



Municipal Infrastructure Support Programme
An EU-funded project

MUNICIPAL INFRASTRUCTURE SUPPORT PROGRAMME

●●● Building together for the future

PROGRAM PODRŠKE RAZVOJU INFRASTRUKTURE LOKALNE SAMOUPRAVE

●●● Gradimo zajedno za budućnost

CONTRACT SERVICES

DEFINITION

Technical and economic support covers using experiences gained based on a service contract as:

- STUDIES
- TECHNICAL ASSISTANCE

With studies contracts expected result is specified e.g. final product of the Contractor

With technical assistance only specify the means , the contractor is responsible for performing the tasks entrusted to it.



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TENDER PROCEDURE

- Announcement (general informations for award of the contract and single information on award of the contract)
- Selection of candidates (short list, maximum 8)
- Preparation and sending tender documentation to candidates on a shortlist
- Evaluation of proposals by the evaluation committee
- Award of the contract
- Canceling the tender procedure
- Signing of the contract
- Notification of awarding the contract



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General information

- Announces only scheduled plan
- Contracting Authority is not obliged to finance proposed contract
- Information must be published at least 30 days before announcing concrete information on procurement
- For translation of such information 15 days is needed



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Procurement notice

- This information is legally obligatory
- Type of contract must be announced
- It is very important that tender documentation is ready in the moment of announcement of procurement notice
- Deadline for submission is 30 days (minimum)
- Maximum budget for proposed service
- Clearly defined criteria for selection of the candidates



ELIMINATION CRITERIA

Tenderer will be eliminated from procurement procedure if it is:

- bankrupt or being wound up, not having its affairs administered by the courts; has entered into an arrangement with creditors, has not suspended business activities, not the subject of proceedings concerning those matters, or in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- has been convicted of an offence concerning its professional conduct by a judgment which has the force of res judicata;
- has been found guilty of grave professional misconduct proven by any means which the Contracting Authority can justify;
- Has not fulfilled obligations relating to the payment of social security contributions and the payment of taxes in accordance with the legal provisions of the country in which it is established or with those of the country of the Contracting Authority or those of the country where the contract is to be preformed;
- has been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- currently subject to an administrative penalty referred to in Section 2.3.3 of the Practical Guide to contract procedures for EC external actions.



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SELECTION CRITERIA

- Economic and financial capacity of the candidate (providing proofs on average annual turnover and prikaz poslovanja for last 3 years)
- Professional capacity of the candidate (average number of employees in field related to contract)
- Technical capacity of the candidate (number of projects executed in field related to contract in last 3 years)
- If more than 8 candidates meet the above criteria, an additional criterion will be applied:
- Number of projects financed by European Community in this field and their value



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SHORT LIST OF CANDIDATES

Between 4 and 8

If there is less than 4 candidates:

1. again announcement of the general information
2. process is continued with less than 4 candidates

If there is more than 8 candidates:

1. an additional criterion is applied



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PREPARATION OF TENDER DOCUMENTATION

- Tender documentation shall be as clear as possible, to avoid the candidates to ask for additional information during a procedure and to submit more quality proposal
- Deadline for submission of the proposal – min. 50 days
- Deadline for submission of the questions – 21 days before the deadline for submission of the proposals
- Deadline for submission of the answers - 11 days before the deadline for submission of the proposals



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CONTENT OF THE TENDER DOCUMENTATION

- **Instructions to tenderers** (type of the contract, criteria for evaluation of the proposals, possibility of interviews, subcontracting amount if allowed, maximum budget available for contract, currency of the tender, declaration of the tenderer)
- **Shortlisted candidates**
- **Draft contract and annexes**
- **Terms of Reference**
- **Application form** (technical and financial template) including presentation of organization structure and methodology
- **General contract conditions**



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EVALUATION GRID

	Maximum
1 Organisation and methodology	
Rationale	10
Strategy	15
Timetable of activities	5
Total score for Organisation and methodology	30
Key experts	
Team leader (Max 30 points)	
Qualifications and skills	5
General professional experience	10
Specific professional experience	15
Local government expert (Max 20 points)	
Qualifications and skills	3
General professional experience	7
Specific professional experience	10
Legal expert (Max 20 points)	
Qualifications and skills	3
General professional experience	7
Specific professional experience	10
Total score for Key experts	70
Overall total score	100



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EVALUATION COMMITTEE

- Odd number of members (3-5)
- All members have to sign Declaration of Impartiality and Confidentiality
- Preparatory meeting is advisable
- Evaluation of the proposals is done “behind the closed doors” in 5 phases:
 - Opening of the proposals
 - Administrative compliance and evaluation of the proposals
 - All required documentation have been submitted
 - Declaration and proofs on criteria for exclusion from further procedure
 - Nationality subcontractors
 - Possibility of clarification
 - Only proposals which satisfy these criteria can be evaluated in further procedure



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Technical evaluation of proposals

- Average number of points is 80
- Maximum number of points is 100
- Grade is calculated $\frac{\text{average number of points} \times 100}{\text{maximum number of points}}$
- Only technically acceptable proposals can be evaluated in next phase



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Financial evaluation of the proposals

- Opening of the financial offers and checking if there are any arithmetical errors
- Financial offer must be in scope of maximum budget
- Proposal with a lowest budget gets 100 points
- Financial offer= $\frac{\text{lowest price}}{\text{price from a proposal}} \times 100$



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Best offer

Technical score x 0,80

+

Financial score x 0,20 =

Criteria: Best value for money



CONTRACT PREPARATION AND SIGNATURE

- Contract is signed by the Contracting Authority and it is sent to other Contract party for signature (30 days)
- Obligation of announcement of information on contract award
- Announcement to the tenderers who were not awarded the contract (15 days)



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MODIFYING THE CONTRACT

- There has to be proper reason
- Conditions under which the proposal was selected must not be broken
- No reversibility
- Changes are made on 2 ways:
- Administrative order
- In case of smaller changes, like change of the address, bank account, change of non key experts, etc.
- Annex
- In case of change of key experts, if changes in budget are larger than 15%, if additional services have to be done



Additional services

Additional services

- Repetition of similar services, provided that a procurement notice was published for the initial contract
- Value and duration of additional services must not exceed value and duration form initial contract

Complementary services

- Not included in main contract, but due to unforeseen circumstances have become necessary to perform the contract
- They must not exceed 50% of the value of the principal contract



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SUPPLY CONTRACT

- They cover purchase, leasing, rental purchase or buying the products, with an option of siting, installation and maintaining the products.
- “Supplier” is legal or physical entity which delivers the products. Procurer submits the procurement .



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TENDER PROCEDURES

procurement contract

- International open tender procedure
- Local open tender procedure
- Competitive negotiating procedure



INTERNATIONAL OPEN PROCEDURE

- Publication on contract forecast (30 days)
- Publication on procurement notice
- +
- Submission of tender documentation (60 days)
- Maximum budget is not announced, like for services
- Definition of selection criteria:
 - a) Technically compliant tenders
 - b) Lowest price proposal



Tender dossier contains:

- a) Instructions to tenderers: type of product, criteria for awarding the contract, are versions allowed, subcontracting amount, currency in which the proposal must be submitted, form which bank will use for issuing the guarantee for the proposal (usually 1-2% available for the contract), information on origin of products as well as site visit or introductory meeting
- b) Technical specification with plans and timetable of works, level of quality, environmental performance, characteristics of product or material related to purpose defined by Contracting Authority and division on lots
- c) Draft contract and annexes
- d) General informations
- e) Budget
- f) Form which bank will use for issuing the bank guarantee



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EVALUATION OF PROPOSALS

OPENING THE PROPOSALS

- Public opening (contrary on opening for service contracts)
- One proposal – one envelope (different from service contract where financial and technical proposal must be physically divided)



EVALUATION OF THE PROPOSALS

- Check if the proposals meet technical criteria (YES/NO)
- There is possibility of clarification of proposal by the Committee
- Only proposals which have met technical criteria can be evaluated further
- Criteria for award of the contract: lowest price
- Specify is there a discount by the tenderer and which amount



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Local open tender procedure

Differences from the international:

- Procurement notice is not published
- Not published in Official Journal of European Union
- Deadline for submission of the proposals is 30 days
- Tender guarantee is an option



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COMPETITIVE NEGOTIATION

Only in case of extremely complex contracts – an exception to the rule

- When Contracting Authority is not able to define technical methods or
- Not able to define legal and technical scope of the project or
- When is of opinion that contract award by using standard tender procedure is not optimal.



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- Contracting Authority publish procurement notice, defining needs and requirements
- Minimum 3 candidates are invited to dialogue
- With each one of them it is negotiated on a basis of their proposed ideas
- Equal treatment of the bidders must be accomplished
- New procedure, not used so far in Serbia



NEGOTIATING PROCEDURE

- Negotiation with one or more bidders is allowed in cases:
- Extreme emergency which Contracting Authority could not foresee (crisis situation)
- When nature or special characteristic of goods demand, where contract can be done only by specific entities (exclusive right)
- For additional supplies where the change of the suppliers could result in different characteristic of goods or large technical difficulties of maintenance or functioning;
- Where tender procedure was not successful e.g. financially and economically successful proposal was not submitted.



WORKS CONTRACT

- Works contracts cover either execution or both execution and design of works.
- Works contracts are concluded with the Contractor and Contracting Authority for execution of the building or civil engineering works, but there are certain modifications.
- In European Agency for Reconstruction three parties contracts:
 - Contracting Authority
 - Financial Authority
 - Contractor

This is the model which EC Delegation in Belgrade will follow.



PROCUREMENT PROCEDURES FOR WORKS

Open procedure (international and local)

Local open procedure

- a) general information is not published
- b) short information is published on internet website EC where it is stated the address on which more detailed information on the project can be obtained
- c) TD is approved also when information of the project
- d) shortest deadline for submission of the proposals is 60 days
- e) tender guarantee is not obligatory



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Restricted procedure – it was never used in EAR

- a) Can be used only in justified cases because of the special characteristics of the project
- b) Publishing of the information is obliged in Official Journal of EU and website of Delegation
- c) Preparation of the shortlist of candidates is done separately for every project
- d) 60 days is minimum period for submission of proposals



Negotiation procedure

Only as an exception with advanced approval in following cases:

- a) Extreme emergency
- b) Additional works, under the condition that works do not exceed 50% of the initial contract value
- c) If no proposal which satisfy qualitative or financial criteria has been submitted
- d) In case of contracts which are considered “confidential”



CONTENT OF THE TENDER DOSSIER

Tender dossier must be carefully prepared, in order to contract is executed properly and procedure of contract award to be done by the rules.

VOLUME I

SECTION 1- Instructions to tenderers

- a) scope of works (construction, design of the project and building)
- b) financing (co-financing)
- c) subcontractors and suppliers (must be precisely defined if their share is bigger than 10%)
- d) site visit
- e) currency in which the proposal must be submitted
- f) are the variations allowed



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SECTION 2 – Form of the tender

SECTION 3 – Form of the tender guarantee

SECTION 4 – Questionnaire

SECTION 5 - Evaluation grid

VOLUME II

SECTION 1- Form of the contract

SECTION 2 – General conditions

SECTION 3 – Special conditions



SECTION 4-6 – Guarantees





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VOLUME III – Technical Specifications

VOLUME IV – Financial offer

VOLUME V - Drawings and plans



EVALUATION OF THE PROPOSALS

NUMBER OF MEMBERS OF COMMITTEE :

- 5 – if the value of the project is above 5 mil. Euros
- 3 - if the value is below 3 mil

Committee consists of Committee Chairperson, secretary (non-voting members) and odd number of voting members

Members of the Committee must:

- Understand the language in which the proposals are submitted
- Posses technical and administrative capacities necessary to give an informed opinion on the tenders
- Committee suggests and Contracting Authority decides to whom the contract shall be awarded



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MODIFYING WORKS CONTRACT

General principles:

- Claim must be justified and it is not accepted automatically by the Contracting Authority
- Contract can be modified only while its duration (restriction of reversivity)
- Big modifications like crucial change of technical specifications is not possible
- Unit prices must be the same as prices stated in initial contract
- Every modification related to execution of the contract must state that execution and final payment is possible before the end of financial agreement according to which initial contract was financed
- Additional financing must be executed from the same budget line as financing the initial contract