



# Documentation Report

2014 MCPI ANNUAL CONFERENCE  
MOVING BEYOND MICROFINANCE  
24 – 25 JULY 2014, Century Park Hotel Manila

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**2014 MCPI ANNUAL CONFERENCE**

# **MOVING BEYOND MICROFINANCE**

24-25 July 2014, Century Park Hotel Manila

## About the Conference

Microfinance is a powerful tool in the fight against poverty. However, poverty is multi-dimensional – given the limited resources of microfinance institutions, only certain needs of the poor can be addressed readily. There will be greater reduction in poverty when microfinance is linked to a more comprehensive agenda of addressing the needs of the poor and is combined with increased access to basic social services.

This year, the Microfinance Council of the Philippines, Inc. (MCPI) will hold its **2014 Annual Conference** on 24-25 July 2014 at the Century Park Hotel in Manila. The conference will carry the theme ***Moving Beyond Microfinance*** and will be a venue for microfinance stakeholders to discuss and share lessons in the provision of services that go beyond microfinance such as housing, health, and business development services. These services, combined with microcredit, will help MFIs achieve greater impact in reducing poverty.

The conference is MCPI's annual event that brings together microfinance actors representing practitioners (NGOs, banks and cooperatives), funders, government institutions, donors, investors and other support organisations.

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## Session Tracks



### Services Beyond Microfinance

This track will look at programmes that link microfinance to basic services which address the utmost needs of clients including health services, business development, and value chain development.



### Innovations in Financial Services

This track will focus on the importance of innovations in the delivery of financial services to reach poorer segments of the society. Sessions will include housing, renewable energy access, and digital financial services.



### Going Back to the Basics

This track will discuss the significance of going back to the basics of microfinance. Sessions will focus on good governance and succession planning, client protection, and social performance management practices, as pillars for MFIs trying to move beyond microfinance to achieve greater impact in reducing poverty in the country.

2014 MCPI ANNUAL CONFERENCE

# MOVING BEYOND MICROFINANCE

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## Opening Plenary

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### **Welcome Remarks**

Ms. Mila Mercado-Bunker  
Chairperson  
Microfinance Council of the Philippines, Inc.

“Success means sustainability but significance means impact.” This was Mila Mercado-Bunker’s message underlining the conference’s theme of moving beyond microfinance. To create significance, there is a need to continuously learn, discover and find new ways of “tackling our mission so that we remain potent.” It was also for this reason that the Department of Social Welfare and Development (DSWD) was invited to give the keynote address and usher the opening of the event since, working with the poorest sector, they

play an important role in poverty alleviation. Mercado-Bunker said that though microfinance was an important tool, there were still limitations because “poverty is multi-faceted.” Thus microfinance needs to be linked to “a more definitive human development agenda” and for the players to forge more ways of working together. Mercado-Bunker also welcomed the incoming set of officers who she said now represents the three regions in the country.

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### **Keynote Message**

Ms. Parisya Taradji  
Undersecretary  
Department of Social Welfare and Development

*Undersecretary Parisya Taradji read out the message of DSWD Secretary Corazon “Dinky” J. Soliman who was unable to attend the event.*

Secretary Corazon “Dinky” J. Soliman lauded the convergence of all sectors for the two-day conference to find ways on how best to address poverty, saying the “multi-nefarious realities of our communities need constant innovation.” Microfinance represented a “lifeline for the poor

and the marginalised not only as a means to improve lives but also as an instrument to make them active participants in transformation.” She said that there was no more reversing the realities which had become the new normal thus the challenge was knowing how to adjust the structure to make the poor less vulnerable. Secretary Soliman also extolled the value of microfinance as it enabled the poor to address their problems.

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*After the messages, MCPI handed out the certificate of appreciation to Secretary Corazon “Dinky” J. Soliman. This was followed by picture taking with the members of the Board of Trustees (both incoming and outgoing). MCPI also announced the raffle mechanics that would take place at the end of the second day.*

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## About the Speakers

### *Ms. Mila Mercado-Bunker*

*Mila M. Bunker is the President and Executive Trustee of Ahon sa Hiras, Inc. (ASHI) and the current Chairperson of the Microfinance Council of the Philippines, Inc. (MCPI). She is also a member of the Board of Trustees of Punla sa Tao Foundation. Ms. Bunker is part of the global Social Performance Task Force and a certified trainer for CERISE – Social Performance Indicators. She is also an accredited facilitator of People's Credit and Finance Corporation modules on Credit Discipline, Basic Microfinance Courses, Delinquency Management and Personnel Management for Scaling-up for Microfinance Institutions. She is also trained in conducting Client Protection assessments by the Smart Campaign and SEEP Network. Ms. Bunker completed her graduate degree in Industrial Relations specialising in Human Resource & Labour Management at the University of the Philippines-Diliman in 1998.*

### *Secretary Corazon "Dinky" J. Soliman*

*Secretary Corazon "Dinky" J. Soliman is a social development professional with over 30 years of experience as a leader in Philippine civil society and practitioner in community organising and people empowerment. She now applies her finely honed skills and talents as a member of the Cabinet of the President of the Philippines. She served as Secretary of the Department of Social Welfare and Development (DSWD) from 2001 to 2005, and was re-appointed by President Benigno S. Aquino III to this post in 2010.*

*As head of DSWD, Soliman spearheads projects for poverty reduction and social protection. She is the National Project Director for both KALAHI-CIDSS-NCDDP (Kapit Bisig Laban sa Kahirapan – Comprehensive Integrated Delivery of Social Services – National Community-Driven Development Programme) and the Pantawid Pamilyang Pilipino Programme, a programme that invests in the health and education of Filipino families. She has led projects and programmes for the International Center on Innovation Transformation and Excellence in Governance (INCITEGov) in areas of social protection and empowerment of the people.*

*She has also designed and implemented programmes to enhance social accountability with civil society organisations as Programme Coordinator of the World Bank to Cambodia. Under her concurrent watch as Secretary of DSWD and Chairperson of the Human Development and Poverty Reduction Cabinet Cluster (HDPRCC), she spearheads the Bottom-up Budgeting and Local Poverty Reduction and Action Planning process which institutionalises civil society participation in the budget and poverty reduction planning process of the Philippine government.*

*She is a graduate of the College of Social Work and Community Development, University of the Philippines with a Bachelor of Science degree in Social Work. She placed 5<sup>th</sup> in the National Board Examinations for Social Workers in 1974. She was one of the Ten Outstanding Women in the Nation's Service (TOWNS), in the field of Agrarian Reform and Community Development in June 1992 and received in 1993 the Most Distinctive Alumnus Award from the College of Social Work and Community Development University of the Philippines. She is a graduate of the Kennedy School of Government of Harvard University.*

### *Undersecretary Parisya Taradji*

*Ms. Parisya Taradji is the Undersecretary for Operations and Programmes Group and Deputy Project Director for Operations of the Pantawid Pamilyang Pilipino Programme (4Ps) of the Department of Social*

*Welfare and Development. Her areas of expertise are in programme administration and management; administration and supervision; disaster risk reduction and management; casework, group work and community organising; and networking and resource mobilisation. These capabilities were honed by the numerous training, seminar and conferences she attended both locally and abroad. She is a Permanent Representative to the following national bodies: Alternate to the DSWD Secretary as Vice-Chair and Member to the National Disaster Risk Reduction and Management Council (NDRRMC); Inter-Agency Council Against Trafficking (IACAT); Inter-Agency Council Against Child Pornography (IACACP); Climate Change Commission; and, National Intelligence Board (NIB) of the National Security Council.*

*Her 40-year social work profession earned her numerous awards and citations given by schools, local government units, business and other sectors for her work on 4Ps implementation, spearheading calamity response, contribution to poverty alleviation and people empowerment through social welfare development. DSWD has recognised her as Best Social Worker; Western Mindanao State University presented her the Outstanding Social Worker award for DSWD Region IX and Lifetime Distinguished Achievement Award for her dedication to her profession and public service. She was also a Woman of Distinction awardee of Soroptimist International Zamboanga City.*

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### **Plenary Session 1: Improving the Poverty Situation in the Philippines – A Look Beyond Microfinance**

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*Facilitator: Ms. Patricia Calilong, RBB Foundation*

Microfinance has blossomed into a mechanism that seeks to address the resource constraints of the entrepreneurial poor, and by extension, provide the springboard for escaping poverty. Yet, microfinance can only do so much. Poverty is multi-dimensional and given the limited resources of microfinance institutions, only certain needs of the poor can be addressed readily. Necessarily, poverty alleviation entails public-private partnership – capitalising on the strengths of each sector in order to maximise the efficacy of programmes and services that seek to boost the quality of life of the economically marginalised groups. This session discussed how microfinance could serve as the fulcrum for impact-driven socially responsible investments, social enterprise development, local economic empowerment and social welfare improvement. As such, its potential as a poverty alleviation tool could be further enhanced.

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#### **ADB's Support to the Microfinance Sector**

Mr. Eiichi Sasaki  
Senior Financial Sector Analyst  
Governance, Finance and Trade Division – Southeast Asia Department  
Asian Development Bank

The Asian Development Bank said financial sector development was one of ADB's core strategic field, along with infrastructure, environment, regional cooperation and integration and education. However, for microfinance to succeed in the Philippines, the following were considered key factors: market-oriented financial and credit policies, government focusing on creating an

enabling environment, greater role of the private sector, and treating microfinance as a formal banking operation. The bank also identified the following next steps to enhance financial inclusion: infrastructure development to expand outreach, fiscal regulation to support innovation and financial literacy promotion for better use of services and customer protection.

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### ***Microcredit Penetration among Poor Households***

Mr. Patrocinio Jude Esguerra III  
Undersecretary  
National Anti-Poverty Commission

The NAPC presentation highlighted the role of microfinance towards achieving financial sustainability where the entrepreneurial poor could contribute in generating employment. The agency also shared some initiatives it is currently pursuing including the creation of secondary hubs to help spur growth outside of the traditional business areas. The President has directed the identification of areas that have high growth potential that would also benefit the poor. The government is also now accelerating infrastructure investments in these areas, particularly looking at how funds are allocated in farm-to-market roads that connect to the secondary hubs. The government is looking at public-private partnerships, which had worked in

some sectors, and has offered assistance to the private sector to entice them to go into these hubs.

NAPC also shared the area-based approach which promotes convergence where specific areas try to solve specific problems. To help the informal settlers, the government is exploring the construction of the so-called “second floors” in areas where there is no more space for horizontal expansion. According to Esguerra, “land is expensive while air is free so “we densify” the second floor.” This would also mean moving the informal settlers away from the waterways. The agency is working with LWUA to deliver water supply to these areas. He also invited the private sector to engage in these business opportunities.

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### ***Looking Beyond Microfinance***

Mr. Augusto Camba  
Investment Manager  
ICCO Investments South East Asia

The ICCO presentation pointed out the limited financial products available for farmers but added that investment funds are increasing despite reduction in the provision of grants. ICCO also shared some statistics that reflected recent developments where 70% of the poor are now living in Middle Income Countries. Saying that

poverty was more of a distribution problem now, 93% of the sector used to be in Low Income Countries. In addition, the presentation highlighted the case of the farmers who, despite being the producers, did not benefit from their own produce. But he said he hopes to see a different dynamic in the future with more opportunities to innovate.

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### ***The Nestle Plan: Beyond the Cup (video presentation title)***

Ms. Ruth Pangan Novales  
MPED Head | Corporate Affairs Executive  
Nestle Philippines, Inc.

Using video presentation, Nestle highlighted its partnership with coffee farmers saying that instead of opting for contract growers, the company is focusing on empowering farmers through its value chain approach. Guided by its CSR (corporate social responsibility) of creating shared value, the company said all factors have something to do with

each other. Nestle’s initiatives included establishing satellite buying stations where coffee products are purchased at market prices as well as putting up coffee schools now totaling four (4). Nestle also introduced the coffee-based farming system while taking into consideration environmental concerns like erosion.

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*Discussion/Question and Answer*

Question by:	Response by:
Fr. Jose Victor Lobrigo, SEDP-Simbag sa Pag- asenso, Inc. Commented that the prescription for microfinance to go into formal banking operations was disturbing	Mr. Eiichi Sasaki, ADB ADB is also supporting NGO microfinance institutions and we believe that the banking sector can actually work with NGOs.
Mr. Antonio Sevillano, Jr. MILAMDEC I do not see concrete assistance from the government for the farmers especially that they are always subjected to market change.	Mr. Patrocinio Jude Esguerra III, NAPC Rice is actually receiving the most support through the Department of Agriculture.  Ms. Ruth Pangan Novales, Nestle Philippines, Inc. We will continue to work with the government but we will not spread ourselves too thin.

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*About the Speakers*

*Mr. Eiichi Sasaki*

Eiichi Sasaki has a 16-year experience at the Asian Development Bank (ADB) in supporting the regional financial market development. Before joining ADB, he had worked for the private sector capital market on a global basis. He holds a masters degree in business administration. Mr. Sasaki has managed ADB assistance in SME and microfinance development for the member countries including Kazakhstan, the Philippines, Lao PDR, Indonesia and Vietnam. He was also in charge of the knowledge sharing initiatives for the financial market development in the region. Currently, he is a Senior Financial Sector Specialist, Governance, Finance and Trade Division, Southeast Asia Department at the ADB.

*Mr. Patrocinio Jude Esguerra III*

Patrocinio Jude Esguerra is a sociologist and economist by training. His recent work has focused on the finance, regulation and political economy of services which have been officially devolved to local government units, including those that are now privatised. He is an expert in formulating new modes of collaboration between communities and their respective local governments. Esguerra also specialises in social protection programmes in the Philippines, which focus on such issues as PhilHealth implementation, conditional cash transfers, job creation through public work, and poverty targeting. He has been a consultant to both the World Bank and the International Labour Organisation for labour market developments and social protection schemes in the Philippines. He was head of the Economics Research Department at the Institute for Popular Democracy and was a PhD candidate at the School of Economics of the University of the Philippines where he studied concession contracts for water supply service in Manila.

*Mr. Augusto Camba*

Augusto Camba has more than 20 years development work experience in various reputable local and international organisations. He has expertise on development finance, impact investing, business incubation and development, strategic programme management and environmental management. He presently works as Investment Manager of ICCO Investments South East Asia operations covering the Philippines, Indonesia, Cambodia, Vietnam and Myanmar. From 2010-2013, he served as the Programme Officer for Financial and Business Development Advice of ICCO Cooperation South East Asia Office. Prior to ICCO, he worked for five years as Business Development Advisor for Swisscontact Philippines' SME Promotion and Vocational Training Programme and eight years as Associate Director of the Foundation for a Sustainable Society, Inc. – a development resource institution which provides business development and scaling-up support to community-based and eco-friendly businesses in the Philippines.

*Ms. Ruth Pangan Novales*

*(not available)*

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### **Breakout Session: *Financing and Developing Agricultural Value Chains***

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*Facilitator: Ms. Jesila Ledesma, MEDIA, Inc.*

Value chain finance – defined as financial products and services that flow to any point in a value chain in order to increase its growth and competitiveness – is becoming an attractive model of spreading the risks in rural finance. To improve their enterprises, actors in the agricultural value chain need access to finance. Smallholder farmers need market linkages while MSMEs who add value to products need finance to increase their capacity. The session explored value chain development as a more holistic approach to addressing the needs of poor people in rural communities. The session also highlighted the results of a value chain study on rice, onion and calamansi conducted with two microfinance institutions in Luzon.

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#### ***Empowering Value Chains for the Rural Poor***

Mr. Jay Bertram Lacsamana  
Executive Director  
Foundation for a Sustainable Society, Inc.

The Foundation for a Sustainable Society Inc. (FSSI) adheres to its triple bottom line (3BL) in promoting social enterprise: economic viability, social equity and environment. Aside from the 3BL approach, it has a strategy to grow local economy by developing strong 3BL social enterprises along complementary and related value chains thereby forming a critical mass that, in turn, will help build local community economies and regenerate or preserve the sustainability of ecosystems. At present, FSSI's initiative regarding value chain and enterprise

development centres on looking at the market in a holistic way, finding ways to enable social enterprises to compete with established businesses, and preparing communities for social entrepreneurship.

Almost 80% of the country's poor is in the rural areas where agriculture is the primary source of income for farmers that depend on subsistence farming and fishing for their livelihood. With the failure of the traditional economic model in alleviating poverty, it fell on social

entrepreneurship to help the poor to move out of poverty. However, only 3% of microcredit beneficiaries have graduated to become near-small or small enterprises or regular businesses.

The limitation of microfinance in agriculture is that it usually addresses small-scale production of raw or semi-processed products/materials that usually go to consumption, generate petty cash income, are prone to household shocks, and are rarely asset forming. This means that general purpose microfinance does not address the economic and market potentials of processed products at the quality and quantity demanded by commerce. Therefore, there is a need to empower rural value chains that allow producers to seize new opportunities in agriculture.

To do this, there is a need to identify:

- The actors, financiers and cooperators in the value chain
- The scale of influence of the actors, financiers and cooperators in the value chain
- Those that control the value chain whether they be monopolies, cartels, etc.

- The possibility of cooperation between actors, financiers, industry leaders
- The economic or financial relationships that should be dismantled

There is also the need to assess the following on the value chain:

- Where the poor are situated,
- Where the resources they access are located,
- Where the profit margin is highest and lowest, and,
- Where the environmental impact is highest and lowest.

For FSSI, the shift has had some implications on the following:

- Budget allocation for BDS and other “matching or conditional” grants
- Innovative financing for social enterprise incubation soft loans
- Commodity/product, social and environmental scanning
- Enabling on-ground convergence of community actors who matter

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### ***Financing and Developing Agricultural Value Chains***

Mr. Anant Jayant Natu

Specialist and Domain Leader for Private Sector Development

MicroSave

MicroSave was commissioned by Citibank and Opportunity International to study the connection between agriculture finance and microfinance institution (MFI) products and services. It found that:

- The products and services offered by MFIs address agriculture production but lack financing for risk mitigation or better price realisation.
- The standardised design of MFI products limit their reach to small producers involved in agriculture, horticulture, fisheries, dairy or processing of farm produce.
- The high cost of service delivery in rural areas deters MFIs from providing small farmers with services other than the basic weekly repayment product.

The study also examined the value chains for palay, calamansi and onions and the emerging themes that came from these studies were:

- That market linkage and quality improvement can result in higher gains for small and marginal farmers.
- That MFIs are financing various value chain actors and can strengthen the value chain by linking them together.
- Marginal farmers need credit not only for production but also to avoid distress selling.

There were three models identified in the value chains examined:

- *Receivable finance* where innovative financial products can help marginal farmers benefit from time arbitrage so that time value could be potentially captured. This model is beneficial to small farmers in need of cash after harvest

without having to sell the produce. This model has MFIs getting collaterals that minimise the risk of lending to small and marginal farmers. Some of the challenges faced by this model are that aggregation requires significant institutional effort; there is the increased chance of wilful default by farmers if the product price falls below the margin; the quality of warehousing facility and phyto-sanitary factors are critical in determining the loss in the products' volume and weight that impacts its delivery. Government regulation may affect participation of MFIs in receivable finance.

- *Institutional financing* where the MFI can finance association and co-operatives based on their systems, processes and efficiency. It can help associations or cooperatives secure market linkages and provide institution building support and technical services. This model is beneficial to MFIs because they finance farmers based on contracts secured by the farmer or the cooperative, and this minimises the impact of price fluctuation. The collective bargaining power of the farmer increases once they become members of an association or cooperative reducing the dependency on traders. However, this model requires a gestation period that needs to be supported by grants, and requires investments in time to build relationships with the community. Quality parameters need to be strictly adhered to avoid reputational risk.
- *Loan against savings* model is for calamansi growers. It helps them get adequate loans during

peak season to reduce their dependency on other financing sources. This is beneficial to farmers since they can have greater savings through CBU which can help them access larger loans. These loan appraisals need to be done by agricultural experts that understand calamansi economics. The MFI also reduces the lending risk to these groups of farmers as their loans will be partially secured against their savings. However, farmers may refuse to repay the loan in spite of the savings parked with the bank and banks may have to mark a lien on savings in favour of the MFI. Loan assessments will also require people with skills and good product quality needs to be ensured.

Value chain financing and development have emerged as powerful tools in impacting farmers' livelihoods and create value through space, form and time. With over half of the MFI clients engaged in agriculture activities, the value chain ecosystem approach would be an advantage since it shows a shift in thinking that welfare of the poor is linked to value chains. MFIs would also shift towards SME-centric product design where there would be financing for working capital, capital assets, activities that include non-cereal crops, and other non-farm activities. This puts pressure on MFIs to reduce the cost of services and look for innovative channels, as well as to innovate products to increase uptake.

*Discussion/Question and Answer*

Question by:	Response by:
<p>Ms. Jesila Ledesma, MEDIA, Inc. How can MFIs get into value chain development and financing and how can MFIs navigate this environment?</p>	<p>Mr. Anant Jayant Natu MFIs need to profile existing activities to identify if there is a critical mass of clients involved in a certain crop. From here they can design interventions around this crop. The scope for financial and non-financial intervention would then be identified. MFIs should also consider production related issues, powers/actors, condition of roads. They need to have a holistic approach and not just rely on existing standards.</p> <p>Ms. Ledesma</p>

	<p>MFIs must find overwhelming product winners of the marginalised sector so that it would have potential for high commercial value. Competitors also need to be studied. Here marginalised sectors can opt to look for niches in the market that are also commercially viable. The entry of financing across the value chain should also be reviewed. In terms of purchasing equipment, the question should be which social group could own it, use it and participate in it. It should also be recognised that if microcredit is no longer sustainable, there should be a shift toward direct microfinance where at the end of the planning period clients have an indicator that accounts for the quantity and quality of their products.</p>
<p>Mr. Estalker Argonza, FICCO-Isabela, farmer, cooperative banker It may be difficult to add value to rice as a product since these are immaterial when compared to losses incurred while drying. Exploiting niche products may need to be explored.</p>	<p>Mr. Natu The fact that the drier will be used for two months, the lease of equipment is the primary option. But buying the equipment should not be shouldered by the MFI. It could be owned by cooperatives or a farmers' group, who then could charge a fee.</p> <p>Ms. Ledesma The market for niche products like organic rice now involves big players. The MFIs need to match their efforts quickly.</p> <p>Mr. Argonza If farmers opt to produce organic rice there would be minimal production output. Whether the farmers opt to plant commercial rice at a higher volume and sell at a lesser price or plant lesser volume of organic rice and sell at higher price needs to be weighed.</p> <p>Ms. Ledesma Farmers need not be trapped by the rice option and that they can also shift to planting other crops. However, these changes, which are socio-political and cultural in nature, need to be decided by the community. It may work in some areas but not in others. The people must be willing to undergo process.</p> <p>Mr. Cris Lomboy, Grameen Foundation The community needs to appreciate and understand what they have and to go for what makes sense for them. It is important to challenge MFIs to do value chain analysis properly to understand how different sectors interact because</p>

	it is out of their comfort zone. It should also be noted that social capital is embedded in the value chain prior to intervention. There has to be a management mechanism put in place to mitigate farmers' fears.
Ms. Rochelle Tomas, Banko Sentral ng Pilipinas How can regulators facilitate value chain development and enable change in the value chain?	Ms. Ledesma There are existing initiatives already to reform the financial system and make it more inclusive. The BSP has good initiatives embedded in its MF framework but the challenge is providing policies and implementing them so that the marginalised will benefit. However, it should not just be the BSP working on this. The DTI and DA should also work with the concerned marginalised sectors.

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*About the Speakers*

*Mr. Jay Bertram Lacsamana*

Jay B. T. Lacsamana is presently serving as the Executive Director of the Foundation for a Sustainable Society, Inc. (FSSI) which provides financial and development services to triple line social enterprises. He is also a member of the Board of Directors of the Philippine Postal Savings Bank. He studied at the University of the Philippines where he finished his Bachelor of Arts degree in Social Sciences. He also obtained a masters degree in public policy at the National University of Singapore.

*Mr. Anant Jayant Natu*

Anant Jayant Natu is MicroSave's Specialist and Domain Leader for Private Sector Development. He is an expert in private sector development with eight years experience in the sub-sectors of microfinance, agriculture value chains, WASH and energy. He has worked with over 50 institutions spanning MFIs, donors, banks, livelihood promoting agencies and community-based institutions across countries in Southeast Asia and Africa. He has successfully led projects that delivered support to farmer-owned producer companies and designed value chain based intervention in paddy, onion, copra, calamansi and ginger in the Philippines.

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**Breakout Session: *Scaling-Up Housing Microfinance***

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*Facilitator: Ms. Meliza Agabin, Microfinance Consultant*

In the Philippines, rapid urbanisation and population growth have resulted in a considerable lack of adequate housing and sanitation in poor communities. Micro-entrepreneurs often use their homes as productive assets where they conduct business transactions, produce goods and store raw materials and

inventory. Inadequate housing puts the lives and health of microfinance clients and their businesses at risk. Traditional housing finance has not offered products that are customised to the needs of the poor. However, there is a growing pool of financial institutions and support organisations that are applying good microfinance practices to housing finance. This session examined how housing microfinance was becoming an increasingly attractive proposition to MFIs seeking to expand their services, while retaining clients and achieving greater social returns.

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### ***Global Best Practices from the Field***

Ms. Jennifer Oomen

Associate Director – Centre for Innovation in Shelter and Finance

Habitat for Humanity International

Habitat for Humanity International is an international NGO based in Atlanta, Georgia, USA. It works in more than 70 countries and has served more than four million people. The country affiliate Habitat Philippines' vision for 2020 is to reduce the housing backlog by 20%. The backlog currently stands at 3.9 million houses and is expected to grow to 6.5 million by 2030. In addition, over 30% of microenterprise loans are commonly used for housing.

Habitat for Humanity shared that in February 2008 the BSP Monetary Board approved housing microfinance projects to address the shelter needs of the economically active poor. As of December 2013 the housing microfinance portfolio totalled some P235 million distributed among 19 banks. Ms. Jennifer Oomen cited two main barriers to scaling housing microfinance: insufficient technical capacity to develop adequate HMF products and lack of adequate/long-term capital.

Habitat for Humanity seeks to address this through its MicroBuild Fund which aims to demonstrate commercial viability and social impact of housing microfinance. The organisation also set up the

Centre for Innovation in Shelter and Finance which facilitates collaboration between public, private and third sector partners to develop innovative housing solutions for the 1.6 billion people worldwide who lack adequate shelter. The centre offers institutional technical assistance such as market mapping, market research, product design, pilot planning and monitoring and product refinement.

From its experience and guided by the finding that “70% of the world’s population access shelter through ‘progressive housing’”, Habitat for Humanity shared some of its lessons learned. These include:

1. A home improvement product matching the progressive building technique “little by little” makes scale possible.
2. Housing support services are a powerful differentiating element to sell the housing microfinance product.
3. Think about sustainability from the start.
4. Sales force is the “tip of the arrow” to reach scale with a housing microfinance product
5. A pilot is your “laboratory.”
6. Scale is possible and imperative.

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### ***TSPI Housing Loan Programme***

Ms. Aquilina Onesa

Head – Product Development Services Unit

Tulay sa Pag-unlad, Inc.

TSPI's housing loan programme (HLP) started in 2006 as a reward for its longest staying clients. The programme goal was to establish partnerships to expand services to both clients and non-clients and continue to improve delivery of HLP to existing

clients in partnership with other service providers/suppliers. It would also offer HLP to non-client micro-entrepreneurs as well as support the housing programme for informal settlement families (ISFs) and conditional cash transfer (CCT) clients.

It later became one of its social loan programmes that provided an opportunity for clients to realise their aspirations of secured and dignified housing without having to tap capital reserved for their micro businesses.

The organisation cited some challenges, including marketing, potential clients' lack of awareness on proper sanitation and poor capacity to pay, efficiency and multiple borrowing. To mitigate risks, TSPI shared that it has established guidelines like offering only to clients who are at least one year in the programme. Loans are also highly supervised with no cash-out to clients and with size depending on level of security in lot ownership and the client's capacity to pay. Insurance is required to safeguard against default due to death, illness or permanent

disability. There is also high participation of clients in the project process. Aside from close monitoring, partnership with suppliers and foremen is also promoted.

The programme has resulted in improved housing and sanitation facilities thereby promoting not only productivity but also dignity among clients. TSPI also learned that there is demand for housing loan among MFI clients and that it is worth investing in dedicated personnel to deliver the programme to better serve the clients and to gain greater interest and support from partners. TSPI has more than 200,000 microfinance clients in 150 branches and managed by 1,600 field officers. TSPI now has a P1.7 billion portfolio.

*Discussion/Question and Answer*

Question by:	Response by:
<p>Mr. Atayde, MASSPEC, Mindanao What is the typical interest rate on housing loan? What are the terms of repayment? Have you studied housing loan for CCT?</p>	<p>Ms. Aquilina Onesa, Tulay sa Pag-unlad Inc. 5% interest rate; flat rate; 3 years repayment period with an average of 1.5 years. Average loan size is PHP 25,000. DQ PAR is lower relative to other loan programmes. There is no housing loan programme yet for CCT but it is looking at it. The revised schedule of payments is from weekly to monthly for farmers.</p>
<p>Ms. Becky Gabad, Microcredit Philippines Are you planning to scale up on your housing projects?</p>	<p>Ms. Aquilina Onesa, Tulay sa Pag-unlad Inc. I think that will require a policy statement review. Housing project scaling up to housing development in resettlement is an option.</p>
<p>Ms. Velasco, BPI, Globe BangKO Have you looked into getting land titles for collaterals, real estate taxes verification and mortgages, as required in traditional banks? Do you do all those things?</p>	<p>Ms. Aquilina Onesa, Tulay sa Pag-unlad Inc. Loan sizes PHP 70,000-PHP 200,000 require land titles; lower loan sizes of PHP 20,000 require a barangay certificate indicating 10 years' residency.</p> <p>Ms. Jennifer Oomen, Habitat for Humanity International Land title requirement is an issue in housing loans.</p>
<p>Land Bank of the Philippines What percentage of the total cash flow of the family is acceptable?</p>	<p>Ms. Jennifer Oomen, Habitat for Humanity International HH cash flow of 50% is allowable inclusive of amortisations in other loan products.</p>

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### *About the Speakers*

#### *Ms. Jennifer Oomen*

Jennifer Oomen serves as Associate Director, Centre for Innovation in Shelter and Finance for Habitat for Humanity International Asia Pacific. She provides management on the CISF's work developing housing microfinance products and services with a variety of market actors. Ms. Oomen has been involved in housing and community development for over 10 years including conducting research on the housing priorities of IDPs residing in Kampala, Uganda and working on community based solutions to end homelessness in the US. Ms. Oomen holds a masters degree from the London School of Economics and a bachelor's degree in sociology from the University of Wisconsin. She is based in Manila, Philippines.

#### *Ms. Aquilina Onesa*

Aquilina Galang-Onesa is head of the Product Development Services Unit of Tulay sa Pag-unlad, Inc. (TSPI), where she has served for some 10 years. She is a Human Ecology graduate, major in Human Settlements Planning from the University of the Philippines, Los Banos and served as a University Instructor for four years. Before joining TSPI, she was a Programme Officer in the Asian NGO Coalition for Agrarian Reform and Rural Development. She also attended the Masters in Entrepreneurship for Social Development at the Asian Institute of Management.

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### **Breakout Session: *Consumer Protection in Practice***

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*Facilitator: Ms. Noemi Bonaobra, Bicol Microfinance Council, Inc.*

Concerns such as over-indebtedness, unfair treatment of clients and lack of transparency have prompted microfinance stakeholders to put in place initiatives to protect the clients they set out to help – the vulnerable. The past years have seen microfinance practitioners integrate policies and practices that promote consumer protection in their operations mindful of the fact that without these clients might be plunged deeper into poverty. Parallel to this, efforts from regulators involve shaping of policies that are geared towards protection of the clients. In this session, Ahon sa Hiras, Inc. (ASHI) discussed actual client protection practices instilled at different levels of its operations. This session also looked into the recently approved Consumer Protection Framework of the Bangko Sentral ng Pilipinas and other initiatives aimed at protecting the welfare of users of financial services.

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#### ***The BSP Financial Consumer Protection Framework***

Atty. Prudence Angelita A. Kasala  
Deputy Director and Head of the Financial Consumer Affairs Group  
Bangko Sentral ng Pilipinas

The BSP presentation focused on its initiatives to protect consumers including making the banking

sector more accessible to all. She said that those at the base of the pyramid have traditionally been

uncomfortable in engaging the formal financial sector. According to her, “weaknesses in consumer protection and financial literacy have been identified as triggers of the global financial crisis.” She shared about the BSP financial consumer protection framework that visualises an engaged stakeholder in an inclusive financial system and an

enabling environment that protects the interest of financial consumers. She also discussed BSP’s five (5) consumer protection standards, namely: protection of client information, disclosure and transparency, effective recourse, fair treatment and financial education.

**Client Protection Principles**

Ms. Mila Mercado-Bunker  
President and Executive Trustee  
Ahon sa Hiras, Inc.

The Ahon sa Hiras, Inc. (ASHI) presentation highlighted the “human face of credit,” the policy framework of the organisation which looks at credit evaluation policies, group formation policies, loan utilisation check and supervision visit, training and development, HR policies, terms and conditions and client education and motivation. Foremost in its consumer protection measures is saying no to multiple membership and multiple borrowing. ASHI

also shared the results of its Smart Self Assessment that while not going below 80% in any of the categories, there were still areas that they needed to develop further especially because some borrowers have started getting creative in trying to find ways to go around the “no to multiple membership and multiple borrowing” policy of ASHI.

*Discussion/Question and Answer*

Question by:	Response by:
<p>Ms. Miriam Baloyo, Tagum Cooperative How can we address multi-membership which is very common? Some members who can no longer apply for new loans have resorted to using false IDs, false names.</p>	<p>Ms. Mila Mercado-Bunker, ASHI We instituted “Tutok, Dikit, Kulit (TDK)” as well as back-to-back programmes such as financial literacy, social programmes which have resulted in reduced membership because the members were made to choose. It is a trade-off between quantity over quality. For those who opted to remain with us, we restructured their loans. We also consolidated our centres on areas with few members. It took one year for ASHI to complete the consolidation. The greatest pivot was also PCFC. Client protection also meant protection for both the institutions and the staff.</p> <p>Atty. Prudence Kasala, BSP We distinguish those who really have loans although this segmentation is being exploited by those who really want to borrow. We are also setting up later this year the Credit Information Corporation under the Credit Information System</p>

	Act. All listing of borrowers will be consolidated under this.
Ms. Mercy Faustino, KCCDFI I am interested to know more about restructuring because in Zamboanga, though we do not have typhoons, we have war and during this time, our borrowers are unable to pay.	Ms. Mila Mercado-Bunker, ASHI During Ondoy, we had PHP 52 million portfolio that was at risk thus we were compelled to restructure. We asked if we could isolate those affected and did not charge interest to those loans. Our principle was to keep the loan alive and keep the repayment alive. We also offered recovery loans. We also learned that we needed to educate our partners and to let them feel that we are not going to leave them on their own.
Ms. Cauchie Garcia, Peace and Equity Foundation Are there efforts to help MFIs comply with the Client Protection Framework?	Atty. Prudence Kasala, BSP We plan to have a roadshow to prepare the MFIs. We are also exploring partnerships with international institutions like the Smart Campaign to be able to train everyone on how to embed client protection in their practices.
Ms. Gemma Encarnacion, TSPI What steps can we take to address multi-membership?	Ms. Mila Mercado-Bunker, ASHI Within the branch, we rotate our staff every six months while branch managers are rotated every three years. Although there were calls for localising, we felt that some form of authority was still needed which would not be possible if there was too much familiarity.
Synthesis	Ms. Noemi Bonaobra, Bicol Microfinance Council, Inc. There is a need to find out how to translate these standards and thus be able to meet the minimum standards.  Ms. Mila Mercado-Bunker, ASHI Protecting clients is not only good sense but also makes for good business. The current challenge is how to address over-indebtedness which is also shared by others as well as to develop the financial literacy of partners. We subscribe to do no harm to clients which means translating good intentions into practice.

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*About the Speakers*

*Atty. Prudence Angelita A. Kasala*

Atty. Prudence Angelita A. Kasala is the Deputy Director and Head of the Financial Consumer Affairs Group, Supervision and Examination Sector of the Bangko Sentral ng Pilipinas. Atty. Kasala finished 8<sup>th</sup> in the Philippine Bar Examinations out of a total of 5,000 examinees. In 2009, she received her Master of Law, Wharton Business and Law Certificate Programme with concentration in corporate finance and tax law. Prior to joining the BSP, she was with the Punongbayan and Araullo then later with the Quisumbing Torres law firms. She has held various positions in the different departments at BSP, namely: Bank Attorney of the Office of the General Counsel and Legal Services; Deputy Director and Head of the Office of the Deputy Governor Supervision and Examination Sector; and, Deputy Director, Central Point of Contact II Supervision and Examination Sector. She is also a lecturer on Taxation and Commercial Laws in the Faculty of Civil Law at the University of Sto. Tomas. She has published *Interplay of Accounting and Taxation Principles* for UST Law Review.

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*Ms. Mila Mercado-Bunker*

Mila M. Bunker is the President and Executive Trustee of Ahon sa Hirap, Inc. (ASHI) and the current Chairperson of the Microfinance Council of the Philippines, Inc. (MCPI). She is also a member of the Board of Trustees of Punla sa Tao Foundation. Ms. Bunker is part of the global Social Performance Task Force and a certified trainer for CERISE – Social Performance Indicators. She is also an accredited facilitator of the People's Credit and Finance Corporation modules on Credit Discipline, Basic Microfinance Courses, Delinquency Management and Personnel Management for Scaling-up for Microfinance Institutions. She is trained in conducting client protection assessments by the Smart Campaign and SEEP Network. Ms. Bunker completed her graduate degree in Industrial Relations specialising in Human Resource & Labour Management at the University of the Philippines-Diliman in 1998.

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***Plenary Session 2: Beyond Microfinance in Practice – Clients' Perspective***

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*Facilitator: Ms. Lalaine Joyas, Microfinance Consultant*

This session looked into the services beyond microcredit that microfinance institutions extend to their clients. Realising that poverty alleviation is not achieved by mere provision of business capital and other financial needs, MFIs also make available non-financial services such as product development and entrepreneurship training, financial literacy and management, health education and spiritual development, to name a few. In this session, beneficiaries of these programmes – the clients – shared about the support they received from MFIs that helped in the clients' holistic development as individuals and entrepreneurs. Clients of Alalay sa Kaunlaran, Inc., Tulay sa Pag-unlad, Inc., and Valiant Bank were the guests in the session that put the spotlight on outstanding micro-entrepreneurs, their relationship with the MFIs, and the non-financial services and support that have helped turn their lives around for the better.

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**Ms. Marilyn Cleto**  
TSPI Client

**Ms. Floraiwin Cainglet**  
Valiant Bank Client

**Mr. Herminigildo Dulatre**  
ASKI Client

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The session brought together three outstanding microfinance clients who shared their success stories as well as how they started, the challenges

they encountered and the lessons learned from their experiences. One client, Ms. Marilyn Cleto, shared how her family lost their capital and stocks

during a natural calamity but through TSPI, she was able to avail of capital to get back on her feet. Ms. Floraiwin Cainglet was able to expand her business as well as engage in new initiatives such as vermicompost through the assistance of Valiant Bank. Mr. Herminigildo Dulatre, a widower, shared how he first heard about microfinance during a barangay orientation which eventually enabled him to send his children to school.

The microfinance advocates talked about the financial and non-financial assistance that could be availed from the MFIs. These include calamity loans, grants, study tours, business linkages, exposure to new methods and technologies, capacity building as well as infrastructure. For instance, calamity loan products were offered at half grants while members could receive crop insurance assistance amounting to between PHP

8,000 to P20,000. Water pumps were also made available to ease droughts in the farms while minority groups benefited from the construction of bridge for better access.

The clients also shared that a study tour on appropriate and environment friendly methods of farming further demonstrated the responsiveness of MFIs. They said that businesses were also linked to suppliers/producers which helped lower the cost of operations thus increasing profits. The MFIs counselled their clients by providing business advice such as how to be hands on in their daily operations and transactions and to be industrious. Borrowers must also observe discipline so they could access the MFIs' financial and non-financial products and services. The clients said they would continue to tell their stories to encourage more to join the MFIs.

*Discussion/Question and Answer*

Question by:	Response by:
<p>How did you start as MFI clients?</p> <p>Can you tell us about your crops and farm size?</p> <p>Has there been an observable increase in membership among farmers in ASKI? Are they good in their payments?</p>	<p>Mr. Herminigildo Dulatre, ASKI Client</p> <p>In 2003, an ASKI staff visited our barangay hall for courtesy and asked if they could hold a meeting to share their programme. It was first attended by women, the wives of the farmers. After two years, the programme was opened to farmers. I joined the programme and encouraged other farmers to join as well. I was the Centre Chief then. In 2010, I was nominated and received a special award. I am grateful to ASKI and I continue to encourage others to join.</p> <p>I used to till four hectares of farmland, but I distributed already half of it to our family members. Now I have two hectares and an additional two hectares from my wife's inheritance. The land is planted with coconuts, bananas and rice. We also have a fishpond and are also engaged in hog raising. My wife passed away but I managed to send the children to school through my farm with ASKI's help.</p> <p>Yes, many have joined ASKI. At first, the Agri Committee did not believe us, but eventually, the</p>

	<p>barangay captain and his council became members.</p>
<p>Valiant Bank is in Iloilo, how did you start in Valiant Bank?</p> <p>In your place, are there other MFIs?</p> <p>When you started in Valiant Bank, did you already have a business?</p> <p>What is your current loan size?</p>	<p>Ms. Floraiwin Cainglet, Valiant Bank Client I started in Valiant Bank in 2009. At first I saw people in our barrio borrowing money for their business. I was so afraid to borrow money then because I did not know how I could repay. I am thankful to Valiant Bank for my first loan of PHP 50,000. They trusted me. I was able to expand my hog raising business with a good quality boar which started the growth of my business. That was how I started.</p> <p>So many to mention, I think some of them are here also. I reviewed the terms of payment. I was always vigilant with the weekly payments. I decided to choose the monthly amortisation set to be paid in two months so it would be easier. In my kind of business, long-term payment like six months is not applicable.</p> <p>My micro business started in 2004. I started with one piglet until it grew to become a breeder. Whenever it produced piglets, I would set aside one for "<i>inahin</i>" until I had five. When Valiant came into the picture, my business started to grow to 30 heads of "<i>inahins</i>".</p> <p>My loan increased because I needed the capital to open a travel ticketing business. I will have completed payments of the PHP 150,000 at the end of this month.</p>
<p>How did you start in TSPI?</p>	<p>Ms. Marilyn Cleto, TSPI Client Good afternoon. I started in 2004 (sari-sari store) but I did not know TSPI then. I used to work in Taiwan then decided to come home and start a sari-sari store. The 2009 calamity hit us hard and I lost my business. It was back to zero. I did not know how to start again. I thought of going back to Taiwan but it was more difficult there. I looked for TSPI and approached them because I heard about them in the past. Their loan officers were kind and approachable. My first loan then was PHP 7,000 but I asked for more because it was not enough. They listened and trusted me with the additional amount. I am thankful to Sir Ed for his trust and the loan amount extended to me.</p>

<p>What is the status of your businesses now? What are the challenges/issues that affect your businesses?</p> <p>ASKI extends loans to farmers but here Mr. Dulatre is saying ASKI provided them with water pumps during a drought in their communities. Is this a programme of ASKI apart from loans and insurance?</p> <p>What else were the problems or challenges faced by the farmers? Is crop insurance part of your loan? Did the farmers benefit from crop insurance?</p>	<p>Mr. Herminigildo Dulatre, ASKI Client</p> <p>The problems of rice farms are floods, droughts and pests. ASKI responded by providing water pumps to nine barangays in Baler, Aurora. They provided three to six water pumps in every barangay. Not all but many of our farmers benefitted from the water pumps. Those who planted rice/vegetables and were affected by drought had a harvest ranging from 50 sacks, 60 sacks to 130 sacks per hectare because of the water pumps. I am thankful that despite the challenges, ASKI kept responding to our needs.</p> <p>That was their programme and it was provided to us.</p> <p>Another big problem of farmers is when we are hit by calamities. If we lose our crops or if we have poor yields, they processed our papers for crop insurance. If you are a farmer you cannot take out a loan if you have no crop insurance. It was a big help when we were hit by the typhoon. Some could get PHP 21,000 for two hectares, PHP 11,000 to PHP 12,000 for one hectare and PHP 8,000 for ½ hectare.</p>
<p>What are the problems, issues or challenges in your business?</p> <p>Can you describe how far is your place from La Union? Her place is really a remote area.</p> <p>TSPI really helped financially in lean months. What type of support was provided by the MFI, including non-financial support when the typhoon affected the business?</p>	<p>Ms. Marilyn Cleto, TSPI Client</p> <p>For me there was not much, but what was observable was poor sales in our grocery thus generating low income. I could not even deliver soft brooms in Manila. If I have no money to buy the local's soft brooms, they would not earn and would have no money for their daily needs. So what I did was exchanged their soft brooms for groceries. I would sell it when the demand was high. When I ran out of cash, I borrowed from TSPI. It was easy to borrow.</p> <p>Seven hours from La Union if we take a private vehicle to deliver to Manila. Three (3) hours from San Fernando to Naguilian.</p> <p>Calamity loans and grants were offered to affected clients.</p>
<p>How about ASKI – other support services during calamity? How about our Valiant Bank client, what was your situation when hit by calamities or other challenges? These solutions – did you discover it yourself? Did you study it? What help did Valiant Bank extend?</p>	<p>Ms. Floraiwin Cainglet, Valiant Bank Client</p> <p>Free study tour and linkages to other clients, like producers were linked to suppliers; piggery was linked to farm suppliers. Also relief goods in 15 areas covered by the bank.</p>

	<p>The business was good but when the piglets got sick, they were all gone. We were from the residential area and there were complaints about the foul smell of the piggery. So we decided to use it as biogas in our home. Now I buy gas once a year.</p> <p>We produced vermicompost since quail is smelly. People would buy the compost. For complaints on flies, we had EMAS.</p> <p>For every problem, we tried to find solutions that would give us additional income. Valiant Bank linked us to the Department of Agriculture which taught us different methods and solutions.</p>
<p>What are the non-financial services provided by the MFI? Who provided for the training to the farmers?</p>	<p>Mr. Herminigildo Dulatre, ASKI Client  ASKI's big support to farmers included free study tours. Non-clients were also invited to learn about rice farming and gardening. We were linked to the Department of Agriculture for training to the farmers. ASKI constructed day care centres and provided high school scholarship grants.</p> <p>Yes, they provided information on organic farming, additional knowledge on fertilisers that were less harmful. ASKI also helped the indigenous Igorot community by fixing their bridge. They gave away items for the day care centres during the school and the Christmas seasons – school supplies, scholarship and clothes. ASKI's LEAP enabled us to borrow money for the tuition fees of our children with small interest.</p>
<p>What are the services provided by TSPI? What training did you attend which you used in your business? You mentioned about financial education or livelihood training.</p>	<p>Ms. Marilyn Cleto, TSPI Client  TSPI provided books for our day care centres as well as DTI training and seminars, and DOST training on creative designs. There were designs for children, for export, and for the masses. We also received livelihood training for manufacturers. TSPI also provided educational loans.</p> <p>Ms. Floraiwin Cainglet, Valiant Bank Client  Valiant Bank helped us on marketing the quail eggs. They also linked us to restaurants. Once you are linked to restaurants in the malls, you could offer other businesses like pigs. Valiant Bank also shared information on where to go for training.</p>

<p>What are your plans for your business? Any new ventures? What will be the role of your MFI in your plans?</p>	<p>Mr. Herminigildo Dulatre, ASKI Client First of all when speaking of resorts, Aurora has the best and the mountains have the most greens. Groups of farmers are now using the water pumps provided by ASKI to nine barangays. We are also looking for a financier to buy the palay from farmers for a better price. ASKI said they would assist us.</p> <p>Ms. Marilyn Cleto, TSPI Client I have lots of dreams I have a small gas refilling station. I intend to buy a gas tanker for our gasoline station. I have no plan to go back to Taiwan because I realise there is money here in the Philippines.</p> <p>Ms. Floraiwin Cainglet, Valiant Bank Client I am planning to get training on how to make misua. I also plan to engage unemployed women. I am also attending training on longganisa processing to help generate employment. Valiant Bank is also providing financial assistance for new business and helping us on windmills. The main problem in our barrio is water but if we have windmills, we can have access to water. The windmills will enable us to save on power consumption which in turn can help our business.</p>
<p>How has the award helped you?</p>	<p>Mr. Herminigildo Dulatre, ASKI Client With the money awarded to me, I was able to purchase a carabao to help me till my land and support the education of my children. The community made me their "idol." I also served as kagawad in our barangay. This is now my last term. My plan is to rest from politics and to focus on my children.</p> <p>Ms. Marilyn Cleto, TSPI Client We invested our prize money. We also received calls from new clients. Because of the awards, they got to know more about our soft brooms. We were thus able to export our soft brooms to Saipan and Australia. We also posted our products on the Internet while customised designs were also suggested by customers.</p> <p>Ms. Floraiwin Cainglet, Valiant Bank Client At first I thought it was borrow-pay-borrow only. But when we got the award, it was a big deal for me. When you have a name, there is no need for hard sell like door-to-door selling which we</p>

	<p>experienced when we were starting, I used to let my child bring quail eggs to school to sell them. But now it is different – we are known and clients approach us instead of us going to them.</p>
<p>When you were starting, did you think that there were non-financial services apart from financial services?</p> <p>Apart from financial products and non-financial services, are there other things you wish your MFI should respond to?</p>	<p>Ms. Floraiwin Cainglet, Valiant Bank Client Valiant still has to develop more insurance products.</p> <p>Ms. Marilyn Cleto, TSPI Client I really didn't realise that apart from borrowing for business, there are other non-financial services. So I said, it is good to borrow because you get more. My problem now is I am paying through cheques. My proposal is to get an easier and less costly payment mechanism like GCash payment. I also get more income from GCash.</p> <p>Mr. Herminigildo Dulatre, ASKI Client They already provided a lot. We trust that they would continue to do what is right for us. Maybe, continuing training on animal raising and funding for a group of farmers for palay buying proposal.</p>
<p>How can you help in return the MFIs who helped you?</p>	<p>Ms. Marilyn Cleto, TSPI Client Encourage others to go into business like me and to become members of TSPI.</p> <p>Ms. Floraiwin Cainglet, Valiant Bank Client I also encourage people with entrepreneurial skills but lack the capital to engage with Valiant Bank.</p> <p>Mr. Herminigildo Dulatre, ASKI Client When ASKI started, there was a huge presence of soldiers in our place. But then they saw I was there and what we were doing. Now they have also joined ASKI.</p>
<p>What will be your advice to people like you who will start a business?</p>	<p>Ms. Marilyn Cleto, TSPI Client Just be industrious and be patient. Keep dreaming and have discipline.</p> <p>Ms. Floraiwin Cainglet, Valiant Bank Client They have to love their business. They should be hands-on in their business and must not depend on others.</p> <p>Mr. Herminigildo Dulatre, ASKI Client If you like your business to progress, I advise you to approach ASKI for financial assistance and to help the community.</p>

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### *About the Speakers*

#### *Ms. Floraiwin Cainglet*

Floraiwin M. Cainglet is a multi-awarded microentrepreneur who, together with her husband, runs a very profitable piggery, native chicken and quail eggs production, and air and shipping lines ticketing office. She is a client of Valiant Bank, Inc. The husband and wife team started with just two piglets in 2004. With the help of Valiant Bank, and husband Rommel's background in electrical engineering, the couple were able to grow their hog-raising business even as they developed an automatic swine feeder, a sow-piglet separator and a multi-power water pump from recycled materials. They were also able to convert pig waste into biogas. These innovations increased the efficiency of business operations and decreased expenses. Cainglet thanks Valiant Bank for trusting her with a loan during very trying times. She advises budding microentrepreneurs to consider microfinancing for assistance just as it has helped and continues to help her.

#### *Ms. Marilyn Cleto*

Marilyn A. Cleto runs a soft broom manufacturing business, a mini grocery, a computer shop, a G-Cash remit centre, and a small gas refilling station in her hometown of Bagulin, La Union. She has been a valued client of Tulay sa Pag-unlad, Inc. (TSPI) since 2010. Before she became an entrepreneur, Cleto was an overseas worker who came home after seven years with very little savings. The money she earned abroad was used to send her children to college and build a two-storey house. She started a sari-sari store in her house and, later on, a soft broom manufacturing business. Both ventures were doing well especially the soft broom production which used tiger grass which was abundant in the area. But in 2009, a typhoon devastated their community. She was able to revive her business with the help of a loan from TSPI. The microfinance institution continues to support Marilyn's undertakings. Marilyn was the 2013 Luzon Awardee of the Citi Microentrepreneurship Awards (CMA) Program.

#### *Mr. Herminigildo Dulatre*

Herminigildo Dulatre is a farmer who cultivates a two-hectare rice field in Dipaculao, Aurora. He is a pioneer client of ASKI in Baler, Aurora. Aside from his daily farming tasks, Dulatre is highly involved in his local community, holding seminars on agricultural development and assisting neighbours with their farming-related concerns. He also initiated the construction of an artesian well for the public and a church for his community, both located in the premises of his lot. Apart from being a micro-entrepreneur and community leader, Dulatre, a widower, is also raising five children two of whom have finished their bachelor's degrees. In 2010, Dulatre was given a Special Award for Agri Micro-business by the Citi Microentrepreneurship Awards (CMA) Program.

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### **Plenary Session 3: Post-Disaster Rehabilitation of Microfinance Clients**

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*Facilitator: Mr. Danilo Songco, PinoyME Foundation*

The frequency of natural disasters in the Philippines has already highlighted the fact that the economic gains microfinance clients have accumulated could be wiped out easily. This could be seen as wasted investments and dashed hopes – both from the standpoint of the microfinance institution and the client. Post-disaster rehabilitation and recovery entail, among other things, the rebuilding of homes and restoring of livelihoods. Some of the resources of the MFI may have to be reoriented to address these immediate concerns, not to mention that they may also need to muster additional funds from various donors and/or creditors. How should an MFI undertake post-disaster rehabilitation? What are the avenues for collaboration and cooperation between MFIs and other development organisations with respect to the rehabilitation and recovery of disaster-affected microfinance clients? This session showcased the experience of two MFIs in post-disaster rehabilitation and the challenge of not only minimising hazards and vulnerabilities but, more so, increasing the economic resiliency of microenterprises.

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#### ***MFI's Role in Disaster Management: The CARD MRI's Experience***

Ms. Marilyn Manila  
Director – Community Development Group  
Center for Agriculture and Rural Development, Inc. (CARD)

CARD shared that its disaster management framework has four (4) components: Preparedness, Response, Recovery and Mitigation. CARD previously was not conscious about preparing for disasters and that its engagement was limited to distribution of relief goods, something that it considered as irrelevant from a broader perspective. But it changed its mindset when it saw that the disasters were affecting the vulnerable groups who were also its clients. Following the consecutive disasters that hit the country in the past few years, CARD then started to organise a disaster response committee which sets policies and puts in place the needed systems under the different components of its framework.

Under Preparedness, CARD holds information dissemination sessions on disaster preparedness

and health-related issues; conducts first-aid training; and provides insurance products to both members and the staff. The creation of the committee was also part of the initiatives under preparedness. For Response, CARD came up with the CDRAP or the CARD MRI Disaster Relief Programme. It also gave assurance of quick turn-around of operation. A moratorium on loans in affected areas was also declared.

Collaboration with other institutions as well as resource mobilisation fall under Recovery. The provision of special calamity loans to rebuild houses and sources of livelihood is also under Recovery, together with livelihood training, Luntiang Bukid ni Inay programme, community health days and stress debriefing. For Mitigation, CAR organised activities to lessen the impact of disasters.

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#### ***The Case of ASKI***

Ms. Jane Manucdoc

Director for Credit Operations  
Alalay sa Kaunlaran, Inc.

ASKI likened typhoons in the Philippines to birthdays which are annual events that people prepare for and sometimes even borrow money. The disaster management framework at ASKI has two components: those that comprise protection and those that relate to recovery. At the level of protection are two measures to safeguard clients before disaster strikes: mitigation and prevention; and, preparedness (prediction and early warning). At the recovery level, the measures are carried out post-disaster. Hence, there is the response phase (impact assessment) followed by emergency relief. The actual recovery or reconstruction takes place also at this stage but it could still spill over to the mitigation and prevention phase. ASKI has carried out relief operations, assisted in construction of houses, collaborated with PCIC for insurance cover of crops financed by the organisation and AGFP for agricultural credit.

Manucdoc cited some challenges, both from the client side and from the MFI side. On the part of the household, disasters lead to decreased ability

to earn while expenditure rises as well as damage to income-generating assets. The MFIs cash flow is also affected with inflow decreasing and outflow increasing due to CBU withdrawals and reversals. There is also significant loss of capital due to loan loss provisioning. Some measures undertaken to address these issues include loan restructuring, loan refinancing, reduced interest for disaster affected clients and insurance. For insurance, the organisation has collaborated with both government and private agencies such as PhilHealth (health), SunLife (life), BenLife (funeral), Pioneer (property), PCIC (crop) and AGFP (guaranty fund). ASKI also has its own in-house unit, ASKI MBA, which focuses on both life and credit life insurance. Moving forward, it is working towards setting up a disaster fund as well as diversifying its risky portfolio. Manucdoc's parting message was "mahirap ang maging mahirap", adding that the rich are able to build better homes after their houses are destroyed by typhoons but not the poor.

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### ***The Effect of Yolanda/Pablo to MFIs and its Clients***

Mr. Danilo Songco  
President and CEO  
PinoyME Foundation

Mr. Danilo Songco shared the results of a study jointly sponsored by Peace and Equity Foundation and Cordaid. The study was undertaken to identify the extent of the damage of Typhoons Yolanda and Pablo to both MFI clients and MFI staff; determine and describe the actions taken (or MFI response to the disaster); describe various short-term and long-term needs of MFIs and their clients; and, provide initial recommendations and suggestions based on the findings of the research. The research involved a total of 47 focus group discussions among 507 MF client respondents while key informant interviews (14) were carried out with 26 respondents from the microfinance staff side.

In terms of disaster preparedness, results showed that knowledge was mostly based on experience (79%) and through "informal" assessment (64%). All the respondents also acknowledged the lack of a formal assessment tool. Most of those interviewed (86%) have not extended disaster preparedness interventions to clients while 45% of the MFIs know that their branch is located in a disaster zone. All MFIs also have inadequate policies, procedures and systems to address natural disasters. To be prepared, the study called for instituting systems related to:

- Document backup
- Funding requirements for emergencies
- Search and rescue, relief

- Crop insurance
- Identify risk or hazard areas
- Capacity building on disaster preparedness
- Restructuring, refinancing and moratorium of loans

Post-disaster assessment revealed there was limited reporting on and lack of a systematic process in determining deaths, injury, missing and total or partial house damage. There was also no systematic monitoring of client or staff evacuation. Disaster impact was measured on several levels:

- Communications – lack of mobile signal and difficulty in coordination and logistics
- Access to clients – inaccessibility of clients and lack of resources
- MFI infrastructure – damages were most repairable although it could not be ascertained if all were covered
- Human resource – though the staff were themselves victims, there was no lack of manpower
- Liquidity management – withdrawals were still serviced though the smaller MFIs experienced cash crunch which resulted in delayed salaries, controlled loan releases, limited withdrawals and requests for payment moratorium from funders
- Management information system – reverted to manual system due to power outage; no backups done previously

MFI policies on disaster generally involved restructuring but written policies need to be further developed. Some MFIs also redesigned loan products or micro-insurance product after the disaster but none on savings products. Clients on the other hand had mixed reports on the impact of the disaster on their loans. Majority (74%) said they were unable to pay their loan or had to use their savings for loan repayment. Some MFIs did not extend moratorium on payments while for those who did, the term ranged from two months to three years. The FGDs also revealed the absence of loan refinancing.

In terms of client micro-insurance, some 38% did not benefit from life or mortuary insurance while 89% of FGDs reported some form of insurance. Only OCCCI and CARD offered insurance for calamity before Yolanda hit. OCCCI said it used profits in 2012 to purchase calamity insurance for 2013 under CLIMBS but clients said they were unaware. On client savings, 83% of FGDs reported they have savings but these were insufficient with 23% saying their savings were used to repay off loans.

On the part of the MFIs, the disaster has made them realise the need to educate staff and clients on disaster preparedness. Other issues that need to be considered include liquidity management, insurance for both the client and the MFI, support funding and MIS backup. In terms of assistance, clients said they needed technical and financial support for their livelihood, housing, and equipment as well as soft loans and cash-for-work. Support for MFIs would be on funding for operation, technical assistance on agriculture, disaster risk reduction and financial product development and/or re-design as well as on micro-insurance.

The study provided some suggestions and recommendations including provision of technical assistance on disaster risk reduction and restructuring/refinancing policies during disaster, more coordination with LGUs particularly on announcements and relief operations, livelihood support and other activities to spur the local economy (cash for work, cash transfers, etc.), strengthening of value chain on agriculture, provision of soft loans during the recovery stage, micro-insurance assistance and setting up of a disaster fund at subsidised costs recoverable at long periods. It was also recommended to secure a guarantee fund from funders with funders sharing the cost of portfolio losses caused by disasters. Policy advocacy for the universal coverage on insurance against disasters for the indigents was also urged.

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*Discussion/Question and Answer*

Question by:	Response by:
<p>Mr. Lito Villanueva, Smart Communications Mr. Villanueva proposed to the presenters the creation of a centralised database system through cloud computing</p>	<p>Ms. Jane Manucdoc, Alalay sa Kaunlaran, Inc. Ms. Manucdoc expressed agreement to Smart’s proposal.</p>
<p>Ms. Mely Agabin, Microfinance Consultant What is the average turnaround and how long are members allowed to restructure?</p>	<p>Ms. Jane Manucdoc, Alalay sa Kaunlaran, Inc. Average turnaround is two years. For the restructuring, we use other measures and it is not for two years.</p>
<p>Ms. Mely Agabin, Microfinance Consultant After congratulating the good work of the two organisations, asked if the presentors could share their tools with other MFIs</p>	<p>Ms. Jane Manucdoc, Alalay sa Kaunlaran, Inc. Ms. Marilyn Manila, Center for Agriculture and Rural Development, Inc. (CARD)  ASKI said that it is willing while CARD mentioned that it is pushing for an industry-wide system</p>
<p>Mr. Tony Sevillano, MILAMDEC Raised a question on the difficulty to get better</p>	<p>Ms. Pia Roman Tayag, Bangko Sentral ng Pilipinas The BSP offers regulatory relief for those affected</p>
<p>Mr. Angel Solarte, Taytay sa Kauswagan On the centralised database system, suggested the creation of community centres</p>	<p>Mr. Lito Villanueva, Smart Communications Said that it was part of the plan</p>
<p>Mr. Rudy Quinday, KCCDFI Raised a question on the guidelines to the giving of moratoriums</p>	<p>Ms. Marilyn Manila, Center for Agriculture and Rural Development, Inc. (CARD) Man-made disasters are also covered  Egay Generoso, PCFC When Yolanda came, PCFC offered moratorium but it is not automatic. Later however, a government-mandated six-month moratorium was established. On PAR, if this was due to disaster, the organisation would offer some leeway and would also consider treating the case separately.</p>
<p>Mr. Ernie Galenzoga, Mindanao Microfinance Council Please give importance on educating Filipinos on insurance. I want to emphasise the importance of insurance since Filipinos are not educated on insurance adding the saying that “wives do not believe in insurance but widows do.” It could also be cultural since Filipinos also know about typhoons yet they still do not get insurance.  Mr. Danilo Songco, PinoyME Foundation</p>	<p>Ms. Marilyn Manila, Center for Agriculture and Rural Development, Inc. (CARD) The Resiliency Fund is an industry-wide initiative that came out after Yolanda. For now, there is still no legal entity so member-organisations are for now doing their respective resource mobilisation. The resources generated will be pooled later and will be managed by a third-party.  Mr. Allan Sicat, MCPI Executive Director</p>

(addressed to CARD) Please explain more about the Resiliency Fund.  
(He also invited Mr. Allan Sicat, MCPI Executive Director, to share about their new initiative on disaster management.)

MCPI, together with PinoyME and PEF drafted a proposal to develop a manual on disaster management for MFIs. The proposal has just been approved by PEF.

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### *About the Speakers*

#### *Ms. Marilyn M. Manila*

Marilyn's career in development started 13 years ago when she served as executive assistant to Dr. Jaime Aristotle Alip, founder and managing director of CARD Mutually Reinforcing Institutions (CARD MRI). In 2003, she became the Resource Mobilisation Manager of CARD. In 2004, she set up the Resource Mobilisation Unit of CARD and was the unit's director until January 2009. She then became the Director for the International Group covering the offices in Hong Kong, Indonesia, Cambodia, Vietnam, Myanmar and Laos. She also served as the Country Representative to Laos until July 2013. She is currently the Director for the Community Development Group which is responsible for leading the community development projects, including the credit and savings programmes for the harder to reach poor; and projects on health, education and disaster relief.

#### *Ms. Jane M. Manucdoc*

Jane M. Manucdoc is the Director for Credit Operations of Alalay sa Kaunlaran, Inc. (ASKI) since 2005. She used to be the Internal Audit Manager of ASKI. She is currently a Member of the Board of ASKI Skills and Training Institute, ASKI Employees Coop and ASKI Trading Corporation. Among her expertise are microfinance management, training modules development for MFIs, value chain development in agriculture, auditing and branch management. She is a graduate of BS Accountancy at the Araullo University.

#### *Mr. Danilo A. Songco*

Danilo A. Songco is the President and CEO of PinoyME Foundation. He also serves as a consultant for the World Bank and the Asian Development Bank, and has also consulted for bilateral institutions such as the Japanese International Cooperation Agency, USAID, among others. He has taken leadership positions in civil society organisations such as the Caucus of Development NGO Networks and the Philippine Council for NGO Certification and in government bodies such as the Congressional Caucus Committee and the Presidential Management Staff. He also served in the Board of Directors of the Development Bank of the Philippines from 2001-2004. He was an awardee of the World's Development Marketplace in 2000, was named the Ninoy Aquino Fellow for Public Service in 2002 by the US State Department and a recipient of the Eisenhower Exchange Fellowship in 1999. He took up Business Administration, major in management at the University of the East. In 1992, he was awarded a scholarship in Strategic Business Economics at the University of Asia and the Pacific. In 2005, he received his masters degree in Public Administration at the Kennedy School of Government from Harvard University.

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## **Breakout Session: Digital Finance: Reaching the Poor through Information and Communications Technology**

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*Facilitator: Mr. Christopher Tan, Grameen Foundation*

Information and communications technology (ICT) plays a huge role in our everyday life. True to its intention of bridging digital divide – ICT is now being used for financial services, from an institution’s management information system to service delivery – the most popular of which are mobile banking, e-payment, POS, etc. Digital finance, a buzzword these days, is committed to maximise the use of ICT in creating opportunities for financial inclusion and delivery of basic financial and non-financial services. It facilitates the access of loans, savings, remittances, micro-insurance, financial literacy and other services to the unbanked population. This session held a discourse on digital finance in the context of the Philippine microfinance sector. It dug into the different success factors and challenges the resource speakers have experienced in their efforts of installing and mainstreaming digital financial services. This session also highlighted digital finance in relation to targeting the poor and shaping a client-centred approach using ICT.

### *Introduction*

*The facilitator for this session was Atty. Christopher Tan, Grameen Foundation’s Regional CEO for Asia. He provided a brief overview on poverty incidence in the country and the cumulative volume of MF lending nationwide and showed that the areas with high poverty incidence had the lowest level of MF lending which might be evidence that the presence of MF means poverty reduction but it may also mean that the higher cost of operations in rural, remote and dispersed communities prevent the reaching of clients in areas with high poverty incidence. Digital financial services make use of the mobile platform to enable operations to increase efficiencies and serve poor communities sustainably.*

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### *Philippine Perspective on Digital Financial Services*

Ms. Arlyn Gigi Gatti  
Regional Director for Asia  
Grameen Foundation USA

Digital financial services (DFS) is a mix of financial and payments services delivered and managed through mobile or web technologies and a network of agents. The Philippines is the leader in delivering mobile financial services (MFS) in the developing world. There are three important developments that helped pave the delivery of MFS:

- The existing appropriate regulatory framework with the prescription and adoption of Central Bank Circulars 240, 269, 649 and 704,
- The issuing of bank-based and non-bank-based EMI licensing, and
- The evolving role of pawnshops and money changers from financial agents into trusted

intermediaries for financial transactions placed in strategically located high traffic areas.

Aside from having a healthy regulatory framework, the prices of mobile phones in the country have gone down resulting in high mobile ownership. The SMS usage rate is still high but access to technology and regulation are no longer obstacles in the delivery of MFS to 70% of Filipinos who do not have access to formal financial services. There remain challenges though, namely:

- Low integration of information exchange and financial services with MFS;
- Lack of interoperability for MFS providers;
- Low density of agents in rural areas;

- Agent liquidity;
- High over-the-counter transactions; and,
- Low merchant acceptance.

In order to overcome these challenges and move toward an addictive digital financial services environment, behaviour change is required.

- There needs to be a ubiquitous ecosystem that serves everyone and keeps clients coming back.
- The level of functionality of agent networks needs to be improved.

- The regulatory environment needs to keep improving with the central bank and the National Telecommunication Commission striking a balance between prudent governance and openness.
- Information exchange should also be encouraged at the sectoral level where information, lessons, challenges, trends and experiences are shared.

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### *Creating What's Next in Digital Financial Inclusion*

Mr. Lito Villanueva

Vice-President and Head of Innovation, Digital Ecosystem and Global Engagements – Smart e-Money Smart Communications, Inc.

The presentation gave an overview on the successes and challenges of various DFS of Smart e-Money which pioneered mobile money in the Philippines through Smart Money and mobile-based remittance through Smart Padala. It has Electronic Money Issuer (EMI) and Electronic Money Network Service (EMNS) licenses for SmartMoney and BDO initially from the BSP.

The company developed several innovative digital finance services like:

- The paperless and fully electronic salary loan and auto-savings for LandBank,
- The pilot implementation of CCT incentivised credit, livelihood and savings-linked financial inclusion intervention with credit scoring facility product *Panalo Sikap*,
- The mobile cash transfer programme for Yolanda survivors with UNDP where the 5,000 identified beneficiaries were given LandBank cash cards credited with disbursements from WFP, UNICEF, and,
- The global fund campaign help.ph that used international airtime load remittance as a donation channel.

The success of Smart e-Money in providing digital financial services in the country may be seen in and attributed to the development of products that

are based on the needs of their target customer, development of a targeted and market segmented approach, being linked to a digital ecosystem building, having a clear unique value proposition, and having a proactive and dynamic regulatory regime.

The company identified some challenges that the mobile communications industry faces in delivering digital financial services:

- Low level of willingness of other partners to leverage mobile technology to promote further efficiencies, speed, and security,
- Lack of impactful and sustainable financial literacy programmes in the country, and
- Lack of a centralised ID system relevant to the Know-Your-Client compliance.

The lessons learned by Smart e-Money in developing digital financial services include:

- Implementing mobile money programmes that are convenient, reliable and secure in order to enable electronic transfer of funds,
- Coordinating effectively with other aid partners to populate the database, and
- Using biometrics to address KYC concerns especially during national emergencies and calamities.

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### *Digital Financial Services: TSPI TxtBilis System*

Mr. Eduardo Mendoza  
Executive Director  
Tulay sa Pag-unlad, Inc.

TxtBilis is a micro-lending system developed by Tulay sa Pag-unlad, Inc. (TSPI) that uses the mobile money platform to release and collect loans. The service was implemented to address the slow system update. The system is telco- and bank-neutral and is used by everyone in the organisation and their own network of agents. The clients receive mobile money cards where they are able to receive loans. They also receive SIM cards that contain the applications for TSPI's services, and smartphones programmed for the TxTBilis agents.

In order to develop the TxBilis service, TSPI worked with Globe/GCash and UnionBank. TSPI proved that they had sufficient volume of transactions within their ecosystem and are willing to invest in building their own agent network from their clients. Globe/GCash designed a unique pricing model that suited the mission of TSPI and provided sufficient marketing and training support for agency network build-up. They also expressed willingness to partner with TSPI beyond micro-lending mobile applications with the network agents able to do transactions beyond TSPI. UnionBank was willing to modify their backroom processes to accommodate TSPI's information system, cash management requirements, cut-offs, and report generation needs.

The TxtBilis system works for TSPI with 70% of disbursements coursed through it. Over 1 million TSPI transactions worth PHP 5 billion have gone mobile. The system is built within TSPI's own

ecosystem and they did not spend on other usages. TxtBilis is also working in the larger mobile money space as it tracks every TSPI cash payment. TxtBilis cards can be used for non-TSPI-related and other mobile money transactions as well. The service also provides additional income to its mobile money agents.

The learning of TSPI from the implementation of this service include:

- Clients are not equipped to handle the technology. The family may have a mobile phone but the client might not know how to use it or clients find that using the application is not as easy as texting. The clients' unfamiliarity with mobile money was a deterrent as was the lack of trust in the system.
- The mobile finance services of telcos or banks may turn clients against the service because of the perception that these are expensive or inaccessible.
- Maintenance of the agent network is not easy.

From these lessons learned by TSPI, it has identified the TxtBilis-related challenges which covered the following: how to sustain the agency network, how to serve farmer clients, and how MFS can handle larger cash transactions. The organisation has also identified the following opportunities for the system such as monetising the efficiency savings and capitalising on the TxtBilis agent network.

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### *Digital Financial Services through Alternative Delivery Channels*

Ms. Marie Valdez  
Regional Director for Asia Pacific  
The Software Group

The delivery channels of a financial service provider (FSP) can be leveraged depending on service needed, available technology, model and functionality. There are three types of platforms: mobile, Internet, and the ATM. The channels for the mobile platform are SMS banking, the mobile wallet, mobile banking, and remote data capture.

The Internet platforms are remote data capture, and Internet banking.

NBV of Vanuatu needed to expand financial inclusion to a network of 25 branches to support rural banking initiatives to enable secure account management and cashless transactions in rural

areas located in an island group. The multi-channel solution response was to roll out mobile wallet, Internet banking, and ATM services.

The Angkor Mikroheranhvatho Kampuchea (AMK) organisation of Cambodia needed to establish a Mobile Money Technology system to expand the reach of its services to more clients and leverage a network of local agents that should be linked to the existing core banking solution. The solution was to implement customised mobile applications, use an identified basic mobile device and the android operating system, enable a comprehensive system that provides access in the field and at the branches, develop an agent management module, and to synchronise the system directly with the Core Banking System. These solutions served the unbanked, increased operational efficiency,

reduced congestion in the branches, opened new revenue streams for AMK and its agents, improved customer satisfaction and convenience, and produced transaction receipts in real-time which increased confidence in banking.

The other case study was Micro Africa of Kenya which provided group payment with mWallets service for M-Pesa and M-Collector. It leveraged on its existing infrastructure of agent networks to increase client satisfaction by providing secure disbursements and repayments via M-PESA and affordable transaction fees while increasing confidence with SMS and receipts. Members make payments to savings, loans or fees and there is access to MIS data in real time thereby increasing financial transparency. Confirmation is also provided through SMS and receipts during payment collection.

*Discussion/Question and Answer*

Question by:	Response by:
<p>Mr. Dennis Santander, MASSPEC How does the peace and order situation and cash handling in Mindanao figure in the DFS scenario?</p>	<p>Mr. Lito Villanueva, Smart Communications, Inc. Smart e-Money is cognisant that Mindanao is a special case. The company knows the security risks in Mindanao and these are recognised in how infrastructure for the area is built. The security of the personnel is of paramount concern specially when surveying the area.</p> <p>Ms. Arlyn Gigi Gatti, Grameen Foundation USA As a sector, Mindanao is challenging as even mobile money agents receive actual threats. She said that the risks and vulnerabilities of the whole DFS should be addressed at the sectoral level by establishing country benchmarks with the help of a third party. The industry should think about the DFS ecosystem and value chain where the whole payment scheme is digitised. There is a need to understand how clients use their money over and above bills payment.</p> <p>Mr. Eduardo Mendoza, Tulay sa Pag-unlad, Inc. The organisation just needed to solve its problem and the solution happened to be providing their clients mobile financial service. In the context of security, DFS may not be the solution because whether or not they are mobile, the cash can still</p>

	<p>be stolen. The difference is that if the system is digitised, once the phone changes hands, the system is aware that the phone is stolen.</p> <p>Ms. Marie Valdez, The Software Group The group works in areas that have more security issues than Mindanao. There was more work done in those areas which was more reason to go digital.</p>
	<p>Ms. Pia Roman Tayag, BSP Technology has made things efficient. Banks have 45 million accounts to date. In the five years that mobile money has been around, there have been 27 million electronic money accounts opened, both money card and mobile based. In order to become addicted to DFS, the public must have trust that the things they want to do will be done safely, and the certainty that the money goes where it needs to go. The BSP is open to new technology and it ensures that players are authorised and well regulated.</p> <p>Cash handling is expensive, risky and is a non-inclusive tool. With DFS, cash might not be necessary. Better Than Cash Alliance is an NGO committed to digitising transactions whose aims the Philippine Government also agrees with. It might be more inclusive if people are able to move funds electronically. The BSP is working with the industry to make this possible.</p>

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*About the Speakers*

*Ms. Arlyn Gigi Gatti*

*Gigi Gatti is currently Regional Director, Asia of Grameen Foundation USA and is leading the Mobile Financial Services Programme. She is also the Strategy Adviser of Grameen-Jameel. Until October 2013, she was the Vice-President of Emerging Markets & Internal Services Groups at BPI Globe BanKO. BanKO is the Philippines' first mobile savings bank catering to the "unbanked" with the mission of financial inclusion for the poor. At BanKO, she was instrumental in the implementation of mobile banking services, primarily micro savings, micro insurance and retail loan products. She was concurrently Head of Human Resources and Administration, as well as the Sustainable Energy Finance Programme Manager, closely working with IFC on designing micro-energy programmes for the poor. Gigi is a certified Information Systems Auditor and a Certified Microfinance Expert. She holds a BS degree in Computer Science and a Master in Business Administration. She has over 20 years of experience in IT, Banking, Insurance and Microfinance Industries. She was also a Professor at the De La Salle University for over 12 years.*

*Mr. Lito Villanueva*

*Lito M. Villanueva is currently with Smart e-Money as Vice President and Head of Innovation, Digital Ecosystem and Global Engagements. He is the lead in unlocking the huge potential of e-money by introducing innovations on payments, digital commerce experiences and a wide range of emerging digital payment platforms including building a dynamic payments ecosystem. Lito started his career as senior research associate and associate editor at the Economist Philippines then joined the global banking group of the Land Bank of the Philippines. He was then tapped by the International Finance Corporation under the World Bank Group as a consultant to develop a mobile money framework for cross-border remittance to Mongolia. He holds a Masters in Public Administration and a bachelor's degree in AB Political Science with honours from the University Santo Tomas. He also holds a Masters in National Security Administration from the National Defence College of the Philippines.*

*Mr. Eduardo Mendoza*

*Eduardo A. Mendoza is the Executive Director of Tulay sa Pag-unlad, Inc. (TSPI), a Christian microfinance and micro-enterprise development NGO in the Philippines. TSPI provides microfinance, micro-enterprise development services and micro-insurance to more than 250,000 clients through 150 branches. Prior to his appointment as Executive Director, Mr. Mendoza had top executive roles doing private equity, investment banking, venture capital, strategic planning, information technology and organisation development. He graduated with a BS Management Engineering degree from the Ateneo de Manila University and finished his Masters in Business Administration at Stanford University.*

*Ms. Marie Valdez*

*Marie Valdez is an IT professional with a strong passion to deliver business consulting and IT experience into organisations aimed at alleviating poverty through economic development, education and technology. She has been working for MFIs in Asia and Africa for over 10 years now, a good part of which was spent working in the field with several leading Philippine MFIs. Marie is the Regional Director for Asia Pacific for Software Group, the leader in delivery channels for microfinance.*

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**Breakout Session: Business Development Services: Developing Competitive  
Microenterprises**

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*Facilitator: Mr. Cristopher G. Lomboy, Grameen Foundation*

Business development services – the provision of non-financial services and products offered to enterprises at various stages of their business needs – is an essential element in developing competitive microenterprises. BDS is vital because it assists microfinance clients manage their enterprises more effectively. Knowing and meeting the needs of microfinance clients are key factors in keeping clients satisfied and maintaining their loyalty to the institution. This session highlighted the importance of BDS for microenterprises. It also discussed the implementation of BDS from the perspective of Taytay sa Kauswagan, Inc. (TSKI) and PinoyME Foundation, both with the main objective of helping micro-

entrepreneurs grow their businesses, and with the broader purpose of contributing to poverty eradication, employment generation and economic growth.

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### ***TSKI Business Development Services Presentation***

Mr. Angelo Solarte  
Executive Director  
Taytay sa Kauswagan, Inc. (TSKI)

TSKI started its operations in 1986 with a vision to see self-sufficient families responding to the needs of their community and pursuing a collective effort for their development. In 2002, it created the BDS Department thus moving beyond microfinance. TSKI realised that “credit alone is not the only solution to improving the quality of life of the clients,” adding that “improved business will have greater impact on the lives of clients as well as the community through job creation.” It would also contribute to better portfolio quality while ensuring the sustainability of the organisation.

For TSKI, BDS referred to “a wide range of services used by entrepreneurs to help them operate efficiently and grow their business with the broader purpose of contributing to economic

growth, employment generation, and poverty alleviation.” Its BDS and microfinance programmes have the following components:

- Marketing (trade fairs, market matching, marketing van, K-Store, trade centre in Boracay)
- Technological services (labelling, packaging, product development, food analysis, BFAD registration)
- Technical services (technical training, skills training, product standardisation, entrepreneurial training)
- Organisation and management (leadership, supervisory, management)
- Finance and accounting (bookkeeping, accounting, financial management)

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### ***The Citi One-Stop System: Culmination of PinoyME’s BDS Experience***

Mr. Danilo Songco  
President and CEO  
PinoyME Foundation

The Citi One-Stop System was the culmination of PinoyME’s BDS experience with a goal of developing financially viable and sustainable micro-enterprises. To date, it has assisted a total of 26 micro-enterprises with 204 indirect beneficiaries. To ensure the effective and functional support system for the growth of ME, the organisation established a Technical Working Group with the Bicol Microfinance Council, Inc. as Secretariat. It also set up a collaborative mechanism to deliver services more effectively enabling MEs to grow. More specifically, it developed an online platform containing information on service providers for ME. It also put up at least three help desks and came up with an electronic directory accessible in at least one medium. An operations manual as well as documentation of best practices was also issued.

The initiative demonstrated that access to market was as important as access to capital. An effective BDS model would also include knowledge of client, market analysis, and organisational capacity. However, PinoyME acknowledged that sustainability was elusive and that as value chain development, collaboration was key. In addition to establishing a secretariat, the organisation has instituted some other measures to address the issue of sustainability. It designated official representatives per participating institution with budget allocation for OSS. It is also developing a working model of the Go Negosyo Law.

For its future plans, it is looking at a nationwide rollout of the project with Citi Foundation support and is soliciting support from partner institutions to implement OSS in their regions. It is also exploring

the submission of OSS as model to those who would be crafting the IRR of the Go Negosyo Law.

*Discussion/Question and Answer*

Question by:	Response by:
<p>Mr. Gadwin Handumon, Paglaum Multi-Purpose Cooperative            In terms of figure, what is the performance of your BDS? What are the tangibles in your collaboration with other institutions?</p>	<p>Mr. Angel Solarte, TSKI, Iloilo            In terms of profit, BDS earned income from packaging/packing services and label designing. In terms of collaboration, DOST assisted in completing the micro-biological technology focus on food thereby ensuring food quality and helping us seek BFAD approval and registration. DTI also donated a vacuum packing machine while the Chamber of Commerce provided another machine. TESDA also provided the skills trainings. In the area of tourism, tour operators bring tourists to our showroom which is accessible from the airport. Mall operators (SM and Robinsons) in Mindanao were tapped to connect with our clients, an important market strategy. Challenges are there but collaborations have made solutions possible for all.</p>
<p>What do you think will be the extent of our physical preparation for ASEAN competition?</p>	<p>Mr. Danilo Songco, PinoyME            No effort yet specifically for competitiveness as we are taken over by events here. However, we know what to do. The idea is to make our micro-entrepreneurs competitive. We already know how with our technology and the government is ready for collaborations but we have to learn to compete against ASEAN/ foreign products that will come in.</p> <p>Mr. Angel Solarte, TSKI, Iloilo            We have to look into the value chain of products. We have to look at its backward and forward integration. Case in point is the fear of competition between rice traders who were quoted expressing "Are you going to kill us? They have a warehouse, we have a warehouse, they produce and process, we do that also." My position is, "why capture everything?" We can do the processing and production. Traders can buy from us and market the produce.</p>
<p>How did you ensure the buy-in of MFI staff on BDS? What is your advice for MFIs who will go into BDS? Was it a smooth transition?</p>	<p>Mr. Angel Solarte, TSKI, Iloilo            It is important that the staff see what you see. When they see the light at the end of the tunnel, that helps change their mind-set. If you have</p>

improved the businesses, you will not be bothered in terms of PAR. It is a change in the mindset that is first and foremost important.

Mr. Danilo Songco, PinoyME  
The One Stop System (OSS) experience showed that from the collaboration, from the non-financial assistance: Case 1, micro-entrepreneurs with growing business because technology will require bigger capital; Case 2, DOST-DTI assisted businesses are endorsed also to MFIs for access to capital. Boy (Mr. Angel Solarte) is right, you have to look at the different business elements. This is a dynamic future that we are looking at.

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#### *About the Speakers*

##### *Mr. Angelo Solarte*

*Angelo B. Solarte is the Executive Director of Taytay Sa Kauswagan, Inc. (TSKI) since 2012. He started with TSKI as Project Officer in 1989. He graduated from the University of San Agustin with a degree in Mechanical Engineering and holds a Masters degree in Business Administration from the Philippine Christian University.*

##### *Mr. Danilo A. Songco*

*Danilo A. Songco is the President and CEO of PinoyME Foundation. He also serves as a consultant for the World Bank and the Asian Development Bank, and has also consulted for bilateral institutions such as the Japanese International Cooperation Agency, USAID, among others. He has taken leadership positions in civil society organisations such as the Caucus of Development NGO Networks and the Philippine Council for NGO Certification and in government bodies such as the Congressional Caucus Committee and the Presidential Management Staff. He also served in the Board of Directors of the Development Bank of the Philippines from 2001-2004. He was an awardee of the World's Development Marketplace in 2000, was named the Ninoy Aquino Fellow for Public Service in 2002 by the US State Department and a recipient of the Eisenhower Exchange Fellowship in 1999. He took up Business Administration, major in management at the University of the East. In 1992, he was awarded a scholarship in Strategic Business Economics at the University of Asia and the Pacific. In 2005, he received his masters degree in Public Administration at the Kennedy School of Government from Harvard University.*

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#### **Breakout Session: Partnerships in Health Services**

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*Facilitator: Ms. Noemi Bonaobra, Bicol Microfinance Council, Inc.*

In today's world, constantly rising medicine costs, changing disease patterns, and the growing need for new technology for diagnosis and treatment of some diseases have made it impossible for poor households to pay the full cost of health services. Moreover, it is impossible for any single MFI to provide health services to its clients without some type of institutional partnership. These partnerships can take many forms, ranging from global partnerships between multilateral donors and multinational companies, to local partnerships between government agencies, local government units (LGUs), and private medical practitioners. In this session, MFI representatives from CARD and KDCI discussed services related to health protection that complemented microfinance services. This session also looked into partnerships formed, various models of partnerships, and successes and challenges encountered in implementing health services.

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### ***The CARD MRI Experience***

Ms. Marilyn Manila

Director for the Community Development Group  
Center for Agriculture and Rural Development, Inc. (CARD)

Ms. Marilyn Manila shared about CARD's health protection programme known as the CARD Healthy Pinoy Programme. It has eight programme components, namely:

- Health Education – involves the conduct of sessions on diseases, healthy living and other health-related issues and practices. These are delivered by account officers during meetings for 15 minutes each session
- PhilHealth Loans (or Health Loans) – carried out in partnership with PhilHealth where CARD advances the premium to PhilHealth while clients pay within six months
- Access to Affordable and Quality Medicines – this is implemented through a rider system where riders go around the communities getting orders (for over-the-counter drugs) from sari-sari store owners
- CARD MRI Clinic – provision of free check-ups by CARD retainer doctors and is open to the general public. CARD MRI currently owns 17 clinics
- Preferred Provider Programme – partnership with health service providers through a memorandum of agreement with health service

providers. Members and qualified dependents can avail of discounted services

- Laboratory Services – CARD Inc. Health Services formally opened on February 8, 2013 and was conferred Secondary Laboratory status by DOH. It is manned by four (4) key personnel (Health Coordinator, Nurse, medical Technologist and Pathologist). Services include hematology, microscopy, clinical chemistry and special test
- Microfinance for Health – carried out in partnership with 18 institutions to provide common health services to clients and to share resources. It holds Common Community Health Days (or Medical Missions) for clients of participating MFIs
- Community Nursing – conducted through home visits, community clinics and centre visits

CARD shared that it still faces challenges such as integrating the health services into the work of the account officers. There is also fast turnover of medical staff especially nurses while realisation on returns on investment have been slow.

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### ***KDCI Health Programme: Meaningful Partnerships for Inclusive Growth***

Ms. Judylyn Joven

Chief Operating Officer  
Kasagana-Ka Development Center, Inc. (KDCI)

One of KDCI's bundled programmes is K-Kalusugan which is a key component of the

agency's bundled products and services. Core principles of the programme include:

- Health is both financial and social
- K-Kalusugan strengthens and empowers its client-beneficiaries; their health is in their hands.
- It is comprehensive with both preventive and curative components.
- Effective and efficient health programme based on empirical data
- The programme must be participatory
- Health is a goal, not a commodity

KDCI attributes the following facets as success factors:

- Sustainable – KKKs pay for their training and they get income from their training/skill
- Owned by client-beneficiaries – they design it, they do it and they benefit from it
- Accessible – KDCI brings the service where it is needed
- Empirical – information-based

The agency also shared some indicators of their success. This includes the provision of a health diary and e-health record which they keep and study. The client-beneficiaries also undergo baseline lab-test and annual check-ups. Another indicator was the reduction of the number of days that the client-beneficiaries and their families get sick.

On the other hand, some challenges they have encountered so far include the absence of a full-time staff to focus on or supervise the programme. Some client-beneficiaries also fear knowing their health status and sometimes prioritise their family members before their own selves. Some client-beneficiaries also do not participate anymore in the physical examination after doing the laboratory test. In addition, the provision of training is not free and takes four days which is a challenge for some of the members.

#### *Discussion/Question and Answer*

Question by:	Response by:
Ms. Jessie Ledesma, MEDIA, Inc. What is the strategy for delivery costs?	Ms. Marilyn Manila, CARD For the laboratory, we charge a minimal fee just to cover the costs. On impact assessment: We are coming up with a comprehensive impact assessment vis-à-vis our health services.  Ms. Judelyn Joven, Kasagana-Ka Development Centre, Inc. Laboratory tests with 1% interest. PhilHealth with minimal interest.
Ms. Mercy Faustino, KCCDFI Is PhilHealth compulsory? What are the costs?	Ms. Marilyn Manila, CARD Interest rate is around 1% per month and is six (6) months to pay.
Ms. Dina Bohol, Tulay sa Pag-unlad What category for the enrolment process did you transfer?	Ms. Marilyn Manila, CARD We only provide the lists of names while PhilHealth will do the encoding and the whole process but a lot of previous benefits were waived.
Mr. Itoy Almario, Department of Finance How can micro-insurance institutions help?	Ms. Marilyn Manila, CARD If ever you will call a consultative meeting for health insurance we are very willing to support and

	<p>coordinate with you. Some suggestions that you can consider during your study would be the following:</p> <ul style="list-style-type: none"> <li>• To create sustainability</li> <li>• How to offer to MFIs</li> <li>• Set-up MIS because that is very important and that is one of our learning</li> </ul> <p>Ms. Judelyn Joven, Kasagana-Ka Development Centere, Inc. If I may suggest, consider accrediting community hospitals or healthcare providers that are near your clients for the micro-insurance.</p>
<p>Mr. Itoy Almario, Department of Finance Maybe the medical practitioners could also join or we could invite them.</p>	<p>Ms. Mean Ignacio We should make sure that the hospitals or health care providers are PhilHealth members. We could also partner with other HMO providers.</p>

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*About the Speakers*

*Ms. Marilyn M. Manila*

*Marilyn M. Manila's career in development started 13 years ago when she served as executive assistant to Dr. Jaime Aristotle Alip, founder and managing director of CARD Mutually Reinforcing Institutions (CARD MRI). In 2003, she became the Resource Mobilisation Manager of CARD. In 2004, she set up the Resource Mobilisation Unit of CARD and was the unit's director until January 2009. She then became the Director for the International Group covering the offices in Hong Kong, Indonesia, Cambodia, Vietnam, Myanmar and Laos. She also served as the Country Representative to Laos until July 2013. She is currently the Director for the Community Development Group which is responsible for leading the community development projects, including the credit and savings programmes for the harder to reach poor; and projects on health, education and disaster relief.*

*Ms. Judylyn Joven*

*Judylyn F. Joven is the Chief Operating Officer (COO) of Kasagana-ka Development Centre, Inc. tasked to lead and monitor the operations in the organisation and administer new programmes and services that are thoroughly implemented and understood by client-beneficiaries. She graduated Bachelor of Science in Microfinance (Equivalency Programme) from the University of Makati. Ms. Joven has twelve years of experience in microfinance.*

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***Breakout Session: Developing Sustainable Energy Access through Microfinance***

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*Facilitator: Mr. Rolan Glenn Salazar, Microfinance Council of the Philippines, Inc.*

According to the International Energy Agency, the energy situation in the Philippines is severely affecting the economy and livelihood of its rural populations. Despite the official electrification rate of 83%, energy poverty remains a major problem for households and small businesses in rural areas of the Philippines. Renewable energy systems and energy efficiency solutions can provide the necessary impetus, however, only a fraction of this potential has been tapped, since rural customers generally have insufficient financial capacity to purchase the systems or have no access to respective loans because of missing creditworthiness. MFIs can step in to tackle this problem by providing loans for these potential clients. In 2013, MCPI launched the Energy Inclusion Initiative (EII) in partnership with ADA, a Luxembourg-based NGO, and MicroEnergy International, a Germany-based consulting company, to enable the provision of clean energy products to micro-entrepreneurs and small businesses through MFI-based energy loans. This session gave an outlook on the status of the renewable energy development in the Philippines and the role of MFIs in sustainable energy access. It also discussed the opportunities, challenges and lessons learned from implementing a renewable energy programme such as the EII to provide energy access to microfinance clients.

### *Introduction*

*The session began with a presentation of the experiences of the two MFIs, ASKI and PBC, in implementing a renewable energy programme. The Department of Energy then gave a macro perspective on the renewable energy programme in the country followed by the open forum. MCPI's Mr. Rolan Glenn Salazar also discussed the Developing Sustainable Energy Access initiative, including the application process, in preparation for its pilot application in 2015. The deadline for the submission of application was 18 August 2014.*

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### **ASKI's Experience with Energy Inclusion**

Ms. Amina Mendez  
Corporate Planning Officer, Corporate Planning Unit  
Alalay sa Kaunlaran, Inc.

ASKI's energy vision is the improved socio-economic status of marginalised sectors through responsible, efficient and effective use of energy. With its microfinance infrastructure of some 130,000 clients in 72 branches and satellites distributed in Regions I, II and III and a USD 30 million portfolio, ASKI took part in the pilot phase of the Energy Inclusion Initiative (EII). ASKI's Green Energy Loan (GEL) Programme features 24 weeks amortisation, interest and service and is inclusive of insurance.

Through the programme, ASKI was able to see its impact on livelihood, savings, health, education and security. The organisation also highlighted the contributions of three (3) key factors, namely:

- Right technology (energy needs assessment)
- Right partners (client and staff education support, after sales)
- Right people (Technology Energy Officer)

Challenges encountered in the implementation included the cost of technology, the range of technology available to consumers and the need for more intensive awareness and education campaign. ASKI has however mapped out some next-steps which include the commercialisation of the existing technology (solar mobile lamp), piloting of the other short-listed technology from Energy Needs Assessment (ENA) as well as exploring other renewable energy sources applicable to other areas.

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### ***Clean Energy Loan for Livelihood (CELL)***

Ms. Cristina Bulaon  
Chief Operating Officer  
People's Bank of Caraga

The People's Bank of Caraga first went into solar product financing through the Philippine Rural Power Project, the pilot incubator project of the Department of Energy. Following the invitation in December 2005, it targeted 200 solar home systems in 2006 and another 140 SHS for 2007 in un-electrified households. The assistance also included government subsidy, capacity building training, buy-back guarantee, solar credit line, partial credit risk guarantee fund and market development support. The project however had a large number of delinquent accounts which PBC attributed to the steep prices. The absence of a solar service centre, which needs at least 200 SHS to be sustained, was also another factor.

In 2013, PBC applied to MCPI's Energy Inclusion Initiative pilot project to enhance its capability to achieve its third bottom line. EEI seeks to enable the provision of clean energy products to micro and small businesses through MFI-based energy loans. After a series of visits, PBC was finally chosen for the pilot project. Several activities were conducted including meetings, market surveys and mapping between August 2013 to May 2014. A new loan product was finally created called CELL or Clean Energy Loan for Livelihood. A technical working group was later formed followed by a workshop session to select

RE products and suppliers and to identify the three pilot PBC branches which were the San Francisco principal office, Prosperidad branch and the Sibagat branch.

PBC said it has received very positive feedback from its clients although challenges remain.

Among these were:

- Reliability of solar energy products
- Ability to immediately respond to clients' concerns on the product (availability of supplies)
- Sustainability of the after-sales services
- Reaching out to the un-electrified communities in the hard-to-reach areas
- Educating the members on the financial and environmental advantages of using the solar technology
- Motivating development officers to introduce the RE product

For its future activities, PBC will be adding a development officer in the pilot branches to promote RE products as well as a technical energy officer to lead in product promotion. PBC will rollout CELL across its branches by January 2015.

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### ***National Renewable Energy Programme***

Ms. Marissa P. Cerezo  
Assistant Director  
Department of Energy – Renewable Energy Management Bureau

Ms. Marissa P. Cerezo detailed the different types of renewable energy resources, namely: biomass/biofuels, geothermal, solar power, hydropower, ocean, wind power, plus the emerging renewable energy technologies. Adoption of these resources has had its challenges and barriers which include high

upfront and technology costs, non-competitiveness, non-viable markets, inaccessible financial packages, and social acceptability.

To address these barriers, the government promulgated landmark laws to accelerate

development of renewable energy resources. Amongst these laws were R.A. No. 9367 or the Biofuels Act of 2006 which provides fiscal incentives and mandates the use of biofuel-blended gasoline and diesel fuels, while R.A. No. 9513 sets the Policy Directions, namely:

- Accelerate the exploration and development of renewable energy resources
  - Achieve energy self-reliance to reduce the country's dependence on fossil fuels and to minimise its exposure to price fluctuations
  - Adoption of clean energy to mitigate climate change
  - Promote socio-economic development in rural areas
- Increase the utilisation of renewable energy by providing fiscal and non-fiscal incentives

Ms. Cerezo also shared policy mechanisms, which broadly called for the lowering of investment costs, and enhanced competitiveness. She presented the government's Renewable Energy Outlook for

2011-2030 which contained the consolidated milestones as well as targets. As of 30 April 2014, the government has awarded some 565 renewable energy projects (both grid-use and own-use) broken down into: 337 for hydropower, five for ocean energy, 42 for geothermal, 46 for wind, 70 for solar and 65 for biomass. There are also RE projects under construction in the different parts of the country.

Ms. Cerezo then shared about implementation challenges such as the perception of the unrealistically high cost of RE, invisibility of the full cost of electricity from non-RE, lack of coordination among government authorities which are causing delays, lack of experience and trust among banks and investors, and the cost of grid connection and/or uncertainty of grid access. To address these challenges, the agency has instituted some measures which include intensified information dissemination, greater government coordination, better monitoring system including web-based systems, and improving guidelines and policies.

*Discussion/Question and Answer*

Question by:	Response by:
Mr. Rolan Glenn Salazar, MCPI Facilitator What do you think is the role of MFIs in renewable energy (RE)?	Atty. Marissa Cerezo, DOE <ul style="list-style-type: none"> <li>• Continue believing in renewable energy technologies</li> <li>• Continue to embrace the renewable energy technology</li> <li>• Continue providing loans – “Once the clients experience the technology then they can embrace it, too.”</li> </ul> Though reduction of cost is not only our issue, it is a global issue. For us in the government we can come up with a qualification standard system.
Mr. Erel Narida, Renewable Energy Enterprise Mechanism on importing will help cost reduction	Atty. Marissa Cerezo, DOE The mechanism is only limited to renewable energy development and not for buy and sell. As of today there is none. There is also no law about it.
	Ms. Meliza Agabin, Microfinance Consultant Based from what I have heard in the presentation of our three speakers, I realised the following:

- |  |   |
|--|---|
|  | <ol style="list-style-type: none"> <li>1. Importance of study in terms of what the clients want.</li> <li>2. The need to have a “specialist” in the implementation.</li> <li>3. Importance of repetitive consumer education.</li> </ol> |
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*About the Speakers*

*Ms. Marissa P. Cerezo*

*Atty. Marissa Cerezo is the Assistant Director of the Renewable Energy Management Bureau of the Department of Energy.*

*Ms. Amina Mendez*

*Amina S. Mendez has been with ASKI since 2013 and currently serves as the head of the Corporate Planning Unit. Projects under her supervision include the Renewable Energy Programme with MCPI through the Energy Inclusion Initiative mobile banking programme, client and staff feedback mechanism, credit bureau and social performance management. She holds a bachelor's degree in mathematics from Ohio Wesleyan University.*

*Ms. Cristina Bulaon*

*Cristina A. Bulaon is the Chief Operating Officer of the People's Bank of Caraga, Inc. She is also a member of the Board of Directors of the bank and holds the position of Chairperson of the Social Performance Management Committee. Concurrently, she is the Executive Director of FRIEND, Inc., the training arm of the People's Bank of Caraga, Inc., which is also in-charge of conducting PPI and Customer Satisfaction Survey for the Bank. Darling, as she is popularly called, was a scholar of MCPI in the Social Performance Task Force Meeting and Conference in Panama City last 03-09 June 2013.*

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***Breakout Session: Strengthening Governance and Succession Planning in MFIs***

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*Facilitator: Mr. Eduardo Jimenez, Bangko Sentral ng Pilipinas*

Rules, practices and processes are administered by a microfinance institution and behind these are the people who run the organisation. How these people run the MFI is what governance looks into. It is not enough that an institution is governed – governance has to be good for the institution to be effective as it provides the mechanism for attaining its goals and objectives while infusing accountability, responsibility, fairness and transparency in the process. With the emphasis on people, it is equally important for institutions to plan for the inevitable – finding their replacements. In a succession plan, employees are identified and developed early on to assume roles as they become available. Whether it is because of retirement or employee turnover, it is essential for institutions to be better prepared for the changes resulting from these events. In this session, the expert speaker shared her knowledge on governance and succession planning and in the process taught participants how to apply and strengthen these in their respective institutions.

Ms. Carn T. Abella  
President  
Ramon Magsaysay Award Foundation

Ms. Carn Abella in her presentation said “there are four dimensions of good governance in the profit sector: legitimacy, transparency, accountability and internal management. Legitimacy is the end result of governance. It is how you are looked upon. If you are seen as legitimate, you deserve support. This is important because for an organisation to exist it must be supported by people that feel that the organisation is worth their support in terms of money, presence, testimonials, etc.”

She said that there are two types of legitimacy. The first is the derived type given to the organisation. It is entitled to it either through legal means or based on morals and values. The second is generated legitimacy or the type that is earned and gained by organisations over time. This is seen through the direct support from beneficiaries, members or funders. It is also manifested through expertise, relevant relationships, good performances, and through credibility, integrity and reputation.

Accountability is the process by which an NGO holds itself responsible for what it believes in, what it does and what it does not do. It involves all concerned parties and actively responds to what it learns. There are four types of accountability:

- *Financial accountability* answers the use of entrusted and acquired resources;
  - *Performance accountability* documents and reports results against expectations, goals, targets and quality standards;
  - *Voice accountability* forms the basis, authority and objectivity of what the organisation says and the authority with which it speaks; and,
  - *Accountability to improve* responds to feedback and assessment, and reports on actions taken.
- Abella said that this becomes increasingly important when measuring against competition.

Transparency is the extent and quality of information regarding activities, resources,

processes and outputs that an organisation is willing and able to disclose, as well as the mechanisms to access such information. Organisations need to answer questions regarding how much information is made available to parties that need it, how up to date the information is, and how ICT and/or social media is used. Transparency also serves the purpose of accountability, where the more transparent an organisation is, the more it is able to answer questions posed to it. The more people can access the information they released, the more responsible an organisation is perceived. If an organisation is seen as accountable, they are able to receive more support.

Internal management makes use of the appropriate system and structures to optimise the organisation’s resources so that its stated mission and vision will be achieved. It checks whether the following systems and structures are present for an organisation to achieve its mission:

- Internal governance
- Financial resources generation and use
- Staff capacities and motivation
- Building external relations
- Programme development and execution
- Planning and performance review
- Organisational learning
- Board selection, orientation, development, and accountability
- Leadership succession
- Programme and financial sustainability
- Professionalising non-profit management, and
- Adopting an organisational life cycle approach

The Board of Directors is responsible for ensuring that good governance rules the organisation with individual board members having the duties of care (conducting due diligence), loyalty (defining and preventing conflicts of interest) and fidelity (practicing and promoting the organisation’s mission).

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*Discussion/Question and Answer*

Question by:	Response by:
<p>Mr. Miel Moraleda, President, Rural Bankers Association Should there be a government entity that looks into the purity of intent of NGOs?</p>	<p>Ms. Carn T. Abella, Ramon Magsaysay Award Foundation The government has too much to do. The SEC cannot even keep track of how many NGOs have not met the minimum requirements. They also do not have the capacity to police all the NGOs. However, if it cannot be done, why should we insist that monitoring be done centrally? The sector should put a self-regulating regime and police itself. PCNC policing ends at certification but does not include catching organisations doing malfeasance. Self-policing will work if people discipline themselves and are rewarded in doing so. This is the environment that the government and the other sectors should provide.</p>
<p>Mr. Ernesto Galenzoga, President, Mindanao Microfinance Council Is it necessary for the Board to appoint a manager?</p>	<p>Ms. Carn T. Abella, Ramon Magsaysay Award Foundation Hiring a manager depends on the scale of the organisation and where it is in the life cycle. During the early days, it is usually the founders that manage the organisation but as soon as resources are asked from donors then somebody has to manage it. It is helpful to be clear about the boundary between the Board and the day-to-day operations. This has to be negotiated with the organisation's mission and vision as guides. The important thing is not to fight about options but come together on purpose. This is the starting point for negotiation.</p>

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*About the Speaker*

*Ms. Carn T. Abella*

*The Ramon Magsaysay Award Foundation (RMAF) president is a leading specialist in adult learning, training and human resource development, management development, strategic planning and organisational change management. She has served as consultant to various government agencies, business organisations, international development agencies and non-government organisations in the Philippines and throughout Asia. Before joining the Foundation, Carn Abella was president of the Development Academy of the Philippines, a pioneering resource institution and think tank in the country providing training and consultancy services, programme innovation and research services in organisational change, human resource development, governance, local*

development and quality improvement. As RMAF President, she oversees the administration of the Ramon Magsaysay Awards, Asia's premier prize and highest honour.

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**Breakout Session: Understanding the Universal Standards for Social Performance Management**

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*Facilitator: Ms. Therese Marie Rico, Microfinance Council of the Philippines, Inc.*

In 2012 the Social Performance Task Force (SPTF) launched the first official version of the Universal Standards for Social Performance Management. The Universal Standards is a comprehensive manual of best practices created by and for people in microfinance as a resource to help financial institutions achieve their social goals. From 2013 to 2014, the development of indicators, based on broad industry consultation, has helped shape the latest version of the standards. This session also highlighted practical examples of implementation of the standards from the Philippines and provided resources that could guide MFIs in improving their SPM practices.

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**An Introduction to USSPM (USSPM by Good Return)**

Ms. Lalaine Joyas  
Microfinance Consultant

The presentation talked about the Universal Standards for Social Performance Management (USSPM), why they are important for the microfinance industry and how they can help provide better service to clients. During the microfinance crisis a few years ago, it was noted that the original purpose of helping the people had been transformed into profits over people. The standards, which are not compulsory, were developed to help improve service delivery. It would also help push one's case to donors who want to know if the organisation is achieving its social goals. SPM supports microfinance institutions to identify its social goals, how to achieve these social goals and how to put clients first when making decisions.

In developing the standards, the Task Force incorporated the work of many initiatives: Impact Consortium, Cerise, Smart Campaign, MF Transparency, MicroSave, International Labour Organisation and Mix Market. It has six dimensions and 21 standards and may be implemented in any order. The six dimensions are as follows:

- Define and monitor social goals
- Ensure Board, Management and employee commitment to social goals
- Design products, services, delivery models and channels that meet clients' needs and preferences
- Treat clients responsibly
- Treat employees responsibly
- Balance financial and social performance

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**Discussion/Question and Answer**

Questions:	Response by:
How does NWTF define your target clients? What were the processes and what type of information is collected?	Mr. Gilbert "Gomby" Maramba, NWTF We went back to our mission which clearly stated to serve the poor living below poverty line. Using

	<p>the Progress Poverty Index (PPI), we set the target at 80% of those living below poverty line. The processes of determining the target included research (2002), PPI survey, collecting information to monitor the level of poverty line (upward and downward movement) with 28% downward movement noted and uncovering 50% dropouts or business losses.</p>
<p>What are the People's Bank of Caraga's social goals and targets?</p>	<p>Ms. Lita Bilaoen, People's Rural Bank of Caraga The target is 49% of urban/rural poor living below poverty line who deserve MF servicing. The social goals set more than 50% and 50% of those helped are better-off. Client satisfaction level is 83% and target is 95% client retention.</p> <p>Ms. Alice Caliwag, ASKI The processes included strategic planning; vision; mission; revisiting goals with 10 corporations reinforcing their vision and mission statements; retooling of SP; and, institutionalising the SPM with an on-going approval of 48 indicators. Modified social goals covered other sectors including senior citizens, transport group among others. The credit operations and research departments worked collectively on it.</p>
<p>What does it take to get the commitment of the Board to ensure social performance?</p>	<p>Ms. Lita Bilaoen, People's Rural Bank of Caraga Keep the Board informed; conduct regular meetings and reporting on social performance to include survey on client satisfaction and exit; review policies and improvements; and, try to balance financial and social performances.</p> <p>Ms. Alice Caliwag, ASKI Board commitments can be attributed to their clearly defined roles and functions; an attitude of being happy and keeping true to their mission; policies are reviewed and client satisfaction is monitored. Happy staff are accountable and committed.</p> <p>Mr. Gilbert "Gomby" Maramba, NWTF Stakeholders commit with training support and are well informed on the social performance of the institution.</p>
<p>How do you get information from clients to develop product design?</p>	<p>Mr. Gilbert "Gomby" Maramba, NWTF The Social Performance Management (SPM) Committee gives information and discuss with operations. Market research department monitors</p>

	<p>the sustainability both of institution and clients. Conduct feedbacking between clients and managers.</p>
<p>How do you build the capacity of the research department?</p>	<p>There are three of us in the research department. We outsource for efficiency. We also hire people to do data collection, define/design study; develop the tool; pre-test and improve the tool.</p>
<p>How do you get competitors' information?</p>	<p>In areas outside our operations, we conduct focus group discussions, identify the MFIs in the areas, and identify their products and services and pricing on interest rates covered. We also rank clients' preferences.</p>
<p>How do you get and use information for product development?</p>	<p>Ms. Lita Bilaoen, People's Rural Bank of Caraga  Feedbacks from clients; pilot test new products; good products are rolled out in all branches; periodic client satisfaction survey provides information.</p> <p>Ms. Alice Caliwag, ASKI  Monitoring Portfolio at Risk (PAR); research identifies top branch earners and problematic branches. Special board meeting is held to come up with mitigation measures.</p>
<p>How can we assure of the correctness of data gathered? What is the cost?</p>	<p>Mr. Gilbert "Gomby" Maramba, NWTF  We go along with enumerators to do spot checking. Outsourcing is still less costly.</p> <p>Ms. Lalaine Joya, Microfinance Consultant  Suggested including in the process the following: tool orientation, setting standards on quality of data gathered; use of pre-tested tool and spot checking to monitor data gathering.</p>
<p>What are the policies and procedures in place to ensure protection from over-indebtedness?</p>	<p>Mr. Gilbert "Gomby" Maramba, NWTF  Loan releases go to the businesses. There should be more money from income than for loan amortisation. MIDAS, a credit bureau, provides information on negative list, borrowers at risk and positive list, clients and sources of borrowings. Installed prevention measure to include determining the repayment capacity. Information on loan sizes and loan providers in the areas must be known.</p> <p>Ms. Alice Caliwag, ASKI  Client mapping; area saturation on identified areas with good payors. Complaints and resolutions are</p>

	attended which help product and service improvements.
Do you have client complaints mechanism?	<p>Ms. Lita Bilaoen, People's Rural Bank of Caraga Suggestion boxes are opened by SPM. No complaints rejected. They act on it as soon as possible. Staff are also trained on measures.</p> <p>Ms. Alice Caliwag, ASKI The research department is in charge of Komento mo, Itext mo", a mechanism adopted for complaints. It is resolved by the responsible corporations and feedback is given to clients on action taken.</p> <p>Mr. Cristopher Lomboy, Grameen Foundation (Input on the performance management system) Set practical social goals. Setting goals too high can lead to frustrations. Also decapitalising clients because of repayments. Lack of grace period and lack of cash flow analysis attributes/contributes to the problems. Observable practices on cash management.</p>
Does the institution have human resource policies in place to protect employee satisfaction and turnover?	<p>Ms. Lita Bilaoen, People's Rural Bank of Caraga Employees are important assets of an organisation. Satisfaction surveys are conducted while results and reports are reviewed.</p> <p>Ms. Alice Caliwag, ASKI The Human Resource Department updates and ensures clear-cut policies on hiring, appointments, salary grade and incentive schemes. Daily devotion is also practiced. We have 77% retention rate and 27% turn-over.</p>
How do we maintain that balance on social and financial sustainability?	Desired growth rate level means not compromising services to clients. Financial efficiency without compromising relationship to our clients.

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*About the Speakers*

*Ms. Carmelita Bilaoen*

*Carmelita Bilaoen is the President of the People's Bank of Caraga. She has been with the bank since its inception and is involved in a number of financial and social initiatives in her town.*

*Alicia Caliwag*

*Alicia Caliwag is the Chairperson of Alalay sa Kaunlaran, Inc. She also sits in the board of several ASKI subsidiaries. An educator by profession, Alice Caliwag is actively involved in the different local organisations in Cabanatuan.*

*Gilbert Maramba*

*Gilbert Maramba is the Manager of Research and Development Department of the Negros Women for Tomorrow Foundation (NWTF), a pioneer MFI in the Philippines. He led the social performance initiative of NWTF and has been invited in numerous international social performance conferences and workshops to speak about their experience in poverty measurement.*

*Ms. Lalaine Joyas*

*Lalaine M. Joyas is the former Executive Director of the Microfinance Council of the Philippines (MCPI). She was part of the USAID-funded “Developing Standards for Microfinance” Project in the late 1990s, the project that paved the way for the birth of MCPI. She has over 15 years of local and international experience in microfinance, focusing her work on social performance management (SPM), consumer protection and agriculture microfinance. As a SPM and client protection expert, she has worked with various microfinance organisations in the Philippines, Cambodia, China, Pakistan, Vietnam, Laos, Nepal and in other parts of Asia. She is a graduate of the University of the Philippines in Diliman.*

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## Closing Plenary

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### **Synthesis – Moving Beyond Microfinance**

Professor Ronald T. Chua  
Asian Institute of Management

Professor Ronald Chua declared that it had been an information-packed two days and that the participants would have more than enough to reflect. Thus, the synthesis would focus more on providing the attendees with anchors that they could refer back especially in terms of how they could relate the issues raised to themselves as well as to their organisations. He reiterated the reasons for holding such conferences both this year and in the past – as a challenge for players in the field of microfinance to continue improving the way things are being done so that they could in turn continue their work in helping poor households move their way out of poverty.

According to him, “we have been presented with many issues but we have now come up with a pragmatic appreciation that access to financial services can only do so much and that there is still so much to be done.”

Professor Chua also highlighted the constantly changing and thus challenging environment that microfinance is operating in saying that issues 20 years ago were probably much simpler. He cited contemporary concerns like multiple borrowing, over-indebtedness, disaster and calamities, adding that these were not major issues or were not as serious as today. He also pointed out

developments in the information and communications technology which was shown as another tool in the continuing push for inclusive growth. He said that the challenge now was how to stay relevant and to find ways on what more could be done to improve the lives of the microfinance partners. He reminded participants that along with the opportunities and models opened up to them, there were also presentations showing lessons learned.

Professor Chua called attention to the sharing on the various initiatives that have been implemented such as health financing and health services, housing finance and technical assistance on how the poor could build their homes even if it was just incrementally. He also mentioned about initiatives relating to opportunities in energy and value chain financing which he said are essentially new products. He observed that a number of MFIs have taken on multi-stakeholder approaches or taking on partners in implementing initiatives given the complexity and magnitude of the problems. This proved that a collaborative arrangement was another option, he said.

Despite the positive developments however, the importance of good internal governance remained a basic issue. Professor Chua cautioned about engaging in several areas without first looking at one's "internal hardware

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### ***Closing Remarks***

Mr. Nestor A. Espenilla, Jr.  
Deputy Governor  
Bangko Sentral ng Pilipinas

Deputy Governor Nestor Espenilla, Jr. shared that microfinance is now the buzzword when it comes to helping the poor especially following the declaration of Year 2005 as the International Year of Microcredit. The sector gained some more prominence after Professor Mohammed Yunus was awarded the Nobel Prize the following year. Deputy Governor Espenilla added that microfinance is now recognised as a legitimate banking system and that the BSP has already issued circulars to respond to the changing needs of the sector. The central bank has also

and software." He added that MFIs should be able to understand the issue of scale. Another issue to consider was knowing when to exit although Professor Chua said he is hoping no one in the conference would resort to this option as a result of the challenges. He also shared his observations one of which was how MFIs were able to establish a two-way distribution network of relationships all the way to the ground. He urged everyone to make sure that this was strengthened rather than compromised.

Professor Chua also cited some key processes such as product and service development and delivery which meant having somebody focused on the financial and non-financial matters; technical assistance and client capacity building which meant financial education and other after-sales services on top of the financial services; business modelling and sustainability models which meant looking at both the business and development perspectives and to link these to the overall goal of moving poor households out of poverty; risk management which meant improving the ability to be able to move out of one's own comfort zone; and, the need to learn quickly. A third point that he put forward was to take on different views and perspectives of the client/client system. The ultimate question however was really what one can do beyond microfinance.

issued other types of assistance, such as micro-insurance and housing microfinance. He also shared about the recent issuance of rules and other reportorial requirements to demonstrate the continuing efforts for sound microfinance operations which was aimed at promoting legitimacy and the people's trust.

The central bank has taken on strategic partnerships to promote capacity building and consumer protection. Together with the Department of Social Welfare and Development,

they will conduct TOT on financial literacy which will also be participated by recipients of the 4Ps initiative. There will also be economic learning programmes to promote learning on certain financial issues and provide knowledge and skills to the public so they can make well-informed choices. The BSP also acknowledged its collaboration with MCPI saying that the organisation has remained a valuable partner of the BSP particularly in the promotion of inclusive growth. MCPI was awarded “Valuable Financial Inclusion Partner” for two consecutive years.

The deputy governor declared that the Philippines has been exhibiting healthy expansion compared to other emerging markets but despite the higher economic growth, poverty has not really showed any remarkable change. “We need to take microfinance to a higher level. We know the benefits and advantages of microfinance but there are still things that by design microfinance cannot address,” he said. The deputy governor cited some insights on how to work on this, or how to catalyse microfinance for real inclusive growth:

- Microbusiness’ large base accounts for the missing middle which is common in a developing country like the Philippines thus it must be nurtured.
- Consider taking a strategic approach in targeting micro-enterprises that have the potential for growth; provide incentives so they would access markets and financial services

- Provision of value-added services, like education and health services; addressing these things could mean improved living standards
- Bundling financial products with low-cost social services like entrepreneurial training, housing, business development services and health as this will help leverage on the reach of microfinance; bundling has been known to be efficient and cost-effective

Deputy Governor Espenilla also shared that BSP recognises that development is a multi-tasking effort, “utilising our respective resources and expertise and assets for the productivity of those we serve. We can leverage on technology because it paves the way for effective distribution channels and have the potential for scale; e.g. leverage on mobile technology, which has grown tremendously in the past five years with microfinance, to reach the bottom of the pyramid. Many are already testing this and the opportunities and potentials are seemingly limitless.”

He added, “These are opportunities for MF to achieve greater economic and social impact. Let us look beyond the traditional view of microfinance. Let us be more creative without thumbing down on our existing efforts. Let this event be a testament that we are all committed to promote inclusive growth with the help of microfinance. The challenge now is to find ways to bring microfinance to a higher level.”

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*After Deputy Governor Nestor A. Espenilla, Jr.’s closing remarks, a plaque of appreciation was presented to him.*

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### *Closing Remarks*

Hon. Paolo Benigno A. Aquino IV  
Senator  
Republic of the Philippines

The senator shared that from a policy level, he would want to create an environment that would promote inclusive growth. According to him, “to go beyond microfinance, we need business development services, inclusive supply chains, and other forms of assistance like how to come

up with better quality products or how to get these products to the market.” He acknowledged that a great number still has to be done, citing governance as an example where micro-entrepreneurs still encounter obstacles including the processing of business permits. There was

also a need to teach financial literacy in the schools especially for the youth, the sector that has the highest rate of unemployment. He believes that if they could go into entrepreneurship there would be an opportunity for them.

The senator shared some initiatives that his office was doing in relation to microfinance such as working with the BSP and the Board of Investments and with the Philippine Business for Social Progress to launch a business development programme in August. Another initiative is in partnership with CHED and TESDA. The Enterprise Bill, a law that was going to be passed 28 July 2014, mandates CHED and TESDA to include microfinance literacy in the school curriculum. It would also create a fund where young people could access loans for their enterprises. He also mentioned about the Credit Surety Fund which the BSP has urged to be passed into a law.

Together with the Development Bank of the Philippines, Land Bank of the Philippines and the Local Government Unit, this mechanism will be for those who want to avail of larger loans such as cooperatives and MFIs as the fund gives a multiplier effect to participating institutions. For instance in a loan, the LGU has a counterpart and the BSP, depending on the performance, can multiply this up to 10x more so one can borrow more. This was part of BSP's inclusive finance programmes and that "we hope to pass this so that cooperatives and MFIs would have more capital for their borrowers. They could then borrow at a micro-enterprise level that is non-collateralised."

The senator shared about his pending bills which he said would most likely be as contentious as the Reproductive Health Bill and the Sin Tax Bill. The Fair Competition Bill he said was a landmark law that would address monopolies. Supported by DTI and BSP, the law would mandate putting up a fair trade commission, address unjust structures and ensure there is level playing field. Another law they hope to pass soon is the Social Enterprise Bill.

The senator's advocacy against corruption meanwhile is embodied in the Wasak (Walang Asenso sa Kotong) Campaign. It was launched last week in partnership with the Civil Service Commission, Department of Justice, Department of Trade and Industry and the Office of the Ombudsman. "We did this campaign because we always receive complaints about *kotong*. We have had good feedback on our programme but we were told that after we would leave, they would be subjected to harassment." Under the programme, a hotline has been established where people could submit their complaints on corrupt practices. The number to call or text was 0908.881.6565 (1 peso per text message sent unless registered in an unlimited service) while the hotline was 16565. He suggested sending a text message since the hotline costs a bit more.

The hotline is connected directly to the Civil Service Commission, the human resource unit of the government, which runs a call centre that seats about 10-15. The CSC would conduct an investigation to get more information and then send a report to the head of the agency or the LGU whichever is appropriate so this could be acted upon. A copy of the memo also goes to the personnel file of the person involved and could potentially hamper promotions. If a case for corruption is proven, it will be forwarded to the Office of the Ombudsman and DOJ which will then file the appropriate complaint.

"We came up with this because we feel there is so much helplessness on the ground. We are hoping that the CSC, DOJ, DTI and the Ombudsman are serious about this campaign so that on the ground, you know there is recourse if you feel you have been harassed. We want to show to the entrepreneurs that we are actually doing this; that we are really monitoring this. We hope that you on the ground can also engage. So if you have complaints, send a text to this number and we will see that it is acted upon," he urged. According to the CSC, there have been reports of improved behaviour following the filing of complaints. For the senator, "we still have yet to see if they become actual cases."

He also discussed about his most important bill, the recently ratified Go Negosyo Act which he

said is one of those laws that is going to benefit the poor directly. The law would help ease the process of doing business as all the permits are going to be centralised in the physical GoNegosyo centres that would be ran by DTI, LGU and the private sector partner. "It mandates DTI to be at the forefront of helping our micro-entrepreneurs. By creating that environment, we help the micro-entrepreneurs," he said. "We noticed that all the MFIs are practically covering the whole of the Philippines and yet there are still those who are unable to access financing but instead resort to unjust practices," he added.

The senator said that they initially identified pilot areas because they did not expect the bill to be passed soon but it will be implemented nationwide. He also shared about the MSME environment in Taiwan saying, "Taiwan has a very good support system for MSMEs even for a developed country. We saw what they were doing and some of these were actually already being done here. So we know we can do it. The only difference was that they were very organised and they had very clear provision of services. There was no uncertainty. If I am an MSME in Taiwan, I know where to go for training, for export, and for any assistance. It is still something that we need to institute here. We still do not know where to go; there is still so much uncertainty. By passing this law, we hope to erase that uncertainty."

In parting, he said "What we need is an enabling environment for our MSMEs. Not only one or two programmes. All these are pieces of the puzzle that once put together we create that foundation for inclusive growth. By creating that foundation, our poor countrymen can get out of poverty because of productivity, because of jobs. I come from this sector and my office believes that we can achieve inclusive growth if we all work together, if we all fill in those pieces in the puzzle, if we fulfil our roles in moving together this sector. We hope to push these reforms together with you.

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*About the Speakers*

*Prof. Ronald T. Chua*

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*Mr. Nestor A. Espenilla, Jr.*

Mr. Espenilla, Jr. heads the Supervision and Examination Sector which oversees the supervision of banks and other non-bank financial institutions under the jurisdiction of the Bangko Sentral ng Pilipinas (BSP). He assumed office in April 2005. He serves concurrently in various BSP high-level policy committees: Advisory Committee on Monetary Policy; Financial Stability Committee; Inclusive Finance Steering Committee; and Payment and Settlements Steering Committee. He is likewise BSP Representative to the Capital Markets Development Council and Alternate Board Member to the Philippine Deposit Insurance Corporation and alternate Vice-Chair of the Agricultural Credit Policy Council. He is also active in various international bodies. He represents the BSP at the G20 Global Partnership for Financial Inclusion (GPII) where the Philippines is one of the only two non-G20 member countries invited to participate, and in the Basel Consultative Group (BCG) where he chairs the Workstream on Financial Inclusion. He is also alternate chair of the Alliance for Financial Inclusion (AFI). Mr. Espenilla, Jr. holds a Bachelor of Science in Business Economics and an MBA from the University of the Philippines. He also earned an MS Policy Science from the Graduate Institute of Policy Science (GRIPS) in Tokyo, Japan.

*Hon. Paolo Benigno "Bam" A. Aquino IV*

Senator Bam Aquino is the youngest senator of the 16<sup>th</sup> Congress of the Republic of the Philippines and is a world-renowned social entrepreneur. He currently chairs the Senate Committee on Trade, Commerce and Entrepreneurship and the Senate Committee on Youth. In 1999, he graduated with summa cum laude honours from the Ateneo de Manila University with a degree in Management Engineering. He was also the class valedictorian and student council president. In 2003, Bam became the youngest head of a government agency when, at 25, he was appointed Chairperson of the National Youth Commission, the primary national policy-making body for Filipino youth. After his stint in government service, Senator Aquino co-founded the social enterprise The Hapinoy Programme that helps lift Filipinos out of poverty through microfinance and micro-enterprise support. For their innovative work with the poor, they have received numerous awards, both locally and globally. In 2008, Senator Aquino was awarded a scholarship to the Executive Education Programme on Public Policy and Leadership of the Harvard University Kennedy School of Government. Because of his work, he has been named a Young Global Leader of the World Economic Forum in 2006, one of the Ten Outstanding Young Men of the Philippines in 2010, one of the Asian Social Entrepreneurs of the Year in 2011, and one of the Ten Outstanding Young Persons of the World in 2012. Senator Aquino has dedicated his entire career to empowering the youth and the poor and helping thousands of Filipinos improve their lives through access to opportunities and crucial support systems. In the Senate, he has filed bills and resolutions that relate to creating an environment where micro and small entrepreneurs can grow their businesses and consumers are protected and youth employment is addressed. On 11 June

2014, the Go Negosyo Act, the first pro-poor and inclusive growth bill, and the Philippine Lemon Law, a measure that will further protect consumer rights, were ratified by both the Senate and the House of Representatives. He was the first neophyte senator in the 16<sup>th</sup> Congress who had measures adopted by both houses of the Philippine Congress.