

MFI Selection Criteria

The third phase of the TA will involve mentoring and training of MFIs selected from those that were covered during the survey. Around 54 MFIs were covered in the survey. From this, 10 shall be selected for mentoring.

The following shall be the proposed selection criteria:

1. Potential for Outreach. The MFI should exhibit strong potential for reaching increasing number of clients in frontier areas. An indication of this include:
 - a. Current quality of outreach
 - b. Expressed commitment to serve the hard to reach areas
 - c. Presence of business plan
 - d. Current level of outreach should be within range of 5,000 to 6,000 clients
2. Governance. The MFI should have, in place a policy-making body and the organization has well defined management structure that cut and define levels of authority and scope of responsibilities.
 - a. Should have active board
 - b. Should have a system for board succession and tenure
 - c. Well defined management structure and organizational set-up
3. Portfolio Quality. To sustain outreach it is important that the MFI keeps a healthy portfolio.
 - a. No history of serious repayment problem for the past two years of operation
 - b. Should have a system for effective client monitoring
 - c. Should have in place a system for instilling client discipline
 - d. Should have a system for monitoring regularly quality of its loan portfolio.

Suggested Weights for the Simplified Selection Criteria:

PORTFOLIO QUALITY		30
1. PAR (6-25%)	20	
5 and less	0	
6-10%	20	
11-25%	15	
26% and above	0	
2. MIS	10	
With Business Plan	10	
None	0	
POTENTIAL FOR OUTREACH		30
1. Present Borrowers (1,000 – 3,000)	10	
a. Below 1000	0	
b. 1000-2000	10	
c. 2001-3000	10	
d. 3001-4000	5	
e. 4001-5000	5	
f. above 5000	0	
2. Present Savers (1,000 – 3,000)	10	
a. Below 1000	0	
b. 1000-2000	10	
c. 2001-3000	10	
d. 3001-4000	5	
e. 4001-5000	5	
f. above 5000	0	
3. Presence of Business Plan	10	
GOVERNANCE		40
1. Presence of BOD	7	
With BOD	7	
None	0	
2. Frequency of meetings of BOD	15	

	a. 24 times	15	
	b. 12	10	
	c. 6	8	
	d. 4	6	
	e. 2	4	
	f. 1	2	
	g. 0	0	
3.	Presence of Audit Comm		3
	With Audit Comm	3	
	None	0	
4.	Frequency of meetings of Audit Comm		3
	a. 12	3	
	b. 8	2.5	
	c. 6	2	
	d. 4	1.5	
	e. 2	1.5	
	f. 1	1	
	g. as need arise	1	
	h. 0	0	
5.	Presence of Risk Management Comm		3
	With Risk Management Comm	3	
	None	0	
6.	Frequency of meetings of Risk Management Comm		3
	a. 12	3	
	b. 6	2	
	c. 4	1.5	
	d. 2	1.5	
	e. 1	1	
	f. as need arise	1	
	g. 0	0	
7.	Presence of Governance Comm		3
	With Governance Comm	3	
	None	0	
8.	Frequency of meetings of Governance Comm		3
	a. 12	3	
	b. 6	2	
	c. 4	1.5	
	d. 2	1.5	
	e. 1	1	
	f. as need arise	1	
	g. 0	0	

TOTAL

100

LUZON

	PORTFOLIO QUALITY		POTENTIAL FOR OUTREACH			GOVERNANCE						Governance	Frequency of Meetings	Total Score
	PAR	MIS	Present Borrowers	Present Savers	Business Plan	BOD	Frequency of Meetings	Audit	Frequency of Meetings	Risk Management	Frequency of Meetings			
Basud	26% & above	Yes	2325	2325	Written	Yes	24 times	None	-	None	-	None	-	
Sinpangabong	11-25%	Yes	3001 – 4000	3001 – 4000	Written	Yes	12	Yes	12 times	None	-	None	-	
St. Vincent	11-25%	Yes	2001 – 3000	1000 – 2000	Written	Yes	12	None	-	None	-	None	-	
Tam-an	26% & above	Yes	4001 - 5000	Above 5000	None	Yes	12	Yes	4	None	-	None	-	

VISAYAS

	PORTFOLIO QUALITY		POTENTIAL FOR OUTREACH			GOVERNANCE						Governance	Frequency of Meetings	Total Score
	PAR	MIS	Present Borrowers	Present Savers	Business Plan	BOD	Frequency of Meetings	Audit	Frequency of Meetings	Risk Management	Frequency of Meetings			
FCB Inc.	6-10%	Yes	Above 5000	Above 5000	Written	Yes	12 times	None	-	None	-	None	-	
LifeBank Found.		Yes	Above 5000	Above 5000	Written	Yes	12	None	-	None	-	None	-	
Lihok sa Kauswagan		Yes	2001-3000	2001-3000	Written	Yes	1	None	-	None	-	None	-	
NWTF	6-10%	Yes	Above 5000	Above 5000	Written	Yes	4	Yes	12	None	-	None	-	
SEKAP	26% & above	Yes	1000-2000	1000-2000	Written	Yes	2	None	-	None	-	None	-	
SACRED	11-25%	Yes	3001-4000	3001-4000	Written	Yes	12	No	-	Yes	8	No	No	

MINDANAO

	PORTFOLIO QUALITY		POTENTIAL FOR OUTREACH			GOVERNANCE						Governance	Frequency of Meetings	Total Score
	PAR	MIS	Present Borrowers	Present Savers	Business Plan	BOD	Frequency of Meetings	Audit	Frequency of Meetings	Risk Management	Frequency of Meetings			
First Valley Bank	5% & less	Yes	Above 5000	Above 5000	Written	Yes	12 times	Yes	12 times	Yes	12 times	Yes	12 times	
People's Bank	5% & less	Yes	Above 5000	Above	Written	Yes	12	Yes	12	Yes	12	Yes	12	

of CARAGA				5000										
RB Cantilan	6-10%	Yes	Above 5000	Above 5000	Unwritten	Yes	12	Yes	12	Yes	2	Yes	1	
RB Dipolog	5% & less	Yes	2001-3000	Above 5000	Written	Yes	12	Yes	12	Yes	6	Yes	8	
RB Katipunan	5% & less	Yes	Above 5000	Above 5000	Written	Yes	12	Yes	As need arise	Yes	8	Yes	8	
RB Lebak	11-25%	Yes	Less than 1000	Less than 1000	Unwritten	Yes	12	Yes	12	Yes	12	Yes	12	
RB Sarangani		Yes	3001-4000	Above 5000	No	Yes	12	Yes	1	Yes	1	Yes	1	
RB Tacurong	6-10%	Yes	2001-3000	2001-3000	Written	Yes	No data	Yes	1	Yes	1	Yes	1	
Rural Bank of CARAGA	6-10%	Yes	Above 5000	Above 5000	Written	Yes	12	Yes	As need arise	Yes	As need arise	Yes	As need arise	