etc. The Power Wing of the Authority has been restructured whereby the thermal power generation, power distribution and power transmission have been transferred to independent generation companies, distribution companies and a transmission and dispatch company. The Power Wing of WAPDA now only undertakes generation and sale of electricity from Hydel Power Generation. The registered office of the Authority is situated at Wapda House, Shahrah-e-Quaid-e-Azam, Lahore, PAKISTAN.

1.2 THE AUTHORITY TO PROCURE

The ultimate authority for the utilization of WAPDA's funds rests with the Authority. However to facilitate the procurement of goods, works and services as a routine matter the Authority has delegated the powers for approvals of all procurements, award of contracts and other matters related therewith, to various officers according to limits detailed in the Book of Financial Powers, WAPDA. WAPDA's policy for authorizing the purchase of goods and services is generally defined as allowing the individual employee to commit WAPDA for the type and amount of expenditures for which that authority is delegated. In this regard, the officer shall have the authority delegated to him to act as an Authorized Representative in his dealings with third parties or suppliers within the scope of their assigned function.

All officers of WAPDA must observe the limits of authority delegated to them for the procurement of goods, works and services. In order to avoid personal liability, it must be clear at all times in dealing with third parties that the employee shall be

acting as WAPDA's Representative. In the execution of an agreement or a contract, this shall be done by writing the authorized officer's name, designation and office.

1.3 PRINCIPLES OF PROCUREMENT

The principles of a sound procurement procedure are Economy, Efficiency, Fairness, Transparency, Accountability and Ethical Standards. These are explained below and shall be ensured by all WAPDA employees engaged in procurement of goods, works or services:

i. Economy

The purpose of a good Public Procurement is to get best value for money. It is one of the basic principles that should be given due consideration. However, the lowest initial cost may not equate over the operating life of the project or an item.

ii. Efficiency

All the procurement steps should be completed within due time in order to complete the task within scheduled time, avoid overrun costs and to achieve the desired benefits.

iii. Fairness

Fairness has the pivotal role in the whole procurement process. It provides all the bidders or suppliers a level playing field and makes the system reliable.

iv. Transparency

Good procurement establishes the rules and procedures that are unambiguous. It is not only fair, but should be seen to be fair.

v. Accountability and Ethical Standards

Everyone responsible in the procurement process has to strictly follow rules and is accountable for bending or neglecting them.

1.4 TYPES OF PROCUREMENT

The Procurement within WAPDA may be categorized in following broad disciplines:

- Procurement of Works and Goods;

- Procurement of Consultancy Services and
- Procurement of other services.

1.4.1 Procurement of Works and Goods

The steps involved in procurement of Works and Goods are:

- i. Preparation of Pre-Qualification Documents and Issuance of Invitation for Prequalification to Potential Applicants/Suppliers (if required);
- ii. Evaluation of Prequalification Applications;
- iii. Notification of Prequalified applicants after obtaining approval of the competent authority and No Objection Letter (NOL) from financial institutions for foreign funded projects (if required);
- iv. Preparation of Bidding Documents.
- v. Invitation for Bids, to Prequalified Applicants or Qualification on Single Stage Two Envelopes or Single Stage One Envelope Procedure; and
- vi. Evaluation of Bids, Approval of competent authority and NOL from the donor agency in case of foreign funded projects and Award of Contract.

1.4.2 Procurement of Consultancy Services

The steps involved in procurement of Services are:

- i. Preparation and issuance of Expression of Interest (EOI) Document;
- ii. Short listing of Consultants;
- iii. Notification of short listed Consultants after obtaining approval of competent authority and NOL from donor agencies for foreign funded projects;
- iv. Preparations of Request for Proposals (RFP) Documents on Quality and Cost Based Selection (QCBS);
- v. Issuance of RFP Documents to short listed firms and receipt of Technical and Financial Proposals;
- vi. Opening and Evaluation of Technical Proposals;

- vii. Approval of Technical ranking of firms from competent authority and NOL from donor agencies for foreign funded projects;
- viii. Opening and Evaluation of Financial Proposal of Technically Qualified Firms;
- ix. Approval of combined ranking from competent authority and NOL from financial institutions for foreign funded projects;
- x. Negotiations with the successful Firm/JV; and
- xi. Approval of the competent authority and award of contract.

1.4.3 Procurement of Other Services

Other services include all services which WAPDA may procure from experts, service providers like security companies, Information Technology companies, Janitorial services providers, general maintenance companies, Courier Service providers and many others. The steps involved in procurement of other Services are:

- i. Calling Expression of Interest (EOI);
- ii. Short listing of service providers;
- iii. Issuance of RFP Documents and calling for Proposals;
- iv. Opening, Evaluation and Approval of service providers on the basis of criteria developed/fixed for the services;
- v. Approval from competent authority;
- vi. Negotiations with the successful Firm/JV; and
- vii. Award of contract.

1.5 ADVERTISING

An important part of procurement is advertising the proposed procurement of goods, works or services. The purpose is to ensure transparency and provide prospective bidders with a level play ground to all. Based on the thresholds defined by the PP Rules 2004 the following shall be adhered to by all procurements made for WAPDA:

- i. Advertisement shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents and prepare and submit their

responses. All advertisements shall be placed on WAPDA website and shall remain available on that website until the closing date for the submission of bids.

- ii. Procurements over Rupees five hundred thousand and up to the limit of Rupees two Million shall be advertised on the PPRA's website.
- iii. All procurements over Rupees two million shall be advertised on the PPRA's website, WAPDA website as well as, in at least two national dailies, one in English and the other in Urdu having wide circulation.
- iv. For projects which include procurement on the basis of ICB, apart from the above the advertisement shall be published in foreign newspapers, journals and websites. Such invitations may also be forwarded to embassies and trade representatives of countries of likely suppliers and contractors.
- v. Advertisement falling in the competency of the Authority shall be got vetted from CCC, whereas other advertisements shall be approved by the concerned Member.

1.5.1 MINIMUM INFORMATION TO BE PROVIDED IN AN ADVERTISEMENT

PPRA has provided the guidelines detailing the minimum information that may be provided in the advertisement. These are as under:

- 1. Name of procuring agency.
- 2. Tender number (for identification)
- 3. Procurement Title (indicating type and quantity).
- 4. Contact person and address (for seeking bidding documents).
- 5. Last date for obtaining bidding documents and its price (if any).
- 6. Closing time and date as well as place for receiving bids.
- 7. Time and Place of public opening of bids
- 8. Amount of bid security (%age of bid price).
- 9. Time period for performance of contract.

Apart from the above, the procuring agency may provide any additional information considered necessary for the information of the prospective bidders/suppliers.

1.6 METHODS OF PROCUREMENT

1.6.1 Principal method of procurement

In accordance with the PPRA Rules 2004, all procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods and works. The open competitive bidding provides for different procedures to be used for procurement. These are:

1. Single stage - one envelope procedure

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

2. Single stage - two envelope procedure.-

- i. The bid shall comprise a single package containing two separate envelopes. Each envelope shall contain separately the financial proposal and the technical proposal;
- ii. the envelopes shall be marked as "FINANCIAL PROPOSAL" and "TECHNICAL PROPOSAL" in bold and legible letters to avoid confusion;
- iii. initially, only the envelope marked "TECHNICAL PROPOSAL" shall be opened;
- iv. the envelope marked as "FINANCIAL PROPOSAL" shall be retained in the custody of the procuring agency without being opened;
- v. the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements;
- vi. during the technical evaluation no amendments in the technical proposal shall be permitted;

- vii. the financial proposals of bids shall be opened publicly at a time, date and venue announced and communicated to the bidders in advance;
- viii. after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned unopened to the respective bidders; and
- ix. the bid found to be the lowest evaluated bid shall be accepted.

3. Two stage bidding procedure

First stage

- i. the bidders shall first submit, according to the required specifications, a technical proposal without price;
- ii. the technical proposal shall be evaluated in accordance with the specified evaluation criteria and may be discussed with the bidders regarding any deficiencies and unsatisfactory technical features;
- iii. after such discussions, all the bidders shall be permitted to revise their respective technical proposals to meet the requirements of the procuring agency;
- iv. the procuring agency may revise, delete, modify or add any aspect of the technical requirements or evaluation criteria, or it may add new requirements or criteria not inconsistent with the PP Rules:
 - a. Provided that such revisions, deletions, modifications or additions are communicated to all the bidders equally at the time of invitation to submit final bids, and that sufficient time is allowed to the bidders to prepare their revised bids;
 - b. Provided further that such allowance of time shall not be less than fifteen days in the case of national competitive bidding and thirty days in the case of international competitive bidding;
- v. those bidders not willing to conform their respective bids to the procuring agency's technical requirements may be allowed to withdraw from the bidding without forfeiture of their bid security;

Second stage

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

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

4. Two stage-two envelope bidding procedure

First stage

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

- vi. those bidders willing to meet the requirements of the procuring agency shall be allowed to revise their technical proposals following these discussions;
- vii. bidders not willing to conform their technical proposal to the revised requirements of the procuring agency shall be allowed to withdraw their respective bids without forfeiture of their bid security;

Second stage

- i. after agreement between the procuring agency and the bidders on the technical requirements, bidders who are willing to conform to the revised technical specifications and whose bids have not already been rejected shall submit a revised technical proposal and supplementary financial proposal, according to the technical requirement;
- ii. the revised technical proposal along with the original financial proposal and supplementary financial proposal shall be opened at a date, time and venue announced in advance by the procuring agency; Provided that in setting the date for the submission of the revised technical proposal and supplementary price proposal a procuring agency shall allow sufficient time to the bidders to incorporate the agreed upon changes in the technical proposal and to prepare the required supplementary financial proposal; and
- iii. the procuring agency shall evaluate the whole proposal in accordance with the evaluation criteria and the bid found to be the lowest evaluated bid shall be accepted.

1.6.2 Conditions for use of different types of bidding

The conditions for use of either of the above defined bidding procedures are as follows:

- 1. Ordinarily, single stage one envelope bidding procedure shall be the main open competitive bidding procedure used for most of the procurements.
- 2. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances:

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

1.6.3 Alternative methods of procurements

The PP Rules 2004 provide for the following alternative methods of procurement:

1. Petty purchases;
2. Request for Quotation;
3. Direct contracting; and
4. Negotiated tendering.

The conditions under which each of these methods may be used have been discussed in other parts of the manual.

1.7 APPLICABILITY

Procurement and Contracts Manual establishes the policies and procedures that all employees of Water and Power Development Authority ("WAPDA") in all its Wings, Projects, Formations, Special purpose Vehicles (SPVs) and Self Financing Units, will follow in the procurement of goods, works and services for and on behalf of WAPDA.

Also included in this manual as a separate part are a set of "standing operating procedures" for procurement of Works, Goods and Services. Provided with these procedures are the standing committees entrusted with/authorized for opening and evaluation of pre-qualification applications, tenders, short listing of consultant,

evaluation of technical and financial proposals of consultants and the time frame in each case alongwith other related issues.

This manual has been divided into the following parts to segregate the procurement of different types at different levels within WAPDA:

PART-I	GENERAL
PART-II	CONSTRUCTION AND DEVELOPMENT PHASE PROCUREMENT
PART-III	ROUTINE / OPERATIONS AND MAINTENANCE PROCUREMENT
PART-IV	STANDARD OPERATING PROCEDURES

The terms used/explained in one part of the manual are applicable to procurement procedures described in other parts and vice versa.

1.8 RELEVANT INSTITUTIONS AND THEIR FUNCTIONS

1.8.1 Public Procurement Regulatory Authority (PPRA)

PPRA was established vide PPRA Ordinance No. XXII of 2002. Public Procurement rules were published in June 2004 vide SRO.432 (i)/2004. These rules are applicable to all procurements made by procuring agencies of the Federal Government whether within or outside Pakistan.

This manual takes into account the policies and procedures recommended by PPRA in the matter of procurement of goods, works and services. A brief on the key points from the PPRA rules are provided as **Annexure-1** to this manual.

1.8.2 Pakistan Engineering Council (PEC)

PEC is the statutory regulatory body entrusted to regulate the Engineering Profession in Pakistan. It has formulated country specific documents to regulate and streamline hiring of Engineering Consultancy Services and Procurement of Works in line with advice by Planning Commission, Government of Pakistan in 1996.

PEC has published documents, which have been approved by ECNEC in its meeting dated November 12, 2007 and has been notified by planning commission of Pakistan on February 12, 2008 for procurement of consultancy services and works. References to the standard documents, as applicable to Procurement by WAPDA as finalized by PEC, have been provided as **Annexure-2** in this manual.

1.8.3 Financial Institutions

A number of projects are funded by the financial institutions also referred to as donor agencies. These financial institutions have their own standard guidelines and bidding documents. In cases where works/services are to be funded by a donor agency, the guidelines and bidding documents of relevant financial institutions shall be applicable.

1.9 REVISION

1. The overall responsibility for maintaining and updating this manual resides with the Authority. Changes in statutes, WAPDA's legal form and other conditions and practices may require modifications of these policies and procedures.
2. Feedback comments, corrections and improvement suggestions on this policy manual (including any areas that are not sufficiently or well covered) may be submitted to the Central Contracts Cell (CCC) by all users of this manual.
3. CCC will review the feedback and where ever required, present the same for the consideration/approval of the Authority.

1.10 TERMS USED IN THE MANUAL

TERM	DESCRIPTION
Arbitration	A procedure under which a dispute is referred to independent persons for resolution.
Arbitrator	A person to whom a dispute between the Parties is referred for Arbitration.
Authority	Unless used in a different context shall mean The Pakistan Water and Power Development Authority established under section 3 of WAPDA Act, 1958.
Agent	The person with the power and authority to act for WAPDA in dealing with a third person / party.
Bid /Tender	Tender shall mean a complete bid submitted by a Tenderer including all requested information, drawings and designs date simples, if any, and other pertinent information.
Buyer/Purchaser	Unless used in a different context shall mean WAPDA

TERM	DESCRIPTION
Central Contracts Cell (CCC)	The special cell of the Authority formed for providing opinion / advice to the Authority and its Projects/formations on formulation, execution and administration of Contracts.
Client	The party for whom the Consultant carries out the Services under a Consultancy Agreement.
Conflict of Interest	A situation in which an employee or an agent has a private or personal interest sufficient to appear to influence the objective exercise of his official duties.
Consultant	A consulting engineer or other professional, who may be a person, an engineering firm or a Consortium (or other Joint Venture) of such firms, and who carries out the Services for a Client under a Consultancy Agreement
Contract or Contract Documents	The documents which together constitute the legally enforceable agreement between the Parties, and which are usually named in (and include) Conditions of Contract, Tender and Letter of Acceptance and/or Contract Agreement. A Bid-Build Contract will also include Specification, Drawings, Bill of Quantities and (possibly) other Schedules. A Design-Build Contract will also include Employer's Requirements and Proposal.
Contractor	The Party whose Tender has been accepted by the Employer, and who is responsible for providing the Works; and the legal successors in title to such Party.
Contractual Records	All documentation pertaining to the purchase of goods or services which include, but are not limited to, requisitions, quotations, letter of intent, purchase documents, terms and conditions, sales and use tax exemption certificates, reseller's certificates, evidence of insurance, drawings and specifications, export bill of lading, and requests for proposals.
Defects Notification Period	A period defined in the contract for notifying defects.
Dispute Adjudication Board (DAB)	A panel of one or more persons to whom a dispute between parties is initially referred for adjudication.

TERM	DESCRIPTION
Employer	The Party who receives and accepts the Tender, who is responsible for providing the Site and paying the Contractor, and for whom the Works are provided by the Contractor; and the legal successors in title to such Party.
Engineer	The person appointed by the Employer to act as "the Engineer" for the purposes of the Contract and named in the Appendix to Tender, or other person appointed from time to time by the Employer and notified to the Contractor.
Final Statement	A statement submitted by the Contractor to receive final payment
Goods	Any physical item purchased for WAPDA use, such as, plant, machinery, vehicles, office equipment, spare parts, software, fuel, tires etc.
INCOTERMS	Standard International Commercial Terms used in agreements/contracts internationally
International Competitive Bidding (ICB)	A bidding process that requires the Authority to procure resources internationally, issue bids for advertisement in an acceptable international language and award contracts to the lowest acceptable bids, subject to certain considerations for qualitative judgment.
Joint Venture	Two or more parties jointly bidding for a Contract/Project.
Letter of Acceptance	The letter issued to the Contractor/Tenderer/Bidder formally accepting the offer contained in the Tender.
Letter of Credit (LC)	A document issued by a financial institution to the supplier of goods/services guaranteeing the payment of agreed amount on fulfilling the conditions laid in the document.
PEC	Pakistan Engineering Council
PPRA	Public Procurement Regulatory Authority
Performance Certificate	The certificate which is issued under the Contract when the specified certifier considers that the Contractor has performed all obligations under the Contract.
Purchase Requisition (PR)	A documented request for the procurement of goods, materials and services generated by the requesting office/project.

TERM	DESCRIPTION
Request for Bid (RFB)	A request for bid (RFB) is a standard business process where the purpose is to invite suppliers/contractors into a bidding process to bid on specific products or services.
Request for Proposal(RFP)	A request for proposal (referred to as RFP) is an invitation for suppliers, to submit a proposal on a specific commodity or service.
Request for Quotation (RFQ)	A request for quotation (RFQ) is a document that an organization submits to one or more potential suppliers eliciting quotations for a product or service
Seller/Supplier	Unless used in a different context shall mean the supplier of goods/supplies as the case may be.
Taking Over Certificate (TOC)	A certificate issued on completion of the Works certifying the id ready for takeover by the Authority.
Tender Validity	The calendar date stated in the Tender up to which it is open for acceptance by the Employer; or the period which expires on such date, calculated from the latest date for submission of the Tender.
Terms and Conditions	Clauses, which are intended to document the understanding of the parties on matters such as contract acceptance, delivery performance, contract termination, shipment rejections, assignment and subcontracting, patent rights, and payment procedures.
Tenderer/Bidder	Tenderer shall mean any person, signing for and on behalf of a firm or company submitting the tender.
WAPDA	WAPDA shall mean Water and Power Development Authority Pakistan as constituted under WAPDA Act of 1958 and shall include all persons signing for and on behalf of WAPDA.
Works	The Permanent Works and the Temporary Works, which the Contract requires the Contractor to provide

2. ETHICS AND STANDARDS OF CONDUCT

2.1 GENERAL

A sound procurement system requires its participants to observe and implement highest ethical standards both during the bidding process and throughout execution of a Contract or procurement activity. All WAPDA staff shall adhere to the highest ethical standards, both during the bidding process and throughout the execution of a Contract. The key unethical practices that affect the fairness and transparency in the procurement process are described in ensuing paragraphs.

2.2 CORRUPT, FRAUDULENT AND UNETHICAL PRACTICES

Corruption may occur at any stage in the acquisition process (budget, procurement, contract management, etc.), either with the knowledge and consent of an employee or through well-concealed initiatives by a bidder acting alone.

2.2.1 Corrupt Practice

It refers to the offering, giving, receiving or soliciting (directly or indirectly) of anything of value to improperly influence the actions of another person. Corruption in the procurement process generally involves a fraudulent act such as bribery or a kickback / commission.

2.2.2 Fraudulent Practice

“Fraud” means a misrepresentation of facts in order to influence a procurement or selection process or the execution of a contract, and includes collusive practices among bidders or consultants (prior to the submission of bids or proposals) designed to establish prices at artificial, non-competitive levels and to deprive other parties, including the organization of the benefits of free and open competition.

2.2.3 Bribery

The act of unduly offering, giving, receiving or soliciting anything of value to influence the process of procuring goods, services or works, or executing Contracts.

2.2.4 Extortion or Coercion

The act of attempting to influence the process of procuring goods, services or works, or executing Contracts by means of threats of injury to person, property or reputation.

2.2.5 Collusion or Bid Rigging

A scheme or an arrangement between two or more Bidders, designed to establish prices at artificially non-competitive levels. Common schemes of collusion are:

i) **Bid Suppression**

One or more Bidders who otherwise would be expected to bid, or who have previously bid, agree to refrain from bidding or withdraw a previously submitted Bid so that the designated winning competitor's Bid will be accepted.

ii) **Complementary Bidding**

An agreement between the Bidders whereby at least one of them agrees to submit a Bid that is either too high to be accepted or contains special terms and conditions will not be acceptable to the procuring agency.

iii) **Bid Rotation**

Bidders submit Bids but agree to take turns being the lowest Bidder.

2.3 CONFLICT OF INTEREST

i) A conflict of interest occurs when an official's private interests, such as outside professional relationships or personal financial assets, interfere or appear to interfere with the proper performance of his or her professional functions or obligations. Within the procurement environment, a conflict of interest may arise in connection with such private interests as personal investments and assets, political or other outside activities and affiliations while in the service of the Authority, employment after retirement or the receipt of a gift that may place an official in a position of obligation.

ii) A conflict of interest also includes the use of Authority's assets, including human, financial and material assets, or the use of the office or knowledge gained from official functions for private gains.

- iii) A conflict of interest may also arise in situations where an official is seen to benefit, directly or indirectly, or allow a third party, including family, friends or someone, to benefit from the decisions being taken.
- iv) All the employees are prohibited from any involvement in a procurement action with a Contractor or Supplier in which they have a financial interest. In cases where a conflict of interest could occur, such conflict should be reported to the head of the office, who should review the facts and decide whether the official should carry out the procurement activity or otherwise.

2.4 CONFIDENTIALITY

Procurement-related information is considered confidential. This includes any documentation or information that is part of the procurement process, which is not publicly available, and where any disclosure of the documentation or information could:

- i) Place a Bidder, Supplier or the Firm at a disadvantage;
- ii) Provide an unfair advantage to a Bidder;
- iii) Adversely reflect upon the reputation and integrity of the Organization. Staff shall not allow any Bidder access to information on a particular acquisition before such information is available to other Competitors at large; and
- iv) Nobody should disclose any proprietary or other information, directly or indirectly, to any person other than a person authorized to receive such information. Disclosure of procurement-related confidential information should not occur, as it may seriously jeopardize the competitiveness of procurement, the principle of fairness, and the credibility of the Authority.

2.5 GIFTS AND HOSPITALITY

It is of overriding importance that an employee acting in an official procurement capacity should not be placed in a position where his/her actions may constitute or could be reasonably perceived as reflecting favourable treatment to an individual or entity by accepting gifts and hospitality or other similar considerations. Nobody involved in any aspect of procurement may accept any gift from any outside source, regardless of the value. All the

officials involved in procurement shall decline offers of gifts, including meals, tickets, hospitality, transportation, or any other form of benefits.

2.6 CODE OF CONDUCT

All employees of WAPDA involved in procurement activities covered by this Manual are required to comply with the following:

1. Not to use his authority or office for personal gain. Personal gain includes accepting or requesting anything of material value from bidders, prospective bidders or suppliers for the employee, his spouse, parents, children or other close relatives, or for other persons from whom the employee might gain direct or indirect benefit from the gift.
2. Solely or jointly with others, makes an incorrect statement concerning his authority with intention to deceive.
3. Performs an unlawful act damaging the interest of WAPDA, even though believing that such act might benefit WAPDA.
4. Misrepresents, misconstrues and / or misunderstands his authority, and / or does not exercise sufficient and due care and discretion in the exercise of authority given to him.
5. Adhere to the law of the land notwithstanding instructions issued to him.
6. Maintain and enhance the reputation of WAPDA by:
 - i. Highest standards of honesty and integrity in all relationships;
 - ii. Highest possible standards of professional competence;
 - iii. Using funds and other resources for which he is responsible to provide the maximum benefit to WAPDA; and
 - iv. Complying with both the letter and the spirit of:
 - a. Accepted professional ethics; and
 - b. Contractual obligations.

PART II

CONSTRUCTION AND DEVELOPMENT PHASE

PROCUREMENT

3. PROCUREMENT OF WORKS AND GOODS - PLANNING

3.1 GENERAL

Formation of appropriate procurement planning / strategy has vital role in subsequent success of the project in terms of cost, time scope and quality. Procurement planning is not a linear process but rather an iterative procedure that should explore various options. It is therefore important that the results of procurement planning must be reviewed and updated throughout the life of the project. Estimates of time for various component, change in priorities and other aspects will require plan adjustments. The need for changes does not invalidate the plan but simply implies that planning is a dynamic process rather than a static one.

3.2 PREPARATION OF BASIC PLAN

The basic plan shall include compiling a list of all known goods, works and services needed to complete the project. This list then becomes the basis for deciding how these items should be combined or divided into contract packages, what method of procurement should be used for each package, and the scheduling for procurement activities. Even this seemingly straight forward preparation of the list of needs already implies a strategic decision about how procurement and contracting will be done. A sample format for Basic Procurement Plan is provided as Annexure-3.

3.3 CONTRACT PACKAGING

The objective in contract packaging is to group the procurement requirements in such away as to ensure economy and efficiency in processing and the delivery of the specific works, goods and services at the specified time for the Project. The first obvious step is grouping into Works, Goods and Services categories.

3.4 TYPE OF CONTRACTS

The type of Contract shall be decided considering the following factors:

- i. Design by or on behalf of the Employer or the Contractor;
- ii. Basis of Payment i.e. Re-Measurement, Lump Sum or Cost Plus; and
- iii. Responsibility of financing by government (PSDP), Donor Agency, Public Private Partnership (PPP) or Private investment.

3.5 CAPABILITIES OF BIDDERS AND SUPPLIERS

The ability of bidders and suppliers of goods to meet project needs and the likely interests of foreign bidders to participate in a project are some of the factors to be considered when making contract packaging decisions. If there are well established domestic civil works contracting and goods supply capabilities, the scope and sizes of contract packages should be set in such a way that permits domestic firms to compete effectively. However, if there are reasons of economy or efficiency in choosing larger contract packages or if it is known or believed that foreign bidders participation is advantageous, these should be the determining factors in contract packaging and sizing.

3.6 SLICING OF CONTRACTS

If there are domestic and foreign interests and capabilities to supply project procurement needs, it may be possible to meet both of these by appropriate sizing and timing of contract awards. Works contracts for roads, water supply, drainage, canals and colony works etc. may be divided into individual packages that can be handled by domestic bidders and then inviting bids for many of these packages at the same time ("slicing and packaging").

A domestic bidder can bid for one or many slices it can handle, and a foreign bidder can bid for many or all slices in the entire package, offering a discount if all or a specified number are awarded to it. A similar approach and results can be achieved in goods contracts by making the basic bid "lots" conform to domestic bidding capacities and then awarding contracts for a number of lots in the same bidding process, thereby allowing larger suppliers to offer discounts in the case of multiple contract(s) /lot(s) awards. All bids shall be received by the same closing date, opened and evaluated simultaneously so as to determine whether the bid or combination of bids offered is the lowest evaluated cost.

3.7 PROCUREMENT SCHEDULING

One of the considerations in choosing contract packaging is the timing when goods or works are needed. After preliminary packaging plans have been formulated and, by implication, the method of procurement to be used for each is tentatively determined by the nature and size of the packages, it is necessary to verify that these combinations will permit the goods or works to be delivered at the times

they are needed for the project. The best way to check this is to work backwards from the desired date of delivery to determine whether sufficient time is available to carry out the necessary procurement steps for each element.

Each method of procurement involves different steps and/or different time requirements.

3.8 CHOICE OF PROCUREMENT METHODS

As can be seen from the foregoing sections, contract packaging, scheduling and choice of procurement methods are all interlinked. In most cases, arriving at the procurement plan requires iterative adjustments in all three of these aspects. It is impossible, for example, to think about what contract packaging would be appropriate without having in mind how this affects the choice of procurement method and the time that will be needed to carry it out.

The choice of procurement method depends on:

- The nature of the goods and works to be procured;
- The value of the procurement;
- The likelihood of interest by foreign bidders, which is a function of the local availability and cost of goods and works;
- Critical dates for delivery; and
- Transparency of procedures proposed.

The method of procurement and their suitability under different conditions is given as follows:

3.8.1 International Competitive Bidding (ICB)

The purpose of International competitive bidding is to achieve best value for money especially for large and complex works by providing equal and fair opportunity to potential bidders internationally. It is suitable when:

- There is an interest by foreign suppliers or bidders in works or supplying the required goods;
- The requirements for the procurement aspect of the project are widely available internationally; and
- The capacity of local bidders is not sufficient to meet the qualification requirements of large and technically complex projects.

3.8.2 National Competitive Bidding (NCB)

National Competitive Bidding is essentially open competitive bidding for procurement of works, goods and services at national level. It is suitable when:

- The values of works, goods and services being procured are small in relation to the effort that international bidders need to tender;
- The capability and competitiveness of local bidders makes it unattractive for foreign bidders to compete for contracts below a certain value;
- The contract involves a significant transportation component and are labor intensive;
- Small works to be executed in remote areas; and
- In the case of works, they are spread.

3.8.3 Direct Contracting

Direct Contracting without competition is another method of procurement which shall be exercised in special circumstances. PPRA Rule 42(c) permits direct contracting subject to the conditions that;

- i) the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier:
Provided that the same are not available from alternative sources;
- ii) only one manufacturer or supplier exists for the required procurement
Provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of proprietary object after due diligence;
- iii) where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance:
Provided that the contract or contracts do not exceed three years in duration;
- iv) repeat orders not exceeding fifteen per cent of the original procurement;
- v) in case of an emergency.

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

- vi) when the price of goods, services or works is fixed by the government or any other authority, agency or body duly authorized by the Government, on its behalf, and for purchase of motor vehicle from local original manufacturers or their authorized agents at manufacturer's price.

3.8.4 Negotiated Tendering

Negotiated tendering with or without prior publication of a procurement notice, is allowed under PPRA Rule 42(d). This procedure shall only be used when, -

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

In all such cases the procuring agency desirous of using negotiated tendering as a method of procurement shall record its reasons and justifications in writing for resorting to negotiated tendering and shall place the same on record.

3.9 PLAN PRESENTATION

For specific investment projects such as large infrastructure, proposed procurement arrangements for all main components should be covered in the plan, including the overall procurement strategy, methods of selection and timing sequence for the major contracts. For projects consisting of many small elements and program financing, the plan description should emphasize the procedure that will be used.

3.10 PLAN MONITORING AND UPDATING

During project execution the original procurement plan should be regularly monitored and updated. The purpose is to see how actual performance compares with the planned activities and to make changes in the plan if necessary. The procurement performance shall be reviewed regularly. If slippage occurs in the award or execution of one major contract, it may require rescheduling of other related contract awards and deliveries of products.

The objective of plan monitoring is to:

- Gain better understandings of what causes delays or changes in plans;
- Maintain efficiency in procurement operations; and
- Improve forecasting and planning for other similar operations.

It may be noted that this monitoring is distinct from the post-reviews, in that it is concerned with how the procurement plan is carried out with regard to timing, packaging and suitability of methods.

4. QUALIFICATION OF BIDDERS

4.1 GENERAL

The objective of the prequalification is to establish a list of capable firms whilst ensuring that a proper level of competition is safeguarded. It is common for large and complex procurements. It screens potential bidders and suppliers, particularly the international ones, are more likely to bid knowing that competition is confined to only those qualified bidders. It encourages the formulation of appropriate joint ventures and the interest of bidders is known beforehand so as to have the opportunity to revise bidding conditions, as necessary, to develop adequate competition. The evaluation of bids from qualified bidders also results in time and cost savings.

It may however increase procurement lead time, which can be minimized by good procurement scheduling, e.g. undertaking the process while bid documents are in preparation. Prequalification should not be used to limit competition to a predetermined number of potential bidders. All applicants who have the qualifications to perform the proposed contract should be prequalified and bidding documents made available to all those who prequalified. No upper limit shall be imposed on the number of prequalified potential bidders, but if the prequalified applicants are too few to ensure competition, a reassessment of the situation can be carried out by revisiting the criteria for prequalification and further advertising for prequalification submission.

4.2 PREQUALIFICATION OF APPLICANTS

4.2.1 Prequalification Documents

Prequalification documents should contain a description of:

- i. The proposed procurement;
- ii. The estimated quantities of major work items;
- iii. Location of the work;
- iv. Eligibility requirements including, requirements for domestic preference;
- v. Procurement scheduling of works or goods to be procured;
- vi. Abbreviated specifications and conditions of contract;
- vii. Delivery or implementation schedules;
- viii. Requirements for bid;

- ix. Project financing arrangements;
- x. The language and governing law of the contract;
- xi. Other information in sufficient detail to enable bidders or suppliers to assess their interest and respond appropriately; and
- xii. The name and address of the Employer and Employer's representative.

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

4.3 PREQUALIFICATION FOR MULTIPLE CONTRACTS

Prequalification can also be used for a package of contracts essentially similar in type and size. Under these circumstances, applicants can be prequalified for a specific or single contract, combinations of contracts or the entire package. The prequalification document should thus describe the package and the slices, and the criteria required for bidders to meet the qualification requirements for slices, groups of slices or the whole package. The applicant should be asked in the prequalification documents to indicate the contracts for which it wishes to be considered.

4.4 BASIS OF PREQUALIFICATION

Prequalification should be based entirely upon the technical, managerial and financial capabilities of prospective bidders to perform the particular contract satisfactorily, their past performance and litigation history. The Employer or the Consultant on his behalf should evaluate bids from suppliers and bidders in a manner that takes into consideration the period over which the contract will be executed and known commitments of the bidder over that period.

Where the prime contractor proposes to use the services of major specialist subcontractors, their names and experience should also be solicited. However, the Employer should not require applicants to furnish particulars of suppliers of minor sub-contractors.

The Employer reserves the right to obtain information regarding performance of the bidders on their previously awarded contracts/works. The Employer may in case of consistent poor performance of any bidder as reported by the employers of the previously awarded contracts, inter alia, reject his bid and/or refer the case to the PEC. Upon such reference, PEC in accordance with its rules, procedures and relevant laws of the land take such action as may be deemed appropriate under the circumstances of the case including blacklisting of such bidder and debarring him from participation in future bidding for similar works.

Rigid statements should be avoided in the prequalification documents to the effect that applicants who do not answer all questions or submit all required information "shall be disqualified". The expression "may be disqualified" is preferable, as it provides flexibility. It is also not in the Employer's interest to reject applications of qualified applicants on the basis of trivial or narrow interpretations of prequalification submissions. However, the incomplete application(s) should be rejected.

4.5 PREQUALIFICATION OF JOINT VENTURES

Special conditions apply when the applicant for prequalification is a joint venture formed by two or more firms. It is essential that the prequalification documents state clearly the conditions applying to joint ventures, and to any change in its membership after prequalification and to subsequent bidding by the joint venture.

The following conditions for this purpose are recommended:

- (a) No firm or individual partner of the joint venture is allowed to submit or to participate in more than one bid and any bid submitted in violation of this rule shall be rejected.
- (b) Application submitted by a joint venture must meet the following requirements:
 - Each partner in the joint venture must submit the complete documentation required of a firm applying for individual prequalification;

- the prequalification application must confirm that if after prequalification the applicant should submit a bid, then: that bid as well as (in case of an award) the resulting contract would be signed so as to be legally binding on all partners jointly and severally, and a joint venture agreement providing that joint and several liability of all partners in respect to the contract alongwith the following information shall be submitted with the bid:
 - i. Description of the proposed participation and responsibilities of each partner of the joint venture;
 - ii. Statement of proposed capital contribution of each partner, and the sharing out of profits and losses among the parties;
 - iii. The percentage participation in the joint venture of each of its members (in terms of the corresponding value of the contract) must not exceed each member's capacity in terms of the qualifying criteria; and
 - iv. The application must designate one of the partners, as the partner in charge through whom any correspondence between the applicant and the Employer / Employer's representative shall be processed.

(c) Any formal agreement for a proposed joint venture shall be approved in writing at the time of prequalification as well as any changes to a prequalified joint venture. After prequalification there should be no new joint ventures formed. However, any changes in prequalified joint ventures may be approved in case a substantial reduction of competition is occurring.

4.6 EVALUATION OF PREQUALIFICATION APPLICANTS

It is recommended that evaluation of prequalification applicants should be based on compliance with quantifiable, clearly identified minimum thresholds, which establish the capability of an applicant to carry out the contract satisfactorily. Applicants are prequalified if they meet all the required criteria.

The criteria should also be objective; ambiguous requirements such as "general reputation", or "cooperativeness" or irrelevant ones should not be used. Likewise the criteria should not be unfairly discriminatory. Examples of the type of essential criteria for prequalification of civil, electrical and mechanical works bidders that may be required include:

i. Experience

Having carried out a specific volume of work, comparable to that required for the critical items of the contract (for instance X million cubic meters of earth-excavation plus laying Y kilometers of steel pipeline of given minimum diameter, for a pipe laying project), measured annually, in at least two of the last five (05) years. Similarly, experience for electrical / mechanical works shall be X years experience in manufacturing and installation of turbine and evidence of satisfactory performance for Y years. Experience in the country is not usually a relevant criterion; however, experience in countries with similar climatic, hydrographic, topographic or cultural conditions may be relevant in some cases.

ii. Financial Resources

The applicant should demonstrate availability of the financial means to fully finance the estimated contract cash flow for a specified period of N months, net of requirements for other known commitments over the period of construction. N is determined as the time, from the end of the month being invoiced, required to be paid to the contractor, including the time needed by the Engineer to issue the interim/monthly certificate, plus two months.

The evaluation of financial capability should place the onus of demonstrating adequate means on the applicant. These include: cash and convertible documents in hand, a line of credit from a reputable bank, overdraft facilities, supplier's credit and any other evidence that the applicant complies with the financial criterion for prequalification.

iii. Personnel Resources

The bidder should substantiate the availability of experienced staff capable of performing the key functions required for the project. The prequalification document should list the essential functions, and the number of years of relevant experience of the personnel to be detailed in the submission.

iv. Equipment Resources

Having available specialized equipment essential for the execution of the contract, this could include a dredger, pile driver, slurry trencher and an extra heavy face shovel. The list should be limited to highly specialized or heavy equipment which would be critical to the execution of the contract, and cannot easily be purchased,

hired or leased in the market, or readily manufactured for the task. Normal construction equipment (scrapers, bulldozers, loaders, trucks and pavers) which can normally be purchased / leased or hired "off-the-shelf" should not be listed, unless there are particular circumstances which would make access to them difficult.

v. Miscellaneous / General Aspects

An applicant can be prequalified subject to certain conditions that must be fulfilled before such applicant is allowed to bid or to be awarded the contract. Typical conditions might require submission of additional information, provision of requisite licenses / authorizations etc.

Conditional prequalification is also appropriate where a potential increase in the work-load of the applicant could significantly alter its ability to undertake the prospective contract. If the accuracy or completeness of a prequalification application is doubted, the applicant should be requested to provide verification or supplement earlier provided information. The references cited in the applications may also be contacted for information required. Applicants for prequalification are required to provide the authorization to do so, in their prequalification applications. The litigation and arbitration history of prequalification applicants should also be checked, in order to ensure that there are no judgments or decisions that create liabilities which affect the applicant's ability to perform the contract.

4.7 QUALIFICATION OF BIDDERS ON SINGLE STAGE SINGLE/ TWO ENVELOPE BASIS

In cases where it is intended to call bids without going through the pre-qualification process, then similar qualification criteria as set out in the pre-qualification documents elaborated in the aforementioned paragraphs, shall be incorporated in all kinds of bidding procedure, adopted, without having gone through pre-qualification process. The additional data that may be included in case of Works and goods is described in the following paragraphs:

a. Works Contract

Performance data may include information on similar works undertaken in the last five to ten years; whether the bidder has the necessary equipment or access to the equipment needed for the works contract; whether he has the personnel and manpower to undertake the works and if he is aware of the

testing procedures to ensure that the works can perform the purpose for which they were procured.

b. Goods Contract

In case of procurement of goods on single stage single envelop basis the Procuring Agency may determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the capability and resources to effectively carry out the contract as offered in the bid. The criteria to be met shall be set out in the bidding documents, and if the bidder does not meet the same, the bid shall be rejected. In such an event, the Procuring Agency shall make a similar determination for the next lowest evaluated bidder.

Performance data for goods may include; information on similar deliveries in the last three years; description of competence of the bidders' technical personnel; and certification by official quality control institutes.

Qualification requirements on the basis of single stage two envelope are in principle similar to those for prequalification, but bear mainly on the technical and financial resources available for fulfilling the contract.

The criteria for qualification should be clearly set out in the bid documents. When practical and appropriate, the minimum qualification requirements should be listed in the Invitation for Bids, to provide guidance to potential bidders as to whether in their own judgment they are qualified to submit bids. It should also indicate the pertinent factors that will be analyzed in arriving at the determination whether or not the bidder is qualified. Financial data that bidders should provide with their bids may include a banker's statement, statements of business accounts and statement of overall business turnover in three previous financial years. Performance data for goods may include information on similar deliveries in the last three years, description of competence of the bidders' technical personnel and certification by official quality control institutes.

4.8 BLACKLISTING OF CONTRACTORS / SUPPLIERS

4.8.1 Reasons for Blacklisting

Black Listing is a serious matter and has many consequences. The Contractors/Suppliers shall be blacklisted and debarred from participating in

procurement proceedings, who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Some of the reasons for such action may be:

1. Submission of false / fabricated / forged documents for consideration of tender;
2. Involvement in corrupt and fraudulent practices;
3. Involvement of any sort of tender fixing;
4. Constant non-achievement of milestone(s) and / or inordinate delay in completion of Works and non-adherence to agreed specifications;
5. Persistent and intentional violation of important conditions of contract; and
6. Misbehavior/altercation with Authority's officials during tendering process or execution of Work.

4.8.2 Procedure for Blacklisting

As required by PPRA Rule 19, the following procedure for Black listing of a Contractor/Supplier shall be adopted:

1. A Show Cause Notice, duly reviewed by respective wings of WAPDA and Central Contracts Cell (CCC), shall be issued to the Contractor / Supplier seeking explanation for committing / involvement in any of above offence.
2. Representation/ explanation shall be received from the Contractor/Supplier within 15 days from issuance of the notice.
3. In case, the explanation is not found satisfactory, the Authority shall blacklist the Contractor / Supplier upon recommendations of Project office, concerned Member and CCC on temporary or permanent basis depending upon the offence committed by the Contractor / Supplier.
4. The letter of black listing the Contractor / Supplier shall be published on the official website of WAPDA, Pakistan Engineering Council and PPRA.

Note:

The above procedure for blacklisting is applicable for PEC category A Contractors/international contractors. For other categories of PEC contractors, concerned Members shall be competent to blacklist the contractors by following the procedure at 1 and 2, upon recommendation of the project office.

5. BIDDING DOCUMENTS

5.1 GENERAL

The bidding documents are meant to provide a common base for potential bidders to submit their bids for a particular procurement. More importantly, precisely drafted bidding document has key role in subsequent success and smooth running of the project. The documents should clearly define the scope of works, goods or services, the rights and obligations of the Employer/Purchaser and Contractor /Supplier, and the conditions to be met, in order for a bid to be declared, valid and responsive. The evaluation criteria for selection of bidder should be clear, fair and non discriminatory. Difficult or restrictive conditions that will affect equal and fair opportunity to compete for contracts should be avoided. The use of standard bidding documents is important for the contracting parties having familiarity with the terms and conditions and therefore reacts favorably which lessens likely uncertainty and disputes. The use of approved Pakistan Engineering Council (PEC) documents are obligatory for works and services contracts where projects are to be funded under PSDP or either modes of local investment. For foreign funded projects, bidding documents of funding agencies may be used. Type of procurement where PEC documents are not approved /available, FIDIC documents or other recognized forms shall be used after approval of the competent authority. Various types of contracts recommended by FIDIC under different modes are given in Annexure 4.

5.2 BIDDING DOCUMENTS

The detail and complexity of the bidding documents vary according to nature and size of the contract but they generally contain the following major components:

1. Commercial; and
2. Technical Specifications and Drawings

5.2.1 Commercial

- i. **Invitation for Bid:** The IFB is used to invite potential bidders to present their bids for the project in hand, and it describes the Employer / Purchaser and source of financing and indicates the goods or works to be procured;

- ii. **Instructions to Bidders:** Provides information to bidders regarding procedure for clarification, bid preparation form, pricing and currencies, currency conversion mechanism, instructions on modification and withdrawal of bids, bid submission procedures, evaluation procedure for correction of arithmetical discrepancies in bids, Employer's / Purchaser's right to accept any bid and reject any or all bids; award criteria; notification of award and procedures for signing of contract;
- iii. **The Bid Data Sheet:** Complements or modifies the parameters of the Instructions to Bidders for the particular procurement including source of funds, eligibility requirements, number of copies to be submitted, language of the bids, instructions on modification and withdrawal of bids, bid submission procedures and bid validity period;
- iv. **Evaluation and Qualification Criteria:** This section specifies the criteria that the Employer will use to evaluate the bids;
- v. **The General Conditions of Contract:** Set out the general provisions of the contract between the Employer and the Contractor;
- vi. **Special Conditions of Contract:** Which complement, modify or supplement the General Conditions of Contract for the particular procurement;
- vii. **Schedule of Supply:** Which specifies the quantities, delivery locations and dates for the items required by the Employer / Purchaser; and
- viii. **Bidding Forms:** Which include the Bid Submission Sheet and Price Schedules, the Bid Security Forms, the Contract Agreement Form, the Performance Security Form, the Bank Guarantee Form for Advanced Payment and the Manufacturer's Authorization Form.

No changes should be introduced to the Instructions to Bidders and the General Conditions of Contract; however, all the necessary changes to address project specific issues shall be introduced only through bid or contract data sheets or through Special/Particular Conditions of Contract after considering its contractual, technical and legal implications.

5.2.2 Securities

Securities are used to ensure that bidder/contractor/ supplier shall perform their obligations during bid validity period and after award. These include bid and performance securities, retention money and advance payment securities. These may be provided in the form of bank guarantee, irrevocable Letter of Credit or other approved mode defined in the contract.

a) Bid securities

Bid securities are required to ensure commitment of the bidders for their bids. It assures compensation to the procurement agency for the time and money lost if the successful bidder fails to honor his bid and enter the contract. Bid securities may range between 1% to 3% of the engineer's estimate or the bid price. About 2% of the engineer's estimate / bid price is generally acceptable. The amount of the bid security may preferably be fixed and should remain valid beyond the bid validity period. A sample form establishing the acceptable wording should be included in the bidding documents. The bid security should be released upon:

- The expiry of the bid validity period; and
- Receipt of Performance Security by the successful bidder and signing of Contract Agreement.

b) Performance Securities

Performance securities are required as a condition of contract validity. The guarantee ensures that the contractor shall fulfill his obligations under the contract. The amount of the security should generally not exceed 10% of the contract price in the form of a Bank Guarantee issued by a scheduled Bank in Pakistan or in case of a foreign Bank, counter guaranteed by a scheduled Bank in Pakistan. The contract should define clearly the kind of defaults that would lead to the encashment of the performance security. Where there is no default, the performance security must be discharged after completion of the contract and expiration of the Defects Liability / Notification / Warranty period.

c) Advance Payment Security

It guarantees advance payment made by the contracting agency against the contractor's default. These are in the form of a bank guarantee or irrevocable

letter of credit for an amount equal to the advance payment and normally callable on demand. Securities must be denominated in the currency of the bid.

5.2.3 Contract Insurances

The provision of insurance cover for works contract is common practice to protect the Employer and the Contractor against specified losses or damages due to identified human and natural risks. It is a condition of the contract whereby the insurance company agrees to pay the insured or his designated beneficiary for a specified loss or liability, contingent on the occurrence of insured event.

The type and amount of insurance policies required to protect the parties to a construction contract must be determined for specific project. Many of the liabilities which may arise out of a construction contract may devolve on the Employer unless adequately protected contractually.

The type of insurance normally required in connection with construction contract may be outlined as follows:

- a) Works (including material and plant);
- b) Third Party / Public Liability; and
- c) Contractor's Personnel and Equipment.

All insurance covers/policies provided by the Contractors shall be got vetted from the office of General Manager, Insurance and Pension WAPDA, before acceptance.

5.2.3.1 Terms of Insurance Cover

The bidding documents should clearly state the terms of insurance cover. The insurance cover for works is usually the full replacement cost plus an additional sum of 15 % of such replacement cost to cover any additional costs incidental to the rectification of loss or damage.

The insurance for contractor's equipment shall be full replacement cost of the equipment. The Contractor shall also insure against accident or injury to his workmen.

Third party or public liability insurance should cover against

- Death or injury to any person; and
- Loss or damage to any property (other than works)

The insurance for works and third party liability shall be in the joint names of the Employer and the Contractor. The policy shall include a cross liability clause such that the insurance shall apply to contractor and to the employer as separate insured, in addition to other clauses/endorsements.

For large and complex works, opinion of legal experts is advisable while drafting the terms of insurance cover

5.2.3.2 Deductibles and Limits / Sub Limits

Deductibles are part of loss amount on lower part of the scale. The limit of deductibles should be specified in the contract data as it affects the amount of premium for specific insurance cover. The limit of deductible may as well be provided for contractor's risks. The limits / sub-limits, being part of loss amount on upper part of scale should not affect the replacement value of works or goods. Usually provision for sub limits shall not be provided against works insurance for events (floods, earthquake etc.). The cover may be sought against specified intensity of flood, earthquake and other events.

5.2.3.3 Mechanism of Claim Settlement

It is experienced that claim settlement with the insurance companies takes lot of time that seriously affect the progress of works after an event of liability under the insurance cover occurs. It is therefore important that terms of insurance explicitly provide appointment of loss adjuster and time limit for settlement of claims.

5.2.4 Technical Specifications and Drawings

Precise and clear specifications are prerequisite for bidders to respond realistically and competitively to the requirements of the Employer / Purchaser without qualifying or conditioning their bids. The specifications must be drafted to permit the widest possible competition, and at the same time make a clear statement of the required standards of workmanship for works to be executed, standards of plant, supplies and performance of the goods and services to be executed. Only if this is done, the objectives of economy, efficiency and fairness in procurement shall be realized, responsiveness of bids be ensured, and the subsequent task of bid evaluation be facilitated.

For the goods, plant and other supplies to be incorporated in the works, the specifications should require that these be new, unused, and of the most recent or

current models and that these incorporate all recent improvements in design and materials unless provided otherwise in the contract. For works contracts, a clause setting out the scope of works is often included at the beginning of the specifications, and it is customary to give a list of the Drawings. Where the contractor is responsible for the design of any part of permanent works, the extent of his obligations must be stated.

Samples of specifications from previous similar procurements are useful in this respect. In the procurement of works, specifications are usually written by the Employer or Consultants to suit specific contracts. There are no standard specifications for universal application in all sectors, but there are established principles and practices that are accepted. In the case of goods, depending on the complexity of goods and the repetitiveness of the type of procurement, it may be advantageous to standardize the General Technical Specifications and incorporate them in a separate section of the Bidding Documents. There are considerable advantages in standardizing general specifications for repetitive works in sectors such as roads, colonies, irrigation and water supply etc. where similar conditions prevail.

Care must be taken in drafting specifications to ensure that they are not restrictive. In specifications for standards of materials, execution of works, equipment, plant, workmanship and other supplies, international standards, particularly for ICB should be used as much as possible. In the case of procurement of goods or the Supply and Installation of Plant and Equipment, reference to brand names, catalogue numbers or other details that limit any materials or items to a specific manufacturer should be avoided as far as possible. Where unavoidable, such item description should always be followed by the words "substantially equivalent". Technical specifications in this instance should be descriptive and give the full requirements in respect of, but not limited to the following:

- a) Standards of materials and workmanship;
- b) Details of all factory tests (type and number);
- c) Details of all works required to achieve completion;
- d) Details of all pre-commissioning and commissioning activities to be performed by the Contractor; and

- e) Details of all functional guarantees required and damages to be applied in the event that such guarantees are not met.

The essential technical and performance characteristics and requirements, including maximum or minimum acceptable values, as appropriate, should be summarized in a specific section, to be completed by the bidder and submitted as an Attachment to the bid form.

The drawings should be clear having sufficient details and in conformity with technical specifications.

5.3 ALTERNATE PROPOSALS BY BIDDER

In case any bidder considers that he can offer any advantages to the WAPDA by a modification to the designs, specifications or other conditions, he may, in addition to his bid to be submitted in strict compliance with the Bidding Documents, submit any Alternate Proposal(s) containing (a) relevant design calculations; (b) technical specifications; (c) proposed construction methodology; and (d) any other relevant details / conditions, provided always that the total sum entered on the Form of Bid shall be that which represents complete compliance with the Bidding Documents.

Alternate Proposal(s), if any, of the lowest evaluated responsive bidder only may be considered by the relevant authority as the basis for the award of Contract to such bidder.

5.4 DOMESTIC PREFERENCE

5.4.1 General

A margin of domestic preference in evaluation of bids under international competitive bidding (ICB) shall be granted as per provisions made in the bidding documents. Criteria for domestic preference for works and goods contracts are mentioned in the ensuing paragraphs.

5.4.2 Works Contracts

In case of foreign funded projects, under International Competitive Bidding (ICB), provision for grant of margin of preference to domestic bidders shall be made in accordance with the procedure laid by the respective funding agency. The following aspects are generally considered:

- i. An individual firm shall be considered a domestic bidder for purposes of the margin of preference if:
 - It is registered in Pakistan and has more than 50 percent ownership by nationals of Pakistan; and
 - It does not subcontract more than 10 percent of the contract price, excluding provisional sums, to foreign contractors.
- ii. JVs shall be considered as domestic bidders and eligible for domestic preference only if:
 - The individual member firms are registered in Pakistan or have more than 50 percent ownership by nationals of Pakistan; and
 - The JV shall be registered in Pakistan. The JV shall not subcontract more than 10 percent of the contract price, excluding provisional sums, to foreign firms.
- iii. Bidders applying for such preference shall be asked to provide, as part of the data for qualification, such information, including details of ownership, as shall be required to determine whether, according to the criteria established by the Employer, a particular bidder or group of bidders qualifies for a domestic preference.
- iv. After bids have been received, responsive bids shall be classified into the following groups:
 - a) Group A: bids offered by domestic bidders eligible for the preference; and
 - b) Group B: bids offered by other bidders.
- v. For the purpose of evaluation and comparison of bids, an amount determined by multiplying specified percentage of margin of preference to bid amount shall be added to bids received from bidders in group B.
- vi. The margin of preference shall not exceed 7.5% of the bid amount excluding Provisional Sums.

5.4.3 Goods Contracts

The Employer may grant a margin of preference in the evaluation of bids under international competitive bidding (ICB) procedures to bids offering certain goods manufactured in Pakistan, when compared to bids offering such goods manufactured elsewhere. The bidding documents shall clearly indicate any preference to be granted to domestic manufactured goods and the information required to establish the eligibility of a bid for such preference.

The methods and stages set forth hereunder shall be followed in the evaluation and comparison of bids:

- i. For comparison, responsive bids shall be classified in one of the following three groups:
 - (a) **Group 'A' Bid.** (i) For Goods for which labour, raw materials and components from within Pakistan account for at least 20% of the ex-factory bid price of the products offered (ii) For Goods for which labour, raw materials and components from within Pakistan account for over 20% and up to 30% of the ex-factory bid price of the products offered (iii) For Goods for which labour, raw materials and components from within Pakistan account for over 30% of the ex-factory bid price of the products offered.
 - (b) **Group 'B' Bid.** For Goods manufactured in Pakistan for which the domestic value added in the manufacturing cost is less than 20% of the ex-factory bid price; and
 - (c) **Group 'C' Bid.** For Goods of foreign origin.
- ii. In preparing their bids, the bidders, whether local or foreign, shall enter in the Schedule of Prices ex-factory price for indigenously manufactured products and CIF price as well as customs duty and sales tax and other import charges for products to be imported from outside Pakistan.
- iii. In the comparison of evaluated Bids, the Goods manufactured in Pakistan, will be granted a margin of preference in accordance with the following procedures, provided the bidder shall have established to the satisfaction of Employer that the manufacturing cost of such Goods includes a domestic value

addition equal to at least 20% of the ex-factory Bid price of such Goods. Further, the following aspects shall be considered during evaluation:

- The comparison shall be Ex-factory price of the Goods to be offered from within Pakistan (such prices to include all costs as well as custom duties and taxes paid or payable on raw materials and components incorporated or to be incorporated in the Goods) and the DDP (CIF + Customs duty, sales tax and other import charges) Pakistan seaport price of the Goods to be offered from outside Pakistan.
- The lowest evaluated bid of each Group shall first be determined by comparing all evaluated bids in each Group among themselves taking into account:
 - a. In the case of Goods manufactured in Pakistan, sales tax, local body charges and other similar taxes which will be payable on the furnished Goods in Pakistan;
 - b. In the case of Goods of foreign origin offered from abroad, customs duties, sales tax and other import charges which will be payable on furnished Goods in Pakistan; and
 - c. In the case of Goods of foreign origin already located in Pakistan, customs duty, sales tax and import charges on CIF price as applicable herein above.
- The price preference to Group A bids will be in accordance with government of Pakistan, ministry of commerce SRO as mentioned below and subject to other provisions mentioned in the SRO:
 - a. 15% of the ex-factory bid price, if the value addition through indigenous manufacturing is at least 20%;
 - b. 20% of the ex-factory bid price, if the value addition through indigenous manufacturing is over 20% and up to 30%; and
 - c. 25% of the ex-factory bid price, if the value addition through indigenous manufacturing is over 30%.

The applicable price preference i.e., as mentioned above will be applied to Group A Bid.

- iv. In the case of single responsibility, supply and installation or turnkey contracts in which a number of discrete items of equipment is grouped into one contract package or in a bid package involving multiple items, the preference margin shall not be applied to the whole package, but only to the locally manufactured equipment within the package. Equipment offered from abroad shall be quoted CIF or CIP, and equipment offered locally EXW; and all other components, such as design, works, installation, and supervision, shall be quoted separately.

Bids should not be classified into groups A, B, or C. In the comparison of bids, only the CIF or CIP price in each bid of the equipment offered from outside the Pakistan shall be increased by specified percentage. No preference shall be applied for any associated services or works included in the package.

5.5 INTERNATIONAL COMMERCIAL TERMS (INCOTERMS)

INCOTERMS is a trade mark of International Chamber of Commerce (ICC) and represents the standard terms developed by ICC for use in international trade. These are a set of three-letter standard trade terms most commonly used in international contracts for the sale of goods.

It is essential that the procurement and contracts staff are aware of the terms of trade prior to entering into international contracts for procurement of goods. These terms as defined and finalized by ICC are reproduced hereunder:

5.5.1 Purpose of INCOTERMS

- i. To provide a set of international rules for the interpretation of most commonly used trade terms in foreign trade.
- ii. Scope of INCOTERMS is limited to matters relating to the rights and obligations of parties to a contract of sale with respect to delivery of goods sold.
- iii. INCOTERMS are primarily intended for use, where goods are sold for delivery across national boundaries.

In practice INCOTERMS are also incorporated in contracts for sale of goods within purely domestic markets.

5.5.2 Terms used for any Mode(s) of Transport

i. EXW (Ex Works)

“Ex Works” means that the seller delivers when it places the goods at the disposal of the buyer at the seller’s premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

ii. FCA (Free Carrier)

“Free Carrier” means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

iii. CPT (Carriage Paid To)

“Carriage Paid To” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

iv. CIP (Carriage and Insurance Paid To)

“Carriage and Insurance Paid to” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

v. DAT (Delivered At Terminal)

“Delivered at Terminal” means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. “Terminal” includes a place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

vi. DAP (Delivered At Place)

“Delivered at Place” means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

vii. DDP (Delivered Duty Paid)

“Delivered Duty Paid” means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

5.5.3 Terms used for Sea and Inland Waterway Transport

i. FAS (Free Alongside Ship)

“Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

ii. FOB (Free On Board)

“Free On Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the

goods are on board the vessel, and the buyer bears all costs from that moment onwards.

iii. CFR (Cost and Freight)

“Cost and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

iv. CIF (Cost, Insurance and Freight)

“Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

6. BID OPENING, EVALUATION AND AWARD

6.1 GENERAL

Bid opening, evaluation and award carries key importance in the whole procurement process. It is the step that can most easily be manipulated if one wants to favor a particular bidder. If the bids are not evaluated correctly and fairly, the process may lead towards failure, jeopardizing the trust and confidence of the bidders for competitive bidding.

Steps involved in the bid opening and evaluation process are as under:

- Bid opening;
- Preliminary examination;
- Determination of bid responsiveness;
- Correction of arithmetic errors;
- Application of evaluation criteria;
- Conversion to common currency;
- Quantification of omissions and deviations;
- Comparison of bids; and
- Preparation of evaluation report.

6.2 BID EVALUATION COMMITTEE

Bid evaluation for small works and goods contracts shall be carried out by the committee constituted by the authority competent to award the contract. For large works and goods contracts, evaluation shall be carried out by the consultants and reviewed by Project office, relevant sections of concerned Member and Central Contracts Cell (CCC). The persons involved in Bid evaluation shall be qualified and technically familiar to evaluate relevant components of the evaluation.

The consolidated evaluation report shall be submitted to the competent authority for the approval.

6.3 PRELIMINARY EXAMINATION

The bid examination phase shall start after public bid opening with a preliminary examination of the bids. Except for decisions about rejecting bids received after the closing time, which is mandatory for all late bids, other decisions about

whether a bid is compliant with bid document requirements should not be made during the bid opening. Errors may be made based on an incomplete reading or wrong interpretation of a bid, and a mistaken decision taken hastily in the presence of the bidders is awkward to correct later. Instead, after the bid opening has been completed, as its first step in the evaluation, the committee should make a thorough examination of all bids received.

The preliminary examination of bids determines whether the bids meet the general procedural requirements of the bidding documents. In particular, the bids shall be examined for their compliance with the following requirements, using the bidding documents as the reference point:

- Signatory of bid is an authorized person having power of attorney;
- Bid securities are in acceptable format, amount and duration;
- Bid packages contains all required documents including supporting evidence of bidder's eligibility and qualifications;
- Changes are initialed;
- The mathematical calculations are properly computed - if not, corrections should be made; and
- Bids should be complete and prices are quoted for items in the lot or package.

The purpose of this examination is to eliminate any bids from further and more complicated consideration if they do not meet the minimum standards of acceptability as set out in the bidding documents and are therefore not substantially responsive. However, the bids should not be rejected on trivial procedural grounds. For example, furnishing one more or one less than the required number of bid copies, or not using the form supplied in the bid document, but providing bid prices on a similar form on the bidder's own letterhead would also be minor discrepancies. These can be rectified through the clarification process without giving any benefit to the bidder and without prejudice to the interests of other bidders and need not be causes for rejection. Such discrepancies should be noted, however, decisions about their acceptance or rejection should be recorded in the bid evaluation report.

6.4 DETAILED EVALUATION

The preliminary examination stage of bid evaluation described above is aimed to ensure that the bids received are substantially responsive. A substantially responsive bid is one that conforms to all the terms, conditions and specifications in the bidding documents without material deviations, reservation or omission. After the preliminary bid evaluation stage, a detailed evaluation of bids is done in order to select the bidder whose bid not only complies with the technical requirements in bidding documents, but also offers the lowest price for the goods and works to be procured.

During the bid evaluation process following aspects should strictly be adhered to:

- Confidentiality;
- Rejection of any attempts or pressure to distort the outcome of the evaluation; and
- Conformation of the evaluation as per qualification criteria specified in the bidding documents.

6.4.1 Correction of Arithmetic Errors

Bids shall be checked carefully for arithmetic errors in the bid form to ensure that stated quantities and prices are consistent. The quantities should be the same as stated in the bidding document. The total bid price for each item should be the product of the quantity and the quoted unit price. If there is a discrepancy, the quoted unit price shall govern in recalculation. Prices spelled out in words shall take precedence over numeric quotations in case of differences. All arithmetic errors should be corrected and notified to each bidder of the detailed changes. The bidder must accept such arithmetic corrections or its bid will be rejected.

6.4.2 Conversion to Common Currency

In order to minimize the foreign exchange risk for bidders in ICB, bidder may be allowed to express its bid price in the currency or currencies of any country (say up to a maximum of three currencies in most cases). This provision effectively causes the Employer to carry the exchange risk rather than bidders and eliminates disadvantages some bidders would otherwise experience because of differences in strengths of bidders' currencies. However, it results in bids being presented in a

wide variety of currencies which must be converted to a single common currency before they can be compared.

In order to compare bids, the most common practice is to convert all bid prices in the local currency at the selling rate established for similar transactions by the Central Bank. The bid prices can also be converted into a currency widely used in international trade such as the US dollar or Euro as specified in the bidding documents. For works contracts, the entire bid may be required to be priced in the local currency with the provision that specified percentages of the total payment may be made in several other foreign currencies. In those cases, it will be more convenient to convert everything into local currency units for comparison purposes. The process and results are same in either case.

The Bid Data Sheet in the bidding document will specify a calendar date which may be the day 30 days before bid submission date as the reference date for currency conversions. It will also indicate the source to be used for obtaining exchange rate information for that date, usually the Central Bank official rates. These published rates for each currency of bid are applied to the quoted prices of each bidder to calculate the equivalent common currency figures for bid comparison purposes.

6.5 EVALUATION OF BIDS - WORKS CONTRACTS

Evaluation of bids for works contracts involves number of factors depending upon the size and complexity of contract. To make the evaluation process easier and transparent, it is essential to set out in bidding documents, well defined evaluation criteria and carry out the evaluation process in a transparent manner. If the evaluation criteria are not well defined, bidders may be reluctant to submit bids. The evaluation involves price and other factors, depending on the form of works contract being procured. Before proceeding for detailed evaluation, following preliminary examination shall be carried out:

- Is the bidder eligible to bid and registered with regulatory bodies in relevant category?
- Is it complete and submitted in required form?
- Is the bid accompanied by requisite bid securities?
- Does it comply with the specific mandatory requirement of the bidding?

Bids not qualifying the preliminary examination shall not be processed further. The selection of bids for a works contract generally involves following steps after preliminary examination:

- Arithmetic check;
- Qualification - experience, financial capability resources (equipment and personnel);
- Technical viability;
- Price and Financial evaluation; and
- Deviations.

Arithmetic check of three or four lowest offers which qualify preliminary examination shall be carried out. The arithmetic errors shall be dealt with in the manner set out in the bidding document. Usually unit rates quoted for items are taken as correct and all consequent multiplications and additions are arithmetically corrected.

Qualification of bidders in case of qualification on single stage two envelope basis shall be evaluated in terms of experience, financial capability and resources, net of other contractual commitments of the bidder. In case of prequalification, updated qualification shall be checked as per criteria laid down in the bidding documents.

Technical and financial evaluation and any deviation thereof to the requirement of the bidding documents shall be carried out as mentioned in the ensuing paragraphs.

6.5.1 Technical Evaluation

Technical evaluation of bid include the following aspects:

- Conformity with specifications;
- Temporary Works proposed and Construction Methodology;
- Intended Program;
- Key Personnel and Equipment; and
- Mobilization.

Detailed evaluation for all the technical aspects shall be carried out. Bids substantially not conforming to technical specifications / requirements shall be regarded as non responsive.

6.5.2 Price and Financial Evaluation

Price and Financial evaluation involve examination of unit rates, exceptional prices, errors and omissions. Overall and unit prices are compared with engineer's estimate and the key elements are given below:

1. Unbalanced Bid

For unit price contracts, a balanced bid is one in which each item is priced to carry its share of the cost of the work and also its share of contractor's profit. Occasionally bidders raise the prices on certain items and make corresponding reduction of the prices on others with the total amount of bid are unchanged. The result is an unbalanced bid. In general, unbalanced bids are undesirable. The purpose of unbalanced bidding is as follows:

- a. When the bidder believes the engineer's estimate for the quantities of certain items is low, by unbalancing his bid in favour of such items, he can secure an increased profit in the payment for the increased actual quantities of the work without increasing the apparent total amount of his bid proportionately.
- b. Unreliable bidders may increase the bid prices for the first items of work to be completed with corresponding reductions elsewhere in the bid with the intention of securing excessive payments on these items and then defaulting on the contract. This leaves the surety to complete the work which was underpriced.
- c. By unbalancing his bid in favour of the items which will be completed early in the progress of the work, the contractor can build up his working capital for the remainder of the work.

If a bid is determined to be seriously unbalanced, performance security of such bid may be increased to cater for Employer's risk in the event of contractor's default, as per provision generally made in the Instructions to Bidders.

2. Impractically Low Bid

If the lowest tender is determined impractically low rate, analysis of major work items should be sought from the bidder prior to acceptance of such bid. Acceptance of a bid which put the contractor to a considerable loss can lead to skimmed work or the contractor failing to complete the work. Performance security

of such bid may be increased if so established and provided in the Instruction to Bidders.

The chances of extremely low bids may be avoided by undertaking prequalification and holding pre bid meetings.

3. Deviations and their Quantification

Bids for works contracts may have deviation to the requirement of the bidding documents. The bids determined to have material deviations shall be regarded as non-responsive.

The Deviations may include exceptions, exclusions, conditions, stated assumptions and other changes to the requirements of bidding documents. Their degree of acceptability and impact on bid comparison will vary; some may be clearly unacceptable; some that are acceptable may be quantifiable in monetary terms; others may not be quantifiable but may still affect the competitive position of other bidders.

The first stage in evaluation is to decide whether the deviations in a bid are so material as to be unacceptable, and therefore are grounds for rejecting the bid. Fairness to the other bidders is a prime consideration. A bidder's deviation which, in itself or by its withdrawal or rectification, would seriously affect the competitive position of other bidders would normally constitute grounds for rejection of the entire bid. The following deviations may result in rejection of bids:

- Bid by a legal entity or joint venture different from that which was prequalified;
- The bid subject to price adjustment when fixed price bids were called for;
- The bid based on an entirely different alternative design where such had not been requested nor expressly permitted;
- Time phasing of contract construction or performance not conforming to prescribed critical key dates or "milestones" in a broader construction program; and
- Sub-contracting in a substantially different amount and manner than specified.

Deviations from the bidding requirements which may not appear initially so serious as to provide immediate grounds for bid rejection may be considered further in the evaluation process. The following are examples of such deviations:

- Advance payment and other payment terms differing from the prescribed conditions;
- Changes in specified methods of construction or execution (temporary works, shift work by labor, etc.);
- Subcontractors not meeting pre-specified requirements;
- Non-acceptance of full liabilities (e.g. risks to third parties, nearby structures, etc.);
- Modification of, or a limit to the amount specified for liquidated damages; and
- Proposed changes in standards or codes relating to materials, workmanship or design.

The details and implications of any deviations which are not explicit should be clarified by the Employer in discussion with respective bidders without change in the substance or price of the bids. After clarification the implication of a deviation may be such as to justify rejection of the bid as non-responsive. Each deviation having financial or economic implications should be quantified independently by the Employer and expressed in its expected monetary cost. The current monetary costs of deviations with time implications (e.g., modification payment terms, advances, varied construction or delivery periods, etc.) should be discounted to present values for evaluation purposes.

Deviations or offers which are better than the requirements of the bid specifications (e.g. higher quality materials and workmanship, modified designs, shorter construction periods, etc.) should only be regarded as benefits to the Employer and included in the evaluation if specifically solicited in the bidding documents.

Deviations which are minor or non-quantifiable (e.g., changes in subcontractors, access to site, land acquisition, sources of materials, etc.) should be assessed in terms of their reasonableness for acceptance or rejection taking into account fairness to other bidders and their impact on the implementation of the contract.

The ranking order of bids should be determined using the most probable monetary costs to the Employer of all quantifiable deviations. The contract should be proposed for award to the bidder submitting the substantially responsive lowest evaluated bid.

6.6 EVALUATION OF BIDS - GOODS CONTRACTS

The evaluation of bids shall be carried out on the basis of EXW (ex-works) price of goods offered from within the country or the CIF (named port of destination) price of goods offered from foreign country or other selected Incoterms basis, as specified in the bidding document.

6.6.1 Cost of Spare Parts

In the procurement of simple durable goods such as excavators, pumps, cranes, tractors, etc., the cost of initial and subsequent spare parts is very important as it adds up to a substantial part of the maintenance costs. Bidders should be required to include in the bid the price of spare parts over a specified period of time. These prices are added to the bid price when evaluating the bids. Bidders should also be asked to include the costs of maintenance and the supply of spare-parts.

6.6.2 Life Cycle Cost

Life cycle cost is the assessment of the initial acquisition cost plus the follow-on ownership cost to determine the total cost during the life of a works plant or equipment. In the procurement of equipment in which the follow-on cost of operation and maintenance are substantial, a minor difference in the initial purchase price between two competing bids can easily be overcome by the difference in follow-on cost. In these cases, it is most appropriate to evaluate bids on the basis of life cycle cost, as per provisions of bidding documents.

The follow on costs such as fuel, spare parts, maintenance and residual value should be discounted to net present value to make the proper comparison. In some situations such as the procurement of a major thermal power plant, the relative life cycle cost can be evaluated by capitalizing the differences in efficiency in the boiler, turbine, generator and transformer.

6.6.3 Deviations in the Bid

Bidding documents generally specify conditions and requirements some of which are mandatory and some of which are not. In some instances, bidders submit bids that deviate from the given specifications. Deviations include exceptions, exclusions, qualifications, conditions, stated assumptions, alternative proposals and changes to stated requirements. Deviations may either be material or non-material. Material deviations are:

- Those which affect the scope and quality or performance of a contract;
- Limits the purchaser's/employer's rights or bidders obligations; and
- Affects unfairly the competitive position of other bidders.

A bid which has complied with all the mandatory requirements of the bidding documents, but has minor deviations in respect of terms or conditions on the technical specifications, should be retained for more detailed evaluation and should not be rejected. On the other hand, one which is not substantially responsive because it contains material deviations or reservations to the terms, conditions and specifications in the bidding documents should not be considered further. In determining whether a bid is substantially responsive, apart from taking into consideration the general procedural issues, the bidder's compliance with the required technical specifications and the commercial aspects of the bid is also considered. Deviations may be clarified by bidders but not withdrawn.

6.6.4 Quantification of Deviations

In many cases, bidders will present bids that deviate from bidding document requirements, either accidentally or deliberately because they believe they gain a competitive edge as a result. Regardless of the reason, such omissions and deviations should be quantified in money terms whenever possible, to permit direct comparison with other bids.

In the case of omission of one or a few essential items from a bid, rather than rejecting the bid in its entirety, an estimated price for these items may be obtained from printed parts and price lists, if available, or from the quoted prices of other bidders. In the latter case, a price representing the average of several other bidders for the corresponding item(s) should be used rather than the lowest or highest figure.

The most common deviations in bids are proposals for different commercial terms; i.e., for amounts of advance payments, changes in payment schedules, etc. and for changes in the schedule of delivery of goods. These can usually be adjusted by applying an appropriate discount rate and converting them to their equivalent present worth to equalize them with non-deviating bids. No advantage should be given to a bid offering an earlier delivery date than is specified in the bid document. Any bidder offering a delivery date that goes beyond a final acceptable cutoff date specified in the bidding document should be rejected as a non-responsive bid, irrespective of the offered price.

Another form of bid deviation is to offer a higher capacity or standard of performance than is required by the bidding document: a larger engine size, greater carrying capacity, etc. No additional bonus or advantage should be given to such offers unless the bid document specifically provides for this and sets out how the differences will be evaluated. In the case of power generating equipment, process plants, etc., bid documents should always include evaluation criteria and procedures which take into consideration the value of additional capacity, higher efficiency, lower production costs, etc. The bid document is the authoritative source for determining whether various kinds of deviations are acceptable in a particular case. If it does not specifically rule out or set limits on commercial deviations, these can be evaluated on present value calculations. Specifications and Bid Data Sheets should indicate if technical deviations are acceptable and, if so, what criteria and procedures should be used for their evaluation.

6.6.5 Extension of Bid Validity

Bidders are required to keep their offers valid for a specified period to allow the Employer to examine and evaluate offers, select the lowest evaluated bid, obtain the necessary approvals from the competent authorities and obtain no objection letter from the donor agency, in case of foreign funding, for the proposed award of the contract. Bids should thus remain valid for the period stated in bidding documents, usually until the final award of the contract to the lowest evaluated bidder is made. A bid that is valid for a shorter period than required by the bidding documents should be rejected as non-responsive.

Where there is a delay in bid evaluation, the Employer may request bidders to extend the period of validity of their bids. However, such extension should not be more than period equal to the period of the original bid validity (PPRA rule 26).

If bidders who submitted low bids do not extend their bid validity, option of 2nd lowest bid may be exercised after approval of the competent authority.

6.6.6 Rejection of all Bids

All the bids may be rejected on the following grounds:

- i. Where the price in the lowest evaluated bid exceeds the cost estimates by a substantial margin;
- ii. When all the bids received are not responsive to the requirements in the bidding documents; and
- iii. Where the received bids reasonably conclude that there is lack of competition.

Where all the bids are rejected, the bidding documents should be reviewed and appropriate revisions may be made.

6.6.7 Award of Contract

Notification of award of contract (Letter of Acceptance) shall be issued to the lowest evaluated responsive bidder after approval of the competent authority and receipt of No Objection Letter (NOL) in case of foreign funding agency. Notification of award shall include contract form with the request to return the signed contract together with required performance security with in time specified in the bidding documents. Notification shall include any Memorandum of Understanding (MoU) as a result of clarifications. If the successful bidder fails to return the signed contract or provide the required Performance Security, the bid security shall be forfeited and may be proceeded to offer the bid to 2nd lowest bidder after approval of competent authority.

7. CONTRACT MANAGEMENT

7.1 GENERAL

Contract management is a critical function that starts with the award of the contract to the successful bidder. It consists of ongoing monitoring of performance and managing all the activities in line with the contract provisions with regards to quality, time schedule, measurement and payment, scope and cost of the project. It includes managing of relationship with the Contractor and resolution of disputes that may arise, professionally and on the principles of fairness and justice.

7.2 WORK PROGRAM AND PROGRESS

The Contractor is obliged to provide work program with resource schedule and work methodology within time stated in the contract and update and/or revise the same depicting the actual progress at given intervals as and when required. The Engineer shall give consent to the program submitted by the Contractor or return it with the remarks to resubmit by accounting for the comments. For example, the influence of weather may be an important factor to take into account especially if the contract involves substantial earthwork and concrete construction. Certain key activities may have to be planned in limited and particular time of the year. The work program is an essential requirement to monitor progress of the work and plan out possession of site, drawings etc. Any delay shall be timely addressed, in accordance with the contract provisions, to meet the scheduled completion of the project.

If at any time it should appear to the Engineer that the actual progress of the Works does not conform to the programme to which consent has been given, the Contractor shall produce at the request of the Engineer, a revised programme showing the modifications to such programme necessary to ensure completion of the Works within the time of completion.

7.3 MEASUREMENT AND PAYMENTS

7.3.1 Measurement of Quantities / Engineer's Representatives

It is advisable that the Engineer / Engineer's representatives should take the lead in assessing final quantities. He or his representatives should supply quantity calculations to the contractor (or his quantity surveyors) and request agreement, or the contractor may supply his quantity calculations for the engineer to check and the engineer may find it difficult or impossible to find out why some contractors' quantities differ from his own.

Some items will need measurement in the field, such as trench depths for pipelines, excavation and mass concrete to foundations, etc. This may be done by the engineer's staff representative who agrees the measurement with the contractor's staff, a written advice note being sent immediately to the contractor giving the agreed figures. Sometimes joint measurement is arranged. Other quantities can be taken from the drawings if no variation has occurred.

If the work does not comply with the specifications that it cannot be accepted, no payment should be certified for it. If the contractor has agreed to do some remedial work that will make it satisfactory, some partial payment can be made depending on the circumstances.

7.3.2 Payments

1. Interim Payment Certificate (IPC)

The Employer is obliged to make regular payments to the Contractor based on the quantum of work done at monthly or other intervals specified in the contract. The amount of work done is measured by the Engineer under the contract, and valued in accordance with the terms of the contract. The Engineer then issues Interim Payment Certificate (IPC) showing the amount which the Employer should pay to the contractor. The contract conditions usually require certification by the engineer within 28 days of the contractor's submitting Interim Payment Application (IPA) and payment made by the employer within 28 days after certification. If payment is delayed, the contractor can charge interest on the overdue payment at specified rate in the contract.

The Engineer should try to agree quantities, or the value of work done, with the contractor before certification. The contractor will need to be warned that if he

submits quantities or items for payment which have not been prior agreed, there will be no time for the Engineer to hold discussions on them and he will substitute his own measurement or amount payable in lieu thereof. The contractor should be required to submit at least two copies of his interim payment application in a standard form approved by the Engineer.

The payments at monthly or other intervals are interim in nature and can be adjusted for in a subsequent month or interval if found to be wrong. Only the final account decides the amount due under the contract.

2. Final Payment Certificate (FPC)

The Contractor shall submit draft Final Statement with supporting documents within specified time period after the issuance of Defects Liability Certificate (DLC) / Performance Certificate (PC). After review by the Engineer, the Contractor shall submit further information if so required by the Engineer. After mutual agreement, the Contractor shall also submit written discharge confirming that total of Final Statement represents full and final settlement. The Engineer then issues Final Payment Certificate within specified time. However, if there is disagreement between the Engineer and the Contractor or a dispute exists upon discussion between the Engineer and the Contractor, the Engineer shall issue Interim certificate for agreed parts of Draft Final Statement.

7.4 VARIATION ORDER, DAY WORKS AND CLAIMS

When work under variation order has been ordered then, if any of such additional work has been done by the contractor, there should be some on account / provisional payment for it in the next interim payment certificate even if the rates for such works have not been agreed.

Day works charges which have been checked and agreed by the Engineer / Engineer's representative will also need to be included in the next interim certificate for payment.

Partial or 'on account' payments can arise in respect of claims submitted by the contractor which may be valid in principle but not sufficiently detailed to support the full claimed figure. Nothing should be certified in respect of a claim insufficiently detailed for it to receive any consideration but amounts may be included where sufficient details are provided to justify some payment. However,

payment for any claim shall be made after obtaining approval of competent authority.

7.5 SECURED ADVANCE FOR MATERIALS ON SITE

The contract conditions may permit payment to be made to cover part of the cost to the contractor's cash flow situation. In contracts that contain such a provision, bidder can be expected to reduce their price in anticipation of the expected financial benefit. Any such payments should be subject to clearance of the specified tests and fulfillment of other contract requirements.

7.6 PRICE ADJUSTMENT

The contracts with duration of more than 6 months usually contain a price adjustment clause for the risk of rising prices due to inflation.

The formula applies the indices via various weightages given to labour, plant, and specific materials in estimated proportions to their use in the works being built. Standard types of formulae are included in the contract. At each interim payment the formula is applied using the latest published indices to give a multiplier representing the change in construction prices since the base date for the bid. This is applied to the value of the work done and certified for payment during the month. The cumulative total of these monthly additions represents the allowance for price adjustment for work done to date.

Correction may have to be applied if, as is often the practice, 'interim' indices are first published, followed later by 'final' values.

7.7 RETENTION AND OTHER MATTERS

The retention money as stated in the contract, should be deducted from the total amount calculated as due to the contractor in interim payment certificates for work done. When Taking Over Certificate (TOC) is issued, the retention is reduced, as specified in the contract, for that portion or whole of the works to which the certificate applies, the amount so released being paid to the contractor. During the defects liability/notification/correction period which is stipulated in the contract, the contractor undertakes to correct all matters listed by the engineer as needing remedial action. The remainder of the retention shall be released after the issuance of Defects Liability Certificate (DLC).

7.8 VARIATIONS

A variation or change to the contract is necessitated on technical or some other grounds that may arise during implementation stage of a contract. It may be required due to additions or reductions in scope of work, items not existing in original BOQ, change in specifications, programming (acceleration or deceleration) etc. it may come up due to unforeseeable site conditions, change in Employer's requirements, reasons outside control of contractual parties. The purpose of the variation is to effect such changes which are needed for completion of a work or project for its intended use. The variations should not alter the nature of a contract, large deletion or additions that may change content of the contract shall, therefore, be avoided. After issuance of TOC, variation order for any new works should not be issued.

7.8.1 Change in Existing Quantities

A variation order shall not be required if the variations are only a matter of changes in quantities up to a limit. The tolerance of changes in quantities is normally defined in the conditions of contract. Such changes shall be measured and paid for as per the existing rate. If the changes exceed the tolerance as described in the contract provisions, the rate of the item may need revising upward or downward, as the analysis depicts. A variation shall be issued in such a circumstance.

7.8.2 Appropriation Request

The Engineer shall prepare an Appropriation Request (AR) stating justification of the variation required, cost estimates of the varied items, drawings and specifications, extension of time involved or not and permissibility and procedure for price adjustment or otherwise. The formats of appropriation request and variation order are attached at Annexure-5 and Annexure-6, respectively. The cost estimate shall include analysis of rates if variation is for new work. It shall be based on existing rates or their basis as much as possible.

The Engineer for variation, beyond his competency, shall require approval of appropriation request by the Employer as defined in the Contract which is usually 2% of the contract price stated in the letter of acceptance.

7.9 DISPUTE RESOLUTION

Arising of dispute is not uncommon during implementation of large and complex construction contracts. A large number of disputes can be avoided by exercising proper care in the preparation of tender documents and careful handling of the contracts. Disputes generally arise in interpretation of contract clauses, rates under a variation, extension of time and cost claims or non-acceptance of Engineer's determination/decision by either of the parties to the contract. All the construction contracts provide a mechanism for the resolution of disputes.

A general course of action for settlement of disputes is described as follows:

- i. Reference of matter in dispute, in the first place, to the Engineer or the Dispute Adjudication Board (DAB) as applicable under the Contract;
- ii. Engineer's / DAB's decision within specified time;
- iii. If either of the parties to the contract is not satisfied, with the Engineer's / DAB's decision or decision is not given within specified time, shall give notice to the other party of its dissatisfaction under the relevant contract provisions;
- iv. The decision of Engineer/DAB shall become final and binding if no notice of dissatisfaction is given by either of the parties within given time;
- v. Where notice of dissatisfaction is given, both the parties shall attempt to settle the dispute amicably before commencement of arbitration, within the specified time; and
- vi. The dispute not settled, as above, shall be referred to arbitration.

7.9.1 The Selection of Arbitrator

The tribunal of arbitrators may consists of one member, agreed by both the parties, or three members, one nominated by each party and the two so chosen select an independent third member as an umpire. In selecting arbitrators, it is of primary importance that they should be qualified technically to the subject matter of dispute and also that they be familiar with the arbitration procedure and the law under which it is to be conducted. The arbitrator(s) should be impartial persons with known integrity. They should not be financially interested in the contract or in business affair of either of the parties to the dispute.

7.9.2 Arbitration Proceedings

Before the arbitration proceedings begin, the arbitrator(s) should swear to hear and examine all evidence in dispute and to make a fair award to the best of their ability.

In conducting the hearing, the arbitrator(s) have the power to summon witnesses, records, documents and other evidence as in a law suit. Testimony may be taken under oath subject to examination, cross examination and re-examination.

The complaining party who initiated the arbitrator submits his testimony supported by witness and defending party is entitled to cross examine, likewise the evidence of the defending party is submitted and subjected to cross examination.

After the submission of all evidences, both the parties may be permitted to summarize the arguments in support of their respective contentions. At any time during the proceedings the arbitrator or the parties to the dispute may apply to court for the determination of any question of law.

7.10 CONTRACTUAL REMEDIES

Remedies are the means by which a contractual right is enforced or by which breach of contractual right is prevented or compensated when the contract is not being performed properly, or Contractor's performance is otherwise unacceptable. The Employer after certification/recommendation by the Engineer may apply such remedies as delay damages, encashment of performance security and termination of contract etc.

Similarly, remedies for contractor may include suspension or termination due to delayed payments by the Employer. The project office shall submit all such cases with their due analysis and recommendations through office of concerned Member to Central Contract Cell (CCC) for their advice. Approval of the competent authority (i.e. the authority competent to accept the tender) shall be required to exercise these contractual remedies.

7.11 MAINTENANCE OF RECORD/ FILES

All auditable contractual and technical record including as-built drawings/data/manuals shall be maintained as per Authority's instructions/Rules. The under mentioned record should be maintained in proper filing system both manual and computerized in pattern or similar pattern described hereafter.

7.11.1 Pre Award

- i. Copies of public advertising;
- ii. Prequalification documents;
- iii. Bid documents and addenda;
- iv. Records of any pre-bid meeting;
- v. Bid opening minutes;
- vi. Bid evaluation results including summary rating sheets; and
- vii. Signed copy of contract agreement;
- viii. Copies of the insurance cover, original performance security and advance payment guarantees etc.

7.11.2 Post Award

- i. Contractual notices issued by the Employer/ Contractor, Purchaser/ Supplier;
- ii. All changes or variation orders issued;
- iii. Records of the measurements and payments;
- iv. Certifications of inspection, acceptance tests etc;
- v. Claims, disputes and their outcomes; and
- vi. Contemporary records and equipment and labor returns required under the contract.

7.11.3 Preservation of record/ files

All contractual records shall be preserved till the closing of the Contract plus a minimum of one year. However the important documents/technical records will be retained for full life of the project.

7.12 CONTRACT CLOSURE

Upon completion of Defects Liability Period (DLP) or Defects Notification Period (DNP) and issuance of Defect Liability Certificate (DLC) or Performance Certificate (PC), Discharge Certificate and certification and payment of final statement, the contract shall be closed. The contract may not be closed if any dispute between the parties remains outstanding. Any security (e.g. performance security) shall be returned in accordance with the terms of the contract. Further completion report of the project shall also be prepared by the Consultant/the Engineer and submitted to the concerned Member.

8. PROCUREMENT OF CONSULTANCY SERVICES

8.1 GENERAL

The success of a project mostly depends upon consultants' professional competence, ability and integrity. The selection of consultants is therefore a very important decision during design and execution stages of a project. Their selection cannot be made on price based competitive bidding like procurement of equipment and goods wherein specifications may be prescribed precisely. For procurement of consultancy services, suitable performance specification for physical aspects of project shall be written. The factors such as extent of investigations, consideration of alternative design, quality of design and level of innovativeness can't be quantified. The quality should therefore be prime factor in the selection of consultants.

PPRA rules issued vide SRO.1077 (I)/2010 dated November 26, 2010 shall be applicable for all such projects financed by local funding. For foreign funded projects, in case of any conflict with these rules, financing institution provisions or agreement shall prevail to the extent of such conflict as prescribed under Rule-5 of Public Procurement Rules, 2004.

8.2 METHODS OF PROCUREMENT

Method of Procurement of Consultancy Services depends upon nature, size and complexity of works, goods or other tasks for which Services are required. Following common methods may be used considering quality, time and other aspects:

- Quality based Selection (QBS);
- Quality and Cost Based System (QCBS);
- Fixed Budget Method;
- Least Cost Method(LC);
- Single Source or Direct Selection; and
- Individual Consultant.

8.2.1 Quality Based Selection (QBS)

This method is appropriate for complex and high value projects of national importance or special trainings. In this method Consultants are selected on basis of

all the factors listed herein below without cost aspect. However, rationality and fairness of fee structure shall be examined before award of contract:

- Professional competence;
- Managerial ability;
- Availability of resources;
- Professional integrity; and
- Quality assurance system.

8.2.1.1 Professional competence

The competent professional Consultants shall have the team of experts having requisite education, training, experience and innovativeness.

The examination of professional competence shall be evaluated by examining:

- The detailed resumes of key staff members and their relevant experience on similar assignments;
- The list of similar projects carried out by the firm and present staff;
- The approach and methodology for the proposed assignment; and
- Additionally the Client may validate the performance on similar projects with previous clients and examine the history.

8.2.1.2 Managerial ability

The Consultants must have managerial skills to match the size and type of project with regard to adequate resources, having maintained schedule for carrying out the assignments in the most efficient manner. The managerial ability shall be examined on the following grounds.

- Previous projects' performance record;
- The documentation and project control procedures which guide the performance of the Consultants' services;
- The success record of the proposed project manager on previous projects;
- The project management and quality control approach proposed for the new assignment;

- The progress reporting and client communication techniques proposed for the assignment; and
- The success rate on previous projects of the consultant in transferring technology

8.2.1.3 Availability of Resources

It is important that the Consultants have sufficient financing and manpower resources net of other contractual commitments to carry out the project to necessary details and standards within schedule time and costs. The sufficiency of resources may be verified by the following:

- The number of qualified professional and managerial personnel committed to the project team;
- The deployment of the project staff and how the team will be organized with lines of responsibility;
- The staff commitments to other works for the duration of the proposed project;
- The new assignments of projects of a similar size conducted by the Consultant;
- The credit worthiness of the firm;
- The ready access to supporting resources; and
- The proximity of the firm's offices to the proposed work.

8.2.1.4 Professional integrity

Mutual trust and integrity establish the relationship essential for the success of project. If absolute trust exists between the Client and the Consultants and both parties have integrity, then the project will run more smoothly, the results will be better and both parties will be comfortable.

8.2.1.5 Quality Assurance System.

The quality of services has paramount importance to the Client. It should be clearly defined and understood by both the parties. The Consultants must possess well organized quality management system in place which should reflect in their work methodology.

8.2.2 Quality and Cost Based System (QCBS)

This method shall be used where quality is the prime consideration while cost is the secondary consideration. The selection of the consultants is made on the basis of all the factors listed for QCBS with a weightage for cost that may vary from 10 to 30%. The minimum passing score for quality varying from 70 to 90 %, depending upon complexity of project, shall be specified. The financial proposals of the firms' not qualifying threshold for technical points are not opened and returned. In WAPDA projects, this method is adopted in most of the cases.

8.2.3 Fixed Budget Method

This method shall be used only when the assignment is simple, can be precisely defined and when the budget is fixed. The RFP shall be issued to short listed firms indicating the available budget including taxes. Technical and Financial proposals shall be sought in separate envelopes.

The TOR shall be precise and should clearly state the services required. Selection is then made on the basis of the best quality proposal. The proposals that exceed the indicated budget are rejected.

8.2.4 Least Cost Method

This method is used when the cost is the important factor in selection of the Consultants. However the evaluation methodology applied is to determine the lowest priced proposal, which meets the minimum quality standard set by the procuring agency in the RFP document. This ensures that the procuring agency procures consultancy services of the required standard, but does not pay more than necessary for those services.

8.2.5 Single Source or Direct Selection

This method shall be used only in exceptional cases, such as in emergency or where only one consulting firm/joint venture is qualified or in cases for continuation of previous services. Consultant, who have proven satisfactory performance and has a fairness of fee structure, shall only be considered under this method.

8.2.6 Individual Consultant

Individual consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Individual consultants are selected on the basis of their qualifications for the assignment. Consultants shall be selected through comparison of qualifications among those who have expressed interest in the assignment or have been approached directly. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications.

Individual consultants may be selected on a single-source basis with due justification in exceptional cases such as: (a) tasks which are continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) emergency situations resulting from natural disasters; and (c) when the individual is the only consultant qualified for the assignment.

8.3 TYPES OF CONTRACT

There are basic two types of contracts as given below;

- Lump Sum Contract; and
- Time Based Contract.

The selection of type of contract shall be decided keeping in view their appropriateness in different conditions as detailed below;

8.3.1 Lump Sum Contract

Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. These are suitable for relatively simpler and short duration assignments. Payments are linked to outputs (deliverables), such as reports, drawings, bill of quantities, bidding documents, and software programs. These contracts are easy to administer because payments are due on clearly specified outputs.

8.3.2 Time-Based Contract

This type of contract is appropriate when it is difficult to define the scope and the duration of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances. This type of contract shall include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration, provisions for price adjustment and foreign exchange parity where appropriate. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and that payments claimed by the consultants are appropriate.

8.4 PROCUREMENT PROCEDURES

8.4.1 Expression of Interest

The advertisement for Expression of Interest (EOI) shall be published in at least two national dailies if the services are to be hired locally and in international newspaper / website / journals when international consultants are required. A minimum of 15 days for National Competitive Bidding and 30 days for International Competitive Bidding shall be given for submission of EOI.

8.4.2 Short listing

The EOI shall be examined to establish a shortlist of consultants. There will normally be a minimum of three (03) consultants in the short list but there is no upper limit for number of firms to be short listed. The criteria for short listing shall include the factors as qualification, experience and other relevant factors for a particular assignment.

8.4.3 Request for Proposal (RFP)

Request for Proposal shall be invited from the short listed firms. The RFP should contain the following:

- Letter of Invitation (LOI);
- Instructions to Consultants (ITC);
- Terms of Reference (TOR) and Data Sheet; and
- The Proposed Agreement.

8.4.3.1 Letter of Invitation

The LOI shall state the Client's intent for an agreement for provision of required services. It shall include the source of funds, basis of selection, the date, time and address for submission of proposal and pre-proposal meetings.

8.4.3.2 Instructions to Consultants (ITC) and Data Sheet

The ITC has standard formats. The data sheet complement and supplement the provisions in the ITC and shall contain any amendment / addition to the ITC. It shall include adequate information in respect of the following:

- The contact person of the Client;
- Criteria for selection;
- No. of copies, maximum pages, language etc.;
- A clear statement of the information required from the consulting firm. This would normally include details such as:
 - Previous experience with projects of a similar nature;
 - Organizational setup;
 - Quality management system;
 - Proposal validity;
 - Project methodology, availability of resources; and
 - The alternatives to be considered (innovativeness).

8.4.3.3 Terms of Reference (TOR)

It is important that TOR for provision of required service is clear and unambiguous. It shall define clearly the objectives, goals and scope of the assignment and provide background information (including a list of existing studies and basic data) to facilitate the consultants' preparation of their proposals. If the transfer of know-how or technical training is required, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable the consultants to estimate the required resources. The TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs (reports, designs, tender documents, drawings, investigations, surveys etc.) However, the TOR should not be too detailed / exhaustive and inflexible, and should be such that competing consultants may propose their own methodology and staffing. The client and consultants responsibilities should be clearly defined in the TOR. The firms should be encouraged to comment on the TOR in their proposals.

The minimum information required in the TOR is summarized below:

- Background;
- Objectives of Assignment;
- Scope of services, tasks (components);
- Transfer of know-how terms (if applicable);
- Training requirements (if applicable);
- Investigations, surveys etc;
- Expected deliverables (reports, designs, tender documents, drawings etc);
- A time schedule and phasing of the assignment;
- Regional factors such as geographic location, language, and logistics etc;
- The expected input of key professional staff (staff time) required of the consulting firm with indications of minimum experience, academic degrees, and so forth; and
- Client's Input and Counterpart Staff.

8.4.3.4 Proposed Agreement

The proposed agreement shall include besides all general terms and conditions special clauses regarding type of agreement, deliverables, the time schedule, payment terms and other conditions applicable under the proposed engagement.

8.4.4 Receipt and Opening of Proposals

The date and time of proposal shall be recorded and proposals shall be kept in safe place until they are opened. Any proposal received after the closure date, time shall be returned unattended. After the deadline for submission, the proposals shall be opened without delay. The envelope containing financial proposal shall be retained unopened until the technical evaluation is completed.

The consultants invited to submit proposals should be invited to attend pre-proposal and the opening of both technical and financial proposals. Minutes shall be prepared and signed by the legal representatives of both the client and the consultants, at the time of opening.

8.4.5 Evaluation of Proposals

The proposals shall be evaluated and ranked against the basis of selection outlined in the RFP. In order to have transparency and fairness in the evaluation, following process shall be adopted:

- Formulation of evaluation committee. The committee should contain members having expertise in the areas of specific discipline; and
- Individual's score sheets shall be documented and retained as a record of selection process.

If the project size and complexity warrant it, the Client can include in the evaluations: interviews of key consultant team members; a visit to the consultant's premises; discussions with consultants past clients.

8.4.5.1 Technical

The evaluation of technical proposals shall be carried out taking into account various criteria, as set out in the RFP, which shall include the following:

- i. The consulting firm's relevant experience for the assignment;
- ii. The quality of the methodology proposed;

- iii. The qualification of the key staff proposed;
 - iv. Training or transfer of know-how provisions (if applicable);
 - v. The extent and quality of participation by National Consulting firms in the assignment (in internationally financed projects); and
 - vi. Overall quality of presentation
- Each criterion shall be marked and the marks shall be weighted to become scores.
 - These criteria shall normally be divided into sub criteria. For example, sub criteria under methodology might be innovation and level of detail. However, the number of sub criteria should be kept to essentials only.
 - When the assignment depends critically on the performance of key staff, such as a project manager in a large team of specified individuals, it may be desirable to conduct interviews.
 - The evaluation shall be carried of each proposal on the basis of its responsiveness to the TOR. A proposal shall be considered unsuitable, and shall be rejected at this stage if it does not respond to important aspects of the TOR or if it fails to achieve a minimum technical score (threshold) specified in the RFP.

8.4.5.2 Financial

a. Quality based selection (QBS)

The financial proposals, only the one corresponding to the best placed technical proposal shall be opened and examined as the basis for negotiations. The other financial proposals must be returned unopened once a contract has been concluded.

b. Quality and Cost Based Selection (QCBS)

The evaluation of the proposals shall be carried out in three stages:

- Technical Proposals (same as explained earlier in the chapter);
 - Financial Proposals; and
 - Combined Technical and Financial.
- **Financial Proposal**

- i. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation including any clarification and competent authority's approval is accomplished. Financial proposals shall be opened following completion of technical evaluation. Both evaluations shall be carried out in full conformity with the provisions of the RFP.
- ii. After the evaluation of the technical proposals is completed, as soon as possible, those consultants whose proposals did not meet the minimum passing score or were considered non-responsive / non-conforming with the RFP and TOR shall be notified that their financial proposals will be returned unopened after the completion of the selection process.
- iii. The consultants who have secured the minimum passing score shall be notified, indicating the date and time set, for publicly disclosing the technical scores and opening the financial proposals. The opening date shall be as soon as appropriate after the notification date, allowing consultants' sufficient time for making travel arrangements, etc. as necessary.
- iv. The financial proposals shall be opened publicly in the presence of representatives of consulting firms who choose to attend. The names of the consulting firms, their technical scores and the proposed prices shall be read aloud and recorded when the financial proposals are opened.
- v. The financial proposals shall be reviewed thereafter if there are any arithmetical errors, they shall be corrected in front of the competitors. For the purpose of comparing proposals, the costs shall be converted to a single currency (local currency or fully convertible foreign currency) and stated in the RFP. The RFP shall specify the source of the exchange rate to be used, and the date of exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original deadline for submission of proposals.

- vi. For the purpose of evaluation, 'cost' shall exclude taxes, but shall include other reimbursable expenses, such as travel, translation, report printing or secretarial expenses.
 - vii. The proposal with the lowest cost will be given a financial score of 100, and the other proposals given scores that are inversely proportional to their prices, i.e., if the lowest conforming price is C_1 , then the score for price C_2 is $(C_1/ C_2) \times 100\%$.
- **Combined technical and financial**
 - The total score shall be obtained by weighting the technical and financial scores adding them. The respective weightings for quality and cost shall be as specified in the RFP.
 - If the scores for quality and cost as percentages are Q and C and the weighting for cost is W (e.g., 20% , '0.2' is used in the formula for W) then the combined score becomes:

$$\text{Score} = (1-W) Q + WC$$

8.4.6 Selection of the Consulting Firm and Negotiations

The consulting firm which obtained the highest total score (weighted technical plus weighted financial score) shall be invited for negotiations. Negotiations shall include discussions of the TOR, the methodology, staffing, client's inputs and any special conditions of the agreement. Only minor changes shall be made, if necessary. Financial negotiations shall include clarification of the consulting firm's (or each partner) tax liability in the country of the investment, and how this tax liability has been or would be reflected in the agreement.

If the negotiation fails to result in an acceptable agreement, the client shall terminate the negotiations and invite the consulting firm with the next highest total score. The first invited firm shall be informed of the reasons for this termination and the negotiations with the same firm shall not be reopened. Negotiations shall be conducted in an atmosphere of cooperation. This will strengthen and build the confidence and trust which are absolutely essential to a healthy relationship with parties to the contract.

8.4.7 Agreement

Relevant PEC approved form of contract(s) as mentioned in the RFP with project special provisions, shall be used for all procurement by local financing. For foreign funded projects, donor agency form of agreement may be used as per provisions in the RFP.

The final TOR and the agreed methodology shall be incorporated in the scope of work. The selected firm should not be allowed to change the key staff or any major items included in its proposal, unless both parties agree that undue delay in the selection has made it necessary.

8.5 CONTRACT MANAGEMENT

The Employer's representative shall monitor and ensure that services rendered by the consultants are in conformity with the TOR in respect of quality and timely provision. A format of key activities and time schedule of deliverables for different phases and actual provisions thereof shall be developed for each project. The performance shall be evaluated and timely measures for any lapse on part of consultants shall be taken. Employer's liabilities under the contract provisions shall also be fulfilled in timely manner. Periodic meetings are helpful to monitor progress and address any issues arising in a professional manner.

Any modifications / amendments that may require during the currency of contract shall be made with due diligence and in accordance with contract provisions.

9. SELECTION AND EMPLOYMENT OF AGENT(S)

9.1 GENERAL

The hiring of agents is normally done for specialized form of service. WAPDA may under certain circumstances choose to authorize an external source, a third party, as its representative for the purpose of purchasing materials, hiring of employees (HR Agents), head hunting, identification, selection and purchasing land or building, providing clearing and forwarding services or any other advisory / consultancy services, to be paid for by WAPDA. The party so appointed/engaged for this purpose, becomes the agent of WAPDA and can bind WAPDA to contract for the task assigned to it. The agent can obligate WAPDA to third parties, even though it exceeds the authority in a particular instance. It is therefore, imperative that utmost care be taken while such agreements are drawn and formally concluded.

9.2 PROCEDURE FOR SELECTION OF AN AGENT

The selection and employment of agent will normally be carried out on the same procedures as mentioned in chapter for engagement of Consultants. The short listing of agents shall be carried out on the following basis:

- i. Short-lists should be restricted to those firms expressing interest and who possess the relevant qualifications and experience for which the Agent is to be appointed.
- ii. Short-lists should normally be restricted to three to six agents/ agencies depending on the value of the service to be performed.
- iii. The following details of agents should be assessed in finalizing the short-list:
 - a. General background and market name;
 - b. Eligibility in terms of performance;
 - c. Previous experience of similar services performed;
 - d. Reference/evidence of satisfactory performance from previous clients;

- e. Competence and sector related experience; and
- f. Quality of performance under previous contracts.

9.3 TYPES OF CONTRACT AGREEMENT FOR THE HIRING OF AGENT

The type of contract for hiring agents may vary according to the nature of services being expected of the agent. These are explained hereunder:

9.3.1 Lump Sum (Fixed Price) Contracts

Lump sum contracts are used mainly for services in which the duration of the service and the output are clearly defined. This type of contract is good for appointment of clearing and forwarding agents, courier services, or other tasks, which WAPDA may like to outsource in view of the economies to be attained.

9.3.2 Time-Based Contract

1. This type of contract is appropriate when the duration of services can be precisely defined and deliverables are only incidental to the main purpose of the assignment and the services are related to activities by others for which the completion period may vary.
2. Under these contracts the payments are based on an agreed hourly, daily, weekly, or monthly rates including reimbursement of certain expenses. This type of contract must include a maximum amount of total payments (the contract ceiling) to be made to the agents.
3. Time-based contracts need to be closely monitored and administered by WAPDA to ensure that the assignment is progressing satisfactorily, and payments claimed by the agents are appropriate.

9.3.3 Percentage Contract

1. These contracts are commonly used for real estate services but may be also used in similar circumstances such as for procurement and inspection agents.
2. Percentage contracts directly relate the fees to be paid to the estimated or actual procurement or execution of the task based on the value or the cost of the goods procured or services executed.

3. In the case of real estate, architectural or engineering services, percentage contracts lack any incentive for economic design or performance. The use of a percentage contract format for real estate, architectural services is only recommended if based on a fixed target cost and covers precisely defined services.

9.3.4 Combination of Fixed Price and Percentage Contracts

These are contracts where an agent performs certain services and is entitled to a fixed fee based on certain parameters and a success fee based on actual execution of the task. These could be applied in case of head hunting by HR consulting agents for top-level employees, procurement of a specific contract, or other instances where the task has two levels of execution.

PART III

ROUTINE /OPERATION AND MAINTENANCE PROCUREMENT

10.ROUTINE PROCUREMENT/ OPERATION and MAINTENANCE

10.1 GENERAL

This part should be read in conjunction with the terms and the procurement procedures defined in other parts of this manual.

10.2 PROCUREMENT PLANNING AND BUDGETING

For effective purchasing WAPDA needs procurement planning and prioritization. Funding for procurement is unlikely to be sufficient to meet all requirements, and limited financial resources must be aligned with the mission of WAPDA to ensure that the most important requirements are adequately met before spending on less essential procurements. Development of procurement plans is an essential part of the annual budget preparation process.

Effective planning allows for larger purchases at lower unit costs, rather than frequent sourcing of quotations for identical items and issuing many individual Purchase Orders.

10.3 ACCOUNTABILITY

DDO / Project Director/Head of Division has overall responsibility for control of the preparation and the approval of the detailed Annual Procurement Plan for his formation/office.

10.4 THE BUDGET PREPARATION PROCESS

- i. Annual budgets are prepared each year in accordance with the planned procurement activities for the next year.
- ii. DDO's / Project Director's has the responsibility for the compilation of the budget for items planned to be procured based on management approval, in progress works, expansion projects, and regular requirements etc, generated by various departments.
- iii. Preparation of the Annual Procurement Plan shall be initiated at least three months before the start of the Financial Year to allow sufficient time for a realistic and accurate compilation of the budget.

- iv. The concerned General Manager/Chief Engineer has the task of compiling the Annual Procurement Plan from the individual departments, units, and projects of WAPDA. Procurements for donor-funded projects (if any) should also be included but identified in a separate section of the Annual Procurement Plan.
- v. The process shall include receiving demands, checking quantities and costing, obtaining clarifications and other responses to any queries, analyse and compiling all submissions into a comprehensive procurement plan.
- vi. Submit the draft Annual Procurement Plan to the concerned GM for approval.
- vii. In response to the advice of the concerned GM, and in full consultation with the Heads of units, projects and programmes, adjust the Procurement Plan according to service priorities.
- viii. Annual Procurement Plan be compiled and approval of concerned Member be obtained.
- ix. Notify Heads of units, projects and programmes of their approved procurement plans and annual procurement budgets.
- x. All modification in requirements or additional requirements for inclusion in the procurement budget shall be intimated by the concerned projects/units to the concerned GM Finance for revision purposes, who shall process the revised budget and take approvals of the competent authority.

10.5 ROLE OF PROJECTS/FORMATIONS

- i. All Projects/Formations are required to prepare and forward the estimated requirement, and delivery scheduling of each stock item held in addition to departmental operational purchases to the concerned GM for onward submission to the respective GM Finance for including the same in the budget proposal. The planned quantities to be procured must be in accordance with existing stock levels, and annual usage patterns.

- ii. GM concerned analyses the plans submitted by the projects/formations, with previous pattern to access the quantities and requirements for the next Financial Year and estimate of cost involved.
- iii. All planned procurements of goods, works and services for the next Financial Year must be identified and scheduled in the Annual Procurement Plan. Utmost care should be taken to avoid double counting of requirements where there are overlapping responsibilities in functional and line relationships. **(Annexure–3)**

11. ROUTINE PROCUREMENT

11.1 PROCUREMENT PROCESS

The procurement process starts with the raising of request by the person/department/project for procuring goods, works or services.

11.2 PURCHASE REQUISITION (PR)

All procurements of goods by formations/persons within WAPDA shall be through use of the standard form described as Purchase Requisition (PR). This form shall be used to requisition any procurement whether these relate to stores or capital goods or equipment or other goods to ensure consistency. (Annexure-7)

- i. Any request for purchase of materials / equipments / supplies having value more than Rs. 25,000 must be raised through a PR.
- ii. In an emergency, procurement can be requested through telephone/e-mail/fax etc. for the procurement of required material. However approved PR must follow to support the action requested.
- iii. The person raising the Requisition shall provide:
 - a. Description - Clearly describe and specify the requirement unambiguously. Specifications provided with purchase Requisition must be in a form suitable for issue to potential suppliers or contractors.
 - b. Quantity - Detail the quantity required, and state whether partial deliveries are acceptable.
 - c. Quality - Clearly describe the required quality standards and performance characteristics noting that these shall be sufficient for the purpose.
 - d. Programme - Identify when the items or service are required ensuring that sufficient time is provided for the procurement process. If requirements are critical and would involve cost to WAPDA if not completed in time, clearly identify it so that the terms and conditions of contract can be tailored to suit the situation. It is the Requisitioner's

responsibility in the first instance to ensure that Requisitions are produced on time.

- iv. PR should be approved by the respective authority before forwarding to Incharge Stores/Procurement Incharge at Project/formation.

11.3 APPROVAL OF PR

- i. For all equipment / inventory items of consumable nature, requests should be sent by the user department to the Incharge Stores for confirming the availability of the item requested. The Incharge Stores shall sign the request and mention the quantity on the request, if available.
- ii. All PRs where goods or services are to be procured shall essentially be sent by Incharge Stores to Procurement Incharge for determining the estimated cost of procurement.
- iii. After conforming from Procurement Incharge , the Requisitioner shall forward the copy of PR with estimated cost to Budget and Accounts office for checking the availability of budget to originator's department.
- iv. After confirmation of budgets, the PR shall be sent to the competent authority for approval in accordance with limits prescribed in the Book of Financial Powers.
- v. Respective DDO / Project Director/GM shall
 - a. Verify the signatures of the approving authority;
 - b. Confirm approval with respect to monetary limits;
 - c. Determine if the PR is complete in all respects;
 - d. Enter the particulars of Pre-Numbered PRs in PR Numerical Register; and
 - e. Open a procurement file.

11.4 REVISION OF PRs

In case of revision required in a Purchase Requisition, a new Requisition shall be initiated clearly indicating as revised by writing "Revised PRs" in bold letters on top of the Requisition.

- i. Previous PR should be marked as "Cancelled" and revised PR should be raised. Further, cancelled PR should be cross referred with numerical number of revised PR.
- ii. Revised PRs shall be sent with the original cancelled PRs for review and approval.

Efforts shall be made to foresee and group requirements in a manner that the PRs are initiated to cover the overall requirements of a particular item instead of raising too many Requisitions for the same item over a short period of time.

11.5 ECONOMIC EVALUATION

All purchase decisions shall be made on the basis of the lowest life-cycle cost, and consideration for quality of goods and services, delivery or availability, safety and environmental issues. Competitive alternatives should be considered in all purchase decisions such as, purchasing refurbished equipment, lease or make or buy decision, outsourcing a task, or purchasing the goods or services from a different location.

11.6 SOURCING OF GOODS

The Procurement Incharge must determine the appropriate supplier selection method to ensure that the lowest total cost (price, quality, warranty, delivery and service) and highest customer satisfaction are obtained. Produced below are the guidelines based on the procedure defined in Rule 42 of PP Rules 2004.

11.6.1 Methods of Procurement

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

11.6.1.1 Petty Purchases

Procuring agencies may provide for petty purchases where the object of the procurement is below the financial limit of twenty five thousand rupees. Such

procurement shall be exempt from the requirements of bidding or quotation of prices provided that the procuring agencies shall ensure that procurement of petty purchases is in conformity with the prescribed principles of procurement.

All petty purchases shall be made by the duly constituted purchase committees comprising of three members, in conformity with the procedures laid for the formation of these committees.

11.6.1.2 Request For Quotations

A procuring agency shall engage in this method of procurement only if the following conditions exist, namely:-

- i. the cost of object of procurement is below the prescribed limit of 500,000 rupees;
- ii. the object of the procurement has standard specifications;
- iii. minimum of three quotations have been obtained; and
- iv. the object of the procurement is purchased from the supplier offering the lowest price.

Requests for Quotations (RFQ) shall be done in the following manner:

- i. Requests for quotations should be sent to at least three potential/approved suppliers for all procurements above Rs.25,000 and up to Rs. 500,000. The suppliers shall submit prices based on fully defined criteria so that competitive price shall be the deciding factor for selection.
- ii. The RFQ shall be in writing (as per **Annexure -8**) and in original. In response to RFQ supplier/bidder will provide information in accordance with the requirements mentioned in the RFQ.
- iii. The minimum time limits for submission of bids/response must be mentioned in the RFQ.

11.7 PURCHASE ORDER AND CONTRACTS

11.7.1 Types of Contracts

The following types of standard purchase order/contracts will be used by all formations/projects/offices engaged in the procurement:

1. Purchase Order (PO)

A Purchase order (**Annexure-9**) is a standard document for the procurement of goods. It is a legally enforceable contract, if there is an offer and acceptance by both parties, for a consideration. This shall be generally used in the following situations:

- a. Routine one-time procurements.
- b. Multiple deliveries not exceeding more than one year in total duration.
- c. Procurements wherein the standard terms and conditions are adequate for the purpose intended.
- d. WAPDA's standard "Purchase order Terms and Conditions" shall be attached to all such documents issued to place an order with a supplier.

All procurement commitments valuing Rs. 25,000 or more shall be made through Purchase Order (PO).

The person designated in the respective office shall prepare PO in quadruplicate (four copies) as per standard approved Proforma. PO shall be approved by the respective authority or his authorised representative.

After sending the PO to the successful Bidder, the respective authority shall get acknowledgement from Bidder as to receipt of the PO, terms of payment and quantity/size.

Amendments to a PO, which has already been issued/distributed, shall be carried out by issuing of a Variation Order. Variation Order shall be cross-referenced to the Numerical Number of PO. Same procedure for the approval and distribution shall be adopted as that of a PO.

In case of large contracts the purchase order set out in **Annexure-10** shall be used.

2. Rate Contract for Works, Goods or Services for Pre-Determined Period of Time

Rate contract for common use item will be carried by the Chief Engineer/Director General (P&D) WAPDA. The tender for material will be floated with the following conditions:

- i) The rate contract shall remain enforced for a period of one year from the date of its issue, extendable for a period of further one year if both the parties agreed to.
- ii) The rates are firm and final on FCS basis inclusive all taxes.
- iii) No Advance payment shall be made to the firm in any case whatsoever against the Purchase Order. Only readiness of payment be intimated. The payment shall be made as and when material is received as per Clause of the Rate Contract.
- iv) All the Indenting Formations of WAPDA will be fully responsible that the quantities and qualities supplied by the firm are confirmed with the Rate Contract as per Specifications.
- v) In case of report of Short Supplies or Substandard Supplies, firm will be fully responsible and WAPDA reserves the rights to initiate action as per law.
- vi) The performance of the firm for first one year will be monitored and if satisfactory, the firm will qualify for extension of another one year.
- vii) Firm will be bound to supply the record of all orders received, indicating material on Order, Material supplied, name of Purchase Order issuing formation, exact quantity and total value positively to the office alongwith copies of Purchase Order for monitoring and record.
- viii) The payment will be made in the shape of Crossed Cheque Payee's Account through an authorized person. The Crossed Cheque will be handed over only when stores/material(s) are received and accepted against Manufacturer's warranty and to the entire satisfaction of

Consignee or his representative as per inspection Clause of Rate Contract.

- ix) The Security of Rate Contract item will be determined keeping in view the estimated quantity of material to be supplied for a year after approval from the competent authority.
- x) The supply against each Purchase Order will be completed within a period of fifteen (15) days from the date of receipt of confirmation of readiness of payment by Consignee.

3. Educational purchase agreement/order

These are special orders whereby new manufacturers are encouraged through open competitive bidding, to bid for any tender. These are used for term of contracts provided that the Firms / Manufacturer have entered 1st time in manufacturing of specific technical items / goods / spares of all kind of Machines and have no previous experience, proven ability to compete with the other Firms / Manufacturers having same kind of experience.

“Standard Terms and Conditions” shall be incorporated into all such orders / contracts. All procedures for procurement under the Education Order shall be same as in other cases, with the following additional procedure:

- i. Pre-Qualification of the Firm / Company;
- ii. Assessment of Manufacturing Capacity;
- iii. Approval of Proto Type as per Specification;
- iv. Type Testing as per Specification from approved Labs;
- v. The Item / Product is kept under surveillance for one year to check its performance up to the desired standards; and
- vi. Final acceptance.

4. Contracts

Contracts in contrast to POs include detailed contract terms and conditions drawn and negotiated based upon each specific procurement and shall be reviewed for legal and financial implications before execution.

All procedures for procurement under contracts will be same with the following additional procedures:

- i. Contracts having significant technical or financial commitments must be negotiated by a committee comprising of members fully familiar with technical, legal and financial requirements for which the contract is being proposed.
- ii. For work carried out on site, it is essential that project manager/site engineer or other technical persons conduct themselves in their dealings with suppliers and contractors in such a way to protect themselves and WAPDA. Any form of corrupt practice will expose those involved to severe disciplinary action.
- iii. Maintain a site diary and record all meetings with contractors and the basis of any discussions. Trivial events may later be of some significance.
- iv. Formal meetings should ideally be maintained or recorded, and copies signed by both WAPDA and the contractors so that the content is formally agreed.
- v. All formal meetings between contractors and project manager/site engineer or technical officer shall also be attended by the respective authority or by authorized person in his absence.
- vi. Copies of all meetings shall also be sent to the respective formation and the accounts department.
- vii. It must be ensured that the entire process of the award of contracts is finalized within a period according to tendering / award schedule and no discretion is used.

11.8 EMERGENCY PROCUREMENTS

11.8.1 Low Value Procurements

1. Such purchases shall be approved according to Book of Financial Powers.
2. Advantage shall not be taken of this policy by splitting orders for the purpose of having each one fall below the limit of Rs. 25,000/-.
3. Although it is preferable to pay bidders through Payee's Account cheques, however such purchases can also be made in cash against proper cash memos.
4. If some of the low value purchases have to be paid for in cash, the originator may obtain temporary cash advance or may arrange self-purchase and obtain reimbursements.
5. In such cases, it is imperative that the material shall be checked promptly as to quantity and quality since there is no leverage against the bidder for short or defective supply of material.
6. The originator shall forward original invoices for cash purchases to the Accounts and Finance office for adjustment of advance or reimbursement of amount spent.
7. The person certifying receipt of material and approving cash memos/ bills shall not be the same individual.
8. Payment will be received from respective DDO or PD against original invoices.

11.8.2 Emergency procurements

1. Such action is warranted where there is insufficient time to go through the formal procurement process and failure to acquire the goods or service would represent unacceptable commercial or operational risk (safety, environmental, availability, etc).
2. Notes including justification shall be produced and retained with the order documentation. Emergency Purchases Register (**Annexure-11**) shall be

completed and any written commitments shall be appended to the Requisition.

11.9 PROCUREMENT TIME SCALES AND FOLLOW UP

In case of all procurements, a proper system of follow up of the order is necessary to reduce lead-time. The following are the tentative schedules which may be varied/adjusted with approval of the competent authority:

11.9.1 Tendering/Award Schedules

The tentative time schedule is as follows:

a. Response Time

1. It is imperative for the sake of transparency that a reasonable minimum time limits are allowed for submission of bids to the prospective tenderers, according to the, type and magnitude of work proposed to be procured. These minimum time limits, it must be noted, shall be reckoned from the date the respective tender notice appears in the press and the date fixed for the receipt/opening of tender.
2. The procuring agency may decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement's complexity, availability and urgency. However, under no circumstances the response time shall be less than fifteen days for national competitive bidding and thirty days for international competitive bidding from the date of publication of advertisement or notice. All advertisements or notices shall expressly mention the response time allowed for that particular procurement along with the information for collection of bid documents which shall be issued till a given date, allowing sufficient time to complete and submit the bid by the closing date:
 - i. Provided that no time limit shall be applicable in case of emergency.
 - ii. The response time shall be calculated from the date of first publication of the advertisement in a newspaper or posting on the web site, as the case may be.

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

iv. Since a tender notice issued from the Project Office concerned has to pass through the offices of Director General WAPDA Public Relations and the Press Information Department Government of Pakistan, it takes a period of 12 days normally from its issue from the Project Office to its actual appearance in the newspapers. It is incumbent on all concerned that the date of Opening of Tenders should be fixed in such a manner that it duly takes into account the aforesaid period of 12 days in addition to the minimum time limits prescribed above.

b. Exceptions

It shall be mandatory for all procuring agencies to advertise all procurement requirements exceeding prescribed financial limit Rs 500,000. However under following circumstances deviation from the requirement is permissible with the prior approval of the Authority,-

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

11.9.2 Responsibility for Follow Up

- i. Procuring Formation shall be responsible for the follow up of delivery of goods and materials from the bidders for keeping the lead times at minimum.
- ii. The Procurement Incharge at Project/formation shall ensure receipt of all PRs from their respective assigned locations by maintaining Numerical Control Registers. Any PR not received shall be followed up regularly and comments recorded in the registers.

- iii. Procurement Incharge at Project/formation shall prepare a monthly summary of all POs in process. Long outstanding POs shall be investigated and reason for same shall be noted against each PO in the summary.

11.10 DELIVERY PERIOD AND LEVY OF LIQUIDATED DAMAGES

1. The provision of delivery periods in purchase orders for service and supplies should be realistic. While initially fixing the delivery periods, the purchasing agencies should take into account the normal time required for the Bidder to supply the material. In the event a Supplier/Contractor fails to deliver any or all of the Goods, Works or Services within the period agreed in the Contract, the Procuring Agency either shall allow an extension in the Contract period pursuant to a written request by the Contractor with justifications or deduct the amount.
2. The extension in the delivery period is not allowed as a matter of routine as and when demanded by the Suppliers. Only in exceptional cases, an extension be granted in the delivery dates and that too by the officers hereinafter mentioned and subject to the following conditions:
 - i) No extension be granted if at the time of deciding the Contract a higher rate was accepted against other lower tenders in consideration of the earlier date of delivery.
 - ii) No extension be granted without consulting the indenting party if the extension will mean carryover of the liabilities to the next financial year.
 - iii) In case of special purchases where the indenting party had specified a definite deadline for the receipt of services / supplies, no extension should be granted by the purchasing agencies without obtaining a certificate from the indenting party that the delay

occasioned by the late delivery will not result in any loss or damage and will not impede the progress of the work for which the goods are to be supplied.

iv) If any of the conditions mentioned in clauses (i) to (iii) above is not satisfied, no extension will be given by the purchasing agencies without the prior orders of the Authority.

v) In all other cases not covered by clauses (i) to (iii) above the purchasing agencies may extend delivery periods of the purchase orders placed by them in accordance with the delegation of powers detailed below:

a) If the delay in the completion of the supply order occurs due to (i) delay in inspection because the Inspector was not available in time or (ii) delay in the issue of amendments involving change of specifications or other similar cases where responsibility for action rests with the Authority, extension in the delivery periods may be allowed without penalty in accordance with the following delegation of powers:

Deputy Director or equivalent rank	3 Months
Director or equivalent rank	6 Months
Chief Engineer or equivalent rank	Beyond 6 Months

Note:

Cases, where extension is granted by the Deputy Director / Director will be reported to the next higher officer.

b) If delay is alleged to be beyond the control of the Contractor/Supplier and it is claimed that circumstances fall under the FORCE MAJEURE clause extension may be allowed in the delivery period without penalty in accordance with the following

delegation of power provided the original purchase order was within their powers and emanated from them:

Deputy Director or equivalent rank	1 Months.
Director or equivalent rank	2 Months.
Chief Engineer or equivalent rank	3 Months.
General Manager or equivalent rank	6 Months.
Member / Managing Director	Beyond 6 Months.

Notes:

- i. The Director or equivalent can extend the delivery period without reference to the Indenting Officer in ordinary case not falling under para-iii, above.

- ii. Power of extension exercised upto the above limit against any single order will not be exercisable against the order again without the prior written approval of the next higher officer, if the total extension, including the second extension is within his power of competence.

12. PROCUREMENT- OPERATIONS AND MAINTENANCE

All purchases/procurements during operations and maintenance phase shall be made by adopting any one of the methods as discussed in the other parts of this manual. Based on the nature of procurement the following options could be exercised:

- i. National or International Bidding
- ii. Direct Contracting
- iii. Calling quotations (limited inquiry)
- iv. Purchase Committee (without calling quotations)

12.1.1 National or International Bidding

It is the decision of the procuring agency to adopt a suitable method. In case it is established that National or International Bidding will not be useful for procurement of specific spare parts/system of any equipment, then procurement may be made from the Original Equipment Manufacturer (OEM). This shall apply in the following circumstance:

- a. The procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier and the same are not available from alternative sources;
- b. Only one manufacturer or supplier exists for the required procurement;
- c. Where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance;
(Provided that the contract or contracts do not exceed three years in duration)
- d. Repeat orders not exceeding fifteen per cent of the original procurement; and
- e. In case of an emergency.

12.1.2 Routine Operation and Maintenance

Prudence requires that for routine Operation and Maintenance, spare parts, T & P items and other consumable materials are properly planned, procured and stocked at the Power Stations. However when need arises to procure different items and materials at all times, in such cases either of the following procedures for procurement may be adopted:

(a) Petty purchases:- (through Purchase Committee)

Procuring agencies may provide for petty purchases where the object of the procurement is below the financial limit of Rupees Twenty Five Thousand. Such procurement shall be exempted from the requirements of bidding or quotation of prices:

(b) Request of quotations:- (through calling quotations)

A procuring agency shall engage in this method of procurement only if the following conditions exist, namely:-

- (i) The cost of object of procurement is below the prescribed limit of Rupees five hundred thousand;
- (ii) The object of the procurement has standard specifications;
- (iii) Minimum of three quotations have been obtained; and
- (iv) The object of the procurement is purchased from the supplier offering the lowest price.

12.1.3 Purchases under Chief Engineer/DG(Purchase and Disposal)

- i. Purchase of Common use material will be done through CE/DG (P&D) WAPDA as defined in the Book of Financial Powers.
- ii. Rate contract shall be executed by CE (P&D) on annual basis for common use items as far as possible with the approval of concerned General Manager.

12.1.4 Tender Opening and Evaluation Committees

The following committees have been formed for tender opening and evaluation:

a. Stationery and Printing Machinery.

- | | |
|----------------------------|----------|
| 1. Director (P&V) | Convener |
| 2. Director (CSS&P) | Member |
| 3. Manager Finance(Hydel) | Member |
| 4. Dy. Director (Purchase) | Member |

b. Other Items (listed in Book of Financial Powers)

- | | |
|--|----------|
| 1. Director (P&V) | Convener |
| 2. Manager Finance(Hydel) | Member |
| 3. Dy. Director Purchase | Member |
| 4. Representative of Consignee not less than the Rank of Assistant Director or Equivalent. | |

c. For Rate Contract Item

- | | |
|--------------------------------|----------|
| 1. Director (P&V) | Convener |
| 2. Director Hydel (Operations) | Member |
| 3. Manager Finance (Hydel) | Member |
| 4. Dy. Director (Purchase) | Member |

13. MATERIAL RECEIVING

13.1 GENERAL

The receiving of goods, timely and efficient reporting of the receipt of goods and services, handling discrepancies and returns are all important part of the task of the procurement. The under mentioned steps are taken on receipt of goods:

13.2 MATERIAL RECEIVED AGAINST PURCHASE ORDER

1. Unloading and checking the shipment - Check the number of packages/containers being delivered against the delivery order to ensure everything listed has been delivered. Check each shipment for physical damage. If it is damaged, it should be recorded.
2. Unpacking and inspecting the material - Compare the supplier's packing list against the purchase order to verify that the correct items have been shipped.
3. Verify that the quantity delivered is compatible with what was ordered. Check the general condition of the material to determine whether any external damage was incurred during shipment.
4. Handling discrepancies - At the time of delivery, the person receiving the supply must immediately notify the supplier and the person who did the actual ordering that a discrepancy or damage exists. In the case of damaged material that was delivered by a common carrier, the person receiving the items must protect them from further damage by placing them in a safe place until the supplier provides instructions concerning the material's disposition. If the items are delivered by the supplier's own vehicle, the driver should be asked to contact his company to arrange for taking the damaged items back and not leave those at WAPDA's premises.
5. Preparing Goods Receipt Note (GRN) (**Annexure-12**) shall be prepared by the inventory personnel on receipt of goods and forwarded to Accounts for proper accounting and recording.

6. Issue of Goods- the goods received shall be forwarded/issued to the concerned Requisitioning person/department against valid issue requisition and official receipt.

13.3 MATERIAL RECEIVING PURCHASE THROUGH PURCHASE COMMITTEE

When procurement is carried out through the purchase committee formed by a project/formation the receipt of the material/items is recorded by filling out the Stock Measurement Book (SMB). The format is provided as **Annexure-13**.

13.4 MATERIAL RETURNS

1. Before any material is returned, regardless of the reason, the supplier should be contacted in order to provide authorization or instructions for the return.
2. If the supplier does not desire to have the material returned, regardless of responsibility, the goods should be disposed off in accordance with the asset disposal policies and procedures.

PART IV

STANDARD OPERATING PROCEDURES

14. STANDARD OPERATING PROCEDURES

14.1 GENERAL

This section describes the brief procurement process and suggests standard operating procedure considering today's needs including updation of already in-vogue practices. It describes the committees authorized for opening and evaluation of Pre-Qualification applications, Tenders, Consultant's short listing and Technical / Financial proposals. The other aspects of procurement including Bidding Documentation, Detailed Evaluation, Award and Contract Management have been discussed in the Manual.

14.2 PROCUREMENT PROCESS

The Procurement may be categorized in following broad disciplines:

- Procurement of Works and Goods; and
- Procurement of Consultancy Services.

14.2.1 Procurement of Works and Goods

Steps involved include:

- Preparation of Pre-qualification Documents and Issuance of Invitation for Prequalification to Potential Bidders/Suppliers (if required);
- Evaluation of Pre-qualification of Applicants;
- Notification of Pre-qualified Applicants after obtaining approval of competent authority and No Objection Letter (NOL) from donor agencies for foreign funded projects;
- Preparation of Bidding Documents;
- Invitation for Bids to Pre-qualified Bidders or Qualification on Single Stage Two Envelope or One Envelope Procedure; and
- Evaluation of Bids, Approval of competent authority and NOL from the donor agency in case of foreign funded projects and Award of Contract.

14.2.2 Procurement of Services

Steps involved include:

- Preparation and issuance of Expression of Interest (EOI) Document;
- Short listing of Consultants;
- Notification of short listed Consultants after obtaining approval of competent authority and NOL from donor agencies for foreign funded projects;
- Preparations of Request for Proposals (RFP) Documents on Quality and Cost Based Selection (QCBS) method;
- Issuance of RFP Documents to short listed firm(s) and receipt of Technical and Financial Proposals;
- Opening and Evaluation of Technical Proposals;
- Approval of Technical ranking of firms from competent authority and NOL from donor agencies for foreign funded projects;
- Opening and Evaluation of Financial Proposal of Technically Qualified Firms;
- Approval of combined ranking of firms from competent authority and NOL from donor agencies for foreign funded projects;
- Negotiations with the Top ranked successful Firm/JV; and
- Approval of the competent authority and Award of Contract.

14.3 GUIDE FOR USERS OF SOP

A) General

- i) These SoPs supersedes all the previous instructions issued from time to time in connection with procurement of works / goods and services.
- ii) Standard documents of PEC for PSDP or donor agencies for foreign funded Projects as applicable shall be used.
- iii) Concurrence of concerned Member shall be obtained, if any change of these procedures is required. In this regard GM concerned shall provide comprehensive justification.

- iv) In case of any conflict of these procedures with donor agencies / financial institutions, the provisions of such agreements / rules should prevail to the extent of such conflict (Ref: PPRA Rule - 5).

B) Works / Goods

- i) If the evaluation is to be carried out by the Consultants, the Project office shall submit the case with their thorough review / comments and recommendations to GM (C&M) W / GM (Hydel) and vetting by CCC.
- ii) Concurrence of concerned Member shall be obtained for deciding about number of packages under a project.
- iii) Bid Security amount and Period of validity shall be as per guidelines of PEC for PSDP or financial institution in case of foreign funded project.
- iv) Bid Security of unsuccessful bidders shall be returned upon furnishing of Performance Security by successful bidder. However in case of Single Stage Two Envelope Procedure, Financial Proposals of technically non-responsive bidder(s) shall be returned un-opened to the respective bidder.
- v) Prequalification and Bidding documents costing more than Rs.125 Million shall be reviewed by GM (C&M) Water or GM (Hydel) Development and CCC. Further, comments of CDO shall also be obtained on the design criteria, technical specifications and tender drawings for civil works. Moreover, clauses related to Insurance and Taxes shall be got vetted from GM (Insurance & Pension) and DG (Taxes), respectively.
- vi) Single stage one envelope procedure shall be adopted for Bids costing less than Rs.125 Million. However the bidding documents shall include project specific criteria.
- vii) Direct contracting shall be carried out under the provisions of PPRA Rule-42 (c) after obtaining approval of competent authority.
- viii) If works are to be awarded on EPC basis, then approval of concerned Member shall be obtained.
- ix) Bids will be received by the respective Project authorities and handed over to CCC before opening time of the bids.

C) Consultancy Services

- i) RFP shall be comprehensive and be vetted by CCC.
- ii) For single source selection of Consultants comprehensive justification shall be provided (Ref; Para-3 D, PPRA Notification, dated November 26, 2010)
- iii) The weightage of Quality and Cost in QCBS shall be 80:20.
- iv) TOR and man-months for technical staff for Water Wing Projects shall be vetted from CDO.

14.4 STEPS INVOLVED IN PROCUREMENT

The various stages involved in procurement are summarized hereunder for quick reference:

STAGE 1: PROCUREMENT PLANNING

- The Annual Procurement Plans
- Announcement of Annual Procurements Planned

STAGE 2: REQUISITIONS, DESCRIBING REQUIREMENTS AND SELECTING A PROCUREMENT METHOD

- Initiating Procurement by Raising a Requisition
- Preparing a Description of Requirements for Goods
- Preparing a Description of Requirements for Works
- Preparing a Description of Requirements for Services
- Selecting a Procurement Method and Planning the Procurement

STAGE 3: IDENTIFYING APPLICANTS, SUPPLIERS AND PREPARING INVITATION DOCUMENTS

- Conducting Pre-Qualification of Applicants
- Obtaining and Assessing Expressions of Interest
- Preparing an Invitation to Tender Notice
- Developing a Shortlist
- Drafting a Bidding Document or Request for Proposals
- Drafting a Request for Quotations

STAGE 4: MANAGING THE BIDDING PROCESS

- Advertising an Invitation to Tender Notice
- Issuing Invitation Documents
- Managing a Pre-Bid Conference and Site Visit
- Handling Bidder Clarifications, Modifications and Extensions

- Receiving Tenders
- Opening Tenders (One Stage - Single Envelope)
- Opening Tenders (One Stage - Two Envelopes)

STAGE 5: EVALUATING OFFERS

- General Evaluating Procedures for Goods, Works and Routine Services
- Evaluating Offers for Goods
- Evaluating Offers for Works
- Evaluating Offers for Routine Services
- General Evaluating Procedures for Consultancy Services
- Evaluating Proposals for Consultancy Services Using QCBS
- Evaluating Proposals for Consultancy Services Using QBS
- Evaluating Proposals for Consultancy Services Using LCS
- Conducting a Qualification
- Conducting Negotiations
- Canceling Procurement Proceedings

STAGE 6: AWARDING CONTRACTS

- Issuing Notice of Acceptance
- Preparing and Issuing Contract Document
- Preparing and Issuing Purchase Order
- Announcing a Contract Award and Debriefing Unsuccessful Bidders

STAGE 7: ADMINISTERING CONTRACTS

- Administering a Contract
- Amending a Contract
- Completing a Contract
- Terminating a Contract

STAGE 8: METHODS OF PROCUREMENT

- Single Stage One Envelope Tendering
- Single Stage Two Envelope Tendering
- Two-Stage Tendering
- Two-Stage Two-Envelope Tendering
- Petty Purchases
- Direct Contracting with a Sole Supplier in Normal Circumstances
- Direct Contracting for Emergency Requirements
- Direct Contracting for Additional Requirements from Same Source
- Negotiated Tendering with one or more Suppliers in Normal Circumstances
- Negotiated Tendering for Emergency Procurement

ADDITIONAL GENERAL PROCUREMENT PROCEDURES

- Eligibility and Qualification of Suppliers
- Post-Contract Supplier Performance Evaluation and Report Handling of Complaints
- Announcing a Tender Evaluation
- Integrity Pact
- Reporting

14.5 LIST OF SOPS

Sr. No.	Description	SOP No.
1	Standing Committee for Evaluation of Pre-Qualification for Applicants without engagement of Consultants	SOP/PQ-1
2	Time Frame for Evaluation of Pre-Qualification Applications	SOP/PQ-2
Standing Committees for Opening of Tenders for Works and Goods		
3	Tenders estimated to cost more than Rs.2,500 Million	SOP/PW-1
4	Tenders estimated to cost more than Rs.250 Million but not exceeding Rs.2,500 Million	SOP/PW-2
5	Tenders estimated to cost more than Rs.125 Million but less than Rs.250 Million	SOP/PW-3
6	Tenders estimated to cost less than Rs.125 Million	SOP/PW-4
Standing Committee for Evaluation of Tenders without engagement of Consultants		
7	Tenders estimated to cost equal to or more than Rs.500 Million	SOP/PW-5
8	Tenders estimated to cost less than Rs.500 Million	SOP/PW-6
9	Time Frame for Evaluation of Tenders and Award of Contract with Prequalification	SOP/PW-7
10	Time Frame for Evaluation of Tenders for Works and Goods Single Stage Two Envelope Procedure	SOP/PW-8
11	Time Frame for Evaluation of Tenders for Works and Goods Single Stage One Envelope Procedure	SOP/PW-9
Procurement of Consultancy Services		
12	Standing committee for short listing of Consultants	SOP/CS-1
13	Standing Committee for Opening of Technical Proposals - Water Wing	SOP/CS(W)-2a
14	Standing committee for Evaluation of Financial Proposals - Water Wing	SOP/CS(W)-2b
15	Standing Committee for Technical Proposal (SCTP) - Power Wing	SOP/CS(P)-3a
16	Standing Committee for Financial Proposal (SCFP) Power Wing	SOP/CS(P)-3b
17	Time Frame for Evaluation of Technical and Financial Proposals	SOP/CS-4

SOP/PQ-1

Standing Committee for Evaluation of Pre-Qualification for Applicants without engagement of Consultants

Sr. No.	Designation	
i)	Chief Engineer concerned	Convener
ii)	Superintendent Engineer or equivalent concerned	Member
iii)	Senior Engineer	Member
iv)	Senior Budget and Accounts Officer	Member

Notes:

- i) Pre-Qualification shall be carried out for Works / Goods estimated to cost Rs.500 Million or more. However, for complex projects like water treatment plant etc, Pre-Qualification may be carried out for smaller value works.
- ii) In case of time constraints works / goods and ordinary contracts like colony, roads, water supply and sewerage works etc. estimated to cost more than Rs.500 Million tenders may be called by adopting Single Stage Two Envelope Procedure.
- iii) The Evaluation report shall be approved by the authority competent to accept the tender.
- iv) In case of complex bid(s), Convener may include any specialist of relevant works from his formation as co-opt Member.

Time Frame for Evaluation of Pre-Qualification Applications

Sr. No.	Description	Time allowed (days) by		
		Project Office	Consultants	
		Contracts Costing ≤ Rs.1,000 Million	Contracts Costing ≤ Rs.1,000 Million	Contracts Costing > Rs.1,000 Million
i)	Evaluation by Consultants/ Project office	30	30	40
ii)	Review / recommendations by Project office	-	10	14
iii)	Review by C&M (W) / GM (Hydel) Dev.	7	7	10
iv)	Review by CCC	10	10	14
v)	Approval by competent authority	14	14	18
vi)	NOL from Bank/Donor agency	10	10	10
vii)	Float Period	6	10	13
	Total	77	91	119

Note:

- i. Project office/concerned GM shall evaluate the Prequalification Applications through the requisite committee, if Consultants are not engaged.
- ii. Comments on technical requirement of evaluation of civil works shall be obtained from CDO.

SOP/PW-1

Procurement of Works and Goods

Standing Committee for Opening of Tenders for Works and Goods estimated to cost more than Rs. 2,500 Million

Sr. No.	Designation	
i)	Member (W) / Member (P)	Convener
ii)	GM (CCC)	Member
iii)	General Manager concerned	Member
iv)	General Manager Finance concerned	Member
v)	Project Manager / Team Leader of concerned Consultant	Member
vi)	Director (C & CW) CCC	Secretary

Notes:

- i) Director (C & CW) CCC shall maintain proper register and other related record of the tenders so opened. To enable him to discharge these functions, General Manager concerned shall inform GM (CCC) at least 10 days prior to the date fixed for opening of tenders and submit copy of bidding documents alongwith the Addenda, if any.
- ii) The 'Original" tenders shall be retained by CCC and copies thereof distributed as under:
 - One copy to Project Manager / Team Leader
 - Two copies to concerned General Manager
- iii) Any discrepancy in quoted price on BOQ summary sheet and Bid Form shall be recorded in writing in the check list. Any blank space(s) in the BOQ, if observed, shall also be struck off and signed by the Committee.

SOP/PW-2

Standing Committee for Opening of Tenders for Works estimated to cost more than Rs. 250 Million but not exceeding Rs. 2,500 Million and all other tenders estimated to cost more than Rs. 125 Million and not exceeding Rs. 2,500 Million

Sr. No.	Designation	
i)	General Manger concerned	Convener
ii)	Chief Engineer (CCC)	Member
iii)	Chief Engineer (Contracts) C&M (W) / Chief Engineer (Hydel) Dev	Member
iv)	Director General (Finance) or his representative	Member
v)	Project Manager / Team Leader of concerned Consultant	Member
vi)	Director (C & CW) CCC	Secretary

Notes:

- i) Director (C & CW) CCC shall maintain proper register and other related record of the tenders so opened. To enable him to discharge these functions, General Manager concerned shall inform GM (CCC) be notified by General Manager concerned at least 10 days prior to the date fixed for opening of tenders and submit copy of bidding documents alongwith the Addenda, if any.
- ii) The 'Original" tenders shall be retained by CCC and copies thereof distributed as under:
 - One copy to Project Manager / Team Leader / Evaluation Committee (in absence of Consultants)
 - Two copies to concerned General Manager
- iii) Any discrepancy in quoted price on BOQ summary sheet and Bid Form shall be recorded in writing in the check list. Any blank space(s) in the BOQ, if observed, shall also be struck off and signed by the Committee.
- iv) In case Consultants are not engaged, Chief Engineer concerned shall be included in the Committee.

SOP/PW-3

**Standing Committee for Opening of Tenders for Works estimated to cost more than
Rs. 125 Million but less than Rs. 250 Million**

Sr. No.	Designation	
i)	Chief Engineer (concerned)	Convener
ii)	Superintending Engineer / Officer of equivalent status (concerned)	Member
iii)	Manager Finance/ Sr. B & AO	Member

Notes:

- i) Any discrepancy in quoted price on BOQ summary sheet and Bid Form shall be recorded in writing in the check list. Any blank space(s) in the BOQ, if observed, shall also be struck off and signed by the Committee.

- ii) To ensure that no changes are allowed to take place subsequent to tender opening, the convener of the tender opening Committee shall retain the original tenders and handover copies to the Project authorities for evaluation.

SOP/PW-4

Standing Committee for Opening of Tenders for Works and Goods estimated to cost less than Rs.125 Million

Each tender, depending on its estimated cost, shall be opened by a Tender Opening Committee. Conveners for the respective Tender Opening Committees shall be as prescribed below:

Sr. No.	Competent Authority for Accepting Tender	Convener
i)	Member/MD	General Manger (concerned)
ii)	General Managers	Chief Engineer (concerned)
iii)	Chief Engineers	Superintending Engineer (concerned)
iv)	Superintending Engineers or Officer of equivalent status	Senior Engineer / Officer of equivalent status

Note:

Members of the Committee shall be nominated by concerned Conveners.

SOP/PW-5

Standing Committee for Evaluation of Tenders estimated to cost equal to or more than Rs.500 Million without engagement of Consultants

Sr. No.	Designation	
i)	Chief Engineer (concerned)	Convener
ii)	Superintending Engineer or Officer of equivalent status	Member
iii)	Senior Engineer or Officer of equivalent status	Member
iv)	Sr. B & AO	Member

Note:

In case of complex bid(s), Convener may include any specialist of relevant works from his formation as co-opt Member.

SOP/PW-6

Standing Committee for Evaluation of Tenders estimated to cost less than Rs. 500 Million without engagement of Consultants

Sr. No.	Designation	
i)	Superintending Engineer or Officer of equivalent status	Convener
ii)	Senior Engineer or Officer of equivalent status	Member
iii)	Sr. B & AO	Member

Note:

In case of complex bid(s), Convener may include any specialist of relevant works from his formation as co-opt Member.

SOP/PW-7

Time Frame for Evaluation of Tenders with Prequalification and Award of Contract for Works and Goods

Sr. No.	Description	Time allowed for evaluation of tenders having validity period of			
		91 days	119 days	147 days	182 days
i)	Evaluation by Consultants	18	30	36	42
ii)	Review by Project authorities	7	9	12	14
iii)	Review by C&M (W) / GM(Hydel)Dev	7	10	12	14
iv)	Review by CCC	14	18	21	21
v)	Submission of Item Note/Approval by Authority	14	14	21	21
vi)	NOL from Bank/ Donor Agency	18	21	21	24
vii)	Notification of award by Project authorities	7	7	10	14
viii)	Float Period	6	10	14	32
	Total	91	119	147	182

Notes:

- i. Project office/concerned GM shall evaluate the bids through the requisite committee, if Consultants are not engaged.
- ii. Comments on technical requirement of evaluation of civil works shall be obtained from CDO.

SOP/PW-8

Time Frame for Evaluation of Tenders for Works and Goods for Single Stage Two Envelope Procedure

Sr. No.	Description	Time allowed for evaluation of tenders having validity period of		
		119 days	147 days	182 days
i)	Evaluation of Technical Bids by Consultants	18	20	28
ii)	Review by Project authorities	7	7	10
iii)	Review by C&M (W)/GM(Hydel)Dev	7	8	10
iv)	Review by CCC	10	10	14
v)	Approval of Technical Bid by competent authority.	10	14	14
vi)	NOL from Bank/Donor agency	14	21	21
vii)	Opening/Evaluation of Financial Bid	14	27	32
viii)	Review by C&M (W) / GM(Hydel)Dev	7	7	7
ix)	Review by CCC	7	7	12
x)	Submission of Item Note/Approval by Authority	14	14	15
xi)	NOL from Bank/Donor agency	8	9	14
xii)	Notification of award	3	3	5
Total		119	147	182

Note:

- i. Project office/concerned GM shall evaluate the bids through the requisite committee, if Consultants are not engaged.
- ii. Comments on technical requirement of evaluation of civil works shall be obtained from CDO.

SOP/PW-9

Time Frame for Evaluation of Tenders for Single Stage one Envelope Procedure

Sr. No.	Description	Time allowed for evaluation of tenders having validity period of	
		91 days	119 days
i)	Evaluation of Bids	30	32
ii)	Review by C&M (W)/GM(Hydel)Dev	10	14
iii)	Review by CCC	14	21
iv)	Submission of Item Note/Approval by Authority	20	25
v)	Notification of award	10	14
vi)	Float Period	7	13
Total		91	119

NOTES:

- i. Project office/concerned GM shall evaluate the bids through the requisite committee, if Consultants are not engaged.
- ii. Comments on technical requirement of evaluation of civil works shall be obtained from CDO.

SOP/CS-1

Procurement of Consultancy Services (Water and Power Wing)

Standing Committee for Short Listing of Consultants

No.	Estimated Consultancy Cost		
	Upto Rs.10 Million	More Than Rs.10 Million	
I.	General Manager Concerned	General Manager P&D / GM (Hydel) Dev	Convener
II.	Chief Engineer Concerned	General Manager Concerned	Member
		Chief Engineer / Superintending Engineer Concerned	
III.	Superintending Engineer Concerned	Chief Engineer (C&M)W / CE (Hydel) Dev	Member

SOP/CS (W)-2a

Procurement of Consultancy Services Water Wing

Standing Committee for Opening / Evaluation of Technical Proposals (SCTP)

Sr. No.	Designation	
i)	General Manager (P&D)	Convener
ii)	General Manager concerned	Member
iii)	CE/PD concerned	Member
iv)	CE (Dams), P&D	Member
v)	CE (CDO) Water	Member
vi)	CE (Contracts) C&M (W) / Director (C&M) W	Member

Notes:

The committee shall:

- Evaluate Technical proposals as per Request for Proposal (RFP).
- Obtain Authority's approval for ranking of Consultants and for opening of Financial Proposal of qualified Consultants by the SCFP. However, NOL shall be obtained in case of foreign funded projects before opening of financial proposals.

SOP/CS(W)-2b

Procurement of Consultancy Services Water Wing

Standing committee for Opening / Evaluation of Financial Proposals (SCFP)

Sr. No.	Designation	
i)	General Manager (P&D)	Convener
ii)	General Manager concerned	Member
iii)	General Manager Finance (W)	Member

Notes:

The committee shall:

- Open the Financial Proposals of qualified Consultants as per provisions of RFP
- Furnish comments / recommendations to CCC regarding:
 - Adequacy or otherwise with justification for man-months proposed by the Consultants
 - Direct costs proposed by the Consultants
 - Overheads and fee proposed by the Consultants
 - Status of PC-I / PC-II and allocation under PSDP
- NOL shall be obtained in case of foreign funded projects before Award of Contract.

SOP/CS(P)-3a

Procurement of Consultancy Services Power Wing

Standing Committee for Opening / Evaluation of Technical Proposals (SCTP)

Sr. No.	Designation	
i)	General Manager (Hydel)Dev	Convener
ii)	General Manager (Hydel)Opr	Member
iii)	Chief Engineer / PD concerned	Member
iv)	Chief Engineer (Hydel)Dev	Member
v)	Chief Engineer (Co.ord) Power	Member

Notes:

The committee shall:

- Evaluate Technical Proposals as per Request for Proposal (RFP).
- Obtain approval of Authority for Technical Ranking of Consultants for opening of Financial Proposal of qualified Consultants by SCFP. However, NOL shall be obtained in case of foreign funded projects before opening of financial proposals.

SOP/CS(P)-3b

Procurement of Consultancy Services Power Wing

Standing committee for Opening / Evaluation of Financial Proposals (SCFP)

Sr. No.	Designation	
i)	General Manager (Hydel)Dev	Convener
ii)	General Manager concerned	Member
iii)	General Manager Finance (Power)	Member

Note:

The committee shall:

- Open Financial Proposals of qualified Consultants as per provisions of RFP.
- Furnish comments / recommendations to CCC regarding
 - Adequacy or otherwise with justification for man-months proposed by the Consultants
 - Direct costs proposed by the Consultants
 - Overheads and fee proposed by the Consultants
 - Status of PC-I / PC-II and allocation under PSDP
- NOL shall be obtained in case of foreign funded projects before Award of Contract.

SOP/CS-4

Time Frame for Evaluation of Technical & Financial Proposals for Procurement of Consultancy Services

Sr. No.	Description	Time allowed for evaluation of RFP having validity period of			
		91 days	119 days	147 days	182 days
i)	Evaluation of Technical Proposal by the Committee	12	18	25	30
ii)	Review by CCC	7	7	10	20
iii)	Submission of Item note/Approval of Authority	7	10	10	10
iv)	NOL from Bank/Donor Agency (for Technical Proposal)	12	14	17	20
v)	Evaluation of Financial Proposal by the Committee	10	18	18	20
vi)	Approval of Authority	7	10	10	10
vii)	NOL from Bank/Donor Agency (for Financial Proposal)	12	12	15	18
viii)	Negotiation with top ranked Firm(s) by Project authority and CCC	7	7	15	15
ix)	Submission of Item note/Approval of Authority	12	15	15	15
x)	Issuance of Letter of award by Project authorities	3	4	5	6
xi)	Float Period	2	4	7	18
	Total	91	119	147	182

ANNEXURES



ANNEXURE-A

Water and Power Development Authority	
ABBREVIATIONS	
ADB	Asian Development Bank
ARE	Assistant Resident Engineer
B&AO	Budget And Account Officer/Office
BOQ	Bill Of Quantity
CCC	Central Contract Cell
CDO	Central Design Office
CE	Chief Engineer
CIDA	Canadian International Development Agency
Co-ord	Co-ordination
CRRK	Chief Resident Representative Karachi
DDO	Drawing and Disbursement Officer/Office
DG	Director General
DGM	Deputy General Manger
DLC	Defect Liability Certificate
EAD	Economic Affair Division
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
FIDIC	International Federation of Consulting Engineers
GM	General Manager
GMF	General Manager Finance
GOP	Government Of Pakistan
GRN	Good Receive Note
GST	General Sales Tax
ICB	International Competitive Bidding
ICC	International Chamber of Commerce
IDA	International Development Association
IDBP	Industrial Development Bank Of Pakistan
INCOTERMS	International Commercial Terms
IPC	Interim Payment Certificate
ITC	Instructions to Consultants
MF	Manager Finance
NOL	No Objection Letter
O&M	Operations and Maintenance
PD	Project Director
PEC	Pakistan Engineering Council
PPP	Public Private Partnership

PPRA	Public Procurement Regulatory Authority
PR	Purchase Requisition
QBC	Quality Based Cost
QCBS	Quality and Cost Based Selection
RE	Resident Engineer
RFP	Request for Proposal
RFQ	Request for Quotation
TOC	Taking Over Certificate
TOR	Terms of Reference
T&P	Tools And Plant
SE	Superintendent Engineer
SMB	Stock Measurement Book
SOP	Standard Operating Procedures
VFM	Value for Money
WAPDA	Water And Power Development Authority

ANNEXURE-1



Water and Power Development Authority

KEY POINTS FROM PPRA RULES

Some of the key points from the PPRA Rules are reproduced here-under for reference:

- i. When these rules are in conflict with an obligation or commitment of the federal government with a state or any international financing institution, the provision of that obligation / agreement should prevail to the extent of related conflict (Rule-5);
- ii. Procurement exceeding the prescribed limit (Rs.10 Million) shall be subject to an Integrity Pact for all (Rule 7);
- iii. Specifications shall allow widest possible competition and shall be generic i.e. not to be vendor driven (Rule 10);
- iv. Procurement over five hundred thousand and upto two million shall be advertised on authority's web site. Procurement over two million should be advertised on authority's web site and in at least two newspapers having wide circulation (Rule 12);
- v. Minimum response time for receipt of bids shall be 15 days for national competitive bidding and 30 days for international competitive bidding (Rule13);
- vi. Prequalification of bidders in case of procurement of services, works, turnkey projects, expensive and technically complex equipment may be carried out to ensure that only technically, financially and managerially capable firms are invited to bid (Rule 15);
- vii. Principal method of procurement shall be open competitive bidding (Rule 20);
- viii. Bidding document and bid evaluation criteria shall be precise and unambiguous (Rule 23, 29);
- ix. No bidder shall be allowed to alter or modify the bid after the bid opening and / or while seeking clarifications of bid thereof (Rule 31);

- x. Discriminatory and difficult conditions are not allowed (Rule 32);
- xi. Bid negotiations are not allowed with the lowest evaluated bidder or any other bidder (Rule 40);
- xii. The procuring agency shall keep all the information regarding the Bid evaluation confidential until the time of announcement of the evaluation report (Rule 41);
- xiii. A procuring agency may utilize following alternative methods of procurement of goods, services and works namely (Rule 42):
 - Petty purchase;
 - Request for quotations;
 - Direct contracting; and
 - Negotiated tendering.

ANNEXURE-2



Water and Power Development Authority

STANDARD DOCUMENTS FINALISED BY PEC

STANDARD DOCUMENTS FINALISED BY PAKISTAN ENGINEERING COUNCIL (PEC)

The following country specific documents formulated by PEC and approved by ECNEC can be downloaded from the PEC Website www.pec.org.pk :

- (1) Standard Form of Bidding Documents (Civil Works)
(to be used for estimated value of more than Rs. 25 Million)
- (2) Standard Form of Bidding Documents for Procurement of Works (E&M)
(to be used for estimated value of more than Rs. 25 Million)
- (3) Standard Form of Bidding Documents for Procurement of Works
(For Smaller Contracts)
(to be used for all type of procurement for estimated value of not more than Rs. 25 Million)
- (4) Standard Form of Contract for Engineering Consultancy Services
(For Large Projects) - Time Based Assignments
(to be used for consultancy fee over Rs. 2 Million)
- (5) Standard Form of Contract for Engineering Consultancy Services
(For Large Projects) - Lump Sum Assignments
(to be used for consultancy fee over Rs. 2 Million)
- (6) Standard Form of Contract For Engineering Consultancy Services
(For Smaller Projects)
(to be used for consultancy fee not more than Rs. 2 Million)



Water and Power Development Authority
BASIC PROCUREMENT PLAN

ANNEXURE-3

Wing: _____

Name of Division: _____

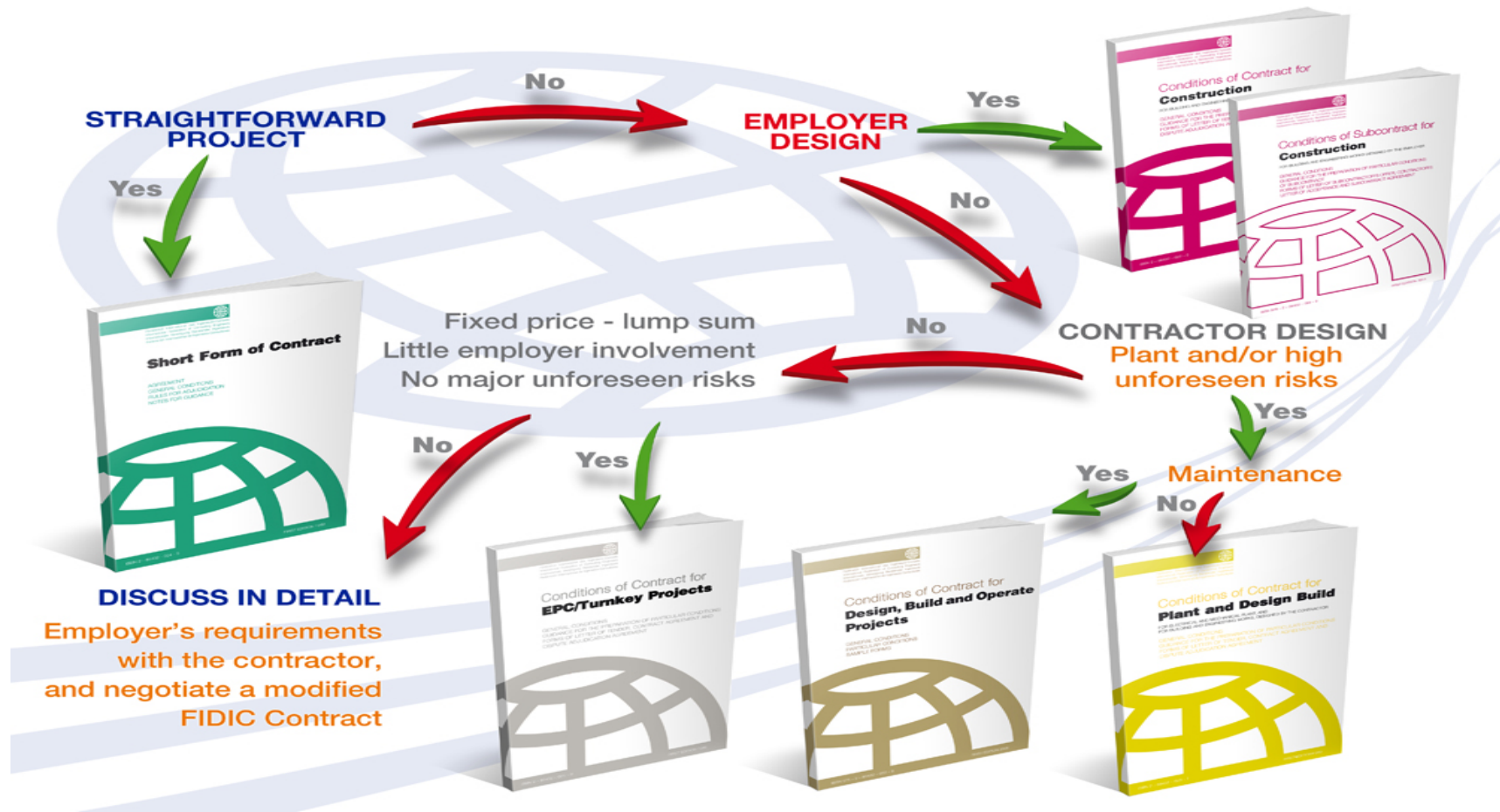
Project: _____

Sr.No.	Description	Procurement Type (Works, Services, Goods)	Estimated Cost (Rs. Millions)	Source of Funding (PSDP, Donor Agency)	Status of PC-I Approval	Scheduled Dates of:						Remarks
						* Invitation for Pre-qualification	* Evaluation of Pre-qualification	Invitation for Bid	Evaluation of Bids	Award of Contract	Completion	

- Wherever not relevant it should be marked as N/A

ANNEXURE-4

GRAPHIC PRESENTATION OF SELECTION OF CONTRACTS-FIDIC





Water and Power Development Authority

APPROPRIATION REQUEST (AR)

Name of Project:		
Name of Contract:		
Contract Nr.		
1.	Appropriation Request Nr.	
2.	Title:	
3.	Description of work:	<i>[Indicate here a brief description and the nature of change required in the Contract such as change in the character or quality of work, increase or decrease in quantity of any work, deletions or additions etc.]</i>
4.	Drawings & Specifications:	
	a) Drawings: Drawings applicable to this work are: <i>[Indicate reference to relevant drawings covering the change]</i>	
	Drawing	Title
	Last Revision & Date	
	b) Specifications: <i>[Indicate relevant technical provisions]</i>	
5.	Justification:	<i>[Indicate reasons necessitating the issuance of this Appropriation Request i.e. justification for modification, addition, change in design etc.]</i>
6.	Engineer's Estimate:	<i>[Indicate the overall change in contract price as a result of this Appropriation Request. Also state whether rates used in the said estimate have been taken from BoQ or from Schedule of Rate or</i>

		<i>are based on Rate Analysis]</i>
7.	Currency of Payment:	<i>[indicate here that the payment covering this variation will be made in Pak. Rupees or otherwise]</i>
8.	Price Adjustment:	<i>(mention Permissible or not and basis if permissible)</i>
9.	Any Extension of Time (EoT):	<i>(mention EoT involved or not)</i>

Attachment:

- 1) Engineer Estimate:
- 2) Draft VO:

Submitted by:

Approved by:

ANNEXURE-6



Water and Power Development Authority
VARIATION ORDER

EMPLOYER:		
ENGINEER:		
Name of Project:		
Name of Contract:		
Contract Nr.		
1.	Variation Order Nr.	
2.	Title:	
3.	Variation Required:	<i>[Indicate here direction to the Contractor to perform the work required with reference to the contract provisions. Also give the brief description and the nature of change required in the Contract such as change in the character or quality of work, increase or decrease in quantity of any work, deletions or additions etc.]</i>
4.	Drawings & Specifications:	
	a) Drawings: Drawings applicable to this work are: <i>[Indicate reference to relevant drawings covering the change]</i>	
	Drawing	Title
		Last Revision & Date
	b) Specifications: <i>[Indicate relevant technical provisions]</i>	
5.	Measurement & Payment: <i>[Indicate new work items, if any, otherwise mention as per contract.]</i>	
	VO/Item-1	<i>[Indicate description of work]</i>
	a) Measurement:	<i>[Indicate the measuring unit for the VO Item e.g. cum, sqm, metre etc.]</i>

	b) Payment:	<i>[Indicate the applicable VO Item unit rate]</i>			
		<i>[Similarly indicate all the added items of works, e.g. VO/Item-2, VO/Item-3, etc.]</i>			
6.	Adjustment of Contract Price: The adjustment to the contract price as a result of this Variation Order is indicated below:				
	REVISION TO BILL OF QUANTITIES				
	A. Added Items:				
Sr. Nr.	BOQ Item	Unit	Change in Qty.	Unit Rate (Rs)	Amount (Rs)
1.					
2.					
				Sub Total	
	B. Deleted Items:				
1.					
2.					
				Sub Total	
	C. New Items				
1.	VO/Item-1				
2.	VO/Item-2				
				Sub Total	
	Net Increase (A-B+C)				
	Total Increase in Contract Price, Rs				
	Original Contract Price, Rs				
	Percentage of this Variation over Original Contract				
	Variation Order already issued*, Rs				
	Revised Contract Price, Rs				
7.	Payment: Payment for the work covered by this Variation Order will be made in Pak. Rupees.				

*Details to be provided as per Enclosure 1 annexed

By _____
Engineer's Signature
Date _____

ENCLOSURE-1 TO THE VARIATION ORDER

DETAILS OF VARIATION ORDERS ALREADY ISSUED

VO. No.	Description	Amount (Rs)	STATUS	
			Physical	Financial



ANNEXURE-7

Water and Power Development Authority
PURCHASE REQUISITION FOR GOODS

P.I. No: / _____

(To be completed by Requisitioner / User)

Requisitioning Department: _____				
General Description of the Requirement				
Priority (if applicable)				
Item	Quantity	Description	Commodity Code	Estimated Cost
Total Estimated Cost				

Potential Suppliers

Are the above mentioned items included in the approved estimates: YES/NO

(To be filled by Budget Section)

I confirm that there is sufficient budgetary provision based on the estimated cost and that this requirement has been planned for _____

Allocated Budget _____

Signed _____

Budget Used _____

Balance _____

Recommended by _____

Date _____

Name _____ Approving Authority

ANNEXURE-8



Water and Power Development Authority
REQUEST FOR QUOTATION

Dear Sir,

BID REFERENCE: _____

DESCRIPTION: _____

The Water and Power Development Authority (“WAPDA”) invites you to bid / quote for the supply of the following items in the quantities stated. Your price(s) must be fully inclusive of all delivery charges, taxes (including Octroi) and other costs necessary to deliver the goods to WAPDA’s project/office.....

Item	Quantity	Unit	Description	Delivery Time	Unit Cost
Subtotal					
Applicable Taxation					
Freight					
TOTAL					

QUOTATION VALIDITY: _____ Days / Months from Bid Close Date.

TERMS OF PAYMENT: ___ Days/Months from receipt of goods and/or completion, and receipt of satisfactory invoice

DELIVERY REQUIREMENTS:

- i. Bid Envelop shall be sealed and clearly marked with:
 - o RFQ No _____,
 - o Attention Bids Committee
 - o Address: “ Water and Power Development Authority,
.....,
Lahore 54600 - Pakistan.”
- ii. Bid shall be received at the above address by 1200 hrs.
- iii. Sample required: Yes No

CONDITIONS:

- i. In case validity period is not indicated in your offer, WAPDA would presume your acceptance of this period accordingly. We would directly raise order upon you or may approach you for any further development required if we find your offer competitive and compliant. However it would take some time for assessment and WAPDA's management approvals.
- ii. Any resultant order will be made only in accordance with WAPDA's standard terms and conditions, a copy of which is attached to this enquiry. Any change or amendment to these conditions will only be acceptable when agreed by WAPDA in writing
- iii. In case of order, you will have to provide MSDS (Material Safety Data Sheet), storage instructions, handling instructions, instructions for environmental friendly usage/storage and its environmental impact if not followed, with your supplies for each item.

Please acknowledge receipt of this enquiry and confirm that you intend to submit an offer by the due date.

Yours faithfully,

SIGNATURE OF WAPDA REPRESENTATIVE

ANNEXURE-9



Water and Power Development Authority
PURCHASE ORDER

Water and Power Development Authority

DATE: _____

-----,
-----, Lahore54600

P.O. NO _____

[Phone] [Fax]

BIDDER Authorised Person
 Company Name
 Address

SHIP
TO

Phone/Fax
Customer ID [ABC12345]

Shipping method	Shipping terms	Delivery date
Payment Terms		
We are pleased to place an order with you to purchase the following subject to your acceptance of this order and of the terms and conditions set out on the face and reverse side here of		

Qty	Item #	Description	Job	Unit Price	Line Total
Subtotal					
Sales tax					
Total					

PURCHASE ORDER - STANDARD TERMS AND CONDITIONS (printed on the back of purchase order)

- i. Please send two copies of your invoice.
- ii. Enter this order in accordance with the prices, terms, delivery method, and specifications.
- iii. WAPDA reserves the right to return for full refund if all criteria of purchase order is not met.
- iv. Our signature or the signature of any of our employees, for goods delivered is not to be taken as our acceptance of either the quantity or quality of goods indicated on the delivery receipt. Reasonable time must be given for the examination of goods as comprised in the delivery and shall be subject to establish claims for shortage, discrepancies or non conformity with the specifications.
- v. Deliveries made outside reasonable estimated delivery dates may be subject to rejection.
- vi. Unless otherwise indicated on the purchase order, prices shown on this purchase order do not include taxes of any kind.
- vii. The order is subject to application of General Sales Tax (GST). If GST is imposed on any supply under or in accordance with this order the amount the purchaser must pay for that supply must be increased by GST.
- viii. Each claim for payment by the supplier must be accompanied by a Tax invoice and any other information in the form required by the relevant legislation in respect of any GST payable. Invoices shall separately identify the GST component included within that invoice. We will not be obliged to make a payment to the supplier until the supplier has delivered the tax invoice and any other relevant information to us.
- ix. Unless different payment terms are expressly stated on this purchase order, payment terms shall be thirty (30) days from receipt of invoice.
- x. Purchase order number, part number and quantity must be shown on each invoice.
- xi. Seller warrants that all deliverables will conform to applicable specifications, drawings, descriptions, and samples, and will be of new manufacture, good workmanship and materials, and free from design defect, claim, encumbrance or lien, and be suitable for the purpose intended by WAPDA.

- xii. The deliverables may be inspected and/or tested by WAPDA at any time, place and stage of production or distribution.
- xiii. At any time WAPDA, at its option, may terminate this order in whole or in part by written notice.
- xiv. Each party shall comply with all applicable laws.
- xv. Neither this purchase order nor any duty or right under this purchase order shall be delegated, assigned or subcontracted without the prior written consent of WAPDA.
- xvi. Unless otherwise specified on the purchase order, all prices shown on this order are firm and not subject to increase.

FOR WATER AND POWER DEVELOPMENT AUTHORITY

(Procurement Incharge Project)

BIDDER

Accepted On behalf of

Signed.....

Dated.....

Seal

ANNEXURE-10



Water and Power Development Authority
PURCHASE ORDER FOR LARGE CONTRACT

Water and Power Development Authority
-----,
-----, Lahore 54600
[Phone] [Fax]

DATE: _____
P.O. NO _____

BIDDER [Name]
[Company Name]
[Address]

[Phone]

SHIP
TO

Shipping method	Shipping terms	Delivery date
Payment Terms		

Subject: **SUPPLY OF STORES**

The undersigned is pleased to place a purchase order on you for the supply of under noted stores at the rates mentioned hereunder and subject to general conditions of contract for WAPDA Purchase and Special Conditions laid down in the contract:

Item #	Description	Quantity	Unit	Unit Price	Line Total

Subtotal	
Sales tax	
Total	

CONDITIONS ON THE REVERSE

CONDITIONS FORMING PART OF THE PURCHASE ORDER

1. SPECIAL CONDITIONS

- i) The above cited prices excluding GST are firm and final and shall not be escalated for any reason whatsoever.
- ii) The price includes the present duties and taxes. In case however the present duties and taxes are increased or new taxes/duties are imposed by the Govt. on finished goods, during the currency of the Contract, the same will be paid extra on production of documentary evidence. In case of decrease in duties/taxes by Govt. the prices will be decreased accordingly.

2. SPECIFICATIONSAs mentioned above.

3. TERMS OF DELIVERY Free delivery at consignee store i.e. _____.

4. DELIVERY SCHEDULE/PERIOD The goods shall be delivered by the seller in the manner specified in the PO (The time period for delivery alongwith quantity shall be written in this column).

Delivery date shall mean the date of:

1st day of Inspection or 15th day of Inspection call whichever is earlier, shall be reckoned as date of delivery of store to WAPDA Consignee provided the goods accepted for supply have been delivered within 20-days of issue of Inspection Certificate subject to the condition that the supplier / manufacturer offers the material of or Inspection at least 15-days prior to the due date and the offer is not rejected due to being a fake call or material not conforming to the specification.

5. INSPECTION The inspection of the material will be carried out at firm premises/ consignee store by the team nominated by the Purchaser.

All reasonable facilities given in the specifications or allowed by the Industry or Trade in General shall have to be provided to the Inspecting Officer/s by the Bidder at his expense and cost for carrying out the inspection in accordance with the instructions laid down. In addition, the requisite laboratory Tests, needed to be conducted / carried out in accordance with the requirements of the relevant specification.

6. SECURITY DEPOSIT On acceptance of offer / after issuance of Letter of Intent (LoI), the Bidder shall deposit the security 5% in case of registered firm and 10% in case of unregistered firm in shape of Bank Draft OR Performance Guarantee. The security is liable for forfeiture in case of failing to supply the store in accordance with the Terms & Conditions of the Contract. The time period for release of security shall be mentioned in accordance with the nature of material after receipt at Consignee Store and obtaining the NOC from the Consignee / Indenter.

7. INDENTER. _____
8. CONSIGNEE. _____
9. PAYMENT. Bidder will be entitled to 100% payment against each supply on production of bill duly supported by the following documents:
- i) Bill in triplicate.
 - ii) Warranty Certificate as per Clause----- of the Contract.
 - iii) Receipt Certificate (GRN) issued by the Consignee.
 - iv) Certificate that the billed amount has not been claimed or received earlier.
 - v) Confirmation from this office about receipt of security (in case where it is not confirmed from the Purchaser Order Security Clause-----).
 - vi) Inspection Certificate.
 - vii) GST will be deducted as per prevailing rules.

The following terms of payment will also be applicable:

- i) Bill submitted by the supplier will also be either passed for payment or rejected by the competent authority within a week of the date of submission. Objection on the rejected will shall be raised only once and not in piece meal.
- ii) Bill passed for payment shall be paid within thirty (30) days of their date of passing.
- iii) Before making payment to the Bidder, it should be ensured that if the delivery is late, L.D charges will be deducted from their payment by the Consignee otherwise all responsibility will be on the Consignee.

10. SALE TAX & OTHER TAXES/GOVERNMENT DUTIES As per the prevailing rates announced by the Government/local bodies.

11. WARRANTY You will furnish a Warranty Certificate, certifying that the goods supplied confirm exactly to the specifications as laid down on the Contract/Purchase Order and are brand new and that in event of the material being found defective or not conforming to the specifications / particulars governing the supply at the time of delivery and for a period of 12-month from the date of the last supply, you will be held responsible for all losses and that the unacceptable goods shall be substituted with acceptable goods at your expense and cost.

12. FAILURE AND TERMINATION

- A) If you fail to deliver the stores or any consignment thereof within the specified delivery period, the contracting officer shall be entitled at his option either:
 - i) To recover from you the liquidated damages levied at the rate of two percent (2%) per month or part thereof subject to a maximum of ten percent (10%) by the Consignee. The liquidated damages shall be recovered only for the stores supplied late or not supplied except where un-delivered stores held up the use of other

stores, when it shall be for the total value of the Contract. The recovery of the liquidated damages mentioned above can be affected from any payment due to you from any unit of WAPDA.

OR

- ii) To purchase from elsewhere without notice to the Bidder(s) at their risk and cost, the stores not delivered, without cancelling the Contract in respect of the consignment yet due for delivery.

OR

- iii) To cancel the Contract at the Bidder(s) risk and cost.

In the event of action being taken under (ii) or (iii) above, you shall be liable for any loss which the Authority may suffer on the account, but you shall not be entitled to any gain on re-purchase made against the supply order.

- B) If during the course of execution of the Contract, your firm is blacklisted, you may proceed with all or any of the actions detailed below:

- i) To allow the Bidder to complete the Contract with the terms & conditions of Contract.
- ii) To stop further supplies, with or without financial repercussion.
- i) To cancel the Contract with or without reservation of rights.

13. PACKING The packing of the stores shall be done by Bidder(s) and at their expense in accordance with the standard specifications governing such packing. In case there are no standard specifications, goods will be packed according to the trade practice to ensure safe receipt at destination.

14. INSPECTION AND REJECTION

- i) The inspecting officer may reject a part or the whole of the consignment tendered for inspection, if after inspection such portion thereof as he may decide on his discretion he is satisfied that the consignment is below the requirements of the particulars governing the supply given in the Purchase Order.
- ii) The decision of the Inspecting Officer shall be binding on you.
- iii) If the stores are rejected as aforesaid, then without prejudice to the right of the Purchaser you may submit stores in replacement of those rejected but re-submission will not mean extension of delivery period.
- iv) On final rejection the Purchaser shall have the following rights:
 - a) To purchase the rejected goods at the Bidder(s) cost and expense and ask the Bidder to remove the rejected material within 48 hours.
 - b) To terminate the contract and recover from you the loss, the Authority thereby incurs.

15. FORCE MAJEURE While terminating the Contract or imposing liquidated damages, the Purchaser shall give due consideration to the circumstances leading to the breach of Contract or delay on which you had no hold, example of which are:

- i) Natural Calamity/War
- ii) Lockout, Strikes.
- iii) Restrictions imposed by Government in the matter of Import/Export.
- iv) Injunction granted by a lawful court, restraining you from executing the Contract unless such injunction was due to any alleged irregularity committed by you.

16. RESPONSIBILITY FOR EXECUTING THE CONTRACT The Bidder(s) are entirely responsible for successful execution of the Contract in all respects and in accordance with the terms and conditions as specified in the Contract.

17. LAW GOVERNING THE CONTRACT The Contract shall be governed by existing laws of PAKISTAN as amended from time to time as well as PPRA rules amended upto date.

18. Subject the above conditions, this Contract shall be considered as concluded and the provision of this Contract shall be binding on you, on the Bidder(s) assigns, executors, administrators and all those who have any interest pecuniary or otherwise in your concern.

19. Since you have deposited the Security / Performance Guarantee therefore, it is assumed that you have agreed to accept this Contract, which has now acquired the status of legally binding Contract between the Bidder(s) and WAPDA from the date of issue of this Purchase Order.

**PURCHASER
FOR WATER AND POWER DEVELOPMENT AUTHORITY**

(Project Director)

SELLER

Accepted On behalf of

Signed.....

Dated.....

Seal

ANNEXURE TO ANNEXURE 10

Water and Power Development Authority

SPECIAL CONDITIONS OF TENDER

SPECIAL CONDITIONS OF TENDER:

- A) This invitation to tender is without engagement and the purchaser before placing the Purchase Order reserves the rights:-
- i) To scrap the enquiry.
 - ii) To increase or decrease the quantity upto 15%.
 - iii) To delete any item.
- B) Tenderer which do not fulfill the tender conditions may likely to be ignored
- C) No tender may likely be considered if:-
- i) It is received after the time and date fixed for its receipt.
 - ii) The tender is unsigned.
 - iii) The offer is ambiguous or conditional.
 - iv) The offer is from a firm blacklisted by WAPDA or defaulter in any previous order/contract.
 - v) The offer is for stores not conforming to Specifications given in the tender enquiry.
 - v) The offer is unsolicited.
- D) The Purchaser reserves the right to reject any tender if:-
- i) The stores offered are not sound technically or will not serve the purpose for which the stores are required.
 - ii) It is linked up with price variation against an offer invited on a firm and final basis, or received with a delivery period which is not specified and does not permit the purchase of stores within the specified period.
 - iii) The quoted prices are not included with all types of taxes, duties, packing etc and rates are not firm and final.
 - iv) After sale services, workshop facility and adequate trained staff are not found.
 - v) Warranty of the equipments offered is not provided with the offer.
 - vi) Name, Model, Country of Origin is not mentioned in the offer.

- vii) The stores offered are materially and substantially different from the tender conditions.
 - viii) Authorization of foreign Principal for the imported stores is not attached with the offer.
- E) The Purchaser is not bound to accept the lowest offer.
- F) Earnest Money equal to 2% for Registered Firms and 4% for Un-registered Firms of the total bid amount in the form of Call Deposit Receipt / Bank Draft in favour of Purchaser must accompany the offer. Earnest money less than above quoted percentages of total bid amount will not be considered and tender will be rejected even in case of the lowest offer.
- G) After recommendation by the Purchase Committee, the successful Bidder(s), Security in the Form of Bank Draft/Pay Order/Performance Guarantee equal to 5% of the Contract Value in case of Registered Firms and 10% for Un-registered Firms will have to be furnished in favour of Purchaser and which will be released after the time mentioned. The time period for release of security shall be mentioned in accordance with the nature of material (6 months/12 months/18 months from the date of receipt of last consignment) after receipt at Consignee Store and obtaining the NOC from the Consignee / Indenter and also receipt of successful completion certificate from the Consignee or otherwise).
- H) In case of non receipt of security within the target date given by this office, the Purchase Order will not be issued to the lowest bidder and the Earnest Money would be forfeited.
- I) Earnest Money/Bids Security Receipt is liable to be forfeited in case of default withdrawal or non fulfillment of Purchase Order successfully.
- J) The quoted price shall not be increased for any reason what-so-ever.
- K) The successful bidder shall provide atleast one year's warranty from the date of delivery of the stores.
- L) Any type of previous Earnest Money/Security CDR will not be considered in any case for this tender and would be rejected even if the offer is the lowest one.
- M) Withdrawal or any modification of original offer within the validity Period shall entitle the Purchaser to forfeit Earnest Money in favour of Authority or to take suitable action against the registered firm like putting a ban on future enquiries or removal from the list of approved Suppliers.

- N) Repeat order may be placed not exceeding 15% of the original procurement as per PPRA rules 42(C-iv).

CERTIFICATE BY THE BIDDER:

- 1) Certified that the material offered is in accordance with the Specifications attached.
- 2) Certified that the General Conditions of Contract for WAPDA Purchase Procedure/ Registration Procedure as amended upto date are accepted and are hereby agreed to by us.
- 3) Certified that all the above mentioned conditions are accepted and agreed to by us.

SIGNATURE OF BIDDER
Address with Office Stamp
Telephone No. _____

ANNEXURE-11



Water and Power Development Authority

EMERGENCY PURCHASES REGISTER

General Description of the Requirement

Description of the "Emergency" or "Urgent" situation which necessitates the placement of an order. An explanation should be given of why sufficient time could not be allowed for the normal procurement process. Safety or environmental hazards should be clearly detailed. The potential costs this action is intended to avoid should be stated.

Signed..... (Name.....) Date.....

If the supplier or contractor has already been requested to commence meeting our requirements ahead of the necessary authorisation being given, please state here the name of the management team member who was advised prior to this taking place and when the discussion took place. The incharge of the department should sign to confirm this.

Name.....

Comments of Incharge of the Department

Action taken above agreed.

Signed..... Date.....200.....

If the supplier or Contractor has already been requested to commence, please give full details of the contact name at the supplier's and the time of relevant phone calls. Attach any relevant faxes.

A Purchase Requisition shall be generated/prepared for all emergency/urgent procurements. Subject to necessary approvals, Procurement Incharge at Project/formation will place an emergency purchase order.

ANNEXURE-12



Water and Power Development Authority

GOODS RECEIVED NOTE

Original Yellow Colour (For Accounts Deptt.)
Duplicate Blue Colour (Procurement Deptt.)
Triplicate Green Colour (Requesting Deptt.)

G.R.N #: _____
Date: _____
P.O. No: _____
P.O. Date: _____

Department Name: _____

Received Form: (Bidder's name & address) _____

S. No.	Qty.	Description	Unit price	Total

Received By: _____ Date: _____
Name: _____
Inspected By: _____
Date: _____

Sub Total:	
Shipping & Handling:	
Other:	
Grand Total:	

ANNEXURE-13

STOCK MEASUREMENT BOOK

Store..... (Use Separate Page for Each Delivery From Supplier and for Each Superscribed Cheque from Own Formation)

SM Book No..... PAGE No..... Date.....

Source of Supply..... PO No..... PO Date.....

Delivery Challan / Store Return Warrant / Indent No..... Date.....

ITEM DESCRIPTION			QUANTITY			Unit Rate	Amount of Article	Freight and Other Charges	Total Cost	Amount of GST	Total Amount Incl.GST
Item No.	Stock Code No	Description	Unit of Measurement	No. in Figures	No. in Words						
								Total GST G.Total			

Particulars	Delivered by	Received by	Inspected Measured by	Taken on Stock by	Valuation		Entered in.....by	
					Done by	Checked	Stock Ledger	Value Ledger
Name								
Designatio								
Signature								

Particulars of Driver and Truck through Which Material Was

CONTRACTORS

Name & Address of Contractor	Signature & CNIC	Vehicle / Truck Registration No.	Name of Drive	Signature