

# CIRCLE

THE OFFICIAL  
NEWSLETTER  
ON MCPI'S SPM  
ADVOCACY

OCTOBER 2015  
VOLUME 5 ISSUE 1



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ISSUE

From Social Performance Assessment to Management  
Case Study on Being Socially Responsible to the Community  
RANGTAY SA PAGRANG-AY, INC. (RSPi)

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## Introduction

A social audit of Rangtay sa Pagrang-ay, Inc. (RSPI) was conducted using the Social Performance Indicators (SPI) tool developed by CERISE, a knowledge exchange network for microfinance practitioners. The SPI examines an MFI's stated social objectives based on four dimensions of social performance and measures the effectiveness of the MFI's systems to achieve them. This analysis is designed to reveal where an MFI has the means to achieve its social goals and where there is room for strengthening its approach.

The results of the SPI audit shed light on interesting practices implemented by RSPI as regards social responsibility to the community.

This document attempts to share details of the identified practices. It gives some operational keys to understand and potentially replicate RSPI's pattern.

## Rangtay sa Pagrang-ay, Inc. (RSPI)

RSPI derived its name from the Ilocano phrase rangtay sa pagrang-ay, which means "bridge to progress". RSPI was established in Baguio City, Philippines on March 1987 as a non-stock, non-profit Christian non-government organization with the mission of reaching out to the less privileged. Its mission is transforming lives through Christ-centered enterprise and community development." RSPI upholds the following 4 Cs as its core values:

- Christ-centeredness is the spirit of RSPI, consciously placing Christ at the center of all its decisions, programs and activities.
- Compassion is the heart of RSPI, being fervently motivated with love for God and fellowmen.
- Competence is the labor of RSPI, constantly nurturing a culture of discipline, professionalism and excellence in its entire endeavor.
- Commitment is the soul of RSPI, being zealously dedicated towards the ministry of transforming lives.

On its 25th year, RSPI now has twenty-five branches all over

northern and central Luzon, covering 15 provinces in four regions. It is operating in a highly competitive market. The impressive and steady growth and expansion, however, do not mean that RSPI is not without its fair share of challenges as the organization almost "closed shop" in 2004. Capacity building and adherence to good microfinance practices by the board, management and staff have equipped them to manage risks. They were able to map out plans for RSPI's recovery that included reexamination of its human resources, review and revision of existing services and methodology.

RSPI offers a wide range of products and services, the main ones being the group and individual business loans. It also offers on-top loans (for livestock) for clients in good standing once they reach the third loan cycle. RSPI also offers salary loans in selected branches. Among the non-financial services they provide are financial literacy, business development and transformation activities for clients. These services are being provided to clients through the Transformation Program. The said program aims to improve the five dimensions of a client's life: social, physical, economic, community and spiritual.



### Social performance in RSPI

RSPI believes that microfinance institutions should be double bottom line institutions. In 2010, social performance management (SPM) was integrated in RSPI's business plan. A social and financial rating has been completed for the institution by Planet Rating. A manual completed in 2010 clearly expressed how SPM should be integrated in the organization, particularly in client selection, research, management information system, monitoring and evaluation.

RSPI is also one of the active users of the Progress out of Poverty Index (PPI) to monitor the clients' poverty levels. In 2012, MCPI conducted a social audit of RSPI using the Cerise SPI tool.

### Social responsibility to the community: what is RSPI doing?

The Community Development, or COMDEV, concept was first heard by RSPI from Prof. Tess Rosacia, former President of the Alliance of Philippine Partners in Enterprise Development (APPEND<sup>1</sup>). Prof. Rosacia encouraged APPEND's member-institutions to adopt the community-based enter-

<sup>1</sup>APPEND is a network of Christian development institutions in the Philippines providing microenterprise development services, including microfinance.

prise development framework. She believed that the poor should not be totally dependent on loans, and MFIs should make its impact better felt by the clients.

It was the RSPI Board of Trustees' strong desire to "get into action" and "get their hands dirty" that led the institution to strengthen its social responsibility towards poor communities through the COMDEV program. Since RSPI was already serving far-flung, difficult-to-reach communities, it was the perfect opportunity to rollout the COMDEV program, which was piloted in Benguet Province from 2006 to 2009. The pilot mainly involved assisting a very poor community implement livelihood projects. The plan was to help the community achieve self-reliance and prepare them for access to microfinance products and services, such as loans and savings.

In 2010, the COMDEV program took on a different name and perspective. Tagged as the Adopt-a-Barangay program, it was designed to pilot test, develop and promote an effective and integrated extension modality that can transform a pilot barangay into a self-reliant, empowered and progressive community. The three-year program was piloted in Barangay Gadang, one of the poorest barangays of remote Kapanaganan town in Benguet Province. It was RSPI's plan to provide the community with health services, social and spiritual transformation programs, and socio-economic development opportunities. Between 2010 and 2012, RSPI held various activities in Barangay Gadang, with the plan that, after the pilot, each operational area of RSPI will have a barangay "adopted" by the institution.

## Operationalizing RSPI's social responsibility to the community

RSPI selects communities in the Adopt-a-Barangay program based on poverty incidence. It is also desirable that the area's inhabitants have indigenous tribes or people (IPs), the segment of the poor hardly reached by basic social and financial services. In the case of Barangay Gadang, the community was chosen for the pilot because it is the second poorest barangay in the third poorest municipality of Benguet, and is accessible by land transportation. Once a barangay or community has been identified, RSPI mobilizes its Research and Development unit to conduct further investigation (such as a community needs analysis) and complete a market research. This activity not only allows RSPI to collect more information about the community, but is also an opportunity to introduce RSPI to the people.

The research findings will be the basis for RSPI to identify and plan the activities that will be provided to the community. It will also help RSPI determine the amount needed to rollout activities, and where these funds might be sourced. Funding for activities in Barangay Gadang came from the

annual allotment for the Board and Governance of RSPI and earnings from the microinsurance program. In order to instill a sense of ownership in the program outcomes, RSPI requires the community to provide some counterpart funding, although oftentimes this takes the form of labor (e.g., construction of a waiting shed/area).

Within three years, Barangay Gadang received the following services through RSPI: medical, dental and circumcision mission; donation of medicines; school feeding program; gift giving; skills and livelihood training; waiting shed construction, and organizing a women's group.



Although RSPI largely relied on financial resources that it could mobilize, it also tapped experts and professionals (e.g., doctors, dentists, medical students) to work with them on some of the activities (e.g., doctors and dentists for the medical and dental mission). RSPI also sought the support of the local government, universities, and an insurance company.

Prior to Adopt-a-Barangay, the COMDEV program was managed by RSPI's Human Resource unit. The task was later transferred to R&D when the unit was set up. All departments and the Board of Trustees actively participate in the implementation of project activities. The R&D unit is mainly responsible in conducting the market research, preparing the budget, area selection, planning the activities, coordinating with the community and the program partners, monitoring the activities, and reporting to the Board and management. When the program for Barangay Gadang ended in 2012, the R&D unit prepared a completion report for the three-year program.

## Challenges in putting social responsibility into practice

The program was not without challenges. In terms of implementation, the program was hampered by funding and accessibility concerns. Some activities could not be regularly funded by RSPI's budget. The R&D Unit looked for external

sources but there was very limited opportunity for partnerships and support from other organizations. By the time the pilot was completed, RSPI spent almost USD5,000 for the various activities of the program. For RSPI, the program was not sustainable. Further, actual implementation of activities and monitoring were challenged by difficulties in reaching the community. There were only two jeepney trips each day going to the community and travel time from the nearest branch was more than two hours.

The most challenging part, however, was engaging the community in planning and implementation. There was over-reliance on RSPI to implement activities as participation of community members was very limited. There was also difficulty in weaning people away from dole out mentality. While it was one of the program's objectives to develop the value of self-reliance among members of the community, this was not achieved.

RSPI has learned from the Barangay Gadang experience and has taken these lessons to the community it is presently helping - an island Barangay Dewey in Bolinao, Pangasinan. It is a four-hour land trip from Baguio to Bolinao, and another hour by motorboat to Dewey. A shorter trip, a 30-minute motorboat-motorcycle-balsa (raft) ride to Dewey is another option. For Project Dewey Initiative, the approach to community development has been slightly changed. This time, RSPI focuses on livelihood activities beginning with dried danggit (rabbitfish) making, and grouper (lapu-lapu) culture. They already have a market in Metro Manila that will pick-up the groupers upon harvest.



Another activity is the Supplemental Feeding Program for 77 malnourished school children in Dewey Elementary School. Milk supply is sponsored by the Kabisig ng Kalahi, Inc. Other activities for the project are a medical and dental mission, the establishment of a community cooperative, values formation and coastal clean-up drive. The program, which started in 2013, will culminate in 2016.

## Lessons from the pilot

The COMDEV program demonstrates RSPI's commitment to its social mission – going beyond microfinance to reach

the poorest communities. Strong Board buy-in and support were manifested in funding allocations that allowed the implementation of the program activities.

The Adopt-a-Barangay program showed that clear vision is needed in order to successfully implement a social development program. Despite the good intentions and the strength it demonstrated in terms of process, the program lacked vision and strategy to achieve its objectives. RSPI realized that there are no easy steps in bringing a very poor community to a state of self-reliance and sustainability. Before implementing a program, the situation and context need to be well studied and the strategy clearly defined. In the case of the Adopt-a-Barangay program, there was a need to study behavior and attitude of community members. In order to foster buy-in and better participation, the community should be engaged from planning to implementation. It should be able to claim ownership of processes and results of the project.

RSPI's COMDEV program should incorporate all the essential elements in social performance - clear vision, mission and strategy; SMART objectives and targets; and clear outcomes. Planned activities should be assessed against their potential to contribute to the achievement of goals.

## Lessons learned about social responsibility to the community

- Strong Board buy-in is needed for allocation of resources.
- Community members need to claim ownership of both processes and results.
- Funding is critical because the program does not generate income.
- Social responsibility programs in the community need to follow the SPM principles.

## Conclusion

RSPI's COMDEV Program is a testament to its commitment to fulfill its social goals and objectives. Getting Board and management support, ensuring funding support and a situational analysis of the community helped RSPI launch a pilot program, while careful monitoring of processes and results allowed them to learn from challenges and replicate the program more successfully.

*For more information on RSPI and its programs, get in touch with:*

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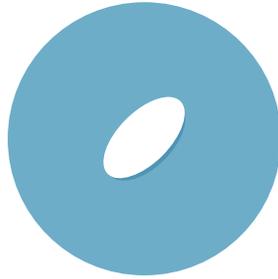
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*\* Photos courtesy of RSPI.*



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