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FIDIC-SIDiR-EFCA Regional Infrastructure Conference

Krakow
7 & 8 March 2016

Johannes Hiemstra




International Federation of Consulting Engineers




www.fidic.org**FIDIC-SIDiR-EFCA Regional Infrastructure Conference**

Contracting authority's point of view.

- Compatibilities between MEAT and Best Value Procurement (BVP);
- integration of BVP in the EU Directives.




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Johannes Hiemstra




- Member of BVP core team Rijkswaterstaat since 2010
- Trainer at NEVI (Dutch association of procurement agents) and National Academy for Finance and Economics at the Ministry of Finance
- Member of the Rijkswaterstaat team in the Fast-track projects; winner of Dutch Sourcing Awards (2012)
- A+ Certified ('11, '13, '15)
- 20+ Best Value projects, over €600 M
- 100+ Best Value Presentations
- Client satisfaction rate (client project teams): 8,6/10 (7 responses)

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Rijkswaterstaat
Ministry of Infrastructure and the Environment

- Agency of Ministry of Infrastructure and the Environment
- Biggest client in construction industry
- Annual budget: 4 to 5 billion euros



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Best Value is an application of BPQR

Most Economically Advantageous Tender (MEAT) can mean two things:

1. Lowest cost
2. Best Price-Quality Ratio (BPQR)

Best Value Procurement is a specific application of BPQR



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Use of BPQR and BVP @ Rijkswaterstaat and NL

- Rise from 23% (2012) to 79% (2013) in the Netherlands
- Rijkswaterstaat: 86% use of BPQR
- Use of uniform method 'awarding on value' ('gunnen op waarde' CROW)
- Biggest BVP effort in the Netherlands



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Rijkswaterstaat BVP effort

- >25 BV-procurements (35 projects/contracts):
 - engineering services
 - highway maintenance
 - Design-Build including biggest BVP program worldwide
- Total spend: > € 660 mln.
- 19 projects delivered

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Award to highest quality score

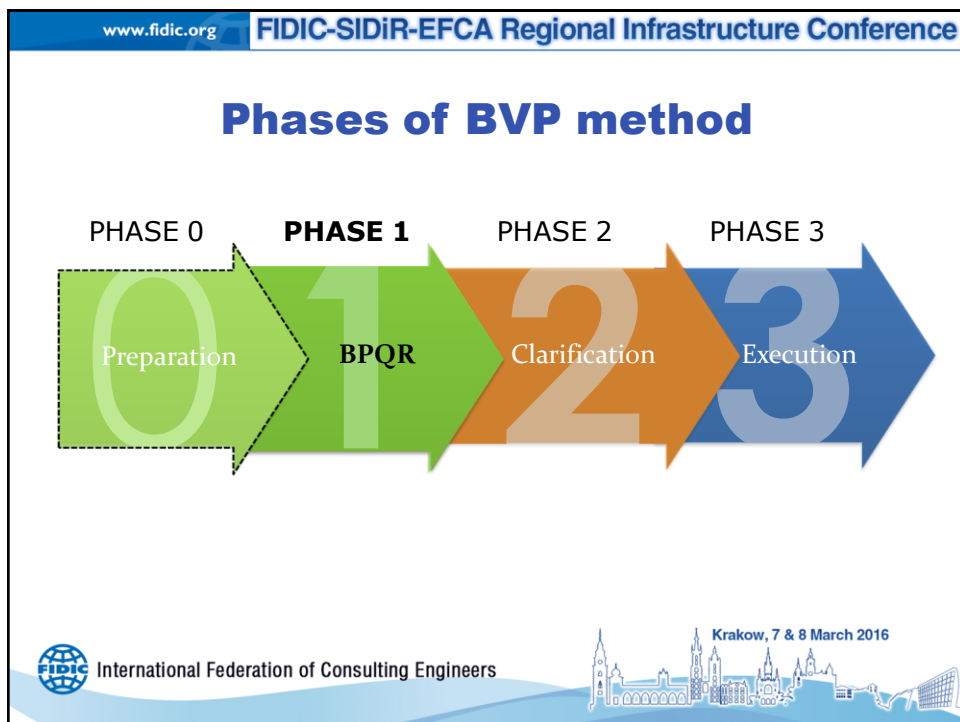
'Normal' BPQR **Best Value BPQR**

40% **80%**

- High Quality does not mean High Price! BPQR delivers competitive bids (15% below average bid)
- BVP truly delivers 'Best Value': high quality bid and competitive price
- 25 projects, €660M, #protests: 1 (won)
- 2014-... 100% award to highest quality bid

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BVP award Criteria and Weights

• Performance	15%
• Risk and Risk Mitigation	20%
• Value Added	10%
• Price	25%
• Interviews	30%

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BVP is an application of BPQR

Example

Ceiling Price (budget) € 2.000.000

Price 30%

Risk Assessment € 400.000 20% of ceiling price

Performance € 200.000 10%

Value Added € 200.000 10%

Interviews Key Personnel € 600.000 30%

Fictitious Deduction on price € 1.400.000 70%



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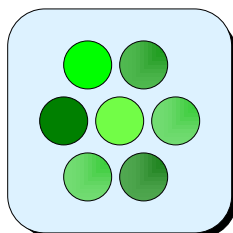
Evaluating proposals

Within selection, what are we trying to accomplish?

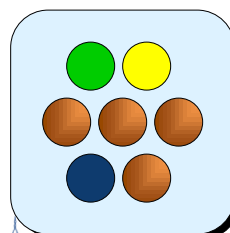
Question:

If Purchasing wants to buy a “green circle”, in which scenario is hiring the right “green circle” easiest to justify?

Scenario 1



Scenario 2



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Dominant information

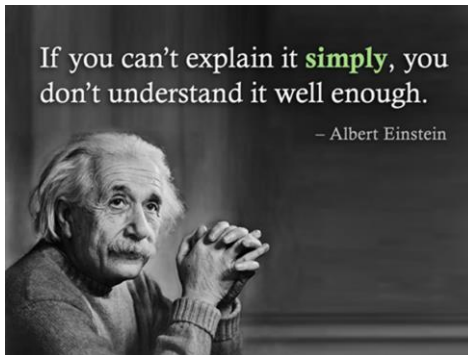
Goal: Transparency, everyone understands, no client expertise needed, less communication, less litigation!

Requirements:

- Simple
- Non-technical
- Verifiable

If you can't explain it **simply**, you don't understand it well enough.

– Albert Einstein



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Example of dominant information

Who has the most expertise as a mountain guide for this specific mountain?



years experience as guide: 14
 # mountains climbed: 11
 # times climbed this specific mountain: 5
 # people safely to the top: 44
 # accidents: 0
 # client satisfaction: 9.0 (10.0)



years experience as guide: 25
 # mountains climbed: 21



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Requirements tender documents for quality criteria

- Risk, Value added, Performance: each max 2A4
- Anonymous, no company names

Goethe: "It is in self-limitation that a master first shows himself"



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Interviews

Vendor key players during execution: project manager and e.g. design manager

Questionnaire based on evaluation of risk plan, performance and value add

Evaluation of dominant information provided by key players of tenderer. No evaluation of competence.



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Interviews – example question

- E.g.: is land acquisition a major risk to the project goals in this project? Why?
- Please show that your mitigation measure will be effective in minimizing the risk
- What if, despite preventive measures, the risk still occurs?



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New EU Directives

- Link to subject-matter required: no evaluation of general practices of tenderer ✓
- No unrestricted choice of freedom ✓
- Interviews: Evaluations of staff qualifications and experience allowed where this can have 'a significant impact on the level of performance of the contract': art 67 (2)(b) ✓
- Dutch jurisprudence: 10-12 protests concerning BVP. Observation: protests not sustained when contracting authority adheres to BVP standard ('Prestatieinkoop')



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