



Date: 15 December 2009

Pages: 5

Subject: Addendum 1 to the Incentive Fund Phase III Request for Tender of 21 November 2009

Tenderers are advised of the following:

Clarifications to the RFT

1. Some bidders may be having difficulty accessing the website for the book "Changing Lives: Stories from the Australian Papua New Guinea Incentive Fund". If this is the case, bidders are invited to email IncentiveFund@ausaid.gov.au and AusAID will post an electronic copy of the book in PDF format on a CD to the bidder's nominated postal address.
2. In Clause 4.2 of Part 1, delete the existing Selection Criteria 3(c) and insert the following:

"Provision of a monitoring and evaluation framework in accordance with Annex 7 – Monitoring and Evaluation Framework."
3. In Clause 4.3 of Part 1, add a new Annex 7 – Monitoring and Evaluation Framework as follows:

"Annex 7 – Monitoring and Evaluation Framework

Noting that Annex H of the Project Design Document includes an example of an activity level M&E Framework, Tenderers are required to provide a monitoring and evaluation framework addressing project level monitoring and evaluation and Contractor performance. For the purpose of a Tenderer's response to this RFT, this is to be no more than four (4) pages."
4. In Clause 1.1 of Part 2, delete the definition of "Medium Term TA Personnel" and insert "**Long Term TA Personnel** means Advisors engaged by the Contractor under the Program for a continuous period of greater than 6 months."
5. In Table 2 – Milestones under Clause 13.1 of Part 3, Scope of Services, the Description for Milestone no. 2 is deleted and replaced with the following:

"April 2010 – 30 June 2011 Annual Plan accepted by Management Group (MG)".
6. Delete Clause 14.1(a) of Part 3, Scope of Services, and replace with the following:

"(a) Annual Plan for Year One (to 30 June 2011)".

7. In Clause 14.7 of Part 3, Scope of Services, delete the reference to "31 July 2010" and replace with "30 June 2011".
8. In the key tasks of the Administration Manager in Annex 6 to Part 3, Scope of Services, delete dot point two and replace with the following:

“- Establish, manage and monitor, with the Program Manager and Financial Specialist, IF III's proposal and project tracking and management system”.
9. In bullet point 6 of the qualifications and experience for the Development Specialists in Annex 6 of Part 3, Scope of Services, delete the existing dot point 6 and replace with the following:

“- Relevant management experience in implementing a development activity is highly desirable”.
10. In bullet point 7 of the qualifications and experience for the Financial Specialist in Annex 6 of Part 3, Scope of Services, delete the existing dot point and replace with the following:

“- Relevant management experience in implementing a development activity is highly desirable”.
11. In Clause 7.3(g) of Part 4, Basis of Payment, delete the existing clause and replace with the following:

“(g) A detailed analysis of costs including fees at cost; and”.
12. In Attachment 4 to Annex A of Part 4, Basis of Payment, delete the heading “Table 1A – 4” and insert “Table 1A – 5”.

Questions raised by interested tenderers at the pre-tender briefing held on 7 December 2009

13. **Question:** Selection Criteria 3(c) asks us to provide an M&E Framework. Can we provide the M&E Framework as an additional annex (say Annex 7) as otherwise within the page limit of the main text we can only provide a summary?

Answer: See points 2 and 3 of this Addendum 1.

14. **Question:** Selection Criteria 2(a) refers to an identification of the strengths and weaknesses of the Project Design Document. Are you looking for us to provide you with a critique of the PDD?

Answer: AusAID is looking for tenderers to analyse the design and demonstrate your understanding of the design by identifying the strengths and weaknesses. However, tenderers should note that this is only a sub-element of one selection criteria and AusAID does not require an exhaustive and disproportionate response.

15. **Question:** In the RFT, Clause 4.3, Part 1, and Clause 5.2, Part 1, both refer to referee details required for CVs. Does the requirement to fill out the referee details in the Specified Personnel Table mean that we do not also need to include referee details in the CVs?

Answer: The referee details to be included in Tender Schedule B: Specified Personnel Table in accordance with Clause 5.2, Part 1, is just a summary sheet for the information contained in the CVs for the Specified Personnel. AusAID requires bidders to comply with both requirements.

16. **Question:** Would AusAID consider amending the Scope of Services so that the Annual Plans aligned with the Government of Papua New Guinea's reporting requirements?

Answer: It was determined that the annual plans would accord with the Australian financial year.

17. **Question:** Is there a page limit for Annexure 3 - Risk Management Plan?

Answer: No. There is no page limit for the critique of the Risk Management Matrix.

18. **Question:** Is there a page limit for Annexure 4 - Mobilisation Plan? Does AusAID require this to be in a particular format?

Answer: There is no page limit. There is no specific format requirement, but a combination of narrative and a gantt chart is typical for a mobilisation plan.

19. **Question:** Can we nominate a combination of both international and national candidates to fill our 6 specified positions? If so, in which table to we show the costs associated with nominating national professionals?

Answer: Yes. If your organisation nominates a national professional as a specified personnel, this is included in Table 1A – 3: Incentive Fund Program Office Long Term Personnel Costs – Local Staff.

20. **Question:** Can you please clarify the specified leave provisions (i.e. annual leave, sick leave etc) for nominated long-term personnel under the contract?

Answer: Tenderers may nominate leave provisions for Long Term Personnel as deemed appropriate (see also Clause 6.9 of Part 1). However, entitlements should at a minimum be consistent with legislative requirements. Where leave provisions exceed the minimum legislative requirements, they should be consistent with industry standards and any unusual leave provisions should be stated and supported as assumptions and listed under the table.

Tenderers should note that leave entitlements and the Tenderers management strategy for ensuring the continued quality services during Long Term Personnel absences may be assessed by the Technical Assessment Panel or AusAID as part of the technical assessment process.

21. **Question:** The qualifications and experiences in Annex 6 to Part 3, Scope of Services, for the specified positions it talks about capacity building. Are they Capacity Building Advisors?

Answer: These personnel need to have this ability in the exercise of their role, but it is only one of a range of skills required for each position.

22. **Question:** Can you confirm what we are expected to nominate in Tables 1A – 4 and 1A – 5 [of Part 1]?

Answer: For staff who are part of the Program Office who have short term or part time inputs, the costs associated with their engagement would be inserted into Table 1A – 4 for international staff and 1A – 5 for local staff.

23. **Question:** Do the TA personnel part of the Contractor Consultant Pool referred to in Clause 10.6 and 10.7 of Part 3, Scope of Services, have to be specified in Tables 1A – 4 and 1A – 5?

Answer: No. AusAID anticipates that the bidder will have a pool of professional staff to draw on for their unallocated technical assistance that will form part of the Contractor Consultant Pool. AusAID does not require names and positions. Tables 1A – 4 and 1A – 5 concern the program office.

24. **Question:** Selection Criteria 2(c) [Part 1] refers to an analysis of the operating environment in Papua New Guinea and likely partners. Likely partners could be just about anyone. Does AusAID have a view about likely partners and what it is seeking here from bidders?

Answer: A response to Selection Criteria 2(c) can be a discussion on the scope of the broad range of possible partners, their characteristics and the implications to operating with them. It is meant to be an identification of the likely characteristics of the organisations that will receive funding. The story book “Changing Lives” may assist bidders to identify this scope and possible partners.

25. **Question:** Is AusAID looking to expand on the idea of connections with SNS and SPSN?

Answer: The design does not explicitly address how the Incentive Fund should work with SPSN and SNS. However, AusAID wants to ensure that the Incentive Fund consults with SPSN and SNS and that processes are aligned where possible.

26. **Question:** What are the KPIs and how do they connect with performance payments? In Incentive Fund Phase I and II, these were linked but they do not appear to have been included in Phase III

Answer: The Independent Review Team will look at how the contracted services are being delivered. AusAID has not structured performance payments in this contract.

27. **Question:** Within 1 month of the contract signature, AusAID is requiring the program office to be set up and for the Mobilisation Plan to have been successfully completed. Can you please confirm this requirement?

Answer: A draft Mobilisation Plan is required to be submitted by tenderers as part of their bid. A final Mobilisation Plan is due 1 month after contract signature (Table 1, Clause 12, Part 3).

28. **Question:** In Table 2: Total Fixed Management Fee under Clause 6.10 of Part 1, would AusAID agree to setting an escalator per annum to be applied to the Fixed Management Fee?

Answer: No. AusAID is not asking for an escalator. Bidders must specify the Fixed Management Fee to be applied each year of the contract.

29. **Question:** Does AusAID confirm Clauses 14.4, 14.8 and 14.9 of Part 2 as it appears unfair to contractors if they are required to meet the costs of an alternative recruitment process?

Answer: AusAID confirms these clauses.

30. **Question:** In relation to the program budget, AusAID's procurement plan indicated a budget of about \$75 million for this program but today you referred to \$60million. Is there a reason for the decrease in the program budget?

Answer: AusAID has revised its costings. However, the A\$60 million reference was to the proposed value of the Imprest Account (Clause 2.1(e) of Part 4).

Attachments to this Addendum

1. PowerPoint presentation given at the Incentive Fund Pre-Tender Briefing on 7 December 2009 on the Project Design Document by Rosemary Cassidy.
2. PowerPoint presentation given at the Incentive Fund Pre-Tender Briefing on 7 December 2009 on the Scope of Services and Basis of Payment by Jim Catchlove.
3. PowerPoint presentation given at the Incentive Fund Pre-Tender Briefing on 7 December 2009 on the Request for Tender by Tamara Green.

All other information as set out in the RFT dated 21 November 2009 remains unchanged.



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The Australian Government's
Overseas Aid Program

Incentive Fund: Overview of the design

Rosemary Cassidy, First Secretary

Willie Koi, Program Officer

Design (September 2008)

- Informed by:

- ◆ 2007 Review
- ◆ Lessons learned in previous phases



Enhancements

- Shift in focus from:
 - ◆ ‘excellence’ of those organisations funded to the ‘incentive’ to get others to that level
 - ◆ From the organisations themselves to the development outcomes they are delivering



Enhancements : Application process

- ‘Good proposals’ vis-à-vis ‘good organisations’
- Support to organisations to prepare final proposals



Management Group: strengthened role

- In the ‘driver’s seat’
- Set strategic directions
- All members equal, decisions by consensus



Strengthened Monitoring and Evaluation

- Overall M and E Framework
- Individual activity M and E
- Development and organisations impacts
- Research component

Organisational Assessment

- At concept proposal stage
- Change in how and when Joint Organisation Assessments (JOAs) are used



Aligning with other AusAID, donor and PNG activities

- Strongim Pipol Strongim Nesen Program
- Sub National Strategy
 - ◆ Graduation to Incentive Fund



Gender Equality

- Continued emphasis
 - ◆ Included in criteria for funding proposals
 - ◆ Need to demonstrate women's participation
 - ◆ Capturing in the M and E Framework



Capacity Building

- Strengthened in earlier phases
- Expanded emphasis



Expanded focus

- Previously seen as a program that supported infrastructure projects
 - ◆ Infrastructure as means to achieving development objectives
 - ◆ Not limited to infrastructure projects

Incentive Fund Grant limits

- Lower limit K 500,000
- Upper Limit K 10 million



“Gateway” organisational capability

- Basic benchmark organisational and financial health checks have been retained
- Requirement for two years audited financial accounts remains
 - ◆ history of three or more consecutive years desirable

Questions





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The Australian Government's
Overseas Aid Program

Incentive Fund III Contract

Jim Catchlove
PNG Contracts Manager
Procurement and Agreement Services
(Canberra)

Overview

- Scope of Services
- Basis of Payment



Scope of Services - Time Issues

- Funding to 30 June 2014
 - ◆ Contract about 51 months
- Transition activities by AusAID
- Early issues
 - ◆ Establish the Program Office
 - ◆ Produce operational manuals

Program Office

- Six specified positions (Annex 6)
- Bidders are to propose a staffing structure
- Final structure negotiated with preferred bidder



- Cost will be paid by AusAID quarterly in arrears

Management

- Incentive Fund Management Group
- Management Group Sub-committee
- Independent Review Team



- Dept of National Planning and Monitoring --- AusAID

Component 1 - Implementation

- Establish and maintain grant operational mechanisms
- Manage the four stages of applications
- Publicising and website
- Maintain the Fund database
- Secretariat services to key committees

Component 2 – Monitoring and Evaluation

- M & E framework within 3 months
- M & E framework is to be multi- level:
 - ◆ Activity
 - ◆ Project Level
 - ◆ Contractor Performance
- Research and Lessons Learned

Component 3 – Program Management

- Recruit and manage staff and TA
- Manage, equip and furnish a Program Office
- Manage funds, security, risks, etc
- Undertake reporting

Application Assessment (Annex 3)

- Four Stages
- Stage 1 – Screening Proposals
- Stage 2 – Organisation Assessment
- Stage 3 – Full Development of Active Proposals
- Stage 4 – Approval / Rejection

Workshop Program (Annex 4)

- Budget A\$300,000
- Facilitate proposal preparation
- Workshop Materials developed to complement Information Kit
- Evaluate and report on Workshop program



Database (Annex 5)

- Establish and maintain a database to facilitate management and reporting eg:
 - ◆ Requests for documentation
 - ◆ Applications
 - ◆ Records of funded activities
- Existing database is in Exel format.
- Allow access by agreed parties eg PNG Govt, AusAID and Review Teams

Milestones (Scope of Services Clause 13)

- 4 or 5 per year
- Mainly Annual Plans and periodic reports
- Mobilisation Plan
- Completion Report

Outputs (Scope of Services Clause 12)

- Management Group Charter (and training)
- IF III Policies and Procedures Manual and Project Handbook
- Communications Strategy
- IF III Information Kit
- Financial Management Handbook



Funds and Imprest Account

- The heart of the Program
- Imprest Account Manual
- Could be as much as A\$60 m





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Basis of Payment

Payment Streams

- ★ Program office costs Regular payments
quarterly in arrears
- ★ Management Fee Milestone payments
- ★ Reimbursable Costs
- ★ Unallocated Short Term TA
- ★ Replenish Imprest Account quarterly in
advance



Reimbursables

- ★ Secretariat Services – A\$ 200 k
- ★ Workshop Costs – A\$300 k
- ★ Marketing Costs – A\$200 k
- ★ Travel Costs – A\$100 k



Unallocated TA

- ★ Expect this to be very short TA and probably a high percentage of local consultants.
- ★ A\$ 1 million
 - Fees
 - Reimbursables
- ★ Management Fee
covered by
Fixed Management Fee



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Imprest Account

This is the resource to be drawn upon to fund approved grants.

Indicative amount is A\$60 m
About A\$15 m per year



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**The Australian Government's
Overseas Aid Program**

Questions



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Incentive Fund Phase III (IF III)

Pre-Tender Briefing

Tamara Green - Procurement and Agreement Services



Structure of the RFT

> Section 1

- Project Specific Tender Conditions
- Project Specific Contract Conditions
- Draft Scope of Services
- Draft Basis of Payment

> Section 2

- Standard Tender Conditions
- Standard Contract Conditions

> Attachments

- IF III Program Design Document
- Incentive Fund Independent Evaluation 2007
- Word versions of tables
- Link to the book “Changing Lives: Stories from the Australia Papua New Guinea Incentive Fund”



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Addenda

- > Addenda will be posted on AusTender.
- > Addenda will include the powerpoints from today's presentations, questions and answers from today's industry briefing.
- > Answers to any questions forwarded to the IF III mailbox at IncentiveFund@ausaid.gov.au will also be uploaded as Addenda



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Submissions

Tender Schedule A: Technical Proposal

- Response to Selection Criteria 1, 2, 3 and 4
- Annex 1 - Past Experience Form
- Annex 2 - Work Plan
- Annex 3 - Risk Management Plan
- Annex 4 - Draft Mobilisation Plan
- Annex 5 - Letters of Association
- Annex 6 - Commonwealth Government Policies Compliance



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Submissions (cont.)

Tender Schedule B: Specified Personnel

- Specified Personnel Table
 - Total Inputs
 - Two referees
 - Details of other potential commitments
- Skills Matrix
- CV for each specified team member



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Submission (cont.)

Tender Schedule C: Financial Proposal

- Table 1: Total Incentive Fund Program Office Costs
 - Table 1A - 1 to 5: Personnel Costs
 - Table 1B: Incentive Fund Office Set-up Costs
 - Table 1C: Incentive Fund Office Operational Costs



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Submission (cont.)

Tender Schedule C: Financial Proposal

- Table 2: Total Fixed Management Fee
- Table 3: Summary of Financial Proposal
 - Total for like-for-like assessment



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Submission (cont.)

Tender Schedule D: Financial Assessment (Financial viability of bidding organisation)

- Two options – see Part 1, Clause 7, of the RFT
- Tenderers should be aware that AusAID may contact the nominated company accountant to obtain clarification of bid or further information.
- AusAID intends to utilise external expertise to analyse financial information.



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Shortlisting and Interviews

- > AusAID will shortlist up to 4 bidders
- > Shortlisted bidders will be invited to interview
- > Interviews will be held in Port Moresby



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Important Dates

5 January 2010	Final date for questions to AusAID on RFT (14 days before tender close)
12 January 2010	Final date for AusAID to issue addenda/respond to tenderer questions (7 days before tender close)
19 January 2010	RFT closing date
Week beginning 1 February 2010	TAP Shortlisting, assessment against Selection Criteria and like for like assessment
Week beginning 15 February 2010 (indicative)	Interviews and TAP recommendation
March 2010 (indicative)	If delegate approves TAP recommendation, negotiate contract
Late April 2010 (indicative)	Contract Start Date



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Questions