



REPUBLIC OF UGANDA
Ministry of Agriculture, Animal Industry and Fisheries
NATIONAL OIL PALM PROJECT

NATIONAL REQUEST FOR EXPRESSION OF INTEREST

For the recruitment of

**CONSULTANCY SERVICES FOR HIRING FUND MANAGER FOR OIL PALM
DEVELOPMENT LOAN UNDER NATIONAL OIL PALM PROJECT**

MAAIF/NOPP/SRVCS/20-21/00015

BACKGROUND

The Government of Uganda (GoU) received a loan from the International Fund for Agricultural Development (IFAD) to finance a ten-year National Oil Palm Project (NOPP). The project is implemented by the Ministry of Agriculture, Animal Industry and Fisheries (MAAIF) and other partners including Ministries, Departments, Agencies, Local Governments, farmers and private sector players. The project has strong public and private sector partnerships. NOPP is being implemented in five hubs of Kalangala, Buvuma, Mayuge, Mukono/Buikwe and Greater Masaka.

The overall goal of the NOPP is inclusive rural transformation through oil Palm investment. The development objective is to sustainably increase rural incomes through opportunities generated by the establishment of an efficient oil Palm industry that complies with modern environmental and social standards. NOPP implementation is under three components: 1) Scaling-up smallholder oil Palm development, 2) Livelihoods diversification and resilience and 3) Oil Palm Sector Development Framework.

NOPP will facilitate the establishment of a vertically integrated value-chain with strong backward and forward linkages between the oil palm growers and primary processors. The arrangement will reduce the market risks faced by smallholders, such as the lack of a guaranteed market, the limited access to quality inputs and technical know-how and the limited availability of credit for medium- and long-term investment. Under this arrangement, the private sector partner will provide seedlings to OP smallholder growers and will purchase their FFBs at a transparently negotiated price; Government will develop the necessary public infrastructure and provide the growers with financial, technical and organizational support; and the smallholder growers will grow oil palm as a business, adopting the key practices required to guarantee the productivity of their oil palm plantation while ensuring conformity to environmental standards, and will deliver the FFBs to the CPO mills.

The Project will work in a limited number of geographical hubs, where a hub is defined as an agro-climatically suitable area (not an administrative district), within a radius of 30 km around a planned or actual CPO mill, and in which a minimum of 3,000 ha of OP production can be assured. It is this radial area that marks the limits of financial viability for the producers, who may be smallholders only or, in the case of Buvuma and Kalangala, smallholders plus nucleus estate.

A total of 12,000 hectares of oil palm are to be established using the development loan from Governemnt of Uganda and it will cater for acquisition of seedlings, fertilizers, oil palm plantations establishment and maintenance. This will target an estimated 9,231 of beneficiaries each establishing a maximum of 2 hectares of oil palm in the new oil palm growing hubs of Buvuma, Mayuge, Masaka and Mukono/Bwikwe.

NOPP seeks to involve a financial institution/Fund Manager to set up and manage the development loan for the oil palm farmers under the National Oil Palm Project. Further, the Fund Manager will together with NOPP jointly develop financing solutions, including incorporating enablers to reduce risk and maximize success.

1.2 OBJECTIVE

The objective of the assignment is to manage, disburse and recover the oil palm development loan for farmers in Buvuma, Mayuge, Masaka, and Mukono oil palm hubs.

2. SCOPE OF SERVICES

In close coordination with NOPP, the Fund Manager shall be responsible for the day-to day operation and management of the project development loan according to the agreed procedures. The project/NOPP and the Fund Manager will implement fund management in the project cycle. Except as otherwise stated herein, the Fund Manager is responsible for disbursement, recovery of loans, and providing statements and reports.

2.1 Required Services: The Fund Manager is required to:

- a. Develop loan management information system for the NOPP development loan.
- b. Open farmers' accounts, disburse and contribute to recovery of development loan.
- c. Receive funds from Oil Palm Buvuma Limited (OPBL) towards payment for the farmers' Fresh Fruit bunches (FFBs).
- d. Deposit farmers' revenues paid by OPBL on their respective accounts and deduct part of the revenue towards loan recovery.
- e. To provide reports on the development loan on a monthly, quarterly basis in line with IFAD and GOU guidelines.
- f. To provide instant notifications to farmers on the status of transactions on their accounts regarding the development loan.
- g. Provide monthly loan statements to farmers showing amounts paid and balances for both principal and interest.

3.1 Fund management Operational procedure

- i. The fund Manager will propose a fund management model (Loan Scheme) to achieve the objectives of the project which takes into account National Fund Management laws,

- services and systems including regulations and policies on issuance of loans, defaulting conditions etc.
- ii. The Fund Manager will open and maintain appropriate loan accounts for all project beneficiaries after the due diligence of identification, analysis and evaluation plus know your customers (KYC) has been done by both the NOPP committee and the Fund Manager Staff.
 - iii. In addition, if Central Bank of Uganda imposes new regulation regarding to lending rates, such regulations will not apply to the NOPP development loan.
 - iv. To confirm in case of termination of the contract, unutilized balances are immediately returned to NOPP, within maximum 30 days of the termination notification;
 - v. Establish a separate and specific NOPP development loan Account in local currency (UGX) to receive the loan funds from NOPP to be disbursed to selected beneficiaries;
 - vi. The Fund Manager shall disburse the received funds to selected beneficiaries immediately on receiving the beneficiary(s) recommended by the Trust or farmer organization.
 - vii. Make direct funds transfer to Oil Palm Buvuma Limited (OPBL) towards payment for inputs supplied and technical services offered to each farmer keeping an audit trail of farmers' names and amounts.
 - viii. Manage the Development loan and the loan Account, including safeguarding the NOPP funds until disbursement to beneficiaries, proper accounting for all transactions and regular reporting;
 - ix. Record the financial status of the Development loan Account on a quarterly basis and as and when NOPP requires in line with IFAD and GOU guidelines.
 - x. Refrain from entering into financial commitments or incurring any expenses which would exceed the balance available on the Fund Account.
 - xi. Regularly consult with NOPP concerning the status and use of funds deposited in the Fund Account and promptly advise NOPP any time when the budget to carry out the Work is insufficient to fully implement the Project in the manner set out in the Contract;
 - xii. Agree with NOPP on the use of unutilized funds incase of any on NOPP account.
 - xiii. In addition to the above obligations, the service provider (fund manager) shall at all times maintain current, accurate and systematic records and accounts in respect of the Fund and the Fund Account and his Work under this Contract.
 - xiv. The Fund Manager shall provide, compile and make available to NOPP at all reasonable times any records, accounts or other information, oral or written, which NOPP may reasonably request in connection with the Contract;
 - xv. The Fund Manager shall operate the development loan and the loan Account in accordance with the objectives, purposes and terms of this Terms of Reference.
 - xvi. As trustee of the Fund with fiduciary responsibilities, the Fund Manager shall maintain the funds received from NOPP as the capital for financing of the Fund's activities in a separate Fund Account, which account shall contain only the funds received from NOPP in addition to any interest earned, pursuant to this Contract and identify NOPP as the sole owner and beneficiary thereof;

- xvii. The Fund Manager shall follow, at all times, generally accepted financial and accounting standards and best business practices.
- xviii. The Fund Manager shall have no power or authority to pay, transfer, assign, hypothecate, negotiate, pledge or otherwise dispose of or deliver any of the funds held in the Fund Account to any person or entity, whether governmental or otherwise, except in strict accordance with the express terms and conditions of this Terms of Reference and the Contract.
- xix. The Fund Manager shall have no rights in or to the funds held by it in the Fund Account, except as expressly provided in this Contract.
- xx. Under no circumstances shall the Fund Manager, whether for his own benefit or the benefit of any other person or entity, have, create or permit any lien, attachment or other encumbrance against the loan Account.

4. Time Schedule

The duration of the assignment is estimated to be 10 years starting from the planting time for four respective hubs. However, the contract can be extended if required.

5. Reporting

The fund manager will report NOPP PMU

6. FUND MANAGEMENT STRUCTURE

- The Fund Manager is required to assign fund management team with individuals having at least five years of expertise and experience in the Fund Management and agri-finance. The resumes of the team should be submitted.
- The Fund Manager should also propose management fee as a fixed percentage of the fund under management.

The Fund Manager should possess the following:

1. Legal status recognized by the Government evidenced by:
 - a) A certificate of incorporation
 - b) An income tax clearance certificate for 2019/2020 financial year or a current transactional tax clearance addressed to Ministry of Agriculture Animal Industry and Fisheries
 - c) Registered Powers of Attorney
2. Demonstrated financial capacity evidenced by;
 - a) 3 Year audited accounts of 2017/2018, 2018/2019 and 2019/2020
3. Experience in managing similar funds/loan schemes evidenced by
 - a) Minimum of 10 years' experience in managing similar funds/loan schemes in Uganda.
 - b) A minimum of UGX 50B current portfolio under fund management in the last five years.

- c) Experience in management of other agricultural finances such as Agriculture Credit Facility (ACF). Must have handled a minimum of UGX 20B ACF in the last five years
- d) Possession of sufficient resources to finance agriculture in Uganda
- 4. Presence of the Fund Manager branch (brick and mortar model) in the project areas.
- 5. Possession of other Fund Management services such as agent Fund Management in the project areas
- 6. Willingness to enroll and offer other financial services to farmers at affordable rate
- 7. Willingness and ability to develop a suitable long-term savings product for financing oil palm re-plantation.
- 8. Prior experience in financing of oil palm small holder farmers is an added advantage
- 9. Experience in integrating and enrolling farmers on ICT access platforms for information access.

Prospective financial institutions are requested to submit Expression of interest proposals in accordance to above criteria upon which 3-6 banks will be shortlisted and issued with a request for proposal (RFP) to submit a combined technical and financial proposal.

The address for submission of written expression of interest proposals is:

The Project Manager NOPP:
 JOCASA House 1st Floor Plot 14 Nakasero Road,
 P.O Box 12041 Kampala
 Tel: 0414-230690

The deadline for submission of written expression of interest proposals shall be at 11.00am on 1st June, 2021.

Planned Schedule for Evaluation of EOI

Publication of Expression of Interest	7th May 2021
Submission of Expression of Interest and Closing of Expression of Interest	2nd June 2021
Shortlisting of Consultants	8th June 2021
Notification of Successful Consultants	25th June 2021