BID EVALUATION

Public Procurement Monitoring Office

Public Opening of Bids

- **Principles and Features**
  - Bid received are opened publicly at the Time and Place indicated in the Bid Documents
  - For fairness and transparency
  - Bidders' / representatives' attendance encouraged
  - Record of signature/initialed by the representatives of bidders present

Information to be read out

- **Usually following information**
  - Bidder’s name
  - Total bid price
  - Amount or % of any discounts offered and the conditions under which the discounts are applicable
  - Bid Security: Amount and Validity period
  - Corrections

Record of Public Bid Opening

Pursuant to the notice published on …., the following bids for the Contract no.:…..were received by bid closing date on ………. at …….. hrs. at …… (place) and were publicly opened on ………. at …….. hrs. at …… (place) in the presence of the following individuals.

S.N.	Name of Bidder	Bid Security Amount / Validity	Total Bid Price	Discount if any	Remarks

Frequently Occured Problems

- Late bids
- Incomplete reading out of bid data
- Modifications

Bid Evaluation

Objective of Bid Evaluation

Determining Lowest Evaluated Substantially Responsive Bid

Evaluation Committee

- **Bid evaluation committee comprise of**
  - Chief of public entity or senior officer designated by him or her (technical employee, if possible) – Chairperson
  - Chief of financial administration section of the concerned public entity –Member
  - Technical expert related in the field (officer level, if possible) –Member
  - If there is a position of law officer in the public entity, law officer of the public entity –Member
  - Procurement Unit Chief - Secretary

Principles of Bid Evaluation

- Completed within Bid Validity period

(***Act 27-6(ka)***)
- Fair and Transparent based on pre set criteria
- Confidentiality
- Opportunities to clarify but strictly no addition/omission/modification
- Provision for review

Bid Evaluation Basic

Clarification of Bids

- To assist in the examination, evaluation, and comparison of the Technical and Price Bids, the Employer may, at its discretion, ask any Bidder for a clarification of its bid. Any clarification submitted by a Bidder that is not in response to a request by the Employer shall not be considered. The Employer's request for clarification and the response shall be in writing. No change in the substance of the Technical Bid or prices in the Price Bid shall be sought, offered, or permitted.

- If a Bidder does not provide clarifications of its Bid by the date and time set in the Employer's request for clarification, its bid may be rejected

Bid Evaluation Basic...

- **Time frame**
  - before the expiry of the bid validity as stipulated in the bid document
  - within time frame prescribed by act/regulations
- **Confidentiality of procedure:**
  - No information to non-authorized person
  - Substance of bid
  - Preliminary examination result and status
  - Evaluation result and status
  - Recommendation of award

Bid Evaluation Basic...

- **Bids not considered for evaluation**
  - late bids
  - not sealed bids
  - Withdrawn bids
  - bids from disqualified bidders (if pre-qualification)

Bid Data Sheet

- Project Name:
- Contract No:
- Estimated value:
- Date of invitation for bids issued:
- Bid Closing Date and Time:
- Number of Bids received:
- Bid Validity Expiry date:
- Date of Exchange rates specified for evaluation:
- Exchange rates on such date:

Bid Examination

- Eligibility
- Completeness of bid
- Bid security as per requirement

Bid Examination...

- Securities furnished or not
- Signed or not
- Power of attorney for the authorized persons
- Joint venture agreements
- Documents establishing the eligibility of bidders
- Documents required to assess the post qualification of the bidders
- Bid form purchased from the concerned office
- Seal
- Submission of rate analysis if such was requested
- Declaration of local agent if such was requested

Arithmetical Errors

- No cause for bid rejection. Can be corrected
- Discrepancy between figure and word- Word will prevail
- Discrepancy between Unit price and Total price- Unit price will prevail
- Discrepancy between Total Bid Amount (LoPB) and sum of Total Prices (BoQ) - Total Prices (BoQ) will prevail

Compliance with Bid Document

- **Bids should be rejected if they:**
  - do not substantially conform to Specifications
  - contains inadmissible reservations to bid documents
  - do not substantially respond to requirements

Extension of Bid Validity

- Extension of bid validity is 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

Deviation Factors

- Exchange rate –Source and Date
- Deviation Factors to be considered
  - Payment schedule
  - Delivery time
  - Operating cost
  - Availability of spare parts and services

Table of Bid Price

- Prepare a table showing the Bidders' bid price, arithmetic correction (if any), bid price in a common currency (NPR)

Chronological Order of Evaluation

Technical Proposal

- Evaluation for Legal Requirements
- Evaluation for Completeness
- Technical Evaluation
- Post Qualification Evaluation
- Evaluation Report

Financial Proposal

- Commercial
- Special
- Evaluated Price
- Evaluation Report

Chronological Order of Evaluation

- Evaluation for Legal requirements
  - ***Sealed***
  - ***Difference in Qualification from PQ***
  - ***Eligibility (Registration, Renewal, Tax etc)***
- Evaluation for Completeness
  - ***Documents submitted or not***
  - ***JV Agreement, Power of Attorney, Sign of AR***
  - ***Conflict of Interest***
  - ***Purchased Bid Document***

Chronological Order of Evaluation

- Technical evaluation
  - ***Specification, Scope, Deviations***
- Post Qualification Evaluation
  - ***General/Specific experience***
  - ***Financial***
  - ***Equipment/Manpower***
- Evaluation Report
  - ***Basic data sheet***
  - ***Record of bid opening***
  - ***Table of Bidders' and Bid Price including corrections***

Responsiveness Examination

- Examine the followings
  - Eligibility requirements
  - Submit bid security (Amount, validity)
  - Meet major technical requirement
  - Meet critical delivery schedule
  - Bidder’s qualification criteria
  - Financial situation
  - Experience
  - Personnel
  - Equipment
  - After sales service
- **Eliminate** bids - which are not responsive

Responsiveness Examination...

- **Major Deviations**
  - Effect on Validity of bid, or
  - Specified in the bid documents as grounds for rejection of the bid, or
  - A deviation from the provisions of the bidding documents with effect on the bid price, but cannot be given a monetary value; or
  - An unacceptable deviation from the specifications,
  - Conditional bid

Responsiveness Examination...

- **Unacceptable Bids**
  - Late Submitted
  - Ineligible Bid
  - Unsigned Bid
  - Bid Validity - not found as Requested
  - Conditional Bid Security
  - Unacceptable Alternative Specs.
  - Non Conforming Time Framing
  - Unacceptable Subcontracting
  - Deviation from Critical Provision
    - Applicable Law
    - Taxes and Duties
    - Defects Liability

Responsiveness Examination...

- **Minor Deviations**
  - Has no effect on the validity of the bid; or
  - Has no effect on the price, quality and delivery of the goods offered; or
  - Has such effect, but can be given monetary value; or
  - Has not been specified in the bid documents as grounds for rejection, provided that amount of deviations is within **15%**

Financial Evaluation

- Commercial Evaluation
  - ***Time of delivery/completion***
  - ***Terms of Payment***
  - ***Delay damages***
  - ***Warranty***
  - ***Criteria to be fixed in bid***
- Special Evaluation
  - ***Front Loading***
  - ***Rate relation***
- Evaluated Price
  - ***Arithmetical Corrections***
  - ***Adjustments for minor deviation***
  - ***Discounts***

Evaluated Price (Adjustment for Deviation)

Correction of Arithmetical Errors

Only for unit price Contracts, if there is a discrepancy between the unit price and the total price that is obtained by multiplying the unit price and quantity, the unit price shall prevail and the total price shall be corrected, unless in the opinion of the Employer there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern and the unit price shall be corrected;

Eg,

Item.	Qty.	Unit.	Unit price.	Item Price
Reinforcement works	100	MT	80.00000	80,00,000

Financial Adjustment for Bid

- Adjustment include
  - Adjustment to completeness in scope of supply
  - Adjustment for technical compliance
  - Adjustment for efficiency, losses or running cost
  - Adjustment of terms of payment
  - Adjustment for delivery

Evaluated Price (Adjustment for Deviation)

Adjustment for Delivery Date

1. Pre delivery

   ---Cost of Storage

   --- Interest for early payment

   ---Double transportation and Handling if any

2. Post delivery

   ---Delay damages

Example (Financial Adjustment)

Suppose

- Quoted Price
  - ✓ Bidder A = US$ 2,000,000
  - ✓ Bidder B = US $ 1,980,000
  - ✓ Bidder C = US$ 1,950,000

Terms of Payment (TP)

- The bidding documents specified terms of payment would be 70% upon shipment and 30% upon acceptance. Bidders were allowed to propose alternative terms. Commercial prevailing interest rates at the time of evaluation of bids were 6% per annum. The period between date of shipment and acceptance of equipment was estimated to be 90 days.

Example (Financial Adjustment)…

- ✓Bidder A proposed 75% upon shipment and 25% upon acceptance.
- ✓Bidder B proposed 100% upon shipment.
- ✓Bidder C complied with the stated requirements

Liquidated Damages (LD):

- ✓The Bidding documents specified a ceiling for liquidated damages of 10% of the contract price.
- ✓Bidder C offered a maximum limit of 5% of the contract price
- ✓Bidders A and B complied with the stated requirements

Example (Financial Adjustment)…

Adjustment (Only for comparison)

Bidders	Quoted Price (US$)	Adjustment for TP (US$)	Adjustment for LD (US$)	Bid Price after adjustment (US$)	Remarks
A	2,000,000	1,500	-	2,001,500 (L2)	1,500 = 2,000,000*5%* 1.5%
B	1,980,000	8,910	-	1,988,910 (L1)	8,910 = 1,980,000*30%* 1.5%
C	1,950,000	-	97,500	2,047,500 (L3)	97,500 = 1,950,000*5%

Example (Operation and Maintenance Cost)

<u>**Suppose**</u>

- Quoted Price
  - ✓ Bidder A = NRS 40,00,000
  - ✓ Bidder B = NRS 48,00,000

- **Economic Life is assumed 10 years**
- **Commercial Interest Rate = 10 % (Discount Rate)**

Example (Operation and Maintenance Cost)

<u>Operation and Maintenance Cost and Resale vale offered</u>

Bidder A	
O&M	
Year	**Cost**
1	100000
2	120000
3	135000
4	150000
5	170000
6	195000
7	215000
8	240000
9	270000
10	300000
Resale value	1000000

Bidder B	
O&M	
Year	**Cost**
1	50000
2	60000
3	70000
4	80000
5	90000
6	100000
7	115000
8	130000
9	150000
10	170000
Resale value	2000000

Example (Operation and Maintenance Cost)

Suppose

- Calculate Net Present Value by discounting all cash flows to present using the discount rate and compare the price

Formula

$$\mathbf{NPV = \sum Cost \times (1+i)^{-n}}$$

Where,

i = interest rate

n = number of years

Example (Operation and Maintenance Cost)

Calculation of Lowest Evaluated Bid Price

Bidder A			
Year	Cash flow	Discounted value	Remark
0	4000000	-4000000.00	Quoted price
1	100000	-90909.09	
2	120000	-99173.55	
3	135000	-101427.50	
4	150000	-102452.02	
5	170000	-105556.62	
6	195000	-110072.42	
7	215000	-110329.00	
8	240000	-111961.77	
9	270000	-114506.36	
10	300000	-115662.99	
10	1000000	+385543.29	Resale value
Net Present Value		**-4676508.02**	**L2**

Bidder B			
Year	Cash flow	Discounted value	Remark
0	4800000	-4800000.00	Quoted price
1	50000	-45454.55	
2	60000	-49586.78	
3	70000	-52592.04	
4	80000	-54641.08	
5	90000	-55882.92	
6	100000	-56447.39	
7	115000	-59013.18	
8	130000	-60645.96	
9	150000	-63614.64	
10	170000	-65542.36	
10	2000000	+771086.58	Resale value
Net Present Value		**-4592334.31**	**L1**

Discount

Before Discount

	Bidder A	Bidder B	Bidder C	Ranking without discount	Remarks
Package 1	80	70	60	Bidder C	A offered a discount of 20% if awarded both Lot 1 and Lot 3.
Package 2	no bid submitted	40	55	Bidder B	B offered a discount of 10% if awarded all three lots
Package 3	40	50	42	Bidder A	C offered no discount

Discount

After Discount

	Bidder A	Bidder B	Bidder C	Ranking without discount
Package 1	64	63	60	Bidder C
Package 2	no bid submitted	36	55	Bidder B
Package 3	32	45	42	Bidder A
Combination 1:	64 (from Bidder A after discount) + 40 (from Bidder B before discount) + 32 (from Bidder A after discount) = 136			
Combination 2:	63+36+45 (all three offers from Bidder B after discount) = 144			
Combination 3:	60 (from Bidder C) + 40 (from Bidder B before discount) + 40 (from Bidder A before discount) = 140			

Evaluated Price (Adjustment for Deviation)

Adjustment for Warranty

Bidder	Quoted Cost	Warranty Proposed	Additional warranty (Evaluated) @3% of initial cost	Evaluated Cost
A	14500	1 yr	435	14935
B	14700	1.5 yrs	220.5	14920.5
C	14900	2 yrs	0	**14900**

Evaluated Price (Adjustment for Deviation)

Adjustment for Spare parts ((list of spare parts with non competitive price for 5 years quoted by Bidders)

Year	A	B	C.
1.	Warranty	Warranty.	Warranty
2.	435.00.	250. 00	Warranty
3.	491.70	500.00	745
4.	540.87.	500.00	745
5.	594.96.	500.00.	745

note : 10% discount rate

Yr	Fctr	A	B	C
1	0.9	0	0	0
2	0.82	359.50	206.61	0
3	0.75	369.42	375.66	559.73
4	0.68	369.42	341.51	508.85
5	0.62	369.42	310.46	462.59
Total		1467.77	1234.24	1531.16

Bidder	Quoted Cost	Evaluated Spares	Evaluated Price
A	14500	1467.77	15967.77
B	14700	1234.24	**15934.24**
C	14900	1531.16	16431.16

Detailed Evaluation

- **Commercial Features**

Specified terms and conditions	Reference to Bid document	Bidder 1	Bidder 2	…..
i. Delivery date ii. O & M cost iii. Terms of payment iv. …..	Bid doc. Vol.. Clause no… Page no….			

Detailed Evaluation

- **Technical Features**

Specified terms and conditions	Reference to Bid document	Bidder 1	Bidder 2	…..
i. Capacity (power) ii. Speed iii. Output Ground clearance iv. …..	Bid doc. Vol.. Clause no… Page no….			

Evaluated Price

SNO	Evaluation Parameters	Bidder 1	Bidder 2	Bidder 3
1	**Quoted Price**			
2	**Arithmetical Corrections(+/-)**			
3	**Unconditional Discount**			
4	**Adjusted Price**			
5	**Price Deviation in Tech Evaluation**			
	Specification			
	Catalogue			

6	**Price Deviation in Commercial Evaluation**			
	Warranty			
	O &M			

Evaluated Price

SNO	Evaluation Parameters	Bidder 1	Bidder 2	Bidder 3
7	**Price Deviation in Evaluated Price**			
	No rate items			
	Terms of Payment			

8	**Evaluated Price**			
9	**Domestic Preference, if any**			
10	**Conditional Discount**			
11	**Final Evaluated Price**			
12	**Rank**			

Award of Contract

Letter of Intention

- Lowest responsive bidder
- Lowest bid Amount
- Other bidders
- Response/protest period

Complain and Review

- If a Bidder is dissatisfied with the Procurement proceedings or the decision made by the Employer in the intention to award the Contract, it may file an application to the Chief of the Public Entity (Employer) within Seven (7) days of providing the notice of LOI by the Public Entity, for review of the proceedings stating the factual and legal grounds.

- Late application filed after the deadline shall not be processed.

Complain and Review...

- The chief of Public Entity(Employer) shall, within five (5) days after receiving the application, give its decision with reasons, in writing :
- whether *to suspend the procurement proceeding and indicate the procedure to be adopted for further proceedings; or*
- *to reject the application.*
- The decision of the chief of Public Entity shall be final for the Bid amount up to the value NRs.2 Crores.

Complain and Review...

- If the Bidder is not satisfied with the decision given or the decision is not given within five (5) days of receipt of application, it can, within seven (7) days of receipt of such decision, file an application to the Review Committee of the GoN, stating the reason of its disagreement on the decision and furnishing the relevant supporting documents, provided that its Bid amount is more than NRs. 2 Crores. The application may be sent by hand, by post, by courier, or by electronic media at the risk of the Bidder itself.

- Late application filed after the deadline pursuant to ITB 42.4 shall not be processed

Complain and Review...

- The Review Committee, after inquiring from the Bidder and the Public Entity, if needed, shall give its decision within one (1) month of the receipt of the application filed by the Bidder.

- The Bidder,, shall have to furnish a cash amount or Bank guarantee equivalent to One percent (1.0%) of its quoted Bid amount with the validity period of at least ninety (90) days from the date of the filing of application.

- If the claim made by the Bidder is justified, the Review Committee shall return the security deposit, within seven (7) days of such decision made.

Contract Award

Letter of Acceptance

- Name of successful bidder
- Performance security

Contract Award...

Signing of Contract

- Contract documents
- Performance Security
- Work program

Thank You

Ramchandra Dangal

Joint Secretary

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