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Qualifying Bidders

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The next step is often to carry out a bidder pre-qualification process to select the companies and consortia that will be invited to submit proposals. Not all countries select qualified bidders in advance, instead assessing qualifications as part of an open bidding process. The pros and cons the two approaches are described in Deciding the Procurement Strategy.

The pre-qualification process consists of preparing and issuing the Request for Qualifications (RFQ)—along with advertising the launch of the tender process, as described in Marketing the PPP—and evaluating the information received to select a group of qualified bidders.

The **Caribbean PPP Toolkit** (Caribbean 2017, Module 5, Section 6.4) discusses qualification criteria. **Farquharson et al** (Farquharson et al. 2011, 113–120) describes the purpose of pre-qualification, typical types of criteria and processes, and provides brief guidance on project launch. The **EPEC Guide to Guidance** (EPEC 2011b, 27–28) also provides a helpful overview of the pre-qualification process.

Preparing and issuing the Request for Qualifications

For procurements that include a pre-qualification stage, the procurement process is officially launched when the Request for Qualifications (RFQ) is issued. The RFQ typically includes enough information on the project for potential bidders to decide whether they are interested, and information on how the project will be procured. It should also clearly set out the process and requirements for the qualification process.

Information on the project at this stage could include an overview of technical and service requirements, key commercial terms (although not typically a draft contract), and a list of the further information that will be made available at the procurement stage. Information on the qualification process typically includes the qualification criteria (see Firm Qualification Criteria), the information required from firms and the format in which that information should be presented, and the timeline and process for evaluation. The following resources describe further the typical content of RFQ documents:

- **South Africa PPP Manual procurement module** (ZA 2004a, 23–24) outlines the content of the RFQ document. This includes information about the project, procurement processes, instructions to respondents, information required about bidders, and the evaluation process.
- **Singapore's PPP Handbook** (SG 2012, 56–60) lists RFQ contents, highlighting that it is not required to include the draft contract at this stage.
- **Australia's National PPP Practitioners' Guide** (AU 2015) calls the RFQ Expressions of Interest (EoI). Pages 11–14 list the content that Request for EoIs should include—background, project scope and timetable, financial and commercial information, evaluation criteria, general terms and conditions, and EoI response requirements.
- The **World Bank's toolkit for concessions in highways** (WB 2009a) section on prequalification describes the information that should be included in the RFQ, and the information that should be requested from companies.

The following provide model, or example RFQ documents:

- **India Planning Commission Guidelines for PPPs**: Pre-Qualification of Bidders (IN 2014b) includes a model RFQ, as well as guidance on the steps of a qualification process.
- The **World Bank PPPIRC website** (WB 2009a) includes a page on *Procurement Processes and Standardized Bidding Documents* with a link to a draft standard RFQ for Power Purchase Agreements, as well as links to actual bidding documents, including RFQs.

Some governments require approval of the RFQ documents, before issuing the procurement notice as described in Marketing the PPP. The procurement notice typically advises companies on how to obtain the RFQ package. Governments may also alert investors directly that the RFQ package is available.

Evaluating the information received to identify qualified bidders

Having received statements of qualifications from interested firms, the implementing agency (or the designated evaluation team) must evaluate those qualifications against the pre-defined qualification criteria.

Firm Qualification Criteria describes typical firm qualification criteria with resources and examples. These criteria can be defined and applied on a pass/fail basis, or used to rank firms, and qualify a certain number.

Once the evaluation is completed, the implementing agency needs to inform qualified firms or consortia, and those that have been unsuccessful. As described in the **South Africa PPP Manual** procurement module (ZA 2004a, 25), the list of qualified firms is typically published. The agency also needs to make sure it provides sufficient information on the decision to unsuccessful firms.

Firm Qualification Criteria

One of the aims of the procurement process is to select a competent firm with the capacity to implement the project. It is important to consider the qualifications of the firms behind each proposal. This can be done through a pre-qualification process to identify bidders, or as part of the first stage of the tender process (sometimes called *post qualification*). In either case, clear qualification criteria should be established before beginning the procurement process.

Firm qualification criteria can be quantitative or qualitative. They typically involve considering the sponsoring firms' financial robustness, previous experience with similar projects, and the experience of key members of the management team.

Careful selection of these criteria is important to avoid excluding firms (for example, smaller firms) that could make good partners; or including firms that are poorly-qualified. The following provide discussion and examples of firm qualification criteria:

- **Kerf et al Guide to Concessions** (Kerf et al. 1998, 115–6) gives examples of pre-qualification criteria and procedures used in a selection of PPP projects.
- **Australia National PPP Practitioner's Guide** section *Evaluating Expressions of Interest* (AU 2015, 60–62), which includes a detailed description of the criteria to be applied at the EOI stage.

The **Philippines' Implementing Rules and Regulations** under the BOT Law (PH 2006, Section 5.4) describes three categories—legal requirements, experience or track record, and financial capability.

Related Content

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- **PPP BASICS: WHAT AND WHY**
- **ESTABLISHING THE PPP FRAMEWORK**
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- **Designing PPP Contracts**
- **Managing PPP Transactions**
- **Managing PPP Contracts**
- **Dealing with Unsolicited Proposals**
- **Key References - PPP Cycle**

Additional Resources

- Request for Proposals (RfP) in Asset Recycling

Find in pdf at PPP Reference Guide - PPP Cycle or visit the PPP Online Reference Guide section to find out more.

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