



Pasaporte

Principles of Good Governance in Microfinance Institutions (MFIs)

Nombre

SEAL

Size and composition

	1 All Board members are deeply committed to the institution's mission.
	2 The Board is structured such that the interests of all owners are fairly represented.
	3 The Board is appropriately sized to comprise the skills and capacities necessary to successfully direct the MFI and foment responsive decision-making.
	4 The MFI's Board contains independent members acting as external directors.
	5 The MFI's Board is diverse and its members, as well as their technical knowledge of microfinance, contribute a range of different perspectives, expertise and values.
	6 The members of MFI's Board have appropriate financial, legal and social knowledge to deal with the institution's strategic priorities.
	7 The chairman and the chief executive officer (CEO) are two different people.
	8 The CEO attends and may speak at Board meetings but may not vote.
	9 The CEO's duties are clearly defined and there is an obvious distinction between the executive functions and the attributes of the Board as such.
	10 The Board sets forth clear performance targets for the CEO and links his/her remuneration to their achievement.

SEAL

Meetings and attendance

	<p>11 The Board meetings are well planned and organised. Directors are always sent a meeting agenda specifying the items to be dealt with and the time to be allotted to each item. They are also sent the necessary documents to prepare for informed debates.</p>
	<p>12 The processes and procedures used to convene the General Meeting facilitate participation and ensure that shareholders have the necessary information to prepare for the meetings.</p>
	<p>13 The Board maintains regular meetings enabling it to adequately monitor the institution.</p>
	<p>14 The Board meetings are appropriately documented. The proceedings are minuted to reflect the items dealt with and the resolutions reached. The minutes are sent to all the Board members a few days after each meeting.</p>
	<p>15 The Board has all necessary information to reach its resolutions. It benchmarks its performance against peer organisations to be able to identify its weakest areas.</p>
	<p>16 All Board members put the necessary time and energy into playing an active role in the meetings. Minimum attendance at the meetings is established in the MFI's bylaws.</p>
	<p>17 The MFI has a Board that is able to direct the entity in strategic matters and confer authority on the management for operations-related matters.</p>
	<p>18 All Board members act as a block, as each director makes decisions only and exclusively in the interests of the institution and not simply as the representative of a specific investor or stakeholder.</p>

SEAL

Renewal and incorporation of new members

	<p>19 The term in office of the directors is capped to facilitate turnover and more easily substitute directors that do not display the expected level of participation or performance.</p>
	<p>20 The MFI has a well-planned procedure to recruit new members, which is periodically reviewed by the Appointments & Remuneration Committee.</p>
	<p>21 The process for choosing new directors is professional, in line with the profile and skills required.</p>
	<p>22 The process of joining the Board is formalised when the new directors sign a letter of commitment with a detailed description of the responsibilities of directorship.</p>

SEAL		Renewal and incorporation of new members
	23	The MFI has a specific orientation programme to facilitate the incorporation of new Board members.
	24	The Board has a transition plan in place to ensure that the CEO succession is adequately done.

SEAL		Performance measurement
	25	The Board periodically monitors and assesses the performance of the institution and finds how to implement improvements in the areas showing highest risk.
	26	There is a system to measure performance in order to regularly identify the Board's weaknesses and those of each of its members.
	27	The Board plays an active role in the development and maintenance of relations with different stakeholders.

SEAL		Structure of the Board
	28	There is a balance of power between the institution's governing bodies that allows for an appropriate control and decision-making system.
	29	The MFI has a Risks Committee that establishes the exposure ceilings for each of the different types of risk.
	30	The Board has an Audit Committee to oversee the internal control mechanisms in place and establish the procedures needed to ensure compliance with the standards to which the institution is subject.
	31	The Board has an Appointments & Remuneration Committee to help the Board in matters relating to the appointment, severance and remuneration of the institution's Board and senior management.
	32	The Board has a Corporate Governance Committee that oversees compliance with the MFI's code of good governance and conduct.
	33	The MFI grants great importance to measuring the institution's impact on society and has a social performance committee to supervise delivery on its social goals.

Ethics, Conduct and Conflicts of Interest

	34	The MFI has a code of conduct and ethics, approved by the Board and known and accepted by all the employees. The code establishes the ethical principles that should govern the organisation and the policy for preventing conflicts of interest.
	35	The MFI has a code of good governance, approved by the governing body.
	36	The MFI has precisely identified the circumstances that could lead to a conflict of interests. The Board has established clear policies regarding how such situations must be handled.
	37	There have been no cases of conflict of interests in the MFI in the last year.
	38	The MFI respects the laws, accounting standards, human rights and safety-at-work regulations.
	39	Systems and procedures are in place to be able to monitor and assess compliance with the MFI's social goals.
	40	The MFI's strategic definition of its goals, to which the Board periodically devotes the necessary time, is a well-planned process that covers both the social and the financial aspects.
	41	Mechanisms are in place to continuously assess and monitor the MFI's principal risks.

Transparency

	42	The MFI has a clear, well-defined mission, so it can establish specific goals to achieve.
	43	There is appropriate and clear public information on the ownership structure of the MFI.
	44	There is appropriate, reliable information to know the institution's social and financial performance and compare it with peer MFIs.
	45	The MFI systematically provides financial reporting and information on its social impact on its website and of specialist institutions in the sector.
	46	The MFI's collection practices are not abusive and insofar as possible it avoids encouraging its clients to over-borrow.
	47	The MFI has internal policies, approved by the governing body, to allow a transparent relationship with its suppliers, clients and institutions.
	48	The MFI has easy-to-use mechanisms to allow its clients to present their grievances.