

Guidelines for Open Tender

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A. Introduction

- According to the Guide to Application (Enterprise Support Programme/Industry Support Programme), for every procurement or lease of equipment, goods or services in relation to or for the purposes of the project, the aggregate value of which exceeds HK\$1.36 million, grantees shall use open, fair and competitive tendering procedures with laid down tender assessment criteria and accept the lowest conforming bid.
- Grantees shall make use of the Recycling Fund website to publish the tender notices or the notices of invitations. Grantees may also make use of other public channels (such as Internet, newspaper press or journals, or any other means deemed appropriate) that are easily accessible by the general public to publish the tender notices or the notices of invitations in addition to the Recycling Fund website.
- To reduce the risk of non-compliance, grantees are advised to submit the tender document to the Secretariat for review before executing the tender process and follow the guideline.
- All the tender invitation correspondence, notice, advertisement, tender documents, received submissions, evaluation, etc. should be kept properly and submitted in reporting period.
- **If the lowest price approach will not be adopted, grantees shall obtain written approval from the Secretariat before conducting the tender exercise with full justifications.**

B. Preparation of Tender

- Tender period should be at a reasonable time frame (e.g. at least three weeks) from date of Tender issue in order to provide enough time of preparation by bidders.
- Tender documents shall indicate clearly the name, address and telephone/ fax number/ email address of the contact from which tender documents and further particulars may be obtained and other enquiries.
- Evaluation Approach (i.e. lowest price approach, two-envelop approach) should be specified.
- If two-envelop approach will be adopted, weighting percentage for Technical and Fee assessment should be specified in the tender (e.g. 60:40, 50:50, etc.).
- Submission method (e.g. if two-envelop approach is adopted, bidders should be required to submit the price and technical proposals in separate sealed envelopes).
- For grantees' internal preparation:
 - ✧ Form the evaluation team to evaluate the technical part and fee part.
 - ✧ Declare conflict of interest if there is any.
 - ✧ Prepare the evaluation scoring mechanism to set the basis for scoring before tender invitation.

C. Tender Administration

- Grantees shall make use of the Recycling Fund website to publish the tender notices or the notices of invitations. If grantees also post the notices on other public channels deemed appropriate (optional), e.g. newspaper advertisement, the copy of the advertisement should be kept for record.
- If tendering briefing would be held, the date, time and venue and registration procedures of the

briefing should be stated in the tender invitation notice (if applicable) and attendant list should be kept for record.

- Grantees are advised to provide the tender invitation document and website link (if any) to Secretariat at least 2 working days in advance for the preparation of posting on the Recycling Fund website before the posting date.

(i) Assign Tender Evaluation Team

- Please forward the complete set of tender document from all tenderers to the Secretariat showing your tender evaluation team members (at least 2 or more persons in the team) to open the tenders from bidders at the same time.

(ii) Tender Box/ email for submission

- A secure tender box or a dedicated email account should be set up for bidders to deposit their bid submissions. Tender box or the dedicated email should not be opened or accessed before the closing date of the tender.

D. Tender Documents

A complete set of tender documents should cover the following:

(i) Tender Specifications: Description of goods/services or Scope of Works /Services

- Give an overview and state all requirements in detail and need to be comprehensive providing sufficient information for tenderers to formulate their bids.
- State the functional / technical / performance / material requirements or detailed specifications, where appropriate.
- There shall be no requirement for or reference to a particular trademark or trade name, patent, copyright, specific origin, producer, supplier or service provider, unless there is no other sufficiently precise or intelligible way of describing the procurement requirements and words such as “or equivalent” are included in the tender documents. Where standards are referred to, grantees shall use, where practicable, international standards.
- State the quantity / consumption (if applicable).
- Specify mandatory and optional items or requirements clearly and whether the cost of optional items would be evaluated in the fee proposal.
- Consider mandatory compliance of key requirements by tenderer (mandatory is strict compliance to the stated specifications.)
- In the tender invitation, all requirements and evaluation approach and criteria to be applied are required to be specified.
- Specify the expected date of delivery / testing and commissioning / Installation and/or required service period and service deliverables (preferable).
- Specify the delivery / service location(s).
- State the required warranty period / maintenance services and coverage, service levels including service windows (where applicable).
- Provide supplementary information where applicable, e.g. engineering drawings, system diagram, architecture / network diagram, flowchart, floor plan, photos, etc. and make

- reference to the relevant appendices (if applicable).
- For services involving copyright or Intellectual Property Rights (IPR), state the ownership of the IP (if applicable).
- Specify any additional requirements, e.g. additional insurance coverage.

Applicable to Two-envelope Approach

- Scoring mechanism should be laid down which should be clear and objective and as far as quantifiable so as to provide a level playing field for bidders.
- State to bidder that price information is NOT allowed to indicate in any part of the technical proposal.
- State clearly if bidder interview/presentation is required as a part of technical evaluation in addition to paper submission (bidder interview/presentations MUST be conducted BEFORE opening the price proposal if necessary)
- Technical proposal MUST be submitted as separate sealed envelope from price proposal.

(ii) Price Specifications

- Lay down the key cost elements of the purchase, including but not limited to the related costs such as delivery/logistics based on trade terms, warranty uplift, additional insurance coverage, payment handling (Letter of Credit) etc.
- Specify the currency or request tenderer to specify the currency.
- Design quantity tiers for solicitation of price tiers from tenderer if future repeated purchases are foreseen.
- State the desired trade terms (e.g. FOB/port, C&F, DDP etc.).
- State if any optional items(s) are required to quote as basis for future purchases within a certain period of time.
- Lay down any optional maintenance service if required after warranty.
- Lay down any consumables / spare parts if required for replenishment.

Applicable to Two-envelope Approach

- Price proposal MUST be submitted as separate sealed envelope from technical proposal

(iii) Terms and Conditions

- Terms of tender including the conditions which a tenderer has to observe when submitting a tender, tender validity period, any limitation on the means by which tenders may be submitted, etc. and where the tenders may be submitted by electronic means, etc..
- Specify the payment terms (preferable) and insert the payment schedule (milestone payment / retention money, if applicable).
- Specific termination clause, if necessary.
- General Conditions of Contract covering the conditions which the contractor has to comply with in executing the contract.
- Special Conditions of Contract covering any conditions peculiar to the contract, if necessary.

E. Evaluation of Tender

- Tender opening procedures should commence immediately when the deadline for tender submission is due.
- In case just one bid is received from one supplier only, then grantees should have obtained prior approval from Secretariat before issuing confirmed order to selected qualified supplier.
- Tender evaluation should normally be conducted by the designated evaluation team. The evaluation team shall examine tenders against the technical specifications, essential requirements, terms and conditions laid down in the notices of tender invitations and tender documents to determine whether they are fully conforming.
- For lowest price approach, the lowest conforming price bid will be selected.
- Before confirming order to selected supplier, grantees are required to keep and send all the above documents, evaluation report with justifications of the selected bidder to Secretariat for consent.
- Where certain tender information is found missing or where a tender contains some ambiguities or counter-proposals, grantees should consider carefully whether to seek the missing information or clarification from the relevant tenderer. In general, grantees shall keep such post-tender closing contacts with tenderers to the minimum. Grantees shall record clearly and in full all such contacts. Most importantly, they must ensure that such contacts will not give a tenderer any advantage or perceived advantage over other tenderers.
- Where submission of certain information is not specified as an essential requirement but it is specified in the tender documents that failure to provide such information will render the tender non-conforming, the tender shall also be considered as non-conforming if such information is not submitted. Grantees shall not approach the concerned tenderer for the missing information.

Applicable to Two-envelop Approach

- Evaluation team should be setup to evaluate the technical proposal and fee proposal.
- **Technical proposal will be evaluated BEFORE opening and evaluating the fee proposal.**
- Evaluation should be conducted following the evaluation score previously set (e.g. technical specifications, past performance, job reference, value-added services, etc.). Tenderers whose proposals cannot meet the stipulated specifications shall be ruled out and will not be considered.
- For those who meet the specifications, the technical proposals shall be assessed according to the criteria set out in the tender documents and allocated with score while fee proposals are also given a separate score.
- Calculation method of the technical and price scores in the tender evaluation is shown below.
- Technical score

Formula:

$$\frac{\text{Technical mark of the tender being assessed}}{\text{Highest technical mark among the conforming tenders}} \times \text{Technical weighting}$$

- Price score

Formula:

$$\frac{\text{Lowest tender price among the conforming tenders}}{\text{Tender price of the tender being assessed}} \times \text{Price weighting}$$

- The two scores are then combined. The contract is usually awarded to the tenderer with the highest aggregate scores.

Example:

- If the technical and fee assessment weighting is 40% and 60% respectively,
- Marks obtained in Technical Evaluation: 80 (highest mark of all conforming tenderers)
- Technical score: $80/80 \times 40 = 40$
- Price proposal: HK\$1,200,000 (which is the 2nd lowest; the lowest is HK\$1,000,000)
- Price score: $\text{HK\$1,000,000}/\text{HK\$1,200,000}$ (lowest price / evaluating price) $\times 60 = 50$
- Total scores obtained: $40 + 50 = 90$

F. Question and Request from Tenderer

- Grantees should not disclose the budget of the tender to the potential tenderers.
- Information essential in enabling a tenderer to submit a conforming tender (e.g. clarifications on the terms, conditions and specifications of tender) should be provided. For fairness, grantees should provide the same information to all potential tenderers known to the grantees (or publish on website) as soon as possible and in any case before the closing date for receipt of tenders.

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