MARKET DEVELOPMENT FACILITY (MDF)

Pre-Tender Briefing

28 April 2010

PROBITY PRINCIPLES

1.1 Best Value for Money
1.2 Encouraging Competition
1.3 Efficient Effective and Ethical use of Commonwealth Resources
1.4 Accountability and Transparency
1.5 Confidentiality & Impartiality

Commonwealth Procurement Guidelines [1]

Legislative & Policy Framework

Governs Australian Public Service

Financial Management Framework

Governs financial management, including proposals to spend public money

Procurement Policy Framework

Governs duties related to the procurement of property or services

[1] Department of Finance & Deregulation – Financial Management Guidance No. 1

1. PROBITY PRINCIPLES

1.1 Value for Money

- Core principle underpinning the procurement
- Cost is only one element in assessing VFM

1.1.1 Whole of life value for money assessment

- Fit for purpose
- Performance history of the supplier
- Relative risk of each proposal
- Flexibility to adapt to change

1. PROBITY PRINCIPLES (Cont'd)

1.2 Encouraging Competition

- Potential suppliers should have an equal opportunity

1. PROBITY PRINCIPLES (Cont'd)

1.3 Efficient Effective and Ethical use of Commonwealth Resources - requirement of S44 of the Financial Management & Accountability Act 1997

1.3.1 Efficiency – the selection of the procurement process in terms of transparency and fairness.

1.3.2 Effectiveness – accuracy in the specification, rigor in the evaluation process and contract negotiations, and management of the contract.

1.3.3 Ethics – moral boundaries underpinning the procurement process, eg. honesty, consistency, integrity

1. PROBITY PRINCIPLES (Cont'd)

1.4 Accountability & Transparency

- Prime consideration throughout the procurement process.
- Documentation of the procurement process to facilitate scrutiny.

1. PROBITY PRINCIPLES (Cont'd)

1.5 Confidentiality & Impartiality

- Proposals are treated as Commercial in Confidence
- TAP members are required to sign Confidentiality and Conflict of Interest declarations
- Proposals are only assessed on responses to the selection criteria

2. Probity Advisor

2.1 Advisor vs Auditor

2.2 Probity Audit Opinion

Market Development Facility

Perspectives from the designers…

Overview

1. What’s different, what’s important
2. Design highlights
3. Aspects to note

What's different, important? 1/6

- Genuinely different, new approach for AusAID, requiring different skill sets
- Nascent understanding of the approach in AusAID
- Initial scepticism at Post replaced with enthusiasm
- One reason for centralising management, to give contractor 'informed cover'

What’s different, important? 2/6

The challenge:

- Being analytical, opportunistic but strategic
- Being entrepreneurial, real understanding
- Maintain ‘space’ to explore opportunities whilst keeping Post informed and onside
- Taking appropriate risks
- Whilst always having a clear line of sight to results

What’s different, important? 3/6

<u>Taking responsibility for results</u>

- Change at the enterprise level
- Systemic change – copy, crowd in, sector growth
- Pro-poor benefits
- Sustainable systems in place to grow the results further

Strategic use of inputs in the pursuit of sustainable results

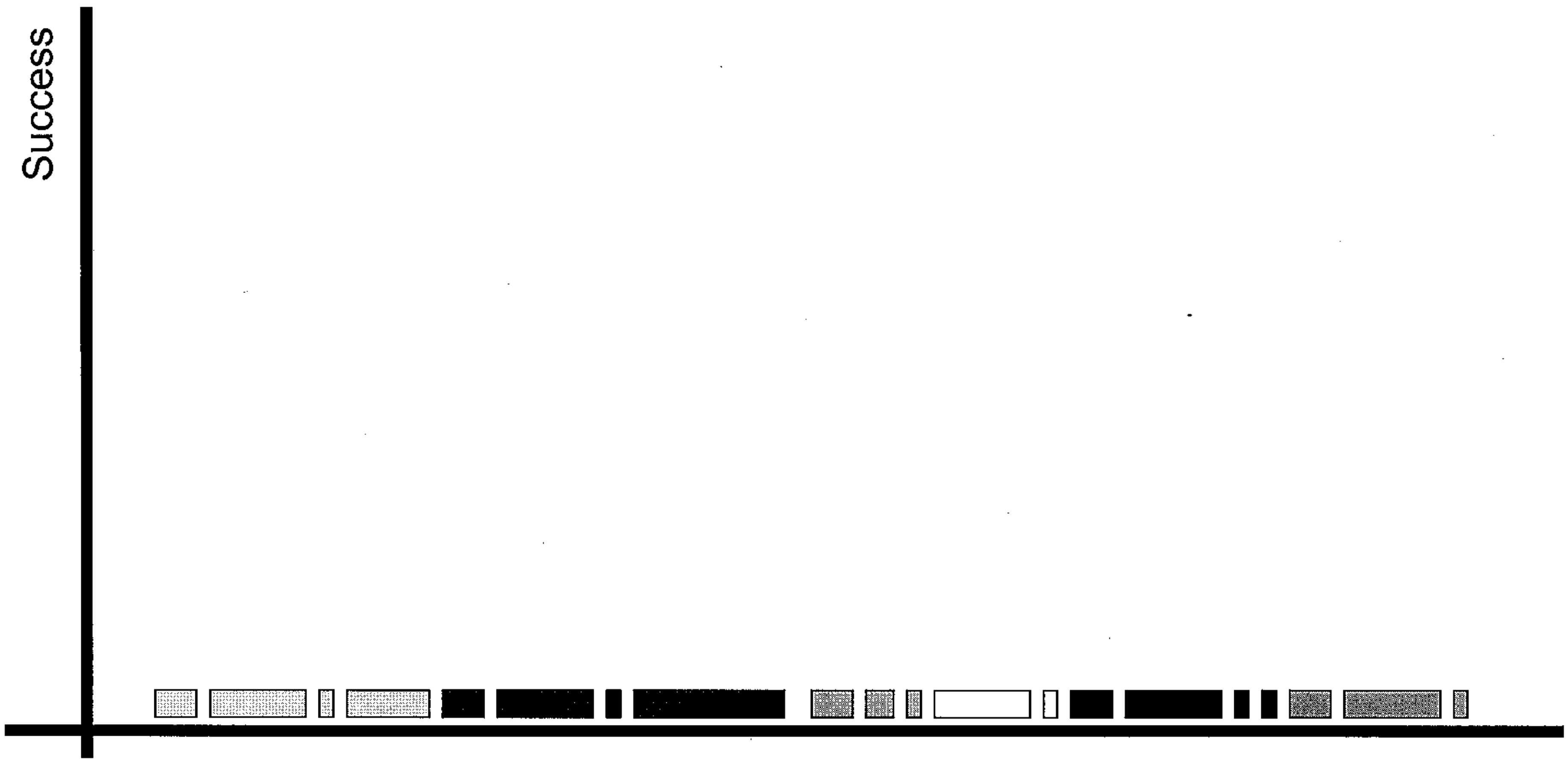
What's different, important? 4/6

- Short term gains
- Direct delivery
- Standard solutions
- Output orientation
- Direct impact on poor
- Getting NGOs and Government 'to do'
- Precisely planned inputs
- Aid-like

- Real sustainability
- Outreach
- Understanding reality
- Results
- Indirect, long-term change
- Understanding reality
- Continuous learning
- Business-like

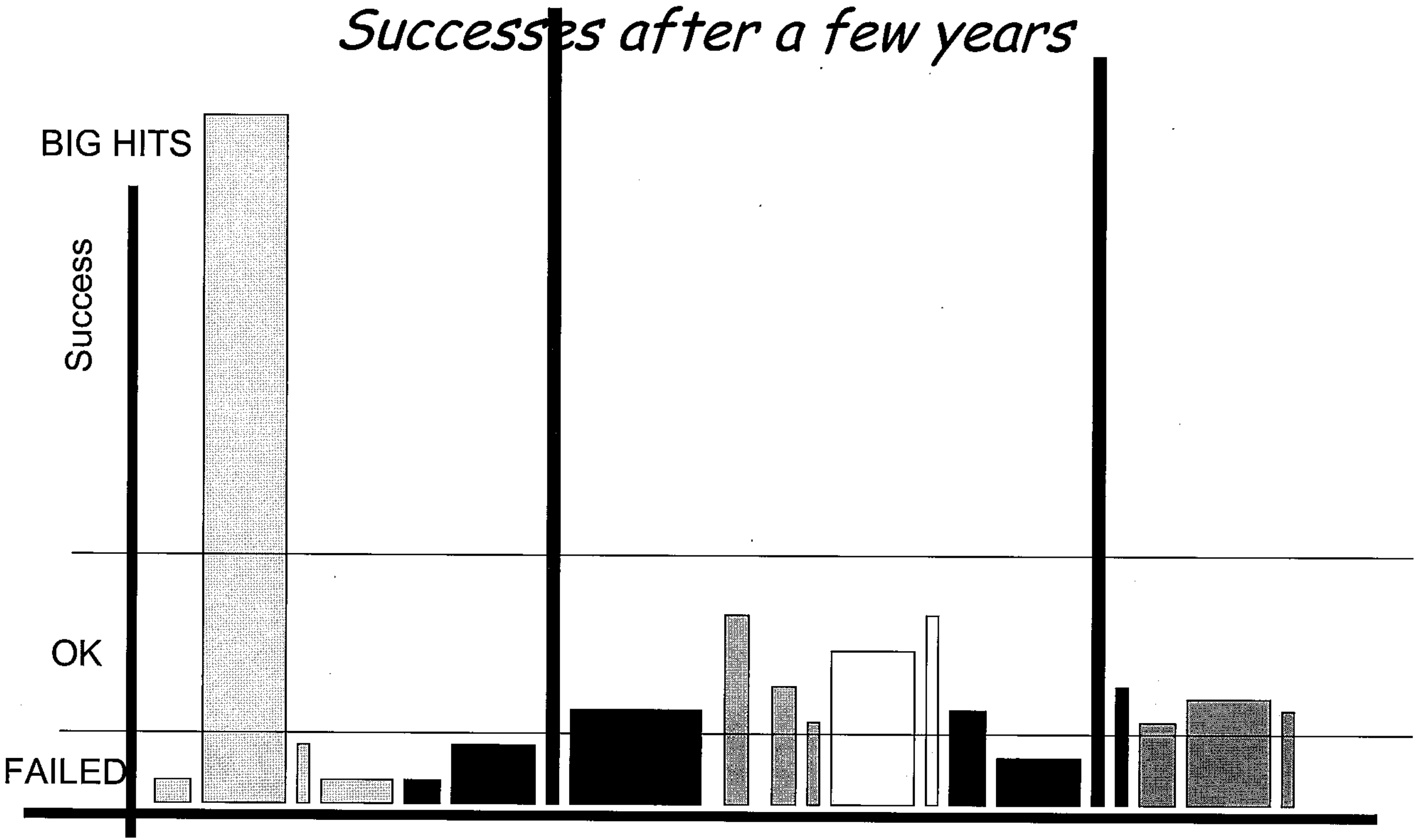
What's different, important? 5/6

New Interventions - a portfolio approach



What's different, important? 6/6

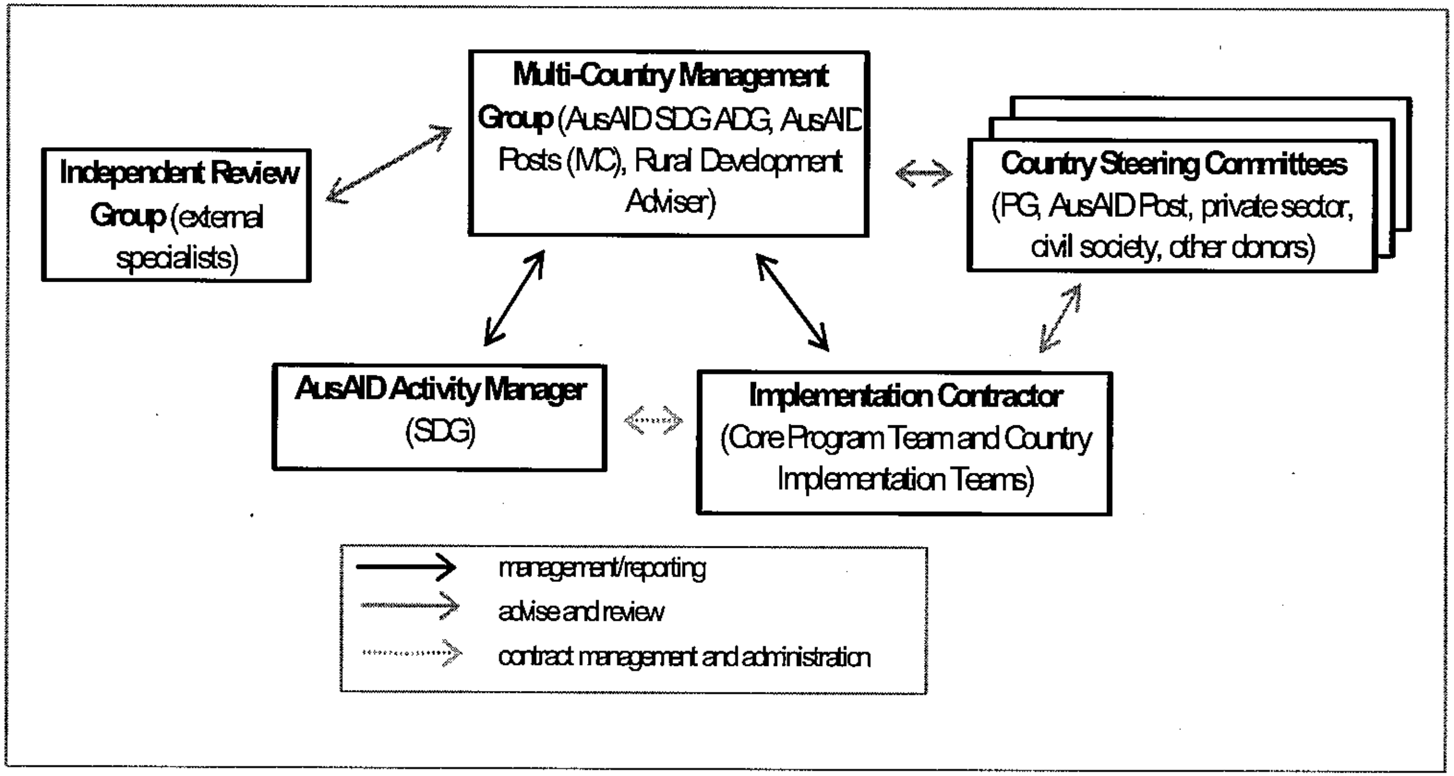
Successes after a few years



Design highlights: Outcomes

1. Increased competitiveness of sectors and industries that involve poor and marginalised women and men;
2. Poor and marginalised women and men in these sectors benefit disproportionately from sector or industry growth;
3. Select market systems able to adapt to maintain competitiveness and sustain benefits for the poor into the future;

Design highlights: Governance arrangements



Design highlights

- Importance of real time M&E – a process not an event
- Consistent, clear, logical focus on results

Aspects to note 1/3

- RFP not RFT – the design doc matters!
- Importance of the Country Annexes
  - Local issues and politics
  - Invest in Post, keep them informed
  - Pressure for quick results
- Solomon Islands update
- Options to scale up and out

Aspects to note 2/3

- Links to PHAMA and PARDI
- Role of partner governments – as part of the market system
- Joint appointment of CIT (to avoid limiting selection)
- Use of specialist expertise (hard to predict, possibly useful)
- Importance of right implementation skills, with various options re. supporting management models..

Other – performance

- AusAID to ensure via stakeholders that contractor is meeting quality and service standards, on a quarterly basis
- Any breaches referred to contractor for a response
- If responses deemed unsatisfactory, then referred to MCMG until consensus reached

Australian Government
AusAID

The Australian Government's
Overseas Aid Program

Market Development Facility (MDF)
Request for Tender (RFT)

Capability Statement (Step 1)

Pre-Tender Briefing/Information Session

Wednesday 28 April 2010, AusAID House, Canberra

Australian Government
AusAID

Procurement Process Information Sessions:

Topic 1) MDF (RFT) Capability Statement (Step 1) & Overview of Tender Process

Topic 2) Hints for New Players/Advice for New Companies about Bidding for AusAID Work
(handouts provided)

Contact email regarding the RFT: mdf@ausaid.gov.au ;

Australian Government
AusAID

Topic 1:
MDF(RFT)
Capability Statement(Step 1) &
Overview of Tender Process

Presenter: Byron Singline, PAS

Australian Government
AusAID

MDF Tender Process:

- 2 Step tender process :

- Request for Capability Statement (Step 1); and
- Request for Proposal (RFP) (Step 2).

- Market be aware:
  - Step 1 Assessment : 100% technical response to Selection Criteria; and
  - Step 2 Assessment : shortlisted Organisations from Step 1 asked to respond – calculated via a “like-for-like” calculation comparing response to selection criteria (technical assessment - 80% total score) and proposal cost (financial assessment) (20% total score).

Step 1 - Capability Statement Particulars

- RFT Closing Time: 14:00 pm (AEST) Friday 28 May 2010 (45 day period)
- Mode of Submission: Either:
  - -Electronically, via AusTender at https://tenders.gov.au;
  - or:
  - - Hardcopy, by depositing by hand/courier to AusAID Tender Box
- Address: Attention to Byron Singline (PAS)
  "Capability Statement for the Market Development Facility (MDF)"
  Tender Box
  Ground Floor, AusAID
  255 London Circuit,
  Canberra ACT 2601, Australia

Submission Requirements:

- Electronic Submission - One (1) electronic file (.pdf format) of the Submitted Capability Statement Response.
- Hardcopy Submission: One (1) 'original' (marked) copy of the Submitted Capability Statement Response plus four (4) other copies of the Response, and one (1) CD containing a .pdf copy of the response.

Any questions during the tender process on contract or program issues?:

- ONLY to be submitted in writing to the "AusAID MDF Tender" contact (myself) via email address in RFT;
- Can be submitted anytime prior to COB (AEST) Friday 14 May 2010 (14 days before the close of the Tender period); and
- Will be answered by issue of a public Addendum on the AusTender website (www.tenders.gov.au) as soon as possible prior to COB 21 May 20010 (7 days before the close of the Tender).

Structure of the RFT (Step 1):

1. **Part 1 – Project Specific Capability Statement Conditions;**
2. **Part 2 – Standard Capability Statement Conditions;**
3. **Annex A – Use of Performance Information;**
4. **Annex B – Capability Statement Declaration;**
5. **Annex C – Conditions for Use of AusTender**

(Attachment 1: "Market Development Facility (MDF): Program Design Document (PDD) RFT April 2010")

Capability Statement Response Required:

The RFT for Step 1 is a Capability Statement requiring the following submissions:

1. Response to Selection Criteria (5 pages max.); plus
2. Up to 5 Past Experience Forms (Annex 1 RFT); plus
3. Capability Statement Declaration (p.16 Step 1 RFT)

Selection Criteria (Step 1)

(A) Management Capacity (20% weighting)

- **Outline the capacity of the Organisation including the ability to provide appropriate management, financial, administrative and logistical support.**

(B) Critique of the Program Design Document (40% weighting)

- **Provide an analysis of the PDD including an understanding of the challenges in implementation.**

(C) Experience (40% weighting)

- **Outline the Organisation's experience in managing and implementing market development programs in the development context.**

(Looking Ahead: The RFP (Step 2) – more detail on approach intention reqd.)

General Advice on Bids:

1. Tenderers are encouraged to familiarise themselves with the following documents available on the AusAID website:

- the AusAID contracts charter: (http://www.ausaid.gov.au/business/pdf/charter.pdf); and
- the Commonwealth Procurement Guidelines (CPGs) (http://www.finance.gov.au/procurement/procurement_guidelines.html)

2. Tenderers expected to be compliant with AusAID policies:

- Expected to be familiar and compliant with overarching policies including Gender Equality and Development, and the Environment Policies, in the context of the Facility role and program
- http://www.ausaid.gov.au/publications/pubs.cfm?Type=PubPolicyDocuments

Recent additions to be aware of:

- Child Protection Policy (2008) – to provide a framework for managing and reducing risks of child abuse by persons engaged in delivering Australian aid program activities; and
- Development for All (2008) – to ensure that people with disability are included and supported in improving their quality of life through all aspects of the aid program.

(other Policies as listed in Clause 19 of RFT)

Australian Government
AusAID

Quick Overview of How Assessment of MDF Tender Process will be Undertaken by AusAID:

1. A TAP (Technical Assessment Panel) will be formed by AusAID to technically assess and compare all received Capability Statements (Step 1); and then RFPs (Step 2).

2. TAP will comprise 3-5 members with combination of skills/experience, could include AusAID staff, partner government, external experts and independent consultants.

3. TAP will assess against technical criteria listed in the RFT, and compare and contrast bids to recommend as needed to:

   a) Rank all received conforming bids for Step 1 then invite shortlisted organisations to respond to the RFP (Step 2); and

   b) Rank conforming Step 2 bidders and recommend a "preferred tenderer".

- AusAID will then attempt to negotiate and enter into a standard form of contract with the recommended bidder, based on their Proposal Response (Step 2) and provided cost estimate. *(AusAID reserves the right to negotiate aspects of the bid with tenderer, if deemed necessary by the TAP or PAS, in order to ensure a mutually beneficial contract, and value for money to the Commonwealth)*

- <u>Contract Negotiations:</u> AusAID will raise any issues raised by TAP on approach or resourcing and negotiate any reductions, inclusions or changes AusAID seeks with Organisation to either scope or costings, prior to drafting a contract for Organisation review/clearance .

Specific Step 1: Assessment Process

1. Capability Statements will be checked for conformity to RFT requirements.
2. Conforming bids will be assessed by the TAP, and a shortlist meeting will be held (est. mid June)
3. TAP will recommend a number of bids be invited to respond to Step 2 – RFP stage of bid.

(Bidders not shortlisted for Step 2 will be notified at this time)

Australian Government
AusAID

Step 2 : A look Ahead at the Request for Proposal (RFP) Stage:

1. Following shortlist by TAP – Invitations to respond to the RFP stage (Step 2) will be sent to those shortlisted organisations (est. mid/late June).
2. Details of specifics of criteria and response time requirements will be listed in the Step 2 RFP documentation - only released to those shortlisted by TAP at Step 1.
3. Time for response will be less than 45 days for Step 1(DAC requirement), most likely between 21-28 days.
4. Following close date of Step 2 - TAP will meet and assess Proposals put forward in response to RFP (Step 2) – (est. late July/early August) and recommend a preferred tenderer for MDF.
5. AusAID will look to mobilise the contractor in late September/Early October 2010.

Australian Government
AusAID

So what is a "Request for Proposal (RFP)" ??

- **What does this mean and how will this differ from a standard AusAID Request for Tender (RFT)?**

  - Different approach to market: seeks expertise of market on "development know how" and allows bidder to put forward approach they see most appropriate, identify sector opportunities, best way to have effect, structure services, comparative advantages, value-adds for AusAID etc.

  - Different response needed (allows bidder to have greater influence in designing a scope of works while writing to criteria in their proposal..based on "spirit of the PDD", and provide a cost proposal most likely based on AusAID provided fixed and variable cost categories)

  - Less structured RFT / more Open to Bidder Ideas/Suggestions – less defined Scope of Service will be provided (ie. perhaps only category headings for bidders to explain their Proposed approach within to best carry out PDD within)

  - Market competition as to most cost effective and efficient way to carry out PDD.

(Further information will be provided to shortlisted bidders, and through Step 2 process questions will be answered by Addenda as needed to assist market)

Summary of Important Dates/Events in the MDF Tender Process:

- Final Questions on Step 1 (Request for Capability Statement) due COB (AEST) Fri. 14 May 2010
- Answers to final RFT questions provided via Addendum on AusTender website by COB Friday 21 May 2010
- Step 1 RFT Closes 2pm (AEST) on Friday 28 May 2010
- Shortlisted bidders will be invited to respond to Step 2 RFP – (around mid-June 2010
- TAP determine a preferred tenderer to recommend to AusAID delegate – early August
- AusAID will then undertake an overarching Value for Money assessment of technically viable bids prior to entering contract negotiations with preferred tenderer
- AusAID aiming for mobilisation around late September/early October 2010

- Any questions?
- Save them for after coffee-break!

Australian Aid

Market Development Facility (MDF) Capability Statement (Step)

Topic 2: **Hints for New Players / Advice for New Companies on Bidding for AusAID Work**

Presenter: Byron Singline, PAS

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

New Tenderers wishing to be a part of Australia's overseas aid program should:

- Take advantage of early warning of tenders on AusAID's website (www.ausaid.gov.au) and Austender (www.tenders.gov.au); you don't have to wait until tenders are advertised before beginning preparation of your bid
- Consult the provided information on how AusAID conducts its business and contracts out at www.ausaid.gov.au/business/default.cfm

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- Adopt a strategic and focused approach by targeting specific projects and opportunities where your organisation has expertise
- Understanding AusAID is important. You are always welcome to meet with Country Program Managers and Contracts staff; however be aware during tender processes contact will be restricted to ensure no perception of bias to market
- Network with other consultants and organisations as bids comprising several companies in association with each other are common and can benefit new companies as well as more general companies (ie. influx of technical skills)

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- After a tender process (whether successful or not), take advantage of AusAID's offer of a debrief
- Bidding is a highly competitive process and bidders should be prepared for a medium to long term view about doing business with AusAID rather than expecting to win vast amounts of work in the short term
- Liaise with Managing Contractors who have been awarded AusAID contracts before

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

Hints on Proposal Writing

- Read the documentation carefully to ensure your bid meets all requirements
- Directly address the selection criteria and substantiate your claims strongly
- Note any weightings attached to selection criteria, and subsequently ensure that the emphasis in your submission reflects the weightings on the selection criteria

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- Ensure your bid is subjected to some form of quality control and checking prior to its submission to AusAID – an independent review to assist in editorial and logical consistency is recommended.
- If you are unsure of something, please ask questions. We are here to respond.
- Don't make claims that can not be substantiated

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

Management Arrangements

- Clearly identify management inputs (who will do what, and with what level of input) as well as your proposed management framework. This is particularly necessary when a joint venture or consortium bid is submitted
- Be aware a consortium must have 1 nominated lead organisation AusAID will enter into a formal contact with

Australian Government AusAID

Topic 2 – Advice for new companies bidding on AusAID work

Approach and Methodology

- Bidders need to demonstrate original thought. Do not just repeat what AusAID has already provided in the tender document
- Bidders need to show that they understand what the activity is about and have Value Ads
- Specifically identify project risks and how you propose to manage them

Topic 2 – Advice for new companies bidding on AusAID work

Key Personnel/Staffing

- CVs should be provided for all Key Personnel nominated. The CVs should be focused towards skills required and clearly outlined the duration and extent of the nominee's involvement in activities
- Provide referees who can comment on the nominee's experience and their claims against the selection criteria. AusAID can identify and contact referees of its choosing if it considers that it is not getting a complete picture

Topic 2 – Advice for new companies bidding on AusAID work

Pricing of Bids

- Prices submitted with bids must reflect the whole of life costs of undertaking the activity.
- AusAID is not interested in proposals from bidders that do not adequately resource the task.
- Bidders must pay attention to tender documentation outlining how AusAID wants costs submitted, and show value for money to AusAID for provision of services

Topic 2 – Advice for new companies bidding on AusAID work

Presentations and Interviews during Technical Assessment Process (TAP)

- Bidders may be invited to meet with the Technical Assessment Panel to make a brief presentation or to undertake an interview. In those instances, AusAID recommends the following:

-Keep the presentation focused and within the allocates time limit

-Ensure the team is fully knowledgeable of the proposal and aware of each others responsibilities and skills both in program, and interview!

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- Ensure the presentation is vibrant and engaging remembering that several will be sat through by the panel
- Avoid overly complicated diagrams
- Let team members answer questions posed to them. Do not answer questions on their behalf
- The TAP process allows bidders to send an observer to the briefing. This provides an ideal opportunity for either bid writers or management to see how their team performs and to understand comments provided during the briefings.

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

Value for Money Assessment of Tenders by AusAID

- As an Australian Government Agency that is governed by the Financial Management Act AusAID's overriding priority is to achieve a
- Value for Money outcome.
- "Value for money is the core principle underpinning Australian Government procurement. In a procurement process this principle requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle."

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

Value for money is enhanced in Government procurement by:

- Encouraging competition
  - transparent, public tender process
  - seeking your proposals and costings
- Promoting the efficient, effective and ethical use of resources
  - an overriding priority in this tender
  - AusAID will evaluate your proposal accordingly

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- Cost is not the only determining factor in assessing value for money.
- There is no formula to measure value for money, it's a consideration based on how well a program can be provided and at how good a cost it can be done.
- Value for money means " the best available outcome when all relevant costs and benefits over the procurement cycle are considered"
- Value for money does not necessarily mean the lowest price and price alone is not a reliable indicator of value for money.
- A bid that has more value ads at a lower price may be better value for money.

Topic 2 – Advice for new companies bidding on AusAID work

- Some important considerations when assessing value for money include:

- The performance history of each tenderer

- Does your firm have a record of achievement? How do your consortium partners come across?

- Does your firm deliver a quality outcome, on time and on budget?

- Are your previous clients satisfied with your companies performance?

Topic 2 – Advice for new companies bidding on AusAID work

- The relative risk of each proposal
- Does your proposal adequately and reasonable address attendant risks?
- Do you identify risk and propose strategies o deal with these risks?
- Are the proposed costings, methodology and approach appropriate to the risk identified and appropriate to level of services provided for tender?
- Can you defend any proposed needed head office costs above on ground staff?

Topic 2 – Advice for new companies bidding on AusAID work

- The flexibility to adapt to possible change

- Does your proposal recognise the need for flexibility in the project environment if relevant to tender specifics?

- Does it propose strategies to manage this change?

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- Financial considerations including all relevant direct and indirect benefits and costs:

- Have you costed your proposal to allow for all known costs at appropriate rates, in a way that allows for reasonable profit, head office overheads and variables – suitable and appropriate for the services?

- Costings that are too high or too low could make a difference!

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

- Is the proposal balanced in terms of its articulation of inputs, outputs, outcomes, risks, costs, quality and timeliness and overall effectiveness:
- As a client, AusAID & Partner Government need to be satisfied that the winning proposal is sound, capable of being implemented and effective in achieving stated objectives within a timeframe and budget that is acceptable to services and situation.
- AusAID has responsibility to Commonwealth and taxpayers to reduce any unneeded or unreasonable costs from bid during contract negotiations – to ensure Value for Money outcome.

Topic 2 – Advice for new companies bidding on AusAID work

In your proposal you need to explain and demonstrate to AusAID the Value for Money (VFM) merits and considerations of your proposal – and how they will ensure efficient and effective implementation

Australian Government
AusAID

Topic 2 – Advice for new companies bidding on AusAID work

Value for Money Assessment by AusAID:

- Will be an overarching consideration when delegate makes a decision on preferred tenderer, along with consideration of the technical assessment rankings of the TAP
- All information provided by tenderers in Technical Proposal, Financial Proposal and all Annexes will be utilised by the AusAID to do this.
- Financial Assessment of Tender by external auditor may be employed also to assist AusAID's decision

Topic 2 – Advice for new companies bidding on AusAID work

- Any further Questions??

Australian Government
AusAID