



REPUBLIC OF ALBANIA
MINISTRY OF FINANCE AND ECONOMY

Request For Proposal

June, 2018



Notice

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 Offering (as defined herein).

This RFP (references to which and to any information contained herein shall be deemed to include any information, whether or not in writing, supplied in connection herewith or in connection with any further inquiries), the details of the Offering and the existence of the Offering 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 Offering 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

Mr. Erjon Luçi
Deputy Minister of Finance and
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And

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For the attention of

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RFP: Albania bond offering

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").

I. Context and objectives of the transaction

Following the Eurobond operation of 2015 that allowed the country to issue €450 million for 5 years with a coupon of 5.75%, the Republic of Albania ("the Republic", or "the Issuer"), represented by the Ministry of Finance and Economy, intends to: (i) issue a Eurobond in 2018 on international capital markets; and (ii) buyback a fraction of the existing Eurobond maturing by 2020 (both referred to as "the Transaction").

The Transaction aims at (i) covering the government financing needs and (ii) managing proactively Albania's public debt profile.

Through the Transaction, the Republic intends to extend the average maturity of its liabilities at a reasonable cost, pursue the diversification of its investor base and anticipate future financing needs.

The considered maturity of the bond should be from 5 to 10 years while the issued amount would be up to €500 million and the contemplated currency is Euro.

II. Role of the Joint Lead 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 on the Eurobond maturing in 2020.

Specifically, 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 2020, particularly in terms of pricing, the structure of the transaction (redemption vs. exchange), a method of intervention (any and all, capped offer, Dutch auction, etc.) and, where appropriate, the best timing for the operation;
- Preparation of a detailed timetable for the completion of the Transaction in 2018;
- Regular information to the Issuer on market conditions;
- Organization and participation in due diligence sessions;
- Prospectus review;
- Review of the Tender Offer Memorandum;
- Assistance in selecting the Fiscal Agent / Trustee;
- Assistance in selecting the Paying Agent;
- Assistance in selecting the Listing Agent;
- 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;
- Pricing of the liability management transaction;
- 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 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 tiering, 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*: credentials and league tables rankings for EM sovereign issuers (in EUR and/or USD) with a focus on CIS and CEE sovereign issuers, commitment on secondary market trading.
- 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, Liability Management, Coverage, 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's members.
- Part 5: Proposed timetable for execution

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- 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 advice 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 listing agent, expenses related to the road show, and any 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 should be sent to the Albanian Ministry of Finance and Economy by July 10th, 2018, at 4:00 PM, Tirana time.

An electronic version of your Technical Offer and Financial Proposal should also be sent to all the persons in the Contact List by July 10th, 2018, at 4:00 PM, Tirana time.

V. 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.