ASSOCIATION OF AFRICAN DEVELOPMENT
FINANCE INSTITUTIONS

AFRICAN DFIs
PERFORMANCE SURVEY 2023

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Executive Summary

The African Development Finance Institutions (DFIs) Annual Performance Survey provides information on the status of African DFIs' operations. The biannual performance survey measures African DFIs' performance based on set indicators. The 2023 report is the second edition, based on the 2022 figures. Cross-sectional data from primary sources was used for the survey.

Of the seventy-seven (77) DFIs contacted, only thirty-two (32) institutions responded to the survey. The thirty-two (32) DFIs constituted the sample size of the survey, made up of five (5) Regional DFIs and twenty-seven (27) National DFIs from the African sub-regions, distributed as follows: Central African DFI, one (1) East African DFIs, seven (7); North African DFIs, three (3); Southern Africa DFIs, nine (9); and West African DFIs, seven (7). The collected data were analyzed using descriptive statistics.

The results from the survey indicate as follows:

***Mandate**: 17%, 15%, and 14% of African DFI mandates focused on financing and supporting agriculture, manufacturing, and tourism, respectively.*

***Solvency**: The Regional DFIs in the study had an average capital base of about $1.2 billion, while the National DFIs' average capital base was about $156 million. 68% of the National DFIs had a capital base between $1 million and $100 million, while 60% of the Regional DFIs had a capital base between $500 million and $1.5 billion.*

The Regional DFIs' average balance sheet was about $2.3 billion, while the National DFIs had an average balance sheet of about $913 million. 78% of the National DFIs' balance sheets were between $1 million and $1 billion, while 60% of the Regional DFIs had balance sheets between $100 million and $1.5 billion.

Asset Value of Regional DFIs on the average asset value was about $2 billion, whereas the National DFIs' average asset value was about $897 million. 64% of the National DFIs had an asset value between $1 million and $500 million, while 40% of the Regional DFIs had an asset value between $1.5 billion and $9 billion.

National DFIs derive their external funding from their balance sheets, which consist of equity and debt. On average, each National DFI had $227 million from equity and $430 million from debt. Also, on average, Regional DFIs had $294 million from equity and $1.6 billion from debt.

***Internal funding sources**: 92% of the National DFIs had retained earnings between $1 million and $500 million, with an average retained earnings of over $117 million. Also, 80% of the Regional DFIs had retained earnings between $1 million and $1 billion, with an average retained earnings of over $234 million.*

About 41% of DFIs funding ($986 million) was from retained earnings, 26% was from balance sheet debt ($618 million), 17% was from equity ($412 million), and 16% was from off-balance sheet funding ($382 million). Furthermore, the results indicated that 59% of the DFIs relied more on external sources of funding, while 41% relied on internal sources.

***Profitability**: National DFIs had an average profit of $21 million, while the Regional DFIs had an average profit of $56 million. The study's average National and Regional DFI loan portfolios were $619 million and*

$2.2 billion, respectively. 62% of the National DFIs had a long-term (four years and above) loan portfolio, and 38% had a short-term (less than three years) loan portfolio. 59% of Regional DFI's loan portfolios are long-term (four years and above), while 41% are short-term (less than three years).

The National DFIs had an average loan repayment rate of 60%. 57% of the National DFIs in the study had a loan repayment rate between 61% and 100%. Also, the average loan repayment rate for Regional DFIs was 82%, with 50% of the Regional DFIs having a loan repayment rate between 81% and 100%. Furthermore, 67% and 75% of the National and Regional DFIs in the study had their Non Performing Loans(NPLs) below 21%, respectively. For National and Regional DFIs, the average NPL was 19.41% and 17.26%, respectively.

***Prudential Regulations and Guidelines**: In 2022, 73% of the DFIs complied with prudential regulations and guidelines and participated in the AADFI PSGRS peer review exercise. 27% of the DFIs did not participate in the 2022 PSGRS exercise. Interestingly, other rating agencies such as Moody's, Fitch Ratings, Global Credit Ratings, Augusto and Co. Ratings, S&P, Capital Intelligence, and Bloomfield Investment rated some of the DFIs in the year.*

***Challenges of African DFIs and Support Required**: The survey showed that most African DFIs have performed well and contributed significantly to sustainable development goals(SDGs) and their national development agenda despite numerous challenges. Resource constraints, a high cost of raising funds, a low capital base, and weak macro-fundamentals are among some of their challenges. Therefore, it is crucial to focus deliberate efforts to strengthen these institutions to enhance their capacity, resilience, and efficiency.*

The study suggests that governments, as major stakeholders in DFIs, should scale up support for these institutions through capital injection, raising the capital base, channeling intervention, or establishing a dedicated fund for special projects through DFIs, provision of guarantees, etc. Furthermore, the Regional and Multilateral Development Banks(MDBs) should support the National DFIs by providing them with concessionary funds, technical assistance, and capacity-building and involving them in co-financing projects within their jurisdiction.