



PPP and Procurement Training Workshop for Top 33 Smart Cities

Overview of PPP Procurement Process

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Framework for developing Urban PPP Projects

Identify and prioritize areas/ services that are amenable for PPP implementation based on needs, system gaps Undertake project development studies – Step 4 baseline data/ surveys, feasibility (financial, socioeconomic, etc) institutional analysis, market sounding, etc. Iterative Step 3 Define scope, size ar d type of PPP model Design and implement a transparent procurement process Step 2 Monitor & Evaluate Step 1 performance/ service delivery standards

Stakeholder Consultation – public, private dialogue

It is useful to start by identifying what service standards the PPP seeks to achieve, explore what PPP model would be appropriate and the private market for the option. Fine-tune project development studies accordingly. In any case some of the steps would need to be iterative while developing PPP projects.

Key issues to consider for Competitive Bidding

- Why have a pre-qualification process for interested bidders (and short-listing)?
- Whether to have a process involving the sequential evaluation of technical and financial proposals?
- Which specifications to include for the technical and financial proposals?
- How to assess whether a technical proposal is fully responsive to the specified requirements?
- How offers should be evaluated and compared?

Single stage Vs Two stage bidding process

SINGLE STAGE

- Involves low level of preparation and less preparatory lead time
- Assumes significant industry knowledge
- Can be used for Projects of low complexity

TWO STAGE

- Complexity of the Project is high/ Project is new to market.
- High cost of preparation of proposal by Bidders

Bid Process

SINGLE STAGE

- Issue of NIT
- Issue of RFP
- Marketing the projects
- Pre-bid conference
- Responses to pre-bid queries
- Submission of tenders/ bids/ proposals
- Evaluation of tenders/ bids/ proposals
- Award of the Project
- Execution of agreement

TWO STAGE

- Issue of NIT
- Issue of RFQ
- Marketing the projects
- Pre-bid conference
- Responses to pre-bid queries
- Submission of Applications
- Evaluation of Applications
- Shortlisting of Applicants
- Issue of RFP to shortlisted Applicants
- Pre-bid conference & preparation of responses
- Evaluation of bids
- Award of the Proejct
- Execution of agreement

Discussion Points

WHEN?

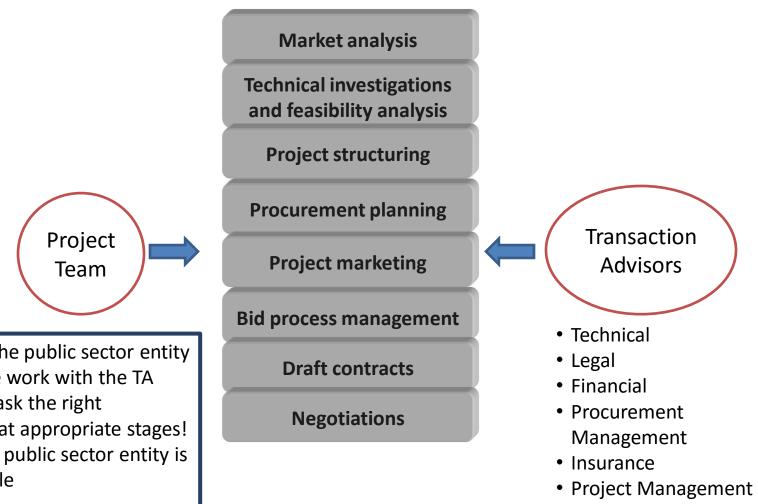
- To seek a Technical Bid?
- To engage with the private sector (at what stage in the project)?
- To prepare a Detailed Project Report for a project?

Marketing - Important for Urban sector projects....

- Market sounding exercise is crucial
- Useful to organise a <u>Bidders' Conference</u> prior to release of bidding documents
 - To understand the profile of potential bidders (helpful in setting the Eligibility Criteria)
 - To understand if bidders have any genuine concerns on the project structure (Accordingly the project structure can be fine tuned)
 - To inform and create an interest in the market for bidding
 - To ensure there are atleast 6-7 interested bidders, thereby creating a competitive environment (best value to the government)

To augment/ supplement the capacity available with the public sector – A Transaction Advisor (TA) can be selected

Scope of work vs. skills



Caution: The public sector entity must close work with the TA and must ask the right questions at appropriate stages! Ultimately public sector entity is accountable

Bid Documentation - Request for Qualification

PURPOSE OF PRE-QUALIFICATION

 To screen and identify applicants who will be required to submit their bids at the RFP stage

How are the applicants pre-qualified?

- Predetermined eligibility criteria:
 - -Relevant past experience in undertaking similar projects
 - Minimum financial capacity in terms of networth, turnover, net cash accruals, etc.

Are all the pre-qualified firms invited to submit financial bids?

All pre-qualified firms may be asked to submit their financial bids

OR

 Some of the pre-qualified firms may be short-listed on the basis of their eligibility criteria

Purpose of RFP

 RfP process is aimed at obtaining financial offers from the bidders pre-qualified at the RFQ stage

In complex projects, are the technical proposals/plans submitted at the RFP stage?

- At Bid stage (RFP stage) pre-qualified applicants submit only financial offers
- In case of exceptionally complex projects where the authority determines that the bidders must submit their technical proposals/plans, the required proposals should be invited either at:
- At the Qualification stage along with the initial applications, or
- At an intermediate stage preceding the RFP stage

Agreement: Key elements & essence

Agreement

Obligations of Obligations of Conditions Time **Private** Government **Period Precedent Provider Project** Performance KPIs/ **Payment** / Initiative **Monitoring Standards Description** Performance Change in **Default and** Force Majeure **Security Ownership Termination**

Discussion Points

WHAT IF?

- No applications / bids are received...
- 4 bids are received but only 1 bidder complies with all the requirements prescribed by the tender documents...
- Preferred Bidder walks out...
- Preferred Bidder is disqualified due to any reason...
- Financial Bids are too high/low compared to authorities estimates...
- Priorities of the Authority appear to have changed...
- Vocal opposition to the project is increasing post bids have been invited...