

La Semaine Africaine - February 10, 2021

CAPPED becomes a limited company

In view of the important role of microfinance in the process of banking the Central Africa sub-region and concerned with structuring this growing sector to facilitate its supervision, the authorities of the Central African Economic and Monetary Community (CEMAC) had asked the Central African Banking Commission (COBAC) to develop a Community text governing the activity of microfinance. For example, COBAC had proposed an evolution of the 2002 text taking into account the current challenges of this important sector. A second piece of legislation has been put in place for the conditions for the exercise and control of microfinance activity. The new law came into force on January 1, 2018. But the implementing texts did not take place until 1 July 2018. This new legal regulation now governs microfinance institutions in a rigorous mode of governance in the sub-region. In accordance with this law which obliges microfinance institutions to comply, the Business Promotion and Development Participation Fund (CAPPED) has changed its status, becoming a limited company. It took two years to bring about the change in this status, from 2018 to 2020. The new company was launched on September 4, 2020.

Ms. Ghislaine Mampouya Mackiza, Executive Director of CAPPED, speaks on all the innovations that have taken place.

#### **How do you like this new LEGAL framework from CEMAC?**

In fact, there is a new law that has been enacted since 2018 that changes some provisions. This is the COBAC law at the sub-region level on the activity of microfinance institutions. This law is regulation 1/17/CEMAC/UMAC/COBAC which relates to the conditions for the exercise and control of the activity of microfinance in the CEMAC area and its implementing texts. The first-class microfinance institutions with associations, mutuals and other forms of organizations, with this new text, the associations were abolished by COBAC. No association can carry out the microfinance activity. We who were an association, we have the choice to become either a cooperative company with a board of directors, with a fairly heavy governance implication or a limited company. Within CAPPED, we have chosen to become a second category by becoming a limited company with a board of directors. The implementing texts bring several innovations, notably in category 1, to which we belonged: from now on, associations will no longer have to carry out the microfinance activity. CAPPED being an Association had only two choices of transformation: to become a cooperative company or a limited company. The first option presenting a rather heavy governance, the choice was made on the Anonymous Company with board of directors (change of category and status) with the agreement of the members.

With a capital of F.CFA 300 million, a shareholding of four (4) shareholders has been set up. These include: the Congo Young Business Forum (FJEC), founder of CAPPED, and majority shareholder; staff (in the mutual MUFORCAP); and the founders of the FJEC.

The shareholding may later be open to other actors in the Social and Solidarity Economy (ESS). The status has changed but the mission remains the same.

**What are the benefits of this change?**

The advantage we already have is to operate and the shareholders whose current members become owners. If they make a profit, they will receive dividends at the end of the year.

**Your institution is a member of the Professional Association of Microfinance Institutions of Congo (APEMF), what happens to this change in status?**

The association does not change. We're the ones who changed our status. But we still belong to the APEMF, because membership in this association is a regulatory obligation. Any microfinance institution operating in the Republic of Congo has an obligation to join this association. It is a platform for consultation, we can say union, to preserve the interests of the sector. Whether you are in the first or second category, all institutions must be members of the APEMF. It also allows us to exchange our practices, to lobby the authorities at the national and international level.

**A message to members and the general public?**

The change of category should not frighten members. CAPPED has become a limited company, but the mission of financial support for micro, small and medium-sized enterprises does not change. A new governance has been put in place with a General Meeting of Shareholders, a seven-member board of directors and four specialized committees in accordance with the new regulations. Strict, results-based management is also in place. New products will be offered to satisfy customers. Let customers, former members, new owners, be reassured: CAPPED AS becomes CAPPED S.A., but always in solidarity!

Interview by Philippe BANZ