
Masterclass on Climate Resilient Infrastructure Public-Private Partnerships



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Module 5: Toolkit for incorporating climate resilience into PPP infrastructure project

a) Tender and Award Phase



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At the end of this Module, participants will be able to:

- Describe how to build on the climate risk assessment to integrate resilience in the procurement process.
- Identify the role of the Request for Qualifications and Request for Proposals and outline technical and financial requirement and criteria.
- Discuss performance requirements, monitoring systems and payment mechanisms in PPP contracts.
- Outline how to integrate climate resilience in performance requirements and payment mechanisms.
- List the key characteristics of a PPP contract.
- Explain the key elements of the PPP contract, including risk allocation, change procedure, supervening events and force majeure.



Outline

Integrating climate resilience into the
procurement process

Request for Qualifications

Requests for Proposals



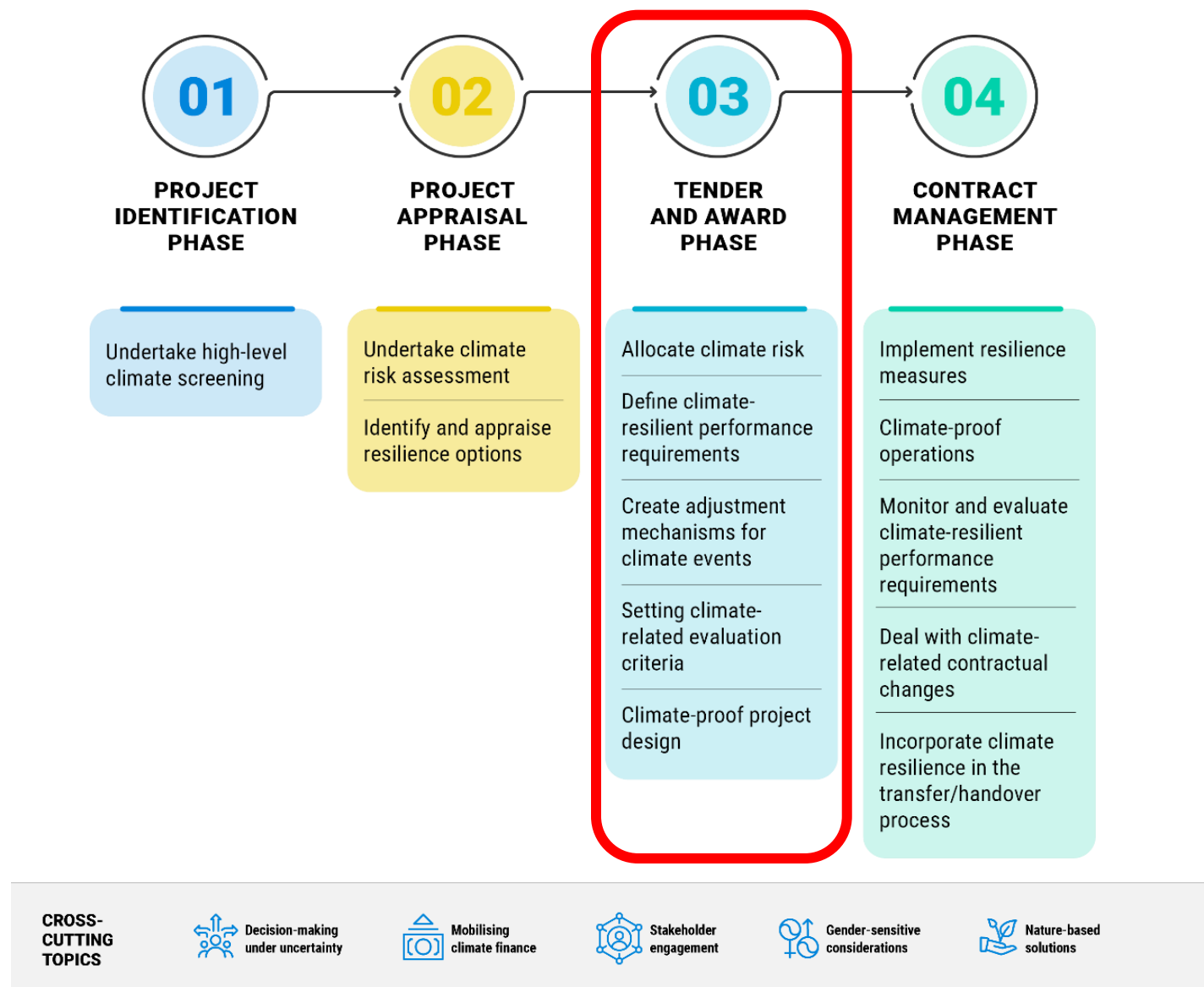
Outline

Integrating climate resilience into the
procurement process

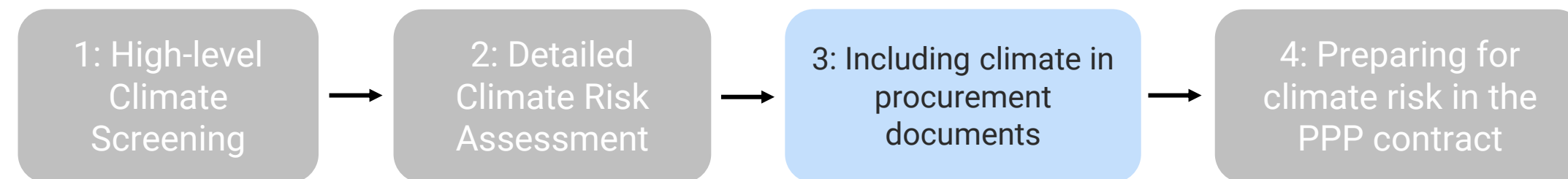
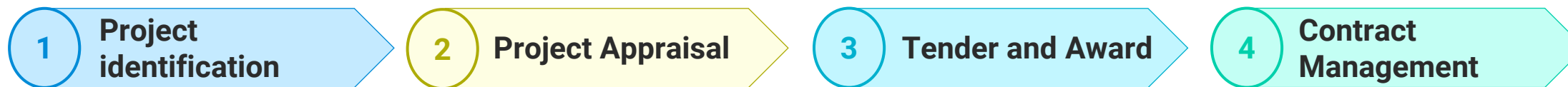
Request for Qualifications

Requests for Proposals

Tender and Award Phase: Climate resilience intervention points



Building on the Climate Risk Assessment...



High-level ← Detailed

Including climate risk in socio-economic, financial and technical feasibility studies



Integrating climate resilience into the procurement process



TENDER AND AWARD PHASE

Allocate climate risk

Define climate-resilient performance requirements

Create adjustment mechanisms for climate events

Setting climate-related evaluation criteria

Climate-proof project design

Tender preparation

RFQ Phase

RFP Phase



Design of tender documents



Qualifying bidders



Evaluating the bids received



Outline

Integrating climate resilience into the procurement process

Request for Qualifications

Requests for Proposals

The Request for Qualification stage should do the following four things:

Make public the information on the PPP Project and the services/infrastructure that the contracting authority is requiring

Inform about **the time periods** given for the different stages of the tender as well as the **qualification criteria**

Allow the contracting authority to **evaluate and select** candidates that are most capable of meeting the objectives during the project's lifecycle

Confirm the importance of the PPP Project for the contracting authority

- Information requested, typically includes:

Proponent information
✓ Roles of key personnel, including contact person
✓ Expected advisors
✓ References
Technical capabilities
✓ Subject matter expertise
✓ Experience, including comparable projects
Financial capability
✓ Financial stability
✓ Ability to raise financing

- ✓ Roles of key personnel, including contact person
- ✓ Expected advisors
- ✓ References





Technical capabilities

- ✓ Subject matter expertise
- ✓ Experience, including comparable projects

Financial capability

- ✓ Financial stability
- ✓ Ability to raise financing

Technical Qualification Requirements and Criteria

	<p>Proposer experience and record in delivering similar projects, including:</p> <ul style="list-style-type: none">○ Minimum number of projects of more than a specified capacity developed/ constructed/ operated○ Minimum number of projects of more than a specified Project Value developed/ constructed/ operated○ Minimum number of O&M contracts of similar facility○ Any other criteria suitable for the need of the PPP Project
	<p>Capacity to deliver PPP in addition to existing commitments</p>
	<p>Relevant experience of proposed team of experts</p>
	<p>Experience of working in local conditions; critical if the local conditions have a material impact on the technical solution or operation of the proposed facility or service</p>

Financial Qualification Requirements and Criteria

Criteria for evaluation of financial capability can be defined in terms of any or all of the following:



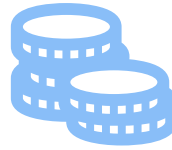
Net worth of the proposer



Capability of Proposer to invest the capital that would be needed for the PPP Project



Average annual turnover derived from audited financial statements



Ability of Proposer to secure adequate funds for the Project



Capability of Proposer to invest the capital that would be needed for the PPP Project



Average net cash accrual derived from audited financial statements



Ability of Proposer to support the contractual arrangements over the contract term.

Pass/Fail

Typically require minimum standards, for example:

- Experience in similar projects, e.g., >15 years
- Financial strength, e.g., net worth > USD 100 million
- Ability to raise financing

Ranking

Typically used to short-list proposer, for example:

- Local or regional experience
- Preliminary technical approach

Criteria	Pass/Fail	Ranking
Key Personnel		
References		
Subject Matter Expertise		
Experience		
Financial Strength		
Ability to Raise Financing		
Preliminary Proposal		

Including Climate Resilience in Request for Qualifications

Pass/Fail

- **REQUIREMENT:** sufficient experience managing projects with similar climate profile
- **EVALUATION:** a Pass/Fail

Ranking

- **CRITERION:** extent of past experience with similar climate risk profile and effective mitigation thereof
- **EVALUATION:** e.g., according to 100pt scale

Pass/Fail + Ranking

- **CRITERION/MIN. SCORE:** extent of past experience with similar climate risk profile and effective mitigation thereof (100pts); each RFQ submittal must achieve 70%



Outline

Integrating climate resilience into the procurement process

Request for Qualifications

Requests for Proposals

1

Prepare and issue the RFP

- Draft and review
- Develop evaluation criteria
- Obtain necessary approvals

2

Run RFP Process

- Hold information meetings
- Respond to questions






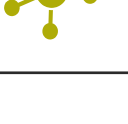
3

Evaluate RFP submissions

- Receive RFP submissions
- Evaluate completeness
- Evaluate technical proposal
- Evaluate financial proposal
- Select preferred bidder

The Request for Proposals is the key document

The Request for Proposals should specify:

	What documents do bidders have to produce regarding their technical and financial proposals?
	What information shall they give concerning their own organization for the project and its set of internal agreements?
	What guarantees shall they present with their bids?
	What mechanism will apply for exchanging information between the contracting authority and the bidders during the tender?
	How long will the procurement and the selection procedure last?
	Which criteria will be used to assess their proposals?

Bid evaluation starts with confirmation of compliance and robustness

Bid compliance

Strict verification of compliance is necessary for reasons of transparency. Compliance shall apply for both technical and financial proposals

Proposal robustness

Technical robustness will be evaluated against prescribed performances on the basis of standards, methods, duration of construction, associated risks, certified design and regulations. Cost analysis will be a key element in this examination

Financial robustness will be analyzed through a detailed review of the basic assumptions of the bids including realism of the project revenue -if any- as compared to all costs involved, credibility of financial support, existing guarantees and commitments

Ranking criteria align public and private interests

As a rule, award criteria (and the weighting to be applied to each criterion) should be specified in advance

Ranking criteria express the costs and benefits of the proposals for the contracting authority

In a competitive process the goal of all bidders is to win. Bidders can win if they score best on the evaluation criteria. In other words, the evaluation criteria can be used to focus the bidders on the contracting authority's objectives

Selection based on financial criteria (Lowest / Highest Price):

- Technical proposals are evaluated on a pass-fail basis
- Only bidders that pass the technical evaluation proceed to the financial evaluation
- Winning bidder is selected on the basis of the best financial proposal (lowest NPV in case of government contribution / highest NPV in case of concession fee)

Selection based on financial and technical criteria (Best Value):

Proposals are evaluated based on a weighted combination of financial and technical criteria

Financial and technical evaluation criteria are attractive, but complicated

Evaluating bids solely on financial criteria may fail to address the inherent complexities of PPP projects. Combination of financial and technical more closely encapsulates the idea of maximizing value for money

- Using “best value” criteria allows contracting authorities to pursue a range of objectives and private bidders to differentiate themselves in ways other than price
- Defining appropriate, quantitative criteria and how they will be weighted can be difficult. Even if the evaluation score is not based on a technical evaluation, a determination must be made that the technical solution proposed by a bidder is feasible, deliverable and robust, that it meets all minimum technical requirements set and that the costs and financial structure are consistent with the technical solution
- A key issue is **the choice of the criteria for the evaluation and scoring of alternative bids**

1

Keep the criteria as objective (and transparent) as possible

Subjective judgment by the evaluation team can undermine transparency of the tender process

2

Keep it simple

Complicated and opaque evaluation criteria do not point bidders in the right direction and can lead to unexpected results

Opportunities for Climate Resilience in Request for Proposals / PPP Contract

	COMPLIANCE MINIMUM REQUIREMENTS	EVALUATION CRITERIA
When to Use	<ul style="list-style-type: none">• If Procuring Agency knows what it wants in terms of climate resilience• Procurement; Contract Management	<ul style="list-style-type: none">• If Procuring Agency wants bidders to differentiate themselves on climate resilience
Required for Use	<ul style="list-style-type: none">• Expertise on procuring agency side to set requirements	<ul style="list-style-type: none">• Expertise on Procuring Agency side to evaluate climate resilience approaches

Embedding Climate Resilience Into PPP Evaluation

Separate criterion

Technical	20%	Construction	<ul style="list-style-type: none"> Quality of the project design Flexibility of the construction term Quality of assurance methods Etc. 	8.5% 6.0% 4.0% 1.5%
	10%	Operations	<ul style="list-style-type: none"> Quality of operating procedures Commitment of means Etc. 	4.5% 3.0% 2.5%
	10%	Maintenance	<ul style="list-style-type: none"> Quality of proposed maintenance methods 	10%
	5%	Environmental & Social	<ul style="list-style-type: none"> Thoroughness of ESMP 	5%
	5%	Climate resilience	<ul style="list-style-type: none"> Quality of climate risk adaptation plan 	5%

Sub-criterion

Technical	20%	Construction	<ul style="list-style-type: none"> Quality of the project design, including consideration of climate risks, exposure and vulnerability Flexibility of the construction term Quality of assurance methods, including consideration of climate risks Etc. 	8.5% 6.0% 4.0% 1.5%
	10%	Operations	<ul style="list-style-type: none"> Quality of operating procedures, including consideration of climate risks and any necessary adaptation of operations Commitment of means Etc. 	4.5% 3.0% 2.5%
	10%	Maintenance	<ul style="list-style-type: none"> Quality of proposed maintenance methods, including consideration of climate risks 	10%
	10%	Environmental & Social	<ul style="list-style-type: none"> Thoroughness of ESMP, including evidence that climate risks are considered in the plan 	10%

Recap: Incorporating climate resilience into Tender & Award Phase

1

RFPs and RFQs provide a vital moment to embed climate resilience into PPPs

2

This can be done either through minimum requirements or evaluation criteria

3

Best practice involves incorporating climate resilience into each criterion

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