

(3A) Introduction to **Procurement**

Presentation for LRN Training

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Procurement Chapter - Overview

- ❖ Introduction to Procurement
- ❖ Public Procurement Act & Rules
- ❖ Procurement Plans

- ❖ RAP3 Procurement Procedures (Day 4)
- ❖ Bid Evaluation in Detail (Day 4)
- ❖ Pre-Contract Award Procedures (Day 4)

Module Contents

- ❖ Procurement Streams under RAP3
- ❖ Nepal Legal Framework & PPMO
- ❖ Procurement Preparations & Proceedings
- ❖ Transparency

Procurement Streams under RAP3

- ❖ District Development Fund (DDF)
- ❖ Direct Procurement (RAP3)
- ❖ Ambitions – further support thru DDF

Key Elements to Any Contract

- ❖ An 'Offer'
- ❖ An 'Acceptance'
- ❖ There must be 'Consideration' e.g. provision of payment

NEPAL LEGISLATION



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Nepal Legal Framework

- ❖ Public Procurement Act 2063 (2007)
- ❖ Public Procurement Rules 2064 (2007)
- ❖ Covers the Procurement of: **Goods, Services and Works**

Public Procurement Monitoring Office

- ❖ Established in 2064 (2007)
- ❖ Government Agency reporting directly to Prime Minister
- ❖ Responsible for: policy formation, implementation and monitoring of Public Procurement
- ❖ Supports state-of-the-art IT approaches e.g. e-bidding, document publishing, 'blacklists' etc.
- ❖ Online 'Advice & Opinion Service' provided

Legal Intentions

- ❖ Appears complex, but clear intentions i.e.:
 - ❑ Provide equal opportunity to all bidders
 - ❑ Promote transparency
 - ❑ Value for money in Public spending

Preparations for Public Procurement

- ❖ The Public Entity must make preparations as follows (Rules Article 3):
 - a) Identify the need for procurement
 - b) Identify various technical solutions and ascertain the availability of supplier
 - c) Study the procedures of similar procurements in preceding years
 - d) Define the description, quantity and scope of procurement

Preparations for Public Procurement Contd.

- e) Break up procurement into more convenient lots or include it in a package
- f) Preparation of procurement plan
- g) Prepare the cost estimate of procurement
- h) Identify the source and amount of financing
- i) Choose the method of procurement
- j) Determine whether tender qualification or pre-qualification proceedings are needed

PROCUREMENT PROCESSES



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Working Through the DDF

- ❖ Additional Safeguards beyond GoN Rules, why?
 - ❑ In 'trust-building' stage
 - ❑ Concerns raised in Nepal Road Sector Assessment Study (2012)
 - ❑ Due diligence' requirements of DFID

Procurement Methods Available (Act)

❖ For Goods and Works:

- By inviting open bids at international level
- By inviting open bids at national level
- By inviting sealed quotations
- By procuring directly
- Through participation of users' committee or beneficiary group
- Through force account

❖ For Procurement of consultancy service:

- By requesting competitive proposals
- Through direct negotiations

Transparency

- ❖ Provisions Relating to Transparency & Conduct (Rules Chapter 13) – DDF:
 - ❑ All documents must be available to Audit
 - ❑ Public Notice – disclosure of proceedings and award
 - ❑ In the case of Consulting Services there must be no ‘conflict of interest’
 - ❑ Disclosure of any inducement, corrupt or fraudulent practice must be reported to PPMO

Transparency Contd.

- ❑ A higher office may review and ensure the Act and Rules have been followed
- ❑ Public Entities shall make required applications for 'blacklisting' to PPMO
- ❖ Additional 'Direct' (RAP3) Rules:
 - ❑ All bidders shall be made aware of RAP3's Code of conduct and Ethics, and
 - ❑ Sign agreement to abide by these Codes if awarded a contract

END



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