



Microfinance NGO Regulatory Council

2019

# Annual Report

**New Heights for MF-NGOs:**

*Establishing and  
Meeting New Standards*



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## MEMORANDUM CIRCULARS

### **Issuance of MNRC Memorandum Circular No. 1, Series of 2019 regarding the Compliance of Microfinance NGOs with Republic Act No. 3765 or the Truth in Lending Act (TILA)**

Pursuant to Rule 5, Section 7 of the Implementing Rules and Regulations (“IRR”) of Republic Act (“RA”) No. 10693, otherwise known as the Microfinance NGOs Act and the Social Performance and Governance Standards for Microfinance NGOs (“MF-NGOs”) under MNRC Memorandum Circular No. 1, Series of 2018, which require MF-NGOs to comply with the TILA, the Microfinance NGO Regulatory Council (“MNRC” or “Council”) approved the issuance of the said Memorandum Circular (“MC”) during its meeting held on 30 August 2019.

The MC covers the following matters:

- a. Required information in the signed disclosure statement which the MF-NGO will furnish the borrower together with its loan documents prior to the consummation of the transaction;
- b. Computation of interest rate;
- c. Guidelines on the posting of posters indicating information contained in the disclosure statement; and
- d. Penalties for non-compliance with the provisions of TILA and the MNRC MC.

The draft of the MC was initially published in the MNRC web corner under the website of the Securities and Exchange Commission (“SEC”) for public exposure on 24 July 2019, upon approval of the Council in its meeting held on 17 July 2019. After approval, the MC was published on 13 September 2019 and took effect on 28 September 2019, fifteen (15) days after its publication at Manila Bulletin and Manila

### **Issuance of Memorandum Circular No. 2, Series of 2019 regarding the Standard Chart of Accounts for Microfinance NGOs**

On 24 October 2019, during its thirtieth (30th) meeting, the Council approved the publication of the said MC in the MNRC web corner for its second (2nd) public exposure. The draft of the MNRC MC was deemed approved and issued, provided that the public has not made any material comment and/or observation thereto following the latest public exposure.

The MNRC MC promotes the following matters:

- a. Adoption of the financial reporting framework provided for by Part I, Section 2 (A), Rule 68 of Republic Act No. 8799, as amended, or the Securities Regulation Code in the case of MF-NGOs;
- b. The Standard Chart for Accounts (“SCA”) for MF-NGOs and its use by MF-NGOs beginning calendar year 2020;
- c. The Special Form of Financial Statements (“SFFS”) for MF-NGOs adopting the SCA and its use by MF-NGOs beginning calendar year 2020; and
- d. The submission of SFFS for MF-NGO following the annual schedule of filing of the Audited Financial Statements.

By way of background, the draft MC was initially published in the MNRC web corner on 24 July 2019, upon approval of the Council in its meeting held on 17 July 2019. During the first (1st) public exposure, the MNRC Secretariat received comments from six (6) MF-NGOs and the Office of the General Accountant (“OGA”) of the SEC. Through the assistance of the Asian Development Bank (“ADB”) a technical working group (“TWG”)<sup>1</sup> was created and held meetings from 03 to 04 October 2019 to finalize the SCA and SFFS.<sup>2</sup>

<sup>1</sup> The TWG for SCA are composed of the MNRC Secretariat including representatives from OGA, ADB Consultants, and volunteer-representatives from the MF-NGO sector.

<sup>2</sup> With the assistance of ADB, the TWG held its three (3) meetings regarding the SCA on the following dates: 14-16 August 2017 (First), 20-21 November 2017 (Second), 11 January 2018 (Third; with representatives from the Association of Certified Public Accountants in Public Practice [Ms. Josephine Adrienne A. Abarca and Mr. Christian G. Lauron]).



## MEMORANDUM CIRCULARS

The resulting draft SCA and SFFS of the said TWG was then published as part of the draft MC in the MNRC web corner for the 2nd public exposure.

Considering that the MNRC Secretariat did not receive any material comment to and/or observation on the draft MC after its latest public exposure, the same was signed on 11 November 2019 and took effect on 13 December 2019, fifteen (15) days after its publication on 28 November 2019 at Manila Bulletin and Manila Standard.

### 2019 ACCREDITATION OF MICROFINANCE NGOS

The MNRC accredited twenty-nine (29) MF-NGOs in 2019 with respective Certificates of Accreditation issued valid for three (3) years in accordance with Rule 4, Section 6 of the Implementing Rules and Regulations (“IRR”) of RA No. 10693. The accredited MF-NGOs as of 31 December 2019 are as follows:

NAME OF MICROFINANCE NGO	CERTIFICATE OF ACCREDITATION NO.	DATE OF ISSUANCE	DATE OF PRIOR MNRC ACCREDITATION
1. ALALAY SA KAUNLARAN MICROFINANCE SOCIAL DEVELOPMENT, INC.	0001-19	1 Mar 19	28 Mar 18
2. ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)	0002-19	1 Mar 19	28 Mar 18
3. CORDILLERA COMMUNITY MICROFINANCE (CCMI), INC.	0003-19	1 Mar 19	11 Jul 18
4. JAIME V. ONGPIN MICROFINANCE FOUNDATION, INC.	0004-19	1 Mar 19	N/A
5. JMH MICROFINANCE, INC.	0005-19	1 Mar 19	28 Mar 18
6. KABALIKAT PARA SA MAUNLAD NA BUHAY, INC. (A MICROFINANCE NGO)	0006-19	1 Mar 19	28 Mar 18
7. KAZAMA GRAMEEN MICROFINANCE INC.	0007-19	1 Mar 19	28 Mar 18
8. LIFE BANK MICROFINANCE FOUNDATION, INC. DOING BUSINESS UNDER THE NAME AND STYLE OF LIFE BANK FOUNDATION	0008-19	1 Mar 19	28 Mar 18
9. RANGTAY SA PAGRANG-AY MICROFINANCE, INC.	0009-19	1 Mar 19	28 Mar 18
10. SAKLAW FOUNDATION INC. (A MICROFINANCE NGO)	0010-19	1 Mar 19	28 Mar 18
11. SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO) DOING BUSINESS UNDER THE NAME AND STYLE OF SEDP-SIMBAG	0011-19	1 Mar 19	28 Mar 18
12. SURIGAO ECONOMIC DEVELOPMENT AND MICROFINANCE FOUNDATION, INC.	0012-19	1 Mar 19	28 Mar 18

## MEMORANDUM CIRCULARS

### NAME OF MICROFINANCE NGO

### CERTIFICATE OF ACCREDITATION NO.

### DATE OF ISSUANCE

### DATE OF PRIOR MNRC ACCREDITATION

### NAME OF MICROFINANCE NGO

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### DATE OF ISSUANCE

### DATE OF PRIOR MNRC ACCREDITATION

13. ARDCI MICROFINANCE, INCORPORATED	0013-19	21 Mar 19	28 Mar 18
14. BAYAN ENTERPRISE DEVELOPERS, GROWERS AND EVOLVERS-MICROFINANCE AND BUSINESS SERVICES, INC.	0014-19	21 Mar 19	28 Mar 18
15. ECLOF PHILIPPINES MICROFINANCE, INC.	0015-19	21 Mar 19	28 Mar 18
16. PAGASA NG MASANG PINOY MICROFINANCE INC.	0016-19	21 Mar 19	28 Mar 18
17. RAFI MICRO-FINANCE, INC.	0017-19	21 Mar 19	28 Mar 18
18. SERVIAMUS FOUNDATION INCORPORATED DOING BUSINESS UNDER THE NAME AND STYLE OF SERVIAMUS MICROFINANCE	0018-19	21 Mar 19	28 Mar 18
19. ST. ELIZABETH COMMUNITY DEVELOPMENT PROGRAM (SECDEP), INC. (A MICROFINANCE NGO)	0019-19	21 Mar 19	28 Mar 18
20. CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC. (A MICROFINANCE NGO)	0020-19	21 Mar 19	28 Mar 18

21. AHON SA HIRAP, INC. (A MICROFINANCE NGO)	0021-19	28 Mar 19	11 Jul 18
22. COMMUNITY ECONOMIC VENTURES, (A MICROFINANCE NGO) INC.	0022-19	28 Mar 19	28 Mar 18
23. KASANYANGAN CENTER FOR COMMUNITY DEVELOPMENT AND MICROFINANCE FOUNDATION, INC.	0023-19	28 Mar 19	28 Mar 18
24. NEGROS WOMEN FOR TOMORROW FOUNDATION, INC. (A MICROFINANCE NGO) DOING BUSINESS UNDER THE NAME/S AND STYLE/S OF NEGROS WOMEN FOR TOMORROW FOUNDATION, INC. OR NWTTF	0024-19	28 Mar 19	28 Mar 18
25. TAYTAY SA KAUSWAGAN (A MICROFINANCE NGO), INC.	0025-19	28 Mar 19	28 Mar 18
26. PEOPLE'S ALTERNATIVE LIVELIHOOD MICROFINANCE FOUNDATION OF SORSOGON (PALMFS), INC.	0026-19	15 May 19	28 Mar 18
27. TULAY SA PAG-UNLAD, INC. (A MICROFINANCE NGO)	0027-19	15 May 19	28 Mar 18
28. KATUWANG RESOURCE CENTER, INC. (A MICROFINANCE NGO)	0028-19	14 Jun 19	11 Jul 18
29. USWAG DEVELOPMENT FOUNDATION, INC. (A MICROFINANCE NGO)	0029-19	10 Dec 19	N/A



# MNRC LOGO



NATIONAL HISTORICAL COMMISSION  
OF THE PHILIPPINES



Recommending Approval:

*[Signature]*  
**DR. RENE R. ESCALANTE**  
Chairman

OFFICE OF THE PRESIDENT  
Approved by Authority of the  
Executive Secretary:

*[Signature]*  
**ATTY. MCJILL BRYANT T. FERNANDEZ**  
Deputy Executive Secretary  
for General Administration

Encl.: a/s

RE190884  
GGAD  
OFFICE OF THE PRESIDENT

Office of the President  
of the Philippines  
Malacañang



MAR 20 2019

**CHAIRPERSON RENE R. ESCALANTE**  
National Historical Commission of the Philippines  
Ermita, Manila

Dear Chairperson Escalante:

Transmitted herewith is the duly approved logo of the Microfinance NGO  
Regulatory Council.

For the Chairperson's appropriate action.

Vary truly yours,

*[Signature]*  
**MCJILL BRYANT T. FERNANDEZ**  
Deputy Executive Secretary  
for General Administration

On 20 March 2019, the Office of the President (OP) transmitted to the National Historical Commission of the Philippines (NHCP) the final approved logo of the MNRC. On 26 March 2019, the MNRC Secretariat secured from the NCHP the logo, duly signed by, and affixed with the dry seal of the OP.

## **MNRC INTERNAL GUIDELINES ON THE ATTENDANCE AND PARTICIPATION OF COUNCIL MEMBERS THROUGH VIDEOCONFERENCING, WEB CONFERENCING AND OTHER REMOTE OR ELECTRONIC MEANS AND THE MINIMUM ATTENDANCE REQUIREMENTS FOR PRIVATE SECTOR REPRESENTATIVES**

In view of the previous experiences of the Council in terms of having a quorum, a draft internal guidelines on the attendance and participation of Council Members through Teleconferencing, Web conferencing and Other Remote or Electronic Means was presented during its Twenty-first (21st) meeting held on 30 January 2019, subject to the review and comments of the Council members.

On 28 March 2019, during its Twenty-fourth (24th) MNRC meeting, the updated draft internal guidelines, reflecting the suggestions/comments of the members, was presented. The same draft was then approved by the Council, subject to a further revision of Section 3 with regard to the rules on attendance of private sector representatives.



During its Twenty-fifth (25th) meeting held on 15 May 2019, the revised draft was presented for the approval of the Council. There being no other comments in revised internal guidelines,, the Council resolved to adopt the MNRC Internal Guidelines No. 1, Series of 2019 entitled “Internal Guidelines on the Attendance Participation of Council Members Videoconferencing, Web conferencing and Other Remote or Electronic Means and the Minimum Requirements for Private Sector Representatives” in the conduct of future MNRC meetings.



# 2018 Annual Report

In compliance with Section 10 (g) of RA No. 10693, soft copies of the 2018 MNRC Annual Report were submitted to the OP and the offices of Senator Grace L. Poe (Chairperson of the Committee on Banks, Financial Institutions and Currencies), Sen. Juan Edgardo “Sonny” Angara (Chairperson of the Committee on Finance), Honorable Dale “Along” R. Malapitan (Chairperson on the Committee on Poverty Alleviation) and Hon. Junie E. Cua (Chairperson on the Committee on Banks and Financial Intermediaries) through a letter dated 13 December 2019.





# PILOT ON SITE EXAMINATION

In partnership with ADB, a team of MNRC examiners<sup>3</sup> conducted its first (1st) pilot onsite examination of SEDP-Simbag sa Pag-asenso, Inc. (“SEDP”) from 13 to 16 August 2019 in Legazpi City, Albay, upon approval by the Council during its meeting held on 17 July 2019.



*Preparation of the Examiners for the Onsite Examination*



*Pre-Audit Assessment and Interview*



*The MNRC Examiners evaluating SEDP's documents*



<sup>3</sup>The MNRC Examiners are composed of Dr. Ma. Piedad S. Geron of ADB; Ms. Anna Maria Alexa G. Ledesma and Mr. Vladimir B. Cabrera of the Department of Social Welfare and Development (“DSWD”); and Director Rachel Esther J. Gumtang-Remalante, Assistant Director Ryzpah R. Capicio, Assistant Director Miracle Anne D. Rodriguez, Atty. Dyan Marie A. Lucero, Ms. Shella May N. Silva, Mr. Lawrence C. Censon and Ms. Chelsea Mae A. Chincuanco of the MNRC Secretariat.



# PILOT ON SITE EXAMINATION



*Site visit in Daraga Pandan Center*



*Site visit in Daraga Branch*

The final audit report of the said examination was presented to the Council for its approval during the Twenty-ninth (29th) MNRC meeting held on 27 September 2019. Upon approval of the final onsite evaluation report, a letter regarding compliance with the provisions of Republic Act No. 10693, otherwise known as the Microfinance NGOs Act, and its Implementing Rules and Regulations dated 17 October 2019 was provided to SEDP.

In compliance with the said letter, SEDP sent an advance copy of the reply letter dated 14 November 2019 and its attached documents via email on 15 October 2019.



*Exit Interview between the MNRC Examiners and the SEDP's key officers and personnel*



## New Secretary of the MNRC



*Ryzpah R. Capicio*

Upon assumption of office as the Assistant Director of the SEC's Corporate Governance and Finance Department—Monitoring Division, Ms. Ryzpah R. Capicio became the Secretary of the MNRC Secretariat starting 17 July 2019.



## STANDARD CHART OF ACCOUNTS FOR MICROFINANCE NGOS

The fourth (4th) and fifth (5th) TWG meetings regarding the SCA for MF-NGOs were conducted in the Philippine Country Office of the ADB from 03 to 04 October 2019 to integrate the comments of the members and further amend the draft MC and SCA.

The SCA, as approved and attached to MNRC MC No. 2, Series of 2019, now includes the important accounts in the operation of MF-NGOs such as Loans Receivables – Microfinance, Microsavings, Capital Build-Up, Voluntary Savings, Accrued Interest – Micro Savings and Commission on Insurance.



*The members of the Technical Working Group discussing the draft Standard Chart of Accounts and Special Form for Financial Statements*

The SFFS for MF-NGOs in accordance with the said SCA was developed as a reportorial requirement for Accredited MF-NGOs and also attached to MNRC MC No. 2, Series of 2019.



*The members of the Technical Working Group for the Standard Chart of Accounts for Microfinance NGOs*



## NOMINATION OF PRIVATE SECTOR REPRESENTATIVES FOR THE YEARS 2020 – 2022

In view of the expiration of the three (3)-year term of the private sector representatives, pursuant to Section 9 of RA No. 10693 and Rule 3 (b) of its IRR, the permanent members of the Council (i.e. Chairperson of the Securities and Exchange Commission and representatives from the Department of Finance, Department of Trade and Industry and Department of Social Welfare and Development) conducted the vetting and selection of the MNRC Private Sector Representatives for the period 2020 to 2022 on 10 December 2019.

As a result, the following were selected as the 2020 to 2022 private sector representatives to the Council:

1. Fr. Jose Victor E. Lobrigo from SEDP-Simbag sa Pag-asenso, Inc.;
2. Mr. Angelo B. Solarte from Taytay sa Kauswagan (A Microfinance NGO), Inc.; and
3. Atty. Ibarra A. Malonzo from Kasanyangan Center for Community Development and Microfinance Foundation, Inc.



*2019 Nomination of Private sector Representatives*

The nomination process was conducted pursuant to Rule 3 (b) of the IRR of RA No. 10693. Three (3) microfinance networks, namely: (1) APPEND, Inc.; (2) Microfinance Council of the Philippines, Inc. ("MCPI"); and (3) Mindanao Microfinance Council, Inc. ("MMCI") submitted its nomination procedure before the Council, followed by the list of its nominees.



## MNRC MEETINGS HELD IN 2019

The Council held a total of ten (10) regular and two (2) special meetings in 2019. The meetings were held on:

- 30 January;
- 01 March;
- 21 March;
- 28 March;
- 15 May;
- 14 June;
- 17 July;
- 30 August;
- 27 September;
- 24 October;
- 19 November; and
- 10 December





## RESOURCE PERSONS IN SEMINARS/OUTREACH

1. **SEDP Leaders' Conference and Microfinance Forum held on 21 June 2019 in Legazpi City, Albay** – Atty. Rachel Esther J. Gumtang-Remalante was invited by SEDP-Simbag sa Pag-Asenso, Inc. to discuss the topic on “RA 10693: Responding to the Challenges in Microfinance Regulation”.
2. **Iloilo Seminar Orientation on SEC Updates held on 21 June 2019 at the Iloilo Convention Center, Iloilo City** – Atty. Dyan Marie A. Lucero was invited by the Philippine Institute of Certified Public Accounts to talk about the accreditation of MF-NGOs, pursuant to R.A. No. 10693 or the Microfinance NGOs Act.
3. **Seminar on SEC Updates held on 12 July 2019 at the Business Inn Hotel, Bacolod City** – Atty. Miracle Anne D. Rodriguez was invited by the Association of Certified Public Accountants in Public Practice to talk about the accreditation of MF-NGOs, pursuant to R.A. No. 10693 or the Microfinance NGOs Act.



## RESOURCE PERSONS IN SEMINARS/OUTREACH

4. **2019 Microfinance Council of the Philippines Inc. (MCPI) Annual Conference held on 24-26 July 2019 at the Manila Prince Hotel, Ermita, Manila** – The MNRC co-sponsored the 20th Annual Conference of the MCPI through the network's use of the MNRC logo and the provision of resource persons by the MNRC. Atty. Rachel Esther J. Gumtang-Remalante had an orientation for Microfinance NGOs on the Truth in Lending Act ("TILA") on 24 July 2019 during the MCPI's pre-conference event and Atty. Miracle Anne D. Rodriguez participated in the Coaching Session on MNRC Accreditation and BIR Compliance of the same event on 25 July 2019.



*Atty. Miracle Anne D. Rodriguez giving her presentation regarding MNRC Accreditation*



*Commissioner Kelvin Lester K. Lee of the Securities and Exchange Commission giving the Keynote Message on behalf of Chairperson Emilio B. Aquino*

5. **SEC-Corporate Governance and Finance Department's ("SEC-CGFD") Public Seminar for Microfinance NGOs held on 26 November 2019 at the PICC Complex, Pasay City** – Atty. Dyan Marie A. Lucero, Ms. Shella May N. Silva and Ms. Chelsea Mae A. Chincuanco conducted an orientation on R.A. No. 10693, or the Microfinance NGOs Act, its IRR, and the newly-issued MCs by the Council on different areas of compliance, i.e. TILA and SCA for MF-NGOs.



*Atty. Rachel Esther J. Gumtang-Remalante giving her presentation regarding the Truth in Lending Act ("TILA")*