

PPPI Procurement, Bid Invitation and Evaluation

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Agenda

- ▶ Global Approaches to PPP Procurement
- ▶ Approaches to Selecting PPP Projects
 - Solicited and Unsolicited Proposals
- ▶ Approaches to PPP Tendering
 - Information Requirements of Bids
 - Interface with the Market

Global Approaches to PPP Procurement

- ▶ PPP procurement process is unique to each government and is designed to reflect:
 - Enabling environment
 - Political structure
 - Market composition
- ▶ Are there common approaches in PPP procurement across different governments and countries?

Global Approaches to PPP Procurement

- ▶ Global comparison indicates some commonality exists
- ▶ Common Principles:
 - Integration of contracts under a long-term contract
 - Focus on outcomes
 - Risk allocation
 - Partnering of public and private sector parties
 - A generally competitive tender process

Global Approaches to PPP Procurement

- ▶ Common Issues:
 - Project preparation and selection
 - Implementing a transparent selection process
 - Political commitment to implementation
 - Fostering a competitive market
 - Contract negotiation
 - Treatment of labor
- ▶ Actions to implement principles and address issues are often different
- ▶ Countries with similar legislative arrangements often adopt similar actions

Global Approaches to PPP Procurement

- ▶ *The MP3IC Initiative: Multilateral Public–Private Partnerships for Infrastructure Capacity Building Program*
 - Seeks to build practical skills in implementing PPP
 - Based on common principles of PPP procurement
 - Global comparison provides potential solutions to common issues
 - No single approach recommended, participants to develop approaches that best meet their country's needs and suitable for their country context

Approaches to Selecting PPP Projects



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Solicited and Unsolicited Proposals

▶ Solicited Proposals

- Proposals submitted in response to an invitation to bid
- Identified within government's budget and policies
- Project need and objectives are identified

▶ Unsolicited Proposals

- Proposals received without an invitation to bid
- May not be identified within government's budget or policies
- Project need and objectives may not be identified

Solicited and Unsolicited Proposals

- ▶ Why do governments accept Unsolicited Proposals?
 - Indicates market interest in public service delivery
 - Promotes innovation and new ideas in infrastructure delivery
 - May reduce project development costs
 - Can accelerate project delivery
- ▶ Why do governments not accept them?
 - Transparency issues
 - May facilitate special interests
 - May reduce competition

Solicited and Unsolicited Proposals

- ▶ If Unsolicited Proposals are accepted:
 - Common approach to adopt a project review process similar to that applied to Solicited Proposals
 - May include a competitive tender process
- ▶ Countries with PPP procurement guidance for Unsolicited Proposals include:
 - Korea
 - India (sub-national)
 - United States (sub-national)
 - South Africa
 - Russian Federation (sub-national)
 - Chile
 - Philippines

Approaches to PPP Tendering

Information Requirements of Bids

- ▶ Requirements reflect the scope of the evaluation criteria
- ▶ Evaluation criteria reflects the tender assessment and selection policies and process
- ▶ Requirements often differ on:
 - The technical solution
 - The financing plan
 - Underwriting and guarantees
 - Management plans to assess qualitative aspects of proposals

Information Requirements of Bids

Higher levels of information:

- ▶ UK
- ▶ Canada
- ▶ Korea
- ▶ Australia
- ▶ Approach seeks to increase the certainty of the PPP contract outcomes
- ▶ Can result in high bid and assessment costs
- ▶ Can extend the length of the tender process
- ▶ Strategies adopted to mitigate these issues

Lower levels of information:

- ▶ USA
- ▶ Chile
- ▶ India
- ▶ Spain
- ▶ Approach adopted deliver an efficient and competitive procurement process
- ▶ Can result in a lack of due diligence by bidders and government, with contracts being re-tendered
- ▶ Strategies adopted to mitigate these issues

Interface With The Market

- ▶ Purpose to:
 - Seek feedback from the market on the proposed procurement strategy and contract terms
 - Gauge market interest
 - Facilitate an understanding of government requirements
- ▶ Can be adopted at different stages in the PPP procurement process
 - Project development
 - Procurement strategy development
 - Tender stage

Interface With The Market

- ▶ During the tender stage:
 - Presentations and meetings can be held with bidders to explain government goals and requirements
 - A clarification process can address bidder's questions regarding the bid documents and requirements
 - Typically conducted before final bids are received so the outcomes can be reflected in the final bids
 - Can be a useful tool in building a partnering relationship with bidders and improving the quality of bids
 - Requires strong policies and procedures to implement a fair and transparent dialogue

Interface With The Market

- ▶ Most countries have a degree of interface with the market during the tender stage
 - Important to distinguish interface from negotiation strategies
 - A clarification process is typically adopted in many countries, such as Korea and in Latin America
 - Other countries such as the United States and Australia also promote presentations and meetings with bidders as part of the market interface

Interface With The Market

- ▶ The UK adopts a Competitive Dialogue process for extensive interaction with the market
 - A flexible process for use in complex projects where there is a need for the contracting authority to discuss all aspects of the proposed contract with candidates
 - The dialogue process is conducted until the contracting authority can identify the solution or solutions, which are capable of meeting its needs
 - Final bids are submitted once the dialogue process is closed

Summary

- ▶ PPP procurement approaches across the globe appear to be diverse
 - The procurement approach typically reflects the enabling environment and the political and market structure
- ▶ However, common principles and issues can be identified
- ▶ Presenting the different approaches to PPP procurement can assist governments in identifying potential solutions to address problems faced in developing and implementing PPP

Thank you

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