

## **UPLAND MICROFINANCE TRUST FUND**

### **OPERATING GUIDELINES AND PROCEDURES**

#### **1. BACKGROUND**

1. These Operating Guidelines and Procedures constitute an Annex to and integral part of the Upland Microfinance Trust Fund (UMTF) Memorandum of Agreement signed on \_\_\_\_\_, 2005 by and between the Delegation of the European Commission to the Philippines (EC), the Department of Agriculture (DA), and the Peoples Credit & Finance Corporation (PCFC) and signed 'Conforme' by the Upland Development Programme for Southern Mindanao (UDP), and to the UMTF Trust Agreement signed by EC, DA, and the Land Bank of the Philippines (LANDBANK) Trust Banking Group (TBG).
2. PCFC currently operates a UDP-PCFC Special Financing Program (SFP) with similar objectives to the UMTF whose operations are covered by a Memorandum of Agreement dated 1 September 2003 and Implementing Guidelines updated in December 2004. This Program shall be wound up on completion of the signing of the UMTF Memorandum of Agreement and UMTF Trust Agreement, and its assets and liabilities transferred in the PCFC books of account to the UMTF account.
3. PCFC shall implement all UMTF loan disbursements and technical assistance to its accredited microfinance institutions (MFIs) based on two (2) interrelated credit sub-components: (a) the provision of investment loans to PCFC-accredited microfinance institutions (MFIs) for relending to targeted households in UDP areas; and (b) the financing of start-up capacity building activities and enhancement of the operational capabilities of MFIs to sustain the delivery of microfinance services in the uplands.
4. As a special feature, the UMTF Program will provide financial technology and support services (FTSS) grants to existing MFIs within the Program and in the future also to PCFC accredited MFIs willing to cover UDP targeted areas. Such FTSS grants shall be used to finance action research and consultancies geared to improving existing or developing new savings & loan products and any related training needs.

#### **2. GENERAL POLICY STATEMENT**

1. LANDBANK TBG shall be the Trustee for the UMTF and manage the investment of UMTF funds not used by PCFC for on-lending and capacity building.
2. PCFC shall be the administrator and manager for all UMTF investment & institutional lending and FTSS operations using sound financial management principles and undertaken through its accredited MFIs using the approved UMTF Operating Guidelines and Procedures herein to facilitate the continued and expanded servicing of MFIs operating in the municipalities covered by UDP in six (6) Southern Mindanao provinces namely: Davao del Norte, Compostela Valley, Davao Oriental, Davao del Sur, Sarangani and South Cotabato.

3. The target sub-borrowers or ultimate end-users of UMTF credit fund shall be upland households in the upland barangays of the covered municipalities in the six (6) UDP provinces in Southern Mindanao (See Appendix 1)

### **3. UMTF INVESTMENT & INSTITUTIONAL FINANCE**

1. PCFC shall close its UDP-PCFC Special Financing Program Trust Account within its books of account and deposit the balance in the UMTF Trust Account specified in the Trust Agreement.
2. The release of UMTF funds shall be market-driven, and be based on the MFI investment and institutional credit proposals approved by PCFC.
3. Credit funds shall be released by LANDBANK TBG to PCFC in line with UMTF Steering Committee approved Annual Workplans & Budgets (AWP&Bs) on receipt of written instructions from PCFC. PCFC shall promptly on-lend such credit finance.
4. Any funds remaining unlent three months after receipt from UMTF Trust Account shall be returned to LANDBANK TBG.

### **4. FINANCIAL TECHNOLOGY & SUPPORT SERVICES (FTSS) FINANCE**

MFI in the Philippines are continually reviewing the validities of their savings and loans products to the needs of their clients and updating their services. Such change cannot be attempted without incurring additional costs. FTSS funds shall be available for this purpose.

FTSS funds uses shall include but not be limited to financing action research and consultancies and related training to be undertaken by independent or company service providers. Outline proposals for FTSS use shall be prepared by PCFC and included in UMTF Annual Workplans & Budgets. Detailed proposals for individual MFIs shall submitted to the Steering Committee for final approval

### **5. PCFC REMUNERATION FOR UMTF SERVICES**

Interest and service fees charged by PCFC on UMTF loans to MFIs shall be at the prevailing PCFC rates. (Investment Loans currently 12% per annum interest plus 1% per annum service fee.) Interest earnings generated from Investment loans shall be allocated as follows:

- (a) 4% for the build up of the UMTF-FTSS Fund to be paid into the UMTF-FTSS Sub-Account at LANDBANK TBG ;
- (b) 3% for a UDTF Loan Loss Reserve to be paid into the UMTF Account; and
- (c) the balance (currently 5% per annum) to PCFC to cover UMTF-related lending costs.

PCFC shall inform LANDBANK TBG of the content of each payment made into UMTF accounts specifying the amounts of repaid loan principal, UMTF-FTSS and UMTF Loan Loss Reserve.

PCFC shall have sole entitlement to service fees and bear no UMTF credit risks

Interest charged by PCFC on institutional loans (currently 3% per annum) and service fees (currently 1% per annum) shall all accrue to PCFC.

## **6 LENDING POLICIES AND GUIDELINES**

### **6.1 Basic Terms and Conditions**

#### **Investment Credit Line**

Interest Rate	12% per annum
Service Charge	1% per annum
Penalty	24% per annum
Availment Period	1 year
Max. Loan Amount	Based on evaluation
Mode of Payment	Quarterly
Loan Term	Max. of 4 years
Security Requirements	Assignment of End- Borrower Promissory Notes, Post-dated checks

All loans in excess of Php 5M shall be referred to the Steering Committee for approval.

#### **Institutional Credit Line**

Interest Rate	3% per annum
Service Charge	1% per annum
Penalty	24% per annum
Availment Period	1 year
Max. Credit Line	in line with PCFC policies
Mode of Payment	Quarterly
Loan Term	Based on type of asset or service
Security Requirements	Deed of Chattel Mortgage on assets funded by the Institutional Credit, Post-dated checks

All loans in excess of Php 5M shall be referred to the Steering Committee for approval.

### **6.2 Eligibility of UMTF Borrowers**

The following MFIs shall be eligible to receive credit assistance under the UMTF Program:

- a) Rural banks, cooperatives and people's organizations operating in the UDP areas that have passed the organizational and financial criteria of PCFC for accreditation (See Appendix 2); and
- b) PCFC-accredited rural banks, cooperatives and people's organizations willing to expand microfinance services in the UDP areas

### **6.3 Qualifying Loan Purposes**

#### **Investment Credit**

The projects to be funded by the participating MFIs shall depend upon the needs and capabilities of the end-borrower. The end-borrowers shall decide on the type of project to be undertaken with the MFIs advising them on the viability of the project. The end-borrower's projects must be:

- a) Viable with a ready market for the product or service

- b) Able to generate income for the clients within a short period of time
- c) Within the capability of the clients to manage
- d) Able to generate savings for the clients
- e) Be in compliance with all government rules and regulations particularly environmental.

**Institutional Credit**

Funds shall be lent out under the existing PCFC criteria to support start-up costs of participating MFIs that may require additional institutional credit to enable them to expand their microfinance services in the UDP areas. The amount of loan to be provided per MFI shall be based on the requirements of the applicant and the limits set out in the Annual Workplan & Budget.

**6.4 Documentary Requirements**

- a) Loan Agreement
- b) Promissory Note
- c) Disclosure Statement
- d) Deed of Chattel Mortgage / Post-dated checks
- e) Such other documentary requirements as may be required by PCFC

**7. PROGRAM MANAGEMENT**

- 1. An Upland Microfinance Trust Fund Steering Committee (“the Steering Committee”) formed to oversee all Trust Fund planning and implementation and supervise UMTF operations. PCFC shall manage all UMTF credit and FTSS operations and report directly to the Steering Committee. The composition of the Steering Committee shall be:

EC Representative (Operations Section)	Co-Chairperson
PCFC Vice President for Operations (or Treasury)	Co-Chairperson
EC Representative (Contracts & Finance Section)	Member
DA Representative (Agricultural Credit Policy Council) Executive Director ACPC	Member
DA Representative (Chief, Legal Division)	Member
UDP National Co-Director	Member
UDP European Co-Director	Member

PCFC Team Head for Mindanao

Member/Secretary

2. Co-Chairpersons and Members of the Steering Committee shall nominate alternates to serve as their representatives if required. PCFC shall assign support staff to attend Steering Committee meetings as non-voting participants.
3. ACPC shall provide secretarial services to the Steering Committee.
4. The mandate of the Steering Committee is to oversee the operations of the Trust Fund with the LANDBANK TBG and the PCFC implementation team itself. The Steering Committee shall solicit the participation of EC, DA, and the concerned PCFC administrators in making decisions especially on major policy matters that pertain to changes in operating guidelines & procedures and approval of Annual Workplans and Budgets. Decisions in such matters need to be endorsed by the Trustors, EC and DA and if need be by PCFC as the party signing the MOA controlling the Trust Fund. Any dissenting opinions of any of the aforesaid partners shall constitute no decision. Minor policy matters (e.g. realignment of funds, administrative concerns etc.) shall be resolved by simple majority vote.

## **8. DELINEATION OF ROLES AND RESPONSIBILITIES**

### **8.1 The Steering Committee shall:**

1. Instruct UDP to transfer funds from the UDP Budget to the UMTF Trust Fund Account at LANDBANK TBG and facilitate the release of UMTF-sourced funds to PCFC in line with Annual Workplan & Budgets and Quarterly Budgets prepared by PCFC and approved by it;
2. Jointly identify with PCFC the target barangays/municipalities to be covered on an annual basis;
3. Assist PCFC in the identification of potential target MFI within the UDP area of coverage to undergo further institutional strengthening;
4. Oversee UMTF Program implementation;
5. Conduct progress monitoring and semestral and/or annual assessment of the UMTF Program as implemented by PCFC-accredited MFIs;
6. Approve loan proposals above Php 5 million, and
7. Introduce policy changes as the conditions warrant.

### **8.2 PCFC shall:**

1. Act as Administrator of UMTF funds released to it from LANDBANK TBG;
2. Evaluate target outreach, loan releases and portfolio quality indicators as contained in business plans prepared by MFIs;

3. Ensure that the MFIs qualified to receive investment and/or institutional loans and FTSS grants shall cover borrowers within the targeted UDP areas;
4. Prepare UMTF Annual Workplans & Budgets and Quarterly Budgets for approval by the Steering Committee.
5. Evaluate and approve loan applications for investment and/or institutional loans, release funds to MFIs, collect and revert loan collections to the UMTF Trust Account;
6. Evaluate and approve all MFI applications for FTSS assistance, release funds to MFIs and supervise all FTSS-funded activities
7. Submit updated quarterly estimates to the Steering Committee of expected releases of UMTF funds;
8. Maintain separate general ledger accounts, subsidiary ledgers and records of UMTF funds and prepare/submit quarterly UMTF and Program status reports and other reports as required by the Steering Committee.
9. Allow EC- and/or DA-nominated auditors to inspect UMTF records and accounts.
10. Monitor project operations and loan performance of the MFI end-borrowers and evaluate the effectiveness and efficiency of fund utilization and project performance.

**8.3 PCFC-accredited Microfinance Institutions handling UMTF funds shall:**

1. Extend loans to targeted end-clients in UDP covered municipalities using UMTF loan funds availed from PCFC;
2. Submit UMTF program status reports in line with PCFC requirements;
3. Handle day-to-day operations/provision of microfinance services to UDP targeted areas.
4. Maintain separate general ledger accounts, subsidiary ledgers and records of UMTF funds and prepare/submit quarterly UMTF and Program status reports and other reports as required by the PCFC.
5. Allow EC- and/or DA-nominated auditors to inspect UMTF records and accounts

**9. PROCEDURES FOR CREDIT LOAN AVAILMENT, COLLECTION AND MONITORING**

<b>ACTIVITY</b>
<b>A. INVESTMENT CREDIT</b>
a. MFI generates loan applications and proposals from potential borrowers;
b. MFI evaluates proposals/business plans of end-borrowers based on its existing selection criteria and policies, systems and procedures;
c. MFI submits loan application to PCFC;
d. PCFC notifies qualified MFIs of approved application for investment credit and prepares loan agreement;
e. PCFC discusses specific terms and conditions and detailed provisions of loan documents and their implications with MFI;

f. MFI discusses MFI client borrower terms and conditions with loan applicants;
g. MFI informs qualified borrowers of loan approvals;
h. MFI clients accomplish pre-release requirements;
i. MFI accomplishes pre-release requirements;
j. PCFC releases loans to MFIs based on financial plans contained in the proposal
k. MFI releases funds to end-borrowers based on financial requirements of approved proposal;
l. PCFC monitors implementation of approved end-borrower projects. PCFC on a sampling basis may check on the individual borrowers' projects;
m. MFI collects loan payments based on existing loan terms and existing collection procedures;
n. MFI applies existing policies in case of default of borrowers;
o. PCFC receives MFI payments and reverts loan collections net of PCFC share to the UMTF Trust Account in the following order: i) service fee for PCFC; ii) interest charges, 3% for UMTF loan loss provision, and 4% for UMTF FTSS; iii) principal to UMTF Trust Account;
p. PCFC prepares and submits quarterly fund status report to the Steering Committee including list of approved projects and borrowers, dates of fund releases, loan maturities, status of loan repayments and Trust Fund balance.

<b>B. INSTITUTIONAL CREDIT</b>
a. MFI submits documents required by PCFC for evaluation;
b. PCFC screens proponent's qualifications based on existing criteria and guidelines, and reviews completeness of documents/requirements. If documents are found incomplete, they are returned to the proponent;
c. PCFC approves compliant and viable loan application. Loans above Php 5 million must be approved by the Steering Committee;
d. PCFC notifies qualified MFIs of loan approval and prepares loan agreement;
e. PCFC discusses specific terms and conditions and detailed provisions of loan documents and their implications;
f. MFI accomplishes pre-release requirements;
g. PCFC releases loans based on financial plans contained in the proposal;
h. PCFC monitors MFIs' operations through monthly reports & quarterly visits;
i. PCFC collects loan payments based on existing procedures;
j. PCFC receives payments and reverts loan collections net of PCFC share to UMTF Trust Account;
k. PCFC prepares and submits quarterly fund status report to the Steering Committee including list of approved MFIs, dates of fund releases, loan maturities, status of loan repayments and Trust Fund balance.

<b>C. FINANCIAL TECHNOLOGY AND SUPPORT SERVICES (FTSS)</b>
All uses of FTSS funds to be approved on an individual institution basis by the Steering Committee.

## APPENDIX 1: UDP-ASSISTED BARANGAYS

Province/ Municipality	1st Brgy/Sitios	2nd Brgy/Sitios	3rd Brgy/Sitios	4th Brgy/Sitios
1. COMVAL				
1.1 LAAK	1. Kilagding 1.1 Malig-ot 1.2 Pigayunan  1.3 Pigcamagan 1.4 Tenoblag	2. Longanapan 2.1 Agbayon 2.2 Centro (P-3) (Pigkutaan) 2.3 Purok 8 (Sentro) 2.4 Purok 9 (Bitaugan)	3. Langtud 3.1 Hinagdanan 3.2 Mahayahay  3.3 Linumbaan 3.4 Patong	4. Kibaguio 4.1 Aniptan 4.2 Mekaglas  4.3 Sawagan 4.4 Inuod
1.2 MARAGUSAN	1. Pamintaran 1.1 Durian  1.2 Gemelina  1.3 Kape 1.4 New Sibonga	2. Cambagang 2.1 Nangka (Baraisan) 2.2 Sunkist  2.3 Caimito 2.4 Santol	3. Katipunan 3.1 Buladan  3.2 Sitio Sentro (Mauswagon) 3.3 Magcawayan 3.4 Luzviminda	4. New Manay 4.1 Cambagang  4.2 Purok 2 (Sentro)  4.3 Purok 5 4.4 Purok 6
1.3 MACO	1. Mapaang 1.1 Purok 1 1.2 Purok 2 1.3 Purok 3 1.4 Purok 4/5	2. Manipungol 2.1 Patari 2.2 Bisaya (Sentro) 2.3 Purok 3 (Babasal) 2.4 Purok 12 (Bombil)	3. Malamodao 3.1 Purok 1 & 2 3.2 Purok 3 3.3 Purok 4 & 5 3.4 Purok 6	4. Elizalde 4.1 Purok 1 4.2 Purok 2 4.3 Purok 3 & 5 4.4 Purok 4a & 4b
1.4 MABINI	1. Cabuyuan 1.1 Bonglas 1.2 Magpalusong 1.3 Pagsila-an 1.4 Patawon	2. Libudon 2.1 Libudon (Sentro) 2.2 Banlod 2.3 Baganban 2.4 Tagodyong	3. Manasa 3.1 Sitio Manasa 1-b 3.2 Mahayahay 3.3 Thru-cut 3.4 Sampaguita	4. Pangibiran 4.1 Purok 1 4.2 Purok 4 4.3 Purok 7 (Anahaw) 4.4 Purok 8 (Ilang-ilang)
1.5 NEW BATAAN	1. Andap 1.1 Libuton 1.2 Pagsilaan 1.3 Mamada	2. Cabinuangan 2.1 Purok 2 2.2 Purok 9 2.3 Purok 10 2.4 Purok 11	3. San Roque 3.1 Purok 3 3.2 Purok 3a 3.3 Purok 3b 3.4 Purok 3c	4. Fatima 4.1 Purok 1 4.2 Purok 2 4.3 Purok 3 4.4 Purok 4&5
1.6 PANTUKAN	1. Napnapan 1.1 Lantawan  1.2 Piasusuan 1.3 Pulang Lupa  1.4 Tagpagara	2. Kingking 2.1 Marabega  2.2 Camili 2.3 Maguiwawa  2.4 Sinipitan	3. Tibagon 3.1 Purok 8 (Kabahan) 3.2 Purok 9 (Kadapa) 3.3 Purok 10 (Patawon) 3.4 Purok 11 (Pasdan)	4. Magnaga 4.1 Talabognoyan  4.2 Ta-ngo 4.3 Kan-ugis  4.4 Kapayawan
1.7 NABUNTURAN	1. San Isidro 1.1 Purok 1 1.2 Purok 2 1.3 Purok 3 1.4 Purok 4 1.5 Purok 5 1.6 Purok 6			
2. DAVAO ORIENTAL				
2.1 BAGANGA	1. Mahan-ob 1.1 Bisaya 1.2 Kasunugan 1.3 Kaputian 1.4 Macopa	2. Mikit 2.1 Magtunod 2.2 Danao 2.3 U. Markis	3. Campawan 3.1 Patong 3.2 San Francisco 3.3 Heni 3.4 Mabacog	4. Binondo 4.1 Matanog 4.2 Maribujok 4.3 Bugak 4.4 Binondo Proper
2.2 BANAY-BANAY	1. Pintatagan 1.1 Purok 2 1.2 Purok 7 1.3 Purok 8	2. Mahayag 2.1 Simsimin 2.2 Kawitan 2.3 Maitum	3. Causwagan 3.1 Zion 3.2 Buhangin 3.3 Mabuhay	4. Panikian 4.1 Sta. Cruz 4.2 San Vicente 4.3 San Roque



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2.3 CARAGA

1. P.M. Sobrecarey	2. San Pedro	3. Alvar	4. Palma Gil
1.1 Binaton	2.1 Batiano	3.1 Kalachuchi	4.1 Bantulinao
1.2 Lanzones (Pob)	2.2 Diat	3.2 Malipayon	4.2 Puhagan
1.3 Palo 4	2.3 Bito (Sugabao)	3.3 Mabilis	4.3 Lahi
1.4 Tagbanahao	2.4 Bowa	3.4 Sampaguita	4.4 Poblacion

2.4 CATEEL

1. Aragon	2. Abejod	3. Taytayan	4. San Antonio
1.1 Hulid	2.1 Magobahong	3.1 Bayong	4.1 L. Cangahan
1.2 Lamyawan/Pugad ng Has	2.2 Cawa	3.2 Yapsay	4.2 U. Canangahan
1.3 Mahu	2.3 Dasubo	3.3 Caidian	4.3 Majog
1.4 Touwan			4.4 Maite

2.5 LUPON

1. Don Mariano Marcos	2. Calapagan	3. Marayag	4. San Isidro
1.1 Malig	2.1 Centro 1	3.1 Buhangin	4.1 Riverside
1.2 Mangol	2.2 Maraganda	3.2 Lagkawan	4.2 L. Katuanon
1.3 San Jose	2.3 U-Carinan	3.3 DCS (Daticor Camp Site)	4.3 Banikanhon
	2.4 Mabuhay		4.4 Centro

2.6 MANAY

1. Del Pilar	2. Cayawan	3. San Fermin	4. Guza
1.1 Balinaonao	2.1 Buhanginan	3.1 Caipoc	4.1 Tagaluwa
1.2 Calundan	2.2 Qiawasan	3.2 Luyao	4.2 Sinuatan
1.3 Mahan-ob	2.3 Peña	3.3 U. Fatima	4.3 Balimbingan
1.4 Anayo-an	2.4 Bagsak	3.4 L. Fatima	4.4 Kasunungan

2.7 MATI

1. Sainz	2. Taguibo	3. Culian	4. Sanghai
1.1 Binagyuhan	2.1 Tawas	3.1 Macopa	4.1 Tambuangan
1.2 Cuabo	2.2 Binaroto	3.2 L. Culian	4.2 Kalasagan
1.3 Licop	2.3 Hagdan	3.3 Malagapas	4.3 Licopon 1
1.4 Magpikit/Aneslag	2.4 Basakan	3.4 Bagong Buhay	4.4 Licopon 2

2.8 SAN ISIDRO

1. Santo Rosario	2. San Miguel	3. Maag	4. Lapu-lapu
1.1 Kabucanan	2.1 Paluhan	3.1 Kalinisan	4.1 Mantagbac
1.2 Dungga	2.2 Mahogany	3.2 Candiis	4.2 Centro
1.3 Haguimitan	2.3 Lower Biao (Bacong)	3.3 Kape	4.3 Sto. Niño
1.4 Waterfall	2.4 Durian	3.4 Bugak	4.4 Calubihan

2.9 TARRAGONA

1. Tubaon	2. Maganda	3. Limot	4. Ompao
1.1 Guibaan	2.1 Maganda Proper	3.1 Butog	4.1 Daruhan
1.2 Madian	2.2 Macopa	3.2 Homestead	4.2 Centro
1.3 Maitum	2.3 Sambanganan 1	3.3 Purok 1	4.3 Bagong Silang
1.4 Ugbo	2.4 Sambanganan 2	3.4 Panginin	4.4 Bulong bulong

3. DAVAO DEL SUR

3.1 DON MARCELINO

1. Dalupan	2. Lapuan	3. Mabuhay	4. West Lamidan
1.1 Kalabunay	2.1 Kabasagan	3.1 Lalang	4.1 Kioto
1.2 Konalom	2.2 San Malbino	3.2 Tugis	4.2 Knelet
1.3 Lagasawan	2.3 Mitutang	3.3 Agsam	4.3 Glamang
1.4 Miago		3.4 Manga	4.4 Kamansi

3.2 JOSE ABAD SANTOS

1. Caburan Big	2. Caburan Small	3. Marabatuan	4. Culaman
1.1 Anay	2.1 Pigbaloyan	3.1 Kiowak	4.1 Mangga
1.2 Lumbia	2.2 Lingkasa	3.2 Kibanuot	4.2 Malpaya
1.3 Piglusongan	2.3 Salugsog	3.3 Sibulan	4.3 Malimao
1.4 Sugong	2.4 Agdao	3.4 Kinabang	4.4 Mabuaya

3.3 MAGSAYSAY

1. Tagaytay	2. Maibo	3. Tacul	4. Upper Bala
1.1 U. Asbangkilok	2.1 Gambin	3.1 Laya	4.1 Kabuhuan
1.2 Bakilid	2.2 Albatana	3.2 Siogun	4.2 Labidangan
1.3 Lamasnap	2.3 Centro	3.3 Bomba	4.3 Belen
1.4 Talusob	2.4 Maguling	3.4 Santol	4.4 Laniog

Expanded Barangays of Magsaysay

5. San Miguel	6. Bacungan	7. Balnate	8. Malawanit
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	5.1 Sentro	6.1 Center	7.1 Sentro	8.1 Purok 4
	5.2 Bila	6.2 Asbangilok	7.2 Asinan	8.2 Purok 5
	5.3 Acasia	6.3 Sitio Danol	7.3 Turan	8.3 Purok 6
		6.3 Lower		
	5.4 Makabulos	Asbangilok	7.4 Asbang Nupol	8.4 Purok 7
3.4 MALALAG	1. Pitu	2. Ibo	3. Tagansuli	4. Bolton
	1.1 Balantakonon	2.1 Kakulo	3.1 San Miguel	4.1 U. Tinagtagan
	1.2 Banayaw	2.2 Tinagtagan	3.2 Sta. Catalina	4.2 Baluyan
	1.3 Iyog	2.3 Katurse	3.3 Baluyan	
	1.4 Palang			
3.5 MALITA	1. Demoloc	2. Pinalpalan	3. Kilalag	4. Datu Danwata
	1.1 Aglaongan	2.1 Biao	3.1 Kulog	4.1 Malandog
	1.2 Bagtok	2.2 Malumay	3.2 Maylaya	4.2 Kalamagan
	1.3 Kisoksok	2.3 Maylom	3.3 Kitulale	4.3 Manugga
	1.4 Kisongot	2.4 Pulapula	3.4 Mahayahay	4.4 Agik-ik
		2.5 Lublub		
3.6 STA. CRUZ	1. Coronon	2. Zone II	3. Saliducon	4. Sibulan
	1.1 Langan	2.1 Loay	3.1 U. Saliducon	4.1 Tabog
	1.2 Quibrangan	2.2 Dioloy	3.2 Ripara	4.2 Gurem
		2.3 Balalan-	3.3 Tibaol	
		Lipantud		
4. SARANGANI				
4.1 GLAN	1. Sufatubo	2. New Aklan	3. Laguimit	4. Rio del Pilar
	1.1 Abgangbato	2.1 Dataldap	3.1 Paco-Mahayahay	4.1 Sentro
	1.2 Campao	2.2 Surang	3.2 Mabisa	4.2 New Alegria
	1.3 Patban	2.3 Proper-Ligaya	3.3 New Malungon	4.3 Waay
	1.4 Sangkayao			
	1.5 Datalbulol			
4.2 KIAMBA	1. Maligang	2. Gasi	3. Tablao	4. Nalus
	1.1 Kalagot	2.1 Kawayan	3.1 Banawag	4.1 Tabotong
	1.2 Malayo-Badyang	2.2 Salvan	3.2 Madfok	4.2 Bocay-el/Matalam
	1.3 Centro	2.3 Lao		
		2.4 Kapanal		
4.3 MAASIM	1. Amsipit	2. Kablacan	3. Nomoh	4. Amsipit B
	1.1 Proper-Ibang	2.1 Datal Basak	3.1 Datalhofo	4.1 Blat
	1.2 Kyumad	2.2 Langaran	3.2 Malaklung	4.2 Bonge
	1.3 Tahakayo	2.3 Matbal	3.3 Maknit	4.3 Lam-alit
			3.4 Motoladal	4.4 Lamlabong
			3.5 Purok 4	
4.4 MAITUM	1. Zion	2. New La Union	3. Upo	
	1.1 Kalalang	2.1 Itis	3.1 Sugpang	
	1.2 Kambuakay	2.2 Tabilang	3.2 Badak/Labudog	
	1.3 Kefyawe	2.3 Ibang	3.3 Lamfong	
	1.4 Lagandang	2.4 Lampitok-		
		kamaas		
4.5 MALAPATAN	1. Kinam	2. Daan Suyan	3. Kihan	4. Libi
	1.1 Akbungkod	2.1 K'Maging	3.1 Banlas	4.1 Rancho
	1.2 Kiompo	2.2 Panwan	3.2 Kyondog	4.2 Colambog
	1.3 Kitulag	2.3 Abcong-an-Alkilan	3.3 Amlitos	
			3.4 Limbunga	
4.6 MALUNGON	1. Upper Lumabat	2. Panamin	3. San Juan	4. Kinabalan
	1.1 Inumpa-an-Propor	2.1 Manipis	3.1 Maynala	4.1 Mahayahay-Sto. Niño
	1.2 Katipunan	2.2 Proper	3.2 Ellian	4.2 Landayan
	1.3 Pagalangan	2.3 Manambay-Liyang	3.3 Malaygang	4.3 L. Kinabalan
	1.4 Tipak	2.4 Maylaya	3.4 Proper	4.4 Proper
	1.5 Proper			
5. SOUTH COTABATO				
5.1 TAMPAKAN				

	1. Palo 19	2. Buto	3. Albagan	4. Lampitak
	1.1 Bong Lawaan	2.1 Basak	3.1 Visminsue	4.1 Lambato
	1.2 Garciano	2.2 Barak	3.2 Supo-Haguimit	4.2 Nabol
	1.3 Purok 3	2.3 Admol	3.3 Dahlia-Katipunan	4.3 Gemelina
	1.4 Upper Balisan	2.4 San Roque	3.4 Mabalo	4.4 Tapikong
	1.5 Purok 1& 2			
5.2 TANTANGAN				
	1. Dumadalig	2. Poblacion	3. Maibo	4. Magon
	1.1 El Naf	2.1 Tanging	3.1 Paghidaet	4.1 Tacub
	1.2 Lower Matimos	2.2 Barak	3.2 Paglaum	4.2 Malbog
	1.3 Upper Matimos	2.3 Kedog		
	1.4 Purok 6	2.4 Ferduan		
5.3 TUPI				
	1. Kablon	2. Acmonan	3. Linan	4. Miasong
	1.1 Datal Ngisi	2.1 Leing	3.1 U-Linan	4.1 Katipunan
	1.2 Eil Blel	2.2 Datalta	3.2 Fortuna	4.2 Aquino-Magulo
	1.3 Glandang	2.3 Kapok		4.3 Labtung
	1.4 Latil	2.4 Tinago		
	1.5 Palo 3			
6. DAVAO DEL NORTE				
6.1 ASUNCION				
	1. Mamangan			
6.2 CARMEN				
	1. Tibolao			
6.3 KAPALONG				
	1. Dacudao			

**APPENDIX 2:**

**PEOPLE'S CREDIT AND FINANCE CORPORATION  
REVISED ACCREDITATION CRITERIA**

(Approved Under Board of Directors' Resolution # 2005-25 dated April 19, 2005)

Indicator	Accreditation Criteria	
	New Accreditation	Renewal/Increase in Line
<b>I. Institutional Criteria</b>		
a. Legal Personality	Duly registered	Same
b. Track Record	3 years lending experience of the institution	Same
c. Board of Directors	Competent and qualified as Director under the law and pertinent regulations	Same
d. Core Management Team	1. Full-time Program Manager, Project/Loan Officer & Bookkeeper 2. Internal Audit Unit for P10Mn& above portfolio; 3. Branch/Project Supervisor for every 6-10 Project/Loan Officers 4. Area Supervisor for every 5-8 branches	1. Full-time Program Manager and support staff for microfinance operation 2. Internal Audit Unit for P10Mn& above portfolio; 3. Branch/Project Supervisor for every 6-10 Project/Loan Officers 4. Area Supervisor for every 5-8 branches
e. Specialized Lending Group	Willing to put up a separate unit for the program with full-time staff	Existence of separate unit for the program with full-time staff
f. Staff Development	Presence of staff development program	Presence of continuous staff development program
g. Staff Requirement	Basic credit & financial management	Basic credit & financial management
h. Operating Systems	Presence of MIS, Accounting, Internal Control Systems	Presence of MIS, Accounting, Internal Control Systems
i. Results of CI/BI	No adverse findings	No adverse findings
j. Audit results	No major adverse findings	1. No major adverse findings; 2. PCFC SCALE rating of at least 70% <b>and/or</b> BSP's CAMELS rating of at least 3 per latest audit
k. Credit Handling	No past due loans with existing credit lines	No past due loans with existing credit lines
<b>I. Financial Criteria</b>		
a. Total Resources	At least Php 5M	No deterioration in resources compared to balances as of last approval
b. Net Worth/ Fund Balance	At least Php 2M	No deterioration in net worth compared to balances as of last approval

c. Leverage		
Capital/Fund Balance to Risk Asset Ratio (CRAR)	At least 10% after PCFC & other creditors	At least 10% after PCFC & other creditors
Bills Payable to Total Liabilities	Not to exceed 80%	Not to exceed 70%
d. Profitability		
Net Income	Profitable for the last 3 years	Profitable for the last 3 years for over-all; profitable in micro after 3 years

Indicator	Accreditation Criteria	
	New Accreditation	Renewal / Increase in Credit Line
<b>III. Lending and Microfinance Operations</b>		
a. Outreach		
Cooperatives/ Banks	At least 500 existing borrowers	Attainment of targeted outreach in the last CFP approval
NGOs	At least 1,000 existing microfinance borrowers	
b. Savings Mobilization	Presence of savings mobilization program	Continuing growth in savings accounts from microfinance clientele
c. Portfolio Quality		
1. Past Due Rate	<u>Overall</u> Not more than 15% net of valuation reserves for over-all operations	<u>Overall</u> Not more than 15% net of valuation reserves for over-all operations
2. Portfolio at Risk Ratio (PAR 30) - Microfinance	Not more than 10% net of valuation reserves	Not more than 5% net of valuation reserves
d. Collection Rate		
Overall	At least 85%	At least 85%
PCFC Program	-	At least 95%