



**Request for Proposals: Development of a Bankable Business Plan for a Catalytic Economic Development Project for OR Tambo District Municipality**



## I. INTRODUCTION

The Department of Cooperative Governance (DCOG) in partnership with the South African Local Government Association (SALGA) and the Commonwealth Local Government Forum (CLGF) requires the services of an experienced expert/s to develop a **bankable business plan for a catalytic project** for OR Tambo District Municipality. The expert/s is expected to facilitate the selection and development of a business plan and resource mobilisation plan for a catalytic economic development project. Furthermore, the expert/s is expected to support OR Tambo District Municipality to implement the resource mobilisation plan. The assignment is part of the, **“Supporting Local Government in Promoting Regional Economic Planning and Local Economic Development Project (2017-2021)”**, a joint project currently being implemented by DCOG, SALGA and CLGF. The project seeks to:

- 1) Build economic and spatial intelligence for regions and towns,
- 2) Facilitate implementation of Regional Economic Initiatives in selected Districts, and
- 3) Develop individual capacities of officials at the municipal level to facilitate regional economic development planning in South Africa.

The Bankable Business Plan is expected to unlock resources for the implementation of the catalytic project in line with the District Development Model (DDM), South Africa Economic Recovery Plan for Municipalities in Response to COVID-19 and the OR Tambo District’s Integrated Development Plan (IDP) and Local Economic Development (LED) Strategy.

## 2. BACKGROUND

### 2.1 Economic Impact of COVID-19

COVID-19 has not only created a public health crisis in South Africa; it has also severely affected the economy and the financial markets. Following the declaration of a national disaster on 23 March 2020, a national lockdown was put in place to limit the spread of the Corona virus. The result of the lockdown has been significant reductions in income; a rise in unemployment; and disruptions in the transportation, service, and manufacturing industries. Statistics South Africa (StatsSA) reported that the economy suffered a significant contraction during April, May and June 2020. The gross domestic product (GDP) fell by just over 16% between the first and second quarters of 2020, giving an annualised growth rate of 51% (StatsSA, Quarter 2 2020 Report).

In response to the COVID-19 pandemic, DCOG has developed the South Africa Economic Recovery Plan for Municipalities and is currently consulting sector experts to solicit their inputs before finalisation. The plan recognises that municipalities as engines of the national economy are disproportionately affected by the pandemic. It also focusses on a set of interventions that can harness the current crisis as an opportunity for change and transformation or restructuring of urban and rural economies.

### 2.2 District Development Model

Furthermore, Cabinet adopted the District Development Model<sup>2</sup> (DDM) on 21 August 2019 as a practical way to improve cooperative governance and developmental impact across the country. The OR Tambo DM is one of the municipalities selected to pilot the DDM. The DDM is premised on the mantra: **“One District, One plan, One budget, One approach”**.

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<sup>1</sup> Corona Virus Disease 2019

<sup>2</sup> Available: <http://www.cogta.gov.za/ddm/>

The Model was adopted based on a concept document which outlines the problem statement, objectives, joint planning approach and institutional arrangements. The District Development Model has implications for the whole of government. The implications are spatialisation and reprioritisation of all current and future planning, budgeting and implementation by each national and provincial department; state entity; and municipality.

This reprioritisation is to be informed by a better and shared understanding of the local needs, challenges and opportunities in each district and metropolitan area. It is also informed by the spatial and economic development logic of these areas and a common vision for the development of each of these areas. The DDM advocates for economic positioning – the process by which a competitive edge is leveraged that enables domestic and foreign investment attraction and job creation.

The DDM is enhancing the system of cooperative governance as a catalyst for fundamental socio-economic transformation, coherent service delivery and development. The economic positioning informs the spatial restructuring that is required. LED supported by cooperatives, township and rural economies with economic anchor projects is an important pillar of the DDM. It is important to identify key opportunities and potentials; identify key planned investments and projects and identify actions to support or partner, fund, finance, deliver projects in those respective district spaces.

### **2.3 OR Tambo District Municipality**

The O.R. Tambo is a rural district characterised by high levels of poverty, unequal spatial planning, a lack of economic opportunities and poor access to basic services. This has further perpetuated the poverty cycle.

The OR Tambo District Municipality is a Category B municipality located to the east of the Eastern Cape Province, on the coastline. It is bordered by the Alfred Nzo District Municipality to the north, the Joe Gqabi District Municipality to the north-west, the Amathole District Municipality to the south-west, and the Chris Hani District Municipality to the west.

The municipality is formed by five local municipalities: **King Sabata Dalindyebo, Nyandeni, Mhlontlo, Port St Johns and Ingquza Hill**. It covers about 80% of what used to be marginalised homeland, formerly known as Transkei. It is one of the four Integrated Sustainable Rural Development Programme (ISRDP) nodes in the province. The main Cities or Towns in O. R. District Municipality are: Flagstaff, Libode, Lusikisiki, Mqanduli, Mthatha (previously Umtata), Ngqeleni, Port St Johns, Qumbu, Tsolo. The main economic drivers include community services, trade, finance, agriculture, transport, manufacturing, and construction.

## **3. ASSIGNMENT BRIEF**

The DCOG together with SALGA and supported by CLGF invites qualified experts to submit proposals for the development of a bankable business plan for a catalytic project within the OR Tambo District Municipality. The project is expected to have significant reach and impact on the economic activities of the Districts well as provide multiplier effects, activate development, assist with the creation of jobs, attract inward investment and contribute to the achievement of national and provincial development goals.

### **3.1 OBJECTIVES OF THE ASSIGNMENT**

The main objective of this assignment is to develop a bankable business plan for a catalytic project in OR Tambo District. The bankable business plan should be developed through a participatory

process which is informed by the District profile<sup>3</sup> within the framework of the regional approach to economic development. The participatory process is expected to deliver the following outputs:

- 1) Outline of the Project;
- 2) Business Concept Note;
- 3) Business Plan;
- 4) Business Plan Validation Workshop;
- 5) Investment Brief; and
- 6) Resource Mobilisation Plan, and Resource mobilisation event/fair.

## **3.2 SCOPE OF WORK**

The successful expert/s will be required to undertake the following tasks:

### **3.2.1 Selection of Catalytic Project**

Facilitate the selection of a catalytic project through engagements with the municipality and relevant stakeholders to ensure community and private sector buy-in. The selected project, as indicated above, must be informed by the DDM, the District Profile, the District LED Strategy and IDP.

### **3.2.2 Business Concept**

Facilitate the production of a Business Concept, considering the following amongst others:

- Situational/problem analysis;
- Summary of the proposed project;
- Vision and objectives of the project;
- Value proposition;
- Components of the project; and
- Key Stakeholders.

### **3.2.3 Draft Bankable Business Plan**

Development of a bankable business plan based on the above business concept. The bankable business plan must include the following:

- Business Model informed by economic and development policy rationale;
- Industry and Market analysis;
- Competitive Analysis;
- Economic Analysis;
- Value Chain Analysis;
- Value Proposition;
- Institutional Development Options;
- Operational Plan;
- Financial Analysis and Plan (including establishment and facilitation costs, operational costs, capital expenditure costs, cash-flow projections, on-going maintenance costs, and financing options);
- Sales and Market Strategy; and
- Management and Organisational Plan.

### **3.2.4 Business Plan Validation Workshop**

Facilitate a validation workshop to engage a broad range of stakeholders to get feedback on the draft bankable business plan.

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<sup>3</sup> Available: <https://www.dropbox.com/s/0k67caa8hnz8n71/OR-Tambo%20DDM%20Profile.pdf?dl=0>

### 3.2.5 Investment Brief

Develop an investment brief for the business plan to be shared with potential funders.

### 3.2.6 Resource Mobilisation Plan

Develop a plan to guide the mobilisation of resources to implement the project.

### 3.2.7 Resource Mobilisation Fair

Support OR Tambo District Municipality to plan and host the Resource Mobilisation Fair to solicit funding for the bankable business plan developed.

## 4. DELIVERABLES/OUTPUTS

Phases of the Assignment	Key activities	Outputs
<u>Inception Phase</u>	<ul style="list-style-type: none"><li>• Hold an inception meeting with the project executive team</li><li>• Write up the inception report</li></ul>	<ul style="list-style-type: none"><li>• Inception report</li></ul>
<u>Research, Drafting and Stakeholder Consultation</u>	<ul style="list-style-type: none"><li>• Undertake desktop research and stakeholder engagements</li><li>• Produce first draft of the Bankable Business Plan</li></ul>	<ul style="list-style-type: none"><li>• Data Collection and Analysis Report</li><li>• Business Concept</li><li>• Draft Bankable Business Plan</li></ul>
<u>Synthesis phase</u>	<ul style="list-style-type: none"><li>• Hold a stakeholder validation workshop to validate the draft bankable business plan</li><li>• Develop a Business Plan, Resource Mobilisation Plan and Investment Brief</li><li>• Assist with the planning and facilitation of the Resource Mobilisation Fair</li><li>• Compile a project close-out report</li></ul>	<ul style="list-style-type: none"><li>• Final Bankable Business Plan</li><li>• Resource Mobilisation Plan</li><li>• Investment Brief</li><li>• Resource Mobilisation Fair Report</li><li>• Project Close-out report</li></ul>

## 5. PROJECT MANAGEMENT

### 5.1 Management and Steering of the assignment

The project will be managed by the Project Executive Team comprising officials from the DCOG, SALGA, CLGF and the OR Tambo DM.

### 5.2 Timing of assignment

The performance of this assignment shall be implemented within an agreed project work plan. The final responsibility of approving the scope and extent of the work resides with the Project Executive Team.

### 5.3 Monitoring the progress of the assignment

On a mutually agreed basis, the expert/s shall meet with the Project Executive Team to report the progress of the work.

### 5.4 Quality assurance reviews of the work

The expert/s shall ensure that all work conforms to all standards set out in the Terms of Reference.

## **6. REQUIRED QUALIFICATIONS AND EXPERIENCE**

### **6.1 Academic Qualifications**

The successful bidder should have the following qualifications:

- A minimum of a Bachelor's Degree in Business Development /Economics/ Development Economics/Town and Regional Planning/ Development Studies
- A Post-Graduate Diploma or Master's degree will be an added advantage

### **6.2 Experience**

The following experience is required:

- A minimum of ten years of substantive, relevant experience business planning, local economic development or project management.
- Good track record of project preparation, packaging and business plan generation.
- Proven record of working in public and local government sectors.
- Knowledge of the structure of the private sector and financial services and public sectors in South Africa.
- Excellent facilitation and communication skills.
- Experience working in OR Tambo District Municipality or any other District in South Africa, will be an added advantage.

## **7. THE PROPOSAL**

**7.1** A short **Technical Proposal**, no more than **20 pages (including annexures)**, demonstrating the service provider's suitability for the assignment. The proposal should, amongst others, include the following:

- The Service Provider's interpretation/understanding of the assignment as specified in the TOR
- A clear and succinct description of the methodology and work plan that will be used to execute the assignment.
- Profile of the Service Provider, including a summary of recent experience on assignments of a similar nature.

### **7.2 Financial Proposal**

**7.2.1** Outlining the consulting rate per full person day required to complete the assignment.

**7.2.2** Travel and subsistence fees including accommodation will be paid directly or reimbursed by the CLGF. Expenditure incurred without the prior approval will not be reimbursed.

### **7.3.3 Curriculum Vitae**

A CV detailing experience on similar assignments and at least two client references

## **8. SUBMISSION OF PROPOSAL**

Proposals are to be submitted by email (all documents in PDF form) to [recruitment@clgf.org.uk](mailto:recruitment@clgf.org.uk) not later than 16:30hrs, GMT+2 on 05 November 2020. The submission should be referenced as, **"OR Tambo DM Bankable Business Plan"**.

## **9. ENQUIRIES**

Any request for clarification on the assignment must be sent in writing by standard electronic communication to Ms Thato Bopape at [Thatob@cogta.gov.za](mailto:Thatob@cogta.gov.za)

## **10. DURATION AND REPORTING**

The Assignment is expected to be undertaken within the timetable outlined below:

<b>Phases</b>	<b>Deliverable</b>	<b>Description of Expected Deliverables</b>	<b>Time frame</b>
Project Inception	Inception Meeting  Inception Report	<ul style="list-style-type: none"> <li>• First meeting with the project team and the appointed service provider to discuss project planning activities</li> <li>• Inception Report to be completed after the inception meeting</li> </ul>	12-17 Nov 2020
Data collection and analysis	Report	<ul style="list-style-type: none"> <li>• Drafting of the report on the data collected from fieldwork and desktop research</li> </ul>	18-24 Nov 2020
Developing a Business Concept	Business Concept	<ul style="list-style-type: none"> <li>• An initial overview of the catalytic project selected</li> <li>• Meeting to discuss draft Business Concept</li> </ul>	25 Nov-01 Dec 2020
Developing a bankable business plan.	Draft Bankable Business Plan developed  Regular Meetings to discuss project status	<ul style="list-style-type: none"> <li>• Desktop research, analysis and fieldwork exercises in the district to understand the economic landscape.</li> <li>• Meeting to discuss the initial draft of the bankable business plan developed</li> </ul>	02 Dec 2020-18 Jan 2021
Stakeholder Engagement (Validation Workshop)	Workshop Report	<ul style="list-style-type: none"> <li>• Meeting with stakeholders to discuss the draft bankable business plan to get feedback</li> <li>• Finalisation of the bankable business plan</li> </ul>	26-29 Jan 2021
Resource Mobilisation for the packaged catalytic projects implementation	Investment Brief	<ul style="list-style-type: none"> <li>• Drafting of investment brief</li> </ul>	01 Feb-26 Feb 2021
	Resource Mobilisation Plan	<ul style="list-style-type: none"> <li>• Drafting of Resource Mobilisation Plan</li> </ul>	

	Resource Mobilisation Fair	• Resource Mobilisation report Fair	
Close-Out	• Close-out report		

## II. BID EVALUATION

An offer is responsive/compliant/acceptable if it scores a minimum of 70% on the criteria outlined below and fully meets the qualifications and competency requirements.

Criteria	Maximum
<b>A. The score for Organisation and Methodology</b>	<b>50</b>
• Understanding the aim of the services to be provided	<b>20</b>
• Overall methodology, quality control approach, the appropriate mix of tools and estimation of challenges	<b>20</b>
• The organisation of activities and outputs to be undertaken, including the work plan	<b>10</b>
<b>B. The score for the expertise of the Expert/s</b>	<b>25</b>
• Relevant Qualifications	<b>5</b>
• Experience in project preparation, packaging and business plan development.	<b>10</b>
• Demonstrated experience in undertaking similar assignments including the ability to draw lessons from relevant international, regional, national and local practices.	<b>5</b>
• Experience working with South African Government, particularly local government.	<b>5</b>
<b>C. BUDGET (Only applies for technical bids scoring 53 points and above for section A and B)</b>	<b>25</b>
<b>Total Quoted Amount</b>	<b>25</b>
<b>Overall Total Score</b>	<b>100</b>

## 12. PAYMENTS

12.1 All payments concerning this assignment shall be in ZAR. Payment for the expected deliverables will be made upon the endorsement of work by the Project Executive Team.

### 12.2 Payment Schedule

The proposed payment schedule is as follows:

- 20% - On approval of inception report and work plan for the assignment.
- 50%-Submission of the final bankable business plan.
- 20%-Submission of investment brief and resource mobilisation plan
- 10%-Upon submission of the closing report



The winning bidder will receive all relevant background information of the project upon signature of the contract.

**Note:**

This Request for Proposal (RFP) is only an invitation, and no contractual obligation on behalf of CLGF whatsoever shall arise from the RFP process unless and until a formal contract is signed.

CLGF reserves the right to accept or reject any or all proposals received, to revise the RFP, to request clarifications or to cancel the process in part or whole.