



## **AMT Board Meeting Minutes** **5 - 6 July 2010, Luxembourg**

### **Present:**

Members of the AMT Board:

- a. Mia Adams-Bormans, Belgium
- b. Aldo Moauro, Microfinanza Rating, Italy
- c. Danny Mpogole, Mucoba Tanzania
- d. Khaddouj Gharbi, AMSSF Morocco
- e. Kimanthi Mutua, K-Rep Bank Kenya
- f. Luc Vandeweerd, ADA Luxembourg
- g. Damian von Stauffenberg, MicroRate USA
- h. Emmanuelle Javoy, Planet Rating France

Coordinator:

- i. Emma-Jayne Paul, ADA Luxembourg

Absent with apologies:

- j. Wessel Venter, Beehive South Africa
- k. Alou Sidibe, Kafo Jiginew Mali

- 1. Opening remarks were given and the board meeting agenda was approved after some reordering of the points.** The reordering is not taken into consideration in these minutes. Remarks included a request from Khaddouj Gharbi that translation during the board meetings is a problem and that in the future a budget ought to be made available for an interpreter. Mia further raised the point that identifying external sources of funding is of upmost importance and that the meeting should also focus on the organisation of the General Assembly.
- 2. The meeting minutes from the previous Board meeting** held on the 1<sup>st</sup> and 2<sup>nd</sup> March 2010 were approved with no changes.
- 3. Rating agency code of conduct.**
  - a. The rating agencies met with Deborah Burund from the University of Michigan on the 10<sup>th</sup> of June in Paris to discuss and define the code of conduct for rating agencies. A first draft of the code was presented to the Board. It recognises the status quo so has both transitional and set points. It was felt that no deadline for the transitional points should be implemented as full transparency of the raters is more important than deadlines. There are still some issues relating to wording but the rating agencies will schedule a conference call in the coming weeks in order to finalise the document. The finalised code will be firstly shared with the board and then presented at the 2010 General Assembly.
  - b. **Implementation of the code:** An external, independent third party, agreed upon by the raters, will be brought in to ensure rating agency compliance and to issue a compliance assessment. The finer implementation issues will be dealt by the raters once the document is finished.

- c. **AMT's role in the code of conduct** is to discuss any problems which the compliance assessment may identify with the rating agencies.
  - d. **Aldo Moauro** noted that the code's specification that rating agencies must avoid relationship ties to other companies that might pose a conflict of interest helped him to convince his board that Microfinanza Rating needed to become independent from Microfinanza.
- 4. The business plan for 2010 – 2013 was reviewed and approved subject to several small changes** including having separate chapters entitled "vision" and "mission". In order to draft a clear fundraising strategy and timetable, a working group consisting of Luc, Mia and Kimanthi, with input from Khaddouj was set up. This financial plan will be added as an annex to point 5.2 of the business plan and must be ready by the end of September 2010.
- 5. Preparation of events during the week of the General Assembly and the Investor's Fair.**
- a. **The sequence of events and the proposed workshops** were reviewed and the following was decided:
    - i. 14 – 15 November: Training on performance indicators in English and French (ADA-BRS), open to all members who wish to attend.
    - ii. 16 November: Discussion/exchange platform for member MFIs, rating agencies. Includes feedback from raters as well as a description of the rating products available.
    - iii. 17 November: The General Assembly will take place in the morning and a rating workshop/forum will take place in the afternoon. This rating session will be held in conjunction with the Rating Initiative and will consist of investors, regulators, MFIs, the rating agencies and donors to discuss ratings in Africa.
    - iv. 18 – 19 November. Investor fair.
  - b. **Registration fees** for investor's fair and workshops will be decided by the coordinator.
  - c. **The General Assembly agenda** was approved with the following comments:
    - i. A member will not be able to attend the General Assembly if they have not paid their membership fees beforehand.
    - ii. Point 5d. will be changed to read "presentation of 2010 financial statements".
    - iii. The coordinator will draw up a provisional activity plan and timetable for 2011 before the end of October 2010. The board must approve the plan prior to the General Assembly so that it can be presented during the meeting.
    - iv. The coordinator will find out if the auditor is available to present the 2009 audit to the General Assembly.
  - d. **The sponsorship packages** were approved and it was agreed that non investors would be able to take advantage of the sponsorship opportunities available.
- 6. 2010 Board Working Group topics, composition and organisation.** The following was decided:
- a. **The working group on the rating discussion/feedback session** will be composed of Mia, Luc, and Aldo with backup from Kimanthi and the coordinator. The first content proposal must be ready for board approval by

September so that comments can be integrated and finalized by the start of October. This group will also prepare a technical document which explains the different types of rating products which will be presented during the workshop. They will further examine why it is that MFIs are not able to update their ratings on a regular basis.

- b. **Working group on technical documents:**
  - i. The coordinator, with support from the rating agencies, will prepare a checklist for MFIs on how to prepare for a rating by the start of October.
  - ii. The coordinator, with support from a variety of investors, will prepare a technical paper on “How to negotiate with an investor – what do investor’s look for in an MFI?” by the start of October.
- c. **The working group on the code of values** will be made up of Damian and Wessel and should be ready by the November meetings.
- d. **Wessel offered last board meeting to head** up the working group on the selling of AMT services, promoting sponsorship, income generating streams from website. However, this does not include searching for donor funds and it was decided to come back to this working group once the annex to point 5.3 of the business plan was finalized.
- e. **The working group for membership criteria** and approval policies which was made up of Khaddouj, Massimo and Mia presented their proposals to the board. Further to discussion, a new set of membership criteria and policies were agreed upon and can be found in annex. They will be added to the internal rules. It was noted that a stricter enforcement policy must be implemented when members do not respect the membership provisions.
- f. **The working group on promoting ratings to African regulators** and other stakeholders will be made up of Kimanthi, Luc and Emma in conjunction with the Rating Initiative. This group will also work on preparing the content of the rating workshop/session that will take place on the 17<sup>th</sup> of November in Cameroon. Their work must be completed by October.

7. **Kimanthi Mutua gave feedback on discussions that took place during the advisory board meeting of the Rating Initiative**, in Bern Switzerland (28<sup>th</sup> June – 2 July). A full summary of the meeting can be found in annex but on the whole it was felt that there is a lot of room for collaboration between the Rating Initiative and AMT, especially in the domain of lobbying investors and regulators to require ratings. AMT will invite the Rating Initiative to attend the General Assembly and will start to collaborate on the content of a discussion workshop which will bring together regulators, MFIs, rating agencies, investors donors and any other stakeholder interested in ratings. AMT will also provide input for the Rating Initiative’s mid-term review which is currently underway.

## 8. **Issues concerning members, the Board and applications to join AMT.**

### **Members**

- a. All members that have not updated their ratings within 2 years were granted a year extension. An updated table of all members who are behind with their rating update can be found in annex. It was further decided that any members that have not had a rating within the last 3 years would not have their travel or accommodation to the General Assembly week covered by AMT.
- b. The response from LAPO, Nigeria was examined and it was decided that no further action should be taken.

## **Board**

- c. The board discussed the proposition from Planet Rating to limit the number of rating agencies on the Board of Directors to 1 but the decision was pended. It was agreed though that the content of the board meetings needs to be streamlined as much as possible.

## **Approval of New Members**

### MFI applications:

- i. Alliance, Nigeria (MicroRate). Declined – does not engage in microfinance activities
- ii. COSPEC, Burundi, (Planet Rating). Must apply once they have updated their rating
- iii. DEC, Nigeria (MicroRate). Approved
- iv. Grameen Ghana (Planet Rating). Declined as report cannot be shared and it was an assessment for Planet Finance
- v. Grooming Centre, Nigeria (Microrate) Approved
- vi. Hofokam, Uganda (Microfinanza Rating). Approved
- vii. MCDT, Uganda, (Microfinanza Rating) Approved
- viii. NYESIGISO, Mali (Microfinanza Rating) Approved
- ix. Tanaadi, Niger (Microfinanza Rating) Approved
- x. Yété, Mali (Planet Rating) Approved

### Associate member applications:

- i. AFRACA network, Based in Kenya (organization). Approved

## **9. Activities since last board meeting:**

- a. The transparency checklist content was approved
- b. The consultant database update was approved
- c. Once the comparative data analysis between MIX and the rating agencies is finalised, it must be circulated as widely as possible.
- d. The board were updated on the Transversal Analysis 2010 study
- e. A brief overview of the coordinator's participation in the Microcredit Regional Summit conference (Kenya) and the SANABEL conference (Syria) was given. These events proved highly beneficial in improving the international visibility of AMT.

## **10. The following contracts were signed by the Chairman but still need to be signed by the treasurer:**

1. The contract confirming ADA asbl as coordinator
2. Funding agreement for 2010 between ADA and AMT

## **11. AMT's 2009 external audit report from Luxembourg auditor was not yet available.** Once it is, it will be sent to all board members as well as the South African auditors for approval. The board requested to meet the Luxembourg auditor at their next meeting.

## **12. Miscellaneous**

- a. The next official AMT board meeting will take place in early 2011. A date will be decided closer the time.
- b. The board requested that an "action-tracker" be drawn up by the coordinator which highlights activities, deadlines and working group composition.

## **13. Annex**

### **1. Membership criteria:**

#### **Full membership:**

##### **a. MFIs**

1. MFIs must have minimum assets of €200,000
2. MFIs must have been in existence for at least 3 years
3. MFIs must have a minimum of 3000 clients
4. MFIs must have had a financial rating within the last 2 years of applying
5. The MFI must be committed to have a social rating within 2 years
6. The MFI must provide its most recent audited financial statement (and most recent unaudited financial statements) and portfolio report when it submits its application
7. MFIs must report social performance indicators to the MIX
8. Must be willing to sign the member's code of conduct
9. MFIs must not engage in any illegal activity (as prescribed by the laws of the country)
10. MFIs must have microfinance as their core business

##### **b. Rating Agencies:**

1. Rating Agencies must subscribe to the code of conduct
2. Rating Agencies must have performed ratings in Africa
3. Complete compliance report on the adherence to the code of conduct
4. Publish the compliance report

- c. The Coordinator will review all applications and will submit them to the Board for approval at one of their bi-annual meetings.

### **2. Summary from Kimanthi on the Rating Initiative meetings in Bern**

The meeting centred around three main points:

- The progress of the Rating Initiative to date
- The midterm evaluation of the Rating Initiative
- Promotion of launching a pilot rating product which combines both a financial and a social rating into one report.

It was felt that the Rating Initiative was focusing too strongly on the number of ratings cofounded as an indicator of success rather than the effect or influence they could have on the market as a whole. They are not using their position to advance ratings enough with other stakeholders such as investors, donors, regulators.

The project is at mid-point now and is doing well in terms of number of ratings cofounded. However, the figures for Africa are less encouraging which comes as no surprise to the Board of AMT. The issue of report comparability and standardisation of rating scales was briefly touched upon but no decision was taken on how to go forward with that. There was further discussion on changing the eligibility criteria along with a proposal to stop co-funding in all regions other than Africa but it was decided to leave them as they are for now.

There is lots of room for collaboration between the Rating Initiative and AMT – they are a well placed donor vehicle that has similar objectives to AMT. AMT will

participate in the RI's mid-term review and has also invited them to attend the annual General Assembly to identify ways of working together. One such way includes the lobbying of investors and regulators by co-organising a workshop in November is already underway (see point 6f above). There is also a proposition from the AMT board to perhaps investigate ways of combining AMT's fundraising activities.

### 3. Members that have not updated their ratings in the last 2 years:

MFI Display Name (acronym)	Country	Date of latest financial rating	Report age in years	Extension granted until
<b>ACEP Senegal</b>	Senegal	juil-06	3,6	January 2011
<b>Alidé</b>	Sénégal	mars-08	2,4	June 2011
<b>ASIENA</b>	Burkina Faso	N/A		As they applied when MFIs did not have to have a rating, they have until April 2011 to do one.
<b>ASUSU-CIIGABA</b>	Niger	mars-07	3,4	January 2011
<b>CAURIE-MF</b>	Senegal	juil-07	3,0	Start February 2011
<b>CECA</b>	Togo	avr-08	2,3	June 2011
<b>CEC PROM MATURE</b>	Cameroon	N/A		As they applied when MFIs did not have to have a rating, they have until April 2011 to do one
<b>CRAN</b>	Ghana	mars-08	2,4	June 2011
<b>Faulu Uganda</b>	Uganda	mars-06	4,4	See if they pay their membership fees in 2010
<b>Fececav</b>	Benin	févr-08	2,4	June 2011

<b>ID Ghana</b>	Ghana	N/A		As they applied when MFIs did not have to have a rating, they have until April 2011 to do one
<b>K-Rep</b>	Kenya	janv-05	5,5	January 2011
<b>MEC Afer</b>	Senegal	mars-06	4,4	Start February 2011
<b>Mucoba</b>	Tanzania	oct-07	2,8	Start February 2011
<b>PADME</b>	Benin	juin-06	4,1	See if they pay their membership fees in 2010
<b>PEARL</b>	Uganda	sept-07	2,9	Chase up for reply
<b>RENACA</b>	Bénin	mars-08	2,4	June 2011
<b>Sofina</b>	Cameroun	mars-08	2,4	June 2011
<b>UM- PAMECAS</b>	Senegal	juil-05	5,0	January 2011
<b>Vital Finance</b>	Benin	sept-03	6,9	January 2011
<b>Vola Mahasoa</b>	Madagascar	mai-08	2,2	June 2011