



Date: 8 November 2010

Pages: 9

Subject: Addendum 2 to the Request for Capability Statement for the PNG Sub-National Strategy of 9 October 2010

Tenderers are advised of the following:

Further information about the Services sought through the RFT

1. **Question:** Clause 3.11 (Output 1.6) of the Draft Scope of Services (Attachment 1 to the RFT) (p10) refers to a time frame of “within three (3) months of Contract signing”. Does the signing of the Contract coincide with the Contract Start Date?

Answer: AusAID is endeavouring to have a Contract Start Date of 30 May 2011. The signing of the Contract will occur prior to that date. Depending on when Contract negotiations are finalised, the Contract could be signed up to four weeks prior to the Contract Start Date.

2. **Question:** Clause 4.1 of Part 1, Selection Criteria A, Approach to the Program, (a) Management and Administrative Personnel (p4) states that organisations are to provide ‘Details of the proposed Program managers and administrators, their qualifications, expertise and current level in the Organisation’. However, in Addendum 1, it states that it is not necessary to nominate Program Management Personnel or provide their CVs for Step 1. Can I please confirm whether we are required to give specific names/details of the proposed Program Management Personnel at this stage or are we just required to give details of the tasks and responsibilities involved in the proposed job roles?

Answer: In accordance with question 2 of Addendum 1 to this RFT, Tenderers are not required to nominate Program Management Personnel (as defined in Table 1, Clause 3.5 of the Draft Scope of Services (Attachment 1 to the RFT)). Clause 4.1 of Part 1, Selection Criteria A, Approach to the Program, (a) Management and Administrative Personnel, refers to the Program managers and administrators who are in the organisation. This Selection Criteria is about the capacity of the organisation’s management and administrative personnel, not the proposed Program Management Personnel.

3. **Question:** Does the “management staff” referred to in Clause 4.1, Selection Criteria A, Approach to the Program, (c) Project Management Arrangements, (ii) (p5) refer to the same group of individuals referred to as “Management and administrative personnel” in Selection Criteria A (a)? Are these two groups of individuals identical with the “Program Management Personnel” referred to in AusAID’s answer to question 2 in Addendum 1?

Answer: Clause 4.1 of Part 1, Selection Criteria A, Approach to the Program, (a) refers to details of the proposed Program managers and administrators and Clause 4.1, Selection Criteria A(c)(ii) refers to their roles and responsibilities. This is different to the Program Management Personnel as defined in Table 1, Clause 3.5 of the Draft Scope of Services (Attachment 1 to the RFT).

4. **Question:** In Clause 4.1 of Part 1, Selection Criteria A, Approach to the Program, (c) Project Management Arrangements, (iii) (p5), reference is made to scaling up and down the amount of management staff assigned to the Contract. Can AusAID make an indication of the scale within which the Managing Contractor is expected to be able to scale up or down?

Answer: No. AusAID is asking Tenderers whether they have the capacity to be able to scale up or scale down. Until the design for Phase 2 is finalised, AusAID will not be in a position to indicate whether a scale up or scale down will be required.

5. **Question:** Is the Capability Statement Declaration (Annex B, Attachment 5 of the RFT) included in the page limit or to be attached as an annex (p23)?

Answer: The Capability Statement Declaration is not included in the page limit. It is to be submitted as part of the Capability Statement.

6. **Question:** Regarding the use of Past Experience Forms for the Capability Statement as outlined under Annex 1 to Clause 4.2 of Part 1 (p5), is every one of the five examples to be described in the format of a Past Experience Form on (1) one A4 page each or should the details of the examples be provided on (1) one A4 page each in addition to the Past Experience Forms?

Answer: In accordance with Clause 4.2 of Part 1 of the RFT, each example must be provided in one (1) A4 page in the form of the Past Experience Form.

7. **Question:** Will AusAID provide Tenderers with a comprehensive debrief of score and ranking (by category/section) and the margin between our score and the highest ranked score immediately after Step 1 (Capability Statement) in order that the shortlisted Tenderers are better positioned to make an informed decision on proceeding to Step 2 (Proposal)?

Answer: Yes.

8. **Question:** There is both an incumbent managing contractor and an incumbent team. History does show that in AusAID tenders, this combination has such an advantage from incumbency that re-appointment is virtually certain and there is little real competition at the tendering stage. This is not a reflection on the probity of the process which is transparent: it is a consequence of the evaluation process which rewards direct prior experience and intimate knowledge. We do not suggest that an incumbent managing contractor be barred from future bidding. Rather, we are seeking some means to make the tender process more equitable. One suggestion, which has been applied in other AusAID tenders, is to neutralise the impact of an incumbent team by removing all team consideration from the evaluation process. This technique has been used recently in a tender undertaken in Papua New Guinea. That tender was wholly centred on determining what added value was being offered by the managing contractor - what systems it brought, how it undertook its tasks, what scope for innovation it offered. In the current atmosphere of questioning the value of Technical Assistance, there are real opportunities to test the mettle of any managing contractor as to how it reacts to the challenges facing the development partnership of AusAID, the partner government and the managing contractor. This would be an interesting selection criterion. We appreciate that the 2 step process has commenced. This might continue as such: Stage 1 as is, except move Approach to Stage 2. Stage 2 selection criteria would centre on Approach although not in academic isolation, rather how the management skills in Stage 1 would be used in the program approach ie quality; cross cutting; capacity building and the like. In summary, the competitive balance on SNSP weighs too greatly in favour of the incumbent to justify a tender challenge. We shall be grateful if that advantage is lessened by removing team evaluation from the tender process. We recognise that this will not favour any other competitor, and we acknowledge that it will only lessen but not remove the ongoing advantage of incumbency through access to policy, documents and relationships.

Answer: As the Request for Capability Statement was released on 9 October 2010, AusAID will not consider amending the Selection Criteria for Step 1. The Selection Criteria for Step 2 will focus on Approach in more depth than Step 1. AusAID expects that specified personnel (Program Management Personnel) will be weighted no more than 10% for Step 2.

9. **Question:** The Sub-National Strategy Update October 2010 (Attachment 2 to the RFT) provides a list of references. Would it be possible to have access to these references please?

Answer: Some of these have already been provided as Attachments to the RFT. Further documents have been provided as attachments to this Addendum 2. AusAID is still seeking permission to release the Provincial and Local Level Governments Services Monitoring Authority (PLLSMA) 3 year Implementation Strategy (2010). If permission is obtained, this will be released via an Addendum. AusAID cannot release the Sub National Strategy Implementing Service Provider Progress Report January to June 2010 as this is an internal document between AusAID and the current Managing Contractor.

10. **Question:** When will AusAID publicise a short list for the Sub-National Strategy tender?
- Answer:** AusAID cannot commit to a firm date. However, it anticipates that shortlisted tenderers will be notified prior to Christmas.
11. **Question:** When will AusAID award the contract to the successful organisation?
- Answer:** AusAID needs to have a new Contract signed ready to commence on 30 May 2011.
12. **Question:** When will AusAID and the Contractor sign the contract for the Sub-National Strategy project?
- Answer:** The Contract will be signed following Contract negotiations. This will need to be finalised prior to 30 May 2011.
13. **Question:** It was mentioned during the industry briefing that as part of the response to the TA Review that AusAID was looking to standardise rates, terms and conditions for advisors. Will these rates, terms and conditions be made public during the tendering of SNS? Will the rates, terms and conditions be applied to the Program Management Personnel to be nominated as part of Step 2 of the RFT process?
- Answer:** At this stage, AusAID has not standardised Advisor allowances across all PNG programs. AusAID has determined an acceptable range for Advisor fees. This range will apply to Program Management Personnel. However, AusAID will not release this range during the tendering of SNS. At Step 2 of this RFT process, Tenderers will be required to determine and list a Monthly Professional Fee Rate and Allowances, inclusive of all costs, for all Program Management Personnel. If this falls outside of AusAID's acceptable range, this will be addressed during Contract negotiations with the preferred tenderer.

Questions raised by interested tenderers at the pre-tender briefing held on 26 October 2010

14. **Question:** Who is the Managing Contractor for Phase 1 of SNS?
- Answer:** Coffey International Development Pty Ltd.
15. **Question:** What is the possibility of the current Managing Contractor continuing to provide services for the final 13 months of Phase 1 and the 5 years of Phase 2?
- Answer:** AusAID is running an open, 2 Step tender process where Tenderers will be assessed on merit against the selection criteria.

16. **Question:** Does AusAID have a preference for the incumbent Managing Contractor?
- Answer:** No. The 2 Step tender process is designed to create a level playing field for all Tenderers. The assessment of Tenders will be against the selection criteria. AusAID does not have a preference for the incumbent Managing Contractor.
17. **Question:** In the presentation at the Industry Briefing, reference was made to approach. The key word we picked up was flexibility. Can a Tenderer suggest and propose alternative approaches in their Capability Statement?
- Answer:** Yes.
18. **Question:** Where is the Program Office to be located?
- Answer:** In accordance with Clause 3.2 of the Draft Scope of Services (Attachment 1 to the RFT), the Contractor will be required to establish a Program Office in Port Moresby.
19. **Question:** Will there be hands on management required in the Provinces?
- Answer:** Yes. This may be required to carry out the Component 2 activities (see Clause 4 of the draft Scope of Services (Attachment 1 to the RFT)) (p10).
20. **Question:** Does AusAID have a preference for Program Management Personnel to be local or international?
- Answer:** No. Program Management Personnel will be assessed at Step 2 on merit.
21. **Question:** Will the Managing Contractor be able to hire and fire Advisors?
- Answer:** In accordance with Clauses 4.11 and 4.12 of the draft Scope of Services (Attachment 1 to the RFT) (p14), the Managing Contractor will be required to recruit and manage Advisors.
22. **Question:** Is a Tenderer able to submit a Capability Statement in association with another company?
- Answer:** Yes. Clause 9.2(b) of Part 2, requires that AusAID is provided with assurance of the Associate's corporate commitment and involvement in the Project in the form of a single page Letter of Association (see Annex 2 – Letters of Association and Other Details of Other Proposed Sub-contractors) (p12).

23. **Question:** Given that there has been a Managing Contractor for the last 4 years, what do you expect from a new Contractor in the interim period of 13 months? Will the new Managing Contractor be carrying out different services to what has been done over the past 4 years?

Answer: The Draft Scope of Services (Attachment 1) has been attached to the RFT. This Draft Scope of Services sets out the Services that AusAID requires for a Managing Contractor for the initial 13 months. These services are similar, although not identical, to the services that the Managing Contractor is currently undertaking under the existing Contract. The Scope of Services for the 5 year option will be drafted following completion of the design for Phase 2.

24. **Question:** Will there be an Industry Briefing for Step 2?

Answer: No. For Step 2, AusAID will ask all questions to be directed to the contact person at the nominated email address. These details will be included the RFT for Step 2.

25. **Question:** Will the scores from Step 1 be taken into account for Step 2?

Answer: No. Scoring for Step 1 is to determine a shortlist of up to four organisations who will be invited to submit tenders for Step 2.

26. **Question:** Table 1 of Clause 3.5 of the Draft Scope of Services (Attachment 1 to the RFT) lists 7 specified Program Management Personnel. How many Program Management Personnel will a Tenderer be required to nominate at Step 2?

Answer: AusAID will not ask Tenderers to nominate support staff (final line in Table 1). A Tenderer will be asked to nominate up to six specified personnel. The exact number of specified personnel that a Tenderer will be required to nominate will be outlined in the RFT for Step 2.

27. **Question:** What are some of the biggest lessons learnt from Phase 1 of SNS?

Answer: The Mid-Term Review (Attachment 4 to the RFT) contains a review and series of recommendations on the SNS Program.

28. **Questions:** What are some of the things that have really worked well in Phase 1 of the SNS?

Answer: The key achievements to date can be summarised as follows:

- (1) Improving provincial capacity to deliver basic services;
 - i. PPII's incentives-based approach and tailored assistance is proving popular;
 - ii. The GoPNG has strong ownership of the PPII; and
 - iii. There is evidence of performance improvements in the areas where PPII is providing support;
- (2) Strengthening the decentralised system
 - i. Intergovernmental financing reforms, assisted through years of SNS support and commencing in 2009, helped to deliver a 25% increase in service delivery funding to provinces compared to 2008; and
 - ii. With SNS support, s119 reports from provinces were completed and tabled in Parliament for the first time in 2009; and
- (3) Support for Bougainville and Special Case Provinces
 - i. Technical support provided through SNS has assisted the ABG to substantially increase its service delivery spending in 2009, including to the southern region which has been the most disadvantaged area; and
 - ii. With the support of targeted HR assistance from SNS, the province has recently finalised recruitment of its 55 senior management positions. As a result the Provincial Administrator now has a team to assist him coordinate and manage service delivery to the Southern Highlands.

29. **Question:** In terms of the SNS program itself, up to now, what do you see as the major gaps going forward into Phase 2?

Answer: AusAID has incorporated the recommendations of the Mid-term Review (attachment 4 to the RFT) into the Draft Scope of Services (attachment 1 to the RFT) for the final 13 months of Phase 1 of SNS. Analysis around the gaps in SNS Phase 1 will be undertaken in conjunction with the design process for Phase 2.

30. **Question:** There is often a great challenge in finding capacity at the district level. Has there been much thinking about how to improve this and take it forward?

Answer: The current thinking on this is reflected in the SNS Phase 1 Program Design Document (Attachment 3 to the RFT). This will inform the initial 13 months of the Contract. However, this issue will be addressed as part of the design for Phase 2.

31. **Questions:** Apart from the 2012 election, what does AusAID see as some of the key risks to achieving the objectives of this program?

Answer: Annex xl to the SNS Phase 1 Program Design Document (Attachment 3 of the RFT) contains a Risk Identification and Management Matrix that informed the design for Phase 1. This will be revisited as part of the design process for Phase 2.

32. **Questions:** Is there a monitoring and evaluation framework for this Program?

Answer: Yes. See Annex 5 of the Draft Scope of Services (Attachment 1 to the RFT).

33. **Question:** Will the Managing Contractor be asked to implement Services which are “more of the same” or is there room for the Managing Contractor to propose innovative approaches to the program and to delivering the services?

Answer: The Contract will not be “more of the same”. The Draft Scope of Services (Attachment 1 to the RFT) had already incorporated the outcomes of the Mid-Term Review (Attachment 4 to the RFT) and the Advisor Review. Approaches proposed by Managing Contractors in their Capability Statements and Tenders may also be incorporated into the Contract.

Attachments to this Addendum

34. Attachment 6 - Provincial Performance Improvement Initiative (PPII) Independent Review for the Secretary Department of Provincial and Local Government Affairs (August 2010);
35. Attachment 7 - Roll Out of the Provincial Performance Improvement Initiative (PPII) – Key Design Features (April 2006);
36. Attachment 8 - Provincial Performance Improvement Initiative Framework (April 2005);
37. Attachment 9 - Strengthening the Effectiveness of Australia Aid to Provinces, Districts and Local Governments and Administrations: Concept Paper for a Sub-National Initiative (AusAID, July 2004);
38. Attachment 10 - Guide to Services and Performance Requirements under the Provincial Performance Management Initiative (PPII) (DPLGA, 2007);
39. Attachment 11 - Final Draft PPII Review Report (DPLGA, August 2010);
40. Attachment 12 - Powerpoint from the Industry Briefing on the Program Design and Contract (25 October 2010);
41. Attachment 13 - Powerpoint from the Industry Briefing on the Tender process (25 October 2010); and

42. Attachment 14 - Powerpoint from the Industry Briefing delivered by the Director of DPLGA (25 October 2010).

All other information as set out in the RFT dated 9 October 2010 and Addendum 1 of 20 October 2010 remains unchanged.