

**Terms of reference (ToRs) for the procurement of services below the EU threshold (ANNEX 1) Contract 83447743**



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<b>Consultancy Services for the Submission of a Feasibility and Business Plan for Ondangwa Tannery, Namibia</b>	<b>Project number/ cost centre:</b>
	17.2034.1-010.00

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## **0. List of abbreviations**

AVB	General Terms and Conditions of Contract (AVB) for supplying services and work 2022
BMZ	Federal Ministry of Economic Cooperation and Development
EDF	European Development Fund
ETP	Effluent Treatment Plant
EU	European Union
FMD	Foot and Mouth Disease
NT	Northern Tannery
PPP	Public Private Partnership
RVC	Regional Value Chains
SADC	Southern African Development Community
SIPS	Support towards Industrialization and the Productive Sectors
SOP	Start of Production
SPV	Special Purpose Vehicle

## **1. Context**

### **1.1 Support towards Industrialization and the Productive Sectors (SIPS)**

The Joint Action “Support towards Industrialisation and the Productive Sectors (SIPS)” in the SADC region is supported by the European Union (EU) under EDF 11 as approved by the European Commission in October 2018. The overall objective of the SIPS Programme is to contribute to the Southern African Development Community (SADC) industrialisation and regional integration agenda. The project purpose (specific objective) is to improve the performance and growth of selected regional value chains and related services within the leather, pharmaceutical and medical products sectors.

The Joint Action SIPS addresses key concerns of the private sector that are currently impeding industrialisation in the SADC region, by addressing both market failures, coordination and linkages failures between the national and regional level as well as between the public and private sector. To implement the overall SIPS Programme, the EU concluded a financing agreement with SADC, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement. SADC Secretariat coordinates the overall Programme and is responsible for implementing Result 1 dealing with policy and regulatory related issues of strengthening regional value chains (RVC). The EU and the SADC Secretariat have identified the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH as the lead implementing agency for the Results 2 (Private Sector participation in regional pharmaceutical and medical value chains enhanced) and 3 (Private Sector participation in regional leather value chain enhanced) of the SIPS Programme (in the framework of a co-financed Contribution Agreement). GIZ is implementing the Private Sector component through a Multi-donor Action (the Joint Action SIPS hereafter) that is jointly co-financed by the European Union and Germany’s Federal Ministry for Economic Cooperation and Development (BMZ). GIZ implements the Private Sector component of SIPS as part of the BMZ-commissioned programme “Cooperation for the Enhancement of Southern African Development Community (SADC) Regional Economic Integration” (CESARE II). The Joint Action SIPS commenced on 01 October 2019 and ran until February 2023 and was eventually extended until November 2023.

SADC, while implementing Component 1, is responsible for all interaction with Member State governments and for the policy and regulatory framework condition. GIZ, while implementing Component 2, is responsible for the interaction with the private sector from selected Member States. Unless explicitly stated otherwise, this tender and the terms “the Action” or “this Action” in this Annex refer to the Multi-donor Action for the implementation of the Private Sector Component (Component 2, Result 3) of SIPS that is being implemented by GIZ which refers to enhancing the Leather Value Chain in the SADC region. Component 1 (Result 1) has its own separate implementation arrangement. GIZ seeks to make all efforts to ensure that the two SIPS Components are implemented in a coordinated way and complement each other.

### **1.2 Objective of the assignment**

The Ondangwa tannery was established in 2001 in Northern Namibia. The facility is also known as the Northern Tannery (NT) and is situated within the redline district, known as the FMD (Foot and Mouth Disease) Zone in the Northern part of Namibia. The tannery has an installed infrastructure to process raw hides & skins to the finished leather stage. The equipment, which was originally sourced from China, was replaced in the interim with high-end Italian tannery equipment. The operation has seized production and has been dormant for over 5 years.

In a bid to resuscitate the NT, discussions took place with the Namibian Industrial Development Agency (NIDA) (the assigned custodian of the tannery) and Namibia National Farmers Union

(NNFU) (representing the farmers) on the formation of a PPP concept. The proposed PPP will comprise of some farmers who will have 49% share and 51% share will be private investors. It is envisaged that after the successful formulation of the PPP, the business operations will service the domestic and regional markets. The role of the SIPS LVC is to facilitate the members of the NNFU in conjunction with NIDA and private sector, to carry out a feasibility study of the NT. Based on the findings of the study the SIPS LVC will support the formation of a Public Private Partnership (PPP).

This assignment aims to contract a consultant to assess the viability and practicality of the NT. Results from the study will help determine whether the project is achievable, financially sustainable and beneficial in the long term to attract investors or stakeholders. It is envisaged that the consultant will present the feasibility study report, propose the most suitable legal entity formation and business plan to the NNFU and NIDA in a workshop.

The following are the specific objectives of the assignment.

- a) Conduct a feasibility study highlighting the installed capacities of the NT and the availability of raw material (hides and skins).
- b) From the results of the feasibility study, produce a business plan that can be submitted to NIDA or financial institutions on behalf of the NNFU and private investors.
- c) Present the feasibility study to the board of the NNFU and NIDA in November 2023 in a workshop.
- d) Develop a business formation model, for example a Special Purpose Vehicle (SPV) to incorporate the vested interest of the parties privy to the PPP.

## **2. Tasks to be performed by the contractor**

The assignment for the consultant is to create an investment concept by

- 1) conducting a feasibility study of the NT and
- 2) incorporating the technical, financial, and legal framework in the creation of a business plan.

The contractor is expected to travel to Ondangwa and assess the facilities of the NT and expected to carry out interviews and/or questionnaires with the NNFU to determine the raw material (hides and skins) supply in Namibia.

- a. GIZ shall hire one (1) consultant for the anticipated contract term, from October to November 2023.
- b. Number of days allocated to the contractor is twenty-eight (28) expert/workman days.

The contractor is responsible for providing the following services:

- Conducting a feasibility study highlighting the capacities of the NT (machineries in the tannery and workforce) and availability of raw material (hides and skins) etc. to assess the viability and practicality.
- Carrying out interviews and/or questionnaires with the NNFU for the comprehensive collection of data for the feasibility study.

- Developing a comprehensive feasibility report based on the results from the feasibility study that determine whether the project is achievable, financially sustainable and beneficial in the long term.
- Developing a business plan with focus on the financial aspect. The business plan includes a three (3) year sales Projection, Cash flow Projection, Profit & Loss Projection, Break-even Analysis.
- Presenting the feasibility study results to the NNFU and NIDA in a 1-day workshop in Windhoek, Namibia.
- Developing a business formation model (Public-Private Partnership (PPP)) based on the findings of the feasibility study.

### Deliverables & Timeline:

The below envisioned timeline may be subject to change. Consultant is expected to clarify the exact date for each deliverable with GIZ-SIPS team at the start of the assignment. The consultant shall provide the following services:

Activities	Deliverables	Working Days	Deadline
Introduction and debriefing	Introduction meeting	<b>1 day</b>	October 2023
<p>Conduct a feasibility study highlighting the capacities of the NT and availability of raw material (hides and skins):</p> <p>The feasibility study should include:</p> <ol style="list-style-type: none"> <li>1. Current installed capacity of all machineries in the tannery including boiler, Effluent Treatment Plant, utilities and vehicles</li> <li>2. Raw material availability</li> <li>3. Workforce (availability and skillset)</li> <li>4. Permits and Trading Licenses</li> <li>5. Supply Logistics (Chemicals and other consumables)</li> <li>6. Installation and commissioning of new equipment</li> <li>7. Timeframe for Start of Production (SOP)</li> </ol>	1. One (1) Feasibility Report	<p><b>9 total days</b></p> <ul style="list-style-type: none"> <li>• 8 days at NT</li> <li>• 2 days travelling to and from Ondangwa</li> <li>• 1-day official meeting with NNFU</li> <li>• 2 days travelling to and from Windhoek.</li> </ul>	October 2023
Based on the findings from the feasibility study to develop a structured PPP strategy plan.	2. One (1) structured PPP strategy plan.	<b>5 total days</b>	October 2023
<p>From the results of the feasibility study, produce a business plan to be submitted to NIDA or financial institutions on behalf of the NNFU and private investors.</p> <p>The business plan must include:</p>	3. One (1) Business Plan.	<b>5 total days</b>	November 2023

1. Financial Plan: Including three (3) year sales Projection, Cash flow Projection, Profit & Loss Projection, Break-even Analysis			
Presentation of the feasibility study, most suitable entity formation and business plan to the NNFU and NIDA in a 1-day workshop.	1. Microsoft Power Point Presentation 2. Workshop Report	<b>3 total days</b> • 1 day preparation • 1 day workshop • 1 day report • 2 days travelling to and from Windhoek	November 2023
		<b>Total working days: 23 Total travel days: 6</b>	

Period of assignment: from October until November 2023.

The consultant is expected to prepare and deliver content to the SIPS LVC team and will be responsible for organizing and conducting the scheduled as listed above. The communication medium to be used is Microsoft Teams. All outputs and reports will be submitted in draft format to SIPS LVC team, and following approval, in final form. In case of any project-related delays, the parties will mutually agree on any adjustments.

### 3. Personnel concept

#### Tasks of the Expert

- Overall responsibility and contact person for the deliverables (quality and deadlines).
- Coordinating and ensuring communication with GIZ, partners and others involved in the project.
- Conducting a feasibility study.
- Developing a business plan.
- Presenting the feasibility study results.
- Developing a business formation model (PPP- Public Private Partnership).
- Regular reporting in accordance with deadlines.

#### Qualifications of the Expert

- Education/training (1.1.1): Advanced university degree in finance and accounting. A Chartered Accountant (CA) will be considered as an added advantage.  
Professional experience (1.1.1): Minimum 3 years of professional experience in the private sector development. Leather sector will be an added advantage.
- Specific professional experience (1.1.1): 5 years in providing consultancy to the private sector in financial management.
- Leadership/management experience (1.1.1): 3 years of management/leadership experience as project team leader or manager in a company.
- Regional experience (1.1.2): 3 years of experience Southern African region of which 2 years in projects in SADC MS and knowledge of leather value chain.

Soft skills of Expert:

In addition to their specialist qualifications, the following qualifications are required of the expert:

- Initiative
- Communication skills
- Socio-cultural skills
- Efficient, partner- and client-focused working methods
- Interdisciplinary thinking

**4. Costing requirements**

Per-diem and overnight accommodation allowances are reimbursed as a lump sum up to the maximum amounts permissible under tax law for each country as set out in the country table in the circular from the German Federal Ministry of Finance on travel expense remuneration (downloadable at <https://www.bundesfinanzministerium.de>).

Accommodation costs which exceed this up to a reasonable amount and the cost of flights and other main forms of transport can be reimbursed against evidence

All business travel must be agreed in advance by the officer responsible for the project.

**Sustainability aspects for travel**

GIZ would like to reduce greenhouse gas emissions (CO<sub>2</sub> emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, such as selecting the lowest-emission booking class (economy) and using means of transport, airlines and flight routes with a higher CO<sub>2</sub> efficiency. For short distances, travel by train (second class) or e-mobility should be the preferred option.

If they cannot be avoided, CO<sub>2</sub> emissions caused by air travel should be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The [Development and Climate Alliance \(German only\)](#) has published a [list of standards \(German only\)](#). GIZ recommends using the standards specified there.

Specification of inputs

Fee days	Number of experts	Number of days per expert	Comments
• Preparation/debriefing	1	1	This will be done through Microsoft Teams
• Implementation (activities)	1	22	Travel days is 6

Travel expenses	Number of experts	Number of days/nights per experts	Comments
<ul style="list-style-type: none"> <li>Per-diem allowance in country of assignment</li> </ul>	1	16	Eur 25 on travel days & Eur 38 on full days for Namibia.
<ul style="list-style-type: none"> <li>Overnight allowance in country of assignment</li> </ul>	1	16	Travel Cost Guideline. Maximum of EUR112 & minimum of EUR 56 respectively against evidence
<ul style="list-style-type: none"> <li>Travel costs (private vehicle)</li> </ul>	1	2	This is a 700km distance from Windhoek
Flights	Number of experts	Number of flights per experts	Comments
<ul style="list-style-type: none"> <li>International flights</li> </ul>	1	2	
<ul style="list-style-type: none"> <li>Domestic flights</li> </ul>	0	0	
Other costs	Number of experts	Amount per experts	Comments
<ul style="list-style-type: none"> <li>Flexible remuneration</li> </ul>	N/A	N/A	N/A

Calculate your financial bid exactly in line with the quantitative requirements of the specification of inputs above. There is no contractual right to use up the full days/travel or workshops or budgets. The number of days/travel/workshops and the budgets will be contractually agreed as **maximum amounts**. The regulations on pricing are contained in the price sheet.

**Note:**

If restrictions are introduced to combat coronavirus/COVID-19 (restrictions on air travel and travel in general, entry restrictions, quarantine measures, etc.), GIZ and the contractor are obliged to adjust their contractual services to reflect the changed circumstances on the basis of good faith; this may involve changes to the service delivery period, the services to be delivered and, if necessary, to the remuneration.

**Workshops and training**

P+R Rule 566 on sustainable event management must be adhered to. It is vital that you attach the minimum standards for sustainable event management to the ToRs as an annex.

Please describe in your concept how you implement GIZ's minimum standards for sustainable event management (see annexes to the terms of reference).

The contractor implements the following workshop:



- Presentation of the feasibility study results, business plan and proposed business model in a workshop to the NNFU and NIDA in a 1-day workshop.
- The workshop takes place in Windhoek, Namibia.
- The Joint Action SIPS will procure the venue, catering, and all other related costs such as printing training materials, handouts, presentations, and any required resources for participants; rental or setup costs for projectors, screens, sound systems, and other audio-visual equipment needed for presentations.

## **5. Requirements on the format of the tender**

The structure of the tender must correspond to the structure of the ToRs. The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English (language).

The technical proposal must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g., links to websites) will also not be considered.

The CV of the person proposed in accordance with Chapter 3 of the ToR must be submitted using the format specified in the terms and conditions for application. The CV shall not exceed 4 pages. It must clearly show the position and job the proposed person held in the reference project and for how long.

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips, workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.