

## **TERMS OF REFERENCE**

### **I. BACKGROUND**

- 1.1. Established in 1959, the Inter-American Development Bank (“IDB” or “Bank”) is the main source of financing for economic, social and institutional development in Latin America and the Caribbean. It provides loans, grants, guarantees, policy advice and technical assistance to the public and private sectors of its borrowing countries.
- 1.2. The Public-Private Partnership Project Preparation Facility at the Inter-American Development Group (IDBG), will be primarily dedicated to assisting public and private entities in Latin America and the Caribbean with upstream activities (regulatory and institutional framework strengthening); project preparation (identifying, developing and preparing bankable and infrastructure projects that have the potential of reaching financial closure); PPP knowledge dissemination (workshops and publications).
- 1.3. In order to efficiently provide advisory services under the PPP facility, the IDB PPP Focal Point is seeking to award a “Master Service Agreement (MSA)” to support upstream capacity building for PPPs and support for project preparation. These terms of reference explain this Master Services Agreement in more detail.

### **II. GENERAL**

- 2.1 These Terms of Reference outline the activities and responsibilities of a firm that will help to build the capacity of governments in Latin America and the Caribbean to develop and implement PPP projects.
- 2.2 Due to the broad scale and timeline of potential deliverables, this document outlines the ability to work with a firm contracted under a Master Service Agreement (MSA) based on a firm’s respective Proposal. A MSA allows for contracts with a consulting firm that provide for an indefinite quantity, which is neither promised nor limited, of services with a general scope of work during a fixed term period. Part of this form of contracting is to complete, and then avoid repeat of, part of the administrative burden to both firms and the IDB found in contracting new work activities. A firm that wins their bid in the MSA is not yet assigned a quantity of work, and instead will be “preapproved” for the term of the agreement.
- 2.3 Different requirements and requests will each have their own Work Order. An estimated up to 10 Work Orders may be carried out under this consultancy. The contract will be for a defined period (1 year up to 3 years)

### **III. OBJECTIVE OF CONSULTANCY**

- 3.1 The main objective of this consultancy is to support the IDBG and its clients in a range of activities required to develop and implement public-private partnership (PPP) projects in Latin America and the Caribbean. The consultancy will focus on working with governments countries in Latin America or sub-national governments, as well as project preparation.
- 3.2 A consulting firm with a strong presence in Latin America and the Caribbean will be hired under a Master Services Agreement to carry out demand-driven advisory services assignments. An assignment may include support for:
  - Providing background information on PPPs;

- Advising government officials on an effective legal, regulatory, policy and institutional environment conducive;
- Advising national and subnational governments on appropriate organizational structures and methodologies to develop and appraise PPPs;
- Assessing training needs and providing PPP related training courses, workshops and seminars, as well as organizing events to facilitate PPP awareness and diffusion;
- Assessing the viability of PPP projects or PPP programs in particular countries, municipalities and provinces/states/regions and supporting their development through diagnostics, pre-feasibility studies and feasibility studies;
- Providing targeted support for the legal and financial structuring of PPP transactions;
- Advising national and subnational governments on the appropriate management of PPP contracts and, as appropriate, contract renegotiation.

#### **IV. ACTIVITIES**

- 4.1 This section includes detailed descriptions of activities that could be included under this consultancy:

##### **A. Promotion and Dissemination of PPP Fundamentals**

- 4.2 This set of activities could involve leading and coordinating workshops and briefings for public and private sector stakeholders in order to introduce PPPs as a contractual alternative and present the potential benefits of developing infrastructure through a PPP contract. The firm could be responsible for developing agendas, presentations or other briefing materials for meetings and workshops.

Among the areas to be explained in such workshops and briefings could be:

- Definition and main elements of PPPs;
- PPPs vs. Public procurement vs. Privatization (Value for Money);
- Advantages and disadvantages of PPPs;
- When is it appropriate to do a PPP;
- PPP risks and basics of PPP risk management;
- Introduction to PPP legal and institutional framework;
- Introduction to PPPs in particular sectors;
- Analysis of PPP experience in the particular country or municipality or region to date;
- International experiences with PPPs.

##### **B. Support for PPP Legal, Regulatory and Policy Reform**

- 4.3 This set of activities could involve:
- Developing presentations and briefings for country and/or municipalities' stakeholders on key issues concerning PPP laws, regulations and policy in the

particular country or countries or municipality (ies) or even metropolitan areas in which consultancies are undertaken;

- Assessing the feasibility and conduciveness of a country's legal, regulatory and/or policy frameworks for developing a pipeline of PPP projects or a government PPP program;
- Developing advisory reports on adapting a country's or municipalities legal, regulatory and/or policy frameworks to establish a more conducive enabling environment for developing a pipeline of PPP projects or a government PPP program;
- In coordination with government officials, writing or supporting the writing of draft PPP bills, regulations and policies;
- Advising government officials on the implementation of approved PPP laws, regulations and policies.

**C. Support for the Organizational Development and Operationalization of Public Sector Institutions Responsible for PPP programs and projects**

4.4 The aim of these activities is to enhance the organization and operation of public institutions responsible for PPPs. Such institutions could include, but would not be limited to, ministries, secretariats, local public agencies, regulatory agencies, line agencies and independent PPP units at the national and sub-national levels. Activities could include:

- Briefing key stakeholders on important issues and best practices concerning PPP institutions and institutional frameworks in relation to the situation in the particular beneficiary country, municipality or metropolitan area;
- Advising governments on job descriptions, work plans and operational budgets for setting up a PPP program on innovative sector as aforementioned;
- Providing advisory services on an appropriate inter-institutional framework and inter-institutional relations for a country's or municipal public-sector PPP program;
- Providing advisory services on an appropriate organizational structure for a public institution or institutions responsible for PPPs;
- Providing non-financial advice to public institutions on human resource needs for PPP programs;
- Developing or supporting the development of internal procedural manuals, guidelines and methodologies for public institutions responsible for PPPs;
- Consulting with key stakeholders on changes to a country's or municipality's PPP institutional framework and the implications of these changes;
- Providing advisory services, while working with key staff, to guide the implementation of PPP procedures and early-stage functioning of public institutions responsible for PPPs.

**D. PPP-Related Training**

- 4.5 The consulting firm could provide PPP related training through various forms including, but not limited to, courses, technical workshops, introductory seminars and site visits. To guide training, the consultant could develop formal training needs assessments, training plans and post-training evaluations. While training will mainly involve government officials, it could include members of the private sector and academia.
- 4.6 Training will cover, but not be limited to, the following topics:
- Hiring and managing PPP advisors;
  - Identifying, appraising and selecting PPP projects by analyzing costs and benefits and applying other techniques;
  - Risk allocation, assessment and mitigation measures;
  - Fiscal risk assessment and management of liabilities and contingent liabilities
  - Accounting for PPPs;
  - Preparing PPP projects, including managing the development of technical and environmental studies;
  - Project finance;
  - Financial analysis/financial modelling;
  - Transaction structuring;
  - Procurement process;
  - Dealing with the private sector and successful “market sounding”;
  - Legal issues – contract drafting and negotiation;
  - Contract management.

#### **E. Targeted Support for PPP Project Development**

- 4.7 This set of activities could support the selection and preparation of potential PPP projects. Support could be provided through the following activities.
- Screening pipelines to assist with identifying priority projects;
  - Developing “road maps” on key actions, sequencing, and cost estimates for developing a particular project;
  - Developing the “strategic business case” or pre-feasibility reports for potential PPP projects. In this case, strategic business case refers to a type of analysis used in PPPs to determine whether a project is a good project that could be feasible as a PPP. This assessment includes an initial evaluation of the value for money, risks and feasibility (economic, financial, legal, environmental, and social) of different project procurement alternatives;
  - Developing targeted project feasibility studies;
  - Developing implementation strategies to identify critical inputs and support project development;
  - Developing communication strategies and stakeholder engagement plans to identify the concerns of critical stakeholders, and provide recommendations for

taking these concerns into consideration, in the process of engaging with these stakeholders and developing projects;

- Developing business and funding plans for PPP Units and estimating demand, costs and revenues required to reach sustainability, including proposed structure and staffing. This work could involve support for the development of project preparation funds to cover up-front transaction costs. In such cases, the consultant would be responsible for providing advisory services and developing advisory reports on requirements for setting up and operationalizing such funding mechanisms;
- Developing procurement templates for PPPs that could then be modified and applied to different projects and across countries. This could include TORs for key advisors, pre-qualification and qualification documents, contractual clauses and model contracts;
- Reviewing and commenting on draft PPP and concession agreements;
- Designing PPP manual for urban development programs;
- Preparing PPP case studies especially for urban areas providing basic and environmental services.

#### **F. Contract Management and Renegotiation**

4.8 To support the effective management of PPP contracts and appropriate approaches to contract renegotiation, when necessary, the following activities could be developed under this consultancy:

- Advising government officials on compliance with PPP contracts, including performance standards;
- Advising governments on whether contract renegotiations should take place and supporting governments during the renegotiation process;
- Advising governments on the drafting of contractual amendments and the implications of specific contractual terms and conditions;
- Advising governments on the development of new contractual requirements related to performance standards;

### **V. CONSULTANT PROFILE**

5.1 **Specific Qualifications.** The consulting firm will demonstrate the capacity to form a team with the following characteristics:

- Demonstrated expertise on the policies, laws and regulations governing PPPs.
- Demonstrated expertise across a wide range of sectors, like, water and sanitation, health, and education, waste management, transport, energy in pre-feasibility, feasibility and structuring phases.
- Demonstrated extensive experience providing high-level advice to national and subnational governments and private sector clients.
- Demonstrated ample experience formulating and delivering training programs on PPP issues to audiences from national and subnational government and private sector.

- Demonstrated PPP experience in Latin America and the Caribbean.
  - Personnel resources with fluency in Spanish and English, with Portuguese and French desirable.
  - Expertise with multilateral development organizations, such as the Inter-American Development Bank or the World Bank.
  - Expertise in managing multidisciplinary PPP related projects in multiple sectors and single projects with multi-sector components.
- 5.2 The consulting firm must have the capacity and human resources designated to this assignment to carry out at least two advisory assignments at the same time, and will have experts available within three weeks after receiving a specific Work Order from the PPP Focal Point. As such, the firm should demonstrate its capacity to readily mobilize these resources, identifying in its proposal potential permanent team members.
- 5.3 **Deliverables and Execution Calendar.** Each sub-set of activities will require a Work Order, agreed upon by the PPP Focal Point and the Consultant, specifying the activities to be performed, the level of effort (number of days of professionals by specialty and level), deliverables, calendar of activities, and budget, amongst other things.
- 5.4 **Costs and Disbursement.** The firm will be paid on the basis of activities to be performed for the different sub-sets of activities (Work Orders).
- 5.5 **Payment Schedule.** A payment scheduled will be defined in each Work Order and will be agreed to mutually by the IDB Focal Point and the consulting firm.
- 5.6 **Monitoring and Coordination.** The consulting firm will coordinate his/her activities and submit the required deliverables to Gaston Astesiano, Team Leader.