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The background of the slide features a city skyline, likely New York City, with the Empire State Building prominent. Overlaid on this is a semi-transparent image of two hands shaking, symbolizing a deal or agreement. The right side of the slide is dominated by a large, diagonal graphic element that transitions from yellow at the top to green at the bottom, with a grid pattern visible in the green section.

Source2Prozorro

Online and Data-Driven Concessions/PPPs

S E I L N O

06.12.21

Core Features of the PPP and Concessions

PPPs Objectives

COST
MANAGEMENT

LIFE-CYCLE
MANAGEMENT

RISK TRANSFER &
MANAGEMENT

INNOVATION

RELIABILITY

INCREMENTAL
ASSET
UTILIZATION

UPFRONT
COMMITMENT &
PREDICTABILITY

TRANSPARENCY

compared to Public Procurement/Privatization

Partnership for 20-40 years

Private Partner funds construction and maintenance of the infrastructure

Private Partner raises financing for the project ~ 30% Equity/70% Debt

Transaction structure MUST be bankable

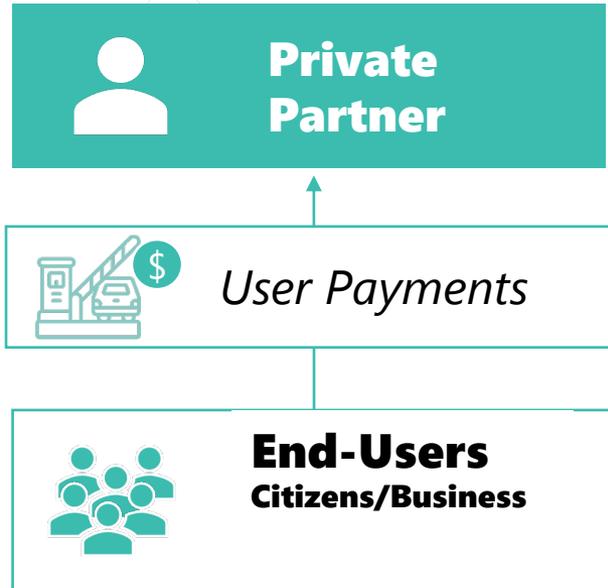
Technical and Financial capacity of the Private Partner is a key prerequisite

Private Partner remuneration is linked to performance and/or demand

Technical requirements are results/output based, not itemized inputs

Two Different Types of PPPs

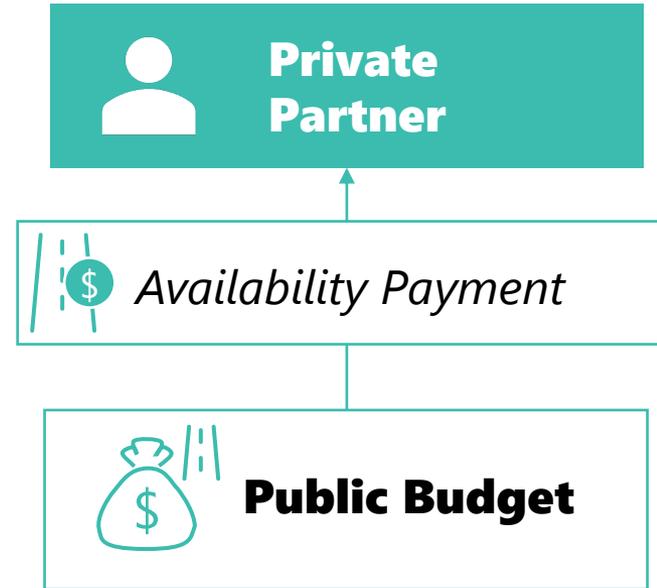
User-Pay Model (Concession)



Private Partner

- assumes traffic (demand) risk
- charges a fare from end-users

Availability-Based (PPPs)



Private Partner

- is not exposed to traffic (demand) risk
- receives regular payments for operational readiness from the Public side

Source2Prozorro: A concept for Online Project Life-Cycle

PROJECT PREPARATION

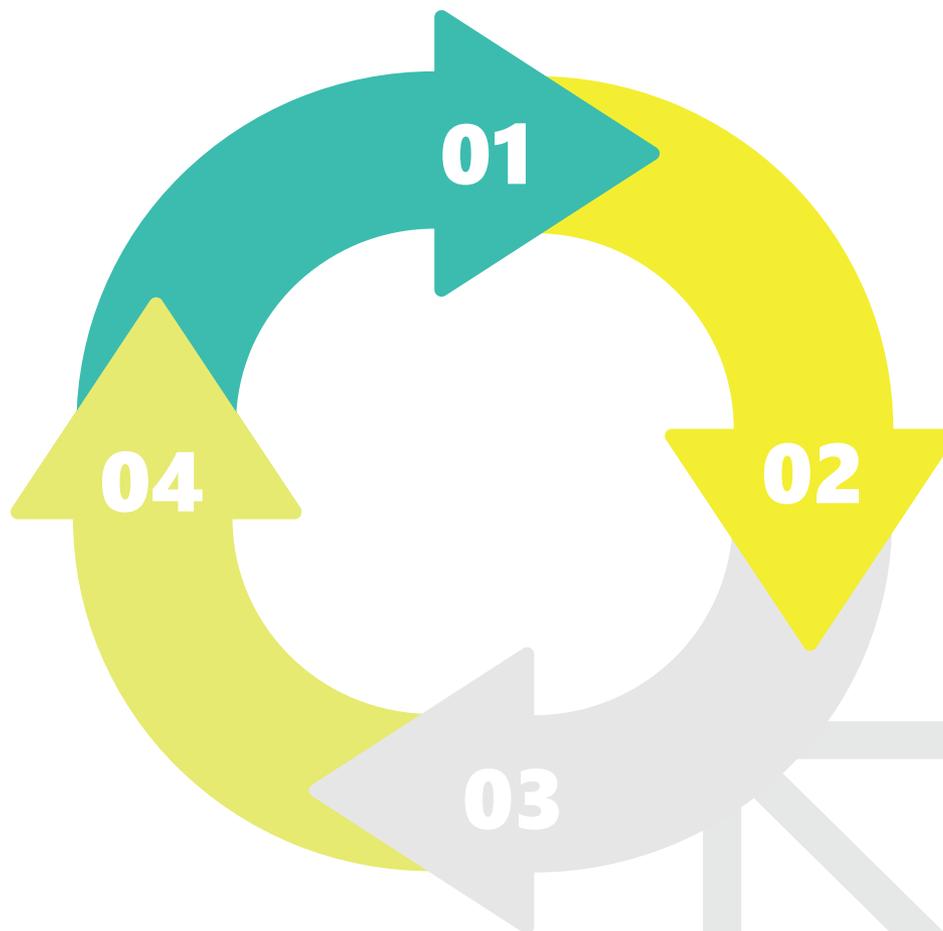
Project Definition and Project Preparation (initial data collection and management) as well as PIN Notice Publication and Market Consultations is performed in SOURCE

SOURCE
THE MULTILATERAL PLATFORM FOR QUALITY INFRASTRUCTURE



CONTRACT MANAGEMENT

Contract Registration, Management and Performance Monitoring is performed by the Grantor on a new module developed by SOURCE in partnership with the ETS



TENDER PREPARATION

Preparation of Tender for Private Party Selection, Applicants Registration and launch of the Tender is performed by relevant ETS:

prozorro

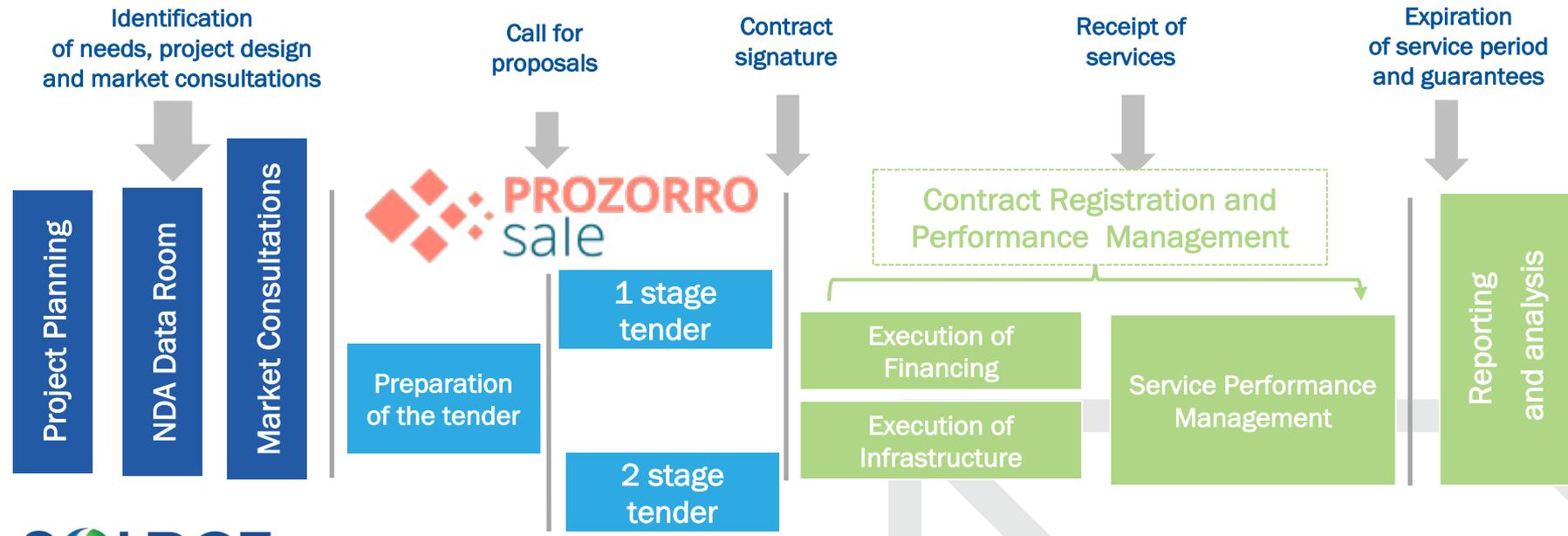
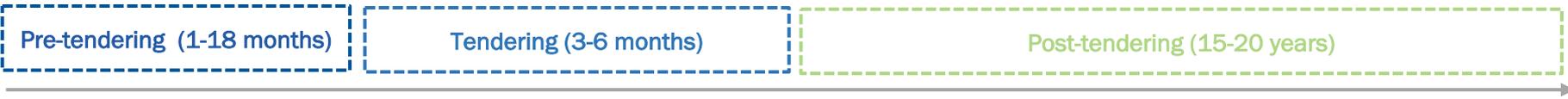


TENDERING PROCESS

Tendering process is delivered by the ETS functionalities, as required for each type of transaction
Includes, as appropriate: Pre-Qualification or Pre-Selection, Automated Online Bidding with or without Auction, Evaluation and Contract Negotiations by Tender Committee and Contract Signing

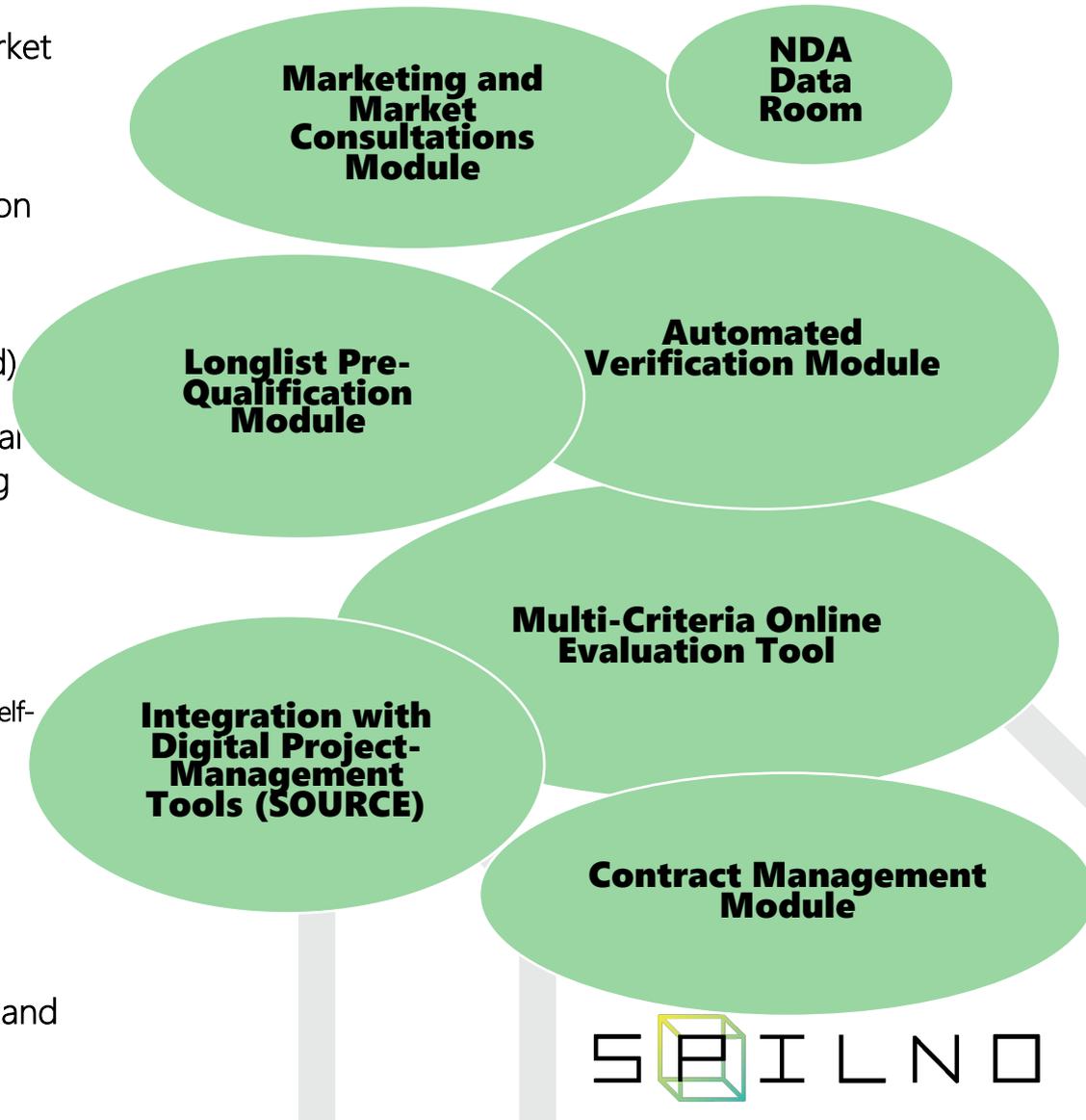
S E I L N O

Source2Prozorro End-to-End Business Process Model



Key Features for User-Pay Concession Tender

1. PIN Notice, NDA Data Room and Market Consultations
2. Registration and Pre-Qualification (Eligibility Check, Minimum qualification requirements) (Longlist)
3. Bid Submission (Self-Declaration for Technical Requirements with Bid Bond)
4. Multi-Criteria Online Bidding (Technical proposal, Commercial offer (Financing offer) and Financial offer)
5. Evaluation by Tender Committee
 1. Bid Bond Verification
 2. Technical proposal Evaluation (Evidence for Self-Declaration for Technical Requirements)
 3. Financial Bid Evaluation
6. Award Notice
7. Contract Clarification & Signing
8. Contract Registration, Administration and Performance Management



Key Features for Tendering Availability based PPPs

1. PIN Notice, NDA Data Room & Market Consultation
2. Registration and Long-listing (Eligibility Check, Minimum qualification requirements, NDA)
3. Pre-Selection on EOI/Application (Shortlist)
4. Bid Submission (Self-Declaration for Technical Requirements with Bid Bond)
5. Multi-Criteria Online Real-time Bidding (Technical proposal, Commercial offer (Financing offer) and Financial offer (Minimum investment and other criteria))
6. Evaluation by Tender Committee
 1. Bid Bond Verification
 2. Technical proposal Evaluation (Evidence for Self-Declaration for Technical Requirements)
 3. Financial Bid Evaluation
7. Award Notice
8. Contract Clarification & Signing
9. Contract Registration, Administration and Performance management

Marketing and Market Consultations module to promote the Project with investors, contractors, and lenders before Tender Launch

NDA Data Room for Investors

Pre-selection Module to check (1) Financial-economic capacity of potential bidders and their (2) Technical capability or experience

Automated eligibility check and NDA to ensure that Applicants are compliant with the requirements specified in part 4 of Art. 12 of the Concession Law (Legal qualification)

Integration with online digital project preparation and management tools (SOURCE)

Multi-Criteria Online Automated Bidding for (1) price criteria to evaluate the financial bid and (2) quality criteria to evaluate the technical bid. Should allow working with NPV

Contract management module to ensure that the private partner is meeting the performance standards and KPIs during the contract term

SOURCE Integration Process



Approach for Ukraine:

- TA agreement signed with EBRD in September 2019
- Inception workshop in November 2019, Kyiv
- Localisation to comply with Ukrainian law is in progress
- Ukrainian cities and PPP Agency already acquired a capacity to use the Source platform for project preparation
- **Next step** - integration of SOURCE with the ETS/s
- Project data to be stored on local infrastructure of the Prozorro / Prozorro.Sale having an Integrated Information Security System (IISS) certificate
- Source cooperation with Prozorro/Prozorro.Sale under Service Agreements



Project Preparation Management



Infrastructure Intelligence Solution



Pipeline of Well-prepared Projects

Stock-taking report: AS-IS to TO-BE

proz•rro

**Restricted
Tender**

**ESPD
Exclusion
Grounds
Verification**

**Selection
criteria
Verification** (pilot
in progress)

**Technical Bid
Evaluation**

**General Module for
e-communication**

**Transaction
Register**

**Multi-Criteria
Online Automated
Bidding
(Technical proposal,
Commercial
Financing offer and
Financial offer)**

**Contract signing
(pilot in progress)**

PROZORRO
sale

**General Module for
E-communication**

**ESPD
Exclusion
Grounds
Verification**

**Selection
criteria
Verification**

**Competitive
Dialogue**

**Multi-Criteria Online
Bidding
(Commercial
Financing offer and
Financial offer)**

**Contract signing
module**

**Technical Bid
Evaluation**

**Transaction
Register**

S E I L N O

Road Map for ETS Implementation

	Sept 2021	Q2 2022	Q4 2022	Q2 2023
General Module for E-communication	Module for e-communication for concessions (open tender)	Module for e-communication for PPPs (open tender)	Module for e-communication for concession and PPPs (competitive dialogue)	
Project Testing and Marketing Module	Module for e-communication for concessions	Module for e-communication for PPPs		
Data Room for Investors	Data Room for concessions	Data Room for PPPs		
Exclusion Grounds Verification	ESPD-type verification for concessions (manual verification)	ESPD-type verification for PPPs (manual verification)	ESPD-type verification for concessions and PPPs (auto-verification)	
Selection criteria Verification	ESPD-type verification for concessions (manual verification)	ESPD-type verification for PPPs (manual verification)	ESPD-type verification for concessions (auto-verification)	
Technical Bid Evaluation	Pass/Fail evaluation only (for concession)	Pass/Fail evaluation only (for PPPs)	All types of evaluation (for concession and PPPs)	
Financial Bid Multicriteria Evaluation	Multicriteria auto-evaluation for concession	Multicriteria auto-evaluation for PPPs		
Contract signing and management module	SOURCE contract management module upgrade and integration	Contract management module for concession	Contract management module for PPPs	E-contract and AMCU applications

To resolve (1) Contract Negotiations & Signing 10



The Negotiations period starts when the Winning Bidder is announced



Official proposals of amendments to the contract may be submitted through the ETS



Draft version of the contract are confidential



Online signing of the contract shall be supported by the ETS



Once the contract is signed, it is published in the online and becomes publicly available



Amendments/additional agreement to the contract follow the same procedure and are publicly available online



All the contracts signed through ETS form a public Contract Register of the Ministry of Economy of Ukraine

To resolve (2) Use of Electronic Signature

Ukrainian legislation does not allow for the e-signature to be issued to a non-resident.

- tender documentation shall not require e-signature to certify any of a non-resident applicant's documents due to its discriminative nature;
- the requirement of e-signature for non-resident participants (if any) may give rise to challenge its lawfulness to the Antimonopoly Committee of Ukraine;
- non-resident applicants would meet the e-signature requirement by appointing its authorized resident representative who has the e-signature or setting its representative office in Ukraine, etc.

The Law on Electronic Trust Services states that e-signatures issued abroad might be recognized in Ukraine subject to one of the below:

- the electronic trust services' provider meets the legislative requirements, which is certified by the Ministry of Digital Transformation of Ukraine; OR
- the electronic trust services provider is listed as the Trusted Provider by a foreign state if a bilateral or multilateral international agreement is signed.

As of today, (i) there are no respective bilateral/multilateral international agreements; (ii) no electronic trust services provider has been certified in Ukraine.

The Road Map for ETS Implementation should allow to non-residents:

at the earlier stages - documents submission without e-signature followed by manual data verification (may temporarily delay positive digitalization effect);

at the later stages - use of e-signatures subject to practical/legal possibility.

To resolve (3) Strategy for Too Aggressive Bidding

Significantly low/high bids

- In public procurement the significantly low/high bids are:
 - 40% (or more) less than the average arithmetic value of other bids at the initial stage of the auction, or
 - 30% (or more) less than the next price/average price of the tender bids according to the results of the electronic auction.

In Spain - any offer below the average bid by more than 15 percent will be considered too aggressive for the purpose of evaluation

It is suggested - to limit the acceptable level of Bid's variations (compared to other bids), which would not require further clarifications/extra performance guarantee (e.g. bid cap)

Recommendation:

Given a high chance of significantly low/high financial bids due to multi-criteria evaluation and various technical solutions possible, the following approach is suggested:

- the ETS automatically **HIGHLIGHTS** significantly low/high bids, reflects information on the Winning Bidder and the Second Placed one.
- Significantly low/high bids are **NOT** rejected automatically **SUBJECT TO** clarifications/justification in any form through the ETS (possible manual verification, if needed).
- The Grantor may reject the Bidder's offer by taking a **GROUNDING** decision if the Bidder fails to provide:
 - proper justification of the Bid suggested on time;
 - extra performance guarantee appropriate to the Bid offered