

RFP No. RFPHQ2-UNCDF- 90721
Lead Arranger services provider for the issuance of the Blue Peace Bond for the Gambia River Basin
Development Organization (OMVG)
Minutes of the Pre-Bid Conference
July 7, 2022

Location: Zoom meeting
Date: July 7, 2022
Start time: 10:00 AM EST
End time: 11:00 AM
Language(s): English and French

Participants:

All of the registered participants attended.

Representing the United Nations Capital Development Fund (UNCDF):

1. Jaffer Machano – Global Programme Manager
2. Rukan Manaz – Programme Specialist
3. Thierno Sadou Diallo – Investment Officer
4. Ethelind Capuno - Operations Specialist
5. Michael Ross – Interpreter
6. Elizabeth Crowell – Interpreter

Representing the Gambia River Basin Development Organization (OMVG)

1. Awa Lo - Contrôleur Financier
2. Nassirou Condetto TOURE – Head of Rural Development Division

Representing the Swiss Agency for Development and Cooperation (SDC):

1. Dimka Meta Skeie Stantchev – Program Manager

Minutes

- Fluent panelists in both in English and French were representing UNCDF and OMVG.
- A real-time two-way interpretation was provided for English to French and French to English but only for the second part of the pre-bid-conference, due to technical difficulties at the beginning.
- A notice was published on the Procurement Notices page of UNDP with instructions on how to join the webinar. The webinar was hosted on Zoom.
- The chair of the pre-bid-conference, Mr. Jaffer Machano, Global Programme Manager at UNCDF, started the meeting explaining that this is a pre-bid conference for RFP No. RFPHQ2-UNCDF- 90721 Lead Arranger services provider for the issuance of the Blue Peace Bond for the Gambia River Basin Development Organization (OMVG), explaining that UNCDF is looking for a Lead Arranger for the advisory and execution of the OMVG Blue Peace Bond.
- UNCDF's operations specialist, Ms. Ethelind Capuno, explained the procurement process, highlighting that this pre-bid-conference has been organized for interested parties to ask questions.
- UNCDF's Program specialist, Ms. Rukan Manaz, explained the key terms and features of the TORs for this Lead Arranger position and UNCDF's expectations. The main points presented are summarize in box 1.

BOX 1: Key Terms, objectives and Tasks for the Lead Arranger Services Provider

Indicative Key Terms & features of the Blue Peace Bond

Type of Bond	Supranational Revenue Bond
Purpose	The proceeds will be allocated to finance a portfolio of infrastructure projects (summary to be provided in due course) in accordance with the existing laws and authorizations by the required institutions
Issuer	SPV shall be established by the OMVG
Issue Size	Shall depend on the underlying assets comprising of infrastructures such as, but not limited, energy hydroelectric dam, irrigated lands, drinking water
Security	Partly guaranteed by a Partial Credit Guarantee (to be confirmed)
Tenor	Depending on the market conditions
Repayment	Bullet repayment on date of maturity (to be confirmed)

Objectives: / Tasks of Lead Arranger

- provide support to OMVG in the process of issuing the Blue Peace Bond while ensuring compliance with legal and regulatory requirements.
- provide advice and guidance on the overall issuance of the bond including arranging for the size and pricing of the bond, prepare bond documentation, provide the legal opinion in respect of the bond issuance, take OMVG on roadshows to interact with investors and perform any other activity in relation with the bond issuance, etc.
- 2 phases (a) the preparatory phase as a transaction advisor and (b) the execution phase for the effective issuance of the bond
- To succeed, the lead arranger will work closely with all stakeholders engaged in the structuration and closing of the transaction and shall provide regular updates, consultations and briefings regarding the execution of the transaction.

Performance metrics considered in the appreciation of the works performed by the lead arranger are:

- Successful execution and closing of the bond issuance
- Number and quality (investment size) of participant investors
- Project timeline and execution dates are achieved
- Pricing is within agreed pricing guidance and the target issuance size is achieved
- Commitment to underwriting ability and quality of advisory services provided

Current stage of implementation:

- The implementation of capacity building activities are ongoing;
- The draft masterplan is expected to be finalized end of 2022;
- The technical assistance program is ongoing such as the Legal and Institutional Review.
- A draft portfolio has been created and was presented together with the Blue Peace Financing structure to the OMVG Council of Ministers.

- Subsequently, the question and answers session commenced.
- It was noted that responses to all the questions would be posted in the form of a written Questions and Answers document on the Procurement Notices page of UNDP.
- It was further highlighted that questions can also be submitted in written after this pre-bid conference and UNCDF is also available for follow-up discussions if required.
- At around 11:00 AM, the session was adjourned as the attendees did not have any additional questions.

The questions raised by the bidders during the meeting and the answers provided by UNCDF are summarized below:

No.	Questions	Answers
1	Is there any scope to propose an alternative payment schedule as part of the submission?	The bidders can submit and propose alternative payment methods. However, UNCDF does not guarantee to accept them in full. We will read the evaluation panel that will review the offers and we will also review the alternative payment methods. Since this is not a substantial part of the offer, if we do not accept the proposed payment method, this can be discussed as part of the pre-award negotiation, without modifying the content, substance and price of the proposal. So, the answer to this question is yes, but subject to our review and acceptance.
2	When will the investment plan and the summary of the projects from the capacity building phase be shared?	Once the portfolio of projects is finalized it will be shared and we hope that this will be the case during the shortlisting period (after submission). It's important to note that this is a project bond and the bankability will be pre-determined for the underlying projects.
3	<p>a) Has the capital investment required been determined and if so, what is the quantum of the capital requirement?</p> <p>b) Which institution will assume the credit risk and what is the nature of the credit risk?</p>	<p>(a) On the exact summary of CAPEX, at this stage we are expecting to be between USD 500 Mio and USD 1 billion. But the further details on this will be clarified together with the list of projects that are currently in the finalization of OMVG's approval process.</p> <p>(b) This questions has been addressed in the introduction, when it was clarified that an SPV will be established and that the financing structure will include a partial credit guarantee (see also box 1).</p>
4	Are we looking at local or hard currency? Is there a requirement of local vs. international exchange?	We are hoping to issue in EUR and in CFA as local currency. These kinds of questions are the reason we have split the assignment in an advisory and execution phase. So, a lot of these parts will be finalized during the advisory phase. The reason we are thinking of two currencies is because we want to include local investors within the UEMOA (<i>Union économique et monétaire ouest-africaine</i>) region, which is the West African Economic and Monetary Union (WAEMU). But because of the size and tenor of some projects, including infrastructure projects, and the fact that the market in the UEMOA region is not deep enough, the bond will also have to access international market. This will again be part of the clarification during the shortlisting and we will have another round of discussion and clarification for that part.
5	Can you please share more information on the SPV?	We will provide a specific note on the SPV, because it will depend on the legal framework of OMVG. Currently, a legal consultant is doing a legal and institutional review of OMVG, based on which we will have more clarity on the process of creating the SPV.
6	Can you please share more information on the partial credit guarantee? Are there initial thoughts on size and high-level requirements for the guarantee?	UNCDF will provide that as part of the support. We are currently talking to a few development agencies to support this. We are also in discussion with private guarantors who have shown strong interest, mostly European based ones. The level of guarantee will be affirmed during the advisory part of the transaction and this assignment. We are expecting it to be 30-50%, based on the type of projects that will be finalized.
7	Given the fact that the topic we are talking about is on a very technical financial level, it would be important to assure a	Yes, there will be a specific session and training for OMVG as part of the technical support, specifically on capital markets, financing instruments such as Bonds and

	<p>minimum of understanding for OMVG and its staff on financing, the capital markets, financing instruments, etc. So the question is, weather a training on this topic is planned for OMVG, its staff and its member state representatives?</p>	<p>issuance processes.</p>
8	<p>What will be the working language of the Lead Arranger, given the fact the OMVG is working in three languages?</p>	<p>The working language will be French on the ground and documentation will be submitted in all three languages, as it is the case with all the consultants working with OMVG.</p>
9	<p>What kind of projects will be part of the portfolio and how will the projects be repaid? What kind of credit enhancement mechanism will be included, other then the partial credit guarantee.</p>	<p>The portfolio itself will be quite diverse and will include projects in different sectors such as energy (hydro-dams), agriculture (irrigation), drinking water, navigation systems, municipal markets, etc. The Blue Peace Bond will be a project bond. So, we are expecting the revenues from the underlying assets (projects) to be used to repay investors on top of what we will set up for the partial credit guarantee to mitigate the credit risk. In addition to that, we are thinking of setting up an escrow account to secure some liquidity for investors. It is important to note, that OMVG is a supranational entity (a River Basin Organization) and the SPV that will be established, will be owned by OMVG which is owned by its member states. We will try to reinforce the SPV as much as possible to ensure the repayment of investors. In addition to that, just to further clarify the repayment structure, it is important to note that this is a bulk infrastructure project. So, e.g. for the hydroelectric dams, there will be off-taking agreements with national utilities, who will be the main buyers of electricity from the OMVG through the SPV and this is where the repayment cashflow will be coming from. It's the same thing for potable water: the bond proceeds will be used to finance bulk infrastructure for water infrastructure in cities out of which the utility who will be buying and distributing the water will pay back to OMVG through the SPV. So basically, there will be off-take agreements within the national countries.</p>
10	<p>Follow-up question on the currency-question: given the fact that two currencies are considered, including a local currency: what are thoughts on hedging activities? Does UNCDF agree that it cannot be priced as of now.</p>	<p>This is a question we are expecting to get clarification in the advisory phase in discussion with the Lead Arranger. The preliminary thinking as of now is, to use the EUR as hard currency since the CFA is backed by the EUR, hoping that it will reduce the currency risk. And yes, UNCDF agrees that it cannot be priced as of now.</p>