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Circular No 3 of 2016

From: Director, Procurement Policy Office
To: Heads of Public Bodies

Amendments to Public Procurement Act: Consultancy Services

1. Following amendments to the Public Procurement Act, Section 15(1) (b) now provides three procurement methods for Consultancy Services, namely, Request for Proposals (RFP), Direct Procurement and Open Advertised Bidding (OAB).

2. RFP shall be used following the provisions of section 24 of the Public Procurement Act and the conditions for using Direct Procurement are stipulated in section 25(2)(a), (e), and (f).

3. OAB is now permissible for procurement of Consultancy Services. This procurement method may be used for any contract value but preferably for estimated contract amount exceeding Rs 10 million and where the potential number of Consultants is limited in view of the specialised field of competence sought.

4. Where a public body uses Direct Procurement or OAB for procurement of Consultancy Services, it shall note in the record of the procurement proceedings the ground for the choice of the procurement method in compliance with Section 15 (2) (e) of the Act.

5. International Bidding should be carried out for all procurements above Rs 10 million for both RFP and OAB.

6. For Consultancy Services in Construction sector, the Construction Industry Development Board (CIDB) Act provides that Consultancy Firms should obtain a Provisional Certificate from CIDB and submit it together with their bid. This requirement is incorporated in SBDs for Consultancy Services. Non-submission of the Certificate leads to the disqualification of the bidder. In order to ensure that bidders are aware of this mandatory requirement, public bodies should incorporate a clause in the Procurement Notice and Letter of Invitation highlighting the necessity of the Certificate.

7. PPO now provides for one set of SBDs that is applicable to both RFP and OAB for Lump sum or Time based contract. The four methods of selection of consultants specified in section 15 (1) (b) (i) of the Act shall apply in both cases. However, Public Bodies would have to customise the document accordingly, for use in respect of RFP or OAB.

8. The SBDs for selection of Consultants have also been amended for foreign consultants to be subject to local taxes in their proposals - bringing them at par with local consultants.

9. You are kindly requested to disseminate the contents of this Circular to all those concerned within your organisation.

Procurement Policy Office
29 January 2016