

Introduction

About

Public Procurement Methods

Presenter

Mostak Ahmad

Executive Engineer

Office of the

Superintending Engineer,

LGED, Rajshahi



Methods of Procurement For Goods & Works

I

- NCT, Open Tendering Method (OTM)

II

- NCT, Limited Tendering Method (LTM)

III

- NCT, Two Stage Tendering Method (TSTM)

IV

- NCT, One Stage Two Envelope Tendering Method (OSTETM)

I

- NCT, Request for Quotation Method (RFQM)

II

- NCT, Direct Procurement Method

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-62: NCT, Other Methods for Procurement of Goods, Works

Distinct Methods

**Goods & Related Services
Works & Physical Services**

Rule-62

OTM
Open
Tendering
Method

LTM
Limited
Tendering
Method

DPM
Direct
Procurement
Method

RFQM
Request for
Quotation
Method

OSTETM
One Stage
Two Envelope
Tendering
Method

TSTM
Two-Stage
Tendering
Method

Compliance with the conditions
specified in the Rule

OTM: Preferred Method

Competition under non-discriminatory and equal terms

Taking into account the thresholds and conditions

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-61: NCT, Open Tendering Method (OTM)

Key aspects

- Invite Tenders from Eligible Tenderers through public **advertisement**
- Allowing **min^m time** for submission as specified
- **Allow Government owned factories or enterprises if they establish that they are legally and financially autonomous**
- **Urgent National need**; GoB may reduce time as per recommendation of CCEA.
- Issuance of TD to Pre- qualified applicants only in case of **Pre-Qualification**

Methods of Procurement (Goods & Works):

OTM, LTM, TSTM & OSTETM

Time for Submission: OTM (National)

Up to Tk. 2 Crore

≥ 14 CD

above Tk. 2 Crore
up to Tk. 5 Crore

≥ 21 CD

Above Tk. 5 Crore

≥ 28 CD

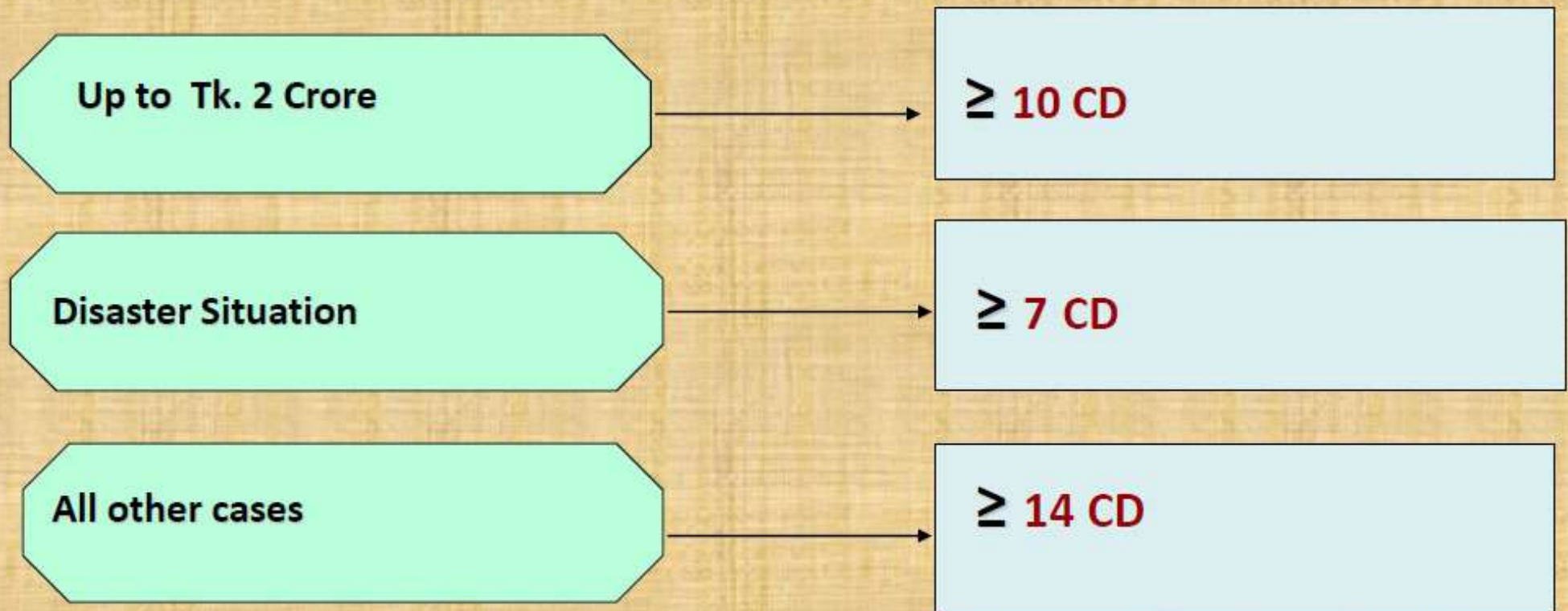
Emergency following
Catastrophe

≥ 10 CD

Methods of Procurement (Goods & Works):

OTM, LTM, TSTM & OSTETM

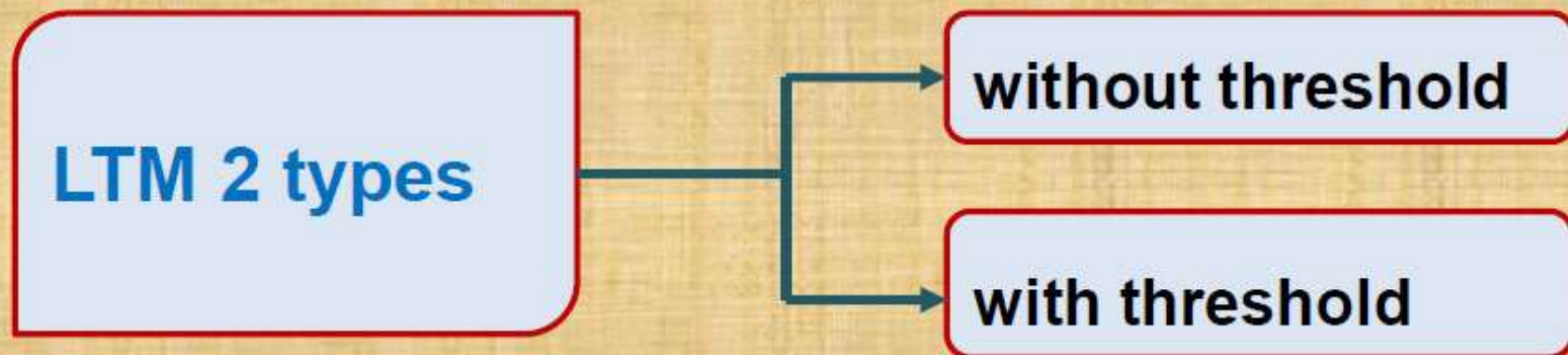
Time for Re Tender: OTM (National)



Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Limited Tendering Method (LTM)

- ❑ A PE may maintain list(s) of enlisted Tenderers for use LTM, and in such cases the Person's qualifications shall be reviewed and updated on an annual basis.
- ❑ The PE may invite potential Suppliers and Contractors to submit documents in support of their qualifications for enlistment.



Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-63: LTM, Without Threshold

1

- G&W of specialized nature
- Available only from a limited number

Aircraft, locomotives, specialized medical equipment, tele-communication equipment's, silos, ports, harbours

2

- An urgent need for Procurement
- Competitive Tendering impractical

Not foreseeable and because of delay

3

- Policy of standardization to reduce maintenance cost & limit the stock of spare parts

Computers
laboratory equipment
research equipment

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-63: LTM , With Threshold

4

From **enlisted** Suppliers or Contractors if contract price is relatively less compared to cost and time of Tender Processing

➤ Max. Tk. 25 lakh for Goods and related services and **"Stand alone service"**

➤ Max. Tk. 3 Crore for Works and Physical services

Tender price if exceeds the specified threshold

Approval of Contract by next higher authority required

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-63 & 64: LTM , Invitation

- The Limited Tendering Method shall not be used without prior approval of the HOPE or AO
- The submission of Tender Security and Retention money shall not be mandatory but the submission of Performance Security shall be required.
- For Goods of a specialized nature invite from the potential limited Suppliers directly
- Procuring Entities, who maintain updated lists of enlisted Suppliers or Contractors may invite Tenders from those enlisted Suppliers or Contractors.
- Parallel ad. in PE's website, if any, and in brief in the local publications is recommended

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-64: LTM , Time for Submission

Aspects

All cases

except

Urgent need for
Procurement

National disasters

Re-Tendering

Time

Not less than
(14) days

(7) days 63(b)(c)

Below 7 days

Not less 7 days

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-65: TSTM

**Turnkey
Contracts or
Contracts for
large complex
nature of plants**



**Supply, installation &
commissioning of
processing plants or
works of complex
nature, Communication
Technology**

- Not possible Complete technical specifications in advance
- PE Lacks the capability to prepare Specification
- Alternative Tech. approaches may not be available within the **knowledge of PE**

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-66: Procedures for TSTM

In the First-Stage, PE shall invite Technical proposals through advertisement on the basis of a conceptual design

The advertisement shall state the criteria to determine responsiveness of a Technical Proposal in which–

**The relative
managerial
& technical
competence**

**The
effectiveness
and future
adaptability**

**No
Tender
Security**

**Tenderers
describes the
technical
performance,
quality & other
characteristics
of the G & W**

**Tenderers
comment upon the
terms & conditions
suitable for
managing contract
performance.**

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-66: TSTM, Time for Submission



Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-67 : Evaluation of TSTM 1st stage

**The
Evaluation
Committee
shall**

review the Technical Proposals (TP) in order to identify responsive proposals

engage in separate discussions, with responsive Tenderers concerning any aspect of their Proposals

issue Minutes of Tender Adjustments' to each responsive Tenderer that outlines the changes required in its Technical Proposal.

be submitted the Evaluation Report including draft minutes of the adjustments signed by the concerned Tenderers and TEC members

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule- 68: Evaluation of TSTM 2nd stage

**The
Procuring
Entity
shall**

revise the Tender Documents to reflect the agreed new technical scope and set out the detailed tender evaluation criteria for the Second Stage Tenders.

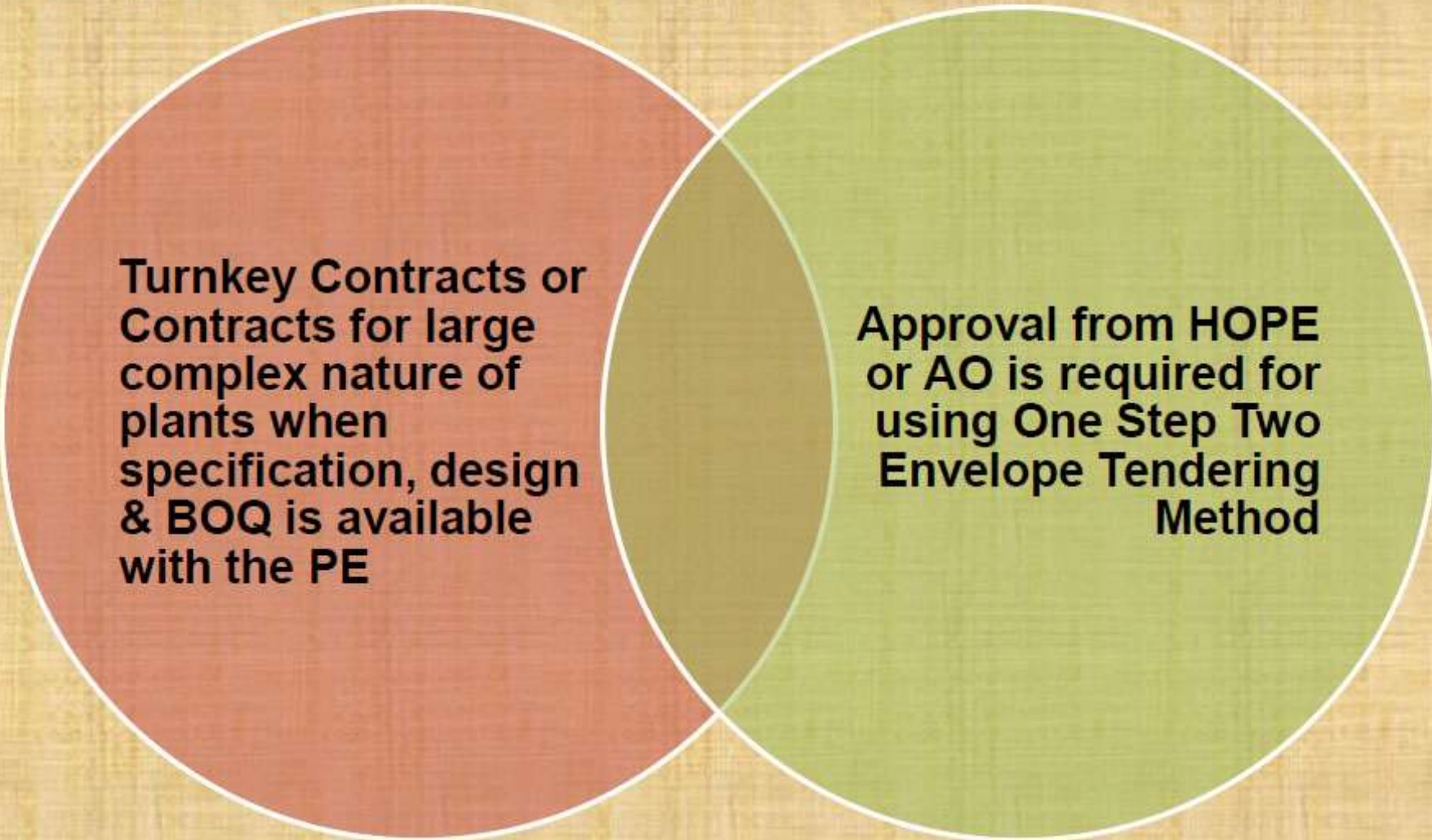
maintain the confidentiality of the Tenderers' TP used in the first stage, In revising the Tender documents in the second stage

invite all responsive tenderers of 1st stage to submit their priced 'best and final' Tenders, in accordance with the requirements of the 2nd Stage Tender Document and Minutes of Tender Adjustments within **21 Days**

follow the same procedures as of OTM for the Tender submission, opening, evaluation and award of the Contract at the 2nd stage.

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-68(a) : OSTETM



Turnkey Contracts or
Contracts for large
complex nature of
plants when
specification, design
& BOQ is available
with the PE

Approval from HOPE
or AO is required for
using One Step Two
Envelope Tendering
Method

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Reasons for using OSTETM

In OTM, because of limit of $\pm 10\%$, the lowest rate becomes same.

In case of tie for the evaluation price, the Tenderer shall be selected based on the past performance evaluation and rating matrix for different aspects to be used in assessing the tenderer's quality.

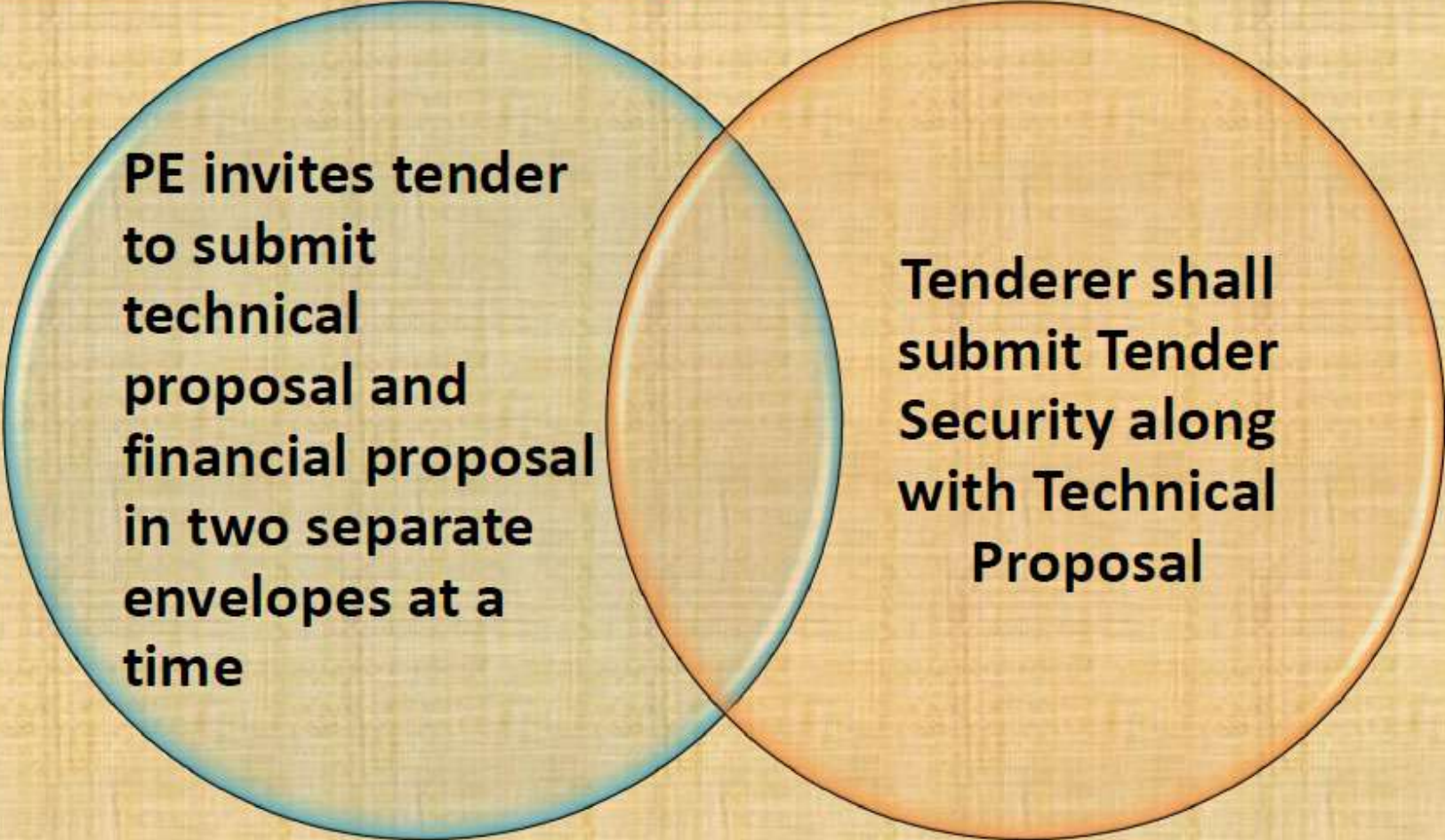
****Aspects:** Total no. of works contract, Total value of works contract and Total value of on-going works & current commitment

Verify the various aspects of Tenderers is very difficult and no database is available.

In OTM, as per opening any Tenderer may become lowest irrespective of responsive or non-responsive Tenderer. It is very difficult to discard the lowest evaluated non-responsive tenderer.

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-68 (b): OSTETM Procedure



PE invites tender to submit technical proposal and financial proposal in two separate envelopes at a time

Tenderer shall submit Tender Security along with Technical Proposal

Methods of Procurement (Goods & Works): OTM, LTM, TSTM & OSTETM

Rule-68 (c): OSTETM

Opening and Evaluation of technical proposal

Opening Committee shall open only Technical Proposal in designated place and time.

Technical proposal shall not be corrected after receiving and opening.

PE shall evaluate Technical proposal in pass/fail criteria based on technical qualification.

Technical proposal shall be approved by the HOPE or AO.

Methods of Procurement (Goods & Works):

OTM, LTM, TSTM & OSTETM

Rule-68 (d) : OSTETM

Opening and Evaluation of Financial Proposal

PE shall only open the financial proposal of the technically responsive tenderer after approval of the technical report.

The financial offer of all the technically responsive tender shall be opened and finalize the lowest evaluated tenderer.

After signing of the contract, the technically non-responsive tenderer shall be informed and returned the unopened financial offer.

Methods of Procurement (Goods & Works): RFQM

Rule-69: RFQM: Definition

"Quotation" means the priced offer in writing received from Tenderers/Suppliers for the procurement of **readily available standardised Goods & low value Works or physical Services** subject to the financial limitation as prescribed by the Rules

- unit rate
- lump sum
- **Cost + Fee**

Methods of Procurement (Goods & Works): RFQM

Rule-69 (1,2,3): RFQM

Conditions and Procedures

PE may use RFQ Method for Procurement of off-the-shelf Goods and related Services and low value simple Works and physical Services

The HOPE shall strictly control the use of the RFQ Method in order to ensure no abuse and its use by PE is restricted to the specified items

A decision to use RFQ Method shall be approved in writing by the HOPE or AO unless the RFQ method was scheduled in the Approve Procurement Plan

Methods of Procurement (Goods & Works): RFQM

Rule-69 (4): RFQM: Conditions and Procedures

**Justification: the use
of the RFQ Method**

PE shall not to use to bypass more competitive tendering methods

PE shall not split large potential contracts solely to allow the use of RFQM .

Complex Documentation or all the formalities of a full Tendering process is not required

Methods of Procurement (Goods & Works): RFQM

Rule-69 (5): RFQM: Procedures

Quotations for low value simple Works or physical Services may be requested in the form of –

unit rate prices,
provided
quantities can
be estimated
correctly;

Or

“cost plus fee”
arrangements,
when quantities
cannot be
reasonably
determined;

Or

a lump sum, if an
accurate cost
estimate can be
prepared for the
Works or physical
Services

Methods of Procurement (Goods & Works): RFQM

Rule-69(6): RFQM: Conditions and Procedures

**Procurement of Goods and
Related Services required for
maintenance and urgent repairs**

any spare parts or related Services for the maintenance or repair of any public sector utility workshops not exceeding limit.

procurement of Goods and related services required for the maintenance and urgent repairs of national carriers not exceeding limit.

procurement of any spare parts or related Services for the urgent maintenance or repair of any processing or production plant of public manufacturing industries not exceeding limit.

Methods of Procurement (Goods & Works): RFQM

Rule-69 (6): RFQM: With Thresholds

➤ Readily available Off-the-shelf Goods

➤ Low value simple Works and physical Services

Revenue (Max^m)

G

Tk. 3 lakh (Each case.)
Annual aggregate Tk. 15 lakh

W

Tk. 6 lakh (Each case)
Annual Tk. 25 lakh

Development (Max^m)

G

Tk. 5 lakh (Each case) Annual
Tk. 30 lakh

W

Tk. 10 lakh (Each case)
Annual Tk. 60 lakh

Methods of Procurement (Goods & Works):RFQM


Rule-70: Documentation Needed for the RFQ Method



The RFQ shall contain a clear statement concerning the PE's requirements.



Tenderers may be required to furnish documentary evidence(s) by providing a valid trade license, Tax Identification No. (TIN), VAT registration and Bank solvency certificate.



Tenderers shall be requested to quote prices or rates in a process similar to those in OTM.



The evaluation criteria to be used shall be stated in the RFQ document.









PE shall use the standard Document specified for RFQ Method (PG-1, PW-1).



No Tender or Performance Securities are required.

Methods of Procurement (Goods & Works):RFQM

Rule-71: Procedures for use of RFQM

-  The PE shall invite quotations by letter, fax or electronic mail.
-  No advertisement in newspaper ; but in PE's Website & Notice Board.
-  The PE shall not charge any fees for the RFQ Document.
-  The PE shall request quotations from as many Tenderers as practical but **not less than 5 Tenderers**
-  PE shall obtain and compare **at least three (3) responsive** quotations.
-  Same Tenderers should not always invited to quote.

Methods of Procurement (Goods & Works):RFQM

Rule-71:RFQM: Time for Submission

**Reasonably
Justifiably
minimum**



**Not more
than ten (10)
days**

Methods of Procurement (Goods & Works):RFQM

Rule-72 : Submission of Quotations

- ☐ The Tenderer shall have the choice to submit its offer in a sealed envelope clearly marked on the top as `Quotation' or by fax or e-mail.
- ☐ PE shall stamp all quotations, received sealed or otherwise, indicating both the date and time of receipt and shall submit without opening to the Chairperson of the TEC for evaluation.
- ☐ The PE, unless there is extreme urgency or there are not already three (3) or more responsive quotations available, may give reasonable amount of additional time for other Tenderers to submit quotations.

Methods of Procurement (Goods & Works):RFQM

Rule-73 : Evaluation of Quotations and Issuance of Purchase or Work Order

All quotations shall be examined based on requirements specified in the RFQ.

A slightly higher price may be justified for faster delivery or immediate availability in cases of extreme urgency

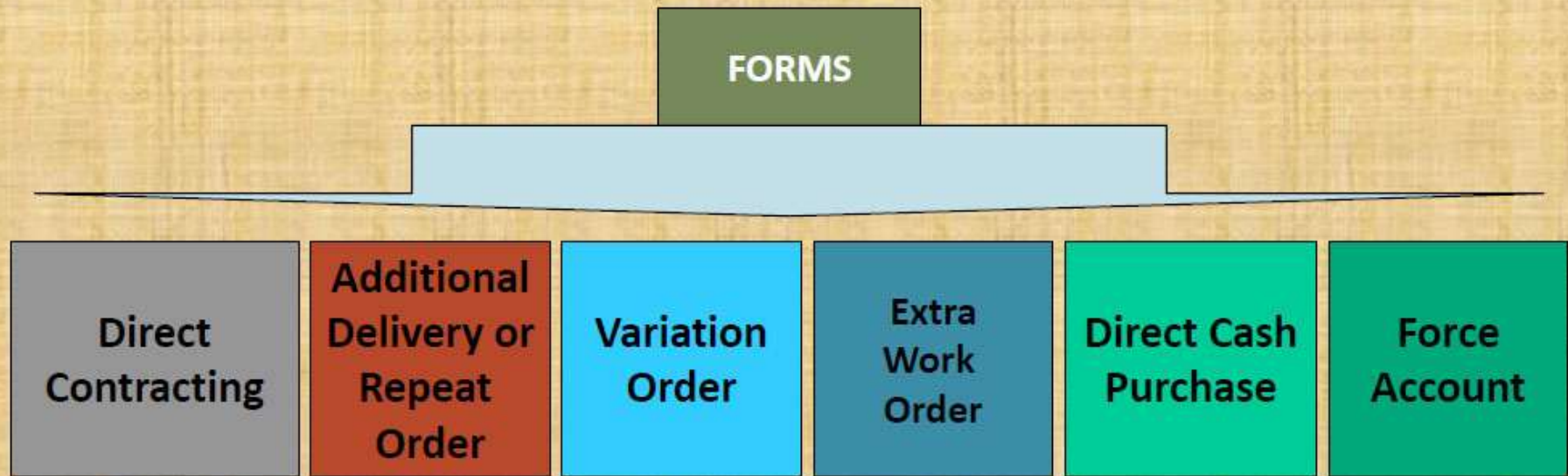
The winning Tenderer shall be notified immediately by sending purchase order for Goods or by inviting to sign a standard contract for Works.

Methods of Procurement (Goods & Works):DPM

Rule-74&75: Direct Procurement Method (DPM)

The PE may use the DPM for Procurement for Goods and Related Services, Works and Physical Services from one source without going through Tendering.

The decision to use this method shall be approved by the HOPE or AO in order to ensure that there is no abuse.



Methods of Procurement (Goods & Works): DPM

Rule-76(1):DPM: Direct Contracting (Threshold)

➤ Emergency Procurement arising from **Natural disasters** within the thresholds

➤ Very urgent or essential nature, such as transportation services, event management

For above
Threshold
Section-68
of ACT

Maximum **Tk. 50 lakh** each
case annual aggregate **5 crore.**

As per Limit of revenue &
Development Budget

Methods of Procurement (Goods & Works):DPM

Rule-76 (1): Direct Contracting : With Thresholds

Very urgent or essential nature, such as transportation services, event management

In Special Case HOPEs Approval Required

Revenue (Max^m)

Ministry

Tk. **5 lakh** (Each case.)
Special case Tk. **20 lakh**

HOPE

Tk. **2 lakh** (Each case.)
Special case Tk. **10 lakh**

Div./ Reg.

Tk. **1 lakh** (Each case.)
Special case Tk. **5 lakh**

District

Tk. **0.5 lakh** (Each case.)
Special case Tk. **2 lakh**

Methods of Procurement (Goods & Works):DPM

Rule-76 (1): Direct Contracting : With Thresholds

Very urgent or essential nature, such as transportation services, event management

In Special Case HOPEs Approval Required

Development (Max^m)

Ministry

Tk. **5 lakh** (Each case.)
Special case Tk. **20 lakh**

HOPE

Tk. **2 lakh** (Each case.)
Special case Tk. **10 lakh**

PD (A type)

Tk. **1 lakh** (Each case.)
Special case Tk. **5 lakh**

PD (B type)

Tk. **0.5 lakh** (Each case.)
Special case Tk. **2 lakh**

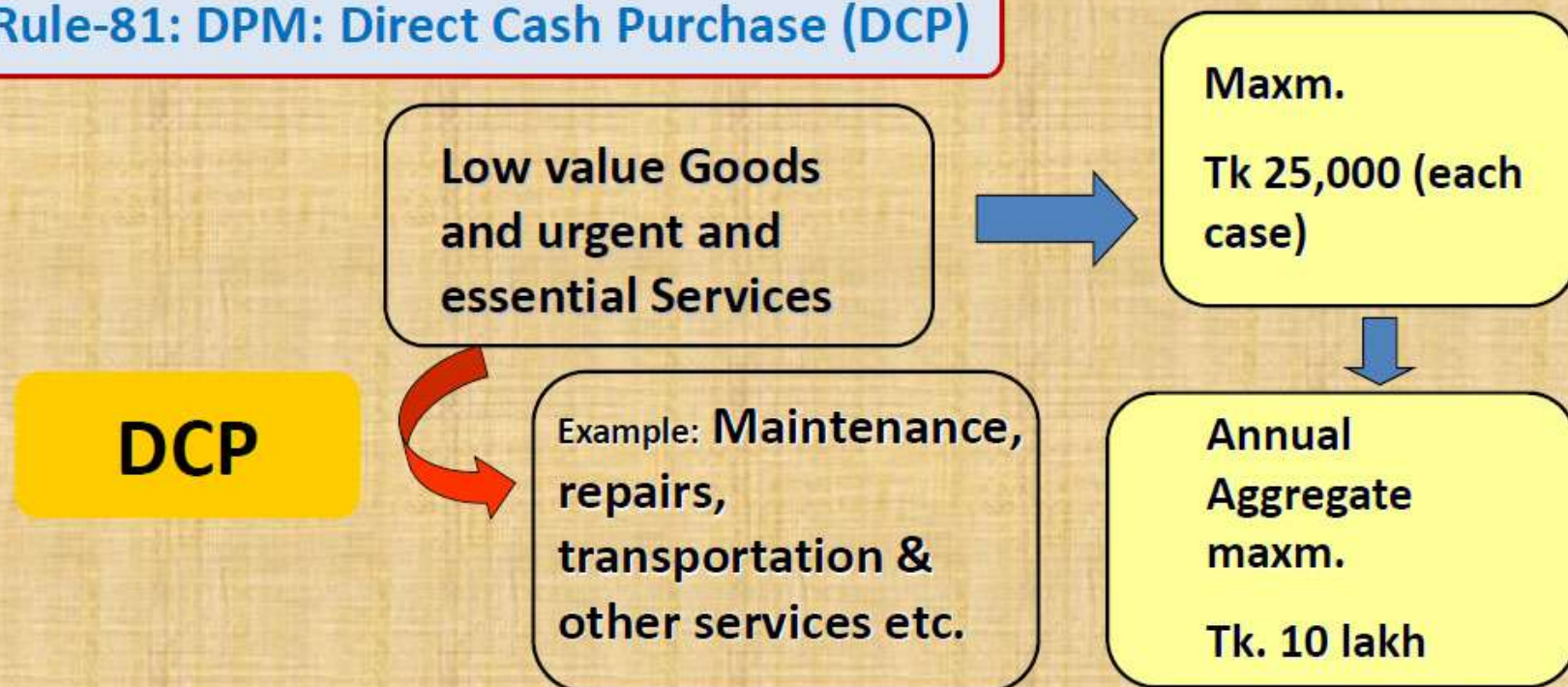
Methods of Procurement (Goods & Works): DPM

Rule-77: DPM: Additional Delivery or Repeat Order

- Repeat order of **similar nature**
- Contract value within 15% of original contract value
- No Procurement by repeat orders for the purpose of evading the necessity of the alternative methods of Procurement
- in the case of an extension of existing contract, the original Contract must be competitive.

Methods of Procurement (Goods & Works): DPM

Rule-81: DPM: Direct Cash Purchase (DCP)



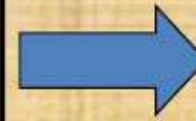
May form a Committee of 3 members
Payment may be made by CASH or CHEQUE
No Purchase Order or Contract Agreement

Methods of Procurement (Goods & Works): DPM

Rule-82: DPM: Force Account

FA

**Used for hiring
of Direct
labour for
departmental
needs**



Each case

Annual
Aggregate
maxm. Tk 3 lakh

Methods of Contract : Framework Contract

Rule-89: Framework Contract

PE may enter into a framework Contract, for the supply of similar items at specified prices during a defined period, in order to avoid repeated Tendering

- **Framework contract with one or more supplier over a defined period of time not exceeding three (3) years using OTM or LTM.**
- **Do not procure on Framework Contract for prices higher than market price**

Methods of Contract : Framework Contract

Rule-89: Framework Contract

Where to apply

PE use Framework Contracts following Rule 89 for repetitive supplies

PE can decide Tenders on lot-by-lot or item-by-item basis if advantageous.



Thanking you