



EXPRESSION OF INTEREST (EOI)

Guidelines for Development, Operation and Management of the Northern Tannery

**TANNERY DEVELOPER AND OPERATOR FOR HIDES AND SKINS PROCESSING AT THE NORTHERN
TANNERY IN ONDANGWA, NAMIBIA**

(OPEN INTERNATIONAL BIDDING)

REF: S/RP/NIDA/02/05/2019

A project of the Ministry of Industrialization, Trade and SME Development

1.0 INTRODUCTION

The objective of the Expressions of Interest (EOI) is to seek applications from potential investors that will undertake the full-scale development, including rehabilitation and expansion as appropriate, and the effective operation of the Northern Tannery facility in support of Namibia's industrialization aspirations. Through an International Open Bidding procedure, the Namibia Industrial Development Agency (NIDA) solicits EOI from preferably joint venture arrangements of Namibian and international private sector enterprises, natural persons and/or other commercial legal entities to participate in the tanning of hides and skins by upgrading and operating the Northern Tannery facility located in Ondangwa (Oshana Region, Namibia).

The Northern Tannery Facility is proposed to be developed through a Build-Operate-Transfer (BOT) model under an appropriate commercial structure. The promoter will be provided the entire land and facility on a long-term lease at a nominal fee to be negotiated upon demonstration of capacity and value add through an open competitive bidding process. The Operator is expected to enter into a management agreement with NIDA. Since conceptualization, the aim of this plant was to produce semi-processed, crusted and finished leather products, for both domestic and international markets.

The promoter will be responsible for the detailed re-design, construction and development, financing, marketing and attracting of industrial off-takers, technical operation and processing technology application, and subsequent maintenance and upkeep of the factory. This will include, but not limited to:

1. Development of on-site infrastructure and plant for the factory based on agreed designs and implementation schedule between NIDA and the Operator.
2. Development and management of the Tannery utilities and related reticulation infrastructure, equipment and machinery.
3. Development of the Tannery infrastructure with Tannery earmarked area as per the requirements of the potential promoters, plant and product development processes.
4. Design and establish logistical linkages, including a hides and skins collection system among commercial and rural farming community country wide that will meet the uptime product quality criteria.

2.0 VALUE PROPOSITION

The tannery has this afar been rehabilitated with Government funds and will be able to handle 300 raw hides per day, producing finished leather for further processing for local and export markets. It has also been designed to allow further expansion to 600 to 1200 hides per day.

The project is fully supported by the Ministry of Industrialization, Trade and SME Development, with the Namibia Industrial Development Agency as the implementing agent. The main aim is to operationalize this plant in order to create employment and enhance value addition to raw hides and skins within the scope of the leather industry development as recognized under the Growth at Home Strategy.

The scope of the current tannery layout comprises of a raw hides storage, wet blue plant, a crust plant, a dyeing section, the finishing plant, old and new effluent ponds, and a waste water treatment plant. The Operator will take possession of the plant, but the assets will remain the property of the NIDA. An appropriate engagement contract will be signed with the selected applicant, and will be determined by the proposed engagement model. The terms of contract will be negotiated and mutually agreed upon appointment of the successful operator.

The following works are deemed important for consideration and finalization during the development:

- a) Decommissioning of existing effluent ponds.
- b) Refurbishment of the wastewater treatment plant.
- c) Sewage pump station and rising main, i.e. to pump wastewater from the Tannery wastewater treatment plant to the new effluent ponds.
- d) Installation of mechanical and electrical works of the plant.
- e) Environmental impact assessment for the tannery facility including the new pond site.
- f) Fencing off of the new sewer pond site.
- g) Final connections, testing and commissioning of the existing tannery equipment.

Apart from the physical facilities, and other relevant equipment, the following recently acquired assets are inclusive of the BOT model offer:

- Forklift 3 ton (Nissan)
- Mosconi Splitting Machine
- Emezetta Toggler Dryer
- Bergi Buffing Machine
- Gemata Upholstery Leather Spray Line (3 cabins)
- Jumbo Star Reverse Roller and Foam Mix
- Bergi Super Press embossing Machine P5
- Erretre 4 Stainless Steel Milling Drums 3x2m
- Gematta Foam mix

The land (including all natural resources below and above the surface of the land) upon which the Northern Tannery is located, as well as all assets and all future assets bought or donated by MITSMED and/or NIDA, shall remain the property of MITSMED / NIDA.

3.0 STANDARD ELIGIBILITY CRITERIA

The preferred promoter must comprise of Namibian legal entities duly registered and/or Namibian natural persons with at least a combined experience of not less than 10 years relevant experience in the tannery development, operation and management business or closely related industry.

All applicants must provide an EOI comprising a profile of the following as minimum:

- a) A positive net worth of 1.5 times of the proposed investment in the Northern Tannery.
- b) An annual turnover of N\$150 mil (one hundred and fifty million Namibian dollars) per annum in the tannery business for the past 10 years.
- c) Exclusive offtake agreements and proven working relations of not less than 10 (ten) years with 5 (five) reputable and renowned manufacturers of leather products.
- d) The profile of the proponents showing background of the firm and management structure, the nature of the current business engagements and operation in terms of the leather industry related activities.
- e) Written undertaking to establish finished leather product manufacturing within the Namibian territory with defined market segments.
- f) The proposed technical and administrative staff composition and structure, in terms of categories, skills and experience.
- g) Comprehensive curriculum vitae for all the key Namibian and Non-Namibian management staff with traceable references.
- h) Demonstrable exposure to regional and international leather and associated value chains (indicate location, project features, cost, implementation period, funding structures and output/turnover in N\$ Million), including volumes and value of products intended for processing in Namibia.
- i) The technical capacity to carry out the envisaged tannery operations in terms of skills and technology including research and development.
- j) The company's financial capacity to finance the development and operations and all cost related to the tannery business.
- k) An elaboration of the employment creation concept in terms of permanent and temporary jobs for Namibians as well as local capacity development strategy

- l) A robust raw skins and hides sourcing strategy including demonstration of current sourcing and handling volumes, and possible contribution to local economic development.
- m) A comprehensive waste management and health and safety systems and practices to be employed.
- n) A proposal on at least 3 (three) years local and international procurement strategy of tannery inputs and raw materials, including estimated volumes and value.
- o) An implementation plan in terms of the envisaged tannery activities and/or business proposal.

4.0 DOCUMENTATION

The following documents, other than stipulated in 3.0 above, shall be submitted for the EOI:

- a) Capability statement of the firm showing:
 - i. Certificate of incorporation (and any certificate of change of name), certified by an authorized representative of the bidder.
 - ii. Letter of association in case of a joint venture, consortium or partnership indicating the proposed member companies and their natural persons of the association, the proposed leader of the consortium and the roles of each member.
- b) Audited financial statements for the last 3 years including, tax registration and tax compliance certificates or equivalent documents applicable in Namibia or the applicant's country of origin.
- c) Proposed business plan and methodology for the envisaged tannery investment.
- d) Contact information specifying the:
 - i. Contact person's full names
 - ii. Designation of the contact person
 - iii. Office contact cellular and telephone numbers
 - iv. Email address

5.0 FINANCING AND LEASE

The Operator shall be responsible for sourcing development capital and finalizing the upgrade and operationalization, maintaining the existing and new infrastructure, related plant and equipment to a reasonable standard in order to ensure productive and competitive tanning of hides and skins at all times. It is expected that the Operator will also mobilize the working capital and use its best endeavors to ensure the profitability of the Northern Tannery, and to

minimize liabilities within the parameters of the envisaged business plan. The Promoter shall equally be responsible for sourcing and servicing capital loan and overdraft, including interest accrued on money borrowed by it.

The lease period shall be a minimum of 10 years with a maximum of 35 years, inclusive of an option for renewal, and fully negotiable.

6.0 CLARIFICATIONS

The interested parties may request for clarifications on this EOI up to ten (10) days before the EOI submission date, i.e. 16h30 on 20 June 2019. Any request for clarification must be sent in writing by paper mail or electronic mail to:

Head: Procurement Management Unit
Namibia Industrial Development Agency
11 Goethe Street, Windhoek, Namibia
procurement@nida.com.na

7.0 SUBMISSION OF THE EOI

The EOI (1 original and 2 copies) should be submitted in a sealed envelope by 11h00 (Windhoek Time) on 30th June 2019 to the following address:

Procurement Management Unit
Namibia Industrial Development Agency
NIDA Building, 11 Goethe Street, Windhoek, Namibia

Information on the outer envelope should also include:

EOI: Tannery Developer and Operator
Northern Tannery, Ondangwa, Namibia
REF: S/RP/NIDA/02/05/2019

The bid document shall be dropped in the Tender Box located on the Reception Area, Ground Floor of 11 Goethe Street, Windhoek, Namibia. The EOI opening will take place, in the presence of bidder's representative (s) who choose to attend, at 12h00, 30 June 2019, Ground Floor, Common Hall, 11 Goethe Street, Windhoek, Namibia.

END



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(OPEN INTERNATIONAL BIDDING)

REF: S/RP/NIDA/02/05/2019

The Namibia Industrial Development Agency (NIDA) is soliciting private sector enterprises, natural persons and/or other commercial legal entities to participate in the tanning of hides and skins by upgrading and operating the Northern Tannery facility located in Ondangwa (Oshana Region, Namibia). The Northern Tannery facility, owned by the Ministry of Industrialization, Trade and SME Development, was established with an objective to tanning cattle hides in order to create employment opportunities, and for the manufacturing of quality secondary leather products.

NIDA seeks Expression of Interest (EOI) from technically qualified and financially sound private investor(s) or consortium for undertaking the tannery business, preferably under a Build, Operate and Transfer model. The prospective operator is expected to capitalize in the Northern Tannery modernization and standardization for all the necessary upgrades, and commercially operate the tannery in support of the national hides and skins industry development framework, and the broader value-chains and product diversification opportunities recognized under the Growth at Home Strategy.

Interested parties can request the EOI Guidelines from procurement@nida.com.na as from Monday 19th May 2019. Viewing of the Northern Tannery facility is strictly by appointment only and not later than Wednesday 12th June 2019. Responsive EOI, along with supporting and background information about the technical competence and financial capability to undertake the commercial tannery venture, must be submitted no later than 11h00 on 30th June 2019 to:

Namibia Industrial Development Agency
Procurement Management Unit
11 Goethe Street, Windhoek, Namibia

The information should also include the applicants' complete corporate and legal profile (single entity and/or consortium); nature of business and experience in the tannery industry and value chains; model of investment and operation; youth and women empowerment concept; hides and skins marketing and trade record; audited financial statements for the last three years; and contact details. Namibian legal entities comprising of predominantly youth and women enterprises are encouraged to apply. Additional information may be obtained by formal request to procurement@nida.com.na with reference "EOI Northern Tannery". The applicant will ensure that their EOI, duly sealed and signed, complete in all respects as per instructions contained in the EOI Guidelines are dropped in the tender box located at the address given above on or before the closing date and time indicated, failing which the EOI will be treated as late and rejected.