

**BID APPRAISAL METHODS**  
**- IS IT ALWAYS THE LOWEST BID ?**

**by**

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## SUMMARY

This project has tried to identify through a literature search the various procedures that have been developed in bid appraisals in both building and civil engineering work.

This search was followed by interviews with selected clients representing the public and private sectors. The main purpose was to compare theoretical to actual as regard to appraisal practice among the five organisations.

Apart from the main objective of finding out the appraisal methods practiced by the organisations, another equally important objective of the project was to gather information regarding the criteria chosen by clients in the pre - tender selection of contractors and also the effects of qualification and loading of bids on bid appraisal.

Analysis was done on the percentage of cases where the lowest submitted tender would be awarded the contract, and on what grounds would an award be made if it was not the lowest.



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## CHAPTER 1 INTRODUCTION TO THE PROJECT

### 1.1 INTRODUCTION

The objectives of clients when calling for tenders are to obtain the specified works , supplies or services at the most favourable price and in the shortest possible time. By the process of competitive bidding he has a chance of achieving these objectives.

Tender evaluation is the process of selecting a contractor from a number of tenderers given that the owner client has received the bids (or tenders) from these tenderers for a specified project.

Tender evaluation is as important to a client as a bidding strategy formulation is to a contractor. It can be recognized, however , that while rational and analytical approaches can be used to formulate bidding strategies, tender evaluation remains largely an art so that subjective judgement based on an engineer's experience becomes an essential element of the tender selection process. Contractors have observed frequently that the lowest bid does not necessarily win the contract and clients do not always find tender selection an easy task.

Beside quantitative criteria, such as monetary cost and benefits, qualitative and intangible factors such as the managerial, safety, accountability, competence and efficiency of contractors are usually taken into account in the tender evaluation process.



In many cases not one but many interest groups are involved in a specified project, and the viewpoints and socio political needs of all the decision-making parties must be incorporated in the final decision process. Contract selection may also be influenced by the economical and environmental constraints that may exist at the time of tender evaluation or planned construction.

Evaluating tenders is thus a decision making process involving a wide range of criteria and the information supplied is not always suitable for analysis by probabilistic approaches.