

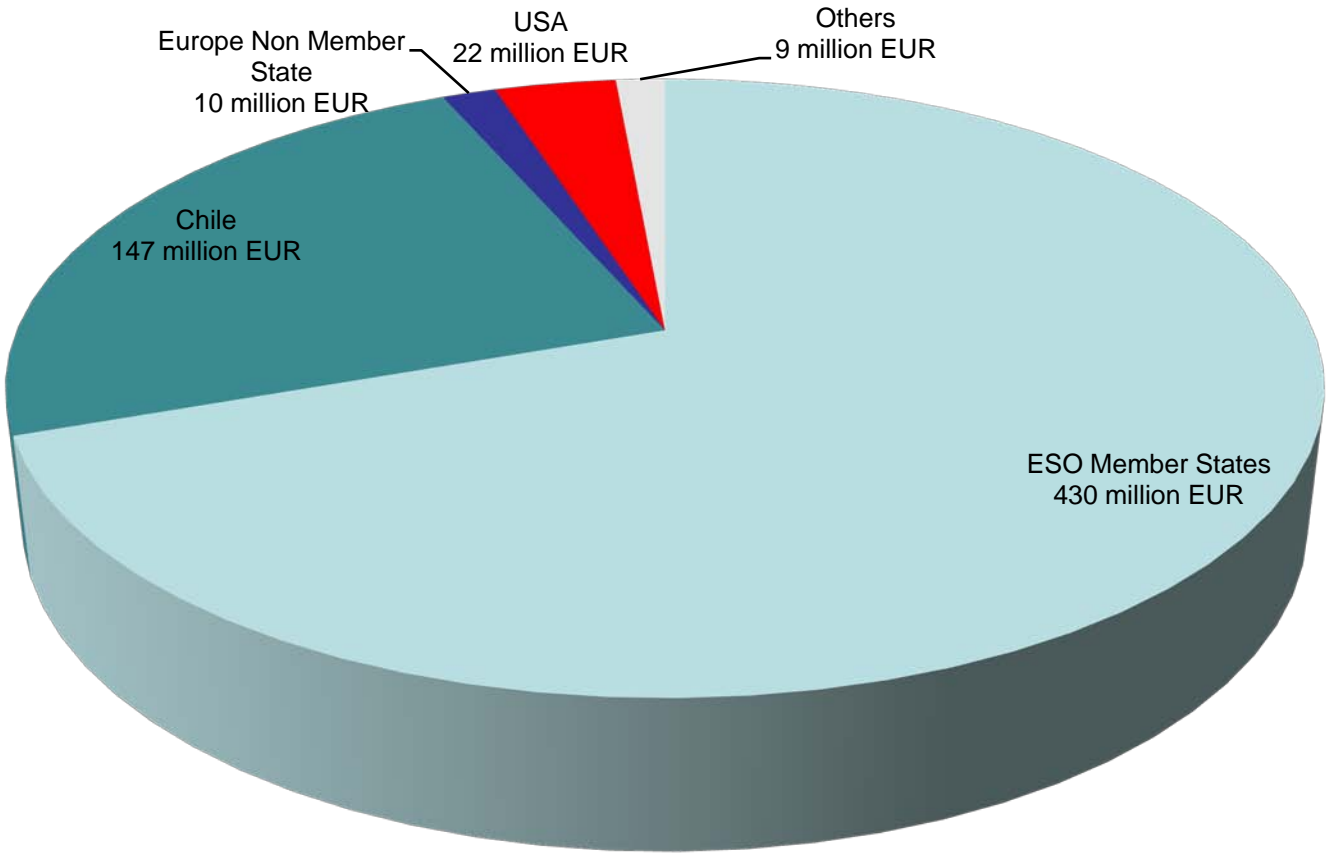
ESO Procurement



Topics Addressed

- Statistics
- ESO Procurement Policy & Process
- Industrial return
- The ESO Contracts and Procurement Web page (www.eso.org).

Contracts awarded worldwide over the period 2005 - today

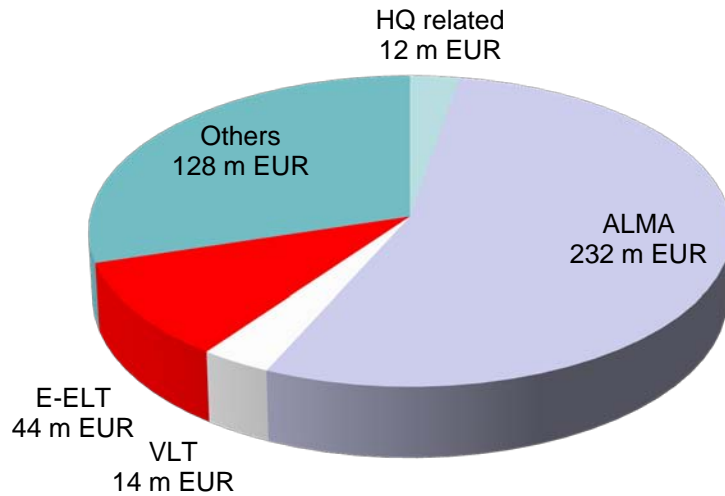


Total Contracts 6 years: 618 million EUR

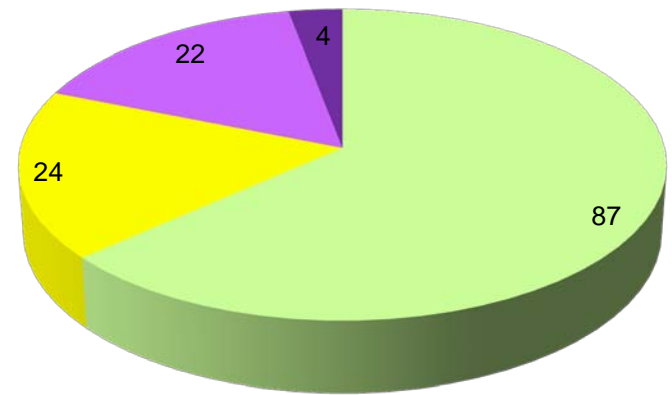


Contracts awarded within ESO Member States over the period 2005 - today

Cumulative values, per “project”



Number of contracts, for different price ranges



Total Contracts 6 years, 430 million EUR

- [150.000 - 500.000] EUR
- [0.5 - 1.0 million] EUR
- [1 - 5 million] EUR
- [> 5 million] EUR

Procurement Policy

- Overall objective: technical excellence at an affordable cost.
- Key principles:
 - defined in the ESO Financial Rules and Regulations:
 - Competitive Tendering;
 - Within ESO Member States;
 - Contracts awarded to the lowest priced compliant tender;
 - Fair distribution of the contracts among the ESO Member States.
 - Implemented through the ESO internal Procurement and Sales procedures.

Procurement Process (1/2)

- ESO selects the recipients of its procurement actions from:
 - Its database, plus its staff's own knowledge;
 - Suggestions received from ESO Member States;
 - Interest expressed by companies:
 - In relation to forthcoming procurements announced on the ESO web page;
 - Generically.
- ESO gives great importance to the quality of its tenders, and expects the same from the bidders: “one shot only”, no room for improving a tender after its submission.

Procurement Process (2/2)

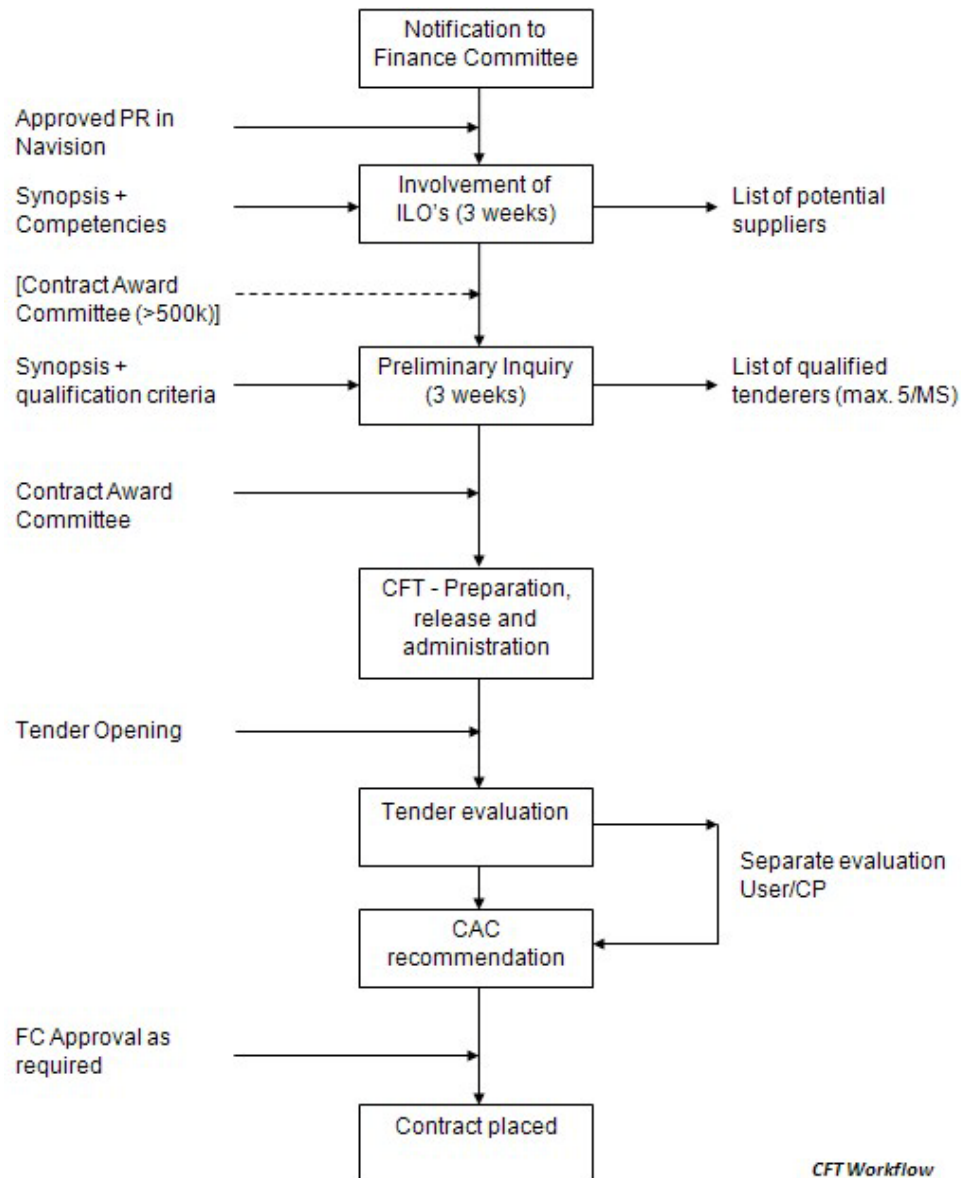
- Evaluation of the managerial/technical evaluation of tenders performed without knowledge of the price(s);
- Lowest priced compliant tender is awarded the order/ contract;
- For each procurement above 150K EUR, an internal committee is constituted to follow through the evaluation and adjudication process.
- Contracts/ Purchase Orders are regulated by ESO's own set of contractual conditions (including recourse to private arbitration in case of disputes).

Price Inquiries

- As a general rule, used for procurement values < 150'000 EUR;
- Minimum requirement: 3 competitive offers must be sought, and far preferably obtained;
- For procurements > 50'000 EUR, suppliers from (all) ESO MS are expected to be contacted, “whenever possible”;
- Typically 2 to 4 weeks allowed for the companies to respond;
- No formal opening, unlike CFT: the CP officer in charge summarizes the responses in a note for the CP file;
- The User receives all the technical offers for evaluation, without knowledge of the prices;
- The technical evaluation identifies the compliant tenders, and in particular documents the reasons why certain tenders were judged non compliant;
- The order is awarded to the lowest priced compliant tenderer.

Calls for tender (CFT) (1/6)

Typically used for Procurements > 150k EUR



Calls for tender (CFT) (2/6)

■ Workflow

➤ Notification to Finance Committee:

- (Very) High level description of the scope of work, plus indication of the timing;
- Also, indication of the origin of the companies which may be invited to respond (MS only, Chile, MS + USA, worldwide, else?);

➤ Involvement of the ILOs for building up the list of potential suppliers:

- Mandatory step for procurements > 150kEUR;
- ILOS are provided with: a) a synopsis of the work to be tendered (User); b) required competencies (User + CP); and c) list of potential suppliers already known to ESO (CP + User);
- ILOs have 3 weeks to respond;
- CP consolidates the list of companies, NO down-selection at this stage.

Calls for tender (CFT) (3/6)

➤ Preliminary Inquiry:

- Purpose: qualify/ select the recipients of the forthcoming CFT;
- Mandatory step for procurements > 150 kEUR, unless formally excused by the Head of Admin. (> 250 kEUR) or Head of CP;
- Relies on similar information to that provided to the ILOs (synopsis + qualification criteria), plus a clear definition of what we expect from the companies in their response;
- Companies have (typically) 3 weeks to respond;
- Separate evaluation by User and CP to establish qualification or not against the technical/ managerial and the commercial qualification criteria, respectively;
- The result is a consolidated list of qualified companies:
 - Validated by the CAC for procurements > 500 kEUR;
 - Submitted for approval to the Head of Admin (>250 kEUR) or to the Head of CP otherwise;
 - No more than 5 companies per each MS.

Calls for tender (CFT) (4/6)

➤ Contract Award Committee:

- Required for all CFTs with values > 150 kEUR;
- Constituted of at least 3 members:
 - The CP officer in charge of the CFT (chair);
 - A member of the User Division, not responsible for the technical evaluation;
 - A (preferably truly) neutral 3rd member;
- The CAC makes its recommendation:
 - To the DG for procurements > 250 kEUR;
 - To the Head of Admin otherwise.

➤ Preparation, release and administration of the CFT:

- Mandatory technical auditing of the requirements for procurements with values > 500 kEUR, unless the Head of the User Division and the Head of CP have exceptionally agreed otherwise;

Calls for tender (CFT) (5/6)

- CP has the responsibility to consolidate the inputs and to release the CFT, and then is the sole interface with the tenderers;
 - Companies have (typically) 6 weeks to submit their response.
- Tender Opening:
- Purpose: establish compliance with the administrative requirements of the CFT => recommendation to reject tenders at this stage, or to not evaluate all tenders received, require the approval of:
 - The Head of Admin for values > 250kEUR;
 - The Head of CP otherwise;
 - Also, the CAC verifies at this stage that each panel has established clear evaluation criteria (preferably an evaluation matrix with a pre-defined grading system);
 - All tenders accepted by the CAC are passed on for evaluation;
 - Strict separation between technical and commercial evaluation => the members of personnel involved in the technical evaluation do not have access to prices.

Calls for tender (CFT) (6/6)

➤ Tender evaluation:

- Questions for clarification/ missing information are processed via CP;
- The CAC reviews and consolidates the evaluation of both panels and makes its recommendation for the award (or else, e.g. failed CFT).

➤ Placing of Contract:

- For values > 500 kEUR, the further approval (in addition to that of the DG) of the Finance Committee is required (only two opportunities per year, May or November,and work around solutions - e.g. FC approval via written procedure or extraordinary FC meeting - are rare).

Administration of Contracts

- Allocation of roles and responsibilities:
 - Users are responsible for the monitoring of the work (schedule and technical aspects);
 - CP deals with commercial/ contractual matters, including contract amendments;
 - Contractors need to be made aware of the split roles within the ESO team (e.g. at a kick-off meeting);
- Changes (scope, deadlines, else) to a contract are formalized by CP via contract amendments: Users may not commit ESO to the change in anticipation;

Industrial Return

- No requirement for *juste retour*...but a strong expectation from all ESO Member States of an equitable distribution;
- Measured through each country's *return coefficient*: ratio between the percentage of expenditures in an individual MS and the MS percentage contribution to the budget;
- Expenditures calculated on data collected from the Contractors re: the “origin of the supply”.

Industrial Return

- Additional efforts invested by the Management to increase awareness in the Member States of the procurement opportunities offered by ESO:
 - Close monitoring + regular reporting to the ESO Finance Committee;
 - Stronger involvement of the Industry Liaison Officers in identifying competent suppliers;
 - Increased programme of Industry days and networking events;
 - Update of the procurement rules.
-also, pro-activeness of the Member States encouraged.

ESO CP Web Page



Relations with Industry

ESO — Reaching New Heights in Astronomy



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Contracts and Procurement

The main responsibility of the Contracts & Procurement Department is to perform price inquiries, preliminary inquiries, calls for tenders, assess the offers and tenders received for their commercial adequacy, coordinate the Contracts Award Committee, place and follow-up the purchase orders and contracts in conformity with the ESO policy.

For information or questions, [please contact cp@eso.org](mailto:cp@eso.org).

General Information

[An Overview of the ESO Procurement Process](#)

[Industrial Liaison Officers Contact Details](#)

The following documents govern the ESO procurement activities:

- [General Conditions of Purchase Orders, Munich, May 2007](#)
- [General Conditions Governing Invitations to Tender and Tenders, Munich, May 2007](#)
- General Conditions of ESO Contracts:
 - [Version applicable as from 1 October 2011](#)
 - Previous versions: [Munich, December 2009](#)
 - [Munich, May 2007](#)
- [Conditions Governing Calls for Proposals and Contracts for the VLT Instrumentation, Munich, December 2009](#)
 - [Annex 1: General Conditions Governing Invitations to Tender and Tenders, Munich, May 2007](#)
 - [Annex 2: General Conditions of ESO Contracts, Munich, December 2009](#)
 - [Annex 3: Copy of the Protocol on the Privileges and Immunities of ESO](#)
 - [Annex 4: Policy for Guaranteed Time Observations \(GTO\)](#)

[Advance Information on forthcoming Calls for Tenders/Preliminary Inquiries exceeding 150'000 EUR](#)

- [Calls for Tenders / Preliminary Inquiries](#) announced but not yet issued;
This document lists all calls for tenders expected to exceed 150'000 EUR and/or, when applicable, the preceding Preliminary Inquiries which are scheduled to be issued to companies from the ESO Member States and other selected countries as indicated.
- [Calls for Tenders / Preliminary Inquiries issued](#) from previous Advance Information on forthcoming Calls for Tenders/Preliminary Inquiries (one year reference period).