Overview of the Application Procedure to Receive Funding by GRMF

Raëd El-Halabi, M.Sc.
Technical Consultant GRMF
Project Manager

GRMF Pre-Application Information Workshop
Addis Ababa, October 2012
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A. Eligibility
B. Financial Support
C. Application Procedure
D. General documents of interest
E. Procurement and tendering in particular about the Procurement Guidelines.
   – Developer Manual
   – Developers Procurement Guidelines
   – Anticipated Well Cost (AWC) Guidelines
F. Documents that will be required in the:
   – EoI
   – Application
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ELIGIBILITY

Eligible Entities:
- Public Companies
- Private Companies
- Public Private Partnerships (PPP)

Eligible Countries:
- Ethiopia
- Kenya
- Rwanda
- Tanzania
- Uganda

Eligible Activities:
1. **Surface Studies** to determine the optimal location for reservoir confirmation wells at geothermal prospects that have previously been extensively studied are eligible for funding.

2. **Exploration Drilling** at geothermal prospects once the optimal locations for the drilling and testing of reservoir confirmation wells have been determined.

3. **Infrastructure** grant support may be available to cover infrastructure upgrades for both activities.
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FINANCIAL SUPPORT

The upper limits for financing support of the allowable field expenditure are as follow:

- **Surface studies grants**: 80% of approved allowable costs (excluding infrastructure costs)

- **Drilling grants**: 40% of approved allowable costs for the drilling and testing program for reservoir confirmation wells (excluding infrastructure costs)

- **Infrastructure grants**: 20% of approved allowable costs for infrastructure required for eligible surface studies or eligible reservoir confirmation wells (e.g. access roads, water, power)

- **Continuation Premium**: 30% of the developer’s share of the approved allowable and expended costs for the drilling and testing program in case Developers continue to develop their project within 6 months of the submission of the final drilling report.
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APPLICATION PROCEDURE

• The Facility will provide grants to Developers through competitive, transparent and rigorous two-stage Application and evaluation processes.

• It is planned to conduct at least three application rounds within 4 years. There will be one application round including pre-qualification each year.
PROCESSING OF THE PRE-QUALIFICATION AND APPLICATION

Stage of Process

Information stage
- Information workshop
- Request for EOI

Pre-qualification stage
- Expressions of Interest
- Evaluation of EOI

Application stage
- Pre-bidding workshop
- Applications
  - Surface studies
  - Drilling proposals

Evaluation stage
- Technical evaluation
- Financial evaluation
  - Deficiency report
  - Formal objections

Ranking stage
- Ranking
  - Completion of final report
  - Highest technical evaluation

Tools
- Communication of GRMF designs and Application process
- Webpage
- Conferences / Flyer
- International procurement sites

- Completeness check
- Ground for rejection
- Evaluation methodology
- Threshold score
- Mandatory pre-bidding workshop
- RECOFT training
- Completion of final report
- Highest technical evaluation

Pre-Application Information Workshop, 11th October 2012
PROCESSING IN THE INFORMATION STAGE

Stage of Process | Procedure | Tools
---|---|---
Information Stage | Pre Application Information Workshop 11th October 2012 | • Communication of GRMF design and Application procedure
| | Request for EoI 17th October 2012 | • GRMF Webpage
| | | • Conferences / Flyer
| | | • International procurement sites
Pre-Qualification Stage
EVALUATION PROCEDURE OF EXPRESSION OF INTEREST

Information Stage

Submission of Expressions of Interest
Before 13th November 2012

- EoI complete and no rejection grounds
  - Yes: EoI rejected
  - No: Evaluation of EoI

Evaluation of EoI

- Overall minimum score reached
  - No: EoI rejected
  - Yes: Short-listing of Applicants 22nd January 2013

Pre-Qualification Stage

Short-listing of Applicants
22nd January 2013

Application stage

Pre-bidding workshop
26th February 2013

Notification of Applicant
PROCESSING IN THE APPLICATION PHASE WITH EVALUATION

Pre-Qualification Stage

Application stage

Submission of Applications
26th April 2013

Pre-bidding workshop
26th February 2013

• Mandatory pre-bidding workshop
• RELCOST training

Surface studies

Drilling proposals

Technical evaluation

Completeness check
• Grounds for rejection
• One formal deficiency report
• Evaluation methodology
• Threshold score

Deficiency report
Formal omissions

Supplements

Financial evaluation

• Completeness check
• Reasonableness check
• Eligible costs check

Evaluation Stage

accepted

rejected

accepted

rejected
PROCESSING IN THE RANKING STAGE

Evaluation Stage

Ranking Stage

- Rank > x: Next Application round
- Surfaces studies: Rank 1 to x: Funding
- Drilling proposals: Rank 1 to x: Funding

Ranking
August 2013

Grant Agreement

- Invitation to enter a Grant Agreement

• Ranking by technical evaluation score
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# GENERAL DOCUMENTS OF INTEREST (I)

<table>
<thead>
<tr>
<th>Document</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developers Manual</td>
<td>Gives a comprehensive overview of the GRMF program and its procedures</td>
</tr>
<tr>
<td>Developers Procurement Guidelines</td>
<td>Used by Developer to procure goods, works and services</td>
</tr>
<tr>
<td>Request for Expression of Interest (EoI)</td>
<td>Submission forms to be provided by Applicant as a basis to be short listed by the GRMF facility</td>
</tr>
<tr>
<td>Anticipated Well Cost Guidelines</td>
<td>Specify the allowable cost structure for standard drilling cost items for drilling projects</td>
</tr>
<tr>
<td>Request for Application</td>
<td>Submission forms to be provided by Applicant as a basis for selection by GRMF facility (only to short listed bidders)</td>
</tr>
</tbody>
</table>
GENERAL DOCUMENTS OF INTEREST (II)

Can be downloaded from the GRMF webpage:

www.grmf-eastafrica.org
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DEVELOPER MANUAL

The Developer Manual has two purposes:

1. To provide information about the Facility so that Developers can decide whether or not to apply to the Facility

2. To assist Developers understand the Facility’s main processes. Of particular interest to Developers and the main focus of the Developer Manual are the following processes:
   – Prequalification
   – Application Round
   – Evaluation
   – Grant Agreement
   – Grant Provision
DEVELOPER PROCUREMENT GUIDELINES

Document objective:

- The Procurement Guidelines are based on the AUC Procurement Manual and are intended for use by Developers awarded financial grants by the AUC for implementing activities under the GRMF program. All Developers awarded grants through GRMF funding shall ensure that best practices in procurement are observed and adhered to.

- The procurement guidelines seek to balance simplicity with upholding principles of procurement ethics in line with the AUC guidelines.
## DEVELOPER PROCUREMENT GUIDELINES PRINCIPLES

<table>
<thead>
<tr>
<th>Principle</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transparency and accountability</strong></td>
<td>Use of funds must allow public access to information on procurement actions and means to control and audit all procurement activities (record keeping).</td>
</tr>
<tr>
<td><strong>Ethics</strong></td>
<td>The recipient of public funds from the Facility shall not use his or her authority or office for undue personal gain</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>Eligible bidders cannot be individuals barred from participating in European Union or AUC public procurements; or companies with origin in countries blacklisted or sanctioned by the UN Security Council, the EU or the AU</td>
</tr>
</tbody>
</table>
PROCUREMENT METHODS

Seek to balance cost efficiency and transparency

<table>
<thead>
<tr>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open tendering</td>
</tr>
<tr>
<td>Restricted tendering</td>
</tr>
<tr>
<td>Request for quotations (shopping)</td>
</tr>
<tr>
<td>Direct procurement</td>
</tr>
</tbody>
</table>
ANTICIPATED WELL COST (AWC) GUIDELINES

- Only for drilling projects
- Applicants shall estimate costs for their proposed drilling programme in line with the AWC Guidelines
- Guidelines specify the allowable cost structure for standard drilling cost items (AWC items)
- Maximum allowable percentage of total AWC items cost that can be allocated to each AWC item is stated
- Different maximum percentages are given for wells of different types, diameters and depth intervals
- Guidelines outline the maximum allowable total drilling metre costs taking into account the total cost of AWC items
- Costs for non-AWC items must still be stated as separate cost item and clearly justified in the technical Application
# ANTICIPATED WELL COST (AWC) GUIDELINES – EXAMPLE

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Standard Size -DEVIATED: KOP=450 M</th>
<th>Bottom conductor pipe to 500 m</th>
<th>500 m to 1500 m</th>
<th>1500 m to beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Maximum allowable percentage to total AWC cost</td>
<td>Maximum allowable total AWC cost per metre drilled</td>
<td>Maximum allowable percentage to total AWC cost</td>
<td>Maximum allowable total AWC cost per metre drilled</td>
</tr>
<tr>
<td>Rig move in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$1.250,00</td>
</tr>
<tr>
<td>A</td>
<td>Site Preparation including Conductor Pipe</td>
<td>10%</td>
<td>NA</td>
<td>NA</td>
<td>11%</td>
</tr>
<tr>
<td>B</td>
<td>Consultancy / Management</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>C</td>
<td>Cementing</td>
<td>10%</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>D</td>
<td>Directional Drilling</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>14%</td>
</tr>
<tr>
<td>E</td>
<td>Drilling Fluids, Compressors</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>F</td>
<td>Drilling Tools Rental</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>G</td>
<td>Bits</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>H</td>
<td>BOP and Rotating Head</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>I</td>
<td>Well Logging</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>J</td>
<td>Casing</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>K</td>
<td>Casing Accessories and Liner Adapter</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>L</td>
<td>Surface Logging - Mud Logging</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
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<tr>
<td>M</td>
<td>Fuels and Oils</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>N</td>
<td>Water Supply Pumps Rental and Water</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>O</td>
<td>Wellhead and Valves</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>P</td>
<td>Rig Operating Day Rate</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>Q</td>
<td>Camp Day Rate including Telecommunication</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>R</td>
<td>Welding and X-Ray Services</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>S</td>
<td>Pipe Inspection and Hardbanding Services</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>T</td>
<td>Support Services, Wellsite Security, Transport of Personnel</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>U</td>
<td>Documentation and reports</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>V</td>
<td>Contingency on long lead items</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>W</td>
<td>Contingency on services</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>X</td>
<td>Other contingencies</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Rig move out</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Maximum 11%</td>
</tr>
</tbody>
</table>
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REQUEST FOR EXPRESSION OF INTEREST

Will be extensively elaborated in the next presentation
REQUEST FOR APPLICATION

• Invites short-listed Applicants to submit an Application
• Refers to all underlying documents, states submission deadline and contact details
• Specifies submission procedure and evaluation methodology
• Gives instructions to Applicants and specifies form and content of Applications
• Annex 1: Draft cover letter for Applications
• Annex 2A: Application form for surface studies
• Annex 2B: Application form for drilling projects
• Annex 3: Draft Grant Agreement (GCC, SCC, Appendices)
## APPLICATION FORM: REQUIRED DOCUMENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Summary</td>
<td>- List of annexes&lt;br&gt;- Application Security Form&lt;br&gt;- Declaration of Acceptance and Adherence to Procurement standards&lt;br&gt;- Declaration of Non-Existence of Grounds for Rejection&lt;br&gt;- Summary information about the project</td>
</tr>
<tr>
<td>B: Project description</td>
<td>Presentation of strategy, activities, and implementation</td>
</tr>
<tr>
<td>C: Concessional details</td>
<td>Exploration license, environmental permits</td>
</tr>
<tr>
<td>D: Market viability</td>
<td>Plan for bringing the proposed project at the concession area into sustainable power production, including business plan</td>
</tr>
<tr>
<td>E: Personnel and qualifications</td>
<td>Personnel, CVs, roles, experience, capabilities</td>
</tr>
<tr>
<td>F: Financing plan</td>
<td>Financing plan (also other sources) cost estimate and cash flow</td>
</tr>
</tbody>
</table>
Questions?

Raëd El-Halabi, M.Sc.
Christina Schrage, M.Sc.
Sigrun Aasland, M.A.

Project funded by:  

Project Executing Agency:

END SLIDE.  
THANK YOU!