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Department of Infrastructure and Energy

**GEOHERMAL RISK MITIGATION FACILITY
FOR EASTERN AFRICA (GRMF)**



**Request for Expression of Interest for
Surface Studies
for the First Application Round – GRMF HEAT
(First Edition)
24 November 2022**

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MANNVIT



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1 INTRODUCTION

The African Union Commission (AUC) on one side and the German Federal Ministry for Economic Cooperation and Development (BMZ) and the EU-Africa Infrastructure Trust Fund via KfW Entwicklungsbank (KfW) on the other side, have agreed to establish the Geothermal Risk Mitigation Facility (GRMF) for Eastern Africa (the Facility) to fund geothermal exploration to facilitate development in Eastern Africa.

The GRMF HEAT is soliciting Applications for grants for surface studies focusing on direct utilization relevant to determining the optimal location of reservoir confirmation wells at the most promising geothermal prospects

The objective of this announcement is to encourage public and private investors as well as public private partnerships (developers/eligible entities) to develop geothermal prospects for geothermal direct use in GRMF eligible countries of Burundi, Comoros, Democratic Republic of Congo, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Tanzania, Uganda and Zambia. Direct use of heat from geothermal resources can be used in multiple processes. It strengthens energy independence and supports the development of a varied sustainable energy sector. Moreover, the use of geothermal heat contributes to greenhouse gas emission reduction since it is a CO₂-free, sustainable and domestic alternative to wood burning or the use of fossil fuels.

GRMF is managed by AUC's Regional Geothermal Co-ordination Unit (RGCU) and provides financial instruments to assist in mitigating geothermal exploration risk. It is thus expected to improve access to funding for public as well as private developers and play a catalytic role in establishing geothermal energy as a strategic option for geothermal direct use in the participating countries of the region. The GRMF HEAT will provide grants for surface studies and infrastructure upgrades to a limited extent to both public and private developers as well as public private partnerships. As a result, reduced risks and costs for early-stage geothermal development can be expected to encourage the development of further geothermal investments.

In order to limit the risk of the GRMF, the grants will be awarded on the basis of the proposed projects geological, technical, economic and financial viability and environmental acceptability. Applicants shall be required to provide sufficient data and analytical reports regarding the geothermal prospect. Proprietary data will be kept confidential.

The eligibility of the proposal will be determined by the RGCU based upon reviews of the Application submitted and the recommendations of a Technical Consultant.

On behalf of the RGCU, the Technical Consultant will monitor surface studies and assess the results of such activities.



The GRMF will provide the grants to developers through a competitive, transparent and rigorous two-stage Application process composing of the following stages:

- The first stage is an open pre-qualification process inviting potential Applicants to submit their Expressions of Interest (EoI). Based on the evaluation of these EoI, shortlisted Applicants will be invited to participate in the application round.

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- In the second stage, full applications from shortlisted Applicants will be accepted by a specified closing date.

The Application procedure from Expression of Interest (EoI) to grant award is expected to take approximately one year. This document describes the pre-qualification process which includes the submission and the evaluation of the EoI.

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2 OBJECTIVES OF THE FUNDING

Despite a great potential, geothermal resources in the region are, in general, largely unexploited primarily due to the high upfront cost and the associated risk of discovering and proving the resource. Geothermal resources within Eastern African countries are in general poorly defined with the exception of Kenya. Furthermore, the framework conditions (e.g., regulations together with financial and institutional arrangements) required to encourage geothermal development are insufficiently supportive.

The GRMF HEAT is a grant programme designed to cost share exploration work of public and private investors acting as geothermal project developers (applicants/eligible entities). The programme provides grants for the siting of reservoir confirmation wells to assist developers secure financing for subsequent wells. Furthermore, grants for infrastructure costs are foreseen.

In order to limit the risk to the GRMF, the grants will be awarded based on quality of the proposed project's geological, technical data and work programme, its feasibility, financial viability and environmental/social sustainability. Next to these, other evaluation criteria relate to the capacity and the experience of the applicants and their partners, as well as the overall coherence of the application.

Joint funding by GRMF and other public bilateral and multilateral funding schemes or facilities (e.g., NEPAD-IPPF, ARGeo and Development Banks) is allowed.

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3 ELIGIBILITY

3.1 Eligible Entities

Public or private companies as well as public private partnerships (eligible entities) are eligible to apply to the Facility. In order to be eligible for pre-qualification, the eligible entity or consortium shall ensure and demonstrate that they have in-house or can contract the required expertise, experience and capacity to carry out the activities for which financing support is requested.

3.2 Eligible Activities



Eligible activities for support from the Facility comprise the following:

- Surface studies to determine the optimal site for reservoir confirmation wells at geothermal prospects that have previously been studied to some extent. Surface studies include shallow temperature gradient wells (see Annex 5), provided that they are drilled on non-permanent well pads, geophysical surveys (e.g., seismic, gravity and other resistivity surveys) and supplementary geological, hydrogeological and/or geochemical surveys. In addition, a surface study programme may include infrastructure upgrades required for conducting surface studies (e.g., for providing access), if applicable. Surface studies must include a feasibility study regarding the exploitation of the resource and the available market for direct use applications. Surface studies shall also include an integrated resource report interpreting and summarising the results of the surface studies in terms of a temperature gradient map of the resource area, as well as a conceptual model of the resource and identification of high priority drill sites and targets at depth. Environmental/social studies and –assessments as per Applicable Standards (see Chapter 11, Developer Manual) are part of the surface studies (scoping studies) as well as the establishment of a stakeholder engagement plan and corresponding stakeholder engagement activities. Costs to obtain environmental/social permits and licences (for subsequent drilling) are part of surface studies. Environmental/social studies/–assessments and –management plans (including RAPs if applicable) and update of Stakeholder Engagement Plan as per Applicable Standards (see Chapter 11, Developer Manual) in the course of the preparation of the subsequent drilling phase are part of surface studies.
- Infrastructure costs required for surface exploration (e.g., access roads, water supply) are covered by an infrastructure grant, which can be applied for in conjunction with the surface study.

The Facility will not support activities other than those described above. The Facility will therefore not provide grants for activities of a general nature, e.g., concession area reconnaissance, country wide reconnaissance, university research, general project development costs, legal costs, mitigation of political or legal risk, or general eligible entity overheads.

A single entity is allowed to provide multiple EoI for eligible activities related to different sites.

Since there may well be multiple promising sites within a large concession, it is permissible to apply for a surface study grant for different sites within a single concession. It will

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however be important to give clear justification for both requests, clear justification on why the sites are considered separate/not connected and to have adequate personnel identified to manage both projects. Separate Eoi for the different activities must be prepared and submitted accordingly.

For the same project, joint funding by GRMF and other public bilateral and multilateral funding schemes or facilities (e.g., NEPAD-IPPF, ARGeo and Development Banks) is allowed but must be capped in such a way that the developer (except public entities) has to provide at least 20% of the eligible costs. Information about receiving funding from other sources has to be disclosed by the developer in the financing plan (see Annex 2).

3.3 Eligible Countries

The Facility will support geothermal activities in the following countries:

- Burundi,
- Comoros,
- Democratic Republic of Congo,
- Djibouti,
- Eritrea,
- Ethiopia,
- Kenya,
- Rwanda,
- Somalia,
- Tanzania,
- Uganda and
- Zambia.



The Facility will not support projects at sites in areas subject to either conflicts, or where disputes about borders exist.

3.4 Financial Support

The upper limits for financial support of the eligible costs at the time of proposal submission (as stated in the eligible activities), fixed in the form of a grant contract, to winning bidders for surface studies are as follows:

- Infrastructure grants: up to 20% of approved eligible costs for infrastructure required for eligible surface studies (e.g., access roads, water supply).
- Surface studies grants: up to 80% of approved eligible costs (excluding infrastructure costs).

The disbursements will be based on actual costs up to the limits stated above upon reaching pre-defined milestones.

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4 EXPRESSION OF INTEREST (EOI)

4.1 Invitation to EoI

The AUC, through the Directorate of Infrastructure and Energy, established the **RGCU** situated along *Roosevelt Street, New Conference Centre, Addis Ababa, Ethiopia*, as Project Executing Agency acting for- and on behalf of the AUC. The AUC via the RGCU invites public or private organisations, as well as public private partnerships (eligible entities) to submit an Expression of Interest to pre-qualify for financing support to be given to activities as described in section 3.2.

4.2 Inquiries to the Request for EoI

Any inquiry regarding the pre-application process shall be submitted via e-mail to both of the following addresses:

grmf@africa-union.org and grmf@roedl.com.

Deadline for all inquiries is on, or before 12:00 H (noon) on **2nd March 2023**, Ethiopian time. Inquiries received after the deadline will not be considered. Answers will be published, without eligible entities or inquirer's details, on the GRMF website:

<https://grmf-eastafrika.org/direct-use/>

All news of the GRMF project as well as documents for Applications will be published on this website. A Web GIS is also available on the website.



4.3 Content and Form of Submission of EoI

The Expression of Interest, as well as supporting documents, must be submitted in English language. The EoI must contain the following documents:

- cover letter (Annex 1) as both electronic and hard copy
- filled submission form (Annex 2) as electronic copy (searchable PDF) including all Appendices.

Only complete EoI which are in line with the required submission form will be considered for evaluation.

NOTE: For administrative handling the length of the file names for any attachment to the EoI submitted with the electronic copy is not to exceed 20 digits.

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Cover Letter – to be submitted as electronic and hard copy

The cover letter (Annex 1) shall comprise the eligible entity’s name, address, contact person, telephone number and e-mail. If applicable; list the consortium members for this project and the activity for which financial support is asked for.

The cover letter shall be signed, featuring the name and position of the signing person, and shall include a company stamp. A template for the cover letter is provided to the applicants.

Submission Form

The submission form (Annex 2) shall be completely filled - if not mentioned otherwise, within the submission form. All fields ticked as “Not Applicable” **must** be supported by providing additional remarks. The submission form contains the Appendices 1-6. The order of the submission forms must be adhered to, and all pages must contain the provided GRMF header – including consecutive page numbers.

Appendix 1: Declaration of Acceptance and Adherence to Procurement Standards – to be submitted as both electronic and hard copy.

Declaration to observe free, fair and competitive procurement during execution of the contract. Applicants should be aware that any fraudulent or corrupt activities disqualify them immediately from participation in the selection process and will be subject to further legal investigation. The said declaration shall be duly signed (use the form provided) and must be availed in soft- as well as in hard copy format.

Appendix 2: Declaration of Non-Existence of Rejection Grounds – to be submitted as both electronic and hard copy.

Declaration to observe that the Applicant is not in a situation which will lead to a direct rejection (use the form provided). The said declaration shall be duly signed (use the form provided) and must be availed in soft- as well as in hard copy format.

Appendix 3: Experience – to be submitted as electronic copy.

List of relevant reference projects for the last 7 years (use the forms provided, additional rows and tables can be added if necessary). The project references shall be strictly related to the envisaged services. In case of currency other than USD, the exchange rate of the end date of the project shall be used for recalculation.

Appendix 4: Key Personnel – to be submitted as electronic copy.

A list of available personnel for the envisaged services, including envisaged subcontractors and sub-consultants, and their role and rank in the project (use form provided, additional rows can be added if necessary). The list has to comprise key personnel for the requested Environmental and Social Studies and –management plans (as per Applicable Standards, see Chapter 11, Developer Manual).

CV with up-to-date information about education, professional experience, regional experience, years with eligible entity, and experience in similar assignments (use form provided for each key person).

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Appendix 5: Project Organisation – to be submitted as electronic copy.

Organisational chart for the project including names of key personnel.

Statement of affiliations of any kinds with other companies.

Appendix 6: Eligible Entity Presentations – to be submitted as electronic copy.

Clear statements of eligible entity type, fields of speciality and key tasks in the consortium which are relevant to the project applied for, if applicable (maximum 5 pages).

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4.4 Submission Address and Deadline for EoI

One electronic copy (searchable PDF file) of the complete pre-qualification documents has to be submitted to:

Email: tender@africa-union.org

Copy to: TizitaT@africa-union.org

grmf@africa-union.org

grmf@roedl.com

The subject line of the email has to include the procurement number: **AUC/IED/DU-AR01/001/22**

The size of email attachments shall not exceed 10 MB. In case the attachments are larger than 10 MB, an upload link can be requested from grmf@roedl.com. However, to participate in the tender, an email containing the following signed and stamped scanned documents has to be sent to the email addresses above:

- EoI - Cover Letter
- EoI Appendix 1 - Declaration of Acceptance and Adherence to Procurement Standards
- EoI Appendix 2 - Declaration of Non-Existence of Rejection Grounds

The deadline for submission of the Expression of Interest (EoI) applies to the email, as well as to the upload via upload link.



The deadline for all submissions is:

16:00 H Ethiopian Time on 16th March 2023

The Applicant has the full responsibility that the original version of the cover letter and the declarations are in total compliance with the electronic copy. Evaluation results coming up from discrepancies of submitted versions (original or electronic copy) are not disputable. The arrival date and time of the documents is relevant for consideration of the EoI. EoI received after the deadline or not in the required manner will not be evaluated. The AUC may extend the deadline for submission of pre-qualification documents by issuing an addendum.

4.5 Cost related to EoI

For private entities, all costs for preparation and submission of the pre-qualification document shall be borne by the Applicant.

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For public entities, external costs for preparation of Expression of Interest (EoI) and full application are eligible (own cost are not eligible). These costs will only be covered in case of a successful application and signing of a grant contract.

4.6 Errors and Omissions

The Applicant is responsible for the preparation and the submission of the pre-qualification documents, and no relief or consideration can be given for errors and omissions.

4.7 Communication during the Pre-qualification Phase

Between submission of pre-qualification documents and elaboration of the short-list with the pre-qualified Applicants, no communication of any type shall be entertained with the RGCU and the Technical Consultant unless initiated by the procurement authority.

5 EVALUATION OF EOI

5.1 Evaluation Procedure and Criteria

The evaluation procedure for the pre-qualification process will follow the latest version of the AUC Procurement Manual (please refer to GRMF homepage). Specific grounds for rejection, evaluation criteria for surface studies and their individual weight are presented in the following sections.

5.1.1 Rejection Criteria

Following criteria will lead to an initial rejection of the EoI without further evaluation:

- Incompleteness of the submission form;
- EoI refers mainly to non-eligible activities;
- EoI refers to a non-eligible country;
- No extensive geological and geochemical studies have yet been undertaken for the proposed project site;
- The necessary concessions/licences/permits are not issued, or not in process of being approved;
- The following two declarations are not signed and provided as soft- and hard copies:
 - 1) Declaration of Acceptance and Adherence to Procurement Standards;
 - 2) Declaration of Non-Existence of Rejection Grounds.

5.1.2 Evaluation Criteria for Surface Studies

Surface studies will be evaluated considering the criteria and possible total points shown in Table 1.

Table 1: Evaluation criteria for **surface studies**

Evaluation criteria	Possible Total Points	
Geo-scientific and strategy	65	
Resource		30
Work plan		20
Concept and market strategy		15
Financing Plan, Permits	10	
Appropriate authorisation for exploration		3
Financing plan for developer's portion		7
Experience	25	
Experience of key personnel		15
Experience of the eligible entity(ies) and contractors		10
Total:	100	100

Overall minimum score 70%

5.2 Short-listing of Applicants

A short-list of pre-qualified Applicants scoring a minimum of 70 points according to the evaluation criteria will be established. Application documents will be sent to the short-listed Applicants which will be invited to a mandatory pre-bidding workshop. Eligible entities not being pre-qualified will be informed accordingly.

5.3 Selection of Applicants

The short-listed Applicants who attend the pre-bidding workshop are invited to submit a full Application following the requirements as stated in the Request for Applications. The selection of the Applicants which will receive funds depends on the evaluation of the Applications, the number of Applications and the US dollar amount of the grants applied for. The AUC is not bound to select any of the short-listed Applicants. The AUC is under no obligation to inform the Applicants about the grounds for AUC's action.