

EXPRESSION OF INTEREST (EOI)

CONSULTANCY FOR THE PROVISION OF TRANSACTION ADVISORY SERVICES

RFP NO. EOI/KDC/040/2022-2023

Date of Submission: 17th February 2022

Time: 10.00 am (EAT)

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1. **KENYA DEVELOPMENT CORPORATION**
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- (2) Expression of Interest No.: EOI/KDC/40/2022-2023

- (3) Contract Name: CONSULTANCY FOR THE PROVISION OF TRANSACTION ADVISORY SERVICES

SECTION 1 – EXPRESSION OF INTEREST (EOI)

PROCURING ENTITY: KENYA DEVELOPMENT CORPORATION

Date: **17th February 2023**

Reference No.: **RFP/KDC/040/2022-2023**

Name of Assignment: **CONSULTANCY FOR THE PROVISION OF TRANSACTION ADVISORY SERVICES**

Dear Messrs. _____

1. The **KENYA DEVELOPMENT CORPORATION** has set aside funds in its budget toward the cost of the subject consulting services.
2. The Procuring Entity will be Requesting for Proposals (RFP) from the short listed firms to provide consulting services (here in after called “the services”): **CONSULTANCY FOR THE PROVISION OF TRANSACTION ADVISORY SERVICES**. More details on the Services will be provided in the RFP Documents on need basis
3. If a Consultant is a Joint Venture (JV), the full name of the JV shall be used and all members, starting with the name of the lead member. Where sub-consultants have been proposed, they shall be named.

Yours sincerely,

Director General
Kenya Development Corporation (KDC)
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SECTION 2 – TERMS OF REFERENCE

TERMS OF REFERENCE: TRANSACTION ADVISORY SERVICES FOR KDC INVESTMENT RELATED PROCESSES

(i) INTRODUCTION

The Kenya Development Corporation (KDC) is a state corporation formed as a result of the merger between three Development Finance Institutions (DFIs), Industrial and Commercial Development Corporation (ICDC), IDB Capital Limited (IDB) and Tourism Finance Corporation (TFC). KDC is wholly owned by the Government of Kenya. KDC was incorporated to serve as a strong single cross sector DFI that would be enabled with sufficient scale, scope, and resources to play a catalytic role in Kenya's socio-economic development through providing long-term financing and other financial, investment and business advisory services.

KDC's offering includes;

- a. Debt Financing- Long and short term structured financing
- b. Equity Financing- Ordinary and preference shares
- c. Advisory services

In course of fulfilling its mandate, KDC will require transaction advisory services relating to its investment, divestment and general business decisions. The Transaction Advisor is therefore expected to prepare reports and advise the Corporation on various transactions that will arise in the course of business.

(ii) SCOPE OF WORK

The Consultants would be required to carry out several tasks as may be required by KDC from time to time. These tasks include;

1. Review current portfolio and advise on initiatives to maximize value of current portfolio in line with overall KDC strategy.
2. Map out existing portfolio and prepare strategic plans for non-performing entities, performing entities and those for consideration for investment or divestment.
3. Assist in devising new plans and structures for reviving under-performing and non-performing businesses.
4. Advisory on financial restructuring on the balance sheet for the non-performing but viable equities and loanes.
5. Provide business valuation services, valuation of listed and unlisted shares and stocks.
6. Preparation of investment prospectus for divestiture
7. Transaction advisory services on Initial Public Offerings (IPOs), privatization and business combinations as well as providing advice on the financial, legal and tax implications of the transaction, structuring the transaction and identifying potential investors.
8. Preparation of requisite documentation and processes for companies that KDC wishes to list on NSE by introduction.

9. Financial and legal due diligence on companies under consideration for investment and divestment decisions.
10. Advisory on portfolio rebalancing strategies.
11. Analyze the working capital needs of investees and propose suitable funding strategies
12. Support investees in the formulation of their strategic plans.
13. Business turnaround strategies for investees.
14. Assist where necessary in review of Transfer pricing processes by investees/loanees with a view to properly allocate cost, revenue and profits for investments.
15. Advisory on alignment of the KDC portfolio with the future prospect of listing at the NSE.
16. Advisory on floating of bonds in the NSE by KDC
17. Tax consultation on implications of investment and divestment decisions.
18. Preparation of project feasibility studies to ensure that projects being undertaken are viable and sustainable. This would involve assessing operational strategies, their financial implications and performing sensitivity analysis.
19. Support in credit assessments for potential loanees, financial modelling and preparation of investment memoranda, financial models and valuations for different entities being reviewed by KDC for lending or investment
20. Any other business-related service that KDC may require in the normal course of making investment and divestment decisions.
21. Preparation of concept notes for floating to potential investors/strategic partners for areas divestiture and joint ventures.
22. Review and advisory on terms of loans, lines of credit and grants provided to the Corporation for on lending and business support.
23. Any other area that KDC may require advisory on.

(iii) ELIGIBILITY (MANDATORY REQUIREMENTS)

The Transaction Advisor (TA) will be a firm or consortium of firms. In selection of TA, short-listing shall be composed of firms or individuals who belong to the same line of professional business and who are almost of the same capability.

Applying firms or consortium **must** provide the following:

- a) Company's certificate of registration/Incorporation under the relevant laws. Proof of incorporation and registration from country of jurisdiction. In case of a joint venture or association each member must submit the information.
- b) A copy of valid certificate of Tax Compliance from Kenya Revenue Authority. In case of a joint venture or association, each member must submit the information.
- c) Submit a copy of company's PIN Certificate in case of a joint venture or association, each member must submit the information.
- d) Submit a copy of a valid business license from the county of operation in case of a joint venture or association, each member must submit the information
- e) Submit proof that your company has been in operation for the last **5 years**. (This will be confirmed from the certificate of incorporation).
- f) Submit a Declaration that the Consultant/ firm should is not insolvent, in receivership, bankrupt or in the process of being wound up.
- g) Submit a Declaration that thee Consultant/ firm, its sub-consultants and experts have not engaged in or been convicted of corrupt or fraudulent practices.
- h) Submit a Declaration that the Consultant, its sub-consultants and experts should neither be precluded from entering into a Contract nor debarred by PPRA (applicable to local firms).

- i) An authorized representative of the Consultant shall sign the original submission document. The authorization shall be in the form of a written power of attorney attached to the document.
A Proposal submitted by a Joint Venture shall be signed by all members so as to be legally binding on all members, or by an authorized representative who has a written power of attorney signed by each member's authorized representative.
- j) Sequentially Serialized and paginated Document

(iv) QUALIFICATION AND EXPERIENCE OF TRANSACTION ADVISOR

The consortium or any firm submitting proposals should demonstrate that they can mobilize and deploy multiple skills that will be required in the transaction. At a minimum, the consortium or firm must demonstrate among others the following **mandatory requirements**;

- a) Extensive transaction advisory experience;
- b) Transaction advisory experience in the manufacturing, tourism, banking, energy, climate change, post-harvest loss prevention, agribusiness sectors and capital markets;
- c) Expertise in carrying out legal, technical and financial due diligence
- d) Experience in undertaking business reviews;
- e) Business and fixed assets and securities (including shares) valuation expertise;
- f) Public sector transaction advisory experience
- g) Have demonstrable previous experience in successful restructure of a company's balance sheet, and specifically debt restructuring through adoption of unique solutions including but not limited to structured trade solutions, bridge financing, mezzanine financing and through a partnership or collaboration framework with local commercial banks in Kenya
- h) Have a track record of handling debt restructuring transactions as in either of the categories below (*Please indicate the category*);
 - (I) **Category A-** Between USD 3 million and USD 5 million (or its KES equivalent at current exchange rates) worth of successfully closed debt restructuring transactions within the East African Community (EAC) region
 - (II) **Category B-** Above USD 5 million (or its KES equivalent at current exchange rates) worth of successfully closed debt restructuring transactions within the East African Community (EAC) region
- (i) Be licensed by the Institute of Certified Investment and Financial Analysts (ICIFA) (*Mandatory Requirement*)

A firm that does not have all the above expertise for the assignment in-house may associate with another firm to provide the full range of the required expertise. However, any associating firm can associate with one firm only (i.e. be a member of only one Consortium) for purposes of any assignment. Proposals by a firm associating with more than one firm will be rejected.

(v) QUALIFICATIONS AND EXPERIENCE OF KEY STAFF (signed CVs to be provided)

4.1. The lead consultant/ Team Leader should have the following **Mandatory** qualifications: -

1. Master's Degree from a recognized university with Economics, Accounting, Commerce, Business Administration, Finance, Law or postgraduate qualification in Finance, Economics or equivalent

2. Undergraduate Degree in Finance, Economics or equivalent;
3. The applicant should have at least seven (7) years' experience in Transaction Advisory, Investment Banking & Corporate Finance;
4. The person should demonstrate the following experience: -
 - i. Extensive transaction and corporate advisory experience, in particular financial restructuring transaction experience;
 - ii. Expertise in carrying out legal, technical and financial due diligence
 - iii. Experience in undertaking business reviews;
 - iv. Business and fixed assets valuation
 - v. Must be a Certified Public Accountant of Kenya (CPA(K)) or the Association of Chartered Certified Accountants (ACCA(UK)) or the Chartered Financial Analyst (CFA) and a member of good standing of the Institute of Certified Public Accountants of Kenya (ICPAK) or any other relevant professional body

EXPECTED KEY DELIVERABLES

The key outputs will be defined as per the specific transaction to be undertaken. Some of the expected outputs will include;

- 1) Inception Report (including a draft work plan);
- 2) Financial due diligence report (which includes restructuring proposals);
- 3) Financial model;
- 4) Credit memo(s)
- 5) Investment teaser
- 6) Information memorandum;
- 7) Valuation report for business or fixed asset as may be needed;
- 8) Legal & Regulatory due diligence report;
- 9) Technical due diligence report;
- 10) Privatization strategy report
- 11) Transaction Implementation Plan (TIP).
- 12) Independent business review report(s)
- 13) Concept notes
- 14) Any other advice/report that may be required

EVALUATION OF PROPOSALS

1. The Procuring Entity's evaluation committee shall evaluate the Expression of Interest that have passed the eligibility and mandatory criteria, on the basis of their responsiveness to the Terms of Reference
2. The Technical is signed by the person with power of attorney, without material deviation, reservation, or omission.
3. The Technical Proposal is complete with all the forms and required documentary evidence submitted.

A Proposal shall be rejected at this stage if it does not respond to important aspects of the EOI

CONFLICT OF INTEREST

The Consultants will be required to provide professional, objective, and impartial advice, always holding KDC's interest's paramount, strictly avoiding conflicts with other assignments or its own corporate interests and acting without any consideration for future work.

The Consultant has an obligation to disclose to KDC any situation of actual or potential conflict that impacts its capacity to serve the best interest of KDC. Failure to disclose such situations may lead to the disqualification of the Consultant or the termination of its Contract.

DURATION

The duration of assignment will be defined as per the specific transaction being handled.