

10th May, 2017

LOCAL CURRENCY TARIFFS FOR KENYAN POWER PURCHASE AGREEMENTS CONSULTANCY SERVICES TO CARRY OUT A STUDY – REQUEST FOR PROPOSALS

1. Overview of GuarantCo

GuarantCo (www.guarantco.com) is a provider of local currency credit enhancement solutions in emerging and frontier markets and is sponsored by the governments of the UK, Australia, Switzerland, Sweden and the Netherlands. GuarantCo is a member of the Private Infrastructure Development Group (PIDG) (www.pidg.org), a multi-donor international organisation established to promote private participation in infrastructure in the world's developing countries.

2. Introduction and Background to the Services

- 2.1 GuarantCo is a provider of local currency credit enhancement solutions in emerging and frontier markets and is sponsored by the governments of the UK, Australia, Switzerland, Sweden and the Netherlands. GuarantCo is a member of the Private Infrastructure Development Group (PIDG) (www.pidg.org), a multi-donor international organisation established to promote private participation in infrastructure in the world's developing countries.
- 2.2 GuarantCo is now looking to appoint a Consultant to support the Government of Kenya through the Ministry of Energy and Petroleum to carry out a study on local currency tariffs for Kenyan power purchase agreements to assist the stakeholders in determining the appropriate policy and regulatory decisions. The Energy Regulatory Commission will be the coordinating agency for the study which is being funded by a grant from the Technical Assistance Facility of the PIDG.
- 2.3 Terms of reference including description of the scope of the commission is detailed in Section 5 below.
- 2.4 The expected to commence in 3rd July 2017, and be completed by September 30th 2017.
- 2.5 This is a formal REQUEST FOR PROPOSAL (**RFP**) subject to the terms and conditions set out below. The purpose of this RFP and supporting documents is to explain in further detail the requirements for the Services and the procurement process for submitting a tender proposal.

3. Tender Conditions and Contractual Requirements

- 3.1 This section of this RFP sets out GuarantCo's contracting requirements, policy requirements and the general tender conditions relating to this procurement process (**Procurement Process**).

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- 3.2 The appointed supplier will be expected to deliver the Services in Kenya.
- 3.3 GuarantCo's contracting and commercial approach in respect of the required services is set out in Appendix B (Terms and Conditions of contract) (the **Contract**). By submitting a tender response, you are agreeing to be bound by the terms of this RFP and the Contract without further negotiation or amendment.
- 3.4 In the event that you have any concerns or queries in relation to the Contract, you should submit a clarification request in accordance with the provisions of this RFP by the Clarification Deadline (as defined below in the Timescales section of this RFP). Following such clarification requests, GuarantCo may issue a clarification change to the Contract that will apply to all potential suppliers submitting a tender response.
- 3.5 GuarantCo is under no obligation to consider any clarifications / amendments to the Contract proposed following the Clarification Deadline, but before the Response Deadline (as defined below in the Timescales section of this RFP). Any proposed amendments received from a potential supplier as part its tender response shall entitle GuarantCo to reject that tender response and to disqualify that potential supplier from this Procurement Process.
- 3.6 Any information supplied to potential suppliers as part of this Procurement Process is supplied in good faith. The information contained in this RFP and the supporting documents and in any written or oral communication is believed to be correct at the time of issue but GuarantCo will not accept any liability for its accuracy, adequacy or completeness and no warranty is given as such. This exclusion does not extend to any fraudulent misrepresentation made by or on behalf of GuarantCo.
- 3.7 You are responsible for analyzing and reviewing all information provided to you as part of this Procurement Process and for forming your own opinions and seeking advice as you consider appropriate. You should notify GuarantCo promptly of any perceived ambiguity, inconsistency or omission in the information provided to you as part of this Procurement Process.
- 3.8 At any time prior to the Response Deadline, GuarantCo may amend this RFP. Any such amendment shall be issued to all potential suppliers, and if appropriate to ensure potential suppliers have reasonable time in which to take such amendment into account, the Response Deadline shall, at the discretion of GuarantCo, be extended.
- 3.9 Each potential supplier is responsible for obtaining all information necessary for preparation of a tender response and for all costs and expenses incurred in preparation of the tender response. You will not be entitled to claim from GuarantCo any costs, expenses or liabilities that you may incur in tendering for this procurement irrespective of whether or not your tender response is successful.
- 3.10 GuarantCo reserves the right to disclose all documents relating to this Procurement Process, including without limitation your tender response, to any provider of management services to GuarantCo, advisers or other third parties involved in the procurement or support of the Services.

- 3.11 Your tender response must remain open for acceptance by GuarantCo for a period of sixty days from the Response Deadline. A tender response not valid for this period may be rejected by GuarantCo.

4. **General Policy requirements**

- 4.1 By submitting a tender response in connection with this Procurement Process, you confirm that you will, and will ensure that any consortium members and/or subcontractors will, comply with all applicable laws, codes of practice, statutory guidance and applicable GuarantCo policies and procedures which can be found on GuarantCo's website (<http://www.guarantco.com/policies-procedures/policies>). The list of relevant policies includes (but is not limited to): Anti-corruption and Integrity Policy and Procedures, Disclosure Policy and Procedures and Travel and Expense Reimbursement Policy and Procedures.

5. **Terms of Reference/Scope of Works.**

The Study must address the following issues:

- Retrospective comparison of the impact of USD and KES tariffs from the perspective of the consumer/off taker
Key Success Indicator:
 - The answer to the question – does a local currency tariff make sense/should it be explored?
- Benchmarking with other jurisdictions enhancing the fundamental objective of GuarantCo to insulate local consumers from the burden of IPPs passing on costs such as exchange rate variations. Precedents of how this has worked in non-dollar environments to the advantage of end users will be of importance.
Key Success Indicator:
 - Lessons from other jurisdictions and a determination of whether there has been a resultant saving for the end consumers.
- Tariff structuring that would include market sounding with the current bank and capital markets as well as investors to develop options for a local currency component in future PPA tariffs. Consideration should be given to market capacity for shilling long term lending as well as the issues associated with taking the forex risk in the contract.
Key Success Indicator:
 - Confirmation of the availability of local currency funding
 - Model local currency PPAs by technology
 - Impact of the introduction of Kenya shilling PPAs on investorsRoadmap to implement local currency tariffs

6. **Timescales**

Subject to any potential changes notified by GuarantCo in accordance with this RFP, the following timescales shall apply to the Procurement Process:

#	Activity	Date / time
1	Advertisements on websites and local paper and RFP Issued	10th May
2	Deadline for clarification questions (Clarification Deadline)	15th May
3	GuarantCo to respond to clarification questions	22nd May
4	Deadline for submission of RFP responses by potential suppliers (Response Deadline)	Midnight (London time), 31 st May
5	Final Decision	19th June
6	Contract concluded with winning supplier	30th June
7	Contract start date	3rd July
8	Launch breakfast - Invitations - Speaker confirmation - Logistics	11th July
9	Interim report : Phase 1 (Retrospective comparison & benchmarking) Review of plan for Phase 2 and launch of phase 2	4th September
10	Submission of draft findings from Phase 2 (Roadmap, impact and PPA by technology)	30th September
11	Dissemination of results - News article, TV interviews, workshop for banks	October

7. **Format of the Proposal**

Taking account of the above, your tender response should provide but not exclusively the following information:

- Your profile detailing experience and track record on any assignments of a similar nature and scope.
- References from sponsors of projects/previous clients in which you have provided similar services including brief description of the project, services provided and implementation dates.
- Method Statement – setting out how you propose to carry out the required services and indicative timelines.
- Financial Proposal – detailing your fee proposal in a lump sum but broken down in the format indicated in Appendix A.

8. **Evaluation Criteria**

- 8.1 Upon receipt of your tender response meeting the requirements of this RFP, GuarantCo will assess each response based on the following scoring:

	Item	Points
(a)	Specific experience related to assignment	10

(b)	Adequacy of the proposed work plan and methodology in responding to Terms of reference/Scope of work and project context.	40
(c)	Qualification and competency of dedicated key staff for the Assignment	30
(d)	Financial proposal	20
TOTAL		100

8.2 Responses from suppliers will be assessed to determine the most economically advantageous tender using the criteria and scoring above.

8.3 The winning tender shall be the tender response scoring the highest score out of 100. GuarantCo may reject your tender response in full and disqualify you from the Procurement Process if your tender response does not meet the requirements of this RFP or if there is any attempt to inappropriately influence the Procurement Process.

9. **Instructions for responding**

9.1 All documents required as part of your tender response should be submitted to finance-ops@Guarantco.com by the Response Deadline, as set out in Section 6.

9.2 All clarification requests should be submitted to finance-ops@Guarantco.com by the Clarification Deadline, as set out in Section 6. GuarantCo is under no obligation to respond to clarifications requests received after the Clarification Deadline.

9.3 GuarantCo reserves the right to issue any clarification request made by you, and the response, to all potential suppliers unless you expressly require it to be kept confidential at the time the request is made. If GuarantCo considers the contents of the request not to be confidential, it will inform you and you will have the opportunity to withdraw the clarification query prior to GuarantCo responding to all potential suppliers.

Appendix A: FEE PROPOSAL SUBMISSION (please note that fee Quotes are to be in USD)

It is anticipated that the Services will cost between **USD 150,000** and **USD 175,000 including any applicable taxes**. The fee includes travel and subsistence (no separate payment for travel and subsistence).

CONSULTANT/CONSORTIUM/SUPPLIER NAME:

	Service	Amount (US\$)
	A. Retrospective comparison of the impact of USD and KES tariffs from the perspective of the consumer/off taker	
	B. Benchmarking with other jurisdictions	
	C. Tariff structuring that would include market sounding with the current bank and capital markets as well as investors to develop options for a local currency component in future PPA tariffs.	
	TOTAL	

Proposed Payment Terms

Completed By: _____

On Behalf of: _____

Appendix B: *[form of Contract]*