

SRI LANKA EXPORT DEVELOPMENT BOARD

TERMS OF REFERENCE (TOR) FOR THE RECRUITMENT OF A CONSULTANT / FIRM TO CARRY OUT A FEASIBILITY STUDY ON MARKET, TECHNICAL AND FINANCIAL ASPECTS FOR CREATION OF BUSINESS OPPORTUNITIES FOR LAY UP / STACKING FACILITIES OF VESSELS & RELATED SERVICES IN SRI LANKAN HARBOURS WITH EMPHASIS ON TRINCOMALEE PORT

Job Title:	Consultant / Firm – Feasibility Study on Market, Technical and Financial aspects for Creation of Business Opportunities for Lay Up / Stacking Facilities of Vessels & other related services in Sri Lankan Harbours with Emphasis on Trincomalee Port
Category:	Marine & Off-shore Services
Duty Station:	Field based & home based
Type of contract:	Consultant / Firm
Expected starting date:	Immediately after selecting the Consultant / Firm
Duration of assignment:	06 months

1. Background :

Marine & Offshore industry is a key industry in Sri Lanka which is yet to grow to its full potential. Sri Lanka is blessed with several competitive advantages, compared to other regional countries who are reaping very lucrative benefits and strongly positioning for future opportunities.

Sri Lanka has one of the best, safest and sheltered natural deep water port located in Trincomalee amongst other strategic ports such as Colombo and Hambantota located in close proximity to the world's busiest sea routes, where it's stated that nearly 200-250 vessel sail passing Sri Lanka per day from west to east and the country will benefit immensely if we venture into this market segment.

The Marine and Offshore Services industry can be developed in Sri Lanka due to its strategic location, competitive labour cost, technical capabilities, ship / offshore repair & shipbuilding led industrial growth and with the government support through industrial parks, free zones and special economic zones.

The Trincomalee Port is one of the largest natural deep water harbour in the world. However, it has not utilized its full capacity at present and has high potential to cater to the global Marine and Offshore Services industry if properly developed. Also the other ports such as Hambantota, Galle, Colombo can be developed or expand its capacity to provide Marine and Offshore Services.

Due to China Bay Airport, Trincomalee flying path falling over the Trincomalee Port, Sri Lankan authorities have imposed restrictions to bringing ships over 45m of height. This is a big barrier for the growth and sustenance of the Trincomalee Port which is a natural treasure to our country. The Trincomalee Port is blessed to earn much needed foreign exchange revenue and generate job / business opportunities from its strategic location. Also, the Trincomalee port has limited number of berths and the mooring facilities are insufficient for anchorage work/lay-ups, servicing and repairs of Rigs/Offshore Assets.

By developing facilities of all the above ports, Sri Lanka could provide integrated services for the global clients such as oil industry / sub-sea related services, services for offshore renewable energy sector, services for Liquefied Natural Gas (LNG) sector, oil & gas rigs manufacturing and repairing, ship repairing and other services, services for ship lay-up, Marine engineering services for offshore support vessels, etc.

2. Goals and Objectives :

Sri Lanka Export Development Board (EDB) is seeking to hire a qualified consultant / firm to carry out a study of the “Marine & Offshore Services” sector to identify the opportunities in Sri Lanka which the country can cater to the global companies in oilfield and offshore services sector.

Further to that, the consultant / firm need to map the regional opportunities and service required to offer by Sri Lanka by means of providing recommendations to align the Sri Lankan Marine and Offshore Services facilities. i.e. Expansion of specific ports facilitation, removing regulatory barriers by identifying the gaps between global demand and supply by the industry considering the available facilities and proposed port developments.

The consultant / firm should identify the different stakeholders of the Marine & Off-shore Services sector to gather required information and provide recommendations to the industry on improvements needed to be on par with competitors.

At the end of the implementation of this exercise, it is expected to increase Marine & Off-shore Services sector earnings by 10% within 3 years to generate FOREX to the country.

3. Scope of Work :

The consultant / firm would be required to carry out an in-depth study into the feasibility of various aspects of the Marine & Offshore Services sector including Lay-up / stacking facilities of vessels & other related services, assess Sri Lanka’s current technical capabilities to deliver and analyze gaps where investment & development would be necessary with technical, financial, economic and environmental feasibility of such projects.

The consultant / firm shall be required to provide following results. In executing the scope of work, the consultant shall give prominence to the Trincomalee Port.

Market Feasibility:

- Assessment of the current market structure and positioning in the regional markets.
- Demand analysis to forecast of vessels / oil rigs and offshore repair, assess the target market in size, demand for ship repair services in the region and the demand to use Sri Lanka for this service, to compete the regions with opportunities for rig services, offshore repair & maintenance activity and the growth over the forecasted period.
- Supply analysis with an assessment of the current capacity available in the region & other relevant regions to estimate growth, demand and supply gap.
- Competitor analysis of lay up/ staking locations, ports in the region of South Asia, Middle East or any other locations including the companies who have offered lay up services.
- Assessment of comparable companies at least 10 per sub-sectors, give the prominence to vessels/ oil rigs/ tankers & oil and gas industry operating in the Indian Ocean region including traffic and footprint.
- Sector competitive analysis by mapping the capability of competing facilities to assess the competitive positioning of the proposed project.
- Traffic forecast by estimation of the number of assets involved in Marine & Off-shore Services sector which could be handled by the proposed project, to assess the future growth in revenues & profitability of the proposed project and to assess the utilization levels & demand for additional capacity.
- Analyze the national interests and macro importance of the project giving consideration to congruence with the Government of Sri Lanka's maritime industry vision, job creation, skill development, foreign exchange and tax revenue, etc.
- Analyze the proposed port development along with the proposed service considering the development layout, area, capacity, constrains for port operation, related issues to port, overcoming the issues.
- Analyze the maximum capacity of number of vessels accommodated in Trincomalee & other ports.
- Identify the intensives offered by the other competitor markets.
- Risk analysis.

Technical Analysis:

- Identification of new terminals & locations or related infrastructure in the Trincomalee Port with sufficient capacity, including for future growth.
- Identification of key enablers, restraints and internal opportunities including specialists/labor and policies.
- High level recommendation on technical specifications of the proposed project and an assessment of current infrastructure available with scope for improvement, with specific attention to the Trincomalee Port.
- Recommendations on main and allied infrastructure.
- High level recommendation of the capital expenditure plan.
- Current Sri Lankan challenges.

- Competitor analysis.

Economic and Financial feasibility:

- Understanding of the project concept, business plan and objectives.
- Understand the industry landscape and high level demand, pricing, risk analysis by considering the results obtained during the Market Feasibility and Technical Analysis.
- Investment analysis in equipment and man power.
- Construct a financial model and prepare prospective financial statements for the proposed project including a 10-year forecast.
- Application of relevant financial feasibility methodologies to determine the feasibility of the project.
- Financial and Economic Feasibility Report.
- Competitor analysis.

In addition to the above, the consultant / firm shall;

- Recommend industry development strategies.
- Identify appropriate marketing and promotional activities which can be conducted locally and can be participate internationally.
- Recommend a strategic action plan and road map to implement this project.

4. Deliverables:

Market Feasibility:

- a. Background – Aims & objectives of the study and an introduction to the project.
- b. Demand Analysis – Overview of the ship repair market and mapping of the target market.
- c. Competitor Analysis - Competing ship repair facilities in the region, key infrastructure, capacity, project’s positioning and a SWOT analysis of the project.
- d. Supply Analysis – Review of the current capacity of the competing facilities, dock days available and a review of known developments.
- e. Traffic Forecast – Historical growth in Sri Lanka and the region, demand – supply gap analysis, future market share of the proposed project, market risks and mitigation measures and traffic forecast for the project’s facility.

Technical Analysis:

- a. Technical review – covering macro level recommendations for optimum infrastructure and capacity for proposed project, recommendations of projects staffing strategy, conclusions and recommendations.

Financial Feasibility:

- a. Revenue and earnings projections:

- Historical analysis
- Prices of major ship repair services
- Value of offshore services /laying up in Sri Lanka and South Asia region.
- Revenue of the project
- Operating cost
- Price outlook and projected revenue
- Operating cost outlook and projected earnings (Earnings before interest, taxes, depreciation, and amortization - EBITDA), discounted cash flows.

- b. Projected financial statements
- c. Completed feasibility results

5. Methodology :

- Determine the objectives, scope of work and deliverables
- Regional review of the sector includes demand & supply side dynamics for next 05 years, demand supply gap, rules and regulation governing the quality standards
- Meet with relevant stakeholders and sector efficiency assessment (Gap analysis of Sri Lankan Marine and Offshore Services sector, critical assessment of linkages, quality of manpower, analysis of Sri Lankan vs. global standards)
- Identification of improvements which specify the linkages between various bodies, system and processes based on best practices, improvement in transport linkages, improving qualification and skill levels of the current manpower, attracting FDI
- Sector competitor analysis
- Development of strategies – marketing, capacity building, business development, etc
- Detailed action plan and road map

6. Authority and Accountability :

The EDB and Marine & Offshore Engineering Advisory Committee with the support from Sri Lanka Ports Authority will be working together with the consultant / firm to coordinate, whereas Marine & Offshore Engineering Advisory Committee is to advise and guide EDB.

The main responsibility of the consultant / firm would be to carry out a feasibility study on 'Market, Technical and Financial aspects for Creation of Business Opportunities for Lay Up / Stacking Facilities of Vessels & related services in Sri Lankan Harbors' with specific focus on the Trincomalee Port and provide the expected deliverables within 06 months from the date of signing the agreement.

7. Qualifications :

The consultant / firm should

- ✓ Clearly demonstrate the legal name, organizational structure indicates explicitly Expression of Interest (EOI) in the assignment and demonstrate the understanding of the assignment.
- ✓ Have at least five (05) years' experience on consultancy work of similar magnitude with related technical knowledge, internally or with the capability to outsource services of industry recognized consultants in maritime research and consultancy.
- ✓ Have experience of project team assigned for this type of task
- ✓ Demonstrate a proven track record of undertaking similar assignments and have a well-resourced team that has capacity to deliver the intended results.

8. Duration :

The contract will be offered for a period of 06 months from the date of signing the agreement according to the following time frame.

Task	Submission Deadline (after commencement)
1. Submission of the initial plan of the study	1 month
2. Completion of the market feasibility of the project and submission of the interim draft report encompassing key findings	3 months
3. Completion and submission of the technical and financial feasibility	4 months
4. Submission of the final report	6 months

9. Method of Selection and Evaluation Criteria :

- Only shortlisted through the EOI process will be requested by the EDB to submit detailed proposals (RFP)
- The shortlisted companies will present their proposals (credentials, successful case studies, capabilities of key personnel who will be involved in the assignment, approach to this assignment with timelines and financial proposal for their scope of work) to a Department Consultancy Procurement Committee (CPCD) comprising of members from the Industry and the relevant Government institutions.

- The selection of the suitable consultant / firm to be decided by the CPCD appointed by EDB
- The consultant / firm should submit the progress at the end of each task to a working committee comprised of the EDB officers. The working committee will evaluate the progress and provide necessary recommendation against the set deliverables.
- The consultant / firm should present quarterly progress to the Advisory Committee on Marine & Offshore Engineering sector.

The expert will be evaluated against a combination of technical and financial criteria (combined scoring method). Maximum score is 100% out of which technical criteria equals 80% and financial criteria equals 20%. The technical evaluation will include the following:

- a) Overall Study including methodology and other key areas: 40%
- b) The experience of the project team assigned to the task: 20%
- c) The consultant's previous experience in similar assignment: 20%
- d) Educational / Academic qualifications of the project team assigned to the task: 10%
- e) Related experience in the Marine & Offshore services: 10%

10. Payment Terms

The consultant / firm shall be paid the consultancy fee upon completion of the following milestones.

20% - upon signing the agreement

10% - upon submission of the initial plan of the study and acceptance of the same by the working committee

20% - upon completion of the market feasibility of the project and submission of the interim draft report encompassing key findings and acceptance of the same by the working committee

20% - upon completion of the technical and financial feasibility and submission to the Advisory Committee on Marine & Offshore Engineering and acceptance of the same by the working committee

30% - upon submission of the final report and upon obtaining approval from the Advisory Committee on Marine & Offshore Engineering sector