



Report on Bulgarian Public Procurement for Construction Works in May 2012

Author: Maria Zheleva

Public Procurement Monitoring Working Group:

Christophor Barymov, Elena Nedeva, Emil Gigov,
Maria Zheleva, Stephan Karchev

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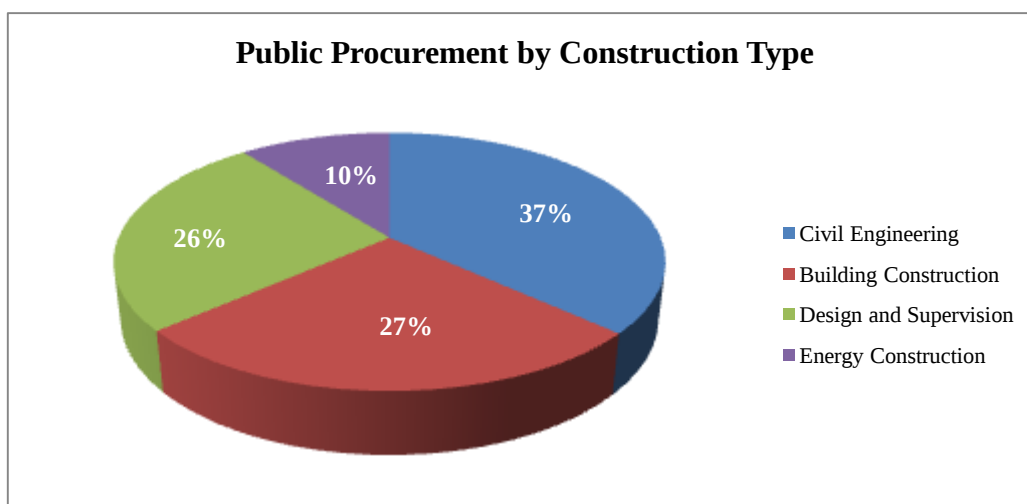
May 2012: Partial Conditions of Discriminative Character are applied in 35% of the Public Procurement Contract Notices for Construction Works

Summary

In May 2012, the public procurement contract notices for construction works are 188 – a volume higher by 83% as compared to April 2012 and by 284% as compared to March 2012. Their average estimate value is BGN 120,289,444 (please note that for 36% of these notices the estimate value is not announced; out of these 63% are based on procedure without publication of a contract notice whereas for the rest the value is announced in the procurement documents for participation).

Regarding the construction type, 37% of the orders are in the civil engineering field, 27% - in the building construction, 26% in the design and supervision - and 10% in the energy construction respectively (Fig.1).

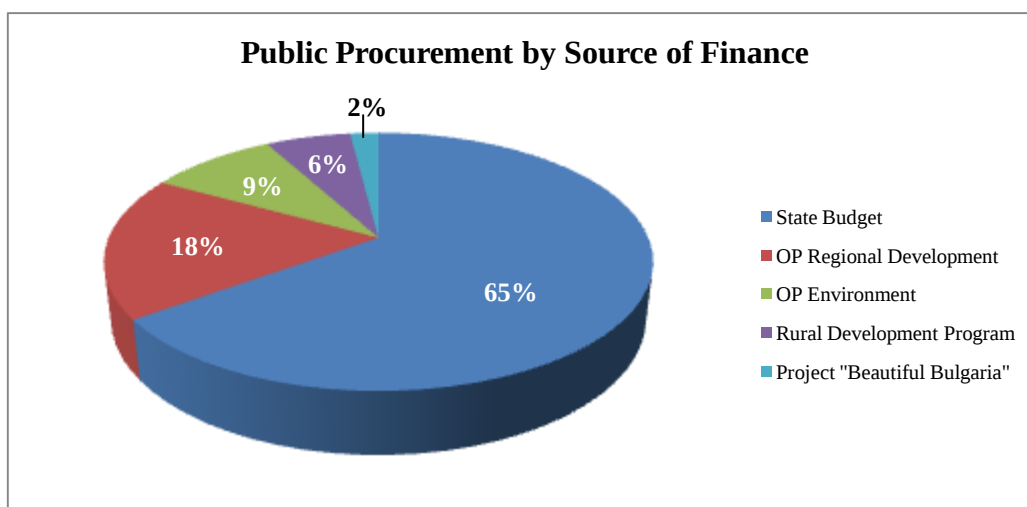
Fig. 1



Source: Author's calculations based on Public Procurement Agency Data

The majority of the announced contract notices – 122 or 65% are funded by the State budget. EU funded are 63 of the notices or 35%, which is by 125% higher as compared to April 2012. Out of these, 18% are funded by the Operational Program “Regional Development”, 9% by the Operational Program “Environment”, 6% by the Rural Development Program and 2% by the Project “Beautiful Bulgaria” (Fig.2).

Fig. 2

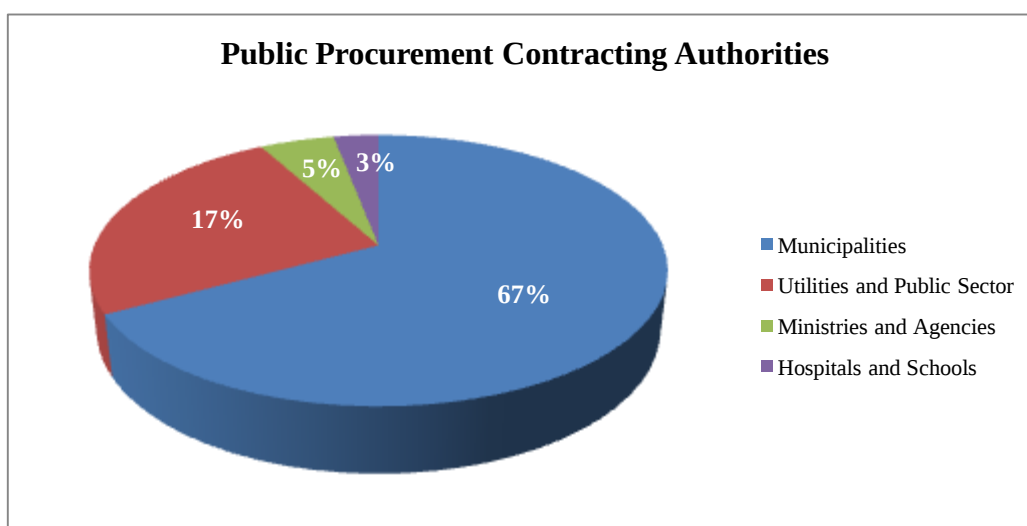


Source: Author's calculations based on Public Procurement Agency Data

In respect of the procedures to award a contract, open procedure is used in 77% of the contract notices, procedure without publication of a contract notice - 22% and procedure with publication of a contract notice in 1% respectively. The breakdown per contracting authority is as following: the municipalities have announced 126 or 67% of the contract notices, the utilities and the public sector - 46 or 25%, the ministries and hospitals - 10 or 5% and the schools - 6 or 3% respectively (Fig.3). As compared to the previous month the share of the contract notices by the municipalities has remained the same, by the utilities and the public sector has increased from 17% to 25%, whereas by the ministries and the school has declined from 8% to 5% and 3% respectively.

Similarly to the past two months, electronic auction is not used in any of the contract notices.

Fig.3



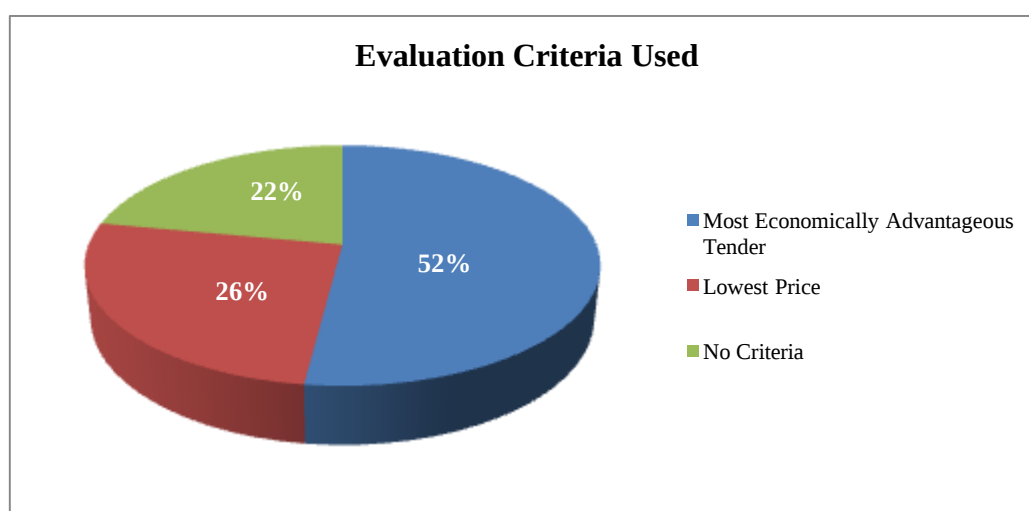
Source: Author's calculations based on Public Procurement Agency Data

Results

The analysis of the public procurement contract notices for May 2012 shows that in 66 of the contract notices, or 35% of these, the contracting authorities are partially applying conditions of a discriminative character. The latter pertain to the evaluation criteria of the candidates, as well as the minimum requirements for quality certificates – ISO. This data reveals an increase by 11% of the restrictive conditions in the public procurement orders as compared to April 2012, when these prevail in 25 or 24% of the contract notices.

Regarding the evaluation criteria of the candidates, the lowest price is used in 26% of the contract notices, which is by 5% lower s compared to April 2012. In 67% of these cases the contracting authority is a municipality. In 52% of the announcements the contracting authorities are using the most economically advantageous tender (MEAT) approach, assessing the candidates based on several criteria with different weight. Assessment criteria are not disclosed in 22% of the contract notices; however, these only include tenders conducted by procedure without publication of a contract notice (Fig.4).

Fig.4



Source: Author's calculations based on Public Procurement Agency Data

Further, in 10% of the contract notices, the contracting authorities are using criteria which might lead to subjective evaluation of the candidates or restrict the access of the small players in the process. Some of the examples are as following:

- **Undue requirements:** availability of a long list of particular construction heavy equipment with exact capacity; certificate of legal capacity issued by a particular institution and/or long years of experience on a managerial position for the manager of the project (10 years);
- **Registration:** lack of requirement for registration in the Bulgarian Construction Chamber (required by law); requirement for certificate of record in the Bulgarian Association of Consulting Engineers and Architects - BACEA;

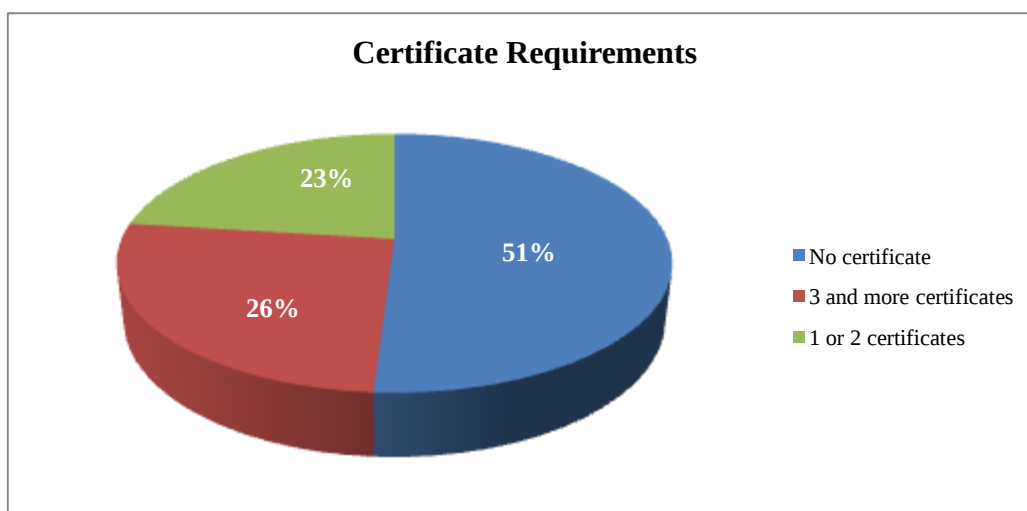
- **Unrealistic budget** of the contract notice;
- **Undefined and immeasurable indicators** leading to subjective assessment, including „level of understanding of the methodology”;
- **Undefined lots**;
- **Requirements for revenues** of the candidate 3 times higher than the estimate value of the contract notice.

Last but not least, the quality certificates required by the contracting authorities are the following:

- ISO 9001:2008 (Quality management systems) in 48% of the contract notices
- OHSAS 18001:2007 (Occupational health and safety information) in 26% of the contract notices
- ISO 14001:2004 (Environmental management system) in 27% of the contract notices
- SA 8000:2008 (Social Accountability) in 3% of the contract notices

Three or more certificates, or condition of a discriminative character, are requested in 26% of the contract notices, whereas in 51% of these no certificates or similar documents are required (Fig.5). The trend has no changed as compared to the previous month.

Fig.5



Source: Author's calculations based on Public Procurement Agency Data