

EVALUATION GUIDE FOR PREQUALIFICATION AND BIDDING UNDER JAPANESE ODA LOANS

Procurement of Goods and Services
(except Consulting Services)



Japan International Cooperation Agency

June 2000
(Amended January 2007 and June 2010)

version 1.0

Preface

This Evaluation Guide has been prepared by Japan International Cooperation Agency, hereinafter and throughout these documents referred to as JICA, for use by the Borrowers of Japanese ODA Loans (The term “Borrower” used in this document also refers to the Executing Agency of a project financed by Japanese ODA Loans.) in the evaluation of prequalifications and bids, in accordance with the provisions of the Guidelines for Procurement under Japanese ODA Loans, March 2009 (hereinafter called the *Procurement Guidelines*).

This document is intended specifically for assisting the Borrowers in the evaluation of prequalifications and bids through International Competitive Bidding (ICB), as well as bids through Limited International Bidding (LIB). It should also prove useful, with appropriate modifications, to the Borrowers for bid evaluation under Local Competitive Bidding (LCB) procedures. Its use is encouraged as the procedures it incorporates have been developed through broad international experience and practice and it complies with the *Procurement Guidelines*. In case of ambiguities or discrepancies between this Evaluation Guide and the provisions of the Loan Agreement or the provisions of the Prequalification / Bidding Documents, the provisions of the Loan Agreement or the Prequalification / Bidding Documents will prevail over the Evaluation Guide.

June 2010 Amendment

This amendment dated June 2010 has been made in light of the revision of the Guidelines for Procurement under Japanese ODA Loans, March 2009 (*Procurement Guidelines*).

The amended Evaluation Guide reflects the operational policies of JICA on the evaluation of the prequalification and bidding embodied in the above revised *Procurement Guidelines*.

In addition, this amendment represents the evaluation procedures stipulated in the Sample Prequalification Documents under Japanese ODA Loans (SPD) and the Sample Bidding Documents under Japanese ODA Loans, Procurement of Works (SBD), that were revised on April 2010 and June 2009 respectively, in relation to the revision of the above *Procurement Guidelines*.

Table of Contents

Preface	i
June 2010 Amendment	ii
How to Use This Guide.....	1
Section I. Evaluation Principles	3
Section II. Prequalification Evaluation	6
Section III. Bid Evaluation	14
III-1. GENERAL	14
III-2. BID EVALUATION PROCEDURE	
1. Basic Information and Bidding Process	17
2. Preliminary Examination of Bids	19
3. Determination of Substantial Responsiveness.....	21
4. Detailed Examination of Bids	24
5. Determination of Award.....	30
Annex I. Prequalification Evaluation Report Sample Forms.	35
Table 1. Identification	39
Table 2. Prequalification Process	40
Table 3. Preliminary Pass-Fail Examination of Applicant.....	41
Table 4. Qualification Evaluation Summary	42
Table 5. Proposed Prequalification Decision	47
Annex I-1. Prequalification Evaluation Summary Checklist.....	48
Annex II. Bid Evaluation Report Sample Forms	49
Table 1. Identification	54
Table 2. Bidding Process.....	55
Table 3. Bid Submission and Opening.....	56
Table 4. Bid Prices (as Read Out)	57
Table 5. Preliminary Examination and Determination of Substantial Responsiveness.....	58
Table 6. Corrections and Unconditional Discounts.....	59
Table 7. Exchange Rates	60
Table 8. Currency Conversion	61
Table 9. Additions, Adjustments, and Priced Deviations.....	62
Table 10. Proposed Contract Award	63
Annex II-1. Bid Opening Checklist.....	64
Annex II-2. Preliminary Examination.....	65
Annex II-3. Bid Evaluation Summary Checklist.....	66

How to Use This Guide

1. The evaluation guide and forms contained in this document provide typical organizational structures and step-by-step procedures for the evaluation of prequalification and bids through ICB. In all instances, the procedures of prequalification and bidding, including evaluation, shall follow the Instructions to Applicants (ITA) for prequalification and the Instructions to Bidders (ITB) for bidding of the actual Prequalification / Bidding Documents used.

2. JICA issued Sample Prequalification Documents (SPD) and Sample Bidding Documents (SBD) which are encouraged to be used by the Borrowers in conducting Prequalification and ICB procedures under Japanese ODA Loans. The following SPD and SBD are currently available:¹

- (a) Sample Prequalification Documents (SPD)
- (b) Sample Bidding Documents (SBD) - Procurement of Goods
- (c) Sample Bidding Documents (SBD) - Procurement of Works
- (d) Sample Bidding Documents (SBD) - Procurement of Small Works
- (e) Sample Bidding Documents (SBD) - Supply and Installation of Plant and Equipment.

The guide and sample forms in this document are based on the ITA in the SPD and the ITB in the SBD.

4. It is noted that evaluation and the resulting report need not necessarily be lengthy. Procurement of ordinary goods can usually be quickly and easily evaluated. In general, the complexity of the evaluation lies with larger civil works and with the supply and installation of industrial plants and equipment. The Evaluation Report should accompany the forms, attached in Annex I and Annex II, but they may be modified to suit specific requirements of the Prequalification / Bidding Documents. The report should include a number of attachments to explain details of the evaluation of prequalification and bid or to show specific controversial wording or numbers in an application and a bid. Cross-referencing should be used extensively, as well as references to relevant clauses in the Prequalification / Bidding Documents.

5. If a large project is sliced into smaller similar contracts, applications and bids are offered on individual contracts (slices or lots) or on a group of similar contracts (packages). Award is made to the combination of bids offering the lowest cost to the Borrower.

¹ Sample Request for Proposals (RFP) is also available for employment of consultants under Japanese ODA Loans.

6. The Borrowers are encouraged to study these guide and evaluation forms during project preparation, in order to properly assess the managerial and administrative capacity needed for evaluation of prequalification and bid. JICA encourages the employment of experienced consultants to assist in evaluations for large and complex contracts. The role of consultants for evaluation of prequalification and bidding is explained in this document. Cost for employing the consultants can be borne by part of Japanese ODA Loan funds, if agreed so in the Loan Agreement.

Section I. Evaluation Principles

1) Basic Principles

The evaluation work must be strictly conducted on a basis of fairness and impartiality, with due attention to considerations of economy, efficiency, transparency and non-discrimination among eligible bidders, which are general principles laid down by the *Procurement Guidelines, Section 1.01 (3)*.

2) Evaluation Organizations

The evaluation organizations are expected to be set up by the Borrower of Japanese ODA Loans. For example, the organization may consist of three tiers: (1) a responsible Department or Unit in charge, at an Executing Agency; (2) an authorized Evaluation Committee set up within or outside of the Executing Agency; (3) a higher government authority, if necessary. However, it is noted that the establishment and authority of evaluation organizations must be in full accordance with laws and regulations of the Borrower's country.

It is desirable that the Borrower clearly specifies the roles and responsibilities for evaluation procedures, taken by each party of: the Executing Agency, the Evaluation Committee and the higher authority, and also of the consultant involved in the evaluation work.

The details of the Evaluation Committee members should be provided in the evaluation report, i.e., each member's name, position in the committee, the name of company/ institution they originally belong to, and so forth.

Members of the Evaluation Committee are to be selected in full accordance with laws and regulations of the Borrower's country. The members usually include, but not limited to, the representative of the Executing Agency and the technical authorities. It is highly recommended that the consultants involved in the evaluation work be included in the members of the Evaluation Committee.

3) Role of Consultant

When a consultant is employed for the purpose of assisting the Borrower in evaluation of prequalification and bid under projects financed by Japanese ODA Loans, the consultant is expected to support and assist the evaluation process, and the Borrower is required to maintain sufficient communication

with the consultant during evaluation process. The Evaluation Report prepared by the consultant must be fully understood by members of Executing Agency and Evaluation Committee, and a clarification can be made by the consultant to the Evaluation Committee members, if requested. For this purpose, it is strongly recommended for the consultant to be present to the Evaluation Committee.

In the case of difference of opinion between the Borrower and the consultant on any important matters concerning the evaluation results, a final evaluation report must clearly state those differences. The consultant is allowed to submit a copy of their evaluation report directly to JICA (*Guidelines for the Employment of Consultants under Japanese ODA Loans, Section 2.02(3)*).

4) Record of Meeting

The Borrower is normally required to keep a record of the Evaluation Committee Meeting for concluding the evaluation results. The record should be included in the evaluation report.

5) Auditing

In order to secure transparency in the procurement procedure under Japanese ODA Loans, it is desirable for the Borrower to adopt an authorized audit system, which ensures the fair and impartial procurement procedure, in accordance with *Procurement Guidelines* as well as laws and regulations of the Borrower's country. The auditing function can be provided by the Borrower's authorized government agency or third party professional organizations.

6) Evaluation Schedule

The scheduled bid invitation date should be indicated in the Prequalification Documents. The prequalification result must be informed to the applicants within the number of days from the date of submission, as indicated in the "Instructions to Applicants". The Borrower should advise applicants of the result of their application usually within sixty (60) days after the date of submission of applications. (*Procurement Guidelines, Section 3.02, Notes 7*)

The scheduled award date should also be indicated in the Bidding Documents, and any extension of bid validity should be avoided. The Borrower should complete the evaluation of bids within the bid validity period stipulated in the Bidding Documents. (*Procurement Guidelines, Section 5.06, Notes 10*)

The recommended validity period should normally not be longer than one hundred and twenty (120) days in case of Works procurement contracts.

Section II. Prequalification Evaluation

1) Objectives of Prequalification

A prequalification procedure is, in principle, required for selecting potential contractors and suppliers for large-scale contracts or contracts with complex and highly specialized services under Japanese ODA Loans. (*Procurement Guidelines, Section 3.02*) The objectives of prequalification are:

- ◆ To ensure that invitations to bid are extended only to technically and financially qualified bidders, and to avoid awarding a contract to unqualified bidders based on superficial evaluation;
- ◆ To enable prospective bidders, who may be insufficiently qualified on their own, to avoid the expense of bidding, or to form a joint venture that may give a better chance of success; and
- ◆ To limit the number of bidders, in advance, to a manageable size for the Borrower in conducting bidding procedure and evaluation, when a large number of bidders are expected to participate.

The prequalification procedure must be conducted strictly in order to secure quality in the procurement.

2) Eligibility

The eligibility of the applicant is to be examined mainly in terms of the following four (4) points:

- ◆ An applicant shall be from an eligible source country as stipulated in the Loan Agreement;
- ◆ An applicant or any of its associates/affiliates shall be free from conflict of interest for the project (*Procurement Guidelines, Section 1.04*);
- ◆ An applicant, that has been determined to be ineligible by JICA shall not be awarded a contract; (*Procurement Guidelines, Section 1.06*); and
- ◆ An applicant shall submit only one application in the same

prequalification process, either individually as an applicant or as a partner of a joint venture. An applicant who submits, or participates in, more than one application will cause all the applications in which the applicant has participated to be disqualified. No applicant can be a subcontractor while submitting an application individually or as a partner of joint venture in the same Prequalification process. A subcontractor in any application may participate in more than one application, but only in that capacity.

**3) Evaluation
Criteria of
Prequalification**

It is desirable that the Prequalification Criteria are prepared at the same time as the Prequalification Documents are prepared. The Criteria must be prepared before the closing date of prequalification submission at the latest, and the Criteria should not be changed during the Prequalification Evaluation process. The Prequalification Evaluation Criteria are subject to review and concurrence of JICA, if it is stipulated so in the Loan Agreement.

**4) Evaluation
Procedure**

Stage-1, “Preliminary Examination”, is to assess the document formality required in the Prequalification Documents, for each applicant with pass-or-fail criteria. It is necessary to confirm one by one, whether the submitted documents and their format are in conformity with the requirement.

Stage-2, “Qualification Evaluation” is to examine whether submitted documents comply with the qualification requirements by using pass-or-fail criteria. If the level of qualification requirements is too high, it tends to limit the number of bidders, and in the reverse case it tends to allow unqualified bidders to be passed through for the bidding. Thus the qualification requirements must be set up carefully for each project. In principle, an applicant is to be disqualified if it does not satisfy any of the qualification requirements.

The evaluation work must be carried out by following the criteria set up beforehand, and the method must be based on absolute evaluation, not by comparative evaluation. The following items are to be noted in setting up criteria and conducting evaluation.

(1) Eligibility

- Nationality

The applicant shall be from an eligible source country

as stipulated in the Loan Agreement.

- Conflict of Interest

The applicant or any of its associates/affiliates shall have no conflict of interest.

- JICA Ineligibility

The applicant, that has been determined to be ineligible by JICA in accordance with *Procurement Guidelines, Section 1.06: "Corrupt or Fraudulent Practices"*, shall not be awarded a contract.

(2) Historical Contract Non-Performance

- History of Non-Performing Contracts

Non-performance of a contract did not occur within the last number of years specified in the Prequalification Documents, prior to the deadline for application submission based on all information on fully settled disputes or litigation.

- Pending Litigation

All pending litigation shall in total not represent more than the percentage, specified in the Prequalification Documents, of the applicant's net worth and shall be treated as resolved against the applicant.

(3) Financial Situation

- Financial Performance

The applicant shall submit audited balance sheets² or if not required by the law of the applicant's country, other financial statements acceptable to the Employer, for the last number of years specified in the Prequalification Documents, to demonstrate the current soundness of the applicant's financial position and its prospective long term profitability.

As the minimum requirement, an applicant's net worth calculated as the difference between total assets and total liabilities should be positive.

- Average Annual Construction Turnover

² In case of an applicant that is a parent company/corporation having capital ties with its sister companies, the submission of its consolidated balance sheets should be required.

Minimum average annual construction turnover of the amount in US\$ specified in the PQ Documents, calculated as total certified payments received for contracts in progress or completed, within the last number of years specified in the Prequalification Documents.

The minimum percentage requirement given to this criterion is detailed in Clause 5). Evaluation of Joint Venture below.

(4) Experience

- General Construction Experience

Experience under construction contracts in the role of contractor, subcontractor, or management contractor³ for at least the last number of years specified in the Prequalification Documents, prior to the application submission deadline, and with activity in at least nine (9) months in each year.

- Specific Construction Experience

(a) Experience exclusively in the role of prime contractor, in at least the number of contracts specified in the Prequalification Documents, within the last number of years specified in the Prequalification Documents, that have been successfully and substantially completed and that are similar to the proposed works.

(b) For the above or other contracts executed during the period stipulated in (3)(a) above, a minimum construction experience, as prime contractor, management contractor, or subcontractor, in the key activities specified in the Prequalification Documents.

5) Evaluation of Joint Venture

The evaluation for joint ventures is to be conducted based on the following method, as described in *Annex I, Table 4*.

(a) JV Compliance Requirements

³ A management contractor is a firm which takes on the role of contract management as a “general” contractor of sort could do. It does not normally perform directly the construction work(s) associated with the contract. Rather, it manages the work of other (sub) contractors while bearing full responsibility and risk for price, quality, and timely performance of the work contract.

(i) All Partners Combined

“All Partners Combined” represents the status in which all JV members shall be deemed to be combined as “one applicant” and the JV shall be considered responsive to the qualification requirements stipulated in the Prequalification Documents on the condition that any members of the JV meet the qualification criteria, even though one or more of the members in the JV fail to meet them. This JV compliance requirement is applied in the situation where the prequalification requirements are relatively rigid and each member of the JV is not necessarily expected to meet the criteria as long as all members of the JV meet them as a whole.

(ii) Each Partner

Each member of the JV shall individually meet the qualification criteria stipulated in the Prequalification Documents. This JV compliance requirement aims at ensuring a particular level of the technical or financial capacities of all members of the JV, while avoiding the situation where any individual member of the JV does not meet the prequalification requirements.

(iii) At Least One Partner

This JV compliance requirement is applied when at least one member of the JV, who can be a leading member of the JV in terms of its technical or financial capacities in executing the contract, shall meet the qualification criteria stipulated in the Prequalification Documents.

(b) JV Minimum Percentage Requirements

Only for “Average Annual Construction Turnover” of Financial Situation stipulated in 3.2 of Annex I, Table 4, the following minimum percentage requirements of the JV members shall be applied;

(i) Each member of the JV is required to meet individually a particular percentage (usually not less

than 25%) of the qualification requirements.

- (ii) At least one member of the JV is required to meet a particular percentage (usually not less than 40%) of the qualification requirements.

6) Evaluation of Subcontractors

Only the qualifications of subcontractors in charge of key activities of the works, that have been clearly identified in the application, may be considered in the application of an applicant for “Specific Construction Experience” criterion, as stipulated in 4.2 (b) of *Annex I, Table 4*.

7) Changes in Qualifications of Applicants

Any change in the structure or formation of an applicant after being prequalified and invited to bid shall be subject to a written approval of the Borrower prior to the deadline for submission of bids. Any such changes shall be submitted to the Borrower not later than fourteen (14) days after the date of the Invitation for Bids. Such approval shall be denied if as a consequence of the change;

- (a) the prequalified applicant, after the change, no longer substantially meets the qualification criteria set forth in *Annex I, Table 4*, or
- (b) in the opinion of the Borrower, a substantial reduction in competition may result.

8) “Slice and Package” Contracts Evaluation

In case of prequalification for “slice and package” contracts, the Borrower will prequalify each applicant for a maximum contract value (bidding capacity). An applicant shall be allowed to bid for any contract within its bidding capacity. However, it may only be awarded a maximum number of contracts for which it meets the aggregated requirements of such contract combination (award capacity). A bidder’s award capacity will be determined during bid evaluation when additional information such as (i) current contract commitments, (ii) cash flow capacity, (iii) equipment to be allocated, and (iv) personnel to be fielded will be assessed. (Refer to *How to Use This Guide 5*. for “slice and package”).

9) Prequalification with Conditionality

In principle, no applicants should be prequalified with conditionality.

**10) Relaxation of
Prequalification
Criteria**

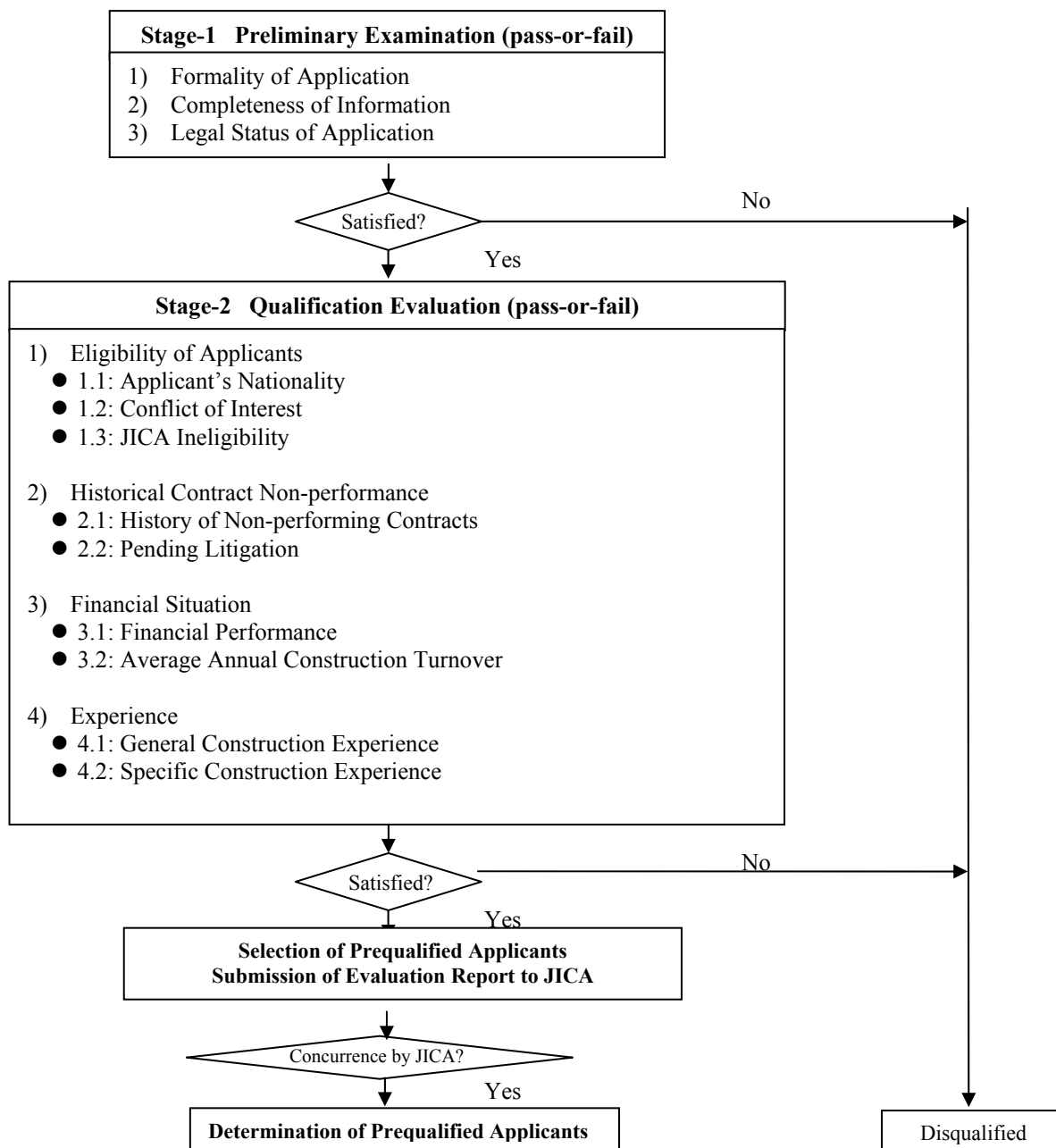
The prequalification criteria should be applied rigidly when prequalification evaluation is carried out. Relaxation of prequalification criteria to favor firms in the Borrower's country (e.g., an extremely broad of a "similar experience") or the relaxation of criteria during prequalification evaluation with justification of ensuring competition is not allowed, in light of "emphasis on quality." (*Procurement Guidelines, 3.02, Notes 2 (06)*)

**11) Limiting the
Number of
Bidders**

It is not acceptable to set a limit on the number of successful applicants prior to the evaluation of prequalification. All applicants meeting the prequalification criteria specified shall be allowed to bid. However, it is also important to set the criteria so that a reasonable number of applicants, normally no more than ten (10), shall be qualified. An excessive number of applicants taking part in the bid is not preferable, because it will increase the burden of the Borrower when evaluating the bid proposals. (*Procurement Guidelines, Section 3.02, Notes 3 (01)*)

**12) Review and
Concurrence by
JICA**

The result of prequalification is subject to review and concurrence by JICA, if stipulated so in the Loan Agreement. The Prequalification Evaluation Report will be submitted to JICA with the authorized signature of the Borrower.

Typical Prequalification Procedure for Contracts under Japanese ODA Loans

Section III. Bid Evaluation

III-1. GENERAL

1. Purpose of Bid Evaluation

The main purpose of bid evaluation is to determine the lowest evaluated and substantially responsive bid among the bids submitted before the bid closing time on the date specified in the Bidding Documents. The lowest evaluated substantially responsive bid may or may not necessarily be the lowest priced bid. In order to determine accurately the lowest evaluated substantially responsive bid in accordance with the terms and conditions of the Bidding Documents, a systematic evaluation procedure designed to cover all aspects of the evaluation process should be followed.

2. Bidding Procedures under International Competitive Bidding

JICA has adopted three international bidding procedures which may be selected by the Borrower to suit the nature of the particular procurement: (i) Single-Stage: One-Envelope, (ii) Single-Stage: Two-Envelope, and (iii) Two-Stage. The use of Single-Stage: Two-Envelope and Two-Stage bidding procedures must be agreed upon by JICA and the Borrower. (*Procurement Guidelines, Section 2.03*).

1) Single-Stage: One-Envelope Bidding Procedure

In the Single-Stage: One-Envelope bidding procedure, the bidders submit bids in one envelope containing both the technical and the financial proposals, which are opened in public at the date and time advised in the Bidding Documents. The bids are evaluated and, following review and concurrence by JICA, the contract is awarded to the lowest evaluated bidder.

2) Single-Stage: Two-Envelope Bidding Procedure

In the Single-Stage: Two-Envelope bidding procedure, the bidders submit simultaneously two sealed envelopes, one containing the technical proposal and the other the financial proposal. Initially, only technical proposals are opened at the date and time advised in the Bidding Documents. The financial proposals remain sealed and are held in custody by the Borrower. The technical proposals are evaluated by the Borrower, while no amendments or changes to the technical proposals are permitted. The objective of this exercise is to allow the Borrower to evaluate the technical proposals without reference to price. Bids of bidders who do not conform to the specified technical requirements and/or are not acceptable in terms of performance, technical or service factors may be rejected, with the review and

concurrence of JICA. The technical evaluation result will be subject to review and concurrence by JICA. Following the technical evaluation, the financial proposals of the technically responsive bidders are opened in public and the financial proposals are evaluated. Following review and concurrence by JICA, the award of contract is made to the lowest evaluated bidder. The financial proposals of the bidders whose technical proposals have been determined not to conform to the technical specifications shall promptly be returned unopened to the bidders concerned.

Single-Stage: Two-Envelope bidding procedure is applied in the case of works, machinery and equipment for which complete technical specifications are prepared in advance.

JICA recommends the use of Single-Stage: Two-Envelope bidding procedure in terms of the emphasis on quality, as price competition exists only among bidders who have passed the technical evaluation. (*Procurement Guidelines, Section 2.03*) The use of this procedure must be agreed upon by JICA and the Borrower and stipulated in the relevant Loan Agreement.

3) Two-Stage Bidding Procedure

In the Two-Stage bidding procedure, the bidders first of all submit their technical offers, on the basis of the minimum operating and performance requirements, but without prices. The technical offers are opened at the date and time advised in the Bidding Documents. The technical offers are evaluated by the Borrower and discussed with the bidders. Any deficiencies, irrelevant provisions and unsatisfactory technical features are pointed out to the bidders whose comments are carefully evaluated. The bidders are allowed to revise or adjust their technical offers to meet the requirement of the Borrower. The objective of the exercise is to ensure that all technical proposals conform to the same acceptable technical standard and meet the technical requirements of the Borrower. Bids of bidders who are unable to amend their technical offers so as to conform to the technical requirement may be rejected, with the review and concurrence of JICA. After the evaluation of technical offers and amended Bidding Documents, if any, being reviewed and concurred by JICA, the second stage is to invite bidders to submit final technical proposals and financial proposals. The final technical and financial proposals are opened in public at a date and time advised by the Borrower. Then, the evaluation of

the final technical and financial proposals is carried out, and following review and concurrence by JICA, the award of contract is made to the lowest evaluated bidder.

Two-Stage bidding procedure is applied in the case of turnkey contracts, contracts for large and complex plants or procurement of equipment, which is subject to rapid technological advances, for which it may be undesirable or impractical to prepare complete technical specifications in advance. It should be noted that in the experience of JICA, the application of this bidding method is relatively rare. The use of this procedure must be agreed upon by JICA and the Borrower and stipulated in the relevant Loan Agreement.

III-2. BID EVALUATION PROCEDURE

The evaluation procedure described below is generally adequate for an efficient evaluation of bids to determine the lowest evaluated substantially responsive bid in accordance with the terms, conditions and specifications stipulated in the Bidding Documents. Furthermore, the evaluation procedure, if strictly followed, will provide fairness to all bidders, as it will produce a transparent, fair and accurate outcome of the bidding. There are five stages in the bid evaluation process, which should be followed in a logical sequence. These procedures are described based on Single-Stage: One-Envelope bidding, but they are also applicable for Single-Stage: Two-Envelope and Two-Stage bidding. See the previous part of Section III for difference in the procedures.

A detailed report on the evaluation and comparison of bids setting for the specific reasons on which determination of the lowest evaluated bid was based shall be prepared by the Borrower (*Procurement Guidelines, Section 5.08*). Such report should include information and documentation to establish, to the satisfaction of JICA, that the basic principles stipulated in the Loan Agreement and *Procurement Guidelines* are followed in the bidding, bid evaluation process, and the proposed award of contract. Annex II is a set of tables recommended to be included in the bid evaluation report, which is in accordance with the following evaluation procedures.

1. Basic Information and Bidding Process

1) Identification, Bidding Process, and Bid Submission

Table 1. Identification, *Table 2.* Bidding Process, and *Table 3.* Bid Submission and Opening of *Annex II* are provided for the filing of basic information on the procurement process. This information is necessary to monitor compliance with the Loan Agreement as well as the *Procurement Guidelines*.

2) Bid Opening

All bids received prior to the bid submission deadline shall be opened at the time, date and place specified in the ITB. All bidders or their representatives shall be permitted to attend the bid opening, and all those present at the bid opening shall be required to sign the attendance sheet.

A record of bid opening is prepared for prompt transmittal to JICA, in accordance with the *Procurement Guidelines, Section 5.02*. The copies should be sent to all bidders. To assist in carrying out the opening and preparing of the record, a checklist is provided in *Annex II-1*. The checklist should be filled out for each bid during the actual reading out at the meeting. The reading should be from the original version of each bid, and the

actual amounts and other key details read out should be circled for later verification. If bids are expressed in multiple currencies, the amount expressed in each currency should be recorded.

Any envelopes containing substitutions, modifications or withdrawals must be subject to the same level of scrutiny, including the reading out of critical details, such as price changes. Failure to read out such information and include it in the written record may result in denial of its inclusion in bid evaluation. If a bid has been withdrawn by cable, it should nonetheless be read out and should not be returned to the bidder until the authenticity of the withdrawal notice has been confirmed.

Bids received after the deadline for receipt of bids should be rejected as stated in the *Procurement Guidelines, Section 5.02*. Such bids shall be returned unopened to the bidder. A summary of the read-out bid prices, name of representatives of bidders and their signature should be provided in *Annex II, Table 4*.

3) Bid Validity

The duration of the validity of each bid should be the one specified in the ITB and should be confirmed in the signed (form of) bid. It is not preferable to extend the original bid validity period without any clear justification and necessity, as stipulated in the *Procurement Guidelines, Section 4.03, Notes 4*). However, if exceptional circumstances occur in which award cannot be made within the validity period, extensions in writing should be requested to bidders, in accordance with the ITB. Extensions to the validity of bid security should also be requested to bidders. The Borrower is advised to consult with JICA before requesting such extension. Note any extensions in *Annex II, Table 3*.

4) Process to be Confidential

After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the successful bidder is notified of the award of contract (*Procurement Guidelines, Section 5.04*).

5) Clarification or Alteration of Bids

No bidder shall be requested or permitted to alter its bid after the bids have been opened. Only clarifications not changing the substance of the bid are acceptable. The Borrower may ask any

bidder for a clarification of the bid, but shall not permit any bidder to change the substance or price of the bid (*Procurement Guidelines, Section 5.03*).

6) Rejection of Bids

Bidding documents usually provide that the Borrower may reject all bids. Rejection of all bids may be justified when (a) the lowest bid exceeds the cost estimate by a substantial amount, (b) no bid is substantially responsive to the Bidding Documents or (c) there is a lack of competition. However, all bids shall not be rejected solely for the purpose of obtaining lower prices in the new bids to be invited on the same specifications. If all bids are rejected, the Borrower shall review factors that made such rejection necessary and consider either revision of the specifications or modification of the project (or the amounts of work or items in the original invitation to bid), or both, before inviting new bids.

Where exceptional circumstances justify this, the Borrower may, as an alternative to rebidding, negotiate with the lowest evaluated bidder (or, failing a satisfactory result of such negotiation, with the next-lowest evaluated bidder) to try to obtain a satisfactory contract. (*Procurement Guidelines, Section 5.10*).

However, a substantial reduction in the scope or modification to the contract documents may require rebidding. (*Procurement Guidelines, Section 5.10, Notes 4 (02)*).

2. Preliminary Examination of Bids

The purpose of Preliminary Examination is to confirm whether the bids received were complete as required by the Bidding Documents before conducting further detailed evaluation. If a bid contains inadmissible reservations or is not substantially responsive to the Bidding Documents, it shall be rejected. A preliminary examination shall then be made to evaluate each responsive bid and to enable bids to be compared (*Procurement Guidelines, Section 5.05*). The following items should be carefully examined.

1) Verification

Attention should be directed toward deficiencies that, if accepted, would provide unfair advantages to the bidder. The areas to be covered by this examination are:

- (a) whether bid documents have been properly signed or not;

- (b) whether a power of attorney for the authorized person has been submitted or not;
- (c) whether joint venture agreements, if required, are submitted or not;
- (d) whether documents, required to assess the post qualification of a bidder with respect to its financial and technical capability to undertake the contract, have been provided or not.

All copies of the bid should be compared with the original and corrected accordingly, if necessary. Thereafter, the original should be kept in a safe location, and only copies should be used in evaluation.

2) Eligibility

(a) Eligibility of Bidders

The bidder must be a national from or a juridical person incorporated and registered in an eligible source country as defined in the relevant Loan Agreement. All partners to a joint venture must be also from an eligible source country. If prequalification has taken place, only bids from prequalified bidders can be considered. A bidder (including all members of a joint venture and subcontractors) may be disqualified if affiliated with a firm that has provided related consulting services on the project in accordance with the *Procurement Guidelines (Section 1.04 (1) and (2))*.

(b) Eligibility of Goods and Services

All goods and services to be supplied under the contract and financed by JICA shall originate from eligible source countries as defined in the relevant Loan Agreement.

3) Bid Security

The Bidding Documents generally require submission of a bid security. The bid security must conform to the requirements of the ITB, and it must be accompanied with the bid. If the bid security is issued as a bank guarantee, it must be consistent with the wording of the bid security form provided in the Bidding Documents. Securities for an amount smaller or for a period shorter than the one specified in the ITB are not acceptable. The

security for a bid submitted by a joint venture should be in the name of all the partners of the joint venture. (*Procurement Guidelines, Section 4.03*)

4) Completeness of Bid

Unless the Bidding Documents have specifically allowed partial bids—permitting bidders to quote for only selected items or for only partial quantities of a particular item—bids not offering all of the required items should ordinarily be considered nonresponsive. However, under civil works contracts, missing prices for occasional work items are considered to be included in prices for closely related items elsewhere. If any erasures, interlineations, additions, or other changes have been made, they should be initialed by the bidder. They may be acceptable if they are corrective, editorial, or explanatory. If they are not, they should be treated as deviations and should be analyzed in the next step described in 3. “Determination of Substantial Responsiveness” below. Missing pages in the original copy of the bid may be a cause for rejection of the bid, as may contradictions in model numbers or other designations of critical supply items.

3. Determination of Substantial Responsiveness

The scrutiny of bids for substantial responsiveness to the provisions of the Bidding Documents is one of the most important aspects of the evaluation of bids. A bid is considered substantially responsive if it does not contain any Material Deviation, Reservation, or Omission from the Bidding Documents or conditions which cannot be determined reasonably in terms of monetary value for financial adjustment. A material deviation, reservation, or omission is one that (a) if accepted, would (i) affect in any substantial way the scope, quality or performance of the works specified in the contract; or (ii) limit in any substantial way, inconsistent with the Bidding Documents, the Borrower’s rights or the bidder’s obligations under the proposed contract; (b) if rectified, would fairly affect the competitive position of other bidders presenting substantially responsive bids. The purpose of this exercise is to reject bids which are not substantially responsive to major commercial and technical requirements.

1) Substantial Responsiveness to Commercial Terms and Conditions

All bids must be checked for substantial responsiveness to the commercial terms and conditions of the Bidding Documents. Examples of nonconformity to commercial terms and conditions, which are justifiable grounds for rejection of a bid are:

- (a) failure to sign the Bid Form and Price Schedules by the authorized person or persons;
- (b) failure to satisfy eligibility requirements, (e.g., bidder or contractor are not from an eligible source country, as defined in the Loan Agreement);
- (c) failure to submit a bid security as specified in the Bidding Documents;
- (d) failure to satisfy the bid validity period (e.g., the bid validity period is shorter than specified in the Bidding Documents);
- (e) inability to meet the critical delivery schedule or work schedule clearly specified in the Bidding Documents, where such schedule is a crucial condition with which bidders must comply;
- (f) failure to comply with minimum cash flow (Financial Resources^{4 5}), personnel, and equipment requirements as specified in the Bidding Documents;
- (g) conditional bids, i.e., conditions in a bid which limit the bidder's responsibility to accept an award (e.g., acceptance of the award is subject to government's approval for export, or a bid submitted with a price escalation condition when a fixed price bid is specified etc.);
- (h) inability to accept the price adjustment formulae of the

⁴ In contracts for procurement of works, Bidders will be required at the bidding stage to demonstrate their cash flow to verify the soundness and stability of their financial circumstances. The cash flow should be calculated by following the procedure below:

“Indicate the construction cash flow for a number of months (to the nearest half-month), determined as the total time needed by the Employer to pay a contractor's invoice, allowing for (a) the actual time consumed for construction, from the beginning of the month invoiced, (b) the time needed by the Engineer to issue the monthly payment certificate, (c) the time needed by the Employer to pay the amount certified, and (d) a contingency period of one month to allow for unforeseen delays. The total period should not exceed six (6) months. The assessment of the monthly amount may be based on a straight-line projection of the estimated cash flow requirement, over the particular contract period, neglecting the effect of any advance payment and retention monies, but including contingency allowance in the estimated contract cost.”

⁵ In case of bidders in the formation of joint ventures, minimum percentage requirements for each and at least one partner of the JV will be applied to this criterion.

Bidding Documents;

- (i) failure to submit major supporting documents required by the Bidding Documents to determine substantial responsiveness of a bid.

2) Substantial Responsiveness to Technical Requirements

All bids must be checked for substantial responsiveness to the technical requirements of the Bidding Documents. Examples of nonconformity to technical requirements, which are justifiable grounds for rejection of a bid are as follows:

- (a) failure to bid for the required scope of work (e.g., for the entire civil works or a complete package or a complete schedule) as instructed in the Bidding Documents and where failure to do so has been indicated as unacceptable;
- (b) failure to quote for a major item in the package;
- (c) failure to meet major technical requirements (e.g., offering completely different types of equipment or materials from the types specified, plant capacity well below the minimum specified, equipment not able to perform the basic functions for which it is intended, etc).
- (d) presentation of absolutely unrealistic and inadequate implementation plans and schedules regarding performance, technical or service factors (refer to Clause 7) Adjustments, 4. "Detailed Examination of Bids").

3) Safety Plans

Safety measures that bidders propose in their technical proposals will be considered for evaluation. Bidders are also requested to propose an accident prevention officer, especially for the projects in which extra cares and precautions should be taken as the safety of personnel in the site are likely to be endangered. The accident prevention officer and other safety-related officers that bidders propose in their technical proposals for the purpose of maintaining the safety of their personnel are regarded as key personnel and will be evaluated accordingly.

4) Nonmaterial Nonconformities

If a bid has been determined substantially responsive, the Borrower may waive any nonconformities in the bid that do not

constitute a material deviation, reservation or omission. The nature of such nonconformities varies from contract to contract and depends on the specific requirements of the contract.

Nonconformities that will affect the cost should be expressed in monetary terms and added to the evaluated bid price during detailed examination. Other nonconformities that will not have any effect on price or quality of the goods, civil works and other services offered may be accepted for evaluation purposes without price adjustment.

5) Results of Preliminary Examination / Determination of Substantial Responsiveness of Bids

The results of preliminary examination and determination of substantial responsiveness of bids should be presented in *Annex II, Table 5*. For a bid that has failed to pass the preliminary examination and determination of substantial responsiveness of bids, the reasons must be clearly explained in footnotes or in an attachment, as necessary. An example is shown in *Annex II-2*. The Borrower may find it useful to include additional tables for itemization of responsiveness in a list of technical or commercial specifications. These should be attached to *Annex II, Table 5*.

4. Detailed Examination of Bids

Only those bids surviving preliminary examination and determined to be substantially responsive need to be examined in this phase.

1) Corrections for Errors

Any arithmetical errors must be rectified, as being described in the ITB. The read-out bid prices and their corrections should be noted in *Annex II, Table 6, column (d)*. The corrections are considered binding on the bidder. Unusual or large corrections that could affect the comparative ranking of bids should be explained in footnotes.

2) Corrections for Provisional Sums

Bids may contain provisional sums set by the Borrower for contingencies or for nominated subcontractors, etc. These indicated below are the major types of the provisional sums which shall be taken into account in correcting Bids for errors;

(a) Provisional Sums for Contingencies

Provisional sums for contingencies are budgetary items only, and

are not bid competitively. They may be a fixed amount, or a percentage of the bid price as a whole or the bid price of the specific schedules of the Bill of Quantities as specified in the Bidding Documents. As contingencies are not bid competitively, they must be excluded for evaluation purposes and thus subtracted from the read-out prices in *Annex II, Table 6, column (e)*, to allow for a proper comparison of bids in subsequent steps.

(b) Provisional Sums for Dayworks

These are commonly found in contracts where the likely incidence of unforeseen works cannot be covered by definitive descriptions and estimated quantities in the Bill of Quantities. Dayworks are works carried out as directed by the appropriate authority stipulated in the Bidding Documents. They are paid for on the basis of the time spent and the resources employed by the contractor comprising workers, materials and equipment at unit rates quoted in the bid. Dayworks shall be included for bid evaluation purposes only if priced competitively. To be priced competitively, the Borrower must provide nominal quantities for each item in the daywork schedule and bidders shall quote both unit rates and the products of the nominal quantities for each item. The total of the daywork schedule is then included in the bid price for evaluation purposes. If nominal quantities are not specified by the Borrower or the unit rates are not priced competitively, dayworks shall be excluded for evaluation purposes and subtracted from the read-out prices in *Annex II, Table 6, column (e)*.

(c) Other Provisional Sums

Other provisional sums are sometimes included by the Borrower in schedules of the Bill of Quantities, to cover services to be provided by the bidder that cannot be accurately described or quantified in the Bill of Quantities. Payment to the bidder is usually made by the Borrower against receipts supplied by the bidder for the services supplied, normally with an additional specified percentage for use of the bidder's funds. As the provisional sums are stipulated in the Bill of Quantities by the Borrower, they are not priced competitively and shall be excluded for evaluation purposes, and thus subtracted from the read-out prices in *Annex II, Table 6, column (e)*.

3) Modifications

In accordance with the ITB, bidders are allowed to submit, prior

and Discounts

to bid opening, modifications to their original bid. The impact of modifications should be fully reflected in the examination and evaluation of the bids. These modifications may include either increases or discounts to the bid amounts that reflect last-minute business decisions. Accordingly, the original bid prices should be modified at this point in the evaluation. Discounts offered in accordance with the ITB that are conditional on the simultaneous award of other contracts or lots of the contract package (cross-discounts) shall not be incorporated until the completion of all other evaluation steps. The effect of unconditional discounts (or alternatively, increases) should be shown as in *Annex II, Table 6 column (g) and (h)*. Any discount expressed in percent must be applied to the appropriate base specified in the bid (i.e., check to see if it applies to any provisional sums).

4) Currency Conversion

The remaining bids as corrected for arithmetical errors and provisional sums, and as adjusted for discounts shall be converted to a single currency selected by the Borrower and stated in ITB. The exchange rates to be used in the calculations must be specified in ITB and are to be listed in *Annex II, Table 7*. The conversion to a single currency should be shown in *Annex II, Table 8. (Procurement Guidelines, Section 4.10)*

5) Analysis of Bill of Quantities and Unit Rates**(a) Analysis of Prices**

The Analysis of prices for components of the Bill of Quantities and for unit rates of a bid is carried out for the following four (4) purposes:

- (i) to examine whether the unit rates of the bid are balanced. A bid is considered unbalanced if the unit rates are substantially higher or lower, in relation to the estimate and the rates quoted by other bidders, for items of work to be performed early in the contract or for underestimated quantities for certain items of work. Details of unbalanced bid are given in (b) below.
- (ii) to verify whether the bid price is reasonable. An unreasonably low bid price may reflect the bidder's misunderstanding of the specifications and, accordingly, this bidder may incur substantial financial losses and fail to complete the work satisfactorily if awarded the contract. To determine the reasonableness of a bid price, it is

necessary to consider all circumstances affecting the bid. A bid should not be rejected solely because the bid price exceeds or is lower by a certain percentage of the estimate.

(iii) to verify whether the Bill of Quantities is complete. JICA's Sample Bidding Documents for Procurement of Works contain a provision that the cost of items against which the bidder has failed to enter a rate or price shall be deemed to be covered by other rates and prices entered in the Bill of Quantities.⁶ Accordingly, there should be no adjustments for missing items in the Bill of Quantities unless the Bidding Documents specify otherwise. If, however, a bidder does not quote a price for one complete bill, for bid evaluation purposes price adjustment should be made for the missing bill, unless the missing bill is for a major component of the works, in which case, the bid should be rejected.

(iv) to examine the completeness of unit rates. Where Bidding Documents require the bidder to provide drawings and/ or the breakdown of the price of any bid item in support of its unit rate or price for that item, any components that are missing from the drawings and/ or the breakdown of the price of a bid item shall be loaded during evaluation for the price of the missing component.

(b) Unbalanced Bids

Unbalanced Bids can usually be classified into the following two (2) main categories.

(i) Higher Unit Prices for Earlier Works

Under this category, a bidder may purposely quote relatively high unit prices for those work elements to be performed early in the contract period so as to increase the up-front payments. The same situation can arise in some supply, delivery and installation contracts. This results in a higher cost for the Borrower (i.e., interest on early payment) and more importantly, the incentives for the contractor to complete the works are considerably

⁶ For details, see Section IV: Bidding Forms "Bill of Quantities" in the SBD (Procurement of Works).

reduced since the payments the contractor will receive during later phases of the contract may consequently be smaller than the actual costs. As a means of preventing this, a higher performance security at the contractor's expense could be required to protect the Borrower against financial loss in the event of default of the contract of the successful bidder.

(ii) Higher Unit Rates for Underestimated Items

In this category, a bidder who has reason to believe that the quantities given in the Bill of Quantities for one or more work items are underestimated will quote unduly high prices for those items. In most contracts for procurement of works, both the contractor and the Borrower are protected from such technical errors by incorporating the provision that a new unit price will be negotiated if the actual quantity of work executed under the item exceeds or falls short of the quantity set out in the Bill of Quantities by more than 25 percent.⁷ If such provision is not included in the Bidding Documents, then at the time of contract negotiations, agreement should be reached to include the above provision as part of the Contract, rather than rejecting the bid.

**6) Priced
Deviations**

As discussed under 3. "Determination of Substantial Responsiveness" above, bids with nonmaterial nonconformities may be considered substantially responsive if their further consideration assigns a monetary cost or penalty to the bid for the purpose of bid comparison, as described in the followings:

- (a) Requests for deviations that are expressed by the bidder in vague terms, such as "we would like an increase in the amount of mobilization advance" or "we wish to discuss changes in the completion schedule" should ordinarily be ignored in bid evaluation. However, a categorical statement by the bidders taking exception to a requirement in the Bidding Documents should be treated as a deviation;
- (b) If a bid requires a faster payment stream than specified in the Bidding Documents, the penalty is based on the prospective

⁷ For details, see GC 12.3 in the SBD (Procurement of Works).

benefit to the bidder. This situation assumes use of a discounted cash flow using the prevailing commercial interest rates for the currencies of the bid, unless the ITB foresees the eventuality and specifies a rate;

- (c) If a bid provides for a delivery or completion that is beyond the date specified in the Bidding Documents but that is nonetheless technically acceptable to the Borrower, the time advantage given should be assessed a penalty specified in the ITB or, if one is not provided, based on the rate of liquidated damages specified in the Bidding Documents.

The deviations should be priced in the evaluation currency in *Annex II, Table 9, column (d)*.

7) Adjustments

The bid evaluation may take account of performance, technical or service factors. The Borrower shall examine plans and schedules of these factors to determine whether they are acceptable or not. These factors shall comprehensively be well arranged for smooth and prompt project implementation. For example:

For plant and equipment contract (see SBD (Plant), ITB 25.3);

- Time Schedule (program of performance)
- Operating and Maintenance Costs
- Functional Guarantee of the Facilities
- Work, Services, Facilities etc., to be provided by the Borrower

For goods contract;

- Delivery Schedule
- Deviation in Payment Schedule
- Cost of Major Replacement Components, Mandatory Spare Parts, and Service
- Availability in the Purchaser's Country of Spare Parts and After sales Services for Equipment Offered in the Bid
- Projected Operating and Maintenance Costs
- Performance and Productivity of the Equipment

In case some factors can be converted to monetary terms, the methodology used in evaluation of these factors should be precisely described in the bid evaluation report and should be fully consistent with the ITB provisions. Bonuses and additional

credits that reduce the evaluated bid price will not be given in the bid evaluation for features that exceed the requirements stated in the Bidding Documents, unless specifically provided for in the ITB. The value of adjustments will be expressed in terms of cost, for all works, plant and equipment and most goods contracts, and should be shown in *Annex II, Table 9, column (e)* and expressed in the evaluation currency.

8) Domestic Preference

Some Borrowers wish to employ the so-called Preferential Margin / Domestic Preference measures (to give preference to domestic companies in the Borrower's country, a certain percentage for customs duties and so on is added to bid prices by foreign companies so that domestic companies are awarded the contract), when comparing bids, with a view to promoting (or giving preference to) domestic businesses, but this is not permitted by JICA. Furthermore, it is not permitted to take indirect preferential measures favouring domestic businesses, where, for example, more than a certain ratio of domestic production or specification of a domestic production ratio is required in the bidding. (*Procurement Guidelines, Section 5.06, Notes 5*)

5. Determination of Award

In the comparison of bids for most contracts procuring goods and services, except for consulting services, the corrected and discounted bid prices, together with adjustments for omissions, deviations, and specified evaluation factors, have been noted in *Annex II, Table 9*. The bidder with the lowest total is the lowest evaluated cost bidder at this stage, subject to:

- ♦ Application of any discounts, contingent on the simultaneous award of multiple contracts or lots; and
- ♦ Postqualification evaluation, or, if prequalification has occurred, confirmation of prequalification information.

1) Cross-Discounts

These are conditional discounts offered in the event that more than one contract or lot will be awarded to the same bidder. Bid evaluation in such cases can be quite complicated. The sizes of cross-discounts offered by each bidder may vary with the potential number of contracts awarded. The ITB may also limit the number or total value of awards to a bidder on the basis of its

financial and technical capacity.⁸ Thus, a bidder offering the lowest evaluated bid on a particular contract may be denied award because of such a restriction. The Borrower shall select the optimum combination of awards on the basis of least overall cost of the total contract package, consistent with the qualification criteria. Presentations of the calculations should be made on an attachment to the report, which should include the bid evaluation(s) for the other contracts, if they have been evaluated separately.

2) Qualification

If prequalification was conducted, the bidder whose bid is the lowest evaluated should receive the award, unless the bidder's qualifications have since materially deteriorated or the bidder has since received additional work that overstresses its capacity. The Borrower should satisfy itself fully on both accounts. The Borrower is recommended to request bidders to update information concerned as necessary.

Where prequalification has not occurred, the prospective awardee should be subjected to postqualification, the procedures for which are described in the ITB in accordance with the *Procurement Guidelines, Section 5.07*.⁹

If the lowest evaluated bidder fails in postqualification examination, its bid should be rejected, and the next ranked bidder should then be subject to postqualification examination. If successful, this bidder should receive the award, otherwise the process continues.

The rejection of a bid for reasons of qualification requires substantial justification, which should be clearly documented in attachments to the report. A history of poor performance may be considered as a substantial justification.

3) Alternative Bids

The ITB may request or allow the Borrower to accept alternative bids under the stipulation that only the alternative submitted by the lowest evaluated bidder and conforming to the Bidding Documents will be considered.

Calculations for the evaluation of alternatives should be provided

⁸ This restriction may originate in prequalification.

⁹ SPD provides useful information for postqualification evaluations.

in an attachment to the report.

4) Proposed Award

The amount of the proposed award shall be the bid price as submitted by the winning bidder and adjusted as described in the ITB for corrections, any discounts (including cross-discounts), and acceptance by the Borrower of alternative offers from the lowest evaluated bidder. Adjustments to the final price and scope of the contract to allow for acceptable omissions and quantity variations may be made through negotiation with the lowest evaluated bidder. Prior concurrence of JICA with the proposed award is required before such negotiations may be started. *Annex II, Table 10* should be filled out to establish the actual amount of the contract award.

The Borrower may consider rejection of all bids, with prior concurrence by JICA, if (a) the lowest evaluated bid exceeds the cost estimates by a substantial amount, (b) no bid is substantially responsive to the Bidding Documents, or (c) there is a lack of competition. (*Procurement Guidelines, Section 5.10*)

5) Submission of Bid Evaluation Report

(a) Prior Review of JICA

The Borrower is encouraged to communicate as needed with JICA about the evaluation of bids. However, JICA will not participate in the evaluation itself.

(b) Other Instances

When prior concurrence of JICA to bid evaluation results is not required in the Loan Agreement, the Borrower may award the contract upon completion of bid evaluation. Subsequent submission of the bid evaluation report to JICA may be required after award, in order to review its compliance with Procurement Guidelines. The Borrower is advised to prepare the bid evaluation report in the same manner as they do when prior concurrence is required.

6) Review of Bid Evaluation by JICA

Upon receipt by JICA, all bid evaluations subject to prior review will be carefully scrutinized so as to make sure that the evaluation was conducted in full accordance with the principles of the *Procurement Guidelines*. During its review, the Borrower may be requested to provide additional information and justification

for the proposed contract award. The Borrower also may be requested to contact bidders for necessary clarifications. When JICA is satisfied with the evaluation of bids and the proposed award, a written notice of “concurrence” will be issued by the JICA official designated for such correspondence.

For bid evaluation not subject to prior review of JICA, any doubts about the justification for award should be raised and discussed with JICA prior to giving an award. The Borrower should ensure that all correspondence received from bidders concerning evaluation has been taken into account.

**7) Award of
Contract
and
Review
by JICA**

Promptly after executing a contract, the Borrower, if required in the Loan Agreement, must submit to JICA a duly certified copy of the contract for JICA’s review and concurrence. When JICA determines the contract to be consistent with the Loan Agreement, a written notice of “concurrence” will be issued by JICA.

JICA reserves the right to refuse to finance contracts that have not been procured in accordance with the Loan Agreement.¹⁰

Bid securities of unsuccessful bidders should be returned promptly after award has been made. However, if contract effectiveness is contingent on the receipt of a performance security or other condition, the Borrower may consider seeking an appropriate extension of time for the bid validity and the accompanying bid security of other bidders.

**8) Notification to
Unsuccessful
Bidders and
Debriefing**

Upon the furnishing by the successful bidder of a performance security, the Borrower shall promptly notify the other bidders that their bids have been unsuccessful.

If any bidder who submitted a bid wishes to ascertain the reasons why its bid was not selected, such bidder should request an explanation from the Borrower. The Borrower shall promptly provide an explanation as to why its bid was not selected. Explanation shall include the scores of each evaluation criteria of the bidder concerned and the reason of scoring, if any, and/or, the reason of the judgment of non-responsiveness. It shall be provided in writing or in a meeting. (*Procurement Guidelines*,

¹⁰ If funds from the loan have already been disbursed, JICA may seek refund. Refer to the *Procurement Guidelines*, Section 1.05 and 1.06.

*Section 5.11)***9) Information to be Made Public**

As mentioned in the Preface, after a contract is determined to be eligible for JICA's financing, the name of all bidders, their bid prices, the name and address of successful bidder concerning the award of contract, the name and address of supplier, and the award date and amount of the contract may be made public by JICA.

The Borrower shall have all provisions and measures necessary to ensure that the above information shall be available for being made public incorporated in documents related to procurement, such as Bidding Documents and contracts. (*Procurement Guidelines, Section 5.12*)

However, any further information on the bids or on their evaluation, including the bid evaluation report, is held in confidence by JICA. In anticipation of any post reviews by JICA, the Borrower should ensure that bidding and evaluation documents are to be securely stored.

Annex I.

Prequalification Evaluation Report Sample Forms

Prequalification Evaluation Report

Name of Project:

Loan Agreement No.:

Contract Name:

Reference Identification Number:

Date of Submission to JICA:

Introduction

1. This Annex is intended specifically to assist in reporting the results of the evaluation of the applications for prequalification. The Borrower should evaluate the applications received and prepare a detailed analysis of them. A summary report of this analysis should be submitted to JICA for review and concurrence; the summary should address each of the pass-fail criteria set in the Prequalification Documents. The reason for disqualification of the applicants who have failed to meet the criteria should be clearly explained in the report.
2. Tables 1-5 should invariably accompany the summary, but they may be adapted to suit specific requirements of the Prequalification Documents. The summary should include a number of attachments and additional tables to explain details of the individual evaluation of applicants who were not prequalified. References to pertinent clauses in the Prequalification Documents should be used as necessary.
3. The summary should make special mention of Joint Venture applicants with regard to the completeness of their documentation, eligibility requirements including sharing provision and liability of the JV partners.
4. In case the prequalification evaluation includes “slice and package” requirements (refer to “How to Use This Guide” 5.), the summary should mention the procedure used in the evaluation and show the aggregate total of contract value for which applicants are considered prequalified by the Borrower.
5. A checklist for the evaluation summary is presented in Annex I-1.

SAMPLE TABLE OF CONTENTS

SUMMARY

1. INTRODUCTION

- 1.1 Prequalification Identification and Prequalification Evaluation Committee
- 1.2 Prequalification Process

2. PRELIMINARY EXAMINATION

- 2.1 Prequalification Documents
- 2.2 Verification
 - 2.2.1 *Authorized Sign*
 - 2.2.2 *Power of Attorney for Authorized Person*
 - 2.2.3 *Joint Venture Agreements*
- 2.3 Completeness of Application
- 2.4 Eligibility

3. QUALIFICATION EVALUATION

- 3.1 Eligibility
 - 3.1.1 *Nationality*
 - 3.1.2 *Conflict of Interest*
 - 3.1.3 *JICA Ineligibility*
- 3.2 Historical Contract Non-Performance
 - 3.2.1 *History of Non-Performing Contracts*
 - 3.2.2 *Pending Litigation*
- 3.3 Financial Situation
 - 3.3.1 *Financial Performance*
 - 3.3.1 *Average Annual Construction Turnover*
- 3.4 Experience
 - 3.4.1 *General Construction Experience*
 - 3.4.2 *Specific Construction Experience*

4. PROPOSED PREQUALIFICATION DECISION

5. CONCLUSIONS

APPENDICES

<i>Table 1</i>	<i>Identification</i>
<i>Table 2</i>	<i>Prequalification Process</i>
<i>Table 3</i>	<i>Preliminary Pass-Fail Examination of Applicants</i>
<i>Table 4</i>	<i>Qualification Evaluation Summary (Pass-Fail Criteria)</i>
<i>Table 5</i>	<i>Proposed Prequalification Decision</i>

SAMPLE FORMS

Table 1. Identification

1.1	Name of Borrower			
1.2	Loan Agreement (L/A) number			
1.3	Date of effectiveness of L/A			
1.4	Closing date of Application Submission (a) original (b) revised			
1.5	Name of project			
1.6	Executing Agency (or other organization responsible for purchase or employment) (a) name (b) address			
1.7	Contract identification			
1.8	Contract type (check one)	Lump-sum	Unit-price	Other
1.9	Contract description			
1.10	Method of procurement (check one)	ICB	LIB	Other
1.11	Fixed price contract (check one)	Yes	No	
1.12	Cofinancing for the Contract, if any: (a) agency name (b) percent financed by agency			
1.13	Bidding Procedures	Single-Stage: One-Envelope Single-Stage: Two-Envelope Two-Stage		

Table 2. Prequalification Process

2.1	Invitation for prequalification (a) first issue date (b) latest update (c) name of newspaper (d) date of copy sent to JICA	
2.2	Prequalification Document (a) title, publication date (b) date of JICA's concurrence, if necessary (c) date of issue to Applicants	
2.3	Number of firms which purchased documents	
2.4	Amendments to documents (if any) (a) list all issue dates (b) date(s) of JICA's concurrence	1. 2. 3. 1. 2. 3.
2.5	Applicants' submission deadline (a) original date, time (b) extensions, if any	
2.6	Number of applications submitted	

Table 3. Preliminary Pass-Fail Examination of Applicant

Name of Applicant	Country ¹	Date of Submission of Application	Completeness ² , Verification ³ of Documentation	Eligibility ⁴	JV Requirements ⁵	Explanation ⁶

1. Place of incorporation and place of registration (for firms).
2. Completeness of documentation: Are the applications offering all of the items and essential information requested? Major deviations to the requirements such as no presentation of financial statements or balance sheets, or failure to present sufficient information on financial means to meet the specified financial situation criteria may be a basis for a "fail" mark.
3. Verification: Attention should be directed toward deficiencies related to the validity of the application itself. For example: Is the letter properly signed? Are the applications of Joint Ventures signed by each partner in the joint venture? Has a copy of the JV Agreement or Letter of Intent been signed by all JV partners and submitted with the application?
4. Eligibility: Is the applicant from an eligible source country stipulated in the Loan Agreement? (See ITA 4.2) Is the applicant free from conflict of interest? (See ITA 4.3) Has the applicant not been determined to be ineligible by JICA in respect of "Fraud and Corruption" policy of JICA? (See ITA 3.1 and 4.5)
5. JV requirements: Is the lead partner of the JV clearly identified and properly authorized? Are all partners in the JV legally liable, jointly and severally, during bidding and execution of the contract?
6. If the application fails in preliminary acceptance in one of the column topics, the reasons shall be clearly explained in this Explanation column or in an attachment, as necessary.

**Table 4. Qualification Evaluation Summary
(Pass-Fail Criteria)**

Eligibility and Qualification Criteria														Compliance Requirements					Pass-Fail Results of Applications			Comments/ Explanations
No.	Subject	Requirement	Single Entity	Joint Venture or Association			Each Partner	At Least One Partner	1	2	etc.											
				All Partners Combined																		
1. Eligibility																						
1.1	Nationality	Nationality in accordance with ITA Sub-Clause 4.2	Must meet requirement	Existing or intended JVA must meet requirement	Must meet requirement	N/A																
1.2	Conflict of Interest	No conflicts of interest in ITA Sub-Clause 4.3	Must meet requirement	Existing or intended JVA must meet requirement	Must meet requirement	N/A																
1.3	JICA Ineligibility	Not having been declared ineligible by JICA, as described in ITA Sub-Clause 4.5	Must meet requirement	Existing JVA must meet requirement	Must meet requirement	N/A																

Eligibility and Qualification Criteria													
Compliance Requirements													
Pass-Fail Results of Applications													
Comments/ Explanations													

Table 5. Proposed Prequalification Decision

<p>1. Prequalified Applicants</p> <p>i)</p> <p>ii)</p> <p>iii)</p> <p>etc.</p>	
<p>2. Rejected Applicants</p> <p>Applicant's name</p> <p>i)</p> <p>ii)</p> <p>iii)</p> <p>etc.</p>	<p>Reasons for rejection</p>

Annex I-1. Prequalification Evaluation Summary Checklist

1. Attach Identification and Prequalification Process data (Tables 1, 2).
2. Provide a list of applicants and place of incorporation and registration as well as the date of submission of their applications (first three columns of Table 3).
3. Provide details on eliminating any applications during preliminary examination (Table 3). Particular attention should be given to issues related to eligibility and JV requirements.
4. Attach copies of any letters to applicants requesting clarifications or substantiation of information. Provide copy of responses.
5. Provide explanations for giving a “fail” mark to an applicant in any of the specified criteria (Table 4). If necessary, include a separate attachment with explanations.
6. Provide detailed reasons for rejecting an applicant (Table 5).

Annex II.

Bid Evaluation Report Sample Forms

Bid Evaluation Report and Recommendation for Award of Contract

Name of Project: _____

Loan Agreement No.: _____

Contract Name: _____

Identification Number: _____

Date of Submission to JICA: _____

Request for Review and Concurrence by JICA

If the contract is subject to prior review and concurrence, the bid evaluation report should be attached with a letter of Request for Review and Concurrence by JICA, in accordance with the form specified in the relevant Loan Agreement, if any, from the Borrower ministry, department, or agency responsible for communications with JICA. The letter should highlight conclusions and offer any additional information that would help to expedite review by JICA. In addition, any unresolved or potentially contentious issues should be highlighted. The letter should be sent to the responsible official of JICA specified in the Loan Agreement.

SAMPLE TABLE OF CONTENTS

SUMMARY

1. INTRODUCTION

- 1.1 Bid Identification and Bid Evaluation Committee
- 1.2 Bid Process
- 1.3 Bid Submission and Opening

2. PRELIMINARY EXAMINATION OF BIDS

- 2.1 Bid Documents
- 2.2 Verification
 - 2.2.1 *Authorized Sign*
 - 2.2.2 *Power of Attorney for Authorized Person*
 - 2.2.3 *Joint Venture Agreements*
 - 2.2.4 *Qualification Information*
- 2.3 Eligibility
- 2.4 Bid Security
- 2.5 Completeness of Bid

3. DETERMINATION OF SUBSTANTIAL RESPONSIVENESS

- 3.1 Substantial Responsiveness to Commercial Terms and Conditions
 - 3.1.1 *Authorized Sign to Bid Form and Price Schedules*
 - 3.1.2 *Eligibility*
 - 3.1.3 *Bid Security*
 - 3.1.4 *Bid Validity*
 - 3.1.5 *Time for Completion*
 - 3.1.6 *Conditionality*
 - 3.1.7 *Price Adjustment Formulae*
 - 3.1.8 *Others*
- 3.2 Substantial Responsiveness to Technical Requirements
 - 3.2.1 *Scope of Work*
 - 3.2.2 *Quotation for Items in Package*
 - 3.2.3 *Technical Requirements*
 - 3.2.4 *Plans and Schedules of Performance, Technical or Service Factors*
[Example for Procurement of Works]
 - a) *Construction Time Schedule and Sequence of Construction Activities*
 - b) *Construction Method (Site Organization, Key Field Personnel, Construction Facilities)*
 - c) *Quality Control System*
 - d) *Labour and Materials (Subcontracting, Cash Flow)*
 - e) *Safety Measures*
 - 3.2.5 *Alternative Offers*
 - 3.2.6 *Nonmaterial Nonconformities*

4. DETAILED EXAMINATION OF BIDS

- 4.1 Corrections for Errors
- 4.2 Corrections for Provisional Sums
- 4.3 Modifications and Discounts
- 4.4 Currency Conversion
- 4.5 Additions and Analysis of Prices
 - 4.5.1 *Additions*
 - a) *Omissions*
 - b) *Missing Items in Bill of Quantities*
 - 4.5.2 *Analysis of Prices: Examination of Unbalanced Prices*
- 4.6 Priced Deviations
 - 4.6.1 *Categorical Statements by Bidders*
 - 4.6.2 *Terms of Payment*
 - 4.6.3 *Time for Completion*
- 4.7 Adjustments

5. DETERMINATION OF AWARD

- 5.1 Cross-Discounts
- 5.2 Qualification
- 5.3 Alternative Bids
- 5.4 Proposed Award

6. CONCLUSIONS

APPENDICES

<i>Table 1</i>	<i>Identification</i>
<i>Table 2</i>	<i>Bidding Process</i>
<i>Table 3</i>	<i>Bid Submission and Opening</i>
<i>Table 4</i>	<i>Bid Prices (as Read Out)</i>
<i>Table 5</i>	<i>Preliminary Examination and Determination of Substantial Responsiveness</i>
<i>Table 6</i>	<i>Corrections and Unconditional Discounts</i>
<i>Table 7</i>	<i>Exchange Rates</i>
<i>Table 8</i>	<i>Currency Conversion</i>
<i>Table 9</i>	<i>Additions, Adjustments, and Priced Deviations</i>
<i>Table 10</i>	<i>Proposed Contract Award</i>

SAMPLE FORMS

Table 1. Identification

1.1 Name of Borrower	_____
1.2 Loan Agreement (L/A) number	_____
1.3 Date of effectiveness of L/A	_____
1.4 Closing date of Bid Submission (a) original (b) revised	_____ _____
1.5 Name of project	_____
1.6 Executing Agency (or other organization responsible for purchase or employment) (a) name (b) address	_____ _____
1.7 Contract identification	_____
1.8 Contract type (check one)	Lump-sum _____ Unit-price _____ Other _____
1.9 Contract description	_____ _____
1.10 Method of procurement (check one)	ICB _____ LIB _____ Other _____
1.11 Fixed price contract (check one)	Yes _____ No _____
1.12 Cofinancing for the Contract, if any: (a) agency name (b) percent financed by agency	_____ _____
1.13 Bidding Procedures	Single-Stage: One-Envelope _____ Single-Stage: Two-Envelope _____ Two-Stage _____

Table 2. Bidding Process

2.1 Invitation for Bids (a) first issue date (b) latest update (c) name of newspaper (d) date of copy sent to JICA	
2.2 Prequalification (if required) (a) number of firms prequalified (b) date of JICA's concurrence to evaluation result ¹	
2.3 Bidding Document (a) title, publication date (b) date of JICA's concurrence, if necessary (c) date of issue to bidders	
2.4 Number of firms issued documents	
2.5 Amendments to documents (if any) (a) list all issue dates (b) date(s) of JICA's concurrence	1. _____ 2. _____ 3. _____ 1. _____ 2. _____ 3. _____
2.6 Date of pre-bid conference (if any)	

¹ Cite the date for amendment and JICA's concurrence, if any.

Table 3. Bid Submission and Opening

3.1	Bid submission deadline (a) original date, time (b) extensions, if any	 <hr/> <hr/>
3.2	Bid opening date, time	<hr/>
3.3	Record of bid opening, date sent to JICA	<hr/>
3.4	Number of bids submitted	<hr/>
3.5	Bid validity period (days or weeks) (a) originally specified (b) extensions, if any	<hr/> <hr/>

Note: Contracts under one-stage: two-envelope bidding and two-stage bidding will require the information requested for each stage to be filled out.

Table 4. Bid Prices (as Read Out)

Bidder Identification			Read-out Bid Price(s)		Modifications or Comments ¹	Name of Representative	Signature
Name of Bidder (a)	City/State or Province (b)	Country (c)	Currency(ies) (d)	Amount(s) (e)			
					(f)	(g)	(h)
etc.							

¹ Describe any modifications to the read-out bid, such as discounts offered, withdrawals, and alternative bids. Note also the absence of any required bid security or other critical items. Refer also to Section III-2, para. 1 herein.

Table 5. Preliminary Examination and Determination of Substantial Responsiveness

Bidder (a)	Verification ¹ (b)	Eligibility (c)	Bid Security (d)	Completeness of Bid (e)	Substantial Responsiveness (f)	Acceptance for Detailed Examination (g)
etc.						

Note: For explanations of headings, see Section III-2, para. 2 herein. Additional columns may be needed, such as for responsiveness to technical conditions. See example in Annex II-2.

¹ Verification: The points to be covered by verification are (i) whether bid documents have been properly signed or not; (ii) whether a power of attorney for the authorized person has been submitted or not; (iii) whether joint venture agreements, if required, are submitted or not; (iv) whether documents, required to assess the post qualification of a bidder with respect to its financial and technical capability to undertake the contract, have been provided or not.

Table 6. Corrections and Unconditional Discounts

Bidder	Read-out Bid Price(s)		Corrections		Corrected Bid Price(s)	Unconditional Discounts ²		Corrected/Discounted Bid Price(s)
	Currency(ies)	Amount(s)	Computational Errors ¹	Provisional Sums		Percent	Amount(s)	
(a)	(b)	(c)	(d)	(e)	$(f) = (c) + (d) - (e)$	(g)	(h)	$(i) = (f) - (h)$
etc.								

Note: Only bids accepted for preliminary examination (Table 5, column g) should be included in this and subsequent tables. Columns a, b, and c are from Table 4 (columns a, d, and e, respectively).

¹ Corrections in column d may be positive or negative.

² If the discount is offered as a percent, column h is normally the product of the amounts in columns f and g. Refer to Section III-2 para. 4-3). If the discount is provided as an amount, it is entered directly in column h. A price increase is a negative discount.

Table 7. Exchange Rates

Currency Used for Bid Evaluation: _____

Effective Date of Exchange Rate: _____

Authority or Publication Specified for Exchange Rate: _____

Note: Attach copy of exchange rates provided by specified authority or publication.

Table 8. Currency Conversion

Specify Evaluation Currency: _____

Bidder (a)	Currency(ies) of Bid (b)	Corrected/Discounted Bid Price(s) (c)	Applicable Exchange Rate(s) (d)	Evaluation Currency	
				Bid Price(s) (e) = (c) x (d)	Total Bid Price (f)
etc.					

Table 9. Additions, Adjustments, and Priced Deviations

Specify Evaluation Currency: _____

Bidder (a)	Corrected/Discounted Bid Price ¹ (b)	Additions ² (c)	Adjustments ² (d)	Priced Deviations ² (e)	Total Price (f) = (b) + (c) + (d) + (e)
etc.					

¹ Column *b* is from either Table 8, column *f*.

² Each insertion in columns *c*, *d*, or *e* should be footnoted and explained in adequate detail, accompanied by calculations. Refer to paras. 4-5), 4-6), and 4-7) respectively of Section III-2. 4. "Detailed Examination of Bids."

Table 10. Proposed Contract Award

1. Lowest evaluated responsive bidder (proposed for contract award). (a) name (b) address		
2. If bid submitted from joint venture, list all partners, nationalities, and estimated shares of contract.		
3. Principle country(ies) of origin of goods/materials.		
4. Estimated date (month, year) of contract signing.		
5. Estimated delivery to project site/completion period.		
	Currency(ies)	Amount(s)
6. Bid Price(s) (Read-out) ¹		
7. Corrections for Errors ²		
8. Discounts ³		
9. Other Adjustments ⁴		
10. Proposed Award ⁵		
11. Disbursement Category ⁶		

¹ From Table 6, columns *b* and *c*.

² From Table 6, column *d*.

³ From Table 6, column *h*. Include any cross-discounts. See Section III-2, para. 5-1).

⁴ All adjustments should be explained in detail.

⁵ Sum of the prices in Items 6–9.

⁶ From the Loan Agreement.

Annex II-1. Bid Opening Checklist

(To be filled out for each bid as it is read out)

Contract Identification: _____

Bid Opening Date: _____ Time: _____

Name of Bidder: _____

- (a) Is outer envelope of bid sealed?
- (b) Is bid form completed and signed?
- (c) Expiration date of bid:
- (d) Is documentary authority for signing enclosed?
- (e) Amount of bid security (if required): _____ (state currency)
- (f) Describe any “Withdrawal,” “Substitution,” or “Modification” submitted
- (g) Describe any alternative bid made:
- (h) Describe any discounts or modifications offered:
- (i) Additional comments:¹
- (j) Name of bidder or representative present:
- (k) Total bid price: _____ (list currencies and amounts or percentages)²

Signature of responsible official: _____ Date: _____

¹ Read out and record model numbers of equipment.

² If bid for a package of contracts, the price for each lot or item should be read out.

Annex II-2. Preliminary Examination

Bidder	Verification	Eligibility	Bid Security	Completeness of Bid	Substantial Responsiveness	Acceptance for Detailed Examination
Bidder A	Yes	Yes	Yes	Yes	Yes	Yes
Bidder B	No ¹	Yes	Yes	Yes	Yes	No
Bidder C	Yes	Yes	Yes	Yes	Yes	Yes
Bidder D	Yes	Yes	No ²	No ³	Yes	No
Bidder E	Yes	No	No ⁴	Yes	Yes	No
Bidder F	Yes	Yes	Yes	Yes	Yes	Yes
Bidder G	Yes	Yes	Yes	Yes	Yes	Yes
Bidder H	Yes	Yes	Yes	Yes	Yes	Yes

¹ Joint venture agreement missing.

² Bid security not in freely convertible currency.

³ Does not include cost for required disposal of hazardous wastes found at the site.

⁴ Required validity period of security not met (8 weeks instead of 12 weeks).

Annex II-3. Bid Evaluation Summary Checklist

1. Attach bid opening record, if not previously submitted (Section III-2, 1, 2).
2. Explain any inconsistencies between prices and modifications to prices read out at bid opening (and written into the record) and presented in Table 4.
3. Provide details on eliminating any bids during preliminary examination (Table 5). Copy select pages from bids, as desirable, to show examples of objectionable features.
4. If provisional sums in Table 6 vary among bidders, explain. Explain any substantial corrections for computational errors that may affect the ranking of bidders.
5. Provide a copy of the rates requested for Table 7 and used in Table 8.
6. The additions, adjustments, and priced deviations in Table 9 require detailed explanations where they may affect the ranking of bidders.
7. Explain any cross-discount (Section III-2, para. 5.1)) not read out and recorded at bid opening. In addition, attach copies of any evaluation reports for the other related contracts awarded to the same bidder.
8. Provide detailed reasons for refusing to award a contract to a party other than the lowest evaluated bidder (Section III-2, para. 5.2)).
9. If an alternative bid is accepted, provide a detailed explanation of the reasons for its acceptance, addressing issues of timeliness, performance, and cost implications (Section III-2, para. 5.3)).
10. An attachment to Table 10 should explain adjustments to the price provided on line 9, "Other Adjustments". Explain any changes to scope of bid and contract conditions.
11. Attach copies of any letters to bidders requesting clarifications. Provide copies of responses.
12. Submit bid evaluation with separate evaluation report from consultant, if one was commissioned.
13. Ensure that the bid evaluation report is double-checked, paginated, and complete, and includes a letter of Request for Review and Concurrence by JICA. JICA will only review reports that are sent by the proper authorities.
14. Send by courier or by other swift means



JAPAN

Official Development Assistance

Japan International Cooperation Agency

URL:<http://www.jica.go.jp>

E-mail:gtips-lp@jica.go.jp