



NATIONAL AGRICULTURE EXPORT DEVELOPMENT BOARD



Republic of Rwanda

REQUEST FOR PROPOSALS FOR LEASING OF SILK PROCESSING FACTORY AND INVESTMENT IN SERICULTURE SECTOR

SUBJECT: REQUEST FOR PROPOSALS FOR LEASING OF SILK PROCESSING FACTORY AND INVESTMENT IN SERICULTURE SECTOR

1. Objective

The Government of Rwanda ('GoR') is seeking interested companies or consortiums to lease the Kigali Silk Factory located in the Kigali Special Economic Zone from the GoR, for investment, operation and management. The selected bidder shall also manage and operationalize six (6) sericulture CPCs located in Karongi, Nyanza, Gatsibo, Rushashi, Mulindi and Rusizi, to increase cocoons production to the factory and support farmers.

This Request for Proposal ('RFP') is aimed at attracting a suitable investor with adequate expertise and financial capacity to carry out required investments and build a sustainable silk industry for export purposes. In support of the sericulture value chain, the selected bidder shall be expected to support farmers to increase cocoons production, manage and operate the CPCs, and manage and operate the silk factory to achieve silk production and export targets.

2. PPP Model

The selected bidder shall lease the aforementioned factory under a PPP Lease-Operate-Develop (LOD) model, in accordance with the PPP Law.

The selected bidder shall also manage and operationalize the CPCs, in addition to the factory.



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3. Background

Sericulture is relatively a young industry in Rwanda and requires continuous support to sustain and make the sector economically meaningful. Because of its low financial gestation period and high returns, sericulture has been identified as an adequate means to more efficiently use scarce land resources and cheap labor to increase household income. The Government of Rwanda has sought to harness sericulture as a potential new source of agricultural innovation that can generate employment opportunities and help poor farmers generate higher incomes and also contribute to balance of payments.

Given the high labor intensity of the sericulture industry, its development carries high expectations of employment creation, with hopes to absorb youth unemployment and offer rural workers a suitable opportunity to improved household incomes. Sericulture has thus the potency to play a key role in the transformation of the rural economy as it assures regular employment and periodic returns round the year.

Rwanda has been producing two main silk products namely silk yarn and silk sheet from the Kigali silk factory, which has the capacity to process 70-100 MT of silk cocoons per year. The factory is equipped with different assets including automatic reeling machines (80 ends), re-reeling machines and cocoon dryers.

The Government of Rwanda aims to attract an investor to work with existing support structures to ensure that the silk value chain develops on a commercial and export focused basis.

Current status and Investment facts

- Area under production: 2,872 Ha with 19M productive mulberry saplings distributed among 3,693 individual farmers and 18 active cooperatives.
- Six (6) sericulture centres (Karongi, Nyanza, Gatsibo, Rushashi, Mulindi and Rusizi) to support farmers with the effective extension services and in rearing activities.
- Sector dominated by small-holder farmers with small rearing houses (6mx5m).
- The highest annual fresh silk cocoon production was 39.4 MT (2019-2020), up from 3.3 MT in 2011/2012. The table below shows the trends of cocoon production:

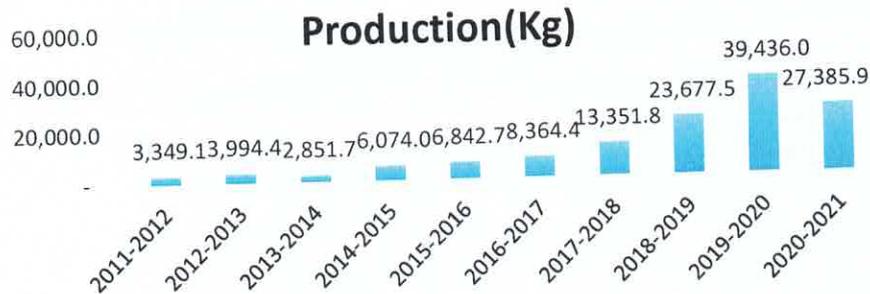




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- The silk factory was constructed by the Government of Rwanda in Kigali Special Economic Zone, as catalytic investment and support to the industry. Almost USD 1.3M has been invested in both factory buildings and machinery. The current factory can handle 70-100 MT production per annum depending on number of shifts per day. Currently, Cocoons Production Centres (CPCs) have 29.8 Ha of land that shall be used by the investor for cocoons production.

The GoR has invested in the whole sericulture value chain from the production of mulberry, silkworms production & rearing, capacity building to farmers, processing factory and market development for silk products. To ensure the sustainability of the sector and ensuring the market to farmers, the investment model shall be directed to similarly supporting the entire sericulture value chain.

4. Obligations

4.1 Obligation of Selected Bidder

Under the PPP arrangement, the obligations of the selected bidder shall be as follows:

Farmers

- a) To work with farmers under an outgrowers model to produce cocoons, including supporting farmers with technical know-how and rearing equipment to increase cocoon production capacity.





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- b) Support farmers in the extension services to ensure that farmers are producing cocoons that meet the investor's requirements, and which ensures that the production targets set at the silk factory can be achieved.
 - c) Purchase 100% of the cocoons produced by the farmers.

CPCs

- a) To invest in, and manage and operationalize the six Sericulture Cocoon Production Centers (CPCs) at the optimal level, and use the CPCs as supporting facilities to increase cocoons production, cocoons collection from farmers, and for training to farmers.

Silk Factory

- i. To invest in, manage and operate the silk factory to meet production demands and export targets;
- ii. Management of the supply chain of fresh cocoons from farmers to the factory;
- iii. Produce a minimum of 70MT of silk cocoons per year, and demonstrate how to maximize the use of the full capacity of the factory to meet the production and export targets of the sericulture sector;
- iv. Pay the applicable lease fees to NAEB

4.2 Obligation of NAEB

NAEB shall have the following responsibilities, in line with its mandate of oversight of the sericulture sector:

- a) To facilitate in the process of setting the farmgate price of fresh cocoons, in collaboration with the investor and farmers, as the agri-exports regulator.





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5. Submission of bids

All interested companies or consortiums are hereby invited to submit their Bids for the leasing of the factory and CPCs in accordance with these Request for Proposals.

Bids may be submitted via hard copies or via email.

For Bids submitted in hard copies, each Bid shall contain three sealed envelopes prepared under the following conditions:

- Eligibility Requirements Documents (one copy). The envelope should be clearly marked “**Eligibility Requirements Documents**”.
- Technical Proposal envelope (one copy). The envelope should be clearly marked “**Technical Proposal**”.
- Financial Proposal envelope (one copy). The envelope should be clearly marked “**Financial Proposal**”.

The Bid comprising Eligibility Requirements Document, the Technical Proposal, and the Financial Proposal shall be provided in a single sealed outer envelope or package on which appears the name, address, and contact information of the Bidder and the following title clearly indicated: “**Lease of Kigali Silk Factory and Management of CPCs**”.

For Bids submitted via email, each Bid shall contain the following documents:

- Eligibility Requirements Documents (one copy). The document should be clearly marked “**Eligibility Requirements Documents**”.
- Technical Proposal (one copy). The document should be clearly marked “**Technical Proposal**”.



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- Financial Proposal (one copy). The envelope should be clearly marked “**Financial Proposal**”.

The required format for all documents submitted via email is **PDF** format.

The Bid comprising Eligibility Requirements Documents, the Technical Proposal, and the Financial Proposal shall be sent in an email on which appears the name, address, and contact information of the Bidder and the following title of the email clearly indicated as: “**Lease of Kigali Silk Factory and Management of CPCs**”.

All Bids shall be prepared in English, and must be submitted via hard copies or via email, to the address below:

National Agricultural Export Development Board-NAEB
MAGERWA Stree/KK 6 Av
P.O.Box 104 Kigali-Rwanda
Email: seri.proposal@naeb.gov.rw

Bidders may also contact the above email address for any questions.

6. Eligibility Requirement Documents

The Eligibility Requirement Documents shall comprise the items and documents indicated below:

- a) A letter of application drafted in accordance with the model in Exhibit 1;
- b) Bidder Information Form – complete the form in Exhibit 2;
- c) General information on the company profile including main business, country(ies) of establishment and operation and company’s business activities;
- d) Copy of full information company registration certificate of the bidding company, showing all shareholders and directors;

7. Technical proposal





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The objective of this RFP is to obtain an investor committed to invest in the sericulture value chain from the production of mulberry, silkworms production & rearing, capacity building to farmers, processing factory and market development for silk products, in accordance with the obligations listed under section 4. In order to ensure achievement of the intended objective, the Technical Proposal should comprise of a detailed business and investment plan highlighting the below:

Table of contents of a comprehensive technical proposal

1. Summary
 - 1.1. Promoter's objectives
 - 1.2. Current company operations and experience
 - 1.3. Previous experience with similar projects
2. Management plan for the Kigali Silk Factory
 - 2.1. Management plan to optimize production of the factory
 - 2.2. Production plan and minimum MT production of silk cocoons to be achieved per year
 - 2.3. Development plan demonstrating how the production capacity of the factory will be increased
3. Technological and production plan
 - 3.1. Description of significant technological alternatives
 - 3.2. Selection of appropriate technology
 - 3.3. Production organisation
4. Supply and demand of the project's outputs
 - 4.1. Potential demand expectations
 - 4.1.1. Needs the project meets within a set period of time
 - 4.1.2. Current and future production and exports trends (at least for 10 year period)
 - 4.1.3. Means of purchase or distribution
 - 4.1.4. Results of specific market research
 - 4.2. Proposed strategy
 - 4.2.1. Outputs
 - 4.2.2. Prices
 - 4.2.3. Promotion
 - 4.2.4. Distribution
 - 4.2.5. Marketing
 - 4.3. Estimate on the percentage of potential use
 - 4.3.1. Sales forecast for the project
 - 4.3.2. Market share
5. Human Resources plan
6. Management plan for support and extension services to farmers
 - 6.1. Management plan to optimize production of cocoons from the farmers
 - 6.2. Extension services, training and capacity building to the farmers, demonstrating how the farmers production capacity will be increased





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7. Management plan for the sericulture CPCs
 - 7.1. Management plan to optimize operations of the CPCs
 - 7.2. Use of the CPCs as supporting facilities to increase cocoons production, cocoons collection from farmers, and for training to farmers
8. Financial commitment
 - 8.1. Proposed total investment
 - 8.2. Basic assumptions of the financial analysis
 - 8.3. Fixed investments
 - 8.4. Expenses before production
 - 8.5. Working capital
 - 8.6. Operating revenue and costs
 - 8.7. Sources of financing
 - 8.8. Financial plan
9. Implementation
 - 9.1. Analysis of project cycle
 - 9.2. Bar graph (or PERT chart) of the main phases

Bidders may also include additional information deemed relevant that they wish to communicate to the evaluation committee.

8. Financial Proposal

The Financial Proposal shall be drafted in accordance with the model letter in Exhibit 3 below.

It shall specify the total amount offered as annual lease fee for lease of the silk factory, in US Dollars (US\$).

9. Visit to the factory

It is recommended to the bidders to organize the field visits to the silk factory, CPCs and sericulture farmers and collect all pertinent data and information for their due diligence and the preparation of their proposals. The field visits will be arranged by NAEB and all direct & indirect costs pertaining to these visits shall be the sole responsibility of bidders.

10. Language & cost of bidding





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All submissions must be drafted in English. The Bidder shall bear all costs associated with the preparation and submission of its Bid, and GoR shall not be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

11. Date for submission of Bids

The deadline for the submission of bids is **24th November 2021 at 4.00 pm**. Bids received after the deadline shall not be considered.

12. Evaluation of the Proposals

The Kigali silk factory (and management of supporting CPCs) shall be leased to the bidder whose bid has been deemed the most competitive and has met all tender conditions.

In order to ensure that the selected bidder meets the GoR requirements, the Evaluation Committee will take into consideration quality and credibility of the business plan for the company setting out investments and production plans as well as resources and capacity to deliver on silk industry development and exports revenue generation. The Bid Evaluation Committee may, but is not bound to, request for any complementary information from the bidders through an oral presentation of their bids.

GoR reserves the right to reject all bids if no bid is satisfactory.

The Bid Evaluation Committee shall also conduct due diligence in a view to establish the technical, financial and organizational capabilities/reliability of the bidders. The qualified bidders shall facilitate the Evaluation Committee to carry out this due diligence exercise.

Bidders shall be scored taking into consideration the following general criteria and guidelines:

No	Criteria and Guidelines for Scoring	Points
1	Bidder's General Capability and Credibility	
	Experience including team composition, past success and expertise in sericulture	10





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	General commercial expertise and management credentials	5
2	Business Plan content	
	Quality and credibility of Business Plan setting out investment plans as well as the technical and organizational proposal to implement planned activities	20
	Clear plan to work with farmers to increase cocoons production	15
	Capacity and clear plan to manage CPCs and their maximum utilization to increase cocoons production	15
	Capacity and clear plan to manage the silk factory and increase production capacity meet production and export targets of the sericulture sector	15
3	Financial proposal	
	Financial proposal for the lease of the silk factory	20
	Total	100

Note: In case of insufficient information to score the proposals, the Bid Evaluation Committee may request complementary information from the bidder.

14. Information and Clarifications

Bidders are encouraged to inform themselves in respect of the legal, economic, material, climatic and other conditions prevalent into the Republic of Rwanda, as well as in the respect of any other element or circumstance which might have any effect on the content of their bid or in the extent of the undertaking that they make in the scope of such bid. It is specified, in particular, that the information contained in the RFP is of an indicative nature only to help bidders to prepare their proposals.

Where there is uncertainty concerning the scope of any provision in the documents constituting the bidding documents, the bidders may put questions in writing. Only written replies should be taken into account by bidders.

Any contradictions and difficulties of interpretation which may exist in the documents or between documents constituting the bidding documents shall be submitted to the GoR by the bidders not later than ten (10) working days before the deadline.



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15. Notification of award

Following the selection of the preferred bidder, the bidders will be officially notified about the proposals evaluation decision. Any appeals to the bid evaluation results will be received within seven (7) calendar days after notification, beyond this time, the bid evaluation shall be considered as satisfactory and binding.

16. Execution of the transaction documentation

Following notification of award to the successful Bidder, GoR and the successful Bidder shall negotiate and enter into the lease agreement, and any other required agreement concerning the lease of the factory and management of CPCs. If the Successful Bidder fails to enter into the relevant agreements referred to above, this failure shall constitute sufficient grounds for annulment of the award. GoR may, in its discretion, award the lease to the second ranked Bidder.

17. Confidentiality

All Eligibility Requirements Documents, Technical Proposal, Financial Proposal, and any other documentation submitted by a bidder shall be kept confidential by the GoR.

Done at Kigali, *26/10/2021*

A handwritten signature in blue ink, appearing to read 'Claude Bizimana', written over a circular official stamp.

Claude BIZIMANA
Chief Executive Officer
NAEB





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EXHIBIT1: LETTER OF SUBMISSION OF PROPOSAL

Date: _____

[Bidder's Head-Note]

**To: Chief Executive Officer
NAEB
B.P. 104 Kigali-Rwanda**

Re: Leasing of Kigali Silk Processing Factory and Investment in Sericulture Sector

Dear CEO,

Having carefully examined the Request for Proposals issued by NAEB dated the [/////] regarding the leasing of the Kigali Silk Processing Factory and investment in sericulture sector, we, the undersigned, hereby tender in our Bid to lease the aforementioned factory and CPCs, in accordance with the Request for Proposals.

We hereby submit our Bid, which consists of the Eligibility Requirements Documents, the Technical Proposal and the Financial Proposal (each as defined in the Request for Proposals).

If our Bid is accepted, we undertake to finalize in good faith and execute the required agreements with NAEB, in conformity with the Request for Proposals, as soon as possible after the notification of award.

We understand that you are not bound to accept any Bid you may receive.

We acknowledge and agree that NAEB will not be responsible for any errors or omissions on our part in preparing this Bid. We also acknowledge that we are responsible for any and all costs and expenses incurred in the preparation and submission of our Bid, and NAEB shall not compensate us for any such costs, expenses or losses regardless of the outcome of the bidding process.

[signature]

Name:

In the capacity of _____ *[position]*



[Handwritten signature]



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EXHIBIT 2

BIDDER INFORMATION FORM

[The Bidder shall fill in this Form in accordance with the instructions indicated below. No alterations to its format shall be permitted and no substitutions shall be accepted.]

1. Bidder's Legal Name [<i>insert Bidder's legal name</i>]
2. Bidder's Country of Registration: [<i>insert actual country of registration</i>]
3. Bidder's Year of Registration: [<i>insert Bidder's year of registration</i>]
4. Bidder's Legal Address in Country of Registration: [<i>insert Bidder's legal address in country of registration</i>]
5. Bidder's Authorized Representative Information Name: [<i>Insert Authorized Representative's name</i>] Address: [<i>Insert Authorized Representative's Address</i>] Telephone/Fax numbers: [<i>Insert Authorized Representative's telephone/fax numbers</i>] Email Address: [<i>Insert Authorized Representative's email address</i>]
6. Please attached Bidder's company certificate of incorporation and full information memorandum, including list of all shareholders and company directors.

Consortium Agreement

2.1.1. A Bidder in the form of a Consortium shall submit its Consortium agreement, signed by the legal representatives of all its members. The Consortium agreement shall contain at least the following information:

- (i) each member's binding commitment to the Consortium;
- (ii) identification of the member that will assume the role of Lead Member on behalf of the other members;
- (iii) irrevocable power for the Lead Member to represent the Consortium and bind all its members in connection with the Bidding Process.



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**EXHIBIT 3
MODEL FINANCIAL PROPOSAL LETTER**

NB: This letter is the sole document constituting the Financial Offer. It must be completed by all Bidders in conformity with the model below.

[Bidder's Head-Note]

**To: Chief Executive Officer
NAEB
B.P. 104 Kigali-Rwanda**

Re: Leasing Of Silk Processing Factory and Investment In Sericulture Sector

Dear CEO,

In the scope of the Request for Proposal issued by NAEB dated [///////] regarding the leasing of the Kigali Silk Processing Factory and investment in sericulture sector;
Having carefully examined the Request for Proposals, we, the undersigned, hereby offer [(.....*Insert Amount in Words.....*) **United States Dollars (US\$.....*Insert Amount in Figures.....*)**] per annum as lease fee for the Kigali silk factory.

Yours faithfully,

[signature]

In the capacity of _____ *[position]*



BSF