

<b>Entity</b>	FDN (Financiera de Desarrollo Nacional)
<b>Invitation</b>	CONVOCATORIA PÚBLICA FDN-VE-03 DE 2019
<b>Project</b>	Technical, legal and financial structuring of the railway line located between la Dorada, Caldas Department, and Chiriguana, Cesar Department (Colombia), including interoperability with the Chiriguaná- Santa Marta section.
<b>Purpose</b>	<p>(i) Carry out the financial and legal structuring of the railway line located between La Dorada, Caldas Department, and Chiriguana, Cesar Department (Colombia), with their respective branches, including interoperability with the Chiriguaná- Santa Marta section currently held by FENOCO under a concession.</p> <p>(ii) Financial and legal structuring and design to procure financing for the rehabilitation of the railway project.</p>
<b>Type of Contract</b>	Consulting activities
<b>Type of procurement process</b>	Public Tender (under FDN's Procurement Regulations)
<b>Budget availability</b>	Funding- resources from the Memorandum of Understanding (MoU) between the Embassy of the United Kingdom of Great Britain and Northern Ireland in Colombia in representation of the Foreign and Commonwealth Office (FCO), and the Financiera de Desarrollo Nacional (FDN), signed the 22nd of August of 2019.

## 1. Introduction and background

In accordance with the National Development Plan 2018-2022 "*Pacto por Colombia – Pacto por la Equidad*" ("PND," for the acronym in Spanish,) the railway transport recovery and promotion policy are a priority for the National Government. To that end, the Government is progressing in different aspects that ensure the technical, economical and operative feasibility of its development, such as: the Railway Master Plan, the regulation of activities related to the railway infrastructure and the delivery of rail freight transport services, the assignment of responsibilities regarding the railway infrastructure's development and its corresponding operation, budget, rates and budgetary allocations of fair compensation for each means of transportation according to the generated income.

In the PND's Transport and Logistics Pact for Regional Competitiveness and Integration, the government's goal is to reactivate railway transportation as a development agent for the regions of the country. To achieve this, it intends to establish and enforce the national policy of reactivation and reinforcement of rail freight transportation through the following strategies:

- Prioritize the reactivation and promotion policy of railway transport as part of the development of a national intermodal transport system.

- The Ministry of Transport or the Infrastructure and Transport Planning Unit will be in charge of the general planning and the national rail network requirements.

Since railways represent operative advantages due to cost optimization per transported ton and less environmental impact in comparison to road transportation, it is necessary to support economically sustainable railway projects. Therefore, the National Government set strategic transport infrastructure projects, starting with its investment for the operational start-up of the La Dorada – Chiriguaná and Bogotá – Belencito railway lines.

Within this context, and in order to identify, prioritize and structure cargo railway projects at the national level with an aim towards increasing competitiveness in those lines with the best technical, economic and market viability conditions, ANI and FDN subscribed the Inter-Agency Agreement No. 24 of 2017 to join efforts to: (I) analyze the demand and viability of railway projects of special interest for the Nation identified in the Master Plan for Intermodal Transport (PMTI) using primary and secondary information and then, based on the results obtained in this first stage and the degree of viability of the studied projects, (II) develop the technical, legal and financial feasibility structuring of the identified lines prioritized in the first stage .

The Master Plan for Intermodal Transport (PMTI) is a document developed to efficiently and strategically organize the country's growth through an infrastructure network connecting cities, regions, borders and ports based on prioritizing projects with an impact on the national economy. The PMTI constitutes a roadmap including infrastructural needs and identifying medium and long-term national infrastructure projects in all means of transportation. The main three railway projects included in the PMTI are: La Dorada – Santa Marta, Bogotá – Belencito and the line connecting with Buenaventura Port in the Pacific.

The first stage of Agreement 24 entered by and between FDN and the ANI included a pre-feasibility evaluation of the aforementioned three lines. With the results of this assessment, a multi-criteria matrix was developed and, ultimately, it was determined that the La Dorada – Chiriguaná line was the top priority. Thus, the ANI and FDN began the corresponding *technical, legal and financial* structuring activities for the La Dorada – Chiriguaná line, including interoperability with the Chiriguaná – Santa Marta section, currently held by FENOCO under a concession.

The La Dorada – Santa Marta line has been catalogued as the axis of Colombia's railway network, as it connects the center of the country with the Atlantic Coast and possesses topographic conditions allowing for an adequate geometrical development that would lead to an efficient and competitive railway operation. However, the lack of significant investment has led to little rail operation on the line due to operational and reliability uncertainties.

In order to comply with the purpose set forth in Agreement 24 of 2017, the parties have been pledged to develop the following activities:

- Carry out the market and commercial viability analysis of railway projects of interest to the Nation which were identified as priorities in the Master Plan for Intermodal Transport (PMTI) using primary and secondary information. To this end, through public tender FDN VE 03 2018, the FDN signed contract 02/2018 with the firm B&C S.A. for a value of COP 452,200,000, including all taxes.

- Recruitment of a technical advisor specialized in matters related to the railway projects covered by the agreement.
- Technical structuring, at the advanced basic engineering level - feasibility - of the railway line between the municipalities of La Dorada, in the Caldas Department, and Chiriguaná, in the Cesar Department, with their respective branches. The technical consultant's selection process was developed through public tender FDN-VE-01 of 2019. The consultant selected was the GCA – SETEC Consortium.
- Technical Supervision of the technical structuring, at the advanced basic engineering level - feasibility - of the railway line between the municipalities of La Dorada, in the Caldas Department, and Chiriguaná, in the Cesar Department, with their respective branches. To hire the consultant, the FDN carried out open call FDN-VE-02 of 2019 and selected the firm IDOM Consulting, Engineering, Architecture S.A.U. as consultant.
- Auscultation services for the rails and superstructure of the La Dorada (Caldas) - Chiriguaná (Cesar) railway line. On this subject, the FDN and ANI are negotiating with suppliers to sign the contract that will allow them to obtain the necessary superstructure inputs to include them in the Line's technical structuring.

FDN (Financiera de Desarrollo Nacional) and the Embassy of the United Kingdom of Great Britain and Northern Ireland in Colombia (from now on the Embassy), in representation of the Foreign and Commonwealth Office (FCO), signed a Memorandum of Understanding on the 22nd of August of 2019, to appoint FDN as one of the implementation partner agencies of the Prosperity Fund in Colombia to *Provide support to Financiera de Desarrollo Nacional – FDN to enable it to implement the project referred to in Annex A of the MoU (The “project”)*.

In addition, in order to comply with the scope of the line's integral structuring, the following activities will be develop:

- Financial structuring of the railway line between the municipalities of La Dorada, in the Caldas Department, and Chiriguaná, in the Cesar Department, with their respective branches, considering its integration with the Chiriguaná – Santa Marta section, held by FENOCO under concession.
- Legal structuring of the railway line between the municipalities of La Dorada, in the Caldas Department, and Chiriguaná, in the Cesar Department, with their respective branches, considering its integration with the Chiriguaná – Santa Marta section, held by FENOCO under concession.
- Specialized Legal and Financial advice to obtain financing resources for the railway line between the municipalities of La Dorada, in the Caldas Department, and Chiriguaná, in the Cesar Department, with their respective branches, considering its integration with the Chiriguaná – Santa Marta section, held by FENOCO under concession.

In accordance with the above FDN will open a Public Tender on 28<sup>th</sup> November 2019 and is expected to close on 15<sup>th</sup> January 2020.

**Please refer to the TCC (Terms of Contractual Conditions) and additional documents in the following link for detailed information on the scope and specific conditions:**

<https://www.fdn.com.co/es/contratos/proceso-en-curso-y-licitaciones/convocatoria-publica-no-fdn-ve-03-2019>

2. Purpose:

(i) Carry out the financial and legal structuring of the railway line located between la Dorada, Caldas Department, and Chiriguana, Cesar Department (Colombia), with their respective branches, including interoperability with the Chiriguana- Santa Marta section currently held by FENOCO under concession. (ii) Financial and legal structuring and design to procure financing for the rehabilitation of the railway project

3. Maximum budget available:

The fixed fee has a maximum budget of COP \$ 3.500.000.000 In addition, the legal and financial structurer could have the following Success Fees in accordance with section 2.3.4. of the TCC:

- **Legal and financial structuring:** COP \$2.000.000.000
- **Financing of the rehabilitation activities:** COP \$3.000.000.000

The fixed fee and the success fees will be paid according to section 2.3.3. of the TCC.

4. Term:

The estimated term of execution of the contract is until the occurrence of the following conditions:

- A. the awarding of the contract(s) of the rehabilitation of the infrastructure and superstructure of the corridor, and
- B. the awarding of the contract(s) related to the acquisition and maintenance of rolling stock and maintenance and operation of the corridor.

However, all the products of the financial and legal structuring must be delivered within the **nine (9) months** following the signature of the contract.

5. Tender Process Activities:

Activity	Date (*)
Publishing of TCC	28 <sup>th</sup> November 2019
TCC hearing	03 <sup>th</sup> December 2019
Deadline for submitting comments to the TCC	10 <sup>th</sup> December 2019
Response to the observations to the TCC	13 <sup>th</sup> December 2019
Filing of proposals	27 <sup>th</sup> December 2019
Preliminary evaluation report of the qualifying requirements of experience and main professional staff	02 <sup>nd</sup> January 2020

Activity	Date (*)
Amendments	08 <sup>th</sup> January 2020
Final evaluation report of qualifying requirements and experience of the main professional staff	10 <sup>th</sup> January 2020
Presentation of the methodology by the qualified bidders	14 <sup>th</sup> December 2019
Hearing of the opening of the economic offer and contract awarding	15 <sup>th</sup> January 2020 – 5:00 pm (Colombian hour)
Signature of the Contract	Within 10 business days after the contract awarding
Delivery of performance bonds	Within 10 business days after the Contract signing

#### 6. Terms of Contractual Conditions

As indicated earlier, this invitation is open from today (**28<sup>nd</sup> November 2019**) and is expected to close on 15<sup>th</sup> January 2020

**Please refer to the Terms of Contractual Conditions and additional Documents in the following link for detailed information on the scope and conditions:**

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