

**Confidential****Part A1– Strategy & Contract Plan****Date:**

Category	Oil Spill/Remediation	Contract ID	
Contract Title	Provision of Consultancy Support for Oil Spill and Remediation Services – Call off		
HSE Mode & Risk	Mode 1 & Medium Risk	Segmentation (Click here to access tool)	Tactical
Agenda Item	(TB secretary to complete)		
Estimated Contract Value (ECV)	\$12,036,563.33 + NGN16,739,271,026.25 (F\$66,919,419.16) for 5 contracts. Exchange rate based on NGN305.00/USD1.00		
Proposed Contract Start Date	1st November, 2020	Extension options	One Year
Proposed Contract End dates	31st October, 2023		

EXECUTIVE SUMMARY & RECOMMENDATION**To seek approval from MCB for:**

- Contract strategy / Tender Category / Draft Advertisement for Provision of Consultancy Support for Oil Spill and Remediation Services – five (5) nos. call-off Contracts to replace existing contracts
- The basis of award – Technical and Commercial Evaluation criteria
- Selection of pre-qualified Contractors from NIPEX-NJQS Product Groups – 3.03.05 (Safety and Environmental) and 3.07.08 (Laboratory testing services)
- Issuance of Invitation to Tender (ITT) based on agreed criteria

Stakeholder Endorsement:

	Senior Procurement Manager (SPM)	Contract Owner
	Reviewed and approved for MCB and confirms: <ol style="list-style-type: none"> Alignment with approved Category Strategy (& Global Category Strategy where applicable) Compliance with the NOGICD Act & Documented Policy Content commitments. 	Reviewed whole submission and confirms support from: <ol style="list-style-type: none"> Finance [Obiora Aguegboh] - 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) HSSE [Franklin Igbodo] - HSSE consideration and Documented Policy commitments are met.
Signature		
Name	A5AE6F10B... CHIMA OKPOECHI	1B0C701CA0C04A7... ROGER DAUER
Date		

Approval:

MCB Chairman	
Signature	
Name	DED30811EC31434... SCOTT IAN
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: ASSESS DEMAND & SUPPLY

SCOPE AND BUSINESS REQUIREMENTS

Service/Project Scope:

Oil Spill and Remediation activities are driven by compliance with statutory requirements, reputation, HSE (Health, Safety, and Environmental) issues, and compliance with local, international and industry of oil spill response and remediation standards. To achieve and sustain the set objectives, several activities are required to carry out first-line spill response, spill environment, recovery and clean up, and the execution of remediation activities.

The services to be provided shall Include but not limited to:

General Scope:

- Execution of standard site assessments on all new spill sites in accordance with the SCiN Oil Spill Response and Remediation Management System (OSRRMS) version 6, Standard Operating Procedures (SOPs) and industry regulations.
- Execution of Detailed Soil and Groundwater investigations.
- Execution of the Standard Site Assessment and Detailed Soil and Groundwater investigation may require some or all the following site-specific activities to be completed:
 - a. Borehole Drilling
 - b. Hand/Mechanical auguring and/or excavation of trial pits with associated sampling.
 - c. Monitoring Well Installation and Development
 - d. Sampling from Boreholes and Monitoring Wells
 - e. In-situ Permeability Testing
 - f. Soils Classification Testing
 - g. Surveying of all Sampling Locations
 - h. Laboratory Chemical Testing of Soils, Ground and Surface water
- Execution of Tiered Risk Assessment.
- Execution of specialist non-intrusive geophysical investigation.
- Execution of Remedial Action Plan Design.
- Supervision and Progress Reporting of Site Remediation activities.
- Execution of Site Certification process.
- Environmental Sampling and Impact Assessment.
- Support for Regulator-led Damage Assessment and Post Spill Impact Assessment.
- Provision of overall project management services for a portfolio of assigned sites. Project Management to cover all activities in call of contract between assessment up to and including remediation reporting, inclusive of management and co-ordination of activities, monthly site reporting, Client liaison, Contractor Management including verification of Contractor invoices and budget reporting and control. Inclusive of all office space, furniture and equipment; logistics, overhead and profit.
- Implement risk-based screening levels methodology in Tiered assessment.
- Call off provision of specialized Technical Manpower in relation to Oil Spill Response, Soil and Groundwater Remediation, data and document management, project and contract management.
- Call off provision of local and expat Subject Matter Expert - Oil Spill Response, Soil and Groundwater Remediation and Laboratory Management.
- Capability audits of Oil Spill and Remediation main and sub-contractors.

Competence Scope:

- Competence development for oil spill response and remediation
- Competence development in data and document management
- Development of local Subject Matter Expert (SME) in Soil and Groundwater Remediation and Oil Spill Response
- Support Development of Internationally-Certified Local Laboratory

Auxiliary Support Scope:

- Provision of Security cover for Oil Spill Assessment, QA/QC and Certification activities.
- Provision of Logistics support for work activities on Land & Swamp terrains
- Emergency provision of specialist personnel for oil spill response/remediation and project management.
- Provision of boats for transporting personnel and equipment in marine environment.
- Provision of temporary accommodation and messing facilities for SPDC personnel in remote location (outside SPDC GLMS coverage).

- Emergency provision of Geographic survey services
- Provision of Labour support for DIY activities.
- Photography using intrinsically safe camera with geo-reference and date stamps
- Emergency provision of critical Oil Spill Assessment equipment and personnel
- Reimbursable payment for provision of IT Equipment, consumables and work tools based on approved cost
- Provision of Project Site Office.

Business Requirements:

The Consultancy Service Contract provides an integrated approach to the provision of all technical support services relating to the remediation of oil spills including site assessment, risk assessment, laboratory testing, borehole drilling, QA/QC inspection services and certification.

This contract provides structured proficiency for impacted site investigation, assessment, and monitoring services, thus ensuring compliance with local legislation, SPDC technical specifications and international standards.

The current Consultancy Mega Contract was awarded after a two-year tendering period with a contract duration of 3 years (10/01/2018 – 31/12/2020) and approved contract ceiling of F\$12,002,547.23. The contract ceiling utilisation after the first year (by 30th January 2019) was 88.5% due to increased spill incidents in 2018 beyond original projections as well as increased sampling/assessment activities as a result of new requests from NOSDRA for Damage Assessment and Post Spill Impact Assessment.

SPDC engaged NAPIMS in subsequently and requested for increased contract ceiling to enable continuity. NAPIMS advised SPDC to commence tendering process to replace existing contract since over 80% of the ACV has been expended in the first year of the contract. Minutes of meeting highlighting NAPIMS position are attached to this submission.

The Consultancy Services Contract provides increased Business Value including detailed site investigation, associated laboratory analysis and risk assessments, to enable Remediation works to be scoped properly thus saving time and money as well as enabling SPDC progress with risk-based screening levels approach which has been sanctioned by Regulators. It also provides supervisory services to ensure QA/QC control of the Remediation works delivered by the principal contractor, and ensure works are delivered according to the agreed scope. Further to these, the Consultancy Services Contract provides:

- Improved HSE management, using higher quality supervision.
- Increased speed of Oil Spill Response and Remediation on site.
- Enhancing SPDC reputation through delivery of higher quality work thereby minimising environmental impact.
- Comply with regulatory requirements (Environmental Guidelines and Standards for the Petroleum Industry in Nigeria – EGASPIN 2018).
- Improved capability to deliver all activities related to Oil Spill Response and Remediation (OSRR) in a timely manner. This has led to record achievements in all stages of the OSRR lifecycle (Recovery, Assessment, Remediation and Certification) in 2019 (Above 100 sites completed per year since this contract commenced in 2018 compared to less than 50 sites in 2016)

GLOBAL STRATEGY FIT (CURRENT STRATEGY)

There is no global contract for these services. The category strategy seeks to meet regulatory requirement, ensure long term relationship management, standardization, optimized oil spill/ remediation response time, improve reputation, deploy new technologies to reduce cost and level of polluted environment.

RED THREADS

Utilizing the [Red Threads Checklist](#) identify the Red threads relevant to you.

Red Thread	Consideration	Mitigating Action	Action Owner
Ethics & Compliance	Private interest or gifts & hospitality could interfere with Shell's interest	Fully disclosed COI and record in the Code of Conduct Register	All

Finance	Supplier Financial Risk assessment indicates that financial risk requires mitigation	Contractor to provide PCG or Bank guaranty	Contract Holder
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MARKET CONDITIONS

MARKET INSIGHTS:

Market is developing, have adequate number of Nigerian and Niger Delta contractors, who will be available to bid for the services.

SWOT Analysis:

	POSITIVE	NEGATIVE
Internal	Strength <ul style="list-style-type: none"> • Circa 2 years experience gained in executing this contract. • A small number of major contracts to be managed. • Improved Contract management due to single point accountability. • Increased speed of response reduces environmental impact. • Potential to build Technically Competent Vendors. 	Weaknesses <ul style="list-style-type: none"> • Competence of local vendors. • Limited local experience in Groundwater remediation. • Financial capability of local vendors. • Limited or non-availability of technology for Soil and Groundwater remediation.
External	Opportunities <ul style="list-style-type: none"> • Capacity Building Opportunity, with few Competent Contractors linked to external world to develop best world practice. • Develop local Subject Matter Expert in Soil and Groundwater remediation • Develop internationally-certified local laboratory 	Threats <ul style="list-style-type: none"> • Non-certified local laboratories leading to potential reputation damage to SPDC. • Increase in annual number of spills between 2016 & 2019. • Limited local opportunities for competence development for Soil and Groundwater SME.

- Support cleanup and remediation of oil spill impacted sites - Restoring the environment for sustainable development.
- Ensure clean Environment for the host community and Nigeria in General.
- Reputational issues - Avoid litigation.
- Sustain and increase Niger Delta Development Content.
- Maintain HSE compliance.
- Substantially reduced internal administration costs due to streamlined procurement and supervisory processes.
- Substantially improved Contract Management and execution due to single point accountability with a few major technically competent Contractors

PRICING STRUCTURE AND TRENDS:

- Key aspects of the contract scope e.g. Laboratory equipment and reagents; assessment tools and software; and soil and groundwater SMEs can only be sourced internationally thus requiring significant foreign exchange. Consequently, the contract scope and rates are dependent on foreign exchange rates.

CURRENT & POTENTIAL SUPPLIERS

POTENTIAL SUPPLIERS:

Two tier competitive Tendering process involving technical and commercial evaluation of already prequalified vendors selected from the NIPEX-NJQS Product Groups – 3.03.05 (Safety and Environmental) and 3.07.08 (Laboratory testing services). Bids shall be submitted via NipeX.

BASIC INFORMATION APPLICABLE TO NON-NIPEX SUPPLIERS (if not NipeX)

If not NipeX, provide logic for inclusion, current contracts etc.

N/A

INDICATE ANY ISSUE OF CONCERN REGARDING EACH BIDDER

Bidders not known yet. Technical evaluation will ensure only competent contractors with proven records of project Delivery are qualified for commercial tender.

SECTION B: DEVELOP & SELECT STRATEGY

COST MODELLING, COMPANY ESTIMATE, BENCHMARKING & VALUE FOR MONEY

Proposed rates for the scope are derived from Should Cost Valuation via competitive tender for similar scopes, historical rates from similar work scope for the new technologies as well as market survey online – Jumia, Google, etc.

The estimate is derived from a statistical analysis of the size of spills occurring in SPDC between 2016 and 2019 and known areas of impact.

VALUE CREATION OPPORTUNITIES

Utilizing the [Value Creation Guidance Note](#), identify the potential value creation opportunities. Note: this table will be carried into the Contract Management Plan (CMP). Consolidate all opportunities that have been identified and determine those with the greatest potential value to the business (**For Strategic Contracts Only**)

40/40/20 Element	Lever	Opportunity Description	VI Type	Potential Value (MM)
N/A	N/A	N/A	N/A	N/A

INITIATIVES

Reflecting on the analysis of the [Value Creation Guidance Note](#) and the Value Creation Opportunities, develop the Initiatives that will be actioned in the Category Strategy. Initiative-specific risks should be added to the Critical Risks and Mitigations table.

(**For Strategic Contracts Only**)

Initiative Title	Description	Value / Benefits	Delivery Timeframe	Resources Required
1. Standardize scope	<ul style="list-style-type: none"> Standardization of the qualification process 	<ul style="list-style-type: none"> Reduced processing time 	<ul style="list-style-type: none"> Q4 2020 	<ul style="list-style-type: none"> CM and OSRR team.

RISK ASSESSMENT

Risk Description	Likelihood (H / M / L)	Impact (H / M / L)	Mitigating Actions	Action Owner
HSE Risk	M	M	Site Assessment work and environmental consultancy services are in general low risk activities. The use of professional HSE consultants to execute site assessment should ensure residual risks are minimized. All equipment shall be pre-mobbed.	Contract Management Team
Community Related Risk	L	L	Site assessment and environmental consultancy services are not currently being provided by Community based contractors.	CH/CRO
	M	H	Nominated Vendors will be competent International/Large National Companies with sound financial standing. We will also during the	Contract Management Team

Financial Risk/Bankruptcy Risk			execution period examine their financial accounts.	
Low contractors' competence	M	H	Local Contractors not likely to have all skills and experience to hold major OSRR/Remediation contracts. Encourage partnering with international company to build credibility with external Stakeholders, bring in best technology and practice competence development.	Contract Management Team
Poor Scope Description	M	H	Expert Scoping and communication of required specification for works to avoid re-works and Contractor claims. Work scopes are to undergo assurance process.	Contract Management Team
Low Commercial bid	H	H	Commercial evaluation will be stringent to ensure only technically competent bidders are qualified. Acceptable lowest commercial bid at a threshold of 70% of the company estimate.	Contract Management Team

SOURCING STRATEGY

Nigerian Content Development (NCD)

Applicable Schedule A targets, actions required to close target gaps and Nigeria Content Plan including training plan.

a. Applicable NOGICD Act - Schedule target(s), current in country capacity and plan to close gap if any.

Table below illustrates required information for this section.

Work Category	Schedule Target	Current In-Country Capacity	Measurement Metrics	Proposed Action to close gaps
Provision of Consultancy Support for Oil Spill and Remediation Services	100%	100%	Manhour	To continue to achieve 100%.

***List relevant Work Category/Categories to the contract as defined in NOGICD Act**

NOGICD Act = Nigeria Oil & Gas Industry Content Development Act

b. Nigeria Content Plan (This is for ALL contracts >\$1m)

- i. Research & Development Plan
- ii. Technology Transfer Plan (Strategic contracts only)
- iii. Training Plan (Mandatory for all contracts)

(Training Plan must be aligned with the pre-approved Nigeria Content Plan for the Project if any and also in line with the human capacity development guidelines)

Training Type	No of Trainees per contract	Total Man-hours	Name / Level of Certification
Soil and Ground Water Remediation Training	5	4000 Manhours	Skill
Non-Intrusive Geophysical Assessment Training	5	8000 Manhours	Skill
NEBOSH IGSCE Training	5	8000 Manhours	Skill
Project Management Training	5	8000 Man-hours	Skill

Training is for National Skill pool per NCDMB database.

All training must be certifiable by statutory or industry recognised professional body and in line with NCDMB training guidelines.

c. Global Sustainable Sourcing plan (outline plan to utilise global sourcing opportunity to support attainment of Nigerian Content targets)

****Where the Nigeria Content in-country capacity falls short of set minimum targets by law an authorisation to import may be required for these categories.**

COMMUNITY CONTENT DEVELOPMENT

Vendors will be required to employ host community and other Niger Delta workers for scope of work and services where specialized skill is not required. It will also establish programme in place for training and development of mainly Niger Deltans over the contract period. This will develop host communities to enable them to manage and run such contracts in future.

Vendors will further be required to provide a robust plan for engaging sub-contractors within the Niger Delta region.

PRICING STRUCTURE & INCENTIVES

Describe which work element is lump sum, unit rate, reimbursable. Potential payment discounts?

The contract shall be on Call- off basis with no minimum/ maximum number. The applicable rates shall be Unit rates. Notional quantities shall be used to derive the cost of each purchase order for assessment and certification activities. Payment for assessment and certification activities will be based on measured value of work done.

MARKET APPROACH

Open Tender/Closed Tender/Negotiation/ Single Source/OLB. Explain choice of strategy.

A detailed description of work scope, locations and technical specifications for Assessment, QA/QC and Certification will be attached to the invitation to tender along with standard terms and conditions, regulatory requirements, and relevant sections of Site Investigation, Remedial Action Plan and Verification Standard Operating Procedures.

The bidders shall be required to submit technical bids covering the entire scope of work without exception, with proof that they have the required resources to cover the entire scope of work, either individually or with evidence of technical partnership. They shall be required to show legally binding MOU between themselves and their technical partners detailing agreements reached for the duration of the contract.

BASIS OF AWARD / BIDDING STRATEGY

Technically acceptable and commercially lowest/OEM/Nigerian Content initiative, single or multiple awards? State envisaged commercial risk(s) associated with award and mitigation plan.

Award shall be made to 5 technically acceptable and commercially lowest bidders at the lowest bidder's rates.

TECHNICAL / COMMERCIAL EVALUATION CRITERIA & NEGOTIATION PARAMETERS

State all technical considerations driving evaluation criteria. Which are the "Go/No Go" areas (fatal flaws)? Indicate high-level weightings. Attach Commercial evaluation criteria, with distribution of Notional Quantities, milestones, reimbursables, or book-rates as applicable. For negotiation, show key objectives, and where applicable state the aspiration, fall back and walk-away positions.

- Execute competitive open tendering via NIPEX Portal.
- A **two-stage** tendering approach shall be adopted.
- Mandate of acceptable lowest commercial bid at a threshold of 70% of the company estimate.
- Desktop technical evaluation and field visit to vendors facilities; and issuance of commercial bids to only technically qualified bidders.
- To move from technical to commercial stage, each bidder needs to score a minimum of 60% of maximum achievable score for the technical; and pass the NCD section.

NEGOTIATION POINTS (where applicable):

Starting Position	Benchmark Position / Target Position and Walk-away Position	Company Estimate	Associated Logic
90% of CE	95% of CE		100% of CE

ALTERNATIVE STRATEGIES CONSIDERED:

Has alternative strategy been considered? Give brief overview of alternative(s) considered and reason for not choosing alternative(s). If no alternative considered, why not?

N/A

TENDERING TIMELINE:

Activity	Target Completion Date
Secure NAPIMS and NCDMB approval of strategy and advert	March 2020
Secure NAPIMS and NCDMB approval of Bid list, TITT, CITT, TEC & Commercial template	April 2020
Publish TITT and CITT to bidders	April 2020
NAPIMS Approval of TEC (Nipex) and Bid opening	May 2020
Conduct Technical evaluation	June 2020
Secure NAPIMS sign off of Tech evaluation results and NCDMB Tech Evaluation report	June 2020
Bid Opening and commercial evaluation with NAPIMS (CM)	July 2020
Nigerian Content Compliance Certification	July 2020
NAPIMS final approval	August 2020
Contract Award	August 2020

KEY PERFORMANCE INDICATORS:

Business Objective	KPI	Measure	2020 Target	Frequency Measured
HSSE	Total Recordable Case Frequency (TRCF)	Per million-man hours	0.00	Monthly cumulative
HSE	Lost Time Incident Frequency (LTIF)	Per million-man hours	0.0	Monthly cumulative
HSE	Responsiveness to HSE shortcomings	Each	Prompt	Weekly
HSE	Toolbox Talk	Per Day	100%	Daily
HSE	Adherence to Contract and site specific HSE plans	Per project	100%	Monthly
HSE Life Saving rules	Adherence to SPDC Life Saving Rules	Per Day	100%	Daily
Project Delivery	Submit Phase 1 Geo-environmental Risk Assessment Report after issuance of PO	Per Project	14 Days	Monthly
Project Delivery	Submit Remedial Action Plan Design after issuance of PO	Per project	7 Days	Monthly
Project Delivery	Submit Phase 2 Geo-environmental Risk Assessment Report after issuance of PO	Per Project	30 Days	Monthly
Project Delivery	Submit Site Certification Closeout Report after field work	Per Project	7 Days	Monthly
Project Delivery	Timeliness of Closeout Reports - Post Activities Completion	Per project	10 Days	Quarterly
Project Delivery	Quality of close-out Reports (Specification requirements)	Per project	Zero Rework	Quarterly
Salary Payments	Payment on or before 23 rd of each month	Per month	100%	Monthly

Appendix 1: [Draft Advert](#)

Appendix 2: [Technical Evaluation Criteria](#)

Appendix 3: [Commercial evaluation Template](#)