

Call for Expressions of Interest (EoI)
Piped Water Service Providers in 'Direct Permit Areas'
Fourth Round

1. Program Aims and Approach

Investing in Infrastructure ('3i') is a five-year, Australian Government-funded program designed to support private infrastructure in Cambodia. The program implementation is managed by Palladium International.

The program will use grants to stimulate investment from companies in areas that may be less attractive without grant support.

3i will apply high standard processes when inviting infrastructure companies to submit grant proposals for new and expanded infrastructure. The program will only fund those investments that are not attractive enough to happen without the grants.

2. Support for the Water Sector

Within the water sector, there are locations where existing piped water service providers (PWSPs) are already in place but do not have 20-year permit from Ministry of Industry and Handicrafts (MIH). There are also some locations where PWSPs have obtained the approval from commune chief to supply piped water though those PWSPs have not had any piped water infrastructure yet. In many cases, the PWSPs are providing untreated or only basic treated water to households. These PWSPs require extra capital to build or bring their current water treatment operations up to a standard that complies with the requirements of MIH's permit. The Prakas allows for a permit to be directly allocated in such instances.

MIH advises that this segment should be the high priority for 3i to work in. There are four types of support that 3i can provide to piped water service providers (PWSPs) who are interested in receiving a direct permit from the Ministry of Industry and Handicrafts (MIH):

1. *Technical assistance*: this is the provision of technical advice to PWSPs to help them with their permit application. Technical assistance can be provided by 3i staff or advisers, or it can be provided by a third party who are funded by 3i to provide specific services.
2. *Support for research and plans*: 3i can provide funding for activities such as preparation of a feasibility study, build-out plan, infrastructure designs, and five-year investment plans.
3. *Infrastructure grant*: this support involves the provision of an infrastructure grant to PWSPs as part of a co-funded agreement between 3i and the PWSPs.
4. *Connection subsidy*: the potential exists to provide financial support to poor households, schools and health centres so they can be connected to piped water. This type of subsidy could be paid to the PWSPs as part of the 3i contract.

3i is working closely with MIH and is helping to support PWSPs to improve their piped water infrastructure to meet the standards of water supply operation in rural Cambodia and obtain 20-year permits for their unlicensed service areas.

3. Methods of Grant Support

The main conditions for awarding grants are:

1. Water infrastructure projects must be co-funded – both the PWSPs and 3i will make financial contributions. Generally, the PWSPs are expected to fund the majority of the project.
2. 3i will not require the grant to be paid back.
3. The PWSPs are responsible for the construction of the entire project, operation, maintenance, repairs and any future decommissioning (closure) of the facility.
4. 3i helps the business to make investments viable and that are unlikely to happen by themselves in the near future.
5. 3i will only make payments upon completion of specific outputs (for example, a specific piece of infrastructure or machinery). These outputs and payment amounts will be specified in the contract.
6. 3i will undertake thorough due diligence and environmental impact checks and will only support companies with a good reputation and which have a clean record of operation.

4. Grant management process

The management of grants will occur as follows:

Activity
<p>Expressions of Interest</p> <ul style="list-style-type: none"> • 3i calls for Expressions of Interest (Eol) from all interested PWSPs. • Interested PWSPs should register to Eol Briefing Session via info@3icambodia.org or 081 222 707. • PWSPs join Eol Briefing Session on 11 July 2018, 09:00am at the Department of Industry and Handicraft (DIH) office in Banteay Meanchey Province. • PWSPs prepare and submit Eol Application Form by the end of 23 July 2018. • 3i will evaluate all Eol Application Form. PWSPs must satisfy all eligible criteria listed in Section 5 “Eligibility Criteria.”
<p>Initial feasibility study</p> <ul style="list-style-type: none"> • 3i will work closely with the PWSPs who meet all eligible criteria to undertake an initial, rapid assessment of the project feasibility. This assessment will include the validation of all eligible criteria in Section 5, the overall design concept, broad costing, checks on community and local government support, initial due diligence checks, and calculation of the approximate grant amount. • All PWSPs who pass all eligible criteria during initial feasibility study will be made an ‘indicative offer’ which specifies the amount of the approximate grant from 3i. The PWSPs will decide whether to proceed or not. • 3i will support PWSPs to prepare a feasibility study for grant request purpose.
<p>Feasibility Study: Technical Study and Plan</p> <ul style="list-style-type: none"> • 3i will support PWSPs who accept the indicative offers to conduct a feasibility study which will include technical study, infrastructure costing (including the amount of 3i infrastructure grant), and a five-year investment plan (including tariff calculation).
<p>Request for Investment Grant</p> <ul style="list-style-type: none"> • PWSPs have to submit the letter of request for investment grant attached with the feasibility study to 3i Oversight Committee in order to seek grant approval.
<p>Due Diligence and Environmental Check</p>

Activity
<ul style="list-style-type: none"> 3i will produce recommendation for 3i Oversight Committee in order to inform their decision on grant approval. The recommendation package includes a feasibility study, due diligence checks on the PWSPs, environmental checks associated with the proposed infrastructure, and grant calculation.
<p>Approvals</p> <ul style="list-style-type: none"> Based on the request for investment grant and 3i's recommendation, 3i Oversight Committee will make a final decision on grant approval. For grants under AU\$100,000, the Oversight Committee will make the final decision. For grants equal to or over AU\$100,000, the Australian Government will make the final decision. The final decision can be in the form of approval, approval with conditions, and none approval with justification.
<p>Contracting</p> <ul style="list-style-type: none"> If the request for investment grant is approved, 3i will negotiate an 'Outputs-Based Contract' with PWSPs. The grant will be offered in Australian Dollar. PWSPs decide whether to sign the contract with 3i or not.
<p>MIH Permit Application Process</p> <ul style="list-style-type: none"> PWSPs apply for a 20-year permit from MIH for the proposed service area.
<p>Grant Payment</p> <ul style="list-style-type: none"> After signing the contract, PWSPs can implement the investment plan and start the construction. The payment to PWSPs is based on the completion of physical infrastructure mentioned in output-based contract conditional on PWSPs obtaining the 20-year permit from MIH for the proposed service area.

5. Eligible Criteria

5.1 Eligibility Criteria

To be eligible to apply for the 3i grant, and to proceed to the next stages of the grant request process, PWSPs must meet **all** the eligible criteria as follows:

1. The proposed sites must be in Banteay Meanchey Province.
2. The PWSPs:
 - Are supplying piped water in a service area that is not under a permit of other operators; or
 - If not supplying piped water, had obtained a written approval from the commune chief to supply piped water in the proposed site by the end of 21 June 2018; or
 - If already submitting a feasibility study report MIH, had not yet received a 20-day announcement from MIH by the end of 21 June 2018.
3. The PWSPs are committed to build or improve the water facility to a level where it can produce quality water conforming to MIH permit's requirements.
4. The PWSPs are committed to get a 20-year permit from MIH for the proposed service area.

5. The service coverage area of the proposed site has households not less than 1,000 and not more than 10,000.
6. The PWSPs must demonstrate business experience in at least one of the following:
 - have at least one year of experience as the owner of a water service company, or
 - have at least two-year experience in a water business or other related business (but not including a small retail store), or
 - can supply a letter of support from friends, colleagues or relatives who are owners or have experience in the water business for at least one year.
7. The PWSPs must demonstrate technical experience through at least one of the following:
 - have the owner experience in operating a water business, or
 - have staff in the company who are experienced in the water business, or
 - have a plan to train and develop the skills of himself/herself and any staff.
8. The PWSPs have demonstrated collaboration with and support from local authorities and water consumers.
9. Water source can supply water to households all year round. In case year-round supply is not guaranteed, PWSPs must demonstrate solutions to fix this. The project using groundwater as water source is not eligible for this round of funding.
10. The sites where at least 80% of all households in proposed service area are already under coverage of piped treated water are not eligible.

***NOTE:**

- *The licensed operators are eligible for the grant application if the proposed site does not have a 20-year permit yet.*
- *Claims against these criteria will be checked and verified during the feasibility study and the due diligence assessment stage.*

5.2 Basis for Grant Allocation

Below are the basis for 3i's grant allocation for each piped water project:

1. Without a grant, the payback period of the investment in the proposed site is longer than 7 years. 3i will provide grant to reduce the payback period to 7 years.
2. The 3i grant cannot be higher than 65USD per household.
3. The proportion of 3i grant to the total and new investment cannot be higher than 60%.
4. 3i will offer connection grant in villages where there are no pipe network at the time of signing the contract. The connection grant is AUD 33 per connection of ID Poor household and AUD 100 per connection of school and health centre.

6. Timetable

The grant application, evaluation and approval process will have the following timeframes:

Activities	Dates/Duration
Call for Expressions of Interest (Eol)	22 June 2018

Activities	Dates/Duration
Eol Briefing Session	11 July 2018 at 9:00am at the DIH office in Banteay Meanchey Province
Deadline for submission of Eol applications	23 July 2018
Evaluation of applications	3 months after acquiring all required information
Initial feasibility studies	
Indicative offers made to PWSPs	
Detailed feasibility studies and other technical plans	
3i's recommendation preparation	1 week after developing the detailed feasibility studies
Submission of PWSP's request for investment grant and 3i's recommendation to 3i's Oversight Committee	2 working days after receiving the all documents
The Oversight Committee's and/or the Australian Government's decision on investment grant request	3-4 weeks after submission
Confirmation of grant offer to PWSPs	1 week after decision from the Oversight Committee or the Australian Government
Output-Based Contract negotiation between PWSPs and 3i and contract signing	Depending on the negotiation, the contract is estimated to be ready for signature from both parties in a month.

7. How to apply

The EOI application form can be completed in Khmer or English and submitted in either hardcopy or softcopy.

The completed application form must be submitted by the end of 23 July 2018 to:

Address: PPCB Building (3rd Floor, Room 305), No. 217-219, Preah Norodom Blvd, Tonle Bassac, Khan Chamkarmon, Phnom Penh, Cambodia

Email: info@3icambodia.org

EOI application form can be downloaded from 3i website <http://3icambodia.org/current-opportunities/> or can be taken from 3i office at the address above.

8. Contact

Inquiries related to this Call for Eol can be made from Monday to Friday between 8:00 am – 5:00 pm to **081 222 707**

All questions and answers related to this process will be posted on 3i website.