POLICY FRAMEWORK
AFRICAN PEER REVIEW MECHANISM SUPPORT TO AFRICAN UNION MEMBER STATES IN THE FIELD OF CREDIT RATING AGENCIES

2021
As adopted by the Executive Council of the African Union [EX.CL/Dec.1144(XL)] at its 40th Ordinary Session on 2 - 3 February 2022 in Addis Ababa, Ethiopia
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<td>African Central Bank</td>
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<td>Specialized Technical Committee</td>
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<td>UNECA</td>
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BACKGROUND

1. The Policy Framework (hereinafter referred to as the “Framework”) defines the scope and mechanisms for the provision of support to African Union (the “AU”) Member States (“sovereigns”) in their engagements with international Credit Rating Agencies (the “CRAs”). The Framework serves as a guide to support AU Member States: (i) prepare for their credit rating assessments, (ii) ensure a judicious and systematic credit rating assessment exercise and, (iii) manage the post-rating appeals process and implementation of recommendations. The support mechanisms seek to ensure that scientific methods of risk assessment are consistently applied in rating AU Member States. Accordingly, the mechanism provides tools for evaluating and managing the practices of CRAs on the institutional, fiscal, economic and political affairs of AU Member States.

2. The 4th General Assembly of the Forum of Former African Heads of State and Government - Africa Forum held in Addis Ababa, Ethiopia from the 2nd to 3rd April 2016 proposed that the APRM should explore the possibility of playing a critical role in addressing the challenge of International Credit Rating Agencies (the “ICRAs”) in Africa. The Forum convened to discuss Africa’s development agenda under the theme “Strengthening the governance of Africa’s mineral resources and combating illicit resource flows from the continent towards the effective implementation of Agenda 2063, the Sustainable Development Goals and the 2030 Agenda for Sustainable Development”.

3. The APRM was established in 2003 by the African Union in the framework of the implementation of the New Partnership for Africa’s Development (NEPAD) and is an
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autonomous entity of the AU, which is a mutually agreed instrument, voluntarily acceded to by AU Member States as an African self-monitoring mechanism of good governance. The APRM has the mandate to ensure that the policies and practices of participating states are in conformity with the agreed political, economic and corporate governance values, codes and standards, and to achieve mutually agreed objectives in socio-economic development contained in the Declaration on Democracy, Political, Economic and Corporate Governance.

4. The APRM support to Member States in the field of rating agencies was further deliberated and adopted by the 25th African Peer Review Forum of Heads of States and Government (the “APR Forum”) held in Nairobi, Republic of Kenya, in August 2016. It was subsequently incorporated into the APRM 2016-2020 Strategic Plan that was also adopted by the 25th APR Forum.

5. The AU Assembly of Heads of State and Government through Decision Assembly/AU/Dec. 631 (XXVII) adopted at its 28th Ordinary Session held in Addis Ababa, Ethiopia in January 2017 directs the “APRM to provide support to Member States1 in the field of Rating Agencies.2 3”

6. The Executive Council of the AU approved the recommendation of the Permanent Representatives Committee (the “PRC”), Sub-Committee on Budget, Finance and Administration Matters to allocate a programme budget to the APRM to operationalize Decision Assembly/AU/Dec. 631 (XXVII) on APRM support to Member States in the field of rating agencies.

7. Pursuant to the Assembly Decision Assembly/AU/Dec. 631 (XXVII), the APRM Secretariat presented its proposal of mechanisms to support Member States in the field of rating agencies to the 3rd AU Specialized Technical Committee (the “STC”) on Finance, Monetary Affairs, Economic Planning and Integration held on the 7th – 8th of March 2019 in Yaoundé, Cameroon. The Ministerial STC adopted the Declaration consequent to the

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1 “APRM support” herein refers to any short, medium and long-term programmes that address the needs of Member States in the area of access to capital, investment and economic policy advice as deemed necessary to ensure that ratings are a true and fair reflection of the state of affairs in a rated Member State. As defined in the operational and oversight mechanisms of the Framework, such support shall include: (i) provide technical and policy advice at the request of a Member State to the pre-rating preparatory phase, conduct of the rating assessment and the post rating phase, (ii) undertake thematic and operational research to inform policy and, (iii) facilitate Member States engagement with various international platforms on the subject.

2 “Member States” herein means sovereign states that have ratified or acceded to the Constitutive Act of the African Union to become Member States to the African Union

3 “Rating Agency” herein means any institution whose business includes assigning credit ratings and providing an opinion regarding the creditworthiness of; (i) a sovereign Member State, (ii) a financial security, securities or instrument, using an established and defined ranking system of rating categories
consideration of APRM proposals\(^4\) and other items on the agenda. The Ministerial Declaration requested the APRM and the African Union Commission (the “AUC”) to “develop a concrete proposal on the support to Member States on ICRAs and carry out a feasibility study\(^5\) on the creation of an African Credit Rating Agency and present the outcomes to the 4th STC on Finance, Monetary Affairs, Economic Planning and Integration”.

8. The Framework is accordingly aligned with Article 3 objectives of the AU Constitutive Act, which state that “the AU shall; (i) establish the necessary conditions which enable the continent to play its rightful role in the global economy and in international negotiations, (ii) promote sustainable development at the economic, social and cultural levels as well as the integration of African economies; and (iii) coordinate and harmonize the policies between the existing and future Regional Economic Communities (the “REC”) for the gradual attainment of the objectives of the Union”.


10. The Framework further aligns with Aspiration 7 of Agenda 2063, “Africa as a strong, united, resilient and influential global player and partner”, Goal 20 of “Africa takes full responsibility for financing her development” through African capital markets, fiscal system and public sector revenues, and development assistance. The Framework is an important step towards accelerating continental integration and socio-economic development through the mobilization of resources and management of the financial sector for improved access to the international financial markets.

11. The Framework is coherent with other AU programmes and envisaged specialised financial institutions of the AU: the African Investment Bank (the “AIB”), the African Monetary Fund (the “AMF”) and the African

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\(^4\) “Concrete proposal” in the Declaration of the 3rd STC on Finance, Monetary Affairs, Economic Planning and Integration refers herein to request for APRM to submit Policy Framework on the APRM support to AU Member States on CRAs to the 4th STC, elements of which are defined in this document.

\(^5\) “Feasibility study” refers to an assessment undertaken by the APRM to examine and determine the merits and demerits of the AU establishing an African Credit Rating Agency
Central Bank (the “ACB”) to facilitate trade, provide capabilities for Member States to access capital and integrating the continent with global financial markets, which makes tremendous reference to credit ratings. It further resonates with the 1991 Treaty of Establishing the African Economic Community (the “AEC”), the 2012 Agreement for the Establishment of the African Risk Capacity (the “ARC”) Agency to improve Member States capacities for better planning.

12. The Framework complements other continental and international CRAs regulatory bodies such as International Organization of Securities Commissions (the “IOSCO”) which established Supervisory Colleges for ICRAs as collaborative arrangements between different supervisory institutions to promote information sharing, consultation and cooperation in order to enhance risk assessment of internationally active CRAs and to support effective supervision of such CRAs.

PURPOSE AND OBJECTIVES

13. The purpose of the Framework is to provide policy direction on strategic and operational mechanisms to ensure that the scientific methods of risk assessment are consistently applied in the profiling of Member States creditworthiness. The mechanisms provide tools for supporting Member States in the pre-rating preparatory phase, facilitate a systematic credit rating assessment exercise, manage the post-rating appeals and the implementation of admissible recommendations to promote continental policy convergence.

14. To achieve this purpose, the objectives of this policy framework are;
   a. To sensitize various sectors on the impact and implications of the sovereign credit ratings on both domestic rated institutions and instruments.
   b. To support Member States in
undertaking periodic financial, political, economic and social impact analysis.

c. To prepare the liaison team for Member States to make available reliable data for use by CRAs to avoid estimations that prejudice Member States credit risk assessments.

d. To support Member States’ analysis and evaluation of the ratings produced by CRA’s and their impact through the generation of independent opinions.

e. To facilitate the articulation and establishment of the architecture for managing and regulating CRAs through existing institutions.

f. To establish a network of experts and practitioners for improved sharing of best practices in the field of international sovereign credit ratings.

g. To create an operating environment that promotes competition, efficiency, accuracy and transparency.

h. Harmonization of the regulation of the credit rating industry on the continent.

i. To provide technical and operational support to governments in the implementation of admissible recommendations.

j. To provide technical support to Member States in the establishment of a regulatory environment to license and supervise CRAs operating in that Member State jurisdiction.

III PRINCIPLES UNDERPINNING THE FRAMEWORK

15. The uniqueness of the African continent is showcased by its diversity in political, economic, cultural and socially dynamics. As such, the political, macroeconomic and socio-economic structure of each Member State differs from one to another. It is therefore important rating agencies recognize a context-based approach with regards to rating African sovereign bonds. The entails that the Framework provides a platform for ensuring that Member State ratings are a true and fair reflection of the state of affairs in their jurisdiction.

16. Without undermining objectivity for comparability, there is a corresponding imperative setting core characteristics that underpin the accountability and control of CRAs in Africa. These constitute the fundamental minimum norms and
standards that inform action across all the activities and programmes of the Framework. There are five principles that underpin the Framework: Ensure African leadership, promote broad national and local ownership, inclusiveness, ensure uniformity and coherence of efforts, and transparency and credibility in consolidation of economic expansions. Each component is blended in every aspect of the Framework.

17. African leadership: This principle has the following pillars:
   a. The implementation of the Framework activities shall be guided by African definitions and perceptions of their own needs and aspirations. Therefore, the APRM, as an autonomous entity of the AU with the mandate to provide support to Member States in the field of credit rating agencies, shall provide strategic leadership and oversight on the implementation of the Framework, including setting the terms of engagement of all actors involved on the continent.
   b. The implementation of the Framework activities shall also prioritize consultation with and use of African specialized agencies and regional bodies, as well as African technical expertise at local, national, regional and continental levels.
   c. The Framework shall be viewed and used as a tool to enhance the financial capabilities of borrowing Member States across the African continent.

18. Broad national and local ownership: This principle has the following pillars:
   a. The Framework shall be of central interest to all levels as it is a way of enhancing financial resource capability and access. For the success of its implementation, APRM shall advocate local ownership of all aspects of implementation, assessment, monitoring and evaluation.
   b. National and private financial institutions shall work together in supporting the priorities of the Framework process and implement in ways that enhance the success of government policies.
   c. Every Member State is a beneficiary of the Framework activities and shall have ownership of the programmes and shall be involved in their design and implementation of the support it needs.

19. Inclusiveness: This principle has the following pillars:
   a. There shall be an organic link between all parties involved in the implementation of the mechanisms of the Framework, the APRM and other relevant AU organs and agencies to avoid exclusion, which is a potential root cause of lack of efficiency, commitment and effectiveness of new programmes.
   b. All the Framework activities shall be based on the principles of equity and fair exchange, which are central to ensuring its successful implementation.
   c. The Framework activities and processes shall be exempt from any preferential disparities and
shall incorporate and reflect fair
treatment of all participating stakeholders.

d. Special efforts shall be made to promote gender equality and women’s participation in all processes of implementation.

20. **Uniformity and coherence of efforts:** The pillars of this principle are:

a. Every activity of the Framework shall be preceded by a clear definition of roles and responsibility of actors engaged to ensure accountability and effectiveness.

b. Ensure coordination of actors and activities to optimize the use of resources, increase efficiency and improve the timeliness of responses.

c. Enhance trust between the various local, national and international actors involved, through the promotion of transparency, consultation and exchange of information.

d. Coherence with Frameworks of other AU financial institutions stipulated in Article 19 of the Constitutive Act of the African Union.

21. **Transparency and credibility:** The pillars of this principle are:

a. Since all the Framework efforts shall have as their goal, “the attainment of a true and fair rating,” for Member States, the Framework activities shall seek to build and strengthen national and local capacities in the rating process to reach accurate risk profiling of Member States in order to reduce the cost of borrowing and improve continental economic development.

b. All the Framework activities shall strengthen the capabilities of African sovereign bond issuers to support national development.

c. The Framework activities shall utilize local expertise, but where it is inadequate, it may leverage relevant African capacity at the regional and continental levels, as well as from the diaspora.
IV OPERATIONAL AND OVERSIGHT MECHANISMS

22. The Framework envisages seven main areas of APRM support to Member States; preparation for their credit rating assessments, facilitate a systematic credit rating assessment exercise, manage the post-rating appeals, alignment of national policy to credit rating recommendations, conduct credit rating impact analyses, evaluate accuracy of ratings and regulations of CRAs. It is further envisaged that the mechanisms of support shall address other Member States challenges with CRAs such as; procyclical and premature rating actions, austerity-biased policy recommendations, emphasis of political-oriented sovereign risk factors, selective aggression against African countries, underplaying the continent’s economic growth potential, methodological biases, and lack of accountability.

23. The mechanisms of support in the Framework are aimed at providing Member States with insights, advice and tools necessary to support successful engagement with CRAs in the following thematic and topical areas; sovereign debt management and sustainability, financial system stability, economic governance and other macroeconomic management areas.

24. In implementing Decision Assembly/AU/Dec. 631 (XXVII) on APRM support to Member States in the field of rating agencies, the APRM shall establish and employ the following mechanisms to support Member States:

25. Technical Support Missions: The APRM currently undertakes technical support missions to Member States to support and prepare governments for various APRM assessments. These missions shall additionally serve to prepare Member States for the future rating assessments, draw country strategies for engaging international rating agencies and coordinating key institutions on government’s position on policy matters. The scope of the support missions shall thus include sensitizing and mobilize various stakeholders dealing with credit ratings agencies and engage key public and private institutions directly responsible for the rating exercise.

26. Credit rating technical support missions are crucial in aiding negotiations between country liaison teams and CRAs and has a bearing on their ultimate decision on the sovereign rating class of a Member State. The missions shall compile all
key risk-factors that provides a basis for the Member State in negotiat-
ing to improve its current ratings or prevent negative rating activities. To-
gether with the Member State gov-
ernment representatives, the APRM technical support missions shall ac-
tively engage with the rating agen-
cies on behalf of and together with
government, pitching credit positive proposals to improve the outcomes of future credit rating assessments.

27. The support missions shall further facilitate the integration facilitate the integration of admissible rating rec-
ommendations into the National De-
velopment Plan (NDP) and the Na-
tional Programme of Action (NPoA),

drive the national agenda to reform
the work of rating agencies and en-

gage national regulatory authorities
on regulatory reforms and facilitate
the cross-border harmonization of
regulatory frameworks and contin-
nental supervisory framework.

28. Continental Research & Advisory: The APRM currently undertakes research in collaboration with Technical Research Institutions, ThinkTanks and strategic partners on governance assessments, tracking activities and progress on stipulated thematic areas, commissioned by the AU, Member States and as determined by the Secretariat. In the same manner, the APRM shall coordinate operational and thematic research on credit ratings. The APRM shall evaluate the accuracy and fairness of ratings assigned to African countries by generating country profiles and from data collection to support Member States’ rating agencies liaison team to ensure that the ratings issued are a true reflection of the rated countries’ credit profile.

29. Policy and systems coherence re-

 mains a key outcome of the support to Member States. In the field of CRAs, the APRM shall accordingly undertake research to support the post-rating policy alignment and im-
plementation. The Framework shall also direct the design and conduct of research as stipulated in its thematic areas, commissioned by the AU and Member States and as determined by the Secretariat, on the feasibility of establishing continental Pan-African institutions such as a regulatory authority, a technical support facility, a research and advisory bureau or any institution as may be deemed probable. The APRM shall coordinate these studies through a broad consultation framework with its strategic partners, international and continental multilateral agen-
cies and financial institutions as well as relevant institutions in other re-
gions.

30. A key outcome of the continental and national research mechanism shall be the production of the bi-an-

nual Africa Sovereign Credit Rating Review report and the issuing media statements in response to contest-
able credit rating actions. The reports and media statements shall aim at; credit rating optimization, assessing credit ratings performance in Mem-
ber States, assessing policy recom-
mendations, assessing the risk driv-
ers in Member States, benchmark credit default risk profiles of Mem-
ber States on an emerging economies rating scale, validating the degree of rating accuracy as determined by cross-region comparisons, recommendations on how Member States can successfully improve upgrades or prevent downgrades to their existing credit ratings.

31. The research outputs on ICRAs in Africa shall also make recommendations to Member States on how they can prepare for future rating assessments, establishing lines of communication with rating agencies, building capacity for liaising with rating agencies, strategies that sovereigns assigned negative outlooks can pursue to avoid being downgraded, and outlining the necessity for engaging certain rating agencies and rationale thereof.

32. Consortium of Independent Specialised Technical Institutions (the “ISTI”): The APRM recognise the imperatives of credibility in global capital markets, the existence of different reputable specialised technical institutions and expertise in the field of ICRAs on the continent. Without infringing on the sovereignty of Member States, the APRM may thus coordinate a centralised mechanism of bringing key specialised reputable institutions together on contractual basis to provide specific independent analysis and opinions within the parameters of the Framework. The ISTI may be well-established institutions with credibility and track record of operation in their area of expertise for APRM to leverage on knowledge transfer as it builds its internal capacity.

33. The APRM and other AU agencies, with the support of ISTI specialised in the following areas; CRAs robust methodological comprehensives, rating scale, accuracy, debt market indices, quality of ratings, credit default risk, trainings to capacitate Member States, negotiating and liaising, policy implementation, supervision and regulation, may support Member States in specific areas during their rating reviews. The consortium may comprise members based on the technical services they are specialised on; a data analytics firm, an association and membership regulatory body, investment advisory firm, policy analysis and implementation firm, research and advisory firm, emerging economies indexes provider, conflict resolution institute and a technical training organisation.

34. Targeted Reviews: The APRM also undertakes specialized technical assessment at the request of Member States on a specific governance and socio-economic development questions. The APRM shall thus undertake targeted reviews as part of the strategic support to Member States undergoing sovereign rating reviews, whether solicited or unsolicited, in order to capacitate Member States and their rating agency liaison teams with relevant information needed to negotiate for fair or better credit ratings.

35. The targeted reviews shall also be used as a tool for cross-country experience sharing, identifying defi-
ciencies and building capacity needed to foster policies, standards and practices that translate into better credit ratings. A key outcome of the targeted reviews shall be a comprehensive report on the impact of potential credit rating upgrade or downgrade, credit rating issues to be focused on during the CRAs assessments, the government’s strategy for engaging rating agencies, their desired credit ratings and the status of implementation of past rating recommendations.

36. As Member States within the APRM undertake base country review governance assessments, the process may essentially integrate elements and parameters of creditworthiness as background for potential targeted reviews. Thus, the targets review questionnaires shall be developed accordingly for such purpose. A dedicated section of the review report may present conclusions from different departments of government on challenges faced by Member States concerning credit ratings. The country credit rating review team may additionally integrate the outcomes to the APRM targeted review report.

37. **Collaboration on Benchmarking and Regulatory Standards:** the APRM shall collaborate with Member States, regional, continental and international organisations to encourage Member States in developing credit rating legislation, standards and codes for various policy and legislative domains. The APRM shall also collaborate with other international regulatory organisations on credit rating agencies such as the IOSCO’s Supervisory Colleges for Credit Rating Agencies and ESMA to encourage Member States to enhance their supervisory framework. The collaborative arrangements will be aimed to promote information sharing, consultation, and cooperation in order to enhance the approaches and methodologies, risk assessment, support effective supervision of CRAs, address regulatory gaps and enhance the accountability of CRAs.

38. These efforts shall include benchmarking of key risk indicators. In this regard, the APRM shall implement a multi-stakeholder programme to engage CRAs on possibilities of revising traditional credit rating methodologies, the rating process and indicators, particularly those that place insignificant weight on non-political, informal sector and economic performance in Member States. The APRM shall convene various consultation meetings for the possibility of customizing a rating scale for the African financial market as part of the registration requirements for application to secure a license to rate Member States sovereign bonds.

39. **Adhoc Committee of Experts:** An Adhoc Committee of experts created and convened by the Chief Executive Officer of APRM shall function as a consultative platform and reference group for various support mechanisms of the Framework, consultation framework, and findings and recommendations emanating from APRM special studies.
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on support to Member States on CRAs. The Adhoc Committee shall aim to leverage and harness knowledge at a continental level from African experts such as regulators, academia, African rating agencies and other financial practitioners, in order to encourage the exchange of experiences regarding matters of CRAs. The Adhoc Committee shall also provide policy advice.

40. The Adhoc Committee of experts shall further seek to; (i) validate the recommendations made by researchers and map out technical and policy implications for Member States; (ii) examine and rationalize proposals from consultations with Member States and interpret policy implications Member States; and, (iii) review periodic country reports on sovereign credit ratings, examining the conduct of the rating assessment and its impact.

41. Africa Information Sharing Platform: This shall be a technical platform comprised of government representatives from all AU Member States that are involved in sovereign debt management or responsible for liaising with rating agencies during reviews. It shall be established to function as a continental platform for supporting countries on their engagements with rating agencies in rating reviews through preparing for the rating reviews, strategies to engage rating agencies, and building capacity for liaising with rating agencies. The purpose of this technical platform is information-sharing and peer-learning for Member States to learn from each other on ways to minimize the challenges of negative rating actions through information exchange as part of the AU-APRM support mechanism of research and advisory services as outlined in the Policy Framework.

42. The Africa information exchange platform shall; (i) Engage countries that are currently assigned a negative credit rating and/or whose credit rating is ‘under review for downgrade’ and/or are on the verge of being downgraded, with the ones that have successfully avoided downgrades under approximately similar circumstances; (ii) Discuss various developments on international credit rating agencies and validating the African Sovereign Credit Rating Review report, an APRM semi-annual publication; (iii) Compile a report of the outcomes of the technical information exchange and peer-learning workshop for countries, on strategies to engage rating agencies and addressing areas of concern to minimize the risk of negative outlooks being changed to downgrades; and, (iv) Review and validate other relevant periodic research reports on international credit ratings, examining rating actions and their impact.

43. Under the Africa Information Exchange platform, the APRM shall coordinate periodic meetings with the three international rating agencies outside the sovereign rating calendar to discuss specific rating events that may have prejudiced countries’ creditworthiness.
44. The implementation of the Framework is dependent on a range of stakeholders, state and non-state actors operating at the national, regional, continental and international levels. To ensure optimal performance of these actors in the Framework requires an elaboration of mechanisms and processes that shall coordinate the multiplicity of actors and activities, at all stages of the Framework from needs to impact assessment.

45. National key actors: This Framework is essentially state-centric and thus its successful delivery is incumbent upon the political shall, leadership and capacity of key national actors. National key actors shall take the lead in the planning, implementation and monitoring of all the Framework activities and are encouraged to:

a. Develop policies, strategies, mechanisms, structures and processes that are comprehensive, integrated and coherent with the Framework programmes;

b. Promulgate enabling legislation, simplify administrative processes and eliminate obstacles to enable the implementation of the Framework activities;

c. Support the coordination and monitoring of all the Framework activities;

d. Provide leadership in the process of determining an inclusive national vision, and in clarifying the division of labour, roles and responsibilities of actors involved in the Framework;

e. Seek, where necessary, sub-regional and regional support for the capacity development of the Framework.

46. To undertake these responsibilities at national level, the following measures are recommended:

a. Appointment of a national focal point on the Framework to coordinate actors and monitor implementation of the Framework, in line with the national strategies;

b. Creation of inter-departmental/ministerial committee to implement the Framework sectoral programmes and activities;

c. Establishment of mechanisms to ensure the participation of all economic sectors, from the private, public, civil society organisations and other national and local actors.

47. Regional key actors: The successful implementation of the Framework requires the active engagement of regional groupings and their institutions in order to take advantage of already existing resources, mechanisms, processes
and synergies. Key actors at the regional level including Regional Economic Communities (RECs) and other regional bodies.

48. The regional actors and processes shall enable the adoption of regional approaches to the Framework and provide continuous reporting on the state of all its activities within their regions. It shall further ensure harmonization, coordination and exchange of information on the Framework with other RECs to create the linkage between the national and continental levels. It shall provide for harmonization of policy and legislation on the Framework, and guide implementation of regional and cross-border programmes relating to the Framework.

49. As a form of regional mechanism, some regional instruments and guidelines for the implementation of the Framework shall be adopted for the creation of specific coordination to support national processes.

50. Continental key actors: AU and its specialized institutions such as PRC, AU Commission for Economic Affairs, STC and other Pan-African institutions, such as the African Development Bank (the “AfDB”), shall provide the overall strategic political leadership to the Framework. In doing so the AU shall act as a guarantor of the Framework processes on the continental level and shall:

a. Provide the normative framework;
b. Review the progress of the implementation of the Framework in Member States;
c. Leverage resources and support for the implementation of the Framework;
d. Create and manage a database of African experts on various aspects of the Framework;
e. Encourage RECs and Member States to support the implementation of the Framework.

51. As a form of a continental mechanism, a Supervisory Standing Committee on the Framework shall monitor the activities of all actors in the implementation of the policy for support to Member States. It shall guide the work of the Framework and shall have the ultimate decision-making responsibility regarding a broad range of activities including the adoption of Technical Standards, Opinions, Guidelines and the issuance of advice to the Member States. The Supervisory Standing Committee shall be supported by a number of other sub-committees and working groups dealing with technical issues. The APRM and AUC shall ensure effective coordination of activities of the Framework.

52. International Partnership: Collaboration and cooperation with international organisations is essential to the successful implementation of the Framework as it ensures that the processes and outcomes are coherent with international standards and best practices. International organisations shall, therefore, be routinely consulted and engaged for their expertise, experiences and
resources. Such collaboration shall be underlined by African leadership and ownership of the agenda.

53. The core international partner organisations for implementation of the Framework shall include the European Securities and Market Authority (the “ESMA”), International Organisation of Securities Commission (the “IOSCO”), United Nations Development Programme (UNDP), Securities Exchange Commission (the “SEC”), United Nations Economic Commission for Africa (the “UNECA”), the World Bank, International Monetary Fund (the “IMF”), the African Development Bank (AfDB), Association of African Central Banks (AACB), the Bank of International Settlements (BIS) and other related institutions. Implementation of the Framework shall where necessary engage multilateral and bilateral partners of the African Union. A variety of platforms shall be used for dialogue including annual meetings and assemblies.

54. Non-State Actors: The policy shall also involve the private financial sector composed of financial institutions to participate actively in the Framework processes and activities at all levels to complement the capacity of state actors.

VI RESOURCES AND FUNDING

55. The Executive Council of the AU approved the recommendation of the Permanent Representatives Committee (the “PRC”), Sub-Committee on Budget, Finance and Administration Matters to allocate a programme budget to the APRM for implementation of Decision Assembly/AU/Dec. 631 (XXVII) on APRM support to Member States in the field of rating agencies.

56. Securing adequate and sustainable financial support is a critical precondition for realizing the goals of the Framework. In order to effectively meet this, it is recommended that the APRM shall where necessary seek additional funding for the implementation of activities of the Framework.

57. The Framework further seeks to develop strong collaboration and partnerships with like-minded funders to secure both financial and technical resources. Special support shall be mobilized through
agreements between APRM and its partner institutions. These include: the African Capacity Building Foundation (ACBF), the AfDB; Mo Ibrahim Foundation and the UNECA.

58. The APRM shall contract ISTI to provide support on specific value propositions within the parameters of the Framework. The APRM shall source professionals and technical expertise in the field of credit ratings through contracting a consortium of ISTI. The professionals and technical experts include but not limited to financial analysts, economists, security brokers, statisticians, governance experts, regulatory and compliance, legal, information technology experts. The framework envisages that any limited skills set from the experts consortium identified shall be supported through training and professional exchange programmes with other like-minded international organisations.

As adopted by the Executive Council of the African Union [EX.CL/Dec.1144(XL)] at its 40th Ordinary Session on 2 - 3 February 2022 in Addis Ababa, Ethiopia