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Projekat finansira Evropska unija

Municipal Infrastructure Support Programme

●●● Building together for the future

Program podrške razvoju infrastrukture lokalne samouprave

●●● Gradimo zajedno za budućnost



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PIU Training
30 October 2012
TENDERING, CONTRACTING
and
PROCUREMENT
PROCEDURES
from
PREPARATION to PITFALL

PRESENTATION BY:
Trevor Nielsen, Chief Engineer, MISP IPA 2010





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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*



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VALUE THRESHHOLDS FOR TENDERS

SERVICES	$\geq \text{€ } 200,000$ International restricted tender procedure	1. $< \text{€ } 200,000$ but $> \text{€ } 10,000$ Framework contracts 2. Competitive negotiated procedure		$\leq \text{€ } 10,000$ Single tender
SUPPLIES	$\geq \text{€ } 150,000$ International open tender procedure	$< \text{€ } 150,000$ but $\geq \text{€ } 60,000$ Local open tender procedure	$< \text{€ } 60,000$ but $> \text{€ } 10,000$ Competitive negotiated procedure	
WORKS	1. $\geq \text{€ } 5,000,000$ International open tender procedure 2. International restricted tender procedure	$< \text{€ } 5,000,000$ but $\geq \text{€ } 300,000$ Local open tender procedure	$< \text{€ } 300,000$ but $> \text{€ } 10,000$ Competitive negotiated procedure	



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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



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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**.



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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)



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2. Grounds for Exclusion (EU Practical Guide):

- (a) Tenderers are either **bankrupt, being wound up**, are **having their affairs administered by the courts**, etc.;
- (b) Tenderers have been **convicted** of an offence concerning their professional conduct by a judgment which has the force of res judicata;
- (c) Tenderers have been found guilty of **grave professional misconduct** proven by any means which the Contracting Authority can justify;
- (d) Tenderers have not fulfilled obligations relating to the payment of **social security** contributions or the payment of **taxes** in accordance with the legal provisions of the country, etc.;
- (e) Tenderers have been the subject of a judgment which has the force of res judicata for **fraud, corruption**, involvement in a **criminal** organisation or any other illegal activity etc.



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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)



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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 based on any preparatory work, 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!



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PRACTICAL PRINCIPLES Continued:

- Apply the principle of **proportionality**:

“an action should not go beyond what is necessary to achieve the objective”

E.g. don't reject a comprehensive tender offer just because:

- It was submitted in fewer number of copies than required
- the offer was prepared not fully according to the required standard (but correct templates)
- the offer contained scanned signatures (original signatures can be requested if missing at essential places)



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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



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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	



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VOLUME 3 : EMPLOYERS REQUIREMENTS & TECHNICAL SPECIFICATIONS

Section 1 **Employers Requirements**

Section 2 **General Technical Specifications**

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



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VOLUME 4 : TENDER PRICE

LUMP SUM Contract (= Yellow Book)

Section 4.1 : Breakdown of Overall Price

Section 4.2 : Guarantee Schedules



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VOLUME 4 : TENDER PRICE

Re-measurable Contract (= Red Book)

Section 4.1 : Preamble

**Section 4.2 : BILL OF QUANTITIES
Dayworks
Grand Summary**



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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



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C. PITFALLS TO BE AVOIDED

Avoid the following PRIOR to advertising your tender!!!

- 1. LAND OWNERSHIP and ACCESS TO SITE**
- 2. ZONING : Land use**



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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.....**



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.....CHAOS!!!!





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4. PERMITS

- Location permits (e.g. Morava RWS)
- Design permits
- 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



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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!!



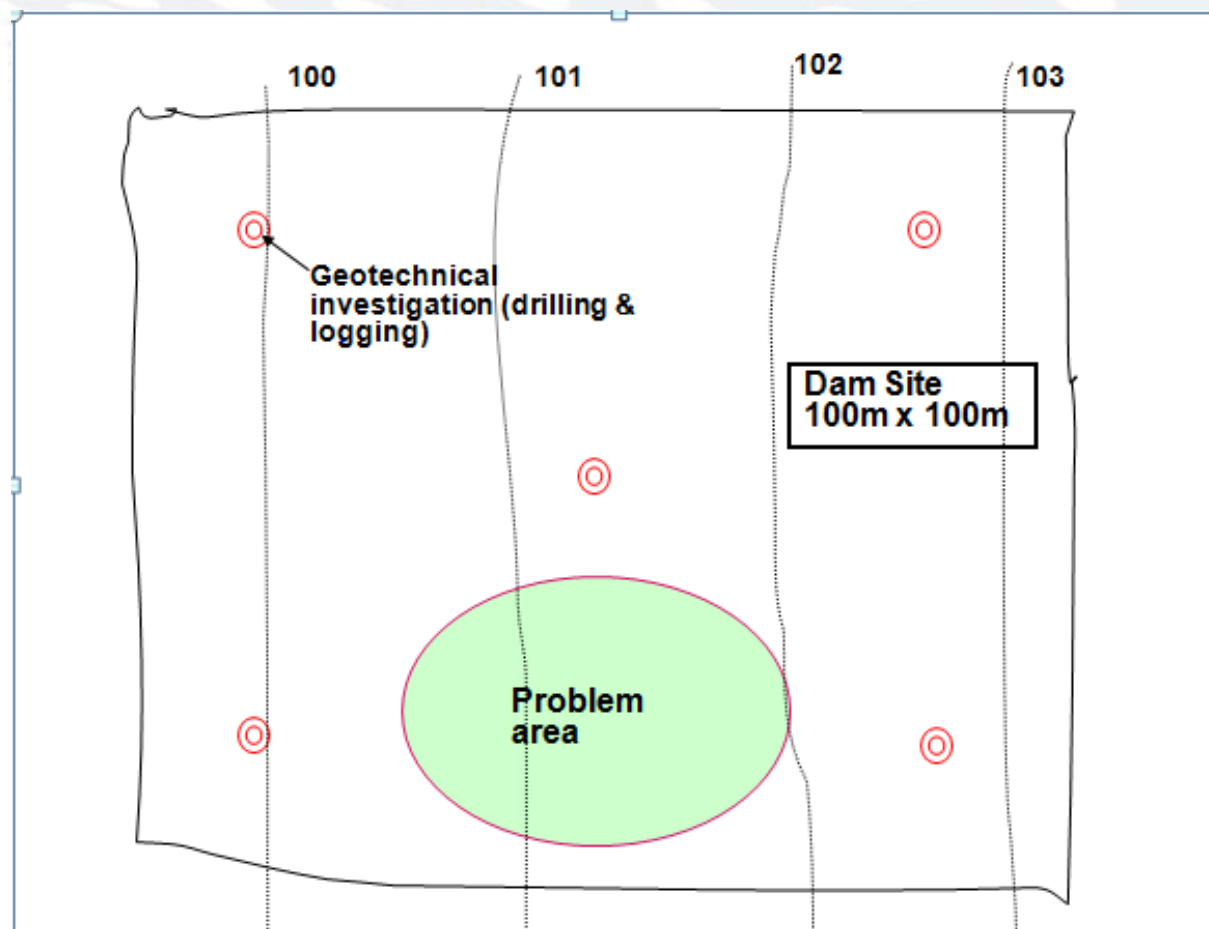
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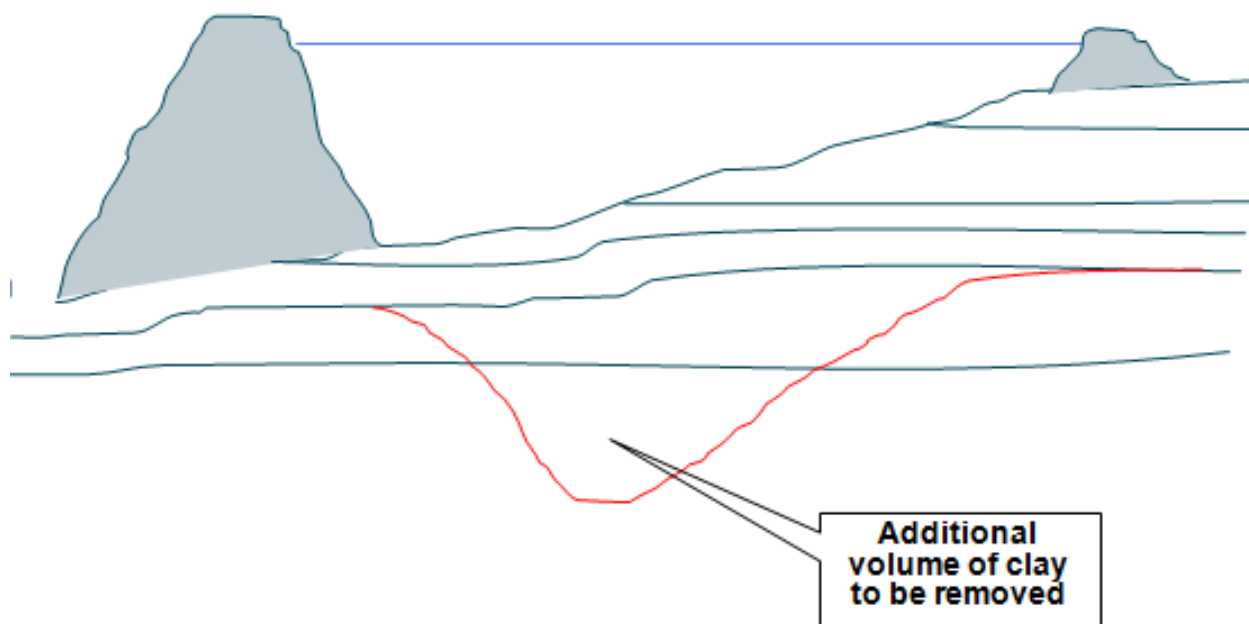
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THANK YOU FOR YOUR ATTENTION