

MULTAN FOOD PROCESSING CENTER (PRIVATE) LTD.

PUBLIC PRIVATE PARTNERSHIP

REQUEST FOR EXPRESSIONS OF INTEREST

Multan Food Processing Center (Private) Ltd. ("Company") has been established as a for-profit company by the Competitiveness Support Fund ("CSF"). CSF is a joint initiative of the Ministry of Finance, Government of Pakistan, and the United States Agency for International Development (USAID) established to reposition Pakistan's economy on a more globally competitive footing. Recognizing the value that can be created by upgrading Pakistan's horticulture industry, CSF and its stakeholders have committed to creating an integrated commercial platform to process and market produce. Operating on a PPP basis, CSF will initially be the primary equity sponsor for the Company.

- › The Company will function as a multi-product processing facility including mangos, kinnow, guava, tomatoes, potatoes, and other fruit and vegetables.
- › The Company will procure the produce from local growers then operate as a high volume packhouse to sort, wash, wax, pack, and cold store produce.
- › The Company will be responsible for marketing both domestically and for export.
- › A financial feasibility study has been completed, estimating potential for attractive returns.
- › Project cost estimated at Rs. 380 million.
- › Land in Multan Industrial Estate will be contributed by the Punjab AgriMarketing Company ("PAMCO") as a pro rata equity contribution.

The sponsors are seeking a private sector firm, individual, or consortium to join the project as a strategic equity investor with responsibility for managing development and operations. Expressions of Interest (EOI) are requested from parties with qualifications including:

- › Experience in establishing and growing a successful commercial enterprise;
- › Experience in exporting;
- › Experience in agri-business and agriculture;
- › Willingness and ability to invest in at least a 26% initial equity stake in the Company;
- › Willingness and ability to acquire the balance of the equity stake as per the exit plan of the sponsors;
- › Ability to demonstrate that it can quickly set up a management team;
- › Good reputation for competency, professionalism, and ethics;
- › Sound financial background;
- › Demonstrable ability to finance investment.

Interested firms are requested to submit EOI before
18:00pm on **18th of May 2010**. EOI must include:

- 1) Statement of interest in partnership;
- 2) Minimum investment that the bidder would be willing to make in the Company;
- 3) Identification of key management personnel and their CVs;
- 4) Copy of corporate registration certificate, if applicable;
- 5) Outline and background of direct and affiliated commercial activities of the parties as pertains to the required qualifications.

A complete Request for EOI document including further details is available at
www.competitiveness.org.pk/tenders.

Questions may be directed to 051-227-2042 or **multanFPC@csf.org.pk**.

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FOR

PRIVATE PUBLIC PARTNERSHIP

27 April 2010

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1. Introduction

Pakistan's agriculture industry is constrained by a number of deficiencies up and down the value chain. The lack of proper infrastructure creates a gap where produce cannot be properly handled to attain its highest value in both export and domestic markets. The missing infrastructure includes both "hard" infrastructure such as equipment and cold storage and "soft" infrastructure such as international marketing networks and proper food safety practices.

By addressing such deficiencies, a tremendous amount of value from Pakistan's abundant agricultural resources can be unlocked, creating significant commercial and social gains. Recognizing this opportunity, the Competitiveness Support Fund ("CSF") plans to implement a Food Processing Center facility in Multan. Implemented on a public-private partnership (PPP) basis, the project would provide value added processing and storage for produce through an integration of procurement, processing, and marketing.

The main objective of this company will be to generate profits for its shareholders. CSF has established the Multan Food Processing Center (Private) Ltd. ("Company") as a for-profit company with an independent board of directors comprising of leaders from agribusiness. CSF is the initial shareholder. The Punjab AgriMarketing Company ("PAMCO") is intended to enter into the partnership and join as a minority shareholder by making an equity contribution of land. **Furthermore, a private sector firm, consortium, or individual is sought to join the project as a strategic equity investor with management control of development and operations. This document calls for expressions of interest from potential partners by outlining the project parameters.** The initial sponsors (CSF and PAMCO) intend to establish this project on a private-public partnership (PPP) basis and strategically divest to the private sector partner over time.

The success of the Company will create spillover effects that will increase the competitiveness of Pakistan's agriculture and improve the livelihoods of those involved. As a first-of-its-kind project, the Company is expected to usher in a new phase in the development of Pakistan's agriculture industry. It is envisioned that a series of Food Processing Centers would be implemented across the country with Multan serving as the first project to be implemented. Other locations could include Peshawar, Sukkur, Quetta, Faisalabad, and Karachi.

About Competitiveness Support Fund (CSF)

CSF is a joint initiative of the Ministry of Finance, Government of Pakistan, and the United States Agency for International Development (USAID) established to reposition the Pakistan's economy on a more globally competitive footing. CSF is supporting Pakistan's goal of a more competitive economy by providing input into policy decisions, working to improve regulatory and administrative frameworks and enhancing public-private partnerships within the country. CSF is also providing technical assistance and co-financing for initiatives related to entrepreneurship, business incubators and private-sector led initiatives with research institutes and universities that contribute to creating a knowledge-driven economy. CSF activities are helping all producers along the value chain that contribute to ultimate product quality. By obtaining better value and better prices for quality products, and improving cooperation

throughout the Pakistani economy, CSF is contributing to poverty alleviation by providing more income for producers and better employment prospects for employees.

2. Project Description

The Company will be established as a multi-product processing facility so that it can be maximally utilized across different seasons. For example, the facility will process citrus from December to April, mango from May to August, guava from August to September, and tomatoes, potatoes and other vegetables using spare capacity from December to March. Multan is ideally located for these products because there are concentrations of growing areas in the vicinity.

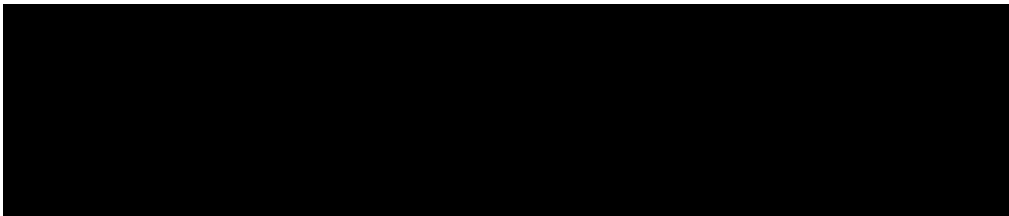
Product	Local Production	FPC Capacity	% Covered	% Gap
Mango	1,079,087	11,200	1.04%	98.96%
Citrus	239,626	11,200	4.67%	95.33%
Guava	59,276	8,400	14.17%	85.83%
Tomato	38,390	2,800	7.29%	92.71%

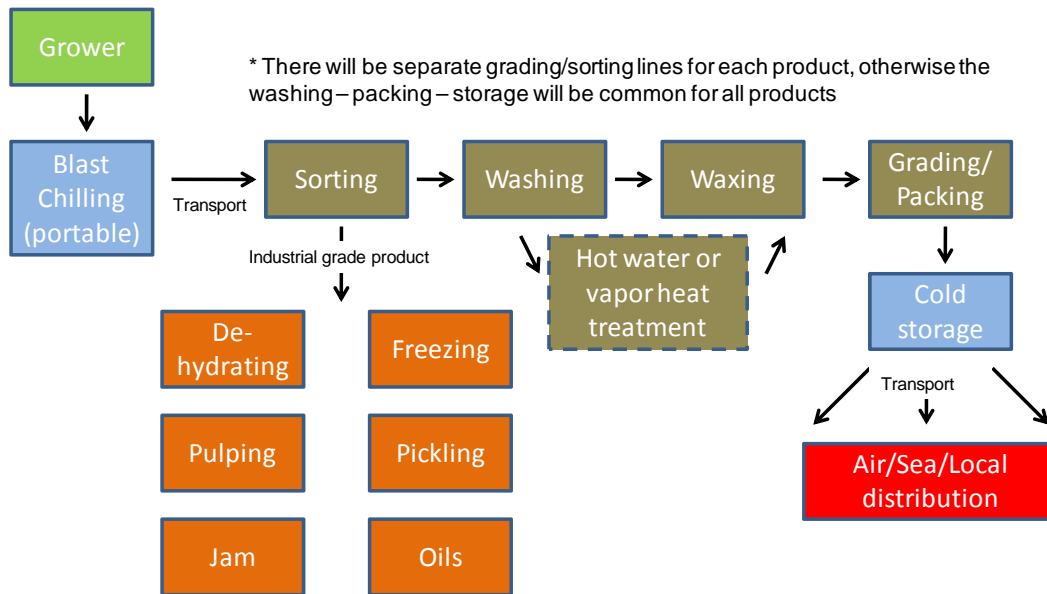
** Figures are in tons per year*

The acquisition and contribution of the land plot in under process. The prospective plot within the Multan Industrial Estate has been selected for good infrastructure, proximity to growers, and convenient transportation links.

It is planned to install 10 tons per hour capacity of fresh fruit and vegetable processing. The facilities will have a self-contained processing line starting from grading and ending with cold storage. With the planned volume of production, the Company will be able to have economies of scale in procurement, logistics, and marketing.

As an example, the Multan facility will be configured to include:





Grower Linkages

Suppliers of the produce must be able to properly grow and handle the fruits and vegetables to be procured. This includes growing the right varieties, having the proper farming techniques and equipment, having proper harvesting and handling capabilities, and adhering to the right sanitation standards. In order to propagate these best practices and to ensure that the produce supplied to the Company is of the right quality, the Company and its sponsors will build linkages to provide the capacity building and training to the growers. The Company will work with partners such as other NRSP, ZTBL, and farmer associations to provide farm level assistance to growers. These arrangements can be a win-win proposition as the partner organizations will be able to fulfill their mandate, the growers will benefit, and the Company will have quality supply.

Procurement and Blast Chilling

Produce carries field heat that can speed their spoilage unless entered quickly into the cool chain upon harvest. As a new innovation, the Company will introduce portable blast chillers to be located near the growers during harvest for applicable types of produce. These portable chillers are 40 foot containers that include a blast chiller and a cold storage compartment with 20 ton capacity. The benefit of temporarily placing these blast chillers near the growers is that preservation of the produce is maximized by removing field heat and placing it into the cold chain as close to harvest as possible. After the temperature reaches the target, the produce can be transported in reefer containers to the facility. During transportation, the right packing must be used and the Company will ensure that it is handled by qualified trucks. For mangos, de-sapping must be done in the field.

Grading and Sorting

The grading and sorting will be a combination of machine and manual work. As grading is done differently for different types of fruits such as mangos and citrus, there will be separate machines

for various products. The high grade produce will be passed along for further processing as fresh fruit or vegetable. Industrial grade produce will be separated out and set aside for other processing.

Washing and Hot Water Treatment

The produce will be cleaned in washing equipment that can be commonly used for all products. In order to meet requirements set by countries such as Iran and China, there will need to be a hot water treatment to kill bacteria and insects.

Waxing and Packing

After washing and hot water treatment, the clean fruit or vegetable may be waxed then packaged in boxes, crates, or tins. The equipment for these processes will also be common across products. Drying processes will also be undertaken after both washing and waxing.

Cold Storage

Once the processing and packing is complete, the produce will be placed into cold storage. The cold storage would have extra capacity that can be rented out to the public. The cold storage will be compartmentalized so that usage of the equipment can be scaled to the level of demand.

Transportation

The produce will be intended for export and also the domestic market. Much of the products will be placed in container trucks for distribution within Pakistan or to a sea port for export. The Company will work with logistics companies to ensure that the onward transportation will be carried out using qualified reefer containers and that the temperature controls are adequate for each step until the product reaches the end user. The Company will also work to develop new export markets and will facilitate the establishment of international cargo flights originating from local airports.

Processing of Non-Fresh Produce

As previously mentioned, industrial grade produce will be sorted out in the beginning of the process. To take advantage of the availability of the produce and to leverage the existing infrastructure, the Company will include space for other value added processing of non-fresh produce. Such processing could include pulping, dehydration, pickling, oil extraction, IQF (freezing), jamming, and canning. These would be carried out by third-party firms and individuals, thus the Company will facilitate for them to locate their operations on the site. A common use facility will be constructed as a shell workshop. The workshop can be partitioned and subdivided then leased out to firms who wish to install equipment and process on-site. The firms can be attracted through the availability of produce and infrastructure while the Company can have a convenient way to sell industrial grade produce and wastage.

Marketing

The Company will handle the marketing and distribution of the fresh produce for export and local markets. Main export markets will include Central Asia, Middle East, Europe, and East Asia. In particular, CSF has identified significant new export opportunities for processed Pakistani produce in Central Asia and the former Soviet republics. Fruits such as mangos and citrus are not cultivated natively in those markets, yet there is growing demand as consumers are becoming more affluent. Currently, much of the demand is being supplied by Central and South American countries, which provides Pakistan with a geographic advantage. The Company would establish links with brokers, distributors, and retailers in key export markets. The Company will also develop domestic sales channels.

3. Budget and Timing

As an indicator, the Multan pilot project is estimated to have the following budget (using Rs. 86 to US \$1 exchange rate), as per the feasibility study that was completed:

Particulars	PAK RUPEES	USD
Land	37,800,000	439,535
Building and Civil Works	61,470,240	714,770
Plant and Machinery	136,751,040	1,590,128
Working Capital	95,036,673	1,105,078
Other Assets	9,409,400	109,412
Sub Total	340,467,353	3,958,923
Project Management Costs	17,023,368	197,946
Sub Total	357,490,721	4,156,869
Contingencies @ 6%	21,449,443	249,412
TOTAL PROJECT COST	378,940,164	4,406,281

A feasibility study has been completed by the chartered accounting firm Grant Thornton. The financial feasibility provides an indicative estimate that the project could have the potential to generate returns in excess of 30% on an annual basis. A summary of the financial feasibility will be provided on a confidential basis to short-listed bidders.

A target start of production date is in Spring 2011 so that it will be ready for the mango season. Below is the expected project timeline.

project cost of US \$4.4 million). There is no upper limit on the equity contribution and larger equity contributions are welcome.

The following are qualifications that are desired of interested partners:

- Experience in establishing and growing a successful commercial enterprise;
- Experience in exporting;
- Experience in agri-business and agriculture;
- Willingness and ability to invest in at least a 26% equity stake in the Company;
- Willingness and ability to acquire the balance of the equity stake as per the exit plan of the sponsors;
- Ability to demonstrate that it can quickly set up a management team;
- Good reputation for competency, professionalism, and ethics;
- Sound financial background;
- Demonstrable ability to finance investment.

Procedure

Each qualifying EOI must include the following contents:

- 1) Statement of interest in partnership;
- 2) Minimum investment that the bidder would be willing to make in the Company;
- 3) Identification of key management personnel and their CVs;
- 4) Copy of corporate registration certificate, if applicable;
- 5) Outline and background of direct and affiliated commercial activities of the parties as pertains to the required qualifications.

The EOI should be mailed in hardcopy to the attention of “Multan FPC” at House 53, Street 1, F-6/3, Islamabad 44000. The EOI should also be e-mailed in soft copy to multanFPC@csf.org.pk.

Both the hard and soft copy of EOI must be received prior to the 18:00 on 18th of May 2010.

Any questions regarding the details of this request for EOI can be e-mailed to multanFPC@csf.org.pk, or over the phone at 051-227-2042.

The Board of Directors reserves the right to postpone the deadlines or cancel the process at their discretion. The Board of Directors also reserves the right to approve or reject any EOI at its sole discretion.