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TECHNICAL STANDARDS, GUIDELINES AND RATING SYSTEM FOR NON-DEVELOPMENT FINANCE INSTITUTIONS
TSGRS/N-DFI

N-DFI RATING QUESTIONNAIRE INSTRUCTIONS

Individual Questions and Directions

(August 2019)

I - N-DFI RATING QUESTIONNAIRE INSTRUCTIONS

Governance and Management Standards (40%)

Sufficient Autonomy from Government

1) How many members of the Board of Directors are at present Government Officials?

Full: If the N-DFI Directors who are Government Officials do not constitute more than 75% of the total number of Directors.
Partial: If the N-DFI has more than 75% of Directors who are Government Officials but the Chairman is not a Government Official.
Non: If all N-DFI's Directors are Government Officials.

2) Are there clear eligibility criteria Directors must and do meet to ensure that they have the professional and technical background to enhance commercial Governance?

Full: If all members of the Board of Directors, meet written eligibility criteria that ensure they have strong relevant professional and/or technical backgrounds
Partial: If more than 75% of Directors meet these eligibility criteria;
Non: All other cases.

3) What decisions require direct Government approval?

Full: If the N-DFI requires no government approvals beyond those pertaining to shareholders of a 100% privately owned N-DFI.
Partial: If the N-DFI requires government approvals in no more than two areas, e.g., annual budget and procurement.
Non: All other cases.

4) Is the N-DFI under its own Act or Companies Act?

Full: If the N-DFI is under the Company Act or under its own Act, which is also fully subject to the requirements of the Companies Act or if, as a multilateral institution, it is under its own charter, which incorporates international best practices.
Partial: If the N-DFI is under its own Act, which is not fully subject to the requirements of the Companies Act.
Non: All other cases.

5) Does the N-DFI have an independent member on the Board of Directors?

Full: If the N-DFI has more than one non-Government officials on the Board of Directors.
Partial: If the N-DFI has at least one non-Government official on its Board of Directors.
Non: All other cases.

6) Is the N-DFI externally supervised or overseen by any entity other than a Government Ministry?

Full: If the N-DFI is regulated and supervised by an inter-ministerial supervisory Council including representatives from the line Ministry and other Ministries including the Ministry in charge of Finance and/or Planning, different from Directors Board.
Partial: If the N-DFI is supervised by both the Ministry of Finance and the appropriate line Ministry, but no other ministry.
Non: All other cases

Management Autonomy and Incentives

7) How is the CEO chosen? Are there clear criteria that a CEO must and does meet that ensure the management skills necessary to run a non-financial institution effectively?

Full: If a CEO is chosen by a Board of Directors and the selection is based on a strong relevant professional and technical background and a competitive process.
Partial: If a CEO has a strong relevant technical or professional background but is chosen by a Government or by the Ministry in charge of Public Enterprise Portfolio.
Non: All other cases.

8) Who has the power to fire the CEO? Have any CEOs been fired in the past 5 years? If so, for what reason?

Full: If a Board of Directors or the Ministry in charge of Public Enterprise Portfolio is the only entity with the power to fire the CEO.
Partial: If only the Board can fire a CEO but it has been pressured into firing a CEO during the past 5 years for political reasons or by Government.
Non: All other cases.

9) How often does the Board meet? What are the committees of the Board, how often do they meet, what are their responsibilities and how effective are they?

Full: If a Board has necessary Committees, both or Board committees meet at least quarterly and formal minutes are kept of the meetings.
Partial: If a Board having no Committee, meets at least quarterly and formal minutes are kept of the meetings.
Non: All other cases.

10) Do the Chairman or Directors who are not full-time members of the management have any executive responsibilities?

Full: If some key management representatives are on the Board, but they do not constitute a majority and the Chairman does not have executive responsibility.
Partial: If management representatives constitute a majority of the Board of Directors but the Chairman does not have executive responsibility or if the Law does not allow for a non-executive Chairman.
Non: All other cases.

11) How many key executives and managers have performance-based contracts with your N-DFI?

Full: If the CEO and at least one other manager have a performance-based contract, i.e., remuneration is based on the N-DFI's profit or net revenue and/or other performance indicators.
Partial: If the CEO, but no other managers, has a performance-based contract or if the remuneration of key managers is based on performance against targets.
Non: All other cases.

12) Do the CEO and Board have the freedom to make important changes in strategy (but not in its objective), budget decisions, product mix, and closing branches without requiring approvals from Government or Government officials?

Full: If Management and the Board have the freedom to make fundamental changes in N-DFI strategy, budget decisions, product mix, and closing branches.
Partial: If Management and the Board have some freedom to change N-DFI strategy and product mix.
Non: All other cases.

Operating in Accord with Reasonable Commercial Principles

13) Are salaries of officers and staff roughly at levels paid by private financial institutions? If not, why not? Are salaries subject to public sector guidelines?

Full: If the N-DFI pays both officer and non-officer salaries roughly at levels paid by private institutions in similar activity Branch and is not subject to public sector guidelines.
Partial: If the N-DFI is not subject to public sector guidelines, but pays significantly less than private institutions, or if it pays the same as private institutions despite being subject to public sector guidelines.
Non: All other cases.

14) Are salary increases, promotions, and conditions of service based primarily on merit and performance, or are they based primarily on seniority or government guidelines?

Full: If salary increases, promotions, and conditions of service for all staff are based primarily on merit and performance and are in line with private sector policies.
Partial: If the N-DFI is free of government guidelines and pressure, but makes decisions primarily based on staff seniority.
Non: All other cases.

15) Do individual managers have specific profit and performance targets and are pay increases and promotions tied to performance against these targets?

Full: If individual managers have specific profit and performance targets and pay increases are tied to performance against these targets.
Partial: If individual departments and/or profit centers have performance targets and their manager and key staff salary reviews are to a significant extent dependent on them.
Non: All other cases.

16) Is N-DFI free to conduct procurement in accordance with the normal competitive practice and do they have satisfactory written policies and procedures for doing so?

Full: If the N-DFI has satisfactory written procurement policies and guidelines and is free to conduct procurement in accordance with normal competitive or internationally accepted practice.
Partial: If the N-DFI needs to follow government procurement guidelines, which is not necessarily in accord with internationally accepted practice, but is free to conduct the process without any participation by Government or Government Officials
Non: All other cases.

Accounting and Auditing

17) Are accounts kept in accord with international accounting standards allowed by national accounting requirements and in compliance with those requirements?

Full: If accounts are kept fully in accord with international accounting standards to the extent feasible while in compliance with national accounting requirements and the audited accounts are not qualified.
Partial: If accounts deviate from international accounting standards but are largely consistent with domestic accounting standards, and the audited accounts are not qualified.
Non: All other cases.

18) Are internal balance sheets, income statements, and financial reports prepared at least monthly?

Full: If internal financial statements are prepared monthly, or more often than monthly, and are available less than a month after the end of a month.

Partial: If financial statements are prepared quarterly and are available less than two months after the end of a quarter.

Non: All other cases.

19) Are loans classified and provisioned for in accord with international and Basel (or local general chart of accounts) standards?

Full: If overdue invoices are classified and provisioned in full accord with international and local standards.

Partial: If overdue invoices are classified and provisioned reasonably rigorously, but not in full accord with international and local standards.

Non: All other cases.

20) Is interest accrued as earned and not taken into income (i.e., suspended) on overdue invoices in accord with international, Basel, and local standards?

Full: If interest is accrued as earned and suspended on overdue invoices in full accord with international and local standards.

Partial: If interest is accrued and suspended in a reasonably rigorous manner, but not in full accord with international, Basel, or local standards.

Non: All other cases.

21) Do audited accounts disclose the number of unpaid invoices? What are the policies for capitalizing unpaid invoices?

Full: If the percentage of overdue invoices and amount of uncollected interest that are not overdrafts are separately disclosed in notes to the accounts and interest thereon, is not capitalized except in cases of formal rescheduling.

Partial: If overdue invoices are disclosed in the accounts and uncollected interest thereon is not capitalized except in cases of formal scheduling.

Non: All other cases.

22) Are accounts audited by an international accounting firm or one of the best private domestic firms, e.g., one qualified to audit commercial/industrial enterprises?

Full: If accounts are audited by an international firm or one of the very best private domestic firms whether or not they are audited by a government auditor.

Partial: If accounts are audited by both a private domestic firm and a government auditor.

Non: All other cases.

23) Were the latest audited accounts available within 4 months of the end of the most recent fiscal year? Were audited accounts unqualified and were they published?

Full: If its latest accounts are unqualified, were available within 4 months of the end of its most recent fiscal year, and were published.

Partial: If the latest accounts are unqualified and available within 6 months of the end of its most recent fiscal year and were published.

Non: All other cases.

24) Does the institution have an internal audit department or a qualified external audit company that reports directly to the Board of Directors? If not, does it have an internal audit department or a qualified external audit company? Does it have formal procedures for encouraging "whistleblowing" by staff when they see something wrong?

Full: If the N-DFI has an internal audit department or an external audit firm other than its own external auditors performing that function reporting directly to the Board and formal procedures for encouraging "whistleblowing" with copies of written reports submitted to the Board, also provided to the CEO for comment.
Partial: If the N-DFI has an internal auditing department or qualified external audit firm performing that function that reports to the CEO.
Non: All other cases.

25) Are there detailed accounting records of off-balance sheet commitments such as guarantees and letters of credit and are they appropriately disclosed?

Full: If detailed accounting records of off-balance sheet commitments are kept and are reflected on the balance sheet or, if there are no such commitments, the accounting system makes provision for their proper disclosure.
Partial: If detailed accounting records of off-balance sheet commitments are kept and are reflected on the balance sheet but the accounting system does not make provision for their proper disclosure
Non: All other cases.

Information Management Systems and Procedures

26) Is there an annual budget prepared in adequate detail before the new fiscal year begins?

Full: If the N-DFI has an annual budget prepared in adequate detail before the new fiscal year begins, does not require Government approval, and reviews and, if necessary, revises the budget at least once during the year.
Partial: If the N-DFI has an annual budget that was not approved before the beginning of the fiscal year or which needs Government approval.
Non: All other cases.

27) Does N-DFI internally report actual financial performance against budget on a monthly basis?

Full: If actual performance is reported against budget at management level on a monthly basis.
Partial: If it compares actual performance against budget less often than monthly during the year.
Non: All other cases.

28) Does N-DFI have a cost accounting system that it uses to identify profit or loss of various programs and activities, including those that are done primarily with socio-economic objectives in mind?

Full: If the N-DFI uses cost accounting to identify profit or loss of all major programs and activities.
Partial: If it does not have a cost accounting system, but does detailed analyses from time to time to ascertain the profit or loss on programs and activities.
Non: All other cases.

29) Does N-DFI use cost accounting to measure losses on programs or policies that Government forces or pressures the N-DFI into implementing?

Full: If the N-DFI uses cost accounting to measure losses on programs or policies forced on it or pressured by Government, or if it has no such situations.
Partial: If it does periodic analysis to measure losses for most of these situations.
Non: All other cases.

30) Are managed funds, budget allocations, or fiscal compensation available from Government to finance costs associated with these losses (i.e., those identified in question 28)?

Full: If Government provides an off-balance sheet managed fund or reimburses N-DFI for losses on loss-making programs, products, or policies that it forces the N-DFI to undertake or if there are no such situations.
Partial: If Government has agreed in principle to reimburse for these losses but has not done so or has no such program.
Non: All other cases.

31) Are there detailed reports on overdue invoices prepared at least monthly which contain an analysis of invoices paid and overdue invoices and aging data?

Full: If it has detailed reports on invoices available at least monthly which contain an analysis of invoices paid and overdue invoices and aging data by invoice.
Partial: If it prepares these reports more often than annually but less often than monthly.
Non: All other cases.

Corporate Citizen Governance Standards

32) Does N-DFI have a clear written performance agreement with its owner, clearly defining its mandate, what its primary financial and socio-economic objectives are, mandating that management make financial sustainability its most important goal, and specifying the obligations of the owner with respect to financing unviable programs or activity that the N-DFI is expected to undertake to meet its socio-economic development objectives?

Full: If a written performance agreement between the primary government owners and a N-DFI is transparently in place that meets the above conditions.
Partial: If a written performance agreement is in place that meets some but not all of the above conditions.
Non: All other cases.

33) Does N-DFI have a clear written strategy as to how it intends to implement its mandate, preferably as presented in a performance-based agreement with the owner? Does it revise this strategy from time to time when situations dictate?

Full: If there is a written overall strategy for implementing the mandate as presented in a performance-based agreement with the owner which is revised when needed.
Partial: If there is a written overall strategy that is revised from time to time but which is not based on any written agreement with the owners.
Non: All other cases.

34) Are there formal written responsibilities for members of the Board of Directors and the Corporate Secretary?

Full: If there are formal written responsibilities for both members of the Board and the Corporate Secretary to the extent that they are not specifically and comprehensively already determined by the law.
Partial: If there are written responsibilities for members of the Board to the extent that they are not specifically and comprehensively already determined by the law.
Non: All other cases.

35) What are the policies with respect to ethics and corruption? What steps does N-DFI take to "know your customer"?

Full: If it has explicit policies relating to "know your customer" and to ethics and corruption to which it adheres.
Partial: If it has explicit policies relating to "know your customer" and to ethics but not to corruption
Non: All other cases.

36) Does N-DFI have clear written procedures requiring directors and executives to make conflict of interest situations transparent and avoid them? Does it comply with the N-DFI's financial regulations?

Full: If it has satisfactory written procedures for making transparent and avoiding conflict of interest situations and complies with the N-DFI's financial regulations with respect to insider lending if it is subject to those regulations.
Partial: If it has agreed with rules for avoiding conflict of interest situations and adheres to regulations relating to insider lending
Non: All other cases.

37) What are the environmental impact analysis requirements for contracts and what are policies with respect to environmental impact? Does N-DFI adhere largely to internationally recognized guidelines relating to environmental impact?

Full: If the N-DFI ~~it~~ has written policies with respect to environmental and social risks and impact of projects or activities which are largely in line with internationally recognized or nationally required guidelines (and which specifically require environmental impact studies for environmentally sensitive projects) and applies them to manage environmental and social risks and impacts.
Partial: If the N-DFI has written policies with respect to environmental and social risks and impact of projects or activities.
Non: All other cases.

38) Does the N-DFI have a written policy on anti-money laundering which is at least as strict as national anti-money laundering regulations and is it in compliance with those regulations?

Full: If the N-DFI ~~it~~ has such a written policy and is in full compliance with it.
Partial: If the N-DFI is subject to and in compliance with written national or international anti-money laundering policies.
Non: All other cases.

39) Does the N-DFI have a comprehensive written corporate social responsibility policy and is it in full compliance with it?

Full: If the N-DFI ~~it~~ has a written policy and is in full compliance with it.
Partial: If the N-DFI ~~it~~ has a written policy but is not in full compliance.
Non: All other cases

Financial Prudential Standards (40%)

Capital Adequacy

40) What is capital or endowment fund as a percentage of risk-weighted assets as defined in the Basel requirements? Is it less than 15%? Does it comply with local regulations?

Full: If the N-DFI has net worth amounting to 15% or more of risk-weighted assets as defined in the Basle requirements. Use the Basel definition of risk-weighted assets.
Partial: If the N-DFI has a net worth of more than 6% but less than 15% of risk-weighted assets.
Non: All other cases.

41) What is the long-term debt (liabilities with an original maturity of over two years) to equity (i.e., net worth) ratio? Is it below 4 to 1? Is it below 8 to 1?

Full: If the N-DFI has a long-term debt to equity or endowment fund ratio of fewer than 4 times or has no long-term debt at all.
Partial: If the N-DFI has a debt to equity ratio of more than 4 but less than 8 times.
Non: All other cases.

42) Is the most recent audited statement, upon which the capital or endowment fund adequacy calculation is based, unqualified and less than 12 months old, and is the stated capital or endowment fund adequate?

Full: If the most recent audited statement is unqualified and less than 12 months old and the capital or endowment fund is adequate.
Partial: If the audited statement is qualified, but N-DFI obviously meets the capital adequacy requirement as the qualification could not affect net worth in a significantly negative way.
Non: All other cases.

Profitability and Efficiency

43) How much are annual administrative expenses (defined as all overhead expenses including staff cost) as a percentage of average total assets and are they adequate?

Full: If annual administrative expenses are less than 4% of average assets.
Partial: If annual administrative expenses are more than 4% of average assets but less than 6%.
Non: All other cases.

44) How much is annual profit or net positive revenue after tax as a percentage of assets? Is it over 1% and reasonably sustainable? Is there a profit or positive net revenue?

Full: If the N-DFI has a minimum annual profit or net positive revenue after tax of more than 1% of assets which is reasonably sustainable and it makes overdue invoices provisions and unpaid interest not taken into income in accordance with international standards.
Partial: If a N-DFI has a minimum profit or net positive revenue of more than zero but less than 1% of assets and makes overdue invoices provisions and suspends interest in accord with international standards.
Non: All other cases.

45) How much is profit or net positive revenue as a percentage of the increase in risk-weighted assets over the past year, i.e., is profit or net positive revenue high enough to preserve adequacy and, thus, sustainability?

Full: If the N-DFI has a profit or a net positive revenue equal to or exceeding 15% of the increase in risk-weighted assets during the year.
Partial: If there is a profit or net positive revenue of more than zero but less than this amount.
Non: All other cases.

46) What are the N-DFI's policies with respect to diversification? What other businesses does the N-DFI engage in?

Full: If the N-DFI has an explicit policy with respect to diversification and engages in one or more other businesses which together constitute 15% or more of gross revenues.
Partial: If it engages in such other businesses which together constitute more than 10% but less than 15% of gross revenues.
Non: All other cases.

47) What is the interest margin and does it suggest earnings from lending are adequate?

Full: If interest margin (defined to be the difference between total financial costs as a % of total assets and total interest and net positive revenue is more than 4% of average assets.
Partial: If the interest margin is more than 2% but less than 4%.
Non: All other cases.

Asset Quality

48) Are invoices unpaid related contracts classified, and uncollectible invoices and interest thereon written off, in accord with international or local financial regulatory authority requirements?

Full: If invoices unpaid are classified fully in accord with international or local financial regulatory authority standards/requirements, except for one allowed rescheduling in accordance with a question no 80, and N-DFI writes off invoices unpaid in accord with a prudent write-off policy.
Partial: If loans are classified reasonably rigorously but depart from international standards or financial regulatory authority requirements.
Non: All other cases.

49) What percentage of invoices is classified as invoices unpaid?

Full: If invoices unpaid (defined as invoices more than 90 days overdue) are less than 15% of the gross amount of invoices issued.
Partial: If invoices unpaid are more than 15% but less than 25% of the portfolio.
Non: All other cases.

50) Are bad debt provisions calculated correctly in accordance with international accounting standards financial regulatory authority?

Full: If classified invoices unpaid are provisioned fully in accord with international standards or financial regulatory authority requirements and there is a prudent write-off policy.
Partial: If classified invoices unpaid are provisioned rigorously and largely in accordance with those standards.
Non: All other cases.

51) What are provisions for bad debt as a percentage of nonperforming contracts? Are they above 40%?

Full: If provisions add to at least 40% of overdue invoices~~.~~
Partial: If provisions add to more than 30% but less than 40% of overdue invoices.
Non: All other cases.

52) Are land, building, or equity investments valued in accord with international or local accounting standards, i.e., at the lower of cost or fair market value or in accord with IFRS accounting? Does N-DFI have and adhere to a specific policy for provisioning or writing down the value of land, building, or equity investments?

Full: If land, building, or equity investments are valued in accord with international standards, i.e. with write-downs as necessary to the lower of cost or market/fair value or in accord with IFRS standards or the lower of cost or share of underlying net worth.
Partial: If the N-DFI has no land, building, or equity or writes down the value of some land, building, or equity investments that are in operation, as well as those that are not in operation, and have market/fair values less than cost.
Non: All other cases.

53) What is the net revenue and/or the dividend return during the last fiscal year on the net value of equity investments? Was it in excess of 4%?

Full: If the N-DFI's equity portfolio earned a minimum dividend in the last fiscal year in excess of 4% of the ending net value of the equity investments.
Partial: If the N-DFI has no equity investments or the equity portfolio dividends amounted to more than 1% but less than 4% of the net value of equity investments.
Non: All other cases.

Asset Diversity and Safety

54) Does the N-DFI have an Asset Liability (ALM) Committee that meets at least monthly and does it have a policy of minimizing risk on the management of liquid assets?

Full: If there is an ALM Committee that meets at least monthly and there is a policy of minimizing risk on the management of liquid assets.
Partial: If one of these two elements is in place.
Non: All other cases.

55) What is N-DFI policy with respect to maximum single financial exposure risk to one borrowing risk (gross value before provisions) as a percentage of the N-DFI's net worth and does N-DFI comply with this policy? What is the actual maximum single financial exposure risk as a percentage of capital?

Full: If the N-DFI has, and is in compliance with, a maximum single financial exposure limit that does not exceed 25% of the N-DFI's net worth. A single financial risk should be defined as gross exposure before provisions and to include all entities that are related through the same ownership, subsidiary, or affiliate relationships.
Partial: If the N-DFI has, and is in compliance with, a maximum financial exposure limit that does not exceed 40% of its net worth, but does exceed 25% or has no credit risk.
Non: All other cases.

56) What percentage of total assets is denominated in foreign exchange? Is it more than 40%?

Full: If 40% or less of total assets is denominated in foreign exchange.
Partial: If less than 60% but more than 40% of assets are foreign exchange denominated or there is no asset denominated in foreign exchange.
Non: All other cases.

57) What is the net foreign exchange-denominated asset or liability position as a percentage of total net worth? Does this comply with the local general chart of accounts or the N-DFI's financial regulatory authority requirement?

Full: If net foreign exchange-denominated assets are within required limits for business or less than 20% of net worth. Net foreign exchange-denominated assets are defined as foreign exchange assets, net of provisions, minus foreign exchange-denominated liabilities.
Partial: If net foreign exchange-denominated assets are less than 30% of net worth assets, but more than 20%
Non: All other cases.

58) Are any land, building, and/or equity investment concentrations in excess of 30% of total gross investments? If so, what % of total loan and investment portfolio are they?

Full: If gross land, building, and/or equity investments outstanding do not exceed 30% of total investments.
Partial: If gross land, building, and/or equity investments outstanding ~~to any one sector or industry~~ exceed 30% but do not exceed 40% of total investments.
Non: All other cases.

59) What is N-DFI policy on how large total equity investments (as valued on the balance sheet) can be as a percentage of its net worth and is it in compliance?

Full: If the N-DFI's policy does not allow it to invest more than 50% of its own net worth in equity investments and it complies with that policy.
Partial: If the total value of N-DFI's equity investments exceeds 50% but does not exceed 80% of its net worth or N-DFI is not allowed to invest in equity and/or has no equity investment.
Non: All other cases.

60) What is N-DFI's largest percentage ownership position in any one entity that is not an institution pertaining to the value chain of its main activity? How many ownership positions are in excess of 35% and 50% of the shares of any one company?

Full: If the N-DFI does not have anyone equity ownership position in an institution pertaining to the value chain of its main activity that exceeds a 35% ownership share.
Partial: If it has no single equity investment that exceeds a 50% ownership share in an institution pertaining to the value chain of its main activity.
Non: All other cases.

Liquidity

61) Does the N-DFI prepare detailed cash forecasts at least monthly? What are the projected liquid resources over the next 3 and 12 months and how do they compare with projected cash flow requirements for expenses?

Full: If a N-DFI's projected liquid resources (including from new short-term borrowing) over the next 3 and 12 months exceed by more than 10% the cash flow requirements for expenses~~.~~
Partial: If the projected liquid resources exceed the requirements over the next 3 and 12 months but by an amount less than 10% above the cash flow requirements.
Non: All other cases.

62) Is the N-DFI in compliance with any relevant, local general chart of accounts or the N-DFI's financial institution authority liquidity requirement for itself?

Full: If the N-DFI is now compliant with the local general chart of accounts or its own financial institution authority liquidity requirements and has not been non-compliant by as much as 30 days over the past year.
Partial: If there are no relevant liquidity requirements, and the N-DFI has a current ratio of at least 1.1.
Non: All other cases.

63) Does the N-DFI have a policy with respect to maintaining its debt service coverage and what is the projected debt service coverage ratio?

Full: If the N-DFI has a policy on maintaining its debt service coverage and its projected debt service ratio over the next 12 months is in excess of 1.3 times.
Partial: If the projected debt service ratio over the next 12 months is in excess of 1.1, but less than 1.3. or if there is no policy on maintaining debt service coverage.
Non: All other cases.

64) Does the N-DFI have adequate liquid resources immediately on hand, excluding projected inflows, to meet all projected cash requirements over the next 90 days?

Full: If it has sufficient liquid resources already on hand to meet all projected cash requirements over the next 90 days
Partial: If it has sufficient liquid resources to meet all projected cash requirements over the next 45 days.
Non: All other cases.

65) Does the N-DFI prepare a gap analysis at least quarterly that compares the tenor of assets and liabilities in at least 6-time buckets which vary from as low as 30 days to as long as 5 years and does it have a definite plan for dealing with any negative gaps over the next year?

Full: If the N-DFI prepares this gap analysis at least quarterly and has a definite plan for dealing with any significant excesses of liabilities over assets within all times.
Partial: If it prepares a gap analysis at least annually and has a plan for dealing with significant negative mismatches, if any, within the next year.
Non: All other cases.

66) On a projected cumulative basis, does N-DFI have a positive net current asset position (gap) one year and two years from this date? For purposes of these calculations, a portion of demand and savings deposits can be treated as "core" deposits in accord with international practice or what is allowed to be treated as "core" by local regulations.

Full: If the N-DFI has a positive projected cumulative net current asset position of at least 10% of liabilities both one and two years from this date.
Partial: If the N-DFI has a projected net current asset position of less than 10% but more than zero both one and two years from this date.
Non: All other cases.

Funding

67) What is the value of resources already available to the N-DFI which it has not committed to its investments? For this calculation, sources should include any funds-in-trust. How much are these resources as a % of budgeted commitments for the next 12 months?

Full: If it has uncommitted long-term resources that exceed budgeted commitments over the next 12 months by at least 50%.
Partial: If it has uncommitted long-term resources that exceed these budgeted commitments by at least 10% but less than 50% over the next 12 months.
Non: All other cases.

68) Is there a dependable source of future long-term foreign and local funding resources? What is the source (s) and in what currency are they denominated?

Full: If it has an identified dependable funding source of both future long-term foreign and local currency resources.
Partial: If it has an identified dependable funding source of either long-term foreign or local currency resources.
Non: All other cases.

69) What percentage of total liabilities is represented by local currency borrowing and how much is for maturities of more than 6 months?

Full: If local currency borrowing represents at least 25% of its total liabilities and at least 40% of them are for more than 3 months.
Partial: If the N-DFI collects some long-term local currency loans of more than 6 months, and local currency liabilities constitute at least 15% but less than 25% of total liabilities.
Non: All other cases.

Operational Standards (20%)

Risk Management Policies

70) Does the N-DFI charge market interest rates on all overdue invoices? If not, why not?

Full: If the N-DFI charges market interest rates on all overdue invoices and is free to establish its interest rates without consulting Government. (Market rates are defined as rates largely in line with what development banks in that country lend at~~.~~

Partial: If the N-DFI charges market interest rates on at least 80% of its overdue invoices.

Non: All other cases.

71) Does the N-DFI have a policy of always avoiding interest rate risk by matching variable interest rate payments with variable interest rate overdraft?

Full: If the N-DFI has such a policy and adheres to it.

Partial: If the N-DFI has such a policy but does not adhere to it yet.

Non: All other cases.

72) How large is the variable interest rate overdrafts portfolio as a percentage of total contracts?

Full: If the majority of its new contracts is commercial pricing contracts and non-competitive pricing contracts now represent at least 25% of the contract portfolio.

Partial: If the N-DFI meets at least one of these two criteria.

Non: All other cases.

73) What are the foreign exchange risk policies and how does the N-DFI shield itself from this risk on its balance sheet?

Full: If the N-DFI has, and is in compliance with Basel accord or, unhedged foreign exchange risk policies at least in compliance with local foreign exchange regulations which sharply limit the foreign exchange risk it can take (e.g., not more than 5% in foreign exchange exposure.

Partial: If it has these policies in place but does not fully comply and its uncovered foreign exchange asset or liability position (net) exceeds 5% but is less than 10% of assets.

Non: All other cases.

74) What are the policies for invoicing in foreign exchange

Full: If the N-DFI has a policy for invoicing in foreign exchange and it ensures foreign exchange risk or passes exchange risk on to contractors who can hedge that risk

Partial: If the N-DFI has a policy for invoicing in foreign exchange but it does not fully adhere to it.

Non: All other cases.

Contracting Policies

75) What percentage of invoices is payable quarterly or custom-tailored to the seasonal cash flows of the customer? Are most new invoices payable within three months?

Full: If most new invoices are payable within three months in accordance with a set policy.

Partial: If the N-DFI meets one but not both of these conditions.

Non: All other cases.

76) What percentage of activity project or programme during the last fiscal year was for expansion projects (defined to include new projects for repeat customers and to projects with ongoing operations) and how much was for greenfield investment (defined as start-up projects with new borrowers)?

Full: If more than 50% of the value of its contracts during the last fiscal year is for expansion projects and/or ongoing operations.
Partial: If at least 25% of its new activities was for expansions and/or ongoing operations.
Non: All other cases.

77) What percentage of contracts is for periods of two years or less?

Full: If at least 10% of its contracts during the most recent completed fiscal year was for less than two years.
Partial: If more than 5% but less than 10% of its newly undertaken projects is for tenors of less than two years.
Non: All other cases.

78) Does the N-DFI utilize formal consortium or partnership together with other institutions or competitors when appropriate?

Full: If the N-DFI utilizes formal *consortium* with other public or private enterprises regularly and partnership with competitor enterprises occasionally.
Partial: If the N-DFI does one or the other only
Non: All other cases.

79) What guarantee programs are available to reduce N-DFI commercial risk in construction and/or procurement?

Full: If the N-DFI benefits from guarantee programmes of commercial risk for at least 75% of activities in construction and/or procurement.
Partial: If the N-DFI benefits from guarantee programmes of commercial risk for at least 50% of activities in construction and/or procurement.
Non: All other cases.

80) Does the N-DFI reschedule the contract execution plan routinely, as appropriate when there have been cost overruns or time delays that are sufficiently small that they do not seriously jeopardize contract viability?

Full: If the N-DFI routinely reschedules contract execution plan when there have been cost overruns or time delays that affect the ability to meet the existing schedule but are sufficiently small that they do not seriously jeopardize contract viability.
Partial: If the N-DFI sometimes reschedules contract execution plan when there have been time delays that affect the ability to meet the existing schedule.
Non: All other cases.

81) Are there current records of delayed project or activity? How often is it updated?

Full: If the N-DFI has records of all delayed project or activity and they are updated at least quarterly.
Partial: If it has records for most of these items and they are updated at least annually.
Non: All other cases.

82) Does the N-DFI have specific policies and/or procedures to reduce the potential effect that pressures to meet volume targets do not undermine portfolio quality?

Full: If the N-DFI has specific policies and procedures for reducing potential undermining of portfolio quality to meet volume targets. Particular attention should be given to ensuring that all launched contracts are fully and adequately executed or completed in accordance with schedules.
Partial: N/A
Non: All other cases.

Supervision Policies and Procedures

83) Are supervision policies and procedures set in writing and regular feedback of supervision is provided to site officers?

Full: If supervision policies and procedures are set in writing and published and if regular feedback of supervision is provided to site officers at least quarterly.
Partial: If supervision policies and procedures are not set in writing but regular feedback of supervision is provided to site officers at least annually.
Non: All other cases.

84) What is the contracting process? Is an approved proposal prior to contracting required for all contracts? Does N-DFI have a contract committee and, if so, what is its composition and how much is it authorized to approve? Are any term contract allowed to be approved below the contract committee level?

Full: If the N-DFI has a system in which all term contracts must be scrutinized by a contract committee whose membership is drawn from at least three departments of the institution including Legal and Finance Departments prior to approval by Management or the Board. (Usually small contracts may be excluded from this requirement).
Partial: If term contracts (other than those of extremely small size) are approved by Management or the Board without prior scrutiny by a contract committee.
Non: All other cases.

85) How long does the contracting process take? Is there a maximum limit in terms of time for processing a contract?

Full: If the N-DFI has a maximum time limitation on the time it takes to process a contract of 4 months or less and adheres to that policy with relatively few exceptions for unusual cases such as when data requirements are not met.
Partial: If it has a maximum time limitation of less than 9 months, but more than 4 months, and largely adheres to this limitation.
Non: All other cases.

86) What are the minimum requirements imposed on project/activity owners or main beneficiaries?

Full: If the N-DFI requires a minimum of 30% advance payment of total contract amount prior to launching most of the site works or activity.
Partial: If minimum advance payment required is at least 10% and less than 30% of the total contract amount prior to the launching of most site works or activity.
Non: All other cases.

87) Is a debt service coverage ratio for at least 3 years calculated for launched contracts? What minimum debt service coverage is required? What security (collateral) coverage is required?

Full: If it requires debt service coverage of at least 1.3 times (average over 3 years) for its launched contracts and requires commercial risk guarantee equal to at least 100% of the amount of its contracts.

Partial: If it requires debt service coverage of at least 1.1 times (average over 5 years) and security coverage of at least 100% of the contract amount.

Non: All other cases.

88) Does the N-DFI require and analyze credit references for customers? Is a satisfactory credit reference requirement?

Full: If it requires relatively full credit references, including all information on banking and fiscal relationships, from all customers and ensures these references are satisfactory before finalizing the contracting process.

Partial: If it sometimes requires credit references, e.g. information on banking or fiscal relationships, from most customers before finalizing the contracting process.

Non: All other cases.

89) On approvals, what minimum Financial Margin, if any, is required for contracts?

Full: If the N-DFI calculates Financial Margin for all contracts.

Partial: If it does at least for major contracts.

Non: All other cases.

90) On approvals, what are the primary economic or social impact measures? Is job creation or fight against poverty measured? Is health, education, or wealth impact measured?

Full: If the N-DFI targets job creation, fight against poverty, health, education, or wealth improvement and has tools for measuring economic or social impact and applies these tools to all contracts.

Partial: If the N-DFI targets at least one of the above-mentioned elements and has some tools for measuring the economic and social impact of major contracts.

Non: All other cases.

91) Does the N-DFI have controls that ensure that all contracts are implemented and controlled by staff from different departments?

Full: If the N-DFI has controls that ensure that all contracts are implemented and controlled by staff of different departments.

Partial: If the N-DFI has controls that ensure that major contracts are implemented and controlled by staff of different departments.

Non: All other cases.

Supervision and Collection Policies

92) Are detailed supervision (monitoring) reports prepared for each contract? How often are contracts supervised and supervision reports updated?

Full: If the N-DFI prepares a detailed supervision report at least quarterly for all launched contracts.

Partial: If it prepares reports for all contracts at least semi-annually.

Non: All other cases.

93) Are new amounts coming due and amounts collected recorded at least monthly for each contract? Is responsibility for collections clearly assigned?

Full: If detailed contract portfolio records are maintained at least monthly which show arrears, new amounts coming due, and if it assigns individual responsibility for collecting on these contracts.
Partial: If these records are available quarterly.
Non: All other cases.

94) What are the collection procedures? What collection-related action is taken when an invoice becomes 60 days overdue and 90 days overdue?

Full: If the N-DFI has written procedures to which it adheres to for an action to be taken on every invoice at the time it first falls 60 days overdue and again at the time it first falls 90 days overdue.
Partial: If the N-DFI complies with only one of these requirements
Non: All other cases.

95) Are detailed supervision reports prepared at least semi-annually for all launched contracts that are in default by 60 days?

Full: If detailed supervision reports are prepared at least semi-annually for all these contracts in default and they are updated at least once a year.
Partial: If supervision reports are prepared at least annually for all contracts in default by 90 days or more.
Non: All other cases.

96) What are the contract or payment rescheduling procedures and policies with respect to reclassifying contracts that are rescheduled?

Full: If the N-DFI has detailed written procedures that it follows in all cases for contracts or payments rescheduling that are largely in accord with international standard practice.
Partial: If overdue invoices are usually rescheduled for less than 6 months.
Non: All other cases.

97) Does the N-DFI have an adequately staffed workout unit for problem contracts? What are the procedures for resolving problems and for reporting on the status of resolved problems?

Full: If the N-DFI has an adequately staffed workout unit for problem contracts and detailed written policies and procedures for resolving such problems, largely adheres to its policies and procedures, and reports regularly on the status of problem contracts.
Partial: If it has detailed written procedures for identifying and dealing with problem contracts, and it applies them in most cases.
Non: All other cases.

98) What is the trigger point for taking customers to court? Legal action has been initiated for what percentage of the number and what percentage of the value that have reached this trigger point?

Full: If it has specific criteria established for determining when legal action should be taken against a defaulting borrower and it has initiated legal action in at least 60% of the cases for which these criteria have been met.
Partial: If it has specific criteria for determining when legal action should be taken against a defaulting borrower and it has initiated legal action in at least 30% of the cases for which these criteria have been met.
Non: All other cases.

Funds mobilization

99) Are trust funds and other funds received from the Government or other entities? If so, what percentage of liabilities do they represent?

Full: If the N-DFI receives trust funds or collects overdrafts or funds from other institutions in amounts that exceed 20% of liabilities.
Partial: If it receives trust funds or collects overdrafts that exceed more than 10% but less than 20 % of liabilities.
Non: All other cases.

Measurement of development impact

100) Does the N-DFI conduct post-mortem evaluation to measure the development impact of each completed contract?

Full: If the N-DFI conducts a post-mortem evaluation to measure the development impact of each completed contract within less than 5 years.
Partial: If the N-DFI conducts post-mortem evaluation to measure the development impact of at least 25% of completed contracts within more than 5 years.
None: All other cases.

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ASSESSMENT QUESTIONNAIRE WORKSHEET

II - THE ASSESSMENT QUESTIONNAIRE WORKSHEET

Name of the N-DFI:...

Prepared by: ....

Date: ....

Does the N-DFI receive deposits from the public? ....
Is the N-DFI regulated by a central bank? ....
(Please refer to the questionnaire and assess the compliance of the N-DFI by noting 2 for full, 1 for partial, or 0 for non-compliance.)

Standard or Guideline		Compliance Rating Total Points	Compliance Rating Raw score
Governance Standards (40%)		**78**	**0**
Sufficient Independence from Government			
1.	Government officials should play a minor role on the Board of Directors and not be Chairman.	**2**	
2.	All Board members, except Government ex-officio members, should meet professional and technical eligibility requirements.	**2**	
3.	No direct Government approvals should be required except for those normally made at a shareholders' meeting.	**2**	
4.	An N-DFI should operate under its own Act or the Companies Act.	**2**	
5.	An N-DFI should have some private ownership which is represented on its Board of Directors.	**2**	
6.	An N-DFI should be supervised by an interdepartmental supervisory board, including representatives of the line ministry and other ministries, such as the Ministry of Finance and Planning, different from the Board of Directors.	**2**	
Subtotal: Sufficient Independence from Government Rating		**12**	**0**
Management Independence and Incentives			
7.	The CEO should be chosen by the Board of Directors based on extensive professional and technical experience.	**2**	
8.	The Board of Directors should be the only entity that has the right to replace the CEO.	**2**	
9.	The Board of Directors and the committees of the Board should meet quarterly or monthly.	**2**	
10.	The Chairman and a majority of members of the Board should not have responsibilities in day-to-day management decision-making.	**2**	
11.	The CEO and at least one of the key managers should have performance-based contracts.	**2**	
12.	The Board of Directors and the CEO should have the power to make important changes in strategy, product mix, and closing branches.	**2**	

Subtotal: Management Independence and Incentives Rating	**12**	**0**
Compliance of operations with business principles		
13. Salary levels of all higher-level staff should be roughly the same as those in similar private sector institutions.	**2**	
14. Salary increases, promotions, and conditions of service should be based primarily on merit and performance.	**2**	
15. Managers should have specific performance targets to be achieved, and salary and performance reviews should be tied to performance against these targets.	**2**	
16. The N-DFI should have satisfactory procurement policies which enable it to conduct procurement largely in accordance with normal competitive practices.	**2**	
Subtotal: Rating of compliance of operations with business principles	**8**	**0**
Accounting and Auditing		
17. Accounts should be kept in accordance with international accounting standards and principles, and audited accounts should be unqualified.	**2**	
18. Balance sheets, profit and loss accounts, and status reports should be prepared at least monthly.	**2**	
19. Overdue invoices should be downgraded and provisioned in accordance with international or national standards.	**2**	
20. Interest should be accrued and not taken into income (should be suspended) in accordance with international or national standards.	**2**	
21. Audited accounts should show uncollected interest, and interest should not be capitalized except in cases of formal rescheduling.	**2**	
22. Accounts should be audited by one of the best External auditors at the national or international level.	**2**	
23. Audited accounts should be available four months after the end of each fiscal year and should be unqualified and published.	**2**	
24. The N-DFI should be an internal audit department or an external audit firm other than its own External Auditor that should report directly to the Board of Directors.	**2**	
25. Detailed accounting records should be kept of all off-balance sheet liabilities, and such liabilities should be disclosed in the financial statements or otherwise disclosed.	**2**	
Subtotal: Accounting and Auditing Rating	**18**	**0**
Information Management Systems and Procedures		
26. Detailed annual budgets should be approved by the Board of Directors before the beginning of each fiscal year and should be reviewed at least half-yearly.	**2**	
27. Actual performance should be reported to the Management against the budget monthly.	**2**	
28. There should be a cost accounting system that regularly identifies the profits and losses recorded by all major projects and activities.	**2**	

29.	Cost accounting should be used to assess losses incurred by projects or policies undertaken at government request.	**2**	
30.	The Government should cover N-DFIs for losses due to unprofitable socio-economic projects or activities undertaken at the government's request.	**2**	
31.	Reports on the status of overdue invoices should be available monthly, providing a detailed analysis of paid and overdue invoices and aging data.	**2**	
	Subtotal: Information Management Systems and Procedures Rating	**12**	**0**
Legal Personality and Governance Guidelines			
32.	An N-DFI should have a properly written performance agreement with the owner.	**2**	
33.	An N-DFI should have a written strategy for the implementation of its mandate and the performance agreement.	**2**	
34.	There should be clear responsibilities for the members of the Board of Directors and the Chairman.	**2**	
35.	There should be clear policies with respect to ethics, corruption, and "knowing your customer".	**2**	
36.	There should be satisfactory policies for dealing with conflict of interest and compliance with transparency regulations.	**2**	
37.	N-DFIs should comply with internationally recognized guidelines (which require national guidelines) relating to environmental impact assessment.	**2**	
38.	N-DFIs should have clear policies on anti-money laundering and comply with those policies.	**2**	
39.	N-DFIs should have corporate social responsibility policies and comply with those policies.	**2**	
	Subtotal: Rating of Other Corporate Governance Guidelines	**16**	**0**
Financial prudential standards (40% weighting)		**60**	**0**
Capital Adequacy			
40.	N-DFIs should have a net worth of 15 % or more risk-weighted assets as defined by the Basel agreements. Use the Basel definition of risks.	**2**	
41.	N-DFIs should have long-term debt to equity ratios of less than 4 to 1.	**2**	
42.	N-DFIs should ensure that their capital (net value) is adequately measured by having unqualified audited financial statements available less than 12 months after the end of the fiscal year.	**2**	
Subtotal: Capital Adequacy rating		**6**	**0**
Profitability and efficiency			
43.	Administrative expense should not exceed 4 % of average assets.	**2**	
44.	The profit or net income after tax should exceed 1 % of average assets.	**2**	

45. The profit or retained net income should be at least equal to 15 % of the increase in risk-weighted assets during each year.	**2**	
46. N-DFIs should attempt to diversify into new projects or markets so that they represent more than 15 % of gross income.	**2**	
47. Interest margin should exceed 4% of average asset.	**2**	
Subtotal: Profitability and efficiency rating	**10**	**0**
Asset Quality		
48. Overdue invoices should be filed, and bad debts written off in accordance with international or national requirements.	**2**	
49. Overdue invoices should not exceed 25 % of invoices issued.	**2**	
50. Provisions for bad debts should be calculated in accordance with international or national standards.	**2**	
51. Provisions for bad debts should normally not be less than 40 % of overdue invoices.	**2**	
52. Equity investments should be valued in accordance with international accounting guidelines, i.e., at a lower cost or fair market value.	**2**	
53. Average dividends return on net equity investments should exceed 4 % of the final net worth of equity investments per year.	**2**	
Subtotal: Asset quality rating	**12**	**0**
Asset Diversity and Safety		
54. N-DFIs should have an Assets Liabilities (ALM) Committee that meets at least monthly and have a policy of minimizing risks on the management of liquid assets.	**2**	
55. N-DFIs should not have a single financial risk ceiling that exceeds 25 % of the N-DFI's equity.	**2**	
56. Foreign currency assets should represent less than 40 % of equity.	**2**	
57. Net positions of foreign currency assets should not exceed 20 % of net worth.	**2**	
58. Outstanding gross investments in land, real estate, and/or equity do not exceed 30 % of total investments.	**2**	
59. The value of all equity investments should not exceed 50 % of equity (capital + reserves + carry forward).	**2**	
60. No equity investment in any institution in the value chain of its core business should exceed 35% of the share capital or cumulative net amount of the endowments.	**2**	
Subtotal: Asset Diversity and Safety rating	**14**	**0**
Liquidity		
61. Projected liquidity (or liquid resources) over the next 3 and 12 months should exceed cash requirements for expenses by 10 %.	**2**	
62. The N-DFIs should comply with all liquidity guidelines in the local general chart of accounts or those of the authority of its own financial institution.	**2**	
63. N-DFIs should have a projected debt service ratio over the next 12 months of at least 1.3 times.	**2**	

64. N-DFIs should have sufficient liquidity to cover all liquidity requirements for the next 90 days.	**2**	
65. There should be a defined plan for always dealing with significant cases of excess of liabilities over assets.	**2**	
66. N-DFIs should have, on a cumulative projection basis, a positive current cumulative asset position of at least 10 % of the debts of one and two years from that date.	**2**	
Subtotal: Liquidity rating	**12**	
Financing		
67. N-DFIs should have uncommitted long-term resources that exceed budgeted commitments over the next 12 months by at least 50 %.	**2**	
68. N-DFIs should have a dependable source of long-term resources in local currency.	**2**	
69. Borrowings in local currency (including deposits) should exceed 25 % of total debts and at least 40 % should run for more than three months.	**2**	
Subtotal: Funding Availability Rating	**6**	**0**
Guidelines relating to operational policies (20 % weighting)	**62**	**0**
Risk Management Policies		
70. N-DFIs should charge interest on all overdue invoices and set their interest rate without consulting the government.	**2**	
71. N-DFIs should always avoid interest rate risks.	**2**	
72. Most of its new contracts should be commercial price contracts, and non-competitive price contracts should represent less than 25 % of the contract portfolio.	**2**	
73. Exchange rate risks should be minimized by limiting net foreign exchange assets to less than 5 % of total assets and avoiding net foreign exchange liabilities.	**2**	
74. Loans presented in foreign currencies should be insured against foreign exchange risks.	**2**	
Subtotal: Risk Management Procedures	**10**	**0**
Lending Policies		
75. Most new invoices should be payable within three months in accordance with a specified policy.	**2**	
76. A share of 50 % of the value of N-DFI's contracts in the previous fiscal year should be devoted to project expansion and ongoing operations.	**2**	
77. At least 10 % of its contracts in the most recent fiscal year should be less than two years.	**2**	
78. N-DFIs should regularly resort to formal consortia with other public or private companies.	**2**	
79. N-DFIs should utilize available credit risk guarantee programs to reduce their own risks.	**2**	
80. N-DFIs should reschedule their contract execution plans routinely when there are cost overruns or delays that affect program compliance.	**2**	
81. Records of all delayed projects and activities should be updated at least quarterly.	**2**	

82.	N-DFIs should have policies and procedures for reducing quality failures in the portfolio of pending cases.	**2**	
Subtotal: Lending Policies Rating		**16**	**0**
Loan Appraisal and Disbursement Policies and Procedures			
83.	Supervisory policies and procedures should be defined in writing and made public.	**2**	
84.	N-DFIs should have a guideline in which all fixed-term contracts are thoroughly reviewed by a contract committee.	**2**	
85.	N-DFIs should have a term limit of 4 months or less to process a contract.	**2**	
86.	N-DFIs should require a minimum of 30 % down payment on the total contract amount before performing most work or activities.	**2**	
87.	N-DFIs should require debt service coverage of at least 1.3 times (3-year average) for their executed contracts and a commercial risk guarantee equal to at least 100 % of its total contract amount.	**2**	
88.	N-DFIs should require relatively detailed credit ratings, including all banking and tax information, from all customers.	**2**	
89.	N-DFIs should calculate financial margins for all contracts.	**2**	
90.	N-DFIs should target job creation, poverty alleviation, improved health, education, or wealth.	**2**	
91.	N-DFIs should have control systems to ensure that all contracts are executed and supervised by staff from different departments.	**2**	
Subtotal: Appraisal procedures rating		**18**	**0**
Supervision and recovery policies			
92.	N-DFIs should prepare a detailed supervision report at least quarterly for all contracts executed.	**2**	
93.	The detailed portfolio of registered contracts should be maintained at least monthly to show the arrears.	**2**	
94.	N-DFIs should act on each invoice that is 60 days or 90 days late, in accordance with a written procedure.	**2**	
95.	N-DFIs should prepare detailed supervision reports for all defaulted contracts at least twice a year.	**2**	
96.	N-DFIs should have detailed written procedures for processing all contracts, and troubled payment reschedules.	**2**	
97.	There should be an adequately staffed unit within the N-DFI responsible for resolving problems related to troubled contracts.	**2**	
98.	Specific written criteria should be defined to determine when to take legal action against defaulting debtors, and these criteria should be followed in at least 60 % of cases.	**2**	
Subtotal: Supervision and recovery policies rating		**14**	**0**

Funds mobilization			
99.	N-DFIs receive trust funds or recover overdrafts or funds from other institutions for amounts exceeding 20 % of liabilities.	**2**	
	Subtotal: Funds mobilization	**2**	**0**
	Measurement of Development Impact		
100.	N-DFIs should conduct a retrospective evaluation of completed contracts to measure development impact less than five years after.	**2**	
Subtotal: Measurement of Development Impact		**2**	**0**

Note: Please write the raw scores for each sub-category on the score summary sheet.

Governance guidelines (40 % weighting)	**78**	**0**
Financial prudential guidelines (40 % weighting)	**60**	**0**
Guidelines relating to operational policies (20 % weighting)	**62**	**0**
Overall rating	**200**	**0**

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SUMMARY RATING SCORE SHEET

III – SUMMARY RATINGS SCORE SHEET

Name of N-DFI...

As of (Date)……………………………………………………………………………………………..

Prepared by (Name of officer)..

	Col 1 Potential Maximum	Col2 Compliance Raw Score	Col 3 Rating Weighting Score	Col 4 Overall Rating	Col 5 Overall Rating Base 100
Governance Standards (40%)					
Sufficient Independence from Government	12		2	0	0.0
Management Independence and Incentives	12		2	0	0.0
Compliance of operations with business Principles	8		2	0	0.0
Accounting and Auditing	18		2	0	0.0
Information Management Systems and Procedures	12		2	0	0.0
Legal Personality and Governance Guidelines	16		2	0	0.0
Subtotal: Governance Standards	**78**	**0**		**0**	**0.0**
Financial Prudential Standards (40%)					
Capital Adequacy	6		2	0	0.0
Profitability and Efficiency	10		2	0	0.0
Asset Quality	12		2	0	0.0
Asset Diversity and Safety	14		2	0	0.0
Liquidity	12		2	0	0.0
Financing	6		2	0	0.0
Subtotal: Financial Prudential Standards	**60**	**0**		**0**	**0.0**
Operational Standards (20%)					
Risk Management Procedures	10		1	0	0.0
Lending Policies	16		1	0	0.0
Loan Appraisal Policy and Procedures	18		1	0	0.0
Supervision and Collection Policies	14		1	0	0.0
Funds Mobilization	2		1	0	0.0
Measurement of development Impact	2		1	0	0.0
Subtotal: Operational Standards	**62**	**0**		**0**	**0.0**
Total Score	**200**	**0**		**0**	**0.0**
Total Score when calibrated to 100 (Multiply by 0.296)					

Verified by ....(Name of external auditor or rating agency)

Notes:

Column 1represents the total potential maximum raw score for each subcategory if every question was rated in full compliance.

Column 2 should be completed by transferring the added rated score for each question within a sub- category.

Column 4 is calculated by multiplying column 2 by column 3 (the weighting)

Column 5 represents the average percentage compliance within each category and is calculated by dividing Column 2 by Column 1.

The total row score is calculated by adding the scores for the three subtotals for governance, financial prudential and operational standards in column 4. The total score is then multiplied by 0.296 to calibrate it to 100 to obtain the overall rating weighted for the N-DFI.