An EU funded project
Projekat finansira Evropska unija

Municipal Infrastructure Support Programme

Building together for the future

Program podrške razvoju infrastrukture lokalne samouprave

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PIU Training

11 December 2012

TENDERING, CONTRACTING

and

PROCUREMENT PROCEDURES

from

PREPARATION to PITFALL

PRESENTATION BY:

Trevor Nielsen, Chief Engineer, MISP IPA 2010

SOME TERMINOLOGY:

WORKS *(= construction works)*
SERVICES *(= just another word for a Consultant contract!)*
SUPPLY *(= also called procurement of goods)*
TENDER*: selection process for the Contractor/Consultant/Supplier*
TENDERER: *the bidding company, sending its proposal/bid/offer/tender to the Contracting Authority/Employer/Purchaser*
TEMPLATE: *standard "master" document to be "custom-made", finalized for the particular tender in question*

VALUE THRESHHOLDS FOR TENDERS

SERVICES	≥ € 200,000 International restricted tender procedure	1. < € 200,000 but > € 10,000 Framework contracts 2.Competitive negotiated procedure		≤ € 10,000 Single tender
SUPPLIES	≥ € 150,000 International open tender procedure	< € 150,000 but ≥ € 60,000 Local open tender procedure	< € 60,000 but > € 10,000 Competitive negotiated procedure	
WORKS	1.≥ € 5,000,000 International open tender procedure 2.International restricted tender procedure	< € 5,000,000 but ≥ € 300,000 Local open tender procedure	< € 300,000 but> € 10,000 Competitive negotiated procedure	

STANDARD STEPS IN THE TENDERING PROCESS

1. **Preparation of Tender Documents** (TDs)
2. Publishing of the tender
3. Receipt of tender offers
4. **Evaluation of tenders**
5. Approval of the tender result
6. Award, Finalization and Signing of the Contract

A. The EVALUATION PROCESS

1. SELECTION CRITERIA

The Contracting Authority defines clear and non-discriminatory ***selection criteria*** to be used during evaluation.

The following ***selection criteria*** apply in every procurement procedure:

a) the **eligibility** of the Tenderer, using a check on possible grounds for exclusion

(b) criteria for assessing the Tenderer's **financial, economic, technical** and **professional capacity**.

Minimum Requirements for Selection Criteria:

- **Economic** (balance sheet) and **Financial** (annual turnover) capacity of the Tenderer
- **Professional** capacity of candidate (e.g. at least <number> of staff currently work for the Tenderer in fields related to this contract)
- **Technical** capacity of the Tenderer (e.g. the tenderer has worked successfully on at least < one / two / three > projects of a similar size and complexity in the past three years

2. Grounds for Exclusion (EU Practical Guide):

(a) Tenderers are either **bankrupt, being wound up**, are **having their affairs administered by the courts**;

(b) Tenderers have been **convicted** of an offence concerning their professional conduct;

(c) Tenderers have been found guilty of **grave professional misconduct**;

(d) Tenderers have not fulfilled obligations relating to the payment of **social security** contributions or the payment of **taxes**.;

(e) Tenderers have been found guilty of **fraud, corruption** or involvement in a **criminal** organisation or any other illegal activity.

3. AWARD CRITERIA

The **best** tender, complying with the selection criteria, must be selected based on award criteria, either:

Lowest price

Best Value for Money (most economically advantageous offer)

4. PRACTICAL PRINCIPLES

Ensure adherence to the following principles:

- **Fair competition**: no conflict of interest - "*any firm or expert participating in the preparation of a project must be excluded from participating in tenders …… , unless they can prove that the involvement in previous stages of the project does not constitute unfair competition.*"
- Apply the principles of **transparency -** equal treatment and non-discrimination!

B. The TENDER DOCUMENTS

VOLUME 1 : THE TENDER (Not included in the final signed contract)

Invitation to Tender
Section 1 Instructions to Tenderers
Section 2 Form of Letter of Tender, Appendix to Tender
Section 3 Form of Tender Guarantee
Section 4 Questionnaire
- Form 4.1 General Information about the Tenderer
- Form 4.2 Organisation Chart
- Form 4.3 Power of Attorney
- Form 4.4 Financial Statement
- Form 4.5 Financial identification
- Forms 4.6.1 to 4.6.13 Technical Qualifications

Section 5 Evaluation Grids

VOLUME 2 : CONTRACT

Section 1	Form of Contract
Section 2	General Conditions
Section 3	Special Conditions
Section 4	Form of Performance Guarantee
Section 5	Form of Advance Payment Guarantee
Section 6	Form of Retention Money Guarantee

VOLUME 3 : EMPLOYERS REQUIREMENTS & TECHNICAL SPECIFICATIONS

Section 1 Employer's Requirements

Section 2 General Technical Specifications

- **2A:** Civil and Building Works
- **2B:** Mechanical Works
- **2C:** Electrical Works
- **2D:** Appendices, etc

VOLUME 4 : TENDER PRICE

LUMP SUM Contract (= Yellow Book)

Section 4.1 : Breakdown of Overall Price

Section 4.2 : Guarantee Schedules

VOLUME 4 : TENDER PRICE

Re-measurable Contract (= Red Book)

Section 4.1 : Preamble

Section 4.2 : BILL OF QUANTITIES
Dayworks
Grand Summary

VOLUME 5 : DESIGN DOCUMENTS & DRAWINGS

e.g.

5.1: WWTP Lay-out : existing situation
5.2: WWTP Lay-out : new situation
5.3: Hydraulic Profile with calculations
5.4: Process Flow Diagram
5.5: Typical Sludge Line

C. PITFALLS TO BE AVOIDED

Avoid the following PRIOR to advertising your tender!!!

1. **LAND OWNERSHIP and ACCESS TO SITE**

2. **ZONING : Land use (e.g. Leskovac)**

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3. EXISTING SERVICES (Including the removal of unauthorized connections)

- **Identify**
- **Relocate, remove or include what need s to be done in the tender documents**
- **Record on drawings and in documents**
- **OR ELSE……..**

……..CHAOS!!!!

4. PERMITS

- **Location permits** (e.g. Morava RWS, Leskovac)
- **Design permits (**Time consuming!)
- **Procedures for Technical Control**

5. FINANCIAL ISSUES

e.g. - ***Donor Funding*** agreed and in place

- ***Co-Financing*** guaranteed and in place (check VAT and Exchange Rates)

- ***Tender Docs*** and ***procedures*** for implementation of own-financed components

6. PRE-TENDER INFORMATION (to be included in the TDs)

- **Hydro-geological information**
  (to be accurate and verified)
- **Topographical surveys**
  (to be accurate, complete and recent)
- **Geotechnical surveys**
  (to be extensive enough to provide sufficient and useful information)

❑ **In ALL the above:**
DO NOT CUT CORNERS IN ORDER TO SAVE A BIT OF MONEY!!

100
101
102
103
Geotechnical investigation (drilling & logging)
Dam Site 100m x 100m
Problem area

Additional volume of clay to be removed

THANK YOU FOR YOUR ATTENTION