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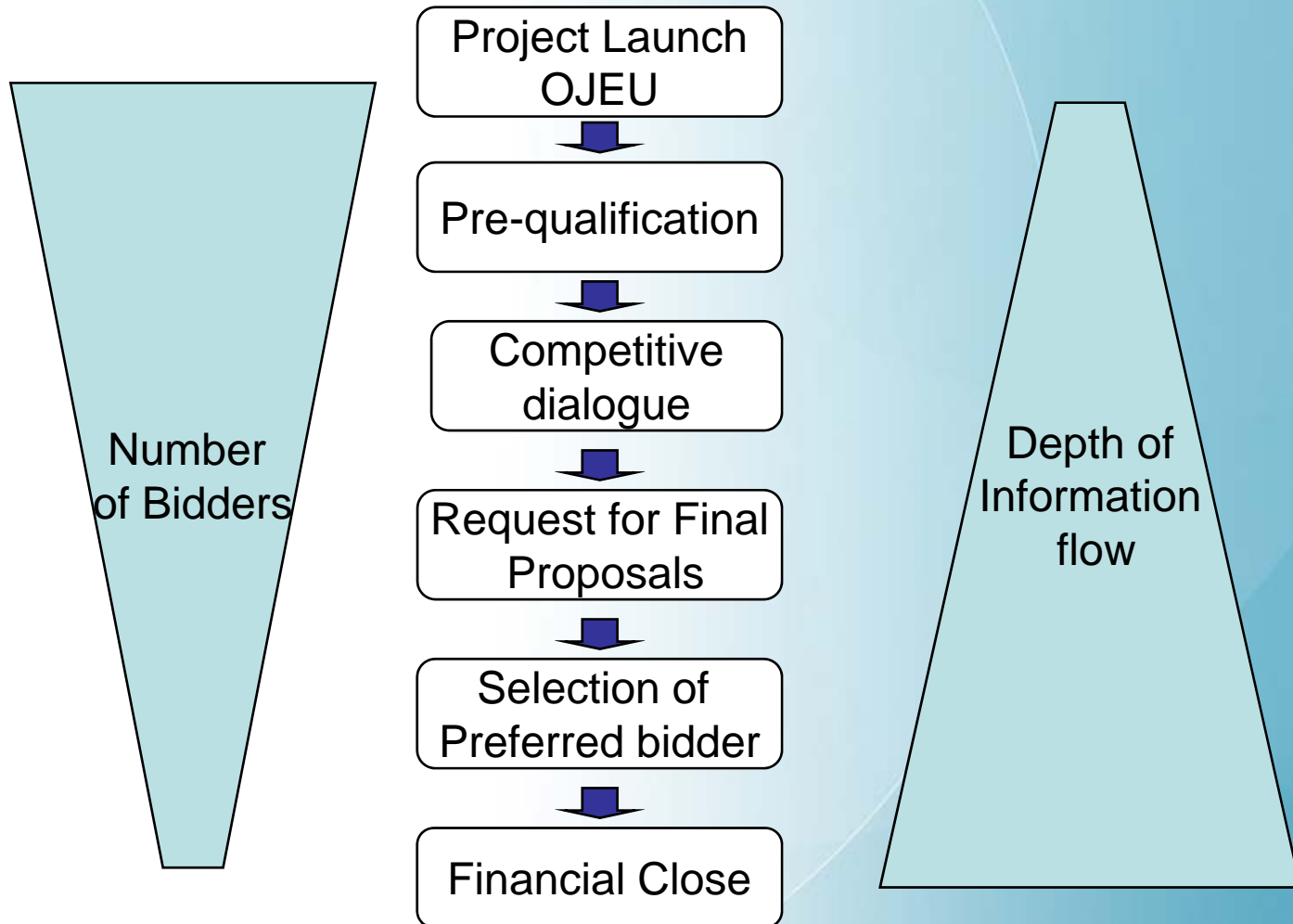
# **PPP Procurement Cycle - UK**

**Edward Farquharson**

# Principles

- Project decisions
  - Deciding on project scope, affordability etc
  - Investigating the benefits of different procurement strategies
- Managing the procurement process to deliver the required project benefits
  - Select a bidder
  - Maximize the benefits of competitive tension between bidders
  - Deliver the best bid (risk transfer, price etc) from the most competent bidder
  - Minimize time and cost
  - Transparency

# Overview of Process



# Choice of Procurement Procedure

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- Competitive Dialogue: Use for ‘complex’ contracts i.e.:
  - Not objectively able to define technical means to achieve prescribed solution and/or one of several possible solutions
  - Not objectively able to specify legal and/or financial make-up e.g. long term contracts involving construction and management
- Use of negotiated procedure in exceptional cases

# Competitive Dialogue Procedure

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“a procedure in which any economic operator may request to participate and whereby the contracting authority conducts a dialogue with the candidates admitted to that procedure, with the aim of developing one or more suitable alternatives capable of meeting its requirements and on the basis of which candidates are invited to tender”

*Public Contracts Regulations 2006 (SI 2006 No 5)*

# Competitive Dialogue Procedure

## Steps

1. Concept/ Scope work
2. Issue OJEU notice OBC
3. Return of expressions of interest / PQQs
4. Evaluation of PQQs and selection of long list
5. Invitation to Participate in dialogue
6. Dialogue process
7. Call for final tenders
8. Submission and evaluation of final tenders
9. Appointment of Preferred Bidder FBC
10. Limited Negotiations
11. Contract Award

# Progressing through the Process

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- **Outline Business Case**

- Scope and requirement defined
- Affordability
- Market interest
- Value for money
- Team and resources
- Statutory requirements

- **OJEU Notice**

- Specify that competitive dialogue process will be used
- Intention to reduce the number of bidders at certain stages
- Needs and requirements (can also be included in a descriptive document)
- Pre qualification questionnaire issued (PQQ)
- Ensure flexibility for procuring authority

# Progressing through the Process

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- **Invitation to Participate in the Dialogue**

- Defined period between despatch of OJEU to return date for expressions of interest
- Minimum of three bidders that meet the PQQ selection period
- IPD: mature document which bidders can price
- Need to have stakeholder support for its content

# Progressing through the Process

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- **Dialogue Phase**

- Aim is to “identify and define the best means suited to satisfying the contracting authority’s needs
- Phase should continue until the contracting authority is satisfied that it has identified and defined its requirements with sufficient precision to enable Final Tenders to be submitted
- May be conducted in “successive stages” – no limit to the number of stages provided that at the end of the dialogue there are sufficient bidders to allow for a genuine competition (usually a minimum of two)
- Dialogue continues until the contracting authority identifies the solution or solutions to meet their needs

# Progressing through the Process

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- **Call for final tenders**

- Bidders to submit their tenders based on solutions identified in dialogue phase (comparable to submission of final ITN responses where no BaFO stage or a request for BaFO submission if this stage included)
- If the specification has been updated or revised then this should be issued

# Progressing through the Process

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- **Submission and evaluation of Final Tenders**
  - Must contain “all the elements required and necessary for the performance of the project”
  - Final tenders can be “clarified, specified and fine tuned” provided that this “does not involve changes to the basic features of the tender or call for tender, variations which are likely to distort competition or have a discriminatory effect”
  - e.g. pricing changes
  - Issues should be resolved before PB stage

# Progressing through the Process

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- **Appointment of Preferred Bidder**

Bidder offering economically most advantageous tender

- Criteria: Technical, Financial, Legal, other e.g. deliverability

- **Key issues**

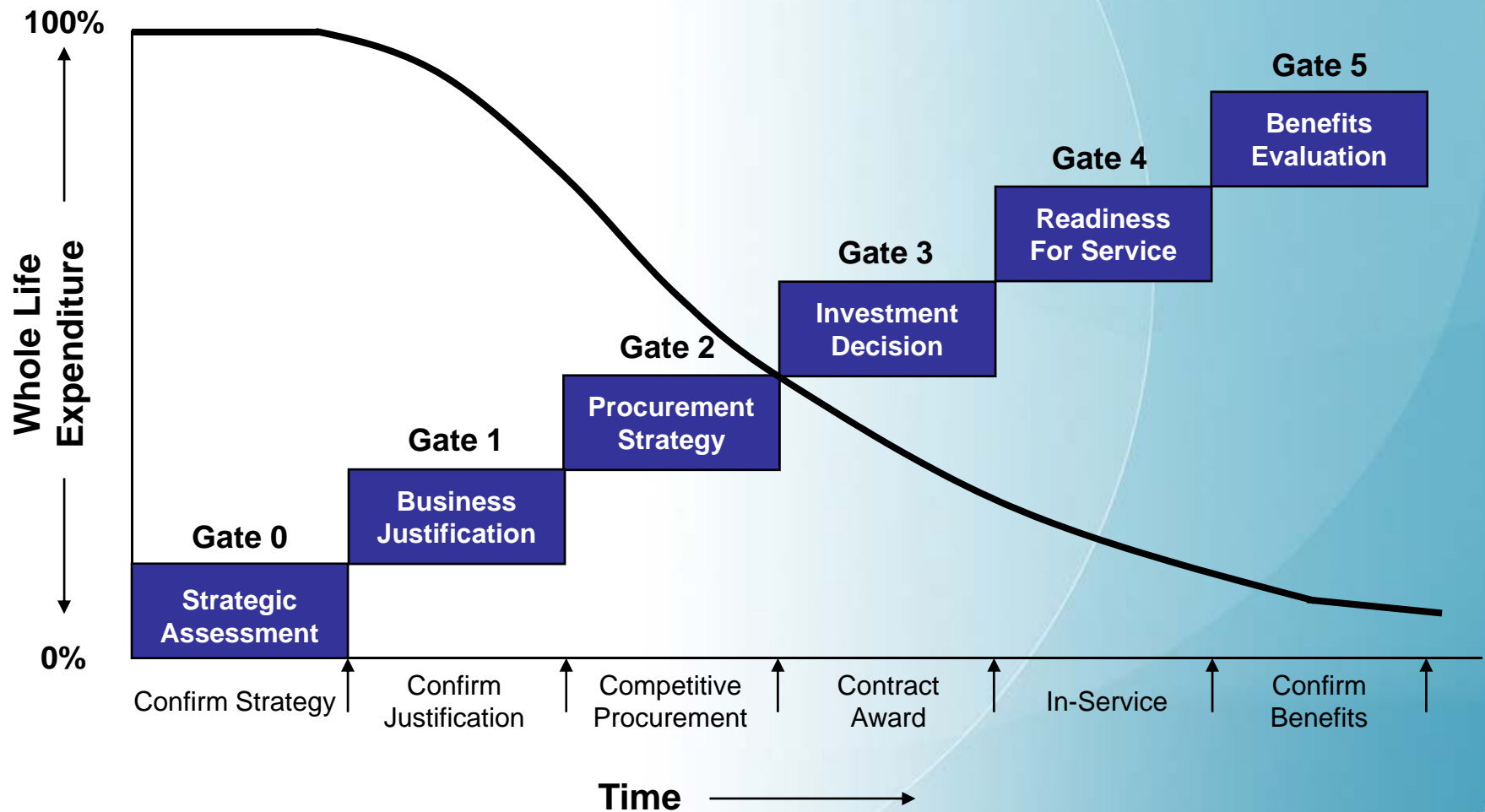
- Methodology
- Informing Bidders
- Flexibility

# Benefits and Concerns

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- Avoids protracted negotiations with preferred bidders
- Improved quality outcome
- Early, detailed, rigorous planning
- Bid costs/time
- Resource requirements
- Protection of intellectual property
- Achieving financial close

# Opportunity to Influence Project Outcome





# Procurement Lessons: Gateway Reviews

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- Effective stakeholder communication (approvals)
- Sound financial controls (affordability)
- Good Market knowledge and procurement advice
- Adequate skills and resources
- Clearly defined roles and responsibilities
- Robust business case
- Benefits realisation process
- Pre-agreed Critical Success Factors
- Ongoing risk management process

**Importance of governance:  
Project Board, Project Director,  
dedicated and empowered team**