



MICROFINANCE CENTRE

Description of MFC Governance

General Background: MFC is registered as a Polish foundation. Its governance is based on the formal legal requirements for a Polish foundation, though with as much democracy as possible, reflecting its practical functioning as an organization in which members play an important role.

Governing Bodies: MFC has two governing bodies: the “Board of Directors” and the “Management Board”. The composition, term of office and responsibilities of the Board of Directors and the Management Board are described in MFC’s Statute. In addition, MFC’s membership plays an important role in governance, by selecting up to four members of the Board of Directors.

Relationship Between MFC’s Statute and Bylaws: Under Polish law, the provisions of MFC’s Statute – including those describing its governance - are binding on MFC in all respects, and take precedence over MFC’s Bylaws, which constitute informal, advisory documents. Therefore, provisions of the Bylaws describing the composition of the Board of Directors and procedures for nominating and selecting Board members can only supplement the formal legal requirements on these subjects set forth in the Statute.

Composition of the Board of Directors: The Board shall consist of not less than three and not more than seven Directors. Up to four of Directors shall be selected through a nomination process involving MFC member organizations (the “**Member-Nominated Directors**”), and up to three Directors shall be elected directly by the Board (the “**At-Large Directors**”). Member-Nominated Directors shall each be the Official Representative or Alternative Official Representative of an MFC member organization, as described below. At-Large Directors shall possess qualifications and skills that take into account the needs of the Management Board and that complement the skills and experience of existing members of the Board of Directors.

Nomination of Member-Nominated Directors: Member-Nominated Directors shall be selected by action of the members at the Annual Membership Meeting. MFC will request nominations from member organizations via written notice no later than eight weeks prior to the Annual Membership Meeting. Each member nominee, in addition to being an Official Representative or alternative Official Representative of an MFC member organization, shall also fulfil the following:

- have the written support of at least two other MFC member organizations;
- have been active in the microfinance sector for at least two years; and
- provide a short biography and written statement, of no more than one page, as to why the candidate wishes to become a Board member and what he or she expects to contribute to MFC’s activities.

Member nominees who do not meet the above criteria or whose nominations are not submitted to MFC within the described nomination period, shall not be eligible for selection as a Member-



Nominated Director. A member nominee package will be distributed to all member organizations at least four weeks prior to the Annual Membership Meeting, which will include a list of nominees, the biography and statement of each nominee, a sample ballot paper and the number of Director positions that the Board of Directors proposes to be filled.

Selection of Member-Nominated Directors: Selection from among member nominees shall be by ballot at the Annual Membership Meeting. Each eligible member organization shall be allowed to cast one vote for one nominee for each Member-Nominated Director to be selected. The Member-Nominated Director(s) selected shall be those receiving the highest number of votes, provided:

- No more than two MFC Directors from one country, regardless of their nationality, may serve at the same time, and if a member nominee would be disqualified because a Director from his or her country is already serving, the member nominee with the next highest number of votes shall be selected as a Member-Nominated Director instead; and
- If two or more member nominees get the same number of votes and there are fewer Member-Nominated Directors to be selected than the number of nominees with equal numbers of votes, a run-off election shall be held among those nominees.

Member-Nominated Directors selected in this manner shall then be formally elected by the Board of Directors according to the procedures required under MFC's Statute and Polish law. This election shall take place during the Annual Board of Directors Meeting immediately after the Annual Membership Meeting, or during another Board meeting if necessary.

Election of At-Large Directors: There is currently one MFC Founder who is irrevocable member of the Board of Directors under MFC's Statute until her formal resignation. Given that there may be up to three At-Large Directors, including this one position legally reserved for Founders, two additional At-Large Director may be elected to the Board. Such At-Large Directors shall be elected at a properly noticed meeting with a quorum of at least three Directors, by a simple majority of those present and voting, with abstaining Directors not counted. Such an election shall take place during the Annual Board of Directors Meeting immediately after the Annual Membership Meeting, or during another Board meeting if necessary. Any change in At-Large Directors shall be reported to MFC members within two weeks of its occurrence.

Effective Date of Directors' Election: The election of either a Member-Nominated Director or an At-Large Director shall become effective on the date on which he or she is listed with MFC's Court of Registration in Poland.

MFC Member Organizations' Responsibilities: As members of MFC, member organizations shall strive towards achieving MFC's mission. Members are expected to participate in MFC's Annual Conference, at which there will be an Annual Membership Meeting. Members are responsible for paying their annual membership dues, and specific activity or service fees, on a timely basis.



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Official Member Organization Representatives: Each member organization may have no more than one “**Official Representative**” to MFC or one “**Alternate Official Representative.**” The Official Representative shall be the member organization’s executive management, provided such person is legally eligible to serve MFC in an official capacity. An Alternate Official Representative may be named by the member organization’s executive manager if:

- it is not possible at any time for the executive manager to serve;
- the executive manager determines it would be in his or her organization’s best interest to name an Alternate Official Representative; or
- if the executive manager is unable to attend the Annual Membership Meeting for whatever reason.

MFC in its discretion may require that the appointment of an Alternate Official Representative be documented by an official power of attorney given to the Alternate Official Representative (and presented to MFC’s management prior to any action by the Alternate Official Representative).

Annual Membership Meeting: MFC shall hold an Annual Membership Meeting to discuss MFC’s activities, select any Member-Nominated Directors to be selected, and transact such other business as the Board of Directors may propose to the membership. All member organizations shall be informed about the date and place of the Annual Membership Meeting at least ten weeks prior, via written notice. The Chair of the Board of Directors or his or her designee shall preside over the meeting with the support and assistance of the Management Board and the Board of Directors.

Quorum and Voting at Annual Membership Meetings: Except as MFC’s Bylaws may specially provide, any resolution or decision conducted by vote of member organizations, shall be passed by a simple majority of votes cast in person, with abstaining member organizations not counted. Each member organization is allowed to cast only one vote on any issue. A quorum shall be the number of Official Representatives and alternative Official Representatives present, provided that all member organizations were given notice of the meeting as provided above.

Replacement of Member-Nominated Directors Who Cease to Qualify as Official Representatives or Alternative Official Representatives: If a Member-Nominated Director ceases to qualify as an Official Representative or Alternate Official Representative of an MFC member organization for whatever reason, he or she shall cease to be a Director of MFC, upon written notice from the member organization he or she represented to MFC’s Board of Directors. The remaining Directors may, in their discretion, fill the resulting vacancy until the next Annual Membership Meeting.