

Rwanda SME Fund ToR Clarifications

1. Can you please outline what a “credible path” to obtaining a regulatory approval for licensing entails? Can this application for licensing be in process at the time of awarding of the tender?

The fund manager will be expected to take ownership and pursue licensing with CMA Rwanda or other relevant authorities once they are mandated. Bidders are free to contact CMA Rwanda and other relevant authorities directly to acquaint themselves with the regulatory and approval process in the Rwandan capital market and have a clear plan on this outlined in their submissions.

2. Is the target first close by June 30, 2025 only to include the anchor RSSB and their \$30 mm commitment, or is there expectation to have additional investors included in that close? Will this be an all equity first close, or is there expected to be leverage. What does FSD’s role as “sponsor” entail in this close?

RSSB has indicated that it can anchor the first close. However, bidders are expected to demonstrate a clear strategy and pathway to fundraise for subsequent cycles. This will be considered in evaluating proposals. FSD Africa is providing technical support in setting up of the fund.

3. Is there any guidance on timing (deadlines, milestones) by which to hit \$50 mm AUM, then \$100 mm AUM?

Bidders are expected to propose how they intend to achieve this based on their understanding of the market and their implementation strategy.

4. Considering the first close target date, is there a target date for making first investments from this committed capital?

The fund manager will be responsible for capital deployment. It is expected that the investment period be indicated in the proposal

5. Please comment on the decision to make this a Permanent Capital Vehicle as opposed to a closed end fund, in view of the AUM / fundraising targets

The fund is expected to be an evergreen vehicle that can continually address the SME financing needs in Rwanda

6. In terms of the proposed structure, to confirm, there is no clear preference for instrument, that is, the fund manager can propose exclusively - or a mix - of debt, quasi-equity, and equity, with associated instrument tenors? Is there any preference for an allocation split (%) according to instrument?

No. Bidders are free to propose a structure/strategy that they can implement optimally based on their market knowledge

7. By self-liquidating, please confirm that hybrid capital investments with mix cash-pay / accrued interest elements are possible to consider as investment instruments

Bidders are free to propose a structure/strategy that they can implement optimally based on their market knowledge

8. Please comment whether there is any preference for sector allocation (%), according to the RPTP focus areas

Bidders are free to propose a structure/strategy that they can implement optimally based on their market knowledge

9. Are there any guidelines or limitations on target returns for the vehicle, considering the anchor investor (RSSB), permanent capital vehicle, and target AUM? Similarly, is there any guidance or preference on return of capital to investors, anchor or otherwise?

No. Proposals will be evaluated based on the optimal but reasonable target returns indicated

10. Is there any guidance or preference by the anchor investor and sponsor on max / min. investment size, and thresholds - in terms of max concentration exposure to sectors, instruments, as a % of AUM, etc...or are these all subject to fund manager's discretion?

Bidders are free to propose a structure/strategy that they can implement optimally based on their market knowledge

11. In terms of the **Technical Assistance Fund (TAF)**,

a. Please clarify who is funding – that is, fully by the Anchor RSSB, or is there an expectation for the fund manager to raise capital for the TAF also.

The reference to the Technical Assistance Fund is for bidders to indicate if TA will be central to the successful implementation of the fund strategy, propose the gaps that the TA would address, how it will be deployed, the size of the TA required and a proposition of how it should be funded.

b. Is there any guidance or expectation on the types of TA provided, and if/whether the recipients (the investees) will cost-share contribute upon receiving TA? The question is particularly relevant if the TAF is fully funded by the RSSB

Bidders are to include how the TA will operate in their proposal if required to implement the fund strategy. Due consideration should be given to the sustainability of any proposed approach

c. Further, is it assumed that the Fund Manager will manage the TAF as a separate vehicle, with a separate legal agreement, that is referenced to the LP and Management Agreements? If the Fund Manager can manage the TAF, is there scope for the manager to charge a fee for these services?

Bidders are to propose how the TAF should be structured to support sustainable implementation of their strategy

12. Can you provide more detail on the potential contribution of FSD Africa? Will there be an investment into the Rwanda SME Growth Fund and/or a grant contribution? And if so, what are the amounts available for either?

FSD Africa is currently providing technical support in the structuring and setting up of the fund. So far, funding commitment has been received from RSSB in terms of their intention to anchor the first close.

13. Will there be an amount available for a Technical Assistance facility to support the SMEs in their development and growth?

The reference to the Technical Assistance Fund is for bidders to indicate if TA will be central to the successful implementation of the fund strategy, propose the gaps that the TA would address, how it will be deployed, the size of the TA required and a proposition of how it should be funded

14. Is there a grant available for the set-up costs of the fund?

The sponsors propose to support the establishment of the fund. However, the intention is to set up a fund that operates optimally and sustainably, and this will form part of the basis for evaluating proposals

15. Has there been early engagement with other potential (local) investors? And if so, what is the initial interest?

The initial market scoping conducted indicated that there is interest from other investors. Bidders are also advised to sound out the market as they put together their proposal

16. The RfP mentions an initial market assessment made by the RSSB indicating a short-term investment demand of USD 50mln and a long term demand of USD 100 mln. Can this market assessment be made available to us?

The market assessment will be made available to successful bidders. We expect bidders to rely on their understanding of the market and SME landscape in Rwanda in responding to the RfP

17. Who will be covering other operating service costs once the fund is launched (fundraising, management system, SMEs training, public education & awareness, ...)?

The fund is expected to cover its operating expenses

18. What will be the relation between the Investment Committee, Fund Manager and the Advisory Board? Will investment committee be separate from the Fund Manager?

Bidders are expected to indicate their proposed governance structure as part of their submissions.

19. At launch of the Fund, will the total 30 Million USD already committed by RSSB be transferred to the Fund Manager? If not when would it be?

Bidders are expected to outline how they intend to manage the fund and profitably implement their investment strategy proposed. This should include how capital calls will be made.

20. Who will be in charge of the Fund registration process with relevant authority?

The successful fund manager will be expected to be responsible for the operationalisation of the fund with support from the sponsors.