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Better District, Better Life and Growth for all.

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Alfred Nzo Development Agency SOC Ltd
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TERMS OF REFERENCE

THE APPOINTMENT OF SERVICE PROVIDER FOR THE DEVELOPMENT OF ALFRED NZO DISTRICT CANNABIS PRODUCTION MASTER PLAN

Issued and prepared by:

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1. BACKGROUND AND OVERVIEW OF THE PROJECT

1.1 BACKGROUND

In 2019 South African Government approved the Re-invigorated Industrial Strategy. A cornerstone of the Industrial Strategy is the development of sector focused Master Plans in 15 Priority sectors. One of these Sectors is Cannabis. The Master Plan approach has been implemented in the Autos sector over the last decade and has proven to be a highly effective means of creating stakeholder support for a coordinated approach to developing industrial sectors. As DALRRD has noted, the Master Plan aims to provide a broad framework for the development and growth of Alfred Nzo District Cannabis industry to contribute to economic development, rural development and poverty alleviation.

1.2 INTRODUCTION

Cannabis, colloquially referred to as "umthunzi wez'nkukhu," or, chicken shade, is an intrinsic part of many rural communities in Eastern Cape's Pondoland and a vital source of income. Last year, the government unveiled a master plan for the industrialisation and commercialisation of the cannabis plant. This initiative is seeking to make South Africa's cannabis industry globally competitive and to produce cannabis products for the international and domestic market. Key to the roll-out is the Cannabis for Private Purposes Bill, signed during the 2022-23 financial year, which provides guidelines and rules for consumers and those that want to grow cannabis in their own homes.

The government has since legalised the cultivation of hemp and cannabis for medicinal purposes, thus opening up the industry for serious investment and growth. Although much still remains unclear, it seems the government is committed to opening up the industry, because the economic opportunities are too enticing to ignore.

To exploit the proceeds of the above opportunity in the District, Alfred Nzo Development Agency (ANDA) is forging ahead with plans to tap into the cannabis industry to get the district's ailing economy moving and create much-needed jobs. Considering South Africa's stagnant economic growth and record unemployment, tapping into the cannabis industry could reap rich rewards.

ANDA wishes to undertake the development of a District Cannabis Master Plan that will serve as a guiding tool for Cannabis Production in the District, to generate contemporary information and data, applicable strategies and legislation, learned lessons and diverse agricultural systems and technologies applied in this sector. ANDA has collaboration with ECRDA, ANDM and DRDAR for the facilitation and implementation of the Master Plan.

2. PROJECT OBJECTIVES

The main purpose of the project is to facilitate the development of the Alfred Nzo District Master Plan for Cannabis Production and implementation framework that will guide the interventions and strategies to improve the cannabis economic potential in Alfred Nzo District. The Master Plan should be supported by well-funded analysis of future and current environmental, human and natural resource factors and should include recommendations regarding prioritized action plans and investment opportunities.

A Service Provider is required to develop Alfred Nzo District Cannabis Master Plan. The scope must include both hemp and dagga covering the Medicine Use, Cosmetics, Food and Beverages, Industrial use and Recreational use. The research work should also indicate appropriate mechanism for implementation, funding and monitoring

3. SCOPE OF WORK

Competent service providers are hereby invited to submit proposals to develop Alfred Nzo District Cannabis Production Master Plan. A service provider is sought to undertake the following:

Phase one

- In consultation with Local Municipalities, ANDM, ECRDA and the Agency, identify communities who are traditional growers of Cannabis and other potential areas.
- Determine the qualification criteria for growing Cannabis (Dagga and Hemp) in the identified Municipal areas of Alfred Nzo District Municipality
- Engage community leaders and critical stakeholders about the pending feasibility and its qualification criterion for each village or ward.
- Obtain a general consensus that feasibility should go ahead on a broad scale which will end up with the identification of suitable land parcels.
- Identify cannabis commodity types in Alfred Nzo and where in the map can we find these commodities in the area.
- Develop a detailed value chain analysis of all identified cannabis commodity types
- An assessment of the volume of the various cannabis commodities produced and the quality aspects and market dynamics involved in the trade and consumption of these commodities

Phase two (Broad scanning and determination of suitable land parcels)

Conduct preliminary feasibility studies on identified villages and wards mainly to determine the following:

- Physical factors of the areas e.g., rainfall pattern, temperature, frost occurrence etc
- Determine existing sources of perennial water e.g., dams and rivers.
- Identify suitable land parcels of no less than 100-300ha which are in close proximity to the water sources identified.

- Establish tenure arrangements on those land parcels for direct communication in the event that a detailed feasibility needs to be done as next steps.
- Describe each land parcel in broad terms and give an expert opinion on whether the land parcel qualifies for a detailed investigation in terms of feasibility and general suitability to grow Cannabis.
- Establish if there will be a need for an Environmental Impact Assessment (EIA)
- Establish the existence or need of a water use licence
- Recommend a priority list of land parcels deemed suitable for a detailed feasibility using the general Cannabis qualification criterion.
- Feedback to the stakeholders on the outcomes of the broad scanning and compile a report
- The report must also outline next steps for Land parcels that qualify.
- The service provider is expected to propose and make use of efficient and environment friendly methods to be used in agricultural development to reduce and avoid environmental degradation.
- The Service Provider is expected to do cannabis production district situational analysis working with key institutions like ARC (Agricultural research council), The South African Health Products Regulation Authority, South African Police Service (SAPS), etc.

Phase three (detailed investigation of land parcels that passed the broad scanning phase)

The aim of this phase is to secure specific feasibility information that qualifies the land parcels to proceed into business planning phase, for each of the identified land parcels which passed the broad scanning phase the following must be determined:

- Communicate with the leaders and people with land use rights about the detailed study to be done.
- Soil analysis must be done to determine soil quality, soil structure, soil depth and clay content and general land capability must be done.
- Slope analysis
- Water analysis and water availability / quantity analysis must be done.
- The micro climate for each area must be determined
- Description of available infrastructure must be done.
- Do a desk top socio-economic profile for each of the targeted wards or villages using Government data bases.
- Compile a report with specific recommendations for each area investigated and recommend appropriate institutional arrangements that could apply in terms of implementation, funding and monitoring the implementation of the Master Plan.
- Present the report to the stakeholders, leaders and households with Land use rights.
- The Master Plan should be typically time-bound and incorporates various actions across the main stakeholders, sequenced to achieve maximum socio-economic impact

- Ensure alignment, integration with available policies, plans and legislative framework
- Undertake Cannabis supply and demand analysis both nationally and internationally
- A comprehensive market plan
- A detailed documentation of a suitable community development proposal of appropriate public private partnership (PPP agreements) with affected communities when implementing the study
- Clearly identify characteristics, roles and responsibilities of different actors proposed in the project
- Propose possible financiers who can fund the production of at least 3 cannabis commodity types identified in the study
- Identification of future market opportunities and -mechanisms as well as infrastructure development needs for an idealized commodity

A detailed analysis of this study should include but not limited to following commodities:

- Marijuana
- Hemp
- Furthermore, a detailed and comprehensive Geographical Information Systems (GIS) maps should be provided to zoom in the areas with high potential yield of identified cannabis commodity types, details how much yield can be harvested per hectare, available natural resources and infrastructure

4. PROJECT METHODOLOGY

The service provider must provide a detailed outline of the methodology to be used detailing how each of the deliverables is to be achieved.

- To draft a proposal report that should detail the methodology or approach of the project including project activities and budget allocated thereto and depicts time frame for each activity where the overall project duration will be for a period not more than 4 months.
- The appointed Service Provider as part of his/her Project Management services, will have to compile a monthly report on the development of Cannabis Production Master Plan
- The service provider must provide a detailed proposal with outline of the methodology to be used detailing how each of the deliverables is to be achieved. This must include:
 - A statement on how the service provider understands the requirements of this assignment
 - Describe in detail exactly how they propose to carry out activities to achieve the outputs identified in the scope of work.
 - They should identify any possible problems that might hinder delivery and indicate how they will avoid or overcome such problems
 - Describe how the work will be managed. Provide an organization chart clearly indicating the lines of reporting and supervision within the contractor's team
 - Provide a work plan of activities. In addition to providing details of the estimated number of work days for each activity, bidders are to supply a detailed timetable that identifies when certain

activities will be undertaken and over what period they will be spread. The timing of activities, the time needed to complete them, and the order in which they will be undertaken must be explained and justified

- A clear statement of available expertise and capacity to match the requirements of this assignment as highlighted in the key roles.
- An indication of any innovative approaches and 'value-add' that the service provider may think appropriate.

5. PROJECT DELIVERABLES AND DURATION

The final project deliverables are to be undertaken on a phased basis over a stipulated period. In accordance with the relevant standards and procedures for professional practice, and scope of work, the professional service provider will submit and make oral presentations on the progress of the project. The duration of the project will be limited to 4 months from the date of appointment;

No.	Activities	Deliverables	Means of Verification
1.	Presentation of implementation plan	Inception report	Minutes
2.	Phase one (Introduction and engagement with stakeholders)	Submission of phase one report	Signed phase one report
3.	Phase two (Broad scanning and determination of suitable land parcels)	Submission of phase two report	Signed phase two report
4.	Phase three (detailed investigation of land parcels that passed the broad scanning phase)	Submission of phase three report	Signed phase three report
5.	Brief completion report with clear recommendations	Final report	Signed final Master Plan study report

6. REPORTING PROCEDURE

It is expected that regular progress reports will be submitted to ANDA and further presented to the PSC on the completion of each project phase. The Project Manager has the right to change the frequency of reporting as and when necessary. Progress reporting will be undertaken in terms of documented reporting and in a presentation format at PSC meetings. The Service Provider will report to the Project Steering Committee.

7. SELECTION AND EVALUATION CRITERIA

ANDA subscribes to the Preferential Procurement Regulations 2022, pertaining to the Preferential Procurement Policy Framework Act (PPPFA) principles whereby a bidder's submission will be evaluated according to the sum of the award of points in respect of the tender value and Specific Goals.

Price and Preference goal 3 will be used for evaluation. The 80/20 preferential point system will be applicable, with 80 points for price and 20 points for Specific Goals.

The bid will be evaluated in two stages, namely:

- **Stage 1- Capacity to Execute Work**
- **Stage 2 - Price and Preference Point system (Goal 3)**

Proposal will be evaluated in terms of the SCM Policy of Alfred Nzo Development Agency and shall be applied as follows: -

ITEM	Weight
STAGE 1 OF EVALUATION – CAPACITY TO EXECUTE THE WORK	100
STAGE 2 OF EVALUATION – PRICE AND PREFERENCE POINT SYSTEM (GOAL 3)	100
Price	80
Specific Goal 3	20

The following criteria will be taken into account for the appointment of a successful Service provider(s).

ITEM	WEIGHT
STAGE 1: CAPACITY TO EXECUTE WORK	
<ul style="list-style-type: none"> • Comprehensive Proposal with Implementation Plan, Project team , activities, time frames • Team Leader with South African Qualification Association (SAQA) accredited NQF Level 7 qualification in Community Development or equivalent (Attach CVs and qualifications) • The team must consist a minimum of 2 members with at least Bachelor's Degree (NQF Level 7) in the following Plant sciences/Botany, Agricultural sciences and Biomedical Science or related study • Traceable record for successful completion of a minimum of 03 feasibility study projects • Traceable record for successful completion of a minimum of 02 feasibility study projects • Traceable record for successful completion of a minimum of 01 feasibility study project 	<p>25</p> <p>15</p> <p>30</p> <p>30</p> <p>20</p> <p>10</p>
<i>NB: If 3 projects were done, 3 Reference letters must be completed and attached.</i>	
NB: Bidders need to score 70% or more to proceed to the following evaluation stage	
STAGE : PRICE & PREFERENCE GOAL POINTS	
Price	80

Preferential Goal 3- COMBINATION OF ANY GOALS		20
SPECIFIC GOAL 3: COMBINATION OF ANY GOALS	Attachment to claim maximum points	Criteria Points
Business owned more than 50% by Priority population groups (Black/Indian etc.)	CIPC certificate, Certified ID, detailed CSD	10
Business located in rural areas	Proof of residences	5
Business owned more than 50% by Youth	CIPC certificate, Certified ID, detailed CSD	5
TOTAL WEIGHT		20

8. MINIMUM COMPLIANCE REQUIREMENTS

In order to complete the project successfully and ensure quality in the output. The following minimum submissions and competencies will be required from service provider(s) submitting bids.

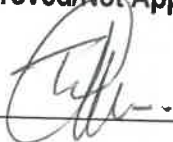
- Team Leader with South African Qualification Association (SAQA) accredited NQF Level 7 qualification in Community Development or equivalent (Attach CVs and qualifications)
- One team member must be registered with South African Council for Natural Scientific Profession (SACNSP)
 - The team must consist a minimum of 2 members with at least Bachelor's Degree (NQF Level 7) in the following fields: - Plant sciences/Botany, Agricultural sciences and Biomedical Science or related study (Attach CVs and qualification)
- Submit clear proposal that should detail the methodology and implementation plan of the project including project activities, project team and budget allocated thereto and depicts time frame for each activity
- The company must have previously undertaken a minimum of 3 feasibility study projects on cannabis plantation (Reference letters must be attached for each job completed)
- The company must have experience and track record in conducting feasibility studies and setting up cannabis plantations of no less than 3 years. Company profile with traceable references must be attached where the service provider undertook similar work in the past.
- Valid SARS pin number confirmation certificate to be included as well as Letter of good standing from the Bank
- All bidders should complete MBD 1, MBD 4, MBD 6.1, MBD 8, MBD9
- Municipal clearance certificate certifying that no municipal rates and service charges are owed by the bidder and any of its directors to Alfred Nzo District Municipality or to any other municipality where the bidder's business operations are located, are in arrears for more than three months/Lease Agreement/Proof of Residence.
- Copies of Director's ID Documents and all submitted certificates must be certified with a certification that is not older than 3 months.
- Joint Venture agreement should be in JV agreement format

9. SUBMISSION OF BIDS

Proposals must be placed in a sealed envelope and clearly marked: "Project proposal – Appointment of Service Provider to develop Cannabis Master Plan" and placed in the tender box in the Alfred Nzo Development Agency not later than 12H00 on the 08 JANUARY 2024. Bidders are requested to ensure that their proposals include Company Registration and all other necessary documentation.

Enquiries should be directed to the Office of the Programmes Department: Mr S. Tshonga 039 492 0011/060 551 6068 or email: Tshongas@anda.org.za and SCM related enquiries should be directed to SCM Manager: Ms Olona Sompao on 0394920011 / 066 440 7301 or email: Sompao@anda.org.za

Approved/Not Approved



BSC Chairperson

Comments by Chairperson:

No Comment.

AUTHORISED BY:



MR N.F XOLO
ACTING CHIEF EXECUTIVE OFFICER