



**AMT
Board of Directors Meeting**

**Dakar, 14th October 2008
Meeting Minutes**

Place: Dakar, Sofitel Teranga

Present: Members of the AMT Board

- Mamadou Touré, Pamecas, Senegal
- Khaddouj Gharbi, AMSSF, Morocco
- Wessel Venter Beehive, South Africa
- Aldo Moauro Microfinanza Rating, Italy
- Caterina Giordano, Microfinanza Rating, Kenya
- Otto Wormgoor, Planet Rating, France
- Aboubacrine Date, Planet Rating, Senegal
- Perrine Pouget, MicroRate
- Mia Adams-Bormans, Belgium
- Luc Vandeweerd ADA, Luxembourg
- Emma-Jayne Paul ADA, Luxembourg

Absent:

- Kimanthi Mutua K-Rep Bank, Kenya

General Formalities

In the absence of the Chairman, Kimanthi Mutua, Luc Vandeweerd from ADA was elected Vice-Chairman to preside the meeting.

The meeting was opened with the introduction of Khaddouj Gharbi from AMSSF who has taken over from Nadia Mannaoui as AMSSF's representative to AMT. Nadia Mannaoui resigned from AMSSF earlier this year. This created some administrative problems. It was agreed that the Board members and members are representatives of their institution. If the person representing the institution changes, the institution should inform AMT in writing. In the future, invitations to Board meetings will be sent to the institution as well as to the person representing the institution

It was also stressed that the time given to the Board meeting was insufficient to have a serious discussion and decisions. It was proposed that future Board meetings would start in the morning and last one full day.

Approval of the minutes from the last Board meeting

The minutes of the last AMT Board meeting which was held in Luxembourg on the 2nd and 3rd July 2008 were approved.

It was noted that the registration fee of €100 for non members which was originally envisaged for the investor's fair had been removed and participation was now free. This change was uncontested by the board considering that the fair was a) the first of its kind b) an invite only event and c) that AMT wanted to encourage as many institutions as possible to participate.



Revision of AMT's institutionalisation process

AMT has now been formally institutionalised and all required documentation has been received by the auditors, Sentinel.

That said, as AMSSF's representative to the Board has now changed, the necessary steps will need to be taken to switch the registered director from Nadia Mannaoui to Khaddouj Gharbi. In accordance with the statutes under point 12, the two options available are:

- 1) Nadia Mannaoui may to send a letter of resignation to the Board
- 2) The Board may, by ordinary resolution, accept to remove Nadia Mannaoui from the Board of Directors.

As Nadia Mannaoui has already left AMSSF, option 2 was deemed simpler and the resolution will be prepared by the coordinator to be signed by the Board members.

In accordance with point 10 of the statutes, the possibility of nominating alternative directors for Board meetings was discussed. However, as it is the organisation which is considered a member of AMT, not the individual, it was decided that in the event that a director cannot attend a board meeting, the institution should send a written letter of proxy to the secretary/coordinator indicating their replacement. A draft proposal of this letter can be found in annexe 1. This letter of proxy can further be used for general members for them to designate a replacement for the General Assembly. A list of all the members and their designated representatives is under annexe 2.

Internal Rules

As it had been omitted from the internal rules, the Board debated the level of membership fee to propose to the General Assembly for associate members. The amount of €350 per annum was agreed upon however, it was further decided that associate members cover their own costs at all AMT events/meetings.

It was decided that the rules did not stress strongly enough the need for MFIs to engage in regular rating updates. For this reason, a statement that African MFIs need to repeat their evaluations in a recurrent manner, preferably once a year, will be inserted in the internal rules. (Please see rules attached).

It was further proposed that the Board ought to contact any MFI member that had not updated its rating (without valid reason) in 2 years to find out why an update had not been done. If, after 4 years, the MFI has still not undergone an update and cannot present a valid reason for not having had an update, AMT can exclude the member. This proposal is to be presented to the General Assembly.

A contract is still required by the auditors, Sentinel between AMT and ADA to formalise their working relationship. ADA will draft this contract.

Composition of the Board

AMT's first financial year as an institutionalised organisation will commence at the start of 2009. For this reason, it was decided that the current Board remain in effect until the General Assembly in 2009 subject to approval by the General Assembly. There are,



however, still 2 places vacant on the Board for MFIs and this was to be announced during the General Assembly to see if any institutions would like to join.

The rating agency Code of Conduct

During the last Board meeting in Luxembourg, it was decided that the coordinator should have the code reviewed by a lawyer to ensure the clarity of the document. The lawyer reviewed the code prior to the Board meeting and adding comments and changes. The revised version was shared between all Board members in advance of the meeting however it was generally felt that the new changes were a little too farfetched as they included entirely new clauses.

The lawyer's proposals were discussed and some elements were retained and others disregarded. As it was agreed to keep certain changes, the rating agencies wanted to double check with their directors to ensure that they were still happy to sign it. For this reason, it was decided that the code would probably not be ready for signing at the General Assembly but that each rating agency would sign the code individually and send it back to the coordinator by 1st November 2008.

A copy of the new and final code is also in annexe 3.

As per decisions taken at the last Board meeting in Luxembourg, each signatory of the code of conduct was asked to provide the following to the coordinator on a yearly basis:

- Their financial statements
- The company's composition of capital
- The composition of their Board of Directors
- A list of all associated companies as defined by section 2 of the code.

All rating agencies provided these documents.

New Members

AMT received an official request from the MIX to become an associate member. The Board voted unanimously in favour of their application.

In order to facilitate the joining of new members, the proposal that the coordinator could provisionally approve new full membership applications in accordance with the membership criteria was discussed. It was decided to review the issue of how to integrate new members through a working group that would be set up after the meetings in Dakar. These proposals will then be reviewed at the next board meeting.

Revitalisation of AMT

Mia Adams prepared a paper on how to revitalise AMT and to deal with the challenges that it is now facing. **This paper is annexed to the minutes** but one of the points raised includes the fact that AMT needs to ensure compliance with its obligations as a registered entity. To make sure that it is not in breach of any of these obligations, it was proposed that the next Board meeting take place in South Africa in order to meet the auditors and to ensure that the contractual agreements are being fulfilled.



It was decided that the Board would propose to the Assembly that a separate working group would be put in place to work on preparation of the necessary documents, proposals and draft proposals for contracts in time for discussion at the next Board meeting planned for the end of March in South Africa

Another point raised was the need to increase efficiency of AMT as an MFI orientated forum. Many of the proposals for this point are included in the activities outlined for 2009.

Implication and efficiency of the Board was also reviewed as was the task description of the coordinator as well as the description of working relationship between AMT and ADA. A contract is still required by the auditors, Sentinel between AMT and ADA to formalise their working relationship. ADA will draft this contract

Further issues included:

- Finding out what AMT can do to help MFIs regularly update their ratings (both members and non-members)
- As a service to members, AMT needs to objectively analyse an MFI in trouble: to offer its support and publically display its concern for the MFI – for example the PADME affair.

These were briefly presented during the meeting and both documents can be found in annexe 4. It was decided that the AMT budget table also needs to include income and not just expenses.

2008 Activities & Budget

It was decided that the coordinator would prepare a new budget proposal for the 2009 together with an adjusted calendar of activities and proposed sources of income and that this would be finalised and accepted at the next Board meeting in March

2009 Activities and Budget

The activities proposed for 2009 include:

- Possibility of lobbying regulators and investors on the importance of ratings and performance evaluations for MFIs and best practices.
- Investigate ways of training MFIs to track their own financial and social performance.
- Evaluation of AMT. Investigate the impact of AMT and performance evaluations on its members. Trace the development of AMT and deduce what help it has offered to its members. Draw up a questionnaire and propose it to the next Board meeting to get information required.
- Specific study on government intervention in the microfinance market, for example Benin. Possibility of commissioning a local network to gather information.
- Qualitative study of 30 rating reports (10 from each rating agency) to ascertain exactly what African MFIs are facing.
- Using the results from this analysis, AMT should investigate the possibility of maintaining a database of service providers/consultants etc that it can refer MFIs to in reference to specific problems that the institution is encountering.
- A directory of microfinance fund providers and investors (active in Africa)



- Report on what new products rating agencies are offering (mini-ratings, social ratings, diagnostics etc)
- It was decided to update the transversal analysis every 2 years. The 3rd edition will include data from 2005, 2006 and 2007 and rating agencies will start preparing the study as of the beginning of 2009.

The proposed budget can be found in annexe 5.

Both the activities and budget for 2009 are pending General Assembly approval.



Annexe 1: Example Letter of Proxy

African Microfinance Transparency (AMT)
21, Allée Scheffer
L-2520 Luxembourg

LETTER OF PROXY

Subject: Participation in the AMT Board meeting / General Assembly

To the AMT coordinator, for the attention of the Chairman:

We hereby certify that Representative's Name will represent Name of Organisation at the AMT Board Meeting / General Assembly to be held on DATE at TIME at LOCATION in COUNTRY, and has the right to

1. Vote on all points listed in the agenda of the Board Meeting / General Assembly.

Yours sincerely,

Place, Date

Authorised signature(s)

Name(s)

Function(s)

Please print this on official letter headed paper and either fax it to the AMT coordinator +352 45 686868 by DATE or bring the original with you to Board/GA Meeting.



Annexe 2: Institutional representatives

Member	Representative	Email	Country
ACEP Senegal	Mayoro Loum	mloum@acepsenegal.com	Senegal
Al Amana	Fouad Abdelmounni	cdau@alamana.org.ma	Morocco
AMSSF	Khaddouj GHARBI	k.gharbi@amssfmc.ma	Morocco
AMT Coordinator	Emma Paul	Info@amt-forum.org	Luxembourg
AMT coordinator	Luc Vandeweerd	luc.ada@microfinance.lu	Luxembourg
AMT Founding Member	Mia Adams	mia_adams_be@yahoo.com	Belgium
Beehive	Wessel Venter	wessel@bedc.co.za	South Africa
CIF	Alpha Ouedrago	cifburkina@fasonet.bf	Burkina Faso
Enda Inter Arabe	Essma Ben Hamida	essma@endarabe.org.tn	Tunisia
Faulu Uganda	Alex Kakuru	akakuru@faulu.com	Uganda
FCPB	Daouda Sawadogo	fcpb@cenatrin.bf	Burkina Faso
Kafo Jiginew	Alou Sidibe	asidibe@orangemali.net	Mali
K-Rep	Kimanthi Mutua	kimanthi@k-repbank.com	Kenya
MicroFinanza Rating	Fabio Malanchini	fabio.malanchini@microfinanzarating.com	Italy
MicroRate	Damian von Stauffenberg	damian@microrate.com	USA
Mucoba	Danny Mpogole	mucoba@africaonline.co.tz	Tanzania
PADME	Didier Djoï	padme@intnet.bj	Benin
PAMECAS	Mamadou Touré	pamecas@arc.sn	Senegal
Planet Rating	Emmanuelle Javoy	ejavoy@planetrating.com	France
Vital Finance	Wakil Adjibi	vitambco@mail.leland.bj	Benin

If the named representative cannot attend the specific meeting, they must provide a letter of proxy designating their replacement.



Annexe 3: Code of Conduct

CODE OF CONDUCT FOR RATING AGENCIES

This code of conduct applies only in the case that the final rating report is destined for external use, although it is recommended to adhere to the principles of this code of conduct in all cases.

In recognition of the fact that the microfinance rating industry is still developing, this code stipulates both standards which must currently be adhered to (section 1) as well as ideal standards which all rating agencies must pledge to achieve and maintain by July 2013 (section 2).

Section 1:

Ratings must be **objective**.

All judgments on a MFIs performance must be **based on analysis of all relevant facts**.

Rating agencies must maintain **internal records** (amongst others the rating rationale, committee minutes and MFI comments on the draft report) to support its ratings opinions for a minimum period of 5 years.

Ratings must state what they measure. MFIs could be measured against a number of criteria. There could be ratings of economic impact, outreach, etc. Whilst recognising the existence of other rating/evaluation products, in practice, today's microfinance ratings fall into three main categories:

- **"Performance Ratings"** rank MFIs according to their ability to maintain creditworthiness while conducting microfinance operations according to Best Practice.
- **"Credit Ratings"** measure the likelihood that an MFI will default on its obligations to creditors.
- **"Social Ratings"** measure how effective an MFI is at translating its social mission into practice.

The full cost of a rating must be transparent and it must be explained to the client before a rating contract is signed. Specifically, the client must be aware of all charges, fees, taxes etc. which are added to the rating fee. The currency of the rating fee and the conditions of payment must be specified.

The rating agency should **explain the timetable** of the rating, including preparation time, time in the field, people to be interviewed, time taken to write a report. When the rating has been scheduled, there should be an approximate date by which the report will be delivered.

The rated MFI should know what information it must provide before it is visited by a rating team. However, the rating agency has the right to request additional information from the MFI should it be required once the visit has commenced.

MFIs must be given an opportunity to **comment on a rating report** before it is finalised. Rating agencies must explain when and how the rated MFI will be able to comment. This includes reactions during the field visit and comments on the draft report.

Confidentiality policies must be clearly spelt out. The rated MFI must know under what conditions information may be released to the public and whether the MFI has control over whether such information is released. The rating agency and its staff must take all reasonable measures to protect all confidential information.

The rating agency should inform the MFI, at the time the rating is agreed to, who will **head the rating team** and what that person's qualifications are. Where possible, other members of the team



should also be identified. If the head of the rating team changes, the MFI must be informed promptly.

The rating agency and its staff must avoid any **conflict of interest**. Should conditions arise which could affect their objectivity, the rating agency must disclose this. In particular,

- Neither a rating agency nor any of its staff may provide additional services other than ratings to an MFI it rates nor can it sell professional advice to the entities that it rates. Training related to rating methodology and dissemination of information or data pertaining to ratings does not constitute a conflict of interest.
- If services other than ratings are, have been or will be provided to a rated MFI by any entity or person affiliated with the rating agency (including staff, directors, family members and relative and affiliated companies as defined in Section 2 below), then this should be disclosed in the rating report.
- The rating agency must disclose any ownership ties or other affiliations with entities or persons that provide services to MFIs.

If a potential or actual conflict of interest exists, then the rating report will mention that fact on page one of the report and refer to the page where details of the conflict are disclosed.

Section 2

This section refers to the standards that all signatories of the code must pledge to achieve by July 2013. By this date, the rating agencies must be willing to abide by all the elements mentioned in section 1 as well as the following paragraphs which will be included in the section concerning **conflict of interest**:

*In order to avoid conflict of interest, a rating agency should never rate MFIs in which it, or its staff, directors, family members, relatives and affiliate companies own shares, or have a financial interest in or provide services to. An **affiliate company** is defined as an institution that has at least a 10% stake in the rating agency, or an institution that the rating agency has at least a 10% stake in.*

Additionally, in the event that an ex-staff member of a microfinance institution works for a rating agency, that ex-staff member must not be allowed to rate that institution for at least 5 years.

These standards in this Section 2 will not be enforced until 2013. However, should a rating agency not be in compliance with section 2 before that date then this must be clearly disclosed in the report.

Failure to meet this level of conduct will result in sanctions against the rating agency. These sanctions will be determined by the AMT Board of Directors however they will not be financial in nature.

Read and approved _____

Name and Title:

Date:



Annexe 4

AMT: Brief Activity overview 2008

Administration:

- AMT fully institutionalised in 2008

Meetings:

- First Board of Directors of 2008 meeting took place in Luxembourg on the 2 and 3 July. Please see meeting minutes for further details.
- Second Board meeting scheduled for the 14th of October 2008 in Dakar in conjunction with the annual General Assembly schedules for the 17th October.
- First microfinance investor's fair organised for rated African MFIs and fund providers in Dakar Senegal.

Awareness-Raising:

- Rating awareness-raising workshop organised in association with AP/SFD for unrated Senegalese MFIs in Dakar – 14th October 2008.

Communication:

- Position paper on the continuation of the Rating Fund for Africa. Distributed at The Global Microfinance Investment Congress, Paris January 2008, hosted by Planet Finance
- Website: under construction. Conception and layout identified with graphic designer. Address confirmed: www.amt-forum.org Content still to write and **photos required**
- AMT e-mail address created info@amt-forum.org
- AMT promotional flyer: completed
- AMT Transversal Analysis 2nd edition completed
- Newsletter: Not completed.
- AMT press release concerning its position on the PADME affair



Annexe 5: Budget 2008 spent as at 30/09/08

<i>Amounts are expressed in EUR</i>	Amount Budgeted	Q1 expenses	Q2 expenses	Q3 expenses	Q4 expenses	Total expenses	Outstanding amount	% Spent/Committed	Comments
<i>Coordination AMT</i>	66 600	16 650	11 650	19 150	0	47 450	19 150	71%	
<i>Executive Secretary</i>	60 000	15 000	10 000	17 500		42 500	17 500	71%	
<i>ADA Coordination</i>	6 600	1 650	1 650	1 650		4 950	1 650	75%	
Project expenses budget (actual expenses)	155 000	284,92	3 312	33 899	0,00	29 204	125 796	19%	
Objective A: Stimulate demand	50 000	212	0,00	0,00	0,00	212	49 788	0%	
<i>Awareness-raising workshops</i>	5 000					-	5 000	0%	
<i>Conference attendance/presentations</i>	5 000	212				212	4 788	4%	Emma, investor fair Paris
<i>Working Groups</i>	10 000					-	10 000	0%	
<i>Investors Fair</i>	30 000					-	30 000	0%	
Objective B: Increase information	30 000	0,00	3 312	7 764	0,00	11 076	18 924	37%	
<i>Newsletter, technical studies etc.</i>	20 000			7 320,00		7 320	12 680	37%	Transversal Anlysis, Note PADME
<i>Website</i>	10 000		3 312	443,72		3 756	6 244	38%	
AMT Internal Meetings	52 000	0,00	0,00	17 917	0,00	17 917	34 083	34%	
<i>Board Meeting Expenses</i>	12 000			7 916,89		7 917	4 083	66%	
<i>General Assembly</i>	40 000			10 000,00		10 000	30 000	25%	Advance Pamecas
AMT Daily administration	23 000	73	0,00	8 218	0,00	8 291	14 709	36%	
<i>Communication</i>	8 000			3 083,84		3 084	4 916	39%	Flyer & Roll ups
<i>Printing costs</i>	15 000	73		5 134,11		5 207	9 793	34,7%	Position paper, Flyer & Transversale
Sub-Total	221 600	16 935	14 962	53 049	0,00	84 945	136 655	38%	
Contingency	11 080		500,00	12 000,00		12 500	1 420	113%	Auditors and Rating Report Subscription
General Total (1)+(2)+(3)	232 680	16 935	15 462	65 049	0,00	97 445	135 235	41,88%	

Provisional budget 2009:

Provisional AMT Budget 2009

Poste	Details	Total
1	Executive Secretary (equivalent to a full time position)	60 000
2	ADA Coordination	6 600
3	Board Meeting expenses	18 000
4	AMT General Assembly	40 000
5	Funds for preparing technical studies, newsletters...	30 000
6	Funds for working groups	10 000
7	Awareness raising workshops	15 000
8	Conference attendance/presentations	5 000
9	Website	5 000
10	Printing costs	15 000
11	Communication costs	10 000
12	Investors fair	30 000
13	Sub total	244 600
14	Miscellaneous costs : 5%	12 230
15	TOTAL	256 830

- As from 1/01/2009
- One day a month at 550 €
- Two annual Board Meetings
- Estimated budget for 30 people
- € 8.000 for payment of work done
- 2 workshops planned with an estimated cost of €7,500 per workshop
- Possibility of rallying other sponsors