

# TRANSACTION ADVISOR(S) FOR THE ISSUANCE OF A GHS10 BILLION ENERGY BOND

## Request for Proposals

### I. SELECTION PROCESS:

The Ministry of Finance acting as the Tendering Entity (the “Sponsor”) on behalf of an ESLA-SPV (the “Issuer”) invites proposals from reputable, competent, experienced and professional financial institutions licensed by the Securities and Exchange Commission, and Primary Dealers that meet the eligibility criteria for selection as Transaction Advisor(s) for the proposed securitisation of relevant portions of the Energy Sector Levy receivables as enacted in the Energy Sector Levies Act 2015, (Act 899) (ESLA) to repay the legacy debt of the energy sector.

Bidders (authorised signatories) shall submit their offer in electronic and paper formats both for technical and financial proposal.

Following completion of the proposal review process, shortlisted firms may be invited to make a presentation before a Transaction Committee. This meeting will provide a forum for members of the Committee to ask questions and seek further clarification on your firm’s proposal.

### II. PURPOSE

The Sponsor is seeking to appoint a Transaction Advisor(s)/Arranger(s) to facilitate the processes leading to the issuance of a Cedi denominated long-term bond to refinance the estimated GH¢10 billion (US\$2.5 billion) short-term debt overhang owed by the electricity utility services and downstream petroleum service providers, to mostly financial institutions and trade creditors. Proceeds from the issuance will be utilised to repay the outstanding obligations of the sector.

The successful execution of this transaction and issuance of bond will enable the Sponsor put the sector back on a strong financial footing as part of steps being taken to comprehensively resolve the energy sector challenges in a sustainable manner.

### III. THE TRANSACTION

The Sponsor intends to set up a Special Purpose Vehicle (ESLA-SPV) to issue a long-term amortizing Cedi bond (The “Energy Bond” or the “Bond”) on the back of ESLA receivables assigned to the SPV. Total legacy Debt within the Energy Sector is estimated at about GH¢10 billion (**US\$2.5 billion**). This should include refinancing of existing structured debt due banks that is currently being repaid using a portion of the ESLA receivables.

#### **IV. SCOPE OF WORK**

The selected Transaction Advisor(s)/Arranger(s) shall be required to provide the following services:

- a. Advising, guiding and driving the transaction process;
- b. Transaction structuring and documentation;
- c. Appoint and work with other professionals including Lawyers, Technical Consultants and Reporting Accountants to assist in the execution of the assignment where necessary;
- d. Market sounding and engaging with banks, investors and lenders; and
- e. Ensuring the financial close of the transaction.

The aforementioned tasks are intended only as a guide and should therefore not be taken as exhaustive.

#### **V. TERM OF CONTRACT**

The term of the contract shall be for a period of six (6) months. The Sponsor may in writing to the successful applicant extend the six (6) month contract at its discretion.

No contractual obligation whatsoever shall arise from the RFP/ bidding process unless and until a formal contract is signed and executed with the successful bidder.

#### **VI. REQUIREMENTS FOR PROPOSAL PREPARATION**

Applicants are hereby invited to submit a proposal to address the following requirements:

- a. Profile of institution, including management and key staff;
- b. Experience in similar transactions of this nature;
- c. Proposed transaction structure and rationale;
- d. Alternative fund raising approaches;
- e. Syndication/Fundraising strategy, including number and identity of banks/institutions you intend to approach in forming the syndicate;
- f. Extent to which applicants institution can participate in the syndication; and
- g. Arrangement /facilitation fee structure and basis - there will be no upfront cost or arrangement fee charges

Interested eligible banks /financial institutions should submit copies of the following documents with their proposals:

- a. Valid Tax Clearance Certificate;
- b. Valid Social Security Clearance Certificate;
- c. Copy of VAT Registration;
- d. Copy of Business Registration Certificate; and
- e. Certificate to Commence Business.

The proposal must respond to all requirements of the RFP. Any additional information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal.

#### **A. Current Market Conditions and Timing**

1. Please provide your general views on the current domestic market conditions for public long-term debt offerings, including any particular factors that may affect market acceptance of the issue.
2. Please discuss the optimal timing for the offering in terms of current and forecast market conditions. Please provide an illustrative timetable (taking into consideration the structure and marketing recommendations).
3. The Sponsor would ideally prefer to issue the bond at the earliest possible time, as such proposals that indicates ability to execute within the shortest possible time frame shall be favourably considered.

#### **B. Term Sheet**

Please provide an indicative detailed term sheet for the offer.

#### **C. Indicative Pricing**

1. Based upon the structure and terms that you recommend, specify the pricing (in terms of both all-in cost to the Sponsor and yield to investors) at which you believe your firm could place the Bonds.
2. Please discuss the basis for your indicative pricing and the key factors that could affect the pricing, either positively or negatively. Include both factors relating to the offering (e.g., size, terms, etc.) and external factors.

#### **D. Fees and Expenses**

1. For the Bond Issue
  - a. Specify the fees and commissions you would charge as Transaction Advisor;
  - b. Provide an itemized breakdown of the expenses you estimate would be incurred in connection with the offering, including all legal fees, costs of printing, any registration fees, and all other out-of-pocket expenses. Identify the party expected to bear each expense item.
2. Indicate if you are willing to negotiate a maximum limit for all expenses paid for the Offering.

## **E. Marketing Strategy**

Please discuss your firm's view regarding an optimal strategy for the marketing of the bond by indicating your firm's proposed strategy, including the types of investors you would expect to purchase the bond. Also indicate specific Ghanaian participants that would be necessary for a successful issue.

## **F. Syndication**

1. Given the size of the proposed offering, respondents are encouraged to consider partnering with other institutions with complementary capacities to provide a comprehensive solution.
2. If you decide to submit the proposal as a syndicate, please provide a list of all the members of your team and their roles.
3. Please indicate if you would consider being a joint Transaction Advisor if you were chosen in the final selection process. Identify the specific role and responsibility you would volunteer for under a multi advisor mandate.

## **G. Submission**

Please submit four (4) copies of your proposal and an electronic version to the following address no later than 17:00 GMT, 31<sup>st</sup> May 2017

The ESLA Sponsored Bond  
P.O. Box MB 40  
Accra  
Room 312, MOF  
Attention: Head, FIRU  
Email: EslaSponsoredBond@mofep.gov.gh

## **H. Evaluation and Selection Process**

All proposals will be opened on the day of submission. The proposals will then be forwarded for review and recommendation. Proposals received after the day of submission will be returned un-opened.

The proposals will be evaluated in line with the Public Procurement Act, 2003 (Act 663) and the guidelines of the Public Procurement Authority of the Republic of Ghana. During the evaluation phase, proposals will be reviewed by a committee to ascertain which proposals address all the requirements of the RFP and document the adequacy of the proposals.

Once the qualified applicants have been determined, the committee may interview shortlisted applicants to clarify specific matters presented in the proposals. The committee will use information gained during these discussions, and information presented in the proposal, to rank applicants. The selected applicant will be required to assume responsibility for all services offered in their proposal.

**NOTE:**

- a. The Sponsor is not bound to accept the lowest offer price or terms of any proposal;
- b. The Sponsor reserves the right to request presentations and/or visit the premises of the applicant;
- c. The Sponsor reserves the right to enter into negotiations with more than one applicant; and
- d. The Sponsor will consider the selected applicant(s) to be the point of contact with regard to contractual matters.

**I. Legal**

1. Please provide an opinion on the provisions of the ESLA and any legal issues that may need to be considered to enable ease of structuring and issuance of the bond, including amendments, if any that may be necessary to the ESLA.
2. Please recommend the ideal structure of the SPV that may best address investor concerns and serve the Sponsor's purpose.
3. Note that this transaction will be governed by Ghanaian law.

**J. Other Requirements**

1. Please provide any other information as you may deem important to support your bid. Note that due consideration will be given to respondents that shows the capacity to underwrite portions of the offering.
2. Note that ESLA proceeds are deemed to be outside of the budget and the legacy debt within the energy sector is not considered to be government debt. As such any proposed structure should maintain this status.

**VII. TYPE OF AWARDS**

1. It is anticipated that the compensation of Transaction Advisor(s) will be based on a commission which includes all fees. (Out-of-pocket costs are extra). However, the Sponsor reserves the right to make whatever types of awards it believes are most favourable. All payments under any proposals accepted are contingent on the completion of the sale and will be paid out of the sale proceeds only.
2. This RFP does not commit the Sponsor to award a contract, to pay any cost incurred in the preparation of a proposal or to procure or contract for services or materials. As a result of proposal review or contract negotiations, prospective Transaction Advisor(s) may be required to submit revisions to their proposals at any time.

## **VIII. DATA ROOM**

The sponsor has set up a virtual data room which shall have copies of all relevant documents including the following:

1. The ESLA ACT
2. ESLA monthly proceeds for 2016
3. ESLA projections (2017-2022)
4. The ESLA 2016 report
5. Overview of the Energy SOE sector
6. Energy sector debt matrix

## **IX. CONFIRMATION**

Please confirm to the address in G above by 23rd May, 2017 that:

- a) you have received this Request for Proposal;
- b) you intend to submit a Proposal; and
- c) *Provide a reliable email address which will be used to grant access to the data room*

## **X. CONFIDENTIALITY**

The contents of this Request for Proposal (“RFP”) and information that may be disclosed to applicants/recipients pursuant to this RFP constitutes the Sponsor’s confidential proprietary information and shall not be disclosed by the applicants/recipients to third parties or used for any purpose other than that for which it was disclosed, without the Sponsor’s prior written consent. The unauthorised disclosure of the confidential information to a third party may cause irreparable loss, harm and damage to the Sponsor. Accordingly the applicants/recipients indemnify and hold the Sponsor harmless against any loss, claim, harm or damage, of whatever nature, suffered or sustained as a result of any such unauthorized disclosure by applicants/recipients or by persons under their control.