

# Business Opportunities Seminar 2024

## Doing Business with the Asian Development Bank – Procurement System and Opportunities

15 November 2024

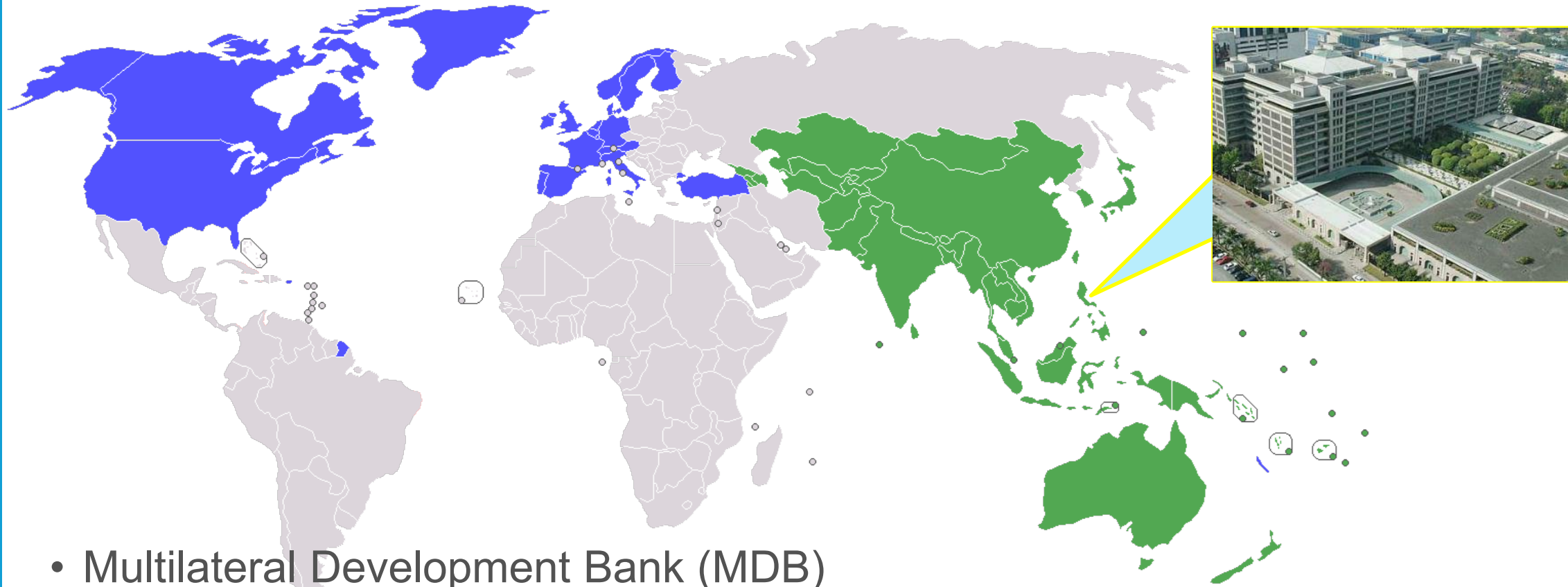
Chitoshi Izumi

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Asian Development Bank

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BUSINESS  
OPPORTUNITIES

# Asian Development Bank (ADB)



- Multilateral Development Bank (MDB)
- 69 member countries, 49 from the Asia & Pacific, 20 non-regional
- Headquarter in Manila, Philippines, and 43 Field Offices
- 3,894+ staffs from 65 nationalities

# Sovereign Projects - Financing Types

## Loans and Grants

Provided to and managed by Governments

Procurement of Works, Goods and Services

Government undertakes procurement (ADB oversight)

Contracts signed by Government

## Technical Assistance

Provided to governments, but contracts managed by ADB

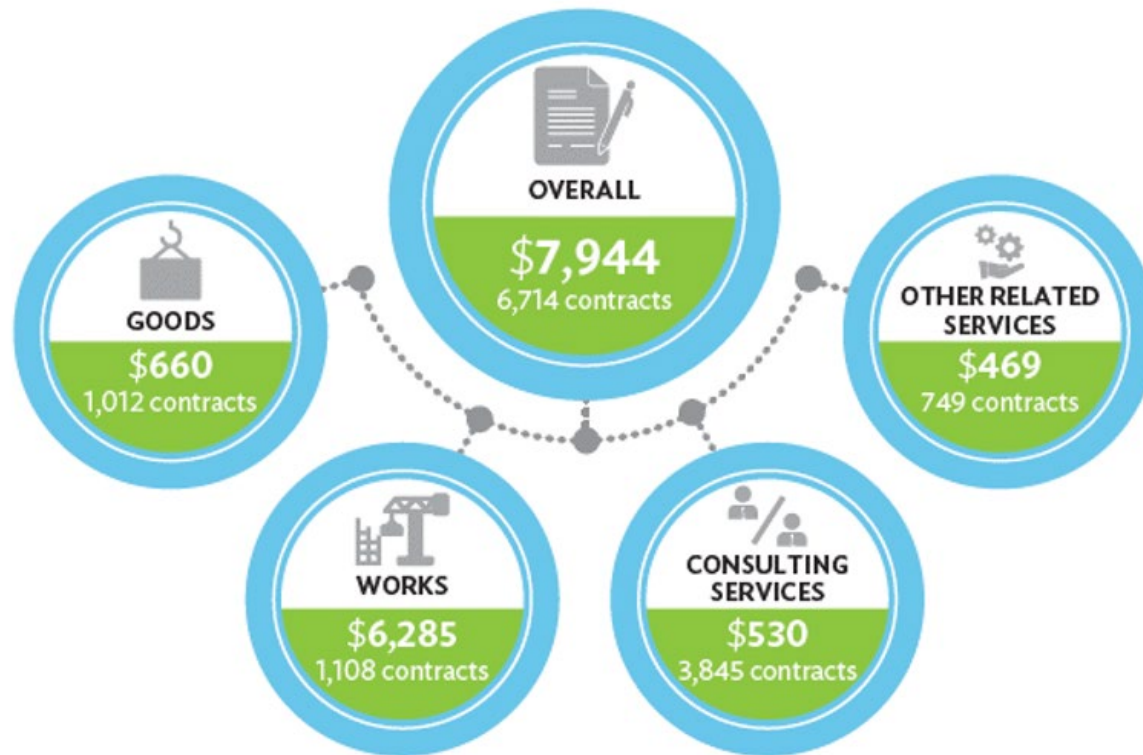
Mostly procurement of Consulting Services

ADB undertakes procurement

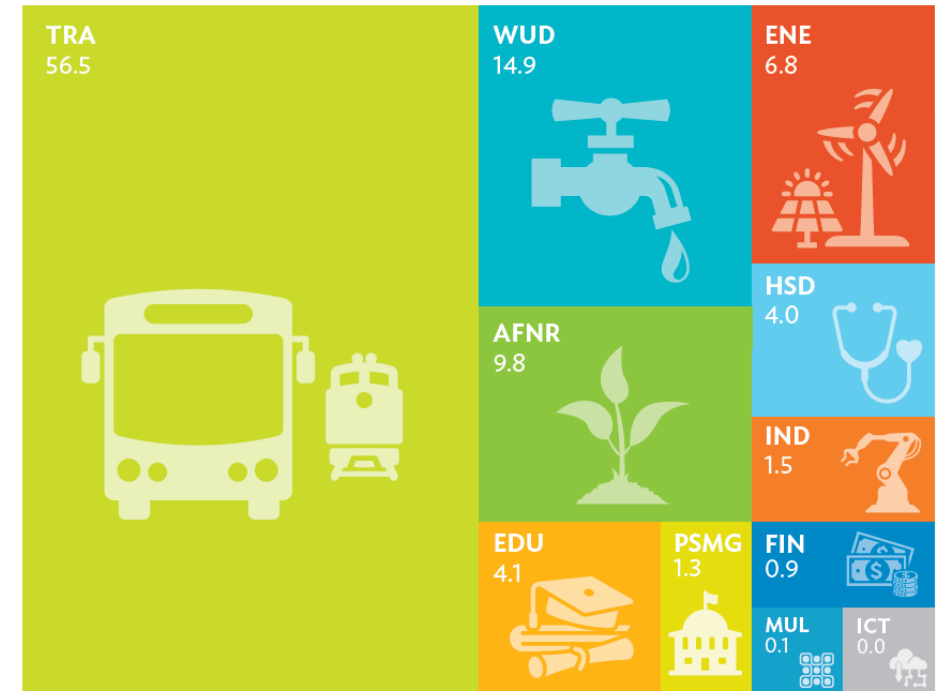
Contracts signed by ADB

# ADB Financed Projects in 2023

Procurement by Categories  
(US\$ million)



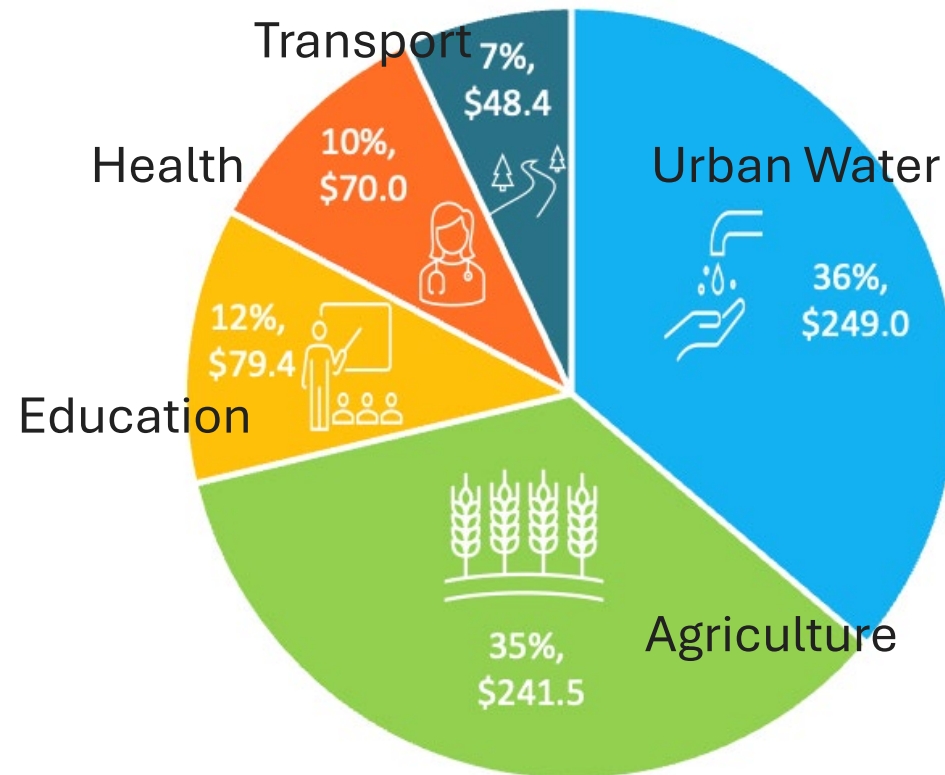
Procurement by Sector  
(%)



AFNR = Agriculture, Food, Nature, and Rural Development; EDU = Education; ENE = Energy; FIN = Finance; HSD = Human and Social Development; IND = Industry and Trade; ICT = Information and Communication Technology; MUL = Multisector; PSMG = Public Sector Management and Governance; TRA = Transport; WUD = Water and Urban Development. > 0.0 = less than 0.05.  
Note: Numbers may not sum precisely due to rounding.  
Source: Asian Development Bank.

# ADB LAO Projects as of Sep 2024

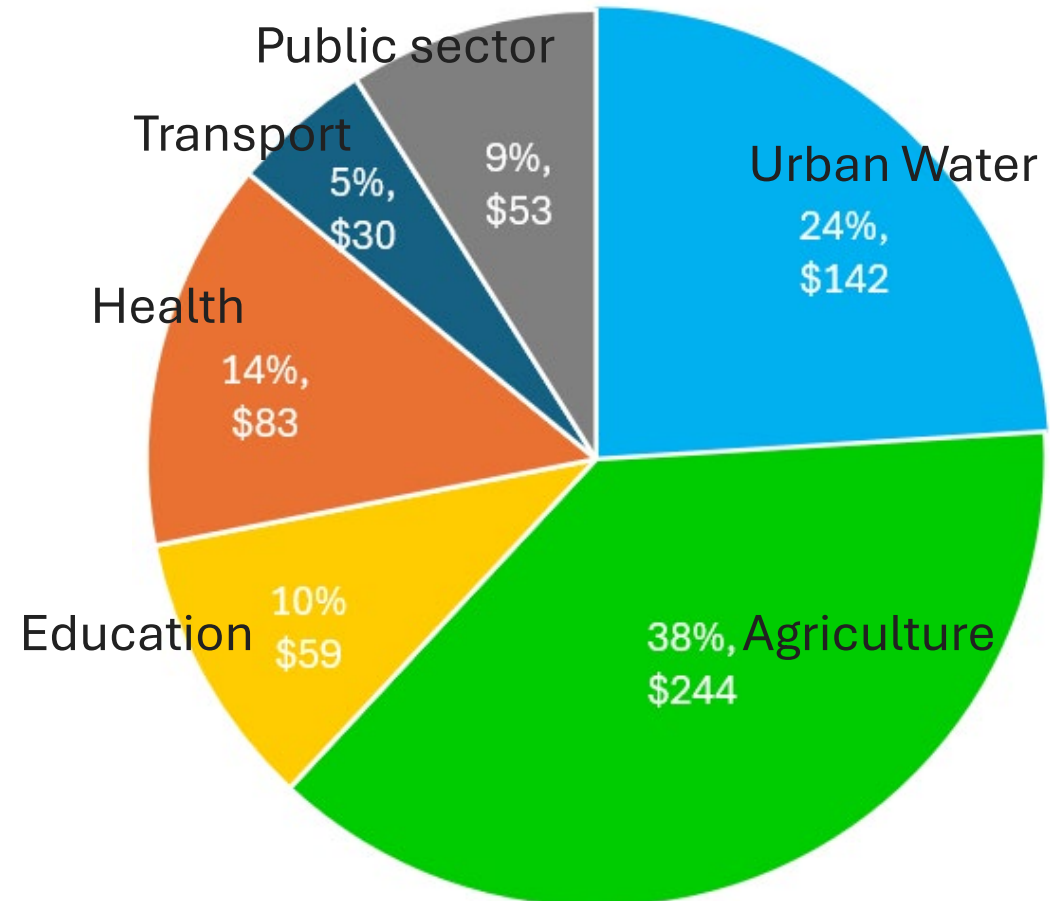
Active Sovereign Portfolio by Sectors as of 30 September 2024



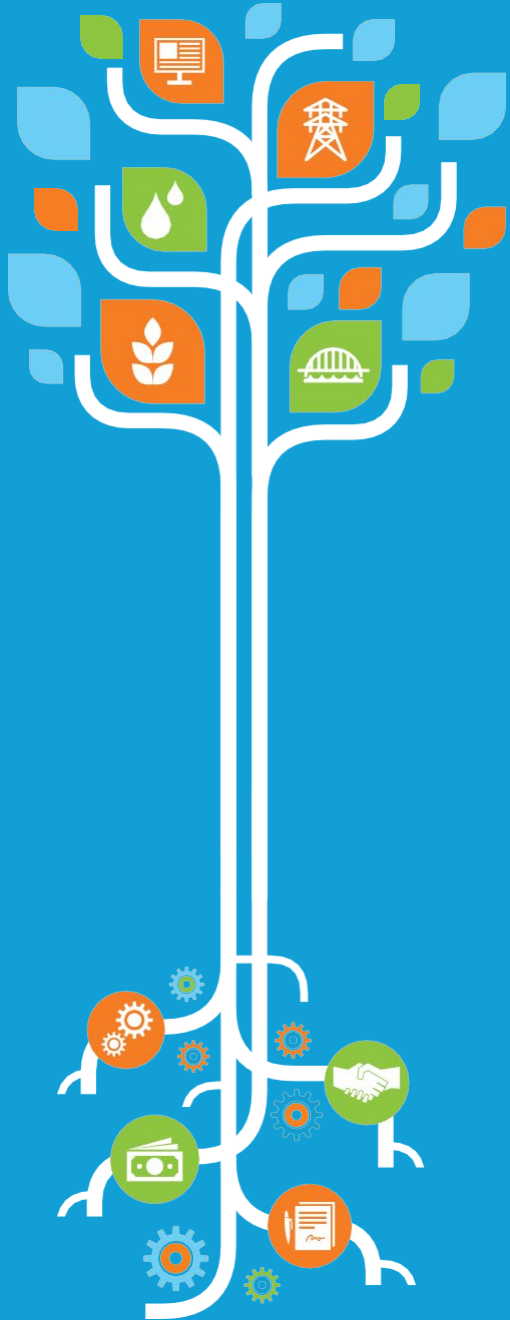
Total: \$ 688 million

# ADB LAO Projects 2024-2027

2024-2027 Lao PDR\_program of sovereign lending and grant portfolio



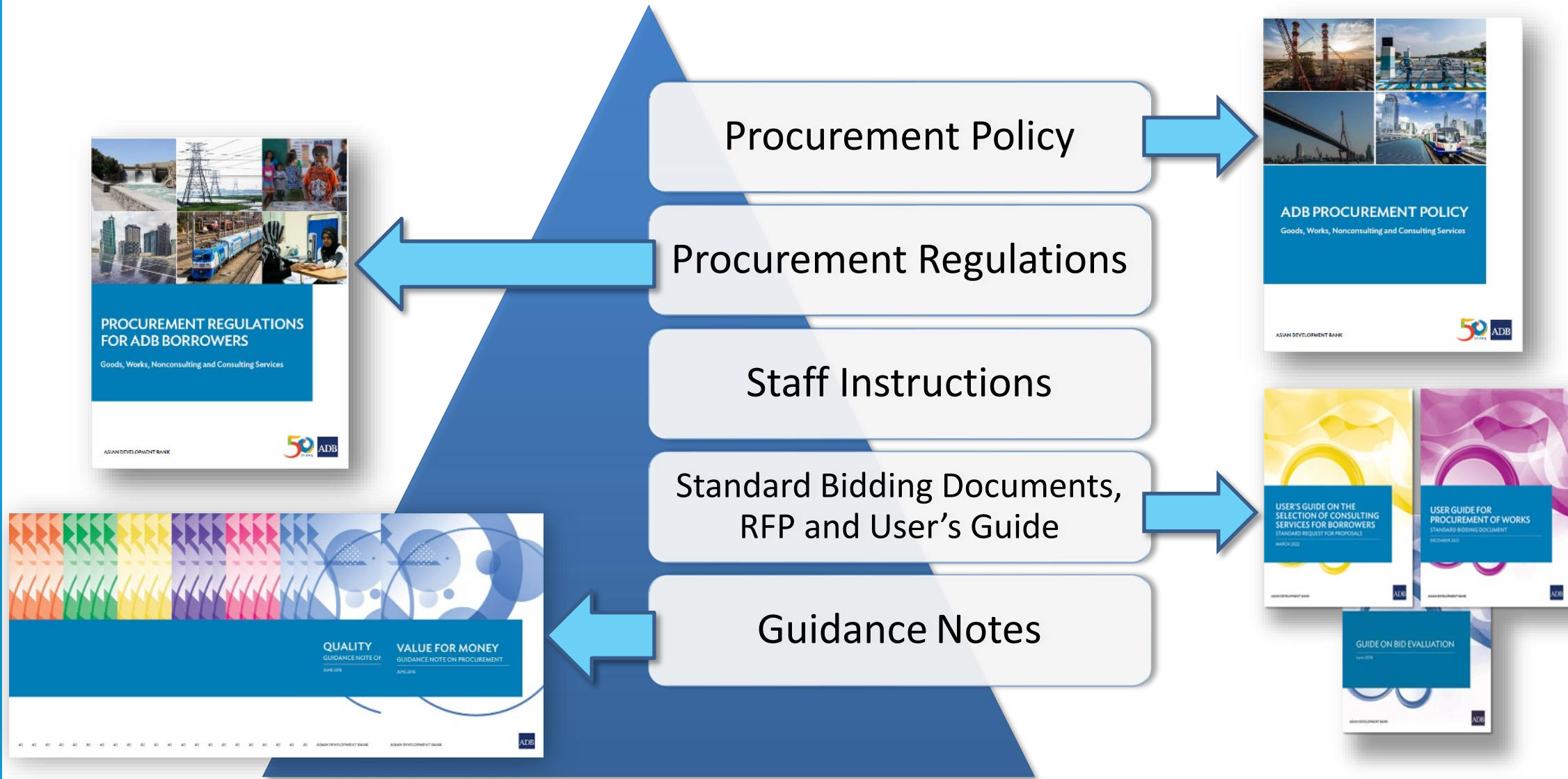
Total: \$ 611 million



# ADB Procurement Framework

BUSINESS   
OPPORTUNITIES

# Procurement Framework





# ADB Core Procurement Principles

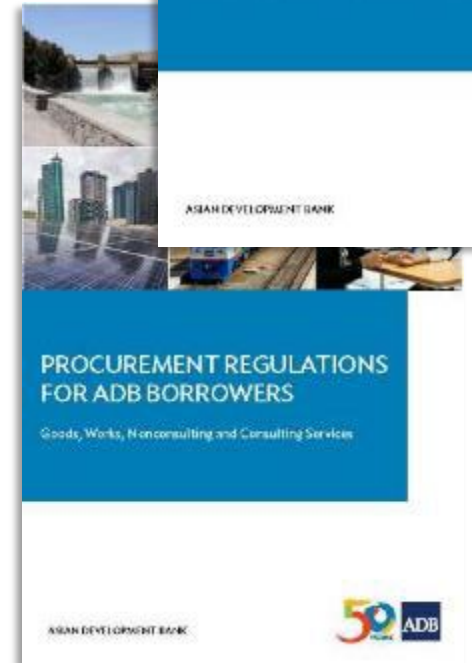
| Principle              | Outcomes   |
|------------------------|--|
| <b>Fairness</b>        | Equal opportunity; equitable distribution; and credible mechanisms for addressing procurement-related complaints.                |
| <b>Economy</b>         | Using price, quality, and any nonprice attributes to deliver viable projects.  |
| <b>Efficiency</b>      | Ensures procurement processes are proportional to value and risks.   |
| <b>Transparency</b>    | Deliver relevant procurement information publicly in a consistent and timely manner; appropriate reporting; and confidentiality. |
| <b>Quality</b>         | Structured arrangements delivering appropriate outputs in an effective manner to achieve project outcomes and objectives.        |
| <b>Value for Money</b> | Obtain optimal benefits through effective, efficient, and economic use of resources.   |

# International Best Practice Procedures

- ❖ Open Competitive Bidding
- ❖ Advertisement of Opportunities
- ❖ Public Bid Opening
- ❖ Robust Bid Evaluations Procedures
- ❖ Process Oversight by ADB
- ❖ Publication of Results
- ❖ Debriefing and Complaints Mechanism
- ❖ Robust Fraud and Corruption Procedures

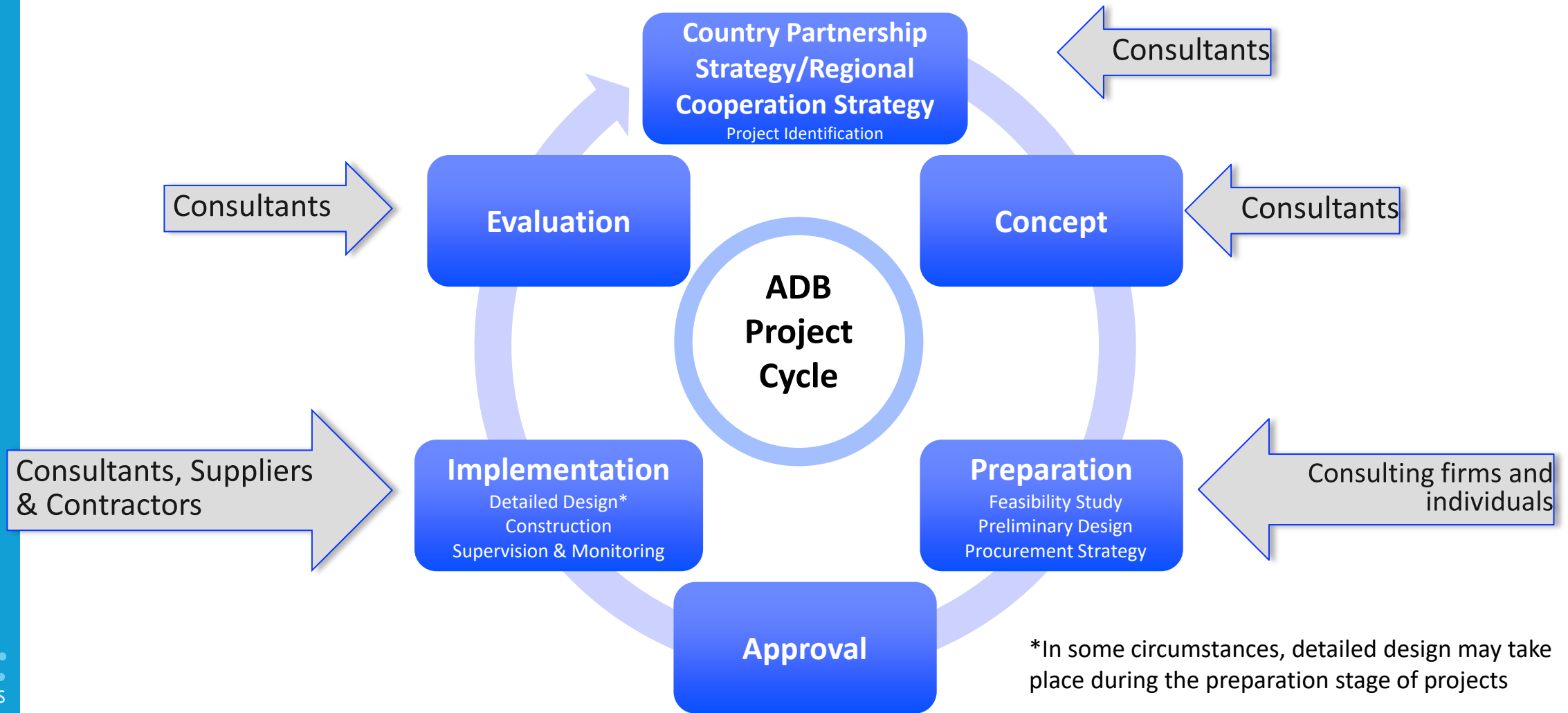


ADB PROCUREMENT POLICY  
Goods, Works, Nonconsulting and Consulting Services



PROCUREMENT REGULATIONS  
FOR ADB BORROWERS  
Goods, Works, Nonconsulting and Consulting Services

# When is Contractor/ Supplier/ Consultant engagement?



# Types of business opportunities

## Supply of goods

- Machinery, equipment, ICT, furniture

## Civil works

- Roads, railways, bridges, irrigation canals, schools, etc.
- EPC - Power plants, pump stations, water treatment plants, heating plants, airports, etc.

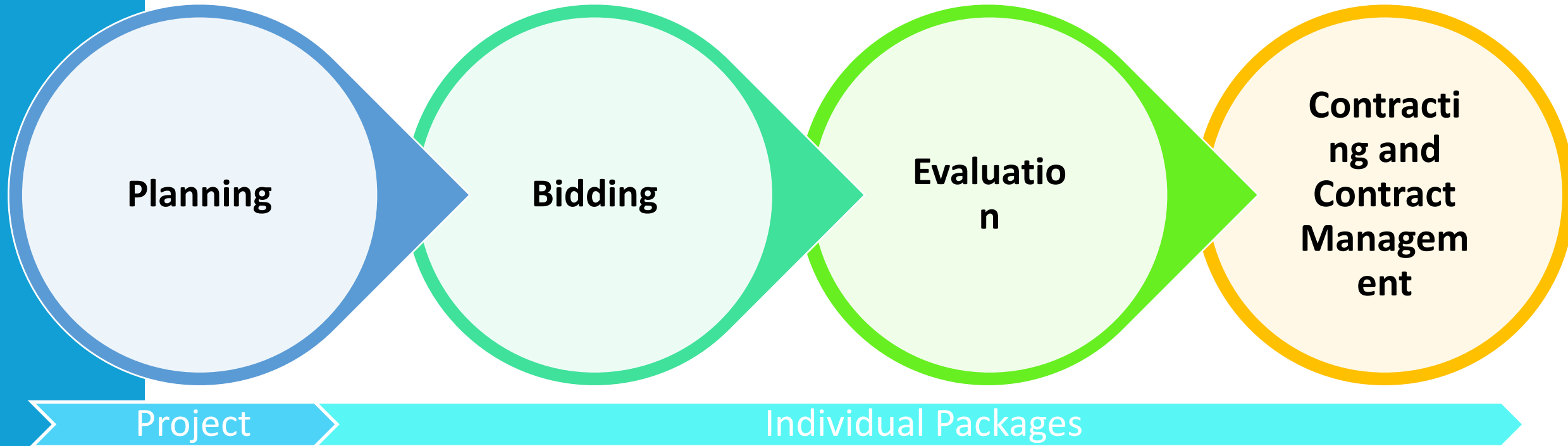
## Consulting services

- Project preparation & implementation, site supervision (PMC), detailed design, knowledge products, policy/advisory, staff consultants

## Nonconsulting services

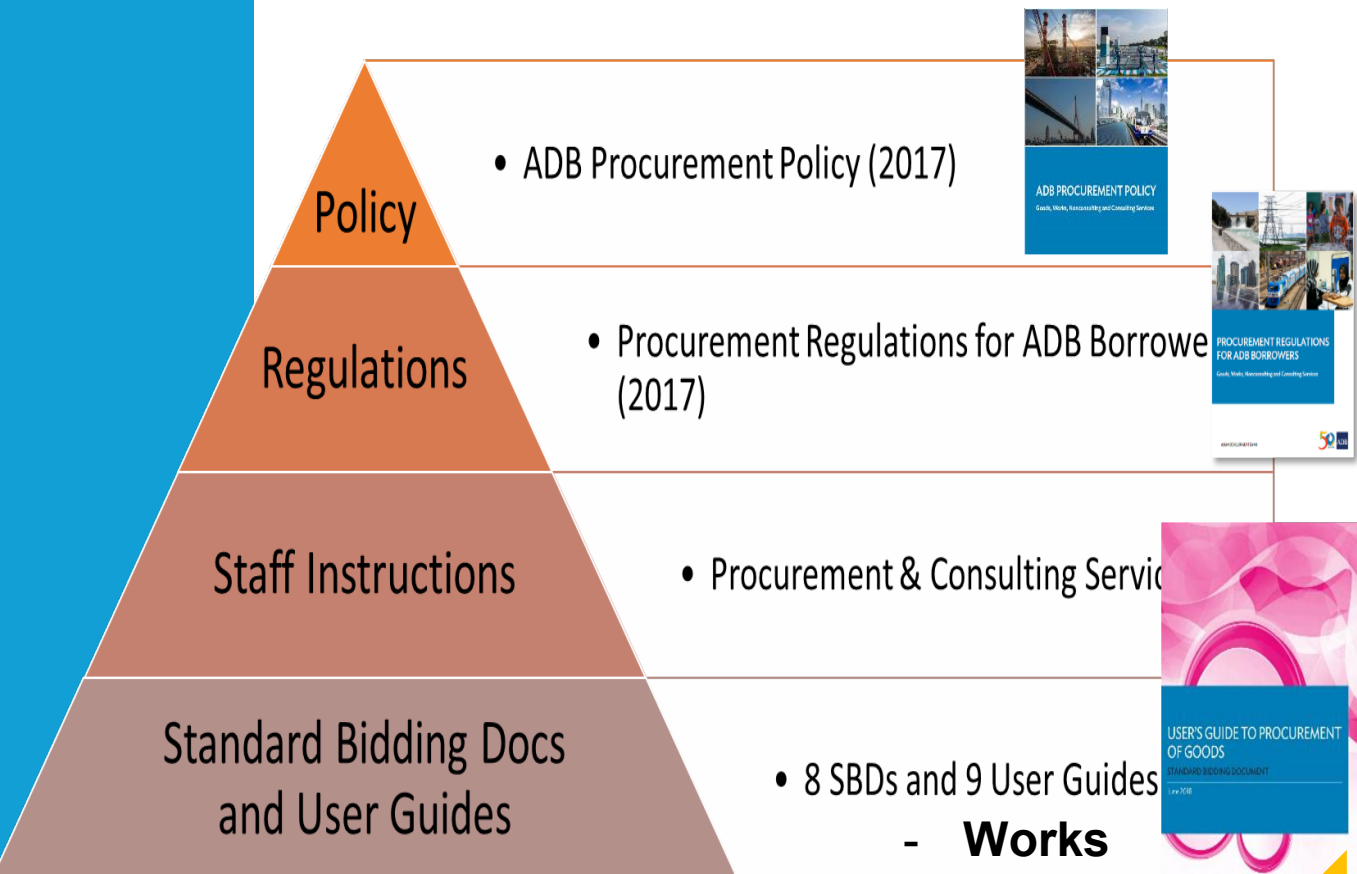
- Surveys, training, translation, event management

# Procurement Process



## ADB Procurement Framework

## Lao PDR Procurement



**2017: Public Procurement Law (PPL)**

**2019: Instruction**

**LAO SOP SBDs (MOF Web site)**

- Works
- Goods
- RFQ



- 8 SBDs and 9 User Guides
- **Works**
- **Goods**
- **RFQ**
- ”””””
- ”””””



**2022 Harmonized (ADB/WB) SBDs**

- Works
- Goods
- RFQ

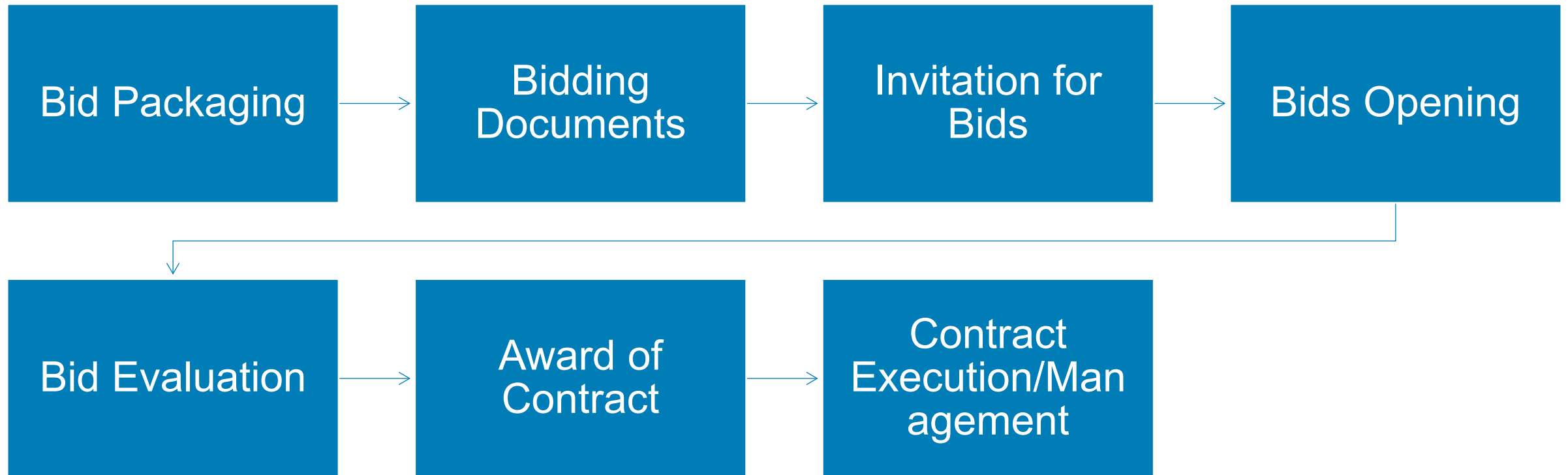
# CASE STUDY GOODS



| # | Package No. | Description  | Estimated Value (USD) | Procurement Method | Review          | Bidding Procedure | Advertisement | Revised Advertisement Date (Q/Year) | Comments  |
|---|-------------|--|-----------------------|--------------------|-----------------|-------------------|---------------|-------------------------------------|---|
| 1 | G01         | Various vehicles for PMU, IA, CHS & PHS<br>Lot 1: Jeep (2) (90,000)<br>Lot 2: Pickup truck (10) (330,000)<br>Lot 3: Minibus (15) (555,000) | 975,000               | OCB                | Prior           | 1S1E              | Q2 2024       | NA                                  | Non-Consulting Services: No<br>Advertising: National<br>No. of Contracts: 3<br>Prequalification of Bidders: No<br>Domestic Preference Applicable: No<br>Bidding Document: Goods<br>Complexity Level: Level 2<br>Covid-19 Response? No<br>Comments: AC: No; SBD: Harmonized NCB-SBD for Goods (2022) |
| 2 | G02         | Office Equipment for various facilities in Vientiane capital   | 188,100               | RFQ                | Prior           |                   | Q2 2024       | NA                                  | Non-Consulting Services: No<br>No. of Contracts: 1<br>Complexity Level: Level 1<br>Covid-19 Response? No<br>Comments: Lots tbd. AC: No; SBD: RFQ-Goods, issued by ADB   |
| 3 | G03         | Furniture for PMU and HPC  | 39,600                | RFQ                | Post (Sampling) |                   | Q2 2024       |                                     | Non-Consulting Services: No<br>No. of Contracts: 1<br>Complexity Level: Level 1<br>Covid-19 Response? No<br>Comments: Lots tbd. AC: No; SBD: RFQ-Goods, issued by ADB   |
| 4 | G04         | Simulation equipment (College/School/MTU Provincial hospitals)   | 1,633,500             | OCB                | Prior           | 1S1E              | Q3 2024       |                                     | Non-Consulting Services: No<br>Advertising: International<br>Bidding Document: Goods<br>Complexity Level: Level 1<br>Covid-19 Response? No<br>Comments: Lots tbd. AC: No; SBD: ADB SBD for Goods (1S1E)   |
| 5 | G05         | Medical equipment for 3 provincial hospitals   | 1,128,600             | OCB                | Prior           | 1S1E              | Q3 2024       |                                     | Non-Consulting Services: No<br>Advertising: National<br>Bidding Document: Goods<br>Complexity Level: Level 2<br>Covid-19 Response? No<br>Comments: Lots tbd. SBD: Harmonized NCB-SBD for Goods (2022)   |
| 6 | G06         | Replacement HPIMS IT hardware  | 247,500               | RFQ                | Post (Sampling) |                   | Q3 2024       |                                     | Non-Consulting Services: No<br>No. of Contracts: 1<br>Complexity Level: Level 1<br>Covid-19 Response? No<br>Comments: Lots tbd. AC: No; SBD: RFQ-Goods, issued by ADB   |
| 7 | G07         | Teaching equipment (College/School/MTU Provincial hospitals)   | 410,850               | OCB                | Post (Sampling) | 1S1E              | Q4 2024       |                                     | Non-Consulting Services: No<br>Advertising: National<br>Bidding Document: Goods   |



# Procurement Flowchart





# Standard BIDDING DOCUMENTS: Harmonized SBD in Lao PDR



1. SBD for the procurement of Goods and Works
2. RFQ for Goods and Works

***Version: April 2022 to be provided by ADB staff***

A decorative background on the left side of the slide featuring several overlapping, semi-transparent circles and arcs in shades of gray. One circle contains a pattern of small white dots.

# **Bidding Document Preparation**

**(Supply Contract)**

# HARMONIZED STANDARD BIDDING DOCUMENTS (SBD) FOR GOODS



## OCB-National Advertisement

### Part I: Bidding Procedures

Section I - Instruction to Bidders

Section II - Bid Data Sheet

Section III - Evaluation and Qualification Criteria

Section IV - Bidding Forms

Section V - Eligible countries

Section VI - Policy on Corrupt and Fraudulent Practices

### Part II: Requirements

Section VII – Supply or Works Requirements /specifications

### Part III: Conditions of Contract and Contract Forms

Section IX - Particular Conditions of Contract

Section X - Contract Forms

# Section 3:

## Evaluation and Qualification Criteria

### 2. Qualification

#### 2.1 Eligibility

#### 2.2 Experience and Technical Capacity

#### 2.3 Financial Situation

**2022 Harmonizd Goods**

**ADB SBD Goods**

***Tips & Challenge!***



**2.1 Eligibility**

| Criteria<br>Requirement | Single<br>Entity | Compliance Requirements  |                 |                | Documents<br>Submission<br>Requirements |
|-------------------------|------------------|--------------------------|-----------------|----------------|---|
|                         |                  | Joint Venture            |                 |                |   |
|                         |                  | All Partners<br>Combined | Each<br>Partner | One<br>Partner |   |

**2.1.1 Nationality**

|   |                       |                       |                       |                |   |
|---|-----------------------|-----------------------|-----------------------|----------------|---|
| Nationality in accordance with ITB 4.1. | Must meet requirement | Must meet requirement | Must meet requirement | Not applicable | Bid Submission Sheet; Forms ELI – 1 and ELI - 2 |
|---|-----------------------|-----------------------|-----------------------|----------------|---|

**2.1.2 Conflict of Interest**

|  |                       |                       |                       |                |                      |
|--|-----------------------|-----------------------|-----------------------|----------------|----------------------|
| No conflicts of interest in accordance with ITB 4.3. | Must meet requirement | Must meet requirement | Must meet requirement | Not applicable | Bid Submission Sheet |
|--|-----------------------|-----------------------|-----------------------|----------------|----------------------|

**2.1.3 ADB Eligibility**

|  |                       |                       |                       |                |                      |
|--|-----------------------|-----------------------|-----------------------|----------------|----------------------|
| Not having been declared ineligible by ADB, as described in ITB 4.4. | Must meet requirement | Must meet requirement | Must meet requirement | Not applicable | Bid Submission Sheet |
|--|-----------------------|-----------------------|-----------------------|----------------|----------------------|

**2.1.4 Government-Owned Enterprise**

|  |                       |                       |                       |                |   |
|--|-----------------------|-----------------------|-----------------------|----------------|---|
| Bidder required to meet conditions of ITB 4.5. | Must meet requirement | Must meet requirement | Must meet requirement | Not applicable | Bid Submission Sheet; Forms ELI – 1 and ELI - 2 |
|--|-----------------------|-----------------------|-----------------------|----------------|---|

**2.1.5 United Nations Eligibility**

|  |                       |                       |                       |                |                      |
|--|-----------------------|-----------------------|-----------------------|----------------|----------------------|
| Not having been excluded by an act of compliance with a United Nations Security Council resolution in accordance with ITB 4.9. | Must meet requirement | Must meet requirement | Must meet requirement | Not applicable | Bid Submission Sheet |
|--|-----------------------|-----------------------|-----------------------|----------------|----------------------|

Applicable for ADB projects:

Note:

It is the obligation of the Purchaser to confirm an entity's eligibility by checking ADB's complete Sanctions List (for all bidders) at various stages of bidding process including bid evaluation, prior

2022 Harmonizd Goods

ADB SBD Goods

**Tips & Challenge!**

Sample

2.2.1 Contractual Experience

| Criteria  | Compliance Requirements |                       |                |                |
|---|-------------------------|-----------------------|----------------|----------------|
|   | Requirement             | Single Entity         | Joint Venture  |                |
| All Partners Combined   |                         |                       | Each Partner   | One Partner    |
| Successful completion as main supplier within the last . . . . . <sup>a</sup> years, of at least . . . . . <sup>b</sup> contracts each valued at . . . . . <sup>c</sup> with nature, and complexity similar to the scope of supply described in Section 6 (Schedule of Supply). | Must meet requirement   | Must meet requirement | Not applicable | Not applicable |

- <sup>a</sup> Indicate time period usually 3 years.
- <sup>b</sup> Two to five depending on the scope of supply, higher range for off-the-shelf items.
- <sup>c</sup> Usually 80% of the estimated value of the subject contract.
- <sup>d</sup> In addition to the submission of Form EXP-1, the Bidder shall provide the Signed Contract Agreement.

2.2 Experience and Technical Capacity

2.2.1 Contractual Experience

| Criteria   | Compliance Requirements |                       |                |                | Documents               |
|--|-------------------------|-----------------------|----------------|----------------|-------------------------|
|  | Requirement             | Single Entity         | Joint Venture  |                |                         |
| All Partners Combined  |                         |                       | Each Partner   | One Partner    | Submission Requirements |
| Successful completion as main supplier within the last five (05) years since i.e. 2019, of at least two (02) contracts each valued at US\$ 0.130 million with nature, and complexity similar to the scope of supply described in Section VII, Schedule of Requirements | Must meet requirement   | Must meet requirement | Not applicable | Not applicable | Form EXP – 1            |

2.2.1 Contractual Experience

Sample

| Criteria  |
|---|
| Requirement   |
| Successful completion as main supplier within the last 3 years of at least 1 contract that has a total value of not less than:  |
| Lot 1: US\$ 811,200   |
| Lot 2: US\$ 1,109,206   |
| Lot 3: US\$ 1,355,558   |
| Lot 4: US\$ 987,837   |
| with nature similar to medical equipment. Notarized copies of contracts, delivery and installation certificate as well as contract completed certificate would be included. |

## 2022 Harmonized Goods

### ADB SBD Goods

**Tips & Challenge!**

ADB

## 2.3 Financial Situation

### 2.3.1 Historical Financial Performance

| Criteria   | Compliance Requirements |                       |                       | Documents      |                         |
|--|-------------------------|-----------------------|-----------------------|----------------|-------------------------|
|  | Single Entity           | Joint Venture         |                       |                |                         |
| Requirement  |                         | All Partners Combined | Each Partner          | One Partner    | Submission Requirements |
| Submission of audited financial statements or, if not required by the law of the Bidder's country, other financial statements acceptable to the Purchaser, for the last . . . . . <sup>a</sup> years to demonstrate the current soundness of the Bidder's financial position. As a minimum, the Bidder's net worth for the last year calculated as the difference between total assets and total liabilities should be positive. | Must meet requirement   | Not applicable        | Must meet requirement | Not applicable | Form FIN – 1            |

<sup>a</sup> Indicate time period between 3 and 5 years.

#### NOTES

*The financial information provided by the Bidder should be reviewed in its entirety to allow a truly informed judgment, and the pass-fail decision on the financial position of the Bidder should be given on this basis. Any abnormal feature that may lead to financial problems should alert the Purchaser to seek expert professional advice for further review and interpretation.*

### 2.3.2 Size of Operation (Average Annual Turnover) (optional)

| Criteria  | Compliance Requirements |                       |   | Documents   |                         |
|---|-------------------------|-----------------------|---|---|-------------------------|
|   | Single Entity           | Joint Venture         |   |   |                         |
| Requirement   |                         | All Partners Combined | Each Partner  | One Partner   | Submission Requirements |
| Minimum average annual turnover of \$ . . . . . <sup>a</sup> calculated as total payments received by the Bidder for contracts completed or under execution over the last . . . . . <sup>b</sup> years. | Must meet requirement   | Must meet requirement | Must meet . . . . . <sup>c</sup> of the requirement | Must meet . . . . . <sup>d</sup> of the requirement | Form FIN – 2            |

<sup>a</sup> The amount stated should normally not be less than two times the annualized value of the subject contract, expressed as  $2 \times V/T$ ; where V is the Purchaser's estimated cost (including contingencies), and T is the contract duration in years. For contract duration of up to 1 year, T of "1" should be used. The multiplier of 2 may be reduced for very large contracts but should not be less than 1.5.

<sup>b</sup> Insert number of years in words and figures and indicate time period between 3 and 5 years.

<sup>c</sup> The Purchaser is to define this value based on the minimum amount required that all partners of the Joint Venture must meet, taking joint and several liability into account, usually at least 25%.

<sup>d</sup> The Purchaser is to define this value based on the minimum amount required that one partner of the Joint Venture must meet, usually at least 40%.

2022 Harmonizd Goods

ADB SBD Goods

**Tips & Challenge!**

2.3.1 Historical Financial Performance

| Criteria<br><br>Requirement  | Compliance Requirements |                       |                       |                | Documents<br><br>Submission Requirements |
|--|-------------------------|-----------------------|-----------------------|----------------|--|
|  | Single Entity           | Joint Venture         |                       |                |  |
|  |                         | All Partners Combined | Each Partner          | One Partner    |  |
| Submission of audited financial statements or, if not required by the law of the Bidder's country, other financial statements acceptable to the Purchaser, for the last . . . . . <sup>a</sup> years to demonstrate the current soundness of the Bidder's financial position. As a minimum, the Bidder's net worth for the last year calculated as the difference between total assets and total liabilities should be positive. | Must meet requirement   | Not applicable        | Must meet requirement | Not applicable | Form FIN – 1                             |

<sup>a</sup> Indicate time period between 3 and 5 years.

Sample

2.3.1 Historical Financial Performance

| Criteria<br><br>Requirement  | Compliance Requirements |                       |                       |                | Documents<br><br>Submission Requirements |
|--|-------------------------|-----------------------|-----------------------|----------------|--|
|  | Single Entity           | Joint Venture         |                       |                |  |
|  |                         | All Partners Combined | Each Partner          | One Partner    |  |
| Submission of audited financial statements or, if not required by the law of the Bidder's country, other financial statements acceptable to the Purchaser, for the last three (03) years (2021, 2022 and 2023) to demonstrate the current soundness of the Bidder's financial position. As a minimum, the Bidder's net worth for the last year calculated as the difference between total assets and total liabilities should be positive. | Must meet requirement   | Not applicable        | Must meet requirement | Not applicable | Form FIN – 1                             |



2022 Harmonizd Goods

ADB SBD Goods

**Tips & Challenge!**

### 2.3.2 Size of Operation (Average Annual Turnover) (optional)

| Criteria  | Compliance Requirements |                       |   |   | Documents               |
|---|-------------------------|-----------------------|---|---|-------------------------|
|   | Single Entity           | Joint Venture         |   |   | Submission Requirements |
|   |                         | All Partners Combined | Each Partner                                    | One Partner                                     |                         |
| Requirement   | Single Entity           | All Partners Combined | Each Partner                                    | One Partner                                     | Submission Requirements |
| Minimum average annual turnover of \$ ..... <sup>a</sup> calculated as total payments received by the Bidder for contracts completed or under execution over the last ..... <sup>b</sup> years. | Must meet requirement   | Must meet requirement | Must meet ..... <sup>c</sup> of the requirement | Must meet ..... <sup>d</sup> of the requirement | Form FIN – 2            |

- <sup>a</sup> The amount stated should normally not be less than two times the annualized value of the subject contract, expressed as  $2 \times V/T$ ; where V is the Purchaser's estimated cost (including contingencies), and T is the contract duration in years. For contract duration of up to 1 year, T of "1" should be used. The multiplier of 2 may be reduced for very large contracts but should not be less than 1.5.
- <sup>b</sup> Insert number of years in words and figures and indicate time period between 3 and 5 years.
- <sup>c</sup> The Purchaser is to define this value based on the minimum amount required that all partners of the Joint Venture must meet, taking joint and several liability into account, usually at least 25%.
- <sup>d</sup> The Purchaser is to define this value based on the minimum amount required that one partner of the Joint Venture must meet, usually at least 40%.

Sample

### 2.3.2 Size of Operation (Average Annual Turnover): Optional

| Criteria   | Compliance Requirements |                       |                                  |                                  | Documents               |
|--|-------------------------|-----------------------|----------------------------------|----------------------------------|-------------------------|
|  | Single Entity           | Joint Venture         |                                  |                                  | Submission Requirements |
|  |                         | All Partners Combined | Each Partner                     | One Partner                      |                         |
| Requirement  | Single Entity           | All Partners Combined | Each Partner                     | One Partner                      | Submission Requirements |
| Minimum average annual turnover of US\$ 0.320 million calculated as total payments received by the Bidder for contracts completed or under execution over the last three (03) years (2021, 2022 and 2023). | Must meet requirement   | Must meet requirement | Must meet 25% of the requirement | Must meet 40% of the requirement | Form FIN – 2            |

# Compliance with Technical Specification

## 3.3. Compliance with Technical Specification (TS)

The bid of Bidder 1 [REDACTED] was found not meeting nor providing an equivalent alternative for technical criteria:

- Item 3.1: engine capacity: project required 2800 cc. Min. Bidder provided 2000 cc (deviation).
- Item 5.5: Brake System: project required Front and Rear Disc. Bidder offered front disc brake (deviation).

The bid of Bidder 3 [REDACTED] was found not meeting nor providing for three technical criteria:

- Item 3.2: Output Kw (Ps)/rpm: project required 150 (200)/3400. Min. Bidder provides 140 (190)/3400 (deviation).
- Item 3.3: Torque (Nm /rpm): project required 500/ 1600. Min. Bidder provides 450/1600 (deviation).

# Notification of Award



to perform the Contract satisfactorily.

41. **Notification of Award**
- (ii) A Bidder shall not be required, as a condition for award, to undertake responsibilities not stipulated in the bidding documents, to change its price or otherwise to modify its Bid.
  - (i) Prior to the expiration of the period of bid validity and upon expiry of the standstill period specified in ITB 39.2, or upon satisfactory resolution of a complaint filed within standstill period, if applicable, the Employer shall transmit the Notification of Award (using the form included in Form 1) to the successful Bidder, in writing, that its Bid has been accepted. At the same time, the Employer shall also notify all other Bidders of the results of the bidding, and shall publish on the national website online the results identifying the bid and lot (contract) numbers and the following information:
    - (i) name of each Bidder who submitted a Bid;
    - (ii) bid prices as read out at Bid Opening;
    - (iii) name and evaluated prices of each Bid that was evaluated;
    - (iv) name of bidders whose bids were rejected and the reasons for their rejection; and
    - (v) name of the winning Bidder, and the Price it offered, as well as the duration and summary scope of the contract awarded.
  - (ii) Until a formal contract is prepared and executed, the notification of award shall constitute a binding Contract.

# Publication of Award

## Notice of Contract Award

This is to inform the results of the evaluation of bids that was submitted on 14 October 2019 for the **Malolos to Clark Railway Project – Package CP N-04**. The Procurement of Building and Civil Engineering Works for Apx. 6.5 kms of Railway Track Structure including Underground Station at Clark International Airport under PB No.19-154-10 and to notify that the contract was awarded on 08 July 2020 in accordance with ITB 41.1.

The summary of the evaluation are as follows:

### 1. List of Bidders

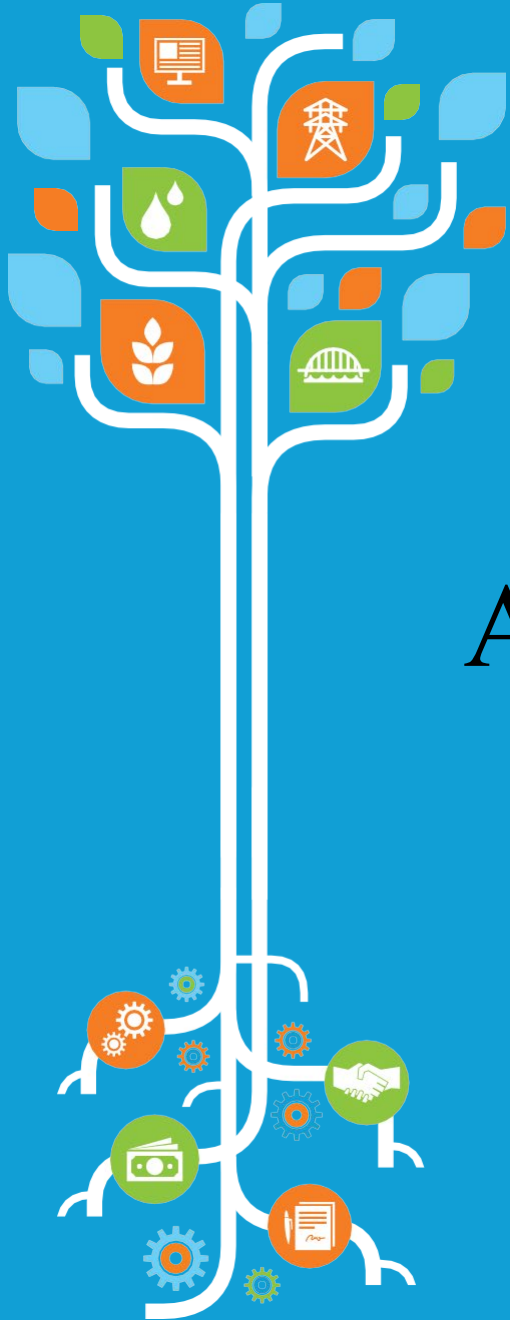
| Name of Bidder  | Country     | Bid Price as Read Out at Opening   | Evaluated Bid Price  |
|---|-------------|--|--|
| Joint Venture of Acciona Construction Philippines Inc. and EEI Corporation        | Philippines | PHP 19,393,784,380.43<br>EUR 5,005,241.60<br>USD 8,682,167.53<br>SGD 34,026,066.01 | PHP 19,393,784,372.26<br>EUR 5,005,241.60<br>USD 8,682,167.53<br>SGD 34,026,066.01 |
|   |             | <b>(PHP Equivalent)</b><br>PHP 21,427,740,420.02                                   | <b>(PHP Equivalent)</b><br>PHP 21,427,740,411.87                                   |
| GS Engineering & Construction Corp.   | Korea       | PHP 18,549,771,987.00<br>USD 67,596,674.27   | PHP 18,549,771,987.58<br>USD 67,596,674.27   |
|   |             | <b>(PHP Equivalent)</b><br>PHP 22,074,938,550.18                                   | <b>(PHP Equivalent)</b><br>PHP 22,074,938,550.78                                   |
| Joint Venture of PT Waskita Karya (Persero) Tbk and PT Wijaya Karya (Persero) Tbk | Indonesia   | PHP 18,475,728,719.67<br>USD 114,373,119.76  | PHP 17,916,044,074.08<br>USD 115,740,586.08  |
|   |             | <b>(PHP Equivalent)</b><br>PHP 24,440,286,915.15                                   | <b>(PHP Equivalent)</b><br>PHP 23,951,915,636.19                                   |

### 2. Reasons why other Bids were Unsuccessful

| Package No. | Name of Bidder  | Reasons why Bid was unsuccessful  | Reference            |
|-------------|---|---|----------------------|
| CP N-04     | Joint Venture of PT Waskita Karya (Persero) Tbk and PT Wijaya Karya (Persero) Tbk | The bidder failed the qualification requirements for construction experience in key activities as per EQC 2.4.2 | ITB 29.4 & EQC 2.4.2 |
|             | GS Engineering & Construction Corp.   | The Bid is not among the lowest cost combination of the technical responsive Bids as per EQC 1.4.               | ITB 35.4 & 35.5      |

### 3. The Successful Bidder

|                |   |
|----------------|---|
| Name of Bidder | Acciona Construction Philippines Inc. and EEI Corporation Joint Venture   |
| Address        | 21 <sup>st</sup> Floor, The Enterprise Center, Tower 2,<br>Clark Freeport Zone, Angeles City, Pampanga, Philippines |



# Abnormally Low Bid

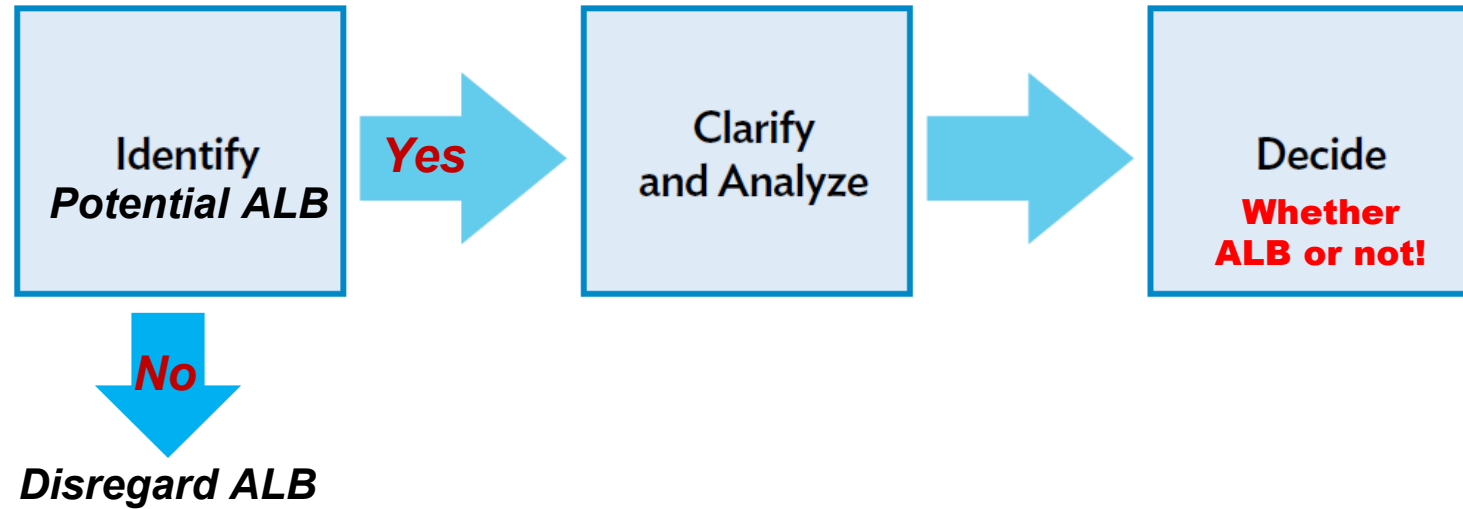


## Basic Understanding of ALB

A low bid is **not in itself undesirable**, but it requires additional investigation, as it could be a sign of risks such as:

- (i) the inadequacy of the works methods due to **lack of competence or misunderstanding**;
- (ii) an intent to **not follow design standards or specifications**, and/or
- (iii) an intent to **not comply with environmental or labor laws** or other requirements (e.g. H&S).

# Three Steps for Dealing with Abnormally Low Bids



## Identification of ALB

- (i) Comparing the bid price with the **engineer's cost estimate**.
- (ii) Comparing the bid price with **other bidders** submitting substantially responsive bids.
- (iii) Comparing the bid price with prices paid **in similar contracts**

# How to judge abnormally low?

## Guidance of World Bank



### Abnormally Low Bids and Proposals

Guide to the identification and treatment of Abnormally Low Bids and Proposals

July 2016



<https://thedocs.worldbank.org/en/doc/780841478724671583-0290022017/original/ProcurementGuidanceidentificationandtreatmentofAbnormallyLowBidsandProposals.pdf>

## Stage 1 - Identify

When the evaluation of Bids has been completed and the Most Advantageous Bid has been identified, if the ALB provision is enabled in the SPDs then the Borrower shall check if the Bid price is unreasonably low.

In all cases the identification of an ALB should be undertaken on the evaluated Bid prices of Substantially Responsive Bids only.

There are two approaches to identifying a potential ALB depending on the number of Bids/Proposals received.

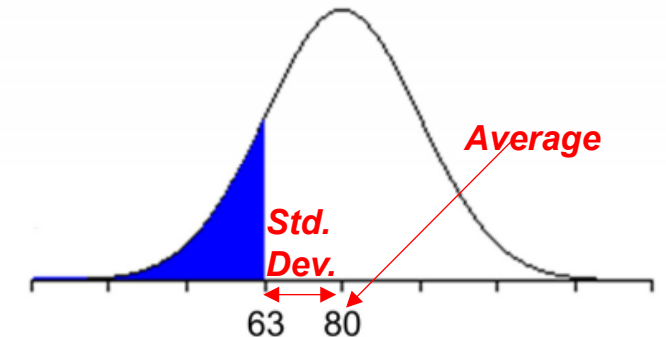
Where fewer than five Substantially Responsive Bids have been received, the 'absolute' approach identifies an ALB based on a comparison of the evaluated Bid price, and its constituent parts, with the Borrower's own cost estimate. If the Bid price is 20% or more below the Borrower's cost estimate when fewer than five Substantially Responsive Bids are received then the Borrower should clarify the Bid price with the Bidder to determine whether the Bid is Abnormally Low.

The 'relative' approach uses a statistical calculation using at least five Substantially Responsive prices. A potential ALB is identified where the low Bid is more than one standard deviation below the average of the Substantially Responsive Bids received.

The identification of an ALB using a mathematical calculation assumes that the Bid prices are competitive and independent. That is, that there is not collusion in the market that is artificially keeping prices clustered.

The Borrower should also have considered during the preparation of the PPSD whether the market sector they are approaching has a history of collusion and/or a history of ALBs. If there is a history of collusion or ALBs in the market, then extra care should be taken to identify an ALB even if the low Bid price does not fall within the mathematical ALB risk zone.

|               | \$M |
|---------------|-----|
| Bid 1         | 72  |
| Bid 2         | 92  |
| Bid 3         | 82  |
| Bid 4         | 101 |
| Bid 5         | 53  |
| Average       | 80  |
| Std. Dev.     | 17  |
| ALT threshold | 63  |





# What should be investigated for “Potential ALB”?



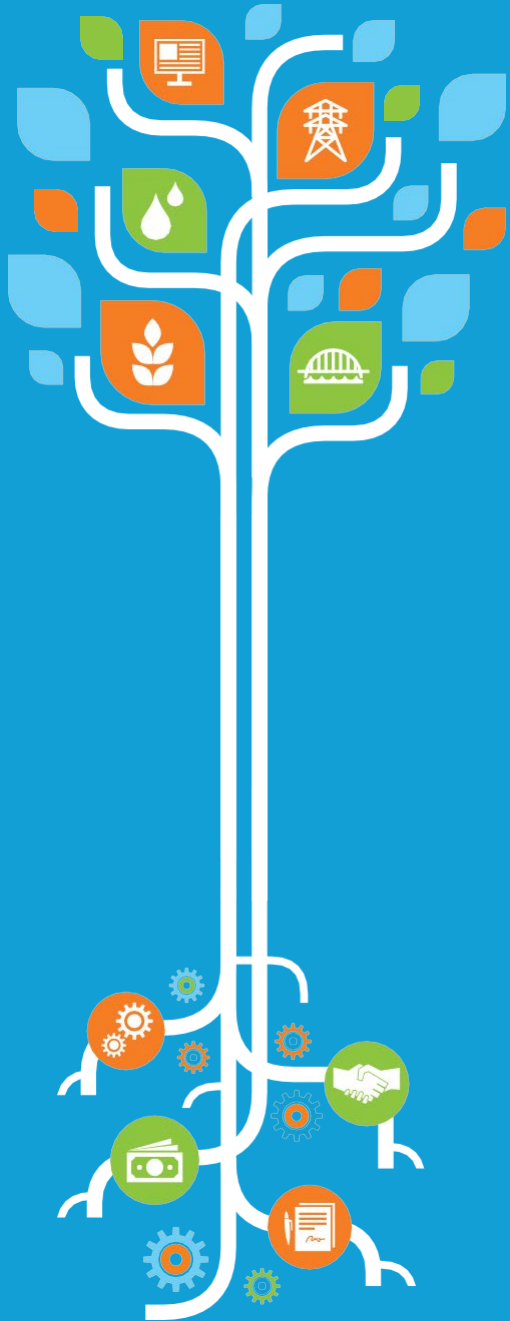
Clarify  
and Analyze

- (i) **information** regarding the economy of the manufacturing process, the services provided, or the construction method to be adopted;
- (ii) the **source and rates** or prices for services, materials, and supplies intended for the performance of the works or services;
- (iii) the **technical solutions** chosen or any exceptionally favorable conditions available to the bidder for the supply of the products or services or for the execution of the work; and
- (iv) compliance with **applicable standards** and regulations (in particular social and environmental laws and regulations).

# What are the possible options?

Decide

- (i) **Accept the bid**, if the evidence supplied does satisfactorily account for the low level of prices and costs, in which case the bid is not considered abnormally low.
- (ii) **Accept the bid, with the performance security be increased** at the expense of the bidder to a level sufficient to protect the borrower against financial loss in the event of default of the successful bidder under the contract (generally max 20% of the contract price).
- (iii) **Reject the bid**, if the evidence supplied does not satisfactorily account for the low price or costs proposed.



**Thank You !**