

SOLUTIONS TO CONSTRUCTION BIDDING IN VIETNAM

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ABSTRACT

In order to create conformity and transparency and ensure high competitiveness in the field of construction, the issue of research and improvement of construction bidding must be considered to create conformity in the current period of globalized integration.

The paper studied the current construction bidding process in Viet Nam based on the analysis of the current situations, practical experiences, comparisons to bidding process of other countries and international organizations, from which solutions have been proposed to improve bidding process in Vietnam.

Key words: *bidding, bidding process, construction, solutions, Vietnam*

1. Introduction

Bidding is a scientific, legal and objective method which brings about high efficiency, fair competition in the construction market. It is also considered as a crucial condition to ensure the success of investors through the effectiveness that brings down cost of the project, saving of investment costs, guarantee of construction products in terms of quality and duration of construction sites.

Bidding has strengthened the growth of production forces, promoted the development of science and technology in construction industry and innovated the construction technology, from which the industrialization and modernization of the national economy has been actively promoted. Facing the drawbacks of several current bidding issues, the investigation and improvement of our country's bidding process is an important issue.

The issue of Bidding Regulation has marked a new step in the management of Viet Nam. It created a legal corridor for the selection of contractors to implement investment projects, contributing to improve the role of investors and enhance the responsibilities of contractors. Implementing the bidding policies will create fair competition among contractors, limit negative aspects in selecting contractors thereby reducing investment costs and bringing efficiency to the project.

Previous studies just touched on an overview of bidding without mentioning the shortcomings and limitations that need to be completed. Therefore, this paper will take a role to concentrate on a more in-depth study of bidding so that it can be finalized. It aims at researching, analyzing and comparing the construction and installation bidding process between Vietnam and other countries in the world, from which a complete bidding process for Vietnam has been proposed.

2.1. International construction bidding experiences

Russia

The bidding regulations are highly compatible with the international bidding regulations. The country issue mechanisms for management, supervision and strict punishment of negative behaviors in bidding.

Korea

A centralized agency is established with a large number of specialists who are responsible for organizing the bidding for all the country's demands of goods and public construction. Demands for goods and construction of small value is also clearly decentralized.

Cambodia

Regulations on bidding management issued by the Government are relatively simple and concise, but the organization of bidding is run following the centralized conduction through a specialized council assigned by the Government.

World Bank (WB) and Asian Development Bank (ADB)

World Bank (WB) and Asian Development Bank (ADB) have issued two separate documents for bidding activities including two methods of construction and installation bidding and goods procurement bidding in which clearly defines the contractor's validity and policies for fraud and corruption.

2.2. Comparison of bidding process according to the national bidding regulations and the guidance of Asian Development Bank

Figure 2 – Comparison of bidding process according to national and ABD standards

	Viet Nam	ADB Bank
Form of bidding	There is no regulations for community participation procurement (CPP) for social projects.	More regulations on the forms of community participation procurement (CPP) for social projects.
Method of bidding	The two-stage bidding method - two sets of documents.	There is also a two-stage two-envelope bidding method.
Bid price	The contractor's risk costs haven't been mentioned.	Contractors need to carefully study the bidding package taking into account the risks and measures to control risks.
Number of sets of bids	The bidding dossier specifies that you can only submit one set of bids and can propose additional solutions to the bid price.	It is possible to submit a document of replacement bid because ADB expects to have an alternative that saves time and costs
Bid price	The bid price is controlled so that it does not exceed the prescribed bidding price.	Bids will not be rejected if the bid price exceeds the cost estimate of the bidding agency.
Bidding organizers	Form a team of experts to support or hire a consulting company.	The selection of bidding agency is done through competitive bidding process.
Project planning and implementation process	Consulting companies which participated in the project are prohibited from setting up the technical and the project's subsequent activities.	Consulting agencies are encouraged to undertake all consultancy activities of the project.

2.3. Generalization

Through the analysis of international bidding experiences, it can be seen that they have more new strides as compared to Vietnam and have a relatively strict monitoring mechanism, creating high transparency and fairness in bidding activities. Vietnam needs to carefully study the world bidding regulations to build up a better plan for the country.

3. Research Findings

3.1. Recent situations of bidding activity in Vietnam

- The method of bidding in the form of appointment of contractors is widely applied in the group of construction invested by non-governmental organizations; the bidding process is still closed leading to the phenomenon of bid rigging.
- The quality of bidding documents is not qualified and fail to meet the requirements set out for the contractor selection. The requirements in bidding documents are generally sketchy written, the evaluation criteria are sentimental and directed to certain contractors, thus losing the competitiveness and transparency in the selection process of contractors.
- Regarding bids, most of the contractors make bids based on modular assembly technology. Bid prices of many contractors differentiate others in the letter of discount. Most of the tenders are winning bids but then when they are carried out, they will be arranged differently in terms of personnel and construction methods.

3.2. Legal and practical issues of bidding in construction activities

- Regarding the scope of adjustment and handling of the relationship between the bidding law and other specialized laws, there are inconsistent provisions, thus on the implementation, they often overlap resulting in conflicting congestion.
- Construction law has strict provisions, however, the practice of bidding rigs between construction enterprises, bid solicitors and bidders is relatively common. It is, therefore, necessary to propose solutions to fight against a closed-door policy in bidding.
- The bidding law is almost exclusively concerned with regulating bidding documents according to the type of construction without specifying bidding documents for other types that we are gradually applying in the integration process.
- Winning bid price also needs to be considered. According to the bidding law, the winning bidder owns the lowest evaluated price but not exceeds the price of bidding package approved in the bidding plan. This principle is generally suitable for the developed countries.
- The provisions of law do not have specific instructions for the completion of bids to unify the method of evaluation and the selection of contractors that meet the Government's management objectives construction investment projects.

3.3. Shortcomings in the current regulations of bids evaluation

- In the regulations of construction bids evaluation, the standards and methods for assessing the bidders' capabilities and experiences are not clearly given, thus the evaluation is subjective.
- The regulation specifying technical evaluation steps of a construction and installation bidding package has not met the requirements of the construction contractor selection. The technical plan chosen in the bids is not tight enough, as a result, its application after winning the bid is limited due to lack of accuracy and practicality.
- There is a lack of specific guidance in determining the evaluation price of construction bids.
- The process of organizing the evaluation of construction bids is time-consuming leading to the increase in bidding time and the implementation of construction and installation bidding packages.

4. Conclusion and policy implications

Based on the above comparative analysis of international bidding experiences, the following recommendations have been proposed:

- Regarding the regulations on evaluation criteria of construction and installation bids, it is necessary to modify the regulations on criteria for evaluating construction and installation bids in the direction of investors' consideration on responses to experience and capability of the contractor as compared to job requirements.

- The establishment of technical evaluation criteria should be evaluated for the compatibility between construction technical solutions, measures to organize the total construction ground with the construction schedule and proposed bids price.
- It is crucial for the Government to issue specific documents to guide the development of specific standards and methods for bids evaluation avoiding the subjective evaluation of the tenderer.
- Regarding the regulations on method of considering construction and installation bid: consider the evaluations on technical proposals of the bidding package with the evaluation of other proposals on the implementation schedule, the level of quality assurance and bid prices ... when considering the bid, it is allowed to reduce some steps in the process of bid evaluation, by which the time to organize the bidding and project implementation schedule will be shortened.
- There must be a mechanism to manage, supervise and punish negative behaviors in bidding activities.
- It is possible to specify the submission of alternative bids in order to save time and costs.
- If excluding risk factors, interest rates and competitiveness, the bids which exceed the estimated level may still be considered.
- Because of fluctuating market price, the time of construction is often lengthened, there is a need to issue the law to have stricter regulations on price determination, technical plans ... to avoid risks for contractors and ensure transparency in the settlement of construction capitals.
- When recruiting consultants to conduct bidding, it is advisable to go through competitive bidding to select qualified, experienced and ethical consultancy companies.
- It is possible to research and apply artificial neural networks in bidding due to the fact that one of the most important aspects of bidding is the fairness, accuracy, transparency and achievement of economic efficiency.
- The role of expert team is assessed to be crucial in the bid evaluation process. However, in practice, these experts at times also encounter confusion in making decisions, or investors do not have the conditions to invite suitable experts. Therefore, the application of artificial intelligence should be studied and applied widely in construction bidding activities.

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