

LAHORE WASTE MANAGEMENT COMPANY



PROCUREMENT AND CONTRACTS MANUAL

Deloitte.

M. YOUSUF ADIL SALEEM & CO.
Chartered Accountants
Member of Deloitte Touche Tohmatsu Limited
66-E-FCC, Syed Maratab Ali Road,
Gulberg IV, Lahore - Pakistan
Tel: +92 (0) 42 35757188
Fax: +92 (0) 42 35763091
Web: www.deloitte.com

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1. INTRODUCTION

1.1 AUTHORITY

Procurement Procedures Manual establishes the policies and procedures that all employees will follow in the procurement of goods and services for **Lahore Waste Management Company** ("LWMC").

1.2 MISSION STATEMENT

"To prescribe the organization wide procurement process which is transparent and to enhance LWMC's competitive advantage"

This mission statement requires that all employees who are responsible for committing funds to acquire goods and services for LWMC do so in a professional, cost-effective manner.

1.3 PROCUREMENT POLICY STATEMENT

It is LWMC's policy to procure quality products and services that fulfill the requirements for which they are intended. Procurement decisions are made on the basis of quality and cost effectiveness. Quality at LWMC's Procurement & Contracts Department is:

- Conform to valid specifications
- Achieve user satisfaction
- Provide lowest life-cycle cost
- Comply with product and service delivery criteria
- Adhere to all safety and environmental requirements
- Best value for money
- Promote long-term business relationships with suppliers who, by virtue of their management philosophy and practice, ensure that a quality product or service is provided.

The Procurement & Contracts Department should consider recommendations for standardization or alternatives in the best interest of LWMC and users of its services. By measuring and providing feedback on the performance of pre qualified suppliers, Procurement & Contracts Department will improve communications and cooperation, and encourage continuous improvement and an on-going commitment to quality service.

1.4 TERMS USED IN THE MANUAL

TERM	DESCRIPTION
Actual Authority	The authority given to an employee by LWMC to act on a particular transaction or group of transactions.
Advertisement	Advertising is a form of communication used to attract an audience (viewers, readers or listeners) to take some action with respect to goods or services.
Agency	The relationship in which an individual or an organization is authorized to act for or represent LWMC for a specified purpose. The agent enjoys same powers (subject to the terms of agreement) as the organization it represents.
Agent	The person with the power and authority to act for LWMC in dealing with a third person / party.
Apparent Authority	When the supplier perceives that the employee has the actual authority to conclude a transaction and that actual authority has not been granted.
Bidder	Contractor, supplier or vendor who responds to Request for Quotation (RFQ) or Request for Bid (RFB).
Capital Goods	Any tangible assets that LWMC uses to produce goods or services including buildings, heavy equipment, Plant and machinery having life of more than one year.
CFO	Chief Financial Officer
Conflict of Interest	A situation in which an employee or an agent has a private or personal interest sufficient to appear to influence the objective exercise of his official duties.
Contract	A "Contract" is a written or oral agreement between two or more competent parties that expresses, for a consideration, an item to be

TERM	DESCRIPTION
	provided or a service to be performed that is legally enforceable under its terms and provisions.
Contractual Records	All documentation pertaining to the purchase of goods or services which include, but are not limited to, requisitions, quotations, letters of intent, purchase documents, terms and conditions, sales and use tax exemption certificates, reseller's certificates, evidence of insurance, drawings and specifications, export bill of lading, and requests for proposals.
Delegation of Authority	The act of authorizing a person to act on behalf of LWMC or actual authority.
Department	Department is part of an organization with specific responsibilities.
Department Heads	Shall mean any one of the General Managers, Chief financial Officer, Company Secretary, Managers or other in-chargers of independent function with whatever designations that may be addressed.
GM (P&C)	General Manager (Procurement & Contracts)
Goods	Any physical item purchased for LWMC use, such as, plant, machinery, vehicles, office equipment, spare parts, software, fuel, tires etc.
International Competitive Bidding	A bidding process that requires the company to procure resources internationally, issue bids for advertisement in an acceptable international language and award contracts to the lowest acceptable bids, subject to certain considerations for qualitative judgment.
Lease or Buy Decision	Decision concerning whether to contract for the possession and use of an asset owned by another party for a period of time, in return for lease payments, as opposed to purchasing the asset. Consideration is also to be given to technological obsolescence and LWMC's Policies & Procedures.
Life-Cycle Costing	Cost-analysis tool which incorporates not only the purchase price of an item, but all operating and related costs over the life of the item, including maintenance, training, cost of poor quality, down time, energy costs, etc., as well as salvage value.
Make or Buy Decision	Determination of what goods or services an entity should manufacture or provide in-house, as opposed to procuring from outside sources.

TERM	DESCRIPTION
MD	Managing Director
Merit-Point Systems	<p>A merit point system uses a point-scoring basis to determine the winning bidder. Points are awarded for technical capability and usually for the financial cost, according to criteria specified in the Request for Proposals. The bidder scoring the highest number of points is usually recommended for the award of contract.</p> <p>Where cost is a factor in selection, technical quality for consultancy assignments is normally awarded 80% of the total points and cost 20%. However this is only a guideline and the appropriateness of the weighting of the technical and financial scores should be assessed for each assignment.</p> <p>Merit point systems can also be used to evaluate whether bids pass a minimum technical score to proceed to a final financial evaluation (Least Cost Selection Method). The financial envelopes of all bidders whose bids pass the minimum technical core are then opened, and the bid with the lowest price recommended for award of contract.</p>
Net Present Value (NPV)	The difference between the present value of the future cash flows from an investment and the amount of investment. Present value of the expected cash flows is computed by discounting them at the required rate of return.
PEC	Pakistan Engineering Council
PPRA	Punjab Procurement Regulatory Authority
Present Value	After-tax value today (in today's Rupees) of anticipated inflows and expense outflows of cash from a specific project discounted at a specified interest rate.
Price Analysis	Examination of a supplier's price proposal (bid) by comparison with reasonable benchmarks, without examination and evaluation of the separate elements of cost and profit making up the price.
Procurement Department	Procurement & Contracts Department.
Purchase Requisition (PR)	A documented request for the procurement of goods, materials and services.
Quality and Cost Based Selection (QCBS)	Quality and Cost Based Selection (QCBS) is the standard method of selecting consultants through competition between re-qualified short-listed

TERM	DESCRIPTION
	<p>firms. Selection is based on the technical quality of the consultants, the quality of the proposal, and on the cost of the services to be provided.</p> <p>The relative weights given to the technical quality and cost of each proposal are determined for each case depending on the nature of the assignment.</p>
RFP	A request for proposal (referred to as RFP) is an invitation for suppliers, to submit a proposal on a specific commodity or service.
RFQ	A request for quotation (RFQ) is a document that an organization submits to one or more potential suppliers eliciting quotations for a product or service
RFB	A request for bid (RFB) is a standard business process whose purpose is to invite suppliers into a bidding process to bid on specific products or services.
Section	Section is a part of department.
Services	Any work contracted, purchased or outsourced, including collection of garbage, cleaning of localities, maintenance of landfill sites, building maintenance, construction, security, equipment repair or maintenance, telecommunications, training, legal consultation, corporate consultation, computer programming, temporary help, courier service etc.
Single-Envelope Bidding	<p>In the Single-Envelope bidding, Bidders submit Bids in one envelope containing both the Price Proposal and the Technical Proposal.</p> <p>The envelopes are opened in public at the date and time advised in the Bidding Document. The Bids are evaluated, and following approval by the ADB, the Contract is awarded to the Bidder whose Bid has been determined to be the lowest evaluated substantially responsive Bid.</p>
Tenders / Bids Committee	The panel shall comprise of Chief Finance Officer and GM Procurement and GM operations.
Terms and Conditions	Clauses, which are intended to document the understanding of the parties on matters such as contract acceptance, delivery performance, contract termination, shipment rejections, assignment and subcontracting, patent rights, and payment procedures.
Two-Envelope Bidding	To avoid any chance of the bidder's price

TERM	DESCRIPTION
	<p>influencing the technical evaluation under a merit point system, financial bids are submitted in a separate sealed envelope. The financial envelope must only be opened after the technical evaluation is completed and approved by the Procurement Committee.</p> <p>In the interests of transparency, a second Public Opening of the financial bids of those bidders who have passed the technical evaluation stage is held.</p>
User	Requisitioner who may be a department head or a person authorized in this respect.
Value for Money (VFM)	Benefit derived from every purchase or every sum of money spent. VFM is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase.

2. CUSTODY & REVISION

2.1 CUSTODY

This manual shall remain in the permanent custody of the following:

- Managing Director
- General Manager (Procurement & Contracts)
- Chief Financial Officer

In addition to above, other LWMC personnel may also be given access to relevant sections of the manual as may be decided upon the approval of the Managing Director and GM (P&C).

This manual shall remain the property of LWMC therefore, copies of this must not be provided to any external party except with the prior approval of the Managing Director. However, access to this manual shall not be restricted from such external parties who are entitled to it in accordance with the provision of any law for the time being in force.

2.2 REVISION

1. The overall responsibility for maintaining and updating this manual resides with the Board of Directors. Changes in statutes, LWMC's legal form & other conditions and practices may require periodic modifications of these policies and procedures.
2. Feedback comments, corrections and improvement suggestions on this policy manual (including any areas that are not sufficiently or well covered) can be received from those who were informed about the required changes through the circular.
3. The GM Procurement & Contracts shall collect feedback from other reviewers on the following template:

Name: _____	
Designation: _____	
Date: _____	
Section number	Comments & suggested changes
<i>General</i>	
Signature: _____ (N/A if submitted through official email)	

3. APPROVING AUTHORITY

The objective of this chapter is to provide employees with a clear understanding of the procedures to be followed and the lines of authority and accountability expected in LWMC when purchasing goods, works or services.

3.1 THE AUTHORITY TO PURCHASE

The Board of Directors has the ultimate authority for the utilization of LWMC's funds. The Board may delegate some of its powers to Managing Director to facilitate the procurement of goods, works and services as a routine matter. For larger contracts the powers of the Board are exercised by the Procurement Committee. LWMC's policy for authorizing the purchase of goods and services is generally defined as allowing the individual employee to commit LWMC for the types and amounts of expenditures for which that authority is delegated. In this regard, the employee shall have the authority delegated to him to act as an Authorized Agent in his dealings with third parties or outside suppliers within the scope of their assigned function.

All acts of employees as LWMC's representative shall be binding on LWMC; therefore, they must observe the Limits of authority delegated to them for the purchase of goods and services for LWMC. In order to avoid personal liability, it must be clear at all times in dealing with third parties that the employee shall be acting as Authorized Agent / LWMC's Representative. In the execution of an agreement or a contract, this shall be done by showing the authorized employee's name below LWMC's name.

The following shall be approval limits for procurement of works, good and services:

CAPITAL EXPENDITURES (NON - RECURRING)

Designated Authority	Approval Limit
General Manager /CFO	Upto Rs. 1 million
Managing Director	Above Rs. 1 million to Rs. 20 million
Procurement Committee	Above Rs. 20 million to Rs. 50 Million
Board of Directors	Above Rs. 50 million

REVENUE EXPENDITURES (RECURRING)

Designated Authority	Approval Limit
General Manager/CFO	Upto Rs. 0.5 million
Managing Director	Above Rs. 0.5 million to Rs. 5 million
Procurement Committee	Above Rs. 5 million to Rs.20 million
Board of Directors	Above Rs. 20 million

IMPREST MONEY (RECURRING EXPENDITURES)

Designated Authority	Approval Limit
CFO/General Manager	Upto Rs. 25,000/- per bill
Managing Director	Above Rs. 25,000/- to Rs.500,000 per bill
Procurement Committee	Above Rs. 0.5 million to Rs. 2 million

All procurements of general nature costing Rs.10,000 or less shall be procured by the Procurement Department. Items of general nature include office supplies, cleaning supplies, electrical supplies, repair and maintenance items and other consumable items routinely used by all departments in LWMC.

3.2 PURCHASE ORDER (PO) AS CONTRACTS

A Purchase order, either verbal or written, is a legally enforceable contract, if there is an offer and its acceptance by competent parties for a consideration.

If any employee of the Procurement Department negotiates a purchase, either verbally or in writing, he can enter into a contract with supplier / vendor if the above mentioned limits are present. These employees, therefore, in execution of their duties / responsibilities shall be governed and guided by their limits of authority as prescribed in this manual.

3.3 EMPLOYEES' PERSONAL LIABILITY

A person involved in the procurement process shall be personally liable, to make good the loss / damage incurred by LWMC if he:

1. Solely or jointly with others, makes an incorrect statement concerning his authority with intention to deceive.

2. Performs an unlawful act damaging the interest of LWMC, even though believing that such act might benefit LWMC.
3. Misrepresents, misconstrues and / or misunderstands his authority, and / or does not exercise sufficient and due care and discretion in the exercise of authority given to him.
4. Does not adhere to the law of the land notwithstanding instructions issued to him.

3.4 LIABILITY FOR MISQUOTING AN ORDER TO A VENDOR

If the requisitioner or the purchase department misquotes the requirements or specifications of an order to the vendor and the vendor fulfils the order according to requirement and specification, LWMC shall be liable to accept goods or services supplied.

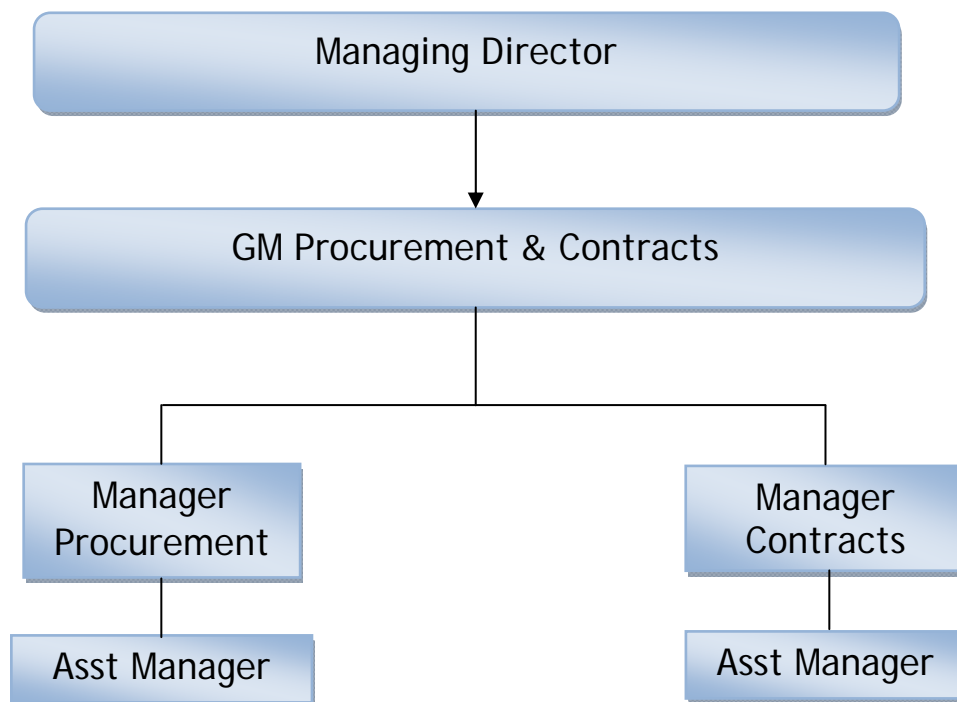
If convenient the Procurement Department shall make mutually satisfactory arrangement with the vendor to correct the mistake at additional cost. If a significant loss to LWMC is involved, the matter shall be referred to the Legal Advisor of LWMC to determine the cause and relief.

4. ORGANIZATION & RESPONSIBILITIES

It is the intent of this policies and procedures manual not to restrict the effectiveness of the individual(s) involved in procurement, but to provide a foundation for an effective, consistent and standardized process. It is the individual responsibility of each employee involved in procurement activity to understand the policies and procedures set forth here and in case of any query refers the matter to the head of the department.

4.1 ORGANOGRAM

The hierarchy of Procurement Department is as under:



4.2 RESPONSIBILITIES

All LWMC's employees involved in the procurement process shall have the responsibility for ensuring that the procurement of goods and services for LWMC is carried out in a cost-effective manner (i.e., purchasing at the lowest life-cycle cost that is consistent with quality, service, and other supplier performance requirements, or obtaining improvements in quality, delivery, service, and other performance aspects at a price equivalent to or less than that of other suppliers).

This responsibility shall be carried out through the direct procurement activities of the Procurement Department or through the issuance of LWMC wide policy and functional guidance provided to those employees involved in procurement activities.

The specific responsibilities of Procurement Department shall include:

1. Set policies and develop procedures for procurement activities performed directly by all employees who purchase goods and services.
2. Monitor all procurement activities at LWMC to ensure that purchasing policies and procedures are observed throughout LWMC.
3. Serve the following needs of the user departments for which goods and services are procured:
 - Lowest life-cycle cost.
 - Product and service specifications are met.
 - On-time deliveries.
 - Accurate and timely documentation.
 - Supplier reliability.
4. In conjunction with the Legal Advisor and key user and the concerned departments, protect LWMC's corporate interests in contracting activities.
5. Soliciting user department objectives and requirements including product specifications, supplier performance requirements and other criteria pertaining to goods and services procured for those departments.
6. Development of short-range and long-range purchasing objectives with a view toward reducing the overall cost of goods and services procured and improving service to user departments.
7. Evaluation of supplier performance based on knowledge of prices and deliveries and information received from user departments relative to product or service quality. Anticipation and negotiation of possible price changes and, in general, development of thorough knowledge base of the goods and services purchased.

8. Maintaining effective communications between Procurement Department and all user departments involved in procurement-related activities.
9. Providing procurement training to employees and conduct educational seminars for LWMC user departments on procurement policies and procedures, in conjunction with other departments, such as Legal, as appropriate.
10. Preparing & processing of all valid POs and PRs.
11. Initiation of claims against vendors for all short / incorrect and damaged receipts.
12. Maintenance of all records pertinent to the procurement of goods, services and other matters.

4.2.1 GM (P&C)

- Leads strategic planning initiatives for all contracting and procurement related issues.
- Responsible for development and implementation of contracting and procurement standards and procedures.
- Ensures compliance of all contracting and procurement related matters with local authority, corporate, legal, ethics, regulatory, insurance, finance and tax requirements regarding procurement related issues.
- Reviews potential contractors and vendors technical and commercial qualifications.
- Identifies contracting and procurement specific cost savings to the project and monitoring, forecasting and reporting the respective budgets and metrics.
- Responsible for project contracting and procurement plans Responsible for development of tender and evaluation procedures Manage long term procurement outlook / planning.

- Develop contracting strategy for individual scopes, incorporating KPI's Responsible for bidding, evaluation and award of strategic contracts
- Develop and implement contract management process and database.
- Develop reports against KPIs, and monitor performance.
- Oversees planning and development and implementation of procurement initiatives to enhance LWMC systems across all fields of procurement.
- Provide management direction to Area Contracts/Procurement Managers.
- Operational purchase of all materials and equipment.
- Providing the control of whether the works executed by the supplying companies are in accordance with the agreement, technical specifications and project and taking the necessary measures considering this case.
- Attend and report regularly to the MD and implement the general strategic decisions issued by the MD.
- Supervise all subcontractors and ensure their compliance with their contractual obligations as well as their timely payment and compensation.
- Make major procurement decisions in close coordination with the procurement officer and the involved departments.
- All communication with law, finance and business team disciplines for resolution of contract issues and disputes.

4.2.2 Manager Procurement

- Prepare purchase requisitions, approve by authority and issues purchase orders in accordance with company policy and negotiated terms and conditions.
- Maintain procurement files.
- Track Purchasing activity and measurements.

- Discuss defective or unacceptable new goods or services with users, vendors and others to determine cause of problem and take corrective and preventative action after discussing by seniors.
- Ensure supplier compliance with site and company requirements for safety.
- Manage vendor relationships and assist in building effective partnerships.
- Assist seniors in developing and implementing purchasing strategies for products.
- Responsible for planning, developing and buying materials, parts, supplies and equipments in a timely and cost effective way; timely manner while maintaining appropriate quality standards and specifications.
- Dealing with suppliers.
- Develop and review purchase requests and ensure authorization as necessary to facilitate the timely purchase of new food products.
- Liaise with Accounts & Finance Department to ensure accurate and timely payment of invoices, as necessary for the business with the supplier.
- Executing the goods, services and construction work purchases commended by the tender authority and other requirements of law regulations.
- Providing the control of the progress payments and final accounts of the supplying companies. Reverting to the required authorities for its confirmation.
- Verification of invoices on freight and materials.
- Following and systematically filing the signatory circular of the demand form, invoice and other documents coming from the departments.
- Archiving the catalogues, brochures, price lists and such documents about the material purchased systematically.

- Executing the correspondences concerning his department and controlling the document flow.
- Implementing the other tasks given by the superiors.

4.2.3 Assistant Manager Procurement

- Order materials and services as per negotiated and appropriately approved. Review quotations.
- Assist Manager Procurement Executing the goods, services and construction work purchases commended by the tender authority and other requirements of law regulations.
- Providing the delivery of the purchased material to the demanding department, executing the control of dispatch list/invoices as well as the follow ups.
- Having the catalogues, brochures, price lists and such documents of the purchased material systematically achieved.
- Dealing with suppliers.
- Preparing the required purchase reports and presenting them to the approval of the superior.
- Assist Manger Procurement in developing and reviewing purchase requests and ensure authorization as necessary to facilitate the timely purchase of new food products.
- Implementing the other tasks given by the superiors.
- Participating in the improvement works.

4.2.4 Manager Contract

- Research vendor's / supplier's capabilities; identify a pool of candidate vendors / suppliers for project consideration.

- Assist in the negotiation of contracts with an optimum mix of price and quality.
- Assess the quotations submitted and selecting the bidders with which the commercial/financial negotiations may be conducted.
- Set targets as to the result to be achieved in price negotiations.
- Conduct the financial and contract negotiations at the appropriate management level.
- Identify and analyse economic developments in the market.
- Manages the competitive bidding and selection process.
- Negotiate contract terms, pricing and payment schedule, ensuring that the agreements with the vendors / suppliers are commercially advantageous.
- Intervenes, analyzes, manages and resolves business conflicts between the company and the vendors / suppliers.
- Preparation of routine contract documents in accordance with corporate policy.
- Analyzes significant, and/or unique contract requirements, special provisions, terms and conditions to ensure compliance with appropriate laws, regulations, and LWMC policies.
- Assist GM (P&C) for all communication with law, finance and business team disciplines for resolution of contract issues and disputes.
- Preparing bids within the direction of the directives given by the General Manager, reporting the General Manager after discussing with the concerning departments about whether the bids are in accordance with the procedures legally and technically.
- Providing the preparation and controlling the final account reports of the tenders under the LWMC responsibility.

- Providing the control of the progress payments and final accounts of the supplying companies. Reverting to the required authorities for its confirmation.
- Executing the correspondences concerning his department, controlling the document flow.
- Copying any type of document concerning the agreements and achieving them systematically.
- Making the control confirmation of the progress payments, transferring to the upper department.
- Implementing the other tasks given by the superiors.
- Participating in the improvement works.

4.2.5 Assistant Manager Contracts

- Providing the execution of the tender process (except for the location delivery) until the agreement is signed concerning the goods, services and construction work purchases commended by the tender authority and other requirements of commercial law regulations.
- Writing/typing the agreement draft and administrative specifications under the supervision of the superior.
- Providing the monthly preparation of the payment reports of the tenders under the LWMC responsibility and controlling them.
- Assist Manager Contract in the negotiation of contracts with an optimum mix of price and quality.
- Assists in identification, development and implementation of new contract policy and processes.
- Assist Manager Contract in preparation of routine contract documents in accordance with corporate policy.

- Develops negotiation strategy and leads negotiation team on complex contractual issues.
- Preparing the Contract file.
- Taking charge in the Contract if necessary.
- Forwarding and administering the personnel under his command; preparing or having work plan and programs prepared.
- Participating in the improvement works.

4.3 PROCUREMENT COMMITTEE

Procurement Committee shall consist of the following members;

- GM (P&C)
- GM (Operations)
- Chief Financial officer
- One person from BOD/ nominated by BOD
- Concerned Departmental Head involved in the requisition process

5. ETHICS & STANDARD OF CONDUCT

All employees of the Procurement Department shall follow the general ethics and standards of conduct as described in the Human Resource Manual. The staff working in the Procurement Department shall additionally follow the under mentioned ethics and standards of conduct:

- i. Protect all information that is proprietary to LWMC or to a supplier.
- ii. Ensure that requirements are sourced competitively.
- iii. In competitive sourcing situations, invite only firms to bid that have been pre-qualified or shortlisted.
- iv. Award the contract to the most responsive bidder based on quality and the lowest total life-cycle cost to LWMC.
- v. Ensure safety and the environmental standards are adequately met in all procurements.
- vi. Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
- vii. Ensure that LWMC obtains best value for money from any procurement activity.
- viii. Wherever possible aggregate requirements into logical packages to maximize the purchasing power.

Additionally the persons involved in procurement should not:

- i. Become involved in any situation that produces a conflict of interest in performance of LWMC's duties.
- ii. Become involved in any situation that results in the development of a sense of personal obligation to any supplier.
- iii. Take advantage of an apparent mistake in a supplier's bid.

- iv. Accept money, loans, credits, or prejudicial discounts and the acceptance of gifts, entertainment, favors or services from suppliers that might influence or appear to influence purchasing decisions.
- v. Commit defiance of Government laws and rules that are applicable to the LWMC procurement activities.
- vi. Commit LWMC to any expenditure without involving concerned authority in the Procurement Department.
- vii. Allow suppliers or contractors to unduly influence the procurement decisions.
- viii. Exceed your delegated authority.

6. PROCUREMENT PLANNING AND BUDGETING

For effective purchasing LWMC needs procurement planning and prioritization. Funding for procurement is unlikely to be sufficient to meet all requirements, and limited financial resources must be in aligned with the mission of LWMC to ensure that the most important requirements are adequately met before spending on less essential procurements. Development of procurement plans is an essential part of the annual budget preparation process.

Effective planning allows for larger purchases at lower unit costs, rather than frequent sourcing of quotations for identical items and issuing many individual Purchase Orders. Procurement of common use items from more than one suppliers into Framework (Call-off) Contracts for six months or a year, to permit further economies of bulk purchasing, saving of time wasted by separate procurements, and a reduction of the need to maintain high stock levels.

6.1 ACCOUNTABILITY

GM (P&C) has overall responsibility for control of the preparation and the approval of the detailed Annual Procurement Plan under the authority of the MD.

6.1.1 The Budget Preparation Process

- i. Annual budgets are prepared each year in accordance with the planned procurement activities for the next year.
- ii. GM (P&C) has the responsibility for the compilation of the budget for items planned to be procured based on management approval, expansion projects, and regular requirements etc, generated by various departments.
- iii. Preparation of the Annual Procurement Plan shall be initiated at least three months before the start of the Financial Year to allow sufficient time for a realistic and accurate compilation of the budget.
- iv. GM (P&C) has the task of compiling the Annual Procurement Plan from the individual departments, units, and projects of LWMC, including the departments and functions taken over or proposed to be taken over by

LWMC from the City District Government Lahore or other formations. Procurements for donor-funded projects (if any) should also be included but identified in a separate section of the Annual Procurement Plan.

- v. The process shall include receiving demands, checking quantities and costing, obtaining clarifications and other responses to any queries, analyse and compiling all submissions into a comprehensive procurement plan.
- vi. Submit the draft Annual Procurement Plan to the Managing Director for approval.
- vii. In response to the advice of the MD, and in full consultation with the Heads of departments, units, projects and programs, adjust the Procurement Plan according to service priorities.
- viii. Compile the final Annual Procurement Plan and submit to the Board of Directors for approval.
- ix. Notify Heads of departments, units, projects and programs of their approved procurement plans and annual procurement budgets.
- x. All modification in requirements or additional requirements for inclusion in the procurement budget shall be intimated by the concerned departments to the Procurement Department for revision purposes which shall process the revised budget and take approvals of the Managing Director and the Board as per laid procedures.

6.1.2 Role of Departments

- i. All Departments are required to prepare and forward to the Procurement Department the estimated requirement, and delivery scheduling of each stock item held in addition to departmental operational purchases. The planned quantities to be procured must be in accordance with existing stock levels, and annual usage patterns.
- ii. GM (P&C) analyses the plans submitted by the departments, with previous pattern to access the quantities and requirements for the next Financial Year and estimate of cost involved.



- iii. All planned procurements of goods, works and services for the next Financial Year must be identified and scheduled in the Annual Procurement Plan. Care should be taken to avoid double-counting of requirements where there are overlapping responsibilities in functional and line relationships.

7. PROCUREMENT PROCESS

7.1 PURCHASE REQUISITION (PR)

All persons within the LWMC shall use the standard form to requisition any purchases whether these relate to goods or services to ensure consistency. This will be done by raising the request on a prescribed format at Appendix-1.

The Pre-Numbered PR shall be used for all purchases valuing above Rs. 10,000, please see **Appendix-1** for the specimen document. For purchases valuing less than Rs. 10,000 please see 7.5 on Low value and emergency procurements.

7.1.1 Initiation of PRs

- i. Any request for purchase of materials / equipments / supplies having value more than Rs. 10,000 must be placed on a PR.
- ii. In an emergency, procurement can be requested through telephone/e-mail/fax etc. for the procurement of required material. However approved PR must follow to support the action requested.
- iii. The person raising the requisition shall provide:
 - Description - Clearly describe and specify the requirement unambiguously. Specifications provided with purchase requisitions must be in a form suitable for issue to potential suppliers or contractors.
 - Quantity-Detail the quantity required, and state whether partial deliveries are acceptable.
 - Quality-Clearly describe the required quality standards and performance characteristics noting that these shall be sufficient for the purpose. No benefit is achieved for LWMC by specifying goods or services of a higher than necessary quality.
 - Program - Identify when the items or service are required and ensure that you have allowed sufficient time for the procurement process to be undertaken. If program requirements are critical and would involve cost

to LWMC if not completed to time, clearly identify this so that the terms and conditions of contract can be tailored to suit. As Procurement Department has no direct control over when requisitions are raised, it is therefore the requisitioner's responsibility in the first instance to ensure that Requisitions are produced on time.

- Provide a list of the vendors who are qualified to meet the requirement; Procurement Department reserves the right to amend this list.

7.1.2 Approval of PR

- i. For all equipment / inventory items of consumable nature, requisitions should be sent by the user department to the Manager Inventory Control for confirming the availability of the item requested. The Manager Inventory control shall sign the requisition and mention the quantity on the requisition, if available.
- ii. All PRs where goods or services are to be procured shall essentially be sent to the Accounts & Finance department for verifying the availability of budget. Availability of budget shall be confirmed by the Chief Financial Officer.
- iii. After confirmation of budgets, the PR shall be sent to the approving authority for approval in accordance with the lines of authority and limits prescribed in this manual.
- iv. After approval the PR shall be sent to the Procurement Department.
- v. Procurement Department shall
 - Verify the signatures of the approving authority.
 - Confirm approval with respect to monetary limits.
 - Determine if the PR is complete in all respects.
 - Enter the particulars of Pre-Numbered PRs in PR Numerical Register.
 - Open a procurement file.

7.1.3 Revision of PR

In case of revision of PR a new PR shall be initiated clearly indicating as revised by writing "Revised PRs" in bold letters on top of the PR.

- i. Numerical Control No. of the revised PR shall remain the same as that of the original PR.
- ii. Revised PRs shall be sent with the original cancelled PRs for review and approval.
- iii. PR revised after the approval shall form part of the procurement File.

7.1.4 Distribution of PR Copies

PR copies shall be distributed as follows:

Original	Procurement Department
1 st Copy	Originator
2 nd Copy	Accounts Department

7.1.5 Splitting of PRs

Efforts shall be made to foresee and group requirements in a manner that the PRs are initiated to cover the overall requirements of a particular item instead of raising too many PRs for the same item over a short period of time.

7.1.6 Roles & Responsibilities

Roles	Responsibilities
Requisitioner	<ul style="list-style-type: none"> ▪ Fill all required fields on the PR. ▪ Sign PR ▪ Get the PR approved by the budget holder. ▪ Get PR verified as to availability of budget from the accounts department. ▪ Get PR approved from the approving authority
Accounts Department	<ul style="list-style-type: none"> ▪ Verify availability of budgets.
Procurement Department	<ul style="list-style-type: none"> ▪ Verification of approver's signatures. ▪ Confirmation of approval with monetary limits.

Roles	Responsibilities
	<ul style="list-style-type: none"> ▪ Assign number to PR. ▪ Recording in the PR Master Register. ▪ Opening of procurement File.

7.2 ECONOMIC EVALUATION

All purchase decisions shall be made on the basis of the lowest life-cycle cost, and consideration for quality of goods and services, delivery or availability, safety and environmental issues. Competitive alternatives should be considered in all purchase decisions such as, purchasing refurbished equipment, lease or make or buy decision, outsourcing a task, or purchasing the goods or services from a different location.

7.2.1 Evaluation Policy & Procedure

a) Life Cycle Costing

The GM (P&C) in consultation with the Chief Financial officer shall consider following six steps for conducting a life-cycle cost analysis:

- i. Determine the operating life cycle of the goods or service - types of operation, maintenance required, etc.
- ii. Identify and quantify the factors that affect costs - power consumption, labor and maintenance requirements, average time between failures, average downtime cost, time between overhauls, etc.
- iii. Calculate all costs at current rates and prices.
- iv. Project costs to the future dates at which they will be incurred, adjust for expected inflation or deflation, consider estimated salvage or scrap value, and complete the life cycle cost matrix.
- v. Discount all future costs and benefits to their present values.
- vi. Sum all costs and benefits to obtain the total net present life-cycle cost.

Generally one-off or single source purchases of goods or services, for example, consumable items, office supplies, or a repair, etc., do not require the above

economic analysis, unless a long term contract or other alternative is being evaluated.

b) Lease or Buy Decision

A lease versus buy decision shall be made for all capital purchases. Senior Manager Finance should prepare the lease or buy analysis for consideration of the Procurement Committee. While making such decision operating advantages and disadvantages should also be considered.

c) Make or Buy (Outsource) Decision

A make or buy decision may be necessary to ensure that LWMC obtains economic advantage through lower operating costs. An analysis similar to “Life-Cycle Costing” and “Lease or Buy” decisions shall also be required in a “Make or Buy” decision.

d) Price Analysis

All purchases of goods or services shall be at a fair and reasonable price. Prices should be analyzed by comparing competitive price proposals, market prices, catalog prices, historic prices, or independent cost estimates (for example. business buying guides, trade publications, etc.).

e) Documentation

Economic evaluation of all purchases of goods and services valuing Rs. 25,000 or greater shall be documented and included in the procurement File.

7.2.2 Roles & Responsibilities

Roles	Responsibilities
Procurement Department	<ul style="list-style-type: none"> ▪ Economic Evaluation
Accounts Department	<ul style="list-style-type: none"> ▪ Economic Evaluation, if required by the Procurement Department

7.3 SOURCING & SOLICITATION

The P&C Department must determine the appropriate supplier selection method to ensure that the lowest total cost (price, quality, warranty, delivery and service) and highest customer satisfaction are obtained. The following procedures may be adopted:

7.3.1 Open Competitive Sourcing

a) Criteria for Open Competitive Sourcing

Following criteria for open competitive sourcing is required:

- The value of the purchase is over Rs. 100,000.
- There are more than one qualified sellers.
- There is no existing purchasing agreement (e.g., written contract, blanket purchase contract, call-off contract) specifically covering that product or service.

When an individual transaction of any amount is part of an existing purchasing contract (blanket / call-off contract), separate open competitive sourcing for that transaction will not be required. Please see section 7.4.5(f) for call off requirements.

All LWMC's purchases which are not competitively sourced are termed "Single Source".

b) Advertisements

- Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the PPRA's website (<http://ppra.punjab.gov.pk/>) in the manner and format specified by regulation by the PPRA from time to time.
- All procurements over two million rupees should be advertised on the PPRA's website as well as in the newspapers having wide circulation. The

advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

- LWMC shall also post all advertisements concerning procurement on its website and ensure that the information posted on the website is complete for the purposes for which it has been posted, and such information shall remain available on that website until the closing date for the submission of bids.

c) **Request for Quotations / Bids**

Requests for Quotations / Bids shall be done in the following way:

- Requests for quotations should be sent to at least three approved vendors for all procurements above Rs. 25,000 and up to Rs. 500,000. The approved vendors shall submit prices based on fully defined criteria so that competitive price shall be the deciding factor for selection.
- Requests for bids (RFB), with or without follow-up negotiations, where procurement involves products or services whose scope, specification, design, etc. is of technical nature and may not be precisely defined so that all the bidders can compete solely on technical and financial bids. RFB shall be advertised in a manner as prescribed above. RFB requests potential bidders to furnish detailed proposals to LWMC. The RFB shall normally be for construction and projects of technical nature and evaluated on quality and cost based criteria.
- Forms of RFQ / RFB shall be in writing (as per **Appendix - 2**) in original. In reply to RFQ/RFB vendor will provide information inquired in RFQ/ RFB in following format.
 - i. Vendor's letter head: delivered by hand, mail, courier, facsimile etc.
 - ii. By e-mail from vendor and, if possible, followed by an original quotation on letterhead as per (i) above.
 - iii. Format provided by LWMC.

- d) RFQ / RFB Procedure
- i. After the receipt of approved PR, Procurement Department shall prepare RFQ or RFB in triplicate containing following basic information.
- Appropriate reference number containing the number of procurement File.
 - Vendor's name and address.
 - Payment terms.
 - Date and time of delivery.
 - Place & mode of delivery.
 - Due date by which priced quotations must be received by LWMC.
 - Description and quantity of items.
 - Date by which quotation should be valid.
 - Any other special considerations like requirements of quality related certificates.
- ii. Sign the RFQ / RFB and endorse date.
- iii. RFQ / RFB will normally be issued by post (or courier service to be used if doubts exist regarding the reliability of the postal service). For urgent requirements it is acceptable to issue enquiries by facsimile or e-mail.
- iv. Each envelope containing RFQ / RFB shall be entered in the Outward Mail Register and marked with the Mail / Postal Number.
- v. During the tendering process it is Procurement Department's responsibility to ensure that all the tenderers are treated equally. No one, tenderer shall be given information that is not provided to others.
- vi. Request for RFQ / RFB shall clearly mention the requirement for

- Mentioning of RFQ/ RFB number.
 - Addressee i.e. Procurement Department.
 - Sealed and written bids.
- vii. If required, RFB shall specifically mention the amount of earnest money as a percentage of quoted value to be submitted with the quotation in the form of a bank draft/pay order drawn in favor of LWMC. Quotations submitted without earnest money shall not be accepted by LWMC. The earnest money demand drafts/ pay orders in respect of unsuccessful bidders shall be returned to them while the demand drafts/ pay orders in respect of successful bidders shall be forwarded to the accounts department. The earnest money shall be refunded to the vendors within three months of completion of supplies under the POs. In case the vendors fail to deliver the material or deliver defective material the amount of damages suffered by LWMC shall be adjusted against the earnest money held in the name of the vendors.
- e) **Receipt of Bids**
- i. All bids received from the bidders shall be received by the Procurement Department and the particulars shall be entered in the Bids receipt Register.
 - ii. Upon receipt of bids these will be placed in the tender box. This shall be of substantial construction and be secured by locks (or padlocks). The keys for these shall be held by the GM (P&C) and Chief Financial Officer.
 - iii. Not later than two days after the due date of receipt of bids, Bids Committee meeting will be held. The meeting may be held at other times by mutual agreement.
 - iv. At the selected time, the Bids Committee shall:
 - Open the bid / tender Box
 - Open and stamp / sign the bids. It is only necessary to stamp and sign original documentation. Other literature submitted need not be endorsed.

- v. Record opened bids on the Bids Committee Register (to be maintained by the Procurement Department).
- vi. Bids Committee shall not accept bids received subsequent to the bid opening date/time.
- vii. The Bids Committee is not responsible for the assessment of the tenders. Following opening of bids by the Bids Committee, the bids shall be retained by the Procurement Department for the preparation of comparative statement and commercial assessment prior to passing to the technical officer.
- viii. Comparative Statement shall be a pre numbered document and shall be approved by the GM (P&C).
- ix. Each comparative statement along with relevant bids shall be filed in the relevant procurement file.
- x. No Employee of LWMC shall furnish information about any vendor or potential vendor to another party. Violation of this policy can result into disciplinary action under LWMC Policies & Procedures.

f) Evaluation of Bids

- i. Once bids have been opened, Procurement Department will carry out the commercial assessment and pass to the relevant requisitioner for technical assessment and recommendation. When carrying this out it is worth remembering that it is LWMC policy to select "Best Value for Money". This is not always the lowest price alternative. In case of specific requirements and non-availability of expertise in-house, LWMC may hire the services of experts to evaluate the Bids.
- ii. Where a quotation, other than the lowest, is accepted, the Procurement Department/user shall provide on the comparative statement, an adequate explanation for the selection (i.e. how the "Best Value for Money" is represented) and shall obtain necessary QCBS and approval as per limits of authority.

- iii. If all quotations seem to be excessive, fresh bids may be invited.
 - iv. In case the lowest bid received through competitive bidding is not more than 15% of the approved cost of the project or goods by the BOD the approval may be accorded by the Procurement Committee
 - v. If sufficient number of vendors are contacted, but only one or two quotations are received on a bid request (i.e. other vendors offering no quotations), more quotation should be sought for, until at least three are available. However in case of fruitless results, or if only one or two vendors are available, the same shall be mentioned on the comparative statement and be considered as an adequate justification. Reference numbers of all RFQs / RFBs sent in this regard shall be mentioned in the said justification.
 - vi. Approval shall be obtained on the comparative statement from the bidding committee / other authority limits in case of deviation from the procedures described above.
 - vii. In case of technical assessment required from the user procurement file shall be sent to the respective user for the technical assessment in the relevant section of the PR.
- g) Exceptions**
- i. Emergency procurements as outlined in the section 7.5.
 - ii. If there are only one or two approved vendors, sole distributors or manufacturers (i.e. for proprietary items) and previous quotations (within the past 6 months) are available from them, bids need not necessarily be solicited for. However, efforts must be made to select other approved vendors.
 - iii. If a successful bidder defaults in performance of his obligations, the Procurement Department, in consultation with the legal advisor, if required, shall decide whether to de-list the approved vendor for future purchases or enforce penalty terms (if any) in the contract.
 - iv. RFQ/RFB will not be required if demand of similar items is received within Six months and if valid quotation is available.

v. RFQ/RFB will be required for procurements of products or services of Rupees 25,000 or above, however, management may waive the requirement of RFQ/RFB for routine purchases and for the procurement of products or services in which technical knowhow is not involved.

h) Samples

i. Whenever the user asks for samples prior to approval, RFQ / RFB shall contain that requirement. Samples received from the vendors shall be sent to users along with the procurement file at the time of technical assessment.

ii. All approved samples shall be clearly marked with a distinct sample inventory number. Same number along with other particulars shall be recorded in the sample inventory register / file. Samples and samples related record shall be in the custody of the Manager Administration. At the time of receipt of material, all material required as per sample shall be compared with the approved samples in the custody of administration section.

7.3.2 International Competitive Bidding

In certain cases where the size of the contract so warrants or the plant and equipment are specific in nature or services to be procured require international expertise or the magnitude of the civil works is large which warrants investment from internationally recognized experts, LWMC may need to resort to International Bidding.

LWMC shall ensure that in International Competitive Bidding (ICB), all eligible international prospective bidders are provided with timely and adequate notification of a LWMC's requirements and an equal opportunity to bid for the required services, goods and works.

7.3.3 Advertising

For projects which include procurement on the basis of ICB, the Procurement Department shall prepare and submit advertisement to the Manager Communication who shall arrange for its publication in local and foreign newspapers and websites.

The international community shall be notified in a timely manner of the opportunities to bid for specific contracts. To that end, invitations to prequalify or to bid, as the case may be, shall be advertised as Specific Procurement Advertisement in at least one newspaper of national circulation, PPRA Web site, LWMC Web site and international newspaper/s. Such invitations shall also be transmitted to those who have expressed interest in bidding in response to the Procurement Advertisement. Manager Communication is strongly encouraged to transmit such invitations to embassies and trade representatives of countries of likely suppliers and contractors. Additionally, for large, specialized or important contracts, Manager Communication shall advertise the invitations in well-known technical magazines, newspapers and trade publications of wide international circulation. Advertisement shall be given in sufficient time to enable prospective bidders to obtain prequalification or bidding documents and prepare and submit their responses.

7.3.4 Procedures to be followed

The procedures to be followed in case of international bidding will essentially be the same as those laid for procurement of goods, services, construction of civil works etc as the case may be.

7.3.5 General Conditions for ICB

The general conditions which may be included in the contract depending on the nature of the contract are given in Appendix-6. These are tentative and may be varied according to the exact requirements.

7.3.6 Roles & Responsibilities

Roles	Responsibilities
Procurement Department	<ul style="list-style-type: none"> ▪ Selection of suppliers for RFQ / RFB ▪ Preparing RFQ / RFB complete in all respects and dispatching the same. ▪ Preparation of comparative statements. ▪ Evaluation of bids
Administration section	<ul style="list-style-type: none"> ▪ Recording of RFQ / RFB in the Outward Mail Register.

Roles	Responsibilities
	<ul style="list-style-type: none"> ▪ Recording of tenders / bids in the Inward Mail Register.
Inventory office	<ul style="list-style-type: none"> ▪ Maintenance of sample register and samples.
Administration section , Procurement Department	<ul style="list-style-type: none"> ▪ Maintaining the tender box & keys thereof.
Tender Committee	<ul style="list-style-type: none"> ▪ Bids opening ▪ Maintaining and recording entries in the Bid Opening Register.

7.4 PURCHASE ORDER & CONTRACT

All procurement commitments valuing Rs. 10,000 or more shall be made through Purchase Order (PO) and/or Contract. The construction related procurement commitments shall only be made through contracts.

7.4.1 Types of Contracts

The following are LWMC's standard contracts:

- i. Purchase order - Standard document for the procurement of goods. This shall be generally used in the following situations:
 - Routine one time procurements.
 - Multiple deliveries not exceeding more than one year in total duration.
 - Procurements wherein the standard terms and conditions are adequate for the purpose intended.
 - LWMC's standard "Purchase order Terms and Conditions" shall be attached to all such documents issued to place an order with a supplier.
- ii. Blanket Purchase Agreement / Call off order- Used for term contracts (usually one year) for defined range of works, goods or services from a supplier over a predetermined period of time at predetermined prices, or prices to be revised due to market or other conditions with no quantities specified, shipments are to be made as required by LWMC. LWMC's "Standard Terms and Conditions" shall be incorporated into all such contracts.

- iii. Variation orders -Variation orders are issued to add to, delete from, or otherwise amend an existing purchase order.
- iv. Contracts - Contracts in contrast to POs include detailed contract terms and conditions drawn and negotiated based upon each specific purchase and shall be reviewed for legal and financial implications before execution. They include contracts for professional services, repair & maintenance contracts, construction contracts, etc.

7.4.2 Purchase Orders

a) Preparation

The Procurement Department shall prepare PO in quadruplicate (four copies) as per LWMC's approved Proforma.

b) Signing

PO shall be signed by the preparer and approved by the GM (P&C) or his authorized representative.

c) Distribution

- Vendor.
- Acceptance Copy (To be signed by the Vendor for accepting the PO and sent afterwards to accounts department.).
- Procurement Department (In procurement File).
- Stores department

d) Vendor's Acknowledgement

After sending the PO to the successful vendor, the Procurement Department shall get acknowledgement from vendor as to:

- Receipt of the PO
- Terms of payment
- Quantity/Size

e) **Amendments**

Amendments to or cancellation of a PO, which has already been distributed, shall be accomplished by the Procurement Department by preparation a Variation Order to PO.

Variation Order shall be cross referenced to the PO No.

Same procedure for the approval and distribution shall be adopted as that of a PO.

f) **Blanket PO / Call off order**

All procedures for procurement under the Blanket / Call off order shall be the same with the following additional procedures:

- Blanket / Call off order for POs shall be used when there is a recurring need for expendable goods. Hence, items will be purchased under a single P.O rather than processing a separate P.O. each time supplies is needed.
- The PO shall be clearly described
 - PO as Blanket / Call off order.
 - Duration of order, which shall be not more than one year.
- Blanket / Call off POs once placed, the user may "call off" his requirements, through a Call-off Notice.
- Each Call off Form shall be cross referenced to the Blanket / Call off order.
- Signing, distribution, acknowledgement and amendment procedure of Call off Notice shall be as defined for the PO.

g) **Variation Order (VO)**

- VO shall not be used to vary the overall scope of the PO/ Contract or to cover for "Contractual Claims".
- VO represents single tender additions or alterations to existing orders. Consideration should therefore be given as to whether they represent the

best course of action commercially, or whether a separate competitive enquiry would represent better value for money.

- A written quotation shall be obtained supporting the VO. This should ideally be sought by the Procurement Department.
- The same terms and conditions will normally apply to any Variation.
- VOs up to Rs. 50,000 shall be authorized & approved by the GM (P&C) & Chief Financial Officer.
- For VOs above Rs. 50,000 shall be signed by the GM (P&C) & Chief Financial Officer and approved by the Managing Director.
- Each VO shall be cross referenced to the Blanket / Call Off order.
- Distribution, acknowledgement and amendment procedure of VO shall be as defined above.

h) Contracts

All procedures for procurement under contracts will be same with the following additional procedures:

- Contracts having significant technical or financial commitments must be negotiated by a committee comprising of members fully familiar with technical, legal and financial requirements for which the contract is being proposed.
- For work carried out on site, it is essential that project manager/site engineer or other technical persons conduct themselves in their dealings with suppliers and contractors in such a way so as to protect themselves and LWMC. Any form of corrupt practice will expose those involved to severe disciplinary action.
- Maintain a site diary and record all meetings with contractors and the basis of any discussions. Trivial events may later be of some significance.
- Formal meetings should ideally be maintained or recorded, and copies signed by both LWMC and the contractors so that the content is formally agreed.

- All formal meetings between contractors and project manager/site engineer or technical officer shall also be attended by the GM (P&C) or by Chief Financial Officer in his absence.
- Copies of all meetings shall also be sent to the Procurement Department and the accounts department.

7.4.3 Roles & Responsibilities

Roles	Responsibilities
Procurement Department	<ul style="list-style-type: none"> ▪ PO preparation, signing, distribution, getting vendor's acknowledgement. ▪ Amendments in PO. ▪ Blanket PO procedures. ▪ VO procedures. ▪ Contracts.
Project Management / Technical Persons	<ul style="list-style-type: none"> ▪ Civil and other major Contracts.

7.5 LOW VALUE AND EMERGENCY PROCUREMENTS

In cases where the value of the items to be procured are less than Rs. 10,000 or in cases where material & supplies are required on emergency basis the under mentioned procedures shall be followed.

7.5.1 Low Value Procurements

- i. Such purchases shall be approved by the Manager Procurement
- ii. Advantage shall not be taken of this policy by splitting orders for the purpose of having each one fall below the limit of Rs. 10,000/-.
- iii. Although it is preferable to pay vendors through Payee's Account cheques, however such purchases can also be made in cash against proper cash memos.
- iv. If some of the low value purchases have to be paid for in cash, the originator may obtain temporary cash advance or may arrange self purchase and obtain reimbursements.

- v. In such cases it is imperative that the material shall be checked promptly as to quantity and quality since there is no leverage against the vendor for short or defective supply of material.
- vi. The originator shall forward original invoices for cash purchases to the Accounts & Finance department for adjustment of advance or reimbursement of amount spent.
- vii. The person certifying receipt of material and approving cash memos/ bills shall not be the same individual.
- viii. The goods spot purchased through Administration section will be delivered by them to the requisitioner along with properly filled GRN.
- ix. Payment will be received from Accounts & Finance department against original invoices.

7.5.2 Emergency procurements

- i. Such action is warranted where there is insufficient time to go through the formal procurement process and failure to acquire the goods or service would represent unacceptable commercial or operational risk (safety, environmental, availability, etc).
- ii. Notes including justification shall be produced and retained with the order documentation. Emergency Requisition Form shall be completed and any written commitments shall be appended to the Requisition.
- iii. The waiver from competitive bidding shall be substantiated subsequently by written memo approved as per limits of authority and be filed in the respective procurement file.
- iv. Provided that no value time limit shall be applicable in case of emergency.

7.5.3 Roles & Responsibilities

Roles	Responsibilities
Procurement Department	<ul style="list-style-type: none"> Emergency procurements.
Administration Section	<ul style="list-style-type: none"> Delivery of GRN to finance office for low value & spot purchases.
Budget Holder	<ul style="list-style-type: none"> Approval of spot purchases.

7.6 PROCUREMENT TIME SCALES AND FOLLOW UP

In case of all procurements executed through POs a proper system of follow up of PO is necessary to reduce lead time.

7.6.1 Time Scale

The tentative time schedule is provided in Appendix - 8.

7.6.2 Responsibility for Follow Up

- Procurement Department shall be responsible for the follow up of delivery of goods and materials from the vendors for keeping the lead times at minimum.
- The Procurement Department shall ensure receipt of all PRs from their respective assigned locations by maintaining Numerical Control Registers. Any PR not received shall be followed up regularly and comments recorded in the registers.
- Procurement Department shall prepare a monthly summary of all open POs. Long outstanding POs shall be investigated and reason for same shall be noted against each PO in the Open PO Summary.

7.6.3 Roles & Responsibilities

Roles	Responsibilities
Procurement Department	<ul style="list-style-type: none"> Ensuring that the defined time scale is followed. Follow up of open PRs and open POs.

8. VENDORS MANAGEMENT

To ensure successful contracts and supplier relationships it is necessary that proper monitoring measures are developed. This is specially required where the procurement of goods and services involves:

- I. Value of Rupees 500,000 and above,
- II. Construction Contracts,
- III. Large procurements in bulk,
- IV. Involving technical knowhow.

The procedures that need to be followed are as under:

8.1 PRE QUALIFICATION PROCESS

- i. A Supplier Assessment Questionnaire (SAQ) shall be issued to all existing and prospective suppliers in order to establish a Prequalified Suppliers List.
- ii. The completed SAQ shall be returned to LWMC by the prospective supplier.
- iii. In case a returned questionnaire raises any issues or uncertainty, clarification shall be sought from the supplier concerned. A written response from the prospective supplier is required to ensure that LWMC's records are complete.
- iv. The evaluation of the suppliers will differ according to whether they are an existing or new (prospective) suppliers, although the majority of the information requested is uniform, and is further explained in (v) below.
- v. The evaluation will differ slightly in respect of the supplier's specific experience. Existing suppliers of LWMC should be able to demonstrate effective performance and completion of the contracts and purchase orders (POs) issued to them by LWMC. New suppliers will need to provide auditable evidence (e.g. references from other customers) that they are capable of effective performance and completion of similar contracts or POs.

- vi. In order for the data collected to be relevant, it is necessary for the data to be reviewed regularly. Such a review shall be carried out annually. To the extent that it affects their trading and contractual relationship with LWMC, it shall be the responsibility of the supplier to inform LWMC of all material changes to their organizational structure and operational capability.

8.2 PERFORMANCE EVALUATION

- i. For the existing suppliers (see **Appendix-10**), Assessment Review shall be carried out annually. To the extent that it affects their trading and contractual relationship with LWMC, it shall be the responsibility of the supplier to inform LWMC of all material changes to their organizational structure and operational capability.
- ii. Following the completion of an order/contract work, the Procurement Department will seek a contractor/supplier performance report (See **Appendix-11**) to be completed by the technical officer, concerned user and Procurement Department. At the end of each financial year an annual review of all reports shall be prepared by Procurement Department and feedback will be communicated to the contractor/supplier where deemed necessary and appropriate.

8.3 DE-LISTING OF SUPPLIERS

- i. Although every effort should be made to develop a supplier to its fullest potential, inevitably it will become necessary to take corrective action in order to highlight failings. Written records should be kept when such failings occur, and should include details of efforts made by both parties to resolve the failings. (To justify LWMC's decisions, this should include an estimate of LWMC's time and effort expended, and the estimated cost to LWMC of the supplier's failings). Suppliers should be notified that their performance is unsatisfactory, and that remedial action is required to ensure that they are not delisted. However, if oral and written communications fail to generate an improvement in the supplier's performance then, as a last resort, it may become necessary to 'delist' a supplier.

- ii. The criteria used to justify 'delisting' shall be based on the use of recommended procurement principles and practice.

8.4 Contract Performance

8.4.1 Monitoring and Performing the Obligations

The Contract may impose certain conditions on LWMC which, if not complied with, may affect the Supplier or Contractor's performance including:

- i. Payment of stage payments within the contracted time limits.
- ii. Assistance with import licenses etc.
- iii. Approval of drawings or reports within the set time periods.
- iv. Provision of storage or working facilities and access permits.
- v. Conditions relating to the supplier's provision of staff services (e.g. letters of invitation for visas, provision of office space, etc.).

Ensure that all such obligations of LWMC are planned and performed without undue delay.

8.4.2 Delays in Performance

Delivery of goods, construction of works and the performance of services should be completed by the Supplier or Contractor in accordance with the time schedule prescribed in the Schedule of Requirements. Where this is not the case:

- i. In accordance with the contract conditions, the Supplier, Contractor, or its subcontractor, must notify LWMC in writing of the conditions delaying performance, including full details of the delay, the likely duration and the cause(s).
- ii. LWMC will immediately assess the situation, and may at its discretion extend the Supplier or Contractor's time for performance, with or without liquidated damages as specified in the Contract.

- iii. If the time for performance is extended, both parties shall approve such extension by a formal addendum to the Contract subject to approval by the Procurement Committee.
- iv. A delay by the Supplier or Contractor in the performance of his obligations may render him liable to liquidated damages if specified in the contract document, except where:
 - Natural disaster, war etc.
 - There is no provision for liquidated damages in the contract&
 - An extension of time is agreed between the two parties without the application of liquidated damages.

The GM (P&C) will:

- i. Refer to the relevant clauses in the General or Special Conditions of Contract for the procedure to be followed to apply, calculate and claim liquidated damages.
- ii. Update the Procurement file and Contract Register to reflect any delays in the supplier's performance.
- iii. Notify the end-user department immediately of all such delays.

8.4.3 Resolution of Disputes

Most minor disputes may be resolved by sensible discussion and agreement between the responsible officer and the Supplier or Contractor to rectify the cause of complaint.

Any formal written complaints received from a Supplier or Contractor should be fully investigated and referred to the Managing Director to authorize correspondence or formal negotiations with the Supplier or Contractor.

- i. Examine the Contract carefully to be aware of all contract conditions relating to the Resolution of Disputes.

- ii. Determine if LWMC is at fault or partly at fault, and if so, take appropriate action to rectify the problem.
- iii. Invite the Supplier or Contractor to a formal meeting, within 7 days of the complaint, to discuss the issues and try to agree a compromise acceptable to both parties. Ensure that accurate written Minutes are kept of any such meeting. If an agreement is reached which changes any of the conditions of the Contract, approval of the Procurement Committee or the Managing Director is required before the agreement can be implemented.
- iv. If no initial agreement is reached and negotiations conducted by the Managing Director also fail, consider the use of conciliation or arbitration services as specified in the contract.
- v. Prepare any necessary addendum to the Contract for signature.
- vi. On contracts funded by a donor, ensure that the donor is kept informed of disputes and seek advice, and a formal "no objection" where required, before any contract addendum is signed.

8.4.4 Termination of the Contract

Contracts should not normally be terminated without examining all possible alternatives, unless the termination is agreed by all parties to the contract.

- i. Examine the Contract carefully to be aware of all contract conditions and penalties relating to the Termination of Contract.
- ii. Follow the advice of the Legal Officer in the preparation of any correspondence and settlement of any contractual penalties.

8.4.5 Contract Amendment

Contract amendment may become necessary as a result of the application of price variations specified in the contract, the resolution of disputes, additional or reduced requirements by LWMC, agreements to extend the time schedule, or from accepted increases or decreases in prices. The contract may allow LWMC to modify

contract values by a pre-determined percentage when this is in the company interest and essential for the work of LWMC.

All amendments to costs, quantities, time-periods and other terms and conditions of the contract must be approved by the Procurement Committee and confirmed in a formal contract amendment or addendum.

The GM Procurement & Contract will:

- i. Identify and agree with the Supplier or Contractor the specific clauses in the contract which need to be changed, and the new values or terms and conditions which are to apply.
- ii. Prepare a draft contract amendment document for approval by the Procurement Committee together with a report justifying the reasons for the amendment,
- iii. Record any change in contract value in the in the Contract File.
- iv. Record any other contractual changes in the Contract File.
- v. Obtain from the contractor/supplier any necessary addition to the performance security.
- vi. Arrange for signature of the contract amendment

8.5 ROLES & RESPONSIBILITIES

Roles	Responsibilities
Procurement Department	<ul style="list-style-type: none"> ▪ Get Supplier Assessment Questionnaire (SAQ) filled. ▪ Get Contract Performance Report completed.
Technical Officer / User Department	<ul style="list-style-type: none"> ▪ Timely submission of Contract Performance Report after each contract.

9. MATERIAL & SERVICES RECEIVING

The receiving of goods and services, timely and efficient reporting of the receipt of goods and services, handling discrepancies and returns are all important part of the task of the procurement. The under mentioned steps are taken on receipt of goods:

9.1 MATERIAL RECEIVING

- i. Unloading and checking the shipment - Check the number of packages/containers being delivered against the truck/delivery tag to ensure everything listed has been delivered. Check each shipment for physical damage. If there is damage, note it.
- ii. Unpacking and inspecting the material - Compare the supplier's packing slip against the purchase order to verify that the correct items have been shipped. Verify that the quantity delivered agrees with what was ordered. Check the general condition of the material to determine whether any external damage was incurred during shipment.
- iii. Handling discrepancies - At the time of delivery, the person doing the receiving must immediately notify the supplier or the person who did the actual ordering that a discrepancy or damage exists. In the case of damaged material that was delivered by a common carrier, the person receiving the items must protect them from further damage by placing them in a safe place until the supplier provides instructions concerning the material's disposition. If the items are delivered by the supplier's own vehicle, the driver should be asked to contact his company to arrange for taking the damaged items back and not leave those at LWMC's premises.
- iv. Preparing Good Receipt Note (GRN) - GRN (See **Appendix-12**) shall be prepared by the inventory personnel on receipt of goods and forwarded to Procurement department for information and Accounts & Finance department for proper accounting and recording.

9.2 MATERIAL RETURNS

- i. Before any material is returned, regardless of the reason, the supplier should be contacted in order to provide authorization or instructions for the return.
- ii. If the supplier does not desire to have the material returned, regardless of responsibility, the goods should be disposed off in accordance with the asset disposal policies and procedures.

10. PROCUREMENT OF CIVIL WORKS, GOODS & SERVICES

LWMC may require to award contracts for civil works and/or procurement of goods and services of international quality standards and at competitive rates. Such contracts require that payments are made in accordance with terms of contract and for work actually done or goods satisfactorily supplied. The procedure to be followed for award of these contracts is detailed in the following paragraphs.

Bid Invitation

The award of contract for supply of goods and services or execution of civil works shall always be through competitive bidding by means of sealed "tenders". In case of most contracts where funds are being provided by some funding agency, the funding agencies may require international competitive bidding; it will of course depend upon the size and type of contract. However, funding agencies may agree to other arrangements in case the international competitive bidding is not most economical and efficient method.

Example of such procurement arrangements are:

- Limited international bidding i.e., by direct invitation only
- Competitive bidding advertised locally
- Local or international shopping
- Direct purchasing

In these cases the concerned entity (LWMC) shall follow the procurement procedure for categories of goods, works and services which may be agreed between the entity and the funding agency and are reflected in the funding agreement.

The bidding documents shall cover:

- Instructions for bidders
- Proforma conditions of contract
- Forms of security required usually bid, advance payment and performance securities

- Bid validity
- Standards
- Insurance
- Price adjustments
- Liquidated damages
- Bonuses
- Force majeure
- Settlement of disputes
- Terms of payment

In addition to the above, the bidding documents shall include the following clauses:

- i. Origin of goods: The funding agencies always require that funds be used for payment of goods produced in and services applied from the territories of eligible countries. Hence the bidding documents shall require the contractor or supplier to furnish the necessary data regarding the origin of goods, works or services.
- ii. Pricing and currency of bids: Since the bids may come from several countries, bidding documents shall state the currencies in which to express the bid prices. The currencies may be the following:
 - Bidder's own currency
 - Currencies in which bidder expects to incur expenditures
 - Another currency widely used in international trade and specified by the project entity in the bid documents.

The following are special cases:

- In case of contracts for the supply and installation of equipment, the bidding document shall require bidders to state the portion of the bid price representing local costs in local currency (i.e., Pak Rupees).

- In case of civil works, the bidding documents shall require bidders to state bid prices entirely in local currency i.e., Pak. Rupees with any foreign currency component expressed as a percentage of the bid price for each currency.
- iii. Performance Security: Bidding documents for civil works and for supplying and installing major plants shall require same form of performance security to protect the project entity against the breach of contract by the contractor or supplier. The Performance Security may be fixed up-to 10% of the total value.

The bidding documents shall specify which of the following forms of securities be provided:

- Performance bond or basic guarantee from a bank of good repute
- Enough retention money withheld for the contract or
- A combination of both

The performance security must last, long enough, beyond the estimated completion date of the contract to cover the warranty or maintenance period which shall be specified in the contract or it may be that a separate guarantee is required for warranty or maintenance period.

In case of contracts for supply of goods, the manufacturer or supplier shall be required to provide a basic guarantee to guarantee the performance and warranty obligations or reasonable amount of retention money may be withheld.

Bank guarantees shall not be required for consultant contracts.

Bids Committee: All bids submitted shall be reviewed by the Bids Committee to verify that the bid documents are complete in all respects and bid money has been deposited. The contract shall be awarded to the lowest bidder. However, price shall not always be used as the only selection criteria; quantity of work and reputation of bidder shall also be taken into consideration. If the funding agreement so directs, all the documents including final contract shall be submitted for prior review to the funding agency before the award of the contract.

On award of the contract a legal agreement incorporating all the clauses mentioned above shall be signed by the representative of the bidder and GM (P&C) and or MD on behalf of the LWMC.

The contractor shall be allowed to commence civil work or supply goods or withdraw mobilization advance only after the formalities with respect to specified amount have been deposited with LWMC.

10.1 PAYMENTS UNDER THE CONTRACTS

10.1.1 Advance Payments

Advance payments to be made on signing of the contract (for mobilization and similar expenses) shall be related to the cost of goods, works or services covered by the contract. These shall not be more than 10% of the total contract price. The advance payment whether for mobilization or other purpose shall be released only after furnishing a bank guarantee for the specified amount and from a bank of good repute. The bank guarantee shall always be verified.

10.1.2 Progress Payments

Progress payments shall be made in accordance with the terms of the contract and after compliance with the conditions laid down in the contract for such payments. The application for payment submitted by the contractor shall be reviewed by a designated official to verify that:

- Payment is due and in accordance with the terms of the contract
- All conditions laid down in the contract have been complied with
- All the details of work done or goods supplied have been recorded
- Rates applied are as agreed
- Quantity and quality have been verified by technical officer / user department

10.1.3 Retention Moneys

The retention moneys shall be deposited in a separate bank account. These shall become payable to the contractor or supplier upon successful completion of the contract, at the end of the warranty period or on another specified date determined in accordance with normal practice.

In the event of default or non-performance under a contract, the project entity shall use funds from retention money account to complete the work or to repair defects during the maintenance or warranty period.

10.1.4 Currency of Payment

Payments under each contract shall normally be made in the currency or currencies in which the price has been stated in the successful bid. However, if the bidder has shown the percentage of payments to be made in other currencies, the exchange rates for a reference date specified in the contract shall be used to maintain the value of the foreign currency portions of the contract price - without loss or gain.

10.1.5 Payments

All payments under the contract except refund of retention moneys shall be net of retention money as specified in the contract and taxes applicable at the time of payment. All payments shall be by crossed cheques.

10.2 PROCEDURE FOR PREPARATION OF BIDDING DOCUMENT FOR WORKS

10.2.1 Basis of Documents

The bidding documents used for this purpose have been taken from the Pakistan Engineering Council website. These Documents have been prepared as a global document intended to be used by different agencies/users according to their requirements. These documents envisage the Local Competitive Bidding (LCB), meant for use for Works costing not more than Rs. 25 Million. These bidding documents may be tailored according to the scope of works, as well as, in case of contracts on International Competitive

Bidding (ICB) basis, funded by international financial institutions/donors, with payments in foreign currencies.

LWMC is expected to manage the Contract itself however the role of Engineer/Consultant may be added, if LWMC needs to engage a consultant for execution of a specific contract. In such a case the role of the Engineer/Consultant with specific delegated powers under various clauses of Instructions to Bidders such as clarifications of Bid Documents, Amendment of Bid Documents, and evaluation of Bids etc. shall be specified. LWMC will be required to set out in the Specifications and Drawings, the full scope of work including the extent of design to be done by the Contractor, if any.

These standard bidding documents are attached as Appendix 14. All references to the specific clauses reproduced in this manual are from these documents.

10.2.2 Contents of Documents

As stated in Clause IT.4 of Instructions to Bidders, the complete Bidding Documents in addition to Invitation for Bids shall comprise items listed therein including any addendum to Bidding Documents issued in accordance with Clause IT.6. The Standard Form of Bidding Documents (For Smaller Contracts) includes the following:

1. Instructions to Bidders & Bidding Data
2. Form of Bid & Schedules to Bid
3. Conditions of Contract & Contract Data
4. Standard Forms
5. Specifications
6. Drawings, if any

In addition, Instructions to users are also provided at various locations of this document within parenthesis or as a Note (s). Users are expected to

edit or finalise this document accordingly, by filling all the blank spaces and forms, deleting all notes and instructions intended to help the users.

The user is required to prepare the following for completion of the Bidding Documents:

1. Invitation for Bids
2. Bidding Data
3. Schedules to Bid (Samples)
4. Schedule of Prices (Format)
5. Contract Data
6. Specifications
7. Drawings, if any

While finalising the Bidding Documents LWMC shall take care of the following:

10.2.3 Invitation for Bids

The “Invitation for Bids” is meant for publication in the newspapers and LWMC Website as well as on PPRA Website as notice for calling of bids.

The blank spaces, wherever shown, are required to be filled by LWMC before issuance of Bidding Documents.

LWMC may modify Para 1 of Invitation for Bids as per its requirement.

The notice should be published so as to give the prospective bidders sufficient working period for preparation and submission of bids which may be from 15 to 50 days depending on the size of the Works.

1. The eligible bidders are defined in Clause 2 of Instructions to Bidders. The text of Clause can be amended by LWMC as deemed appropriate.

2. The non-refundable fee for the sale of Bidding Documents should be nominal so as to cover printing/reproduction and mailing costs and to ensure that only bona-fide bidders will apply.
3. The amount of Bid Security should be a lump sum figure or a percentage of bid prices ranging from 2% to 5% of the likely cost of the Works and should be in accordance with Sub-clause 13.1 of Instructions to Bidders.
4. If the venue of receipt of bids and the opening of bids is the same, the times for receipt and opening of bids are to be entered in last Para of the Invitation to Bidders, otherwise indicate the name, address and exact location for the opening of bids. However the date for the receipt and the opening of bids shall be same.

10.2.4 Instructions to Bidders

These Instructions to Bidders will not be part of Contract and will cease to have effect once the Contract is signed along with Bidding Data.

The Instructions to Bidders can be used as given. Users may have to make changes under Bidding Data.

The LWMC's Representative, if any, shall exercise powers of LWMC under and in connection with Clauses IB.5, IB.6, IB.16, etc. In case an Engineer/Consultant has been appointed by LWMC, the aforesaid clauses may be modified accordingly to specify the role of the Engineer/Consultant by LWMC, otherwise the reference wherever exist, except Sub-Clause 1.1.20 & Clause 15 of Conditions of Contract and Item 1.1.20 of Contract Data, shall be deleted.

10.2.5 Bidding Data

The blank spaces wherever shown in Bidding Data are required to be filled by LWMC before issuance of Bidding Documents.

1. Sub-Clause 10.3 of Instructions to Bidders may be retained or modified by LWMC.
2. Employer should insert required experience in Sub-Clause 11.2.
3. Referring to Sub-Clause 14.1 of Instructions to Bidders, the period of bid validity may range from 56 to 100 days depending upon the size of the Works. Number of days would be filled in as per Employer requirements.
4. Sub-Clauses 16.3 to 16.9 of Instructions to Bidders may be retained or modified by LWMC in accordance with his requirements; particularly Sub-Clause 16.8 may be modified in case deviation in payment schedule is acceptable.

10.2.6 Schedules to Bid

Specimen of Schedules to Bid including format of Schedule of Prices are provided in this document. LWMC can add/delete/modify as per his requirement.

The blank spaces wherever shown are required to be filled by LWMC before issuance of Bidding Documents except those required to be provided by the Contractor.

10.2.7 Conditions of Contract

The User's attention is drawn to the Preface and it is once again emphasized that while preparing Contract Data, no Clause of Conditions of Contract should be deleted and that the changes included in Contract Data should be such as not to change the spirit of the document. Any adjustment or change in clauses of Conditions of Contract to meet specific project features shall be made with care and incorporated in Contract Data.

10.2.8 Contract Data

The blank spaces, wherever shown, are required to be filled by LWMC before issuance of Bidding Documents.

1. Referring to Sub-Clause 1.1.1 of Conditions of Contract, LWMC may add, in order of priority, such other documents as form part of the Contract, in Sub-Clause 1.3 of the Contract Data.
2. LWMC's Representative, if any, shall exercise powers of LWMC under and in connection with Sub-Clauses 1.3, 2.3, 4.2, 4.3, 5.1, 7.3, 8.2, 9.1, 9.2, 10.1, 10.2, 10.5, 11.1, 11.5, 12.1, 13.2 and 14.1 of the Conditions of Contract. In case an Engineer/Consultant has been appointed by LWMC, the aforesaid clauses may be modified accordingly by LWMC.
3. The sum insured for different insurances including minimum amount of third party insurance should be assessed by LWMC and entered in Contract Data.
4. The time for completion of the whole of the Works should be assessed by LWMC and entered in the Contract Data.
5. The Conditions of Contract contain no overall limit on the Contractor's liability. The amount of liquidated damages per day of delay shall be entered by LWMC in Contract Data. Usually the liquidated damages are set between 0.05 percent and 0.10 percent per day and the maximum limit as 10 percent.
6. Any amendment and/or additions to the Conditions of the Contract that are specific to a given Bid/Contract should be included by the User. This may include but not be limited to the provisions regarding the following:

- a) Terms of Payment should be prepared and incorporated in Contract Data by LWMC.
- b) LWMC to make sure that all taxes and duties are included by the Bidders/Contractors in their prices.

10.2.9 Specifications

To be prepared and incorporated by LWMC

10.2.10 Drawings

To be prepared and incorporated by LWMC, if required.

(The standard form available on Pakistan Engineering Council (PEC) website (<http://www.pec.org.pk/>) and notified by PPRA have been used in this manual and provided as Appendix 14.)

10.3 PROCEDURE FOR PREPARATION OF BIDDING DOCUMENT FOR GOODS

While preparing this bidding document, provision has been made to bid and award on Single Stage-One Envelope (SSOE) bidding procedure. However, if it is to be bid under Single Stage-Two Envelope (SSTE) bidding procedure, Two Stage bidding procedure or Two Stage-Two Envelopes bidding procedure, relevant provisions in Instructions to Bidders (ITB), Bidding Data and Form of Bid should necessarily be amended.

The standard bidding document is attached as Appendix 15. All references to the specific clauses reproduced in this manual are from these documents.

As stated in Clause IB.7 of the Instructions to Bidders, the complete Bidding Documents shall comprise following items listed therein and any Addenda issued in accordance with Clause IB.9. The Standard Bidding Documents, in addition to Invitation for Bids, includes the following:

1. Instructions to Bidders
2. Bidding Data,

3. Form of Bid and Appendices to Bid,
4. Schedules to Bid,
 - Schedule A: Price Schedule for Goods to be offered from within the Purchaser's Country
 - Schedule B: Price Schedule for goods to be offered from outside the Purchaser's Country
 - Schedule C: Manufacturer's Authorization
 - Schedule D: List of Goods to be supplied
 - Schedule E: Delivery and Completion Schedule
 - Schedule F: Inspections and Tests to be carried out
5. General Conditions of Contract, (GCC)
6. Particular Conditions of Contract, (PCC)
7. Standard Forms
 - Form of Bid Security
 - Form of Performance Security
 - Form of Contract Agreement
 - Form of Advance Payment Security
8. Specifications: Special & Technical Provisions

The Instructions to Bidders can be used as given. User may have to make changes in the text under some special circumstances. Any change should be made with care and only in the Section "Bidding Data".

The General Conditions of Contract and Particular Conditions of Contract prepared by the LWMC should be retained as such. Any further amendment in the Particular Conditions of Contract can be made by the users only as indicated by LWMC in Para E hereinafter or within the Particular Conditions of Contract.

Completion of the Forms and preparation of Appendices and Schedules to Bid should be made as suggested hereinafter.

The user is required to prepare, inter alia, the following for completion of the Bidding Documents:

- (i) Particular Conditions of Contract (as specified herein),
- (ii) Specifications Special & Technical Provisions,
- (iii) Appendices and Schedules to Bid,

The user's attention is drawn to the Preface and it is once again emphasized that while preparing their part in PCC, no Clause of Part I should be deleted and that the amendments made in Part II should be such as not to change the spirit of the document.

10.3.1 Invitation for Bids

1. The "Invitation for Bids" is meant for publication in the national/international newspapers, as well as on LWMC Website & PPRA Website and for other additional distribution to be decided by the Purchaser as notice for calling of Bids. All the blank spaces are to be filled in by the Purchaser.

The eligible bidders are defined in Clause IB.3 of Instructions to Bidders.

2. The notice should be published so as to give the prospective bidders sufficient time for preparation and submission of bids which may be 28 days or more depending on the type and diversity of Goods to be supplied.
3. If the Goods are not financed from loan/credit, the first paragraph should be modified accordingly.
4. The non-refundable fee for the sale of Bidding Documents should be nominal so as to cover reproduction and mailing costs and to ensure that only bonafide bidders will apply.
5. The amount of Bid Security should be a lump sum figure ranging from 1% to 3% of the likely cost of the Goods and should be the same as given at Sub-Clause 19.1 of Instruction to Bidders.

6. The venue and time of receipt of bids and the venue and time of opening of bids are to be entered in the paragraph 5 of the Invitation for Bids. However, date for the receipt and opening of bids shall be same.

7. The Lahore Waste Management Company hereinafter called "the Purchaser"

10.3.2 Instructions, to Bidders and Bidding Data

1. If the Procurement of Goods is not financed from a loan/credit, Sub-Para 2.1 of Bidding Data should be modified accordingly.

2. The Purchaser shall prepare the documents listed at Serial Nos. 2, 3,4,6,8 and 9 of Sub-Clause 7.1 of Instructions to Bidders and incorporate the same for completion of the documents comprising the Bid.

3. For completion of documents at Serial No. 3 and 4 detailed instructions are given at Para C below. Referring to Sub-Para 8.1 of Bidding Data, the period should be inserted as 14 days.

4. In Sub-Para 11.1 of Bidding Data, the Purchaser should list pertinent information considered vital at the time of prequalification which information is required to be updated to confirm that the bidder continues to meet the prequalification criteria.

5. Referring to Sub-Para 18.1 of Bidding Data, the period of bid validity may range from 56 to 182 days depending upon the type and diversity of Goods, as decided by the Purchaser.

6. Referring to Sub-Para 19.1 of Bidding Data, the amount is to be filled in by the Purchaser as a lump-sum figure ranging from 1% to 3 % of the likely cost of the Goods.

7. Referring to Sub-Para 23.2 (b) of Bidding Data, the Bid Reference Number should be the same as given in Invitation for Bids and the Form of Bid.

8. All blank spaces in the Bidding Data are to be filled in by the Purchaser to complete this document.

10.3.3 Form of Bid, Appendices to Bid and Schedules to Bid

1. Form of Bid:

Only Bid Reference No. shall be filled in by the Purchaser (refer Para B.7 above). All other blanks are to be left open for filling in by the Bidder.

2. Appendix-B to Bid:

Where, foreign currency payments are foreseen, the entire Appendix-B to Bid should be left blank for filling by the Bidder. Where no foreign currency payments are foreseen, the Purchaser should stamp this Appendix-B as "Not Used" and, referring to Sub-Clause 16.4 of General Conditions of Contract, state in Part II that all payments shall be in local currency only. Clause IB-13 of Instructions to Bidders should also be modified accordingly through the changes in Bidding Data.

3. Appendix-G to Bid:

The Purchaser shall fill in contract number and title in the form of the Integrity Pact which the Bidder shall sign and stamp along with his Bid.

4. Schedules to Bid:

The Purchaser shall fill Schedules D and E for the Bidder to quote his prices for the items of Goods in Schedules A and B besides getting filled Schedule C (by the Bidder) from Manufacturer(s) of the relevant Goods.

10.3.4 Standard Forms

Bid Security:

The Purchaser, before issuing the Bidding Documents, should enter the following in the blank spaces:

- (i) Penal Sum of Security, in words as well as figures, which should be the same as established at Sub-Para A.5 and B.6 above.
- (ii) Bid Reference Number should be the same as per Sub-Para B.7 above.

- (iii) Standard Forms of Securities provided in this document are to be issued by a bank. In case the Bidder chooses to issue a bond for accompanying his bid or performance of Contract, the relevant format shall be tailored accordingly without changing the spirit of the forms of securities.

10.3.5 Part II - Particular Conditions of Contract

1. Name and country of the Purchaser should be filled in by the Purchaser in the blank spaces provided under Sub-Clause 1.1(j & k).
2. Referring to Sub-Clause 8.1 Name and complete Address of Purchaser is provided there under.
3. Referring to Sub-Clause 11.1, the scope of supply shall be mentioned there under.
4. Referring to Sub-Clause 12.1 the Purchaser should describe about details of shipping and other documents to be provided by the Supplier.
5. Referring to Sub-Clause 27.1, if the supplier fails to deliver any or all of Goods, the Purchaser provides the percentage deduction per week from the contract price as liquidated damages.

Also mention the maximum amount of liquidated damages.

6. Referring to Sub-Clause 28.5 the Purchaser will describe the period for correction of defects covered by the warranty.
7. The Purchaser shall fill in all blank spaces in PCC for the Bidders to quote their prices accordingly so as to compare their bids on level playing field.

10.3.6 Specifications-Special Provisions

To be prepared and incorporated by the Purchaser. Inclusion of the conditions of contract in special Provisions should be avoided.

10.3.7 Specifications-Technical Provisions

To be prepared and incorporated by the purchaser.

(Precise and clear Specifications are prerequisite for bidders to respond realistically and competitively to the requirements of the Purchaser without qualifying or conditioning their bids. In the context of both national and international competitive bidding, the Specifications must be drafted to permit the widest possible competition and, at the same time, present a clear statement of the required standards of materials, Plant, other supplies, and workmanship to be provided. Only if this is done will the objectives of economy, efficiency, and equality in procurement be realized, responsiveness of bids be ensured, and the subsequent task of bid evaluation facilitated. Specification shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the Purchaser is convinced that the use of or a reference to a brand name or catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words "or equivalent".

Care must be taken in drafting Specifications to ensure that they are not restrictive. In the specification of standards for materials, Plant, other supplies, and workmanship, recognized international standards should be used as much as possible. The specifications shall consider all site conditions but not limited to seismic conditions, weather conditions and environmental impact. Where other particular standards are used, whether national standards or other standards, the Specifications should state that materials, Plant, other supplies, and workmanship meeting other authoritative standards, and which ensure equal performance, as the standards mentioned, will also be acceptable.)

(The standard form available on Pakistan Engineering Council (PEC) website (<http://www.pec.org.pk/>) and notified by PPRA have been used in this manual and provided as Appendix 15.)

11. PROCUREMENT OF CONSULTANTS

The procurement of consultant services is a specialized form of procurement requiring bidding procedures and documents which are very different to those for standard goods and works.

The use of merit-point evaluation systems, One-Envelope bidding procedure and two-envelope bidding procedures are routine features in the procurement and selection of consultants. Selecting consultants for long or complex assignments on the basis of cost alone is unlikely to achieve the required quality of services. The procedures and basis for selection of consultants are discussed in the following paragraphs.

11.1 MERIT-POINT SYSTEMS

A merit point system uses a point-scoring basis to determine the winning bidder. Points are awarded for technical capability and usually for the financial cost, according to criteria specified in the Request for Proposals. The bidder scoring the highest number of points is usually recommended for the award of contract.

Where cost is a factor in selection, technical quality for consultancy assignments is normally awarded 80% of the total points and cost is awarded 20% points. However this is only a guideline and the appropriateness of the weight age for technical and financial scores should be assessed for each assignment according to its nature.

Merit point systems can also be used to evaluate whether bids pass a minimum technical score to proceed to a final financial evaluation (Least Cost Selection Method). The financial envelopes of all bidders whose bids pass the minimum technical core are then opened, and the bid with the lowest price recommended for award of contract.

11.2 ONE-ENVELOPE BIDDING PROCEDURE

In the One-Envelope bidding procedure, Bidders submit Bids in one envelope containing both the Price Proposal and the Technical Proposal.

The envelopes are opened in public at the date and time advised in the Bidding

Document. The Bids are evaluated, and following approval by the Procurement Committee, the Contract is awarded to the Bidder whose Bid has been determined to be the lowest evaluated substantially responsive Bid.

11.3 TWO-ENVELOPE BIDDING

To avoid any chance of the bidder's price influencing the technical evaluation under a merit point system, financial bids are submitted in a separate sealed envelope. The financial envelope must only be opened after the technical evaluation is completed and approved by the Procurement Committee.

In the interests of transparency, a second Public Opening of the financial bids of those bidders who have passed the technical evaluation stage is held.

11.4 QUALITY AND COST BASED SELECTION (QCBS)

Quality and Cost Based Selection (QCBS) is the standard method of selecting consultants through competition between pre-qualified short-listed firms. Selection is based on the technical quality of the consultants, the quality of the proposal, and on the cost of the services to be provided.

The relative weights given to the technical quality and cost of each proposal are determined for each case depending on the nature of the assignment.

11.5 THE STEPS INVOLVED IN THE PROCUREMENT PROCESS

The procurement of consultancy services will normally include the following steps:

- i. Preparation of the Terms of Reference (TOR) Prepared by Manager Procurement and approved by GM (P&C).
- ii. Preparation of a cost estimate and confirmation of available budgeted funds by CFO and approved by MD.
- iii. Advertising for expressions of interest (if appropriate) advertisement draft by Manager Procurement, approved by GM (P&C) and published by Manager Communication or preparation of the shortlist of consultants from existing pre-qualified firms prepared by GM Procurement & Contract and approved by MD.

Preparation and issue of the Request for Proposals (RFP), including:

- i. Letter of Invitation (LOI).
- ii. Information to Consultants (ITC).
- iii. Draft contract prepared by Manger Contract, reviewed by GM (P&C) and approved by MD.
- iv. Receipt of proposals managed by Manager Procurement.
- v. Evaluation of technical proposals done and approved by Bids Committee.
- vi. Evaluation of financial proposals done and approved by Bids Committee.
- vii. Final evaluation according to the criteria stated in the RFP. Negotiations and award of the contract to the selected firm.

11.6 THE TERMS OF REFERENCE (TOR)

The TOR must define clearly the objectives and scope of the assignment and provide background information to enable the consultant to prepare a proposal.

The TOR should:

- i. Describe the background to the assignment.
- ii. State the objectives of the assignment.
- iii. The scope of the services.
- iv. The duration of the assignment.
- v. A detailed list of the consultants' duties and responsibilities.
- vi. The required inputs in terms of man days, months or years.
- vii. Detail the required outputs, e.g.: reports, recommendations, draft laws etc. which the consultants will be required to produce (also referred to as 'deliverables').

- viii. Set the time periods for the deliverables.
- ix. Not be over-detailed or inflexible, so that competing consultants may propose their own methodology and staffing.
- x. List any services and surveys necessary to carry out the assignment.
- xi. Include details of the services, facilities and counterpart staff to be provided by LWMC.
- xii. Specify detailed requirements when transfer of knowledge or training is an objective, to allow bidders to estimate the required resources.

11.7 PREPARATION OF THE REQUEST FOR PROPOSALS AND EVALUATION CRITERIA

The standard bidding document provides detailed guidance on preparation of the Request for Proposals.

Specification of the evaluation criteria and number of points to be awarded to each criterion is critical to achieving a satisfactory result in the selection of consultants.

Both technical and financial point scores are assessed initially out of 100 points for the purpose of clarity. During final evaluation, the scores are combined by applying the weighting percentage stated in the RFP for technical and financial scores as per Appendix 16.

11.8 TECHNICAL EVALUATION CRITERIA

The criteria specified in the RFP should include:

- i. The firm's relevant experience for the assignment.
- ii. The quality of the methodology proposed.
- iii. The qualifications and experience of the key staff proposed.
- iv. Provisions for training/capacity building of local staff.
- v. The extent of participation by nationals among key staff in the performance of the assignment.

The marks for each criterion are aggregated to give the total technical score.

The following table shows the normal range of points to be specified for each criterion, which may be adjusted for specific circumstances. The proposed points must be declared in the RFP.

Figure 1

Indicative Weighting of Evaluation Criteria (Consultant Services)	
Specific relevant experience:	10 points
Response to the TOR and Methodology Proposed:	50 points
Key personnel:	30 points
Training: ¹	10 points
Total:	100 points

¹ *Transfer of knowledge may be the main objective of some assignments. In such cases, it should be given a higher weight to reflect its importance.*

The criteria may be divided into sub-criteria to assist the objectivity of the evaluation. For example, sub-criteria under methodology might be innovation and level of detail. It is usual to use sub-criteria for key staff to evaluate their qualifications, technical experience and language capabilities. The number of sub-criteria should be kept to the essential minimum and must be fully detailed within the RFP.

11.9 FIRM'S SPECIFIC EXPERIENCE

The points given to experience can be relatively low if this criterion has already been taken into account when short-listing the bidders.

11.10 METHODOLOGY

A large number of points should be given to the response and proposed methodology for more complex assignments (for example, multidisciplinary feasibility or management studies).

11.11 KEY PERSONNEL

Only the key personnel should normally be evaluated since they will determine the quality of performance. More points should be assigned if the proposed assignment is complex.

When the assignment depends critically on the performance of a Project Manager or key specialist in a team of individuals, more points should be allocated for this person.

Individuals should be evaluated on the following sub-criteria as relevant to the task:

- i. **General Qualifications:** General education and training, professional qualifications, length of experience, positions held, time with the consulting firm, experience in similar countries, etc.
- ii. **Adequacy for the Assignment:** Specific experience relevant to the assignment in the sector, field, subject, process or activity. and
- iii. **Experience in the Region:** Knowledge of local culture, administrative systems, government organizations, etc.

11.12 MINIMUM TECHNICAL SCORE

The minimum qualifying technical score to be achieved for a technical proposal to proceed to the Financial Evaluation must be specified in the RFP. Usually the minimum score required for qualification of the technical proposal is at least 70%.

11.13 FINANCIAL EVALUATION

In addition to specifying the weighting for technical and financial scores, the RFP must specify the formula for award of points to each bid price. Normally the lowest priced bid receives 100 points and the other bids receive points based on dividing their prices by the lowest priced bid and multiplying by 100.

11.14 WEIGHTING OF TECHNICAL AND FINANCIAL SCORES

The relative weightings for technical and financial scores must be stated in the

RFP. This is usually set at 80% for the technical score and 20% for the financial score. In this case the technical score will be multiplied by 80% and the financial score by 20% to give the total score for each bid.

11.15 ADVERTISING FOR EXPRESSIONS OF INTEREST (PRE-QUALIFICATION)

Pre-qualification of consultants is strongly recommended to ensure the participation of consultants with the necessary technical skills and resources.

LWMC may advertise the consulting assignment both nationally and internationally to obtain expressions of interest (EOI).

LWMC may also post details on their website and PPRA.

The information requested in EOIs should be the minimum required to make a judgment on the firm's suitability but not be so complex as to discourage consultants from responding.

Sufficient time (not less than 15 days) should be allowed for responses, before preparation of the short list.

11.16 SHORT-LISTING OF CONSULTANTS

Short-lists should be restricted to those firms expressing interest and who possess the relevant qualifications and experience to undertake the assignment.

Short-lists should normally be of three to six firms depending on the value of the assignment.

The following details of each firm should be assessed in the selection of the short-list:

- i. General background of the firm.
- ii. Eligibility in terms of turnover requirements and any other conditions stated in the advertisement.
- iii. Previous experience of similar assignments.
- iv. Competence and sector related experience of the firm. and

- v. Quality of performance under previous contracts.

As a courtesy, firms who respond to advertisements for EOI but are not selected for the short-list should be informed by LWMC that they have been unsuccessful.

11.17 OPEN BIDDING

LWMC may elect to proceed directly to an open competitive bid and national and international advertisement depending on the value of the assignment and the skills required. There are a number of problems to be considered in omitting the Expressions of Interest stage for larger and more complex services. These are as follows:

Many requests for documents and submissions of proposals will be made by firms who lack the basic skills to undertake the assignment. These will waste considerable time in administration and still have to be formally evaluated and reported on. The apparent time advantage from avoiding the EOI and short-listing process is easily lost if twenty rather than six detailed proposals have to be administered and evaluated.

International and major consulting firms are less likely to respond to an Open Competitive Bid rather than an EOI as the cost of preparing a detailed consultancy proposal is high, and open competitive bidding introduces an unknown quantity and quality of competition. Competent firms are far more willing to incur the cost of preparing a proposal when a shortlist of competitors is known.

International and major firms are also unused to paying a fee to acquire the Request for Proposals and this factor may discourage such firms from participating.

Following from the above, the effective level of competition may be seriously reduced if LWMC proceeds directly to open competitive bidding.

11.18 QUALITY BASED SELECTION (QBS)

Quality Based Selection (QBS) may be appropriate for complex or highly specialized assignments, or those which invite innovations. The selection is based solely on the quality of the proposal without consideration of the cost.

QBS is suitable for the following types of assignments:

- i. Complex or highly specialized assignments
- ii. Assignments that have a long term impact and in which the objective is to have the best experts available and
- iii. Assignments that can be carried out in very different ways, and therefore proposals may not be directly comparable

The Request for Proposals (RFP) should not indicate the estimated budget, but may provide the estimated number of key staff and time, specifying that this information is given as an indication only, and that consultants are free to propose their own estimates.

The RFP may require submission of a technical proposal only (without a financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). Only the financial envelope of the highest ranked technical proposal is opened. The rest are returned unopened to the bidders, after the negotiations are successfully concluded.

If technical proposals only are invited, after evaluating the technical proposals the Consultant with the highest ranked technical proposal will be invited to submit a detailed financial proposal

LWMC and the Consultant shall then negotiate the financial proposal and the contract.

11.19 LEAST-COST SELECTION

This method is more appropriate to selection of consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and professional standards exist, and when the contract value is small.

A minimum qualifying score for the required quality is established and is stated in the RFP.

Technical and Financial Proposals are required to be submitted in separate envelopes by the short-listed bidders.

Technical envelopes are opened first and evaluated. Those bids scoring less than the minimum qualifying score are ejected. The financial envelopes of the remaining bidders are opened in public.

The firm with the lowest price is selected for contract award.

11.20 SELECTION BASED ON CONSULTANTS' QUALIFICATIONS

This method may be appropriate for very small assignments where the need for submission and evaluation of detailed competitive proposals is not justified.

Expressions of interest and information on the consultants' experience and competence relevant to the assignment are requested.

The firm with the most appropriate qualifications and references is selected.

The selected firm is invited to submit a combined technical and financial proposal, and then invited to negotiate the proposal and the contract.

11.21 SOLE-SOURCE SELECTION

Sole-source selection of consultants lacks the benefit of competition in regard to quality and cost, is not transparent in selection, and may encourage unacceptable practices. Therefore, Sole-source selection should only be used in exceptional circumstances. The justification for Sole-source selection must be examined carefully to ensure economy and efficiency.

Sole-source selection is only appropriate if there is a clear advantage over competitive selection:

- i. For tasks that are a natural continuation of previous work carried out by the firm.
- ii. Where rapid selection is essential (for example, in an emergency situation).
- iii. For very low value assignments.

- iv. When only one firm is qualified or has the necessary experience for the assignment.

11.22 TYPES OF CONTRACT AGREEMENT FOR PROCUREMENT OF CONSULTANTS

The type of contract must be selected when preparing the Request for Proposals and included as a draft with all contract terms and conditions in the RFP.

11.22.1 Lump Sum (Fixed Price) Contracts

Lump sum contracts are used mainly for assignments in which the following are both clearly defined:

- The content and the duration of the services and
- The required output of the consultants.

Lump sum contracts are widely used for simple planning and feasibility studies, detailed design of standard or common structures, preparation of data processing systems, etc.

Payments are linked to defined outputs (deliverables), such as reports, drawings, and bills of quantities, bidding documents, and software programs.

Lump sum contracts are simple to administer because payments are due on attainment of clearly specified outputs.

11.22.2 Time-Based Contract

This type of contract is widely used for complex studies, supervision of construction, technical advisory services, and training assignments. It may also be appropriate when:

- It is difficult to define the full scope of services, or the input of the consultants required to attain the objectives of the assignment.
- The length of services can be precisely defined and deliverables are only incidental to the main purpose of the assignment.

- The services are related to activities by others for which the completion period may vary. Payments are based on:
- Remuneration: Agreed hourly, daily, weekly, or monthly rates for staff.
- Reimbursable: Reimbursable items using actual expenses and/or agreed unit prices.

The rates for staff remuneration include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances.

This type of contract must include a maximum amount of total payments (the contract ceiling) to be made to the consultants.

The contract ceiling usually includes a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate.

Time-based contracts need to be closely monitored and administered by LWMC to ensure that the assignment is progressing satisfactorily, and payments claimed by the consultants are appropriate.

11.22.3 Percentage Contract

These contracts are commonly used for architectural services but may be also used in similar circumstances such as for procurement and inspection agents.

Percentage contracts directly relate the fees paid to the Consultant to the estimated or actual project construction cost, or the cost of the goods procured or inspected.

Contracts are negotiated on the basis of market standards for the services and/or estimated staff-month costs for the services, or competitively bid.

In the case of architectural or engineering services, percentage contracts lack any incentive for economic design or performance. The use of a percentage contract format for architectural services is only recommended if based on a fixed target cost and covers precisely defined services.

11.22.4 Indefinite Delivery Contract (Price Agreement)

These contracts are used when there is a need for “on call” specialized services to provide advice or services, the extent and timing of which cannot be defined in advance.

These are commonly used to retain “advisers” for implementation of complex projects expert adjudicators for dispute resolution panels, institutional reforms, procurement advice, technical troubleshooting, etc. normally for a period of a year or more.

LWMC and the firm agree on the unit rates to be paid, and payments are made on the basis of the time and resources actually used.

11.22.5 Bid and Performance Securities

Bid and performance securities for consultants’ services are not recommended for the following reasons:

- i. Bid securities are not an accepted standard for consultancy services bids and are likely to discourage participation by international consultant firms.
- ii. Enforcement of bid securities may be subject to dispute for example when final negotiations fail to reach a satisfactory conclusion.
- iii. performance securities can be easily abused by the Client as personality clashes or other factors beyond the direct control of the Consultant may affect achievement under the contract.
- iv. There is often a strong element of subjectivity rather than objectivity in determining the success or failure of an assignment.
- v. Securities increase the costs to the consulting industry without evident benefits, and the costs are inevitably passed on to the Client through higher prices.

11.22.6 Use of Individual Consultants

Individual consultants are normally employed on assignments when:

- Teams of personnel are not required.
- Additional outside (home office) professional support is not required.
- The experience and qualifications of the individual are the major requirement.

If co-ordination, administration, or collective responsibility may become difficult because of the number of individuals required, it may be advisable to employ a firm.

11.22.7 Criteria Used to Select Individuals

Individual consultants are selected on their qualifications for the assignment. Selection may be on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached.

Individuals employed by Entities must meet all relevant qualifications and be fully capable of carrying out the assignment.

Capability is judged on academic and professional background, experience, knowledge of local conditions and culture, administrative systems, and government organization, and language skills as appropriate.

12. THE SELECTION AND EMPLOYMENT OF AGENTS

The hiring of agents is normally done for specialized form of service like identification, selection and procuring of land, building, machinery etc, or services like clearing and forwarding services or other specialized services.

LWMC may under certain circumstances choose to authorize an external source, a third party, as its representative for the purpose of purchasing materials, hiring of employees (HR Agents), head hunting, identification, selection and purchasing land or building, for providing clearing and forwarding or any other advisory / consultancy services, to be paid for by LWMC. The party so appointed/engaged for this purpose, becomes the agent of LWMC and can bind LWMC to contract for the task assigned to it. The agent can obligate LWMC to third parties, even though it exceeds the authority in a particular instance. It is therefore, imperative that utmost care be taken while such agreements are drawn and formally concluded.

12.1 THE STEPS IN SELECTION OF AN AGENT

The selection and employment of agent will normally include the following steps:

- i. Preparation of a cost estimate and confirmation of available budgeted funds by CFO and approval by MD.
- ii. Advertisement draft by Manager Procurement approved by GM (P&C) and published by Manager Communication.
- iii. Receiving of applications.
- iv. Short Listing of Agents done by Bids Committee.
- v. Draft contract prepared by Manger Contract, reviewed by GM (P&C) and approved by MD.

12.2 SHORT-LISTING OF AGENTS

Short-lists should be restricted to those firms expressing interest and who possess the relevant qualifications and experience for which the Agent is to be appointed.

Short-lists should normally be of three to six agents or agencies depending on the value of the service to be performed.

The following details of agents should be assessed in development of the short-list:

- i. General background and market name.
- ii. Eligibility in terms of performance.
- iii. Previous experience of similar services performed.
- iv. Reference from previous clients.
- v. Competence and sector related experience.
- vi. Quality of performance under previous contracts.

12.3 SOLE-SOURCE SELECTION

Sole-source selection of agent lacks the benefit of competition in regard to quality and cost, is not transparent in selection, and may encourage unacceptable practices. Therefore, Sole-source selection should only be used in exceptional circumstances. The justification for Sole-source selection must be examined carefully to ensure economy and efficiency.

Sole-source selection is only appropriate if there is a clear advantage over competitive selection:

- For tasks that are a natural continuation of previous work carried out by the agent.
- Where rapid selection is essential (for example, in an emergency situation).
- For very low value assignments.
- When only one agent is qualified or has the necessary experience for the assignment.

12.4 SELECTION CRITERIA FOR AGENTS

Agents should be evaluated on the following sub-criteria as relevant to the task:

- General Qualifications: General training, professional qualifications, length of experience of individuals.
- Adequacy for the Assignment: Specific experience relevant to the assignment in the sector, field, subject, process or activity. and
- Experience in the Region: Knowledge of local culture, administrative systems, government organizations, etc.

12.5 TYPES OF CONTRACT AGREEMENT FOR THE HIRING OF AGENT

The type of contract for hiring agents may be a lump sum fee basis or a percentage basis, time based or a combination of two factors depending on the nature of the task for which an agent is being appointed. Each of these is explained hereunder:

12.5.1 Lump Sum (Fixed Price) Contracts

Lump sum contracts are used mainly for services in which the following two factors are clearly defined:

- The content and the duration of the services.
- The required output of the agents.

Lump sum contracts are simple to administer because payments are due on attainment of clearly specified outputs. These may be good in case of appointment of clearing and forwarding agents, courier services, or other tasks which LWMC may like to outsource in view of the economies to be attained.

12.5.2 Time-Based Contract

This type of contract is appropriate when the length of services can be precisely defined and deliverables are only incidental to the main purpose of the assignment and the services are related to activities by others for which the completion period may vary.

Under these contracts the payments are based on an agreed hourly, daily, weekly, or monthly rates including reimbursement of certain expenses. This type of contract must include a maximum amount of total payments (the contract ceiling) to be made to the agents.

Time-based contracts need to be closely monitored and administered by LWMC to ensure that the assignment is progressing satisfactorily, and payments claimed by the agents are appropriate.

12.5.3 Percentage Contract

These contracts are commonly used for real estate services but may be also used in similar circumstances such as for procurement and inspection agents.

Percentage contracts directly relate the fees to be paid to the estimated or actual procurement or execution of the task based on the value or the cost of the goods procured or services executed.

In the case of real estate, architectural or engineering services, percentage contracts lack any incentive for economic design or performance. The use of a percentage contract format for real estate, architectural services is only recommended if based on a fixed target cost and covers precisely defined services.

12.5.4 Combination of Fixed Price and Percentage Contracts

These are contracts where an agent performs certain services and is entitled to a fixed fee based on certain parameters and a success fee based on actual execution of the task. These could be applied in case of head hunting by HR consulting agents for top level employees, procurement of a specific contract, or other instances where the task has two levels of execution.

13. RECORD KEEPING

All documents pertaining to procurement of goods, works or services are to be retained by LWMC in a proper and controlled manner. This chapter sets forth guidelines for proper administration of all necessary and contractual records for the purchase of goods, works or services. This record keeping is essential for potential litigation and audits. **The types of records which shall be kept are:**

13.1 CONTRACTUAL RECORDS

All documentation pertaining to the purchase of goods or services which include, but are not limited to, requisitions, quotations, letters of intent, purchase documents, terms and conditions, sales and use tax exemption certificates, reseller's certificates, evidence of insurance, drawings and specifications, export bill of lading, and requests for proposals.

13.2 GOODS

All documents relating to item purchased for LWMC such as, plant, machinery, vehicles, office equipment, spare parts, software, fuel, tires etc.

13.3 SERVICES

Any work contracted, purchased or outsourced, including collection of garbage, cleaning of localities, maintenance of landfill sites, building maintenance, construction, security, equipment repair or maintenance, telecommunications, training, legal consultation, corporate consultation, computer programming, temporary help, courier service etc.

13.4 MAINTENANCE OF RECORDS

All retained contractual records shall be preserved as office files for the life of the contract plus a minimum of one year thereafter and may be moved to a remote storage location for the balance of the required retention period which is ten years.

The basic responsibility of maintenance of records relating to the procurement department shall rest with the GM (P&C) or any other person designated by him.

13.5 REGISTERS / FILES

Following are some of the examples of documents or records that shall be maintained by the procurement department:

- i. PR Numerical Registers
- ii. PO Numerical Registers
- iii. Open PO File with indexation
- iv. Open PR File with indexation
- v. Procurement Committee Minutes register
- vi. Bids Committee Minutes Register
- vii. Supplier Performance Reports
- viii. Suppliers Assessment Questionnaire.
- ix. Vendor master file



APPENDICES



Lahore Waste Management Company
PURCHASE REQUISITION FOR GOODS AND/OR SERVICES

P.R No: / _____

(To be completed by Requisitioner/ User)

Requisitioning Department: _____				
General Description of the Requirement				
Priority (if applicable)				
Item	Quantity	Description	Commodity Code	Estimated Cost
Total Estimated Cost				

Suggested Suppliers / Contractors

Are the above mentioned items: Budgeted / Non-Budgeted _____

Revenue / Capital _____

(To be filled by Budget Section)

I confirm that there is sufficient budgetary provision based on the estimated cost and that this requirement has been planned for

Allocated Budget _____

Signed

Budget Used _____

Balance _____

Name

Date

(To be completed by approving authority)

Approving Authority Recommendation / Authorization



Having taken into account the above, placement of the order as detailed above is authorized / NOT authorized.

Comments:

Authorized Signed----- Date-----
 Authorized Signed----- Date-----
 Authorized Signed----- Date-----
 Authorized Signed----- Date-----

- 1) Original
- 2) 1st Copy
- 3) 2nd Copy
- 4) 3rd Copy

Annexure to Appendix-1

Program or Required Dates	
Issue RFP / RFQ	
Tender / Bids Receipt Date	
Order Placement Date	
Delivery Date or Site Work Commencement	
Completion Date (for site work)	

(To be completed by Inventory Office)

Item Code / Description					
Re-Order Quantity					
Required Quantity					
Balance on Hand					
Re-Order Level					
Balance after Procurement					

Signed----- Date-----



PR: Item Continuation Form (in case of more items)

Item	Quantity	Description	Commodity Code	Estimated Cost
TOTAL ESTIMATED COST				



Lahore Waste Management Company
REQUEST FOR QUOTATION

Date:

Dear Sir,

BID REFERENCE: _____

DESCRIPTION: _____

The Lahore Waste Management Company ("LWMC") invites you to bid / quote for the supply of the following items in the quantities stated. Your price(s) must be fully inclusive of all delivery charges, taxes (including Octroi) and other costs necessary to deliver the goods to LWMC's Premises.

Item	Quantity	Unit	Description	Delivery Time	Unit Cost
				Subtotal	
				Applicable Taxation	
				Freight	
				TOTAL	

QUOTATION VALIDITY: _____ Days / Months from Bid Close Date.

TERMS OF PAYMENT: Days / Month from receipt of goods and/or completion, and receipt of satisfactory invoice

DELIVERY REQUIREMENTS:

- i. Bid Envelop shall be clearly marked with.
 - o RFQ No _____,
 - o Attention Bids Committee
 - o Address: " Lahore Waste Management Company,
4th floor, Shaheen Complex,
Egerton Road,
Lahore 54600 - Pakistan."
- ii. Bid shall be received at the above address by 12.00
- iii. Sample required: Yes No

CONDITIONS:

- i. In case validity period is not indicated in your offer, LWMC would presume your acceptance of this period accordingly. We would directly raise order upon you or may approach you for any further development required if we find your offer competitive and compliant. However it would take some time for assessment and LWMC's management approvals.
- ii. Any resultant order will be made only in accordance with LWMC's standard terms and conditions, a copy of which is attached to this enquiry. Any change or amendment to these conditions will only be acceptable when agreed by LWMC in writing
- iii. In case of order, you will have to provide MSDS (Material Safety Data Sheet), storage instructions, handling instructions, instructions for environmental friendly usage/storage and its environmental impact if not followed, with your supplies for each item.

Please acknowledge receipt of this enquiry and confirm that you intend to submit an offer by the due date.

Yours faithfully,

SIGNATURE OF LWMC REPRESENTATIVE



Lahore Waste Management Company

BID COMPARATIVE STATEMENT

BID SUMMARY (Item prices should be included on separate sheet)

	Bidder	Bid Date	Total Bid Value	Validity	Comments
1					
2					
3					
4					
5					
6					
7					
8					

Procurement comments and recommendations :

Signed-----

Date-----



Lahore Waste Management Company
ECONOMIC AND TECHNICAL EVALUATION FORM

P.R No: / _____

TECHNICAL COMMENTS AND RECOMMENDATION

--

ECONOMIC EVALUATION

--

Signed _____

Date _____

Name & Designation _____

Department _____



Lahore Waste Management Company
PURCHASE ORDER

Lahore Waste Management Company
 4th floor, Shaheen Complex,
 Egerton Road, Lahore 54600
 [Phone] [Fax]

DATE: _____
 P.O. NO _____

VENDOR [Name]
 [Company Name]
 [Street Address]
 [City, ST ZIP Code]
 [Phone]
 Customer ID [ABC12345]

SHIP
 TO

shipping method	shipping terms	delivery date

Payment Terms

We are pleased to place an order with you to purchase the following subject to your acceptance of this order and of the terms and conditions set out on the face and reverse side here of

Qty	Item #	Description	Job	Unit Price	Line Total
Subtotal					
Sales tax					
Total					

PURCHASE ORDER - STANDARD TERMS AND CONDITIONS (printed on the back of purchase order)

- i. Please send two copies of your invoice.
- ii. Enter this order in accordance with the prices, terms, delivery method, and specifications.
- iii. Company reserves the right to return for full refund if all criteria of purchase order are not met.
- iv. Our signature or the signature of any of our employees, for goods delivered is not to be taken as our acceptance of either the quantity or quality of goods indicated on the delivery receipt. Reasonable time must be given for the examination of goods as comprised in the delivery and shall be subject to establish claims for shortage, discrepancies or non conformity with the specifications.
- v. Deliveries made outside reasonable estimated delivery dates may be subject to rejection.
- vi. Unless otherwise indicated on the purchase order, prices shown on this purchase order do not include taxes of any kind.
- vii. The order is subject to application of General Sales Tax (GST). If GST is imposed on any supply under or in accordance with this order the amount the purchaser must pay for that supply must be increased by GST.
- viii. Each claim for payment by the supplier must be accompanied by a Tax invoice and any other information in the form required by the relevant legislation in respect of any GST payable. Invoices shall separately identify the GST component included within that invoice. We will not be obliged to make a payment to the supplier until the supplier has delivered the tax invoice and any other relevant information to us.
- ix. Unless different payment terms are expressly stated on this purchase order, payment terms shall be thirty (30) days from receipt of invoice.
- x. Purchase order number, part number and quantity must be shown on each invoice.
- xi. Seller warrants that all Deliverables will conform to applicable specifications, drawings, descriptions, and samples, and will be of new manufacture, good workmanship and materials, and free from design defect, claim, encumbrance or lien, and are suitable for the purpose intended by LWMC.



- xii. The Deliverables may be inspected and/or tested by LWMC at any time, place and stage of production or distribution.
- xiii. At any time LWMC, at its option, may terminate this order for convenience in whole or in part by written notice.
- xiv. Each party shall comply with all applicable laws.
- xv. Neither this purchase order nor any duty or right under this purchase order shall be delegated, assigned or subcontracted without the prior written consent of LWMC.
- xvi. Unless otherwise specified on the purchase order, all prices shown on this order are firm and not subject to increase.

FOR LAHORE WASTE MANAGEMENT COMPANY

(General Manager P&C)

VENDOR

Accepted On behalf of

Signed.....

Dated.....

Seal



Lahore Waste Management Company
PURCHASE ORDER FOR LARGE CONTRACT

Lahore Waste Management Company
 4th floor, Shaheen Complex,
 Egerton Road, Lahore 54600
 [Phone] [Fax]

DATE: _____
 P.O. NO _____

VENDOR [Name]
 [Company Name]
 [Street Address]
 [City, ST ZIP Code]
 [Phone]
 Customer ID [ABC12345]

SHIP
 TO

shipping method	shipping terms	delivery date

Payment Terms

We are pleased to place an order with you to purchase the following subject to your acceptance of this order and of the terms and conditions set out on the face and reverse side here of

Qty	Item #	Description	Job	Unit Price	Line Total
Subtotal					
Sales tax					
Total					

STANDARD TERMS AND CONDITIONS OF LARGE PROCUREMENTS / CONTRACTS INVOLVING TECHNICAL KNOW HOW (To be attached with purchase order where :)

- (a) In excess of Rupees 500,000.
- (b) Involved construction Contracts and
- (c) For goods and services involving technical know how

1. DEFINITIONS

'Purchaser' means the Lahore Waste Management Company

'Seller' means the person, firm or company to whom the purchase order is addressed and sent.

'Goods' mean the articles or things or any part or any of them described in the order and where appropriate, such packaging as may be necessary for the immediate containment or handling of the goods but excluding additional cartons, cases and other similar containers used for convenience of distribution.

'Order' means the purchase order issued to the seller by or on behalf of the purchaser.

'Delivery' means delivery of the goods at the place specified in the order.

'Order Price' means the price or prices for the goods set out in the order.

2. DOCUMENTS

The seller shall:

- (i) Clearly mark the outside of each consignment or package with the seller's name and address together with the purchase order number and full details of the destination as stated in the purchase order and include a packing note stating the contents thereof.
- (ii) On despatch of each consignment send to the purchaser at the address for delivery of the goods a delivery note specifying the means of transport, the weight, the number or volume and the point and date of despatch.
- (iii) Send to the purchaser a detailed priced Invoice as soon as is reasonably practicable after the despatch of each consignment.
- (iv) State on every Packing Note, Delivery Note, Invoice or other document relating to the order, the purchase order number.

3. QUALITY AND MARKING

- (i) The goods shall conform as to quantity, quality and description with the particulars stated in the purchase order. They shall be of sound materials and workmanship. If samples or patterns are provided, the goods shall be equal in

all respects to the samples or patterns. If a standard of performance is specified, the goods shall be capable of the required performance.

- (ii) The seller shall cause all goods supplied by him to the purchaser to be suitably and sufficiently marked, endorsed and labelled with information and advice necessary to instruct and warn such persons into whose hands the goods shall come about any potential hazards to health and/or safety reasonably foreseeable as arising from despatching, receiving, handling, using or processing the goods and also about the necessary precautions to be taken in respect thereof provided however that if it shall not be reasonably practicable to mark, endorse or label the goods accordingly, the seller shall fully instruct and advise such persons by an acting notice at the time of despatch.

4. INSPECTION AND TESTING

- (i) Before despatching the goods, the seller shall carefully inspect and test them for compliance with the order. The seller shall, if requested by the purchaser, give the purchaser reasonable notice of such tests and the purchaser shall be entitled to be represented thereat. The seller shall also supply to the purchaser certificates of the results of inspection and test in such form as the purchaser may require.
- (ii) If it is expressly agreed the purchaser will be entitled to inspect and test the goods during manufacture, processing or storage, and the seller shall provide or procure the provision of all such facilities as may reasonably be required by the purchaser therefore.
- (iii) If as a result of any inspection or test under paragraph (i) or (ii) of this clause the purchaser's representative is of the opinion that the goods do not comply with the specification or are unlikely on completion of manufacture or processing so to comply, the purchaser shall inform the seller accordingly in writing and then make sure that the seller takes such steps as may be necessary to ensure such compliance.

5. DELIVERY

- (i) The goods shall be delivered by the seller at the place or places and in the manner specified in the purchaser's order or as subsequently specified.
- (ii) Delivery times are as stated on the order. Deliveries outside these times will only be accepted when prior arrangements have been agreed in writing.
- (iii) Where the order provides for delivery within a specified time, that time shall run from the date of receipt by the seller of the purchaser order or the necessary information, whichever may be the later, and if owing to causes outside the seller's reasonable control he is unable to deliver the goods within the specified time then the time shall be extended by a period equal to the period of delay resulting from such cause.

- (iv) Unless otherwise agreed in writing, liquidated damages for delay in delivery or completion shall be as determined by the GM (P&C) and approved by the Managing Director.

6. PASSING OF PROPERTY

The property in the goods shall pass to the purchaser on delivery without prejudice to any right of rejection which may accrue to the purchaser under these conditions.

7. STATUTORY AND OTHER REGULATIONS

The seller shall comply with the provisions of all regulations issued by the Government of Pakistan, and orders and regulations made there under by any competent authority applicable to the goods and without prejudice to the generality of the foregoing, shall comply in particular with such provisions relating to or affecting the health and/or safety of anyone despatching, receiving, handling, using or possessing the goods.

Safety Standards

- 7.1. All goods supplied to the purchaser must conform to all relevant Standards and Laws having force in the Islamic Republic of Pakistan.
- 7.2. Requests by the purchaser to change the structure of the goods, or any part thereof, shall not relieve the seller of its obligations under clause 7.1 above.

8. REJECTION

- (i) The purchaser may by notice in writing to the seller reject the whole or any part of the goods if the seller fails to comply with his obligations under clause 3 hereof and may also by notice in writing to the seller given within a reasonable time of delivery reject any goods which are found not to be in accordance with the Specification or clause 7 hereof.
- (ii) The purchaser shall, when giving notice of rejection, specify the reasons therefore and shall thereafter return the rejected goods to the seller at the seller's risk and expense. In such cases the purchaser may require the seller, within a reasonable time, to replace such rejected goods with goods which are in all respects in accordance with the specification, but shall have the right to obtain other goods in lieu thereof from other suppliers.
- (iii) Any money paid by the purchaser to the seller in respect of any rejected goods not replaced by the seller together with any additional expenditure over and above the price of the rejected goods reasonably incurred by the purchaser in obtaining other goods in replacement shall be paid by the seller to the purchaser.

9. LIABILITY FOR ACCIDENTS AND DAMAGE

- (i) The seller shall, subject to sub-clause (ii) of this clause, indemnify the purchaser in respect of all damage or injury to any person or to any property

and against all actions, suits, claims, demands, costs, charges and expenses arising in connection therewith caused by:

(a) The negligence of the seller, his sub-contractors or servants while they are on the purchaser's premises for any purpose connected with the order.

Or

(b) Defective design (other than a design made, furnished or specified by the purchaser and for which the seller has disclaimed responsibility in writing within a reasonable time after receipt of the purchaser's instructions) defective materials or defective workmanship.

(ii) Except in respect of damage or injury to a person other than the purchaser or to property not belonging to or in the occupation of the purchaser, the liability of the seller to the purchaser in respect of (i) (b) above shall not exceed the order Price. The seller shall not be liable to the purchaser for any loss of profit or of contracts or, except as provided in these conditions or any claim made against the purchaser.

10. DAMAGE OR LOSS IN TRANSIT

(i) The seller shall repair to the satisfaction of the purchaser or replace free of charge goods damaged in transit and in the event of such damage delivery shall not be deemed to have taken place until repaired or replacement goods have been delivered. Provided always that, if the seller has given to the purchaser at the address for delivery of the goods notice of the date of despatch and has with that notice required the purchaser to give him within a stated period notice of any damage suffered and the purchaser has failed to do so, the seller shall not be considered liable to repair or replace the damaged goods and delivery of the damaged goods shall be deemed to be delivery for the purposes of the order. For the purposes of this provision the stated period shall,

a. where the goods are delivered by a carrier employed by the seller under a contract of carriage which frees the carrier from liability for damage in transit unless notice of damage is given to the carrier within a specified time, to be such a period (not being less than 24 hours) after the receipt of the goods as will allow at least 24 hours before the expiry of such specified time, and

b. In any other case be such a period as is reasonable.

(ii) The seller shall replace goods lost in transit provided always that, if the seller has given the purchaser at the address for delivery of the goods, notice of the date of despatch and has with that notice required the purchaser to give him notice of non-delivery within a stated period and the purchaser had failed to do so, the goods shall notwithstanding their non-receipt within the period deemed to have been delivered at the expiry of the period. In such last mentioned event the seller shall at the expense and request of the purchaser pursue for the benefit of the purchaser's such rights (if any) as the seller may have against the carrier.

11. PATENT RIGHTS

- (i) The seller warrants that all royalties and fees on patented articles, processes and registered designs have been paid and shall indemnify the purchaser against all claims which may result from any breach of such warranty.
- (ii) In the event of any claim being made or action brought against the purchaser arising out of the matters referred to in this clause, the seller shall be promptly notified thereof and may at his own expense conduct all negotiations for the same and any litigation that may arise there from.

12. PUBLICITY AND ADVERTISING

The seller, his agents, successors or assignees shall not announce or advertise his relationship with the purchaser or any contract or works deriving there from without the prior written consent of the purchaser.

13. LAW OF THE CONTRACT

The Contract will be deemed to be a Pakistani Contract governed by Pakistani Law.

14. TERMS OF PAYMENT

Unless otherwise agreed in writing, LWMC terms of payment are 30 days from receipt of goods, and subject to acceptance. In the case of work carried out at site, then payment will be made 30 days from completion and hand over to LWMC. In both cases the 30 days period begins from receipt of an acceptable invoice.

FOR LAHORE WASTE MANAGEMENT COMPANY

(General Manager P&C)

VENDOR

Accepted On behalf of

Signed.....

Dated.....

Seal



Lahore Waste Management Company
EMERGENCY PURCHASES FORM

<p>General Description of the Requirement</p>
<p>Description of the "Emergency" or "Urgent" situation which necessitates the placement of an order. An explanation should be given of why sufficient time could not be allowed for the normal procurement process. Safety or environmental hazards should be clearly detailed. The potential costs this action is intended to avoid should be stated.</p> <p>Signed..... (Name.....) Date.....</p>
<p>If the supplier or contractor has already been requested to commence meeting our requirements ahead of the necessary authorization being given, please state here the name of the management team member who was advised prior to this taking place and when the discussion took place. The in charge of the department should sign to confirm this.</p> <p>Name.....</p>
<p>Comments of In charge of the Department</p> <p>Action taken above agreed.</p> <p>Signed..... Date.....200.....</p>
<p>If the supplier or Contractor has already been requested to commence, please give full details of the contact name at the supplier's and the time of relevant phone calls. Attach any relevant faxes.</p>
<p>This form should be submitted together with section 2 and section 3 of the purchase requisition. Subject to necessary approvals, Procurement Department will place an emergency purchase order.</p>



Lahore Waste Management Company
PROCUREMENT TIMESCALES

Process (from / to)	Time allowed	Comments
Raise Requisition to issue of RFQ / RFB	One to Two weeks	Efforts should be made to reduce the time to minimum however in case of procurements involving detailed technical evaluation period may extend to two weeks.
Issue enquiry to receipt of bids	One to three weeks	One week would be for a simple relatively low value locally sourced requirements.
Receipt of bids to placement of order	One to three weeks	For procurements involving complex assessment and / or additional funding period may extend to three weeks.

The above timescales are on a best case scenario. Numerous elements could result in these timescales being altered (i.e. incorrect specification whereby enquiries have to be re-issued or extensive negotiations/clarifications with one or more parties etc.).



Lahore Waste Management Company
REQUEST FOR ADDITIONAL FINANCIAL AUTHORISATION

CONTRACT / ORDER TITLE

CONTRACTOR / SUPPLIER

REASON FOR SEEKING ADDITIONAL AUTHORISATION (Detail with itemized prices)

Budget code(s)

REQUESTED BY

SIGNED _____ DATE _____

PROCUREMENT COMMENTS

SIGNED _____ DATE _____

ORIGINAL AUTHORISED CONTRACT SUM

TOTAL AUTHORISATION TO DATE

THIS ADDITION

REVISED TOTAL AUTHORISATION (SUBJECT TO APPROVAL)

FINANCE APPROVAL / AUTHORISATION

SIGNED _____ DATE _____

RESPONSIBLE OFFICERS COMMENT / AUTHORISATION

SIGNED _____ DATE _____



Lahore Waste Management Company
SUPPLIERS' ASSESSMENT QUESTIONNAIRE

Organization Name: _____

Address: _____

Telephone (s): _____

E-mail: _____

Facsimile: _____

Contact Person (s): _____

Company Business: _____

1) Organization			
1.1) Number of full time employees:			
Skilled		Unskilled	
1.2) Do You:			
Design		Manufacture	
Install		Service/Repair	
Store		Others	
1.3) What percentage of your total skilled staff is professionally qualified?			
1.4) Please provide your organization chart showing senior management & responsibilities:			
Attached			
1.5) Please provide the names of contacts within your Company for:			
Policy			
Bids/Quotes			
Site Works			
Technical Quarries			
Quality			
Environment			
Health and Safety			
1.6) Is Company profile available?			
Yes		No	
If Yes, send the profile with this document		Attached:	
1.7) List any major subsidiary/associated companies:			

1.8) Insurance Cover: Do you hold the following?

Professional Indemnity	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If Yes write Value	
Public Liability	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If Yes write Value	
Product Liability	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If Yes write Value	
Others	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	If Yes write Value	

1.9) State the nature of business you wish to be considered for:

--

1.10) Product Range: Please provide details for the product(s)/services for which you now wish to be considered as a potential supplier

Description	Attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Operational Characteristics	Attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Type tests that you or others have carried out on the product	Attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

2) Previous Experience:

2.1) Please attach a reference list of previous contracts for the supply of goods/services you now wish to provide to LWMC.

Attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
----------	-----	--------------------------	----	--------------------------

2.2) Please state two companies from whom we may obtain a reference, giving a contact name.

1	Company Name	
	Contact Person	
2	Company Name	
	Contact Person	

2.3) State value and nature of largest contract undertaken within the last three years.

Contract Nature	
Value	

2.4) Give details of recent previous experience.

Particulars			
Detail Attached	Yes		No

2.5) State the type of work normally subcontracted.

2.6) Give details of any imminent future plans (e.g. expansion, move to new site etc.).

3) Production Facilities

3.1) Number of production locations			
3.2) Total Site Area			
3.3) Area Covered by workshops			
3.4) Are test facilities available in house?			
Yes		No	
3.5) State Closest:			

4) Quality

4.1) Do you have a Quality Assurance Manual?	Yes		No	
4.2) Do you have documented work procedures?	Yes		No	
4.3) State any Quality Certification held?	Yes		No	
Standard (ISO-9000 etc. also mention version)				
Name of Certification Body				

5) Environmental Policy and Practice:				
5.1) Does your Company have Officer/Official responsible for the environmental control and performance of your Company?	Yes		No	
If Yes, Please mention the name/contact				

6) Health and Safety Practice:				
6.1) Does your Company have Health and Safety Policy Statement?	Yes		No	
If Yes, Please provide a copy.	Copy Attached	Yes	No	
6.2) Does your Company have Officer/Official responsible for Health & Safety of your employees?	Yes		No	
If Yes, Please mention the name/contact				
6.3) Do you provide Material Safety Data Sheets along with the goods/products supplied.	Yes		No	
If Yes, Please give brief:				
6.4) Does your Company provide Health & Safety awareness to your employees?	Yes		No	
If Yes, Provide details:	Details attached	Yes	No	

7) Procurement				
7.1) Please provide details of the procedure for selecting, monitoring and controlling your suppliers/sub-contractors.				
Details attached	Yes		No	
7.2) Please provide details of the methods used to select and monitor performance of your suppliers / vendors / sub-contractors.				
Details attached	Yes		No	
7.3) Is secure storage facilities available?	Yes		No	

7.4) What storage is available for raw material?

Size of indoor area	
Size of outdoor area	

8) Financial Information

Please provide a copy of the Company's last two years audited accounts.

Copy attached	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
---------------	-----	--------------------------	----	--------------------------

9) Additional Information/Comments

--

Questionnaire completed by:			
Position		Date:	

Please return completed questionnaire to:
 Procurement & Contracts Department
 Lahore Waste Management Company
 4th floor, Shaheen Complex,
 Egerton Road, Lahore 54600
 Pakistan

Do not write below this line - for LWMC only

Reviewed by: (Name/Designation/Signature/Date)

Pre-Qualified: YES _____ NO _____ (Give Reasons Below)

Reasons:

Approved by:

Name/Designation/Signature/Date) _____



Lahore Waste Management Company
CONTRACTOR/SUPPLIERS' PERFORMANCE REPORT

From:	
To:	Procurement & Contracts Department, Lahore Waste Management Company

CONTRACT DETAILS

1.	Contract Title:	
2.	Order/Contract Ref:	
3.	Name of Contractor:	
4.	Original Contract Value:	
5.	Contract Value (at completion):	
6.	Contractual (original) Completion Date:	
7.	Extension in Completion Period (approved, If any)	
8.	Actual Completion Date	
9.	Delay in Completion	Days/Weeks/Months

-Please comment upon the contractors' attitude towards the above and indicate whether or not their performance was excellent, good, average or poor.

Date of Evaluation: _____

Aspect	Excellent	Good	Average	Poor
Response of Contractor to Instructions				
Conformity to Contract Program				
Adequacy of Resources				
Overall Contract Management				
Quality of Workmanship				
Quality of Site Management and Supervision				
Technical Back-up				
Conformity to QA System				
Quality and Availability of Materials (if appropriate)				

Control of Sub-Contractors				
Environmental Performance				
Safety & Health Management and Performance				
Aspect	Excellent	Good	Average	Poor
General Attitude of Staff towards Safety				
Compliance with Site Regulations				
Competency of Contractors Staff				
Overall General Performance				

- Please elaborate further if any disciplines were deemed to be Poor. Also provide additional supporting information and comments on any aspect, which should be appended to this form.

Taking into consideration the information provided, would you use the services of this Company/ Contractor again?	Yes		No	
---	-----	--	----	--

Comments of User / Technical Officer:

Signature:		Name:		Date:	
	(Technical Officer)				

Comments of Head of Department

Signature:		Name:		Date:	
	(HoD)				

Comments of Stores / Manager Administration

Signature:		Name:		Date:	
	(Store Manager)				

Comments of GM (P&C) (Were extension of time agreed and any other pertinent comments etc).

Signature:		Name:		Date:	
	(GM (P&C))				



Lahore Waste Management Company
GOOD RECEIVED NOTE

Original Yellow Color (For Accounts Deptt.)

Duplicate Blue Color (Procurement Deptt.)

Triplicate Green Color (Requesting Deptt.)

G.R.N #: _____

Date: _____

P.O. No: _____

P.O. Date: _____

Department Name: _____

Received Form: (Vendor's name & address) _____

S. No.	Qty.	Description	Unit price	Total

Received By: _____ Date: _____

Name: _____

Inspected By: _____

Sub Total:	_____
Shipping & Handling:	_____
Other:	_____
Grand Total:	_____

Date: _____



Lahore Waste Management Company
CONSULTANT AGREEMENT

THIS AGREEMENT is entered into on this the ____ day of _____, 201__, by and between Lahore Waste Management of _____ (hereinafter "LWMC"), and _____ (hereinafter referred to as "Consultant").

WITNESSETH

WHEREAS, LWMC has determined that a need exists for the services outlined within this Agreement;

WHEREAS, Consultant represents that it has the ability, expertise and experience to render the services outlined herein for LWMC;

WHEREAS, Consultant has been selected by LWMC to provide professional consulting services outlined herein;

NOW THEREFORE, based on the foregoing and other covenants, conditions and promises hereinafter set forth herein, the parties agree to the following:

1. Scope of Service. LWMC hereby engages Consultant to perform the services as outlined in Attachment A which is hereby made apart of this Agreement and signed by both parties.
2. Expertise. Consultant represents that it has sufficient staff available to perform the services and that all individuals providing services have the licensure, background, training and experience to perform properly the services to be delivered under this Agreement. Consultant warrants that it owns or is licensed to use all of the intellectual property that it may transfer to LWMC or otherwise include in the goods, services and other deliverables for LWMC under the Agreement.

3. Coordination of Services. Consultant shall coordinate the performance of the services to be provided herein through _____ (department/office) and shall consult with (department contact personnel) on specific course of action which should be pursued.
4. Fees and Expenses. LWMC shall pay to Consultant a fee of (RS) _____. Except, as specifically provided in the Agreement, all expenses shall be borne by Consultant. Consultant shall only be entitled to reimbursement of reasonable expenses that are actually incurred and allocable solely to the services provided to LWMC pursuant to the Agreement. Consultant shall provide such reasonable evidence as LWMC may request in support of Consultant's claims for expense reimbursement. Final payment shall be subject to Consultant's delivery to LWMC of all deliverables in form and substance satisfactory to LWMC. Notwithstanding the foregoing, Consultant acknowledges and agrees that if the services for which the Consultant is being retained by LWMC are being funded by a government or private grant, then LWMC's obligation to make payments to Consultant hereunder is contingent upon LWMC's actual receipt of monies allocated therefore pursuant to such grant.
5. Term and Termination. This Agreement shall begin on _____, 201__ and shall terminate on _____, 201__ provided, however, that either party may terminate this Agreement upon thirty (30) days prior written notice. In the event of such termination, there shall be an equitable pro-rata adjustment between the parties relative to fees and expenses incurred for consulting services rendered through the effective date of termination.
6. Restriction. It is understood and agreed between the parties that the Agreement is not intended to nor does it create an employment contract between Consultant and any of its employees, nor does it create a joint relationship or partnership between the parties hereto. Neither Consultant nor its employees are entitled to benefits that LWMC provides for

LWMC employees. Consultant's relationship to LWMC is that of an independent contractor. LWMC is interested only in the results to be achieved and the conduct and control of the work will be solely with the Consultant. Consultant will be permitted to engage in any business and perform services for its own accounts provided that services under this agreement are not compromised. Except as specifically permitted in the Agreement, neither party shall use the name or trademarks of the other party or incur any obligation or expense for or on behalf of the other party without the other party's prior written consent in each instance.

7. Confidentiality. During the course of performance of the Agreement, Consultant may be given access to information that relates to LWMC's past, present and future research, development, business activities, products, services, technical knowledge and employee information. All of such information shall be deemed to be "Confidential Information" unless otherwise indicated by LWMC in writing at or after the time of disclosure. The Consultant may use the Confidential Information only in connection with the specific duties authorized pursuant to this Agreement. Access to the Confidential Information shall be restricted to those of Consultant's personnel, representatives and Consultants on a need to know basis solely in connection with Consultant's internal business. Consultant further agrees that it will (i) take all necessary steps to inform any of its personnel, representatives or Consultants to whom Confidential Information may be disclosed of Consultant's obligations hereunder and (ii) cause said personnel, representatives and Consultants to agree to be bound by the terms of this Agreement by executing a confidentiality agreement containing the same restrictions contained herein or some other method acceptable to LWMC. Consultant agrees to protect the confidentiality of the Confidential Information in the same manner that it protects the confidentiality of its own proprietary and confidential information of like kind. Consultant agrees to notify LWMC of any unauthorized use or disclosure of Confidential Information and to take all actions reasonably necessary to

prevent further unauthorized use or disclosure thereof. The terms of this Section shall survive the expiration or termination of this Agreement. These requirements apply to any subcontractors or agents Consultant uses in the performance of the work and services provided hereunder and it is Consultant's responsibility to assure that subcontractors and agents comply with such requirements.

8. Assignment. Consultant shall not assign its duties hereunder without the prior written consent of LWMC.
9. Binding Effect. This agreement shall be binding upon the parties hereto and on their respective successors and assigns.
10. Compliance with Laws. Consultant and its contractors, employees and agents shall comply with all Laws as applicable from time to time. Consultant and its subcontractors, employees and agents shall obtain and maintain in full force and effect, all necessary permits, licenses and authorizations required by governmental and quasi-governmental agencies. Consultant shall advise LWMC of all permits and licenses required to be obtained in LWMC's own name for the services to be provided herein, and shall cooperate with LWMC in obtaining same.
11. Compliance with LWMC Policies. Consultant shall comply with all LWMC policies and procedures with respect to its activities pursuant to and in connection with this Agreement.
12. Proprietary Right. All intellectual property, developed by the Consultant for LWMC in connection with this Agreement, including but not limited to all monitoring, testing and other data, reports, materials, schematic drawings, illustrations, trademarks, trade names, slogans, logos or other designs in any form, whether electronic, print or any other format, shall be deemed "work for hire" and shall be owned solely and exclusively by LWMC. All copyrights and patents with respect to such intellectual property created for LWMC in accordance with this Agreement shall be registered in the name of

LWMC. Consultant shall have no ownership or copyright in LWMC materials, nor in the intellectual property contained therein, nor in the delivery formats, whether electronic, property that is not developed specially for LWMC pursuant to this Agreement.

13. Indemnification. Consultant shall indemnify and hold LWMC and each of its officers, directors, employees, agents, successors and assigns, harmless from and against all claims, causes of action, damages, liabilities, fines, costs and expenses (including reasonable attorneys' fees) that may arise from the violation the terms of this Agreement, violation of any applicable laws, infringement of third party proprietary and/or intellectual property rights, libel, slander and other torts including with respect to personal injury, bodily injury, property damage and death arising from the negligent or willfully wrongful acts or omissions of Consultant and/or its employees, its third-party vendors, contractors, subcontractors or agents, in connection with the goods and services provided in connection with this Agreement. Any other provisions of the Agreement purporting to limit Consultant's liability shall not apply in connection with claims arising from acts or omissions of Consultant, its employees, contractors and agents that are negligent, willfully wrongful, infringing on third party intellectual or proprietary property or in violation of law.
14. Cooperation. The parties agree to cooperate with each other in connection with any internal investigations by LWMC or Consultant of possible violation of their respective policies and procedures and any third party litigation.
15. Insurance. Where Consultant requires the use of a vehicle in the performance of work under this agreement, Consultant shall, at all times during the term hereof and at its own expense, keep in full force and effect automobile insurance, in amounts acceptable to Owner, for property damage, bodily injury or death. Consultant shall provide LWMC with evidence of such insurance upon request.



16. Governing Law and Jurisdiction. This Agreement shall be governed by the laws of the Pakistan. Litigation of all disputes between the parties arising from or in connection with this Agreement shall be conducted in a court of appropriate jurisdiction in the Lahore, Pakistan.
17. Notices. All notices to LWMC in connection with this Agreement shall be sent to:

If to LWMC

If to Consultant

Managing Director of

Lahore Waste Management Company

Post Office Box _____

Shaheen Complex Lahore, Pakistan

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Lahore Waste Management Company

CONSULTANT

By: _____

By: _____



Lahore Waste Management Company
BIDDING DOCUMENT FOR PROCUREMENT OF WORKS

These bidding documents have been taken as a reference document from the website of Pakistan Engineering Council (PEC) (<http://www.pec.org.pk/>) for works not more than Rs. 25 Millions.

These documents have been notified Public Procurement Regulatory Authority Pakistan (PPRA) (<http://www.ppra.org.pk/>).



Lahore Waste Management Company
BIDDING DOCUMENT FOR PROCUREMENT OF GOODS

These bidding documents have been taken as a reference document from the website of Pakistan Engineering Council (PEC) (<http://www.pec.org.pk/>) for goods.

These documents have been notified by Public Procurement Regulatory Authority Pakistan (PPRA) (<http://www.ppra.org.pk/>).



Lahore Waste Management Company
RFP FOR CONSULTANTS' SELECTION

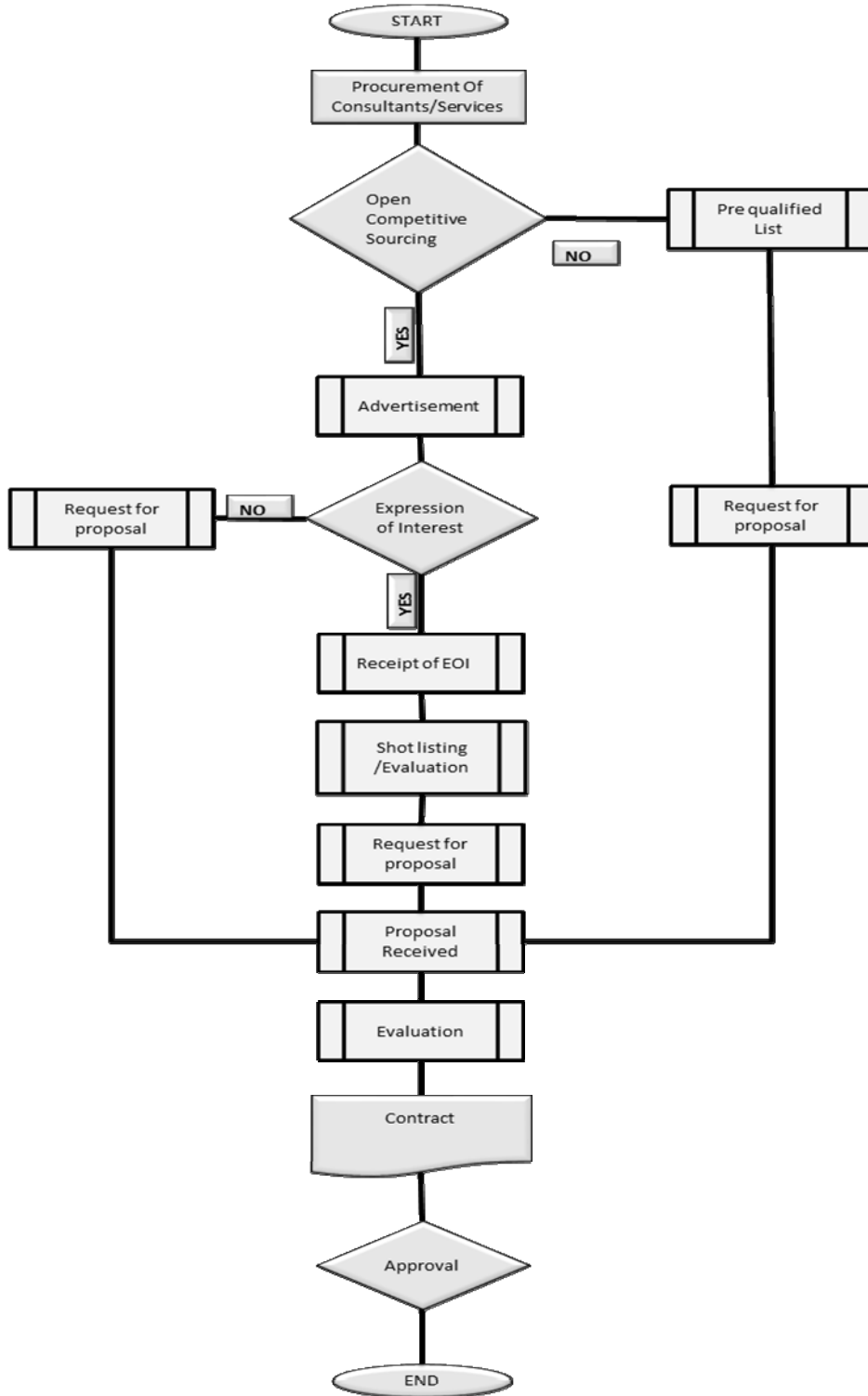
This RFP has been taken as a reference document from the website of Planning and Development, Punjab (P&D) for selection of consultants.

The Public Procurement Regulatory Authority Pakistan (PPRA) (<http://www.ppra.org.pk/>) has also notified the regulations for Procurement of Consultancy Services.

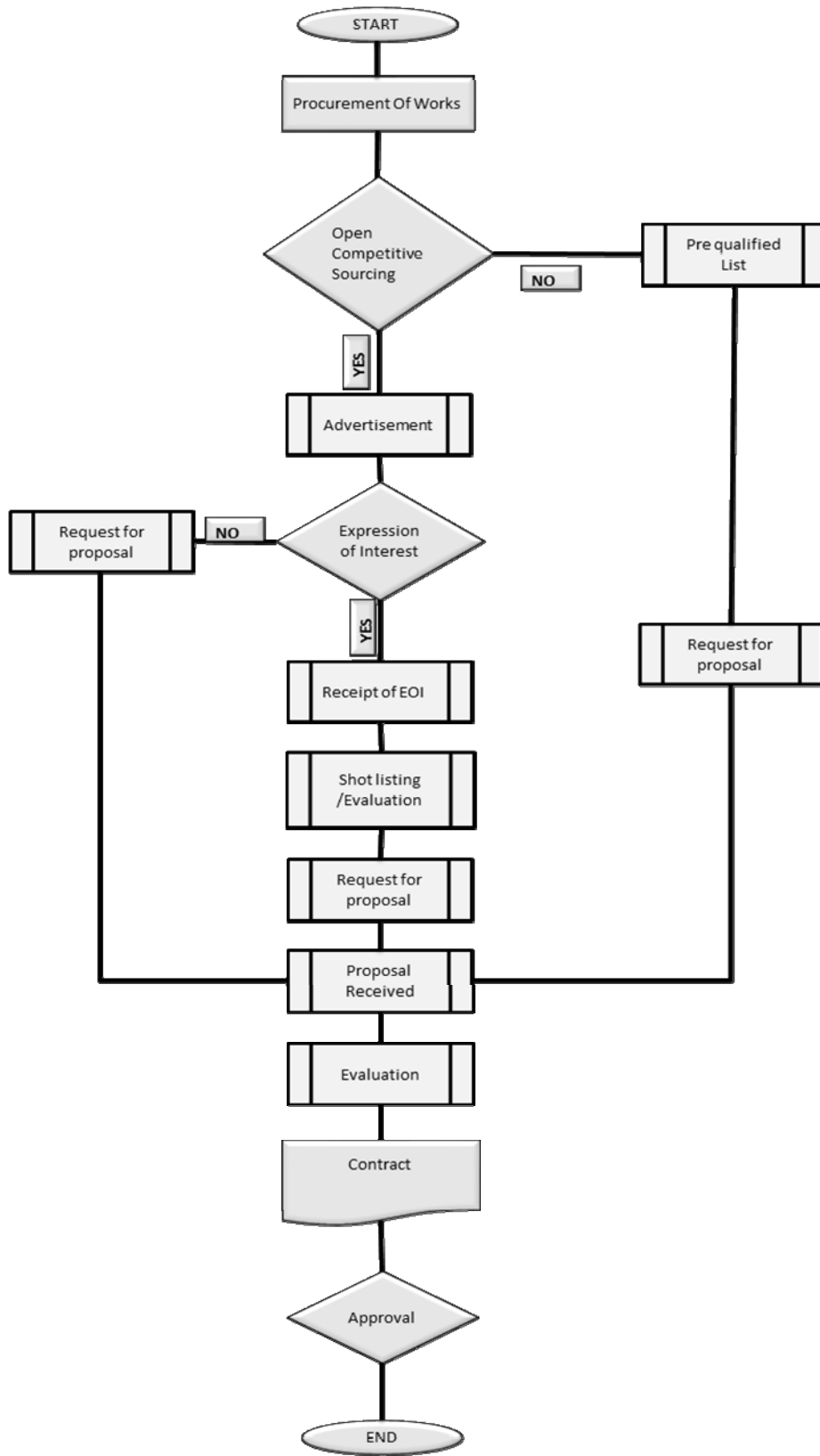


Lahore Waste Management Company
FLOW CHARTS PROCUREMENT

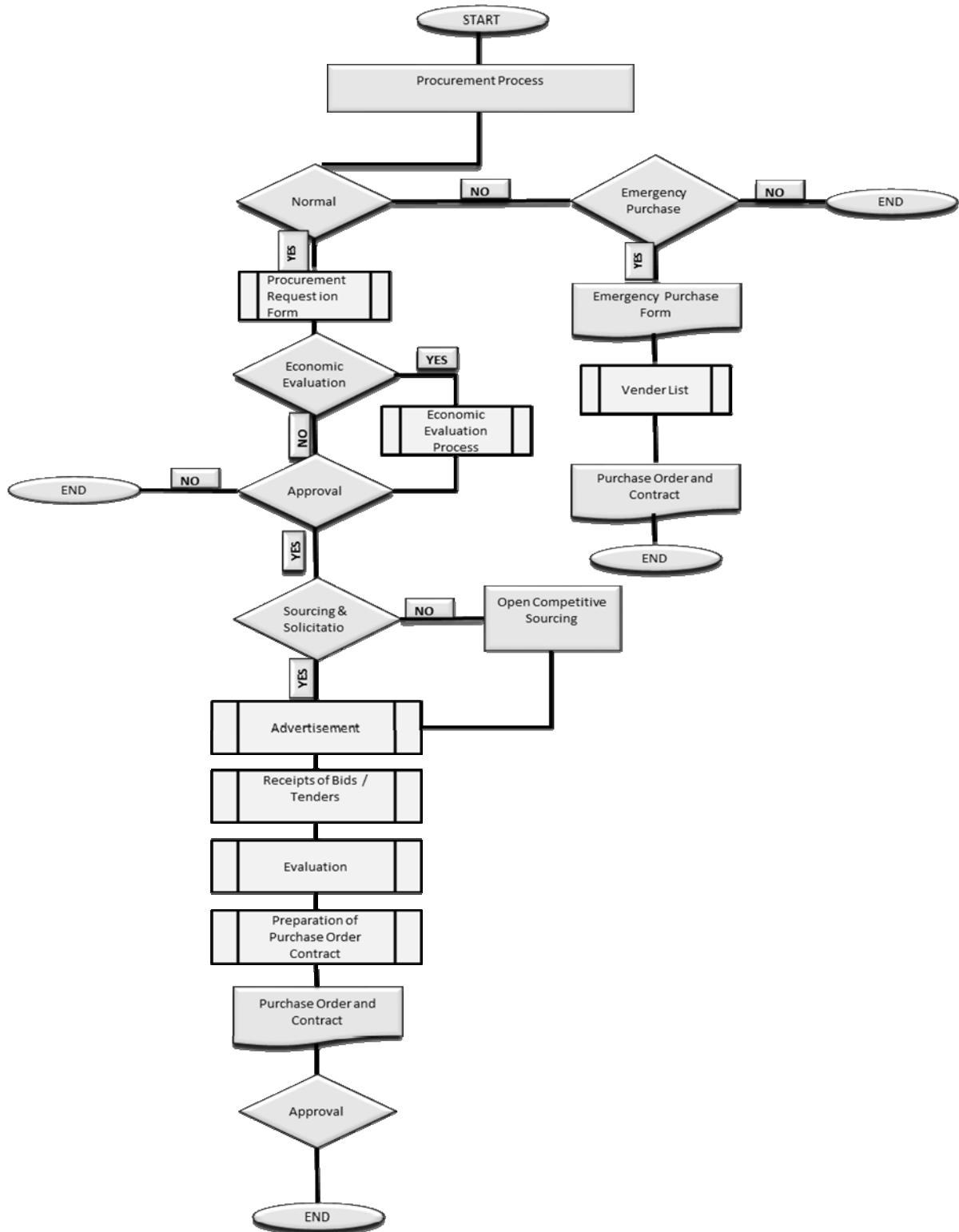
PROCUREMENT OF CONSULTANTS / SERVICES



PROCUREMENT OF WORKS



PROCUREMENT PROCESS



PREPARATION OF ANNUAL PROCUREMENT BUDGETS

