



Transparency in aviation contracts
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Background:

- ▶ Israel Airports Authority is a public corporation established under the Airports Authority Act 1977.
- ▶ The Authority is responsible for planning, management, operations and development of all airports in Israel.
- ▶ The law imposes a duty on the Authority to conduct its business as economically as possible.
- ▶ All rules and principles which apply on public entities – apply on Israel Airports authority.

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Main principles:

- ▶ An increased duty of good faith ("Bone Fide")
- ▶ Conduct of equality.
- ▶ Transparency
- ▶ Proportionality
- ▶ Integrity

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The obligation of executing a public tender:

The implementation of these principles is:

- ▶ The obligation to execute all contracts and purchase agreements by a Public tender
- ▶ All tender terms and conditions, thresholds, parameters of the competition (Quality/ cost) are to be discussed and approved by the Tenders Committee an internal statutory committee.
- ▶ The Tender is publicly published in daily newspapers and on the IAA's web site.

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Exceptions:

- ▶ The law recognizes a few exceptions to the "public tender" duty rule which are dictated as a closed list. Three main exceptions are:
 - a. an extension or an expansion of an existing contract
 - b. Urgent works due to security or safety reasons
 - c. an agreement due to a "Sole Supplier"

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An agreement due to a “sole supplier”

- ▶ The law provides an exemption from the obligation to execute a public tender in circumstances where there is only one entity that can perform certain works or supply certain services or goods.
- ▶ This exception has to be thoroughly checked as not to become a bypass to the obligation of issuing a public Tender.



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Former legal situation in Israel

In the past –(before June 2009)

- ▶ The IAA initiator would turn to the Tenders Committee and ask to declare a certain supplier as a "sole supplier".
- ▶ The Tenders Committee would examine the initiator's request on the base of his professional explanations, conducting a thorough internal discussion.
- ▶ The decision of the Tenders Committee was not published to the public.

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The legal situation in Israel after June 2009:

A transparent process:

- ▶ First stage: a public notice (by web site) with all the information, explaining why a certain supplier is a “sole supplier”.
- ▶ The professional opinion of the IAA initiator is attached to the publication explaining the background of the request.
- ▶ The public has 14 days to object to the suggested declaration.

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The legal situation in Israel after June 2009:

- ▶ In any case of a written objection by a third party an internal hearing will be held by the Tenders Committee with all relevant representatives .
- ▶ Options after the hearing is completed:
 - A. A Tender.
 - B. A decision of declaring a “sole supplier”
- ▶ The final decision is publicly published in IAA’s web site and directly to the objecting party.

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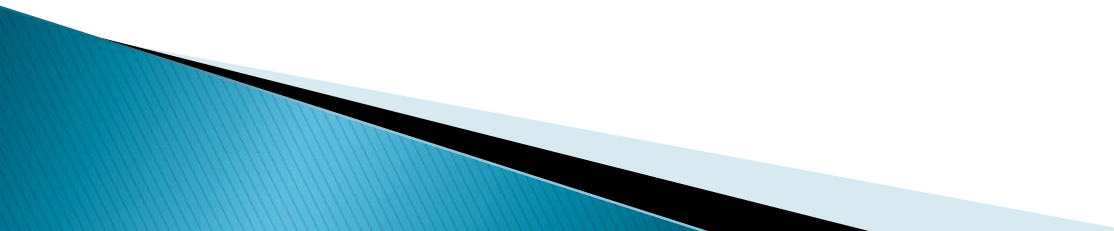
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Summary:

The benefits of the transparency process:

- ▶ enables public involvement and monitoring the “sole supplier” process.
 - ▶ Narrowing false applications.
 - ▶ Helps the Tender Committee to make its decisions on a solid basis.
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THANK YOU!



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