

Request for Qualification (RfQ) in Asset Recycling

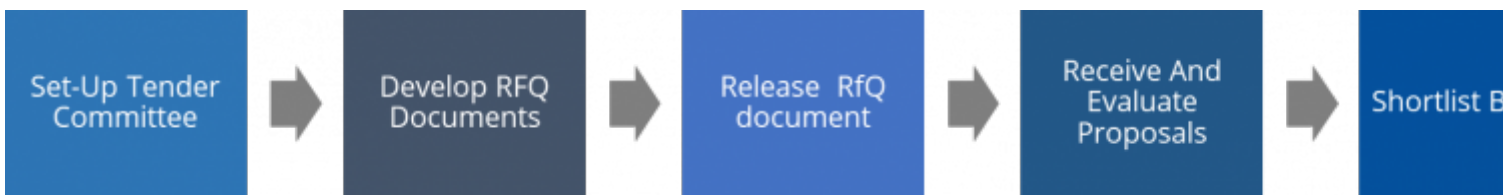
Full Description

The **purpose** of the RfQ is to:

- Formally inform the market of the proposed opportunity, scope, timeframes of the transaction.
- Ascertain the level of market interest in the transaction and allow interested parties to comment on the proposed concession or lease arrangement.
- Shortlist bidders who are technically, financially, legally, capable of meeting project objectives and are to be invited to the RfP phase.

The period for the RfQ would vary from transaction to transaction. It should typically be no more than eight (8) weeks from launch of the process to the closing date for submission of responses.

The RfQ process would typically follow the steps below:



Develop RfQ documents

The Business Case should direct the drafting of the RfQ. The Relevant Authority should consider the following when drafting the RfQ:

The RfQ should contain sufficient information to allow potential bidders to assess the transaction opportunity with regards to whether they have the requisite capacity and capabilities to bid, identify potential partners for the transaction and identify potential project risks and issues.

The information requested from bidders should be such that it enables the Relevant Authority to assess their technical, financial and legal capabilities to undertake the project and shortlist bidders (usually three to six) most capable of meeting the requirements of the Relevant Authority.

The RfQ should not require bidders to spend significant resources in preparing the response.

Information to be provided to the bidders

The RfQ should seek to provide the following information to the bidders:

- A brief description of the Relevant Authority's background, function and purpose.

- An overview of the opportunity, its objectives and expectations.
- Details of the asset.
- An overview of the RfQ steps and timeline (including activities such as Q&A, consultation, etc.) and an indicative timeline for the subsequent stages of the process (RfP issuance, pre-bid meetings etc.).
- Details of the services that the private sector is expected to deliver, covering inclusions and exclusions.
- The commercial principles, including the risk allocation and proposed revenue model.
- Details and the basis of evaluation of the responses to RfQ; and
- Other general terms and conditions of RfQ.

Information to be sought from the bidders

The RfQ should seek the following information from bidders:

- Details of the bidders, including technical capabilities and experience in similar projects and the sector, financial position, legal status, experience in country / region. Also, similar details of each participating member of the bidder if the bidder is a consortium.
- Overview of the bidder's proposed approach to the project; particularly with respect to the operational aspects of the asset; and
- Information about the bidder's track record and capability to successfully financially close the transaction and operate the asset.

Evaluation criteria and methodology

Agreed evaluation criteria and methodology defined at the business case stage should be applied. These include settling the following:

- Evaluation team / tender committee structure, including protocols on interaction with advisors and bidders during the evaluation process.
- Evaluation methodology including details on how the responses to the RfQ are to be assessed and the weighting of each criterion; and

- The approval process; including the role of the Relevant Authority and any other government bodies/authorities.

Key Evaluation Criteria for RfQ Stage

The key evaluation criteria that should be applied at the RfQ stage should include:

Table 7: Key Evaluation Criteria for RfQ Stage

Evaluation criteria	Description
	<p>The composition of the consortium is an important consideration.</p> <p>The RfQ will request for information of the experience and financial strength, and track record of each of the respective members.</p>
Composition of consortium	<p>The responses to the RfQ will define the roles of each participant and demonstrate how the relationships between the parties operate. If the proposed organisations have not worked together previously, the evaluation team will consider how members of the consortium will collaborate to deliver the necessary outcomes for the management and operations of the asset.</p>
Track record	<p>The bidder’s experience and track-record in delivering transactions and projects of a similar nature. This assessment criteria needs to consider the bidder’s track-record in delivering outputs to comparable standards under long-term contractual arrangements (for instances under a Public Private Partnership arrangement).</p>
Approach and innovation	<p>The RfQ will call for bidders to outline their proposed approach to the management and operations of the asset over the life of the contract.</p> <p>The bidder should demonstrate an understanding of the key issues and an understanding of the Relevant Authority’s objective/s with respect to the asset.</p>
Financial position and financing	<p>An asset recycling transaction would involve the payment of an upfront fee from the winning bidder to the Relevant Authority. In some cases, capital investment may also be needed for asset refurbishment or expansion.</p> <p>The Relevant Authority should seek to understand the financial position of the bidders and/or their ability and experience in raising any required external funding as required.</p> <p>Affirmation of the bidder’s ability to secure funding requires an examination of the financial position of the members of the consortium and consideration of financiers’ perception of the organisations and the transaction in general.</p>

Conflict of interest

A bidder should confirm the absence of any conflicts of interest.

Bidders should meet the following requirements in a preliminary assessment to determine a short-list to proceed to RfP:

- Company track-record of environmental compliance
- Extent of past experience with projects with a similar climate risk profile, as well as with the effective mitigation of climate risks in such projects
- Demonstrate academic and professional experience and expertise in climate resilience in the bidder's team

**Climate Resilience,
Environmental and Social**

- Proof of implemented the bidder's Environmental and Social Management System (ESMS)
- Manage assets and projects responsibly for environment
- The bidder's corporate commitment to net-zero emissions
- The bidder's corporate gender equality program / policies
- Bidder should provide its ESG credentials and comply with EGS criteria

Prequalification (PQ) Process**Release RfQ**

- The RfQ is typically advertised publicly to provide an opportunity for all interested parties to respond. The timeframe for response may vary depending on the size and nature of the project, and, accordingly, may be decided by the Relevant Authority.
- A briefing session may be held for interested parties to ensure that potential bidders understand the requirements of the Relevant Authority.
- The RfQ will stipulate administrative and substantive requirements for a complete submission. These requirements may be based on templates provided in the RfQ or may be in free form. Overall, the contents will be intended to cover the 'Key Evaluation Criteria' as specified above and tailored to the particular transaction.

- From an administrative perspective, the RfQ submission will typically include templates for the following documents: statement letter (certification of the contents of the submission); power of attorney (authorising a person to make the submission on behalf of the relevant company or consortium); integrity pact (certification against corruption, etc); list of experience and financial statements.
- The submission must be made in the form and manner, and by the deadline, provided in the RfQ document. Minor deviations from the formal requirements or minor administrative non-compliance may be waived based on the Relevant Authority's discretion, but only if doing so does not have the potential of favouring one potential bidder over another.

Receive and evaluate proposals

- The evaluation process commences after bidders have submitted their responses. Bidders may be invited to present their proposals or to have clarification questions asked with respect to their proposals. RfQ responses will be evaluated by the tender committee.

Shortlist bidders

- The evaluation process will result in the shortlisting of bidders for the final and binding bidding or the RfP process. The responses will be evaluated in accordance with the evaluation criteria.
- The RfQ responses should be kept secure, with only the tender committee having access to the submissions. The number of parties shortlisted may vary, depending on the capability of bidders to meet the requirements of the project (although it is observed that in such procurement processes, three to five bidders appear to be standard).
- The Relevant Authority should bear in mind the following:
 - Bidders should not be shortlisted to make up the numbers; instead, shortlisting should be based on an assessment that each of the shortlisted bidder has the requisite credentials and ability to close the transaction.
 - An appropriate number of bidders should be shortlisted to ensure competitive tension and protect against the risk of withdrawal, while ensuring that bidders are motivated to bid by not shortlisting too many bidders and also maintaining the process practicable from the perspective of the Relevant Authority.

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The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions To find more, visit the Guidelines to Implementing Asset Recycling Transactions [Section Overview](#) and [Content Outline](#), or [Download the Full Report](#).

