

**RESPONSE DOCUMENT No. I**

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**KARACHI WATER AND SEWERAGE BOARD  
LOCAL GOVERNMENT & HOUSING TOWN PLANNING DEPARTMENT  
GOVERNMENT OF SINDH**

**TP1 WASTEWATER RECYCLING PROJECT**

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**DATED  
4TH APRIL 2022**

## **IMPORTANT NOTICE/DISCLAIMER**

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*This Response to Questions Document (the ‘**Response Document**’) is further to the Prequalification Document and the various queries received from the Prospective Bidders in respect of the prequalification process relating to the TP1 Wastewater Recycling Project (the ‘**Project**’).*

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## RESPONSES TO PROSPECTIVE BIDDERS' QUERIES

SR.	SECTION	PROSPECTIVE BIDDER'S QUERY	AUTHORITY'S RESPONSE
1.		What is the estimated Project Cost?	Estimated Project Cost depending on what technology is chosen (please refer to the Project scope slides in the market teaser/ Project information document) to range around \$170 million.
2.		Which Company is the "Original Proponent"?	Please note that pursuant to Rule 15(A)(1)(a) of the Sindh Public Procurement Rules, 2010 (as amended), the Authority is precluded from disclosing the name of the initiator of the unsolicited proposal and accordingly, such details cannot be divulged.
3.		Will the B2B risk (i.e., sale to the industrial establishments of industrial grade water by the concessionaire) be taken by the Government?	B2B risk is to be taken by the project company as this will be an end-to-end utility model. Government will provide MRG (details of which to be shared at RFP stage) based on certain KPI's so that product acceptance risk is managed, project company can ramp up water sales, lock in the industrial consumers and establish a track record for water sales. The government will also address and eliminate the competing water suppliers as a part of its obligations.
4.		In Page 27/75, "Project Administration Manual" for Project Number: 46538-002/Loan Number 3469. there is no more investment in 2022. Please clarify if there is any relation between this document and this PPP project.	There is no direct relationship; however, the PPP project can potentially draw VGF and/or MRG from this project.
5.		According to Financial Attest Audit Report on PPP Project in Sindh for Load # 3467-PAK & Grant # 0518-PAK. In the form in P7/16. The Loan Closing Date is 31-12-2022. Please clarify if there is any relation between this document and this PPP project.	The Government of Sindh has various sources to fund its VGF obligations including this project; the Government can request for an extension of end date from December 2022 to a later date to fund its VGF and/or MRG obligations for this PPP project should that be required.
6.		Regarding the 100 MIGD capacity of WWTP facilities, is the remaining 35	The PPP project includes inlet works for 100 MIGD, WWTP for 35 MIGD,

		MIGD separated from the 65 MIGD facility, or both of them belong to one integrated plant?	recycling plant to reuse treated effluent from the 35 MIGD WWTP and a distribution network for 50 MIGD (which incorporates future capacity). The additional 65 MIGD wastewater treatment planned for TP1 site will be a separate project and there is no connection between the two treatment facilities apart from receiving influent from the common inlet works.
7.		Please clarify that if the O&M of the entire system include the WWTP of 35 MIGD facility or the whole 100 MIGD facility?	O&M responsibility is for 35 MIGD WWTP and the recycling plant and associated distribution network. O&M of the inlet works will also be for 35 MIGD initially to feed the project WWTP but after additional treatment facilities are completed by others on TP1 site, the O&M of the inlet works will include the higher influent flow (up to 100 MIGD in total). The additional 65 MIGD wastewater treatment planned for TP1 will be operated by others and the Company will be reimbursed for additional opex attributable to the higher flow of influent through the inlet works.
8.		Could you please provide the technology data and information regarding the WWTP facility under the construction progress?	The technology of the existing WWTP that is currently being rehabilitated by KWSB is trickling filters. The technology of the future WWTP under KWSB is not known.
9.		Are indicators of inlet water quality available? Could you please provide relevant record of treated municipal water of TP1 for the recent 3 years? Is there any metal pollution in municipal water of TP1 to be treated?	The project is based on influent quality in compliance with Sindh Environmental Industrial Waste Water, Effluent, Domestic, Sewerage, Industrial Air Emission and Ambient Airs, Noise for Vehicles, Air Emissions for Vehicles and Drinking Water Quality Standards, 2015 which, <i>inter alia</i> , specifies allowable concentrations of metals. An exception to SEQS will be a lower influent TDS limit (2000 mg/L instead of 3500 mg/L).
10.		Please kindly provide Geo-technical data (i.e., bore-logs, sampling tests lab results) previous collected for the	The report of geotechnical investigation undertaken on TP1 site in 2015 is provided; a copy is also uploaded to the VDR.

		construction of the 65 MIGD WWTP facility.	
11.		Apart from VGF mechanism and MRG mechanism with limited term, is there any other guarantee payment mechanism to help risk mitigation, such as minimum payment or capacity payment through the whole contract term?	Government will ensure quantity and quality of influent received at TP1 inlet and relief event payments will be made if influent quantity is below a certain volume or quality specification is off spec. Apart from VGF and MRG, there is no capacity or availability payment to be made by the government and all the revenues will be collected from the industrial consumers at S.I.T.E. by the project company for its use.
12.		Will the SPV directly charge the industrial water from the customer of S.I.T.E? Or will KWSB pay the SPV? How much is MRG specific amount and how to determine it?	Yes - SPV will undertake metering, billing and collection and will directly charge the industrial water sales tariff from the customer of S.I.T.E. Details about the MRG will be mentioned in the RFP.
13.		Could you explain the payment structure of TP1 project during the O&M term? Could SPV collect the tariff from WWTP, apart from S.I.T.E customers?	Please refer to the teaser for the revenue structure. Revenues will be collected from S.I.T.E consumers with no capacity or availability payments.
14.		As stated in Teaser, VGF is used as either capital injection or subprime loan, could you explain that if VGF applying model is determined by the bidder at the time of bidding, or is it specified by the tenderee in the RFP document?	Details about the VGF mechanism will be mentioned in the RFP.
15.		Is MRF determined by the actual supply of water reaching the design capacity, or is there any other criterion? What legal and other means does the Government have to ensure that customers in the S.I.T.E pay for the reclaimed water from the plant?	Given this is an end-to-end utility model, SPV will get monopoly rights regulated by the concession agreement for supply of industrial grade water and directly charge the water tariff from the end consumers at S.I.T.E. Details about the MRG will be mentioned in the RFP.
16.		According to the Qualification Criteria: Technical Criterion, please clarify that if the eligible project could belong to any kind of sectors, such as Water, IPP, Cement manufacture, etc.	The definition of an Eligible Project is a project that is: (a) in the infrastructure sector including but not limited to rail, water, roads, bridges, ports and similar projects; (b) in the power sector, including but not limited to generation and transmission projects; or

			(c) the industrial sector including but not limited to cement, logistics, manufacturing or similar projects.
17.		In cases that the qualification documents are originally written in English and the projects is located in countries like Brazil, Kazakhstan etc., please kindly clarify that if the documents need to be notarized by Notary Public and attested by Pakistan Embassy in the country. If the procedure is necessary, should it be done in the country where the project is located or in bidder's country?	The documents are only required to be notarized if they are in any language other than English in accordance with Section 4.1.1 of the Prequalification Document.
18.		What kind of documents does INDEPENDENT TECHNICAL ADVISER REPORT in Annex E include? For example, does it refer to the completion acceptance report of the project or the product quality qualification report? If it is a product quality conformity report, how long does it take recently?	The purpose of the requested letter from an Independent Technical Adviser is to verify the correctness of data that is entered in Annexure E and confirm that it meets the Technical Criterion. The name, company and email address of the Independent Technical Adviser should be entered in Annexure E. The confirmation letter should state as a minimum a) the Project Cost, b) the percentage ownership, and c) the date that commercial operation commenced in order to verify compliance with QC1 in Section 4.3.
19.		Regarding of the "Original Proponent", could you provide the name and details? Could you please explain about the right of first refusal to match the bid?	Please note that pursuant to Rule 15(A)(1)(a) of the Sindh Public Procurement Rules, 2010 (as amended), the procuring agency is precluded from disclosing the name of the initiator of the unsolicited proposal and accordingly, such details cannot be divulged. Further, with reference to the right of first refusal, please see Rule 15(A) of the Sindh Public Procurement Rules, 2010 (as amended) which grants this right to the initiator of the unsolicited proposal if such initiator does not emerge as the best evaluated bidder.
20.		According to the first paragraph in Page 4 of the Presentation Information Document PDF provided by ADB, unsolicited proposal is mentioned for the TP1 project. Is	The unsolicited proposal relates to the whole of TP1 Project.

		this related to the whole part of the TP1 project or only to the part of the existing Inlet structure?	
21.		In page 14 of Prequalification Document 2.3.7(C), Original Proponent shall be given 5% additional weightage over combined score. Would it be possible to know who the Original Proponent is?	Please note that pursuant to Rule 15(A)(1)(a) of the Sindh Public Procurement Rules, 2010 (as amended), the Authority is precluded from disclosing the name of the initiator of the unsolicited proposal and accordingly, such details cannot be divulged
22.		Regarding partially constructed inlet structure, does KWSB wants Contractor to construct the structure continuously or demolish the existing Inlet structure?	The three inlet works structures in the southeast corner of TP1 site are designed for 100 MIGD and under the PPP will be completed without being demolished. The structures are new and no wastewater has been conveyed through them.
23.		In the documents, there is no information about wastewater coming though Inlet structure. Can you provide the information?	The project is based on influent quality in compliance with Sindh Environmental Industrial Waste Water, Effluent, Domestic, Sewerage, Industrial Air Emission and Ambient Airs, Noise for Vehicles, Air Emissions for Vehicles and Drinking Water Quality Standards, 2015 which inter alia specifies allowable concentrations of metals. An exception to SEQs will be a lower influent TDS limit (2000 mg/L instead of 3500 mg/L).
24.		Information about SITE (Sindh Industrial Trading Estate) (ex. Government agency or just name of region?)	S.I.T.E is an attached department of the Department of Industry and Commerce, Government of Sindh (as identified at: <a href="https://industries.sindh.gov.pk/">https://industries.sindh.gov.pk/</a> ).  More information on S.I.T.E is available at <a href="http://www.site.com.pk">http://www.site.com.pk</a> .
25.		In the Project Structure in the page 16 of Presentation Outline, SPV will have Water Sales Agreements with SITE Customers. Does it mean that SPV should have the Agreements with each company located in SITE or one representative organization called SITE?	Water Sales Agreements will be executed on a bilateral basis between SPV and separate Industrial customers resident in SITE.

<b>26.</b>		Is there Government Guarantee for Water Sales Agreements?	No.
<b>27.</b>		Is Construction Period fixed with 2 years?	In accordance with the section 2.2.2 of the prequalification document, the Construction period is up to two (2) years.