

**MULTINATIONAL TANZANIA/BURUNDI
UVINZA-MUSONGATI RAILWAY PROJECT STUDY**

**TERMS OF REFERENCE
TRANSACTION ADVISORY SERVICES**

Acronyms and Abbreviations

ADF	:	African Development Fund
BIF	:	Burundi Franc
DRC	:	Democratic Republic of Congo
DSM	:	Dar es Salaam
EA	:	Executing Agency
EAC	:	East African Community
ESIA	:	Environmental and Social Impact Assessment
ICD	:	Inland Container Depot
JTF	:	Joint Task Force
MoT	:	Ministry of Transport (Tanzania)
MTTPE	:	Ministère des Transports, des Travaux Publics et de l'Équipement (Burundi)
NPV	:	Net Present Value
PCU	:	Project Coordination Unit
PPP	:	Public Private Partnership
PRSP	:	Poverty Reduction Strategy Paper
RAHCO	:	Reli Assets Holding Company
SUMATRA	:	Surface and Marine Transportation Regulatory Authority
TANROADS	:	Tanzanian Roads Agency
TAZARA	:	Tanzania and Zambia Railway Authority
TPA	:	Tanzania Ports Authority
TRL	:	Tanzania Railways Limited
TRC	:	Tanzania Railway Corporation
TZS	:	Tanzanian Shillings
UIC	:	Union Internationale des Chemins de Fer
UA	:	Unit of Account
USD	:	United States' Dollar

1. INTRODUCTION

1.1 General Background

The Government of Burundi and Tanzania have agreed to construct a standard gauge railway line from Uvinza to Musongati.

The railway line from Musongati will ease the exportation of Nickel from Musongati via Uvinza to join the Tanzania central line to the Port of Dar es Salaam as a gateway to the foreign markets in the world. The railway line will be mainly in Tanzania about 150Kms and Makamba region 50Kms with total distance being about 200Kms built to preferably AREMA latest standard (inter-operability) mainly for freight (mining inputs/outputs, agricultural inputs/outputs, and other freights including passenger) and allow for the following maximum speed:

- ✓ 120 km/h for design train speed for passenger and /or
- ✓ 80 km/h for freight trains.

Further to the mining inputs and outputs, the line will link and give Burundi and neighboring DRC access to the port of Dar es Salaam and facilitate their imports and exports.

The existing Railway line from Dar es Salaam to Uvinza(at present is one meter gauge) and the construction of new Railway line Uvinza to Musongati will be a standard gauge, and will create the most efficient transport route to Musongati between the Port of Dar es Salaam and Burundi.

The Railway Project area will be mainly in Kigoma region (Tanzania) about 150 Km and Makamba region (Burundi) about 50 Km with total distance being about 200 kms built preferably to AREMA latest standards (inter-operability) mainly for freight

1.2 Project Background

Tanzania and Burundi have embarked on an investment program to reduce poverty among its people through accelerating economic growth and successfully implementing poverty reduction strategies and/or Economic Development Programs under the auspices of defined country development visions.

The Partner States have established a strategic objective to construct a new railway line from Uvinza to Musongati and to upgrade the existing line Dar es Salaam-Uvinza. The main objective of constructing the new railway line and of upgrading of the existing line is to increase the freight transport traffic and in the alternative, the passenger traffic. This will also enhance the financial attractiveness of various mining developments that international mining companies are presently exploring.

This railway project is the number one priority within the framework of East African Railway Master Plan (June 2009). The Master Plan examined many proposed extensions of the meter gauge railways in Kenya, Tanzania and Uganda, both within the EAC and into countries beyond its borders.

The Consultant Gauff Ingenieure has been awarded to conduct the feasibility study and preliminary design of this line. The study (hereafter referred to as “the study” or “the completed study”), which was approved in November 2014, and deliverables so far submitted by CPCS/Transaction Advisory will form the key basis for the subject assignment.

The Main Study’s objectives were to;

- Provide optimal technical design (route alignment, gauge choice, and other parameters) for the existing Dar es Salaam-Uvinza and new line Uvinza - Musongati
- Propose a PPP modality for project implementation, including the financing and management instruments

The Study’s main findings were approved by the Partner States in November 2014.

2. PROPOSED ADVISORY SERVICES

2.1 Objectives

The main objectives of the Advisory Services are;

- Review of Feasibility Study
- Preparation of a Detailed Engineering Design, Resettlement Action Plan and Production of prequalification and Bidding Documents for civil works.
- To assist the Partner States throughout the procurement process of the appropriate PPP; and
- To support the Partner States during negotiations and in preparation for the implementation of the PPP project.

2.2 Scope of Services

The Advisor will be a firm that will be contracted by the Partner States through the Joint Task Force (JTF) from Partner States, and will work under the direction of the Joint Ministerial Committee from Partner States.

The Technical Advisor will be expected to:

- Review the studies completed to date, including the Draft RFP and the financial and economic models;
- Develop Alignment Study for parallel Standard Gauge railway from DSM to Uvinza, under a separate contract, the Transaction Advisor will identify and recommend the specific alignment for the proposed parallel Standard Gauge railway from DSM to Uvinza, taking into consideration land ownership and restrictions, socio-economic, environmental impacts, among others;

- Prepare and agree with the Partner States on the work plan and a detailed timetable for the project outlining the steps that need to be taken by all parties in the project team, indicating the advisor responsible for each activity;
- Provide expertise and attention to detail on behalf of the Partner States, through the JTF, in relation to all financial matters of the project; and
- Assist the Partner States in PPP procurement, including preparation and evaluating bid documents, and provide necessary legal, economic, financial and technical advice related to the project;
- Undertake any other planning activity as may reasonably be required of a Technical Advisor;
- Develop and recommend an overall procurement strategy to the anticipated Negotiation Committee that would include transaction modality, selection criteria, contract and other issues raised herein;
- Develop an overall negotiation strategy to the anticipated Negotiation Committee that would address and crystallize all contractual and regulatory issues raised by the Transaction Advisory into the PPP Contract(s).

2.3 Scope - Private Sector Participation (PPP Approach)

Based on the outcomes of specific alignment, the Transaction Advisor will revise the base case project cost estimates and update the Project's financial model and financing plans, including any impacts on viability gap funding and value for money analysis, as required.

The Transaction Advisor will endeavor to continually take into consideration the macroeconomic conditions of the Partner States, including any debt limits/ceilings that may be in place. Following the Lenders' Conference, the financial model and financing plan will be adjusted accordingly to accommodate the lending frameworks from potential donors and financial institutions.

The Advisor will assist in determining the form and required amount of viability gap funding necessary to ensure the project achieves high level of investment attractiveness. In doing so the Consultant will review and examine the comprehensiveness of the legislation and regulations aspects highlighted in the completed study for all two countries to determine the levies, taxes, duties that the concessionaire will encounter during both the construction and operating phases. The Consultant will determine whether any additional benefits provided by the Partner States (such as relief from taxes, etc) should be effective during the engineering and construction phases only, or if they should extend into the operating phase also, and for how long.

2.4 PPP procurement and negotiations

In addition to assisting preparing and evaluating bidding documents, the transaction advisor will be required to support the Partner States during negotiations and to be prepared for implementation and monitoring. This must be in compliance with all elements of the national regulations on PPP, as well as potential donors' procurement rules and procedures.

2.5 Draft PPP agreement

The transaction advisor will prepare a draft PPP agreement for each of the Partner States, based on the applicable Partner States' national laws. The transaction advisor will support the respective executing agencies to compile all the documentation necessary for obtaining any approvals required at the national level.

2.6 PPP agreement negotiations and management plan

The transaction advisor will assist the executing agency (EA) during negotiations with the preferred bidder. This will involve preparing suitable negotiation teams, categorizing issues appropriately, developing timelines for completion, and planning negotiation tactics and processes for reaching agreement. The transaction advisor will assist the EA to ensure that all agreements reached are incorporated into all the financial, commercial and legal documentation, and must assist with drafting the necessary and related correspondence.

The transaction advisor will support the executing agency to draft a comprehensive PPP agreement management plan for the implementing agency. This will be in accordance with the provisions of the PPP agreement and following national regulations. The transaction advisor will support the executing agency to ensure that a comprehensive legal due diligence of the accounting authority has been completed.

The advisor will help the Partner States with all functions related to signing the final agreement.

3. OBLIGATIONS OF THE CONSULTANT AND THE PARTNER STATES

3.1 Obligations of the Consultant

The Consultant shall draw up a list of all documents provided by the Tanzanian, and Burundian Administrations or produced during the assignment. The documents shall be returned at the end of his assignment. The Consultant shall be solely responsible for analyzing and interpreting data derived from the documents or from other sources. The documents shall be considered as confidential and used as such.

The Consultant shall commence work within a maximum period of two weeks from the date of notification of the award of contract. The Tanzanian, and Burundian Administrations shall reserve the right, during the entire period of the Advisory assignment, to refuse or cause to be replaced any staff member whose technical capacities or behavior are deemed unsatisfactory. The Consultant shall comply with the existing legislation for the recruitment of all national workers.

The Consultant shall procure all materials necessary for the assignment, particularly office materials and equipment, including data-processing equipment. For transport logistics, the Consultant shall hire or procure vehicles.

3.2 Obligations of the Partner States

The Partner States shall place at the disposal of the Consultant the available maps, plans of the area, as well as all existing studies and information relating to the railway project. The costs of recent railway works and the costs of maintenance of fixtures and rolling stock of various railways in Tanzania and in the sub-region shall be submitted to the Consultant.

The Partner States shall grant the Consultant and expatriate staff, a list of whom shall be provided by the Partner States:

- (i) Facilities to import foreign currencies into the countries for the purposes of the studies and for personal needs to level of salaries paid to them. The amounts in foreign currencies imported in this context shall be subject to exchange regulations in the countries. At the end of the assignment, the Consultant and expatriate staff shall benefit from the same facilities to re-export sums corresponding to the balance of salaries paid to them;
- (ii) Exemptions from immigration restrictions for the Consultant's staff, their spouses and dependent members of their family, the visas, and all required permits, authorizations and access to installations on the Tanzanian, and Burundian territories.

The Partner States shall provide all necessary assistance to facilitate the work of the Consultant in the preparation and organization of seminars and the roundtable. The executing agency will provide relevant data and information related to the project to be used by consultant to fulfill their duties during the consulting service period. The Partner States will assign full time staff to work with the Consultants as counterparts, through the implementation mechanism put in place. The executing agency will provide required support facilities for the use of the consultants when carrying out their task.

4. WORK PROGRAM AND REPORTING

4.1 Work Program

The Consultant shall organize its services in a logical fashion and ensure that the staff assigned to the study consistently understands the necessary specifications for the smooth execution of the assignment. The program of work shall be submitted for approval by the Executing Agency.

4.2 Activities

4.2.1 PPP TENDERING

Activities:

- a) reviewing of the feasibility study,**
- b) Environmental and Social Impact Assessment**
- c) Preliminary Design**

d) Preparation of a Detailed Engineering Design, Resettlement Action Plan and Production of prequalification and Bidding Documents for civil works

e) Legal and Regulatory work

f) Finalize RFP

g) Bidders' Conference

h) Questions&Answers Process

i) Evaluation of Bids

4.2.2 NEGOTIATIONS AND FINANCIAL CLOSURE

Activities:

a) Negotiations with the Preferred Bidder

b) Commercial Close

c) Financial Close

4.3. Reporting

The Transaction Advisor shall organize its services in a logical fashion and ensure that the staff assigned to the study consistently understands the necessary specifications for the smooth execution of the assignment. The Transaction Advisor shall begin providing its services no later than two weeks after notice to proceed. The program of work shall be submitted for approval by the JTF(Joint Task Force).

Inception Report: The Transaction Advisor will prepare an inception report outlining the way forward for the project and highlighting the key risks to project implementation.

Legal Working Paper: The Transaction Advisor shall submit a working paper summarizing the relevant legal and regulatory rail infrastructure and services framework in each Partner State and highlight all pertinent project implementation issues in respect of the chosen BOT structure. The emphasis of the legal working paper will be on the harmonization of different legal regimes which must be reflective of the overarching spirit and agreed principles in the International Convention between the Partner States. The legal working paper shall be submitted in sixteen hard copies, ten in English and six in French and soft copy to the JTF.

Status Report: The Transaction Advisor shall submit a monthly status report in English soft copy to the JTF (with the exception of the last month of the assignment which will be covered by the close-out report). The status reports shall highlight the work completed during the past month and what will be required in the following month to keep the Project on time and on budget.

Progress Report: The Transaction Advisor shall submit a progress report every six months (with the exception of the last six months of the assignment which will be covered by the close-out report). The progress reports shall provide details of the work accomplished during the past six months, number of experts used, results and recommendations, as well as the program of work for the following six months. The

progress reports shall identify problems encountered and those likely to impede project implementation, the delay that could result there from, their causes and mitigating measures. The progress reports shall be submitted in sixteen hard copies, ten in English and six in French and soft copy to the JTF.

Close-out Report: The Transaction Advisor shall a close-out report summarizing all activities and milestones achieved during the assignment and any remaining key challenges and aspects to be addressed. The close-out report shall be submitted in thirteen hard copies, ten in English and six in French and soft copy to the JTF.

5. ORGANIZATION AND MANAGEMENT OF THE ASSIGNMENT

5.1 Executing Agency

The implementation of the assignment shall be carried out under the responsibility of the ministries in charge of railway transport, namely the Ministry of Transport (MoT) of Tanzania and the Ministry of Transport, Public Works and Equipment Burundi (MTPWE). However, for efficiency reasons, the two Partner States have agreed that Tanzania shall ensure the coordination of the study and that RAHCO shall be the executing agency of the study. The technical monitoring of the study will be provided by the Joint Task Force(JTF) of the study, chaired by Tanzania, coordinated by Burundi. Day to Day activities will be supervised by the Study Coordination Unit.

5.2 Study Implementation Schedule

The overall timetable and schedule of tasks is as shown below.

- ii) PPP tendering
- iii) Negotiations and financial closure

The duration of PPP Tendering activities will be 14 calendar months and the duration of negotiations and financial closure will be 9 calendar months.

6. COMPOSITION AND QUALIFICATION OF THE CONSULTANT'S TEAM

The composition of the team of experts shall be given as part of the detailed estimates attached to the Consultant's bid submission, which shall contain the projected quantities on the basis of which the Consultant shall make his offer. The Consultant shall bring together a diverse, world class team of professional experts, managed by experienced PPP project coordinator. The members of the team will have both the skill and experience necessary to undertake the range of tasks set out in these terms of reference, but demonstrating the following minimum of competencies:

1. PPP Expertise
2. Project financial and economic analysis, with relevant PPP and project finance experience
3. PPP procurement and structuring

4. Legal and Institutional Development expertise, with relevant experience in the preparation and negotiating of PPP agreements
5. Relevant expertise in railway engineering projects such as design, construction, supervision and operations and maintenance
6. Negotiations skills
7. Contract management
8. Project management

Below is a list of key experts to be provided together with the minimum requirements;

- PPP Specialist: Minimum of 15 years experience in developing and managing PPP concessions, with sound expertise in packaging and structuring PPP transactions, particularly in the railways sector. Ideally, the expert would have held several positions as lead PPP advisor in similar deals. He/ she will have a qualification in engineering, finance, business administration, economics or related fields.

- Railway expert: Minimum of 15 years in the implementation of large railway projects, with a mix of sound technical experience and strategic orientation. Ideally, the expert would have assumed senior roles in railway infrastructure planning. Experience within the African context, as well as in developed countries will be highly desirable. He/ she will have a qualification in railway/ civil engineering, or related fields.

- Financial specialist/ analyst: Minimum of 10 years in infrastructure project finance (PPP), with sound financial analysis /modeling, and resource mobilization expertise, and solid experience in evaluating infrastructure investments. Expert should have worked in at least three large size railway projects. The expert will have a qualification in finance, business administration or related fields.

- Procurement specialist: Minimum of 10 years in the procurement of infrastructure projects, with engagement in at least 5 PPP-finance projects. Experience in the procurement rules and procedures of Multilateral Development Banks (MDBs), is a must. The expert will have sound and comprehensive experience in seeing through the procurement processes (including bid preparations and negotiations) of large size PPP projects. He/ she will have a qualification in engineering, construction management, or related fields.

- Legal, Institutional and regulatory specialist: Minimum of 10 years in the field of legal, regulatory and institutional development of PPP. The expert should have sound experience in assisting the Development of regulations and institutions to improve enabling environment for the implementation of PPP projects. Experience within the African context (particularly fragile states), as well as in developed countries will be highly desirable. He/ she will have a qualification in law, business administration, or related fields. Legal drafting skills are advantageous.

The Consultant's key staff shall be required to have a perfect knowledge of the English language and good skills of the French language.

7. INPUT KEY STAFF

A. Key Experts	Unit	Estimated input
PPP Specialist/Team Leader	Project Days	162
Railway expert	Project Days	99
Financial specialist	Project Days	62
Procurement specialist/Project Coordinator	Project Days	80
Legal, Institutional and regulatory specialist	Project Days	355
B. Non-Key Experts		
Project Director	Project Days	37
Project Manager	Project Days	33
Legal Experts	Project Days	99
Local Legal Expert	Project Days	56
Coordinator, Rwanda and Burundi	Project Days	28
GIS Local Experts	Project Days	28
GIS Expert	Project Days	0
Transport Sector Specialist	Project Days	27
Port Expert	Project Days	24
Local Analyst	Project Days	62

8. TERMS OF PAYMENT

This is a Lump-sum contract payments will follow the submitted and approved deliverables in accordance with the Terms and Conditions of the Contract Agreement with the Government of Tanzania representing the Partner States.

N°	Milestone	%
1	Approval of the Inception report on mobilization	5
2	Submission and approval of the Alignment Study	10
3	Submission and approval of the legal and regulatory report	5

4	Submission and approval of the final RFP for shortlisted firms	5
5	Submission of the report on Bidders' Conference and Questions &Answers Process	5
6	Submission of the evaluation report for bidders.	20
7	Submission and approval of the report on Commercial closure of the project	25
8	Submission and approval of the report on Financial closure of the project	25

ANNEX

MAP OF THE PROPOSED RAILWAY ALIGNMENT

Uvinza - Musongati

