



MINISTRY OF
**CONSTRUCTION
AND HOUSING**

Online Webinar Residential Construction Opportunities in Israel



Ministry of Construction and Housing
Strategy & Planning Policy Department

Disclaimer

The materials presented herein are designed to help a potential bidder to evaluate the opportunity associated with the “Request for Proposal to Foreign Construction Companies For the Execution of Construction Works for Residential Housing in Israel” issued on July, 4, 2024. Reference Number: 2016062702188.

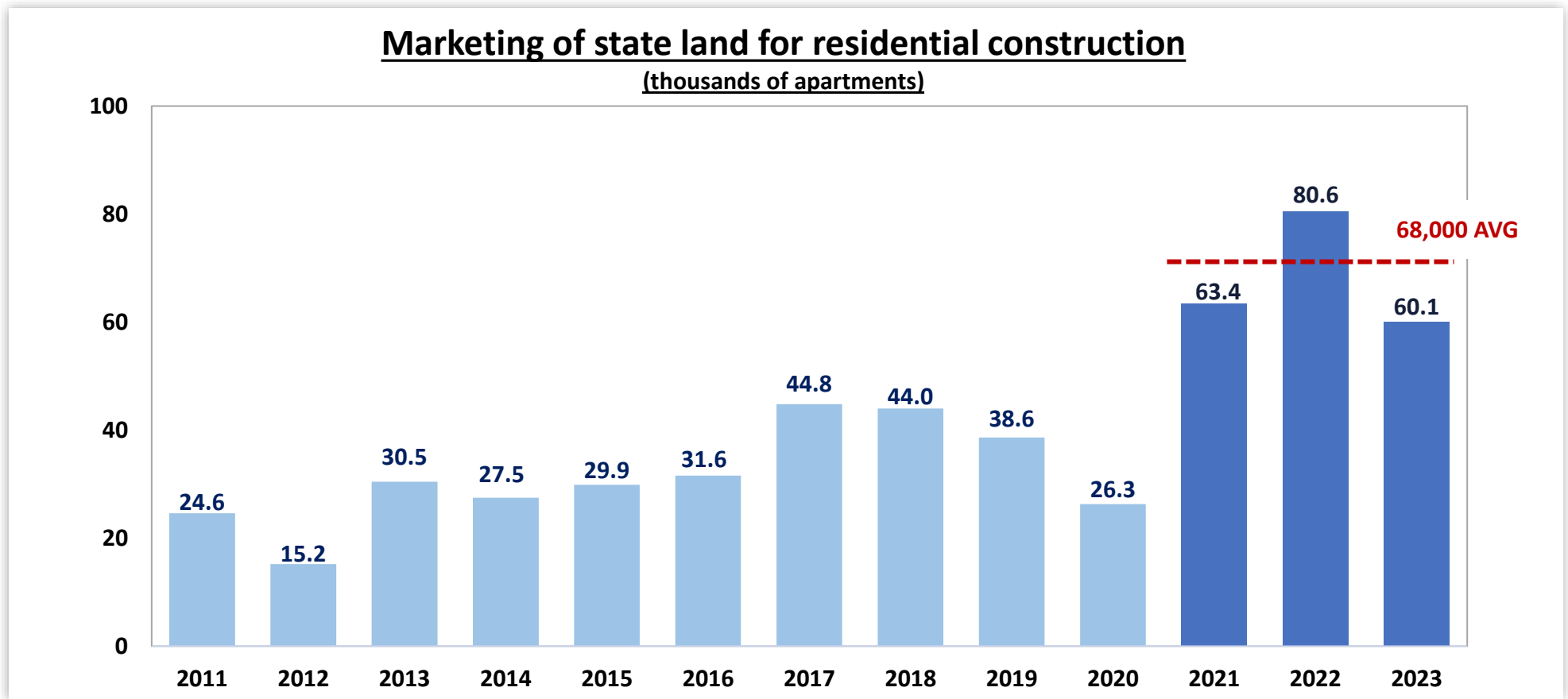
This document along with the content of any calls or meetings in which the content herein is presented shall be in informal and unofficial in nature and shall not in any way bind the State of Israel. Bidders are requested to turn their attention to the official documents of the tender referenced above.

Agenda

1	Review of Agenda Ms. Michal Aran <i>Deputy Director-General - Head of Strategy & Planning Policy Department</i>	2 min	 45 Min
2	Introduction Mr. Yehuda Morgenstern <i>Director-General of the Ministry of Construction and Housing</i>	5 min	
3	Israeli Construction Market Ms. Michal Aran <i>Deputy Director-General - Head of Strategy & Planning Policy Department</i>	6 min	
4	Tender Overview Mr. Hillel Schuster <i>Partner, KPMG</i>	20 min	
5	Key Dates Mr. Hillel Schuster <i>Partner, KPMG</i>	2 min	
6	Q&A	10 min	

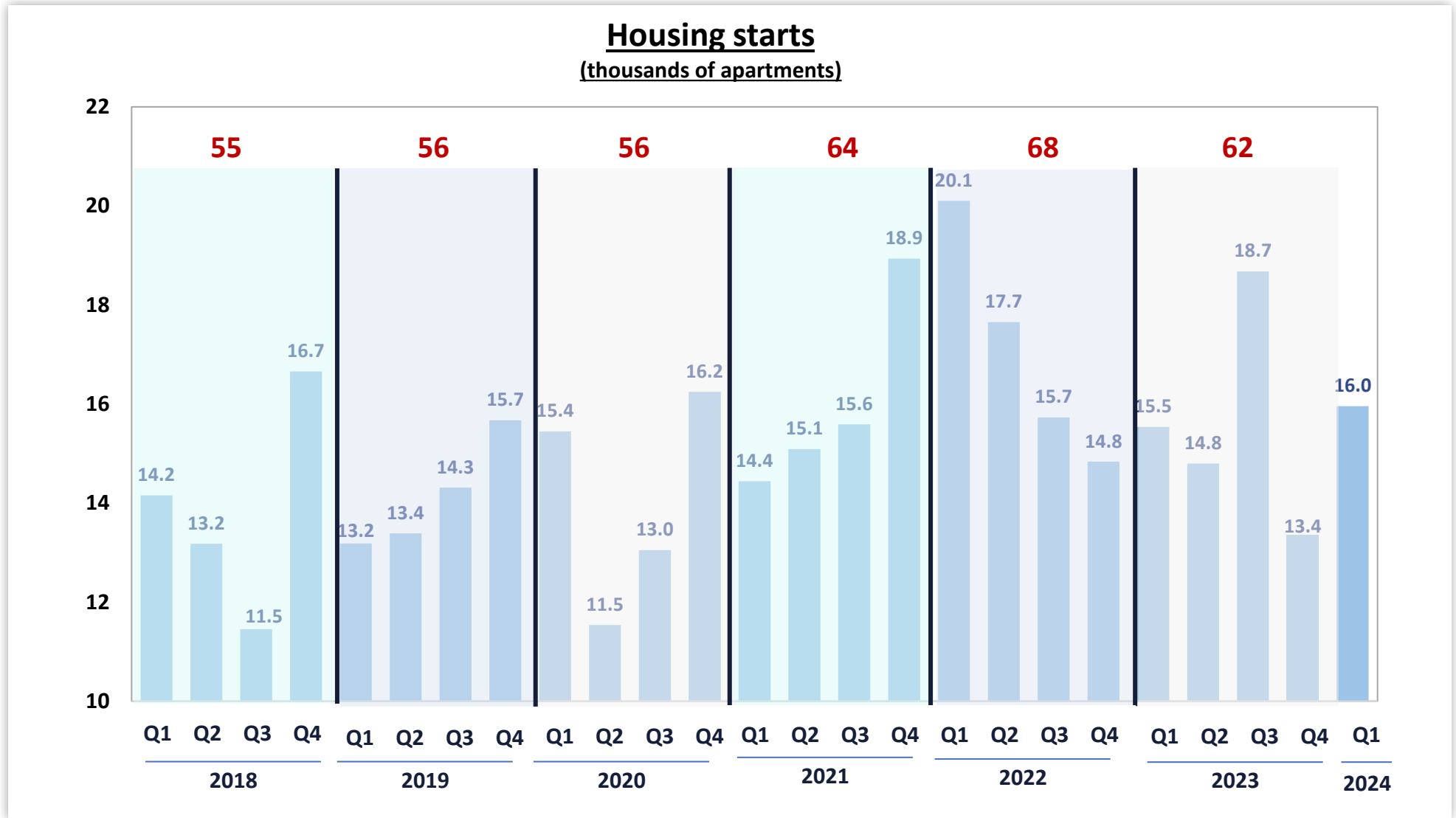
Israeli Construction Market

Opportunities In Israel – The Construction Market (1/5)

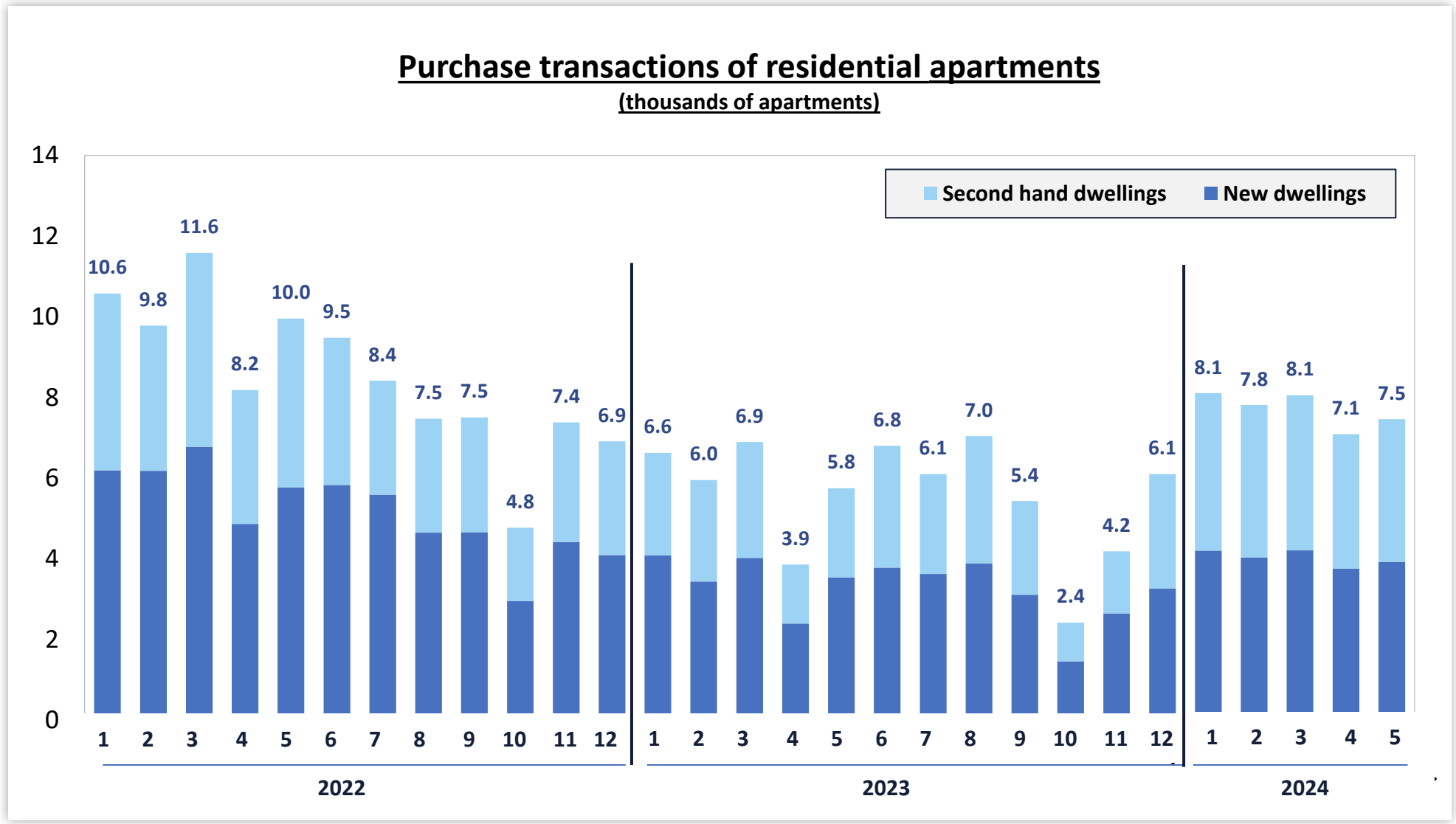


In the last three years, state land has been marketed to the extent of about 68 thousand dwellings per year on average, in addition to about 10-15 thousand dwellings being built on private land and another 15-20 thousand dwellings being built in urban renewal plans, there is a construction potential of more than 90 thousand dwellings a year

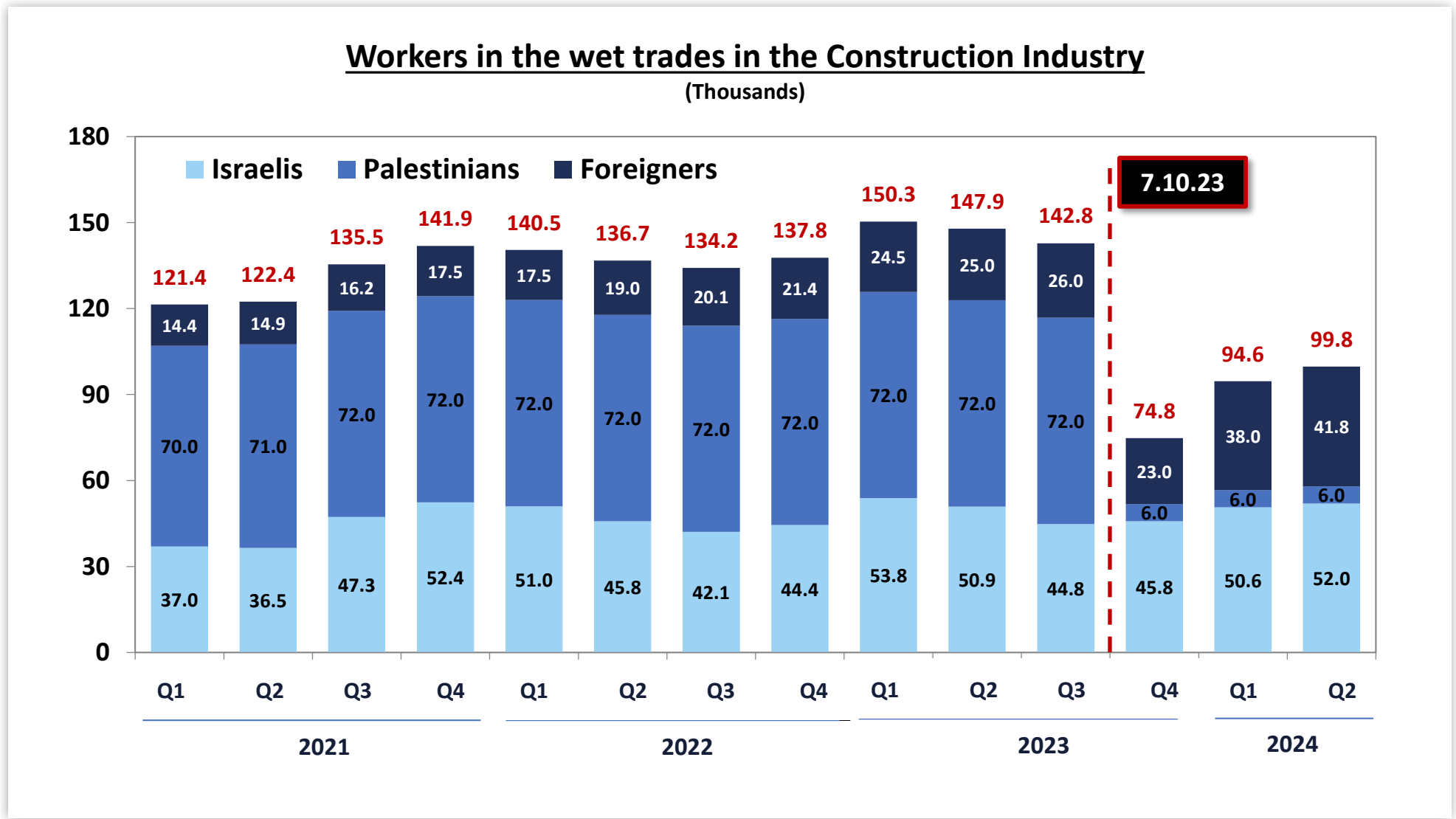
Opportunities In Israel – The Construction Market (2/5)



Opportunities In Israel – The Construction Market (3/5)

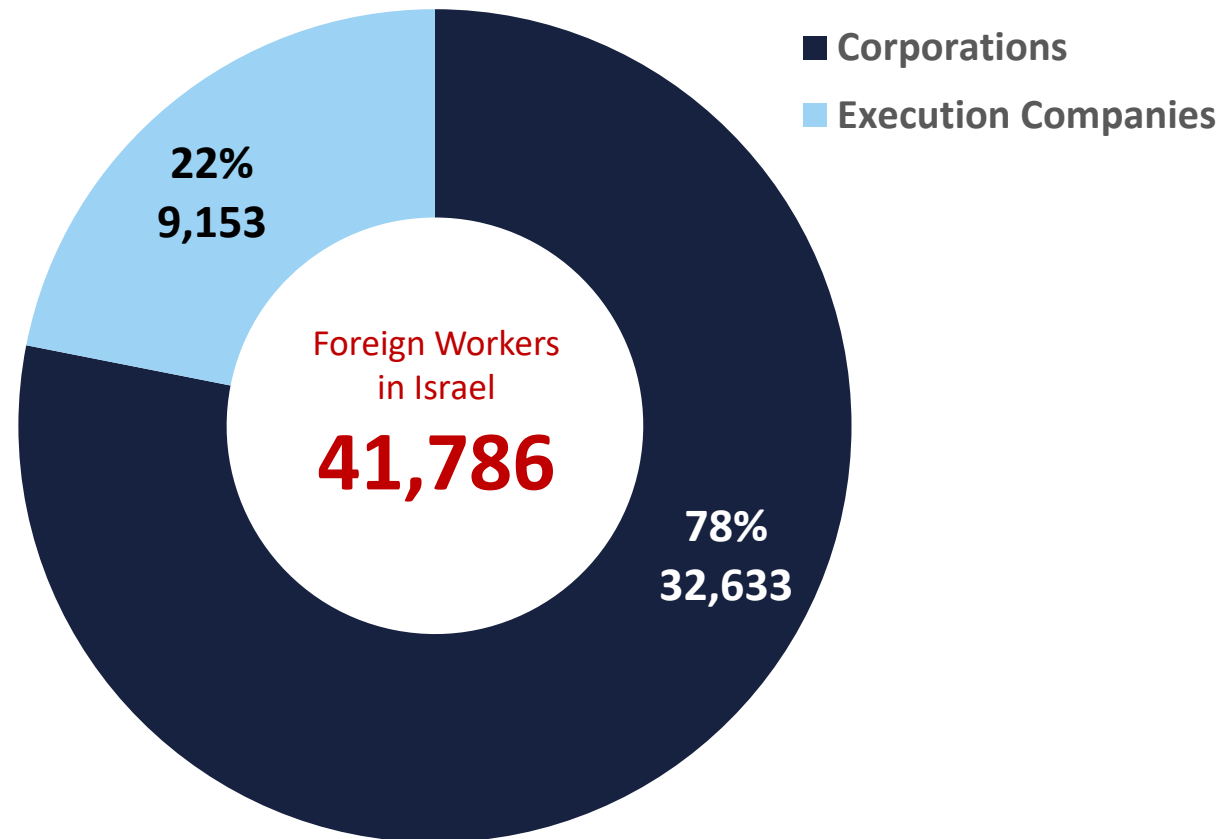


Opportunities In Israel – The Construction Market (4/5)



Opportunities In Israel – The Construction Market (5/5)

Distribution of Foreign Workers in the Construction Industry¹



¹ As of June 2023.

Tender Overview

Background

2016

Call for Proposal for foreign construction companies to **integrate into the Israeli housing construction market**

- ~11 companies & 10,000 foreign workers recently extended to 15,000 workers

Today

Demand for new housing continues to rise

There is a need to increase supply

2024 - New Request for Proposal:

- Inviting foreign and experienced construction companies to be **included in the Database of Foreign Contractors**
- A company that is included in the database will be:
 - Entitled to **construct residential buildings in Israel** and to **manage residential construction projects** as the party responsible for all engineering and performance aspects of a project

Tender winner highlights

▶ What are the key benefits for the winners?

- 1 Access to a **growing and dynamic** Israeli housing market
- 2 Fast-tracked, **automatic license** to build all types of residential construction (a process that normally takes **7+ years to secure**)
- 3 Approval to receive working visas for **up to 1,600 workers for 5 years** and potentially **up to 8 years¹**
- 4 Ongoing **support** from a **dedicated government team** for both **administrative** and **marketing** elements of your success

¹ Total approved workers for the program is 10,000

Threshold Conditions (1/2)

▶ Who is eligible to apply?

- 1 Minimum **two-year** average **annual revenue of \$100 mil** from residential construction

 - 2 Maximum debt-to-equity ratio: **60%** (80% with AVG revenue of over \$450 mil)

 - 3 Over the last 6 years, completed a **minimum of 10 different residential** construction projects with each project being a **minimum of 8,000 SqM**

 - 4 At least **three** projects are residential buildings of **16 floors or more**

 - 5 During the last 6 years **either:**
 - **Outside of the home country:** a minimum of **1 residential** housing project (minimum 8,000 SqM) completed **OR**
 - **In the home country:** a minimum of **1 completed residential** housing project **over 25 floors AND** a minimum of **2 additional completed residential** housing projects that are **16 floors or more**
-

Threshold Conditions (2/2)

▶ Who will not be eligible to apply?

- 1 **Currently exists in the database** (From the Request for Proposal published in 2016)
- 2 **"Tier 3" country** - An Offeror whose **Home country** has been rated in one or more of the following years (2020, 2021, 2023) as a **"Tier 3"**
- 3 **Enemy country** - An Offeror whose Home Country is an enemy country, evaluation country or endangered country

Quality score – overall score: 100 points



Residential Construction Experience

- Square meters built
- # of qualifying projects
- GDP per capita of home country
- GDP per capita of non-home country
- Type of experience
- Seniority of engineers

Up To **70** Points



Financial Criteria

- Net Financial Debt
- Total EBIT
- Annual Turnover

Up To **15** Points



References, General Impression

- At least 3 references
- General Impression

Up To **15** Points



100

Checking the Quality of the Proposals (1/2)

Criteria 1: Residential Construction Experience (up to 70 points)

Metrics	Points clarification	Max Points
Square Meters Built	Last six years: <ul style="list-style-type: none"> 80,000 sq. meters 240,000 sq. meters 	1 point 13 points 13
# of Qualifying Projects	<ul style="list-style-type: none"> 10 projects 30 projects 	1 point 11 points 11
GDP per Capita in Home Country (According to the World Bank Index)	Home country GDP per capita: <ul style="list-style-type: none"> below \$10,000 between \$10,001 and \$20,000 between \$20,001 and \$30,000 Exceeds \$30,000 	1 point 2 points 3 points 4 points 4

Checking the Quality of the Proposals (2/2)

Criteria 1: Residential Construction Experience (up to 70 points)

Metrics	Points clarification	Max Points
GDP per Capita in Non-Home Country	Non Home GDP per Capita: <ul style="list-style-type: none"> • Below \$10,000 • Between \$10,001 and \$20,000 • Between \$20,001 and \$30,000 • Exceeds \$30,000 	1 point 3 points 5 points 7 points 7
# of Projects Completed Outside of Home Country	<ul style="list-style-type: none"> • 1 project • 8 projects 	1 point 10 points 10
Type of Experience (last 6 years)	<ul style="list-style-type: none"> • 3-9 floors - 1 pt per project - max of • 10-15 floors - 1 pt per project - max of • > 16 floors - more than 6 projects 1– 2 projects: 1 Point; 3 – 5 projects: 9 Points 	1 point 2 points 17 points 20
Seniority of Engineers	<ul style="list-style-type: none"> • Avg. experience of up to 8 years • Avg. experience > 20 years 	1 point 5 points 5

Checking the Quality of the Proposals (1/1)

Criteria 2: Financial Criteria (up to 15 points)

Metrics	Points clarification	Max Points
The Net Financial Debt to Equity Ratio	AVG income of USD 150 – 450 million:	
	<ul style="list-style-type: none"> • Rate of 60% • Rate of 30% 	1 Point 5 Points
	AVG income above USD 450 million:	
	<ul style="list-style-type: none"> • Debt rate of 80% • Debt rate of 40% 	1 Point 5 Points
Total EBIT - Rate of Operational Profitability	<ul style="list-style-type: none"> • EBIT rate of 2% (min.) • EBIT rate of 10% (max.) 	1 Point 5 Points
Annual Turnover	<ul style="list-style-type: none"> • AVG turnover of USD 100 million • AVG turnover of USD 450 million 	1 Point 5 Points

Checking the Quality of the Proposals (1/1)

Criteria 3: References & General Impression (up to 15 points)

Metrics	Max Points
References (At least 3 references)	5
General Impression	10

Checking the Quality of the Proposals (1/1)

Deduction of Points

(Maximum of 18 points can be deducted)

Metrics	Deducted Points
An Offeror that has no qualifying experience during the prior two years (prior to proposal submission date)	- 10
An Offeror that has no qualifying experience outside of the Home Country	- 8

Documents that must be Attached to the Proposal

- Excel File
- Place of Business Outside Israel
- Incorporation Documents and Confirmation
- Articles of Association
- Declaration of Construction Company
- Waiver of Confidentiality
- License for Work Abroad
- Waiver of Confidentiality – Running Checks Abroad
- Contractor License / Confirmation of lack of Registrar
- Profile and Experience in Residential construction
- Table of Projects – Excel File
- References
- Turnover (Accountant Confirmation)
- Audited Financial Statement_2021
- Audited Financial Statement_2022
- Audited Financial Statement_2023
- Income/EBIT (Accountant Confirmation)
- Claims of Human Trafficking
- Claims against workers' rights/safety
- Brokerage Fees
- Q&A Doc of Section
- Accountant Confirmation of Section 2.5
- Accountant Confirmation of Section 2.5.2

Selecting the Winners

- All the proposals that meet the threshold conditions will be **examined** And will **receive a score** according to the **quality of the proposals evaluation table**
- During the quality checking the Ministry is entitled to **conduct interviews** with all the **offerors and/or their representatives** that shall be authorized by the Ministry
- The Offeror hereby confirms that **the Ministry may conduct all required due diligence and inspections** associated with this tender
- **Up to 10 proposals** that obtain the **highest score** will be included in the Database
- The Ministry reserves the right to limit the **results to three winning bidders from a single country**
- The Ministry reserves the right to disqualify a specific Offeror if it is found that **false or misleading information** was included or due to security considerations

Key Dates

Key Dates

Description of Activity	July				August				September				October				November				December				January			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1 Tenders Documents Published	█																											
2 Webinar				█																								
3 Questions								█																				
4 Answering Questions												█																
5 Submission																█												
6 Submission Clarifications																												
7 Interviews																												
8 Due Diligence																												
9 Winners Announcement																												
10 Begin Operations																												