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MFIs and MBAs commit to institutionalize Disaster Risk Reduction and Climate Change Adaptation

By Mark Cervantes

Philippine microfinance institutions (MFIs) and mutual benefit associations (MBAs) have built on a long history of growth and innovation. Several hundred MFIs and MBAs operate throughout the country, and over the past few decades, these institutions have expanded their outreach and diversified the range of services provided to low-income populations. As social enterprises, MFIs/MBAs are also guided by their "social performance" - the effective implementation of an institution's social mission into practice. This mission may include serving larger number of poor and excluded people; delivering high-quality and appropriate financial services; creating benefits for clients; and improving the social responsibility of an MFI.¹

Microfinance has also been central to the national government's strategy for poverty reduction and is part of the ten point agenda identified in the Medium-Term Philippine Development Plan (MTPDP), 2004 -2010. The Philippines has a well-defined policy and regulatory architecture for microfinance that has enabled microfinance institutions to expand and thereby improve the living conditions of hundreds of thousands of low income Filipinos.

However, with the recent impacts of disasters brought about by disaster and climate risks, the services, including the social performance of MFIs and MBAs, are being challenged—if it contributes to building community resilience or otherwise.

In response to these challenges, members of the Microfinance Council of the

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Stakeholders attend 2013 SPM Peer Learning Forum



Participants celebrate after completing the two-day SPM peer learning forum last March 20-21.

"It is important that MFIs remember that clients choose them because of the non-financial services (training, value-added activities, and other courtesies), and that good service will make them stay." –Dr. Raymund Fabre, ADB.

This and a number of learning were gleaned by the representatives of micro-

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Microfinance Council of the Philippines, Inc.



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MFIs and MBAs...from page 1

Philippines, Inc. (MCPI) and the Social Initiative against Catastrophe (SICAT) recently made a vow to institutionalize Disaster Risk Reduction and Climate Change Adaptation (DRR and CCA) into their programs. This commitment was made by 21 MFIs and MBAs from Luzon, Visayas, and Mindanao during the "Training of Trainers/Facilitators (TOT) on DRR and CCA for Microfinance Institutions and Mutual Benefit Associations" last March 13-15. The training is part of the accompaniment project of MCPI and SICAT called "Facilitating Organizational Resilience Workshop on Accompaniment for Disaster Risk Reduction and Climate Change Adaptation for MFIs and MBAs" or FORWARD MFIs & MBAs.

The TOT is part of the first phase of the FORWARD project which aims to increase the knowledge, skills and attitudes of the participants about DRR and CCA, and link it to their work as MFIs and MBAs. The 3-day TOT covered modules on "Key Concept, Principles and Practices on DRR and CCA" and "Facilitating DRR and CCA in the Community: Methods and Processes".

On the 1st day of the training, Mr. Rolando Victoria, President of SICAT and MCPI Internal Auditor, emphasized the need for MFIs and

Stakeholders attend...from page 1

finance institutions, service providers and networks who participated in the Social Performance Management Peer Learning Forum (SPM-PLF) the Microfinance Council of the Philippines, Inc. (MCPI) organized last March 20-21 at the BSA Twin Towers, Ortigas Center, Pasig City.

The first day of the forum provided an overview on the Universal Standards for Social Performance Management (USSPM)—1) Define and monitor social goals; 2) Ensure board, management, and employee commitment to social goals; 3) Treat clients responsibly; 4) Design products, services, delivery models and channels that meet clients' needs and preferences; 5) Treat employees responsibly; and 6) Balance financial and social performance. Existing practices of microfinance institutions in these areas as well as emerging practices in other countries were shared by the participants.

Ms. Chona Sebastian of Ateneo de Manila Business School presented her

MBAs to be involved in DRR and CCA issues especially in communities where they operate. According to him, resilient MFIs/MBAs and communities mean that they are active participants in preparing for and responding to hazards and disasters. Atty. Priscilla Duque, Office of the Civil Defense Assistant Executive Officer, provided a lecture on "The Legal Basis of DRRM" in the afternoon of the first day.

The disaster and climate risk assessment was covered during the second day. Participants did group workshops on hazard and vulnerability assessment of their respective areas of operations in Luzon, Visayas, and Mindanao. In the afternoon of the same day, they visited Buklod Tao Foundation in San Mateo, Rizal where Ka Noli Abinales shared their DRR and CCA projects. The field visit was facilitated by Ms. Mayfourth Luneta of the Center for Disaster Preparedness.

On the third day of the training, Ms. Elle Fernandez, National Project Coordinator of the Philippine Red Cross shared their work on disaster and climate risk assessment using participatory rural appraisal tools in the areas they operate under the Partners for Resilience program.

MCPI Executive Director Allan Sicat

paper on Determining Variables Associated with Positive Poverty Movement of the Microfinance Clients of Negros Women for Tomorrow Foundation, Inc. (NWTF). The study used the Progress out of Poverty Index (PPI) tool, and the variables tested are based on the data sets that NWTF has already been collecting since it adopted the PPI. It randomly selected samples from the six major provinces in the Visayas where NWTF has operated the longest: Leyte, Samar, Bohol, Cebu, Negros Occidental, and Negros Oriental.

On day two, Mr. Cristopher Lomboy discussed concentration, scale, and penetration—the basic reports used to measure poverty outreach through PPI. These reports are affected primarily by geography, the MFI's recruitment strategy, and business model.

Discussions also focused on Pricing Transparency where presenters from BSP, Mr. Rino Zerna and Ms. May Monteras of the MSME Finance Specialist Group, explained how to move from

and SICAT Chief Executive Officer Jun Jay Perez presented the link of DRR and CCA to MFI/MBA services and social protection principles. Several options related to microfinance, credit, and insurance on DRR and CCA were presented during the lectures but they emphasized that they do not expect MFIs/MBAs to become full-time DRR and CCA organizations but rather become active participants in preparedness/mitigation and response/rehabilitation initiatives based on their institutional capacity and resources.

During the identification of DRR and CCA options, the participating organizations opted that the institutionalization of DRR and CCA into their programs and services will be the best option and a take-home commitment after the training. Their institutionalization into MFIs and MBAs will be the springboard of the second phase of the FORWARD project where participating organizations will formulate specific activities and will serve as the basis for piloting. ♦

¹ http://www.cgap.org/gm/document-1.9.2739/BR_Toward_Social_Performance_Bottom_Line_Microfinance.pdf

computing from flat interest rate to declining balance. BSP's circular on pricing transparency has pushed forward transparency and client protection initiatives of the industry.

In communicating the effective interest rate (EIR), Dr. Fabre said that the key message is that the EIR is for the benefit of the borrower so that he or she is aware of the complete cost of borrowing capital from a credit provider. This message along with the other key messages can be distributed to clients through brochures, illustrative tables and charts, short seminars, and videos among others. Emphasis was given on the clear and simple manner of communicating to clients the legitimate costs involved in borrowing. MFIs should plan how to answer the clients' question on how much they are paying.

The 2013 SPM Peer Learning Forum gathered sixty participants. ♦

NWTF's Dr. Cecilia del Castillo is WIL Awards Leading Woman in Public Sector

By Presy Alba, NWTF



Dr. del Castillo (third from right) receives her award from HE Datin Paduka Seri Rosmah Mansor (fourth from right) and Sophie Le Ray (second from right), founder of the global Women in Leadership (WIL) Forums. Monster.com Managing Director for India, Middle East and South East Asia, Sanjay Modi (rightmost) looks on.

Dr. Cecilia del Castillo, Negros Women for Tomorrow Foundation, Inc. (NWTF) Executive Director, was named "Leading Woman in Public Sector" by the Women in Leadership (WIL) Achievement Awards in cooperation with Monster.com in Kuala Lumpur, Malaysia last March 28.

The award is given in recognition of the efforts and initiatives of a female leader in the public sector that promote development.

It is an affirmation of Dr. del Castillo's lifetime achievement of enabling the poorest women in Central Philippines to move their families out of poverty. As founder and Executive Director of NWTF, she is the driving and inspiring force that propels the NWTF team to go farther and deeper into the most remote areas of the Visayas and Palawan where many of the marginalized try to eke out a living, and provide them with financial and non-financial assistance that will enable them to improve their lives.

The WIL Achievement Awards were presented to outstanding leaders in the region on the first day of the Women in Leadership Forum Asia 2013, held at the Royale Chulan Hotel in Kuala Lumpur on March 28-29, 2013. This year's forum is the 3rd edition of the annual event

organized by Naseba, a French business information company. The yearly event aims to unite the most influential business leaders from the Asian region to share and exchange ideas on how companies can maximize the economic prospects of women in the region, and to encourage more pro-women innovations and initiatives in the workplace.

The winners in the other four (4) categories are Shinta Widjaja Kamdani, Managing Director of Sintesa Group, Indonesia--Leading Woman of the Year; Winie Loo, Founder and Chief Creative Director, A Cut Above Group of Salons & Academy, Malaysia--Most Innovative Woman Entrepreneur of the Year; Datuk Mohd Bakke Salleh, Group Chief Executive and President of Sime Darby Berhad, Malaysia--Male Champion of Change; and Ernst & Young--Most Women-friendly Employer.

This is not the first time that Dr. del Castillo's pioneering work in the field of microfinance and social development has been acknowledged. In March, her profile was included in a book entitled *Aspirations & Inspirations: Filipino Women Entrepreneurs* written by Jessica Zafra, and launched during the Women's Business Council Philippines (WBCP)'s Kapihan at the Dusit Thani Manila on March 19, 2013. The book is a collection of profiles of all women finalists and winners of Ernst & Young's Entrepreneur of the Year Philippines program. ♦

Cantilan Bank's Tanya Hotchkiss honored as next-generation global development leader

Reprinted from NOW, [Cantilan Bank, Inc.](#)

Tanya Hotchkiss, head of Cantilan Bank's Office of Strategic Management, was honored with a Devex Manila 40 Under 40 award for her outstanding work in the international development community in Manila.

Tanya was honored with other awardees at a private reception on February 19,

2013 at the Zuellig Building in Makati City where select government officials, corporate and NGO executives, and community leaders attended.

The Devex 40 Under 40 award highlights and celebrates the work of 40 young leaders in the international development community all under the age of 40 in cities around the world.

Following a public nominations process and rigorous review of more than 250 nominees, awardees were selected based on their influence on the development agenda and impact on development results in the Philippines and abroad.

Tanya joins the distinguished ranks of past Devex 40 Under 40 winners such as U.S. Agency for International Development Administrator Rajiv Shah; Cherie Blair Foundation for Women CEO Henriette Kolb; Google's Jared Cohen; and Obama Administration Senior Foreign Policy Adviser Samantha Power.

Following successful 40 Under 40 events in London in 2011 and Washington, D.C. in 2010, Devex is proud to have selected the Philippines as the first emerging country to host this event.

Chevron is the founding sponsor of the

Devex 40 Under 40. For more information, please visit the Manila 40 Under 40 website at [manila40.devex.com](#).

Devex is a membership organization delivering business information and recruiting services to the international development community, connecting 500,000 relief and development professionals to a dynamic network of information, people and ideas, and enabling them to have more impact for more people. ♦



L-R: Devex Manila Director Pete Troilo, CBI OSM Tanya Hotchkiss, and DSWD Sec. Dinky Soliman

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