



F.No. 11(110)/M&E/PPRA/2019/204

Islamabad, August 21, 2020

Subject: EXPLANATION OF RULE 2(1)(h) REGARDING MOST ADVANTAGEOUS BID

Reference Auditor General of Pakistan's letters No.211/APS/DG(B&A)/Misc/2020 dated 23.06.2020 & No.213/APS/DG(B&A)/Misc/2020 dated 21.07.2020 regarding "Request for Clarification", deliberations were made at PPRA for issuance of explanation narrated vide Para-2 below (for the guidance of the procuring agencies):

2. "Most Advantageous Bid" defined in Definition Clause of Public Procurement Rules, 2004 (amended up to 19 May, 2020) is explained as follows:-

A. FIRST PART OF THE RULE 2(1) (h):

First part of the Rule consists of Eligibility, Qualification and Substantial Responsiveness explained below: -

a. **Eligibility:** Eligibility means that the bidder meets basic general and specific requirements established either for that particular trade or business or declared mandatory by the Regulatory Authority or Procuring Agency (but should not fall under the discriminatory or difficult conditions as referred in Rule 32), i.e. Valid NTN/STRN, ISO Certification, incorporation certificate or registration with relevant professional statutory body, security clearance for sensitive projects or sites, OEM or authorized dealership (if necessary), undertaking for conflict of interest (especially in case of Consultancy Services), Legal existence of JV Partnership in case of bidding by JV or requirement for some nationalities as per the Policy of Federal Government etc. (This may be precondition for issuance of bidding documents).

b. **Qualification:** Qualification means the bidder has the required capacity, capability and expertise to perform that particular assignment e.g.;

- (i) Production/manufacturing ability, Audited Quality Management System etc. in case of goods (with an exception for small items);
- (ii) Sufficient suitably qualified human resources, general or specific experience etc. for performing particular assignment in case of services;
- (iii) Suitably qualified manpower, equipment, machinery and financial capacity etc. for engineering works.

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21/08/2020

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Note:

- (i) It is pertinent to mention over here that qualification is a broader term and may cover the elements of eligibility in itself. For small items or small non-consultancy services or small maintenance works, only eligibility may suffice.
- (ii) Expertize may be determined on the basis of general & specific experience and past performance.

c. Substantial Responsiveness: A substantially responsive bid is one which conforms to all the terms and conditions specified in the General Conditions of Contract (GCC), Special Condition of Contract (SCC), format and contents of the proposal(s) without any such material deviation or reservation that may affect in any substantial way the scope, quality, or performance of the products, services or works; however, clarification may be sought or accepted by the Procurement Evaluation Committee in accordance with the provisions of Rule 31.

B. SECOND PART OF THE RULE 2(1) (h):


The second part of the Rule consists of following selection techniques:-

a. Highest Ranked in Cost Based (or Least Cost) Selection:

After meeting all the above referred requirements of eligibility, qualification and substantial responsiveness as referred in Part-I of Rule 2(1) (h), the bid in compliance with all the mandatory (technical) specifications/requirements and/or some qualification/quality threshold (if any), and having lowest cost or financial proposal shall be considered highest ranked bid based on inverse proportion calculations. However, as per the best international practices, the bidder(s) should be required to submit independent price determination mechanism so as to avoid any chance of performance failure (due to low ball bid just to win the competition) or abnormally high prices.

b. Highest Ranked in Quality Based Selection:

After meeting all the above referred requirements of eligibility, qualification and substantial responsiveness as referred in Part-I of Rule 2(1) (h), the bid in compliance with all the mandatory (technical) specifications/requirements and attaining highest marks in the Technical Evaluation considering all other qualitative and/or quantitative parameters (or point rated criteria) for technical proposal(s) as prescribed in the Evaluation Criteria set forth in the bidding documents such as working methodology, implementation plan, resource allocation, additional functionalities, risk management approach, knowledge transfer techniques, post implementation methodology etc. shall be treated as highest ranked bid. Later on the financial proposal of highest ranked bidder shall be opened, however, in case of failure to proceed further with such a bidder, the procuring agency may resort to second highest bidder and so on.


21/08/2020
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