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e-GP System Functionality for PPP / Concession Tendering

ADB

Overview

Context

Problem Statement

Concession Contracts in e-GP Perspective

e-GP Functionality for Handling PPP Projects

Context

- Between 2016 and 2030, Governments will require between USD 640 Billion and USD 2.7 Trillion to build the infrastructure required to meet the UN Sustainable Development Goals
- It is unlikely that all these resources can be provided by the public sector alone.
- PPP / Concession contracts provide the resources required by the Government to address this infrastructure gap
- Some public services may be delivered more efficiently by the private sector
- Concession contracts can be for long duration (some for over 30 years)
- It is common to use Concession contracts for large infrastructure projects such as the development and operation of Port and Airport facilities, tollways, utilities (power, water supply and sanitation).

Problem Statement



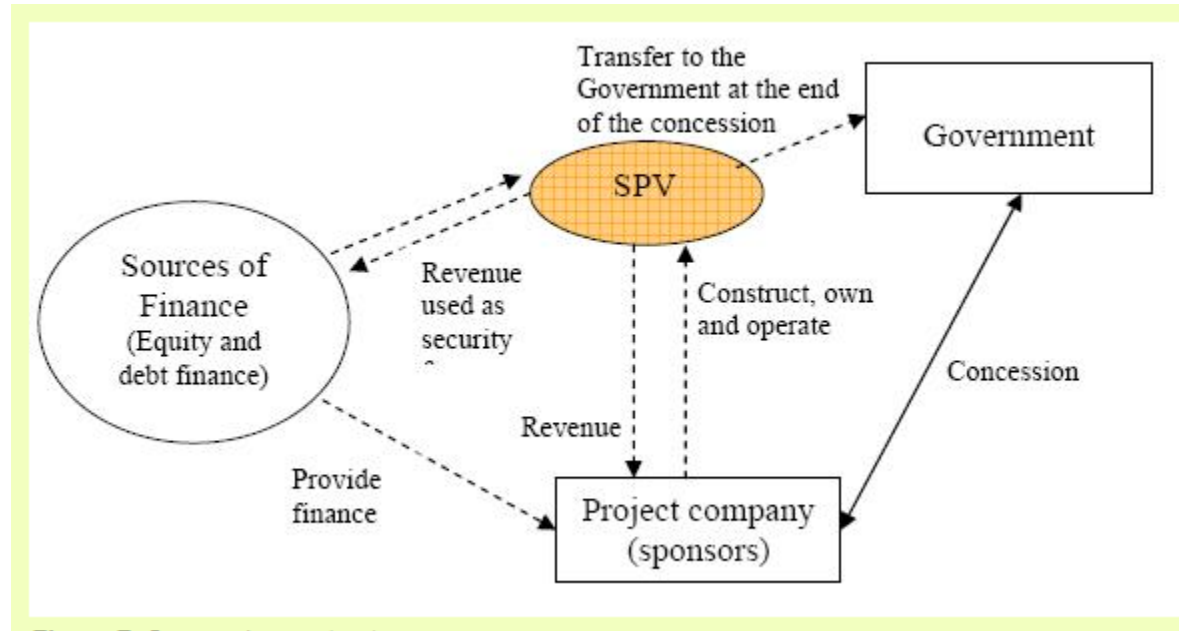
Most countries in the Asia Pacific region use e-GP platforms to process Tenders

Use of online platforms would increase transparency and efficiency of pThe PPP / Concession procurement

PPP / Concession contracts tend to have customized requirements

Tweaking of e-Tendering software is required to handle PPP projects

About Concession Contracts



In this form of PPP, the Government defines and grants specific rights to an entity (usually a private company) to build and operate a facility for a fixed period of time.

In concessions, payments can take place both ways: concessionaire pays to government for the concession rights and the government may also pay the concessionaire

Source: UNESCAP

Concession Contracts in e-GP Perspective

Key Characteristics

- The procurement can be done in 2 Stages
- Bid security is not sought during the pre-qualification stage
- Normally, a shortlist of between 3-6 bidders is drawn following pre-qualification stage
- The prospective bidders may be required to pay to purchase the bidding documents
- Variety of selection criteria can be applicable ranging from specifying a technical cut-off after which selection proceeds based on price to application of Quality and Cost Based criteria.
- Usually, PPP procurement is carried to award one contract/ concession per tender. However, there might be tenders with multiple packages, which may result in multiple contract awards.

Concession Contracts in e-GP Perspective

Key Characteristics

- The technical requirements detail the scope of work of the Concessionaire
- The fee to be collected by the Concessionaire is usually defined and traffic estimate is defined as well.
- The Concessionaire will need to specify the Viability Gap Funding (VGF) it seeks from the Government.
Alternatively, in rare cases the Concessionaire can quote a premium and offer to pay the Government as well
- Negotiation can happen with the shortlisted bidder

Technical Requirements

Manual Process

- Complex technical requirements
- Detailed scope of work
- A large variety of Standard Procurement Documents

e-GP Process

- Upload technical requirements as file attachments
- Bidders will upload their technical proposals as file attachments
- The software will get complex when Standard Procurement Documents are templated within the e-GP system

Multi-Currency Bids

Manual Process

- High value PPP / Concession Contracts will require multi-currency bidding
- It is not uncommon to allow the bidders to submit their prices as a combination in 1 National currency + 3 international currencies
- When a bidder can quote its bid in multiple currencies, a single total bid price is not generated

e-GP Process

- During tender publication, a set of currencies which bidders are allowed to bid should be specified
- The system should allow bidders to select currency at the lot level (i.e.) from the list of allowed currencies
- In multi-currency bids, the system should display the price quoted by the bidders AS IS
- A currency conversion tool should be implemented after bid opening, where the prices will be saved in a single currency
- Multi-currency bids is not covered in many existing e-Tendering systems

Price Bid Format – Concession Bidding Document

[insert: amount of local currency in words] ([insert: amount of local currency in figures from corresponding Grand Total entry of the Grand Summary Cost Table])

plus [insert: amount of foreign currency A in words] ([insert: amount of foreign currency A in figures from corresponding Grand Total entry of the Grand Summary Cost Table])

[as appropriate, add the following]

plus [insert: amount of foreign currency B in words] ([insert: amount of foreign currency B in figures from corresponding Grand Total entry of the Grand Summary Cost Table])

plus [insert: amount of foreign currency C in words] ([insert: amount of foreign currency C in figures from corresponding Grand Total entry of the Grand Summary Cost Table])

A bidder can quote in multiple currencies (i.e.) one local currency and in an additional 3 more currencies

Source: Standard Procurement Document - Request for Proposal Plant, The World Bank, 2017

Offer to Pay – Premium

Manual Process

- The concessionaire quotes either a percentage or a lump sum amount, to be paid to the Government (i.e.) from the revenue it has taken from its customers for delivering the service
- The percentage can be taken either as a standalone number or with reference to an estimate

e-GP Process

- Percentage bidding option can be enabled during tender publication
- Also, the purchaser will specify whether the % is to be quoted as a stand alone number or with reference to an estimated value
- Premium selection will be locked
- The bidders will need to select premium and then quote either a % or a lump sum amount it seeks to pay, as per tender configuration
- The system will auto-generate price bid formats in compliance with the tender publication configuration

Price Bid Format – Concession Bidding Document

Concession and Lease Manager:

I offer to operate and maintain the concession at **Warren Dunes State Park**, for the convenience of the public, in accordance with the terms set forth in the Invitation to Bid and sample Concession Contract with a contract fee as follows:

A percentage of gross sales fee in the amount of _____%, payable to the State, as identified in Sample Contract Section II.B.

Bidder offers to pay a % of revenue to the Government

Source: Warren Dunes State Park Concession Mobile Food Concession

3. FINANCIAL PROPOSAL AND BUSINESS OFFER

Based on your expert experience in the seasonal concessions business and having 1.) thoroughly read the enclosed contract and RFP documents; 2.) asked SPR any questions you may have had about the terms, conditions and responsibilities described; 3.) visited the proposed sites; 4.) sought legal and financial advice as needed; and 5.) researched the applicable laws, ordinances, statutes and regulations, you make the following firm and irrevocable offer to pay concession fees as show below:

Bid Proposal

Monthly payment will be in the amount of 10% of gross sales or the amount specified below, whichever is greater:

- I/WE shall make a concession fee payment of \$_____ (express as a dollar amount to be paid each month) to SPR for each month of service under this Permit. (Instructions - Enter a Monthly Dollar Fee Amount above - example "\$265.00).
- **Write out the amount:** _____ (dollars per monthly minimum Fee Payment) for example "Two hundred sixty-five dollars" per month. **Please do not bid on more than 2 parks.**
- For each park you operate in, there is a \$75 permit fee due at the time of permit issuance.

Bidder offers to pay a sum of money defined in value terms

Source: Food Concession Permits, Seattle Parks and Recreation

Price Bid Format – Concession Bidding Document

ANNEXURE - 8 FINANCIAL BID

Item Wise BoQ

Tender Inviting Authority: **State Project Director, RCSE, Jaipur**

Name of Work: **OPERATION AND MAINTENANCE OF GOVERNMENT SECONDARY SCHOOLS OF RAJASTHAN IN JAIPUR CLUSTER ON PUBLIC PRIVATE PARTNERSHIP (PPP) BASIS**

Contract No: **RFP PPP Dated 02.11.2017**

Name of the Bidder/ Bidding Firm / Company :

PRICE SCHEDULE (DOMESTIC TENDERS - RATES ARE TO GIVEN IN RUPEES (INR) ONLY)								
(This BOQ template must not be modified/replaced by the bidder and the same should be uploaded after filling the relevant columns, else the bidder is liable to be rejected for this tender. Bidders are allowed to enter the Bidder Name and Values only)								
Sl. No.	Item Description	Estimated Rate in Rs. P	Units	Quantity	Deduction	Discount %Age Quoted by the Bidder (%Age)	TOTAL AMOUNT inclusive of all taxes col (8) = (5) x (7) in Rs. P	TOTAL AMOUNT In Words
1	2	3	4	5	6	7	8	9
1	Per Student Expenditure Support	24705.00	Nos	1.00	Less(-)		24705.00	INR Twenty Four Thousand Seven Hundred & Five Only
Total in Figures							24705.00	INR Twenty Four Thousand Seven Hundred & Five Only
Quoted Rate in Words		INR Twenty Four Thousand Seven Hundred & Five Only						

Bidder is required to quote a discount % on the estimated revenue
Source: Govt of Rajasthan, PPP in Education

Seek Revenue Support – Discount

Manual Process

- To execute the scope of work defined in the bidding document, the concessionaire requires revenue support from the Government either in value terms or as a % of the estimate
- The % can be taken either as a stand-alone number or with reference to an estimate

e-GP Process

- Percentage bidding option can be enabled during tender publication
- Also, the purchaser will specify whether the % is to be quoted as a stand alone number or with reference to an estimated value
- Discount selection will be locked
- The bidders will need to select discount and then quote either a % or a lump sum amount it seeks from the Government, as per tender configuration
- The system will auto-generate price bid formats in compliance with the tender publication configuration

Price Bid Format – Concession Bidding Document

Sub: Financial Bid for “setting of FSTPs in ULBS of Andhra Pradesh on DBOT Hybrid Annuity basis.

Sir:

As a part of the Bid for implementing the subject Project, we hereby submit the following Bid Price as our quote to the Swachha Andhra Corporation.

For implementing the subject Project, our financial quote for Package (I/II/III/IV/V/VI/VII)* is:

1. Rs. _____ (Rupees in words) as our Bid Project Cost to be payable by the Authority as per the provisions of the Concession Agreement; and
2. Rs.----- (Rupees in words) as our 1st year O & M Costs to be payable by the Authority as per the provisions of the Concession Agreement.

SL. No.	Name of Region for which Bid form is submitted	Approx No. of CSCs proposed*	Revenue Support Required from SDA in Indian Rupees per CSC per month
1	Mysore Revenue Region	1356	

Seeks revenue support from Government in value terms

Source: STP in Andhra Pradesh India in DBOT

The concessionaire requires revenue support from the Government to execute the work, specified in value terms

Source: Setting up of Common Service Centre by EDCS, Karnataka

Premium / Discount – Both Options Enabled

Manual Process

- The concessionaire can quote a premium or offer discount
- The bidders which quoted higher premium will be preferred followed by the bidders which quoted lower discounts
- The quote can be done either in % or in value terms
- The % can be taken either as a standalone number or with reference to an estimate

e-GP Process

- Percentage bidding option can be enabled during tender publication
- Also, the purchaser will specify whether the % is to be quoted as a stand alone number or with reference to an estimated value
- Premium and Discount options will be enabled
- The bidders can select either premium or discount and then quote either a % or a lump sum amount
- The system will auto-generate price bid formats in compliance with the tender publication configuration

e-GP Functionality for Handling PPP Projects

It is easier to handle variety of requirements when:

- Bidding documents are uploaded as file attachments
- Bidders submit their technical proposals as file attachments

Handling PPP in e-GP (Method vs. Currency)			
Method	ICB	Many e-GP systems can handle	Will require change in software
		All e-GP systems can handle	Not Applicable
	NCB	Single	Multiple
		Currency	

e-GP Functionality for Handling PPP Projects

Handling PPP in e-GP – Financial Proposal				
Value vs. %	Value	Bidders input a value	Rank bidders in descending order	Higher premium followed by lower discount
	Percentage	Quote % of an estimate or a standalone %	Rank bidders in descending order	Higher premium followed by lower discount
		Premium	Discount	Both
Financial Proposal				

THANK YOU!

RAMANATHAN SOMASUNDARAM

E-GP Consultant

ramana01@gmail.com