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TERMS OF REFERENCE for a consultancy service to provide a legal and technical support on Joint Office Building Investment¹

1. Background

The Horn Economic and Social Policy Institute (HESPI) is a research Institute and think tank established to promote high-quality socio-economic policy research and analysis, advisory services and capacity building to assist the governments, private sector and other stakeholders of the IGAD member countries and Africa at large. HESPI recognizes the urgent need to realize its long-standing ambition for adequate, well equipped and secure office space at an appropriate location.

The current office space of the HESPI Head Quarters (HQs) has been provided by the Federal Government of Ethiopia (FGE) on a renewable contractual agreement, which has served the Institute well but may be terminated any time. As the current office space arrangement may not be sustainable in the medium and long it, HESPI requires secure office spaces.

As a long term and enduring solution, HESPI acquired a piece of land, from the FGE on a lease purchase basis, for the construction of its HQs in Addis Ababa, and needs to fast track the construction of its own building as soon as feasible. Developing this land will enhance financial sustainability through income generation by renting some office space and conference facility services. HESPI urgently requires prioritizing all resources mobilization for the construction of its Head Quarters (HQ) office building.

The piece of Land is located in the then Bole Sub City and the now Lemi Kura Sub City. HESPI has lease agreement license to construct the HQ office and the Managing Director's Residence, for which HESPI has settled full lease payment, has ownership certificate, construction agreement, fencing license and other required legal documents. The Institute seeks to develop the land and build the office in partnership with a developer. This TORs therefore outlines the scope of work and approach to develop a joint investment strategy, conduct thorough assessment of the terms and conditions of successfully engaging a potential partner in the development of the office building, and assist HESPI in conducting and concluding the legal and technical aspects of the negotiations that will protect and secure the interests and benefits of the Institute.

¹ ToR date: July 2024,

2. Objective

The objective of this TOR is to:

- Define the scope of work for a consultancy service towards ensuring joint investment, and the required expertise for the professional services along with the qualifications
- Elaborate the terms & conditions to engaging potential partners in developing the office building
- Define the negotiations framework that can protect and secure the interest and benefits of HESPI to conduct and conclude an appropriate and feasible agreement
- Cost the tasks and activities required for realizing the office building and “develop joint investment strategy, engage potential partners, negotiate & conclude the agreement”.

3. Scope of work

To succeed with its mission to obtain the necessary HQs office building and the desired joint investment approach, the support services HESPI requires the completion of the following:

- Legal services on matters of property ownership and entitlement retention/transfers
- Business review and conclusion of contractual dealings with joint-investors in property development (liaison company, condominium house construction association and construction companies)
- Management and technical supervision of the building construction (quality and design), including provision of legal advice on the final ownership and contracts

The scope of work of the assignment will have the following key components:

(i) Contractual arrangements with Joint Investor

HESPI is looking for a consultancy firm, that will support HESPI in finding a credible and competent Joint Investment partner in the planning, construction and complete delivery of the completion of the a multi–use building (offices space, residential and retail), at the property leased by the Institute.

The scope of the activities under this consultancy have to cover the lease/ownership entitlement retention, transfer or sharing, which are required in the processes of joint development of the property; and the legal and technical services be provided pre-construction, during construction and post-construction.

The Consultancy firm will prepare supervise and conclude the contractual provisions and Investment processes including:

- Concluding the joint investment contracting detailing the costs and resources sharing arrangements (the building construction finances, allocations of the built spaces, un-built areas, paved ways, parking areas, and open space to be retained by the Institute)

- Managing pre-construction documentation works and conclude due diligence activities in due time and facilitate the embarkation on the joint investment venture.
- Conducting realistic valuation of the HESPI leased land (4,326 m²)
- Supporting HESPI in ensuring fair-deal of office space in exchange for its land value

(ii) Administrative legal matters

The second portion of the consultancy service is ensuring legal rights and benefits of the Institute by managing all concerned matters between the Addis Ababa City Land Administration relevant departments, and the contracting joint investors, such as but not limited to:

- Lease system arrangements with City land administration
- Ownership certificates/documents and ownership terms and conditions
- Construction and business Licensing, TIN number and Administration and Management of the income generating activities for non-state actors in the face of commercial codes of the land

(iii) Construction Management and Technical Supervision

The design of the construction of the building and HESPI's share of the building space for Office, Managing Director's Residence and the utilization of the rest of the space should be negotiated in advance. The architectural, structural, sanitary design; the quality and proper ratio of the building materials; the regulated construction strength, the ensured quality of finishing materials; and designs and standardised sizes of the house units (rooms) should be ensured for the standards and required quality levels. The construction management and technical supervision is on continuous basis:

- The architectural, structural, sanitary, etc. design of the building
- Interior and exterior design of the office and the residence building
- Materials management (Bill of quantity, quality, specifications, etc.)
- Technical supervision of the housing structure and management service for the construction work, including design & continued architectural advice before concluding the contractual agreement and on continuous bases with the joint-investors.

4. Methodology

The assignment will be conducted using various methods listed below to:

- Conduct desk review of relevant legal and construction documents under the custody of HESPI
- Conduct desk review of the land lease policy in Addis Ababa, construction or building policy of the land, immovable resources or assets sharing policy of the land, CSOs/NGOs or non-state actors' policy and the available terms and conditions for them to engage in income generating activities.
- Assess and appraise the available joint investors following the correct procurement due diligence processes to select the most suitable candidate and prepare legally and technically sound contractual agreements between HESPI and the joint investor
- Develop construction monitoring and follow-up system with clear indicator tracking method

5. Key Deliverables

At the end of the assignment, the consultancy firm shall execute faithfully the following deliverables:

- An Inception Report detailing the approach/methodology that the consultant will follow in handling the joint investment strategy, engage partners, negotiate and conclude the engagement of negotiation
- Joint investment strategy that covers policy documents analysis, quantitative & qualitative analysis of investment and joint-venturing options and charts ways of mutually beneficial investment modality
- Comprehensive execution of the requirement listed for the appraisal, supervision, construction and execution of the building project and delivery of a final report.

6. Qualification of the Service Provider(s)

- Proven experience in Real Estate Development, Finance and Investment, Construction Management, and assign experienced consultant on property development business.
- Assign legal professionals in the areas of urban land administration, joint venture business deal, and construction law of Ethiopia, etc.
- Has deep knowledge on land development policies and directives of the Addis Ababa City Administration (especially of the joint development of property).
- Assign experienced engineers and architects to support HESPI on quality and design from planning stage, start up and completion of the building
- Proven broad experience on multi-use buildings management

7. Duration of the Assignment and Submission of Deliverables

The assignment is to commence on the signature date of the contract for the services of the consultancy. The Consultancy firm will submit a technical and financial proposals along with all relevant required support documents. The schedule of the tranches of the contracted payments will be based on the deliverables agreed at the contracting and approval of the inception report. The deliverables and tentative timeline are presented in the table below.

Table 1. Deliverables Schedule

No.	Milestones	Timeline
1	Submission of Inception Report including draft joint-investment documentation	End July 2024
2	Draft joint-investment strategy	End August 2024
3	Conclusion of Negotiation	End September 2024
4	Preparing and concluding legal requirements and contractual agreement between HESPI and the joint-investor (s)	End October 2024
5	Conclude the contractual agreement for the construction and technical supervision services delivery provider (covering all legal, commercial and technical building construction matters)	End November 2024