

**Request for Proposals**

**for a**

**Concept Note to support an Application by The Emerging Africa Infrastructure Fund Ltd**

**for a grant from The Private Infrastructure Development Group’s**

**Viability Gap Funding Programme**

# Introduction and Background to PIDG

The Private Infrastructure Development Group (“PIDG”) is a multi-donor platform that aims to help increase the level of private sector investment in the infrastructure of developing countries in order to accelerate growth and contribute to the alleviation of poverty. For more detail on PIDG please refer to the website: www.pidg.org.

The members of PIDG currently provide, through the Private Infrastructure Development Group Trust (“PIDG Trust”), funding to six corporate entities either wholly owned or majority owned by the PIDG Trust (each a “PIDG Company” and together the “PIDG Companies”) and two trust funds, one housed within the PIDG Trust (the “Technical Assistance Facility” or “TAF”) and one housed within the International Finance Corporation (“DevCo”, which is funded by PIDG through the TAF) for private sector infrastructure projects in developing countries.

In May 2012, the PIDG members approved the creation of a viability gap funding (“VGF”) grant programme as part of the TAF.

At meetings of the members of PIDG in November 2016, the PIDG members approved the implementation of a new governance framework for PIDG. Following that decision, the PIDG members approved the establishment of a new limited company, The Private Infrastructure Development Group Ltd (“PIDG Ltd”), also wholly-owned by the PIDG Trust, to carry out a number of functions on behalf of the PIDG members, the PIDG Trust and the PIDG Companies.

The TAF (including the VGF grant programme) is administered and managed by the trustees of the PIDG Trust and by PIDG Ltd.

Under the VGF programme, the PIDG Trust provides upfront capital grants to the PIDG Companies for projects they are supporting that meet the eligibility criteria for the VGF grant programme set out in the Operation Policies and Procedures for the TAF (the “TAF OPPs”). A VGF grant should reduce the capital costs of the relevant project. In most cases the first disbursement of the VGF grant is at the time of financial close of the project so that the VGF grant can be used during construction. The “gap” addressed by VGF is between project costs and expected project revenues, assuming affordable user tariffs or unitary payments by government. The intention is to make economically viable projects financially viable, while helping to mobilise private sector investment and ensuring that the private sector still shares in the risks of infrastructure delivery and operation. PIDG’s first VGF grant was approved in April 2013 and a number of VGF grants have been made since then.

The VGF programme is administered and managed in accordance with the TAF OPPs. We have attached the TAF OPPs at Annex 1 (recipients should note these are currently being revised).

# About the Emerging Africa Infrastructure Fund Ltd

The Emerging Africa Infrastructure Fund Ltd (“EAIF”), one of the PIDG Companies, was established as a private company limited by shares by the PIDG Trust in 2001 in Mauritius. EAIF is funded (through the PIDG Trust) by the Swedish, Dutch, Swiss and UK members of PIDG. EAIF’s projects have mobilized over US$12 billion of investment and provided new infrastructure for approximately 141 million people, improving living standards and powering economic growth in sub-Saharan Africa. EAIF is managed by Investec Asset Management Guernsey Limited.

# Purpose of the Concept Note

EAIF is exploring providing senior debt finance to a 46MW biomass power project in of Côte d’Ivoire (the “Project”).

Côte d’Ivoire pioneered private investment in SSA’s power sector through its Ciprel IPP in 1994. Its IPPs and private affermage concession survived its civil war remarkably intact. The country now needs to improve the electricity access rate and improve the financial viability of the sector and has plans to use the private sector to help.  Since the country recovered steadily from the 2010-2011 post-electoral crisis, the prospects of achieving its power sector goals have significantly improved.

The country has an extensive policy and planning framework for its power sector, including a generation and transmission master plan that prioritizes key investments. The sector also has a distribution master plan.  New hydro sites have been identified and are being discussed with private developers.  The Ivorian Government Côte d’Ivoire initiated the “Plan d’Actions National des Energies Renouvelables de la Côte d’Ivoire 2014-2030” to increase the share of renewable in the energy mix to 42% by 2030.  The country has several power sector goals: (i) achieving full cost recovery in the sector by 2020, by improving the efficiency of production, reducing power losses, and adjusting tariffs; (ii) increasing investments in transmission and distribution; and (iii) improving the level of household access to electricity.

EAIF is involved with several partners in the financing, construction and operation of a 46 MW biomass plant in a rural area of Côte d’Ivoire (100km east of Abidjan). The fuel for the plant will be sourced from an existing industrial palm oil plantation, PALMCI, and existing local village plantations which have long standing palm oil sale arrangement with PALMCI. The Project sponsors are EDF, the French utility; Meridiam, a private equity African infrastructure fund; and SIFCA, the 2nd largest oil producer in Africa, and the 1st private employer as well as the 2nd largest sugar producer in Côte d'Ivoire. EAIF is considering providing a Senior Loan to the project. Proparco and AfD are also considering providing debt to the project.

EAIF wishes to apply for a VGF grant for the Project. To support each VGF grant application, the PIDG requires a concept note setting out an early stage appraisal of the subsidy requirements of the relevant project to establish (i) whether there is a need for a VGF grant from PIDG; (ii) if the answer to (i) is yes, what the amount of the VGF grant should be; and (iii) the benefit(s) and affordability of the relevant project (the “Concept Note”).

PIDG Ltd is requesting proposals to prepare the Concept Note as set out in more detail under section 4 below.

# Deliverable

The Concept Note should include the following information:

1. Name of PIDG Company applying for VGF grant.
2. Development Impact:
3. Provide a description of the Project’s development impact.
4. What is the estimated Economic Rate of Return (ERR) of the Project (with the VGF Grant included)? List the assumptions used.
5. What is the estimated Internal Rate of Return (IRR) of the VGF grant? List the assumptions used.
6. What other project options were considered and does the chosen option represent the best benefit to cost ratio?
7. Amount of VGF Grant and Timing:
8. Maximum VGF grant required for the project.
9. Indicative timing of VGF grant payments.
10. How is the amount of the VGF grant to be determined? If not by competition, explain why and how this will be done.
11. Beneficiaries:
12. Who are the primary beneficiaries of the Project’s services?
13. How is “poor” defined in the context of this Project?
14. Annual per capita income of expected Project beneficiaries.
15. Percentage of per capita or household income spent on the Project services before and after impact of VGF grant.
16. How are poor beneficiaries targeted and what mechanisms will be put in place to ensure positive impacts for targeted beneficiaries?
17. Number of households expected to benefit from the Project in the Project area.
18. Number of people per household in Project area.
19. Number of women and girls that are expected to benefit from the Project’s services in the area.
20. Percentage of population in the Project area expected to have access to the service.
21. Investment:
22. What is the estimated capital cost of the Project and how has this been determined – in particular, where the level of VGF grant itself is not determined through a competitive process, have the project costs been arrived at through a competitive process or appropriately benchmarked?
23. How much private sector financing will be committed to the Project (debt, equity)?
24. How much financing from other sources is involved (government / Development Finance institution funding and / or co-financing)?
25. Will the VGF grant be disbursed after equity or pro rata with debt?
26. Affordability of Tariffs:
27. Minimum user-based revenue required to cover Operations & Maintenance (O&M) (in US$).
28. Average expected tariff (if relevant) for Project beneficiaries.
29. Collection rate, if relevant.
30. Where relevant, if collected tariff is less than the minimum required to cover O&M costs, how is the gap being filled?
31. Describe other subsidies, if any, affecting targeted beneficiaries for same service (e.g., lifeline tariff or cross subsidy).
32. Outputs and Service Quality:
33. Indicate nature of service and current availability level (e.g., average hours per day of access to the service) and comparison with existing availability and quality (e.g., number of interruptions or outages per day).
34. How will the Project’s outputs be measured, e.g., through a Public-Private Partnership (PPP) contract or through regulation?
35. Will the VGF grant be used for any grants or performance-based payments made on the basis of output achievement?
36. If so, indicate outputs (or milestones) and corresponding grant as % of total VGF grant.
37. Public Authority Obligations:
38. What principal risks (if any) are being allocated to the public authority?
39. What is the value of any liabilities (actual and contingent) that the public authority is being asked to bear, if any?
40. Is the public authority obliged to repay part of all of the VGF grant in the event they terminate?
41. How is the public authority, if relevant, organised to manage the project procurement process in an equal, fair, transparent and non-discriminatory way and deliver value for money?
42. How well is the public authority organised for subsequent management of the contract, if relevant?
43. What is the risk (if any) that the service delivered by the Project will change and how easily can the project respond to such changes while delivering value for money?
44. Commercial Case:
45. How will competition be generated for the supply of the Project inputs (capex, opex and, if relevant, finance) – it is very important that the VGF grant is not used to supplement the profit margins of suppliers but is used to address a clear issue of affordability.
46. How Will Key Project Risks be Mitigated?
47. Risk that government lacks ownership of, commitment to, the Project and its objectives.
48. Risk that the contractor fails to complete the project (are there performance guarantees and would the PIDG be a beneficiary of these?).
49. Risk that the Project operation is unsustainable and/or inefficient once any capital grants disbursed.
50. Risk that customers are unwilling or unable to pay tariffs.
51. Risk that service provider lacks technical, financial, and/or managerial capacity.
52. Risk that regulator or implementing agency, if relevant, is unwilling or unable to manage post-closure contract/regulatory compliance.
53. Risk that the Project loses focus on service benefits for the poor after the capital grant is disbursed.
54. Risk of market distortion because of unfair competitive advantage afforded the project receiving the VGF grant.
55. Conclusions – have all alternative options been dismissed? The consultant should confirm whether:
56. whether the tariff/user charges can be increased to eliminate or reduce the Project’s viability gap;
57. the Project term can be increased in order to eliminate or reduce the viability gap;
58. the capital and finance costs are reasonable and based on the standards and specifications normally applicable to such projects;
59. the capital and finance costs can be further reduced in order to eliminate or reduce the viability gap.

# Methodology

The Concept Note should be generated through a process that demonstrates the following:

* a thorough understanding of the Project and the environment within which it is being developed
* Regular engagement with the Project stakeholders, particularly EAIF.
* a thorough understanding of the PIDG, the PIDG Companies and a familiarity with PIDG’s five-year strategy (see [www.PIDG.org](http://www.PIDG.org)).
* an understanding of current best-practice thinking about how to manage subsidy programmes such as VGF. A useful starting point in this regard is *World Bank Operational Note: Viability Gap Financing Mechanisms for PPPs (2014)*, which can be downloaded at

<http://documents.worldbank.org/curated/en/771421506357255675/pdf/ACS9606-REPLACEMENT-48p-VGFONJunfinaldeliverableeditedandacceptedwithcover.pdf>

# Progress Reporting

Due to the short time frame required for the delivery of the Concept Note, it is expected that regular reporting and discussions between the Consultant and the TAF team in PIDG Ltd will occur. At least once every two weeks from the signing of the contract telephone conferences will be held between the TAF team in PIDG Ltd and the Consultant.

# Required Consultant Expertise

The Consultant must represent and undertake to PIDG that it has the following skills and experience, all of which are necessary for the successful performance of the work described in this request for proposals (“RFP”):

* excellent knowledge of: (i) infrastructure project development and investments (financial, economic, legal, regulatory etc.); and (ii) the practical requirements of successful private sector investments in less-developed countries;
* excellent knowledge of the infrastructure environment in Africa;
* technical expertise in key infrastructure (and quasi infrastructure) sectors, including the sectors of interest to PIDG, as indicated in the PIDG Five Year Strategy;
* demonstrated understanding of development impact assessments, as well as gender, social inclusion, and pro-poor development issues;
* a successful track record of preparing research studies and policy analysis for bilateral donors, Multi-lateral Development Banks (MDBs), and/or Development Finance Institutions.
* Full ability to work in the French language as most of the documentation is in French only.

# General Instructions in Relation to the preparation of Tenders

## Costs of preparation

Proposers shall bear all their costs associated with the preparation and submission of their proposals.

## Right to Cancel, Clarify or Vary the Procurement Process

PIDG Ltd is not committed to any course of action as a result of:

* issuing this RFP;
* communicating with a proposer or its representatives in respect of the RFP; or
* any other communication between PIDG Ltd and any other party.

By taking part in this RFP process, proposers accept that PIDG Ltd is not bound to accept any proposal and that PIDG Ltd reserves the right not to proceed with the RFP or conclude a contract for some or all of the Services.

PIDG Ltd reserves the right to waive, amend, add to or withdraw all or any part of the RFP at any time during the procurement exercise.

## Proposer Contact Person

Proposers must provide a single point of contact in their organisation for all correspondence relating to this RFP.  PIDG Ltd shall not be responsible for contacting proposers through any route other than their nominated person. Proposers accept that it is their responsibility to notify any changes relating to their contact person promptly.

## PIDG Ltd Contact Person

Luke Foley,

Senior Grants and Programme Manager, TAF

The Private Infrastructure Development Group Ltd

6 Bevis Marks, London EC3A 7BA

luke.foley@pidg.org

All contact by any interested parties with PIDG Ltd relating to this RFP must be addressed to the PIDG Ltd Contact Person named above.

## Clarifications about the Procurement Process

Should any interested person require any clarification, please contact the PIDG Contact Person. Requests for clarification must be in writing and will be accepted up to **17.00 UK time** on 17 January 2020. Save to the extent that a request is expressly stated in writing by a proposer to be made on a ‘commercially in confidence’ basis requests for clarifications and their respective responses will be distributed to all persons who have requested a copy of the RFP, without information about the source of the request. If there is any doubt as to whether a request concerns confidential information, then PIDG Contact Person will advise the person concerned who may either give written permission for distribution of the response (which shall be in advance of the preparation of the response) or withdraw the request.

## Conflicts of Interest

Proposers must disclose in their proposals (or at any later stage if becoming aware after submission of tenders) any circumstances, including personal, financial and business activities that will, or might, give rise to a conflict of interest as a result of taking part in this competition or in the performing the Services under a contract.  Conflict(s) include potential, actual and perceived conflicts.  This also applies to any sub-contractors proposed by proposers. Any proposer who fails to comply with this requirement may be excluded from this procurement process.

Where proposers identify any potential conflicts in their tenders (or later stage), they should state how they intend to avoid or mitigate such conflicts.  PIDG Ltd reserves the sole and absolute discretion to exclude any tender which, in its opinion, gives rise to, or could potentially give rise to, a material conflict of interest.

If, following submission of a proposal, a proposer becomes aware of any circumstances that could give rise to an undisclosed conflict the proposer must advise the PIDG Contact Person as soon as possible and propose measures that may be taken to eliminate or mitigate such conflict.  Failure to comply with this obligation could lead to the disqualification of the proposer in question from the procurement process.

## Change of Control

The PIDG Contact Person must be informed immediately in writing of any change in the structure, control, composition or membership of a proposer which takes place at any time prior to execution of the contract. A change deemed material by PIDG Ltd may lead to the proposer’s exclusion from the procurement process.

## Warnings and disclaimers

All information provided to interested persons in relation to this procurement process is provided in good faith and is believed to be correct at the time of issue. However, PIDG Ltd and its advisors exclude all liability for any inaccuracy or inadequacy and no express or implied warranty is given in relation to accuracy or adequacy of the information provided. This exclusion extends to liability in relation to any statement, opinion or conclusion contained in, or any omission from information in this RFP including its annexes and in respect of any other written or oral communication to any interested person. This exclusion does not extend to any fraudulent misrepresentation made by or on behalf of PIDG Ltd or its advisers.

In submitting their proposals, proposers must rely on their own enquiries and on the terms and conditions set out in the contract attached as Annex 2 hereto, subject to the limitations and restrictions specified in it.

Neither the issue of this RFP, nor any of the information provided in relation to it, should be regarded as a commitment or representation on the part of PIDG (or any other person) to enter into any contractual arrangement.

## Procurement Timetable

Subject to any changes notified to potential suppliers by PIDG Ltd in accordance with the Tender Conditions, the following timescales shall apply to this Procurement Process:

|  |  |  |
| --- | --- | --- |
| **Activity** | **Anticipated Date** | **Note** |
| Competition Opens | 31 December 2019  |   |
| Clarification Questions Period | 13 January 2020 | Clarification Questions Period closes at 17:00 BST (GMT+1) |
| Clarification Questions Response | 17 January 2020  |   |
| Candidate Responses Due | 24 January 2020 | Candidate responses due by 17:00 BST (GMT+1) |
| Contract Award Date | 31 January 2020  |   |

## Instructions for Completion of Tenders

Completed proposals must be sent via e-mail to the PIDG Contact Person and an acknowledgement receipt will be sent in return to confirm receipt. A proposal sent by any other method may be viewed as non-compliant and rejected.

Completed proposals should include:

* A clear methodology
* A rate card and team cost breakdown
* Team member CVs
* References or case studies

# Budget, Terms of Payment & Delivery of Times

Proposers must note that the total price for the Services should not exceed US$ 75,000 including fees and all expenses except VAT (or equivalent).

No travel is required to provide the Services. Proposals that include costs for local or international travel will be rejected as non-compliant.

As prescribed in the contract, the payment terms are as follows:

|  |  |
| --- | --- |
| Submission (completed on PIDG Acceptance) | Payment |
| Approval of Draft Concept Note | 40% of total price |
| Approval of Final Concept Note | 60% of total price |

## Scoring Matrix

|  |  |
| --- | --- |
| Element | Weighting |
| **Conform to Specifications**Demonstration of an understanding of the requirements; specifically, the:* Ability to meet the RfP requirements
* Ability to meet Model Services Contract (Annex 2)
 | **50%** |
| **CV Quality**Qualified and experienced staff with CVs demonstrating the provision of this type of service. Demonstrate the quality and technical skills of the team members including managerial staff who you propose to undertake this contract if successful and explain how those members will have the skills and availability to provide the service to a high standard. | **30%** |
| **References/ Case Study**When possible, PIDG will contact references and review case studies to assess the quality of work.  | **10%** |
| **Pricing:** Clear, concise and transparent pricing schedules as requested in this RfP. In particular best overall price. | **10%** |

|  |  |
| --- | --- |
| Points | Interpretation |
| 5 | **Excellent** –Overall the response demonstrates that the bidder meets all areas of the requirement and provides all of the areas evidence requested in the level of detail requested. This, therefore, is a detailed excellent response that meets all aspects of the requirement leaving no ambiguity as to whether the bidder can meet the requirement.  |
| **4** | **Good** – Overall the response demonstrates that the bidder meets all areas of the requirement and provides all of the areas of evidence requested but contains some trivial omissions in relation to the level of detail requested in terms of either the response or the evidence. This, therefore, is a good response that meets all aspects of the requirement with only a trivial level ambiguity due the bidder’s failure to provide all information at the level of detail requested.  |
| **3** | **Adequate** – Overall the response demonstrates that the bidder meets all areas of the requirement, but not all of the areas of evidence requested have been provided. This, therefore, is an adequate response, but with some limited ambiguity as to whether the bidder can meet the requirement due to the bidder’s failure to provide all of the evidence requested. |
| **2** | **Minimal** – The response demonstrates that the bidder meets the requirement in a majority of areas. There is ambiguity as to whether the bidder can meet all of the requirements due to the failure by the bidder to show that it meets one or more areas of the requirement. |
| **1** | **Poor** – The response does not demonstrate that the bidder meets the requirement in one or more areas. This, therefore, is a poor response with significant ambiguity as to whether the bidder can meet the requirement due to the failure by the bidder to show that it meets one or more areas of the requirement. |
| **0** | **Unacceptable** – The response is non-compliant with the requirements of the RfP and/or no response has been provided.  |

**Annex 1 – TAF OPPs**

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**Annex 2 – Contract for Services**

