

# PROCUREMENT WORKSHOP

## NATIONAL HYDROLOGY PROJECT

### NCB - CIVIL WORKS

July 28, 2015

#### General Requirements

- Bidding documents should pre disclose the bid evaluation criteria and the manner in which they will be applied for the purpose of determining the lowest evaluated bid
- Bidding documents should be made available for sale till a day prior to the last date of receipt of bids, to all those who intend to participate in the bidding, for a minimum period of 30 days [either by mail or in person]. COST OF DOCUMENT?
- Bidders should be permitted to deposit their bids on any day during the bidding period. Receipt of bids should not be restricted to few days or last day only. Bidders could submit their bids either by post or in person. Bids should be received only at one place and should be kept in safe custody till the stipulated time of opening.

## General Requirements

- If electronic submission is permitted, the detailed procedures for that should be specified in the document).
- The time of bid opening should be the same as for the deadline for receipt of bids or promptly thereafter (15 to 30 minutes later to allow sufficient time to take the bids to the place announced for public bid opening).
- All bids received should be opened in the presence of bidder's representatives who choose to attend and shall sign a register evidencing their attendance

## General Requirements

- Envelopes marked "WITHDRAWAL" shall be opened first, and the name of the bidder shall be read out. Bids for which an acceptable notice of withdrawal has been submitted shall not be opened. Subsequently, all envelopes marked "MODIFICATION" shall be opened and the submissions therein read out in appropriate detail.
- The bidder's names, bid prices including any alternative Bid Price or deviations, discounts, bid modification and withdrawals and the presence or absence of the requisite bid security and such other details as considered appropriate by the Purchaser shall be announced during opening of bids in the meeting. All cuttings and/or over-writings observed in the Bid Form and Price Schedules should be authenticated by the officers of the Bid Opening Committee by encircling and initialing the cuttings/over-writings. The minutes of the bid opening should be prepared in the specified format.

## General Requirements

- Bids and modifications that are **not opened and read out at bid opening** shall not be considered further for evaluation, irrespective of the circumstances.
- **Withdrawn bids will be returned unopened to the bidders.**

## National Competitive Bidding

- National Competitive Bidding (NCB) is the competitive bidding procedure normally used for public procurement in the country of the Borrower
- To be acceptable for use in Bank-financed procurement, these procedures shall be reviewed and modified as necessary to assure economy, efficiency, transparency, and broad consistency with the provisions included in Section I of the Bank Guidelines.
- NCB may be the most appropriate method of procurement where foreign bidders are not expected to be interested because (a) of the size and value of the contract, (b) works are scattered geographically or spread over time, (c) works are labor intensive, or (d) the goods, works, and non-consulting services are available locally at prices below the international market.

## National Competitive Bidding

- NCB procedures may also be used where the advantages of ICB are clearly outweighed by the administrative or financial burden involved.
- The text of advertisement (even short/ abridged version) shall be published in a national newspaper of wide circulation in the National Language or in the official gazette, provided that it is of wide circulation, or on a widely used website or electronic portal with free national and international access.
- The Borrower may publish a shorter version of the advertisement text, including the minimum relevant information, in the national press provided that the full text is simultaneously published in the official gazette or on a widely used website or electronic portal with free national and international access.

## National Competitive Bidding

- Notification shall be given to prospective bidders in sufficient time to enable them to obtain relevant documents.
- **Bidding documents may be issued in the National Language.**
- The currency of the bid and currency of payment should be **Indian Rupees** with no obligation to convert to any other currency.
- In addition, the bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission of bids.
- If foreign firms wish to participate in NCB they shall be **allowed to** do so on the prevailing NCB terms and conditions that apply to national bidders.

## National Competitive Bidding

- All bids received should be opened and read out at the time of bid opening
- No bid should be rejected at bid opening, except for late bids, which shall be returned un-opened to the bidder
- Minutes of bid opening must be prepared and one copy forwarded to the Bank for information

- Except with the prior concurrence of the Bank / Association, there shall be no negotiation of price with the bidders, even with the lowest bidder.
- Extension of bid validity **[with respect to contracts subject to Bank Prior Review]** shall not be allowed without the prior concurrence of the Bank/Association [1] for the first request for extension if it is longer than eight [four] weeks; and [2] for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of *Force Majeur* and circumstances beyond the control of Purchaser/Employer.
- Re-bidding shall not be carried out **[with respect to contracts subject to Bank Prior Review]** without the prior concurrence of the Bank/Association. System of rejecting bids outside a pre-determined margin or “bracket” of prices shall not be used.

## W - 2 SECTIONS

- Invitations For Bids
- Instructions to Bidders (Section 1)
- Forms of BID, Qualification Information and Letter of Acceptance (Section 2)
- Conditions of Contract and Special Conditions of COntact (Section 3)
- Contract Data (Section 4)
- Specifications (Section 5)
- Drawings (Section 6)
- Bill of Quantities ( Section 7)
- Formats of Securities (Section 8)

## Instruction to Bidders

- Customization to be carried out in few clauses / places (List as per attached)

### Important provisions:

- Post Qualification Criteria (Clause 4.5 ) Fill in the years
- 4.5 A a – Turnover - Not less than 2 times the estimated annual payments under the contract
- 4.5 A b – Experience – usually not less than 80% of estimated value of contract
- 4.5 A c – Quantity of works Minimum in one year - 80% of expected peak rate of construction
- 4.5 A d – Sub contractors qualification – electrical works
- 4.5 A e – Sub contractors qualification – water supply / sanitary works

## Instruction to Bidders

- 4.5 B a – Requirement of equipment may be indicated
- 4.5 B c – Credit Lines / Liquid Assets - Equivalent to 3 months cash flow at peak construction period
- 4.7 – Bid capacity
  
- **Clause 13.4** – Select Contract if Fixed Price or With Price Adjustment
- **Clause 16** – Bid Security – Fill in whose name the BD should be
- **Clause 19.2 a** – Fill in the address of office for bid submission

## Instruction to Bidders

- **Clause 19.2 b** – Fill in bid reference no., and name of contract, and time and date for bid opening
- **Clause 20.1** – Fill time and date for last date of submission
- **Clause 34.1** – Fill in information
- **Clause 36.1** – Fill in details of Adjudicator and appointing authority

## Bid Security

- a) 1 to 3 % for Works depending of estimated cost
- b) Bid Security has to be in one of the acceptable forms (including Bank guarantees) and should be valid for 28 /45 days beyond the bid validity period.
- c) In lieu of Bid Security, a Bid Securing declaration can be prescribed in which bidders sign a declaration that if they withdraw/modify the bid during the bid validity or refuse to sign the agreement, the bidders can be suspended for a specified period.
- d) Bid security of a Joint Venture must be in the name of all the partners in the Joint Venture submitting the bid.
- e) No exemption of Bid Security or Security Deposit or Bid Securing Declaration should be permitted to any bidder or class of bidders.
- f) Any bid not secured in accordance with the requirements of the bidding document will be rejected as non-responsive.

## Price Adjustment

- Bidding documents shall state either that (i) bid prices will be fixed or (ii) that price adjustments will be made to reflect any changes (upwards or downwards) in major cost components of the contract such as labour, equipment, materials and fuel.
- Price adjustment clause should invariably be provided when the stipulated period of completion of works or supply of goods is more than 18 months. The total percentage of Labor, Materials and POL components should equal 100, if “R” in the formula represents  
The value of work done. In such cases a bid submitted with a fixed price quotation will not be rejected, but the price adjustment would be treated as zero.
- Where the stipulated period of completion of works or supply of goods is less than 18 months, normally prices quoted by the bidder shall be fixed during the bidder’s performance of the contract and not subject to variation on any account. In such cases, a bid submitted with an adjustable price quotation will be treated as non-responsive and rejected.

## SUBCONTRACTING

### 4.3 (j) of ITB of NCB

proposals for subcontracting components of the Works which in aggregate add to more than 20 percent of the Bid Price (for each, the qualifications and experience of the identified subcontractor in the relevant field should be annexed; no vertical splitting of work for sub-contracting is acceptable); and

## QUALIFICATION CRITERIA

### Clause 4.5 of ITB of NCB

**4.5 A. To qualify for award of the contract, each bidder in its name should have in the last five years**  
*i.e.....:\**

(a) achieved, in at least two financial years, a minimum annual financial turnover (in all classes of civil engineering construction works only) of Rs.....@ (usually not less than two times the estimated annual payments under the contract);

b) satisfactorily completed (not less than 90% of contract value), as a prime contractor, (or as subcontractor duly certified by the employer/main contractor) at least **one similar work** of value not less than Rs..... @ (usually not less than 80% of estimated value of contract);

\* Specify the financial years; they should be those immediately preceding the financial year in which the bids are received.

(c) executed in any one year, the following minimum quantities of work:

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- cement concrete (including RCC and PS) .....cum
- earthwork in both excavation and embankment (combined quantities) .....cum
- .....cum
- .....cum

*(usually 80% of the expected peak rate of construction)*

(d) The contractor or his identified sub-contractor should possess required valid electrical license for executing the building electrification works and should have executed similar electrical works totalling Rupees .....@\*\* in any one year.

(e) The contractor or his identified sub-contractor should possess required valid license for executing the water supply/sanitary engineering works and should have executed similar water supply/sanitary engineering works totaling Rupees .....\*\* in any one year.

(@) at \_\_\_\_\_\* price level. Financial turnover and cost of completed works of previous years shall be given weightage of 5% per year based on rupee value to bring them to price level\*.

*the financial year in which bids are received.*

\*\* at least 50% of the estimated value of electrical/water supply works.

## UNBALANCED BIDS

ITB Clause 29.5 of NCB

Dam Rehabilitation &  
Improvement Project

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- 29.5** If the Bid of the successful Bidder is **seriously unbalanced** in relation to the Engineer's estimate of the cost of work to be performed under the contract, the Employer may require the Bidder to produce detailed price analyses for any or all items of the Bill of Quantities, to demonstrate the internal consistency of those prices with the construction methods and schedule proposed. After evaluation of the price analyses, the Employer may require that the amount of the performance security set forth in Clause 34 be increased at the expense of the successful Bidder to a level sufficient to protect the Employer against financial loss in the event of default of the successful Bidder under the Contract.

## KEY PERSONNEL AND EQUIPMENT TO BE PROVIDED BY CONTRACTOR

ITB Clause 4.5(a) and (b) of NCB

- ❖ Clause 9 of G.C.C. of NCB

### CONSTRUCTION METHODOLOGY

- Clause 4.3 (k) of ITB of NCB
- Clause 27 of G.C.C. of NCB

### ADVANCE PAYMENT

- Clause 51 of G.C.C. of NCB
- (Clause 51.2 specified that the contractor has to demonstrate usage)

## **CONTRACT – ORDER OF PRECEDENCE**

- Clause 2.3 of G.C.C. of NCB

## **INSURANCE**

- Clause 13 of G.C.C. of NCB

## **COMPENSATION EVENTS**

- Clause 44 of G.C.C. of NCB

## **LIQUIDATED DAMAGES**

- Clause 49 of G.C.C. of NCB

## **PRICE ADJUSTMENT**

- Clause 47 of G.C.C. of NCB

## **DISPUTE RESOLUTION**

- Adjudicator – Clause 25 of G.C.C. of NCB( See P3 for letter of appointment)

## **MANAGEMENT MEETINGS**

- Clause 31 of G.C.C. of NCB

## **IDENTIFYING DEFECTS**

- Clause 33 of G.C.C. of NCB

## **VARIATIONS**

- Clause 39/40 of G.C.C. of NCB

## **AS-BUILT DRAWINGS**

- Clause 58 of G.C.C. of NCB

## **TERMINATION AND FUNDAMENTAL BREACH**

- Clause 59 & 60 of G.C.C. of NCB

## **DEFECTS LIABILITY**

- G.C.C. Clause 35 of NCB

## **JOINT VENTURE**

- Joint and Several Liability

## **Section 2**

- **This section has forms wherein the contractor will fill in information and submit.**
- **Contractors Bid** – Fill description of works, Name and Address of Purchaser / Client
- **Qualification Information** – Fill in the years, and the equipment list

### 7.1 of G.C.C.

The Contractor may subcontract with the approval of the Engineer but may not assign the Contract without the approval of the Employer in writing. Subcontracting does not alter the Contractor's obligations.

### Clause 3 of SCC of NCB

#### SUB-CONTRACTING (GCC Clause 7)

Please add the following as Clause 7.2:

The contractor shall not be required to obtain any consent from the employer for:

- a) the sub-contracting of any part of the Works for which the Sub-contractor is named in the contract;
- b) the provision of labour; and
- c) the purchase of materials which are in accordance with the standards specified in the Contract.

Beyond this if the contractor proposes sub-contracting any part of the work during execution of works, because of some unforeseen circumstances to enable him to complete the work as per terms of the contract, the Engineer will consider the following before according approval:

The contractor shall not sub-contract the whole of the Works.

- The contractor shall not sub-contract any part of the Work without prior consent of the Engineer. Any such consent shall not relieve the contractor from any liability or obligations under the contract and he shall be responsible for the acts, defaults and neglects of any sub-contractor, his agents or workmen as fully as if they were the acts, defaults or neglects of the contractor, his agents or workmen.
- The Engineer should satisfy whether (a) the circumstances warrant such sub-contracting; and (b) the sub-contractors so proposed for the Work possess the experience, qualifications and equipment necessary for the job proposed to be entrusted to them in proportion to the quantum of work to be sub-contracted.
- If payments are proposed to be made directly to that sub-contractor, this should be subject to specific authorization by the prime contractor so that this arrangement does not alter the contractor's liability or obligations under the contract.

## Sub contracting

- All bidders are expected to indicate clearly in the bid, if they proposed sub-contracting elements of the works amounting to more than 20 percent of the Bid Price. For each such proposal the qualification and the experience of the identified sub-contractor in the relevant field should be furnished along with the bid to enable the employer to satisfy himself about their qualifications before agreeing for such sub-contracting and include it in the contract.
- In view of the above, normally no additional sub-contracting should arise during execution of the contract. Of course the contractor shall not be required to obtain any consent from the employer for:
  - The sub-contracting of any part of the Works for which the Sub-contractor is named in the contract;
  - The provision of labour; and
  - The purchase of materials which are in accordance with the standards specified in the Contract

## Section 3 – Special Conditions of Contract

- Clause 4 Arbitration – Selection any one of the institution
- Indicate the place where the arbitration will take place in d

### Section 4 – Contract Data

- **Most important and Critical Section**
- This section has all the contract conditions which you need to fill in based on the type of contract etc