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**TERMS OF REFERENCE**

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**Regarding the service for the development of a Strategic Economic and Financial Model for the Agaciro Sovereign Wealth Fund**

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# Introduction

Rwanda is a small, landlocked country in East Africa, home to approximately 13 million people on a small territory. With a GDP of around USD 14 billion and a per capita income of about USD 1,000, Rwanda remains classified as a low-income country. Yet, it has achieved remarkable progress over the past 25 years in terms of economic growth, institutional reform, and social development. It is now widely recognized as a model of stability and structural transformation on the African continent.

The country’s long-term development agenda is anchored in **Vision 2050**, which aims to transition Rwanda to an **upper-middle-income country by 2035**, and to **high-income status by 2050**, ensuring high quality of life for all. Vision 2050 is built around three key pillars of transformation :

* Driving industrialization and structural transformation of exports;
* Achieving a green, climate-resilient economy;
* Building a competitive, knowledge-based economy integrated into global value chains.

To implement this vision, the government has adopted the **Second National Strategy for Transformation (NST2, 2024–2029)**, building on progress made under NST1 (2017–2024). NST2 focuses on accelerating economic transformation through:

* Private sector–led growth;
* Development of smart and green infrastructure;
* Greater financial inclusion for households and MSMEs;
* Strong mobilization of domestic and international investment.

It targets an ambitious average annual GDP growth rate of 9.3% over the next five years, driven by increased domestic savings, exports, productivity, and private investment. This path also relies on strengthening human capital, digitalizing the economy, and creating a vibrant innovation ecosystem.

However, these ambitions are pursued in a context of significant climate vulnerability. While contributing less than 0.0003% of global emissions, Rwanda is highly exposed to physical climate risks — including droughts, floods, and landslides — due to its reliance on rainfed agriculture, hydropower, and sensitive watershed ecosystems. The country ranks 125th out of 182 on the ND-GAIN Climate Resilience Index, highlighting the urgency of promoting low-carbon, inclusive, and resilient growth, a priority explicitly integrated into NST2.

As Rwanda’s sovereign wealth fund, the Agaciro Development Fund is expected to play an increasingly strategic role in supporting the country’s long-term development ambitions, including enhancing financial self-reliance and enabling public investment through effective asset management.

AFD is considering a potential financial partnership with Agaciro, Rwanda’s Sovereign Wealth Fund, combining a credit facility with targeted technical assistance. To assess the feasibility and structure of such a program, AFD intends to fund a two-part study:

1. A strategic economic and financial model to assess the Fund’s financial viability. This financial model will be developed to analyze the financial performance of the Fund over a projected horizon of 15-year minimum. The model is designed to comprehensively capture and represent the investment activities of the Fund and demonstrate its overall financial viability as a going concern.
2. A diagnostic review of Agaciro’s institutional and operational frameworks to identify strategic, financial, and capacity-building needs, and to inform the design of both the credit line eligibility criteria and the accompanying technical assistance (TA) program.

# Context and purpose of the engagement

## Presentation of Agaciro

Agaciro Development Fund (Agaciro), Rwanda’s Sovereign Wealth Fund was established in 2011 to promote financial self-reliance and economic resilience. It reflects the Rwandan government's ambition to reduce reliance on international funding for development. Initially funded by voluntary contributions from citizens, businesses, and the diaspora, Agaciro transitioned into an investment-driven model in 2020 to sustainably grow national wealth. The shift moved away from citizen contributions to an asset-based growth strategy. Consequently, the Rwandan government transferred State-Owned Enterprises (SOEs) and privatization revenues to Agaciro.

In 2023, Agaciro began working on a new Investment Policy Statement (IPS) to redefine the fund’s vision, mission, and long-term strategic orientation. While the process was temporarily put on hold, it is expected to resume and be finalized by the end of 2025. Major governance and organizational frameworks were revised to align with global best practices for sovereign wealth funds. Agaciro’s mandate is to invest in the long term to support the country’s economic development and act as a buffer against economic shocks.

The fund currently holds equity positions in 29 different companies, representing approximately 70% of its total portfolio, with the remaining assets allocated to fixed income instruments. Agaciro typically acts as a minority shareholder and may also provide shareholder loans and guarantees to its investee companies. To enhance its operational capacity, Agaciro is in the process of strengthening its team and is working with a professional recruitment firm to attract and onboard qualified personnel.

## AFD's intervention/strategy in Rwanda

The French Development Agency (AFD) has been a key partner in Rwanda’s development agenda, supporting the country’s ambition to transition toward a resilient, inclusive, and climate-aligned growth model. AFD’s engagement is anchored in Rwanda’s long-term development frameworks, including Vision 2050 and the National Strategy for Transformation (NST1 and NST2).

In 2024, following bilateral consultations with the Government of Rwanda, AFD formalized its strategic focus around three priority sectors: Health, Education, and Climate. At the core of its climate strategy is support to Rwandan authorities in aligning both public and private financial flows with the objectives of the Paris Agreement.

This ambition has materialized through a series of transformative initiatives, including the financing of Ireme Invest, the launch of the Green Public Financial Management (Green PFM) program—under which AFD supported the Central Bank of Rwanda in assessing climate-related financial risks and developing climate reporting structures—and partnerships with key financial institutions such as the Bank of Kigali and the Development Bank of Rwanda (BRD) to scale up sustainable and climate-aligned finance.

This project aligns with the first pillar by supporting the State in the sustainable management of part of its portfolio of public companies and holdings through Agaciro. It aims to strengthen the governance of state-owned assets and finance the low-carbon transition of this portfolio by equipping the sovereign wealth fund with the necessary tools and resources to better integrate climate considerations into its operations.

# Objective and service expected under this tender

## Scope and content of work

The main objective of this assignment is to develop an economic and financial model for Agaciro and carry out a feasibility study for the structuring an asset-based loan.

The specific objectives are:

* Design a comprehensive and dynamic financial model reflecting Agaciro’s current and projected activities, incorporating revenue streams, investment flows, liabilities, and key macroeconomic variables.
* Evaluate the financial viability and long-term sustainability of Agaciro under various scenarios, including its capacity to mobilize external funding.
* Simulate the impact of strategic decisions on Agaciro’s financial performance, balance sheet structure, and operational trajectory.
* Integrate robust risk management functionalities into the model—such as sensitivity analysis, stress testing, and scenario planning—to assess exposure to macroeconomic shocks, sector-specific risks, and liquidity constraints.
* Enable portfolio rebalancing simulations to test alternative asset allocation strategies based on varying return, risk, and impact assumptions.
* Deliver a training component to ensure full internal ownership and effective operational use of the model by Agaciro’s team.
* Assess Agaciro’s institutional maturity, strategic alignment, and investment readiness, with a focus on identifying critical gaps in governance, financial management, portfolio oversight, ESG integration, and organizational capacity.
* Define eligibility criteria and structuring options for a potential AFD policy-based credit line, tailored to Agaciro’s institutional context and growth ambitions.
* Develop the components of a targeted technical assistance program to accompany the credit line, including capacity-building measures and tailored training for institutional strengthening.

## Activities

The service is organized into the following three stages:

**Component A – Institutional Diagnosis:**

To establish a baseline assessment of Agaciro’s current institutional setup by identifying foundational gaps in governance, organizational structure, investment processes, and ESG integration. The diagnosis will inform priority areas for institutional development and provide the groundwork for structuring targeted technical assistance and future capacity building.

* Map the current institutional setup and assess the availability and maturity of key strategic documents (e.g., Investment Policy Statement, governance frameworks, risk management guidelines).
* Review the governance architecture, including board composition, oversight mechanisms, and shareholder engagement structures, even if still nascent.
* Assess the current organizational structure and human resource base, including staffing levels, recruitment plans, and operational capacity.
* Examine existing or emerging investment practices, including how opportunities are sourced, evaluated, and managed, even if procedures remain informal or ad hoc.
* Explore the extent to which ESG, climate, and gender considerations are being integrated, and identify needs for formal policy development in these areas.
* Identify institutional and operational bottlenecks that may limit Agaciro’s ability to deploy capital or attract additional financing.
* Develop a prioritized set of recommendations to guide institutional strengthening and inform the design of targeted technical assistance.

**Component B – Financial Model Development:**

This component encompasses the full cycle of designing, building, and applying a forward-looking economic and financial model for Agaciro, grounded in a diagnostic of the Fund’s strategic, financial, and institutional parameters. The objective is to equip Agaciro with a robust decision-support tool to assess financial sustainability, support strategic planning, and simulate the impact of various investment and financing scenarios.

**Activities:**

**1. Diagnostic and Scoping:**

* Review strategic, financial, and operational documents including the Investment Policy Statement, annual reports, governance framework, risk policies, and historical financial statements.
* Analyze current and projected revenue streams (e.g., capital contributions, investment income, dividends) and funding structures.
* Assess existing portfolio management practices and any modeling tools already in use.
* Conduct stakeholder interviews with Agaciro management and key partners to identify modeling needs, strategic priorities, and operational constraints.
* Define the modeling parameters (e.g., asset classes, risk factors, cost structures, macroeconomic assumptions).
* Identify key financial and developmental KPIs to be integrated into the model.
* Validate the scope, granularity, and structure of the model with Agaciro.

**2. Model Development:**

* **Assumptions Module**: A centralized, modifiable input sheet capturing investment types, returns, financing terms, costs, and macroeconomic variables (e.g., inflation, FX, SOFR).
* **Historical Integration**: Incorporation of the last 4–5 years of audited financials (IS, BS, CF).
* **15-Year Projections**: Dynamic annual forecasts in RWF and EUR across income statement, balance sheet, and cash flow components.
* **Investment Module**: Simulation of portfolio allocation and performance based on deal structures, risk metrics (PD, LGD), capital deployment, and reinvestment strategies.
* **Funding Module**: Debt modelling (existing and future financing), including gearing ratios and debt servicing capacity (DSCR).
* **Scenario and Sensitivity Analysis**: Built-in stress-testing (e.g., macro shocks, delays in inflows, underperformance), with automated scenario switching (base, downside, upside).
* **Dashboards and Reporting**: Summary dashboards featuring key financial ratios (NAV, IRR, DSCR, liquidity), capital flows, impact metrics, and one-page printable outputs.
* **Technology**: Preferably Excel-based (using VBA, Power Query/Pivot), with optional Power BI integration for enhanced visualization depending on client capacity.

**3. Strategic Use and Training:**

* Co-develop and test strategic scenarios with Agaciro (e.g., disbursement vs. accumulation strategies, asset reallocation, long-term capital planning).
* Assess stress scenarios related to macro-financial volatility (e.g., FX fluctuations, commodity prices).
* Deliver a strategic analysis memo highlighting insights, risks, and recommendations derived from model simulations.
* Conduct a capacity-building session to ensure Agaciro teams are equipped to independently operate and update the model.

**Component C – Design of the asset based loan facility and its technical assistance program**

* Propose eligibility and disbursement criteria for a credit facility.
* Size the financing needs and potential leverage capacity of Agaciro.
* Develop a TA program (logframe, workstreams, budget, KPIs), including:
  + Governance and institutional strengthening.
  + ESG and climate finance integration.
  + Investment policy implementation.
  + Systems and risk management tools.
* Ensure TA alignment with Agaciro’s IPS and Rwanda’s national development and climate strategies.

## Expected deliverables

**The expected deliverables are as follows:**

1. Inception Report:
   * Methodology, work plan, data needs, and timeline.
2. Institutional Diagnosis Report:
   * Analysis of strengths, weaknesses, risks, and capacity gaps.
3. Financial Model and User Guide:
   * Development of a forward-looking financial model tailored to Agaciro and a user guide to ensure internal ownership and use by the Fund’s teams;
   * Sensitivity analyses based on relevant economic and financial assumptions, a summary note presenting key findings, and strategic recommendations for Agaciro’s investment and capitalization strategy;
   * Presentation of results to Agaciro, along with a training session for Agaciro’s staff to ensure proper understanding and long-term use of the tool.
4. Financing & TA Structuring Note :
   * Draft eligibility criteria, TA program design, and financing structure options

## Deliverables validation process

If the AFD wishes to alter the deliverable, it shall send the Consultant its comments on those deliverables. The Consultant will have 7 working days in which to reflect those comments in the deliverable and produce a new version of the deliverable. This process may be repeated until the AFD is satisfied with the deliverables. The deliverable will only be validated by a decision of the AFD.

# Consultant profile, organization and selection criteria

## Consultant profile

The consultant must demonstrate:

* Proven experience **in designing, building and implementing financial models** for sovereign wealth funds, development finance institutions, public investment entities, or similar organizations with a dual mandate of return and impact;
* Advanced proficiency in Excel-based financial modeling including the use of scenario analysis, sensitivity testing, and dashboard development (VBA, Power Query, Power Pivot experience is an asset)
* **Strong technical knowledge of investment instruments**, including debt (senior, subordinated), equity (direct, fund-of-funds), and blended finance structures;
* **Demonstrated ability to communicate complex financial concepts** to non-technical audiences and to deliver **capacity-building or training sessions** for operational teams.
* Fluency in English (French is a plus).

## Organization of the mission

The mission will be implemented by the Consultant under the supervision of AFD in Kigali, Nairobi and Paris, in close collaboration with Agaciro. A confidentiality agreement will be signed at the start of the mission between the Consultant and AFD.

A kick-off meeting will be organized between the Consultant and AFD to discuss AFD's expectations, study methodology, sequencing and timing of activities. On the same model, progress meetings will be held upon delivery of each intermediate deliverable.

The Consultant will be responsible for organizing his mission(s) to Kigali, including his field visits, if any, in close collaboration with Agaciro. It must provide the human and logistical resources necessary for the implementation of its mission.

Please note that all documents shall be written in English and should include an executive summary.

At the operational level, there reference interlocutor will be established within AFD:

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| * ***AFD Kigali***   Ms. Nathalie MUTALIKANWA [mutalikanwan@afd.fr](mailto:mutalikanwan@afd.fr)   * ***AFD Nairobi***   Ms. Emilie PASCAL [pascale@afd.fr](mailto:pascale@afd.fr)   * ***AFD Paris***   Mr. Jean-Claude CHESNAIS [chesnaisjc@afd.fr](mailto:chesnaisjc@afd.fr)  Mr. Alexis PARISELLE [parisellea@afd.fr](mailto:parisellea@afd.fr) |

## Estimated time frame for the service

The Consultant is requested to start his mission in 2025 Q4. The duration is negotiable, based on the work plan of the Consultant; however, the assignment should be completed within a timeframe of maximum 4 months.

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| Phase | Description | Timeline |
| Kick-off | Launch meeting and data request | Week 1 |
| Phase 1 | Data collection and validation (Inception report) | Week 2-4 |
| Phase 2 | Model design and draft version + Institutional diagnosis report | Week 5-10 |
| Phase 3 | Internal review and revisions | Week 11-13 |
| Phase 4 | Delivery of financial model + program design (loan + TA facility) | Week 14 |
| Phase 5 | Training and closing presentation | Week 16 |