



Government of Pakistan
Public Procurement Regulatory Authority
(Monitoring & Evaluation Wing)

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F. No. 1(5)/M&E/PPRA/2018/40

Islamabad, January 25, 2021

Subject: **EXPLANATION OF RULE- 26 REGARDING EXTENSION OF BID VALIDITY PERIOD**

In terms of Rule-26(3) of Public Procurement Rules, 2004, it has been observed that various procuring agencies have developed their own understanding that the bid validity period can be extended multiple times without any limitation on the number of extensions. The rule was analysed and evaluated to determine the wisdom behind such limitation imposed by the legislature.

2. As per the provision of sub-rule (1) of Rule 26, bid validity period is determined on the basis of the nature of procurement. In this way, the original bid validity period should be determined by the procurement experts of that particular (category of) procurement considering its nature and complexity. Hence, it is established that bid validity cannot be extended owing to the nature (or complexity) of the procurement.

3. As per the provision of sub-rule (3) of Rule-26, the procuring agency is ordinarily under an obligation to process and evaluate the bid within bid validity period, however, it allows to extend the bid validity period only under exceptional circumstances. Such exceptional circumstances should be beyond the control of the procuring agency, for which reasons are to be recorded in writing. Moreover, the duration of such extension should not be more than the original bid validity period.

4. If the procuring agency is allowed to determine the original bid validity period without considering the nature of the procurement in contrary to the practices of that particular trade, it shall cause unnecessary delays and reduce competition due to fluctuation in prices, in case of abnormally long period(s). In the same way, very less period may affect the proceedings of the evaluation process in accordance with the selection technique and bidding procedure adopted for that particular procurement. Once an optimised period is determined during the procurement planning phase and while finalizing the bidding documents, the procuring agency is under an obligation to complete the evaluation process during that prescribed period. If the period of bid validity is allowed

to be extended again and again, it shall be unjust enrichment on the part of the procuring agency by keeping the bidders at disadvantage in case of increase in the market prices, and subsequently may cause in reduction of competition as per the provision of clause (c) of sub-rule (4) of Rule-26, according to which bidders are at liberty to withdraw their bids in case of such extension.

5. Moreover the word “**such extension**” cannot be treated as plural in case where already limitation is involved, and intension of the legislature is clear that the process should be completed within the original (or initial) bid validity period and such exception is owing to exceptional circumstances only.

6. In view of the above, Rule-26 shall be interpreted as follows:

- (i) The Procuring Agencies through their procurement experts shall determine the original bid validity period during planning phase of the procurement considering the nature and complexity of the procurement keeping in view the practices of that particular trade along with selection technique and bidding procedure adopted.
- (ii) If considered necessary, an extension can be made in case of exceptional circumstances (beyond the control of the procuring agency) after recording the reason(s) in writing. Such extension shall be only once, and the period of the extension should be determined keeping in view of the circumstances under which such extension is deemed to be necessary, however, the same shall not be more than the original bid validity period. Moreover, any such extension shall be solicited and procured in advance prior to the expiry of original (or initial) bid validity period.



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All the Federal Secretaries/ Heads of the Organizations

CC: ✓

Director (MIS), PPRA with a request to upload the same on the Authority's Website for information of the procuring agencies, bidders and general public.