Terms of Reference
Establishment of Processes and Procedures for EPC Contracting

1. BACKGROUND

The National Utility (NU), with the assistance of the World Bank, will be implementing the Project. The project will finance at least ten mini-hydro projects, one mini-geothermal project as well as related technical assistance.

All mini-hydro construction projects will be executed as Engineering Procurement and Construction (EPC) contracts. The EPC contract will give one contractor full responsibility for design, procurement, civil and electromechanical construction, supervision, acceptance testing, commissioning and training operators, while guaranteeing the schedule and meeting price and quality standards.

The NU recognizes that the EPC contracting processes are considerably different from the traditional processes of contracting procedures for constructing mini-hydro projects where civil works and electro-mechanical works are contracted independently.

2. OBJECTIVES

The purpose of this consultancy project is to establish processes and procedures for EPC contracting for the mini-hydro projects and to train NU staff in using such procedures. Specifically, the consultant will:

- define EPC contracting procedures to be used and prepare model bid documents
- define evaluation procedures for pre-qualification and technical and cost proposal evaluation
- develop guidelines and define step by step processes and procedures for the implementation of EPC contracts throughout all stages
- conduct training seminars for NU in the use of the processes and procedures for establishing and implementing EPC contracts for mini-hydro projects.

3. SCOPE OF WORK

The consultant will undertake the following tasks:

Task 1: Recommend EPC Contracting Procedure
The consultant will evaluate alternative EPC contracting procedures and recommend a procedure most suited for mini-hydro construction contracting. The procedure must comply fully with World Bank ICB guidelines. Either single or two stage contracting can be proposed.

Whether pre-qualification of bidders is to be used must be assessed. Because of the likely complex nature of bids with each bidder offering different designs and because of the necessity to ensure that the offered design will be acceptable, it will probably be necessary to limit the number of bidders through a pre-qualification process which ensures that only reputable and experienced contractors participate in the bidding process.

**Task 2: Define Procedures and Model Documentation**

The consultant will define the bidding and evaluation procedures to be used; detail the evaluation criteria for pre-qualification as well as technical and cost proposal evaluation; and prepare a model set of EPC bid documents (LOI package, technical specifications, conceptual and/or detailed designs, TOR etc.) using one of the mini-hydro sites.

**Task 3: Guidelines for Implementation of EPC Contracts**

The consultant shall prepare guidelines detailing, step by step, the processes and procedures for the most effective means for the NU to monitor and supervise mini-hydro EPC contracts in the Eastern Islands. These are to take into account the freedom and responsibilities accorded to EPC contractors but ensure that the NU obtains first class results.

**Task 4: Training Seminars**

The consultant shall provide training seminars to appropriate NU personnel in the use of the documentation prepared under Tasks 2 and 3. These seminars shall not only ensure that participants are fully familiar with and can competently use the processes and procedures but shall also produce a “buy in” on commitment to the EPC contracting concept.

4. **REPORTING**

The consultant is to report to the Project Management Office and to keep it fully informed of progress.

A short letter report recommending the procedure to be adopted shall be provided within one month of commencing work.

The draft model EPC bid documents will be prepared within three months of commencing work.

The final bid documents will be prepared within two weeks after receiving comments from the NU and the World Bank.
A report detailing the implementation procedures will be prepared and discussed with the NU and the World Bank 2 months after commencing work.

One training session will be held in country to train NU staff in following the devised EPC procedures.

5. **SCHEDULE AND LEVEL OF EFFORT**

This work covers a time frame of 5 months commencing from the date of contracting and finishing on or before six (6) months thereafter. Training seminars shall be conducted during the last 2 months of the assignment. The total budget is $40,000.