



## CONTRACTS COMMITTEE BOARD SUBMISSION

Confidential

Part B (Addendum-1) – Contract Award

Date: 26/09/2022

Category	Static Equipment	Contract ID:	CW629128
Contract Title:	Procurement and Delivery of Corrugated Plate Interceptor (CPI) Packs		
HSE Mode & Risk	MODE-3 & LOW		
Agenda Item	(TB secretary to complete)		
Proposed Authorized Contract Value (ACV)	\$1,011,725.00 + NGN52,366,481.31 (F\$1,133,132.00)	Segmentation ( <a href="#">Click here to access tool</a> )	Tactical
Proposed expenditure while pending NAPIMS approval	\$1,011,725.00 + NGN52,366,481.31 (F\$1,133,132.00)		
Start & End dates	15/10/2022 – 14/10/2023	Duration	1yr
		Extension options	
PURPOSE			

To seek approval from CCB as follows:

- To change payment structure from Lumpsum to a milestone payment.

## Stakeholders Endorsement:

	Senior Procurement Manager (SPM)	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 [Ajayi Oluwaseun] - 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 [Utong Israel] - HSSE consideration and requirements are met</p>
Signature		
Name	Chioma Okpoechi	Isaac Brossa
Date		

## Approval

	CCB Chairman
Signature	
Name	
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 – email approval	16/10/2019
NCDMB Approval of NC Plan and Contract Strategy	02/04/2020
NAPIMS Transmittal	09/04/2021
NC Plan and Contract Strategy Approval	13/05/2020
NCDMB Certificate of authorisation of NC Plan	14/05/2020
NCDMB confirmation of six (6) verified community vendors	18/05/2020
Resolutions of meeting with NAPIMS	03/09/2020
Resolutions of meeting with NAPIMS New	26/10/2020
NAPIMS approval of strategy	28/01/2021
NAPIMS Approval of Commercial ITT/Bidders List	03/09/2021
SCC Approval of strategy sign off	18/10/2021
NCDMB Approval of NC Plan and Contract Strategy	02/11/2021
NCD – email approval for Part A Addendum	30/11/2021
Part A Addendum Approval	08/12/2021
NC Plan and Contract Strategy Approval (New)	09/12/2021
NCDMB Certification of CITT	11/05/2022
Commercial Bids evaluation Report concluded and aligned with NAPIMS	20/06/2022
NCDMB Commercial Report	28/06/2022
Post Commercial Tender Negotiation MoM	28/06/2022
NAPIMS alignment on Negotiated rate	30/06/2022
Part B – CCB Award recommendation Approval - Attachment 1	04/08/2022

## BACKGROUND

CCB approval for the award of contract was obtained on 04/08/2022 for a lumpsum payment structure. - (Attachment 1)

Upon Board approval, Contract agreement was sent to the vendor (Ecosse Global Energy Ltd.) for review and sign off. The vendor declined on signing off the contract and stated that his OEM (Cameron Flow Control Technology UK Limited) insisted on a milestone payment instead of the Lumpsum payment structure, as it applies to material procurement process. Several engagements held with the vendor, but the vendor has insisted on their preference for milestone payment, hence the need for subject proposal. Furthermore, the CMT requested for a price discount for the milestone payment, which was turned down. The OEM (Cameron Flow Control Technology UK Limited) insisted that the current rate in the contract was offered over 6 months ago and is overdue for a price review as prices of materials have gone up compared to when this quote was offered but could only offer to reduce the Lead time by 2 weeks. CMT also challenged the initial proposed milestone ratios from 30%, 50% and 20% to 30%, 40% and 30% to further mitigate delay in material delivery. – Attachment 2

There is no change to the approved ACV of F\$1,133,132.00 (\$1,011,725.00 + NGN52,366,481.31). Naira split is to close out the CC Board's comment for the CMT to reflect the mark up in Naira instead of USD. The markup element has been converted using the current exchange rate of NGN431.33 to \$1. The proposed milestone payment structure is as shown in Section B: Approved Contract Value.

Planned contract start date was 26/07/2022 and end date of 25/07/2023 but could not be operationalized due to both internal and external operational reasons and is now scheduled to start 15/10/2022 to end 14/10/2023

## CHANGES FROM STRATEGY

- The contract was originally scheduled to commence in Q3 2022, however, because of delays due to internal and external operational issues, the contract is now to commence in Q4 2022.
- Change of payment structure from Lumpsum to milestone payment.

## 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	\$673,259.25	N/A

**SECTION B: RESULTS AGAINST AGREED CRITERIA****TECHNICAL EVALUATION**

Not Applicable

**COMMERCIAL EVALUATION**

Same as CC Approved Part B

**BASIS OF AWARD & RECOMMENDATION**

Same as CC Approved Part B

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

Not applicable

**APPROVED CONTRACT VALUE**

		CAMERON	ECOSSE
Milestone No.	MILESTONE PAYMENT SCHEDULE	Amount (\$)	Amount (F\$)
Milestone 1	30% upon completion of design	303,517.50	
Milestone 2	40% upon completion of fabrication	404,690.00	
Milestone 3	30% upon equipment inspection, packed and ready for shipment	303,517.50	121,407.00
Total		1,011,725.00	121,407.00

The proposed Milestone payment structure applies to the payment of \$1,011,725.00 to the OEM (Cameron Flow Control Technology UK Limited). The markup element of NGN52,366,481.31 at the exchange rate of N431.33 to \$1 (\$121,407.00) Ecosse Global Energy Ltd, shall be paid along with Milestone 3 after equipment inspection, packaging and ready shipment is successfully completed.

**COMPLIANCE TO MODEL TERMS & CONDITIONS**

Same as CC Approved Part B

**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**

Same as CC Approved Part B

**SECTION C: POST AWARD CONTRACT MANAGEMENT****KEY PERFORMANCE INDEX (KPI) (FROM PART A)**

Business Objective	KPI	Measure	2018 Target	Frequency Measured
Equipment	Equipment	Equipment	Equipment	Equipment
Quality	Quality	Quality	Quality	Quality

**CONTRACT MANAGEMENT PLAN (CMP)**

Not applicable for Tactical contract, however, the CMT will implement a light-CMP Post Contract Award.

**HSE PLAN**

Not applicable Contract is mode 3 Low Risk.

#### 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
Separator Procurement	20%	20%	Spend	Secure authorisation to import

**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**

	Training Type	No of Trainees	Total Man-hours/man-years	Name / Level of Certification
1	N/A			
2	N/A			
3	N/A			

*Training is for National Skill pool per NCDMB database.*

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

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

**d. 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

Same as CC Approved Part B

#### RISK ASSESSMENT

##### 1. Contract Risk Assessment:

Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions	Action Owner
Equipment/Material quality	M	H	Detailed specification in contract/Physical Factory Acceptance Test (PFAT)	CMT
Delay in delivery	M	H	OEM to share final design with SPDC for verification/acceptance prior fabrication	CMT
Delay in payment to vendor	M	H	Engage Finance to make milestone payment a priority	CMT

##### 2. HSE Risk Assessment:

Contract is mode 3 Low Risk. See Contract HSE Risk Assessment

#### ATTACHMENT:

- Attachment - Approved Part B
- Attachment - Vendor request for Milestone payment

