



# NOTICE

**TO** : MICROFINANCE NGOS, MICROFINANCE NGO CLIENTS, MICROFINANCE INDUSTRY STAKEHOLDERS AND ALL INTERESTED PARTIES

**SUBJECT** : ADOPTION OF DEBT RELIEF MEASURES FOR MICROFINANCE NGO CLIENTS IN RESPONSE TO THE COVID-19 PANDEMIC

Taking into consideration the challenges and difficulties brought about by the Covid-19 Pandemic to Filipinos, especially those comprising the poor and underprivileged, the Microfinance NGO Regulatory Council **HIGHLY RECOMMENDS** both accredited and non-accredited Microfinance NGOs to adopt mechanisms, programs and arrangements, which will help alleviate their clients' financial burdens in this period of public health emergency.

Microfinance NGOs may perform debt relief measures as they may deem fit during the said period, which include, but are not limited to, the following:

- a. Imposition of a loan moratorium;
- b. Suspension of operations, e.g. loan collection;
- c. Lowering of interest rates;
- d. Waiver and/or reduction of penalties, charges and other fees; and
- e. Loan term extension.

In this respect, the Microfinance NGO Regulatory Council lauds the initiative and efforts of Microfinance NGOs under the umbrella of the Microfinance Council of the Philippines, Inc. and APPEND, Inc. for spearheading the implementation of such measures in favor of their microfinance clientele.

For more information on the Microfinance Industry's response to the pandemic, attached is the notice of the above-cited networks.

26 March 2020



## Our Commitment Continues: The Microfinance Industry Response to COVID-19

In compliance with the government’s declaration of a nationwide State of Public Health Emergency and Enhanced Community Quarantine in Luzon, microfinance institutions under the umbrella of the Microfinance Council of the Philippines (MCPI) and the Alliance of Philippine Partners in Enterprise Development (APPEND), Inc. have declared a moratorium on loans for its client beneficiaries.

During this period, there will be no loan payment collections, and no penalties or fines will be levied on the micro-entrepreneurs. The moratorium on microfinance loan payments presents a most welcome relief to the **9 million households** being catered by MCPI and APPEND member institutions.

The same MFIs have also suspended operations and all center and staff meetings are cancelled including the provision of community services such as client-training, medical mission, mass feeding, and other development services. However, these MFIs will continue to monitor the social and health needs of their client-beneficiaries and to the extent possible, try to address those needs virtually or mitigate whatever adverse consequences arising out of those needs.

Despite the suspension of operations, the concerned MFIs committed to continue paying the salaries of their 50,000 personnel during the lockdown period.

“As an industry, we acknowledge that the 9 million micro-entrepreneurs of our collective agencies will face liquidity problems and difficulty recovering losses should the COVID-19 threat persist. We pray the loan moratorium will in some way ease their burdens,” explains Eduardo Jimenez, MCPI Chairperson and Dr. Virginia Juan, APPEND President.

“While we all are at risk in the midst of the COVID-19 outbreak, our microfinance clients are even more vulnerable. Their micro businesses are shuttered, their income sure to suffer, even their children’s education have come to a halt with little or no access to online education,” relates Jimenez.

MFIs have long played a vital role in social infrastructure for reaching the grassroots. MFIs have also proven to be critical in the rehabilitation process post-crisis, such as the COVID-19 situation, and can provide economic and social data from the ground.

MCPI and APPEND are working on an industry-level proposal to seek immediate and long-term support needed from the government.

*The Microfinance Council of the Philippines, Inc. (MCPI) is the national network of microfinance institutions (MFIs) and support organizations in the Philippines advocating sustainable, innovative, and client-responsive solutions to poverty in the country. MCPI is currently comprised of 62 members (49 MFIs, 2 regional networks, and 11 support organisations) which account for 90% of the microfinance industry in the Philippines.*

*APPEND Inc. is a non-stock, charitable, educational, social welfare development and civic service organization. It is the first network of microfinance non-government organizations in the Philippines. APPEND facilitates the growth and viability of its member organizations and the continuing development of its individual members through social enterprise development, microfinance, micro-health, agriculture value chains, leadership training, financial literacy, advocacy and legislation and environment protection.*