

RFP062/2024 BRIEFING SESSION FOR RECRUITMENT OF A TRANSACTION ADVISOR TO REVIEW AND UPDATE THE NON-REVENUE WATER PERFORMANCE BASED CONTRACT (NRW-PBC) FEASIBILITY STUDY FOR THE ETHEKWINI PHOENIX, INDANDA, NTUZUMA AND KWAMASHU (“PINK”) AREA.

Date: 16 January 2025
Attention: Prospective Bidders
From: DBSA SCM

RFP062/2024 - CLARIFICATION

1 Institutional & Stakeholder Management Expert Experience

Question / Request

Is the Institutional & Stakeholder Management Expert required to have water projects experience

Response

The evaluation criteria stipulate the following:

“The Relevant experience in conducting institutional & governance appraisals of large-scale infrastructure projects including in water sector, stakeholder management, business turnaround strategy and restructuring”.

The **key** evaluation criteria for the expert, is to have experience in conducting stakeholder management, business turnaround strategies and restructuring for large-scale infrastructure projects. Therefore, the large-scale infrastructure may include water as a sector.

2 Submission closing date extension Question / Request

Request for extension of closing date

Response

The DBSA had previously responded that there will be no extension of the closing date. However, due to additional clarification questions received and considering that some of the questions raised by the Prospective Bidders were received later than expected, we therefore, hereby **extend the closing date to 24 January 2025**, after which there will be no further extensions. To this effect, the Prospective Bidders are requested to submit their clarification questions timeously to ensure the successful submission of credible and well-prepared professional bids. **The closing date for the written requests and clarifications is Monday 20 January 2024 at 12:00 South African Time** after which there will be no consideration for additional requests.

3 Eligibility Criteria

The eligibility criteria in Table 3 (page 47) indicates that the Legal and Regulatory Expert must be an admitted attorney by the Law Society of South Africa. The table on page 22 does not list this requirement. As this assignment will likely require experts with significant international experience, we suggest that this requirement not be included. Could you please confirm?

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Response

The Prospective Bidders must take note that the technical evaluation will be done in two (2) stages; (i) the eligibility criteria where it must be demonstrated that the **critical** Key Experts (Project Manager, Civil Engineer, Financial Lead) as contained in Table 3 have the appropriate qualification/s and registration/s, and (ii) the evaluation criteria as contained in Table 4 will be based on **experience of the critical Key Experts** and **supporting Experts (Institutional & Stakeholder and Environmental) qualifications, registration and experience**. This means that the Prospective Bidder must meet the eligibility criteria in order to be further assessed based on the evaluation criteria.

4 BFI Guidelines

Were the steps prior to a Feasibility Study carried out as required by the BFI Guidelines. Can those be shared?

Response

Please find the BFI guidelines in Annexure A.

5 Procurement for BFS

We note that this procurement is only to produce a bankable feasibility study (BFS) and not to implement the transaction. How will the TA to implement the transaction be procured? Will the TA for BFS be eligible to also run the process to procure the PBC contractor.

Response

Should the TA be required for the implementation of the project, it will follow the procurement process as prescribed by the eThekweni Metropolitan Municipality (City).

The WPO and the Municipality will procure the PBC contractor. However, should the Preferred Bidder (i.e. TA) services be required in order to finalize the appointment of the PBC contractor, appropriate supply chain policies and processes) will be followed. .

6 Suggested ToR Development

The Terms of Reference refer at various points to expectations that the option chosen should be based on that developed by IFC, and that it should require the PB Contractor to construct DMAs. We would like to suggest that the TORs be modified in this regard so that the TA is instead required to review the approach recommended by IFC, and to compare it to other options, and recommend which option would be most suitable. The reason for this recommendation is that there are many ways to develop NRW PBCs, not all of which require construction of DMAs. Avoiding DMAs may allow ETW to reduce NRW faster and more effectively than in the model assumed by IFC. We assume the client would like to be informed of the full range of options that have worked internationally, and now options enabled by improved technology, rather than being locked into an option developed without the benefit of that range of experience.

Response

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The City has never implemented the PBC, therefore it is important to define the DMAs in order to determine the savings and the value for money for the City in using PBC as a procurement mechanism for NRW. The DMAs are already defined for the PINK as part of the detailed assessment conducted by IFC. Additionally, it is expected that the BFS will recommend the appropriate implementation mechanism/s for each of the selected District Metering Areas (DMAs). Furthermore, it is expected that the options analysis be conducted as part of the BFS as contained in the ToR. Moreover, IFC has conducted an extensive assessment of NRW in the PINK area, which informed the ToR.

Therefore, the ToR as published by the DBSA addresses the immediate needs of the City with the view that the lessons learned from the performance of pilot will inform the scale-up of the NRW programme across the City. Thus the ToR cannot be amended at this stage, but it does not preclude the Prospective Bidders from providing innovative proposals which will be evaluated as part of the methodology (refer to evaluation criteria in the ToR).

7 Review of EWS Structure

We note that the TOR require that we ‘review the existing EWS structure including, human resources, organization, salary policy, employee benefit, training; and overall organization and management procedures, processes, controls and reporting’. As written, this could apply to the entire EWS. Such a comprehensive review will be costly and time-consuming.

Response

As part of the BFS, the Preferred Bidder will be expected to assess the existing EWS structure and operations in line with the IFC report. Further to that a detailed assessment is required for the EWS structure and operations within the PINK area in order to define the implications of the PBC to the City as well as to the employees that may be affected by the recommended implementation model. This assessment is required in order to determine value for money in using PBC as opposed to the current implementation model.

8 Request for network plans including locations of infrastructure

Please provide network plans or schematics showing the locations of the service reservoirs to be used as the basis for 13 individual reservoir supply zone water balances and the approximate boundaries of the corresponding serve areas. The locations of transfer points between the Umgeni Water Board and EWS systems would also be useful if available.

Response

Providing detailed network plans including GPS coordinates of the infrastructure will compromise the safety of the City’s infrastructure, therefore detailed information will be provided to the Preferred Bidder upon appointment. For ease of response, the Project Area and Indicative Summary on the size of supply zones in the PINK area has been provided in the ToR in order to guide the Prospective Bidders.

9 Average water supply

Please indicate the current average number of hours per day, days per week or hours per week water is supplied to customers in each of the 13 reservoir supply zones.

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Response

Please note that the technical details i.e. the performance or profile of the water system will be given to the Preferred Bidder as part of the documents that will inform the BFS (e.g. existing situation assessment, technical options analysis and implementation options analysis etc.) and recommendations thereof. Therefore, this information will be given to the Preferred Bidder for further analysis.

10 Customer water supply and billing

Are the customers supplied in each of the 13 Reservoir Supply Zones separately identifiable in the customer billing data, for example by a code in the customer data or an element of the account, property or customer ID code?

Response

Yes, the billing data that contains the Property key which is unique to each customer in the PINK area. The property key number can be used to link the billing data and the GIS cadastral information of which the information will be given to the Preferred Bidder.

11 Approval and review process

Could you please provide clarity on review and approval process and timeline for deliverables?

Response

The project will be managed through the Project Steering Committee (PSC) comprising WPO, DBSA and the City which will be responsible for managing the Transaction Advisor and approving the deliverables against which the payments will be made upon approval. The approvals of the PSC will be contained in the Service Level Agreement (SLA) which will be negotiated and signed by the DBSA and the Preferred Bidder. It is anticipated that the project will be completed within six (6) months.

12 Suggestion to improve collections

We suggest that there should be a focus on improving collections, as well as reducing Non-Revenue water.

Response

The suggestion is noted and it is expected that the Prospective Bidder will include all proposals as part of the methodology (innovative approach in reducing the NRW). It should be noted that in the RFP document, billings and collections are part of the municipal revenue value chain which the Preferred Bidder is expected to review and make recommendations on.

13 Civil Engineer Experience

The civil engineer experience (Expert 2) mentions experience in the water network analysis, planning, design financing and implementation of large non-revenue water infrastructure projects (R100 million or more). Please confirm if the R100million is a collective value across all projects or is it per project.

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Response

Each expert is expected to provide at least 5 projects with the minimum value of R100 million (capital expenditure) **each not consolidated projects** i.e. *Project No1: value R100m, project name, work packages description, client, role /responsibility of the expert, Project No.2 value R100m.....etc.*

Additionally, kindly refer to special emphasis in Tabel 4 Evaluation Criteria: “**NB: Only a list of projects with a project value of R 100 million or above that will be considered. (Please refer to projects template in Annexure A)**”.

14 Company Experience

Company previous experience – Is the R100million collective of the 5 projects or R100million per project.

The reason for the two questions above is that in SA, we do not have much individual NRW projects exceeding R100m.

Response

The company must demonstrate that they have implemented at least 5 projects with the minimum value of R100 million (capex Value) **each, not the consolidated projects**. Where the Prospective Bidder/s have not implemented 5 projects of at least R100 million it is recommended that such Prospective Bidder form a Joint Venture to compliment the skills and experience that they possess.

15 Scope of works

Scope of Works Timelines states 6 months to complete this project, considering the amount of work and sourcing of information and assessing the information, will the DBSA consider extending the timelines from 6months to 12 months.

Response

Based on the detailed assessment that underpinned the ToR, the WPO, DBSA and the City is confident that that the BFS can be completed within six (6) months. Should delays be expected during execution of the BFS, consideration for extension will considered at that stage.

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16 Professional Indemnity Insurance

Professional Indemnity Insurance (PI) Page 58/82- States “The preferred bidder will be required to provide a proof of PI in the amount of not less than R15 million in respect of a claim without limit to the number of claims”. In order for consultants to obtain quotations from insurers for PI cover the insurers require max amount required for cover however the clause in document states not less than R15m without max number. Can the DBSA provide consultants with maximum PI amount required in order to obtain relevant quotes from insurers.

Response

Maximum PI amount is R30 million in respect of a claim without limit to the number of claims.

17 Limitation of liability

This project conditions of contract is the General Conditions of Contract (GCC) as stated on page 81/82 - Please could you confirm that the limitation of liability Clause 28.1 (b) is equal to the total contract value.

Response

To allow for the repair or replacement of defective deliverables, the aggregated liability of the Preferred Bidder to the Employer (DBSA), whether under the contract, in tort or otherwise, shall not exceed three times the contract value.

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18 Errors on the table numbering

The Prospective Bidders are notified about the errors on the tables numbering as follows:

- “Table 3: The required expertise” on page 48 should be Table 4.
- “Table 4: Evaluation Criteria” on page 50 should be Table 5.
- “Table 3: Indicative summary on size of supply zones in PINK Aea” on page 57 should be Table 6.
- “Table 6: Submission of reports to PSC” on page 58 should be Table 7.

Project Team

Name	Designation
Rethabile Rapiletsa	Programme Development Specialist (DBSA)
Refilwe Mokanse	Infrastructure Fund Specialist (IF)
Eduzie Ifezulike	Programme Manager NRW (WPO)
Johann Lubbe	Head WPO
Simon Scruton	Deputy Head: Engineering and Data Services-eThekwini Water and Sanitation
Vusi Kunene	Supply Chain Officer (SCM) Procurement Specialist: DBSA
Lihle Ndlangamandla	Procurement Office SCM Lending: DBSA