IMPORTANT NOTICE:

Spanish is the official language of the Agreements issued by the Panama Canal Authority Board of Directors. The English translation is intended solely for the purpose of facilitating an overall understanding of the content of the original version for the benefit of those persons who do not speak Spanish.

Furthermore, this document is a compilation of the Agreements issued regarding a specific Regulation. Its sole purpose is to facilitate quick access to updated information. Therefore, for official purposes, please refer to the specific Agreement in its Spanish version.

COMPILATION OF THE ACQUISITION REGULATION OF THE PANAMA CANAL AUTHORITY[1]

(Latest revision: October 2024)

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CHAPTER I

General Provisions and Definitions

Section One
General Provisions

Article 1[2]**.** This regulation establishes the uniform norms and procedures applicable to the contracting or acquisition of works, goods, and services necessary for the operation, maintenance, conservation, modernization, and expansion of the Panama Canal; to the disposition and sale of the Authority's movable property; and to the contracting of special services.

The contracting system must guarantee sufficient or superior quality, more favorable prices, and more timely delivery or fulfillment in the execution of works, acquisition of goods, or provision of services by third parties in favor of the Authority; as well as the disposition and sale of the Authority's movable property and the contracting of special services in the most favorable terms.

Article 1A[3]**.** Panama Canal Authority contracting processes prohibit the making of agreements, contracts, understandings, or the collusive financial and legal connection among all or several bidders, to affect or restrict the principles of concurrence, competition, and equality among participants, in such manner that may cause injury to the Administration in its attempts to obtain goods and services of sufficient or optimum quality, better prices, and other conditions favorable to the interest of the Authority.

Article 1B[4]**.** Nothing in this Regulation shall be applied or interpreted in the sense of granting to any contractor rights or benefits that exceed those stipulated in the contract it entered into with the Authority.

Article 2. The contracting system shall be based on the following:

1. Efficient and expeditious acquisition of goods and services.
2. Decentralized delegation of contracting authority.
3. Promotion of full and open competition on purchases and contracts.
4. Reasonable flexibility in designs and specifications to promote contractor participation, without adversely affecting the quality of the work.
5. Impartial decisions.
6. Equity in the relations with contractors.
7. Post-auditing of all expenses.
8. Reasonable flexibility within adequate parameters to decide emergency situations.

[2] Modified by Article One of Agreement No. 338 of January 17, 2019.
[3] Added by Article One of Agreement No. 48 of August 7, 2001.
[4] Added by Article One of Agreement No. 165 of August 26, 2008.

Article 3[5]**.** Except as provided in the following Article, the Authority may contract obligations arising only from contracts, provided that the Chief Financial Officer certifies that the corresponding budget item exists to comply with the contract.

Article 4[6]. The Panama Canal may award contracts that establish the obligation to make payments that, as agreed in the contract, must be charged to the budget of one or more fiscal periods after the award of the contract, provided that the Authority:

a) Is obliged in such contracts to allocate the pertinent items in the budget of the years in which the respective payments must be made;
b) Holds a certification signed by the Chief Financial Officer of the Authority, or whoever he/she delegates within his office, issued in accordance with the provisions of Article 27A of the Finance Regulations; and
c) Obtains the authorization of the Board of Directors, in cases in which the totality of the funds to be allocated in budgets of one or more fiscal periods after the award of the contract is equal to or above five million balboas (B/.5,000,000.00) onwards, following the certification required in subparagraph "b" above.

The Administration may proceed with the contracting process but may not award a contract that establishes payments charged to the budget of one or more fiscal periods after its award without the authorization from the Board of Directors indicated above in this article.

The Administration will inform the Board of Directors of all certifications it issues for funds to be allocated in budgets for one or more fiscal periods after the contract award date, which range from one million balboas (B/.1,000,000.00) to four million nine hundred ninety-nine thousand ninety-nine balboas with 99/100 (B/.4,999,999.99).

For estimated amount contracts and agreements based on price lists, the certification indicated in subparagraph "b" above will be required, when the assumptions established in this article apply, at the time of requiring the respective goods, services, or works included in these contracts or agreements, through the respective purchase order issued for them.

Article 5. Price adjustment clauses based upon cost variations may be included in the request for proposals (RFP) and in the contracts, preferably by means of mathematical formulas approved by the head of the contracting office.

Article 5A[7]**.** The Authority may consider offers from contractors to reduce the costs or the time required to carry out contracts and, if accepted, may share the resulting savings with the contractors. Under no circumstances will offers be accepted which may impair the degree of quality required by the contract.

In order to put this procedure into force, Authority contracts must include clauses to this effect,

[5] Modified by Article One of Agreement No. 331 of September 25, 2018.
[6] Modified by Article One of Agreement No. 432 of July 25, 2024.
[7] Added by Article One of Agreement No. 153 of December 20, 2007.

which shall specify the terms and conditions for the submission and acceptance of the offers, and the percentage of the savings to be assigned to the contractor in exchange for the offer, which shall not exceed 50% of the savings achieved.

Article 6[8]**.** If it becomes necessary to incur in an unexpected expenditure not allocated in the annual budget, which is urgent and necessary to maintain the uninterrupted operation of the international public service provided by the Panama Canal, the Administrator shall make the necessary disbursements by charging them to the budget item which has funds available at the time, and shall recommend the corresponding budgetary adjustments to the Board of Directors.

Article 6A[9]**.** In those cases where offers received for a contractor selection process exceed the amount allocated to award the contract, the Contracting Officer may request, from the unit that estimated the allocated amount, an analysis to decide whether there is justification for a modification of the same.

In those cases in which the allocated amount is modified, the decision to declare the abandonment of a public tender because of onerous offers shall be based on the amended amount as established in this Article.

Article 6B[10]**.** Clauses that limit the Contractor's liability may be exceptionally agreed upon in the contracts with the Authority, provided that:

1. Such stipulations are typical or commonly used in the contracts of a particular industry or activity; and
2. The exclusion of a provision limiting the Contractor's liability prevents or unjustifiably increases the cost of contracting or reduces competition by making it unreasonably onerous or risky for the Contractor and does not imply a greater risk for the Authority.

For the purposes of the provisions of this Article, the Administration will sustain and include in the record the agreement of having included in the contracts in question, stipulations that limit the Contractor's liability, for which it will comply with the following:

a. Preparation of a risk analysis on the Contractor's limited liability in the particular contract. Contracts that incorporate clauses of limited liability will be excepted from the risk analysis, when they are typical or commonly used in the activity subject to the contract and, in turn, the amount of the contract is less than B/.100,000.00.
b. Review by the Vice Presidency for Finance of the Authority.
c. Review by the Office for General Counsel.
d. The Administrator's approval when the contract exceeds B/.100,000.00, through a motivated resolution —prior to the contract award— following the provisions of this article.

In no case may limited liability be stipulated for fraud, deliberate or intentional breach, fault, or gross negligence attributable to the Contractor.

[8] Modified by Article One of Agreement No. 133 of April 24, 2007.
[9] Added by Article Two of Agreement No. 153 of December 20, 2007.
[10] Modified by Article Two of Agreement No. 432 of July 25, 2024.

Article 6C[11]**.** Notwithstanding the provisions of this Regulation relating to the cancellation of contracts, the Authority may include in its contracts, exceptional clauses enabling unilateral cancellation of the contract, provided that these are necessary due to the nature of a specific contract.

Article 6D[12]**.** In the request for proposals (RFP) and in the contracts whose celebration had been preceded by the prequalification process established in Section Two of CHAPTER VII of this Regulation, the Authority may include terms and conditions which, in the Authority's opinion, protect more effectively its interests than the provisions contained in this Regulation or that were not mentioned in it, that may be, in the Authority's opinion, necessary or convenient to better protect its interests. Such terms and conditions shall prevail between the contracting parties in relation to the matters they refer to.

Section Two
Modification and Implementation of the Regulation

Article 7. The Board of Directors shall, on its own accord or as proposed by the Administrator, make any revisions and modifications to the Regulation that it considers necessary. The Administrator, in accordance with the policies of the Board of Directors and the provisions of this Regulation, shall issue the instructions and adopt the internal procedures that will implement the provisions herein, as well as the pertinent provisions and contractual clauses.

Section Three
Formal and Legal Control

Article 8[13]**.** Any actions taken during contracting proceedings will be recorded in writing and the Administration shall issue a motivated resolution in the cases required by this Regulation.

Article 9[14]**.** In application of the principle of legality, the following acts will be subject to review by the Office for General Counsel, to verify that all legal and regulatory requirements are met:

1. Contracting of works, goods, and services, and the sale of excess movable property by the Authority, the amount of which exceeds B/.250,000.00.
2. Motivated resolutions for restricted contracts that exceed B/.250,000.00.
3. The motivated resolutions that must be reviewed in accordance with these regulations.
4. Errors in proposals and actions to be taken by the Contracting Officer.
5. Formal protests against a contracting process.
6. Claims over a contract.
7. Debarment of contractors.
8. Disqualification of contractors.
9. Modification of contracts that affect the price in more than ten percent (10%) or affect the

[11] Added by Article Four of Agreement No. 153 of December 20, 2007.
[12] Added by Article Two of Agreement No. 193 of December 24, 2009.
[13] Modified by Article Three of Agreement No. 432 of July 25, 2024.
[14] Modified by Article Four of Agreement No. 432 of July 25, 2024.

execution time in more than thirty (30) calendar days, for contracts that exceed B/.250,000.00.
10. Suspension of contract execution.
11. Administrative termination of the contract.
12. Approval of advance payments for amounts that exceed B/.250,000.00.
13. Guarantees and insurance for contracts that exceed B/.250,000.00, except tender bonds. Regarding those submitted under the provisions of Article 122A, the revision will be done jointly with the Authority's office in charge of risk assessment.
14. Transfer of payment rights.
15. Transfer of contracts.

Section Four
Definitions

Article 10[15]**.** For the purposes of this Regulation, the words and terms contained in this article shall have the following meaning:

Administrative unit. The offices of the Authority, other than the contracting office, which define the contracting needs and are also authorized to enter into decentralized contracts.

Agreement based on price lists. Agreements entered into with bidders following a public announcement of contractors' selection, for acquiring goods and services at the official unit price.

Agreements with local companies based on online catalogs. Agreements entered into with local bidders after a public announcement has been called, for the acquisition of goods and services at prices published in internet portals.

Allocated Amount. This is the top figure set by the Administration in each contractor selection process, above which the Contracting Officer will consider the offers received to be onerous. This amount may not exceed the amount established in the Panama Canal Authority Budget, approved by Law.

Award. An action whereby the Contracting Officer determines and accepts, according to the law, regulations, and the request for proposals, the bid proposal that is in the best interests of the Authority and perfects the contract, thus ending the pre-contractual stage.

Best-Value Tender. The best-value tender is a tendering process, whether negotiated or not, in which the choice of the successful bidder is based on the assignment of relative weights to the technical and economic offers for the contracting and acquisition of an asset, work, or service, to select the bid having the best combined score for both aspects.

Bonds. Guarantees required from part of the bidder or contractor to ensure full compliance with his obligations.

[15] Modified by Article Five of Agreement No. 432 of July 25, 2024.

Contracting. Acquisition, by means of a contract, construction, goods, and services required for the operation, maintenance, preservation, and modernization and expansion of the Panama Canal; and disposition and sale of Panama Canal Authority movable property. Depending on the contracting office, contracting can be as follows:

1. Centralized Contracting. This type of contracting is carried out by the Authority's Contracting Office.
2. Decentralized Contracting. The one carried out by the administrative units of the Authority.

Contracting Officer. A Panama Canal Authority employee duly authorized to contract on behalf of the Authority.

Contractor. An individual or corporation, joint venture or temporary association, domestic or foreign, domiciled within or outside the territory of the Republic, having full legal capacity, which has entered into a contract with the Authority.

Contractor Selection Procedure. Administrative procedure by which the Authority, prior public announcement, selects, in equal opportunities, the offer that meets the requirements set forth in the law, regulations and the tender specifications.

Control, Controlling, or Controlled. It is understood as the direct or indirect power to exercise significant influence (i) on the administration, direction and policies of a person or (ii) on the distribution of economic benefits of a person, either through:

a. Ownership of shares, participation fees or similar interests,
b. Contractual rights or
c. In any other way.

For the purposes of the preceding paragraph, any natural or legal person who, individually or in mutual agreement with others, directly or indirectly: (i) has the right to appoint a majority of members of the board of directors or another person of any other administrative body ; or (ii) is the holder, has the right to exercise the vote, or receives the economic benefits of twenty percent (20%) or more of the shares, participation quotas or similar interests of another person, it will be presumed to exercise control on said other person, unless proven otherwise to the satisfaction of the Authority.

Controversy. A dispute in relation to the performance, interpretation, or termination of a contract.

Declaration of tender abandonment. That administrative act resulting from a contractor selection process where there is no award for evidencing any of the assumptions contemplated in Article 68 of these regulations.

Direct supervisor of the Contracting Officer. A natural person authorized to enter into contracts at an equal or greater level than the Contracting Officer. If the Contracting Officer is a Vice President, the Head of the Acquisitions Office will be understood as his supervisor, only for contractual matters.

Electronic certificate. An electronic document issued by an electronic signature certification service provider, that associates the verification data of an electronic signature to a signer and confirms his/her identity.

Estimated Quantities Contracts. Contract in which the Authority aims to acquire goods, services or works, whose total or partial quantities are variable, depending on the needs of the Authority. The contract will establish its scope, duration and fixed unit price. The final amount to be paid by the Authority will depend on the amounts that are actually required and/or executed.

Head of the Contracting Office. The individual who heads, coordinates, and is responsible for the operation of the contracting office.

Micro-purchases. Purchases in amounts not exceeding B/. 2,500.00.

Motivated resolution. A duly motivated, law-based administrative act.

Office of Finance of the Authority. Office that directs, coordinates, and has the responsibility for the administration of the Authority's finances.

Onerous offer. One which exceeds the original or amended budgeted amount for a contract action.

Pre-contractual Stage. All the administrative processes conducted by the Authority before the award of a contract.

Protest. Claim of juridical nature related to contractor selection according to the stipulations of Section Two, "Protests", of Chapter X of this Regulation.

Purchase Order. One of the documents through which the contractual relationship is formalized.

Qualified Bidder or Contractor. Bidder or contractor with the capacity to perform the contract.

Quotation. Solicitation document received for micro-purchases.

Related Parties. It is understood as a related party (ies):

1. Those persons who, directly or indirectly through intermediaries, control, are controlled or are under common control of the person with who they are linked to (including in the case of legal persons, subsidiaries, and affiliates);

2. Only for the purposes of the provisions of Article 43 of this Regulation, to the general manager or similar position; and every executive who reports it; the legal representative, administrators, shareholders, directors and dignitaries of the persons indicated in Paragraph 1 above, as long as they have been responsible for acts that have led the latter person to incur in some of the causes of impediment identified in the Article 43 of this Regulation.

Likewise and only for the purpose of the cause identified in paragraph 3 of Article 43 of this

Regulation, any person who is a general manager, shareholder, legal representative, director, official or administrator or who has any association or relationship with the bidder or contractor.

Revision by the General Counsel. To verify, through the Office for General Counsel of the Authority, that all legal and regulatory requirements are met.

Service Contracts. Those held by the Authority with third parties, to install, repair, maintain, rehabilitate, modify, operate or modernize movable or immovable property owned by the Authority or under its private administration, or to train its human resources, in accordance with the technical specifications described in the request for proposals.

Special Services Contracts. Those held by the Authority with third parties for them to carry out consulting, analysis, study and evaluation activities for the Authority, as well as those held with third parties for them to carry out activities related to the financial and risk management of the Authority, in compliance with the specifications described in the request for proposals.

Request for proposals (RFP). All the requirements that are unilaterally prescribed by the Authority to enter into a contract. This includes all documents that specify the supply of goods, construction of public works, the contracting of services, and the disposition or sale of property; including the terms and conditions, the rights and obligations of the bidders and the contractor, and the mechanism to follow in formalizing and performance of the contract.

CHAPTER II
The Contracting Authority and its Delegation

Article 11[16]**.** The power to conduct contractor selection processes, order administrative acts, and enter into the contracts referred to in these Regulations, corresponds to the Administrator. This power may be delegated sufficiently broadly so that the person who has received it, in turn, may delegate it to the Contracting Officers. The Contracting Officers may bind the Authority within the limits expressly authorized.

Article 12. Delegations of authority contemplated in the above article shall be in writing and shall include necessary instructions and limitations. This information shall be accessible to the general public.

Article 13. Contracting Officers are responsible for ensuring compliance with the purpose of the contracting activity, monitoring the proper performance of the contracts awarded, and safeguarding the rights of the Authority, without prejudice to the legitimate interests of contractors and third parties. They shall be administratively liable for any illegal actions and omissions, in addition to any criminal or civil liability that may be derived therefrom.

Article 14[17]**.** The Contracting Office of the Authority and the administrative units expressly authorized by the Administrator, under the provisions of Article 11 of this Regulation, shall carry out micro-purchases, tenders, and restricted contracts. The other administrative units of the Authority will carry out micro-purchases, tenders, and restricted contracts up to a maximum amount of B/. 25,000.00.

The Administrator shall determine who is authorized to sell and dispose of excess movable property.

The administrative units themselves will be able to carry out purchases, tenders, and restricted contracts with amounts ranging from B/.10,000.01 to B/.25,000.00, following the requirements established by the Administrator.

Article 15. The matter or object of a contract shall not be divided into parts or clusters, to cause its amount to become lower than required to avoid following the process that would otherwise be applicable if such division did not occur.

CHAPTER III
Conflicts of Interests and Improper Practices
Section One
Rules of Conduct

Article 16[18]**.** Personnel involved in the contractor selection process, contract awarding, and contract management must declare their personal financial status as provided in the Ethics and Conduct Regulation of the Authority.

[16] Modified by Article Seven of Agreement No. 331 of September 25, 2018.
[17] Modified by Article Six of Agreement No. 432 of July 25, 2024.
[18] Modified by Article Nine of Agreement No. 331 of September 25, 2018.

Article 17[19]**.** To avoid conflicts of interest, Panama Canal Authority employees and officials may not enter into contracts or negotiations with the Authority. This prohibition extends to corporations in which employees and officials have more than five percent (5%) participation, control, or representation thereof.

Article 18. Former employees of the Authority whose main duty has been the participation in the contracting processes thereof, may not take part in any contractor selection action for a period of two (2) years starting from the date on which they ceased working with the Authority.

Former employees of the Authority who have participated in a specific contracting process, may not represent a contractor before the Authority in any matter related to such process, for a period of three (3) years commencing from the date on which they ceased work with the institution.

Section Two
Improper Practices

Article 19. Employees participating in contracting processes are prohibited from accepting favors or gifts because of the performance of their duties, except for those situations expressed in the Code of Ethics and Conduct, under administrative discipline penalty. Additionally, any contractor who offers a favor to an employee shall be subject to administrative termination of the contract and shall be debarred from contracting with the Authority for a period of no more than ten (10) years.

Employees of the Authority shall be subject to the provisions of paragraph 12 of Article 133 of this Regulation.

CHAPTER IV
Preparation for Contracting

Section One
The Administrative Unit

Article 20[20]**.** In the case of decentralized contracting, the acquisition process commences from the moment in which the administrative unit expresses its need to acquire goods or services through a requisition delivered to the Contracting Officer within the administrative unit. In the case of centralized contracting, the requisition shall be issued by the administrative unit and received by the Contracting Office of the Authority.

Article 21[21]**.** The duties of the administrative unit are the following:

1. Develop the acquisition plan.
2. Conduct a market study.
3. Prepare the technical specifications.
4. Be part of the Technical Evaluation Committee, when so determined by the Contracting

[19] Modified by Article Two of Agreement No. 350 of August 29, 2019.
[20] Modified by Article Ten of Agreement No. 331 of September 25, 2018.
[21] Modified by Article Seven of Agreement No. 432 of July 25, 2024.

Officer.

5. Verify that the delivery and quality of the goods and services contracted comply with the terms of the contract and give its approval to proceed with payment.
6. Identify the risks of the contract and request a risk analysis where appropriate.
7. Determine the budgetary item assigned for the contract and its revisions.
8. Anything else required under this regulation.

Section Two
Acquisition Planning

Article 22[22]**.** All the Authority's acquisitions will be planned and documented as soon as the need is known, meaning that the efforts of the personnel responsible for the coordination and performance of a contract will be integrated to ensure that the Authority meets its needs in the most efficient and economical way.

In exceptional circumstances and when it is convenient for the operation, expansion, or protection of the Canal, the Authority may enter into two or more contracts with the same object, for comparison purposes. In these cases, prior approval from the Administrator will be required whenever the contract amount does not exceed B/.2,500,000.00. These cases shall be reported to the Board of Directors every quarter. All other cases require the approval of the Board of Directors.

Article 23[23]**.** The administrative unit shall submit to the contracting office, no later than the last quarter of the current fiscal year, the annual plan for the contracting of centralized purchases of works, goods, and services to be contracted in the following fiscal year. Additionally, a plan shall be prepared for those contracts that were not included in the annual plan, and that will be executed when the need for such contracts is determined.

Article 24[24]**.** When, in order to meet their needs, several administrative units of the Authority require contracts to provide the same good or service, the Contracting Office will group and integrate these needs to carry out a single contractor selection procedure, which may be awarded to one or more contractors. This process will be conducted by the Contracting Office, regardless of the amount.

Article 25. The acquisition plan shall include:

1. The Authority's needs, including a description of the goods or services and the quality thereof.
2. Special conditions or characteristics that affect the purchase, such as compatibility requirements or budget limitations.
3. The total cost of the contract, considering its real cost, including the point of delivery, the operational, maintenance, service, yield, and replacement costs; administrative cost to the Authority; performance or productivity; and the location of technical support and warranties.
4. Comparison of the cost of local service versus foreign service.
5. Delivery deadlines.

[22] Modified by Article Eight of Agreement No. 432 of July 25, 2024.
[23] Modified by Article Nine of Agreement No. 432 of July 25, 2024.
[24] Modified by Article Twelve of Agreement No. 331 of September 25, 2018.

6. Risks for the Authority in the performance of the purchase and proposals for reducing risks.
7. Evaluation criteria.
8. Special contractual considerations.
9. Inspection procedures.
10. Resources or information provided by the Authority.
11. Environmental and safety requirements.

Section Three
Market Study

Article 26[25]**.** Before preparing the request for proposals or as part of the acquisition plan, the administrative unit may carry out a market analysis for any contract. This analysis will be carried out to determine:

1. Possible suppliers, to encourage competition within the process.
2. Market practices related to warranties, terms and means of delivery, and financing.
3. Availability of the goods or services in the market.
4. Estimated prices.

Section Four
Request for Proposals (RFP)

Article 27[26]**.** Repealed.

Article 28[27]**.** The request for proposals (RFP) shall include:

1. Minimum qualification requirements that the bidder shall meet. All requests for proposals shall require the bidder to qualify based on the criteria provided in Chapter VII.
2. Description of the object of the contract. It shall be described in terms that promote competition and the acquisition of the goods or services available on the market.
3. Detailed description of the term and place of delivery. The time frame indicated in the request for proposals shall be based on reasonable deadlines, following the information resulting from the market studies, without limiting it in such a manner that may increase costs or reduce competitiveness. Goods shall be delivered at the administrative unit's facilities, unless otherwise justified in writing by the Contracting Officer.
4. Applicable penalties for non-compliance with the terms of delivery, as well as the causes that limit liability for delays.
5. Criteria for bid evaluation and the importance that each of these shall have in the evaluation process, should there exist additional parameters other than price.
6. Contractual terms, basic among which are the following: inspection and acceptance conditions, the mechanism to effect changes to the contract terms, the mechanisms for dispute or conflict resolution between the parties, the procedure for submitting bills and payments, the causes for

[25] Modified by Article Thirteen of Agreement No. 331 of September 25, 2018.
[26] Repealed by Article Six of Agreement No. 153 of December 20, 2007.
[27] Modified by Article Ten of Agreement No. 432 of July 25, 2024.

termination of the contract, title transfer, and warranty conditions.

7. Indication of whether a local representative or local presence is required to participate in the contracting process. A local representative or presence shall be considered an additional benefit for the Authority when, as a result of this presence, there can be immediate execution of the warranty, immediate deliveries, availability of maintenance and repair services, availability of spare parts, specialized technical personnel, or any other benefit that could only be obtained through contracting with local suppliers, foreign suppliers acting through local representatives, or foreign suppliers who intend to establish themselves in the territory of the Republic.
8. All requests for proposals (RFPs) and contracts shall be written in Spanish. The Administration is authorized to issue requests for proposals and contracts in another language, if necessary, for certain tenders.

CHAPTER V
Competition Requirements

Section One
Promotion of Full and Open Competition

Article 29[28]**.** To enjoy full and open competition, all information that allows bidders to be duly informed and participate in the selection procedures of contractors of the Authority will be published and disclosed by different mediums. Similarly, specifications and designs will be developed with reasonable flexibility that allows and promotes participation, without deteriorating quality.

If when these requirements have been fulfilled, only one qualified bidder appears in the public act, and the Contracting Officer determines that the bid presented is convenient, fair, and not onerous, he may proceed with the award, which means that the requirement of promoting full and open competition has been fulfilled.

Article 30[29]**.** The contractor selection process that will be used to promote the broadest competition are the following:

1. Micro-purchases.
2. Tenders. Tenders may be:
   a. Public Tenders Based on the Lowest Price.
   b. Negotiated Tenders, which may be in one of three modes:
      1. Negotiated Tenders Based on the Lowest Price.
      2. Negotiated Tenders Based on the Best Value.
      3. Reverse Negotiated Tender based on the Lowest Bidder Price.
   c. Non-Negotiated Tender on Best Value
   d. Two-Step Public Tender.
3. Sales of excess property belonging to the Authority, which may be in one of two modes:
   a. Public tender based on best price or benefit for the Authority.
   b. Public auction.

[28] Modified by Article Fourteen of Agreement No. 331 of September 25, 2018.
[29] Modified by Article Fifteen of Agreement No. 331 of September 25, 2018.

Section Two
Restricted Contracts[30]

Article 31[31]**.** When a specific brand or model or of a specific manufacturer, distributor, supplier, or seller is required for the procurement of products, services or works, the requesting administrative unit shall submit to the Contracting Officer for approval, a motivated resolution, which shall include a founded technical report, where the contracting is duly supported, and must indicate, among other things, the reasons why there is no adequate alternative.

The contracting intent, according to this article, will be published in the corresponding media.

Article 32[32]**.** Whenever a clear and compelling emergency arises that does not allow the necessary time to carry out a contractor selection process, the Contracting Officer shall request offers from as many bidders as possible, given the circumstances of the case, and may waive the contractor selection process. In this case, the requesting administrative unit shall submit a motivated resolution for the approval of the Contracting Officer, and review of the Office for General Counsel, in accordance with the provisions of Article 34, which may be done after the contract is perfected.

The motivated resolution must include an explanation of the causes, situations, or events that caused the urgent need to contract.

Article 33[33]**.** The contractor selection process will not be necessary in the following cases:

1. Micro-purchases under the provisions of Article 50.
2. Contracts governed or authorized by a special law.
3. Loans with financial institutions and other types of credit obligations, according to law.
4. Contracts entered into by the Panama Canal Authority with other government entities.
5. Duly justified contract extensions and renewals.
6. Contracts for the exchange of movable property.
7. Contracts for the acquisition of specific real estate property, or for the lease of specific real estate property in cases where the Authority is the lessee.
8. The contracting of mediators, arbitrators, and experts.
9. The contracting of legal services and jurisdictional representation.
10. The contracting of catering services for official events of the Authority.
11. The contracting of public, air, maritime, and ground transportation for official travel on established commercial routes.
12. The contracting of any kind of insurance policies, if they have been acquired using the services of a duly hired insurance broker based on this regulation, with faculties to contract insurance policies on behalf of the Panama Canal Authority.
13. Contracts of a literary, artistic, historical, or, in general, cultural nature.
14. Contracts for maintenance and repair services of equipment that include a previous diagnosis to determine the scope of the required service, for which a market study will be made that defines the best option available at the time.

[30] Title modified by Article Three of Agreement No. 107 of December 15, 2005.
[31] Modified by Article Sixteen of Agreement No. 331 of September 25, 2018.
[32] Modified by Article Seventeen of Agreement No. 331 of September 25, 2018.
[33] Modified by Article One of Agreement No. 386 of September 23, 2021, adding subparagraph 27.

15. The contracting of banking loans, banking services, credit risk rating, and specialized services to mitigate the risks inherent to the fluctuations in the price of supplies, interest rates, and foreign exchange. In these cases, common industry-accepted practices for such contracts shall be used.
16. The contracting of security and protection consultants for facilities of the Authority and the Panama Canal.
17. In tenders based on the best value requiring a prequalification process, the contracting of experts to advise the Authority concerning the content of the proposals during their evaluation, according to the provisions of this Regulation.
18. In tenders based on the best value requiring a prequalification process, the contracting of auditors and consultants required by the Inspector General to assist him with the review and audit of the contractor selection processes, according to the provisions of this Regulation.
19. The chartering of existing vessels in seaworthy conditions. In such cases, the means, procedures, and contracts accepted in the industry and in common practice for such contracts may be used, as well as the substantive law indicated in the contract.
20. Contracts for the acquisition of works, goods, services, and special services, to be paid with funds that come from conditional donations, non-refundable loans, or non-refundable technical cooperations.
21. Contracting of subscriptions or memberships to public or private associations.
22. Subscription to publications.
23. The enrollment of employees, officials, and members of the Board of Directors in training activities, events, and conferences.
24. Contracting of platform services in social networks.
25. The contracting of hotels and/or convention or meeting rooms, as well as the rental of venues and real estate for official purposes.
26. The purchase of digital certificates.
27. The sale of excess movable property declared obsolete, provided that:
    a. It is done through sales agents based on any procedure contemplated in this Regulation for such purpose; and
    b. Corresponds to floating equipment declared obsolete or excess, namely cranes, tugboats, dredges, and similar crafts; power generation plants, their auxiliary equipment, and similar equipment; as well as any other excess movable property that, exceptionally, is necessary or more convenient for the Authority to be promoted through sales agents, prior motivated resolution of support by the Contracting Officer and the approval of the Vice President for Finance.
28. [34] Contracts in which the Administration has determined that the publication of the contractor selection procedure or that the disclosure of the information resulting from this procedure goes against the best interests of the Authority, or may cause an impact on the operation, administration, functioning, conservation, maintenance, improvement and modernization of the Canal, or its complementary activities, related services, and water resources of the Panama Canal Watershed. These exceptions must be approved by the Board of Directors, for which the Administration must submit to the consideration of the Board of Directors a motivated resolution that includes an explanation of the causes, situations, or events that supported the Administration's decision to classify the contractor selection procedure, the

[34] Modified by Article Two of Agreement No. 420 of October 26, 2023.

contracting process, and the information resulting from said process, as confidential or restricted access information, as well as the possible damages that the Authority may suffer from the publication of said procedure or information disclosure.

Article 34[35]**.** The administrative unit that requests the restricted contracting, based on Articles 31 or 32 of this Regulation, or both, must justify the contract through a motivated resolution, which will include the founded technical report, which shall be submitted for the corresponding approvals, according to Article 35 of this Regulation.

The motivated resolution shall be included in the file. When the contract exceeds B/.250,000.00, the motivated resolution shall be reviewed by the Office for General Counsel.

Article 35[36]**.** The motivated resolution referred to in Articles 31, 32, and 34 of this regulation shall require, depending on the contract amount, the following approvals:

1. From B/. 1,000.01 to B/.250,000.00 will require the approval of the Supervisor of the Contracting Officer.
2. From B/. 250,000.01 to B/.1,000,000.00 will require the approval of the Chief Contracting Officer.
3. From B/.1.000,000.01 to B/.2,500,000.00 will require the approval of the Administrator, who will inform the Board of Directors.
4. Above B/.2,500,000.00 will require the approval of the Board of Directors.

The Administration will provide a report to the Board of Directors, every quarter, on the approved restricted contracts that range from B/.250,000.00 to B/.2,500,000.00.

[35] Modified by Article Eleven of Agreement No. 432 of July 25, 2024.
[36] Modified by Article Three of Agreement No. 420 of October 26, 2023.

CHAPTER VI[37]
Announcements and Publications

Section One
Disclosure of Programs

Article 36. To ensure the transparency of the contractor selection processes, the Authority shall disclose information pertaining to the activities it will perform. The disclosure of this information shall be made in an impartial manner, ensuring that confidential information is not disclosed.

Article 37. When deemed convenient, the Administrator may publish the amounts estimated for the programs on activities referred to in the foregoing Article. This information shall be disclosed simultaneously to the communication media and the general public, through the Authority's Office in charge of Public Relations.

Section Two
Contractor Selection Notice and Publication

Article 38[38]**.** Contracts shall be published and announced, in a timely manner, through the Authority's publication means or other means of communication, except for the exceptions contemplated in this regulation.

Article 39. The announcements of contractor selection shall indicate the office (facility) where the request for proposals (RFP) may be retrieved, as well as the place and estimated date and time for receiving bids.

Article 40[39]**.** Announcements will be published as follows:

1. Contracts up to B/. 10,000.00 will be announced on the Internet for no less than eight business hours. Bids may be known immediately after this period.

2. Contracts exceeding B/.10,000.00 will be announced on the Internet for no less than five (5) business days, with the understanding that the term will begin from the business day following the publication date of the announcement. Bids may be known immediately after this period.

Article 41[40]**.** The Contracting Officers shall make the tender documents (requests for proposals, RFPs) available to interested parties via the Internet. The Contracting Officer may, based on the nature of the contract action, publish the tender documents through other mediums. The Administration may, in exceptional cases, charge fees for accessing the tender documents.

Article 42[41]**.** Amendments to the request for proposals used in the contractor selection process will

[37] Section Three of Chapter VI was repealed by Article Three of Agreement No. 350 of August 29, 2019.
[38] Modified by Article Twenty-Two of Agreement No. 331 of September 25, 2018.
[39] Modified by Article Twenty-Three of Agreement No. 331 of September 25, 2018.
[40] Modified by Article Seven of Agreement No. 61 of October 17, 2002.
[41] Modified by Article Twenty-Four of Agreement No. 331 of September 25, 2019.

be made available to the public by the same means used for publication and distribution. The amendments will be published for a term of not less than eight (8) business hours so that participants are allowed sufficient time to submit or modify their bid.

CHAPTER VII
Impediments, Qualification and Prequalification[42]

Section One
Impediments[43]

Article 43[44]. All natural or legal persons (individuals and corporations) and their related parties who are in any of the following situations are impeded from being contractors of the Authority:

1. Those who have been debarred: (i) administratively or judicially to contract with the Government of Panama, the Authority, or any government entity in Panama or (ii) judicially, in any other country in the world, for acts related to any of the offenses equivalent to those indicated in paragraph 2 of this Article, while these measures are in force.

2. Those who have been convicted in Panama or in any other country in the world, within five (5) years prior to the award of the contract by a competent authority, with penalties of more than five (5) years for committing the crimes of money laundering, terrorism and financing of terrorism, embezzlement, corruption of public servants, fraud in public procurement acts, influence peddling, falsification of documents in general, and international bribery. In the case of convictions abroad, crimes equivalent to those previously indicated shall be considered.

3. Those who have signed with the Public Ministry of the Republic of Panama or with any similar entity in any other country in the world, within the last five (5) years before the contract award of the contractor in question, a penalty agreement related to any of the offenses listed in paragraph 2 above. In the case of convictions abroad, crimes equivalent to those previously indicated shall be considered.

4. Those who have been included in the list of companies and persons unable to be contracted in projects financed by the World Bank or any other list that the Board of Directors determines from time to time, during the validity of said penalty. The lists that the Board of Directors so determines will be published on the Authority's web page.

5. Carrying out reckless or bad faith judicial or arbitration actions or processes against the Authority, either because it has been previously determined by a competent judicial or arbitration authority, or ratified by the Board of Directors, prior approval by the Administration.

The bids received from a person debarred from participating in any contractor selection process held by the Authority, as indicated in this Article, will be rejected in the award resolution. Against

[42] Title modified by Article Four of Agreement No. 350 of August 29, 2019.
[43] Modified by Article Five of Agreement No. 350 of August 29, 2019
[44] Modified by Article One of Agreement No. 363 of March 26, 2020.

this rejection, there is no protest or recourse.

Notwithstanding the foregoing, following the provisions of this Article, the rejection of a bidder may be appealed if he is considered to be a related party of a person debarred by the Authority, as provided in Chapter X "Conflict Resolution", Section Two "Protests", of this Regulation.

Article 43A[45]**.** Exceptionally and after submittal and support by the Administration, the Board of Directors may approve the contracting with natural or legal persons who are in any of the impediment situations referred to in Article 43 above, when justified, because the Authority has sufficient information to separate the natural or legal person from the impediment condition, or because the interests of the Authority could be affected or compromised.

Only for the purposes of this Article, it is considered that the interests of the Authority could be affected or compromised, when for any circumstance it may impact: (i) the operation, administration, conservation, maintenance, improvement, and modernization of the Panama Canal, as well as its activities and related services; or (ii) the development of its complementary activities.

Section Two
Qualification[46]

Article 44. Authority contracts shall be awarded only to qualified bidders.

Article 45[47]**.** A bidder will be considered qualified if it is determined that it is able to perform the contract. The Contracting Officer may obtain and consider, for qualification, all the information that allows to verify the following:

1. That the bidder has the resources to execute the contract or the capacity to obtain them.
2. That the bidder has a satisfactory record of compliance with its obligations.
3. That the bidder has not engaged in the conduct provided for in Article 1A of this Regulation.

Article 46[48]**.** If from the analysis of the information gathered it is determined that the bidder does not meet the qualification requirements, his disqualification shall be noted on the award resolution, with prior review by the Office for General Counsel, unless the Contracting Officer considers that the circumstances that would result in his disqualification have been resolved or corrected.

Article 47[49]**.** Bidder disqualification may be appealed through protest, under the provisions of Chapter X "Conflict Resolution", Section Two "Protests", of this Regulation.

[45] Added by Article Seven of Agreement No. 350 of August 29, 2019.
[46] Modified by Article Eight of Agreement No. 350 of August 29, 2019.
[47] Modified by Article Two of Agreement No. 363 of March 26, 2020.
[48] Modified by Article Five of Agreement No. 48 of August 7, 2001.
[49] Modified by Article Three of Agreement No. 363 of March 26, 2020.

Section Three[50]
Prequalification

Article 47A[51]**.** The Authority may, exceptionally and with prior authorization from the Board of Directors, use the prequalification process to determine the bidders who may participate in the corresponding bidding process. The prequalification process will have the following characteristics:

1. The prequalification document will contain the minimum requirements and the ponderable evaluation criteria to be applied in the prequalification.

2. The prequalification document will indicate the purpose of the contract for which the bidders will be prequalified.

3. The Authority may establish in the prequalification document the maximum number of eligible bidders to participate in the corresponding tender. The document will indicate the criteria that will be applied to select said bidders.

4. The Authority shall call one or more public meetings to clarify and review the terms and conditions of the prequalification document.

5. The Authority may carry out consultations, surveys, questions, or meetings, in a confidential manner, with possible interested parties in the corresponding prequalification process, which must be duly documented in the file of the corresponding process, in order to exchange opinions and comments regarding the corresponding selection process.

6. Any change to the prequalification specifications document will be communicated by amendment.
7. In the event that, after the prequalification has been carried out, any of the prequalified bidders intend to make changes to the composition of its members, if the bidder is a consortium, or to the composition of its shareholders, partners, or shareholding percentages, if the bidder is a corporation, the prequalified bidder must, within the term provided for that purpose in the prequalification document, submit his claim in writing to the Authority, complying with the conditions and abiding by the prohibitions contained in said document regarding such changes, and also subject to the following:

    a. The Authority has the discretionary power to accept or reject the proposed changes and may, before deciding, request any additional information that it deems appropriate from the petitioner; and,

    b. In no case may the Authority authorize the replacement of a member of the consortium if the new member does not meet or exceed the minimum requirements and each of the weighted evaluation criteria that were taken into account to prequalify the member of the consortium to be replaced, or nor may it authorize changes in

[50] Section and title added by Article Nine of Agreement No. 350 of August 29, 2019, to include Articles 47A and 47B.
[51] Modified by Article One of Agreement No. 378 of January 5, 2021.

the composition or in the participation of the partners or shareholders of the prequalified corporation if the change reduces the result of the corporation's evaluation.

8. The prequalification specifications document will be subject to the provisions of Chapter X, Section Two of this Regulation, for the submittal of protests to the request for proposals (RFP).

Article 47B. The prequalification process shall be the following:

1. The Prequalification Documents and their amendments shall be published in the Panama Canal Authority Online Tender System and other media that the Authority may deem advisable.

2. The interested parties shall submit the documentation listed in the prequalification documents to the Contracting Officer at the place, date, and time established in the prequalification document.

3. The Contracting Officer shall appoint a Technical Evaluation Board composed of Authority personnel to evaluate the documents submitted by the interested parties. This Board shall evaluate the bids based only on the criteria established in the prequalification document and shall not make recommendations.

4. The Contracting Officer may, at any time during the prequalification process, on his own initiative or at the request of the Technical Evaluation Board, require the interested parties to provide whatever explanatory information he may deem necessary for the revision of the submitted documents.

5. The Technical Evaluation Board, whenever it deems necessary due to the complexity of the material and to widen its knowledge of specific subjects, may request advice from the Authority's professional experts or from others hired by it.

6. The Technical Evaluation Board shall verify compliance with the minimum prerequisites listed in the prequalification documents. Once compliance with the prerequisites has been established, the Board shall evaluate the documentation submitted by the interested parties under the weighted criteria contained in the prequalification document.

7. After reviewing the submitted documentation, the Technical Evaluation Board shall submit a detailed report to the Contracting Officer indicating the evaluation results for all bidders.

8. Upon receiving the evaluation report, the Contracting Officer shall confirm that the evaluation was conducted following the prerequisites established in the prequalification document. If, in the Contracting Officer's opinion, the evaluation does not meet the requirements of the document, he shall return the report to the Technical Evaluation Board with his observations. The Technical Board shall analyze these observations and shall send its final report to the Contracting Officer.

9. The Contracting Officer, through a motivated resolution, will determine which bidders have prequalified to participate in the respective tender process, according to the report from the Technical Evaluation Board and the requirements established in the prequalification document.

10. The Contracting Officer's decision shall be published as a notice on the Panama Canal Authority's Online Tender System for three business days. After this period, the decision shall be deemed to have been notified.

11. [52] The interested parties that have submitted the corresponding documentation and have not prequalified may appeal the Contracting Officer's decision within the term of seven business days, starting from the announcement of the resolution.

12. [53] The prequalified status is not lost if the tender is declared abandoned. Such status is only extinguished if the Authority cancels the particular tender process.

CHAPTER VIII
Purchasing Procedures

Section One
General Provisions

Article 48[54]**.** Goods, services, and works are acquired through a contractor selection process. Contracts entered into by the Authority shall be formalized by issuing purchase orders or documents established for these purposes.

Section Two
Procedure

Article 49[55]**.** For micro-purchases, the contractor selection process described in this section will be used. In the case of tenders, the processes described in Chapter IX.

Article 50[56]**.** Micro-purchases may be made through any of the following processes:

A. Micro-purchases through quotations in the Panama Canal Authority's Online Tender System (SLI, for its acronym in Spanish).

1. Micro-purchases shall be made by means of requests for quotations on the Online Tender System (SLI).
2. The Contracting Officer shall notify whoever quotes the lowest price, meets the requirements, is qualified, and whose quotation is not onerous, of the Authority's intention

[52] Paragraph modified by Article Four of Agreement No. 157 of March 25, 2008.
[53] Paragraph added by Article Eight of Agreement No. 153 of December 20, 2007.
[54] Modified by Article Twenty-five of Agreement No. 331 of September 25, 2018.
[55] Modified by Article Twenty-six of Agreement No. 331 of September 25, 2018.
[56] Modified by Article Twelve of Agreement No. 432 of July 25, 2024.

to accept his quotation.

3. The notified bidder, under the provisions of the previous paragraph, shall have the period established in the quotation request to communicate his acceptance or rejection of the purchase intention.
4. The acceptance by the bidder shall result in an award.
   Once the period elapses without receiving an acceptance, the Contracting Officer shall issue a new notification to the bidder with the next-best price who meets the requirements, is qualified, and whose quotation is not onerous. This provision shall apply to any purchase for an amount not exceeding the corresponding micro-purchase.

B. Micro-purchases in businesses in the Republic of Panama or through Internet portal sites that are open to the public and dedicated to the regular sale of the products and rendering of services required.

1. These micro-purchases will be used to obtain low-cost products and services that are available in shops in the Republic of Panama or in Internet portals, with prices that have been advertised to the general public, in a transparent way and in accordance with the internal control mechanisms established for that purpose.

2. These micro-purchases will be carried out by employees authorized by the Authority to:

i. Suppliers in their permanent business facilities regularly engaging in the sale to the general public of the retail products required or the rendering of services and who offer or can offer the products in stock and available for immediate delivery at the purchase site, or the availability to manufacture it or render the service in a timely manner.
ii. Commercial suppliers through their Internet portal sites regularly engaging in the sale to the general public of the retail products required, having the products in stock, with published prices, and available for delivery in a timely manner.

3. Purchases shall be made at the prices published or displayed in stores or in the Internet portal sites offered to the general public, minus discounts, offers, and rebates that could be applied, plus delivery costs. Micro-purchases of goods or services may also be made from commercial suppliers that do not publicly display their prices, as long as the requesting unit documents the reasonableness of the purchase in the corresponding purchase file.

4. Payments may be made by check, credit card used by the Authority, electronic transfer of funds, or in cash provided by the Authority.

5. Once the purchase is completed, the employee who made the purchase will complete the recording and processing of the purchase by virtue of the payment method used, and according to the procedures and controls approved by the Administration.

Micro-purchases may not be made of products or services available on inventory or those acquired through agreements based on price lists, agreements based on online catalogs, or by contracts of estimated amounts.

The Administrator will establish the procedures, the delegations of authority, the internal control mechanisms, and the limits of amounts up to B/.2,500.00 that will be applied to each of the two micro-purchase processes.

Section Three
Agreements Based on Price Lists[57]

Article 51[58]**.** The administrative units and the Contracts Office may acquire goods and services through the issuance of purchase orders for amounts up to B/.25,000.00, for agreements based on price lists. When an order exceeds B/.25,000.00, it shall be issued by the Contracts Office.

Article 52. Price agreements shall be made by the Contracts Office based on the tendering procedures provided in the following chapter. These agreements shall contain official unit price lists and shall be effective for a period not to exceed one year. The contractual relationship shall be established upon acceptance of the purchase order.

Article 53[59]**.** Price lists for the same goods or services can be established with more than one bidder. The official unit price will be the lowest price from the bidder who meets the requirements set forth in the tender documents. Once the official price is established, all bidders who have met the process requirements can adopt this price. The Contracting Officer will reject proposals from related parties to maintain fairness in the distribution of purchase orders.

Article 54[60]**.** The administrative units shall issue purchase orders to all agreement holders in the most equitable manner possible.

[57] Modified by Article Thirteen of Agreement No. 432 of July 25, 2024.
[58] Modified by Article Fourteen of Agreement No. 432 of July 25, 2024.
[59] Modified by Article Ten of Agreement No. 350 of August 29, 2019.
[60] Modified by Article Twenty-seven of Agreement No. 331 of September 25, 2018.

Section Four[61]
Agreements with Local Companies Based on Online Catalogs

Article 54A. Agreements may be established with one or several local companies dedicated to the sale of items to the general public with price catalogs available on the Internet.

These agreements may have a maximum validity according to what is established in Article 167 of this regulation. If the agreement is made, it will be established by the Contracts Office and will be subject to the rules of this regulation.

The administrative units and the Contracts Office may acquire goods under these agreements through the issuance of purchase orders up to an amount that does not exceed B/.25,000.00 per purchase order.

Agreements may be made with all the local companies that meet the requirements of the request for proposals (RFP).

The establishment of these agreements will be subject to the following selection procedure:

1. The Contracts Office will issue the request for proposals to select the local companies that will be subject to these agreements.
2. The request for proposals will contemplate all the technical and administrative requirements that will be requested from the bidders for each agreement in particular.
3. The request for proposals will be published according to Article 40, paragraph 2, of this regulation.
4. The bids showing technical and administrative compliance shall be submitted through the Authority's Online Tender System (SLI), unless the request for proposals states otherwise. At this stage, the submittal of an economic proposal will not be required.
5. Once all the technical proposals have been received, the Contracting Officer shall appoint a Technical Evaluation Board to evaluate the proposals.
6. Once the proposal evaluation period is completed, the Contracting Officer will ask those companies that have deficiencies in their bids to correct them. A maximum of two rounds of deficiency correction submissions may be allowed per bidder.
7. When the previous process is completed, agreements will be established with all the local companies that meet the requirements of the request for proposals.
8. If there are several agreements for the same type of good or service, the administrative unit, before issuing a delivery or purchase order under these agreements, must verify these and select the one that best suits its needs, after considering price, quality, delivery times, among other factors.
9. For the issuance of delivery or purchase orders, and to document the contract file, the administrative units shall keep records of the catalog page in which the prices of the items being purchased appear.

[61] Added by Article Fifteen of Agreement No. 432 of July 25, 2024.

CHAPTER IX
Tendering Processes

Section One
General Provisions

Article 55[62]**.** A tender process will be applied as stated in this regulation for:

1. Acquisition of works, goods, and services, when the contract amount exceeds B/. 2,500.00.
2. The sale of movable excess property by the Authority.

Article 56[63]**.** The tender processes are as follows:

1. Public Tenders Based on the Lowest Price.
2. Negotiated Tender, which in turn has three modes:
   a. Negotiated Tender based on the lowest price.
   b. Negotiated Tender based on best value.
   c. Reverse Negotiated Tender at Lowest Bidder Price.
3. Non-negotiated Tender based on best value.
4. Two-step Public Tender.

Article 57. Tenders shall be announced and published according to the provisions of this Regulation.

Article 58[64]**.** Depending on the complexity of the object of the contract, the Contracting Officer may carry out prior meetings with the bidders to standardize the terms and conditions of the request for proposals (RFP). In cases where these meetings are held and discrepancies cannot be resolved, the tender documents shall be adopted, with or without changes, unilaterally by the Authority, through an amendment to the request of proposal. If the Contracting Officer deems there is merit to apply changes, the changes may be incorporated through amendments to the request for proposals, including, if the changes warrant it, a proposal submission deadline extension.

Article 59[65]**.** Notwithstanding the provisions of the previous article, all the interested parties in a contractor selection process may ask questions or issue comments on the request for proposals to clarify its content. Such questions or comments shall not interrupt the selection process. The Contracting Officer may incorporate, through amendments to the request for proposals, the changes that are warranted, and if required, a proposal submission deadline extension.

Article 60[66]**.** The Contracting Officer shall establish in the request for proposals the date and time provided for the submission of tenders. Once this deadline is reached, no more proposals shall be received.

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[62] Modified by Article Sixteen of Agreement No. 432 of July 25, 2024.
[63] Modified by Article Twenty-nine of Agreement No. 331 of September 25, 2018.
[64] Modified by Article Five of Agreement No. 157 of March 25, 2008.
[65] Modified by Article Seventeen of Agreement No. 432 of July 25, 2024.
[66] Modified by Article Eighteen of Agreement No. 432 of July 25, 2024.

Article 61[67]**.** The submission of bids by participants of the tendering process shall be equivalent to the acceptance, without reservation or conditions, of the documents, terms, and conditions of the tender, as well as the costs associated with the submission of the bid.

Article 62. The Contracting Officer shall retain one copy of the tender, the list of participants, and the tender abstract form for the record.

Article 63[68]**.** The distribution of the request for proposals (RFP) and the receipt of bids may be made by electronic or physical means, and in writing, whenever authorized by the request for proposals itself.

Article 64[69]**.** Bids submitted may be withdrawn or replaced before the deadline established for proposal submission. Any bid withdrawal or replacement request shall only be made in writing, addressed to the Contract Officer, from the bidder, or the person that he may so expressly authorize. In such cases where the bid has been submitted through the Online Tender System (SLI), the replacement or withdrawal of the bid must be made through the same system, before the closing date and time (deadline) for the submittal of bids.

Article 65[70]**.** Bids submitted before the date and time established shall remain unopened and in a safe place until the indicated time.

Article 66[71]**.** Before the bid submission deadline, the tenders for centralized contracts may be canceled by the Contracting Officer with the prior approval of his Supervisor, and this shall be communicated through an amendment. If the tender is for a decentralized contract, the prior approval shall be from the Head of the Contracts Office.

Whenever a submitted bid is sent through a medium other than the Online Tender System (SLI) and bids have already been received, these shall be returned to the bidders unopened, along with a copy of the amendment. The following are valid reasons for canceling a tender:

1. Change of requirements by the Authority.
2. When the object of the contract is no longer needed.
3. When amendments to the request for proposals (RFP) require the issuance of a new RFP.

Article 67. The Contracting Officer may postpone the bid submission act when no bids have been received by the time required. The postponement shall be notified by way of an amendment.

Article 68[72]**.** The Contracting Officer shall declare tender abandonment partially or totally, by motivated resolution, in cases where:

[67] Modified by Article Nineteen of Agreement No. 432 of July 25, 2024.
[68] Modified by Article Twenty of Agreement No. 432 of July 25, 2024.
[69] Modified by Article Twenty-one of Agreement No. 432 of July 25, 2024.
[70] Modified by Article Thirty of Agreement No. 331 of September 25, 2018.
[71] Modified by Article Twenty-two of Agreement No. 432 of July 25, 2024.
[72] Modified by Article Eleven of Agreement No. 350 of August 29, 2019.

1. Absence of bidders.
2. All submitted bids fail to comply with the requirements in the request for proposals.
3. All tenders submitted are considered onerous. The fact that a tender is considered onerous shall be adequately evidenced on the record.
4. All tenders originate from related parties.
5. When bidders have partaken in conduct described under Article 1A.
6. In general, when it is considered that the bids are against the best interests of the Authority.

Article 69[73]**.** Contract awards shall be notified through the publication of a notice on the Internet, for a period of five (5) business days, counted from the business day following the notice publication date.

Article 69A[74]**.** The request for proposals may include clauses that authorize:

a. The payment of incentive compensation in case of anticipated compliance with the performance term of the contract; and,
b. The payment of a fee, in design-build contracts, to partially compensate bidders who were not awarded the contract, for their direct design costs incurred in preparing their proposals. This fee will be a fixed sum set by the Authority.

In these cases, the Board of Directors shall previously approve the corresponding clauses and respective amounts.

Article 69B[75]**.** The Contracting Officer may appoint a Technical Board composed of Authority personnel to evaluate the bids, whenever it deems it necessary, depending on the complexity of the tender. This Board shall review the offers applying only the criteria established on the request for proposals and shall not issue recommendations.

The Technical Evaluation Board, whenever it deems necessary due to the complexity of the material and in order to expand its knowledge of specific subjects, may request the Contracting Officer to provide advice from professional experts of the Authority or from others hired by it.

Section Two
Public Tenders Based on the Lowest Price

Article 70[76]**.** The use of public tenders based on the lowest price shall be preferred over other tendering procedures. When due to the complexity, nature, or object of the contract, the use of a public tender based on the lowest price is not considered the most appropriate, the Contracting Officer may use another tendering process contemplated in this chapter and shall document his decision in the record. Decentralized contracts shall require prior approval from the Head of the Contracts Office.

[73] Modified by Article Twelve of Agreement No. 61 of October 17, 2002.
[74] Added by Article Six of Agreement No. 142 of July 30, 2007.
[75] Added by Article Ten of Agreement No. 153 of December 20, 2007.
[76] Modified by Article Twenty-three of Agreement No. 432 of July 25, 2024.

Article 71[77]**.** Public tenders based on the lowest price have the following characteristics:

1. Opening of bids at a public act. This requirement is fulfilled virtually through electronic opening on the Internet, when this method has been adopted for conducting the contracts.
2. This method does not allow clarification, negotiation, or discussion over the bids.
3. The Contracting Officer may, prior authorization from his supervisor, request in advance the extension of the acceptance period of the tenders when it is anticipated that the award may not be made within the time provided.
4. Award contract to the qualified bidder who submitted the lowest price and who complies with the terms and conditions of the request for proposals, as long as his offer is not onerous.

Article 72. When the request for proposals so provides, the Contracting Officer shall consider other elements affecting the price, such as the point of delivery and acceptance, maintenance and repairs costs, replacement costs, administrative costs, performance costs, shelf-life costs, cost of locating technical support, and warranties.

Article 73[78]**.** Bids shall be submitted as required by the request for proposals and shall comply with the conditions thereof and with the submission of a tender bond, when so required. Bids that do not meet the foregoing requirements shall not be considered for the award.

Article 74. Apparent mistakes in bids resulting from mathematical operations shall be corrected by the Contracting Officer, with prior verification from the bidder, taking the unit price indicated in the bid as a basis; unless the bidder does not accept the correction, in which case he shall not be considered for the contract award.

Article 75[79]**.** The following rules shall be followed for opening bids:

1. The tender opening act shall be held on the date, time, and place stated in the request for proposals.
2. At the time established above, no more bids shall be received, and the Contracting Officer shall start opening bids, one at a time, and these shall be read aloud.
3. The Contracting Officer presiding over the tender opening act shall outright reject, at the time of the opening, any tenders that are not accompanied by the tender bond, when this is a requirement of the request for proposals. There shall be no recourse against this rejection.
4. After bids have been read, the person presiding over the tender opening act shall prepare a tender summary form, which shall be signed by all participants and which shall provide evidence of the order in which bids were read, the prices offered, the name of the bidders, and the name and title or position of the participants at the tender opening act. Whenever a bidder refuses to sign or has left without signing, reference thereof shall be made on the summary form.
5. Once the tender opening act has concluded, the tenders and bonds submitted shall be attached to the file. The tender bonds submitted by the unsuccessful bidders shall be returned.
6. The Contracting Officer shall not consider for award any bid that imposes conditions for its acceptance.

[77] Modified by Article Thirty-two of Agreement No. 331 of September 25, 2015.
[78] Modified by Article Eleven of Agreement No. 48 of August 7, 2001.
[79] Modified by Article Fifteen of Agreement No. 61 of October 17, 2002.

7. Once the rules established in this regulation have been fulfilled, and there exists a motivated resolution from the Contracting Officer, the contract shall be awarded to the qualified bidder who submitted the lowest price and who complies with all the terms and conditions of the request for proposals, provided that his proposal is not onerous. Should a tender be determined to be onerous, such circumstance shall be recorded on the file.

In contracts conducted through electronic procedures on the Internet, the requirements established in paragraphs 2 and 4 are met through the virtual opening act and the publication of the tender summary table on the Internet.

Section Three
Negotiated Tenders

Article 76[80]**.** Negotiated tenders have the following characteristics:

1. Bids are made known in a private setting, and participation in the event is limited only to authorized employees of the Authority.
2. Bids are evaluated on the basis of the criteria established in the request for proposals, in which price is not necessarily the determining factor.
3. Clarification of bids is permitted to determine whether these comply with the requirements of the request for proposals, and their discussion is allowed with bidders whose bids contain technical or financial deficiencies, in order to provide a correction opportunity. Bids failing to comply with the basic requirements of the request for proposals, according to the listing shown on the request for proposals, shall be rejected outright.

Article 77[81]. The strictest confidentiality shall be kept during the negotiated tendering process. Any information concerning the process shall only be made public after the award of the contract, pursuant to the provisions of this regulation. Any violation of this rule shall be penalized pursuant to the Ethics and Conduct Regulations.

Notwithstanding the foregoing, the Contracting Officer may share the specific and pertinent information regarding the bidders with the officials and directors of the Authority in order to comply with the provisions of Articles 43 and 43A of this Regulation, as appropriate.

Article 78. In negotiated tenders, in addition to price and price-related factors, the Contracting Officer may, at his discretion, include other criteria in the request for proposals to permit the technical evaluation of bids. These other factors shall be used to evaluate the quality of the products or services, therefore the weighted effect these have on the evaluation shall be outlined in the request for proposals.

Article 79[82]**.** Bids shall be submitted by electronic means or in sealed envelopes and shall comply with the requirements of the request for proposals.

[80] Modified by Article Thirteen of Agreement No. 48 of August 7, 2001.
[81] Modified by Article Twelve of Agreement No. 350 of August 29, 2019.
[82] Modified by Article Thirty-three of Agreement No. 331 of September 25, 2018.

In cases where the submission of a tender bond is required, but the bid must be submitted electronically, the respective bond will be physically delivered in a sealed envelope, as established in the request for proposals. For cases in which the offer must be delivered in a sealed envelope, the tender bond will be included in the bid envelope, following what is established in the request for proposals.

Article 80. The Contracting Officer shall appoint a technical board composed of qualified personnel to guarantee an impartial evaluation of bids. This board has an evaluative rather than an advisory function and must therefore evaluate bids applying only the criteria stated in the request for proposals.

Article 81[83]. The following rules must be observed in the negotiated tendering process:

1. Bids shall be opened at the time, date, and place provided in the Request for Proposals (RFP).
2. No bids shall be received after the time referred to above. The bid opening act shall be only attended by authorized Authority employees. All bids received shall be registered on the tender abstract form, on which shall be stated the proposed price, the name of the bidder, and the name of the Contracting Officer. Whenever bids are submitted by means other than the Online Tender System (SLI), the tender's summary table shall include the Contracting Officer's signature, plus the signatures of at least two witnesses appointed by the Contracting Officer's direct supervisor.
3. Once the bid opening act has concluded, the bids and bonds submitted shall be attached to the file.
4. No later than three (3) business days after the opening act, the file shall be forwarded for a technical and financial analysis. The technical evaluation board designated by the Contracting Officer shall only analyze the technical aspects of the bids. Financial aspects shall be analyzed independently by the Contracting Officer or by whoever he may designate. The Contracting Officer must justify, before his or her direct supervisor, the cases in which the technical evaluation cannot begin in the indicated period.
5. The Contracting Officer, if necessary, shall request clarification or conduct negotiations with the bidders following the criteria provided in the Request for Proposals.
6. The Authority may make changes in the requirements on negotiated tenders after the bid opening act, as long as these changes are caused by a variation in the needs of the Authority and do not modify the contract's object. In these cases, the Contracting Officer may amend the request for proposals (RFP), with the prior approval of the Chief Contracting Officer and after having sent the matter for legal review. The amendment approved shall be distributed as provided under Article 42 of this Regulation, so that the process is recommenced, and the participation allowed of all those who originally received the Request for Proposals (RFP) or expressed their interest in participating in the tender process.
7. The Contracting Officer may, with prior authorization from his supervisor, request the bidders to extend the validity of their bids when it is expected that the award might not occur within the established period.
8. The motivated resolution of the award must contain a detailed explanation of the entire

[83] Modified by Article Four of Agreement No. 420 of October 26, 2023.

proceedings involving clarification and negotiation.

Article 82[84]**.** Once the procedural requirements established in the regulation have been met and with an existing prior motivated resolution issued by the Contracting Officer, the contract may be awarded to the qualified bidder who submitted the most advantageous bid under the evaluation factors described in the Request for Proposals.

Section Four
Negotiated Tenders Based on the Lowest Price

Article 83. This process will be used to select the qualified tender having the lowest price that meets the requirements stated in the request for proposals, with negotiations being allowed if needed.

Article 84[85]**.** The Contracting Officer shall do the following during the bid evaluation process:

1. Submit to the Technical Evaluation Board the bid with the lowest price for its objective evaluation.
2. If required, request clarifications regarding the bid with the lowest price to determine if it fulfills the requirements set forth.
3. Award the contract to the bid with the lowest price presented by a qualified bidder, that fulfills all the requirements of the Request for Proposals and that is not onerous. The fact that a bid is onerous shall be properly recorded in the file.
4. If the contract cannot be awarded according to the previous paragraph, the Contracting Officer may decide to end the tendering process, declaring its abandonment, or continue to the next stage of the process. In this last case, the Contracting Officer shall submit all the received bids to the Technical Evaluation Board for their objective evaluation.
5. If tender abandonment is not declared, according to the foregoing paragraph, individual negotiations shall be conducted with each of the bidders to inform them of the technical and economic deficiencies of their bids and to allow them the opportunity to correct, revise, or improve them. Once the corrected or improved bids are received, the Contracting Officer shall convene the Technical Evaluation Board to repeat the evaluation process.
6. Once it is determined that the bids fulfill the requirements, the contract shall be awarded among them to the qualified bidder offering the lowest price, as long as the bid is not onerous.
7. The negotiation process shall be repeated until a bid is obtained from a qualified bidder, that fulfills the requirements of the RFP and is not onerous, unless the tender has been declared abandoned.
8. The award resolution shall contain a detailed account of all the evolution of the clarification and negotiation process.

Article 85[86]**.** The Contracting Officer may, by way of motivated resolution, declare the

[84] Modified by Article Thirty-five of Agreement No. 331 of September 25, 2018.
[85] Modified by Article Thirty-six of Agreement No. 331 of September 25, 2018.
[86] Modified by Article Seventeen of Agreement No. 61 of October 17, 2002.

abandonment of a tendering process in those cases described in Article 68.

Section Five
Negotiated Tenders Based on Best Value

Article 86[87]**.** The procedure for a negotiated tender based on the best price shall be used to compare bids and select the one offering the best price/quality ratio.

Article 87[88]**.** During bid evaluation, the Contracting Officer shall:

1. Submit all bids to the Technical Evaluation Board for an impartial evaluation.
2. Request clarification of bids as necessary, to determine whether they comply with the requirements of the RFP.
3. If the bid having the best technical evaluation meets all the requirements of the Request for Proposals (RFP), was submitted by a qualified bidder, offers the lowest price, and is not onerous, the Contracting Officer shall award the contract. Should a bid be determined to be onerous, such a circumstance shall be appropriately recorded in the file.
4. If an award cannot be made according to the above paragraph, separate negotiations shall be held with all bidders to identify deficiencies and provide them the opportunity to correct, amend, or improve bids. This process may be repeated as many times as necessary for the benefit of the Authority, although a determination declaring tender abandonment may be forthcoming.
5. After having received the corrected and improved bids, the Contracting Officer shall reconvene the Technical Evaluation Board to repeat the evaluation process.
6. Once the evaluation referred to above has been concluded, bids will be compared to determine which one offers the best quality-price relationship, which will result in the award of the contract.
7. The motivated resolution for the award shall contain a detailed description of the entire proceedings involving clarification and negotiation.

[87] Modified by Article Thirteen of Agreement No. 107 of December 15, 2005.
[88] Modified by Article Thirty-seven of Agreement No. 331 of September 25, 2018.

Section Six
Two-Step Tender

Article 88[89]. The two-step tender shall be conducted as follows:

1. First step: Bidders shall only submit technical bids, which shall be clarified and negotiated as provided in the Request for Proposals. Bidders whose bids have been selected in this first step maintain this condition for one year from the selection date. When the Request for Proposals so stipulates, the condition of selected bidders may be extended for up to one additional year, subject to the Contract Officer verifying that the bidders continue to fulfill the requirements for keeping this condition.
2. Second step: Bidders selected in the first step shall be asked for bids and the contract shall be awarded to the bid with the lowest price. This second step may be repeated for contracts having the same objective, considering only the price bids of those bidders whose bids were selected during the first step.

Article 89. For the first step, the provisions established in this regulation for negotiated tenders based on the lowest price shall be followed. For the second step, the provisions established in this Regulation for public tenders based on the lowest price shall be followed.

Section Seven[90]
Reverse Negotiated Tender at the Price of the Lowest Bidder

Article 89A. The reverse negotiated tender at the price of the lowest bidder will be distinguished by the following features:

1. The auction is a process of bidding and counter-bidding to obtain the best price for the Authority for goods, services, or works, within a specified period.
2. The Contracting Officer determines the object to be subjected to the bidding process and its maximum price.
3. Bidders compete by bidding and counter-bidding prices in real-time on the Internet, to determine the best price in a predetermined period.
4. The rules applicable to negotiated tenders of the Authority shall be applicable to the processes of reverse tender, as long as they are not inconsistent with this contractor selection process.

Article 89B. The reverse auction process includes the following:

1. Bidder selection for the auction: Is the stage of the bid process in which bidders who may participate live are selected, based on their ability to execute the contract in terms of providing the goods required, delivery time, and other criteria established in the Request for Proposals.

   The Request for Proposals shall be published according to the guidelines in Article 40 of this regulation and shall indicate the object of the contract, the base price, time, date, and

[89] Modified by Article Twenty-four of Agreement No. 432 of July 25, 2024.
[90] Section added by Article One of Agreement No. 104 of November 8, 2005.

deadline established for the bidding and counter-bidding.

2. Live auction invitation: The Authority invites the bidders selected in the previous stage to participate in the live auction, confirms their participation, and assigns a password to each bidder.

3. Auction configuration: Once the participation of the selected bidders has been confirmed, the Authority configures the auction on the Internet, detailing the description of the goods, the duration of the bidding and counter bidding, the base price, and the minimum decrease of the counter bid, and all other required information of the bidders that will participate in the live auction. The identity of the configured bidders will not be available to the other bidders.

4. Live auction: At the scheduled date and time, the Authority shall conduct the online auction on the Internet and the configured bidders shall compete in real-time for the award of the contract by bidding and counter bidding, decreasing their prices, until the auction ends. The lowest price bid shall be visible on the Internet to allow counter-bidding at lower prices.

5. Contract award: Upon conclusion of the auction process, the Authority shall award the contract to the lowest bidder. Should only one bidder confirm participation in the live auction, the contracting official may request this bidder to submit a price bid and then proceed to the awarding or declare abandonment of the selection act, pursuant to Article 68 of this regulation.

Section Eight[91]
Non-Negotiated Tender Based on Best Value

Article 89C[92]**.** The characteristics of the non-negotiated best-value tender process are the following:

1. The Request for Proposals (RFP) shall be published according to the provisions of these Regulations.

2. The Request for Proposals shall contain the elements described in Section Four "Request for Proposals", of Chapter IV of these Regulations.

3. The technical and price bids shall be submitted in separate, closed, and sealed envelopes and received in public. The tender bond, whenever it is required in the Request for Proposals, shall be included in the technical proposal.

4. The envelopes containing the price bids shall be kept closed, sealed, and duly safeguarded until the evaluation of the technical bids has been completed.

5. The opening of the technical bids shall be limited to the participation of the persons indicated in the Request for Proposals. Detailed minutes of the opening proceedings shall be taken, and the Contracting Officer shall deliver the technical bids to the Technical Evaluation Board, as further

[91] Section incorporated by Article Eleven of Agreement No. 153 of December 20, 2007.
[92] Modified by Article One of Agreement No. 168 of October 8, 2008.

indicated.

6. The Contracting Officer shall appoint the members of the Technical Evaluation Board and the Price Verification Board who shall be Authority employees. The Technical Evaluation Board shall evaluate the technical bids, while the Price Verification Board, separately, shall verify the calculation and other elements of the price bids only after the completion of technical evaluations and when the opening of price bids has taken place. These boards shall evaluate the bids based only on the criteria and score established in the Request for Proposals and shall abstain from making recommendations.

7. The Technical Evaluation Board, whenever it deems necessary due to the complexity of a subject matter, may request to the Contracting Officer the professional advice from the Authority's experts, who have been contracted by the Authority before or during the evaluation process, with the purpose of increasing their knowledge with respect to matters contained in the bids.

8. The Authority's Inspector General may request the hiring of outside auditors and consultants to assist with the revision and auditing of the contractor selection process.

9. The Technical Evaluation Board shall verify that the technical bids fulfill the requirements established in the Request for Proposals and shall evaluate the technical bids submitted according to the score and criteria assigned to each of the elements in the Request for Proposals. The price bids shall be verified by the Price Verification Board according to the criteria established for that purpose in the Request for Proposals.

10. The Contracting Officer may request from the bidders, at any time during the technical evaluation process, by own initiative or at the Technical Evaluation Board's request, clarifications and additional information deemed convenient to evaluate the technical bids, in order to, if there is merit in his opinion, allow the bidders to review, amend, or clarify their technical bids. The technical bids that have exceptions or conditions, or do not fulfill the requirements established in the Request for Proposals shall not be considered for award and their related price bids shall not be opened.

11. The Authority may change the requirements of the Request for Proposals after the date and time established for the submission of bids, and before the opening of the price bids as long as such changes respond to variations in the needs of the Authority and do not modify the object of the contract. In such cases, the Contracting Officer may request the submission of new technical and price bids to those bidders that originally submitted bids and shall return the original price bids submitted inside their sealed envelopes.

12. Upon receiving the technical evaluation report, the Contracting Officer shall verify that the evaluation was conducted following the requirements of the Request for Proposals. If the Contracting Officer's deems that the evaluation does not meet the requirements of the Request for Proposals, he shall return the report to the Technical Evaluation Board along with his observations. The Technical Evaluation Board shall review and analyze the Contracting Officer's observations, make the corrections deemed necessary, and shall send its final report

to the Contracting Officer.

13. Once the final report from the Technical Evaluation Board is received, the Contracting Officer shall communicate, through an amendment, the date, time, and place for the public opening act of the price bids.

14. In the public opening act of the price bids, the Contracting Officer shall open the envelope containing the amount allocated to the tender process and shall announce it to all persons present for the purposes of sub-paragraph 20 of this Article; shall disclose the scores resulted from the technical evaluation; and shall open the price bids. The resulting scores of the price and technical evaluations shall be reflected on a summary table with their respective weightings.

15. After the opening of the price and technical bids described above, the Contracting Officer, together with the Price Evaluation Board, shall analyze the price bids and the Contracting Officer shall award the contract to the bidder who submitted the best value bid, provided that its price bid does not contain any conditions or exceptions and is not onerous.

16. If the price of the best-value bid exceeds the allocated amount for the respective tender process, the Contracting Officer shall request such bidder to reduce the amount of his price bid, for which such bidder will have not less than 10 calendar days.

17. If the bidder, to which the previous sub-paragraph refers to, submits a new price bid that still exceeds the allocated amount, or such bidder decides not to submit a new price bid or the established deadline expires without such bidder submitting a new price bid, the Contracting Officer shall request to all bidders that have submitted technical and price bids and whose bids fulfilled the requirements established in the Request for Proposals, to submit new price bids. To that effect, the Contracting Officer shall communicate, through an amendment, the new date, time, and place, for submission of the new price bids and the public opening act of the price bids.

18. In the above-mentioned price bid public opening act, the Contracting Officer shall open the new price bids and the new scores resulting from the new price bids and the scores of the technical evaluation criteria will be reflected in a summary table with their respective weightings.

19. After the public opening act described in the paragraph above, the Contracting Officer, together with the Price Verification Board, shall analyze the new price bids and the Contracting Officer shall award the contract to the bidder that submits the best value bid, as long as his price bid does not contain any conditions or exceptions and is not onerous.

20. Notwithstanding Article 6A of these Regulations on a non-negotiated best-value tender process, if the bid that represents the best value, after the submission of new price bids pursuant to sub-paragraph 17, exceeds the amount allocated to award the contract, the Contracting Officer, before declaring the abandonment of the tender process, shall communicate this fact to the Administration, in order for the latter to determine whether there is justification to increase the allocated amount for such tender process. The Administration's decision, with the previous favorable opinion of the Board of Directors, shall consider the project's profitability and any other factors that may be grounds for such modification. If the Administration considers that such

an increase is not justified, it shall communicate this to the Contracting Officer in order for the latter to declare the abandonment of the tender process. In the opposite case, the Administration shall amend the allocated amount, with the previous favorable opinion of the Board of Directors. Once the amount allocated has been increased, the Contracting Officer shall award the contract to the bidder who submitted the best value bid, as long as its price bid does not exceed the amount allocated as amended. Otherwise, the Contracting Officer will proceed to declare the abandonment of the tender process.

21. The award resolution shall contain a detailed account of the development of the tender process.

CHAPTER X
Conflict Resolution

Section One
Contract Interpretation

Article 90. Contracts entered into by the Authority shall be subject to the provisions in this regulation, as well as to the terms and conditions provided in each contract in particular. The interpretation of the rules of this regulation and of the contract shall always be directed toward satisfying the fundamental purpose of the legal responsibilities inherent to the Authority and the principle of equity in its dealings with the contractors.

Section Two
Protests[93]

Article 91[94]**.** Protests are the legal challenges that, within a contractor selection process, are made against:

1. The Request for Proposals (RFP)
2. The disqualification of bidders
3. Denial of the prequalification request.
4. The rejection of bidders, considering them related parties of a person debarred by the Authority, under the provisions of Article 43 of the present Regulation.
5. Contract award acts.

The protests must be accompanied by the pre-constituted evidence that the petitioner wishes to present, evidence that will be appreciated in accordance with the rules of sound criticism. The Chief Contracting Officer may dictate measures to better provide and, after consulting the Office for General Counsel, shall resolve the protest. Other means of challenge or extraordinary process termination shall not be admitted after the protest in question has been submitted.

Protests against the Request for Proposals may be submitted by any person.

[93] Title modified by Article Seventeen of Agreement No. 48 of August 7, 2001.
[94] Modified by Article Twenty-five of Agreement No. 432 of July 25, 2024.

Protests against bidder disqualification; denial of a prequalification request; rejection of a bidder because he is considered a related party of a person debarred by the Authority; or against the award act itself, may only be submitted by those who have participated in the process in question, by submitting a bid or a prequalification request.

Article 92[95]**.** Protests against the Request for Proposals will be presented before the time and deadline for receiving bids, except when a different deadline and time has been expressly established in the tender, in which case only protests may be submitted with subject and within the term established in the Request for Proposals.

Article 93[96]**.** Once the protest is submitted according to the foregoing Article, the Contracting Officer shall not open the bid envelopes until the corresponding instance resolves the protest, unless the opening of proposals and the corresponding award are necessary to prevent serious damage to the Authority, in which case the Contracting Officer may decide to open the proposals and award the contract, with prior opinion of the Office for General Counsel and approval of the Chief Contracting Officer.

Article 94[97]**.** Once the validity of the protest against the Request for Proposals (RFP) is proven, the objected action shall be corrected and the process shall resume in the stage immediately following, unless, according to what was established in the previous Article, the determination to open the bids and award the contracts occurred, in which case the petitioner's reasonable and proven costs and expenses, incurred during the preparation of the bid and the presentation of the protest, shall be reimbursed.

Article 94A[98]**.** In cases in which, according to the stipulations of Article 92 of this Regulation, the Request for Proposals (RFP) establishes that the protests against the same shall be presented within the term indicated in its text, the Contracting Officer shall not, in any case, order the opening of the envelopes until the petitioner has been notified of the decision that resolves the protest. Cases in which the opening of said bids and the corresponding award are necessary to avoid serious harm to the Authority are excluded, in which case the Contract Officer may decide to open the bids and award the contract, after a legal review from part of the Office for General Counsel, and after the approval of the Head of the Contracts Office.

Article 95[99]**.** Protests against disqualification acts, denial of prequalification requests, rejection of a bidder, considering it a related party of a person debarred by the Authority, or against contract award acts must be submitted within three (3) business days, counted from the expiration of the term the posting of the notification of the award established in Article 69 of this Regulation took place. Once this term has expired, no protest will be admitted.

The protest submitted within the aforementioned term will suspend the execution of the contract until the Chief Contracting Officer resolves it, unless the suspension represents a disadvantage to

[95] Modified by Article Five of Agreement No. 363 of March 26, 2020.
[96] Modified by Article Nine of Agreement No. 157 of March 25, 2008.
[97] Modified by Article Ten of Agreement No. 157 of March 25, 2008.
[98] Modified by Article Twenty-six of Agreement No. 432 of July 25, 2024.
[99] Modified by Article Six of Agreement No. 363 of March 26, 2020.

the Authority, a situation in which the Contracting Officer, after the opinion of the Office of the General Counsel, will record the decision not to suspend the execution of the contract, what has been performed as in the file by means of a motivated resolution, for the purposes set forth in the following articles.

Article 96[100]**.** If by effect of the protest submitted in compliance with the previous Article, the execution of the contract is suspended and a resolution is made in favor of the petitioner, the Contracting Officer shall terminate the unduly awarded contract and shall adopt the necessary measures. In such case, the contractor selection process shall resume in the stage following the corrected action.

Article 97[101]**.** If the Contracting Officer, with the objective of preventing damage, does not suspend the execution of the contract and the Chief Contracting Officer resolves in favor of the petitioner, the reasonable and proven expenses in which the petitioner incurred during the presentation of the protest shall be reimbursed, this being the only compensation and/or compensation to which the petitioner will be entitled as a result of his protest.

If, in addition, it is determined that the petitioner should have been awarded the contract, the Chief Contracting Officer may order, following a study of the respective expenses, the termination of the unfinished portion of the contract, proceed to take corrective measures and award this portion to the petitioner, if that is a convenient and viable option due to the nature of the contract as well as convenient for the best interests of the Authority.

In the event that it is not feasible or convenient and the resolution of the non-executed portion is not ordered, the petitioner will have the right to be compensated for the reasonable and proven expenses incurred in the preparation of the proposal, this being the only compensation and/or indemnity to which the petitioner will be entitled.

Article 98. When, after having accomplished the process stated in the above paragraphs it is proven that the awarded bidder committed fraud to obtain the award, the Authority shall terminate the contract and the contractor shall be obligated to reimburse to the Authority all expenses incurred as a result of the complaint, without waiver of any criminal, civil, and administrative penalties which may ensue.

Article 99[102]**.** Protests against disqualification, the rejection of a bidder, considering it a related party of a person that has been debarred by the Authority, to be admitted, must be accompanied by a monetary bond in favor of the Authority equivalent to five percent (5%) of the bid amount, not exceeding B /.100,000.00, to cover the expenses and damages caused by its process. Exceptions to this obligation are contracts that do not exceed B /.10,000.00. In the event that the protest is declared clearly unfounded, the resolution issued by the Chief Contracting Officer will order the execution of the bond in favor of the Authority.

[100] Modified by Article Thirteen of Agreement No. 157 of March 25, 2008.
[101] Modified by Article Seven of Agreement No. 363 of March 26, 2020.
[102] Modified by Article Eight of Agreement No. 363 of March 26, 2020.

Article 99A[103]**.** Repealed.

Article 99B[104]**.** The protests against the denial of the prequalification request, will be presented within the term established in Clause 11 of Article 47B of this Regulation.

The protest against the denial of the prequalification request presented within the aforementioned term will suspend the corresponding selection or tender procedure until the Chief Contracting Officer resolves it.

Article 99C[105]**.** Protests against the Request for Proposals (RFP), award, disqualification, or denial of prequalification request shall be resolved within the term of thirty (30) calendar days, counted from the submittal of the protest.

Article 99D[106]**.** Against resolutions that settle protests no appeal shall be admitted, thus administrative channels are no longer an option. Once the 30-calendar-days term, counted from the first working day after the submittal of a protest, expires without a resolution having been issued, it shall be considered denied.

Section Three
Controversies Related to Contracts

Article 100. When a controversy arises due to the performance, interpretation or termination of a contract, the contractor and the Contracting Officer shall try to reach an agreement.

Article 101. Should the parties fail to agree, the Contracting Officer shall document the fact regarding the results of this attempt and the parties shall submit the matter to an administrative process for the resolution of controversies as agreed to at the time the contract was formalized. This process shall not cause the suspension or delay of obligations arising from the contract.

Article 102[107]**.** The Request for Proposals (RFP) may establish the right to arbitration as the legal means for the resolution of conflicts arising from a contract.

CHAPTER XI
Guarantees and Bonds

Section One
Tender Bonds

Article 103[108]**.** In order to guarantee a firm offer and the formalization of the contract, and when

[103] Repealed by Article Nine of Agreement No. 363 of March 26, 2020.
[104] Modified by Article Ten of Agreement No. 363 of March 26, 2020.
[105] Added by Article Eighteen of Agreement No. 157 of March 25, 2008.
[106] Added by Article Nineteen of Agreement No. 157 of March 25, 2008.
[107] Modified by Article One of Agreement No. 136 of May 31, 2007.
[108] Modified by Article Twenty-seven of Agreement No. 432 of July 25, 2024.

the obligation to submit payment and performance bonds has been established, bidders shall submit a tender bond or another guarantee together with their bid, according to what is established in the request for proposals, which shall not be less than ten (10%) of the total amount of the bid. This bond shall have a maximum expiration period of ninety (90) days, except for those cases in which, by reason of the amount or complexity of the contract action, the Contracting Officer establishes a different period.

Article 104[109]. Repealed.

Article 105. When the contractor selection process involves the sale of Authority property, the tender bond shall be equivalent to ten per cent (10%) of the assessed value of the property.

Article 106. When the goods or services to be contracted are for variable quantities, the amount of the tender bond shall be determined by the Chief Contracting Officer.

Article 107. Failure to submit tender bonds when required shall cause the immediate rejection of bids.

Article 108. The Contracting Officer shall immediately reject bids accompanied by bonds that do not meet the requirements of the Request for Proposals.

Section Two
Performance and Payment Bonds

Article 109[110]. The contract performance bond guarantees faithful performance of the contract, and the correction of any pertinent deficiencies once it is performed. Coverage shall not be less than fifty (50%) percent of the contract amount. In the case of the acquisition of goods and services, coverage shall be one hundred percent (100%) of the contract amount, unless the Contracting Officer establishes a lower coverage amount subject to a risk analysis study, a review by the Chief Financial Officer, and General Counsel, and approval of the Administrator of the Authority. The term of such coverage shall correspond to the contract performance period, in addition to one (1) year in the case of movable property and services, in order to respond for any redhibitory vices, except consumable goods, in which case the coverage shall be of six (6) months; and in the case of construction contracts, a period of three (3) years to respond for construction defects or reconstruction of the work or real estate property.

Article 110[111]. The payment bond guarantees payment to third parties for labor services and goods provided during the performance of the main contract. Its amount shall be fifty percent (50%) of the contract amount, when the amount of the contract is less than B/.1,000,000.00; forty percent (40%) when the contract amount is over B/. 1,000,000.00 and below B/.5,000,000.00; and of B/.2,500,000.00 when the amount of the contract is over B/.5,000,000.00. The payment bond shall be effective for the contract performance period plus one hundred and eighty (180) calendar days from the date of the last publication of the notice of completion of the works in a newspaper of

[109] Repealed by Article Twenty-eight of Agreement no. 432 of July 25, 2024.
[110] Modified by Article Twenty-nine of Agreement No. 432 of July 25, 2024.
[111] Modified by Article Forty of Agreement No. 331 of September 25, 2018.

national coverage, and its satisfactory acceptance by the Authority. Third parties that have outstanding credits against the contractor must submit them to the guarantor within that term.

Article 111[112]**.** The requirement of performance and payment bonds is optional in construction contracts under B/.25,000.00.

For contracts for the acquisition of goods and services, the requirement of compliance and payment bonds is optional. In these contracts, the Contracting Officer may request compliance and / or payment bonds, with the prior authorization of the Chief Contracting Officer.

Article 112[113]**.** Repealed.

Article 113. When the amount of the contract is variable, the Chief Contracting Officer shall determine the amount of the performance bond.

Article 114. The awarded bidder shall submit a performance bond and a payment bond within ten (10) business days following the formalization of the contract.

Article 115[114]**.** The Contracting Officer is authorized to reject a bond that does not adequately guarantee contract performance, and to require an increase or substitution of guarantees. Performance of the contract shall not be authorized until such the bonds have been approved by the Contracting Officer, prior review by the Office for General Counsel.

Article 116. For purpose of the notice referred to in Article 110, the contractor shall publish the notice within thirty (30) days following the date of written final acceptance of the goods, construction work, or services required by the contract.

The notice of completion of the work shall be published three (3) consecutive times, in a newspaper of national coverage.

Section Three[115]
Bonds for Advance Payments

Article 117[116]**.** Bonds for advance payments guarantee the reimbursement of a specific amount paid in advance to a contractor for the timely and proper execution of a contract. The penal sum of this bond shall not be less than one hundred percent (100%) of the amount advanced and shall have an effective period similar to the contract, plus an additional time of thirty (30) days. The contractor's responsibility ceases after the amount advanced is reimbursed. No advance payment bond will be required for advance payments in those cases determined by the Administrator.

[112] Modified by Article Forty-one of Agreement No. 331 of September 25, 2018.
[113] Repealed by Article One of Agreement No. 49 of August 7, 2001.
[114] Modified by Article Forty-second of Agreement No. 331 of September 25, 2018.
[115] Section modified by Article Twenty-two of Agreement No. 48 of August 7, 2001.
[116] Modified by Article Thirty of Agreement No. 432 of July 25, 2024.

Article 118[117]**.** The Contracting Officer shall require from the contractor the submission of a bond for advance payments within ten (10) working days following the signing of the contract. No order to proceed shall be issued until the bond has been approved by the Contracting Officer, prior review by the Office of General Counsel.

Section Four
Types of Guarantees

Article 119. Guarantees shall be constituted in cash or in bonds issued by insurance companies, sureties, or through bank guarantees or certified checks issued in favor of the Authority.

Article 120. The solvency of the insurance companies and banks referred to above shall be recognized by the Insurance Superintendence or Banking Superintendence, as the case may be. The Authority shall establish the criteria or limits applicable to such entities for the issuance of guarantees, and may reject any insurance companies or banks that, in its opinion, do not constitute appropriate guarantees.

Section Five
Effecting and Voiding Guarantees

Article 121[118]**.** In the event the selected bidder does not submit the required guarantees within the allotted time, the tender guarantee shall be foreclosed in favor of the Authority.

Once the contract is awarded, in the event of default, the contractor's performance bond shall be foreclosed in all cases and shall become part of the Authority's estate. If the bond is issued by a surety, an insurance company, or a bank, the surety may, within thirty (30) calendar days following the notice of default, elect to pay the amount of the bond or substitute the contractor in all of his rights and obligations under the contract, provided that the party continuing performance at the surety's account and risk, has the technical and financial capacity to do so, in the opinion of the Contracting Officer. After having satisfied all terms and conditions of the contract, and there being no further responsibilities to meet, the bond shall be voided.

Section Six
Other Guarantees and Insurance

Article 122. When the object of the contract is the construction of works or rendering services within the areas of the Authority, the Contracting Officer may include contract clauses in the Request for Proposals to provide coverage for civil liability and damages to third parties.

[117] Modified by Article Forty-three of Agreement No. 331 of September 25, 2018.
[118] Modified by Article Forty-four of Agreement No. 331 of September 25, 2018.

Section Seven[119]
Particular Risks

Article 122A[120]**.** Notwithstanding the provisions of this regulation regarding the terms and conditions of the guarantees, bonds and insurance, coverage, terms and conditions different to these may be established, provided that they are necessary to cover the particular risks of a specific project.

These guarantees, bonds and insurance may be issued locally or internationally. In as much as the coverage, terms and conditions of these bonds, guarantees and insurance differ from those established in previous articles, they will require a risk evaluation study, a revision by the Chief Financial Officer and the Office for General Counsel, and the approval of the Panama Canal Authority Administrator.

CHAPTER XII
Delays and Defaults

Section One
Performance of the Contract

Article 123[121]**.** Once the contract has been awarded performance shall be started immediately, unless an order to proceed from the Contracting Officer is required, in which case performance shall start on the date determined by the notice.

Article 124. When the contractor is unable to start performance of the contract for any reason attributable to the Authority, it shall have the right to be reimbursed for cost increases proven to have occurred by the delay. Costs increases approved to a contractor shall be documented in writing by additions or modifications to the contract. The contractor shall file its claim within ninety (90) days following the receipt of the order to proceed.

Section Two
Delays by the Authority

Article 125. When the Contracting Officer suspends or stops the performance of the contract, for reasons not attributable to the contractor, the contractor shall have the right to an extension of time for contract performance, for a period not less than that of the delay. In addition, the contractor shall have the right to be reimbursed for proven cost increases incurred during the period counted from the suspension of performance until its resumption. Nevertheless, the extensions shall proportionately modify the performance periods established and shall be documented in writing by modifications to the contract. The contractor shall file his claim within ninety (90) days following receipt of the order to resume work.

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[119] Section added by Article Seven of Agreement No. 142 of July 30, 2007.
[120] Modified by Article Forty-five of Agreement No. 331 of September 25, 2018.
[121] Modified by Article Forty-six of Agreement No. 331 of September 25, 2018.

Section Three
Default and Delay by the Contractor

Article 126[122]**.** When for reasons attributable to the contractor the performance of a contract for goods or services is delayed, the Contracting Officer may impose penalties for delays up to ten per cent (10%), each time, of the amount of the delivery due or the service not rendered, and the contractor shall have the right to a time extension. The penalties and extensions shall be evidenced as modifications to the contract and the Contracting Officer shall provide written evidence on said document of the time extension granted due to the postponement of the delivery or rendering of the service.

Article 127. The foregoing provision does not limit the rights of the Authority to terminate the contract for reasons attributable to the contractor.

Article 128. In contracts for construction work, penalty clauses shall be based on the principle of cost restitution and damages arising from delays in the delivery of the work or its different stages.

Article 129. Notwithstanding the foregoing, penalty clauses may be incorporated in the Request for Proposals that best suit the nature of the contract.

CHAPTER XIII
Contract Administration

Section One
General Provisions

Article 130. Contracts are entered into and formalized primarily because this allows for a closer concerted effort between the parties and permits greater administrative efficiency. Notwithstanding the preceding purpose, the contract shall also strive to guarantee the rights and interests of the parties. All actions taken by those persons who participate in the procurement shall be based upon principles of transparency, economy and responsibility, in accordance with the rules that govern administrative functions, as well as the rules of ethics and conduct that apply to the Authority, the rules of contract interpretation, and those general principles of law and specific provisions contained in administrative regulations.

Article 131[123]**.** Contracts entered into by the Panama Canal Authority shall be subject to and performed pursuant to Panama Canal Authority regulations and supplemented by the provisions of Panamanian Law. In the cases in which Authority contracts establish international commercial arbitration as the legal means for controversy resolution, the arbitral tribunal shall decide according to the law designated in the respective contract clause.

Article 131A[124]**.** Notwithstanding the stipulations of the foregoing Articles, the Authority may subject to the law and regular foreign jurisdiction the government or private loans, or other credit obligations, prior or preparatory acts of such contracts, as well as the resolution of controversies

[122] Modified by Article Twenty of Agreement No. 61 of October 17, 2002.
[123] Article added by Article Eight of Agreement No. 142 of July 30, 2007.
[124] Article added by Article Twenty of Agreement No. 157 of March 25, 2008.

that arise in relation to them.

In such contracts, the Authority may include stipulations that authorize the referred courts to take precautionary measures and to seize and sell property of the Authority located outside of the Republic of Panama.

Article 131B[125]**.** Notwithstanding the provisions of previous articles, in confidentiality agreements the contracts contemplated in Article 33 of this Regulation, contracts for software user licenses, software maintenance or support, financial services, the opening of accounts in financial institutions financial and bank deposits, database subscription or access services, and advisory and auditing services, the Contracting Officer may adhere, totally or partially, to industry-standard clauses, required for contracting these services, including, where appropriate, the clauses of limitation of liability that are approved under Article 6B of this Regulation, for which purpose it will require justification from the requesting unit, explaining the benefit for the Authority of adhering to the industry-standard clauses, after a previous review from the Office for General Counsel.

These contracts may be subject to the substantive law and the foreign regular jurisdiction or arbitration contemplated in the industry-standard clauses. In these cases, the rules of this regulation and of the procedure that implements it will always be applicable, as long as they are not in conflict with the industry clauses required for the contracting.

However, in no case may liability limits be stipulated for willful intent, deliberate, or intentional non-compliance, or for serious fault or negligence from part of the contractor.

Contracting for the acquisition of works, goods and services, including special services to be paid with funds that come from conditional donations, non-refundable loans, or non-refundable technical cooperation, whose donation requires that the contract be subject to procedures, rules, and clauses that differ from this Regulation and the rules that implement it, may be excluded from the rules of this Regulation and from the implementing procedure that differs from such conditions.

Article 132[126]**.** The responsibility for directing and handling the selection procedure and the contractual activity shall be the Contracting Officer's duty.

[125] Modified by Article Thirty-one of Agreement No. 432 of July 25, 2024.
[126] Modified by Article Thirty-two of Agreement No. 432 of July 25, 2024.

Section Two
Rights and Obligations of the Parties[127]

Article 133. The following shall be the rights and obligations of the Authority:

1. To obtain the greatest benefit for the State or the public interest, complying with the provisions of this regulation and the contracts.

2. Demand from the contractor quality and timely performance of the contract. A similar demand may be made to the guarantor of the obligation.

3. Periodically review the work performed, services rendered, or goods supplied, in order to verify that they meet the quality conditions offered by contractors and taking responsible action against them and their guarantors when such conditions are not complied with as required by the contract.

4. Demand that the quality of the goods, works contracted and services acquired by the Authority conform to the requirements provided in the specified technical standards.

5. Adopt measures to maintain, during the development and performance of the contract, the original technical, economic and financial conditions, existing at the moment of the contract formalization and to make the required modifications as authorized by the law or the contract.

6. Proceed in a timely manner, so that the actions attributable to the Authority do not create a burden for the contractor in complying with the contract; correct in the least possible time any disruptions that may occur and agree on the pertinent mechanisms and procedures to prevent or to immediately and accurately solve any differences or disputes that may arise, in accordance with the contract.

7. Make timely payments as provided in the contract and acknowledge and pay interests in case of delays attributable to the Authority. Interests shall be estimated using the provisions established in Chapter XIV of this regulation.

8. Request the update or revision of prices and performance periods, when extraordinary and unexpected conditions arise which substantially affect the contract, in accordance with the procedure provided. On long-term contracts, clauses and conditions may be agreed to for the purpose of maintaining, during the life of the contract, the contractual equilibrium existing at the time of the contract formalization.

9. Anticipate actions intended to obtain compensation for damages suffered by the Authority during the execution of or as a result of a contract, exercising its right to take action and become part of the proceedings related with the compliance, interpretation, performance, or termination of the contract.

[127] Modified by Article Thirty-three of Agreement No. 432 of July 25, 2024.

10. Without prejudicing its right to execute the guarantee, take legal action against the employees of the Authority, against the contractor, or third parties that may be responsible, as the case may be, for compensations to be paid as a result of the contractual activity.

11. Take steps towards the acknowledgement and collection of monetary penalties and guarantees that may be due.

12. Not act with devious or abusive use of power, nor carry out improper practices. Employees of the Authority shall be administratively responsible for their actions and omissions, without limiting the criminal or civil liabilities that may apply. Any improper practice shall be considered a serious administrative fault.

Article 134. The contractor shall have the following rights and responsibilities:

1. Timely receive payments due.

2. Cooperate with the Authority, as necessary, to ensure that the purpose of the contract is accomplished and is of the best quality. Accept the orders that may be given during the performance of the contract, and in general, act with loyalty and good faith during all contractual phases, avoiding delays.

3. Guarantee the quality of the work performed, and goods and services provided, taking appropriate responsibility for such as agreed in the contract.

4. The Authority shall not condition participation in contract selection proceedings, nor the award, addition, or modification of contracts, nor the payment of any amounts owed to the contractor, the waiver, dismissal, or renunciation of any petitions, actions, demands or claims from part of the contractor.

5. The contractor shall be legally liable for submitting proposals with artificially under-valued financial and contracting conditions, in order to obtain the award of the contract.

6. The contractor shall be lawfully liable for having concealed at the time of contracting, any incapacities, incompatibilities or prohibitions, or for having supplied wrong information.

7. The contractor shall be responsible for and the Authority must ensure the proper quality of the object of the contract.

8. A foreign national who is party to a contract with the Authority shall expressly waive diplomatic protest channels, except in the case of refusal to apply the law. It is understood that refusal to apply the law may not be alleged when the contractor has all the means and resources for action, in accordance with the provisions in effect, and makes no use of them. This provision also applies to corporations owned or controlled by foreign nationals, and in the case of assignment of contracts to foreigner nationals, under the same circumstances.

9. The Authority shall not be responsible for the actions of the contractor's agents.

Section Three
Perfection of the Contract

Article 135[128]**.** The Contracting Officer is authorized to award contracts on behalf of the Authority, pursuant to the limits of the authority delegated to him.

Article 136[129]**.** When the contractor is an individual, the bid will be submitted by him/her or by whoever is authorized to represent him/her. When the contractor is a joint venture, corporation or company, the legal representative or the person duly authorized by the company shall submit the bid. In the case of joint ventures and consortiums, the bid must be submitted in the name of the consortium and will be done by the person duly authorized to represent the joint venture or consortium.

Article 137[130]**.** When expressly stated in the corresponding specifications, two or more individuals or corporations may jointly submit one bid to receive the award, performance and execution of a contract, being jointly and severally responsible for each and every one of the obligations derived from the submitted bid and the contract.

The corresponding Request for Proposals will indicate the requirements that must be met to consider offers that are submitted jointly.

Therefore, the actions, acts, and omissions arising during the course of the bid and the contract, shall affect all members of the joint venture or consortium.

The transfer of rights and obligations by one or more of the parties forming the consortium shall be authorized by the Contracting Officer, who shall prepare a motivated resolution, prior review by the Office for General Counsel.

Article 138[131]**.** Any individual or corporation, Panamanian or foreign, that is not debarred nor prevented from contracting, may participate in contractor selection processes and enter into contracts with the Authority after being qualified, based on this Regulation.

Article 139[132]**.** The individuals or corporations that have been administratively or legally debarred are not qualified to participate in contractor selection proceedings nor enter into contracts as indicated in this Regulation, while this measure is in force.

Section Four
Auditing of Contractor and His Contract-Related Documents

Article 140. Contractors who have been party to contracts with the Authority must retain all contract documentation on paper or on electronic files for 5 years after having received final payment. All

[128] Modified by Article Forty-eight of Agreement No. 331 of September 25, 2018.
[129] Modified by Article Forty-nine of Agreement No. 331 of September 25, 2018.
[130] Modified by Article Fifty of Agreement No. 331 of September 25, 2018.
[131] Modified by Article Thirteen of Agreement No. 350 of August 29, 2019.
[132] Modified by Article Fourteen of Agreement No. 350 of August 29, 2019.

documentation related to the contract, as well as spread sheets, accounting records and accounting practices used in negotiations after the award of the contract, shall be made available to the Office of the Inspector General of the Authority.

Section Five
Contract Records

Article 141[133]**.** The Contracting Officer must keep a record, which may be electronic, of all contract-related documentation. The documentation must be sufficient so that, by itself, it constitutes a complete history of the contracting carried out, which supports the decision-making at each stage of the contracting process, contains the information necessary to carry out audits and investigations, and supports the facts in case of litigation.

Article 141A[134]**.** The administrative acts, as well as the approvals, reviews, or authorizations established in these Regulations, except for those that require approval from the Board of Directors, may be issued through email or any other means or computer platform developed for such purposes, as determined by the Administrator.

Article 142[135]**.** Once the Authority accepts the object of the contract as completed, and the contractor receives the corresponding payment, the Contracting Officer shall ensure that all pertinent documentation is included in the record and shall proceed to seal it. Regardless of the closing of the record, the guarantees that are part of the contract will remain in effect in accordance with the terms and conditions of said guarantees.

Article 143. Once the record of the contract is closed based on the above article, it shall be retained for a period of five years.

Section Six
Contract Transfer

Article 144[136]**.** Contractors shall not transfer the rights and obligations that originate from the contract, unless the Authority specifically authorizes such transfer, subject to compliance with the formalities established in this Regulation, in the contract, and in the conditions set forth in the Request for Proposals. The assignee must meet the conditions and provide the guarantees required of the assigning contractor, in accordance with the provisions of the Request for Proposals.

Article 145[137]**.** If the Authority does not approve the transfer, the contractor is liable to perform the contract. Any unauthorized transfer shall be a valid reason to terminate the contract for a cause attributable to the contractor.

[133] Modified by Article Fifty-one of Agreement No. 331 of September 25, 2018.
[134] Modified by Article Five of Agreement No. 420
[135] Modified by Article Fifty-two of Agreement No. 331 of September 25, 2018.
[136] Modified by Article Fifty-three of Agreement No. 331 of September 25, 2018.
[137] Modified by Article Twenty-two of Agreement No. 157 of March 25, 2008.

Article 145A[138]**.** In the contracting process of government or private loans, and other credit obligations, the Authority may negotiate conditions that enable creditors to transfer their rights or obligations, totally or partially, with or without prior and specific authorization of the Authority.

Section Seven
Nullity of Acts and Contracts

Article 146[139]**.** In administrative contractor selection procedures, only the acts that have specific causes defined under this regulation may be nullified. The nullification of acts may be separate from the nullification of the contract.

Article 147[140]**.** The following are grounds for nullification of the various acts held as part of the contractor selection process:

1. Those that the Constitution or the law indicates.
2. Acts whose content is impossible or constitutes a crime.
3. The acts celebrated by a decision from a party that lacks the authority to award the contract.
4. Those that have been held with absolute disregard for the procedure established in this Regulation.

Article 148. Causes for nullity may be submitted at any time and by any person.

Article 149. Nullity shall be decreed when absolutely necessary to avoid defenselessness, to avoid affecting the rights of third parties, or to establish the normal course of the selection procedure.

Article 150. The Contracting Officer who decrees the nullity of any act shall always ensure that those acts and processes whose substance is not affected by the nullity remain unchanged.

Article 151. The Contracting Officer has the authority to resolve or correct minor faults that may be found on the documents.

Article 152[141]**.** The following are grounds for contract nullification:

1. Those held by persons that are impeded from contracting in the cases determined by this Regulation.
2. Those held by Authority personnel who lack the authority to enter into contracts.
3. The nullity of the award decreed by judicial means.

Article 153. The nullity of any or all clauses does not invalidate the rest of the contract, unless it cannot be performed without such clauses.

[138] Added by Article Twenty-three of Agreement No. 157 of March 25, 2008.
[139] Modified by Article Fifty-four of Agreement No. 331 of September 25, 2018.
[140] Modified by Article Eleven of Agreement No. 363 of March 26, 2020.
[141] Modified by Article Twelve of Agreement No. 363 of March 26, 2020.

Section Eight
Modifications

Article 154. The Contracting Officer is the only person authorized to modify contracts.

Article 155. Modifications shall be carried out as follows:

1. Bilateral modification: The one that requires the consent of both the contractor and the Contracting Officer.
2. Unilateral modification: The one that only requires the signature of the Contracting Officer. These shall be made to reflect administrative changes, make authorized changes for clauses incorporated into the contract, or issue orders for partial administrative termination of the contract or for any other cause.

Article 156. The contractor shall immediately notify the Contracting Officer when he considers that the Authority has made or is ready to make a change that has not been ratified in writing in a modification.

Article 157. The Contracting Officer shall not subscribe nor effect a change that may increase the price of the contract, without the certification of the authority responsible for the budgetary control indicating that funds are indeed available.

Article 158. The contractor shall accept and comply with unilateral modifications to the contract issued by the Contracting Officer, when these are permitted under the contract.

Article 159[142]**.** The price or cost of any modification, even unilateral ones, shall be determined before issuing them, unless the interests of the Authority are affected by determining the price prior to issuing the modification, in which case the prior authorization of the Contracting Officer's Supervisor shall be obtained.

Article 160. No modifications shall be made to avoid the competitive process. Modifications shall be limited to changes that are within the scope of the contract.

Article 161[143]**.** Except in supply and service contracts for estimated quantities, the increments in units or amounts of the contract shall be made only with a prior market study that demonstrates that this is the alternative that best benefits the Authority, considering the price and other evaluation criteria that were contemplated in the Request for Proposals. Units or amounts in contracts of goods, services, or works cannot be augmented by more than twenty-five percent (25%) of the quantity, except for contracts of supplies and services for estimated quantities.

Article 161A[144]**.** Notwithstanding what was stated in the previous article, for centralized contracts, an increase of the total price may exceed twenty-five percent (25%), with prior approval of the

[142] Modified by Article Fifty-five of Agreement No. 331 of September 25, 2018.
[143] Modified by Article Thirty-five of Agreement No. 432 of July 25, 2024.
[144] Modified by Article Thirty-six of Agreement No. 432 of July 25, 2024.

Administrator.

In cases where the amount of the increase that exceeds twenty-five percent (25%) is above B/.2,500,000.00, the approval of the Board of Directors will be required.

The Administration will report to the Board of Directors, on a quarterly basis, all approved modifications that are above 25% of the contract amount and below B/.2,500,000.00.

Article 162[145]**.** To avoid serious effects on the interests of the Authority, in cases where the Authority proposes a bilateral modification and an agreement is not reached with the contractor, the Contracting Officer may unilaterally modify the contract, in which case such modification will be mandatory, notwithstanding that the contractor may submit a claim under the administrative process for dispute resolution included in the contract.

Section Nine
Quality Control and Contract Inspection

Article 163. Contract management requires that compliance controls be established to permit technical inspection, quality control, and auditing.

Article 164. Technical inspections performed by the Authority upon receipt of goods and services are a requirement for acceptance and payment. These inspections shall be the responsibility of the administrative unit. Any construction contract shall be inspected by the construction inspection unit of the Authority.

Article 165. Quality control of all contracting performed by the Authority shall be the responsibility of the contractor, based on the terms of the contract. However, the Authority may keep its own quality control system for purposes of inspection.

Article 166. The Authority shall only accept goods and services that conform to the specifications, terms, and conditions of the contract.

Section Ten
Contract Duration

Article 167[146]**.** The term of contracts for goods and services shall not exceed five years. The Contracting Officer, with prior approval of his direct supervisor, shall justify the economic benefits of a multiannual contract.

The Board of Directors may, exceptionally, authorize contracts that exceed the maximum term of five (5) years, when it is demonstrated that the object of the contracting cannot be fulfilled in shorter periods; or better price offers or economic benefits can be obtained for the Authority.

[145] Modified by Article Fifty-six of Agreement No. 331 of September 25, 2018.
[146] Modified by Article Thirty-seven of Agreement No. 432 of July 25, 2024.

Article 168. In contracts for the supply of goods that need to be manufactured, assembled, designed, or modified, and in construction contracts, the life of the contract shall be established based on the conditions provided in the Request for Proposals (RFP).

CHAPTER XIV
Payments

Section One
Payment to Contractors

Article 169[147]**.** The Authority undertakes to pay for the works, goods, and services received and accepted that are in compliance with the terms of the contract. Contracts may authorize partial payments based on progress made, payments for the partial delivery of supplies and services, and advance payments. In the latter case, prior submission of a bond for advance payments will be requested, except when, based on the nature or risk involved in the contract, this is not required by commercial practice, which will be established prior approval by the Contracting Officer's Supervisor who perfects the contract and review of the Office for General Counsel.

The Contracting Officer is authorized to approve advanced payments when it is adequate for the commercial practice, discounts can be obtained, or it represents some other benefit for the Authority.

Article 170[148]**.** The Authority shall make payment within thirty (30) calendar days after the submission of the completed invoice and delivery of the object of the contract. Within this period, the Authority shall perform technical inspections to determine if the acceptance is proper, as provided under Article 164, unless the contract establishes another period for inspection and acceptance, in which case payment shall be made after such period expires.

The contractor shall be advised, in writing, of any non-acceptance by the Authority within the inspection period, and this shall cause the interruption of the payment process. The inspection period shall not be reinitiated until the contractor has corrected the deficiencies stated and the Authority accepts the contract. This shall not limit the right of the Authority to terminate the contract for causes attributable to the contractor.

When a delay occurs in the inspection or the payment process, attributable to the Authority, interest estimated under the terms of the contract shall be recognized and paid automatically.

Article 171. No interests shall be acknowledged nor paid in cases where advance payments are delayed.

Article 172[149]**.** The Authority shall receive the invoices submitted by the contractor. If it is necessary to return them for correction or completion, the contractor shall be informed, in writing, of the reasons for the return.

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[147] Modified by Article Fifty-eight of Agreement No. 331 of September 25, 2018.
[148] Modified by Article One of Agreement No. 415 of May 25, 2023.
[149] Modified by Article Thirty-eight of Agreement No. 432 of July 25, 2024.

Article 173[150]**.** Payments on construction contracts shall be made in the method provided in the contract. Partial payments may be made according to work progress, for which the contractor shall submit progress reports to the Contracting Officer, who will verify these against the progress reports submitted by the Contract Inspector. These payments shall be performed under the following rules:

1. The Request for Proposals and the contract shall provide, when necessary, the Authority's obligation to withhold a percentage of the payment to guarantee compliance with the contract.
2. Payments shall be made within thirty (30) days, counted from the submission date of the respective invoice, together with all documentation required by the contract. Upon the expiration of this period, the contractor shall be entitled to payment of interests, if the delay is attributable to the Authority.
3. If the work is contracted by phases, the withholding will affect each phase, but this withholding will be returned once the work has been concluded to the satisfaction of the Authority.
4. The Authority shall, within thirty (30) days following the definitive delivery of work, the submission of the final invoice and the descriptive detail of any claim, if any, or the submission of the release of claims document instead, pay to the contractor the amounts withheld and any other outstanding balance.

Article 174[151]**.** On those contracts for the acquisition of goods and services where advance payments are authorized, these may be made in cash, letters of credit, or other financial instruments, with the prior approval of the Chief Financial Officer. Financing contracts, letters of credit, or other financial instruments shall be negotiated and subscribed by the Contracting Officer as a supplement to the contract when payment in advance was authorized.

Article 175[152]**.** The Authority shall suspend all payments owed to contractors when the contract work is delayed or they are debtors of the Authority. The Contracting Officer may offset amounts owed to the contractor against amounts owed to the Authority, through a motivated resolution, reviewed by the Office for General Counsel.

Article 176. When the contractor is in debt to the Authority due to advance payments or excess payments, the Authority shall automatically charge the contractor interest on the amount of the debt, at the rate established in Article 170, after the thirty (30) calendar day period from the date of the notification of debt and until the date of repayment.

Article 176A[153]**.** Notwithstanding the stipulations of this Section, the terms, conditions, and interests for delays related to payments may be changed, as long as the complex nature of the goods or services received does not allow inspection within the terms contemplated in the previous articles. In these cases, the terms, conditions, and applicable interests shall be established in the respective Request for Proposals. The term for payment by the Authority shall not exceed ninety (90) days.

[150] Modified by Article Fifty-nine of Agreement No. 331 of September 25, 2018.
[151] Modified by Article Sixty of Agreement No. 331 of September 25, 2018.
[152] Modified by Article Sixty-one of Agreement No. 331 of September 25, 2018.
[153] Modified by Article Twenty-seven of Agreement No. 157 of March 25, 2008.

In addition to what is established in the previous paragraph, in contracts for loans, private loans, or other credit obligations, the Authority may negotiate interests for delays through a surcharge over the interest rate agreed upon in the respective contract.

CHAPTER XV
Information Availability

Article 177[154]**.** Any information resulting from the contracting process shall be available to the general public, but for the exceptions provided in this Chapter. Information regarding a contracting process will be disclosed to the parties that have participated in said process, through a written request made to the Contract Officer, under the provisions of this chapter. Any other interested party shall send the request to the Authority's Information Officer. The Authority will indicate the cost that the research and reproduction of the requested documents will be for the requesting party.

The following information is considered public:

1. In public tenders: The tender summary minutes and the award resolution, the bids submitted, the contract, and the budgetary item, after the award act.
2. In a process of negotiated tender, once the contract award has been notified: the tender summary minutes of the submitted bids and the price reviews of the negotiated tender; the weighing of all the bidders, if applicable; the motivated resolution of the award, the contract, and the budgetary item, after the award act.

Article 178. It is forbidden to request and publish the following information before the contract award:

1. The Balboa amount of the tenders before the opening of tender envelops.

2. Any information generated during the negotiated tendering process.

Article 179[155]**.** The following information shall be considered restricted and reserved and, therefore, shall not be published:

1. Information identified by the bidder or contractor as having a restricted or confidential nature and considered as such by the Authority, because publication thereof would cause damage to the parties.
2. Documents recording deliberative processes or those made before decision-making.
3. In the contractor selection processes of negotiated tenders, except for price, the content of the rejected bids, and of those bids that were not selected for the award of the contract.
4. The budgetary item if the tender is declared abandoned.
5. All information that the Administrator, the Board of Directors, or the Regulations of the Authority classify as confidential, restricted, or reserved, in the subject of contracts.

[154] Modified by Article Thirty-nine of Agreement No. 432 of July 25, 2024.
[155] Modified by Article Forty of Agreement No. 432 of July 25, 2024.

Article 180. The bidder must clearly indicate in its bid the information that constitutes commercial or industrial secrets of the company, and which disclosure would result in serious injury or damage.

CHAPTER XVI
Contractor Debarment[156]

Section One
General

Article 181. A debarment is a mechanism whereby the Administrator excludes, after complying with the procedures established in this regulation, individuals or corporations (natural or legal persons) from entering into contracts with the Authority as contractors or sub-contractors, for a specific period of time that shall not exceed ten (10) years.

Article 182[157]**.** The following shall be considered causes for debarment:

1. Sentencing for fraud, misappropriation, theft, forgery, bribe, destruction of documents, false testimony, or tax evasion.
2. Commitment of any act that evidences business misdeeds or lack of honesty in its relations with the Authority.
3. Conduct described under Article 1A.
4. Intentional non-compliance with contractual obligations, history of non-compliance, or deficient performance on one or more contracts.
5. Use of any employee of the Authority or member of the Board of Directors as an agent or intermediary to obtain a contract with the Authority.
6. A firm decision of debarment by the corresponding authority of the National Government, related to its participation in contracts with the State.
7. [158]That the Authority knows or discovers that, after the award of a contract, at the time of submitting its bid, the contractor was in any of the impediment causes referred to in paragraphs 2 and 3 of Article 43 of this Regulation.
8. [159]Be convicted, after receiving a contract award from the Authority, for committing the crimes of money laundering, terrorism, financing of terrorism, embezzlement, corruption of public officials, fraud in public procurement acts, influence peddling, document forgery in general, and international bribery in Panama or in any other country in the world. In the case of convictions abroad, crimes equal to or equivalent to those indicated here should be considered, unless the person found in this situation proves otherwise to the satisfaction of the Authority.
9. [160]Be included, after a contract has been awarded by the Authority, in the list of companies and persons unable to be contracted in projects financed by the World Bank or any other list that the Board of Directors determines from time to time. The lists that the Board of Directors so determines will be published on the Authority's web page.

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[156] Modified by Article Forty-one of Agreement No. 432 of July 25, 2024.
[157] Modified by Article Twenty-five of Agreement No. 48 of August 7, 2001.
[158] Added by Article Fifteen of Agreement No. 350 of August 29, 2019.
[159] Added by Article Fifteen of Agreement No. 350 of August 29, 2019.
[160] Added by Article Fifteen of Agreement No. 350 of August 29, 2019.

Article 183[161]**.** It is the responsibility of all employees, officers, and members of the Board of Directors to notify of any information suggesting the commission of any act related to the foregoing causes for debarment.

Article 184[162]**.** Except for the case described in paragraph 5, Article 182, it is the responsibility of the Chief Contracting Officer to investigate the facts and gather information concerning a possible debarment of a bidder or contractor of the Authority. Once the facts have been investigated, the results shall be forwarded to the Administrator, who shall determine, based on the recommendations submitted by legal counsel, whether the debarment process should be started.

Article 185[163]**.** The Administrator's decision to initiate the debarment process will be notified through a written notice posted on the Internet for a duration of five (5) business days. The notice will indicate the facts on which the bidder's debarment is based and the consequences arising from such action. The proposed party to be debarred will be granted a period of fifteen (15) calendar days counted from the last date of the posting of the notice. After this time limit has elapsed no claim or request shall be admitted.

The Administrator may, based on the response received, determine that the debarment process has ended if he considers that the facts have been satisfactorily clarified to the extent that there exists no cause for proceeding with the debarment action.

Article 186[164]**.** Failure to respond to the debarment notice within the period stipulated in Article 185, or after a response was made, if the Administrator determines that there is sufficient cause to impose penalties, a debarment decision will be issued, explaining the causes and extent of the action taken, and no claim or demand against such action shall be admitted. This decision shall be notified to the bidder or contractor by a written notice posted for five (5) working days and shall be published on the Internet for the duration of the respective debarment period.

Article 187[165]**.** From the moment that the individual or corporation (natural or legal person) is notified of the debarment intent, he shall not be awarded any contract with the Authority, and the Authority may suspend payments as a precautionary measure, if he is already a Contractor, until the Administrator issues his final decision.

Article 188[166]**.** After issuing the debarment decision, the debarred party will be excluded from contracting with the Authority, following the foregoing terms. If a contractual relationship is presently ongoing, the contract shall be terminated, unless the interests of the Authority are adversely affected by said decision.

[161] Modified by Article Forty-two of Agreement No. 432 of July 25, 2024.
[162] Modified by Article Forty-three of Agreement No. 432 of July 25, 2024.
[163] Modified by Article Forty-four of Agreement No. 432 of July 25, 2024.
[164] Modified by Article Forty-five of Agreement No. 432 of July 25, 2024.
[165] Modified by Article Forty-six of Agreement No. 432 of July 25, 2024.
[166] Modified by Article Forty-seven of Agreement No. 432 of July 25, 2024.

Article 189[167]**.** The Administrator may, at any time, suspend the debarment process, to allow the implementation of the required corrective measures, as long as this proves to be in the best interest of the Authority and the bidder or contractor agrees to implement such corrective measures. No such agreements may be made however when the cause for debarment arises from a court decision or sentence, or a binding resolution issued by the National Government. Failure to implement corrective measures will result in an immediate debarment.

CHAPTER XVII[168]
Special Services

Section One
General Provisions

Article 190[169]**.** The Administration is entitled to contract special services for a total amount that does not exceed five hundred thousand Balboas (B/.500,000.00). When a special services contract exceeds this amount, prior approval of the Board of Directors will be required.

In each act in which the Board of Directors approves a contracting of special services, it will authorize the Administrator to sign the corresponding contracts and documents.

Article 191. For the purposes of the foregoing Article, the Board of Directors will determine, at the proposal of the Administration, the services to be considered special.

Article 192. In any special services contract, the general plan of the project must be fully justified, and as far as its feasibility, the period covered, technical specifications, execution time, delivery time, financing time and conditions, and project life period, as well as other aspects established by the Authority, after a previous study.

Article 193. The Request for Proposals, the relevant provisions of these regulations, and the rules for supervision issued by the Authority will be part of the special services contracting process, in addition to the conditions established in the corresponding act.

[167] Modified by Article Forty-eight of Agreement No. 432 of July 25, 2024.
[168] Chapter modified by Article Three of Agreement No. 338 of January 17, 2019. The modification includes Section One, Articles 190 to 193, and Section Two, Articles 195 to 199.
[169] Modified by Article Six of Agreement No. 420 of October 26, 2023.

Section Two
Contracting Procedure for Special Services

Article 194[170]**.** It is up to the Administration to process the contracting of special services and inform the Board of Directors as to their development, whenever the Board requests it.

The Administrator is authorized to sign the corresponding contracts and documents.

Article 195. In the case of special services contracts for the external review of the quality control of the internal audit of the Panama Canal Authority, the Board of Directors shall exercise the following functions:

1. Approve or disapprove the Request for Proposals (RFP) and the Terms of Reference (ToR) prepared by the Inspector General, as well as their amendments.
2. Consider and make the observations it deems pertinent to the technical evaluation report prepared by the Technical Evaluation Board, after its review by the Contracting Officer.
3. Once all the stages of the tendering process have been completed, whether or not to award the respective special contract.

The members of the Technical Evaluation Board will be appointed by the Inspector General, and will be qualified staff from the office in charge.

If it does not contradict the provisions of this Article, the pertinent rules established in the regulations for negotiated or best-value tenders will be applied.

The administration will carry out the contracting process in support of the Board of Directors and, once the award takes place, the Contracting Officer will sign the contract and the corresponding documents according to the Regulations.

The Board of Directors is responsible for the resolution of these contracts for the provision of special services under the provisions of Chapter XIX of these Regulation, upon the recommendation of the Contracting Officer, as well as the resolution of disputes related to these contracts, which may not have been possible to be resolved by the Contracting Officer in coordination with the Inspector General.

Article 196. In the contracting of special services of independent external audit, the contractor to whom a contract for this service has been awarded, may not be awarded or participate in the process of selecting contractors of the new consecutive contract to provide the same service, unless The Board of Directors expressly so authorizes it. Notwithstanding the foregoing, the Board of Directors may authorize the participation and award of that same contractor, for one or more consecutive contracts, for the provision of this service, provided that the total term of such combined contracts does not exceed twelve years.

Bids that do not comply with the above will not be considered for the award.

[170] Modified by Article Forty-nine of Agreement No. 432 of July 25, 2024.

For the same firm that has provided independent external audit services to participate again in a contractor selection process or be hired to provide such services in favor of the Authority, a period of four years must have passed, counted from the ending date of its last contract.

Article 197. The Requests for Proposals (RFPs) shall be published under the provisions contained in Chapter VI of this Regulation, and shall contain, at a minimum, the requirements set forth in Chapter IV, in addition to the special service clauses and conditions.

Article 198. For the celebration of the acts, the tender procedure established in this Regulation will be used. It will be the responsibility of the Administration to select the most appropriate process as required by the nature of the special service.

Article 199. The bonds required for the provision of special services shall be provided under the provisions of Chapter XI.

Article 200[171]**.** Repealed.

Article 201[172]**.** Repealed.

Article 202[173]**.** Repealed.

Article 203[174]**.** Repealed.

Chapter XVIII
Disposition and Sale of Excess Property[175]

Section One
General Provisions

Article 204[176]**.** Any office that determines that any property under its administration is excess property, shall deliver such property to the Authority's Excess Disposal and Sale Office, which shall proceed to assess the property

Article 205[177]**.** The sale of excess property shall be based on its assessed value, as determined in conformance with the above paragraph, unless the Administrator issues a motivated resolution stating that the property be transferred gratuitously.

Article 206[178]**.** The administrative office responsible for the excess and sale of movable property may sell excess or obsolete property with an assessed value not to exceed B/. 10,000.00, and which

[171] Repealed by Article Four of Agreement No. 338 of January 17, 2019.
[172] Repealed by Article Four of Agreement No. 338 of January 17, 2019.
[173] Repealed by Article Four of Agreement No. 338 of January 17, 2019.
[174] Repealed by Article Four of Agreement No. 338 of January 17, 2019.
[175] Title modified by Article Sixty-five of Agreement No. 331 of September 25, 2018.
[176] Modified by Article Sixty-six of Agreement No. 331 of September 25, 2018.
[177] Modified by Article Ten of Agreement No. 34 of May 30, 2000.
[178] Modified by Article Sixty-seven of Agreement No. 331 of September 25, 2018.

does not require additional removal expenses. The disposal of property with an assessed value of more than B/. 10,000.00, which requires additional removal expenses, shall be placed under the responsibility of the Administrator, who shall authorize its disposal.

The Administrator shall periodically report excess property sale and disposition to the Board of Directors.

Section Two
Sale of Excess Movable Property[179]

Article 207[180]**.** Notices of sale and Requests for Proposals (RFPs), if any, shall be published in Spanish, pursuant to the provisions of Chapter VI of this Regulation. When deemed necessary, they may also be published in other languages.

Article 208[181]**.** As a minimum, the notices and Request for Proposals for the sale of excess movable property shall contain:

1. Date, time, and place of bid opening act, when the tender is public.
2. Requirements for participating in the tender.
3. Rights and obligations of the Authority and of the buyer or contractor.
4. Conditions and characteristics of the property placed on sale.
5. Circumstances regarding time, place, and method of sale considered necessary to promote full and open competition.
6. General and specific sale conditions.

Article 209[182]**.** Repealed.

Article 210[183]**.** In addition to the public tender based on price, the public auction method may be used for the sale of excess movable property. The Contracting Officer shall select the process that best suits the purpose, in accordance with the nature of the sale. When in such procedures reference is made to the lowest price, it shall be understood that it is the best price or benefit for the Authority.

Article 211[184]**.** The sale shall be declared abandoned in those cases when there are no bidders or when the bids received are under the minimum reserve price:

a. If the sale process is declared abandoned, a new act may be called, in which the Contracting Officer may sell the good at the highest price offered, if this is most advantageous to the interests of the Authority and is approved by the Contracting Officer's Supervisor.

[179] Title modified by Article Sixty-eight of Agreement No. 331 of September 25, 2018.
[180] Modified by Article Twenty-seven of Agreement No. 48 of August 7, 2001.
[181] Modified by Article Sixty-nine of Agreement No. 331 of September 25, 2018.
[182] Repealed by Article Seventy of Agreement No. 331 of September 25, 2018.
[183] Modified by Article Seventy-one of Agreement No. 331 of September 25, 2018
[184] Modified by Article Seventy-two of Agreement No. 331 of September 25, 2018.

b. If the new sale process is declared abandoned, the goods in question shall be disposed of in the most advantageous manner for the interests of the Authority, a circumstance that shall be noted on the appropriate record, approved by the Contracting Officer's Supervisor.

Article 212. Any conflicts arising from sales shall be resolved pursuant to the procedure for conflict resolution set forth in this Regulation.

Article 213[185]**.** Bidders participating in a selling process for excess movable property declared obsolete or unused must submit a tender bond whose value may not be less than 10% of the base price.

If the Contracting Officer decides to request a performance bond, the amount thereof will be determined based on a risk analysis.

CHAPTER XIX
Administrative Termination of Contracts

Section One
General Provisions

Article 214[186]**.** The partial or full termination of contracts may be made for causes attributable to the Contractor, or by a unilateral decision of the Panama Canal Authority.

Article 215[187]**.** The Contracting Officer shall notify the contractor in writing when the contract has been terminated. The notification shall include the reasons for termination, the time, and the extent of the termination action.

Before terminating a contract, the Contracting Officer shall obtain the opinion of the Office for General Counsel.

[185] Modified by Article Seventy-three of Agreement No. 331 of September 25, 2018.
[186] Modified by Article Nineteen of Agreement No. 107 of December 15, 2005.
[187] Modified by Article Seventy-four of Agreement No. 331 of September 25, 2018.

Article 216. The notice of termination described in the previous paragraph shall be forwarded simultaneously to the contractor and guarantor or surety of the contract.

Section Two
Administrative Termination of the Contract by Unilateral Decision of the Authority

Article 217. When the Contracting Officer terminates a contract by unilateral decision of the Authority, he shall compensate the contractor for the work performed and for any preparatory work accomplished on the uncompleted portion of the work, including a reasonable, verified loss of profit, which shall not exceed five (5) percent of the total amount performed.

Article 218[188]**.** The contractor, once notified of the contract termination, shall:

1. Suspend all work that he or his subcontractors may be performing.
2. Continue performing all other portions of the contract that were not terminated.
3. Guarantee and protect the property of the Authority.
4. Keep all equipment and materials on the site where the contract is executed until authorized by the Contracting Officer for their removal.
5. Submit a price offer as soon as possible stating the amount to which he considers to be entitled as a result of the contract termination.

Article 219. No profit shall be recognized if it is determined that the contractor incurred a loss by completing the contract.

Article 220. The amount that the Authority shall pay the contractor as a result of the termination shall not exceed the total value of the contract

[188] Modified by Article Seventy-five of Agreement No. 331 of September 25, 2018.

Section Three
Administrative Termination of the Contract for Reasons Attributable to the Contractor

Article 221[189]. The following are grounds for administrative termination for reasons attributable to the contractor:

1. Breach of his contractual obligations.
2. Having made a false statement or representation when submitting a bid.
3. That the Authority knows or discovers, after the award of a contract, that the contractor was in any of the grounds of impediment referred to in paragraphs 1, 2, and 3 of Article 43 of this Regulation.
4. Having been convicted, after the awarding of a contract by the Authority, for committing the crimes of money laundering, terrorism, terrorism financing, embezzlement, corruption of public officials, fraud in public procurement acts, influence peddling, document forgery in general, and international bribery in Panama or in any other country in the world. In the case of convictions abroad, crimes equal to or equivalent to those indicated here should be considered, unless the person found in this situation proves otherwise to the satisfaction of the Authority.
5. Be included, after a contract has been awarded by the Authority, within the list of companies and persons disqualified from being hired in projects financed by the World Bank or any other list that the Board of Directors determines from time to time.
6. The death of the contractor, the permanent physical disability of the contractor, or the dissolution of the contractor in the case of corporations or legal persons, when this must cause the termination of the contractual relationship under the terms established in the contract.
7. Bankruptcy or insolvency of the contractor or being in a bankruptcy process or state of suspension or default of payments, without the official bankruptcy declaration.
8. Any evident indication that there will be a breach of the contractual terms.

These grounds will apply, even if they are not included in the contract.

Article 222. Before the notice of termination, the Contracting Officer may grant the contractor a period to correct the circumstances that are leading to or might lead to the termination of the contract, and this period shall be granted according to the requirements established under Chapter XII of this Regulation.

Article 223[190]**.** The contractor, once notified of the contract termination, must:

1. Suspend all work that either he or his subcontractors are performing.
2. Continue the performance of any portion of the contract that has not been terminated.
3. Guarantee and protect the property of the Authority.
4. Keep all equipment and materials on the site where the contract is executed until authorized by the Contracting Officer for removal.

[189] Modified by Article Thirteen of Agreement No. 363 of March 26, 2020.
[190] Modified by Article Seventy-six of Agreement No. 331 of September 25, 2018.

Article 224. The guarantor or surety shall be notified of the contractor's default, and it shall be granted a period of thirty (30) calendar days from the date of the non-compliance notification, to pay the performance bond or substitute the contractor in all of his rights and obligations, on condition that whoever is to continue the work, on account of and at the guarantor's risk, has the necessary technical and financial capacity, as previously approved by the Contracting Officer.

Article 225. The contractor whose contract has been terminated shall be liable for the penalties imposed for such situations under the contract and this Regulation, notwithstanding any public liabilities that may correspond due to his contractual non-compliance.

Article 226. The contractor has the right to appeal the termination according to the procedures prescribed in Chapter X of this Regulation.

Article 226A[191]**.** Whenever a termination decision has been issued under a contract for causes attributable to the contractor, the Contracting Officer may award a new purchase order or contract based on the bids that were originally received. For such purpose, he shall order that all original bids that complied with the Request for Proposals, except those of the terminated contractor, in ascending order, with the one having the lowest price being the first on the list, be confirmed as to their acceptability, one by one in that order until he has received confirmation of one bid that complies with the requirements under the Request for Proposals (RFP), comes from a qualified bidder, and is not onerous for an award of a new purchasing order or contract.

Article 227. This Regulation will become effective on the twelfth hour of the thirty-first day of December of the year nineteen hundred and ninety-nine.

[191] Modified by Article Four of Agreement No. 166 of September 10, 2008.