Public Procurement 2020

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Contributing editor Totis Kotsonis

Pinsent Masons

Lexology Getting The Deal Through is delighted to publish the sixteenth edition of *Public Procurement*, which is available in print and online at www.lexology.com/gtdt.

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Greece, Israel, Mexico, Nigeria and Romania.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editor, Totis Kotsonis of Pinsent Masons, for his continued assistance with this volume.



London July 2020

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Cape Verde

Ana Marta Castro and Raul Mota Cerveira VdA

LEGISLATIVE FRAMEWORK

Relevant legislation

1 What is the relevant legislation regulating the award of public contracts?

There are two main legal instruments regarding the award of public contracts: the Public Procurement Code (PPC), approved by Law No. 88/ VIII/2015 of 14 April 2015, amended by Law 44/IX/2018 of 31 December 2018, and the Legal Regime of Administrative Contracts (LRAC), approved by Decree-Law No. 50/2015 of 23 September 2015. The PPC sets out the rules for the public procurement procedures initiated by a public contracting authority after the date of its entry into force (which took place on 14 October 2015). The LRAC establishes the general rules applicable to the substantive regime of all administrative contracts, concerning the execution, modification and breach of contract, and specific rules regarding certain types of administrative contracts (eg, concessions of public works and public services).

There are other relevant legal regimes, namely Legislative-Decree No. 2/95 of 30 June 1995, Legislative-Decree No. 15/97 of 10 November 1997 and Legislative-Decree No. 16/97 of 10 November 1997, which provide the general framework for administrative procedures and for the organisation of the Public Central Administration, as well as a set of rules regarding the substantive regime for administrative acts and regulations and for administrative complaints and administrative appeals.

Sector-specific legislation

2 Is there any sector-specific procurement legislation supplementing the general regime?

No sector-specific procurement legislation supplements the general regime (the PPC and the LRAC).

International legislation

In which respect does the relevant legislation supplement the EU procurement directives or the GPA?

Cape Verde is not a European Union member, nor is it a signatory to the World Trade Organization's Agreement on Government Procurement (GPA), which has the fundamental aim of mutually opening its parties respective internal public procurement markets.

The Portuguese legal framework has had a major influence on the drafting and implementing processes of the PPC and the LRAC, as well as on the other relevant legislation regarding this matter. For that reason, the PPC and the LRAC end up closely following and determining a framework similar to those of the European Union or the World Trade Organization.

Proposed amendments

4 | Are there proposals to amend the legislation?

With regard to the main legal regimes for the award of public contracts, the PPC was recently amended by Law 44/IX/2018 of 31 December 2018. The LRAC has not had any changes since it was approved in 2015. To the best of our knowledge, no proposals to change these laws or any other relevant legislation currently exist.

APPLICABILITY OF PROCUREMENT LAW

Contracting authorities

Which, or what kinds of, entities are subject to procurement regulation?

The contracting authorities under the Public Procurement Code (PPC) (pursuant to article 5) are the following:

- · the state and the services of the direct administration;
- municipalities:
- public institutes, including public foundations and regulatory authorities;
- public associations, associations of public entities and associations of public and private entities that are financed for the most part or subject to management control of the public entities referred to above; and
- concessionaries of public works or services, within the concession's scope.

Therefore, all entities that are not included in this list are not considered to be a contracting authority.

Contract value

6 Are contracts under a certain value outside the scope of procurement regulation? What are these threshold values?

Article 30 of the PPC determines the thresholds under which contracts are excluded from the scope of procurement law.

Public tenders must be launched for public works contracts whose value is equal to or exceeds 10 million escudos, and for lease or purchase of goods or services contracts the value is equal to or exceeds 5 million escudos.

Restricted tenders must be launched for public works whose contracts value is between 3.5 million and 10 million escudos, and for lease or purchase of goods or services contracts value between 2 million and 5 million escudos.

The direct award procedure may only be adopted if the contract value is lower than the restricted tender thresholds for each of the relevant contracts (lower than 3.5 million escudos for a public works

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contract, and lower than 2 million escudos for a lease or purchase of goods or services contract).

Notwithstanding the above, certain procedures – such as the public tender with two phases, the limited tender with prior qualification, the restricted tender or the direct award – may be adopted regardless of contract value, based on certain material criteria, according to articles 34, 35, 36, 37, 38 and 39 of the PPC.

Amendment of concluded contracts

7 Does the legislation permit the amendment of a concluded contract without a new contract award procedure?

According to the Legal Regime of Administrative Contracts (LRAC), the contract may be amended:

- · by mutual agreement of the contracting parties;
- by means of a judicial or arbitral decision; or
- by means of an administrative act to be issued by the contracting authority based upon grounds of public interest.

The amendment of the contract may occur as a result of an abnormal change of the circumstances under which the contract was signed, provided that such a change is not covered by the private party's contractual risk, or on the grounds of public interest, due to the emergence of new needs, or due to a different assessment of the existing circumstances.

The amendment of the contract cannot be carried out in such a way as to prevent or distort competition, or to change the overall nature of the contract.

Whenever the amendment does not result from a change in the existing circumstances, it can only occur if the ordering of the tenders evaluated during the procurement procedure would not suffer any change owing to the modification of the specifications or tender dossier.

8 Has case law clarified the extent to which it is permissible to amend a concluded contract without a new contract award procedure?

There has been no case law clarifying the application of the legislation in relation to amending concluded contracts.

Privatisation

9 In what circumstances do privatisations require the carrying out of a contract award procedure?

Privatisations are not subject to the PPC or the LRAC. They are governed by Law No. 47/IV/92 of 6 July 1992, amended by Law No. 41/V/97 of 17 November 1997, and by Law No. 1/VII/2006 of 3 August 2006 (the Privatisation Law). Nonetheless, in accordance with the Privatisation Law, the privatisation processes are generally to be held through a public tender or a public offering, although they can also be held through a limited procedure or a direct sale procedure, in certain cases (eg, if it is a strategic company belonging to a strategic sector for the contracting authority or due to the financial situation of the company).

Public-private partnership

10 In which circumstances does the setting up of a public-private partnership (PPP) require the carrying out of a contract award procedure?

Decree-Law No. 63/2015, of 13 November 2015, establishes the rules regarding the procedure and award of PPPs. The main issues concerning PPPs are related to their possible financial impact on public accounts and the model to be adopted for risk-sharing between the public and private parties.

Pursuant to article 9 of Decree-Law No. 63/2015, launching and awarding a PPP depends on compliance with certain legal requirements, such as:

- budget rules and regulations;
- clear proclamation of the partnership's purposes and the private partnership's expected results, allowing adequate sharing of burdens among parties;
- a partnership model that allows a fair trade-off between private and public party risk and consideration;
- previous assessment and compliance with the applicable rules and formalities, allowing full transmission of the performance risk to the private party;
- avoidance of models assuming long-term compensation clauses in favour of private parties; and
- identification of the public entity responsible for monitoring the execution of the contract.

The PPC has a subsidiary role in the setting up of a PPP, especially regarding the selection of the procedure that shall be launched for the award of a PPP contract.

ADVERTISEMENT AND SELECTION

Publications

In which publications are calls for the expression of interest in regulated contract awards advertised?

Regulated procurement contracts must be advertised on the Public Acquisition Regulatory Authority's public procurement website.

Participation criteria

12 Are there any limits on the ability of contracting authorities to determine the basis on which to assess whether an interested party is qualified to participate in a contract award procedure?

Apart from not accepting contracting entities that fall within any of the exclusion grounds foreseen in the Public Procurement Code (PPC) (article 70), contracting authorities are only allowed to assess whether private contracting entities are qualified to participate in a tender procedure if they launch a public tender or a limited tender with prior qualification and if the rules of the specific procedure allow the evaluation of the bidder's technical and financial capacities (articles 74, 75, 76, 77 and 78 of the PPC).

The public tender has only one phase, but the contracting authority must analyse the bidder's technical and financial capacities before evaluating the bids. Bids will not be evaluated if a bidder does not comply with the established technical and financial requirements.

The limited tender with prior qualification has two phases: the phase in which candidates' capacity is evaluated and the following phase, in which bids are evaluated.

In the second phase of the limited tender with prior qualification, pre-qualified bidders are invited to submit bids. The evaluation and award of the contract follow the rules stipulated for the public tender – with some specificities – set forth in the PPC.

In the procedure to award contracts for consultancy services that have an estimated value exceeding 4 million escudos, similar rules apply to the pre-qualification of the bidders. In these situations, the procedure is initiated by publication of a notice, and is followed by the bidders' pre-qualification phase, in which their technical and financial capacities are judged based upon the conditions set forth by the contracting authority in the terms of reference. Then, only pre-qualified bidders are invited to submit bids.

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13 Is it possible to limit the number of bidders that can participate in a contract award procedure?

There are two ways to limit the number of bidders that can participate in a tender procedure:

- Certain economic and financial standings can be imposed in public tenders in which the contracting authority has stipulated this kind of criterion, in limited tenders with prior qualification and in procedures for the award of consulting services the value of which is above a specific threshold. This will, consequently, limit (in theory) the number of bidders that are able to participate in the procedure.
- A contracting authority can launch a restricted tender or a direct award. In both procedures, the selection of bidders that can participate in it depends on the discretionary decision of the contracting authority.

Regaining status following exclusion

14 How can a bidder that could be excluded from a contract award procedure because of past irregularities regain the status of a suitable and reliable bidder?

The concept of 'self-cleaning' is not yet established. Economic operators that fall within any of the exclusion situations foreseen in the PPC have to wait for the lifting of the respective sanctions.

THE PROCUREMENT PROCEDURES

Fundamental principles

15 Does the relevant legislation require compliance with certain fundamental principles when designing and carrying out a contract award procedure?

The Public Procurement Code (PPC) and the Legal Regime of Administrative Contracts (LRAC) provide for basic underlying principles, such as public interest, good faith, competition, equality, proportionality, transparency, impartiality, economy and efficiency, protection of the environment, stability, responsibility, annual programming and confidentiality. These principles are relevant as they provide guidelines to interpret rules and, consequently, identify possible obligations or limits on the activity of the contracting authorities.

Independence and impartiality

16 Does the relevant legislation or case law require that a contracting authority is independent and impartial?

The PPC does not have a specific provision referring to the independence and impartiality of contracting authorities; however, the fundamental principles of the PPC and the LRAC provide for this.

Conflicts of interest

17 Does the legislation address expressly the issue of conflicts of interest?

Members or staff of contracting authorities, members of juries or any other entities involved in a procurement procedure must comply with the general rules regarding conflicts of interest of holders and agents of the public administration.

In addition, the members and staff of entities involved in a procurement procedure should disclose any personal interest towards a bidder or potential bidder and, if that is the case, request the suspension of their involvement in the procedure.

Bidder involvement in preparation

18 Are there any restrictions on the ability of a bidder to be involved in the preparation of a contract award procedure?

Anyone who has participated in the preparation of a public procurement procedure is not allowed to participate as a bidder in that procedure.

Procedure

19 Which procurement procedure is primarily used for the award of regulated contracts?

The prevailing type of competitive procurement procedure used by contracting authorities is the public tender.

However, contracting authorities often choose to award contracts on a direct award basis, as it is the most time-saving procedure available.

Separate bids in one procedure

20 Can related bidders submit separate bids in the same procurement procedure?

The PPC has specific provisions under which a group of economic operators participating in a procurement procedure as a group are not entitled to participate in the same procedure, either solely or as members of other groups (article 69 of the PPC). Violation of this rule results in the exclusion of both bidders.

There is no specific provision for related bidders (eg, different companies within the same group) submitting separate bids in the same procedure. Nonetheless, in most cases this situation could lead to the exclusion of both bidders. In fact, if certain companies belong to the same economic group, it would be very hard for them to demonstrate that they are independent and are not distorting competition, which constitutes another ground for exclusion.

Negotiations with bidders

21 Is the use of procedures involving negotiations with bidders subject to any special conditions?

Only the procurement procedure for the award of consultancy services foresees a negotiation phase (article 170 of the PPC). These negotiations may only occur between the contracting authority and the bidder whose proposal was the best qualified among the proposals submitted by all the other bidders. The rules for the negotiation phase must be set out at the beginning of the procedure, in the terms of reference.

22 If the legislation provides for more than one procedure that permits negotiations with bidders, which one is used more regularly in practice and why?

Only the procurement procedure for the award of consultancy services foresees a negotiation phase.

Framework agreements

23 What are the requirements for the conclusion of a framework agreement?

Under a framework agreement, the choice of the procurement procedure determines the total value of the contracts that will be awarded under the mentioned framework agreement. In fact, the signature of contracts under a specific framework agreement will only be accepted if the sum of the contractual prices of all contracts to be executed under the agreement is less than the thresholds applicable to the choice of each procedure.

Framework agreements cannot last for more than four years, except under specific circumstances that need to be grounded.

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In some cases, the contracting authority may update the characteristics of the goods or services to be acquired under the framework agreement, modifying them or replacing them with others, provided that the type of supply and the objectives of the specifications are laid down in the framework agreement procedure and are justified by the occurrence of technological innovations.

When a framework agreement is entered into with only one entity, the PPC states that all future contracts to be executed shall be awarded through a direct award.

24 Is it possible to conclude a framework agreement with several suppliers?

Yes. When a framework agreement is entered into with more than one entity, the contracting authority must invite all of them to submit a proposal before awarding the contract.

Changing members of a bidding consortium

25 Is it possible to change the members of a bidding consortium during the course of a contract award procedure?

The PPC states that all consortia must be composed of the same members throughout the procedure. However, it would be difficult not to accept a change in the members in a merger or a spin-off of a consortium member.

Participation of small and medium-sized enterprises

Are there specific rules that seek to encourage the participation of small and medium-sized enterprises in contract award procedures?

Recent improvements in the openness and transparency of public procurement procedures are expected to generate this outcome.

In addition, the PPC sets out specific rules to preferentially assign contracts to national companies or to favour goods extracted from Cape Verde, as well as services provided by Cape Verdean companies. The PPC's provision of national tenders (ie, tenders restricted to tenderers, or candidates registered or headquartered in Cape Verde) is also likely to bring about the same effect, increasing access of national companies (normally small and medium-sized enterprises (SMEs)) to public procurement.

Additionally, some rules may ease the increase of the participation of SMEs in procurement procedures, such as:

- the possibility of awarding contracts divided into lots;
- the possibility that, when a consortium or group of companies bid together, the criteria of technical or financial capacity may be fulfilled by only one or only two members of the consortium; and
- the obligation to submit a bond in cases of contracts of high values.

Variant tenders

27 What are the requirements for the admissibility of variant tenders? Are bidders free to decide whether to submit a variant tender or is this subject to the contracting authority expressly permitting it in the tender documentation?

Variant bids may be submitted only if duly authorised by the procedure notice or by the tender specifications.

28 Is a contracting authority obliged to consider any variant tenders that might have been submitted?

Whenever the submission of variant bids is allowed by the procedure notice or by the tender specifications, contracting authorities must take them into account. In that case, the bids will only be excluded if the specific conditions for the submission of the bids are not fulfilled.

Tender specifications

What are the consequences if a tender does not comply with the tender specifications?

Any violation of the tender specifications leads to the exclusion of the offer.

Award criteria

30 Does the relevant legislation specify the criteria that must be used for the evaluation of submitted tenders?

The PPC determines two different award criteria for the evaluation of the proposals: the lowest price and the most economically advantageous tender. At each procurement procedure, the criteria to be used must be disclosed in advance.

Regarding the latter (the most economically advantageous tender), many factors can be taken into consideration when evaluating the proposals, such as:

- quality;
- price;
- technical merit;
- aesthetic and functional characteristics;
- environmental characteristics;
- · running costs;
- cost-effectiveness:
- after-sales service and technical assistance;
- · delivery date; and
- delivery period or period of completion.

Abnormally low tenders

31 Does the relevant legislation specify what constitutes an 'abnormally low' tender?

An 'abnormally low' bid is a proposal whose value appears to be abnormally low when referring to the object of the contract at stake.

Provided that the contracting authority has determined (in the tender specifications) any estimated value for the contract, the PPC establishes that a bid will be considered as an 'abnormally low bid' if the proposed price is 40 per cent lower than the estimated price in the case of public works contracts, or 50 per cent lower than the estimated price for any other contract.

If there is no estimated value of the contract in the tender specifications, the decision to exclude a bid for being considered abnormally low must be very well grounded.

32 Does the relevant legislation specify how to deal with abnormally low tenders?

Abnormally low bids usually lead to the exclusion of the offer, except when the bidder is capable of justifying the price proposed.

REVIEW PROCEEDINGS

Competent review bodies

33 Which bodies are competent to review alleged breaches of procurement legislation? Is it possible to appeal against a review body's decisions?

In Cape Verde, administrative challenges can be either a claim brought against the author of the challenged act (ie, the jury or awarding entities)

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or an appeal to the Conflict Resolution Committee or the Public Acquisition Regulatory Authority (ARAP). It is also possible to appeal to the courts.

Do the powers of competent review bodies to grant a remedy for a breach of procurement legislation differ?

Yes, the powers differ depending on the tasks of the author of the challenged act (in case of a claim). The remedies granted by ARAP or by the courts are also different, considering that the first is an administrative entity and the latter are judicial entities, specially with regard to the effects of their decisions.

Time frame and admissibility requirements

35 How long do administrative or judicial review procedures generally take?

The timescale may vary according to the complexity of the case, or the court of submission itself, but usually decisions are taken within one year.

What are the admissibility requirements for an application to review a contracting authority decision?

All procurement decisions, documents and contracts are justiciable, as long as the unsuccessful bidder proves that the procurement caused it some type of damage.

What are the time limits within which applications for the review of contracting authority decisions must be made?

Claims against the jury's decisions during the public act are submitted during the act. Other claims are submitted within five working days upon notification. Appeals to ARAP are submitted within 10 working days upon notification, except appeals against the jury's decisions during the bid that opens the public act, which are submitted within five working days.

Suspensive effect

Does an application for the review of a contracting authority decision have an automatic suspensive effect on the contract award procedure?

An administrative challenge suspends the procurement procedure if that challenge occurs in one of the following phases: negotiation of the contract; award decision; and execution of the contract.

39 Approximately what percentage of applications for the lifting of an automatic suspension are successful in a typical year?

The Public Procurement Code does not provide for the possibility to lift an automatic suspension.

Notification of unsuccessful bidders

40 Is the contracting authority required to notify unsuccessful bidders of its intention to conclude the contract with the successful bidder and, if so, when does that obligation arise?

All bidders are notified at the same time of the award decision.

Access to procurement file

Is it possible for an applicant seeking the review of a contracting authority's decision to have access to that authority's procurement file?

During the procurement procedure, all bidders have access, at all times, to the documents submitted by the parties and issued by the jury, as well as by the contracting authority.

Challenges to contracting authority decisions

42 How customary is it for contracting authority decisions to be challenged?

Disadvantaged bidders will most likely file review applications if they finish second in a competitive tender and whenever the value of the contract is high enough (whether in financial or strategic terms).

Violations of procurement law

43 If a violation of procurement law is established in review proceedings, can this lead to the award of damages?

Yes.

44 Is it possible for a concluded contract to be set aside following successful review proceedings?

A concluded contract may be cancelled or terminated following a review application by an unsuccessful bidder. Nonetheless, those situations are uncommon and usually have no practical effect, owing to the fact that in cases in which judicial decisions determine that a concluded contract should be cancelled, the contracting authorities usually appeal these decisions. When final and non-appealable decisions are finally issued, the execution of the contracts is almost completed.

Legal protection

45 Is legal protection afforded to parties interested in a contract that might have been awarded without an advertised contract award procedure?

Yes.

Typical costs

What are the typical costs involved in making an application for the review of a contracting authority decision?

Appeals to the ARAP are free.

UPDATE AND TRENDS

Emerging trends

47 Are there any emerging trends or hot topics in public procurement regulation in your country? In particular, has the scope of applicability of public procurement law been broadened into areas not covered before (eg, sale of land) or, on the contrary, been restricted?

No updates at this time.

Coronavirus

What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

A state of emergency was implemented in Cape Verde at 00.00 on 29 March 2020, pursuant to Presidential Decree No. 06/2020 of 28 March 2020. The state of emergency was extended until 23.59: (1) on 26 April on the islands of Santo Antão, São Nicolau, Sal, Maio, Fogo and Brava; (2) on 2 May on the island of São Vicente; and (3) on 14 May on the island of Boavista, having ceased its effects on those islands pursuant to Presidential Decree No. 07/2020 of 17 April 2020 and Presidential Decree No. 08/2020 of 2 May 2020, respectively.

Given that the situation on the island of Santiago has not sufficiently improved, the state of emergency has been extended for a third time, with effect only on this island, pursuant to Presidential Decree No. 09/2020 of 14 May 2020.

Concerning public procurement, the following changes introduced by Law 83/IX/2020 aimed at streamlining or simplifying acquisition procedures are worth highlighting:

- it is possible to adopt a direct award based on 'imperative urgency', pursuant to article 39, No. 1, paragraph a) of the Public Procurement Code, for the execution of public works contracts, rental or acquisition of movable assets and services, provided that the respective object is, directly and exclusively, related to the needs caused by covid-19;
- it is possible to adopt a simplified direct award when the lease agreement or acquisition of movable assets or acquisition of services does not exceed 600,000 escudos;
- the requirement to obtain prior approval from the Audit Court of contracts entered into following these direct awards will be waived;
- requests for authorisation from the financial and sectorial supervisory entities, whenever required by law, will be considered granted, in the absence of reply, 24 hours after remittance to the authority with powers to grant them;
- multi-annual expenses resulting from the conclusion of contracts will be considered granted if the authorisation request by means of an ordinance to extend charges to the member of the government responsible for the area of finance is not rejected within three days;
- budgetary amendments involving reinforcement, in return for other actual expenditure items, are authorised by the member of the government responsible for the respective sector area; and
- when necessary, the withdrawal of funds to meet the objectives set out in Law No. 83/IX/2020 is considered tacitly granted three days after submission of the request.

The disruption caused by the covid-19 pandemic could be grounds to release the bidder from the bid submitted provided that it is duly justified (this disruption must be an event that the bidder was not required to be aware of at the time of preparation of the bid and that demonstrably renders performance impossible or excessively burdensome).

Although the law does not expressly impose it, considering the provisions in article 94.2 of the Public Procurement Law, it is advisable that contracting public entities grant a period longer than the standard period to submit bids or proposals – except in the event of manifest and pressing urgency.

The consequences of the covid-19 pandemic may extend to relations between individuals and the public administration. Subject to a case-by-case analysis, an individual may:

qualify the pandemic as a force majeure event, as grounds for not complying, in whole or in part, with obligations provided for



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in an administrative contract, in particular with regard to deadlines (depending on what the contract specifically provides for and provided that a causal link between covid-19 and the impossibility of meeting deadlines is evidenced, as well as the impossibility or unenforceability of taking alternative measures, or their insufficiency, and always without prejudice to the counterparty's duty to inform), in accordance with, for example, article 36 of the Legal Framework for Administrative Contracts, approved by the Decree-Law No. 50/2015 of 17 November 2015); and

 claim the occurrence of an abnormal and unforeseeable change in circumstances as grounds for amending the contract or restoring the financial balance, or both.

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M&A Litigation

Mediation

Merger Control

Mining
Oil Regulation
Partnerships
Patents

Pensions & Retirement Plans

Pharma & Medical Device

Regulation

Pharmaceutical Antitrust

Ports & Terminals

Private Antitrust Litigation Private Banking & Wealth

Management
Private Client
Private Equity
Private M&A
Product Liability
Product Recall

Project Finance

Public M&A

Public Procurement

Public-Private Partnerships

Rail Transport
Real Estate
Real Estate M&A
Renewable Energy
Restructuring & Insolvency

Right of Publicity

Risk & Compliance Management

Securities Finance Securities Litigation Shareholder Activism &

Engagement Ship Finance Shipbuilding Shipping

Sovereign Immunity

Sports Law State Aid

Structured Finance &
Securitisation
Tax Controversy

Tax on Inbound Investment

Technology M&A
Telecoms & Media
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