

**Request for Proposals to Develop a Comprehensive Feasibility and Business Case for the Proposed Energy SEZ Focusing on Manufacturing and Other Opportunities Created by the Implementation of the Just Energy Transition (JET) in Mpumalanga Province.**

**Date of Issue (RFP): 04/10/2024**

**Closing Date for Applications: 25/10/2024**

The Mpumalanga Green Cluster Agency (MGCA) is an entity that has been established as an independent not-for-profit company. The Clusters' establishment has been supported by the Mpumalanga Department of Economic Development and Tourism. The MGCA follows a triple helix approach with Government, Industry and Academia represented in its governance and steering structures, and works toward unlocking the employment and investment potential of the Green Economy in Mpumalanga.

**1. Background Information:**

Mpumalanga Province is strategically located in the north-eastern side of South Africa, making it one of the provinces that serve as a gateway linking South Africa and Africa. It is bordered by Limpopo Province on the northern side, Gauteng Province on the western side, Free State and KwaZulu-Natal on the southern side, as well as Mozambique and Eswatini on the eastern side.

The province is characterized by large deposits of mineral resources, agricultural resources, forestry, and a unique and growing tourist market. About 83% of South Africa's coal is produced in this province. A significant percentage of this coal is exported to countries such as China, India, South Korea, and Japan, while the balance is used to generate electricity for the country by 12 coal-powered power stations. Due to its strategic location and abundance of coal, mining and energy generation are key economic industries and drivers in the province.

The stubborn triple challenges of unemployment, poverty, and deep-seated inequality continue to affect the people of Mpumalanga, particularly women and young people. This situation is compounded by the progressive decline in economic growth, which further plunges the poor into deeper crisis.

The Highveld region in Mpumalanga houses most coal power stations, which contribute significantly to the greenhouse effect and global warming. Fortunately, there

are global and national imperatives for low-carbon development. However, output and jobs in fossil-energy-based and resource-intensive sectors are likely to stagnate or contract, while jobs in low-emission, greener, climate-proof industries are likely to increase.

Guided by the National Development Plan, Mpumalanga Vision 2030, and the Mpumalanga Economic Growth and Development Path (MEGDP), MGCA is striving to gear the provincial economy towards inclusive growth that stimulates economic development, creates job opportunities, promotes sustainable livelihoods, and enhances youth and women's empowerment. Flowing from the country's commitment to a low-carbon future that reduces dependence on coal, the Mpumalanga Green Cluster Agency has been proactive in exploring opportunities in the green economy for labor-absorbing green jobs.

The MGCA is seeking a service provider to develop a comprehensive feasibility and business case for opportunities emerging from the Just Energy Transition in Mpumalanga Province. Currently, Eskom is rolling out various initiatives for the repowering and repurposing of power stations earmarked for closure, hence the need for such a study to ensure that the province remains the country's energy-producing hub.

## **2. Purpose:**

The feasibility and business case must address the following issues:

Develop a comprehensive feasibility and business case for the opportunities stemming from the Just Energy Transition in Mpumalanga Province. Currently, Eskom is implementing several initiatives related to the repowering and repurposing of power stations set for closure, which makes it essential for such a study to ensure that Mpumalanga remains the energy hub of South Africa.

Flowing from the country's commitment to a low-carbon future that reduces coal dependence and ensures a Just Energy Transition, the Mpumalanga Green Cluster Agency has been actively exploring opportunities in the green economy for labor-absorbing green jobs.

## **3. Scope of Work**

The service provider must develop a comprehensive feasibility and business case for the proposed Energy SEZ and further develop a roadmap for its implementation.

### **Deliverables:**

The proposed execution of the task by the service provider must consist of the following:

## **Section 1: Situational Analysis**

- Analysis of existing industrial capabilities and infrastructure within the Province, with specific emphasis on the Highveld region and particularly the Emalahleni REDZ area.
- Review industrial logistics, methods, and concepts for the Province.
- Analysis of relevant strategies and plans and their successes or failures regarding industrialization, with specific reference to the Mpumalanga Industrial Development Plan (MIDP).
- Review permitting and social aspects concerning an Energy SEZ for the Province and confirm compliance with National and Provincial legislation.

## **Section 2: Business Case**

- Development of a market and sector analysis to promote a sustainable manufacturing industry and local employment opportunities in the energy sector, utilizing opportunities from the Just Energy Transition.
- Develop potential business opportunities that would enhance industrialization, ensure economic growth, and create jobs within the province.
- Identify and enhance linkages to social developmental issues.

## **Section 3: Socio-Economic Impact**

- Determine potential job creation opportunities through this intervention, as well as the impact on regional GDP.
- Identify required interventions for skills development and training to support local and regional economic growth.

## **Section 4: Site Development**

- Identify sites where the proposed SEZ can be hosted. The land should conform to SEZ legislation, ideally form part of an industrial park, and be owned by the government, municipality, or be readily available for development.
- Conduct a comprehensive analysis to ensure urgent development of the site(s) to accommodate unfolding opportunities.
- Ensure access to bulk services, including road, rail, water, electricity, and, ideally, gas infrastructure.
- Preliminary statutory compliance investigation (Phase 1 desktop studies) for EIA, Geo-tech, traffic, and engineering services.

## **Section 5: Infrastructure Development**

- Produce a comprehensive report on the technical issues related to required infrastructure development.
- Produce concepts for building designs for industrial, retail, and common areas.
- Produce a detailed site design (layout plan and site development plan).

## Section 6: Service Concepts

- Produce a report on logistics and freight management, as well as centralised services (ICT, security, staff functions) for the proposed SEZ.
- Address the transportation of staff and logistics.

## Section 7: Institutional Concepts

- Develop a report detailing institutional and organisational structures, including governance structures, required policies, and procedures for managing the proposed SEZ.

## Section 8: Tenant and Facility Management

- Conduct a detailed needs analysis for prospective investors, identify potential investors, and develop a value proposition for the SEZ.
- Develop pro-forma lease and rental contracts for the SEZ.

## Section 9: Investment and Finance Strategy

- Develop a report on investment inputs and potential sources of funding, along with a comprehensive financial forecast for the proposed SEZ.

## Section 10: Roadmap for Implementation

- Develop a roadmap for the implementation of the proposed Energy SEZ.

## Section 11: Coordination, Evaluation, and Monitoring

- Develop a coordination mechanism for stakeholder involvement.
- Propose an implementation mechanism for MGCA to mobilize resources to execute the strategy.
- Develop a Monitoring and Evaluation system to track progress on the strategy's implementation.

## 4. Project Milestones:

In line with the timelines agreed as part of the contracting process, the service provider will be required to produce:

- **Inception Report:** Methodology
- **Progress Report 1:** Site identification and finalisation
- **Progress Report 2:** Site specific development proposals (Site and Infrastructure)
- **Progress Report 3:** Site specific development proposals (Investor and Financial)

- **Draft Final Report:** Including Risk Mitigation
- **Final Report:** with Roadmap for implementation

## 5. Methodology:

The service provider is required, as part of the inception report, to define a clear methodology for the proposed project which will be agreed with the MGCA CEO in advance of the project beginning. The defined methodology will be required to deliver quality findings, taking cognisance of the effectiveness of various research methodologies and the time commitments required by stakeholders to build meaningful insights and recommendations.

## 6. Project Timelines:

The project should be completed within 4 months from the date of signing the service level agreement.

## 7. Technical Evaluation Criteria

Technicality/Functionality	Points	Weight
<b>a) Qualifications and Expertise</b>		
CVs of Personnel that would work on project. The qualifications of key personnel would be evaluated against the expected outcomes of the Strategy.	20	50
Technical Approach/Methodology to the work that needs to be completed	15	
Understanding of Requirements of the work that needs to be completed	15	
<b>b) Experience</b>		
Relevant past experience in the development of strategies of a similar nature	10	20
Technical capability with regards to the development of strategies	5	
Functional capability with regards to the development of strategies	5	
<b>c) Capacity to implement Scope of Work</b>		
Internal operational capacity of the service provider to complete the work in the allocated time.	10	30
Resources allocated to the project by the service provider to ensure its successful completion.	20	
<b>Total Functionality/Technicality</b>		<b>100</b>

**Only bidders who attain a minimum of 70 points on Functionality will qualify to proceed for further evaluation on Price and Preference points**

#### **8. Cost Evaluation Criteria**

This tender is estimated not to exceed \_\_\_\_\_, therefore the 80/20 system will be used. Financial offer (80) and preferences (20) will be used for the evaluation.

#### **9. Financial Offer (80%)**

Bidders are requested to indicate the total bid price inclusive of VAT.

Points will be awarded to a bidder for attaining their B-BBEE status level of contribution in accordance with the table below;

<b>B-BBEE Status Level Contributor</b>	<b>Number of Points</b>
1	10
2	9
3	8
4	5
5	4
6	3
7	2
8	1
Non-compliant contributor	0

**Bidders are required to submit with his/her Proposal the following information:**

- Original Valid Tax Clearance Certificate
- Company/CC/Trust/Partnership registration certificates
- Joint Venture Agreement and Power of Attorney in case of Joint Ventures
- VAT Registration Certificate from South African Revenue Services (SARS)
- Form of intent by a bank or insurance company to provide a performance guarantee
- Certified Copies of Identity Document in the case of One-man concerns.
- Company Profile

Should a bidder not comply with any one of these requirements, the bidder may be disqualified.

#### **10. Special Condition of Contract**

## **Taxes**

Value Added Tax at 14% should be included in their pricing. If a bidder is not registered with SARS for VAT purposes and is awarded a bid that is above the threshold required for registration, he/she must submit proof that he/she has applied for VAT registration within 14 days of the signing of the contract with the MGCA, **failure of which shall result in the VAT not being paid.**

## **Right of the MGCA to investigate and seek clarification**

- The MGCA may, in its sole discretion, seek clarification, during the process. In the process of clarification, no change in the substance of the Technical Section or in the Financial Section shall be sought, offered or permitted.
- The MGCA shall, seek all clarifications in writing and the Bidders responses shall also be in writing.
- Without limiting the generality above, the MGCA may, in its sole discretion;
  - Investigate evidence of the ability and experience of a Bidder under consideration, including joint venture partners, proposed subcontractors, and parties otherwise related to the Bidder or the Bidder's Proposal; and
  - Require or seek out confirmation from other parties of information furnished by a Bidder.

## **Assignment/ Fronting**

No fronting is allowed. A bidder found to have fronted shall automatically be disqualified. For contracts already awarded, the contract shall be cancelled and any costs borne shall be for the account of the defaulting service provider. These costs shall include the costs of appointing another service provider to complete the work.

## **Signature of Authority.**

Only persons duly authorized by a company shall sign the documents that are to be submitted to the MGCA. A letter of authorization should accompany bid documents. In terms of joint ventures, a document of establishment of the venture should accompany bid documents. Representatives of all the parties in the joint venture shall sign the establishment document.

## **Acceptance and Rejection**

The MGCA may reject any bid document if it deviates from the set criteria. The MGCA reserves the right to accept or reject any bid if it does not meet the necessary requirements. The MGCA is not obliged to accept the lowest or any bid.

## **Time Schedule**

All bids will be valid for **90 days** after closing date. In cases where the bidders shall fail to sign the contract of agreement or produce the required security within the required time, be unable to undertake work given or withdraw during the appointment

period, the bidder shall repay the full expenses of re-advertising and preparing of new bids. This shall not apply if the MGCA accepts another bidder from the list.

### **Jurisdiction**

The applicable legislation of the Republic of South Africa shall apply to each contract on its acceptance as *domicilium citandi et executandi*, where any legal process may be resumed on the contractor. Each bidder binds himself to the jurisdiction and the stipulated laws of the Republic of South Africa.

### **Payments**

Payments shall be as stipulated in the Service Level Agreement entered into between the MGCA and the successful bidder.

### **Mediation & Arbitration**

Mediation and Arbitration proceedings shall be in terms of rules laid by the Law Society of South Africa.

### **Enquiries**

Technical enquiries should be directed to **Mr Mcebisi Ngwenya at Tel No. +27875270910**, and [admin@mpgca.co.za](mailto:admin@mpgca.co.za) and no visit to the respective person will be entertained to ensure fairness to all prospective bidders and for audit purposes.

### **Submission Details:**

**Where:** Please email detailed applications to [admin@mpgca.co.za](mailto:admin@mpgca.co.za) /

**When:** All applications should be submitted by

Note: MGCA reserves the right not to make an appointment on this project. Feedback on the success of the bid will be provided within a week of the closing date. Thank you!