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STANDARD PREQUALIFICATION DOCUMENT

Procurement of Works



The World Bank
Washington, DC

September 1999
Revised March 2000

Preface

Procurement under projects financed by the International Bank for Reconstruction and Development and the International Development Association (hereinafter interchangeably called “the Bank”) is carried out in accordance with policies and procedures laid down in the Bank’s *Guidelines: Procurement under IBRD Loans and IDA Credits*, hereinafter referred to as the “Guidelines.”

The Standard Prequalification Document (SPD) in this publication has been prepared for use by the Bank’s Borrowers and their implementing agencies in the procurement of works, primarily through International Competitive Bidding (ICB), but the principles may also be applied if prequalification is needed under National Competitive Bidding (NCB). The procedures presented are based on good international practice, and are in compliance with the Bank’s Guidelines.

When ICB is the appropriate method for procurement, the use of the Bank’s Standard Bidding Documents (SBDs) is mandatory. For large Works (customarily regarded as more than US\$10 million equivalent) or complex Works, prequalification is usually necessary, and would be mandated in the Loan/Credit Agreement. Accordingly, the Bank’s SBD for the Procurement of Works has been prepared on the basis that prequalification, in accordance with this document, will have taken place prior to bidding. The Bank has also issued an SBD for smaller contracts (normally less than US\$10 million and/or simple Works), for which prequalification is optional; ~~however, if,~~ however, prequalification is required, it should be carried out in accordance with this document.

At the end of this publication are two explanatory Annexes, A and B. ~~The first Annex A,~~ A, “**Why Prequalification?**,” explains the reasons for following this procedure, and discusses the advantages and disadvantages of prequalification. ~~The second Annex B,~~ B, “**Guidance Notes for Users,**” explains the rationale for certain clauses, and provides guidance to executing agencies and their consultants in preparing a particular prequalification questionnaire and evaluating the submissions of applicants.

A “**Prequalification Evaluation Summary**” in the format of Annex C should be completed by the executing agency and submitted to the Bank for review prior to notification of applicants.

Users of the SPD are encouraged to furnish their comments or questions on this document to the address given below, from which additional information on procurement under Bank-financed projects can also be obtained:

Procurement Policy and Services Group
Operational Core Services Network
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433 U.S.A.
pdocuments@worldbank.org
<http://www.worldbank.org/html/opr/procure/contents.html>

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ABBREVIATIONS AND ACRONYMS

| | |
|-------------|---|
| BOQ | Bill of Quantities |
| FIDIC | Federation Internationale des Ingenieurs-Conseils; an association based in Switzerland that produces GCOCs for different classes of works construction. |
| GCOC | General Conditions of Contract |
| GITA | General Instructions to Applicants, in the SPD |
| GL | <i>Guidelines: Procurement under IBRD Loans and IDA Credits</i> |
| ICB | International Competitive Bidding |
| IF | Information Forms |
| IFB | Invitation for Bids |
| IFP | Invitation for Prequalification |
| ITB | Instructions to Bidders |
| JV | Joint Venture |
| JVA | Joint Venture Agreement |
| NCB | National Competitive Bidding |
| <u>PQPG</u> | <u>Procurement Guidelines Prequalification</u> |
| PITA | Particular Instructions to Applicants, in the SPD |
| SBD | Standard Bidding Document |
| SPD | Standard Prequalification Document |

GLOSSARY

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| Employer | One of the two parties to a works contract, the other party being the “Contractor.” |
| <u>Contractor</u> | <u>The legal entity that is party to and performs a works contract, the other party to the contract being the “Employer.”</u> |
| joint venture | An ad hoc association of firms that pool their resources and skills to undertake a large or complex contract <u>in the role of “Contractor,”</u> with all firms (partners in the JV) being legally liable, jointly and severally, for the execution of the contract in the event of a partner’s withdrawal. |
| management contractor | A firm, <u>acting in the role of “Contractor,”</u> that does not <u>normally-usually</u> perform contract construction work directly, but manages the work of other (sub) contractors, while bearing full responsibility and risk for price, quality, and <u>timely</u> performance of the <u>workcontract</u> . |

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| <u>construction manager</u> | <u>A consultant, acting as agent of the Borrower/Employer, engaged to coordinate and monitor the timing of preparation, bidding award, and execution of a number of different contracts comprising a project, but does not take on the responsibility for price, quality, or performance of those contracts.</u> |
| nominated subcontractor | A specialist enterprise selected and approved by the Employer to provide a <u>prespecified</u> item in the BOQ, and nominated <u>as subcontractor</u> to the <u>main</u> -Contractor for such purpose. (For a more comprehensive definition, see Sub-Clauses 59.1 and 59.2 of the GCOC FIDIC 1987/92.) |
| postqualification | An assessment made by the Employer after the evaluation of bids and immediately prior to award of contract, to ensure that the lowest-evaluated, responsive, eligible bidder is qualified to perform the contract in accordance with previously <u>specified</u> <u>pre</u> qualification requirements. |
| prequalification | An assessment made by the Employer <u>before inviting bids</u> , of the <u>appropriate level of</u> experience and capacity of firms expressing interest in undertaking a particular contract, <u>before inviting them to bid</u> . |
| prime contractor | A firm that performs a substantial part of a contract construction work itself and the balance, if any, by subcontractors, while bearing full responsibility for the whole contract. |
| provisional sum | A sum included provisionally in the BOQ of a contract, normally for a specialized part of the Works or for contingencies, which sum shall be used only on the instructions of the Employer/Engineer for payments to the contractor and/or to nominated subcontractors. |
| slice and package | A procedure whereby a large homogeneous project is sliced into smaller similar contracts, which are bid simultaneously so as to attract the interest of both small and large firms; firms offer bids on individual contracts (slices) or on a group of similar contracts (packages), and award is made to the combination of bids offering the lowest cost to the Employer. (<u>See</u> GL 2.4). <u>Slices</u> comprising a number of similar construction units together in a small area are sometimes referred to as “lots,” which are bid concurrently with other similar “lots” as part of the larger “package.” |
| turnover | The gross earnings of a firm (in this context, a construction contractor), defined as the billings for <u>contract</u> work in progress and/or completed, normally expressed on an annual basis, <u>and excluding income from other sources</u> . |
| Works | The total work involvement in a construction contract, including the “Permanent” Works or finished product as specified, and the “Temporary” Works required <u>in by the Contractor for</u> the execution <u>and completion</u> of the contract. |

writing

For the purpose of this document, any authenticated handwritten, typed, or printed communication, including telex, cable, electronic mail, and facsimile transmission, with proof of receipt when, ~~and in the form,~~ requested by the sender.

HOW TO USE THIS BOOK

1. The Standard Prequalification Document (SPD) is intended primarily for use by the Bank's Borrowers and their implementing agencies (normally the "Employer") in prequalifying applicants who express an interest in bidding on large building and civil engineering contracts under International Competitive Bidding (ICB) procedures. It includes: a format for of the Invitation for Prequalification (IFP); General Instructions to Applicants (GITA); Particular Instructions to Applicants (PITA); and a standardized Letter of Application, and with a set of attached information forms (IF) for applicants to complete.

2. The annexed "Guidance Notes for Users" provides assistance in preparing prequalification questionnaires and evaluating applications. When using the Standard Prequalification Document the following directions should be observed:

- No changes should be made to the wording of the GITA; provisions related to a particular contract or contracts should be stated in the PITA.
- The attached information forms may require minor adaptation to suit the individual requirements of particular contracts.
- The double-lined boxed notes and italicized notes in the SPD are not part of the text; they contain guidance and instructions for the agency preparing and issuing the document, and should not be incorporated in the final customized version. ~~For example, the boxes at the top of Parts A and B of the PITA, and italicized notes in the PITA and IFs.~~
- At the discretion of the Employer, the Annexes to this SPD may be incorporated in the final document, with the objective of providing an element of transparency to Applicants regarding the preparation of the prequalification criteria and the evaluation of submissions by the Employer.

3. If a number of contracts of a similar nature are to be bid simultaneously on a "slice and package" basis (GL, para. 2.4), the nonstandard, contract-specific parts of the bidding documents (BOQ, Drawings, etc.) should be prepared for each individual contract (slice) in the event that award of individual contracts will be made to different bidders. In the prequalification document, the PITA should state the prequalification requirements for each slice based upon the Employer's cost estimates, including contingencies. Applicants will be asked to indicate in their submissions the individual contract (slice) or combination of contracts (package) in which they are interested, and will be invited to bid on those or similar contracts for which their assessed capacity is sufficient.

INVITATION FOR PREQUALIFICATION

NOTES ON THE INVITATION FOR PREQUALIFICATION

Notification and advertising of the Invitation for Prequalification (IFP) shall be conducted in accordance with Sub-Clauses 2.7 through 2.10 of the Procurement Guidelines. The IFP shall follow the Sample Format indicated on pages 1 and 2, and shall be issued as

- (a) an advertisement in at least one newspaper of general circulation in the Borrower's country and in the official gazette, if any;*
- (b) an advertisement in the form of a Specific Procurement Notice in U.N. Development Business if the expected cost of the Works is large, say more than US\$10 million equivalent, or when prequalification is required in the Loan/Credit Agreement;*
- (c) for complex and highly specialized projects, an advertisement in Development Business and/or in well-known technical magazines, newspapers, and trade publications of wide international circulation;*
- (d) a transmission to all interested bidders who, following the publication of the General Procurement Notice (GPN), have expressed interest in prequalifying for the Works for which the Invitation is issued; and*
- (e) optionally, a notice to embassies and trade representatives of countries in the Borrower's country, ~~of countries~~ with likely potential bidders.*

The IFP provides information that enables potential bidders to decide whether to participate. Apart from the essential items listed in the Standard Prequalification Document, the IFP shall also indicate any important or specialized prequalification criteria or minimum requirements.

Upon completion of an IFP for publication in Development Business, the implementing agency should forward it to the appropriate World Bank staff (the Task Team Leader or Procurement Specialist) for review and subsequent submission to Development Business for publication. Development Business is published in paper form twice monthly, and is continuously updated on its Internet Web site at <http://www.devbusiness.com>.

The IFP, after preparation for a particular contract, shall be incorporated into the prequalification document, as pages 1 and 2.

SSample Format

SPECIFIC PROCUREMENT NOTICE Invitation for Prequalification

[Insert: name of Country]

[Insert: name of Project]

Brief Description of Works

[Insert: Loan/Credit No.]

This invitation for prequalification follows the general procurement notice for this project that appeared in *Development Business* No. *[insert number]* of *[insert date]*.¹

The *[insert name of borrower]* *[has received/has applied for/intends to apply for]* a *[loan/credit]* from the *[International Bank for Reconstruction and Development (IBRD)/International Development Association (IDA)]* toward the cost of the *[insert name of project]*, and it intends to apply part of the proceeds of this *[loan/credit]* to payments under the contract for *[insert name/no. of contract—if prequalification is being invited for more than one contract, describe each contract and indicate whether applications may be made for prequalification for one or more of the contracts]*.² The *[insert name of implementing agency]* intends to prequalify contractors and/or firms for *[insert description of Works or goods to be procured]*.³ It is expected that invitations to bid will be made in *[insert month and year]*.⁴

Prequalification will be conducted through prequalification procedures specified in the World Bank's *Guidelines: Procurement under IBRD Loans and IDA Credits*, January 1995 (revised January and August 1996 and September 1997), and is open to all bidders from eligible source countries, as defined in the guidelines.⁵

Interested eligible bidders may obtain further information from and inspect the prequalification documents at the *[insert name of agency]* (address below) *[state address at end of document]* from *[insert office hours]*.⁶ A complete set of prequalification documents in *[insert name of language]* may be purchased by interested bidders on the submission of a written application to the address below and upon payment of a nonrefundable fee⁷ of *[insert amount in local currency]* or in *[insert amount in specified convertible currency]*. The method of payment will be *[insert method of payment]*.⁸ The document will be sent by *[insert delivery procedure]*.⁹

Applications for prequalification should be submitted in sealed envelopes, delivered to the address below¹⁰ by *[insert date]*,¹¹ and be clearly marked "Application to Prequalify for *[insert name of project and the contract name(s) and number(s)]*."

[Insert name of office]

[Insert name of officer]

[Insert postal address] and/or *[Insert street address]*

[Insert telephone number, indicate country and city code]
[Insert facsimile or cable number]

Notes for preparation

- ¹ Day, month, year; for example, 31 January 1998.
- ² *[Insert the following if applicable]*. This contract will be jointly financed by *[insert name of cofinancing agency]*. Bidding will be governed by the World Bank's eligibility rules and procedures.
- ³ A brief description of the works or goods should be provided, including quantities, location of project, and other information necessary to enable potential bidders to decide whether or not to respond to the invitation. Bidding documents may require bidders to have specialized experience or capabilities; such requirements should also be included in this paragraph.
- ⁴ Insert this sentence if applicable.
- ⁵ Occasionally, contracts may be financed out of special funds that would further restrict eligibility to a particular group of member countries. When this is the case, it should be mentioned in this paragraph. Also indicate any margin of preference that may be granted as specified in the loan or credit agreement and set forth in the bidding documents.
- ⁶ For example, 0900 to 1200 hours.
- ⁷ The fee, to defray printing and mailing/shipping costs, should be nominal.
- ⁸ For example, cashier's check, direct deposit to specified account, etc.
- ⁹ The delivery procedure is usually airmail for overseas delivery and surface mail or courier for local delivery. If urgency dictates, courier services may be required for overseas delivery.
- ¹⁰ The office for bid opening may not necessarily be the same as that for inspection or issuance of documents or for bid submission. If they differ, each address must appear at the end of the notice and be numbered; as, for example, (1), (2), (3). The text in the paragraph would then refer to address (1), (2), etc. Only one office and its address may be specified for submission, and it should be near the place where bids will be opened.
- ¹¹ The time allowed for preparation of the prequalification submission should be sufficient for applicants to gather all the information required, but in any case not less than six weeks after the date the documents are available or the last date of the advertisement, whichever is later. This period may be longer for very large projects, for which more time may be needed for the formation of joint ventures and assembly of the necessary resources.

GENERAL INSTRUCTIONS TO APPLICANTS (GITA)

1. Source of Funds and Scope of Works

- Source of Funds** 1.1 The Borrower named in the Particular Instructions to Applicants (PITA) has applied for or received a loan or credit (hereinafter called “loan”) from the International Bank for Reconstruction and Development or from the International Development Association (hereinafter interchangeably called “the Bank”) equivalent to the amount in U.S. dollars indicated in the PITA toward the cost of the Project named in the PITA. The Borrower intends to apply a part of the proceeds of this loan to eligible payments under the contract(s) for which this prequalification is issued.
- Scope of Work** 1.2 The Employer, as named in the PITA, intends to prequalify contractors for the Works described in the PITA.
- Slice and Package** 1.3 If so indicated in the PITA, the total Works to be constructed have been divided into a number of similar individual contracts (slices) and bids will be invited concurrently for individual contracts and for combinations of contracts (packages). Bidders can bid on individual contracts only or on a combination of contracts within their prequalified capacity as assessed by the Employer. Qualification criteria for slice and package bidding are described in Sub-Clause 4.15.
- Bid Invitation** 1.4 It is expected that prequalified applicants will be invited to submit bids during the month and year indicated in the PITA.
- Type of Contract** 1.5 The bidding documents, type of contract, and method of payment, whether prices are fixed or adjustable, and the time for completion are indicated in the PITA.
- Site Information** 1.6 General information on the climate, hydrology, topography, geology, access to site, transportation and communications facilities, medical facilities, project layout, expected construction period, facilities, services provided by the Employer, and other relevant data is attached as an Annex to the PITA.

2. Fraud and Corruption

- 2.1 It is the Bank’s policy to require that Borrowers (including beneficiaries of Bank loans), as well as bidders/Suppliers/Contractors under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance

of this policy, the Bank:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) “corrupt practice” means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution; and
 - (ii) “fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Borrower, and includes collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, noncompetitive levels and to deprive the Borrower of the benefits of free and open competition
- (b) will not accept a Borrower’s proposal for award if it determines that the bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question; and
- (c) will declare a firm ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that the firm has engaged in corrupt or fraudulent practices in competing for, or in executing, a Bank-financed contract.

3. Eligibility of Countries and Bidders

Eligible Countries

- 3.1 Except as provided in Sub-Clauses 3.2 and 3.3, this Invitation for Prequalification is open to all eligible firms from eligible source countries. The Bank maintains a list of countries from which bidders, goods, and services are not eligible to participate in procurement financed by the Bank. The list is regularly updated and can be obtained from the Bank’s InfoShop in Washington, D.C., and the Public Information Centers of the Bank in Paris and Tokyo. Joint Ventures ~~that including~~ members from ineligible source countries, or ~~including otherwise~~ ineligible firms, shall not be permitted to bid.
- 3.2 Firms of a member country may be excluded if, (i) as a matter of law or official regulation, the Borrower’s country prohibits commercial relations with that country, provided that the Bank is satisfied that such exclusion does not preclude effective competition for the supply of goods or services required, or (ii) by an act of compliance with a decision of the United Nations Security Council taken under Chapter

VII of the Charter of the United Nations, the Borrower's country prohibits any import of goods from that country or any payments to persons or entities in that country.

- Eligible Bidders** 3.3 A firm that has been engaged by the Borrower to provide consulting services for the preparation or implementation of a project, and any of its affiliates, shall be disqualified from subsequently providing goods or services-works (other than a continuation of the firm's earlier consulting services) for the same project.
- 3.4 Government-owned enterprises in the Borrower's country may participate only if they can establish that they (i) are legally and financially autonomous, and (ii) operate under commercial law. No dependent agency of the Borrower or Sub-Borrower under a Bank-financed project shall be permitted to bid or participate in a bid as subcontractor or submit a proposal for the procurement of goods or works under the project.
- 3.5 A firm declared ineligible by the Bank in accordance with Sub-Clause 2.1 (c) above shall be ineligible to bid for a Bank-financed contract during the period of time determined by the Bank.

4. Qualification Criteria

- General** 4.1 Prequalification will be based on Applicants meeting **all** the following minimum pass-fail criteria regarding their general and particular construction experience, financial position, personnel and equipment capabilities, and other relevant information as demonstrated by the Applicant's responses in the Information Forms attached to the Letter of Application. Additional requirements for joint ventures are given in Section 5. The qualifications, capacity, and resources of proposed subcontractors will not be taken into account in assessing those of individual or joint venture Applicants, unless they are named specialist subcontractors pursuant to Sub-Clause 4.4.
- Nominated Subcontracting** 4.2 If so listed in the PITA, the Employer intends to execute certain specialized elements of the Works by **Nominated Subcontractors** in accordance with the GCOC of the bidding documents, and for which **Provisional Sums** will be included in the BOQ for the subject

Works.

- Subcontracting** 4.3 If an Applicant intends to subcontract parts of the Works such that the total of subcontracting is more than the percentage stated in the PITA of the Applicant's approximated Bid Price, that intention shall be stated in the Letter of Application, together with a tentative listing of the elements of the Works to be subcontracted.
~~all proposed subcontractors and a record of their experience and qualifications.~~
- Specialist Subcontracting** 4.4 If an Applicant intends to subcontract any highly specialized elements of inputs to the Works to specialist subcontractors, ~~regardless of the percentage stated in Sub-Clause 4.3,~~ such elements and the proposed subcontractors shall be clearly identified, and their ~~experience and capacity of the subcontractors~~ proposed inputs shall be described in the relevant Information Forms.
- Acceptable Substitutes** 4.5 With reference to Sub-Clauses 4.43 and 4.54, the Employer may require Applicants to provide more information about their proposals. ~~If~~ any proposed subcontractor is found ineligible or unsuitable to carry out an assigned task, the Employer may request the Applicant to propose an acceptable substitute, and may conditionally prequalify the Applicant accordingly, before issuing an invitation to bid.
- Contractor's Responsibility** 4.6 After award of contract, the subcontracting of any part of the Works, other than for the provision of labor and materials, or to subcontractors named in the Contract, shall require the prior consent of the Employer. Notwithstanding such consent, the Contractor shall remain responsible for the acts, defaults, and neglects of all subcontractors during contract implementation.
- General Construction Experience** 4.7 The Applicant shall provide evidence that
- (a) it has been actively engaged in the civil works construction business for at least the period stated in the PITA immediately prior to the date of submission of applications, in the role of prime contractor, management contractor, partner in a joint venture, or subcontractor, and
 - (b) that the Applicant has generated an average annual construction turnover during ~~that the above~~ period greater than the amount stated in the PITA.

The average annual turnover is defined as the total of certified payment certificates for works in progress or completed by the firm

or firms comprising the Applicant, divided by the number of years stated in the PITA.

**Particular
Construction
Experience**

- 4.8 (a) The Applicant shall provide evidence that it has successfully completed or substantially completed at least the number of contracts stated in the PITA, of a nature, complexity, and requiring construction technology similar to the proposed contract, within the period stated in the PITA. The works may have been executed by the Applicant as a prime contractor, management contractor, or proportionately as member of a joint venture, or subcontractor, with references being submitted to confirm satisfactory performance.
- (b) The Applicant shall also provide evidence that it has achieved the minimum monthly and/or annual production rates of the key construction activities described in the PITA under similar contract conditions.

**Financial
Capabilities**

- 4.9 The Applicant shall demonstrate that it has access to, or has available, liquid assets, unencumbered real assets, lines of credit, and other financial means (independent of any contractual advance payment) sufficient to meet the construction cash flow requirements for the subject contract(s) in the event of stoppage, start-up, or other delays in payment, of the minimum estimated amount stated in the PITA, net of the Applicant's commitments for other contracts.
- 4.10 In the relevant Information Form, the Applicant shall also demonstrate, to the satisfaction of the Employer, that it has adequate sources of finance to meet the cash flow requirements on works currently in progress and for future contract commitments.
- 4.11 The audited balance sheets or, if not required by the laws of the Applicant's country, other financial statements acceptable to the Employer, for the last five years (unless otherwise stated in the PITA) shall be submitted and must demonstrate the current soundness of the Applicant's financial position and indicate its prospective long-term profitability. If deemed necessary, the Employer shall have the authority to make inquiries with the Applicant's bankers.

**Personnel
Capabilities**

- 4.12 The Applicant shall supply general information on the management structure of the firm, and shall make provision for suitably qualified personnel to fill the key positions listed in the PITA, as required during contract implementation. The Applicant shall supply information on a prime candidate and on an alternate for each key position, both of whom shall meet the experience requirements specified.

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| Equipment Capabilities | 4.13 The Applicant shall own, or have assured access (through hire, lease, purchase agreement, or other commercial means, <u>or approved subcontracting</u>) to key items of equipment, in full working order, as listed in the PITA, and must demonstrate that, based on known commitments, they will be available for timely use in the proposed contract. The Applicant may also list alternative types of equipment that it would propose for use on the contract, together with an explanation of the proposal. |
| Litigation History | 4.14 The Applicant shall provide accurate information on the related Application Form about any litigation or arbitration resulting from contracts completed or ongoing under its execution over the last five years. A consistent history of awards against the Applicant or any partner of a joint venture may result in failure of the application. |
| Slice and Package | 4.15 When applying for prequalification on more than one contract under the slice and package arrangements, the Applicant must provide evidence that it meets or exceeds the sum of all the individual requirements for the slices or lots being applied for in regard to: <ul style="list-style-type: none"> (a) average annual turnover (Sub-Clause 4.7 [b]); (b) particular experience including key production rates (Sub-Clause 4.8); (c) financial means, etc. (Sub-Clauses 4.9, 4.10, and 4.11); (d) personnel capabilities (Sub-Clause 4.12); and (e) equipment capabilities (Sub-Clause 4.13) <p>In case the Applicant fails to fully meet any of these criteria, it may be qualified only for those slices for which the Applicant meets the above requirement.</p> |
| Right to Waive | 4.16 The Employer reserves the right to waive minor deviations in the qualification criteria if they do not materially affect the capability of an Applicant to perform the contract. |

5. Joint Ventures

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| Eligibility | 5.1 If the Applicant comprises a number of firms combining their resources in a joint venture, the legal entity constituting the joint venture and the individual partners in the joint venture shall be registered in eligible source countries and shall otherwise meet the requirements of Clause 3 above. |
| Qualification Criteria | 5.2 The joint venture must satisfy collectively the criteria of Clause 4. For this purpose the following data of each member of the joint venture may be added together to meet the collective qualifying |

venture may be added together to meet the collective qualifying criteria:

- (a) average annual turnover (Sub-Clause 4.7 [b]);
- (b) particular experience (Sub-Clause 4.8 [a]) and key production rates (Sub-Clause 4.8 [b]);
- (c) construction cash flow (Sub-Clause 4.9);
- (d) personnel capabilities (Sub-Clause 4.12); and
- (e) equipment capabilities (Sub-Clause 4.13).

Each partner must satisfy the following criteria individually:

- (a) general construction experience for the period of years stated in Sub-Clause 4.7 (a),
- (b) adequate sources to meet financial commitments on other contracts (Sub-Clause 4.10),
- (c) financial soundness (Sub-Clause 4.11), and
- (d) litigation history (Sub-Clause 4.14).

In accordance with the above, the Application shall include all related information required under Clause 4 for individual partners in the joint venture.

Partner in Charge

5.3 One of the partners, who is responsible for performing a key function in contract management or is executing a major component of the proposed contract, shall be nominated as being in charge during the prequalification and bidding periods and, in the event of a successful bid, during contract execution. The partner in charge shall be authorized to incur liabilities and receive instructions for and on behalf of any and all partners of the joint venture; this authorization shall be evidenced by submitting a power of attorney signed by legally authorized signatories of all the partners.

Partner Limitation

5.4 Unless otherwise stated in the PITA, there shall be no limit on the number of partners in a JV; however, the attention of Applicants is drawn to the provisions of Sub-Clause 5.5.

Joint and Several Liability

5.5 All partners of the joint venture shall be legally liable, jointly and severally, during the bidding process and for the execution of the contract in accordance with the contract terms, and a statement to this effect shall be included in the authorization mentioned under Sub-Clause 5.3 above.

Joint Venture Agreement

5.6 A copy of the Joint Venture Agreement (JVA) entered into by the partners shall be submitted with the Application. Alternatively, a Letter of Intent to execute a JVA in the event of a successful bid shall be signed

by all partners and submitted with the Application together with a copy of the proposed Agreement. Pursuant to Sub-Clauses 5.3 to 5.5 above, the JVA shall include among other things: the JV's objectives; the proposed management structure; the contribution of each partner to the joint venture operations; the commitment of the partners to joint and several liability for due performance; recourse/sanctions within the JV in the event of default or withdrawal of any partner; and arrangements for providing the required indemnities.

- Dissolution of Joint Venture** 5.7 The prequalification of a joint venture does not necessarily prequalify any of its partners to bid individually or as a partner in any other joint venture or association. In case of dissolution of a joint venture prior to the submission of bids, any of the constituent firms may prequalify if they meet all of the prequalification requirements, subject to the written approval of the Employer. Individual members of a dissolved joint venture may participate as subcontractor to qualified Applicants, subject to the provisions of Sub-Clause 9.3.

6. Domestic Bidder Price Preference

- Eligibility** 6.1 If so indicated in the PITA, a 7½ percent margin of price preference for qualifying domestic bidders shall apply in bid evaluation. On the basis of information submitted by Applicants and available at the time of notification, the Employer will inform prequalified Applicants of their apparent eligibility to qualify for the domestic bidder price preference (subject to subsequent confirmation at bid evaluation), in accordance with Sub-Clause 6.2.

- Domestic Bidders** 6.2 A domestic bidder is one that meets the following criteria:
- (a) for an individual firm:
 - (i) is registered in the country of the borrower;
 - (ii) has more than 50 percent ownership by nationals of the country of the Borrower;
 - (iii) does not subcontract more ~~than 20~~ than 10 percent of the contract price, excluding provisional sums, to foreign contractors.
 - (b) for a joint venture (JV) of domestic firms:
 - (i) individual member firms shall satisfy (a)(i) and (a)(ii) above;

- (ii) the JV shall be registered in the country of the Borrower;
- (iii) the JV shall not subcontract more than 2010 percent of the contract price, excluding provisional sums, to foreign firms.

7. Requests for Clarification

- | | |
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| Notification and Response | 7.1 Applicants are responsible for requesting any clarification of the prequalification documents. A request for clarification shall be made in writing to the Employer's address indicated in the PITA. The Employer will respond to any request for clarification that it receives earlier than 14 days prior to the deadline for submission of applications. Copies of the Employer's response, <u>including a description of the inquiry but without identifying its source</u> , will be forwarded to all purchasers of the prequalification documents, including a description of the inquiry but without identifying its source . |
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8. Submission of Applications

- | | |
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| Delivery | 8.1 Submission of applications for prequalification must be received in sealed envelopes either delivered by hand or by registered mail to the address, and not later than the date stated in the PITA. The name and mailing address of the Applicant shall be indicated on the envelope, which shall be clearly marked as indicated in the PITA. A receipt will be given for all <u>A</u> pplications submitted. |
| Late Applications | 8.2 The Employer reserves the right to accept or reject late applications. |
| Language | 8.3 All information requested for prequalification shall be provided by Applicants in the language indicated in the PITA. Information may be provided in another language, but it shall be accompanied by an accurate translation of its relevant passages into the language indicated in the PITA. This translation will govern and will be used for interpreting the information. |
| Lack of Information | 8.4 Failure of an Applicant to provide comprehensive and accurate information that is essential for the Employer's evaluation of the Applicant's qualifications, or to provide timely clarification or substantiation of the information supplied, may result in disqualification of the Applicant. |

- Material Changes** 8.5 Applicants, and those subsequently prequalified or conditionally prequalified, shall inform the Employer of any material change in information that might affect their qualification status. Bidders shall be required to update key prequalification information at the time of bidding. Prior to award of contract, the lowest evaluated bidder will be required to confirm its continued qualified status in a postqualification review process.

9. Employer's Notification and Bidding Process

- Invitation for Bid** 9.1 Within the period stated in the PITA from the date for submission of applications, the Employer will notify all Applicants in writing of the results of their application, including eligibility for domestic bidder price preference, in accordance with Clause 6, and of the names of all prequalified and conditionally prequalified applicants (see Sub-Clause 9.2 below). At the same time, successful applicants will be invited to submit a bid, in the format of the Invitation for Bids annexed to the PITA.

- Conditional Prequalification** 9.2 An Applicant may be "conditionally prequalified," that is, qualified subject to certain specified nonmaterial deficiencies in the prequalification requirements being met by the Applicant to the satisfaction of the Employer, before submitting a bid. Upon full compliance with the prequalification requirements, other prequalified applicants will be notified accordingly.

- One Bid per Bidder** 9.3 Only firms and joint ventures that have been prequalified under this procedure may submit a bid. A firm shall submit only one bid in the same bidding process, either individually as a Bidder or as a partner of a **joint venture**. No firm can be a subcontractor while submitting a bid individually or as a partner of a joint venture in the same bidding process. A firm, if acting in the capacity of **Subcontractor** in any bid, may participate in more than one bid, but only in that capacity. A Bidder who submits, or participates in, more than one bid will cause all the proposals with-in which the Bidder^s has participated~~ed~~ to be disqualified.

- Bid Security** 9.4 Bidders will be required to provide bid security in the form and amount indicated in the bidding documents. The successful bidder will be required to provide performance security in the form and amount indicated in the bidding documents.

- Changes after Prequalification** 9.5 Any change in the structure or formation of an Applicant after being prequalified and invited shall be subject to written approval of the Employer prior to the deadline for submission of bids. Such

Employer prior to the deadline for submission of bids. Such approval will be denied if as a consequence of any change:

- (a) an individual firm, or a joint venture as a whole, or any individual member of the JV fails to meet any of the collective or individual qualifying requirements;
- (b) the new partners to a joint venture were not prequalified in the first instance, either as individual firms or as another joint venture; or
- (c) in the opinion of the Employer, a substantial reduction in competition may result.

**Employer's
Rights**

9.6 The Employer reserves the right to take the following actions, and shall not be liable for any such actions:

- (a) amend the scope and cost of any contract to be bid under this project, in which event bids will be invited only from those applicants who meet the resulting amended prequalification requirements;
- (b) reject or accept any prequalification application, and/or any late application; and
- (c) cancel the prequalification process and reject all applications.

PARTICULAR INSTRUCTIONS TO APPLICANTS (PITA)

Part A: General

*This Section should All items in the PITA should be filled in by the Employer before issuance of the prequalification documents. An * inserted after the briefing notes for certain items indicates that supplemental guidance is given in Annex B, Parts 1 and 2.*

The PITA below is formatted for prequalification related to either a single (individual) contract or multiple contracts (“slice and package”). Part A relates to general matters that are common to both processes. Part B relates to specific requirements for an individual contract or to each contract (slice) within a package.

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| GITA Sub-Clause Reference | These particular instructions and related Information Forms (IF) are intended to complement, amend, or supplement the provisions in the GITA. In the event of conflict or ambiguity, the provisions in the PITA shall prevail over those in the GITA. |
| 1.1 | <p><u>Source of Funds</u></p> <p><u>The Borrower:</u> <i>[Insert name of Borrower and relationship to Employer, if different.]</i></p> <p><u>Amount of Loan:</u> US\$ _____ equivalent</p> <p><u>Name of Project:</u> <i>[Give the name and describe briefly the principal components of the overall project of which the subject contract or contracts form(s) part.]</i></p> |
| 1.2 | <p><u>The Employer:</u></p> <p><i>[Name, address, telephone and fax numbers, and electronic mail address for contact purposes.]</i></p> |
| 1.3 | <p><u>Slice and Package</u></p> <p><u>Concurrent bidding on more than one contract:</u> <i>[Enter “yes” or “no.” If yes, list all contracts by reference number and title. <u>Each contract should then be detailed in Part B of the PITA.*]</u></i></p> |

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| 1.4 | <p><u>Bid Invitation</u></p> <p><u>Expected date of Invitation for Bids:</u> <i>[Insert the date; or alternatively, just the month and year if a precise date has not yet been decided.]</i></p> |
| 4.11 | <p><u>Audited Balance Sheets</u></p> <p><u>Time period if less than five years:</u> <i>[The time period may be reduced to three years minimum (in agreement with the Bank) under special country circumstances, such as to provide opportunities for a newly privatized construction industry with a limited period of existence, but with suitable experience, etc. Firms owned by individuals and partnerships may not be required to maintain audited balance sheets by the laws of their countries of origin; in such cases, the Employer may relax the audit requirement, but should request other acceptable financial statements.*]</i></p> |
| 5.4 | <p><u>Joint Ventures</u></p> <p><u>Partner Limitation:</u> <i>[Insert "None" if there is to be no limit in the number of partners or, alternatively, a number that the Employer considers appropriate according to the varied nature and size of the contract. Normally, the Applicant, if a JV, should not be limited in the composition and number of partners. However, the risk to an Employer of possible default is greater if a JV were to comprise a large number of firms, jointly and severally bound to complete the contract, and a key firm or firms were to defect. Experience in Bank-financed contracts shows that the number of partners in JVs for civil works usually ranges from two to five in contracts with a value up to about US\$ 100 million.]</i></p> |
| 6.1 | <p><u>Domestic Bidder Price Preference</u></p> <p><u>Preference shall apply for Eligible Domestic Bidders:</u> _____ <i>[Answer "Yes" or "No." Domestic works preference must be expressly permitted for eligible Borrowers in the <u>Loan/Credit Agreement</u> on the basis of a stated threshold level of GNP per capita determined by the Bank and adjusted annually.]</i></p> <p>Applicants considering themselves eligible for the Works preference in bid evaluation shall provide information and statements in accordance with GITA Sub-Clauses 6.1 and 6.2 for review by the Employer.</p> |
| 7.1 | <p><u>Requests for Clarification:</u></p> <p>Address: <i>[Give address of Employer (or implementing agency) handling clarifications.]</i></p> |

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| 8.1 | <p><u>Submission of Applications</u> Address: <i>[Give precise address, and preferably room number, for submission.]</i></p> <p>Date for Submission: <i>[The time allowed for preparation and submission of the prequalification document should be sufficient for applicants to gather all the information required—preferably eight weeks, but in any case not less than six weeks after the dates when the documents are available for distribution or the date of the advertisement. This period may be longer for very large projects, where time should be allowed for the formation of joint ventures and assembly of the necessary resources.]</i></p> <p><u>Envelope Marking:</u> “Prequalification Application for: _____ / _____” <i>[Give name of project and contract reference numbers as stated in the Invitation for Prequalification.]</i></p> |
| 8.3 | <p><u>Language:</u> <i>[The language to be used shall be that in which the prequalification and bidding documents are written. English, French, or Spanish shall be used in International Competitive Bidding (ICB); an official language of the Borrower’s country may be used for National Competitive Bidding (NCB).]</i></p> |
| 9.1 | <p><u>Employer’s Notification</u> Time period from submission of applications: _____ days <i>[Depending on the complexity of the contract, and of the evaluation criteria (e.g. slice and package), etc., a period between fifty-six to eighty-four (56 to 84) days is considered appropriate, including seeking the Bank’s “no objection.”]</i></p> |

Part B: Specific Contract Requirements

A separate Part B should be completed by the Employer for each contract in a multiple contract (“slice and package”) prequalification.

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| GITA Sub-Clause Reference | These particular instructions and related Information Forms (IF) are intended to complement, amend, or supplement the provisions in the GITA. In the event of conflict or ambiguity, the provisions herein shall prevail over those in the GITA. |
| 1.2 | <p><u>Scope of Work</u></p> <p><u>Contract Reference:</u> _____ <u>Title:</u> _____</p> <p><u>The Works:</u> <i>[Give a contract reference number and title, and describe the Works in sufficient detail to identify location, nature, and complexity. Approximate quantities of major items of work should be indicated, but the estimated cost should not be disclosed in these Instructions or in the Invitation for Prequalification.]</i></p> |
| 1.5 | <p><u>Type of Contract</u></p> <p><u>Bidding Documents:</u> <i>[State whether: the Bank’s SBD for Works, Smaller Contracts, Supply and Install, or other (e.g. Turnkey, Design and Build, etc.).]</i></p> <p><u>Method of payment:</u> _____ <u>Prices:</u> <i>[State whether: unit rate <u>with BOQ</u>, lump sum <u>against completed activities</u>, or <u>other turnkey</u>, and whether prices are fixed or adjustable.]</i></p> <p><u>Time for completion:</u> <i>[State time in weeks; if variable times are to be invited, give the range of acceptable times. With multiple slice and package contracting, additional time may be permitted for combinations of slices, and evaluated accordingly on the basis of benefits foregone for the longer times of completion.]</i></p> |
| 1.6 | <p><u>Site Information:</u></p> <p>See Annex to the PITA Part B for the referenced contract <i>[Provide details as described in GITA Sub-Clause 1.6; additional Annexes</i></p> |

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| | <i>should be provided for each contract in “slice and package” bidding (ref. 1.3 above).]</i> |
| 4.2 | <p><u>Nominated Subcontracting</u></p> <p>The Employer intends to execute the following specialized elements of the Works by Nominated Subcontractors:</p> <p>1) 2) etc.</p> <p><i>[Describe briefly the specialized items to be subcontracted; if none, enter “Not Applicable.”*]</i></p> |
| 4.3, 4.4 | <p><u>Subcontracting by Applicant:</u></p> <p>Provide details information if more than about ____ percent of the Applicant’s approximated Bid Price, and/or, for any specialized subcontracting. <i>[Insert a figure when the Employer wishes to have advance information about non-specializedall subcontracting by the Applicant, Noting that all specialist subcontracting has to be fully detailed, a figure of up to, say, above20 percent% may be appropriate.*]</i></p> |
| 4.7 | <p><u>General Construction Experience</u></p> <p>(a) <u>Time period in the Construction Business:</u> <i>[The time period is normally five years or more, but may be reduced to not less than three years (in agreement with the Bank) under special country circumstances, such as to provide opportunities for a newly privatized construction industry with only a short record of experience, etc.*]</i></p> <p>(b) <u>Required Average annual turnover:</u> US\$ ____ equivalent <i>[The amount stated should normally not be less than twice the estimated annual turnover or cash flow in the proposed Works contract (based on a straight-line projection of the Employer's estimated cost, including contingencies, over the contract duration). The multiplier of two may be reduced for very large contracts (say, greater than US\$200 million equivalent) but should not be less than 1.5.*]</i></p> |
| 4.8 | <p><u>Particular Construction Experience</u></p> <p>(a) <u>Required number of similar contracts completed:</u> <i>[The range should be one to three (and is normally two), depending on the</i></p> |

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| | <p><i><u>magnitude of contract size and complexity of the subject contract</u>, the exposure of the Employer to risk of contractor default, and country conditions. For example, for small- to medium-sized contracts in a country with newly privatized, but competitive construction firms (which have had some experience as parastatals), an Employer may be prepared to risk an award to an applicant with only <u>one</u> previous similar contract completed. For contracts in a developed environment with a high potential supply of construction services, <u>three</u> similar contracts may not limit applications, but would reduce the risk of Contractor default.*]</i></p> <p><u>Within time period of:</u> <i>[See note in 4.7 above; the time period should not be longer than that in 4.7. The range is normally five to ten years, and should be related to the number of similar contracts stated above and to the duration of the subject contract, e.g., ten years for two contracts of about five years' duration, or six years for two contracts of about three years' duration.*]</i></p> <p>(b) <u>Minimum key production rates:</u> 1) _____ 2) _____ etc.</p> <p><i>[List the monthly or annual production rate for the key construction activity (or activities) in the proposed contract or works, e.g., “one million m³ of rock placed in rockfill dams in one year; X tonnes of asphaltic concrete per month placed in road paving; Ym³ of concrete placed in . . . etc.” The rates should be a percentage (say about 80 percent) of the estimated production rate of the key activity (or activities) in the contract or Works as needed to meet the expected construction schedule with due allowance for adverse climatic conditions.*]</i></p> |
| 4.9 | <p><u>Financial Capabilities</u> <u>Minimum Required Cash Flow amount:</u> US\$ _____ equivalent <i>[Calculate the construction cash flow requirement 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 time of 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 months. The assessment of the monthly amount should 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 allowances in the estimated contract cost.*]</i></p> |

| <p>4.12</p> | <p><u>Personnel Capabilities</u></p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Position</u></th> <th style="text-align: center;"><u>Total Work/Business Experience (years)</u></th> <th style="text-align: center;"><u>In Similar Work (years)</u></th> </tr> </thead> <tbody> <tr> <td>1) _____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>2) _____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>3) _____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>4) _____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p>etc.</p> <p><i>[List only key site management and specialist positions required for the subject contract(s) (e.g., contract manager and deputy manager, equipment manager, tunnelling specialist, dredging expert, etc.*)]</i></p> <p>The Applicant shall provide further details of the proposed personnel and their experience records in the relevant Information Forms 6 and 6A.</p> | <u>Position</u> | <u>Total Work/Business Experience (years)</u> | <u>In Similar Work (years)</u> | 1) _____ | _____ | _____ | 2) _____ | _____ | _____ | 3) _____ | _____ | _____ | 4) _____ | _____ | _____ |
|---|---|---|---|--------------------------------|----------|----------|-------|----------|-------|-------|----------|-------|-------|----------|-------|-------|
| <u>Position</u> | <u>Total Work/Business Experience (years)</u> | <u>In Similar Work (years)</u> | | | | | | | | | | | | | | |
| 1) _____ | _____ | _____ | | | | | | | | | | | | | | |
| 2) _____ | _____ | _____ | | | | | | | | | | | | | | |
| 3) _____ | _____ | _____ | | | | | | | | | | | | | | |
| 4) _____ | _____ | _____ | | | | | | | | | | | | | | |
| <p>4.13</p> | <p><u>Equipment Capabilities</u></p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Equipment Type and Characteristics</u></th> <th style="text-align: center;"><u>Minimum Number Required</u></th> </tr> </thead> <tbody> <tr> <td>1) _____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>2) _____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>3) _____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p>etc.</p> <p><i>[Insert a list of anticipated key equipment needs only, described as specific items or by performance criteria, as appropriate. The items listed should be limited to major items of equipment that are crucial to the proper and timely execution of the contract, and items that Applicants may not readily be able to purchase, hire, or lease in the required time frame. E.g., bucket or suction dredgers of a certain capacity, tunneling equipment, heavy lift floating cranes, asphalt or concrete batching plants, heavy rock-ripping bulldozers, etc.*]</i></p> <p>The Applicant shall provide further details of proposed items of equipment in the relevant Information Form.</p> | <u>Equipment Type and Characteristics</u> | <u>Minimum Number Required</u> | 1) _____ | _____ | 2) _____ | _____ | 3) _____ | _____ | | | | | | | |
| <u>Equipment Type and Characteristics</u> | <u>Minimum Number Required</u> | | | | | | | | | | | | | | | |
| 1) _____ | _____ | | | | | | | | | | | | | | | |
| 2) _____ | _____ | | | | | | | | | | | | | | | |
| 3) _____ | _____ | | | | | | | | | | | | | | | |

Site Information Annex

Pursuant to GITA 1.6, attached hereto is general information and site data relating to the subject contract.

[The Employer should prepare and attach a report providing information (as available at the time) on the topics listed in GITA 1.6.]

SAMPLE BASIC FORM*

INVITATION FOR BIDS*[letterhead paper of the Employer]*

To: *[name of Contractor]*
[address]

_____ *[date]*Reference: *[Insert IBRD Loan No. or IDA Credit No.]*

Contract Name, and Identification No. _____ / _____ **

Dear Sirs:

1. We hereby inform you that you are prequalified for bidding for the above cited contract. A list of prequalified and conditionally prequalified Applicants is attached to this invitation.

2. On the basis of information submitted in your application, you would *[not]* *[insert if appropriate]* appear eligible for application of the domestic bidder price preference in bid evaluation; ~~such e~~ Eligibility is subject to confirmation at bid evaluation.

3. We now invite you and other prequalified Applicants to submit sealed bids for the execution and completion of the cited contract.

4. You may obtain further information from, and inspect and acquire the bidding documents at, our offices at *[mailing address, street address, and cable/telex/facsimile numbers]*.

5. A complete set of bidding documents may be purchased by you at the above office, on or after *[time and date]* and upon payment of a nonrefundable fee of *[insert amount and currency]*.

6. All bids must be accompanied by a security in the form and amount specified in the bidding documents, and must be delivered to *[address and exact location]* at or before *[time and date]*. Bids will be opened immediately thereafter in the presence of bidders' representatives who choose to attend.

7. Please confirm receipt of this letter immediately in writing by cable, fax, or telex. If you do not intend to bid, we would appreciate being so notified also in writing at your earliest opportunity.

Yours truly,

Authorized signature _____

Name and title _____

Employer _____

** This basic form may be adapted by the Employer to notify conditionally prequalified Applicants (ref GITA 9.2 and Annex B, Section 7).*

***The Employer should insert the name and no. of a single contract, or for concurrent slice and package bidding, those of individual contracts (slices) within the package for which Applicants expressed a preference, and for which they are prequalified. If the evaluation of applications has been made on the basis of the maximum bidding capacity of Applicants, consult the Guidance Notes (Annex B, Part 2).*

LETTER OF APPLICATION

*Note: Spaces marked * on this and on subsequent forms are to be completed by the Employer.*

[letterhead paper of the Applicant or partner responsible for a joint venture, including full postal address, and telephone, facsimile and telex numbers, and cable address]

Date: _____

To: _____
*[name and address of the Employer]**

Name of Project: * _____

1. Being duly authorized to represent and act on behalf of _____ (hereinafter referred to as “the Applicant”), and having reviewed and fully understood all of the prequalification requirements and information provided, the undersigned hereby applies for prequalification to bid on the contract or contracts indicated below:

***Note: If prequalification refers to only one contract, delete the following paragraph and table, and insert the single contract reference and title.*

** We have indicated (by signature) in column (3) below our preference for individual contract consideration, or for any combination thereof within our prequalified capacity as assessed by you.

| Contract reference* (1) | Contract title* (2) | Preferred individual contract (3) |
|----------------------------|------------------------|--------------------------------------|
| 1. | | |
| 2. | | |
| 3. | | |
| 4. etc. | | |

[See Annex B, Part 1, Section 2 for the suggested number of slices]

2. Attached to this letter are copies of original documents defining¹:
- (a) the Applicant's legal status;
 - (b) the principal place of business; and
 - (c) the place of incorporation (for Applicants that are corporations), or the place of registration and the nationality of the owners (for Applicants that are partnerships or individually owned firms).
3. With reference to GITA Sub-Clause 4.3, It is our intention to subcontract approximately ____ percentage of the Bid/Contract Price, details of which are provided herein.
4. Your Agency and its authorized representatives are hereby authorized to conduct any inquiries or investigations to verify the statements, documents, and information submitted in connection with this application, and to seek clarification from our bankers and clients regarding any financial and technical aspects. This Letter of Application will also serve as authorization to any individual or authorized representative of any institution referred to in the supporting information to provide such information deemed necessary and as requested by yourselves to verify statements and information provided in this application, such as the resources, experience, and competence of the Applicant.
5. Your Agency and its authorized representatives may contact the following persons for further information²:

| | |
|----------------------------------|--------------------------------------|
| General and managerial inquiries | |
| Contact 1 | Address and communication facilities |
| Contact 2 | Address and communication facilities |

¹ For applications by joint ventures, all the information requested in the prequalification documents is to be provided for the joint venture, if it already exists, and for each party to the joint venture separately. The lead partner should be clearly identified. Each partner in the joint venture shall sign the letter.

² Applications by joint ventures should provide on a separate sheet equivalent information for each party to the application.

| | |
|---------------------|--------------------------------------|
| Personnel inquiries | |
| Contact 1 | Address and communication facilities |
| Contact 2 | Address and communication facilities |

| | |
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| Technical inquiries | |
| Contact 1 | Address and communication facilities |
| Contact 2 | Address and communication facilities |

| | |
|---------------------|--------------------------------------|
| Financial inquiries | |
| Contact 1 | Address and communication facilities |
| Contact 2 | Address and communication facilities |

6. This application is made with the full understanding that:
- (a) bids by prequalified Applicants will be subject to verification of all information submitted for prequalification at the time of bidding;
 - (b) your Agency reserves the right to:
 - amend the scope and value of any contracts to be bid under this project; in which event, bids will be invited only from those Applicants who meet the resulting amended prequalification requirements; and
 - reject or accept any application, cancel the prequalification process, and reject all applications.
 - (c) your Agency shall not be liable for any such actions under 6.(b) above.

Applicants who are not joint ventures should delete paras. 7 and 8 and initial the deletions. The attention of Applicants who are JVs is drawn to GITA Sub-Clause 5.6 regarding Letters of Intent.

7. Appended to this application, we give details of the participation of each party, including capital contribution and profit/loss agreements, in the joint venture or association. We also specify the financial commitment in terms of the percentage of the value of the <each> contract, and the responsibilities for execution of the <each> contract.

8. We confirm that if we bid, that bid, as well as any resulting contract, will be:

- (a) signed so as to legally bind all partners, jointly and severally; and
- (b) submitted with a joint venture agreement providing the joint and several liability of all partners in the event the contract is awarded to us.

9. The undersigned declare that the statements made and the information provided in the duly completed application are complete, true, and correct in every detail.

| | |
|---|--|
| Signed | Signed |
| Name | Name |
| For and on behalf of (name of Applicant or lead partner of a joint venture) | For and on behalf of (name of partner) |

| | |
|--|--|
| Signed | Signed |
| Name | Name |
| For and on behalf of (name of partner) | For and on behalf of (name of partner) |

| | |
|--|--|
| Signed | Signed |
| Name | Name |
| For and on behalf of (name of partner) | For and on behalf of (name of partner) |

INFORMATION FORMS

Supplementary information may be provided by Applicants as deemed necessary.

These basic Information Forms should be finalized by the Employer with appropriate minor changes to suit the particular prequalification requirements of the specific contract or contracts.

INFORMATION FORM (1)

PAGE __ OF __ PAGES

General Information

All individual firms and each partner of a joint venture applying for prequalification are requested to complete the information in this form. Nationality information should be provided for all owners or Applicants that are partnerships or individually owned firms.

Where the Applicant proposes to use named subcontractors for highly specialized components of the Works (reference Sub-Clause 4.4 of the GITA), the following information should also be supplied for the subcontractor(s), together with the information in Forms 2, 3, 3A, 4, and 5.

| | | |
|----|---------------------------------------|--------------------------------------|
| 1. | Name of firm | |
| 2. | Head office address | |
| 3. | Telephone | Contact |
| 4. | Fax | Telex |
| 5. | Place of incorporation / registration | Year of incorporation / registration |

| Nationality of owners ¹ | | |
|------------------------------------|------|-------------|
| | Name | Nationality |
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |

1. To be completed by all owners of partnerships or individually owned firms.

General Construction Experience Record

(ref. GITA Sub-Clause 4.7)

| |
|---|
| Name of Applicant or partner of a joint venture |
|---|

All individual firms and all partners of a joint venture are requested to complete the information in this form with regard to the management of Works contracts generally. The information supplied should be the annual turnover of the Applicant (or each member of a joint venture), in terms of the amounts billed to clients for each year for work in progress or completed, converted to U.S. dollars at the rate of exchange at the end of the period reported. The annual periods should be calendar years, with partial accounting for the year up to the date of submission of applications.

A brief note on each contract should be appended, describing the nature of the work, duration and amount of contract, managerial arrangements, Employer, and other relevant details.

Use a separate sheet for each partner of a joint venture.

Applicants should not enclose testimonials, certificates, and publicity material with their applications; they will not be taken into account in the evaluation of qualifications.

| Annual turnover data (construction only) | | |
|--|----------|-----------------|
| Year* | Turnover | US\$ equivalent |
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |
| 5. | | |

| |
|---|
| * <i>The same period as in 4.7 of the PITA, commencing with the partial year up to the date of submission of applications</i> |
|---|

INFORMATION FORM (2A)

PAGE __ OF __ PAGES

Joint Venture Summary

| |
|--|
| Names of all partners of a joint venture |
| 1. Partner in charge |
| 2. Partner |
| 3. Partner |
| 4. Partner |
| 5. Partner |
| 6. etc. |

Total value of annual construction turnover, in terms of work billed to clients, in US\$ equivalent, converted at the rate of exchange at the end of the period reported:

| Annual turnover data (construction only; US\$ equivalent) | | | | | | |
|---|--------------------|--------|--------|--------|--------|--------|
| Partner | Form 2 page no. | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| 1. Partner in charge | | | | | | |
| 2. Partner | | | | | | |
| 3. Partner | | | | | | |
| 4. Partner | | | | | | |
| 5. Partner | | | | | | |
| 6. Etc. | | | | | | |
| Totals | | | | | | |

INFORMATION FORM (3)

PAGE __ OF __ PAGES

Particular Construction Experience Record(ref. GITA Sub-Clauses 4.4 and 4.8)

| |
|---|
| Name of Applicant or partner of a joint venture <u>or named Subcontractor</u> |
|---|

To prequalify, the Applicant shall be required to pass the specified requirements applicable to this form, as set out in the PITA.

On separate pages, using the format of Form (3A), the Applicant is requested to list contracts of a similar nature, complexity, and requiring similar construction technology to the contract or contracts for which the Applicant wishes to qualify, and which the Applicant has undertaken during the period, and of the number, stated in 4.8 of the PITA. Each partner of a joint venture should provide details of similar contracts on which they have had proportionate experienced. The contract value should be based on the payment currencies of the contracts converted into U.S. dollars, at the date of substantial completion, or for ongoing contracts at the time of award. The information is to be summarized, using Form (3A), for each contract completed or under execution, by the Applicant or by each partner of a joint venture.

Where the Applicant proposes to use named subcontractors for highly specialized elements of the Works (reference Sub-Clause 4.4 of the GITA), the information in the following forms should also be supplied for each subcontractor (or substitute alternate, if any).

INFORMATION FORM (3A)

PAGE __ OF __ PAGES

Details of Contracts of Similar Nature and Complexity

| |
|---|
| Name of Applicant or partner of a joint venture |
|---|

Use a separate sheet for each contract.

| | | |
|-----|---|--|
| 1. | Number of contract | |
| | Name of contract | |
| | Country | |
| 2. | Name of Employer | |
| 3. | Employer address | |
| 4. | Nature of works and special features relevant to the contract for which the Applicant wishes to prequalify | |
| 5. | Contract role (check one) <input type="checkbox"/> Prime contractor <input type="checkbox"/> Management contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/> Partner in a joint venture | |
| 6. | Amount of the total contract/subcontract/partner share (in specified currencies at completion, or at date of award for current contracts) Currency Currency Currency | |
| 7. | Equivalent amount US\$ Total contract: \$ _____; Subcontract: \$ _____; Partner share: \$ _____ | |
| 8. | Date of award/completion | |
| 9. | Contract was completed _____ months ahead/behind original schedule (if behind, provide explanation). | |
| 10. | Contract was completed US\$ _____ equivalent under/over original contract amount (if over, provide explanation). | |
| 11. | Special contractual/constructional requirements, including monthly/annual production rates of the key construction activities described in PITA 4.8 _____ _____ _____ | |
| 12. | Indicate the approximate percent of total contract value (and US\$ amount) of work undertaken by subcontract, if any, and the nature of such work. _____ _____ | |

INFORMATION FORM (4)

PAGE __ OF __ PAGES

Summary Sheet: Current Contract Commitments / Works in Progress

| |
|---|
| Name of Applicant or partner of a joint venture |
|---|

Applicants and each partner to an application should provide information on their current commitments on all contracts that have been awarded, or for which a letter of intent or acceptance has been received, or for contracts approaching completion, but for which an unqualified, full completion certificate has yet to be issued.

| Name of contract | Employer, contact address/tel/fax | Value of outstanding work (current US\$ equivalent) | Estimated completion date | Average monthly invoicing over last six months (US\$/mon) |
|------------------|---|--|------------------------------|--|
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| etc. | | | | |

In accordance with GITA Sub-Clause 4.10, the Applicant shall provide evidence (in a similar manner to the requirements of Sub-Clause 4.9) to substantiate the adequacy of the sources of finance to meet the Applicant's cash flow requirements on the above contracts.

Specify proposed sources of financing, such as liquid assets, unencumbered real assets, lines of credit, and other financial means, net of current commitments, available to meet the total construction cash flow demands of the subject contract or contracts as indicated in PITA 4.9.

| Source of financing | Amount (US\$ equivalent) |
|---------------------|--------------------------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |

Attach audited financial statements—including, as a minimum, profit and loss account, balance sheet, and explanatory notes—for the period stated in PITA 4.11 (for the individual Applicant or each partner of a joint venture).

If audits are not required by the laws of Applicants' countries of origin, partnerships and firms owned by individuals may submit their balance sheets certified by a registered accountant, and supported by copies of tax returns,

INFORMATION FORM (6)

PAGE __ OF __ PAGES

Personnel Capabilities

| |
|-------------------|
| Name of Applicant |
|-------------------|

For specific positions **essential** to contract management and implementation, Applicants should provide the names of at least two candidates qualified to meet the specified requirements stated for each position. The data on their experience should be supplied on separate sheets using one Form (6A) for each candidate.

Applicants may propose alternative management and implementation arrangements requiring different key personnel, whose experience records should be provided.

| | |
|----|-----------------------------|
| 1. | Title of position* |
| | Name of prime candidate |
| | Name of alternate candidate |
| 2. | Title of position* |
| | Name of prime candidate |
| | Name of alternate candidate |
| 3. | Title of position* |
| | Name of prime candidate |
| | Name of alternate candidate |
| 4. | Title of position* |
| | Name of prime candidate |
| | Name of alternate candidate |

**As listed in PITA 4.12.*

INFORMATION FORM (7)

PAGE __ OF __ PAGES

Equipment Capabilities

(ref. GITA Sub-Clause 4.13)

| |
|-------------------|
| Name of Applicant |
|-------------------|

The Applicant shall provide adequate information to demonstrate clearly that it has the capability to meet the requirements for each and all items of equipment listed in the PITA 4.13. A separate Form (7) shall be prepared for each item of equipment listed in the PITA, or for alternative equipment proposed by the Applicant.

| | | |
|-----------------------|--|------------------------|
| Item of equipment | | |
| Equipment information | Name of manufacturer | Model and power rating |
| | Capacity | Year of manufacture |
| Current status | Current location | |
| | Details of current commitments | |
| Source | Indicate source of the equipment <input type="checkbox"/> Owned <input type="checkbox"/> Rented <input type="checkbox"/> Leased <input type="checkbox"/> Specially manufactured | |

Omit the following information for equipment owned by the Applicant or partner.

| | | |
|------------|--|------------------------|
| Owner | Name of owner | |
| | Address of owner | |
| | Telephone | Contact name and title |
| | Fax | Telex |
| Agreements | Details of rental / lease / manufacture agreements specific to the project | |
| | | |
| | | |

ANNEXES

Annex A. Why Prequalification?

This Annex explains the rationale for PQ, and indicates the principal advantages and potential disadvantages.

Annex B. Guidance Notes for Users

This Annex is divided into **Parts 1 and 2.**

Part 1, “Completion of the PITA,” gives guidance in preparing the PQ document, and completing the entries in the PITA. It amplifies important clauses in the GITA and complements the guidance notes in PITA (with illustrative examples as needed), and with particular emphasis on “slice and package” bidding.

Part 2, “Evaluation of Submissions,” includes a flow chart on the evaluation process, and gives guidance in assessing the capability of Applicants to perform the subject contract or contracts, with particular emphasis on “slice and packaging” and “financial soundness.” Circumstances under which “conditional prequalification” may be appropriate are also described.

Annex C. Prequalification Evaluation Summary

This Annex gives the format for a Summary of the evaluation analysis of Applicants’ submissions, which should be completed by the implementing agency and submitted to the Bank for review and comment prior to the notification of Applicants.

Annex A. Why Prequalification?

Introduction

1. The successful execution of contracts for large buildings, civil engineering, supply and installation, turnkey, and design and build projects requires that contracts are awarded only to firms, or combinations of firms, that are suitably experienced in the type of work and construction technology involved, that are financially and managerially sound, and that can provide all the equipment required in a timely manner. The assessment by an implementing agency of the suitability of firms to carry out a particular contract **prior** to being invited to submit a bid is a process called **prequalification**.

The Requirement for Prequalification of Bidders

2. Most multilateral financing institutions require the prequalification of firms for the construction of large or complex Works contracts, followed by a closed competitive bidding procedure in which only those firms meeting specified prequalification criteria are invited to submit a bid. The Procurement Guidelines applicable to contracts financed by the World Bank state the requirements for prequalification in paras. 2.9 and 2.10. It is Bank policy that all applicants meeting the specified criteria shall be allowed to bid. Therefore, prequalification should not be used for limiting competition to a predetermined number of potential bidders.

3. The decision whether to carry out prequalification is a matter of professional judgment based upon a number of considerations about the contract itself, and about the actual process of prequalification. Contract considerations include size, complexity, limitations on completion time, the critical nature of the works, environmental impact, associated risks, etc. Considerations regarding the process of prequalification should weigh the potential benefits against the potential disadvantages, which are topics discussed in paras. 4 and 5 below.

Benefits of Prequalification

4. The prequalification process may be of benefit to both bidders and Borrowers¹ alike, in that:

- (a) the process enables 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;

¹ “Borrower” denotes a Bank borrower or the executing agency delegated by the Borrower to execute the project, normally the Employer in a Works contract.

- (b) ~~after-with~~ prequalification, well-qualified firms will price their bids with the knowledge that they are competing ~~with against~~ other qualified bidders meeting realistic minimum competence criteria; the assurance that inadequately qualified competitors will be excluded from submitting unrealistically low bids ~~thus~~ encourages leading contractors to bid;
- (c) prequalification enables Borrowers to assess the interest from qualified firms generated by the contract and, in the event that only a limited number of applications are received, to make any necessary adjustments in the procurement process (including, in particular, the special conditions of contract—sharing of risk, payment terms, liquidated damages, or completion times, which may be perceived as onerous by potential bidders);
- (d) it helps to expose potential conflicts of interest by identifying contractors who may have a business association with consultants to the project;
- (e) it reduces the amount of work and time involved by Employers in evaluating bids from unqualified contractors;
- (f) it encourages local firms to form joint ventures with other local or international firms, thereby benefiting from their resources and experience;
- (g) it enables the Employer to assess the likelihood of contractors' eligibility for domestic bidder price preference in borrowing countries where this is applicable; ~~and~~
- (h) it reduces significantly, if not eliminates, problems of rejection associated with low-priced bids submitted by bidders of doubtful capability; ~~and-~~

~~(h)~~

~~(h)(i) it gives the Bank some indication of an Employer's ability to manage an important, early procurement function.~~

Disadvantages of Prequalification

5. On the negative side, prequalification has some potential disadvantages:
 - (a) it may increase procurement lead time, although this can be minimized by good procurement scheduling, e.g., undertaking the prequalification process while bid documents are being prepared;
 - (b) the Borrower is required to review all prequalification applications, whereas postqualification requires the review of the qualifications of, normally, only one (the lowest evaluated) bidder;

- (c) collusion (and the possibility of price-rigging) is easier among a limited number of identified bidders, particularly if they are of the same nationality;
 - (d) the element of subjective judgment required by evaluators when applying the prequalification criteria to a number of Applicants, and the discretionary rights reserved to the Employer, provide opportunities for externally influenced deviations from the expected high standards of ethics and impartiality in prequalifying applicants.
6. The Bank, from its own experience, believes that on balance the benefits of prequalification under transparent conditions for large Works contracts outweigh by a considerable margin the potential disadvantages, for both Borrowers and the construction community alike.

Annex B. Guidance Notes for Users

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PART 1: COMPLETION OF THE PITA

1. Qualification Criteria (GITA 4.0)

1.1 The Bank's current policy on PQ is that all potential bidders that meet predefined minimum requirements regarding (inter alia): general construction experience; particular or specialized experience; financial capabilities; personnel capabilities, and equipment availability should be invited to bid. The procedure requires the implementing agency (Employer) to set pass/fail criteria which, if all are not met substantially by the Applicants for PQ, would cause them to be disqualified.

1.2 The criteria adopted must relate to characteristics that are essential to ensure satisfactory execution of the subject contract (or each contract with slice and package bidding: see Section 2 below), and they must be precisely stated. Basically, the criteria must be chosen so that only Applicants that are qualified to carry out the work are permitted to bid. The criteria must also be set so that they neither inhibit competition nor limit the number of eligible firms to be prequalified. All Applicants that meet the criteria should be invited to bid. An element of subjective judgment will, nevertheless, still be required in evaluating the submissions of Applicants.

~~Inclusions for Annex B~~

2. Slice and Package of Similar Contracts (PITA 1.3, GITA 4.15)

Basic Philosophy

2.1: The Procurement Guidelines in para 2.4 refer to bidding on a slice and package basis as follows:

“For a project requiring similar but separate items of equipment or works, bids may be invited under alternative contract options that would attract the interest of both small and large firms, which could be allowed, at their option, to bid for individual contracts (slices) or for a group of similar contracts (package). All bids and combinations of bids shall be received by the same deadline and opened and evaluated simultaneously so as to determine the bid or combination of bids offering the lowest evaluated cost to the Borrower.”

2.2 The essential requirement for breaking a large Works construction project into a package of similar individual contracts or “slices” is that the Works, in the first instance, must be reasonably homogeneous, and that the execution of individual slices by different contractors on a “single responsibility” basis would still result in a timely and satisfactory

completion of the whole package. For example: a number of similar building types (such as health clinics, schools, houses, etc.); irrigation canals; pipelines; rural roads; highways in similar terrain, etc.

~~2.3-~~ The manner in which the Works are sliced is of importance. A highway sliced “horizontally” into separate radically different elements such as earthworks, culverts, bridges, road foundation, and paving is not suited for bidding such individual elements as separate contracts on a “slice and package” basis, because of potential problems with contract interfacing and assigning responsibility for any subsequent defects. However, a highway sliced “vertically” into sections with similar features is suited, since each slice is a complete, self-contained entity in itself. ~~Likewise, hydropower, port, and similar “heterogeneous” projects with definable components of a different (non-similar) nature are generally not suited for execution on an individual slice and/or package basis, with individual contractual responsibility for each slice; such projects are better suited for construction as a whole on a single responsibility basis by a joint venture of firms with the required combined expertise.~~

2.4 The procurement strategy for complex projects, where the risk of planning and coordinating the phasing and site relationships between contractors is high and where such risk is assumed by the Employer, should be discussed with the Bank before starting the preparation of the prequalification documentation. Works under these projects are often divided up in separate contracts of a different nature and with critical completion dates. Potential contractors for these separate contracts may be simultaneously prequalified and the contracts may also be simultaneously bid, but their packaging for prequalification and bidding purposes may become very complicated. As an example, the construction of a port could be divided up into several separate contracts for access roads, breakwater and quays, dredging, buildings, etc., with prequalification and bidding each carried out at the same time and the possibility of multiple awards to one or more contractors.

Number of Slices

~~2.5-~~ The number of slices or individual contracts into which the project is divided is also of importance, and will affect the complexity of the prequalification evaluation and, subsequently, the bid evaluation and contract administration. The complexity of the prequalification and bid evaluation increases very rapidly with the number of slices. The number of combinations of individual contracts above five may require a complex matrix for evaluation purposes. Four or five maximum number of slices or individual contracts is recommended; five slices will result in thirty-one possible combinations.¹ Furthermore, a large number of small slices, -while encouraging small domestic contractors, may discourage larger and more efficient contractors from bidding on a package of small contracts.

¹ A simple application of the general formula ${}^nCr = \frac{n!}{r!(n-r)!}$ where nCr is the number of combinations of “n” items, taken “r” at a time.

Evaluation of Applicant's Capacity

~~5. Even with a reasonable number of slices, the evaluation of different combinations may be somewhat complex, particularly if different time periods are permitted for package construction. The Bank strongly recommends against an excessive number of slices. The following notes on assessing the capacity of Applicants to bid on one or a group of contracts are intended as guidance for the Employer's evaluation team. Only the essentials of the prequalification evaluation procedure are indicated; many other factors may need to be considered and evaluated before the Employer takes a decision on the acceptance, conditional acceptance, or rejection of an application. Inevitably, final decisions will require an element of subjective judgement by the evaluators.~~

5.1 Single Contract Evaluation (Slice)

- ~~(a) The average annual amount of the Applicant's past turnover on general construction in IF2 should be equal or greater than that stated in PITA Part B 4.7. If there has been a downward trend in turnover in more recent years over the specified period, a clarification should be sought by the evaluator with a view to a possible weighting of the more recent years in determining the annual average (An example will be given.)~~
- ~~(b) The particular experience on similar contracts, and minimum key production rates as stated in PITA Part B 4.8 should be compared with information provided in IF3 and IF3A.~~
- ~~(c) The minimum required cash flow amount stated in PITA B 4.9 should be adequately supported by the Applicant's statements in IF4 and IF5.~~
- ~~(d) The sources of financing for "Works in Progress" IF4 should be satisfactory.~~
- ~~(e) Other criteria relating to staffing, equipment availability, subcontracting, etc. should be acceptable.~~

5.2 Multiple Contract Evaluation (Package) Alternative I

~~If Applicants have applied for prequalification on more than one particular contract, the procedure in "5.1 Single Contract Evaluation" above may be used for evaluation by aggregating the specific requirements for each contract, and comparing the totals of different combinations with the information provided in relevant IFs.~~

Alternative II

- ~~(a) Essentially, the procedure is an inverse of Alternative I above, and uses the basic information supplied by Applicants to assess the threshold limits or ceilings for the aggregated total of contract value (or bidding capacity) for which Applicants are considered prequalified by the Employer.~~
- ~~(b) The information provided by the Applicant in IF2 gives the average annual turnover; this amount is then divided by the multiplier of two (or other factor) as used by the Employer in Part B 4.7, and gives the limit of annual capacity of the Applicant for construction on the subject contracts.~~
- ~~(c) The information provided in IF3A regarding similar contracts and the annual/monthly key production rates may reduce the ceiling or condition the prequalification. Similarly with other "Contract Commitments" listed in IF4.~~
- ~~(d) The sources and amounts of financing in IF5 should be sufficient to meet the cumulative amounts of cash flow requirements stated in Part B 4.9 for the proposed number of contracts.~~
- ~~(e) Other criteria relating to staffing, equipment availability, subcontracting, etc. may further reduce the ceiling, or condition the prequalification.~~
- ~~(f) After refining the initial maximum annual contract amount in the manner stated above, it should be extended over the average specified completion period for multiple contract construction, and given as an indicator of the Applicant's maximum bidding capacity.~~

[An example calculation for Alternative II will be included.]

Note: A similar, but simpler, procedure to Alternative II above can be used to compile registers of qualified bidders for different categories of works under NCB procurement.

Evaluation Report

~~6. After evaluation and before notifying Applicants of the Employer's decision, a "Prequalification Evaluation Report," in the form indicated in Annex C, should be completed and forwarded to the Bank for its "No Objection."~~

Document Consolidation for Bidding

~~2.6.7.~~ When bids are invited simultaneously on a number of contracts, the bidding documents should preferably be formatted and printed to avoid repetition of material common to a group of similar individual contracts (slices). If the Bank's SBDW 1995 is used as the basic document, a common Section in the customized bidding document might comprise the following:

- ITB
- Common items in the Bidding Data pertaining to the group of individual contracts (similar to Part A of the SPD PITA)
- GCOC
- COPA
- An omnibus Technical Specification covering all the expected Works
- Forms of Security (Bid, Performance, Advance, etc.)
- Form of Contract Agreement

~~8.2.7~~ Separate Sections of the bidding document would apply to each individual contract, and might comprise:

- Items in the Bidding Data relating to the particular individual contract (e.g. contract reference, description of the particular Works, amount of bid security, time for completion, format and amount of performance security, etc.)
- Form of Bid and Appendix to Bid
- BOQ
- Drawings

Document Consolidation at Award of Contract

~~9.2.8~~ After the evaluation of bids to determine the combination resulting in the lowest evaluated total cost to the Employer, contracts may be awarded to one or more contractors for different packages or for individual contracts. Prior to notification of award of contract (and with due notification to the Bank), the Employer should discuss an appropriately consolidated

Form of Contract Agreement with successful bidders on packages of more than one similar contract. Such discussions should cover, inter alia, the possible consolidation of:

- the individual performance securities
- the work program and times of completion
- liquidated damages for noncompletion
- invoicing procedures and payment, including the application of common price adjustment formulae
- other appropriate items in the different Appendices to Bid

~~10.2.9~~ The BOQs for different slices should not normally be consolidated, but should remain separate as the basis for measurement and payment. Unit rates for similar classes of work may vary among different slices (e.g., due to sourcing of inputs, location of quarries, borrow and spoil areas, etc.). Any attempt at consolidating the BOQs would ~~not only be~~ unjustifiably complex, ~~but might be regarded by unsuccessful bidders as a nonconforming change in substance, nature, scope, or price of the bid, which could trigger a complaint.~~

3. Subcontracting (PITA 4.2, 4.3, and 4.4. GITA 4.5 and 4.6)

3.1 In large, complex Works contracts, the construction strategy of the Employer may provide for the execution of certain specialized elements of the Works by Nominated Subcontractors in accordance with the provisions of Sub-Clauses 59.1 to 59.5 of the FIDIC GCOC 1987/92. In such cases, Provisional Sums (representing the estimated cost of each element) are included in the BOQ of the bidding documents. A typical example would be the supply and installation of the ventilation and lighting systems for a tunnel contract. If nominated subcontracting is contemplated in the subject contract, appropriate entries should be made by the Employer in PITA 4.2.

3.2 Under the FIDIC GCOC included in the Bank's SBD Works, the Engineer's consent is required to any subcontracting during execution of the Contract, except for previously named subcontractors and for the supply of labor and materials. Notwithstanding, the Employer may wish to have a general knowledge of elements of the Works proposed for subcontracting by Applicants under PITA 4.3, particularly if the nature of the work (e.g., building construction) suggests that Applicants are likely to include management contractors. Any percentage for subcontracting given at the PQ stage can only be indicative, and a figure of up to, say, twenty percent of an Applicant's approximated Bid Price is suggested, noting that any specialist subcontracting has to be fully detailed under GITA 4.4.

3.3 The Employer should have detailed knowledge of any specialized subcontracting proposed by Applicants, and have an opportunity to prescreen and comment upon the experience and capabilities of such subcontractors (GITA 4.4). Effectively this is a "mini-PQ" of the proposed specialists, with a view to their being named in the bid, and in any subsequent Contract Agreement. The particular experience, specialized personnel, and

equipment resources of named specialist subcontractors may be taken into account in determining an Applicant's compliance with the relevant qualifying criteria. These Applicants may be prequalified and invited to bid, on condition that the specialist subcontractor (or acceptable alternate) is named in the bid.

4. General Construction Experience (PITA 4.7)

4.1 The Applicant's general capabilities in managing construction contracts should be related to its record of recent experience and to the value of work undertaken. Experience requirements should be stipulated as a minimum annual value of general construction work carried out over a stated period, normally five years, calculated by applying an appropriate multiplier to the projected annual construction rate on the subject contract. The recommended multiplier is normally 2.0, but may be reduced to 1.5 for contracts over about US\$200 million.

4.2 Example: Estimating required minimum "Average Annual Turnover"

Subject Contract

| | |
|--|-----------------------|
| <u>Description:</u> | <u>Port Facility</u> |
| <u>Estimated Cost (Including contingencies):</u> | <u>US\$120m</u> |
| <u>Duration:</u> | <u>4 years</u> |
| <u>Contract:</u> | <u>SBDW Unit Rate</u> |

(a) Average expected annual construction billings (turnover), assuming a straight-line projection: $\$120 \div 4 = \underline{\$30\text{mpa}}$

(b) Applying the normal multiplier of 2.0
Required minimum turnover: $\$30\text{m} \times 2.0 = \underline{\$60\text{mpa}}$

5. Particular Construction Experience (PITA 4.8)

5.1 Applicants should demonstrate that they have successfully carried out work, substantially of a nature, size, value, and complexity similar to that of the contract in question. There are two principal criteria for prequalification.

(a) The Applicant should have carried out similar work of a magnitude approximating that of the package of Work for which prequalification is sought. Depending on the nature of the Works to be bid, the criterion should be related to the Applicant having completed or substantially completed one or more contracts each of a value (not less than about 80 percent) of that of the proposed contract over the last five to ten years (see Notes in PITA 4.8).

- (b) The Applicant should have performed operations of a volume, quality, and rate of execution similar to those required for the timely completion of the subject contract. For example, where large-volume earthmoving, tunneling, or concrete placing is involved, the Applicant should demonstrate experience in those operations, having performed them at the rates necessary to meet a percentage (e.g., 80 percent) of the estimated peak monthly and/or annual rates required for the subject contract.

5.2 Applicants should not be required to have had direct experience in the Borrower’s country or region, but only under similar climatic, geological, and other general conditions.

6. Financial Capabilities (PITA 4.9)

6.1 Example: Estimating minimum “Cash-flow” Requirement

Consider the subject contract in para. 4.2 above:

| | |
|--|---|
| <u>Estimated Cost:</u> | <u>US\$120m</u> |
| <u>Duration:</u> | <u>4 years</u> |
| <u>Average monthly “cash flow” amount:</u> | <u>$\\$120m \div 48 = \\$2.5m$</u> |

Elapsed period (sample)

| | |
|--|-----------------|
| <u>(a) interim construction period</u> | <u>1 month</u> |
| <u>(b) Engineer issues payment certificate</u> | <u>15 days</u> |
| <u>(c) Employer pays invoice</u> | <u>45 days</u> |
| <u>(d) contingency period</u> | <u>1 month</u> |
| <u>Total</u> | <u>4 months</u> |

“Cash flow” requirement for four months: $= 4 \times \$2.5m = \$10m$
(insert in PITA 4.9)

7. Personnel Capabilities (PITA 4.12)

7.1 The managerial and technical competence of a contractor is largely related to the key personnel on site. The extent to which the Applicant should demonstrate having staff with extensive experience should be limited to those requiring critical operational or technical skills. The prequalification criteria should therefore refer to a limited number of such key personnel, for instance, the project or contract manager and those superintendents working under the project manager who will be responsible for major components (e.g., superintendents specialized in dredging, piling, tunneling, or earthworks, as required for each particular project).

7.2 Applicants should normally be required to name a principal candidate and an alternate for each key position. Criteria of acceptability should be based on:

- a minimum number of years of experience in a similar position; and
- a minimum number of years of experience and/or number of comparable projects carried out in a specified number of preceding years.

7.3 The requirement of specified education and academic qualifications is normally unnecessary for such positions, as contractors often employ competent staff who have learned their profession “on the job” rather than through academic training.

7.4 It is appropriate to specify that certain positions are filled by individuals who have held posts of comparable authority for, say, three years with the Applicant, so that key staff in executive site positions have sufficient knowledge of the Applicant's management, policy, procedures, and practices to act with confidence and authority within that framework.

8. Equipment Capabilities (PITA 4.13)

8.1 ~~A complete~~ inventory of construction equipment ~~would~~ represents a high capital cost overhead to a contractor. Consequently, not all competent potential bidders will maintain an inventory of high-value items that are in suitable condition for major contracts. ~~This is particularly so with management contractors, who undertake construction projects mainly by subcontracting.~~ In most cases Applicants can readily purchase, lease, or hire equipment for a particular contract; thus, it is usually unnecessary for prequalification to depend on the contractor's owning readily available items of equipment. The pass-fail criteria adopted should therefore be limited only to those bulky or specialized items that are critical for the type of project to be implemented, and that may be difficult for the contractor to obtain quickly. Examples may include items such as heavy lift cranes and piling barges, dredgers, tunnel boring machines, asphalt mixing plants, etc.

8.2 Even in such cases, ~~contractors~~ Applicants may not own the specialized items of equipment, and may rely on specialist subcontractors or equipment-hire firms. The availability of such subcontractors and of the specified equipment should be subject to verification prior to bid invitation, and confirmed at bid submission and prior to contract award. The terms of any lease or hire agreement for equipment should preferably include a provision that the equipment will remain on the site (or be vested in the Employer) in the event of default of the Contractor, thereby ensuring more timely continuity of work by a replacement contractor.

PART 2: EVALUATION OF SUBMISSIONS

1. General Procedure

1.1 The attached flow chart indicates the sequence of evaluating PQ submissions, with references to relevant clauses in the GITA and PITA. It should be studied by the evaluating team and used as a checklist in the evaluation process, together with the list of “Prequalification Topics” in Table 4 of the Evaluation Report (Annex C).

1.2 The following notes are intended to give guidance on some of the principal issues confronting the evaluating team, and cover:

- single and multiple contract evaluation (slice and package)
- the assessment of an Applicant’s financial soundness
- analysis of litigation history
- conditional prequalification
- prequalification evaluation summary
- notification to Applicants

Many other factors will need to be considered and evaluated before the Employer makes a decision on the acceptance, conditional acceptance, or rejection of an application. Inevitably, final decisions will require an element of subjective judgment by the evaluators.

Prequalification Evaluation Flow Chart

2. Single and Multiple Contract Evaluation (Slice and Package)

2.1 Single Contract Evaluation (Slice)

- (a) The average annual amount of the Applicant’s past turnover on general construction stated by the Applicants in IF2 should be equal to or greater than that stated in PITA Part B 4.7. If there has been a downward trend in turnover in more recent years over the specified period, a clarification should be sought by the evaluator with a view to a possible weighting of the more recent years in determining the annual average (see example below).

Example:

| <u>Year</u> | <u>Turnover</u> | <u>US\$ equivalent \$m</u> |
|---|--|----------------------------|
| 1. <u>1999 (to end June)</u> | <u>(completed in different currencies)</u> | <u>20</u> |
| 2. <u>1998</u> | <u>“</u> | <u>40</u> |
| 3. <u>1997</u> | <u>“</u> | <u>80</u> |
| 4. <u>1996</u> | <u>“</u> | <u>120</u> |
| 5. <u>1995</u> | <u>“</u> | <u>100</u> |
| Totals: 4.5 years | | \$360m |
| Average T/O p.a.: $360 \div 4.5 =$ | | <u>\$80m p.a.</u> |
| Minimum Average Requirement stated in PITA 4.7: | | <u>\$60m p.a.</u> |

Note: Although appearing to pass the qualifying criterion, the Applicant has only averaged \$56m/p.a. ($140 \div 2.5$) in the last two and one-half years, with decreasing turnover. In such cases, the Employer should make a thorough investigation of the financial soundness of the Applicant (from data submitted with IF5) and, failing a satisfactory resolution, the Applicant could be disqualified.

- (b) The particular experience on similar contracts, and minimum key production rates as stated in PITA Part B 4.8, should be compared with information provided in IF3 and IF3A. The contribution of named specialist subcontractors may be a factor in satisfying these criteria.
- (c) The minimum required cash flow amount stated in PITA Part B 4.9 should be adequately supported by the Applicant’s statements in IF4 and IF5. If the Applicant is a JV, the available contribution of each partner may be aggregated.
- (d) The sources of financing for “Works in Progress” IF4 should be satisfactory.

- (e) Other criteria relating to staffing, equipment availability, subcontracting, etc., should be acceptable. Again, contributions by named specialist subcontractors may be a factor in meeting these criteria.

2.2 Multiple Contract Evaluation (Package)

Alternative I

If Applicants have applied for prequalification on more than one particular contract, the procedure in “2.1 Single Contract Evaluation” above may be used for evaluation by aggregating the specific requirements for each contract, and comparing the totals of different combinations with the information provided in relevant IFs.

Alternative II*

- (a) The procedure uses the basic information supplied by Applicants to assess the threshold limits or ceilings for the aggregated total of contract value (or bidding capacity) for which Applicants are considered prequalified by the Employer.
- (b) The information provided by the Applicant in IF2 gives the average annual turnover; this amount is then divided by the multiplier of two (or other factor) as used by the Employer in Part B 4.7, and gives the limit of annual capacity of the Applicant for construction on the subject contracts.
- (c) The information provided in IF3A regarding similar contracts and the annual/monthly key production rates may reduce the ceiling or condition the prequalification; similarly with other “Contract Commitments” listed in IF4.
- (d) The sources and amounts of financing in IF5 should be sufficient to meet the cumulative amounts of cash flow requirements stated in Part B 4.9 for the proposed number of contracts.
- (e) Other criteria relating to staffing, equipment availability, subcontracting, etc., may further reduce the ceiling, or condition the prequalification.
- (f) After refining the initial maximum annual contract amount in the manner stated above, it should be extended over the duration of individual contracts, or over the average durations for multiple contract construction, to provide an indicator of the Applicant's maximum bidding capacity on individual or a group of contracts.

* A similar, but simpler, procedure can be used to compile registers of contractors for different categories of works under NCB procedures.

3. The Assessment of Financial Soundness (PITA 4.11, GITA 4.11)

General Information

3.1 The purpose of assessing the financial soundness of the Applicants is to reassure the Employer that the individual Applicant's financial standing in its whole does not have structural weaknesses that may result in the Applicant's financial inability to perform, and to give an indication of the scope and value of the work the Applicant would be able to undertake. To place a detailed analysis in context, it is necessary to look at trends in key figures over a number of years and to make comparisons of the firm's annual activities to the same firm's results from previous years.

3.2 Because of differing international accounting practices and tax laws, published information on the financial position of companies and financial ratios derived therefrom do not provide a uniform and satisfactory basis to compare the financial standing of an Applicant with other Applicants for prequalification purposes. Nevertheless, audited financial statements or balance sheets should be sought as a general guide to the financial situation of the Applicant. Firms owned by individuals and partnerships may not be required to maintain audited accounts by the laws of their countries of origin. In such cases, balance sheets should be certified by a registered accountant and supported by tax returns.

3.3 In any case, the Borrower should require applicants to provide the following background information to support the presentation in the Information Forms:

- audited or certified financial statements for the last five years or for the period stated in the PITA, supported respectively by audit statements or tax returns; and
- names and addresses of the Applicant's banker(s), as well as the names and addresses of clients or organizations familiar with its financial standing.

Development of Indicators and Ratios

3.4 The financial information provided by an Applicant should be reviewed in its entirety to allow a truly informed judgment, and the pass–fail decision on the financial position of the Applicant should be given on this basis. To assist in this review, the indicators used most frequently are **working capital** and **net worth**. The following table summarizes the financial information of an example firm as would be reported by an Applicant in the IF(5), as well as an evaluation by the Employer of the Applicant's **working capital** and **net worth**.

EXAMPLE

Financial Information (US \$ million equivalent)

| | Actual: previous five years | | | | | Projected: next two years | |
|-------------------------|--------------------------------|------|------|------|------|------------------------------|------|
| | 5 | 4 | 3 | 2 | 1 | 0 | 1 |
| 1. Total assets | 18.5 | 19.0 | 20.0 | 23.0 | 25.0 | 25.5 | 25.3 |
| 2. Current assets | 12.0 | 13.0 | 14.5 | 14.0 | 15.0 | 16.0 | 16.2 |
| 3. Total liabilities | 9.0 | 10.5 | 10.0 | 11.0 | 11.5 | 12.0 | 12.6 |
| 4. Current liabilities | 7.0 | 6.5 | 7.0 | 7.5 | 7.8 | 9.0 | 9.5 |
| 5. Profits before taxes | 1.4 | 1.3 | 1.3 | 1.4 | 1.8 | 2.1 | 2.1 |
| 6. Profits after taxes | 1.0 | 0.9 | 0.9 | 1.0 | 1.3 | 1.5 | 1.5 |

Overview Analysis

| | | | | | | | |
|--|-----|------|------|------|------|------|------|
| 7. Net worth (1) - (3) | 9.5 | 8.5 | 10.0 | 12.0 | 13.5 | 13.5 | 12.7 |
| 8. Current ratio (2)/(4) | 1.7 | 2.0 | 2.1 | 1.9 | 1.9 | 1.8 | 1.7 |
| 9. Return on equity % (5)/(7 of prior year) | | 13.7 | 15.3 | 14.0 | 15.0 | 15.5 | 15.5 |

3.5 **Working capital** is the difference between current assets and current liabilities, and measures the firm's ability to generate cash in the short term. Current assets are cash and other assets suitable for conversion into cash within one year. Current liabilities are monetary obligations that must be paid out within the current year. To help in the interpretation of the adequacy of **working capital**, the **current ratio**, which compares the current assets with the current liabilities, is more helpful than a figure for working capital. In the example, the current ratio of the firm varies from 1.7 to 2.1 over the previous five years and the projected ratios for the next two years are also within this range. This indicates that the firm has had a consistent record of its working capital with at least \$1.7 in current assets to back each dollar of its current liabilities. Construction firms normally have small inventories and accounts receivable are easy to collect; they can therefore operate safely with a low current ratio. The example firm appears healthy from its **working capital** point of view.

3.6 **Net worth** or **net equity** is the difference between total assets and total liabilities. The **net worth** measures a firm's ability to produce profits over the long run as well as its ability to sustain losses. Although the yearly figures for the **net worth** indicate the growth of the firm, the **return on equity** gives a better indication of the efficiency with which equity is employed within the firm. This is obtained by dividing the annual profit before taxes by the net worth of the previous year and expressed as a percentage. In the example, for every dollar of equity, the firm made 13.7 to 15.3 cents during the five-year period. The example firm shows a rather consistent net worth record.

3.7 Any discontinuities or abnormal features in the above indicators or ratios should alert the Employer to potential financial problems and the need to seek expert professional advice for further review and interpretation.

4. The Analysis of Litigation History (GITA 4.14)

4.1 The execution of any construction contract will normally result in the payment by the Employer of a number of reasonable claims from the Contractor, e.g., for defaults of the Engineer/Project Manager, delays, unforeseeable ground and climatic conditions, etc. However, some Contractors have an established business practice of bidding low to obtain award of contract; and then flooding the Employer with excessive or frivolous claims to increase their income. Employers should be on guard against any Contractor who habitually resorts to excessive claims, arbitration, and litigation in the execution of contracts.

4.2 Applicants with a consistent and significant history of excessive contract arbitrations and litigation resulting in awards or decisions against them should not be qualified to bid. So that the litigation history may be evaluated, Applicants should be required to list all contracts over a stated period of time (normally five years) that resulted in litigation or arbitration proceedings, with an indication of the matters and amounts in dispute, the parties involved, and the resolution of the dispute.

4.3 The criterion for rejection should be that of numerous arbitral awards or court decisions **against** the Applicant in relation to awards **for** the Applicant, taking the number and amount of contracts executed. As an indicative example, the occurrence of one or two adverse cases over five years for a Contractor handling, on average, ten construction jobs simultaneously, should not be a cause for rejection. If dispute resolution is found relatively frequently in the business of the Applicant, it may indicate an attitude of the management of the firm that could be dangerous for the Employer if the Applicant were awarded the contract, and further investigation with previous Employers may be warranted.

5. Conditional Prequalification (GITA 9.2)

5.1 Applicants may not fully meet all the prequalification criteria with their initial applications. Provided the deficiencies do not materially affect the ability of the Applicant to perform the proposed contract, Applicants should be conditionally prequalified. In this case, Applicants should be notified of the deficiencies that they must correct to the satisfaction of the Employer before submitting their bids.

5.2 Typical circumstances for which conditional prequalification of Applicants may be appropriate are, inter alia:

- the provision of additional critical information
- the revision of a preliminary JVA
- proposals for subcontracting specialized elements of the Works
- improvement in senior management and key personnel
- retention of experts in specialized fields, e.g., innovative construction, pneumatic caissons, prestressed concrete, etc.
- proposals for the provision of specialized items of equipment
- questionable ability to undertake the subject contract, together with other pending contract awards

6. Prequalification Evaluation Summary

6.1 After evaluating the applications received, the implementing agency of the Borrower should prepare a summary, in the format of Annex C, to be submitted to the Bank for review and comment. The summary should address each of the pass–fail criteria set in the documents. Disqualification of Applicants who fail to meet the criteria should be explained, and details of any conditional prequalified Applicants should be submitted. The Bank may ask the Borrower to justify the evaluation and provide further information or clarification.

7. Notification to Applicants (GITA 9)

7.1 The implementing agency of the Borrower should await the Bank’s “no objection” to the proposals in the evaluation summary before notifying Applicants of its decisions. After receiving the Bank’s no objection, the implementing agency should:

- notify each disqualified Applicant, giving an indication of the reasons for disqualification, and
- invite all qualified Applicants to bid. The sample form of “Invitation for Bids,” following the PITA in this document, is a basic form that should be adapted appropriately by the notifying agency to cover the following points as required:
 - the conditions, if any, for prequalification stating explicitly the deficiencies that must be corrected to meet all the conditions and the time to fulfill them
 - in slice and package bidding, the number of individual contracts (slices) or the specified ceiling amount in total value for which the Applicant is qualified
 - in preference eligible borrowing countries, the apparent eligibility, or ineligibility, for the 7½ domestic bidder price preference
 - the finalization of preliminary joint venture agreements and any modifications required

7.2 All Applicants, whatever their classification, should be provided with a list (and addresses) of the qualified category and the conditionally qualified category of Applicants (without disclosing details of the conditions). Conditionally qualified Applicants should be invited to submit a bid upon satisfactory compliance with the related conditions, whereupon all previously qualified Applicants and the remaining conditionally qualified Applicants should be notified accordingly.

7.3 Bid documents should be issued only to prequalified Applicants. Verification of the information provided in the submission for prequalification shall be confirmed at the time of award of contract, and award may be denied to a bidder that is judged to no longer have the capability or resources to successfully perform the contract.

7.4 After prequalification, all Applicants are deemed to have the necessary capabilities to carry out the subject contract or contracts. During the bidding period, however, employers may be approached for approval to changes in the formation or composition of Applicants prior to bid submission. The provisions of GITA 9.6 should be followed by the Employer in deciding whether to accept such changes, and the Bank should be notified accordingly.

Annex C. Prequalification Evaluation Summary

Introduction

~~1.~~ This Annex is intended specifically to assist in reporting the results of the evaluation of the applications for prequalification. ~~The attached flow chart summarizes the evaluation process as outlined in the GITA and PITA as well as in the Information Forms.~~

1. The implementing agency of the Borrower should evaluate the applications received and prepare a detailed analysis of them. A summary report of this analysis should be submitted to the Bank for review; the summary should address each of the pass–fail criteria set in the prequalification documents. Disqualification of the Applicants who fail to meet the criteria should be explained.

~~3.2.~~ 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 or conditionally prequalified. References to pertinent clauses in the prequalification documents should be used as necessary.

~~4.3.~~ The summary should make special mention of Joint Venture Applicants in regard to the completeness of their documentation, eligibility requirements including domestic bidder price preference, sharing provisions, and liability of the JV partners.

~~5.4.~~ In case the prequalification evaluation includes “slice and package” requirements, 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 Employer.

~~6.5.~~ A checklist for the evaluation summary is presented in Table 6.

Table 1. Identification

| | |
|---|--|
| Name of Borrower | |
| Loan/Credit number | |
| Date of effectiveness | |
| Closing date a) original b) revised | |
| Name of project | |
| Purchaser (or Employer) a) name b) address | |
| Contract number (identification) | |
| Description of the Works | |
| Cost estimate ¹ | |
| Method of procurement (check one) | ICB _____ NCB _____ Other _____ |
| Procurement review required | Yes _____ No _____ |
| Domestic preference allowed | Yes _____ No _____ |
| Proposed contract type | Remeasurement with BOQ _____ Lump-sum price _____ Other (please specify) _____ |
| Cofinancing, if any: a) agency name b) percent financed by agency | _____ _____ |

1. Cite source and date if other than PAD

Table 2. Prequalification Process

| | |
|--|----------------------------|
| General Procurement Notice | |
| a) first issue date | _____ |
| b) latest update | _____ |
| Specific Procurement Notice (invitation for prequalification) | |
| a) U.N. Development Business issue date | _____ |
| b) name of national newspaper issue date | _____ |
| c) name of international publication issue date | _____ |
| Number of firms notified | _____ |
| Prequalification Document | |
| a) title, publication date | _____ |
| b) date of Bank's no objection | _____ |
| c) date of issue to applicants | _____ |
| Number of firms issued documents | _____ |
| Amendments to documents, if any | |
| a) list of all issue dates | 1. _____ 2. _____ 3. _____ |
| b) date(s) of Bank's no objection | 1. _____ 2. _____ 3. _____ |
| Dates of response to requests for clarification | 1. _____ 2. _____ 3. _____ |
| Applications' submission deadline | |
| a) original date | _____ |
| b) extensions, if any | _____ |
| c) late submissions | _____ |
| Number of applications submitted | _____ |

Table 3. Preliminary Pass–Fail Examination of Applications

| Name of Applicant | Country¹ | Date of Submission of Application | Completeness,² Verification³ of Documentation | Eligibility⁴ | JV Requirements⁵ | Eligibility for Domestic Preference⁶ | Explanation⁷ |
|--------------------------|----------------------------|--|--|--------------------------------|------------------------------------|--|--------------------------------|
| | | | | | | | |

1. Place of incorporation (for corporations) or place of registration (for partnerships or individually owned 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 cash requirements 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 JVA or Letter of Intent been signed by all JV partners and submitted with the application?
4. Eligibility: In addition to the eligibility of nationals from Bank member countries, applicants shall be eligible to participate in the bidding of the works in reference to the “Fraud and Corruption” policy of the Bank. (See GITA sections 2 and 3 for details.)
5. JV requirements: Is the lead partner of the JV clearly identified and properly authorized? Are the JV’s sharing provisions in compliance with the minimum participation specified in PITA 5.4? Are all partners in the JV legally liable, jointly and severally, during bidding and execution of the contract?
6. Eligibility for domestic preference: Eligibility of applicants to qualify for application of the preference should be assessed on the basis of criteria stated in GITA Sub-Clauses 6.1 and 6.2.
7. If the application fails preliminary acceptance in one of the column topics or if conditional acceptance has been given, the reasons shall be clearly explained in this Explanation column or in an attachment, as necessary.

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

| Qualification Topic | Specified Criteria (as stated in GITA and PITA) | | Application | | | Explanations ¹ |
|--|--|------------------------------------|-------------|---|------|---------------------------|
| | | | 1 | 2 | etc. | |
| <u>Subcontracting</u> | | | | | | |
| <ul style="list-style-type: none"> (4.3, 4.4) Adequacy of subcontractors and specialists, if any. | 4.3 Applicant to provide tentative list and brief record of proposed subcontractors, if subcontracting is above ____ % of approximated price, and 4.4 a detailed record of all specialist subcontractors. | 4.3 Pass–Fail 4.4 Pass–Fail | | | | |
| <u>General Construction Experience</u> | | | | | | |
| <ul style="list-style-type: none"> (4.7) Average annual turnover over the last five years (or as stated in the PITA). | Minimum average turnover US\$ ____ equivalent. | Amount US\$ | | | | |
| <u>Particular Experience</u> | | | | | | |
| <ul style="list-style-type: none"> (4.8) Experience in the successful execution of similar works. | - Required number of similar contracts _____ - Time period _____ | Number Years | | | | |
| <ul style="list-style-type: none"> (4.8) Production rates of key construction activities needed to meet the expected construction schedule. | Minimum key production rates as specified in PITA 4.8 - - - | Rates | | | | |
| <u>Financial Capabilities</u> | | | | | | |
| <ul style="list-style-type: none"> (4.9) Adequacy of financial strength of the Applicant. | <ul style="list-style-type: none"> Minimum required amount US\$ _____ equivalent Adequate financing of works in progress and future commitments (4.10) | Amount US\$ Pass–Fail | | | | |

1. If the Applicant fails a specific criteria or if “pass” has been given, accepting a minor deviation (GITA 4.16), the reasons shall be clearly explained in the Explanation column or in a separate attachment, as necessary

**Table 4. Qualification Evaluation Summary
(Pass–Fail Criteria)
(cont’d)**

| <u>Qualification Topic</u> | <u>Specified Criteria</u> | <u>Application</u> | | | <u>Explanations</u> ¹ |
|--|--|--------------------|----------|-------------|----------------------------------|
| | <u>(as stated in GITA and PITA)</u> | <u>1</u> | <u>2</u> | <u>etc.</u> | |
| | <ul style="list-style-type: none"> Adequate financial statements (4.11) | Pass-Fail | | | |
| <u>Personnel Capabilities</u> | <ul style="list-style-type: none"> (4.12) Ability to provide the required positions essential to contract management. Position 1: _____ — years of work experience _____ years of similar work experience. Etc. | Years | | | |
| | <ul style="list-style-type: none"> Position 2: _____ — years of work experience _____ years of similar work experience. | Years | | | |
| <u>Equipment Capabilities</u> | <ul style="list-style-type: none"> (4.13) Ownership of equipment or the ability to hire or lease equipment needed to perform the works. Equipment type and minimum number required 1. _____ 2. _____ etc. | Number | | | |
| <u>Litigation History/ Business Practices</u> | <ul style="list-style-type: none"> (4.14) Acceptability of Applicant’s history on litigation or arbitration. Applicant to demonstrate acceptable record on litigation/arbitration over the last five years (4.14).. | Pass–Fail | | | |
| <ul style="list-style-type: none"> (2.0) Eligibility of Applicant in regard to Bank’s policy on fraud and corruption practices. | <ul style="list-style-type: none"> Applicant has not been engaged in corrupt or fraudulent practices in competing for or in executing a Bank-financed contract. | Pass/Fail | | | |

1. If the Applicant fails a specific criteria or if “pass” has been given, accepting a minor deviation (GITA 4.16), the reasons shall be clearly explained in the Explanation column or in a separate attachment, as necessary

|

Table 5. Proposed Prequalification Decision

| | |
|---|--|
| <p>1. Fully prequalified Applicants</p> <p>i) _____</p> <p>ii) _____</p> <p>iii) _____</p> <p>etc.</p> | |
| <p>2. Conditionally prequalified Applicants</p> <p>Applicant's name</p> <p>i) _____</p> <p>ii) _____</p> <p>iii) _____</p> <p>etc.</p> | <p>Deficiencies to be rectified to the Employer's satisfaction</p> <p>a) _____</p> <p>b) _____</p> <p>etc.</p> <p>a) _____</p> <p>b) _____</p> <p>etc.</p> <p>a) _____</p> <p>etc.</p> |
| <p>3. 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> <p>_____</p> <p>_____</p> <p>_____</p> |

Table 6. Prequalification Evaluation Summary Checklist

1. Attach Identification and Prequalification Process data (Tables 1 and 2)
2. Provide a list of applicants and their countries of origin and place of registration/inspection 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. Eligibility to qualify for application of the domestic bidder price preference should be assessed in accordance with GITA Sub-Clauses 6.1 and 6.2. Provide details of exclusions.
5. Attach copies of any letters to Applicants requesting clarifications or substantiation of information. Provide copy of responses.
6. Explain the reasons for giving a “fail” mark to an Applicant in any of the specified criteria (Table 4). If necessary, include a separate attachment with explanations.
7. Provide detailed reasons for refusing the prequalification of an Applicant.
8. Provide details of the conditional prequalification of applicants with nonmaterial deficiencies to the prequalification requirements.
9. Attach copies of any correspondence from Applicants that raise objections to the evaluation process, together with detailed responses.