

ASSOCIATION OF AFRICAN DEVELOPMENT
FINANCE INSTITUTIONS



**REPORT ON THE 14TH PEER REVIEW
FOLLOWING THE AADFI PSGRS
MECHANISMS
2024**

Abidjan, Côte d'Ivoire
November 2024

TABLE OF CONTENTS

I	INTRODUCTION.....	4
1.1	Purpose	4
1.2	Context	4
1.3	Structure of the Report	5
1.4	Acknowledgement.....	5
II	SELF ASSESSMENT.....	6
2.1	Participating Institutions	6
2.2	Cross-checking of the self-assessments	6
2.3	Overall compliance performances by areas and sectors.....	6
2.4	Compliance Performance and Table	8
III	RATING ASSESSMENT.....	10
3.1	Assignment of rating indices.....	10
3.2	Rating Results and Table.....	11
IV	REVIEW OF THE PERFORMANCES	12
4.1.	Review of the self-assessment results over the period 2020-2024.....	12
4.2	Review of rating results over the period 2020-2024	12
V	CONCLUSIONS AND DECISIONS.....	18
5.1.	Conclusions	18
5.2.	Recommendations	19
5.3.	Decisions	19

SPECIFIC ACRONYMS AND NEW OR ELLIPTICAL WORDS OR EXPRESSIONS

This report uses specific acronyms and new or elliptical words or expressions, the meanings of which are defined below.

Basel Agreement	The Banking regulatory agreements signed in Basel, Switzerland, and prepared by the Basel Committee. They aim to guarantee a minimum level of equity to ensure the financial soundness of banks
Self-assessment:	The result of the normal exercise carried out by a DFI consisting in assigning itself compliance scores with regard to the various AADFI's prudential standards and guidelines, based on the criteria set by the benchmark assessment system.
Area	A combination of sectors related to governance, finance, or operations.
Compliance assessment:	The exercise of assigning to a DFI, on its policies, strategies, procedures and performance, compliance ratings for various prudential standards and guidelines, based on the criteria set by the benchmark assessment system.
Rating Assessment:	The result of the exercise of assigning to a DFI, at the end of the Peer-Review process, a score characterising the development impact potential of that DFI, based on the criteria and assessment system established by the AADFI.
DFI	Development Finance Institution.
Compliance index:	A percentage representing the weighted score given to a DFI on the compliance of its policies, strategies and procedures with the AADFI prudential standards and guidelines.
Rating index:	The rating result given in alphabetical characters (index) representing the three rating categories (A, B, and C).
N-DFI:	Non-Development Finance Institution
ISRS Standards:	The International Sustainability Rating System (ISRS) is a cutting-edge system used to assess, improve, and demonstrate the soundness of an organisation's business processes. The use of the ISRS enables organisations and their stakeholders to ensure that their operations are safe and sustainable.
IFRS Standards:	The International Financial Reporting System (IFRS) Foundation is a non-profit public interest organisation established to develop a unique set of high-quality, understandable, applicable, and globally accepted accounting standards (IFRS standards) and promote and facilitate their adoption.
Compliance result:	The result of the exercise consisting in assigning a weighted score to a DFI at the end of the Peer-Review process, characterising the compliance of the DFI's policies, strategies and procedures with the AADFI's prudential standards and guidelines, based on the dedicated assessment system.
Rating result:	The result of the exercise of assigning to a DFI, at the end of the Peer-Review process, a score characterising the development impact potential of that DFI, based on the criteria and assessment system established by the AADFI.
Sector:	A set of criteria for assessing compliance with the AADFI's prudential standards and guidelines.
Table of compliance:	A list of DFIs along with their compliance result in percentage (index).
Rating Table:	A list of DFIs along with their rating based on their development impact.

I. INTRODUCTION

I.1. Purpose

- I.1.1. This report presents the validated results of the self-assessment received from member institutions of the Association of African Development Finance Institutions (AADFI) that participated in the 2024 PSGRS Peer Review as well as the rating on the basis of some development impact criteria. It is intended for the consideration of the Board of Directors, which is responsible for the peer review of AADFI member DFIs according to the PSGRS.
- I.1.2. As provided in the PSGRS II Brochure and reconfirmed by the Board of Directors during their consideration of the 2022 Report, the peer group comparisons are done in a manner that ensures confidentiality of the DFI ratings. In this regard, the participating DFIs are identified by codes, which are generated randomly by the AADFI Secretariat and made known only to the particular DFI. The results are not divulged to any other DFI or outside parties without the permission of the concerned DFI. The identification of the DFIs by codes also underlines the idea that the PSGRS process is not a competition. Rather, it is designed to allow each DFI to assess on its own, with the support of the AADFI Secretariat, its PSGRS compliance performance.

I.2. Context

- I.2.1. The peer review mechanism was adopted by AADFI with the aim of helping its member DFIs assess their performance with regard to the PSGRS in areas of governance, financial management, and operations that are important for their sustainability and development impact. The results also identify areas of weaknesses where corrective measures might need to be undertaken. The mechanism comprises a multi-layer process, involving (i) internal self-assessment undertaken by the participating institution; (ii) verification of the self-assessment (*certification of conformity*) by an external auditor; (iii) validation by each institution's Management; (iv) cross-checking of the certified self-assessment results by an independent consultant and the subsequent classification of the eligible participating institution into one of the three AADFI rating categories; and (v) approval of the Board of Directors of the report submitted by the Secretariat following its validation of the Independent Consultant's report.
- I.2.2. In particular, the Board of Directors exercises the authority to
- a. *“review and adopt the validated self-assessments results of compliance with prudential or technical standards and guidelines,*
 - b. *examine and adopt the results of the assessment for the rating in the three rating categories,*
 - c. *authorize the issuance of the certificate of compliance to all DFIs that have submitted their self-assessments, and the rating certificate to DFIs eligible for rating exercise”*
- I.2.3. The mechanism also involves Focal Points designated by the participating DFIs for the very important role of coordinating the process internally and monitoring the DFI's relationship with the AADFI General Secretariat.

I.2.4. However, since 2020, a differentiation has been introduced between the compliance assessment of a development finance institution (financial institution) and that of a development project management institution (non-financial institution). While the assessment of the former is guided by the prudential standards and guidelines (PSGRS), that of the non-financial institution is guided by the technical standards and guidelines (TSGRS). AADFI Secretariat provides free training annually on the PSGRS/TSGRS self-assessments to the Focal Points and others involved in the DFI peer review process.

I.3. Structure of the Report

I.3.1. This report covers the results of the key steps in the peer review process. Therefore, following this introduction, Chapter 2 reports on the results of the self-assessment, as verified by the Independent Consultant. Chapter 3 presents the rating assessment for development impact. Chapter 4 reviews the results over a multi-year period. The report ends with the Independent Consultant's conclusions and recommendations for the consideration of the Board of Directors.

I.3.2. In line with the decision of the AADFI Board of Directors, institutions participating in the peer review are displayed in the compliance and rating tables by codes to safeguard confidentiality of the assessment and to buttress the fact that participating in the peer review is not a competition.

I.4. Acknowledgement

I.4.1. The independent consultant wishes to thank the Association and its Board of Directors for the opportunity to prepare this 2024 Peer Review report. He commends the participating institutions and the Board members for their continued efforts toward the improvement of the PSGRS. He expresses his gratitude to Mr. Cyril Okoye, Secretary-General of the AADFI, and his staff for their much-appreciated professional cooperation. He also appreciates the AADFI Secretariat's assignment of Mr. Yacouba Konate to provide research assistance.

II. SELF ASSESSMENT

II.1. Participating Institutions

- II.1.1. Completed self-assessments were submitted by 29 DFIs, compared to 34 DFIs in 2023, 33 in 2022, 37 in 2021 and 27 in 2020. Thus, there seems to have been a reduction in participation compared to the previous three years and especially the peak attained in 2021. While the low participation in 2020 was attributed to the generalized business slowdown induced by COVID-19, a number of DFIs have provided various reasons for not participating in this year's exercise. These reasons include ongoing restructurings, the need for time to implement corrective measures to address weaknesses identified in last year's exercise and the burden of other ongoing activities. The decreased participation and reasons given by the DFIs raise the issue of whether the exercise should continue annually, as current, or should be conducted every other year.
- II.1.2. Of the 29 DFIs that submitted self-assessments, 21 were ordinary members, 7 were regional members, and 1 was non-member. Again, as in the two previous years, no associate member submitted its self-assessment results.
- II.1.3. The non-participation of the associate members needs special mention again as was done in the two previous reports. At their request, the TSGRS was developed to suit the nature of their operations, and it was expected that their participation would help identify the progress they are making as well as the challenges they are encountering in their core business. The consultant again recommends that these institutions are further engaged to understand the reasons for their non-participation. Providing them with focused training might also be useful.

II.2. Cross-checking of the self-assessments

- II.2.1. The self-assessments submitted by DFIs were cross-checked for correct interpretation of the scoring and they were found to be acceptable. Some questions arising from the self-assessments, either because of need for clarification of some of the guidelines or a disagreement between the DFI's focal point and the external auditor, were resolved and the information passed on to the PSGRS Focal Points concerned.

II.3. Overall compliance performances by areas and sectors

- II.3.1. The PSGRS is divided into areas (categories) and sectors (sub-categories). An overall compliance performance is obtained by the sum of the scores assigned to the questions in one sector first and other areas thereafter, for all the participating DFIs for the year under review.
- II.3.2. The overall compliance performance indicates the degree of integration in the policies, strategies, and procedures of the participating DFIs, of the relevant AADFI prudential standards and guidelines, as well as national and international best practices and standards.
- II.3.3. Table 1 provides information on the overall performance of the three areas (categories) and 18 sectors (sub-categories) of the PSGRS. For the year under review, the highest overall compliance performance is assigned to Governance, followed by Operational Management and Financial Management, with the ranking unchanged since 2021. However, the average score for the three areas combined was slightly high in 2024, reflecting increases in the scores in the Governance sectors.

II.3.4. The sector performances reflect the performances of the areas. The scores are as follows:

- a. 8 sectors scored in **the very high compliance zone** (90% and above), an increase from the 2023 performance of 5 sectors. The majority of these were the Governance sectors (Management Independence and Incentives, Accounting and Auditing, Other Governance, Operating in Accord with Commercial Principles, and Management Information Systems & Procedures). The very high compliance in these governance areas supports transparency and is favourable to performance in the other areas, including the mobilization and efficient use of funds. The other three sectors were Capital Adequacy (Financial), Supervision and Collection Policies, and Funds Mobilization (Operational Management), both of which have continued to improve through 2022 and 2023.
- b. 9 sectors scored in the **high compliance zone** (80%-89%). The most conspicuous rise was in the Financial area, being Liquidity, which registered 88% compared to 83% in 2023 and 85% in 2022. Sufficient (Board) independence from Government has also been improving. While the vast majority of the DFIs have some degree of government representation on the board, the proportion has greatly reduced in many of them. This form of representation can be important as it can help with embeddedness with government, which is beneficial in terms of policy steer and alignment. However, as argued in the PSGRS, government representation and even appointment of the CEO, needs to be balanced with a degree of Board and Management independence so as to avoid undue political influence. The limited political interference is reflected in the very high compliance of operations in accord with commercial principles, as noted above. Nevertheless, the board structures appear to be an influence on the scores on profitability and efficiency, which were not in the high compliance category until 2024. Further details show that the governance structures appear to have magnified impacts in weak enabling environment and operational contexts (especially low-rated loan appraisal policy and procedures and risk management procedures, which are also in this middle category).
- c. 1 measure scored in **the strong compliance zone** (70%-79%). This is Measurement of Development Impact, compliance with which has continued to decrease from its levels in 2022 (83%) and 2023 (81%). Going forward, more effort is required to improve performance compliance with this guideline. This does not necessarily mean that the DFIs are not making developmental impact; it simply means that the impact is not being measured so as to tell the story of the DFIs' relevance. The problem usually emanates from limited knowledge or implementation of monitoring and evaluation (M&E) of ongoing or completed projects and can easily be corrected.

Table 1: Overall compliance performances by areas and sectors

Areas	Compliance Performance		
	2024	2023	2022
Governance	93%	89%	89%
Operational management	89%	85%	85%
Financial management	87%	82%	83%
All three areas	90%	86%	86%
Sectors	Compliance Performance		
	2024	2023	2022
Capital Adequacy	97%	89%	84%
Accounting and Auditing	96%	92%	92%
Management Independence and Incentives	95%	92%	93%
Other Governance Practices (Corporate Citizenship, AML, and Performance contracts)	95%	91%	94%
Operating in Accord with Commercial Principles	91%	87%	91%
Management Information Systems & Procedures	91%	85%	85%
Supervision and Collection Policies	91%	94%	90%
Funds mobilization	91%	90%	84%
Liquidity	89%	83%	85%
Lending Policies	89%	80%	84%
Loan Appraisal Policy & Procedures	88%	85%	86%
Asset Quality	87%	83%	84%
Risk Management Practices	86%	79%	79%
Funding	86%	87%	83%
Sufficient Independence (of Board) from Government	85%	82%	77%
Asset Diversity and Safety	85%	84%	85%
Profitability and Efficiency	83%	72%	74%
Measurement of Development Impact	79%	81%	83%

II.4. Compliance Performance and Table

II.4.1. The table of compliance (Table 2) shows all the 29 DFIs that participated in the 2024 Peer Review. The DFIs are listed cardinally according to their codes, which are assigned randomly rather than alphabetically. This arrangement, however, enables the identification of the DFIs eligible for the rating exercise based on their compliance index equal to or higher than 80%.

II.4.2. A total of 26 DFIs are eligible for the rating exercise, representing 89,6% of the 29 participating DFIs, as against 73,5% in 2023, 75% in 2022, 86% in 2021 and 81% in 2020 for 34, 33, 37 and 27 participating DFIs respectively.

Table 2: 2024 Table of Compliance
(The institutions are represented by codes.)

Codes	Compliance Indices
133	97
121	82
149	91
217	91
119	86
113	98
192	88
126	96
196* ¹	86
144	95
158	96
162	78
164	93
191	99
189	88
142	83
178	91
186	98
146	93
143	99
199	89
218	84
156	88
174	76
210	98
219	89
172	72
185	99
175	91

¹ Member of SADC, AADFI non member

III. RATING ASSESSMENT

III.1. Assignment of rating indices

III.1.1. The maximum score for the rating is 20. The quantitative results obtained by each assessed DFI give the corresponding rating index. Participating DFIs are put into three categories based on their quantitative scores.

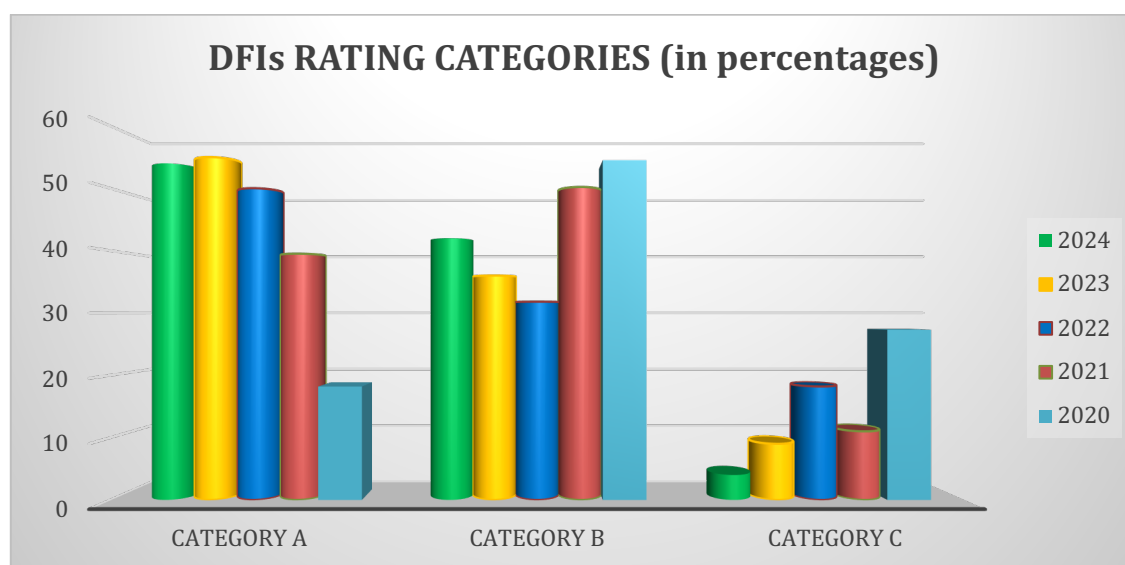
- A quantitative score of 16 to 20 points qualifies for category A. 16 points give the rating index A, 17-18 points give the rating index A+, and 19-20 points give the rating index AA.
- A quantitative result of 11 to 15 points qualifies for category B. 11 points give the rating index B, 12-13 points give the rating index B+, and 14/15 points give the rating index BB.
- A quantitative result below 11 points qualifies for category C. 6 or more points give the rating index C, 7-8 points give the rating index C+, and 9-10 points give the rating index CC

III.1.2. The rating assessment for 2024 involved 24 of the 26 eligible DFIs. These 24 DFIs returned the questionnaire for specific data collection, the answers to which served as the basis for the rating assessment.

III.1.3. The 24 DFIs assessed for rating are split into the three rating categories as follows:

- **Category A:** 13 DFIs, or 54% in 2024 compared to 12 DFIs, or 55% in 2023; 11 DFIs or 50% in 2022; 7 DFIs, or 39.5% in 2021; and 4 DFIs, or 18.2% in 2020.
- **Category B:** 10 DFIs, or 42% in 2024 compared to 8 DFIs or 36% in 2023; 7 DFIs or 31.8% in 2022; 9 DFIs, or 50.2% in 2021; and 12 DFIs, or 54.5% in 2020.
- **Category C:** 1 DFIs or 4% in 2024 compared to 2 DFIs or 9% in 2023; 4 DFIs or 18.2% in 2022; 2 DFIs or 11% in 2021; and 6 DFIs or 27.3% in 2020.

CHART FOR DFI RATING CATEGORIES



III.2. Rating Results and Table

III.2.1. The rating table below shows, in cardinal order, the rating for the 24 DFIs with their rating indices.

Table 3: 2024 Rating
(The institutions are represented by codes.)

Codes	Rating Indices
133	BB
121	CC
149	A+
217	BB
119	A
113	B+
192	A
126	B
196* ²	BB
144	AA
158	A
164	AA
191	A
189	A
142	A
178	A
186	A
146	B+
199	B+
218	B+
156	B+
219	B+
185	A+
175	AA

² Member of SADC, AADFI non member

IV. REVIEW OF THE PERFORMANCES

IV.1. Review of the self-assessment results over the period 2020-2024

IV.1.1. The level of participation in the PSGRS self-assessments varies from year to year. Table 4 shows that 48 DFIs (out of AADFI membership of 82 DFIs and special institutions) have participated in the peer review over the past five years (2020-2024). However, the analysis of participation shows irregular participation for most of these 48 DFIs. The participation for each year has varied from a low of 29 in 2024 to a high of 37 in 2021.

IV.1.2. Of the 29 DFIs that participated in the 2024 peer review:

- 15 DFIs participated continuously for the entire five years 2020 to 2024
- 5 additional DFIs participated continuously only from 2021 to 2024
- 2 additional DFIs participated continuously only from 2022 to 2024
- 3 additional DFIs participated only for 2023 and 2024
- 2 additional DFIs did not participate in 2022 but participated from 2020 to 2021 and from 2023 to 2024.
- 2 additional DFIs did not participate in 2023 but participated in 2024 and continuously from 2020 to 2022.

IV.1.3. In addition to the above, there are other records of DFI participation, albeit not continuously. In this regard, 1 DFI has participated four times and 6 DFIs have participated three times at one time or another. However, as many as 3 DFIs participated only two times, and even more noteworthy is that 9 DFIs participated only one time.

IV.2. Review of rating results over the period 2020-2024

IV.2.1. This review of the rating results, shown in Table 5 below, covers the period 2020-2024 because the series started in 2020. It indicates that since the inception of the rating exercise, 35 DFIs have been rated. However, while 22 DFIs were rated in 2020, the number reduced to 18 in 2021 but increased to 22 in 2022 and 2023 and to 24 in 2024. The participation in this year's development impact rating is, therefore, the highest since the exercise started in 2020.

IV.2.2. Table 5 also shows varying records of DFI participation, including those who submitted for rating regularly as well as first-timers, two-timers, and one-timers.

- a. 9 DFIs have been rated continually for the five years (2020-2024)
- b. 1 DFI has been rated continually for the four years (2021-2024)
- c. 1 DFI has been rated continually for the three years 2022 and 2024.
- d. 3 DFIs have been rated continually for the two years 2023 and 2024
- e. 1 DFI was rated for the first time in 2024
- f. 9 DFIs have participated twice or more but not continually.
- g. However, 11 DFIs, which were rated in the past, were not rated in 2024, with 2 being on account of not submitting the data for development impact assessment on the basis of which qualifying DFIs are rated, while 3 others did not qualify for rating on the basis of their compliance assessment. The others did not participate in the compliance assessment this year.
- h. In addition, 1 DFI, which qualified severally for rating in the past, has never submitted the required data for assessment.

IV.2.3. The rating performances of the assessed DFIs have also varied since 2020.

- a. 2 DFIs moved from category B to A, while 1 other moved from category C to B.
- b. 2 DFIs in category A improved slightly within the category (A+ to AA and 4 others in category B improved slightly within the category (B to B+).
- c. 7 DFIs in category A and 4 in category B maintained their rating, while two others regressed (from A+ to A and from A to BB).
- d. The performance trend of 8 other DFIs could not be determined, as they either submitted to rating only once within the period or qualified for rating without providing the necessary data for rating .

Table 4: Table of the self-assessment results over the period 2020 – 2024

Codes	Compliance Indexes				
	2024	2023	2022	2021	2020
193* ³			82	82	81
197*				84	
133	97	88	93		
114		54		88	84
149	91	95	95	94	94
179				90	
121	82	80	85	88	
189	88	85	85	82	82
217	91	89	86	86	
113	98	98	96	95	94
119	86		86	88	82
192	88	75		91	95
201*		76			
215			83	65	
115				83	
126	96	97			
196*	86	82	77	82	
144	95	95	96	95	95
158	96	95	95	94	89
162	78	77	75	75	79
164	93	91	87	87	85
191	99	98	96	96	97
204*			84		
168			86	86	82
169		84		82	79

³ Member of SADC, AADFI non member

142	83	72		83	86
151		68	77		75
178	91		91	88	86
186	98	96			
146	93	92	92	91	86
143	99	99	99	99	99
134					85
198					79
165		86		87	
199	89	84	82	88	91
218	84	83	76		
216				95	
205* ⁴					79
156	88	88	83	81	81
212		86	87	91	
200*		73	72	71	67
127			71	83	
174	76	76	78	76	
210	98	98	97	97	96
219	89	91			
172	72	73	72	70	
185	99	99	98	96	98
175	91	94	94	92	92

⁴ Member of SADC, AADFI non member

Table 5: Table of Rating Results over the period 2020 – 2024
(The institutions are represented by codes)

Codes	Rating Indices				
	2024	2023	2022	2021	2020
195*			B+		B
133	BB	B+	B+		
114					C
149	A+	A+	A+	A+	AA
179				BB	
121	CC	CC		CC	
189	A	A	A+		B
113	B+	C+	C	C	CC
217	BB	BB	B+	B+	
119	A		B	B	C
192	A			BB	BB
215			C+		
126	B	-			
196* ⁵	BB	A		BB	
144	AA	A+	A+	A	B+
158	A	A	A	BB	B+
164	AA	AA	AA	AA	A
191	A	A	A		BB
204*			C+		
168					C
142	A				B+
178	A		A+		A+
186	A	A			
146	B+	B+	B+	B+	C+
143		A	A+	A	BB

⁵ Member of SADC, AADF non member

134					C
165				AA	
199	B+	B+	B+	B+	BB
218	B+	B			
156	B+	B	B		B
212		A+	A+		
210		B	C+	B	BB
219	B+	B+			
185	A+	A+	A+	A	AA
175	AA	A+	A+	A	BB

V. CONCLUSIONS AND DECISIONS

V.1. Conclusions

- V.1.1. The quality of the PSGRS self-assessments remain commendable and reflects the results of reforms approved by the Board of Directors and adopted in 2020, including (a) the appointment and subsequent training of the focal persons to coordinate the exercise internally; (b) prior validation of the self-assessment results by the external auditors of the participating DFIs; (c) the engagement of an independent consultant to review the results and rate the DFIs; (d) submission to the AADFI Secretariat for further review; and (e) finally, submission of the report to the Board of Directors for final review and approval for publication.
- V.1.2. As part of the reforms, the TSGRS, a variant of the PSGRS, was formulated to accommodate the AADFI associate members (non-financial institutions). This new instrument, which takes into consideration the special characteristics of the non-financial institutions, maintains the essential features of the PSGRS regarding best practices or standards of governance, financial prudentials and operations.
- V.1.3. Meanwhile, in 2022, the Board of Directors further approved the publication of the assessment results by using randomly-selected codes instead of names of the DFIs. The codes are known only by the AADFI Secretariat and the member DFI concerned. This was to ensure the confidentiality of the results of the exercise and to encourage further the interest of member DFIs in the exercise.
- V.1.4. Despite the reforms, there has not yet been a turnaround in member DFIs' participation in the exercise. The number of participating DFIs in 2024, at 29, was lower than the 34 attained in 2023 and the peak 37 registered in 2021. However, the number participating in the rating has slightly increased, reflecting increased number of DFIs qualifying, and willing, to be rated. A few DFIs that had been participating in the past explained why they opted out in this year's self-assessment exercise. The reasons included: ongoing restructuring of the institutions; time needed to implement corrective measures to the weaknesses identified in previous exercises, and other ongoing institutional activities. Could it be also that the annual exercise is too frequent and needs to be spaced out? Any excuses for the general decline would not, however, explain the nonparticipation of the non-financial institutions, which has been flagged in previous reports. It is still important to understand the reasons for their nonparticipation so as to address the challenge.
- V.1.5. The consultant assumes that the case for continuing with the PSGRS assessments and rating is very clear to all AADFI members. While many of the members participate in assessments by other rating agencies, the emphasis of these agencies is on the sustainability of the entities rated. The development impact assessment is different and adds a useful dimension in rating how the DFIs are meeting their core mandate, which is to support development. It is important that AADFI member DFIs are encouraged to strengthen their capacity to impact development while also improving their sustainability and their ability to mobilize more resources from various sources.

V.2. Recommendations

V.2.1. It is recommended for the Board of Directors:

- a. to adopt the table of compliance (Table 2) and the rating table (Table 3) on pages 8 and 10 respectively;
- b. to authorize the Secretariat to continue to publish the report with names of the DFIs in Tables 2, 3, 4 and 5 concealed with randomly assigned codes or index numbers that only the concerned DFI can identify;
- c. to authorize the Secretariat to issue the certificates of compliance and rating certificates accordingly; and
- d. to encourage AADFI member DFIs, and especially the associate members, to participate in the PSGRS/TSGRS training conducted by AADFI to enhance their understanding and knowledge of the self-assessment. This should further encourage participation in the assessment. In addition, the Chairman should be requested to continue to engage with member DFIs, especially the associate members, to encourage their participation in the self-assessments.

V.2.2. Even so, the Board of Directors may decide to discuss whether the PSGRS assessments should now be conducted every other year or should continue as an annual exercise as the case currently.

V.3. Decisions

(Board decisions following consideration of this report and the above recommendations from the consultant)

APPENDIX
SUMMARY OF THE PSGRS AND TSGRS ASSESSMENT MECHANISMS

- 1. BASIC TOOLS**
 - 1.1 AADFI's Constitution
 - 1.2 PSGRS II Brochure
 - 1.3 TSGRS Brochure

- 2. DATA COLLECTION AND SELF-ASSESSMENT**
 - 2.1 The letter of invitation to submit the results of the self-assessment
 - 2.2 The rating questionnaire Worksheet
 - 2.3 Questionnaire for additional data collection
 - 2.4 Self- assessment coordinated by the PSGRS/TSGRS Focal Point
 - 2.5 Certificate of the External Auditor
 - 2.6 Validation by DFI Management/Board
 - 2.7 The invitation for filing and returning the questionnaire for specific data collection
 - 2.8 Questionnaire for specific data collection

- 3. COMPLIANCE ASSESSMENTS**
 - 3.1 Compliance assessment per question per area and sector for the year under review
 - 3.2 Compliance assessment per question per DFI for the year under review
 - 3.3 Review of compliance assessments per DFIs over a 5-year period

- 4. RATING ASSESSMENTS**
 - 4.1 Rating assessment per question per DFI for the year under review
 - 4.2 Review of DFI ratings over a 5-year period or since 2020, as available

- 5. TOOLS FOR THE PRESENTATION OF RESULTS**
 - 5.1 Table of compliance for the year under review
 - 5.2 Table of rating for the year under review
 - 5.3 Table of review of compliance over a 5-year period
 - 5.4 Table of rating review over a 5-year period or since 2020

- 6. PROCESS OF APPROVAL AND PUBLICATION**
 - 6.1 Presentation of report of independent Consultant to AADFI Secretariat
 - 6.2 Presentation of Report of Independent Consultant to Board of Directors
 - 6.3 Consideration of report of Independent Consultant by the Board of Directors
 - 6.4 Issue of Rating Certificates by AADFI Secretariat
 - 6.5 Publication of the approved PSGRS/TSGRS report by AADFI Secretariat