

## MICROFINANCE INSTITUTIONS' CODE OF ETHICS

### PREAMBLE

With the help of the Almighty and in solidarity with the poor, we commit to reduce human and income poverty in the Philippines through collective effort.

We recognize that inequality is the root cause of the alarming rate of poverty in our country. Inequality in the form of unequal distribution of wealth and income and its inevitable consequence of lack of access on the part of the poor to basic services such as health, nutrition, housing, peace and order and livelihood opportunities.

We believe that the deliverance of the poor out of poverty through access to financial services like savings, credit and microinsurance can enhance the poor's capacity to take advantage of livelihood opportunities that would allow them to lift themselves out of poverty and bring about spiritual, social, economic and physical well-being and happiness. As such, we aim to provide the right and quality services to the poor on a coordinated, permanent, and sustainable basis.

In the service of the poor and invoking divine assistance, we do institute this Microfinance Institutions' Code of Ethics.

#### ***A. For our members, clients or partners, we shall strive to:***

1. Provide the poor with permanent and sustainable access to appropriate social and financial services;
2. Charge market rates of interest on loans and savings, avoiding interest rate subsidies or excessive interest rates;
3. Promote and maintain a client-friendly culture among our members of the Board, management and the entire staff of the organization;
4. Provide access to all forms of information requested by members and clients regarding past, current, and future transactions;
5. Adequately inform members and clients about policies, procedures and transaction costs in order to enable them to make informed choices and decisions;
6. Treat members and clients with respect and dignity, empathizing with them most especially in times of crisis;
7. Consistently assess the impact of our services with the objective of exerting extra efforts to lift members and clients out of poverty in the shortest time possible.

#### ***B. For our co-microfinance institutions, we shall endeavor to:***

1. Enhance mutual development recognizing that MFIs are partners, not competitors, in poverty reduction and as such, have a stake in each other's growth and development;
2. Maintain a high standard of professionalism based on honesty, equality, reciprocity and dedication to be able to serve the poor;
3. Foster constant dialogue and sharing of resources, expertise, information and experiences;
4. Formally inform other MFIs currently operating within a certain geographic area about our expansion plans, instruct area managers and field staff to closely coordinate with field staff of other MFIs;
5. Refrain from recruiting existing members and clients to avoid credit pollution;
6. Refrain, as much as possible, from recruiting currently employed staff of other MFIs where this may prove deleterious to the operations of other MFIs;

7. As far as practicable, seek other unserved and underserved areas for expansion, avoiding areas that are already adequately served;
8. Ensure that relations with other MFIs are based on mutual respect and close collaboration, acknowledging the accomplishments of other MFIs as achievements of the entire microfinance sector.

***C. For our staff, we undertake to:***

1. Provide ample avenues for personal growth and development;
2. Provide just compensation and promote the rights and welfare of all personnel;
3. Disclose all information deemed necessary for decision-making that may affect all staff members;
4. Ensure the accountability of the leaders and managers to their staff members;
5. Ensure that credit delivery and collection procedures have minimal risks to staff;
6. Encourage a simple lifestyle consistent with pro-poor orientation and the principles of total human development.
7. Discourage any form of discrimination among our staff and the publics we serve.

***D. In our relation with funding agencies and loan fund providers, we will:***

1. Nurture an atmosphere of openness and mutual respect towards a common vision and goal;
2. Request funding agencies and loan fund providers to clarify and share their development framework, areas of priority, procedures and other relevant information;
3. Ensure that the relations and transactions are above board. Deception and misrepresentation will be avoided at all times, such as overstating client outreach and loan portfolios, double funding, diversion of grants and loans to unrelated activities;
4. Mutually agree upon the parameters of success of funded projects through evaluations that are participatory in nature;
5. Strive to diversify funding sources in order to avoid perpetual dependence on one or two institutions.

***E. In our relation with the Government, we shall seek to:***

1. Create an atmosphere of openness and mutual respect based on the perspective that the Government and MFIs share the common objective of reducing and minimizing the extreme poverty amongst our people;
2. Foster a continuing dialogue for policy reform conducive to the development of microfinance institutions;
3. Coordinate closely with different branches of government to further promote poor peoples access to sustainable financial services;
4. Support government initiatives to unify all sectors so as to make financial systems work for the poor.