

PRAG – SERVICE CONTRACTS

Introduction

Two types of Service Contracts

Service contracts provide for studies or technical assistance:

1. Study contracts specify an outcome and a lump-sum (global price) will be paid upon the consultant achieving the outcome
2. Technical assistance contracts specify the means and payments are fee-based

Some service contracts may specify both means and outcome



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Different Procurement Procedures

Title	Restricted Procedure	Competitive Negotiated Procedure	Single Tender	Competitive Dialogue	Negotiated Procedure (no financial threshold)
Conditions	≥ €200,000	<€200,000 but >€5,000	≤€5,000	Complex contracts	Extreme urgency; Public sector; Non-profit sector; Complementary services; Additional services; Unsuccessful tender; Contest; Exclusive service provider
1	Contract forecast			Contract notice	Negotiations with one or several candidates
2	Procurement notice			Dialogue (at least 3 candidates)	
3	Applications by candidates				
4	Short-list ≥ 4 candidates				
5	Shortlist notice				
6	Invitation to tender to shortlisted candidates	Invitation to tender ≥ 3 candidates	Invite at least one tenderer to bid; provide tenderer with brief description of required service and ask for quotation		
	TENDER DOSSIER	TENDER DOSSIER			
7	Tender submission	Tender submission		Tender submission	
8	Tender opening	Tender opening ≥ 3 candidates		Tender opening ≥ 3 candidates	
9	Tender evaluation	Tender evaluation		Tender evaluation	Negotiation report
10	Contract award	Contract award	Contract award	Contract award	



Procurement Procedures

Drafting of the Service Tender Dossier

- The Tender Dossier contains all the information for the candidates to prepare and submit their tenders
- The Municipality is responsible for drawing up the contents of the Tender Dossier
- The Tender Dossier needs to be carefully drafted because it is vital for a sound tender process as well as proper execution of the contract
- External technical specialist may be needed to assist the Municipality to prepare the Tender Dossier
- The Municipality submits the Tender Dossier to MIASP to obtain “No Objection” Statement

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Procurement Procedures

Contents of the Tender Dossier

Letter of Invitation to tender

Part A: Instructions to Tenderers

Part B: Draft Contract & Annexes

Service Contract (Special Conditions)

Annex I:	General Conditions	- information
Annex II:	Terms of Reference	- information
Annex III:	Organisation and Methodology	- information
Annex IV:	List of Key Experts	- fill in
	CVs of Key Experts	- fill in
Annex V:	Budget	- fill in
Annex VI-a:	Bank account notification form	- fill in
Annex VI-b:	Legal Entity Files	- fill in
Annex VI:	Expenditure Verification	- information

Part C: Other Information

C1:	Administrative compliance grid	- information
C2:	Evaluation Grid	- information

Part D: Tender Submission Form

D1:	Service Tender Submission Form	- fill in
D2:	Declaration	- fill in
D3:	Statement of exclusivity & availability	- fill in



Procurement Procedures

Terms of Reference

- The Terms of Reference (ToR) is one of the most important documents in the Tender Dossier and needs to be prepared ahead of other documents in the Tender Dossier
- The ToR is a planning document drawn up in line with the Project Cycle Management (PCM) Guidelines of the European Commission
(http://www.europa.eu.int/comm/europeaid/qsm/index_en.htm)
- Before drafting the ToR it is advisable to prepare a Logical Framework (LF) Matrix for the project because the structure of the ToR is derived from the structure of the LF Matrix

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Procurement Procedures

Terms of Reference compared with LF Matrix

ToR for Service Tender	Logical Framework Matrix			
1. Background Information	Project Description	Indicators	Sources of Verification	Assumptions
2. Contract purpose and expected results	Overall Objective			
2.1 Overall objective	Project Purpose			
2.2 Purpose	1.....			
2.3 Results	2.....			
3. Assumptions and Risks	Results			
3.1 Assumptions	1.1.....			
3.2 Risks	1.2.....			
4. Scope of Work	2.1.....			
4.1 General	Activities	Means / Budget		
4.2 Specific Activities	1.1.1.....			
4.3 Project Management	1.1.2.....			
5. Logistics and Timing	1.2.1.....			
6. Requirements (personnel, office, equipment, etc)	2.1.1.....			
7. Reports	2.1.2.....			
8. Monitoring & Evaluation				
				MIA



Procurement Procedures

Tender Submission and Opening Session

- Deadline to submit tender is shown in Letter of Invitation to Tender
- Late submission always results in immediate rejection of a tender
- Submission is in accordance with double envelope system; Envelope A: “Technical Offer and Envelope B: “Financial Offer”
- Double envelope system allows technical offer to be evaluated independently from financial offer
- Municipality must register all the tenders that are received
- Evaluation Committee to meet before the tender opening session to receive clarifications from the chairperson
- At the tender opening session only the technical offer is opened and compliance of each tender is decided

Part 1: Administrative Compliance

- The Evaluation Committee checks the compliance of submitted tenders with the Administrative Compliance Grid (see part C of tender Dossier)
- The chairperson may communicate in writing with tenderers to obtain clarifications
- Major formal errors or major restrictions that will affect performance of the contract or distort competition, will result in rejection of the tender concerned

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Tender Evaluation

Part 2: Technical Compliance

- Each member of the Evaluation Committee awards each offer a score in compliance with the Technical Evaluation Grid (part C of the Tender Dossier)
- The Committee discusses each technical offer and each member awards it a final score
- If interviews are provided for in the Tender Dossier, these may be held provided tenderers are given a 10 days' advance notice
- If justified, scores may be adjusted after the interviews
- The Committee calculates the average technical score for each tenderer and rejects tenderers with scores lower than 80 points



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Procurement Procedures

Specimen Technical Evaluation Grid

	Maximum
Organisation and methodology	
Rationale	5
Strategy	15
Timetable of activities	5
Total score for Organisation & Methodology	25
Key experts	
Main Trainer (Max 45 points)	
Qualifications and skills	10
General professional experience	10
Specific professional experience	25
Trainer in Public Finance (Max 30 points)	
Qualifications and skills	5
General professional experience	5
Specific professional experience	20
Total Score for Key Experts	75
Overall total score	100



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Specimen Technical Evaluation Summary

	Maximum possible score	Tenderer 1	Tenderer 2	Tenderer 3
Evaluator A	100	55	88	84
Evaluator B	100	60	84	82
Evaluator C	100	59	82	90
Total	300	174	254	256
Average Score (Mathematical average)		$174/3 = \mathbf{58.00}$	$254/3 = \mathbf{84.67}$	$256/3 = \mathbf{85.33}$
Technical Score (actual final score/highest final score)		Eliminated *	$84.67/85.33 = \mathbf{99.22}$	$\mathbf{100.00}$



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Tender Evaluation

Evaluation of Financial Offers

- Envelopes with Financial Offers are only opened when technical offers >80 points
- Any financial offers not satisfying formal requirements may be rejected
- Any arithmetical errors are corrected without penalty to the tenderer
- Tenders exceeding the maximum budget allocated for the contract are eliminated
- The Evaluation only compares the fees of the different financial offers (incidental expenditure and cost of expenditure verification are excluded)
- The tenderer with the lowest fee receives 100 points; the others are awarded points by means of the formula in the next slide



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Specimen Financial Evaluation Summary

	Tenderer 1	Tenderer 2	Tenderer 3
Total fees		€951 322	€1 060 452
Financial score (lowest total fees/actual total fees x 100)	<i>Eliminated following technical evaluation</i>	100	$951\,322 / 1\,060\,452 \times 100 = \mathbf{89.71}$



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Composite Evaluation

- The most economically advantageous tender is established by weighing technical quality against price on a 80/20 basis; this is done by multiplying:
 - The scores awarded to the technical offers by 0.80
 - The scores awarded to the financial offers by 0.20
- The thus weighted technical and financial scores are then added together and the contract is awarded to the tender with the highest overall score
- **It is essential to make the calculations strictly according to the above instructions**



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Specimen Composite Evaluation Summary

	Tenderer 1	Tenderer 2	Tenderer 3
Technical score x 0.80	Eliminated following technical evaluation	$99,22 \times 0.80 = 79.38$	$100.00 \times 0.80 = 80.00$
Financial score x 0.20		$100.00 \times 0.20 = 20.00$	$89.71 \times 0.20 = 17.94$
Overall score		$79.38 + 20.00 = 99.38$	$80.00 + 17.94 = 97.94$
Final ranking		1	2



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Procurement Procedures

Evaluation Report

- The Evaluation Report contains the entire evaluation procedure and is submitted by the Evaluation Committee to the Municipality for approval
- The Municipality submits the Evaluation Report to the MIASP for “no objection” after which EAR endorses to “no objection”
- The Municipality is informed by MIASP of the endorsement by EAR and then proceeds to award the contract
- The Evaluation Report is for official use only and may not be divulged to tenderers or any un-authorised party
- Tender procedure may be cancelled based on recommendations of Evaluation Report; cancellation has to be approved by the MIASP Tenderers must be notified of the cancellation



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Procurement Procedures

Award of the Contract

- Procedures for “Notifying the Successful Tenderer”, “Contract Preparation & Signature” and “Publishing the Award of Contract” are the same for all tender procedures, i.e. services, supplies and works (refer to slides 22-25 of Basic Rules)
- The service contractor is bound to provide the staff specified in the tender
- Replacement of staff is only possible in case of death, serious illness or accident or other reasons beyond the contractor’s control
- Replacement of staff has to be approved by the MIASP and EAR



End of Presentation on Service Contracts

