

**PROCUREMENT NUMBER: APRM/PPP/AfCRA/09/2024****REQUEST FOR EXPRESSIONS OF INTEREST FOR THE RECRUITMENT OF A TRANSACTION ADVISORY ON THE ESTABLISHMENT OF AN AFRICA CREDIT RATING AGENCY (AfCRA)**

Expressions of interest must be submitted via email: [tender@aprm-au.org](mailto:tender@aprm-au.org) on or before 18 October 2024 at 11.00 a.m., South Africa Time. The EOI shall be opened virtually on 18 October 2024 at 11.00 a.m., South Africa time.

**1) Introduction**

The African Peer Review Mechanism (APRM) is an autonomous entity of the African Union (AU), which was established in 2003 by the African Union (AU) Assembly of Heads of State and Government with the primary purpose of fostering practices that lead to political stability, high economic growth, sustainable and inclusive development, as well as accelerated regional and continental integration. It seeks to rectify underlying deficiencies in governance and socioeconomic development processes among AU Member-States. The work of APRM covers five thematic areas: (i) Democracy and political governance; (ii) Economic governance and management; (iii) Corporate governance; (iv) Socio-economic development; and (v) State Resilience to shocks and disaster.

**2) Background information**

In January 2017, the APRM was further mandated by the AU Assembly of Heads of State and Government through Decision *Assembly/AU/Dec. 631 (XXVII)* to “support AU Member States in the field of credit rating agencies”. It is on this basis that the APRM was requested by the 6<sup>th</sup> AU Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration, which was held on 20-21 July 2023 in Nairobi, Kenya, to facilitate the implementation of its Declaration endorsing the “*establishment of a private sector-driven Africa Credit Rating Agency (AfCRA) based on self-funding and sustaining*”.

The Ministerial Declaration mandates the establishment of the rating agency independent of the African Union to ensure credibility. To implement this decision, the APRM intends to engage a Transaction Advisory firm through a Request for Expressions of Interest (REoI).

It is envisaged that an AfCRA will provide independent and accurate credit ratings for sovereign, sub-sovereign and corporate entities to support investor decision-making and promote fair competition among credit rating agencies. This will also support affordable access to capital and the development of domestic financial markets towards the AU Agenda 2063 for “The Africa we want”.

**3) Objective of the Assignment**

The primary objective of this assignment is to engage a reputable Transaction Advisory firm to assist in the establishment of the AfCRA. The Transaction Advisor will provide strategic, financial, legal and technical guidance throughout the process, ensuring the rating agency’s successful and sustainable launch.

#### 4) Scope of the Assignment

Under this assignment, the prospective Transaction Advisor will be expected to:

- a) Review the proposed capital structure and business plan for the Africa Credit Rating Agency;
- b) Prepare investor pitchbook, presentations and other relevant marketing materials;
- c) Prepare a list of potential investors to approach;
- d) Organise roadshows, articulate the investment attractions to potential investors and co-ordinate the APRM's response to their queries;
- e) Assist with the selection of board and rating committee members;
- f) Assist with the appointment of other advisors;
- g) Draft announcements and communication materials;
- h) In conjunction with APRM's legal advisors, comment on relevant transaction documents; and
- i) Co-ordinate the completion of the transaction.

#### 5) Deliverables

The Transaction Advisor is expected to deliver the following:

- **Inception Report**, detailing the methodology, work plan, and timelines for the assignment
- **Feasibility Study Report**, including market analysis, risk assessment, and viability conclusions
- **Business Model Document**, covering governance, revenue streams, and operational strategies
- **Legal and Regulatory Framework Report**, outlining the necessary legal structures and compliance requirements
- **Stakeholder Engagement Plan**, with records of consultations and feedback received
- **Implementation Roadmap**: a step-by-step guide to establishing AfCRA, including a timeline, the budget, and resource allocation

#### 6) Duration of assignment

The assignment is expected to be completed within eight (8) months from the date of contract signing. The Advisor is expected to submit periodic progress reports and a final comprehensive report at the end of the assignment.

#### 7) Reporting and coordination

The Transaction Advisor will report to the Director of Governance and Specialised Reporting and work closely with the designated project team. Regular updates (weekly) and reports shall be submitted to ensure alignment with project goals and timelines.

#### 8) Eligibility criteria

Interested organizations should submit information demonstrating their relevant qualifications and experience in providing advisory services. The shortlisting criteria for eligible advisory firms are outlined below, and candidates will be evaluated on a PASS/FAIL basis.

**Evaluation Criteria**

General background of the firm

- Profile of the firm, including the CVs of the relevant and recommended Experts
- Valid Certificate of Registration
- Valid Tax Compliance Certificate or any other relevant document
- Declaration that the firm has not been debarred by AU or any other multilateral Agencies
- Quality of performance under previous contracts – At least three (3) Acceptance Certificates
- Previous experience of similar assignment – attach supporting documents
- Demonstrated financial capacity- Provide audited financial accounts/or statements covering the last three (3) years. This will be used to determine a range of financial ratios as provided by the AU Procurement Manual, version 2.0 of July 2016.

Comprehensive knowledge of Africa’s financial markets

- Demonstrated strong understanding of Africa’s financial markets and how the institution’s strategic goals align with the vision of providing affordable access to capital for African countries. This should include a commitment to developing domestic financial markets in support of the AU Agenda 2063 and the vision of “The Africa We Want”
- A comprehensive understanding of the international finance architecture that governs global ratings, as well as the key institutions influencing global capital markets

Technical and financial capacities

- Financial and/or technical capabilities to commit to the establishment and sustenance of the AfCRA to enable the institution to be established as an autonomous, self-funded, financially independent, and universally credible entity

Credibility

- Demonstrated capacity and commitment to support the development of a credible credit rating methodology framework and internal systems to be adapted to the African sovereigns’ contexts and acceptable by international regulators and investors

Legal capacity

- Demonstrated capacities to support the legal processes of incorporation, registration, licensing and all other necessary steps involved in the operationalization of the AfCRA in line with other Pan-African institutions

**9) General Information**

- i) This opportunity is open for all entities registered in African Union Member States. Entities from Non-AU Member States may also apply if they have been conducting business in AU Member States over the last five (5) years.
- ii) Eligibility criteria, establishment of the short-list and the selection procedure shall be in accordance with the AU Procurement Manual, version 2.0 of July 2016.



- iii) Detailed Terms of Reference (TORs)/Request for Proposal will be provided to shortlisted firms only.
- iv) You may obtain further information by contacting [tenderinfo@aprm-au.org](mailto:tenderinfo@aprm-au.org) during office hours (8:00 – 17:00 SAST) and MUST be requested no less than seven days prior to the closing date of the bid.

## 10) Submission of bids

Expressions of interest MUST be submitted via email at [tender@aprm-au.org](mailto:tender@aprm-au.org) on or **before 18 October 2024 at 11:00 a.m., South Africa Time**. The REOIs shall be opened virtually on **18 October 2024** at 11:00 a.m., South Africa time.

Submission to be titled: **PROCUREMENT NUMBER: APRM/PPP/ACRA/09/2024: EXPRESSION OF INTEREST FOR TRANSACTION ADVISORY ON THE ESTABLISHMENT OF AN AFRICA CREDIT RATING AGENCY (AfCRA)**

*Only bids submitted on time shall be considered. Bids MUST be submitted with the correct Title and Number.*

Project Coordinator

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