This report details the state of SPM practice among 13 MFI members of the Microfinance Council of the Philippines, Inc. (MCPI) in key operational and strategic areas. It is based on self-reported SPI4 data (consolidated and verified by MCPI on July 21 to September 28, 2016), and discusses both successes and challenges alike. This report was developed with the support of the Social Performance Fund, financed by the Ford Foundation and managed by the Microfinance Centre. Development of the report also received funding from the Philippines’ Center for Agriculture and Rural Development, Inc. (CARD, Inc.).

**Executive Summary**

The MCPI is the Philippine microfinance industry’s staunch supporter and advocate of social performance management. Since the mid-2000s, MCPI has been an active participant in the global community of practice, contributing to various SPM initiatives and advocating for increased uptake locally. This report, therefore, represents many years of pioneering and collaborative work on SPM by MCPI and its members. It showcases the state of practice of 13 MFIs, whose combined outreach represent 70% of the MCPI membership’s total outreach, and 64% of the total portfolio. Many of the MFIs that participated in this research are among the leaders in the industry and have championed SPM in the Philippines in various ways.

**Highlights**

- The MFIs are showing good coverage of rural areas, where poverty incidence is still high and coverage of formal financial service providers leaves room for some more improvement.
- Increased awareness on client protection led to better practices, particularly in terms of transparency and complaints resolution. In 2015, Alalay Sa Kaunlaran, Inc. (ASKI) received its Client Protection Certification, the first Philippine MFI to receive such recognition. More MFIs are working toward improved client protection practices.
- MFIs have been able to establish good HR policies with practices that comply with national laws.
- The increasing number of microfinance players has generated a wide array of financial and non-financial products and services. There is growing interest in

**Credit Information Sharing for Philippine MFIs**

The MiDAS is a pioneering initiative of microfinance institutions in the Philippines that is seen to improve credit information sharing among MFIs. A functioning credit bureau will also help MFIs make better assessment of clients' credit history and repayment capacity, thus minimizing risks of client over-indebtedness.

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1 For more information about SPI4, please check the following website: www.cerise-spi4.org.
2 For more information on the work of the SP Fund, please visit www.mfc.org.pl. For more information about the Social Performance Task Force, please visit www.sptf.info.
agriculture and value chain while more MFIs begun offering post-disaster rehabilitation products and services as many microfinance clients had their livelihoods affected by calamities.

**Challenges**

- Although MFIs demonstrate strong social commitment to the poor, only a handful of them have been able to translate their social mission to SMART goals and objectives. Social performance monitoring focuses on outputs rather than on social outcomes.
- Monitoring of client over-indebtedness is still seen as insufficient. This is mainly due to lack of industry-level information (e.g., saturation or penetration rates) that will help MFIs assess risks of client over-indebtedness. Institutions do not have a formal definition of client over-indebtedness and early warning signs that clients are getting over-indebted.
- The use of declining balance in interest computation is not yet the norm for microfinance NGOs. Those that have shifted to this method realized that institutional preparation and planning are essential to make a successful shift.
- There is still much to be desired in terms of wide uptake of digital financial services among MFIs in the Philippines. While there have been initiatives around e-money and digital payment platforms, infrastructure, inter-operability and inter-connectivity issues are hampering these efforts.

**Looking Ahead**

- MiDAS looks forward to increased MFI membership, which means more MFIs will benefit from wider client information coverage. More importantly, MFIs are better able to do credit checks and loan assessment, thus minimizing over-indebtedness of clients.
- Compliance by microfinance NGOs to R.A. 10693 holds a lot of promise to improve these MFIs’ financial, governance and social performance management practices as they work toward meeting standards that will be set by the Microfinance NGOs Regulatory Council (MNRC).
- Payments and remittance services offered by financial service providers are seen to get a boost with the Bangko Sentral ng Pilipinas’ launching of the National Retail Payment System in December 2015. Access to payments and remittance services is seen as a first step toward achieving full financial inclusion, with the Philippines ranking third among the highest remittance-recipient in the world.

**Sector Overview**

From the mid-2000s to the present, Philippine microfinance experienced the emergence and development of more financial products and services for different client needs and for various market segments (agriculture, housing, microinsurance). This period also marked a significant growth in industry outreach and portfolio, with two MFIs reaching the 1 million milestone in terms of number of active borrowers. By the end of 2015, the combined outreach of 23 microfinance NGOs reached more than 3 million while banks had a combined outreach of 1.23 million.

It was also this period that saw the need for greater accountability and transparency in terms of results and outcomes, as Philippine MFIs felt the effect of microfinance crises happening in different parts of the world. Monitoring and external reporting of performance became an essential responsibility of MFIs as they became increasingly drawn to the concept of inclusive and responsible finance. Local support for SPM and client protection initiatives increased through the years. This was given more thrust as the Bangko Sentral ng Pilipinas, a staunch advocate of financial inclusion, led the crafting and launching of the National Strategy for Financial Inclusion in 2015. It was a landmark achievement that formally defines inclusive finance as a “state where there is effective access to a wide range of financial products and services by all.” Appropriately
designed and widely used products and services for various market segments, especially the unserved and underserved, financial education and consumer protection are among the striking overlaps between SPM and financial inclusion. The 2013 report on the state of financial inclusion in the Philippines highlighted the expansion of the physical reach of banks through the so-called micro-banking offices (MBOs), extended virtual reach through electronic money (e-money) and wider range of affordable financial products through microfinance.³

Another significant development in the industry is the passage of Republic Act No. 10693, otherwise known as the Microfinance NGOs Act of 2015. An important feature of the law is an accreditation system for microfinance NGOs that will be based on sound governance, strong and effective financial and social performance management systems, and compliance to established standards.

**Member Overview**

The Microfinance Council of the Philippines, Inc. (MCPI) was registered in 2000 as a non-stock, non-governmental organization of microfinance and allied institutions. MCPI envisions of becoming a “world-class national network of microfinance institutions and support organizations that advocate sustainable, innovative, and client-responsive solutions to poverty in the Philippines.” Its mission as a network of microfinance institutions is to advocate poverty reduction and social protection in the Philippines by promoting ethical and inclusive financial and non-financial services; advance their capacity to serve poor households in a sustainable, innovative, and client-responsive manner, and achieve

the highest global standards of excellence in governance, stewardship, and service towards staff, clients, and communities they serve.

MCPI has two categories of membership – regular and associate members. Regular members are institutions that directly provide microfinance on a retail basis, such as cooperatives, formal financial institutions (e.g., banks) or non-stock, non-profit, non-government organizations (NGOs). A regular member can also be a network organization or local association not engaged in the wholesale of microfinance loans, whose members are microfinance institutions that provide microfinance on a retail basis. Banks and cooperatives are under the regulatory ambit of government regulators, while NGOs will be regulated based on the terms of the recently signed Microfinance NGO Act. Associate members, on the other hand, are institutions supportive of the mission of MCPI, which may include private local or international organizations or network of institutions engaged in the wholesale of microfinance loans and private institutions that have interest in providing training support, technical, and research assistance. As of January 31, 2017, MCPI has 49 regular members and 11 associate members. Thirty of MCPI’s regular members are microfinance-NGOs. Of the 49 regular members of MCPI, 13 volunteered to take part in this research.

MEMBERS: OPERATIONAL OVERVIEW

Product Range

Product offerings of MFIs in the Philippines have gone full circle. From simple business loans in the 1980s, microfinance NGOs began offering non-financial services to what was known as “credit plus” services to the poor. A call for greater outreach and improved sustainability led them to focus on financial products, mainly business loans. As MFIs became more driven by client demand and competition in terms of product design and offerings, they began offering other financial products (e.g., microinsurance) and other types of loans (agriculture, housing, education). The Bangko Sentral ng Pilipinas likewise espoused product diversity with regulations for banks on agriculture microfinance and housing microfinance. Today, MCPI’s mixed membership of NGOs, banks and cooperatives offers a diverse and wide array of financial and non-financial products and services with various types of loans for different market segments (micro and small enterprises), deposits (for banks and cooperatives), microinsurance, business development service, and financial education, among others.

Geographic Coverage

MCPI’s member-MFIs have wide rural coverage, with more than 70% of the total savers and borrowers (74% and 71%, respectively) living in rural areas. NGOs, rural banks and credit cooperatives are known to serve rural communities, which are generally characterized as those situated in islands or the uplands. With branches set up in town centers or poblaciones, MFI branch
staff reach these hard-to-reach communities through motorcycles, sometimes through motorized bancas. Rural Philippines is also mainly agricultural, hence, the increase in loans for rural farmers and the increasing attention being given to agricultural value chain financing.

**Financial Performance**

MCPI has, in its membership, the biggest MFIs in the country. These MFIs contribute significantly to MCPI’s combined outreach of more than 4 million active borrowers and loan portfolio amounting to USD564.9 million. More than 25,000 microfinance staff serve clients all over the archipelago. The MCPI members’ overall financial performance shows operational and financial stability as evidenced by high self-sufficiency, profitability and sustainability ratios. Microfinance NGOs, in particular, have become less dependent on grants and have resorted to local sources of funds for their operations. These sources include government financial corporations and commercial banks. Operating costs, however, remain relatively high relative to loan portfolio and this is mainly due to high costs of delivering financial products and services to geographically dispersed and remote rural communities that are typically served by MFIs in the country.

<table>
<thead>
<tr>
<th>Financial Performance of MCPI’s Members</th>
<th>As of December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active borrowers (total)</td>
<td>4,046,247</td>
</tr>
<tr>
<td>Active borrowers (average)</td>
<td>115,607</td>
</tr>
<tr>
<td>Gross loans outstanding (total)</td>
<td>Php 28,246,794,644</td>
</tr>
<tr>
<td></td>
<td>(USD 564,935,893)</td>
</tr>
<tr>
<td>Gross loans outstanding (average)</td>
<td>Php 807,051,276</td>
</tr>
<tr>
<td></td>
<td>(USD 16,141,025)</td>
</tr>
<tr>
<td>Number of staff (total)</td>
<td>25,511</td>
</tr>
<tr>
<td>Number of staff (average)</td>
<td>729</td>
</tr>
<tr>
<td>Administrative efficiency (average)</td>
<td>33.7%</td>
</tr>
<tr>
<td>Operational self-sufficiency (average)</td>
<td>130.8%</td>
</tr>
<tr>
<td>Financial self-sufficiency (average)</td>
<td>86.4%</td>
</tr>
<tr>
<td>Loan portfolio profitability (average)</td>
<td>9.8%</td>
</tr>
</tbody>
</table>
Social Goals

Our members are working towards clear social goals

Commonly seen in the Vision and Mission statements of MFIs that participated in this research are the phrases “increased access to financial services” and “poverty reduction”, considered as the overarching goals of microfinance. These MFIs recognize the need for increased financial inclusion that will benefit disadvantaged and marginalized sectors in the country, most notably poor households, rural farmers, micro-entrepreneurs and small fisherfolk. Through the years, there has been little improvement in the country’s poverty situation, particularly in rural and farming areas. Based on the Family Income and Expenditure Survey for the first semester of 2015, poverty incidence in the Philippines was registered at 26.3%. Poverty incidence was 27.9% during the same period in 2012.

Several MFIs (11) also aim for growth and development of their clients’ businesses, believing that improved and stable businesses can be reliable sources of income. MFI goals also revolve around meeting the poor’s social and development needs, such as on water, sanitation and hygiene, children’s education and health improvement.

While MFIs are able to articulate their goals in their Vision, Mission and strategies, very few have been able to express them in terms of SMART objectives and targets. The main challenge lies in identifying key and measurable indicators that can best translate the results or outcomes that they want their clients to experience (e.g., reduced poverty, empowerment, spiritual transformation). Without these indicators, monitoring and tracking of

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4 SMART is acronym for specific, measurable, achievable, realistic and timebound.
client’s progress is insufficient. It is, however, less challenging for MFIs to track improvements in businesses as this can be tracked almost every loan cycle.

**Our members target a range of client groups**

All 13 MFIs are targeting rural and/or women clients, typical of microfinance methodologies adopted by most MFIs in the country. This is evident in the client composition of the MFIs’ outreach: 99% of the total savers and 97% of the total borrowers are women. Likewise, more than two-thirds of the MFIs’ total borrowers and savers come from the rural areas. In recent years, there has been growing interest in microfinance for marginalized sectors, such as indigenous people, Muslim communities and persons with disability. Youth in microfinance is yet to gain ground but a few cooperatives and banks have been offering savings products for the youth.
Our members target poor clients using clear definitions and measurements

All 13 participating MFIs broadly classify their clients as poor, while 11 characterize their clients as low-income households or individuals. These clients targeted by MFIs are normally low-income individuals with existing micro-businesses. Only 6 of the MFIs indicated that they are targeting very poor clients. Very few of the MFIs use household poverty levels or scores to target their clients. Based on the 2015 FIES, the monthly poverty threshold is Php9,140 (USD183.52) while the monthly food threshold is Php6,365. Six of the MFIs in this report are known to be using the Progress out of Poverty Index (PPI) and 3 of them are using this to target clients. Other MFIs use the area mapping approach to identify poor households in a community, prioritizing provinces and towns with high poverty incidence.

The table below shows the poverty profile of new clients, with 3 MFIs having, on the average, 45% of new clients falling below the national poverty line. The average is smaller for new clients below the USD1.25/day (14%) and USD2.50/day (28%) poverty lines. One MFI reported that 83% of their new clients belong to the poorer 20% of the national population. This MFI intentionally targets poorer clients, using the PPI as a targeting tool.

<table>
<thead>
<tr>
<th>% of new clients below this selected line</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>National poverty line (3 MFIs)</td>
<td>45%</td>
</tr>
<tr>
<td>USD 1.25 a day (4 MFIs)</td>
<td>14%</td>
</tr>
<tr>
<td>USD 2.50 a day (6 MFIs)</td>
<td>28%</td>
</tr>
<tr>
<td>Poorer 20% of the national population or nearest equivalent (1 MFI)</td>
<td>83%</td>
</tr>
<tr>
<td>Poorer 40% of the national population or nearest equivalent (1 MFI)</td>
<td>42%</td>
</tr>
<tr>
<td>Poorer 60% of the national population or nearest equivalent (1 MFI)</td>
<td>28%</td>
</tr>
</tbody>
</table>

PRODUCTS AND SERVICES

Our members deliver a range of financial services

In the past 10 years, MFIs in the Philippines have widely diversified their product offerings. As the field of players widen, so does the range of products offered and made available to various client types and market segments. This is also a result of the MFIs‘ conscious effort to understand

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5 Source: Philippine Statistics Authority
and address client needs and preferences. Aside from microenterprise loans, many of the reporting MFIs have offered loans that aim to address specific social needs, such as for education, housing and water, sanitation and hygiene (WaSH). There was increased interest on agriculture microfinance as rural farmers and fisherfolk remain one of the underserved market segments due to the inherent risks in lending to them. Several participating MFIs are also delivering loans to the SME market, recognizing that as clients’ businesses grow, demand for bigger loans also increase. Lately, MFIs have begun offering calamity loans as disastrous and oftentimes catastrophic typhoons, floods and even earthquakes take its toll on clients’ businesses and personal lives.

Distribution of portfolio by methodology type shows several MFIs adopting a mix of individual and solidarity group lending. Individual lending is common among rural banks but, over the years, an increasing number of microfinance NGOs have shifted to this methodology. Several of them, however, have retained the group set-up where transactions such as collections are done during weekly, bi-weekly or monthly meetings. Thirty-five percent (35%) of the 13 MFIs’ total portfolio are for solidarity group loans, while 65% comprise individual loans.

Portfolio distribution by loan categories shows that the MFIs are still focused on microenterprises as 95.5% of the total reported portfolio account for these types of enterprises. Only 2.8% are for
small and medium enterprises (SMEs). SMEs, naturally, require bigger loan sizes and can be catalysts of local economic growth and job generation.

In terms of types of enterprises or activities which were supported by the loans, trade and services account for 51.5% of the combined portfolio of the MFIs. Popular among MFI clients are neighborhood variety stores, food vending and transport service. MFIs have also increased their exposure in agriculture as profiles of microfinance clients revealed that many households are also engaged in agriculture, such as small-scale agriculture production and trading.

All participating MFIs have compulsory savings bundled with the loan products, while only 9 offer voluntary savings products. Microinsurance has also become increasingly popular among MFIs and their clients. Microinsurance in the Philippines comes in two types: mutual benefit associations (MBAs) or through commercial insurance companies and intermediaries. Delivery of microinsurance products by MFIs is under the regulatory realm of the Insurance Commission. Meanwhile, uptake of mobile banking or digital financial services has not increased over the years with only one MFI in this report offering such service. Interestingly, a 2016 Financial Inclusion paper of the Bangko Sentral ng Pilipinas reported that, in the Philippines, there is 119% SIM penetration rate, 40% smart phone penetration rate, yet only 1% of all payments are electronic. The report also indicated that most Filipino adults remit through remittance agents, pawnshops and ATMs.

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Our members also offer non-financial services in line with clients’ needs

MFIs in the Philippines offer “credit plus” services in response to increasing demand for services that complement financial products and services, particularly loans. There is a wide range of non-financial services being offered with all 13 MFIs in this research providing financial literacy/education and business development services to clients. Leadership and enterprise skills development training, particularly for women, are common among MFIs that still use groups and weekly or monthly meetings for transactions such as collection. A number of MFIs are also known to provide community development services, such as feeding, medical or dental mission and relief operations in the aftermath of disasters.

### Non-financial Services

- Financial literacy education
- Business development services
- Leadership training for women
- Basic health/nutrition education
- Enterprise skills development
- Basic medical services
- Other education services
- Others: Values education, Feeding, Gift Giving to...
- Women’s rights education/gender issues training
- Occupational safety and health in the workplace...
- Child and youth education
- Other medical services
- Special medical services for women and children
- Other enterprise services
- Other women’s empowerment services
- Counseling/legal services for female victims of...

### Non-financial Services Table

<table>
<thead>
<tr>
<th>Non-financial services</th>
<th>Total Number of Clients Reached</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise services outreach (4 MFIs)</td>
<td>41,034</td>
</tr>
<tr>
<td>Education services outreach (5 MFIs)</td>
<td>49,151</td>
</tr>
<tr>
<td>Health services outreach (5 MFIs)</td>
<td>28,215</td>
</tr>
<tr>
<td>Women’s empowerment services outreach (4 MFIs)</td>
<td>20,927</td>
</tr>
</tbody>
</table>
Our members understand their clients’ needs, not just their “wants”

In the past 10 years, more MFIs in the Philippines have realized the value of client information and feedback to inform product development and improve existing products. Client feedback, whether collected formally through client satisfaction surveys, exit interviews or complaints mechanisms, or gathered informally through regular group meetings, have been a key source of information to help MFIs make their products attuned to changing client preferences and peer competition. Most of the reporting MFIs conduct market studies to assess clients’ needs and preferences (12 MFIs) and to evaluate suitability of product features to certain client characteristics (11 MFIs).

In recent years, more MFIs have consciously established complaints resolution systems not only to improve customer service but, more importantly, to use complaints information to improve products, services, delivery channels, policies or staff behaviour. To ensure that clients are fully aware that the institution entertains and encourages complaints, complaints information (e.g., how to submit complaints, hotline numbers, mobile phone numbers) are provided to clients through various channels: in loan contracts (4 MFIs), in branch offices (10 MFIs) and in the website (3 MFIs). Four MFIs in this research also verbally communicate complaints information to clients prior to signing contracts. Not many of these MFIs, however, have been able to do complaints tracking, monitoring, analysis and reporting such that complaints information fully serve its purpose of improving products, policies, systems and procedures.

<table>
<thead>
<tr>
<th>Target client characteristics</th>
<th>Yes</th>
<th>No</th>
<th>Partially</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need/preferences for products</td>
<td>Yes</td>
<td>No</td>
<td>Partially</td>
</tr>
<tr>
<td>Need/preferences for delivery channels</td>
<td>Yes</td>
<td>No</td>
<td>Partially</td>
</tr>
<tr>
<td>Potential barriers to access products</td>
<td>Yes</td>
<td>No</td>
<td>Partially</td>
</tr>
<tr>
<td>The institution uses client feedback to inform product development and improve existing products (client feedback can be informal)</td>
<td>Yes</td>
<td>Partially</td>
<td>No</td>
</tr>
</tbody>
</table>

**Making available complaints information to clients**

- Yes: The information how to complain is in the contract (11)
- Yes: The information how to complain is displayed in branch (11)
- Yes: The information how to complain is displayed on the website (11)
- Yes: The information how to complain is communicated verbally by the field staff prior to signing the contract (9)
**Client Protection**

The sector is actively responding to calls for better client protection practices in order to prevent a microfinance crisis that affected countries like India and Morocco. Client protection is also one of the pillars cited in the National Strategy for Financial Inclusion, which highlights the need for well-informed and adequately protected consumers of financial products and services. There is also increasing awareness about Smart Campaign’s Client Protection Principles as Alalay Sa Kaunlaran, Inc. (ASKI) became the first Philippine Smart-certified MFI.

The industry is also paying attention to cases of multiple borrowing of clients, which may lead to over-indebtedness, high PAR and client dropouts. Several leading MFIs responded to this by establishing the Microfinance Information Data Sharing System (MiDAS), a privately-run microfinance credit bureau that makes available credit information on clients to enable better risk management by MFIs. As of end of 2016, 22 MFIs are participating in MiDAS, 6 of which are participants in this research.

**Doing good while doing well**

MFIs in the Philippines have become increasingly aware and interested in client protection, acknowledging that protecting clients from harm is fundamental to their social mission. After ASKI, a few other MFIs are working toward Smart certification in 2017, while more MFIs are expected to undergo Smart assessment.

**Our members work to prevent client over-indebtedness**

MFIs that are participating in MiDAS have the advantage of using credit bureau information to conduct credit checks and loan assessment. For most of the MFIs covered by this report, it is important that loan officer's analysis of clients’ repayment capacity is guided by well-crafted policies and specific guidelines. Repayment capacity analysis is done at each loan cycle, normally involving cash flow analysis, visit to the client’s business and cross-checking of client information.

Most of the MFIs have boards and management who are aware of the risk of client over-indebtedness, particularly for MFIs that are operating in areas highly saturated by microfinance services (e.g., urban areas, town centers). Monitoring over-indebtedness, however, leaves some room for improvement. Very few have institutional definition of client over-indebtedness and, oftentimes, this is not seen as a probable driver of increasing PAR. Internal audit checks verify compliance to loan assessment policies but this is not necessarily seen in the context of over-indebtedness prevention.
Other notable results/practices

Transparency is an area that improved in MFI practices through the years. Eleven of 13 MFIs display loan interest rates in branch offices while 7 use loan contracts in the local language. Several years ago, the Bangko Sentral ng Pilipinas intensified its advocacy on proper disclosure of loan prices (including other charges and fees) to clients and this was widely adopted not only by banks but also microfinance NGOs. While a few microfinance NGOs have made the shift from flat to declining balance method in loan interest calculation, others are not yet prepared to follow because systems (e.g., MIS) and policies are not yet in place. Meanwhile, only a few MFIs are practicing more public disclosure of loan prices such as on websites.

PROTECTING AND MANAGING STAFF

Our members train and support staff to deliver excellent social and financial results

Training, performance-based salary increases and incentives are key elements in managing MFI staff. Particularly for loan/credit officers, it is important that they have the needed knowledge, skills and attitude to manage clients and portfolio. Most of the MFIs also provide job-specific training to their staff. Commonly provided to the staff are classroom-based training. For MFIs in this report, credit and front-office employees receive an average of 15 training days a year. On-the-job mentoring/supervision is also a common practice among MFIs, particularly for loan/credit officers. It is through mentoring where some of the good practices of the senior officers are passed on to novice officers. There are MFIs that encourage self-study and e-learning methodology. All participating MFIs have policies that allow their staff to receive promotions and salary increases based on good performance.
Number of days of all training workshops per year received by:

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Average</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management staff (11 MFIs)</td>
<td>100</td>
<td>9</td>
<td>2-36</td>
</tr>
<tr>
<td>Administrative and back office staff (10 MFIs)</td>
<td>130</td>
<td>13</td>
<td>2-35</td>
</tr>
<tr>
<td>Credit and front office staff (10 MFIs)</td>
<td>147</td>
<td>15</td>
<td>2-45</td>
</tr>
<tr>
<td>Board members (3 MFIs)</td>
<td>10</td>
<td>3</td>
<td>2-5</td>
</tr>
</tbody>
</table>

**Our members protect and support staff**

MFIs in the Philippines have good and well-articulated human resource policies that, overall, comply with labor laws and regulations. All participating MFIs have policies that ensure good work conditions and environment for their staff covering overtime pay, vacation and sick leaves, and work hours per week. Policies also define exit or resignation procedures, and a list of violations and corresponding sanctions and disciplinary procedures. There are also well-defined policies on salaries, benefits and safety at work. Only 7 of the MFIs have a whistle blower policy, while 4 have provision of any collective bargaining agreements.

The table below shows the wages paid currently and at entry being given by the MFIs to their staff as all of them claimed to comply with the labor law on minimum wage. Wages paid currently and at entry for credit officers and other front office staff do not show wide disparity among the MFIs. This, however, is not the case if other staff are included as maximum wage currently paid ranges from USD570 to USD5,008.

<table>
<thead>
<tr>
<th>Salary scale</th>
<th>Average</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum wage at entry in the institution (11 MFIs)</td>
<td>Php 7,738 (USD 155)</td>
<td>Php 6,000 – 10,200 (USD 120 – 204)</td>
</tr>
<tr>
<td>Maximum wage currently paid in the institution (9 MFIs)</td>
<td>Php 106,042 (USD 2,121)</td>
<td>Php 28,500 – 250,400 (USD 570 – 5,008)</td>
</tr>
<tr>
<td>Minimum wage at entry for credit and front office staff (11 MFIs)</td>
<td>Php 8,457 (USD 169)</td>
<td>Php 6,600 – 11,500 (USD 132 – 230)</td>
</tr>
<tr>
<td>Maximum wage currently paid for credit and front office staff (11 MFIs)</td>
<td>Php 16,879 (USD 338)</td>
<td>Php 14,000 – 28,500 (USD 280 – 570)</td>
</tr>
</tbody>
</table>
Green Microfinance

Our members care about their impact on the environment

Most of MCPI’s members are aware of the risks involving the environment. Awareness campaign on conservation and solid waste management is strong among the members, and these are manifested through existing policies on tree planting, waste segregation, and exclusion list, among others. These policies are also reinforced during weekly meetings with clients and in their involvement with local government-initiated activities such as coastal clean-ups and tree planting.

There are few MFIs that are advanced in terms of green inclusive finance adoption by offering renewable energy and energy efficiency, and climate change resilient loan products, such as the following:

- Solar home system
- Biogas system
- Clean water through water, sanitation and hygiene initiatives
- Integrated farming system.

<table>
<thead>
<tr>
<th>Green Microfinance Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>The institution defines and implements its environmental strategy.</td>
</tr>
<tr>
<td>• Has a formal environmental policy</td>
</tr>
<tr>
<td>• Has a person appointed to manage environmental issues</td>
</tr>
<tr>
<td>The institution manages its internal environmental risks.</td>
</tr>
<tr>
<td>• Awareness campaign on paper, water and energy consumption, waste management, carbon emissions</td>
</tr>
<tr>
<td>• Mechanisms in paper, water and energy consumption, waste management and carbon emissions</td>
</tr>
<tr>
<td>• Monitoring achievements in paper, water, and energy consumption, waste management, and/or carbon emissions</td>
</tr>
<tr>
<td>• Uses specific tools to evaluate the environmental risks of clients' activities</td>
</tr>
<tr>
<td>The institution provides green products and services to its clients.</td>
</tr>
<tr>
<td>Specific loan products dedicated to renewable energy</td>
</tr>
<tr>
<td>Specific loan products dedicated to promoting environmentally-friendly technologies and activities</td>
</tr>
<tr>
<td>Specific loan products dedicated to helping clients become more resilient to environmental shocks or climate change</td>
</tr>
</tbody>
</table>
Responsibility to the Community

Our members care about their impact on the community

Many MFIs in the Philippines, particularly NGOs, have community development programs and services in areas where they operate. Aside from social and environmental programs, they offer specific support services that benefit the youth and the elderly. Examples of this are annual gift giving to households in the community, medical missions for the elderly, feeding program for the children and skills training for the youth.

<table>
<thead>
<tr>
<th>Support to Excluded Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youth</td>
</tr>
<tr>
<td>Elderly</td>
</tr>
<tr>
<td>Unemployed</td>
</tr>
<tr>
<td>Indigenous people or ethnic minority</td>
</tr>
<tr>
<td>Disabled people</td>
</tr>
<tr>
<td>Castes, religious groups</td>
</tr>
<tr>
<td>Migrants, internally displaced people, refugees</td>
</tr>
</tbody>
</table>

Total number of organizations supported by 13 MFIs in community development programs

| Total number of clients benefitted by community development programs | 580,911 |

Total number of clients benefitted by community development programs
About the Microfinance Council of the Philippines, Inc.

The Microfinance Council of the Philippines, Inc. (MCPI) is the national network of microfinance institutions working towards sustainable, innovative and client-responsive solutions to poverty in the country. MCPI is currently comprised of 60 institutions, including 47 practitioners, 2 regional networks, and 11 support institutions. Its member-practitioners include 30 microfinance non-government organizations, 11 rural banks, and 6 cooperatives. The key programs of MCPI include Advocacy, Capacity-building for Microfinance Institutions, Knowledge Management, and Network Development.

Following are MCPI’s MFI-members that participated in the development of this report:

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Pasig City 1605
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Phone: (02) 913-2452
www.ashi.org.ph

Alalay Sa Kaunlaran, Inc. (ASKI)
105 Maharlika Highway
Cabanatuan City
Phone: (044) 600-2858; (044) 600-2908; (044) 463-1246
www.aski.com.ph

CARD, Inc.
20 M. L. Quezon St.,
City Subdivision, San Pablo City
Phone: (049) 561-2018; (049) 562-4309; (049) 562-6560
www.cardmri.com

Community Economic Ventures, Inc. (CEVI)
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www.cevi.org.ph

Kasagana-ka Development Center, Inc. (KDCI)
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Kabalikat para sa Maunlad na Buhay, Inc. (KMBI)
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People’s Bank of Caraga (PBC)
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