



सत्यमेव जयते

Ministry of Urban Development
Government of India

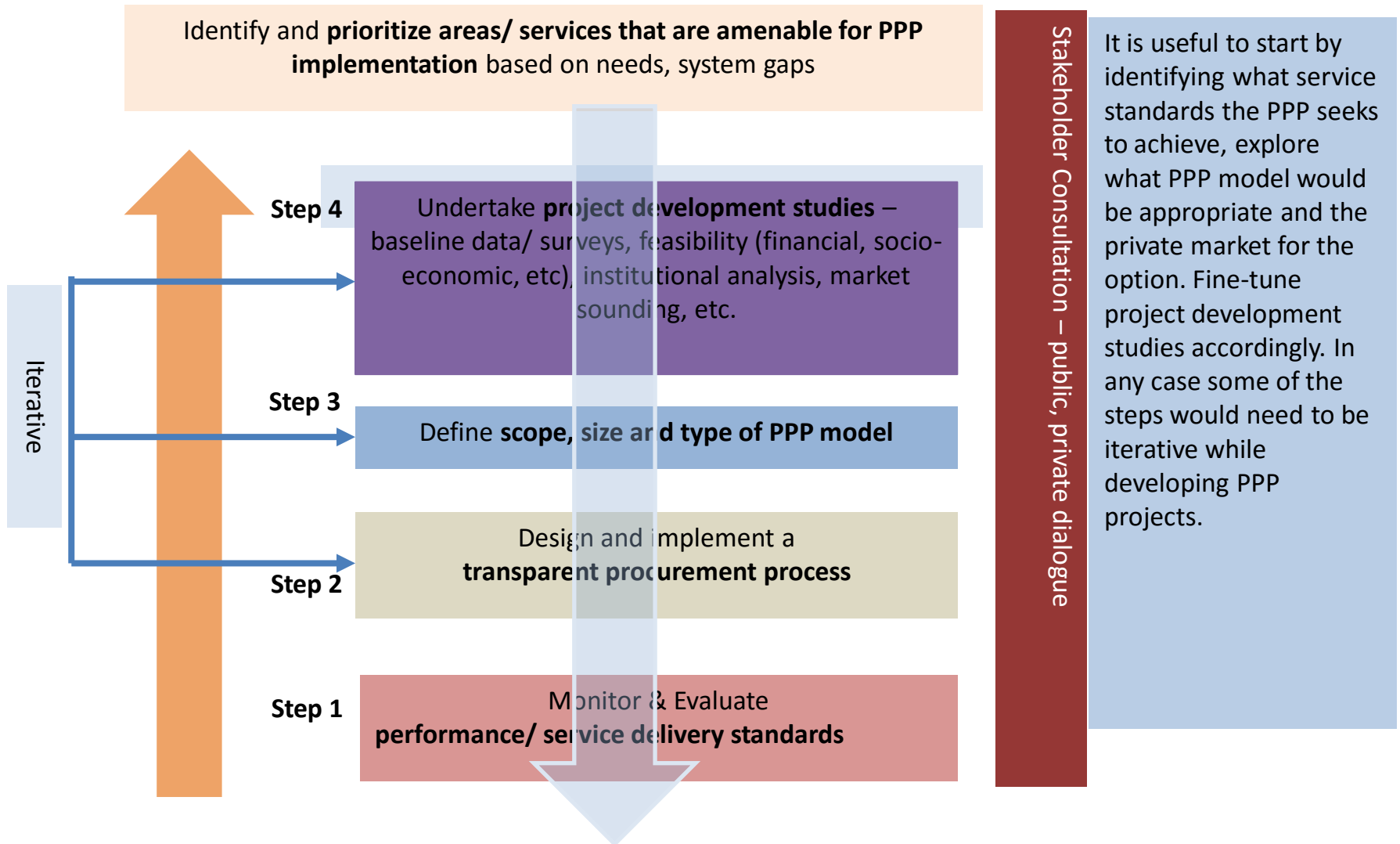


PPP and Procurement Training Workshop for Top 33 Smart Cities

Overview of PPP Procurement Process

D T V Raghu Rama Swamy

Framework for developing Urban PPP Projects



Key issues to consider for Competitive Bidding

- Why have a pre-qualification process for interested bidders (and short-listing)?
- Whether to have a process involving the sequential evaluation of technical and financial proposals?
- Which specifications to include for the technical and financial proposals?
- How to assess whether a technical proposal is fully responsive to the specified requirements?
- How offers should be evaluated and compared?

Single stage Vs Two stage bidding process

SINGLE STAGE

- Involves low level of preparation and less preparatory lead time
- Assumes significant industry knowledge
- Can be used for Projects of low complexity

TWO STAGE

- Complexity of the Project is high/ Project is new to market.
- High cost of preparation of proposal by Bidders

Bid Process

SINGLE STAGE

- Issue of NIT
- Issue of RFP
- Marketing the projects
- Pre-bid conference
- Responses to pre-bid queries
- Submission of tenders/ bids/ proposals
- Evaluation of tenders/ bids/ proposals
- Award of the Project
- Execution of agreement

TWO STAGE

- Issue of NIT
- Issue of RFQ
- Marketing the projects
- Pre-bid conference
- Responses to pre-bid queries
- Submission of Applications
- Evaluation of Applications
- Shortlisting of Applicants
- Issue of RFP to shortlisted Applicants
- Pre-bid conference & preparation of responses
- Evaluation of bids
- Award of the Project
- Execution of agreement

Discussion Points

WHEN?

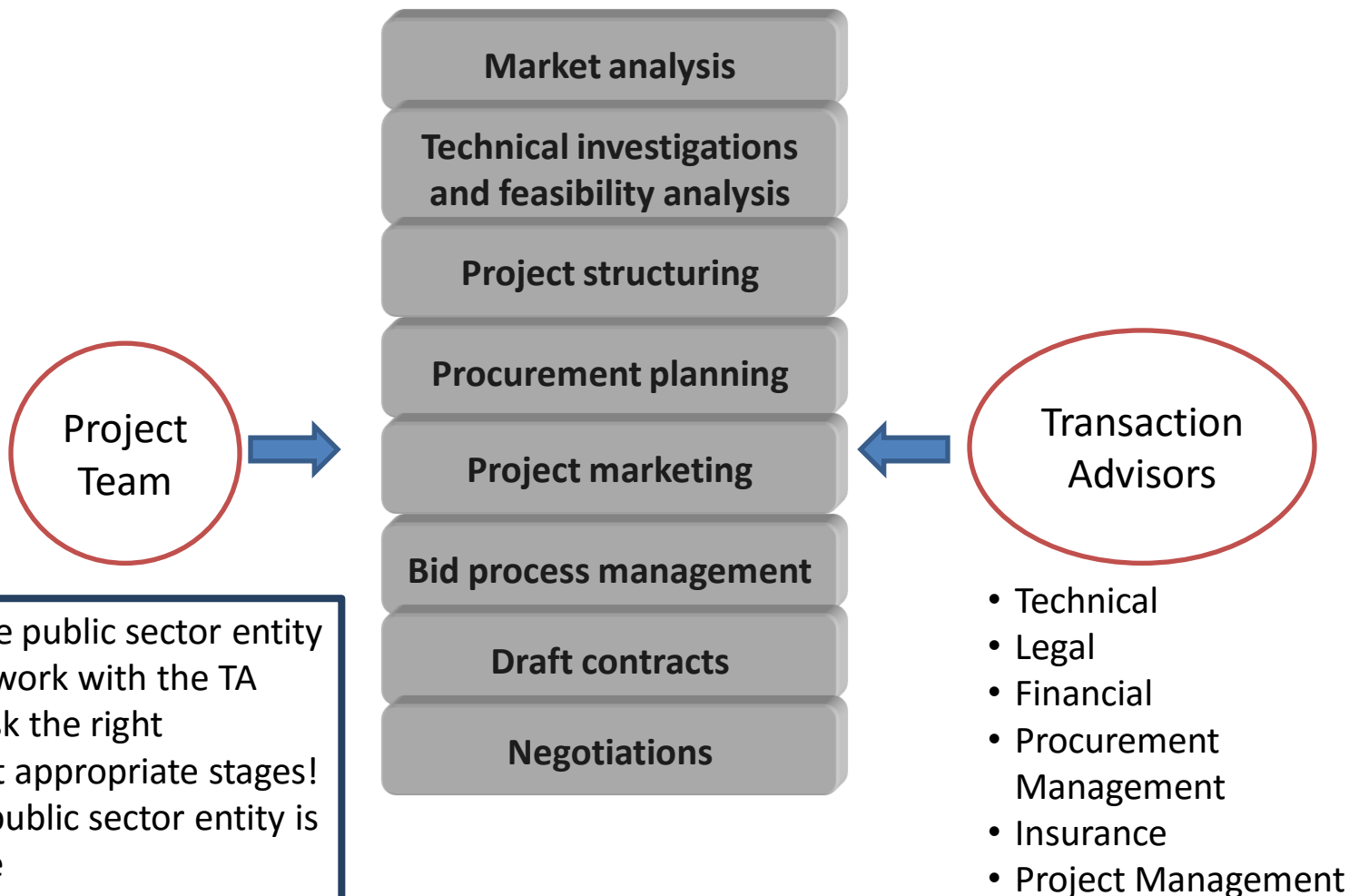
- To seek a Technical Bid?
- To engage with the private sector (at what stage in the project)?
- To prepare a Detailed Project Report for a project?

Marketing - Important for Urban sector projects....

- Market sounding exercise is crucial
- Useful to organise a Bidders' Conference prior to release of bidding documents
 - To understand the profile of potential bidders (helpful in setting the Eligibility Criteria)
 - To understand if bidders have any genuine concerns on the project structure (Accordingly the project structure can be fine tuned)
 - To inform and create an interest in the market for bidding
 - To ensure there are at least 6-7 interested bidders, thereby creating a competitive environment (best value to the government)

To augment/ supplement the capacity available with the public sector – A Transaction Advisor (TA) can be selected

Scope of work vs. skills



Caution: The public sector entity must close work with the TA and must ask the right questions at appropriate stages! Ultimately public sector entity is accountable

Bid Documentation - Request for Qualification

PURPOSE OF PRE-QUALIFICATION

- To screen and identify applicants who will be required to submit their bids at the RFP stage

How are the applicants pre-qualified?

- Predetermined eligibility criteria:
 - Relevant past experience in undertaking similar projects
 - Minimum financial capacity in terms of networth, turnover, net cash accruals, etc.

Are all the pre-qualified firms invited to submit financial bids?

- All pre-qualified firms may be asked to submit their financial bids
- OR***
- Some of the pre-qualified firms may be short-listed on the basis of their eligibility criteria

Purpose of RFP

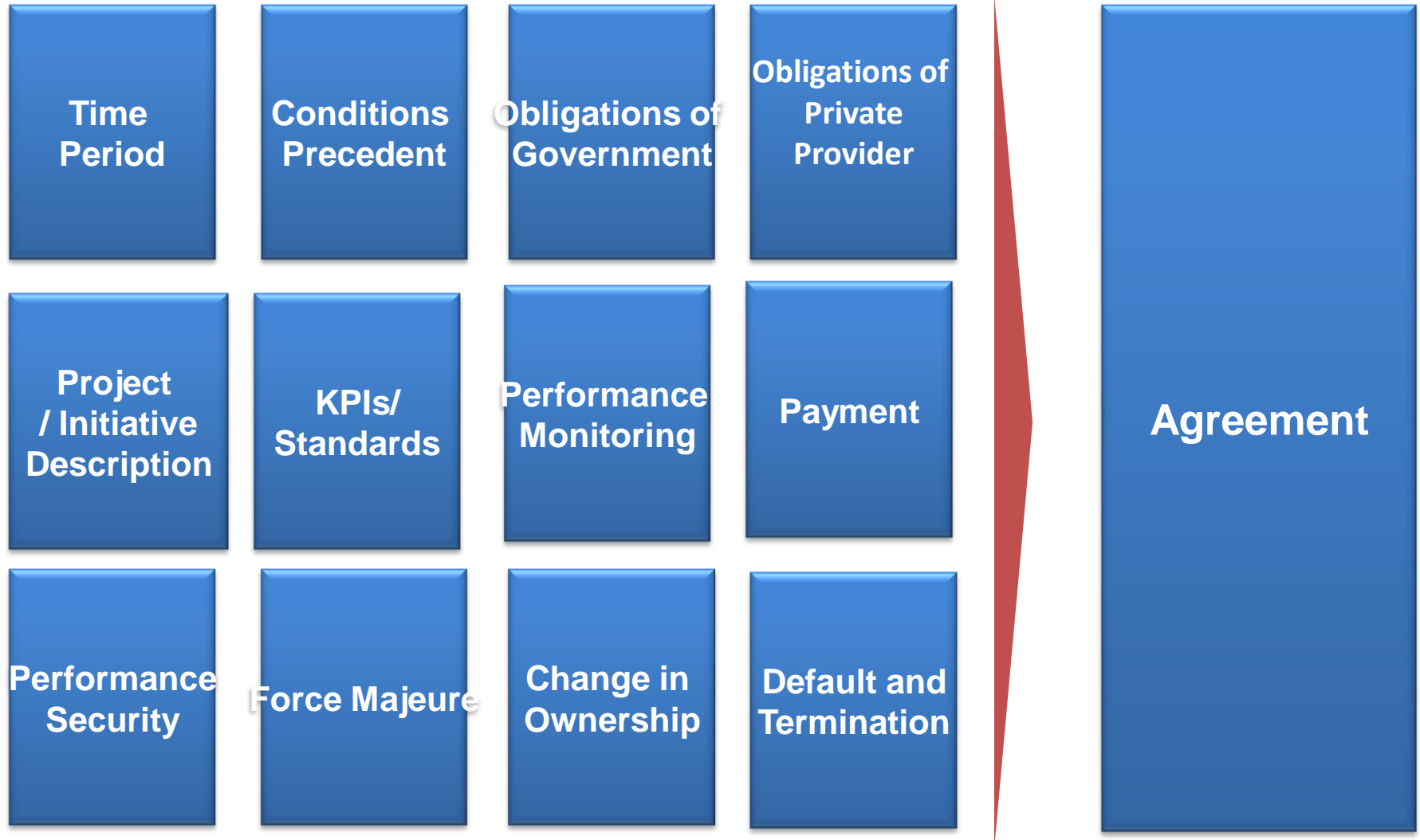
- RfP process is aimed at obtaining financial offers from the bidders pre-qualified at the RFQ stage

In complex projects, are the technical proposals/plans submitted at the RFP stage?

- At Bid stage (RFP stage) pre-qualified applicants submit only financial offers
- In case of exceptionally complex projects where the authority determines that the bidders must submit their technical proposals/plans, the required proposals should be invited either at:
 - At the Qualification stage along with the initial applications, or
 - At an intermediate stage preceding the RFP stage

Agreement:

Key elements & essence



Discussion Points

WHAT IF?

- No applications / bids are received...
- 4 bids are received but only 1 bidder complies with all the requirements prescribed by the tender documents...
- Preferred Bidder walks out...
- Preferred Bidder is disqualified due to any reason...
- Financial Bids are too high/low compared to authorities estimates...
- Priorities of the Authority appear to have changed...
- Vocal opposition to the project is increasing post bids have been invited...