

FIT-4 Initiative : Reduction in Cost of Engineering Design and Project Support Services

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THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED

Major Contract Board Submission

Total estimated Value for the 10 Contracts to be awarded is: FUSD 276,408,333.34 over a period of (4 years plus option of 1year extension). Current estimate is based on COG Major Projects CAPEX plan (OP19) for engineering Design Services and rates from the current expiring Project Support Services which were awarded 3 years ago; the estimate is inclusive of day rate for operational vehicles, PPE and IT equipment tools.

Rates for non-high skill services benchmarked with similar services in BMM contracts. The Summary of the estimate is as shown below

	Service Category	Duration	Estimated ceiling (USD)
1	Engineering Design Services	4 years	79,566,000
2	Project Support Services	4 years	196,842,333.34
			276,408,333.34

Attachment 2 is the detailed company estimate.

Value Creation Opportunities

Not applicable, contract is operational

Initiatives

Not applicable, contract is operational

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THE SHELL PETROLEUM DEVELOPMENT COMPANY OF NIGERIA LIMITED
MAJOR CONTRACTS BOARD SUBMISSION
Part B – Contract Award **Date: 18/04/2022**

Category	Engineering	Contract ID:	CW604126 +9 others CW604123 + 9 others
Contract Title:	Call-Off Contract for Engineering Design and Project Support Pure Services		
HSE Mode & Risk	Mode 1, Medium Risk		
Agenda Item	(TB secretary to complete)		
Proposed Authorized Contract Value (ACV)	F\$219,842,715.88 (\$131,905,629.53 + N 36,493,890,835.98@ \$1 to N 415) shared equally to the 20 lowest bidders (ACV is inclusive of 3% HCD of F\$6,403,185.90 (\$3,841,911.54 + N 1,062,928,859.30)		Segmentation /Operational
Proposed expenditure while pending NAPIMS approval	F\$ 1,374,016.97 for each of the proposed 20 lowest bidders (inclusive of F\$ 40,019.91 3% HCD) for a six-month period		
Start & End dates	Q1 2022 to Q2 Dec 2025	Duration :3yrs / Extension options:1 yr.	

APPROVAL OF NEGOTIATION OUTCOME

On the 1st March 2022, MCB approved line sign off of negotiation outcome and award recommendation of subject tender without recourse to the board if mandate is achieved.

- Contract Management Team (CMT) seeks line approval of the negotiation outcome and acceptance of NAPIMS/SPDC offer of F\$ 10,992,135.79 inclusive of 2% HCD fund by each of the 20 vendors as shown in tables 4 and 5 at the bottom of this submission. Note negotiated out come is 65% of Company Estimate which is within approved mandate.

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$$\$276,408,333.34 - \$219,842,713 = \$56,565,620$$

$$\$56,565,620 / 4 = F\$14,141,405$$

F\$14,141,405 avoided for a year