Terms of Reference

Updated Terms of Reference for:
"Consultancy Services for the Feasibility Study of the Commuter Rails – Windhoek – Rehoboth and Windhoek – Katutura".

This Terms of Reference is for the Preparation of a Public Private Partnership (PPP) Feasibility Study for the two rail sections (Windhoek- Rehoboth and Windhoek-Katutura), in line with the requirements of the PPP legislation, containing technical, financial, economic, legal, social, environmental and energy assessments.

The scope of assignment is:

Preparation of a PPP Feasibility Study according to PPP framework, during this phase a comprehensive *value for money assessment* of the projects shall be carried out.

1. INTRODUCTION

1.1 The Transport Infrastructure Improvement Project (TIIP)

The positioning of Namibia as the international logistics hub for the southern Africa Region has been adopted in the Country's National Development Plans taking advantage of the country's geographical position with direct access to the sea, its good ports and road and rail transport networks. In support to this development goal, the Government recognized the need for the continued development of the transport infrastructure and initiated the ongoing Transport Infrastructure Improvement Project (TIIP).

The TIIP includes interventions in both road and rail sub-sectors. For the road sub-sector, the TIIP includes the construction to freeway – dual carriageway standard of section 2A (19.5 km) of the Windhoek – Hosea Kutako International Airport highway. For the rail sub-sector, the TIIP will upgrade the Walvis Bay – Kransberg railway (210 km) to 18.5 tonne axle load for achieving higher transport capacity and train speeds. The TIIP further includes a number of studies aiming at supporting the development of the rail sub-sector: the market analysis for rail operations, the rail sub-sector institutional setup review support, the promotion of skills for rail maintenance, the feasibility of extending the railway from Grootfontein to Rundu and Katima Mulilo and this feasibility of commuter rail services in Windhoek and between Windhoek and Rehoboth.

1.2 The Client

The Government of the Republic of Namibia has received a loan from the African Development Bank(AfDB) towards the implementation of the Transport Infrastructure Improvement Project (TIIP), for which the Ministry of Works and Transport (MWT) is the Executing Agency. The Client for these consulting services is the Ministry of Works and Transport. The consulting contract will be concluded between the Ministry of Works and Transport and the selected consultant.

1.3 Study documentation

The onus is on the consultant to research and find all relevant documentation, which could provide useful information, data and policy directions. Any such document available with the MWT will be provided after awarding the contract to the successful consultant. The following documents may support the consultant's work:

- Feasibility Study for Railway Infrastructure and Commuter Train Services - Windhoek Central to Katutura and Other Suburbs, Final Report, MWT, January 2016
- Feasibility Study for Railway Infrastructure and Commuter Train Services - Windhoek to Okahandja, Final Report, MWT, February 2016
- Rail Feasibility Studies: (Windhoek Central to Katutura and other Windhoek Suburbs), Cabinet Presentation, MWT, September 2016
- Feasibility Study for Railway Infrastructure Commuter Train Services - Windhoek to Rehoboth, Presentation, MWT, 2016
- Feasibility Study for Railway Infrastructure and Commuter Train Services (Windhoek to Hosea Kutako International Airport), Draft Report 1, MWT, April 2016.
- Feasibility Study for Railway Infrastructure and Commuter Train Services (Windhoek to Hosea Kutako International Airport), Executive Summary, MWT, April 2016.
- Sustainable Urban Transport Master Plan for Windhoek including Rehoboth, Okahandja and Hosea Kutako International Airport, MWT – City of Windhoek, 2013
- Integrated Transport Master Plan, MWT - EIB, 2014
- 2018 Namibian Transport Policy, MWT
- National Development Plans (NDP4 & 5), NPC
- Vision 2030, NPC

1.4 The PPP procedure

The standard PPP project lifecycle, as described in the PPP Manual, foresees the following 9 steps:

i. **Project Conceptualization**

ii. **Preliminary Study** – Carried out with the feasibility studies.

iii. **Feasibility Study** – analysing needs assessment, contribution to government policy objectives, funding sources, affordability for line agency, net benefits, Value for Money, appropriate risk matrix, structure of proposed PPP arrangements, etc.

iv. **Pre-qualification of Bidders** – a manageable number of bidders that technically and financially qualify to submit proposals, to be carried out under the enlarged scope of work.

v. **Request for Proposals –** to select a preferred bidder based on an objective, comprehensive and transparent selection process to be carried out under the enlarged scope of work.

vi. **Bid Evaluation** – assessment of financial proposal, technical evaluation, legal evaluation and service delivery capacity. To be carried out under the enlarged scope of work.

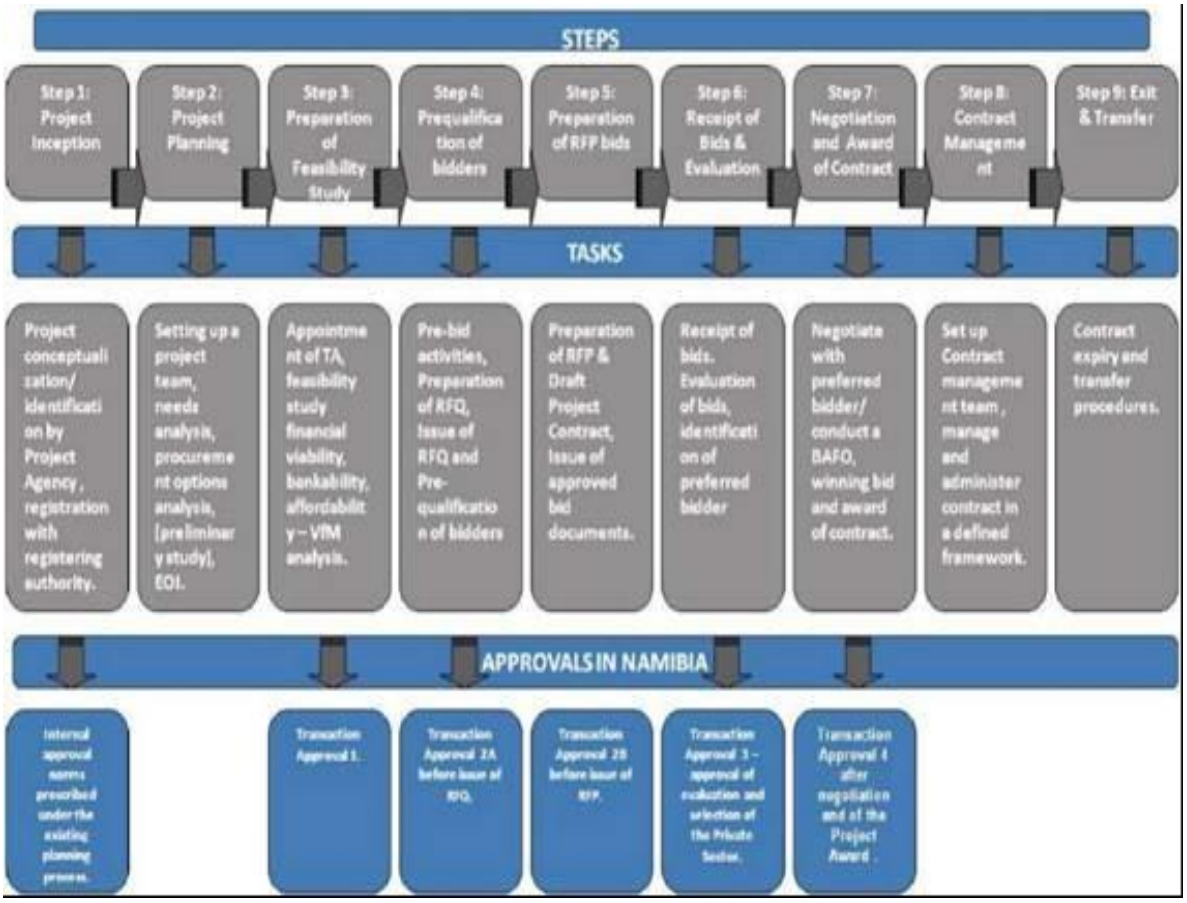
vii. **Negotiation and Award of Contract –** to finalise the terms of the PPP Agreement with the preferred bidder. PPP Agreement and Financial Close signing. Outside the scope of work

viii. **Contract Management –** to monitor delivery under the PPP Agreement, undertake regular reviews and performance measurement to ensure that no aspect of the PPP Agreement gets compromised. Outside the scope of work

ix. **Contract Expiry –** At contract expiry, in line with the provisions of the Agreement, the

private sector shall hand over the required project assets to the Line Agency. Outside the scope of work.

Figure 1: Standard PPP Lifecycle and associated Transaction Approval in Namibia



2. OBJECTIVES OF THE ASSIGNMENT

2.1 Objective

The Ministry of Works and Transport, taking into consideration the results of previous Consultancy Services for the Feasibility Study of the Commuter Rails – Windhoek – Rehoboth and Windhoek – Katutura wishes to assess if there are potential market players who are willing to develop and operate such transport services under PPP format.

The objective of the assignment is to **conduct and deliver a PPP Feasibility Study Report prepared in accordance with the requirements of the Namibian Public Private Partnership legislative framework.**

3. SCOPE OF SERVICES

3.1 Purpose

To prepare a PPP feasibility study in accordance with the Namibian PPP framework, that demonstrate results in terms of Value for Money, whole-life cost efficiency, economic benefits, poverty reduction, affordability, employment creation and social, environment and climate change impacts.

The interest of the public sector in pursuing a PPP project should be demonstrated through the application of a:

- **PPP Options Assessment**. Which PPP structures are likely to work best as delivery vehicles for the project (or projects)? What are the realistic, available options?
- **Risk Matrix**, Risk analysis includes assessment of which of the parties, public or private, would be best able to bear a particular project risk due to their experience and skills, thus enabling risk allocation to that particular party
- **Public Sector Comparator (PSC)**, as the quantitative assessment of the VfM expressed as Net Present Cost (or value), of a hypothetical, whole-of-life, risk-adjusted cost benchmark compared with/of a public sector financed project, delivered through conventional public procurement.

3.2 Key Components of the Feasibility Study

The feasibility study, according to the procedures established in the PPP Guidelines, should produce:

a) **Technical & Economic feasibility** of the proposed railway projects – Consultancy Services for the Feasibility Study of the Commuter Rails – Windhoek – Rehoboth and Windhoek – Katutura aimed at**:**

- Developing a strategic needs assessment (demand estimation), considering the:
  - planned land use evolution in the study area (Windhoek, Okahandja, Rehoboth, and other minor towns or residential and industrial settlements);
  - available land asset to be considered for specific Transit Oriented Development initiatives, with hypotheses of land use characterization;
  - coherent transport infrastructure and service optioneering phase, with estimated performances able to fulfil mobility needs and produce a favourable modal shift and an additional induced passenger demand;
- Carrying on a technical feasibility based on decisions and options defined in the feasibility **studies already developed respectively for** Commuter Rails – Windhoek – Rehoboth and Windhoek – Katutura that will be strongly taken into account. In particular, starting from the identified best option for path (itinerary and stops) and system (railway, LRT, BRT, etc.), the previous feasibility studies will be further investigated in terms of:
  - **Model of service for transport lines**, in coherence with the revised demand estimation and demand needs;
  - **Preliminary cost of infrastructures** (CAPEX and OPEX) and **rolling stock**, according to the most recent acknowledgments on technology for rolling stocks and considering the necessary cost updating;

Selected Consultant is advised to obtain, at least:

- Traffic counts from Namibian Road Authority and Windhoek City Council for the

main roads included in the study area;

- Passengers counts on public transport and mobility services, obtained from the City Council or Mobility services providers or specific surveys;
- Traffic models for the city of Windhoek, already developed for the Sustainable Urban Mobility Plan;
- Number of citizens and workers in the study area, according to an agreed zoning system;
- Economic parameters at the base of an already developed CBA and financial assessment of the projects, in coherence with the current Namibian macroeconomic situation;

b) **Financial Feasibility** incorporating projected revenue structure (e.g. proposed tariff, required annuity) and costs to assess project returns and need for financial support from the Line Agency. The financial analysis is aimed at assessing the option with the best value-for-money rate, taking into account: a) risk identification and allocation according to the project characteristics identified in the technical feasibility phase; b) best PPP form among those already listed in the PPP Manual, in relation to the project characteristics identified in the technical feasibility phase and the coherent risk matrix.

c) **Social and Environmental feasibility**, including the requirements for impact assessments and associated mitigations. A sound sustainability assessment, taking into consideration social and economic impacts, led by a mobility-for-all approach, taking into account technological solutions going towards national and international goals in terms of emissions reduction – Namibia is resolutely committed to the Paris Agreement, and to taking practical and ambitious action to reduce emissions and ensure a climate-resilient economy – assessing the life-cycle of the whole project in terms of recycling and materials;

d) **Legal framework assessment** to examine the scope and suitability of the existing legislative environment for the execution and running of the project;

e) **Stakeholder consultation findings** including users, developers, EPC contractors, community participants, citizens likely to be affected, financers, other relevant Public Agencies, etc. As a potential integrated public transport service, all the stakeholders involved in urban and commuting public transport service have to be active in providing data, in defining criteria and relative weight to assess technical solutions, in envisioning the future development of the city in itself;

f) **Risk Assessment,** identifying material risks associated with the project, specifying the external and project development risks for the Line Agency, the project risks to be allocated to a private sector and those to be retained by the Line Agency;

g) **Key Commercial Principles** including payment mechanisms, relief, compensation and force majeure events, default events, termination payments, Line Agency step-in, cure rights, insurance etc. Drafting PPP Contract if required;

h) **Public Sector Comparator (PSC)** computation including raw PSC, Competitive neutrality, value of risks etc.;

i) **Confirmation of PPP as a procurement option** including Value for Money analysis. As a PPP oriented initiative, the relevant stakeholders need to provide a clear idea of land use and new land for TOD initiatives, taking part to the whole process of citizen engagement and land value definition

3.1 Deliverables in the Feasibility Study

The PPP Feasibility study should contain the following:

a. Technical & Economic Feasibility Study
b. Financial Viability Feasibility Study
c. Social & Environmental Feasibility
d. Legal & Procurement assessment and Key Commercial Principles
e. Draft Sample PPP Contract

4. PERSONNEL REQUIREMENTS

4.1 Professional Team

The consultant shall propose a team of professionals with sufficient qualifications and experience to complete successfully all aspects of the assignment. The consultant is free to propose a team that responds to these terms of reference, however the positions identified below are proposed as the core team. Detailed curriculum vitae shall be provided for the Key Exper team, which shall consist of:

Expert	Qualifications and skills	General professional experience	Specific professional experience	Regional experience
Team Leader - The Team Leader shall assume the overall responsibility and co-ordination of the assignment and be mandated to represent the Consultant in his relations with the Ministry of Works and Transport.	Minimum qualification shall be a master's degree from a tertiary education institution in engineering, economics, finance and any other relevant field.	Minimum of 20 years' experience in transport infrastructure planning, financing and implementation.	Having been involved in the management of at least 3 similar calls for proposals for investors in the transport sector in the past 15 years.	Experience as a Team Leader in similar transport projects in international projects with IFI financing
Financing Expert (PPP Commercial Expertise)	Minimum qualification shall be a bachelor's degree from a tertiary education institution in economics, finance and	At least 20 years professional experience in public and private sector financing (PPP) of infrastructure projects	Having been involved in at least 2 successful financing of transport projects in the past 10 years involving private and	Experience in PPP financing of transport projects in international projects with IFI financing

	any other relevant field		public entities.	
Urban Transport Expert	Minimum qualification shall be a bachelor's degree from a tertiary education institution in engineering or planning or any other relevant field	At least 15 years professional experience in transportation planning and modelling projects; and/or development of Transport Master Plans	Minimum of 10 years professional experience in the management and operation of urban transport.	Experience as an Urban Transport Expert in international projects with IFI financing.
Transport Economist	Minimum qualification shall be a bachelor's degree from a tertiary education institution in Transport engineering or any other relevant field	At least 15 years professional experience in transportation planning and modelling	Minimum of 10 years professional experience in economic assessment of transport projects	Experience as a Transport economist Expert in international projects with IFI financing
Railway Engineer	Minimum qualification shall be a bachelor's degree from a tertiary education institution in Transport engineering or any other relevant field	At least 15 years professional experience in transport system and transit	Minimum of 10 years professional experience in railway and/or tramway and/or LRT/BRT transport	Experience as Railway Engineer in international projects with IFI financing

PPP Legal Expert	Minimum qualification shall be a bachelor's degree in law and related disciplines.	Minimum of 15 years professional experience in law practice with demonstrated experience in transaction advisory and PPP contracts formulation and drafting.	Minimum of 10 years professional experience in legal advisory services for public institutions and private sector clients, with demonstrated experience in transaction advisory and PPP contracts formulation/ drafting in international projects	Experience in transaction advisory and PPP contracts formulation/ drafting in Africa
Environmental Expert	Minimum qualification shall be a bachelor's degree in natural science, environmental engineering or economy.	Minimum of 10 years professional experience in environment assessment and impact evaluation of transport infrastructure.	Minimum 5 years of professional experience as a climate resilience expert on major infrastructure projects; Experience of working on IFI funded projects would be an asset.	Experience as a climate resilience expert on major infrastructure projects in Africa

4.2 Estimated person months for the Key Experts

Item No	Expert	Estimated person-months
1	Team Leader	8
2	Financing Expert PPP (Commercial Expert)	3
3	Urban Transport Expert	5
4	Transport Economist	3
5	Railway Engineer	5
7	PPP Legal Expert	3
8	Environmental expert	2
Total Estimated person-months		**29**

5. DELIVERABLES AND TIME SCHEDULE

5.1 General Provisions

The Consultant shall prepare all reports required by these TOR in English. Printed reports must be submitted on agreed upon metric size paper and in the number of copies specified. The same reports must be submitted in electronic format in the version of software agreed upon with the MWT. Printed and electronic versions of all reports shall be submitted to the office of the Director: Railway Infrastructure Management at the Ministry of Works Transport.

5.2 Inception Report

Four (4) weeks after the commencement of the services, the Consultant shall submit an Inception Report presenting the detailed work plan and any project related issues identified and resultant proposals for the performance of the Consultant's services. The draft Inception report shall be presented and discussed at a meeting with the MWT. Thereafter the Consultant will finalise the report taking into consideration comments received during the meeting. Printed version: 10 copies. Electronic version: by email attachment.

5.3 Draft PPP Feasibility Study

The Draft PPP feasibility study will be organised into two main phases, considering the establishment of an optimal scenario from the technical point of view – answer to mobility needs for commuters and technical feasibility – and the definition of the best PPP framework option, assessing the value for money and the financial viability. The technical section of the document will be developed also engaging relevant stakeholders from Railway Infrastructure Management, Municipality of Windhoek, Ministry of Environment, Forestry and Tourism (MEFT), and Land Use Department in order to achieve an optimal scenario, from the technical, environmental and financial point of view. The PPP Unit of the Ministry of Finance and Public Enterprise (MoFPE) as a key stakeholder shall be requested by the consultant to give input and review all deliverables during the duration of the assignment.

5.4 Final PPP Feasibility Study

The Final PPP feasibility study document shall include the comments received on the draft. The consultant shall submit the Final PPP feasibility study document to MoFPE (PPP Unit) after consultation with MWT. The Final report shall be presented and discussed during a meeting with the MWT.

5.5 List of Deliverables

The following table summarize the list of Deliverables for this assignment

Title	Number
Draft Inception Report	1 Original + 4 Copies for MWT and 2 copies for MoFPE (PPP unit) +1 Electronic Copy
Final Inception Report	1 Original + 4 Copies for MWT and 2 copies for MoFPE (PPP unit) +1 Electronic Copy
Draft PPP Feasibility Study	1 Original + 4 Copies for MWT and 2 copies for MoFPE (PPP unit) +1 Electronic Copy
Final PPP Feasibility Study	1 Original + 4 Copies for MWT and 2 copies for MoFPE (PPP unit) +1 Electronic Copy

5.6 Time Schedule

The Consultant shall commence the Project within 30 calendar days following the letter of appointment. The Consultant's proposal shall include a draft Project Implementation Time Schedule for all the Project components. The Implementation Time Schedule below shall be used as a guideline. The proposed time schedule shall make due allowance for time required by the MWT to assess and approve documents submitted by the Consultant.

PROJECT IMPLEMENTATION TIME SCHEDULE (Months)		
Sequence	**Activity**	**Target Date**
1	Commencement of Services	M
2	Draft Inception Report	M+2
3	MWT shall issue comments on the Draft Inception Report within two weeks of	M +2,5
4	Final Inception Report to be submitted within two weeks of receipt of the comments	M+3
5	Draft PPP Feasibility Study	M+10
6	final PPP Feasibility Study	M+12

6. CLIENT's INPUT AND COUNTERPART PERSONNEL

The Client shall provide introductory letters to assist the Consultant in obtaining information and data from stakeholders. The Client shall also provide supporting letters to assist the Consultant in obtaining permits from the relevant authorities.