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Terms of Reference

[COUNTRY]

[PROJECT NAME] Pilot PPP/CONCESSION PROJECTS

Consulting Services

I BACKGROUND

1. The Ministry of [●] and the World Bank entered into an [AGREEMENT] – signed on [DATE] for a period of [●] years – to increase [COUNTRY] capacity for the management, preparation and implementation of PPP projects in the transport sector.
2. Under the [AGREEMENT], the Ministry of [●] asked the World Bank to review studies for the development of two potential PPP/concession pilot projects both located in the [PROJECT LOCATION]: (a) the creation of an industrial platform on artificially reclaimed land; and (ii) the building of a deep water wharf to service large capacity vessels [VESSEL SPECIFICATION].

Summary Description of the Projects:

3. The objective of the industrial platform component is to make use of an artificial island of [SIZE] created from reclaimed land. The potential traffic expected is estimated at up to [●] tons with the creation of [●] full time jobs. The initial concept for the project was prepared by [●] and reviewed by [●]. The latest project cost estimate amounts to [●], excluding VAT.
4. The project for the construction of the wharf includes landfilling and earth works on an area of about [●], and the completion of the existing berthing structures, resulting in [●] new deep water berths. The cost estimate amounts to about [●].

II OBJECTIVES

5. The main objective of the present assignment is to assist the [LOCAL AUTHORITY] to deliver a Substantiation Report for the recommended project in compliance with [COUNTRY] Public Procurement Law requirements, i.e., the [LAW OR REGULATION] and subsequent

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amendments, especially the [LAW OR REGULATION].

III SCOPE OF WORK

6. During the first phase of this assignment, the consultant will evaluate each of the two projects independently based on their respective costs and benefits and will make a recommendation to the [LOCAL AUTHORITY] to identify the more promising project to be implemented under a PPP scheme. For each project, the consultant will:

- Assess each project's compliance with the existing and updated Port Master Plan, especially with regard to their respective environmental/construction permits;
- Validate the cost estimate for each project (i.e. infrastructure cost, superstructure cost, equipment cost) based on the information provided in the approved Feasibility Study (dated [●]) for the industrial platform project, and approved Feasibility Study (dated [●]) for the wharf project. If any relevant costs are missing in the studies, the consultant is responsible to make the proper estimates. The Ministry of [●] will facilitate the access of the consultant to the relevant documentation;
- Review the historical background of each candidate project;
- Review and validate the findings of the two [separate] market studies related to; (a) the oil and gas sector for the industrial platform project; and (b) the break bulk, containerized cargo and cereals for the wharf project;
- Carry out a detailed traffic forecast analysis based on the market studies reviewed (and as updated) with clear justification and list of assumptions made for each of the candidate projects for the horizon of [TARGET YEAR] with a low, base and high traffic scenario;
- Carry out economic analysis for each project, in line with [GUIDELINES], using a computerized financial model incorporating the three above-mentioned traffic forecast scenarios. The economic analysis should clearly document the methodology, assumptions (discount rate, shadow prices etc.) and economic benefits related, but not limited, to: (a) direct/indirect/induced job creation; (b) marine freight rate reduction resulting from the servicing of larger vessels; and (c) increase of traffic volume as a result of the additional modern capacity offered by the [PORT]. The analysis is to clearly demonstrate the impact of each project on the economy based on internationally recognized indicators such as economic rate of return, cost/benefit ratio, economic rate of return etc.;
- Confirm that each of the projects substantially complies with local, national, sectorial, international environmental and social requirements, and if not, what additional steps need to be taken in this regard; and

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- Recommend the project which presents the greater potential to be implemented under a PPP scheme taking into account the analysis and reviews carried out and the context of each project.

7. During the second phase of this assignment – which starts at the formal date of approval of the recommendation made under the first phase -- the consultant will evaluate the selected project in greater detail, and in particular determine the most appropriate risk allocation and form of PPP/concession that the project could take. For the selected project, the consultant will:

- Identify at least three PPP/concession forms – with increasing level of financing provided by the private sector – under which the selected project can be implemented. i.e. no private investment but privately managed operations, partial private investment (superstructure and equipment) and privately managed operations, full private investment (infrastructure, superstructure and equipment) and privately managed operations;
- Analyze each of the PPP/ concession options and recommend the best applicable model based on existing legal and regulatory arrangements, potential attractiveness to the private sector and bankability.
- Carry out a Value for Money Analysis for the option recommended:
 - Public Sector Comparator:
 - Determine/verify costs and benefits for the situation in which the project would be delivered as public investment;
 - Construct a computerized financial model;
 - Demonstrate results i.e. financial rate of return, net present value;
 - PPP Reference:
 - Determine/verify costs and benefits for the case where the project would be delivered under the recommended PPP/ concession option;
 - Construct a computerized financial model;
 - Demonstrate results i.e. financial rate of return, net present value;
 - Risk Assessment:
 - Identify all project related risks;
 - Examine the parties affected by these risks;
 - Determine retained and transferable risk;
 - Quantify each risk;
 - Risk Adjusted PPP reference:
 - Demonstrate overall value for money.
- Assist the [LOCAL AUTHORITY] in the selection of a transaction consultant who would then prepare the bidding documents for the selected project and assist the [LOCAL AUTHORITY] to bring the project to market.

IV DURATION OF SERVICES AND EXPERTISE REQUIRED

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8. The first phase of this assignment is expected to be completed within three months from [DATE]. The second phase is expected to be completed in one month, starting from the formal date of approval of the recommendation made under the first phase. It is the consultant's responsibility to access the required inputs of key professionals and to provide necessary logistic arrangements to render these services efficiently and diligently. The consultant shall deploy adequate numbers of suitably qualified and experienced junior professionals and technical support staff to assist the key professionals to render these services in a time bound and efficient manner. When proposing the team members, the consultant should make sure that the proposed staff is actually available and aware of the intensity of the required travel. Any change in key professionals shall be permitted only in exceptional circumstances. The consultant may assume that copies of the studies and documents listed in para 6 above will be made available to it from the commencement date of its assignment.

9. Under the assignment, the consultant will mobilize the following experts: (i) Senior Port Specialist (Team Leader); (ii) a Transport Demand Analyst; (iii) a Transport Economist; (iv) a Financial Analyst; and (v) an experienced PPP Transport specialist. However, the consultant may propose any other staff he/she may consider as beneficiary to carrying out the assignment. All professionals deployed on this assignment shall be proficient in both [LOCAL LANGUAGE] and English.

10. The five key experts for this assignment will need to have a proven adequate academic and professional background as follows:

- **Team leader (Senior Port Specialist):** The expert shall have a Master degree from an accredited college or university. S/he should have minimum of 15 years of experience in the transportation field including about 5 years of relevant international experience regarding similar projects. Desired areas of expertise include port engineering, planning and port operations.
- **Transport Demand Analyst:** The candidate should have a Master Degree from an accredited college or university in transportation planning, civil engineering, computer science, geography or a related field. S/he must have at least eight (5) year experience of transportation modelling experience in professional level work. An expertise in demand modelling and econometric modelling is of particular interest.
- **Transport Economist:** The candidate should have a Master degree in Economics or equivalent with about 10 years of experience, including about 5 years on transport projects. Experience and knowledge in use of computerized evaluation models is essential. Experience on project benefit evaluation and monitoring is also crucial.

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- **Financial Analyst:** The candidate should be a chartered financial analyst, MBA (Finance) or a chartered accountant or should have a Master Degree in a related subject with about 5 years of professional experience in project finance/project appraisal. S/he should also have experience working on major transportation projects involving limited non-recourse financing and public-private partnerships.
- **PPP Specialist:** S/he shall have a Master degree in engineering, finance, business administration or related field with at least eight 8 years of PPP transportation project relevant experience. The candidate must be familiar with the technical aspects of transportation needs and development in [REGION]. The incumbent must have sound knowledge in the field of project economic analysis, risk allocation, tariffs, and financial tools of infrastructure development. Familiarity with the formulation of policies and strategies as well as community participation would be further advantageous.
- [In case expertise on the respective legal and regulatory framework for PPP/concessions is not provided from the part of the [LOCAL AUTHORITY], the team should also comprise a local lawyer, acquainted with the details of the legal and regulatory arrangements for PPP/concessions in the [COUNTRY].]

V REPORTING REQUIREMENTS

11. All reports shall be made in [LANGUAGE]. The consultant shall present an Inception Report within 4 weeks of the start of services outlining an initial assessment of the tasks and proposed methodology and work plan. A report regarding the assignment's first phase is to be submitted for approval by the [LOCAL AUTHORITY] within 3 months after the commencement of the assignment. On receipt of the formal approval of the recommendations made by the consultant under the first phase, the consultant will then have to finalize the assignment's second phase within 1 month, essentially including the production of a report on this second phase (evaluation of selected project in greater detail as described in para 7 above).

VI BUDGET FOR ASSIGNMENT

12. The indicative budget for this assignment is [●].