

Public Procurement

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Public Procurement

- Constitutional Obligation;
- International Obligation(WTO);
- Obligation to Citizen/Tax payers;



Public Procurement

- Rule of law;
- Good governance in procurement;
- Sustainable procurement;

Good
Governance
as a whole



Public Procurement

- PPA 2006;
- PPR 2008;
- E-GP Guideline;
- Delegation of Financial Power;
- Development Partners Guideline.

Regulated
by



Public Procurement

Rights of PE

Right-Quantity

Right-Quality

Right-Place

Right-Time



Right-Price



Public Procurement

Right-Quantity

Quantity invited

- **Package-All items**
- **Lot-All items (Generally)**
- **Item-wise tender-Whole quantity of the respective item**



Public Procurement

Right-Quality

Requirement

- Works : Bill of quantities (BOQ)
- Goods : Specification
- Intellectual Services : Terms of References (TOR)



Public Procurement

Right-Place

Delivery Place

- Works : Place of work
- Goods :
Warehouse/Port/Station etc
- Intellectual Services : Place to
submit Deliverables



Public Procurement

Right- Time

Completion time

- Works : Time to complete work
- Goods : Delivery time
- Intellectual Services : Time to submit Deliverables



Public Procurement

Right- Price

Lowest among Responsive tenderers
and **Market comparable**

Last Consideration



Public Procurement

Who is competent to fulfill the Rights ?

- Eligible
- Qualified
- Technically complied
- Lowest
- And Price is market comparable
- Post qualified



Public Procurement

Who is Eligible?

- Have the legal capacity to sign contract
- Enrolled as Trade Body
- Fulfilled the taxation obligation
- Not Debarred
- Not insolvent/ Bankrupt
- No conflict of interest
- Not from ineligible country



Public Procurement

Who is Qualified?

- Experienced
- Experienced on similar work/supply/assignment
- Financially capable
- Litigation in acceptable range.



Public Procurement

Who is Technically qualified?

Comply the BOQ/Technical Specification/TOR



Public Procurement

Eligible

Qualified

Technically complied

Responsive



Public Procurement

Transparency
Accountability
Non-discrimination

Competition

Impartiality
Fair treatment
Integrity

**Domestic
Preference**



Public Procurement

Responsiveness established through evaluation

Preliminary

Eligible
Completeness
Tender Security
Validity Period

Technical

Authenticity
Adequacy
Acceptability
Qualification
Technical compliance

Financial

Comparison of
Offers

RESPONSIVE

Public Procurement

Who is the winner ?

**Lowest Responsive
&
Offered market comparable Price**



Public Procurement

Who is the Recommended ?

**Lowest Responsive
Quoted Market Comparable Price
&
Post Qualified**



Public Procurement

How market comparability is checked ?

Lowest Responsive Price



**Official Cost Estimate
(Benchmark for Market comparability)**



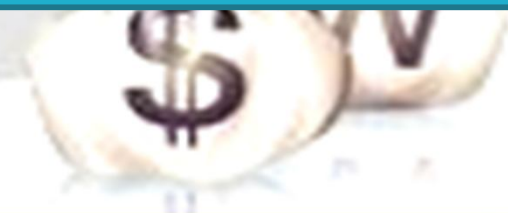
Public Procurement

Official cost estimate



Lowest responsive Price

ok



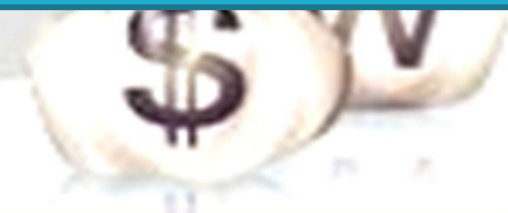
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Lowest Responsive Price

IF ABNORMALLY LOWER

Official Cost Estimate

Investigate the reason.
Justified, ok. Not justified, rejected



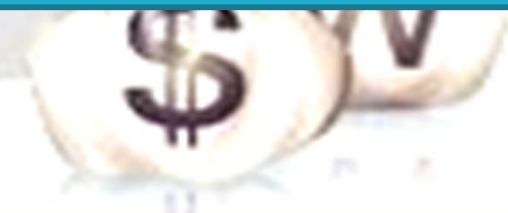
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Lowest Responsive Price

SUBSTANTIALLY

Official Cost Estimate

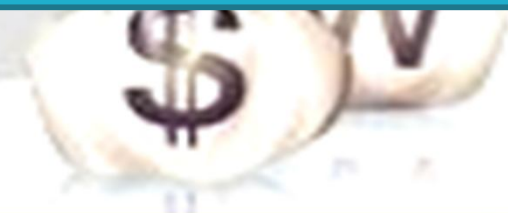
Verify market again. Ok, if
OCE is rational



Public Procurement

Official Cost Estimate

- Prepared after preparation of Specification/BOQ/TOR
- Before preparation of Tender Document
- Kept confidential
- Compare with lowest evaluated post qualified price



Public Procurement

Procurement Plan

Preparation of Specification

OEC

Document

IFT

Preparation

Submission

Opening

Evaluation

Approval

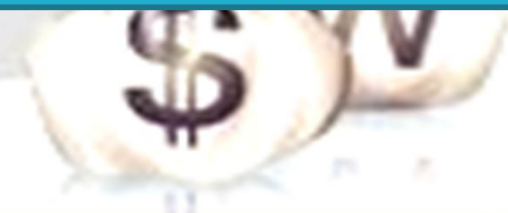
Contract signing

Process

Contract implementation

Warranty

Contract Management



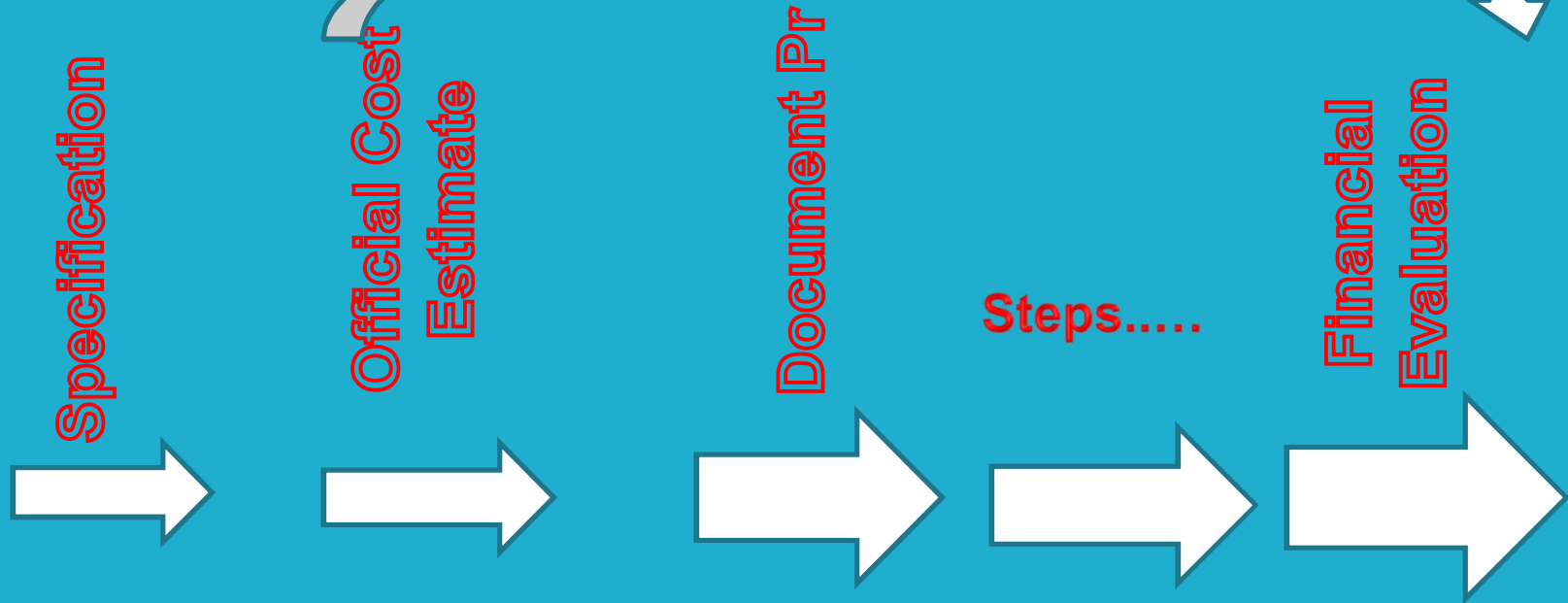
Public Procurement

How Official Cost Estimate prepared

- Whole sale price
- Retail price
- Recent purchasers price
- Manufactured price
- Internet source
- Previous prepared scheduled price by the PE.
- Consider overhead, transportation, administrative and profit cost
- Consider geographical location

Public Procurement

Keep Confidential



COMPARING LEP WITH OCE



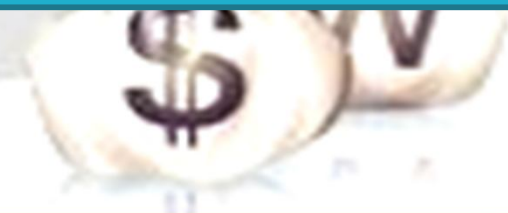
Public Procurement

Right Price

- Lowest price is not the right price
- Market Comparable price (Economy price) is the right price;

Remember

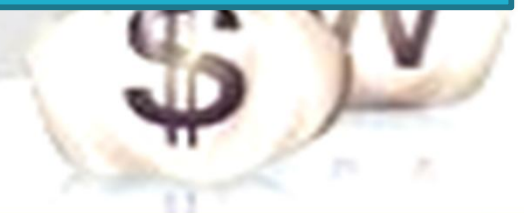
Price fluctuation can't be fixed in a rate



Public Procurement

Objective of Public Procurement

**Achieving Value for
Money**



Public Procurement

Objective of Public Procurement

Procurement

-Efficient

(Minimum transaction cost)

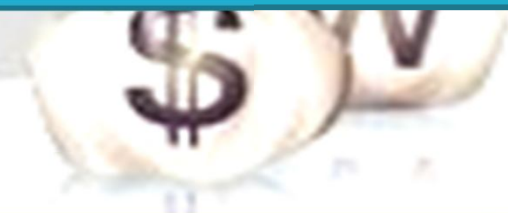
-Effective

(Fulfillment of objective of procurement)

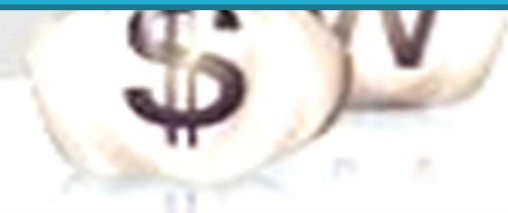
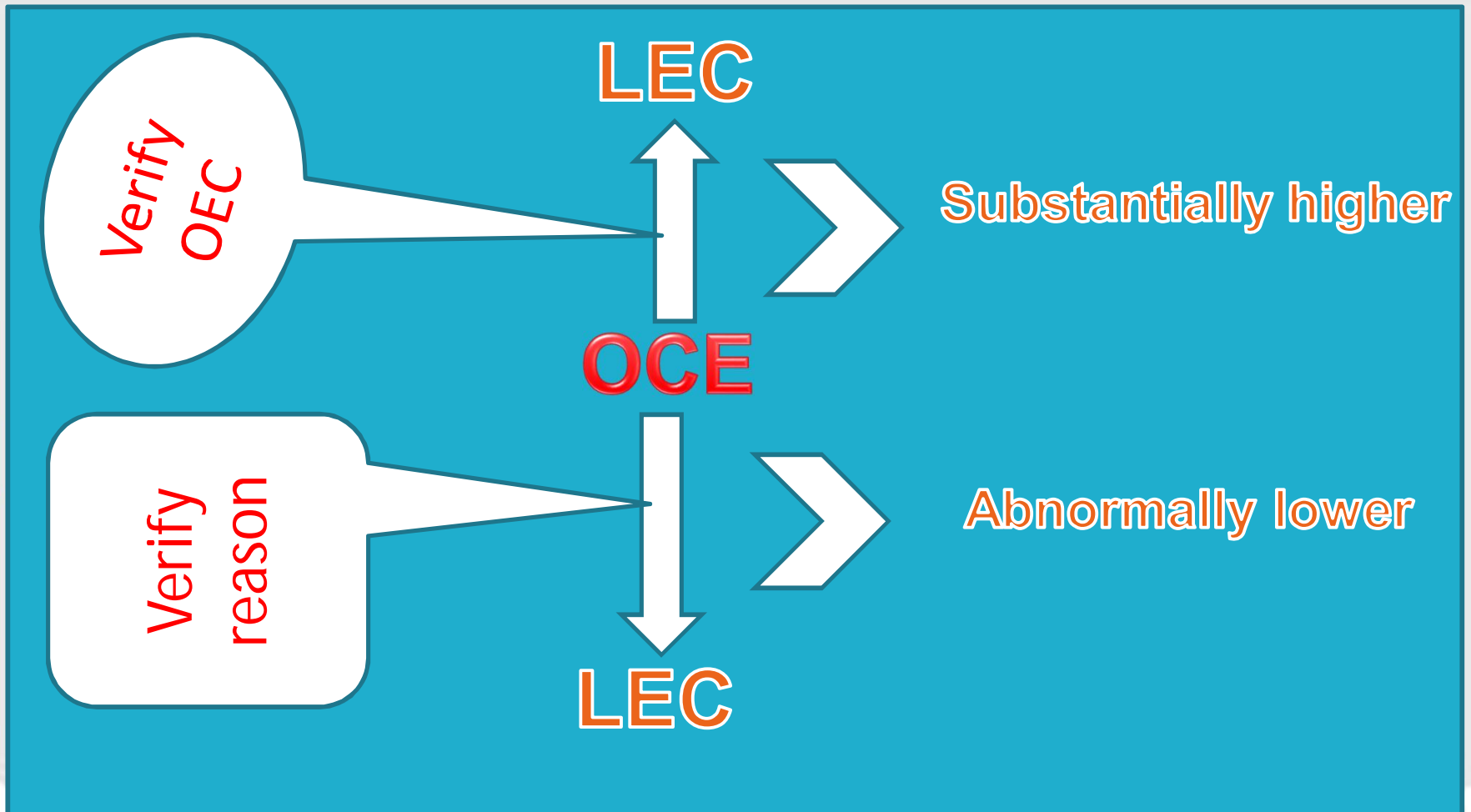
-Economy

(Minimum procurement price)

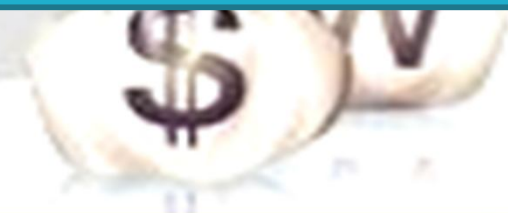
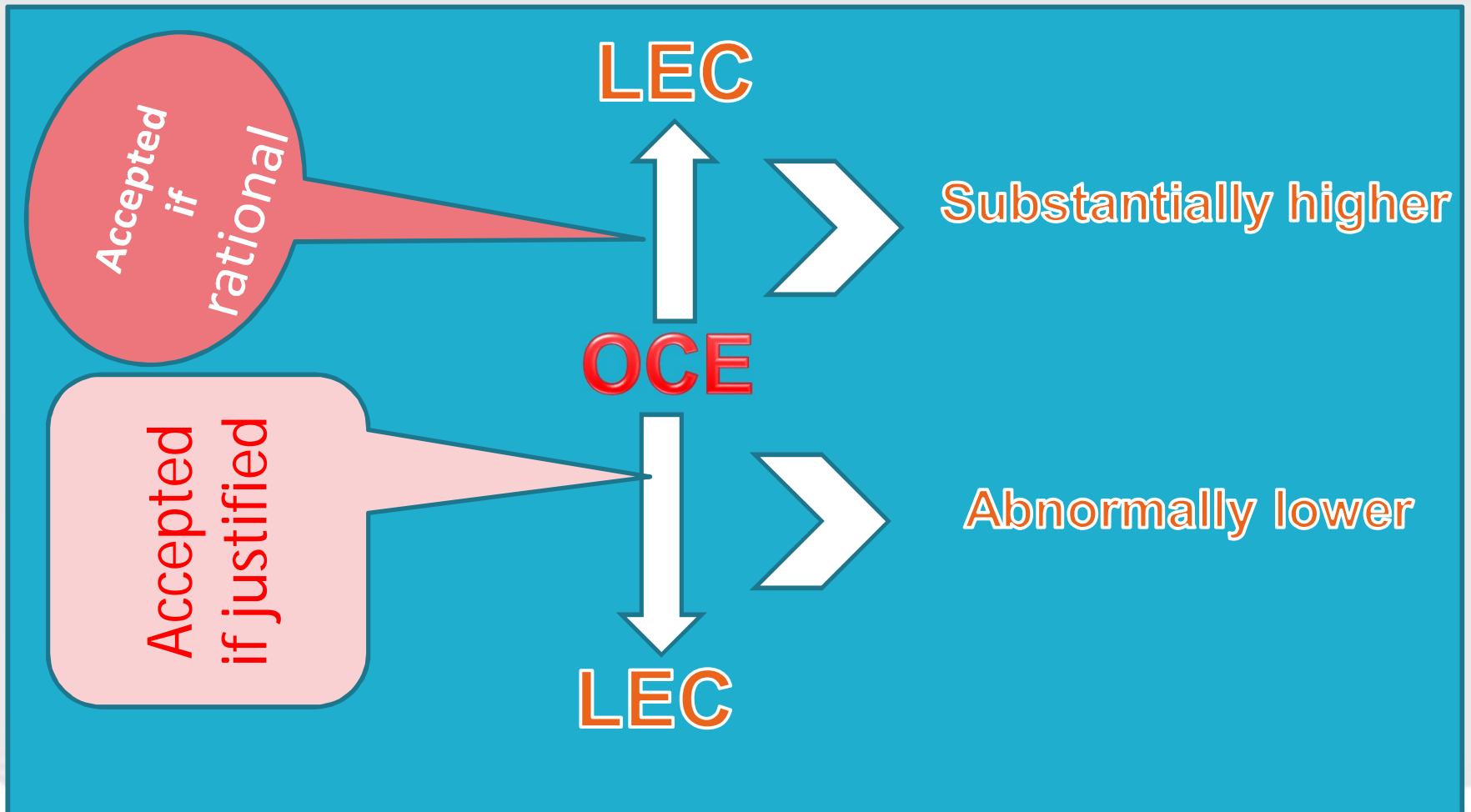
Ensure VFM



Public Procurement



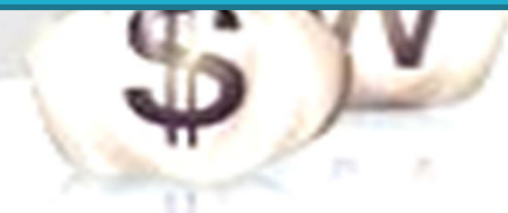
Public Procurement



Public Procurement

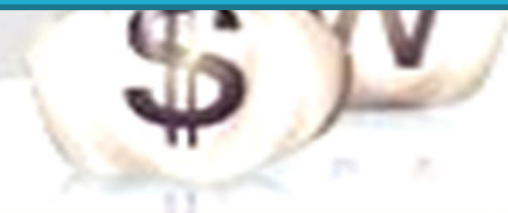
Create Competitive environment

**Allow the Tenderers
To submit competitive, market
comparable price**



Public Procurement

**Do post qualification
(Mandatory)
Finalized Recommendation
Get approval
Issue NOA within VP
Sign Contract**





THANKS

Q ?