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FACILITATION OF SMALL PPPs IN VET

8 Step Roadmap for Public Entity to Select Private Partner

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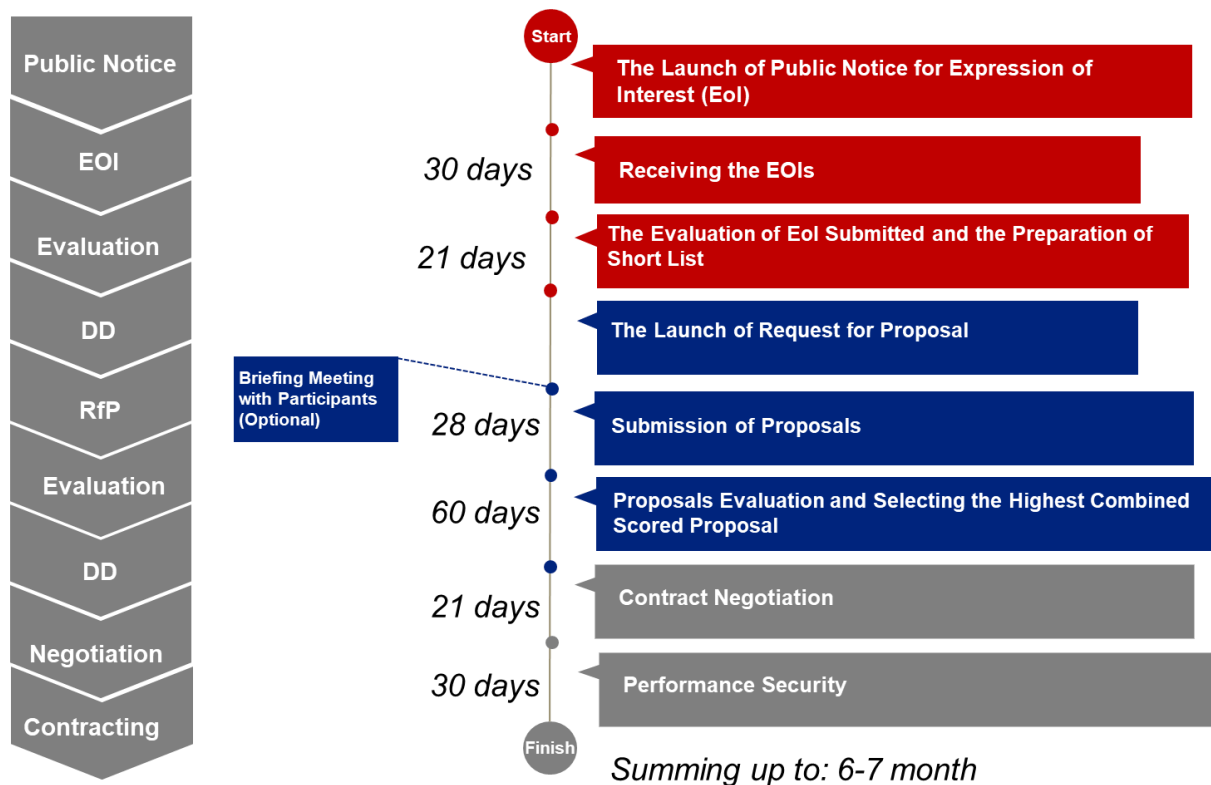
Background

The Good Governance Fund Managed Fund (GGF MF) project aims to assess the potential to outsource the management of Operational and Maintenance (O&M) functions of public VET colleges as well as other types of provisions within the Georgian Vocational Education and Training (VET) system through a potential O&M public – private partnership (PPP). This has the following primary goal:

“To attract additional private sector interest to the Georgian VET system in order to address capacity issues within the Ministry of Education, Science, Culture and Sport (MoESCS) of Georgia and increase the quality and efficiency of VET management in Georgia”.

This objective will be achieved through piloting a new form of PPP model, including – among others – developing tendering procedures / documentation for pilot implementation of the O&M PPP model.

To support this pilot activity, three stages with 8 steps have been developed and this document supplements the 8 steps roadmap with a narrative presentation of the activities.



The strategic objective of the activities is:

- To select a private partner capable of delivering expected value for money in nominated VET entity.

To reach the strategic objective the ‘8 steps roadmap’ sets out 8 specific steps with related outputs, activities, milestones, responsibilities and timing.

Prior to the implementation of the 8 steps for the selection of private partners by public entity, a concept note has to be approved by the Government of Georgia for Small PPPs with a contract value of less than 5 million GEL. The concept note contains the following information to enable appraisal of the PPP project proposal:

1. Administrative information of the project initiator
2. Project rationale and assessment of need
3. Needs assessment
4. Project scope
5. Preliminary economic case and analysis of alternatives
6. Affordability
7. Implementation
8. Sustainability issues

The final decision is facilitated by the PPP Agency on behalf of the executing agency.

The 8 steps roadmap is developed in schematic form and the purpose of the narrative part is to elaborate further the activities.

Stage 1

Step 1: The Launch of Public Notice for Expression of Interest (EoI)

The first step is to launch the Public Notice, along with the invitation for Expression of Interest (EoI). This includes development of the EoI document consisting of planned project overview (rationale, scope, model, commercial frameworks, issues), procurement approach (tender process, evaluation criteria and assessment), as well as general information (communications, closing time and date, lodgement requirements, etc.).

The aim of the Public Notice is to draw attention of potentially interested entities.

The aim of the invitation for EoI is to give potential partners an overview of the planned project and – by setting selection criteria – identify private entities capable of delivering expected value for money.

The short-listing selection criteria are:

1. Joint Capability and Experience
2. Project Delivery Capability and Experience
3. Project Services Capability and Experience
4. Professional experience and technical qualification and human resources
5. Financial Commitment
6. Financial Capacity and Commercial Arrangements
7. Risk Allocation
8. Management and Organisational Capabilities including Experience in Similar Projects

Step 2: Receiving the EoIs

Potential private entities will have **30 days**, since the announcement of the Public Notice and the EoI, to submit their qualifications, experience and substantiate their ability and competence to successfully execute the planned PPP project.

Furthermore, the Evaluation Committee will be created (7 people) and its role will be securing the successful selection of private partner for VET PPP project and effective implementation of the project.

Step 3: The Evaluation of EoI Submitted and the Preparation of Short List

The Evaluation Committee will review and evaluate initial interest submitted by applied entities, with regard to their skills, efficiency, experience and reliability as demonstrated by examples of similar contracts they have been awarded in recent years to provide similar activities to those required under the project.

Interested private partners will be short-listed, based on pre-published selection criteria outlined in Step 2 above. .

All the entities complying with the selection criteria (on a basis of pass/fail approach), will be short-listed and invited to participate in the tender phase, where they will be asked to submit proposals.

No ranking of short-listed private entities is made at this point.

The Evaluation Committee will carry out due diligence of the short-listed candidates in order to confirm their actual compliance with the short-listing selection criteria and verify if what they stated in their submitted initial interest is authentic and legitimate.

If it appears that statement declared by the shortlisted candidates is not authentic or legitimate, this candidate will be disqualified for the further process and will not be invited to the tendering phase.

The process of evaluation should **not exceed 21 days**.

Stage 2

Step 4: The Launch of Request for Proposal

The next step is the launch of tender documents and submission of proposals by short-listed candidates.

This includes development of the invitation for Request for Proposals (RfP) document consisting of three parts:

- **Part one:** Request for Proposal/Bid Procedures
- **Part two:** Terms of Reference (ToR)
- **Part three:** Contract Forms.

Part one will consist of instructions to candidates regarding Proposals/Bids (content, preparation, submission, opening, evaluation and award), proposal data sheet (including suggested bidding schedule), project description (project background, context, rationale, objectives, outcomes, affordability, specific elements, Key Performance Indicators (KPIs)), evaluation and qualification criteria (technical, financial and legal parts) and proposal/bids forms (technical, financial and legal forms).

Part two will describe the Terms of References (ToR), including: background information, objective purpose and expected results, assumptions and risks, scope of work, logistics and timing, requirement for public partner and requirement for private partner, as well as reports, monitoring and evaluation.

Part three will contain draft PPP contract proposed by the public authority, including: the subject of the agreement – description of the undertaking including its purpose (parties of the agreement, term of the agreement, dates of the completion of the subject of the agreement, conditions precedent, payment mechanism, risk division), obligations and rights of the parties (including provisions concerning parties' contributions), mechanism of payment, consequences of inappropriate completion and failure to complete the obligation (contractual penalties, diminishing the private partner's or company's remuneration), rules and detailed procedure of public control over the realization of the undertaking, project schedule, total value of resources allocated for the whole project, project duration, risk allocation in the project, quality standards, requirements and standards applied in the course of the project implementation and conditions and method of the terminating the agreement.

Step 5: Submission of Proposals

After launching the invitation for the Request for Proposals – candidates should have **at least 28 days** (This period includes clarifications procedure for questions/answers) for submission of proposals in sealed envelopes.

Step 6: Proposals Evaluation and Selecting the Highest Combined Score Proposal

The Evaluation Committee will evaluate submitted proposals based on criteria published in the Invitation for RfP.

The criteria for selecting the best bid:

Technical Criteria (75 points weighted out of 100)

- a. Proposed methodology (provisional 65)
 - i. KPIs (internal efficiencies of the VET system – enrolment, graduation, employment and/or further education and training),
 - ii. Proposed methodology for infrastructure maintenance,
 - iii. Proposed methodology for related service,
 - iv. Additional Value as a add on
- b. Personnel (provisional 25)
 - i. Team leader/Project Director
 - ii. Other PPP personnel
 - iii. Support personnel
- c. Transfer of knowledge (training), (provisional 5)
- d. Compliance with legal and financial proposals (provisional 5)

Financial Criteria (15 points weighted out of 100)

- a. The payment obligations by the public partner (provisional 25)
- b. Annual O&M costs (provisional 15)
- c. Capital costs (if any) (provisional 5)
- d. Other financial support from public entity (provisional 5)
- e. Profit sharing (provisional 15)
- f. Fiscal affordability (provisional 30)
- g. Compliance with technical and legal proposals (provisional 5)

Legal Criteria (5 points weighted out of 100)

- a. Legal forms and legal status of private partner (provisional 25)
- b. Legal compliance with legislation (provisional 25)
- c. Comments and remarks on the draft contract (if allowed) (provisional 25)
- d. Compliance with technical and financial proposals (provisional 25)

The Evaluation Committee will have up to **60 days** for evaluation and then the highest combined scored proposal will be selected based on the selection methodology: Quality and Best Value Bid Selection (QBVBS).

The Evaluation Committee will have **21 days** to carry out due diligence of the highest combined scored proposal and:

- If it appears to be legitimate and authentic – the author of this proposal will be invited for final negotiation,
- If it appears not to be legitimate and authentic – the author of this proposal will be disqualified and second highest combined scored proposal author will be subject of due diligence and then invited for negotiation,
- If the second highest combined scored proposal appears to not to be legitimate and authentic – third highest combined scored proposal author will be subject of due diligence and then invited for negotiation (etc.).

Stage 3

Step 7: Contract Negotiation

The Evaluation Committee will have **21 days** to negotiate the final contract with the invited candidate.

Participants are allowed to submit claims regarding the decision or act of the selection committee/executing agency at Dispute Resolution Board, with the terms defined under Government Decree N437, dated August 24, 2018.

Claim shall be submitted electronically, through special electronic module at state procurement electronic system.

Claimant shall pay fee for the submission in the amount of 0.15% of the PPP Project value, but not less than 22 000 GEL and not more than 150 000 GEL.

Submission of the Claim will suspend the relevant procedures until resolving the claim.

Participants are allowed to submit their claims directly to Court of Georgia.

Step 8: Performance Security

In this step the Evaluation Committee will verify the precondition, accordingly with the Georgian PPP Law, for selected candidate – submission of “performance security up to 10%”.

After positive verification, the Evaluation Committee will secure signing PPP contract by the Public Authority with selected candidate.

This process should **not exceed 30 days** in total.