

Summary Brief of TA# 4544

BACKGROUND

The project is officially known as TA# 4544: Enhancing Access of the Poor to Microfinance Services in the Frontier Areas. It is financed under a grant from the Asian Development Bank (ADB) and implemented through the National Anti-Poverty Commission (NAPC).

By definition, frontier area is defined as municipalities and barangays with the following conditions:

- Hard to reach or where access is a problem because of geographic locations (highlands or uplands);
- High poverty incidence and high magnitude of poor families;
- Areas that lack access to other basic services and infrastructure facilities;
- Areas where the saturation rate of MF services is very low (ratio of potential poor household vs. actual number of clients reached in a given area.)

The purpose of the TA is to support the development of a sound and viable financial system that can provide efficient and sustainable microfinance services for the poor.

SCOPE OF THE TECHNICAL ASSISTANCE 4544

Based on the approved project document, the TA will provide for:

- Limited capacity building for selected MFIs through training in best practices for sustainable microfinance. Training will include credit and cash flow analysis; risk management; performance monitoring system; performance standards; and other microfinance best practices and principles.
- Education for the poor through seminars on microfinance in selected frontier areas to increase their knowledge in understanding the microfinance services that will include knowledge of financial intermediation; microfinance policies; microfinance services and practices; and rights and obligations of clients.

THREE MAJOR PHASES OF TA 4544

1. Field surveys in Frontier Areas of MFI's and poor basic sectors
2. Analysis of survey results:
 - i. Selection of MFI's for on site training and mentoring.
 - ii. Development of training materials for the MFIs.
 - iii. Development of educational materials/pamphlets for the microfinance educational seminars for the basic sectors
3. Training and on site mentoring of selected MFI's and seminars for the poor in frontier areas

RESULTS OF PHASE 1

The surveys for respondent MFIs and clients lasted approximately about 3 months including the review of individual survey sheets submitted to NAPC.

The process of coming out with the final design of the survey instruments (MFI & Clients) unexpectedly lasted 3 months that started June and ended September 2005. The seeming delay was mainly due to additional concerns of the various stakeholders deemed relevant to specific needs.

MFI Survey

The project surveyed a total of 53 MFI from all over the country representing the three major island groups. The survey covered identified 3 priority frontier regions in Luzon; 3 in Visayas; and 5 in Mindanao. Of the total MFIs surveyed 16 were NGOs, 18 were cooperatives and 19 were rural banks .

Client Survey

A total of 424 respondents were interviewed by the enumerators at 8 clients from each of the 53 MFIs surveyed.

RESULTS OF PHASE 2

The MFIs and Clients surveys were completed by the enumerators by November 2005. Due to some administrative concerns beyond control, the processing and data encoding started towards the end of December 2005 and finally completed by February 2006. Only the results of the MFIs survey were completed by the International Consultant/Team Leader since his contract expired January 31, 2006 and no extension was granted. .

By the time the data encoding of the clients survey was completed, the international consultant's contract was no longer renewed and the other two consultants were in the midst of preparation in the design of the training and educational materials for the MFIs and clients.

The decision to complete the analysis of the clients' survey to be completed by the two remaining consultants came in the middle of August 2006.

Analysis of Survey Results

MFI Survey – The survey report was completed and submitted sometime June 2006.

Client Survey – The client survey report is still in the process of completion and expected to be completed by September 2006.

Selection of MFIs for on site training and mentoring (OTM)

Among the 53 MFIs surveyed nationwide, NAPC selected 15 MFIs including branches for the limited OTM. Selection was based on acceptable levels of outreach, portfolio quality, number of savers, governance, presence and potential to expand services in the frontier areas. Due to budgetary and time constraints, the above indicators, however, were limited and simply derived from the results of the MFI survey conducted.

The consultants provided guidance to NAPC in formulating the selection criteria as well as the scoring system in the final selection to ensure transparency and objectivity. They were never part of selection committee created that selected the participating MFIs.

Development of Training Materials for the MFIs

During the development period, a number of topics and training modules were drafted but some issues were raised and addressed. After a series of consultations with the NAPC and the National Credit Council (NCC), it was decided that the uniform performance standards for the MFI's in the Philippines should be the point of entry of the technical assistance for the participating MFIs. .

The PESO performance standards duly approved by NCC covers Portfolio Quality, Efficiency, Sustainability, and Outreach. The results of the ratings of the participating MFIs will determine the type of technical assistance to be provided by the consultants. After due deliberation, the final design and development of training materials was completed by end of February 2006.

Development of Educational Materials for the Microfinance Educational Seminars for the Basic Sectors

Several designs and options were presented for the kind of materials to be distributed to the participants during the scheduled seminars. The final materials approved for reproduction and distribution were all official documents that emanated from various institutions and agencies in terms of understanding, direction, strategy, circulars, and related laws on microfinance.

RESULTS OF PHASE 3

On Site Training and Mentoring for Selected MFIs

The training officially started on April 16, 2006 and was finally completed on August 27, 2006. A total of 29 MFI units were provided with limited on site training and mentoring.. An average of about 10 participants attended the structured and scheduled meetings, seminars and workshops.

For every MFIs visited and provided with limited technical assistance, introductory meetings were required for leveling of expectations, scheduling and coordinating activities. The members of the board, senior management, and the MFU were normally required to attend the initial meeting.

This was followed with the users' training on the PESO using the latest actual and available data of the MFIs. The types of technical assistance provided were based on the results of the PESO rating.

A series of consultations and field observations were conducted with intermittent schedules of meetings and mini workshops provided as needed in relation to the rating.

By the end of the TA visits, exit meeting were requested to present the results of the TA and the recommended actions to be undertaken by the MFIs in order to improve their microfinance operations.

The consultants presented and discussed final activity reports during the exit meetings with the board of directors and senior managements of the participating MFIs. The consultants provided copies of the reports prepared in power point format.

MFI	# Of Units Trained	# of Meetings, Seminars; & Workshops Conducted	# of Combined Participants
COOPERATIVES			
1. Tam-an MPC	7	4	41
2. Sinpangabong MPC	1	4	39
3. St. Vincent MPC	2	4	37
4. Basud Dev. Cooperative	1	7	71
NGOs			
1. SACRED	2	5	47
2. FCB Foundation	1	4	26
3. SEKAP	2	5	38
RURAL BANKS			
1. Green Bank of Caraga	2	9	77
2. RB Lebak	1	5	52
3. RB Cantilan	9	5	69
4. RB Tacurong	1	4	35
TOTALS	29	56	532

Seminars for the Basic Sectors

A total of 20 seminars were conducted to the basic sectors. The approach was to request all the MFI that were selected for the OTM to assist NAPC in organizing the seminars in their areas. In order to achieve the mandated target of participants, NAPC added 3 MFIs that were not chosen for the OTM to assist in the off site seminars.

A total of 3, 300 participants attended the seminars. Around 14% are males and 86% are females. From the participants, 81% are clients of the MFIs while 14% are non-clients.

MFI	# of Conducts	# of Participants	# of Barangays	In Percent (%)			
				Male	Female	Clients	Non-Clients
COOPERATIVES							
1. Sinpangabong MPC	1	155	36	12.90	87.10	97.42	2.58
2. Tam-an MPC	1	349	115	10.32	89.68	98.85	0.86
3. TRD Cooperative*	2	280	57	20.36	79.64	97.14	2.86
4. St. Vincent MPC	1	202	33	21.78	78.22	45.05	54.95
5. Basud Dev. Coop.	1	157	80	8.28	91.72	89.17	10.83
NGOs							
1. SEKAP	1	312	75	6.40	93.60	87.82	12.18
2. SACRED	2	300					
3. SEDP*	1	103	81	7.77	92.23	87.38	12.62
4. FCB Foundation	1	129	70	8.53	91.47	97.67	2.33
RURAL BANKS							
1. RB Cantilan	2	308	71	13.96	86.04	88.96	11.04
2. RB Lebak	1	250	14	20.00	80.00	6.00	94.00
3. Green Bank	2	307	143	12.05	87.95	100.00	0.00
4. RB Tacurong	1	146	27	10.27	89.73	95.21	4.79
5. 1 st Midland RB*	2	306	37	18.95	81.05	70.26	29.74
TOTALS	20	3,304	839	13.68	86.32	80.86	19.14

* Off-site seminars – MFI that were not provided with limited OTM but were requested to take the lead in organizing additional seminars for the basic sectors.

OTHER RELATED AND FINAL ACTIVITIES

Meetings

1. National Credit Council - The consultants presented the results of the PESO ratings of the MFIs. A meeting was scheduled on September 11 at the Bangko Sentral ng Pilipinas (BSP) building. The meeting was also an opportunity to reconvene the technical working group (TWG) that drafted and recommended the PESO standards. The TWG is composed of representatives from various institutions, agencies, and associations that are monitoring or supervising, directly or indirectly, the MFIs.

No participating MFIs passed the PESO standard. The meeting became an opportunity to provide the necessary feedback on the results and conclusion gathered from the participating MFIs. Recommendations were also raised as possible alternatives in order to improve the PESO standard.

The NCC, called for another meeting on September 29, 2006 to discuss further the recommendations. The consultants were again invited to provide guidance and other options that may be available

2. *NAPC* – The consultants will also meet with NAPC to also present to them the results of TA4544. The meeting will be an opportunity to identify and address issues and concerns gathered through the series of surveys, seminars, and consultations with various groups.

3. *ADB* – The consultants will meet ADB to present the summary results based on the project document.

4. *Forum* – A forum will be called for the various stakeholders on September 22, 2006. Attendees are expected from the representatives of government line agencies, government financial institutions, government owned and controlled corporations, regulatory agencies, umbrella organizations of various MFI, and the participating MFIs.

5. *Submission of Final Report* – The consultants will submit the final technical report to NAPC and ADB by September 27, 2006.

SUMMARY OF ACTIVITIES

By and large, the various activities enumerated in the project document of TA 4544 have been done and the mandated outputs delivered. The only on going activity is the client survey report that will be completed in time for the September 22, 2006 forum.

	Inclusive Activities	Status
<i>Phase 1</i>		
1. <i>MFI Survey</i>	<ul style="list-style-type: none"> ▪ Design of survey instruments ▪ Field Survey 	Done
2. <i>Clients Survey</i>	<ul style="list-style-type: none"> ▪ Design of survey instrument ▪ Field Survey 	Done
<i>PHASE 2</i>		
1. <i>MFI Survey</i>	<ul style="list-style-type: none"> ▪ Written Analysis 	Done
2. <i>Clients Survey</i>	<ul style="list-style-type: none"> ▪ Written Analysis 	In-Progress
3. <i>Training Materials -MFI</i>	<ul style="list-style-type: none"> ▪ Design & Development of PESO Training Materials 	Done
4. <i>Educational Materials -BSS</i>	<ul style="list-style-type: none"> ▪ Design & Development of Educational Materials 	Done
<i>PHASE 3</i>		
1. <i>On Site Training & Mentoring (OTM)</i>	<ul style="list-style-type: none"> ▪ PESO users training workshop ▪ PESO Rating per MFI ▪ Meetings, training, & consultation ▪ Written Final Activity Report per MFI ▪ Provided training to 29 MFI units 	Done. Exceeded expectation of 15 MFI units
2. <i>Basic Sectors Seminar (BSS)</i>	<ul style="list-style-type: none"> ▪ Conducted of 20 MF educational seminars attended by 3,300 participants from the basic sectors. 	Done. Exceeded expectation of 3,000.