

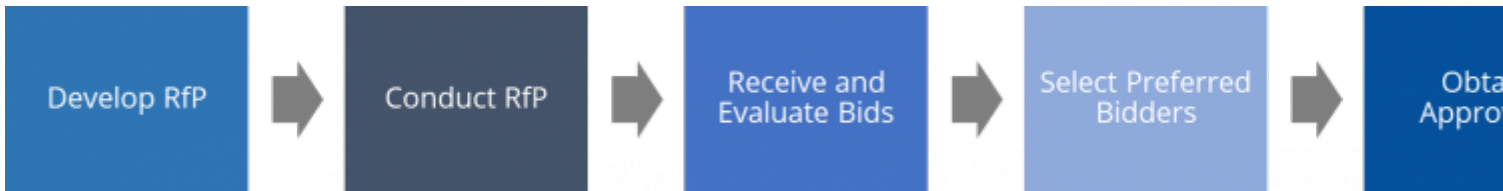
# Request for Proposals (RfP) in Asset Recycling

## Full Description

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After the bidders have been shortlisted through the RfQ process, the next step is the [request for proposal \(RfP\)](#) to request for binding bids and [select the preferred bidder](#).

The diagram below outlines the key steps of the process:



## Develop RfP Documents

The RfP and the contract to which the Relevant Authority will be party should be developed in parallel with the RfQ process. This maximises the utilization of time and ensures that the project progresses efficiently.

The RfP outlines the project structure, covering commercial, operational, technical, design and legal aspects, to solicit binding responses from the shortlisted bidders. These requirements should be communicated clearly through the RfP document as bidders are expected to expend significant time and resources in developing their responses.

The following information should be provided to the bidders:

- Overview of the RfP, covering the structure and the content of the documents
- Background – including details of the transaction, description of the asset, the Relevant Authority's role, any other responsible agency and key stakeholders
- Transaction scope covering key elements of the transaction; the details of which can be drawn from the business case
- Performance specifications – including an outline of the service level specifications and minimum performance standards
- Tendering process – detailing formal tender requirements, processes and timelines, as well as communication protocols
- Commercial framework summary encompassing overview of the terms of the transaction, the payment mechanism and the revenue model, the proposed allocation of risks and other key terms and conditions

- The draft contract agreements. There may be a number of contractual documents associated with each project. This will include a project agreement, which serves as the primary contract and other supporting agreements. If the transaction is structured as a joint venture with the Relevant Authority, there will also be a joint venture agreement. These contracts are intended to provide a framework for the project together with technical schedules detailing performance specifications. The draft contract is developed along with other RfP documents and issued to bidders, as a part of the RfP package, to ensure that the bidders are aware of the specific contractual terms that the Relevant Authority is seeking and have an opportunity to raise clarification questions or flag potential issues during the bid process. A model term sheet for an asset recycling agreement is included as Annexure 5 of these guidelines as one example and a starting point for developing term sheets for multiple types of asset recycling transactions.
- Evaluation criteria – including detailed breakdown of how the bids or RfP responses would be evaluated and scored by the tender committee and the weight given to each evaluation parameter

#### **Information to be submitted by bidders**

The RfP should seek the following responses from bidders:

- Details of the bidder – including consortium structure, ownership structure, interface with other consortium members (confirming what was submitted as part of the RfQ and if there have been any changes to the same and any additional binding documents for the consortium)
- Operational plans and service delivery plans, to ensure that minimum service standards are always delivered
- Technical proposal should the Asset incorporate potential redevelopment or expansion of the asset
- Project management details leading up to service commencement
- Any identified third-party or supplementary revenue opportunities
- Details of proposed funding structure and level of commitment, as well as the proposed capital structure
- Proposed interface with the Relevant Authority and other relevant stakeholders
- A financial model detailing financial projections of the asset's performance over the project term
- The financial bid (upfront fee or phased fee or revenue share, etc.)

- Proposal for climate mitigation and adaptation plan for the asset, including proposal of GHG emissions reduction (total emissions or emissions intensity)
- Proposal for Emergency Preparedness and Response plan (EPR plan) and Disaster Risk Management plan (DRM plan) for the Asset
- Proposal for Social and Local Communities development plan for the asset
- Proposal for asset maintenance strategy

The RfP should also provide guidelines for the preparation of the financial model. The guidelines should set out the requirements for information to be included regarding the key components of the bid such as operating costs, financing structure and costs and major lifecycle maintenance costs. The financial model should allow the Relevant Authority to assess the robustness of the bidder's assumptions with respect to the project (and financing) costs and forecast revenues and allow for sensitivity analysis.

### **Evaluation Criteria and Methodology**

Similar to the RfQ stage, evaluation criteria need to be developed prior to the release of the RfP documents.

The evaluation criteria should include a list of requirements that are considered mandatory. This will assist the Relevant Authority in determining the conformity of the submitted bids. The following aspects will be considered when evaluating proposals:

- Compliance and conformity - This involves assessment of compliance with the requirements set out in the RfP as well as the contract.
- Financial aspects - This involves an assessment of the financial proposition by each bidder and specifically from its value for money perspective. Financial evaluation should cover the following:
  - Viability of the bid proposition – an assessment of financial impacts of the bid in terms of cost to the budget, risks allocated to the Relevant Authority and validity of the underlying assumptions.
  - Certainty of financing – an assessment of the ability of the asset's cash flow generated from its operations to meet lenders' requirements. This will be a factor of the bidder's forecast of future demand for the services provided by the asset as well as the operating and maintenance costs and future capital investment required.
  - The level of the Relevant Authority support – an assessment of the value and viability of the required equity contributions from the Relevant Authority (if any).
  - The financial bids can be evaluated based on the highest bid price offered. For asset recycling projects that adopt an instalment or periodic payment, or revenue share regime with the Relevant Authority, the evaluation will consider the highest overall financial benefit to the Relevant

Authority on a present value basis.

- Technical evaluation - This involves an assessment of issues pertaining to the physical infrastructure and other non-financial matters. These factors tend to be more subjective than the financial assessment. The technical proposal must be consistent with the full life cycle of the Asset and not only with the concession period.
- Service delivery - Assessment of services to be delivered vis-à-vis specifications. This includes scope, capability of the bidder to deliver the services and reliability of services delivered, including climate related risks.

#### Related Content

[Guidelines for Implementing Asset Recycling Transactions \(Download PDF version\) - Now Available!](#)

#### Additional Resources

[Procurement Processes and Bidding Documents](#)

[Structuring PPP Projects](#)

[Appraising Potential PPP Projects](#)

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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](#).*

