

Within the framework of Sonatrach's standardization according to the companies' international functioning norms, M. Chakib Khelil at that time Sonatrach's acting Chief Executive Officer, in order to ensure transparency and a largest competition in the assigning contracts at Sonatrach, has of on February 11th, 2002, enacted the Decision A-408 (R15) on the conclusion of the contracts within Sonatrach.

This procedure has been, afterwards, extended to all the contracts of the Group's subsidiaries as well as to those of the Energy and Mines sector. The BAOSEM has been set up in order to gather all the energy and mines sector offers and to ensure, thus, by its angle a larger information as far as the existence of all the offers and to arouse in this way all the transparency and a wider competition in their grant.

This procedure provides that the companies interested by Sonatrach's subsidiaries and structures projects must make their bids in 2 phases : the first bid is technical and the second, which is commercial, comes after the alignment of all the technical offers made by the tenderers. The opening of each bid is public and the opening of covers concerning the commercial bids leads to the assignment straight away of the bid to the tenderer who made the lowest bid. The last two years application of the R15 has proven its advantage through a greater transparency, a larger competition, more equity between the tenderers, cost reduction and substantial gains and a reinforcement of the commercial ethics.

On October 12th, 2004, M. Mohamed Meziane, Sonatrach's Chief Executive Officer, enacted the Directive for the Contracting of Supplies, Works, Equipments and Fitting of Facilities and Physically Quantifiable Services or the Decision A-408 (R15) that cancels and replaces the Decision A408 (R14). The Decision R15 completes the R14 by taking into consideration the necessary arrangements to be introduced after two years application, in order to ensure the carrying out of the improvement of Sonatrach's dynamics of functioning and performances by endowing it with a modern management tool as regards to commercial transactions.

With this extra, Sonatrach la Revue wants to contribute to a larger diffusion of this procedure to all the subsidiaries and structure's employees of the energy sector, the partners, the service providers and to the public.

## **DECISION A - 408 (R15)**

### **GUIDELINES FOR THE PROCUREMENT OF GOODS, WORKS, SUPPLY AND INSTALLATION OF PLANTS AND PHYSICALLY MEASURABLE SERVICES**

#### **PREMBLE**

For the purposes of mastering the process of procurement of Goods, works, supply and Installation of Plants and Physically Measurable Services, Sonatrach sets some rules and conditions for the selection of Suppliers and/or Contractors ensuring the highest level effectiveness, economy, transparency and equity.

Sonatrach enacted these Guidelines to ensure effective National and/or International Competitive Bidding and to give all of the prospective bidders an equal opportunity to make bids compliant with requirement of the Bidding Documents of Sonatrach.

These Guidelines describe the procedure to be followed for the procurement of Goods, the achievement of works, the Supply and the Installation of works and the acquisition of Physically Measurable Services through competitive bidding.

In some circumstances, methods other than Competitive bidding may be advisable in compliance with the terms and conditions of these Guidelines.

While tendering, the implementation of these Guidelines shall must allow:

- a) to identify the specific needs and requirements of each contract;
- b) to give all the prospective bidders an equal opportunity to compete in providing Goods and Works;
- c) to bid within the highest circumstances of economy, transparency and effectiveness.

Such are the objectives of these Guidelines.

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### **SECTION I**

#### **DEFINITIONS, PURPOSE OF THE GUIDELINES**

##### **1. DEFINITIONS**

For the purpose of implementation of these Guidelines, the following terms and expressions mean :

Sonatrach : Company for the Research, Production, Transportation, Processing and Marketing of Hydrocarbons. Sonatrach Headquarter is in Djenane El Malik – Hydra – Algiers.

Employer : Any unit of Sonatrach in charge with the execution of projects and/or the acquisition of Goods, achievement of Works, Supplying and Installation of plants and on Physically Measurable Services.

Supplier or Contractor : Any applicant or bidder applying for a contract of goods, works, supply and installation of plants and related services and any physically measurable services.

Goods : All durable or perishable goods the supplier or contractor has to provide and/or incorporate under the agreement, including feedstock, raw materials, appliances, machines, equipment, devices and elements, consumables and related services.

Works : The achievement of industrial complexes, works related to the construction of industrial or administrative buildings, roads, infrastructures, hydrocarbons and other fluids pipe-laying and related services.

Facilities : Materials and equipment to be supplied and assembled as well as the fitting services the contractor has to carry out.

Services : Site preparation including the use of the contractor's equipment, fittings, tests, preliminary commissioning, operating, maintenance, providing operating and training handbooks, etc.

Services related to Goods, Works, Supply and Installation of Plant : Transportation, installation and commissioning, training, initial maintenance, insurance services and any other services related to the contracts of Goods, Works, Supply and Installation of Plant.

Physically Measurable Services : Industrial services such as seismic, drilling, cartography services and other similar operations as well as non-industrial operations like catering, accommodation, transportation, etc.

This expression does not include consulting services.

Complex and Large Markets : Markets relating to the design, construction and restoration of units, facilities and plants of production, processing, conditioning and storage of hydrocarbons and derivatives.

The complexity and magnitude are evaluated according to technology and processed used, achievement times and costs, expected returns and to the effects of these projects on facilities, production, environment, employment, health, safety and other.

For example, processing plants (liquefaction, refining...), hydrocarbons production centres, major pipelines and related services, conditioning and storage units, etc.

## **BAOSEM**

### **The Journal of Bids of Energy and Mines Sector.**

#### **2. PURPOSE OF THE GUIDELINES**

The purpose of these Guidelines is to set Sonatrach general rules for the Procurement of Goods, Works, Supply and Installation of Plants and Physically Measurable Services.

These rules define the way the Employer shall elaborate the Bidding Documents for each contract in compliance with the Standard Bidding Documents of Sonatrach.

Relationships between the Employer and Bidders are described in the Bidding Documents as provided in Section III.

### **SECTION II: GENERAL PROCUREMENT RULES**

#### **3. COMPETITIVE BIDDING**

Procurement of Goods, Works, Supply and Installation of Plants and Physically Measurable Services is carried through two-stage competitive bidding as described in these Guidelines (Section IV)

First Stage : Public opening of bids, evaluation of unpriced technical proposals and eligibility to remit price bids of the sole bidders whose bids are technically responsive;

Second stage : Public opening of bids, evaluation and ranking of price bids, designation of the lowest price bid and immediate contract award at bid opening.

As set forth in these Guidelines, the Employer may use other methods of competitive bidding except from Direct agreement which obeys to specific rules.

#### **4. National and/or International Limited Bidding**

The Employer may use National and/or International Limited Bidding in order to enhance competition and if it is proved that only a limited number of prospective bidders are likely to meet the Employer requirements.

It shall be the exclusive responsibility of the Highest Officer of the unit in charge with the contract to decide whether or not using this method. The Chairman and CEO of Sonatrach shall be informed.

The Limited Bidding obeys to the same rules of the competitive bidding as enacted in these Guidelines.

The National and/or International Bidding shall be noticed and advertised in the BAOSEM.

## 5. Prequalification

The Employer shall prequalify potential prospective bidders for complex and large-scale contracts as defined in these Guidelines. Prequalification shall enhance competition and improve competitive bidding. Prequalification shall be noticed and advertised in the BAOSEM.

It shall be the exclusive responsibility of the Highest Officer of the unit in charge with the contract to decide whether or not using prequalification. The Chairman and CEO of Sonatrach shall be informed.

Prequalification shall be based only upon the capability of prospective bidders to perform the particular contract satisfactorily, especially :

- Experience and past performance on similar contracts;
- Capabilities with respect to personnel, materials and equipment and construction and manufacturing;
- Financial position

Prequalification shall take into consideration the previous and pending disputes of the prospective bidders.

Prequalified prospective bidders shall be invited to make bids in compliance with the Bidding Documents and according to the two-stage bidding procedure.

Non selected prospective bidders shall be informed of the results of prequalification.

## 6. Framework Agreements

For the purpose of ensuring supply security and rational management, the Employer may conclude framework agreements for some contracts with one or many suppliers through a bidding noticed and advertised in the BAOSEM.

These contracts concern perishable and non perishable goods, supply of equipment and frequently renewed spare parts, consumable for computing and reprography equipment, catering and accommodation services, ticketing, maintenance and upkeep services.

Framework agreements are carried out through two-stage bidding process, as described below:

**First stage** : Submission and evaluation of unpriced technical proposals and eligibility to remit price bids of the sole bidders whose bids are technically responsive;

**Second stage** : Submission price bids according to operational schedule included in the agreement.

Price bids, once opened in a public, shall be evaluated and classified and the contract shall be awarded at bid opening, on the basis of the lowest price.

It shall be the exclusive responsibility of the Highest Officer of the unit in charge with the contract to decide whether or not using prequalification. The Chairman and CEO of Sonatrach shall be informed.

## **7. Direct agreement**

Upon the previous approval of the Chairman and CEO of Sonatrach, the Employer may conclude direct agreements within the following circumstances:

- Unsuccessful bidding;
- Emergency operations inconsistent with the duration of a competitive bidding, for exceptional circumstances duly proved with relevant documents and records;
- Additional purchase of standardised material or spare parts already in use;
- Works, supplies or any additional services which are necessary for a given contract but have not been mentioned in the initial contract.
- Material subject to exclusive rights and proving to be only provided by a unique supplier.

Awarded contracts by direct agreements shall be advertised in the BAOSEM.

## **8. Eligibility**

Sonatrach biddings are open to any company having capabilities and qualifications to fulfil the contracts requirements described in the Bidding Documents.

As exceptions to the foregoing:

a) a firm engaged by the Employer to provide consulting services for the preparation or implementation of a project and its affiliates shall be disqualified from supplying goods or services for the same project, other than pursuing the consulting services previously provided by the said firm.

This provision does not apply to firms (consultants, suppliers or contractors) bidding as sub-contractors to perform contractor's obligations under design and build contracts.

b) A firm declared ineligible by Sonatrach for failure to respect ethical rules of Sonatrach shall not take out the Bidding Document and may not tender nor be awarded a contract during the period determined by Sonatrach.

## **9. Joint Ventures**

Suppliers and/or contractors may form a joint venture for the purpose of bidding according to the provisions of these Guidelines.

However, after the submission of technical proposals, bidders are not allowed to :

- Form any joint venture;
- Change or modify the organisation of their joint venture nor to transfer to a third party their participation to a given contract.

## **10. Bid submission**

For each contract, only one bid shall be submitted by each bidder, including a single lot whether individually or as a member of a joint venture.

A firm which acts as a sub-contractor is not allowed to bid whether individually or as a member of a joint venture. However, a firm may act as sub-contractor for one or many contracts.

In case of a bidder submitting many bids for the same contract, all of these bids shall be rejected.

## **11. Ethics**

Suppliers and contractors are bound by the respect the ethical rules of Sonatrach.

These rules are an integral part of the Bidding Documents.

## **12. Sector-related preference**

The Bidding Documents issued by the Employer for each contract shall include the terms and conditions of awarding and implementing sector-related preference margins.

## **13. Use of local skilled labour**

The Employer shall ask the bidders to maximise the use of the local skilled labour for the different jobs.

## **14. Unsuccessful bidding**

A bidding shall be unsuccessful if:

- There has been no bid (neither technical nor priced one)
- There have been only two bids (two technical or two priced bids)
- There have been only two technical proposals responsive at the technical stage and so eligible to the second stage.

## **15. Cancellation of a bidding**

The Employer may cancel an ongoing bidding before the submission of price bids. This rule shall be mentioned in the Bidding Document and bidders are not allowed to

claim for any compensation.

The cancellation of a given bidding shall be advertised in the BAOSEM.

## **16. Commissions of bid opening and evaluation and contract award**

Special commissions shall be set by Sonatrach for the purpose of bid opening and evaluation and contract award as provided in these Guidelines.

Operations Manual of the bidding process, attached to these Guidelines, describes the missions and responsibilities of these commissions and the roles of all of the participants to the bidding process.

## **17. The bidder right to appeal**

Bidders may introduce an appeal before the Employer according the Sonatrach procedure relating to the bidders right to appeal.

This procedure is an integral part of the Bidding Document.

# **SECTION III : THE BIDDING DOCUMENTS**

## **Sub-Section 1**

Elaboration of the Bidding Documents

## **18. General considerations**

a) The Bidding Document shall be worded as to attract largest competition. They shall clearly and precisely set forth works and services to be performed, supplies and place of their delivery or installation, terms of achievement or delivery and any other pertinent term.

b) The Bidding Document shall mention the type and the general and particular rules of the contract

c) The Bidding Document shall provide the terms and condition of bidding, examination and evaluation of bids and contract award process in compliance with the provisions of these Guidelines.

d) The Bidding Document shall also determine selection and technical criteria to be considered when evaluating bids and the way these criteria shall be evaluated.

In the case prospective bidders are allowed to make changes to the plans, terms of completion and of payment and other elements, the Bidding Document shall explicitly mention the conditions the Employer may allow these changes as well as evaluation method.

e) In case of a procurement for the acquisitions of Goods, the Supply and Installation of Plants and separate performance of works and Physically Quantifiable Services, the Bidding Document may permit the applicants to whether tender for one or more lots within the same deadline for bid submission.

## **19. Technical considerations**

### **a) Standards, tests, guaranties and performance**

The Bidding Document shall accurately describe the required minimum standards of performance, the technical guarantee and any other pertinent term. The Bidding Document shall specify, where appropriate, the necessary standard, methods and tests to be used to judge the conformity of equipment as delivered or works as performed with the specifications.

In the case of contracts of goods, complex projects or particular works, the Bidding Document may be worded on the basis of the general principles of design or performance norms.

For the purpose of creating high competition and making the requested goods and works compliant with performance criteria, the technical standards and specifications shall be clearly defined in the Bidding Document. The Contracting Authority shall set the standards of the goods and construction practices, in accordance with international standards.

The Bidding Document may mention that goods and construction practices compliant to standards other than those specified in the Bidding Document may be accepted so to provide equivalent quality and performance

### **b) Use of brand names**

Specifications shall be based on relevant performance criteria and characteristics. Reference to brand names, catalogue numbers or similar classifications shall be avoided.

If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an incomplete specifications, the word «or equivalent» shall be added to such brand name or catalogue number.

Specifications shall provide for the acceptance of bids for goods having similar characteristics and providing performance at least equivalent to those specified.

## **20. Financial considerations**

### **a) Price**

Price shall be fixed on the basis of the components determined in the Bidding Document.

- For supply of goods contracts, the Bidding Document shall indicate the selected incoterm to be used by the prospective bidders within their price bids for the purpose of bid comparison.
- For works contracts, bidders shall quote unit prices or lump sum prices for the performance of works.

Bidders shall be allowed to apply to any eligible supplier or contractor, in compliance with these Guidelines, to obtain all necessary inputs, except for unskilled labour, and be in a position to submit the most competitive bid.

- For supply and installation of plants contracts, bidders shall mention the amount of all costs relating to:
  - Surveys
  - Supplies
  - Works, installation and commissioning
  - Related works and any other service included in the contract (servicing, operation, specialised training, etc)
- The Bidding Document shall specify whether the bid is to be submitted on a firm or adjustable price basis. The adjustments shall be applied in case of significant changes in major cost components of the contract (manpower, equipment, material, etc.)

The contracting authority may state a price adjustment provision for contracts extending beyond thirty (30) months based on the formulae included in the Bidding Document.

#### b) Taxes and duties

The price shall comprise all taxes and duties including custom duties unless otherwise specified in the Bidding Document.

#### c) Currency of bids

The Bidding Document shall provide that the bidder may express his bid price in any convertible currency in conformity with the regulations on exchange matters.

Local costs shall be incurred in Algerian Dinar. The bidder wishing to express a price bid in several foreign convertible currencies may do so provided that the price includes no more than three (03) foreign currencies.

#### d) Currency conversion for bid comparison

Price bid shall comprise the sum of all payments expressed in various currencies converted into Algerian Dinar, at the posted price quoted by Algeria Bank (Banque d'Algérie) one day before price bids opening date. This indication shall be specified in invitation to submit a price bid.

## **Sub-section 2**

### **21. Content of the Bidding Documents**

The Bidding Document shall include the material and information regarding the contract purpose of the bidding.

Each Bidding Document shall include the following components :

- Invitation for bid: it may include a description of the requested services
- Instructions to Bidders: which include general terms for bidding, evaluation of bids and contract award as enacted by Sonatrach
- Special conditions of the contract: which include instructions to bidders specific to each contract, such as the address and name of the Employer, the place of bid reception, bid evaluation criteria, alternatives and options, etc.
- Draft contract: contract provisions and documents shall clearly define the works and goods to be performed, rights and obligations of the Employer and supplier&/or contractor, duties as for supervision of the execution of the contract.
- Technical documents (technical references, scope and limits of supplies and services, list of goods, material and equipment, technical specifications and plans, terms of delivery and/or achievement, etc.)
- Bidding forms for Bid Submission, Bidder's duties, bid securities and guarantees, etc.

The Employer shall use the Standard Bidding Documents when preparing the Bidding Documents for each procurement.

### **22. Standard Bidding Documents (SBD)**

For the purpose of implementing these Guidelines, Standard Bidding Documents shall be used. These documents enact:

- The elaboration by the Employer of Bidding Documents for each procurement,
- The definition of relationships between the Employer and the bidders through the General Instructions to bidders and the particular data of each procurement and draft contract,
- The preparation by relevant Commissions of bid evaluation reports for each procurement as described in the Procurement General Operation Manual attached to these Guidelines.

The Standard Bidding Documents are the following:

- One (01) Standard Bidding Document for the Supply of Goods,
- One (01) Standard Bidding Document for Works;

- One (01) Standard Bidding Document for the Supply and Installation of Plants,
- One (01) Standard Prequalification Document for complex and large contracts
- One (01) Bid Evaluation Form for Physically Measurable Services

### **23. Time for Bid Preparation**

Time allowed to technical proposals preparation shall take into account of the particular circumstances of each procurement and the magnitude and complexity of the contract.

Generally, less than six weeks from the date of the invitation to bid shall be allowed.

For supply of goods and complex and large works, twelve weeks are allowed to prospective bidders so they may prepare their proposals in the best circumstances.

### **24. Notice and Advertisement**

The Employer shall advertise invitations to bid in the journal of bids of Energy and Mines Sector (BAOSEM).

The interested companies shall be entitled to get the Bidding Document after they shall have paid due costs mentioned in the Invitation to bid.

Such notice must contain information about the requested services, the name and address of the Employer, the date, the place of availability of the Bidding Document and related costs and the place and deadline of bid submission.

In case of prorogation of the deadline of bid submission, relevant notice shall be advertised in the BAOSEM.

### **25. Clarity of the Bidding Document**

The Employer shall provide for the prospective bidders the same information and allow them, when necessary, to obtain any further information to prepare their bids.

The Employer shall, as soon as possible, provide written answers to any written request of additional information.

Bidders may ask, upon a written request, for any clarification of the Bidding Documents. Written responses shall be provided to all the bidders without mentioning the name of the bidder having asked for those additional information.

### **26. Additive to the Bidding Document**

The Employer may issue an Additive to the Bidding Document in case of necessary alteration of the data and technical specifications of the Bidding Document.

Such Additive is an integral part of the Bidding Document.

If such Additive seems necessary during the examination and evaluation of technical proposals, qualified bidders whose bids are responsive to the updated Bidding Document shall submit reviewed bids on the basis of the said Additive.

The invitation notice shall precise the date and place of submission of the revised bids.

Any amendment of the Bidding Document shall necessarily be introduced before the invitation to submit price bids.

## **SECTION IV : COMPETITIVE BIDDING**

This section describes the two-stage bidding process adopted by Sonatrach for the procurement of goods, works, supply and installation of plants and physically measurable services.

### **Sub-section I**

#### **FIRST STAGE - Submission, Reception, Opening and Examination of Technical Proposals**

The first stage, said technical, is relating to the submission of unpriced technical proposals, according to the process described below.

#### **27. SUBMISSION AND RECEPTION OF TECHNICAL PROPOSALS**

Bidders shall not be allowed to price their technical proposals and are entitled to submit only bid containing one lot for the same procurement.

Bidders may send their bids by mail or remit them directly to the Employer. In all cases, the seal of the Bureau d'Ordre Général of the Employer or any bid reception office indicated in the Bidding Document.

The Employer may prorogue the date of reception of bids and shall inform, upon a written notice, all the prospective bidders. A notice shall be advertised in the BAOSEM.

#### **28. BID OPENING**

- Bid opening shall be carried out by the specialised commission at the date and place indicated by the Employer in the Invitation to bid. Bids shall be open in public and bidders or their duly accredited representatives shall be allowed to be present.
- The Employer shall open only the bids submitted in time
- The name of each bidder shall be read aloud and any information requested by the Employer shall be announced at bid opening and recorded.

- Bids received after the time stipulated shall not be open et shall be returned to concerned bidders on the basis of information indicated on the internal envelope containing the bid.
- If no bid has been received, the bidding shall be rejected
- If two bids are received, the bidding shall be rejected and bids returned non-opened to the concerned bidders on the basis of information indicated on the internal envelope containing the bid.

## **29. EXAMINATION AND EVALUATION OF TECHNICAL PROPOSALS**

- The Employer shall deeply exam the bids and shall determine if the technical, contractual and financial aspects are responsive to the Bidding Document requirements.
- The Employer shall check that the bidder whose bid is responsive, has always the financial and technical capabilities required to carry out the project with due consideration prior experience on similar contracts. The Employer shall check such information on the basis of documents provided by the bidder and on any other pertinent information.
- If the information provided by any Bidder do not prove the responsivity of his bid to the qualification criteria described in the Bidding Document, his offer shall not be considered;
- For responsive bids, the Employer may ask the bidders to clarify some points of their bids. Such request for clarifications and the responses of bidders shall be written and are part of the bids. Such requests for clarifications shall never concern competitive bids. The Employer, when requesting clarifications, shall inform the bidders of any technical feature to be modified necessarily to make bids responsive to the Bidding Document.
- Notwithstanding the conditions above, the Employer may meet every bidder to clarify and update his bid. Such meetings shall concern only the bid of the bidder concerned by the meeting and any alteration shall be recorded in the minutes.
- A memorandum entitled “Requested Alterations of Technical Proposals” shall list all the alterations requested by the Employer to make bids responsive to the Bidding Documents. Such memorandum shall be sent to the concerned bidder who shall be invited to submit an updated technical proposal.

## **30. Results of examination and evaluation of technical proposals**

Bid examination and evaluation may result in:

- The submission of price bids by bidders whose technical proposals have been responsive to the Bidding Documents and whose number exceeds three bidders. In

the case the number of bidders whose technical proposals have been responsive is lesser than three, the bidding shall be rejected.

- The rejection of bids technically non responsive to the requirements of the Bidding Documents even after bid clarification meetings. The bidders concerned shall be noticed of the rejection of their bids and of their ineligibility to the second stage.

### **31. CONFIDENTIALITY**

After the public opening of bids, information relating to the examination and evaluation of bids shall not be disclosed to any person not officially concerned with this process.

Written requests and the bid clarification meeting shall be kept in confidentiality.

#### **Sub-section II**

### **SUBMISSION – BID OPENING – PRICE BID EXAMINATION AND CONTRACT AWARD.**

The second stage of the bidding process shall concern only bidders whose technical proposals were responsive to the Bidding Document. This stage shall include the contract award at bid opening in public on the basis of the lowest priced bid.

### **32. Invitation to submit priced bid**

Bidders whose technical proposals were responsive to the Bidding Document shall be invited to submit priced bids.

Such invitation shall:

- Include all information relating to the preparation and submission of priced bids according to commercial conditions provided in the Bidding Documents;
- Fix a sufficient time to allow the Employer to exam and evaluate bids and award the contract;
- Require a bid security for all the period of validity of bids extended with an additional time. The amount and duration of such security shall be fixed in the Bidding Document. Bid security shall be returned to the selected bidder on the signing of the contract and against the requested bank guarantees and, when necessary, the head office or shareholders guarantees. Bid security shall be returned to non selected bidder after the signature of the contract or, at the latest, at the end of bid validity indicated in the Bidding Document.

### **33. BID RECEPTION AND OPENING**

- Bid reception and opening shall occur at the date and place fixed in the invitation to submit priced bids;

- Bids shall be opened in public. The concerned bidders or their duly accredited representatives shall be present, if they wish so;
- In the case of no bid submitted, the bidding shall be rejected;
- The Employer shall open all of the bids and the name of each bidder, the price of bids and any other pertinent information shall be read out and recorded in the minutes;
- Bids submitted after time shall not be considered and shall be returned not opened on the basis of information contained on the internal envelope.

### **34. PRICED BID EXAMINATION & COMPARISON**

Priced bid examination shall allow the Employer to compare bids.

Priced bid examination and comparison shall allow the Employer to determine the lowest bid on the basis of price only. As for complex and large contracts as defined in these Guidelines, the Employer may fix other criteria of selection in order to determine the lowest priced bid.

Bidders shall be informed of such criteria in the Bidding Documents or the invitation to submit priced bids.

Such criteria shall be necessarily expressed in money.

### **35. Bid ranking – Selection of bidder and Contract award.**

After bid opening in public and evaluation of priced bids, the specialised commission shall:

- Rank bids;
- Select the bidder who submitted the lowest priced bid;
- Announce the contract award according to the provisions of these Guidelines.

The specialised commission shall prepare a report containing details on the price bid examination and ranking and contract award criteria.

### **36. CONTRACT AWARD NOTICE**

The contract award shall be noticed during the forty eight (48) hours following the date of price bid opening.

Such notice shall contain an invitation to sign the contract which shall occur during the fifteen (15) days following the date of the notice, unless exceptional circumstance.

In case of proved failure of the selected bidder, the Employer shall ask the second ranking bidder to reduce his bid price to the same price of the precedent bidder. In case

of refusal of this bidder, the Employer may solicit the third ranking one under the same terms.

Such solicitations shall occur during the bid validity period.

In case of failure, the bidding shall be cancelled.

Contract award or bidding cancellation shall be noticed and advertised in the Journal of Bidding on Energy and Mines Ministry (BAOSEM)

### **Final provision**

Whenever it is necessary, methods of implementation concerning some features of Sonatrach Procurement system shall be elaborated in compliance with provisions contained in these Guidelines.

Signed in Algiers, 12 October 2004

Chairman & CEO M. MEZIANE