# Lecture 13

Procedures of open competitive bidding



# PPRA Rule 36

Save as otherwise provided in these rules the following procedures shall be permissible for open competitive bidding, namely:-

# (a)        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.

# (b)       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 un-opened to the respective bidders; and

(ix)      the bid found to be the lowest evaluated bid shall be accepted.

# (c)        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 these rules:

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:

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;

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#     Second stage

(vi)      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;

(vii)     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

(viii)    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.

(d)   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

(viii)    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;

(ix)      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

(x)        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.

37.       Conditions for use of single stage two envelope, two stage and two stage two envelope bidding procedures.-

Single stage one envelope bidding procedure shall ordinarily be the main open competitive bidding procedure used for most of the procurement. Other appropriate procedures of open competitive bidding shall be selected in the following circumstances, namely:-

(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