



MNRC

Microfinance NGO Regulatory Council

2018 ANNUAL REPORT





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1. Issuance of MNRC Memorandum Circular (MC) No. 1, Series of 2018 – Guidelines on the Accreditation of Microfinance NGOs (MF-NGOs).

On 20 February 2018, the Microfinance NGO Regulatory Council (MNRC), with the assistance of Asian Development Bank (ADB) Consultant Dr. Ma. Piedad S. Geron, issued MNRC MC No. 1, series of 2018 on the Social Performance, Financial Performance and Governance Standards, which serve as the criteria for the accreditation of MF-NGOs for the purpose of availing the two percent (2%) preferential tax rate under Republic Act No. 10693 (RA No. 10693), otherwise known as the “Microfinance NGOs Act”. The said MC also includes the guidelines of accreditation for year 2018.

Said MC was published on 22 February 2018 and took effect on 09 March 2018.

2. MNRC MC No. 2, Series of 2018 – Clarificatory Amendment to MC No. 1, Series of 2018 and Continuous Effectivity of Certificate of No Derogatory Information (CNDI) for Accreditation was issued on 23 May 2018, and published on 25 July 2018. It took effect on 09 August 2018.

MNRC MC No. 2, Series of 2018 was issued on 23 May 2018 and published on 25 July 2018. It took effect on 09 August 2018. The MC clarifies that MF-NGOs that were issued CNDI on or before 31 March 2018 are deemed accredited until such date. The aforesaid MF-NGOs shall then be accredited only upon compliance with MNRC MC No. 1, Series of 2018, which accreditation shall be valid up to the first quarter of 2019.



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3. MNRC MC No. 3, Series of 2018 – Additional Microfinance NGO Rules and Regulations.

MNRC MC No. 3, Series of 2018 was issued on 11 July 2018 and published on 25 July 2018. It took effect on 09 August 2018. The MC provides the following rules and regulations:

a. On MF-NGO microfinance loans

- Set the maximum amount of microfinance loans at ₱300,000.00 per client;
- Required that microfinance loans comprise at least 65% of the total assets of an MF-NGO;
- Required MF-NGOs to adopt policies on loan write-offs, advances to officers and employees; and
- Prohibited members of the Board of Trustees from borrowing from an MF-NGO (except in the case of a member-client).

b. On MF-NGO savings

- Clarified that an MF-NGO may collect savings as compensating balance from its member-clients provided that it must always be a net lender; and
- Required MF-NGOs to establish specific policy/ies on the treatment of member-clients whose total amount of savings may, from time to time, exceed its total loan outstanding.

c. On MF-NGO investment on real estate

- Limited an MF-NGO's investment on real estate and shares of stock in a real estate development corporation to 25% of its total fund balance.

d. On Liquidity Ratio

- Required an MF-NGO to maintain a minimum liquidity ratio of 25%.

e. On Minimum Fund Balance

- Required an MF-NGO to have a minimum fund balance of ₱ 1,000,000.00; and

f. On Annual Submissions of Reports

- Required MF-NGOs to adopt calendar year for all required reports.
- Required the annual submission of the following reports:
 - ✓ Financial Statements
 - ✓ Loan Portfolio and Aging Report
 - ✓ Operations Report



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4. MNRC MC No. 4, Series of 2018 - Revised Guidelines for Accreditation of MF-NGOs.

MNRC MC No. 4, Series of 2018 was issued on 13 December 2018 and published on 15 December 2018. It took effect on 30 December 2018.

In line with the upcoming expiration of the 2018 accreditation granted to the MF-NGOs on 31 March 2019, the MNRC issued MNRC MC No. 4, Series of 2018 on the Revised Guidelines for the accreditation of MF-NGOs, commencing in 2019 and onwards. Certificate of Accreditation issued in 2019 and thereafter shall be valid for a period of three (3) years unless earlier suspended or revoked by the MNRC. The said MC covers the following:

- Minimum qualifications for accreditation (e.g. length of microfinance operations, corporate and trade name and minimum fund balance);
- Documentary requirements for accreditation (as provided in Section 2, Rule 4 of the Implementing Rules and Regulations of RA No. 10693 and item 4 of MNRC MC No. 1, Series of 2018); and
- Modes of submission of applications for accreditation.



Accredited 32 Microfinance NGOs in 2018

	Company Name	Date of Certificate of Accreditation
1.	AHON SA HIRAP, INC. (A MICROFINANCE NGO)	11 July 2018
2	ALALAY SA KAUNLARAN MICROFINANCE SOCIAL DEVELOPMENT, INC.	28 March 2018
3.	ARDCI MICROFINANCE, INCORPORATED	28 March 2018
4.	ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)	28 March 2018
5.	BAYAN ENTERPRISE DEVELOPERS, GROWERS AND EVOLVERS-MICROFINANCE AND BUSINESS SERVICES, INC.	28 March 2018
6.	CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC (A MICROFINANCE NGO)	28 March 2018
7.	COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO), INC.	28 March 2018
8.	CORDILLERA COMMUNITY MICROFINANCE, INC.	11 July 2018
9.	ECLOF PHILIPPINES MICROFINANCE, INC.	28 March 2018
10.	JMH MICROFINANCE, INC.	28 March 2018
11.	KABALIKAT PARA SA MAUNLAD NA BUHAY, INC. (A MICROFINANCE NGO)	28 March 2018
12.	KASANYANGAN CENTER FOR COMMUNITY DEVELOPMENT AND MICROFINANCE FOUNDATION, INC.	28 March 2018
13.	KATUWANG RESOURCE CENTER, INC.	11 July 2018
14.	KAZAMA GRAMEEN MICROFINANCE, INC.	28 March 2018
15.	KPS-SMALL ENTERPRISE AND ECONOMIC DEVELOPMENT, MICROFINANCE, INC.	28 March 2018
16.	LIFEBANK MICROFINANCE FOUNDATION, INC. DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF LIFEBANK FOUNDATION	28 March 2018

	Company Name	Date of Certificate of Accreditation
17.	NEGROS WOMEN FOR TOMORROW FOUNDATION, INC (A MICROFINANCE NGO)	28 March 2018
18.	PAGASA NG MASANG PINOY MICROFINANCE, INC.	28 March 2018
19.	PEOPLE'S ALTERNATIVE LIVELIHOOD MICROFINANCE FOUNDATION OF SORSO-GON (PALMFS), INC.	28 March 2018
20.	RAFI MICRO-FINANCE, INC.	28 March 2018
21.	RANGTAY SA PAGRANG-AY MICROFINANCE, INC.	28 March 2018
22.	SAKLAW FOUNDATION, INC. (A MICROFINANCE NGO)	28 March 2018
23.	SEDP-SIMBAG SA PAG-ASENSO INC. (A MICROFINANCE NGO) DOING UNDER THE NAME AND STYLE OF SEDP-SIMBAG	28 March 2018
24.	SERVAMUS FOUNDATION INCORPORATED DOING BUSINESS UNDER THE NAME AND STYLE OF SERVAMUS MICROFINANCE	28 March 2018
25.	SPES PAUPERUM FOUNDATION (SPFI) MICROFINANCE NGO, INC.	28 March 2018
26.	ST. ELIZABETH COMMUNITY DEVELOPMENT PROGRAM (SECDEP) INC (A MICROFINANCE NGO)	28 March 2018
27.	SURIGAO ECONOMIC DEVELOPMENT AND MICROFINANCE, INC.	28 March 2018
28.	TALETE KING PANYULUNG KAPAMPANGAN (A MICROFINANCE NGO), INC.	28 March 2018
29.	TANGLAW NG BUHAY MICROFINANCE FOUNDATION, INC.	5 April 2018
30.	TAYTAY SA KAUSWAGAN (A MICROFINANCE NGO), INC.	28 March 2018
31.	TULAY SA PAG-UNLAD, INC. (A MICROFINANCE NGO)	28 March 2018
32.	URBAN PROGRAM FOR LIVELIHOOD FINANCE & TRAINING (UPLIFT) PHILIPPINES MICRO-FINANCE INC.	28 March 2018



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OTHER ACCOMPLISHMENTS



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1. Template Articles of Incorporation and By-Laws and Template Manual on Good Governance for Microfinance NGOs

In response to the requests of the industry, the Council approved the template Manual on Good Governance (MGG) and Template Articles of Incorporation and By-Laws (AI and BL) of Microfinance NGOs (MF-NGOs) with the assistance of the Secretariat and the Corporate Governance Division of the Corporate Governance and Finance Department (CGFD), headed by Assistant Director Rosario Carmela B. Gonzalez-Austria and Atty. Alma Jean Ganayo Roux of the Licensing Division of the CGFD.

The templates of the AI and BL were approved on 03 October 2018 and uploaded in the MNRC page of the SEC website on 15 October 2018. The template MGG was approved on 07 November 2018 and posted on the website on 07 December 2018.

2. Resource Persons in Seminars/Outreach

- a. Governance Compliance Orientation for MF-NGOs held on 16 March 2018 in Clark, Pampanga. – Atty. Gonzalez-Austria and Atty. Roux attended the event to orient the MF-NGOs in the Northern and Central Luzon on the draft MGG and template AI and BL of MF-NGOs.*
- b. 2018 Microfinance Council of the Philippines Inc. (MCPI) Annual Conference held on 25-27 July 2018 at the Century Park Hotel, Manila. – Atty. Rachel Esther J. Gumtang-Remalante and Atty. Miracle Anne D. Rodriguez discussed the memorandum circulars issued by the Council and plans for the 2019 accreditation.*



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- c. SEC-GAD Investor Protection Seminar on 23-24 August 2018 in Legazpi City. – Atty. Miracle Anne D. Rodriguez conducted a lecture on Microfinance NGOs to the students of Bicol University, College of Business, Economics and Management and employees of the local government of Legazpi City.*
- d. Orientations conducted on the Draft MGG and Template AI and BL held on 12 October 2018 and 06 December 2018 in Legazpi City and Pasig City, respectively. – Atty. Rachel Esther J. Gumtang-Remalante gave an orientation during these events to the members of the Bikol Microfinance Council, Inc. (BMCI) and MCPI on the aforementioned template documents.*

Atty. Remalante likewise familiarized the participants on SEC MC No. 15, series of 2018 entitled the Guidelines for the Protection of SEC Registered Non-Profit Organizations (NPOs) from Money Laundering and Terrorist Financing Abuse (NPO Guidelines). Under the NPO Guidelines, all NPOs, which include MF-NGOs, are required to submit the attached Mandatory Disclosure Form on or before 23 May 2019¹.

3. Development by the Secretariat of Application Form and Checklist

The Secretariat developed an application form for the accreditation of MF-NGOs, which captures relevant information on their operations, financials and governance, which may be utilized by the Council in creating an industry profile and in tracking MF-NGOs' performance over time. The Secretariat also formulated a checklist of requirements to serve as a guide for applicants and to promote efficiency and transparency in the processing of their applications.

¹The deadline to file the said form had since been extended to 31 July 2019.



4. Close Coordination with the Bureau of Internal Revenue (BIR) in relation to the implementation of RA No. 10693

The MNRC coordinated closely with the BIR on the tax-related concerns of MF-NGOs, in relation to the implementation of RA No. 10693. This resulted in the issuance of MNRC MC No. 2, 2018, as cited above, as well as the following BIR Revenue Memorandum Circulars (RMC), for the guidance and compliance by MF-NGOs:

a. BIR RMC No. 91-2018. – Guidelines on the Tax Identification Number (TIN) Issuance to Clients of MF-NGOs pursuant to BIR RMC No. 2-2018 was issued on 25 October 2018.

The circular addresses the difficulties encountered by individual clients of MNRC-accredited MF-NGOs in obtaining a TIN due to the strict documentary and procedural requirements of the BIR. It likewise facilitates the compliance of MF-NGOs with R.A. No. 9510, otherwise known as the Credit Information System Act (CISA) to submit basic credit information to the Credit Information Corporation, which includes the TIN of the borrower.

Under the said circular, MNRC-accredited MF-NGOs shall, under the terms and conditions thereof, be granted access to the BIR's registration system and be deputized by said agency in issuing TINs to their respective clients.

b. BIR RMC No. 92-2018. – Clarification on the Filing of Tax Returns of Accredited MF-NGOs was issued on 31 October 2018.

The circular clarifies the BIR forms to be used by an accredited MF-NGO in the filing and payment of the 2% tax based on its gross receipts from microfinance operations, in lieu of all national taxes.



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ORGANIZATION MATTERS



1. Approval of the MNRC Logo



During the 11 July 2018 MNRC Meeting, the Council approved the proposed logo of the MNRC, which shall be used as the official seal of the Council for all official acts, including the issuance of the Certificates of Accreditation. The approved logo was submitted to the National Historical Commission of the Philippines for its approval/confirmation.

2. 2017 Annual Report

In compliance with Section 10 (g) of RA No. 10693, soft copies of the 2017 Annual Report were sent to the Office of the President on 28 December 2018 and to the offices of Sen. Francis G. Escudero (Chairperson of the Senate Committee on Banks, Financial Institutions and Currencies), Hon. Raymond Democrito C. Mendoza (Chairperson of House Committee on Poverty Alleviation) and Hon. Dennis C. Laogan (Chairperson of the House Committee on Small Business & Entrepreneurship Development) on 03 January 2019.

With the financial assistance of the ADB, the Council was able to reproduce 500 colored copies of the report. Printed copies of the said report were transmitted to the abovementioned individuals on 14 February 2019. Other stakeholders were also given copies of the said report.





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3. New Chairperson and A New Acting Secretary of the MNRC

Chairperson Emilio B. Aquino became the Chairperson of the MNRC following his appointment as SEC Chairperson on 07 June 2018. In view of the retirement of Assistant Director Leonora S. Tandoc on 09 May 2018, Atty. Miracle Anne D. Rodriguez was confirmed by the Council as the MNRC Acting Secretary effective 23 May 2018.



Chairperson Emilio B. Aquino
Securities and Exchange Commission

4. MNRC Meetings held in 2018

The Council held a total of ten (10) regular and one (1) special meetings in 2018. The meetings were held on 22 January, 27 February, 23 March, 06 April (Special), 25 April, 23 May 2018, 11 July, 08 August, 03 October, 07 November and 05 December 2019.