

# Guidelines for Acceptance of New Members of the Microfinance Council of the Philippines, Inc.



MCPI's membership is composed mainly of institutions engaged in programs that support the growth and development of microfinance in the country. This includes retail microfinance institutions and local microfinance associations. Membership is also open to key stakeholders—support institutions, wholesale lending institutions and microfinance networks.

## For Regular Membership

The following will be considered for regular membership:

1. Any institution engaged in retail microfinance operations. The institution may be any of the following, but not limited to: NGO, thrift bank, development bank, rural bank, cooperative rural bank, credit cooperative or credit union, multipurpose cooperative, finance company, or lending company.
2. Local microfinance associations. Associations organized geographically or by sector, not engaged in the wholesale of microfinance loans, whose members are cooperatives, formal institutions such as banks, and non-stock non-profit institutions that provide microfinance services to the poor.

### Eligibility Criteria:

1. 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.
2. 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.
3. 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.
4. 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:
    - written internal control and/or audit manual;
    - 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.
    - 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.

### Copies of Documents to be submitted

- a. SEC/CDA/BSP registration, articles of incorporation/cooperation and by-laws
- b. Audited financial statements for the last 3 years
- c. Annual report (if available)
- d. Organizational and governance structure
- e. Endorsement of a regular or associate member of the Microfinance Council

### Additional requirements for retail institutions:

1. Report on operations showing amount of microfinance loan portfolio, aging report, number of branches, number of field and head office staff
2. Brief description of the institution's microfinance products

### Additional requirements for local microfinance associations:

1. List of members
2. A report showing outreach and portfolio size of members
3. Brief description of association's key programs

- 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.
5. A regular or associate member of the MCPI needs to endorse in writing an application for membership.
  6. 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.
  7. Applicant to agree in writing to submit quarterly to the Secretariat a report of operations in a form to be prescribed by the MCPI.

**Copies of Documents to be submitted:**

1. SEC/CDA registration, articles of incorporation/cooperation and by-laws
2. Audited financial statements for the last 3 years
3. Annual report (if available)
4. Organizational and governance structure
5. Endorsement from a regular or associate member of MCPI.

**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

**For networks:**

- a. List of members
- b. A report showing outreach and portfolio size of members
- c. Brief description of microfinance-related programs and projects

**For training, academic and support institutions:**

- a. Profile of activities, research studies, training programs pertaining to microfinance

## **For Associate Membership**

The institution must be any of the following: a private local or international organization or network of organizations engaged in the wholesale of microfinance loans; private institutions that have serious interest in providing training support, technical and research assistance to microfinance institutions.

**Eligibility Criteria:**

1. A regular or associate member of MCPI needs to endorse in writing an application for membership.
2. Applicant should agree to pay a one-time membership fee of P5,000 and annual dues of P5,000.
3. Applicant to agree in writing to submit annual reports to the Secretariat a report of operations in a form to be prescribed by MCPI.

*For further inquiries, or to submit requirements, please contact:*

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