



Request For Offers - Ref No: MCA-M/CF/WSSA/CS/06

Consulting Services for Strengthening of the Water Services Regulatory Commission; Water Affordability and Customer Assistance Policy Development; and Tariff and Subsidy Modeling and Revision

**ANSWERS TO CLARIFICATION QUESTION – ISSUE No. 2 (Questions 5 to 20)
October 25, 2024**

Questions and Answers 1-4 issued to all registered Offerers on October 15, 2024	
Question 5:	With regard to the Mandatory Criterion contained in Section III (Qualification and Evaluation Criteria) of the RFO: In a Prime-Sub Contractor relationship, are all members of the team required to meet the Mandatory Criterion?
Answer 5:	<p>If the Offeror is a “Joint Venture” of “Association”, mandatory Criterion applies to the JV or Association as a whole. All members combined must meet the requirement, meaning that as long as at least one member meets the requirement, then the Joint Venture or Association as a whole does.</p> <p>If an Offeror is a Single Entity it must meet the Mandatory Criterion. Qualification of Sub-Consultants will not be considered, as a Sub-Consultant does not form an Offeror.</p> <p>Please note that according to the A. General of Section 1. Instructions to Offerors: “Offeror” means any eligible entity or person, including any associate of such eligible entity or person that submits an Offer. “Associate” means any entity that is a member of the Association that forms the Offeror. A Sub-Consultant is not an Associate.</p>
Question 6:	With regard to Section VII (Special Conditions of Contract) of the RFO: It is stated in GCC 10.5 that “A resident project manager shall be required for the duration of this Contract”. However, there is no such requirement in the TOR. Could you please confirm that MCA-Mongolia does not require the Team Leader to be resident in Ulaanbaatar?
Answer 6:	This requirement correctly appears in the SCC for GCC 10.5, and a resident Project Manager shall be required for the duration of this Contract. However, the Team Leader is not required to reside in Ulaanbaatar. The roles of the Team Leader and the Resident Project Manager may be held by one individual or different individuals depending on Offeror’s proposed staffing plan.
Question 7:	With regard to the same Section III; specifically Criteria 1 and its Sub-Criteria (Organizational Capability and Experience of the Consultant) - Will MCC consider work performed for Public Utility Companies in lieu of Public Utility Regulators.
Answer 7:	Experience working with Public Utility Regulators, as outlined in Section III, specifically under Criteria 1 and its Sub-Criteria, is required to meet the qualification criteria and obtain the corresponding points.

Question 8:	With regard to the same Section III; specifically Criteria 2 and its Sub-Criteria (Technical Approach and Methodology) - Will MCC consider work performed for Public Utility Companies in lieu of Public Utility Regulators.
Answer 8:	Please refer to the response of Question 7.
The following twelve (12) questions all relate to Section V (Terms Of Reference) of the RFO	
Question 9:	With regard to Task 1: Institutional Assessment and Strengthening of WSRC Tariff Department's Capacities; Sub-Task 1.2 Support the WSRC to update its primary strategy planning document: Could you please (i) specify the date of the last version of the primary strategy planning document and (ii) provide an English translation of this document?
Answer 9:	WSRC Strategy plan for 2023-2026 is in Mongolian and not available for public. The selected Consultant will be provided with a copy of the document in a timely manner in Mongolian only.
Question 10:	With regard to Task 1: Institutional Assessment and Strengthening of WSRC Tariff Department's Capacities; Sub-Task 1.3 Implement the institutional strengthening strategy: It is stated that "Task 1.2 should be mainstreamed across tasks 2, and 3". Our understanding is that it is sub-task 1.3 which is requested to be mainstreamed across tasks 2 and 3. Please confirm.
Answer 10:	Your understanding is correct. "Sub-task 1.2 should be mainstreamed across tasks 2, and 3", should read instead " Sub-task 1.3 should be mainstreamed across tasks 2, and 3 ".
Question 11:	With regard to Task 2: Define Water Affordability, Make Subsidies Explicit, and Outline Targeted Consumer Subsidy Design Options; Sub-Task 2.1 Support the WSRC and other appropriate government entities to draft and formalize a national household water affordability policy: Our understanding is that the revised final draft of the National Water Affordability Policy will be submitted at the same time as the Report documenting the consultative and policymaking process within 210 days from Effective Date of the Contract. Please confirm.
Answer 11:	Your understanding is correct. The revised final draft of the National Water Affordability Policy, along with the Report documenting the consultative and policymaking process, will be submitted within 210 days from the Effective Date of the Contract as stated in Table.1 Deliverable Schedule. It is expected that the consultant will have supported the WSRC to formalize a National Household Water Affordability Policy within the 210-day period and that the revised final draft of the policy will be the policy that is formalized and adopted.
Question 12:	With regard to Table 1. Indicative Timeline / Table 1. Deliverables Schedule: While it is stated in the Indicative Timeline table that sub-task 2.3 should be completed 3.5 months from Effective Date of Contract, it is mentioned in the Deliverable Schedule table that the related deliverable namely " <i>Workshop report documenting participants' key feedback, questions, and outcome</i> " is required within 120 days (i.e., 4 months) from Effective Date of Contract. As such report should be submitted prior to the Memo documenting the agreements

	<p>with the WSRC on tariff and subsidy options and performance criteria (Sub-task 3.1), our understanding that the expected submission timeline for Sub-task 2.3 deliverable is 3.5 months (105 days) from Effective Date of Contract. Please confirm.</p>
<p>Answer 12:</p>	<p>Your understanding is correct. In the Deliverables Schedule section of the RFO Page 79, concerning the submission date of Task 2.3 “Deliverable 1. Workshop report documenting participants’ key feedback, questions, and outcome” where is stated “Within 120 days from Effective Date of Contract” should read instead “Within 105 days from Effective Date of Contract”.</p> <p>Nonetheless, please note the following guidance from RFO:</p> <p>(a) Regarding the Deliverables Submission and Review Process, “Work plans should include sufficient time for two review processes: of the initial draft and a revised draft.”</p> <p>(b) Regarding the Deliverables Schedule: all dates under Deliverables Schedule are for the Submission of final version and “the Consultant shall adhere to the following deliverable schedule or propose an alternative schedule that is acceptable to MCA-Mongolia and the Consultant and as negotiated during contract negotiations between the Parties”.</p>
<p>Question 13:</p>	<p>With regard to Task 3: Analyze Tariff and Subsidies Options; Sub-task 3.1 Propose and agree with the WSRC on 1) options to revise the tariff level and structures, taking into the consideration the stakeholder-agreed consumer subsidy options and MCC due diligence recommendations for making subsidies explicit; 2) explicit performance criteria against which to evaluate each combined tariff and consumer subsidy option:</p> <p>We noted that up to three consumer subsidy program options will be developed under task 2.</p> <p>Likewise, could you specify the number of tariff level and structure options to be developed under task 3? Indeed, as the total number of combined tariff/subsidy options could be very large, the assessment of their technical and administrative feasibility (notwithstanding the criteria by which they will be further evaluated using the tariff/subsidy simulation tool) could need much more time than the half-month delay foreseen in the indicative timeline.</p>
<p>Answer 13:</p>	<p>As outlined in Task 3.1, the Consultant will propose and agree with the WSRC on feasible options for revising the tariff levels and structures. It is important to note that subsidy options defined in Task 2 may not be mutually exclusive. Hence, a combination of subsidy options targeting different customer classes can be identified as viable solutions and incorporated as one (subsidy) option when testing in the tariff simulation model. When working with the WSRC on selecting the number of options to model for revising the tariff levels and structures, the Consultant shall consider the available timeline for the task and avoid selecting an excessive number of options, as this could hinder stakeholders' ability to evaluate them effectively.</p> <p>MCA-Mongolia anticipates supporting the institutionalization of the activities outlined in this consultancy and the resulting recommendations to promote the continuity and sustainability of these efforts. Therefore, timely completion of this consultancy service is critical.</p>

Question 14:	<p>With regard to the same; Sub-task 3.1: The TOR states that “<i>at least one option must use the latest tariff projections being conducted by USUG with VEI (Vitens-Evides International) technical assistance.</i>”</p> <p>Could you provide the characteristics of the latest tariff structure option developed by USUG with VEI technical assistance?</p>
Answer 14:	<p>At this stage, detailed information regarding the tariff projections of USUG is not available, as the projections have not yet been completed. However, once the projections are finalized, which is expected to coincide with the timeline for Task 3, the selected Consultant will receive the necessary information.</p>
Question 15:	<p>With regard to Task 3: Analyze Tariff and Subsidies Options - Personnel Requirements:</p> <p>We noted that the personnel required for the performance of the assignment does not include a water and sanitation engineer to assess the needed CAPEX and OPEX inputs for the financial modelling.</p> <p>Our understanding is that all these inputs will be provided by USUG with the support of VEI under the ongoing <i>Consulting Services for Water Operators' Partnership Facilitation Contract</i>, and the Consultant is not requested to thoroughly review USUG’s inputs and check their consistency against the operational conditions of USUG services provision. Please confirm.</p>
Answer 15:	<p>The Consultant is requested to use USUG’s tariff projections to revise the tariff level and structures among other options as set out in Sub-Task 3.1. The Offeror may identify the need to review USUG’s inputs and check their consistency against the operational conditions of USUG services provision. In that case, the Offeror may propose a water and sanitation engineer to assess the needed CAPEX and OPEX inputs for the financial modelling in its proposed staffing planning.</p> <p>MCA-Mongolia anticipates supporting the institutionalization of the activities outlined in this consultancy and the resulting recommendations to promote the continuity and sustainability of these efforts. Therefore, timely completion of this consultancy service is critical.</p>
Question 16:	<p>With regard to the same Task 3: Analyze Tariff and Subsidies Options:</p> <p>Our understanding of the TOR is that a tariff simulation tool has already been developed by VEI under their ongoing and/or former technical assistance to USUG. From our experience in the case where tariff simulation tools are developed for utility financial management purpose on the one hand and tariff regulation purpose on the other hand, these two tools need to be very similar and consistent as most of the model inputs are provided by the utility (here USUG). Ideally, these tools should be the same as they are a vector of the sectoral dialogue between a regulator and relevant authorities and utilities on tariff revision.</p> <p>(a) Could you please clarify to what extent the tariff/subsidy simulation tool to be developed should be based on the existing model developed by VEI, and to what extent the VEI model should be reviewed by the Consultant under this assignment?</p> <p>(b) We kindly request the provision of the detailed description of the tariff simulation tool developed by VEI for USUG in order to mitigate the potential unfair competitive advantage given to VEI as per Article 5.17 of the Instructions to Offerors, should VEI submit an offer.</p>

Answer 16:	<p>In relation to your specific questions:</p> <p>(a) The tariff/subsidy simulation tool as required in the RFO should be: i) a user-friendly tool, ii) compatible with other WSRC tariff related digital systems, and iii) develop with input sections that are easily filled with USUG’s as well as other license holders’ data. To this end, the Consultant shall consider these aspects, ensuring that input data is available or made easily available in existing formats by license holders and incorporated into the tariff simulation model (e.g. license holders financial report and tariff proposals spreadsheet (WSRC spreadsheet models), VEI’s Financial Projection model for tariff setting).</p> <p>(b) Please note that VEI is not developing a tariff simulation model, but rather a financial projection model that is designed for tariff setting, which serves different objectives than the required tariff/subsidy simulation tool for which tariffs are an input. Any potential conflicts of interests/unfair advantages will be determined as per requirements of ITC 5.8 to ITC 5.11 of the Section 1. Instructions of Offerors of the RFO.</p> <p>MCA-Mongolia anticipates supporting the institutionalization of the activities outlined in this consultancy and the resulting recommendations to promote the continuity and sustainability of these efforts. Therefore, timely completion of this consultancy service is critical.</p>
Question 17:	<p>With regard to Table 1. Indicative Timeline; Table 1. Deliverables Schedule:</p> <p>While it is stated in the Indicative Timeline table that sub-task 1.2 should be completed 2.5 months from Effective Date of Contract, it is mentioned in the Deliverable Schedule table that the related deliverable namely “<i>Updated WSRC strategy plan</i>” is required within 90 days (i.e., 3 months) from Effective Date of Contract.</p> <p>Our understanding is that the expected completion date for Sub-task 1.2 is 3 months (i.e., 90 days) from Effective Date of Contract. Please confirm.</p>
Answer 17:	<p>Your understanding is correct. The completion date of Sub-task 1.2 timeline should read 90 days (i.e. 3 months) instead of 2.5 months as shown in Table 1. Indicative Timeline. Aligned with this sub-task completion, the deliverable for sub-task for 1.2 ‘Updated WSRC strategy plan’ shall be submitted anytime within 90 days from the effective date of contract. Also refer to Answer 12 for additional guidance on Timeline, Deliverable Submission and Review Process and Deliverables Schedule.</p>
Question 18:	<p>With regard to Table 1. Indicative Timeline; Table 1. Deliverables Schedule:</p> <p>While it is stated in the Indicative Timeline table that sub-task 2.3 should be completed 3.5 months from Effective Date of Contract, it is mentioned in the Deliverable Schedule table that the related deliverable namely “<i>Workshop report documenting participants’ key feedback, questions, and outcome</i>” is required within 120 days (i.e., 4 months) from Effective Date of Contract.</p> <p>As such report should be submitted prior to the Memo documenting the agreements with the WSRC on tariff and subsidy options and performance criteria (Sub-task 3.1), our understanding is that the expected submission timeline for Sub-task 2.3 deliverable is 3.5 months (i.e., 105 days) from Effective Date of Contract. Please confirm.</p>
Answer 18:	<p>See response to Question 12.</p>

Question 19:	<p>With regard to Table 1. Indicative Timeline; Table 1. Deliverables Schedule:</p> <p>While it is stated in the Indicative Timeline table that sub-task 3.4 should be completed 6 months from Effective Date of Contract, it is mentioned in the Deliverable Schedule table that the second deliverable of this sub-task namely “<i>Final report documenting recommendations to the WSRC and other stakeholders for next step</i>” is required within 200 days (i.e., 6.67 months) from Effective Date of Contract.</p> <p>Please advise on the actual completion date of Sub-task 3.4 and/or the actual submission date of the second sub-task deliverable.</p>
Answer 19:	<p>There is an intentional gap between the end of the Sub-task 3.4 (6 months) and the report submission deadline (200 days; 6.67 months), to allow time for report preparation, hence;</p> <p>(a) The actual completion date of Sub-task 3.4 is 6 month as per Table 1. Indicative Timeline.</p> <p>(b) The “Final report documenting recommendations to the WSRC and other stakeholders for next steps” as the deliverable for Sub-task 3.4 is expected to be submitted anytime within 200 days from Effective Date of Contract.</p> <p>Also refer to the answer 12 for additional guidance on Timeline, Deliverable Submission and Review Process and Deliverables Schedule.</p> <p>MCA-Mongolia anticipates supporting the institutionalization of the activities outlined in this consultancy and the resulting recommendations to promote the continuity and sustainability of these efforts. Therefore, timely completion of this consultancy service is critical.</p>
Question 20:	<p>With regard to the Reporting Requirements (page 78) and Deliverables Deliverables Schedule (page 79):</p> <p>While it is stated p.78 that “<i>all reports shall be submitted in electronic form and in hardcopy in English and Mongolian,</i>” in the deliverable schedule section it is mentioned that the deliverables “<i>will be submitted electronically in English and Mongolian</i>” only.</p> <p>In the case that hardcopy format is required could you specify the number of copies?</p>
Answer 20:	<p>One copy in Mongolian and one copy in English of hardcopy format is required for the submission.</p>