

# NEW POINT BASED SYSTEM

For the Procurement of Works

above Nu. 4 Million



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CDB



# OVERVIEW -

- ❖ Objectives of New Point-based System

- ❖ Evaluation Process/Stages of New Point based system

# OBJECTIVES-

- Objectivity

- Flexibility

- Incentives for contractors

 system's advantage

 system's disadvantage



## Criteria



### Old Point Based System



### Pass-Fail System

### New Point Based System



#### Objectivity





-  Subjective evaluation on technical capability – manpower, equipment, performance
-  Requirements loosely defined; no quantification



-  Project specific requirements for manpower, equipment specified; one-on-one comparison done
-  No test for proven past performance

-  Objective levels of achievement and scoring specified for all technical parameters
-  Project specific requirements clearly defined



#### Rigidity


-  Potentially possible for contractors to score low on some parameters and compensate by scoring high on others
-  But high weightage given only to experience related parameters


-  Stringent qualification criterion for each parameter
-  Must to pass on ALL parameters to qualify
-  Extremely difficult for young, promising contractors to qualify
-  Often leads to re-tendering

-  Adequate flexibility to allow young, promising contractors to qualify
-  Weightage to parameters well in-line with their relative importance in project execution

#### Incentives for best practices

-  Possible to build-in incentives but not done
-  No reason for contractors to get incorporated, employ local people etc.

-  Incentives for best practices cannot be built in as by definition they will need to be pass/fail

-  Suitable incentives for local employment, commitment for VTI internships, incorporation etc.

# OBJECTIVITY

- Objective levels of achievement & scoring specified for all parameters
- Project specific requirements clearly defined

# FLEXIBILITY

- Adequate flexibility to allow young & promising contractors to qualify
- Weightage given to parameters is well in line their importance in project execution

# INCENTIVES

- Suitable incentives given for VTI Graduates/local skilled employment ,commitment for internships of VTI Graduates, Incorporation etc.

# two stage evaluation process

## 1st Stage

**Bidder Qualification  
Criteria**

Qualification Parameters  
(100%)

### CAPABILITY (70%)

1. Similar work
2. Equipments
3. Key Personnel
4. Past Performance

### CAPACITY (30%)

1. Bid Capacity
2. Credit Line

≥ 65

## 2<sup>nd</sup> Stage

**Combination of financial  
and Preference  
parameters**

### Price Preference Parameters (10%)

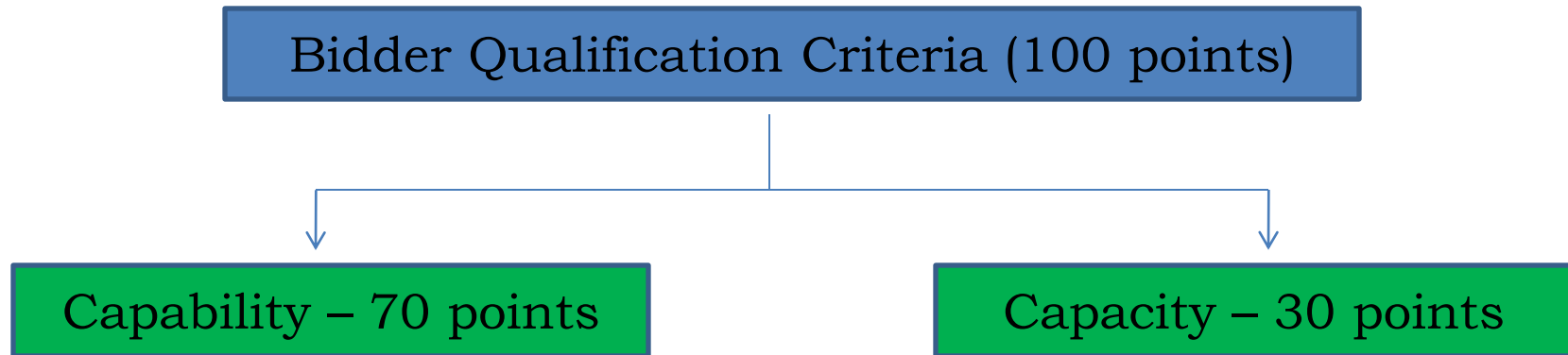
1. Status (incorporated, proprietorship, JV etc.)
2. Employment of VTI Graduates/ local skilled Labour
3. Commitment for internships to VTI graduates



Financial Parameters  
(90%)



# 1st Stage :- Qualification Criteria



- **The above parameter is evaluated at 100 points.**
- **A minimum cutoff point (65) is set out of 100 points in order to be responsive.**
- **All bids below the minimum cutoff point are rejected.**
- **Qualification scores of the bidders (who passed the minimum cutoff point) will not be carried forward.**

# Bidder Qualification Criteria (100 points)

## A. Capability – 70 points

1. Similar work experience	- 10
2. Access to adequate equipment	- 25
3. Availability of manpower	- 25
4. Average performance score from previous work*	- 10
<b>Total</b>	<b>- 70 points</b>

•Parameters above tests on the capability to execute the given work.

•Capability is taken to be a function of prior experience, their ability to generate enough resources in form of manpower and equipment, and their performance track-record from previous works.

# A. Capability – 70 points

## 1 - Similar work experience (last 5 calendar years)- 10 Points

**Two options:-**

**a. the contractor can either be evaluated on the size of a SINGLE largest similar work that (s)he might have executed in the past**

**OR**

**b. on the aggregate size of THREE similar works that (s)he might have executed in the past**

## Scoring pattern for similar works:-

Parameter	Level of Achievement	Score
Aggregate size of similar contract (max 3) in the last 5 calendar yrs.	<ul style="list-style-type: none"><li>• <math>\geq 175\%</math> of current project size</li><li>• 125 – 175% of current project size</li><li>• 75 – 125% of current project size</li><li>• <math>&lt; 75\%</math> of current project size</li></ul>	<ul style="list-style-type: none"><li>▪ 10</li><li>▪ 8</li><li>▪ 4</li><li>▪ 0</li></ul>
Size of the largest similar contract executed in the last 5 calendar yrs	<ul style="list-style-type: none"><li>• <math>\geq 100\%</math> of current project size</li><li>• 70 – 100% of current project size</li><li>• 50 – 70% of current project size</li><li>• <math>&lt; 50\%</math> of current project size</li></ul>	<ul style="list-style-type: none"><li>▪ 10</li><li>▪ 8</li><li>▪ 4</li><li>▪ 0</li></ul>

# Documents required

- Completion certificate of the single largest work of similar kind executed in the last 5 calendar years **OR** completion certificates of no more than 3 works of similar kind executed in the last 5 calendar years

## **Points to remember**

- If certificates for 3 biggest works are submitted then scoring should be done according to “Aggregate size of similar contracts (max 3) in the last 5 calendar yrs”.
- If certificate for only one work is submitted then scoring should be done according to “Size of the largest similar contract executed in the last 5 calendar yrs”

# Contd....

- If contractor submits completion certificates for 2 works, the aggregate of those two works should be considered
  - If contractor submits completion certificates for more than 3 works, then the 3 largest works should be considered and their aggregate should be scored.
  - Partially completed works will NOT be considered for award of points under this parameter.
- ❖ (Scoring pattern will remain same)

# A. Capability – 70 points

## 2 – Access to adequate equipments:- 25 points

**Allocate points to each equipment based on its importance:-**

- |                                      |           |
|--------------------------------------|-----------|
| ✓ Equipments of Tier-I importance:   | 50 points |
| ✓ Equipments of Tier-II importance:  | 30 points |
| ✓ Equipments of Tier-III importance: | 20 points |

**Total marks out of 100 to be scaled down to 25**

**100% marks if the equipment are owned and 75% marks if hired.**

**Scoring on equipment is fundamentally similar to the way it has been done in the pass/fail system**

# A. Capability – 70 points

An illustrative list of prescribed equipments could look like the one given below:

Equipment	Maximum marks	Number required
Excavator	50	2
Paver	10	3
Vibrator	10	3
Pneumatic road roller	5	1
Static road roller	5	2
Truck	5	4
Mechanical sprayer	5	2
Air compressor	5	1
Survey equipment	5	3
Total	100	



# Points to remember

- Total marks out of 100 to be scaled down to 25
- Contractors will get 100% marks if they own the equipment and 75% marks if they have hired the equipments
- Scores in proportion to the number of commitment.
- Allocate the marks equally based on no. of equipments in each tier

# Documents required

- Copy of the registration certificate of each equipment committed where applicable
- In case of hiring, copy of the lease agreement with the leaser(project-specific)
- In case of ownership, copy of the insurance policy for each equipment where applicable
- ❖ (it is upto the agency to specify the type & number of equipments based on degree of importance to the project)

# A. Capability – 70 points

## 3– Availability of Manpower :- 25 points

**This parameter evaluates contractors on their ability to deploy personnel with suitable qualifications and experience**

**Scoring on manpower is fundamentally similar to the way it has been done in the pass/fail system**

**Allocate points to each of the key project personnel positions based on its importance**

**The 100 points allocated is as follows:**

- |  |           |
|--|-----------|
| ✓ Personnel position of Tier-I importance:   | 50 points |
| ✓ Personnel position of Tier-II importance:  | 30 points |
| ✓ Personnel position of Tier-III importance: | 20 points |

**Total marks out of 100 to be scaled down to 25**

# A. Capability – 70 points

An illustrative list of manpower requirements could look like the one given below:

Position	Qualification/Experience	Score
Project Manager	▪ Graduate civil engineer with 10+ years of experience	▪ 50
	▪ Graduate engineer with 5-10 years of experience	▪ 40
	▪ Diploma engineer with 5-10 years of experience	▪ 30
	• Any other qualification	▪ 0
Project Engineer	▪ Graduate engineer with 5+ years of experience	▪ 30
	▪ Diploma engineer with 5+ years of experience	▪ 20
	▪ Graduate or diploma engineer with 3+ years of experience	▪ 10
	Degree/Diploma engineer with 0-3 years of experience	• 5
	▪ Any other qualification	▪ 0
Site Supervisor	▪ Diploma engineer with 3+ years of experience	▪ 20
	▪ Personnel with formal training certification from VTI and at least 5 years of experience	▪ 10
		▪ 0
	▪ Any other qualification	

# Documents Required

- CVs signed in ORIGINAL of all manpower committed.
- Copies of Citizen ID Cards OR Passport /work permits (for foreign workers) of all manpower committed
- Copies of contract agreements with all personnel if they have been hired on contract by the contractor
- Copies of Provident Fund Account documents of all personnel if they have been recruited on permanent rolls by the *contractor*
- ❖ *(it's upto the agency to specify the qualifications & experience based on the project requirement)*

# Points to remember

- The contract agreement produced by the contractor should be specific to the current project and not a general one.
- The e-tool requires the user to provide the citizen ID numbers of each personnel committed by the contractor. The system will automatically generate an alarm if the same person is already working on some other project or has been committed by some other contractor as well.

# A. Capability – 70 points

## 4- Average performance score from previous work:-10 points

**The 100% performance score is composed of the following parameters:-**

- 1. On-time completion - (30%)**
- 2. Quality of execution - (70%)**

## A. Capability – 70 points

*Following Scoring pattern will be used for past performance :*

Parameter	Level of achievement	Score
Average performance score from previous work (past 5 calendar years)	▪ 100%	▪ 10
	▪ 1 mark lesser for every 5% point decrease in score rounded off to lower 5%	
	▪ < 50%	▪ 0

**\*This sums up the scoring of 70 points for capability under the “qualification criteria”.**

**\*Now we move to the next parameter “capacity” under the “qualification criteria”.**



# Documents Required

- Performance Score from previous works (past 5 calendar years).
- ✓ Tips / Key points to remember
- In case of a joint venture executing a project, the same performance score applies to all JV partners for that project
- In giving score for timely completion, time compensations allowed due to scope changes are given due consideration. That is, the estimated duration is increased to account for time compensations

## Contd...

- The baseline for performance score is 100% for each contractor for each project. Marks are deducted only under the circumstances described above.

## **B. Capacity – 30 points**

**This category of parameter tests the contractor on his/her ability to generate adequate financial resources for executing the project.**

**The parameters covered under this category are:**

<b>1. Bid Capacity</b>	<b>- 10</b>
<b>2. Credit line available</b>	<b>- 20</b>
<b>Total</b>	<b>- 30 points</b>

## **B. Capacity – 30 points**

### **1 – Bid Capacity (10 points)**

$$\text{Bid Capacity} = 2 * A * N - B$$

**A= Average turnover of the contractor over the last 3 calendar years.**

**N= Estimated duration of the project being tendered in years.**

**B= Portion of other ongoing works to be completed in the period that overlaps with the current project's duration (that is, N)**

## B. Capacity – 30 points

**Bid capacity having calculated, the scoring will be as follows:**

Parameter	Level of achievement	Score
Bid Capacity	▪ Bid capacity $\geq$ quoted bid	▪ 10
	▪ Bid capacity is between 80-100% quoted bid	▪ 08
	▪ Bid capacity is between 60-80% quoted bid	▪ 06
	▪ Bid capacity is between 40-60% quoted bid	▪ 04
	▪ Bid capacity is between <40% quoted bid	▪ 00

## **B. Capacity – 30 points**

### **2 – Credit line available –(20 points):-**

- **This parameter evaluates the contractor on his/her ability to raise credit from banks and other financial institutions to manage the working capital requirements of the project.**
- **The contractor will get a score based on a letter of credit from a bank that gives the amount of credit available to the contractor for the work to be awarded.**
- **Level of achievement on this parameter will be judged in terms of months of project cash flow for which the credit is available.**

## B. Capacity – 30 points

*Scoring pattern will be done as follows:*

Parameter	Level of achievement	Score
Credit line available	<ul style="list-style-type: none"><li>▪ <math>\geq 100\%</math> of estimated 3 month project cash flow</li><li>▪ 80 – 100% of estimated 3 month project cash flow</li><li>▪ 60 – 80% of estimated 3 month project cash flow</li><li>▪ <math>&lt;60\%</math> of estimated 3 month project cash flow</li></ul>	<ul style="list-style-type: none"><li>▪ 20</li><li>▪ 16</li><li>▪ 08</li><li>▪ 00</li></ul>

**\*This sums up the scoring of 100 points under the “qualification criteria”.**

**\*All the bids who obtain a score of 65 points or more will move to the next stage of evaluation.**

# 2<sup>nd</sup> Stage = Bid Evaluation Criteria

combination of Preference and Financial parameters

Price Preference Score (10 %)



Financial Parameters (90%)



1. Status of the bidder
2. Employment of VTI graduates /local skilled people
3. Internship to VTI graduates



Financial bid quoted by a bidder



## Price Preference Score (10%)

This category of parameters evaluates the contractor on how well the contractor's organization is set up and functioning and how much is it contributing to the overall betterment of the sector.

The sub-parameters under this category are:

1. Status of the bidder	- 40
2. Employment of VTI graduates/local skilled people	- 40
3. Commitment for internships to VTI graduates	- 20
Total	- 100 points

- **The above parameter is evaluated on 100 points distributing the 100 points among the three sub -parameters.**
- **10 % of the total score of the bidder is combined with the financial score**

## **1. Status (Status (incorporated, proprietorship, JV etc.)**

**The scoring on this parameter will be as follows:**

Parameter	Level of achievement	Score
Status (incorporated, proprietorship, JV)	<ul style="list-style-type: none"><li>▪ Incorporated company bidding alone</li><li>▪ Incorporated company as the lead partner (&gt;50% stake) in a bid by a joint venture</li><li>▪ Incorporated company as a non-lead partner (&lt;50% stake) in a bid by a joint venture</li><li>▪ Any other (proprietorship, partnership etc.)</li></ul>	<ul style="list-style-type: none"><li>▪ 40</li><li>▪ 20</li><li>▪ 10</li><li>▪ 00</li></ul>

## **2.Employment of VTI Graduates**

This parameter is designed to give the contractors benefit for employing VTI graduate/local skilled people in construction jobs.

*The scoring on this parameter will be as follows:*

Parameter	Level of achievement	Score
Employment of VTI/ local skilled people	<ul style="list-style-type: none"><li>▪ <math>\geq 50\%</math> project skilled workforce to be VTI</li><li>▪ 30 – 50% project skilled workforce to be VTI</li><li>▪ 15 – 30% project skilled workforce to be VTI</li><li>▪ <math>\leq 15\%</math> project skilled workforce to be VTI</li></ul>	<ul style="list-style-type: none"><li>▪ 40</li><li>▪ 30</li><li>▪ 15</li><li>▪ 00</li></ul>

### **3. Commitment for internships to VTI graduates**

This parameter is designed to provide incentives to contractors to facilitate the betterment of vocational training for construction in Bhutan

*The scoring on this parameter will be as follows:*

Parameter	Level of achievement	Score
Commitment for internships to VTI graduates	▪ Internship opportunities for VTI graduates equivalent to $\geq 10\%$ of project workforce	▪ 20
	▪ Internship opportunities for VTI graduates equivalent to 5-10% of project workforce	▪ 10

**This sums up the scoring of 100 points under the “Preference Parameter”**

# Evaluation for Joint Venture

Parameters are divided into two categories

➤ One-Weighted aggregate based on the % of stake

- ✓ Similar work experience
- ✓ Performance score from previous work
- ✓ Bid Capacity
- ✓ Credit Line available

# Example-similar work experience

- For example, say that there is a JV of 3 partners – A, B, C – where A holds a 30% stake, B holds 45% stake and C holds 25% stake. Now say, the single largest similar work done by A, B, C is Nu 50 million, Nu 70 million, and Nu 65 million respectively. Then their weighted aggregate of similar work experience will be

$$= 50 * 30\% + 70 * 45\% + 65 * 25\%$$

- = Nu 62.75 million

Contd....

- **Category two-No weighted aggregate required**
- ✓ **Access to adequate equipment**
- ✓ **Access to manpower**
- ✓ **Status (incorporated, JV etc.)**
- ✓ **Employment of VTI Graduates/local workforce**
- ✓ **Commitment to internships for VTI graduates**

# AWARD OF WORK:

Price Preference  
Parameters - 10%

Financial Parameters -  
90%

## Price Preference-Financial Score

Lowest quoted bid  
among qualifying bids

$$90 \times \frac{\text{Financial bid quoted by } x}{\text{Financial bid quoted by } x} + 10\% \text{ of Preference score for } x$$

**\*\*Work shall be awarded to the contractor obtaining the highest overall price preference-financial score.**



# TASHI DELEK

**To obtain further information you may contact:  
Public Procurement Policy Division  
Ministry of Finance**