



THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

CONTRACTS COMMITTEE BOARD SUBMISSION

Confidential

Part B Addendum 01– Contract Award

Date: 10/11/2020

Category	Safety and Environment	Contract ID:	NG01022484	
Contract Title:	Provision of Environmental Studies & Services			
HSE Mode & Risk	HIGH & MODE-1			
Agenda Item	(TB secretary to complete)			
Proposed Authorized Contract Value (ACV)	NGN2,107,068,091.98	Segmentation (Click <a href="#">here</a> to access tool)	Operational	
Proposed expenditure while pending NAPIMS approval	NGN 280,195,225.00			
Start & End dates	14/01/2020– 13/01/2023	Duration	3yrs	
		Extension options	1yr	
PURPOSE				

To seek approval from CCB to award contracts as follows:

- Revise the award ACV for the contracts following post award LOP negotiations to the 6 lowest bidders based on LOP negotiated quote which achieved a 6% discount, thus reducing the Tender outcome to 89.42% of the company estimate:

S/No.	Contractor Name	Current ACV (NGN)	Revised ACV(NGN)
1	Medichem Projects Limited	373,593,633.33	351,178,015.33
2	Winorac Engineering & Technical Services Ltd	373,593,633.33	351,178,015.33
3	Prime Sources Limited	373,593,633.33	351,178,015.33
4	Ohenmerge Company Limited	373,593,633.33	351,178,015.33
5	Giolee Global Resources Limited	373,593,633.33	351,178,015.33
6	Dukoria International Limited	373,593,633.33	351,178,015.33
		<b>2,241,561,799.98</b>	<b>2,107,068,091.98</b>

- Revise the Start and End dates from 01/12/2019 – 30/11/2022 to 14/01/2020– 13/01/2023.
- Extending the End Dates of the Interim Agreements from 13.07.2020 to 31.01.2021 with no increase in eLDL ACV pending receipt of NAPIMS approval of award recommendation.

Stakeholders Endorsement:

	Procurement Manager	Contract Owner
	<b>Reviewed and approved for CCB and confirms:</b> <ol style="list-style-type: none"> <li>Alignment with approved Category Strategy (&amp; Global Category Strategy where applicable)</li> <li>Compliance with the NOGICD Act &amp; Community Content commitments.</li> </ol>	<b>Reviewed whole submission and confirms support from:</b> <p>Finance [Adepoju, Opeyemi] - for the financial aspects of the submission, including adequate budget cover/JV Partner approval to ensure full cost recovery/approved GIP in place (if applicable)</p> <p>HSSE [Amam, Stanley] - HSSE consideration and requirements are met</p>
Signature		
Name	Okeadinma, Pius	Mukaila Ojikutu
Date		

Approval

	CCB Chairman
Signature	
Name	Ogunnoiki, Judah
Date	

Declaration:

Signatories to this submission acknowledge that they have read and understood the Conflict of Interest Policy in SEPCiN and that they do not have any direct or indirect arrangement or relationship with any other person or company that breaches the requirements of that Conflict of Interest Policy, or that they have fully disclosed any potential Conflict of Interest to the Contract Owner, CP Manager and the Supply Chain Council/Tenders Board.

## SECTION A: CONFORMANCE TO CONTRACT PLAN (PART A)

### APPROVAL REFERENCES

Tender Activity	Approval Date
SCC Approval of strategy	24/03/2017
NAPIMS approval of strategy and advertisement	06/04/2017
NAPIMS Approval of Technical ITT	09/01/2018
Technical ITT Issued	28/02/2018
Technical Bid Closing Date	29/03/2018
Revised Technical Evaluation Criteria (TEC) approved by Delegated Authority	18/04/2018
NCDMB Technical Report	04/06/2018
Technical Bids evaluation concluded and aligned with NAPIMS	08/06/2018
Part A2 (Results of Technical Evaluation Results) approved by Line/CP	21/06/2018
NAPIMS approval of Technical Evaluation/Draft Commercial ITT	13/08/2018
Commercial Bids issued	07/09/2018
Commercial Bid Closing Date	27/09/2018
Commercial Bid Opening Date	03/10/2018
Commercial Bids evaluation concluded and aligned with NAPIMS	03/07/2019
NCDMB Commercial Report	07/10/2019
Part B – CCB Award recommendation Approval – <b>Attachment 1</b>	18/10/2019
NAPIMS Transmittal of Part B – CCB Award recommendation	24/10/2019

### BACKGROUND

The contract strategy was approved by the SCC and NAPIMS on 24/03/2017 and 06/04/2017 respectively.

**Technical ITT** was issued to 100 (hundred) bidders with a bid closing date of 29/03/2018.

NAPIMS Approval of Technical Evaluation Results was received 13/08/2018

Commercial ITT was published in NIPEX to fifteen (15) bidders on 07/09/2018 with bid close date of 27/09/2018. The bid was downloaded from NIPEX on 03/10/2018.

Commercial evaluation was completed and signed with NAPIMS on 03/07/2019

NCDMB commercial report was obtained on 07/10/2019.

Contracts Committee Board approved the award of the contract on 18/10/2019

### CHANGES FROM STRATEGY

- The contract was initially scheduled to commence in Q1 2018 (as in approved Part A1), however as a result of some delays in receiving external approvals and unavailability of external parties for evaluation as well as internal delays, the commercial stage took longer than scheduled. The contract has been awarded on an Interim Arrangement which expired on 13/07/2020.

### SUMMARY OF VALUE CONTRIBUTION

	Benefit	Losses
Safety	N/A	N/A
Production – Oil ('000 b/d)	N/A	N/A
Production – Gas (mscf/d)	N/A	N/A
Reserves (mboe/d)	N/A	N/A
Flares reductions (mscf/d)	N/A	N/A
Cost Saving	FUSD 354,397.12	

**SECTION B: RESULTS AGAINST AGREED CRITERIA**

**TECHNICAL EVALUATION**

Same as Part B

**COMMERCIAL EVALUATION**

Same as Part B

**Post Award LOP negotiation:**

Further to obtaining CCB approval for the award of contracts as proposed in Part B (Attachment 1) on 18/10/2020, the award recommendation was transmitted to NAPIMS for their approval on 24/10/2019. NAPIMS approval is yet to be received.

A 6 months interim Agreement was put in place for the six months 14.01.2020 to 13.07.2020.

At the instance of the directive received from NAPIMS Management to re-negotiate the contract downward in view of the challenging business environment occasioned by the COVID 19 pandemic, a post award negotiation held with the lowest bidder, MEDICHEM PROJECT LIMITED on 25/06/2020. The vendor accepted SPDC and NAPIMS request of 6% discount off their current rates on all the items (**Attachment 2**), and this resulted in a revised ACV of NGN 351,178,015.33, amounting to the achievement of a further saving of NGN22,415,618.00 (F\$59,066.19) for the 4 year contract period per contract.

The five (5) other lowest bidder also accepted the current market rates (**Attachment 2**) and this resulted in a total cost savings of NGN134,493,708.00 (F\$354,397.12) for all six (6) contracts for the 4-year contract period.

Table A1 – LOP negotiated Outcome

S/No.	Contractor Name	Current ACV (NGN)	Revised ACV(NGN)	Saving (NGN)	Achieved
1	Medichem Projects Limited	373,593,633.33	351,178,015.33	22,415,618.00	
2	Winorac Engineering & Technical Services Ltd	373,593,633.33	351,178,015.33	22,415,618.00	
3	Prime Sources Limited	373,593,633.33	351,178,015.33	22,415,618.00	
4	Ohenmerge Company Limited	373,593,633.33	351,178,015.33	22,415,618.00	
5	Giolee Global Resources Limited	373,593,633.33	351,178,015.33	22,415,618.00	
6	Dukoria International Limited	373,593,633.33	351,178,015.33	22,415,618.00	
		<b>2,241,561,799.98</b>	<b>2,107,068,091.98</b>	<b>134,493,708.00</b>	

Table A2 below summarises the revised Commercial outcome

**Table A2- Summary of Commercial Results including NC percentages for the 6 lowest bidders**

S/N	RECOMMENDED BIDDERS	Total ACV (3+1 years) NGN	% of Company Estimate	Work Category	Schedule Target (%) Spend	Vendor's NC Pledge (%)
	SPDC	2,356,468,800.00	N/A			
1	MEDICHEM PROJECTS LIMITED	351,178,015.33	89.42%	Safety & Environmental Studies Services	75	100
2	WINORAC ENGINEERING & TECHNICAL SERVICES LTD	351,178,015.33	89.42%			100
3	PRIME SOURCES LIMITED	351,178,015.33	89.42%			100
4	OHENMERGE COMPANY LIMITED	351,178,015.33	89.42%			100
5	GIOLEE GLOBAL RESOURCES LIMITED	351,178,015.33	89.42%			100
6	DUKORIA INTERNATIONAL LIMITED	351,178,015.33	89.42%			100

**BASIS OF AWARD & RECOMMENDATION**

Award is made based on lowest estimated contract value derived by applying tendered/negotiated rates to notional quantities. No bidder is awarded more than one contract.

**Award Recommendation:**

In line with the Part A strategy approved by SPDC/NAPIMS, six (6) contracts are to be awarded at the Current Market rates. The LOP negotiated contract award value has been revised based on the 6% discount achieved from NGN373,593,633.33 to NGN 351,178,015.33

Based on the foregoing, award is thus recommended as follows:

Award subject contracts to the following bidders at current negotiated rates representing 89.42% of the ECV to the six (6) lowest bidders as follows:

S/No.	Contractor Name	Revised ACV(NGN)
1	Medichem Projects Limited	351,178,015.33
2	Winorac Engineering & Technical Services Ltd	351,178,015.33
3	Prime Sources Limited	351,178,015.33
4	Ohenmerge Company Limited	351,178,015.33
5	Giolee Global Resources Limited	351,178,015.33
6	Dukoria International Limited	351,178,015.33
		<b>2,107,068,091.98</b>

All bidders are IDD cleared

**Table A3- Overview of Key details of Contracts being awarded:**

S/N	Item	Remark
1	Contract Duration and Extension Options	3-years and Extension option of 1-year
2	Payment Terms	Z-45
3	Contract Mode	1
4	Contract HSSE Risk	High
5	Segmentation	Operational

**Table A4- Contract Management Team:** Contract will be managed post award by the CMT using the CMP as a compass.

S/N	Designation	Name
1	Contract Owner	Mukaila Ojikutu
2	Contract Holder	Oghomienor Efe
3	Contract Manager	Kelechi Onukagha
4	Business Finance Manager	Opeyemi Adepoju
5	HSSE Advisor	Amam, Stanley

**TRANSITION PLAN / COST OF IMPROVEMENTS (IF APPLICABLE)**

Not applicable

**APPROVED CONTRACT VALUE**

The proposed total ACV for the six (6) contracts that shall be awarded based on the outcome of the post award LOP negotiation that resulted in a 6% discount from the previous award total ACV is as shown below:

S/No.	Contractor Name	Current ACV (NGN)	Revised ACV(NGN)	% of Total ACV
1	Medichem Projects Limited	373,593,633.33	351,178,015.33	16.66
2	Winorac Engineering & Technical Services Ltd	373,593,633.33	351,178,015.33	16.66
3	Prime Sources Limited	373,593,633.33	351,178,015.33	16.66
4	Ohenmerge Company Limited	373,593,633.33	351,178,015.33	16.66
5	Giolee Global Resources Limited	373,593,633.33	351,178,015.33	16.66
6	Dukoria International Limited	373,593,633.33	351,178,015.33	16.66

#### COMPLIANCE TO MODEL TERMS & CONDITIONS

MCL based and localised standard terms and conditions were used for the specimen contract document attached to the commercial ITT. No issues noted in the commercial bids of the bidders recommended for award.

#### GOVERNMENT INTERMEDIARY (GI) ELEMENT

GI elements present in work scope?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
If yes, GI terms & conditions included in contract?	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO

#### IDD STATUS

The IDD status of the recommended bidders are as follows:

Vendor	Status	Valid till
Medichem Projects Limited	Green	21/02/2021
Winorac Engineering & Technical Services Ltd	Green	20/06/2021
Prime Sources Limited	Green	11/12/2021
Ohenmerge Company Limited	Green	20/02/2021
Giolee Global Resources Limited	Green	15/01/2021
Dukoria International Limited	Green	14/09/2021

#### SECTION C: POST AWARD CONTRACT MANAGEMENT

#### KEY PERFORMANCE INDEX (KPI) (FROM PART A)

Business Objective	KPI	Measure	2020 Target	Frequency Measured
HSSE	Total Recordable Case Frequency (TRCF)	Per million-man hours	0.00	Monthly cumulative
HSSE	Live Saving Rules violation	Per site job duration	0.00	Daily
HSSE	Number of fatalities	Per year	0.00	Monthly cumulative
HSSE	Lost Time Injury (LTI)	Monthly	0.00	Monthly cumulative
HSSE	Medical Treatment Case/FAC	Monthly	0.00	Monthly cumulative
HSSE	Restricted Work Case	Monthly	0.00	Monthly cumulative
HSSE	Road Traffic Accident/MVI	Daily	0.00	Daily
HSSE	Security incident	Daily	0.00	Daily
HSSE	Medical certificate of Fitness	Daily	100	Daily
Process Safety	Work procedure violations	Daily	0.00	Daily
Process Safety	JHA for site jobs	Daily	100	Daily

#### CONTRACT MANAGEMENT PLAN (CMP)

Not applicable for Operational contracts, however, the CMT will implement a light-CMP Post Contract Award

#### HSE PLAN

Current Contract HSE plan is as attached.

#### NIGERIAN CONTENT EXECUTION PLAN

**\*\*If winning vendors are more than one, 'a- c' information below should be completed for each vendor.**

**a. Indicate Schedule target(s) and vendors Nigerian Content pledge (s) e.g.**

Work Category	Schedule Target	**Vendor's NC Pledge	Measuring Metrics	Agreed actions including authorisation to import
Safety & Environmental Studies and Services	75%	100	Spend	NA

**b. Nigeria Content Summary Work scope.**

**\*\* Describe all the proposed Nigerian Content activities in the ITTs for inclusion in proposed contracts.**

**Vendor's training plan in alignment with pre-approved Project's Nigerian Content Plan and in line with the human development capacity guide 2014**

ESSC NC Training Plan					
S/N	Training Type	No of Trainees	Total Man-hours/man-years	Name/Level of Certification	Institution
1	Instrumentation on AAS and GCMS	5	200	Chemical Society of Nigeria (CSN)	Chemical Society of Nigeria
2	Environment Awareness course	5	200	Environment Awareness course	Nigerian Environment Society
3	NEBOSH Environment Management Course	5	400	NEBOSH Certification	NEBOSH
4	HSE Level 3 course Competence	5	200	HSE Level 3 certification	ISPON
5	Designated First Aider's Course	5	200	DFA Competence	Red Cross Society/ISPON
6	Quality Management System auditor	5	200	QMS Auditor's Certification	Standard Organisation of Nigeria/Nigerian Institute of Standard
7	ISO 14001-2015 Auditor's course	5	400	IRCA Lead Auditor's Certification	International Standard Organisation
8	Safe Handling of Chemical	5	200	Safe Handling of Chemical	ISPON

**Vendor's training plan in alignment with pre-approved Project's Nigerian Content Plan and in line with the human development capacity guide 2014**

Training is for National Skill pool per NCDMB database.

All training must be certifiable and in line with NCDMB training guidelines.

a. **Global Sustainable Sourcing opportunity (provide details of the global sourcing opportunity utilised and capacity gap addressed).**

b. **Nigerian Content Compliance Certificate required prior to award approval recommendations to NAPIMS**

**\*\*Where the NC pledge falls short of set minimum targets by law an authorisation to import may be required for these categories.**

#### COMMUNITY CONTENT NIGER DELTA CONTENT EXECUTION PLAN

- Vendor will be mandatorily required to source 100% unskilled, 50% semi-skilled labour and at least 10% for skilled labour from the host community where the facility resides.

#### RISK ASSESSMENT



##### 1. Contract Risk Assessment:

Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions	Action Owner
Potential Road Transport incident during the execution of the contract	H	H	Ensure all mitigation against road transport incident are in place Approved JM plan, Valid driver's Permit, Pre-mobbed Vehicles,	CH
Awarding contract to a vendor without relevant expertise	L	L	Inspect vendor's equipment and manpower availability to ensure they meet required specifications.	CH
Awarding contract to vendor not familiar with Niger Delta Land, swamp and offshore operating environment	L	L	Ensure vendors are properly inducted on the operating challenges and appropriate mitigations for safe execution of work in all locations	CH

#### ATTACHMENT:

THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED  
Contracts Committee Board Submission

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SIGNED PART B.pdf	Vendor's acceptance of negotiated rates.p	Medichem Projects Ltd ESSC HSE Plan 20