Case 1

A Social Insurance Body decided to centralize purchase for printing paper. They decided to use a framework agreement with one supplier. The contracts were to be awarded by each local branch separately, according to needs.

After the conclusion of the framework agreement the local procurement units reported that:

- the prices in contracts concluded previously by each branch separately were lower
- there were problems with deliveries on time

Upon closer examination it was revealed that paper purchases were only a minor cost item in institution's spending.

What went wrong?

Case 2

The stated owned coal mine company is a contracting entity obliged to use the Polish PPL provisions regulating the utilities procurement. Every year the company faces the problem of mining-induced damage. The roads and buildings located in areas when the coal is exploited are damaged (they crack, fail etc).

The company has a special budget for repairs and damage removal.

The identified problems:

- It is not possible to predict where the mining -induced damages will occur
- It is not possible to predict what kind of repairs and actions will be needed
- There are emergency cases e.g. when there is a risk for people's life or safety
- The cost of each repair differs taking into account the specific of the objects that needs to be repaired, type of actions to be undertaken, time limits and location
- The providers of services are small local companies with no experience in public procurement

The company decided to establish a framework agreement with more than one economic operator.

1. Is a framework agreement appropriate? Why?
2. How the company should estimate a value of the framework agreement?
3. How many suppliers should be appointed to the framework?
4. Which method of placing the order do you find the most appropriate?

5. Can you think about the price schedule that could be used?

Case 3

The PKP PLK – Polish Railway Company is responsible for infrastructure projects increasing the quality and accessibility of national railway line network. The company is a beneficiary of EU funds. In 2017 - more than 200 investment projects were accepted for implementation.

As the investment process needs a legal support, the company decided to purchase the legal services. The company considers the conclusion of framework agreement with more than 1 legal company.

You are an adviser to the company – an expert in procurement process. What will you take into account when evaluating the advantages and disadvantages of a framework agreement?

#legal services #conflict of interest #hourly rates

#scope of services #field of expertise #lots #contract duration

Case 4

In a framework agreement for mobile devices, suppliers were allowed to update the products included in a framework agreement once a month. The requirement for updating the products was that updated models needed to fulfil the minimum criteria for each 'phone type. The suppliers were also allowed to update the prices of the devices once a month. The price of a new model was not allowed to exceed the price of the previous model.

The contracting entity responsible for managing the framework agreement received monthly sales reports for all suppliers included in the framework agreement. Based on the reports, the contracting entity listed the 10 most sold phone types and formed a basket. Next, the contracting entity checked the prices for all product types in the basket and summed up the prices to establish a new ranking order. A newsletter was then sent to all users indicating from which supplier they should order the devices during the next month.

How the use of electronic tools can facilitate the process?

Case 5

A centralised purchasing body (CPB) was nominated to establish a framework agreement on computers to all contracting entities within the central government. The Ministry of Finance also rendered the framework agreement mandatory.

By the end of the four-year period of the framework agreement, a majority of the contracting entities had started using it. From a modest start, the purchases using the framework agreement had grown to over 50 million euros per year, close to the maximum estimated value.

When the central purchasing body needed to renew the framework agreement, its customers opted for a multi-supplier framework agreement with mini-tendering. The customers had two options for conducting the mini-tendering: to do a one-time mini-tendering with predefined amounts or to do a longer-term call off contract inside the framework agreement with a possibility to exceed the amounts indicated by 10 %.

A majority of the CPB's customers opted for longer-term call-off contract, because they wanted to have same make and model also for new employees, an issue that never came up during the planning stage. The previous framework agreement defined that all call-off contracts expired at the same time as the framework agreement and all orders had to be delivered at the latest three months from the expiry of the framework agreement. Because of this, all customers needed to do their mini-tendering under the new framework agreement practically at the same time.

The rush to conduct the mini-tendering caused problems to both suppliers and to the CPB itself. The number of customer questions to CPB was overwhelming, despite the ready-made templates for conducting the mini-tendering on its website. The suppliers, too, were in trouble. They did not have time to submit their bids to tens of mini-tenders they received daily. In fact, the suppliers had to choose which ones to reply to. Some smaller entities did not receive any bids from the suppliers.

Suggest the actions of the CBS aiming at solving the problem.

Case 6

A contracting entity establishing a framework agreement was bound by the country's legal requirement of requiring a 10% performance guarantee – the industry standard – based on the initial contract value. The estimated value of the framework agreement was provided in procurement document as the number of potential projects the users might recourse to the established framework agreement.

Based on contracting entities' internal calculations, the potential maximum monetary value was EUR 250 million. Before signing the framework agreement, the contracting entity requested performance guarantee of EUR 25 million from all the awarded suppliers. None of the suppliers, even with their consortium members and subcontractors, were able to obtain the required performance guarantees. The contracting entity had to drop its requirement for the performance guarantee.

Case 7

A centralised purchasing body has a framework agreement on cars. Several suppliers are included in the agreement. The call-off mechanism is dynamically changing their ranking, where the user's needs and specifications influence the make and the model to order.

The contracting entity has created a service on its extranet site where the user selects from various options, among others the size, body style, gear type, diesel, petrol or electricity as power source and maximum CO2 emissions. In the background the system shortlists the cars based on the needs indicated and proposes the cheapest alternative that fulfils the criteria for ordering the cart. The system is connected to a leasing company system (for which there is a separate framework agreement with one supplier) and displays both the buying price and monthly charge with various leasing options.

As the last selection and after all other options have been picked, the user can choose the colour from the alternatives available.