

TC ABSTRACT

I. Basic project data

▪ Country/Region:	Regional
▪ TC Name:	Technology to Improve Tender Competition and local Supplier Participation in Infrastructure Projects
▪ TC Number:	RG-T3051
▪ Team Leader/Members:	Estrazulas De Souza, Francisco Hugo (INT/TIN) Team Leader; Esteves, Yasmin (INT/TIN); Zhang, Ge (INT/TIN); Ramirez Bello, Maria Cecilia (INE/INE); Rodriguez Molina, Raul (INE/TSP); Tejeda Ricardez, Jesus Alberto (INE/ENE); Gomez Gonzalez, Maria Margarita (INT/INT); Centeno Lappas, Monica Clara Angelica (LEG/SGO)
▪ Taxonomy:	Research and Dissemination
▪ Date of TC Abstract:	08 Feb 2018
▪ Beneficiary:	LAC Countries
▪ Executing Agency:	Inter-American Development Bank
▪ IDB Funding Requested:	\$ 550,000.00
▪ Local counterpart funding, if any:	\$ 0,00
▪ Disbursement period (which includes execution period):	16 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	Trade & Investment
▪ Unit of Disbursement Responsibility:	Integration & Trade
▪ Included in Country Strategy (y/n);	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Economic integration

II. Objective and Justification

- 2.1 The objective of this TC is to develop and disseminate technological tools that help improve tender preparation, competition and local supplier participation in infrastructure projects in LAC. Specifically, the project aims to: (i) help increase the technical capacity of key players (contracting agencies, bidders and local suppliers) involved in infrastructure projects in LAC, (ii) make it easier for bidders to find local partners and suppliers for infrastructure projects in LAC countries, (iii) help increase local partner and supplier participation in infrastructure supply chains, and (iv) help establish the sources and provide the structure for increased data-driven decision-making by MDBs, governments and businesses in infrastructure.
- 2.2 Private participation could play a key role in closing the US\$150 billion per year gap in infrastructure investment in LAC. However, 87% of investors in LAC consider institutional weaknesses, particularly, in project preparation and design, as a major drawback to infrastructure investment.
- 2.3 There are numerous efforts aimed at strengthening institutional capacity. IDB's VPC is putting together a Fund to help countries better structure infrastructure tenders. Also, IDB, together with other MDBs, have agreed to require the use of SIF-SOURCE (SS)—an online platform containing template forms to help government officials prepare better tenders—in the preparation of tenders funded by MDBs. New online platforms

such as Global Infrastructure Hub, PPP Knowledge LAB, GVip, and Iron Planet are beginning to change the infrastructure market dynamics.

- 2.4 This Technical Cooperation (TC) seeks to maximize the impact of existing efforts by using Information and Communication Technologies (ICTs) to interconnect them and complement them with additional services.
- 2.5 This TC aims to (i) build a repository of good practices, innovative technologies and approaches, success stories, and other relevant contents, and (ii) integrate a contextual recommendations algorithm into SS that will recommend relevant contents to government officials as they prepare their tender documents on SS. Making high quality information available to government officials as they prepare tender documents is likely to improve the quality of the tender documents they prepare. This, in turn, is likely to increase the number of bids received. However, to further maximize the number of bids received there is a need to make it easier for bidders to find qualified partners and suppliers for each specific project in our region
- 2.6 Through this TC, we propose to develop a database of infrastructure suppliers and a contextual recommendations algorithm that will introduce suppliers and partners to bidders based on the type of project they are considering bidding for. To also maximize the impact of this effort, this TC aims to increase and strengthen the pool of suppliers of goods and services related to infrastructure. To that end, the bank will work together with bidders and infrastructure experts to identify and develop contents that will help strengthen local partners and suppliers and inform them about the standards and good practices that bidders require. Local partners and suppliers receive these contents as they are notified that their companies were recommended as suppliers for projects.

III. Description of Activities and Outputs

- 3.1 Component I. Produce contents to strengthen the capacities of key players in infrastructure: To increase the capacities of key players, this component will engage consultants to: (i) identify articles, videos, online courses, tools, and others relevant to each key player, (ii) identify information gaps for each key player, (iii) produce, in partnership with corporations, governments, and universities, original content to fill those gaps. This content will be recommended to users on SS, and ConnectAmericas (CA) using software to be developed under Component II.
- 3.2 Component II. Develop software that recommends information to contracting agencies, bidders, and local suppliers: Firstly, to increase the capacity of contracting agencies, this component will fund the development of contextual recommendation algorithms on SS to recommend contents to government officials as they prepare projects on SS—e.g. an official creating a hydroelectric plant project on SS will receive recommendations about technologies that can increase efficiency and quality of the works, good practices by other governments, and the like.
- 3.3 Secondly, to increase the technical capacity of bidders, any bidder viewing information about a tender on SS or CA, will receive recommendations about new technologies and approaches, best practices, and the like. To that end, this component will engage

a consultancy to develop (i) an Application Programming Interface (API) to automatically republish in CA all public projects on SS, and (ii) contextual recommendation algorithms that will recommend relevant content to bidders as they are viewing projects on SS and CA.

- 3.4 Thirdly, to make it easier for bidders to find local partners and suppliers and increase local participation in infrastructure, this component will engage consultants to: (i) develop software that will recommend to bidders qualified suppliers and partners for each project published on SS and CA, and (ii) develop software that requires that local suppliers state the country of origin of the inputs they use.
- 3.5 Lastly, to establish data-sources and provide the structure for increased data-driven decision-making by MDBs, governments and businesses in infrastructure, under this component, the software consultancy will track all user behavior on SS and CA to generate data that informs decision-making—e.g. if government officials preparing tenders for hydroelectric plants tend to consult information about operating the plant rather than information about turbine and generator selection, the bank may want to dedicate more project preparation resources to preparing plant operation plans. None of the software developed through this TC will recommend bidders to contracting agencies.
- 3.6 Component III. Marketing and dissemination: this component will engage consultants to: (i) implement a marketing campaign to build the database of local suppliers and bidders and inform all key players about the services offered in SS and CA, (ii) provide face-to-face training and support government officials in the creation of their first project on SS and produce printed and online manuals. Specifically, this component will fund: event sponsorships, a launch event, online marketing activities, and the development dissemination and training materials.
- 3.7 **Component I. Component I. Produce contents to help strengthen the capacities of key players in infrastructure.**
 - 3.7.1 Identify existing contents (US\$10,000).
 - 3.7.2 Identify information gaps (US\$3,000).
 - 3.7.3 Produce original content (US\$17,000).
- 3.8 **Component II. Component II. Develop software that recommends information and contacts to contracting agencies, bidders, and local suppliers.**
 - 3.8.1 Contextual recommendation algorithms for government officials on SS (US\$40,000).
 - 3.8.2 API to connect SS and CA (US\$40,000).
 - 3.8.3 Contextual recommendation algorithms for bidders on SS and CA (US\$60,000).
 - 3.8.4 Infra supply chain mapping (US\$20,000).

3.8.5 Contextual recommendation algorithms for local suppliers on CA (US\$40,000).

3.9 Component III. Component III. Marketing and dissemination.

3.9.1 Event sponsorships (US\$40,000).

3.9.2 Launch Event at PPPAmericas 2018 (US\$45,000).

3.9.3 Online Marketing (US\$30,000).

3.9.4 Marketing materials (US\$5,000).

3.9.5 Training for government officials on the use of SS (US\$200,000).

IV. Budget

4.1 This subheading should state the total amount of funding needed, showing allocations for each component as per the table below. Counterpart funding (if any) should be included.

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component I: Produce contents to help strengthen the capacities of key players in infrastructure	\$ 30,000.00	\$ 0.00	\$ 30,000.00
Component II: Develop software that recommends information and contacts to contracting agencies, bidders, and local suppliers	\$ 200,000.00	\$ 0.00	\$ 200,000.00
Component III: Marketing and dissemination	\$ 320,000.00	\$ 0.00	\$ 320,000.00

V. Executing Agency and Execution Structure

5.1 This operation will be executed by the Trade and Investment Division of the Inter-American Development Bank, in accordance with the Bank's Technical Cooperation Policy (Document GN-2470-2).

5.2 There are two main reasons that justify the execution of the project by the Bank. First, as a regional project that involves coordination with several public and private sector stakeholders in LAC, the Bank is in a unique position to manage and coordinate the activities given its presence in the countries. Second, the Bank, through the Integration and Trade Sector and, in particular, its ConnectAmericas.com platform, has gained invaluable know-how in the development and implementation of contextual recommendation algorithms to help connect firms along supply chains, and to help make available relevant information to users as they navigate online platforms.

5.3 The contracting of project consultants will be carried out by the Bank in accordance with document GN-2350-9 (Policies for the Selection and Procurement of Consulting

Services Financed by the IDB), while the procurement of goods and related services will be carried out by the Bank in accordance with document GN-2349-9 (Policies for the Procurement of Goods and Works Financed by the IDB).

- 5.4 INT/TIN will have the principal responsibility for the technical aspects of the project as well as the responsibility for disbursements and basic administration

VI. Project Risks and Issues

- 6.1 The success of the project will depend on a significant level of engagement and participation of users and relevant stakeholders, including the contracting agencies, infrastructure developers and local suppliers of goods and services. The operation will mitigate the risk by engaging these users and stakeholders in the activities from the start of the TC and through an intensive promotion strategy planned for Component III.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".