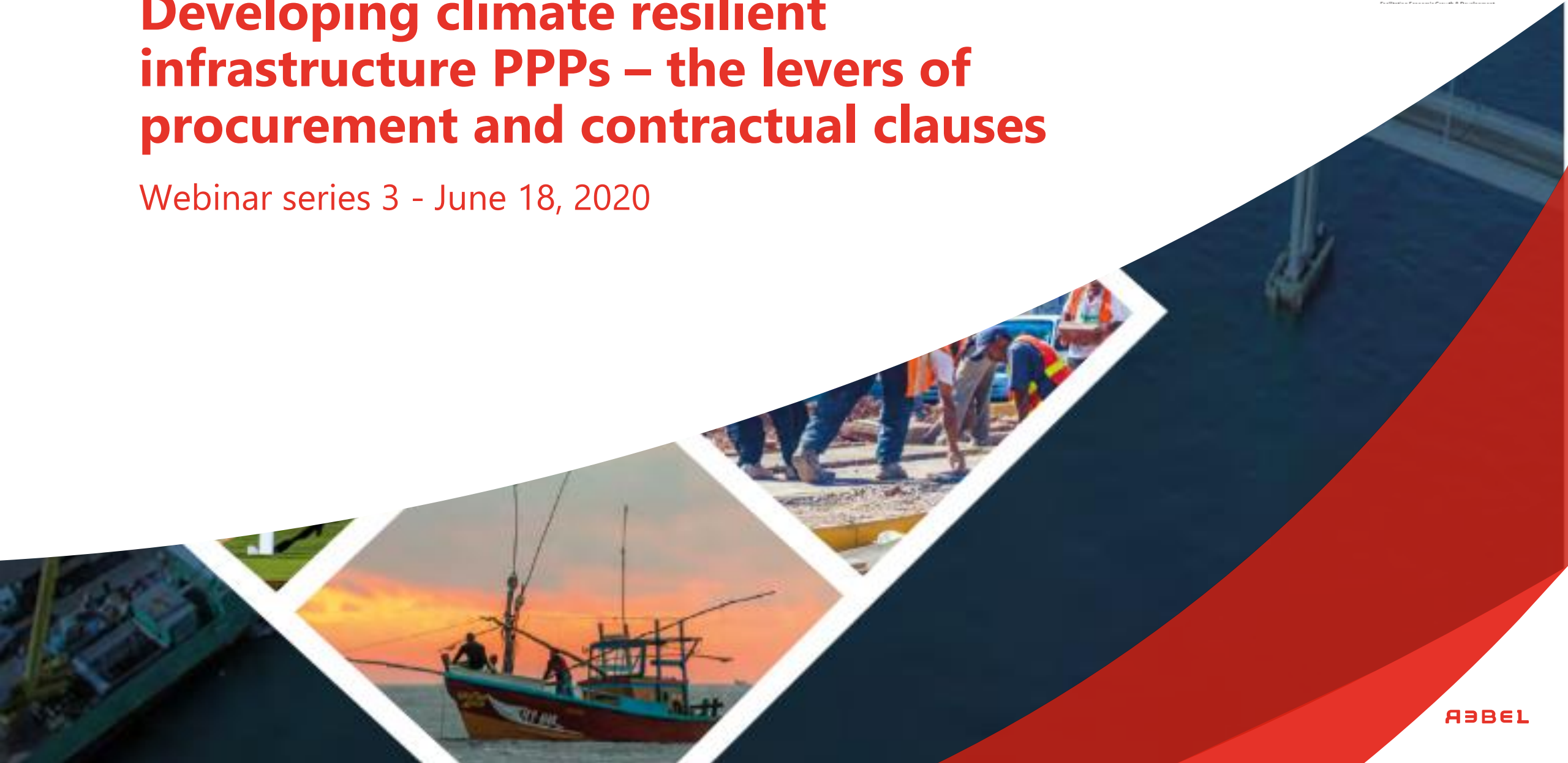
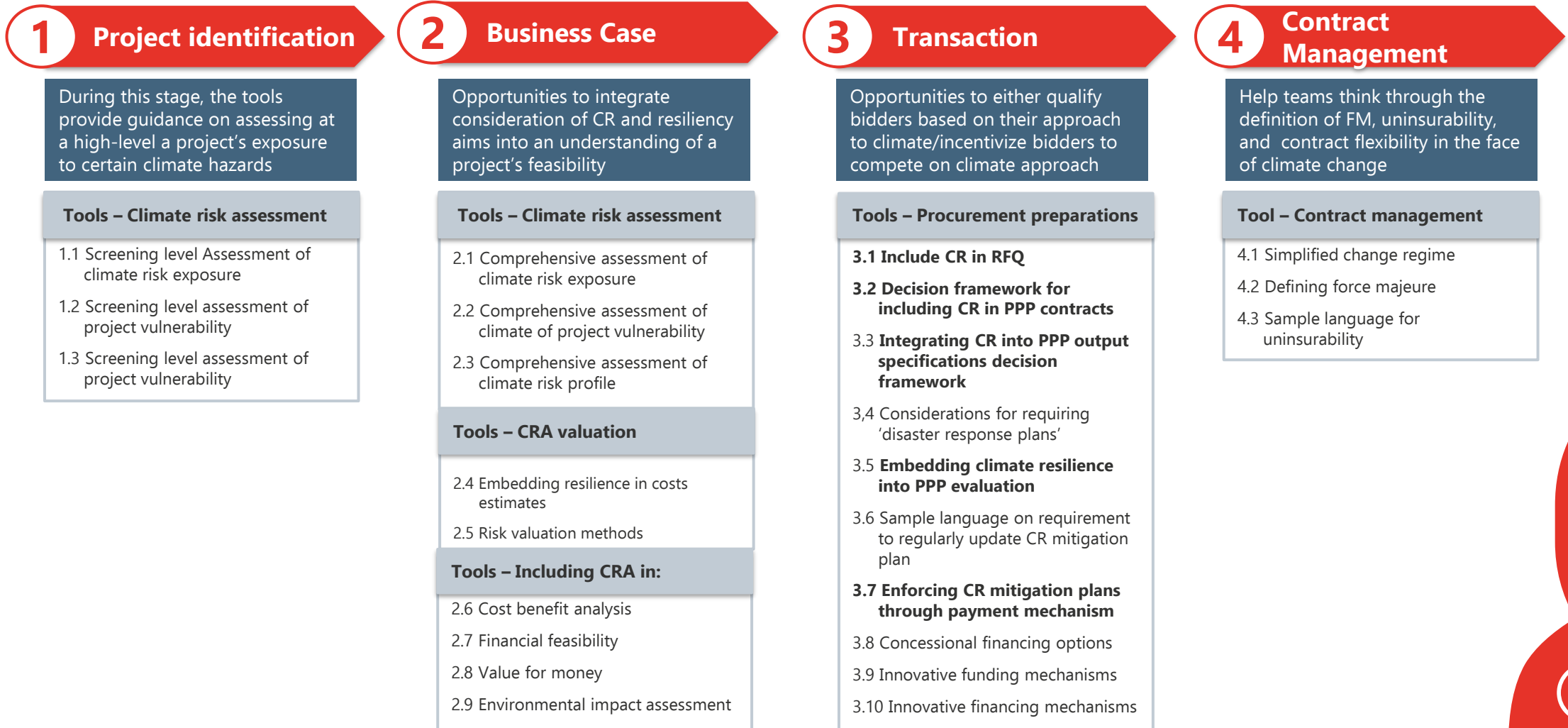


Developing climate resilient infrastructure PPPs – the levers of procurement and contractual clauses

Webinar series 3 - June 18, 2020



We developed a comprehensive toolkit that translates the policy recommendations into practice



Opportunities exist during transaction stage to embed climate resilience



Opportunities to qualify bidders based on their approach to climate or incentivize bidders to compete on climate approach

Tools – Procurement preparations

3.1 Include CR in Request for Qualifications

3.2 Decision framework for including CR in PPP contracts

3.3 Integrating CR into PPP output specifications decision framework

3.4 Considerations for requiring 'disaster response plans'

3.5 Embedding climate resilience into PPP evaluation

3.6 Sample language on requirement to regularly update CR mitigation plan

3.7 Enforcing CR mitigation plans through payment mechanism

3.8 Concessional financing options

3.9 Innovative funding mechanisms

3.10 Innovative financing mechanisms

Fictional Case

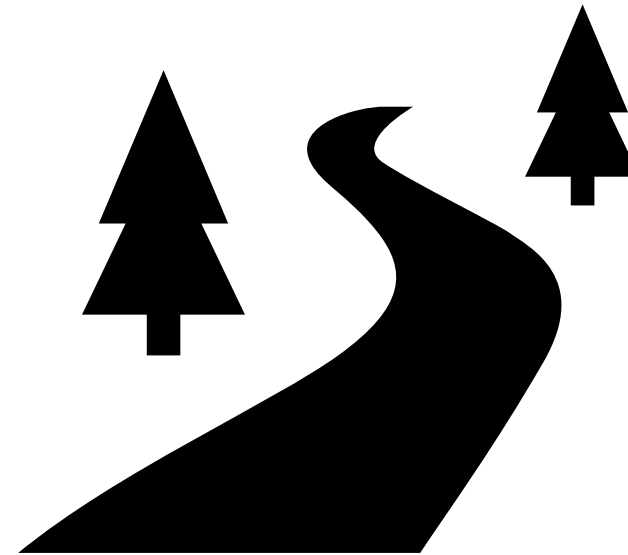
Used to help illustrate some concepts behind the procurement related tools

➤ **Project:**

- Small island country needs to rehabilitate a large portion of a coastal road
- PPP structure: Design, Build, Finance, Operate, Maintain, 25-year period
- Availability payment

➤ **Climate Risks:**

- Medium/High risk
- Floods, hurricanes, landslides, heat



Including Climate Resilience in Request for Qualifications (Tool 3.1)

Minimum Requirement

- **REQUIREMENT:** sufficient experience managing projects with similar climate profile
- **EVALUATION:** A Pass/Fail

Evaluation

- **CRITERION:** extent of past experience with similar climate risk profile and effective mitigation thereof
- **EVALUATION:** e.g., according to 100pt scale

Evaluation & Minimum Pass

- **CRITERION/MIN SCORE:** extent of past experience with similar climate risk profile and effective mitigation thereof (100pts); each RFQ submittal must achieve 70%

Including Climate Resilience in Request for Qualifications (Tool 3.1)



FICTIONAL CASE

Minimum Requirement

- **REQUIREMENT:** sufficient experience managing projects with similar climate profile.
- **EVALUATION:** A Pass/Fail



Respondents to RFQ

Do they have demonstrated experience managing roads with similar kinds of risks?

5 potential bidders do not have experience and are eliminated.

Opportunities for Climate Resilience in Request for Proposals / PPP Contract (Tool 3.2)

	MINIMUM REQUIREMENTS	EVALUATION CRITERIA
When to Use	<ul style="list-style-type: none">• If Procuring Agency knows what it wants in terms of climate resilience• Procurement; Contract Management	<ul style="list-style-type: none">• If Procuring Agency wants bidders to differentiate themselves on climate resilience
Required for Use	<ul style="list-style-type: none">• Expertise on procuring agency side to set requirements	<ul style="list-style-type: none">• Expertise on Procuring Agency side to evaluate climate resilience approaches

Integrating Climate Resilience into Output Specifications (Tool 3.3)

Getting Started

- Do climate risks determine whether project goals will be met?
- Is project location subject to climate risks?

Design and Construction Standards

- Are certain standards – use of certain materials, or prescriptive design requirements - necessary?

Developing Availability Requirements

- Are certain performance requirements assoc. with climate risk mitigation important enough to be included in the definition of 'availability'?

Developing Performance Standards

- Performance requirements, not incl in availability but important for climate resilience?

Integrating Climate Resilience into Output Specifications (Tool 3.3)



FICTIONAL CASE

Getting Started

- Do climate risks determine whether project goals will be met?
- Is project location subject to climate risks?

- Yes, may impact life of asset and 'availability' of asset for use
- Yes, floods, hurricanes, higher temps

Design and Construction Standards

- Are certain standards – use of certain materials, or prescriptive design requirements - necessary?

- Yes, drainage mechanisms for road (e.g. culvert capacity) need to be sufficient for peak flow of water
- Asphalt permeability

Developing Availability Requirements

- Are certain performance requirements assoc. with climate risk mitigation important enough to be included in the definition of 'availability'?

- Drainage ditches along road must be clear of debris; non conformance can result in a deduction in payment

Developing Performance Standards

- Performance requirements, not incl in availability but important for climate resilience?

- 'Records and Reporting' requirements of O&M require and update of the Disaster Response Plan on an annual basis

Embedding Climate Resilience Into PPP Evaluation (Tool 3.5)

TWO APPROACHES

1

Separate Criterion

2

Sub-Criteria

➤ Assume:

- Evaluation based on best value
- Climate resilience important enough to be embedded in evaluation criteria

Embedding Climate Resilience Into PPP Evaluation (Tool 3.5)

TWO APPROACHES

1

Separate Criterion

2

Sub-Criteria

				Weighting
Price	50%	e.g. payment amount		50
Technical	20%	Construction	Quality and reliability of project design	8.5
			Flexibility of construction term	6.0
			Quality of assurance methods proposed	4.0
			Etc	15
	10%	Operations	Quality + reliability of operating procedures and manuals.	4.5
			Commitment of means	3.0
			Etc.	2.5
	10%		Quality of proposed maintenance methodology.	10
			Etc.	
	5%	Environment, social	Thoroughness of ESMP.	5
			Etc.	
	5%	Climate resilience	Quality and realism of climate risk mitigation plan.	5
			Etc.	

Submission requirements of RFP must reflect that climate risk mitigation plan is a requirement of bid.

Embedding Climate Resilience Into PPP Evaluation (Tool 3.5)

TWO APPROACHES

1

Separate Criterion

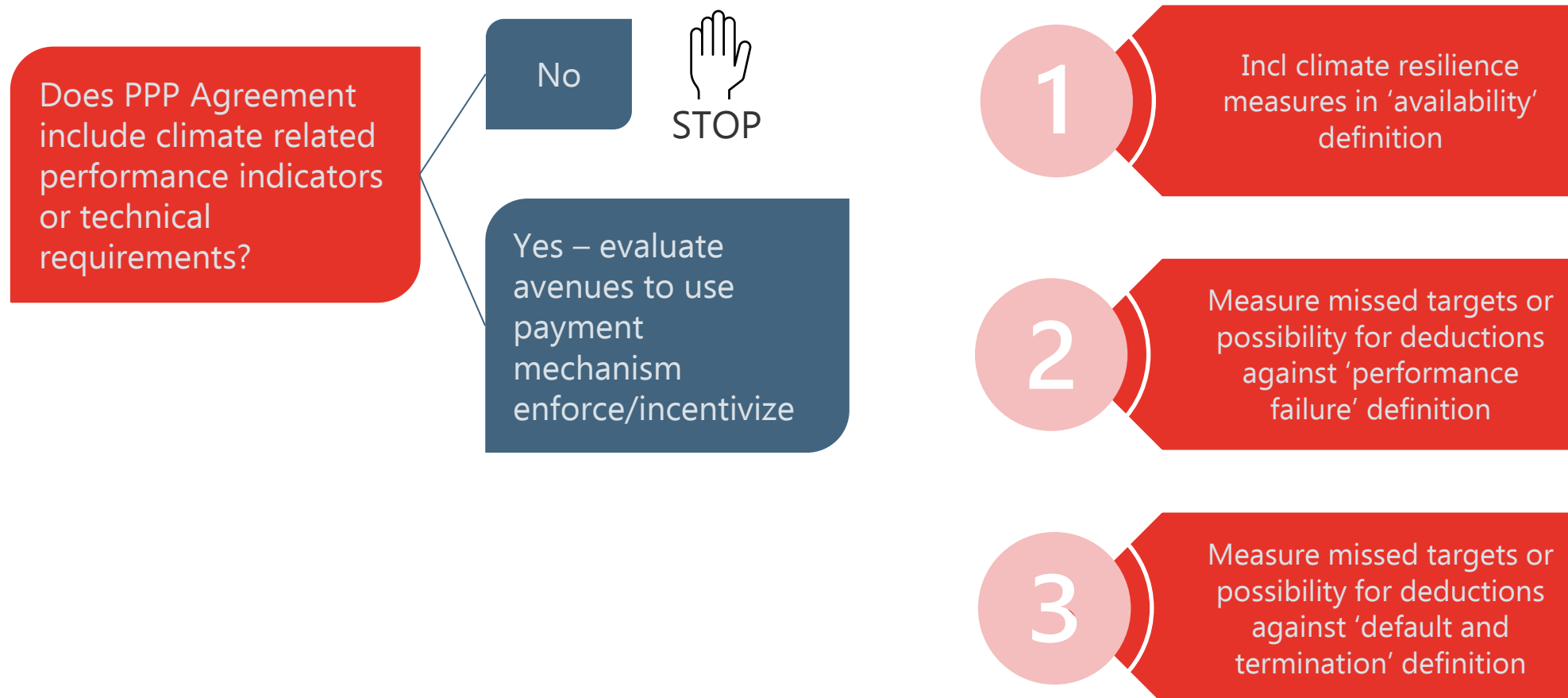
2

Sub-Criteria

				Weighting
Price	50%	e.g. payment amount		50
Technical	20%	Construcción	Quality and reliability of project design.	8.5
			Flexibility of construction term.	6.0
			Quality of assurance methods proposed.	4.0
	15%	Operations	Etc.	1.5
			Quality and reliability of operating procedures and manuals; <i>evidence that procedures reflect consideration of climate related disruptions.</i>	4.5
			Commitment of means.	3.0
	10%	Maintenance	Etc.	2.5
			Quality and flexibility of proposed maintenance methodology; <i>responsiveness to occurrence of climate hazards.</i>	10
			Etc.	
	5%	Environment, social	Thoroughness of ESMP, <i>evidence that climate change considerations are reflected in plan.</i>	5
				Σ 100

RFP should clearly state that various technical reports – O&M, Design – require discussion of climate resilience and detail how that will be evaluated

Enforcing Climate Resilience through the PPP Payment Mechanism (Tool 3.7)



Enforcing Climate Resilience through the PPP Payment Mechanism (Tool 3.7)

FICTIONAL CASE

1

Incl climate resilience measures in 'availability' definition

Availability of pavement according to specified permeability requirements

2

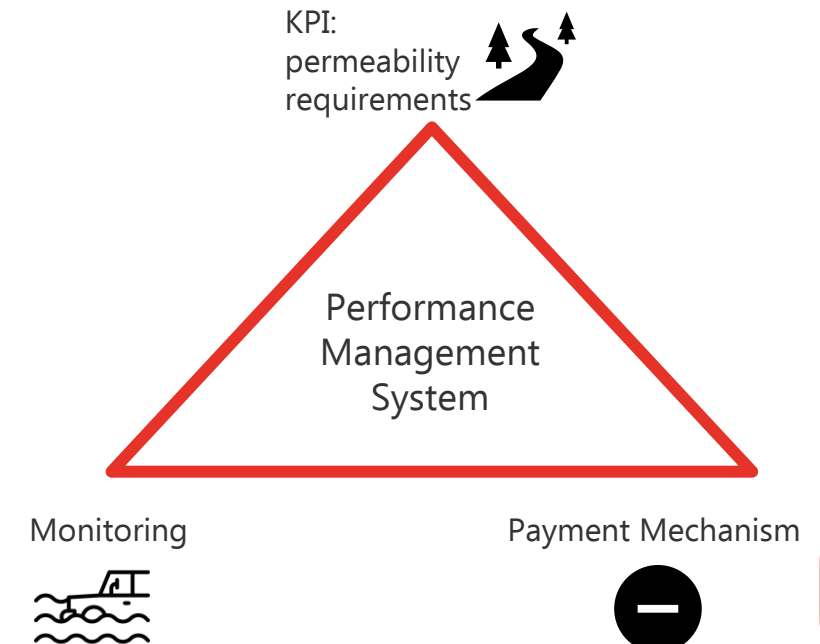
Measure missed targets or possibility for deductions against 'performance failure' definition

Failure to update climate risk mitigation plan within recification period

3

Measure missed targets or possibility for deductions against 'default and termination' definition

Continued non-compliance will trigger early termination clause in PPP agreement



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