

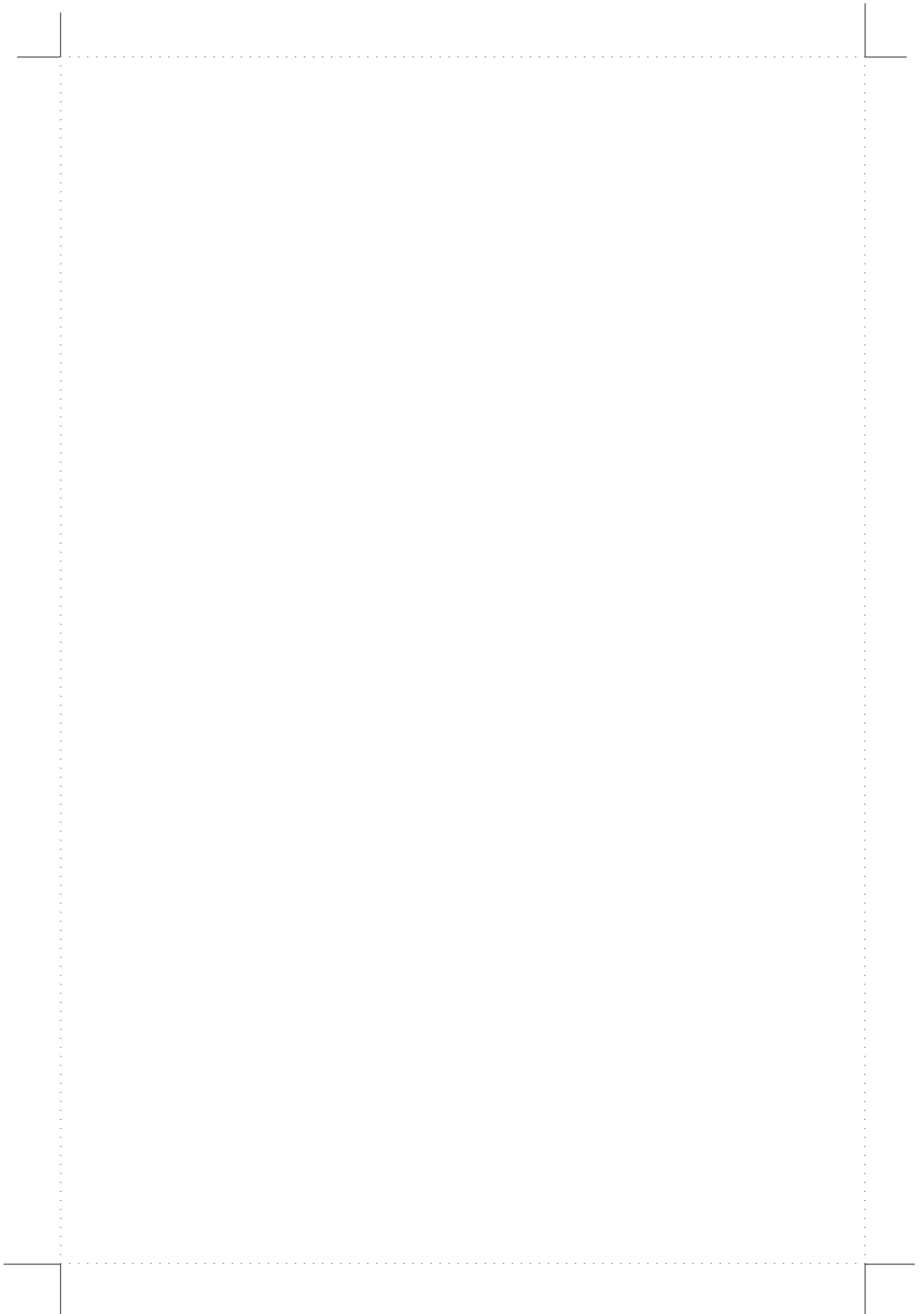
HEEDING POVERTY

An Assessment of Microfinance in the Philippines

A joint project of the

International Network of Alternative Financial Institutions - Philippines
and the John J. Carroll Institute on Church and Social Issues

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AFMA	Agriculture and Fisheries Modernization Act
ALF	Agricultural Loan Fund
AMCFP	Agricultural Modernization Credit and Financing Program
AO	Administrative Order
APPEND	Alliance of Philippine Partners for Enterprise Development
ASHI	Ahon sa Hirap, Inc.
ASKI	Alalay sa Kaunlaran, Inc.
ASA	Association for Social Advancement
ARB	Agrarian Reform Beneficiaries
ATM	Automated Teller Machine
BDS	Business Development Services
BSP	Bangko Sentral ng Pilipinas
CALF	Comprehensive Agricultural Loan Fund
CARD	Center for Agriculture and Rural Development
CCT	Center for Community Transformation
CFS	Client Feedback System
CGAP	Consultative Group to Assist the Poor
CIDSS	Comprehensive Integrated Delivery of Social Services
CIMS	Client Feedback Impact Monitoring System
CPI	Consumer Price Index
DBP	Development Bank of the Philippines
DCP	Directed Credit Programs
DPWH	Department of Public Works and Highways
DTI	Department of Trade and Industry
EO	Executive Order
FSS	Financial Self-Sufficiency
GBAR	Grameen Bank Approach Replicator
GO	Government Organization
INAFI-Phils	International Network of Alternative Financial Institutions-Philippines
JJCICSI	John J. Carroll Institute on Church and Social Issues
JVO	Jaime V. Ongpin Foundation, Inc.

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KALAHI	Kapit-Bisig Laban sa Kahirapan
KMBI	Kabalikat para sa Maunlad na Buhay, Inc.
LBP	Land Bank of the Philippines
LGS	Loan Guarantee Scheme
LGU	Local Government Unit
MCPI	Microfinance Council of the Philippines, Inc.
MDG	Millennium Development Goals
MFI	Microfinance Institution
MFS	Mutual Finance Scheme
MTPDP	Medium-Term Philippine Development Plan
NAPC	National Anti-Poverty Commission
NCC	National Credit Council
NCRFW	National Commission on the Role of Filipino Women
NGO	Non-Government Organization
NIA	National Irrigation Authority
NKL	Nagkakaisang Kababayan-an sa Luzvimin
NLSF	National Livelihood Support Fund
NWTF	Negros Women for Tomorrow Foundation, Inc.
OSS	Operational Self-Sufficiency
PAR	Portfolio at Risk
PCC	Paragon Credit Cooperative
PCFC	People's Credit and Finance Corporation
PDA	Personal Digital Assistant
PIDS	Philippine Institute for Development Studies
PRRM	Philippine Rural Reconstruction Movement
RTW	Ready-To-Wear
SEDP	Small Enterprise Development Program
SBC	Small Business Corporation
SME	Small and Medium Enterprises
SOCKSARGEN	South Cotabato, Sultan Kudarat. General Santos City, Sarangani
SONA	State of the Nation Address
SPM	Social Performance Management
SZOPAD	Southern Philippines Zone for Peace and Development
TESDA	Technical Education and Skills Development Authority
TSPI	TSPI Development Corporation
TST-SELA	Tulong sa Tao Self-Employment Loan Assistance
UKMA	Ugnayan ng mga Kristyanong Mangangalakal
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WEED	Women Empowerment and Enterprise Development

INTRODUCTION

ince the introduction of micro-credit in the late 80s to the adoption of microfinance as a national strategy to help fight poverty in the late 90s, many things have been said about the changed lives and improved situations of poor client beneficiaries of pioneering Microfinance Institutions (MFIs). Many “enterprising poor” clients of these MFIs stood to testify that indeed micro-credit or what is now known as microfinance helped improve their living situations. Microfinance has become a byword and a development discourse and, furthermore, it has been adopted by the current administration as a cornerstone in the fight against poverty. Beyond recognition however, the challenge is to determine the extent and depth of the impact of microfinance on the lives of client-beneficiaries over time.

This study is an attempt to provide an indicative assessment of the impact of implementing microfinance in the Philippines in the last ten years, specifically in terms of its client-level objectives of poverty alleviation and empowerment (especially of women). It was conceived in the light of a worldwide recognition on the role of microfinance as a potent tool in poverty alleviation and the great amount of interest it has generated in the Philippines. It aims to contribute to establishing what microfinance has done so far in its overall objective of reducing poverty and in empowering the poor. It also intends to provide inputs and ideas in enhancing the current intervention strategies and in scaling up microfinance outreach.

This study would not have been possible without the interest and generosity of Oikocredit and ICCO to finance this research. They facilitated the conduct of this research from up north in Baguio City to down south in North Cotabato.

We also wish to thank the ten participating MFIs as well for their time and cooperation, and the ease in coordinating the data collection activities: Alalay sa Kaunlaran, Inc. (ASKI), Center for Community Transformation (CCT), Jaime V. Ongpin Foundation, Inc. (JVO), Kabalikat para sa Maunlad na Buhay, Inc. (KMBI), KAZAMA Grameen, Inc., Milamdec Foundation, Inc., Negros Women for Tomorrow Foundation, Inc. (NWTF), Paragon Credit Cooperative (PCC), Philippine Rural Reconstruction Movement (PRRM)-Cotabato, and TSPI Development Corporation (TSPI). Despite the many work that they have to do

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everyday in the office or on field, they have all been so kind enough to spare at least an hour for the interviews and/or the survey.

We are also grateful to the client-respondents and interviewees of all the ten MFIs who have been so open and willing to share their experience in microfinance. The data gathering meetings may have been exhausting, especially for the groups who spoke a different dialect, but their cooperation and the occasional puns of some respondents during the survey and interview proper have lessened the drudgery of data collection.

We would also like to thank the other stakeholders from government and non-government organizations who have also taken time out of their busy schedules to share their inputs and learnings about our topic.

Finally, the Research Team from INAFI-Phils and JJCICSI would like to express its gratitude to their respective management who have supported this endeavor. Their participation during and after the forum, while modest, has been most crucial in finalizing this study.