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The African Microfinance Transparency Forum: 2010 in a Nutshell

Luxembourg, January 2011 – 2010 proved to be yet another eventful and exciting year for the African Microfinance Transparency Forum (AMT). Once again, AMT's membership increased and now includes 43 African MFIs from 20 different countries as well as the 4 specialised rating agencies active on the continent. It further participated in several international events and conferences, organised its third microfinance investor's fair in Douala and released a variety of publications and information.



This year, AMT sought to consolidate its member services and to ensure that practical, interactive tools were available to help them improve their levels of transparency and efficiency. To that end, AMT developed an **online transparency quiz** which is designed to help member MFIs ascertain their current level of institutional transparency and identify ways of improving it according to best practice. A personalised report is generated for each MFI that completes the quiz in order to help them implement improvements where necessary. Another addition to the AMT website includes a **database of recommended consultants**. This database is compiled by members for members and is an important source of information during an institution's post rating phase. Both tools will be launched on the site in early 2011.



As part of its strategy to help member MFIs improve their performance, AMT organised a two day training session in collaboration with ADA-BRS on '**How to Interpret MFI Performance Indicators**'. This well received training was held during the same week as AMT's annual **General Assembly** and post-rating workshop for members. The **post rating workshop** enables MFIs to understand how to use performance evaluations as a management tool. It further allows members to share experiences with their peers on how to improve their performance as well as to exchange with the rating agencies.

These events were all held in Douala, Cameroon prior to the very successful third **AMT Microfinance Investor's Fair**. The fair brought together 62 rated African MFIs hailing from 30 different countries with 16 microfinance investors and was sponsored by ADA asbl Luxembourg, the Luxembourg Ministry of Cooperation, the European Investment Bank, Citi Microfinance and Incofin. It alternated between a selection of presentations relating to the African microfinance market and speed dating sessions in order to facilitate and optimise contact between MFIs and investors. All in all, this intimate event proved to be a resounding success and 92.4% of participants rated their overall appreciation of the fair to be "excellent" or "very good".

To improve its international visibility, AMT organised an information stand during the 2010 Microcredit Summit Conference in Nairobi, the SANABEL Conference in Damascus and the European Microfinance Week in Luxembourg. AMT also entered the world of social media by launching a Facebook and Twitter account to expand its visibility among the wider public and add value to its activities by encouraging its members and other stakeholders to actively exchange and interact on these virtual platforms.

AMT further endorsed several transparency related initiatives this year including the SMART Campaign and MFTransparency. All AMT members are actively encouraged to respect the SMART Campaign's principles of client protection and to report their data on product pricing to MFTransparency where possible.

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The third edition of the AMT **Transversal Analysis of African MFIs** was **published** this year. This study is based on an analysis of data taken from the most recent rating reports of both AMT members and non-members. The ratings were conducted by three rating agencies: MicroRate, MicroFinanza Rating and Planet Rating. The analysis revealed that although there are still many challenges ahead, over the last three years rated African MFIs display a general improvement in the portfolio at risk and there is a positive trend in terms of efficiency and productivity. Hard copies can be requested from the coordinator or the electronic version can be downloaded from the publications section of the AMT website.



Other publications include a working paper for MFIs on 'How to Prepare for a Rating' and a comparative study between the data collected by the rating agencies during their ratings and that which is reported to MIX. The study is pending translation and will be available in hard and electronic copies in early 2011.

2010 also saw the revamping of the AMT Rating Agency Code of Conduct. Originally signed in 2008, the code has been reworked and its goal is to ensure and promote the integrity and quality of ratings of microfinance institutions (MFIs). It describes standards of "best practices" for microfinance rating agencies and those that sign the code should promote and embody an internal culture of integrity, honesty and ethical behavior within their own operations and by their own staff.

2011 is set to be just as busy as 2010. AMT is due to update its Directory of Microfinance Investor's Active in Africa, and a variety of studies on member performance will also be conducted. Workshops and trainings will continue to be provided and a range of member working groups will be formed for specific topics. The 4th Microfinance Investor's Fair will once again take place, the location of which will be announced in early 2011.

About AMT

Created in 2003, AMT became a legally constituted association registered in South Africa in 2008 and aims to promote transparency and strengthen performance of Africa MFIs in order to improve the efficiency of their actions and activities in terms of poverty alleviation. It seeks to do this by developing the use of external microfinance ratings and evaluations of African MFIs so as to promote their growth, development and professionalization.

The purpose of AMT is to reinforce the credibility of the microfinance sector by encouraging a larger number of MFIs to provide transparent and standardised financial information and engage in regular updates of their ratings.

AMT membership constitutes rated African MFIs, some of which were the first to undergo a microfinance rating in Africa and the four main specialised rating agencies active on the continent. It further incorporates associate members that are also involved in the promotion of transparency or ratings. A full list of members can be consulted on our website.

For more information on the African Microfinance Transparency Forum please contact Emma Paul or visit www.amt-forum.org

Photos: AMT Microfinance Investor's Fair, Douala 2010

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