2016 MCPI Annual Conference Documentation Report

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WELCOME REMARKS

Ms. Maria Ana dR Ignacio, MCPI

Ms. Ignacio welcomed the participants to the conference. She introduced the Sustainable Development Goals which aims to address the global challenges in the next 15 years. She acknowledged the presence of Mr. Titon Mitra, the Philippine Country Director of the United Nations Development Program (UNDP) to introduce the SDGs. However, she noted that the conference won't be able to accommodate all the vital elements of the SDGs but will only provide an overview of the responsibilities of development institutions in the attainment of the SDGs.

She explained that the aim of the conference is mainly to discuss the role of microfinance and financial inclusion in achieving and fulfilling the key development targets on sustainable agriculture, water and sanitation, clean energy, resilient human settlements, and its potential in mitigating the impacts of climate change. While the microfinance sector has shown its capacity to contribute to the attainment of the SDGs, the targets and indicators are guides needed in implementing the planned programs and interventions.

She expressed her gratitude on behalf of the MCPI members and the Secretariat to the participants, speakers, facilitators, partners, and sponsors for their presence. She also stated that MCPI shall endeavor that the Annual Conference does not end up as a mere academic exercise and hopes that once the participants return to their respective jobs, there is a renewed vigor and appreciation for the collective contributions to the fulfillment of development aspirations. She likened the challenges to the Greek mythological character Sisyphus and encouraged everyone to never surrender however daunting the tasks may be. She ended her remarks with a line, "May our collective push bring us closer to the summit of our goals."

KEYNOTE MESSAGE

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

Senator Bam Aquino started his message by introducing Negosyo Centers for MFIs interested in business development services (BDS) and asked microfinance institutions (MFIs) with BDS to lend a helping a hand. He shared about publishing client stories in Abante where his staff's contact number was posted instead of the MFI. The interested public began hammering his staff with questions until a year after the publication. This only shows that there is a great demand for accessible capital.

He explained the Senate's role in terms of support for financial services which is to ensure that access to capital is available as businesses grow; with MCPI and BSP looking at addressing post micro-financing funding to support business growth. He sponsored the RA 10693 also known as the Microfinance NGO Act, Implementing Rules and Regulations of which will be released by the second week of August as committed by the DOF.

He also explained that he is working on Small Business Tax Reform Act for Micro and Small Enterprises which aims to exempt micro-business from taxes for the first three years. Additionally, he is working on the passage of Secured Transactions Act for Movable Collateral Registry as well as the Philippine Islamic Financing Act which aims to expand Islamic banking system to support Muslim communities. He encouraged MFIs to look into this new product. The National Payment Systems Act is another bill which if passed, mandates interoperability for easier access to capital and business transactions.

He said however that RA 10693 was not passed without some challenges and these include: 1) most people in the senate and congress do not understand the sector, and 2) there was a need to show strength in convincing people.

About the Keynote Speaker

*A neophyte senator with 14 laws under his belt, **Sen. Paolo Benigno "Bam" Aquino IV**, a world-renowned social entrepreneur has dedicated his career to empowering the youth and the poor, helping Filipinos improve their lives through entrepreneurship.*

He graduated as class valedictorian and student council president summa cum laude honors from the Ateneo de Manila University with a degree in Management Engineering. He became the youngest head of a government agency at age 25 when he was appointed as the Chairperson of the National Youth Commission, the primary national policy-making body for Filipino youth.

He co-founded the multi-awarded social enterprise, The Hapinoy Program, and 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.

On his first year as senator, he authored the Go Negosyo Law, the first pro-poor and inclusive growth bill in the 16th Congress and in 2015, he passed landmark legislation – the Philippine Competition Act – set to revolutionize the playing field for businesses, particularly for MSMEs and start-ups.

He is co-author and principal sponsor of the Youth Entrepreneurship Act and co-author and co-sponsor of the Sangguniang Kabataan Reform Act.

He also recently passed the Children's Emergency Relief and Protection Act to safeguard the youth in times of disaster.

INTRODUCTION TO THE SUSTAINABLE DEVELOPMENT GOALS

Mr. Titon Mitra, UNDP Philippines

Mr. Titon Mitra introduced the session by highlighting the three historic landmarks that happened recently which include the Sendai Framework, the Paris Agreement wherein countries committed to contribute to lessening of carbon emission, and the finalization of the Sustainable Development Goals (SDGs). The SDGs are comprised of 17 goals with 169 targets and 230 indicators.

Mr. Mitra explained the important features of the SDGs which include a clear vision of leaving no one behind; a holistic approach in which no goal is viewed in isolation and that all goals are interlinked.

The SDGs cater to five elements that include the people, planet, prosperity where all human beings enjoy prosperous life, peaceful and just societies, and partnerships among countries to work in solidarity. He further stressed that the SDGs are deeper and more comprehensive in contrast with the Millennium Development Goals (MDGs).

The Philippines has accomplished the following relative to the MDGs:

Goal 1 – Eradicate extreme poverty and hunger – the poverty incidence in 1991 which was 34.4 percent went down to 25.8 percent in 2014.

Goal 2 – Achieve universal primary education - The number of children going to school in School Year 2006-2007 which was 83.2 percent has increased to 95.2 percent in School Year 2012-2013.

Goal 3 – Promote gender equality and empower women – More women have completed basic education, tertiary education, and have meaning employment. In the Philippines, more women occupy executive positions both in government and private organizations compared to other countries in Asia.

Goal 4 – Reduce child mortality – there was a dramatic decrease in deaths of infants and children under age five to mean improvements in the health care system of the country.

Goal 5 – Combat HIV/AIDS, Malaria and other diseases – there was a decreasing incidence of malaria cases in 27 provinces of the country.

Goal 6 – Ensure environmental sustainability – Access to water and sanitation has increased over the years. In 2014, access to potable drinking water was recorded at 85.5 percent while in terms of sanitation, 94.1 percent have access to toilets.

Goal 7 – Develop a global partnership for development – Access to benefits to technologies significantly progressed. In terms of information and communication, as of 2014, three in 100 persons have access to telephones while in terms of mobile phones, there are 111 mobile phones for every 100 population.

Considering the achievements of the Millennium Development Goals relative to the Sustainable Development Goals, the issues remain and more work needs to be done especially on the following goals:

Goal 1 – No poverty: While poverty incidence in 1991 went down in 2014, a stunningly high number of population still live in poverty. In the Philippines, one in every four Filipinos live below the poverty line which is USD1.90/day.

Goal 2 – Zero Hunger: In ASEAN countries, an average of 31.5 percent of children under five years are affected by stunting.
Goal 3 – Good health and well-being: In 2013, the percentage of women who delivered on a health facility was 60 percent noting that only 12 percent in the ARMM compared to 76 percent in the NCR. This shows the inequalities among pregnant women in terms of access to health facilities. Wealthier women have better access to health facilities compared to women from poorer households. The ability to pay, level of education, and combined with other factors affect the level of access to better health facilities that leaves the poorer people behind.
Goal 4 – Quality education: The level of education likewise impacts human capital and movement of poverty reduction. In the Philippines, the median years of schooling is 7.9 years noting again that the lowest number of years of schooling for both female and male is ARMM at around 4.1 and 3.6 respectively.
Goal 7 – Affordable and clean energy: In Southeast Asia, the energy demand between 2000 and 2013 increased by more than 50 percent with coal and oil as the biggest source of energy.
Goal 9 – Industry, innovation, and infrastructure.
Goal 13 – Climate action: ASEAN is the most disaster-prone region in the world and the Philippines is one of the most disaster-prone countries. Between 2004 and 2014, more than 50 percent of disaster mortalities occurred in the region and an estimated economic damages of USD91 billion.

Achieving the SDGs will require an annual budget estimate of USD5 trillion to USD7 trillion up to 2030. For developing countries, it will require an estimated budget of USD3.3 trillion to USD4.3 trillion a year for basic infrastructure, food security, climate change mitigation and adaptation, and health and education. Given these estimates, there is an estimated financing gap of USD2.5 trillion of public and private investments. There is a need to create a financial demand to be able to address the financing gap.

Microfinance is relevant in achieving the SDGs. It can directly contribute to the achievement of the following goals:

Goal 1 – No poverty: Goal 1.4 clearly states that, "By 2030, ensure that all men and women, particularly the poor and vulnerable have access to financial services including microfinance." This shows that the provision of microfinance can directly impact the goal of eradicating poverty.
Goal 2 – Zero hunger: Goal 2.3 states that "By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to financial services." Again, access to financial services is a crucial role to eliminating hunger and microfinance can contribute to the attainment of this goal.
Goal 3 – Good health and well-being: Goal 3.8 states, "Achieve universal health coverage, including financial risk protection for all." Microfinance offers a viable platform and an efficient channel for distribution of social and risk protection for all.
Goal 5 – Gender equality: Goal 5.a states, "Undertake reforms to give women equal rights to economic resources, as well as access to financial services in accordance with national laws." Access to financial services is again one of the keys to empower women and microfinance can very well support that.

Goal 8 – Decent work and economic growth: Access to financial services is again specifically mentioned in Goals 8.3 and 8.10 which calls for the promotion of development-oriented policies and encourages the formalization and growth of micro, small, and medium-sized enterprises; and strengthening the capacity of domestic financial institutions, respectively.
Goal 9 – Industry innovation and infrastructure: In industry innovation, Goal 9.3 states, "Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets."
Goal 10 – Reduced inequalities: Microfinance which also facilitates remittances can also specifically influence goal 10.c which states that, "By 2030, reduce to less than three percent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than five percent.

He continued his discussion on the state of financial inclusion in the country highlighting the Philippines as the first in Asia and third in the world in terms of Regulatory Environment for Financial Inclusion next to Peru and Colombia respectively, according to the Economic Intelligence Unit's Global Microscope 2015. In terms of access, 36 percent of municipalities do not have banks while 15 percent of the population remains unbanked. However, the presence of pawnshops, remittance agents, mobile banking, and credit cooperatives increased the alternative access points and reduced underserved cities and municipalities to only 12 percent. In terms of savings, four out of 10 Filipinos save but 68 percent of those who save keep their money at home. Sixty-two percent borrow from informal services while only a few borrow from formal institutions including credit cooperatives and microfinance NGOs. Insurance penetration is only 1.8 percent which still offers a huge market for social protection.

Mr. Mitra briefly discussed an overview of the Philippine Strategy for Financial Inclusion and shared country examples in achieving the SDGs. For instance in India, the government efforts in opening banks in rural areas cuts rural poverty by 14-17 percent. In Nepal, opening free bank accounts increased spending in school-related expenses by 20 percent. He concluded his talk by discussing how the Philippines can achieve the SDGs relative to what can be done now and what can be done later. Planning includes raising public awareness, review and translation of SDGs into the development plans. In terms of implementation, it requires government policy coherence and corresponding budgets. Monitoring applies to both the plan and the implementation. The plans need to be regularly monitored and updated, and frameworks are anchored on policies.

About the Speaker

Mr. Titon Mitra *is presently the UNDP Philippines Country Director. His more than 25 years of experience as senior development professional includes serving as the Senior Strategic Planning Adviser and Head of the Integrated Coordination Office for Development and Humanitarian Affairs of the United Nations Assistance Mission in Iraq, leading the preparation of the UN Development Assistance Framework for the war-weary country and supported the coordination of the humanitarian response to the massive displacement caused by the entry of ISIL into Iraq; as Minister Counsellor and the Head of the Australian Agency for International Development's (AusAID) aid program to the Philippines from 2007-2011; then as the Senior Strategic Planning Adviser to the UN in 2012. Mr. Mitra had also served* *for many years as an Assistant Secretary with AusAID, managing large and complex bilateral aid programs focused on social development, economic reform, governance, and infrastructure in Sri Lanka, the Maldives, China, Indonesia, and Timor Leste. He has also led humanitarian responses in Africa, South Asia, Southeast Asia, the Middle East, and the Pacific, as Humanitarian Emergencies Director for AusAID and Global Emergency Director for CARE International.*

KEYNOTE MESSAGE

Small Loans, Big Hearts, Great Country

Vice President Maria Leonor Robredo read by Ms. Georgina Ann Hernandez

The message started highlighting the Philippines deemed as a bright light in Asia in terms of microfinance. It didn't come as a surprise given the fact that there is an advocate in the senate, a ready and willing government bureaucracy, active civil society organizations, innovative private sector, a right regulatory environment, and the hardworking poor who do not simply wait for dole outs. Vice President Robredo cited that according to the Economist Intelligence Unit survey, Philippines is the leader in Asia and third in the world scoring 81 percent in the Global Microscope 2015. She shared her experience in attending Ahon sa Hirap's anniversary and getting acquainted with Nancy Tuazon whom she considers an example of the message she wants to convey – progress without relying on charity but on self-effort.

The Vice President explained that as Housing Secretary, her dream is for every Filipino Family to have a house to go home to every end of the day. However, the ultra-poor have limited access to such. To address this, Social Housing Finance Corporation, through its Community Mortgage Program (CMP), helps people acquire their own homes through affordable loans that need to be repaid. But she lamented that credit scoring is still nascent and while the system is not perfected, the government is limited with the fact that project officers are not credit officers. Sustainability remains to be an issue especially with the fact that these are government funds.

She explained that financial inclusion created a system of non-dependence and microfinance institutions are in the position to help given their technology and setup which are designed to reach the poorest of the poor. She further stressed that MFIs are a crucial support as they have field officers who walk to reach the clients. She, however, lamented that MFI money is still concentrated in urban and near urban areas while it remains limited in rural areas. She urged MFIs to go to areas where "your light is needed" with the help of government and the private sector for infrastructures. She also encouraged MFIs to use modern technologies to scale up operations; analyze transformed lives instead of measuring portfolios; and teach people how to save for rainy days. She also mentioned that Republic Act 10693 or the Microfinance NGO Act will help elevate the industry to become more effective in providing financial services to the poor.

Towards the end of her message, she said HUDCC would like to learn from the successes of the microfinance sector and asked for the help of MCPI and its members in formulating policies and programs. She ended her message with a reassurance that poverty can be combatted through mutual cooperation among stakeholders, and hope to turn the impossible into reality by bringing the poor into the conversation with the help of the MFIs.

About the Keynote Speaker
Her Excellency Vice President Maria Leonor "Leni" Gerona Robredo

Human rights lawyer ***Maria Leonor "Leni" Gerona Robredo****, has devoted her entire professional life in the service of the most vulnerable sectors of Philippine society. As a Public Attorney, as member of the alternative lawyers group SALIGAN, and as Representative of the Third District of Camarines Sur, she has remained constant in her priority attention to farmers and fisherfolk; women particularly in oppressive circumstances; and indigenous people.*

The Vice President was initially known as the widow of the beloved Mayor of Naga City and Secretary of the Department of Interior and Local Government. After the tragic air accident that took the life of Secretary Jesse Robredo, the public quickly recognized Atty. Robredo as her husband's full partner in the advocacy for good governance, ethical leadership, and citizen participation in the work of the government. In this work, she brought to bear her degree in Economics from the University of the Philippines (1986) and her bachelor of laws degree from the University of Nueva Caceres (1992). Passing the bar in 1997, Atty. Robredo has since sustained a commitment to the use of legal means to assist in the self-empowerment of the underprivileged.

Convinced to take this advocacy as a politician, she ran and won a seat in the Sixteenth Congress. Within three years she successfully brought to full passage the Extension of the Corporate Life of the Philippine Railways Corporation, the Tax Incentives Management and Transparency Act and the Sangguniang Kabataan Reform Act. When, on October 5, 2015, she accepted the challenge to be candidate for Vice-President, Representative Robredo launched an advocacy- driven campaign. From one percent, her survey ratings climbed consistently. On May 30, 2016, the Joint Houses of Congress proclaimed Leni Robredo as 14th Vice President of the Philippines.

Plenary 1: DRIVING THE SGDs – GOVERNMENT, MICROFINANCE, AND PRIVATE SECTOR INITIATIVES

Microfinance has shown that it can contribute not only to microenterprise development and fostering sustainable livelihoods, but also in addressing the other welfare concerns of the enterprising poor particularly those that pertain to health, education, microinsurance, shelter, and even access to clean energy products. Clearly, tapping the existing microfinance model and channels to attain the SDGs is only natural and prudent. Meanwhile, there is now a growing sense of solidarity within the business community to embrace the SDGs and elevate them well and beyond their usual corporate social responsibility undertakings. This session seeks to lay down the current programs and initiatives of stakeholders from private and public sector that can be placed alongside a particular development goal and see what other programs, products, and services can be further improved and/or added to the menu of effective and responsive developmental interventions.

Ms. Pia Roman-Tayag
Bangko Sentral ng Pilipinas

Ms. Pia Tayag introduced financial inclusion as an enabler of the Social Development Goals as it relates to eight points in the agenda. Access to financial services points to ending poverty. Integrating small enterprises into value chains is associated with industry innovation and structure. Even remittances are pointing to industry innovations. Access to finance for smallholder farmers addresses zero hunger. She discussed inclusive growth through financial inclusion which means opening business opportunities through access to capital and broad-based savings help create a healthier financial system.

She presented the definition of financial inclusion as "a state in which there is effective access to a wide range of financial products and services for all." She highlighted effective access and wide range of financial services in the definition. Effective services means there are not only enough providers but people use and benefit from the products and do no harm. The wide range of financial services include services from basic payments, remittances, insurance, credit, and other services that reach those who do not have access to them.

Ms. Tayag also presented the status of financial inclusion in the Philippines. In terms of access to financial services, 36 percent of cities and municipalities do not have banks but because of the presence of MFIs, only 11 percent remain unserved. On savings, only 46 percent of Filipinos save but 68 percent of them save at home. In terms of credit use, 47 percent borrow money but 72 percent of them borrow from informal sources. These data present a huge market that still needs to be catered.

She also discussed government initiatives and roles for financial inclusion starting with the barriers that include culture, geography, infrastructure, and information which therefore need new solutions and transformative innovations, as well as market-based solutions to address market frictions. The roles of the government and policymakers include understanding the balance between risks and returns of financial inclusion like stability and environment. The Bangko Sentral ng Pilipinas (BSP) initiatives include regulations on widening of products and services such as policies on deposits, expanded virtual reach such as e-money regulations, and physical networking such as scaling down of offices that allow banks to operate mobile bank offices. BSP also initiated customer on-boarding such as the updating of anti-money laundering regulations and outsourcing rules. Financial education and consumer protection are also promoted and data and measurement are regularly done to ensure sustainability of financial institutions.

Ms. Tayag also discussed product suitability to include design that addresses customer needs, affordable pricing, terms and conditions that can be met, and clear and understandable products. She noted that micro-deposit accounts have considerably increased from 2012 to 2015. The number of clients with microinsurance has also tripled in 2012 to 2013 and e-money accounts have increased from 2011 to 2015. In terms of delivery channel suitability, proximity is of utmost consideration. Time and cost to access, trust in the delivery channel, and suitability of requirements are important considerations. She noted that 67 municipalities are served by micro-banking offices alone.

The national strategy for financial inclusion is a necessity considering the presence of technological innovations and it is not just banks that are affected but also non-government organizations and cooperatives. It aims to create financial systems that are accessible to the poor, thus cooperation and convergence is necessary. The national strategy calls for coordination, collaboration, communication, and awareness raising. The signing of Executive Order 208 creates a steering committee for financial inclusion.

Mr. Rolando Victoria
Alalay sa Kaunlaran, Inc.

Mr. Rolando Victoria started his presentation with a brief review of the Microfinance Council of the Philippines, Inc. (MCPI)'s history. MCPI started as a coalition that was formed to develop standards for microfinance. MCPI was registered in 1998 and in 2004, the assets of Grameen replicators were transferred to MCPI. MCPI then started with regular members of 20 MFIs. Currently, the number of clients of the members of MCPI is estimated to be 75 percent of the total MFI clients in the Philippines.

He also briefly presented the start of Alalay sa Kaunlaran, Inc. (ASKI) and how it evolved over the years noting that in 2006, the Community Development Unit that started in 2002 turned into ASKI Development Foundation. Today, it has 72 branches that cater to about 140,000 clients. But it evolved into credit + +. Its emergency fund evolved into a mutual benefit association (MBA) offering various insurance products including life, accident, funeral, and health. ASKI also offers financial education and basic entrepreneurship for clients, migrant workers and their families to have their own business when they get back.

Mr. Victoria proceeded to present ASKI Microfinance and the Sustainable Development Goals. Value chain programs have also grown as a result of the initial partnership that ASKI did with Jollibee Foundation. In terms of green energy, it had engaged in renewable energy program in partnership with MCPI and ADA. They started distributing solar lamps to clients through loans and are now planning to expand and include products such as solar hubs and solar home systems, as well as building their own solar-powered building.

For water, sanitation and hygiene, financing for toilet construction and drinkable water source such as water pumps or filtration system for business and consumption are also explored by ASKI. In building digital finance infrastructure, ASKI recognizes the need for remittances. He stressed that remittance is one thing and digitization is a key for paperless processing. He also emphasized the importance of listening to clients and responding to their needs with appropriate products. Mr. Victoria summarized how microfinance evolved over the years from microcredit to microfinance to expanded microfinance and finally integrated microfinance.

He ended his presentation highlighting that MFIs play a role in the realization of SDGs through implementation as they already have infrastructure in place, a network of branches, and manpower. Building relationships is another role that MFIs can assume as they have their clients' trust and confidence. Lastly, establishment of linkages with the government sector, the private sector, and the local communities.

Mr. Benjie Yap
Vice President for Customer Development, Unilever

Mr. Benjie Yap started his presentation by explaining why they chose the title "Driving the Sustainable Development Goals through our Brands". He said that the title represents Unilever's unique point of view that sustainability must not be a program of a business but a way of doing business. He highlighted that there is a bright future for the Philippines with a rapidly growing economy which is in fact the fastest in Asia; and an emerging middle class with the fastest growth in South East Asia. There is also a young, educated population which will fill a vibrant workforce from 2011 to 2050, and a new government with a strong electoral mandate. He went on to discuss that there are challenges, though, that still need to be addressed. There is high poverty incidence which is 26 percent, chronic malnutrition, 7.5 million Filipinos still do not have access to clean water, high incidence of diarrhea due to poor sanitation, urban congestion, and climate change worsens economic situation and threatens food security. Accordingly, these are similar problems that the SDGs are trying to address and the question is how the business sector can contribute to their realization. Unilever believes that sustainability and profitable growth are not in conflict with one another and in fact it is a winning business model at the heart of what they do.

Unilever took part in crafting the SDGs and integrated it in its corporate strategies. In 2010, it started its sustainable living plan which aims to double the business while reducing environmental footprints and increasing the positive impacts on society. Unilever believes that the environment cannot be separated from the society. The ambitious goals of the plan include helping more than a billion people improve their health and well-being; reduce the environmental impact by using their products; and help enhance livelihoods of million while doing business. For instance, safe drinking water which targets the poorest of the poor and not the rich.

Unilever launched products with sustainable living brands to mean product with a plus purpose. The brand must have a clear purpose on social and environmental concerns while the product itself must directly contribute to the attainment of targets in the plan. It turned out that these products are growing 30 percent faster compared with products which are not sustainable living brands. Mr. Yap went on to share that these brands delivered nearly half of the growth target and even grew faster in 2014.

Mr. Yap shared a video presentation of Unilever's sustainability programs in the Philippines and continued his sharing on partnership opportunities with Unilever. He opened this session with a quote, "brick by brick, partner by partner, we can make a difference." Immediate areas of partnership which MFIs and other organizations can think about include Pureit safe and drinking water, Kabisig sari-sari store, and Coconut sourcing from smallholder farmers. He ended his presentation by showing another video of successful partnerships between Unilever and MFIs.

About the Speakers

Ms. Pia Bernadette Roman Tayag *is the Director of the Inclusive Finance Advocacy Staff (IFAS) of the Bangko Sentral ng Pilipinas. In this capacity, she is involved in the overall financial inclusion work of the central bank particularly in the areas of policy and regulation, capacity building, advocacy, and relationship building. Ms. Roman Tayag graduated with a bachelor's degree in Public Administration* *from the University of the Philippines and a master's degree in International Affairs focused on Economic Development from Columbia University. She is also a Fellow in the Fletcher School Leadership Program for Financial Inclusion at Tufts University. Ms. Roman Tayag is a member of the Policy Advisory Group of the Innovations for Poverty Action Research Fund and of the Better than Cash Alliance Editorial and Publications Committee.*

***Mr. Rolando Victoria** is known as one of the pioneers of the microfinance industry in the Philippines, with 29 years of experience. He has been on the founding board of Alliance of the Philippine Partners in Enterprise Development (APPEND), Microfinance Council of the Philippines, Inc. (MCPI), Opportunity Kauswagan Bank (formerly Opportunity Microfinance Bank), Central Luzon Association of Microfinance Institutions, Inc. (CLAM), and RIMANSI Organization for Asia and the Pacific. Recently, he was appointed as Board Member of the following organizations: Inter-Asia Development Bank, It's Like Cash (ILC), and Opportunity Kauswagan Remit, Inc. Mr. Victoria is also the president of Social Initiative Against Catastrophe (SICAT), Inc. A Certified Public Accountant, he completed the Program for Development Managers at the Asian Institute of Management.*

Plenary 2: IMPLICATIONS OF THE MICROFINANCE NGOs ACT AND ITS IRR

This session highlights the salient features of Republic Act 10693, An Act Strengthening Nongovernmental Organizations Engaged in Microfinance Operations for the Poor, also known as the Microfinance NGOs Act. The law, signed by President Benigno S. Aquino III on 03 November 2015, and primarily sponsored by Senator Paolo Benigno "Bam" Aquino IV, formally recognizes the indispensable role of non-government organizations (NGOs) in fostering local enterprise development and social entrepreneurship. In view of this, the law explicitly points out as a matter of policy that "the State shall support and work in partnership with qualified NGOs in promoting financially inclusive and pro-poor financial and credit policies and mechanisms," primarily through the promotion of microfinance and its allied services.

Director Justina Callangan,
Securities and Exchange Commission

Director Tina Callangan shared good news at the start of her talk that "there is a meeting of minds of DOF and NEDA" and the issue on the definition of low income has been resolved to mean that it is twice the official national poverty threshold set by NEDA. There are remaining issues, however, that still need to be resolved which include the BIR proposition, concurred by the DOF, that the preferential tax rate of two percent should only refer to microfinance or lending activities and commissions from microinsurance products that are bundled and included in the integral part of the microfinance operations. Director Callangan further explained that the two percent tax on gross receipts covers only microfinance operations while other activities are still subject to regular taxes. She jokingly added that this is because MF-NGOs are rich and should be contributing to the government coffers. She also explained the BIR's reply on the APPEND concern that it cannot print receipts because the IRR is not yet released, accordingly, the IRR is not a requirement in the approval of the authority to print. The Director asked the participants if they have receipts; and if they paid their corresponding taxes. She stressed that non-payment of taxes will cause exorbitant penalties. She also shared that another good news is that SEC is working for the signing of the IRR. She emphasized that MFIs should be good corporate citizens because there is so much public interest involved and they have to make their businesses sustainable.

Ms. Callangan went on to present the contents of the proposed IRR. On scope of application, the act was adopted to pursue poverty eradication. The coverage of the act extends to non-government organizations providing microfinance services for the poor. She shared that she used to ask what SEC has to do with microfinance matters when its main role is about regulating capital markets.

Basic features and purposes of a microfinance NGO include the provision of direct access to credit and related programs and services. She explained that it is not enough that MFIs simply lend money to a poor guy but that the MFI has the responsibility to see to it that his life is going to improve. Second, it offers business development opportunities but she also cautioned that Bombays' (loan sharks) ways are simpler and some people don't want preliminary activities. Third, it provides human development services to help the poor achieve a certain level of sustainability. Fourth, MF-NGO collects compulsory savings or capital build-up. Ms. Callangan clarified that the acceptance of money is not to be considered deposit-taking or quasi-banking since the microfinance NGO accepts money as favor to their members. Fifth, it is prohibited from directly engaging in the insurance business but may establish partnerships for insurance services. Sixth, it charges reasonable interest rates and fees incidental to the microfinance operations to be able to sustain the organization. Seventh, MF-NGOs can borrow money for relending subject to existing laws but notes allowed for issuance is limited to 19 people only and capped at PhP150 million only. More than PhP150 million worth of debt instruments is allowed but should be issued to up to 19 people only, and requires SEC approval with fees. Eighth, acceptance of donations and grants in accordance with existing laws and regulations. Ninth, invest in sound enterprises. Tenth, maintain transparent and comprehensive management information systems which will help the MF-NGO cater to thousands of people. Eleventh, publish audited financial statements at the end of every fiscal year. The minimum or core requirements of a microfinance NGO are a) microcredit and financial literacy program, and b) microcredit and microsavings.

The Microfinance NGO Regulatory Council will be established to monitor the implementation of the law which will be composed of four permanent members from government agencies that include the Department of Trade and Industry, Department of Finance, Department of Social Welfare and Development, and the Securities and Exchange Commission. Three representatives from the microfinance sector which will have a three-year term of office will complete the council.

On accreditation, MF-NGOs are required to obtain accreditation and upon signing of the IRR will be certified for a period of one year. Reckoning will be from the issuance of the certificate. The functions of the council will include 1) facilitating a system of accreditation which will be based on sound and measurable financial performance, social performance, and governance standards; 2) issue certificate of accreditation upon the MF-NGOs' satisfaction of the set criteria; 3) monitor performance of NGOs' compliance and implementation of the IRR; 4) place under probation or revoke accreditation of MF-NGOs that no longer meet the criteria; 5) require submission of reports; 6) collect reasonable accreditation fees for the council's operating activities; 7) submit annual reports to the Office of the President and concerned committees of both Houses of Congress; and other functions relative to the implementation of the law.

The Bangko Sentral ng Pilipinas and Insurance Commission may ask the council to review the MF-NGOs to ensure that they are not doing deposit-taking or insurance distribution beyond their allowed activities. She cautioned MFIs to make sure that they do not go beyond what they are allowed under the law. Ms. Callangan also announced that access to government programs such as technical assistance is available to accredited MF-NGOs but reminded the same that there will be a two percent tax on gross receipts. The IRR is ready but it was not signed earlier because of some issues and SEC and other concerned institutions are working on the standards to ensure sustainability of the MF-NGOs. She ended her presentation with another caution that, "To a certain extent, laws do not always make life easier, sometimes they also make our life difficult because of the compliance that it requires."

Discussion

REMARKS	RESPONSES
Remark by: Myrna Magnasa *NWTF* **Remark:** On the field of taxation, because of this effect, we do not know if assessment on prior years because there was no such thing as revenue regulation yet on the part of the BIR. What about the previous transactions whereby two percent is not yet known and if there is such assessment on the part of an NGO for its microfinance activities, what will happen? Will the obligation part of the tax still be assessed? I'm bringing this up because if one or two here in this room would recall or has a knowledge about the cooperative law, it had also not been very clear for people engaged in cooperative activity but when the act was filed and approved, there was this transitory provision at the last law saying that any assessments prior to the effectivity of the law will be ruled in favor of the coop. That's why when IRR had been	**Response by:** Ms. Justina Callangan *SEC* **Response:** Unfortunately I'm not a tax person but the general principle of the law, it was not two percent then when you were assessed. Therefore para sa 'kin, you would still be liable because the entitlement of the two percent would only come after the effectivity of the law. But you can always appeal, of course. There is no such thing (the transitory provision) in this law and it is too late to be included in the law. As this is not in the law, we cannot include this in the IRR either as there is no basis in the law. The IRR cannot answer that but you can always appeal to the good sense of the authorities. "*Ang maliwanag na kasagutan*" is we cannot do that in the IRR. **Response by:** Fr. Jovic Lobrigo: **Response:** The board has committed to help those who will be caught in the transition between assessment and the

discussed, we hope that it would be signed and included to favor the MF-NGOs.	application of this new IRR. So that we will not be lobbying individually but we will be doing it collectively as a council. The General Assembly yesterday asked the new board to look into this but this requires information on your part if you are in such a situation. Because if there are some who will be lobbying on their own without informing the council and the council would claim representation of its members and depending on how they approach it because we all know that each RDO is a republic in itself, the more that we will be in a disadvantaged situation. For that reason, I stood up so that we all know that we are in the same page and the next efforts will be concerted if we are in such situation. **Response by:** Ms. Callangan: **Response:** There is a saying that in unity there is power. I was talking to your tax lawyer and I was surprised to know that different NGOs were assessed differently. I was asking on what basis are the differing assessments and they said depending on the RDO. **Response by:** Ms. Me-an Ignacio *MCPI* **Response by:** May I also add because this is the first time that we discuss the law and some of the inside stories are not anymore relayed to you. Just to give you one instance, I recall that as a board, we have decided that after passing the law, we then move collectively to the individual cases of the members. So we have two members whom we know already that their cases are already in the Court of Tax Appeal and we were ready to move on it while waiting for the IRR to be approved. So just the board to discuss that, one member's actuation was like, "we will handle it ourselves" so the board backed out. We respect the autonomy of the members so if they're saying their 'diskarte' will be affected if we move as MCPI then again that's the decision of the individual members of the council. But then again, if you approach

	MCPI and ask MCPI to work on your case, then the new board will make sure that you are supported.
Remark by: Ms. Callangan: **Remark:** So that we can organize the council as fast as we can, I suggest that you start shortlisting your nominees to the council. You have a lineup already?	**Response by:** Ms. Ignacio: **Response:** We will be doing that. By way of information especially those who are not yet members of the council, we have started with our self-regulation. Meaning, every year starting this year's General Assembly, we have graded ourselves with three set of indicators: financial sustainability using PESO, social performance using the condensed version of CERISE SPI 4, and governance with indicators borrowed from ICD. We are also working with Rafael Buenaventura Foundation to work on training on corporate good governance.
Remark by: Ms. Callangan: **Remark:** Allan, would you recall if the nominees are from Luzon, Visayas, and Mindanao? Because under the IRR, the council wants that the three islands should be represented. If I may ask again, how many MF-NGO, alliances are represented here?	**Response by:** Ms. Ignacio: **Response:** APPEND is an associate member of MCPI. It's a smaller group whose members are also members of MCPI. **Response by:** Fr. Lobrigo: **Response:** Bicol Microfinance Council has 17 members, Mindanao Microfinance Council has 29 members.
Remark by: Ms. Callangan: **Remark:**	**Response by:** Fr. Lobrigo: **Response:** They are affiliate of MCPI and they are incorporated as individual entities. The thing is they have members that

Those that were mentioned, are these stand-alone alliances?	are members of MCPI and members that are not. Strategically, once the IRR is approved, the board will facilitate the convening of regional councils to give equal opportunity for all to be registered and accredited and not to be harassed in the future.
Remark by: Jeng Juan *APPEND* **Remark:** I think we've already discussed during our earlier conversations about associations or organizations that were established as non-stock, non-profit just like APPEND. APPEND is a stand-alone organization and we also have wholesale lending operations and ECLOF is also one. We are lending to MF-NGOs. We are questioning whether we can also be accredited as we are also part of the microfinance landscape. Since inception, we've been doing microenterprise development. We have financial literacy and we're lending to NGOs especially after calamity that is why we set up the climate change fund from an Italian NGO. Our question was, can we include this function in the total landscape of the microfinance? Does this mean that APPEND and other organizations that continue doing it enjoy that 2 percent tax incentives?	**Response:** Ms. Callangan: **Response:** You wanted us to include that in the law as one specific function of NGO. In your perception, if it is not there, it is something that the NGO cannot do? I took it up to the Chair and he doesn't have any objection to that but it does not have to be there. You can even if it is not specifically there because there is no exclusion. It is basically an NGO that provides lending to the microfinance NGOs. I think so because we look at the primary purpose of the NGO. That is going to be our basis.

About the Speaker

***Atty. Justina F. Callangan** is the Director of SEC's Corporate Governance and Finance Department. She is regularly called on as a resource person at Congressional hearings on matters relating to the capital markets, financial regulation, and financial risk management. As an educator, she has lectured on securities regulations, corporate governance, credit information system, real estate investment trust, and securitization. She also teaches political science, business and corporation laws, and taxation.*

BREAKOUT SESSION: ACCESS TO WATER AND SANITATION THROUGH MICROFINANCE

In 2015, the World Economic Forum announced that water crisis is the number 1 global risk based on impact to society. In fact, the country alone still has 7.5 million Filipinos with no access to safe water and 24 million Filipinos with no access to improved sanitation. Moreover, about 7 million Filipinos defecate in open areas, which poses threat to food safety and water quality.

Thus, and in line with ensuring access to water and sanitation for all under the Sustainable Development Goal No. 6, the Philippine government targets 88percent of total population to have access to safe water and 88percent of total households to have access to improved sanitation by 2016. However, realizing such target requires strategic financing both from the government and the private sector.

The first part of the session will present the current state of water and sanitation in the country in order to provide context to the discussion. The second part will have speakers share various initiatives and schemes on financing water and sanitation services, and this will include Water.Org, Unilever Pureit, and ASA Philippines. The session will also tackle perceived gaps in providing the bottom poor with access to water supply and sanitation through micro-financing, and how these gaps can be addressed either through replication, combination of various financing models, or development of new financial products appropriate to them.

Mr. Edkarl Galing
The World Bank

Mr. Edkarl Galing presented data of NEDA report which showed that even in 2011, basic access to sanitation was already at 91.6 percent. Basic access to water was at 86.5 percent which had already reached the 84.4 percent target coverage for water. In terms of the 2015 MDG target of 83.8 percent for sanitation, he said that the goal has been reached, and there is good progress for water goal which is 86. 5 percent. The discrepancy is in how MDG and WHO look at the data which are based mainly on health surveys. Based on the 2015 MDG report, we have not reached the 79 percent target on sanitation (progress is only 74 percent); and just on the mark for water at 92 percent. Mr. Galing said that they are advocating to take a more conservative stance by saying water access target is 85 percent instead of 92 percent; and sanitation 74 percent. But the question is what the data are hiding behind them. Basic access to water and sanitation does not talk about indicators – quality of water (potable or not), quantity of water (24/7), and equity for sanitation (are the poor getting enough access to sanitation?).

Data for water supply showed that access to basic water supply is fragmented; and concerned agencies have overlapping mandates. According to Listahang Tubig, a survey of national water supply done by four agencies and supported by the World Bank, there are about 23,000 water service providers in the entire country. There are more than 4,700 piped water service providers – community-based organizations (biggest), LGU-run utility, water districts, and private utilities. There are more utilities but they are serving less people. Gaps in service coverage and quality are observed. Consolidating these organizations is a possibility for fewer but more efficient utilities.

Looking at the case for sanitation, according to the data, in 2010, there were 9.5 million Filipinos in the rural areas who did not have basic access to sanitation and that has come down to 6.5 million Filipinos. 85 percent of them belong to the poorest 40 percent in concentrated pockets. Open defecation was observed in areas of extreme poverty. This concern drove the World Bank to support the government's conditional cash transfer program and integrate water and sanitation initiative. Between 2008 and 2012, an average of PhP3.4 million was invested by different stakeholders in water and sanitation programs annually. But in order to meet national targets by 2025, PhP17 million is needed annually and the sector does not have enough funding. For rural water supply, USD8 million was invested annually between 2009 and 2011; and anticipated level of annual investment for 2012 to 2014 is USD55 million. To achieve and sustain 100 percent rural water supply access by 2025, domestic and external financing needs to be increased four or five fold.

Looking at a recent study on rural sanitation, open defecation is a phenomenon among the poor. High cost of sanitation is a main barrier to toilet adoption yet poor households own goods of similar price range. There is a huge amount of interest to build toilets but no commitment of when to build. What are the priorities of the household? The study showed that the mean monthly household combined earned (from an employer, business, or farm) and unearned (direct non-labor income such as cash transfers and remittances; and indirect, "in-kind" income such as tuition paid directly to school from a scholarship) income is PhP3,583 which is below poverty line estimates of PhP4,500. Cash transfers comprise 25 percent of total earned and unearned income. In upgrading or improving their toilets, the respondents would get the resources from labor income as most don't consider an MFI as providing funds for toilets. Mr. Galing added that this could be a wake-up call for MFIs – aren't we packaging good products and services that the poorest may avail of? The results of the survey tell us that we can do more in terms of reaching out to the poor. In borrowing money, most of the respondents who had loans borrowed from MFIs or from relatives and friends. Of the more than 4,000 respondents of the survey, 99 percent reported that they do not have a bank account.

SDG targets now require the safe management and delivery of water supply, as well as an efficient management of sanitation for all. This is an opportunity for MFIS to finance the gap to meet universal access targets.

Mr. Floredick Pajarillo
Water.org Philippines

Mr. Floredick Pajarillo shared that each year, 500,000 people are affected by waterborne diseases and 6,000 cases end in death. The numbers are staggering but these are opportunities for Water.org., an INGO based in the US and co-founded by Gary White and Matt Damon. It aims for innovative and sustainable solutions to the global water and sanitation crisis – to give women hope, children health, and communities a future. Water.org is present in 12 countries in Latin America and the Carribbean, Africa, and Asia.

The organization used to give direct donations to communities but developments from such system came very slow. At present, Water.org partners with selected financial institutions to provide water credit. These are loan products to finance water and sanitation facilities such as connections to water and sewage networks; water pumps and tube wells; water storage/rainwater harvesting tanks; water filters; toilet construction and repairs; and septic tanks. By doing this, Mr. Pajarillo said that more people are given the chance to have safe water and sanitation facilities. Clients of MFIs are not just recipients but are considered participants to the undertaking. Through the program, people are moved from unsafe to safest water sources - from river, for example, to having piped into dwelling; from unsafe to safest sanitation facilities. Having their own toilets give people dignity.

The program transforms lives by reducing water, sanitation and hygiene (WASH)-related diseases; providing convenience to clients, increasing their sense of pride and dignity; improving their well-being and safety; increasing earning potentials, and enabling mothers to focus on the education of their children.

Water.org has partnered with Negros Women for Tomorrow Foundation, Inc., Alalay sa Kaunlaran, Inc., Tulay sa Pag-unlad, Inc., ASA Philippines Foundation, Taytay sa Kauswagan, Inc., and Community Economic Ventures, Inc. It provides the MFIs technical assistance and grants. The MFIs lend to members through WASH loan products. The loan payment is used to help more families in need of water and sanitation facilities. The MFIs partner with other organizations, households, and people to reach and serve more.

A partnership between Water.org and an MFI go through the following process - expression of interest, due diligence or “partner certification”, funding agreement and program design, agreement and kick-off meeting, WASH program implementation, and exit phase. Areas of support include market research, product development, program administration, and marketing, among others. WASH loans have longer term and interest can be the same as regular loans or can be subsidized. Existing and new clients may avail of WASH loans. Hygiene education and pre-disbursement activities at the centers are being conducted by WASH teams. The MFI also provides support to clients in terms of identifying and training masons and/or referring them to qualified masons, and providing specifications for the facilities. It also develops informal partnerships with water utilities and LGUs.
So far, the program has reached 4.3 million people at 99 percent repayment rate. It provides loans of less than USD200. In the Philippines, 42,000 loans were disbursed through partners, 96 percent of which were granted to women. There was more demand on sanitation loans for different types of toilets. As a result of this program, clients are healthier and more productive.

Some of the challenges experienced by partner-MFIs are staff needing more technical know-how, weak collaboration with WSPs and LGUs, the need for low cost toilet models and to develop appropriate models for various terrain, and the need to reach out to non-MFI clients who need access to WASH, among others. Wrong notions about sanitation and hygiene, traditional thinking of masons and clients, a mismatch between cash flow capabilities of clients and available models, and areas that are yet to be reached by water service providers are also challenges on the part of the clients.

The next step for Water.org will be to expand partnerships with MFIs and other organizations, adopt/develop appropriate and low cost models, capacitate staff, strengthen partnerships with water utilities and other service providers, and establish wholesale financial facility to answer the demand for WASH loans. To sum up why Water.org and partners participate, Mr. Pajarillo said that it is to transform society together.

Mr. Kamrul Tarafter
ASA Philippines

Mr. Kamrul Tarafder began by introducing ASA Philippines Foundation. ASA Philippines started 12 years ago, and now has 831 branches across all provinces. Its Corporate Social Responsibility (CSR) programs include hospitalization and death benefits, disaster relief and grants, cataract and cleft lip/palate operations, medical missions, scholarships, business development training and marketing support, and assistance for persons with disability and for special cases, among others. In 2016 alone, ASA Philippines has already assisted more than 100,000 people and spent more than PhP73 million on the programs. From 2009 to 2016, its CSR programs have reached close to 800,000 people, with expenses amounting to PhP630 million. Its tagline - "*Nanay, sa ASA boss ka*."

Ms. Julie Iligan, also of ASA, then introduced WaSaFin, another CSR program of the foundation. The WaSaFin Program, in collaboration with Water.org, aims to improve health, minimize medical expenses, increase productivity, and improve overall quality of life of the borrower's family. The program grants PhP4,000 to PhP20,000 loans for water or toilet facilities. Loan products include water tank, tube well, electric pump, water connection, and different toilet models. It was pilot-tested in September 2014 and rolled out in January 2016. The program has disbursed 24,566 loans or PhP306.7 million so far, with a recovery rate of 99.53 percent. WaSaFin also provides primary health care education and consultancy for the installation of water connections and sanitary toilets. It plans to reach 200,000 households in two years.

Ms. Iligan pointed out diversion of loan proceeds, cultural limitation in Tawi-tawi in Mindanao, and engagement of trained masons as challenges of the loan product. But ASA's satisfaction is in seeing clients in different parts of the country being able to improve or have their own toilets, and have improved water facilities in their home, thus better health for family members.

Mr. Brian Duruin
Unilever Philippines

Mr. Brian Duruin said that Unilever believes in water and sanitation program. One of its products, Pureit's social mission is to protect 500 million lives and save children from diseases caused by unsafe water sources. Mr. Duruin mentioned that their commitment is based on the WHO recommendation which is to purify water at point of use – in the household.

Pureit water purifier guarantees safe drinking water. It does not depend on electricity and pressurized tap water and thus, can be used in urban and rural areas. It can purify tap water and untreated water from deep well.

The Pureit program now has nine partner MFIs. The product for partners offers longer life capacity and is not the same as the one being offered in stores. The partnership has a dedicated loan product with a 12-month term; and employ Pureit Water Experts (PWEs). PWEs work with loan officers to conduct education sessions during center meetings, they deliver and set-up the device in consumers' homes once loan is approved, orient clients on proper maintenance, and handle after-sales service together with technicians.

Mr. Duruin shared lessons from the program:

- Like-minded partners is important – they believe that inclusive growth goes beyond merely financial services for the clients; that access to safe drinking water is integral to development; and they believe in setting bold ambitions and target for themselves.
- Loan design is key to successful program adoption. Suggested selling price of Pureit device is PhP5,500 and MFI margin is 20 percent.
- Rural clients require education and behavior change programs.
- Ritual is crucial to successful implementation.
- There has to be something in it for the staff – incentive.
- Logistics system has to be very responsive.
- Good after-sales service means zero percent PAR.
- After-sales service is a joint responsibility of the Loan/Program Officer who captures and records issues from clients, and the Pureit water expert who responds and resolves client complaints within 48 hours.
- Prepare for long term sustainability – selected Nanay clients get incentive for facilitating replacement of germ kill kits (GKK).

Mr. Duruin ended his presentation by thanking Ms. Maria Anna Ignacio of Kasagana-ka Development Center, Inc. (KDCI) and Ms. Mercy Abad of Ahon sa Hirap, Inc. (ASHI). KDCI and ASHI are the first two partner-MFIs of the Pureit program.

The facilitator, Ms. Lalaine Joyas, mentioned that there are still gaps in terms of financing to achieve WASH but the session showed that institutions and the private sector are joining the call to achieve SDG no. 6.

About the speakers

Mr. Edkarl Galing *is a Water and Sanitation Specialist currently serving as the Philippines Country Coordinator for the Water and Sanitation Program of the World Bank. Karl manages the Bank's technical assistance on urban and rural water and sanitation projects with the government in coordination with key donor agencies. For the last 10 years, Karl has actively contributed to the East Asia and the Pacific regional program in the design, planning, implementation and supervision of various development and poverty alleviation projects in the water and sanitation sector. He is part of the Water Practice Team that is currently implementing PNG's Water Supply and Sanitation Development Project. He is also involved in the development and exchange of knowledge and learning products of the World Bank's Global Solutions Group and thematic Challenge Areas of the broader Water Practice. Karl has over 15 years of practical experience in water resources management; and water, sanitation and hygiene (WASH). He holds a Master's degree in Environmental Management and a Bachelor's degree in Geology from the University of the Philippines.*

Mr. Floredick Pajarillo *is a seasoned practitioner and technical advisor in the field of microfinance, rural agrifinance, and enterprise development. He is the current Program Implementation Consultant of Water.Org, who provides capacity building, technical assistance, and advisory services to various MFI* *partners in the Philippines. He has 26 years extensive experience in establishing and managing microfinance programs, as well as providing wide ranging advisory and technical services for various institutions in the Philippines and many parts of Asia. He became one of the key leading microfinance practitioners from the early stages of development of the microfinance sector in the Philippines and served, in various capacities including operations management and as member of Board of Trustees, in several MFIs. His stint as Executive Director of the Agricultural Guarantee Fund Pool (AGFP) further widened his portfolio of services towards financial inclusion and resilience among the rural poor. He has worked in cross-cultural setting and has taken leadership role in overseas assignments working with various international donor agencies. He recently took the lead in the establishment of an MFI in Lao PDR, fully licensed by the Bank of Lao.*

***Mr. Kamrul Tarafder** is the CEO of ASA Philippines Foundation. But before the start of ASA Philippines, Mr. Tarafder was the Team Leader Consultant of United Nations Development Programme-Microfinance Support Project (UNDP-MSP) and Microfinance Sector Support Project (MSSP) from October 1998 until June 2004. He handled three projects as Team Leader Expert for the MSSP of UNDP MicroStart Program in the Philippines. The project was evaluated by the Consultative Group to Assist the Poorest (CGAP) and the United Nations Capital Development Fund (UNCDF) as highest achiever and no. 1 among 66 implementing countries in the world.*

Mr. Tarafder served as Deputy General Manager and in various capacity in ASA Bangladesh for 11 years. He assisted more than 25 MFIs in the Philippines to introduce ASA system, and studied around 50 MFIs throughout the country.

He has extensive experience in South and Southeast Asian countries in establishing microfinance system. He also attended various national and international seminars on microfinance as resource person in United States, Australia, China, Thailand, Bangladesh, and the Philippines. In 1979, he earned a Higher Secondary Certificate from Brindaban College in Bangladesh. He finished his Bachelor of Arts degree at the University of Dhaka in 1988 and earned his Master in Entrepreneurship (with distinction) from the Asian Institute of Management in 2003.

***Mr. Brian Duruin** is the current Business Manager of Unilever Philippines for Pureit Brand. He is a passionate marketer and manager honed by nine years of solid Unilever experience in marketing and sales, and another three years of B2B marketing and software development in the IT industry. His experience in consumer marketing within Unilever covers roles in Global Brand Development, Country Brand Building, Trade Marketing and Field Sales, where he developed a reputation for being a strategic thinker, an agenda-driver, a resourceful problem solver with a positive 'can-do' attitude.*
Mr. Duruin took his BS Computer Engineering at De La Salle University and received a gold medal award for Most Outstanding Thesis in 2003.

BREAKOUT SESSION: CLIMATE ACTION THROUGH GREEN INCLUSIVE FINANCE

Climate change caused by global warming due to the increasing level of greenhouse gases from human activities is still a much debated topic

Mr. Geert Schuite
ENCLUDE

Mr. Schuite started with a quote from the US President Barack Obama, "There is no challenge that causes a greater threat to future generations than planet change." Climate change is for us and the next generations. This challenge is important for the microfinance sector. What can we do as human beings to fight the waves behind our back?

He shared a quick overview of an American institution that printed on a world map climate related happenings in May 2016. He quoted another famous American, "There is something going on in the world." He emphasized that climate is a serious business. He showed three graphs displaying the carbon dioxide emissions over the last 10,000 years. In a couple of years, carbon dioxide has doubled in the air. Something is going on and this was already shown by Al gore.

"What can microfinance do to address this challenge?" he asked. MFIs work with members to provide financial services to these clients to start income generating activities to be able to repay their loans and improve their socioeconomic situations. Most MFIs look at the outcome from a social performance management (SPM) perspective. They are monitoring the outcomes of their activities on microfinance clients.

On top of social and financial bottom lines, environmental impacts can have negative consequences on the paying capacity of clients. For instance, reduction of farm yields because of soil deteriorations and disruption of economic activities because of frequent storms. In terms of health, toxic air and filthy waters contribute negatively to clients' well-beings. These among others can affect MFIs as it increases client vulnerability.

He thinks that MFIs should reflect on this reality and explore how they can develop answers for particular cases that are currently faced by their respective institutions. Strategies including assessment of risks needs to be put in place in order to understand the whole meaning of climate change and integrate it in the MFI operations.

The sustainable development goals (SDGs) provide information of what microfinance should be doing. Many investors are becoming increasingly interested in funding proactive MFIs going who are going into green financing. There are at least seven SDGs which MFIs can consider and these are goals six, seven, eleven, twelve, thirteen, fourteen, and fifteen.

As a case in point, he stressed that the MIX market, from 2008 to 2014 MFIs with green loans are soaring from 4.4 percent to 31.5 percent in 2014. The same is observed for MFIs with environmental awareness initiatives. MFIs with environmental risks management are also increasing.

He concluded that there is a need to assess the current performance of the institution in terms of green financing like how an MFI's mission is related to environmental degradation. The next important step is to define what an MFI wants to achieve in the future. By comparing its current performance and what it wants to achieve later clarifies the gap that needs to be worked on. For the green performance assessment, the SPI4/Green Index or the USSPM are supporting practitioners. The new Universal Standards will be announced in the coming weeks.

Mr. Schuite further gave emphasis that in order to define tomorrow, there is a need to look at the stakeholders such as the board, clients, partners, investors, regulator, subsidies, and others. There is also a need to ask one's self what these stakeholders want from the MFI? In the Universal Standard, a new essential practice will be included which states that, "If the institution states responsibility to the environment as one of its social goals, it defines and implements an environmental strategy for it." The Green Index, as a tool to address Green Performance Management (GPM), assesses environmental strategy, the ecological foot print, PAR, and green opportunities.

As a conclusion, he said that if we can't have everyone's participation, at the very least, everybody should be aware of the need to act. He further added that he supports SDG Goal 13 which is Climate Action.

Ms. Fe Bataller
SEDP-Simbag sa Pag-asenso, Inc.

Ms. Bataller started her presentation with an introduction that she works for an MFI in Legaspi. Her institution has suffered the Yolanda typhoon and many others, which have seriously impaired the lives of their clients. For the last 20 years they have been concerned about the impact of disasters on clients, and they have developed initiatives to mitigate the impact of disasters on members.

As a result of these experiences, SEDP established automatic office guidelines per typhoon strength. Operations at the office and centers are automatically suspended when storm signal is on number three (3). Safety is the top priority. Therefore, they do daily backup of all procedures, they keep all facilities, equipment, and files in safe places; doors are closed and locked; and electrical equipment are unplugged. Quick repair of weak portions are immediately secured. She also shared that on the same signal strength, center meetings are automatically cancelled and payments due are automatically debited from the clients' savings. On the other hand, if signal strength is lower like one or two, the staff needs to assess the extent of the risk.

On calamity risk management, Ms. Bataller shared about their organization's rehabilitation packages and emergency assistance program. In cases of volcanic eruptions, meetings in affected areas are cancelled. For alert Level 2, center meetings and loan transactions in areas located one kilometer around the volcano are cancelled. For Level 3 alert, payments are debited from savings and savings withdrawal are allowed to cover one month or four weeks supply of food. Other rehabilitation packages include refinancing of loans where the remaining balance of the existing loan in deducted from the new loan. Rescheduling scheme which extends the maturity date of the loan without additional charges. Restructuring which involves charging of additional interest. Lastly, offsetting which allows the savings as payment for the loan balance. In addition, the emergency assistance program is also in place that caters to the provision of relief goods to affected clients as well as the granting of payment moratoriums.

SEDP has a clear organizational structure and communication protocols that it employs in implementing its DRRM program. Respective activities pre, during, and post disasters are outlined. Pre-disaster activities include preparation activities and ensuring that safety measures and information dissemination are in place. Staffs are informed about the strategies. Valuable documents are kept in bank vaults and safety deposit boxes. Communication facilities are made sure to be available. Emergency drills and first aid exercises are conducted. Risk maps and emergency contact numbers are provided to branches. More importantly, all members need to be aware of the hazard status and that continuous information regarding rehabilitation programs are given during center meetings. DRRM orientations are continuously conducted at the center level.

During disaster events, received information from warning agencies are communicated down to the members. Bottom-up and top-down communication protocols are observed.

Post-disaster activities include, assessment of the magnitude of impact is conducted. Information are gathered for client rehabilitation and validation are done at the center level. Further validation is carried out by the head office. The first step is to check the status of employees through call and text. Then preparation for relief assistance for identified members follows. Finally, coordination with the Social Action Center, other dioceses and parish-based DRRM team, and MBA for other disaster response, recovery, and mitigation strategies. An MFI cannot succeed alone. It needs support and partnership to manage the risks of calamities.

Other strategies in place in SEDP includes the setting up of a calamity fund and the creation of a DRRM manual that includes implementation at the center level.

Ms. Bataller ended here presentation with a quote, “We cannot stop natural disasters but we can arm ourselves with knowledge. So many lives wouldn’t have to be risked if there was enough disaster preparedness.”

Mr. Ben Mathew
Greenlight Planet

Mr. Mathew introduce Greenlight Planet as a global American company making solar lanterns and home systems to prevent/mitigate impacts of power cuts. They help poor families work extra hours at night to increase income and enable children to study when it’s dark. It serves 20 million beneficiaries in 54 countries.

He introduced the five models of Sun King lanterns solar home systems with prices ranging from PHP549 and PHP7499. In terms of impact, Sun King reported a 15percent increase in savings, 25percent increase in income especially in fisher communities who used the solar lanterns on their boats. He also reported a 75percent increase in daily study time for children.

Solar financing, according to him, is benefiting banks and MFIs by increasing client affinity because of the impact on client well-being. This in turn enhances profitability, return on capital, and increasing loan officer income.

Discussion

REMARKS	RESPONSES
Remark by: Ms. Kelly Hattel *ADB* **Remark:** How difficult is it to convince people and make them understand the importance of using solar technologies?	**Response by:** Mr. Ben Mathew *Greenlight Planet* **Response:** We are faced with three main challenges. First is pricing. Clients find products expensive and this is addressed by showing the opportunity cost/savings compared to candle lights. Second is quality. Many stakeholders including clients, loan officers, and neighbours have experienced poor quality products but this is addressed through a certification program by international organizations. It helped MFIs in providing high quality products to clients. Lastly, there are doubts on the benefits of the product. How this is addressed is not specified.
Remark by: Ms. Kelly **Remark:** Has the disaster plan already been put into practice? Is the DRRM open source?	**Response by:** Ms. Fe Batalller *SEDP* **Response:** We have been working on it for the past 15 years although we only finished consolidating all practices last year. We still focus our efforts on refining our policies. It is a great challenge for us to implement/turn the manual into practice. Yes.
Remark by: Ms. Kelly **Remark:**	**Response by:** Mr. Geert Schuite *ENCLUDE* **Response:**

What has been the biggest challenge in convincing institutions on the importance of taking action against climate change?	The biggest challenge was raised at a meeting of the SPTF seven years ago in front of a group of practitioners. We had to present the triple bottom line. One stood up and said: "My clients are poor, they are only concerned about survival. Talking about the environment is a bit cynical." Today, the SPTF has embedded green finance into the Universal Standards. The understanding that environmental degradation is correlated on poverty is soaring. Something needs to be done, but it needs to be tailored to MFIs. Most MFIs are truly interested in it but they have a lot of priorities, for instance, their own survival. Prioritization pushes them to put environment on the third position. The main challenge is that there is no 'one size fits all approach'. An MFI from Zimbabwe said that SPM is most important, Green comes later.
Remark by: Mr. Manuel Margate *NWTF* **Remark:** Disaster hits anybody. Who is the lead agency when there is a calamity in your portfolio?	**Response by:** Ms. Batalller **Response:** We tie up with other partners to help the victims of the disaster.
Remark by: Ms. Jesi Ledesma **Remark:** How should we further corporatize greening of MFIs? How do we incentivize clients to adopt client friendly practices in production?	**Response by:** Ms. Batalller **Response:** We encourage members to use their loans for eco-friendly activities. This is part of supporting members' business that help mother earth. **Response by:** Mr. Schuite **Response:** Incentives should not only come from the MF actors. It should also come from donors and investors of MFIs. Donors can provide cheaper loans/grants for green MFIs. MFIs should open this discussion to investors. **Response by:** Mr. Mathew

	Response: There is also a need to recognize loan officers to encourage the entire organization to champion the cause.
	Response by: Mr. Jessie Azagra *ASHI* **Response:** We got a scholarship for an assessment. The assessor asked if we wanted to include the Green indicator in the assessment to which we agreed. In the end, it came out that green actions were not turned into policies. So we decided to put it into the policy of the loan proposals that every member should plant one three. For urban clients, they should do urban gardening/ or in pot.
	Response by: Ms. Cruz **Response:** Several years ago, I was part of the initiative to include green in the banking system. The idea was to put a target of PHP1 billion in 18 months but this was reached in 12 months. When we did the roll outs, the clients knew what the environmental issues were. The principles also apply to microfinance. There are two tips for this. First is to focus on client needs not on the features of the products. Second, the upfront costs can be pinned by earned savings generated in between 10 to 12 months.
Remark by: Ms. Rachelle *BSP* **Remark:** There are very few banks who feel that green is the way to go. The current thinking is pervasive. Promoting credit to disaster prone areas puts the clients at greater risks. On the policy side, what can a regulator	**Response by:** Mr. Schuite **Response:** Many regulators are already working with financial institutions to ask them to follow sustainable guidelines. Some examples such as Nigeria, Mongolia, and Bangladesh central banks are actively pursuing sustainability behaviour among banks. In Kenya, the financial institutions told the regulators that they didn't want regulators to provide guidelines. The banking sector wanted to take the initiative itself.

do to incentivize banks to consider the risks?	For risk prone areas, there is no 'one fits all' approach. If the policies are tailored to the needs of the banking sector, a solution can be found.

Ms. Kelly thanked the speakers and emphasized that learning that green inclusive finance is important. Strategies can be put in place to minimize the pervasive impact of natural disasters. Innovative products that really meet the needs of clients is also a key. She concluded the session with a key message that it's not about the cost to go green, it's about the cost of not going green. She challenged the participants to take baby steps and discuss with the board and management what baby steps can be taken.

About the Speakers

Mr. Geert Jan Schuite *is Global Group Lead, Outcomes Management and Strategy at Enclude (The Netherlands). He supports Financial Institutions in understanding the concept of Responsible Banking and trains and implements Social and Environmental Management Systems at these institutions. Mr. Schuite has developed Social and Environmental Management Systems (SEMS) and GRI Reporting Systems for various Financial Institutions since 2006, including in Mongolia, Cambodia, Bangladesh, The Philippines, India, Peru, Rwanda, Tanzania, Malawi, and Angola. These projects were designed appropriate to the scale and reality of the Banks that implemented them, and included a reference to IFC or comparable IFI Performance Standards. He has lead a team that trained 100 Financial Institutions across Africa on E&S Risk Management as part of an assignment with the African Development Bank under the FAPA Fund. He has developed the Green Performance Agenda Guideline on Green Inclusive Finance and Risk Training tools for Loan Officers. Mr. Schuite is member of various professional platforms and working groups related to Social Performance Management and green microfinance. Previously, Mr. Schuite has worked as a Sustainability Research Analyst at Triodos Bank in The Netherlands. From 1991 to 2001 Mr. Schuite worked at Arcadis as an environmental consultant for their private sector clients and was member of their Due Diligence team. Mr. Schuite (1962) is a Bachelor of Science and has an educational background in Environmental Management and Engineering.*

Ms. Fe Bataller *has a degree in Bachelor Scince in Business Administration from the Polytechnic Institute of Tabaco. She has been with Simbag Sa Pag-Asenso Asenso, Inc. (SEDP) for thirteen years and is currently the institution's director of operations. Ms. Bataller has participated in a series of workshop for Finance and Dualized Education in Thailand and Germany.*

Mr. Ben Mathews *leads Greenlight Planet's business in Asia, including its partnerships and retail verticals. Prior to this he served for over 5 years as a part of the founding team at VC-Circle (acquired by News Corp) in the role of Vice President, Business Development & Strategy. He is a graduate in Business Economics (Hons.) from Delhi University, one of the most reputed Universities of India, and holds a certification in Capital Markets, Debt and Mutual Funds, from the National Stock Exchange, India.*

BREAKOUT SESSION: ACCELERATING FINANCIAL INCLUSION THROUGH INFORMATION TECHNOLOGY

Plenary 3: MICROINSURANCE AND NEW INITIATIVES ON SOCIAL PROTECTION

According to a 2013 study commissioned by Munich Re Foundation, one in every five Filipinos is protected by microinsurance. The Philippines which was cited by the study as the country in Asia with the highest insurance penetration rate indicates that the distribution mechanisms to reach poor and low-income households are effective. The session highlights new initiatives and partnership opportunities to further reach more poor Filipino households and improve the insurance penetration rate.

Mr. Junjay Perez
Microinsurance MBA Association of the Phils., Inc.

Junjay started his presentation that RIMANSI started as a microinsurance resource center in 2005. Then it was transformed into a formal mutual association with 17 Mi-MBA members in 2015. He shared that RIMANSI has 3.5 million members and covers 16 million lives and its shared mission is to *12*24*48. He went on to discuss the features of Microinsurance-Mutual Benefit Association Model. Accordingly, its customers are specifically the poor and low income households and their families. Its main product is the family life insurance plan and features a claims settlement of 1-3-5 days. Distribution channels of RIMANSI include cooperatives, microfinance NGOs, and rural banks. He shared that the key resources of the organization includes the trust of the members and the partner-agent relationship with cooperatives and microfinance NGOs.

The model has life insurance plans for distribution that includes a) basic life which features a cash equity refund that gives back 50percent of contribution plus interest, and a return of retirement in cases clients retire from the program; b) credit life; and c) over-aged insurance which covers up-to 100 age. The model as partnership products that includes optional life plan, daily hospital income benefit, and non-life insurance.

The model utilizes two distribution strategies; adapt-an-MFI/Coop is a build-operate-transfer concept that aims to support the setting-up and operationalizing of a mutual benefit association and other strategy is partnership with the Department of Social Welfare and Development (DSWD)'s Pantawid Pamilyang Pilipino Program (4Ps). He briefly discussed the Mi-MBA risk pooling which includes CatXol reinsurance wherein catastrophe risks are reinsured and pays up to Php20 million per event. Mi-MBAs also contribute to a risk fund which is monitored by the FRRC. In the event that an MBA falls into bankruptcy, unpaid claims obligations will be paid by the trust fund.

He concluded his presentation discussing the plans of RIMANSI that includes lobbying for the reduction of non-life insurance tax, identifying new distribution channels including sari-sari stores within the barangays, study business interruption insurance and appropriate calamity cover, provide assistance in business continuity planning, and strengthen credit with education program. RIMANSI currently services around 3.5 million clients.

Mr. Fermin Gonzales
CLIMBS Life and General Insurance Cooperative

Mr. Gonzales introduced CLIMBS which is owned by 2,500 coops and an estimated five million primary members. He shared that it aims to become a major player in microinsurance through its customized microinsurance products. It also offers various life and non-life products including life insurance, property insurance, and health care products as well as mutual funds and asset management. CLIMBS is 100 percent Filipino-owned which was registered with the Cooperative Development Authority (CDA) and was issued a certificate of authority by the Insurance Commission (IC) to operate as a life and non-life insurance cooperative.

Mr. Gonzales shared the milestones of CLIMBS – that it's the first coop MBA, the first coop MBA to establish its own insurance company which is the CLASP, the first to consolidate an MBA and an insurance company, and the first coop composite insurance company which offers life and non-life products. He also shared that it uses the tagline "the pioneer in grassroots insurance" which reinforces its position as an insurance provider for the poor. Its main distribution channel is its Cooperative Assurance Centers which enables an easy access to its products and services. He further shared that CLIMBS is positioning to lead the microinsurance market in terms of providing services to cooperatives, MFIs, and other self-help groups. It is currently preparing for the expansion of services in the area of health and other pre-need services for the poor.

He also showed the various life and non-life products offered by CLIMBS. He also shared the future plans of CLIMBS that includes the setting-up of a pre-need company – the CLIMBS-Cosmo Plan; and the CLIMBS Memorial Plan. He ended his presentation by sharing a graphical presentation of CLIMBS' growth through the years as well as its timeline.

Mr. Gilbert S. Maramba and **Mr. Joerel T. Sombilla**
Negros Women for Tomorrow Foundation, Inc.

Mr. Maramba started with an introduction of NWTF's memorial package which started in 2010. The insurance program of NWTF started in 2002 but they noticed that the bulk of the claims are spent on memorial services, thus this paved the idea for a memorial plan. NWTF negotiated with funeral parlors to gather information on funeral rates and discussed it with their insurance provider. It started with a PhP50 premium for a PhP10,000 benefit value then it was upgraded to P3/week for 40,000-50,000 package due to client demands. But the package was popular and claims were too high so the premium had to be upgraded to PhP5/week.

He continued the presentation explaining its implementation and mentioned that the objective of the program to lessen the financial burden of the clients in times of death. He mentioned that the Dungganon Memorial Package started with a PhP1/week premium and shown a sample casket for this price. The package was updated later on and he also showed samples of caskets for premiums of PhP5/week. He shared that it was not easy to negotiate with funeral parlors because of factors such as casket prices, type of service, funeral comfort, and beliefs especially since Filipinos do not talk about death. There was also a notion that they are going to be potential competitors of funeral parlors.

He ended the presentation saying "the difference between working with HR and implementing this memorial program is that you hear many complaints from employees and staff, but in this program, I do not hear any complain at all. Now, I appreciate the meaning of rest in peace."

Mr. Jimenez summarized some figures that if MBA has about 3.5 million beneficiaries and CLIMBS has 5.1 million, even if it's doubled to include organizations who are not member of the two, there is still a huge market for microinsurance.

Additional/last words:

	Additional Statements
Mr. Junjay Perez	We are serving the poor households. In the MBAs, we push for 1-3-5 days from the date of notice. The industry should move for fast-tracking the settlement of claims.
Mr. Fermin Gonzales	The advocacy of CLIMBS is how MFIs can go into joint ventures to put up businesses that really cater to the poor. This is the real challenge. CLIMBS is now venturing for partnership with the business sector. We are only allowed to do business with the members. Right now, we are required a capital of PhP1B capital share to be able to go into the general market. I'm inviting MFIs and coops for a joint venture so we can go into a really big company that will cater the poor.
Mr. Gilbert Maramba	It's all about innovation to serve our clients better and partnering with the private sector not just the funeral parlors but other businesses.
Mr. Joerel Sombilla	What we promise is to give honorable burial to our clients and that is why I had to visit funeral parlors to ensure that caskets are of good quality. Honorable burial is what we offer our clients.

About the Speakers

***Mr. Junjay Perez** has more than 15 years of solid background in social development work specifically in rural development finance around community organizing, microfinance and microinsurance policy, program and business development in the NGO, government and academic sectors. He is currently the Executive Director of the Microinsurance MBA Association of the Philippines (also known as RIMANSI), a resource center and association of mutual microinsurers that promotes risk protection through the mutuality model across the Asia Pacific region. He used to head the Microfinance Unit of the National*

Anti-Poverty Commission that implemented microfinance development programs such as financial literacy, consumer protection and performance standards.

Mr. Fermin L. Gonzales *is the President and CEO of CLIMBS Life and General Insurance Cooperatives. He has 28 years of cooperative development work with experience from the operations of a primary multi-purpose cooperative to working with a national cooperative organization with 2,347 affiliated cooperative organizations all over the country benefiting 1,158,928 assured individual members. Experiences include leadership positions in capacity as Chairpersons of primary coops, provincial federation and Mindanao confederation. He spearheaded the formation of a Cooperative Task Force which worked on the unification of the co-operative, labor and farmer sectors in the field of mutual benefit protection (insurance) and pre-need programs. Offshoot of the task force is the joint venture of the four major cooperative insurance and labor union organizations. Under his leadership, CLIMBS as a national cooperative mutual benefit protection program was recognized by the Office of the Insurance Commission and the International Cooperative Mutual Insurance Federation (ICMIF) based in Manchester, England as a representative of the mutual benefit protection program of the cooperative sector in the country in 1997. Its grassroots development and organizational achievements have been recognized by international cooperative networks (in Canada, Malaysia and England) as a cooperative model in a developing country. In 11 years as CLIMBS General Manager, CLIMBS' contribution plans grew tremendously from P5.489M in 1993 to P1B in 2014. As President and CEO, CLIMBS' assets grew to P1.9 billion as of end 2015. He has the ability to bring together key leaders of cooperative network of the country as exemplified by the pushing through of the joint venture among coop insurance networks.*

Mr. Gilbert S. Maramba *is the Assistant Director for Operations and Product Development of Negros Women for Tomorrow Foundation, Inc. He joined NWTF in 2001 and has been intensely involved in developing new products and improving existing systems, products and services, and the implementation of social performance management. In 2001, he designed the Micro-Insurance Package for NWTF clients. These packages include life insurance with health benefits, and memorial insurance. Since then, these packages have expanded to include spouses of members.*

Mr. Joerel T. Sombilla *is one of the Product Development Staff of Negros Women for Tomorrow Foundation, Inc. He joined NWTF in 2008 as an HR Staff but later joined the Product Development team. Currently, he leads the implementation of all NWTF's memorial insurance packages.*

Plenary 4: REALIZING THE SDGs: DISCUSSION WITH MICROFINANCE CLIENTS

The session features microfinance clients who discusses how microfinance impacted their lives. It is also an opportunity to hear them speak about the potentials of microfinance from their perspective and in line with the Sustainable Development Goals.

The facilitator, Ms. Me-an Ignacio, introduced the client beneficiaries who will be sharing their stories on how they benefitted from the services that are provided by microfinance institutions. Sharmaine Crisologo is a daughter of a client-beneficiary of Kasagana-ka MBA (KMBA). Mr. Jordan Inalisan and Ms. Ester Shiela Vitto are winners of the 2015 Citi Microentrepreneurship Awards. Jordan is from Tacloban and Ester is from CARD Bank.

Ms. Sharmaine Crisologo
KMBA Beneficiary

Sharmaine is a graduating student of Psychology. Her mother became a member of Kasagana-ka in 2012. The money she borrowed from the MFI was used for her children's studies. To support her children, Sharmaine's mother had a sari-sari store and balut business; and she washed and ironed clothes. Last December 15, Sharmaine was in school when she was informed that her mother was hit by a truck as she was selling balut. During the wake, a representative of Kasagana-ka arrived, asked for the insurance claim requirements, and discussed the benefits they would receive from KMBA. Sharmaine remembered that her mother would always mention it and encouraged them to not let go of the MBA. She said that Kasagana-ka has helped them even after their mother passed on. Ms. Ignacio mentioned that Sharmaine and her two siblings received PhP100,000. She will graduate in October 2016.

Mr. Jordan Inalisan
TSKI client, 2015 awardee of CMA

Jordan mentioned that he is 2015 CMA awardee for Visayas. He joined Taytay sa Kauswagan, Inc. in 2005. Jordan used his first loan as capital for his delicacy business in Leyte, with only family members helping each other out. At present, the business employs 35. When hiring, he prioritizes working students especially after Yolanda struck and a lot of students stopped attending school.

He used to buy milk for his pastillas business from other sources. Then he started buying carabaos to produce milk. Now he has 37 heads. He also has a carabao dispersal program. He gives his shares to others who are interested to take part in the program. Jordan shared that his business asset is worth PhP3.4 million. When he won in the CMA, Jordan received PhP100,000, a laptop, insurance coverage, and entrepreneurship training. He used the cash prize to buy an AUV (Adventure) as birthday gift to himself.

Referring to the previous session, Jordan said that he believes in insurance because when his parents passed away, they received PhP115,000.00 in burial benefits. In fact, when they learned of their mother's insurance benefits, they decided to get a better casket for her instead of the simpler one they decided on beforehand.

Ms. Ester Sheila Vito
CMA Awardee

Ester discussed his slipper business in Oriental Mindoro. Before the business, she was working in Manila but decided to leave her job and go back home in the province to marry her longtime boyfriend who used to work abroad. Ester's oldest brother started the slippers business. When his family transferred to Bataan, her brother suggested that she transfer the business to Pinamalayan as their place, Bongabong, was not strategic. Ester and her husband used the money for their church wedding and the PhP10,000 they received as gift to start their own business. Their business asset is now at PhP2.1 million.

The Vittos now has their own 600 square meter display store, a 200 square meter factory, and a 1,135 square meter lot. They have seven employees. Ester said that they can hire more when their CARD partnership through Mga Likha ni Nanay starts.

Ester shared that their first product, sandals, was so durable that no one came back to buy another pair. Hence, they thought of producing slippers as well. "Refill" of soles is part of their after sale service - bring the slippers back to life for PhP150. They also make customers' preferred design.

When she won, Ester received PhP100,000 from the CMA and another PhP100,000 from CARD Bank. She thought of using the amount to buy a lot for a house but realized that it would not generate income. The prize money went to the construction of their 200 square meter factory instead.

Discussion

QUESTION	ANSWER
Ms. Ignacio: What are your plans? What can you advise MFIs and clients?	**Jordan:** I plan to continue helping working students. I tell clients it is not bad to borrow money. It depends on how you manage it. Invest in business. For MFIs, you helped microentrepreneurs who started with nothing. Thank you for the opportunity. Now people in other places notice our industry. When DTI learned of my award, they extended assistance to us so that we can improve products and services we provide. **Shiela:** MFIs lent us capital. When I won, I became an instant celebrity. I was invited to Cagayan de Oro to speak and it was my first time to ride a plane. My story is one of the 35 success stories chosen by DTI for its coffeetable book to be released soon. I am in the cover of CARD's annual report. I am working on my trademark. I plan to explore franchising and I already have a concept for that. I have a wider network because of the award. I plan to buy more machinery. I lend sewing machines to the mothers so that they can work at home and do not have to go to the factory. CARD Bank supports me. I asked my brother to come home to do business. He can use my brand but does not have to share his earning with me. I also encouraged my sister-in-law to be a member of CARD Bank.

	Sharmaine: Let us help MFIs by being responsible members. I hope MFIs will continue to help microentrepreneurs and those without business so that they will have their own livelihood.

About the Speakers

Ms. Sharmaine P. Crisologo

Sharmaine P. Crisologo is one of the beneficiaries of the microinsurance program of KASAGANA-KA Mutual Benefit Association, Inc. (KMBA). Her life experience bears testament to how microinsurance was able to cushion the blow of the untimely demise of her mother who earned her living by selling balut, ironing and washing clothes, and attending to a sari-sari store. She will be graduating soon from college with a Bachelor of Science in Psychology degree.

Mr. Jordan Inalisan

Jordan or "Danny" to friends took the chance to get his family out of poverty when his former employer closed down a pastillas business in 2005 and encouraged Danny to continue it on his own. That was when he put up Danny's Special Pastillas and Delicacies along the main highway of Carigara, Leyte. Typhoon Yolanda struck in 2013, but Danny only saw a business opportunity instead of despair; he opened Danny's Eatery at the Carigara public market, and also ventured into the production of assorted delicacies such as cookies and uraro. Danny's membership with Taytay Sa Kauswagan, Inc. (TSKI) for the last decade has been of great value. Today, his store is one of the go-to destinations for pasalubong, and his products are also being sold at well-known retail stores and airport shops. Danny's Eatery now offers up to 20 different menu items. On top of all these, he manages to stay active in the community as a barangay counsellor and youth leader. In 2015, he was recognized as the Citi Microentrepreneurship Awards (CMA) Regional Awardee for Visayas.

Mrs. Ester Sheila Vitto

After Ester and husband Ronald were married, they used the PhP10,000 they received from well-wishers to start a business making sandals. In Oriental Mindoro, the couple came up with a design for men's sandals using old tires. When sales dipped because the sandals were very durable and customers did not need to buy a new pair in years, Ester launched their line of slippers. From a daily production of 10 pairs of sandals, Bahag Footwear now produces 70 and sells 25-30 pairs of footwear a day. The couple's products, partly made of recyclable materials, are sold not only in their three stores in Oriental Mindoro but also through their wholesale buyers throughout the province. These products have also been showcased in a national art and fashion fair by the Department of Trade and Industry. From CARD Bank, Inc., she gained additional capital and access to training on business development. In 2015, she was recognized as the Citi Microentrepreneurship Awards (CMA) Regional Awardee for Luzon.

BREAKOUT SESSION: HEALTH SERVICES IN MICROFINANCE

SDG number three calls on the world to "Ensure healthy lives and promote well-being for all at all ages." As noted by the World Health Organization, the poor generally suffer worse health and die younger. Microfinance clients frequently report the cost of illness results to difficulties in their loan repayment; often requiring the clients to use their business loans and other assets to pay for healthcare expenses. Healthcare services are a natural extension of the MFI's mission of financial security and social protection of the client. These healthcare-related programs and services generally include the entire household, not just the client. In this session, representatives from Taytay Sa Kauswagan, Inc. (TSKI) and Negros Women for Tomorrow Foundation, Inc. (NWTF) will highlight their healthcare programs and how these programs complement their microfinance products and services. This session will also present the successes and challenges they have encountered in implementing healthcare services.

Ms. Beverly Navigar
Taytay sa Kauswagan, Inc. (TSKI)

Citing Philippine Journal of Development's Analysis of Out-of-Pocket Expenditures in the Philippines, Ms. Beverly Navigar said that among the sources of health expenditures, out-of-pocket expenses remain to be Filipinos' major source of financing for medical care. The poor are the most vulnerable to this. To pay for healthcare expenses, clients use their business loans and other assets which leads to difficulty in loan repayment.

As extension to TSKI's mission, it provides clients with affordable and quality medical services such as free medical check-up, discounts on medicines and laboratory services, and insurance coverage for members through a third party. TSKI set up different corporations to handle health services. It opened three Generika drugstore franchises and franchise of Medicus Diagnostic Center.

For preventive healthcare, TSKI provides free medical check-up to TSKI clients and Generika customers, and conducts Gentalk to convince people to prioritize generic medicines. TSKI learned that people in the rural areas are harder to convince. The MFI also has a tie-up with DSWD for the free check-up of 4Ps beneficiaries.

Discounts on generic medicines are also given to clients and 4Ps beneficiaries. Discounted rates on laboratory services, and discounts to partner laboratories are given to clients/customers. Part of TSKI's plan is to have a mobile laboratory so that clients will not have to travel to the town proper for laboratory services. Exclusive to TSPI clients, the family insurance coverage provides for daily hospital income benefit for up to 30 days for client and family members; and accidental death benefit.

Further, she shared that the challenges encountered in this program include difficulty in convincing people in rural areas to use generic medicines, stiff regulations in making medicines locally available in the communities, and business sustainability in terms of giving of discounts - how TSKI can grow income even as it gives discounts.

TSKI counts the opportunity of seeing clients having access to free check-up and discount on medicines; and seeing clients having themselves checked without fear of not being able to buy medicines thereafter, as successes of the health services program.

Mr. Manuel Margate
Negros Women for Tomorrow Foundation, Inc. (NWTF)

Mr. Manuel Margate started his presentation by emphasizing the mission statement of NWTF - to provide sustainable financial and client responsive developmental services to the poor - that guides NWTF's actions. NWTF has financial and non-financial services for the clients but Mr. Margate gave emphasis on the non-financial services where health services fall. He said that as an MFI, NWTF is guided by the principles of Social Performance Management, and its mission is transformed into practice by balancing financial with non-financial services. It is very purposive.

The non-financial services include Capacity-building, which include Entrepreneurship Appreciation, Livelihood Skills Training, Business Management, Financial Literacy Education, and Leadership and Stewardship activities. Another non-financial service is Education/Scholarships for college, and technical and vocational courses. Medical Camp and Mass Wedding fall under Health, Wellness, and Family related services. Medical Camp organizes medical and dental missions, bloodletting, Fun-robics Anti-Diabetes campaign, preventive talks, and Project Dungganon clinics.

Health and wellness is the flagship non-financial service of NWTF and is very important to the MFI. Mr. Margate said that since they are dealing with people who are very vulnerable, if clients get sick, there could be diversion of business capital. This could result to business failure and default, and could trigger multiple borrowing to pay unmet obligations. Multiple borrowing could lead clients to over-indebtedness. Not being able to help clients move out of poverty makes an MFI a failure.

NWTF uses a two-pronged approach to Health and Wellness – preventive and curative approach. One of the preventive health services is the medical camp for clients that provides medical, dental, surgical (cleft palate), and circumcision services. During medical missions, medicines are given free of charge to clients, and referrals are made if clients need further examination and confinement. Bloodletting, preventive talks, and Fun-robics also fall under preventive health and wellness.

For curative approach, NWTF has Project Dungganon Clinics. The MFI has affiliated with doctors with clinics in municipalities where a Project Dungganon branch is situated, to provide regular medical consultations to clients on a designated day and time of the week. For this program, NWTF shared the challenges it encountered and the actions it took to address them:

1. Geographical location of clinics – NWTF addressed it by having more medical missions in areas without clinics.
2. Change of doctor's clinic schedule due to conventions and seminars – the doctor informs the branch in advance and the branch informs clients of the change in schedules.
3. Medicines are not part of the package - NWTF lets clients access their individual compulsory funds to purchase prescribed medicines. It is also working with potential partner pharmacies for discounted medicines.

Discussion

REMARK	RESPONSE
Remark by: Ms. Mary Calling **Remark:** I just want to know - what are your criteria for poor or poorest client so we can use it as well? Can you provide me some information regarding the visual examination or ocular inspection to qualify poor or poorest?	**Response by:** Mr. Manuel Margate **Response:** We have PPI and the Income Generating Survival Skills (IGSS) tools that we use for that. (Some) People come for loans without capacity to pay but we accept them anyway because we see income generating survival skills. In reality, poor people survive many years without intervention. Appearance of house – that is the external part. Then, what do you see inside the house – refrigerator, tv, sala set, kitchen stove? Through scoring you come up with a decision - poor, poorest, non-poor.
Remark by: Ms. Mely Agabin **Remark:** Beverly, you presented a very interesting finding of a research. It shows out-of-pocket expenses for health care and hospitalization is going up, the gap is widening. What have MFIs done to reduce gap between out-of-pocket expenses and intervention?	**Response by:** Ms. Beverly Navigar **Response:** The services we provide to clients are roughly a year old but the way that I would look at how out-of-pocket expenses are being lessened in terms of the services of microfinance, I think it is more on preventing our clients from being hospitalized that's why we are providing preventive health care.
Remark by: Mr. Bong Malonzo *KCCDFI/SSS Commissioner* **Remark:** Regarding out-of-pocket expenses and Philhealth, I assume the data on Philhealth is a little outdated. With a more universal Philhealth coverage and higher benefit levels, maybe the data have changed? Number two, are MFIs active in promoting coverage, collection, and remittance of Philhealth? That	**Response by:** Ms. Navigar **Response:** Two years ago, we were active in enrolling our clients in Philhealth program. Currently, I am not well-versed on how active our operations are in terms of encouraging our client to enroll in Philhealth. The government program I think ensures automatic membership for indigents. Not everybody may have been covered by Philhealth, and not all services are catered by

might be the most important intervention of MFIs – coverage and protection. **Remark by:** Ms. Agabin **Remark:** What is your partnership with Philhealth at present?	it. We can work on areas that Philhealth does not cover, for example, if not admitted, Philhealth does not cover medicines and laboratory services. We are bridging that gap through preventive health care. **Response by:** Mr. Margate **Response:** We have an existing partnership with Philhealth. We enroll members in Philhealth. But the challenge is that politicians are giving free Philhealth coverage. Clients will now say she is covered by Philhealth. What they do not know is that the coverage expires.
Remark by: Ms. Agabin **Remark:** This is an area where knowledge and information to clients is important. It is not just one-time dissemination. The gentleman mentioned that more universal and bigger Philhealth coverage is coming. **Remark by:** Mr. Alonzo **Remark:** Philhealth has automatic coverage for members of 4Ps. Those who are not members of 4Ps pay to be covered. That's where we can come in. I would like to suggest that MCPI coordinate with Philhealth. Instead of politicians subsidizing coverage, if Philhealth sees we have six million members and a portion of them is in a position to pay the minimum coverage, I think Philhealth might partner with MFIs.	

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Ms. Agabin

Remark:

That's a good suggestion - MCPI to coordinate a universal partnership with Philhealth.

Do you have other suggestions, Sir, for MFIs to offer financial products to help clients pay for Philhealth premiums?

Remark by:

Mr. Alonzo:

Remark:

I have an advocacy for certain income levels who cannot be totally subsidized. For us to push for government to match contribution, say 50 percent, for instance, of tricycle drivers. Very few of them are covered by CCT. They have to pay to be covered by Philhealth.</td><td></td></tr>
<tr><td>Remark by:

Ms. Hazel
KMBI

Remark:

Have you conducted an impact assessment? How do you measure the success of these health interventions? Have you measured attributions of the health interventions to the outcome?</td><td>Response by:

Ms. Navigar

Response:

We have not done it but it is a good reminder for us to look at the effects of what we are doing. We will take note of that.

Response by:

Mr. Margate

Response:

We have not done an impact study on our health services yet. Our medical missions were done off and on in the past but they became regular starting 2012. Clinics are just a year old. We will be evaluating the outcome.</td></tr>
<tr><td>Remark by:</td><td></td></tr>
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Mr. Ron *TSKI* **Remark:** I would like to reinforce on the question, how to reduce out-of-pocket expenses of clients in times of hospitalization or emergency? TSKI clients are enrolled in health care services and if hospitalized, receive PhP500 allowance for 30 days.	
Remark by: Ms. Agabin **Remark:** So this is a financial product of TSKI but provided by a third party. Do you provide financing for insurance product?	**Response by:** Ms. Navigar **Response:** It is a premium that they pay every week and is included in their weekly amortization. It's very affordable. **Response by:** Mr. Margate **Response:** For us, hospital income is part of insurance coverage benefit that a client can avail when confined in the hospital.
Remark by: Ms. Maros *CEVI* **Remark:** Is there a possibility to partner with you on this because some MFIs do not have the competency that you have now. All of us work in the same areas. So that our clients will also benefit from this. Some of us offer insurance. There's hospitalization. However, the access for our clients is through government or other private institutions.	**Response by:** Ms. Navigar **Response:** We can talk about it. We are one in ensuring that we provide our clients with the opportunity to avail of health services. **Response by:** Mr. Margate **Response:**

	For us, there was a call by CARD Bank for a unified health services. We had a meeting in Laguna. Mr. Alip is the author of that.
Remark by: Mr. Ed Jimenez **Remark:** To add to what Maros mentioned, KMBI is currently exploring discussion with another Append partner/member wherein the point raised by Maros would be addressed. For example, in Cebu, we are exploring partnering with one of the larger members of Append to go into health consultations. Also, we are looking at partnering with the particular organization to put up capital and build a new corporation and partner up with Generika. Hopefully before the year ends, there will be partnerships between and among Append partners.	**Response by:** Ms. Navigar **Response:** TSKI is coming up with an ID with Append logo for TSKI clients to avail of the services mentioned by Sir Ed. For non-Append members, you may write our office and we can talk about it.
Remark by: Ms. Agabin **Remark:** For Manuel, do you do medical missions in partnership with other groups? Who bears the cost of Project Dungganon clinics? Do clients pay?	**Response by:** Mr. Margate **Response:** We partner with doctors and the local chapter of the nurses' association. We pay for the honorarium of affiliate doctors. Clients' share is transportation expenses plus PhP1 contribution.

To recap, Ms. Agabin added that there are three themes from the presentations and questions that were raised:

1. It is important to provide health knowledge and information to clients and households that both organizations provide services to. This is done during medical missions and learning sessions by inviting specialist doctors.
2. Access to health services and products. The two organizations have very creative ways of doing it. TSKI set up its own corporation to provide affordable medicines to clients. NWTF partnered with providers of health care services. Healthcare financing and microinsurance are embedded in loan products of TSKI, while NWTF partnered with Philhealth.
3. Partnership with health care providers.

The broad strategies of the two MFIs are partnerships and linkages. Continuing market study and research on what clients and communities need is necessary so that health services become client-centered and meet the needs of clients.

Concerns were also raised such as evaluation on the impact of these health care services. Another is for MCPI to have a role in arranging collaboration with other networks and members so that partnerships can be facilitated with other institutions including Philhealth.

As parting words, Ms. Navigar thanked MCPI for the opportunity to present TSKI's health program. She gave emphasis on preventive health care as it will be less costly for clients. Mr. Margate pointed out in general terms that while MFIs provide credit access to the poorest, they should provide non-financial services as well to help clients overcome poverty. It should be a holistic approach.

About the Speakers

Beverly Navigar *is a Human Resource practitioner with extensive background in recruitment and selection, employee development, and labor relations. She is a graduate of Diploma in Strategic Human Resources Management and Development from the Ateneo de Manila University Center for Organization Research and Development, and holds an MBA degree from the Philippine Christian University. She has been with TSKI for 19 years, and currently heads its Human Resource Department. Ms. Navigar concurrently manages its healthcare program for employees of TSKI and its subsidiaries. This includes administration, financial management, and hospital and doctors accreditation. Beverly is a communicator by background, HR person by practice, and entrepreneur by heart.*

Manuel L. Margate *is currently the department head of the Negros Women for Tomorrow Foundation (NWTF)'s Client Services Department (CSD). The CSD is tasked in maximizing the potentials of poor clients' Income Generating Survival Skills. From 2008 - 2012, Manny carried out two Risk Management Innovations—an Action Research with the International Labor Organization (ILO-Geneva) designed to find ways to mitigate the vulnerabilities of poor clients against risks of over-indebtedness. A community development oriented individual, he has done community organizing and disaster relief/rehabilitation activities with the Catholic Relief Services (CRS). He finished his MBA studies at the University of Negros Occidental Recoletos (UNO-R) in Bacolod City.*

BREAKOUT SESSION: IMPROVING HUMAN SETTLEMENTS THROUGH HOUSING MICROFINANCE

Families in pursuit of a better quality of life and access to employment, education, and social opportunities relocate to urban areas. Rising population in urban cities lead to problems such as the *spread of communicable diseases, decreased quality of household life, increased vulnerability to man-made and natural disasters, and growth in the number of informal settlers. Seeing the housing ordeal in both urban and rural areas, government, non-governmental, and other development agencies have started working to provide safe, affordable, and resilient housing settlement plans aligned with the sustainable development goal on improving human settlements. This session will focus on government and private sector initiatives that aim to provide affordable housing to low-income families. The session will also initiate a discussion on how to move the housing agenda forward through a multi-stakeholder approach.*

Mr. Christopher Tan, the facilitator, opened the session with an emphasis that it is important to be more strategic on how to connect the dots together, in order to tackle the major challenge of housing in the Philippines. The presence of leading practitioners in the room will shed insights on housing and microfinance in the country.

Mr. Eduardo Manicio
Executive VP for the Social Housing Finance Corporation

The Socialized Housing Fund (SHF) was created after an executive order was issued in 2004, as a wholly owned subsidiary of the National Home Mortgage Finance Corporation. The role is to implement social housing programs catered to low income families both in the formal and informal sector.

Regarding the current state of housing in the Philippines, about 1.5million or 15 percent of the total urban population are informal settler families (ISFs). These are families exposed to poverty, physical economic social legal and environmental risks. The ISFs live in sums.

Mr. Manicio introduced some of the activities of the SHFC. He mentioned that SHFC developed a community mortgage program that provides affordable loans for acquisition, site development and housing construction. Another is the high density housing which is mandated to move families from dangerous areas to safer places.

In terms of program performance, from July 2010 to May 2016, they have reached out to 68,696 ISFs, for a loan amount of 4.3 billion (for the CMP program). The HDH program has reached 16,251 ISFs and provided a total loan of PHP2.5 billion.

Other programs that are being developed include the AKPF Fund. It provides loans to corporations, single proprietorship, and LGUs with partner developers who will put up socialized housing projects for low income families. It charges an interest rate of six percent per annum. Capacity building programs and partnership development are testimonies of a paradigm shift from mere provision of houses to holistically forging sustainable communities. Program accomplishments include the design of capacity building programs based on a participatory process. It also uses a city-wide development approach, a strategy to create a programmatic and proactive delivery of possible housing solutions. Partnerships are also formed in Mindanao and in the Visayas.

The financing structure embodies several sources of funds such as the GA, Internal Funds Generations, and other sources. The SHFC would disburse the funds through a wholesale window, express lane, traditional lines (such as LCMP, CMP, AKPF) and HDH/Other products. Partners are needed to provide the funds to ISF and MFIs could become partners. The microbuild model that will be applied incorporates technical assistance and capacity building for partners that will be conveyed to end users by the partners themselves.

Mr. Manicio highlighted challenges and key lessons learned in the program to include the following:

- There is a limited number of active NGO and LGU partnerships with enough capacities to assist in loan origination and servicing.
- LGUs' failed at prioritizing housing as an investment area.
- Limited budgetary allocations from the national government.
- There is a need to rationalize housing agencies as there are many duplications.
- Affordability and the need for subsidy component.

Mr. Manicio also cited some solutions to the challenges that he highlighted and these are as follows:

- Embed land development in strategy such as citywide development and CCA/DRRM.
- Adapt informal settlements (make them safer, within urban renewal CCA/DRRM, and income generating framework).
- Resettle people selectively with appropriate compensation and choice within a sustainable new town framework.
- Engage civil society and private sector to produce and manage affordable houses for ISFs.
- Expand the role of MF.
- Improve the capacity of local governments to make them leaders for urban renewable and ISF housing.
- Improve the governance in the sector.

Mr. Manicio ended his presentation by presenting possible areas of partnership with microfinance institutions. MFIs can act as community mobilizers. They can also be sub-lenders under the Wholesale Lending Program. They can also be outsourced for collection of amortizations. Moreover, MFIs can be capacity building partners since the aim is to develop communities and not just finance housing.

Ms. Girlie Lopez

Habitat for Humanity Philippines

Ms. Lopez started her talk with a video presentation about Habitat for Humanity Philippines (HHP). She mentioned that is saddening to see animals living in the streets, but the reality is that many children and people still live in the streets. HHP is celebrating its 28 years of activities promoting decent housing for everyone. Housing is one of the "big three" priorities of low-income families around the world. By 2020, HHP wants to reduce by 20% the number of roofless people (serve 8000 more families).

Housing microfinance involves the application of MF principles and methods to the provision of housing finance and consists mainly of loans to low income households (BSP definition). But HHP adds to that definition "housing support services", as demand driven services to enable household to reach adequate housing quality standards, access to technical trainings, legal assistance, and financial literacy, etc.

HHP works with different actors along the value chains including the government, technical providers, financial institutions (FIs), construction suppliers, safety providers (insurance, disaster risk reduction agencies), utility companies, and of course, families in need. For FIs, HHP provides technical assistance to develop new or refine existing housing microfinance products. Support to scaling up and answering the needs for non-financial services is HHP's focus.

Ms. Lopez shared that partnerships with MFIs are developed on a cost-sharing basis. There are projects launched with NGOs, banks, and multipurpose cooperatives for visually impaired people. The projects are still in the pilot phase. The results of the study the pilot will be made available on the website of HHP.

BREAKOUT SESSION: ALIGNING MF PRACTICES: THE PHILIPPINE SOCIAL PERFORMANCE COUNTRY REPORT

Since 2006, MCPI has actively promoted social performance management (SPM) in the country. Several initiatives on SPM have been implemented by MCPI including promotional and training workshops; peer learning exchanges, assessments, and technical assistance. In 2012, the Social Performance Task Force (SPTF) launched the Universal Standards for Social Performance of microfinance institutions (MFIs) in the Philippines This session will present the initial results of the country report – the current state of SPM in the Philippines, emerging practices, and gaps in SP practices in the country. The Microfinance Centre, the SPTF, and CARD MRI are supporting this research study, participated in by 13 MCPI member MFIs.

Ms. Therese Marie Rico of the Microfinance Council of the Philippines is the facilitator of the session.

The SPM Country Report

Ms. Lalaine Joyas

Ms. Joyas emphasized that SPM puts clients at the center of what the MFI is doing in terms of their strategic and operational decisions; social and financial strategies; and their products and services. Financial sustainability is a means to an end, not an end goal. The financial products presented to clients give them access to benefits.

There were 13 MFIs that provided data for the draft SPM Country Report. The Social Performance Indicators (SPI), the tool used to collect the data, was developed by Cerise and its current version (2.0) is aligned with universal SPM standards. There are 200 indicators in total but there are only 100 indicators filled for the country report.

Among the social protection measures reported were:

Defining and Monitoring Social Goals

The MFIs said that their goals were to reduce poverty, grow their existing services, contribute to the attainment of sustainable development goals (SDGs), generate employment, and provide housing, among others.

The poverty focus considers the changes in the development of the area. MFIs make use of area mapping, selection, housing index, PPI, poverty measurement tools, and the national poverty line for targeting.

Ms. Sheila Guanzon shared how the Negros Women for Tomorrow Foundation (NWTF) set their social targets in outreach and clients. The organization made it clear that 83 percent of their clients should be classified as poor upon entry to the MFI. Since there were no metrics for social performance initiatives for the past 10 years, the NWTF Board and their clients made it clear that they would have a triple bottom line. However, the group felt that measures for the social and environmental indicators were lacking since many of the key performance areas were financial performance indicators. To address this, they looked at the historical data of whether they are targeting the poor clients at entry. Then they asked whether the clients had the skills to start a business and how they want to progress after three years of membership, after five years. The organization also created tools to for poverty mapping upon which they based their center expansion plans. They also have their MIS monitoring poverty movement. They make use of reports from PPI to show whether they are moving in the right direction.

Designing Appropriate Products and Services

Before MFIs introduce/design/improve their products to meet clients' needs they need to collect client information and feedback (satisfaction survey, exit interviews and surveys) to ensure the suitability of products to clients' needs and cash flow characteristics. The range of products is broad and covers both financial and non-financial services. MFIs should collect client feedback to inform product/service improvement/development. There should be dedicated market researchers who can assess the needs and preferences of clients, their delivery channels, the characteristics of target clients, and the potential barriers to access to products.

Ms. Amina Mendez of Alalay sa Kaunlaran Inc. (ASKI) shared how her organization designs products and services for clients. She emphasized that what they cannot measure, they cannot manage so there is a need to increase the sophistication of the client data they are collecting and building on it through the use of advanced tools. Among the surveys they conduct are the client satisfaction and protection survey, and the client transformation survey. Data collected for product development should be intentional, should be accurate since the Board will use it for decision-making, and provide them with an understanding of the implications of the figures and their decisions.

Green Microfinance

This principle seeks to lower client vulnerability to disaster and risk, provide a formal environmental strategy/policy to manage environmental issues, and manage internal and external environmental risks among others.

Mr. Jessie Arzaga of Ahon sa Hirap Inc. (ASHI) shared that their MFI had the high scores for formal environmental strategy, green opportunities, and environmental risk management. The ASHI Board delegated SPM institutionalization to middle management and have them propose projects to the Board for approval. After being assessed for SPM, they strengthened coordination with local government and the Department of Environment and Natural Resources (DENR) to see where they can plant trees. The Board required all branches to be accredited by local government in order to facilitate coordination with local government for activities. There is an updated office memorandum on updated policies on environment, which shall be assessed and evaluated.

Discussion

Question	Answers/ Comments
	Atty. Callangan The activities mentioned are not new but I am surprised that they are being done by MFIs. We, from corporate government, will rely on their expertise to help us along since we can see that these practices can be done.
	Fr. Jovic Lobrigo The IRR for the MF NGOs Act (RA 10693) is being prepared and the global and national standards are being communicated to government. The challenge is always operationalization. If SPM are included in the IRR then this will be the measure for lending agencies.
How are the transformational objectives of Faith-based groups measured?	**Fr. Fr. Jovic Lobrigo** For spiritual empowerment the indicators are based on basic practice of religion (e.g. going to mass regularly). This measure works since they are looking at acceleration of practice. Also, this is the only thing that is measurable.

About the Speakers

***Mr. Eduardo T. Manicio** is the current Executive Vice President of the Social Housing Finance Corporation (SHFC). SHFC is the lead government agency to undertake social housing programs that will cater to the formal and informal sectors in the low-income bracket and shall take charge of* *developing and administering social housing program schemes, particularly the CMP and the AKPF Program (amortization support program and development financing program). With the concerted effort from him and the whole of senior management team, SHFC was able to strengthen partnership with multiple stakeholders to promote pro-poor, participatory housing, help post-disaster rehabilitation programs, and build more disaster-resilient communities.*

Ms. Girlie Lopez *has more than 12 years of experience in microfinance, working with highly diversified credit markets, directly dealing with fund wholesale providers, microfinance institutions, cooperatives, NGOs and rural banks. She gained knowledge and experience in overall lending and savings operations from having worked as banking and microfinance consultant to a number of financial institutions in the Philippines. She was previously the regional coordinator for microenterprise access to banking services, a USAID-assisted Microfinance technical assistance program managed by Chemonics International, Inc., and was a research project associate for Innovations for Poverty Action, a nonprofit organization that conducts randomized evaluations in various countries for social and development problems.*

Lalaine M. Joyas *is the former Executive Director of the Microfinance Council of the Philippines (MCPI). She has over 15 years of local and international experience in microfinance, focusing her work on social performance management (SPM); consumer protection; strategic planning, market research and product development in microfinance; water and sanitation; and agriculture microfinance. She started her career in microfinance by joining the USAID-funded "Developing Standards for Microfinance" Project in the late 1990s, the project that paved the way for the set of performance standards for microfinance NGOs, and the birth of MCPI. As a researcher, trainer, and expert on SPM and client protection, she has worked with various microfinance organizations in the Philippines, Cambodia, China, Pakistan, Vietnam, Laos, Nepal, Malaysia, Singapore and in other parts of Asia. She is a BS Statistics graduate of the University of the Philippines in Diliman then later took up graduate studies on Development Economics from the same university.*

BREAKOUT SESSION: SERVING THE NEEDS OF THE YOUTH, PWDs, AND IPs FOR INCLUSIVE GROWTH

Attaining the sustainable development goals involves having a more inclusive economy where everyone can achieve full productivity including the marginalized and vulnerable. These sectors include the youth, persons with disability, and Indigenous peoples. In line with this, the session will explore the initiatives of microfinance institutions, and network organizations for these sectors. Speakers from CARD MRI, Kasagana-Ka Development Center, INc., and MASS-SPEC will discuss their services both financial and non-financial, that they provide for the individuals in these sectors. This session will also look into how these organizations incorporate the needs of these groups in their policies, and how their programs help individuals attain financial sustainability.

The facilitator for this session is Dr. Asuncion Sebastian.

Ms. Evelyn Narvaez
CARD MRI

Ms. Narvaez presented the services that CARD MRI provides for indigents. They have the SIKAP 3-IP loans wherein the mode of payment is differentiated. This loan type has flexible loan terms, intensified cash flow analysis, and supplemented by livelihood training programs for other business options aside from farming.

There are also scholarships for IPs. The CSP-IP provides scholarships for dependents of IP clients within CARD covered areas while the CSP-IP Balik Eskwela has scholarships for clients within CARD covered areas who want to continue their studies. CARD holds an annual gathering of scholars to recognize their achievements in their respective schools and to encourage them to dream. There are also mass weddings held by CARD MBA. The weddings made it easier for clients to facilitate the claiming of benefits since they become legal dependents and covered by life insurance program. They also have educational loans for youth.

Ms. Thea Handumon
MASS-SPEC Cooperative Development Center

Ms. Handuman introduced youth-oriented programs in MASS-SPEC in the areas of Education (leadership training and values formation, entrepreneur skills training, environment seminars, cooperative movement), Services, and Social Commitment.

The gains from these activities include former CYP members and youth officers that have become staff of their cooperatives; continuity of youth programs in the primaries involved with CYP, and opportunities to be invited to international conferences where experiences may be shared. Despite these activities, youth involvement is minimal since few fully appreciate cooperatives. However, youth empowerment is important since youth members are being prepared to become leaders. In this light, the participation of children and youth in cooperatives should be facilitated properly. There should be continuity in the programs related to youth empowerment.

Ms. Judylyn Joven
Kasagana-ka Development Center, inc.

Ms. Joven related the experience of KCDI in establishing their PWD center in Novaliches which started in 2011 in partnership with PhilCOCHED, Philippine Band of Mercy and AusAID, and Tahanang Walang Hagdanan; and was opened to PWD members in 2015 with members being a member of a PWD organization, a client with PWD family member, within KCDI areas, from poor families, business minded and with good values.

The motivation for developing the center was that PWDs are one of the most vulnerable sectors in society and it is difficult for them to gain access to credit, basic services, and social protection. The program enables them to be productive individuals.

The challenges faced by the MFIs in order to implement the program was that there were changes that needed to be made in some of the policies since the center had cash collection. It was a challenge to the SO to handle the center too since he did not know what to do. He got to know the center members by breaking bread and drinking coffee with them. They also learned that PWDs are capable of uplifting their life given the right efforts and opportunities.

Discussion

REMARK	RESPONSES
Remark by: Mr. TJ *KMBI* **Remark:** Re - Products for IP Groups Did you coordinate with the National Commission on Indigenous Peoples (NCIP) regarding your with IPs particularly with the introduction of intervention? Are the members located in far-flung areas or did they relocate to the urban areas? How did you reconcile differences in beliefs regarding mass weddings?	**Response by:** Ms. Evelyn Narvaez *CARD-MRI* **Response:** Yes. It is coordinated with the NCIP. Even if IPs are not the target market of CARD MRI, there are areas we serve where IPs also live. We designed products for them since they are involved in agriculture. CARD Inc. focuses on far-flung areas. We serve the people in the area we have identified. We do not recommend IPs to migrate. We recognize the distinct cultural practices in the area. We have flexibilities on documentation in different areas due to these cultural practices.
Remark by: Dr. Asuncion Sebastian **Remark:** How do you define youth?	**Response by:** Ms. Narvaez **Response:** CARD follows the national definition of youth. We provide educational loans to our clients and their dependents. It is a wide age range. **Response by:** Ms. Thea Handumon **Response:** From MASS_SPEC, children are 7-13 years and youth is 14-20 years. They do not necessarily have to be sons or daughters of coop members even though some are members of the coop.

Remark by:	Response by:
Dr. Sebastian **Remark:** Why do PWDs want to leave the program?	Ms. Judylyn Joven **Response:** They are not used to the discipline of structured activities. We had a potential partnership that we did not pursue because the PWDs did not want to do it after the orientation. We explain the program and its processes to them and there have been cases where they have backed out at the start of the program.

About the Speakers

Ms. Thea Janica Gwenn C. Handumon *currently sits on the MASS-SPECC board as the Chairperson of its COOP Youth Program. She works as the Hiring and Recruitment Officer and Youth Coordinator at the Paglaum Multi-Purpose Cooperative (PMPC). Ms. Handumon also represents PMPC at COOP-NATCCO as a member of the Youth Committee in Mindanao.*

Ms. Judylyn F. Joven *has been Kasagana-Ka Development Center, Inc. (KDCI) Chief Operating Officer since 2012. She is tasked to lead and monitor the microfinance operations of the organization. As the COO, she is also in-charge of the different programs of KDCI ensuring that there is an effective and appropriate delivery of services to the clients. Judylyn has fifteen years of experience in microfinance. In 2014, she completed her Bachelor of Science in Microfinance at the University of Makati*

BREAKOUT SESSION: BRIDGING THE GAP IN FARMERS' PRODUCTIVITY AND INCOME

Agriculture remains to be a key pillar to the country's development, contributing 11% to its gross domestic product. It also plays a crucial role in ensuring food security, yet remains vulnerable to the impact of climate change. For instance, the combined damages to crops and other agricultural products due to El Nino phenomena in 2010 and 2015 has reached Php12.4 billion.

In line with Sustainable Development Goal No. 2, the government envisions a competitive , sustainable and technology-based agriculture and fisheries sector, driven by productive and progressive farmers and fisherfolks, supported by efficient value chains and well-integrated in the domestic and international markets. One of the goals of this strategic vision is to improve food security through raising the productivity and incomes of agriculture and fishery-based households and enterprises, as well as increasing the investments and employment in the sector. However, this goal requires extensive support for technical, financial, and risk mitigation, especially for small-holder farmers and/or entrepreneurs.

The first discussion will tackle World Bank's view on rural development and food security in the context of financing, how climate change and economic and demographic changes will have a major influence on the future of food in the region. The second part of the session will focus on the actual initiatives of the Bote Central related to sustainable value chain developments of the coffee sub-sector including lessons, challenges, and opportunities for MFIs.

The facilitator, Ms. Jesi Ledesma explained as an opening that the session is dedicated to the topic of ensuring prosperity for small farmers and fisher folks, through microfinance institutions' activities. Thus, the session is dedicated to SDG Goal 2 which is 'No Hunger' and she said MFIs need to be at the forefront in addressing this challenging goal. She explained that the framework of sustainable agriculture will be outlined from a strategic point of view and from an operational point of view.

Ms. Nataliya Mylenko
World Bank

Ms. Mylenko presented the statistics on the agricultural sector in the Philippines which shows that it constitutes 10% of the Gross Domestic Product (GDP) and it deploys 30% of the total labor force. It is thus a substantial sector. Half of the population live in rural areas and poverty rates in rural areas are substantially higher than in urban areas. In a country of 100m people, there is a deficit in agro food trade of PHP1biliion gross which means that there are more imports than exports.

The sector is an important one, but it does not seem to work as well as it should have. In terms of food security, Philippines is at par with Indonesia but behind its other neighbors such as Thailand, Vietnam, and Cambodia. In terms of undernourishment, the Philippines is already on the path of improvement (levels decline over time), but the levels are still high (33%), although Thailand is a bit above 15% and Malaysia 17%. Half of the calorie intake in the Philippines comes from rice. It is therefore a critical element of the calorie intake of the people, and therefore a critical element of the food security.

Food expenditure is a substantial part of household expenditure, especially in low-income households. About 50% of it is dedicated to food. A lot of people do not have enough money to save after their food expenses. Employment in the agriculture is downscaling rapidly, giving an increased share of total employment to the service sector. The share of agriculture in the GDP declined, also giving place to the services sector. In terms of productivity, agriculture has the lowest productivity overtime, which fosters low roll out of employment in the sector.

Ms. Mylenko identified the challenges and constraints in the agriculture sector as follows:

- Unsecured tenures in rural areas;
- Lack of coordination among public institutions which lead to poor implementation of what could have been good plans;
- Extensions services
- Access to finance and insurance. Agriculture accounts for only 2.8 percent of the total lending portfolio. The Agri-Agra law encourages banks to increase lending to agriculture. However, it

remains limited. Penetration of agricultural insurance scheme, while they exist, remains small.
- Climate change which is impacting the Philippines which has a severe impact on poverty.
- There is a need to review the management practices with regard to pest and disease risk
- Pressure to increase productivity should not be at the cost of the environment

On the other hand, Ms. Mylenko shared some opportunities in the agricultural sector as follows:
- Raising agricultural productivity and diversification (e.g. though improved technology and extension services, water management and tenure security).
- Linking farmers to markets, improving competitiveness and strengthening value chains. Through market access and trade, small holder farmers are integrated into the supply chain, investments in transport and storage infrastructure, use of IT, strengthen producer organization, etc. Focusing on value chain development
- Facilitating rural non-farm income
- Reducing risk and vulnerability through insurance & climate resilient farming systems.

These challenges and opportunities will be addressed and seized by various stakeholders, not only the finance sector. Agriculture growth is negative eight percent compared to a positive growth recorded to the rest of the sectors like construction which is 89 percent and utilities which is 54 percent.

Ms. Alvira Basil Reyes
Philippine Coffee Alliance / Bote Central, Inc.
Entrepreneur and Filipino inventor

Ms. Reyes introduced the CBVORE as a technology company supporting the coffee production sector. They do Coffee Alamid, which is a product from the environment, turning civet coffee ethical and wild. They also produce roasted coffee, coffee roaster kiosk, and roasting machines. Their aim is to transform farmers to become farmer entrepreneurs under the inclusive business framework and value chain approach advocating local economic development. From the seed to the cup, CBVORE provides support to farmer cooperatives.

Ms. Reyes discussed the coffee market. She emphasized that we drink coffee from birth to death across all ages. It can even be sent everywhere. The industry is huge, but unfortunately most coffee of the Philippines is imported. This is because most farmers are old, and lazy.

To make a change, rural and urban coffee roasting facilities are made available. Let the farmers earn more by providing them with their own roasting machines. Community-based coffee enterprises (CBCEs) between buyers and suppliers were developed.

The profit on coffee is huge which is estimated at 1000%. Profit margins are currently being appropriated by the beverage retailers, while the growers are left in poverty. By giving the growers the machines to roast themselves, they are able to claim a larger share of the profits.

Train and share knowledge with the growers is a key success factors. Filipinos find it difficult to synthesize their questions into something that can be put into practice. Therefore, CBVORE insist on being helpful and provides adequate assistance to its clients.

Ms. Reyes closed her discussion with a remark that Philippine Coffee Alliance is crucial in supporting CBVORE get the technology adopted by the growers.

Discussion

REMARK	RESPONSE
What are the opportunities for the industry?	**Response by:** Ms. Alvira Reyes **Response:** 1) One of the most pressing problems of farmers, is during harvesting time. They like to buy coffee from the other communities, but they lack cash. And it takes them about 1.5 years to recover the money. 2) Children like to go into the business of coffee, but they lack access to funding. **Response by:** Isabella (NWTF): **Response:** If we present the market opportunity for increased income to farmers, there might be more people willing to take on the challenge.
Remark by: Ms. Jesi Ledesma: **Remark:** How do you to start growing/planting coffee? Does the government support it?	**Response by:** TSPI **Response:** Sometimes it is hard for government. The farmer needs to produce a study to price the product. The government asks a 7% premium of the production cost to insure the crop, and they only cover 50% of the crop. One challenge with the government is that plans are hard to be turned into practice. Also, targeting the right

	farmers is really important. If they are not willing "to improve their own situation", it makes it really tough. The idea in value chain financing is that it needs to be done in a participatory model. Catholic Relief Services (CRS) has enabled to push forward in that perspective. MFIs role is to link farmers to the market. "Enterprising farming communities" are connected to Jollibee, Kedemmer in Davao, Fruit of the Earth, local supermarkets of SM, etc. The approach is there, it needs to be perfected and it takes some months for the farmers to get adjusted.
Remark by: Ms. Jesi Ledesma **Remark:** The model seems adopted, but how do we scale it up?	**Response by:** TRBI **Response:** Agriculture is the next gold mine of microfinance. Based on my experience working with MFIs, rural banks, they setup agriculture microfinance programs and managed to minimize the PAR by keeping the products very simple. The conditions of going through the value chain requirements, are not necessary steps to succeed in agricultural finance. Agriculture microfinance is not very difficult. The very condition to succeed is to be strong with Social Performance Management.
Remark by: Ms. Mylenko **Remark:** Are there views on how much addressing financial challenges (obtaining guarantees) would make sure there are business opportunities in the sector? **Remark by:** Ms. Kelly **Remark:** The Jollibee value chain is good to provide income, but does it foster food security?	**Response by:** Ms. Jane *ASKI* **Response:** There is a problem with financing. Farmers obtain multiple loans, they need to pay back these institutions, putting pressure on their repayment capacity. Land Bank said: "we are not stopping to provide funding to the agricultural sector, it is the farmer who are not paying us back forcing us to cut funding."

Ms. Ledesma concluded the sessions with a remark that there is a request for sharing of models. There is a real willingness of MFIs to go into agriculture. The challenge is to ensure the environment is supportive and profitable, and that sustainable business opportunities/models are developed.

About the Speakers

Ms. Alvira Basil Reyes *is a value change innovator for the Philippine coffee industry. She is the CEO of Bote Central and acting Prsssssssssesident of the Philippine Coffee Alliance. She is an advocate of sustainable Philippine coffee supply chain and Fair Trade community practices in coffee agribusiness. Ms. Reyes sits in the committee drafting the Social Enterprise and a member of the Technical Working Group drafting the Philippine Coffee Roadmap for BOI-IPP, DA-PCAF and GrowAsia. She took her AB Economics in the University of the Philippines – Diliman and AB Law undergrad at San Beda Law. She is an established entrepreneur, having ventured into etched glass products, industrial bottle post processing, and organic vinegar business, and now 10 years in the coffee industry, being the owner and manufacturer of world renowned Coffee Alamid.*

Ms. Nataliya Mylenko *is a Senior Financial Sector Specialist with the Finance & Markets Global Practice of the World Bank Group. She is leading World Bank's work on financial sector development in the Philippines and has worked on a range of development issues in the World Bank, IFC and IMF. She is the lead author of the number of the World Bank Group reports including Global Survey on Consumer Protection and Financial Literacy: Oversight Frameworks and Practices in 114 countries (2014), and Financial Access 2009 and 2010 reports, introducing for the first time indicators of financial access in 140 countries and providing analysis of the trends in financial access policies. Over the past 10 years, Ms. Mylenko has worked directly in over 50 countries on the topics of financial sector development, SME and microfinance, financial consumer protection and credit reporting. Based in East Asia region most recently Ms. Mylenko focused on a range of topics in the Philipipnes as well as worked on microfinance supervision in Myanmar, SME finance policy in Malaysia, and financial inclusion and community development in Indonesia.*