



REPUBLIKA E SHQIPËRISË
MINISTRIA E FINANCAVE
DHE EKONOMISË

Request for Proposal

Notice

January, 2023

This Request for Proposal (“RfP”), which is issued by Albania, represented by the Minister of Finance and Economy of Albania acting upon instructions of the Cabinet of Ministers of Albania (“Albania”), is for the exclusive use of the persons to whom it is addressed in connection with the Transaction (as defined herein).

This RfP (references to which and to any information contained herein shall be deemed to include any information, whether in writing, supplied in connection herewith or in connection with any further inquiries), the details of the Transaction and the existence of the Transaction are confidential. By accepting this RfP, you agree to keep such information confidential.

In no circumstances will Albania be responsible for any costs or expenses incurred by any recipient in connection with any investigation or evaluation or for any other costs or expenses incurred by any person in connection with the financing.

Albania expressly reserves the right, at any time and in any respect, without giving notice or reasons, to amend or terminate the Transaction described herein (including, without limitation, the selection criteria described herein), to terminate discussion(s) with any or all recipients of this RfP and to negotiate with any party in a manner and to a timetable other than that outlined in this RfP. Albania is under no obligation to consider or accept any responses to this RfP.

Contacts

Responses and any questions in relation to this RfP should be addressed to:

Ministry of Finance and Economy
of Albania
“Dëshmorët e Kombit”
Boulevard, No. 3; Tirana, Albania

For the attention of

Mrs. Adela Xhemali
Deputy Minister

Adela.Xhemali@financa.gov.al

RfP: Albania bond offering and potential liability management exercise

We are pleased to invite you to submit a written proposal to act as an underwriter of a potential issue of Albania Notes (the “Offering”) and dealer manager in respect of a proposed tender offer (the “Tender Offer” and, together with the Offering, the “Transaction”).

I. Context and objectives of the transaction

Following the Eurobond operation of 2021 that allowed the country to issue €650 million for 10 years with a coupon of 3.50%, the Republic of Albania (“the Republic”, or “the Issuer”), represented by the Ministry of Finance and Economy, intends to: (a) issue a Eurobond in 2023 on the international capital markets (subject to market conditions); and (ii) conduct a buyback of a portion of the existing Eurobond maturing in 2025.

The Transaction aims at (i) covering the government financing needs and (ii) managing proactively the Government’s debt liabilities.

This Transaction is consistent with the annual budget law and the Medium-Term Debt Management Strategy of the Government to adequately finance the budget at the least cost and a prudent level of risk.

The size of the new issuance is expected to be about 500 million Euro for a contemplated maturity 5-10 years.

For the buyback the portion would be up to 250 million Euro.

II. Role of the Joint Lead Managers/Dealer Managers (“JLMs”)

The selected JLMs will be responsible for ensuring, on behalf of the Republic: (i) the issuance on international financial markets of a sovereign bond denominated in Euros; and (ii) the success of a liability management transaction relating to the Eurobond maturing in 2025.

Specifically, the JLMs will be in charge of the following services:

• Preparation of the Transaction and Recommendations

- Recommendations on the characteristics of an issuance in Euros, particularly in terms of format (RegS/144A), available size, available maturities, target coupon and available repayment structures (i.e., bullet vs. amortized);
- Recommendations on the characteristics of a liability management transaction on the Eurobond maturing in 2025, particularly in terms of pricing, the structure of the transaction (tender offer, redemption or exchange), a method of intervention (any and all, capped offer, Dutch auction, etc.) and, where appropriate, the best timing for the operation;
- Regular information to the Issuer on market conditions (to be provided at regular intervals prior to the formal kick-off of any transaction, as well as during the transaction);
- Organization and participation in due diligence sessions;
- Prospectus review;
- Preparation of a detailed timetable for the completion of the Transaction in 2023;
- Review of the Tender Offer Memorandum (or similar document relating to the liability management transaction);

-
- Assistance in selecting the Fiscal Agent (please provide in the response to this RfP details of support that can be provided by the relevant JLM's agency service arm in acting as Fiscal Agent and any pre-approvals in place for providing such services);
 - Assistance in selecting the Paying Agent and Registrar;
 - Assistance in selecting the Listing Agent (to the extent required);
 - Assistance in selecting the Tender Agent;
 - Any formality relating to services mentioned above allowing the success of the Transaction.

- **Marketing Strategy and Distribution**

- Accurate identification of key investors for the Transaction;
- Organization of road shows;
- Preparation of the presentation to be used during road shows and any other document necessary for the marketing of the Transaction;
- Pricing of the sovereign bond;
- Placement of the bond to investors;
- Coordination of the settlement-delivery
- Any formality relating to services mentioned above allowing the success of the Transaction.

III. Proposal content

A) Technical Offer

Candidates invited to participate in this request for proposal for the role of JLMs will have to make a concise technical proposal, in English (the "technical proposal") and following the plan set below. The proposal should detail all the relevant factors that will make the Transaction a success and notably clearly mention the candidate's opinions and recommendations concerning:

- Part 1: Considerations on the market environment:
 - a. Past and expected evolution of Emerging Markets (EM) sovereign debt with a focus on the CEE bond market;
 - b. Expected trends for (i) interest rates in the Euro and Dollar zones and (ii) credit spreads attached to EM sovereign issuers;
 - c. Potential events likely to alter market liquidity conditions.
- Part 2: Considerations on the Bond Issuance:
 - a. *Structure of the Instrument*: recommended tenor and repayment profile;
 - b. *Pricing of the Instrument*: justification for the peer group, views on target pricing for the Offering and detailed rationale for the price construction;
 - c. *Investor Base*: investor tiring, the estimated appetite for Albanian credit, strategy to enlarge existing investor base, roadshow itinerary;
 - d. *Communication Strategy*: identification of Albania's key credit strengths and weaknesses;
 - e. *Relevant Experience*: provide credentials and league tables rankings for EM sovereign issuers (in EUR and/or USD) with a focus on CIS and CEE sovereign issuers, over the past five years; demonstrate your firm's secondary market capabilities and/or investor access support for Albania.
- Part 3: Considerations on a Liability Management Transaction:

-
- a. Considerations on the liability management operation, including pricing conditions, terms of redemption or exchange, likely participation rate and timeline of implementation.
 - b. Relevant experience with similar issuers: Credentials with a focus on EM sovereign issuers.
- Part 4: Project Team:
 - a. Description of the full project team (DCM, Coverage, Liability Management *etc.*) with a clear identification of the Case Leader which will be the primary point of contact for the Transaction;
 - b. Relevant qualification and experience of all team members.
 - Part 5: Proposed timetable for execution
 - Part 6: Conflicts of Interest: State any conflict of interests your Bank may encounter during the assignment.
 - Part 7: Miscellaneous (please add any other element you deem relevant)

B) Financial Proposal

The technical offer should be submitted along with a financial proposal (the “financial proposal”). The financial offer will include (i) your compensation as well as (ii) your capped fees (“cap”), (iii) the capped fees and expenses of your legal advisors and, separately, (iv) your estimate of all other costs of the Transaction (cost of review of the prospectus by the relevant supervisory authorities, due diligence sessions, cost of listing, cost of the fiscal agent, paying agent and registrar, cost of the listing agent (if required), expenses related to the road show, cost of the tender agent and any additional costs related to the potential liability management operation, including the fees of the bank’s lawyers).

The financial offer must be expressed in Euro and specify the amounts excluding tax and VAT, the VAT rate or any other applicable tax. You will specify “not applicable” if VAT or any other tax is not applicable in your jurisdiction.

IV. Submission process

A printed version with a sealed envelope of your proposal and also an electronic version of your proposal should be sent to the Albanian Ministry of Finance and Economy by February 16th, 2023, at 02:30 PM, Tirana time. The Ministry of Finance and Economy reserves the right to reject any proposal not received by this time. Also an electronic version of your proposal should be send to the email address provided in the Contacts details of this RFP **after** the deadline of submission of proposal in printed version set out above.

The Proposals will be opened at 02:45 p.m. on February 16th, 2023;

All Bidders will be notified within (2) working days of the Bid Opening through electronic mails if their Bids were accepted for further evaluation or rejected.

V. Evaluation Criteria

Evaluation of the Proposals will be made by taking into account, without being strictly limited to, the following main criteria:

-
- The proposed team, the staff committed to this transaction
 - Credentials
 - Distribution and trading capability
 - Country Coverage
 - Quality of Technical Recommendations on bond issuance and tender offer
 - Understanding of EM bond market dynamics
 - Key challenges to the credit story and suggested answers
 - Knowledge of investor base and quality of marketing strategy
 - Preparatory work
 - The lowest effective cost with all of its elements

VI. Conflicts of interest

The JLMS must commit, throughout the mission, to provide professional, objective and impartial advice and to preserve, at all times and in all circumstances, the interests of the Republic of Albania. JLMS must avoid situations of conflict of interest with other missions or interests.

VII. Other Information

This request for proposals is not a commitment on the part of Ministry of Finance and Economy to accept proposals. The Ministry of Finance and Economy reserves the right to accept or reject any and all proposals, to negotiate modifications of proposals submitted, and to waive any irregularities or informalities in any proposal.

Subsequent to receipt of proposals, the Ministry of Finance and Economy may require the Firm to make oral presentations or to respond to telephone calls to clarify its proposal. Discussions and interviews may be held with firms under final consideration prior to making a selection for award; however, proposals may be accepted without such presentations or discussions.

No costs associated with responding to this Request for Proposal or attending Interviews will be reimbursed.

After one or more finalist are selected, the Ministry of Finance and Economy will negotiate an agreement that will be in the Republic of Albania's best interest. The agreement will cover all aspects of the proposal described herein.