

An overview of the ESO procurement process

Introduction

The ESO Procurement and Sales Procedures - a document internal to ESO – are established by the ESO Director General: they define the rules which apply for the purchase and sale of all goods and services which the Organization requires to fulfil its purposes. They ensure that the procurement process is transparent, traceable and that it guarantees equal treatment among companies. The Procurement and Sales Procedures respond to general principles set by the ESO Council:

- Contracts shall be awarded to the *lowest price tender which complies with the technical, contractual and delivery requirements*;
- All efforts shall be made to *distribute contracts as fairly as possible among the ESO Member States*;
- *Single source procurements shall be avoided* whenever possible.

Depending on the monetary values of a procurement, ESO issues either a *Price Inquiry* (<150 kEUR) or a *Call for tender* (>150 KEUR). As a general rule, a *Preliminary Inquiry*, whose purpose is to qualify bidders, precedes a Call for tender (CFT).

Lowest priced compliant tender

Except for very low value procurements, the compliance with the technical, managerial, schedule and quality requirements for competitive procurements is evaluated independently from the contractual compliance, as well as from the knowledge of the prices.

For the purpose of evaluating compliance, both technical and contractual, ESO sets:

- “knock-out” criteria which are disclosed in the CFT documentation: failure from a bidder to comply with a single one of these criteria is a cause for elimination;
- Other, non eliminatory criteria, which are also disclosed in the CFT: the assessment of each tender against each such criterion constitutes the basis for establishing or not overall compliance. The weighting factors to perform the consolidation are however not disclosed.

Contracts are then awarded to the company which has submitted the lowest price among all the compliant tenders.

Fair Distribution among ESO Member States

ESO does not have an obligation to deliver “juste retour” to its Member States. It is nevertheless committed to maximise opportunities for the industries of all ESO Member States to submit tenders for ESO work. In this respect:

- The ESO *Industry Liaison Officers (ILOs)* are given the opportunity to suggest bidders from their respective Member State for all procurements expected to exceed 150,000 EUR in value;
- Price Inquiries, Preliminary Inquiries and Calls for tender are selective, i.e. they do not take the form of an open invitation through for instance an advertisement on the ESO web page. ESO selects potential bidders from companies within ESO Member States on the basis of its database/ own knowledge, plus the ILO inputs;
- For supplies to be delivered at the ESO headquarters, the award is made on the basis of *Ex Works* prices, unless transportation prices are out of proportion to the value of the procurement, so as to not disadvantage companies which are geographically far from ESO HQ.

ESO may, from time to time, limit competitive procurements to companies belonging to ESO Member States with a “low geographical return coefficient”. This is done in particular when ESO has a reasonable idea of what constitutes a fair price for that work, so as to ensure that it does not pay a premium by limiting competition.

Other

Companies will find useful information on the ESO web page at the following address: <http://www.eso.org/public/industry/cp.html>, including a list of forthcoming Preliminary Inquiries and/or Calls for tender for procurements expected to exceed 150,000 EUR in value.