

FEDERAL REPUBLIC OF NIGERIA

MINISTRY OF MINES AND STEEL DEVELOPMENT

**MINERAL SECTOR SUPPORT FOR ECONOMIC DIVERSIFICATION
(MINDIVER) PROJECT**

**TERMS OF REFERENCE FOR THE ENGAGEMENT OF AN ADVISORY
FIRM TO UNDERTAKE AN ASSESSMENT OF THE IDENTIFIED
PROSPECTIVE MINERAL TARGETS AND MINING ASSETS SELECTED AS
POTENTIAL PROOF OF CONCEPT SUPPORT AND /OR INVESTMENT
PROMOTION.**

1. INTRODUCTION:

The Federal Government of Nigeria has obtained a credit from the International Development Association (IDA) to fund the Mineral Sector Support for Economic Diversification (MinDiver) Project. The project has the following development objectives:

- a) To improve the attractiveness of the Nigerian Mining sector, as a driver for economic diversification, for long-term private sector investment in the exploration and production of minerals.
- b) To create a globally competitive sector capable of contributing to wealth creation, providing jobs and advancing our social and human security.

2. BACKGROUND:

The Federal Government of Nigeria has embarked on an economic diversification campaign with the aim of leveraging on the Nation's vast natural resources to diversify the economy from the oil and gas sector to achieve economic emancipation. The sector's growth and contributions to GDP have remained less than ideal, accounting for only about 0.33% in 2015. To address this, the Ministry of Mines and Steel Development (MMSD) recently developed a roadmap for mining growth and development with objectives to deepen sector reforms, attract new investors and collaborate with a wide network of partners and stakeholders to rejuvenate the sector and build a prosperous economy propelled by inflows from the solid minerals sector. The overall objective of the MinDiver Project is to link with the Roadmap and enhance the mining sector's contribution to the economy by strengthening key government institutions, improving information infrastructure and knowledge, and fostering domestic investment in the sector. The Project consists of the following parts:

Part A: Establishing a Strong Foundation for Mining Sector Development:

- i) Carrying out of a program of activities designed to strengthen the MMSD's capacity for governance and administration of the mining sector;
- ii) Carrying out of a program of activities designed to strengthen the Nigerian Geological Survey Agency as well as geological knowledge and information infrastructure for the mining sector,

- iii) Implementing a program of activities designed to strengthen the Recipient's capacity for management of environmental, health and social impacts in the sector

Part B: Facilitating Downstream Sector Development and Enhancing Competitiveness:

- i) Strengthening administration of the artisanal and small-scale mining sub-sector;
- ii) Implementing a program of activities designed to leverage the mineral sector for regional development;
- iii) Implementing a program of activities designed to enhance value addition to mineral products (including upstream development of industrial minerals and dimension stones domain) in the mining sector;
- iv) Implementing a program of activities designed to advance proof-of-concept investments and to attract private sector investments.

Part C. Project Management and Coordination:

- i) Strengthening the capacity of the MMSD for implementation, supervision and management of the Project through the provision of goods, consulting services, non-consulting services, operating costs and training for the purpose.
- ii) Supporting quality control of Project activities and outputs as well as monitoring and evaluation of Project outputs and results.

The key results of the project will include:

- i) Increased availability of precompetitive geo-science data enhancing mineral transactions;
- ii) Institutional information systems integrated with multi-sector planning tools;
- iii) Incentives created for Artisanal and Small-Scale Mining (ASM) formalization;
- iv) Improved environmental and social compliance by mining industry operators.

3. CONTEXT:

Nigeria's domestic mining industry is underdeveloped and has lacked investment for a number of years resulting in import of basic commodities it possesses and could produce domestically.

The MinDiver Project through this activity will facilitate the mining sector's development and enhance its competitiveness and attractiveness to investors for both Greenfield exploration plays and Brownfield mineral assets that may have had a number of prior challenges). It will focus on prioritized key mineral targets including identifying and advancing "Proof of Concept" (PoC) investments.

The identification and advancement of PoC, as a subcomponent of the MinDiver Project, seeks to provide support to the Government in attracting private sector investment into targeted exploration areas and mineral production at specific sites including industrial minerals and dimension stones. The program will also provide practical technical assistance and/or support based on PoC investment/transaction and bring assets to a higher developed stage within the conventional mining cycle.

4 **OBJECTIVE:**

The main objective of this assignment is to help the PoC projects by providing them with necessary support, financial and technical services. To design and assist in implementing a programme that should consider a range of support mechanisms, including on-site business advice, professional services assistance, connections with strategic partners, mentoring and skills training measures to produce successful and financially viable firms that can survive on their own.

The specific tasks anticipated as part of this assignment are detailed below;

5. **SCOPE OF WORK:**

The scope of work will consist of the following activities: (i) visit and review PoC project sites, previously identified as part of a PoC site selection process and to identify Technical Assistance needs; (ii). Assist in the design and implementation of support to the identified prospective mineral targets and mining assets selected as potential proof of concept and (iii). Assisting the project proponents in producing a Strategy and Business Plan, outlining their intentions for project and site development, and highlighting aspects requiring financial support.

In undertaking these assignments, the Consultant will work with the PIU (Project Implementation Unit), Ministerial PoC Committee and will be expected to carry out:

5.1 **DUE DILIGENCE AND STRATEGY PREPARATION** of Proof of Concept (PoC) Project Sites to identify specific technical and financial assistance needs: the Adviser is to undertake a comprehensive due diligence audit of the PoC project sites, previously identified as part of a PoC site selection process, provide a review and assessment of the issues and options and advise the PIU on the appropriate transformation strategy and implementation plans for the assets. The activity will involve the following:

1. Visit the selected mining operations to assess their site and undertake analytical work to identify several 'proof of concept' investments to create a pipeline of mineral assets that are ready for investment within the mining cycle.
2. From the information gathered, rank the level of potentiality of those mineral assets. As part of due diligence, the consultant will look into the characteristics and relevant features of the different mining operations and/or explorers holding the licenses such as: Management team; Primary target commodity; highlight risks and shortfalls, Quality of Asset-base; Financial position and infrastructure;

3. b) Analyse and assess the target project's ability to be developed in a technically sound and viable manner;
 4. c) Review of permitting and regulatory approvals for target company projects;
 5. d) Identify and analyse the availability of off takers, infrastructure, power supply, export facilities and other key considerations that may impact investment;
 6. e) Analyse and review the short, medium- and long-term demand for identified mineral;
 7. f) Evaluate the commercial and market conditions in which the target company and project operates;
- g) Determine the potential risk that a specific asset could entail such as: Uncertainty in the scale of production; Economic viability of production; Reserves not commercially exploitable; Increase in costs due to logistics, utilities etc...; Funding Risk; Commercial factors; Competition forces and Government risks.
- ii. Undertake a more detailed technical analysis of the selected PoC project sites, thus;
- a) Evaluate the technical reports, including scoping studies, Preliminary Economic Appraisals and any Feasibility Studies (Pre- or Definitive);
 - b) Analyze the mine/project development plans, proposed capital expenditures and project economics;
 - c) Analyze and assess any available management plans, environmental systems and controls, community development or safety and environmental plans;
 - d) Assist the project proponent in preparing a workable Business Plan, outlining the intentions for project development, and identifying elements requiring financial support. It is generally accepted that only those with feasible business ideas and a workable business plan are admitted;
 - e) Assist the project proponent to think laterally, and consider alternative options for e.g. final products, markets for secondary 'waste' streams, leasing of equipment etc;
 - f) Identify specific project development needs and elements that may be eligible for support from Financial Institutions;

The Adviser will conclude this task by preparing a Due Diligence audit report and prepare:

- Summary of the findings from each work stream of the due diligence audit;
- Summary of the critical issues for resolution arising from the due diligence, and proposals on resolving these critical issues;

Set acceptance criteria and development benchmarks for the programme;**5.2 Strategy Options**

Based on the due diligence analysis report, the consultant will prepare a strategic plan with recommendations for implementation for project activities that would be most effective and successful to the MinDiver PIU to advise how/where MinDiver might support proposed interventions directly in the form of:

- a). Investments into shared-use infrastructure and equipment,
- b). Supporting leasing options for time-bound delivery of services and equipment and
- c). providing ancillary expert support in the form of other consultancies and where other sources of financing would be necessary

5.3 Implementation Support

The consultant will also provide support and advisory services to PIU/MMSD in implementing the proposed recommendations/strategy.

5.4 ANY OTHER TASKS

The consultant will also undertake any other task required to fulfil MMSD's objectives

6. REQUIRED QUALIFICATIONS AND EXPERIENCE:

Consortia of Firms' Experience

The Consulting firm must have the necessary expertise required to complete the work as specified under the terms of reference for the assignment. It will be multidisciplinary team with a good balance of local and foreign members, covering geology, mining, mineral processing, mining finance, business management, environment, social and health and safety. The firm will have a minimum of 15 years' experience in their relevant sectoral disciplines, in addition to a strong understanding of the mining cycle, international mining financial requirements and project management tools.

Consulting firms may associate with other firms in the form of a consortium, joint venture or a sub-consultancy to enhance their qualifications and experience in areas of due diligence, technical studies and other related services.

MMSD expects that, the firm/consortium experience to include the following:

- i) Expertise in financial and economic analysis of projects.
- ii) Financial markets expertise as well as experience in business valuation;
- iii) Technical expertise in restructuring including due diligence work, investment and maintenance costing, output specifications, performance regimes, etc.; in Sub-Saharan Africa/less developed countries;
- iv) Demonstrable track record of undertaking due diligence studies on mining/mineral projects and in supervising mineral exploration, mineral economics and mining project development including the preparation of report of mineral reserves/resources estimations to an international standard

- v) Experience of working in Nigeria and World Bank assisted projects or similar Multilateral Institution environment organizations is an added advantage;
- vi) Proven experience and excellent track record in strategic planning; organisational and institutional restructuring; investment and business development restructuring;
- vii) Demonstrate capabilities of financial analysis and valuation along with strong geological/mineral exploration and mineral resource evaluation skills and related professional experience.
- viii) Proven knowledge and experience in the Nigerian legal and regulatory requirement of the mining sector value chain.

Requirements of the Project Manager (1 No.)

- i) The Day-to-Day Project Manager should have relevant university or professional qualifications in mining finance, economics, business development or other relevant field experience up to master's or MBA level;
- ii) The manager should have at least fifteen [15] years of experience in professional technical and financial consultant, strategy development etc.
- iii) Extensive consultant and participant work in diverse mine development, mining finance and mine turnaround projects particularly in Africa.
- iv) Extensive experience and a track record in providing professional mining finance consultant and mining capital fundraising services to mining investors, mine owners, and mining project developers for mining projects in diverse commodities;
- v) Equally, the manager should have experience in developing mining business cases suitable for mining capital raising and identifying and implementing mining investment opportunities for mining capital.
- vi) This senior position will involve responsibility for the day-to-day management of the project and for all joint planning with the officials of the MMSD, and other agencies and institutions. Interpersonal skills will be essential, including the ability to engage with policy and senior level representatives of Government and the private sector.

Other key Experts:-

Key staff working with Project manager should also have not less than ten [10] years of professional working experience in their respective fields, some of which should include relevant experience in the mining sector. Key staff should include Nigerian individuals who have extensive experience in the relevant field of the assignment as they relate particularly to Nigeria.

1. **Mining Engineer – (1 No.)** with at least a master's degree in mining engineering or a similar field with professional experience in corporate, operations, project management, consulting, strategic planning and engineering studies for all range of mining projects in diverse commodities in senior operating positions. A track record in taking projects from exploration to the development stage with the completion of pre-feasibility and definitive feasibility Studies is compulsory.

2. **Financial/Commercial Specialist- (1 No.)** with educational qualification in finance, accounting, statistics and relevant professional qualification with experience in corporate finance and development working in the mining sector advising clients in developing and reviewing corporate and operational strategies for their mining projects. The Specialist should have extensive experience in providing advanced financial modelling and evaluation services and in drafting and reviewing business plans, financial modelling and sensitivity analyses, assessing investment opportunities, commercial negotiations and fund raising. Experience in advising junior mining companies on raising debt and equity finance, capital market matters such as fund raisings, Initial Public Offerings (IPOS), listing issues as well as restructuring is required.
3. **Geologist – (1 No.)** with educational qualification in mining geology or related geoscience with a minimum of ten (10) years' experience in mineral exploration including emerging markets plus a strong understanding of the mining cycle, project management tools. She/he must be a recognised Competent Person for mineral resource certification, have a good understanding of different mineral valuation techniques needed at various stages of the mining cycle (ranging from grassroots exploration to prefeasibility, feasibility or exploitation stages).
4. **Mineral Processing Engineer – (1 No.)** with educational qualification in mineral processing or related field with a minimum of ten (10) years' experience in mineral processing/beneficiation in a wide range of mineral commodities including metals and industrial minerals using a range of ASM and industry-wide sophisticated techniques.
5. **Mineral Economist:** (1 No.) a university-level Expert, economist, with one with professional experience at least ten (10) years. It must have participated in at least two strategic diagnoses and/or plans of mining firms;
6. **Environmental, Social, Health and Safety Specialist-** (1 No.) with at least a master's degree in environmental sciences or related field from a recognized University with at least ten (10) years practical post-qualification experience in ESHS, planning, mitigation, and management. She/he will have demonstrated expertise in the design and implementation of environmental and social management plans, environmental and social impact assessments, occupational health and safety and environmental management. She/he will have demonstrated skills in working effectively with public sector clients, and in implementing effective consultation and participation at project and community levels, especially in Nigeria.
7. **Legal and Regulatory Specialist-** 1 No with educational qualifications in law and required professional experience with relevant professional experience in financial regulations as well as financial, and capital markets for debt and equity finance raising for mining projects. He/She should have knowledge and experience of the Nigerian legal and regulatory requirement of the mining sector.

7. **REMUNERATION AND PAYMENT TERMS:**

Remuneration of the Consultant is attractive and commensurate with those offered by international bodies for similar assignments. The assignment will be based in Abuja. However, the Consultant will also be reimbursed for operational expenses such as travel, accommodation, and telephone incurred while carrying out this assignment and in line with World Bank guidelines and procedures. Before reimbursement can be made, the consultant will need to submit a statement of expenses supported by valid documentation.

The successful consultant would be paid a lump sum amount, on monthly/quarterly basis, in accordance with an agreed schedule of deliverables, on the agreed rate of professional fee and reimbursable expenses, subject to satisfactory performance, timely receipt and approval of deliverables.

8. DURATION OF SERVICE:

It is expected that service of the Advisor is required for a period of sixteen (16) months and could be extended subject to requirement and satisfactory performance of the Advisor and based on necessity.

9. DELIVERABLES:

The Consultant will produce the following reports, which will be assessed and appraised by the MMSD and the MinDiver Project Coordinator.

- i) **An Inception Report** to outline the work plan of the Advisor, define its tasks and the planned implementation periods and schedules, identify target submission dates on each task. The inception report will be submitted within one month of the commencement of the assignment and once approved and issued in its final form, will serve as the Advisor's baseline for the management and monitoring of the tasks;
- ii) A **monthly progress report** on engagements and findings with stakeholders in the industry; The Advisor shall prepare consolidated Monthly Progress Reports covering progress towards achieving the objectives in this ToR as well as identified areas of weaknesses and strategies for improvement. The reports shall provide a brief but comprehensive end-of-month progress assessment of the PoC project sites and details of impediment to the works and proposals for overcoming them. These reports shall be submitted to the MinDiver Project Coordinator within the first week of the succeeding month.

The report will be assessed and appraised by the Project Coordinator, the PoC committee and verified and cleared by the TTL.

iii) **Quarterly progress reports** of the activities carried out within the preceding quarterly period. The Advisor's Project Manager will prepare consolidated Progress Reports of the information contained monthly reports together with a summary of Advisor's activities and conclusions on all pertinent issues concerning the assignment. In addition, the Quarterly Progress Reports will outline recommendations, for amendment or solutions to issues and matters raised or found during the study and any other information considered necessary in respect of service delivery. These reports shall be submitted at the end of the first week of the succeeding quarter.

iv). A **draft final report** would be submitted 6+ weeks before the end of the assignment.

v). A **final report** would be submitted 3+ weeks before the end of the assignment.

All Reports Shall Be in English and Presented in Hard and Soft Copies for review and approval by the Project Co-coordinator

THE CONSULTANT WILL SIGN A CONFIDENTIALITY and NON-DISCLOSURE AGREEMENT WITH THE PIU (Project Coordinator overseen by the World Bank). Noncompliance will subject to legal penalties not inferior to the Full Cost of the Contract.

NO FINAL PAYMENT WILL BE MADE UNTIL QA/QC HAS BEEN PASSED BY THE MINISTERIAL PoC COMMITTEE.

10. **SELECTION METHOD**

The Advisor will be selected according to the CQBS Selection Method.