



Thomas Fritz, 05th November 2009

The ILF Group General Presentation

■ About the speaker

- Name: Thomas FRITZ
- Education: Master of Arts in Business Administration
- Company: ILF Consulting Engineers, Innsbruck (Austria)
- Position in firm: Business Development and Marketing Director
- Years of experience: 10
- Key Expertise:
 - Tender strategies for international infrastructure projects
 - International procurement and financing
 - Procurement rules and conditions of contracts
 - Marketing and communications
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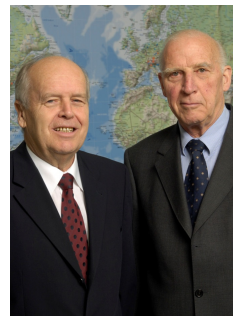
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General Presentation



■ About the company

- Founded by Mr. P. Lässer in 1967 in Innsbruck, Austria
- In 1969 Mr. A. Feizlmayr joined the company, which became "Ingenieurgesellschaft Lässer-Feizlmayr" (ILF), second office in Munich, Germany
- Initially, design and supervision services for oil & gas pipelines
- Scope of activities and expertise gradually broadened; expansion into new markets abroad (Saudi Arabia, Nigeria...)
- Today, ILF is a **leading international, multidisciplinary engineering and consulting firm** (100% privately owned)
- **1,600 employees:** Head offices in Innsbruck (Austria) and Munich (Germany), and more than 30 branch offices and subsidiaries worldwide; turnover 2008: **EUR 166 millions**
- Provision of interdisciplinary engineering and management services for complex industrial and infrastructure projects



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■ Clients and partners

- Private organizations
such as major oil and gas companies,
project developers, EPC contractors, construction companies
- Public administrations and bodies
on a multinational, national, provincial and community level
- International / multilateral financial institutions
such as World Bank, ADB, EBRD, EIB, KfW, EU, etc.

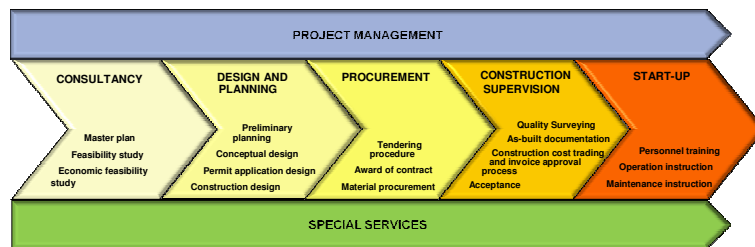


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■ Services

- Consultancy
- Design and planning
- Procurement
- Construction supervision
- Start-up
- Project management
- Special services



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■ Business areas

Oil and gas



- Production facilities for oil & gas
- Pipeline systems
- Tank farms and underground storage facilities
- Refineries and petrochemical plants
- LNG terminals and peak shavers

Water and environment



- Water supply
- Wastewater treatment & disposal
- Waste treatment & disposal
- Hydropower, dam and river engineering

Energy



- Thermal power plants
- Sea water desalination plants
- Renewable energy
- Transport and distribution systems

Civil engineering and infrastructure



- Airports
- Roads
- Railway systems
- Tunnels and caverns
- Buildings and structures
- Alpine engineering

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■ Recent international traffic infrastructure projects

- Irmak-Karabük-Zonguldak Railway Line, Turkey
- Vidin – Sofia Railway Line, Bulgaria
- Kalambaka – Ioannina Railway Line, Greece
- Havelian – Khunjrab Railway Link, Pakistan
- Georgia – Armenia – Iran Rail Link, Feasibility Study
- Pan-European Corridor X and regional roads in Macedonia
- D1-3 Motorway Hricovske Podhradie - Dubna Skala, Slovak Republic
- PPP Motorway Moscow – St. Petersburg and Moscow – Minsk, Russia
- Metro Warsaw Line II, Poland
- London Underground – The Crossrail Project, UK
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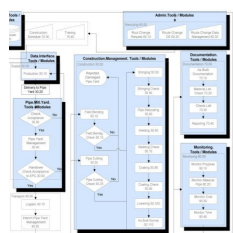
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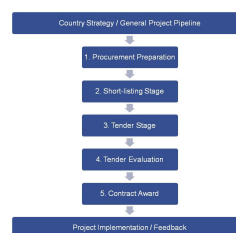
■ ILF's different roles in public tendering procedures

- Preparation of **procurement strategies** for public and private clients as well as IFIs (International Financial Institutions)
- Preparation of **tender documents** for works and services for public and private clients as well as IFIs
- **Evaluation of offers** for works and services for public and private clients as well as IFIs
- **Independent evaluation** for tender procedures for IFIs and local "Project Implementation Units"
- **Evaluation of tender procedures** for lenders (banks, insurances, etc.)
- Active participation in service tender procedures
- Active participation in EPC tenders as member of EPC consortia

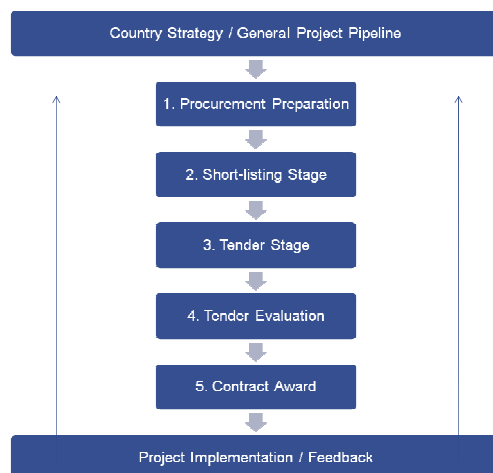


■ Basic principles for public tendering

- Transparency and integrity during the tendering, evaluation and award process
- Fairness towards and equal treatment of participating companies
- Competitive bidding – selection of “best” offer
- Best value for money
- Logical framework of procurement process
- Feedback to participating companies
- Preparation of high quality tender documents



■ Standard procurement process



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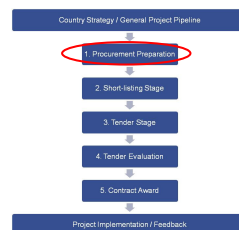
1. Procurement Preparation

Action: Preparation of procurement strategy

- Definition of procurement lots/packages (works, services, etc.)
- Definition of main procurement goals (quality vs. quantity) and time frame
- Selection of procurement methods (open vs. restricted procedures)
- Definition of "bidders" (internat. vs. local, small vs. big consortia)
- Information strategy (national vs. international gazettes)
- Definition of evaluation and award procedures
- Maybe: Publication of a General Procurement Notice, Contract Forecast

Outcome: Procurement strategy incl. all documents

- ✓ In accordance with local procurement laws / regulations
- ✓ External experts may assist in procurement preparation
- ✓ Contact between tendering agency and companies is possible



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2. Short-listing Stage (for restricted procedures)

Action: Call for "Expression of interest"

- Clear definition of project scope and budget (if possible)
- Definition and publication of "short-listing" criteria (easy to verify, YES/NO)
- Definition of "knock-out criteria" and "selection criteria" (challenging but not unreachable, i.e. no restriction to competition)
- Use of standard forms/templates (EC, World Bank, etc.)
- Clear definition of planned procurement schedule
- Evaluation of "Expressions of interest" and publication of short-list

Outcome: Short-list of companies

- ✓ Feedback to non-successful companies
- ✓ Enough time to prepare "Expression of interest" (min. 20-30 days)
- ✓ Strict confidentiality during evaluation of "Expressions of interest"
- ✓ No informal contact between tendering agency and companies



PROCUREMENT NOTICE	
Country:	Burkina Faso
Project:	WATER QUALITY PROTECTION PROJECT
Financing:	World Bank
Abstract:	PREPARATION OF A MAIN PROJECT DESIGN FOR QUALITY WATER TREATMENT PLANT (QWTP)
Source:	Consultation
Loan/Grantee Number:	QWTP Trust Fund Grant No. 015381, Project ID No. P015112
Contract Ref:	Expression of Interest
Deadline:	29 May 2009

This report for expression of interest follows the General Procurement Notice for the project that appeared in the Development Journal No. 002 of 2 July 2008.

Burkina Faso and the Ministry of the Environment have received a grant from the Global Environment Facility (GEF) through the International Bank for Reconstruction and Development (IBRD) and intend to apply part of the grant proceeds to make payments to the contractor for:

- Preparation of Main Project Design for Water Treatment Plant (QWTP) of 100m³/day.

The services include: Preparation of the main project design for QWTP of 100m³/day (100,000 inhabitants). The project is scheduled to start in the calendar year 2009.

(i) Development of concrete treatment alternatives;
(ii) Feasibility studies for the project and
(iii) Main engineering design for the project.

The period of the implementation is 18 months.

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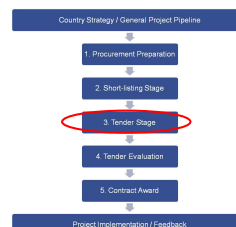
3. Tender Stage

Action: Invitation of short-listed bidders to submit offers

- Clear definition and publication of award criteria (technical and financial)
- Important award criteria should be methodology and key staff (technical)
- Ask for references and proofs (but achievable for bidders)
- Questions from bidders (incl. deadlines)
- Site-visit / information meeting
- Use of "two envelope" system (technical & financial)

Outcome: Receipt of bids / tenders

- ✓ External partners should assist in preparation of tender documents
- ✓ Enough time for offer preparation (depending on type of work)
- ✓ No informal contact between tendering agency and bidders
- ✓ Bidders should include bid bonds to ensure their bid validity



2. Timetable	DATE	TIME*
Site visit (if any)	Not applicable	N/A
Information meeting (if any)	Not applicable	N/A
Deadline for request for any clarifications from the Contracting Authority	6 April 2009	-
Last date on which clarifications are issued by the Contracting Authority	16 April 2009	-
Deadline for submission of tenders	27 April 2009	10.00 hrs CET
Interviews (if any)	Early April ¹	-
Completion date for evaluation of technical offers	Early May ¹	-
Notification of award to the selected tenderer	Mid May ¹	-
Contract signature	Mid June ¹	-
Commencement date	End June ¹	-

* All dates are in the time zone of the country of the Contracting Authority. ¹ Provisional date

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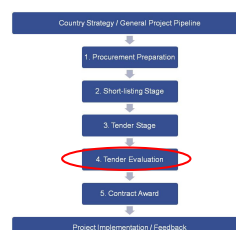
4. Tender Evaluation

Action: Evaluation of bids

- Evaluation of submitted offers using defined criteria
- Use of expert committee with various members (from agency)
- Use of independent evaluators (from external partners)
- Presentations and interviews with key staff
- Detailed evaluation of technical bids (quality) and evaluation report
- Use of pre-defined evaluation grid

Outcome: Selection of preferred bidder

- ✓ Detailed feedback to non-successful bidders
- ✓ Financial offer only to be opened after technical evaluation is finished
- ✓ Strict confidentiality during evaluation of tenders
- ✓ No contact between tendering agency and bidders



Part I: Technical Evaluation				
	Maximum possible	Tenderer 1	Tenderer 2	Tenderer 3
Evaluator A	100	55	88	84
Evaluator B	100	60	84	82
Evaluator C	100	59	82	90
Total	300	174	254	256
Average score (arithmetic average)		174/3 = 58.00	254/3 = 84.67	256/3 = 85.33
Technical score (total final score) (final score)		Eliminated ¹	84.67/85.33 = 100	100.00

* Only tenders with average score of at least 80 points qualify for the financial evaluation.

3.3.10.4. Evaluation of financial offers

Upon completion of the technical evaluation, the envelopes containing the financial offers for tenders who were not eliminated during the technical evaluation (i.e., those which have achieved an average score of 80 points or more) are opened and all details of these financial offers are available to the Commission and the members of the Evaluation Committee.

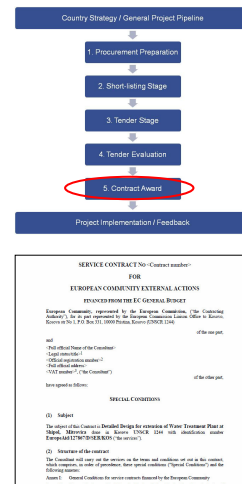
■ 5. Contract Award

Action: Contract negotiations

- Contract draft should already be included in tender documents
- Use of standard contracts (FIDIC, etc.)
- Negotiation meetings with preferred bidder to sign contract
- If change in contract is necessary, issue amendments (keep original contract untouched)

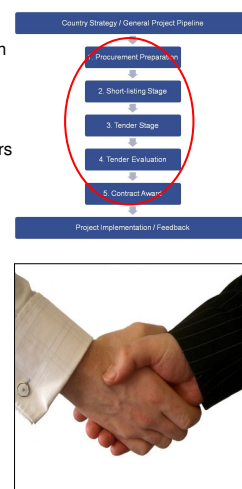
Outcome: Signed contract

- ✓ *Price changes only in combination with changes in scope*
- ✓ *After contract signature: publication of award of the contract*
- ✓ *The evaluation reports are for internal use only and are not to be handed out to bidders or third parties*



■ Main problems during public tender procedures

- **Missing definitions** of **evaluation** and **award procedures** and of **“bidders”** in Stage 1 lead to wrong expectations of potential bidders and/or to pre-selection of bidders
- **Requirements** for companies and/or key staff **too excessive**; lead to unnecessary limitation of potential bidders and exclusion of qualified competitors
- **Missing definition** of **detailed project scope, budget, requirements for foreign bidders** as well as **unclear criteria** in Stage 2 lead to application of unqualified / uninterested firms
- **Low quality of tender documents** in Stage 3 lead to non-comparable offers
- **Unspecific responses** to technical inquiries in Stage 3 cause lack of accuracy in bids
- **Unspecific award criteria** in Stage 3 lead to non-transparent and subjective evaluation processes which can be appealed by non-successful bidders
- **Long evaluation procedures** in Stage 4 lead to unavailability of key staff and resources
- **Missing detailed feedback** after Stage 2+4 leads to frustration which might influence potential bidders to not participate in future tenders



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■ Additional information / sources

- European Commission: Practical Guide to contract procedures for EC external actions
http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm
- EBRD: Procurement policies and rules
<http://www.ebrd.com/about/policies/procure/index.htm>
- KfW: Guidelines for the Cooperation with Developing Countries
http://www.kfw-entwicklungsbank.de/EN_Home/Service/Online_Library/Guidelines.jsp
- World Bank: Guidelines - Procurement under IBRD Loans and IDA Credits
<http://go.worldbank.org/RPHUY0RF10>
- ADB: Procurement Guidelines
<http://www.adb.org/Documents/Guidelines/Procurement/default.asp?p=prcmnt>
- EIB: EIB Guide for Procurement
http://www.eib.org/attachments/thematic/guide_procurement_services_en.pdf



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Thank you for your attention!

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