

**“Enhancing Access of the Poor to Microfinance Services  
in Frontier Areas (TA 4544)”**  
*National Anti-Poverty Commission & Asian Development Bank*

**BACK TO OFFICE REPORT**  
**Mindanao Team**

**1. Background Information:**

Total Number of Respondents Interviewed

<i>MFI:</i>	<i>Total</i>	<i>:</i>	<u>93</u>	<i>Region/s:</i>	<u>5</u>	<i>Province/s:</i>	<u>7</u>
	Banks	:	42				
	Cooperatives:		24				
	NGOs	:	27				

*Clients:* 168

**Total:** 261

**2. Survey Proper**

**2.1. On the Survey Process:**

*General Feedback on the Conduct of the Field Survey*

Overall, the field survey was a good learning experience in terms of familiarity with the various operations of the 21 Microfinance Institutions (MFIs) visited particularly variations in the lending methodologies used, operational system, loan terms and conditions, market outreach, and products and services offered. On the other hand, the field survey was considered to be physically demanding, tedious and risky at times.

*Facilitating factors that help in the conduct of the survey*

- *Authority of NAPC as representative of the Office of the President.* The mere affiliation of the office with the government caught the attention of the MFIs communicated to by the NAPC head office to provide support to the survey.
- *Familiarity of ADB cum NAPC Consultant with the MFIs visited.* A very effective facilitating factor was the familiarity of the ABD Consultant with the Rural Banks visited by the team of survey enumerators that help influenced the hospitality accorded by the MFIs to them as well as create a good preparatory atmosphere for the visit.
- *Hospitality of the MFIs visited.* The warm accommodation of the management and staff of MFIs visited facilitated the smooth implementation of the field survey through the provision of vehicles particularly during the client interviews and openness to provide necessary and substantial data needed for the survey particularly on MFI Interview and Orientation on their respective MF Products which was relevant in the conduct of the client interviews.
- *Familiarity of survey enumerators on the MFIs visited.* Previous working relations of the enumerators with the management and staff of half of the total MFIs visited

became an effective tool that made the enumerators familiar and trustworthy to them. In particular, the team leader and the team members worked with rural banks and credit and savings cooperatives, respectively, from their previous engagements with two projects wherein these institutions are also program partners. Such trust facilitated the provision of unwavering assistance in the implementation of the survey and assuring the enumerators their safety while working on field.

Also, the familiarity of the survey enumerators on the respective microfinance operations of the MFIs visited particularly for rural banks and credit and savings cooperatives played a crucial role in deriving in depth information and resolved conflicting information provided during the interviews. Familiarity on microfinance in general resulted to limited adjustment on majority of the responsibilities stated in the terms of reference of the survey enumerators.

- *Knowledge of the survey enumerators on the vernacular(s) widely used in the municipalities visited.* This was crucial in fastracking the actual interview as well as a tool that immediately created rapport with the respondents. Conversing with the respondents in their own vernacular delivered layman understanding on the questions and confident answers to the questionnaires. Thus, gathering reliable data from them.
- *Utilization of cue cards or visual aids during client interviews.* The cue cards made the complex part of the questionnaire, particularly on problems encountered and training needs, easier and understandable to the respondents. At the same time, it provide a comic relief at a point in the interview where respondents are starting to lost focus and get tired in the interview process.
- *Availability of mobile communication as well as allowance for its cost.* Presence of mobile communication in most of the areas visited facilitated the coordination between the enumerators and the representatives of the MFIs. In particular, it bridged accommodation between parties on the changes in the schedule and availability of respondents during the visit. Also, it allowed coordination between the team leaders and the team members on instances wherein they travel separately during MFI and client interviews.
- *Teamwork among the survey enumerators.* The unyielding energy level of the team as well as sensitivity of each member to each other created an atmosphere of “playground at work” resulting to extended productivity levels and tolerance with stress.

*Problems/constraints encountered, Actual Actions Taken and Recommendations*

<b>Problems Encountered</b>	<b>Actual Actions Taken</b>	<b>Recommendations</b>
<b>A. Administrative Aspect</b>		
1. Lack of follow-up with MFIs on the part of NAPC head office particularly on the visits with NGOs and cooperatives which put the activity at risk of being delayed. The most glaring example is the visit to MWIMPC where the coop staffs were surprised with the arrival of NAPC enumerators into their office and the absence of immediate decision makers necessary for the conduct of the MFI interview.	<ul style="list-style-type: none"> <li>▪ Explained to the staff the purpose of the visit and outline the process of the interview.</li> <li>▪ Sort out the schedule of the account officers for the day to accommodate interview of clients and arrange who among them will accompany the enumerators during morning and afternoon without disrupting collection for the day.</li> <li>▪ Quickly identify the officers to substitute for the general manager and chairman for the MFI interview who are also knowledgeable on the information required by the questionnaire.</li> <li>▪ Fortunately, the staff was able to chance upon the former MF program in charge and currently vice-chair of MWIMPC along the road and invited her to answer for the general manager during the interview.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Follow the rules on coordination and follow-up which is "introduction-letter sending-confirmation-reconfirmation-reconfirmation.</li> <li>▪ Reconfirmation or re-follow-up one week before the actual visit should be done for schedules arranged weeks before or months before the actual activity.</li> </ul>
2. Inaccurate information provided which put the activity at risk of being delayed. Example is the case of KFI wherein the information provided that the branch to be covered is located in Dipolog City which in fact there is no such branch and the nearest branch is 4 hours away from Dipolog City and the head office is 6 to 8 hours away from Dipolog.	<ul style="list-style-type: none"> <li>▪ 3 days before the actual visit to KFI, the team was scouting already for the location of KFI branch in Dipolog and learned earlier the inaccuracy of information and has NAPC Head Office verify the information.</li> <li>▪ A roundtrip travel from Ipil-Zamboanga-Ipil-Dipolog was undertaken to ensure that the entire activity will still be on schedule in terms of travel and that reports will be at least submitted 3 days after the travel.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accurately gather the information from the MFI.</li> </ul>
3. Inaccurate information provided which put at risk the relevance of the data gathered in relation to the purpose of the survey. Example, is the absence of a MF Operation for Minsupala Economic Development Foundation, Inc. (MEDFI) which was identified as having one prior to the travel.	<ul style="list-style-type: none"> <li>▪ Informed NAPC and Consultant on the same hour that it was learned that there is no MF Operation for MEDFI.</li> <li>▪ Proceeded with the survey and noted the experiences and answers of the respondents in relation to the information asked in the survey instrument. And added in notations responses of MFI on the possibility of implementing a MF Program.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accurately gather the information from the MFI.</li> </ul>
<b>B. Objective Setting and Content</b>		
4. Purpose of the survey and its relevance for the MFI were not clear to the MFIs visited thus a battery of queries were asked from the enumerators. In particular, the MFIs are asking point blank how they can directly benefit from participating in the survey.	<ul style="list-style-type: none"> <li>▪ Asked the NAPC Coordinator on the manner in which the MFIs were informed about the survey and the benefits they would get as well as few details on participation to the program. Although, it was relayed that the participation of only 10 MFIs to the program have not been relayed to the MFI for fear of creating expectations for participation to the program.</li> <li>▪ Nevertheless, it was necessary on field to make clear the purpose of the survey as well as clear any misconceptions or doubts about the</li> </ul>	<ul style="list-style-type: none"> <li>▪ Make clear the purpose of the activity so that the MFIs visited will level off its expectations versus the activity.</li> <li>▪ Do not rely solely on the faxed letter to orient the MFIs on the clear purpose of</li> </ul>

Problems Encountered	Actual Actions Taken	Recommendations
	<p>program by indicating the 3 point objective of the survey i.e. (1) gather data for profiling of MFIs nationwide, (2) conduct training needs assessment of MFIs and clients and conduct a sort of gap analysis in the capacity of MFIs and provision of training to clients, and (3) that the survey serves as part of the selection process on participation to the program. It was made cleared that the visit of the enumerators does not indicate surety of inclusion to the program. The last part became an effective tool for MFIs to be more participative and serious in providing data for the survey.</p>	<p>the activity. Instead verbal communications should be extended to clear any gray areas about the activity.</p>
<p>5. Misconception that NAPC will provide loan fund to the MFIs participating in the survey.</p>	<ul style="list-style-type: none"> <li>▪ Inform the MFI or its management point blank that there is no loan fund for the program in which the activity is conducted for and instead inform that training and technical assistance are the deliverables of the program.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Just make clear with the MFIs the main deliverables of the program so as not to create misconceptions.</li> </ul>
<b>C. Field Work</b>		
<p>6. Safety of hotels where the survey enumerators are billeted.</p>	<ul style="list-style-type: none"> <li>▪ Transfer hotels.</li> </ul>	<ul style="list-style-type: none"> <li>▪ A directory of hotels &amp; its subsequent rates to be provided before travels to guide the travelers on the choices of hotels available for them.</li> </ul>
<p>7. Sudden change of weather from extreme heat to heavy rains affecting the productivity as well as health of the enumerators particularly those interviewing clients.</p>	<ul style="list-style-type: none"> <li>▪ Regular intake of Vitamin C to prevent onset of colds.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Schedule survey activity during the summer where weather is relatively good and survey friendly.</li> </ul>
<p>8. Long and consecutive travels which took its toll on the survey enumerators particularly those conducting the client interviews as well as shorten the actual available time for the interviews.</p>	<ul style="list-style-type: none"> <li>▪ For MFIs wherein location of head office is far from the branch the team separates and focused on the area where they are mostly needed. For example, for KFI and Cantilan Bank Interviews the team leader proceeded to travel alone to the head offices while the team members stayed at the branch to conduct the client interview thus dispensing with the customary courtesy call at the head office. They just meet at a common hotel the following day or in the evening. Coordination on the status of field work is done thru mobile phones.</li> </ul>	<ul style="list-style-type: none"> <li>▪ For long travels at least allot a full day for one way travel and three days or more for report preparation in consideration for the physical stress caused by the travel.</li> </ul>
<p>9. Bad road network particularly in the CARAGA area which delays the schedule of survey as well as take its toll on the survey enumerators.</p>	<ul style="list-style-type: none"> <li>▪ Refer to response above related to Cantilan Travel.</li> </ul>	<ul style="list-style-type: none"> <li>▪ For long travels at least allot a full day for one way travel and three days or more for report preparation in consideration for the physical stress caused by the travel.</li> </ul>
<p>10. Limited time available to conduct the client interview due to the constraint on safety of the area and the current</p>	<ul style="list-style-type: none"> <li>▪ RB Tacurong case: The team leader fast racked the interview with the MFI and then proceeded to assist in the interview of clients to ensure that the team leaves the area before the designated time it is</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the same approach on field like the one conducted for Tacurong</li> </ul>

Problems Encountered	Actual Actions Taken	Recommendations
<p>spiritual practice of the community visited. For example are (1) the interview of clients for RB Tacurong wherein location must preferably be vacated before 5pm due to security concern; and (2) the observance of Ramadan in the community for MEDFI beneficiaries which limits the interview to early morning only since the respondents are too weak already from fasting during the afternoon.</p>	<p>advised to vacate it.</p> <ul style="list-style-type: none"> <li>▪ For MEDFI case: The team leader prioritized the interview of clients by assisting in the interview and then during the afternoon proceeded with the MFI interview.</li> </ul>	<p>RB unless there is still room to extend the interview to another day.</p> <ul style="list-style-type: none"> <li>▪ For cases like MEDFI, it is better to gather various nuances or current spiritual or cultural observance in the areas to be visited to be able to conduct necessary adjustment before going on field.</li> </ul>
<p>11. Absence of cell sites in the areas of Claver, Surigao del Norte and Malungon, Sarangani which made it difficult to track the whereabouts of the field enumerators. Presence of cell sites refers to areas visited by the enumerators conducting the client interviews.</p>	<ul style="list-style-type: none"> <li>▪ For these locations, the two survey enumerators doing the client interviews preferred to follow a "buddy buddy system" wherein they go together in the area with the account officers instead of going separately to two different areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the same approach.</li> </ul>
<p>12. Presence of feared cultural or spiritual beliefs in the area which made the MFI staff hesitant to accompany the survey enumerators in the area. Such as the case in the Malungon Area wherein it is noted to be inhabited by people intentionally poisoning strangers in the area.</p>	<ul style="list-style-type: none"> <li>▪ The two survey enumerators doing the client interviews preferred to follow a "buddy buddy system" wherein they go together in the area with the account officers instead of going separately to two different areas.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Avoid such areas in the future survey.</li> </ul>
<p>13. Internal activities of the MFIs that delay the conduct of the survey proper such as 30 minute prayer session in the morning for some MFIs and clients attending center meetings during visits for client interviews.</p>	<ul style="list-style-type: none"> <li>▪ Respect the prayer activities of the MFIs and then make some adjustments during the survey proper like extending interviews during lunch hour or late afternoon.</li> <li>▪ For respondents attending the center meeting, it is requested from the Account Officer to possibly ask the center members to excuse the particular client from attending the rest of the center meeting to participate in the interview. Respondents left the center meeting after giving their loan payments for the day.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the same approach.</li> </ul>
<b>D. Interview Proper</b>		
<p>14. Respondents who are hiding some facts relevant to the interview particularly on their credit history.</p>	<ul style="list-style-type: none"> <li>▪ Probing of clients and observance on the collectors visiting the client during the interview to capture current credit availment aside from the MFI represented by the respondents.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the same approach.</li> <li>▪ Gather credit history of the client from the Account Officer if possible.</li> </ul>
<p>15. Respondents (clients) who are not participative during the interview</p>	<ul style="list-style-type: none"> <li>▪ Drop interview of unparticipative client and requested for another client to be interviewed from the Account Officer.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the same approach.</li> </ul>

<b>Problems Encountered</b>	<b>Actual Actions Taken</b>	<b>Recommendations</b>
16. Clients who are over talkative and at most off tangent in their answers and conversation from the information required by the survey questionnaire.	<ul style="list-style-type: none"> <li>▪ Cordially cut off tangent conversations of respondents and proceed to finish the interview. Or provide positive comments on what the respondent is saying and proceed to cut the train of his or her conversation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement the same approach.</li> </ul>
17. Absence or unavailability of the persons in charge to answer a particular area in the survey questionnaire particularly for the MFI interviews.	<ul style="list-style-type: none"> <li>▪ Conduct come back interviews for these persons which require squeezing the interview time with the time allotted for the interview of the other MFI.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Arrange before hand with the MFI on who among the management and staff are needed for the interview to make sure that they are available during the visit. If not, the portion of the interview be send ahead of time for them to answer.</li> </ul>

## 2.2. On the Survey Questionnaire

### Feedback on the structure of the questionnaire

#### *Microenterprise Client Survey Questionnaire:*

- Some questions are not properly sequenced. For example, on page 7 where the client is asked on his/her credit experience then the next question proceeded to ask about communication infrastructure. Also, on page 13 where the columns on TNA are not properly sequenced.
- Lack on data requirement on demographics of the client particularly on cultural affiliation to verify questions asked in the MFI Questionnaire.
- Not enough space provided for multiple answers like in pages 3, 4 and 6.
- Some questions lack choices on other possible answers like the provision of others choice particularly for pages 8,9 and 10.
- Other category not provided on page 6 particularly on other formal lenders to make it uniform for the choice of other informal lenders.

#### *Microfinance Institution Survey Questionnaire:*

- Portion on training needs assessment is only limited on the tables and does not provide open ended questions to verify why the said positions needed that particular type of training.
- On page 23 the future plans for the non financial services indicated is too broad. Sub categories for each major category might have been helpful to gather specific data from the respondents.
- Question on operational and financial self sufficiency is more of perception in treatment on the side of the respondents than a fact supported by financial data.
- There are questions for the branch interview that also needs the concurrence or inputs of the head office particularly on the data on delinquency and outreach.
- The last portion of the instrument on page 23 on additional information that have not been asked that the respondent would like to offer as additional information should also been put at the end of the head office interview portion because this is more relevant on the side of the top management.

### Data/information relevant to the survey that was not captured by the questionnaire

#### *Microenterprise Client Survey Questionnaire*

- Demographics i.e. cultural affiliation
- Reasons why clients expect their income to increase, decrease, or stay the same for next year.
- Presence of electricity but did not asked what kind of connection the client has where tapped, series or owned.
- Net income to determine actual disposable income for the family and relate to the amount of loan availed or to be availed from the MFI.

#### *Microfinance Institution Survey Questionnaire:*

- Relating the question on training needs assessment versus the job description of the positions indicated to verify whether the problem or concerns raised by the MFI can actually be answered by training or policy administration, etc.

### 2.3. On the Respondents

#### Feedback on the identified/respondent mix

- Clients identified as respondents for the survey are mostly good borrowers thus biased towards the MFI being surveyed.
- Clients identified are mostly located in poblacion.
- Some clients are already oriented by the MFI on the survey and has notion that NAPC will provide loan.

### 3. Lessons learned

- Training need of MFIs in general is mostly related to client selection, marketing, and delinquency management. While training needs of clients are mostly related to new business opportunities to augment their income.
- Multiple loans among clients are very rampant in most of the areas covered by the MFIs visited. This is usually one of the major reasons why clients fall delinquent and one of the reasons for the high drop outs of borrowers of most of the MFIs. Thus, in the end as what one of the top managers of a rural bank interviewed said, microfinance defeats its purpose in the sense that it become a burden to the poor than a tool to alleviate them from their condition. For being delinquent borrowers, they became subject to humiliation in their communities, lost their assets to the MFIs and drained their savings and income putting them at a much worst situation before they even availed of loan.
- Major constraints found by the MFIs in serving the frontier areas is related to the security or peace and order situation, accessibility of road networks, presence of a depository bank, and assurance that the market to be served are not earning for subsistence only but earning more to grow to a higher or diversified level of business operation even at a micro level.
- Some MFIs need technical assistance in the enhancement of its products particularly those implementing group loan methodologies in the form of additional modules for training, updating manuals, manualize and strengthen internal systems and procedures and provision of MIS software to track loans and savings. This is prominently observed among non-government organizations and cooperatives.
- The importance of micro-insurance to assist the clients and their immediate relatives to cover the cost of treatment in times of sickness and the cost of burial in times of death so as not to burden them further. Majority of the MFIs visited cited sickness and death of mostly the immediate relatives of the principal borrowers as reasons for default of clients.

### 4. Over-all Assessment of the Survey (pre- proper – post survey)

- *Pre-survey.* Lacks the provision of written technical guidelines for the interpretation of the various aspects of the survey instruments particularly the micro enterprise survey instrument. This would have facilitated the uniformity in the interpretation of data and minimize back office checking.
- *Survey Proper.* Over-all the survey proper finished on schedule and went on for the most part smoothly as scheduled.
- *Post-survey.* Administrative matters that have to be complied related to the survey will hopefully commence as expected.

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