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MICROFINANCE COOPERATIVE WITH BOARD
OF DIRECTORS OF THE VILLAGE FUNDS OF
THE SOUTH-WEST REGION
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MEMBERSHIP AFFILIATION POLICY

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PREAMBLE

As stipulated in Article 1. COBAC 2017-01, a Microfinance is defined as an activity carried out by approved entity that do not have the status of a bank or financial institution, and which carries out, on regular basis, credit and or savings collection activities and offers financial services for the benefit of the members.

In the context of the exercise of its activities, any first category microfinance is required according to articles 33 of the **COBAC R2017-01** to operate within a network.

The network is a group of microfinance institution which share the same objectives and which have voluntarily decided, by means of a written agreement or convention, to join together in orders to adopt a common organization and operating rules.

Article 34 COBAC R2017-01:

1. Representing the network in dealings with third parties, particularly supervisory and regulatory bodies,
2. Setting the conditions for membership, exclusion or withdrawal of affiliated establishments,
3. Defining and implementing the measures needed to ensure the cohesion of the network and guarantee its financial equilibrium, in particular compliance with prudential standards by affiliated institutions.
4. Defining accounting standards and procedures in accordance with the profession's chart of accounts and the requirements of the supervisory authorities,
5. The implementation of an internal control system for the network in accordance with the requirements of the supervisory authorities,
6. Preparing consolidated accounting documents and other statements as defined by Banking Commission of Central Commission-COBAC,
7. Organizing the management of surplus resources of affiliates institution and preserving the network's liquidity, organizing financial solidarity between affiliated structures in the event of the failure of one or more of them; exercising disciplinary powers and applying the recovery decided and the financial penalties imposed on affiliates, as provided for in the network's internal regulations; implementing the measures prescribed by COBAC.

The Institutions affiliated to a network are required to fulfill the following obligations according to article 36 of COBACR-2017-01:

1. Subscribe to the shares of the Umbrella Body
2. Contribute to its operating costs,
3. Pay a portion of the resources collected to the Umbrella Body,
4. Participating in the reconstruction of the assets of the Umbrella Body and to cover its net liabilities, where applicable.

Each affiliated institution is required to contribute at least twenty percent (20%) of its share capital to the formation of the share capital of the Umbrella Body, Article 34 COBAC R2017-01.

ARTICLE 1: ADMISSION OF AFFILIATES

1.5 Commitment form

- a) A Commitment Form, divided into Two Sections (Section A and Section B) with Section A containing seven (7) topics and Section B (Affiliate commitment to the SWAVIB operational modalities) including:
 - I. General Identification
 - II. Statutory Information
 - III. Managers and Staff Identification
 - IV. Statutory Auditors
 - V. Information on regulatory authorities
 - VI. Financial Information
 - VII. Director's Disclosures.
- b) This Adhesion Policy, alongside its annexes, as well as SWAVIB payment portal will be made available upon payment of a non-refundable evaluation levy of five hundred thousand francs (500,000FCFA).
- c) The Commitment Form will be serially coded with initial 999 serial references available for potential affiliates commencing from 2023001, 2023002, 2023003,.....2023999

1.6 Evaluation of MFI Seeking Affiliation

- a) Information contained in a Commitment Form alongside source document either in copies or in originals shall be sent by Management, every quarter or once application files attain a minimum of five before the Affiliation Committee of the Board of Directors designated for that purpose.
- b) This evaluation shall be based on individual reports jointly undertaken by the Network Supervision Division and the Internal Audit Division. All critical information in the Commitment Form must be compiled with, verified and authenticated by the Head of Internal Audit and Head of Network Supervision contained in a report addressed to the Affiliation Committee for review and validation.
- c) Meanwhile, Micro Finance Institutions seeking affiliation that do not meet up with the non-critical section of the Commitment Form may be granted provisional affiliation pending full compliance for shortfalls outside their competence.

1.7. Evaluation Notification

- a) The Board of Directors, based on the evaluation of the Affiliation Committee, shall address to the President of the MFI seeking affiliation, a letter of congratulations or a letter of provisional affiliation, or a letter of rejection of file.
- b) These letters shall be prepared by the Head of Network Supervision and transmitted alongside the file pending validation by the Affiliation Committee.
- c) Evaluation notification letters shall include:

1. **Letter of Congratulations:**A congratulations letter is issued as proof of admission to any MFI which has provided valid and reliable information and undertake to uphold the Network's cooperative values as laid out in the Commitment Form.
2. **Letter of provisional Admission:**A letter of provisional admission is issued to an affiliate who is unable to provide valid and reliable information **and the document on all** the critical requirements of the Commitment Form for reasons outside its competence.
3. **Letter of Regret of Rejection of File:**A letter of regret of rejection of file shall be addressed to any MFI seeking affiliation who does not comply with the critical information as indicated in the Commitment Form.

The standard letter of Congratulations, Provisional Admission and Rejection shall be established and kept among standard affiliation documentation in hard and soft copies.

1.8. Network Service Prospectus

- a) A standard Network Service Prospectus that outlines all the services incumbent on SWAVIB as an Apex Organ shall be established and kept as a Standard Affiliation Document.
- b) The Network Service Prospectus shall include these minimum services:

I. Dues Related Services

- i. Branding and Advertising
- ii. Accounting and Tax Assistance
- iii. Information Technology (IT)
- iv. Internal Audit
- v. Network Supervision
- vi. Representation
- vii. Procurement
- viii. Lending
- ix. Training (Capacity Building)
- x. Statutory Audit.

II. Investment Related Financial Solidarity

- i. Share Capital and Solidarity Fund
- ii. Building Fund
- iii. Risk Management Fund
- iv. 2/5 Idle Deposit Management Fund

ARTICLE 2: NETWORK CONTROL AND SUPERVISION

2.1 Statutory Organ

- a) In conformity with the bylaws of the affiliate, the Network Supervision Division of SWAVIB shall ensure the smooth functioning of the statutory organ of the affiliate.
- b) Each affiliate must be assisted to hold its Annual General Assembly and where necessary an Extra Ordinary General Assembly as defined by its bylaws. Technical issues related to, obtaining of Prefectural orders, accuracy of the agendas, issues convocations leading to its smooth functioning must be the responsibility of SWAVIB through the Network Supervisory Division.
- c) Monthly, Quarterly and Annual Board of Directors Meetings of affiliates must be technically assisted through its organizations, deliberations and resolutions by the Network.
- d) The General Manager of SWAVIB shall be presented with a monthly report concerning the control and supervision of affiliates by the Network Supervisory Division.

2.2 Technical Assistance to Management

- a) **Recruitment:**The network Supervision Division of SWAVIB shall assist in all the recruitment processes in affiliates, beginning from the Board of Directors' resolution, call for candidacy, selection process, interview and final retention of candidates.
- b) **Accounting:**Monthly accounting and Annual revision of affiliates' accounts fall within the normal Network Supervision services to be rendered to the affiliates. However, where there are no accounts, this shall form additional payable services to be agreed upon at the point of seeking admission into the network or at the time, the affiliate was unable to self-render this service.
- c) **Taxation and National Social Insurance Fund (NSIF):**Monthly and Annual tax revision in affiliate will fall within the confines and responsibility of SWAVIB. This shall further include technical assistance at desk controlled by taxation and NSIF authorities. However, in the event of a general tax control, this shall form a payable service for which the Apex Organ may seek the services of an expert to ensure that the general control is undertaken with utmost diligence with very little financial impact on the affiliate.
- d) **Lending and Recovery:**SWAVIB is enshrined by regulation COBAC 2017/01 to ensure the network's internal rules leading to solid Lending and Recovery Policy applicable to all its affiliates. consequently, each affiliate is entitled by right to a Network Lending and Recovery Policy. The lending and Recovery Division of SWAVIB is responsible to ensure the respect of this policy in all the affiliates, whereby 30% of the risk management fund is expected to cover the lending and recovery supervision cost incurred by SWAVIB.

Meanwhile, recovery activities undertaken by SWAVIB shall fall within the annual dues, however, as regards extremely recalcitrant delinquent cases, only SWAVIB has the powers to undertake legal actions through an Attorney at a fee that shall be negotiated and communicated to the affiliate. Such Attorney Fees shall be void of any margin or commission.

- e) **Procurement:** The Network Supervision Division of SWAVIB shall be responsible for procurement in a central pool on behalf of the affiliates: Banking stationery and light office equipment, fixed assets including vehicles, generators, printers, computers, Network Fabric, T-shirts, and Mufflers etc. excluding buildings. At the end of each budgetary session of an affiliate held before the close of the financial year, the Network Supervision Division of SWAVIB will obtain the various needs for procurement (except building) through which the necessary Procurement Orders (PO) shall be obtained from suppliers at favorable prices and made available to the affiliate through a reception note accompanied by the invoices.
- f) **Training:** The Network Supervision Division of SWAVIB shall design a Standard Training Package in all the areas regarding Microfinance activities, which shall be made available to affiliates upon affiliation. Through the various assessments of the members of the Board of Directors, the Management Team and staff, each affiliate shall be obliged to draft its own Annual Training Plan that incorporates the area of witnesses. SWAVIB is obliged to provide at least 3 mandatory training, including:
- i. To the Board of Directors = 1 training
 - ii. To the Management Team = 1 training
 - iii. To the staff = 1 training

Any training beyond these mandatory trainings shall be at the expense of the affiliate. SWAVIB may choose to organize its trainings zonally in order to reduce cost.

International trainings by members of the Board of Directors, Management or Staff that are not under a grant must receive the initial approval of SWAVIB.

The Network Supervision Division of SWAVIB shall be equipped with an accredited Training Officer.

2.3 Representation

- a) SWAVIB shall validly without any opposition federate on behalf of all its affiliates within the institutional set up including:
- i. State Institutions
 - ii. Municipal Authorities
 - iii. Traditional Authorities
 - iv. Regulatory Organs (COBAC, ANIF, ANECAM, BEAC)
 - v. Ministry of Finance
 - vi. Local and International Cooperative Organizations
 - vii. Local and International Non-Governmental Organizations (NGOs)
 - viii. Local and International Microfinance Partners
 - ix. Local and International Projects and Programs
 - x. Diplomatic Missions
 - xi. The Private Sector Business Community at large.

2.4 Internal Audit

- a) SWAVIB Board of Directors through the supervision of Management with the technical assistance from a licensed and accredited Firm of Certified Chattered Accountants will ensure that each affiliate who can afford the cost associated to running an Internal Audit Division is equipped with one – COBAC R2017/06
- b) Each affiliate shall be provided with an articulated Internal Audit Matrix and Internal Audit charter and ensure that the standard of work meets the desired expectation. The Internal Audit Division of affiliates will work under the supervision of the Internal Audit Division of SWAVIB whose findings will be presented to Management for action and unanswered findings taken to the Board of Directors of the affiliate.

- c) The Internal audit Division of SWAVIB shall ensure quarterly review of all operations of affiliates which are not equipped with an Internal Audit Unit.
- d) However, in affiliates where there exists an Internal Audit Division, the findings of the latter shall be reviewed and upheld accordingly and presented to Management and eventually to the Board of Directors where necessary.
- e) Internal Audit services of the Network shall be based on International Standards on Internal Audit that shall be enshrined in the Internal Audit Charter of each entity.

2.5 Statutory Audit

- a) All the accounts and Financial Statements of affiliates shall be annually audited for those affiliates that are accredited by COBAC in their various Head Offices and/or branches. whereas those affiliates pending accreditation by COBAC shall be audited at the level of SWAVIB Head Office.
- b) At the point of affiliation, it shall be established whether the affiliate has already appointed its Statutory Auditor and the said auditor accredited by COBAC. Otherwise, the Network Statutory Auditor, who is already accredited by COBAC will simply be attributed and the credentials forwarded to the Banking Commission without any charge from the said affiliate.
- c) Each affiliate shall be entitled with a Statutory and an Alternate Statutory Auditor.

2.6 Branding and Advertising

- a) The SWAVIB LOGO and SYMBOLS shall clearly be seen on all public items of all its affiliates including Letterheads, Invoices, Fabrics, Vehicles, Buildings, and Public Announcements in a standardized manner as approved by the Apex Organ.
- b) All Sign Boards of affiliates must be approved by SWAVIB in accordance with the standards established by the Network.
- c) Publicity shall be at the expense of each affiliate and usage of the brand SWAVIB as an Apex Organ is paid through Annual Dues.

ARTICLE 3: FINANCIAL SOLIDARITY

3.1 Shareholding and Solidarity Fund

- a) A nominal share unit in SWAVIB shall be fixed at a nominal volume of Five Hundred Thousand Francs (500,000FCFA). The Block Capital of SWAVIB shall be by Category and by class of shareholders as indicated in the schedule below.

Table 1: Distribution of Shares Paid by Category of MFI

Category	Designation	Shares	Nominal Value	Capital	Solidarity Fund 40% Share Capital	Board Representation	AGM/EAGM
1	Class 1	3	500,000	1,500,000	600,000	0	1
2	Class 2	5	500,000	2,500,000	1000,000	0	2
3	Class 3	8	500,000	4,000,000	1,600,000	0	4
4	Class 4	10	500,000	5,000,000	2,000,000	0	8

5	Class 5	20	500,000	10,000,000	4,000,000	1	10
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- b) The notification letter of admission to an affiliate shall indicate which category and class of shareholders it will belong, based on the gearing ratio over the past 3 years.
- c) In the event where the affiliate has not yet established the first annual accounts, it shall be admitted under Category 1 of Class 1 shareholders of SWAVIB.
- d) Shareholding in SWAVIB is an investment and therefore, affiliates shall be expected to pay this amount upon admission or latest 3 months from the date of admission.
- e) Shareholding shall earn an annual retribution based on the performance of SWAVIB and return on investment shall be decided at the Annual General Board of Directors Meetings.
- f) In the situation where more than 12 affiliates have invested in Shares and Solidarity above Fourteen Million Francs (14,000,000 FCFA), any vacancy on the Board of Directors shall be filled by election conducted among the qualified affiliated vying for representation on the Board of Directors.

3.2 Building Fund Contribution

- a) Upon admission, each member affiliate shall be entitled to pay a token of one hundred thousand francs (100,000FCFA) for Building Fund Contribution.
- b) Building Fund Contribution shall constitute a permanent reserve, which can be used to finance affiliates in building projects at a minimum annual rate of 4% per year. This interest on Building Fund Contribution shall form part of the revenue of the Apex Organ.

3.3 Savings and Deposit

- a) Affiliates, with idle collections will be determined during admission by applying the Deposit Collection and Fund Deployment Ratio and will be obliged to transfer to the Apex Organ 2/5 of these idle funds at the rate of 6% per annum.
- b) On the contrary, affiliates who have excessive demand for funds through pending loans will receive consortium-lending facilities from the Apex Organ (SWAVIB) at the annual rate of 8%.
- c) Fund Deployment Ratio shall be determined as all deposits plus savings of all types divided by the entire credit portfolio and shall be expected to have a minimum of 4:1.

$$\text{Fund Deployment Ratio} = \frac{\text{Deposits} + \text{Savings of all types}}{\text{Full Credit Portfolio}}$$

- d) In case the Idle Collection Ratio is above 4:1, the excess shall be considered Idle Deposits and the affiliate shall be forced to transfer it to the Apex Organ SWAVIB 2/5 of these funds.
- e) The Lending and Recovery Division of SWAVIB shall ensure the accurate management of Network deposit to derive the maximum benefit for the overall benefit of its members.

3.4 Lending

- a) All loan applications, irrespective of amount, once received by their affiliates shall systematically electronically be transmitted to the SWAVIB Lending and Recovery Division.

- b) The Lending and Recovery Division of SWAVIB shall undertake in consultation with the affiliate to review the file in preparation for the Board Credit Committee seeking to approve the loans.
- c) The responsibility of SWAVIB is fully involved for any delinquent loans which could not be recovered due to the application of poor granting policy.
- d) Loans Analytical Review for each affiliate and for the entire Network in accordance with COBAC requirements on the classification of loans shall be the responsibility of the Lending and Recovery Division of SWAVIB.

ARTICLE 4: DUE AND LEVIES

4.1 Dues on Branding

- a) The patronage of an affiliate by SWAVIB as an Apex Organ will be the first element in determining Branding Dues. Branding Dues at the point of affiliation shall be determined as a ratio to the average of the net surplus of the past 3 years at 0.5%.
- b) Where the past 3 years had been consecutive deficits, it shall be determined on the average turnover for the past 3 years at 0.125%.
- c) In a situation where the affiliate had been in business for less than 1 year, the Branding Dues will be determined at 0.125% turnover as at the date of affiliation.
- d) In a scenario where the affiliate is about to begin operations, the Branding Dues shall be determined by semester at a rate of 0.125% on turnover.
- e) Branding Dues shall be determined by the Network Supervision Division of SWAVIB upon the receipt of network financial information through the Internal Audit Division and endorsed by the Board President for upward transmission to the management of SWAVIB for accounting and recovery.
- f) Branding Dues for all affiliates shall be readjusted accordingly at the end of each year after the affiliate's account has been audited and certified.
- g) All adjustments resulting from the certified accounts of affiliates shall form the bases of a debit or credit note endorsed as indicated in the invoices system above.

4.2 Dues on Accounting and Tax Assistance

- a) Accounting Dues shall consist of the revision of accounts of the past three years upon the admission of an affiliate into the SWAVIB Network. The dues for this assignment shall be determined based on the 3 years' average net surplus at the rate of 1.5%.
- b) The revision of accounts of the past 3 years will be part of the assignment of the Network Supervision Division after the admission of the affiliate.
- c) The President of the Board of Directors of the affiliate will be presented with the scoresheet for endorsement as the lead way to provide or permit the affiliate's Management to take into consideration the adjustments resulting from the revision of the Accounts. This endorsement will also permit SWAVIB proof of work done to earn a 1.5% accounting and taxation assistance.
- d) Where the affiliates operated on deficit for the past consecutive 3 years, the accounting and tax assistance dues shall be calculated on the average turnover for the past 3 years at the rate of 0.375%.
- e) Where the operations of the affiliates are less than one (1) year at the date of affiliation, the accounting and tax assistance dues shall be based on the turnover at the rate of 0.375%.
- f) However, if the affiliate is yet to begin operations as at the date of affiliation, the accounting and taxation due will be determined by semester on the turnover at a rate of 0.375%.

- g) Accounting and Taxation Dues can only be invoiced on the bases of effective work done and approved by the President of the BOD to enable SWAVIB issue an invoice accordingly.

4.3 Dues on Information Technology (IT)

- a) The affiliates at the point of admission into the Network will be obliged to maintain a minimum level of operations as regards Information Technology in the domain of Accounting, Banking, Secretariat Administration, Hardware Maintenance, Software Allocation and Maintenance. consequently, it will be obliged to pay an average of the net surplus of the past 3 years at a rate of 1% in lieu of IT Assistance Dues. These dues shall only be paid at the successful conclusion of the IT Assistance Report, presented to the Board of Directors and approved to enable effective payment.
- b) In a situation where there is no net surplus for the past 3 years, the IT Assistance Dues shall be levied on the average turnover for the past 3 years at the rate of 0.25%.
- c) Assuming the affiliates have begun business in less than 1 year, the dues shall remain at 0.25% of the turnover leading to the date of affiliation.
- d) Whereupon, the affiliate is still to begin business, the dues shall be calculated by semester on the turnover at the rate of 0.25% and the invoicing process shall be uniform in all situations.
- e) At the end of the year, the certified audited Financial Account of the affiliate shall be reconciled in order to readjust the IT Dues leading to the Debit or a Credit note to be addressed to the affiliate.
- f) Software allocation and maintenance may more attract additional fees based on the complexity of the configuration of the software. However, this will be based on negotiations between the two parties.

4.4 Due on Internal Audit

- a) Internal Audit of all the affiliates shall be conducted quarterly, for all the four quarters of the year on the Accounts, Financial Statements and the overall Internal Control System of the affiliate by the Internal Control Division of SWAVIB. At the end of each audit session, a management letter on the internal control system of the affiliate and an audit report on the reliability of the Financial Statement and Accounts shall be presented to the Management and the Board of Directors respectively. This report shall be presented in the next Board Meeting preceding the end of the quarter.
- b) Internal Audit Dues shall be determined on the average of the net surplus of the past 3 years at the rate of 2% or on the average of turnover for the past 3 years at the rate of 0.5%.
- c) However, if the affiliate has been in business for less than a year, the Internal Audit Dues will be calculated at the rate of 0.5% on a turnover leading to the date of admission.
- d) If the affiliate is still to start business, the Internal Audit Dues shall be calculated by semester based on the turnover at the rate of 0.5%.
- e) The Internal Audit Dues shall be invoiced by the Network Supervision Division after a successful restitution of the quarterly report duly approved by the President of the Board of Directors of the affiliate

4.5 Dues on Network Supervision

- a) The Network Supervision Division of SWAVIB is responsible for affiliate's supervision, which includes, corporate governance activities, technical assistance, supplies and training of staff and Board of Directors.

- b) These services shall be remunerated through the Network Supervision Dues and Levies at the rate of 2% of the average of the net surplus of the past 3 years.
- c) Where the affiliate made no surplus, Network Supervision Dues will be calculated on average turnover for the past 3 years at the rate of 0.5%.
- d) However, if the affiliate has been in business for a period less than 1 year, the Network Supervision Dues shall be calculated at 0.5% of the turnover leading to the point of admission.
- e) In a situation where the affiliate is still to start business, Network Supervision Dues shall be calculated by semester at the rate of 0.5%.

4.6 Representation Dues

- a) Representation at Local, Regional, National and International domains will be undertaken on behalf of each affiliate. This activity shall earn a Representation Due at the rate of 1% on the average of the net surplus for the past 3 years.
- b) Where the affiliate makes a deficit, the Representation Dues shall be calculated on the average of the turnover for the past 3 years at the rate of 0.25%.
- c) In a situation where the affiliate began business less than a year at the point of affiliation, the Representation Dues shall be calculated on the amount of turnover leading to the date of affiliation at the rate of 0.25%
- d) However, if the affiliate is yet to begin business, the Representation Dues shall be calculated by semester at the rate of 0.25%.
- e) Representation Dues shall be invoiced by the Network Supervision Division and forwarded to Management for transmission to the affiliates.

DUES AND LEVIES READY RECKONER

s/n	Element	Basics	Missed	Branding	Missed	Accounting and Tax Assistance	Missed	Information Technology (IT)	Missed	Internal Audit	Missed	Network Supervision	Missed	Representation	Total
1	Average of the net surplus of the past 3 years	-	0.5%	-	1.5%	0	1%	-	2%	-	2%	-	1%		
2	Average of the net turnover for the past 3 years	-	0.125%	-	0.375%	0	0.25%	-	0.5%	-	0.5%		0.25%		
3	Affiliate had been in business for less than 1 year	-	0.125%	-	0.375%	0	0.25%	-	0.5%	-	0.5%	-	0.25%		
4	Affiliate about to begin operations	-	0.125%	-	0.375%	0	0.25%	-	0.5%	-	0.5%	-	0.25%		

4.7 Commission on Procurement

All Network consortium procurement on behalf of the affiliates shall be invoiced at the cost of acquisition plus 60% of the amount of discount received from the supplier and delivered to the premises of the affiliate, irrespective of distance.

4.8 Training Fees

The Network Training Package shall contain Training Topics in the various disciplines required by MFI Category one (1). Within this background, each affiliate shall provide mandatory training for the Board of Directors, another to the Management Team and the last to the Staff. Any other trainings outside the mandatory trainings shall be at a subsidized cost which shall depend on the number of days and the number of participants involved from an affiliate.

4.9 Statutory Audit

- a) All affiliates shall be subjected to Statutory Audit at the level of the Apex Organ Head Office for those seeking accreditation and at the various head office and/or branches for those with accreditation.
- b) The Statutory Auditing Fee shall be a lump sum based on the level of turnover for the past three (3) years

S/N	DESCRIPTION	AMOUNT (FCFA)
1	Affiliates awaiting accreditation	400,000
2	Affiliates' turnover less than 30,000,000 FCFA	500,000
3	Affiliates' turnover above 30,000,000 and less than 50,000,000 FCFA	700,000
4	Affiliates' turnover above 50,000,000 and less than 100 million FCFA	9,00,000
5	Affiliates' turnover above 100 million FCFA	1,200,000

ARTICLE 5: RIGHTS, ADVANTAGES AND PROTECTION

5.1 RIGHTS

Affiliates of SWAVIB by rights shall be entitled to:

- I. A physical showcase space at the Head Office
- II. A secured independent portal on all the digital, virtual (Website, Social Media Platforms etc.)
- III. Use of the prestigious SWAVIB Brand
- IV. Technical, Financial and Professional coverage and any other legitimate rights that may unfold.

5.2 ADVANTAGES

- I. Financial Solidarity
- II. Effective and economical use of resources
- III. Quick access to Microfinance sector information
- IV. Network connectivity
- V. Network quality support services
- VI. Technical support

5.3 PROTECTION

- I. Regulatory professional coverage
- II. Physical, social and labor coverage
- III. Financial stability
- IV. Steady growth

ARTICLE 6: DISAFFILIATION

6.1 Disaffiliation Process

- a) Disaffiliation is a right that can be evoked at any time by both parties under the Disaffiliation Commitment Form.
- b) In either case, the party seeking disaffiliation will write a letter of intent indicating the reason for disaffiliation addressed to the party concerned in which a 3 months' notice period shall be indicated. Whatever the reason for disaffiliation, the letter of intent to disaffiliate shall be quickly forwarded to the committee in charge of Network Affiliation which shall take the necessary steps to mediate the situation.
- c) However, if the mediation fails to work, the committee shall call in the Internal Audit Division of SWAVIB to carefully bring out the Financial Situation between the affiliate and the Apex Organ.
- d) This Financial Situation will be presented to the Board of Directors of SWAVIB for a resolution pending year-end statutory audit, to authenticate the exact financial situation between the affiliate and the Apex Organ.
- e) However, the Board of Directors' resolution concerning the position on disaffiliation shall be forwarded to the affiliate within a maximum period of 15 days after the Board sitting.

6.2 Disaffiliation Letter

- a) Once the financial situation between the affiliate and the Apex Organ have been authenticated through a statutory audit, the President of the Board of Directors shall address a Letter of Disaffiliation to the affiliate concerned.
- b) This Disaffiliation Letter will contain all the Financial Information, indicating the Outstanding Balances of the affiliate in the book of the Apex Organ and the level of indebtedness of either party to each other.

6.3 Financial Disaffiliation Settlement

- a) The President of the Affiliation Committee sitting as an arbitrator will convince both parties (Apex Organ and Affiliate) within 20 days upon the issuance of the Disaffiliation Letter to review the modalities of settlement.
- b) At this meeting, both parties must make good all outstanding dues and levies or reimbursements without any compensation
- c) A calendar will be established by the arbitrators in agreement with the parties concerned and ensure that this calendar of settlement is respected within time and scope.

ARTICLE 7: WITHDRAWAL FROM THE NETWORK

7.1 Letter of Withdrawal from the Network

- a) Once the arbitrator has successfully established the calendar of final settlement between the Apex Organ and the disaffiliating affiliate, a letter of withdrawal endorsed by the President of the Board of Directors of the SWAVIB NETWORK shall be issued to the concerned affiliate.
 - b) This letter shall also serve as a disclaimer to the:
 - i. General Public
 - ii. COBAC
 - iii. The entire Regulatory Microfinance Sector
- that the concerned MFI is no longer a member of the SWAVIB NETWORK.
 - The physical space and Virtual Portal shall be closed to the disaffiliated MFI.
 - The Emblem and Logo of SWAVIB and other branded material including software shall be disbanded for use by the concerned affiliate.

The South West Village Barns Microfinance Cooperative Society with Board of Directors (SWAVIB MFI COOP-BoD) – Affiliation Policy has been presented to the Board of Directors for review, discussion and resolution for approval this:

Date:

Therefore, the Affiliation Policy has been Approved by:

I, President of the Board of Directors

Signature: 2024

In witness:

I Board member, Chairperson of the Affiliation Committee,

Signature: 2024

And,

I, General Manager of SWAVIB

Done in Buea, thisof June 2024.