



PADME Memorandum

African Microfinance Transparency (AMT) is an organisation which comprises rated African microfinance institutions (MFIs) and specialised rating agencies active on the continent. The aim of this apolitical platform is to promote the development and transparency of the African microfinance sector.

AMT is currently very worried by the dispute between the government of Benin and the MFI PADME. PADME is a founding member of AMT and our organisation can vouch that they have continuously campaigned for transparency within the microfinance sector. Furthermore, PADME is irrefutably one of the most rated African MFIs and has employed the services of various rating agencies. In fact, the Benin government's evaluation report is largely based on data taken from the rating reports or provided by PADME itself.

AMT has noted that the arguments used by the government to defend its actions are primarily based on figures dating from 2005/2006 when in fact, had they used more recent figures, they would have seen that PADME had put in place necessary measures to address its situation.

AMT reaffirms its position that the microfinance sector regulatory bodies, both national and regional, should strictly adhere to regulatory legislation. It whole heartedly supports the fact that political and monetary authorities have an important role to play however, this should be carried out with respect to an MFI's rights. The sector's development and sustainability depend on it.

AMT would like to raise the issue of governance in the WAMU region especially with regards to the remuneration of MFI management. Salary guidelines exist for banks and financial institutions however, for MFIs, some of which have larger assets than certain banks, no guidelines exists. Such matters are left to the discretion of the MFI in question. AMT proposes that similar salary guidelines to those in the banking sector be adopted by the microfinance industry.

AMT is troubled by the potential repercussions that the government's actions could have on the development and transparency of Benin's microfinance sector and its surrounding regions. Undoubtedly, supervision from authorities is required for the sector to develop. But shouldn't any political intervention be heavily supervised thus reducing contestation both of its proceedings and its end results? Unfortunately, this was not the case in this dispute.

AMT urges the monetary authorities to improve their supervision of large MFIs and to better advise the political powers that be. It greatly encourages MFIs to firmly engage in good governance and in promoting transparency in order to benefit underserved populations.

Kimanthi MUTUA

President

Luc VANDEWEERD

Coordinator

AMT Founding members:

MFIs : ACEP Senegal, AL AMANA Morocco, AMSSF Morocco, Beehive South Africa, CIF Burkina Faso, Enda Inter Arabe Tunisia, Faulu Uganda, FCPB Burkina Faso, Kafo Jiginew Mali, K-Rep Bank Kenya, Mucoba Tanzania, PADME Benin, Pamecas Senegal, Vital Finance Benin

Rating Agencies: PlanetRating, Microfinaza Rating, MicroRate