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## **REQUEST FOR EXPRESSIONS OF INTEREST**

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### **REQUEST FOR EXPRESSIONS OF INTEREST CONSULTANT'S QUALIFICATIONS BASED SELECTION (CQS)**

#### **Republic of Marshall Islands Digital RMI Project – Independent Share Valuation Report**

**Assignment Title:** Independent Share Valuation of NTA

**Reference No.** MH-DIDA-344233-CS-CQS

The Government of the Republic of the Marshall Islands (the Government) is undertaking a major investment program supported by the World Bank under the proposed Digital RMI Project (Project).

Part of the project includes the transfer of the Government's majority shareholding stake in the current sole telecommunications provider, (the Marshall Islands National Telecommunications Authority (NTA)), to a regional operator pursuant to a PPP contract, and the opening of the market to competition.

NTA has a shareholder base of approx. 650 shareholders. The Government wishes to make a fair value share offer to shareholders, so they have an option to exit NTA or remain in NTA with the new majority shareholder and subject to the terms of the PPP contract.

The Government is seeking, on behalf of the Directors of NTA, an independent expert share valuation from a suitably qualified independent share appraiser ("Appraiser") so that the shareholders can assess the fairness or otherwise of the Government's share value offer.

The Appraiser is not required to visit the RMI for the purposes of this exercise.

It is intended that the Appraiser would commence work in April 2023 with a final report prepared within 6-8 weeks. The Appraiser will report to the Chair of the Board of NTA.

#### **Mandatory skills, qualifications and experience**

The Appraiser can be either a firm or an individual.

The best qualified Appraiser to carry out the services will be selected in accordance with the Firm and Consultant's Qualifications Based Selection (CQS) method set out in the Regulations, based on the following criteria:

The Appraiser (or if a firm, the person/s nominated by the firm to undertake the task) undertaking the share valuation work must have:

- strong expertise in share valuation work including share valuations for widely held corporations;
  - demonstrated lead experience in business appraisal with over 10 years of experience;
  - demonstrated experience in business appraisals for private non listed companies and listed companies;
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- demonstrated experience in the Telecommunication industry;
  - experience in preparing independent appraisals for share valuation purposes;
  - no conflict of interest in respect of this assignment including no commercial relationship (existing or within the previous 12 months) with: the RMI Government or its advisers Messrs Mike Lott and Frank McLaughlin, Castalia; NTA, its Directors or any of its shareholders; or the regional operator the Government is in negotiations with (the name of this party will be disclosed on enquiry by a prospective Appraiser);
  - fluency in verbal and written English.

Further information can be obtained in the TORS attached and by contacting the Project Manager, Mike Lott at [mike@lott.co.nz](mailto:mike@lott.co.nz)

Expressions of interest must be delivered in a written form to the address below by e-mail by 24 March:

Digital RMI Project Manager Mike Lott at [mike@lott.co.nz](mailto:mike@lott.co.nz)

Copy the Chair of NTA Stevenson Kotton at [skotton@cmi.edu](mailto:skotton@cmi.edu)

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**Republic of the Marshall Islands**  
**Ministry of Finance**  
**Terms of Reference**  
**Consulting Firm or Individual Assignment**

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| Title:                | Independent Share Valuation of NTA<br>MH-DIDA-344233-CS-CQS  |
| Location:             | Division of International Development Assistance<br>Ministry of Finance, Banking and Postal Services<br>Republic of the Marshall Islands |
| Tentative State Date: | April 1, 2023  |

### **A. Project Background**

The Government of the Republic of the Marshall Islands (the Government) is undertaking a major investment program supported by the World Bank under the proposed Digital RMI Project (Project). The proposed development objective is to expand access to the internet, promote private sector investment in climate resilient digital services, and establish the critical foundations for digital government services and the digital economy.

Part of the reform includes the restructuring of the current sole telecommunications provider, the Marshall Islands National Telecommunications Authority (NTA) and the opening of the market to competition.

NTA has 317,404 shares on issue. The RMI government currently holds directly 65.56% (208,075) of the shares in NTA and through one of its statutory bodies, the Marshall Islands Marine Resources Authority, holds a further 15.44% (49,000). The remaining 19.13 % (60,329) of NTA shares is held by over 650 private shareholders.

Subject to legislation being enacted the Government may transfer its shares, and those of the Marshall Islands Marine Resources Authority, to a regional operator, who would become the major shareholder in NTA. The new major shareholder would agree as part of the share transfer to procure NTA to enter in a PPP contract with the Government, that will: enable a restructuring of the existing NTA assets with the essential long life assets going to a new government owned entity to be made available on an open access and non -discriminatory basis; require new mobile investment by NTA; require NTA being to specified service standards and the provision of anchor products at agreed speeds and prices.

The Government wishes to provide the private shareholders with the option of either remaining in NTA alongside the new major shareholder, or having the option to exit by selling their shares to the Government at fair value, to ensure the telecommunications sector reforms do not deprive the private shareholders of fair value for their shares.

The Government does not require any minimum number of acceptances for its offer. Any shares the Government acquires will be transferred by the Government to the new majority shareholder.

The Government has obtained its own advice on a fair value price for the shares in NTA by its commercial adviser Castalia. However, the Government believes that it is important that the

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private shareholders are provided with an independent expert share valuation from a suitably qualified independent share appraiser (“Appraiser”) so that the private shareholders can assess the fairness or otherwise of the Government’s share value offer.

It is intended that the Government buyout offer will commence in the second quarter of 2023 subject to the legislation being enacted to enable the restructuring.

## **B. Scope of required work**

The Appraiser will be required to prepare an independent share value report for the NTA private shareholders (“Appraisal Report”). The purpose of the report is limited to providing an impartial, objective and expert view on what a fair value (or fair value range) of the NTA shares is, so that the private shareholders can make an informed assessment of the Government share offer. The Appraisal Report will be expected to:

- Establish a fair value for the shares in NTA, this can be expressed as a single fair value amount or a fair value range;
- State the reasoning for the fair value (or fair value range);
- State any assumptions that the fair value (or fair value range) relies upon;
- Provide any such other information that a reasonable shareholder would require in order to assess whether to accept or decline the Government share offer.

The Appraisal Report may, at the discretion of the Appraiser:

- Address the Government share offer including whether it constitutes a fair offer;
- Recommend whether the private shareholders should accept or decline the offer and any relevant risks in respect of accepting or declining.

The Appraiser will provide its report to the NTA directors for the purposes of the directors providing it to the private shareholders.

The Appraiser shall provide a draft report to the NTA Directors for comment, but the Appraiser must apply its own expertise and provide a report for the private shareholders that is independent of the commercial or other interests of any one or all of, the Government and its advisors, NTA management, the private shareholders or the directors of NTA.

The Appraiser will be provided access to:

- NTA’s Chief Executive Officer (CEO) and such other members of management that the Appraiser wishes to interview;
- The Government’s share valuation advisers, Castalia; and
- Such information held by NTA or the Government that is useful to the Appraiser in undertaking the share valuation.

The Appraiser is not required to visit the RMI for the purposes of this exercise.

It is intended that the Appraiser would commence work in March 2023 with a final report prepared within 6-8 weeks. The Appraiser will report to the Chair of the Board of NTA.

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### **C. Mandatory skills, qualifications and experience**

The Appraiser can be either a firm or an individual.

The Appraiser (or if a firm, the person/s nominated by the firm to undertake the task) undertaking the share valuation work must have a relevant qualification from a recognized tertiary institution.

The Appraiser must have:

- strong expertise in share valuation work including share valuations for widely held corporations;
- demonstrated lead experience in business appraisal with over 10 years of experience;
- demonstrated experience in business appraisals for private non listed companies and listed companies;
- demonstrated experience in the Telecommunication industry;
- experience in preparing independent appraisals for share valuation purposes;
- no conflict of interest in respect of this assignment including no commercial relationship (existing or within the previous 12 months) with: the RMI Government or its advisers Messrs Mike Lott and Frank McLaughlin, Castalia; NTA, its Directors or any of its shareholders; or the regional operator the Government is in negotiations with (the name of this party will be disclosed on enquiry by a prospective Appraiser);
- fluency in verbal and written English.