



**LAGOS STATE GOVERNMENT
LAGOS STATE PUBLIC PROCUREMENT
AGENCY (PPA)**

STANDARD BIDDING DOCUMENTS

**Prequalification Document for
Procurement of Works**

and

User's Guide

PUBLIC PROCUREMENT IN LAGOS STATE

APRIL 2013

Foreword

This Standard Procurement Document “Prequalification Document for Procurement of Works and User’s Guide” has been prepared by the Agency.. This document reflects the majority view of these institutions and is to be used when a prequalification process takes place prior to the bidding process for procurement of works through International Competitive Bidding (ICB) in projects that are financed in whole or in part by the Agency.

This document is organized into two (2) main components:

- The Prequalification Document for Procurement of Works; and
- A User’s Guide for the Prequalification Document for Procurement of Works.

Summary Description

This Standard Procurement Document (SPD) consists of the Prequalification Procedures for Procurement of Works” and it’s “User’s Guide”. A brief description of this document is given below.

Prequalification Document for Procurement of Works

PART 1 – PREQUALIFICATION PROCEDURES

Section I. Instructions to Applicants (ITA)

This Section specifies the procedures to be followed by Applicants in the preparation and submission of their Applications for Prequalification (AFPs). Information is also provided on opening and evaluation of AFPs. **Section I contains provisions that are to be used without modification.**

Section II. Prequalification Data Sheet (PDS)

This Section consists of provisions that are specific to each prequalification and supplement the information or requirements included in Section I, Instructions to Applicants.

Section III. Qualification Criteria and Requirements

This Section contains the methods, criteria, and requirements to be used to determine how Applicants shall be prequalified and later invited to bid.

Section IV. Application Forms

This Section contains the forms for the Application Submission Form and all the forms required to be submitted with the Application.

Section V. Eligible Countries

This Section states the country eligibility policy of the LSG, and provides lists of ineligible countries

PART 2. WORKS REQUIREMENTS

Section VI. Scope of Works

This Section includes a summary description, delivery and completion schedules, technical specifications and drawings of the Works subject of this prequalification.

User's Guide for the Prequalification Document for Procurement of Works

This Guide to the Standard Prequalification Document contains detailed explanations and recommendations to MDAs on how to prepare a Prequalification Document for a specific procurement of Works and evaluate applications. The Guide is not a part of the Prequalification Document.

PROCUREMENT DOCUMENTS

Prequalification Document for

Procurement of

[Insert Title of the Works]

Issued on: *[insert date]*

Invitation for Prequalification No.: *[insert number]*

ICB No.: *[insert number]*

MDA: *[insert full legal name of MDA]*

Country: *[insert Country]*

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PART 1 – Prequalification Procedures

Section I. Instructions to Applicants

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Section I. Instructions to Applicants

A. General

- 1. Scope of Application**

1.1 In connection with the Invitation for Prequalification indicated in Section II, Prequalification Data Sheet (PDS), the MDA, as defined in the **PDS**, issues this Prequalification Document (PQD) to applicants interested in bidding for the works described in Section VI, Scope of Works. The number of contracts and the name and identification of each contract, and the International Competitive Bidding (ICB) number corresponding to this prequalification, are provided in the **PDS**.
- 2. Source of Funds**

2.1 The MDA or Recipient (hereinafter called “MDA”) indicated in the **PDS** has applied for or received financing (hereinafter called “funds”) from the International LSG for Reconstruction and Development or the International Development Association (hereinafter called “the LSG”) towards the cost of the project named in the **PDS**. The MDA intends to apply a portion of the funds to eligible payments under the contract(s) resulting from the bidding for which this prequalification is conducted.
- 3. Fraud and Corruption**

3.1 It is the LSG’s policy to require that MDAs (including beneficiaries of LSG loans), as well as bidders, suppliers, and contractors and their agents (whether declared or not), personnel, subcontractors, sub-consultants, service providers and suppliers, under LSG-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts.¹ In pursuance of this policy, the LSG:

 - (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party²;
 - (ii) “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or

¹ In this context, any action taken by a bidder, supplier, contractor, or any of its personnel, agents, sub-consultants, sub-contractors, service providers, suppliers and/or their employees to influence the procurement process or contract execution for undue advantage is improper.

² “Another party” refers to a public official acting in relation to the procurement process or contract execution]. In this context, “public official” includes World Bank staff and employees of other organizations taking or reviewing procurement decisions.

- other benefit or to avoid an obligation³;
- (iii) “collusive practice” is an arrangement between two or more parties⁴ designed to achieve an improper purpose, including to influence improperly the actions of another party;
 - (iv) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party⁵ or the property of the party to influence improperly the actions of a party;
 - (v) "obstructive practice" is
 - (aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a LSG investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - (bb) acts intended to materially impede the exercise of the LSG’s inspection and audit rights provided for under sub-clause 3.1 (e) below.
- (b) will reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;
 - (c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the MDA or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive, or coercive practices during the procurement or the execution of that contract, without the MDA having taken timely and appropriate action satisfactory to the LSG to address such practices when they occur;
 - (d) will sanction a firm or an individual, at any time, in accordance with prevailing LSG’s sanctions procedures^a, including by

³ “Party” refers to a public official; the terms “benefit” and “obligation” relate to the procurement process or contract execution; and the “act or omission” is intended to influence the procurement process or contract execution.

⁴ “Parties” refers to participants in the procurement process (including public officials) attempting to establish bid prices at artificial, non competitive levels.

⁵ “Party” refers to a participant in the procurement process or contract execution.

^a A firm or an individual may be declared ineligible to be awarded a Bank-financed contract upon completion of the Bank’s sanctions proceedings as per its sanctions procedures, including inter alia: (i) temporary suspension in connection with an ongoing sanctions proceeding; (ii) cross-debarment as agreed with other International Financial Institutions, including Multilateral Development Banks; and (iii) the World Bank Group corporate

publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a LSG-financed contract; and (ii) to be a nominated^b sub-contractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a LSG-financed contract; and

3.2 In further pursuance of this policy, Applicants shall permit the LSG to inspect any accounts and records and other documents relating to the Application submission, Bid Submission and contract performance, and to have them audited by auditors appointed by the LSG.

4. Eligible Applicants

4.1 An Applicant shall be a private, public or government owned legal entity, subject to ITA 4.8, or any combination of them in the form of association(s) including Joint Venture (JV) with the formal intent, as evidenced by a letter of intent), to enter into an agreement or under an existing agreement. In the case of a JV, unless otherwise specified in the **PDS**, (i) all parties shall be jointly and severally liable, and (ii) there shall be no limit on the number of partners.

4.2 The eligibility criteria listed in this Clause 4 shall apply to the Applicant, including the parties constituting the Applicant, i.e., its proposed partners, subcontractors or suppliers for any part of the Contract including related services.

4.3 An Applicant may have the nationality of any country, subject to the restrictions pursuant to sub clause 4.11. An Applicant shall be deemed to have the nationality of a country if the Applicant is a citizen, or is constituted, incorporated or registered and operates in conformity with the provisions of the laws of that country, as evidenced by its Articles of Incorporation or Documents of Constitution, and its Registration Documents.

4.4 Applicants and all parties constituting the Applicant shall not have a conflict of interest. Applicants shall be considered to have a conflict of interest, if they participated as a consultant in the preparation of the design or technical specifications of the Works that are the subject of this prequalification. Where a firm, or a firm from the same economic or financial group, in addition to consulting, also has the capability to manufacture or supply goods or to construct works, that firm, or a firm from the same economic or financial group, cannot

administrative procurement sanctions procedures for fraud and corruption.

^b A nominated sub-contractor, consultant, manufacturer or supplier, or service provider (different names are used depending on the particular bidding document) is one which either has been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that are accounted for in the evaluation of the bidder's pre-qualification application or the bid; or (ii) appointed by the Borrower.

normally be a supplier of goods or works, if it provided consulting services for the contract corresponding to this prequalification, unless it can be demonstrated that there is not a significant degree of common ownership, influence or control.

- 4.5 An Applicant shall submit only one application in the same Prequalification process, either individually as an Applicant or as a partner of a joint venture. No Applicant can be a subcontractor while submitting an application individually or as a partner of a joint venture in the same Prequalification process. A Subcontractor in any application may participate in more than one application, but only in that capacity. An Applicant who submits, or participates in, more than one application will cause all the applications in which the Applicant has participated to be disqualified.
- 4.6 An Applicant that has been sanctioned by the LSG in accordance with the above ITB 3.1 (d), or in accordance with the Agency's Guidelines on Preventing and Combating Corruption in Projects Financed LSG, shall be ineligible to be awarded a LSG-financed contract, or benefit from a LSG-financed contract, financially or otherwise, during such period of time as the LSG shall determine.
- 4.7 The LSG maintains a list of firms and individuals that have been sanctioned by the LSG pursuant to Sub-Clause 3.1 (d) and are not eligible to participate in procurement financed by the LSG. The list is regularly updated; its address is specified in the **PDS**.
- 4.8 Government-owned entities in the Country shall be eligible only if they can establish that they are legally and financially autonomous, and operate under commercial law, and that they are not dependent agencies of the MDA.
- 4.9 Applicants shall not be under execution of a Bid–Securing Declaration in the Country.
- 4.10 Applicants and all parties constituting the Applicant shall provide such evidence of their continued eligibility satisfactory to the MDA, as the MDA shall reasonably request.
- 4.11 Applicants from an eligible country may be excluded if, (a) as a matter of law or official regulations the Country prohibits commercial relations with that country, provided that the LSG is satisfied that such exclusion does not preclude effective competition for the supply of goods or the contracting of works required; or (b) 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 Country prohibits any import of goods or contracting of works or services from that country, or any payments to persons or entities in

that country. Section V, Eligible countries provide lists of ineligible countries pursuant to this Sub Clause 4.11.

- 5. Eligible Goods and Related Services** 5.1 All goods and related services to be supplied under the Contract to be financed by the LSG shall have as their origin in any country in accordance with Section V, Eligible Countries.

B. Contents of the Prequalification Document

- 6. Sections of Prequalification Document** 6.1 The document for the prequalification of Applicants (hereinafter - "prequalification document") consists of parts 1 and 2 which comprise all the sections indicated below, and should be read in conjunction with any Addendum issued in accordance with ITA 8.

PART 1 Prequalification Procedures

- Section I. Instructions to Applicants (ITA)
- Section II. Prequalification Data Sheet (PDS)
- Section III. Qualification Criteria and Requirements
- Section IV. Application Forms
- Section V. Eligible Countries

PART 2 Works Requirements

- Section VI. Scope of Works
- 6.2 The "Invitation for Prequalification Applications" issued by the MDA is not part of the prequalification document. A sample form is provided as an attachment to this Prequalification Document for information only.
- 6.3 The MDA accepts no responsibility for the completeness of the prequalification document and its addenda unless they were obtained directly from the MDA.
- 6.4 The Applicant is expected to examine all instructions, forms, and terms in the Prequalification Document and to furnish all information or documentation required by the Prequalification Document.

- 7. Clarification of Prequalification Document**
- 7.1 A prospective Applicant requiring any clarification of the Prequalification Document shall contact the MDA in writing at the MDA's address indicated in the **PDS**. The MDA will respond in writing to any request for clarification provided that such request is received no later than fourteen (14) days prior to the deadline for submission of applications. The MDA shall forward copies of its response to all applicants who have acquired the prequalification document directly from the MDA including a description of the inquiry but without identifying its source. Should the MDA deem it necessary to amend the prequalification document as a result of a clarification, it shall do so following the procedure under ITA 8 and in accordance with the provisions of ITA 17.2.
- 8. Amendment of Prequalification Document**
- 8.1 At any time prior to the deadline for submission of applications, the MDA may amend the Prequalification Document by issuing addenda.
- 8.2 Any addendum issued shall be part of the Prequalification Document and shall be communicated in writing to all who have obtained the prequalification document from the MDA.
- 8.3 To give prospective Applicants reasonable time to take an addendum into account in preparing their applications, the MDA may, at its discretion, extend the deadline for the submission of applications.

C. Preparation of Applications

- 9. Cost of Applications**
- 9.1 The Applicant shall bear all costs associated with the preparation and submission of its application. The MDA will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the prequalification process.
- 10. Language of Application**
- 10.1 The application as well as all correspondence and documents relating to the prequalification exchanged by the Applicant and the MDA, shall be written in the language specified in the **PDS**. Supporting documents and printed literature that are part of the application may be in another language, provided they are accompanied by an accurate translation of the relevant passages in the language specified in the **PDS**, in which case, for purposes of interpretation of the application, the translation shall govern.
- 11. Documents Comprising the Application**
- 11.1 The application shall comprise the following:
- (a) Application Submission Form, in accordance with ITA 12;
 - (b) documentary evidence establishing the Applicant's eligibility to prequalify, in accordance with ITA 13;
 - (c) documentary evidence establishing the Applicant's

qualifications, in accordance with ITA 14; and

(d) any other document required as specified in the **PDS**.

- 12. Application Submission Form** 12.1 The Applicant shall prepare an Application Submission Sheet using the form furnished in Section IV, Application Forms. This Form must be completed without any alteration to its format.
- 13. Documents Establishing the Eligibility of the Applicant** 13.1 To establish its eligibility in accordance with ITA 4, the Applicant shall complete the eligibility declarations in the Application Submission Form and Forms ELI (eligibility) 1.1 and 1.2, included in Section IV, Application Forms.
- 14. Documents Establishing the Qualifications of the Applicant** 14.1 To establish its qualifications to perform the contract(s) in accordance with Section III, Qualification Criteria and Requirements, the Applicant shall provide the information requested in the corresponding Information Sheets included in Section IV, Application Forms.
- 15. Signing of the Application and Number of Copies** 15.1 The Applicant shall prepare one original of the documents comprising the application as described in ITA 11 and clearly mark it "ORIGINAL". The original of the application shall be typed or written in indelible ink and shall be signed by a person duly authorized to sign on behalf of the Applicant.
- 15.2 The Applicant shall submit copies of the signed original application, in the number specified in the **PDS**, and clearly mark them "COPY". In the event of any discrepancy between the original and the copies, the original shall prevail

D. Submission of Applications

- 16. Sealing and Identification of Applications** 16.1 The Applicant shall enclose the original and the copies of the application in a sealed envelope that shall:
- (a) bear the name and address of the Applicant;
 - (b) be addressed to the MDA, in accordance with ITA 17.1; and
 - (c) bear the specific identification of this prequalification process indicated in the PDS 1.1.
- 16.2 The MDA will accept no responsibility for not processing any envelope that was not identified as required.

- 17. Deadline for Submission of Applications**
- 17.1 Applicants may always submit their applications by mail or by hand. When so specified in the **PDS**, applicants shall have the option of submitting their applications electronically, in accordance with electronic application submission procedures specified in the **PDS**. Applications shall be received by the MDA at the address and no later than the deadline indicated in the **PDS**. A receipt will be given for all applications submitted.
- 17.2 The MDA may, at its discretion, extend the deadline for the submission of applications by amending the Prequalification Document in accordance with ITA 8, in which case all rights and obligations of the MDA and the Applicants subject to the previous deadline shall thereafter be subject to the deadline as extended.
- 18. Late Applications**
- 18.1 Any application received by the MDA after the deadline for submission of applications prescribed in accordance with ITA 17 will be treated as indicated in the PDS.
- 19. Opening of Applications**
- 19.1 Any specific electronic application opening procedures required if electronic submission of applications is permitted pursuant to Sub Clause 17.1 shall be as specified in the **PDS**. MDA shall prepare a record of the opening of applications that shall include, as a minimum, the name of the Applicant. A copy of the record shall be distributed to all Applicants.
- E. Procedures for Evaluation of Applications**
- 20. Confidentiality**
- 20.1 Information relating to the evaluation of applications, and recommendation for prequalification, shall not be disclosed to Applicants or any other persons not officially concerned with such process until the notification of prequalification is made to all Applicants.
- 20.2 From the deadline for submission of applications to the time of notification of the results of the prequalification in accordance with ITA 28, any Applicant that wishes to contact the MDA on any matter related to the prequalification process, may do so but only in writing.
- 21. Clarification of Applications**
- 21.1 To assist in the evaluation of applications, the MDA may, at its discretion, ask any Applicant for a clarification of its application which shall be submitted within a stated reasonable period of time. Any request for clarification and all clarifications shall be in writing.
- 21.2 If an Applicant does not provide clarifications of the information requested by the date and time set in the MDA's request for clarification, its application may be rejected.
- 22. Responsive-**
- 22.1 The MDA may reject any application which is not responsive to the

- ness of Applications
- 23. Domestic Bidder Price Preference**
- 23.1 Unless otherwise specified in the **PDS**, a margin of preference for domestic bidders shall not apply in the bidding process resulting from this prequalification.
- 24. Subcontractors**
- 24.1 Applicants planning to subcontract any of the key activities indicated in Section III, Qualification Criteria, shall specify the activity(ies) or parts of the works to be subcontracted in the Application Submission Form. Applicants shall clearly identify the proposed specialist subcontractors in Forms ELI-1.2 and EXP (experience)-4.2(b) in Section IV. Such proposed specialist subcontractor(s) shall meet the corresponding qualification requirements specified in Section III, Qualification Criteria and Requirements.
- 24.2 At this time, the MDA does not intend to execute certain specific parts of the Works by subcontractors selected in advance by the MDA (Nominated Subcontractors) unless otherwise stated in the **PDS**.

F. Evaluation of Applications and Prequalification of Applicants

- 25. Evaluation of Applications**
- 25.1 The MDA shall use the factors, methods, criteria, and requirements defined in Section III, Qualification Criteria and Requirements to evaluate the qualifications of the Applicants. The use of other methods, criteria, or requirements shall not be permitted. The MDA 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.
- 25.2 Only the qualifications of subcontractors that have been identified in the application may be considered in the evaluation of an Applicant. However, the general experience and financial resources of subcontractors may not be added to those of the Applicant for purposes of prequalification of the Applicant.
- 25.3 In case of multiple contracts, the MDA shall prequalify each Applicant for the maximum number and types of contracts for which the Applicant meets the appropriate aggregate requirements of such contracts, as specified in Section III, Qualification Criteria and Requirements.
- 26. MDA's Right to Accept or Reject Applications**
- 26.1 The MDA reserves the right to accept or reject any application, and to annul the prequalification process and reject all applications at any time, without thereby incurring any liability to Applicants.
- 27. Prequalifica-**
- 27.1 All Applicants whose applications have met or exceeded ("passed")

- tion of Applicants** the specified threshold requirements will, to the exclusion of all others, be prequalified by the MDA.
- 28. Notification of Prequalification** 28.1 Once the MDA has completed the evaluation of the applications it shall notify all Applicants in writing of the names of those applicants who have been prequalified.
- 29. Invitation to Bid** 29.1 Promptly after the notification of the results of the prequalification the MDA shall invite bids from all the Applicants that have been prequalified.
- 29.2 Bidders may be required to provide a Bid Security or a Bid Securing Declaration acceptable to the MDA in the form and an amount to be specified in the Bidding Documents, and the successful Bidder shall be required to provide a Performance Security to be specified in the Bidding Documents.
- 30. Changes in Qualifications of Applicants** 30.1 Any change in the structure or formation of an Applicant after being prequalified in accordance with ITA 27 and invited to bid shall be subject to a written approval of the MDA prior to the deadline for submission of bids. Such approval shall be denied if as a consequence of the change the Applicant no longer substantially meets the qualification criteria set forth in Section III, Qualification Criteria and Requirements, or if in the opinion of the MDA, a substantial reduction in competition may result. Any such changes shall be submitted to the MDA not later than 14 days after the date of the Invitation for Bids.

Section II. Prequalification Data Sheet

A. General

ITA 1.1	The MDA is: : [<i>insert full name, including name of Project Officer, and address</i>]
ITA 1.1	The list of contracts is: [<i>insert number, names and identification numbers</i>]
ITA 1.1	ICB name and number are: [<i>insert name and identification number</i>]
ITA 2.1	The name of the MDA is: [<i>insert name of MDA</i>]
ITA 2.1	The name of the Project is: [<i>insert name of Project</i>]
ITA 4.1	(i) The parties in a JV [<i>insert "shall" or "shall not"</i>] be jointly and severally liable. (ii) Maximum number of partners in the JV shall be: [<i>insert a number or insert "not limited"</i>]
ITA 4.7	The electronic address of firms debarred by the LSG is:

B. Contents of the Prequalification Document

ITA 7.1	<p>For clarification purposes, the MDA's address is:</p> <p>[<i>insert information _or state "same as in 1.1 above"</i>]</p> <p>Attention: [<i>insert name and room number of Project Officer</i>]</p> <p>Address: [<i>insert street name and number</i>]</p> <p>[<i>insert floor and room number, if applicable</i>]</p> <p>City: [<i>insert name of city or town</i>]</p> <p>ZIP Code: [<i>insert postal (ZIP) code, if applicable</i>]</p> <p>Country: [<i>insert name of country</i>]</p> <p>Telephone: [<i>insert telephone number including country and city codes</i>]</p> <p>Facsimile number: [<i>insert fax number including country and city codes</i>]</p> <p>Electronic mail address: [<i>insert e-mail address of Project Officer</i>]</p>
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C. Preparation of Applications	
ITA 10.1	<p>The language of the application as well as of all correspondence is: <i>[Insert “English” or “Spanish” or “French”]</i>.</p> <p><i>[Note: In Countries that the LSG has agreed with the MDA that in addition to one internationally used language, applications may be also issued in the language of the Country (or the language used nation-wide in the Country for commercial transactions), the following text shall be added]:</i></p> <p><i>“In addition to the above indicated language, this Prequalification Document has been also issued in [the following language [insert the language of the Country or the language used nation-wide in the Country for commercial transactions].</i></p> <p><i>Applicants are permitted, at their choice, to submit their applications in either one of the two languages above indicated. Applicants shall not submit applications in more than one language.]</i></p>
ITA 11.1 (d)	The Applicant shall submit with its application, the following additional documents: <i>[insert list of additional documents, if any]</i>
ITA 15.2	In addition to the original, the number of copies to be submitted with the application is: <i>[insert number of copies]</i>
D. Submission of Applications	
ITA 17.1	<p>Applicants <i>[insert “shall” or “shall not”]</i> have the option of submitting their applications electronically.</p> <p>If electronic submission of applications shall be permitted, the electronic application submission procedures shall be: <i>[insert description of the procedures]</i></p> <p>For application submission purposes only, the MDA's address is:</p> <p><i>[insert information requested below or insert “MDA’s address is the same as that indicated in 1.1]</i></p>
	<p>Attention: <i>[insert name and room number of Project Officer]</i></p> <p>Address: <i>[insert street name and number]</i></p> <p><i>[insert floor and room number, if applicable]</i></p> <p>City: <i>[insert name of city or town]</i></p> <p>ZIP Code: <i>[insert postal (ZIP) code, if applicable]</i></p>

	<p>Country: <i>[insert name of country]</i></p> <p>Telephone: <i>[insert telephone number including country and city codes]</i></p> <p>Facsimile number: <i>[insert fax number including country and city codes]</i></p> <p>Electronic mail address: <i>[insert e-mail address of Project Officer]</i></p> <p>The deadline for application submission is:</p> <p>Date: <i>[insert date]</i></p> <p>Time: <i>[insert time]</i></p> <p><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>
ITA 18.1	<p><i>[Choose one of the two options below:]</i></p> <p>Late applications will be returned unopened to the Applicants.</p> <p><i>[or]</i></p> <p>The MDA reserves the right to accept or reject late applications.</p>
ITA 19.1	If electronic submission of applications shall be permitted, electronic application opening procedures are: <i>[insert description of the procedures]</i>
E. Procedures for Evaluation of Applications	
ITA 23.1	<p>A margin of preference <i>[insert “shall not” or “shall”]</i> apply for eligible domestic bidders.</p> <p><i>[Domestic works preference must be expressly permitted for eligible MDAs]</i></p>
ITA 24.2	<p>At this time the MDA <i>[insert “intends” or “does not intend”]</i> to execute certain specific parts of the Works by subcontractors selected in advance (Nominated Subcontractors).</p> <p><i>[If the above states “intends” list the specific parts of the works and the respective subcontractors]</i></p>

Section III. Qualification Criteria and Requirements

This Section contains all the methods, criteria, and requirements that the MDA shall use to evaluate applications. The information to be provided in relation to each requirement and the definitions of the corresponding terms are included in the respective Application Forms.

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Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
1. Eligibility							
1.1	Nationality	Nationality in accordance with ITA Sub-Clause 4.2	Must meet requirement	Existing or intended JV must meet requirement	Must meet requirement	N/A	Forms ELI – 1.1 and 1.2, with attachments
1.2	Conflict of Interest	No conflicts of interest in ITA Sub-Clause 4.4	Must meet requirement	Existing or intended JV must meet requirement	Must meet requirement	N/A	Application Submission Form
1.3	LSG Ineligibility	Not having been declared ineligible by the LSG, as described in ITA Sub-Clause 4.7	Must meet requirement	Existing JV must meet requirement	Must meet requirement	N/A	Application Submission Form
1.4	Government Owned Entity	Applicant required to meet conditions of ITA Sub-Clause 4.8	Must meet requirement	Must meet requirement	Must meet requirement	N/A	Forms ELI – 1.1 and 1.2, with attachments
1.5	United Nations resolution or Country law	Not having been excluded as a result of the Country laws or official regulations, or by an act of compliance with UN Security Council resolution, in accordance with ITA 4.11	Must meet requirement	Must meet requirement	Must meet requirement	N/A	Forms ELI – 1.1 and 1.2, with attachments

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
2. Historical Contract Non-Performance							
2.1	History of Non-Performing Contracts	Non-performance of a contract did not occur within the last <i>[insert number]</i> years prior to the deadline for application submission based on all information on fully settled disputes or litigation. A fully settled dispute or litigation is one that has been resolved in accordance with the Dispute Resolution Mechanism under the respective contract and where all appeal instances available to the applicant have been exhausted.	Must meet requirement by itself or as partner to past or existing JV	N/A	Must meet requirement by itself or as partner to past or existing JV	N/A	Form CON-2
2.2	Failure to Sign Contract	Not being under execution of a Bid Securing Declaration pursuant to Sub-Clause 4.9 for <i>[insert number]</i> years	Must meet requirement	Must meet requirement	Must meet requirement	N/A	Application Submission Form
2.3	Pending Litigation	All pending litigation shall in total not represent more than <i>[insert number]</i> %, <i>[insert percentage in words]</i> of the Applicant's net worth and shall be treated as resolved against the Applicant	Must meet requirement by itself or as a partner to past or existing JV	N/A	Must meet requirement by itself or as a partner to past or existing JV	N/A	Form CON – 2

Eligibility and Qualification Criteria			Compliance Requirements				Documentation
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
3. Financial Situation							
3.1	Financial Performance	Submission of audited balance sheets or if not required by the law of the Applicant's country, other financial statements acceptable to the MDA, for the last <i>[insert number]</i> years to demonstrate: (a) the current soundness of the applicant's financial position and its prospective long term profitability, and (b) capacity to have a cash flow amount of US\$ <i>[insert number]</i> equivalent	Must meet requirement (a) Must meet requirement (b) Must meet requirement	N/A (a) N/A (b) Must meet requirement	Must meet requirement (a) Must meet requirement (b) N/A	N/A (a) N/A (b) N/A	Form FIN – 3.1 with attachments
3.2	Average Annual Construction Turnover	Minimum average annual construction turnover of US\$ <i>[insert amount in US\$ equivalent in words and figures]</i> , calculated as total certified payments received for contracts in progress or completed, within the last <i>[insert number]</i> years, <i>[insert number in words]</i> years	Must meet requirement	Must meet requirement	Must meet <i>[insert number]</i> %, <i>[insert percentage in words]</i> of the requirement	Must meet <i>[insert number]</i> %, <i>[insert percentage in words]</i> of the requirement	Form FIN – 3.2

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
4. Experience							
4.1	General Construction Experience	Experience under construction contracts in the role of contractor, subcontractor, or management contractor for at least the last <i>[insert number]</i> years prior to the application submission deadline, and with activity in at least nine (9) months in each year.	Must meet requirement	N/A	Must meet requirement	N/A	Form EXP – 4.1
4.2 (a)	Specific Construction Experience	Participation as contractor, management contractor or subcontractor, in at least <i>[insert number]</i> contracts within the last <i>[insert number]</i> years, each with a value of at least <i>[insert amount]</i> , that have been successfully and substantially completed and that are similar to the proposed works. The similarity shall be based on the physical size, complexity, methods/technology or other characteristics as described in Section VI, Scope of Works	Must meet requirement	Must meet requirement	N/A	Must meet require for one contract (can be a specialist subcontractor)	Form EXP 4.2(a)
4.2 (b)		For the above or other contracts executed during the period stipulated in 4.2	Must meet requirements	Must meet requirements	N/A	Must meet the following requirements	Form EXP – 4.2 (b)

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
		(a) above, a minimum construction experience in the following key activities: <i>[list activities]</i>				for the key activities listed below (can be a specialist subcontractor) <i>[list key activities for this partner and the corresponding minimum requirements]</i>	

Section IV. Application Forms

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Application Submission Form

Date: *[insert day, month, year]*

ICB No. and title: *[insert ICB number and title]*

To: *[insert full name of MDA]*

We, the undersigned, apply to be prequalified for the referenced ICB and declare that:

- (a) we have examined and have no reservations to the Prequalification Documents, including Addendum(s) No(s)., issued in accordance with Instructions to Applicants (ITA) Clause 8: *[insert the number and issuing date of each addendum]*.
- (b) we, including any subcontractors or suppliers for any part of the contract resulting from this prequalification process, have nationalities from eligible countries, in accordance with ITA Sub-Clause 4.2: *[insert the nationality of the Applicant, including that of all partners in case of a Joint Venture, and the nationality of each already identified subcontractor and supplier of related services, if applicable]*;
- (c) we, including any subcontractors or suppliers for any part of the contract resulting from this prequalification, do not have any conflict of interest, in accordance with ITA Sub-Clause 4.4;
- (d) we, including any subcontractors or suppliers for any part of the contract resulting from this prequalification, have not been declared ineligible by the LSG, or under the Country laws, official regulations, or under execution of a Bid Securing Declaration in the Country, or by an act of compliance with a decision of the United Nations Security Council, in accordance with ITA Sub-Clauses 4.7, 4.9 and 4.11;
- (e) *[insert either "we are not a Government owned entity" or "we are a Government entity, and we meet the requirements of ITA Sub-Clause 4.8]*;
- (f) we, in accordance with ITA Sub-Clause 24.1, plan to subcontract the following key activities and/or parts of the works:

[insert any of the key activities identified in Section III- 4.2 (b) which the Applicant intends to subcontract]
- (g) we declare that the following commissions, gratuities, or fees have been paid or are to be paid with respect to the prequalification process, the corresponding bidding process or execution of the Contract:

<u>Name of Recipient</u>	<u>Address</u>	<u>Reason</u>	<u>Amount</u>
<i>[insert full name for each occurrence]</i>	<i>[insert street/number/city/country]</i>	<i>[indicate reason]</i>	<i>[specify amount in US\$ equivalent]</i>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

[If none has been paid or is to be paid, indicate “none”.]

- (h) We understand that you may cancel the prequalification process at any time and that you are neither bound to accept any application that you may receive nor to invite the prequalified applicants to bid for the contract subject of this prequalification, without incurring any liability to the Applicants, in accordance with ITA Clause 26.

Signed *[insert signature(s) of an authorized representative(s) of the Applicant]*

Name *[insert full name of person signing the application]*

In the Capacity of *[insert capacity of person signing the application]*

Duly authorized to sign the application for and on behalf of:

Applicant’s Name *[insert full name of Applicant]* Address *[insert street number/town or city/country address]*

Dated on *[insert day number]* day of *[insert month]*, *[insert year]*

Form ELI -1.1

Applicant Information Form

Date: *[insert day, month, year]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

Applicant's legal name <i>[insert full legal name]</i>
In case of Joint Venture (JV), legal name of each partner: <i>[insert full legal name of each partner in JV]</i>
Applicant's Actual or Intended country of constitution: <i>[indicate country of Constitution]</i>
Applicant's actual or Intended year of constitution: <i>[indicate year of Constitution]</i>
Applicant's legal address in country of constitution: <i>[insert street/ number/ town or city/ country]</i>
Applicant's authorized representative information Name: <i>[insert full legal name]</i> Address: <i>[insert street/ number/ town or city/ country]</i> Telephone/Fax numbers: <i>[insert telephone/fax numbers, including country and city codes]</i> E-mail address: <i>[indicate e-mail address]</i>
Attached are copies of original documents of <input type="checkbox"/> Articles of Incorporation or Documents of Constitution, and documents of registration of the legal entity named above, in accordance with ITA 4.2. <input type="checkbox"/> In case of JV, letter of intent to form JV or JV agreement, in accordance with ITA 4.1. <input type="checkbox"/> In case of Government owned entity, documents establishing legal and financial autonomy and compliance with commercial law, in accordance with ITA 4.8.

Form ELI -1.2

Applicant's Party Information Form

[The following form shall be filled in for the Applicant's parties including partner(s) of a joint venture, subcontractors, suppliers and other parties]

Date: *[insert day, month, year]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

JV applicant legal name: <i>[insert full legal name]</i>
Applicant's Party legal name: <i>[insert full legal name of Applicant's Party]</i>
Applicant's Party country of registration: <i>[indicate country of registration]</i>
Applicant Party's year of constitution: <i>[indicate year of constitution]</i>
Applicant Party's legal address in country of constitution: <i>[insert street/ number/ town or city/ country]</i>
Applicant Party's authorized representative information Name: <i>[insert full legal name]</i> Address: <i>[insert street/ number/ town or city/ country]</i> Telephone/Fax numbers: <i>[insert telephone/fax numbers, including country and city codes]</i> E-mail address: <i>[indicate e-mail address]</i>
Attached are copies of original documents of <input type="checkbox"/> Articles of Incorporation or Documents of Constitution, and Registration Documents of the legal entity named above, in accordance with ITA 4.2. <input type="checkbox"/> In case of a Government owned entity, documents establishing legal and financial autonomy and compliance with commercial law, in accordance with ITA 4.8.

Form CON – 2

Historical Contract Non-Performance

[The following table shall be filled in for the Applicant and for each partner of a Joint Venture]

Applicant's Legal Name: *[insert full name]*

Date: *[insert day, month, year]*

Joint Venture Party Legal Name: *[insert full name]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

Non-Performing Contracts in accordance with Section III, Qualification Criteria and Requirements			
<input type="checkbox"/> Contract non-performance did not occur during the <i>[number]</i> years specified in Section III, Qualification Criteria and Requirements, Sub-Factor 2.1.			
<input type="checkbox"/> Contract(s) not performed during the <i>[number]</i> years specified in Section III, Qualification Criteria and Requirements, requirement 2.1			
Year	Non performed portion of contract	Contract Identification	Total Contract Amount (current value, US\$ equivalent)
<i>[insert year]</i>	<i>[insert amount and percentage]</i>	Contract Identification: <i>[indicate complete contract name/ number, and any other identification]</i> Name of MDA: <i>[insert full name]</i> Address of MDA: <i>[insert street/city/country]</i> Reason(s) for non performance: <i>[indicate main reason(s)]</i>	<i>[insert amount]</i>
Pending Litigation, in accordance with Section III, Qualification Criteria and Requirements			
<input type="checkbox"/> No pending litigation in accordance with Section III, Qualification Criteria and Requirements, Sub-Factor 2.2.			
<input type="checkbox"/> Pending litigation in accordance with Section III, Qualification Criteria and Requirements, Sub-Factor 2.2 as indicated below.			

Year	Outcome as Percentage of Total Assets	Contract Identification	Total Contract Amount (current value, US\$ equivalent)
<i>[insert year]</i>	<i>[insert percentage]</i>	Contract Identification: [indicate complete contract name, number, and any other identification] Name of MDA: <i>[insert full name]</i> Address of MDA: <i>[insert street/city/country]</i> Matter in dispute: <i>[indicate main issues in dispute]</i>	<i>[insert amount]</i>

Form FIN – 3.1 Financial Situation

[The following table shall be filled in for the Applicant and for each partner of a Joint Venture]

Applicant's Legal Name: *[insert full name]*

Date: *[insert day, month, year]*

Applicant's Party Legal Name: *[insert full name]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

1. Financial data

Financial information in (US\$ equivalent in 000s)	Historic information for previous <i>[insert number]</i> years, <i>[insert in words]</i> (US\$ equivalent in 000s)				
	Year 1	Year 2	Year 3	Year ...	Year n
Information from Balance Sheet					
Total Assets (TA)					
Total Liabilities (TL)					
Net Worth (NW)					
Current Assets (CA)					
Current Liabilities (CL)					
Information from Income Statement					
Total Revenue (TR)					
Profits Before Taxes (PBT)					

2. Financial documents

The Applicant and its parties shall provide copies of the balance sheets and/or financial statements for *[number]* years pursuant Section III, Qualifications Criteria and Requirements, Sub-factor 3.1. The financial statements shall:

- (a) reflect the financial situation of the Applicant or partner to a JV, and not sister or parent companies.
 - (b) be audited by a certified accountant.
 - (c) be complete, including all notes to the financial statements.
 - (d) correspond to accounting periods already completed and audited (no statements for partial periods shall be requested or accepted).
- Attached are copies of financial statements (balance sheets, including all related notes, and income statements) for the *[number]* years required above; and complying with the requirements

Form FIN - 3.2

Average Annual Construction Turnover

[The following table shall be filled in for the Applicant and for each partner of a Joint Venture]

Applicant's/Joint Venture Partner's Legal Name: *[insert full name]*

Date: *[insert day, month, year]*

Applicant's Party Legal Name: *[insert full name]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

Annual turnover data (construction only)		
Year	Amount and Currency	US\$ equivalent
<i>[indicate year]</i>	<i>[insert amount and indicate currency]</i>	<i>[insert amount in US\$ equiv.]</i>
Average Annual Construction Turnover *		

* Average annual construction turnover calculated as total certified payments received for work in progress or completed, divided by the number of years specified in Section III, Qualification Criteria and Requirements, Sub-Factor 3.2.

Form EXP - 4.1 General Construction Experience

[The following table shall be filled in for the Applicant and for each partner of a Joint Venture]

Applicant's/Joint Venture Partner's Legal Name: *[insert full name]*

Date: *[insert day, month, year]*

Applicant JV Party Legal Name: *[insert full name]*

ICB No. and title: *[insert ICB number]*

Page *[insert page number]* of *[insert total number]* pages

[Identify contracts that demonstrate continuous construction work over the past [number] years pursuant to Section III, Qualification Criteria and Requirements, Sub-Factor 4.1. List contracts chronologically, according to their commencement (starting) dates.]

Starting Month / Year	Ending Month / Year	Contract Identification	Role of Applicant
<i>[indicate month/ year]</i>	<i>[indicate month/ year]</i>	Contract name: <i>[insert full name]</i> Brief Description of the Works performed by the Applicant: <i>[describe works performed briefly]</i> Amount of contract: <i>[insert amount in US\$ equivalent]</i> Name of MDA: <i>[indicate full name]</i> Address: <i>[indicate street/number/town or city/country]</i>	<i>[insert "Contractor" or "Subcontractor" or "Contract Manager"]</i>
		Contract name: <i>[insert full name]</i> Brief Description of the Works performed by the Applicant: <i>[describe works performed briefly]</i> Amount of contract: <i>[insert amount in US\$ equivalent]</i> Name of MDA: <i>[indicate full name]</i> Address: <i>[indicate street/number/town or city/country]</i>	<i>[insert "Contractor" or "Subcontractor" or "Contract Manager"]</i>
		Contract name: <i>[insert full name]</i> Brief Description of the Works performed by the Applicant: <i>[describe works performed briefly]</i> Amount of contract: <i>[insert amount in US\$ equivalent]</i> Name of MDA: <i>[indicate full name]</i> Address: <i>[indicate street/number/town or city/country]</i>	<i>[insert "Contractor" or "Subcontractor" or "Contract Manager"]</i>

Form EXP - 4.2(a) Similar Construction Experience

[The following table shall be filled in for contracts performed by the Applicant, each partner of a Joint Venture, and specialist sub contractors]

Applicant's/Joint Venture Partner's Legal Name: *[insert full name]*

Date: *[insert day, month, year]*

JV Party Name: *[insert full name]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

Similar Contract No. <i>[insert number] of [insert number of similar contracts required]</i>	Information		
Contract Identification	<i>[insert contract name and number, if applicable]</i>		
Award date	<i>[insert day, month, year, i. e., 15 June, 2015]</i>		
Completion date	<i>[insert day, month, year, i.e., 03 October, 2017]</i>		
Role in Contract <i>[check the appropriate box]</i>	Contractor <input type="checkbox"/>	Management Contractor <input type="checkbox"/>	Subcontractor <input type="checkbox"/>
Total Contract Amount	<i>[insert total contract amount in local currency]</i>		US\$ <i>[insert total contract amount in US\$ equivalent]</i>
If partner in a JV, or subcontractor, specify participation in total contract amount	<i>[insert a percentage amount]</i>	<i>[insert total contract amount in local currency]</i>	<i>[insert total contract amount in US\$ equivalent]</i>
MDA's Name:	<i>[insert full name]</i>		
Address:	<i>[indicate street / number / town or city / country]</i>		
Telephone/fax number	<i>[insert telephone/fax numbers, including country and city area codes]</i>		
E-mail:	<i>[insert e-mail address, if available]</i>		

Form EXP - 4.2(a) (cont.)
Similar Construction Experience (cont.)

Similar Contract No. <i>[insert number] of [insert number of similar contracts required]</i>	Information
Description of the similarity in accordance with Sub-Factor 4.2(a) of Section III:	
1. Amount	<i>[insert amount in US\$ in words and in Figures]</i>
2. Physical size	<i>[insert physical size of activities]</i>
3. Complexity	<i>[insert description of complexity]</i>
4. Methods/Technology	<i>[insert specific aspects of the methods/technology involved in the contract]</i>
5. Other Characteristics	<i>[insert other characteristics as described in Section V, Scope of Works]</i>

Form EXP - 4.2(b) Construction Experience in Key Activities

Applicant's Legal Name: *[insert full name]*

Date: *[insert day, month, year]*

Applicant's Party Legal Name: *[insert full name]*

Nominated Subcontractor's Legal Name (as per ITA 24.2): *[insert full name]*

ICB No. and title: *[insert ICB number and title]*

Page *[insert page number]* of *[insert total number]* pages

All Subcontractors for key activities must complete the information in this form as per ITA 24.2 and Section III, Qualification Criteria and Requirements, Sub-Factor 4.2.

1. Key Activity No One: *[insert brief description of the Activity, emphasizing its specificity]*

	Information		
Contract Identification	<i>[insert contract name and number, if applicable]</i>		
Award date	<i>[insert day, month, year, i. e., 15 June, 2015]</i>		
Completion date	<i>[insert day, month, year, i.e., 03 October, 2017]</i>		
Role in Contract <i>[check the appropriate box]</i>	Contractor <input type="checkbox"/>	Management Contractor <input type="checkbox"/>	Subcontractor <input type="checkbox"/>
Total Contract Amount	<i>[insert total contract amount in local currency]</i>		US\$ <i>[insert Total contract amount in US\$ equivalent]</i>
If party in a JV, specify participation of total contract amount	<i>[insert a percentage amount]</i>	<i>[insert total contract amount in local currency]</i>	<i>[insert total contract amount in US\$ equivalent]</i>

	Information
MDA's Name:	<i>[insert full name]</i>
Address:	<i>[indicate street / number / town or city / country]</i>
Telephone/fax number	<i>[insert telephone/fax numbers, including country and city area codes]</i>
E-mail:	<i>[insert e-mail address, if available]</i>

2. Activity No Two

3.

	Information
Description of the key activities in accordance with Sub-Factor 4.2(b) of Section III:	
	<i>[insert response to inquiry indicated in left column]</i>

Section V. Eligible Countries

Eligibility for the Provision of Goods, Works and Services in LSG-financed Procurement

1. In accordance with Para 1.8 of the Guidelines: Procurement, the LSG permits firms and individuals from all countries to offer goods, works and services for LSG-financed projects. As an exception, firms of a Country or goods manufactured in a Country may be excluded if:

Para 1.8 (a) (i): as a matter of law or official regulation, the Country prohibits commercial relations with that Country, provided that the LSG is satisfied that such exclusion does not preclude effective competition for the supply of the Goods or Works required, or

Para 1.8 (a) (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 Country prohibits any import of goods from that Country or any payments to persons or entities in that Country.

2. For the information of MDAs and bidders, at the present time firms, goods and services from the following countries are excluded from this bidding:

(a) With reference to paragraph 1.8 (a) (i) of the Guidelines:

[insert list of countries prohibited under official regulations of the country]

(b) With reference to paragraph 1.8 (a) (ii) of the Guidelines:

[insert list of countries which are banned under UN Security Council Chapter VII]

PART 2 – Works Requirements

Section VI. Scope of Works

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1. Description of the Works

2. Construction Period

3. Site and Other Data

STANDARD PROCUREMENT DOCUMENTS

User's Guide
for
Prequalification Document
for
Procurement of Works

Introduction

The Standard Prequalification Document for Procurement of Works (SPD) and User's Guide have been designed to: (i) simplify the MDA's preparation of a specific Prequalification Document (PQD) for Procurement of Works; (ii) reduce the Applicants' preparation time and effort; and (iii) facilitate and simplify the MDA's evaluation of applications; and (iv) minimize the LSG's time required for the prior review of the PQD

The purpose of the Users' Guide (the Guide) is to provide guidance to MDAs on how to prepare prequalification documents for works based on the standard procurement document. In addition the Guide includes guidance on how to prepare the Invitation for Prequalification (IFP). The provisions in **Section I, Instructions to Applicants (ITA) of the SPD must be used without any modification to its text or format.** Any data and provisions that this section requires for a specific prequalification shall be included in **Section II, Prequalification Data Sheet.**

The remaining sections of the SPD, which are also explained in the Guide are: **Section III, Qualification Criteria and Requirements; Section IV, Application Forms; and Section VI, Scope of Works.**

At the end of each section of the Guide, "**Guidance Notes for Users,**" explain the rationale for certain clauses of the SPD, and provide guidance to executing agencies and their consultants in preparing a particular prequalification questionnaire and evaluating the submissions of applicants. The last section of this Guide provides guidance on the evaluation of applications.

Procurement under projects financed by the International LSG for Reconstruction and Development and the International Development Association (hereinafter interchangeably called "the LSG") is carried out in accordance with policies and procedures laid down in the Agency's *Guidelines*; hereinafter referred to as the "Guidelines."

The Standard Prequalification Document in this publication has been prepared for use by the MDAs 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 LSG's Guidelines.

When ICB is the appropriate method for procurement, the use of the LSG'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; to be used under a project, however, prequalification needs to be mandated in the Loan/Credit Agreement. Accordingly, the 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 LSG has also issued an SBD for smaller contracts (normally less than US\$10 million and/or simple Works), for which prequalification is optional; if, however, prequalification is required, it should be carried out in accordance with this document.

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Acronyms & Abbreviations

PDS	Prequalification Data Sheet
FIDIC	Federation Internationale des Ingénieurs-Conseils; an association based in Switzerland that produces Conditions of Contract for different classes of works construction.
ICB	International Competitive Bidding
IFB	Invitation for Bids
IFP	Invitation for Prequalification
ITA	Instructions to Applicants
JV	Joint Venture
NCB	National Competitive Bidding
PQ	Prequalification
PQD	Prequalification Document
SBD	Standard Bidding Documents
SPD	Standard Prequalification Document

Glossary

MDA	One of the two parties to a works contract, the other party being the “Contractor.”
Contractor	The legal entity that is party to and performs a works contract, the other party to the contract being the “MDA.”
joint venture	An ad hoc association of firms that pool their resources and skills to undertake a large or complex contract in the role of “Contractor,” 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, acting in the role of “Contractor,” that does not normally usually perform contract construction work directly, but manages the work of other (sub) contractors, while bearing full responsibility and risk for price, quality, and timely performance of the work contract.
construction manager	A consultant, acting as agent of the MDA/MDA, 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.
Nominated	A specialist enterprise selected and approved by the MDA to
Subcontractor	Provide prespecified works included in the Bill of Quantities and nominated as subcontractor to the main Contractor for such purpose.
postqualification	An assessment made by the MDA 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 specified prequalification requirements.
prequalification	An assessment made by the MDA before inviting bids, of the appropriate level of experience and capacity of firms expressing interest in undertaking a particular contract, before inviting them to bid.
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 Bill of Quantities 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 MDA/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 MDA. Slices 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 contract work in progress and/or completed, normally expressed on an annual basis, and excluding income from other sources.
Works	The total work involvement in a construction contract, including the “Permanent” Works or finished product as specified, and the “Temporary” Works required in by the Contractor for the execution and completion of the contract.
In writing	For the purpose of this document, means authenticated handwritten, typed, or printed; a document prepared in writing can be transmitted by telex, electronic mail, facsimile, with proof of receipt; and in the form requested by the sender.

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 be 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 Agency state the requirements for prequalification in paras. 2.9 and 2.10. It is LSG 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 MDAs⁶ alike, in that:
- (a) the process enables prospective bidders, who may be insufficiently qualified on their own, to avoid the expense of bidding. Conversely it is an incentive for these potential bidders to form a joint venture that may give them a better chance of success;
 - (b) after being prequalified, well-qualified firms will price their bids with the knowledge that they are competing against other qualified bidders meeting realistic minimum competence criteria; the assurance that inadequately qualified competitors will be excluded from submitting unrealistic low bids thus encourages leading contractors to bid;
 - (c) prequalification enables MDAs 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

⁶ "Borrower" denotes a Bank Borrower or the executing agency delegated by the Borrower to execute the project, normally the Employer in a Works contract.

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 MDAs 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 MDA 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.
- (i) it gives the LSG some indication of an MDA'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 Bidding Documents are being prepared;
- (b) the MDA 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 MDA, provide opportunities for externally influenced deviations from the expected high standards of ethics and impartiality in prequalifying applicants.

6. The LSG, 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 MDAs and the construction community alike.

The Prequalification Process

The prequalification process includes four main phases: (i) Advertising, (ii) Preparation and Issuing of the Prequalification Document, (iii) Application Preparation and Submission, (iv) Application Evaluation, and Prequalification of Applicants.

Advertising (Procurement Guidelines; paras 2.7 and 2.8)

The MDA shall advertise prequalification in the project GPN in UN Development Business⁷ on-line (UNDB on line) and in the Development Gateway's DG Market. The Prequalification Document (PQD) shall not be released to the public earlier than the date of publication of the GPN.

In addition the MDA shall advertise an upcoming prequalification process: .

- (a) in at least one newspaper of national circulation in the Country and in the official gazette, or in an electronic portal with free access, and
- (b) in UN *Development Business* online and in DG Market, and/or in well-known technical magazines (*the latter being mandatory if specified in the Loan or Credit Agreement*)

When advertising, the MDA shall give enough time for potential Applicants to respond with well-prepared applications.

Preparation and Issuing of the Prequalification Document

The MDA and the Applicant should keep in mind that:

- The MDA is responsible for the preparation and issuance of the Prequalification Document (PQD).
 - The MDA shall use the Standard Prequalification Document for Procurement of Works (SPD) issued by the LSG, as this is mandatory for contracts to be financed by the LSG.
 - The MDA shall prepare the PQD using the published version of the SPD without suppressing or adding text in Section I, Instructions to Applicants (ITA), which does not allow modifications. All information and data specific to an individual prequalification process must be provided by the MDA in the following sections of the PQD:
 - Section II, Prequalification Data Sheet
 - Section III, Qualification Criteria and Requirements
 - Section IV, Application Forms
 - Section V, Eligible Countries
-

- Section VI, Scope of Works
- The MDA shall allow Applicants sufficient time for studying the prequalification documents, preparing complete and responsive applications, and submitting the applications (see Advertising above).

Application Preparation and Submission

The Applicant is responsible for the preparation and submission of its application. During this stage, the MDA shall:

- Promptly respond to requests for clarifications from Applicants and amend, as needed, the PQD,
- Amend the PQD only with the LSG's "no objection" in contracts subject to the LSG's prior review.

Application Evaluation and Prequalification

The MDA is responsible for the evaluation of applications and the prequalification of applicants. To that effect, the MDA shall appoint experienced staff to conduct the evaluation of applications. Mistakes committed at the application evaluation stage may later prompt complaints from Applicants, hence requiring reevaluation of the applications, with the consequent delays and waste of time and resources.

The MDA, in observance of best practices, shall:

- Maintain the application evaluation process confidential;
- Reject any attempts or pressures to bias the evaluation, including through fraud and corruption;
- Comply with the prior-review requirements of the LSG; and
- Strictly apply the qualification criteria specified in the Prequalification Document Section III, Qualification Criteria and Requirements.

Section I. Instructions to Applicants (ITA)

The Instructions to Applicants (ITA) specify the procedures that regulate the prequalification process. The ITA contains standard provisions that have been designed to remain unchanged, their wording should not be modified. On the other hand, the ITA refer those clauses that need to be complemented to suit the conditions of a particular prequalification process to the Prequalification Data Sheet (PDS); the PDS provides such additional information.

Section II. Prequalification Data Sheet (PDS)

General

The Prequalification Data Sheet (PDS) contains information and provisions that are specific to a particular prequalification process. The MDA must specify in a PDS clause only the information that the corresponding ITA requests be. All requested information shall be provided; **no clause of the PDS shall be left blank.**

To facilitate the preparation of the PDS, its clauses are numbered with the same numbers as the corresponding ITA clause. Section II, Prequalification Data Sheet, provides information to the MDA on how to enter all required information.

Guidance Notes

1. Slice and Package of Similar Contracts (ITA 1.1 and 25.3)

- (a) If a number of contracts of a similar nature are to be bid simultaneously on a “slice and package” basis, the nonstandard, contract-specific parts of the bidding documents (Bill of Quantities, 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, Section III should state the prequalification requirements for each slice based upon the MDA’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.

Basic Philosophy

- (b) 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 MDA.”
- (c) 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.
- (d) 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.
 - (e) 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 MDA, should be discussed with the LSG 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

- (f) 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. 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. 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 LSG strongly recommends against an excessive number of slices.

2. Domestic Bidders Preference (ITA 22.1)

- (a) If the Loan/Credit Agreement allow a margin of preference for domestic contractors, and the MDA wishes to use the preference for the award of contract(s) subject to this prequalification, the PQD (and subsequent Bidding Documents) should include basic information on the preference (eligible countries, reference to the Guidelines Appendix 2 for its application). In particular:

A domestic bidder is one that meets the following criteria:

- (i) for an individual firm:
 - (A) is registered in the country of the MDA;
 - (B) has more than 50 percent ownership by nationals of the country of the MDA;
 - (C) does not subcontract more than 10 percent of the contract price, excluding provisional sums, to foreign contractors.
- (ii) for a joint venture (JV) of domestic firms:
 - (A) individual member firms shall satisfy (a)(i) and (a)(ii) above; (B) the JV shall be registered in the country of the MDA;
 - (C) the JV shall not subcontract more than 10 percent of the contract price, excluding provisional sums, to foreign firms.

3. Nominated Subcontractors (ITA 24.2)

In large, complex Works contracts, the construction strategy of the MDA may provide for the execution of certain specialized parts of the Works by Nominated Subcontractors in accordance with the provisions of the FIDIC General Conditions of Contract.⁸ A typical example would be the supply and installation of the ventilation and lighting systems for a tunnel contract.

⁸ Copies of the FIDIC Conditions of Contract can be obtained from: FIDIC Secretariat, P.O. Box 86, 1000 Lausanne 12, Switzerland. Facsimile: 41 21 653 5432. Telephone: 41 21 653 5003

Section III. Qualification Criteria and Requirements

The purpose of Section III. Qualification Criteria and Requirements is to specify the criteria and corresponding requirements that the MDA shall use to evaluate the applications and prequalify the Applicants.

III.1 Qualification Criteria and Requirements (Table)

The MDA shall specify the “Qualification Criteria and Requirements” in the table below. The four main qualification criteria are:

1. Eligibility
2. Historical Contract Non-Performance
3. Financial Situation
4. Experience

Eligibility and Qualification Criteria		Compliance Requirements					Documentation
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
1. Eligibility							
1.1	Nationality	Nationality in accordance with ITA Sub-Clause 4.2	Must meet requirement	Existing or intended JV must meet requirement	Must meet requirement	N/A	Forms ELI – 1.1 and 1.2, with attachments
1.2	Conflict of Interest	No conflicts of interest in ITA Sub-Clause 4.4	Must meet requirement	Existing or intended JV must meet requirement	Must meet requirement	N/A	Application Submission Form
1.3	LSG Ineligibility	Not having been declared ineligible by the LSG, as described in ITA Sub-Clause 4.7	Must meet requirement	Existing JV must meet requirement	Must meet requirement	N/A	Application Submission Form

Eligibility and Qualification Criteria			Compliance Requirements				Documentation
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
1.4	Government Owned Entity	Applicant required to meet conditions of ITA Sub-Clause 4.8	Must meet requirement	Must meet requirement	Must meet requirement	N/A	Forms ELI – 1.1 and 1.2, with attachments
1.5	United Nations resolution or Country law	Not having been excluded as a result of the Country laws or official regulations, or by an act of compliance with UN Security Council resolution, in accordance with ITA 4.11	Must meet requirement	Must meet requirement	Must meet requirement	N/A	Forms ELI – 1.1 and 1.2, with attachments
2. Historical Contract Non-Performance							
2.1	History of Non-Performing Contracts	Non-performance of a contract did not occur within the last <i>[insert number]</i> years prior to the deadline for application submission based on all information on fully settled disputes or litigation. A fully settled dispute or litigation is one that has been resolved in accordance with the Dispute Resolution Mechanism under the respective contract and where all appeal instances available to the applicant have been exhausted.	Must meet requirement by itself or as partner to past or existing JV	N/A	Must meet requirement by itself or as partner to past or existing JV	N/A	Form CON-2
2.2	Failure to Sign Contract	Not being under execution of a Bid Securing Declaration pursuant to Sub-Clause 4.9 for <i>[insert number]</i> years	Must meet requirement	Must meet requirement	Must meet requirement	N/A	Application Submission Form
2.3	Pending	All pending litigation shall	Must meet	N/A	Must meet	N/A	Form CON – 2

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
	Litigation	in total not represent more than <i>[insert number]</i> %, <i>[insert percentage in words]</i> of the Applicant's net worth and shall be treated as resolved against the Applicant	requirement by itself or as a partner to past or existing JV		requirement by itself or as a partner to past or existing JV		
<i>Number of years should usually be one or two.</i>							
3. Financial Situation							
3.1	Financial Performance	Submission of audited balance sheets or if not required by the law of the Applicant's country, other financial statements acceptable to the MDA, for the last <i>[insert number]</i> years to demonstrate: (a) the current soundness of the applicant's financial position and its prospective long term profitability, and (b) capacity to have a cash flow amount of US\$ <i>[insert number]</i> equivalent	Must meet requirement (a) Must meet requirement (b) Must meet requirement	N/A (a) N/A (b) Must meet requirement	Must meet requirement (a) Must meet requirement (b) N/A	N/A (a) N/A (b) N/A	Form FIN – 3.1 with attachments
<i>Time period usually specified is 5 years; it may be reduced to three years minimum (in agreement with the LSG) under special country circumstances, such as to provide opportunity for a newly privatized construction industry with 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 MDA may relax the audit requirement, but should request other acceptable financial statements.</i>							
3.2	Average Annual Construction Turnover	Minimum average annual construction turnover of US\$ <i>[insert amount in US\$ equivalent in words and figures]</i> , calculated as total	Must meet requirement	Must meet requirement	Must meet <i>[insert number]</i> %, <i>[insert percentage in words]</i> of the	Must meet <i>[insert number]</i> %, <i>[insert percentage in words]</i> of the	Form FIN – 3.2

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
		certified payments received for contracts in progress or completed, within the last <i>[insert number]</i> years, <i>[insert number in words]</i> years			requirement	requirement	
<p><i>The amount stated should normally not be less than twice the estimated annual turnover in the proposed Works contract (based on a straight-line projection of the MDA's estimated cost, including contingencies, over the contract duration). The multiplier of 2 may be reduced for very large contracts (say, greater than US\$200 million equivalent) but should not be less than 1.5.*</i></p> <p><i>The time period is normally five years or more, but may be reduced to not less than three years (in agreement with the LSG) 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><i>An asterix(*) means that some information on the mater is provided in III.2 Guidance Notes.</i></p>							
4. Experience							
4.1	General Construction Experience	Experience under construction contracts in the role of contractor, subcontractor, or management contractor for at least the last <i>[insert number]</i> years prior to the application submission deadline, and with activity in at least nine (9) months in each year.	Must meet requirement	N/A	Must meet requirement	N/A	Form EXP – 4.1
<p><i>As for 3.2, The time period is normally five years or more, but may be reduced to not less than three years (in agreement with the LSG) under special country circumstances, such as to provide opportunities for a newly privatized construction industry with only a short record of experience.</i></p>							
4.2 (a)	Specific Construction Experience	Participation as contractor, management contractor or subcontractor, in at least <i>[insert number]</i> contracts within the last <i>[insert</i>	Must meet requirement	Must meet requirement	N/A	Must meet require for one contract (can be a specialist subcontractor	Form EXP 4.2(a)

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
		<i>number</i>] years, each with a value of at least [<i>insert amount</i>], that have been successfully and substantially completed and that are similar to the proposed works. The similarity shall be based on the physical size, complexity, methods/technology or other characteristics as described in Section VI, Scope of Works					
<p><i>The range of contract numbers should be one to three (and is normally two), depending on the size and complexity of the subject contract, the exposure of the MDA 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 MDA may be prepared to risk an award to an applicant with only one previous similar contract completed. For contracts in a developed environment with high potential supply of construction services, three similar contracts may not limit applications, but would reduce the risk of Contractor default.*</i></p> <p><i>The time 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.*3</i></p>							
4.2 (b)		For the above or other contracts executed during the period stipulated in 4.2 (a) above, a minimum construction experience in the following key activities: [<i>list activities</i>]	Must meet requirements	Must meet requirements	N/A	Must meet the following requirements for the key activities listed below (can be a specialist subcontractor) [<i>list key activities for this partner and the corresponding</i>	Form EXP – 4.2 (b)

Eligibility and Qualification Criteria			Compliance Requirements			Documentation	
No.	Subject	Requirement	Single Entity	Joint Venture			Submission Requirements
				All Parties Combined	Each Partner	One Partner	
						<i>minimum requirements]</i>	
<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 tons of asphalt concrete per month place in road paving; Y m³ of concrete place 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 condition.*3</i></p>							

III.2 Guidance Notes

Qualification Criteria

1. The LSG's policy on prequalification 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 (MDA) to set pass/fail criteria which, if all are not met substantially by the Applicants, would cause them to be disqualified.
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), 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.
3. The verification of availability of resources (liquid assets or line of credit, key personnel and equipment) should be made at the time of contract award, rather than at the qualification stage. Therefore, such criteria have not been included in the SPD.

Average Annual Construction Turnover (sub-criterion 3.2)

4. 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.
5. **Example: Estimating required minimum "Average Annual Turnover"**

Subject Contract

Description :	Port Facility
Estimated Cost (Including contingencies):	US\$120m
Duration:	4 years
Contract:	SBDW Unit Rate

- (a) Average expected annual construction billings (turnover), assuming a straight-line projection: $\$120 \div 4 = \underline{\$30\text{m per year}}$.
- (b) Applying the normal multiplier of 2.0
Required minimum turnover: $\$30\text{m} \times 2.0 = \underline{\$60\text{m per year}}$.

Similar Construction Experience (Sub-criterion 4.2)

6. Applicants should demonstrate that they have successfully carried out works, 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 works of a size comparable to that of the package of Works for which prequalification is sought. Depending on the nature of the Works to be bid, the requirement should be for the Applicant to have completed or substantially completed one or more contracts each of an amount (not less than about 80 percent) close to that of the proposed contract, over the last five to ten years.
 - (b) The Applicant (or a subcontractor designated in Forms ELI-1.2 and EXP4.2b) 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 monthly peak and/or annual rates required for the subject contract.
7. Applicants should not be required to have had direct experience in the Country or region, but only under similar climatic, geological, and other general conditions.

Section IV. Application Forms

The MDA shall include in the PQD all application forms that Applicants must complete and submit together with their applications. These forms are as specified in Section IV of the prequalification document:

- Application Submission Form
- Applicant Information Form
- Applicant's Party Information Form
- Historical Contract Non-Performance
- Financial Situation
- General Construction Experience
- Average Annual Construction Turnover
- Similar Construction Experience
- Construction Experience in Key Activities

Section V. Eligible Countries

The MDA shall provide the list of ineligible countries by filling paras 2(a) and (b).

Section VI. Scope of Works

The Scope of Works should provide sufficient information for an Applicant to decide whether or not to compete for that type of works, and whether it will need to use subcontractors for specific parts of the Works, and/or form a Joint Venture. It should provide information on the three following aspects:

1. Description of the Works

Describe the Works in sufficient detail to identify location, nature, and complexity. Estimated quantities of major components of the works should be indicated in the bill of quantities.

2. Construction Period(s)

State expected construction period and time in weeks or months; if alternative time schedules are permitted, give the range of acceptable construction periods. Additional construction time may be permitted for combinations of contracts if prequalification is for multiple contracts. The evaluation shall then take into account the benefits foregone for the longer times of completion.

3. Site and other Data

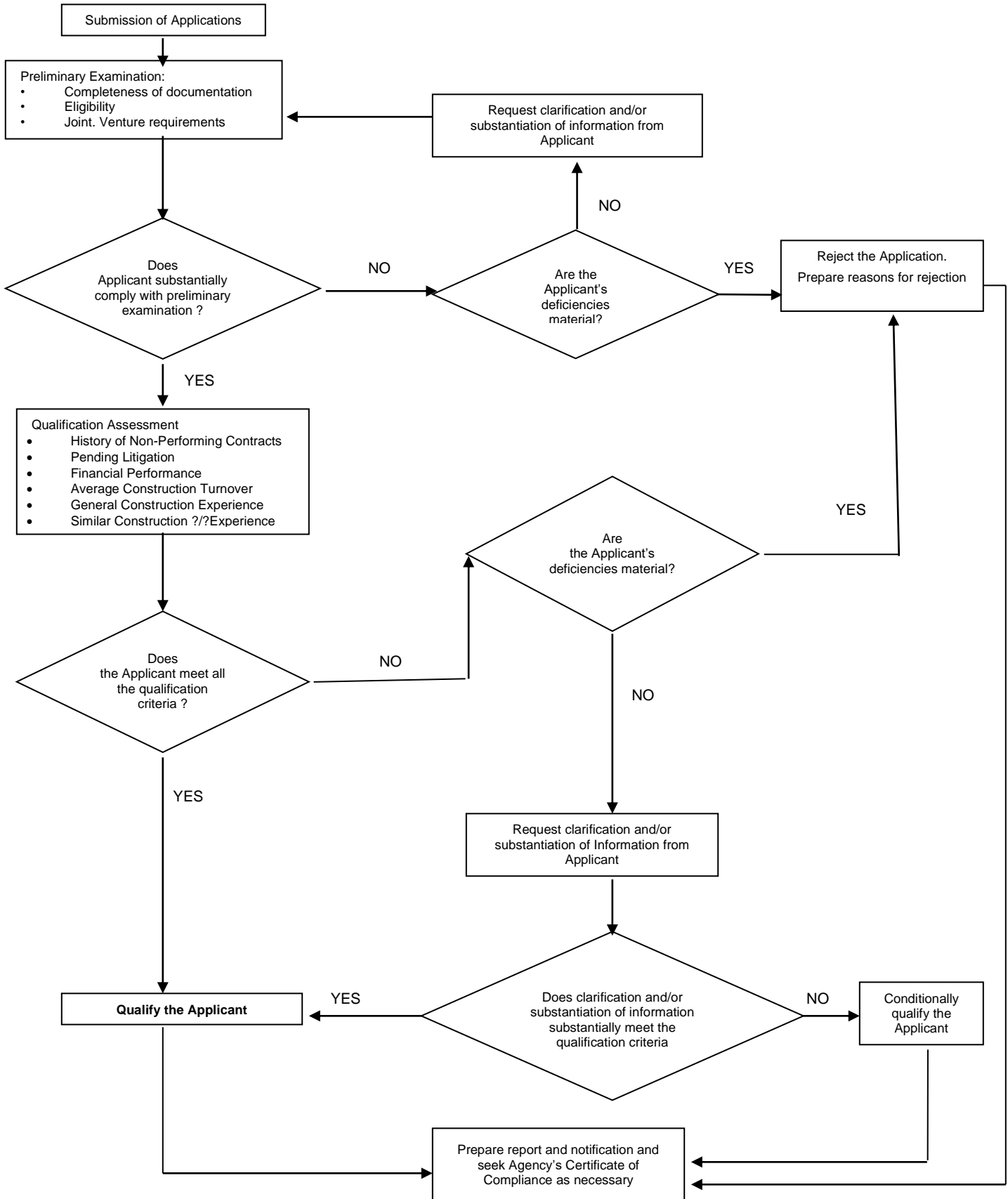
Provide general information on the climate, hydrology, topography, geology, access to site, transportation and communications facilities, medical facilities, project layout, facilities, services provided by the MDA, and other relevant data.

Section VII. Evaluation of Applications

Prequalification Evaluation Flow Chart

The attached flow chart indicates the successive steps of the evaluation process. The process is consistent with (i) Sections I and II, Instructions to Applicants and Prequalification Data Sheet and (ii) Section III, Qualification Criteria and Requirements. The flow chart should be reviewed by the evaluation team prior to the evaluation, and used as a Guide during the evaluation, concurrently with Section III

Prequalification Evaluation Flow Chart



Guidance Notes

The following notes are intended to give guidance on some of the principal issues confronting the evaluating team. They cover:

1. Single and multiple contract evaluation (slice and package)
2. The assessment of an Applicant's financial soundness
3. Analysis of litigation history
4. Conditional prequalification
5. Prequalification evaluation summary
6. Notification to Applicants

1. Single and Multiple Contract Evaluation (Slice and Package) 1.1

Single Contract Evaluation (Slice)

- (a) The average annual amount of the Applicant's past turnover on general construction stated by the Applicants in FIN-3.2 should be equal to or greater than that stated in Section III-3.2. 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:

Year	Turnover	US\$ equivalent (\$m)
1. 2002 (to end June)	(completed in different currencies)	20
2. 2001	"	40
3. 2000	"	80
4. 1999	"	120
5. 1998	"	100
Totals: 4.5 years		\$360m
Average T/O p.a.: $360 \div 4.5 =$		\$80m p.a.
Minimum Average Requirement stated in Section III-3.2:		\$60m p.a.

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 MDA should make a thorough investigation of the financial soundness of the Applicant (from data submitted with FIN-3.1) and, failing a satisfactory resolution, the Applicant could be disqualified.

The particular experience on similar contracts, and minimum key production rates (number of contracts) as stated in Section III-4.2, should be compared with information provided in EXP-4.2a and 4.2b. The contribution of named specialist subcontractors may be a factor in satisfying these criteria.

1.2 Multiple Contract Evaluation (Package) Alternative I

If Applicants have applied for prequalification on more than one particular contract, the procedure in “(1.1) Single Contract Evaluation (slice)” 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 forms.

Alternative II⁹

The procedure uses the basic information supplied by Applicants to assess the threshold limits (ceilings) for the aggregated total of contract value (or bidding capacity) for which Applicants are considered prequalified by the MDA.

The information provided by the Applicant in FIN-3.2 gives the average annual turnover; this amount is then divided by the multiplier of two (or other factor) as used by the MDA in Section III-3.2, and gives the limit of annual capacity of the Applicant for construction on the subject contracts.

The information provided in EXP-4.2a and 4.2b regarding similar contracts and the annual/monthly key production rates (number of contracts) may lead to a reduction of the ceiling or condition the prequalification.

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.

2. The Assessment of Financial Soundness (Section III-3.1)

General Information

2.1 The purpose of assessing the financial soundness of the Applicants is to reassure the MDA 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.

2.2 Because of differing international accounting practices and tax laws, published information on the financial position of companies and financial ratios derived there from 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

⁹ A similar, simpler, procedure can be used that consists of compiling registers of contractors for different categories of works under National Competitive Bidding procedures

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.

2.3 In any case, the MDA 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 Section III-3.2, supported respectively by audit statements or tax returns; and
- names and addresses of the Applicant's LSGer(s), as well as the names and addresses of clients or organizations familiar with its financial standing.

Development of Indicators and Ratios

2.4 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 FIN-3.1, as well as an evaluation by the MDA of the Applicant's **working capital** and **net worth**.

EXAMPLE

Financial Information (US \$ million equivalent)

	Actual: previous five years				
	5	4	3	2	1 0
1. Total assets	18.5	19.0	20.0	23.0	25.0
2. Current assets	12.0	13.0	14.5	14.0	15.0
3. Total liabilities	9.0	10.5	10.0	11.0	11.5
4. Current liabilities	7.0	6.5	7.0	7.5	7.8
5. Profits before taxes	1.4	1.3	1.3	1.4	1.8
6. Profits after taxes	1.0	0.9	0.9	1.0	1.3
7. Net worth (1) - (3)	9.5	8.5	10.0	12.0	13.5
8. Current ratio (2)/(4)	1.7	2.0	2.1	1.9	1.9
9. Return on equity %		13.7	15.3	14.0	15.0
(5)/(7 of prior year)					

2.5 **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.

2.6 **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.

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

3. The Analysis of Litigation History (Section III-2)

3.1 The execution of any construction contract will normally result in the payment by the MDA of a number of reasonable claims from the Contractor, e.g., for defaults of the 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 MDA with excessive or frivolous claims to increase their income. MDAs should be on guard against any Contractor who habitually resorts to excessive claims, arbitration, and litigation in the execution of contracts.

3.2 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.

3.3 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 MDA if the Applicant were awarded the contract, and further investigation with previous MDAs may be warranted.

4. Conditional Prequalification

4.1 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 MDA before submitting their bids.

4.2 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 JV Agreement
- proposals for subcontracting specialized elements of the Works
- questionable ability to undertake the subject contract, together with other pending contract awards

5. Prequalification Evaluation Summary

5.1 After evaluating the applications received, the implementing agency of the MDA should prepare a summary to be submitted to the LSG 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 LSG may ask the MDA to justify the evaluation and provide further information or clarification.

6. Notification to Applicants (ITA 28.1)

6.1 The implementing agency of the MDA should await the LSG's "no objection" to the proposals in the evaluation summary before notifying applicants of its decisions. After receiving the LSG'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.

6.2 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.

6.3 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.

6.4 After prequalification, all Applicants are deemed to have the necessary capabilities to carry out the subject contract or contracts. During the bidding period, however, MDAs may be approached for approval to changes in the formation or composition of applicants prior to bid submission. The provisions of ITA 30.1 should be followed by the MDA in deciding whether to accept such changes, and the LSG should be notified accordingly.

Invitation for Prequalification

Notification and advertising of the Invitation for Prequalification (IFP) shall be conducted in accordance with Sub-Clauses 2.7 and 2.8 of the Procurement Guidelines. The IFP shall follow the Sample Format indicated hereafter, and shall be issued as a specific procurement notice in (i) at least one newspaper of national circulation in the Country and in the official gazette, or in an electronic portal with free access, and (ii) in UN *Development Business* online and in DG Market. Optionally the MDA may advertise (i) in well-known technical magazines newspapers, and trade publications of wide international circulation for complex and highly specialized projects, and (ii) to embassies and trade representatives of countries in the Country, of countries with likely potential bidders (*the options may be mandatory if specified in the Loan or Credit Agreement*).

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 requirements requested to qualify for the prequalification.

Upon completion of an IFP for publication in UNDB on-line and DG Market (<http://www.dgmarket.com>), the implementing agency should forward it to the appropriate Agency staff (the Task Team Leader or Procurement Specialist) for review and subsequent submission 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>.

Sample Format

SPECIFIC PROCUREMENT NOTICE Invitation for Prequalification

[Insert: name of Country]

[Insert: name of Project]

[Insert: Brief Description of Works]

[Insert: Project 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 on-line and in DG Market.

The *[insert name of MDA]* *[has received/has applied for/intends to apply for]* a *[fund]* from the *[LSG]* toward the cost of the *[insert name of project]*, and it intends to apply part of the proceeds of this *fundt* 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 for bid will be made in *[insert month and year]*.⁴

Prequalification will be conducted through prequalification procedures specified in the Agency's *Guidelines*: , and is open to all bidders from eligible source countries, as defined in the guidelines.⁵

Interested eligible applicants may obtain further information from and inspect the prequalification document at the *[insert name of agency]* (address below) *[state address at end of document]* from *[insert office hours]*.⁶ A complete set of the prequalification document in *[insert name of language]* may be purchased by interested applicants (a) 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]*, *[insert "alternatively the PQD can be purchased electronically under the procedures described in the attachment to this IFP" if electronic purchase and delivery is an option]*.

Applications for prequalification should be submitted in sealed envelopes, delivered to the address below⁹ by *[insert date]*,¹⁰ 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]
[Insert Email address]

Notes for preparation

1. *Day, month, year; for example 31 January 2002*
2. *[Insert the following if applicable]. This contract will be jointly financed by [insert name of cofinancing agency]. Bidding will be governed by the Agency'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 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.
10. 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.