

Procurement of Transaction Advisory Services for Project Preparation of Waterval Wastewater Treatment Works Water Reuse Project.

Issued under the Water Reuse Programme and Water Partnership Office

ANNEX B: TABLE OF CONTENTS OF THE DELIVERABLE OF THE BANKABLE FEASIBILITY STUDY

This set of documents includes the following:

Terms of Reference for Transaction Advisers

Annex A: Technical Requirements

Annex B: Table of Contents of the Bankable Feasibility Study

Annex C: Terms of Reference Technical Options

Annex D: Terms of Reference ESIA

Annex E: Terms of Reference for Socio-Economic Analysis

Annex F: Gender Action Plan

This document, Annex B - Table of Contents for the Bankable Feasibility Study, is a template for use by the Project Owner and the WPO when preparing the Request for Proposals documentation for:

1. New and complete wastewater and sludge treatment plants,
2. Improvements to and/or rehabilitation of, existing wastewater and/or sludge treatment plants, and either of these combined with,
3. Reuse of treated wastewater in Direct Potable Reuse (DPR) or Reuse Treatment Plant (RTP) configurations.

The Bankable Feasibility study should include the following:

STAGE 1: INCEPTION

Section 1: Approach and Methodology

- Introduction
- Submission requirements
- Covering letter from the accounting officer requesting approvals, where applicable
- Executive summary
- Introduction
- Project background
- Approach and methodology to the Bankable Feasibility Study and any regulatory requisites

Section 2: Demand Analysis

- Municipality's strategic objectives and budget
- Institutional analysis
- Demand and output specifications
- Scope of the project.

Section 2: Technical Solution Options Analysis

- Technical options considered
- Evaluation and assessment of each technical option
- Summary of evaluation and assessment of all technical options considered
- Climate impact assessment
- Recommendation of a preferred technical option(s).

Section 3: Service Delivery Options Analysis

- Delivery options considered
- Evaluation and assessment of each delivery option
- Summary of evaluation and assessment of all delivery options considered
- Recommendation of a preferred delivery option(s).

STAGE 2: BANKABLE FEASIBILITY

Section 4: Project preparation, legal due diligence and environmental authorizations

- Legal aspects due diligence (e.g. legal due diligence of the SPV and preferred project delivery option and ensure all foreseeable legal requirements, user rights, regulatory matters)
- Site enablement due diligence
- Environmental and Social Impact Assessment (ESIA), including but not limited to;
 - Permits / authorizations
 - Climate Impact Assessment
 - Gender Assessment
 - B-BBEE assessment
- Accuracy of measurements and recordings in inception study, including without limitation (as is appropriate):
 - Identify any operating, financial or other contractual commitments which are binding on the Project Owner and advise on options for dealing with them within the framework of a proposed transaction structure
 - Assess any contingent liabilities, including tax and environmental as will need to be addressed in formulating a structure for private sector participation (in coordination with the Project Owner and other consultants)
 - Review legal aspects of existing labour arrangements in the context of the proposed structure
 - Review existing Project Owner contractual arrangements to ensure compatibility with proposed arrangement
 - Assist the Project Owner in the development and presentation of recommendations for private sector participation in Project
 - Make any other relevant recommendations relating to the Project,
 - Analyse and make recommendations on the initial concept for the Project and the risk allocation in draft Project Agreements, based on relevant precedents, and suggest and assist in making modifications as necessary following discussions with other members of the transaction team must also be catered for in the legal due diligence.

Section 5: Value assessment and financial viability

- Undertake an 'internal assessment' (costs of alternative technologies, avoided costs)
- Technical definition of project
- Discussion on costs (direct and indirect) and assumptions made in producing cost estimates
- Financial matrix based on technical options and risk assessment per option inclusive of operations and maintenance
- Detailed model on water reuse prices based on technology types
- Discussion on revenue and assumptions made on revenue estimates plus value added benefits
- Financial matrix of revenue streams
- Financial and economic valuation of life-cycle costs and benefits of alternative technical options.
- Detailed Socio-Economic benefit of the proposed technical option
- BEE targets
- Financial model
- Discussion on proposed implementation model including a Section 78 analysis to decide on the optimum mechanisms for providing this service

- Proposed project structure and sources of funding
- Payment mechanism (including incentives for any revenue streams)
- Discussion on all model assumptions made in the construction of the model, including inflation rate, discount rate, depreciation, tax and VAT
- Risk assessment
- Comprehensive risk matrix for all project risks
- Summary of the project owner's retained and transferable risks.

Summary of results: NPV.

- Summary of results: NPV, key indicators
- Sensitivity analyses
- Statement of affordability
- Statement of value for money, if appropriate
- Recommended procurement choice
- Information verification
- Summary of documents to verify information found in the technical feasibility study report.

Section 6: Statement of Compliance

Statement of compliance with the comments and representations received in response to comments, as appropriate.

Section 7: Statement of Views and Recommendation

Statement of views and recommendations received in response to any required.

Section 8: Procurement Plan

The Bankable Feasibility Study deliverable should also include the following Annexures:

Annexures 1: Statements for information verification and sign off from the Transaction Advisor to the project.

Annexure 2: Letters of concurrence (if required)

Annexure 3: Risk assessment and comprehensive risk matrix

Annexure 4: Document list (list of all documents related to the project, where they are kept, and who is responsible for ensuring that they are updated)

Annexure 5-6: Attach as annexures summaries of comments or representations received

Annexure 7: Reports on any Preliminary Studies.

END