THE TRANS-KALAHARI RAILWAY (TKR) PROJECT

Republic of Namibia

Republic of Botswana

REQUEST FOR PROPOSAL (RFP)

RFP NO: TKR–PMO/SC/RFP-01/24–25

FOR

Request for Proposal (RFP)

For

The Selection of a Consultant for the Development of a Comprehensive RFP Document for the Trans-Kalahari Railway Project.

Clarification no 005 issued on: 17 July 2024

Employer: Trans-Kalahari Railway Project Management Office

Response to Clarifications and Queries No: 005 **17 July 2024**

No.	Date Received	Clarification/Query	Response	Date Responded	Status
1.	10 July 2024	**It is mentioned that the CVs of the Key Personnel will be verified with reference letters. Given the time constraints, providing reference letters for each project completed by the personnel would be challenging.**	CVs shall be submitted with Reference Letters as stipulated in the Instructions to Consultants – Bidding Data Sheet	17 July 2024	Closed
2.	10 July 2024	**Further, please provide the format for the reference letters**	The context should be clear. Applicants' skills, roles, responsibilities and achievements in specific project and contact details of the Referee (being a supervisor, client, employer, colleague, etc.)	17 July 2024	Closed
3.	10 July 2024	**The addendum states that: "Consultant will propose at least three (3) similar PPP projects that may be suitable for benchmarking and indicate the cost of such visits in the financial proposal, as a reimbursable expense. The Consultant will arrange benchmarking visits for the Clients Team and other stakeholders. The Client Team will comprise of 16 members**	Correct, the statement is confirmed to be true as outline in Addendum No.1 - Annexure 1.	17 July 2024	Closed
4.	10 July 2024	**Please clarify whether to provide this aforementioned reimbursable cost in the format – Form FIN-5 Breakdown of the Reimbursable expenses**	The amount will be captured in Form FIN-5, in line with notes provided on Form FIN-5.	17 July 2024	Closed
5.	10 July 2024	**Please also clarify whether we have to also provide the reimbursable expenses for the Client team as well**	The Consultant will arrange benchmarking visits for the Clients Team and other stakeholders.	17 July 2024	Closed

			Make a provision for Clients Team for 16 Members.		
6.	**10 July 2024**	**Please note that the entire scope of work is expected to be completed within 23 months including the government approvals, with 12 months allocated to Feasibility Study and 11months are allocated to the PPP Procurement (if applicable). Please note based on our experience the timeline for the PPP procurement is very aggressive.**	The comment of the timelines associated with the PPP Procurement is duly noted. May the consultant, as a mitigating strategy, consider expediting the feasibility study, with the view to gain time for the PPP Procurement process. Additionally, consider other mitigating strategies to save time as per the proposed timelines.	**17 July 2024**	**Closed**
7.	**10 July 2024**	**Please note that the fee for the Close out report and case study is 25% of the PPP procurement Phase fee and it is dependent on the Financial Close for the Project. Please clarify the way forward for this in case there is delay of the Financial Close**	The proposed % payable on a normal process and progress of the deliverables. In the event there are unforeseen delays, proposals will need to be discussed during the negotiation stage with the view to arrive at a mutual agreement between the parties.	**17 July 2024**	**Closed**
8.	**11 July 2024**	**The data sheet requests: "A certified copy of the company registration documents issued in the country of origin (Clearly indicating all shareholders and directors)".**	A document issued by the relevant authority that confirms the registration of the company as per the laws in the country of origin. However, being certified as true by the relevant	**17 July 2024**	**Closed**

		To satisfy this requirement, we will provide a document issued by the relevant authority that confirms the registration of the company. This document will be certified as true by the relevant authority. However, there will not be any certification stamp because the authority does not provide a certification stamp. Please confirm this is acceptable to meet the requirement.	authority – That will be acceptable to meet the requirement of the stated criteria.		
9.	**11 July 2024**	**The data sheet requests: "A valid original or certified copy of a Good Standing Tax Certificate/Clearance Or similar document from country of origin", and "A valid original or certified copy of a Good Standing Certificate issued by the Social Security Commission, Certified Or Similar document or Equivalent in Country of Origin".** **To satisfy these two requirements, we will provide one document issued by the relevant authority that confirms that the company is up to date with tax filing requirements and that there is no action being taken against the company. This type of document is the only document issued by the authority. This document will be certified as true by the relevant authority. However, there will not be any certification stamp, because the authority does not provide a certification stamp. Please**	A document issued by the relevant authority that confirms Good Standing Tax Certificate/Clearance of the company as per the laws in the Country of origin. However, being certified as true by the relevant authority – That will be acceptable to meet the requirement of the stated criteria.	**17 July 2024**	**Closed**

		confirm this is acceptable to meet the requirement.			
10.	**11 July 2024**	**Section 5. Remuneration schedule and disbursement arrangements:** **Bidders are to submit their financial proposal separating the remuneration for the Feasibility Study phase from the PPP Procurement phase. The remuneration of the Feasibility Study phase will be 40% of the whole contract value and the PPP Procurement phase will be 60% of the contract value.** **As the financial proposals for the two phases are being submitted separately, the 40%-60% split would be redundant**	"The remuneration of the Feasibility Study phase will be 40% of the whole contract value and the PPP Procurement phase will be 60% of the contract value". – was meant to provide guidance for feasibility study and PPP Procurement phases. The comment is noted.	**17 July 2024**	**Closed**
11	**11 July 2024**	**Section 5. Remuneration schedule and disbursement arrangements:** **Can the client confirm will project duration be extended if approvals from government take longer than the stipulated duration mentioned in the RFP? How would the consultant be compensated for extended duration due to delay in approvals?**	In the event of delays each party shall be contractually liable as per the contract, proposals will need to be discussed during the negotiation stage to reach consensus between the parties.	**17 July 2024**	**Closed**
12.	**11 July 2024**	**Response to Clarifications and Queries – 3rd Jul, Query 4: Traffic Demand Analysis will be required to be conducted as part of this assignment:**	The objective of this assignment is to conduct a comprehensive feasibility study and thereafter procure services of a PPP Developer.		**Closed**

		Would the traffic demand analysis be from primary or secondary data? If primary data, the traffic survey would take longer than the mentioned timelines.	Therefore, the information provided in the feasibility should be to acceptable accuracy as required for the comprehensive feasibility. If timelines are either too ambitious or lenient, the consultant may propose alternative timelines for consideration.		
13		**The RFP requires benchmarking visits to other countries as part the Feasibility Study phase. The RFP is not clear on whether consultants must include the costs related to the Client Team participation in these visits. For example, does the financial proposal need to include costs such as flights, hotels, etc. for the Client Team for these three visits? If so, how shall these costs be estimated considering that the potential destinations for the visits could vary significantly in terms of location and costs?**	The consultant must include cost related to the Client Team participation in the related visits. See No 4 and 5 above The financial proposal need to include costs such as flights, hotels, etc. for the Client Team for these three visits. The expectation is for the consultant to propose destinations (for places worth benchmarking) for the proposed visits as the destinations will inform transport cost (flight cost) and accommodation cost, etc.		**Closed**
14		**Given that a full environmental impact assessment *and permitting can only be done once the private party has completed its detailed design and***	The expectation of this comprehensive feasibility study is to provide the client with all the	**17 July 2024**	**Closed**

		***construction plan and therefore* is not required at this stage, please can you kindly clarify/provide confirmation for the following:** 1. Please confirm that use of existing (publicly available) literature and a GIS screening will meet the scope requirements of the environmental and social feasibility study / due diligence. 2. The only specialist input outlined in the RFP Addendum 1 pertains to cultural heritage and social aspects, please confirm that any additional environmental aspects (e.g., biodiversity, water quality, noise, air quality) that require specialist input can be costed for at a later stage, based on findings of the feasibility study. 3.Please provide insight on the level of detail is expected for the cultural heritage component given that permit acquisition is not a requirement at feasibility stage	information to proceed with a PPP and/or any other appropriate investment model, if so required. 1. It would be advisable to provide accurate environmental and social feasibility study / due diligence that will be acceptable for a comprehensive feasibility study. 2. Pricing for any additional specialist should be provided and clearly articulated on when the resource will be required. Any required specialist input should be costed, and not at a later stage. 3. The level of detail expected for a cultural heritage should fulfil the requirements of a comprehensive feasibility study.		

		4. We anticipate that this study will need to meet local and international standards and guidelines (as may apply) however given the need to meet environmental and social aspects of this study, is the expectation that we conform to, at least, the IFC Performance Standards/Equator Principles or can the study only meet local and national statutory and regulatory requirements of both Botswana/Namibia? 5. Please confirm if the environmental and social approach and methodology can be aligned to the engineering design level detail, therefore no ground-truthing by environmental and social specialists is anticipated for the railway corridor barring cultural heritage (focussed opinions based of local knowledge of the respective railways corridor delineation for both options).	4. The expectation is for this comprehensive feasibility study to meet local and international standards. 5. The environmental and social approach and methodology should be aligned to the requirements and standards of a comprehensive feasibility study for a project of this magnitude.		
15		**The response to question 3 of Clarification Note 3 states:**	The expectation from a comprehensive feasibility is that one	17 July 2024	Closed

		"The level of accuracy for cost estimates are to be as accurate as acceptable for use on bill of quantities to determine a fair and precise preliminary project to enable bidders to adequately quote as per the bill of quantities. **+/- 10% accuracy is generally acceptable in comprehensive feasibility studies."** Typically, feasibility studies (preliminary engineering) are based on a Class 4 cost estimate (that is +30% to -20%). The purpose of the cost estimate in a PPP feasibility study is primarily to determine the value for money of a PPP procurement and its affordability to users. Moreover, PPP feasibility study have risk analysis to account for cost estimate errors. Since, value for money is the difference between the net present value of delivering the project traditionally and the net present value of delivering the project through a PPP, the error in the cost estimate becomes irrelevant, even a class 5 cost estimate is acceptable. The clarification response requiring a +/- 10% construction cost estimate accuracy goes way beyond a bankable feasibility study, and will require significantly more engineering. The order of magnitude difference between the engineering for class 1 vs class 4, and	of the outputs is a preliminary engineering and that the detailed engineering will be produced during bankable feasibility stage. Therefore, the accuracy of cost estimates range of Class 3 (i.e. +/- 20% Accuracy) will be acceptable.		

		consequently the engineering fees, is at least 10 times higher.			
16		To achieve the Class 1 level of accuracy (+/- 10% cost estimate for the project), the following studies and information must be obtained and developed: 1. **Train and Port Service Design or Operational Model:** o Finalising the layouts and alignments of the railway line, crossing loops, and rail facilities will depend critically on the operational model. The terrain may not accommodate the design grades required for crossing loops. In such cases, adjustments to the crossing loops or alignment will be necessary based on design criteria and multiple simulation iterations. 2. **Bulk Earthworks:** o Bulk earthworks constitute a significant cost driver. To determine whether the crossing loop locations are suitable, a	The expectation from a comprehensive feasibility is that one of the outputs is a preliminary engineering and that the detailed engineering will be produced during bankable feasibility stage. Furthermore, that the comprehensive feasibility study is to provide the Client with all the information to proceed with a PPP and/or any other appropriate investment model, if so required. Therefore, the accuracy of cost estimates range of Class 3 (i.e. +/- 20% Accuracy) will be acceptable as a reconsideration to questions 3 and 7 of Clarification Note 3.	**17 July 2024**	**Closed**

		detailed LiDAR survey following the THM 11 (SANRAL survey manual) specifications is essential. Given the current study's level of detail, the corridor is estimated to be approximately 2 km wide. For a route spanning over 1000 km, conducting an LiDAR survey and processing the data will take 6 to 12 months. 3. **Layer Work, Ballast, and Aggregate:** o Understanding the source of materials, the need for hauling over specific distances, and whether to obtain materials from commercial sources or balance cuts and fills are critical for achieving the required Class 1 accuracy. 4. **Material Investigation and Geotechnical Work:** o Detailed investigations, including material investigation, centreline assessment, and geotechnical studies (test pits and drilling) in the cutting, are necessary. For a line of this			

		length, this process is expected to take 12 to 18 months to obtain the required level of detail. 5. **Geotechnical Investigation at Major Structures:** o Further geotechnical investigations (drilling) are needed at all major structures to determine foundation requirements. Precise drilling locations must be established based on structural design considerations. 6. **Port Investigations:** o The port area also requires detailed LiDAR, bathymetric, and geotechnical investigations. 7. **Risk of Delay:** o If locations are not finalised before the studies commence, there is a significant risk of abortive work and additional investigations. For a lengthy			

		alignment like this, delays in time and cost are likely. 8. **Feasibility Phase Timeline:** o Considering the upfront engineering work required to determine investigation needs, the time for conducting investigations, and utilising the outcomes to meet the required Class 1 accuracy, the entire "Feasibility Phase" is estimated to take between 24 and 36 months. This assumes no environmental fatal flaws or challenges in aligning the corridors. Moreover, the requirement for +/- 10% construction cost estimate accuracy overemphasis the construction cost in the feasibility financial analysis, whereas the net present value of the operating cost can be many orders of magnitude above the construction cost, and operating cost is largely a function of the traffic forecast which by its nature has a large degree of uncertainty unless the users have already made binding volume commitments.			

		The response **"…to enable bidders to adequately quote as per the bill of quantities"** is also confusing in the context that the scope of work indicates that the investment model agreed upon by the Member States is that the project will be developed through a private public partnership (PPP) modality based on a DBOOT contractual arrangement whereby the developer. In the PPP procurement modality, the developer (or private party) designs, finances, builds, operates and maintains the project over the concession term. That is, the developer takes the risk of design, construction and operations, including the risk of ground conditions. If the Member States provide a bill of quantities and consequently the design (input specifications), then the Member States will be retaining the risks associated with design, construction and operations; in which case the Member States would be better off procuring the project traditionally. In the PPP procurement modality, bidders, for the role of the developer, are provided with ***output specifications*** for the project, not the input specifications, a bill of quantities is an input specification.			

		The response to question 7 of Clarification Note 3 states: "The geotechnical work is to inform the preliminary cost estimates to enable the accurate costing of the project…" As indicated above, in the PPP procurement modality the risk of ground conditions is passed to the developer. Consequently, detailed geotechnical work to get to +/- 10% accuracy is a wasteful expense for the TKR-PMO. Please reconsider your responses to questions 3 and 7 of Clarification Note 3. As experienced PPP transaction advisers, we consider a Class 1 level of engineering unnecessary, when a Class 3 cost estimate is more than adequate for a PPP feasibility study, and consequently would be a wasteful expense and time consuming for the TKR-PMO.			
17		**Addendum No. 1 (Page 9), Annexure 1, Section 5: Remuneration Schedule and Disbursement Arrangements – The split of total remuneration for the project between Feasibility Phase and the PPP Procurement Phase is specified as 40:60. We are of the**	"The remuneration of the Feasibility Study phase will be 40% of the whole contract value and the PPP Procurement phase will be 60% of the contract value". – Please note that this breakdown was meant to provide	**17 July 2024**	**Closed**

		opinion that the Feasibility Phase requires more resources and time than PPP Procurement Phase and the specified split cannot be achieved. Furthermore, the approach of specifying the split does not allow the Consultant to develop the remuneration based on a comprehensive breakdown of the activities and the resources required for each Phase i.e. the Consultant is restricted in providing the actual cost for each Phase. Please can TKR-PMO consider removing the 40:60 split approach, to allow the Consultant to estimate the remuneration based on the activities and the time input and rate for each staff member within the given timeframe. **Contract negotiations before award can be held with the successful consultant, if TKR-PMO believes the remuneration split between the Feasibility and PPP Procurement Phases is not reasonable.**	guidance purposes only. Bidders are expected to provide accurate pricing for each phase and not strictly adhere to the proposed split which will be negotiated with the preferred bidder before award.		

Willem Kazekondjo
Procurement Manager