

Directive No. MFI/1/1996

LICENSING AND SUPERVISION OF THE BUSINESS OF MICRO-FINANCING INSTITUTIONS MINIMUM PAID UP CAPITAL AND INFORMATION REQUIRED FROM APPLICANTS

1. Issuing Authority

These directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and by Article 5 and 12 of the Licensing and Supervision of the Business of Micro-financing Institutions Proclamation No. 40/1996.

Minimum Capital

An applicant for a license shall have the minimum paid-up capital of Birr 200,000 (Birr Two Hundred Thousand).

Information Required from Applicants

Evidence for paid up capital which includes certificate of deposit in a blocked subscription account and evidence for valuation of contributions in kind;

Memorandum and articles of association and proposed organizational chart of the institution with brief description of the functions of the main organizational units;

Proposed name of the institution;

Evidence of ownership, possession or lease agreement of an office building for items listed under sec. 10 of the application form attached hereto;

Work plan for the first year of operation, stating at least the following;

Major financial services to be offered;

Overview of the economic conditions of the area in which the institution intends to carry out its business;

Business plan covering the mobilization and channeling of funds and the steps to be undertaken to carry out this plan.

Monthly cash flow projection for twelve months commencing from the time the institution starts its operations, and balance sheet and income statement projections;

Curriculum vitae of the proposed officers and directors including their age, marital status, education, employment history, experience and involvement in financial affairs, civic, social and charitable activities including any leadership position held; and

Duly completed application form as prescribed by the National Bank of Ethiopia and enclosure specified therein.

Fees

A Micro-financing Institution applying to undertake micro-financing business shall, at the time of lodging an application, pay an investigation fee of Birr 250.- (Birr Two Hundred Fifty);

A Micro-financing Institution licensed to undertake micro-financing business shall pay initial registration fee prescribed by the Ministry of Trade and Industry for registration of the Memorandum and Articles of Association;

A Micro-financing Institution licensed to undertake micro-financing business shall pay initial license fee of Birr 500.- (Birr Five Hundred);

A licensed Micro-financing Institution shall pay annual license renewal fee of Birr 300.- (Birr Three Hundred).

These directives shall enter into force as of 21st day of October 1996.

Dubale Jale
Governor
National Bank of Ethiopia

APPLICATION FORM FOR A LICENSE TO CONDUCT MICRO-FINANCING BUSINESS

1. Name of applicant, designation and address

2. Proposed name of institution

3. Address and Proposed branches

3.1 Head Office

Location _____

Postal Address _____

Tel. _____

Fax. _____

3.2 Branch address (if any)

Location _____

Postal Address _____

Tel. _____

4. Particulars of founders and share holding

Name	Nationality	Address	Shares (In Birr)	
			Subscribed	Paid up
Total				

5. Particulars of Directors and the Chief Executive Officer*

Name	Age	National	Address	Number of Shares Held
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A. Directors				
B. Chief Executive Officer				

* Attach C.V. of each Director and Chief Executive Officer

6. Financial services and operation of the institution:
 Financial services the institution intends to carry out

The manner in which the institution intends to carry out its transactions and operations

7. Contributions made in cash and in kind

In cash Birr _____
Birr) _____)

7.2 In kind (specify the type of property and value in Birr and the manner of valuation)

8. Initial capital of the institution (in Birr)

Authorized capital Birr _____ (Birr)
_____)

Subscribed capital Birr _____ (Birr)
_____)

Paid-up capital Birr _____ (Birr)
_____)

9. Shares

9.1 Number of shares issued

9.1.1 Number of shares held by founders

9.1.2 Number of shares held by subscribers

Par value of each shares in Birr

10. Provide information on the manner of acquisition and cost of items listed there under*

Item	Manner of acquisition**	Cost (in Birr)
a) Building	_____	_____
b) Land	_____	_____
c) Vault	_____	_____
d) Equipment	_____	_____
e) Fixture	_____	_____
f) Professional Services	_____	_____

* Indicate if any of the items listed are acquired from related parties

** Lease, purchase, rent, etc.

11. Gives statement that members of Board of Directors and Officers are vetted to fulfill the requirements stated under Article 18 of Proclamation No. 40/1996.

12. Any other additional statements

13. Declaration

I hereby confirm that the forgoing statements are true and correct.

Date _____

Signature _____

the applicant

Name and official designation of