



**GOVERNMENT OF JAMAICA**

**HANDBOOK  
OF  
PUBLIC SECTOR  
PROCUREMENT  
PROCEDURES**

**VOLUME 2 of 4**

**PROCEDURES FOR THE PROCUREMENT OF GOODS,  
GENERAL SERVICES & WORKS**



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## ABBREVIATIONS

BOT	Build-Own-Transfer
CV	Curriculum Vitae
CFR	Cost and Freight
CIF	Cost, Insurance and Freight
CIP	Carriage and Insurance Paid to
CPT	Carriage Paid to
DAF	Delivered at Frontier
DDP	Delivered Duty Paid
DDU	Delivered Duty Unpaid
DES	Delivered Ex Ship
DEQ	Delivered Ex Quay
FAS	Free alongside Ship
FCA	Free Carrier
FOB	Free on Board
GoJ	Government of Jamaica
ICB	International Competitive Bidding
ICC	International Chamber of Commerce
IFBs	Invitation for Bids
IS	International Shopping
ITB	Invitation to Bid
ITC	Information to Consultants
LCB	Local Competitive Bidding
LCS	Least Cost Selection
LOI	Letter of Invitation
LCT	Local Competitive Tendering
QBS	Quality-Based Selection
QCBS	Quality and Cost-Based Selection
QCA	Quarterly Contract Awards Report
REI	Request for Expressions of Interest
RFP	Request for Proposal
SBCQ	Selection Based on Consultant's Qualifications
SFB	Selection under a Fixed Budget
SSS	Single Source Selection
TOR	Terms of Reference
UNDP	United Nations Development Programme

## DEFINITIONS

Accountable Officer	In accordance with Section 16 of the FAA Act, an Accountable Officer is any Public Officer, including an Accounting Officer, concerned with or responsible for the collection, receipt, custody, issue or payment of public moneys or other public property.
Accounting Officer	In accordance with Section 16 of the FAA Act, an Accounting Officer is any person designated as such by the Minister and charged with the duty of accounting for expenditure on any service in respect of which moneys have been appropriated.
Approval Threshold	Monetary values at which a proposed contract must be referred to a designated Officer or body for approval.
Bid/Tender	Terms used synonymously, which refer to the complete proposal or offer submitted by a contractor in response to an invitation.
Business-sensitive	Special procurements undertaken to take advantage of business opportunities that would impact the financial viability and core business of the entity.
Consultant	A service provider whose services are primarily intellectual in nature
Contractor	A provider or prospective provider of goods (under a goods contract), works (a contractor under a works contract) or services (under a services contract).
Contract Thresholds:	
- Internal	Internal contract value thresholds are contract values above or below which specific procedures apply.
- International	International contract value thresholds are contract values above which participation in procurement opportunities are open to both domestic and foreign contractors.
Cost Overrun	A cost overrun is deemed to be an increase to the contract sum resulting from escalation in the price of labour and/or material.



## DEFINITIONS

Currency	Monetary unit of account.
Day	Calendar day, unless otherwise specified.
Domestic Contractor	A contractor who is established in Jamaica.
Domestic Margin of Preference	A measure by which a set percentage is added to bids from foreign contractors.
Fluctuation	For the purpose of this policy, fluctuation refers to changes in the price of labour, materials or other inputs under a contract.
Force Majeure	<p>An event which is beyond the reasonable control of a party, and which makes a party's performance of its obligations impossible, or so impractical as to be reasonably considered impossible in the circumstances.</p> <p>Force Majeure includes but is not limited to: war, riots, civil disorder; earthquakes, fire, explosions; confiscation or any other action by Government agencies; storms, floods or other adverse weather conditions; strikes, lockouts or other industrial action (except where such strikes, lockouts or industrial action are within the power of the party invoking Force Majeure).</p>
Force Account	Force account is a project implementation method where a government entity implements rehabilitative or developmental works by utilizing its internal resources rather than contracting the work to an external entity. In such instances, the government entity may be required to procure raw material/ or engage temporary labour to carry out the work.
Foreign Contractor	A contractor who is not established in Jamaica.
Goods	Objects of every kind and description (except land or interest in land), including raw material, products and equipment and objects in solid, liquid or gaseous form, and electricity. Could include services incidental to the supply of the goods if the value of those incidental services does not exceed that of the goods themselves.

## DEFINITIONS

Government Asset	Any item of economic value, owned by the Government (tangible and intangible property) that can be converted into cash.
Life Cycle Cost	The total cost to GOJ of procuring, operating supporting and (if applicable) disposing of the items being procured.
Lowest Responsive Bid	One that conforms to all the terms, conditions and specifications in the Bidding Documents without material deviations, reservations or omissions and has the lowest cost after evaluation.
Mis-procurement	Where the procurement of a good/service was not consistent with the established rules/laws.
National Contracts' Commission (NCC) Register of Public Sector Contractors	A register of Public Sector contractors who have satisfied prescribed criteria for placement in specified categories and grades of work.
Offsets	Measures used to encourage local growth and development or improve balance of payments accounts by means of domestic content, licensing of technology, investment requirements, or similar arrangements.
Pre-tender/ Comparable Estimate	An estimate that is compiled from the same documentation which is made available to the Bidders. It is used for the comparison of tenders
Private Entity	An entity which is not a publicly listed company or corporation but which is either a privately owned or held sole-tradership, partnership, co-operative, company, corporation, trust, business association or other entity.
Policies	Policies, as referred to in this manual are made by GoJ for the purpose of giving information and direction. Policies establish basic philosophies and climate, and determine the major values upon which GoJ Procurement functions shall operate.
Procedures	Procedures are prescribed means of accomplishing policy. Their intent is to provide GoJ personnel with the guidelines and, where appropriate, the specific action sequences to ensure uniformity, compliance and control of all policy-related activities.

## DEFINITIONS

Procurement	For GoJ purposes, <i>Public Sector Procurement</i> is the acquisition of goods, services and works, by any method, using public funds, and executed by the Procuring Entity or on its behalf.
Procurement Contract	A contract between the Procuring Entity and a contractor resulting from procurement proceedings.
Procurement Officer	A person with the authority to conduct procurement activities on behalf of the Procuring Entity, as delegated by the Accounting Officer.
Procurement Plan	A plan that aligns a Procuring Entity policies with its resources through an annual and projected multi-year operational schedule, taking into account all lead times of the procurement process. There are two levels of Procurement Plans: (a) annual Procurement Plans and (b) project specific Procurement Plans.
Procurement Planning	The process by which the efforts of all personnel responsible for procurement are coordinated and integrated to produce a Procurement Plan for fulfilling the Procuring Entity's need in a timely manner and at a reasonable cost.
Procuring Entity	Any government Ministry, Department, Statutory Organization, Executive Agency, Local Government Authority, Public Company or any other Agency in which the government owns controlling interest, that is at least 51% , or in which the Government is in a position to influence the policy of the entity. This definition also applies to government-approved authorities acting on behalf of the Procuring Entity.
Public Sector Procurement	Acquisition of goods, works and services, by any method, by or on behalf of Procuring Entities for their use.
Sensitive Procurement	Any procurement of a national concern that is deemed confidential by Cabinet.
Services	Any object of procurement other than goods or works.
Shall	For the purposes of this Handbook, the term “shall” signifies a mandatory action.

## DEFINITIONS

Substantially Responsive	A substantially responsive bid is one that conforms to all the terms, conditions and specifications in the Bidding Documents without material deviations, reservation or omission.
Turnkey Contract	A contract generally covering complex works, in which the contractor is responsible for completing the entire work including design, procurement of equipment and construction
Variation	A variation is a change to the deliverable(s) under a contract caused by an increase or decrease in the scope of works to be performed, amount/type of goods to be supplied or services to be provided and shall be specific to the specific contract.
Works	Means all work associated with construction, reconstruction, demolition, repair or renovation, which include civil, electrical, mechanical and other related engineering works. This could also include supply and installation of equipment and specialized engineering incidental services that are related to the works.
Works of Art	Works of Art include: <ul style="list-style-type: none"><li>(a) a fine-art piece;</li><li>(b) a designed object;</li><li>(c) a musical composition, musical performance;</li><li>(d) a literary or poetic composition; a performance in live theatre, ballet, opera; film;</li><li>(e) a visual computer programme;</li><li>(f) a conceptual art piece or performance art; and</li><li>(g) items that are created and/or valued primarily for their “aesthetic/artistic” qualities, rather than practical or entertainment functions.</li></ul>

# SECTION 1

## PROCUREMENT OF GOODS, WORKS, AND GENERAL SERVICES

### 1.1 PROCUREMENT METHODS

This overview provides guidance to Procuring Entities on methods for the procurement of all goods, works, general and consulting services. The choice of the procurement method depends on:

- (a) the nature of the goods, services and works to be procured;
- (b) the value of the procurement;
- (c) the likelihood of interest by foreign Bidders, which is a function of the local availability, capacity and costs;
- (d) critical dates for delivery; and
- (e) transparency of procedures proposed.

#### 1.1.1 INTERNATIONAL COMPETITIVE BIDDING

International Competitive Bidding means the procurement opportunity is open to any interested local or foreign contractor. It should be noted that contractors should be registered with the National Contracts' Commission (NCC) prior to the award of the contract. Procurement offered through International Competitive Bidding shall be advertised in a national, daily circulated newspaper. These opportunities should also be advertised internationally in the *United Nations Development Business (UNDB) Online*, or in an appropriate international publication.

The purpose of International Competitive Bidding is to provide a fair opportunity for all eligible and qualified prospective Bidders to compete for contracts, by soliciting interest from as wide a field as possible, and giving adequate and timely notification of the Procuring Entity's requirements.

**International Competitive Bidding requires that Procuring Entities provide:**

- (a) technical specifications that are drafted to permit the widest possible competition; and
- (b) formal Bidding Documents that are fair, non-restrictive, comprehensive and clearly describe the criteria and method for evaluation and selection of the successful Bidder. Procuring Entities are, therefore, encouraged to utilize the Standard Bidding Document (referenced at Appendix 8), which may be accessed from the Ministry of Finance's website ([www.mof.gov.jm](http://www.mof.gov.jm)).

**NOTE:** *International Competitive Bidding or Local Competitive Bidding shall be used as per the requirements of the contract value thresholds stated in this Handbook.*

**1.1.2 LOCAL COMPETITIVE BIDDING**

Local Competitive Bidding means procurement opportunities are open to all appropriately registered and qualified contractors. Contractors shall be registered with the National Contracts' Commission (NCC) at the time of tender submission. Procurement offered through Local Competitive Bidding shall be advertised in a national, daily circulated newspaper.

**1.1.3 LIMITED TENDER**

Limited Tender means a specific number of contractors are invited to bid. Procuring Entities may contact appropriately qualified contractors on the NCC register and invite them to participate.

**Criteria for selecting contractors should include:**

- (a) the nature of the good/service/works required;
- (b) the contractor's relevant experience;
- (c) the contractor's past performance record; and
- (d) the contractor's current financial and technical capacities.

Procurement offered through Limited Tender is not advertised. Procuring Entities may award their contracts by the limited tendering procedure, in the following cases:

- (a) when no suitable tenders have been submitted in response to an International or Local Competitive Bidding procedure, on condition that the requirements of the initial tender are not substantially modified;
- (b) when, for technical reasons or for reasons connected with protection of exclusive rights, the contract may be performed only by a particular contractor and no reasonable alternative or substitute exists; and
- (c) for purchases made under exceptionally advantageous conditions, which only arise in the very short term in the case of unusual disposals, resulting for example, from liquidation, receivership or bankruptcy, and not for routine purchases from regular contractors.

**NOTE:** *The use of the Limited Tender procurement method for contracts outside of the established value thresholds shall be subject to the approval of the Head of the Procuring Entity ..*

#### **1.1.3.1 OPTIONS FOR TENDERING**

The following options may be applied to the various methods of Competitive Tender.

##### **A. Single-stage Tender**

In a one-stage process, the Procuring Entity prepares Bidding Documents outlining the detailed functional and technical requirements, as well as other relevant information. In response, contractors submit bids containing their technical and financial proposals at the same time. The Procuring Entity then evaluates each bid and awards the contract to the Lowest Responsive Bidder, according to the method and criteria specified in the Bidding Documents.

The single-stage process is most appropriate for relatively straightforward procurement of standard technologies and ancillary services. In contrast, the additional capacity to review technical proposals, revise technical requirements and interact directly with the contractors during the first stage make the **two-stage** process much more suitable for the procurement of goods such as complex information systems, as well as procurement involving extensive technical services.

### **B. Two-stage Tender**

**Stage One:** The Procuring Entity prepares a first-stage Bidding Document with general performance specifications, rather than detailed technical specifications. In response, Bidders offer un-priced technical proposals (i.e., no financial proposal is submitted at this time). The Procuring Entity then:

- (a) assesses the contractors' qualifications;
- (b) evaluates the technical proposals; and
- (c) indicates to the contractors precisely what shall be done to make their bids technically responsive.

**Stage Two:** After the first stage evaluation, the Procuring Entity prepares the memoranda of changes for each Bidder and may prepare addenda to the Bidding Documents. These may include revisions to the technical requirements made in light of the first stage technical evaluation, and initiates the second stage bidding process. During the second stage bidding process, Bidders offer amended bids containing their final technical proposal and a financial proposal. The Procuring Entity then evaluates the combined proposals (technical and financial) according to the method specified in the Bidding Document.

The two-stage process provides the Procuring Entity with the ability to interact more extensively with Bidders on technical matters during "stage one". In this way, the Procuring Entity can learn from the market and adapt its requirements. In addition, a two-stage process allows the



Procuring Entity (in the technical offer stage) to state its requirements in more general, functional terms than the detailed technical requirements necessary to carry out a one-stage process.

### **C. Two-envelope Bidding System**

This involves the Bidder submitting both pre-qualification documents and tender documents at the same time. The two-envelope bidding system is used when time does not allow a separate pre-qualification exercise before tendering. The pre-qualification document and the tender document should be presented in individually sealed and labelled envelopes and submitted in a sealed package. The first envelope should contain pre-qualification information and the second envelope should contain the tender.

The envelope containing the pre-qualification documents should be opened first and the pre-qualification exercise carried out thereafter. Following this, the Procuring Entity shall advise the Bidders who have pre-qualified and publish the list on its website. After evaluation of the technical proposal, qualified Bidders should be invited to a public opening of the financial proposal enclosed in the second envelope.

**NOTE:** *As this method is more costly and time-consuming for the Bidders, Procuring Entities should ensure that it is used only when circumstances so dictate.*

#### **1.1.4 DIRECT CONTRACTING**

Procurement by Direct Contracting means only one contractor is invited to participate. For contracts valued up to **\$500,000.00** this method may be used. However, this method is also permitted for procurement valued above **\$500,000.00** under the following circumstances:

- (a) where the procurement is of a confidential nature;
- (b) if a particular contractor has exclusive/proprietary rights in respect of goods, services or works;

- (c) where standardizing equipment is **available only from a specific source**, and the Procuring Entity has purchased goods, equipment or technology from a contractor, and additional supply is required for reasons of uniformity;
- (d) for the purposes of research, experiment, study or development;
- (e) follow-on procurement, where a contractor has already provided goods, services or work and additional goods, services or works of a similar nature are required to complete the procurement requirements; or
- (f) for reasons of extreme urgency brought about by events unforeseen by the Procuring Entity, the products or services could not be obtained in time by means of International Competitive Bidding, Local Competitive Bidding or Limited Tender procedures.

**NOTE:** *The use of the Direct Contracting method outside of the established value thresholds shall be subject to the approval of the Head of the Procuring Entity.*

### **1.1.5 CONTRACTING UNDER EMERGENCY CIRCUMSTANCES**

Emergency contracting is permitted in any of the following circumstances:

- (a) for the repairs or remedial action necessary to preserve public safety or property; or to avoid great social harm or significant public inconvenience;
- (b) for the procurement of goods, services or works in any extenuating circumstances in which the Procuring Entity is likely to incur or suffer financial loss if the procurement is not executed immediately;
- (c) for the procurement of goods, services or works in any circumstance in which the national interest and/or national security considerations demand that the procurement be undertaken immediately; or

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- (d) for business-sensitive procurement of goods, services or works in any extenuating circumstances in which the operating functions or business objectives of a Procuring Entity are likely to be significantly impeded, or placed in jeopardy if the procurement is not executed in a limited timeframe.

The need for such procurement must be sudden, unexpected and a pressing necessity or exigency. Where an emergency situation exists as defined above, the Procuring Entity may engage a contractor by means of Direct Contracting. Contractors must be registered with the National Contracts' Commission and possess a valid Tax Compliance Certificate prior to award. Where the contractor is based overseas or is not registered, the procuring entity shall refer the matter to the National Contracts' Commission for approval.

The Head of the Procuring Entity shall give approval for the issuing of emergency contracts up to a maximum value of J\$100 million. This approval shall be in writing and shall form part of the procurement record to be kept by the Entity. Any additional expenditure must be subject to the approval of the National Contracts' Commission and Cabinet. Procuring entities shall ensure that the value for money objective is met before awarding emergency contracts.

Contracts awarded under emergency circumstances shall commence immediately. Failure to execute such contracts within one month of approval will result in automatic reversion to the general procurement provisions. No other contract shall be let under that dispensation after the expiration of one month.

Emergency contracts above **J\$5M** shall be reported to the National Contracts' Commission within the month in which the award was made, along with full justification for the procurement.

The report shall be done within the month the contract is awarded and shall include:

- (a) a justification;

- (b) a statement as to why the contractor was selected; and
- (c) the value of contract awarded.

## **1.2 UNSOLICITED PROPOSALS**

GoJ's preferred method of procuring goods, services and works, is by Competitive Bidding. However, from time to time entities may receive unsolicited proposals and these shall be dealt with in a transparent manner. The proposals should not have been influenced or otherwise initiated by the Procuring Entity; and the Entity is **NOT** obliged to entertain them.

**An unsolicited proposal may be considered by a Procuring Entity if it:**

- (a) demonstrates a unique and innovative concept, or demonstrates a unique capability of the contractor;
- (b) offers a concept or service not otherwise available to the Government; and
- (c) does not resemble the substance of a recent, current or pending Competitive Tender.

The proposal should be comprehensive, that is, it should include background information on the company and its owners/stakeholders, as well as its performance history in the execution of similar projects.

In submitting an unsolicited proposal, the provider must present a bid outlining the following:

- (a) the objectives and the relevance of the proposed work to be undertaken;
- (b) the rationale for the approach;
- (c) the methods or activities to be pursued;
- (d) the qualifications of the contractor; and
- (e) the level of funding required for attaining the objectives.

### **1.2.1 TREATMENT OF UNSOLICITED PROPOSALS**

When a Procuring Entity receives an unsolicited proposal it has **three (3)** options:

- (a) to elect not to consider it and , therefore, to return it immediately;
- (b) to engage the Competitive Bidding process by means of a price test; or
- (c) to enter into the direct negotiation with the proponent.

#### **1.2.1.1 PRICE TEST**

If the Procuring Entity chooses the option of Competitive Bidding by means of a price test, it shall notify the proponent and thereafter, invite comparative

bids. The invitation shall be published in a newspaper, in keeping with the procedures for advertising of tenders. A Request for Proposals (RFP) shall be developed, providing Bidders with the information necessary to prepare a response. However, proprietary information contained in the original proposal is confidential and shall not be disclosed in the tender documents. A party submitting an unsolicited proposal must indicate proprietary information or data it wishes to restrict.

Upon evaluation, if a lower priced proposal is received, the original proponent shall be given thirty (30) days to match it. If the company/individual is able to make the necessary price adjustment, the company/individual will be awarded the contract. Otherwise, the award shall be made to the Lowest Responsive Bidder.

#### **1.2.1.2 DIRECT NEGOTIATION**

On receipt of an unsolicited proposal the entity should:

- (a) assess the merits of the proposal; and
- (b) identify whether the proposal offers a new concept or technology or something of an otherwise unique nature.

If the entity is interested in pursuing direct negotiation, regardless of the value, an application shall be made to the NCC through the Permanent Secretary for approval of the Direct Contracting Method.

### **1.3 ELIGIBILITY AND QUALIFICATION REQUIREMENTS**

Qualification criteria are those prescribed by the Procuring Entity, which the Bidder shall fulfill in order to demonstrate that he/she has met the standard required to execute the contract.

Eligibility requirements are those which by policy, the Bidder must satisfy in order to participate in the procurement process, such as, TRN, NIS Number, NCC registration,

Tax Compliance and any other, as determined by the Procuring Entity from time to time.

### **1.3.1 NCC REGISTRATION**

Contractors and named sub-contractors participating in Public Sector procurement opportunities shall provide a valid NCC Registration Letter at the time of bid submission. In the case of International Competitive Bidding, a valid NCC Registration Letter is required prior to contract award.

For those contracts with a value of up to \$500,000.00, NCC Registration is **not** required. Contractors may obtain further information from the National Contracts' Commission website at [www.ncc.gov.jm/ncc](http://www.ncc.gov.jm/ncc).

### **1.3.2 DEBARMENT, SUSPENSION AND INELIGIBILITY**

A contractor may be disqualified and/or stricken from the NCC Register of Public Sector Contractors without liability to GoJ, if it is found at any time, that the information submitted concerning his/her qualifications was deliberately falsified. Procuring Entities should, therefore, report any such findings to the NCC promptly, along with any evidence substantiating the falsification. Contractors may also be disqualified, suspended, or stricken from the NCC Register without liability to GoJ, for reasons of poor performance.

#### **1.3.2.1 NCC REGISTRATION REQUIREMENT FOR OVERSEAS CONTRACTORS**

With the exception of Local Competitive Bidding, registration is not a requirement for foreign Bidders to participate in the Government Procurement process. However, if a foreign Bidder is successful and any aspect of the contract is to be executed in Jamaica, the Bidder shall be required to register with the NCC before the contract is awarded.

### 1.3.3 TAX COMPLIANCE

Contractors and named sub-contractors participating in Public Sector procurement opportunities shall provide proof of being tax-compliant by presenting a valid Tax Compliance Certificate:

- (a) at the time of registration for Government of Jamaica Approved Contractor status;
- (b) prior to contract award in the case of International Competitive Bidding; and
- (c) at the time of bid submission for any other procurement method.

**Note:** *Contractors are not required to subsequently provide a Tax Compliance Certificate in order to receive payment for work satisfactorily completed under a contract.*

For those contracts with a value of up to \$500,000.00, a Tax Compliance Certificate is not required. However, contractors shall provide the Procuring Entity with a Taxpayer Registration Number (TRN).

#### 1.3.3.1 TAX COMPLIANCE REQUIREMENT FOR OVERSEAS CONTRACTORS

Tax compliance is not a requirement for foreign Bidders to participate in procurement opportunities. However, where the contract will be executed in Jamaica, the foreign contractor will be required to obtain a valid Tax Compliance Certificate (TCC) before the contract award. Application forms may be obtained from the Inland Revenue Department's website at [www.jrs.gov.jm](http://www.jrs.gov.jm).

### 1.3.4 PRE-QUALIFICATION OF BIDDERS

Pre-qualification screens potential Bidders (prior to the submission of their bids), and is aimed at ensuring that only those who have the required experience, technical and financial resources, bid for a contract. Pre-qualification is common for large works, civil works, turnkey plants, Build-Own-Transfer (BOT), procurement of certain special goods and complex information technology



systems. Pre-qualification is not needed for general purchases such as vehicles, computers and related equipment, or basic office supplies. However, it is a mandatory requirement for all procurement which exceed **\$150 Million**.

Pre-qualification should not be used to limit competition to a pre-determined number of potential Bidders. All applicants who have the qualifications to execute the proposed contract shall be pre-qualified, and the Bidding Documents shall in turn be made available to all those who pre-qualified. No upper limit must be imposed on the number of pre-qualified potential Bidders. However, if the pre-qualified applicants are too few to ensure competition, a re-assessment of the situation should be carried out.

This would include:

- (a) further advertising for pre-qualification submission;
- (b) extension of the deadline for applications; and
- (c) a review of the proposed (contract) conditions to reduce contractors' risks.

After a pre-qualification exercise has been undertaken, a list of the Bidders who have pre-qualified should be published on the Procuring Entity's website. Thereafter, pre-qualified Bidders shall be invited to submit bids for evaluation.

*In cases where a project has to be extended, a new pre-qualification exercise shall be undertaken.*

#### **1.3.4.1 BID EVALUATION AND CONTRACT AWARD FOR PRE-QUALIFIED BIDDERS**

The Procuring Entity shall ask pre-qualified Bidders to confirm and update essential pre-qualification information at the time of bid submission. The contract will be awarded to the Bidder offering the Lowest Responsive Bid. However, the apparent Lowest Responsive Bidder may be denied the contract if evaluation of the updated information indicates that the Bidder no longer has the necessary capabilities. This could occur because of a change in financial

status, loss of equipment or key personnel, or lack of capacity because of new contract commitments on the Bidder's part.

**Note:** *The Procuring Entity, at its discretion, shall determine whether a pre-qualification exercise should be conducted as part of the particular procurement process. Post-qualification may also be used.*

#### **1.3.4.2 ADVANTAGES OF PRE-QUALIFICATION**

- (a) Unqualified Bidders save the cost of bid preparation.
- (b) Prominent contractors, particularly those in the international market, are more likely to bid knowing that competition is confined only to those qualified.
- (c) The scale of interest of potential Bidders can be measured, thereby affording the opportunity to revise bidding conditions as necessary, in order to stimulate increased competition.
- (d) The evaluation of bids from only qualified Bidders results in time savings for the Procuring Entity. Additionally, it serves to reduce the pressure which is sometimes applied by marginal or unqualified Bidders for their low prices to be considered.
- (e) It gives an early indication of the Procuring Entity's capability, allowing the necessary improvements to be made at the initial stages of the process.
- (f) Prequalification also stimulates the creation of the joint ventures.

#### **1.3.4.3 DISADVANTAGES OF PRE-QUALIFICATION**

- (a) It may increase procurement lead time, although this can be minimized by good procurement scheduling, e.g. undertaking the process while Bidding Documents are in preparation.

- (b) Names of all pre-qualified Bidders are known in advance of bid submission, making it easier for Bidder collusion and price fixing to occur. To counter this situation, Bidding Documents could restrict the pre-qualified Bidders from submitting joint bids.

### **1.3.5 POST-QUALIFICATION OF BIDDERS**

This is the process by which the lowest bid is evaluated for compliance with established technical criteria. If the Lowest Responsive Bidder fails post-qualification, its bid should be rejected, and the next ranked Bidder shall then be subject to post-qualification examination. If successful, this Bidder shall receive the award. If not, the process continues.

The rejection of a bid for reasons of post-qualification requires substantial justification, which should be clearly documented in the Evaluation Report. A history of proven poor performance, for example, is a justification.

Where pre-qualification has not occurred, the potentially successful contractor could be subject to post-qualification, the procedures for which should be described in the Bidding Documents.

### **1.3.6 JOINT VENTURES**

If a bid is submitted as a joint venture, the Joint Venture Agreement shall also be submitted. If the Bidder is an agent, authorization from the contractor or manufacturer shall be provided, in addition to any documentation required of the contractor or manufacturer.

The Bidder shall be a legal entity and may be disqualified if affiliated with a firm that has provided related consulting services on the project.

## **1.4 VARIATION**

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A variation is a change in the deliverable(s) under a contract caused by an increase or decrease in the scope of work to be performed, amount/type of goods to be supplied or services to be provided, and shall be specific to the particular contract.

Variations shall relate to the **subject** of the specific deliverables contained in the original contract, i.e. the said project site or road, except where in the determination of the Head of the Procuring Entity, the incorporation of new works in the existing contract would enhance the objective of value for money. This is subject to the approval requirements set out in the table at A7.2.4.

**Variations resulting in an increase in the contract sum may be allowed for the following reasons:**

- (a) **Technical** - where there is a need for additional goods, services or works to address unforeseen, unavoidable difficulties encountered during the implementation of the contract, which in the judgment of the Head of the Procuring Entity, could not have been anticipated during the planning and pre-contract phase(s); or where the total conditions are not known, e.g., site or structural conditions in renovation and/or restoration works.
- (b) **Functional** - where changes, which in the opinion of the Head of the Procuring Entity would enhance the achievement of project/contract objectives and overall effectiveness, are deemed to be necessary.

#### **1.4.1 FLUCTUATION**

For the purpose of this policy, fluctuation refers to changes in the price of labour, materials or other inputs under the contract.

### **1.5 APPROVAL REQUIREMENTS FOR CONTRACT VARIATION**

The Head of the Procuring Entity shall give prior **written** approval for all contract variations. No other Public Officer or project consultant shall approve the variation of a contract unless the Head of the Procuring Entity gives him/her written authorization to do so.

Notwithstanding any delegation of authority, the Head of the Procuring Entity remains solely accountable for contract variations.

The Head of the Procuring Entity shall at all times, keep the Portfolio Ministers informed of changes in the value of the contract due to changes in the scope of works or otherwise.

**1.5.1 NATIONAL DEBT IMPLICATIONS**

- (a) Any variation of a contract which will have implications for the national debt, irrespective of the value, will require prior approval from the Ministry of Finance and the Cabinet, in addition to the approval requirements stated.
- (b) In such cases a submission should be made to Cabinet and routed through the Ministry of Finance for comments.

**1.5.2 BUDGETARY IMPLICATIONS**

- (a) In the case of treasury-funded entities, where a variation will require financing in excess of amounts identified in the approved budget, prior approval of the Ministry of Finance is required.
- (b) The Head of the Procuring Entity shall make a request in writing to the Public Expenditure Division (PEX) of the Ministry of Finance and the relevant external funding agency, where the procurement is supported by external financing arrangements.

**1.5.3 CONTRACT VARIATION - RELATED WORKS**

CONTRACT THRESHOLDS	PROCEDURES
<b>Contracts exceeding J\$300 Million</b>	<ul style="list-style-type: none"> <li>1) The Head of the Procuring Entity may approve variations for related works up to a cumulative value of 10%.</li> <li>2) Variations in excess of the 10% threshold will require:                             <ul style="list-style-type: none"> <li>(a) NCC endorsement; and</li> <li>(b) Cabinet approval.</li> </ul> </li> <li>3) Once the cumulative value of the variations exceeds 10% of the original contract sum, all previously approved variations shall be reported to the NCC, with a supporting letter from the Permanent Secretary.</li> </ul>

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CONTRACT THRESHOLDS	PROCEDURES
<p><b>Contracts above J\$150 Million to J\$300 Million</b></p>	<ol style="list-style-type: none"> <li>1) The Head of the Procuring Entity may approve variations for related works up to a cumulative value of 10%.</li> <li>2) Variations in excess of the 10% threshold will require:               <ol style="list-style-type: none"> <li>a. the approval of the Permanent Secretary;</li> <li>b. NCC endorsement; and</li> <li>c. Cabinet approval.</li> </ol> </li> <li>3) Once the cumulative value of the variations exceeds 10% of the original contract sum, all previously approved variations shall be reported to the NCC, with a supporting letter from the Permanent Secretary.</li> </ol>
<p><b>Contracts above J\$40 Million to J\$150 Million</b></p>	<ol style="list-style-type: none"> <li>1) The Head of the Procuring Entity may approve variations for related works of up to a cumulative value of 15%.</li> <li>2) Variations in excess of the 15% threshold will require:               <ol style="list-style-type: none"> <li>a. the approval of the Permanent Secretary;</li> <li>b. NCC endorsement; and</li> <li>c. Cabinet approval.</li> </ol> </li> <li>3) Once the cumulative value of the variations exceeds 15% of the original contract sum, all previously approved variations shall be reported to the NCC, with a supporting letter from the Permanent Secretary.</li> </ol>
<p><b>Contracts above J\$15 Million to J\$40 Million</b></p>	<ol style="list-style-type: none"> <li>1) The Head of the Procuring Entity may approve variations for related works up to a cumulative value of 25%.</li> <li>2) Variations in excess of the 25% threshold will require:               <ol style="list-style-type: none"> <li>a. the approval of the Permanent Secretary.</li> <li>b. NCC endorsement.</li> </ol> </li> </ol> <p>Once the cumulative value of the variations exceeds 25% of the original contract sum, all previously approved variations shall be</p>

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CONTRACT THRESHOLDS	PROCEDURES
	reported to the NCC, with a supporting letter from the Permanent Secretary.
<b>Contracts up to J\$15 Million</b>	<ol style="list-style-type: none"> <li>1) The variations shall be approved by the Head of the Procuring Entity.</li> <li>2) Once the cumulative value of the contract exceeds 50% (\$22.5 Million), NCC endorsement is required.</li> <li>3) Once the cumulative value of the variations exceeds 50% of the original contract sum, all approved variations shall be reported to the NCC, with a supporting letter from the Permanent Secretary within twenty-one (21) calendar days of the approval of the Head of the Procuring Entity.</li> </ol>

#### **1.5.4 CONTRACT VARIATION - NEW WORKS**

CONTRACT THRESHOLDS	PROCEDURES
<b>Above J\$40 Million</b>	<ol style="list-style-type: none"> <li>1) The Permanent Secretary shall approve the variation.</li> <li>2) NCC endorsement is required.</li> <li>3) Cabinet approval is required.</li> </ol>
<b>Above J\$15 Million to J\$40 Million</b>	<ol style="list-style-type: none"> <li>1) The Permanent Secretary shall approve the variation.</li> <li>2) NCC endorsement is required.</li> </ol>
<b>Up to J\$15 Million</b>	<ol style="list-style-type: none"> <li>1) The Permanent Secretary shall approve the variation.</li> </ol>

#### **1.5.5 REPORTING REQUIREMENTS FOR PROCURING ENTITIES**

- (a) Increases/decreases in contract sums resulting from variations shall be reported to the Contractor General, pursuant to Section 4(2) of the Contractor General's Act.



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- (b) All cost overruns shall be duly substantiated, documented and reported to the Contractor General and the NCC, using the standard Variation Forms accessible from the Office of the Contractor General's website at [www.ocg.gov.jm](http://www.ocg.gov.jm), or the National Contracts' Commission's website at [www.ncc.gov.jm/ncc](http://www.ncc.gov.jm/ncc).
- (c) Cost overruns in excess of **15%** on contracts valued at **J\$40 Million and above** shall be reported to the Cabinet. Cost overruns for new works shall be approved by NCC prior to the commencement of the works.
- (d) The Head of the Procuring Entity shall implement systems to ensure that the required reports are made, and shall advise the Permanent Secretary within seven (7) days, of any change in contract values, whether resulting from variations, price fluctuations or other factors.
- (e) Reported increases in contract sums as a result of variations, price changes or other factors will be documented in the Contractor General's Annual Report to Parliament, which will be examined by a Committee of the House of Representatives.
- (f) All reports made to the Cabinet, NCC and the Contractor General in respect of items (a) - (c), shall include as relevant:
  - (i) a description of and justification for the variation, including the cause(s);
  - (ii) details of price adjustments necessitating the increase in the contract sum; and
  - (iii) a description of any other factors responsible for cost overruns.
- (g) A Summary Report to the Cabinet, the Contractor General and the NCC shall be made on a quarterly basis and within fourteen (14) working days of the end of the quarter.

## 1.6 AMENDMENT TO CONTRACT FORMS

- (a) Whenever the standard **Joint Consultative Committee for the Building and Construction Industry's (JCC's)** construction contract is used, **Clause 11 (Paragraph 1)** should be modified (as shown in the following table) to reflect the authority of the Head of the Procuring Entities. Where other forms of construction contracts are used, the appropriate clause in those contracts should be amended in a similar manner.

<b>Clause 11 Variations, Provisional and Prime Cost Sums</b>	Notwithstanding anything contained in this clause or elsewhere in these conditions of contract, the Engineer or Architect shall have no authority to issue any variation (s) to the contract without first obtaining the written approval of the Head of the Procuring Entity.
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- (b) All civil, mechanical and electrical engineering service contracts should include provisions reflecting the authority of the Head of the Procuring Entity, as stipulated in (a) above.

## SECTION 2

### PROCUREMENT CYCLE FOR GOODS, WORKS & GENERAL SERVICES

#### 2.1 PROCUREMENT CYCLE

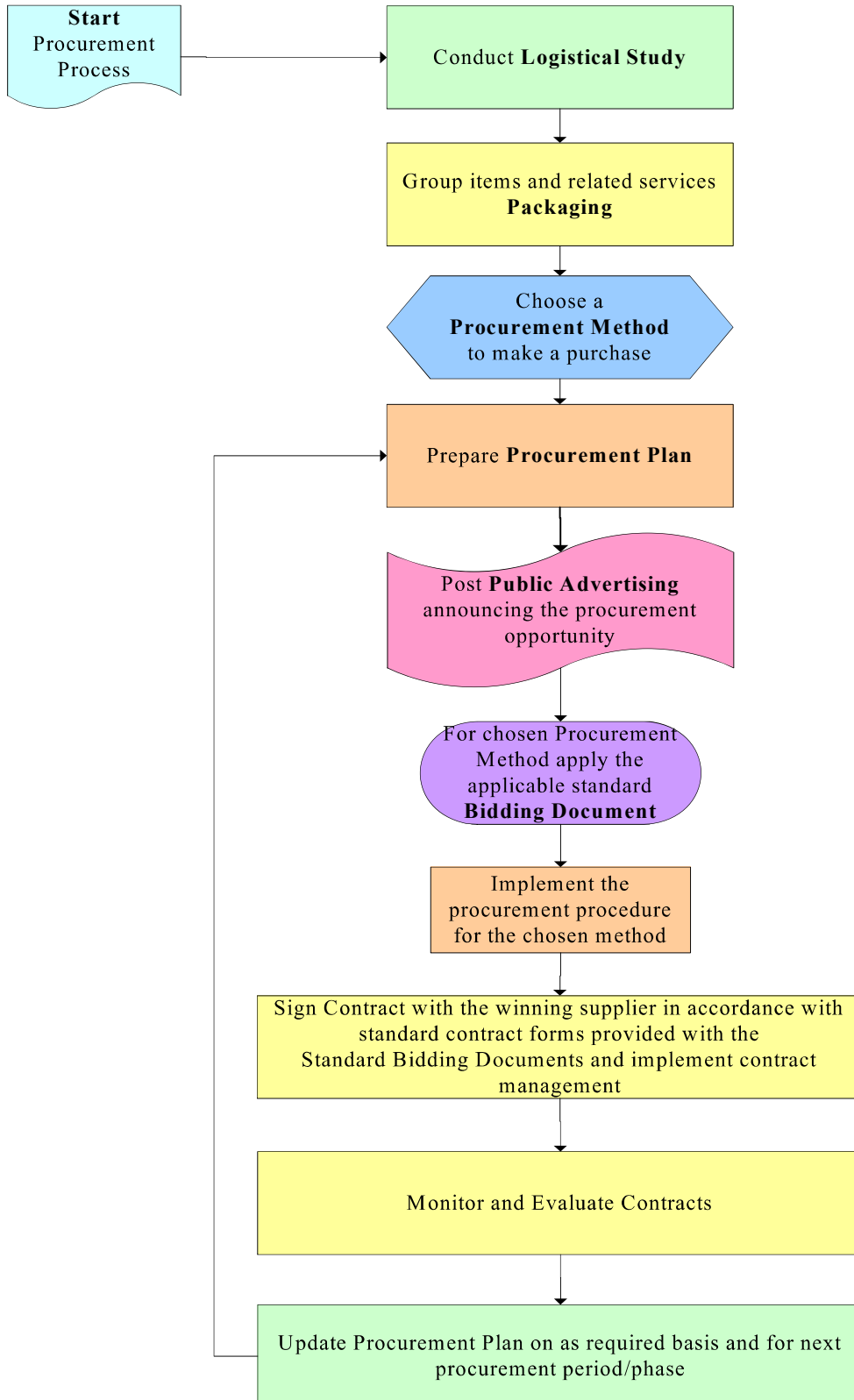
##### Key Elements of the Procurement Cycle

- (a) Procurement Plan
- (b) Lease or Purchase Decision
- (c) Logistical Study
- (d) Procurement Methods
  - (i) International Competitive Bidding
  - (ii) Local Competitive Bidding
  - (iii) Limited Tender
  - (iv) Direct Contracting
  - (v) Contracting under Emergency Circumstances
- (e) Standard Bidding Documents
- (f) Technical Specifications
- (g) Management of Bidding Process
  - (i) Bid Opportunity Advertising
  - (ii) Procurement Notices
  - (iii) Bid Opening Process
  - (iv) Bid Evaluation
  - (v) Contract Award
- (h) Preparation and Signing of Contract
- (i) Contract Monitoring and Evaluation
- (j) Record Keeping

SECTION 2  
PROCUREMENT CYCLE FOR GOODS, WORKS, AND GENERAL SERVICES

The following flow-chart depicts the overall procurement process for goods, works and general services.

**PROCUREMENT PROCESS FLOW DIAGRAM**



## SECTION 3 OTHER VOLUMES OF THE HANDBOOK

Procedures for the various categories of procurement can be found in Volumes 1, 3 & 4 of the Handbook. These documents are available on the Ministry of Finance's website at [www.mof.gov.jm](http://www.mof.gov.jm).

### **Volume 1:**

[General Provisions](#)

### **Volume 3:**

[Procedures for the Procurement of Consulting Services](#)

### **Volume 4:**

[Special Procurement - General Insurance Service](#)

# **APPENDICES**

**GUIDELINES FOR PROCURING GOODS,  
GENERAL SERVICES & WORKS**

# APPENDIX 1

## PROCUREMENT PLANNING

A Procurement Plan identifies and schedules all the steps involved in the procurement process. Through Procurement Planning, Procurement Entities are provided with the answers to:

- (a) What to buy?
- (b) When to buy?
- (c) How much/many to buy?
- (d) From where to buy?
- (e) How much to allocate for payments?

Procurement Planning may follow a certain fundamental approach, whether it is for a specific investment project or one of the more ongoing supply-type operations. Regardless of the type of project, it is essential to develop a plan that clearly sets out the framework in which the procurement will be done.

The conventional approach for both types of procurement, i.e. specific investment projects (finite projects of known design and content) and for ongoing supply-type operations, is to start by compiling a list of all known goods, works and services needed to complete the project. This list then becomes the basis for deciding how these items should be combined or divided into contract packages; what method of procurement should be used for each; and the scheduling of the procurement activities.

### **A1.1 CONTRACT PACKAGING**

To get the best price for goods, works or services, similar items should be grouped into packages. Procurement packaging has several advantages.

- (a) It offers a better business opportunity to the sellers to supply in bulk.



- (b) Items purchased in packages often result in lower unit costs, resulting in cost savings.
- (c) It simplifies purchasing and reduces the tediousness involved in buying similar items on an **ad hoc** basis.
- (d) It reduces overhead costs such as frequent advertising, book-keeping and logistics.

The ability of local contractors of goods and services to meet project needs and the likely interest of foreign Bidders to participate in a project, are some of the factors to be considered when making contract packaging decisions. If there are well established local civil works contracting and goods supply capabilities, the scope and sizes of contract packages should be set in such a way that permits local firms to compete effectively. If foreign interest in bidding for contracts is low, for example, because they are not established in the country or because of the known competitiveness of local firms, package sizes can generally be set to match local capabilities. However, if there are reasons of economy or efficiency for choosing larger contract packages or if it is known or believed that foreign Bidders will be interested in bidding, these reasons should be the determining factors in contract packaging and sizing.

#### **A1.1.1 UNBUNDLING OF CONTRACTS**

If there are local and foreign interests with the capacity to supply the procurement needs of a project, it may be possible to meet both of these interests by appropriate sizing and timing of contract awards. The concept of “unbundling”, which is the division of large contracts into smaller packages, can be adopted here. This will allow a small, local contractor to bid for one, or as many segments as he/she can manage. A large Bidder, on the other hand, can tender for all segments in the package - thereby allowing the Procuring Entity to benefit from discounted rates, based on the award of multiple segments.

“Unbundling” and “packaging” should be distinguished from contract “splintering” or “fragmentation”, which refer to the deliberate separation of contracts, done specifically to avoid the requirements for competition or approval.

With equally beneficial results, a similar approach can be achieved in goods contracts, by packaging the basic segments to conform with local bidding capacities, and then awarding contracts for a number of segments in the same bidding process. This creates the environment for larger contractors to offer discounts, based on the number of segments awarded.

**NOTE:** *Exceptions to the packaging approach are when: (a) the project is to be awarded on a turnkey basis, and (b) the project is on a “supply and install” basis, where the delivery of goods and related installation services are combined in a single contract.*

## **A1.2 THE BASICS OF PROCUREMENT PLANNING**

The first stage in preparing any Procurement Plan is to identify each step in the procurement process that can be determined in advance. Procurement can be broken down into four main stages as follows:

- (a) preparation;
- (b) bidding;
- (c) evaluation; and
- (d) contracting.

The Procurement Plan template contained in A1.7 is a generic form. Users should note that these templates may be expanded to suit their own projects. Each project is unique, and there may be additional tasks that are not included in the template.

When preparing the Procurement Plan, the complexity of what is being purchased, the value and the method shall be considered in order to determine the length of each stage in the procurement process. For example, in the case of a large

telecommunication and/or turnkey civil engineering project, the time allowed for preparing technical specifications should be much longer than simple projects. Additionally, Procuring Entities should take into consideration the time required for review by the NCC and/or other GoJ authorities, based on the value of the contract, and schedule their procurement timeframes accordingly.

Once estimated timelines have been established, procurement personnel should, therefore, adjust their templates for each of the tasks identified, to reflect the actual time necessary to complete each one.

### **A1.3 PROCUREMENT SCHEDULING**

One of the considerations in choosing contract packaging is the timeframe in which goods or services are needed. After preliminary packaging plans have been formulated and the procurement method to be used for each is tentatively determined by the nature and size of the packages, it is necessary to verify that these combinations will allow the goods or services to be delivered at the times they are needed for the project. The best way to check this is to work backwards from the desired date of delivery to determine whether sufficient time is available to carry out the necessary procurement steps for each element.

Planning should be done in accordance with the requirements of the inputs. For example, when planning for school textbooks, the school year's starting date should be the target date by which all textbooks should have been delivered to all schools. An effective Procurement Plan is developed by taking this date and working backwards, by integrating the required lead times for each step.

## **A1.4 PROCUREMENT PLAN PREPARATION**

Once packaging is completed, the remaining individual items and packages should be recorded in the template at A1.7. This brings forward a consolidated list of resources required for the entire procurement process. For convenience, all goods, services and civil works are grouped under the different tables. Once the tables are completed, the Procurement Plan is ready.

## **A1.5 UPDATING A PROCUREMENT PLAN**

When the planning process has been undertaken, actual performance should be monitored against the Plan. This will assist the Procuring Entity to better understand the constraints of a project, in order to overcome them in the following year's procurement exercises - thereby achieving more realistic Procurement Plans.

## **A1.6 MANDATORY PROCUREMENT PLANS**

The Ministry of Finance requires that every Procuring Entity submit a Procurement Plan with their Annual Corporate and Operational Plans and Budgets, to support the projected expenditure of their Ministries. An updated copy of the previous year's Procurement Plan should also be included. In addition, Procuring Entities are encouraged to post their Procurement Plans on their website.

**NOTE:** *A Standard Format for the Procurement Plan can be found on the Ministry of Finance's Website at [www.mof.gov.jm](http://www.mof.gov.jm).*

**A1.7 TEMPLATE FOR MANDATORY PROCUREMENT PLANS**

NAME OF PROCURING ENTITY  
**PROCUREMENT PLAN (Insert Financial Year)**

**DIVISION/UNIT:** \_\_\_\_\_ **ALLOCATED BUDGET:** \_\_\_\_\_

MAJOR TASKS/ ACTIVITIES/ PROGRAMMES*	ITEM DESCRIPTION				PROCUREMENT METHOD	ESTIMATE	PERFORMANCE MEASURES/ INDICATORS†	PROJECTIONS			
	WHAT TO BUY	WHEN TO BUY	HOW MANY TO BUY	FROM WHERE TO BUY							
								Advertise (INSERT DATES):	Submission of Bids (INSERT DATES):	Bid Evaluation & Recommendation Approval (INSERT DATES):	Contract Award (INSERT DATES):
								Advertise (INSERT DATES):	Submission of Bids (INSERT DATES):	Bid Evaluation & Recommendation Approval (INSERT DATES):	Contract Award (INSERT DATES):
								Advertise (INSERT DATES):	Submission of Bids (INSERT DATES):	Bid Evaluation & Recommendation Approval (INSERT DATES):	Contract Award (INSERT DATES):
								Advertise (INSERT DATES):	Submission of Bids (INSERT DATES):	Bid Evaluation & Recommendation Approval (INSERT DATES):	Contract Award (INSERT DATES):

\* As are reflected in Operational Plan

† Measured against targets set and reflected in Operational Plan

## APPENDIX 2 THE LEASE OR PURCHASE DECISION

### A2.1 CONSIDERATIONS FOR LEASE OR PURCHASE

Procuring Entities should address this issue on a case-by-case basis, evaluating the comparative life-cycle costs, the nature of the procurement and other relevant factors. At a minimum, the Procuring Entity should consider:

- (a) the estimated time period for usage and the extent of use within that period;
- (b) the financial and operational advantages of alternative types and makes of equipment;
- (c) the cumulative rental or lease payments for the estimated period;
- (d) the net purchase price;
- (e) the opportunities for re-deployment of the equipment when no longer in use;
- (f) the transportation and installation costs;
- (g) maintenance and other service costs; and
- (h) potential obsolescence due, for example, to imminent technological improvement(s). The lease method is appropriate if it is to GoJ's advantage under the circumstances of the particular procurement exercise. The lease method may also serve as an interim measure when the circumstances require immediate use of the good or service to meet established objectives, or do not support acquisition by purchase.

As a general rule, the purchase method is appropriate if the good or service will be used beyond the point in time when cumulative leasing costs exceed the purchase price.

## **APPENDIX 3**

### **PRE-PROCUREMENT ASSEESMENT**

#### **A3.1 PURPOSE OF A PRE-PROCUREMENT ASSESSMENT**

The purpose of a pre-procurement assessment is to ensure that all procurement-related activities for complex projects are fully considered in a controlled and systematic manner prior to execution. This assessment might not be required for regular, ongoing purchases.

#### **A3.2 CHECKLIST FOR PRE-PROCUREMENT ASSESSMENT**

##### **(a) Procurement Factors**

1. Detailed list of items to be supplied
2. Brief technical specification - literature/material
3. Substitution of items
4. Indication of use and purpose of material
5. Special requirements, instructions or notes
6. Availability of Items - locally or overseas
7. Other factors to be considered

##### **(b) Packaging and Warehousing**

1. Specific instructions or information, re: type or standard of packaging
2. Marking instructions
3. Level of packaging
4. Comments on storage environment
5. Information on special environmental protection requirements
6. Inspection requirements
7. Consolidation
8. Other factors to be considered

**(c) Transportation Factors**

1. For domestic contractors - transport modes available re: rail, road, etc.

**2. For foreign contractors**

- Size and weight limitations
- Inspection requirements
- Marine survey
- Shipping documentation
- Preference of carriers
- Information re: routes - Port of Entry/Port of destination
- Chartering operations

**3. Port of Entry/Destination**

- Description of the Port area
- Harbour and Port area facilities
- Required documentation
- Cargo receipt and inspection
- Demurrage charges and other port costs
- Duties and taxes
- Assessment of cargo handling facilities
- Discharge of heavy cargo
- Shore handling (moving from storage, to inland carrier)
- Storage (availability, conditions, costs, size, duration)
- Local regulations/restrictions
- International Commercial Trade Terms (Incoterms)

**4. Inland Transportation**

- Information on routes after discharge (air, rail, road, other)
- Freight Forwarding requirements
- Required documentation (permits)
- Forwarding agents
- Provision of special equipment for heavy transport
- Size and weight limitations
- Other transit operations
- Identification of hazards (geographical; climatic - heat, humidity, environmental, other)
- Seasonal restrictions
- Security/Surveillance provisions
- Local regulations
- Costs and schedules
- International Commercial Trade Terms (Incoterms)



**(d) On-Site Operational Factors**

1. Site description/information
2. Information on warehouse and storage areas for incoming freight for receipt, sorting, verification prior to delivery to job site
3. Arrangement for loading /unloading
4. Material moving and handling
5. Storage
6. Unpacking/uncrating
7. Distribution of material/assembly/installation
8. Real/potential hazards in on-site operations
9. Other factors

### A3.3 SUMMARY FORM FOR A PRE-PROCUREMENT ASSESSMENT<sup>3</sup>

<b>NAME OF PROJECT:</b>		
<b>PROJECT NUMBER:</b>		
<b>PROJECT DESCRIPTION:</b>		
<b>CRITICAL FACTORS</b>	<b>DESCRIPTION</b>	<b>COMMENTS</b>
<b>Procurement Factors</b>		
1. Detailed list of items to be supplied		
2. Brief technical specifications, literature/material		
3. Substitution of items		
4. Indication of use and purpose of material		
5. Special requirements, instructions or notes		
6. Other factors to be considered		
<b>Packaging and Warehousing</b>		
1. Specific instructions or information, re: type or standard of packaging		
2. Marking instructions		
3. Level of packaging		
4. Comments on storage environment		
5. Information on special environmental protection requirements		
6. Inspection requirements		
7. Consolidation		
8. Other factors to be considered		

<sup>3</sup> It is important to record all critical factors for project procurement on this Form. If additional pages are required, please add, referring in the proper box, "please see attached". Where a factor is not applicable, enter "Not applicable".

APPENDIX 3  
PRE-PROCUREMENT ASSESSMENT

CRITICAL FACTORS	DESCRIPTION	COMMENTS
<b>Transportation Factors</b>		
<b>1. For domestic contractors - transport modes available:</b>		
- rail: describe details		
- road: describe details		
<b>2. For foreign contractors:</b>		
- Size & weight limitations		
- Inspection requirements		
- Marine survey		
- Shipping documentation		
- Preferences of carriers		
- Information, re: routes - Port of Entry/Destination		
- Chartering operations		
<b>3. Port of Entry/Destination</b>		
- Description of the Port area		
- Harbour and Port area facilities		
- Required documentation		
- Cargo receiving and inspection		
- Demurrage charges and other port costs		
- Duties and taxes		
- Assessment of cargo handling facilities		
- Discharge of heavy cargo		
- Shore handling (moving from storage, to inland carrier)		
- Storage (availability, conditions, costs, size, duration)		
- Local regulations/restrictions		
- Incoterms		
<b>4. Inland Transportation</b>		
- Information on routes after discharge (air, rail, road, other)		
- Freight Forwarding requirements		
- Required documentation (permits)		
- Forwarding agents		

APPENDIX 3  
PRE-PROCUREMENT ASSESSMENT

CRITICAL FACTORS	DESCRIPTION	COMMENTS
- Provision of special equipment for heavy transport		
- Size and weight limitations		
- Other transit operations		
- Identification of hazards (geography; climate - heat, humidity; environment, other)		
- Seasonal restrictions		
- Security/Surveillance provisions		
- Local regulations		
- Costs and Schedules		
- Incoterms		
<b><u>On-Site Operation Factors</u></b>		
1. Site description/information		
2. Information on warehouse and storage areas for incoming freight for receipt, sorting, verification prior to delivery to job site		
3. Arrangements for loading /unloading		
4. Material moving and handling		
5. Storage		
6. Unpacking/uncrating		
7. Distribution of material/assembly/ installation		
8. Real/potential hazards in on-site operations		
9. Other factors		

## **APPENDIX 4**

### **FRAMEWORK AGREEMENTS (FAs)**

Procuring Entities may enter into Framework Agreements (FAs). Under these Agreements, a contractor commits to supplying the purchaser with goods and related services "as and when" required and on a pricing basis, according to stated terms and conditions. Framework Agreements may be used to supply off-the-shelf, readily available products. A Framework Agreement is not a contract, therefore, quantities and delivery dates cannot be determined in advance. Any "call-up" made against an FA represents acceptance, by a purchaser, of the terms and conditions. As such, it is the "call-up" which forms the contract that would be submitted for approval by the Head of the Procuring Entity, NCC or Cabinet, as the value warrants.

**Framework Agreements can be made between:**

- (a) a single contractor and a single purchaser;
- (b) a single contractor and multiple purchasers;
- (c) multiple contractors and a single purchaser; and
- (d) multiple contractors and multiple purchasers.

Framework Agreements should be used when the overall requirements are known, but the specific quantity and delivery date of any particular good may not be known. Bids shall be solicited for the selection of a contractor to provide the necessary goods as and when they are required.

The Bidding Documents shall state that the Procuring Entity does not necessarily intend to enter into a contract - that is, currently, or ever. Rather, the intention is merely to establish the best source of a future supply, based upon firm prices and pre-determined conditions over a specified validity period.

**NOTE:** *Care should be taken when providing contractor(s) with an estimated quantity of goods and related services. In general, contractors will quote lower prices if there is a reasonable possibility that a firm amount will be ordered. If possible, the Bidding Documents should provide contractors with the minimum estimated quantity which may be ordered. Until an actual call-up document is issued, NO GUARANTEE shall be given that any amount will be ordered. The contractor may withdraw from the FA under pre-determined conditions, and would then have no further obligation to fill orders which are issued after the agreed withdrawal date.*

#### **A4.1 CRITERIA FOR ESTABLISHING FRAMEWORK AGREEMENTS**

The following criteria should be satisfied in order to establish a Framework Agreement with a contractor:

- (a) the goods and related services should be clearly identified;
- (b) the goods and related services should be commercially available; and
- (c) the prices should be pre-determined and firm.

#### **A4.2 CHARACTERISTICS OF FRAMEWORK AGREEMENTS**

Framework Agreements should have the following characteristics:

- (a) unit prices established as a result of a Competitive Bidding process;
- (b) delivery dates stipulated in terms of a time period from the date of the call-up;
- (c) stipulations regarding the limit on total expenditure;
- (d) stipulated limits on individual call-up expenditure; and
- (e) a stipulated validity period - usually, FAs are valid for at least twelve (12) months. The period of validity should be the expiry date, or when the limit on total expenditure is reached, whichever comes first.

For multi-year FAs, there may be a clause allowing for a price increase due to inflation.

Framework Agreements shall be concluded through competitive tender.

**NOTE: *Procuring Entities shall obtain approval for Direct Contracting when seeking to establish a Framework Agreement with one contractor, when other contractors are available.***

When a call-up against a FA is done, the call-up shall show the exact quantity and description of the required goods and related services, the packing and routing instructions, the delivery points and dates. The unit price and total price of the call-up, including freight, shall be confirmed; and the contractor should be requested to acknowledge receipt of the call-up.

GoJ may enter into Framework Agreements on an annual basis for the supply of commonly used disposable goods and services, e.g. GoJ's Framework Agreement for the supply of fuel. These agreements may be entered into by the Ministry of Finance on behalf of GoJ, and reflected in an annual GoJ Schedule of Framework Agreements ("Schedule"). Contracts awarded will be in respect of goods and services for the following entities:

- (a) Central Government Ministries;
- (b) Central Government Departments; and
- (c) any other Procuring Entity (at its option)

Applicable procedures will be contained within the Schedule that is disseminated to Procuring Entities one month prior to the start of each fiscal year.

## APPENDIX 5 FORCE ACCOUNT

“Force Account” is a project implementation method whereby a Government entity undertakes rehabilitative or developmental works by using its internal resources rather than contracting a private entity. In such instances, the Government entity may be required to procure raw material or engage temporary labour to carry out the works.

In addition, where the implementing entity cannot provide the required equipment resources, the entity is allowed to hire from a private source, using the National Works Agency’s (NWA) schedule of equipment rates. Hireage of equipment at rates exceeding this schedule should be approved by the NWA.

Similarly, the procurement of raw material should be acquired from the NWA’s suggested list of quarries. These include, but are not limited to base, sub-base/engineering fill and aggregate for surface dress application/gabion works. Further consideration shall be given to their location relative to the project and availability of material. Quarries shall be registered with the Mining and Quarries Association, and licensed by the Mines and Geology Division.

***NOTE: Testing at the source is required for use of road base material.***

Labour rates established under the Labour Management Agreement for the Building and Construction Industry are used as a guide in determining rates for hireage of direct labour.

Contractors are required to be registered with the NCC and to have a valid TCC. Procuring Entities shall verify contractor registration on the NCC database.



## APPENDIX 6

### QUICK REFERENCE FOR GENERAL SERVICES, GOODS AND WORKS

The table below represents a *quick reference* and does not reflect the complete procurement process.

Where the procurement cost exceeds J\$5 Million, GoJ Standard Bidding Documents shall be used.

CONTRACT THRESHOLDS	PROCUREMENT METHOD	PROCEDURES
Above J\$40 Million	<b>International Competitive Bidding (ICB)</b>	<ul style="list-style-type: none"> <li>- Invite tenders from contractors, through general advertisement at least once in a daily circulated, national newspaper and advertise in the appropriate international publication as required.</li> <li>- A valid TCC and NCC registration are required prior to the contract award.</li> <li>- Use Standard Bidding Documents (<a href="http://www.mof.gov.jm">www.mof.gov.jm</a>).</li> <li>- The Procuring Entity may request Bid Security.</li> <li>- The recommendation for the award of the contract must be supported by the Permanent Secretary.</li> <li>- The recommendation for the award of the contract must be submitted by the Head of the Procuring Entity to the NCC through the Sector Committee.</li> <li>- The Cabinet Submission must be supported by MoF.</li> <li>- The award recommendation must be endorsed by the NCC.</li> <li>- The award of contract recommendation and Cabinet Submission must be approved by Cabinet.</li> </ul>
	<b>Local Competitive Bidding (LCB)</b>	<ul style="list-style-type: none"> <li>- Invite tenders from registered contractors, through general advertisement at least once in a daily circulated, national newspaper.</li> <li>- A valid TCC and NCC registration are required at bid submission.</li> <li>- Use Standard Bidding Documents.</li> <li>- The Procuring Entity may request Bid Security.</li> <li>- The recommendation for the award of the contract must be supported by the Permanent Secretary.</li> <li>- The recommendation for the award of the contract must be submitted by the Head of the Procuring Entity to the NCC through the Sector Committee.</li> <li>- The Cabinet Submission must be endorsed by MoF.</li> <li>- The award recommendation is to be endorsed by the NCC.</li> <li>- The award of contract recommendation and Cabinet Submission is to be approved by Cabinet.</li> </ul>

APPENDIX 6  
QUICK REFERENCE FOR GENERAL SERVICES, GOODS AND WORKS

CONTRACT THRESHOLDS	PROCUREMENT METHOD	PROCEDURES
Above J\$15 Million to J\$40 Million	Local Competitive Bidding (LCB)	<ul style="list-style-type: none"> <li>- Invite tenders from registered contractors, through general advertisement at least once in a daily circulated, national newspaper.</li> <li>- A valid TCC and NCC registration are required at bid submission.</li> <li>- Use Standard Bidding Documents.</li> <li>- The Procuring Entity may request Bid Security.</li> <li>- The recommendation for the award of the contract must be supported by the Permanent Secretary.</li> <li>- The recommendation for the award of the contract must be submitted by the Head of the Procuring Entity to the NCC through Sector Committee.</li> <li>- The award recommendation is to be endorsed by the NCC.</li> <li>- The recommendation for the award of the contract is to be approved by the Head of the Procuring Entity.</li> </ul>
Above J\$5 Million to J\$15 Million	Local Competitive Bidding (LCB) (Goods & General Services)	<ul style="list-style-type: none"> <li>- Invite tenders from registered contractors, through general advertisement at least once in a daily circulated, national newspaper.</li> <li>- A valid TCC and NCC registration are required at bid submission.</li> <li>- Use Standard Bidding Documents.</li> <li>- Bid Security is <b>not</b> required.</li> <li>- The recommendation for the award of the contract is to be endorsed by the Procurement Committee.</li> <li>- The recommendation for the award of the contract is to be approved by Head of the Procuring Entity.</li> </ul>
	Local Competitive Bidding (LCB) (Works)	<ul style="list-style-type: none"> <li>- Invite tenders from registered contractors by posting tender notice on the Procuring Entity's website, the electronic notice board and at a National Works Agency's Parish Office/Parish Council Office where the work will be undertaken.</li> <li>- A valid TCC and NCC registration are required at bid submission.</li> <li>- Use Standard Bidding Documents.</li> <li>- Bid Security is <b>not</b> required.</li> <li>- The award recommendation is to be endorsed by the Procurement Committee.</li> <li>- The award recommendation is to be approved by the Head of the Procuring Entity.</li> </ul>

APPENDIX 6  
QUICK REFERENCE FOR GENERAL SERVICES, GOODS AND WORKS

CONTRACT THRESHOLDS	PROCUREMENT METHOD	PROCEDURES
Above J\$1.5 Million to J\$5 Million	Limited Tender	<ul style="list-style-type: none"> <li>- Invite a minimum of five (5) registered contractors to provide quotations.</li> <li>- A valid TCC and NCC registration are required at bid submission.</li> <li>- Use Standard Bidding Documents.</li> <li>- Bid Security is <b>not</b> required.</li> <li>- The recommendation for the award of the contract must be endorsed by the Procurement Committee.</li> <li>- The award recommendation is to be approved by the Head of the Procuring Entity.</li> </ul>
Above J\$500,000 to J\$1.5 Million	Limited Tender	<ul style="list-style-type: none"> <li>- Invite a minimum of three (3) registered contractors to provide quotations.</li> <li>- A valid TCC and NCC registration are required at bid submission.</li> <li>- Bid Security is <b>not</b> required.</li> <li>- The award of contract recommendation is to be approved by the Head of the Procuring Entity.</li> </ul>
Purchases of up to J\$500,000	Direct Contracting	<ul style="list-style-type: none"> <li>- Any contractor can be engaged.</li> <li>- Contractors are <b>not</b> required to be registered with the NCC.</li> <li>- A TCC is <b>not</b> required.</li> <li>- Bid Security is <b>not</b> required.</li> <li>- A Tax Registration Number (TRN) is required.</li> </ul>

Where the NCC Register of Public Sector Contractors has less than the required number of contractors indicated in the procedure outlined (above), no additional quotations are required.

Where all the contractors on the NCC Register of Public Sector Contractors are invited to participate in a tender opportunity, there is no requirement to advertise, except in the case of International Competitive Bidding (where overseas Bidders are invited).

Where there is no contractor listed on the NCC Register of Public Sector Contractors in the required category of procurement, the procuring entity may engage an unregistered supplier, subject to approval of the NCC.

APPENDIX 6  
QUICK REFERENCE FOR GENERAL SERVICES, GOODS AND WORKS

In an effort to mitigate contract variations, the Procuring Entity at a minimum, shall ensure that proper project scoping, design, needs assessment, costing, and Procurement Planning are carried out.

Procuring Entities should be aware that where a procurement process is *fast-tracked* this will increase the risk of contract variations. Appropriate justifications for fast-tracking shall, therefore, be provided by the Procuring Entity as part of the procurement documentation.

## APPENDIX 7 PREPARATION FOR THE PROCUREMENT OF GOODS, WORKS AND GENERAL SERVICES

### A7.1 STANDARD BIDDING DOCUMENTS

Based on the nature and value of the procurement, Procuring Entities are required to utilize Standard Bidding Documents as prescribed, for the established contract thresholds. It should be noted that Procuring Entities may need to modify the Standard Bidding Documents to suit the specific procurement.

### A7.2 PURPOSE OF STANDARD BIDDING DOCUMENTS

- (a) To inform and instruct potential Bidders of the requirements for a bid
- (b) To define the scope of works, goods or services to be supplied
- (c) To define the rights and obligations of the Procuring Entity and contractors
- (d) To define the conditions for a bid to be valid and responsive
- (e) To define fair criteria for selecting a winning bid
- (f) To provide a unified and consistent tool for all Procuring Entities

### A7.3 CONTENT OF BIDDING DOCUMENTS

Bidding Documents include the following sections:

- (a) **The Invitation to Bid** is normally used to invite potential Bidders to present their bids for the specified project and to provide a brief description of the goods/services or works to be procured.
- (b) **Instructions to Bidders** provide information to Bidders regarding the form, procedure and timing of bidding.
- (c) **The Bid Data Sheet** specifies: the parameters of the Instructions to Bidders for the particular procurement, including source of funds; eligibility requirements; procedure for clarification; Bid Preparation Forms; number of copies to be submitted; language of bids; pricing,

currencies and the currency conversion mechanism; instructions on modification and withdrawal of bids; bid submission procedures; the closing date; bid validity period; opening, evaluation and award of contract procedures; procedure for correction of mathematical discrepancies in bids; purchaser's right to accept any bid and reject any or all bids; award criteria; notification of award; and procedures for contract signing.

- (d) **Evaluation and Qualification Criteria** specify the criteria that the Procuring Entity will use to evaluate the Bids and to select the Lowest Responsive Bidder.
- (e) **The General Conditions of Contract** form sets out the general provisions of the contract between the Procuring Entity and the Bidder to be awarded the contract.
- (f) **The Special Conditions of Contract** form modifies the General Conditions of Contract for the particular procurement.
- (g) **The Schedule of Supply/Works, Activity Schedule** specifies the quantities, delivery locations, scope and dates for the items/works/services required by the Procuring Entity.
- (h) **The Technical Specifications and Drawings** detail the characteristics of the technologies and technical services required.
- (i) **The Bidding Forms** include: the Bid Submission Sheet and Price Schedules; Bid Security Forms; Contract Form; Performance Security Form; Bank Guarantee Form for Advanced Payment; and Manufacturer's Authorization Form.

## **A7.4 ANNEXES OF THE STANDARD BIDDING DOCUMENTS**

The following is a list of the appropriate annexes for goods, works and general services, which may be found on the Ministry of Finance's website ([www.mof.gov.jm](http://www.mof.gov.jm)).

### **A7.4.1 PROCUREMENT OF GOODS**

- Annex 1** - International Competitive Bidding (ICB) - Procurement of Goods
- Annex 1A** - International Competitive Bidding (ICB) - Standard Tender Evaluation Form - Procurement of Goods
- Annex 2** - Local Competitive Bidding (LCB) - Procurement of Goods
- Annex 2A** - Local Competitive Bidding (LCB) - Standard Tender Evaluation Form - Procurement of Goods
- Annex 3** - Limited Tendering - Request for Quotations (RFQ) - Procurement of Goods

### **A7.4.2 PROCUREMENT OF WORKS**

- Annex 6** - International Competitive Bidding (ICB) - Pre-Qualification Documents - Procurement of Works
- Annex 6B** - International Competitive Bidding (ICB) - Pre-Qualification Documents - Procurement of Works - User Guide
- Annex 7** - International Competitive Bidding (ICB) - Procurement of Works - Supply and Installation of Plant and Equipment
- Annex 8** - International Competitive Bidding (ICB) - Procurement of Large Works
- Annex 8A** - International Competitive Bidding (ICB) - Standard Bid Evaluation Form - Procurement of Works
- Annex 8B** - International Competitive Bidding (ICB) - Procurement of Works - User Guide

- Annex 9** - International Competitive Bidding (ICB) - Procurement of Works
- Annex 9A** - International Competitive Bidding (ICB) - Standard Bid Evaluation Form - Procurement of Works
- Annex 10** - Local Competitive Bidding - Procurement of Works
- Annex 10A** - International Competitive Bidding (ICB) - Standard Bid Evaluation Form - Procurement of Works
- Annex 11** - Limited Tendering - Procurement of Minor Works
- Annex 11A** - Procurement of Minor Works - Evaluation Form

#### **A7.4.3 PROCUREMENT OF SERVICES**

- Annex 12** - International Competitive Bidding (ICB) - Procurement of Consulting Services
- Annex 14** - International Competitive Bidding (ICB) - Procurement of Non-Consulting Services
- Annex 14A** - International Competitive Bidding (ICB) - Procurement of Non-Consulting Services - User's Guide

**NOTE:** Other websites: FIDIC ([www.fidic.org](http://www.fidic.org)). Other references; JCC forms

#### **A7.5 TECHNICAL SPECIFICATIONS**

Technical specifications shall be clear-cut and unambiguous in order to ensure that Bidders respond to the precise requirements of the Procuring Entity. The specifications shall also make a clear statement of the required standards of workmanship to be provided, standards of plant, as well as other supplies and performance of services to be procured.



**The Procuring Entity shall not seek or accept advice that may be used in the preparation or adoption of technical specifications, from a person who may have a commercial interest in the procurement.**

In prescribing technical specifications for the goods or works being procured, the Procuring Entity shall, where appropriate:

- (a) specify standards for material, equipment, plant, workmanship and other supplies;
- (b) stipulate the technical specifications, in terms of performance and functional requirements, rather than design or descriptive standards; and
- (c) base the technical specifications on international standards, where such exist; otherwise, on national technical regulations, recognized national standards or building codes. The specifications should state that other authoritative standards which ensure substantially equal quality to those stipulated will also be acceptable.

Where design or descriptive characteristics are used in the technical specifications, a Procuring Entity shall where appropriate, include words such as “or equivalent” in the technical specifications, and consider tenders that demonstrably meet the required design or descriptive characteristics, and are fit for the purposes intended.

In the case of the procurement of goods or the supply and installation of plant and equipment, **reference to brand names, catalogue numbers or other details that limit any material or items to a specific manufacturer should be avoided as far as possible.** Where unavoidable, such item descriptions should always be followed by the words “substantially equivalent”. Technical specifications in this instance should be descriptive and give the full requirements in respect of, but not limited to, the following:

- (a) standards of material and workmanship required;

- (b) details of all factory tests required (type and number);
- (c) details of all work required to achieve completion;
- (d) details of all pre-commissioning and commissioning activities to be performed by the contractor; and
- (e) details of all functional guarantees required and liquidated damages to be applied in the event that such guarantees are not met.

***NOTE: For goods, plant and other material/equipment to be supplied as part of the contract, the specifications should require that they be new, unused and the most current models; and that they incorporate all recent improvements in design and material, unless provided otherwise in the contract.***

For works contracts, a clause setting out the scope of works is often included at the beginning of the specifications and it is customary to give a list of the drawings. Where the contractor is responsible for the design of any part of permanent works, the extent of his obligations shall be stated.

It is recommended that essential technical and performance characteristics and requirements, including maximum or minimum acceptable values, as appropriate, be summarized in a specific section, to be completed by the Bidder, and submitted as an Attachment to the Bid Form.

## **A7.6 CONTRACT SECURITIES**

Contract securities are used to ensure that contractors will honour their contractual obligations. Securities include bid and performance securities and advance payment securities. These can be provided in the form of a bank guarantee or irrevocable Letter of Credit, manager's/certified cheque or an insurance certificate.

### **A7.6.1 BID SECURITY**

Bid Security may be required for contract values above **\$15M** as a condition of the contract. This assures compensation to the Procuring Entity for the time and money lost if the successful Bidder fails to honour the bid and enter into the contract. *It is recommended that the Bid Security be a fixed sum, set within the range of 0.05% to 2% of the comparative estimate (where the security for a large, complex procurement is set towards the lower end of the range).*

The Bid Security shall accompany the bid and the validity shall correspond to the Bid Validity Period prescribed in the Tender Document. The security for a bid submitted by a joint venture shall be in the name of all the partners in the joint venture. If the Bid Security is issued as a bank guarantee, it shall be consistent with the wording of the Bid Security Form provided in the Standard Bidding Documents.

#### **A7.6.1.1 CONDITIONS FOR RELEASING BID SECURITY**

The Bid Security shall be released:

- (a) to the *unsuccessful Bidder(s)* - upon giving notice of the contract award to all bidders; and
- (b) to the *successful Bidder* - on receipt of the signed contract and performance security.

#### **A7.6.1.2 RETURN OF BID SECURITY**

After establishing a shortlist of three (3) responsive Bidders, all other Bid Securities should be immediately returned to the non-responsive Bidders.

#### **A7.6.1.3 FORFEITURE OF BID SECURITY**

The Bid Security shall be forfeited under the following circumstances:

- (a) if the Bidder refuses to enter into the contract after being notified of the award; or

- (b) if the Bidder refuses to stand by the tender after notification of errors. (See segment on *Correction of Arithmetic Errors*).

#### **A7.6.2**     **PERFORMANCE SECURITY**

Performance Security guarantees the contractor's obligation under the contract and may be required for contract values above **\$15M** as a condition of the contract. The amount of the security shall be **ten percent (10%)** of the contract price. The contract should clearly define the kinds of defaults that would lead to the surrender of the Performance Security. Where there is no default, the Performance Security shall be discharged after completion of the contract and expiration of the warranty period.

There shall be no Performance Security requirement for contracts below **\$15M**.

#### **A7.6.3**     **ADVANCE PAYMENT SECURITY**

A Procuring Entity may offer Advance Payment or a deposit in respect of goods and general services, where the circumstances of the particular procurement merit such a payment. These payments shall be **no more than fifty percent (50%)** of the procurement sum. In such cases, an Advance Payment Security shall be provided as a guarantee against the contractor's default. Security can be in the form of a bank guarantee or irrevocable Letter of Credit for an amount equal to the Advance Payment, and is normally redeemable on demand. No Advance Payment shall be made without provision of security in the full value of the advance.

#### **A7.6.4**     **MOBILIZATION PAYMENT**

In the case of works contracts awarded by Competitive Tender, Ministries, Government Agencies and Public Enterprises can offer *mobilization payment* of **ten percent (10%)** of the contract sum. Where sub-contractors are engaged on the project, the overall limit will be fifteen percent (15%). Any decision to increase

the percentages shall be made through the Head of the Procuring Entity, who will be held accountable for the outcome.

If the Procuring Entity elects to offer *mobilization payment*, a *mobilization bond/security* shall be required as a guarantee against the contractor's default.

#### **A7.6.5**     **RETENTION**

For works contracts, the Procuring Entity shall retain from each payment due to the contractor, the portion of retention stated in the Contract Data until the completion of the works or the satisfactory delivery/installation of major procurement items. The Procuring Entity shall withhold ***no more than ten percent (10%)*** of the contract price for the duration of the Defects Liability or Service Guarantee Period, as per the contract documents. The Contract Manager shall certify the release of these funds, as appropriate.

Within the retention period:

- (a) if the contractor corrects the defects/non-conformities identified in respect of the good(s) and/or incidental services, and these corrections are acceptable to the Procuring Entity; the sum retained shall be paid over at the end of the Defects Liability Period.
- (b) However, where the contractor fails to correct any defects in the good(s) and/or incidental services, he/she shall forfeit receipt of the money retained, which the Procuring Entity shall use for the correction of said defects/non-conformities.

## **A7.7 CONTRACTOR'S LEVY**

A levy in the sum of *two percent (2%)* shall be deducted from the gross amount paid to contractors and sub-contractors for construction, haulage and tillage, in accordance with the Contractor's Levy Act. The two percent (2%) shall be withheld from the gross value of relevant contracts valued in excess of **One Thousand Dollars (\$1,000.00)**. Procuring Entities should refer to the Schedules to the Act for details on the activities, subject to the levy.

Deducted amounts shall be remitted to the Inland Revenue Department within fourteen (14) days, after the end of the *calendar month* in which the levy was collected.

## APPENDIX 8 MANAGING THE PROCUREMENT PROCESS

### A8.1 NOTIFICATION OF BID OPPORTUNITIES

Timely notification of procurement opportunities for general services, goods and works is essential for economic and efficient project execution; and is the basis for eliciting maximum competition, with fair opportunities for all eligible Bidders.

#### A8.1.1 TIME LIMITS FOR ISSUING NOTIFICATION

The table below highlights suggested timelines for the issuing of notification of procurement opportunities.

Contract Thresholds	Procurement Method	Advertising Requirement	Minimum Time Allotted for Bid Submission
Contracts in excess of J\$150 Million	International Competitive Bidding (ICB) or Local Competitive Bidding (LCB)	Local and international newspapers and/or magazines	Minimum thirty (30) days For large, complex projects the advertising time might be as long as ninety (90) days.
Contracts above J\$40 Million up to J\$150 Million	International Competitive Bidding (ICB) or Local Competitive Bidding (LCB)	Local and international newspapers and/or magazines	Minimum twenty-one (21) days
Contracts above J\$15 Million up to J\$40 Million	Local Competitive Bidding (LCB)	Through a general advertisement at least once in daily circulated, national newspapers	Minimum fourteen (14) days
Contracts above J\$5 Million up to J\$15 Million	Local Competitive Bidding (LCB)	Through a general advertisement at least once in daily circulated, national newspapers	Minimum fourteen (14) days

**NOTE:** *The Procuring Entity may also utilize the Limited Tender method for any of the contract threshold values cited in the table at A8.1.1. The timeframes identified would also apply.*

## **A8.2 PROCUREMENT NOTICES**

Procurement Notices are issued either as a public Invitation for Pre-qualification or an Invitation for Bids. Procurement Notices should provide adequate notification of specific contract opportunities or Invitations for Bids (IFB).

If pre-qualification has been undertaken, the Procuring Entity shall send the IFB and Bidding Documents only to the pre-qualified potential Bidders, with notification of their successful pre-qualification. No additional notice or advertisement for bidding is required.

**An Invitation for Bids (IFB) should contain the following information:**

- (a) the name of the project and/or the title of the contract;
- (b) the name of the Procuring Entity responsible for the particular procurement;
- (c) items/works to be procured;
- (d) contact information for obtaining Bidding Documents;
- (e) cost of the Bidding Documents;
- (f) place and deadline for bid delivery;
- (g) required Bid Security amount and Form;
- (h) the place, date and time of Bid Opening; and
- (i) for complex procurement - the minimum qualifications Bidders shall meet

**Note:** *Invitations for pre-qualification require similar information.*

A sample of a Procurement Notice for General Services, Goods and Works is contained in the Standard Bidding Documents.



### **A8.3 CLARIFICATION/MODIFICATION OF BIDDING DOCUMENTS**

Bidders may request clarification of the information contained in the Bidding Documents from the Procuring Entity. All such requests shall be submitted in writing and the Procuring Entity shall respond to these requests in writing, in accordance with the time stipulated in the Standard Bidding Documents. If the nature of the query demands more time, the Procuring Entity shall acknowledge receipt and indicate a timeframe for responding. The response must be forwarded to all contractors who collected the Bidding Documents, without identifying the source.

At any time prior to the deadline for submission of tenders, the Procuring Entity may for any reason, whether on its initiative, or as a result of a request for clarification, modify the Bidding Documents by issuing an addendum. In such cases, the addendum shall be communicated promptly and shall be binding.

If the Procuring Entity convenes a meeting to respond to clarification requests, it must prepare minutes of the meeting containing the requests submitted, and its responses, without identifying the sources. The minutes shall be circulated to participating Bidders within five (5) days of the meeting, so as to enable them to make the appropriate adjustments to their proposals.

### **A8.4 MODIFICATION AND WITHDRAWAL OF BIDS**

A Bidder may modify or withdraw his bid after it has been submitted at any time prior to the deadline for submission, by sending a written notice of the modification or withdrawal to the Procuring Entity.

## **A8.5 RECEIVING BIDS**

When receiving bids, Procuring Entities shall ensure that:

- (a) the location of the Tender Box and the address for submission of bids, including a contact name and room number is specified;
- (b) adequate provisions are made to receive bids submitted prior to the submission deadline;
- (c) a clock is prominently placed, in close proximity to the Tender Box and set to the standard time indicated by the “117” operator; and
- (d) Bidders sign the Bid Receipt Record (Form #1), indicating the date and time the bid was submitted and the number of packages received. A tender number shall be written on the outside of the bid envelope.

### **A8.5.1 TENDER BOX**

All bids received shall be deposited in the designated Tender Box specific to the tender. The Tender Box must be appropriately marked and prominently placed. The Box must also have a lock, and access should be restricted to the designated Tender Officer, who holds the key. In addition, the procuring entity shall also ensure that an officer is always available to open the Tender Box, receive and record the bids. A clock shall be set (at the correct time) and placed in close proximity to the Tender Box.

In the event that a bid cannot be deposited in the Tender Box due to its size, the bid shall be secured in a safe or vault until the time of opening.

## **A8.6 BID OPENING**

The opening of bids shall take place **as soon as possible** after the deadline for submission. Adequate procedures should be in place to facilitate the Bidders’ representatives who wish to attend the Bid Opening.

**Procuring Entities shall ensure that:**

- (a) an accessible room (of suitable size), as specified in the Bidding Documents, is reserved for the opening of bids;
- (b) the Bid Opening exercise is chaired by the Tender Officer and that at least two (2) other representatives from the Procuring Entity are present;
- (c) all Bidders' representatives present at the opening sign an attendance register (Bid Opening Record - Form # 2);
- (d) all bids received are placed on a table, and the number of bid envelopes are consistent with the Bid Receipt Record. If there is a discrepancy, NO bids shall be opened until all bids received are accounted for (in the room);
- (e) the documents to be inspected and recorded as each bid is opened, are provided (Bid Opening Record - Form # 2).

The Procuring Entity shall also ensure that the envelopes received are grouped into the following categories:

- (a) bids received prior to the submission deadline;
- (b) modifications received prior to the deadline;
- (c) withdrawals received prior to the deadline; and
- (d) bids, modifications and withdrawals received after the deadline

**A8.6.1 OPENING PROCESS**

- (a) Bids, modifications and withdrawals received after the deadline shall not be opened. Instead, the outer envelopes containing the late bids and modifications shall be opened and the names of the Bidders read aloud and recorded. The inner envelopes of all late submissions shall be returned unopened to the respective Bidders.

- (b) Thereafter, withdrawal notices received prior to the deadline should be opened, read aloud and recorded. Bids subject to a withdrawal notice shall be returned unopened to the respective Bidders.
- (c) All bids and modifications received prior to the deadline shall be opened next. For each bid opened, the items on the Checklist for Opening of Bids (Form # 3) should be checked and read aloud.
- (d) The Bidders' names, bid withdrawals or modifications; bid price; discounts; alternatives; and the presence or absence of requisite bid security, should be announced and recorded at the opening (Form # 3).
- (e) ***No bid shall be rejected or any opinion voiced as to its responsiveness at the Bid Opening, except for late bids.***
- (f) It is important for all discounts and alternatives to be read aloud. Bid prices and discounts which are not read aloud at Bid Openings cannot be considered in the subsequent evaluation.
- (g) The Procuring Entity shall prepare a report on the Bid Opening exercise, as per the Bid Opening Report format provided. (Form # 4) This report must be completed as soon as possible after the Bid Opening exercise.
- (h) All bids opened shall be stored safely and confidentially, immediately following the Opening, and shall be made available only to those directly involved in the evaluation process.

## **A8.7 CANCELLATION OF TENDER PROCESS**

Procuring Entities reserve the right to cancel a tender process at any stage prior to notification of the contract award, without incurring any liability. When a tender process is cancelled, all bids received by the Procuring Entity shall be returned to the Bidders. If the Entity decides to do a re-tender, there should be no charge for the Bidding Documents.

**A8.8 BID OPENING FORM NUMBER 1**

**BID RECEIPT RECORD**

Name of Procuring Entity: \_\_\_\_\_

Bid Number: *(where applicable)* \_\_\_\_\_

Procurement of: \_\_\_\_\_

Bid Submission Deadline date and time: \_\_\_\_\_

Bid Opening date: \_\_\_\_\_

Bid Opening Location: \_\_\_\_\_

No.	Date	Time	Bidder	Number of Packages Rec'd	Signature

\_\_\_\_\_  
Name of Tender Officer

**A8.9 BID OPENING FORM NUMBER 2**

**[BID OPENING RECORD](#)**

<b>Project</b>	
<b>Project Number</b>	
<b>Location of Opening</b>	
<b>Tender Closing Date</b>	
<b>Tender Opening Date</b>	
<b>Comparable Estimate</b>	

**Tenders Received**

Tender No.	Name of Bidder	Eligibility Requirements				Remarks
		Amount of Tender (s)	NCC Registration	TCC	(Any Other Requirements)	

**PERSONS PRESENT AT TENDER OPENING**

Name	Signature	Representing

\_\_\_\_\_  
 Tender Officer's Signature

*(Make a statement to all Bidders that the evaluation process is confidential and any attempt by a Bidder or its agents to influence the Procuring Entity's evaluation of bids or award decisions, including the offering or giving of bribes, gifts or other inducement, could result in the invalidation of its bid. All contact with Bidders shall be for the purpose of clarification and will be initiated by the Entity in writing.)*

## A8.10 BID OPENING FORM NUMBER 3

### CHECKLIST FOR OPENING OF BIDS

Project: \_\_\_\_\_

Contract Name: \_\_\_\_\_

Bidder's Name: \_\_\_\_\_

Number of tender *[indicate the number assigned at Bid Opening]*

Time received *[specify date and time]*

Withdrawal notice: <i>[If "yes", specify date and time]</i>	Yes	No
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Modification notice: <i>[If "yes", specify date and time].</i>	Yes	No
---	-----	----

NCC & TCC included <i>[If "yes", specify date and time].</i>	Yes	No
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Tender amount *[in currency/currencies tendered]:*

Discounts *[if yes, specify]*

Alternatives *[if yes, specify]*

Tender Security *[if yes, state amount]*

REMARKS:

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## **A8.11 BID OPENING FORM NUMBER 4**

### **BID OPENING REPORT**

1. Time and place for Bid Opening
2. Procuring Entity's representatives present (names and titles)
3. Bidder's representatives present (attach attendance sheet)
4. Number of bid receipts and number of bids on the table
5. Any bids received late
6. Withdrawal notices
7. Modification notices
8. Bid details for each bid as opened: As per (Bid Opening Record - Form # 2)
9. Comments from the floor (provide brief description)

## **A8.12 BID EVALUATION PROCESS**

Bid Evaluation is a critical step in the procurement cycle. As a result, Bid Evaluation Committees and Procurement Personnel are advised to adhere strictly to the procedures provided in this Handbook.

**The basic sequence for Bid Evaluation is the same for all goods, works and general services and consists of the following steps:**

- (a) preliminary examination of bids;
- (b) detailed examination, which includes:
  - (i) correction of arithmetic errors;
  - (ii) conversion to a common currency;
  - (iii) quantification of omissions and deviations
- (c) application of evaluation criteria;
- (d) comparison of bids; and
- (e) preparation of the Evaluation Report.

### **A8.12.1 PRELIMINARY EXAMINATION OF BIDS**

After the Bid Opening exercise, the Evaluation Committee shall do a preliminary examination of all bids that meet the eligibility requirements. This examination determines whether bids meet the minimum standards of acceptability, as set out in the Bidding Documents, and eliminates bids which are not substantially responsive.

If discrepancies are identified, these may be rectified through clarification without giving any benefit to the Bidder, and without prejudice to the interests of other Bidders. Such discrepancies shall be noted and decisions regarding their acceptance or rejection shall be recorded in the Bid Evaluation Report. The request for clarification shall be documented and shall form part of the Procurement Record.

The results of the preliminary examination shall be presented in the Bid Evaluation Report. If the bid fails preliminary acceptance, the reasons shall be clearly explained. Evaluation Committees may find it useful to include additional tables to check responsiveness/compliance to the list of technical or commercial specifications.

#### **A8.12.1.1 PRELIMINARY EXAMINATION CHECKLIST**

The Evaluation Committee shall examine bids for compliance using these criteria, as required by the Bidding Documents.

- (a) Bids shall be appropriately signed by an authorized party or a Power of Attorney if stipulated.
- (b) Bid Security shall be submitted in an acceptable form, in the required amount and for the required duration.
- (c) Bid packages shall contain all required documents, including supporting evidence of Bidder eligibility and qualifications.
- (d) Changes shall be initialled.
- (e) Mathematical calculations shall be accurate - if not, corrections should be made.
- (f) Bids shall be complete and the prices shall be quoted for all items in a “lot” or a “package”.

#### **A8.12.1.2 VERIFICATION OF BIDS**

Attention should be drawn to deficiencies which, if accepted, would provide unfair advantages to the Bidder. Sound judgement shall be used. For instance, simple omissions or mistakes arguably occasioned by human error should not be grounds for rejection of a bid. Rarely is a bid perfect in all respects. However, the validity of the bid itself, for example, its signatures, shall not be in question.

### **A8.12.1.3 COMPLETENESS OF BID**

Unless the Bidding Documents have specifically allowed for partial bids, i.e. permitting Bidders to quote on select items only, or on only partial quantities of a particular item - bids not offering all the required items should be considered non-responsive/non-compliant. However, in the case of works contracts, missing prices for occasional items are considered to be included in the prices for closely related items elsewhere. If any deletions, interlineations, additions, or other changes have been made, they should be initialled by the Bidder. These changes may be accepted if they are amendments, editorial, or explanatory. If not, they should be treated as deviations. Missing pages in the original copy of the bid may be cause for its rejection, as it may result in contradictions in model numbers or other designations of critical supply items.

### **A8.12.1.4 DETERMINATION OF RESPONSIVENESS/COMPLIANCE**

A substantially responsive bid is one that conforms to all the terms, conditions and specifications in the Bidding Documents without **material** deviations, reservations, or omissions.

The following examples are considered to be non-material deviations and would be permissible in a “substantially-responsive” bid:

- (a) a bid offering delivery at a date *slightly different* from that indicated in the Bidding Documents, unless it is later than the final cut-off date that is clearly stated in the Bidding Documents;
- (b) a bid with a fixed price, in response to Tender Documents requiring Bidders to submit prices subject to price adjustment (the reverse situation would normally not be permissible, i.e. a price submitted, which is subject to adjustment when a fixed price is requested);

- (c) a bid requesting changes in the coefficient of the price adjustment formula specified in the Bidding Document, or seeking a ceiling for the price adjustment;
- (d) a bid with minor deviations in payment terms;
- (e) a bid offering alternative goods that are equal or superior in specifications and performance, unless the Bidding Documents explicitly prohibit consideration of any alternatives;
- (f) a bid which meets all performance criteria of a works plant, but not the dimensional provisions, which do not affect performance or the utility for the purpose intended;
- (g) a bid which offers goods with minor deviations from the technical specifications, which do not affect the suitability of the goods for the intended use (deviations which affect the efficiency or performance should be evaluated for purposes of comparison); or
- (h) a bid which offers the equipment specified but has omitted minor attachments and components, e.g. a tool kit. The Evaluation Committee shall quantify this deviation in monetary terms during the detailed evaluation process prior to comparing such bids with those deemed responsive/compliant.

### **A8.12.2 DETAILED EXAMINATION OF BIDS**

After the Preliminary Bid Evaluation stage, a detailed evaluation is undertaken in order to select the Bidder who not only complies with the technical requirements in the Bidding Documents, but also offers the lowest price. Only those bids meeting the preliminary examination requirement need to be assessed in this phase.

#### **A8.12.2.1 CORRECTION OF ARITHMETIC ERRORS**

Bids shall be carefully checked for arithmetic errors to ensure that stated quantities and prices are consistent. The quantities should be the same as stated in the Bidding Documents. The total bid price for each item should be the product of the quantity and the quoted unit price. If there is a discrepancy, the quoted unit price shall govern in the re-calculation.

Prices written in words shall take precedence over numeric quotations where there are differences. Unusual or large corrections which could affect the comparative ranking of bids shall be explained. The Bidder shall be notified of arithmetic corrections and accept such corrections; otherwise, the bid shall be rejected and the Bid Security forfeited.

#### **A8.12.2.2 CORRECTIONS FOR PROVISIONAL SUMS**

Bids may contain provisional sums set by the Procuring Entity for contingencies. As these sums are the same for all bids, they should be subtracted to allow for a proper comparison of bids in the subsequent steps.

#### **A8.12.2.3 MODIFICATIONS AND DISCOUNTS**

In accordance with the Bidding Documents, Bidders are allowed to submit modifications to their original bid, prior to the Bid Opening. The impact of modifications should be fully reflected in the examination and evaluation of the bids. These modifications may include either increases or discounts in the bid amounts that reflect last-minute business decisions. Accordingly, the original bid prices should be modified at this point in the evaluation.

Discounts that are contingent upon the simultaneous award of other contracts or lots in the contract package (cross-discounts) shall not be incorporated until the completion of all other evaluation steps. The effect of unconditional discounts (or alternatively, increases) shall be reflected in the Evaluation Report. Any discount expressed in percentage terms shall be applied to the

appropriate base specified in the bid, and shall be verified if it applies to any provisional sums.

#### **A8.12.2.4 EVALUATION CURRENCY**

Bids corrected due to computational errors and adjusted for discounts shall be converted to a common evaluation currency, which shall be specified in the Bidding Documents. In order to minimize the foreign exchange risk to Bidders in International Competitive Bidding, the Bidding Documents allow all Bidders to express their bid price in internationally convertible currencies. This provision effectively causes GoJ to bear the exchange risk rather than the Bidders, and eliminates disadvantages that some Bidders would otherwise experience because of differences in the strengths of their currencies. However, this results in bids being presented in a wide variety of currencies which shall be converted to a single, common currency before they can be compared.

In order to compare bids, the practice is to convert all bid prices at the prevailing selling rate established by the Bank of Jamaica on the date of bid submission.

#### **A8.12.2.5 OMISSIONS**

Where items missing in some bids are present in others, an average of quoted prices could be used to compare the competitors' bids.

**Adjustments:** The Bidding Documents specify which, if any, performance or service factors will be taken into account in the Bid Evaluation process. The method used in the evaluation of these factors should be clearly outlined in the Bid Evaluation Report and should be consistent with the provisions in the Bidding Documents. Bonuses or additional credits, which reduce the evaluated bid price will not be given in the Bid Evaluation for features that exceed the stated requirements in the Bidding Documents, unless otherwise indicated.

The value of the adjustments shall be expressed in terms of cost (for all works and most goods contracts) and should be expressed in the currency being used for the evaluation.

#### **A8.12.2.6 MATERIAL DEVIATIONS**

Those deviations which, if accepted, would not fulfil the purpose for which the bid was requested, or would prevent a fair comparison with bids that are fully compliant with the specifications in the Bidding Documents include:

- (a) stipulating price adjustments when fixed price bids are required;
- (b) failing to respond to specifications by presenting a different design or product that does not offer substantial equivalence in critical performance parameters or in other requirements;
- (c) phasing of contract start-up, delivery, installation, or construction timeframes, which do not conform to required/critical dates or established benchmarks;
- (d) sub-contracting in a substantially different amount or manner than permitted;
- (e) refusing to bear important responsibilities and liabilities stipulated in the Bidding Documents, such as performance guarantees and insurance coverage;
- (f) taking exception to critical provisions such as applicable law, taxes, duties, and dispute resolution procedures; and
- (g) those deviations specified in the Bidding Documents, which will result in rejection of the bid (such as, in the case of works - participating in the submission of another's bid, other than as a sub-contractor).



#### **A8.12.2.7 PRICED OMISSIONS AND DEVIATIONS**

Bids with minor deviations may be considered substantially responsive if the deviation can be assigned a monetary value that would be added as a penalty during the evaluation. Similarly, omissions from the bids should be compensated by adding the estimated costs for remedying the deficiency.

#### **A8.12.2.8 TREATMENT OF PRICED DEVIATIONS**

- (a) Requests for deviations that are expressed by the Bidder in vague terms, such as: “We would like an increase in the amount of the mobilization advance” or “We wish to discuss changes in the completion schedule”, should ordinarily be ignored in the Bid Evaluation. However, a categorical statement by the Bidder highlighting disagreement with a requirement in the Bidding Documents should be treated as a deviation.
- (b) If a bid requires a faster payment stream than specified in the Bidding Documents, the penalty shall be based on the prospective benefit to the Bidder. This situation assumes use of a discounted cash flow, using the prevailing commercial interest rates for the currencies of the bid, unless the eventuality is anticipated and a rate is specified in the Bidding Documents.
- (c) If a bid provides for a delivery or completion date that is later than the one specified in the Bidding Documents, but is technically responsive/compliant - the time advantage given should be assessed as a penalty, as specified in the Bidding Documents. Whenever possible, the Procuring Entity should initiate the procurement process sufficiently early, so that delivery schedules normally available in the market are acceptable, and no premium has to be paid for urgent deliveries. The Bidding Documents should indicate the latest delivery schedule acceptable; and a bid offering delivery beyond this time would be deemed non-responsive. No advantage should be given for

early delivery, unless this will result in tangible benefits for the Procuring Entity.

- (d) In the procurement of durable goods such as engines, vehicles, equipment, etc., the cost of initial and subsequent spare parts is very important as it constitutes a substantial part of the maintenance costs. Bidders should, therefore, be required to include in the bid, the price of spare parts over a specified period of time. These prices shall be added to the bid price when evaluating the bids. Bidders should also be asked to include the costs of maintenance and the supply of spare-parts. After the Lowest Responsive Bidder is determined, the Procuring Entity and that Bidder could enter into an appropriate arrangement for both the supply of spare parts and maintenance, as may be required in the specific circumstances.

### **A8.12.3 EVALUATION ON THE BASIS OF LIFE-CYCLE COST**

Life-cycle cost refers to the assessment of the initial acquisition cost, plus the follow-on ownership cost which determines the total cost during the life of a plant or equipment. Where the follow-on cost of operation and maintenance are substantial, a minor difference in the initial purchase price between two competing bids can easily be overcome, by factoring the difference in follow-on cost. In these cases, it is appropriate to evaluate bids on the basis of life-cycle cost.

For example, the following elements would comprise a typical life-cycle assessment for the procurement of heavy equipment:

- (a) initial purchase price;
- (b) adjustment for extras, options, delivery, variations in payment terms;
- (c) estimated costs of an overhaul and the number of overhauls required during the life of the equipment;

- (d) estimated fuel/electricity cost during the life (in years) of the equipment; and
- (e) estimated costs of spare parts and labour for maintenance during the life of the equipment

The follow-on costs such as fuel, spare parts, maintenance (scheduled and unscheduled) and overhaul costs should be discounted to net present value to make the proper comparison.

#### **A8.12.4 TREATMENT OF GENERAL CONSUMPTION TAX (GCT)**

Where the Procuring Entity is exempt from paying GCT, it should not be considered in evaluation of the tender sum.

#### **A8.12.5 ADDITIONAL CONSIDERATIONS FOR EVALUATION OF BIDS FOR WORKS**

The evaluation of bids for works contracts is more complex than the evaluation of bids for goods. To make the evaluation process easier and more transparent, it is essential that the Procuring Entity establishes well defined evaluation criteria in the Bidding Documents and executes the evaluation process in a transparent manner. The evaluation of works contracts involves consideration of both price and non-price factors, following the preliminary examination to determine the responsiveness of the bids.

##### **A8.12.5.1 EVALUATION OF NON-PRICE FACTORS FOR WORKS**

Non-price factors are evaluated to determine the contractor's relevant experience/capacity to undertake the works. The Evaluation Committee shall take into consideration similar works contracts that the Bidder has been engaged in within the last three (3) to five (5) years, and whether they have been successful. The Bidder's financial capabilities to carry out the contract shall also be evaluated, using the financial statements for the number of years specified in the Bidding Documents.

#### **A8.12.5.2 EVALUATION OF PRICE FACTORS FOR WORKS**

After evaluating the non-price factors, the Bid Evaluation Committee, shall proceed to evaluate the prices tendered, and the contract will be awarded to the Lowest Responsive Bidder. If the works contract is in the form of a concession, the lowest Bidder should be the Bidder charging the lowest tariff for the services to be provided. This is usually the case where the Bidder undertakes the construction and operates it for a period before handing it over to GoJ.

#### **A8.12.6 EVALUATION OF DEVIATIONS IN BIDS FOR WORKS**

Deviations may include: exceptions; exclusions; qualifications; conditions; stated assumptions; alternative proposals (when not specifically solicited); and other changes in the Bidding Documents' requirements. Their degree of acceptability and impact on bid comparison will vary. Some may be clearly unacceptable. Some which are acceptable, may be quantifiable in monetary terms. Others may not be quantifiable, but may still affect the competitive position of the other Bidders.

Deviations which improve on the requirements of the bid specifications (e.g. higher quality material and workmanship, modified designs, shorter construction periods, etc.) should only be regarded as a benefit to the Procuring Entity and included in the evaluation, if specifically solicited in the Bidding Documents.

The first stage in the evaluation process is to decide whether the deviations presented are so material as to be unacceptable and are, therefore, grounds for rejecting the bid. Fairness to the other Bidders must always be a prime consideration. A Bidder's deviation which in itself, or by its withdrawal or rectification, would seriously affect the competitive position of other Bidders, (unless they were given the same opportunity), would normally constitute grounds for rejection of the entire bid.

#### **A8.12.6.1 DEVIATIONS RESULTING IN REJECTION OF BIDS**

The following deviations may result in rejection of bids:

- (a) where, after a pre-qualification process, the legal entity or joint venture submitting the bid is different from the one which was pre-qualified, except where all members of the new joint venture were pre-qualified initially;
- (b) the submission of a base bid, subject to price adjustment, when fixed price bids were requested;
- (c) the submission of a bid based on an entirely different design, where this had not been requested, nor is permitted;
- (d) an inflexible time phasing of contract construction or performance not conforming to prescribed critical, key dates, or “milestones” in a broader construction programme; and
- (e) sub-contracting in a substantially different amount and manner from that specified.

#### **A8.12.6.2 DEVIATIONS THAT CAN BE CONSIDERED IN BID EVALUATION**

Deviations from the bidding requirements, which do not appear at first sight to provide immediate grounds for bid rejection, may be considered further in the evaluation process. The following are examples of such deviations:

- (a) the sum of an advance payment and other payment terms (including retention money, guarantees, the details of price adjustment provisions) differing from the prescribed conditions;
- (b) non-compliance with local regulations relating to labour, import taxes, duties, notarization, etc.;
- (c) changes in specified methods of construction or execution (temporary works, shift work by labour, etc.);

- (d) sub-contractors not meeting pre-specified requirements;
- (e) omission (deliberate or unintentional) of minor works or items included in the scope of work;
- (f) non-acceptance of full liabilities (e.g. risks to third parties, nearby structures, etc.);
- (g) modification of, or a limit to the amount specified for liquidated damages; and
- (h) proposed changes in standards or codes relating to material, workmanship or design.

### **A8.12.6.3 CLARIFICATION OF DEVIATIONS**

The details and implications of any deviations which are not explicit should be clarified by the Procuring Entity in discussion with the respective Bidders, without changing the substance or price of the bids. (After clarification, the implication of a deviation may justify rejection of the bid as non-responsive.) Each deviation having financial or economic implications should be quantified independently by the Procuring Entity, and expressed in its expected monetary cost to the Entity. In this respect, the submissions by Bidders during clarification and pricing of similar items, from the next lowest (and other) responsive Bidders may prove useful.<sup>4</sup> The current monetary costs of deviations, with timing implications (e.g., modification payment terms, amortization of advances, limits on liquidated damages, varied construction or delivery periods, etc.) should be discounted to present values for evaluation purposes.<sup>5</sup>

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<sup>4</sup> To facilitate evaluation (and partly to discourage Bidders from making frivolous or ambiguous deviations), the Bidding Documents include a requirement that any deviation shall be presented as an alternative offer, and carry a price tag with a breakdown, if it is to be considered in the evaluation process. Otherwise, the bid may be rejected as non-responsive.

<sup>5</sup> For the purposes of discounting, the current monetary costs of deviations should be expressed in a common currency, using exchange rates prevailing at the date stated in the Bidding Documents for bid comparison. A uniform discounted rate should be used for calculating present values as of that date.

#### **A8.12.6.4 TREATMENT OF NON-QUANTIFIABLE DEVIATIONS**

Deviations which are minor or non-quantifiable (e.g., changes in sub-contractors, access to sites, land acquisition, sources of material, etc.) should be assessed to determine whether they should be accepted or rejected, taking into account fairness to the other Bidders, and their impact on the implementation of the contract.

#### **A8.12.6.5 TREATMENT OF QUANTIFIABLE DEVIATIONS**

All quantifiable deviations shall be ranked according to the monetary values (or benefits) to the Procuring Entity. After selecting the Lowest Responsive Bidder, the Procuring Entity may accept the qualified bid and shall negotiate with the Bidder for the complete or partial withdrawal of individual deviations, using the respective quantified monetary values assessed as upper limits for any negotiated adjustments to the original bid price.

If the majority of the low bids are heavily qualified, the reasons for the deviations should be determined in discussion with the Bidders, and consideration should be given to re-bidding among the same group, with conditions and specifications amended to remove the probable causes. A series of addenda to the original Bidding Documents may suffice for this purpose, and a relatively short period (30-45 days) may be sufficient for re-bidding under such circumstances.

### **A8.12.7 DETERMINATION OF AWARD**

In the comparison of bids for goods and works, the corrected and discounted bid prices, together with adjustments for omissions, deviations, and specified evaluation factors, will eventually lead to the determination of the award. The Lowest Responsive Bidder at this stage, is subject to:

- (a) application of any discounts contingent on the simultaneous award of multiple contracts or lots;

- (b) post-qualification evaluation, or, if pre-qualification has occurred, confirmation of pre-qualification information; and
- (c) the application of domestic preference, if any is allowed.

#### **A8.12.7.1 CROSS-DISCOUNTS**

These are conditional discounts offered in the event that more than one lot or package (if required by the Bidding Documents) will be awarded to the same Bidder. Bid Evaluation in such cases can be complicated, particularly for goods contracts. The sizes of cross-discounts offered by each Bidder may vary with the potential number of contracts awarded.

The Bidding Documents may also limit the number or total value of awards made to a Bidder on the basis of his/her financial and technical capacity. Thus, a Bidder offering the Lowest Responsive Bid on a particular contract may be denied the award because of such a restriction. *The Evaluation Committee shall select the optimal combination of awards on the basis of the least overall cost of the total contract package, consistent with the qualification criteria.* The calculation shall be recorded in the Evaluation Report, which shall include the Bid Evaluation(s) for the remaining contracts, if they have been evaluated separately.

#### **A8.12.7.2 PRE/POST QUALIFICATION**

If the Lowest Responsive Bidder fails post-qualification, its bid should be rejected, and the next ranked Bidder shall then be subject to post-qualification examination. If successful, this Bidder should receive the award. If not, the process continues.

The rejection of a bid for reasons of post-qualification requires substantial justification, which should be clearly documented in the Evaluation Report. A history of proven poor performance, for example, is a justification.



### **A8.12.7.3 EVALUATION OF ALTERNATIVE BIDS**

The Bidding Documents may request or allow the Bidders to submit alternative bids. If the Procuring Entity invited alternative bids, the alternative bid will be evaluated at the same time as the bid conforming to the specifications of the Bidding Documents. If alternatives were not invited, then the alternative bid shall only be considered from the Lowest Responsive Bidder. Calculations for the evaluation of alternatives should be included in the Evaluation Report.

### **A8.12.7.4 APPLICATION OF DOMESTIC PREFERENCE FOR GOODS**

GoJ policy is to encourage the development of Jamaica's manufacturing industry. Procuring Entities are, therefore, permitted to apply a margin of preference in Bid Evaluation, in favour of domestically manufactured goods, when these are competing with bids offering imported goods.

**A Domestic Margin of Preference** is applied by first classifying bids according to whether the goods offered are locally manufactured or imported. After a determination is made as to the lowest priced bid in all the classes of bids, an amount of *ten percent (10%)* is then added to the CIF or CIP prices of imported goods.

The Procuring Entity shall be guided by the following general principles when applying Domestic Margins of Preference in the evaluation of goods:

- (a) the goods being procured are "manufactured goods" involving assembly, fabrication, processing etc., where a commercially-recognized final product is substantially different in the basic characteristics of its components and raw material;
- (b) the goods offered by foreign and domestic Bidders are identical or compatible in respect of quality, size, capacity and performance;
- (c) there is a qualified domestic bid which regardless of the nationality of the Bidder, has offered goods assembled or manufactured in

Jamaica, which has domestic value in the manufacturing cost not less than 30 percent of the ex-factory price of the product offered;

- (d) the Domestic Margin of Preference is added to the CIF value of the foreign bids and not subtracted from the domestic bid.

The nationality of the Bidder is immaterial, but the domestically manufactured goods offered in the bid shall meet the minimum domestic value-added criterion. Domestic value-added comprises domestic labour, the domestic content of material, domestic overheads and profits - from mining until final assembly.

#### **A8.12.7.5 APPLICATION OF DOMESTIC PREFERENCE IN WORKS CONTRACTS**

GoJ policy also encourages the development of Jamaica's construction industry. It is, therefore, permitted in Bid Evaluation to apply a Domestic Margin of Preference in favour of domestic firms in International Competitive Bidding.

To be eligible for this preference, domestic firms shall be *purely local firms in Jamaica*, or joint ventures of domestic firms with no more than 10% subcontracting to foreign firms. Joint ventures between foreign and domestic firms do not qualify for the application of preference.

The Procuring Entity may apply Preference Margins in the procurement of works such as civil engineering and building construction; land-clearing and levelling; site clearing projects; and similar activities. The preference is applied by adding *ten percent (10%)* to the price quoted by a foreign Bidder for comparison with a qualified domestic bid.

### **A8.13 EXTENSION OF BID VALIDITY**

Bidders are required to keep their offers valid for a specified period to allow the Procuring Entity to examine and evaluate offers, select the Lowest Responsive Bid and obtain the necessary approval from the competent authorities for the proposed award of the contract. Bids should, therefore, remain valid for the period stated in Bidding Documents (minimum 90 days), until the contract is awarded. A bid that is valid for a shorter period than required by the Bidding Documents should be deemed non-responsive.

Where there is a delay in Bid Evaluation, the Procuring Entity may request Bidders to extend the period of validity of their bids for a reasonable period (usually not more than 30 to 45 days).

In the case of an extension, Bidders must choose between:

- (a) refusing to grant an extension of the validity of their bids; and
- (b) absorbing any cost increases that might occur during such extensions.  
(Bidders are not allowed to increase their prices as a condition of extending the validity of their bids).

### **A8.14 TIMELY EXECUTION OF THE TENDER PROCESS**

Efficiency and fairness are fundamental principles of the procurement system. For this reason, it is important that Procuring Entities endeavour to execute the process within a reasonable timeframe.

Procuring Entities should not display a lack of appreciation for the Bidders' costs in participating in a tender process. Frequent extensions in the bid validity attract a fee payable by the Bidder to the bank or insurance company which issued the Bid Bond. In addition, holding the Tender Security for a prolonged period poses cash-flow restrictions for the Bidder.

### **A8.15 REJECTION OF ALL BIDS**

*The Procuring Entity reserves the right to accept or reject any bid, or to abort the tender process and reject all tenders at any time prior to the award of contract without incurring any liability.*

The following are circumstances under which all bids may be rejected:

- (a) where the price of the Lowest Responsive Bid is greater/less than the allowable margin of 15 percent of the Pre-Tender/Comparable Estimate - If the price is outside of this range, it may still be accepted, provided that it is validated by the contractor, and the Procuring Entity is satisfied;
- (b) when all the bids received are not responsive to the requirements in the Bidding Documents;
- (c) where the Procuring Entity after receiving the bids, reasonably concludes that there is lack of competition; and
- (d) where the award of a contract will not be in the interest of the Entity.

Where all the bids are rejected, the Procuring Entity should review the Bidding Documents and make appropriate revisions. If substantial changes are made to the Bidding Documents, the Procuring Entity must invite new bids on the basis of the new Bidding Documents.

### **A8.16 GOJ RIGHT NOT TO AWARD A CONTRACT**

The Procuring Entity shall reserve the right not to award a contract to any party with whom it is currently in litigation, or with whom it has an unresolved contractual dispute.

### **A8.17 AWARD AND SIGNING OF CONTRACT**

The Procuring Entity should award the contract within the period of bid validity to the Lowest Responsive Bidder. Such a Bidder shall meet the appropriate standards of

capability and financial resources and should not be required as a condition of the award, to undertake responsibilities for work not stipulated in the specifications or to modify the bid.

**Once a decision has been made on the award, the Procuring Entity shall:**

- (a) obtain the necessary approval to award the contract;
- (b) send notification of the award - a Contract Form, and a Performance Security Form (indicating the amount of security) to the successful Bidder, in a manner and within the time specified in the Bidding Documents;
- (c) request the contractor to return the signed contract, together with the required Performance Security within the time specified in the Bidding Documents; and
- (d) notify the unsuccessful Bidders as soon as possible after receiving the signed contract and the Performance Security.

Negotiation with the nominated Bidder in a Competitive Tender Process is **not** permitted, unless it is explicitly indicated that negotiation would be part of the process.

The Procuring Entity is **not** permitted to request the selected Bidder to provide Performance Security in excess of that specified in the Bidding Documents.

If the successful Bidder fails to return the signed contract or to provide the required Performance Security, the Procuring Entity may:

- (a) forfeit the Bid Security; and
- (b) proceed to offer the contract to the second Lowest Responsive Bidder, provided that he is capable of performing satisfactorily.

## **A8.18 RETURN OF UNSUCCESSFUL BIDS**

Once the successful Bidder has provided the Performance Security and put in place the required insurance, the tenders of the unsuccessful Bidders should be returned with a covering letter thanking them for their participation. All Bidders shall also be provided with a table showing the price of their bid and the successful bid.

## **A8.19 NOTIFICATION OF UNSUCCESSFUL BIDDERS**

After publication of the contract award, unsuccessful Bidders may request a written debriefing, explaining the grounds on which their bids were not selected. The Procuring Entity shall respond promptly in writing to any unsuccessful Bidder who requests such a debriefing.

## **A8.20 TENDER REPORT SUBMISSION**

A complete tender report shall be prepared for submission to the Procurement Committee or NCC Sector Committee as applicable.

**The report shall include details of the:**

- (a) the Tender Process**
  - i. invitation for bids;
  - ii. the Tender Submission;
  - iii. Tender Opening; and
  
- (b) the Tender Evaluation**
  - i. the Technical Evaluation; and
  - ii. the Financial Proposal.

## **A8.21 REPORT REQUIREMENTS**

### **A8.21.1 OFFICE OF THE CONTRACTOR GENERAL**

Procuring Entities are required to prepare, certify and submit, directly to the Contractor General, a Quarterly Contract Award (QCA) Report comprising the particulars of each contract which it has awarded over **\$275,000.00** to a maximum of **\$10M**.

The QCA Reports shall be submitted to the OCG, in the approved hard and electronic copy formats, within 30 days of the ending of the calendar quarter to which they apply. The QCA Report formats are available at [www.ocg.gov.jm](http://www.ocg.gov.jm).

### **A8.21.2 REPORT TO THE MINISTRY OF FINANCE**

Procuring Entities are required to report all procurement on a monthly basis, using the standard Procurement Reporting System (PRS-1) Form, available at [www.mof.gov.jm](http://www.mof.gov.jm).

The completed PRS-1 shall be submitted to the MoF's Procurement & Asset Policy Unit, no later than seven (7) days after the period to which it applies.

## **A8.22 PROCUREMENT RECORD KEEPING**

Regardless of the method of procurement or the source of funding, it is critical that transparent procedures be established, so that the entire procurement process may be traced from beginning to end. This can be achieved through proper record keeping.

Without prejudice to the method of storage, and in accordance with the Financial Administration and Audit Act, the Procuring Entity shall maintain records of each contract award for a minimum period of seven (7) years. The Procurement process and expenditure records, although entrusted to the safekeeping of Accounting Officers, are the property of the Ministry of Finance, and shall be made available promptly to the Ministry upon request, in its carrying out its expenditure and/or compliance monitoring mandates.

**The minimum standards for recorded information are as follows:**

- (a) a brief description of the works, goods or services procured;
- (b) names and addresses of contractors;
- (c) the procurement method used and authorization reference;
- (d) name of successful contractor;
- (e) date of approval;
- (f) contract price and actual completion cost;
- (g) contract duration;
- (h) information relative to the qualifications of contractors;
- (i) summary of the evaluation and comparison of quotations and/or tenders;
- (j) any offsets applied and the corresponding authorization reference pursuant to the Handbook;
- (k) reason(s) for rejection of any or all quotations/tenders;
- (l) summary of requests for clarification/verification of Bidding Documents and any modifications made;
- (m) information relative to the successful contractor's performance on the contract; and
- (n) information relative to complaints, resolution decisions and appeals.



# QUICK REFERENCE

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