

AMT Board of Director's Meeting

1 – 2 March 2010, Luxembourg

Meeting Minutes

Place: ADA Offices, Luxembourg

Present:

Members of the AMT Board:

- Mia Adams-Bormans, Belgium
- Aldo Mauro, Microfinanza Rating, Italy
- Danny Mpogole, Mucoba Tanzania
- Kimanthi Mutua, K-Rep Bank Kenya
- Alou Sidibe, Kafo Jiginew Mali
- Luc Vandeweerd, ADA Luxembourg
- Wessel Venter, Beehive South Africa
- Damian von Stauffenberg, MicroRate USA
- Otto Wormgoor, Planet Rating France

Coordinator:

- Emma-Jayne Paul, ADA Luxembourg

Absent with apologies :

- Khaddouj Gharbi, AMSSF Morocco (due to weather conditions)

- 1. Opening remarks were given and the board meeting agenda was approved after some reordering of the points.** The reordering is taken into consideration in these minutes.
- 2. Election of the Chairman, Vice-Chairman, a Secretary and a Treasurer** as per statutes (provision 13.4). The positions were filled as follows for the year 2010:
 - a. Chairman: Kimanthi Mutua, K-Rep
 - b. Vice-Chairman: Alou Sidibe, Kafo Jiginew
 - c. Secretary: Emma-Jayne Paul, Coordinator-ADA
 - d. Treasurer: Wessel Venter, Beehive

Letters of gratitude will be sent to exiting members Mamadou Touré (previously Vice-Chairman) and Luc Vandeweerd (previously Treasurer).

- 3. The Board meeting minutes from 4 September 2009 Luxembourg were approved** with some changes, which are highlighted in Document 1.
- 4. The board were updated on activities undertaken since last board meeting:**
 - a. The online transparency quiz for MFIs. It was decided to initially make this service available exclusively to member MFIs through a member section on the website (to be developed). The quiz should generate a “transparency report” for the MFI once it has completed the questions which explains its level of transparency and what it could do to improve transparency in line with best practices. The member will also be

given the option to share its data with other members. Data entered by the MFIs can be collected and analysed with a view to compile a study on member transparency. The coordinator will circulate the current content of the quiz to the rating agencies for comments and feedback. It will then be translated into French before being sent to the rest of the Board for approval.

- b. The consultant database. Once the list of consultants is complete, it must be sent to the board for approval. It can then be posted on the website, in the member's section only. Consultants must provide their own information to the coordinator who will upload the content. Member MFIs can also offer consulting services to other members.
- c. Update on the comparative data analysis with MIX and the rating agencies. MicroRate is currently collecting and analysing the data. They will draw up a report detailing their findings by end of March but AMT must write the introduction to the study. When received from MicroRate, the report will be distributed to the Board and the MIX for feedback and comments before being published.

5. Presentation of the 2009 Financial Report.

- a. Final expenses and revenues: the report was approved subject to external audit. However, it was requested that:
 - i. The coordinator should change the presentation and format of the financial report (income must be matched to expenditure, notes to explain funding received from ADA, ADA funding should be represented as cash etc.). The coordinator will work with the treasurer to see how best to present this information.
 - ii. The financial statements will be published on the AMT website when finalised.
- b. The steps relating to sending the external audit to Sentinel (AMT's auditor's in South Africa), were reviewed. The coordinator must send a trial balance to Sentinel as soon as possible as well as ADA's 2009 audit report for them to sign off on. The Board must approve the audit once it has been finalised in South Africa.

6. The results of the Internal Evaluation were reviewed in order to ensure that they were taken into consideration when discussing the activity plan for the coming years. The Chairman requested that point 4 of the conclusion be investigated to find concrete examples of where AMT has failed to practically apply the internal rules. The coordinator will feedback any findings to the Board.

7. Drafting of the AMT business plan for 2010 - 2012. The board reviewed the structure and strategic direction of the proposed business plan and several modifications were made. The coordinator will integrate these changes before circulating the document to the Board. On a practical level, the following was decided:

- a. The business plan must be ready by the end of March.
- b. The business plan will be presented to the Rating Initiative funders during the SPTF meeting in Bern at the end of June 2010. Once that has been done, at least 7 funding requests must be sent to the possible donors identified during the AMT Board meeting in South Africa in March 2009.
- c. The coordinator must investigate and explore the possibility of moving the coordination to Africa, more specifically to South Africa, in order to reduce management fees for the coming years. A discussion paper should be prepared this

year offering a SWOT analysis of such a move and must take into consideration the need to mobilise external funding from sources other than ADA.

8. The relevant contracts for 2010 were reviewed:

- a. ADA's co-funding agreement for 2010 for AMT: This document was approved in principle but the budget and activity plan need to be modified to reflect changes and decisions made during the Board meeting. It was requested that the Treasurer be added as a signatory on all contracts relating to AMT.
- b. The contract confirming ADA asbl as coordinator: The percentage increase in cost of coordination for 2010 was contested by the Board and subsequently a new management fee has been negotiated with ADA. This reduced amount is dependent on the AMT coordinator being able to externalise as many activities as possible. The €20.000 originally charged as rent will be integrated into the project expense budget through the working groups. This contract must be updated to reflect the new amount and the Treasurer has to be added as a signatory.

Once updated, both contracts will be sent to the Chairman and the Treasurer for electronic signing and the originals will be signed at the next 2010 Board meeting.

9. The activity plan and budget for 2010 were approved with some modifications. The final plan and budget, which takes into consideration these changes as well as the renegotiated management fees, will be drafted by the coordinator and sent to all board members for approval as soon as possible. Further decisions taken include:

- a. A schematic timetable of all events due to take place during the week for the General Assembly must be drawn up for the next Board meeting.
- b. It was decided that it probably was not a good idea to hold the AMT general assembly as the same time as INAFI's one as it may result in confusion.

10. Issues concerning members, the Board and applications to join AMT were reviewed:

Members

- a. All members that have not updated their ratings in the last 2 years have been allocated the extension of 1 year in order to do so. The list of these MFIs and their new deadlines can be found in annex. MFIs whose ratings are almost 2 years old will be sent reminders to start organising their updates as soon as possible.
- b. The board reviewed the most recent rating report of LAPO, Nigeria. As the rating report raises questions about LAPO's transparency, it was decided that the coordinator will send LAPO a letter on behalf of AMT, signed by the president, encouraging the MFI to address the issues raised, such as the conflict of interest existing with their external auditor and the data problems stemming from their unreliable MIS. AMT will keenly follow LAPO's developments to ensure that improvements are made. LAPO's membership may be called into question should they refuse to improve.
- c. Apart from PADME, Benin, all membership fees have been paid for 2009. The board will wait to see if PADME pays their fees in the next few months.

Board

- d. The conflict that exists between the statutes (article 11, document 9) and the internal rules (article 6.e, document 10) was resolved by changing the internal rule article.

The change can be found in the attached new version of the rules and states that half of the board members will automatically be re-elected each year.

- e. It was decided not to fill the MFI vacancy on the Board of Directors just yet but wait until the next General Assembly to see if anyone proposes themselves.

Approval of New Members

- f. The eligibility criteria for all members was reviewed and discussed. It was deemed important to incorporate the criteria already in place for the Rating Initiative and so the following was decided for MFI full members:
 - i. MFIs must have minimum assets of €200,000
 - ii. MFIs must have been in existence for at least 3 years
 - iii. MFIs must have a minimum of 3000 clients
 - iv. MFIs must have had a financial rating within the last 2 years of applying
 - v. MFIs must provide their most recent financial statements and portfolio report (audited or not) when applying for membership
 - vi. The rating agency that last rated the MFI must provide a maximum one page report on the institution which summarizes their impressions of the MFI, how its run, audited, its microfinance activity etc. Rating agencies will harmonise the content and structure of these reports amongst themselves.

In addition to the aforementioned criteria, all MFI members will be encouraged to post their executive summaries of their most recent reports on the AMT website.

In light of these new criteria, none of the MFI applications were approved. Instead, the coordinator will send them each a letter informing them of the changes and request the necessary information. Their applications will be reviewed at the next board meeting. All new criteria have been added to the internal rules.

Rating Agency Applications

- i. The application received from M-CRIL, India was approved.

Associate member applications:

It was decided that associate members must be able to significantly contribute to AMT and its objectives. They must provide value-added to the association and it is at the board's sole discretion to determine whether this is the case or not. These provisions will be added to the list of criteria for associate membership. Furthermore, the coordinator is empowered to propose or make judgments on associate member applications.

- i. AFRACA network, Based in Kenya (organization) – **Further information requested.**
- ii. Bienvenu EBEN, employee of ACEP Cameroon (individual). **Declined**
- iii. Centre Mohammed VI de Soutien à la Microfinance Solidaire (CMS), Morocco (organisation). **Further information requested.**
- iv. Hem Development, Société de consultance et formation, Bénin (organisation). **Declined**
- v. Roland Mbella, MFI Consultant, Cameroon (individual), **Declined**

11. It was decided that Kimanathi Mutua from K-Rep, Kenya and Wessel Venter from Beehive, South Africa would represent AMT on the Rating Initiative's Advisory Board. The next meeting is scheduled for the 28th June to the 2nd of July in Bern, Switzerland.

12. **The rating agency code of conduct.** The students at the University of Michigan are currently researching what other traditional rating agencies are doing to regulate themselves. They are also reviewing the new EU and USA directives to regulate rating agency activity. A report on these elements and how they can be incorporated into the AMT code of conduct for rating agencies will be available by the end of June 2010. The AMT rating agencies will then meet and draw up a code based on the report. The board expressed that time is of the essence and that the code must be ready by the next board meeting.

13. **Miscellaneous**
 - a. It was decided that a signed, binding code of values for the Board is not necessary. A working group consisting of Damian von Stauffenberg and Wessel Venter will draft a document that outlines what is required of board members and one which embodies the spirit of AMT. A deadline was not given for this activity. This same group may also work on a similar code for the members.
 - b. The question of whether AMT should endorse initiatives such as the Client protection campaign & MFTransparency was not discussed as the coordinator had insufficient time to prepare the background information. This item may be dealt with at the next Board meeting.
 - c. The next Board meeting is scheduled for the 5th and 6th July, 2010 in Luxembourg. All members are kindly requested to make their reservations as soon as possible.
 - d. No other business was raised and the Chairman thanked all participants for a constructive and interesting meeting.