

**Pre-Application Meeting of
the Hesar-e-Shahi 40 MW Solar Power Project**

18-Sep-2019

Meeting Minutes

Abbreviation:

MEW: Ministry of Energy and Water

DABS: Da Afghanistan Breshna Sherkat

MoF: Ministry of Finance

PPP: Public Private Partnership

RED: Renewable Energy Directorate

VGf: Viability Gap Fund

Venue: Ministry of Energy and Water (MEW)

Date and time: 18 Sep 2019 02:00 pm – 04:00 pm

Moderated by: Mr. Faridullah Sharafmal, RED Director

Participants: H.E. Mohammad Gul Khulmi, Representatives from; MEW, DABS, PPP-MoF and Private Sector, and also Skype Call Participants (about 30 attendees, the registration sheet is annexed to the Meeting Minutes)

Agenda Items

Responsible

- Welcome Speech of Acting Minister of Energy and Water:

Welcomed everyone and expressed the remarkable developments in renewable energy sector in and out of Afghanistan. H.E. also stated the importance of 2000 MW solar package which is going to be implemented in 5 zones of Afghanistan and the 40 MW of Hesar-e-Shahi Project which is the very first project of the package. H.E. also expressed his gratitude to the private sector for showing their interest to invest in the project.

H.E.
Mohammad
Gul Khulmi,

- Speech of RED Director regarding brief introduction of the 40 MW Hesar-e-Shahi project:

Mr. Sharafmal stated that this project which is going to be implemented through the first phase of the 2000 MW solar package is essential both for the private and public sectors. He added the Request for Qualification (RFQ) of the project has been announced since August 21th 2019 through an application form for the companies to get registered there.

Mr. Faridullah
Sharafmal

- Presentation of Sr. PPP Tendering Facilitation Specialist, DG- PPP, MoF & PPP Expert, EPTISA (Advisor, DG- PPP, MoF) on *Development of 40 MW Solar Power Generation Facility at Nangarhar, Hesar-e-Shahi Industrial Park under PPP Basis:*

Mohammad
Jawid Yosufzai
& Mohammad
Abu Rashed

The presentation discussed the following points:

- Project Objective
- Broad Framework
- Project Location

- Pre-Qualification Stage and Requirements
- Legal Pre-Qualification Requirements for the Consortium
- Financial Pre-Qualification Requirements
- Technical Pre-Qualification Requirements
- Shortlisting Criteria
- Prequalification Response Checklist
- Indicative Timetable

The applicants were briefed that they shall submit their Response to Pre-Qualification in accordance with Section 4.5 of PART-D of the RFQ. The applicants were further briefed that they must duly fill, sign and stamp the 10 forms annexed to the RFQ.

The 10 Forms annexed to the RFQ are as below:

1. Prequalification Document Submission Identification Sheet
2. Letter of Application including all required enclosures:
3. Particulars of Applicant including all required attachments
4. Particulars of Eligible Projects including all required attachments
5. Particulars of Financial Capability including all required attachments
6. Letter of Authorisation for Lead Member of Consortium
7. Letter of Authorisation for Lead Member of Consortium
8. Certificate of Compliance
9. Certificate by Affiliate of Applicant or Consortium Member of Willingness to Participate including all required attachments
10. Prequalification Response Checklist

Plenary

For more information, the presentation is annexed to the minutes.

- Questions and Answers:

Although most of the questions about the project were answered in the meeting, it was requested that applicants should send their request for clarification through a specific inquiry format, provided in the section 1.5 of PART B of the RFQ, to faridullah.sharafmal87@gmail.com and copy talha.hidayat@mof.gov.af and jawid.yosufzai@mof.gov.af at least 14 days prior to the deadline for submission of Prequalification Response.

Below questions were asked by applicants and were clarified by MEW, DABS and MOF:

- **Q:** One of the applicants asked the following questions:
 1. What about the tax and custom exemption of the project?
 2. What will be the tariff per Kw from government end?
 3. Who will maintain the security of the project?
 4. Is there any bank guarantee for the project?

Ans: Mr. M. Abu Rashed and Mr. Jawid Yosufzai from PPP-MoF answered the questions:

1. There is no any tax or custom reduction for the project according to the taxation and custom laws of Afghanistan. So the applicants must consider tax and custom duties while preparing their proposals during RFP stage.
2. Tariff isn't finalized yet, the bidding parameter will be either tariff or VGF.
3. Inside the working site the company will work together with the government for maintaining the security yet outside the working site the government is responsible.

4. Yes there will be a bank guarantee for bid security and performance security during RFQ and contract award stages.

– **Q:** One of the applicants:

1. As we heard the land is occupied by refugees or internal displaced people, how much time will it take to evacuate the site from the people?
2. The importing of materials from outside of the country alongside the government customs and tax will affect the cost of the project and the energy sale, therefore we request the government end if there is any consideration for custom and tax exception?

Ans:

1. Mr. Hashem Alemi and Mr. Faridullah Sharafmal from MEW: The land which is specified for this project is already taken fenced and there is no any residents there, therefore no concerns about the issue.
2. Mr. M. Abu Rashed and Mr. Jawid Yosufzai from PPP-MoF: The taxation law does not allow for any tax reduction. And it is not any big concern because you are adding the taxation and customs digits into your bid cost, so it is same for all bidders.

– **Q:** What about the VGF and the completion time of the project?

Ans: Mr. M. Abu Rashed from PPP-MoF: After discussing with the government it might be tariff or the VGF will be part of the RFP document. The construction period of the project is 1 year and the contract period is 25 years.

– **Q:** One of the applicants asked: Is there any possibility to reduce the amount of capacity of the project from 40 MW to 20 or 30 MW?

Ans: Mr. M. Abu Rashed from PPP-MoF: Ideally for implementation of such mentioned capacity Applicant should have experience of 40 or 50 MW projects. So for now it is 40 MW as requirement.

– **Q:** Whether the financial nominee can take the lead if the technical has not sufficient financial experience?

Ans: Mr. M. Abu Rashed from PPP-MoF: Yes, there is no restriction, as the consortium shall not have more than 5 (five) Consortium Members (including the Lead Member) a Lead Member should hold at least 26% (twenty-six percent) equity shareholding in the Project Company and the Lead Member will be the largest shareholder in the Project Company.

– **Q:** One of the applicants asked:

After securing the contract, whether the contractor can use the contract for taking debt and loan from banks or not?

Ans: Mr. M. Abu Rashed from PPP-MoF: Yes, it can be used for raising debts from banks.

- H.E. Acting Minister of MEW concluded the meeting and added; we announced the 2000 MW Package in 5 zones to evaluate the market and private sector so we can use it as a lesson learned for our next projects. In addition to these solar projects the MEW is already working on other energy resources such as hydro, wind and gas. We are always welcoming proposals from private sector for investing in the projects not only in generation but also in distribution, therefore every proposal is mostly welcomed.