



**Islamic Emirate of Afghanistan
Ministry of Energy and Water**

Deputy of Energy

Energy Programs Directorate

Public and Private Partnership for Energy Projects-unit

**Request for expression of interest for investing in the electrification
project of Khamab and Qarqin districts of Jawzjan Province**

Through

Private investment / PPP Scheme

PPP model: Build-Operate-Transfer - BOT

Year: 2022

Address: Ministry of Energy and Water, Sanatorium, Darulman Road, Kabul – Afghanistan

Abbreviation

IEA (Islamic Emirate of Afghanistan)

MEW (Ministry of Energy and Water

PPP (Public Private Partnership)

REOI (Request for Expression of Interest)

BOT (Build-Operate-Transfer)

The project (Electrification of Khamab and Qarqin Project)

Kv (Kilo Volt)

MVA (Mega Volt Ampare)

Km (Kilometer)

SoW (Scope of Work)

RFQ (Request for Pre-Qualification)

RFP (Request for Proposal)

EPC (Engineering Procurement Construction)

O&M (Operation and Maintenance)

Request for expressions of interest

Introduction

The Ministry of Energy and Water (MEW) of the Islamic Emirate of Afghanistan (IEA) is responsible for the Managing and development of the Energy and water sectors in the country. Considering the current situation, the private sector has an important role in the development of infrastructure and had always tried to make maximum use of the available public opportunities in the supply of services and development of the electric energy sector by using the financial resources and technology as well as experiences of the private sectors.

It is pleasure to announce an investment opportunity for international and domestic private investors for the electrification project of(The extension of a 110 kV power transmission line with a length of 36km from the border of Turkmenistan to the mentioned districts, construction of two steps down substations with total capacity of 16MVA and distribution network of 17.77MVA) using public-private partnership model that the private party will be responsible for the financing, design, construction, operation, and maintenance of the project (up to the expiry date of the contract).

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Purpose

The overall purpose of this expression of interest for the request regarding the mentioned project is summarized below:

1. Informing and providing comprehensive information about the project to Private parties to participate in the transparent and competitive bidding process.
2. Receiving efficient views and feedback from the private sector to structure the project and prepare the bidding document considering current market potential, opportunities, and requirements.
3. Preparing and arranging a list of interested potential qualified investors for the Energy projects and creating opportunities for international and domestic investors.

4. Create a competitive environment for investment and use the existing opportunities in the Energy Sector of Afghanistan.
5. The MEW is a governmental organization to support and manages the development of the energy sector through private investment.
6. Introducing MEW as a primary responsible entity to receive views and provide satisfactory feedback to private investors in the energy sector, especially in the above-mentioned project regarding the following issues:
 - i. Scope Of Work
 - ii. Proposed project and transaction structure
 - iii. Risks and concerns related to the project
 - iv. Procurement Method and Procurement Indicative Schedule.

Eventually, the MEW is encouraging all international and local private parties (Investors) with their innovative ideas to invest in the project and other opportunities in the energy power sector. The information in this document should not be considered as an indication of MEW's final requirements for the eventual PPP structure and agreement; indeed, MEW will continue to welcome feedback on the proposed approach where this is still under review.

Procurement Process Overview

A: EOI Submission guideline and Deadline:

The interested investors shall submit their EOI to Mr. Mujib Rahman Sharif, Sr. PPP Procurement and Contracts Specialist through the below email add: energy.pppunit@mew.gov.af

Copy to:

Mr. Farhad Mahmoody, Energy Program Director.
eng.mahmoody@gmail.com

Mr. Nasratullah Amin, Energy Projects PPP Unit head.
nasrat.amin66@gmail.com

The EOI Submission deadline is {16 /January/2023}, 15:30 PM hrs. (Afghanistan Time).

B: Request for Pre-Qualification - RFQ

1. During the Pre-qualification Stage, the interested investors submit their Pre-qualification Responses to the terms and conditions of the Pre-qualification Document. The Pre-qualification Responses are evaluated

based on the pre-determined Pre-qualification Requirements set out in the Pre-qualification Document. The Pre-Qualified Applicants are then shortlisted by the shortlisting criteria and process set out in the said document.

2. The Pre-qualification Stage is stand-alone and independent and ends upon the identification and notification of all shortlisted bidders by the MEW.

C: Request for Proposal - (RFP)

1. The RFP stage is the competitive procurement process that follows the Pre-qualification stage and is intended to result in the selection of a preferred bidder. Only the shortlisted bidders are invited to submit bids during the RFP stage. The RFP will provide details on the technical and financial bids required to be submitted. Bids shall be opened and evaluated by the terms of the RFP and the preferred bidder will be selected, based on the submitted bids and the evaluation criteria set out in the RFP.
2. Once selected, the entity will finalize and sign the PPP agreement with the project company to implement the project.

Next Step Process for RFQ and RFP

Phase.1 - RFQ
Publish Notice and Updated Pre-qualification Documents
Deadline for submission of Pre-qualification Responses or Applications
Phase.2 - RFP
Issue the RFP and Draft PPP Agreement to the shortlisted bidders
Submission of technical and financial proposals
Select the winning bidder/s
Signing of the PPP Contract

Required Qualification

All individuals including real or legal individual (firms, large skill companies, consortiums, or joint ventures) who has technical and financial capability are welcome to submit the EOI. Though the qualified investors will be determined during the pre-qualification process, the following Investors will be deemed qualified and encouraged to submit the EOI.

- 1- Firms with Financial and Technical capability who has prior experience whether as a PPP or EPC.
- 2- Firms possess any kind of business nature with financial capability only, provided that, they will introduce companies as subcontractors (EPC and O&M contractors) to fill the gap in technical capability.
- 3- Firms with Technical capability provided that, they will introduce a Financial Nominee to fill the gap of financial capability and finance the project.

Commercial

A. PPP model

The overall goal of the project is to conclude a contract for the electrification project of the Khamab and Qarqin districts of Jawzjan province with imported electricity from Turkmenistan, considering the appropriate price with good business practice, within a specified period of time and PPP model.

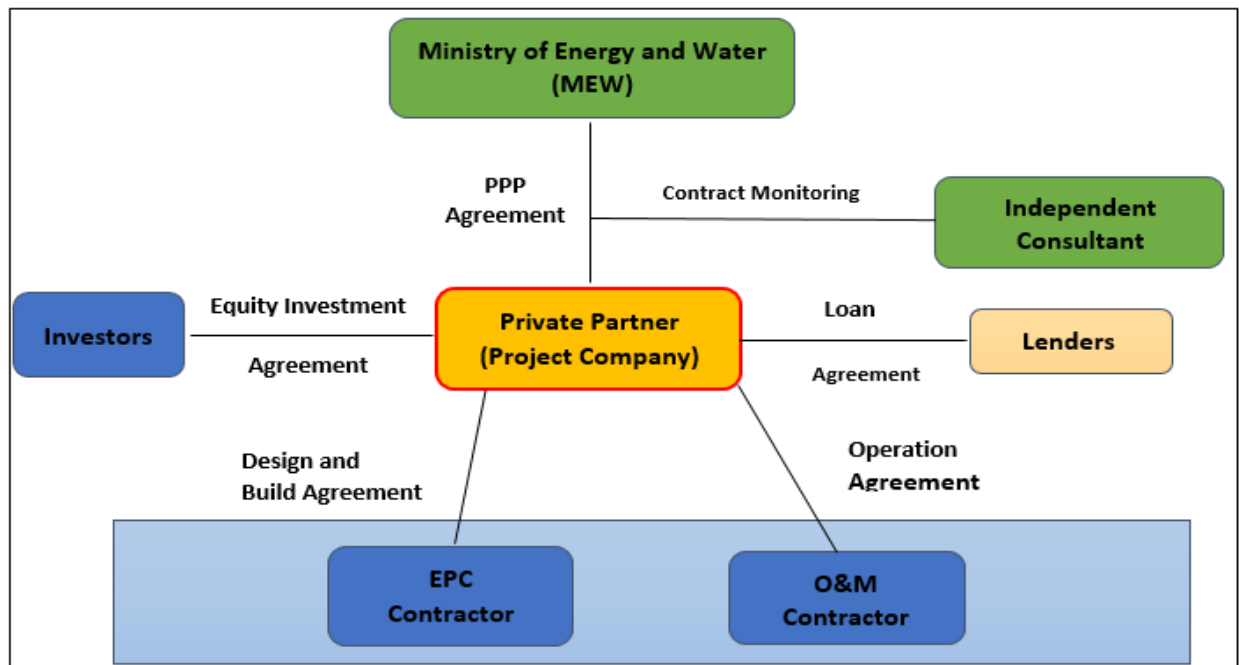
B. Project Structure:

As currently predicted, the structure of the project is as follows according to the above-mentioned goal of the PPP model.

- 1) The Concession Agreement of the Khamab and Qarqin districts, Jawzjan province electrification project will be signed with a private partner through a BOT model of PPP, following a competitive bidding process in accordance with policies and applicable laws of the IEA.
- 2) The Private Party will be responsible to complete the project (completing the survey and detailed design, the extension of a 110 Kv power transmission line with a length of 36 Km from Turkmenistan's border to Khamab and Qarqin districts of Jawzjan province. Construction of two substations 110/20Kv with a total capacity of 16MVA in Khamab and Qarqin districts, Extension of distribution network with a total capacity of 17.77MVA) according to international and national standards for two years after the effective date of the contract.
- 3) After the completion of project construction, the Private Party will have the right to use the exploitation of the project within the O&M period of up to 20 years and earn its investment and profit cost (money) from consumers, selling

energy power according to the final contract. After the expiry date of the contract, all assets (Operational electrical equipment) will be handed over to MEW.

- 4) The Private Party can arrange to implement the project according to the requirements by using its own resources (Financial, Technical) or can introduce a financial nominee or EPC and O&M contractors to fill the gaps. If it was considered to establish a consortium of companies, it shall be taken into consideration to lead the project by the member of the consortium who finances the project. Furthermore, for financing the project the Private Party can also obtain a loan from the lender or financial institutions such as a Bank. The loan agreement shall be according to policies and applicable laws of the IEA.
- 5) The Preferred Bidder will be selected based on evaluation criteria that are set out in the bidding documents and proposing a reasonable tariff price. The procedure to earn the project cost with a margin of profit, and the responsibility of the private party (Investor) to pay tax will be regulated and determined according to laws, and regulations of the IEA, after negotiation and finalization of the PPP Contract.
- 6) The Private Party will be responsible for having all necessary business licenses and the MEW will assist and provide facilities to private parties (investors) according to applicable laws and regulations of the IEA.
- 7) The Project will be implemented under a specific reference number, and the Private Party will be responsible to supply electricity considering the quality, quantity, and proper planning.
- 8) The MEW as an official representative of the government of Afghanistan is providing facilities to purchase electricity from Turkmenistan, to transfer due payments for the purchased electricity), Import electrical equipment from abroad, and technical experts from abroad for project purposes only according to applicable laws and bilateral agreements between two countries to the private party (investor).



9) Roles and Responsibilities:

a. Ministry of Energy and Water

- Review and provide feedback/comments regarding the project design and implementation
- Providing land right of use to the private party (investor) for the project without any barrier as required.
- The MEW will be the ultimate owner of the project and all remaining assets.
- Issuing of the required licenses to a private party (investor).
- Monitor the contract to ensure that the quality and quantity of the services are in accordance with the contract specifications.
- Monitor and implement the technical and non-technical indicators to ensure that delivery of the services or supply of electricity is in line with the scope of the private party during the operation of the project.

b. The Private Party

- Planning and designing of the project in accordance with MEW requirements.
- Financing the project.
- Providing project performance guarantee.
- Completing the project construction, Installations, Testing, Commissioning, and developments.
- Obtaining and keeping insurance to facilitate the project.

- Operation and management of project assets by using project-managing resources.
- Comply with rules, regulations, and laws according to the provisions of the contract.
- Handing over all project assets to the project's ultimate owner after the expiration date of the PPP contract.

C. Project HandOver:

After the project's operation and use as per the contract closing date, the contractor is responsible to hand over all the project assets to MEW. The project's ultimate owner has the right to renew the O&M contract with the private party (investor) Either with the previous conditions or may revise the conditions.

D. EOI submission requirements:

Interested investors are requested to submit the following documents as part of the EOI:

- 1) letter of expression of interest;
- 2) A valid copy of the business license;
- 3) Company profile;
- 4) The financial audit reports for the last three years.
- 5) Authorization letter for the representative of the company;

E. Evaluation of documents (proposals) and clarification:

- 1) The MEW evaluates the documents of the interested bidders as requested.
- 2) During the evaluation of EOI, the MEW may request further clarification from interested investors.

F. MEW Rights for Evaluating the documents:

- 1) The MEW has the right to approve or reject the documents and attachments of the EOI, and the ministry also has the right to reject the expression of interest that contains false and misleading information.
- 2) The MEW will share the results of the evaluation as necessary and upon the request of the interested bidders.