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CICA views on Usefulness of Platform SOURCE

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Confederation of International Contractors' Associations

CICA views on usefulness of SOURCE

□ Origin of SOURCE

- ❖ SOURCE was first developed by the Asian Development Bank (AsDB) in 2010.
- ❖ CICA was early involved in its conception and preparation.
- ❖ Since 2013 Sustainable Infrastructure Foundation (SIF) is a not-for-profit foundation acting as the executing agency of SOURCE platform.
- ❖ SOURCE is a global software supported by major MDBs and DFIs (WBG, IaDB, CAF, AsDB, AfDB, EBRD, IsDB, BNDES, DBSA,) through its Advisory Committee (AC).

CICA views on usefulness of SOURCE

□ SOURCE software

❖ SOURCE is an interactive tool which:

- Offers global standard, reliable, secured, and user- friendly project preparation and improvement software;
- Maximise public sector users' financing options - including PPPs;
- Provide well-prepared projects in a consistent and transparent way to the international community of contractors, investors and lenders.

□ The software is organised by logical Stages

- ❖ 1 to 4 for project preparation;
- ❖ 5 and 6 for project tendering preparation;
- ❖ 7 for works;
- ❖ 8 for operation.

CICA views on usefulness of SOURCE

- Source as of May 2016 (1)

- ❖ Tested internationally with MDBs and DFIs between 2013 and 2015 in 6 pilot countries;
- ❖ Globally launched on 27 January 2016; now used by several MDBs and 36 governments.;
- ❖ No large-scale, formal marketing to date, but already more than 115 projects, 890+ active users, growing weekly;
- ❖ Covers more than 36 sub-sector specific templates;
- ❖ Refined with close to 5,000 comments thanks contribution of more 70 various stakeholders.

CICA views on usefulness of SOURCE

□ Source as of May 2016 (2)

- ❖ Templates provide a focus on Sustainable Development Goals (UN SDGs) issues, not only limited to environmental, social development, and climate adaptation and mitigation;
- ❖ Source is now available in eight languages; Arabic, Bahasa, English, French, Mongolian, Portuguese, Spanish and Vietnamese;
- ❖ Key international organisations, including; Africa Investor, Carbon 60, IIFCL, IMF, ISCA, KPPIP, PIDG and WEF have joined the SIF's Strategic Partners Committee and have contributed to Source template development;
- ❖ Recommendations for the use of Source are discussed in G20 and now included APEC plans and documents, recognising Source as an important global support to project preparation.

CICA views on usefulness of SOURCE

□ SOURCE Levels of use

❖ 1st Level

- Guidance developed based on international best practices.
- Using the project templates: streamlines project definition in a consistent way and following international best practices.
- The guidance provided to the Project Manager aims to:
 - Help the Project Manager to identify the risks;
 - Main environmental and social risks are identified with appropriate references;
 - Reduce the risks by developing the appropriate studies;
 - Collect the relevant information to find mitigation methods;
 - References are made to practical documents;
 - Explanatory tooltips are available for key questions.
- The questions on Source:
 - Cover the 6 following sections; technical, economic, legal, financial, environmental and social, governance;
 - Are in accordance to the UN SDGs and COP21 Paris agreement.

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□ Source Levels of use

❖ 2nd Level

- Efficient communication toll.
- Using Source for project management: promotes consistency of the process and information among all stakeholders (public and CSO, client, various IFI's, consultants).
- Efficient communication and information flow to enable governments to:
 - Capture key project data in a systematic and consistent way across multiple locations and multiple sectors;
 - Identify and fill any gaps in project planning and preparation;
 - Identify and mitigate project risks.

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□ Source Levels of use

❖ 3rd Level

- Well-prepared project (concept initiated and developed by CICA)
- Publishing the project externally:
 - Signalling to the private sector the project was well prepared,
 - Engagement at business development would be :
 - Less risky and less costly ;
 - Probably resulting in :
 - ✓ More quality offers;
 - ✓ More competition;
 - ✓ Significant time saving;
 - ✓ Better prices .

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□ SOURCE achieve the Well Prepared Project

➤ 4 Steps

- Answering the key questions in Stage 1 of project development with reliable answers;
- Answering all key questions in Stages 2 to 4 with reliable answers;
- Consistency check and interactive exchanges with all interested stakeholders;
- Review by an external and independent advisor.

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□ Technical consistency:

- Functionalities (supply/demand on the project);
- For example: number of lanes versus traffic demand; university or hospital capacity versus local population, prison capacity versus building surface, air terminal surface versus annual traffic demand, etc.;
- Design and technical choices (e.g. thickness of road pavement vis-à-vis type of soil and traffic demand; type of bridge versus maximum span, etc.);
- Technical comparison with completed projects (e.g. diameter of a tunnel boring machine).

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☐ Legal consistency:

❖ Some items give the possibility for this check. For instance:

- Concession contract is impossible if there are no adequate revenues;
- PPP contract if there are no reliable PPP laws;
- Unreasonable risk sharing provisions;
- Lack of efficient dispute resolution mechanism, etc.

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☐ Revenue consistency

➤ Example:

- check that the revenues are a result of credible demand level and from affordable toll policy;
- check if they are other sources of revenues like: grant, subsidies, guarantees, other).

☐ Financing consistency

➤ Example:

- check that the equation linking revenues, opex, debt service, equity return and interest rates is reasonable;
- check that the sum of the various sources of financing is in relation to the full costs of the project (construction and financing costs).

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☐ Calendar consistency:

- For the dates, verify the timeline of the process of the stages (for studies development, for delivering technical or economical information, for tendering and award) and create a red flag if there is an inconsistency. The principle is to compare dates and see if the logical order is respected.

☐ Comparison between different methods of Procurement

- It is reasonable to expect from the Well Prepared Project process in terms of budget and time keeping for works completion, to be the same gain as the one observed for PPP projects compared to traditional procurement projects.

CICA views on usefulness of SOURCE

□ Conclusions (1)

- SOURCE platform complements the range of methodologies and instruments available to public employers to better design, procurement, execution to fill the infrastructure gap.
- SOURCE help to establishes a rational, transparent and objective link between:
 - Medium-long-term planning of infrastructure needs of any kind (economic, social, environmental, education and training, cultural), whatever the support is (hardware or software)
 - and
 - The rationalization/prioritization of the choices of the public authorities.
- SOURCE contribute to increases the relevance of economic calculation.

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□ Conclusions (2)

➤ SOURCE authorizes:

- A renewed fiscal and budgetary approach thanks to a better appreciation of the additional revenue benefiting to the State and public budgets consequences of the completion of resilient infrastructure;
- A finer approach to the notion of public debt by introducing the possibility of differentiating the public debt according to its origin:
 - Realization of productive common goods
 - vs.
 - The debt generated by the functioning of the State, its role as a guarantor of social equilibrium (social transfers and solidarity missions) or as guarantor of economic and financial equilibrium (see actions of States to 2008 financial crisis.).

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□ Conclusions (3)

➤ SOURCE allows:

- A deepening of the public accounting rules (see rules IPSAS) to better follow:
 - The valorization over time of the public patrimony;
 - Maintenance, rehabilitation or adaptation to the needs of users of productive common goods;
 - The depreciation of productive common goods, due to: technological changes or life styles, (transportation, communications, health, etc.).
- A transparent dialogue with population, CSO and other stakeholders, for a better acceptance of the infrastructures by people and users.