

**INVITATION TO APPLY FOR LISTING ON THE TURNAROUND AND VALUE ADD SERVICE
PROVIDER PANEL**

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1. DEFINITIONS

In this invitation to be included in the panel, the following definitions shall apply:

- 1.2 **“Applicants”** means any potential service provider applying to be listed on the turnaround and value add service provider panel;
- 1.3 **“Association Agreements”** means agreements concluded between the lead turnaround specialist and various sector specialist;
- 1.4 **“Black”** means a generic term that refers to Africans, Coloureds and Indians who are South African citizens;
- 1.5 **“B-BBEE”** means Broad-Based Black Economic Empowerment;
- 1.6 **“Turnaround Management”** means Turnaround management is a process dedicated to corporate renewal. It uses analysis and planning to evaluate troubled companies by returning them to solvency or reduce the losses and exposure of shareholders and funders. It is also used to identify the reasons for failing performance in the market and instituting corrective measures. Turnaround management involves management review, root failure causes analysis, and SWOT Analysis to determine why the company is failing. The assessment that is described above is a quick intense deep dive into the organization which then enables us to make decisions. Once analysis is completed, a long-term strategic plan and restructuring plan are created dependent on the viability of the asset. We characterize turnaround in 5 phases with distinct start and end points. The solution that we will follow will be dependent on the outcome of the value proposition after the completion of the viability phase;
- 1.7 **“Service provider and associates”** means a company, with the requisite experience who applies to be listed in the panel. Due to the depth and width of experience required they will then have signed association agreements between each other and, inclusive of CV's, with the relevant experts who may be required to provide services under the terms of the Turnaround Panel listing document issued;
- 1.8 **“PIC”** means Public Investment Corporation SOC Limited;
- 1.9 **Pricing** means pricing for any assignment post listing which will be negotiated at the time of the Request for Proposal but will be capped at the rates charged by Auditor General of South Africa (“AGSA”);
- 1.10 **“RFP”** means Request for Proposal;
- 1.11 **“Sector Specific Transaction Support Services”** means due diligence services that requires an in-depth knowledge of the industrial sector in which the identified Turnaround Entity operates. The services include technical and commercial deep dive investigations which will be used to motivate viability for the turnaround;

1.12 **“Turnaround Entity”** means the business, in which the PIC holds an equity stake or debt on behalf of its Clients, has identified as having a potential for Turnaround;

2. INTRODUCTION AND BACKGROUND

2.1 The PIC is a registered Financial Service Provider (FSP) and is a public entity that is wholly owned by the South Africa Government. The PIC invests funds on behalf of public sector entities.

2.2 Isibaya Fund (“Isibaya”), an unlisted investment division within the PIC was formed to invest in projects that promote social responsibility, infrastructure and transformation both in South Africa and the rest of Africa. The main objective of Isibaya is to generate good financial returns while supporting positive and long-term socio-economic development in South Africa and the rest of the African continent.

The Isibaya fund focuses on the following investment pillars: -

IMPACT INVESTING:

Environmental Sustainability

To invest in projects that offer solutions for sustainable and diverse energy sources and reduces any adverse environmental impact while delivering a real economic return. (These include projects such as renewable energy, energy efficiency, clean technology, recycling and green firms, environmentally friendly construction, green buildings and conservation).

Priority Sector Investments

To invest in projects that contribute to the growth of the economy through job creation, skills transfer, poverty alleviation and rural development.

Economic Infrastructure

To invest in large scale and long-term infrastructure projects that achieve acceptable capital returns while also acting as catalysts to unlock South Africa’s economic potential and attract foreign direct investment. (Qualifying projects comprising of energy, logistics, water, broadband, liquid fuels and commuter transport).

Social Infrastructure

To invest in health, education and affordable housing related projects and businesses that will yield financial returns and contribute to the economic and social development needs of South Africa. (Focusing on Health, Education and Housing).

Small and Medium Enterprises

To invest in and support small and medium enterprises in a manner which yields satisfactory financial returns for the investors whilst contributing positively to the economy particularly in terms of entrepreneurship, new enterprise development and job creation. (Qualifying projects include agriculture, agro-processing, green and renewable energy technology, tourism, and business process outsourcing).

PRIVATE EQUITY:-

South Africa Private Equity

To generate income and capital appreciation by making investments across all sizes of entities: early stage venture capital, small, medium and large sized unlisted companies located in South Africa and the rest of the continent.

Africa Private Equity

To invest in large scale and long-term infrastructure projects that will achieve acceptable capital returns while also acting as catalysts. To this end PIC has taken a conscience decision to become actively involved in supporting entities that it invests in on behalf of its Clients. The focus is to empower entities by facilitating radical interventions by contracting the use of turnaround and value-added services into the terms of all our contracting.

2.3 The current Isibaya transaction services support panel does not specifically cater for interventions of this nature. A specific panel of turnaround and technical experts is being created to allow for rapid response and interventions. The panel will be multidisciplinary by nature and we reserve the right to utilize various service providers and/or experts from different providers on one assignment to maximize impact.

2.4 In essence turnaround can be viewed as a five-stage process which is fluent in nature as a turnaround strategic plan is a fluid document.

2.4.1. **STAGE 1** – this is the situation analysis phase which needs to be performed as quickly as possible once the investment or loan has been identified as being nonperforming or requiring intervention.

The following areas would need to be covered in this stage with the appointed lead coming up with a report that **highlights what went wrong in the business** by considering some or all the following

- Appropriateness of original business case submitted and approved
- Financial analysis of historical figures
- Assessment of financial models that are currently being applied
- Future cash flows.
- Gearing and debt covenants
- Macro-economic impacts both historically and the future
- Micro-economic impact of the value chain within the environment the business operates
- Sales and marketing strategies (including client churn)
- Revenue pipelines
- Competitor analysis
- Requirement for business restructuring
- Operations
- Engineering research and development
- Leadership assessment and suitability
- Personnel requirements
- Environment Social and governance impact

Based on this report, and the opinion of the service provider, a viability assessment will be done which will consider the position of the PIC in relation to the mandates of their clients. This may then result in a turnaround process being approved.

2.4.2. **STAGE 2** – Based on the approval to go -ahead there may be a need for leadership change - this comes in the form of the appointment of an expert turnaround CEO, including a support team if necessary, who will take control of the organization to take them through next phases

2.4.3. **STAGE 3** – Emergency action stage (crisis control) - the objective of this stage is survival, get control of the business, work to breakeven, raise cash to support

turnaround, protect resources and protect assets value.

2.4.4. **STAGE 4** - Business restructuring stage (change)- objective of this stage is to create profitability or limit losses through operations, Restructure the business for increase return on assets and investments

2.4.5. **STAGE 5** - Return to normal stage (Going Concern) – Seek profitable growth, emphasize profits and returns, build competitive strengths – and where appropriate exit the investment.

2.5 Turnaround professionals and entities will need to demonstrate expertise per category by way of CV's and association agreements with relevant individuals and entities.

2.6 Certain of the investment held by Isibaya, operate in highly technical industries with very specific industry factors affecting the business investee. Potential turnaround projects requiring sector specific expertise could come from:

- Mining and resources;
- Renewable Energy;
- Financial Services;
- Retail and Logistics;
- Industrial and manufacturing;
- Information and Communication Technology;
- Media and entertainment;
- Hospitality and Tourism;
- Infrastructure projects;
- Land and Agricultural Development and Value-Added Services;
- High Social Impact and upliftment projects;
- Community and rural development;
- Healthcare and Medicine

2.7 The above list is not exhaustive and as investments are made in new sectors panel members would be apprised of the need to add additional associates to their teams.

- 2.8 PIC intends to create a Turnaround and Value Add panel, and therefore invites established, qualified, experienced, competent and interested service providers to submit applications for listing on its panel.
- 2.9 This panel is independent of the other PIC/ISIBIYA databases. Therefore, in order to participate in the Turnaround and Value Add space you must be registered on this panel irrespective of whether you are on the current Isibaya service provider database.
- 2.10 The purpose of the panel is to support the PIC in evaluating, providing guidance and implementing turnaround strategies at companies PIC is invested in. The following are the type of resources who should be available to the team on a committed basis.
- 2.11 The Service Providers or their owners who we are looking for should have been in business for at least 10 years and must be able to co-ordinate rapid response teams within 7 working days.
- 2.12 The following are the general specialization categories that we require;
- Turnaround management experience (minimum of 10 years);
 - Turnaround CEO 's (minimum 15 years' experience);
 - Chartered Accountants and C Suite Executives – specializing in Turnaround or leading major entities with more than 15 years' experience; unlock Africa's economic potential and attract foreign direct investments.
 - Commercial Attorneys with minimum 15 experience specializing in contract law, law of insolvency and company law;
 - Financial Modelers with at least 10 years' experience in stress testing and building complex commercial, financial and business models
 - Engineers with at least 15 years' experience in process evaluation and improvement and systems
- 2.13 Service Providers should have association agreements with individuals or firms with more than 10 years' experience operating in the following designated sectors where they do not have in house experience;
- Mining and resources;
 - Renewable Energy;

- Financial Services;
- Retail and Logistics;
- Industrial and manufacturing;
- Information and Communication Technology;
- Media and entertainment;
- Hospitality and Tourism;
- Infrastructure projects;
- Land and Agricultural Development and Value-Added Services;
- High Social Impact and upliftment projects;
- Community and rural development;
- Healthcare and Medicine

2.14 When selecting industry expert's cognizance must be given to their ability to access a network of professionals within the industry at short notice. It should further be noted that we are exposed to certain transactions outside of South Africa.

3. APPLICATION FOR LISTING SUBMISSION

- 3.1 Applications must be submitted by hard or on soft copy to the PIC by no later than **15th May 2020 at 17h00**. Late submission will not be attended to.
- 3.2 The submission can be a hard or electronic copy and where it's a soft copy such must be emailed to turnaround@pic.gov.za.
- 3.3 Hand delivered applications must be addressed to the following address and must be registered on the register at security;

Public Investment Corporation SOC Ltd
Menlyn Maine Central Square
Corner Aramist Avenue & Corobay Avenue
Waterkloof Extension 2
Pretoria, South Africa
0181

4. REQUESTS FOR CLARIFICATION

Queries or requests for clarification concerning this invitation should be addressed in writing

to the following people and must be received by the PIC from the **27th March 2020** and no later than the **13th May 2020**. The PIC will endeavor to respond to any questions within 24 hours. Only questions or queries received by email will be responded to.

<u>Area</u>	<u>Name</u>	<u>Email</u>
Administration	Francina Medupe	turnaround@pic.gov.za
Administration	Sello Nkoane	turnaround@pic.gov.za
Technical	Ken Wienand	turnaround@pic.gov.za
Technical	Khaya Zonke	turnaround@pic.gov.za

5. LISTING ON THE PANEL

Successful applicants shall be listed on the panel for a period of three (3) years. The PIC will however retain the right to terminate the service before the maturity date, should the PIC not be satisfied with the services delivered by the service provider. After three (3) years we will re-run the invitation for listing on the panel. Service providers listed on the panel through this process are not in any way guaranteed any work from the PIC.

6. CONTENTS OF THE APPLICATION

The applicants shall submit all the following documents (referred to as application pack), duly completed and signed as necessary:

- 6.1 A covering letter on the firm's letter head signed by any one director of the firm. The covering letter must serve as a formal application for listing and also include a list of documents being submitted;
- 6.2 Completed and signed panel application form attached, as **Annexure A**;
- 6.3 Profile of the company applying for listing;
- 6.4 Proof of registration on the National Treasury CSD database;
- 6.5 Signed Declaration of interest attached as **Annexure B**;
- 6.6 Signed Anti-Fraud and Corruption Declaration, template of declaration attached as **Annexure C**;
- 6.7 Signed Non-disclosure agreement, attached as **Annexure D**;
- 6.8 A completed master matrix (**attached as Annexure E**) for where service providers are able to provide the services. Copies of CV's for all leads and where the lead is not employed by the Service Provider a copy of the association agreement between the entities;

6.9 Applicants policy on how conflict of interest is managed.

7. ADMINISTRATIVE REQUIREMENTS

Compliance with administrative requirements;

The following documents MUST be submitted together with the application pack;

DESCRIPTION (PLEASE TICK)	SUBMITTED	NOT SUBMITTED
<p>1.1 Valid Tax Clearance Certificate</p> <p>Submission of valid Tax clearance certificate and PIN number to verify Tax Status on the SARS website, foreign companies need only submit a letter of good standing from the relevant tax authorities or institutions in their respective country of residence.</p> <ul style="list-style-type: none"> It is an absolute condition that the taxes of the bidder must be in order, or that suitable arrangements have been made with the receiver of revenue to satisfy them. Proof of such arrangements from SARS must be provided in the absence of a valid PIN to verify status. 		
<p>1.2 B-BBEE status level certificate– Accredited by the following;</p> <ul style="list-style-type: none"> South African National Accreditation System (SANAS), Independent Regulatory Board for Auditors (IRBA), Empowerdex or any other accredited agency. The detailed scorecard must accompany the certificate; EME's with an annual total revenue of R10 million or less are required to obtain a sworn affidavit. 		
<p>1.3 CIPC Company Registration documents – COR 14.3 Registration Certificate;</p>		
<p>1.4 Completed and signed Service Provider application form; attached as Annexure A</p>		

DESCRIPTION (PLEASE TICK)	SUBMITTED	NOT SUBMITTED
1.5 Acceptance of the conditions as stipulated in this invitation for listing document by initial of every page and signing this document;		
1.6 Entities to provide latest audited financial statements;		
1.7 Entities to provide a minimum of three contactable references (of either their entity or associates entity) for the services applied for (This information must include, name of entity, designation of contact person, contact person, contact number, contract value and date);		
1.8 Proof of individual accreditation/registration (certified copies of certificates) with the relevant professional institution/regulatory body, where applicable in particular Turnaround Management Association of Southern Africa where membership is a condition to be included on the panel;		
1.9 Applicant's policy on conflict of interest should be included together with the details on procedures for its practical implementation;		
1.10 Signed Declaration of interest; attached as Annexure B		
1.11 Signed Anti-Fraud and Corruption Declaration; attached as Annexure C		
1.12 Signed Non-disclosure agreement; attached as Annexure D		
1.13 A completed master matrix; attached as Annexure E		
1.14 Trust Deeds if applicable		

DESCRIPTION (PLEASE TICK)	SUBMITTED	NOT SUBMITTED
1.15 Cancelled Cheque/Bank stamped letter (Not older than 3 months)		
1.16 Certified ID Copies of Board of Directors, members, owners, shareholders or executive committee (Not older than 3 months)		

8. WITHDRAWALS OF AND AMENDMENTS TO THE APPLICATION PACK

Any applicant may amend or withdraw his/her application, provided that written notice of such amendments or withdrawal is received by the PIC. This written notice shall be hand delivered or sent by email and must be addressed to **Ms. Francina Medupe**. Withdrawals will be unconditional and will end further participation in the application process.

The amendment(s) or withdrawal should be submitted in a sealed envelope. The name and address of the applicant who is submitting the amendment(s) or withdrawal and the words: "AMENDMENT TO (WITHDRAWAL OF) ORIGINAL APPLICATION". Except for specific corrections made at the PIC's request by virtue of the present instructions, applications cannot be amended after the closing date.

9. APPLICATION VALIDITY PERIOD

Applicants shall remain bound by their application for a period of ninety (90) business days from date of receipt. Any changes to an application during this period shall disqualify the applicant concerned, unless such amendments conform to the present instructions to the applicants by the PIC.

10. INFLUENCING APPLICATION EVALUATION PROCESS

Any attempt by an applicant to influence the PIC in the process of examination, clarification, evaluation and comparison of applications, and in decisions concerning the approval for listing of a service provider, shall result in the rejection of the applicant's application.

11. EVALUATION OF APPLICATIONS

The applications will be evaluated using the following 2 Phases:

Phase 1: Compliance with the administrative and minimum requirements of the application. This phase entails determining the responsiveness of each application to the administrative requirements e.g. has the application been submitted in the prescribed format and is it properly signed etc., are all the required documents submitted etc.

Phase 2: This phase entails evaluating the application focusing on the skills, competence and experience of the team members that will be involved in execution of the services to be listed for in line with the table below:

Criteria	Requirements from service providers	Weighting
Service Provider Experience in providing similar services;	<input type="checkbox"/> Service provider must demonstrate at least not less than 15 years in providing similar services being applied for through its owners or shareholders;	40
Experience of the project lead involve with execution of services applied for;	<input type="checkbox"/> Overall Experience of the senior team members that would be involved in the execution of the services applied for to be not less than 15 years; lead experience must be 10 years in all sectors.	40
References	<input type="checkbox"/> At least 3 contactable references	20

Broad-Based Black Economic Empowerment will be considered during individual RFPs.

12. NOTIFICATION OF THE APPROVAL FOR LISTING IN THE PANEL

Successful applicants shall be notified in writing of their listing in the database and condition(s) there to, if any.

13. COMMUNICATION TO UNSUCCESSFUL APPLICANTS

The PIC shall inform unsuccessful applicants in writing. In the event that an applicant has not received any feedback from the PIC after 90 business days from date of the application closing date, the applicant can consider his/her application for inclusion in the panel as unsuccessful.

14. APPLICATION EXPENSES

Applicants shall bear all costs associated with the preparation, submission and withdrawal of his/her application.

15. INVITATION TO BE INCLUDED IN THE PANEL

15.1 The PIC reserves the right to take legal action and remove the service provider from the panel if it is prejudiced in any way due to conflict of interest;

15.2 The applicant should allocate a specific contact person, who would be the contact person for all dealings related to this application. The following details of such contact person should be included in the covering letter referred to above:

- o Name and Surname
- o Position held at the contact person
- o Telephone Number
- o Fax number
- o E-mail address

15.3 The applicant undertakes not to make any contact with the PIC in connection with the application, other than, in writing;

15.4 The PIC is not bound to accept any application for listing;

15.5 The PIC reserves the right to request successful applicants' to partner with successful historically disadvantaged individuals when such applicant is approached to submit a proposal through the RFP process.

16. REQUEST FOR ADDITIONAL INFORMATION

16.1 PIC reserves the right to request additional information over and above information stated on this document, such information can be taken into account during the application evaluation process.

17. LATE SUBMISSION OF APPLICATION DOCUMENT

17.1 Applications received late will not be accepted.

18. NON- COMMITMENT

18.1 PIC reserves the right to withdraw or amend this listing by notice in writing to all parties who have submitted the application for listing;

19. REASONS FOR REJECTION

19.1 PIC reserves the right to reject applications that are not in accordance with this listing document. Service provider must clearly indicate any non-compliance with the terms of this listing document;

19.2 Service provider shall not contact PIC on any matter pertaining to their application from the closing date to the time the application are adjudicated. Any effort by a service provider to influence the evaluation of the application in any manner will result in rejection of the application;

19.3 PIC shall reject an application if the service provider has committed a proven corrupt or fraudulent act;

19.4 PIC may disregard any submission if that provider, or any of its directors or management or employee:

19.4.1 Have committed proven fraud or any other improper conduct in relation to this application;

19.4.2 Have failed to perform on any previous contract and the proof thereof exists;

19.4.2 Is restricted from doing business with the public sector for whatever reason;

20. IF THERE'S ANY CONFLICT BETWEEN THE LISTING DOCUMENT AND ANY OF THE ANNEXURES, THIS DOCUMENT SHALL TAKE PRECEDENCE.

21. DECLARATION

Applicant's Name: _____

Signature: _____

Designation: _____

I declare that:

- All information provided is true and correct;
- The signatory of this listing document is duly authorized;
- Documentary proof regarding any application submitted, when required be submitted to the satisfaction of the PIC.

PIC will withdraw this invitation for listing upon detecting that:

- The BBBEE status level of contribution has been claimed or obtained on a fraudulent basis;
- Any of the conditions of this listing document have not been fulfilled

I understand that PIC may:

- Disqualify the service provider from this process;
- Recover all costs, losses or damages it has incurred or suffered as a result of the service provider's conduct;
- Restrict the service provider, its shareholders and directors or only shareholders and directors who acted on fraudulent basis, from obtaining business from any organ or state for a period not exceeding 10 years after audi alteram partem (hear the other side) rule has been applied; and forward the matter for criminal prosecution.

Thus signed and accepted on this _____ day of _____, 2020 at
_____:

_____:

Who warrants his / her authority hereto

For and on behalf of:
