

ANNEX NO 1:

DRAFT TECHNICAL SPECIFICATION

Procurement & Commercial Services Framework

for the

Rail Baltica Global Project



Co-financed by the Connecting Europe
Facility of the European Union

Riga
2022

1. INTRODUCTION OF RAIL BALTICA

The Baltic countries - Estonia, Latvia and Lithuania, have historically been linked to the east-west railway transport axis using the 1520mm gauge railway system. Because of the existing historical and technical constraints, the existing railway system is incompatible with the mainland European standards, thus there is a consensus that Estonia, Latvia and Lithuania need to be fully integrated into the wider European rail transport system. Currently there is no efficient 1435 mm railway connection along the Warsaw-Kaunas-Riga-Tallinn axis, i.e. there are missing links or significant bottlenecks. Thus, there are no direct passenger or freight services along the aforementioned railway axis as the existing infrastructure does not allow for competitive services compared to alternative modes of transport. Thus, the clear majority of the North-South freight is being transported by road transport and the overall accessibility in the region is low.

The ambitions of the Rail Baltica Global Project (the Global Project) are:

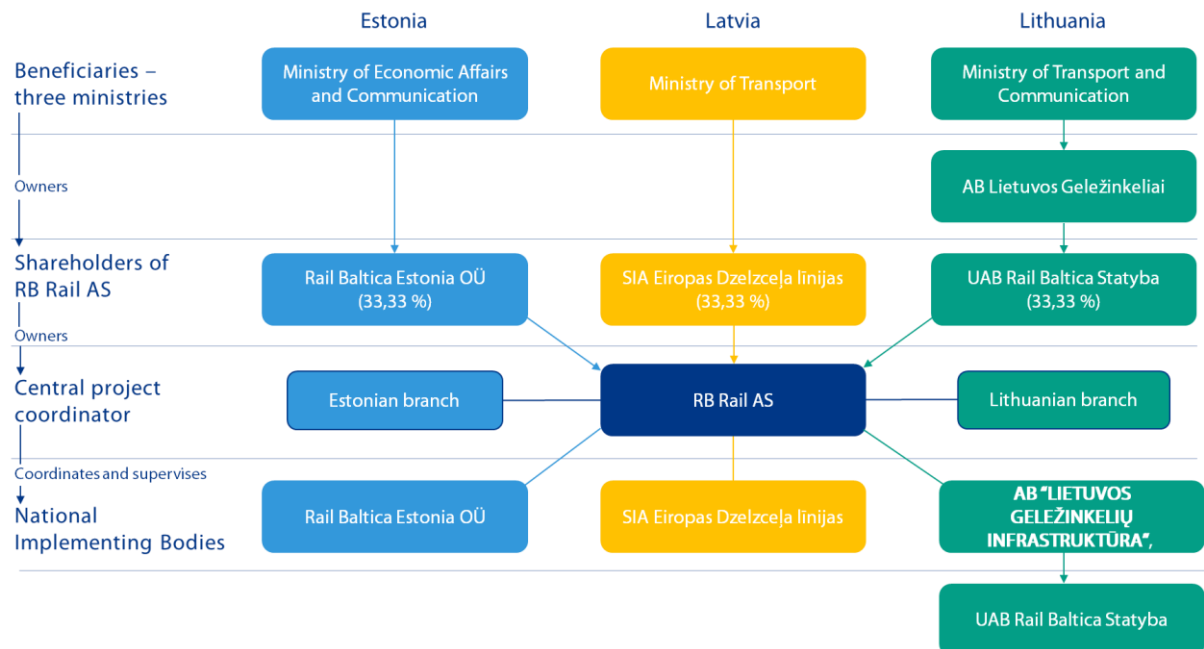
- to become a powerful catalyst for sustainable economic growth in the Baltic countries;
- to set a new standard for passenger and freight mobility;
- to ensure a new economic corridor will emerge;
- sustainable employment and educational opportunities;
- an environmentally sustainable infrastructure;
- new opportunities for multimodal freight logistics development;
- new intermodal transport solutions for passengers;
- safety and performance improvements;
- a new value platform for digitalisation and innovation;
- completion of Baltic integration into the European Union transport ecosystem.

Rail Baltica is already designed to become a part of the EU TEN-T North Sea – Baltic Core Network Corridor, which links Europe's largest ports of Rotterdam, Hamburg and Antwerp – through the Netherlands, Belgium, Germany and Poland – with the three Baltic States, further connecting to Finland via the Gulf of Finland short sea shipping connections with a future fixed link possibility between Tallinn and Helsinki. Further northbound extension of this corridor shall pave the way for future connectivity also with the emerging Arctic corridor, especially in light of the lucrative prospects of the alternative Northern Circle maritime route development between Europe and Asia. Furthermore, the North Sea – Baltic Corridor crosses with the Baltic-Adriatic Corridor in Warsaw, paving the way for new supply chain development between the Baltic and Adriatic seas, connecting the Baltics with the hitherto inadequately accessible Southern European markets. In a similar fashion, Rail Baltica shall strengthen the synergies between North-South and West-East freight flows, creating new trans-shipment and logistics development opportunities along the Europe and Asia overland trade routes. The new Rail Baltica infrastructure would, therefore, not only put the Baltics firmly on the European rail logistics map, but also create massive opportunities for value creation along this infrastructure with such secondary economic benefits as commercial property development, revitalization of dilapidated urban areas, private spin-off investment, new business formation, technology transfer and innovation, tourism development and other catalytic effects. Rail Baltica aims to promote these effects from the early stages of the Global Project, learning from the key global success stories and benchmarks in this regard.

The Principal RB Rail AS (RBR) was established by the Republics of Estonia, Latvia and Lithuania, via state-owned holding companies, to coordinate the development and construction of the fast-conventional standard gauge railway line on the North Sea – Baltic

TEN-T Core Network Corridor (Rail Baltica II) linking three Baltic states with Poland and the rest of the EU.

The diagram below illustrates the shareholder and project governance structure of the Rail Baltica project.



RBR together with the governments of Estonia, Latvia and Lithuania (represented by the ministries in charge of transport policy) have applied for the CEF co-financing in 2015, 2016 and 2017 (three applications in total). The applications were successful and INEA grants are available to support the Global Project expenses.

Rail Baltica is a joint project of three EU Member States – Estonia, Latvia and Lithuania – and concerns the building of a fast conventional double-track 1435 mm gauge electrified and ERTMS equipped mixed use railway line on the route from Tallinn through Pärnu (EE), Riga (LV), Panevėžys (LT), Kaunas (LT) to the Lithuania/Poland state border (including a Kaunas – Vilnius spur) with a design speed of 249km/h. In the longer term, the railway line could potentially be extended to include a fixed link between Helsinki and Tallinn, as well as integrate the railway link to Warsaw and beyond.

The expected core outcome of the Rail Baltica Global Project is a European gauge (1435mm) double-track railway line of 870 km in length meant for both passenger and freight transport and the required additional infrastructure (to ensure full operability of the railway). It will be interoperable with the TEN-T Network in the rest of Europe and competitive in terms of quality with other modes of transport in the region. The indicative timeline and phasing of the project implementation can be found here: <http://www.railbaltica.org/about-rail-baltica/project-timeline/>.

2. SCOPE OF THE SERVICES AND SERVICE COVERAGE

RB Rail AS (the Client) seeks for the support from Commercial and Procurement service providers (Suppliers) to receive independent professional expert opinion/advice and support in relation with its current and/or future activities, including, *inter alia*, the preparation of procurement related documentation, commercial documentation, pricing approaches, procurement and related commercial strategy formulation, supply chain management support, contract implementation support, procurement and related contract implementation best practice analysis and improvement etc, as well as support in planning,

managing, implementing and monitoring procurement procedures for the Global Project at any or all stages of its procurement implementation, as well as peak time additional resource deployment support that may be required.

Through procurement, the Client shall have established a list of experienced service providers, for the framework agreement (FA), who shall be available on an on-demand basis throughout the period of validity of the FA for the provision of the Procurement and Commercial Services in various fields.

The Client expects the availability of the support from the Suppliers for the Rail Baltica Global Project, throughout the implementation of the FA, involving them in various tasks, noting the following list of Lots with indicative list of service areas, *inter alia*, that would be expected from the Service Provider, as well as the maximum number of Suppliers that will be chosen for each Lot. To carry out the entrusted tasks, the Client will need support from the Suppliers covering the following fields of expertise grouped to form the corresponding lots that are separate packages as part of the FA:

2.1. PROCUREMENT

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
1	PROCUREMENT SUPPORT SERVICES IN ESTONIA	3 (three)	Mini-tenders among selected key suppliers
Lot Description NATIONAL PROCUREMENT PRACTICE EXPERTISE AND SUPPORT IN ESTONIA a) Procurement administrative support (including, <i>inter alia</i> , tender evaluation and process management support) and Procurement Specialist support in line with respective national procurement laws b) Managing procurement procedures; c) Compilation/development of tender documentation; d) Market research & evaluation, market sensitivity analysis (local market); e) Procurement time schedule planning - local practice application review; f) Procurement improvement review of procurement documentation (local practice perspective); g) Peer review of the following, including review of improvement proposals, from the local procurement practice perspective for - tender evaluation methodology development; - tender evaluation; - possible proposed synergies (and their application) in procurement - procurement information flow; - packaging procurement requirements; - technical specification wording consistency, avoiding over-specification, unclarities etc - procurement activities' and purchasing standardisation proposals - improving consistency of approach of technical work scopes and contract documentation - conflict avoidance h) Other specific tasks ordered in connection with any of the above stated aspects; i) Procurement awareness training (local practice aspects);			

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
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2	PROCUREMENT SUPPORT SERVICES IN LATVIA	3 (three)	Mini-tenders among selected key suppliers
Lot Description NATIONAL PROCUREMENT PRACTICE EXPERTISE AND SUPPORT IN LATVIA <ul style="list-style-type: none"> a) Procurement administrative support (including, <i>inter alia</i>, tender evaluation and process management support) and Procurement Specialist support in line with respective national procurement laws b) Managing procurement procedures; c) Compilation/development of tender documentation; d) Market research & evaluation, market sensitivity analysis (local market); e) Procurement time schedule planning - local practice application review; f) Procurement improvement review of procurement documentation (local practice perspective); g) Peer review of the following, including review of improvement proposals, from the local procurement practice perspective for <ul style="list-style-type: none"> - tender evaluation methodology development; - tender evaluation; - possible proposed synergies (and their application) in procurement - procurement information flow; - packaging procurement requirements; - technical specification wording consistency, avoiding over-specification, unclarities etc - procurement activities' and purchasing standardisation proposals - improving consistency of approach of technical work scopes and contract documentation - conflict avoidance h) Other specific tasks ordered in connection with any of the above stated aspects; i) Procurement awareness training (local practice aspects). 			

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
3	PROCUREMENT SUPPORT SERVICES IN LITHUANIA	3 (three)	Mini-tenders among selected key suppliers
Lot Description NATIONAL PROCUREMENT PRACTICE EXPERTISE AND SUPPORT IN LITHUANIA <ul style="list-style-type: none"> a) Procurement administrative support (including, <i>inter alia</i>, tender evaluation and process management support) and Procurement Specialist support in line with respective national procurement laws b) Managing procurement procedures; c) Compilation/development of tender documentation; d) Market research & evaluation, market sensitivity analysis (local market); e) Procurement time schedule planning - local practice application review; f) Procurement improvement review of procurement documentation (local practice perspective); g) Peer review of the following, including review of improvement proposals, from the local procurement practice perspective for <ul style="list-style-type: none"> - tender evaluation methodology development; - tender evaluation; - possible proposed synergies (and their application) in procurement - procurement information flow; - packaging procurement requirements; - technical specification wording consistency, avoiding over-specification, unclarities etc - procurement activities' and purchasing standardisation proposals - improving consistency of approach of technical work scopes and contract 			

documentation - conflict avoidance
h) Other specific tasks ordered in connection with any of the above stated aspects;
i) Procurement awareness training (local practice aspects).

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
4	INTERNATIONAL PROCUREMENT SUPPORT SERVICES	1 (one)	Strategic international partner in procurement best practice development for the Rail Baltica project

Lot Description

- a) Evaluation of procurement related risks, mitigation measures, procurement risk management;
- b) Developing requirements for market research, market evaluation, market sensitivity analysis;
- c) Market research, market evaluation, market sensitivity analysis (international market and best practices);
- d) Procurement resource planning;
- e) Procurement planning support/consultancy; Procurement time schedule planning - Consultancy, support and international best practice advice (incl. qualitative, sustainability, green initiative related and other aspects);
- f) Tender evaluation methodology development support/consultancy, including international best practices and pro-active positive impact development consultancy;
- g) Tender evaluation consultancy/support (incl other process steps);
- h) Analysis of implemented procurement practices and processes, and improvement planning;
- i) Advice on procurement tools and supply related analysis (including, *inter alia*, criticality of supply);
- j) Analysis of possible synergies in procurement and assistance with their implementation;
- k) Standardisation of procurement activities and purchasing;
- l) Stakeholder management in relation with procurement activities, including (pre-) consultation on procurement matters to internal and/or external stakeholders;
- m) Procurement improvement review of procurement documentation (international and best practice application perspective);
- n) Review and evaluation of technical work scopes and contract documentation from the procurement perspective, improving consistency of approach and avoiding pitfalls; Review of Technical Specification wording consistency, from the procurement perspective, review for avoiding over-specification, unclarities etc.
- o) Whole life costing proposals and input for the procurement stage (procurement requirements);
- p) Ethical and sustainable procurement consultancy, including bid rigging avoidance and mitigation advice;
- q) Procurement awareness training (international and best practice);
- r) Procurement/tendering advice for business planning and project strategy planning;
- s) Procurement strategy development support/consultancy; Consultancy support for pre- and post- procurement interfaces to enable consistency of strategy delivery and improving awareness for interfacing departments' of available implementation tools procured;
- t) Procurement policy and process mapping, review, improvements; Procurement change management.
- u) Review of and improvement support/consultancy for procurement information flow;

- v) Advice on how to package procurement requirements;
- w) Procurement category management topics;
- x) Supplier negotiations;
- y) Demand (& spend) analysis;
- z) Conflict avoidance and development / implementation of conflict avoidance principles through procurement;
- aa) Procurement opportunity analysis.

2.2. CONTRACT IMPLEMENTATION SUPPORT

According to the RICS and global cost and commercial management of construction, 1st edition, September 2018, the role of the commercial manager is described as follows:

"The role of a commercial manager, and the commercial management functions performed, play a critical part in the commercial and financial success of a construction project or of any other business.

In any industry, the role of a commercial manager is to maximise the potential of a business in terms of profitability. The commercial manager monitors, or controls, internal processes such as production, and manages external relationships with customers, clients and trading partners. At the same time, the commercial manager monitors financial performance (both forecast and achieved) and manages any risks there may be to achieving forecasts, whether these are known from the outset or introduced through changing circumstances."

Source: <https://www.rics.org/globalassets/rics-website/media/upholding-professional-standards/sector-standards/construction/rics-and-global-cost-and-commercial-management-1st-edition-rics2.pdf>

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
5	CONTRACT IMPLEMENTATION SUPPORT SERVICES	3 (three)	Mini-tenders among selected key suppliers
Lot Description <ul style="list-style-type: none"> a) Contract implementation consultancy; b) Commercial knowledge and expertise input for procurement document and/or contract requirements' development, pricing documentation (input/support/consultancy for setting of appropriate commercial and pricing models for procurement and contracting) and procurement package option/strategy development; input into the development of procurement requirements; c) Evaluation of procurement related commercial / contract implementation risks, mitigation measures; d) Review and input from commercial management / contract implementation risk assessment perspective; e) Tender evaluation - pricing and commercial aspects; f) Commercial knowledge, expertise and consultancy input to procurement process and consulting procurement commission(s) on commercial / contract implementation matters; g) Commercial input into procurement practice/policy and improvements, including (inter alia) estimating principles' input into procurement strategy development; h) Stakeholder management in relation with commercial / contract management activities, including (pre-)consultation on commercial/pricing aspects and matters to internal and/or external stakeholders; i) Commercial improvement review of procurement documentation; j) Whole life costing proposals and input for the procurement stage (commercial and pricing aspects); k) Review and assessment of technical work scopes and contract documentation from the commercial perspective, improving consistency of approach; estimating advice, 			

consultancy and input into technical specification and contract documentation development;
l) Input/support/consultancy for alignment of contractual/commercial strategies with procurement approach;
m) Support for cost control application in contract implementation and reporting;
n) Commercial support and advice for supplier negotiations.

2.3. SUPPLY CHAIN / SUPPLIER MANAGEMENT

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
6	SUPPLY CHAIN MANAGEMENT & CONSULTANCY SERVICES	3 (three)	Mini-tenders among selected key suppliers
Lot Description <ul style="list-style-type: none"> a) Supply chain ethics (ensuring code of conduct adherence), for example <ul style="list-style-type: none"> o Fair & equal treatment o Fair payments / cashflow o Non-discrimination, incl. prohibition of child labour o Fair working conditions, working permit related issues o Possible collusion in the market (Tier2/3 or further levels) o Other aspects b) Avoidance of sanctioned suppliers further down the supply chain (Tier 2 etc) c) Supply Chain Risks <ul style="list-style-type: none"> o Review of supply chain risk (incl. feedback from suppliers / supply chain) o Risk management, mitigation and consultation o Aspects concerning companies on the EU sanctions list d) Expectation / Stakeholder management and information flow, including <ul style="list-style-type: none"> o Contractors, Sub-contractors o Stakeholders & Owners o Assessment and improvement of any concerns related to information flow e) Supply chain analysis & synergies <ul style="list-style-type: none"> o Changes in the supply chain o Changes in market conditions o Improvement of requirements in light of supply chain management and improvements for supply/supplier management practice o Latest developments in possible substitutions to technology and solutions available (including limitations) in key supply/technology areas o Input into planning and analysis of work packaging o Analysis of possible synergies, incl. possibilities for sub-contract consolidation and assistance with their implementation o Supply chain view and input for category management approach continuous development o Whole life costing input in relation with supply chain management and market possibilities o Benefit realisation f) Incentivisation of Supply Chain additional value generation g) Supply chain strategy development, ensuring that the following are addressed: <ul style="list-style-type: none"> o Supply criticality o Whole life costing o Leverage h) Aligning supplier relationship principles with contracting principles i) Sustainability of supply base and sustainability requirement development <ul style="list-style-type: none"> o Sustainability of supply on the market o Sustainability of suppliers (especially key/critical suppliers) j) Partner in supplier relationship management <ul style="list-style-type: none"> o Partner to Business Development & Strategy in supplier relationship management o Partner for the planning team 			

	<ul style="list-style-type: none"> o Partner for the technical team (advice for scoping - market view) o Advice and support for contract management on supply chain aspects o Supply Chain Management input into procurement strategy development
k)	Supply Management Requirement development and consultancy support <ul style="list-style-type: none"> o Logistics o Tracking and management of Supplies o Quality, Testing & Certification o Delivery/order management o Specific production requirements o Returns & Defects management principles o Continuous feedback to/from suppliers o Development of requirements for future operational phase o 'control tower' approach – logistics coordination element (setting main requirements)
l)	Consultancy on Local market vs international market optimum/balanced utilisation, capability & capacity (incl. continuity for future opportunities)
m)	Innovation <ul style="list-style-type: none"> o Efficiency o Green technology (low impact construction) o Improved sustainability of plant o Technology & IT (e.g. driverless vehicles) o etc

2.4. FINANCE

Lot Nr.	Lot Title	Maximum Number of Suppliers to be Selected for the Lot	Cooperation Approach
7	FINANCIAL SUPPORT SERVICES IN ESTONIA, LATVIA, LITHUANIA	3 (three)	Mini-tenders among selected key suppliers
Lot Description <ul style="list-style-type: none"> a) Finance modelling specialist b) CEF Project proposal expert c) Project funding expert(s) d) Finance Processes Development Specialist e) Finance Reporting Specialist f) Financial Data Analyst 			

Please note, that there could be more specific task related activities not precisely described above, that correspond to the Project scope and the principal topics under this Framework.

All deliverables should be in a written form or served as mutual advice according to specific commissions let under each lot.

Please note that the specific requirements for expert teams are not limited and will be described more precisely in the particular mini-tender orders. The requirements of Public Procurement Law of the Republic of Latvia will be adhered to in the preparation of particular orders and setting of the requirements for experts to fulfil the task. [..]

****Please note, that the number, type and content of procurement Lots (as well as any other procurement related information) may be changed before the procurement is announced. Final procurement documentation, including qualification requirements will be developed and approved by the Procurement commission established by the Contracting Authority.***

