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# Bid Evaluation Process

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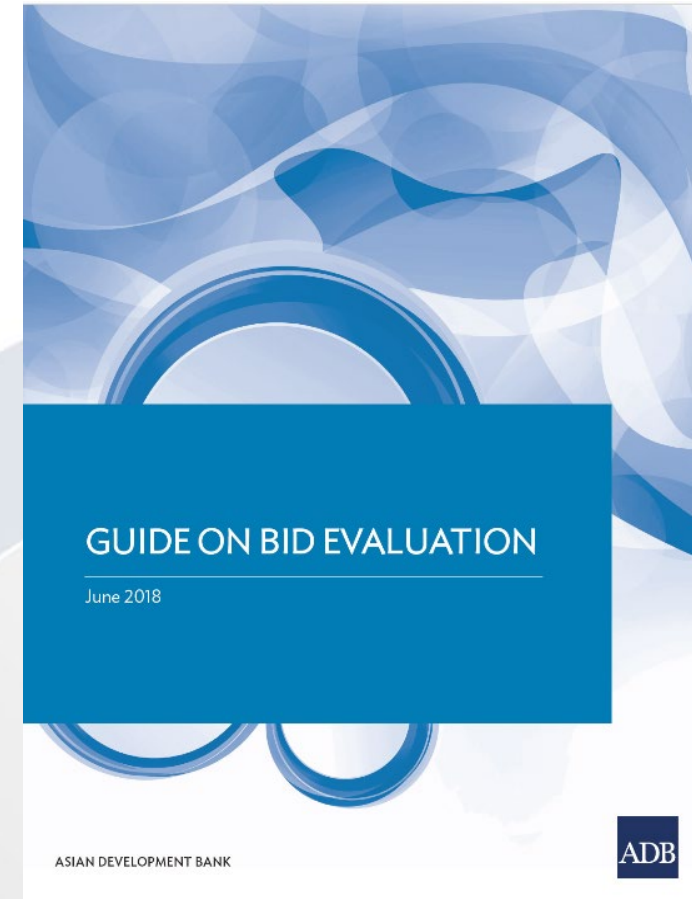
ADB

**11 May 2023 | Islamabad, Pakistan**

# Guide on Bid Evaluation

This document guides borrowers on bid evaluation procedures and the preparation of a bid evaluation report to be submitted to ADB, in connection with the procurement of contracts.

It's Borrower's responsibility to prepare the BER and submit to ADB for its no-objection at an appropriate time, depending on type of review



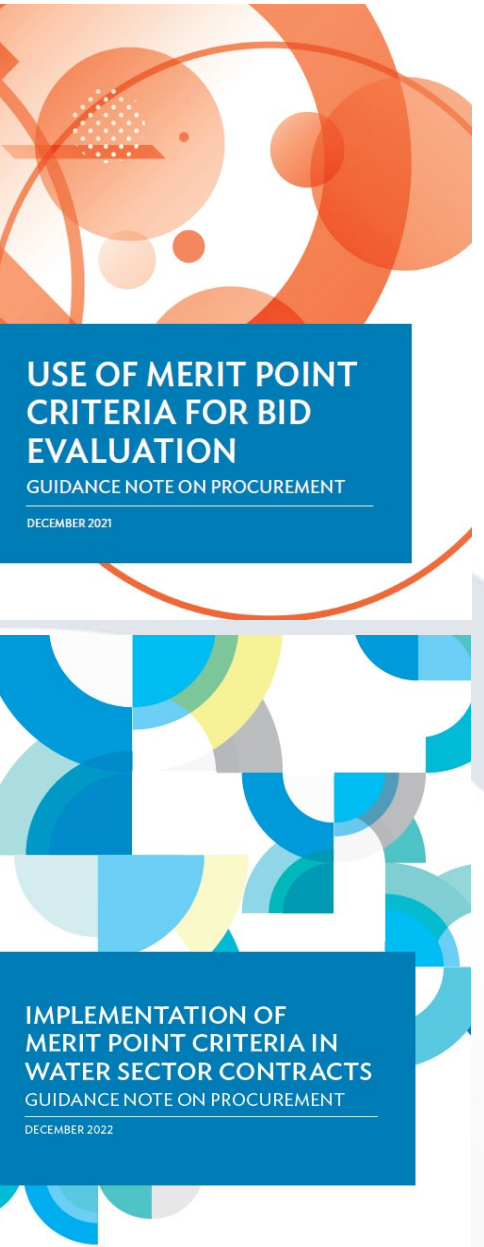
# Purpose

Determination of the lowest evaluated and substantially responsive bid to be considered for contract award

The lowest evaluated substantially responsive bid may or may not necessarily be the lowest priced bid

The UG is generic guidance, evaluation needs to be carried out by following the requirements defined in bid documents.

Other criteria that includes merit point criteria/scoring systems are not covered in this UG but further guidance may be sought from other GNs on how to develop the EQC criteria





# Structure of BER

## 1. Introduction – Background & Tender Process

- 1.1. General – Issuance, prebid, site visit, addenda, clarifications, no. purchase docs
- 1.2. Submission of Bids
- 1.3. Bid Opening
- 1.4. Basic Data and Exchange Rates
- 1.5. Bid Evaluation Committee

## 2. Examination of Bids

- 2.1. Bid Documents
- 2.2. Submission of Bid Validity and Bid Security
- 2.3. Propriety of Signature and Power of Attorney

## 3. Determination of Substantial Responsiveness of Bids

- 3.1. Eligibility of Bidders and Goods
- 3.2. Bidders' Qualifications
- 3.3. Compliance with Commercial Terms and Conditions
- 3.4. Compliance with Technical Requirements
- 3.5. Clarifications





# Structure of BER

## 4. Detailed Evaluation of Price Bids

- 4.1. Selection of Bids for Detailed Evaluation
- 4.2. Arithmetic Check and Corrections
- 4.3. Adjustments for Commercial Terms and Conditions
- 4.4. Adjustments for Technical Requirements
- 4.5. Analysis of Prices

## 5. Determination of Lowest Evaluated Bid

- 5.1. Lowest Evaluated Bid
- 5.2. Examination of Unbalanced Prices for Lowest Evaluated Bid
- 5.3. Reasonableness of Lowest Evaluated Bid Price

## 6. Conclusions and Recommendations

## Appendices



# BER Appendices

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Basic Data Sheet

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Record of Bid Opening – and Attendance Sheet for bid opening

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Table of Examination of Bids

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Table of Substantial Responsiveness of Bids (Commercial Requirements)

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Table Substantial Responsiveness of Bids (Technical Requirements) – Goods Only

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Table of Salient Features of Bids (commercial Terms and Conditions)

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Table of Bid Prices (Arithmetic Corrections and Corrected Bid Prices)

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Table of Bid Price Adjustment - (Engineer's Estimate vs Proposal of Bidders)

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Evaluation of Bidders Qualifications

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Time for Completion of Major Work Items and Assessment of Construction Methods



# Opening of Bids

- Bids received are opened publicly at the time and place indicated in the bidding documents
- Ensures Fairness and Transparency
- Assures bidders that all bids will be treated fairly and impartially
- Bidders' attendance is encouraged
- EA prepares record of the information read out during bid opening
- Representatives of bidders' attending the event initial the record
- Prepare list of names and nationality of bidders
- Provide a copy of the Record of Bid Opening to all the bidders who submitted bids on time and make it public if online system is used



# Public Opening of Technical Bids


- Bidder's name and its representative(s)
- Time and date of receipt
- Bid security - amount and validity and or presence/absence of bid security declaration
- Any other information which is deemed necessary to be announced by the Tender Committee (letter of bid signed or not, any withdrawal, modification or substitution).





# Public Opening of Financial Bids

- Bidder's name
- Total bid price with currency details
- Price of alternative bids, if any (and allowed)
- Amount or percentage of any discount offered and how it should be applied
- Any other information which is deemed necessary to be announced by the Tender Opening Committee.



# Case Studies – Bid Opening

## Case 1: Latecomer


A public opening of bids had been going on for 05 minutes when a bidder's representative enters the room and wishes to deliver his bid. BOC accepted the late Bid.

**Q:** BOC response was the right approach?

## Case 2: Unsigned Bid

During the opening of a particular bid, the BOC notices that the Letter of Bid has not been signed and rejected the bid.

**Q:** was BOC action right – does BOC has the right to reject the bid.



# Case Studies – Bid Opening

## Case 3: Discounts


During the opening of bids, a firm's representative approaches the opening committee with another envelope saying that his company wishes to offer a discount.

**Q:** BOC decided to accept the discount as it is in the best interest of the project, BOC decision was right ?

## Case 4: Auction

At the end of the opening of bids the chairman of the opening committee announces the lowest read out recorded bid price and invites attendees to make offers lower than the lowest recorded bid.

**Q:** What should attendees do?



# Case Studies – Bid Opening

## **Case 5: Original Letter of Bid missing in Technical Proposal**

During the opening of technical bid, Letter of bid was not available. Bidder's representative provided copy of Letter of Bid and mentioned, original is available in the Priced Bid.

**Q:** how this case be treated during bid opening and bid evaluation ?

## **Case 6: Letter of Price Bid missing total amount of Price bid**

**Q:** Should this bid be rejected or may be rejected?

**Share your experiences on issues encountered during bid opening**

# Preliminary Examination of Bids

- Examine submissions to check if all required information provided
- Formal clarifications may be issued for
  - minor document omissions or
  - incorrect Authorisations and Securities
- Identity of bidder confirmed (single/JV)





# Preliminary Examination of Bids

## Are actual contents of bids basically complete?

- Confirm substantial compliance (bid securities, signatures, authorizations)
- Contents of the envelope (correct documents, docs establishing eligibility included, docs to assess qualification, bids generally in order)
- Identity of JV and JV agreement
- Letter of bid
- Compliance of bid security or bid-securing declaration
- Compliance of bid validity
- Letter of authorization
- Existing agreement or letter of intent to enter an agreement in the case of joint venture
- Other key documents
- Bid is disqualified if ;
  - Bid Submission Letter is not signed
  - Bid Validity is non-compliant,
  - Bidder's own Contract Terms and Conditions are included
  - Bid Security is conditional or not addressed to Employer
  - Insufficient information to undertake evaluation

# Preliminary Examination of Bids

No	Description	ITB Clause	Requirement	Bidder 1	Bidder 2	Bidder 3	Bidder 4	Bidder 5	Bidder 6	Bidder 7	Bidder 8
				Consortium of Union Resources & Engineering	Joint Venture of Young In Engineering Co.Ltd and	Dong Fang Electric International Corporation	Xian Electric engineering Co,Ltd	HDEC-SEDC Consortium	China Electric Power Equipment and	CCCE-HEI Joint Venture	China Machinery Engineering Corporation
1	Bid Submission		One original and Three(3) copies,1CD	C	C	C	C	C	C	C	C
2	Letter of Bid	Section 1,11(a),12, Section 4	Validity 180 days, Authorized Signature in POA	C	C	C	C	C	C	C	C
3	Price Schedule	Section 1, 12,18 Section 4	Forms in ITB Authorized Signature in POA	C	C	C	C	C	C	C	C
4	Power of Atorney	Section1, 4.1(b)	Nomination of Authoriza	C	C	C	C	C	C	C	C
5	Bid Security	Section 1, 21 Section 2	US\$ 440,000, 28days beyond Bid validity (October 27,2020) Required Bank	C	C	C	C	C	C	C	C
6	Bidder's Eligibility	Section 1, 4.2, Section 5	Eligible country of ADB	C	C	C	C	C	C	C	C
7	Eligibility of Plant & Services	Section1, 5.1, Section 5	Eligible country of ADB	C	C	C	C	C	C	C	C



# Determination of “Substantial Responsiveness”

## Substantial Responsiveness

- No “Material Deviations”
- “non-material Deviations” to be addressed by clarifications.

## Non-Responsive

- Deviations, Reservations and Omissions that are material in nature, leads to non-responsiveness of bid including bidder’s failure to respond to clarification requests within due date.

If a bid fails Substantial Responsiveness check, it is rejected and not evaluated further.



# Bid Evaluation – Omissions, Reservations and Deviations

**Omissions:** is the failure to submit part or all of the information or documentation required in the Bidding Documents.

## Examples

- Signature on Letter of Bid
- Power of Attorney for Bid Signature
- Bid Security (when required)
- Manufacturer's authorization for key items
- Audited Financial statement
- Client Certification of contract completion
- Product brochures



# Bid Evaluation – Omissions, Reservations and Deviations

## Reservations

is the setting of limiting conditions or withholding from complete acceptance of the requirements specified in the bidding documents.

### Examples:

- Payment
- Warranty
- Liquidated Damages
- Dispute resolution





# Bid Evaluation – Omissions, Reservations and Deviations

**Deviations:** departure from the requirements specified in the Bidding Documents;

## Examples

- On critical functionalities of key equipment
- Any departure from the qualification's requirements
- Construction methods
- Personnel equipment
- Construction schedule



# Bid Evaluation – Examples of Material Deviation, Reservation or Omission

- Has an effect on the validity of the bid; or
- Has been specified in the bid documents as grounds for rejection of the bid; or
- Is a deviation from the provisions of the bidding documents with effect on the bid price, but cannot be given a monetary value; or
- Is a deviation from the minimum experience qualifications specified in the bidding documents
- Is an unacceptable deviation from the specifications
- Conditional bid



## Bid Evaluation – Examples of Non-Material Deviation, Reservation or Omission

- Has no effect on the validity of the bid
- Has no effect on the price, quality or delivery of the goods or services offered
- Has such effect, but the difference from commercial terms and technical specifications can be given a monetary value with total amount below a prescribed percentage of the bid price (e.g. 15 per cent)
- Has not been specified in the bid documents as grounds for rejection

# Determination of “Substantial Responsiveness”

No	Qualification	ITB Section	Criteria	Union Resources & Engineering Co.Ltd Bidder-1	Joint Venture of Young In Engineering Co.Ltd and Hanbaek Bidder-2	Dong Fang Electric International Corporation Bidder-3	Xian Electric engineering Co,Ltd Bidder-4	HDEC-SEDC Consortium Bidder-5	China Electric Power Equipment and Technology Co., Ltd (CET) Bidder-6	CCCE-HEI Joint Venture Bidder-7	China Machinery Engineering Corporation Bidder-8
1	Pending Litigation and Arbitration	Section 3, 2.2.1	All pending litigation and arbitration,if any,shall be treated as resolved and in total not represent more than 50% of the Bidder,s net worth	C	C	C	C	C	C	C	C
2	Historical Financial Performance	Section 3, 2.3.1	Submission of financial statements for last 3 years. Net worth for the last year should be positive	C	C	C	C	C	C	C	C
3	Average Annual Turnover	Section 3, 2.3.2	Minimum average annual turnover of US\$22 million within last 3 years	C	C	C	C	C	C	C	C
4	Financial Resources	Section 3, 2.3.3	Financial resources defined in FIN-3, less its financial obligations in FIN-4 meet or exceed the total requirement for the Subject Contract of US \$ 3.7 million	C	C	C	C	C	C	C	C
5	General Experience	Section 3, 2.4.1	At least one(1) contract completed inlast 5 years for similar to the proposed contract of US \$ 17.5 million. Physical size of 220kV and above	C	C	C	C	C	C	C	NC (Note-2)
6	Specific Experience	Section 3, 2.4.2	Experience within last 10 years in following key activities. (1) 2 projects on turn key (2) 220kV or above with the capacity of 100 MVW (3) Project shall be outside Bidder's country	NC (Note-1)	C	C	C	C	C	C	NC (Note-3)
7	Power Transformer 150MVA or above, Reactor 25 MVAR	Section 3, 2.5	(i) At least 5 years of manufacturing experience of 220kV or higher voltage, (ii) At least 2 contracts (iii) Drawings	C	C	C	C	C	C	C	C
8	Substation Automation System, Protection System	Section 3, 2.5	(i) At least 2 contracts (ii) Drawings	C	C	C	C	C	C	C	C
9	Civil and Mechanical	Section 3, 2.5	At least 5 years of construction experience	C	C	C	C	C	C	C	C
Overall Evaluation				Not-Complied	Complied	Complied	Complied	Complied	Complied	Complied	Not-Complied

Legend C : Complied, NC: Not Complied

Note-1: Specific Experience of UREC does not meet with the criteria. The Bidder has only one project for specific experience.

Note-2, 3: General Experience and Specific Experience of CMEC does not meet with the criteria. The Bidder has no project for general and specific experiences.

# Bid Evaluation – Case Study

The qualification requirements for a road project stated that the bidders must have

- 5 years of similar experience before bid submission deadline, and
- a should have AACT of USD 10 million .

One of the bidders met the similar experience requirement of 5 years however the AACT was USD 9.8 million only.

- **Q:** What should the evaluation committee do?





# Determination of “Substantial Responsiveness”: Technical Requirements

## Appendix-6 Evaluation of Technical Requirements -Technical proposal (Xian Bidder-4 of 8)

Description	ITB Clause	Requirements	Bid information	Evaluation
List of Subcontractors	Section 1, 17.2		Submitted	Responsive
LOA of Manufacturer	Section 1, 11.1(k), BDS C		Submitted	Responsive
ISO Certificate(Bidder)			Submitted	Responsive
Technical Documents	Section 1, 11.1(k), Sectio 4			
1) Site Organization			Submitted	Responsive
2) Method Statement			Submitted	Responsive
3) Mobilization Schedule			Submitted	Responsive
4) Construction Schedule			Submitted	Responsive
5) Guaranted Data Sheet		Refer to Appendix 6-1	Partially missing Note 1	Responsive
6) Drawings and Documents		Refer to Appendix 6-1	Submitted	Responsive
7) Personnel Requirements	Section 6 Clause 7	Refer to Appendix 6-2	Submitted	Responsive
8) Equipment	Section 6 Clause 7	Refer to Appendix 6-3	Submitted	Responsive

Note 1 : Data of permissable continuous overload is missing



# Bid Evaluation – Price Evaluation

## Arithmetical Errors

- Shall not cause for rejection of bid

## Discounts

## Currency conversion

- Use single currency as specified in bid documents (usually local currency or US\$)
- Use selling rates quoted by an official source (central bank, commercial bank or internationally circulated newspaper)
- Date of exchange rate to be specified in bidding documents:
  - Not earlier than 28 days prior to the deadline for submission of bids
  - Not later than the original date for the expiry of bid validity



# Bid Evaluation – Price Evaluation

**Number of bids for detailed evaluation**

**Financial adjustment of bid prices (commercial)**

Deviation in terms of payment

Deviation in Completion schedule

Deviation from Provisions for payment of taxes

**Financial adjustment of bid prices (technical); adjustments for:**

Operating and Maintenance Cost (Losses Evaluation)

Domestic preference, if applicable

# Submitting a BER to ADB for No Objection (Prior Review)

- Borrower completes evaluation
- Bid Evaluation Report (BER) compiled in accordance with ADB [Guide on Bid Evaluation](#).
- Submit BER to ADB.
- ADB reviews BER, may clarify issues.
- Once ADB is satisfied with contents of the BER including its recommendation, it will issue a No-Objection to proceed with Contract Award





# Some key take aways

## Bid Validity

- Evaluation of bids and award of contract should be completed before the expiration of the bid validity

## Extension of Bid Validity

- May be considered in exceptional cases
- When considered, all bidders should be asked
- Bidders willing to extend bid validity
  - ✓ cannot modify substance of bid
  - ✓ must extend validity of bid security (28 days after the new bid validity date)



# Bid Evaluation – Rejection of All Bids

## May happen when

- All bids are not substantially responsive
- All bids are substantially higher than the existing *budget* (price “bracketing” shall not be used in ADB financed procurement)
- There is a lack of effective competition

Single bid received (shall not be rejected at the first instance)

- The bid received (technical and price) shall be opened and evaluated appropriately
- Contract can be awarded if advertisement is done properly and price is reasonable

# Bid Evaluation – Rejection of All Bids

Rejection of all bids and rebidding

- Requires ADB's prior no objection
- Examine reasons for failure to attract adequate number of responsive bids
- Revise Specifications, Scope of Supply, or bidding conditions as necessary
- Request new bids from those who submitted bids earlier



# Publication of Contract Award

**Maintain confidentiality of evaluation process until before contract award**

## What to publish

- Name of *each* bidder
- Bid prices as read out
- Evaluated bid prices
- Name of bidders whose bid was rejected and reasons
- Name of winning bidder and price offered
- Duration and summary scope of contract awarded

## Where to publish

- English language newspaper or freely accessible web site

## When to publish

- Prior Review contract: Within 2 weeks after ADBs approval
- Post Review contract: No later than date of contract award



## Debriefing

Bidders may request explanations from the EA as to why their bid was not selected

The EA shall promptly provide an explanation, either

- in writing and/or
- in a debriefing meeting

The bidder shall bear all the costs of attending a debriefing



## **Common Reasons for delay in evaluation and contract award**

- Poor quality of bids
- Inconsistency in various sections of bid documents
- Clarifications
- Complaints
- Extension of bid and bid securities
- Lack of confidentiality
- Lengthy approval process for contract award- can't proceed with contract award without retroactive financing





## **What are the recommendations to avoid delay in concluding BERs and contract award**