



TERMS OF REFERENCE FOR PROCUREMENT OF SERVICES

PROCUREMENT NUMBER: APRM/AUC/LSACR/001/2022: REQUEST FOR PROPOSAL FOR INDIVIDUAL CONSULTANT TO DEVELOPING THE LEGAL, STRUCTURAL AND FINANCIAL FRAMEWORK FOR AN AFRICAN CREDIT RATING AGENCY (ACRA)

Programme:

Support to African Union Member States in the Area of Credit Rating Agencies

Assignment:

Developing the Legal, Structural and Financial Framework for an African Credit Rating Agency (ACRA)

1. BACKGROUND INFORMATION

The African Peer Review Mechanism (APRM) was directed by the 3rd African Union Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration STC, which was held on the 7th – 8th of March 2019 in Yaoundé, Cameroon, to carry out a feasibility study on the creation of an African Credit Rating Agency (ACRA) and present the outcomes back to the 4th STC. The study, whose outcomes indicated that it was feasible to establish an ACRA, was undertaken and the outcomes were presented to the 4th STC held from the 17-19 May 2021. The 4th STC further requested the APRM to proceed and work on the legal, structural and financial implications of establishing the ACRA as an entity of the Union and report the findings to the 5th STC. Thus, the 5th STC requested the APRM to deepen the conclusions on the legal, structural and financial implications of an ACRA.

The APRM seeks the services of a technical consultant to develop the Legal instrument, Structural and Financial framework of an African Credit Rating Agency (ACRA) as a self-funded and autonomous Agency of the African Union. This process was directed by the 5th African Union Specialized Technical Committee (STC) on Finance, Monetary Affairs, Economic Planning and Integration, as part of the mechanisms to support African Union Member States in the field of rating agencies as mandated to the APRM by AU Assembly Decision Assembly/AU/Dec. 631 (XXVII). The outcome of this assignment will inform the STC and other AU policy organs on the legal status, structure, ownership and financing model of the ACRA.

The directive to explore the establishment of an ACRA followed a common challenge of persistent rating downgrades amongst African countries. The impact of these rating downgrades has been far reaching and continues to threaten the sustainability of public debt due to high borrowing costs. Other challenges include: (i) influence of rating agencies on government policy, (ii) negative perception on subjective governance indicators in their rating methodology, (iii) underplaying the economic potential of African countries, (iv)

dominance and overreliance of African countries on the three dominant international credit rating agencies (Fitch, Moody's and Standards & Poor's), and (v) the inherent conflict of interest.

2. DESCRIPTION OF THE ASSIGNMENT

The overall objective of the assignment is to review the legal, financial, and structural recommendation presented in the Report of the Legal, Financial and Structural Implications for the Establishment of the Africa Credit Rating Agency with the aim of deepening the conclusions on the implications presented therein.

- i. Review the legal, financial and structural implications presented in the aforementioned report to provide additional substantive detail and ensure coherence within the framework for the establishment of the ACRA as a financially independent and autonomous specialized agency of the African Union.
- ii. Ensure that the conclusions on the legal, financial and structural implications of the ACRA provide a definitive proposal elaborating the independence of sources of start-up capital.
- iii. Develop a strategy for the implementation of the proposed financial model (and/or the business model) for the financial sustainability and independence of the ACRA. This among others shall involve making expert projections on the capitalization requirements, revenue and all other costing involved in the operationalization of the ACRA in line with other Pan-African institutions.

3. SCOPE OF THE ASSIGNMENT

This assignment has the following deliverables;

Deliverable 1: A Legal framework for establishing the ACRA:

This entails making definitive proposals for the legal persona and framework for the establishment of the ACRA as an autonomous, self-funded, financially independent and universally credible agency of the African Union.

Deliverable 2: Shareholding and management structure for the ACRA

Develop the Structural and institutional model for the ACRA with a clear description of the roles of all potential shareholders and stakeholders that will be part of the Structural framework, which takes into account the need for independence and credibility of the ACRA.

Deliverable 3: A Sustainable Financial model

Develop the Business/ Financial model for the ACRA, defining and presenting attainable projections on the capitalization requirements, revenue and all other costing involved in the operationalization of the ACRA in line with other Pan-African institutions.

3.1 Steps.

- a) Produce a 1st draft of the report, with the support from the APRM team;
- b) Present the draft report to the APRM policy structures for comments;
- c) Present the draft report to the STC for adoption/approval;
- d) Incorporate all the comments.

4. OUTPUT

A detailed and comprehensive Legal, Structural and Financial framework for the establishment of ACRA, that builds on the legal, financial and structural implications presented to the 5th STC on Finance, Monetary Affairs, Economic Planning and Integration for adoption/approval. The consultant shall deliver the output as follows:

5. TIME FRAME /DURATION OF ASSIGNMENT

This is a 30-day assignment

6. QUALIFICATIONS, EXPERIENCE AND COMPETENCIES

6.1 Education

At least a Master's degree in Legal studies or Trade and Investment or Corporate Law or Public Policy or Economics or Finance or Risk Management or related fields, with a minimum of seven (7) years' relevant professional experience and understanding of the AU systems, global capital markets, credit risk analysis and sovereign debt management, good understanding of the operations of credit rating agencies; or,

A PhD in Legal studies or Trade and Investment or Corporate Law or Public Policy or Economics or Finance or Risk Management or related fields, with a minimum of five (5) years' relevant professional experience and understanding of the AU systems, global capital markets, credit risk analysis and sovereign debt management, good understanding of the operations of credit rating agencies.

6.2 Relevant Experience

- a) Extensive background with central bank, investment bank and/or an international credit rating agency;
- b) Experience in managing projects, meetings and teams;
- c) Fluent in spoken English, Arabic or French with an ability to draft lucid reports and documents in English, Arabic or French is required; knowledge of the other languages will be an added advantage.

7. FACILITIES AND SERVICES TO BE PROVIDED BY THE CLIENT

The APRM Secretariat shall facilitate access to all relevant information, data and stakeholders.

8. LOCATION

This assignment will be based in South Africa, but may be completed virtually. The Consultant is expected to use own laptop, data, and other required equipment to carry out the assignment.

9. PAYMENT SCHEDULE

The assignment will be conducted in **one-month** and the consultant will be paid upon certification of satisfactory work as per work plan and endorsed by APRM Continental Secretariat and its policy structures.

Item	Deliverable	Payment fraction of the contract value
1	Submission and acceptance of the 1st draft by the APRM Continental Secretariat and the Adhoc Committee of Experts on credit ratings.	20%
2	Submission and acceptance of the 2 nd Draft incorporating comments from APRM policy structures	30%
3	Presentation of the Final Report to the STC and incorporating all comments.	50%

10. GENERAL INFORMATION

All consultancies will be advertised on an equal opportunity basis.

Applicants from non-AU Member States may also apply.

11. LANGUAGE OF ASSIGNMENT

The Report will be the final product which must be presented in English/French.

12. EVALUATION CRITERIA

The selection will be done based on the following criteria.

Mandatory Requirements	YES/NO	
<p>1)QUALIFICATIONS, EXPERIENCE AND COMPETENCIES</p> <p>Education</p> <p>At least a Master’s degree in Legal studies or Trade and Investment or Corporate Law or Public Policy or Economics or Finance or Risk Management or related fields, with a minimum of seven (7) years’ relevant professional experience and understanding of the AU systems, global capital markets, credit risk analysis and sovereign debt management, good understanding of the operations of credit rating agencies</p> <p>Or</p> <p>A PhD in Legal studies or Trade and Investment or Corporate Law or Public Policy or Economics or Finance or Risk Management or related fields, with a minimum of five (5) years’ relevant professional experience and understanding of the AU systems, global capital markets, credit risk analysis and sovereign debt management, good understanding of the operations of credit rating agencies</p> <p>1.2) Relevant Experience</p> <ul style="list-style-type: none">• Extensive background with central bank, investment bank and/or an international credit rating agency;• Experience in managing projects, meetings and teams;• Fluent in spoken English, Arabic or French with an ability to draft lucid reports and documents in English, Arabic or French is required; knowledge of the other languages will be an added advantage. <p><i>The above Mandatory requirements will be evaluated on a YES/NO Criteria. Only bidders who comply shall be considered for Technical Evaluation ,</i></p> <p>Submit up-to-date Curriculum Vitae. Must provide relevant academic and professional certificates to support the CV.</p>		
Technical Evaluation Criteria	Max. Point	Score

A PhD in Legal studies or Trade and Investment or Corporate Law or Public Policy or Economics or Finance or Risk Management or related fields, with a minimum of five (5) years' relevant professional experience and understanding of the AU systems, global capital markets, credit risk analysis and sovereign debt management, good understanding of the operations of credit rating agencies	20	
OR; A Master's degree in Legal studies or Trade and Investment or Corporate Law or Public Policy or Economics or Finance or Risk Management or related fields, with a minimum of seven (7) years' relevant professional experience and understanding of the AU systems, global capital markets, credit risk analysis and sovereign debt management, good understanding of the operations of credit rating agencies	15	
Technical Requirements		
Proven experience of the undertaking similar assignment in Africa. Fluent in spoken English or French or Arabic and ability to draft lucid reports and documents in English or French.	20	
Extensive experience with central banks, investment banks and international credit rating agencies. Expert level understanding of public policy, the APRM, and strong understanding of regional and continental legal frameworks, instruments and legislative environment of the African Continent, including drafting of policy briefs, essays, research reports. Provide evidence.	40	
Relevant Experience in conducting similar types of studies with governments, multilateral institutions, and agencies. Demonstrated ability to draft to a very high standard as evidenced by previous examples of relevant work accomplished in the field. State at least two previous similar assignments	10	
Understanding of the TORs- Responsiveness to the Terms of Reference	5	
Understanding of Methodology and workplan to undertake the assignment within the week.	5	
Total Score- Minimum Technical Score 70%	100%	

14) REPORTING

Overall, the consultant is accountable for deliverables to the Directorate of Governance & Specialized Reporting.

15) RESERVATIONS AND CONFIDENTIALITY

APRM reserves the right to withhold all or a portion of payment if performance is unsatisfactory, if work/output is incomplete, not delivered, or for failure to meet deadlines. In the event of the consultant ending the contract

prior to delivering all agreed upon deliverables, a portion of the payments shall be returned to the APRM. The consultant undertakes to maintain confidentiality on all information that is not in the public domain and shall not be involved in another assignment that represents a conflict of interest to the prevailing assignment.

16) CLARIFICATION

Clarification can only be sought through email: tenderinfo@aprm-au.org during working hours – Monday to Friday – time 8.00am to 5.00pm hours (South African Time), at least seven days before the closing date. Response shall be published on APRM portal. **DO NOT SUBMIT YOUR BID THROUGH THIS EMAIL**

17) MODE OF APPLICATION/ SUBMISSION & DOCUMENTS TO BE SUBMITTED BY CONSULTANTS

Prospective consultants should submit an expression of interest, containing a **technical proposal and a financial proposal**.

The technical proposal should, among others, list the profile of the consultant, understanding of the ToRs, understanding of the methodology, detailed workplan, references and contact persons.

The financial proposal should give a cost breakdown per milestone and take into consideration all expenses. The proposal should be in **USD** and inclusive of all taxes and other statutory obligations as may apply.

Request for Proposal clearly marked : **PROCUREMENT NUMBER: APRM/AUC/LSACR/001/2022: REQUEST FOR PROPOSAL FOR INDIVIDUAL CONSULTANT TO DEVELOPING THE LEGAL, STRUCTURAL AND FINANCIAL FRAMEWORK FOR AN AFRICAN CREDIT RATING AGENCY (ACRA)** Shall be **submitted through email: tender@aprm-au.org** on or before 15th September 2022 at 11.00 hours SAST. The RFP shall be opened immediately after the closing date and time.

Eligible women are encouraged to apply.

The selection procedure and contract award shall be done in accordance with the AU Procurement Manual, version 2.0 dated July 2016.

All applications in writing should be accompanied by **up-to-date certified Curriculum Vitae (state nationality) and supporting documents (Relevant Academic Certificates & reference letters) (Note: do not send originals)** with the names and addresses of three referees, one of which should be the last consultancy and addressed to:

African Peer Review Mechanism
Private Bag XO8, Halfway House
Physical Address: 230 15th Road, 1st Floor,
Randjespark, Midrand, 1685,
South Africa
Tel: +27 11 256 3401
Send Bid to Email: tender@aprm-au.org