

**THE OGUN STATE GOVERNMENT  
TERMS OF REFERENCE FOR HIRING OF CONSULTANTS / CONSULTANCY  
FIRM TO CONDUCT OGUN STATE BENCHMARKING  
FOR SPECIAL ECONOMIC ZONES**

**A. PROJECT BACKGROUND AND OBJECTIVES:**

*Project background:*

Ogun State (OG) has recorded significant progress across various sectors over the past six years of the current administration. There is however a need to plan for the medium to longer term, to ensure the achievements recorded are placed on a sustainable footing, and to prepare adequately for the future. The Government has prepared a State Development Plan for 2017-2030, which is underpinned by strategies to achieve sustainable development in five key sectors – also referred to as the five cardinal programmes or objectives. This plan recognizes the need for the State to invest in the welfare of its citizens, but also recognizes the importance of economic growth in driving up the pool of resources available for this investment. There are two main themes to the plan, firstly, a focus on improving the economic base of the State, and secondly a focus on improving the quality of lives through better access to social services (education and healthcare in particular). Ogun state has always been cognizant of the need for an enabling and investor friendly environment, able to attract capital and foster economic growth. This is a key strength of the State in view of its proximity to Lagos and its location as the transportation gateway from the commercial capital of West Africa into the middle and northern areas of the region. The investments into creating such an environment are recognized within this strategic plan, along with a clear intention to build on and consolidate the progress achieved to date. Ogun States’ industrial hubs are located primarily in Agbara / Igbesa, Ota, Flowergate, Sagamu Interchange and similar clusters across other locations in the State. The State through its various operating agencies further proposes to create more clusters particularly around Abeokuta, Agbara, Sagamu, Ijebu Ode, Olokola and Ogun Waterside.

To improve and strengthen the economic impact on citizens of the state, the government has applied for budget support from the World Bank. The project is currently under preparation and the State is desirous to recruit for several roles to support effective and efficient implementation of the project.

*Description of the Consultancy*

As part of the Government of Ogun State’s strategic growth plans, since the 1980s a series of industrial estates, industrial parks and SEZs have been established by various state government agencies. To date, the following agencies have established the corresponding projects:

<b>Institutional</b>	<b>Industrial Zone / SEZ Projects</b>	<b>Target Investors</b>	<b>Comments</b>
Nigerian Export Processing Zones Authority (NEPZA) <sup>1</sup> – (Federal regulator) / Ogun State Government (promoter)	Ogun / Guandong Free Trade Zone <sup>2</sup>	Large & small Foreign (Chinese)	Licensed by NEPZA in 2007; operational since 2009
	Kajola Specialized Railway Industrial FTZ	Not specified	Not currently operational
	Olokola Free Trade Zone	Oil & Gas, Maritime and power entities	Located on the Ogun/Ondo State border – not currently operational
Ogun State Housing Corporation	Sagamu Industrial Estate	SMEs in the value chains for the industries located in the “Flower gate”	Site acquired; this is planned to be a pipeline SME / value-chain industrial park adjacent to the Bureau of Land’s Flower Gate

<sup>1</sup> NEPZA has no local office in Abeokuta

<sup>2</sup> The Free Trade Zones fall under the umbrella term of “Special Economic Zones” or “SEZs”

		Industrial Zone.	Industrial Park
	Abeokuta Industrial Estate	Not specified	Operational
	Ota Industrial Park	Not specified	Operational– inadequate infrastructure
Ogun State Bureau of Land	Flower Gate Industrial Estate	Large corporations (Nestle, Olam and Coleman), mostly foreign at this stage.	This Project sells available plots in an area zoned for industrial purposes.
	Sagamu/Ogijo Industrial Scheme	Not specified	Located 40-50 kms from Agbara Industrial Estate
	Isheri North	Not specified	Mixed development, residential and industrial
Ogun State Property and Investment Corporation (OPIC)	Agbara /Igbesa Industrial Estate	Large & small Local and international industries. Largest players include Hayat Kimya, Nampak, Flowermills PLC, Eko Supereme, African Industries Group, GZI and many others.	Developed and operated by OPIC; Several new industrial areas are in the planning stages within the boundaries of OPIC Agbara / IGBESA Industrial Estate
	Agbara Industrial Estate	Large & medium scale companies including Nestle, P&G, Unilever	Owned under a sub-lease by Agbara Estates Limited, a private development company
	Opic Alamala Estate	Existing Teak Plantation and planned for Agro-allied industries	Owned by OPIC. Teak Plantation will mature in 4 years.
	New Makun City	Multi-purpose new city, with zones for commercial, light & heavy manufacturing centers	Not currently operational. Fully subscribed with over 10 companies at various stages of pre-construction activities

Ogun State's regime of industrial estates and SEZs faces several obvious challenges, such as:

1. A splintered institutional regime where several agencies have mandates for developing industrial estates and SEZs.
2. The ambiguity caused by differentiation between local laws governing the industrial zones and the NEPZA Act governing SEZs result in delayed or lower levels of development.
3. Poor connectivity (roads, railroads, air), reducing greatly the attractiveness of the value proposition of the state's SEZs and industrial estates and presenting multiple challenges for the companies located in the industrial estates and SEZs.
4. Uncoordinated investment promotion policies reduce the potential for greater investments from private sector investors.

The government agencies involved in industrial estate / SEZ development and management believe that the regime can be reinvigorated with a private sector driven model of industrial estate / SEZ development and management, and is moving forward on this initiative.

In order to understand how these new private industrial estates and SEZs will be able to compete, and how they will be best promoted, the specific objective of the Consultancy is to conduct a benchmarking exercise

of the competitive factors of Ogun State's industrial estates and SEZs against other industrial estates and SEZs considered to be direct competitors and/or referral points. Using this information, the consultants will draft a value proposition for both zone developer/operators in Ogun State, and for tenant and anchor companies locating in the industrial estates and SEZs.

## **B. DETAILED SCOPE OF WORK**

### Activity 1: Benchmarking Exercise

The consultant will be responsible for obtaining information on Ogun State and several comparator countries and States with respect to costs and incentives in order to determine the relative competitiveness of the state. One select special economic zone or industrial park in 6-8 competing countries will be used as the benchmark as well as the conditions they offer to investors. The exercise will be used to inform the design of the project, determine which interventions are needed to enhance the competitiveness of the country, identify any "deal-breakers" that may make industrial estate / SEZs uncompetitive vis-à-vis competitor countries, and determine what future industrial estate / SEZs may need to offer the investor in order to compete effectively. This information will be used to develop a value proposition and marketing materials for the country's industrial estate / SEZs.

#### Sub-activity 1: Determine which countries / special economic zones will be benchmarked

The Benchmarking Specialist will work together with the Project team and the Government of Ogun State to determine which SEZs in competing countries will be benchmarked, given their national investment promotion strategy. At least one comparator SEZ should be chosen from Lagos State as well as Onne / Intels, and included in the benchmarking exercise. The exercise should include 6-8 comparator SEZs. A preliminary long list of countries (to be short-listed) may include Ghana, Egypt, Morocco, Ethiopia, the United Arab Emirates, Jordan, Turkey, Bangladesh, and China. A specific SEZ and industrial estate should be chosen in each country to use as the benchmark. The consultant is expected to work with the World Bank and/ the Government of Ogun State in making the final selection of countries. A minimum of two industrial estates and the Ogun –Guandong Ftz in Ogun State, should be chosen in consultation with the Project team from the World Bank and the Government of Ogun State against which the information from comparator countries will be benchmarked.

#### Sub-activity 2: Outline the benchmarking information to be obtained

In consultation with the Project team and Ogun State government, the consultant will determine the data points to be benchmarked. The following is a typical list of benchmarking information data points which can be modified:

- Monthly salary (mid-level manager, skilled/technical worker, unskilled worker breakdowns, if possible)
- Rigidity of employment<sup>3</sup>
- Difficulty hiring index<sup>4</sup>
- Rigidity of Working Hours Index<sup>5</sup>
- Difficulty Firing Index<sup>6</sup>
- Firing costs (weeks wages)
- Non-Wage Labor Cost (% Salary), if available
- Cost of Electricity Usage (\$/kwh)
- Cost of Electricity Capacity Demand (\$/KVA/month)

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<sup>3</sup> Using international indices

<sup>4</sup> Ibid

<sup>5</sup> Ibid

<sup>6</sup> Ibid

- Cost of piped water (\$/m<sup>3</sup>)
- Cost of waste water treatment
- Cost of telecommunications
- Cost of Serviced Land in Free Zone or Industrial Estate (\$/m<sup>2</sup>/year); length of lease
- Cost of long-term lease price in a free zone or industrial estate (\$/m<sup>2</sup>/year); length of lease
- Cost of Pre-fabricated factory shell in Free Zone or Industrial Estate (\$/m<sup>2</sup>/year); length of lease
- Cost of office space in Free Zone or Industrial Estate (\$/m<sup>2</sup>/year), if applicable; length of lease
- Fiscal Incentives offered in SEZs
- Non-fiscal incentives offered in SEZs
- Cost of land freight (both truck and rail)
- Cost of ocean freight (40' to West African Countries, Long Beach, New York, Rotterdam, Yokohama)
- Cost of ocean freight (bulk – agribusiness – to West African Countries, Long Beach, New York, Rotterdam, Yokohama)
- Air freight rates for 1,000 kg garments (\$/kg) to West African Countries, New York, Los Angeles, Amsterdam, Tokyo
- Bulk sea rates
- Statutory Corporate Income Tax Rate (i.e., tax on profits for a typical medium-sized enterprise)
- VAT
- Administrative burden spent paying taxes (hour per year, according to Doing Business Indicators)
- Other positives/negatives from the SEZ law / regulatory framework for SEZs in the comparator countries.
- Quality of life factors (hospitals, schools, amenities and leisure, safety)
- Peculiar attractions if any used to attract investments to the selected industrial estate
- Any peculiar operating requirement unique to the comparator industrial estate / SEZs

For the above-mentioned exercise, the consultants should review recent international surveys (available studies, reports, Doing Business indicators, World Competitiveness Report, World Transparency Index, etc.) that may contain specific information that can be used in the benchmarking exercise. Under no circumstances should information more than two years old be used.

Sub-activity 3: Obtain benchmarking information on each country

After finalizing the list of data points to be obtained, the consultant will obtain and carefully document the benchmarking information using internet research, phone calls, and meetings, and complete a spreadsheet of data points for Ogun State and the comparator countries which carefully documents the source of each data point.

***Important Note:*** The consultant should carefully document the source for all information with complete bibliographic information for written information and websites, and the complete position and contact details for all persons interviewed, along with the date of the interview.

Sub-activity 4: Analyze the information and write up the results

Using the benchmarked information gained from Activity 3, the consultant will complete an analysis of the relative competitiveness of Ogun State against the comparator countries / locations. The consultant will make recommendations as to the value proposition that Ogun State, its industrial estates, free trade zones and SEZs offer to the investor and the red flags of major areas that may impact the competitiveness of Ogun State's industrial parks and SEZs and that present challenges to the investor.

**Deliverable:** A benchmarking report of approximately 50-70 pages, an excel sheet presenting full

information on the data points, and 3-4 presentations on the findings.

#### Activity 2: Value Proposition and Marketing Strategy

Under this activity, the consulting team is to prepare a market strategy and value proposition for Ogun State's industrial estates / SEZs on the basis of the benchmarking information and the stakeholder engagement. The purpose of the market strategy is to provide Ogun State with an overview of how the sites should be packaged, promoted, and what type of materials would be needed for this task.

There should be a double-pronged focus of the value proposition: industrial estates / SEZ developers/operators on the one hand and tenant companies which would locate in the industrial estate/SEZ on the other hand.

#### **The market strategy should include, but not be limited to the following activities:**

- Primary messages, slogans, and positioning for industrial estate / SEZs in Ogun State
- Identify overall strategy, timing, and implementation framework and responsibilities
- Identify target markets, countries, and investor profiles
- Identify types of promotional tools and materials required, advertising and marketing channels including trade fairs
- Suggestions for a world-class industrial estate / SEZ regime interactive website
- Identify opportunities to coordinate with other promotional agencies in Ogun State

#### **C. DELIVERABLES/SPECIFIC OUTPUTS EXPECTED FROM CONSULTANT**

The primary activities of the project will be executed within 3 months of engagement. The contract will be for a total of 6 months (through July 15, 2018), to allow for responding to the requests of the Government clients, as well as for publication, dissemination, consultation on, and presentations of the content of the study.

The following delivery schedule is anticipated:

Mobilization: **February 25, 2018**

Activity 1 Deliverable: A benchmarking report of at least 50-100 pages, and 2-4 presentations on the findings

Activity 2 Deliverable: A value proposition / market strategy of at least 50 pages – **June 10<sup>th</sup>, 2018**

Reporting and dissemination deliverable: at least 3 presentations, the organization of at least 3 further stakeholder meetings – **first presentation of findings by May 22<sup>nd</sup>, 2018, and of the value proposition by June 30, 2018.**

#### **D. KEY QUALIFICATIONS/SKILLS**

##### **Interested consultants / consultancy firms should possess the following qualifications:**

- The main consultant must have least five years of specialized experience in SEZ / industrial / manufacturing parks / Hi-Tech / IT Park evaluations and/or planning/development/operation, in performing similar tasks;
- The team must be comprised of qualified professional(s) who will take part to provide rationale and design of the economic zone;
- Previous verifiable experience with gathering specific information from multiple sources regionally and internationally on business operating conditions;
- Previous experience and proven track record of conducting survey work and producing quality reports for clients of international standard;
- Experience in the developing world, especially in sub-Saharan Africa;
- Experience both with government agencies, development agencies and the private sector.

**E. CONSULTANCY DURATION/PERIOD**

This consultancy shall run for 6 months.

**F. REPORTING**

The consultant would report primarily to the Special Adviser / MD OPIC

**G. PROCUREMENT PROCEDURE**

The procurement procedure to be followed in the selection of the Individual Consultant shall be The World Bank Procurement Regulations for IPF Borrowers, July 2016, revised November 2017.

**H. APPLICATION INFORMATION**

Resumes to be delivered to [OgunP4R@ogunstate.gov.ng](mailto:OgunP4R@ogunstate.gov.ng) by 12<sup>th</sup> February, 2018