Framework Agreement for Procurement of Consulting Services for Public Infrastructure

MARKET CONSULTATION

6 April 2023

Invest International

Introduction of the Event

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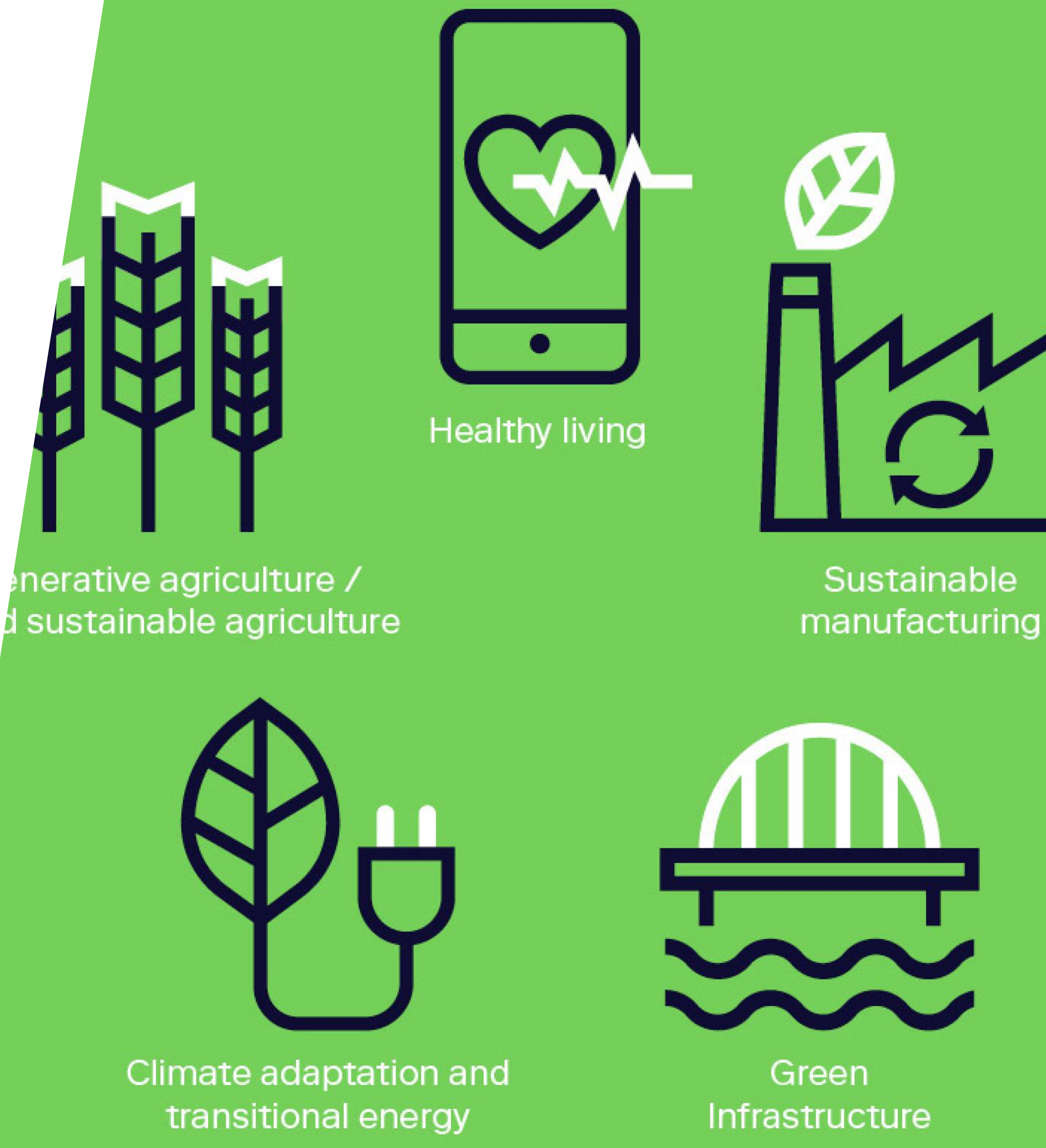
Agenda

1. Introduction by IIPP / I-I
2. Who is Invest International Public Programmes?
3. Objectives of the Framework Agreement
4. Structure of the Framework Agreement
5. Indicative Evaluation Principles
6. Indicative Implementation + Next Steps



Disclaimer / Principles of Consultation

The market consultation planned is a preamble to a tender that Invest International Public Programmes (IIPP) intends to publish to select Contractors to be part of a Framework Agreement for Procurement of Consulting Services for Public Infrastructure. Attendance is not mandatory, and the consultation is not part of the formal procurement procedure; it is organised as an information forum for IIPP to present its objectives in publishing a Framework Agreement, provide some context on the content, gauge the general interest from the industry and more importantly gather feedback and suggestions for finalising the Terms of Reference of the Framework.

Participation is voluntary and free; in attending (online or physically), participants acknowledge the following:

- Participation is optional and is not a prerequisite condition to be allowed to subsequently apply to the Framework, which is subject to eligibility and qualifications contained in a future RFP, which will be subject to evaluation and (relative) ranking.
- Pursuant to the above, participation to the market consultation is not in itself a confirmation of eligibility to apply to the Framework or a guarantee to be eventually empanelled; the ranking and empanelment of contractors will be based solely on panel application documents to be submitted during the tender, described in the upcoming RFP.
- Suggestions and comments will be considered for finalising the TOR; however, IIPP is in no obligation to integrate suggestions and propositions which will be assessed in light of their own risk and merit.
- Questions and clarifications which will be raised during the market consultation will be logged and shared with all participants. These will be summarised and made available to all participants and anonymised before distribution.
- IIPP has done its utmost best to provide accurate information in this presentation; such information is not contractually binding nor is creating any obligations for IIPP, as only elements of the TOR and RFP will constitute official information.
- The information contained in this document should not be relied upon for any due diligence process or as a basis for procurement or contracting related matters. Invest International and its associated entities hereby disclaim any liability for any use that is made of the information contained in this document or the way it has been obtained and used by any 3rd party.

Background and Context

What we do at Invest International PP?

- Invest International Public Programmes B.V. (IIPP)
  - A company of Invest International B.V. (I-I). Invest International is a company owned by the government of the Netherlands (51% MoF, 49% FMO) providing funding and financing solutions to support resilient and sustainable public infrastructure
  - IIPP is the subsidiary of Invest International which has been mandated by the MoFA of the Netherlands to manage and implement two grant programmes to support public infrastructure projects
  - **DRIVE** (Development Related Infrastructure Vehicle) is a grant program designed to fund infrastructure Works contract. It also include a component to fund preparatory studies – DRIVE TA
  - **D2B** (Develop to Build) is a facility providing grants to fund preparatory studies, primarily to ensure that projects are aligned with the requirements to access DRIVE funding

- Policy Framework for IIPP instruments
  - DRIVE 2023 published on the Staatscourant on 5 January 2023
  - D2B 2023 published on the Staatscourant on 5 January 2023
  - These policy rules describe the requirement of projects for being eligible for grant funding
  - IIPP has discretion, under supervision of MoFA, in implementing and committing funds
  - DRIVE and D2B can only be committed on basis of a Grant Arrangement with a governmental counterpart (Beneficiary)
  - Funds are however only disbursed directly to contractors (for works or consulting) and not routed through the Beneficiary government.
  - As of 2023, DRIVE is no longer a subsidy program and only a Government-to-Government grant instrument.

Invest Intl Priority Areas

- DRIVE2023 = 40 DRIVE eligible countries
- Combination (combi-track) countries are defined as priority by MoFA*

40 Private Sector Development Countries (BHOS Nota 2022) * combination countries			
Algeria	Ethiopia	Mali	**South Africa***
Angola	**Ghana***	**Morocco***	South Sudan
Bangladesh*	**India***	Moldova	Sudan
Benin	**Indonesia***	Mozambique	Suriname
Burkina Faso	Iraq	Niger	Tanzania
Burundi	**Ivory Coast***	**Nigeria***	Tunisia
Chad	Jordan	Palestinian Territories	Uganda
Colombia*	**Kenya***	Rwanda	**Ukraine***
Democratic Republic Congo	Lebanon	**Senegal***	**Vietnam***
Egypt*	Libya	Somalia	Zimbabwe

- Invest International Priority Sectors
  - Water & Infra
  - Renewable Energy
  - Healthcare
  - Agri-food
  - Manufacturing

**Please consult the policy note (in Dutch) of the Ministry of Foreign Affairs of the Netherlands for information and rationale of the combi-track strategies : [Beleidsnotitie 2022 - Doen waar Nederland goed in is | Beleidsnota | Rijksoverheid.nl]*

Objectives of Framework Agreement for Consulting

Objectives of the Framework

- Key objective for IIPP = streamlining procurement of consultants for Beneficiaries.
    - IIPP may be requested by Beneficiaries to procure consultant services on its behalf
    - IIPP has limited internal resources; experience indicates that IMs spend considerable man-hours managing procurement and review of consulting work > rationalisation of resources
    - Beneficiaries may have partially realised preparatory studies, and IIPP can lead procurement of complementary studies components to bridge gaps (contracted by Beneficiary)
    - With a Framework we aim at drastically reducing the time for preparation of tenders, bids and award

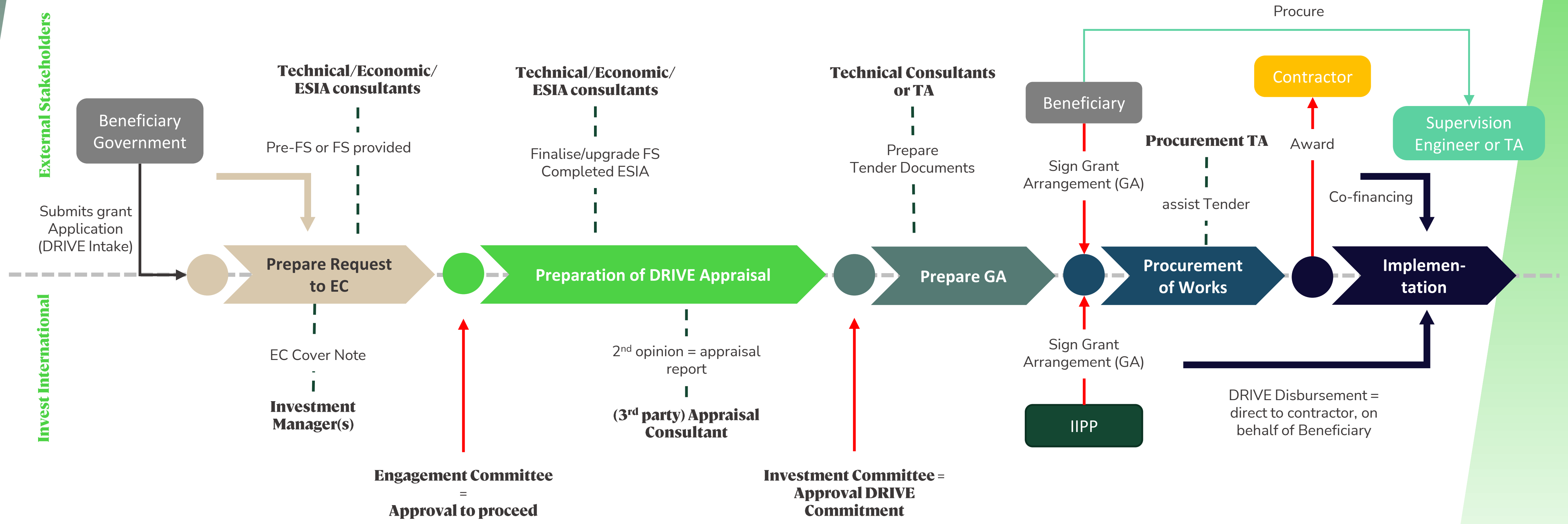
- Procure certain services for internal purpose = independent appraisal of a Project for DRIVE grant application
    - Investment Managers (IM) must prepare DRIVE appraisal for the Investment Committee (IC) (sort of investment proposal)
    - Content is based on FS information and data (Technical, financial, E&S, procurement)
    - A 3rd party opinion is required for drafting (sections of) the appraisal and provide unbiased opinion
    - These services are an internal cost to IIPP (not funded from DRIVE or D2B programs)

Objectives of the Framework [cont'd]

- Strengthen ability of IIPP to realise DRIVE2023 objectives
  - Promote the use of integrated contract models for Works and promote quality and sustainability-based tendering methods for Works (moving away from low-price only). With recent announcement of the WB making Rated Criteria procurement mandatory, is expected that lot of expertise (TA will be needed to develop practice and capacity of Government agencies
  - Better fit for alternative routes for procurement = PPP, USP, Performance-Based Contracting, etc.
  - The above can be achieved with proper provision of Technical Assistance to Beneficiaries <u>during procurement</u>. Scope of the Framework will include such services (after completion of tender docs)

- Raise the overall quality of consulting services output
  - Shift from input-based TOR to output-based TOR
  - Create more standardised output; better match demand and offer
  - Better integrate the work of consultants and the specific requirements of DRIVE
  - Targeted assignments to fill studies gap, e.g. procure ESIA studies according to IFC PS to fulfil DRIVE requirements or alternative Value for Money appraisal when changing procurement model.

DRIVE Appraisal Process : Where Do We Work with Consultants?



Structure of Framework Agreement for Consulting

Proposed Structure of the Framework

- 2 Lots, 4 expertise, 2 components
  - 1/ Public Infrastructure = water, transport, energy, utilities, agri-food, etc.
  - 2/ Healthcare
  - 4 expertise to cover = Technical, Financial/Economic, E&S, Procurement
  - It is preferred to have consortia which provide integrated expertise in a single contractor = streamlined administrative management and reduced coordination risk
- Panels
  - Lot 1 = up to 5 firms; Lot 2 up to 3 firms. A panel member is a Contractor
  - One contractor acting as contractual counterparty; applying in consortium is not mandatory
  - Parties can apply to both Lots but only once in each
- 2 components per Lot
  - A = Preparatory Studies Services
  - B= Appraisal and Review Services
  - Panel members automatically qualify for both

Indicative Terms*

- Duration : 3 years, with possibility to extend with 1 year

- Lot 1 = envelope of 20 Million EUR
- Lot 2 = envelope of 4 Million EUR

- Contractors are firms. Individual can be contracted only via the Lead Contractor

- Assignments : lumpsum based, subject to price quotation from panel members

* These terms remain subject to the final spefications which will be indicated in the tender documents.

Indicative Scope of Works (Type of services)

A.1 – Technical Services

- Technical pre-feasibility studies such as basis of design, technical assessment and indicative feasibility assessment;
- Technical feasibility studies as a conceptual or preliminary design, technical costs estimates and formulation of technical solutions and scenarios;
- Multi-criteria analysis for technical alternatives comparison and selection;
- Demand and traffic studies, including modelling (as case may be);
- Technical modelling and simulations (e.g. coastal morphology modelling, traffic modelling, hydrological modelling, hazard and risk modelling, EPANET modelling etc.)
- Institutional analysis and stakeholders' assessment and engagement;
- SDG Impact assessment (in particular SDG 8 & 13);
- Technical surveys (e.g. bathymetric, geological, traffic mapping, integrity testing etc.);
- Urban planning and integrated land use planning and design;
- Preparing TOR for Supervision Engineer / Employer's Representatives;
- Formulation of technical specifications, Works Requirements, or Employer's requirement for tender documentation.

A.2 – Financial & Economic Studies

- Preparation of Cost-Benefit Analyses, for determining economic viability returns and metrics;
- Willingness and Affordability to Pay analyses;
- Preparation of spreadsheet-based CBA models;
- Financial Business Case assessment / valuation;
- Commercial Business Case assessment / valuation;
- Preparation of FAST-compliant cash-flow models;
- Rebuild of financial models / upgrade to FAST Standard;
- Financial models' quality review and (non-legal) audit;
- Discounted Cash Flow (DCF) analysis and project valuation;
- Financial appraisal of project and identification of Viability Gap Funding (VGF);
- Institutional analysis and stakeholders' analysis;
- Indicative Project structuring and financing optimisation.

A.3 – Environmental, M&E & Social Studies

- Prepare Theory of Change (ToC) frameworks;
- Prepare or formulate Evaluation & Monitoring frameworks (E&M) and processes;
- Environmental Scoping;
- Preparation of TOR for ESIA;
- Preparation of a complete ESIA and ESMP. ESIAs commissioned in relation to a DRIVE funding must be prepared according to IFC Performance Standards;
- Field surveys and investigations (in relation to preparations of an ESIA);
- Prepare Stakeholders Engagement Plans;
- Prepare Land and Resettlement Policies and Plans (including surveys);
- Conduct post-contract implementation Evaluations and Impact assessments.
- I would not recommend that we do this ourselves

A.4 – Procurement Expertise (applicable for PPP or non-PPP/FIDIC)

- Preparing procurement strategies and Procurement Plans (either PPP or non-PPP);
- Preparing procurement documentation for works;
- Acting as procurement adviser or transaction adviser in support to a procuring authority (under a Technical Assistance contract).
- Drafting Head of Terms of a Concession Agreement (in case of PPP-based procurement);
- Drafting data sheets and particular conditions (i.e. Employer's requirements) in relation to a FIDIC contract (in case of a non-PPP procurement);
- Design of / Technical Assistance to Procuring Authorities regarding tender evaluation methods and systems with emphasize price/quality optimisation, EMAT (in Dutch EMVI) principles and qualitative-focused evaluation frameworks which captures elements such as quality of proposal, sustainability, risk management or innovation;
- Preparation of Value for Money and Affordability analyses;
- Independent Price Check;
- Organisation and reporting of Market Soundings with private parties.

Conditions for Application

- Single application per Lot principle
    - Only one application per Lot (as Lead, as Member or both). Parties can apply under different consortia for each Lot
    - Evaluation does not consider the legal arrangement within consortia. A party can be a subcontractor or JV partner, we only distinguish Lead Firm and Consortium Members
    - For contracting actual services : a party who is subcontractor to a consortium for a given assignment can apply with multiple Contractors (as subcontractor).
    - Consortium members are not considered subcontractors (even if under subcon with Lead in the Framework)

- Conflict of Interest
    - If a Contractor is involved in Preparatory Studies outside of the Framework = not eligible to work order for Appraisal and Review Services
    - A Contractor awarded a work order under the Framework is ineligible to work subsequently for Appraisal and Review services for the same project. Other Contractors (per Lot) can, subject to no COI
    - Benefit for panel members : if not selected for an assignment (component A.) there is still opportunity to contract work under component B.

Conditions for Application [cont'd]

- No Exclusion for downstream work
  - A Lead Firm or Consortium Members is not precluded to bid for any services in relation to a Project financed by Invest International (which may be procured outside the Framework directly by Beneficiary)
  - Detailed Design and Construction Supervision contracts are not part of the scope of the Framework
  - Contracting services under the Framework for preparation or appraisal does not preclude firms to bid for subsequent contracts, i.e. Detailed Design or Contract Supervision / TA related to execution of Works
  - Parties remain responsible to check if contracting a work order in the Framework precludes them from other contracts; however, being part of the Framework does not solely constitute a cause for exclusion to bid for contracts related to the same underlying project.

- No Absolute Exclusivity
  - IIPP intends to use the Framework in priority
  - Certain projects or Beneficiaries may require services to be procured as stand alone. In such case, IIPP will procure outside the Framework as an exception; panel member will not be precluded to bid (subject to no COI) for services contracted in parallel to the Framework
  - The above is only relevant for services procured by IIPP. If services are procured directly by Beneficiary, such stakeholder eventually decides which procurement route to follow (not an IIPP decision).

Evaluation of Applications to the Frameworks

Evaluation of Panel Applications

- Criteria = Robustness and Fit of the Contractor, assessed for example on basis of
  - Completeness and depth of expertise of the Contractor. 4 expertise are scored
  - Robustness, balance, experience with private sector clients and resources of the firm / consortium
  - (relative) level of proposed standard professional rates (daily rates) = is this a relevant criterion for distinction

Evaluation of Panel Applications

- Portfolio of assignments Technical Services
- Portfolio of assignments Financial/Economic Services
- Portfolio of assignments E&S / M&E Services
- Portfolio of assignments in Procurement Services
- Experience is evaluated based on elements such as
    - Cover expertise and sector Y/N
    - Geographic location = DRIVE or combi country or not
    - Distinctive features = relates to NbS, PPP/USP/PBC, type of financing package

Implementation and Expected Benefits

Streamlining Procurement = Output-Based TOR

- Industry perspective (collected feedback from past procurement by Invest)
    - TOR can be over-prescriptive
    - List of tasks too detailed, some activities are missing
    - Unclear deliverables

- Perspective of IIPP
    - If TOR are too vague / high level : how can we ensure output fit our requirements?
    - If output is not sufficient / quality issues : refer to TOR or the Proposal?
    - What mechanisms does IIPP have to ensure contractual compliance with "loose TOR"?

- Possible Approach (post selection to the Framework)
    - IIPP develops a "blueprint" for studies structure (sort of a guidelines / general directions, attached to the Framework)
    - Formulate general principles for output : e.g. a Pre-FS shall result in X, Y, Z…
    - Blueprint to be developed in line of the structure of our DRIVE Appraisal
    - Critical factor = what are the requirements of the Beneficiary (in terms of FS content and formats) and how do these differ from IIPP's only requirements

- This is likely to be further discussed with empanelled firms; it is also an iterative discussion as structure of assignment will evolve with practice

Rationale for Contracting Assignments

- Reducing the administrative processing of tenders, both for Consultants and for IIPP.

- Details and complexity of proposal vary greatly:
    - When IIPP is procuring assistance of an Appraisal and Review adviser, no TOR is required (scope is always the same, except the amount of documentation to review) and short CVs of limited expert team
    - If procuring a wider complement of a FS : more focus is made on approach and methodology, greater variety of CVs with more references to list = longer review process

- Consequently, response time to award vary with the size of Price Quotations

- For procurement of Appraisal and Review services (component B), it is an internal service therefore the process and content will be standardised within the Lots. Key for IIPP is to have expert review in order to prepare (sections of) the internal DRIVE appraisal and provide 3rd party opinion

- For Appraisal, IIPP requires short targeted assignment with quick response time

Indicative Evaluation System for Call off (Assignments)

- The RFP for the Framework application will contain indicative format and principle for scoring
- The details of extent of Technical proposal content/size will be a function of the complexity or size of the assignment

- We distinguish the following

Technical Criteria

- Appropriateness
of the Methdology and Approach

- CV of Key Experts

Financial Criteria

- Lumspum amount

The lumpsum are scoring on relative ranking, based on the lowest price of all Quotations

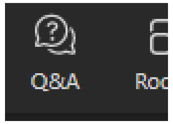
- Award of Assignments will be evaluated on weighted scoring of Technical and Financial elements
- Each Request for Quotation will define the structure, weighting and scoring of criteria

Next Steps

• Finalising TOR and publish a call for applications (RFP)	early May 2023
• Tender process	May to July 2023
• Target Start of Framework Agreement	August 2023

Q&A

Please submit questions in the Q&A



Select “post as anonymous” if you prefer the question to remain so…

… or raise hand in Teams

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