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**Islamic Republic of Afghanistan**

**Da Afghanistan Breshna Sherkat**

**Admin and Finance Directorate**

**Procurement Directorate**

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### REQUEST FOR EXPRESSIONS OF INTEREST (REOI)

**(Consulting Services – Firms Selection)**

**Assignment Title: Consultancy Services for Hiring of INDEPENDENT ENGINEER (firm)**

**Reference No. DABS/98/ICB/NC/013**

# Background

The Mazar independent power plant (IPP) project (“Mazar IPP” or the “Project”) involves the design, development, engineering, procurement, installation, construction, erection, permitting, commissioning, testing, operation and maintenance of a 50MW (approx.) gas-fired reciprocating engine power plant located near the city of Mazar-e-Sharif in the north-western region of Afghanistan. The Project will be implemented through a special purpose company, the Afghan Power Plant Company (“APPC” or “Project Company”) established by Ghazanfar Group (“GG”) and will be the first privately financed IPP in the country – the Project is therefore strongly supported by the government.

A pipeline is being constructed by the Government of Islamic Republic of Afghanistan (“GoIRA”) to supply gas to industrial area near the Mazar-e-Sharif city and to meet gas requirement of Mazar IPP. World Bank is assisting GoIRA in overseeing the development of the pipeline. The Project will sell its entire output to Da Afghanistan Breshna Sherkat (“DABS” or “Offtaker”) on a take-or-pay basis. DABS is GoIRA owned national electricity utility that operates and manages power generation, imports, transmission and distribution throughout Afghanistan.

The Project Company has appointed an internationally recognized engineering, procurement and construction (“EPC”) contractor, under a lump-sum, turn-key EPC contract.

International Finance Corporation (“IFC”), the private arm of World Bank Group, is working with GG for transaction structuring and debt arrangement. Over the last 3 years IFC has been working with the GG and its legal and technical advisers on development and structuring of the Project. The Project agreements, including the Implementation Agreement (“IA”), the Power Purchase Agreement (“PPA”), and the Gas Sale and Purchase Agreement (“GSPA”), were signed by the relevant GoIRA entities and GG in January 2018. GoIRA will be backstopping Offtaker and gas supplier obligations under the PPA and the GSPA through a guarantee under the IA.

# Definitions

The following defined terms are used in this TOR:

“**APPC**” means the Afghan Power Plant Company, the special purpose company incorporated in Afghanistan, established by Ghazanfar Group for the Project;

“**DABS**” means Da Afghanistan Breshna Sherkat, the GoIRA owned national electricity utility that operates and manages power generation, imports, transmission and distribution throughout Afghanistan.

“**Effective Date**” means the date means the date on which all conditions precedent set out in the PPA have been satisfied (including the entering into finance documents) or waived by the parties to the PPA;

“**GoIRA**” means the Government of Islamic Republic of Afghanistan;

“**Independent Engineer**” means an independent consulting engineering company of international repute jointly selected and appointed by the Project Company and the Offtaker, as envisaged under the PPA and described in this TOR document;

“**Independent Engineer Agreement**” is the agreement for provision of independent engineer services in relation to the construction phase of the Project, to be entered into between the Independent Engineer, the Project Company and the Offtaker;

“**Offtaker**” has the same meaning as DABS;

“**Plant**” means the electricity generating facilities at the Project Site comprised of the Plant Units and all associated facilities, systems and ancillary equipment, including all facilities, systems and ancillary equipment subsequently acquired by Project Company, for installation, construction or erection on the Project Site.

“**Plant Unit**” means each one of the six separate electricity generating units forming part of the Plant;

“**PPA**” means the Power Purchase Agreement entered into between the Project Company and the Offtaker in relation to the Project;

“**Project**” has the meaning given in section 1.0 – Background of this TOR;

“**Project Company**” has the same meaning as APPC;

“**TOR**” means this terms of reference document related to the selection of the Independent Engineer for the construction phase of the Project.

# Basic Requirements

The Project Company and DABS intend to select and appoint a reputable international technical consulting firm to serve as the Independent Engineer for DABS and the Project Company as envisaged under the PPA.

The Independent Engineer will report jointly to the Project Company and DABS, and costs of the Independent Engineer will be borne equally by the Project Company and DABS as defined in the PPA.

The selected Independent Engineer will be required to confirm that it does not have any conflict of interest with the Project Company and DABS, the GoIRA or other consultants involved in the Project.

Neither the Project Company nor the Offtaker are obliged to accept any offer provided in response to this TOR, nor shall they be bound to accept the lowest priced offer.

# Scope of Services

The services to be provided by the Independent Engineer shall comprise all the functions which are conferred on the Independent Engineer under or pursuant to the PPA including the specific functions referred to below.

1. Gas Demand Model.

The PPA foresees that the Project Company shall submit to the Offtaker and Independent Engineer a proposed Gas Demand Model as soon as reasonably practicable following the Effective Date and in any case no later than the date falling sixty (60) days before the expected date of the test for the first Plant Unit.

The Independent Engineer shall review the proposed Gas Demand Model submitted by the Project Company and comment or confirm that it is generally in accordance with the principles set out in the tariff schedule of the PPA and is capable of calculating the Projected Gas Demand, the Independent Engineer shall promptly certify the Gas Demand Model for use under the PPA.

1. Plant Commercial Operations Testing

The plant commercial operations testing regime is defined in Schedule 4 of the PPA – attached for information as Annex 1 of this TOR.

It should be noted that details of this schedule are subject to change, and it is expected that an amended version will be agreed by the Project Company and the Offtaker prior to Financial Close. It is not anticipated that such amendment would impose more demanding requirements on the Independent Engineer, and the candidate is therefore requested to base its offer on the role of the Independent Engineer as described in the schedule attached as Annex 1. The selected Independent Engineer will be required to confirm its acceptance of the revised PPA Schedule 4 prior to signature of the contract.

# Obligations of the Independent Engineer

5.1 The Independent Engineer Agreement shall contain warranties to the Offtaker and the Project Company that it shall exercise all reasonable skill, care and diligence expected of a properly qualified professional engineer, in relation to projects of a similar size, scope, nature and complexity to the Project.

5.2 Where the services to be provided by the Independent Engineer require the exercise of powers of discretion or the performance of duties authorized or required by the terms of the PPA, the Independent Engineer shall:

1. act in accordance with the PPA and comply with the relevant requirements of the PPA; and
2. when exercising its functions under the PPA act fairly, honestly, professionally and independently.

5.3 The Independent Engineer shall co-operate with, and provide all reasonable assistance to, any other consultants engaged by the Offtaker, the Project Company and / or the lenders to the Project (including, without limitation, the Lender’s Technical Advisor).

5.4 The Independent Engineer shall comply with all applicable law, regulations, codes of practice and relevant national and international standards and shall, at its own cost, ensure that it holds and will continue to hold all such licenses and approvals as may be required for the performance of its services.

5.6 In order to fulfill the services the Independent Engineer is required to travel to Mazar-e-Sharif and/or Kabul for meetings with the Project Company and Offtaker. The candidate should include appropriate international travel costs within the price for the services. Local ground transportation and accommodation, including appropriate security arrangements, will be arranged by the Project Company.

# Duration of the Services

The Independent Engineer shall be engaged for the duration of the construction phase of the Project, until the Plant enters Commercial Operation. Duration of the construction phase, including commissioning and testing is initially expected to be eighteen (18) months from the date of effectiveness of the Independent Engineer Agreement.

# Staffing and Skill Mix

The Independent Engineer shall employ and provide adequate staff with relevant experience and background, so that it is able to properly perform its obligations in a timely manner as envisaged by this TOR document and under the Independent Engineer Agreement.

**Eligible Countries:** Iranian companies are not eligible to participate.

Note: Those firms who are interested can obtain the soft TOR (Term of reference) of this project from DABS procurement directorate for submission of EOIs (Expression of interests), or can contact the below email for further information.

**Deadline for submission of EOI: March 30, 2020 16:00 Hrs. (Kabul Local Time)**

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