

# TANZANIA PETROLEUM DEVELOPMENT CORPORATION



**TENDER NO. PA/031/2018-2019/C/10**

**FOR**

## **CONSULTANCY SERVICES FOR FEASIBILITY STUDY FOR IMPLEMENTATION OF REGIONAL NATURAL GAS DISTRIBUTION PROJECT UNDER PPP MODEL – TPDC HQ.**

**Expression of Interest**

**Date: 19<sup>th</sup> November 2018**

1. This Invitation for Tenders follows the General Procurement Notice for this Tender which appeared in the PPRA, Tanzania Procurement Journal, Issue No. 12206 dated 21<sup>st</sup> June 2018.
2. The Tanzania Petroleum Development Corporation (TPDC) has set aside funds for its operation during the financial year 2018/2019. It is intended that part of the proceeds of the fund will be used to cover eligible payment under the contract for **Consultancy Services for Feasibility Study for Implementation of Regional Natural Gas Distribution Project under PPP Model – TPDC HQ.**
3. The Tanzania Petroleum Development Corporation (TPDC) now invites eligible consulting firms through International Competitive bidding to indicate their interest in providing the services which include but not limited to Carry out the comprehensive Feasibility Study; Prepare Tender Documents; and Assist the Client in negotiations process as detailed below:-

### **PHASE I: UNDERTAKING OF THE FEASIBILITY STUDY**

In undertaking feasibility study the consultant is expected to cover important aspect including: market analysis, technical analysis, identification of best PPP model, financial and economic analysis, project structuring, risk assessment, legal and environmental issues assessment. In this phase, the consultant shall conduct in each lot/zone the following tasks but not limited to:

#### **1.1.1. Market analysis**

Consultant will do the following in each lot/zone:

- i. Carryout market study (households, industries, vehicles and institutions);
- ii. Establish savings that the project will bring to the specific consumer groups targeted based on the alternative fuels under implementation of this project.
- iii. Assess gas demand and supply for the entire project life span for sustainability of the project

### **1.1.2. Technical analysis**

Under this area, the consultant shall perform the following tasks in each lot/zone:

- i. Mapping the existing networks and establish takeoff points;
- ii. Establish all permits requirements for the project to be implemented including way leave and land issues;
- iii. Develop different routing options & means of gas distribution and recommend a preferred route corridor to be used for constructing natural gas distribution networks up to the end users;
- iv. Examination of topography and overview of ground conditions and other potential key geotechnical issues for construction of gas infrastructure and advice the client accordingly;
- v. Prepare project costs estimate (Bill of Quantities), material specifications and standards for the implementation of the project
- vi. Undertake survey and prepare Front End Engineering Design (FEED) for natural gas distribution network;
- vii. Prepare a project schedule for Implementation of the projects;

### **1.1.3. Analysis of the Proposed PPP Model**

The pre-feasibility study suggested DBFOM model for the project to be implemented. During undertaking of the feasibility study, the Consultant will make analysis on the proposed model by addressing the following in each lot/zone;

- i. Using appropriate tools carry out PPP viability analysis for the project and evaluate various factors including political, technical, economic, social, environmental, risk assessment, legal and regulatory requirement, institutional capability and all aspects of financial to maximize private investment and government revenues and interests;
- ii. Test viability (costs benefit analysis) of the proposed DBFOM PPP model for the implementation of the project;
- iii. Determine full project life cycle costs for the implementation of the project;
- iv. Carry out SWOT analysis to capture and expound issues related to implementation of this project under PPP model and analyze the strength, threat, weakness and opportunities;
- v. Carry out analysis for TPDC participation in the implementation of gas distribution through PPP model;
- vi. Carry out benchmarking analysis for at least two countries which have successfully implemented the same project under PPP model
- vii. Develop "bankability" measures for the proposed PPP project structure, such as fee payment mechanisms, performance guarantees, and preconditions for private concessionaire to fulfill in meeting service obligations, default and risk clauses, and step-in rights of TPDC.

### **1.1.4. Financial and Economic Analysis**

The Consultant is expected to perform the following under financial and economic analysis in each lot/zone;

- i. Undertake analysis on economic and financial viability of the project;

- ii. Prepare methodologies for determination of gas price and propose the best price to be applicable to various market segments;
- iii. Prepare Project Investment Plan;
- iv. Create financial model of latest version to reflect PPP Project Structure by considering sources of funding, financial soundness and fiscal sustainability. The model will represent the cost of delivering the preferred solution/ option through PPP arrangement. Financial Model must also include an evaluation of the impact of the project on public sector / government finances; and
- v. Identify areas that needs compensation and estimates costs required.

#### **1.1.5. Risk Assessment**

The Consultant shall undertake the following in each lot/zone;

- i. Risks Analysis: identification, mitigation and how best they can be allocated to minimize the impact and de-risk the project, and their costs implications;
- ii. Assessment of PESTEL (Political, Economic, Social, Technological, Environmental and Legal) factors and their potential Impact to the project;
- iii. Identify and analyze all risks associated with project from planning to operating phases;
- iv. Propose mitigation measures and associated costs for each identified risks; and
- v. To identify and prepare risks management scheme for the project for during design, financing, construction, operation and maintenance of the facilities.

#### **1.1.6. Environmental and Social Analysis**

The following tasks shall be carried out in each lot/zone:

- i. Carry out Baseline Environmental and Social Impact Assessment;
- ii. Identify environmental risks and identify how mitigation will be handled;
- iii. Identify & carryout stakeholder engagement and establish roles of each key stakeholder to the project; and
- iv. Prepare Communication Strategy and carryout sensitization awareness to all stakeholders including local governments and the communicates on the upcoming implementation of the project under PPP model.

#### **1.1.7. Value for Money Analysis**

The consultant is expected to perform the following tasks in each lot/zone in order to determine value for money analysis for implementing this project

- i. Test VFM to determine whether the PPP alternative is a supportable procurement mechanism that is likely to provide best value to the public authority or better than the traditional procurement mechanism; and
- ii. Carryout Public Sector Comparator Analysis and recommend best PPP model to be adopted for the project under.

#### **1.1.8. Legal Aspects Assessment**

The consultant is expected to perform the following tasks in each lot/zone

- i. Review and assess current laws, policies, regulations and institutional arrangement to ascertain the validity the proposed PPP Project and advice accordingly; and
- ii. Establish legal issues associated with the management of the social, economic and environmental impacts of the project in a manner consistent

with international best practices, including among others issues on resettlement and environmental consequences of the project.

#### **1.1.9. Project Structuring**

The consultant is expected to perform the following tasks in each lot/zone;

- i. Propose structure of the project clearly indicating the relationship between TPDC and other players such as SPV, lenders, shareholders, suppliers, subcontractors and other key stakeholders;
- ii. Assess and suggest financing structure, appropriate equity returns, costs and key terms of debt funding (including e.g. debt service cover ratios if applicable);
- iii. Identify appropriate and comprehensive collateral security arrangements required for making the project bankable such as Viability Gap Funding (VGF); and
- iv. Propose a clear distribution structure of revenue between Government, TPDC and investors

#### **1.1.10. Other Aspects of the Feasibility Study**

The consultant is expected to perform the following tasks in each lot/zone

- i. Undertake Benchmarking analysis from at least two countries with successful similar projects showing among others, relationship between project key stakeholders and financing structure;
- ii. Assess Human capacity gaps and prepare Capacity Building Program for the project;
- iii. Develop Project Monitoring and Evaluation Framework;
- iv. Establish and implement strategic capacity building program for PMT;
- v. The manner by which Tanzania citizens may be empowered and participate in the projects; and
- vi. Any other information desirable to support the feasibility study.

### **PHASE II: PREPARATION OF TENDER DOCUMENTS**

Under this phase, the consultant shall undertake among other things the following:

- i. Prepare pre-qualification documents for Expression of Interest;
- ii. Prepare Request for Proposal/Bidding Documents;
- iii. Preparation of Draft Agreements to be signed between client and investor;
- iv. Assist in the overall process of bidding and evaluation;
- v. Prepare counter-business case for best proposals submitted by the investor;
- vi. Prepare PPP Contract Management Plan;
- vii. Participate in due-diligence;
- viii. Prepare Value for Money (VFM) Report; and
- ix. Test VFM to determine whether bids offer Value for Money against the cost of conventional procurement

### **PHASE III: CONTRACT NEGOTIATIONS AND SIGNING**

The Consultant shall assist the client in negotiations with the preferred bidder as per Public Procurement Act and its Regulations covering the following:

- i. Identify areas for negotiations;
- ii. Prepare draft negotiation plan and tactics;

- iii. Capacity building for negotiation Team;
- iv. Assist and advice during Commercial Closure and Financial Closure Stage covering the following activities:
  - a) Advice on the development of the financial close procedures and updating of financial model to reflect financial close interest rate;
  - b) Assist in financial close stage and prepare the report;
  - c) Provision of additional advice as requested in relation to accounting and tax treatment, except where already included above;
  - d) Participation in "dry runs" to benchmark interest rate or foreign exchange hedges the proponents may utilize; and
  - e) Update of the project documents (including sub-contracts if necessary) to reflect financial close.

4. A consultant will be selected in accordance with the procedures set out in the Public Procurement Act No. 7 of 2011 and the Public Procurement Regulations, 2013 – Government Notice No. 446 and its amendment of 2016 including the following minimum requirements;

- i. **Legal requirement:** The interested consulting firm shall submit during bidding process the Certificate of Incorporation, valid and relevant Business License, TIN and VAT Certificate, Tax clearance Certificate, Power of Attorney, Anti-Bribery Statement, Shareholder Certificates, Relevant Company Professional Practicing certificates and other legal documentations.

**NB:** *During tendering process, foreign companies may be exempted from local legal registration requirements but should have relevant legal registration of recognized Board from their respective countries.*

- ii. **Experience Requirement:** The interested consulting firm should have experience of undertaking at least two (2) successful projects of the same nature under PPP arrangement.
- iii. **Skills Requirement:** The interested consulting firm shall demonstrate its capacity in technical, Legal, Financial, Social & Environment and Procurement & Logistics in handling projects of the similar nature.
- iv. **Local Content Requirement:** During bidding process the consulting firm must express how will be committed to the Local Content requirements as per the Energy Policy, 2015 and Petroleum Local Content Regulations, 2017. In case of foreign consulting firm, shall form a Partnership with eligible and qualified local firm.
- v. **Financial Capability:** The Consulting Firm is required to express the financial capability by submitting recent audited financial statement of the current three (3) years consecutively.

## 5. OBLIGATION OF THE CLIENT

The consultant will be provided with the following: -

- (i) Information on estimates of gas throughput for the pipeline and technical parameters such as gas properties, off-take pressures and others;
- (ii) Assistance to the Consultant to access information from other Ministries and Government institutions;
- (iii) Access to relevant information to the extent of its availability;
- (iv) Client will act as a bridge between the parent ministries; and

- (v) Appointment of PMT as Counterpart personnel.
  - (vi) Appointment of Project Manager (Focal Point Officer).
6. **LANGUAGE** The language to be used in all documentations, reports and communication for this work shall be in English.
7. **TIME SCHEDULE** The implementation schedule of the consultant shall be as follows
- a. **Phase I:** Feasibility study- 6 months;
  - b. **Phase II:** Preparation of Tender Documents -9 months;
  - c. **Phase III:** Contract Negotiations and Signing- 3 months;
8. Selection will be conducted through the Quality and Cost based selection (QCBS) procedures specified in the Public Procurement Regulations.
9. This is not a request for proposals. After a review of the expression of interest, a shortlist will be prepared, and shortlisted consultants will be invited to submit their proposals through a letter of invitation including specific terms of reference.
10. Interested eligible consultants may obtain further information from the office of the Secretary TPDC Tender Board, Tanzania Petroleum Development Corporation, Benjamin William Mkapa Towers, Tower "A", Azikiwe/Jamhuri Streets, P.O. Box 2774, Dar-es-Salaam, Room number 101 on the 10th floor between 9:00 and 15:00 hours from Monday to Friday inclusive except on Public Holidays.
11. Expressions of Interest (EoI) must be delivered to the address below, in a sealed envelope by hand or courier at room number 401 on the 4th floor. The outer cover shall be clearly marked; Tender Number. **PA/031/2018-2019/C/10 FOR CONSULTANCY SERVICES FOR FEASIBILITY STUDY FOR IMPLEMENTATION OF REGIONAL NATURAL GAS DISTRIBUTION PROJECT UNDER PPP MODEL – TPDC HQ**". Not to be opened before 11:00 hours on Tuesday 11<sup>th</sup> December 2018.
12. Deadline for submission of bids shall be on Tuesday 11<sup>th</sup> December 2018.at 11:00 hour's local time. Expression of Interest will be opened promptly thereafter and in the presence of Tenderers representatives who choose to attend opening ceremony at Benjamin William Mkapa Pension Towers, Tower "A", Azikiwe/Jamhuri Streets at TPDC Board Room number 106 on the 10<sup>th</sup> floor.
13. Late tenders, Portion of Tenders, Electronic Tenders, and Tenders not received, Tenders not opened and not read out in public at the tender opening ceremony shall not be accepted for evaluation irrespective of the circumstances.

Managing Director,  
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Azikiwe/Jamhuri Streets,  
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