

- Supply Contracts cover the purchase, leasing, rental or hire purchase, with or without option to buy, of products
- A contract for the supply and installation of products is considered to be a supply contract

# PRAG – SUPPLY CONTRACTS

## Different Procurement Procedures

Title	International Open Procedure	Local Open Procedure	Competitive Negotiated Procedure	Single Tender	Negotiated Procedure (no financial threshold)	Dynamic Purchasing System (IT Tools not yet available)	Competitive Dialogue
Conditions	≥ €150,000	< €150,000 but > €30,000	< €30,000 but > €5,000	< €5,000	Extreme urgency; Holders of patents; Additional deliveries; Unsuccessful tender	Commonly used purchases	Complex contracts
1	Contract forecast	Contract forecast			Negotiations with one or several candidates	Electronic process; invitation for indicative tenderers; admission of tenderers to the system; simplified contract notices for each individual contract; contract award based on best-value-for-money	Contract notice
2	Procurement notice	Procurement notice - local					Dialogue (at least 3 candidates)
3	Applications by candidates	Applications by candidates					
4	Invitation to tender	Invitation to tender	Invitation to tender ≥ 3 candidates	Invite at least one tenderer to bid; provide tenderer with brief description of required supply and ask for quotation			
	TENDER DOSSIER	TENDER DOSSIER	TENDER DOSSIER				
5	Tender submission	Tender submission	Tender submission				
6	Tender opening	Tender opening	Tender opening ≥ 3 candidates				
7	Tender evaluation	Tender evaluation	Tender evaluation	Negotiation report		Tender evaluation	
8	Contract award	Contract award	Contract award			Contract award	Contract award



# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Drafting of the Supply Tender Dossier

The structure of the Supply Tender Dossier is similar to the structure of the Service Tender Dossier; the main difference is that Technical Specifications are used for Supplies while a Terms of Reference is used for Services

- 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
- Given the technical complexity of many supply contracts, external technical specialists 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



# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Contents of the Supply Tender Dossier

Letter of invitation to tender - information

#### **Part A**

Instructions to tenderers - information

#### **Part B**

Draft contract - information

Special conditions - information

General Conditions - information

Performance Guarantee - fill in

Pre-financing Guarantee - fill in

Technical Specifications - for completion

Financial Offer/Budget breakdown - fill in

#### **Part C**

Administrative compliance grid - information

Evaluation grid - information

#### **Part D**

Tender submission form - fill in

Tender Guarantee - fill in



---

# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Technical Specifications

- Technical Specifications define the required supplies precisely; minimum quality standards enable a proper evaluation
- If a site visit is needed, this can be specified in the Instructions to Tenderers
- Technical Specifications may not mention specific brands or origin which could favour or exclude certain products
- Technical Specifications must afford equal access for tenderers and not create obstacles to competitive tendering



# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Tender Submission and Tender Opening Session

- Deadline to submit tender is shown in Letter of Invitation to Tender
- Late submission always results in immediate rejection of a tender
- Technical and financial offers must be placed in a single sealed envelope (not double envelope as in service tender!)
- 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 each envelope is opened and compliance of each tender is decided



# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Tender Evaluation

#### **Part 1: Administrative Compliance**

- The Evaluation Committee checks the compliance of submitted tenders with the Administrative Compliance Grid (see part C of tender Dossier)
- Each offer is examined for compliance, in particular that:
  - The documentation is complete
  - The required language has been used
- 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



## Part 2: Technical Compliance

- Detailed technical evaluation is done to assess whether or not the competing tenders meet the minimum technical requirements and selection criteria
- Special attention needs to be paid to the rule of origin and to the nationality of sub-contractors
- The Evaluation Committee decides if each tender is technically compliant after which each member signs the Evaluation Grid of each tender (see format in next slide)



# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Tender Evaluation

#### EVALUATION GRID - format for Supply Tenders

*Must be completed by the Evaluation Committee*

Contract Title:

Publication Reference:

Tender Envelope No.	Name of Tenderer	Rules of Origin respected?	Economic and Financial Capacity?	Professional Capacity?	Technical Capacity?	Compliance with Technical Specifications	Ancillary Services as required?	Subcontracting Statement .....	Other technical requirements?	Technically Compliant? Yes/No	Notes
1											
2											
3											
4											

Evaluator's Name and Signature:

Evaluator's Name and Signature:

Evaluator's Name and Signature:

Date:



## Evaluation of Financial Offers:

- Financial offers need to be checked for arithmetical errors; corrections carry no penalty for tenderer
- If tender contains several lots, financial offers are compared for each lot
- Proffered discounts by tenderers have to be taken into consideration
- Different lots can be awarded to different contractors

# PRAG – SUPPLY CONTRACTS

## 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 “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



---

## PRAG – SUPPLY CONTRACTS

### 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 proposed Supply Contract must follow Annex C4 of the PRAG (which is included in the Supply Tender Dossier)



---

End of Presentation on Supply Contracts



# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Tender Evaluation (Discounts)

#### Specimen of Application of Discounts

**Company A** offers a discount of 20% if awarded Lots 1 and 3,  
**Company B** offers a discount of 10% if awarded all three Lots,  
**Company C** offers NO discount

#### Before applying the discount:

	Company A	Company B	Company C	Ranking without discount
LOT 1	90	80	70	Company C
LOT 2	Not bidding	40	50	Company B
LOT 3	60	70	55	Company C

#### After applying the discount:

	Company A (20% discount)	Company B (10% discount)	Company C (no discount)
LOT 1	72	72	70
LOT 2	Not bidding	36	50
LOT 3	48	63	55



---

# PRAG – SUPPLY CONTRACTS

## Procurement Procedures

### Tender Evaluation (Discounts cntnd)

#### **The 3 combinations possible:**

- Combination 1:  $72 + 40 + 48 = 160$
- Combination 2:  $72 + 36 + 63 = 171$
- Combination 3:  $70 + 50 + 55$ ,  
but since for Lot 2 there is a cheaper price offered,  
the sum becomes  $70 + 40 + 55 = 165$

#### **Choice of Contractor:**

- The Contracting Authority must choose combination 1:
- Awarding contracts for Lots 1 and 3 to company A and
- Contract for Lot 2 to company B for the initial price offered

*Only those contractors can be selected that are “least expensive” as well as “technically compliant”*

