

Ugnayan

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The Official
E-newsletter of the
Microfinance Council
of the Philippines, Inc.

Microfinance Stakeholders Explore Going Beyond MicroCredit

On July 28-29, over 200 micro-finance practitioners, donors, service providers and other stakeholders gathered at the Apo View Hotel, Davao City for the last of a 2-part series conference on wholistic approaches to poverty reduction. Entitled “Beyond MicroCredit”, the conference hoped to provide a venue to exchange ideas on new products and new markets that can be explored by the microfinance industry.

Mr. William Tucker, Executive Director of the Small Enterprise Education and Promotion (SEEP) Network was invited as guest speaker during the opening session. One of his key messages was the value of developing appropriate sav-



Resource speakers talk about bringing microfinance to difficult areas

ings products both to improve the lives of clients and to foster a safer, more robust and more inclusive financial system.

Other topics discussed were client protection, micro-insurance, disaster risk reduction, mainstreaming social performance management, value chain financing, financing fisheries, housing microfinance,

financing renewable energy, fostering collaboration and partnership amidst competition and engaging the Aquino administration.

At the end of the two-day conference, participants were armed with new ideas and opportunities to bring back with them to their organizations. “We must revolutionize microcredit in the country” one participant called on his colleagues. There may be hurdles along the way, but none that cannot be overcome with the sector working together. In pursuing these “Beyond Micro” initiatives, the challenge remains, how can the micro-finance sector be truly relevant? **(cont. page 2)**

MCPI Board Retreat

As the new set of MCPI Board members assume office, a board retreat was organized to prepare them for the tasks ahead.

Held last September 9-10, 2010 at the Crowne Plaza Galleria Manila, the board retreat aimed to familiarize new board members to MCPI goals and objectives, strengthen relationships among the board members and MCPI Secretariat and develop a clear understanding of the roles and responsibilities of the board and secretariat. Out of the 7 Board Members, 2 are first time mem-



bers—Kasagana-Ka Development Center, Inc. and Community Economic Ventures, Inc.



Beyond MicroCredit (continuation)

"In this conference, we take a look at our collective efforts as an industry, determine what works and what doesn't and identify what new strategies can be explored in pursuit of our ultimate goal to solve the multi-faceted problem of poverty in the Philippines."

Ruben C. de Lara MCPI

The conference was organized in collaboration with the Mindanao Microfinance Council (MMC). Major sponsors were Citibank, Citi Foundation and SEEP Network. The first conference was held in Cebu last November 2009.



MCPI Holds General Meeting and Elects New Board Members



MCPI Board Members and Staff

The MCPI Annual General Meeting was held last July 29, 2010 in Davao City. Among the items on the agenda was a presentation by the Bangko Sentral ng Pilipinas (BSP) on client protection through pricing transparency. BSP is in the process of releasing a

circular on the adoption of a standard pricing disclosure format. In support of this initiative, the body agreed to help BSP by conducting a pilot test of the said form.


A new set of Board members were also elected. The members of the MCPI Board of

Trustees for 2011-2012 are Ahon sa Hiras Inc. (represented by Ms. Mila Mercado-Bunker) as President, Alalay sa Kaunlaran, Inc. (Rolando Victoria) as Vice President, Kasagana-Ka Development Center, Inc. (Maria Anna Ignacio) as Secretary, Community Economic Ventures, Inc. (Eduardo Jimenez) as Treasurer, KFI Center for Community Development Foundation, Inc. (Rodolfo Quinday) as Internal Auditor and Negros Women for Tomorrow's Foundation, Inc. (Dr. Cecilia del Castillo) and TSPI Development Corporation (Ruben de Lara) as members.

Strengthening Microfinance Networks

The Network Capacity Assessment Tool (NCAT) is a tool designed to evaluate the development stage of a network or association. To support regional councils, MCPI offered to conduct an assessment of the Mindanao Microfinance Council and Bicol Microfinance Council, last April 5-10 and September 20-24, respectively.

Developed by the SEEP Network, the NCAT will evaluate six principal areas of an association: governance, operations, human resources, financial viability, external relations, and service delivery. By the end of the assessment, the organization will be placed in one of four stages of development: nascent, emerging, expanding, and mature.

This assessment aims to help an organization determine training, technical assistance, or other interventions it needs to strengthen its institutional capacity. 

Village and Savings Loans Associations: Reaching Remote Communities

Representatives of microfinance institutions, networks, donors and support organizations gathered last August 27, 2010 at Astoria Plaza, Pasig for an appreciation forum on Reaching Remote Rural Communities through the Village Savings and Loan Associations (VSLAs) approach.

Promoted worldwide by CARE, CRS, Oxfam, Plan and other international agencies, the VSLA is a self-selected group of people, (usually unregistered) who pool their money into a fund from which members can borrow. It offers useful lump sums to cover emergencies and unforeseen events (through insurance), unanticipated expenditures (by way of savings and credit) and investments in micro-enterprise (by means of credit).

The VSLA functions as a savings-based financial intermediary wherein the association relies on pooled savings and retained earnings for money to lend to members. It does not depend on donated capital or credit from MFIs to extend loans.

The VSLA is being implemented in over 40 countries in Africa, Latin America and Asia and is reaching close to 3 million participants. In the category of community-managed and savings-driven microfinance, the experience in many countries has shown that the model is relatively easy to implement, cost effective, replicable and sustainable.


To start, a VSLA needs only a small number of participants (i.e. even as low as 5 to 10). The model is flexible for it allows members to save in varying amounts depending on their income flows. The amount of money

usually saved is small, averaging \$1 to \$2 a month. Members have the option to suspend savings during periods of difficulty (e.g. drought, lean season); similarly, the villagers can save more during harvest or periods of high income.

Other key features of the VSLA are:

- The VSLA accounting system is simple, easy to follow and transparent.
- Transactions are simple and transparent.
- The prevalence and weaknesses of traditional savings and credit practices suggest the VSLA model is both feasible and relevant.
- VSLA is a more methodical system of undertaking group-based financial activities that could be introduced to rural communities.

During the forum, it was suggested that MFIs can do a VSLA program as part of their Corporate Social Responsibility, using income earned from their micro-credit operations. Since the financial autonomy or independence of the groups should be upheld, MFIs are not the ideal managers of VSLAs. Instead, MFIs can help with the community organizing efforts at the local level, without expecting any financial return. Once the VSLA member entrepreneurs have achieved a certain level of growth, then perhaps MFIs can offer their services. The various roles of the MFI in a VSLA approach are still being studied.

Child Fund Philippines and Plan Philippines are two institutions which have started to test the model. While there was general interest from the participants, the general sentiment was to wait for the results of the implementation of Child Fund and Plan. 





KASAGANA-KA DEVELOPMENT CENTER , INC. (KDCI): CHARTING THE NEXT 7 YEARS

KASAGANA-KA stands for **KA**buhayan **SA GA-**nap **NA KA**sarinlan.

In a country where hunger and inequality prevail, this is what KDCI hopes to achieve—communities that are fully alive and thriving both in an economic and social sense. KDCI applies microfinance as a methodology primarily to instill discipline, develop skills and establish the infrastructure that will empower communities and will deliver economic and social services.

KDCI started as the livelihood program of the Foundation for Development Alternatives (FDA), an NGO focused on urban poor communities. In 2002, 12 years after it was launched as a program, KDCI was registered as a separate non-government organization with the Securities and Exchange Commission. Aside from credit, it offers savings and recently micro-insurance services through its Mutual Benefit Association (MBA). Additionally, the MFI provides scholarships to the children of the members out of the proceeds from the MBA.

Despite being a relatively new player in the market, KDCI has found a niche in providing microfinance services to the urban poor. Operating in urban areas where there is considered an over-population of MFIs, KDCI's strategy has

been simple—know the sector you are serving. Having staff that come from this sector has made this easy. Life in the urban setting is fast-paced. Thus, KDCI moves quickly as well. Time is important to members and should not be wasted.

A 7-year plan

In September 2010, the Board of Trustees, management and staff of KDCI developed a 7-year strategic plan. According to their strategic plan, the first two years (2010-2011) will be the consolidation phase for KDCI, revisiting and reaffirming their vision, mission and goals, reviewing its current services and formalizing partnerships with other NGOs. The succeeding two years (2012-2013) will be the full-expansion phase, offering more services and products and expanding to new markets. The next two years (2014-2015), will be continued expansion with the organization aggressively pursuing the delivery of better products and services to the sector. By 2015, a target of 5% of urban poor in Metro Manila should have been served by KDCI. The final year, 2016, will be preparation and transition for the next strategic planning period.

The strategic plan takes into account the various aspects of the organization—delivery of existing and new products and services, im-

proving systems and overall operations, network building, staff development and client impact and targeting. According to Ms. Me-an Ignacio, Executive Director, the main challenge they face is synchronizing all these dimensions so that all contribute to the attainment of the overall vision and mission of KDCI.

All players, all activities must be directed towards these goals. This refers not only to the staff but also to board members and *nanay*-leaders. Thus, the organization also provides for the training and development of its center chiefs and *nanay*-leaders. She adds that safeguarding their organizational culture, together with maintaining constant and open communication, will ensure commitment to their goals.

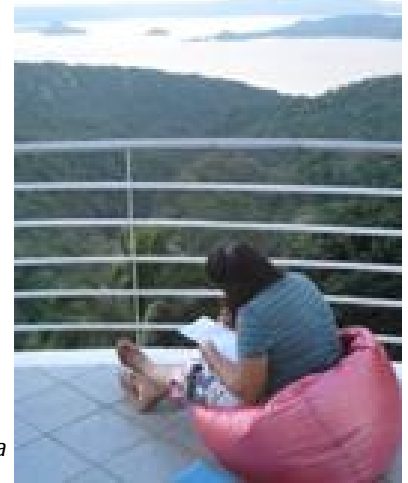
Staff development

KDCI puts priority on staff development, focusing both on training and formation. There is a need to ensure a broad range of skills among KDCI employees, but at the same

time ensuring that these are fully harnessed and that a quality level is maintained. Balance between quantity and quality becomes key.

Moreover, recognizing that the staff are the frontliners in their service, KDCI makes sure to take care of them.

“Happy dapat sila para happy rin ang aming mga nanay. May disiplina dapat sila para may disiplina rin ang aming mga nanay. Mahal nila dapat ang KDCI (halos lahat, kung hindi man lahat) at tumatanaw sa KDCI na isang biyaya sa kanila at kanilang pamilya. Siyempre, kahalo na ang pagdarasal na sana nararapat kami sa patuloy na biyaya ng paglilingkod.”



KDCI staff during recent formation session.

International Conference on Social Performance Tools



Conference organizers and speakers with Cecile Lapenu of Cerise (2nd from the right)

The 4-day workshop aimed to be a learning session on the significance of proven and tested tools, particularly SPI and CPS, in assessing and evaluating MFIs’ social performance. Aside from raising awareness and sharing experiences on these two tools, it also hopes to build a net-

work of trained users.

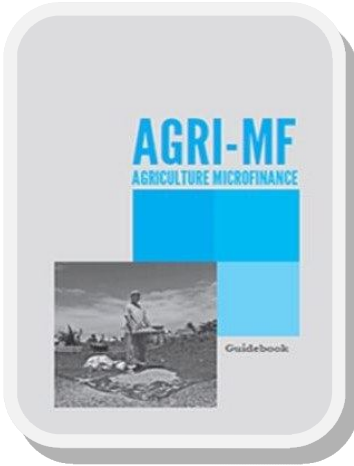
grams and to exchange stories on their experiences, practices and ideas. The workshop was attended by more than a hundred participants, representing microfinance practitioners, donors, networks and support organizations. While most of the practitioners were based in the Philippines, there were delegates also from Indonesia, Cambodia and Mongolia.

MCPI, in partnership with SPACE, Inc. and Kiva Microfunds, organized the first Asia-Pacific Workshop on the Social Performance Indicators (developed by CERISE) and the Client Poverty Scorecard (CPS) developed by SPACE with the support from Entrepreneurs du Monde.

Kiva partners stayed an additional day for the KIVA Asia-Pacific Summit. The summit was an opportunity for the Kiva network to share updates on ongoing and planned pro-

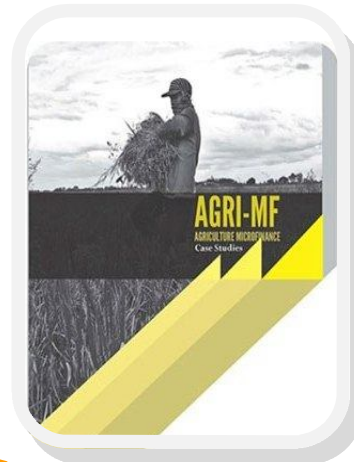


Agri-Microfinance Publications



Agriculture Microfinance Guidebook

The guidebook is a how-to manual for microfinance institutions wanting to explore the delivery of agricultural microfinance or seeking to improve products and services being offered to farming households. The guide is divided into 4 parts— Part 1: historical context on agricultural financing, description of the current credit market and microfinance models and practices; Part 2: description and analysis of the farming market; Part 3: product and service innovations; Part 4: summary and recommendations



Agriculture Microfinance Case Studies

This publication contains case studies conducted by the Asian Institute of Management (AIM) on the agri-MF experience of 5 institutions—Alalay sa Kaunlaran, Inc., First Valley Bank, Quedancor, Sta. Catalina Multi-purpose Cooperative and Valiant Bank.

Published with funding support from ICCO and Cordaid, copies of the above publications are available from MCPI.

the smart campaign | Keeping clients first in microfinance

Six Principles of Client Protection

1. Avoidance of over-indebtedness
2. Transparent and responsible pricing
3. Appropriate collections practices
4. Ethical staff behavior
5. Mechanisms for redress of grievances
6. Privacy of client data

www.smartcampaign.org



To find out more about microfinance in the Philippines, please go to the [Ugnayan blog](#) or call the MCPI Secretariat at (+632) 631 5920 or (+632) 631 6184.