

Standards of Qualification Examination for Selection of Constructor

Enacted by Standard No. 61, Apr. 4, 2007

Amended by Standard No. 86, Oct. 8, 2008

Standard No. 111, Jun. 3, 2009

Standard No. 212, Jan. 7, 2013

Standard No. 265, Apr. 3, 2014

Article 1 (Purpose)

The purpose of this standards is to provide for the method of examination (hereinafter referred to as “the qualification examination”) concerning the performing ability, etc. at the time of selecting a successful tender for a bid of civil engineering support (hereinafter referred to as “the constructor”), and other necessary matters, under Article 41 (2) of the Detailed Enforcement Regulations of Procurement and Contract Rules concerning the International Free Cooperation Projects (hereinafter referred to as “the Detailed Enforcement Regulations”).
<Amended on Jun. 3, 2009>

Article 2 (Public Notification of Method of Determining Successful Tender)

Where a person in charge of the contract intends to execute a tender for the constructor provided for in Article 41 of the Detailed Enforcement Regulations, he/she shall include the method for determining a successful tender, items concerning the inspection of the standards of qualification examination, documents necessary for the examination, the due date of submission and expected date of notification of successful tender, the qualifications for participating in the tender, the standards for evaluating the constructor’s experience, other detailed matters, etc. in the tender announcement, in accordance with Article 23 of the Detailed Enforcement Regulations.

Article 3 (Inspection of Standard of Detailed Examination, etc.)

(1) A person in charge of the contract shall keep documents of the following Subparagraphs for the inspection of any person who intends to participate in the tender, and in the event of any request from a person who intends to participate in the tender, he/she shall deliver such:
<Amended on Oct. 8, 2008>

1. Standard of qualification examination;
2. Writing guide and method of submission of evidential documents necessary for the

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examination;

3. Items recognized as necessary for other examinations.

(2) The period for inspection and delivery pursuant to paragraph (1) shall be from the date of publication to the registration deadline for bidding.

Article 4 (Documents for Submission)

(1) The person in charge of the contract may request the submission of materials of qualification examination in order of the lowest price for bidding with lower than the estimated price simultaneously including certain ranking companies in consideration of expected overall grade, immediately after the price tendered.

(2) In cases where the expected overall grade is under the eligible passing grade, assuming that the evaluation grade of a portion except the grade of price tendered becomes a perfect score, the person in charge of the contract shall issue notice of eliminated, and may not request the submission of materials of for qualification examination.

(3) The person in charge of the contract may select the lowest bidder who has a more than eligible passing grade in the expected overall grade as a recipient of eligible examination, request the submission of materials for qualification examination. A person who has been notified of the submission of materials for qualification examination shall be examined within seven days after being notified, which period may be extended for three days, if there exist unavoidable circumstances. <Amended on Jan. 7, 2013>

(4) Documents concerning the standard of evaluating the credit rating may be submitted by the memorandum (Table 3 attached) from participants of bid.

(5) For a bidder whose submitted documents are indistinct due to incompleteness, error, etc., or who falls short of the eligible passing grade due to non-submission, he/she may complement or supplement the relevant documents only once within three days.

(6) In cases where complementary or supplementary documents which have been requested have not been submitted within the period pursuant to paragraph (5), the originally submitted documents shall be examined. Where originally submitted documents are difficult to examine due to being unclear, such shall be excluded from examination.

Article 5 (Standard of Examination)

(1) The detailed evaluation of the eligible examination is framed to examine and evaluate the achievement capability of a bidder necessary for constructor's competent performance, the propriety of price tendered, price of materials and acquisition of human resource, the propriety of

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the sub-contract management plan, whether to be disqualified for other competent execution of construction, etc., which are classified as per the following Subparagraphs; <Amended on Jan. 7, 2013>

1. Standard of evaluation of the constructor for more than ten billion won in estimated price: The form of the Table 1 attached;
2. Standard of evaluation of the constructor for less than ten billion won and more than five billion won in estimated price: The form of the Table 2 attached;
3. Standard of evaluation of the constructor for less than five billion won and more than one billion won in estimated price: The form of the Table 3 attached;
4. Standard of evaluation of the constructor for less than one billion won and more than three million won in estimated price: The form of the Table 4 attached;
5. Standard of evaluation of the constructor for less than three million won in estimated price: The form of the Table 5 attached.

(2) The date of evaluation by each evaluation element shall be based on the publication date of a bid except when determined separately.

(3) The submission of evaluation materials necessary for the eligible examination shall be as per the following Subparagraphs. Provided, That in cases where there exists no materials for evaluation or materials for evaluation requested by the consortium fail to be submitted by the due date of submission, evaluation shall be done without the competent materials: <Amended on Oct. 8, 2008>

1. In cases where the evaluation is done in accordance with the total amount of results for the latest three years among the method of evaluating constructor's experience, the evaluation shall be done by materials which have been submitted by the due date of submission for the eligible examination in accordance with the result certificate (hereinafter referred to as "the result certificate") issued on the basis of the publication date for bids of the competent ordering constructor from the relevant association (hereinafter referred to as "the relevant association") such as the Construction Association of Korea, the Korea Speciality Construction Association, the Korea Electrical Contractors Association, the Korea Information and Communication Contractors Association, The Korea Mech. Const. Contractors Association, the Korea Fire Facility Association, the Korea Construction Engineers Association, the Korea Facilities Maintenance Association, etc., and the consortium. In such cases, in cases where the competent enterprise forwards the evaluation materials to the relevant association, all the responsibilities

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caused by the omission, error, indistinctness, etc. of contents of report shall lie in the competent enterprise; however, if the relevant report has been submitted appropriately by the competent enterprise, the responsibility for disadvantage caused by the omission, error, indistinctness, etc. of contents of certificate issued by the relevant association shall lie in the relevant association.

<Amended on Jan. 7, 2013>

2. In cases where the report has been omitted on a fiscal year basis by the corresponding enterprise for the related association, the evaluation shall be done by the corresponding enterprise according to the evaluation materials which have been issued directly by the ordering agency on the basis of the date of publication for bidding. In such cases, the type of business and period of result recognition, and the number of total results shall accord with Subparagraph 1.

3. In cases where the related association refrains from managing separately the performance of the type of business of the corresponding constructor, or fails to do it due to absence of related association, the evaluation shall be done based on results directly issued by the ordering agency. Results for the latest three years are calculated on the basis of the date of publication for bidding, which is evaluated on the basis of the total amount of results (excluding the amount for government-furnished and supplied materials of the ordering agency), whose construction has been completed within the latest three years.

4. The evaluation of the constructor's experience for the latest ten years shall be calculated on the basis of the date of publication for bidding, which are evaluated upon receipt of the certificate of results which has been received directly from the competent ordering agency or has been issued by the related association, as the construction results which have been completed within the latest ten years.

5. Matters concerning the submission of construction results and the standard of examination shall accord with the Table 1 attached.

6. Management condition shall be as per the following Subparagraphs.

<Amended on Jan. 7, 2013>

(a) The evaluation of management condition shall be followed by the Paper 1-5 attached by the construction scale;

(b) The evaluation by credit assessment rating shall be done by a credit assessment business operator who manages the business as provided for in Article 4 (1) 1 of the Use and Protection of Credit Information Act prior to the date of publication for bidding, and shall be done in accordance with the latest rating among "the credit assessment rating for corporate bonds" with

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effective period, “the credit assessment rating for corporate bill” and “the corporate credit assessment rating.” In addition, in cases of the credit assessment rating of the same kind, the latest rating shall be applied.

(c) In cases where the evaluation is done by a credit assessment rating for merged enterprises, it shall be done by the credit assessment rating which has newly been submitted after merger, however, for which the lowest credit assessment rating among enterprises subject to merger shall be applied until then.

(d) The balance sheet which is submitted by those eligible for a screening test shall be evaluated in accordance with the financial statements on the auditor’s report under the provisions of the Act on External Audit of Stock Companies (hereinafter referred to as “the Act on External Audit”) or the examination report written in accordance with a Review of Business Criteria such as Financial Statements of Korean Institute of Certified Public Accountants.

(e) In cases where the audit and examination opinion on the submitted examination report is “the qualified opinion” (or the qualified report), the grade of management condition shall be deducted as 5/100, in cases of “adverse opinion” (or negative review report) or “disclaimer of opinion” (or review conclusion to refuse expression), 10/100 shall be deducted therefrom. The enterprises of merger or division and combination under the provisions of item (e) shall apply for the audit opinion of the enterprise with the lowest grade among enterprises subject to merger, and the enterprise subject to merger having no opinion of auditor due to justifiable grounds shall be deemed an unqualified opinion.

7. The holding condition of technicians shall be evaluated by the certificate issued by the related association on the basis of the date of publication for bidding. <Amended on Jan. 7, 2013>

8. Evaluation of the propriety of price for the credit degree, materials and procurement of human resources shall be done upon receipt of the evaluation materials recognized on the basis of the date of publication for bidding by the date of submission of the document for eligible examination. <Amended on Jan. 7, 2013>

9. In cases where only one type of enterprise among multiple types of enterprises necessary for participating in bidding as competent constructor is requisite for obtaining eligibility to participate in bidding, the evaluation of management condition, construction experience and technological capability is applied to each field of evaluation with a limited score.

(4) In the case where the contents reported by the related association has included the curtailment of amount with less than a certain unit number, in cases where the curtailed amount affects the

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determination of a successful tender, the curtailed amount shall be recognized for evaluation in accordance of the supporting evidence.

(5) The evidential material for the assessment items deserving of additional points among the assessment items of the credit degree shall be evaluated on submitted materials at the time of submission of papers for screening. In cases where materials that have been submitted are still within their period of validity, the relevant evidential materials may be omitted from submission of the documents for eligible examination.

(6) In cases where the evaluation grade by the relevant examination field exceeds the maximum point distribution due to additional points, etc., the evaluation grade by examination field shall be the maximum point distribution.

Article 6 (Evaluation Method of Joint Supply and Demand System)

(1) The joint supply and demand system shall be evaluated as per the following Subparagraphs:

1. Evaluation of construction experience;

(a) The evaluation of the same results for the latest ten years shall be done by the grade falling under results added up, after multiplying the same results of each joint supply and demand system by the construction ratio, in contrast with the size of the evaluation criteria of the competent constructor;

(b) Cases according to the coefficient of results at the time of the evaluation of construction results for the latest three years shall be calculated by the amount of results added up, after multiplying the number of results of each joint supply and demand system by the construction ratio, in contrast with the number of evaluation criteria (meaning the amount of multiplying the estimated price of the competent construction by fixed ratio) of the competent construction;

(c) Cases not according to the coefficient of results at the time of the evaluation of construction results for the latest three years shall be evaluated by the grade falling under results added up, after multiplying the number of results of each joint supply and demand system by the construction ratio, in contrast with the estimated price of the competent constructor.

2. Evaluation of Management Condition; <Amended on Jan. 7, 2013>

(a) Every constructor shall be evaluated upon adding-up the calculated scores by multiplying the evaluation grade of the management condition for members of each joint supply and demand system by the construction ratio.

3. The evaluation of credit degree shall be done upon adding-up the calculated evaluation grade by multiplying the evaluation grade of the credit degree calculated respectively by the number

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of members of the joint supply and demand system by the respective construction ratio.

4. The construction ratio of each member shall be evaluated upon being calculated as follows;

(a) In cases where a constructor consists of the different composite type of business among general construction business under Article 8 of the Framework Act on the Construction Industry, the construction ratio of each member shall be calculated on the basis of the expected amount of construction; <Amended by Standard No. 86, Oct. 8, 2008>

(b) In cases where a constructor is a type of business mixed with the same on the other Act and subordinate statute other than the same type of business among general construction businesses under Article 8 of the Framework Act on the Construction Industry, or a type of business mixed with the same on the other Act and subordinate statute, and the evaluation is done for the relevant type of business of the main construction, the expected number of constructions for the relevant type of business other than the main construction shall be excluded from the calculation of the construction ratio; however, it shall be included in the construction ratio of each member. In such cases, the type of business subject to evaluation falling under the main construction and the expected number of of constructions of the type of business subject to evaluation shall apply to the contents of publication for bidding; <Amended on Oct. 8, 2008>

(c) For the constructor whose expected price is more than five billion won, in cases of a member whose price multiplying the bidding price by the construction ratio of each member of joint supply and demand system exceeds the declared value of construction capability, the construction ratio of the member shall be evaluated by recognizing the joint contract rate falling under the declared value of construction capability, the residual construction ratio shall not be evaluated by allocating it to another member, the construction ratio of the construction business operator for civil engineering and architecture shall be evaluated following whether to exceed the construction ratio by applying the declared value of construction capability of the field of civil engineering and architecture falling under the type of business subject to examination (referring to “license”) on the publication for bidding;

(d) A constructor whose expected price is less than five billion won shall be evaluated by applying the construction ratio intact according to the joint supply and demand agreement;

(e) The type of business for which the declared value of construction capability has not been announced shall be evaluated by applying the construction ratio intact according to the joint supply and demand agreement;

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(f) The case in which an enterprise is participating unilaterally in a bidding shall not be evaluated according to the declared value of construction capability.

(2) The cases excluding the evaluation among members of a joint supply and demand system shall be as following:

1. A person who participates in a bidding as the common contract into the type of business other than the type of businesses subject to evaluation, among members of a joint supply and demand system;

2. A person whose construction ratio is less than ten percent, among members of a joint supply and demand system. <Amended on Jan. 7, 2013>

Article 7 (Method of Evaluation)

(1) After evaluating from the lowest bidder to the ability of achievement, management condition, bidding price, etc. by the field of examination, adding up those, and finally being evaluated.

(2) The propriety of materials and procurement price of human resources of construction amounting to more than five billion won of the presumed value shall be evaluated respectively according to the method of evaluation determined by form 1 and form 2 of the Paper attached.

<Amended on Jan. 7, 2013>

Article 8 (Determination of Successful Bidder)

(1) Selection as successful bidder is determined, when the overall grade under Article 7 (1) or (2) for the construction is more than 92 points for the construction of more than ten billion won as the presumed value, on the other hand, more than 95 points (hereinafter referred to as “eligible passing grade”) for the construction of less than ten billion won as the presumed value.

<Amended on Apr. 3, 2014>

(2) The person in charge of the contract shall notify in writing the relevant person of the result of determining the successful bidder pursuant to paragraph (1).

(3) In cases of failing to submit documents by the due date upon receipt of the request for the submission of documents under paragraph (4), failing to submit documents for supplementation or addition within the time limit of paragraph 4 (5), and falling short of the eligible passing grade in comparison with the overall grade after the submission of supplementation or addition, those cases are excluded from eligibility to successful bidding, and the successful bidding shall be determined by examination of the next eligible bidder by the same method.

(4) In cases where the determination of successful bidder has been cancelled because a bidder with prior order has turned out to be ineligible bidder before conclusion of a contract, or a person

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is excluded from being subject to the eligible examination by submitting a disclaimer of examination of eligibility, the examination of eligibility shall be performed in the order of next priority, and the successful bidder shall be determined accordingly.

(5) In cases where the overall grade is more than the minimum passing points as a result of examination of eligibility, the person shall be selected as a perspective successful bidder. In cases where the overall grade is less than the minimum passing points due to the incompleteness, error, indistinctness, etc. of submitted documents pursuant to paragraph (2), they may be supplemented once within three days. <Amended on Jan. 7, 2013>

Article 9 (Exclusion from Being Subject to Examination of Eligibility)

(1) In cases where enterprises which participate in bidding (in case of the joint supply and demand, referred to as a representative of members) are in a situation of bankruptcy, insolvency, dissolution, suspension of business, etc. (hereinafter referred to as “bankruptcy, etc.”) before selecting a successful bidder, the competent bidder (joint supply and demand system) shall be excluded from the examination of eligibility. Provided, That for the joint supply and demand system, in cases where members other than the representative are in the situation of bankruptcy, etc., the evaluation shall be done according to materials of remaining members other than relevant members, however, the construction ratio of evaluation excluder shall not be distributed to remaining members.

(2) Notwithstanding the provisions of paragraph (1), the commencement of legal management and the decision of the commencement of composition of a court for dishonored enterprises, and the resumption of current account transactions of the main creditor bank and submission of the guarantee issuance possibility confirmation document from the guarantee organization shall be subject to the examination of eligibility. Such shall apply mutatis mutandis to the legal management and application for composition due to reasons other than bankruptcy.

Article 10 (Reexamination)

(1) If the contents of examination for a person who has been notified of being unqualified or a person with the first priority are judged to be markedly inappropriate, when a person with the next priority files an objection or requests a reexamination of the examination result within three days from the date of notification of ineligibility and the date of determining the successful bidder, the person in charge of the contract shall perform a reexamination within five days of receipt of a letter of request for reexamination unless there exists exceptional grounds pursuant to Article 9.

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(2) A person who files an objection or requests a reexamination pursuant to paragraph (1) shall submit it to the person in charge of the contract by attaching a written ground of request and the relevant evidential materials.

(3) Article 8 (2) shall apply mutatis mutandis to the notification of the result of reexamination.

(4) When a person in charge of the contract receives a letter of request for reexamination pursuant to paragraph (1), he/she shall not receive any additional document necessary for the eligible examination.

Article 10-2 (Disqualification and Reexamination of Examination of Eligibility)

In cases where some members of a joint supply and demand system have raised grounds for disqualification such as bankruptcy, restriction on injustice manufacturer, suspension of business, invalid bidding after the deadline of submission for bidding before the determination of successful bidder, the person in charge of the contract shall reexamine, excluding corresponding members, and revising the expenses of investment and sharing contents. Provided, That in cases where a representative of a joint supply and demand system has raised grounds for disqualification such as bankruptcy, restriction on injustice manufacturer, suspension of business, invalid bidding, the joint supply and demand system shall be excluded from eligibility for the determination of successful bidder. <Amended on Apr. 3, 2014>

Article 11 (Treatment of a Person Submitted Examination Documents by Unlawful Means)

(1) Where documents submitted pursuant to Article 4 turn out to be made unlawfully or falsely, the person in charge of contract shall act as per the following Subparagraphs:

1. Before signing a contract, he/she shall be excluded from eligibility for the determination of eligible successful bidder, or the notification of determination shall be revoked;
2. After signing a contract, the competent contract may be removed or cancelled.

(2) For a person who falls under paragraph (1) and fails to submit in whole or in part of the document screening without any justifiable grounds, the head of the procurement department shall take measures to restrict qualifications for participating in bidding.

Article 12 (Preparation, etc. of Multiple Reserve Price for Determining Estimated Price)

The person in charge of the contract shall determine an estimated price by preparing multiple reserve prices in accordance with being determined in the special note for bidding of the electronic procurement system.

Article 13 (Other Detail)

(1) With regard to matters not determined by these detailed standards, other standards for the

consortium shall be applied, and with regard to matters recognized as being hard to apply these standards to in accordance with local situations such as international bidding and local bidding, or a characteristic of construction, those are enforced as determined separately in the public notice of a bid. <Amended on Jan. 7, 2013>

(2) Among contents of the qualification examination standard by this standard, in cases where those are not determined in the relevant provisions, as having a number below the decimal point, it is calculated as per the following:

1. The construction ratio shall be rounded down to the third decimal place;
2. With regard to the construction experience, management condition, credit grade, technological capability and the propriety of materials and procurement price of human resources, rounding off the grade of the final stage evaluated by the respective field of examination to the third decimal place, in cases where there exists a number below the third decimal places in the overall grade of the final stage added up the respective field of grades, rounding off such to the third decimal place.

Addendum <Apr. 4, 2007>

Article 1 (Enforcement Date)

This standard shall enter into force on the date of receipt of approval from the President.

Addendum <Oct. 8, 2008>

Article 1 (Enforcement Date)

This standard shall enter into force on the date of receipt of approval from the President.

Addendum <Jun. 3, 2009>

Article 1 (Enforcement Date)

This standard shall enter into force on the date of receipt of approval from the President.

Addendum <Jan. 7, 2013>

Article 1 (Enforcement Date)

This standard shall enter into force on the date of receipt of approval from the President.

Addendum <Apr. 3, 2014>

Article 1 (Enforcement Date)

This standard shall enter into force on the date of April, 3, 2014.