**TERMS OF REFERENCE** 

**FOR THE SERVICES RELATED TO INDEPENDENT APPRAISAL (FAIRNESS OPINION) OF THE PRIVATIZATION DEAL**

|  |  |
| --- | --- |
| Procurement type: | Competitive bidding |
| **Issue date:** | **November \_\_, 2021** |
| **Submission (Closing) Date and Time:** | **November\_\_, 2021 until \_\_ (Tashkent time)** |
| Validity period of the proposal: | 90 days from the submission date and time |
| Proposals are to be delivered to the following address on the stipulated closing date and time: | Uzbekistan, Tashkent, 30 Shahrisabz str., 100000 |

1. **DEFINITIONS**

|  |  |
| --- | --- |
| Backup Service Provider | The tenderer quoting the second best proposal. In case Ipoteka is not able to enter into a contract with the winner of the competitive bidding for any reason the right to perform services transfers to the Backup Service Provider |
| Ipoteka | Joint-Stock Commercial Mortgage Bank “Ipoteka-bank” |
| Purchaser | State-owned share potential purchaser |
| Seller | Ministry of Finance of the Republic of Uzbekistan, the majority shareholder of Ipoteka  |
| State | The Republic of Uzbekistan |
| Tenderer | Any legal entity or consortium that submits responses to this invitation as per procurement procedures |
| Transaction | Privatisation of Ipoteka, which involves the sale by the Seller of its shares in the registered capital of Ipoteka to the Purchaser  |

1. **ABOUT IPOTEKA**

State-owned bank Ipoteka is fully involved in policy reforms and state development programs in Uzbekistan. At the same time, the bank is universal and carries out various activities such as retail business, investment activities, project financing. The Bank currently takes leading positions in the banking system of Uzbekistan. As of October 2021, the bank accounts for more than 8% of the total assets of the banking system and about 8% of the total capital.

1. **OBJECTIVE**

In accordance with the Strategy for reforming the banking system of the Republic of Uzbekistan in 2020-2025 years (Addendum No. 1 to President’s Decree No. PF-5992, dated 12/05/2020), the Seller announced an intention to privatize to a single strategic investor the entire state-owned share in Ipoteka. In connection with the above, the Share Sale and Purchase Agreement and the main conditions of the deal are being negotiated and finalized.

1. **ELIGIBLE TENDERERS**

Tenderers shall be registered financial institutions offering independent review of the price of the Transaction having an experience in M&A and private equity transactions across a variety of industries. All financial institutions regardless of ownership type and place of incorporation are eligible to participate.

* The financial institutions should have credit rating of at least BBB under Fitch Ratings, at least BBB- under S&P Global Ratings or similar that will provide reputational confidence for Ipoteka and the Seller.
* The financial institutions or its subsidiary or parent company should have listing (shares to be listed on the exchange) what will provide reputational confidence for Ipoteka and the Seller.
* The financial institutions should have significant experience in privatization projects in Asia, Europe and Middle East.
1. **CONFLICT OF INTEREST**

A Tenderer shall not have a conflict of interest. All Tenderers found to have a conflict of interest shall be disqualified. Tenderers must submit a form, see Annexure A, stating that none of its personnel have any involvement or interest in Ipoteka and any of its subsidiaries and likewise Ipoteka personnel have any involvement or interest in the Tenderer’s business with the response to this document or influence the decisions of Ipoteka during the bidding process.

A Tenderer may also be considered to have a conflict of interest with one or more parties in this bidding process, if they have a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the proposal of another Tenderer.

Alternatively, the Tenderer must disclose ALL such information in its response submission containing sufficient disclosure regarding any interests that may result in an actual or potential conflict of interest. Where any potential or actual conflict of interest arises after the submission of the proposal or during the term of the potential mandate, the Tenderer shall be obliged to immediately notify Ipoteka thereof in writing. Note that Ipoteka reserves the right to disqualify a Tenderer or terminate the services as a service provider if there is, in the opinion of Ipoteka, any actual or perceived conflict of interest.

1. **COSTS OF TENDERING**

The Tenderer shall bear all costs related to the preparation and submission of their proposals. Ipoteka shall in no way be responsible or liable for any of these costs regardless of the conduct or outcome of the procurement process.

1. **SCOPE OF REQUIREMENT**

Ipoteka is inviting financial institutions to tender for the following scope of work:

**Scope of work**

The scope of work will be customary for independent review, including (but not limited to):

* Providing the independent report with the review of Ipoteka privatization:
* overview of the deal; and
* independent valuation of the deal; and
* independent review of key terms of the proposed privatization deal, including possible price adjustments.

**Key assumptions**

* The independent review shall be prepared in English or Russian in the form of report.
* The report shall be prepared maximum in 2 weeks starting from the work launch date.

**The proposal should include:**

* Fee proposal.
* Specify proposed fee caps and disbursements.
* Proposed team and firm credentials.
* Detailed experience of involvement in similar transactions, and in particular in connection with independent appraisal projects.
1. **MAXIMUM (NOT-TO-EXCEED) PRICE OFFER**

The competitive bid threshold is one hundred fifty thousand (150,000.00) US Dollars (net of taxes applicable in Uzbekistan only as Ipoteka will not pay any taxes in the Country of incorporation of the adviser) including overhead expenses. All prices shall be quoted in US Dollars.

1. **MANDATORY PROPOSAL RESPONSES**

The proposal should cover all the criteria specified in the attached Annexure B and must be a maximum of 10 pages. The Tenderer must submit the following:

* one (1) original, and one (1) copy of the original response,
* signed integrity declaration form.

The Tenderer shall submit only one type of original proposal. Failure to submit the original response, associated copies, and integrity declaration form will disqualify the submission. Failure to submit the proposals simply and clearly will not result in disqualification but will impact the scoring.

1. **OPENING, EVALUATION, AND SELECTION CRITERIA**

Functionality criteria for scoring will be as stipulated in Annexure B. The winner and the Backup Service Provider will be determined based on the results of scoring.

The sealed proposals will be opened in a single stage and this process will be live-streamed and recorded via videoconferencing to which a representative of participating Tenderers can join.

1. **LODGING OF PROPOSALS**

Only hard copy (manual) submission by courier or hand delivery is allowed. Your proposal must be expressed either in English, Russian, or Uzbek.

To ensure the integrity of the procurement process and confidentiality, the proposal MUST BE SUBMITTED in a sealed envelope. Each envelope SHALL indicate the name of the Tenderer. The envelope must be sealed and bear a warning that states “*Not to be opened before the time and date for proposal opening”* and in Russian “Конкурсная документация: Не открывать до предусмотренного дня открытия конвертов”*.* If the envelopes and packages with the Proposal are not sealed and marked, Ipoteka shall assume no responsibility for the misplacement, loss, or premature opening of the Proposal.

The envelope must be delivered before the submission date and time to the following address: 30 Shahrisabz str., Tashkent, 100000, for the attention of Procurement Officer Hojiakbar Sayfutdinov.

Please take note that proposals may be submitted before the closing date. Late proposals will not be accepted and will be submitted back to the local representatives of Tenderer.

1. **QUERIES/CLARIFICATION**

Should there be clarification questions or queries regarding these terms of reference, please contact the following Ipoteka-bank’s representatives listed below at all times:

* Name: Jamshid Khayrullaev

Email: jamshid.xayrullaev@ipotekabank.uz| Mobile: +998 97 460 0113

* Name: Timur Nuraliev

Email: timur.nuraliev@ipotekabank.uz | Mobile: +998 97 149 0999

Questions will not be responded on the last business day before the Submission Date.

1. **DISCUSSIONS**

Ipoteka reserves the right to call upon a prospective Tenderer to discuss its proposal in more detail as and when deemed necessary. Full contact information of the first contact person should be provided in the proposal.

Shortlisted candidates should expect that on short notice, the core implementation team will be required to join a one (1) hour clarification conference call during which thirty (30) minutes will be dedicated to the presentation of the proposal followed by a thirty (30) minutes question and answer session.

1. **IMPORTANT NOTICES**

The competitive bidding may be canceled by Ipoteka at any time before deciding on it, if it is not deemed necessary to continue with the procurement process due to a substantial change in circumstances, or if public interest and welfare dictate such.

Ipoteka reserves the right to accept or reject any proposal and to cancel the competitive bidding and reject all replies before the announcement of the successful Tenderers.

**Yours sincerely**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Jamshid Khayrullaev**

**Director, Treasury**

**Date: \_\_ November 2021**

**Annexure A**

INTEGRITY DECLARATION FORM

*(Form to be completed and signed by tenderer as Invitation to bidding - returnable)*

**1. DECLARATION OF INTEREST**

I/We understand that any natural/legal person, including employees of the State and/or those related to an Ipoteka employee/director (as per the definition of “related” set out hereunder), may tender to Ipoteka. However, because of possible allegations of favoritism (the practice of showing favor to, or giving preference to some person/group, to the detriment of, or at the expense of another that is entitled to equal treatment or an equal opportunity), should the resulting tender, or part thereof, be awarded to such natural/legal person, as described herein, it is required that the *tenderer/s* declare such interest/relationship where:

* the *tenderer/s* employees/directors are also employees/contractors/consultants/ directors in the state or a state-owned entity.
* the *tenderer/s* employees/directors are also employees/contractors/consultants/ directors of Ipoteka
* the *tenderer/s* employees/directors are also employees/contractors/consultants or directors in another entity together with Ipoteka employees/consultants/contractors/ directors
* the legal entity/s (including its employees/contractors/directors/members/ shareholders) on whose behalf the tender documents are signed, is in some other way “related” to an Ipoteka employee/contractor/consultant/director involved in the tender evaluation/tender adjudication/tender negotiation. “Related” meaning that:
* an individual is related to another individual if they are married, or live together in a relationship similar to marriage;
* or are separated by no more than two degrees of natural or adopted consanguinity or affinity;
* an individual is related to a juristic person if the individual directly or indirectly controls the juristic person, and
* **a legal entity is “related” to another legal entity if:**
1. either of them directly/indirectly controls the other or the business of the other;
2. either is a subsidiary of the other; or
3. a person directly/indirectly controls each of them, or the business of each of them, as determined by the definition of “control”
* the *tenderer/s* and one or more of the *tenderers* in this tender/bidding process have a controlling partner in common, or a relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the tender/proposal of another tenderer, or influence the decisions of Ipoteka regarding this bidding process;

To give effect to the provisions above, please complete the table hereunder with all required information.

|  |  |  |  |
| --- | --- | --- | --- |
| Full Name & Capacity/Position within tenderer (e.g. employee/Director/member/ owner/shareholder) | Confirm and provide details (including employee number) if you are a State/State-owned entity employee/contractor/ director | Full Names & Capacity/Position of Ipoteka employee/ director/ consultant and details of the relationship or interest (marital/ familial/personal/ financial etc.) | To your knowledge is this person involved in the evaluation/ adjudication/ negotiation of tenders |
|  |  |  |  |
|  |  |  |  |

1. If any employee/director/member/shareholder/owner of Tenderer/s is also currently employed by Ipoteka, state whether this has been declared and whether there is authorization (Y/N) to undertake remunerative work outside public sector employment and attach proof to this declaration. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Do the tenderer/s and other tenderer in this tender/bidding process share a controlling partner or have any relationship with each other, directly or through common third parties? (Y/N) If Yes, attach proof to this declaration. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**I declare that I have read and understood the provisions of the Integrity declaration form, that all information furnished herein is correct, that it is understood that the Tenderer’s proposal may be rejected and that Ipoteka will act against the Tenderer should any aspect of this declaration prove to be false**

|  |  |
| --- | --- |
| Signature: |  |
| Designation and capacity in whichsigning: |  |
| Date: |  |

**Annexure B**

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| --- | --- |
| **EVALUATION CRITERIA** | **Weighting** |
| **Firm Capability and Experience** |  |
| Price offer (the lowest bid gets 30 points) | up to 30 points |
| An experienced banker who worked on a range of cross-border M&A deals with a focus on CEEMEA region. Provide a list of such transactions with a brief description of the main functions.  | up to 30 points |
| Past M&A practice with a focus on CIS and Central Asian countries - Provide a list of such transactions with a brief description of the main functions. | up to 20 points |
| Financial institution credibility (highest credit ranking gets 20 points) | up to 20 points |