



**SPECIAL AGRO-  
INDUSTRIAL PROCESSING  
ZONE (SAPZ) PROGRAM**

**Terms of Reference (ToR)  
for the Engagement of  
Transaction Adviser for the  
Special Agro-Industrial  
Processing Zone (SAPZ)  
Program**

**September, 2023**

## **TERMS OF REFERENCE (TOR)**

### Consultancy for the engagement of Transaction Advisory Firm (TAF) for the Implementation of Special Agro-Industrial Processing Zone (SAPZ)

#### **1. BACKGROUND**

The Federal Government of Nigeria (FGN) has secured a facility from the Islamic Development Bank (IsDB) to implement a five-year IsDB – Assisted Special Agro-Industrial Processing Zone (SAPZ) Program in partnership with the State Governments and Private Investors in two (2) participating states of **Kano and Kwara** and Federal Capital territory (**FCT**) in the first phase.

The implementation of SAPZs is a major investment program of the Federal Government of Nigeria, driven by the Federal Ministry of Agriculture and Rural Development (FMARD) in collaboration with relevant Federal Ministries, Departments and Agencies (MDAs) to develop agro-processing clusters in areas of high agricultural production across the country. It is a strategic move to rapidly develop modern agro processing capacity to serve the vast and growing local market, create sustainable market for farmers and reduce postharvest losses of local agricultural produce and thereby create wealth for farmers, create sustainable agriculture related jobs and increase export earnings.

This clustering approach is to help address investment challenges in the development of agro-processing enclaves across Nigeria, including poor access to quality infrastructure, inadequate feedstock supplies and other challenges confronting agro-processing environment. SAPZs, therefore, will be developed with requisite infrastructure for agro processing environment which will help reduce cost absorptions and engender competitiveness in agro-industrial production and processing to further unlocking the potential of Nigeria's Agriculture to create ready markets and wealth for farming communities and reduce rural poverty.

The SAPZ will be made up of two building blocks which include the Agricultural Transformation Centre (ATC) which is a community-based rural institution within the host community, supported with provision of quality production drivers for the production of feedstock, the Aggregation Centre (AC) for primary storage and the Agro-Industrial Hub (AIH) equipped with desirable infrastructure to create modern agro-processing environment where secondary value addition will take place. The agro-industrial Processing hub (AIH) will draw its processing feedstock from the ATC where activities of the production clusters and Aggregation Centres are being coordinated.

#### **2. OBJECTIVES**

The engagement of a Transaction Advisory Firm is to assist in the implementation of the SAPZ by working on the Project with the key stakeholders at the Federal and state levels. Specifically, the Transaction Advisor will work with the Program Implementation Units (PIUs) of the

participating states and report to same. The following are the key broad activities of the Transaction Advisor:

- Study the Project Appraisal Document (PAD) and Technical Annexes and propose options for addressing any gaps
- Review of the site specific SAPZ needs,
- Determination of viable infrastructure delivery options with appropriate financing structures,
- Assist in the design and establishment of site specific Special Purpose Vehicles (SPV), and
- Review of Terms of References, Work Plan and Budget for site development, Monitoring and Implementation Plan, preparation of Project Management Information System and Grievance Redress Mechanism.

The depth and breadth of critical infrastructure needs will vary from one SAPZ site to the other but the loan fund will be utilized majorly for the development of on-site infrastructure while the FGN is to facilitate the development of initial 'off-site infrastructure in conjunction with the Federal Ministries, Departments and Agencies (MDAs) and the State Governments. Off-site infrastructure relates to site connection to necessary public infrastructure, including supplementary installations, as may be required. These may include access roads, power substations, access to gas distribution network as well as energy (electrical and thermal) and transportation infrastructure. While on-site infrastructure relates, largely, to the development and site reticulation of infrastructure, including internal road networks, access/farm roads, water treatment plant, sewage and effluent treatment plants and distribution, gas connections, power generation (including renewable energy mix) and distribution, parks, drainage facilities, etc.

It is therefore imperative that the Transaction Advisory Firm that will be engaged must be a highly experienced technical and financial advisory firm (or a consortium) with a solid knowledge in infrastructure need assessments, infrastructure design, bankable portfolio and structuring of the type of complex financing arrangements required for infrastructure projects and public private partnerships including bilateral/multilateral financing and guarantee instruments, public and commercial equity and debt financing.

### **3. SCOPE OF WORK**

The scope of the Transaction Advisory Services required for SAPZ program will include but not limited to:

- Engagement with state PIU and other key development partners and stakeholders.

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- The physical assessment of the functionally available relevant production and processing infrastructure in the SAPZ site area, including an estimation of costs for necessary rehabilitations where necessary,
- The establishment of the infrastructure gaps and review of Terms of Reference (ToR) for the engagement of Design and Supervision Consultant with a view to recommend appropriate, realistic solutions to bridge the identified gaps, and also with particular attention to the phasing of infrastructure to ensure that minimum requirements for the start of project operations can be delivered within a short timeframe, including, where necessary, considerations for initial ameliorative efforts like road improvements, gas supply through Compressed Natural Gas (CNG) etc.,
- Ensure that the design of master plans and market feasibility of SAPZs are demand-driven, meet customer needs, are commercially viable, and bankable.
- Review of the Terms of Reference (ToR), Expression of Interest (EOI), Request for Proposal (RFP) and bidding documents for the engagement of build contractors for the construction of requisite integrated infrastructure in the ATC and AIH.
- A technical and financial appraisal of the proposed infrastructure delivery solutions, giving cognizance to funds available to the SAPZ Program,
- Identification and evaluation of private sector infrastructure delivery partners willing to partner with the SAPZ Program on infrastructure development and management processes.
- Development of an investment prospectus for SAPZ that will encourage private sector business players to acquire plots and operate their specific processing facilities.
- Sourcing for both local and international investors for both AIH and ATC as tenants to invest and operate in the zone.
- Develop an optimal revenue model for the SAPZ to enable the project pay back the loan itself.
- Identification and allocation of project risks using the risk mitigation instruments available from the African Development Bank Group, Multilateral Investment Guarantee Agency (MIGA) and any other special mechanisms that have been developed/deployed around the world in a high risk context (with reference to their applicability and adaptation for the current context in an efficient and economic manner),

- Ensuring that transaction designs create a robust competitive edge for private sector investors capable of attracting private sector investment into agro-processing operation and management,
- Preparation of a draft PPP agreement for the development, operation and management of the zone. Such agreement is expected to contain suitable models and structure for bankable project including risk and mitigation instruments in line with best practices. The agreement will include all necessary annexes and subsidiary documentation, e.g., performance specification, project scope, client's requirements, technical specification, project performance monitoring regime, code of construction practice, etc.
- Development of a financial flow system for tracking of inflow and outflow of fund under SAPZ.
- Development of a site specific implementation framework for the establishment of the Special Purpose Vehicle (SPV), with an adequate security package and sponsor to support undertakings to meet private sector lenders' requirements, to manage and own the development, operation and maintenance site infrastructure and, assisting in the resolution of the diverse technical and commercial issues that may arise from time to time.

#### **4. DELIVERABLES**

a) The deliverables from the Transaction Adviser include:

- Site specific Infrastructure Development Plans detailing options evaluated and the conclusions for production and processing infrastructure to meet the immediate and future needs.
- Site specific Technical and Financial Viability Reports, detailing
  - Proposed optimal, commercial usage of infrastructure assets
  - Estimated volume of private sector investment that will enable the SAPZ project to payback the credit and the modalities for attracting such,
  - an assessment of project risks – project development and completion risks, operation and maintenance risks and, mitigation instruments (guarantees from government, export credit agencies and multilateral/bilateral institutions),
  - an outline of proposed site development and post development activities,
- Site specific Infrastructure Delivery Financing Plan for private developer
- Site specific Project Information Memorandum for engagement with potential private investors, other financiers, donors and other stakeholders

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- Site specific Infrastructure Management Plan
- SAPZ Investment prospectus with bankable business case.
- A draft PPP agreement for the development, operation and management of the zone.
- Details of potential investors/tenants with acquisition of plots for operation in the zone
- Financial Flow system Platform.
- Implementation framework for the establishment of a site specific Special Purpose Vehicle (SPV) for the zone.

### b) Presentation on:

- Each site specific report must be submitted, as scheduled in Word format (with relevant annexure), and delivered as both electronic and hard copy documents. Each report must, initially be submitted in Draft Form for comments from all stakeholders, after which a Final copy will be submitted, reflecting discussed comments.
- Embedded financial models must be in Excel format (soft and hard copies), and must clearly set out all assumptions made; sensitivity analyses carried out, and model outputs. The financial models must be sufficiently adaptable for use by others at later stages,
- Each report must be presented with a thorough executive summary and must be accompanied by a PowerPoint presentation that encapsulates all the key features of the study,

## **5. EXPERTISE REQUIRED**

Given the multi-disciplinary nature of the required work, the Transaction Advisory Service will be provided by an agriculture focused consultancy firm. The Lead Advisor that will put together a team of highly experienced technical and financial consultants will be required. He must possess a minimum of Master's Degree in an Agriculture Economic, Engineering or other related field.

He must also have over 20 years cognate experience in organizations rendering agricultural services, providing strategic support to the agricultural or industrial sector or involved in agricultural policy formulation and implementation.

In addition to the above, the Lead Advisor must have worked or consulted for a development partner funded agricultural project for at least 7 years, and must have played a leading role in the

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preparation of Project Appraisal Document (PAD) or Project Implementation Manual (PIM)) that was/were eventually funded.

- **Other consultants in the Team**

- Agricultural Economist.
- Infrastructure Engineer (Civil Engineer).
- Infrastructure Engineer (Agricultural/Irrigation Engineer).
- Infrastructure Engineer (Mechanical/ Building Engineer).
- Financial Management Expert.
- Social Economist.
- Procurement Expert.
- Legal Expert.
- PPP Expert
- Environmental and Social Safeguard expert.
- Agricultural Extension Expert
- Livestock Specialist (Animal Scientist)

The skills and experience required in the transaction advisory team service include those in:

- a) comprehensive agricultural analysis,
- b) infrastructure analysis and design,
- c) financial analysis, with relevant PPP and project finance experience, through to financial closure, including public and commercial equity and debt financing, export/ bilateral/ multilateral financing and guarantee instruments,
- d) PPP procurement and structuring,
- e) relevant legal issues with relevant experience in the drafting and negotiation of PPP agreements, contract management, and
- f) Project planning.

The members of the team must have the skills and experience necessary to undertake the range of tasks set out in this terms of reference. Each individual on the team must be personally available to do the work as and when required. The Lead Advisor will be held accountable, in terms of the transaction advisory service contract, for ensuring project deliverables and for the professional conduct and integrity of the team.

## **6. DURATION OF CONSULTANCY**

The duration of the consultancy is for a period of 18 months.

## **7. PROCUREMENT METHODOLOGY:**

The methodology for the selection of the Transaction Advisory Firm will be based on Quality and Cost Based Selection (QCBS) method.

## **8. OBLIGATION OF THE TRANSACTION ADVISORY FIRM (TAF)**

- a) Documents: The TAF shall take stock of all documents made available to him by the state PIU for the purpose of this assignment. These documents in his custody shall be returned at the end of the project. The TAF shall be entirely responsible for the analysis and interpretation of data obtained from these documents or from other sources. These documents shall be considered confidential and treated as such.
- b) Personnel: The TAF shall provide all personnel listed in the requirement and labour necessary for the expeditious execution of his duties.
- c) Offices: During the execution of this assignment, the TAF shall set up an office in the state where the site is located
- d) Vehicles: For the proper execution of his duties, vehicle(s) will be procured from his budget for his operation within the state. However, the TAF shall provide and charge for his transport requirements in his financial proposal for assignment outside the designated state.
- e) Equipment and sub-contracting: The TAF shall provide all equipment that are not specified to be provided by the client but necessary for the execution of his duties.

### **Services and Facilities to be provided by the PIU**

- a) The PIU shall provide relevant SAPZ documents including feasibility reports and previous studies to the TAF for desk review and technical guidance.
- b) The PIU shall ensure the best cooperation of all Ministries, Departments and Government agencies (MDAs) concerned with the project.
- c) Two to three key staff or Technical Assistants (TA) to be attached to the TAF as focal points or understudy group on the project for strategic knowledge transfer.

## **9. REMUNERATION SCHEDULE**

The following remuneration schedule is set for the fixed and the reimbursable fees:

The Transaction Advisory fees are computed based on:

- **Fixed Remuneration due to work done**

Fixed remunerations are derived from the combination of the number of personnel available for the task, the task period required and the approved payment rate for the caliber of personnel. The fixed fees cover both field and home office staff. The fixed fees are computed based on Man-Week rate.

- **Reimbursable Expenses**

The following will constitute the reimbursable expenses for the TAF operations and

Per diem allowances

- Travel expenses



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- Communication
- Printing of drawings and other documents
- Acquisition of vehicle and other specified equipment and materials
- Cost of Programming, use of computers/ software
- Seminars, Investment Roadshow, workshops and other strategic services that will add value to the deliverables
- Maintenance of Project Vehicle/other transportation cost
- Office Accommodation

**Fixed Fees:** Advance payment of 15% of the fixed fees on signing of contract and presentation of Advance Payment Guaranty (APG). On submission of each quarter report based on the deliverables and satisfactory performance on the project, Payment of 14.167% on balance of fixed fees will be made.

- (a) **Reimbursable Fees:** Advance payment for transaction will be made upon submission of request with invoices on a monthly basis.

### 10. REPORTING

The transaction Advisory Firm will be reporting to the State Program Coordinator (SPC) at the PIU. The TAF will submit a progress report per quarter based on the implementation of the project and the tasks/deliverables. The PIU will in turn report the activities of the TAF to the NCO on a quarterly basis. For the entire 18-month duration of the project implementation, 6 progress reports and one consolidated report will be submitted.