



**Memorandum Circular No. 1  
Series of 2021**

**PRUDENTIAL RELIEF MEASURES  
TO SUPPORT ECONOMIC RECOVERY  
OF ACCREDITED MICROFINANCE NGOS**

**Whereas**, Republic Act [“R.A.”] No. 11494, or the “*Bayanihan* to Recover as One Act”, was enacted to achieve the following objectives, among others:

- (1) Mitigate the economic cost and losses stemming from the Coronavirus Disease 2019 (COVID-19) pandemic;
- (2) Accelerate the recovery and bolster the resilience of the Philippine economy through measures grounded on economic inclusivity, and collective growth through fiscal sustainability; and
- (3) Promote and protect the collective interests of all Filipinos in these challenging times.<sup>1</sup>

**Whereas**, Section 4 of R.A. No. 11494 enumerated the COVID-19 Responses and Recovery Interventions of the Philippine government, including those applicable to microfinance NGOs [“MF-NGOs”] accredited under R.A. No. 10693, otherwise known as the “Microfinance NGOs Act”:

- (1) Moving of statutory deadlines and timelines for the filing and submission of any document, the payment of taxes, fees, and other charges required by law, and the grant of any benefit, in order to ease the burden of individuals under community quarantine;
- (2) Encouraging the *Bangko Sentral ng Pilipinas* (BSP) and Securities and Exchange Commission (SEC) to adopt measures, including the relaxation of regulatory and statutory restrictions and requirements for a period of not more than one (1) year from their date of effectivity, to encourage the banking industry and other financial institutions to extend loans and other forms of financial accommodation to help businesses recover from the economic effects of the COVID-19 crisis and to enable the banking industry to manage appropriately its risks and potential losses.

The BSP and SEC are likewise hereby authorized to grant reporting relief to its supervised entities by allowing staggered booking of allowance for credit losses for all types of credit accommodations extended to individuals and business entities affected by COVID-19; and

- (3) Provision of regulatory relief during the effectivity of R.A. No. 11494 for business entities by directing the SEC and other regulatory agencies to desist from imposing fines and other monetary penalties for non-filing, late filing, failure to comply with compulsory notification and other reportorial requirements relating to business activities and transactions that promote continuity and capacity-building in all sectors of the economy during the community quarantine.

**Whereas**, the Microfinance NGO Regulatory Council (MNRC), an accrediting body established under R.A. No. 10693, has the right to suspend the Certificate of Accreditation issued in favor of an MF-NGO when upon annual assessment, it fails to meet the prescribed performance standards under the law.<sup>2</sup>

**Whereas**, the MNRC is also empowered to monitor the performance of accredited MF-NGOs to ensure continuing compliance with the provisions of R.A. No. 10693 and its implementing rules and regulations and, when warranted, draw on the results of the assessment to identify and recommend appropriate corrective measures.<sup>3</sup>

<sup>1</sup> Section 3, R.A. No. 11494.

<sup>2</sup> Item No. 3, MNRC M.C. No. 1, Series of 2018.

<sup>3</sup> Item No. 6, *Id.*

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**Whereas**, the MNRC recognized the request of the microfinance industry for prudential relief measures aimed at encouraging accredited MF-NGOs to concentrate their operations and resources in the continuous delivery of microfinance services during this extraordinary situation, which will ultimately contribute to the growth and resiliency of Filipinos amidst and even after the COVID-19 pandemic;

**Now therefore**, the following are hereby promulgated to support the economic recovery of accredited MF-NGOs, mitigate the costs and losses brought about by COVID-19 and ensure the implementation of the above provisions:

**Section 1. Prudential Relief Measures for Accredited MF-NGOs.** – MF-NGOs duly accredited by the MNRC under R.A. No. 10693 are entitled to the following prudential relief measures:

- A. Relaxation of the One Million Pesos (P 1,000,000.00) minimum fund balance required under MNRC Memorandum Circular [“M.C.”] No. 1, Series of 2017 and MNRC M.C. No. 3, Series of 2018.
- B. Relaxation or waiver of compliance to the following, as a result of operations for calendar year 2020<sup>4</sup>:
  1. Minimum fifty percent (50%) rating for the financial performance indicator under Item 2.c.i. of MNRC M.C. No. 1, Series of 2018; and
  2. Minimum sixty percent (60%) weighted average rating for all performance indicators under Item 2.c.ii. of MNRC M.C. No. 1, Series of 2018.
- C. Relaxation of the application of R.A. No. 10693, its implementing rules and regulations, and MNRC issuances in the conduct of table and/or onsite examinations which may be conducted during the community quarantine.
- D. Reports and other documents to be submitted to the MNRC covering calendar year 2020 under Item 3 of MNRC M.C. No. 2, Series of 2020 shall be extended to 31 December 2021.

Reports or documents sent through the official e-mail address of the MNRC Secretariat ([mnrc\\_secretariat@sec.gov.ph](mailto:mnrc_secretariat@sec.gov.ph)) during the community quarantine shall be recognized as valid and authorized submissions, provided that they are consistent with the applicable provisions of R.A. No. 8792, or the “Electronic Commerce Act of 2020”. The MNRC shall thereafter require physical copies of required reportorial submissions according to the established rules and regulations once the state of public health emergency has been lifted.

- E. Such other measures which may be deemed necessary and/or prudent by the MNRC considering the circumstances.

**Section 2. Application for Prudential Relief Measures.** – Accredited MF-NGOs which intend to avail of the prudential relief measures enumerated herein are required to submit the following to the MNRC:

- A. Letter-notification stating the accredited MF-NGO’s intention to avail of the prudential relief measures, the specific measure/s to be availed, and the reason therefor. The letter-notification shall include the following:
  - (i) A detailed explanation of the debt relief measures provided by the accredited MF-NGO to its clients, specifically micro-entrepreneurs and low-income clients; and
  - (ii) A statement that the accredited MF-NGO is in good standing with the relevant government agencies, such as the MNRC, SEC, Department of Social Welfare and Development, Department of Trade and Industry, etc., if applicable.

The letter-notification shall be signed by the accredited MF-NGO’s President or his equivalent, or in his absence or unavailability, the accredited MF-NGO’s next highest ranking officer.

- B. Resolution of a majority of the trustees of the accredited MF-NGO authorizing the company to avail of the prudential relief measures.

<sup>4</sup> Microfinance operations for calendar year 2020 may have been affected by the declaration of a state of calamity throughout the Philippines due to COVID-19, pursuant to Proclamation Nos. 922, 929 and 1021, Series of 2020.





Complete submissions may be made through either of the following modes:

- a. Personal submission to the MNRC Secretariat located at the Corporate Governance and Finance Department (CGFD), Securities and Exchange Commission, Ground Floor, North Wing Hall, Secretariat Building, PICC Complex, Vicente Sotto Street, 1307, Pasay City; or
- b. Registered Mail/Courier addressed to:

**Microfinance NGO Regulatory Council (MNRC) – Secretariat**  
Corporate Governance and Finance Department  
Securities and Exchange Commission  
Ground Floor, North Wing Hall, Secretariat Bldg.  
PICC Complex, Vicente Sotto St.  
1307 Pasay City

If submitted through registered mail/courier, kindly send in advance scanned copies of the letter-notification and proof of transmittal, i.e. receipt and tracking number, to [mnrc\\_secretariat@sec.gov.ph](mailto:mnrc_secretariat@sec.gov.ph).

Incomplete submission of the letter-notification may result to the denial of the application for prudential relief measures.

**Section 3. Evaluation of Applications.** – The accredited MF-NGO’s application to avail of the prudential relief measures shall be subject to the MNRC’s evaluation in a meeting duly called for the purpose. The MNRC shall then communicate its decision on the application through the MNRC Secretariat.

Accredited MF-NGOs shall ensure that the measures to be availed of are suitable to their operations, situation and condition.

**Section 4. Effectivity of Prudential Relief Measures.** – The prudential relief measures enumerated herein shall be effective for one (1) year from the effectivity of this Circular. The period may be extended depending on the developments of the COVID-19 situation.

**Section 5. Effectivity.** – This circular shall take effect immediately.

Issued this 31 March 2021, Pasay City.

  
EMILIO B. AQUINO  
Chairperson

