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Pacific Infrastructure Business Opportunities Seminar

22 to 23 May 2024

9:00AM - 4:30PM

NADI, FIJI

PACIFIC



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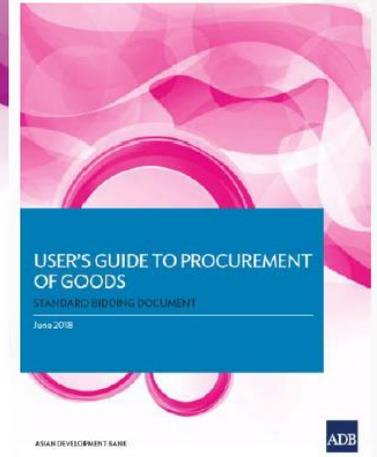
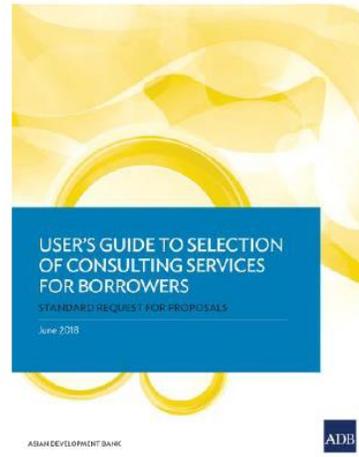
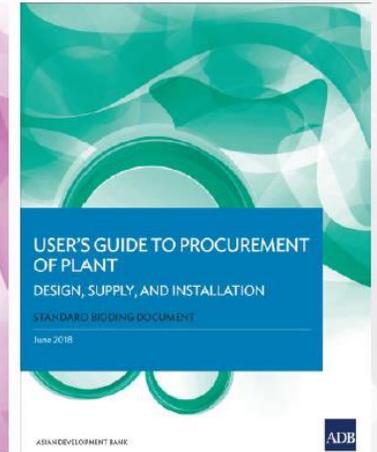
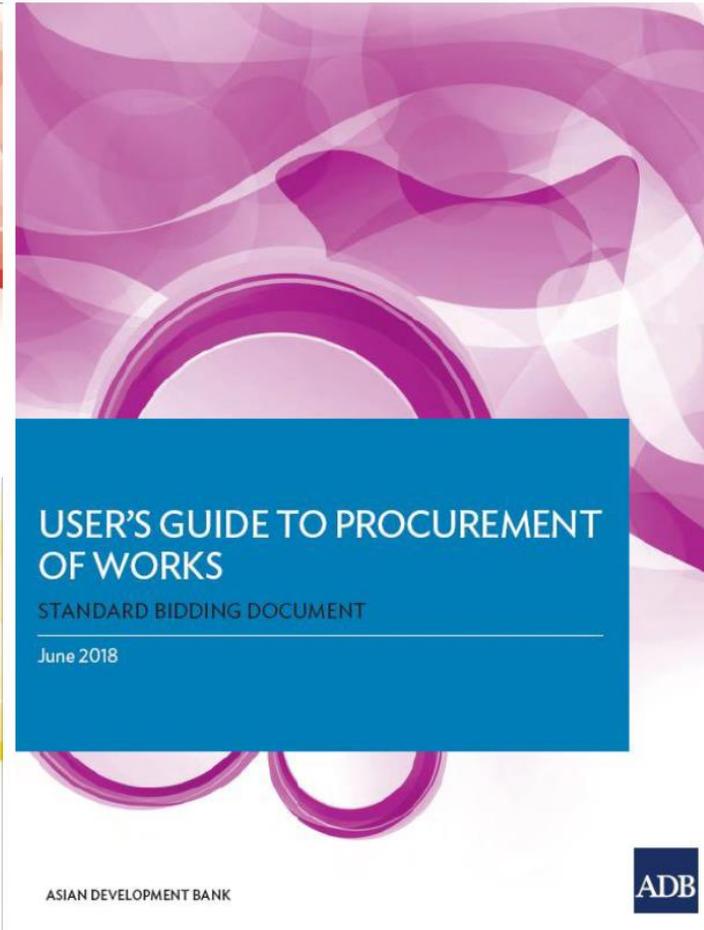
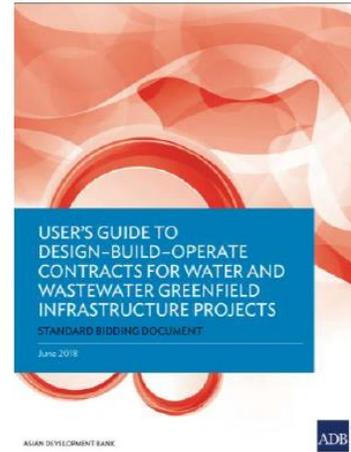
Typical Key Components in Goods/ Works Procurement

**Pacific Infrastructure Business
Opportunities Seminar**
NADI, FIJI

20-23 MAY 2024

Types of Procurement

- ❖ Goods
- ❖ Works
- ❖ Consulting Services
- ❖ Non-consulting Services



Procurement Methods - OCB



- ❖ Preferred method of procurement on projects financed by ADB
- ❖ Applies to Goods, Works, and Services
- ❖ Procedures depend on type of procurement being undertaken
- ❖ May involve national or international advertisement.

KEY COMPONENTS

Supplier/Contractor Qualification:

- Is the **supplier compliant** with minimum threshold?
- Eligibility, Pending Litigation/ Arbitration, Financial Situation, Construction Experience,

Employer's Requirements:

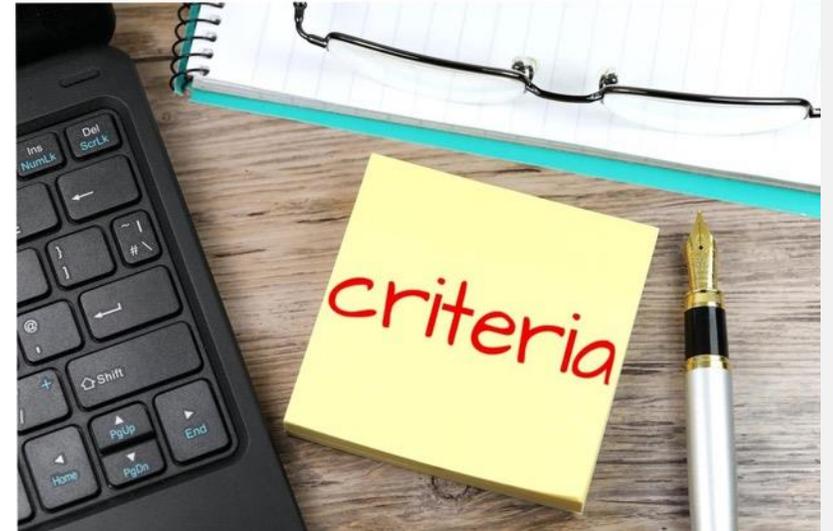
- What **scope/ standards** must the product or construction execution meet?
- What are the **requirements** for the deliverables?

Evaluation Criteria:

- How do we **evaluate the technical responsiveness/ financial** of each offer?

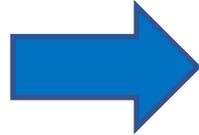
Contract conditions:

- How do we **ensure contractual commitments** are followed throughout the contract execution?

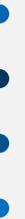


Defining Sustainability Specification vs. Criteria

Specification



Refers to precise requirements added into bidding documents to which bidders must uphold in order to be awarded a given contract.



Section 6: Employer's Requirements

This Section contains the Specifications, Drawings, Supplementary Information that describe the Works to be procured, Personnel Requirements, and Equipment Requirements.

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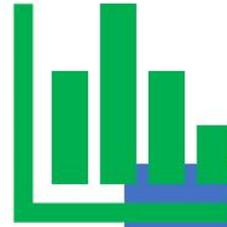
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Bid Evaluation



Qualification

- Pass & Fail Criteria
- Linked to PQ process
- Same for LESRB and MPC approaches

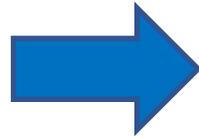


Evaluation

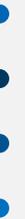
- Assess level of compliance with bidding docs
- Various methods LESRB and MPC (next slide)

Defining Sustainability Specification vs. Criteria

Criteria



Refers to factors used to evaluate bids against requirements of the project. It can be evaluated on a scored or pass/fail basis.



Qualification Criteria – Section 3 of SBD’s for Works

Section 3: Evaluation and Qualification Criteria - Without Prequalification -

This Section contains all the criteria that the Employer shall use to evaluate bids and qualify Bidders. In accordance with ITB 35 to ITB 38, no other methods, criteria and factors shall be used. The Bidder shall provide all the information requested in the forms included in Section 4 (Bidding Forms).

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Evaluation Criteria - Section 3 of SBD's for Works

1.7 Other Criteria

Add any other relevant criteria to consider in bid evaluation such as quality, responsiveness to socioeconomic or environmental objectives, sustainable procurement technical requirements that have been specified in Section 6, special security considerations at site, and Bidder's record of achieving the desired results based on experience and performance history. For each criteria, clearly specify the evaluation methodology, e.g. (i) any relevant requirement specified in Section 6 will be evaluated on a pass/fail (compliance basis), (ii) in addition to evaluating that requirement on a pass/fail (compliance basis), if applicable, specify the monetary adjustments to be applied to bid prices for comparison purposes on account of bids that exceed the specified minimum requirements, or (iii) if merit point scoring is applied in the evaluation, the criteria will be one of the technical factors.

1.7.1 Environmental, Health and Safety Management Plan (EHSMP)

Any bid not accompanied by the EHSMP may be rejected by the Employer as nonresponsive. If a Bidder submits a EHSMP that is not commensurate with the risks and impacts of the proposed works and activities in the bidding document, the Employer shall issue a request for clarification to request for further information from the Bidder. The Bidder must submit the requested information within _____ days of receiving such a request. Failure to provide a satisfactory response to the request for further information within the prescribed period of receiving such a request may cause the rejection of the Bid.

1.7.2 Sustainable Procurement

The following sustainable procurement technical requirements will be evaluated on a pass/fail basis. Failure to meet any of the following requirements will result in mandatory rejection of the bid.

1.7.3 Life Cycle costs (for Financial Evaluation)

Life cycle costing _____. If life cycle costing applies for Bid evaluation, the methodology and the information expected from Bidders shall be specified.

Evaluation Methods

Lowest Evaluated Substantially Responsive bid (LESRB)

- ❖ Price-focused evaluation
- ❖ Traditional Method of Bid Evaluation used in Samoa
- ❖ Contract awarded to bidder with the lowest price that is substantially responsive.
- ❖ Substantially responsive bids are those that have no “material deviations” and comply with bid document provisions

Merit Point Criteria (MPC)

- ❖ Quality-focused evaluation
- ❖ Increasingly used in Pacific
- ❖ Recommended by ADB
- ❖ Contract awarded to bidder with the highest combined technical and financial score.
- ❖ Substantially responsive bids are those that meet the min technical threshold & comply with bid document provisions

Focus on MPC

- ❖ Similar to QCBS evaluation used on ADB consulting packages
- ❖ Increases the focus on Quality of bids
- ❖ Encourages bidders who may be concerned about being undercut on price by lower quality bidders
- ❖ Scoring Structure (technical/ financial weighting) can be tailored to individual contracts (e.g. 80 Tech : 20 Fin, or 50 Tech: 50 Fin).
- ❖ Government can give more emphasis to certain technical aspects
 - ❖ E.g., Method statement, work plan etc.
- ❖ Can be structured to reward bidders who support secondary objectives of government
 - ❖ E.g., local participation, sustainable use of local materials, knowledge transfer

Merit Point Criteria (MPC)/ Rated Criteria/ Quality Criteria

EXAMPLES CRITERIA CONSIDERATIONS

- Consideration to the component weightings of QUALITY : COST %
- Possible Quality Considerations:
 - *Environmental and Health Safety Management (15%)*
 - *Construction Approach (40%)*
 - *O&M Training (20%)*
 - *Local engagement / capacity building approach / job creation (15%)*

Example of MPC

EVALUATION CRITERIA			Max Score
1. Work Plan			440
1.1	Quality and Detail of Methodology/Method Statement		160
	1.1.1	Method Statement for Works	80
	1.1.2	Required Plant and Equipment	50
	1.1.3	Proposals for Mobilization and Logistics	30
1.2	Construction Program		100
1.3	Risk Management		50
1.4	Previous Projects in similar Locations		80
	1.4.1	In Small Island Developing States in the Pacific	30
	1.4.2	In Samoa	50
1.5	Value Engineering Proposals		50
2. Project Management Expertise			190
2.1	Project Management approach		50
2.2	2.2.1	Project Manager	40
	2.2.2	Construction Manager	50
	2.2.3	Quality Assurance Manager	50

Example of MPC

EVALUATION CRITERIA		Max Score
3. Quality Management Systems and Inspection Testing Plan		70
3.1	Company ISO 9001 Certified (or equivalent)	20
3.2	Practical Methodology of Inspection Testing Plan and Quality Management System	50
4. Health, Safety, Environmental Management, Traffic & Community Communications		190
4.1	HSW Management System Accredited to OHSAS 18001 (or equivalent)	20
4.2	Sample Practical Methodology of Health Safety and Welfare Management Plan	50
4.3	Environmental Management System Accredited to ISO 14001 (or equivalent)	50
4.4	Sample Practical Methodology of Environmental Management Plan	20
4.5	Traffic Management plan	30
4.6	Community Communications Plan	20
5. Contractors Local Participation Action Plan		110
5.1	Overall strength of Action plan	80
5.2	Suitability of Key Performance Indicators proposed by the Contractor	30

Merit Point Criteria Scoring Example

- To use this model, first, decide what criteria are important to you and then decide the relative importance of these criteria. This will give the weight column shown below.
 - ❖ Note that the weights should total 100%.
- You then assign a score from 0-10 to each criterion for each supplier.
- After assigning the weights and scores for each project, calculate the weighted score by multiplying the weight for each criterion by its score and adding the resulting values.

	Weight	Bid 1		Bid 2		Bid 3	
		Raw	Weighted	Raw	Weighted	Raw	Weighted
Safety Rating	20%	7	1.4	9	1.8	8	1.6
Experience in similar delivery	10%	9	0.9	7	0.7	3	0.3
Price	20%	8	1.6	4	0.8	7	1.4
Scheduling	10%	2	0.2	7	0.7	3	0.3
Sustainability	30%	5	1.5	1	0.3	10	3
Innovation	10%	9	0.9	8	0.8	5	0.5
	1						
Total		40	6.5	36	5.1	36	7.1

- In this example, Bid 3 would be selected, as it has the highest weighted score.

Sensitivity Analysis

- **Option 1:** 70% QUALITY : 30% COST
- **Option 2:** 50% QUALITY : 50% COST
- **Option 3:** 30% QUALITY : 70% COST

COST ANALYSIS

- **Score (cost) = C(lowest) / C(bid) x COST%**

	Bidder A	Bidder B	Bidder C
Cost	\$6.5m	\$7.5m	\$8.5m
Score (30% COST)	30	26*	23
Score (50% COST)	50	43	38
Score (70% COST)	70	61	54

* Bidder B: $(6.5 / 7.5) * 30\% = 26$

Sensitivity Analysis

QUALITY ANALYSIS – 70% QUALITY SCORE

	Bidder A		Bidder B		Bidder C	
Criteria 1 (say 25%)	(60%)	15	(80%)	20	(72%)	18
Criteria 2 (say 20%)	(70%)	14	(80%)	16	(80%)	16
Criteria 3 (say 15%)	(50%)	7.5	(100%)	15	(67%)	10
Criteria 4 (say 10%)	(50%)	5	(70%)	7	(70%)	7
Score (70% Q)		41.5		58		51

	Bidder A	Bidder B	Bidder C
Cost score (30%)	30	26	23
Quality score (70%)	41.5	58	51
TOTAL SCORE	71.5	84	74
RANKING	3	1	2

Example of Scoring Criteria

Share in Maximum Score (%)	Description of Services
Excellent submission (100%)	Exceeds requirements
Acceptable submission (75%)	Satisfies requirements with minor deficiencies
Marginal submission (40%)	Satisfies some of the requirements
Unacceptable submission (20%)	The material does not satisfy the requirements, and there are significant identified deficiencies in the submittal
Objectionable submission (0%)	The material submitted does not meet the requirements

Sensitivity Analysis

QUALITY ANALYSIS – 50% QUALITY SCORE

	Bidder A		Bidder B		Bidder C	
Criteria 1 (say 20%)	(60%)	12	(80%)	16	(72%)	14.4
Criteria 2 (say 15%)	(70%)	10.5	(80%)	12	(80%)	12
Criteria 3 (say 10%)	(50%)	8	(100%)	10	(67%)	6.7
Criteria 4 (say 5%)	(50%)	2.5	(70%)	3.5	(70%)	3.5
Score (50% Q)		33		41.5		36.6

	Bidder A	Bidder B	Bidder C
Cost score (50%)	50	43	38
Quality score (50%)	33	41.5	36.6
TOTAL SCORE	83	84.5	74.6
RANKING	2	1	3

Sensitivity Analysis

QUALITY ANALYSIS – 30% QUALITY SCORE

	Bidder A		Bidder B		Bidder C	
Criteria 1 (say 12%)	(60%)	7.2	(80%)	9.6	(72%)	8.6
Criteria 2 (say 10%)	(70%)	7	(80%)	8	(80%)	8
Criteria 3 (say 5%)	(50%)	2.5	(100%)	5	(67%)	3.4
Criteria 4 (say 3%)	(50%)	1.5	(70%)	2.1	(70%)	2.1
Score (30% Q)		18.2		24.7		22.1

	Bidder A	Bidder B	Bidder C
Cost score (70%)	70	61	54
Quality score (30%)	18.2	24.7	22.1
TOTAL SCORE	88.2	85.7	76.1
RANKING	1	2	3

Merit Point Criteria (MPC)

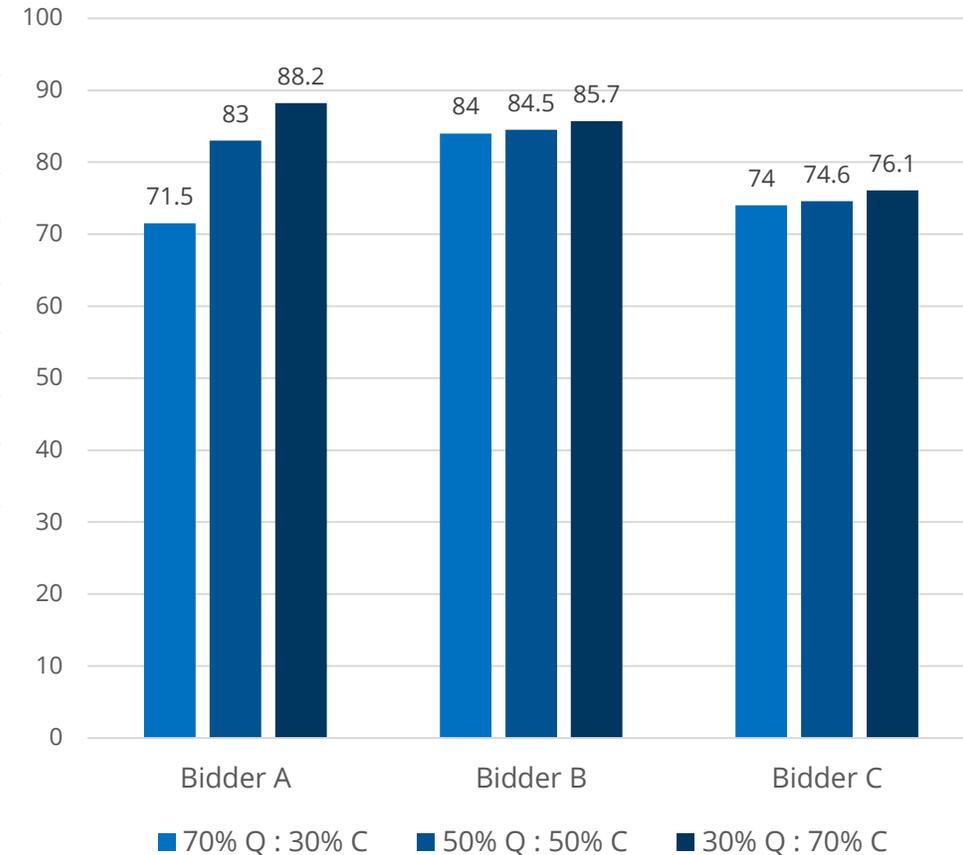
SCORING SUMMARY

	Bidder A			Bidder B			Bidder C		
	Q	C	Tot	Q	C	Tot	Q	C	Tot
70% Q : 30% C	41.5	30	71.5	58	26	84	51	23	74
RANK	3			1			2		
50% Q : 50% C	33	50	83	41.5	43	84.5	36.6	38	74.6
RANK	2			1			3		
30% Q : 70% C	18.2	70	88.2	24.7	61	85.7	22.1	54	76.1
RANK	1			2			3		

➤ Bidder A: Moves Rank 3 to 1 as %Cost weighting increases

➤ Bidder B: Rank 1 for two scenarios, drops to 2 as %Cost weighting increases

Sensitivity of MPC Q:C weightings



Financial Evaluation

- ❖ Lowest price receives the maximum score
- ❖ All other prices receive a score based on their proximity to the lowest price using the following formula:

$$F = \frac{C_{low}}{C} X$$

- ❖ where

- ❖ F = Financial Score
- ❖ C = evaluated bid price
- ❖ C_{low} = lowest of all evaluated price among responsive bids
- ❖ X = weight for price

Finalizing Evaluation

Step	Example
Calculate Technical score of each bid	= 800/1000 points
Check score meets minimum threshold (e.g. 750 points)	As 800 > 750, therefore ok ✓
Multiply score by weight (e.g., 70% tech)	= 800 x 0.7 = 560 points
Final Technical Score	560 points
Calculate the financial score (note that weight for financial proposal is 30% -> 300 points)	$F = \frac{C_{low}}{C} X$
Assume lowest price received = US \$68m and price being evaluated is \$71 million	$\frac{68,000,000}{71,000,000} \times 300 = 287$
Final Financial Score	287 points
Total Technical and Financial score	560 + 287 = 847 points

Responding to Works Procurement

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Tips for effectively exploring Civil Works

- Procurement is usually led by the Borrower, NOT funding agencies
- Communicate with the Implementing Agency
- Understand local customs, laws, markets
- Be informed about the country and projects' pipeline and define area of focus: countries/procurement type etc.
- Obtain a copy of the Procurement Plan
- Understand the Implementing Agency's schedule
- Incumbents versus New Entrants: opportunities vary significantly depending on the market

Tips for effectively bidding on Civil Works

- Understand requirements: Pay attention to the specifications, scope of work, and any conditions or criteria that must be met. Respect *T&Cs*.
- Ask questions: If anything is unclear in the tender documents, ask for clarification from the procuring entity.
- Prepare thoroughly: Ensure that your bid is well-prepared, with all necessary documents, including technical and financial proposals, completed accurately and presented professionally.
 - Demonstrate Capability: clearly demonstrate your ability to undertake the works. Consider associating to increase capability.
 - “Rated Criteria” increases the importance of technical proposals. It is the chance for you company to include Value-Added elements. Chance to dislodge incumbents.
 - Competitive Pricing: Offer a competitive price that reflects the value of your goods or services, while also ensuring it covers costs and allows for a reasonable profit margin. Abnormally Low Bids is feature that prevents predatory pricing.
- Seek debrief if unsuccessful

Thank you!

Cris Nunes

Senior Procurement Specialist

cnunes@worldbank.org





Responding to Goods and Works Bidding cont.

- How to make the most of industry briefings
- Bidding process
- Policy requirements

Who am I?

Jesse Twomey, Assistant Director – Procurement, AIFFP



Australian Government

Department of Foreign Affairs and Trade



**Australian
Infrastructure
Financing Facility
for the Pacific**



Industry Briefings (and other opportunities for engagement)

- Opportunity to align expectations
- Show up and participate

- Actively engage in other opportunities

Bidding Process

Category	Preferred Method
<p>Works, Goods & Non-Consulting Services (Large-Scale, Complex)</p>	<p>Option 1</p> <p>DFAT Capital Infrastructure Services Panel (AIFFP Panel) with Request for Proposals (RFP) (Universal Streamlined) with Initial Selection.</p> <p>Note! Use of the AIFFP Panel satisfies Initial Selection stage.</p> <p>Option 2</p> <p>Request for Proposals (RFP) (Universal) (Streamlined) with Initial Selection</p> <p>Note! If AIFFP Panel is not used, the full process shall be followed (Initial Selection + RFP stage).</p>
<p>Works, Goods & Non-Consulting Services (Small-scale, National bidding)</p>	<p>Request for Quotes (RFQ) or Request for Bids (RFB) modified with WB PIG</p>
<p>Consulting Services – Firms (High value, complex, international)</p>	<p>Option 1 AIFFP Panel with QCBS Note! Use of the AIFFP Panel satisfies shortlisting stage.</p> <p>Option 2 QCBS modified with WB PIG as appropriate</p>

Bidding Process

Step 1

Request for Expression of Interest (RFEOI)
or,
Request for Availability (RfA Panel)

Procurement Pause Collaborative Space

Cons



pliers

Step 2

Request for Tender (RFT)

Policy requirements

10.2 Compliance with DFAT policies

The Contractor must ensure that it, and its Personnel, **comply** with DFAT policies and guidance as identified on the DFAT website: <https://www.dfat.gov.au/aid/australias-development-program>, including,

- (a) the Disability Inclusive [Strategy](#);
- (b) the Child Protection [Policy](#);
- ▲ (c) the Preventing Sexual Exploitation, Abuse and Harassment [Policy](#);
- (d) the Family Planning and the Aid Program: Guiding [Principles](#);
- (e) the Environment Protection [Policy](#);
- (f) the Displacement and Resettlement of People in Development Activities Policy; and
- (g) the Gender Equality and Women's Empowerment Policy.



Thank you!