

GUIDELINES FOR ACCEPTANCE OF NEW MEMBERS OF THE  
MICROFINANCE COUNCIL OF THE PHILIPPINES, INC.

A. For Regular Membership

1. The institution must be any of the following: NGO engaged in microfinance, thrift bank, development bank, rural bank, cooperative rural bank, credit cooperative or credit union, and multipurpose cooperatives with a significant loan portfolio in microfinance.
2. The applicant is engaged in social credit or lending to poor people or low-income communities. The institution may also be engaged in mobilizing savings of poor people or providing microinsurance services.
3. The applicant must have at least, 1,000 active low-income borrowers and savers and a microfinance loan portfolio of, at least, P3 million as of the end of the previous calendar year or fiscal year.
4. The applicant has definite plans to expand outreach to, preferably 10,000 borrowers and savers by the end of year 2008.
5. The applicant adheres to sound banking practices and prudential standards required by the Bangko Sentral ng Pilipinas for banks, or to the set of standards promulgated by the Cooperative Development Authority for credit unions/credit cooperatives (COOP-PESOS), or to the PESO Performance Standards promoted by the National Credit Council for NGOs engaged in microfinance.
6. The applicant has complied with the following minimum standards:
  - a. Track record: minimum of three (3) consecutive years experience in managing and implementing a microfinance program;
  - b. Institution must clearly express in its vision and mission statements a distinct commitment to reach low-income clients. The institution employs an acceptable poverty assessment tool to select first-time clients.
  - c. Internal control:
    - (i) written internal control and/or audit manual;
    - (ii) annual conduct of an external audit that would reveal enforced internal control policy, systems and procedures, and absence of fraud from management and/or the Board for the last 3 years.
    - (iii) regular conduct of internal audit.

- d. Written operations manual which shall include the administrative and credit program systems and procedures. Manual should clearly define levels of authority and accountability; job descriptions; and microfinance program systems and procedures.
  - e. The institution's MIS should include regular and timely reports on loan portfolio, savings, income statement, balance sheet, cash flow and outreach.
  - f. Existing and enforced policy on write-offs and loan loss provision.
7. A regular, associate or affiliate member of the Microfinance Council needs to endorse in writing an application for membership.
  8. Applicant should agree to pay a one-time membership fee of P10,000 and annual dues of P10,000. The amount of fees is subject to an annual review by the Board of Trustees.
  9. Copies of documents to be submitted:
    - a. SEC registration, articles of incorporation and by-laws for rural banks and NGOs; CDA registration, articles of cooperation and by-laws for cooperatives
    - b. Report on operations showing amount of microfinance loan portfolio, aging report, number of branches, number of field staff and home office staff
    - c. Audited financial statements
    - d. Endorsement of a regular or associate member of the Microfinance Council
  10. Applicant to agree in writing to submit quarterly reports to the Council Secretariat a report of operations in a form to be prescribed by the Council.

**B. For Associate Membership**

1. The institution must be any of the following: a private local or international organization engaged in the wholesale of microfinance loans; a network of organizations seriously engaged in microfinance; private institutions that have serious interest in providing training support, technical and research assistance to microfinance institutions.
2. The applicant adheres to sound banking practices and prudential standards required by the Bangko Sentral ng Pilipinas for banks, or to the set of standards promulgated by the Cooperative Development Authority for credit unions/credit cooperatives, or to the PESO Performance

Standards promoted by the National Credit Council for NGOs engaged in microfinance.

3. A regular or associate member of the Microfinance Council needs to endorse in writing an application for membership.
4. Applicant should agree to pay a one-time membership fee of P5,000 and annual dues of P5,000.
5. Copies of documents to be submitted:

For wholesaler of microfinance loans:

- a. List of MFI partners or conduits
- b. A report showing amount of loan exposure to MFIs
- c. A brief description of the institution's microfinance program
- d. Endorsement from a regular or associate member of the Microfinance Council.

For networks:

- a. List of members
- b. A report showing outreach and portfolio size of members
- c. Endorsement from a regular or associate member of the Microfinance Council.

For training, academic and support institutions:

- a. Profile of activities, research studies, training programs pertaining to microfinance
- b. Endorsement from a regular or associate member of the Microfinance Council.

6. Applicant to agree in writing to submit annual reports to the Council Secretariat a report of operations in a form to be prescribed by the Council.

/January 2008