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Public Bids

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Public Bids in the Republic of Panama are regulated by the Law 22 of June 27, 2006.

The application scope of the law 22 covers bids made by the Government and its autonomous and semi autonomous entities, for the acquisition or lease of goods by the Government, the execution of public works, the disposition of governmental goods, including its lease, services, the operation or administration of goods and concessions or any other contract not regulated by a special law.

The process of the public bids starts with the Notice of Call which the law defines as the concrete information that it must include, as minimum, the description of the public act and the identification of the entity bidder; the electronic address or the office where it can be examined or the cargo sheet be obtained; the place, date and time of presentation of the proposals; the place, date and time of beginning of the public act; the place, date and time of the meeting previous and homologation when it proceeds; a brief description of the contractual object, the budget and, in case of disposition of governmental goods, the estimated value.

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In practice the publications of the cargo sheet by the relevant Governmental Institutions are made in the electronic portal of the General Direction of Public Bids, Panamá Compra. In this way the parts interested in contracting with the Government register as provider in the above mentioned Internet portal, and have access to participate in all the Public acts celebrated by the Government.

The parts that want to participate in a public act can do it as an individual, or the law also allows to do it together under the figure of the Consortium or Accidental Association. The law 22 defines the Consortium or Accidental Association as a group of two or more persons who collaborate to present the same proposal jointly, for the awarding, celebration and execution of a contract, and who



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respond jointly of each and all obligation derived from the proposal and from the contract.

Likewise, foreign corporations can also participate of Public Bids in the Republic of Panama, whether it is individually or in Consortium or Accidental Association.

The first step to participate in a Public Bid is to study the Cargo sheet. The interested party must comply with all the parameters, requirements and formalities demanded in the Sheet, since an error or omission of the indicated in the sheet might make to not even been evaluated by the Commission, since the law establishes that the Commission will verify the compliance, by the proponents, of the minimal mandatory requirements demanded in the cargo sheet. As soon as the fulfillment of the above mentioned requirements are verified, it will evaluate the technical proposals, applying the evaluation methodology described in the cargo sheet and in no case, the Commission will qualify the proponents who have been discredited according to its nonperformance of the minimal mandatory requirements demanded in the cargo sheet.

In the practice, the necessary requirements for a company to participate as proponent in Public Bids, depend fully on what establishes the cargo sheet of the relevant Bid. It is necessary to remark that the cargo sheets are never equal and each one is provided with its own requirements and specifications.

Nevertheless habitually we observe that there are certain requirements that stay homogeneous in almost all the sheets, as for example:

evidence of the experience that has the company in the relevant matter, in case of foreign companies it is advisable that they are recorded in the Public Registry of Panama, in the section of foreign societies since almost always the sheets demand certificates of the Public Registry; Panamanian and foreign corporations, must be in good standing in the General Income Directorate and in the Social Security; the corporations, Consortiums or Accidental Associations, must be recorded in the General Direction of Public Bids, in order that this entity could send the certification that required to all public entities as a special requirement, Commercial License; and finally they must be provided with a saving or current account, which must be registered at the Direction of Treasury of the Ministry of Economy and Finance, which will allow the company to be provided with a direct payment in case that the bid is awarded to the company.

Once the phase of presentation of proposals and the meeting of homologation and qualification are concluded, the pre-contractual phase with the awarding of the Public Bid is finished; the legislation defines the awarding as the act on which the



entity bidder determines, admits, declares and accepts the most profitable proposal, based in this Law, its regulations and the cargo sheet.

As soon as the work is awarded the winning contractor signs a contract with the contracting governmental entity, whether it is a minor contract of work, services, or of supply.



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