BRIEFING NOTE ON THE 2022 PSGRS PEER-REVIEW PROCESS¹

This briefing note on the PSGRS implementation aims to guide the conduct of the Self-Assessment and Peer-Review processes. It summarises, on the one hand, the comprehensive directives included in the PSGRS 2nd Edition Brochure, as gradually updated with the decisions made by the AADFI Board of Directors and the General Assembly since the launching of the PSGRS in 2009; on the other hand, the directives related to the Rating Categorisation Policy adopted in 2020.

The Peer Review process is carried out in six steps:

**Step One: Internal compliance assessment**

1) African finance institutions willing to participate in the PSGRS Peer-Review Exercise should start by objectively self-assess internally, under the coordination of their PSGRS Focal Point Officer. It is recommended that institutions use their latest audited data for the self-assessment.

2) Each Management should validate the self-assessment results of its institution and submit the same to an External Auditor for certification.

**Step Two: Certification of the self-assessment results by an External Auditor**

3) The self-assessment results should be submitted to an External Auditor to certify their compliance with the prudential standards and guidelines of the AADFI’s PSGRS. It is, therefore, recommended to the concerned institutions to make it one of the tasks of the External Auditor when auditing their annual accounts to facilitate the process and save costs.

4) The certified self-assessment results should then be brought to the attention of the institution’s Board of Directors for information and action, as appropriate.

**Step Three: Reception of the self-assessment results**

5) In the meantime, the certified self-assessment results – comprising the Rating Questionnaire Worksheet and the Summary Rating Score Sheet – should be submitted to the AADFI Secretariat immediately and **not later than August 31** of each year.

**Step Four: Self-assessment results review**

6) Between **August 31 and September 30** of each year, the certified self-assessment results, received by the AADFI Secretariat, will be reviewed by the Independent Consultant to the Peer Group, using data obtained directly from the concerned institutions or through their publications, including their annual reports.

7) Every year, the Independent Consultant will ascertain the compliance to selected prudential standards and guidelines of the PSGRS and, if necessary, correct the results of some institutions while providing them with explanations on his adjustments.

¹ This briefing note is reviewed annually to take into account any experience gained and new decisions of the Board of Directors relating to the implementation of the PSGRS Mechanism
8) After reviewing the certified self-assessment results, the Independent Consultant will draw up a Table of Honor, including all the participating institutions. Those with a compliance score of 80% or above shall be admitted to the PSGRS Rating process.

Step Five: Development Impact Rating

9) The rating process aims at assessing the development impact potential of each institution admitted to this process.

10) Each year, by October 5, the institutions admitted to the PSGRS Rating Process will receive a specific information request questionnaire to be duly filled and returned to the AADFI Secretariat within ten days and not later than October 15.

11) The Independent Consultant will analyze the specific information received from contacted institutions, following an approach similar to that of the credit rating agencies. The AADFI development impact potential rating process will end up with the drawing up of the Rating Table, comprising the three rating categories. Each institution will be listed in a category following its scores: Category A (20-16 points), Category B (15-11 points), and Category C (below 11 points).

Step Six: Approval of the Board of Directors

12) Between October 16 and November 2, the Independent Consultant will draft his report on the overall Peer Review exercise, outlining and commenting on the compliance and rating results. This report will be validated by the Secretariat and submitted to the Board of Directors at its November meeting, on the sidelines of the annual CEO Forum.

13) In November, the Board of Directors will consider the Independent Consultant’s Report. If the Board is satisfied, it will adopt the Table of Honour and the Rating Table, then authorize the AADFI Secretary-General to issue the Attestations of Compliance and the Rating Certificates to the deserving institutions. Otherwise, the Independent Consultant will be invited to revise or supplement the report.