



TRANSNET NATIONAL PORTS AUTHORITY

A DIVISION OF TRANSNET LIMITED

(Registration No: 1990/000900/30)

SCOPE OF WORK

**CONDUCT AN ECONOMIC IMPACT ASSESSMENT (EIA) STUDY IN THE PORT OF DURBAN IN
KWAZULU NATAL**

1. GENERAL DESCRIPTION OF THE SERVICES

1.1 Transnet National Ports Authority's Objectives

The Transnet National Ports Authority's (TNPA) objective is to appoint a Service Provider with Economic Impact Assessment Practitioner to provide Economic Consultancy and Specialist Services for the impact of port operations and port developments in the Port of Durban which is based in KwaZulu Natal Province. TNPA hereby invites proposals from suitable qualified Bidders for performing an Economic Impact Assessment for the Port of Durban based on current and future projected impact of the port whilst also evaluating the port system's Annual Performance Indicators to assess the relevance of these indicators against the objectives of port and the strategic objectives of its shareholders.

The services shall include, but not limited to:

- Conducting a review of economic policies and their strategic alignment with the Port Act and port activities; and
- Conducting Economic Impact Assessment (EIA) for the port operations and port developments.

A detailed description of the proposed project and services required for the Port of Durban is provided in *Section 2* below.

2. PROJECT SCOPE - CONDUCT ECONOMIC IMPACT ASSESSMENT STUDY FOR THE PORT OF DURBAN

2.1 Background

According to section 30 (1) of the National Ports Act of 2005, the major functions of the Ports Regulator of South Africa, are to:

- Exercise economic regulation of the port system in line with government's strategic objectives;
- Promote equity of access to ports and to facilities services provided in ports; and
- Monitor the activities of the Authority to ensure that it performs its functions in accordance with this Act.

The effectiveness and efficiency of the functions listed above are the responsibility of ports. As part of monitoring and maintaining the required standards for such responsibility, ports should conduct an assessment and measure their efficacy on a regular basis in order to have a beneficial impact on the

country's economic growth and development, as well as its position in international and continental trade facilitation. To effectively and efficiently assess the economic impact, ports need to develop and update scientific and quantitative tools and studies. However, due to some budget constraints to fund such studies, TNPA had to rely on external studies to assess its ports' economic impact. Over the years, the Port of Durban had relied on research undertaken in partnership with the City of eThekweni that was conducted in 2010. Due to substantial economic changes and port developments over the years, the effect of assessment measures from this study have becoming outdated.

The recent events in KwaZulu-Natal Province mainly caused by social unrest and flooding, have emphasized the urgent need for more effective and up-to-date economic instruments to monitor and measure the impact of our ports on overall economic performance and development, as well as the economic impact on port performance.

2.2 General Description of Services

An economic impact assessment is a research project that examines the macro-economic influence of economic variables caused by a decision, event, action, or policy. Variables that are usually used to measure economic impact, include gross domestic product (GDP), production, exports and imports, employment, and income (direct, indirect and induced).

TNPA seeks to appoint a qualified and experienced Service Provider to conduct Economic Impact Assessment (EIA) study for the Durban Port. The justification for this to be piloted in the Port of Durban is due to its size and strategic role to South African commerce and economic development. This study will mainly focus on the port's influence on all economically affected sectors and the appointed Service Provider will be required to provide the following:

- Assessment of the current and existing impact of the port;
- Assessment of the future economic impact of the port once the current and planned developments have been implemented;
- Advice on alternative funding options for capital investment to implement required port developments in order to have a more meaningful impact on regional and South African economy;
- Recommend criteria/indicators for measuring the economic impact of South African ports;
- Evaluation of the port's performance to date against approved strategic and annual performance plan in order to determine areas of strength and areas where improvements are

needed in terms of performance and strategic direction, as well as key performance indicators in accordance with shareholder goals and objectives; and

- An assessment of economic impact of present and prospective port expansions (such as port developments in the KZN Logistics Hub) during the construction and operational phases.

The EIA should also provide a macro-economic overview of the following:

- Contribution of the Port of Durban to the country's trade (exports and imports), GDP, and employment in the port city, province, and country;
- The impact of international economic trends on the port's performance, as well as some indicative forecasts in respect of regional geographic trade growth; and
- International port sector development and the status of the Port of Durban in relation to its trade market.

In addition to the above, the Service Provider should have a thorough understanding of major policies such as the Industrial Policy Plan (IPAP), the New Growth Path, the National Development Plan (NDP), the African Continental Free Trade Agreement (AFCFTA), and other trade and port-related regulations.

The Port of Durban seeks to build partnership (Public and Private Partnership) for port infrastructure expansion, which is a key infrastructure project aiming at greatly increasing the port's global competitiveness. The EIA must serve as a value proposition to attract investment funders for port investment.

The Port of Durban will provide (to the degree possible and reasonable) the appointed Service Provider with all essential information, such as the business plan, quarterly reports, project plans, and annual financial and operational performance reports, in order to complete the EIA process. It should be noted that such information and any subsequent studies being undertaken will be and remain the propriety information of TNPA/Transnet and will be governed by strict non-disclosure conditions.

The final deliverables will be an electronic report (Microsoft Word and PowerPoint) and the EIA model (editable Microsoft Excel) that includes:

- Policy review with strategic alignment to Port Act and port operations;
- The methodology used;
- The data sources and key assumptions used;
- Input and output analysis results (including multiplier effects by economic sector/industry);
- Economic impact assessment results;
- Results and recommendations;

- Recommendations, based on assessment results, on alternative funding options for capital investment required for port developments; and
- Training of TNPA selected employees on how to update the tool/model developed and/or the EIA study.

Project management shall include, as a minimum, the following where relevant:

- Project planning and management of all project tasks and deliverables;
- Setting up and coordination meetings;
- Submit project progress reports to TNPA at intervals to be agreed between the parties;
- Draw up and revise the project programmes, when necessary;
- Arrange and set up meetings with relevant key stakeholders including TNPA employees, where required;
- Manage specialist investigations and activities;
- Manage review processes; and
- Provide all required reports.

2.2.1 Detailed Scope of Services

The Service Provider will conduct an Economic Impact Assessment study with main focus on the impact of port operations and impact of port developments. The study should outline socio-economic circumstances by studying the demographics, social, and economic characteristics of the regional, provincial, and countrywide. The EIA study should assess the impact using statistical techniques applied to the current and future trends with emphasis on key economic focus areas such as gross domestic product (GDP), employment opportunities, new business opportunities, income, taxes, domestic and foreign expenditure for goods and material, small and medium-size enterprises. The study should also make some references on key economic policies and plans such as:

- National Development Plan (NDP);
- The New Growth Path (NGP);
- South African Economic Reconstruction and Recovery;
- Economic Transformation, Inclusive Growth, and Competitiveness;
- KwaZulu Natal Provincial Growth Development Strategy;
- Ethekewini Integrated Development Plan (IDP) and Local Economic Development (LED);
- Oceans Economy/Operation Phakisa and Maritime Policy;
- Transnet Strategy;
- TNPA Port Master Plan; and

- KwaZulu Natal (KZN) Logistics Hub plan.

The EIA must assess and analyse the Port of Durban in the context of Port Act "Purpose of the Port" and its economic impact in the three (3) spheres of government.

This EIA study needs to serve the role of a value proposition as the Port of Durban needs to further enable South African economic growth and trade through its port development and expansion which is a strategic infrastructure project that should contribute significantly to the global competitiveness of the South African maritime sector.

For the EIA process, TNPA will assist (to the extent possible and reasonable) the appointed Service Provider with all the required information that would enable the undertaking of such a study. The selected Service Provider would still need to conduct its own surveys/research to measure the extent of economic linkages with the rest of the economy.

2.2.2 Technical Evaluation

Bidders will be evaluated for Technical Evaluation Stage. The Technical Evaluation criteria for this bid is indicated in tables below including the scoring system and weight allocation that will be used for the evaluation of the bids. Bidders are required to achieve a minimum threshold of 70 points out of 100 points to proceed to the next stage (Price and B-BBEE).

Table 1: Company Experience

Reference Letters	No. of Letters	Points Allocation
Reference letters issued by the Bidder's previous clients for economic impact assessment completed on the Clients' Letterhead. The letters should have contactable references. Projects should have been completed within the past five (5) years.	4 Letters or more	3
	3 Letters	2
	2 Letters	1
	Less than 2 Letters	0
Weighting	40	

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Table 2: Key Resources Qualifications

Key Qualifications	Resources	Qualifications	Sub-Weighting	Points Allocation
1. Project Lead/Economist		Master's degree (or higher) in Economics/NQF Level 9 Qualification in Economics	10	3
		Honours' degree in Economics / NQF Level 8 Qualification in Economics		2
		Bachelor's Degree in economics/ NQF Level 7 Qualification in Economics		1
		Qualification lower than Bachelor's degree (NQF Level 7)		0
2. Project Support / Economist		Master's degree (or higher) in Economics/Maritime Economics/Transport Economics	5	3
		Honours' degree in Economics/Maritime (NQF Level 8 Qualification) Economics/Transport Economics		2
		Bachelor's Degree in economics / NQF Level 7 Qualification in Economics/Maritime Economics/Transport Economics		1
		Qualification lower than Bachelor's degree (NQF		0

	Level 7)		
3. Market/Sector Specialist	Master's degree (or NQF Level 9 Qualification) in Business Management of related research field	5	3
	Honours' degree (NQF Level 8 Qualification) in Business Management or related research field		2
	Bachelor's Degree in business management of related research field / NQF Level 7 Qualification		1
	Qualification lower than Bachelor's degree (NQF Level 7)		0
Weighting		20	

Table 3: Experience of Key Resources

Key Resource Experience	Years of Experience	Sub-Weighting	Points Allocation
1. Project Lead (Experience must be related to Economic Impact Assessments)	10 years and above	10	3
	5-9 years		2
	Less than 5 years		1
2. Project Support /Economist (Experience must be related to Economic Impact Assessments)	6 years and above	5	3
	3-5 years		2
	Less than 3 years		1
3. Market/Sector Specialist (Experience must be related to Market/Sector Research)	10 years and above	5	3
	5-9 years		2
	Less than 5 years		1

Weighting	20
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Table 4: Project Implementation Methodology

Project Requirements	Implementation Methodology	Level of Details	Points Allocation
Bidders must submit a Methodology and Project Plan specific to this scope of works (plans must not be generic). The methodology and project plan must address at a minimum matters relating to: 1. The project from inception with clear milestones, timeframes and deliverables; 2. Data collection methodology and approach; 3. Detailed stakeholder engagement plan; 4. Data analysis; and 5. Final reporting and feedback as outlined in the scope of work		The bidder meets all the minimum requirements	3
		The bidder meets at least 4 of the minimum requirements	2
		The bidder meets at least 3 of the requirements	1
		The bidder meets less than 3 of the minimum requirements	0
Weighting		20	

3. MANAGEMENT AND START-UP

3.1 Documentation Control

The Service Provider shall submit all documentation complying with TNPA's standards and requirements. The Service Provider will issue all relevant documentation to the TNPA, but control, maintenance and handling of these documents will be the Service Provider's sole responsibility and at its expense and managed with a suitable document control system. Transfer of documents between parties should be submitted through the Transnet National Ports Authority (TNPA) Document Control Department.

3.2 Quality Assurance Requirements

The onus rests on the Service Provider to produce work, which will conform in quality and accuracy of detail to the requirements of the activities to be undertaken. Quality control will be managed as per the Service Provider's internal quality control procedures and any additional quality control requirements that may be stipulated in this document.

3.3 Service Provider's Project Management

The Service Provider shall provide a project plan showing all key activities and timelines. Allocation of resources must be clearly indicated and show the Service Provider's ability to provide all required services.

3.4 Contract Change Management

The standard reporting forms that shall be used will be provided to the Service Provider.

4. PROCUREMENT

4.1 Management Structures

The Contract shall indicate who the TNPA project manager is. The TNPA project manager is fully empowered to act on behalf of TNPA for the services covered by the Contract. The project manager will accept, or not accept, the Service Provider's assessment of the amount due in terms of the contract.

4.2 Consulting Team Requirements

The Service Provider's team requirements are as follows:

- The *Service Provider* should acknowledge the deadlines and schedules associated with the activities to be undertaken.
- The *Service Provider* should demonstrate experience in undertaking economic impact assessment studies. Should there be any changes to the proposed resources, the replacement resources must be at a minimum have the same years of experience and qualifications and such changes must be agreed upfront with the project manager.

- Any sub-contractor or specialists contracted by the appointed *Service Provider* to undertake work on their behalf should be clearly indicated, including their years of experience in their respective fields of specialisation.
- The tender submission should, as a minimum:
 - Demonstrate the *Service Provider's* understanding of the Scope of Services.
 - Include a detailed methodology and project plan for undertaking the study and its associated activities.
 - Provide a detailed team profile, including CV's of sub-contractors (if applicable) and specialists and an organizational structure demonstrating the key team member's skills, experience and their specific function in the team and record of accomplishment in similar types of projects.
 - Clearly demonstrate the *Service Provider's* ability to deliver all required services specified in this Scope of Services document, within regulated and specified timeframes.

4.3 Contents of the Proposal

In order to be considered, the following information shall be provided:

- A title page indicating the tender number and subject, name of the Service Provider including sub-contractor (if applicable), address and contact details.
- Table of content
- Executive summary indicating the Service Provider's understanding of the Scope of Services and overview of the processes to be followed.
- Methodology and programme indicating specific tasks to be completed, identification of deliverables and key milestones in line with key dates provided by TNPA and in accordance with regulated timeframes. A programme (schedule) should be included, which shows the individual tasks and associated timeframes for completion as well as professional hours. A methodology and programme must be provided for the scope of services.
- Organizational structure/chart indicating the key team members and their specific roles, as well as lines of communication between the team, and the Service Provider's Agent.

4.4 Technical Requirements

The Service Provider in the provision of services shall observe all relevant statutes, by-laws and associated regulations, applicable standards published by the South African Bureau of Standards, the

International Organization for Standardisation or learned societies and standards of professional conduct, and “best practice”, as laid down, or recommended, by their respective professional associations, if any.

4.5 Ownership of Data

The parties shall agree that copyright in the data shall, after payments by the TNPA of the services to the Service Provider, lie with the TNPA subject to the indemnification against any claim from any party that may arise as a result of the TNPA’s use of such a document due to the Service Provider infringement of copyright.

5. INFORMATION TO BE PROVIDED BY THE TNPA

TNPA will provide all relevant data/information and strategy documentation required to provide the services outlined above.

6. FACILITIES AND EQUIPMENT TO BE PROVIDED BY THE TNPA

There will be no facilities or equipment that will be provided by the TNPA.

7. PRICING SCHEDULE

The final deliverable should be an electronic report (Microsoft Word and PowerPoint) and accompanied by an EIA model in Microsoft Excel format. It is proposed that pricing schedule for this service should be structured as itemised in the table below:

Item Description	Total Price
Economic policy review and alignment with Port Act and Port Performance	
Data Processing and Research	
Input and Output Analysis (including multiplier effects by economic sector/industry and government sphere)	
Economic Impact Assessment Results (the Model)	
Reporting (Ms. Word and PowerPoint) with recommendations	

Total Price	
VAT (15%)	
Grand Total (Incl. VAT)	

8. INVOICES

All invoices submitted by the Service Provider shall be VAT invoices and shall be accompanied by key activity sheet covering the services together with, where relevant, a brief explanation as to what the time covered, the task order number and a full breakdown of expenses to which receipts relate.