

**PROCUREMENT NUMBER: APRM/PPP/ACRA/09/2023****REQUEST FOR EXPRESSION OF INTEREST TO PROSPECTIVE  
SHAREHOLDERS IN THE AFRICAN CREDIT RATING AGENCY (ACRA)****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.

**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 rating agencies'*. It is on this basis that the APRM was requested by the 6<sup>th</sup> AU Specialized Technical Committee (STC) of Ministers of Finance, Monetary Affairs, Economic Planning and Integration STC, which was held on the 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 (ACRA) based on self-funding and sustaining'*.

The Ministerial Declaration directs the establishment of the rating agency outside the African Union for credibility and independence. To implement this decision, the APRM invites both public and the private sector entities through Request for Expression of Interest (REoI) to express their interest to be shareholders of the ACRA.

It is envisaged that an ACRA will provide independent and accurate credit ratings for sovereigns, sub-sovereigns 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 of the "Africa we want".

**3) Objective of the Assignment**

The overall objective of the assignment is to establish a self-funding and self-sustaining private sector driven ACRA in line with the Ministerial Declaration.

#### 4) Scope of the Assignment

Under this assignment, prospective bidders will be expected to:

- i) Review and approve the all the relevant legal agreements and documents for operationalizing the ACRA;
- ii) Determine and secure technical, financial and Resource Implications for the ACRA;
- iii) Finalize the ownership, governance structure and appoint board of directors;
- iv) Prepare report to relevant policy organs and other pan-African institutions to mobilize support for the implementation;
- v) Provide oversight on the implementation of the roadmap.

#### 5) Benefits for Shareholding

Given that the establishment of the ACRA has been supported by critical sectors on the continent, there are a number of distinctive benefits for shareholders on this project, including the following;

- i) The ACRA will have several competitive advantages in interpreting domestic risk contexts of African sovereigns, sub-sovereigns and municipalities, information that both domestic and international investors looking for.
- ii) This is one of the leading projects in Africa with capacity to leverage on the drive towards changing the Global Financial Architecture to a more just and equitable structure.
- iii) Through the APRM's work on supporting the improvement of credit rating, this project has wide continental and global acceptability and has a fair chance to establish necessary credibility for success.
- iv) Being established through a Declaration of the Policy organs of the Union, the project will easily mobilize cooperation from AU Member states, national and regional development financial institutions, agencies and corporates necessary to execute its mandate.
- v) By holding shares in this project, institutions can make a direct contribution towards Africa's access to affordable capital, the development of domestic financial markets, diversity of opinions in the credit rating industry and lowering the cost of borrowing for governments, municipalities and corporates for the development of the continent.

#### 6) Eligibility Criteria

Interested organizations should provide information demonstrating that they have the required qualities and relevant experience to participate in the shareholding. The shortlisting requirements for the eligible prospective shareholders are;

<b>Evaluation Criteria</b>
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Comprehensive knowledge of Africa’s Financial markets

Demonstrate knowledge about Africa’s financial markets, and how the institution’s strategic intent aligns with the vision of providing affordable access to capital for African countries and the development of domestic financial markets towards the AU Agenda 2063 of the “*Africa we want*”. Furthermore, it is expected that the institution also has a comprehensive understanding of the international finance architecture that governs global ratings and the relevant institutions shaping global capital markets.

Technical and financial capacities

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

Credibility

Demonstrate the 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

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

Institutional Independence

Given the nature of the credit rating business, does the prospective shareholder demonstrate commitment to facilitate the autonomous nature of the ACRA, which requires, credibility and independence from the political influence and other instances of conflict of interest. It will aid acceptability of the ratings by both Institutional Investors and local investors.

Experience in PPPs

Has the institution participated in Public Private Partnerships for development programs in Africa with evidence of success.

**7) 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 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 dated July 2016.
- iii) Detailed Terms of Reference (TORs) will be provided to shortlisted.
- iv) You may obtain further information by contacting [tenderinfo@aprm-au.org](mailto:tenderinfo@aprm-au.org) during office hours (8h00 -17h00 SAST) and **MUST** be requested not less than seven days prior to the closing date of the bid.

**8) Submission of Bid:**

- i) Expressions of interest must be submitted via email: [tender@aprm-au.org](mailto:tender@aprm-au.org) on or **before 06 November 2023 at 11.00 am South Africa Time**. The REOI Shall be opened on 06 November 2023 at 11.00 am South Africa time.
- ii) Submission to be titled: **PROCUREMENT NUMBER: APRM/PPP/ACRA/09/2023: REOI TO PROSPECTIVE SHAREHOLDERS IN THE AFRICAN CREDIT RATING AGENCY (ACRA)**.
- iii) Bids must be accompanied by the following documents:
  - a. The entity's registration certificates, profile (with information on shareholding structure and senior management), trading license (where applicable), location of headquarters and subsidiaries.
  - b. Audited Annual Financial Statements covering the period of the last three (3) years.

**NB: Bidders who do not submit the information and documents indicated will not be considered.**

**Project Coordinator**

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