

**Royal Government of Bhutan  
Ministry of Finance**



**Procurement Manual**

**Rules and Procedures**

**2007**

# Contents

<b>CHAPTER I.....</b>	<b>4</b>
<b>GENERAL .....</b>	<b>4</b>
<b>1.1 Objectives, Application &amp; Definitions .....</b>	<b>4</b>
1.1.1 Objectives.....	4
1.1.2 Application.....	4
1.1.3 Definitions.....	5
<b>CHAPTER II.....</b>	<b>8</b>
<b>QUALIFICATION &amp; REGISTRATION OF BIDDERS .....</b>	<b>8</b>
<b>2.1 Qualification Criteria.....</b>	<b>8</b>
2.1.1 Qualitative Selection Criteria .....	8
1. Financial Capacity.....	8
2. Technical Ability .....	8
2.1.2 Exclusion of Bidders.....	9
<b>2.2 Pre-Qualification .....</b>	<b>9</b>
<b>2.3 Registration System .....</b>	<b>10</b>
2.3.1 General .....	10
2.3.2 Creation of Registration systems .....	11
2.3.3 Registration of Bidders for Works and Consultancy Services for Works.....	12
<b>2.4 Information on Rejection of Bidder .....</b>	<b>13</b>
<b>CHAPTER – III.....</b>	<b>14</b>
<b>ORGANISATION OF PROCUREMENT.....</b>	<b>14</b>
<b>3.1 Tender Committee.....</b>	<b>14</b>
3.1.1 Levels and Composition .....	14
1. Gewog Tender Committee.....	14
2. Dzongkhag Tender Committee .....	15
3. Field Level Tender Committee in Department.....	15
4. Departmental Tender Committee .....	15
5. Ministerial Tender Committee .....	16
6. Autonomous Bodies Tender Committee.....	16
7. Higher Level Tender Committee for the Autonomous Bodies.....	17
8. Inter-Ministerial Tender Committee .....	17
3.1.2 Responsibilities and Powers.....	17
<b>CHAPTER IV .....</b>	<b>19</b>
<b>THRESHOLDS, METHODS AND PROCESSES .....</b>	<b>19</b>
<b>4.1 Procurement Thresholds.....</b>	<b>19</b>
4.1.1 Thresholds.....	19
1. Revision of Threshold Values .....	19
2. Application of Threshold Values .....	19
4.1.2 International Procurement.....	20
<b>4.2 Procurement Methods.....</b>	<b>20</b>

4.2.1	General .....	20
4.2.2	Open Tender/ Bidding Method .....	20
4.2.3	Limited Tender/Bidding Method .....	21
4.2.4	Limited Enquiry Method .....	21
4.2.5	Direct Contracting Method .....	22
4.2.6	Framework Contracting .....	23
<b>4.3</b>	<b>Procurement Processes .....</b>	<b>23</b>
4.3.1	Application of Procurement Process.....	23
1.	One Envelope Process .....	23
2.	Two Stage Process.....	24
<b>CHAPTER V .....</b>	<b>26</b>	
<b>THE BIDDING PROCESS &amp; DOCUMENTS .....</b>	<b>26</b>	
<b>5.1</b>	<b>Essentials of the Bidding Process.....</b>	<b>26</b>
5.1.1	General .....	26
5.1.2	Invitation for Bids .....	26
5.1.3	Minimum Time limits for Submission of Bids.....	27
5.1.3	Eligibility of Bidders .....	27
5.1.4	Clarification of Bidding Documents .....	28
5.1.5	Amendment of Bidding Documents .....	28
5.1.6	Submission of Bids.....	28
5.1.7	Bid Validity .....	29
5.1.8	Bid Security .....	30
5.1.9	Performance Security .....	31
5.1.10	Retention Money/Security Deposit.....	31
5.1.11	Advances & Securities in Works Contracts .....	32
1.	Mobilisation Advance.....	32
2.	Secured Advance.....	32
5.1.12	Advances in Supplies Contracts.....	33
<b>5.2</b>	<b>Bidding Documents .....</b>	<b>33</b>
5.2.1	General .....	33
5.2.2	Components.....	33
1.	Invitation for Bids.....	34
2.	Bidding Instructions .....	34
3.	Bid Form and Price Schedules .....	34
4.	Form of Contract and Contract Conditions.....	35
5.	Specifications/Scope of Works .....	35
<b>5.3</b>	<b>Processing of Bids .....</b>	<b>36</b>
5.3.1	Transparency of Process .....	36
5.3.2	Receipt of bids .....	36
5.3.3	Confidentiality of bid documents and proceedings .....	37
5.3.4	Bidders' participation in the Bid Opening .....	37
5.3.5	Opening of the Bids.....	37
5.3.6	Storage of Bid Documents .....	39
5.3.7	Rules applicable to Communication .....	39
<b>5.4</b>	<b>Evaluation of Bids .....</b>	<b>40</b>
5.4.1	Purpose.....	40
5.4.2	Responsive Bids.....	40
5.4.3	Evaluation Criteria .....	40
5.4.4	Bid Evaluation Procedure.....	41
5.4.5	Abnormally Low Bids .....	41
5.4.6	Rejection of Bids.....	42
5.4.7	Action following Rejection of All Bids.....	42
<b>5.5</b>	<b>Award and Conclusion of Contract .....</b>	<b>42</b>
5.5.1	Criteria for Award of Contract .....	42

5.5.2	Information on award of contract.....	42
5.5.3	Conclusion of Contract .....	43
5.5.4	The Contract Documents .....	43

## **CHAPTER VI .....45**

### **PROCUREMENT OF CONSULTANTS' SERVICES ..... 45**

#### **6.1 Use of Consultants.....45**

#### **6.2 Conflict of Interest.....45**

#### **6.3 Method of Selection of Consultants .....46**

##### **6.3.1 Quality and Cost Based Selection (QCBS) ..... 46**

###### **1. The Selection Process.....46**

###### **2. Preparation of Terms of Reference (TOR) .....46**

###### **3. Preparation of Cost Estimate (Budget) .....47**

###### **4. Advertising for shortlist .....47**

###### **5. Preparation of Short List of Consultants .....47**

###### **6. Preparation and Issuance of the Request for Proposals (RFP) .....47**

###### **7. Receipt of Proposals.....48**

###### **8. Evaluation of Proposals: Consideration of Quality and Cost.....48**

###### **9. Evaluation of the Quality .....48**

###### **10. Evaluation of Cost.....49**

###### **11. Combined Quality and Cost Evaluation .....49**

###### **12. Negotiations and Award of Contract .....50**

##### **6.3.2 Other Methods of Selection ..... 51**

###### **1. General .....51**

###### **2. Selection under a Fixed Budget (FBS) .....51**

###### **3. Least-Cost Selection (LCS) .....51**

###### **4. Selection Based on the Consultants' Qualifications (CQS) .....51**

###### **5. Single-Source Selection (SSS) .....52**

###### **6. Selection of Independent Individual Consultant .....52**

#### **6.4 Types of Contracts and Important Provisions.....53**

##### **6.4.1 Types of Contracts..... 53**

###### **1. Lump Sum Contract.....53**

###### **2. Time-Based Contract.....53**

##### **6.4.2 Important Provisions ..... 53**

###### **1. Price Adjustment. ....54**

###### **2. Payment Provisions. ....54**

###### **3. Bid and Performance Securities. ....54**

###### **4. Agency's Contribution.....54**

## **CHAPTER VII.....55**

### **INSTITUTIONAL ARRANGEMENTS ..... 55**

#### **7.1 Procurement Grievance Mechanism .....55**

#### **7.2 Public Procurement Policy Division.....56**

##### **7.2.1 Establishment of a public procurement policy division..... 56**

##### **7.2.2 Functions of the Procurement Policy Unit..... 56**

### **PROCUREMENT MANUAL FORMS..... 58**

#### **RECORD OF BID OPENING .....58**

# **Chapter I**

## **General**

### **1.1 Objectives, Application & Definitions**

#### **1.1.1 Objectives**

- 1.1.1.1 The purpose of the provisions contained in this Procurement Manual is to:
- a. Ensure the transparency of Government procurement through the application of standard procurement procedures;
  - b. Achieve uniformity of the procurement procedures of Government Agencies;
  - c. Achieve economy and efficiency in the procurement of goods, works and services;
  - d. Ensure fair and equal access to the suppliers, consultants and contractors for award of contracts for supply of goods, services or works.

#### **1.1.2 Application**

- 1.1.2.1 These rules shall apply to all Government agencies except for the following cases:
- a. When the Government grants exemption from application of these rules in view of the basic security interests of the State or the requirements of special security measures in particular works, goods and services contracts;
  - b. When, due to some special circumstances, the Government grants exemption to the application of these rules for execution of a project funded by external assistance, and provides for adherence of some specific procurement procedure under the relevant financing agreement;
- 1.1.2.2 In cases governed by rule 1.1.2.1(b) and rule 4.1.2:
- a. In case of International Procurements, goods of Bhutanese origin may be given preferential treatment. Where two or more tenders are equivalent in the light of evaluation methods and factors set out in section 5.4, preference shall be given to the bid offering goods of Bhutanese origin provided that the price difference does not exceed 5 (five) percent. Use of preferences shall be indicated in the bidding documents.
  - b. Notwithstanding paragraph (a), a bid shall not be preferred to another where its acceptance would oblige the Procuring Agency to acquire material having technical characteristics different from those of the existing material, resulting in incompatibility or technical difficulties in operation and maintenance or disproportionate costs.

- 1.1.2.3 These rules shall not apply to all Government agencies in the case of

- a entrusting an assignment as deposit work to another agency of the Government provided that the entrusted agency shall be guided by the provisions of these rules in the procurements relating to the assignment;
- b procurement of items which are required to be canalised through agencies specified by the Government provided that, if such agencies express their inability to supply the items in writing, the procurement of such items shall be guided by these rules.

1.1.2.4 Corporations (except municipal corporations) fully or partly owned by the Royal Government, Trust Funds, and Welfare Funds may adopt separate rules and regulations for the management of their procurements, provided such rules are within the broad principles of these rules and are approved by their respective Boards of Directors/Trustees. In the absence of such separate rules and regulations, procurements conducted by these bodies shall be governed by the rules under this manual.

1.1.2.5 Unless the context indicates otherwise, the singular shall include plural and the masculine shall include feminine in these rules.

### 1.1.3 Definitions

1.1.3.1 Unless the contents are repugnant to the context, the following words and phrases shall be understood as defined hereunder:

- (1) **Administrative Sanction:** the formal acceptance of the works proposal by the competent authority of the Government Agency, for which preliminary estimate along with drawings shall be submitted. The Administrative Sanction shall lapse if the work is not commenced within a period of twelve months.
- (2) **Award of Contract:** the decision of the procuring agency to enter into a contract with a supplier, service provider or contractor for delivery of specified items, services or execution of works.
- (3) **Bid:** an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers. The terms "tender" is synonymous with the term "bid".
- (4) **Bid Security:** a security, serving as a guarantee that the bid shall remain valid until the contract is awarded or until the expiry of a specific period, delivered along with the bid by a bidder in a form and in accordance with the terms and conditions specified in the document inviting the bid. The terms "bid security", "bid bond", "bid guarantee", and "earnest money" are synonymous in terms of their effect and purpose.
- (5) **Bidder:** an eligible individual or legal entity that participates in a competitive procedure defined by this manual.
- (6) **Bidding Documents:** the set of documents sold or issued by the intending employer or purchaser to potential bidders in which the specifications, terms and conditions of the proposed procurement are prescribed. The terms "bidding documents", "tender documents" and "bid documents" are synonymous.
- (7) **Bill of Quantities:** summary of the units and unit prices of the items proposed under the contract.
- (8) **Bhutan Schedule of Rates (BSR):** A publication delivered by the Standard and Quality Control Authority of the Ministry of Works and Human Settlement prescribing rates for works by individual component, the quality, quantity, and

scope of which is governed by the Specifications for Building and Road Works “SBRW”. It is designed primarily as a tool for estimation of construction project costs.

- (9) **Competitive bidding:** the process whereby bidders compete for the supply of goods, services or execution of works under one of the procurement procedures set out in these rules.
- (10) **Conclusion of Contract:** the point at which a contract for the supply of goods, services or execution of works is considered to be legally binding in accordance with the relevant laws of the Kingdom.
- (11) **Contract:** a formal agreement in writing entered into between the procuring agency and the supplier, service provider or the contractor on acceptable terms and conditions and which are in compliance with all the relevant provisions of the laws of the Kingdom. The term “contract” will also include “framework contract”.
- (12) **Consultant:** an individual or a legal entity entering into a contract to provide consultancy services.
- (13) **Consultancy Services:** expert services provided by the contractor based on specialized expertise and skills as to prepare and implement a project, conduct training, provide technical assistance, conduct a research and analysis, work out a design, and supervise the contract execution.
- (14) **Contractor:** an individual or a legal entity entering into a contract to execute works.
- (15) **Development Partner/Donor:** an individual, country, institution, fund, organisation, non governmental organisation or financial institution which takes part in the socio-economic development process of Bhutan by financing or co-financing through grants, loans or services.
- (16) **Eligible bidder:** Is a bidder who is (i) authorized to conduct business in Bhutan, (ii) complies with rule 5.1.3, and (iii) otherwise complies with the requirements of the bidding documents.
- (17) **Employer:** the Government agency, which enters into a contract with a supplier, service provider or contractor for procurement of goods, services or execution of works for the Government. The terms “procuring agency”, “purchaser” and “employer” are synonymous.
- (18) **Engineer:** a person or a consulting firm appointed by the employer to act as an engineer for the purposes of the contract and named as such in the special conditions of the contract.
- (19) **Framework Contract:** a contract awarded in accordance with the procurement rules set out in the Procurement Manual, whereby the Procuring Agency and the Supplier agree to the terms and conditions, in particular the price, which shall apply to the supply of designated materials over a given period of time, which shall not exceed one year.
- (20) **Goods:** any object in solid, liquid or gaseous form that has an economic utility or value, which can be exchanged or traded.
- (21) **Government agency:** an entity of the Government whose source of funding is the Government.
- (22) **Invitation for bids:** a document published or notified by the procuring agency, which informs the potential bidders that it intends to procure goods, services and/or works.
- (23) **Labour and Material Coefficients:** a document published by the Standard and Quality Control Authority of the Ministry of Works and Human Settlement, which

provides an analysis and breakdown of rates determined in the BSR. The purpose of this document is to provide an understanding of how the rates are calculated.

- (24) **Local Community:** an association of local residents of at least five people, which shall include a chairman, treasurer, secretary, and has a memorandum association amongst the group, which should be lodged with the Dzongdag's office.
- (25) **Lowest evaluated bid:** the bid which offers the best value for money, evaluated on the basis of various objective criteria set out in the bidding document. It does not necessarily mean the "lowest quoted price".
- (26) **Procurement:** the purchase of goods, services or the engagement of contractors for execution of works by procuring agencies.
- (27) **Procurement procedure:** process of procuring goods, services and execution of works as outlined in this Manual.
- (28) **Procuring agency:** see employer.
- (29) **Purchaser:** see employer
- (30) **Rules:** the rules and procedures prescribed in the Procurement Manual
- (31) **Services:** consulting and other services
- (32) **Specifications for Building and Road Works (SBRW):** the official publication, published by the Standard and Quality Control Authority of the Ministry of Works and Human Settlement, prescribing the standard specifications for an item of work, including the method of carrying out the work and the method of measurement that describes how an item of work is to be measured and paid for. SBRW forms part of contract unless a different or a higher specification is used in the contract.
- (33) **Supplier:** an individual or a legal entity entering into a contract for the supply of goods or services.
- (34) **Technical Sanction:** formal acceptance of technical soundness of a work to be executed either departmentally or as a deposit work or on contract by an appropriate technical authority, based on submission of drawings, designs and specifications including detailed estimates.
- (35) **Tender Committee:** a committee that has the responsibility of supervising and ensuring that the procurement procedures outlined in these rules are followed.
- (36) **Threshold value:** monetary value, expressed in Ngultrum, for determining the procurement procedure to be followed.
- (37) **Work/Works:** any activity involving construction, fabrication, repair, overhaul, renovation, decoration, traditional Bhutanese painting, installation, erection, excavation, dredging which make use of a combination of labour, machinery, equipment, material and technology.

The terms "Work" or "Works" shall include:

- a. **Civil works** such as works for the purposes of roads, bridges, buildings, irrigation systems, water supply, sewerage facilities, dams, tunnels, etcetera and earthworks in connection with other works.
- b. **Mechanical & electrical works** such as works of a mechanical or electrical nature for the purposes of, for example, fabrication, turbines, generators, transformers or other mechanical and electrical equipment in power plants, substations or other works.



# **Chapter II**

## **Qualification & Registration of Bidders**

### **2.1 Qualification Criteria**

#### **2.1.1 Qualitative Selection Criteria**

2.1.1.1 In selecting competent bidders in a procurement procedure, procuring entities may apply, as appropriate, any of the permitted selection criteria listed below.

2.1.1.2 The credentials of an applicant shall be established first. It may require the party to furnish evidence establishing that none of the conditions enlisted under rule 2.1.2.1 applies to it. The evidence can be submitted by whatever means that are considered appropriate for the country of establishment of the applicant. Such evidence may include, but is not limited to:

- a. Extracts from a judicial record or equivalent official document issued by a competent judicial or administrative authority;
- b. Certificates or other documents issued by the competent authorities of the country of establishment;
- c. Solemn declarations made by the bidders concerned before a judicial or administrative authority designated for such purposes.

#### **1. Financial Capacity**

2.1.1.3 The procuring entity may require the parties to furnish evidence of their financial and economic capacity. Evidence of such capacity may be furnished by:

- a. The audited balance sheets or extracts from it; or
- b. A certified statement of the previous five years' overall turnover and the turnover in respect of works, supplies or services.

#### **2. Technical Ability**

2.1.1.4 Evidence of the party's technical ability may be furnished by any of the following means:

- a. The educational and professional qualifications of the managerial and supervisory staff of the party, and in particular, those of the person or persons responsible for carrying out the assignments;

- b. **In the case of works** – a list of all works carried out over the last 3-5 years, together with certificates of satisfactory execution for the most important works, issued by previous clients. Such certificates shall indicate the value, date and site of works and shall specify whether they were properly completed;
- c. **In the case of goods or services** – a list of principal deliveries effected or services provided in the past 3 years, with the sums, dates and purchasers involved. Such lists shall be evidenced by certificates issued or countersigned by the purchaser;
- d. A description of the party's technical facilities, including reference to the tool, plant and technical equipment available to it.

## **2.1.2 Exclusion of Bidders**

2.1.2.1 A bidder shall be excluded from participating in a procurement procedure under the following circumstances:

- a. He is insolvent or is in receivership or is a bankrupt or is in the process of being wound up; or have entered into an arrangement with creditors; or
- b. His affairs are being administered by a court, judicial officer or by an appointed liquidator; or
- c. He has suspended business; or is in any analogous situation arising from similar procedures under the laws and regulations of the country of establishment;
- d. He has been found guilty of professional misconduct by a recognised tribunal or professional body;
- e. He has not fulfilled obligations with regard to the payment of taxes, social security or other payments due in accordance with the laws of the country in which he is established or of the Kingdom of Bhutan;
- f. He is or has been guilty of serious misrepresentation in supplying information required for Registration.
- g. He has been convicted for fraud and/or corruption by a competent authority.
- h. He has not fulfilled his past contractual obligations with the procuring agency in the past.

## **2.2 Pre-Qualification**

2.2.1 In the case of large or complex procurements, or in any circumstances in which the high costs of preparing detailed bids could discourage competition, the procuring entity may engage in pre-qualification proceedings with a view to identifying, prior to the submission of tenders, suppliers and contractors that are qualified.

2.2.2 Pre-qualification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account the permitted qualification criteria detailed in section 2.1 above.

- 2.2.3 The invitation to pre-qualify for bidding on specific contracts or groups of similar contracts shall be advertised and notified in accordance with rule 5.1.2.1.
- 2.2.4 The procuring entity shall provide to those who respond to the invitation a set of pre-qualification documents setting out the scope of the contract and a clear statement of the requirements for qualification.
- 2.2.5 The pre-qualification documents shall include, at a minimum:
- a. Instructions for preparing and submitting pre-qualification applications;
  - b. A summary of the principal required terms and conditions of the procurement contract to be entered into as a result of the procurement procedure;
  - c. Any documentary evidence or other information that must be submitted by suppliers or contractors to demonstrate their qualifications;
  - d. The manner and place for the submission of applications to pre-qualify and the deadline for the submission, expressed as a specific date and time and allowing sufficient time for suppliers or contractors to prepare and submit their applications, taking into account the reasonable needs of the procuring entity; such date not to be less than 20 days.
- 2.2.6 The procuring entity shall make a decision with respect to the qualifications of each supplier or contractor submitting an application to pre-qualify. In reaching that decision, the procuring entity shall apply only the criteria set forth in the pre-qualification documents.
- 2.2.7 The procuring entity shall promptly notify each supplier or contractor submitting an application to pre-qualify whether or not it has been pre-qualified. Only suppliers or contractors that have been pre-qualified are entitled to participate further in the procurement procedure.
- 2.2.8 The procuring entity shall upon request communicate to suppliers or contractors that have not been pre-qualified the grounds for their failure to pre-qualify.
- 2.2.9 At the time of the award of the contract, the procuring entity may require a supplier or contractor that has been pre-qualified to confirm the information provided in the submission for pre-qualification. The award may be denied to a bidder that is judged to no longer have the capability or resources to successfully perform the contract.

## **2.3 Registration System**

### **2.3.1 General**

- 2.3.1.1 The purpose of the Registration system is to limit the waste of time caused by the repeated qualification of bidders for similar procurements

and to ensure a continued pool of suitably qualified suppliers/contractors. It is a system of general pre-qualification signifying the capability of a bidder to handle a type and volume of contract and is not limited to a particular contract.

- 2.3.1.2 Proof of enrolment in an authorised and properly constituted Registration system shall constitute a presumption of overall suitability of a bidder to participate in a public procurement procedure.
- 2.3.1.3 Bidders who are not registered in accordance with the procedures set out in this chapter shall not benefit from such a presumption of suitability and will be required to demonstrate their qualifications to participate in the procurement procedure.
- 2.3.1.4 A procedure for Registration shall be based on the provisions of this Chapter.
- 2.3.1.5 The Registering authority shall protect the technical or trade secrets of the applicants disclosed during the process of Registration.

## **2.3.2 Creation of Registration systems**

- 2.3.2.1 Appropriate technical authorities of the relevant Sectors, as may be identified by the Government from time to time, may establish Lists of Registered Suppliers/Contractors/Consultants, hereinafter called Registers.
- 2.3.2.2 Such an authority shall create a Committee comprising of appropriately qualified officers known for their competence in the sector, from across the various organisations of the Government, if necessary. The Committee shall deliberate and determine the general requirements it considers relevant and necessary for an applicant to possess in order to and demonstrate the applicant's capability to service contracts in the sector.
- 2.3.2.3 Once the selection and classification criteria have been finalised, the opening of the Register shall be notified by the authority in a mass circulated newspaper and/or by announcements through the available media. The notification shall also be displayed on the notice board of the authority.
- 2.3.2.4 By opening the Register and announcing it to the public, the intending suppliers, consultants and contractors shall be offered an opportunity for a specified time initially to apply for admission in the Register. Such applications shall be in writing and complete with all necessary information and supporting documents as prescribed by the authority.

- 2.3.2.5 The written application may be followed by further discussions between the applicants and the authorised representatives of the authority to clarify and/or supplement the information contained therein.
- 2.3.2.6 The evaluation of suitability of the applicants which shall be made in accordance with the selection criteria set out in section 2.1 shall be conducted and completed by the appropriately qualified officers of the Authority within a specified period announced in the notification.
- 2.3.2.7 Following evaluation, the Authority shall establish a list of Registered Suppliers, Consultants or Contractors as the case may be. The list shall be kept at the relevant Government Agency where it may be consulted by any interested party upon request. Upon registration a certification will be issued to the successful applicant valid for one year.
- 2.3.2.8 Requests for admission to the Register may thereafter be made at any time, but shall only be reviewed at a quarterly basis.
- 2.3.2.9 Where a Register provides for a system of classification, registered Suppliers, Consultants or Contractors may, at any time, apply in writing for re-classification in order to reflect their changed capabilities. The re-classification will be done in accordance with the relevant parts of provisions under Rules 2.3.2.3 to 2.3.2.7 above.

### **2.3.3 Registration of Bidders for Works and Consultancy Services for Works**

- 2.3.3.1 The Construction Development Board (CDB) shall be the competent authority of the Government to establish and maintain the List of Registered Contractors and Consultants for Works as specified under 2.3.2.1. It shall issue guidelines on registration of contractors and consultants for works from time to time to facilitate efficient functioning and effective implementation of works in the best interest of the Government.
- 2.3.3.2 Registration with the Construction Development Board (CDB) and possession of a valid CDB certificate shall, in accordance with rule 2.3.1.2, constitute a presumption of overall suitability of a bidder to participate in a public procurement procedure in respect of the classification for which he has been registered.
- 2.3.3.3 Bidders who are not registered with the Construction Development Board (CDB) and are not in possession of a valid CDB certificate shall not benefit from such a presumption of suitability and will be required to demonstrate their qualifications to participate in the procurement procedure. CDB shall make the determination by no later than one month of the date the request is made by the bidder.

- 2.3.3.4 The List of Registered Contractors and consultants including Architects and Engineers is formally established by the Construction Development Board and shall be updated from time to time. The List of Registered Contractors including Architects and Engineers shall be made available in the web site of CDB.
- 2.3.3.5 Admission to the List of Registered Contractors and consultants including Architects and Engineers shall be made by written application pursuant to the procedure set out under 7.0 of the Manual of the Construction Development Board. Potential bidders may seek admission to the Register at any time by written request to the appropriate authority.
- 2.3.3.6 The grounds for exclusion from the Register will be the grounds enumerated in section 2.1.2 above.

## **2.4 Information on Rejection of Bidder**

- 2.4.1 On request from the party concerned, the contracting authority shall as quickly as possible inform:
  - a. any unsuccessful bidder of the reasons for the rejection of his application for pre-qualification or registration,
  - b. any unsuccessful tenderer of the reasons for the rejection of his tender,
- 2.4.2 The time taken may in no circumstances exceed 15 days from receipt of the written request.

## **Chapter – III**

### **Organisation of Procurement**

#### **3.1 Tender Committee**

##### **3.1.1 Levels and Composition**

- 3.1.1.1 A Tender Committee of an appropriate level shall be constituted to verify to the Head of the Procuring Agency that the procedures of this Manual have been complied with in all cases of procurements where the estimated value of the contract exceeds the threshold limits prescribed for the Limited Enquiry method.
- 3.1.1.2 It is mandatory to all the members of the tender committee to attend the meetings and if absences are inevitable, officers of appropriate level should be appointed in writing to replace the designated member.
- 3.1.1.3 The procurement procedures shall be executed and contracts awarded by the head of the procuring agency for procurements. The Head of the Procuring Agency shall be responsible for all decisions made in accordance with the provisions of this Manual.
- 3.1.1.4 The following shall be the levels of Tender Committees:

##### **1. Gewog Tender Committee**

- a. The Gewog Tender Committee shall be composed of:
  - i The Gup as the chairperson;
  - ii The Gedung;
  - iii The Gewog Accountant or the Dzongkhag Finance Section head as the case may be;
  - iv Engineer representative from the Dzongkhag;
  - v The relevant field staff or the Dzongkhag relevant sector head as the case may be; and
  - vi Three elected GYT members other than the Gup for a period of one year.
- b. The Gewog Tender Committee shall verify to the Head of the Procuring Agency that the procedures of this Manual have been complied with in the case of procurements whose estimated values are higher than the threshold levels prescribed for Limited Enquiry method and:
  - i Up to Nu.1 (one) million in the case of goods;

- ii Up to Nu.2 (two) million in the case of works.
- c. In case of works whose estimated value is not more than Nu. 0.50 million, the work can be awarded to the local community at the estimated value of the work.
- d. Cases of Procurements in which the estimated values are higher than the thresholds mentioned at (b) (i & ii) above, shall be referred to the Dzongkhag Tender Committee by the head of the agency.

## **2. Dzongkhag Tender Committee**

- a. The Dzongkhag Tender Committee shall be composed of:
  - i. The Dzongdag (Chairperson);
  - ii. Dzongrab/Head of AFS;
  - iii. Dzongkhag Sector Head concerned;
  - iv. Head of Finance Section of the AFS;
  - v. In the case of works, the engineer or engineering consultant responsible for preparing the technical documents. In the case of goods, the appropriate officer responsible for custody/use of the goods and technical expert.
- b. The Dzongkhag Tender Committee shall verify to the Head of the Procuring Agency that the procedures of this Manual have been complied with in the cases of procurements in which the estimated values are higher than the threshold levels prescribed for Limited Enquiry method and:
  - i Up to Nu.15 (fifteen) million in the case of goods;
  - ii Up to Nu. 30 (thirty) million in the case of works.
- c. Cases of Procurements in which the estimated values are higher than the thresholds mentioned at (b) (i & ii) above, shall be referred to the Ministerial Tender Committee by the head of the agency.

## **3. Field Level Tender Committee in Department**

- a. The Departmental Field Level Tender Committees shall be constituted where individual spending units at the field level are delegated with powers to conduct procurements. The Field Level Tender Committee shall be composed of:
  - i Head of Office (Chairperson)
  - ii Head of the Administration Section of the office
  - iii Head of the Finance Section of the office
  - iv The Engineer or the appropriate officer responsible for the works or custody/use of the items or services.
- b. The Field Level Tender Committee shall verify to the Head of the Procuring Agency that the procedures of this manual have been complied with.

## **4. Departmental Tender Committee**

- a. The Departmental Tender Committee shall be composed of:
  - i Head of the Department (Chairperson)
  - ii Head of the relevant Field Division
  - iii Head of AFD



- iv Head of Finance Section in AFD/AFS
  - v Engineer or Engineering consultant responsible for technical documents in the case of works. In the case of goods, the appropriate officer responsible for custody/use of the goods and technical expert or consultant.
- b. The Departmental Tender committee shall verify to the Head of the Procuring Agency that the procedures of this Manual have been complied with in the case of procurements in which the estimated values are higher than the threshold levels prescribed for Limited Enquiry method and:
- i Up to Nu.10 (ten) million in the case of goods;
  - ii Up to Nu.20 (twenty) million in the case of works.
- c. Cases of Procurements in which the estimated values are higher than the thresholds mentioned at (b) (i & ii) above, shall be referred to the Ministerial Tender Committee by the head of the agency.

## **5. Ministerial Tender Committee**

- a. The Ministerial Tender Committee shall be composed of:
- i Secretary of the Ministry (Chairperson)
  - ii Head of Department concerned;
  - iii Head of the AFD;
  - iv Head of Finance in the AFD;
  - v In the case of works, the engineer or engineering consultant responsible for preparing the technical documents. In the case of goods, the appropriate officer responsible for custody/use of the goods and technical expert.
- b. The Ministerial Tender Committee shall verify to the Head of the Procuring Agency that the procedures of this Manual have been complied with in the case of procurements whose estimated values are:
- i Above Nu.10 (ten) million and up to Nu.20 (twenty) million in the case of goods;
  - ii Above Nu.20 (twenty) million and up to Nu.50 (fifty) million in the case of works.
- c. Cases of Procurements in which the estimated values are higher than the thresholds mentioned at (b) (i & ii) above, shall be referred to the Inter-Ministerial Tender Committee by the head of the agency.

## **6. Autonomous Bodies Tender Committee**

- a. The Tender Committee for the Autonomous Bodies shall be composed of:
- i Head of Autonomous Body (Chairperson);
  - ii Head of AFS;
  - iii Head of Finance Section in the AFS;
  - iv In the case of works, the engineer or engineering consultant responsible for preparing the technical documents. In the case of goods, the appropriate officer responsible for custody/use of the goods and technical expert.
- b. The Autonomous Body Tender Committee shall verify to the Head of the Procuring Agency that the procedures of this Manual have been complied

with in the case of procurements in which the estimated values are higher than the threshold levels prescribed for Limited Enquiry method and:

- i. Up to Nu. 20 (twenty) million in the case of goods;
  - ii. Up to Nu 50 (fifty) million in the case of works.
- c. Cases of Procurements in which the estimated values are higher than the thresholds mentioned at (b) (i & ii) above, shall be referred to the Higher Level Tender Committee by the head of the agency.

## **7. Higher Level Tender Committee for the Autonomous Bodies**

- a. The Higher level Tender Committee for the Autonomous Bodies shall be composed of:
  - i The Chairperson of the Governing Body or Head of the Autonomous Body in the absence of a Governing Body (Chairperson);
  - ii Members of the Governing Body or senior level (at least of the level of Head of AFD/Department) representatives from other Ministries;
  - iii Head of AFS of the Autonomous Body.
- b. The responsibilities and powers of the Higher Level Tender Committee for Autonomous Bodies shall be at par with those prescribed for the Inter-Ministerial Tender Committee.

## **8. Inter-Ministerial Tender Committee**

- a. The Secretary of the Ministry directly responsible for the execution of the works or procurements (Secretary, Ministry of Home Affairs for the cases from Dzongkhags) shall be the Chairperson of the Inter-Ministerial Tender Committee.
- b. The Chairperson shall form the Inter-Ministerial Tender Committee by:
  - i Selecting and nominating a member from the organisation concerned;
  - ii Selecting and nominating the Head of AFD of the own Ministry;
  - iii Obtaining nomination of a representative from the Ministry of Finance;
  - iv Obtaining nomination of a representative from another Ministry, relevant to the nature of procurement.
- c. Only senior level (at least of the level of Head of AFD/Department) representatives shall be nominated to the Inter-Ministerial Tender Committee.
- d. The Inter-Ministerial Tender Committee shall verify to the Head of the Procuring Agency that the procedures of this Manual have been complied with in the case of procurements whose estimated value exceeds:
  - i Nu.20 (twenty) million in the case of goods
  - ii Nu.50 (fifty) million in the case of works.

### **3.1.2 Responsibilities and Powers**

- 3.1.2.1 Before each sitting, the Chairperson and each of the members of a Tender Committee shall render the following certificate:

“Certified that none of my spouse, dependants or close relatives have taken part in the competitive bidding and that I do not have any direct interest in any of the parties participating in the bidding.”

- 3.1.2.2 The primary function of the Tender Committee shall be, at the appropriate time, to satisfy itself that the procurement procedure has been properly observed by the procuring agency, notably that:
- a. The bidding documents have been prepared and issued in accordance with this Manual;
  - b. The appropriate procedure has been properly identified and notified;
  - c. The bidders have been given sufficient and equal time and opportunity for the submission of bids;
  - d. No spouse or dependent of a Government servant who has authority over or is an employee of the Procuring agency have participated in the competitive bidding;
  - e. There have been no other breaches of the provisions under the Procurement Manual.
- 3.1.2.3 In addition, the Tender Committee shall:
- a. Ensure that one of its members attends the bid opening organised by the Head of the Procuring Agency;
  - b. Satisfy itself that the members of the evaluation committee have been properly appointed by the Head of the Procuring Agency.
  - c. Satisfy itself that the work of the evaluation committee has been carried out in a timely fashion with due regard to the propriety and regularity of the procedure.
- 3.1.2.4 Proper minutes and records of the deliberations and decisions of the Tender Committee and the reasons for any decision or action shall be maintained.
- 3.1.2.5 No member of a Tender Committee shall communicate any information on the bid proceedings to any outside party.
- 3.1.2.6 For the completion of their tasks, members of the tender committee shall complete and sign the check list attached to this manual under annex PM-2.

## Chapter IV

### Thresholds, Methods and Processes

#### 4.1 Procurement Thresholds

##### 4.1.1 Thresholds

- 4.1.1.1 The estimated value of contracts, including all applicable taxes and duties shall be used to determine the method<sup>1</sup> of procurement to be adopted.
- 4.1.1.2 The threshold levels for application of proper competitive procurement method are as follows:

	<b>Open Tender/Bidding</b>	<b>Limited Tender/Bidding</b>	<b>Limited Enquiry</b>
<b>Works</b>	Above Nu.1,500,000	Above Nu.300,000 and up to Nu.1,500,000	Up to Nu.300,000
<b>Goods &amp; Consultancy Services</b>	Above Nu.300,000	Above Nu.150,000 and up to 300,000	Up to Nu.150,000

##### 1. Revision of Threshold Values

- 4.1.1.3 The threshold values shall be reviewed from time to time and, if necessary, revised by the Ministry of Finance in relation to the consumer price index.

##### 2. Application of Threshold Values

- 4.1.1.4 Procurement of works, supplies, or services shall not be split or based on unusual or peculiar methods of calculation with the purpose of avoiding the application of particular methods prescribed under Rules 4.1.1.1 and 4.1.1.2.

- 4.1.1.5 The value of a work for the purposes of the thresholds shall take into account the total value of the estimated payments pertaining to the totality of the work, which taken as a whole, provide a functional and fully operational result.
- 4.1.1.6 In the case of supplies or services, the estimated value of the total supplies/services shall be taken into account for the purposes of the thresholds.
- 4.1.1.7 Notwithstanding the provisions under rules 4.1.1.4, a procuring agency may break up a work, supply, or service assignment into separate lots or components for awarding to different contractors, suppliers, or service providers. Under such circumstances, the total value of all such lots shall be taken into account for the purposes of the thresholds and determining the procurement method to be applied.

## **4.1.2 International Procurement**

- 4.1.2.1 In the case of any of the procurement procedures prescribed in this manual, the procuring agency may seek offers and/or quotations and/or invite bids from individuals and legal entities from outside Bhutan when certain goods or the capacity to undertake certain works or services are not available in the country.
- 4.1.2.2 International procurement may, but need not, be preferred where the estimated threshold value of the procurement falls in the ranges prescribed for the Open or Limited Tender/Bidding methods.

## **4.2 Procurement Methods**

### **4.2.1 General**

- 4.2.1.1 Subject to the conditions prescribed against each, public procurements shall be processed in one of the following methods:
- a. Open tender/bidding;
  - b. Limited tender/bidding;
  - c. Limited enquiry;
  - d. Direct contracting;
  - e. Framework contracting;

### **4.2.2 Open Tender/ Bidding Method**

4.2.2.1 Open Tender/Bidding shall be the basic method of Government procurements and shall be applied unless there are circumstances, which justify the use of the other exceptional methods specified in Sections 4.2.3 to 4.2.5.

4.2.2.2 Under this method, all contenders that are capable of providing the goods or services sought and are eligible for entering into a contract shall be given an equal opportunity of submitting bids following a notification. For works contracts, bidders registered with the CDB shall benefit from the presumption of suitability referred to in rule 2.3.3.2.

#### **4.2.3 Limited Tender/Bidding Method**

4.2.3.1 This method may be used under any of the following circumstances:

- a. The estimated value of goods, works or services does not exceed the threshold value as may be prescribed from time to time for this method under Section 4.1.1;
- b. The available time is insufficient to follow the Open Tender/Bidding method but where it is still possible to seek competition without resorting to the Limited Enquiry or Direct Contracting methods;
- c. Where a pre-qualification procedure has been adopted in accordance with rule 2.2.

4.2.3.2 The procuring agency shall send Invitation for bids to selected bidders capable of providing the goods, services, and/or works as set out in rule 4.2.3.1. However:

- a. In the case of works contracts under a or b, the bidders invited to submit tenders shall be selected from among those bidders registered with the Construction Development Board (CDB) and who have valid CDB certificate.
- b. In the case of supplies or services contracts under a or b, the bidders invited to submit tenders shall, where such lists exist, be selected from among those bidders appearing on any Registered List created in accordance with rule 2.3.2.
- c. In the case of c, all pre-qualified bidders shall be invited to submit a tender.

4.2.3.3 The prices offered by the responsive bidders shall be compared for arriving at the lowest evaluated bid.

4.2.3.4 If the method fails to result in the award of a contract, the Limited Enquiry method may be used.

#### **4.2.4 Limited Enquiry Method**

4.2.4.1 This method may be used under either of the following circumstances:

- a. Where the estimated value of the works or goods does not exceed the threshold values as may be prescribed from time to time for this method under Section 4.1.1;

- b. In the absence of any or sufficient (less than three) number of bids in response to a Limited Bidding procedure carried out earlier.
- 4.2.4.2 The procuring agency shall send Invitation for bids to more than three domestic potential bidders.
- 4.2.4.3 Bids submitted by other suppliers or contractors who were not invited may also be considered.
- 4.2.4.4 The prices offered by the responsive bidders shall be compared for arriving at the lowest evaluated bid.
- 4.2.4.5 If the method fails to result in the award of a contract, the Direct Contracting method may be used.

#### **4.2.5 Direct Contracting Method**

- 4.2.5.1 This method of procurement allows the procuring agency to negotiate the terms and conditions of its procurement directly with one or more bidder/s.
- 4.2.5.2 This method shall only be applied under any of the following circumstances:
  - a. In the case of purchases up to a maximum of Nu.20,000.00 for the purposes of the day to day administration.
  - b. In the absence of at least three bids following the application of Limited Enquiry methods, provided the terms of bidding documents have not changed.
  - c. Where, for technical reasons or for reasons connected with the protection of industrial property rights, the contract may be executed by only one supplier or contractor, provided that there is no suitable substitute;
  - d. In the case of additional supplies which are intended as:
    - i. A partial replacement;
    - ii. For repair of equipment;
    - iii. Supplies in continuation of an existing procurement contract where a change of supplier would oblige the procuring agency to acquire material having different technical characteristics which would result in incompatibility or technical difficulty in operation and maintenance or disproportionate additional cost;
  - e. In the case of Repeat Order for supplies previously procured through competitive bidding, where the value of the additional supplies do not exceed 15% (fifteen percent) of the original contract;
  - f. In the case of additional works provided that the value of the additional procurements shall not exceed 15% of the original contract or the maximum threshold value for the use of Limited Tender whichever is lower;
  - g. In so far as strictly necessary when, for reasons of extreme urgency brought about by events unforeseeable by the procuring agency, the minimum time limits involved in the other procurement methods cannot be followed;

- h. In the case of works in remote areas where potential bidders are not available and where the estimated value of the works does not exceed Nu.500, 000 provided that the quoted amount is within a range of +/- 5% (five percent) of the estimate.

#### 4.2.5.3 In this method:

- a. A quotation shall be invited from either one, or where possible, more suppliers or contractors indicating the specifications sought and terms and conditions of supply;
- b. A time limit as may be considered necessary may be given to the bidders to prepare and submit their bids as per mutual agreement.
- c. The offer/s which comply with the specifications, terms and conditions shall be considered to determine whether the price is consistent with the current market prices;
- d. Negotiations to bring down the prices may be carried out if the prices offered are deemed to be excessive or substantially in excess of the prevailing market prices.

### 4.2.6 Framework Contracting

4.2.6.1 This method of procurement may be used for the supply of designated supplies over a given period of time which shall not exceed one year. Under this method the procuring agency and the supplier agree the terms and conditions and in particular the price. While finalizing the contract, procurement procedures set out in this manual will apply to the award of the framework contract.

4.2.6.2 Supplies may be ordered under the contract at different intervals depending on the needs of the procuring agency without a requirement of further competitive bidding.

4.2.6.3 For the purpose of applying procurement procedures under this manual, the value to be taken into account is the total estimated annual value for all the supplies to be procured.

## 4.3 Procurement Processes

### 4.3.1 Application of Procurement Process

4.3.1.1 Procurements shall be conducted under either of the two following processes:

- a. One Envelope Process;
- b. Two-Stage Process.

#### 1. One Envelope Process



- 4.3.1.2 Except for the cases defined under rules 4.3.1.3, the One Envelope Process shall be adopted in the procurement of works, goods and services.

## **2. Two Stage Process**

- 4.3.1.3 The Two-Stage Process may be adopted in the following circumstances and under the following conditions:

- a. In large and complex contracts where technically unequal proposals are likely to be encountered;
- b. 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 it;
- c. Where the procuring agency is unable to set the specifications precisely in advance and needs to obtain the input from experienced bidders in order to finalise the scope of work and set the specifications in a way, which guarantees the best and most appropriate outcome.

- 4.3.1.4 The two stage procedure shall be conducted as follows:

- a. In the first stage of the Process, bidders shall be invited to submit their Technical Proposals only. As a part of the Technical Proposal, the bidders shall be asked to submit documentary evidence in a format to be prescribed in the Instructions to Bidders, establishing the bidder's qualifications to perform the contract if his bid is accepted.
- b. The Technical Proposals shall be reviewed to determine their responsiveness to the requirements.
- c. During the review of Technical Proposals, the Procuring Agency shall determine to its satisfaction whether the bidders are qualified to perform the contract satisfactorily. An affirmative determination shall be a pre-requisite for further consideration of the Technical Proposal. A Negative determination shall result in the disqualification of the bid.
- d. The un-priced substantially responsive Technical Proposals shall be examined and discussed with the bidders to arrive at a most suitable technical solution.
- e. Following discussions between the Procuring Agency and the responsive bidders, the bidders may revise or adjust their proposals to better meet the Procuring Agency's requirements. The Technical Proposals of bidders who are unable or unwilling to amend their proposals so as to conform to the agreed technical standard may be rejected by the Procuring Agency.
- f. In the second stage, the responsive bidders shall be requested to submit their revised Technical Proposals in conformity with the technical solution as agreed upon and their Financial Proposals along with the required Bid Security. Bidders shall be given sufficient time to calculate the prices to be offered.
- g. At a date and time fixed by the Procuring Agency and advised to the bidders, the revised Technical Proposals and the Financial Proposals shall be opened in public in accordance with the provisions under Section 5.3.5 of Chapter V.
- h. The revised Technical Proposals and the Financial Proposals shall be evaluated in accordance with the provisions under Part 5.4 of Chapter V. Following verification by

the Tender Committee of the procedure by way of signed checklist, the award of contract shall be made to the lowest **evaluated** bidder.

# Chapter V

## The Bidding Process & Documents

### 5.1 Essentials of the Bidding Process

#### 5.1.1 General

5.1.1.1 In order to achieve the objectives of public procurements as prescribed under Rule 3.2.3 of the Financial Management Manual, it is essential that as far as practicable all public procurements be conducted through an open and fair competitive bidding process. Depending on the urgency, volume and value of the procurement and the method adopted for procurement, the bidding process can vary from making of reasonable enquiries in the local market to observation of elaborate procedural requirements in the cases of open or international procurements. The steps required to be followed and the documentation prescribed under this chapter is aimed mostly to cover the bidding process under the Open Tender Bidding method. Reasonably simplified form of these shall however be followed in the other procurement methods too.

5.1.1.2 The procuring agency shall prepare bidding documents specific to the goods works or services to be procured. The applicable standard bidding documents shall be used with minimum changes as necessary to address project specific conditions. Reasons for changes, if any, shall be recorded.

#### 5.1.2 Invitation for Bids

5.1.2.1 Depending on the method chosen for procurement, invitations for bids shall be notified to the bidders as follows:

- a. In the **Open Tender Bidding** method, the notification for invitation of bids shall be published in a mass circulated newspaper and where applicable/feasible announced over the website, national radio, TV, and other mass media. In addition, the notification shall be displayed on the notice board of the procuring agency concerned
- b. In the **Limited Bidding** method, the invitations for bids shall be sent by registered post or any other means of delivery, as long as it is ensured that the documents are dispatched at the same time to the potential bidders selected by the procuring agency. Notice shall not be given to one potential bidder in advance of notification to others.
- c. In the **Limited Enquiry or Direct Contracting** methods, the procuring agency may directly approach the bidder/s from whom it intends to solicit quotations.

5.1.2.2 The notification shall include reference to:

- a. The identity of the Procuring agency;
- b. A summary of the assignment under bid;
- c. Period for execution of assignment;
- d. Address for obtaining the bidding documents, further information and submission of bids;
- e. Cost of bidding documents where applicable;
- f. Procedural requirements.
- g. Final date and time for submission of bids.

### **5.1.3 Minimum Time limits for Submission of Bids**

- 5.1.3.1 The time limits for submission of bids shall be reasonable, taking into account the nature of goods, services or works to be procured, including the time necessary for site visits where appropriate, and give adequate and equal time for all bidders to prepare their bids. The following minimum time limits shall be observed:

<b>Minimum Time Limits</b>	<b>Open Bidding</b>	<b>Limited Bidding</b>	<b>Limited Enquiry</b>	<b>Direct Contracting</b>
From Date of Notification	30 days	14 days	5 days	By mutual agreement

- 5.1.3.2 Calculation of the relevant time limits shall commence with the date of publication of notification/dispatch.
- 5.1.3.3 In case of re-tender, following Open Bidding, the time limit applicable for Limited Bidding shall be observed.
- 5.1.3.3 The time limits for receipt of tenders in an Open Bidding procedure or a Limited Bidding procedure may, subject to rule 5.3.7.6, be reduced by five days where the procuring agency offers unrestricted and full direct access by electronic means to the contract documents and any supplementary documents from the date of notification in accordance with rule 5.1.1.1, specifying in the text of the notice the internet address at which this documentation is accessible.

### **5.1.3 Eligibility of Bidders**

- 5.1.3.1 The Procuring agency shall ensure that:
- a. A bidder, (including all members of a joint venture/partnership and all sub-contractors of the bidder) is not affiliated with a firm or entity which has:
    - i. Provided consulting services during the preparatory stages of the assignment or of the project of which the assignment forms a part, or
    - ii. Been hired or is proposed to be hired as Engineer for the contract.

- b. No spouse or dependent of a civil servant shall be allowed to participate in supply of good and services to the particular office where the civil servant is employed or where the civil servant has an authority over it.

#### **5.1.4 Clarification of Bidding Documents**

- 5.1.4.1 The bidders shall not be allowed to seek any clarifications on the bidding documents in person. A clause shall be incorporated in the Instructions to Bidders prescribing the process of seeking any clarification on the Bidding Documents. Such a clause shall normally instruct that:
  - a. A prospective bidder requiring any clarification of the bidding document may notify the same to the Procuring Agency in writing or by cable (including facsimile and telex) so as to be received by the Procuring Agency no later than a predetermined number of days prior to the deadline for submission of the bids;
  - b. The Procuring Agency shall respond to such requests for clarification received by it within the prescribed period. Copies of the Procuring Agency's response shall be forwarded to all purchasers of the bidding documents, including a description of the enquiry without disclosing the name of the bidders seeking clarification. Any changes shall be affected by issuing amendments; and
  - c. Pre bid meeting shall be conducted only if strictly necessary to clarify doubts and concerns of the bidders prior to submission of bids. Minutes of the pre bid meeting shall be circulated to all bidders that have purchased bidding documents.

#### **5.1.5 Amendment of Bidding Documents**

- 5.1.5.1 A Procuring Agency shall reserve the rights to amend or modify the bidding documents for any reasons by issue of addendum either in its own initiative or in response to a clarification request from a prospective bidder any time prior to the deadline for submission of bids. A clause to this effect shall be incorporated in the bidding documents. The clause shall specify that:
  - a. Any addendum thus issued shall be part of the bidding documents and shall be binding on the prospective bidders;
  - b. The addendum shall be communicated in writing or by cable (including facsimile and telex) to all prospective bidders who have purchased or received the bidding documents, and who shall confirm receipt thereof before bid opening;
  - c. The Procuring Agency may, at its discretion, extend the deadline for submission of bids to allow the prospective bidders reasonable time for taking the addendum into account in preparation of their bids.

#### **5.1.6 Submission of Bids**

- 5.1.6.1 Bidders shall be advised on the latest date, time and place by which the bids would have to be submitted. The procuring agency shall reserve the right to and may extend the last date of submission of bids if necessary.

5.1.6.2 Bidders shall be advised on the manner of submission of bids as follows:

- a. The bids shall be delivered by hand or by registered post in sealed envelopes to the appropriate addressee and shall be marked "Confidential". A "sealed envelope" shall mean that:
  - i. A bid shall be contained in an inner envelope sealed with adhesive or other sealant, which will prevent re-opening;
  - ii. The inner envelope shall be signed across the seal. The name of the bidder shall be written on the inner envelope.
  - iii. The inner envelope shall be placed inside a further outer envelope similarly sealed. On this outer envelope, only the addressee, the words "Confidential", and any other relevant information in accordance with the bidding documents shall appear.

5.1.6.3 In case, the bids are required to be submitted in more than one copy, the specific number of copies to be submitted shall be mentioned in the bidding documents. The bidders shall be advised in such cases to mark the outer envelope of the original document as "ORIGINAL" and the envelopes of the others as "COPY". The bid document marked as "ORIGINAL" shall be opened in presence of the bidder and retained by the Procuring Agency in safe custody. The evaluators for evaluation purpose shall use the document marked "COPY". In case of discrepancy the original copy shall be referred and in case of any dispute regarding the bid document, the original shall prevail.

5.1.6.4 The bids shall be complete with both the technical details as well as the financial bid and the bid shall be submitted in a single sealed envelope.

5.1.6.5 In the Two-Stage Process, the bidders shall be advised to submit only the technical proposal in the first stage. In the second stage, the bidders shall be requested to submit both their technical proposals as modified and agreed with the Procuring Agency and the financial proposals based on the modified technical proposal simultaneously in two separate sealed envelopes.

## **5.1.7 Bid Validity**

5.1.7.1 The bid validity period should normally be 60 days after the bid closing. The procuring agency may however prescribe a realistic bid validity period taking into consideration the time that would be required to complete the processes of bid evaluation and award of Contract.

5.1.7.2 If the procuring agency sees that it is not possible to complete the bid evaluation and award of contract within the given period due to reasons beyond its reasonable control, it may solicit bidder's consent to an extension of the bid validity period. Under such circumstances:

- a. The request and the responses thereto shall be made in writing or by fax to all participating bidders;

- b. A bidder agreeing to the extension request shall also agree to an extension of the validity of the bid security. The period of the validity of the bid securities shall be suitably extended accordingly. Such a bidder shall not be required to or permitted to modify its bid.
- c. A bidder may refuse the request to extend the bid validity without forfeiting its bid security.

### **5.1.8 Bid Security**

- 5.1.8.1 The procuring agency shall instruct bidders to furnish a bid security or earnest money along with the bids. The amount of bid security shall be prescribed at a range between 1% and 2% of the bid price.
- 5.1.8.2 Subject to the limits on the amounts of bid security mentioned under Rule 5.1.8.1, the procuring agency may prescribe the amount of bid security as a fixed sum calculated as a percentage of the total estimated cost.
- 5.1.8.3 The bid security shall be denominated in the currency of the bid and shall be in one of the following forms:
  - a. Guarantee issued by a reputed Financial Institution acceptable to the procuring agency in the form provided in the bidding documents or any other form satisfactory to the procuring agency;
  - b. Banker's certified cheque/cash warrant;
  - c. Demand draft.
- 5.1.8.4 In the case of 5.1.8.3 a., the guarantee shall be valid for thirty (30) days beyond the validity of the bid.
- 5.1.8.5 The bid security of the unsuccessful bidders shall be discharged/returned to them as promptly as possible upon award of Contract, but in any event not later than thirty (30) days after the expiration of the period of bid validity prescribed by the procuring agency.
- 5.1.8.6 The bid security of the successful bidder shall be returned upon the bidder's executing the Contract and furnishing the performance security where it is prescribed.
- 5.1.8.7 The bid security may be forfeited:
  - a. If a bidder withdraws its bid during the period of bid validity specified by the bidder; or
  - b. If a bidder does not accept the arithmetical corrections of its bid price, pursuant to Rule 5.4.4.5
  - c. In the case of a successful bidder, if the bidder fails
    - i. To sign the Contract; or
    - ii. To furnish the performance security.

### **5.1.9 Performance Security**

- 5.1.9.1 The Procuring agency shall require a supplier/contractor to submit a Performance Security, normally within fifteen (15) days after the notice of award, but always before the signing of the contract.
- 5.1.9.2 The Performance Security shall be valid until the successful completion of the assignment/works under the contract. It shall serve as a guarantee that the supplier or contractor will perform his contractual obligations under the contract.
- 5.1.9.3 The Performance Security shall be denominated in the currency of the bid. It shall be in one of the following forms:
  - a. Guarantee issued by a reputed Financial Institution acceptable to the procuring agency in the form provided in the bidding documents or any other form satisfactory to the procuring agency;
  - b. Banker's certified cheque/cash warrant;
  - c. Demand draft.
- 5.1.9.4 Generally, the amount of Performance Security shall be within a range of five percent (5%) to ten per cent (10%) of the contract amount.
- 5.1.9.5 In the case of works, the performance security shall be discharged and returned to the contractor within 14 days of the completion of the assignment/successful handing over of the works.
- 5.1.9.6 In the case of supplies, the performance security shall be discharged and returned to the supplier upon expiration of the warranty period. If the supplier fails to remedy any reported defect within the Warranty Period, the Procurement Agency shall be entitled to either encash or to remedy the defect at the expense of the supplier.

### **5.1.10 Retention Money/Security Deposit**

- 5.1.10.1 A Procuring Agency shall provide for retaining a part of the amounts due to a contractor till the end of the Defects Liability period.
- 5.1.10.2 The amount of Retention Money shall be within a range of five to ten percent (5% to 10%) of the payments due to the contractor.
- 5.1.10.3 The Retention Money shall be deducted from the amounts payable to the contractor in accordance with the progress of the assignment.
- 5.1.10.4 The Retention Money or part thereof may be returned to the contractor on completion of the assignment under the contract against his submission of an unconditional guarantee issued by a reputed financial institution and



acceptable to the Procuring Agency. Such a guarantee shall be valid until the issue of a No Defects Liability Certificate.

- 5.1.10.5 If the contractor fails to remedy any reported defect within the Defects Liability Period, the Procurement Agency shall withhold the payment or realise claims from the guarantee, of an amount, which in the opinion of the Procuring Agency, represent the cost of the defects to be remedied.
- 5.1.10.6 Subject to the provisions under Rule 5.1.10.5, the Retention Money or the balance of it shall be discharged and returned to the contractor within 14 days of the issue of the No Defects Liability Certificate.

### **5.1.11 Advances & Securities in Works Contracts**

#### **1. Mobilisation Advance**

- 5.1.11.1 A Procuring Agency may provide for payment of interest free Mobilisation Advance in respect of a works contract on submission of the required Performance Security and an unconditional bank guarantee for an equivalent amount of the Mobilisation Advance by the Contractor.
- 5.1.11.2 The provision for Mobilisation Advance shall be incorporated in the bidding documents along with the following conditions:
  - a. The amount of Mobilisation advance shall be 5 (five) percent of the Contract Price.
  - b. The contractor shall be required to furnish an unconditional guarantee in a form and by Financial Institutions acceptable to the Procuring Agency for an amount equal to the required advance payment. The guarantee shall remain valid till the advance is recovered in full.
  - c. The advance payment shall be recoverable through percentage deduction from the interim progress payments. The percentage of deduction shall be so fixed that the full amount of Mobilisation Advance is recovered prior to the time when eighty percent (80%) of the Contract Price is certified for Interim Progress payment.
  - d. The amount of the guarantee against Mobilisation Advance may be proportionately reduced with repayments made by the Contractor or with the progressive recovery of Mobilisation Advance from the Interim Progress payments.

#### **2. Secured Advance**

- 5.1.11.3 A Procuring Agency may provide for payment of Secured advances to the contractor against the construction materials brought in the site by the contractor for incorporating in the works.
- 5.1.11.4 The provision for secured advances, if provided for, shall be incorporated in the bidding documents with the following conditions:
  - a. The materials shall be in accordance with the specifications and shall not be in excess of the requirements;

- b. The materials shall be delivered at the site of the works, properly stored and protected against loss, damage or deterioration;
- c. A declaration shall be given by the contractor passing on the lien on the rights of the materials to the Procuring Agency.
- d. The amount of the secured advance shall not be more than seventy five percent (75%) of the cost of materials delivered at the site of works.
- e. The secured advance shall be recovered from the interim progress payments in the months in which these materials are used in the works.

### **5.1.12 Advances in Supplies Contracts**

- 5.1.12.1 In case of purchase of goods following open tender, an interest free advance of 10 % may be considered. The advance will be secured against a bank guarantee and the terms of payment will be developed considering the advance payment made.

### **5.1.13 Advances in Consultancy Services Contracts**

- 5.1.13.1 In case of consultancy contracts with firms estimated to cost more than Nu 5,000,000 an interest free advance of 10% may be provided. This advance will be secured against a bank guarantee and will be recovered against the stage payment for the consultancy.

## **5.2 Bidding Documents**

### **5.2.1 General**

- 5.2.1.1 The purpose of bidding documents shall be to help the bidder arrive at an informed decision on whether or not to submit a bid, and to enable bidders to prepare responsive bids. These documents shall explain in detail the requirements of the purchaser or employer regarding the assignment under bid, the instructions and conditions of bidding and the provisions of the proposed contract.
- 5.2.1.2 In the case of works, the procuring agency shall use the Bhutan Schedule of Rates (BSR) in applicable cases to establish an estimate for the cost of the works to be provided. This estimate shall not be disclosed to the bidders. The bidders shall be expected to make their own estimates based on the specifications set out in the bidding documents; following site visits where necessary for calculation of those estimates and will submit those independent estimates to the procuring agency for their comparison and evaluation.

### **5.2.2 Components**

- 5.2.2.1 While there may be variation in the components of bidding documents, the following items shall, as far as possible, be included in the bidding documents, especially in the Open Bidding Method:

## **1. Invitation for Bids**

- 5.2.2.2 An invitation shall be extended to the bidder to participate in the bidding in accordance with the provisions under Section 5.1.2. In the case of Open Tender Bidding method, a copy of the notification on the invitation to the bidders to participate in the bidding shall be provided in the bidding documents.

## **2. Bidding Instructions**

- 5.2.2.3 The bidding instructions shall state the bidder's responsibilities in the preparation and submission of his bid and explain how the bids will be handled once they are received. These shall, among others, contain provisions on:
- a. Scope of Bid and the expected time of completion of the assignment
  - b. Qualification or eligibility of bidder where applicable, including the requirement for production of licenses or certificates;
  - c. The contents of the bidding documents and the procedure for preparation and submission;
  - d. The method of clarification or amendment of the bids before submission;
  - e. Documents accompanying the bids;
  - f. The procedure for bid opening and evaluation (including preferential treatments to national bidders or goods of Bhutanese origin in International procurements);
  - g. The contents of the proposed contract to be awarded to the successful bidder.
- 5.2.2.4 The methods and factors or criteria for evaluating and comparing bids shall be indicated in the bidding documents, where possible in descending order of importance. The factor and methods of giving preferential treatment to national bidders shall be explained especially in international bidding. The methods that will be used for making adjustments shall also be explained therein. The bid evaluation guidelines shall be the basis for evaluation of bids for civil works (attached in PM-4).
- 5.2.2.5 The bidders shall be directed to quote their final all-inclusive net price including all incidental cost of carrying out the contract.
- 5.2.2.6 The currency(ies) in which the price(s) are to be quoted in the bid shall be specified in the bidding instructions. Except for International procurements, the bid shall be quoted in Ngultrum only.

## **3. Bid Form and Price Schedules**

- 5.2.2.7 The Bid Form shall be the letter with which the bidder shall be required to submit his bid. A sample Bid Form shall be a part of the bid documents. The Bid Form shall contain the commitments of the bidder to comply with the provisions of the contract, abide by the bid validity date and provide the performance guarantee, if required, on award of contract. The bidder shall be instructed to submit the Bid Form with his bid.
- 5.2.2.8 A Price Schedule Form, to enable the bidder to indicate the description, quantity, unit and total prices of the goods as well as information on the country of origin, taxes and duties payable, shall be provided with the bid documents. In the case of the civil works, it shall be referred to as Priced Bill of Quantities and shall show the description and quantity of the works to be done and the corresponding unit and total prices. The priced Bill of Quantities shall have the provisions for rates and amounts to be filled in by the bidders both in figures and words. The rates and amounts in words shall be requested from the bidders if the rates are not computer typed.
- 5.2.2.9 The prospective bidders shall be instructed to include or mention in the Price Schedule Form about any discount that may be offered by him on the quoted prices. The presence of alternate bids, if any, shall also be mentioned in the Price Schedule Form.

#### **4. Form of Contract and Contract Conditions**

- 5.2.2.10 A sample of the agreement that will be entered into between the parties shall form a part of the bid documents. Conditions setting out the rights and obligations of the parties and the terms and conditions under which the contract will be executed shall form an integral part of the contract. Most of these conditions shall be standard or general conditions, but there can be a number of special or particular conditions that may be peculiar to the particular contract.

#### **5. Specifications/Scope of Works**

- 5.2.2.11 The technical description of the goods, services or works under the bid shall be provided in the bid documents. The specifications or scope of works shall include all essential features or components desired by the procuring agency such as Specifications for Building & Road Works issued by the Ministry of Works and Human Settlement. It shall be stated that any non-conformity therewith would render the bid as non-responsive.
- 5.2.2.12 In both the cases of goods and works, care shall be taken not to use any particular brand name or catalogue number that would tend to restrict competition or to favour any particular supplier. If the use of such brand names or catalogue number is unavoidable, the words "or their equivalent" should follow them.

- 5.2.2.13 Catalogues, brochures or other publications to provide additional information about the specifications may be called for.

## **5.3 Processing of Bids**

### **5.3.1 Transparency of Process**

- 5.3.1.1 In accordance with the principle that public procurements shall be fair to all potential eligible bidders, the receiving, opening and recording of bids shall be carried out in a manner that ensures and reflects complete transparency and integrity.
- 5.3.1.2 It shall be the responsibility of the Bid Opening Committee to ensure that bids received prior to the time and date specified in the bidding documents are opened at the time, date and place of opening stipulated in the bidding documents.

### **5.3.2 Receipt of bids**

- 5.3.2.1 Bids shall be received up to the time limit specified in the bidding documents or any extensions made to it.
- 5.3.2.2 Arrangements shall be made to receive the bids in a wooden or metal sealed box. A responsible person of the procuring agency may be assigned to receive the bids where large bid documents are involved.
- 5.3.2.3 Where a person is made responsible for receiving the bids, the procuring agency shall ensure that the submitted bids are safely and confidentially stored. The person made responsible for receiving the bids shall issue a receipt to the bidder dropping the bid and mark the bids received with serial numbers and enter the receipt of bids in a bid register. The following details shall be entered in the bid register on each occasion of receipt:
- a. Serial number of the bid received;
  - b. The time and date the bid was received;
- 5.3.2.4 Where a bid/tender box is used, the box shall be fitted with a sealed lock and one officer shall be made responsible as guardian of the bid/tender box and the keys. As soon as the deadline for submission of the bids is reached, the guardian of the box shall seal the opening of the bid/tender box so that no more bids can be deposited. The sealed bid/tender box shall be opened in the presence of the Bid Opening Committee.

- 5.3.2.5 Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one bid is submitted, the bidding process may be considered valid, if the bid was satisfactorily advertised and prices are reasonable in comparison to market values. If none of the received bids are found responsive or the bid prices are abnormally high then the procuring agency may reject all bids and re-tender or follow the Limited Bidding procedure as applicable.

### **5.3.3 Confidentiality of bid documents and proceedings**

- 5.3.3.1 Bid documents shall be treated with confidentiality at all times and kept under secured conditions until the opening of the bids by the Bid Opening Committee.
- 5.3.3.2 After the bid opening, the opened bid documents or the contents of the documents shall not be released to any unauthorised person/party.
- 5.3.3.3 Bid evaluation proceedings after the opening of bids shall be kept confidential until the award of contract is announced.

### **5.3.4 Bidders' participation in the Bid Opening**

- 5.3.4.1 Bidders or their representatives shall be allowed to attend the bid opening.
- 5.3.4.2 The bidders or their representatives who chose to attend the bid opening shall sign the attendance sheet provided in the Record of Bid Opening (Form PM – 1).
- 5.3.4.3 Bidders or their representatives shall not be permitted to approach the members of the Bid Opening Committee or any of the officials, unless permitted by the Chairperson of the Bid Opening Committee.

### **5.3.5 Opening of the Bids**

- 5.3.5.1 The head of the procuring agency shall appoint a Bid Opening Committee, which shall include one member of the Tender Committee who shall be the chairman of this Bid Opening Committee.
- 5.3.5.2 Bid opening shall take place immediately following the deadline for the submission of bids.
- 5.3.5.3 The bids shall be arranged so that the original and the copy/copies of the bid documents are kept together.

- 5.3.5.4 All members of the Bid Opening Committee including the Chairperson shall examine the conditions of the envelopes and shall sign on the envelopes. In the event that an envelope of the original bid document(s) is found to have been tampered with or opened, the Bid Opening Committee shall decide whether the bidding is to be cancelled or to proceed with the bid opening.
- 5.3.5.5 The bids shall be opened in full view of all participating parties and the contents shall be checked by the Bid Opening Committee against the requirements of the bidding documents. Envelopes marked "Withdrawal" shall be opened and read out first. Bids for which an acceptable notice of withdrawal has been submitted shall not be opened.
- 5.3.5.6 The Chairperson of the Bid Opening Committee shall publicly announce:
- a. The name of the bidder,
  - b. The price offered,
  - c. The presence or absence of bid security and its amount,
  - d. Alternative bids, if any,
  - e. Discounts if offered,
  - f. Any modification,
  - g. Response to amendments, if issued;
  - h. Fulfilment of specific formal requirements as might have been prescribed in the bid documents.
- 5.3.5.7 These details shall be written on a notice board for the public to copy.
- 5.3.5.8 Any bid price, discount or alternative bid price, which is not announced and recorded, shall not be taken into account in bid evaluation. The bidders' representatives will be required to sign the Record of Bid Opening in Form PM – 1.
- 5.3.5.9 The bid form including appendices to bid form, bill of quantities, price schedules, bid securities, any discounts offered, schedules of supplementary information, drawings and specifications and any important documents shall be initialled by all members of the Bid Opening Committee. All members of the Bid Opening Committee shall also initial all corrections and irregularities in bid documents.
- 5.3.5.10 The Record of Bid Opening in form PM – 1 shall be prepared before closing of bid opening session. All members of the Bid Opening Committee shall sign the form.
- 5.3.5.11 Any bid received after the deadline or in incorrect form (such as by fax or cable) shall be rejected.

- 5.3.5.12 For the completion of their tasks, members of the bid opening committee shall complete and sign the check list attached to this manual under annex PM-3

### **5.3.6 Storage of Bid Documents**

- 5.3.6.1 All original copies of the bid documents, which are recorded in the bid opening, shall be kept in a secure place.
- 5.3.6.2 The duplicate copies of bid documents shall also be kept securely by the Procuring Agencies for future reference in case of any disputes with regard to the bid documents.

### **5.3.7 Rules applicable to Communication**

- 5.3.7.1 All communication and information exchange referred to in this Manual may be made in writing and sent by post or by electronic means in accordance with paragraphs 5.3.7.4, 5.3.7.5, and 5.3.7.6 or by a combination of those means, according to the choice of the procuring agency.
- 5.3.7.2 The means of communication chosen must be generally available and not restrict economic operators' access to the procurement procedure.
- 5.3.7.3 Communication and the exchange and storage of information shall be carried out in such a way as to ensure that the integrity of data and the confidentiality of tenders and other communications (including applications for pre-qualification, registration, clarifications etc), and that the procuring agencies examine the content of tenders only after the expiry of time limit set for submission of the bid.
- 5.3.7.4 The tools to be used for communicating by electronic means, as well as their technical characteristics, must be non-discriminatory, generally available and interoperable with the information and communication technology products in general use in Bhutan.
- 5.3.7.5 The following rules are applicable to devices used for the electronic transmission and receipt of tenders and other communications:
- a. information regarding the specifications necessary for the electronic submission of tenders and other communications, including encryption, shall be made available to interested parties with the bidding documents.
  - b. procuring agencies may require that electronic tenders be accompanied by an electronic signature in conformity with the laws in force in Bhutan;



- c. where electronic forms of communication are used for the submission of tenders, bidders shall undertake to submit, before expiry of the time limit laid down for submission of tenders, the documents, certificates and declarations referred to in Chapter two of this manual if they do not exist in electronic format.

5.3.7.6 Electronic means of communication shall be permitted once the Ministry of Finance issues a notification to the effect that the conditions of paragraph 5.3.7.4 and 5.3.7.5 are fulfilled.

## **5.4 Evaluation of Bids**

### **5.4.1 Purpose**

5.4.1.1 The purpose of bid evaluation process shall be to determine which of the bids received are responsive and thereafter compare the responsive bids against each other to select the lowest evaluated bid.

### **5.4.2 Responsive Bids**

5.4.2.1 “Responsive bids” under these rules shall mean “substantially responsive bids”. Bids are substantially responsive where:

- a. The bidders fulfil the conditions of eligibility and qualification, if any laid down in the Bidding Document.
- b. The bids comply with the terms and conditions set out in the bidding documents, and are complete with the required information and duly filled in forms prescribed in the bidding documents;
- c. The bids respond to the terms, conditions and technical specifications detailed in the bidding documents without “material deviation or reservation”.

5.4.2.2 A material deviation or reservation is one:

- a. Which affects in any substantial way the scope, quality or performance of the assignment under bid; or
- b. Which limits in any substantial way and is inconsistently with the bidding documents, the Procurement Agency’s rights or the bidder’s obligations under the contract; or
- c. Whose rectification would affect unfairly the competitive position of other bidders presenting responsive bids

### **5.4.3 Evaluation Criteria**

5.4.3.1 The price offered by a bidder shall be only one of the criteria for evaluation of bids.

5.4.3.2 In addition to the price, the evaluation criteria may include criteria from the following non-exclusive list, as appropriate. Such criteria shall be expressed in monetary value:

- a. Preferential treatment for goods of Bhutanese origin, if laid down in the bidding documents;
- b. Date of completion of works, services and/or delivery of goods;
- c. Running cost and cost effectiveness;
- d. After-sales service and technical assistance;
- e. Commitments with regard to spare parts, security of supplies and the prices thereof;
- f. Quality and technical merit of the works, services or supplies.

5.4.3.3 Additional criteria, if any used, shall be objective and non-discriminatory and shall be expressed in monetary value.

#### **5.4.4 Bid Evaluation Procedure**

5.4.4.1 Such methods and factors as specified in the bidding documents shall only be used in actual evaluation and not some other methods or criteria. Introduction of methods and factors not mentioned in the bidding documents would be considered unfair and shall be prohibited.

5.4.4.2 Irrespective of the currencies specified in the bidding documents, the quoted prices shall be converted into Ngultrum for the purposes of bid evaluation. The date for conversion of prices shall be chosen by the procuring agency. It shall be usually 28 days before the bid opening in the case of works and the date of bid opening in the case of goods. The telegraphic transfer selling exchange rate prevailing at that date as posted by the Royal Monetary Authority of Bhutan shall be used for the conversion of prices.

5.4.4.3 Any bid price, discount or alternative bid price, which is not announced and recorded in the bid opening, shall not be taken into account in bid evaluation.

#### **5.4.5 Abnormally Low Bid**

5.4.5.1 Where the prices in a particular bid appear abnormally low or the bid appears seriously unbalanced, the Procuring Agency may reject it only after seeking written explanations from the bidder submitting the low or seriously unbalanced bid. In the case of a bid which appears seriously unbalanced, the procuring agency shall request from the bidder an analysis of rates of the relevant items.

5.4.5.2 The Procuring Agency may take into consideration explanations which are justified on objective grounds including:

- a. The economy of the construction method or the method by which the goods or services are to be provided; or
- b. The technical solutions chosen; or
- c. The exceptionally favourable conditions available to the bidder for the execution of the contract; or
- d. The originality of the work, product or service proposed by the bidder.
- e. The internal consistency of those prices with the construction methods and schedule proposed

5.4.5.3 If the Procuring Agency decides to accept the abnormally low bid or the bid with the seriously unbalanced rates after considering the above factors, the bidder shall be required to provide additional differential security equivalent to the difference between the estimated amount and the quoted price in addition to the performance security.

#### **5.4.6 Rejection of Bids**

5.4.6.1 Without incurring any liability towards the contenders, the Procuring Agency may reject any or all bids under the following circumstances:

- a. Bid/s being found not responsive;
- b. All bid prices substantially exceeding the estimated cost;
- c. Any or some of the bids appearing to have been tampered with.
- d. In the absence of effective competition

#### **5.4.7 Action following Rejection of All Bids**

5.4.7.1 Following the rejection of all bids, the Procuring Agency may, after taking measures to remove the causes of failure of the earlier bidding, proceed with a fresh bidding following the same bidding method or follow an alternate method prescribed under Part 4.2.4 and 4.2.5 of Chapter IV.

### **5.5 Award and Conclusion of Contract**

#### **5.5.1 Criteria for Award of Contract**

5.5.1.1 Award of Contract shall be determined on the result of the bid evaluation exercises in the case of procurements conducted under the Open Tender/Bidding, Limited Tender/Bidding or Limited Enquiry methods.

5.5.1.2 Subject to the provisions under Chapter V, the procuring agency shall award the contract to the lowest evaluated bid.

#### **5.5.2 Information on award of contract**

- 5.5.2.1 Procuring agencies shall as soon as possible notify bidders in writing of decisions reached concerning the award of the contract. That notification shall include:
- a. the name of the successful bidder
  - b. the date of the award decision
  - c. the price to be paid for the goods, works or services.
- 5.5.2.2 The time taken may in no circumstances exceed 15 days from the date of the decision to award the contract to the successful bidder.

### **5.5.3 Conclusion of Contract**

- 5.5.3.1 Following a decision to award the contract to the chosen bidder, the parties shall enter into a written contract binding on both parties. The contract shall be compatible with the applicable laws of Bhutan.
- 5.5.3.2 The contract shall be signed by the duly authorised representatives of the parties and shall bear the date of signature.
- 5.5.3.3 Where both the parties do not sign the contract simultaneously,
- a. The procuring agency shall send to the lowest evaluated bidder two original copies of (1) the full agreed contract and (2) the letter of acceptance, each signed by the its duly authorised representative together with the date of signature;
  - b. The letter of acceptance shall indicate the deadline by which it must be accepted, which shall normally be not more than 15 days;
  - c. The bidder, if he agrees to conclude the contract, shall sign and date all original copies of the contract and the letter of acceptance and return one copy of each to the procuring agency before the expiry of the deadline indicated in the letter of acceptance;
  - d. In case the selected bidder fails to sign the contract agreement within the deadline specified in the letter of acceptance he shall forfeit his bid security; and the contract shall be awarded to the next lowest evaluated bidder.

### **5.5.4 The Contract Documents**

- 5.5.4.1 The contract is the formal document, which sets out the complete agreement between the parties. It shall, therefore, contain all the terms and conditions of the contract, define the rights and obligations of the contracting parties and incorporate any documents necessary for the fulfilment of the contract as appropriate. Any such documents shall be clearly marked and referred to in the signed and dated contract.
- 5.5.4.2 Conditions of contract may be based on standard form contracts such as the model contract documents provided in this manual or as may be issued by the Ministry of Finance from time to time or those developed by the International Federation of Consulting Engineers (FIDIC). These

standard form contracts will contain “general” conditions of contract. Where the parties agree to include further conditions of contract or where further conditions are required by the standard form contracts, such conditions shall usually be referred to as “special” conditions of contract.

5.5.4.3 A contract shall contain among other things:

- a. The purpose of the contract, which shall be clear, precise, lawful and enforceable;
- b. The Conditions of Contract;
- c. A set of precise and clear technical specifications; and
- d. In the case of works, a set of priced Bill of Quantities listing the supply or works items and their unit rates or prices.

# Chapter VI

## Procurement of Consultants' Services

### 6.1 Use of Consultants

- 6.1.1 The procuring agency may contract with firms of consultants or individual consultants for the purposes of the provision of expert advice or assistance in institutional matters and specialised services in connection with the implementation of projects and detailed engineering and design.
- 6.1.2 Consulting firms will be preferred where the work involves the application of multi-disciplinary expertise and requires the support of an organisation with competent personnel. Individual consultants will be used where a particular assignment can be best carried out by an individual expert with the requisite qualifications and experience.

### 6.2 Conflict of Interest

- 6.2.1 While selecting, the procurement agency will ensure that consultants provide professional, objective, and impartial advice and at all times hold the client's interests paramount, without any consideration for future work, and that in providing advice they avoid conflicts with other assignments and their own corporate interests. Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interest of the procuring agency. Consultants shall **not** be hired under the circumstances set forth below:
- a. A firm that has been engaged by the Procuring Agency to provide goods, works, or services (other than consulting services) for a project, and each of its affiliates, shall be disqualified from providing consulting services.
  - b. a firm hired to provide consulting services for the preparation or implementation of a project, and each of its affiliates, shall be disqualified from subsequently providing goods, works or services (other than consulting services covered by these Guidelines) resulting from or directly related to the firm's consulting services for such preparation or implementation.
  - c. Neither consultants (including their personnel and sub-consultants) nor any of their affiliates shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultants.
  - d. Consultants hired to prepare Terms of Reference (TOR) for an assignment shall not be hired for the assignment in question.

- e. Government officials and civil servants may only be hired under consulting contracts, either as individuals or as members of a team of a consulting firm, if they (i) are on leave of absence without pay; (ii) are not being hired by the agency they were working for immediately before going on leave; and (iii) their employment would not create a conflict of interest and provided such engagement is permitted by the Bhutan Civil Service Rules.

## **6.3 Method of Selection of Consultants**

### **6.3.1 Quality and Cost Based Selection (QCBS)**

#### **1. The Selection Process**

6.3.1.1 QCBS uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used judiciously. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment.

6.3.1.2 The selection process shall include the following steps:

- a. preparation of the TOR;
- b. preparation of cost estimate and the budget;
- c. advertising;
- d. preparation of the short list of consultants;
- e. preparation and issuance of the Request for Proposal (RFP) [which should include: the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract];
- f. receipt of proposals;
- g. evaluation of technical proposals: consideration of quality;
- h. public opening of financial proposals;
- i. evaluation of financial proposal;
- j. final evaluation of quality and cost; and
- k. negotiations and award of the contract to the selected firm.

#### **2. Preparation of Terms of Reference (TOR)**

6.3.1.3 The Procurement Agency shall be responsible for preparing the TOR for the assignment. TOR shall be prepared by a person(s) or a firm specialized in the area of the assignment. The scope of the services described in the TOR shall be compatible with the available budget. TOR shall define clearly the objectives, goals, and scope of the assignment and provide background information (including a list of existing relevant

studies and basic data) to facilitate the consultants' preparation of their proposals. If transfer of knowledge or training is an objective, it should be specifically outlined along with details of number of staff to be trained, and so forth, to enable consultants to estimate the required resources. TOR shall list the services and surveys necessary to carry out the assignment and the expected outputs (for example, reports, data, maps, surveys). However, TOR should not be too detailed and inflexible, so that competing consultants may propose their own methodology and staffing. Firms shall be encouraged to comment on the TOR in their proposals. The Procurement Agencies and consultants' respective responsibilities should be clearly defined in the TOR.

### **3. Preparation of Cost Estimate (Budget)**

- 6.3.1.4 Preparation of a well-thought-through cost estimate is essential if realistic budgetary resources are to be earmarked. The cost estimate shall be based on the Procurement Agency's assessment of the resources needed to carry out the assignment: staff time, logistical support, and physical inputs (for example, vehicles, laboratory equipment). Costs shall be divided into two broad categories: (a) fee or remuneration (according to the type of contract used) and (b) reimbursables, and further divided into foreign and local costs. The cost of staff time shall be estimated on a realistic basis for foreign and national personnel.

### **4. Advertising for shortlist**

- 6.3.1.5 To obtain expressions of interest, the Agency shall advertise a request for expressions of interest for each contract for consulting firms in the national media and, where feasible, on a website which has free access, including if appropriate and based on nature of consultancy in an international newspaper or a technical magazine. The information requested shall be the minimum required to make a judgment on the firm's suitability and not be so complex as to discourage consultants from expressing interest. Not less than 14 days from shall be provided for responses, before preparation of the short list.

### **5. Preparation of Short List of Consultants**

- 6.3.1.6 The Procurement agency is responsible for preparation of the short list with due consideration to those firms expressing interest that possess the relevant qualifications. It is advisable that the Short lists should comprise, where possible, about six firms or individuals. The short list should preferably comprise consultants of the same category with similar capacity, and business objectives. The short list of firms shall not include Individual Consultants.

### **6. Preparation and Issuance of the Request for Proposals (RFP)**



- 6.3.1.7 The RFP shall include (a) a Letter of Invitation, (b) Information to Consultants, (c) the TOR, and (d) the proposed contract. The procurement agency shall use the applicable standard RFPs with minimal changes, as necessary to address project-specific conditions.

## **7. Receipt of Proposals**

- 6.3.1.8 The Procurement Agency shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the nature of the services, but normally shall not be less than four weeks. During this interval, the firms may request clarifications about the information provided in the RFP. The Agency shall provide these clarifications in writing and copy them to all firms on the short list (who intend to submit proposals). If necessary, the Agency shall extend the deadline for submission of proposals. The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The technical envelopes shall be opened immediately by a committee of officials after the closing time for submission of proposals. The financial proposals shall remain sealed until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened.

## **8. Evaluation of Proposals: Consideration of Quality and Cost**

- 6.3.1.9 The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

## **9. Evaluation of the Quality**

- 6.3.1.10 The evaluation committee shall evaluate each technical proposal (using an evaluation committee of at least two specialists in the sector), taking into account several criteria (a) the consultant's relevant experience for the assignment, (b) the quality of the methodology proposed, (c) the qualifications of the key staff proposed, (d) transfer of knowledge, if required in the TOR, and (e) the extent of participation by nationals among key staff in the performance of the assignment. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The proposed weights shall be disclosed in the RFP. The indicative /suggestive scores range could be:
- a. Consultant's specific experience: 0 to 10 points
  - b. Methodology: 20 to 50 points

- c. Key personnel: 30 to 60 points
  - d. Transfer of knowledge: 0 to 10 points
  - e. Participation by nationals: 0 to 10 points
  - f. Total: 100 points
- 6.3.1.11 The evaluation committee shall normally divide these criteria into sub-criteria. The number of sub-criteria should be kept to the essential. The evaluation committee shall evaluate each proposal on the basis of its responsiveness to the TOR. A proposal considered unsuitable shall be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve a minimum technical score specified in the RFP.
- 6.3.1.12 At the end of the process, the evaluation committee shall prepare a Technical Evaluation Report of the “quality” of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the project and its audit.

## **10. Evaluation of Cost**

- 6.3.1.13 After the evaluation of quality is completed, the procuring agency shall inform the consultants who have submitted proposals of the technical points assigned to each consultant and shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non responsive to the RFP and TOR that their financial proposals will be returned unopened after the signature of the contract. The procuring entity shall simultaneously notify the consultants that have secured the minimum qualifying mark, the date, time, and place set for opening the financial proposals. The opening date shall be defined allowing sufficient time for consultants to make arrangements to attend the opening of the financial proposals. The financial proposals shall be opened publicly by the Bid Opening Committee in the presence of representatives of the consultants who choose to attend.
- 6.3.1.14 The name of the consultant, the technical points, and the proposed prices shall be read aloud. The Bid Opening Committee shall also prepare the minutes of the bid opening and a copy of this record shall be promptly sent to all consultants who submitted proposals.
- 6.3.1.15 The evaluation committee shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency as stated in the RFP. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

## **11. Combined Quality and Cost Evaluation**

- 6.3.1.16 The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the “cost” shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The weight for cost may normally be 40 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

## **12. Negotiations and Award of Contract**

- 6.3.1.17 Negotiations shall include discussions of the TOR, the methodology, staffing, Agency’s inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in the “description of services”, which shall be a part of the contract.
- 6.3.1.18 The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.
- 6.3.1.19 Financial negotiations shall include clarification of the consultants’ tax liability in the Bhutan (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.). Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursables) and the offered price shall include staff rates and an estimation of the amount of reimbursables. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts. Consequently, the prohibition of negotiation does not preclude the right of the Agency to ask for clarifications, and, if fee are very high, to ask for change of fees. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. If the negotiations fail to result in an acceptable contract, the Agency shall terminate the negotiations and invite the next ranked firm for negotiations. The consultant shall be informed of the reasons for termination of the negotiations. Once negotiations commence

with the next ranked firm, the procuring agency shall not reopen the earlier negotiations.

## **6.3.2 Other Methods of Selection**

### **1. General**

- 6.3.2.1 This section describes the selection methods other than QCBS, and the circumstances under which they are acceptable. All the relevant provisions of Section 6.3.1 (QCBS) shall apply whenever competition is used.

### **2. Selection under a Fixed Budget (FBS)**

- 6.3.2.2 This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. TOR should be particularly well prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

### **3. Least-Cost Selection (LCS)**

- 6.3.2.3 This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected. Under this method, the minimum qualifying mark shall be established, understanding that all proposals above the minimum compete only on “cost.” The minimum qualifying mark shall be stated in the RFP.

### **4. Selection Based on the Consultants’ Qualifications (CQS)**

- 6.3.2.4 This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the procuring agency shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

## **5. Single-Source Selection (SSS)**

- 6.3.2.5 Single-source selection of consultants does not provide the benefits of competition with regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The justification for single-source selection shall be examined in the context of the overall interests of the project. Single-source selection may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm, (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments, or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.

## **6. Selection of Independent Individual Consultant**

- 6.3.2.6 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.
- 6.3.2.7 When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.
- 6.3.2.8 Individual consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the agency. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications and those selected to be employed by the agency shall be the best qualified and shall be fully capable of carrying out the assignment. Capability is judged on the basis of academic background, experience, and, as appropriate, knowledge of the local conditions, such as local language, culture, administrative system, and government organization.

- 6.3.2.9 From time to time, permanent staff or associates of a consulting firm may be available as individual consultants. In such cases, the conflict of interest provisions described in this Manual shall apply to the parent firm.
- 6.3.2.10 Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with total expected duration of less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual is the only consultant qualified for the assignment.

## **6.4 Types of Contracts and Important Provisions**

### **6.4.1 Types of Contracts**

#### **1. Lump Sum Contract**

- 6.4.1.1 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. They are widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

#### **2. Time-Based Contract**

- 6.4.1.2 This type of contract is appropriate when it is difficult to define the scope and the length 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, weekly, 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.

### **6.4.2 Important Provisions**

## **1. Price Adjustment.**

- 6.4.2.1 To adjust the remuneration for foreign and/or local inflation, a price adjustment provision shall be included in the contract if its duration is expected to exceed 18 months. Contracts of shorter duration may include a provision for price adjustment when local or foreign inflation is expected to be high and unpredictable.

## **2. Payment Provisions.**

- 6.4.2.2 Payment provisions, including amounts to be paid, schedule of payments, and payment procedures, shall be agreed upon during negotiations. Payments may be made at regular intervals (as under time-based contracts) or for agreed outputs (as under lump sum contracts). Payments for advances (for example, for mobilization costs) exceeding 10 percent of the contract amount should normally be backed by advance payment securities.

## **3. Bid and Performance Securities.**

- 6.4.2.3 Bid and performance securities are not recommended for consultants' services. Their enforcement is often subject to judgment calls, they can be easily abused, and they tend to increase the costs to the consulting industry without evident benefits.

## **4. Agency's Contribution.**

- 6.4.2.4 The Agency may assign members of its own professional staff to the assignment in different capacities. The contract shall give the details governing such staff, known as counterpart staff, as well as facilities that shall be provided by the Agency such as housing, office space, secretarial support, utilities, materials, and vehicles. The contract shall indicate measures the consultant can take if any of the items cannot be provided or have to be withdrawn during the assignment, and the compensation the consultant will receive in such a case.

# **CHAPTER VII**

## **Institutional Arrangements**

### **7.1 Procurement Grievance Mechanism**

- 7.1.1 The obligations of this Manual and imposed on Procuring Agencies are duties owed to suppliers, contractors and service providers.
- 7.1.2 Any supplier, contractor or service provider who has or is likely to suffer, loss or injury resulting from an alleged breach of such duty, may make a complaint or seek review in accordance with this section, provided that the complaint or review procedure shall be brought promptly and in any event within 20 days of the date upon which the complainant became aware or should have become aware of the circumstances giving rise to the complaint.
- 7.1.3 A supplier, contractor or service provider may, in the event of a perceived breach of a duty imposed upon a Procuring Agency in respect of a specific procurement procedure, submit a written complaint to the head of the procuring agency responsible for such procedure.
- 7.1.4 The head of agency shall, within 15 days after the submission of the complaint, issue a written decision which shall:
- a. state the reasons for the decision; and
  - b. if the complaint is upheld in whole or in part, indicate the corrective measures are to be taken.
- 7.1.5 Where such a decision has not been delivered within the time specified, or the complainant is not satisfied with the decision, the complainant may initiate a review procedure before the Independent Review Body established by the Ministry of Finance.
- 7.1.6 A review procedure shall be brought by the complainant within 10 days of the decision of the Head of the Procuring Agency or, where no such decision has been taken, within 25 days of the original complaint.
- 7.1.7 The Independent Review Body may, by interlocutory decision, where necessary, or final decision on the substance:
- a. make a declaration with regard to the legal rules or principles which apply to the subject matter of the proceedings;



- b. annul in whole or in part any unlawful act or decision of the procuring agency, which power shall include the power to remove any unlawful technical or other specifications;
- c. prohibit the procuring agency from acting unlawfully, from making an unlawful decision or from following an unlawful procedure;
- d. order the termination of the procurement procedure;

7.1.8 The Independent Review Body may also order the suspension of the procurement procedure pending its final decision on the merits of the claim where:

- a. the complainant demonstrates a prima facie case, such that it is more likely than not that he will succeed in his claim; and
- b. the complainant is likely to suffer irreparable harm in the absence of a suspension; and
- c. the grant of the suspension would not cause disproportionate harm to the public interest, the procuring agency or to other suppliers and contractors.

7.1.9 An appeal from the decision of the Independent Review Body shall lie to the Court only on a question of law.

7.1.10 The constitution, rules of procedures and operation of the Independent Review Body shall be established by the Ministry of Finance.

7.1.11 If the facts disclose a potential issue of corruption, the Independent Review Body shall immediately refer the case to the Anti Corruption Commission.

## **7.2 Public Procurement Policy Division**

### **7.2.1 Establishment of a public procurement policy division**

7.2.1.1 A procurement policy unit (PPU) shall be established within the Ministry of Finance to facilitate policy and professional development in the field of procurement.

7.2.1.2 The PPU shall report to the Secretary, Minister of Finance on its activities.

7.2.1.3 The PPU and its staff shall not make contract award recommendations, serve as a member of any Tender Committee or carry out any activity as a procuring agency.

### **7.2.2 Functions of the Procurement Policy Unit**

7.2.2.1 The PPU shall have the following duties and authorities:

- a. monitor the implementation of the Procurement Manual through the collection and analysis of reports provided by the procuring agencies based on reporting formats developed by the PPU;
- b. provide annual reports to the Secretary, Minister of Finance on the functioning of the national procurement system;
- c. based on such reports, propose improvements to the Procurement Manual and supporting regulations, guidelines and documentation;
- d. develop and promulgate implementing regulations, methodologies, guidelines and documentation such as standard bidding and contract documents for the benefit of procuring agencies;
- e. act as a focal point for enquiries and information regarding public procurement in Bhutan;
- f. provide to procuring agencies, on request, advice and guidance on the interpretation and application of the Procurement Manual, and supporting regulations, guidelines and documentation provided always that such advice and guidance shall not be given nor accepted as a recommendation or decision in the conduct of any specific procurement procedure;
- g. carry out and/or commission studies and research on procurement, comparisons and future projections with a view to improving the procurement system;
- h. coordinate, in consultation with the relevant training organizations in the Kingdom, the development of a national capacity building strategy and encourage the professionalisation of the procurement function;
- i. liaise with the relevant governmental organizations in the Kingdom to implement measures aimed at developing human resources and professionalism in procurement within the central and local government;
- j. liaise and cooperate with the relevant governmental organizations in the Kingdom whose activities are connected with the implementation and/or enforcement of the procurement system;
- k. coordinate and facilitate, in consultation with the relevant governmental and private organizations in the Kingdom, the policy for the use of information technology in procurement, including the establishment of a PPU website for the dissemination of procurement related information and the creation and use of databases for the collection and analysis of procurement reports as defined in (a) above;
- l. coordinate and facilitate, in consultation with the relevant governmental and private organizations in the Kingdom, the development of advanced electronic procurement mechanisms with a view to improving the efficiency of the procurement system;
- m. develop and administer the review mechanism set out in section 7.1 of this chapter;
- n. act as the central counterpart for any procurement related issues in connection with donors or foreign investors;
- o. keep abreast of and disseminate as appropriate information regarding international developments in procurement and best practice which may impact on and assist in the improvement of the national procurement system;
- p. provide and conduct, in collaboration with relevant governmental and private organizations in the Kingdom and outside the Kingdom, workshops, conferences and seminars aimed at improving awareness and understanding of the government's procurement policy and practices.

# PROCUREMENT MANUAL FORMS

P.M – 1.

## RECORD OF BID OPENING

**Contract Title/No.**

**Bid No.**

1. The following bids were received on or before the deadline for submission of bids that was fixed as (date) at (time) and were publicly opened on (date) at (time) at (place)

Name of Bidder	Nationality	Bid Price <sup>1</sup>	Discount Rebates	Modifications	Bid Security Amount	Remarks

<sup>1</sup> Show prices by sections/schedules if desired. Bid prices should be in the currency of the bid. Any discount offered should also be announced and recorded.

2. The following bidders' official representatives attended the public opening of bids

<b>Name of Representative</b>	<b>Bidder Represented</b>	<b>Signature</b>

3. The following complaints/manifestations were received during the opening of bids

<b>Name of Representative</b>	<b>Nature of Complaint</b>	<b>Signature</b>

\_\_\_\_\_  
Chairperson  
(Signature, Name, Designation)

\_\_\_\_\_  
Member  
(Signature, Name, Designation)

\_\_\_\_\_  
Member  
(Signature, Name, Designation)

\_\_\_\_\_  
Member  
(Signature, Name, Designation)

\_\_\_\_\_  
Member  
(Signature, Name, Designation)

\_\_\_\_\_  
Member  
(Signature, Name, Designation)

\_\_\_\_\_  
Member  
(Signature, Name, Designation)

**TENDER COMMITTEE**  
**PROCUREMENT CHECKLIST**  
**(CHAPTER 17 FINANCIAL MANUAL)**

The following is a list of items which fall under the responsibility of the Tender Committee established for the supervision of the procurement process pursuant to the Procurement Manual.

The members of the Tender Committee should satisfy themselves that the following procedures have been complied with by the procuring agency. All proceedings of the Tender Committee must be recorded in minutes and, where a decision is taken to amend or reverse a decision of the procuring agency, the reasons for doing so must also be precisely recorded in the minutes.

1	Is the procurement procedure chosen appropriate to the value of the contract?	<input type="checkbox"/>
	Has the value been verified to ensure that there has been no splitting of contracts to defeat the threshold values?	<input type="checkbox"/>
2	If an exceptional procedure has been used, is it justified?	<input type="checkbox"/>
	If emergency, is it necessary to conduct the procurement within 15 days?	<input type="checkbox"/>
3	Has the procurement been properly notified to potential bidders?	<input type="checkbox"/>
	Have tenderers been given sufficient time to respond in view of the scope of the proposed contract?	<input type="checkbox"/>
	Have they all been given the same time?	<input type="checkbox"/>
4	Have complete sets of documents been delivered to all bidders?	<input type="checkbox"/>

	Do the bidding documents properly specify deadlines, date of bid opening etc?	<input type="checkbox"/>
	Have bid securities been requested? Are the levels correct and notified?	<input type="checkbox"/>
	Do the bidding documents specify the proper selection and award criteria?	<input type="checkbox"/>
	Have the sample bidding documents been used without modifications? If amended, have the reasons been recorded?	<input type="checkbox"/>
5	Where bidders are rejected, has that been done on the basis of the stated criteria?	<input type="checkbox"/>
	Have the bidders been notified of the reasons for rejection?	<input type="checkbox"/>
	Have the reasons for rejection been recorded and submitted to the Committee?	<input type="checkbox"/>
6	Have the questions of bidders been answered adequately?	<input type="checkbox"/>
	Have the answers been circulated to all bidders?	<input type="checkbox"/>
7	In making the technical evaluation, are you satisfied that the evaluation committee has applied only the criteria set out in the bidding documents?	<input type="checkbox"/>
8	In the event of an abnormally low price, has the evaluation committee properly sought clarifications to show good reason for such a price?	<input type="checkbox"/>

**Total number of Tender Committee Members? \_\_\_\_\_**

**Each member must sign and add his/her name below:**



PM - 3

**BID OPENING COMMITTEE****BID-OPENING CHECKLIST**

The following is a list of items which fall under the responsibility of the Bid Opening Committee established for the opening of bids pursuant to the Procurement Manual.

1	Have the bids been presented in the correct format?	<input type="checkbox"/>
	Are the envelopes properly sealed, unopened, and addressed to the procuring agency?	<input type="checkbox"/>
	Are the original documents and copies properly marked?	<input type="checkbox"/>
	Do the persons signing the documents have the necessary authority to sign?	<input type="checkbox"/>
	Are all the bid securities in order: form, amount, validity?	<input type="checkbox"/>
	Have the bidders used the prescribed bid form, price schedule and bill of quantities?	<input type="checkbox"/>



2	Have the bidders submitted the required documents establishing eligibility and qualification?	<input type="checkbox"/>
	Where required, are they registered/licensed?	<input type="checkbox"/>
	Have they supplied all documents set out in the bidding documents, including documents from third parties such as bank statements etc?	<input type="checkbox"/>
3	Have the bidders supplied brochures/catalogues, literature and drawings?	<input type="checkbox"/>
4	Have all members of the bid opening committee seen and approved the above and signed the documents?	<input type="checkbox"/>
5	Has the record of bid opening been duly completed?	<input type="checkbox"/>

**Total number of Bid Opening Committee Members?** \_\_\_\_\_

**Each member must sign and add his/her name below:**

PM – 4

### SAMPLE EVALUATION REPORT





(**Note:** The bidding document and evaluation guidelines should be used for evaluation of Bhutanese traditional painting if the quoted amount is Nu. 1.50 million and above)

## EVALUATION REPORT FOR THE CONSTRUCTION OF *(insert name of work)*

### 1. Scope of contract and estimated cost:

The works covered under this bid is for the construction of *(insert name of work, project name)*

### 2. Bidding document:

Salient points of bidding document:

- i) Stipulated period of completion- *(specify duration and mention whether including or excluding mobilization period and monsoon)*
- ii) Price adjustment – *(specify whether price adjustment is applicable or not)*
- iii) Pre-bid meeting- *(specify date of pre-bid meeting, if any)*

### 3. Bid invitation process:

Bids were invited by the *(insert name of Employer, Department, Ministry and date of invitation)* in *(insert media of invitation, generally Kuensel and date of publication)*. A copy of the invitation to bid is enclosed in Annexure II.

The bidding documents were made available for sale from *(specify date)* to *(specify date)*. The date of bid opening was *(specify date)*. Thus, a minimum bidding period of *(specify number of days)* days was provided.

The following prospective bidders purchased the bidding document. *(give the list of prospective bidders who purchased the bidding document)* Pre-bid conference was held on *(specify date)* as scheduled. The copy of minutes of the pre-bid meeting and the addendum was sent immediately



to all the bidders who had purchased the bidding document and was incorporated in the bidding documents. A copy of the minutes of pre-bid meeting and the copy of the addendum is enclosed in Annexure III.

#### 4. Bid response:

In all *(insert number of bids)* bids were received.

In time: *(insert number)*

Late: *(insert number)*

Total *(insert number)*

#### 5. Bid opening:

The bids were opened on *(insert date)* at *(insert time)* in the *(insert venue)* in the presence of the bidders and /or their authorized representatives. All the *(insert number)* bids received were opened one by one. The quoted bid price, bid securities furnished by the bidders and discounts offered by the bidders were read out at the meeting. The minute of the bid opening was prepared and a copy of the minutes is enclosed in Annexure IV.

Table of Bid Prices as read out at the time of bid opening is as follows:

Sl.No	Name of Bidder/Company	Bid Price (Nu.)	Discount/ Rebate Offered	Remarks




## 6. Clarification obtained:

(describe the type of clarifications sought from the bidders)

## 7. Arithmetical check:

All bids were arithmetically checked. Arithmetical errors were found in the bill of quantities of the bid submitted by the following bidders: (Specify bids in which arithmetical errors were found)

The bidders in respect of whose bids arithmetical corrections were made, have agreed to those corrections (List bids where corrections made and include reference to agreement)

The following bidders did not agree to the corrections and their bids have been rejected (List bidders who did not agree to the corrections made)

### 7.1 Completeness and legal validity:

*(Specify the legal validity of bids for e.g. All bids are duly signed by the bidders or by persons holding proper power of attorney and hence are legally valid. They have quoted for all the items and are thus complete etc.)*

### 7.2 Bid validity:

As per clause 14.1 of Instructions to the Bidders the bids shall remain valid for a period not less than *(insert number of days)* days **after** the deadline for the submission of the bid. The bids were opened on *(insert date)* and hence the bids should be valid up to *(insert date)*.

### 7.3 Bid Security:

As per Clause 15 of the Instructions to the Bidders, the bid security should be *( insert amount )* in the form of a Bank Guarantee or a Demand draft which shall be valid for 28 days after the date of



expiry of the validity of the bid i.e. up to *(specify date)* ). The bid security furnished by the prospective bidders are as follows:

Sl.No	Name of Bidder/Company	Bid security amount (Nu.)	Bid Security type & issuing bank	Bid validity

*(describe whether the bid securities were in the prescribed format and state whether they are valid or not. Give reasons for invalid bids)*

#### 7.4 Responsiveness to commercial conditions:

The bidders have *(state whether bidders have stipulated any conditions)*. They have *(state whether the bid form has been signed)* signed the contractor's bid form as well as bidding documents and hence it is taken that they are agreeable to the commercial conditions.

#### 8. Bids rejected as non-responsive to the bidding documents:

Sl.No.	Name of bidder/ Company	Bid Price (Nu.)	Brief reasons for rejection



The details of determination of responsiveness of bids are furnished in Annexure V.

### 9. Substantially responsive bids:

In view of the above, the bids of the following bidders are determined as substantially responsive to the provisions of the bidding documents.

(list the substantially responsive bids)

### 10. Comments on the unbalanced bid:

The following bidders have quoted unbalanced bid prices.

(list the bids with unbalanced bid prices for major items of works only)

The above bidders were requested to furnish the analysis of rates with detailed estimate and breakdown of cost for each unbalanced rates. The information were (specify whether received and scrutinized).

### 11. Evaluation of the substantially responsive bids:

There are *(state any conditions)* which warrant loading of the bid prices. No other specific evaluation criteria have been stipulated in the bidding document. The loading of the prices is therefore *(specify the loading factor if none specify as NIL)*.

#### Evaluation table showing ranking of the bids:

Rank	Name of Bidder	Bid Price (Nu.)	Remarks



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(the bid ranking is done in ascending order of bid prices)

As per Clause 3.4 of the Instructions to the Bidders, in order to qualify for award of the Contract, the substantially responsive bidders should meet the minimum qualifying criteria. Therefore the substantially responsive lowest bids in the order of above ranking should be evaluated against the following minimum qualifying criteria:

**Evaluation table of minimum qualification criteria:**

Sl. No.	Clause Ref.	Minimum qualification required	Qualification of the Lowest Bidder	Remarks
1.	3.4 (a)	Minimum annual volume of work done in any one of the last $x$ years: Nu.	Nu.	Bidder <i>satisfy/do not</i> satisfy this criteria
2.	3.4 (b)	Satisfactory completion of two similar works in last $x$ years		Bidder <i>satisfy/do not</i> satisfy this criteria
3.	3.4(c )	Availability of critical equipment for the work:  i) ii) iii) iv) v) vi)	Available equipments with the firm. O H T - - - - - - - - - - - - - - -	Bidder <i>satisfy/do not</i> satisfy this criteria
4.	3.4(d)	Availability of 1 Project Manager with minimum $x$ years of experience in similar work		Bidder <i>satisfy/do not</i> satisfy this criteria
5.	3.4 (e)	Availability of Site Engineer with minimum $x$ years of proven experience in works of an equivalent nature & volume		Bidder <i>satisfy/do not</i> satisfy this criteria
6.	3.4 (f)	Liquid assets and/or credit facilities from a reputed financial institute:		Bidder <i>satisfy/do not</i> satisfy this criteria



		Nu.	Nu.	
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**Important Notes:-**

Highest financial value of work done in any one of the last *x years*.

Work award order and completion certificate to be attached.

Satisfactory completion of two similar works in past *x years*.

Work award order and completion certificate to be attached.

Availability of critical equipments.

**O** denotes owned, **H** denotes hired or leased and, **T** denotes total.

Copies of Blue Books for owned, lease agreement for hired or leased and invoices/bills for purchase to be attached.

Availability of 1 Project Manager with minimum *x years* of experience in work. (*x years* denotes number of years of experience required depending upon the nature & volume of work)

The C.V. in original signed by the Project Manager along with copies of certificates to be attached.

Availability of Site Engineer with minimum *x years* of proven experience in works of an equivalent nature & volume. (*x years denotes number of years of proven experience required depending upon the nature & volume of work*)

The C.V in original signed by the Engineer along with certificates for qualification and experience to be attached.



Liquid assets and/ or credit facilities.

Closing cash and bank balances supported by audited financial statements and bank statement for the last business year end and the current overdraft facilities up to a maximum limit issued by a reputed financial institute to be taken into account.

(The above minimum qualification criteria mentioned in clause 3.4 (a) and *clause 3.4 (b) shall not apply to works worth below Nu.5 million*).

## 12. Bid Capacity:

The assessed Bid Capacity of the lowest responsive bidder is computed as follows:

Assessed available Bid Capacity=  $(A*N*1.5 - B)$

A = Maximum value of civil construction works executed in any one year during the last five years (updated to the current price level by adding 5% per year) i.e. Nu. (*specify amount*) during (*specify year*);

N = Time period prescribed for the completion of works under evaluation i.e. (Specify duration in years)

B = Value of existing commitments and on-going works to be completed i.e. Nu. (Specify amount)

Assessed available Bid Capacity of (*insert name of bidder*) is  $= (A*N*1.5 - B) = \text{Nu. } (\text{Insert amount})$

## 13. Evaluation Result:

The assessed Bid Capacity of the lowest responsive bidder is (*specify more or less*) than the proposed value of contract to be awarded. Thus the lowest evaluated responsive bidder, (*insert name of bidder*) (*specify whether satisfies or does not satisfy*) the Bid Capacity criteria and thus the contract (*state whether can be or cannot be*) awarded to the lowest responsive Bidder in accordance with Clause 29 of the Instructions to the Bidders.

Signature of the Evaluation Committee:





1.

2.

3.

**Enclosures:**

Copy of bidding document (Annex I)  
Copy of bid invitation and press advertisement (Annex II)  
Copies of amendment issued (Annex III)  
Minutes of bid opening (Annex IV)  
Determination table of responsiveness (Annex V)  
Minutes of pre-bid meeting (Annex VI)  
Comparative statement of offers (Annex)