Frequently Asked Questions (FAQs)

PROCUREMENT AND CONTRACT MANAGEMENT

A. Procurement

Q1. What are the rules of business for Public Procurement?

A1. Government of Pakistan has notified Public Procurement Rules, 2004 and some complementary Regulations, since available on Public Procurement Regulatory Authority (PPRA) website [www.ppra.org.pk](http://www.ppra.org.pk), which should be complied with.

Q2. Which of the various Standard Bidding Documents (SBD) are to be used in case of GOP funded projects and foreign aided projects?

A2. In case of GOP funded projects, SBD of Pakistan Engineering Council are to be used as per decision of ECNEC as well as under the Public Procurement Rules and Regulations. However, in case of foreign funded projects, other SBD of the financing agency, if mentioned in the financing agreement, are to be used.

Q3. What should be done when the procuring agency is convinced that the use of or a reference to a brand name is essential to complete an otherwise incomplete specification whereas the fairness requires using of only generic specifications?

A3. In such circumstances, the Public Procurement Rules allow the use of or a reference to brand name or a catalogue number with the condition that it shall be qualified with the words “or equivalent”.

Q4. What is the limit of bid security in monetary terms?

A4. Public Procurement Rules put an upper limit for bid security as 5% of bid price but no lower limit is specified whereas instructions/guidelines of Pakistan Engineering Council require the bid security to range from 1% to 3% of bid price. It is advisable to seek bid security as a lump sum amount, rather than in %age of bid price, particularly in case of two envelope bidding procedure.

Q5. What is the basis for comparing price bids to ensure value for money?

A5. Market prices are the basis for evaluating price bids to ensure value for money. Accordingly the Engineer’s Estimate/Composite Schedule of
Rates (plus premium if any) should match with and indicate the real market prices because these are the official basis for evaluating price bids.

Q6. When should the documents related to the evaluation of the bid and award of contract be made public?

A6. Under Public Procurement Rules, the procuring agency shall keep all information regarding the bid evaluation confidential until the time of announcement of the evaluation report in accordance with the requirement of Rule 35 of the Public Procurement Rules, 2004.

Q7. What is the way forward to announce bid evaluation reports?

A7. The bid evaluation reports are to be made public preferably through website of PPRA [and/or ERRA in case of ERRA funded projects (as well as website of Procuring Agency if available)] on the formats circulated by PPRA.

Q8. How can an aggrieved bidder proceed for redressal?

A8. ERRA has notified a Bidders Grievances Redressal Committee. Any bidder feeling aggrieved by an act of a Procuring Agency funded by ERRA may proceed in accordance with Rule 48 of the Public Procurement Rules, 2004.

Q9. What mechanism is adopted for black listing of Contractors?

A9. ERRA has prepared a mechanism for black listing of Contractors/Suppliers which is notified by/available with Legal Wing of ERRA.

Q10. What is the advantage of Single Stage Two Envelope bidding procedure over Single Stage One Envelope bidding procedure?

A10. The Two Envelope bidding procedure would save substantial time which is otherwise required for (separate) prequalification because the technical evaluation of bids does also take care of qualification of the bidders.

Note: The above answers are given in the light of Public Procurement Rules, 2004 and relevant Regulations besides guidelines of Pakistan Engineering Council.
B. Contract Management

Q1. How to prepare a “Work Program” which is to be submitted by the Contractor?

A1. For normal/routine Works simple bar charts for activities spread over time would serve the purpose. Once the Program is approved, possession of site needs to be handed over to the Contractor either in one go for single set of activities or in piece meal in accordance with the requirement of various sections/parts of Works as shown in the Program.

Q2. What is the most helpful step in monitoring a Contract?

A2. Regular (Monthly) meetings between the Employer, the Engineer and the Contractor are helpful to compare the progress of Works with the Program and to resolve any of the issues at site to get the Contract executed expeditiously, including the issue of Extension of Time as well.

Q3. Where should the Drawings be made available by the Contractor?

A3. One copy of the Drawings, provided to the Contractor by the Engineer, should be kept by the Contractor on the site of Works.

Q4. Can a Contractor assign/sublet the Contract or any part thereof?

A4. The Contractor shall not, without the consent of the Employer, assign the Contract or any part thereof.

Q5. Can a Contractor subcontract whole or part of his Works?

A5. The Contractor can not subcontract whole of the Works. Subcontracting a part of Works is subject to written consent of the Engineer (with the approval of the Employer).

Q6. Who is the Employer?

A6. The Employee is named in the Conditions of Contract. However, with reference to precedence of the Contract documents, the official who signs the Contract Agreement (on its own behalf) is the Employer; or
the other official/agency is the Employer if it is expressly noted that the signatory is signing for and on behalf of the other official or the agency.

Q7. Who is the Engineer, and Resident Engineer?

A7. The Engineer is named in the Conditions of Contract. Normally, the Engineer is the person/firm responsible for supervision of Works. Whereas, Resident Engineer is authorized representative of the Engineer.

Q8. How to proceed for Inspection and Testing?

A8. On the notice of the Contractor, representative of the Engineer would inspect and witness/perform the tests. However if the representative (Resident Engineer or his subordinate i.e. Inspector) does not attend at the agreed time, the Contractor may proceed to perform the tests which shall be deemed to have been performed in presence of the representative.

Q9. What is the sanctity of BOQ and when a Variation Order is required?

A9. A BOQ provides estimated quantities corresponding to the Drawings issued by the Engineer. Execution and payment for quantities varying from the BOQ is allowed as long as the Drawings are not amended and the amount of Contract does not exceed the prescribed (15%) limit; In case of an amendment in Drawings and/or excessive variance in quantities of the BOQ, the Engineer shall issue a Variation Order.

Q10. Are the Liquidated Damages some sort of penalty?

A10. Liquidated Damages are imposed by the Employer for Contractor’s default of not completing the Works within the Completion Period and thus these are not any sort of penalty for breach of Contract.

Note: The above answers are given in the light of Standard Bidding Document of Pakistan Engineering Council. However specific Contract documents need to be followed in letter and spirit.