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Better District, Better Life and Growth for all.

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Alfred Nzo Development Agency SOC Ltd
Reg nr 2008/009093/30

TERMS OF REFERENCE

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

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1. BACKGROUND AND OVERVIEW OF THE PROJECT

1.1 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 for many communities in Alfred Nzo. While the more than a century-long prohibition of cannabis has impacted the scientific community comprehensively and exhaustively researching this plant, studies and control tests do provide strong evidence that there are numerous medical benefits to using this plant. On 18 September 2018, the Constitutional Court of South Africa ruled that South Africans can now smoke cannabis in the privacy of their own homes—this provides the impetus to recognise the commercialisation of cannabis.

In 2019, the government unveiled a draft national cannabis master plan to provide a broad framework for the development and growth of the South African cannabis industry to contribute to economic development, job creation, inclusive participation, rural development and poverty alleviation. During 2022-2023 Parliament further signed a Cannabis for Private Purposes Bill which provides guidelines and rules for consumers and those that want to grow cannabis in their own homes.

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

To exploit the proceeds of the above opportunities 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 Alfred Nzo'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 is facilitating collaboration with ECRDA, ANDM and DRDAR for the facilitation and implementation of the Master Plan.

2. PROJECT OBJECTIVES

The purpose of this project is to conduct a comprehensive scoping and research exercise to provide accurate, current and quantifiable data of the Alfred Nzo Cannabis industry. This would inform the development of

appropriate interventions to support the long-term growth of the industry and be inclusive of existing capacity and structure of the industry, the regulatory and institutional public and private sector environment barriers and constraints as well as market failures and opportunities for the sector.

The primary objective of the Masterplan process is to develop an agreed-set of actions, with timeframes, that all stakeholders in a sector or value-chain commit to implementing for the benefit of the sector or value-chain, these objectives include encouraging sector growth, investment, job creation and competitiveness.

The process of development of the Alfred Nzo District Cannabis Master Plan and implementation framework 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 resource factors and should include recommendations regarding prioritized action plans and investment opportunities in the cannabis industry.

The Master Plan will provide a broad framework for the development and growth of the Alfred Nzo cannabis industry to contribute to economic development, job creation, inclusive participation, rural development and poverty alleviation.

The Master Plan must be anchored on the following key objectives:

- Establishment of an inclusive, sustainable, and competitive cannabis industry in Alfred Nzo
- Increase the volumes and variety of cannabis products destined for both local and export markets
- Establish and increase the capacity of Alfred Nzo farmers to produce cannabis
- Create opportunities for creation of small- and medium-sized enterprises across the cannabis value chain
- Increase investments in research and technology development to support increased production, productivity and competitiveness of the cannabis industry
- Designate cannabis products with the designated local content legislative framework.

3. SCOPE OF WORK

A Service Provider is required to develop Alfred Nzo District Cannabis Master Plan. The scope must include cannabis for Medicinal use, Cosmetics as well as Industrial use if any. The Master Plan should also indicate appropriate mechanisms for implementation, funding and monitoring. Competent service providers are hereby invited to submit proposals to develop Alfred Nzo District Cannabis Master Plan. A service provider is sought to undertake the following:

Phase one- Situational analysis

- Identify potential and active cannabis growing entrepreneurs and co-operatives within Alfred Nzo District in consultation with Local Municipalities, Cannabis based associations, and ANDM.

- Convene regular, focused stakeholder or reference group meetings/workshops to assess and strengthen the analysis of the sector and ultimately reach agreement with stakeholders on joint vision and mission statement of the sector.
- Identify cannabis-based value-added products that can be manufactured and commercialised in Alfred Nzo and beyond.
- Ensure consultation and alignment with National Cannabis Master Plan, Cannabis for Private Purposes Act 7 of 2024 and integration with available policies, plans and legislative framework such as Medicines and Related Substances Act 101 of 1965, Drugs and Drug Trafficking Act 140 of 1992 and the South African Health Products Regulatory Authority (SAHPRA) aligns its guidelines
- Complete a SWOT/PESTEL or similar assessment tool of the sector based on extensive consultation with industry stakeholder and experts associated with local, national and/or international organisations, and up/downstream value-chain participants. The assessment tool must locate Alfred Nzo industry in a national context and draw lessons from national and international case studies and benchmarks.
- Conduct a market assessment of the local and international cannabis market and a possible market share that can directly and indirectly contribute to ANDM's economic development.

Phase two (Broad scanning of the cannabis growing areas)

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

- Description of available infrastructure must be done.
- Determine existing sources of water e.g. dams and rivers and establish the existence or need of a water use licence
- Recommend tenure arrangements on those land parcels for security and sustainability
- Describe each cannabis growing area or village in broad terms and give an expert opinion on whether the area qualifies to grow and commercialise Cannabis for medicinal use.
- Recommend a priority list of areas deemed suitable for growing different types of cannabis.
- Feedback to the stakeholders on the outcomes of the broad scanning and compile a report

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

The aim of this phase is to secure specific feasibility information that qualifies the areas to proceed into the business planning phase and provides for the government support of cannabis production in the district. The following must be determined in this stage:

- Desk top socio-economic profile for each of the identified cannabis growing areas, wards or villages using Government data bases
- Provide analysis of global and domestic markets through Investigating the demand and supply of Cannabis and its products in domestic and foreign markets

- Identifying niche markets that Alfred Nzo Cannabis industry can tap into
- Identify the main competitors, strengths and weaknesses
- Develop a comprehensive market plan
- Develop a detailed value chain analysis of all identified cannabis-based products and services
- Develop policy and regulatory recommendations for government and project proposals to drive the Masterplan deliverables.
- Identify and deliberate on best national practices in terms of effective regulatory systems of cannabis industry that will be appropriate for Alfred Nzo
- Propose possible financiers who can fund the production of at least 2 cannabis commodity types identified in the plan and infrastructure development needs for the identified cannabis commodities
- Detailed and comprehensive Geographical Information Systems (GIS) maps should be provided to zoom in the cannabis growing areas.
- 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.
- Discuss and analyse how Alfred Nzo can use education and training to support the cannabis industry
- Map out economic development programs that exist from various sector departments and private sector that could be used to support the commercialisation of cannabis value chain
- Provide adaptable recommendations for the development of the cannabis industry in Alfred Nzo district.
- Present the report to Project Steering Committee (PSC), stakeholders, ANDA and other relevant parties
- The Master Plan should be typically time-bound and incorporates various actions across the main stakeholders, sequenced to achieve maximum socio-economic impact.

4. PROJECT METHODOLOGY

The service provider must provide a detailed outline of the methodology to be used detailing how each of the deliverables are 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 6 months.
- The appointed Service Provider as part of project management will have to compile a monthly report on the development of Cannabis Master Plan
- A clear statement of available expertise and capacity to match the requirements of this assignment as highlighted in the key roles.

5. PROJECT DELIVERABLES AND DURATION

The final project deliverables are to be undertaken on a phased basis in line with the scope of work over a stipulated period. 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 proposal and methodology	Inception report	Inception Report
2.	(Introduction and interaction with stakeholders, data collection, etc)	Situational analysis Report covering all components as per the scope of work	Signed phase one report
3.	Broad scanning of cannabis growing areas)	Preliminary Report	Signed phase two report
4.	Detailed investigation of areas that grow cannabis and potential areas (Phase 3)	Final Detailed complete report with clear recommendations	Complete report and signed final ANDM Cannabis Master Plan

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 PSC.

7. SELECTION AND EVALUATION CRITERIA

ANDA subscribes to the Preferential Procurement Regulations 2022, pertaining to the Preferential Procurement Policy Framework Act (PPFA) 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 (Goals)

ITEM		WEIGHT
<u>CAPACITY TO EXECUTE WORK</u>		
<ul style="list-style-type: none"> Comprehensive Proposal of the Implementation Plan, Project team, activities, time frames Team Leader with South African Qualification Association (SAQA) accredited NQF Level 7 qualification in Agricultural economics or related qualification (Attach CVs and qualifications) The team must consist of at least 2 members with National Diploma (NQF Level 6) in the following fields: <ol style="list-style-type: none"> Plant sciences/Botany or Agricultural sciences.) 1x Team member must be registered with South African Council for Natural Scientific Profession (SACNSP) 	20	
	10	
	10	
	20	
<u>PREVIOUS EXPERIENCE</u>		
<ul style="list-style-type: none"> Traceable record for successful completion of a minimum of 04 Master plan/ sector plan on agricultural projects Traceable record for successful completion of a minimum of 03 Master plan/ sector plan on agricultural projects Traceable record for successful completion of a minimum of 02 Master plan/sector plan on agricultural projects Traceable record for successful completion of a minimum of 01 Master plan/sector plan on agricultural projects <p><i>NB: If 3 projects were done, 4 Reference letters must be completed and attached.</i></p> <p>NB: Bidders need to score 70% or more to proceed to the following evaluation stage</p>	40	
<u>STAGE : PRICE & PREFERENCE GOAL POINTS</u>		
Price		20
Preferential Goal - COMBINATION OF ANY GOALS		20
SPECIFIC GOALS: COMBINATION OF ANY GO	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 owned more than 50% by women	CIPC certificate, Certified ID	5
Business owned more than 50% by Youth	CIPC certificate, Certified ID, detailed CSD	5

TOTAL WEIGHT		20
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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
<ul style="list-style-type: none"> Capacity And Expertise Previous Experience 	60 40
STAGE 2 OF EVALUATION – PRICE AND PREFERENCE POINT SYSTEM (GOALS)	100
<ul style="list-style-type: none"> Specific Goals Price* 	20 80

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

8. MINIMUM COMPLIANCE REQUIREMENTS

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.

- Formal methodology or proposal from the service provider with project initiation, project management, project milestones, time management, and clear outcomes with specific time frames and project costs
- Submission of Clear financial breakdown with the proposal.
- Team Leader with South African Qualification Association (SAQA) accredited NQF Level 7 qualification in Agricultural Economics (Attach CVs and qualifications)
- One team member must be registered with South African Council for Natural Scientific Profession (SACNSP)
- The team must consist of a minimum of 2 members with at least National Diploma (NQF Level 6) in the following fields: Plant sciences/Botany or Agricultural sciences) (Attach CVs and qualifications)
- Detailed information of project team such as their CVs and qualifications, ID copies and their positions in the business (all attachments enclosed must be certified with the certification not older than three months).
- Company profiles with traceable references must be attached where the service provider undertook similar work in the past. Must have track record and experience in rural economic development, project, project management skills
- Provide and attach a copy of the company registration certificate.

- 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
- All bids submitted should remain valid for a period of 90 days after the bid closing date

9. SUBMISSION OF BIDS

Proposals must be placed in a sealed envelope and clearly marked "THE APPOINTMENT OF SERVICE PROVIDER FOR THE DEVELOPMENT OF ALFRED NZO DISTRICT CANNABIS MASTER PLAN" and placed in the tender box in the Alfred Nzo Development Agency not later than 10H00 on the _____. 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 Trade and Investment Department: Ms F. Nketshisa: 039 492 0011/0838467527 or email: Nketshisaf@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 by:

MS N BOTI

ACTING CHIEF EXECUTIVE OFFICER