

SOCIALIST REPUBLIC OF VIETNAM

International Development Association  
1818 H Street, N.W.  
Washington, D. C. 20433  
United States of America

Re: Credit No. 3306 VN  
(Rural Transport II Project)  
Procurement Procedures for National Competitive Bidding

Dear Sir or Madame:

We refer to Section I, Part C.3 of Schedule 3 of the Development Credit Agreement (Rural Transport II Project) of even date herewith between the Socialist Republic of Vietnam (the Borrower) and the International Development Association (the Association), concerning National Competitive Bidding Procedures.

We hereby agree that the procedures to be followed for National Competitive Bidding under said Section I, Part C.3, shall be those set forth in Decree No.88/CP dated September 1, 1999, of the Government of the Socialist Republic of Vietnam, with the clarifications set forth in the Annex to this letter required to comply with the provisions of the Guidelines for Procurement under IBRD Loans and IDA Credits published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999.

Please confirm the agreement on behalf of the Association, to the application of these procedures by signing the form of confirmation below.

Very truly yours,

By /s/  
Authorized Representative

CONFIRMED:

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/  
Authorized Representative

NATIONAL COMPETITIVE BIDDING

I. Eligibility

1. The second paragraph of Article 3 of the Regulations is hereby clarified to mean that "foreign bidders can also participate if they are interested".

2. Article 10 of the Regulations relate to International Competitive Bidding procedures and, therefore, they are not applicable to National Competitive Bidding procedures.

3. In lieu of the provisions of Section 2 of Article 10 of the Regulations the following provisions will apply:

"Foreign bidders will be allowed to bid alone. Joint ventures between foreign and local firms will not be a condition for eligibility.

4. The provisions of Article 23 of the Regulations are hereby clarified to mean

that all pre-qualified bidders will be invited to bid.

## II. Bidding Documents

1. The following sub-paragraph will be added to the paragraph 3 of the Article 24:

If bidders are invited to bid on the basis of post-qualification, then the bidding documents shall specify the post-qualification criteria, i.e. the minimum level of experience in similar contracts, technical capability and financial resources to effectively carry out the contract as offered in the bid.

2. The following sub-paragraph will be added to the paragraph 8 of the Article 24:

Bidding documents will also specify the relevant factors in addition to price to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. For goods and equipment, other factors which may be taken into consideration include, among others, costs of inland transport and insurance to the specified site, payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of service and spare parts, and relating training, safety, and environmental benefits. The factors other than price to be used for determining the lowest evaluated bid will, to the extent practicable, be expressed in monetary terms, or given a relative weight in the evaluation provisions in the bidding documents.

## III. Advertising

1. The first paragraph of the Article 4 of the Regulations is hereby modified to read that "procuring entity shall advertise Invitation for Bids in a newspaper of national circulation "

## IV. Time for Bid Preparation

1. The first paragraph of the Article 12 is hereby modified to read that "time allowed for bid preparation shall be at least 30 days for National Competitive Bidding from the availability of the bidding documents."

## V. Bid Opening

1. The first paragraph of the Article 13 is hereby modified to read that "Bids shall be opened immediately or promptly (within one hour) after the deadline for submission of bids, as specified in the Invitation for Bids."

2. The following sub-paragraph shall be added to the first paragraph of the Article 13:

All bids will be opened at the same time. Bids received after the time stipulated in the Invitation for Bids as well as those not opened and read out at the bid opening including any discounts, will not be considered.

## VI. Bid Evaluation

1. In lieu of the provisions of Articles 13, 29, 30, 31, 40, 41 and 55 of the Regulations, bid evaluation will be carried out in accordance with the following provisions:

(a) The purpose of bid evaluation is to determine the cost to the Borrower of each bid in a manner that permits a comparison on the basis of their evaluated cost.

(b) If bidders have been invited to bid on the basis of having been pre-qualified, then the bid with the lowest evaluated cost will be selected for award.

(c) If bidders have been invited to bid on the basis of post-qualification, then the Borrower will determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the capability and resources to effectively carry

out the contract as offered in the bid. The minimum criteria to be met will be set forth in the bidding documents, and if the bidder does not meet them, the bid will be rejected. In such case the Borrower will make a similar determination for the next lowest evaluated bidder. Bidders' technical and financial capacity will be judged separately from the evaluation of bids and will be conducted exclusively under a pass/fail basis. Experience, technical and financial capacity of the bidder to execute the contract will not be considered for purposes of comparison of bids.

(d) The Borrower will ascertain whether the bids: (i) have been properly signed; (ii) are accompanied by the required securities as specified in the bidding documents; (iii) are substantially responsive to the bidding documents; and (iv) are otherwise generally in order. If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the bidding ŽPRIVATE ´ documents, it will not be considered further. The bidder will not be permitted to correct or withdraw material deviations or reservations once bids have been opened.

(e) In the comparison of bids among bidders, no domestic or regional preferences to bidders will apply and bids will be compared on delivered price inclusive of any prevailing duties.

(f) The bid price and any discounts read out at the bid opening will be adjusted to correct any arithmetical errors.

(g) Under works contracts, Contractors are responsible for all duties, taxes, and other levies, and bidders will take these factors into account in preparing their bids. The evaluation and comparison of bids will be on this basis. Bid evaluation for works will be strictly in monetary terms. If time is a critical factor, the value of early completion to the Borrower may be taken into account according to criteria presented in the bidding documents, only if the conditions of contract provide for commensurate penalties for noncompliance.

(h) Award of the contract will be to the lowest evaluated responsive bidder. Price negotiation with bidders will not be undertaken before award except as provided for below.

(i) Bids may not be rejected for the sole purpose of obtaining lower prices. All bids will not be rejected and new bids invited on the same specifications solely for the purposes of obtaining lower prices, except in cases where the lowest evaluated bid exceeds the cost estimates by a substantial amount. In such cases the Ž PRIVATE ´ Borrower may, as an alternative to re-bidding, negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract, and failing a satisfactory response, with the next lowest evaluated bidder. Rejection of all bids may be permissible when bids are not substantially responsive or there is lack of effective competition.

(j) A bid evaluation report will be prepared by the Borrower's department or agency requesting the bids setting out a record of all bids submitted, the reasons for disqualification of any bids, the criteria, weighting and evaluation of all responsive bids, the recommended award, and, if recommended award is to other than the lowest price bidder, the reasons therefore.

## VII. Award of Contract

1. The Article 31 is hereby modified to read as follow:

Eligible bidder having bid substantially responsive to the bidding documents and determined as lowest evaluated shall be recommended for award provided that the bidder has been determined to be qualified in accordance with pre-qualification or post-qualification criteria.