

NYANZA COOPERATIVE UNION (1984) LTD

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NCU Building,
Kenyatta Road,
P. O. Box 9,
Mwanza.

INVITATION FOR EXPRESSION OF INTEREST

For

JOINT VENTURE IN COTTON AND PULSES PRODUCTION AND PROCESSING AROUND THE MANAWA GINNERY IN MISUNGWI, MWANZA

1. Expression of Interest

Expression of Interest is requested from interested parties to partner with Nyanza Cooperative Union (NCU) to design and implement an Integrated Cotton and Pulses Production and Processing Project around the Union's Manawa Ginnery in Misungwi district, Mwanza region. The partnership will entail rehabilitation of the Manawa Ginnery for cotton ginning alongside investment in oil milling and pulses processing; investment in cotton and pulses production on a 600-acre farm owned by NCU; development of an out-grower scheme for cotton and pulses production; and the development of a mechanization centre.

The ideal partner will have demonstrated experience in the design and implementation of inclusive agricultural projects focusing on investment in and running of agro-processing factories; investment and management of medium to large-scale crop production projects, development and implementation of out-grower schemes or working with small-scale farmers in projects aimed at enhancing farmers' productivity and production capacities i.e by supporting farmers' access to inputs and technologies, training and extension services, facilitating access to financial services and facilitating guaranteed off-take among other things. The partner will also have experience in the development and implementation of marketing and sales strategies for agro-commodities and/or manufactured products.

Further, the partners will demonstrate thorough understanding of the local and international cotton and pulses markets, including but not limited to, understanding of the key players in the cotton and pulses value chains, their organization, interests, roles, influences and interactions; production and market characteristics; opportunities, incentives and disincentives along the various segments of the value chains; and the institutional, legal and regulatory environment of the said chains.

2. Preamble

Nyanza Cooperative Union (1984) Ltd. is a limited liability Secondary Cooperative Society registered under the Co-operative Societies Act No 6 of 2013 with Registration No. 4152 dated April 21, 1984. NCU is the largest cooperative society in Tanzania owned by 241 registered Primary Cooperative Societies located in Mwanza. It is a member of the national apex organization of the Co-operative movement – The Tanzania Federation of Co-operatives (TFC). NCU's activities are governed by the Tanzania Cooperative Development Commission (TCDC), a government agency mandated to regulate and promote the development of the cooperative sector in Tanzania.

NCU boasts a long past history as the leader in the development of the cotton industry in the Lake region and Tanzania at large in terms of coordinating cotton production, ginning and oil milling. This history dates as far back as 1954 when NCU's predecessor the Victoria Federation of Cooperative Unions (VFCU) was established. However, following a range of internal and external factors typical of the decline of the cooperative movement in the country, NCU has for a number of decades to-date remained dormant with many of its factories and other assets laying idle – the Union's eight (8) cotton ginneries and two (2) oil mills have remained defunct despite the vast opportunities that exist in the cotton¹ and edible oil² sub-sectors in Tanzania.

Recognizing the great potential of these high-value assets, and consistent with the national aspirations of transformation of the agricultural sector – cotton being among priority crops, NCU is setting out to implement a strategy to rehabilitate and/or repurpose its factories and other assets with the view to reclaim the Union's position as the leader in agricultural and industrial production in the region, the Manawa Ginnery being a top-rated project.

3. Project Overview

The Integrated Cotton and Pulses Production and Processing Project will be designed around NCU's Manawa Ginnery located in Manawa village, Misasi Ward about 20 kilometres from Misungwi District offices. The ginnery is fully owned by NCU and sits on 76.4 acres of land. There currently exists two (2) factory buildings (one with saw gin machinery, one empty), eight (8) warehouses, a powerhouse with 840 KVA generator, a weighbridge, a well and water reserve tank, a workshop with equipment, 2 office buildings and 18 staff houses. The ginnery is connected to the national electric grid and has a powerhouse sufficient to power the factory in events of power outage. A gravel road system from the main tarmac road is kept in good condition for ease of accessibility throughout the year.

To ensure guaranteed supply of raw materials, the project will incorporate primary production on 600-acre farm 11 kilometres from the factory. Additionally, an out-grower scheme will be designed to further ensure supply of raw materials. The scheme will focus on facilitating off-take from members of primary cooperatives (AMCOS) that form NCU and also non-members as needed. The out-grower scheme will form an equally important component of the project with the view to promote inclusion of NCU's member and non-member farmers alike.

That said, the project will be designed following an integrated approach and will be implemented by the partners each having specific responsibilities as shall be defined by instruments governing the partnership. Specifically, the project will have features described in sections 3.1 and 3.2.

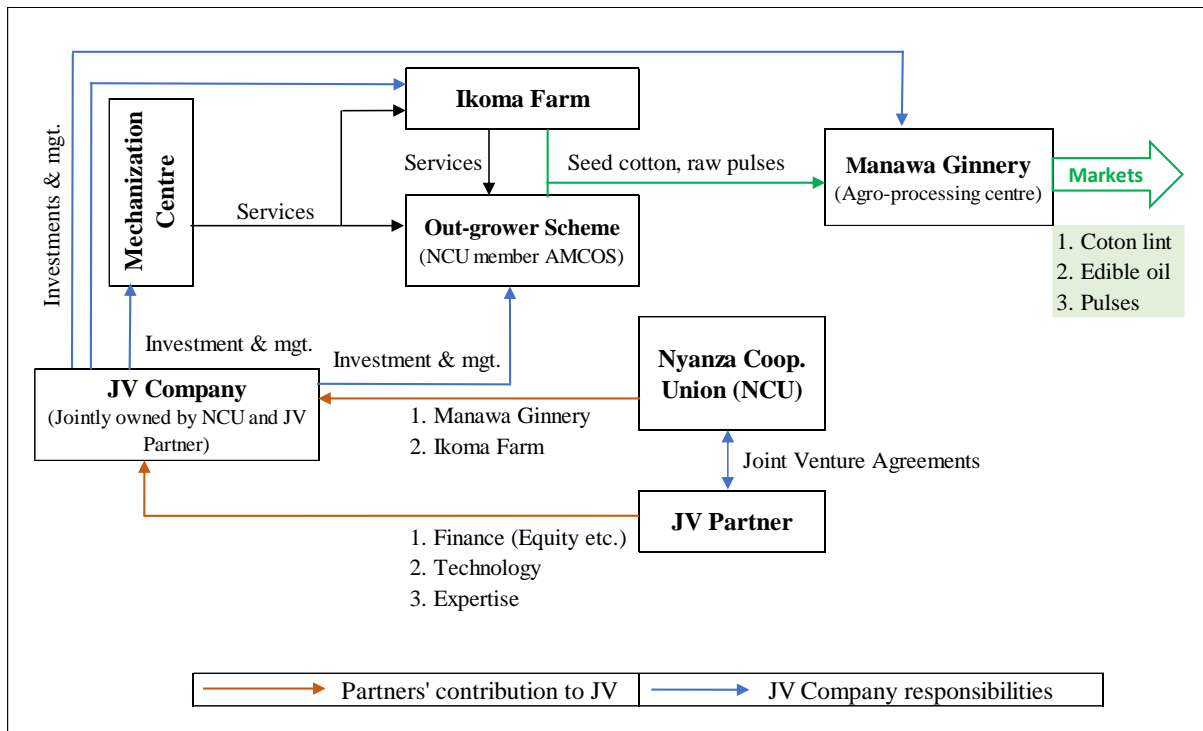
3.1. Project Design

Below is a schematic of the envisaged project highlighting key elements of project components, key relationships and the flow of goods and services. (Note: for illustrative purposes only – actual design may differ depending on actual project characteristics and JV agreements).

¹ The cotton and textile sector have the potential to improve the livelihoods of 650,000 people in cotton growing areas by doubling their incomes from the current USD 540 pa.; creating 50,000 jobs and increasing garment and textile export revenues sixfold to USD 800 million by 2030 (Gatsby, 2020).

² Tanzania currently meets only 50% of its 600,000 – 700,000 tons of edible oil demand annually from domestic production (Bashe, 2024).

Figure: The Integrated Cotton and Pulses Production and Processing Project



3.2. Project Components

The project will have 4 main components. These are 1. Investment and Operations of Cotton and Pulses Processing Plants; 2. Investment and Operations of the Ikoma Farm; 3. Development of an Out-grower Scheme for Cotton and Pulses Production; and 4. Establishment of a Mechanization Centre.

3.2.1. Component 1: Investment and Operations of Cotton and Pulses Processing Plants

The envisaged project will involve investment and operations of cotton and pulses processing plants at the Manawa Ginnery as the first and main component of the project. Main activities of this first component will include the following;

- i. Project preparation, implementation and commissioning
 - ✓ Conducting an assessment of the Manawa Ginnery to determine current status of machinery, facilities and infrastructure of cotton ginning and the needed investments/rehabilitation; alongside suitability of existing facilities for housing pulses processing plants;
 - ✓ Developing and implementing a plan for reinvestment and/or rehabilitation of the factory including replacement of outdated machinery and facilities, upgrading of infrastructures and making good of any defects or any other new work for cotton ginning and pulses processing; and
 - ✓ Performing all such activities as to ensure that all systems and components of the factory are properly designed, installed, tested and operate as desired including putting in place a detailed maintenance plan of machinery, equipment and infrastructure.

- ii. Managing factory operations
 - ✓ Overseeing all activities related to production planning, production control and quality control in transforming resources (materials, labor, money, information) into manufactured goods as efficiently as possible.

3.2.2. Component 2: Investment and Operations of the Ikoma Farm

The sought joint-venture will also entail investment and operations of NCU's 600-acre Ikoma farm located about 11 kilometres from the Manawa Ginnery. Main activities under this component will include, but not be limited to;

- ✓ Conducting a feasibility study of the farm incorporating a soil study and geological study to ascertain, among other things, soil characteristics and groundwater availability for irrigation purposes;
- ✓ Developing and implementing an investment plan for farm development including selection, procurement and installation of irrigation technology;
- ✓ Managing all activities related to farm operations i.e production planning, production control and quality control for cotton and pulses production.

3.2.3. Component 3: Development of an Out-grower Scheme for Cotton and Pulses

- ✓ Conducting a sociological study to establish facts around establishment of an out-grower scheme. The study shall explore farmers' readiness to participate in the scheme, their location, motivations and commitment, knowledge and experience, level of organization, gender dynamics etc. The ideal scheme will prioritize enrolment of members of primary cooperatives (AMCOS) that form NCU and where necessary enrol non-members as needed.
- ✓ Developing suitable out-grower models for each crop preferably with direct interaction between farmers and the JV company. Models characterized by a mix of features of multipartite, centralized and nucleus estate models shall therefore be explored. That said, the models will have relatively high levels of company-farmer interaction involving supply of inputs and quality control and be open to partnerships with other institutions – input suppliers, financial institutions, NGOs etc. However, choice of model for each crop will depend on crop specific characteristics.
- ✓ Managing all activities related to operations of the out-grower scheme.

3.2.4. Component 4: Establishment of a Mechanization Centre

With the view to promote adoption of mechanized technologies in production and enable farmers to take advantage of scale and efficiency benefits therefrom, the JV will establish a mechanization centre at the Ikoma Farm or any other suitable location. The centre will be designed to provide purchased services to the nucleus farm, farmers participating in the out-grower scheme and the farming community at large.

- ✓ Technologies available will include tractors, planters, harvesters, irrigation kits, transportation facilities and others as demanded. The mechanization centre may

be owned and operated by the JV or outsourced to a third-party company as shall be deemed appropriate by the partners.

NB: the JV partners shall conduct a feasibility study and formulate a business plan which incorporates a marketing and sales strategy for manufactured products in the local, regional and international markets.

4. Qualification

Interested parties must fulfil a minimum of the following;

- i. Be a legal entity registered in Tanzania – a company involved in agricultural production, agro-processing, or agro-commodity trade with active partnership with farmers; a local or international NGO implementing similar projects; or any other eligible entity;
- ii. Have the financial capacity to inject equity sufficient to finance investment and operations related to activities described in the four (4) components of the project;
- iii. Have demonstrated experience in the design and implementation of inclusive agricultural value chain projects focusing on, among others, enhancing the capacities of small-scale farmers by supporting greater access to inputs and technologies, training and extension services, access to finance and facilitating guaranteed off-take;
- iv. Demonstrate thorough understanding of the cotton and pulses value chains. This will include, but not be limited to, understanding of the key players in the value chains, their organization, interests, roles, influences and interactions; production and market characteristics; incentives and disincentives along the various segments of the chains; and the institutional, legal and regulatory environment of the same.

Note: Documentary evidence of above requirements should to be enclosed along with the letter of interest from the parties.

Parties qualifying under above clauses should show their financial credibility by submitting their audited financials for at least the past 3 years.

Submission of Expression of Interest

Interested parties must provide information indicating that they are qualified to partake in the JV arrangement with NCU i.e. undertaking the envisaged investments and business operations by submitting their company profile, description of similar activities, experience in similar conditions, availability of funds and appropriate skills among staff and any other useful information.

Interested parties may obtain further information/clarification from the office of the General Manager, Nyanza Cooperative Union (NCU), 1st Floor Nyanza Cooperative Union Building, Kenyatta Road, P. O. Box 9, Mwanza from 0800 hours to 1600 hours Monday through Friday except on public holidays.

Shortlisting

A shortlist of eligible companies will be prepared on the basis of Expression of Interest submitted to NCU and will be communicated to all shortlisted firms in writing. Selection will be done in accordance with criteria set by the Union.

Expressions of Interest (EoI) must be delivered to the address below by Tuesday, April 30 2024:

General Manager,
Nyanza Cooperative Union (1984) Limited,
1st Floor Nyanza Cooperative Union Building, Kenyatta Road,
P. O. Box 9, **Mwanza.**

Late Submission

Late submission of Expressions of Interest shall not be accepted irrespective of circumstances.

Issued by
GENERAL MANAGER
NYANZA COOPERATIVE UNION (1984) LTD.