



INTERNATIONAL EXPRESSION OF INTEREST (IEOI) FOR LEASING AND OPERATING EACH OF THE FIVE (5) STATE-OWNED SUGAR FACTORIES IN KENYA

Background

The Agriculture and Food Authority (AFA) is a state corporation established under Section 3 of the Agriculture and Food Authority Act 2013. The mandate of AFA is to administer the Crops Act and to promote best practices in agriculture through, regulation, promotion and development of the crops value chains as scheduled in the Crops Act, 2013. The Sugar Directorate is one of the Directorates under AFA.

The sugar industry in Kenya plays a significant role in the country's socio-economic development including food security, employment creation, rural development and a source of livelihood for over 8 million Kenyans. It is a source of income for over 400,000 smallholder farmers who supply over 90 % of the milled cane.

In pursuit of increased competitiveness and effective service delivery in the Sugar sector, the Government of Kenya (GoK) intends to lease out the five (5) state-owned sugar factories through a long term lease model which will transfer the Right of use (ROU) of each factory to the lessee "as is where is" for redevelopment and operation.

In preparation for this, the GoK through the Authority has commenced the program through approving the restructuring of the balance sheets of each sugar company by:

- a debt write off for debts owed to it and the former Kenya Sugar Board/Commodities Fund as at 31st December 2019;
- write off of growers debts owed to the former Kenya Sugar Board/Commodities Fund as at 31st December 2019;
- write off of tax penalties and interest as at 30th June 2009 and any additional interest and penalties that have accrued since then

The objective is to facilitate turnaround of these sugar companies to profitability through modernization and efficient management which will in turn enhance competitiveness in Kenya, EAC, COMESA, and the global sugar market.

The five factories are Chemelil Sugar Company Ltd., Miwani Sugar Company (1989) Ltd (In receivership), Muhoroni Sugar Company Ltd (In receivership), Nzoia Sugar Company Ltd and South Nyanza Sugar Company Ltd. In the domestic market, these sugar factories have a combined share of 30% of the sugar industry market with a potential for increase. The sugar consumption in Kenya is approximately 1 million tonnes per annum.

GoK through AFA wishes to engage investors with world-class experience to redevelop the factories into large sugar complexes and manage them over a leasehold period of **25 years**.

Description of the service being sought

The Government is seeking investor(s) who will lease, redevelop and operate these sugar complexes at sufficient processing capacities to support diversification into cogeneration of export power, production of bioethanol and allied coproducts.

Eligibility and qualification of bidders

AFA invites interested investors (individual or consortium), both local and international, who are familiar with the industry to express their interest in providing the services by submitting information on their commercial and technical capability. In the case of a consortium, the lead agency may express their interest on behalf of the consortium.

The EOI must be accompanied by certified copies of the following documents which will be submitted alongside the company profile in the English language:

- Copies of certificate of incorporation/ business registration;
- Copies of PIN and Tax compliance certificates OR equivalent
- Relevant factory operating licenses;
- A copy of the company profile,
- Further demonstration of the capability to deliver the services, including:
 - Resource capability,
 - Experience in developing and operating similar large plantation sugar factory for at least 5 years,
 - References attesting to its activities in the sugar industry,
 - Global presence or partnerships; and
 - Mobilization of finance.

Shortlisting of bidders for subsequent processes shall be based on the above information.

Clarifications

Interested parties may request clarifications on this EOI up to five (5) days before the EOI submission date. The EOI and any updates/clarifications shall be posted on the AFA website <http://www.afa.go.ke/tenders> and the Public Procurement Information portal www.tenders.go.ke

Any request for clarification must be delivered, mailed or emailed to:

Director General
Agriculture and Food Authority
Tea House, Naivasha Road, off Ngong Road
P. O. Box 37962-00100 Nairobi, Kenya
Telephone: (+254 020) 3872421/3872497/3874445/6
Cell: +254 734 600994 / +254 722 200556
www.afa.go.ke E-mail: info@afa.go.ke

EOI Submission:

The EOI should be submitted in a sealed envelope by 14.00 hours (Local time) on Monday, 3rd August 2020 to the following address clearly labelled **"INTERNATIONAL EXPRESSION OF INTEREST (IEOI) FOR THE LEASING OF EACH OF THE FIVE (5) STATE OWNED SUGAR FACTORIES IN KENYA"**

The Director-General
Agriculture and Food Authority
Tea House, Naivasha Road, off Ngong Road
P.O. Box 37962-00100 Nairobi, Kenya
Telephone: (+254 020) 3872421/3872497/3874445/6
Cell: +254 734 600994 / +254 722 200556
www.afa.go.ke; E-mail: info@afa.go.ke

The EOI documents will be opened on **4th August, 2020 at 1400Hrs**, a day after the closing date to allow for the requisite disinfection and sanitization with respect to the submitted documents and for appropriate preparation for the activity in compliance with Covid-19 containment measures and protocols. The opening will take place at the Agriculture and Food Authority Offices, Tea House, Ground Floor, Tea Directorate Conference Hall, situated on Naivasha Road, Off Ngong Road, Nairobi, KENYA.

Bidders or their representatives who wish to attend the opening are invited.

Only successful prequalified firms will be invited to the next stage of Request for Proposal (RFP) for Leasing and operating of each of the five (5) state owned sugar factories in Kenya.

The Authority reserves the right to accept or reject any or all applications.