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EVALUATION

Final Performance Evaluation USAID/Philippines' Microenterprise Access to Banking Services Program- 4

April 2013

This publication was produced at the request of the United States Agency for International Development. It was prepared independently by SUSTAINABLE DEVELOPMENT SOLUTIONS.

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This publication was produced for the United States Agency for International Development. It was prepared by Dr. Hector Sales, Alejandro Almendral, and, Io Martin Guballa through Sustainable Development Solutions (SDS).

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development nor the United States Government.

Final Performance Evaluation USAID/Philippines'
Microenterprise Access to Banking Services Program- 4 (MABS-4)

FINAL REPORT

24 April 2013

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Acronyms

AO	Account Officer
ARMDEV	Associated Resources for Management and Development, Inc.
BSP	Bangko Sentral ng Pilipinas
CICO	Cash in / Cash out
COP	Chief of Party
IC	Insurance Commission
IDI	In-depth Interview
ILO	International Labour Organization
Fair Bank	First Agro – Industrial Rural Bank
FGD	Focus Group Discussion
GPH	Government of the Philippines
GXI	G-Xchange, Inc.
HMF	Housing Microfinance
KII	Key Informant Interview
MABS-4	Microenterprise Access to Banking Services Program – 4
MEP	Microenterprise Product
MAP	Microagricultural Product
MFI	Microfinance Institution
MinDA	Mindanao Development Authority
MIS	Management Information System
NGO	Non-government Organization
NSO	National Statistics Office
OBO	Other Banking Offices
PAR	Portfolio At Risk
PLIA	Philippine Life Insurance Association
RB	Rural Bank
RBAP	Rural Bankers Association of the Philippines
RBRDF	Rural Bankers Research and Development Foundation
SDS	Sustainable Development Solutions
SOW	Scope of Work
TOR	Terms of Reference
USAID	U.S. Agency for International Development

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EXECUTIVE SUMMARY

The U.S. Agency for International Development / Philippines (USAID), in partnership with the Rural Bankers Association of the Philippines / Rural Bankers Research and Development Foundation Inc. (RBAP/RBRDFI), supported the Government of the Philippines (GPH) in its effort to promote a more inclusive financial system through the development of microfinance services under the Micro-enterprise Access to Banking Services (MABS) Program. The program which started in 1997 in Mindanao and eventually expanded to the entire country, focused on increasing microenterprise access to financial services provided by the formal financial sector, the Rural Banks (RB), through technical assistance and training activity with no provision of loan funds or guarantees. It had four phases of program implementation (MABS 1-4) with each phase having specific targets on financial services or products using MABS technology.

Phase 4 or MABS-4 of this program commenced in May 1, 2008 with the main objective of ensuring the continued and expanded availability of bank-provided financial services to the micro entrepreneurs and resource-poor segment of the population. This phase assisted in expanding the range of services that RBs can profitably provide to their microenterprise clientele. MABS-4 ended in September 2012 and USAID and the GPH decided to gauge the results (outputs and outcomes) of MABS-4 by commissioning Sustainable Development Solutions (SDS) to conduct the Final Performance Evaluation.

Over the course of 40 days, the evaluation assessed the effectiveness and sustainability of the program as well as other factors such as contractor's performance, good practices, lessons learned, innovative outcomes, gender, enabling environment, and training. In conducting the performance evaluation, SDS employed a qualitative study and review of secondary data as well as Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) with stakeholders in Luzon, Visayas, and Mindanao.

Based on the evaluation, the partner RBs were successfully capacitated by MABS-4 to deliver microfinance services in the areas of microcredit, micro insurance, micro agricultural loans, micro housing, and mobile phone banking. All targets were exceeded except for microagricultural loans. In general, the quality of services of partner RBs was acceptable to the clients. It was also found that in addition to microsavings and loans, microinsurance is a highly valued product by the clients. More than 80 percent of the borrowers were women with their husbands acting as co-borrowers. MABS was also able to develop innovations (e.g., mobile money, microinsurance, etc.) that can be replicated and scaled up to other areas in the country with assistance from the communications service providers, insurance commission, and other supportive agencies. There were also several good practices that were introduced by MABS in terms of credit investigation and collection, a monitoring and information system, hands-on capacity development, client-RB relationship, and the like. Overall, the financial services provided by partner RBs appear to be generating direct and indirect economic benefits.

The foregoing considered, the following recommendations are hereby presented:

- RBAP / RBRDFI should train and accredit additional Non-government Organizations (NGOs) / individuals who can conduct trainings and consultancy services for banks that want to adopt the MABS Approach and expand their microfinance activities;
- RBs should request their microinsurance service providers to develop additional microinsurance products such as deposit based savings microinsurance or voluntary microinsurance;
- There should be an active push for the adoption of mobile banking among RBs for clients in far flung areas to have access to financial services; and
- Further rigorous analysis / evaluation should be conducted to ascertain MABS' impact on financial inclusion and economic benefits such as in-depth study, case studies, and ex-post evaluation studies.

1 EVALUATION PURPOSE AND QUESTIONS

1.1 EVALUATION PURPOSE

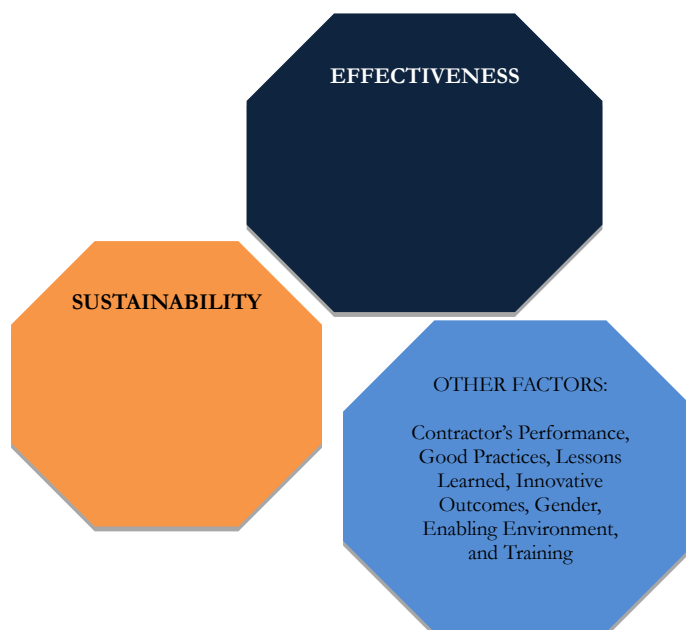
The objectives of the study were: (i) to determine the extent by which the MABS-4 package of interventions have contributed to the outcome of increased economic opportunity through the development of a more inclusive financial system, that is not limited to credit and savings only; (ii) to assess the specific outcomes and inputs linked to the various products and services promoted by MABS-4; (iii) to examine the before-and-after effect of MABS-4 interventions on the following outcomes: (1) improved ability of clients to generate savings for business expansion and/or cushion economic shocks and (2) improved ability of RB partners to sustain and expand their respective capacities to offer microfinance services as a profitable and continuing part of their operation; and (iv) provide lessons for designing similar projects in the future.

The study reviewed MABS-4 training and technical assistance activities, consumer protection and consumer education activities, efforts to strengthen the enabling policy and regulatory environment for microfinance services (i.e., establishment of a credit bureau) and efforts to support public-private partnerships. Within the context of these objectives, the study was guided by the following assessment questions: (i) what are the impacts of the various mixes of financial service interventions on the bank clients?; (ii) what types of financial service mix create the most impact in the bank influence area?, and (iii) what other interventions are needed to maximize the benefits produced by the project?

In reviewing MABS-4's performance, the evaluation focused on the following illustrative indicators and components:

- Number of RB branches and other banking offices offering microfinance services (including microcredit, micro savings, micro housing loans, micro agricultural loans, micro insurance, and mobile phone banking services)
- Number of new microenterprise borrowers (male and female) served by USAID-assisted RBs
- Number of new micro deposit accounts (male and female) opened
- Number of active males and females covered by microinsurance
- Number of clients (male and female) registered to use mobile phone banking services

Figure 1. MABS-4 Evaluation Components



1.2 EVALUATION QUESTIONS

Effectiveness

1. Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system?
 - 1.1 improved clients' ability to generate savings for business expansion and/or cushion against economic shocks
 - 1.2 improved ability of RB partners to sustain and expand their respective capacities to offer microfinance services
 - 1.3 Improved services (better and more accessible) by RBs to microfinance clients
2. What are the key results (outcomes and outputs) of MABS-4?

Indicators	Baseline	Achievement	
		Target	Actual
Number of RB branches and other banking offices offering microfinance services:			
Microcredit			
Microsavings			
Microhousing loans			
Microagricultural loans			
Microinsurance			
Mobile phone banking services			
Number of new microenterprise borrowers served by USAID-assisted RBs			
Number of new micro deposit accounts opened			
Number of active persons covered by microinsurance			
Number of clients registered to use mobile phone banking services			
Policies and regulations on microfinance and mobile banking			

Indicators	Baseline	Achievement
developed and rolled-out		

3. What factors and conditions significantly contributed or hindered the achievements in questions 1 and 2?

Sustainability

4. What mechanisms were put in place by Chemonics to support sustainability of Program benefits? Did the Program effectively prepare RBAP/RBRDFI and the RBs for sustaining systems and interventions developed under MABS-4?

Other Factors

Contractor's Performance

5. Describe briefly the Program's management mechanisms (i.e., headquarter oversight and involvement, organizational structure, field level operational set-up, personnel complement and their skill set, and the short-term technical assistance), and operational and monitoring mechanisms. How appropriate and effective were these mechanisms, and how did they influence project performance and client satisfaction?

Good Practice and Lessons Learned

6. What MABS-4 interventions can be considered good practices (e.g., unique achievements, innovative methods/approaches), and which may be recommended in future projects? Focus particularly on micro-insurance and mobile banking.
7. What are the overall lessons learned from the implementation of the Program?

Innovative Outcomes

8. What microfinance and banking innovations were developed under MABS-4? Do any of these innovations warrant replication or scaling up?

Gender

9. How have gender considerations been integrated in MABS-4? What are the effects of the project on male and female beneficiaries? Does gender of RB staff have an effect on client interest and behaviour?

2 PROJECT BACKGROUND

2.1 ORIGINAL PROBLEM, CHANGES AND RECENT DEVELOPMENTS IN THE PROJECT

Micro-enterprises contribute largely to the country's economic development through their contributions in rural industrialization; rural development and decentralization of industries; creation of employment opportunities and more equitable income distribution; use of indigenous resources; and entrepreneurial development; amongst others.

As stipulated in the Scope of Work (SOW) provided by USAID for this study, the National Statistics Office (NSO) indicates that microenterprises¹ comprise about 90 percent of the total number of businesses in the Philippines. These microenterprises employ about 37 percent of the country's total workforce and are the primary sources of livelihood for about 40 percent of all Filipino households. However, banks and insurance companies have generally not been prepared to cater credit services with microenterprises because of the belief that interest earned from borrowings will not be adequate to compensate operational costs for such services. Consequently, these micro-entrepreneurs resort to availing loans from money lenders, five-sixers and pawnshops which in the long run impede expansion of businesses. Such system too hinders micro borrowers to better cope with poverty in general.

While microfinance has also been available from a range of programs funded by the GPH, donors, and NGOs, the limitations inherent in such programs have meant that they could serve only a tiny fraction of the potential market for microfinance.

USAID Philippines support for Bank-Provided Microfinance services

In partnership with the main private sector counterpart, RBAP, USAID has been supporting the GPH efforts to promote a more inclusive financial system through the development of microfinance services under the MABS Program. Government oversight is provided by the Mindanao Development Authority (MinDA). USAID's microfinance activities have focused on increasing microenterprise access to financial services provided by the formal financial sector particularly the RBs. Unlike most traditional microfinance programs, the MABS Program was designed to primarily be a technical assistance and training activity. No loan funds or guarantees are provided under this Program.

Original Authorization and Funding

USAID initially approved the MABS Program in February 1997, with an authorized life of activity funding of \$8.2 million. Initial objectives were to assist twenty (20) RBs in Mindanao to develop their capability to profitably provide both loan and deposit services to microenterprises, with said banks collectively providing services to some 8,000 micro-borrowers and 15,000 micro-depositors. It was hoped that participating banks would find their microfinance experience sufficiently profitable and decide to make microfinance services a permanent and substantial part of their business. The first year (pilot year) of the Program was identified as Phase I while the remaining years of this contract was identified as Phase II.

Supported by USAID and implemented by the RBAP with oversight from MinDa, MABS is one of the principal elements of USAID's effort to accelerate economic growth through expanded participation of lower income groups in productive activities. The program, which began in 1998, was expanded in 2008 under MABS-4 to further broaden the range of financial services available to microenterprise clients.

MABS' step-by-step approach to microfinance has proven to be successful over the past decade. By combining

¹The Bangko Sentral ng Pilipinas defines a microenterprise as an enterprise employing fewer than 10 individuals and with total assets of less than the equivalent of about PhP1.5 million.

technical training for participating banks and implementing new technologies, MABS successfully developed the capacity of RBs to expand access to banking services throughout the countryside.

In spite of this assistance from the government and donor entities, there are still many Filipino micro entrepreneurs without access to financial services, as it is estimated that only a third of over 4 million families engaged in micro businesses are being reached and given assistance. Access to financial services is especially limited in rural areas. Fortunately, there are RBs, which are in the best position to reach this market with a full range of microfinance services: loans, deposits, money transfer services, and facilitating access to microinsurance services. Providing these products and services is now easier and faster. Taking advantage of three enabling factors -- the advances in technology; rapid expansion of mobile phone subscribers even among micro entrepreneurs and low income families; and favourable regulatory environment – the MABS program initiatives allowed the microenterprise sector to access banking services from almost anywhere in the country.

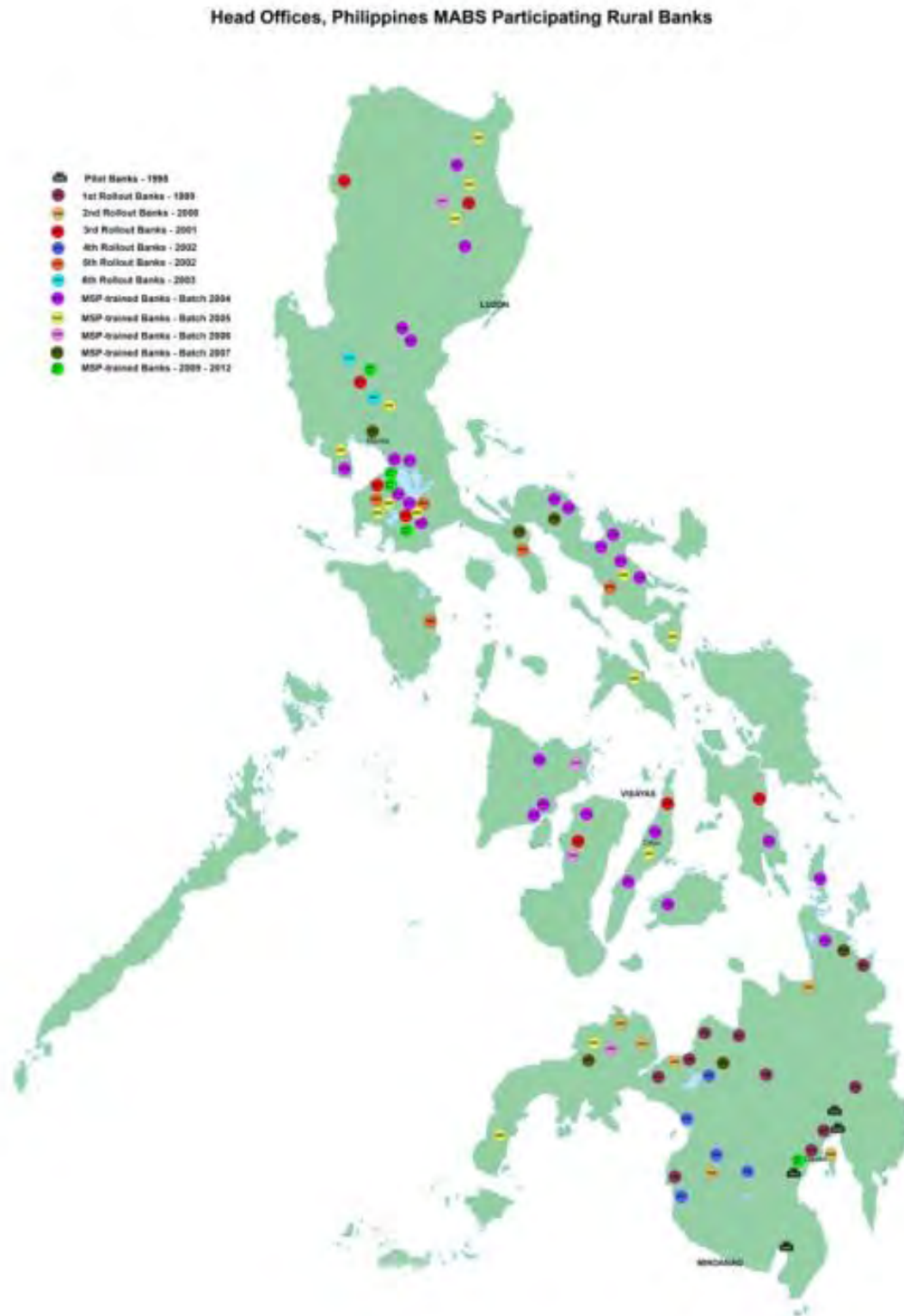
2.2 DESCRIPTION OF THE PROGRAM

The current phase of the Program (MABS-4) commenced in May 1, 2008 and was projected to end on March 1, 2013, with funding of \$9.67 million. The objective of this phase was to assure the continued and expanded availability of bank-provided financial services to the micro entrepreneurs and those belonging to the lower income segments of the population. Capitalizing on the participating banks existing base of more than 500,000 micro-clients with established credit histories, this phase assisted in expanding the range of services that they can profitably provide to their microenterprise clientele.

The MABS Program assists RBs in developing the capability to profitably provide financial services – loans, deposits, microinsurance, remittances, and mobile phone banking services – to micro entrepreneurs, small farmers, and other low-income households.

The MABS Program has helped over 115 RBs with more than 1,100 branches and other banking offices to expand and offer new microfinance products and services. As of June 2012, MABS participating RBs have disbursed over 3.33 million loans with an aggregate total over PhP 43.1 billion to more than 1,019,183 new bank borrowers. These partner banks also managed more than 1.4 million micro deposit accounts with an overall balance of more than PhP 2 billion (\$48 million). Figure 2 presents participating bank units as of June 2012. (*Full Report, Innovations in Expanding Access to Microfinance, MABS Programme Phase 4 Final Report, June 2012, Chemonics International*)

Figure 2. Geographic Location of Participating banks



2.3 KEY RESULTS OF MABS-4

The key results of MABS-4 can be summarized in the following table:

Table 1. Summary Table of Key Results of MABS-4

Indicators	Baseline	Achievement	
		Target	Actual
Number of RB branches and other banking offices offering microfinance services:		200	204
Microcredit	320	630	643
Microsavings	320	630	643
Microhousing loans	n/a	70	83
Microagricultural loans	41	90	67
Microinsurance	6	125	158
Mobile phone banking services	330	975	1,171
Number of new microenterprise borrowers served by USAID-assisted RBs	499,604	950,000	1,001,454
Number of new microdeposit accounts opened	510,430	900,000	909,981
Number of active persons covered by microinsurance	400	150,000	427,158
Number of clients registered to use mobile phone banking services	60,651	390,000	399,550
Policies and regulations on microfinance and mobile banking developed and rolled-out	n/a	n/a	4

2.4 OTHER RELEVANT INFORMATION

The performance evaluation was for a period of 40 days, starting March 4, 2013 with contract issuance until April 24, 2013 with the submission of the final evaluation report.

3 EVALUATION METHODS AND LIMITATIONS

3.1 SCOPE AND LIMITATIONS OF THE STUDY

The evaluation assessed the effectiveness and sustainability of the program as well as contractor's performance. It identified good practices and lessons learned from the implementation of MABS-4 program employing qualitative methodologies over the course of 40 days. **ANNEX A** exhibits the detailed Terms of Reference (TOR) of the conduct of the study.

The data gathered were confined mainly to documents available to the study team as of June 2012 and not September 2012, the actual end of program activity. As such, there were some uncaptured data during the last 3 months because the program was focused on phasing-out activities and because of the challenges of data acquisition from all partner RBs at that stage.

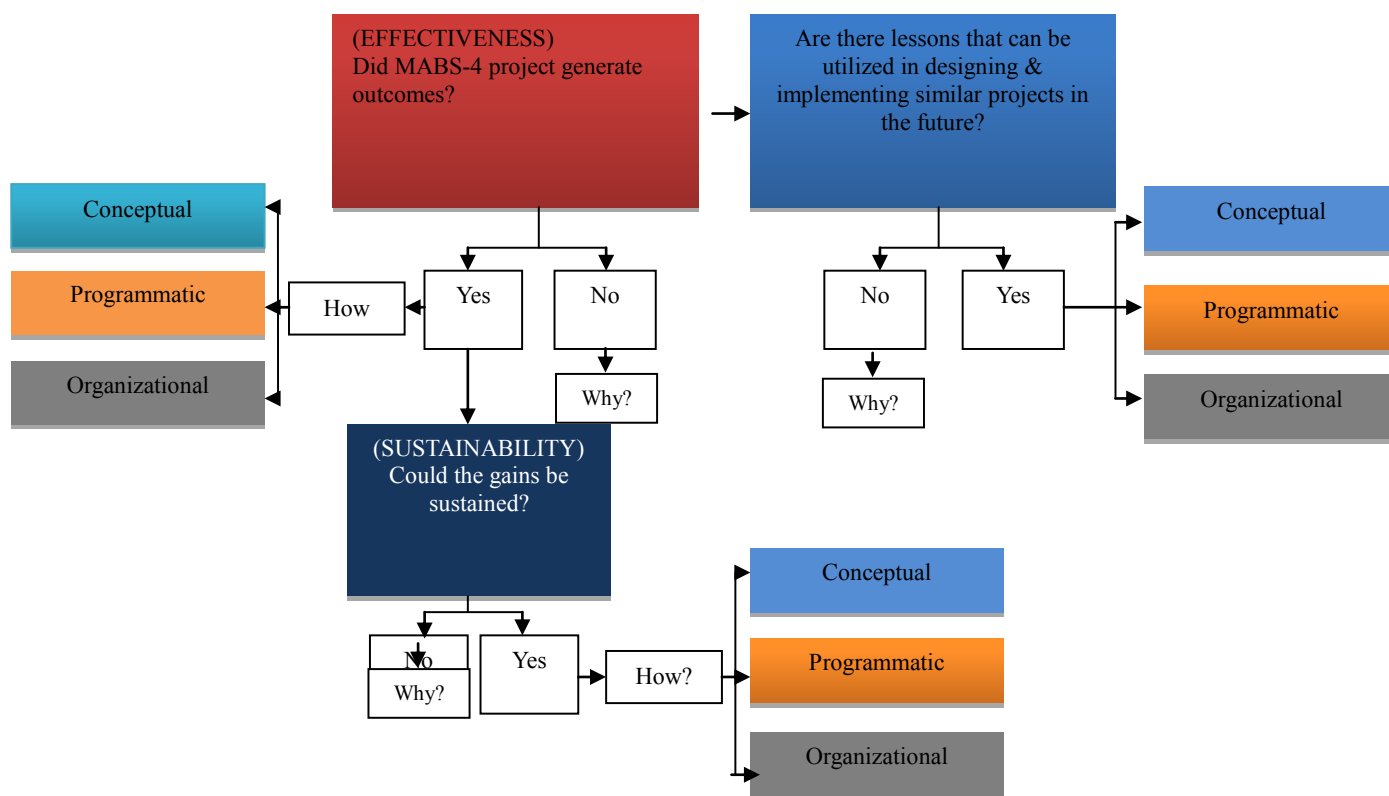
It is also important to note that the monitoring and evaluation system of MABS was not calibrated to collect certain kinds of data such as information on outcomes from the use of microfinance services such as microcredit, micro insurance, micro agricultural loans, micro housing, and mobile phone banking. As such, the evaluation was designed not to measure impact of microfinance services, but to look into the impact of capacity building on the partner RBs in their ability to provide microfinance services, the quality of the services, and the magnitude of people and institutions it was able to serve, among others.

3.2 EVALUATION CRITERIA AND ASSESSMENT FRAMEWORK

The systematic process of translating the Analytical Framework into a workable program is elaborated in a parallel Integrative Study Framework, the qualitative approaches to data gathering and analysis. Taking into account the objectives and components of the MABS-4 and TOR of the evaluation study, the framework considers three (3) critical elements, viz.:

- The MABS-4 and the status of bank partners and clients over the past 4 years as documented in project reports and studies;
- The MABS-4 Framework and key result areas; and,
- Lessons learned and development experiences of bank partners and clients as manifested in various studies and knowledge management undertaken by MABS-4

Figure 3. Analytical Framework of the Study



3.3 APPROACH AND METHODOLOGY

This study utilized qualitative research design. Primary and secondary data were collected and reviewed. MABS-4 Performance evaluation entailed the conduct of a qualitative study and review of secondary data to achieve its purpose. Several methods and techniques were adopted in the data collection phase. Qualitative data were derived from FGDs and in-depth interviews (IDIs) or KIIs with key stakeholders: people who are involved in the project or the targeted partners or beneficiaries of the project.

Desk Review / Content Analysis

For this performance evaluation, a number documents and videos have been reviewed by the study team (**ANNEX F**).

FGDs

Through purposive and stratified sampling method, the Study Team conducted a total of seven (7) FGDs representing the three island groups, Luzon, Visayas, and Mindanao. Further, the banks considered in this Study were selected according to performance based on available reports, documentation and notes from KII/discussions held with competent implementers and stakeholders from MABS Program prior to fieldwork. Table 2 presents the banks visited per cluster.

Table 2. List of Banks for FGDs

ISLAND Cluster	Big Banks and services	Small Banks and services
LUZON	GM Bank , Cabanatuan City <ul style="list-style-type: none"> • Microfinance, Microhousing loans, Microagricultural loans, Mobile banking, Microinsurance 	Rural Bank of Angeles , Pampanga <ul style="list-style-type: none"> • Microfinance, Microagricultural loans, Microinsurance Rural Bank of Pateros , Pasig City (KII only)
VISAYAS	Progressive Bank , Iloilo <ul style="list-style-type: none"> • Microfinance, Microhousing loans, Microagricultural loans, Microinsurance 	Valiant Bank , Iloilo City <ul style="list-style-type: none"> • Microfinance, Microagricultural loans
	First Agro – Industrial Rural Bank (Fair Bank) , Bogo City, Cebu <ul style="list-style-type: none"> • Microfinance, Microhousing loans, Microagricultural loans, Microinsurance 	
MINDANAO	Cantilan Bank , Surigao del Sur <ul style="list-style-type: none"> • Microfinance, Microhousing loans, Microagricultural loans, Mobile banking, Microinsurance One Network , Davao City (KII only)	Rural Bank of Digos , Davao del Sur <ul style="list-style-type: none"> • Microfinance, Microagricultural loans, Microinsurance

The selected FGD participants were groups of people that may be able to provide the depth of answers needed. The team conducted at least two (2) FGDs for each bank, one for account officers (AOs) and one for bank clients. The guide questions for the FGDs captured data and information on topics listed in the Scope of Work are exhibited as **ANNEX B**, with the accomplished versions found in **ANNEX D**.

KIIs

Based on the secondary review of documents, the SOW, and discussions with USAID, key informants were identified from the following institutions.

Table 3: Key Informants

	Designation of Respondents and Respective Main Roles in MABS 4
USAID Mission	MABS Program Manager
	Auditor
MinDa	Director III
BSP	Head, Inclusive Finance Advocacy Group
	Consultant
IC	Deputy Commissioner
RBAP and RBRDFI	President
Manila Bankers Life Insurance Corp. (PLIA)	President and CEO
Globe GXI	Corporate Planning and Business Operations Head
Punla sa Tao Foundation	Deputy Executive Director

GEM (MICRA Philippines)	Banking / Microfinance Consultant
ARMDEV	President and CEO
MABS	Chief of Party
	Deputy Chief of Party

Guides for the various informants are exhibited as **ANNEX C** while **ANNEX D** presents accomplished KII guides.

Stakeholders' Meeting

Draft findings were presented to various stakeholders last April 5, 2013 at the Hyatt Hotel, Manila. **ANNEX E** presents the proceedings of the said presentation.

4 FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

4.1 FINDINGS

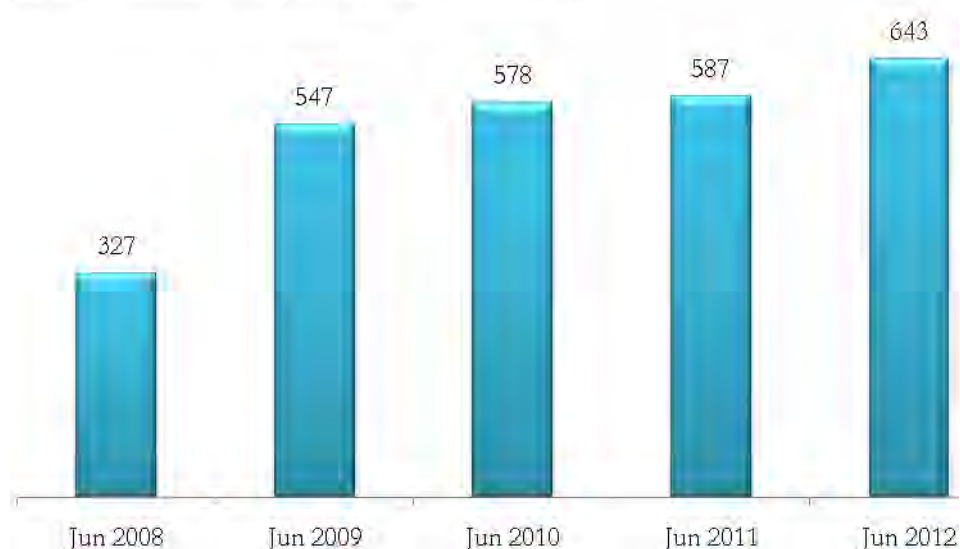
Effectiveness

Under the Effectiveness criterion, this item examines the extent or degree to which the Program objectives have been achieved in relation to the outputs. Based on the primary and secondary data and information generated during the course of the Study, the following findings are presented:

- **Indicator: Number of RBs/ Other Bank Offices (OBOs) offering microfinance services**
 - **204 bank branches/ OBOs assisted**

102 Percent Accomplishment. As of June 2012, MABS-4 was able to exceed its target of 200 banks for assistance on microfinance. Based on record, it was able to assist 204 banks, thus, garnering 102 percent accomplishment on a cumulative basis. The cumulative target of 630 additional bank branches had likewise been exceeded with 643 cumulative bank branches catering to microfinance services over a span of about five years. Moreover, the 643 cumulative bank branches were composed of 25 percent OBOs and 75 percent participating branches (Figure 4).

Figure 4. Cumulative Total of Participating Branches/OBOs



- **Indicator: Number of New Microenterprise Borrowers served by MABS-4 assisted RBs**
 - **375,000 New Micro Borrowers**

105 Percent Accomplishment. On a cumulative basis, the 950,000 target by MABS-4 had been exceeded with the new entrants of around 375,000 micro-borrowers for which accumulated number totalled to 1,001,454 micro-borrowers as of June 2012.

Undoubtedly, if cumulative accomplishments will be used as bases for measuring performance, there is a natural tendency to really exhibit an increasing trend year after year and not indicating the number of borrower drop-outs.

But if borrower drop outs are captured in the equation, a careful scrutiny of the borrower retention rate will show the real picture of how many of those served by RBs are still active. Figure 5 shows the comparison between the cumulative accomplishments and the number of active clients on a year-by-year account.

Figure 5. Borrower Retention Trend



Source: MABS4 Quarterly Reports 1, 5, 9, 13, 17

†Percent of Client Retained is equal to number of active borrowers outstanding divided by cumulative number of active borrowers

The cumulative number of borrowers served by MABS-4 increased by 91.62 percent. The number of active borrowers similarly increased by 30.54 percent over the same period from June 2008 to June 2012. On the other hand, the ability of the partner RBs to retain borrowers apparently dropped to 25.48 percent. Based on record, partner RBs’ performance on borrower retention had significantly dropped from 37.40 percent in June 2008 to 25.48 percent in June 2012 using the above cited formula on “percent of borrowers retained”. However, there are also literature (Box 1) indicating that it is hard to draw conclusions from the retention rate ratio because retention accordingly should include those borrowers who are resting and planning to borrow again, those who graduated to another product or services with possibly large collateralized product, and those who just want other corollary services such as deposits, insurance, and mobile banking, among others.

Box 1

According to SEEP Network and Alternative Credit Technologies (“Measuring Performance of Microfinance Institutions: A Framework for Reporting, Analysis, and Monitoring”, 2005), there are a lot of reasons for a borrower to leave a MFI, but previous studies revealed that the lack of flexible and demand-driven products is one of the major causes of client’s departure.

Furthermore, client retention is also a measure of client satisfaction with the RB. A high incidence of exits or inactive clients often indicates dissatisfaction, although it is natural for a certain number of clients to cease transacting with the RB when services are no longer needed or when clients move up and graduate to a higher non-microfinance services. This steady decline of client retention may also imply that the RB is losing relevance or has limited value (CERISE Social Performance Indicator Guide version 3.3, page 44, 2011).

Borrower retention was also cited as one of the issues cited by Development Alternatives Inc, in their 2004 MABS Program Evaluation Final Report (page 22). They mentioned that “Reasons for leaving the program include a desire to [use] forced savings (which are typically available only when the client ceases borrowing, not when individual loans are repaid), low loan

ceilings, and the rigorous requirements for co-borrowers and guarantors for relatively low loan amounts. The retention question does deserve more attention, and the banks should be individually encouraged to do client research to first measure, then increase, client retention”.

Based on FGDs conducted by the Team to selected MABS-4 assisted partner RBs, the major causes of client drop-out are credit pollution, client over-indebtedness, and past dues. Specifically, the main reasons for past due payments on the client’s side as cited by KII informants (Annex D, p. D-22) include (i) overexposure to loans; (ii) unstable performance of clients’ businesses in the face of tough competitors; and (iii) character of the client, despite proper orientation to them. On the bank’s side, the top reason includes AOs’ tendency to short cut the process of clients’ screening.

Although 100 percent of the current clients interviewed through FGDs opined that they are very satisfied with the services offered and are willing to borrow again from the said partner RBs, the empirical data on borrower retention rate shows a declining pattern over time.

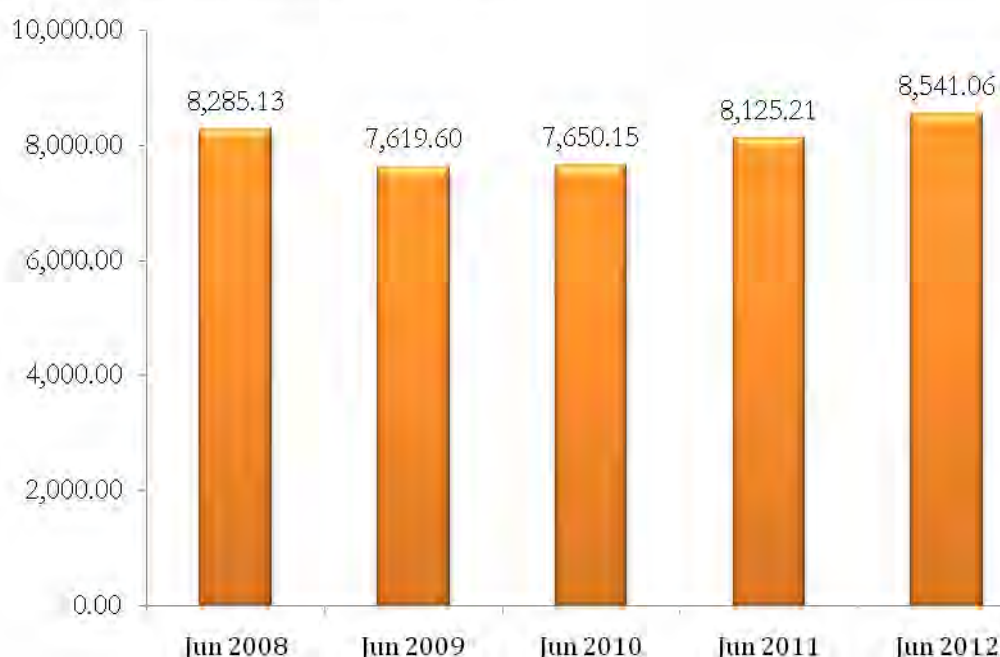
- **Indicator: Amount of microloans disbursed**
 - **PhP 20 billion in microloans disbursed**

102 percent Accomplishment. MABS-4 was able to disburse a cumulative amount of PhP 43.18 billion from a baseline of PhP 18.27 billion. MABS-4 end of program target was PhP 42.27 billion.

The figures manifest the sincere commitment of the partner RBs in serving the microfinance sector. Again, while the figures are cumulative, nonetheless the loan portfolio balance of the partner RBs can be extracted to show how much loan is being availed to by microfinance borrowers. Accordingly, based on data gathered, the loan portfolio of partner RBs grew by 30.54 percent from June 2008 to June 2012. This growth indicates increase in the demand for loans and partner RBs’ expansion of microfinance services. RB of Angeles, for one, has expanded its microfinance portfolio to around PhP 68 million for roughly 1,700 borrowers. About 1-2 AOs for each branch, or a total of 21 AOs are assigned to specifically handle microfinance clients whose average loan size is PhP 40,000. In addition, some other partner RBs like GM Bank increased its loan portfolio from PhP 12 million in 2004 to PhP 34 million in 2007. During this time, the bank president (Annex D, p. D-4) gave the mandate to increase the portfolio to PhP 250 million by 2012. Currently, it is around PhP 120 million overall.

Although the loan portfolio balance grew by 30.54 percent over a period of five years (June 2008 to June 2012), the average loan balance per borrower grew by only 3.11 percent during the same period. This may be attributed to an increase in the depth of outreach, indicating that the RBs have been going to poorer microborrowers. Figure 6 shows the average loan balance per borrower.

Figure 6. Average Loan Balance per Borrower (PhP)

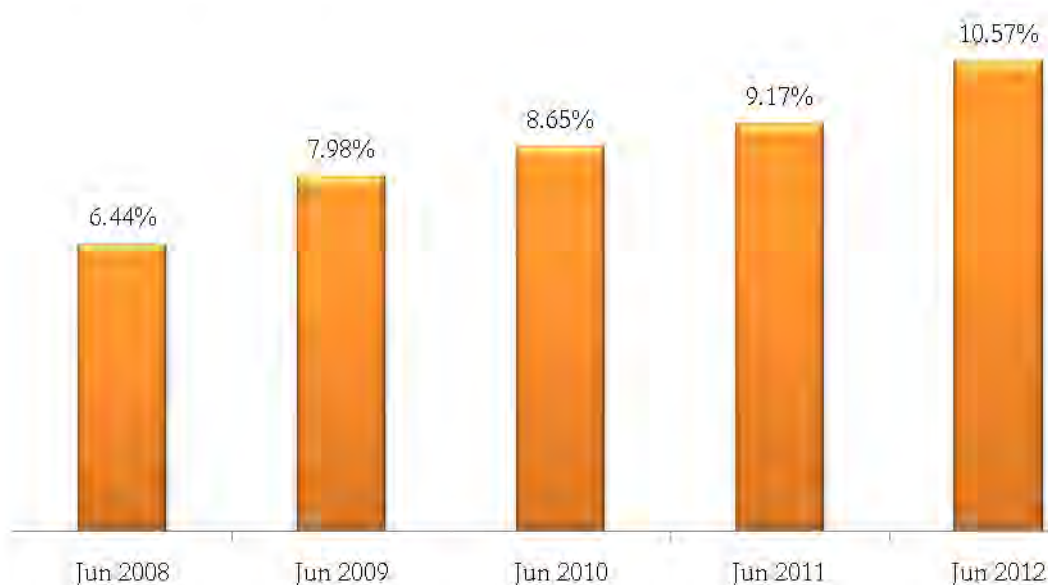


Source: MABS4 Quarterly Reports 1, 5, 9, 13, 17

†Average Loan Portfolio Balance per borrower is equal to Loan Portfolio balance divided by the number of active borrowers outstanding

Essentially, it is worth examining the quality of the loans disbursed considering that it is the main asset of any lending institution. This banking element on portfolio quality will show how capable the partner RBs are in managing the quality of their portfolio. Figure 7 illustrates the Portfolio Quality over the 5-year period (June 2008 to June 2012), measured through Portfolio At Risk (PAR).

Figure 7. PAR More than 30 Days (%)



Source: MABS4 Quarterly Reports 1, 5, 9, 13, 17

In the 2004 MABS Final Report prepared by Development Alternatives, Inc. (DAI), one of the possible phase three activities identified was to closely monitor the progress and errors or mistakes commonly made because of pressure to perform. The following are the common mistakes that are usually made:

- ❖ Deviation from credit procedures (e.g. minimized credit investigation), and policies (e.g. recommending loan amounts and terms larger than advised);
- ❖ Ill-equipped or inexperienced staff are given specific targets beyond their capabilities;
- ❖ Weak monitoring on the part of supervisors and managers because of overextended workload i.e., increased number of AOs to be supervised; and
- ❖ Weak/poor evaluation procedure for repeat loans, thus, will have a tendency to grant automatic loan increases without adequate attention to cash flow and repayment capacity

Based on interviews with RB officers (Annex D, p. D-5,6, 9, 19, 21, 23, 42, 44, 47, 48, 55, 58, 67, 98, 112), the above cited reasons are the very reasons why delinquency problems exist in MABS-4, but these have been coupled with stronger competition, credit pollution, high staff turn-over, client over indebtedness, and more destructive calamities that occurred from 2008 to 2012. Current competition in microfinance is very stiff because of the proliferation of a number of loan sharks which have minimal requirements but charge high interest rates. In addition, high staff turn-over is often hard to control because of better employment opportunities offered in other institutions.

Although trainings had been conducted on several topics like delinquency management, client selection process, and proper cash-flow analysis, among others, the PAR rate of partner RBs still increased by 64.13 percent over the same period.

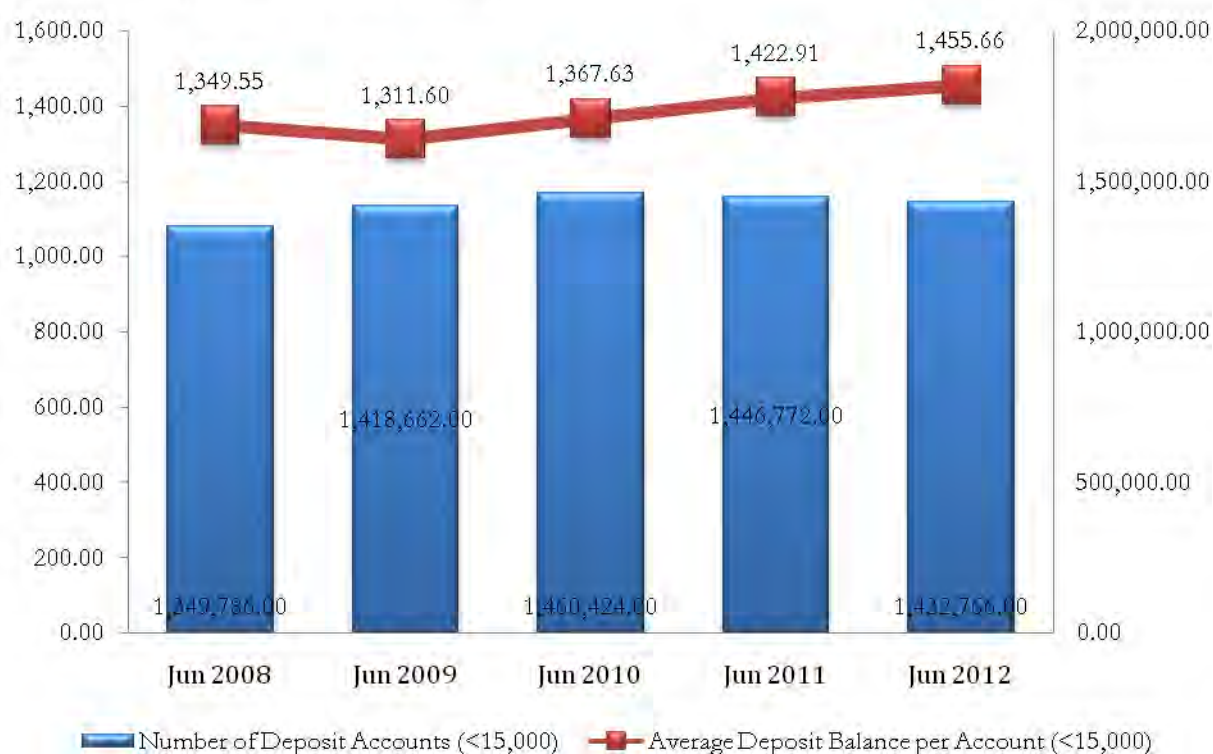
- **Indicator: Cumulative number of new micro-deposit accounts**
 - **909,981 new micro-deposit accounts**

101 percent Accomplishment. As of June 2012, the 900,000 cumulative targets by MABS-4 had been exceeded with 909,981 new micro-deposit accounts.

It is interesting to note that the number of deposit accounts as of June 2012 was at 1,432,766. This proved that the partner RBs were getting more into financial inclusion with savings mobilization. The small amount of savings balance might perhaps indicate that the partner RBs were mobilizing savings from poorer micro depositors. The savings balances though had minimal increase with only 8 percent from PhP 1,349.55 in 2008 to PhP 1,455.66 in 2012. On the other hand, the number of micro depositors in the same time period grew by 6 percent.

Figure 8 shows the savings balances of each depositor.

Figure 8. Number of Deposit Accounts & Balances per Account



Source: MABS4 Quarterly Reports 1, 5, 9, 13, 17

- **Indicator: Number of RB clients registered to use mobile phone banking services**
 - **399,550 RB clients registered to use mobile phone banking services**

102.4 percent accomplishment. As of June 2012, the 390,000 target had been exceeded with 399,550 RB clients registered to use mobile phone banking services.

The achievement was only limited to a number of clients registered to use mobile banking services. There are no available data to indicate how many of those registered clients are using mobile phone banking services, frequency of use, and for what purpose.

According to the Corporate Planning and Business Operations Head from Globe GXI (Annex D, p.172), RBs are a very important part of Globe's outlet network because at present, about 2,000 of the 7,000 prime outlets are RBs. This outlet network does cash in/cash out (CICO) services for Globe, remittance payouts, send points for remittances, and also 'Know Your Customer' points. Thus, the RBs are very important to Globe in terms of facing the customers. The said Globe GXI key informant likewise underscored the relationship that Globe created with the RBs which resulted in multitude benefits they are currently experiencing.

- **Indicator: Number of bank units (branches and other banking offices) offering mobile phone banking**
 - **1,171 RB branches offering mobile phone banking**

120.10 percent Accomplishment. As of June 2012, the 975 target had been exceeded with 1,171 RB branches offering mobile phone banking.

However, 11 of the partner RBs interviewed are now offering this service on a limited basis. According to the KIIs, mobile phone banking is a limited offering because of the following reasons:

- ❖ Absence or very few CICO centers in their area of operations
- ❖ Clients prefer face-to-face transactions
- ❖ Clients have difficulty in understanding mobile phone banking
- ❖ No or weak Telco signal in some areas

A partner RB (Annex D, p. D-31) opined that mobile banking is being offered by their office but it is not preferred by clients. Because of the proximity of the bank with the clients, the latter prefer transacting with AOs instead (e.g. clients prefer having copies of receipts, etc).

Furthermore, a partner RB in Iloilo province (Annex D, p. D-42) approved the mobile banking service but the signal of the chosen telecommunications provider (Globe) was weak as Iloilo was predominantly serviced by a rival telecommunications company (Smart) just like in Digos, Davao del Sur. Informant said they had a hard time selling the product. There were no interested loaders (at the time, dual SIM was not yet developed). They even tried to market in remote areas but it was not a feasible venture.

In Luzon, GM Bank (Annex D, p. D-4) covered mobile banking and established the OBOs in areas where there were no banks but encountered difficulties because of “behavioural” challenges such as the attitudes of clients towards adapting mobile banking. In fact, GM Bank was one of the pilot banks that entered with Globe to develop marketers/ merchants but the approach of Globe was just to have these registered, thus there was an absence of follow through. Another challenge was the very few users and no merchants to handle the undertaking in the area because according to the informant, the product entails a lot of marketing and collection time (this was its value to the bank).

- **Indicator: Total value of monthly mobile phone banking transactions**
 - **PhP 743.60 million monthly mobile phone banking transactions**

135.20 percent Accomplishment. The PhP 550 million monthly mobile phone banking transactions had been exceeded with PhP 743.60 million monthly mobile phone banking transactions monitored.

- **Indicator: Bank branches offering microinsurance**
 - **158 bank branches offering microinsurance**

126.40 percent Accomplishment. As of June 2012, there were 158 bank branches offering microinsurance exceeding the 125 bank branch targets.

This accomplishment may be attributed to MABS-4 equipping partner RBs with necessary tools and skills to offer micro-insurance products in their respective banks, particularly, within regulatory parameters set by the IC and the BSP. RBAP-MABS conducted basic microinsurance courses in order to orient and inform RBs of the importance and the opportunities and potentials of micro-insurance to their clients and the RBs, as well. The completion of the training course was also a necessary step for banks to apply for license from the BSP and IC to sell micro-insurance products.

According to the bank officers interviewed, one of the critical activities conducted was when MABS-4 connected the RBs and the insurance providers to understand available insurance products in the market.

- **Indicator: Active persons covered by microinsurance**
 - **427,158 persons covered by microinsurance**

284.77 percent Accomplishments. From a baseline of 400 active persons covered by microinsurance, MABS-4 was able to exceed its target of 150,000 to include 427,158 persons covered by microinsurance. The breakdown categorized 133,396 as policyholders while the 293,762 were their dependents.

In June 2008, the indicator used was “Active microenterprise clients covered by microinsurance”. By June 2009

reporting, the indicator was changed to “active microenterprise clients purchasing microinsurance”. In June 2011, “active persons covered by microinsurance” was already being used as an indicator. Based on the original indicator, the accomplishment to date would have been 88.93 percent (133,396 divided by 150,000).

Based on the KII conducted with GM Bank (Annex D, p. D-45) on microinsurance, the bank will be offering this product probably this 2013. It is already in the pipeline. The delay in implementation is due to information gaps on the proper documentation but it has already a license with the IC acquired during the last quarter of 2012. The insurance partner is the Country Bankers. Further, orientation has already been conducted but there are no individual clients yet. However, there are enrollees in credit group life (CGL). MEP and MAP clients are all insured (mandatory) in CGL for mortgage redemption.

Under the microinsurance product, borrowers can get units for members of the family, such as the spouse and 4 children. If borrowers are single, their parents, siblings and cousins can be covered. For a PHP 250 coverage, the borrower is guaranteed PHP 50,000 for accidental deaths. The bank also plans to provide “instant *abuloy* (funeral assistance).” Interest is high even among non-borrowers. The management is still thinking about whether to offer this product to borrowers on a compulsory or voluntary basis.

- **Indicator: Number of bank branches offering housing microfinance (HMF) loans**
 - **83 branches were offering HMF loans**

118.57 percent Accomplishment. As of June 2012, around 83 branches were offering HMF loans from 70 target branches.

Some of the challenges encountered by the partner RBs implementing HMF were:

- ❖ Limited market, few takers of HMF.
- ❖ High risk as this is bundled with the individual microenterprise loan. The cash flow analysis is affected and they were adjusting the 30-35 percent debt capacity threshold to 50 percent.
- ❖ HMF is not income generating and it puts stress on the cash flow payment of the client. One RB experienced a high PAR of 30 percent.

- **Indicator: Cumulative number of HMF clients served**
 - **4,005 cumulative number of HMF clients served**

100.13 percent Accomplishment. As of June 2012, around 4,005 cumulative number of HMF clients were recorded exceeding the 4,000 target.

Informant said they attended trainings on micro housing and had exposure to Banko Mabuhay. The bank also conducted a feasibility study. In the end, the bank decided not to offer micro housing, as MEP loans can be used for house renovations or construction that are business-related anyway.

- **Indicator: Number of bank branches offering microagricultural loans**
 - **67 bank branches were offering microagricultural loans**

74.44 percent Achievement. As of June 2012, around 67 bank branches were offering microagricultural loan out of 90 bank branch targets.

According to MABS-4 report of Quarter 17, the main challenges for expanding microagricultural lending were the following:

- ❖ Lending to small farmers remains risky to calamities
- ❖ Non-calamity risks in the form of pests, diseases, and market risks still adversely affect farm outputs
- ❖ Government guarantee programs tend to encourage RBs to continue adhering to the traditional way of “supervised credit” that requires lump sum payments, and encourage underwriting practices that depend on payments from the guarantee fund on client’s failure to repay.

The reasons discussed above were the same reasons why lenders were reluctant to lend to farmers. The development of the Microagricultural Product (MAP) should have addressed these issues because these were inherent in agriculture lending. As for the government subsidies, one RB (Annex D, p. D-7) implemented MAP but availed of the government subsidy only as a fallback measure. All underwriting processes were followed, including CI/BI, Cash Flow Analysis, and Farm Plan and Budget.

- **Indicator: Number of new microagricultural loan product clients**
 - **26,135 cumulative clients availed of microagricultural loan**

82.44 percent accomplished as of June 2012. About 26,135 cumulative clients availed of microagricultural loan of the 31,700 target.

According to the bank officers interviewed, the MAP did not take off because of the 60-40 scheme where farmers were required to pay 60 percent of the loan amount amortized either weekly or monthly. Meeting the repayment obligations was heavy on the side of the farmers. But for the Cantilan Bank (Annex D, p. D-66), the product was a successful undertaking based on their experience.

The KIIs conducted with officers from GM Bank (Annex D, p. D-11) indicated that MAP contributions as good prior to the introduction of new products. A portfolio of PhP 10 million is good enough for the bank, at the same time in terms of outreach and portfolio quality, the 60-40 scheme was deemed conservative. Recovery on a weekly basis was achieved, especially when properly monitored. Implementation problems only arose because of a single instance of fraud when the internal control system in Lupao (Annex D, p. D-7) failed to mitigate the occurrence of fraud, with the connivance of field staff and abusive center leaders among group loan clients. Other than this, MAP performance was good.

The loan portfolio amounted to PhP 10 million from 2007 to 2009. It was in 2010 when the (fraud) problem erupted in Lupao. The problem was repeated in another branch, hence the bank stopped implementing MAP altogether and redesigned a new product (TMP or *Tulong saMagsasaka Program*). After a little over a year of TMP, portfolio increased by 270 percent (as of December 2011). The new product appears to be more responsive to the market, at the same time, risks are covered.

Based on feedback, MAP did not take-off overall because there were few borrowers willing to pay on a 60-40 basis. In addition, those who did avail of the scheme were having challenges in paying the 60 percent amortization obligations. According to a key informant from GM Bank (Annex D, p. D-7), MABS reaction was to initiate a dialogue with BSP to have the lump sum increased to more than 40 percent, however these dialogues did not progress.

Sustainability

Under this criterion, it answers the question whether program benefits are likely to continue after the completion of the MABS-4 Program. The following findings are hereby presented:

Indicator: Mechanisms put in place by Chemonics to support the sustainability of program benefits

- **Assisted Government Regulatory Agencies (BSP and IC) in establishing an enabling environment conducive to growth of microfinance and other services or products**

MABS assisted the BSP in formulating Circulars relative to microfinance. During MABS-4, the BSP was able to issue several circulars with some assistance from MABS. Some of these BSP Circulars are:

- BSP Circular 694: Amendment of Regulations on the Establishment of Other Banking Offices and Notes to Microfinance
- BSP Circular 730: Updated Rules Implementing the truth in Lending Act to Enhance Loan Transaction Transparency

- BSP Circular 754: Updated Rules Implementing the Truth in Lending Act to Enhance Loan Transaction Transparency for NBFIs under BSP Supervision, and Penal Provisions on Banks and NBFIs for Non-Compliance with the Applicable BSP Rules and Regulations
- BSP Circular 755: Implementing Guidelines of Republic Act No. 3765, the Truth in Lending Act, to Entities with Credit-Granting Facilities Not Covered by Existing Issuances on the Truth in Lending Act by the BSP, SEC, IC, and CDA

During the course of implementation of MABS 1 – 3, MABS was able to assist the BSP in issuing circulars relating to loan loss provisioning for portfolio at risk, micro agricultural loans, micro housing, and mobile banking. MABS also facilitated visits of BSP Officials to RBs using the MABS Approach as well as visits to loan clients for them to see how MABS assisted banks do microfinance. Even the Governor of BSP was able to visit Fair Bank based in Bogu City, Cebu, an active MABS partner bank through the assistance of MABS.

Dialogues between BSP and RBs, especially those using the MABS Approach, were regularly conducted and encouraged by MABS.

Furthermore, the IC was also assisted by MABS in drafting the National Strategy for Microinsurance and the Regulatory Framework for Microinsurance. MABS was also one of the organizations that pushed for the issuance of the Joint IC-CDA-SEC Memorandum Circular No. 1-2010: Defining Government's Policy on Informal Insurance Activities. In this joint circular, entities engaged or will engage in microinsurance are required to secure a Certificate of Authority from the IC. Otherwise they will have to terminate their informal insurance or insurance-like activities.

The Deputy Commissioner of the IC (Annex D, p. D-135-136) said that MABS facilitated several dialogues between the IC and RBs and insurance companies interested in providing microinsurance. These dialogues were helpful in the IC getting a better understanding of the workings of microinsurance according to said key informant.

MABS was also instrumental in paving the way for RBs to be licensed as microinsurance agents upon completion of a microinsurance course given by the RBRDFI, an accredited microinsurance training institution of the IC. The RBRDFI is currently providing assistance to interested RBs in obtaining license as microinsurance agents from the IC.

➤ **Accredited MABS Service Providers to provide training and consultancy services to interested RBs on a fee basis**

Several NGOs engaged in training and consultancy services were capacitated and accredited by MABS to conduct training and consultancy services using the MABS Approach. This is part of MABS' measure to ensure that RBs will have access to the MABS technology on microfinance even after the phase out of the program.

Two of the key MABS Service Providers, Punla sa Tao and ARMDEV, are still engaged in capacity building and consulting services employing the MABS Approach to RBs on a fee basis even after phase out of MABS-4. Apparently, based on interviews with Punla sa Tao (Annex D, p. 179-184) and ARMDEV (Annex D, p. D-191-194), both service providers are decently earning from these development undertakings and are committed to continue providing these services to any interested RBs at present and in the future.

➤ **Leveraged MABS Achievements with other Donor Agencies to secure additional funding**

RBAP and RBRDFI have received financial assistance through grants from other organizations attributed largely to the success of the MABS approach in convincing RBs to go into microfinance.

As the former Chief of Party (COP, Annex D, p. 195-211) pointed out, these grants helped RBAP and MABS augment the resources provided by USAID. For instance, Globe and Globe GXI have been providing financial support to the mobile banking efforts of RBAP through the assistance of MABS. The program was also

instrumental in RBAP getting a grant from the Mastercard Foundation to conduct financial literacy and promotion of mobile banking as pioneered by MABS in 2004.

Recently, the International Labour Organization (ILO) provided a grant to RBRDFI to assist RBs in expanding the provision of microinsurance services to their microfinance clients, something that MABS pioneered as well.

➤ **Encouraged former MABS Staff to provide training and consulting services to RBs engaged in microfinance or intending to go into microfinance**

Some former MABS staff members continue to provide MABS Approach training and consulting services even after they have left the program. They are also an important resource that MABS-assisted banks or new banks interested to use the MABS approach can tap. In an interview with a former MABS Officer (Annex D, p. D-187), he mentioned that there are still some RBs that are continuing to avail of his services to provide training and consulting services using the MABS approach but which he has somewhat modified to suit local conditions.

Moreover, another key informant in the person of a former MABS trainer (Annex D, p. D-121) underscored the accomplishments of MABS. Even after MABS, he continues to use its concepts and principles in his new found job as Vice President of RCBC Micro Savings Bank.

Other Factors

Lessons Learned

➤ **Microfinance is an effective strategy for expanding coverage and client base – potentially increasing financial inclusion**

Partner RBs were able to provide microfinance loans to 1,019,183 clients from 2008 until 2012. During KIIs with senior RB officials (Annex D, p. D-174-178), all of them expressed their gratitude to the MABS management because the MABS Technology was instrumental to their significant market positioning. It enabled them to provide loans to the resource poor people on the ground, something they would not have done without the MABS Approach and the assistance and encouragement of MABS management.

One of the Microfinance Officers of Progressive Bank based in the Province of Iloilo (Annex D, p. D-41-42) opined that the MABS Approach enabled them to provide loans and other financial services such as savings and microinsurance to people living within and outside the Poblacion. Thus, it effectively increased their outreach and client base. Other RBs that are not using the MABS approach limit their area of operation to the town centers only.

In terms of improved bank's capacity, technical knowhow has widened and MABS' tools are still being used. One example is the group lending enhancement program, which currently still provides real time monitoring information and monthly portfolio performance reports. MABS showed that there is a formal way or specific guide for marketing and implementing microfinance, especially in mitigating client risks. Likewise, MABS developed a structure, and/or template for microfinance operations. It has left a legacy, especially since there were trainings conducted to pass on the MABS micro model.

In terms of individual loans and microinsurance, MABS was helpful in the study on client needs and demands, the improvement of products and services on the ground, and diversification of operations.

➤ **A Sound Management Information System (MIS) is crucial to the success of any microfinance program**

MABS was successful in helping RBs set up sound Management Information Systems so these banks can regularly monitor the results of their microfinance operations. A sound MIS also enabled the RBs to develop products and services suited to the needs of their microfinance clients, and made it easier for MABS to regularly retrieve and

collate data and prepare MABS Quarterly Reports.

- **Microfinance clients are in need for services other than savings and loan products, such as microinsurance, mobile banking, bills payment, and remittance.**

In the various FGDs among RB clients, it was mentioned several times that it would be more convenient for them if the banks also provided other services. Currently, they are very happy that they can avail of microinsurance, not just for themselves, but for their respective spouses and children as well.

The provision for microinsurance was most appreciated by two clients interviewed (Annex D, p. D-59) whose loved ones recently died. Since said dependents were covered by microinsurance, the clients were entitled to receive death benefits to help augment funeral expenses incurred. The clients were also appreciative that claims were easier and faster to process.

Other than savings, loans, and microinsurance, clients also expressed a desire for the banks to offer bills pay and remittance services because of the convenience they would provide. For instance, the clients could just hand over their bills payments to the Microfinance Officer that handles their account and regularly visits them. In addition, since many of the participants of the FGDs have relatives working abroad, it would save them a lot of time and money if the bank can also act as remittance agent. One participant from the FGD at Provident Bank commented that she still has to go to Iloilo City, which is about one hour away from where she lives, if she wants to get her remittance.

Lastly, while mobile banking still has to pick up, all the bank clients that participated in the FGDs have heard of Globe G Cash and/or SMART Money.

- **The practices of piloting products and conducting market research should be institutionalized in order to have an idea of how products will be received / will perform. This was not practiced before the MABS Program.**

One of the major contributions of MABS, according to the President of Valiant Bank (Annex D, p. D-48-49), is that MABS taught them how to develop financial products such as micro enterprise, micro housing, and micro agricultural loans. MABS provided the RBs with a template which they can modify to suit their needs and conditions. At the same time, MABS taught the RBs the necessity of pilot testing and market research as an integral part of product development.

Innovative Outcomes

- **Contributed to conducive enabling environment for microfinance services within the banking sector**

MABS saw the need for a conducive enabling environment for microfinance within the banking sector. During the regular RB meetings and conferences such as the RBAP Annual Convention, Credit Conferences, and regular federation or confederation meetings, MABS participating banks presented their experiences on microfinance for other RBs to learn from them, as well as encourage them to participate in the MABS Program. And over time, 643 banking units were able to offer micro enterprise loans.

- **Enabled bank-provided microinsurance services**

Life insurance is very important in mitigating unforeseen death in the family, but is traditionally out of reach for most families. Thus, the traditional insurance only has a penetration rate of less than 20 percent of the population.

The provision of microinsurance is one way by which the low income sector can have access to the benefits of life insurance. RBs, in partnership with the formal insurance companies, have made it easier for microfinance clients to have insurance coverage. Microinsurance coverage of its microfinance borrowers are now mandatory for RBs that

can offer microinsurance. The microinsurance premiums are made affordable and easier to pay because these are deducted from the loan proceeds.

➤ **Pioneered mobile phone banking applications for microfinance as early as 2004**

By the end of MABS-4, 390,035 clients have registered to mobile phone banking services. MABS also pioneered the use of *TEXT A DEPOSIT* and *TEXT A LOAN PAYMENT*. However, MABS was aware of the many challenges facing the widespread use of mobile banking. About 11 RBs interviewed (Annex D, p. D-4-36; D-37-65; D-66-122) are not currently using or have limited service offering for mobile banking.

➤ **Utilized innovative internet and social networking technologies**

All the MABS training manuals, reports, and other documents are available for download on the internet under a Creative Commons License. This enables any person to use any of the MABS materials for free as long as due acknowledgement is given. The websites are *rbapmabstoolkit.wordpress.com* and *mabs4finalreport.wordpress.com*.

The former COP is also very active in Twitter and other social networking site to promote MABS and develop new contacts. According to him, he uses these social networking sites more for business than for personal concerns.

➤ **Weaned microfinance from donor-subsidized government credit—banks pay for services**

Under the MABS Program, RBs were never given any money or subsidy in the granting of loans. All the money lent by the banks to its microfinance clients were bank funds. This approach is very different from that of government where it provides banks with loans at very low interest rates just to lend to microfinance clients.

➤ **Created new savings mobilization initiatives**

One major contribution of the MABS Technology is the encouragement of savings among its loan clients. Many of the loan products of the banks require the client to set aside a portion of the loan proceed as compulsory savings. Or in some cases, clients are first required to maintain a deposit based on a certain percentage of the amount they want to borrow. In the case of Valiant Bank (Annex D, p. D-51), their clients are required to have a compulsory savings equivalent to twenty percent of their loan amount. Loan clients are also encouraged to save by requiring clients to add an additional amount (i.e., PHP 100.00) to their loan amortization as their savings.

➤ **Emphasized cash flow- rather collateral-based lending**

Traditionally, banks strongly relied on collateral back-up for lending. One of the main differences of microfinance is the emphasis on cash flow to determine how much a client can borrow and the frequency of payments. MABS has been instrumental in training many rural bankers how to do cash flow lending.

Most key informants found cash flow-based lending as a better determinant of capacity to pay rather than collateral-based lending. These banks are now using the former approach in determining loan amounts even in their traditional loans to non-microfinance clients, with collateral used only as an additional requirement in instances when cash flow was not enough (based on the bigger loan amount).

➤ **Supported consumer protection & education, including pricing transparency**

MABS has been instrumental in introducing the cash flow analysis in designing the amortization scheme for the clients which virtually helps the latter to amortize their loan in a timely manner with assured cash availability. As such, the clients are being educated on this particular scheme and at the same time protected from being disadvantaged and 'abused' since they have already the knowledge how interests and surcharges are calculated.

In addition, MABS and RBRFDI launched a series of workshops to prepare rural banks for the new rules on effective interest rate calculations. In 2011, through the assistance of MABS-4, the BSP issued Circular 730 and the

accompanying Memorandum M-2011-040 on regulations and calculations for Effective Interest Rate (EIR) for all types of loans. The circular has implications on how banks disclose rates and their effectiveness and profitability.

Rural Bank staffs were taught how to calculate the EIRR, modify loan products, draw up strategies to better manage interest rates and fees, and implement action items to respond to the regulation. As of March 2012, seven sessions were conducted with a total of 289 rural bankers attending the training from 158 rural banks.

Good Practices

➤ **“Hands on” involvement with partner institutions**

One of the things highly appreciated by the banks is the “hands on” involvement of MABS, with project staff very visible in the RBs and available when needed.

For instance, the President of Fair Bank (Annex D, p. D-57) was very appreciative of the fact that even the former COP and Deputy COP were always willing to visit and provide technical assistance to Fair Bank when needed.

➤ **Installation of a functional MIS**

Technical assistance on MIS was very good, as banks were required to establish sound ones and generates sufficient performance reports that gave RB management needed information on their microfinance portfolio.

➤ **Good rapport among stakeholders**

One outstanding achievement of MABS was its ability to establish good relationships among its stakeholders, which included government regulators such as BSP and the IC, as well as officers of the RBAP and RBRDFI who are instrumental in influencing RBs to adopt the MABS Approach.

➤ **Training/technical assistance (i.e., MABSter intervention), which was deemed a good practice for its contribution in developing trainers on MABS technology**

Trainings and competencies acquired by bank personnel especially the AOs during its initial stage of implementation through capacity development programs of MABS-4 are considered substantial merits for professional growth

Gender

➤ **Gender was a non-issue in the granting of loans. What is important is that the borrower passes the loan evaluation criteria.**

In addition to loan evaluation criteria, cash flow-lending is the main tool used by the AOs in determining if a loan will be granted or not. Thus, gender was a non-issue when it came to granting loans. Whenever an AO determined a borrower's cash flow, s/he took into account not just the cash flow of the borrower but also that of the whole household, including that of the spouse.

➤ **Most of the Bank AOs are predominantly male while loan clients are predominantly female.**

During the course of the FGDs among AOs, it was observed that they were predominantly male. This may be primarily due to the requirement of the job where the AOs need to be constantly out on fieldwork engaging clients and spending long hours under the heat of the sun. AOs are also required to collect loan amortizations, thus there are many times they carry large sums of money exposing them to possible robbery and harm.

➤ **About 80 percent of those who avail of microenterprise loans are women but with their respective spouses acting as co-borrowers**

As noted during the FGDs with the clients and validated by the AOs, about 80 percent of microfinance borrowers are women. Even in the FGDs with the clients, only five (5) males were present out of the 81 clients interviewed. This may be due to the fact that the men are normally out of the house and working. It is the women who are left in the house to look after the children thus it were the women that the loan officers would normally interact with whenever they do field visits.

During the various FGDs with clients (Annex D, p D-16, 26, 39, 52, 62, 81, 108), the women said that they are the ones that decide how the loans will be spent. However, even if the men are not the principal borrowers, they act as co borrowers of their wives and they have the same responsibility when it comes to loan payments.

Enabling Environment

➤ **RBAP/RBRDFI capacity to provide training on microfinance to its members has been strengthened**

With the assistance of MABS, RBAP/RBRDFI was strengthened and is now providing microfinance training for a fee to its members. While RBAP/RBRDFI has no fulltime training staff, it has a pool of microfinance practitioners that can be tapped as trainers whenever there is a need.

➤ **BSP's regulations and policies on microfinance were strengthened as a result of the MABS experience**

One of the ways by which MABS has helped BSP in coming up with regulations and policies of microfinance is enabling BSP to examine and learn from the experience of banks doing microfinance, especially those using the MABS Approach since their experiences were well documented by MABS.

4.2 CONCLUSIONS

Based on the findings above, the following conclusions are made:

- **RBs were successfully capacitated to deliver microfinance services.**

Based on the review of documents and interviews conducted, the team saw that banks were successfully capacitated to deliver microfinance services. This is very evident in the mindset of the key bank officers, especially the owners, that they see a need for their bank to continue providing microfinance loans. However, the owners admitted that it is getting difficult to increase their microfinance portfolio due to the presence of many competitors in their area of operations.

- **All but one of the targets (microagricultural loans) was exceeded.**
- **In addition to microsavings and loans, microinsurance is valued by clients. Overall, the services appear to be generating economic benefits.**
- **The broader impact of MABS services on financial inclusion cannot be rigorously determined based on data available to the evaluators.**
- **More than 80 percent of the borrowers were women even without gender targeting.**
- **MABS developed innovations (e.g., mobile money, microinsurance, etc.) that may be replicated and scaled up**
- **Increasing PAR and client retention issues should have been further investigated during the course of the Program.**

4.3 RECOMMENDATIONS

Based on the findings and conclusions generated from the Study, the following recommendations are hereby presented:

- **RBAP / RBRDFI should train and accredit additional NGOs / individuals who can conduct trainings and consultancy services for banks that want to adopt the MABS Approach and expand their microfinance activities.**

At present only Punla sa Tao and ARMDEV are still actively conducting trainings on the MABS Approach. But even these institutions need additional trainers trained in the MABS technology. In the case of Punla sa Tao, they only have two accredited MABS trainers, since the other two are no longer connected with them.

In order to ensure continuity and even expansion of banks into microfinance, RBAP / RBRDFI should continue to train and accredit additional NGOs and even individuals who can conduct trainings and provide consultancy services to RBs on microfinance and the MABS approach in particular.

- **RBs should request their microinsurance service providers to develop additional microinsurance products such as deposit-based savings microinsurance or voluntary microinsurance.**

Microinsurance coverage is very important in mitigating risks commonly encountered by microfinance borrowers and their families. However, microinsurance coverage should not be limited to borrowers.

Microinsurance service providers should come up with products that are geared towards other clients like depositors through by having deposit based microinsurance as well as voluntary insurance which the RBs can then sell to its clients.

- **There should be an active push for the adoption of microinsurance and mobile banking among RBs for clients in far flung areas to have access to financial services.**

People in far flung areas are also in need of microfinance services, most particularly microinsurance and mobile banking. Constraints and challenges to the adoption of these products must first be addressed in order to maximize their benefits and expand their reach. Mobile phone banking, in particular, would be an appropriate channel to address the difficulty of accessing traditional financial channels such as over-the-counter transactions or ATMs in remote areas of the country.

The RBAP is recommended to oversee and strongly advocate such adoption of micro insurance and mobile banking.

- **Further rigorous analysis / evaluation could be conducted to ascertain MABS' impact on financial inclusion and economic benefits.**

While positive results could be seen based on the evaluation results, there is a need to conduct a more rigorous analysis/evaluation of programs and projects. It might not be enough to just see the before-and-after results but to see the differences in impact on RBs that adapted the MABS technology with banks that did not adapt the MABS Technology. It might also be worthwhile to compare RBs that adapted the MABS Technology with NGO MFIs or Cooperative MFIs in terms of client outreach, savings generation, loans granted, and portfolio at risk. Moreover, RBAP could conduct the said evaluation.

ANNEX A: SCOPE OF WORK

I. Introduction

The United States Agency for International Development/Philippines (USAID/P) seeks to conduct an evaluation that will assess the performance of the fourth phase of its Microenterprise Access to Banking Services (MABS-4) Program.

Award Number: EEM-I-03-07-00008-09

Award Date: May 1, 2008 to September 30, 2012

Funding: US\$7,576,377

Implementing Partner: Chemonics International, Inc.

AOR: Maria Teresa Espenilla

Previous Evaluation(s): None

MABS-4 will be gauged in the extent it has met its objective of increased economic opportunity among the microenterprise sector and low-income groups through the development of an inclusive financial system. To accomplish this objective, MABS-4 works with Philippine rural banks to develop their capability to profitably provide a wide range of financial services—loans, deposits, micro insurance, and mobile phone banking services designed to serve the needs of microentrepreneurs, small farmers, and other low income households. This evaluation will review each of the program components to determine their respective contributions to the achievement of the aforementioned objective, identify lessons learned, and make recommendations as to where future USAID microfinance programs may have a comparative advantage and how similar programs could be strengthened.

USAID is seeking the services of a third party evaluation team over a period of eight (8) weeks from March 4 – April 24, 2013 (or level of effort of 40 days within six-day work weeks), to implement the requirements defined in this statement of work.

II. Background

Microfinance in the Philippines

Data from the National Statistics Office (NSO) indicates that microenterprises¹ comprise about 90% of the total number of businesses in the Philippines. These microenterprises employ about 37% of the country's total workforce, and are the primary source of livelihood for about 40% of all Filipino households. Formal financial institutions (i.e., banks, credit unions, insurance companies) have generally not been prepared to lend or do business with microenterprises as they believed that, given the small size of the transactions, the amount of interest or fees they could earn would not be enough to cover the administrative and other costs associated with providing services to this sector. Because of this, the only financial service traditionally available to the microentrepreneur was that offered by moneylenders (i.e. "five-sixers"/lenders that charge 20% interest) or pawnshops which have a wide network especially catering to the low income groups. The high cost of credit, however, often precluded the microenterprises from generating the savings needed to expand their businesses, provide cushion against economic shocks (such as sickness or business reversals due to unforeseen risks), or allow the microborrower to better cope with poverty in general.

While microfinance has also been available from a range of programs funded by Government of the Philippines (GPH), donors, or NGOs, the limitations inherent in such programs have meant that they could serve only a tiny fraction of the potential market for microfinance.

¹ The Bangko Sentral ng Pilipinas defines a microenterprise as an enterprise employing fewer than 10 individuals and with total assets of less than the equivalent of about P1.5 million.

USAID Philippines support for Bank-Provided Microfinance services

In partnership with the main private sector counterpart, the Rural Bankers Association of the Philippines (RBAP), USAID/P has been supporting the GPH efforts to promote inclusive growth through the development of microfinance services under the MABS Program. Government oversight is provided by the Mindanao Development Authority (MinDA). USAID Philippines' microfinance activities have focused on increasing microenterprise access to financial services provided by the formal financial sector particularly the rural banks. Unlike most traditional microfinance programs at the time, the MABS Program was design to primarily be a technical assistance and training activity. No loan funds or guarantees are provided under the Program.

Original Authorization and Funding. USAID/P initially approved the MABS Program in February 1997, with an authorized life of activity funding of \$8.2 million. Initial objectives were to assist twenty (20) rural banks in Mindanao to develop their capability to profitably provide both loan and deposit services to microenterprises, with these 20 banks collectively providing services to some 8,000 micro-borrowers and 15,000 micro-depositors. It was hoped that participating banks would find their microfinance experience sufficiently profitable and decide to make microfinance services a permanent and substantial part of their business. The first year (pilot year) of the Program was identified as Phase I while the remaining years of this contract was identified as Phase II.

Subsequent Authorizations. As the initial phase of the MABS Program was successful, USAID/P continued and expanded support. By virtue of the expansion of the Program into Phase III (authorized in May 2004), total funding for the MABS effort was increased to \$17.4 million. The targeted number of participating bank units (bank headquarters, branches and banking offices) was raised to 350; and the (cumulative) targeted number of micro-borrowers was raised to 500,000. Also established were additional targets: numbers of micro-depositors; average portfolio size of participating bank units; participation of banks with multiple branches; and experimentation with micro-agricultural lending. All key targets were attained by the end of MABS-3.

III. Description of the Program to be evaluated – MABS 4

The current phase of the Program (MABS-4) commenced in May 1, 2008 and was projected to end on March 1, 2013, with funding of \$9.67 million. The objective of this phase was to assure the continued and expanded availability of bank-provided financial services to the microentrepreneurs and those belonging to the lower income segments of the population. Capitalizing on the participating banks existing base of more than 500,000 micro-clients with established credit histories, this phase assisted in expanding the range of services that they can profitably provide to their microenterprise clientele.

In addition, the Program included activities to help ensure that lessons learned about commercial microfinance through development and implementation of MABS are made available to other USAID Missions as well as other interested practitioners around the world.

In 2011, as a result of the review of USAID/P Mission Strategy, Mission activities were realigned to support the Partnership for Growth (PFG) objectives, in order to bring the Philippines into a high growth trajectory. For MABS-4, this meant a decrease in funding and implementation period (from March 1, 2013 to September 30, 2012), and a consequent de-scoping of activities and targets per MABS IV Contract Amendment No. 9.

IV. Purpose of the Evaluation

The purpose of this evaluation is to determine the extent by which the MABS-4 package of interventions have contributed to the outcome of increased economic opportunity through the development of a more inclusive financial system. The past 4 years and 5 months of MABS-4 implementation (May 1, 2008 to September 30, 2012) will be evaluated.

The evaluation will specifically assess outcomes and outputs linked to the various products and services promoted under MABS-4. While not a rigorous impact evaluation, this exercise will examine data to see the before-and-after effect of MABS-4 interventions on the following **outcomes**:

- a) improved clients' ability to generate savings for business expansion and/or cushion against economic shocks (e.g., sickness, business reversals due to unforeseen risks); and
- b) improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services as a profitable and continuing part of their operation (performance of partner banks vis-à-vis the bank industry's general performance)

In the review of performance, the evaluation will focus on the following illustrative indicators:

- Number of rural bank branches and other banking offices offering microfinance services (including microcredit, microsavings, microhousing loans, micro-agri loans, microinsurance, and mobile phone banking services)
- Number of new microenterprise borrowers served by USAID-assisted rural banks
- Number of new microdeposit accounts opened
- Number of active persons covered by microinsurance
- Number of clients registered to use mobile phone banking services

In addition, evaluators will also review the training and technical assistance activities; consumer protection and consumer education activities; development of an enabling policy and regulatory environment for microfinance services (i.e., establishment of a credit bureau); and public-private partnerships supportive of MABS-4. In reviewing these activities, the contractor will analyze the common factors or patterns that contribute to success, and identify impediments as well.

Results of this evaluation will be disseminated and discussed with the MinDA, the RBAP, implementing partners, and other donors/organizations working on microfinance development and mobile money services. Recommendations will be considered to enhance USAID's future interventions in microfinance, microinsurance, and mobile money. To reduce bias, services of a third party evaluation team (with participation of local specialists) not involved in any way to the MABS-4 Program is being sought.

V. Specific Objectives and Illustrative Evaluation Questions

The list of questions below is illustrative and will be reviewed and revised by the evaluation team to inform a reasonable data collection tool.

Effectiveness

1. Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system?
 - 1.1 improved clients' ability to generate savings for business expansion and/or cushion against economic shocks
 - 1.2 improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services
 - 1.3 Improved services (better and more accessible) by rural banks to microfinance clients

2. What are the key results (outcomes and outputs) of MABS-4?

Indicators	Baseline	Achievement	
		Target	Actual
Number of rural bank branches and other banking offices offering microfinance services:			
Microcredit			
Microsavings			
Microhousing loans			
Micro-agri loans			
Microinsurance			
Mobile phone banking services			
Number of new microenterprise borrowers served by USAID-assisted rural banks			
Number of new microdeposit accounts opened			
Number of active persons covered by microinsurance			
Number of clients registered to use mobile phone banking services			
Policies and regulations on microfinance and mobile banking developed and rolled-out			

3. What factors and conditions significantly contributed or hindered the achievements in questions 1 and 2?

Sustainability

4. What mechanisms were put in place by Chemonics to support sustainability of Program benefits? Did the Program effectively prepare RBAP/Rural Bankers Research and Development Foundation Inc. (RBRDFI) and the rural banks for sustaining systems and interventions developed under MABS-4?

Other Essentials

Contractor Performance

5. Describe briefly the Program's management mechanisms (*i.e., headquarter oversight and involvement, organizational structure, field level operational set-up, personnel complement and their skill set, and the short-term technical assistance*), and operational and monitoring mechanisms. How appropriate and effective were these mechanisms, and how did they influence project performance and client satisfaction?

Good Practice

6. What MABS-4 interventions can be considered good practices (e.g., unique achievements, innovative methods/approaches), and which may be recommended in future projects? Focus particularly on micro-insurance and mobile banking.
7. What are the overall lessons learned from the implementation of the Program?

Gender

8. How have gender considerations been integrated in MABS-4? What are the effects of the project on male and female beneficiaries? Does gender of rural bank staff have an effect on client interest and behavior?

VI. Methodology

The evaluation is expected to take place after the project close out in September 30, 2012, therefore, to the extent possible, documents and materials that may be required for the evaluation will be complied and

requested in advance from the contractor and partner organizations. This evaluation also acknowledges some limitations in terms of the selection of few representative sites to be visited and partners and stakeholders that have to be engaged out of the numerous project sites.

1. Desk Review and development of data collection tool

Prior to field work, the evaluation team will carry out a desk review of various sources of information pre-compiled and received by USAID from the (a) MABS Project Management Team prior to project close-out, and (b) Philippine government. These include contracts, quarterly and annual reports, work plans, M&E plan, and the final report of MABS-4. Other relevant documents from GPH offices and USG offices (i.e., RIG report) may also be included in the review. The evaluation team may also get in touch with the implementing contractor (Chemonics International) for additional information to the extent that core documents (reports and work plans) are required to be maintained on file after the project ends.

During the desk review time, the Team is expected to participate in planning conference calls with USAID/P, in order to review the goals and objectives of the assignment, discuss the evaluation design framework proposed by the Team, clarify team members' roles and responsibilities, and draft the evaluation workplan. The work plan includes itinerary and interview schedule, and gender-sensitive data collection methods and instruments (i.e., interview guides for key informant interviews and focus group discussions).

Based on an agreed list of outcome and output indicators as well as interview questions, the evaluation team will develop the data collection instruments for both quantitative and qualitative information. For all people-level indicators, collection of data will be sex-disaggregated. To get a good picture of impact, the Team will develop a criteria that will identify a set of banks (big and small) and clients to visit which will be representative of banks and clients across geographic areas using the various bank products.

2. In-country fieldwork

The evaluation team will spend more than four (4) weeks in the Philippines interviewing key stakeholders and partners and visiting project sites. Fieldwork starts with a Team Planning Meeting held at USAID/Philippines on the first day to:

- Review the status of the work plan
- Clarify any issues on the background material
- Reiterate team members' roles and responsibilities
- Review and make last revisions to the data collection methods and instruments
- Review and finalize the country itinerary and schedule of interviews

Within the first five days of in-country visit, the Team will finalize the evaluation work plan with USAID, which includes the data collection instrument/s and sites to visit.

An illustrative list of resource persons/organizations for the evaluation is in Annex A. USAID/Philippines will assist in setting up meetings within the Mission, relevant GPH departments and former MABS-4 staff. For all other meetings/interviews, USAID will provide the contact information in advance and the team can make arrangements with resource persons, organizations and microfinance clients.

3. Debriefing and Report Submission

The Evaluation Team will first discuss the summary of findings (in bullets) to USAID/P (Program Office and Office of Economic Growth, Democracy and Governance), followed by an internal debriefing with Mission management, and lastly a debriefing/presentation to relevant GPH departments, donors, and other stakeholders at the end of the in-country fieldwork. (Based on discussion with the Mission, the Team may be asked to provide a mid-term update during the fieldwork period.)

The Team is expected to provide the evaluation report's first draft, final draft and final versions based on the timeline stated in the Illustrative Table of Level of Effort in Section VIII below.

VII. Team Composition and Qualifications

Evaluation Expert (Team Leader). S/he should have at least 5 years of experience monitoring and evaluating projects in the field of Banking and Microfinance. Preferably s/he has excellent understanding of the global microfinance best practices and its implementation. Previous experience in working with USAID and working in the Philippines is desirable. S/he should be sufficiently knowledgeable about banking regulation and supervision so as to be able to comment usefully on the efforts made under the Program to improve the regulatory environment for banks offering microfinance services.

Banking and Microfinance Specialist. S/he should have extensive experience both in the field of Banking and Microfinance with excellent understanding of the global microfinance best practices and its implementation. S/he should be sufficiently knowledgeable about mobile money development and application to be able to usefully assess the mobile banking development effort that has taken place under the Program.

Administrative/Logistics Coordinator. S/he will provide support to the Team until such time that his/her services are necessary but not to exceed the official period of engagement. S/he shall provide administrative, logistical and documentation support to the team, i.e. developing the schedule, arranging meetings/appointments, providing logistical support in arranging travel requirements (lodging and transport) for the team, etc.

A MinDA representative, to be nominated by the USAID Technical Office and concurred to by the Program Office, will also be invited to participate as a member of the Evaluation Team. S/he should have extensive experience in the areas of program management, operations, policy, and monitoring and evaluation.

VIII. Period of Performance

The assignment will be conducted from March 4 to April 24, 2013 (40 days). A six-day work week is approved.

Illustrative Table of Level of Effort (LOE, in person/days)

ACTIVITIES/TASK	LOE
Background Preparation <ul style="list-style-type: none"> ○ Desk review of relevant materials ○ Develop evaluation design framework and methodology, data/information collection instruments and interview guides, criteria for selection of sites and non-project sites to visit, work plan and draft itinerary ○ List other documents needed (to gather with USAID support) ○ Conference calls with USAID Philippines to finalize tools and arrangements 	6 (Mar 4 - 9)
Fieldwork <ul style="list-style-type: none"> ○ Team Planning Meeting (1 LOE, Mar 11) ○ Briefing with Mission / discussion of draft work plan (1 LOE, Mar 12) ○ Revision and submission of final work plan (1 LOE, Mar 13) ○ Field visits/ interviews/ information collection, and focus group discussions (12 LOE, Mar 14 – 27) ○ Data analysis, report drafting (6 LOE, Mar 28 – Apr 3), and submission to USAID of draft summary findings before debriefing (COB, Apr 3) ○ Debriefing of draft findings with selected Mission staff (1 LOE, Apr 4) ○ Debriefing of draft findings with relevant GPH departments and other stakeholders (1 LOE, Apr 5) 	23 (Mar 11 – Apr 5)

ACTIVITIES/TASK	LOE
Drafting of detailed first draft (5 LOE, Apr 6 – 11) and submission to USAID (COB, Apr 11)	5 (Apr 6 – 11)
USAID review and comments on First Draft Report (2 working days, Apr 12 and 15)	
Writing of Final Draft Report	2 (Apr 16 – 17)
USAID review and comments on Final Draft Report (1 working day, Apr 18)	
Writing of final publishable report	2 (Apr 19 – 20)
USAID comments on publishable content and draft statement of differences, if any (1 working day, Apr 22)	
Revision and submission of publishable report	2 (Apr 23 – 24)
Total:	40

IX. Deliverables

1. **Detailed evaluation design and work plan; methodology** (including data collection instruments and method of general evaluation analysis); **evaluation report outline; and draft itinerary**. The design should include recommendation on criteria for selecting sites to be visited. This set of deliverables is due from the team on the last day of the desk review and will be finalized with USAID on Day 2 of the in-country evaluation period.
2. **Accomplished interview guides** containing information from key informant interviews and focus group discussions (electronic)
3. **Summary of draft findings** to USAID two days prior to the debriefings.
4. **A powerpoint presentation containing findings with conclusions and recommendations**, for the internal debriefing to USAID (Mission Director, OEDG and PRM) as well as the external debriefing for relevant GPH departments, donors and other stakeholders.
5. **Detailed first draft of the evaluation report**, to be provided to USAID/Philippines no later than eight (8) days after completion of in-country work. The report should not exceed 30 pages with an executive summary of no more than three (3) pages, excluding annexes. The report shall (a) follow the USAID general guidance on Preparing Evaluation Reports (Annex B), (b) satisfy the detailed USAID criteria for Evaluation Reports (see Annex C), and (c) contain all sections listed in the approved report outline (see [Sample Evaluation Report Template](#) as reference).
6. **Final draft of the evaluation report**, to be provided to USAID/Philippines within two (2) days from receipt of USAID comments on the first draft report.
7. **Final publishable evaluation report**, to be provided to USAID/Philippines no later than April 24, 2013. Submission is inclusive of the following:
 - Five (5) hard copies
 - Five (5) electronic copies of the report (in PDF and MS Word formats); supporting documentation inclusive of complete data collected (in Word, Excel or other relevant software); pictures and other visual materials; and the PowerPoint presentation on the highlights of the Evaluation Report. Each set of the listed information should be contained in a USB flash drive.

Mission Contact Person

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Annex A: List of Evaluation Resource Persons/Organizations

Interviews/visits will be made to (but not limited to):

- USAID Mission
- Senior Philippine Government Officials (MinDA, BSP, Insurance Commission)
- Main Private Sector Counterpart: Rural Bankers Association of the Philippines/ Rural Bankers Research and Development Foundation
- Selected Rural Bank Partners
- Partner Insurance Companies and the Philippine Life Insurance Association (PLIA)
- Telco Partners Globe GXchange and SMART telecommunications
- MABS Service Providers (PUNLA sa Tao Foundation, MICRA Philippines, ARMDEV)
- Microfinance Council of the Philippines
- International and local institutions implementing/funding microfinance activities
- Microfinance clients

Annex B

HOW TO NOTE

Create evaluation reports that are clear, credible, and useful.

How To Notes provide guidelines and practical advice to USAID staff and partners related to the Program Cycle.

Number: I
Version: 1.0
Date: July 2012

This Note supplements USAID Automated Directives System (ADS) Chapter 203 and provides current good practice in preparing evaluation reports, the main deliverable for most evaluations. Following these practices will help to establish clear expectations for evaluation reports during the preparation of evaluation statements of work and the in-briefing of the evaluation team. These practices also serve as a guide for reviewing the quality of draft evaluation reports submitted by the evaluation team. This Note is also a resource for USAID partners and independent evaluators of USAID programs and projects. An [evaluation report template](#) and [sample evaluation report covers](#) are available as additional resources.

The most important outcome of an evaluation is that it is used to inform decisions and improve USAID projects and programs. A key factor in using evaluation findings is having a well-written, succinct report that clearly and quickly communicates credible findings and conclusions, including easy-to-understand graphics and consistent formatting.

WHAT IS REQUIRED?

USAID’s Evaluation Policy and ADS 203 provide guidance on evaluation report structure and content, and steps in the process of creating a report. These are listed in Table 1. The report must present a well-researched, thoughtful and organized effort to objectively evaluate a USAID activity, project or program. Findings, conclusions and recommendations must be based in evidence derived from the best methods available given the evaluation questions and resources available. The evaluation methods, limitations, and information sources must be documented, including by providing data collection tools and the original evaluation statement of work as annexes to the main report. Finally, the findings should be shared transparently and widely, to ensure accountability and to promote learning from USAID’s experience.

Table 1: Evaluation Report Requirement
 (from the USAID Evaluation Policy and ADS 203)

Report should be...	A thoughtful, well-researched, well-organized, and objectively evaluate what worked, what did not, and why.
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Executive Summary	Include a 3 to 5 page Executive Summary that provides a brief overview of the evaluation purpose, project background, evaluation questions, methods, findings, and conclusions.
Evaluation Questions	Address all evaluation questions in the statement of work.
Methods	<ul style="list-style-type: none"> · Explain evaluation methodology in detail. · Disclose evaluation limitations, especially those associated with the evaluation methodology (e.g. selection bias, recall bias, unobservable differences between comparator groups, etc.). <p>NOTE: A summary of methodology can be included in the body of the report, with the full description provided as an annex.</p>
Findings	<ul style="list-style-type: none"> · Present findings as analyzed facts, evidence and data supported by strong quantitative or qualitative evidence and not anecdotes, hearsay or people’s opinions. · Include findings that assess outcomes and impacts on males and females.
Recommendations	<ul style="list-style-type: none"> · Support recommendations with specific findings. · Provide recommendations that are action-oriented, practical, specific, and define who is responsible for the action.
Annexes	<p>Include the following as annexes, at minimum:</p> <ul style="list-style-type: none"> · Statement of Work. · Full description of evaluation methods. · All evaluation tools (questionnaires, checklists, discussion guides, surveys, etc.). · A list of sources of information (key informants, documents reviewed, other data sources). <p>Only if applicable, include as an annex <i>Statement(s) of Differences</i> regarding any significant unresolved differences of opinion on the part of funders, implementers, and/or members of the evaluation team.</p>
Quality Control	Assess reports for quality by including an in-house peer technical review with comments provided to evaluation teams.
Transparency	<ul style="list-style-type: none"> · Submit the report to the Development Experience Clearinghouse (DEC) within three months of completion. · Share the findings from evaluation reports as widely as possible with a commitment to full and active disclosure.
Use	Integrate findings from evaluation reports into decision-making about strategies, program priorities, and project design.

STEPS IN THE PROCESS

1. Define Report Requirements in the Evaluation Statement of Work and Final Work Plan

All evaluation statements of work (SOW) should clearly define requirements and expectations for the final evaluation report. All of the items in Table 1 must be included as requirements for the final report. Ensure that all requirements in the SOW are also included in the final evaluation work plan that is put in place once the evaluation team is on board. Adjustments can be made at this time, as long as the minimum requirements are met, and additions can be included such as defining when the first draft will be due, how many days USAID will have to review and provide comments, and when the final report will be submitted.

2. Review First Draft

Program Offices must ensure that evaluation draft reports are assessed for quality by management and through an in-house peer technical review and comments provided to the evaluation teams. USAID staff may consider including implementing partners and other direct stakeholders in the review process. Tools such as the USAID Evaluation Report Checklist can be used.

3. Final Draft and Statement of Differences

Evaluation reports are independent products and therefore the evaluation team leader reviews the comments and determines which to incorporate into the final draft. Once the final draft is submitted to the USAID mission or office, the content should not be changed without the permission of the evaluation team leader. USAID, other funders, implementing partners, and other members of the evaluation team can decide to include a *Statement of Differences* as an annex to the report, if there are differences related to the evaluation findings or recommendations.

4. Submit to DEC and Share Findings Widely

USAID Program Offices must ensure that evaluation final reports (or reports submitted by evaluators to USAID as their final drafts) are submitted within three months of completion to the Development Experience Clearinghouse at <http://dec.usaid.gov>. The actual submission can be done by USAID staff or by the evaluation team with USAID concurrence (once an opportunity has been provided for USAID or others to include a *Statement of Differences*, if appropriate). In addition to submission to the DEC, USAID should also consider how to share the evaluation report widely to facilitate broader learning. This could include posting the report on the USAID mission website, translating a summary into local language, and hosting presentations of the evaluation findings.

5. Use Evaluation Findings to Inform Decisions

USAID must integrate evaluation findings into decision making about strategies, program priorities, and project design. While the Program Office in a mission should ensure this happens, it is the responsibility of all USAID staff.

CONTENT AND STRUCTURE

General Style

When writing a report, the evaluation team must always remember the primary audience: project and program managers, policymakers, and direct stakeholders. The style of writing should be easy to understand and concise while making sure to address the evaluation questions and issues with accurate and data-driven findings, justifiable conclusions, and practical recommendations.

Report Sections and Content

At a minimum, all reports should include the following sections: Executive Summary (3 to 4 pages); Evaluation Purpose and Questions (1 to 2 pages); Project Background (1 to 3 pages); Evaluation Methods and Limitations (1 to 3 pages, with full version provided in an annex); Findings, Conclusions and Recommendations (15 to 25 pages); and, Annexes. Reports may include additional content, split the sections up differently, or present the sections in a different order.

□ **Executive Summary**

The Executive Summary, between three to four pages in length, should stand alone as an abbreviated version of the report. All content of the full report should be summarized, and the Executive Summary should contain no new information.

□ **Evaluation Purpose and Questions**

The evaluation purpose should be clearly defined at the beginning of the report. It should describe in about one page or less why the evaluation is being conducted now, how the findings are expected to be used, what specific decisions will be informed by the evaluation, and who the main audiences are for the evaluation report. The evaluation questions are linked to the purpose, and should be listed here. Good practice is to limit the questions to three to five that are clear, focused, and that will directly inform specific decisions.

□ **Project Background**

This section should summarize the project being evaluated in one to three pages, including the original problem the project is designed to address, any changes that have occurred since the project was started, a description of the beneficiary population, geographic area of the project, and the underlying development hypothesis, or causal logic, of the project or the broader program of which the project is a part. If a results framework (for strategies, objectives or programs) or logical framework (for projects) is available, this should be included here. For projects designed under the [project design guidance](#) released in 2011, the evaluation team should have access to the final Project Appraisal Document and related annexes (which includes a logical framework and original monitoring and evaluation plans, among other things). This information provides important context for understanding the evaluation purpose, questions, methods, findings and conclusions.

□ **Methods and Limitations**

This section should provide a detailed description within one to three pages of the evaluation methods and why they were chosen. If more space is needed, additional detailed information on the methods should be provided in an annex. The reader needs to understand what the evaluation team did and why to make an informed judgment about the credibility of the findings and conclusions and the underlying evaluation design including the data collection and analysis methods.

Evaluation methods should correspond directly to the questions being asked and should generate the highest quality and most credible evidence possible, taking into consideration time, budget and other practical considerations.

This section should provide information on all aspects of the evaluation design and methods, including tradeoffs that led to selection of specific data collection and analysis methods, a description of data availability and quality, and sampling strategies (purposive, random, etc.), including how interview subjects or site visits were selected. Just as important as describing the evaluation methods is describing any limitations in data collection and analysis, data quality, access to data sources, or any other factors that may result in bias. To show the relationship between the evaluation questions and methods, it is useful to include a chart that lists each evaluation question, the corresponding evaluation method to be used for data collection and analysis, data sources, sample sizes, and limitations.

● **Findings, Conclusions and Recommendations**

Findings, conclusions, and (if requested in the evaluation statement of work) recommendations, make up the main body of the report, synthesizing what was learned during the evaluation and presenting it in an easy to understand and logical fashion. Findings are empirical facts based on data collected during the evaluation and should not rely only on opinion, even of experts. Conclusions synthesize and interpret findings and make judgments supported by one or more specific findings. Recommendations, if applicable, are specific actions the evaluation team proposes be taken by program management that are

based on findings and conclusions. The reader should be able to discern what evidence supports the conclusions and recommendations. Whenever possible, data should be presented visually in easy to read charts, tables, graphs, and maps to demonstrate the evidence that supports conclusions and recommendations. All graphics must have a title, be clearly labeled, and include a caption.

- **Annexes**

All evaluation reports must include the following as annexes: 1) the Evaluation Statement of Work, 2) Detailed description of the evaluation design and methods, 3) copies of the actual data collection tools such as survey or interview questions, 4) a list of information sources (including documents reviewed, sites visited, and key informants, assuming they gave permission to be identified), and 5) disclosure of any conflict of interest by including a signed statement by evaluation team members that attests to a lack of conflict of interest or describes an existing conflict of interest relative to the project being evaluated. Additional annexes can be included at the discretion of the evaluation team and USAID, and in some cases implementing partners, including, if applicable, any *Statements of Differences* with the evaluation conclusions.

FORMAT AND GRAPHIC STANDARDS

Reminder on USAID Graphic Standards

The USAID Graphic Standards Manual is available at http://pdf.usaid.gov/pdf_docs/PNADB334.pdf. Evaluation report authors and reviewers should be familiar with the USAID Graphic Standards and apply them consistently. These include requirements and guidance related to USAID branding, choice of typography, and color palette.

Cover

The cover of an evaluation report should be attractive and provide enough information that a reader can immediately understand what was evaluated. To make evaluation reports distinct from other types of USAID publications all evaluation report covers should:

- Follow USAID Branding and Graphics Standards.
- Include a title block in USAID light blue background color with the word “Evaluation” at the top and the report title underneath. The title should also include the word “evaluation.”
- Include the following statement across the bottom: “This publication was produced at the request of the United States Agency for International Development. It was prepared independently by [list authors and/or organizations involved in the preparation of the report].”
- Feature one high-quality photograph representative of the project being evaluated. The photo should be high resolution, visually simple, colorful, and in focus. Include a brief caption on the inside front cover explaining the “who, what, when, where, and why” of the photo and with photographer credit.

Title and Title Page

While titles are determined by the evaluation team and the USAID Mission or operating unit commissioning the evaluation, all evaluations will be submitted to the DEC and therefore titles should be clear to the general reader. A review of recent evaluation titles leads to the following suggestions for good practice:

- Compose a title that is informative, clear and compelling (e.g., “Improving Community Health in Fredonia: Evaluation of the USAID/Fredonia Community Health Project”).
- Avoid acronyms and do not use implementing partner names (e.g., “XYZ LTD Evaluation”).
- Include the word “evaluation” in the title. This will help the DEC correctly archive the document.

The report title should be repeated on the title page, the first right-hand text page of the report. The title page also includes the subtitle, if any, and the standard disclaimer for publications by external authors: “The author’s views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.” It may also include the date of the report,

a short abstract summarizing the report, or other information.

Acronyms

Keep the use of acronyms to a minimum, and define all acronyms used in the report by including an acronym list in the beginning of the report

Table of Contents

This comes before any content referenced in the table. Sufficient detail should be provided to guide the reader through the report, including page numbers.

Length

Evaluation reports should be no more than 30 pages in length, not including any annexes and three to four pages for an Executive Summary. This should be sufficient to provide a summary of the evaluation purpose and approach, key findings, conclusions and recommendations. Additional detail can be provided as annexes.

COMPANION PRODUCTS

USAID staff should consider other products to include in the evaluation statement of work that can complement the report and aid in disseminating evaluation findings to a broader audience. These could include photos documenting the evaluation, a short video that combines footage from the evaluation with a summary of the findings, a short fact sheet, a local language translation of the executive summary of the evaluation report, or a presentation via webinar of the evaluation report. Some products are not appropriate to ask as a deliverable from an evaluation team, such as “Success Stories” as this would put the evaluation team’s objectivity and independence into question.

ADDITIONAL RESOURCES

The following resources can be used as samples or templates, or provide more information on evaluation reports and on evaluation in general. Some other resources exist but are out-of-date with current USAID guidance. Where information differs, the USAID Evaluation Policy and the USAID ADS 200 series take precedence over that in other resources.

- Evaluation Report Template: <http://tinyurl.com/SampleEvaluationReportTemplate>
- Evaluation Cover Samples: <http://tinyurl.com/SampleEvaluationCover>
- Sample Disclosure of Conflict of Interests Form: <http://tinyurl.com/DisclosureofConflictofInterest>
- USAID Graphic Standards Manual: http://pdf.usaid.gov/pdf_docs/PNADB334.pdf
- USAID’s Center for Development Information and Evaluation Publications: Style Guide: Guidelines for Project Managers, Authors, and Editors, December 2001
http://pdf.usaid.gov/pdf_docs/PNACN266.pdf

ANNEX C: Checklist for Assessing USAID Evaluation Reports

GOOD PRACTICE ELEMENTS OF AN EVALUATION REPORTⁱ

EVALUATION REVIEW FACTOR
1. Does the evaluation report have a cover sheet attached indicating the type of evaluation conducted (e.g. performance evaluation or impact evaluation) and general design?
2. If a performance evaluation, does the evaluation report focus on descriptive and normative evaluation questions?
3. If the evaluation report uses the term “impact evaluation,” is it defined as measuring the change in a development outcome that is attributable to a defined intervention (i.e. impact evaluations are based on models of cause and effect and require a credible and rigorously defined counterfactual)?
4. Regardless of the type of evaluation, does the evaluation report reflect use of sound social science methods?
5. Does the report have a Table of Contents (TOC)?
6. Do Lists of Figures and Tables follow the TOC?
7. Does the report have a Glossary of Terms?
7.1 Are abbreviations limited to the essential?
8. Is the date of the report given?
9. Does the body of the report adhere to the 20 page guide?
10. Is the report well-organized (each topic is clearly delineated, subheadings used for easy reading)?
11. Does the report’s presentation highlight important information in ways that capture the reader’s attention?
12. Is the report well written (clear sentences, reasonable length paragraphs, no typos, acceptable for dissemination to potential users)?
13. Does the evaluation report focus on the essential issues concerning the key questions, and eliminate the “nice to know”, but not essential information?
14. Does the evaluation report discuss any issues of conflict of interest, including the lack thereof?
15. As applicable, does the evaluation report include statements regarding any significant unresolved differences of opinion on the part of funders, implementers and/or members of the evaluation team?
16. Does the evaluation report begin with a 3- to 5-page stand-alone summary of the purpose, background of the project, main evaluation questions, methods, findings, conclusions, recommendations and lessons learned (if applicable) of the evaluation?
17. Does the Executive Summary concisely state the main points of the evaluation?
18. Does the Executive Summary follow the rule of only saying what the evaluation itself says and not introducing new material?
19. Does the report introduction adequately describe the project?
19.1. Does the introduction explain the problem/opportunity the project was trying to address?
19.2. Does the introduction show where the project was implemented (physical location) through a map?
19.3. Does the introduction explain when the project was implemented?
19.4. Are the “theory of change” or development hypotheses that underlie the project explained? (Does the report specify the project’s inputs, direct results (outputs), and higher level outcomes and impacts, so that the reader understands the logical structure of the project and what it was supposed to accomplish?)
19.5. Does the report identify assumptions underlying the project?
19.6. Does the report include sufficient local and global contextual information so that the external validity and relevance of the evaluation can be assessed?

EVALUATION REVIEW FACTOR
19.7. Does the evaluation report identify and describe any critical competitors to the project that functioned at the same time and in the project's environment?
19.8. Is USAID's level of investment in the project stated?
19.9. Does the evaluation report describe the project components funded by implementing partners and the amount of funding?
20. Is the purpose of the evaluation clearly stated?
21. Is the amount of USAID funding for the evaluation indicated?
22. Are all other sources of funding for the evaluation indicated as well as the amounts?
23. Does the report identify the evaluation team members and any partners in the evaluation?
24. Is there a clear statement of how the evaluation will be used and who the intended users are?
25. Are the priority evaluation questions presented in the introduction?
26. Does the evaluation address all evaluation questions included in the Statement of Work (SOW)?
26.1. Are any modifications to the SOW, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline indicated in the report?
26.2. Is the SOW presented as an annex?
26.3. If so, does the annex include the rationale for any change with the written sign-offs on the changes by the technical officer?
27. Does the report provide a clear description of the evaluation's design?
27.1. Is a design matrix or similar written tool presented in an annex that shows <i>for each question/subquestion</i> the measure(s) or indicator(s) used to address it, the source(s) of the information, the type of evaluation design, type of sampling if used, data collection instrument(s) used, and the data analysis plan?
28. Does the report state the period over which the evaluation was conducted?
29. Does the report state the project time span (reference period) covered by the evaluation?
30. Does the evaluation report indicate the nature and extent of consultation on the evaluation design with in-country partners and beneficiaries?
31. Does the evaluation report indicate the nature and extent of participation by national counterparts and evaluators in the design and conduct of the evaluation?
32. Does the report address each key question around which the evaluation was designed?
33. Is at least one of the evaluation questions directly related to gender analysis of outcomes and impacts?
33.1. Are data sex-disaggregated?
34. In answering the questions, does the report appropriately use comparisons made against baseline data?
35. If the evaluation is expected to influence resource allocation, does it include information on the cost structure and scalability of the intervention, as well as its effectiveness?
35.1. As appropriate, does the report include financial data that permits computation of unit costs and analysis of cost structure?
36. Is there a clear description of the evaluation's data collection methods (summarized in the text with the full description presented in an annex)?
36.1. Are all tools (questionnaires, checklists, discussion guides, and other data collection instruments) used in the evaluation provided in an annex?
36.2. Does the evaluation report include information, as appropriate, on the pilot testing of data collection instruments?
36.3. Does the evaluation report include information, as appropriate, on the training of data collectors?
37. Are all sources of information properly identified and listed in an annex?

EVALUATION REVIEW FACTOR
38. Does the evaluation report contain a section describing the limitations associated with the evaluation methodology (e.g. selection bias, recall bias, unobservable differences between comparator groups, small samples, only went to villages near the road, implementer insisted on picking who the team met with, etc)?
39. Does the evaluation report indicate the evaluation methodology took into account the time, budget, and other practical considerations for the evaluation such as minimizing disruption and data burden?
40. Does the report have sufficient information to determine if the evaluation team had the appropriate methodological and subject matter expertise to conduct the evaluation as designed?
41. If an impact evaluation was designed and conducted, does the evaluation report indicate that experimental methods were used to generate the strongest evidence? Or does the report indicate that alternative methods for assessing impact were utilized and present the reasons why random assignment strategies were not feasible?
42. Does the evaluation report reflect the application and use to the maximum extent possible of social science methods and tools that reduce the need for evaluator-specific judgments?
43. Does the evaluation scope and methodology section address generalizability of the findings?
44. Are percentages, ratios, cross-tabulations, rather than raw data presented, as appropriate?
45. When percentages are given, does the report always indicate the number of cases used to calculate the percentage?
45.1. Is use of percentages avoided when the number of cases is small (<10)?
46. Are whole numbers used or rounding-off numbers to 1 or 2 digits?
47. Are pictures used to good effect?
47.1. Relevant to the content
47.2. Called out in the text and placed near the call-out
48. Are charts and graphs used to present or summarize data, where relevant?
48.1. Are the graphics easy to read and simple enough to communicate the message without much text?
48.2. Are they consistently numbered and titled?
48.3. Are they clearly labeled (axis, legend, etc.)
48.4. Is the source of the data identified?
48.5. Are they called out in the text and correctly placed near the call-out?
48.6. Are the scales honest (proportional and not misleading by virtue of being “blown-up”)?
49. Are FINDINGS specific, concise and supported by strong quantitative and qualitative evidence?
49.1. As appropriate, does the report indicate confirmatory evidence for FINDINGS from multiple sources, data collection methods, and analytic procedures?
50. Are adequate data provided to address the validity of the “theory of change” or development hypothesis underlying the project, i.e., cause and effect relationships?
51. Are alternative explanations of any observed results discussed, if found?
52. Are unplanned results the team discovered adequately described?
53. Are opinions, conclusions, and recommendations kept out of the description of FINDINGS?
54. Is there a clear distinction between CONCLUSIONS and FINDINGS?
55. Is every CONCLUSION in the report supported by a specific or clearly defined set of FINDINGS?
56. Are the CONCLUSIONS credible, given the FINDINGS the report presents?
57. Can the reader tell what CONCLUSIONS the evaluation team reached on each evaluation question?
58. Are RECOMMENDATIONS separated from CONCLUSIONS? (Are they highlighted, presented in a separate section or otherwise marked so that the reader sees them as being

EVALUATION REVIEW FACTOR
distinct?)
59. Are all RECOMMENDATIONS supported by a specific or clearly defined set of FINDINGS and CONCLUSIONS? (Clearly derived from what the evaluation team learned?)
60. Are the RECOMMENDATIONS practical and specific?
61. Are the RECOMMENDATIONS responsive to the purpose of the evaluation?
62. Are the RECOMMENDATIONS action-oriented?
63. Is it clear who is responsible for each action?
64. Are the RECOMMENDATIONS limited/grouped into a reasonable number?
65. Did this evaluation include lessons that would be useful for future projects or programs, on the same thematic or in the same country, etc.?
66. Are the LESSONS LEARNED highlighted and presented in a clear way?
67. Does the report indicate who the lessons are for? (e.g., project implementation team, future project, USAID and implementing partners, etc.)
68. Does the evaluation report give the appearance of a thoughtful, evidence-based, and well organized effort to objectively evaluate what worked in the project, what did not and why?
69. As applicable, does the evaluation report include statements regarding any significant unresolved differences of opinion on the part of funders, implementers and/or members of the evaluation team?
70. Is the evaluation report structured in a way that will promote its utilization?
71. Does the evaluation report explicitly link the evaluation questions to specific future decisions to be made by USAID leadership, partner governments and/or other key stakeholders?
72. Does the evaluation report convey the sense that the evaluation was undertaken in a manner to ensure credibility, objectivity, transparency, and the generation of high quality information and knowledge?

REPORT DISSEMINATION
73. Have all evaluation team members signed a statement attesting to a lack of conflict of interest, or describing and existing conflict of interest relative to the project being evaluated?
74. Was the Report Submitted to the Development Experience Clearing House (DEC)?
75. Has a dissemination plan been developed for this report?
76. Is the report widely shared to interested stakeholders?

DEFINITIONS:

Performance evaluation: focuses on descriptive and normative questions: what a particular project or program has achieved (either at an intermediate point in execution or at the conclusion of an implementation period); how it is being implemented; how it is perceived and valued; whether expected results are occurring; and other questions that are pertinent to program design, management and operational decision making. Performance evaluations often incorporate before-after comparisons, but generally lack a rigorously defined counterfactual.

Impact evaluation: measures the change in a development outcome that is attributable to a defined intervention; impact evaluations are based on models of cause and effect and require a credible and rigorously defined counterfactual to control for factors other than the intervention that might account for the observed change. Impact evaluations in which comparisons are made between beneficiaries that are randomly assigned

to either a —treatment|| or a —control group provide the strongest evidence of a relationship between the intervention under study and the outcome measured.

Theory of change: A tool to design and evaluate social change initiatives. It is a blueprint of the building blocks needed to achieve long-term goals of a social change initiative.

Development Hypothesis: Identifies causal linkages between USAID actions and the intended Strategic Objective (highest level result).

External Validity: The degree to which findings, conclusions, and recommendations produced by an evaluation are applicable to other settings and contexts.

Findings: Empirical facts collected during the evaluation

Conclusions: Interpretations and judgments based on the findings

Recommendations: Proposed actions for management.

ANNEX B: FOCUS GROUP DISCUSSION GUIDE QUESTIONS

Contents

Group Interview Guide for Account Officers..... 1

Focus Group Discussion Guide for Rural Bank Clients..... 3

Group Interview Guide for Account Officers:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondents. 2. Introduce the team.
Starting the Interview	3. Provide a brief introduction of the purpose of your visit. 4. Describe the goals of the evaluation and how the respondent can contribute to their realization. 5. Explain why the respondent was chosen and the importance of his/her contribution. 6. Explain that your colleague will be taking notes so that you can remember later what was said. 7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What are your Bank's Microfinance products? 9. Which ones were developed with MABS 4 Assistance? 10. Are they still being offered? 11. Who are your clients for this product? 12. What is the typical profile of your clients for this product? 13. Overall, to what extent did MABS 4 contribute to increased economic opportunity through the development of a more inclusive financial system? a. improved clients' ability to generate savings for business expansion and/or cushion against economic shocks b. improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services c. Improved services (better and more accessible) by rural banks to microfinance clients 14. Which products are not profitable? 15. What specific assistance did MABS provide to your bank? 16. Which assistance is most useful? 17. What for you are the top three accomplishments of MABS 4? 18. How can it be sustained by your bank?
Sustainability Good Practice	19. What MABS 4 interventions can be considered good practices (e.g., unique achievements, innovative methods/approaches)? 20. Which interventions may be recommended in future projects, specifically on micro insurance and mobile banking? 21. What are the overall lessons learned from the implementation of the Program?
Bank Products (Savings and Loans) (If applicable. Do not proceed if question number 9 does not mention this section)	22. What is the name of the product developed under MABS 4? a. What is its current status (clients, portfolio, PAR)? b. Not applicable, we did not develop a new product. 23. What are the contributions of MABS 4 in improving your operations? 24. What are some of your operational issues in implementing these products?
Micro insurance (If applicable. Do not proceed if question number 9 does not)	25. What is the name of the product developed under MABS 4? a. What is its current status? b. Not applicable, we did not develop a new product.

mention this section.

Mobile Phone Banking

(If applicable. Do not proceed if question number 9 does not mention this section.

26. What are the contributions of your microinsurance developed under MABS 4 in improving your bottom lines (social and financial)?
27. What are some of your operational issues in implementing microinsurance?
28. Are you implementing mobile phone banking?
 - a. If yes, how effective is the mobile phone banking channel?
 - b. What is the status?
 - i. Number of registered clients
 - ii. Number of active transacting clients
 - iii. How much is the monthly transaction volume?
 - c. If no, why not?
 - d. What for you is the value addition of mobile banking for the bank and for the client?
29. What are some of your operational issues in implementing mobile phone banking channel?

Focus Group Discussion Guide for Rural Bank Clients:

Introduction	Suggested dialogue
<p>Welcome and Introductions</p> <p>Starting the Interview</p>	<ol style="list-style-type: none"> 1. Greet the respondents. 2. Introduce the team. 3. Provide a brief introduction of the purpose of your visit. 4. Describe the goals of the evaluation and how the respondent can contribute to their realization. 5. Explain why the respondent was chosen and the importance of his/her contribution. 6. Tell the participants about the duration of the FGD: The discussion will last for two hours and food and drinks will be served after we are finished. 7. Remind the respondents: There are no right or wrong answers, and it is important that everyone must participate. What counts are your views and your opinions, no matter how insignificant you feel your ideas might be. You are in a sense representing so many other people out there who might feel and think the same as you do so speak up and have your say. It is also good that we respect the opinion of others. 8. Ask permission to record the discussion: We would very much like to record these discussions to help us remember them and so that we do not miss any of the issues and ideas you give us. Details of the discussions and your names will be kept confidential – so please free to express your opinions. Would you agree to have our discussion recorded in order for us to document well the process and results of our discussion? Thank you.
Evaluation Area	Research Questions
<p>General Banking</p> <p>We understand that you have recently received a loan from [name of RB]. We would like to get your feedback on how the experience was.</p>	<ol style="list-style-type: none"> 9. How did you first hear about [name of RB]? 10. Were you a customer of another Rural Bank/Coop/ NGO MFI before joining [name of RB]? <ol style="list-style-type: none"> a. If yes, why did you decide to join [name of RB]? b. If no, had you ever borrowed before from a Rural Bank/Coop/ NGO MFI? 11. What products did you receive from [name of RB]? 12. Before [name of RB] where do you get these services? 13. What assistance was provided to you by [name of RB]? (other than the loan itself) 14. How did you benefit from these products? 15. Can you say that you increased your economic opportunities from these services and products? 16. How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower?
<p>Mobile Banking</p>	<ol style="list-style-type: none"> 17. What telco (Smart, Globe, Sun) does the [name of RB] uses for its mobile banking services?

One of our purposes here is to get an idea of how you all do banking. We really want to know what channels you are using for your financial services, so we want to ask some questions on a new channel called mobile banking.

18. How many of you had a [name of TELCO] SIM card before you became a client of [name of RB]?

19. How many members in your household (including you) own a mobile phone?

20. What are the mobile networks that you and/or your other household members use?

- Globe / Touch Mobile / Tattoo 1
- Smart / Talk 'n Text/Red 2
- Sun 3

21. Do you and/or your other household members have a subscription plan or are you using pre-paid credits?

- Postpaid/Subscription Plan 1
- Prepaid 2
- Both 3

22. How many of you have ever used Smart Money or GCASH before you became a client of [name of RB]?

- Yes
 - GCASH only.....1
 - Smart Money only.....2
 - Both GCASH and Smart Money, but uses GCASH more.....3
 - Both GCASH and Smart Money, but uses Smart Money more).....4
 - No.....5

23. How many of you are you aware that you can use GCash or Smart Money for several types of Transactions?
 a. Which ones do you know about?
 b. Which of them have you used already?

24. Overall, how satisfied or dissatisfied are you with the service of [Gcash or smart money]?

	Number of Respondents
Very Satisfied	
Somewhat satisfied	
Undecided if satisfied or not	
Somewhat dissatisfied	
Very dissatisfied	

25. What would you consider to be the advantage of receiving your loan using

GCash or Smart Money?

26. What would you consider to be the disadvantage of receiving your loan through mobile banking?
27. Would you like to use GCash or Smart Money for paying your loan installments?
28. After receiving the loan, how much of your loan did you take in cash?
29. For those that only cashed out part of your loan, did you make any other transactions using GCash or Smart Money, such as bill payment, airtime top up, sending money to another person, etc?
30. How many CICO centers/agents do you know of near your residence or place of work/business?

(NOTE TO THE FACILITATOR: near = maximum of 30 minutes estimated travel time): _____

31. How many CICO centers/agents do you normally go to for doing GCash or Smart Money cash-in/out? (1) one only, (2) two only, (3) three only.
32. Did you easily find a CICO or did you need the help of [name of RB] staff to find a CICO?
33. How much did you pay (in percentage) for cashing-out your loan at the CICO?
34. Do you feel this was a fair price to pay? Why or why not?
35. How would you rate your satisfaction with the CICO?

	Number of Respondents
Very Satisfied	
Somewhat satisfied	
Undecided if satisfied or not	
Somewhat dissatisfied	
Very dissatisfied	

36. Overall, what made you feel satisfied or dissatisfied with the service of CICO Center/agent?
37. What would you suggest to the owner of the CICO to provide you a better service?
38. What was the minimum amount you were asked to save by [name of RB]?
39. Did you elect to save more than the minimum amount? Why?
40. Can you say that you have increased your ability to generate savings for business expansion and/or cushion against economic shocks? If yes, how? If no, why not?

Savings

As you know, when you received your loan from [name of RB], you were also asked to make savings deposits.

We would like to ask you a few questions about your experience. Again, the information we are about to ask for is strictly confidential, and is for research purposes only.

41. What are the main purposes/reasons for you to save money?

Location of Savings	Number of Respondents
Children's education	
Emergencies/ Medical expenses	
Special Occasions	
Capital to start a business	
Capital to expand present business	
House repair renovation	
Buy household appliances	
Without specific purpose	
Others (Specify)	

42. How would you rate your satisfaction with this [name of RB]'s compulsory savings product?

	Number of Respondents
Very Satisfied	
Somewhat satisfied	
Undecided if satisfied or not	
Somewhat dissatisfied	
Very dissatisfied	

43. Overall, what made you feel satisfied or dissatisfied with the Savings Product?

Loans

We are going to ask a few questions about your experience borrowing from [name of RB]. Remember, all information is confidential and will not be shared with anyone working here or elsewhere.

44. How did you spend the proceeds of your loan?

Loan Utilization	Number of Respondents
Children's education	
Emergencies/ Medical expenses	
Special Occasions	
Capital to start a business	
Capital to expand present business	
House repair renovation	
Buy household appliances	
Without specific purpose	
Others (Specify)	

45. What was the role of your spouse in your microenterprise?

46. Who decided on how the loan proceeds were used?

47. How would you rate your satisfaction with the loan product of the [name of RB]?

	Number of Respondents
Very Satisfied	
Somewhat satisfied	
Undecided if satisfied or not	

Somewhat dissatisfied	
Very dissatisfied	

48. Overall, what made you feel satisfied or dissatisfied with the Loan Product?
49. How many of you would borrow again from [name of RB]?
 a. If no, would you borrow from another source instead? Why?
 b. If yes, how would you like to change the product? I.e. bigger loan etc.

Insurance

50. How many of you currently have insurance policies?
51. What type of insurance is it?

	Number of Respondents
Life	
Disability	
Hospitalization	
Property	
Other	

52. How satisfied were you with your current insurance provider?

	Number of Respondents
Very Satisfied	
Somewhat satisfied	
Undecided if satisfied or not	
Somewhat dissatisfied	
Very dissatisfied	

53. Overall, what made you feel satisfied or dissatisfied with the Microinsurance Product?
54. What other types of insurance products do you or your family need?

Closing

Suggested dialogue

55. Ask the participants if they have any questions *(if not related to the evaluation, address the question to the account officer if present, if not present tell the respondent that you will communicate the question to the account officer of the RB)*.
56. Thank the respondents.
57. Tell them that their valuable inputs will be used to improve the Rural Bank's services.

ANNEX C: KEY INFORMANT INTERVIEW GUIDE QUESTIONS

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Key informant interview guide for Rural Bank CEO or President:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent. 2. Introduce the team.
Starting the Interview	3. Provide a brief introduction of the purpose of your visit. 4. Describe the goals of the evaluation and how the respondent can contribute to their realization. 5. Explain why the respondent was chosen and the importance of his/her contribution. 6. Explain that your colleague will be taking notes so that you can remember later what was said. 7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the overall goal of MABS 4, and to what extent has it been accomplished? 9. How were you selected as a partner bank? 10. What made you join the partnership? 11. What for you are the top three accomplishments of MABS 4? 12. What do you think are the facilitating factors that contributed to your accomplishments in the partnership? 13. What do you think are the hindering factors that may have contributed to subpar performance, if there are any? 14. Are there any other components that you wish the project also covered? Why?
Sustainability	15. How do you think you can sustain the gains you have accomplished from MABS 4?
Good Practice	16. What do you think can prevent you from sustaining these gains? 17. What for you are the best practices that can be replicated for future projects especially on the areas of micro insurance and mobile banking? 18. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	19. How have gender considerations been integrated in the Project? 20. What are some examples of gender mainstreaming policies that the project has adopted?
Policies and regulations on microfinance and mobile banking developed and rolled-out	21. What are some of the policies and regulations on microfinance and mobile banking that have been developed and rolled-out? 22. What benefits did you get from these policies and regulations?

Key informant interview guide for Rural Bank Branch Manager:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What are your Bank's Microfinance products?
	9. Which ones were developed with MABS 4 Assistance?
	10. Are they still being offered?
	11. Who are your clients for this product?
	12. What is the typical profile of your clients for this product?
	13. Overall, to what extent did MABS 4 contribute to increased economic opportunity through the development of a more inclusive financial system?
	a. improved clients' ability to generate savings for business expansion and/or cushion against economic shocks
	b. improved ability of rural bank partners to sustain and expand your respective capacities to offer microfinance services
	c. Improved services (better and more accessible) by rural banks to microfinance clients
	14. Which products are not profitable?
	15. What specific assistance did MABS provide to your bank?
	16. Which assistance is most useful?
	17. What for you are the top three accomplishments of MABS 4?
Sustainability	18. How can they be sustained by your bank?
Good Practice	19. What MABS 4 interventions can be considered good practices (e.g., unique achievements, innovative methods/approaches)?
	20. Which interventions may be recommended in future projects, specifically on micro insurance and mobile banking?
	21. What are the overall lessons learned from the implementation of the Program?
Bank Products	22. What is the name of the product developed under MABS 4?
(Savings and Loans)	a. What is its current status (clients, portfolio, PAR)?
	b. Not applicable, we did not develop a new product.
(If applicable. Do not proceed if question number 9 does not mention this section)	23. What are the contributions of MABS 4 in improving your operations?
	24. What are some of your operational issues in implementing these products?
Micro insurance	25. What is the name of the product developed under MABS 4?
	a. What is its current status?
(If applicable. Do not proceed if question number 9 does not)	b. Not applicable, we did not develop a new product.
	26. What are the contributions of your micro insurance developed

mention this section.

Mobile Phone Banking

(If applicable. Do not proceed if question number 9 does not mention this section.

under MABS 4 in improving your bottom lines (social and financial)?

27. What are some of your operational issues in implementing micro insurance?
28. Are you implementing mobile phone banking?
 - a. If yes, how effective is the mobile phone banking channel?
 - b. What is its status?
 - i. Number of registered clients
 - ii. Number of active transacting clients
 - iii. How much is the monthly transaction volume?
 - c. If no, why not?
 - d. What for you is the value addition of mobile banking for the bank and for the client?
29. What are some of your operational issues in implementing the mobile phone banking channel?

Key informant interview guide for Rural Bank Operations Manager and Research and Development Manager:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What are the contributions of MABS 4 to your bank?
	9. What for you are the top three accomplishments of MABS 4?
	10. What do you think are the hindering factors that may have contributed to subpar performance, if there are any?
	11. Are there any other components that you wish the project also covered? Why?
Sustainability	12. How do you think can you sustain the gains you have accomplished from MABS 4?
	13. What do you think can prevent you from sustaining these gains?
Good Practice	14. What for you are the best practices that can be replicated for future projects especially in the areas of micro insurance and mobile banking?
	15. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	16. How have gender considerations been integrated in the Project?
	17. What are some examples of gender mainstreaming policies that the project has adopted?
Bank Products (Savings and Loans)	18. What is the name of the product developed under MABS 4?
	a. What is its current status (clients, portfolio, PAR)?
	b. Not applicable, we did not develop a new product.
(If applicable. Do not proceed if question number 9 does not mention this section.	19. What are the contributions of MABS 4 in improving your operations?
	20. What are some of your operational issues in implementing these products?
Microinsurance	21. What is the name of the product developed under MABS 4?
	a. What is its current status (clients, portfolio, PAR)?
	b. Not applicable, we did not develop a new product.
(If applicable. Do not proceed if question number 9 does not mention this section.	22. What are the contributions of your microinsurance developed under MABS 4 in improving your bottom lines (social and financial)?
	23. What are some of your operational issues in implementing microinsurance?
Mobile Phone Banking	24. Are you implementing mobile phone banking?
	a. If yes, how effective is the mobile phone banking channel?
(If applicable. Do not proceed	b. What is the status?

if question number 9 does not mention this section.

Policies and regulations on microfinance and mobile banking developed and rolled-out

- i. Number of registered clients
 - ii. Number of active transacting clients
 - iii. How much is the monthly transaction volume?
 - c. If no, why not?
 - d. What for you is the value addition of mobile banking for the bank and for the client?
25. What are some of your operational issues in implementing mobile phone banking channel?
26. What are some of the policies and regulations on microfinance and mobile banking developed and rolled-out?
27. What benefits did you get from these policies and regulations?

Key informant interview guide for Mindanao Development Authority:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
	2. Introduce the team.
Starting the Interview	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the mandate of the Mindanao Development Authority (MinDA)?
	9. What is the role of MinDA in MABS?
	10. What kind of assistance did MinDA provide MABS?
Sustainability	11. How do you think MinDA can assist/help in sustaining the gains of rural banks assisted by MABS?
	12. Are there any factors that can prevent MinDA from sustaining these gains?
Good Practice	13. What for you are the best practices that can be replicated for future projects especially on the areas of microinsurance and mobile banking?
	14. Were there any valuable lessons learned in the implementation of MABS 4?
Gender	15. What are some examples of gender mainstreaming policies that MinDA has adopted as influenced by MABS?

Key informant interview guide for Bangko Sentral ng Pilipinas:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the role of the Bangko Sentral ng Pilipinas (BSP) in the MABS Project?
	9. In what areas of BSP policies was MABS able to contribute?
	10. Do you think that MABS was successful in assisting BSP in coming up with relevant policies on microfinance, mobile banking, micro agriculture, and micro housing?
	11. What are examples of these policies?
	12. Are there any other components that you wish the project also covered? Why?
Sustainability	13. How do you think BSP can sustain the gains accomplished with the assistance of MABS?
	14. What factors do you think can hinder the BSP from sustaining these gains?
Good Practice	15. What for you are the best practices that you have learned under MABS?
	16. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	17. How have gender considerations been integrated in the BSP policies?
	18. What are some examples of gender mainstreaming policies that BSP has adopted?

Key informant interview guide for Insurance Commission:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the role of the Insurance Commission (IC) in the MABS Project?
	9. In what areas of IC policies was MABS able to contribute?
	10. How did MABS convince the IC to assist MABS in its micro insurance component?
	11. Do you think MABS was successful in assisting IC to come up with relevant policies on micro insurance?
Sustainability	12. Are there other areas you wish the MABS Project assisted the IC?
	13. How do you think the IC can sustain the gains accomplished under MABS?
	14. What factors do you think can hinder the IC from sustaining these gains?
Good Practice	15. What for you are the best practices that you have learned under MABS?
	16. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	17. How have gender considerations been integrated in the micro insurance policies?
	18. What are some examples of gender mainstreaming policies that IC has adopted?

Key informant interview guide for RBRDFI:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the overall goal of MABS 4, and to what extent has it been accomplished?
	9. What was the main role of RBRDFI during the project and what will be its role after?
	10. So far, what have been accomplished since September 2012?
	11. Has the Financial Inclusions Program (RBAP-MABS Program) under RBRDFI been established?
	12. To date, is the Financial Inclusion Advisory Committee (FIAC) functional?
	13. So far, what have been accomplished by the FIAC?
	14. Are there any other components that you wish the project also covered? Why?
Sustainability	15. Is the RBRDFI technically and financially capable of carrying out and expanding RBAP-MABS Services?
	16. What do you think will prevent you from sustaining MABS 4 gains?
	17. Where will you get resources to preserve RBAP-MABS website, mobile phone banking website, old toolkits, and updated training modules?
	18. Why do you think RBAP-MABS services exclude MAP and micro housing loan?
Good Practice	19. What for you are the best practices that can be replicated for future projects especially in the areas of micro insurance and mobile banking?
	20. Can you share your most valuable lessons learned in the implementation of MABS 4?

Key informant interview guide for MABS Service Providers:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the role of the MABS Service Providers?
	9. What are the criteria for selecting the MABS Service Providers?
	10. What kind of services are you providing under the MABS Service Provider Agreement?
	11. How did MABS assist you in order for you to provide these services?
	12. Is there any accreditation process that you had to undergo in order to qualify as a MABS Service Provider? If so, what are these processes?
	13. How many Rural Banks engaged your services during the course of the MABS Project?
Sustainability	14. Did you earn from the various trainings/activities you conducted as a MABS Service Provider?
	15. How many Rural Banks engaged your services after the end of MABS?
	16. Do you think you can continue providing these services even after the end of the MABS Project?
	17. What steps did you take to ensure that you can continue even beyond the end of MABS?
	18. What kind of assistance, if any, did MABS provide to ensure that you can continue providing services to Rural Banks even beyond MABS?
	19. Are you providing other services that are not part of the scope of a MABS Service Provider?
	20. Will you continue providing services to Rural Banks using the MABS technologies?
Good Practice	21. What do you think are the best practices that you have learned from MABS?
	22. How do you think these can be replicated?
	23. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	24. How have gender considerations been integrated in the services you provide as a MABS Service Provider?
	25. What are some examples of gender mainstreaming in the services you provide to your Rural Bank clients?

Key informant interview guide for the Philippine Life Insurance Association:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent. 2. Introduce the team.
Starting the Interview	3. Provide a brief introduction of the purpose of your visit. 4. Describe the goals of the evaluation and how the respondent can contribute to their realization. 5. Explain why the respondent was chosen and the importance of his/her contribution. 6. Explain that your colleague will be taking notes so that you can remember later what was said. 7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the role of the Philippine Life Insurance Association (PLIA) in the MABS Project? 9. In what areas of PLIA policies was MABS able to contribute? 10. What tools did MABS use to assist PLIA? 11. Do you think MABS was successful in assisting PLIA to come up with relevant policies on micro insurance? 12. Are there other areas you wish the MABS Project assisted PLIA?
Sustainability	13. How do you think PLIA can sustain the gains accomplished under MABS? 14. What factors do you think can prevent PLIA from sustaining these gains?
Good Practice	15. What for you are the best practices that you have learned under MABS? 16. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	17. How have gender considerations been integrated in the micro insurance policies? 18. What are some examples of gender mainstreaming policies that PLIA has adopted?

Key informant interview guide for Globe GXI:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the role of Globe GXI in the MABS Project?
	9. What kind of assistance did Globe GXI provide MABS?
	10. What kind of assistance did MABS provide Globe GXI?
	11. What products/services are currently available for use by rural banks and their clients?
	12. Do you think MABS was effective in providing the necessary assistance and support to Globe GXI?
	13. How did you persuade Globe GXI to partner with MABS on mobile banking?
	14. How did the MABS Project contribute to the growth of the business of Globe GXI?
	15. Currently, how is the volume of business of the MABS clients?
	16. Has the number of transacting clients increased through the years?
Sustainability	17. How do you think the volume of business of mobile banking by the rural bank client can continue to grow now that MABS is completed?
	18. Do you think Rural Banks will continue to push the usage of mobile banking now that MABS Project is closed?
	19. What factors do you think might hinder rural banks and their clients from continuing to use mobile banking?
Good Practice	20. What for you are the best practices that can be replicated for use by other rural banks currently not participating in MABS?
	21. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	22. How have gender considerations been integrated by MABS in mobile banking?
	23. What are some examples of gender mainstreaming policies that Globe GXI has adopted as influenced by MABS?

Key informant interview guide for Former Chief of Party:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent. 2. Introduce the team.
Starting the Interview	3. Provide a brief introduction of the purpose of your visit. 4. Describe the goals of the evaluation and how the respondent can contribute to their realization. 5. Explain why the respondent was chosen and the importance of his/her contribution. 6. Explain that your colleague will be taking notes so that you can remember later what was said. 7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the process of selecting partner banks? 9. What is the buy-in process of partner banks? 10. Do you have partner banks that dropped-out from the partnership? What are their main reasons? 11. MABS had 399,550 registered mobile phone users. At the time of MABS' completion, what percent of the registered mobile phone users were actively using it or were still active? 12. 11 of 13 performance indicators have more than 100% accomplishment. Can you share what the facilitating factors are that contributed to this accomplishment? 13. Conversely, what do you think are the hindering factors to the accomplishment of your performance indicators? 14. Are there any other components that you wish the project also covered? Why?
Sustainability	15. How do you think the participating banks can sustain the gains they have accomplished from MABS 4?
Good Practice	16. What do you think can prevent them from sustaining these gains? 17. What for you are the best practices that can be replicated for future projects especially on the areas of micro insurance and mobile banking?
Gender	18. Can you share your most valuable lessons learned in the implementation of MABS 4?
Gender	19. How have gender considerations been integrated in the project? 20. What are some examples of gender mainstreaming policies that the project has adopted?
Wrap-up Questions	21. What are the top three accomplishments of MABS 4? 22. If there would be another "MABS" in the future, what will it look like? What will be different?

Key informant interview guide for OIC Chief of Party:

Introduction	Suggested dialogue
Welcome and Introductions	1. Greet the respondent.
Starting the Interview	2. Introduce the team.
	3. Provide a brief introduction of the purpose of your visit.
	4. Describe the goals of the evaluation and how the respondent can contribute to their realization.
	5. Explain why the respondent was chosen and the importance of his/her contribution.
	6. Explain that your colleague will be taking notes so that you can remember later what was said.
	7. Ask if you can have the interview recorded in order for us to remember well the process and results of discussion.
Evaluation Area	Research Questions
Effectiveness	8. What is the over-all goal of MABS 4, and to what extent has it been accomplished?
	9. Overall, to what extent did MABS 4 contribute to increased economic opportunity through the development of a more inclusive financial system? <ul style="list-style-type: none"> a. improved clients' ability to generate savings for business expansion and/or cushion against economic shocks b. improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services c. Improved services (better and more accessible) by rural banks to microfinance clients
	10. What for you are the top three accomplishments of MABS 4?
	11. What factors and conditions significantly contributed to or hindered the achievements and outcomes in question number 9 and 10?
	12. What is the process of selecting partner banks?
	13. What is the buy-in process of partner banks?
	14. Do you have partner banks that dropped-out from the partnership? What are their main reasons?
	15. MABS had 399,550 registered mobile phone users. At the time of MABS completion, what percent of the registered mobile phone users were actively using it or were still active?
	16. Are there any other components that you wish the project also covered? Why?
Sustainability	17. What mechanisms were put in place by Chemonics to support sustainability of program benefits?
	18. Did the program effectively prepare the Rural Bankers Association of the Philippines / Rural Bankers Research and Development Foundation Inc. (RBAP / RBRDFI) and the rural banks for sustaining systems and interventions developed under MABS 4? How?
	19. How do you think the participating banks can sustain the gains they have accomplished from MABS 4?
	20. What do you think can prevent them from sustaining these gains?
Good Practice	21. What MABS 4 interventions can be considered good practices (e.g., unique achievements, innovative methods/approaches)? Which interventions, specifically those on micro insurance and mobile banking, may be recommended to future projects?
	22. What are the overall lessons learned from the implementation of

- Gender**
- the program?
23. How have gender considerations been integrated in MABS 4?
 24. What are the effects of the project on male and female beneficiaries?
 25. Does the gender of rural bank staff have an effect on client interest and behaviour?

ANNEX D: ACCOMPLISHED INTERVIEW GUIDES FOR FGDS AND KIIS

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Highlights of the Findings of the FGDs and KIIs

EFFECTIVENESS

Major Accomplishments

- **Compulsory savings.** Clients of Partner Banks are motivated to save more. After several cycles of micro loans, the savings funds of clients are accumulated. They do not stop borrowing. If the savings fund is substantial enough, a portion of it is transformed into regular savings with a higher interest, or placed in the time deposit.
- **Improved bank's capacity.** Technical knowhow has widened and MABS' tools are still being used. MABS showed that there is an effective, systematic way to conduct marketing and to implement microfinance, especially when mitigating client risks. MABS developed a structure, and/or template for microfinance operations. MABS left a legacy, especially since there were trainings conducted to pass on the MABS micro model.
- **Pricing transparency.** MABS helped design the amortization scheme for the clients and cash flow analysis.
- **Product improvement.** In terms of individual loans and microinsurance, MABS was helpful in the study of client needs and demands, how to improve the product and services on the ground, and diversification of operations, considering that their products and services have competitive advantage.
- **Enabling Environment.** A very supportive RBAP is now open to empower the rural banks through provisions of human capital development i.e., skills training as well as technical planning and management.
- **Poverty alleviation.** Most of partner banks' clients for the micro finance at the beginning are still the clients today. It is observed that there is an improvement in their lives (in terms of economic status). They started with 5,000 pesos loan and now they are in the 150,000 level, and their businesses have expanded. MABS was a big help to countryside development because it mobilized a lot of financial institutions to increase the people's purchasing power. This is necessary for the economy to grow.
- **Change into Positive Mindset.** Change in attitudes and cultures which include the change of staffs' mindset on greater corporate social responsibility, enhanced performance protocol, and importance of sound planning and target setting. On the part of the clients, the appreciation of the importance of savings and financial literacy is already a milestone.
- **Shared Transparency and Communication.** Partners and clients developed a good communication network among themselves through data and information sharing and text blasting of announcements and advisories.
- **Job Generation and Employment Opportunities.** The Program offered opportunities to clients by way of establishing their livelihood sources through micro finance. Without MABS, the bank would not have reached out to attract micro clients. Partner Banks hired additional manpower complement because of MABS Program. On the other hand, bank clients were given opportunity to establish and expand their livelihood sources which translate to more job opportunities in the countryside.

Hindering Factors

- **Credit Pollution.** A major challenge at present is the preponderance of micro lenders. Competition is indeed stiff on the ground as there is no regulatory control over informal credit facilities.
- **Staff Turnover.** Some account officers lack commitment but overall, staff turnaround is average.

Facilitating Factors

- **Speed of Transactions.** Fast tract loan collection through “Tutok” system and a separate account manager supervising / closely monitoring micro account offices/ branches would facilitate micro finance operation. Although “tutok” system may be a positive approach to micro finance technology as opined by a few former partners, others call it as “habulan” system, which is a negative connotation and apparently makes the MABS approach on micro finance a failure. In addition, problems with fast turnover of Account Officers were experienced but it was not that significant since Partner bank managements provide additional incentives to them.
- **Continuous investment on human capital formation.** Trainings and competencies acquired by bank personnel especially the Account Officers during its initial stage of implementation through capacity development programs of MABS-4 are considered substantial merits for professional growth.
- **Appropriate Measurement Strategies.** Being able to measure the borrower in terms of multiple lending, the difficulties developing behind these competencies in terms of attitude and behavior (“Trying to accept the reality of multiple lending and measuring the client that was the real challenge.”) are indeed complicated but can be done using appropriate measurement methods.
- **Personal Touch.** MABS’ strategies on monitoring, coordination, and hands-on guidance to the partner bank, sometimes even to the extent of going to the client’s field, conducting FGDS to draw lessons on how to ensure successful implementation of the product (personal touch) are unique personalized approaches;
- **Good Networking.** Lessons and contacts gained from attending national round tables and seminars/workshops would enhance further the sense of unity and cooperation among the partner banks’staff/personnel ;
- **Service Satisfaction.** Good customer service, personal touch/ good relationship with clients would ensure long-term arrangements

SUSTAINABILITY

- **Product Development and Improvement.** Partner Banks developed and improved the products on their own because they were trained for by MABS.
- **Focus and Close Supervision.** The bank realized the high profitability of micro finance, thus, needs to have a MABS officer to closely supervise the Account Officers and equip them well.
- **Consolidation and Stringent Selection.** Consolidation of micro finance managers is important. One has to specialize on it. Reasons why gains cannot be sustained could include wrong client selection (weaknesses/ gaps in CIBI), if it is lack of knowledge, this is a weakness of the bank.
- **Potential and Opportunities.** Despite the low profitability and declining social base of micro finance in general, some RBs will continue with the program because some products still show potential such as micro agri and microinsurance.

GOOD PRACTICE

- Training/ technical assistance, particularly the MABSter intervention, was deemed a good practice for its contribution in developing trainers on MABS technology.
- An area for continuity includes continuous training and monitoring, especially since the last 2-3 years saw the erosion of microfinance's popularity and profitability.
- MABS transferred its technology (training modules and tools) to RBAP and RBFI but these institutions cannot finance the monitoring functions that MABS used to do for participating rural banks. RBAP can only support trainings but it cannot afford to absorb MABS technical specialists.
- MABS was "hands on" with partner institutions.
- MABS enabled the bank to develop and continue enhancing different products and services.
- MABS opened the minds of many about the value of innovation; partner banks realized they could be creative in providing many more products and services.

BEST PRACTICES

- **Importance of Monitoring and Information System.** Technical assistance on monitoring was very good. Banks were required to report and prepare a sound monitoring and information system.
- **Establishing good rapport.** Relationships and networks were established. MABS is credited for partner banks' close relationship with people and other partners/stakeholders

LESSONS LEARNED

- The most valuable lesson includes the practice of piloting products to have an idea of how products would perform. This was not a practice before MABS came in.
- "Study your market" is an essential and a must-do activity in order to be competitive in the market.
- "Listen to your clients" is also a must-do attitude of a service provider to be able to improve the quality of service so that clients will patronize the product.

FGD and KII of Rural Bank Partners in Luzon

GM Bank, Cabanatuan City



Name:	RAMON DE OCAMPO , EVP for Operations GM Bank
Date:	25 March 2013
Time started/ended:	9:08AM to 10:04AM
Venue:	GM Bank, Cabanatuan City
Effectiveness	
What is the over-all goal of MABS 4?	<ul style="list-style-type: none"> - The goal of MABS is to develop microfinance lending. Informant learned from other RBs that it has been successful. It caters to the entrepreneurial poor. The goal is to develop low cost deposits, lending turnover, fast processing. GM Bank started MF in 2004; they found daily collections tedious, and so started to collect weekly to save on AOs' marketing time. GM Bank's goal in applying for the project is to add more products and increase its portfolio. - Individual lending was piloted in 2004 in about 3 branches until it expanded in 16 to 18 branches. Thereafter, the bank was a recipient of the eagle award. Microfinance operations were technically separate from group financing.

	<ul style="list-style-type: none"> - MABS goals were communicated to the informant. As he understands it, MABS sought to bring the banks into micro lending in terms of profitability.
How were you selected as a partner bank?	<ul style="list-style-type: none"> ▪ GM Bank applied to be a MABS partner. Banko Luzon first entered into MABS lending operation. After a year, GM Bank was included but they were not qualified. They had to prove that they can qualify. ▪ During those times micro finance was not popular with the banks, most banks believed this was not their competency, as it is people extensive; GM Bank made adjustments to group lending and extended to individual lending
What made you join the partnership?	<ul style="list-style-type: none"> ▪ It was the order of the chairman; based on information received from friends of the chairman (Abukay Rural Bank, etc) it was doing well ▪ The one that attracted them most was technical assistance and the financing. Third party sources were hired for TA. For instance, ARMDEV provided GM Bank with technical assistance.
What for you are the top 3 accomplishments of MABS-4?	<ul style="list-style-type: none"> ▪ Technical assistance, real time in terms of monitoring, in terms of portfolio, monthly reports were submitted in terms of performance, eagle award. GM Bank took part in a yearly round table when all MABS practitioners gathered, and they learned of the industry behavior (peer-to-peer behavior). The bank appreciated MABS' technical assistance, as it was continuous, the modules were given freely, they engaged in portfolio analysis. ▪ Contributions to the organization: the loan portfolio reached P12 M (from 2004). From 2007 when MF expanded, this jumped from P12 M to P34M. During this time, the bank president gave the mandate to increase the portfolio to P250M by 2012. Currently, it is P120 M overall. ▪ A very supportive RBAP: they were open to provide requested training, as well as technical planning. GM Bank undertook technical planning on how to achieve the P250M target, where bank managers saw that it was doable.
What do you think are the facilitating factors that contributed to your accomplishments in the partnership?	<ul style="list-style-type: none"> ▪ “<i>Tutok</i>” (priority, focus): There was a separate account manager supervising / closely monitoring 21 account offices/ branches. Problems with fast turnover of Account Officers were experienced but it was not that significant, even during recent years. ▪ Training and competencies of Account Officers ▪ Credit pollution was not as prevalent, unlike now ▪ Being able to measure the borrower in terms of multiple lending, they had difficulties developing these competencies in terms of attitude and behavior (“Trying to accept the reality of multiple lending and measuring the client, that was the real challenge”); training competencies (in house) on how to bring it down were the challenges
What do you think are the hindering factors that may have contributed to subpar performance if there are any?	<ul style="list-style-type: none"> - One, credit pollution - Two, staff turnover: after 1998 there were staff that resigned; during the bank’s strategic plan, a decision was reached to merge with the group loan (unit). At the time, only the informant and several account supervisors were the finance managers for groups under lending (GM Bank started group lending in 2001, MABS contributions were more on individual lending)
What other components you wish the project have covered? Why?	<p>[<i>More of challenges</i>]</p> <ul style="list-style-type: none"> - The bank covered mobile banking and established the OBOs in areas where there are no banks but encountered difficulties here because of “behavioral” challenges. GM Bank was in fact one of the pilot banks that entered with Globe to develop marketers/ merchants but the

	<p>approach of Globe was just to have these registered; there was no follow through. Another real challenge was how to control the dropouts (around 80-90%). There were very few users/clients. There were no merchants.</p> <ul style="list-style-type: none"> - The product provided more marketing time and collection (this was its value for the bank) but in a way, “we closed our store”... the areas were also so small the portfolio did not increase. - In terms of repayment rate, problems were minimal. One client in Laur averaged millions in a month, it became a model; the CB of Afghanistan, Israel, and the president of Chemonics even visited the area.
Sustainability	
<p>How do you think can you sustain the gains you have accomplished from MABS 4?</p>	<ul style="list-style-type: none"> ▪ All the materials are there, online training was even developed then. Applicability is still okay. However issues such as multiple lending, “measuring” the borrower, credit pollution, burned out AOs, need to be addressed.
<p>What do you think can prevent you from sustaining these gains?</p>	<ul style="list-style-type: none"> ▪ The bank realizes the high profitability of micro finance, the thrust is for every new branch to have a MABS officer, closely supervise the Account Officers, equip them well...unless there are problems with the PAR ▪ Consolidation of micro finance managers is important. Informant said he is personally against merging unless there is one officer that would specialize on it. Reasons why gains cannot be sustained could include wrong client selection (weaknesses/ gaps in CIBI), if it is lack of knowledge, this is a weakness of the bank so there would be a need for mentoring, identifying possible gaps in supervision
Good Practice	
<p>What for you are the best practices that can be replicated for future projects esp. on the areas of micro insurance & mobile banking?</p>	<ul style="list-style-type: none"> - Best practices of MABS: <ul style="list-style-type: none"> (a) Technical assistance, monitoring was very good. Banks were forced to report and MABS people like John (Owens) personally monitors performance. Assistance in this regard to GM Bank was extensive (informant gives credit to MABS for assisting the bank win the prestigious eagle award). (b) Relationships, networks established: informant credits MABS for GM Bank’s close relationship with people like John Owens, and other partners
<p>Can you share your most valuable lessons learned in the implementation of MABS 4?</p>	<ul style="list-style-type: none"> - Integration, specialists, helping with the collection
<p>What are some of the policies and regulations on microfinance & mobile banking developed/ rolled-out?</p>	<ul style="list-style-type: none"> - Includes policies on micro housing, mobile phone banking, etc.
<p>What benefits did you get from these policies and regulations?</p>	<ul style="list-style-type: none"> - Informant said that it was in implementing these policies that they made some mistakes (“wrong implementation”) e.g. loans for repairs ranged from P150-300,000; under micro agri, the 60/40 scheme. The final technical assistance MABS rendered for GM Bank was integrating this with their regular banking. - Another challenge was MIS, this was not included in the package - Micro insurance was developed and is now being sold (with the Manila Bankers Life Insurance Corp. as partner). There are expansion plans in the pipeline.

KEY INFORMANT INTERVIEW (2)



Name:	EMERSON TORRES , Senior Manager, Micro Finance
Date:	25 March 2013
Time started/ended:	10:12 AM to 11:26 AM
Venue	GM BANK, Cabanatuan City
Effectiveness	
What are the contributions of MABS 4 to your organization?	<ul style="list-style-type: none"> - MABS contributions are significant in enabling GM Bank (a) to better serve clients, at the same time (b) improve prospects for financial sustainability - How it contributed in better service delivery: At the outset, GM Bank already had existing microfinance operations, but products were focused on group lending. MABS came in 2004 and it was during this period that the micro finance unit developed the ASAP loan (<i>Alalay Sa Ating Pag-unlad</i>). Other contributions of MABS from 2008-2012 include: <ul style="list-style-type: none"> (a) Development of additional products such as the HMF or

	<p>Housing Micro Finance, and micro agri (for existing clients with farming activities and with existing businesses under group lending)</p> <p>(b) Enhancement of micro insurance. MABS guided the micro finance unit to “formalize”these services</p> <p>(c) Training on delinquency management system, how to improve HMF</p> <p>(d) Hands-on partnership. The bank submitted regular reports to MABS and received regular updates from them.</p>
What for you are the top three accomplishments of MABS-4?	<ul style="list-style-type: none"> – First, MABS provided guidance on the development of other bank micro finance services aside from the group loan. – Second, it contributed in achieving the bank’s bottom lines. Impact can be gleaned from an improved loan portfolio, as well as the expansion of micro finance services, which are indicated by the corresponding increase of the work force. <ul style="list-style-type: none"> ▪ On improvement of the loan portfolio: informant attributed this to the additional products and services (“There were more takers,” which resulted in program expansion).
What do you think are the facilitating factors for the good performance?	<ul style="list-style-type: none"> – MABS was hands-on in product development, i.e., they helped in the conduct of the market survey, field visits, integrating and mentoring top to bottom bank staff. They were focused on the development of the program.
What other components you wish the project have covered? Why?	<ul style="list-style-type: none"> – HMF initial outputs/results from individual loan clients were not that good, such that it was not rolled out. The next activity comprised of assessing and finding ways of how to resolve the gaps. A resolution culled from the last assessment of HMF was to offer it to existing clients under the group loan. – Micro agri was rolled out in 8micro finance units but the outputs did not meet expectations. The loan portfolio only amounted to P10M.
On Micro housing	<ul style="list-style-type: none"> – Problems encountered under HMF: the portfolio at risk was significant. There were also implementation problems, i.e., average loan size were quite large, the design was focused on individual clients, clients were not evaluated (informant considers this a big factor in implementation as not all of the staff were trained, and they had competency issues) This resulted in over indebtedness. – Pilot testing of HMF covered 2-3 branches. In Lupa and Talavera, there was no delinquency but the number of borrowers were limited (there were few takers). In the Cabanatuan branch, the volume of accounts were not big, and the quality was wanting. – Research was conducted prior to policy formulation and implementation. Major weaknesses include (a) implementation, (b) limited market, (c) low demand for the product. Outreach was only 3,000, unlike lending, which has an outreach of 20,000. There are only 16 accounts currently under HMF.
On Micro Agri Loans	<ul style="list-style-type: none"> – Informant considers MAP contributions as good prior to the introduction of new products. P10M is good enough for the bank, at the same time in terms of outreach and portfolio quality, the 60-40 scheme was deemed conservative. Recovery on a weekly basis was achieved, especially if properly monitored. Implementation problems only arose because of fraud. Without this, MAP performance would have been good. Internal controls system failed to mitigate the occurrence of fraud, with the connivance of field staff and abusive center leaders among group loan clients. – Overall, MAP did not take-off because based on feedback, there was a

	<p>limited market for it and takers under the group loan were unable to meet amortization obligations. MABS reaction with limited market: a BSP circular was being worked out to have the lump sum increased and reduce amortization rates. But the bank never heard of what came out of these talks with the BSP.</p> <ul style="list-style-type: none"> - The loan portfolio amounted to P10M from 2007 to 2009. It was in 2010 when the (fraud) problem erupted in Lupao. The problem was repeated in another branch, hence the bank stopped implementing micro agri altogether and converted it to a new product (TMP or <i>Tulong sa Magsasaka Program</i>), which is covered with insurance. After a little over a year of TMP, portfolio increased to P37 M (as of December 2011). The new product appears to be more responsive to the market, at the same time, risks are covered.
On Mobile Phone Banking	<ul style="list-style-type: none"> - There are no available CICOs and only 2 OBOs (Candava is a recent expansion); as such transactions are very minimal. Clients buy e-money from OBOs to pay loans, and OBOs send these to the bank. The previous manner of repayment wherein it is collected by bank personnel is easier for the client, as under mobile banking, the clients have to travel to pay for their loans. - Plans to make these transactions more beneficial to both parties (through CICOs) were not implemented. It appears that nobody was interested to establish CICOs. Besides this, reasons for the non-availability of CICOs were not satisfactorily determined. Transactions were very minimal because the design was intended only for individual clients.
On Individual Lending	<ul style="list-style-type: none"> - After 9 years, individual lending only had 2,000 borrowers (with average loan size of P30, 000 or P60M). With 40 Account Officers, this translates to a 1:50 staff-client ratio. These figures were a big question to the management, with initial feedback attributing this to credit pollution and a saturated market. - It was noted that clients' average loan size was not increasing. This was attributed to low client retention. Furthermore, PAR was a high 14%, although as yet, there have been no write-offs - Expansion is on-going but the strategy they employed reduced the number of account officers covering specific areas.
Sustainability	
How do you think can you sustain the gains you have accomplished from MABS 4?	<ul style="list-style-type: none"> - Micro finance has a training unit, which eventually became the training arm of the entire bank
What do you think can prevent them you from sustaining these gains?	<ul style="list-style-type: none"> - Resignation, staff turnover or low staff retention - High dropouts (75%), delinquent borrowers - Over indebtedness
Good Practice	
What for you are the best practices that can be replicated for future projects especially on the areas of microinsurance and mobile banking?	<ul style="list-style-type: none"> - MABS was "hands on" with partner institutions
Can you share your most valuable lessons learned in the implementation of MABS 4?	<ul style="list-style-type: none"> - MABS enabled the bank to develop and continue enhancing different products and services - MABS opened the minds of many about the value of innovation, partner banks realized they could be creative in providing many more products and services

Gender	
How have gender considerations been integrated in the Project?	<ul style="list-style-type: none"> - MABS products had no specific gender policies. There were also no specific gender concerns in terms of choice of client, which incidentally were composed largely of women. - Data in reports is disaggregated by sex.
Policies and regulations on microfinance and mobile banking developed and rolled-out	
What are some of the policies & regulations on microfinance & mobile banking developed & rolled-out?	<ul style="list-style-type: none"> - Micro insurance “informalization” - Transparency, trainings on this subject matter were conducted last year (2012)
What benefits did you get from these policies and regulations	<ul style="list-style-type: none"> - Policies were beneficial.

KEY INFORMANT INTERVIEW (3)



Name:	EDWIN S. VERONA , EVP Head MSME
Date:	25 March 2013
Time started/ended:	11:36 AM to 12:07 PM
Venue:	GM BANK, Cabanatuan City
Effectiveness	
Contributions of MABS	<ul style="list-style-type: none"> - GM Bank was a pilot bank (2008) of MABS. Its micro products include micro housing, and micro insurance. MABS provided technical assistance, e.g., accessing service providers, how to conduct assessments for the micro insurance product, etc., among others
MAB Accomplishments	<ul style="list-style-type: none"> - Products enhancement (micro housing and micro insurance, and partly mobile banking) - Trainings; MABS made efforts to provide partner banks' needs in this regard - Coordination with BSP for new rules; many policies were MABS-initiated
Facilitating factors	<ul style="list-style-type: none"> - Technical assistance - Focus /guidance in implementation
On Micro Housing	<ul style="list-style-type: none"> - On micro housing, FGDs were conducted by the bank's research unit on the feasibility of a redesigned product, this time targeting group borrowers, with a smaller loan size. The product targeting individual micro-enterprise clients had a bigger loan size and corresponding risks. Consequently, PAR

	<p>was higher in micro housing (30%), and demand for it was limited.</p> <ul style="list-style-type: none"> – Informant believes the micro housing design was too aggressive. BSP rulings were also rigidly followed. Currently, approvals are more stringent. ARCRs also increased for the product.
On Mobile Phone Banking	<ul style="list-style-type: none"> – The services are continuing in Laur and San Leonardo, which applied for conversion as MBOs. It was not adapted by all micro finance units because they found no reason for the change, what with AOs collecting payments directly from clients. There were also few merchants. Furthermore, they found CICO difficult to use...Eventually, “the incentive to use vanished.”
On Micro Insurance	<ul style="list-style-type: none"> – MABS assistance was significant in the area of licensing and accreditation.
On Individual Loans	<ul style="list-style-type: none"> – As a whole, informant found performance “okay” but admitted to lapses on the bank’s part. He shared that a recent study conducted by the bank’s research unit found the product competitive, but the market remained limited and accounts remained sluggish. In fact, there are only around 1,800 borrowers with an average loan size of P30, 000 and a client-officer ratio of 50:1. According to MABS, bank staff was trained but there was no product review conducted. Currently, individual micro enterprise loans are under evaluation. There are plans to lower interest rate. Problems should be resolved by June.
On Micro Agri	<ul style="list-style-type: none"> – The portfolio reached P10 M, but targets were really conservative and offerings were limited. Performance depended on branches where agriculture thrived.
Good Practice	
Best Practices, Lessons	<ul style="list-style-type: none"> – Cash flow, training on product development – The most valuable lesson includes the practice of piloting products to have an idea on how products would perform. This was not a practice before MABS came in.
Gender	
Gender	<ul style="list-style-type: none"> – There was little discourse on gender concerns. There were no policies developed on this matter.
Policies	
Policies with BSP	<ul style="list-style-type: none"> – Policies on micro housing, micro insurance, and mobile banking were developed and rolled out – These policies were beneficial as the bank became aware of these micro products. The focus used to be devoted only to micro enterprise. With these policies, the market was diversified and benefited borrowers.

FOCUSED GROUP DISCUSSION WITH BANK CLIENTS



Participants:

Total (12)
Women (11)
Men (1)

MERLY BALANDRA, Vendor, 38 (F), business loan client
MARIO BULACLAC, Vendor, 55 (M), micro finance client
MERCIDA ESTEBAN, Businesswoman, 53 (F), micro finance client
BELLA FLORES, Sari-sari store owner, 42 (F), micro agri client
IMELDA GARCIA, Vendor, 41 (F), housing loan client
PALERMA HERNANDEZ, Rolling store owner, 49 (F), agri loan client
JACQUILYN INCIERTO, Computer shop owner, 39 (F), business loan client
LEONIDA MACASIEB, Sari-sari store owner, 49 (F), business loan client
CORAZON MALAYA, Buy and sell, 61 (F), micro agri/ micro finance client
MYRNA PANGANIBAN, Vendor, 51 (F), business loan client
KAREN ANN ROMAN, Teacher, 33 (F), micro agri client
MYRNA SACRAMENTO, Canteen operator, 55 (F), business loan client

Date: 25 March 2013
 Time started/ ended : 02:37 PM to 04:11PM
 Venue: La Parilla Hotel, Cabanatuan City

How did you first hear about GM Bank?

– Applied after hearing about GM Bank’s microfinance program from a resident of Brgy. Tagumpay who, like her, used to be a client of another bank.

	<ul style="list-style-type: none"> - Walk in applicant that registered for the microfinance program - Received a text ad from BPI on GM Bank's loan offerings - Client is a depositor of GM Bank who applied to avail of loans - A GM Bank employee who patronizes her canteen told her about the bank's loan offerings - Referred by a center chief from Gabaldon (2) - She inquired about other micro products from a center chief
Were you a customer of another Rural Bank/Coop/NGO MFI before joining GM Bank	<ul style="list-style-type: none"> - 8 said YES, they were customers of other banks/ microlending coops/ NGOs before joining GM Bank
<ul style="list-style-type: none"> ▪ If yes, why did you decide to join GM Bank? 	<ul style="list-style-type: none"> - Did not like the tone of voice of her former bank's account officer - Bank employees relate well with clients - The bank can be entreated to accept late payments in cases of emergency - Collectors are courteous, converse well and give reminders in a polite manner - Fast service, good management, bank staff are not rude (<i>bindi bastos magsalita</i>) - Low interest rate of loans (4) - Additional capital for business (3) - Applied to "try" (<i>subukan</i>) GM Bank's services - Loans are insured
<ul style="list-style-type: none"> ▪ If no, had you ever borrowed before from an RB/Coop/NGO MFI? 	<ul style="list-style-type: none"> - Several participants said they borrow from the local "bumbay" (informal creditor)
What products did you receive from GM Bank?	<ul style="list-style-type: none"> - 8 availed of individual loans, 3 were part of group loans, 2 availed of agri loans (TMP), 2 availed of housing loans, 2 have voluntary savings, all 12 participants availed of micro insurance. GM Bank's mobile phone banking was shelved.
Before GM Bank where do you get these services?	<ul style="list-style-type: none"> - 1 from another rural bank, 7 from NGOs, 3 from cooperatives, 6 from informal creditors (<i>bumbay</i>), 6 from lending agencies, 4 from neighbors and 1 from relatives
What assistance was provided to you by GM Bank other than the loan?	<ul style="list-style-type: none"> - During a calamity, the bank gave aid to members who were victimized - 9 participants said that other than the loans, they received no other assistance from the bank
How did you benefit from these products?	<ul style="list-style-type: none"> - Thriving business helped provide for children's education, allowances - Additional capital for the business, loan proceeds were also used for augmenting tuition fees of the children - Loan savings were used instead of the revolving fund to pay for tuition fees - Loan savings paid for the children's education - Bought additional units for the computer shop, income increased - House was renovated for her growing family, the motorcycle she bought helped her save on transport fares - Bought a piece of lot she intends to build a house on - Helped provide for farm needs - Had a bigger net income from the harvest because of the low interest rate

	<ul style="list-style-type: none"> - Higher income, they can now buy what they want, she can lend money to her parents who are farmers 	
Can you say that you increased your economic opportunities from these services and products?	<ul style="list-style-type: none"> - 12 said YES, economic opportunities increased from the bank's products and services 	
How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower?	<ul style="list-style-type: none"> - There was additional/higher income (3), property acquisitions after availing of bank services - Quality of life (1), food security improved ("<i>may tubo na may ulam pa</i>") - Enhanced knowledge in farming, network - Daily needs of the household are sourced from the enterprise (canteen) - More customers are accommodated, business is better 	
Savings		
What was the minimum amount you were asked to save by GM Bank?	<ul style="list-style-type: none"> - P825 should be saved for P5, 000 worth of loans (16.5%) - P2,000 for every TMP cycle 	
Did you elect to save more than the minimum amount? Why?	<ul style="list-style-type: none"> - Instead of getting the loose change, it is just added to the savings - Yes, to have allocations for emergencies - When income is insufficient to pay for dues, savings are withdrawn and used instead 	
Can you say that you have increased your ability to generate savings for business expansion and/or cushion against economic shocks? If yes, how? If no, why not?	<ul style="list-style-type: none"> - YES, A LITTLE or the ability to generate savings did increase, but only by one bit (1) - Capacity to save is just the same as before bank services were availed of; the money is just revolving (2) - NO (1) - YES, capacity to save was enhanced, savings are used to expand the business (3) 	
What are the main purpose or reasons for you to save money	SAVINGS location	No. of Respondents
	Children's education	8
	Emergencies/ medical expenses	5
	Special occasions	-
	Capital to start a business	5
	Capital to expand present business	1
	House repair renovation	-
	Buy household appliances	-
	Without Specific purpose	-
Others (specify)	-	
How would you rate your satisfaction with this GM Bank's compulsory savings product?	No. of Respondents	
	Very Satisfied	12
	Somewhat satisfied	-
	Undecided if satisfied or not	-
	Somewhat dissatisfied	-
Very dissatisfied	-	
What made you feel satisfied/dissatisfied with the savings product	<ul style="list-style-type: none"> - Hopeful of a time when there is no need to borrow - There is a ready source of cash in cases of emergency, hospitalization - There are funds that can be used for the children's college education - Savings accumulate without you knowing it 	

Loans		No. of Respondents
How did you spend proceeds of the loan?	Children's education	1
	Emergencies/ medical expenses	-
	Special occasions	-
	Capital to start a business	5
	Capital to expand present business	7
	House repair renovation	1
	Buy household appliances	-
	Without Specific purpose	-
	Others (specify)	-
What was the role of your spouse in your microenterprise	<ul style="list-style-type: none"> - Manages the business - Provides assistance - Spouse works in the farm while she manages the enterprise - Delivers the goods - Helps with the cooking (canteen) - Helps with the payments - Driver 	
Who decided on how the loan proceeds were used	<ul style="list-style-type: none"> - The borrower decides (1) - Both spouses decide (almost all/ 11 participants) 	
How would you rate your satisfaction with the loan product of GM Bank		No. of Respondents
	Very Satisfied	12
	Somewhat satisfied	-
	Undecided if satisfied or not	-
	Somewhat dissatisfied	-
Very dissatisfied	-	
Overall what made you satisfied or dissatisfied with the loan product	<ul style="list-style-type: none"> - Fast processing, which takes only from 1 -3 days (with other banks, it takes weeks) - Low interest - Savings while you pay - Fast approval of loan renewals - Insurance, which is a great help to the family if anything untoward happens 	
How many of you would borrow again from GM Bank?	- 12 (all participants)	
<ul style="list-style-type: none"> ▪ If yes, how would you like to change the product? I.e. bigger loan etc. 	<ul style="list-style-type: none"> - No deductions during release of the loan - Lower interest 	
<ul style="list-style-type: none"> ▪ If no, would you borrow from another source instead? Why? 		
Insurance		
How many of you currently have insurance policies?	- 12 (all participants)	
What type of insurance is it?		No. of Respondents
	Life	12
	Disability	3 (all are unsure of this)
	Hospitalization	-
	Property	-
	Other	-
How satisfied were you with	No. of Respondents	

your current insurance provider?	Very Satisfied	11
	Somewhat satisfied	1 (not aware of the terms)
	Undecided if satisfied or not	
	Somewhat dissatisfied	
	Very dissatisfied	
Overall what made you satisfied or dissatisfied with the insurance product	– The children/ family will benefit from this, they will not be bothered in paying for the loan and burial expenses (3)	
What other types of insurance products do you or your family need?	– PhilHealth (7 participants haveno PhilHealth benefits)	

FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS	
Participants:	CHRISTOPHER CORPUZ , Senior Account Officer since May 2010, 32 (M)
Total (10)	ALLEN EDWARD DIZON , Project Officer since April 2012, 24 (M)
Women (1)	MARCO POLO ESPINO , Project Officer since Jan 2012, 24 (M)
Men (9)	MENANDRO NAVARRO , MF Manager since Sept. 2004, 29 (M) JELSON NIPALES , Account Officer since Oct 2010, 24 (M) MICHAEL CORLEONE PONCE , Account Officer since Aug, 2011, 25 (M) VICTOR RAMOS , MF Supervisor since July 2001, 32 (M) ARMAND SANTOS , Account Officer (individual loans) since May 2011, 31 (M) LAWRENCE SUNA , Project Officer since Jan 2013, 35 (M) MARY JANE TACTAY , Area Supervisor since Feb 2007, 33 (F)
Date:	25 March 2013
Time started/ ended :	04:39 PM to 05:37 PM
Venue:	La Parilla Hotel, Cabanatuan City
Effectiveness	
What are your Bank's Microfinance products?	– ASAP (individual loans), micro housing, ASENSO, TMP, micro insurance
Which ones were developed with MABS-4 Assistance?	– ASAP was introduced by MABS, also micro housing, micro agri program or MAP
Are they still being offered?	– Micro agri will be phased out and integrated in TMP as it encountered implementation problems. However there are areas where it performed well – There used to be mobile phone banking services under the ASAP loan, however it resulted in the resignation of AOs. It is not offered anymore, as it has a high PAR
Who are your clients for this product?	– ASAP clients should have a business (the basic requirement) in manufacturing, trading or retail. – The maximum that can be availed of is P300, 000 while the minimum is P5, 000. Individual loan clients are also required to have co-makers. It is easier to avail of ASAP than the group loan. Most clients also prefer individual over group loan.
What is the typical profile of your clients for this product?	– Group loan clients should have a business and should be based in one barangay – Micro housing clients are those with a stable business, and should be existing ASAP clients (MABS). Urban-based clients are preferred – TMP clients are farmers owning at least .5 hectares to a maximum of 2 hectares farm lot – Micro insurance clients are those availing of loans and covers loan retention, not life
Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system?	
<ul style="list-style-type: none"> ▪ Improved clients' ability to generate savings for business expansion 	– YES, savings are enforceable, and clients can generate savings for their businesses. Savings are important for the client as they are motivated to pay. A number of clients pay more than their dues, in order to save. However, informants also believe that if savings are not compulsory, clients would not

and/or cushion against economic shocks	part easily with their money
<ul style="list-style-type: none"> ▪ Improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services 	<ul style="list-style-type: none"> – YES, improvements are in the areas of marketing. Bank staff have more confidence in dealing with people, they can adjust and are capable of communicating with different types of clients – GM Bank used to have only one micro finance product (the group loan). MABS 4 assisted in helping the bank develop different micro products and services. These are MABS investments.
<ul style="list-style-type: none"> ▪ Improved services (better and more accessible) by rural banks to microfinance clients 	
Which products are not profitable?	<ul style="list-style-type: none"> – Micro housing: one factor is retention of clients, as well as delinquency. Also (a) cash flow, (b) not all clients need the loan, (c) clients are burdened with adjustments in the ARCR (?) – Mobile banking: this was nipped in the bud due to the following challenges: (a) many clients, even most people in the community are not Globe subscribers, and (b) merchants location or accessibility
What specific assistance did MABS provide to your bank?	<ul style="list-style-type: none"> – Refresher course – Mobile banking
Which assistance is most useful?	<ul style="list-style-type: none"> – CIBI: informants learned how to assess clients' capacity to pay – Financing: there are rewards or incentives for the AO unlike right now. After the completion of MABS, these incentives declined
On Micro Agri	<ul style="list-style-type: none"> – On client dropout: AOs give advice to clients in efforts to reduce PAR. Between 2008-2012, clients' loan size for micro agri increased, but the product was challenged by poor CIBI, "overexposed loans" and calamities that affected clients' capacity to pay their dues. – The redesigned product (TMP) sought to address some of micro agri's weaknesses by having a lower loan size (maximum of P30, 0000), cash flow-based payments timed with the cropping season or on a monthly basis. TMP performance so far is better but both are decidedly high risk products. There are areas where TMP loans are concentrated, while micro agri loans are limited to micro enterprise clients. From 2007-2010, the micro-agri loan portfolio was P6.4 M. TMP has the same amount but only in the Cabanatuan area. PAR is also higher for micro agri but TMP implementation is just starting so it is still hard to compare in this regard. Initially, it appears that TMP is more responsive to clients' needs. – The importance of proper client selection, behavior and capacity to pay are some of the lessons learned in this experience. If these are not handled properly, problems would surely ensue.
On Micro Housing	<ul style="list-style-type: none"> – The same lessons apply in micro housing. Account officers should ensure that clients would definitely use the loan for housing purposes. There was a client that used the loan to pay for other obligations.
On Individual Loans	<ul style="list-style-type: none"> – They are trying to meet the quotas (portfolio and PAR). Problems include a stiff competition (GM Bank offers low interests but its service charges are high). Also, the insurance only covers loan redemption. Staff turnover is another challenge.
On Mobile Banking	<ul style="list-style-type: none"> – Lessons are in the areas of evaluating client capacity behavior, and checking clients' background.

Rural Bank of Angeles, Pampanga



MITCH CABIGTING, Loan Operations

DEBBIE CALAGUAS, Operations Officer

Name: **MITCH CABIGTING**, Loan Operations
DEBBIE CALAGUAS, Operations Officer
Note: informants, esp. Ms. Calaguas, have just occupied their positions recently and are largely unfamiliar with MABS implementation

Date: 26 March 2013
 Time started/ended: 09:25AM to 10:04 AM
 Venue: Rural Bank of Angeles, Pampanga

RBA and Overview of Micro Finance Operations

- RBA has 11 branches, 5 MBOs, no OBOs
- The portfolio of microfinance amounts to P68M for around 1,700 borrowers. There are only 1-2 Account Officers for each branch, or a total of 21 AOs. The average loan size is P40, 000.
- PAR was P12.7M as of February 2013. Currently as of 25 March, PAR was P14M or around 25% (standard is 5%). Last December, PAR amounted to P7M under a P62M loan portfolio
- The unit looks at “aging,” with much of pending payments under the 1-7 days bracket. There are no write offs yet
- It was in 2009 when microfinance started, after it was acquired by the Asia United Bank. RBA’s micro finance products include (a) individual micro enterprise loan, micro housing, and micro insurance (redemption and life

	<p>insurance covered by MB Life). Group and agricultural loans are under the bank's regular loan package. There are no plans yet to develop micro agri, because the current product just took off</p> <ul style="list-style-type: none"> – Informant Calaguas believes that even with RBA being a subsidiary of AUB, "micro finance will remain as this is the main income generating program of the bank"
Effectiveness	
What are the contributions of MABS 4 to your organization?	<ul style="list-style-type: none"> – MABs contributions are in the areas of (a) reporting, i.e., how this is produced, performance per AO, computing portfolio at risk, and the like; and (b) services for AO seminars (2 per new AO). – Informant Calaguas is unsure if MABS' service provider, PUNLA, was paid for this or if trainings provided by PUNLA were still related with the MABS project.
On Micro Housing	<ul style="list-style-type: none"> – There are only 6 takers because these were the only ones approved. Apparently, the unit is not yet concentrated on micro housing.
On Individual Lending	<ul style="list-style-type: none"> – The PAR of P14Mis due to collection problems, as well as resignations tendered by collections staff. There were 5 new staff when informant Calaguas came in, and another one was just hired again recently. Currently, the unit is targeting a reduction of PAR during the Holy Week from P14M to P10M (around 25% to 10%). – Reasons for staff turnover were mostly because of better employment opportunities abroad. – Both informants believe there is nothing wrong with the micro finance product, as there are renewals from existing borrowers. They can say they have a very competitive product. – Another reason for the delinquencies are clients' problems with their cash flow (i.e., low sales of clients' enterprises), but informant Cabigting was quick to add that this problem is seasonal.
On Micro Insurance	<ul style="list-style-type: none"> – This is a new product that was developed between August-Oct 2012. Both informants were apparently not very familiar with the features of their micro finance. Informant Calaguas explained that she is still in the process of getting acquainted with the work turned over by the previous operations officer.
Gender	
How have gender considerations been integrated in the Project?	<ul style="list-style-type: none"> – No gender policies were adopted.



Name: **LEMUEL PERALTA**, Collections Officer
Note: the interview was conducted in the presence of other RBA informants, namely Ms. Calaguas and Ms. Cabigting

Date: 26 March 2013

Time started/ended: 10:05AM to 10:25 AM

Venue: Rural Bank of Angeles, Pampanga

Effectiveness	
On Individual Loans	<ul style="list-style-type: none"> - Top reasons for past due payments on the client’s side include (a) overexposure to loans, (b) unstable performance of clients’ businesses in the face of tough competitors, and (c) character of the client, despite proper orientation. On the bank’s side, the top reason includes AOs’ tendency to short cut the process. The bank has already issued alarm signals for both account officers and the management to focus on the job. - Informant noted that past due payments under the 1-30 days bracket needed the most attention, and agreed that aging should be closely monitored. Largely, the micro finance team was unperturbed, as they considered collections substantial enough, and the situation was fluid.
What are the contributions of MABS 4 to your organization?	<ul style="list-style-type: none"> - Informant received training (1) from MABS wherein risk management was discussed, and includes CIBI, cash flow analysis - Reports were submitted to MABS; problems with past due payments started after the MABS project. Informant attributes this to (a) a calamity that happened last year, and (b) the proliferation of competitors.

Hindering factors	– Informant identified the top challenges with individual lending as follows: (a) competition, (b) bankruptcy of clients' enterprises, (c) multiple loans
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FOCUSED GROUP DISCUSSION WITH BANK CLIENTS



Participants:

Total (10)
Women (9)
Men (1)

JOBELYN ATIENZA, Dealer(peanut butter), 28 (F), individual loan client
CORAZON BINGAG, Business woman, age not specified (F), business loan client
RAQUEL ESGUERRA, Sari-sari store owner, 52 (F), business loan client
CHERRY GABAS, Business woman (general merchandise), 46 (F), business loan client
JANICE GONZALES, Business woman, 32 (F), business loan client
JEYCEL LABADOR, Business woman, 28 (F), business loan client
DENNIS MONTEMAYOR, Sole Proprietor, 27 (M), individual loan client
AILEEN DE GUZMAN NARCISO, Entrepreneur, 25 (F), individual loan client
JOSEPHINE CASUPANAN SANTOS, Vendor (shoes), 47 (F), individual loan client
SHERYL SOLIS, engaged in RTW business, 34 (F), business loan client

Date:

26 March 2013

Time started/ended :

02:18 PM to 03: 27PM

Venue:

Rural Bank of Angeles, Pampanga

How did you first hear about RBA?

- Recommended by a micro enterprise client (4)
- Heard about RBA from co-vendors

	<ul style="list-style-type: none"> - Read about loan offerings from RBA flyers disseminated in the community - Approached a bank collector getting dues from the stall next to hers, this client also endorsed her
Were you a customer of another Rural Bank/Coop/NGO MFI before joining RBA?	<ul style="list-style-type: none"> - YES, all were customers of other lending institutions prior to joining RBA, 1 participant is a client of RBA and another rural bank
<ul style="list-style-type: none"> ▪ If yes, why did you decide to join RBA? ▪ If no, had you ever borrowed before from an RB/Coop/NGO MFI? 	<ul style="list-style-type: none"> - A client can avail of loans without being subjected to compulsory savings, unlike other rural banks (2) - Low interest (4) - Interests diminish for every loan cycle - Bank staff relates well with clients
What products did you receive from RBA?	<ul style="list-style-type: none"> - Loans - Savings - Micro insurance (life insurance, but this is voluntary)
Before RBA where do you get these services?	<ul style="list-style-type: none"> - PNB, Citibank, Metro bank (credit cards) - Friends, neighbors, relatives (these lenders also charge from 5-7% interest) - NGOs (SAC, TPII)
What assistance was provided to you by RBA other than the loan?	<ul style="list-style-type: none"> - Only loans were provided; participants have not received any other assistance or service from RBA
How did you benefit from these products?	<ul style="list-style-type: none"> - Low interests compared to other rural banks - Clients have the prerogative to choose mode of payment (monthly, fortnightly, weekly) - Fast processing (2), loans are approved within the day of application, clients are notified of approvals via text message) - Terms are easy / simple (“<i>mas magaan ang pagbabayad</i>”) - Loan size increases with renewals - Client is able to sell more products
Can you say that you increased your economic opportunities from these services and products?	<ul style="list-style-type: none"> - YES (all) - RBA provides advise that had been helpful in improving their business enterprise
How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower	<ul style="list-style-type: none"> - Participants believe their household income improved after availing of RBA services - Volume of merchandise for selling has increased, which also translates to a higher income
Savings	
What was the minimum amount you were asked to save by RBA?	<ul style="list-style-type: none"> - 5% of loans are automatic savings - 1 participant is not aware if savings are included in the payments - Minimum amount depends on the size of the loan; they are advised by the bank on how much to save.
Did you elect to save more than the minimum amount? Why?	<ul style="list-style-type: none"> - NO - Loans are availed of in order for the enterprise to grow, there is no sense in saving more than the minimum amount if the money could be better used to capitalize on expanding the business
Can you say that you have increased your ability to generate savings for business expansion and/or cushion	<ul style="list-style-type: none"> - YES, client became wiser in terms of handling finances and allocating money for business and savings - Client used to be lax with spending (“<i>puro labas lang dati ng pera</i>”); they now feel secure with the bank’s compulsory savings policy

against economic shocks? If yes, how? If no, why not?		
What are the main purpose or reasons for you to save money	SAVINGS location	No. of Respondents
	Children’s education	0
	Emergencies/ medical expenses	3
	Special occasions	0
	Capital to start a business	2
	Capital to expand present business	7
	House repair renovation	0
	Buy household appliances	0
	Without Specific purpose	0
Others (specify)	0	
How would you rate your satisfaction with this RBA’s compulsory savings product?		No. of Respondents
	Very Satisfied	10 (all)
	Somewhat satisfied	
	Undecided if satisfied or not	
	Very dissatisfied	
What made you feel satisfied/dissatisfied with the savings product	<ul style="list-style-type: none"> – Clients are secure in knowing that loans have been repaid while they are guaranteed of savings. They are free to use this for emergencies or other needs like the children’s education. – After a time, they may not need to borrow again. They can just use the amount they saved. 	
Loans		No. of Respondents
How did you spend proceeds of the loan?	Children’s education	0
	Emergencies/ medical expenses	0
	Special occasions	0
	Capital to start a business	0
	Capital to expand present business	10
	House repair renovation	0
	Buy household appliances	0
	Without Specific purpose	0
Others (specify)	0	
What was the role of your spouse in your microenterprise	<ul style="list-style-type: none"> – None, spouse is engaged in his own occupation – Spouse cannot help, had just undergone an operation – Spouse has a limited or minimal role in the enterprise – Spouse can be called upon to drive (2) – Spouse helps with the business by doing errands (“<i>nauutusan</i>”) – Spouse actually operates the business, borrower takes care of the accounts/ financial management 	
Who decided on how the loan proceeds were used	<ul style="list-style-type: none"> – Spouse has no role in deciding how loan proceeds will be used – Spouse gives business advice or suggestions – Both discuss and weigh priorities in terms of how to spend loan proceeds 	
How would you rate your satisfaction with the loan product of RBA		No. of Respondents
	Very Satisfied	10 (all)
	Somewhat satisfied	-
	Undecided if satisfied or not	-
	Somewhat dissatisfied	-

	Very dissatisfied	-
Overall what made you satisfied or dissatisfied with the loan product	<ul style="list-style-type: none"> - Availed of both capital and savings - The bank provides assistance/ advice to improve the enterprise - Savings can be withdrawn as soon as loans are fully repaid - The client can purchase more goods - Short waiting period before loan release - No collateral, unlike in other banks - Processing the loan application is simple and fast; there is no need to fill up so many forms prior to approval 	
How many of you would borrow again from RBA?	- ALL (10) participants would borrow again from RBA	
<ul style="list-style-type: none"> ▪ If yes, how would you like to change the product? I.e. bigger loan etc. 	<ul style="list-style-type: none"> - Take out the requirement for a co-maker (2); one client finds it hard to ask spouse to take a leave of absence from work just to sign the loan agreement - Majority of participants have no suggestions to change the product 	
<ul style="list-style-type: none"> ▪ If no, would you borrow from another source instead? Why? 		
Insurance		
How many of you currently have insurance policies?	<ul style="list-style-type: none"> - Only 1 availed of life insurance from RBA (insurance is voluntary, not compulsory) - Another participant is insured with another provider 	
What type of insurance is it?		No. of Respondents
	Life	2
	Disability	-
	Hospitalization	1
	Property	-
	Other	-
How satisfied were you with your current insurance provider?		No. of Respondents
	Very Satisfied	
	Somewhat satisfied	
	Undecided if satisfied or not	
	Somewhat dissatisfied	
	Very dissatisfied	
Overall what made you satisfied or dissatisfied with the insurance product	<ul style="list-style-type: none"> - No reason (“<i>wala lang</i>”) why clients did not avail of micro insurance - Secure with the knowledge that the children/family will be provided for in case anything untoward happens 	

FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS



Participants:
Total (2)
Women (1)/ Men (1)

JESIERRY HALILI, Marketing Assistant since April 2012, 20 (F)
JAKE MERCADO, Account Officer since July 2012, 33 (M)

Note: Key Informant Lemuel Peralta also attended this session, as both are recent hires that only heard of MABS

Date:
Time started/ended :
Venue:

26 March 2013
04:13 PM to 04:47 PM
Rural Bank of Angeles, Pampanga

Effectiveness

What are your Bank's Microfinance products?

- RBA's micro finance operations are new, products include the *Kaantabi*(meaning helper, supporter) loan, micro housing, micro savings, micro insurance. The agricultural loan is not considered a micro product.
- *Kaantabi* is purely individual lending but the bank is not closed to group lending, which is currently under study

Which ones were developed with MABS-4 Assistance?

- The idea for these micro finance products came from MABS, they heard that MABS brainstormed with the bank to develop these
- Micro housing was implemented last year
- The bank developed the micro agri loan and was also implemented only recently

Are they still being offered?

- *Kaantabi*, micro savings (compulsory) and microinsurance are still offered

Who are your clients for this product?

- *Kaantabi* clients have small and medium microenterprises, but larger than the typical variety store. They can avail of a minimum P10,000 loan and a maximum of P300,000 (micro plus) at diminishing interest rates of 4.5% per month. Clients can pay for a minimum of 3-4 months and a maximum period of one year, depending on the

	mode of payment preferred. There are still daily collections for market vendor clients. Many merchandisers also prefer weekly payments.
What is the typical profile of your clients for this product?	– Client profiles are almost the same as that of producers. The income bracket of micro loan holders is higher than those typically approved by other rural banks. Although many are sari-sari store owners, clients are selected based on the inventory of merchandise.
Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system?	– YES, informants can attest to the success of their clients' business ventures
<ul style="list-style-type: none"> ▪ Improved services (better & more accessible) by RBs to clients 	– Informants aver that RBA services improved with MABS, as it is different from traditional practice. Implementation, products and services is better. There are new micro finance concepts that the bank got to know about because of MABS. It is not your typical lending practice.
Which products are not profitable?	– Informants cannot say, as micro agri is just starting, micro insurance is voluntary (family protect) and enrollees are still minimal. However, <i>kaantabi</i> loans have grown and will hopefully continue to do so.
What specific assistance did MABS provide to your bank?	– Training seminars on micro basics, client selection, how to deal with delinquent borrowers, CIBI, cash flow analysis
Which assistance is most useful?	– CIBI, client selection, cash flow analysis were most useful to account officers, although it was pointed out that 20% of borrowers are past due with their loan obligations
Top 3 accomplishments of MABS 4	– Informants cannot comment as they were not yet involved with RBA when MABS 4 was implemented
Sustainability	
Can you sustain it? How?	– Based on seminars attended, the MABS approach was applicable to micro financing. In fact, it is being used now by the bank. However, informants noted the contrasting features of the MAB approach with usual micro practices and said they are discriminating on what could be the most appropriate application for RBA.
Good Practices	
Good practices	<ul style="list-style-type: none"> – CIBI, including the cash flow (informants admitted to gaps in their implementation on this matter) – Substantial loan sizes of RBA products, which is higher compared to other rural banks
Recommendations	
Recommendations specifically on mobile banking and micro insurance	– Informants are unsure of MABS contributions on mobile banking.
Lessons in MABS implementation	<ul style="list-style-type: none"> – Valuable lessons were drawn in the areas of loan administration, including CI, monitoring of accounts, validation, proper collections systems, generating MIS, basic risk management. – Informants are interested of a deeper study on risk management packaged from the monitoring of accounts
Contributions in improving operations	– RBA is more discriminating during CI, especially when MABS came in.
Operational issues	– The product is not marketed well, as the unit is focused on <i>kaantabi</i> loans. Outreach is confined to this market.

	<ul style="list-style-type: none">- The same could be said for micro insurance. It is not compulsory for kaantabi clients. Marketing is a big problem.- On micro agri, the micro finance unit is watching it closely. Implementation just started.- On <i>kaantabi</i>, loan diversion and trust issues are the challenge
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First Macro Bank, Pateros

KEY INFORMANT INTERVIEW (1)



Name: **EDSEL E. TAN**, MFSU Manager
 Date: 27 March 2013
 Time started/ended: 09:54 AM to 10:40 AM
 Venue: First Macro Bank, Pateros

Effectiveness

What are your Bank's Microfinance products?

- Individual loans (expanding), currently phasing out group loans
- Micro enterprise loan
- Micro savings for MBOs (5), not full scale for all branches
- Micro insurance bundled with the microfinance loan, not offered separately
- Mobile banking but not full scale

Which ones were developed with MABS-4 Assistance?

- Individual loan continued under MABS 4
- Micro savings was patterned after the bank's regular savings product; there is one that is bundled with the loan, which is compulsory, and there is also one for non-borrowers
- Mobile banking and micro insurance information was provided by MABS; they also immediately contacted micro insurance providers; MABS provided training for staff on micro insurance (license agent)

Are they still being offered?

- Group loan is being phased out because of performance and MIS issues. In terms of performance, the staff cannot cope with the Grameen approach. PAR here is a high 55%
- Individual loan is still very strong
- Mobile banking is being offered but it is not preferred by clients. Because of the proximity of the bank with clients, clients prefer

	transacting with Account Officers (they like having copies of receipts, etc)
Who are your clients for this product? What is the typical profile of your clients for this product?	<ul style="list-style-type: none"> ▪ Individual loan clients are mostly store owners. Majority or 60% are owners of sari-sari stores, the other 40% are manufacturers, direct sellers (dealers, with offices and agents), and services. ▪ The average loan size of those in the 40% are higher
MABS contribution to increased economic opportunity/ inclusive financial system <ul style="list-style-type: none"> ▪ Improved clients' ability to generate savings for business expansion and/or cushion against economic shocks 	<ul style="list-style-type: none"> ▪ YES, MABS contributed in this area. Through compulsory savings, clients are motivated to save more. After several cycles, the savings fund is accumulated. They do not stop borrowing. If the savings fund is substantial enough, a portion of it is transformed into regular savings with a higher interest, or placed in the time deposit. ▪ Clients save voluntarily...
<ul style="list-style-type: none"> ▪ Improved ability of RB partners to sustain/expand capacities to offer MF services 	<ul style="list-style-type: none"> ▪ YES, MABS helped improve the bank's capacity. Technical knowhow widened and tools are still being utilized ("we are able to use the tools they taught us, like the group lending enhancement program.") ▪ Informant further said MABS helped improve the bank's capacity to study (then) current products
<ul style="list-style-type: none"> ▪ Improved services by rural banks to MF clients 	<ul style="list-style-type: none"> ▪ NOT DIRECTLY. Mostly, it is the effort of the bank but the technology came from them. Unlike MABS1, MABS4 was more focused with microfinance products.
Which products are not profitable?	<ul style="list-style-type: none"> ▪ Individual loans are profitable but not group loans. The increased PAR of group loans can be attributed to an oversupply of lenders. A study the bank conducted in the Rizal area where group loans are offered show it is saturated with creditors, and the clients have multiple borrowings. Most lenders are NGOs operating in Rizal, as well as coops, RBs. This is not yet the case with individual lending.
What specific assistance did MABS provide to your bank?	<ul style="list-style-type: none"> ▪ Training on micro insurance, mobile banking, group enhancement, fraud protection and delinquency management. ▪ Training was also provided on housing micro finance, particularly on how to develop the product. The informant said the bank was looking into developing micro housing as a window to increase the average loan size of the client but they were deterred by the BSP policy on microfinance plus.
Which assistance is most useful?	<ul style="list-style-type: none"> ▪ Developing the individual loan program, which is under MABS 1-3. As far as MABS 4 is concerned, the informant said they became aware of other micro finance products. He noted MABS' assistance in equipping bank personnel to talk with micro insurance providers, and how to become micro insurance agents.
What for you are the top three accomplishments of MABS-4?	<ul style="list-style-type: none"> ▪ First, MABS' facilitation in micro insurance ▪ Second, assistance on pricing transparency. MABS apparently helped design the amortization scheme for the client. ▪ On individual loans and micro insurance, MABS was helpful in the study on client needs and demands and how to improve the product.
Sustainability	
How can it be sustained by your bank?	<ul style="list-style-type: none"> ▪ The informant is confident that they can sustain the gains accomplished under MABS. They are developing the products on their own because they were trained for this.
Good Practice	
What MABS-4 interventions can be considered good practices	<ul style="list-style-type: none"> ▪ Training/ technical assistance, particularly the MABSter intervention, was deemed a good practice for its contribution in developing trainers on MABS technology. The informant and an associate (2 in all) are

	<p>accredited trainers. It is a good idea to have MABSters because the organization needs technical persons capable of training and preparing account officers when they do field work.</p>
Which may be recommended in future projects, esp. on micro-insurance and mobile banking?	<ul style="list-style-type: none"> ▪ On micro insurance, help in lowering down the amount of premium, to make it more affordable to clients, is recommended ▪ On mobile banking, there were no concrete recommendations. The informant said the bank found this service difficult, as clients are mostly Smart users, and esp. since Globe's signal is weak in their covered areas. He recalled that the free SIM card given clients during its promotional stage were largely not utilized.
What are the overall lessons learned from the implementation of the Program?	<ul style="list-style-type: none"> – The research tools under the group enhancement program were useful to FMB before it decided to phase out the program. MABS not only facilitated the enhancement of knowledge, skills, and attitudes, it also imparted tools that are useful for micro operations.
On Individual Loans	
	<ul style="list-style-type: none"> – The minimum loan size is P5, 000 with an effective interest rate of 7% per month. Payments are on a weekly basis, which is the clients' mode of preference (the bank offered monthly payments but there were no takers). PAR is 7%, which is still high by industry standards (5%) but the informant believes this is not so bad based on the micro environment they are in. The informant is aware that most micro financing programs are experiencing double digit PAR. – Challenges include (a) client over-indebtedness due to multiple borrowings, (b) improper credit behavior on the part of the bank, manifested by the tendency of Account Officers to be lax in the getting the real capacity of the client. – The average loan size is P14-15,000. There are 35 regular Account Officers. The outstanding balance for individual loans is P42M, outreach is 2,500. The portion of micro finance to the banks portfolio is a mere 6-7%, but the informant said they have thrusts to seriously expand. – Since 2001, the micro program experienced a plateau on certain years, but there were also growth years. – Dropout rate is also high and can be attributed to mixed factors, namely the delinquency problem, blacklisted clients, clients that temporarily refrained from renewing loans. Cases of clients transferring to other lending agencies are rare.
	<ul style="list-style-type: none"> – FMB has a typical savings product, the opening deposit is P100 (P200 for regular savings). As per a BSP ruling, outstanding balance is limited to P15, 000. If in excess, the account becomes regular. MBOs cannot accept regular savings deposits.
On Micro Insurance	
	<ul style="list-style-type: none"> – Both individual and group loan clients are insured (2,500 individual and 700 for the group). Premium is 300 for 6 months, up front deduction. The provider is Pioneer. The informant cannot say if loan clients increased because of the insurance coverage. – There are no operational issues so far; claims are provided in less than 3 days. The provider is flexible ("<i>madaling kausap</i>"), esp. during instances when claimants find it hard to establish marital status. They recognize the common law wife.
On Mobile Phone Banking	
	<ul style="list-style-type: none"> – There are limited offerings of this service. OBOs were converted to MBOs, whose function is similar to CICOs. Globe is still the main provider, esp. since Smart banking is just being introduced. For inaccessible areas, the problem is lack of dealers and weak signal. If

	<p>there are dealers, proximity to the client is still distant so they also branch out.</p> <ul style="list-style-type: none">– Because of the clients' proximity to the bank, mobile banking is rendered useless. Also, clients overwhelmingly prefer “high touch not high tech” banking, underscoring the importance of relational factors. Despite this, the informant believes there is still a future for mobile phone banking but for a limited scale.
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KEY INFORMANT INTERVIEW (2)



Name: **REGINALD I. OCAMPO**, President
 Date: 27 March 2013
 Time: 11:18 AM to 12:07 PM
 started/ended:
 Venue: First Macro Bank, Pateros

Effectiveness

What is the over-all goal of MABS 4?	<ul style="list-style-type: none"> - FMB has been a MABS partner for 13 years. It aims to “teach” micro finance esp. micro lending, which is MABS’ biggest contribution. - Informant said micro finance is performing well; the bank is still using the technology but attunes it to fit the market. About 60-70% of the program’s design was based on the original model.
How were you selected as a partner bank?	<ul style="list-style-type: none"> - When MABS was set for roll out in Luzon and Visayas after piloting in Mindanao, FMB through its president was invited to the partnership.
What made you join the partnership?	<ul style="list-style-type: none"> - Informant realized that there is a science to lending. A lot of activity is needed prior to venturing in micro finance because unlike the bank tradition of waiting for clients to come in, MABS imparted the importance of reaching out to the community to attract clients. Prior to this, FMB tried to engage in a similar micro program but it did not work out.
What for you are the top 3 accomplishments of MABS-4?	<ul style="list-style-type: none"> - First, the introduction of micro finance - Second, the scientific approach of studying clients, proper questioning; also assessing the program to draw lessons on how to improve products and services - Third, the networking, sharing , peer learning, and forum with other practitioners
What do you think are the facilitating/ success factors..?	<ul style="list-style-type: none"> - Hand holding. MABS was always there to monitor and study submitted reports, to draw lessons on how to succeed.
What do you think are the hindering	<ul style="list-style-type: none"> - In 2008-2012, the focus was on mobile banking. However, in the FMB’s case, it did not work out well. By design, the bank’s branches are near the client, and the clients are used to going to the bank for transactions, there is no value added for

<p>factors that may have contributed to subpar performance if there are any?</p>	<p>them to go into mobile banking.</p> <ul style="list-style-type: none"> – Competition can bring down the gains, as it teaches borrowers to be more lax with obligations, to engage in multiple borrowings
<p>Sustainability</p>	
<p>How do you think can you sustain the gains you have accomplished from MABS 4?</p>	<ul style="list-style-type: none"> – Constant improvement (of products and services) can ensure sustainability. FMB has a marketing and business development unit set up for the whole bank. – Management’s belief in the program is significant. Profitability and the values added are important to sustain the gains.
<p>What do you think can prevent you from sustaining these gains?</p>	<ul style="list-style-type: none"> – The informant believes the “internal capacity of the bank can sustain the gains.” FMB is vulnerable to competition (although not all RBs in the area are offering micro finance, there are a lot of NGO competitors) so it places a premium on old clients to retain them. The bank visits clients, consults them on how to improve products and services, improve its MIS. It was pointed out that FMB has a high dropout rate, but the informant said that this is not the case for retained clients.
<p>Good Practice</p>	
<p>What for you are the best practices that can be replicated for future projects esp. on the areas of micro insurance & mobile banking?</p>	<ul style="list-style-type: none"> – Good practices include the hand holding. MABS was always there to tell you what to do. The bank was pressured to submit reports but at the end of the day, it helped.
<p>Can you share your most valuable lessons learned in the implementation of MABS 4?</p>	<ul style="list-style-type: none"> – Study your market – Listen to your clients – Importance of a good MIS
<p>Gender</p>	
	<ul style="list-style-type: none"> – FMB is not as supportive on gender—more on the business—as clients are generally women (at least 90%). MIS will have sex disaggregated data but right now it is not being done.
<p>Policies & Regulations</p>	
	<ul style="list-style-type: none"> – MABS was very active in lobbying for bank regulations on small claims, MBO, micro insurance, among others. FMB acknowledged that the bank greatly benefited from this. They currently have 5 MBOs and have established a good relationship with peers because of the roundtables.

FGD and KII of Rural Bank Partners in Visayas

Progressive Bank, Iloilo

FOCUSED GROUP DISCUSSION WITH BANK CLIENTS



Participants:

Total (15)
Women (14)
Men (1)

Note: there were late participants

ELIZABETH GANGANO, Housewife, 56 (F), individual loan client
ADORA GONZALES, Housewife, 40 (F), individual loan client
LILIA GRIMBULLO, Housekeeper, 64 (F), individual loan client
CONCHITA INDELIBLE, Housekeeper, 58 (F), individual loan client
ROSE LUZ JURILLA, Housewife, 54 (F), individual loan client
NELFA LANGUB, Housewife, 42 (F), individual loan client
RUBY OMALI, Housewife, 27 (F), individual loan client
NERLIE PANAL, Housewife, 44 (F), individual loan client
ANDREA PEREZ, Housewife, 56 (F), individual loan client
ELIZABETH PONAN, housekeeper, age unspecified, (F), individual loan client
EDNA PORRAS, Barangay kagawad, 58 (F), individual loan client
JESSICA ROBLES, Housewife, 40 (F), individual loan client
DARLIE SOLIS, Barangay Kagawad, 32 (M), individual loan client
REBECCA SUMAHI, Housekeeper, 55 (F), individual loan client
LUZVIMINDA UMALI, Housekeeper, 58 (F), individual loan client

Date:

20 March 2013

Time started/ended :

09:05 AM to 11:45 AM

Venue:

Progressive Bank, Potpotan, Iloilo

How did you first hear about Progressive Bank?

- Heard from friends/ neighbors about Progressive Bank's loan offerings (3), which borrowers can get in full and has a low interest rate (1)
- A bank employee talked with them about the bank's micro finance program
- Attended a barangay orientation meeting on the bank's micro products

	(2) – Heard about Progressive Bank from its group loan clients
Were you a customer of another Rural Bank/Coop/NGO MFI before joining Progressive Bank? <ul style="list-style-type: none"> ▪ If yes, why did you decide to join Progressive Bank? ▪ If no, had you ever borrowed before from an RB/ Coop/ NGO MFI? 	<ul style="list-style-type: none"> – There were 2 participants that answered “YES.” One used to be customers of Taytay sa Kauswagan, while the other borrowed from an NGO micro lender. They decided to join Progressive Bank because one has a friend that works in the bank that invited her to apply for a loan, while the other was told about the bank’s easy term loan products and approachable staff. – Other participants that said they were not customers of other lending agencies besides Progressive Bank said they liked the bank for: <ul style="list-style-type: none"> (a) Awards given clients with good credit behavior (b) Curiosity (c) Requirements were easy to comply with (d) Easy payment terms (e) Fast processing and release of loan products (a week upon application)
What products did you receive from Progressive Bank?	<ul style="list-style-type: none"> – Most participants availed of individual micro enterprise loans – Products received or availed of from Progressive bank were largely used for capital to start a business (10), capital to expand present business (6), children’s education (4), special occasions and buying household appliances (3 each) and emergencies/ medical expenses and house repairs/ renovation (2 each).
Before Progressive Bank where do you get these services?	<ul style="list-style-type: none"> – Before Progressive Bank, participants availed of loan products/ services from (a) relatives, (b) own money, (c) Taytay sa Kauswagan and other micro lenders, (d) OFW support, and (e) profits generated from her/his enterprise.
What assistance was provided to you by Progressive Bank other than the loan?	<ul style="list-style-type: none"> – Besides the loan, there were apparently no other forms of assistance provided by Progressive Bank. – Participants cited values that they learned from availing of the bank’s loan products, such as being credit worthy; orientations they attended where they learned how to process and repay their loans.
How did you benefit from these products?	<ul style="list-style-type: none"> – The loans were used as capital for client’s piggery/ hog raising, variety stores, buy-and-sell enterprises. One participant said she used a portion of loan proceeds to pay off debts from other creditors.
Can you say that you increased your economic opportunities from these services and products?	<ul style="list-style-type: none"> – Participants said that the loans helped in financing various needs of their businesses. The size of clients’ loans ranged from P4000 to P15,000. Most of the proceeds were used to buy wares and retail goods, feeds for pigs and chickens.
How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower	<ul style="list-style-type: none"> – Some participants said these loans greatly helped in generating extra income, the gains of which were used as revolving capital, to pay off debts, and meet their family’s day-to-day needs. – One participant, a palay farmer and hog raiser said that the loans were useful for continuing his off-farm business but the gains he derived from it did not increase household income significantly, or that income was “<i>pareho lang</i>” or the same as before. He noted that production in his farm had been sluggish for the past years, which could account for the slack.
What telco (Smart, Globe, Sun) does Progressive Bank use for its mobile banking services?	<ul style="list-style-type: none"> – Participants said they have not availed of mobile banking services, although many are using cell phones. Majority of the clients are prepaid Smart users, because Sun and Globe have weak signals.
How many of you have ever used Smart Money or GCASH before you	<ul style="list-style-type: none"> – A participant said she applied for and was given an account for Smart money last year (2012) after receiving an invitation from her load wallet, but she has not used it for any transactions yet. She had to

became a client of Progressive Bank?	travel to Pototan from her barangay to do this.	
Savings		
What was the minimum amount you were asked to save by Progressive Bank?	<ul style="list-style-type: none"> - The bank imposes a forced savings program for borrowers, who are asked to pay P50 as initial savings deposit, and then add 20% of the loan amount to amortization payments. This is deposited to their savings account with each loan payment. - Savings can only be withdrawn after a certain period. - Clients said they maintain their savings to pay off their loans in case anything untoward happens to them during the term of the loan, or in cases of emergency 	
What are the main purpose or reasons for you to save money	No. of Respondents	
	Children's education	4
	Emergencies/ medical expenses	11
	Special occasions	1
	Capital to start a business	-
	Capital to expand present business	5
	House repair renovation	2
	Buy household appliances	-
	Without Specific purpose	-
Others (specify)	-	
How would you rate your satisfaction with this Progressive Bank's compulsory savings product?	No. of Respondents	
	Very Satisfied	14
	Somewhat satisfied	1
	Undecided if satisfied or not	-
	Somewhat dissatisfied	-
Very dissatisfied	-	
What made you feel satisfied/ dissatisfied with the savings product	<ul style="list-style-type: none"> - Participants are satisfied with the bank's compulsory savings because they are assured that they have funds they can use in times of need. 	
Loans		
How did you spend proceeds of the loan?	No. of Respondents	
	Children's education	8
	Emergencies/ medical expenses	-
	Special occasions	2
	Capital to start a business	4
	Capital to expand present business	11
	House repair renovation	1
	Buy household appliances	-
	Without Specific purpose	-
Others (specify)	1 (snacks)	
What was the role of your spouse in your microenterprise	<ul style="list-style-type: none"> - Spouse is the co-maker - Spouse has no role as he is abroad or is an OFW (3) - Spouse helps in the piggery business by feeding the pigs 	
Who decided on how the loan proceeds were used	<ul style="list-style-type: none"> - Most participants said they decide on how to use loan proceeds 	
How would you rate your satisfaction with the loan product of Progressive Bank	No. of Respondents	
	Very Satisfied	All (15)
	Somewhat satisfied	
	Undecided if satisfied or not	
	Somewhat dissatisfied	

	Very dissatisfied	
Overall what made you satisfied or dissatisfied with the loan product	<ul style="list-style-type: none"> – Participants appreciate the diminishing balance system, and the bank’s policy of issuing disclosure statements on the status of their loans – Clients also allow the bank to “keep the change” when they pay because this automatically goes to their savings account. – Participants dislike being guarantors, which they become when they avail of group loans, and much prefer individual loans – The bank’s manner of consulting/ negotiating with clients on their preferred modes of payment was also highly appreciated 	
How many of you would borrow again from Progressive Bank?	– All participants answered in the affirmative	
<ul style="list-style-type: none"> ▪ If yes, how would you like to change the product? I.e. bigger loan etc. 	– There were no suggestions on how they would like to improve the loan product	
Insurance		
How many of you currently have insurance policies?	– All are covered, as borrowers are required by the bank to enroll in the micro insurance program. Their spouse and 1 child below 18 years old, or parents are similarly covered.	
What type of insurance is it?	No. of Respondents	
	Life	15 (all)
	Disability	-
	Hospitalization	-
	Property	-
	Other	-
How satisfied were you with your current insurance provider?	No. of Respondents	
	Very Satisfied	15 (all)
	Somewhat satisfied	-
	Undecided if satisfied or not	-
	Somewhat dissatisfied	-
Very dissatisfied	-	
Overall what made you satisfied or dissatisfied with the insurance product	<ul style="list-style-type: none"> – Participants are satisfied with the product because they feel secure for their families in case anything untoward happens to them – They are also relieved that their families would not be burdened with their loan obligations – The participants are satisfied with the insurance company of the bank, which they said had been tested and actually provided claims of a dead client’s relatives 	
What other types of insurance products do you or your family need?	<ul style="list-style-type: none"> – Participants suggest the inclusion of hospitalization benefits – Another suggestion is for returning the premium in cases when nothing happens to the client after the covered period. 	

FOCUSED GROUP DISCUSSION WITH MICRO FINANCE MANAGERS	
Name:	RANDY DAGA-AS , Unit Head MF ILU ROGER ESCARO , Unit Head MF Group BRYAN TACAYON , Unit Head Micro Insurance
Date:	20 March 2013
Time started/ended:	01:04PM to 02:25 PM
Venue:	Progressive Bank, Potpotan, Iloilo
Effectiveness	
What are your Bank's Microfinance products?	<ul style="list-style-type: none"> – Progressive Bank offers group and individual micro enterprise loan programs, as well as the following: <ul style="list-style-type: none"> (a) <i>Kabulig Panguma Program</i> or “tulong sa magsasaka” (assistance for the farmer), which is a micro agri product (b) <i>Bugal</i> (pride) housing micro finance (c) <i>Amlig Kabulig Program</i> (AKAP, “kaagapay sa buhay” or support for life), the micro insurance product
Which ones were developed with MABS-4 Assistance?	<ul style="list-style-type: none"> – The MABS approach was introduced in 2005 by a mission led by a certain Bong Roxas, but the bank decided to adapt some MABS products and tools in 2007, after it heeded the advice of a local federation of rural banks. It offers an agri-agra loan but decided to develop the micro agri product as a response to the need for transitioning clients from group to individual lending. At the time, there were graduating clients of group-based micro enterprises that wanted to apply for individual loans due to the bigger loanable amount offered, and the freedom from group meetings and liabilities. <i>Kabulig Panguma</i> was thus developed and has been in the market for over a year. – The <i>Bugal</i> micro housing program was developed after a client-based survey using the cash flow analysis to determine the loan size. It was also developed and rolled out just over a year ago. – The AKAP micro insurance was the most recent product developed. Informants said MABS assistance covered marketing the product, approaching the clients, mitigating risks and finding the right partner-service provider (Pioneer).
Are they still being offered?	<ul style="list-style-type: none"> – YES
Who are your clients for this product? What is the typical profile of your clients for this product?	<ul style="list-style-type: none"> – These products are offered in areas with farming and off-farm activities that generate income. The clients are typically farmers cultivating a farm but also with multiple sources of income, or those engaged in buying and selling palay and/or other farm products, or engaged in agribusiness. Successful applicants have a higher percentage of income derived from off-farm activities, or have other earning members of the family, usually Overseas Filipino Workers (OFWS).
On Micro Agri	<ul style="list-style-type: none"> – Micro agri's average loan size is P15-20,000 per client or an outstanding portfolio of P2M. Currently there are 220 borrowers. – Informants said the client base is not growing because most loan holders have been mainstreamed in their agri-agra product. Clients stick to the micro agri product by choice because they much prefer the mode of payment here (could be weekly, monthly, or bi-monthly). Informants also said delinquency is not high for micro agri, which they pegged at P40-50,000.
On Micro Housing	<ul style="list-style-type: none"> – There are 200-300 clients of the micro housing loan, the outstanding portfolio is about P3M – Informants said minimal delinquency was encountered in its first year but currently this amounts to P200-400,000 or around 10%. Delinquent clients are those that have been struck with sudden big expenses, e.g. hospitalization, and as such could not prioritize loan obligations.
On Micro Insurance	<ul style="list-style-type: none"> – There are two forms of insurance coverage under the AKAP program: Group Credit Insurance available for MAP/MEP borrowers and the micro insurance

	<p>that is not just for member borrowers. Products include (a) basic life insurance (any cause of death), (b) accidental death, (c) accidental medical reimbursement, and (d) hospitalization.</p> <ul style="list-style-type: none"> – Borrowers are covered for P60,000, and additional P20,000 if death is accidental. The spouse and 1 child (below 21 years of age) are also insured.
On Micro Savings	<ul style="list-style-type: none"> – Compulsory savings is plus P50 of amortization. Loans are required to have a savings balance or holdout, which is P700 for loans below P7000, and 25% for loans P7000 above. Borrowers can withdraw anything in excess of 25%, withdrawable after half of the 3rd cycle has passed.
On Mobile Banking	<ul style="list-style-type: none"> – Although trainings on mobile banking were conducted by MABS, the bank decided not to have mobile banking services, mainly due to provider-related concerns, i.e., weak Globe signal, and Iloilo being “Smart country.”
All micro finance products	<ul style="list-style-type: none"> – Outstanding micro finance loan portfolio is P32M, with 1,826 outreach (the bank’s total outreach is 30,000). There is no data on PAR but informants said that delinquency is “manageable.”
Top 3 MABS accomplishments	<ul style="list-style-type: none"> – Informants said the top 3 accomplishments of MABS are in the areas of (a) product development, (b) training, and (c) delinquency management. These resulted in greater access of varied, non-traditional products by more clients, resulting in a bigger outreach and portfolio for the bank. Informants also gushed about the new techniques learned in micro finance operations.
Improved clients’ ability to generate savings..?	<ul style="list-style-type: none"> – Informants said savings mobilization was substantial, as clients’ loan sizes are bigger. However, they also said deposits generation were not that significant.
Hindering factors	<ul style="list-style-type: none"> – Informants mentioned that competition is stiff among micro lending agencies. Participating MABS banks are part of this competition, but the bigger threats are NGOs, which include TSKI, Life Bank, CARD Bank, Negros Women, CCT, among others.
Sustainability	
How can it be sustained by your bank?	<ul style="list-style-type: none"> – Informants said product innovation is really needed to be on top of the competition. – Substantial interest for micro insurance products were noted by the informants.
Good Practice	
What MABS-4 interventions can be considered good practices (e.g., unique achievements, innovative methods/ approaches)	<ul style="list-style-type: none"> – Informants highly appreciated the MABSter trainers’ training and how it has been helpful in transferring the MABS technology to bank employees (management style, training is re-echoed). They noted that at least 2 trainers for partner banks had been groomed by this intervention and were supposed to be licensed but accreditation did not push through. Management training was another beneficial intervention of MABS. – Constant monitoring by MABS, which proved helpful in assessing products; performance and identifying solutions/ making decisions to emerging problems
Gender	
How have gender considerations been integrated in the Project?	<ul style="list-style-type: none"> – Informants said gender concerns and its integration in the program were not really well-thought of but the bank gives equal treatment to both women and men clients (women borrowers outnumber men). They observed that unlike before, there are more men that have become involved in micro finance/ enterprise concerns, especially in cases of delinquency. – Women empowerment objectives were noted in the vision-mission-goal statements of one of Progressive Bank’s micro finance products (log/account books were provided by informants to the data gathering team). Particularly, the mission statement of the bank’s <i>Umwad Kabulig</i> Program (group micro enterprise product) reads “<i>To build a sustainable microfinance institution providing micro credit for empowerment of the women poor.</i>”

FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS



Participants:	REZA BENJAMIN , Account Officer since April 2011, 32 (F)
Total (5)	EDBERT DELFIN , Account Officer since Nov 2007, 26 (M)
Women (3)	ERMA FIGUEROA , Account Officer since Aug 2009, 26 (F)
Men (2)	GENER LAGUARDIA , Account Officer since Dec 2010, 24 (M)
Date:	EMIE ORBISTA , Account Officer since Oct 2008, 26 (F)
Time started/ ended :	20 March 2013
Venue:	02:35 PM to 04:43PM
	Progressive Bank, Potpotan, Iloilo

What are your Bank's Microfinance products?

- Progressive Bank's micro finance products include (a) *Bugal* housing micro, (b) the *Ummad Kabulig* ("unlad" or develop) group and individual micro enterprise loan. The (c) micro agri and (d) micro insurance loans were also mentioned earlier. In the latter part of the discussion, informants also revealed that the bank provides an (e) emergency loan known as the *dugang kabulig* or additional capital equal to half the amount of their enterprise loan and payable in two installments.
- There are around 17-20 account officers in this branch of Progressive Bank devoted to micro finance. Almost half (98) of the bank's total work force (200) are lodged in this unit.

Which ones were developed with MABS-4 Assistance?

- Informants were not aware which one of these loans were developed with MABS4 assistance but surmised that these included products recently rolled out by the bank.
- The AOs also surmised that they were taught about the MABS approach by their supervisors. They were required to attend a SEDP (?) Training about field operations. Around 2-3 years ago, their unit heads

	<p>had participated in a training seminar in Cagayan that was re-echoed to all employees. It was around that time that several loan products were piloted.</p> <ul style="list-style-type: none"> – Informants later added that account officers have minimal involvement in product development; on occasion, they read and give feedback on memos and suggestions from management on micro products and operations.
Who are your clients for this product? What is the typical profile of your clients for this product?	<ul style="list-style-type: none"> – Target clients are mostly those with rice farming activities—small landowners or tenants in the area—that are also engaged in other agribusiness. – A loan ledger of the micro enterprise product contained a vision statement that indicates the product targets women in the rural informal sector. Other brochures, particularly those of the micro agri and micro housing products implies a product target audience from the enterprising poor. – Informants added that majority of the borrowers are indeed women, as it is this segment of the rural population that operates variety stores, engage in buy-and-sell and small manufacturing, vend farm produce. There are also borrowers from the service sector, spouses of overseas Filipino workers, and government employees.
Performance and operational problems	<ul style="list-style-type: none"> – Informants said the ideal case load of account officers include a target or quota of 120 clients, P1.8M loan portfolio and less than 5% PAR. For groups loans, the target is 300 clients, P1.5M loan portfolio and below 5% PAR. However not one of the informants have met these targets, and informants said this seem to be true bank-wide. Actual number of clients per account officer interviewed range from 59 to 80 clients, and P.9 to P1.5 loan portfolio. The informants did not disclose most of the PAR. However they were optimistic that the targets are achievable, esp. considering the large span of areas for microfinance coverage. – Informants did not comment on whether turnover of account officers are fast. However they said many have resigned because of fears about operating in remote areas, unmanageable accounts, fraud, and pressures to fulfill the quota.
Challenges	<ul style="list-style-type: none"> – Informants cited the following challenges: <ul style="list-style-type: none"> (a) Stiff competition among micro lenders for clients (b) Collections (biggest challenge), esp. from past due clients that have gone bankrupt or were hit by disasters

Valiant Bank, Iloilo

KEY INFORMANT INTERVIEW (1)



Name: **FREDERICO ARABEJO**, MFU Head
 Date: 21 March 2013
 Time started/ended: 08:45AM to 10:54AM
 Venue: Valiant Bank, Iloilo City

Effectiveness

<p>Micro finance products of Valiant Bank</p>	<ul style="list-style-type: none"> - The bank used to be known as Valiant Rural Bank of Iloilo City. It started in 1998. Informant believes MABS started in 2004 through RBAP. It was during this year that the bank's micro enterprise product (MEP) known as LEADS ME (<i>Leading Entrepreneurs towards Affordable, Dependable and Sustainable Micro Enterprise</i>) started. The following year, the micro agri product (MAP) they dubbed as BUGANA (an Ilonggo term that means bountiful) also rolled out. There were only 2 employees in the micro finance unit then. His predecessor was a beneficiary of various trainings initiated under MABS. - There are 2000 clients of both MEP and MAP. The outstanding loan portfolio is P24M for both micro finance products.
<p>What are the contributions of MABS 4 to your organization?</p>	<ul style="list-style-type: none"> - MABs helped in the conduct of TNA, establishment of a monitoring system (RB2000, which is not in use now), development of an Operations Manual. The officers of Valiant were exposed to best practices in other banks. Account Officers were taught how to conduct CIDI, cash flow, how to prepare the folder for approval, next steps. Performance was

	<p>monitored every 6 months. These were also done for MAP. The current VP on loans developed the manual for MAP. Trainings were done in 2006/7, where the bank gave a counterpart.</p>
On Mobile Banking	<ul style="list-style-type: none"> - Management approved the mobile banking service but Globe's signal is weak and Iloilo is Smart country. Informant said they had a hard time selling the product. There were no interested loaders (at the time, dual SIM was not yet developed). They even tried to market in remote areas but it was not a feasible venture.
On Micro housing	<ul style="list-style-type: none"> - Informant said they attended trainings on micro housing and had exposure to Banko Mabuhay. The bank also conducted a feasibility study. In the end, the bank decided not to offer micro housing, as MEP loans can be used for house renovations or construction that are business-related anyway.
On Micro insurance	<ul style="list-style-type: none"> - On micro insurance, the bank will be offering this product probably this year (2013). The late implementation is due to information gaps on the documentation. They already have a license with the IC (acquired last quarter of 2012). The insurance partner is Country Bankers. Orientation has been conducted but there are no individual clients yet. However, there are enrollees in credit group life (CGL). MEP and MAP clients are all insured (mandatory) in CGL for mortgage redemption. - Under the micro insurance product, borrowers can get units for members of the family, such as the spouse and 4 children. If borrowers are single, their parents, siblings and cousins can be covered. For P250, the borrower is guaranteed P50, 000 for accidental deaths. The bank also plans to provide "instant abuloy." Interest is high even among non-borrowers. The management is still thinking about whether to offer this product to borrowers on a compulsory or voluntary basis.
Micro savings	<ul style="list-style-type: none"> - Contribution of savings is high but the informant does not have the figures - Savings are compulsory, 10% of amortization to the loan is forced savings. For new loans, a minimum savings deposit of P500 is deducted from the loan release. Borrowers cannot withdraw during the term of the loan but after full payment, the withdrawable savings is 10% of the previous loan.
What for you are the top three accomplishments of MABS-4?	<ul style="list-style-type: none"> ▪ First, the MABSter trainers training (the informant and some associates had this training but is not a licensed trainer); for its impact in bank operations. Although the loans are small, returns are substantial as they are "not only giving out loans but also getting deposits." ▪ Second, is job generation. The microfinance unit started with only 2 people but this has increased to 30+ people (besides the informant, there are 27 account officers, 5 supervisors, and 6 loan officers). Almost one fourth of the bank works force is devoted to micro finance. There are also many bank staff that got promoted after performing in the microfinance unit. ▪ Third, the opportunity provided clients to improve their livelihood. Without MABS, the bank would not have reached out to attract micro clients. ▪ Fourth, the mindset advantage over commercial banks, who can only reach out to elite clients

	<ul style="list-style-type: none"> ▪ Fifth, the diversification of operations, because their products and services have competitive advantage.
Contribution to the bank's income	<ul style="list-style-type: none"> ▪ Contribution of micro finance is minimal, compared to other bank products. Informant reports on collections every month to the management to prove the worth of microfinance to the bank. The current thrust of the unit is to concentrate on collections. Account officers should have at least 120 clients, a P1.5M loan portfolio, and a low PAR. Currently, the PAR is 10 to 20, there were times it had gone beyond 20.
What do you think are the hindering factors that may have contributed to subpar performance?	<ul style="list-style-type: none"> ▪ A major challenge is the preponderance of micro lenders. Iloilo has been identified as a lending hotspot because of the presence of institutions like TSKI, OK Bank, Life Bank, Progressive, CARD, CCT, ASHA, as well as private lenders. Competition is indeed stiff ▪ Some account officers lack commitment but overall, staff turnaround is average
Facilitating factors	<ul style="list-style-type: none"> ▪ Training ▪ MABS' monitoring, coordination and hands on guidance to the partner bank, sometimes even to the extent of going to the areas, conducting FGDS to draw lessons on how to ensure successful implementation of the product (personal touch) ▪ Lessons and contacts gained from attending national round tables ▪ Good customer service, personal touch/ good relationship with clients
Gender	
How have gender considerations been integrated in the Project?	<ul style="list-style-type: none"> ▪ Around 80% of MEP clients are women but the bank/ microfinance has no gender policies in place. ▪ They have no studies on the repayment performance of women over men. ▪ Selection of MEP/ MAP borrowers is not based on gender but on the qualifications of the borrower ▪ Among account officers, most are male because of the line of work that requires doing field work, exposure to the elements. They had a female account officer once but this did not work.

KEY INFORMANT INTERVIEW (2)



Name: **IAN ERIC PAMA**, President, Valiant Bank
 Date: 21 March 2013
 Time started/ended: 11:45AM to 12:25PM
 Venue: Valiant Bank, Iloilo

Effectiveness

<p>Contribution of micro finance to bank's bottom lines</p>	<ul style="list-style-type: none"> ▪ Contributions of microfinance to the bottom line was described as “good before but now it is declining;” informant also noted that expenses for operations increased but the client base is low. In terms of income, there is little contribution from micro finance. While gross revenues are substantial, gains are undermined by high past dues/portfolios at risk. Micro savings’ contribution is stuck at 10%, and nothing more. Informant believes that it is hard for the income class patronizing micro finance (which is doubtlessly in the lower levels) to meet basic needs, much less to save. Even non-micro clients have limited or no savings, after all. ▪ Informant notes that clients in the 4th or 5th cycles are the most high-risk, and the bank cannot determine the real cause behind this. During his stint as RBAP president last year, informant learned that other rural banks have the same problem. This is why the bank resolved to impose tighter controls on clients in this cycle, and to aim for new clients.
<p>Factors/ challenges that caused subpar performance</p>	<ul style="list-style-type: none"> ▪ Informant believes the problem is caused by the competition, as clients have multiple loans, thus payments are spread out. There are too many players engaged in micro finance now compared to 15 years ago when MABS began. ▪ The client also feels there is unfair competition from NGOs, who claim 0% PAR because they can write off bad debts from the grants donated to them for micro financing. NGOs are also not subjected to BSP regulations and monitoring. ▪ Bad credit behavior of clients esp. in urban/ urbanizing areas.
<p>Top 3 accomplishments of MABS</p>	<ul style="list-style-type: none"> – First, MABS was a big help to countryside development because it mobilized a lot of financial institutions to increase the people’s

	<p>purchasing power. This is necessary for the economy to grow.</p> <ul style="list-style-type: none"> – Second, technology sharing. MABS showed that there is a formal way or specific guide for marketing and implementing micro finance, esp. in mitigating client risks. MABS developed a structure, and/or template for micro finance operations. – Third, capacitating rural banks. MABS left a legacy, esp. since there were trainings conducted to pass on the MABS micro model. Informant believes this will help the country in the long run in terms of ensuring future credit allocations in the countryside. MABS partners were exposed and learned a great deal from the best practices of other rural banks not only in the Philippines.
Sustainability	
	<ul style="list-style-type: none"> ▪ Despite the low profitability and declining social base of micro finance in general, informant said they will continue with the program because some products still show potential. The bank plans to penetrate remote areas where there are no or minimal competitors. Potential clients in these areas also still value their credit worthiness, unlike in urbanizing communities. Informant also suggests regulation for microfinance competitors, e.g., limiting the establishment/operation of banks in 4th or 5th class municipalities. ▪ Micro products with high potentials include micro agri. Based on Valiant Bank’s experience, product performance was better than that of micro enterprise and delinquency is low. There are also few players offering micro agri. The bank already has plans to shift more on micro agri and be very selective with micro enterprise. An added attraction for the shift is the partial guarantee from the government (through AGFP) for financing institutions engaged in micro agri. ▪ Micro insurance is another potential earner for the bank ▪ The informant deems micro housing as too risky, as the borrower should have a source of income to pay for the loans.
Good Practice	
<p>Most valuable lessons learned in the implementation of MABS 4?</p>	<ul style="list-style-type: none"> ▪ Areas for continuity includes (a) sustained training and (b) monitoring, esp. since the last 2-3 years saw the erosion of micro financing’s popularity and profitability. ▪ MABS transferred its technology (training modules, tools) to RBAP and RBFi but these institutions cannot finance the monitoring functions that MABS used to do for participating rural banks. RBAP can only support trainings but it cannot afford to absorb MABS technical specialists.



Participants:	FLORAWIN CAINGLET , Self-employed, 39 (F) MA. MELBA CAINGLET , occupation not specified, 44 (F) EMMA GALLO , Businesswoman, 47 (F) VIVIAN GONZALES , Occupation and age not specified (F) MA. CELIA MANGORIA , Self-employed, age not specified (F) MARICON MISARE , Business women, 28 (F) HONIE KRIZIA NAVOR , Self-employed, 23 (F) MA. LEAN PALONPON , occupation not specified, 38 (F) LELAINE SUSBILLE , Farmer, 42 (F) MANUEL VELA , Tricycle operator, 55 (M)
Total (10)	
Women (9)	
Men (1)	
Date:	21 March 2013
Time started/ ended:	12:57 PM to 02:22PM
Venue:	Function Room, Amigo Terrace Hotel, Iloilo
How did you first hear about Valiant Bank?	<ul style="list-style-type: none"> – Bank employees were marketing Valiant Bank’s products in the community, one approached her sari-sari store and gave an orientation. – Heard about Valiant Bank’s offerings from friends. At the time, she was looking for financing sources for her piggery business. – A client of her granite business told her about Valiant Bank products – Walk in application (2); they were both looking for lenders to finance their businesses
Were you a customer of another Rural	<ul style="list-style-type: none"> – YES (5), NO (5) – “Yes” participants decided to join Valiant Bank because of its products’

Bank/Coop/ NGO MFI before joining Valiant Bank? <ul style="list-style-type: none"> ▪ If yes, why did you decide to join Valiant Bank? ▪ If no, had you ever borrowed before from an RB/ Coop/ NGO MFI? 	<p>low interest. Compared to other lending agencies, interest rate ranged from 6% to 16%, while Valiant Bank charges only 2.75% interest rate.</p> <ul style="list-style-type: none"> - Other reasons for joining Valiant Bank include the following: <ul style="list-style-type: none"> (a) “easy” & “speedy” payment terms, namely 3 months to pay on a weekly basis (b) the chance to have savings (c) approachable bank staff - Participants were customers of private lending institutions (Fund line, G&H, Asset, Ultimate), NGOs (TSKI, CCT, CARD) and informal lenders like the “<i>bumbay</i>.” One was also a client of Progressive Bank.
What products did you receive from Valiant Bank?	<ul style="list-style-type: none"> - Loan products included MEP and MAP (micro enterprise and micro agri) - Loans were commonly used for business expansion purposes (12), for start-up capital (8), for the children’s education (4).
Before Valiant Bank where do you get these services?	<ul style="list-style-type: none"> - Refer to previously cited data
What assistance was provided to you by Valiant Bank other than the loan?	<ul style="list-style-type: none"> - Besides the loan, there were no other forms of assistance provided by Valiant Bank
How did you benefit from these products?	<ul style="list-style-type: none"> - Clients’ business needs were funded. This in turn contributed to the development and expansion of the enterprise. One of the participants was a national grand winner of a prestigious entrepreneurship award.
Can you say that you increased your economic opportunities from these services and products?	<ul style="list-style-type: none"> - Participants answered YES and cited how their businesses grew. For instance, a hog raiser said she started with 20 sows that grew to 30 now. Sari-sari store owners cited the expanded r inventories. Another mentioned additional tricycle units that were bought from loan proceeds.
How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower	<ul style="list-style-type: none"> - Everyone said their profit margins increased because of the enterprise or agri loan they availed of.
On Mobile Banking	<ul style="list-style-type: none"> - None used GCash but many have heard about this from advertisements. Valiant Bank did not issue any word of encouragement on the use of GCash.
Savings	
What was the minimum amount you were asked to save by Valiant Bank?	<ul style="list-style-type: none"> - Savings are compulsory and the minimum amount to save depends on the size of the loan (e.g., a P40, 000 loan will yield almost P900 worth of amortization payments as well as savings deposit). All savings are collected together with the amortization payments. Micro agri clients said they were required to open deposit accounts worth P500 as a condition to avail of the loan. Savings, together with the amortization payment, are collected by bank personnel. - Valiant Bank provides incentives for good /early loan payments by adding P250 to the clients’ savings account after every loan cycle. However, clients can only withdraw from their accounts after completion of loan payments.
Did you elect to save more than the minimum amount? Why?	<ul style="list-style-type: none"> - Clients elect to save more than the minimum amount only during times when they ask the bank to “keep the change” of payments.
Can you say that you have increased your ability to generate savings for	<ul style="list-style-type: none"> - Clients only save because they are forced to. Many participants believe they still have little capacity to generate savings.

business expansion and/or cushion against economic shocks? If yes, how? If no, why not?		
What are the main purpose or reasons for you to save money	SAVINGS location	No. of Respondents
	Children's education	6
	Emergencies/ medical expenses	5
	Special occasions	-
	Capital to start a business	6
	Capital to expand present business	8
	House repair renovation	-
	Buy household appliances	2
	Without Specific purpose	2
	Others (specify)	-
How would you rate your satisfaction with Valiant Bank's compulsory savings product?	No. of Respondents	
	Very Satisfied	10
	Somewhat satisfied	-
	Undecided if satisfied or not	-
	Very dissatisfied	-
What made you feel satisfied/ dissatisfied with the savings product	<ul style="list-style-type: none"> - Although some clients have misgivings about the imposition to save while paying amortization, clients also appreciate being disciplined by the bank through it. - Higher savings translate into bigger loan sizes upon renewal. 	
Loans		No. of Respondents
How did you spend proceeds of the loan?	Children's education	2
	Emergencies/ medical expenses	1
	Special occasions	-
	Capital to start a business	4
	Capital to expand present business	8
	House repair renovation	-
	Buy household appliances	-
	Without Specific purpose	-
Others (specify)	1 (for a business trip)	
What was the role of your spouse in your microenterprise	<ul style="list-style-type: none"> - 4 clients have no existing spouses. Those that have revealed that their spouses play a generally substantial role in operating the business: <ul style="list-style-type: none"> (a) Spouse is usually the driver / partner in hauling goods (b) The male spouse actually works in the piggery/ tricycle operation/ laundry operation, while the woman manages the finances (3) (c) Spouse safeguards the money used to pay for loan amortizations/ savings 	
Who decided on how the loan proceeds were used	<ul style="list-style-type: none"> - All replied that as business partners, both spouses consult each other and have an active role in making decisions regarding the use of loan proceeds 	
How would you rate your satisfaction with the loan product of Valiant Bank	No. of Respondents	
	Very Satisfied	10 (All)
	Somewhat satisfied	-
	Somewhat dissatisfied	-

	Very dissatisfied	-
Overall what made you satisfied or dissatisfied with the loan product	- There were no suggested changes on the loan product except for one recommendation to defer having co-makers.	
How many of you would borrow again from Valiant Bank?	- 9 clients said YES - 1 client gave a conditional YES (she does not want to be a co-maker)	
<ul style="list-style-type: none"> ▪ If yes, how would you like to change the product? I.e. bigger loan etc. 	- Besides the suggestion on co-makers, there were implicit recommendations to have no collateral for the first loan. Apparently, some loan products required this, usually in the form of the store's inventory or house appliances.	
<ul style="list-style-type: none"> ▪ If no, would you borrow from another source instead? Why? 	- NO, because of more stringent loan requirements.	
Insurance		
How many of you currently have insurance policies?	- 7 are covered by insurance. Among these, 1 has a life and health (medcard), 1 is enrolled in Philam and paid premiums for 5 years, 1 “won” another life insurance product and is enrolled in another, and 1 is insured because she is also a client of Progressive Bank loan products - Those that are not insured are open about enrolling in one	
What type of insurance is it?	No. of Respondents	
	Life	3 out of 7
	Disability	This comes with life insurance
	Hospitalization	This also comes with life insurance
	Property	3 rd party
	Other	Vehicles are insured (3 rd party)
How satisfied were you with your current insurance provider?	No. of Respondents	
	Very Satisfied	All covered clients are satisfied
	Somewhat satisfied	
	Undecided if satisfied or not	
	Somewhat dissatisfied	
Very dissatisfied		
Overall what made you satisfied or dissatisfied with the insurance product	- Philam clients have recovered their insurance after 5 years of paying premium (Philam) - Claims were actually provided for one client who died even after less than a year of payment (although claims were not paid in full).	
What other types of insurance products do you or your family need?	- Hospitalization coverage - Health services; there are some insurers (Cebu CFI) that offer dental services worth P3,300/year - Micro insurance for individual loan clients - Some training and seminars (2)	
Other suggestions	- Training and activities to improve the business - Information on other learning events, networks that can help improve their enterprises	



FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS	
Participants:	RYAN PEÑAS , Loan Assistant since July 2010, 23 (M) ZALDE PORRAS , Loans Officer since May 2005, 32 (M) ALDEVIC GARGONZA , Loans Supervisor since July 2004, 33 (M) MICHAEL GASENDO , Loan Assistant since April 2012, 26 (M) JAY VILLARUEL , Loan Assistant since April 2012, 22 (M)
Total (5)	
Women (0)	
Men (5)	
Date:	21 March 2013
Time started/ ended :	02:24 PM to 04:25PM
Venue:	Function Room, Amigo Terrace Hotel, Iloilo
Effectiveness	
Micro finance products	<ul style="list-style-type: none"> - Valiant Bank's micro products include LEADS ME (enterprise loan) and Bugana (micro agri loan). They do not offer mobile banking or micro housing.
Products developed with MABS assistance	<ul style="list-style-type: none"> - Most informants are relatively new on the job and all are not fully aware of MABS contributions on product development. They cannot say if micro products were developed with MABS assistance or if there had been changes with the design. - Most were apparently trained on MABS operations because the technology is being utilized by the micro finance unit: <ol style="list-style-type: none"> (a) An informant said the MABS approach greatly helped in determining clients' loan size, cash flow and expenses, and repayment scheme. (b) New account officers (those that have been on the job for more or less a year) said they learned about cash flow analysis which is applied in the computer system and during their orientation. The MF unit head (informant Arabejo) taught them about this. (c) Another more senior officer said he attended a seminar prior to joining the MF unit. He is also familiar with some of the MABS consultants. (d) Would-be account officers from other bank units are encouraged to attend a 2-month training on micro finance. One informant claimed to attend this training during his vacant hours. Topics include microfinance in general, prospective clients, credit investigation, process of loan availment and repayment, among others. (e) One informant believes the MABS technology or approach to lending takes time but is generally accurate.

Are products still offered	<ul style="list-style-type: none"> – YES, the 2 products are still offered.
Clients for the products/ Typical client profile	<ul style="list-style-type: none"> – MEP clients should have a legitimate business operating for at least 2 years and have a good reputation in the community. AOs check clients' business permit and other documents, perform ocular surveys, get feedback from neighbors to validate this. – MAP clients should have a farm they are tilling, as well as agribusiness (e.g. piggery) operating for at least 2 years. The same procedures apply prior to approval of clients' application.
MABS contribution to improving client ability to save	<ul style="list-style-type: none"> – Informants believe clients ability to save had improved with the mandatory savings policy. Clients that availed of the micro agri loan have savings deposits that are more than the required amount. There are also clients that have reached the 30th cycle, and are expected to have substantial savings.
MABS contribution to the banks' capacity	<ul style="list-style-type: none"> – Informants believe MABS helped in making the bank's microfinance services more efficient. Minimized documentary requirements were noted under the MABS system.
Micro finance performance	<ul style="list-style-type: none"> – Account officers' quotas depend on the lending situation in the area. One informant is required to have 150 clients, with P1.5 M outstanding loans, less than 5% PAR. He said he forgot his actual performance figures. – Another informant said he has 80 clients, the outstanding loan averages P10-20,000 per client or approximately P1.6M. Another informant has 73 accounts, the portfolio is almost P1.25M, delinquency is around 10% . Another informant has 75 accounts, almost P1.3M portfolio. Another informant has 76 clients with P1M loan portfolio – Informants said this is the typical loan portfolio of most account officers. Bank-wide, the target quotas are not achieved and the management has called on their unit head several times to improve performance. Currently, the unit's focus is on the renewal of good accounts and minimization of risks. There is also a recent directive to hold new accounts, but informants believe this would be lifted. – It was estimated that with around 40 account officers having P1M average loan portfolio, the total portfolio could run around P40M or less. – The microfinance unit has the biggest staff complement among bank personnel. The informants believe the unit is still contributing to the bank's bottom lines, as there are no mainstreaming policies in effect yet.
Top 3 MABS accomplishments	<ul style="list-style-type: none"> – First, exposure to best industry practices; the informants appreciated guidelines learned on how to maintain good clients – Second, trainings; informants were most impressed with the focus on cash flow, and the simplified loan forms. The bank has a good track record for efficiency. – Third, good customer service/ relational factors; clients feedback attest to approachable employees as well as the efficiency of service delivery. There are also occasions when clients that dropped out came back to avail of the bank's products.
Sustainability	
How can gains be sustained?	<ul style="list-style-type: none"> – Continuing the loan offerings, utilization of cash flow analysis – Rolling out micro insurance. Bank managers are focused on this as there appears to be a large market base for the product. At the same time, the loans are guaranteed.

What can prevent sustainability	<ul style="list-style-type: none"> - More delinquencies and bad credit behavior among clients - Unforeseen events e.g. calamities that may affect clients' enterprises
Good Practices	
Valuable lessons learned with MABS	<ul style="list-style-type: none"> - Informants cited the importance of (a) CIBI and validation procedures, (b) strict monitoring, esp. loan utilization checks, and (c) basics on how to have qualitative clients

Fairbank, Cebu

FOCUSED GROUP INTERVIEW WITH BANK EXECUTIVES



Name:	<p>GIL JO VERALLO, President and CEO TIMOTEO OLARTE, VP Operations MARIBEL RESMA, Division Head, Client Support Office RICKY MINGO, Project Officer, Kaabag Program</p>
Date:	22 March 2013
Time started/ended:	12:22PM to 01:58PM
Venue:	Fairbank, Bogo City, Cebu

Effectiveness

How were you selected as a partner bank?	<ul style="list-style-type: none"> - Informant Verallo heard about MABS in early 2000 when the Rural Bank of Bogo was the partner bank. They were informed of developments on MABS through the Cebu [RBAP] Federation Conference, and unofficially began to be a MABS practitioner after MABSter allies from the Rural Bank of Mindanao shared their experiences on micro enterprise. Thereafter, Fairbank became an official member of the partnership and chose PUNLA as a service provider.
What made you join the	<ul style="list-style-type: none"> - During that time, Fairbank already had the <i>Kaabag</i> (means “partner”

<p>partnership?</p>	<p>or “supporter”) group loan program that used the Grameen methodology. Informant Verallo said they saw the limitations of groupings, especially in urban/ urbanizing areas like Metro Cebu, where people are family-oriented and do not have much time for group activities—unlike in rural areas where it is easy to establish centers and rural folk give premium to group camaraderie.</p> <ul style="list-style-type: none"> – The bank’s attraction to micro individual lending was one reason why they wanted to join MABS. Besides the <i>Kaabag</i>, the bank also offered the PAMILYA (<i>Paggýya Aron Makab-ot ang Igong pag Lambo sa Yanong Ambisyon</i>) loan program, which used the cash flow based approach in individual lending. Facilitated by PUNLA, an initial operations manual was developed.
<p>What products were developed with MABS assistance</p>	<ul style="list-style-type: none"> – Besides these micro enterprise products, the bank eventually offered the Housing Microfinance Loan and Micro Shield or M-Shield. – The housing micro insurance is available for good standing clients of micro lending for at least two years, with an income based on clients’ cash flow. The product comprise 15% of the total micro portfolio of P34M – Prior to M-Shield, the bank only provided ‘death aid or “abuloy” to loan holders that passed away and group members that serve as each others’ guarantors had to pay the dead member’s remaining obligations. Fairbank decided to offer micro insurance after a BSP/IC road show, several FGDS and MABS-facilitated meetings with insurance providers, and despite a client survey that showed 30% potential dropouts. With Pioneer, Fairbank piloted a micro insurance offering to 14,000 groups’ members and individual loan holders, as well as their spouses and eligible children. A Foundation they called <i>Kaabag sa Pamilya</i> (“tulong sa pamilya” or support for the family) was established, partly to orient and train members in validating eligibility of covered clients and their families. There were 131,000 clients that enrolled, and another survey was conducted last year (2012) to determine clients who would be seeking renewal. An event was also organized after the piloting period wherein a mass wedding was sponsored and thanksgiving money and souvenirs/ tokens were provided for elderly borrowers who are past the age required for insurance coverage (exit age is 70 years old). – M-Shield appears to be a popular product, as informants attribute increases in the client base for group and individual loans to this micro insurance product. They also noted that there were more claims for the spouse rather than the borrower. – The bank decided not to do micro agri, mainly because Cebu is not an agricultural area. – Fairbank did not engage in mobile banking or establish CICO centers due to “old school thoughts,” i.e., taking the “relationals” out of banking; as well as clients’ expressed preference for person-to-person transactions. Additionally, the city of Bogo is mainly composed of Smart phone users, owing to Globe and Sun’s problems with blind spots. Signals of these two providers are weak because of Cebu’s hilly and mountainous terrain.
<p>What for you are the top 3 accomplishments of MABS-4?</p>	<ul style="list-style-type: none"> – Informants cited the following MABS accomplishments: <ol style="list-style-type: none"> (a) First, micro enterprise [individual loan design]; as of December 2012, the loan portfolio is P34M out of the bank’s total of P330M (b) A very supportive and open staff; the personalized approach to lending services

	<p>(c) Micro housing and micro insurance technology; particularly the overall micro housing design, and refinements in the orientation process in micro insurance</p> <ul style="list-style-type: none"> – In later discussions, informants cited monitoring and evaluation as another good practice/ accomplishment of MABs – According to informant Verallo, the bank’s finance unit believes that “if done properly, it [micro finance] would be the most profitable” among the financing programs of Fairbank
What do you think are the hindering factors that may have contributed to subpar performance if there are any?	<ul style="list-style-type: none"> – Delinquency in micro finance; the total PAR is 9.9%; PAR for group loans is better at just around 5%. Many are old clients that are in the 17th or 18th cycles – The bank considers “short cutting” as the biggest problem, which accounts for the low volume of collections. Informant Verallo believes this is caused by the proliferation of creditors, especially new cooperatives. The competition to enlist clients is so severe among lending agencies. – There is fast turnover of Account Officers; the good ones are usually “pirated” by the competition. Informants add that they try to address the situation by constant retraining, follow-up, and restructuring of clients’ potential to pay. The training of staff is an initiative of the bank’s human resources unit. MABS had no modules for HR but there are staff that trained directly under MABS’ chief officer (Mely Agabin).
Sustainability	
How do you think can you sustain the gains you have accomplished from MABS 4?	<ul style="list-style-type: none"> – Informant Verallo (bank president and CEO) states that the bank is currently reconfiguring the financial conditions of its micro products but gave assurances that “micro [finance] will always be with us, it is one of the products that commercial banks cannot offer, and it is what Fairbank became known for.” – To sustain the gains accomplished from MABS4, informants believe good promotion/advocacy, good community relations, and training of bank personnel should be sustained.
Gender	
How have gender considerations been integrated in the Project?	<ul style="list-style-type: none"> – The bank is not targeting women but majority of micro entrepreneurs (60:40), including those that won awards for entrepreneurship, are women. Registered clients for individual loans were women. Vendors also qualify. – Account officers are usually male because of the nature of the job

FOCUSED GROUP DISCUSSION WITH BANK CLIENTS	
Participants: Total (7) Women (7) Men (0) Date: Time started/ ended : Venue:	<p>LYDIA ADOLFO, Center Chief, 63 (F), Kaabag program client (group loan) SUSAN BONSUBRE, Cashier, 41 (F), Kaabag program client JOCELYN CASERO, Housewife, 51 (F), Kaabag loan client DELIA EFULLE, Vendor/ sari-sari store owner, 44 (F), Kaabag and Family loan client ALMA VICTORIA LUMAPAS, Center Chief, 47 (F), Kaabag program client JOCELYN MIGABON, Cemetery Caretaker, 37 (F), Family loan client ELIA YLAGAN, Center Chief, 41 (F), Kaabag program client</p> <p>22 March 2013 03:01 PM to 05:01PM Fairbank, Bogo City, Cebu</p>
How did you first hear about Fairbank?	<ul style="list-style-type: none"> – She was oriented about Fairbank products by a center chief, they used to have 13 groups (5 members for each group), there are 6 remaining groups now – A bank employee went to her variety store and offered the loan products – She was encouraged by a neighbor to become a group member, after 2 cycles she decided to ‘rest’ from borrowing. After a few years, she came to Fairbank and applied for an individual loan – Some youth volunteers told her about Fairbank. She passed on the information to a neighbor who became a center chief. She eventually joined the groupings and became the secretary (there were 17 groups before, now only 5 remain) – The center where she belongs was the first one established in Bogo; bank employees periodically come to the community to update the groups about Fairbank’s new loan offerings
Were you a customer of another RB/Coop/ NGO MFI before joining Fairbank? ■ If yes, why did you decide to join Fairbank? ■ If no, had you ever borrowed before from an RB/ Coop/ NGO MFI?	<ul style="list-style-type: none"> – NO (5) YES (1) – It appears that Fairbank was among, or actually the first financing institution to engage in micro lending in the area (Group lending participants started in early 2002). The participant that said YES said she also borrowed from former Fairbank employees that established the ‘Call way’ lending agency. She stopped borrowing from this agency and went back to Fairbank after she encountered problems with another Call way client. – Those who said NO claimed they had personal savings, which they used for the funding needs of their businesses. They were also approached by Call way and other informal lenders but preferred Fairbank services.
What products did you receive from Fairbank?	<ul style="list-style-type: none"> – 5 participants were <i>Kaabag</i> group loan clients – 2 participants were <i>Pamilya</i> individual loan clients – Micro insurance, which cover both group and individual members, and includes spouses and children. The premium is P1,000 for every cycle, in case of death, claims for the borrower is P100,000; for the spouse is P50,000; and P30,000 for

	<p>children. One participant was a beneficiary of this when her teen son died because of a heart condition and she was able to claim P30,000.</p>
<p>What assistance was provided to you by Fairbank other than the loan?</p>	<ul style="list-style-type: none"> – Fairbank provided seminars on livelihood (for group loan holders). There were no such seminars given to individual loan holders – In later discussions, participants said they heard some lending agencies award scholarships for borrowers' children, implicitly forwarding a recommendation for Fairbank to do the same
<p>How did you benefit from these products? Can you say that you increased your economic opportunities from these services and products?</p>	<ul style="list-style-type: none"> – Loans were used to augment revolving capital or engage in other enterprises. <ul style="list-style-type: none"> ▪ The variety store owners, RTW retailer, sibaro (cookies) maker and cement vendor started with loans ranging from P9,000 to 35,000. The loans help in maintaining their respective enterprises ▪ One participant started availing of loans to finance a sari-sari store. She availed of another loan and changed her business to an eatery (<i>carinderia</i>). She maintained this but availed of another loan to establish a motor shop for tricycles, but a fire accident burned the shop, so she and her husband decided to engage in house renting. This apparently prospered, as they now have a boarding house whose occupants also regularly patronize their eatery. ▪ Another sari-sari store owner used the loan to maintain her store and also engage in hog raising. – Some participants said the loans helped them meet tuition and other educational obligations.
<p>How would you compare your economic status before & after you availed of the bank services? Is your income now higher or lower</p>	<ul style="list-style-type: none"> – Participants said their economic status was only a little better than before they availed of loan services. In a way, the loans helped maintain their enterprises, and even helped with other needs of the family, like in the children's education and the day-to-day needs. In this manner, the household 'survived' ("nakaraos"). – Household income increased but not significantly ("kahit paano tumaas")
Savings	
<p>What was the minimum amount you were asked to save by Fairbank?</p>	<ul style="list-style-type: none"> – All participants have compulsory savings; their maintaining balance depends on the size of the loan. For instance, a 9-year member of the group loan said she keeps a P3000 maintaining balance. Savings beyond the maintaining balance can be withdrawn anytime, and even if they have current loan obligations. – For starting group loan members, they are allowed P5000-worth of loans, and P250 is added to amortization fees as savings. For individual loan clients, P500 is added to amortization fees as savings for a P10,000 loan. – A group loan client that has a P35,000 loan has to pay P2000 amortization and "savings" of P408 – It appears that if a client cannot "save," penalties are imposed, but participants are not aware how much this amounts to, and there are some that said Fairbank allows clients to defer their "savings deposits." However, they know of some group clients that suggested a lower maintaining balance of P1000.
<p>Did you elect to save more than the minimum amount? Why?</p>	<ul style="list-style-type: none"> – Participants said they try to save more occasionally, if their budget permits it. However, not one out of the 7 FGD participants have current savings beyond their maintaining balance
<p>Can you say that you have increased your ability to generate savings for business expansion and/or</p>	<ul style="list-style-type: none"> – Participants said they appreciate the practice of saving more but admitted that they can only save now because they are required to ("kung hindi umutang, hindi makakapag-save")

cushion against economic shocks? If yes, how? If no, why not?		
What are the main purpose or reasons for you to save money	SAVINGS location	No. of Respondents
	Children’s education	6
	Emergencies/ medical expenses	7
	Special occasions	-
	Capital to start a business	-
	Capital to expand present business	3
	House repair renovation	-
	Buy household appliances	-
	Without Specific purpose	-
Others (specify)	1 (the participant said this is for various needs but mentioned education-related & emergency needs)	
How would you rate your satisfaction with this Fairbank’s compulsory savings product?		No. of Respondents
	Very Satisfied	5
	Somewhat satisfied	1
	Undecided if satisfied or not	-
	Somewhat dissatisfied	-
Very dissatisfied	1	
What made you feel satisfied/ dissatisfied with the savings product	<ul style="list-style-type: none"> – Majority were VERY SATISFIED. Dips in the satisfaction rating were caused by perceptions on the propriety of the maintaining balance. – The participant that marked VERY DISSATISFIED said her group members find the P3000 maintaining balance too steep. During one quarterly meeting, they made a resolution for the bank to reduce this amount to at least P1000. There are some that even recommended P500. She added that most of those who recommended this were peanuts or candy/ cigarette vendors. – The same participant said her group is not opposed to the compulsory savings policy of the bank because they also recognize the value of having savings in case of emergencies or times of need. This is also a guarantee for other members of the group, as any member that defaulted or would not be renewing the loan can offset obligations with the savings. 	
Loans	No. of Respondents	
How did you spend proceeds of the loan?	Children’s education	2
	Emergencies/ medical expenses	1
	Special occasions	-
	Capital to start a business	-
	Capital to expand present business	6
	House repair renovation	1
	Buy household appliances	-
	Without Specific purpose	-
	Others (specify)	-
	<ul style="list-style-type: none"> – The participant that used the group loan for house repairs did not opt for the micro housing loan because “there were many requirements.” – Another participant availed of the housing micro finance for renovating her boarding house, which allows P10, 000 for the first loan and P12-15000 for the second loan. She now has a P15000 loan and pays P1, 700/ month for 12 installments. She is also paying P750 for savings, insurance and 7% service 	

	charge.												
What was the role of your spouse in your microenterprise	<ul style="list-style-type: none"> - 6 out of 7 participants have spouses who play varied roles in the micro enterprise: <ul style="list-style-type: none"> (a) 2 said their spouses have a minimal role in the micro enterprise; 1 said her husband works in Saudi Arabia, while the other said her spouse works full time as a salesman and can only help in the business if he is free (b) 3 said their spouses, respectively, help feed the pigs, help sell products in their variety store, and serve as alternate cook and “taster” for food products in their eatery (c) 1 said her spouse is the actual manager of the enterprise 												
Who decided on how the loan proceeds were used	<ul style="list-style-type: none"> - All said both spouses decide on how loan proceeds are used 												
How would you rate your satisfaction with the loan product of Fairbank	<table border="1"> <thead> <tr> <th></th> <th>No. of Respondents</th> </tr> </thead> <tbody> <tr> <td>Very Satisfied</td> <td>7</td> </tr> <tr> <td>Somewhat satisfied</td> <td>-</td> </tr> <tr> <td>Undecided if satisfied or not</td> <td>-</td> </tr> <tr> <td>Somewhat dissatisfied</td> <td>-</td> </tr> <tr> <td>Very dissatisfied</td> <td>-</td> </tr> </tbody> </table>		No. of Respondents	Very Satisfied	7	Somewhat satisfied	-	Undecided if satisfied or not	-	Somewhat dissatisfied	-	Very dissatisfied	-
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Somewhat satisfied	-												
Undecided if satisfied or not	-												
Somewhat dissatisfied	-												
Very dissatisfied	-												
Overall what made you satisfied or dissatisfied with the loan product	<ul style="list-style-type: none"> - Participants appreciate Fairbank’s low interest rate of 12-15% for 6 months; other lending institutions such as Call way charge 19% interest rate for 6 months. - Fast loan application and approval; the whole process takes a week or less prior to release - Insurance coverage is highest among other agencies with similar products/services 												
How many of you would borrow again from Fairbank?	<ul style="list-style-type: none"> - YES (7) 												
<ul style="list-style-type: none"> ▪ If yes, how would you like to change the product? I.e. bigger loan etc. 	<ul style="list-style-type: none"> - Lower maintaining balance - Hospitalization benefits (for insurance) - Provide scholarships like CARD, for borrowers’ children that have good credit standing for at least 3 years, and after applicant passes a qualifying exam 												
Insurance													
How many of you currently have insurance policies?	<ul style="list-style-type: none"> - All , covers all types of death not just accidental, 400 for 												
What type of insurance is it?	<table border="1"> <thead> <tr> <th></th> <th>No. of Respondents</th> </tr> </thead> <tbody> <tr> <td>Life</td> <td>6</td> </tr> <tr> <td>Disability</td> <td>1</td> </tr> <tr> <td>Hospitalization</td> <td>-</td> </tr> <tr> <td>Property</td> <td>-</td> </tr> <tr> <td>Other</td> <td>-</td> </tr> </tbody> </table>		No. of Respondents	Life	6	Disability	1	Hospitalization	-	Property	-	Other	-
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Very dissatisfied	-												
Overall what made	<ul style="list-style-type: none"> - Participants reiterated their satisfaction for the high insurance coverage of 												

you satisfied or dissatisfied with the insurance product	borrowers at P100,000 – There are many beneficiaries that attest to the fast processing of claims by the insurance company partner (Pioneer)
What other types of insurance products do you or your family need?	– Participants reiterated the suggestion to include hospitalization benefits in the insurance coverage – Another suggestion is to allow a grace period for hospitalized borrowers who are unable to tend to their business and thus cannot pay amortization

FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS

Participants:	JOSEPH ANCAJAS , PO, 27 (M) EMMANUEL ANDO , MILO, 36 (M) RACELLE CASIANO , MFS, 32 (M) JOHN JAY , PO, 27 (M) DANIEL JURCALES , PO, 31 (M) CHRISTOPHER NOVAL , MFS, age unspecified (M) <i>Note: There are a total of 14 Account Officers in Bogo branch (Fairbank has 12 branches in all); the longest that occupied the position is 7 years, while the youngest is almost 2 years. Most of the participants are graduates of education (3) and nautical (2) courses, and worked on a variety of jobs before being an account officer.</i>
Total (6)	
Women (0)	
Men (6)	
Date:	22 March 2013
Time started/ ended :	05:18 PM to 07:07PM
Venue:	Fairbank, Bogo City, Cebu
Effectiveness	
What are your Bank's Microfinance products?	– Fairbank's micro enterprise products include (a) individual loans or PAMILYA, and the (b) <i>Kaabag</i> group loan. There must be at least 5 members to form 1 group, and at least 2 groups to form a center. Currently there are 13 groups with 65 members. – The bank also offers housing micro finance
Which ones were developed with MABS-4 Assistance?	– Participants have heard of MABS and believe it is a program that helps all rural banks that engage in micro finance. It pioneered new techniques to enhance features of the group and individual loans. These techniques include methods for releasing loans and avoiding loan diversion, control of loan releases to ensure that clients are capable of repayment. There was one participant that attended a MABS training but he was unable to recall the topics they discussed. – The AOs said there were some product changes that took place in the past years. For individual and group loans, payments are collected weekly (from semi-monthly). The maximum loanable amount also changed to P35, 000 (from P50, 000), payable in one year instead of six months. For individual loans, the spouse serves as co-maker while group mates serve this function for <i>kaabag clients</i> , and spouses are registered as co-borrowers. – For housing loans, the loanable amount ranged from as low as P6, 000 to a maximum of 150,000. Interest rates are 3% per month
Are they still being offered?	– YES
Who are your clients for this product? What is the typical profile of your clients for this product?	– Fairbank's micro clients should have a legitimate business, with a monthly or weekly income, and a good reputation in the community. Most are sari-sari store owners, tricycle drivers, OFWs, market vendors, carinderia owners. A big majority are women.
Profile of all micro products	– AOs have a quota of 200 clients (150 clients for groups) and outstanding portfolio of P2M for all micro products. Participants are not aware of the total client base and average loan portfolio but gave individual figures:

	<ul style="list-style-type: none"> (a) 1 AO had 242 clients and outstanding P1.8M loan portfolio (b) Another had 135 clients and P1.7M portfolio (c) Another had 272 clients and P1.28M portfolio (d) Another had 215 clients and P1.6 portfolio (e) They know of other AOs in the branch that had 300 clients and more than P2M portfolio <p>– Delinquency target is 5% PAR; AOs' actual PAR ranged from a low 1 to 2.8% while others have a high 10-13% PAR</p>
<p>Hindering factors that may account for subpar performance if any</p>	<ul style="list-style-type: none"> – Large number of micro financing investors, including cooperatives, non-government organizations, rural banks, church groups and other small/informal lenders (CARD, TSKI, SSCT, among others). – Competitors fight over clients, especially those with good credit standing
<p>On Micro Agri, Mobile Banking & Micro Insurance</p>	<ul style="list-style-type: none"> – Fairbank has no micro agri and mobile banking product/ service – Fairbank used to impose 'death aid' or forced contributions of P10-20 each member for bereaved families of clients that passed away. This practice was eventually banned and in its stead, micro insurance was integrated in micro enterprise borrowers' loan payments. Borrowers pay P300/month premium for 6-months coverage. The borrower's spouse is also covered for P250/month; also each child for P36/month premium. – Borrowers pay monthly premium to the bank's insurance person-in-charge. – Account officers claim they receive no complaints on the premium fees, but there are grievances received on requirements for coverage. Furthermore, clients readily perceive its benefits, as there are many 'successful' claims, usually for borrowers' spouses (42% of those that die are borrowers' spouses).
<p>Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system?</p> <ul style="list-style-type: none"> ▪ Improved clients' ability to generate savings for business expansion and/or cushion against economic shocks ▪ Improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services ▪ Improved services (better & more accessible) by rural banks to microfinance clients 	<ul style="list-style-type: none"> – Account officers confirmed that the bank requires borrowers to save and maintain a balance of P 3,000. – They admitted that only a few of their clients have savings that go beyond this maintaining balance. For instance, a client (variety store owner) for a loan worth P12, 000 generated savings worth P77, 000. Another client (also a variety store owner) with a P3000 loan was able to save P80, 000. The former deposited income derived from her contractor spouse, while the latter was able to save from profits of her sugarcane business. Account officers added there is only one client whose compulsory savings reached P40, 000 because unlike the great majority of clients, she did not withdraw her savings deposits. Most clients use their savings to pay off their loan obligations. – Account officers expressed their belief that clients' enterprises prospered and most businesses expanded, based on what they observe from weekly visits/ collections, on time payments and bigger savings deposits of clients.
<p>Which products are most profitable?</p>	<ul style="list-style-type: none"> – Account officers said <i>kaabag</i> group loans are most profitable, as it has the biggest client base, and most enterprises are able to save on fees for permits.

Sustainability	
<p>How can gains be sustained by your bank?/ ways to maintain clients</p>	<ul style="list-style-type: none"> - Fairbank’s service quality. New account officers undergo a one-month seminar, exposure and on-the-job training to achieve good customer relations and service. (on time releases, appreciation for clients, addressing clients’ concerns e.g., requests for lower maintaining balance). - Product familiarity, innovation/ diversification - Interest rates at 3% to 2.5% are the lowest compared to other lending institutions; discounts in service charges (from 4% to 2%) are also given to clients of good credit standing in the 16th cycle and onwards - Providing seminars on livelihood / enterprise development for clients, incentives

FGD and KII of Rural Bank Partners in Mindanao

Cantilan Bank, Surigao del Sur

KEY INFORMANT INTERVIEW (1)



Name: **CHARLES Y. HOTCHKISS**, Executive Vice President (Acting President)
 Date: 20 March 2013
 Time started/ended: 9:23AM to 10:52 AM
 Venue: Cantilan Bank, Surigao Sur

Effectiveness

What is the over-all goal of MABS 4?

With regards to Cantilan Bank, we accomplished a lot with the MABS program.

1. Micro housing – we are one of the pilot RBs to do this and it is quite successful but we have not rolled out yet with other branches. MABS is very instrumental with this; they guided us from the very start.
2. Micro insurance – I think this is the success story of MABS, from conception including regulatory by allowing the rural banks to serve as agents. The rural banks are really reaching out to the poorest of the poor because of this very affordable insurance at PHP286 a year. MABS set up the framework having approved by BSP.

- its a great help to our clients and at the same time we are earning well

	<p>with less exposure because we have a partner insurance company, Country Bankers Insurance</p> <p>3. PAG-UMA or our agricultural Lending – this also helped the farmers in our area and we have modified the loan scheme that they need not to pay the bulk during harvest. We have 60-40 scheme wherein the 60% is amortized and the 40% will be paid during harvest.</p> <p>4. Mobile phone banking – we encountered difficulties at first because most of our clients are Smart users and the partner for the mobile phone banking is the Globe Telecom. Eventually we convinced our clients to have 2 SIM card. And this product is very useful especially to our businessmen clients residing in the islands.</p> <p>- We developed our own and we are not connected to any TELCO. We bought our own software and all our branches are online already</p>
How were you selected as a partner bank?	<p>- It was in 1999 and I was not here yet at that time. I am told that we were already partners then and when they visited officially the relationship was enhanced. They provided us a lot of trainings and they were very supportive.</p> <p>- We learned a lot from them especially on microfinance and whatever we learn from them we applied it to our operations.</p>
What made you join the partnership?	I was not here that time but from what I heard from my brother, microfinance was the buzzword at that time. And my brother is very development oriented and he believed that the MABS program can really help the community.
What for you are the top 3 accomplishments of MABS-4?	<p>First is that professionalism was established – they introduced and develop the work ethics of those working in the rural banks. We are not just a rural bank, we are also a community bank and where ever the clients are, they should be able to bank (transact) with us.</p> <p>Second is the market Research – we have applied it in our other operations.</p> <p>Third is we were introduced to the new technology like the mobile phone banking.</p>
What do you think are the facilitating factors that contributed to your accomplishments in the partnership?	<ol style="list-style-type: none"> 1. The MABS staff are very professional – they visit us here even if it is very difficult 2. They have qualified and competent personnel and experts 3. MABS helped BSP in drafting regulations on microfinance – BSP developed policies on microfinance because of MABS
What do you think are the hindering factors that may have contributed to subpar performance if there are any?	<ol style="list-style-type: none"> 1. The Microfinance program was copied /imitated by other organizations like NGOs because we were too successful. 2. The market became too saturated – the client protection principles are neglected. The microfinance environment has been polluted because of other lending institution. 3. BSP has no regulatory power with this lending institutions – NGOs and Cooperatives do not have the same regulatory procedures we are following
What other components you wish the project have covered? Why?	Right now, I can't think of any, more or less they have covered it already.
Sustainability	
How do you think can you sustain the gains you have accomplished from MABS 4?	<p>Everything is embedded in our training program, whatever learning's we acquired and the best practices are applied in other areas and it is already in our system.</p> <p>We have institutionalized the program and we will not abandon it because we are where we are right now because of them. The MABS program is very functional, and because of them we learned to have a scientific approach in our operations.</p>
What do you think can prevent you	Well, in microfinance – too much competition and microfinance has

from sustaining these gains?	<p>been polluted.</p> <p>How can this be minimized? We need to have information sharing, not just from the banks but also with the NGOs. I think the BSP or SEC can encourage them to subscribe in a credit bureau so they can also share the information</p>
Good Practice	
What for you are the best practices that can be replicated for future projects esp. on the areas of micro insurance & mobile banking?	<p>Micro insurance – we are just agents but eventually we can expand it. The RBs are in the rural areas and I think the insurance companies don't have the time and the patience to deal with the people in it since it will just be a small market for them. However, the rural banks are there already, we just have to add a few explanations about micro insurance.</p> <p>Mobile banking – we are using our own software and it is already operational for all branches. We enhanced the GCASH of Globe by buying our own program.</p>
Gender	
How have gender considerations been integrated into the project?	<p>Yes, most of our clients are women. In fact, one of our model clients is a woman. One Saturday we brought Mr. Owens to visit in her farm. Her husband was already drunk at that time but she explained that it is his rest day because the whole week he has been laboring in their farm. She also shared that she's the one doing the management on their farm while her husband provided the physical strength to do the manual labor.</p>
What are the examples of gender mainstreaming policies that the project has adopted?	<p>We do not discriminate – we believe that women can be a good manager in their business because it is inherent to them, this patience. It is natural and they do not have to exert extra effort.</p>
POLICIES AND REGULATIONS ON MICROFINANCE AND MOBILE BANKING DEVELOPED AND ROLLED?	
What are some of the policies and regulations on microfinance and mobile banking developed and rolled out?	<p>We have not developed new policies but just enhanced the policies introduced to us by MABS. We institutionalized it and put it in the manual so that we will not forget what we have learned.</p> <p>- we are now offering both micro loans and mobile banking</p>
What benefits did you get from these policies and regulations?	<p>Smooth operations</p>

KEY INFORMANT INTERVIEW (2)	
Name:	ERIC M. MENDIOLA , HEAD – ACCOUNT MANAGEMENT DIVISION
Date:	25 March 2013
Time started/ended:	11:15 AM to 12:50 AM
Venue	CANTILAN BANK, Surigao Sur
Effectiveness	
What are the contributions of MABS 4 to your organization?	<p>Eric: As a whole, it was a lot. Before MABS came in, I was already a teller at that time. I observed that our practices were very passive. We don't have any marketing skills; we just wait for clients to come in. We do not have any vision and mission at all. We also do not have targets, no operation plans with specific objectives, targets and goals. We arrived every 8am and right after we balanced the daily transactions. We left at 5pm. I do not have the mind set of spending beyond my office hours to do something in preparation for the next day.</p> <p>And then MABS came. It was totally a paradigm shift of the Cantilan Bank's culture. At first there was a resistance.</p> <p>The MABS program started only for Mindanao before it became MABS to cover the entire Philippines.</p> <p>We already have that somewhat micro financing program for market vendors but it was like gut feeling approach. The same with the Bombay or the informal moneylenders.</p> <p>Our pass due before MABS was really large. However, when MABS came – there was a change in the system. We implemented the best practices, the zero tolerance to delinquency. We have to develop products based on the customer's needs so we have to conduct market research. So we conducted market research. Then, we formulated survey questionnaire, we gathered data, we validated the data. We went through rigorous process and then we came up with a product design – a cash flow based.</p> <p>It was hard to adapt a new system especially if you are used to the old culture.</p> <p>I asked myself why I have to endure all this when other banks they were very relax; they end at 5pm while I worked until 2am.</p> <p>We have a very strict trainer – Mrs. Agabin. We were trained here in Cantilan.</p> <p>Sir Hector: In house training?</p> <p>Eric: Yes, here. We wake up at 5 o'clock in the morning and sleep at 2 in the morning. For six months. I think she did all that for us to totally change. So we can internalize. It was like a military indoctrination.</p>
How MABS did helped Cantilan Bank.	<p>Eric: Number 1, culture change – we changed a very passive culture and we adapted a more proactive way of delivering bank services.</p> <p>Achieving targets, quality loan portfolio, quantity and deposits has been an underlying concern, not just by one person from the top management but it includes the security guards. In terms of organizational structure, we don't have that exact organizational structure at that time. I can say that our processes are not yet done professionally. We do not have manuals, no employee handbook. The General Manager just informed me that I was already a regular employee but no memo.</p> <p>That all changed. We crafted our vision and we set targets. Quantitatively, we already have performance evaluation sheet based on qualitative attitude, and then quantitative based on the targets based that the bank wanted you to achieve. Then in terms of work habits, we became more oriented on achieving targets and then providing quality service to the clients.</p> <p>We made exit surveys and provided suggestion boxes for our clients to say something regarding our services.</p>

	<p>And out of that, we make adjustments. Actually, we continuously do our product enhancements based on the feedback of our clients. Moreover, our market research became easier. Unlike before, we really immersed ourselves in the field because we do not have enough knowledge. Now, with the constant feed backing system from our clients, we can make a very good product, be it loans or deposits, attuned to the needs of our clients.</p> <p>Sir Hector: In what year was Cantilan Bank established?</p> <p>Eric: 1980. So we are already on our 33 year.</p> <p>Sir Hector: MABS started in 1999, so for the past 19 years you operated without a manual?</p> <p>Eric: We don't have any. We don't have any mission and vision.</p> <p>Sir Hector: Who were the owners before?</p> <p>Eric: General Hotchkiss' family had already a share in the company but it was still small. Other families possessed large quantities of the shares. When our president joined, one family sold their shares to them. Of 19 years operation, we only have 3 branches. We did not have a strategic plan on how to open or on how many.</p> <p>Sir Hector: More or less how many clients do you have presently?</p> <p>Eric: For the loans, maybe around 40 000. Depositors around 80 000 because once you are a borrower, at the same time, you are also a depositor.</p>
<p>What for you are the top three accomplishments of MABS-4?</p>	<p>Eric: Number one accomplishment of MABS is that they have attained what they really want to achieve. One concrete example, the access of loan for the poor, who generally don't have access to credit and deposit, with the help of the rural banks.</p> <p>Number 2, our culture has really changed. We become visionaries – looking forward to the future's sustainability and growth.</p> <p>3rd, some rural banks originally don't have that professional atmosphere. Now, the rural banks structure is almost the same with the commercial banks.</p> <p>Sir Hector: You can already compete with the commercial banks?</p> <p>Eric: Maybe. Our new products now is risk based lending and the technology is more or less at par or even better to what the commercial banks has been doing right now in terms of assessing financial condition of the borrowers.</p> <p>Sir Hector: What do you call it?</p> <p>Eric: Risk based lending. It's a hybrid approach of the MABS' way of doing cash flow.</p> <p>Sir Hector: What about the cash flow?</p> <p>EM: With the cash flow, it's just an interview with the borrower. No recording, it is like a gut feel. However, with the risk based lending, you really have to validate the financial condition of the borrower.</p> <p>Sir Hector: And is it effective?</p> <p>Eric: Very effective.</p> <p>Sir Hector: And is it not offensive with the borrower?</p> <p>Eric: If you are not good in getting the details you will turn out to be offensive.</p> <p>Sir hector: But you were given training?</p> <p>Eric: Yes. It is provided by SB Cor. The training was ok, we did not encounter difficulty in adapting the technology because we were used to the MABS way of training</p>
<p>What do you think are the hindering factors that may have contributed to subpar</p>	<p>Eric: At the start of our lending, we were able to reach communities that can easily be accessed through vehicle or land vehicles. What I'm trying to look into, because for me it is a very good program but we can only serve</p>

<p>performance if there are any?</p>	<p>who are considered to be entrepreneur. What I'm trying to look at is how to penetrate those below the bottom of the pyramid because these people don't have the capability to do business. That was my vision – we have this great technology yet we need to improve this technology further to penetrate deeper than the surface. We are trying on how we can enhance further our product; actually, it is one of my operational plans, on how to enhance the product in such a way that it is capable of penetrating this low-income sector.</p> <p>Fortunately, we have these 4Ps beneficiaries – the Conditional Cash Transfer Beneficiaries. Whenever we talked with my product heads, I asked them why not try to lend to these sector. We have already conceptualized a product design but we still have to coordinate with other divisions in order to make this work. And they also have started the financial literacy program. We can offer our short course for free as marketing strategy. So now, they already have started through kiddie savers, for one hundred pesos.</p> <p>Sir Hector: And others are imitating it? – Eric: Yes, there are several. Also, we have this micro insurance under Country Bankers. This is not compulsory. We were able to serve at maximum of 150,000 beneficiaries in Surigao, Caraga, Davao Sur and Norte as well as in Compostela Valley</p>
<p>What other components you wish the project have covered? Why?</p>	<p>Eric: A program for our clients who have graduated the microfinance. What can we do to our clients in the next level? So what we did, we don't just rely to them. We became the conduit of SB Core because of that thinking. We are asking what will happen to our microfinance client, are they good up until 150 000 only? That is why we applied with the SB Core and they provided the technical assistance.</p> <p>Sir Hector: The maximum loan for microfinance is only 150 000? Eric: It was increased by BSP to 300 000 but the credit line is just a maximum of 1 year of capital investiture. Going back to the hindrance, we have a good program but the limitation is basically how much the present income of the clients – that is the main determining factor, as to how much you are going to lend to the person. What about other projects? Those other developmental projects, the plantations, etc? The value chain was not covered. Sir Hector: So it is like they have a myopic approach because if you don't consider the value chain approach which is a system approach, you might collapse in the long run. You will encounter sustainability problems. Eric: Yeah, that's right.</p>
<p>BANK PRODUCTS (Savings and Loans)</p>	
<p>Micro-Agri</p>	<p>We enhanced the micro-agri in terms of payment. On the MABS system, the regular micro agri loan – the only borrowers qualified to avail are those with multiple sources of income.</p> <p>We conducted a survey on rice farmers in Tagum and in Bislig and we discovered that they also have other source of income but just enough for sustenance while waiting for the crop cycle for around 4 months. So they are still borrowing to the informal lenders.</p> <p>What we did was enhanced the MABS program. We introduced the 20%-80% scheme, without the knowledge of MABS. Where 20% of the loan is amortized just to inculcate credit discipline and saving consciousness. And</p>

	<p>the 80% is a lump sum payment. And it clicked. The portfolio is now at 4 million with one account officer.</p> <p>We also provide consumer loans (capital expenditure) and educational loans for 6 months with only the 20% being amortized since we know about the client's cash flow.</p> <p>What are the contributions of MABS 4 in improving your mention operations? Eric: It's more on the technological advancement but the product designs and improvements are ours.</p> <p>What are some of your operational issues in implementing these products? Eric: The challenge in marketing these products is we cannot show the physical product to the client. It all about the concept until they experience our quality service.</p>
Sustainability	
<p>How do you think can you sustain the gains you have accomplished from MABS 4?</p>	<p>Eric: Do continuous improvement. Whatever we gained, we'll see to it that we will challenge it regularly. That is why we conduct regular reviews, semi-annual, of our products and services, manuals, policies and procedures. We also conduct focused group discussion with our branches.</p> <p>Sometimes, we ask our clients what they want us to improve, like those for the micro housing borrowers.</p>
<p>What do you think can prevent them you from sustaining these gains?</p>	<p>Eric: SO far, with the policy environment of BSP now, we do not have any problem. Some of the policies of BSP now are more or less attuned to the rural banks with good operations.</p> <p>In terms of other external factors, I have not seen any. We have no problem with it. Maybe internally, if time will come that they will not trust my capabilities then I will not be able to sustain what we have gained thru the MABS program. (Informant laughs)</p> <p>Sir Hector: The General said that there is less turn out/turn over on the bank employees. Meaning, you were given a nice (compensation) package and incentives.</p> <p>Eric: Economically ok. Working environment is also ok. The best thing here is we are given a task, that they believe that you can perform it. We are empowered. Our self-esteem is high. We have the sense of ownership on the products we developed, so even after we retire, we can say that we helped in developing this or that product.</p>
Good Practice	
<p>What for you are the best practices that can be replicated for future projects especially on the areas of micro insurance and mobile banking?</p>	<p>Eric: Number 1 - product design should be attuned to the unique condition of the target market you want to tap. 2nd, your professionalism, your commitment to quality service. Then, once you commit to the client, you really have to do it. The zero tolerance principle does not mean delinquency alone. Zero tolerance for us means we need to meet our targets, meeting obligation, commitments. And we don't tolerate delinquency. We don't tolerate maniana habit.</p> <p>Sir Hector: Are you already ISO certified? Eric: Not yet. Eric: We have these 5 objectives: We wanted happy stockholders – big ROIs Happy clients – proper/excellent delivery of service We want to reach out to far-flung areas. We also wanted to have a happy workforce – economically and good working relationship</p>

	We care for the environment – we have environmental protection programs thru our foundation
Can you share your most valuable lessons learned in the implementation of MABS 4?	<p>Eric: For MABS 4, it's now focused on housing microfinance and mobile phone (banking).</p> <p>Sir Hector: Like the Smart Padala?</p> <p>Eric: No, the GCash.</p> <p>Sir Hector: What is their difference with SmartPaDALA?</p> <p>Eric: Maybe the telecommunication company. I am not really familiar with that. Through mobile phone, you just have to text, P to P (Person-Person), and then you can claim it to with the bank, for a fee. Originally it was subsidize but was later stopped and they charged a fee that is somehow costly so the technology did not prosper. Fortunately, we have our own phone banking. What makes it different from GCash is that, there is no human intervention. In this system when I send a text message to your account, it will be automatic, no human intervention.</p> <p>With MABS 4 I have not really learned additional lessons. I learned most of my lessons in the first phase of MABS.</p>
Gender	
How have gender considerations been integrated in the Project?	<p>Eric: We do not have bias. We have not encountered any problem as well. The women should be assigned in the safe areas. But since this is a micro finance and they sometimes need to go to remote areas, we preferred the men.</p> <p>Sir Hector: What is your most number of clients?</p> <p>Eric: Women. Most of the male do not like to attend trainings; they get tired during loan applications. We have an account officer before who belong to the LGBT. We just advised him – no cross dressing.</p> <p>What are some examples of gender mainstreaming policies that the project has adopted?</p> <p>Eric: nothing yet. The males are mostly assigned in the field while the women are assigned in the office or when they go to the field, they are assigned in Poblacion only.</p> <p>We have no other activities, we have no trainings yet on gender and development (GAD) and sex sensibility.</p>
Policies and regulations on microfinance and mobile banking developed and rolled-out	
What are some of the policies & regulations on microfinance & mobile banking developed & rolled-out?	<p>EM: Several. One of the accomplishments also of MABS is their influence with BSP. Originally BSP did not approve the housing micro finance as well as the micro agri. They also increased the micro finance limit from 150 000 to 300 000.</p> <p>With MABS, several products were approved like mobile phone banking, micro insurance. And best of all, they are now allowing rural banks to create micro banking office as well as other banks, outside of the main branch. That was one of the policy framework made by BSP that really benefitted rural banks since there are areas that we cannot penetrate because it is not feasible.</p>
What benefits did you get from these policies and regulations	<p>Eric: Of course, we are able to expand the areas that are considered hard to reach previously. We increased our client baseline, which in turn increased our portfolio</p> <p>Sir Hector: Estimated, more or less, 20%, double? 100%?</p> <p>Eric: Maybe around 50%.</p>

KEY INFORMANT INTERVIEW (3)



Name:	RAUL BERNABE B. URBIZTONDO, General Manager
Date:	20 March 2013
Time started/ended:	9:05AM to 10:02AM
Venue:	Office of the General Manager, Cantilan Bank, Surigao del Sur

INTRODUCTION

Mr. Urbiztondo has been the General manager for Cantilan Bank since 1999. He became a GM when MABS started. He furthered shared that before MABS provided assistance to Cantilan Bank, the bank was a traditional lending institution, there no systems in place such as cash flow projection, background inspection and internal controls.

Effectiveness

What are your Bank's Microfinance products?	<ul style="list-style-type: none"> - Loan products which comprised of KITA, MAKITA (group loan), HOME (housing for micro-enterprise), and Pang Eskwela Loan); micro-insurance; mobile banking
Which ones were developed with MABS-4 Assistance?	<ul style="list-style-type: none"> -Loans -MABS 4 introduced "Transparency" which includes informing clients the interests rates which brought a great impact on client retention and boosted their loyalties. -Cantilan became more customer-friendly -micro-insurance

	GCash
Are they still being offered?	<ul style="list-style-type: none"> Yes. For phone banking, some are still availing.
Who are your clients for this product?	<ul style="list-style-type: none"> At the onset, Cantilan Bank has only 400 clients which grew to 9,000. Further, some of these graduated as SME.
What is the typical profile of your clients for this product?	
Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system? (clients' ability, services)	<ul style="list-style-type: none"> The biggest of MABS is on the organizational system and culture of the people. We have now zero tolerance on delinquency; there's a system on checking background; we have put in place the NFIS (negative file information system); and Cantilan became accredited with MITZ???? Cantilan is now a member of PINOY ME Particularly on human resources system, we now set targets; we have a case load system where an account officer is managing 30 individual accounts. Staffs are more dedicated, before working hours is from 8am-5pm, but now staff will work until 12 midnight to complete their task assignments.
Which products are not profitable?	<ul style="list-style-type: none"> Profitable products are KITA (loan); and micro-insurance. We sell the micro insurance products like a sachet, clients could avail from 1-8 units of insurance, a unit cost P286/year which covers life, death and hospitalization The products which were not profitable us the MAKUTA (group lending), the products has a very high rate of payment delinquency. Agri lending doesn't work well too, there's also a high rate of delinquency in payment. GCash was not effective because Surigao is a "SMART" country. Before, we use to download salaries thru GCash. The bank has an on-going negotiation with Smart for accreditation.
What specific assistance did MABS provide to your bank?	<ul style="list-style-type: none"> Training, systems
Which assistance is most useful?	
What for you are the top three accomplishments of MABS-4?	<ul style="list-style-type: none"> Product development Establishment of credit processes Change in cultures as cited above which include the change of staffs' mindset; enhanced performance of staff; target setting implemented. <p>GM also shared transparency and communication with partners and clients thru data sharing and text blasting of announcements and advisories.</p>
Challenges/weaknesses	<ul style="list-style-type: none"> Everything was useful. One of the challenges is the RB2 or the database system which was not successful. Out of the 10 branches of Cantilan Bank, only one branch is currently using this system. Other weakness/challenges cited was the preparedness of partner banks when phasing out stage came. It's difficult for rural bank partners that

	MABS is not there anymore to provide oversight.
SUSTAINABILITY	
How can it be sustained by your bank?	
What MABS-4 interventions can be considered good practices (e.g., unique achievements, innovative methods/approaches)	
Which may be recommended in future projects, specifically on micro-insurance and mobile banking?	
What are the overall lessons learned from the implementation of the Program?	
BANK PRODUCTS (Savings and Loans)	
What is the name of your product developed under MABS 4? What is now the status? (clients, portfolio, PAR) Not applicable, we did not develop new product	
What are the contributions of MABS 4 in improving your operations?	
What are some of your operational issues in implementing these products?	
MICROINSURANCE	
What is the name of your product developed under MABS 4? a. What is now the status? b. Not applicable, we did not develop new product	
What are the contributions of your micro insurance developed under MABS 4 in improving your bottom lines (social and financial)?	
What are some of your operational issues in implementing micro insurance?	
MOBILE PHONE BANKING	
Are you implementing mobile phone banking? If yes, how effective is the mobile phone banking channel? What is the status? i. Number of registered clients ii. Number of active transacting clients iii. How much is the monthly transaction volume? If no, why not? What for you is the value addition of mobile banking for the bank and for the client?	
What are some of your operational issues in implementing mobile phone banking channel	
CROSS CUTTING ISSUES	
Gender Mainstreaming	<ul style="list-style-type: none"> ▪ The bank does not have a Gender Action Plan and reports are not sex disaggregated. MABS don't get sex disaggregated reports; they are more on effectiveness, PAR and accounts. ▪ On hiring of staff: before Cantilan hired male and female account officers but due to situation in the

	<p>area such as insurgencies; difficult travel to remote areas and high terrains, Bank prefers to hire male account officers.</p> <ul style="list-style-type: none">▪ However, Bank is looking to act on gender issues and mainstreaming.
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FOCUSED GROUP DISCUSSION WITH BANK CLIENTS



Participants:	Lydia V. Magosilom, business owner, 35 yo Cecilia Ovillaneda, farmer, 46 yo Nenita L. Ariza, farmer, 50 yo Lustiva G. Lurrita, farmer, 66 yo Analiza L. Aresgado, 40 yo Roquita C. Quinones, business owner, 43 yo	Arlyn N. Ganancias, 41 yo Violeta Cogsina, business owner, 46 yo Marifel Aguinid, business owner, 37 yo Cheryl Zoe O. Pelayo, bakery owner, 36 yo Rolinda C. Cubilla, fish vendor, 47 yo Lorna P. Espura, gardener, 41 yo
Total (12) Women (12) Men (0)		
Date:	20 March 2013	
Time started/ ended :	10:40 AM to 2:32 PM	
Venue:	CANTILAN BANK Board room, Cantilan, Surigao del Sur	
Proceedings		
REGISTRATION	– Participants were asked to register, get their FGD kits and prepare their own name tags.	
INTRODUCTION	– The Facilitator, Mr Joey Olpindo provided a brief introduction of the study team members and asked each participant to introduce themselves in the plenary. Following the introduction, Joey provided an overview of the activity, its importance and significance of everybody's contributions and information that will be shared; and the duration of the	

	activity. Moreover, the facilitator thanked the participants for their attendance.
FGD PROPER	
How did you first hear about Cantilan Bank?	<ul style="list-style-type: none"> - Client was looking for banks where they can avail loans - She heard from friends and neighbors that Cantilan Bank is offering housing loans - Most of them are from Cantilan, and since Cantilan Bank is quite an established institution, practically, most of the townsmen know about the bank - Four of the participants were looking for banks that will provide loans for agricultural and fishing business capital, they were referred to Cantilan Bank
Were you a customer of another Rural Bank/Coop/NGO MFI before joining Cantilan bank	<ul style="list-style-type: none"> - Two (2) said YES, they were customers of Green Bank and Lanuza Bank before joining Cantilan Bank
<ul style="list-style-type: none"> ▪ If yes, why did you decide to join Cantilan Bank?? 	<ul style="list-style-type: none"> - They decided to close their accounts at the said banks due to perceived closing out of Green Bank and Lanuza bank requires collaterals and other documents. They decided to join Cantilan Bank due to low interest rate and not very strict on requirements
<ul style="list-style-type: none"> ▪ If no, had you ever borrowed before from an RB/Coop/NGO MFI? 	
What products did you receive from Cantilan Bank?	Four (4) were able to avail of agricultural loans; 5 availed of commercial loans; 4 availed housing loans; and 1 was able to avail of MAKITA or group loan.
Before Cantilan Bank where do you get these services?	<ul style="list-style-type: none"> - 2 from another rural bank, the rest from informal creditors, neighbors and from relatives
What assistance was provided to you by Cantilan Bank other than the loan?	<ul style="list-style-type: none"> - Twelve or all participants said that Cantilan Bank provided them Country Bank (CB) insurance which is a life insurance that made them secure. - Two said that aside from loans, mandatory savings was one of the important services.
How did you benefit from these products?	<ul style="list-style-type: none"> - Six of the participants were able to repair their houses - Four said it that it provided them additional capital to their businesses - Two participants said that because of the loans availed and the savings, they were able to send their children to school - Four utilized the loans to purchase fertilizer and seedlings for their farms - One participant shared that she was able to buy house appliances from her loans availed and savings - Another participant was able to buy a fishing boat
Can you say that you increased your economic opportunities from these services and products?	<ul style="list-style-type: none"> - 12 said YES, economic opportunities increased from the bank's products and services
How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower	<ul style="list-style-type: none"> - All participants said that somehow there's an improvement in the quality of their lives One cited that business has improved due to low interest rate offered by the bank.
MOBILE BANKING	
What Telco (Smart, Globe,	GCASH- Not applicable or was not availed by the participants

Sun) does the Cantilan Bank uses for its mobile banking services?		
How many of you had a [name of TELCO] SIM card before you became a client of [name of RB]?	11 have sim cards before they became client of Cantilan Bank	
How many members in your household (including you) own a mobile phone?	Fel: 4 Che: 2 Nita: 5 Tata: 4 Lisa: 3 Lydia: 5 Pudang: 5 Cecil: 1 Arlyn: 3 Lorna: 3 Yolly: 1 Nitz: 3	
What are the mobile networks that you and/or your other household members use?	Fel: 4, 2Sun, 2 Globe Che: 2 smart Nita: 5, 3 Smart; 2 Sun Tata: 4 smart Lisa: 3 Smart Lydia: 5 smart Pudang: 5 Smart Cecil: 1 smart Arlyn: 3 Smart Lorna: 3 2 smart, 1 Globe Yolly: 1 Smart Nitz: 3 smart	
Do you and/or your other household members have a subscription plan or are you using pre-paid credits?	All prepaid accounts	
How many of you have ever used Smart Money or GCASH before you became a client of [name of RB]?	One participants used GCash	
How many of you are you aware that you can use GCash or Smart Money for several types of Transactions?	All were aware	
Overall, how satisfied or dissatisfied are you with the service of [GCash or smart money]?	The respondent who was able to use GCash before was somehow satisfied with the services	
Savings		
What was the minimum amount you were asked to save by Cantilan Bank?	<ul style="list-style-type: none"> - P100 minimum savings - For a loan of P10, 000, one must save P1, 600/year - Lorna availed a P70,000 loan and mandatory savings is P875.00/month - Liza availed a P200, 000 loan and was required to have P3, 000 savings per year 	
Did you elect to save more than the minimum amount? Why?	<ul style="list-style-type: none"> - Yes, to have allocations for emergencies - When income is insufficient to pay for dues, savings are withdrawn and used to pay loans 	
Can you say that you have increased your ability to generate savings for business expansion and/or cushion against economic shocks? If yes, how? If no, why not?	<ul style="list-style-type: none"> - All said yes, their savings were used to expand their business or was used as a capital for a new venture 	
What are the main purpose or reasons for you to save money	SAVINGS location	No. of Respondents
	Children's education	2
	Emergencies/ medical expenses	2
	Special occasions	-

	Capital to start a business	3	
	Capital to expand present business	5	
	House repair renovation	-	
	Buy household appliances	-	
	Without Specific purpose	-	
	Others (specify)	-	
How would you rate your satisfaction with this Cantilan Bank's compulsory savings product?	Satisfaction Rate	No. of Respondents	
	Very Satisfied	8	
	Somewhat satisfied	3	
	Undecided if satisfied or not	1	
	Somewhat dissatisfied	-	
Very dissatisfied		-	
	<ul style="list-style-type: none"> - Savings provided additional capital for their business expansion - There is a ready source of cash in cases of emergency, hospitalization - Savings could be withdrawn easily - Savings could be used as alternative collateral to cover loans - Satisfied with how Cantilan Bank manages their accounts and services are excellent 		
	Loans	No of Respondents	
	How did you spend proceeds of the loan?	Children's education	
		Emergencies/ medical expenses	-
Special occasions		-	
Capital to start a business		3	
Capital to expand present business		7	
House repair renovation		6	
Buy household appliances		-	
Without Specific purpose		-	
Others (specify)		-	
What was the role of your spouse in your microenterprise	A partner who helps and assists in the decision making process, farms, etc.		
Who decided on how the loan proceeds were used	Husband only-2 Wife and husband- 5 Wife only- 5		
How would you rate your satisfaction with the loan product of Cantilan Bank		No of Respondents	
	Very Satisfied	12	
	Somewhat satisfied		
	Undecided if satisfied or not		
	Somewhat dissatisfied		
Very dissatisfied			
Overall what made you satisfied or dissatisfied with the loan product	<ul style="list-style-type: none"> - Good services, Low interest rates - Loans, maybe due to management were utilized in the right way - Provided cash in times of emergencies such as for payment of school/education 		
How many of you would borrow again from Cantilan	12 (all participants), nobody borrows from other banks. All were satisfied with the amount of loans that could be availed and the terms of payments		

Bank?		
If yes, how would you like to change the product? I.e. bigger loan etc.	<ul style="list-style-type: none"> - Lower interest - Lessen notarial fees, notarila fee charge is P50 	
If no, would you borrow from another source instead? Why?		
Insurance		
How many of you currently have insurance policies?	- Five have CB Kalinga Insurance which covers life, disability and hospitalization. Clients pay P280/year per unit of insurance	
What type of insurance is it?	No. of Respondents	
	Life	
	Disability	
	Hospitalization	-
	Property	-
	Other	-
How satisfied were you with your current insurance provider?	No. of Respondents	
	Very Satisfied	5- all who have insurance
	Somewhat satisfied	
	Undecided if satisfied or not	
	Somewhat dissatisfied	
Very dissatisfied		
Overall what made you satisfied or dissatisfied with the insurance product	- They heard that benefits are really provided and they feel secure for the future of their families	
What other types of insurance products do you or your family need?	- Insurance for calamity	
Closing		
	Facilitator thanked the participants for their time and for their contribution. A group picture was taken. Souvenirs were distributed.	

FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS



Participants: **JONIEL V. RECAMARA**, Account Officer since May 2012, (M)
JULIUS O. PALUGA, Account Officer since July 2012, (M)
 Total (4) **RAYMOND ALBERT H. ORTEGA**, Account Officer since Aug 2011, (M)
 Women **JUANITO AJIT JR.**, Account Officer since July 2012, (M)
 Men (4)
 Date: 20 March 2013
 Time started/ ended : 01:50 PM to 03:30 PM
 Venue: CANTILAN BANK INC. CANTEEN

Effectiveness	
What are your Bank's Microfinance products?	KITA Loan, individual loan for microfinance. HOME (Housing) Loan MAKITA Loan, our group loan. PAG UMA Loan, the agricultural loan designed for farmers
Which ones were developed with MABS-4 Assistance?	The Housing loan. Before, the house loan was part of the incentive for the MAKITA Loan. Anyone who has a MAKITA Loan is qualified to apply for the housing loan. Now, you can directly apply for the housing loan even if you do not have a MAKITA or group loan. <i>What is the maximum amount available for MAKITA loan? For the Housing loan?</i> For MAKITA loan, it's PhP 25,000. For the Housing loan, the maximum amount is PhP 150,000.

	<p>First loan for the Housing loan is PhP 150,000 but they can re-loan for a maximum amount of PhP 300,000.</p>
Are they still being offered?	yes
Who are your clients for this product?	<p><i>For the MAKITA loan?</i> We have farmers and fisher folks as clients, since the purpose of this kind of loan are a start-up capital for business. The fishermen used the loan proceeds to buy their fish nets and their fishing gears like hooks while the farmers used their loan to finance their farms.</p> <p><i>For the PAG UMA Loan? Apart from the production expense like farm labour and inputs, for the farm equipment and machineries like power tiller and threshers?</i> It is much bigger and the farmers can use the loan to buy these equipment.</p> <p><i>Have any client bought a farm equipment/machine?</i> Yes, some of the farmers availed the loan so they could buy the engines for their farm equipment.</p> <p><i>Aside from the farmers and fishermen, who are your other clients?</i> We also cater to the owners of big business establishment who are planning to have renovations (building extension) or for business expansion.</p> <p>Most of our clients for the Housing loan now were previous clients of the MAKITA Loan. The business-owners clients we have now are those who have just recently availed the KITA loan.</p> <p>Our management also allows for two simultaneous loans if the client has the capacity to pay both the loans. However, after sometime we somehow modified the loan arrangement, like we close the Housing loans yet increase the KITA loan so that there will only be one collector.</p> <p>Before, it was a challenge for us, it's like we compete with our co-AO's in the collection of the loan monthly payment – for housing and KITA loans. To avoid this kind of situation, we modified the loan products so that there will only be one AO assigned to a particular client.</p> <p><i>How do you collect these payments – do you visit them or do the clients go to the bank?</i> Some of them, especially those who reside nearby, they are the one who visit in the bank. Nonetheless, for those who reside farther, the account officers will be the one to visit in their homes.</p> <p><i>How is the collection/repayment?</i> It is ok.</p> <p><i>How about the interest rate?</i> It's in the minimum, the same with other lending (institutions) here. We have a monthly, weekly and semimonthly (paying scheme).</p>
What is the typical profile of your clients for this product?	<p><i>For MAKITA, KITA, etc...Do they belong to the middle class or are they generally poor?</i> Middle class.</p> <p><i>Why? How about the poor?</i></p>

	<p>Not really.</p> <p><i>Do you do background investigations?</i> Yes.</p> <p><i>What do you call it, CI/BI?</i> Credit investigation/Background investigation.</p> <p><i>More or less, how much is the estimated income of these middle class (clients)?</i> More or less they have to have an income of at least PhP 200 a day.</p>
<p>Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system?</p>	<p>MABS is really a great help... some of our clients have expanded their gardens, vegetable farming.</p> <p><i>Do you mean that they have expanded? Like increase in the production area, which manifest that their investments and profits have also increased?</i> Yes.</p> <p><i>Since they have increased their profits, can you also say that their savings have also increased? That they saved it in the bank, can you also detect an increase in their savings?</i> Yes. We can see it in their accounts.</p> <p><i>Meaning, because of the system of MABS, there is a change of their mind set in terms of the importance of savings.</i> All participants agreed that some of their clients have changed their attitude about the importance of savings.</p> <p>There are times when some of my clients paid me more than the required payment and advise me to deposit the extra to their savings (account).</p> <p><i>For the part of the rural banks, is there a change in the ability of the rural banks to sustain or expand your respective operations or your capacity to offer microfinance services?</i> Yes.</p> <p>We have observed it in our products that if the clients have a good performance (no delayed payments), they will be given incentives. Or other benefits like lesser interest (rates) or they are allowed to make bigger loans with lesser interest. They are also given extensive time to rotate the borrowed money so they can really use it in their business.</p> <p><i>On your part, in your organization, can you say that you are well equipped because of MABS? Since MABS is human capital investment, more on capacity building, they capacitate the rural bank personnel and rural bank management so that they can offer their financial products in an effective and efficient manner. Do you think you are capacitated enough so that your bank can offer enough volume of your microfinance services. Do you have sufficient trainings?</i> I can say that whenever we are in the field – during collection, we also market the products of our bank like insurance, savings. We convince our clients to try to avail our other services like insurance and deposits. We can sustain that through our marketing.</p>

	<p><i>Meaning to say, you have the ability to influence in their decision making of your clients, that you are able to convey your products to them.</i></p> <p><i>Another thing, your operation's manager shared that before MABS you do not have a system. No documentation, no manuals. With the MABS, system were put in place and the manual, therefore it made performing your work easier especially when you extend services to your clients.</i></p> <p><i>Do you think that your services improved compared to before?</i> Yes, there is an improvement. Before, the collectors' used to visit them in their homes in the remote areas. Nowadays, because of MABS their investments have prospered. Because of that, the client themselves visits the bank to make the payments even if they reside in the remote areas. They do not wait for the collectors to visit them because they do not want to delay their payments.</p> <p><i>That means, their attitude have also changed. Before, it is hard to collect from these borrowers especially if the loans came from the government. This change of attitude is good because we can inculcate this to the next generation.</i></p> <p><i>About how many percent of your clients do this, those who directly visit the bank and pay for their loans instead of waiting for the collectors to visit them?</i> Around 6 out of 10. The collectors will visit the rest and some of them fail to pay their amortization.</p>
<p>Which products are not profitable?</p>	<p>All of the products are profitable. However, the MAKITA loan or the group loan is not performing well after several bad experiences of the clients. Now most of them have transferred to KITA loans.</p> <p><i>Can you describe the group loan scheme?</i> In the group loan, sometimes one of the members of the group will not attend the meeting. When I arrive, I make a roll call to see who is present and some members will just send their payment to other group members.</p> <p><i>So if a member fails to pay his share, will it be paid by another member or what?</i> The group will collectively pay for it.</p> <p><i>So if a member fails to pay, the other group members can pressure him to pay it because they will be affected?</i> Yes. This is usually the start of the end and it will affect the group (dynamics). In the end, most of those in the group loan will transfer to the individual loan or the KITA loan. It lessens the number of those who availed the group loan.</p> <p><i>IT decreased to how many percent?</i> Around 80%</p> <p><i>And the KITA loan increased? Did the number of those who availed the individual increased?</i> Yes but not that much.</p>
<p>What specific assistance did MABS provide to your bank?</p>	<p>All of the participants admitted that they have not attended any of the trainings conducted by MABS. Most of them were hired just 6 to 10 months ago. One of the four participants has been with the bank since August 2011 yet he has not participated in the actual training of the MABS system.</p>

	<p>I have not attended any MABS training.</p> <p><i>Do you have micro insurance?</i> Yes.</p> <p><i>That's one of MABS program. Phone banking? Micro agriculture? Micro housing?</i> Yes.</p> <p>– <i>All of those I mentioned are MABS programs. You just put a brand name of these programs and enhanced it in such a way that you improved and became your product. MABS invested on the technology, the step-by-step procedure and you enhanced/ changed some of the steps for your product.</i></p>
<p>Which assistance is most useful?</p> <p><i>On the part of the bank, what is the usefulness of these programs or MABS assistance?</i></p>	<p>Micro insurance. For now, it (the micro insurance portfolio) is getting stronger. Before, many of our clients complained that they couldn't afford it. They will say that it is an additional burden to them during payments. However, after they learned about its advantage, almost all of our clients availed micro insurance product. Some of the clients even ask the AO's to explain it to them the micro insurance products. They are interested to know about it.</p> <p>Additional income.</p> <p><i>What product produces big turn out or profit for the bank?</i> The microinsurance.</p>
<p><i>What for you are the top 3 accomplishments of MABS?</i></p>	<p>First would be the micro loans, there is an increase in the portfolio. Secondly, the number clients who availed our micro insurance have increased as well as their deposits.</p> <p>There are clients who visit us here and inquire how to operate mobile phone banking, on how to do the transactions on the deposits from Manila.</p> <p><i>You are more advanced compared to the existing mobile phone banking since you already eliminated the "personal touch". According to your manager, there is no need of a go between in doing transactions through your mobile phone banking system. And it is free of charge, unlike the other system like the ATM where they charge ten pesos for withdrawals. So what else? We can say that you are already a product of MABS – you have the manual, and you already institutionalized the system, in terms of human capital investment of the bank...Is this big deal for you – that you are properly trained? Can you say that your skills were enhanced (through the MABS system)?</i> No comments from the participants.</p>
<p><i>How can it be sustained by your bank?</i></p>	<p>Continue marketing the products of the bank...like what we said earlier, when we do the collection, we also market some of our products to our clients.</p> <p><i>It's like double purpose – you do the collection at the same time you market your products?</i> Yes.</p> <p><i>At the same time, you also do a market research - since it is also very</i></p>

	<p>important. Yes, so we will be able to tell the difference (through market research).</p>
<p><i>What are the MABS 4 interventions that you considered as good practices?</i></p>	<p>Enhancement in doing assessment to the clients – not just granting them loans but also to educate them on the proper way of utilizing their loans to make it productive.</p> <p>We also explain to them thoroughly about the interest (rate) because most of the clients will really look into the interest rates.</p> <p>We also try to show to them that the service of Cantilan Bank does not stop even after we granted their loans – we build them up (through the loans) and guide them so they utilize their loan properly.</p> <p>Like making a follow through? In other firms, after they already sold their products, they do not extend additional service. Your bank is doing more and you make follow up inquiries on how to assist your clients or how to improve your products.</p> <p>Especially the marketing department. They are very focused. They even go to remote areas to market our products.</p>
<p><i>Which may be recommended in future projects, specifically on micro insurance and mobile phone banking?</i></p>	<p>Give assistance to the clients. In addition to that, whenever they applied for another loan, they should be given benefit like lesser interest (rate). The more re-loans, the lesser the interest.</p> <p>The larger their deposit, they should be given a smaller interest rate for their loans.</p> <p>In terms of the (micro) insurance and phone banking? If one of our clients died, the bank shows their support by sending somebody to visit the wake.</p> <p>Does that mean the bank automatically releases the burial assistance, etc? Yes.</p>
<p><i>What are the overall lessons learned from the implementation of the program?</i></p>	<p>How to extend good service to the clients. We explain to them the benefits or advantages of the new products and not just look into the additional expenses. It is one of the tasks taught to us every time we go to the field. In addition to that, we also make them realize the practicality of the new product especially the convenience of mobile banking. Some of our clients here have students living in Cebu or some other urbanized areas wherein they regularly send money.</p> <p>When you say that you encouraged clients to avail mobile banking, you are referring to the G-cash? Yes, it's one of the products.</p> <p>You mean there is another? Yes. The money card – the ATM.</p> <p>At this point, Sir Joey explained the difference between mobile banking (G cash or Smart money) with CICO center/outlets and the e-banking using the money card wherein doing transactions through the internet.</p>
<p><i>What is the name of the products developed by MABS 4?</i></p> <p><i>a. What is now the status – clients, portfolio, PAR</i></p>	<p>KITA Loan, individual loan for microfinance. HOME (Housing) Loan MAKITA Loan, our group loan. PAG UMA Loan, the agricultural loan designed for farmers.</p> <p>Sir Joey: when you talk to the clients, what are the terms you used for the</p>

<p><i>b. N/A, we did not develop any product</i></p>	<p><i>individual loans?</i> KITA loan.</p> <p>We explain it to them, the brand name and we emphasize the purpose of the said type of loan.</p> <p><i>Sir Joey: So for the KITA loan, are there several types? How many types of KITA loans?</i> It is just the brand name. We lend it to those who already have an existing business. The loan proceeds will be used as an additional capital for expansion</p>
<p><i>What is the MLABS 4 contribution in improving your operations?</i></p>	<p>With the mobile banking and micro insurance, we increased the number of our clients.</p> <p><i>Did the manual helped in your operations?</i> All: Yes.</p> <p><i>Sir Joey: Have you read the manual?</i> Yes. We were given an orientation.</p> <p>The other FGD participants did not comment whether they have read the manual or not.</p>
<p><i>What are some of your operational issues in implementing the products and services? Problems encountered?</i></p>	<p>The clients do not understand what the product is all about. In addition to that, when we visit remote areas in the municipality, we cannot get additional clients especially the group loan. We also encounter difficulties in marketing the products in the remote areas since only a handful of the residents participate in the centre meeting/marketing. You need to explain to them individually and not in groups.</p>
<p><i>What are the contributions of your micro insurance developed under MLABS 4 in improving your bottom lines (social and financial)?</i></p>	<p><i>For the micro insurance, what do you call it, your brand name?</i> Micro care.</p> <p><i>What is the status of the micro insurance?</i> We always mention it every time we do marketing.</p> <p><i>Sir Joey: How about Kalinga?</i> That is with Country Bankers. It started last year.</p> <p><i>So what is the difference between the 2 micro insurance?</i> With the Country Bankers, even if you commit suicide, you are still covered with the insurance.</p> <p>The same with some insurance – natural death, accidental...Kalinga is good for one year and micro care is only for six months.</p> <p><i>What are the operational issues in implementing the micro insurance? You mentioned earlier that you already addressed the issue by explaining to your clients the benefit of the product thereby negating their negative opinion regarding additional expense in availing it.</i></p>
<p><i>What are some of your operational issues in implementing micro insurance?</i></p>	<p>The clients do not understand what the product is all about. In addition to that, when we visit remote areas in the municipality, we cannot get additional clients especially the group loan. We also encounter difficulties in marketing the products in the remote areas since only a handful of the residents participate in the centre meeting/marketing. You need to explain to them individually and not in groups.</p>
<p><i>Are you implementing mobile phone banking? If yes, how effective is the</i></p>	<p>There are clients who visit us here and inquire how to operate mobile phone banking, on how to do the transactions on the deposits from Manila.</p>

<p><i>mobile phone banking channel?</i></p> <p><i>What is the status?</i></p> <ul style="list-style-type: none"> - number of registered clients - number of active transacting clients - How much is the monthly transacting volume? <p><i>If no, why not?</i></p> <p><i>What for you is the value addition of mobile banking for the bank and for the client?</i></p>	<p>In addition to that, we also make them realize the practicality of the new product especially the convenience of mobile banking. Some of our clients here have students living in Cebu or some other urbanized areas wherein they regularly send money.</p> <p><i>You are more advanced compared to the existing mobile phone banking since you already eliminated the “personal touch”. According to your manager, there is no need of a go between in doing transactions through your mobile phone banking system. And it is free of charge, unlike the other system like the ATM where they charge ten pesos for withdrawals.</i></p>
<p>What are some of your operational issues in implementing mobile phone banking channel?</p>	<p>The clients do not understand what the product is all about.</p>
<p>OTHERS</p>	<p>Sir Joey: are there female account officers? None.</p> <p>Sir Hector: According to the operations manager, it is for the protection of the women since the field condition is difficult.</p> <p>Sir Joey: Have you encountered problems in the field in dealing with the clients since most of them are mothers/women and all of the AO’s are males? At first I was hesitant to collect their payments but later I was able to adjust and explained to them that we are just doing our jobs. We also try to maintain a good relationship with our clients and we also try to listen to their sentiments sometimes.</p> <p>Who is more difficult to deal with? The male or female clients? All: The males. During collection, we encounter drunks.</p> <p>Sir Joey: With regards to the products, like the KITA or MAKITA loans, what is the most common client? Male or female? All: Female, even with the group loan.</p> <p>Sir Joey: For the Agri (loan)? Women also. Though sometimes it is the husband who wanted to avail the loan, they instruct their wives to fill up the loan application and also process it.</p> <p>Some of the men do not have the patience in doing the follow up in the loan processing.</p> <p>During collection, the women also have more questions regarding the loan and other products compared to the men who will just hand over the money and ask for the receipt. Though sometimes it is distracting, it is still good if you transact business with the wives even with all their questions. Through those conversations, we can</p>

	<p>build a good business relationship with our clients that would prove beneficial in the long run.</p> <p><i>Sir Joey: Are you assigned a specific product or do you carry all the products of the bank?</i></p> <p>We are given a specific product to handle. But if any of our clients make inquiries about another product, we just refer them to the assigned account officer for that particular product.</p> <p><i>Among the products, which is more marketable?</i></p> <p>All: KITA loan</p> <p>Sir Hector: KITA loans since it is individual loan. Unlike PAG UMA which depends on the harvest, KITA is for the entrepreneurs in the market which provide faster business transactions.</p> <p>PAG UMA also has a monthly payment.</p> <p>Sir Hector: they also have bad experience with the group loans, MAKITA. If one of the members of the group cannot pay on schedule, the rest of the group will shoulder the burden of paying that share.</p>
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Rural Bank of Digos, Davao del Sur



Name: **LILIA B. CALAMBA** , General Manager
 Date: 21 March 2013
 Time started/ended: 10:20 AM to 11:40 AM
 Venue: RURAL BANK OF DIGOS, Davao Sur

Effectiveness

What is the overall goal of MABS 4 and to what extent has been accomplished?

LC: To help with the livelihood of the small business entrepreneurs, by adding capital so that their business will grow.
 In addition to that, we also want to teach them how to save, for emergency purposes.
 The aim really is for them not to be dependent to bank loans or credit. So, we have a savings (scheme) for them. Every time they get a loan, we will automatically deduct 5% mandatory deposit based on our manual that was patterned from the MABS manual. I think it is a good product because until now our micro enterprise still exist,
 What did you avail with the MABS program?
 LC: Only the micro enterprise for the businesses and the micro agri for those who have farms. However, we require them to have multiple income or diversified income.

	<p>We don't have micro insurance, mobile phone banking and micro housing.</p> <p>Our term for the micro agri starts at 6 months and will be increased to 1 year. Unlike the micro enterprise that requires payment on a daily, weekly or monthly payment, the micro agri amortization will be after 3 or 4 months depending on their products and their farm income. This is because with the micro enterprise, they have faster turn over. The terms of their loans are either 30 days, 60 days 90 days up to 6 months.</p> <p>When MABS started in 1998, you already joined? LC: Yes, we are participants already.</p> <p>But you did not increase or add your products? LC: Nope. Our previous general manager attended the seminars and we only implemented the products they introduced to us.</p> <p>So for those products, you were given training. Because that is the objective of MABS – human capital. LC: Yes, technical assistance. How to conduct CI/BI, how to make cash flow analysis.</p> <p>So that was it? And it has been 15 years? LC: Yeah, 15 years. But it was not continuous for 15 years – maybe for the 1st and 2nd months, we were bombarded with trainings and seminars. They also introduced to us the group lending of the Grameen Bank.</p> <p>What happened to the group lending? LC: It did not succeed. It was only good for the 1st loan. After that, when one member of the group failed to pay, the group is obliged to pay for his share.</p>
<p>How was the Rural Bank of Digos selected as a partner bank of MABS? Did you offer to participate or have applied for it?</p>	<p>LC: I cannot really tell about the process but they just came here and offered us to participate. I think they went to the Davao Federation, they introduced themselves and maybe they have criteria on how we can participate with the micro finance.</p>
<p>What made you join the partnership?</p>	<p>LC: It is one of our products, additional increase on the loan portfolio. It is like additional product of the bank.</p> <p><i>When was RBDI established?</i> LC: 1956</p> <p><i>How many branches as of now?</i> LC: 5. Kidapawan, Bansalan, Digos, Malita, and Antipaz which was the latest in 2002. The members of the board are very conservative with regards to expansion.</p>
<p>What for you are the top three accomplishments of MABS-4?</p>	<p>LC: We were given technical trainings – they trained the managers, the account officers because it is very important (to the operation) that our personnel who operate our products know them.</p> <p>Management of delinquent accounts – the past due accounts or the portfolio at risk should be single digit. That is the requirement of BSP – 5% PAR.</p> <p>It means that you need to have a 95% collection rate. LC: Yes. Although we encountered a problem with our Kidapawan branch. Maybe it was not managed well, the micro finance product.</p>

	<p>It also helped our borrowers to sustain their business.</p> <p>So you invited your clients to attend your trainings. LC: Yes. Before they can avail our loan, they have to attend a 2-3 hour seminar on what is the product, how to manage their finances – we teach them.</p> <p>Did the MABS give the lecture? LC: As of now, we conduct one on one lecture with the borrowers, not group. Our account officers will explain (everything).</p> <p>You said that the trainings given to the managers and account officers have really helped you to become more efficient in your activities; you were able to manage your delinquent accounts. With the MABS training and intervention, did your bank's delinquent accounts really reduce? LC: Yes. They give us the MIS for monitoring, on how to generate reports. It also helps improve our income. And you also mentioned the financial literacy lessons you imparted to your clients – the financial management, how to improve their business and not to always depend on the bank. LC: They can avoid lending and focus more on savings. Self-reliant – when they know that they have a big savings already, they withdraw it and use for capital instead of having a loan.</p> <p>Do you have graduates on the micro finance loans? LC: Yes there are. For example, one of our clients started borrowing in 1998 for a 5000 loan. Now, she has really improved her business, I think she is already a millionaire. She started really small – selling bicycles with the help of a Chinese who trusted her. Nowadays, she has more branches compared to us. And she has expanded – now she also sells motor parts.</p>
<p>What do you think are the facilitating factors that contributed to your accomplishments in the partnership? Especially on micro finance and micro agri?</p>	<p>LC: Their monitoring (MABS team), sometimes they go to the field to meet the clients.</p> <ul style="list-style-type: none"> - The yearly Eagle's rating and it encouraged us to perform better. We received an award in one of the annual conventions. - I think they have also given us a computer. - A good relationship between MABS and the participating banks. <p><i>What do you think are the hindering factors that may have contributed to the subpar performance, if there are any?</i> LC: I hope they also give financial support, not just technical assistance. Other than that, I cannot think of any hindering factor. We are happy with their technical assistance to train our personnel in managing delinquency accounts not just on their product but also with our other products in the bank.</p> <p><i>Have you encountered problems with competition? Congested?</i> LC: Yes, there are several players or institutions like cooperatives that offer loans but with higher interest. There are also private lenders with fewer requirements and they release loans easily.</p> <p>How long will it take for a loan to be released in your bank? LC: 2 to 3 days because we conduct CI/BI.</p>

	<p>More or less, what is the average interest rate? LC: more or less, before fix on 30% per annum. But now we have 18% effective interest rate – diminishing (balance)</p>
<p>What other components you wish the project have covered? Why? MABS coverage includes micro finance, micro housing, micro agriculture, and mobile phone banking.</p>	<p>LC: I can't think of anything to add.</p> <p>Though you shared that you only offer micro enterprise and micro agri...Do you offer micro insurance? LC: For our borrowers, we used the Country Bankers. They have existed for a long time; I think they were the first to partner with the rural banks.</p> <p>I know micro insurance is also important but the management (of the RBDI) did not offer it because we need to hire new employees to handle the account.</p>
Sustainability	
<p>How do you think can you sustain the gains you have accomplished from MABS 4?</p>	<p>LC: - stringent selection of borrowers (CI/BI) - the monitoring should also be strict, do not easily approve loans</p>
<p>What do you think can prevent them you from sustaining these gains?</p>	
Good Practice	
<p>What for you are the best practices that can be replicated for future projects especially on the areas of micro insurance and mobile banking?</p>	<p>LC: - The client selection – stringent CI/BI – credit investigation/background investigation.</p> <p>What MABS gave us was very thorough – 7 pages. But over the years and after succeeding loans we trimmed it to 3-4 pages including the cash flow.</p> <p>They also taught us how to properly make the cash flow, which is very important to our operations because that is where we base their capacity to pay.</p> <p>Best practices for micro finance and micro agri are the same? LC: The same process with the micro finance and micro agri. The only difference is that we require the micro agri borrowers to have multiple or diversified income.</p>
<p>Can you share your most valuable lessons learned in the implementation of MABS 4?</p>	<p>LC: On the technical aspect, like what I said – there should be a proper CI/BI.</p>
Gender	
<p>How have gender considerations been integrated in the Project?</p>	<p>LC: No. We have more female borrowers since the wives are the treasurers with regards to their husband's income. However, the husband is also a partner of the loan – they know about it because we visit them in their home and inform them and ask them to sign the promissory note.</p> <p><i>What are the examples of the gender mainstreaming policies that the project has adopted?</i> LC: We do not have any gender mainstreaming policies yet.</p>
Policies and regulations on microfinance and mobile banking developed and rolled-out	
<p>What are some of the policies & regulations on microfinance & mobile banking developed & rolled-out?</p>	<p>LC: With regards to the policies, what is important in granting loans we observed the 5C's in selecting the clients – character, capacity to pay, capital, etc...</p> <p>Other interventions introduced by MABS? LC: trainings given by MABS, which are very helpful and has been adapted by our account officers.</p>

	<p>- It is the legacy of the MABS team, the training they imparted to us. Those old account officers we have who have participated in the MABS training have been promoted to loan officers. But they are still here.</p>
<p>What benefits did you get from these policies and regulations? Related to micro finance and micro agriculture. Aside from the income.</p>	<p>LC: Management of account – we are not the one who as benefitted from this but also our borrowers.</p> <ul style="list-style-type: none"> - increase of our loan portfolio - increase dividends on our stockholders - management of the past due - We can also help in the employment, additional economic activity in the area. <p><i>Aside from micro finance, what are your other own products?</i> LC: We have agricultural loan for farmers but with collateral We have a pension loan because we have many depositors who are pensioners. For the LGU, we offer salary loans We also have commercial loans</p> <p><i>All in all, for the micro finance portfolio, about how many percent of the total bank portfolio?</i> LC: Only about 5%. But with a good future since the people now can access and we offer lesser interest rate.</p> <p><i>Do you have plans to adopt mobile phone banking?</i> LC: I've heard about it from Sir Gino.</p> <p><i>How about the micro insurance?</i> LC: I don't know. Maybe we will remain as an agent for the Country Bankers.</p>

KEY INFORMANT INTERVIEW (2)



Name: **RONTJIN MORATALLA** , Loan Officer- Head Office
 Date: 21 March 2013
 Time started/ended: 01:21 PM to 02:20 PM
 Venue: RURAL BANK OF DIGOS, DAVAO SUR

Effectiveness	
<p>What are the contributions of MABS 4 to your organization, to the Rural Bank of Digos?</p>	<p>RM: MABS was introduced in RBDI in 1998. We are one of the first banks introduced to microfinance. There are a lot of residents in Davao del Sur who have no access to credit. Apart from that, there are also those with extra income but they do not know how to save. With the help of the MABS program, we introduced their program to our clients. Because of that, they gained access to credit and have generally improved their lives because of the technology provided by MABS.</p> <p>With that, our bank was able to help the poor in the community to have small businesses with the financial assistance. We cater 5000 to 150000 peso loan to help their capital.</p> <p>With regards to our gains, the program help increased our income and our portfolio. And the most important contribution of MABS to our bank is that it helped us deliver the social responsibility we hoped to achieve.</p> <p>We were informed that the Rural Bank of Digos, Inc., out of the several products of MABS, you only offer 2 products or services – the micro finance and micro agriculture.</p> <p>RM: Yes.</p>

<p>What for you are the top three accomplishments of MABS-4?</p>	<p>RM: Its principal accomplishment is for the poverty alleviation. Most of our clients for the micro finance at the beginning are still our clients today. And we observed that there is an improvement in their lives (in terms of economic status). They started with 5000 pesos loan and now they are in the 150 000, and their businesses have expanded. Our micro agri rolled out later in 2009.</p> <p>Secondly, for the part of our account officers – their skills were enhanced and they increased their commitment to our social responsibility to help the poorest of the poor.</p> <p>Lastly, the Rural Bank of Digos got renowned in Davao del Sur and North Cotabato as one of the banks who is always ready to help the poor. Even if the income from the microfinance portfolio is not that high, the owners continue to provide the micro finance services because we can help the poor.</p>
<p>What do you think are the hindering factors that may have contributed to subpar performance, if there are any? Hindering factors in achieving the objectives of the program.</p>	<p>RM: First, stiff competition because there are similar institutions offering the same services. These lending institutions do not have proper procedures on lending to this kind of clients. The informal lenders do not require much, unlike with the MABS approach wherein we really look into the cash flow of our clients.</p> <p>Second, the clients – since there are several lending institutions including the informal lenders offering loans to them, they will borrow from anybody also. The credit worthiness is now gone.</p> <p>Third, on the part of the account officers – the loss of dedication. Another is that we do not have a product manager for micro finance in RBDI, who will focus full time on micro finance operations since it is not a large portfolio. We changed our approach since micro finance provides us with less income so we transfer some of our supervisors to other products. Ideally, there should be a product officer/manager like with the other banks who are offering a micro finance loan.</p> <p>Since you changed the system, you consider that also as a hindering factor why your micro finance portfolio did not increase.</p> <p>RM: Yes.</p> <p>Do you think that if you continue that kind of set up, the micro finance product will eventually be abolished?</p> <p>RM: Possibly years from now the micro finance will be abolished. Nevertheless, we are also trying to address that issue. On the other hand, we also have employees knowledgeable to handle and supervise the microfinance operations.</p> <p>How much is the microfinance portfolio?</p> <p>RM: 16 million overall. When I entered in 2008, it has not reach 20 million. That is one of the things MABS always me – to increase the portfolio and improved operations.</p> <p>Furthermore, we have also discussed in our meetings before that since the income from the microfinance portfolio is very small, why don't we abolish it. Some of the managers contradicted and reminded the group that we got "known" due to our microfinance products. Instead of abolishing it, we need to address the problem in the operation. Until now we are still using the MABS approach in our operations – the manual is the same, the targets, the training and orientation given to the clients are still the same.</p>

<p>What other components you wish the project have covered? Why?</p>	<p>RM: The mobile banking, we wanted to implement it back in 2010 but we encountered problems with the signal of Globe Telecom. However, we might offer this service/product sooner compared with the micro insurance.</p> <p>With the micro insurance, we are just agent of the Country Bankers. MABS would not approve of the in house insurance to cater the insurance of our clients. They advised us to collaborate with an insurance company.</p> <p>Now we have a partner insurance company that offers security even if whatever happen.</p>
<p>Sustainability</p>	
<p>How do you think can you sustain the gains you have accomplished from MABS 4?</p>	<p>RM: We have trainers here in the bank that are capable to train the new account officers in the MABS approach. We have a module on MABS called the MABSTER handbook. The AOs are given orientation and training for a week with regards to the microfinance operations. The qualified trainers can give microfinance training to our account officers to make them more competitive and avoid the routine complacency – looking for clients, doing CI/BI... I believe that if we continue with pour training schedule, we can still sustain our microfinance operation years from now.</p> <p>You are saying that you will still continue to capacitate the employees especially the new account officers in the MABS approach?</p> <p>RM: Yes. Because on the client’s side, they are still here with us after more than 5 years. There are still many target clients that we can possibly help especially on the clients on micro agri. Knowing that Davao del Sur is an agricultural province, these people will continue to be our possible client and no other bank caters to agricultural loans. Therefore there is still a potential market for agriculture.</p> <p>With regards to the client from the city, the micro entrepreneurs, they have already learned and became clever. Since there are too many players offering loans, the client’s credit worthiness are now questionable. They have the capacity to pay the loan but the willingness to pay is mostly gone.</p>
<p>What do you think can prevent them you from sustaining these gains?</p>	<p>RM: Too many players operating/providing loans to our prospective clients in the area.</p>
<p>Good Practice</p>	
<p>What for you are the best practices that can be replicated for future projects especially on the areas of microfinance and micro agriculture?</p>	<p>RM: Number 1, the dedication and the commitment of the management to help the poorest of the poor, in alleviating their standard of living.</p> <p><i>With regards of the things introduced by MABS that you have adapted...</i></p> <p>RM: The culture of zero tolerance – regular follow up on clients payments</p> <p>2nd is the cash flow, we adapted it in our other products</p> <p>3rd is the CI/BI process.</p> <p>Most of the forms introduced by MABS, we enhanced adapted it to other products like our regular loans.</p>
<p>Can you share your most valuable lessons learned in the implementation of MABS 4?</p>	<p>RM: The target clients of MABS are the poorest of the poor. As I have observed, these people don’t have access to credit because they do not possess marketable collaterals that they can offer to the commercial banks. They can’t depend on their income; therefore they do not have the opportunity to improve their lives because they do not have</p>

	<p>enough financial assistance from the government. Because of the microfinance program of RBDI, some of our clients have improved in their lives. A number of our creditors before are now depositors. Another thing I learned is the idea of savings. It is one of the most important things I learned from MABS. All our clients are encouraged to save and part of their amortization goes to their savings.</p>
Gender	
How have gender considerations been integrated in the Project?	<p>RM: Yes. Most of our clients are women. Based on the market research we conducted on a certain community, we study on what particular microfinance product we will introduce in the potential area. Though a gender consideration is important, we can say that most of our clients are women. The women are good handlers of money, based on our study.</p>
What are some examples of gender mainstreaming policies that the project has adopted?	<p>RM: None. We don't make products that focus on men or women. We look into the possible market of a certain community and look what is common among them. We do not restrict or discriminate borrowers because of their gender. And of course with the involvement and approval of the spouse.</p>
Bank Products (Saving and Loans)	
What is the name of your product developed under MABS 4?	<p>RM: Micro enterprise program – NPPP or the “Negosyo Palambuon, Pondo Padaghanon” We also have KASAMA – “Kaabag SA Mag uuma”</p> <p>And your policies here are the same with MABS before? RM: Yes, MABS gave a generic manual/policy and we enhanced it to fit the client/bank</p> <p>How about the status of the products? RM: So far, micro enterprise has the bigger portfolio. For the micro agri, it is just 5% of the 16 million portfolios.</p>
What are the contributions of MABS 4 in improving your saving and loans?	<p>RM: With the savings, we are strict on that aspect. We want them to have savings after the maturity of their loans.</p>
What are some of your operational issues in implementing these products?	<p>RM: Yes we have encountered problems like with regards to the savings. There are times that the prices on the agricultural market fluctuate and it will be difficult for the client to pay their amortization. Some of them will tell us to withdraw the payment from their savings accounts. But that is only used as a last resort. And that can be avoided if during orientation we really emphasize the importance of saving something out of their loans. We can also see that in the cash flow analysis, and with their other source of income, it is really rare that they will not be able to pay their amortization on their agri loan.</p>
Mobile phone banking	<p>RM: We are willing to implement the mobile phone banking next year since the signal of Globe Telecom has improved. I even attended a seminar on Globe GCash. A minor problem for us is that most of the residents in Digos City are Smart Telecom users. Nonetheless, mobile phone banking is very useful especially that we have clients from remote areas and our account officers need to visit them.</p>



KEY INFORMANT INTERVIEW (3)

Name:	Ivy P. Monteverde, Branch Manager
Date:	21 March 2013
Time started/ended:	10:03-10:55 AM
Venue:	RB Digos Board Room, Digos City, Davao del Sur
Effectiveness	
What are your Bank's Microfinance products?	Micro enterprise (MEP) and agricultural (MAP) loan, but Ms. Monteverde mentioned that they don't focus on MABS. Only 5% of the loan portfolio is allocated for MABS. In particular, it was mentioned that out of the P100M portfolio, only P5M was for MABS
Which ones were developed with MABS-4 Assistance?	MABS was only introduced last 2000, hence our products are on MEP and MAP loans: Negosyo mo Palambuan, pondo padaghanon MABS also introduce group lending under the MEP. Actually, the members of the board are hesitant with the MABS assistance at first but gradually, they were convinced that it will be beneficial to be involved with MABS. It's not our focus really, she further added.
Are they still being offered?	RB of Digos offered group lending for 2 years, but decided to stop the said service due to low repayment. If one member could not pay the loan, the whole amount could not be paid. She recalled that the bank conducted meetings before selecting clients and thru orientation MABS was introduced.

Who are your clients for this product?	Most of the clients are sari sari store owners and clients should be the owners themselves and business should be operating for at least 2 years.
What is the typical profile of your clients for this product?	
Overall, to what extent did MABS-4 contribute to increased economic opportunity through the development of a more inclusive financial system? (clients' ability, services)	Ms. Ivy perceived that they were able to help the clients, clients are not aware that they were able to save thru the loan system. The program provided loads where some portion goes direly as savings. She further recounted that sifter 3 cycles, clients were surprised that that were able to save. In this manner, "we were able to inculcate savings" On the number of clients- clients of MEP and MAP has decreased due to a number of players in the market, shutting down of business brought about by personal problems of clients such as those sending their children in school. To date, there are still existing clients of MEP and MAP. It was also noted that some clients are aware of their loan repayment capacity and they were the once that requested to lower the amount of loans to be availed, for instance, instead of P50 k loan, they will opt for 20k.
Which products are not profitable?	Group lending. RB of Digos Management decided to stop group lending due delinquent account. The product was no longer offered in 2005 (MABS Phase 3). Group lending as profitable but there are delinquency issues and nonpayment.
What specific assistance did MABS provide to your bank?	<ul style="list-style-type: none"> ▪ MABS provided training/capacity building activities, equipment, and computer. MABS asked for data monthly (PAR) but we they don't provide feedback
Which assistance is most useful?	Training is the most valuable assistance Updating and upgrading systems and procedures helped RB Digos to respond to delinquent accounts. MABS' assistance stopped around 2011, but RB of Digos still reported to MABS until September 2013.
What for you are the top three accomplishments of MABS-4?	<ol style="list-style-type: none"> 1. ROI of MEP and MAP were good sources of income but members of the BOD are hesitant to take risks since the BOD is conservation, they want to secure loan repayments. 2. Trainings provided capacitated staff (on monitoring, 3. Provisions of equipment, since no funds for loans were provided. She mentioned too that it will be better if funds for loans will be provided by MABS.
Challenges/weaknesses	
SUSTAINABILITY	
How can it be sustained by your bank?	MABS will be better if they will provide funds and provide additional training (trainings are free). But as said, BOD is not into micro-enterprise. Based on BSP systems, a 7-days delinquent will be considered past due even for a day delay. For microfinance, it is very difficult to mitigate past due accounts/payment. RB Digos focus is not micro-enterprise
What MABS-4 interventions can be considered good practices (e.g., unique	support monitoring and training activities. Training on how to respond to failed accounts; proper client selection, client

achievements, innovative methods/approaches)	investigation are very useful since RB Digos's training are more on supervisory aspects. Every bank has goal/quota so we offer loan but due to MABS, we no longer focus on numbers or Quantity but on the QUALITY.
Which may be recommended in future projects, specifically on micro-insurance and mobile banking?	
What are the overall lessons learned from the implementation of the Program?	
BANK PRODUCTS (Savings and Loans)	
What is the name of your product developed under MABS 4? What is now the status? (clients, portfolio, PAR) Not applicable, we did not develop new product	<ul style="list-style-type: none"> ▪ MEP and MAP
What are the contributions of MABS 4 in improving your operations?	Training on how to respond to failed accounts; proper client selection, client investigation are very useful since RB Digos's training are more on supervisory aspects.
What are some of your operational issues in implementing these products?	RB is not focused on micro-enterprise
MICROINSURANCE	▪ NOT APPLICABLE
MOBILE PHONE BANKING	▪ NOT APPLICABLE
CROSS CUTTING ISSUES	
Gender Mainstreaming	The bank does not have a Gender Action Plan but reports submitted to MABS have sex disaggregated data. Gender disaggregated data helped us to analyze trends. For MEP- more women clients (sari-sari store) and for MAP- more male clients. (farming, vegetable production)



FOCUSED GROUP DISCUSSION WITH BANK CLIENTS		
Participants	Ruperto Cordova, sari sari owner, 41 yo Sagundina Tabigue, sari sari owner, 57 yo Elena Villarino, sari sari woner, 47 yo Lenneth Ontolan, sarisari owner, 31yo	Mary Ann Jaballa, carinderia owner, 43 yo Elisa Romero, farmer, 31 yo Elmar Jemino, businesswoman, 40 yo Valenia Miano, business woman/farmer, 55 yo
Total (8) Women (7); Men (1)		
Date:	21 March 2013	
Time started/ ended	2:45 to 4:21 PP	
Venue:	RB of Digos Board Room, Digos City, Davao del Sur	
PROCEEDINGS		
REGISTRATION	Participants were asked to register, get their FGD kits and prepare their own name tags and fill out transport reimbursement forms.	
INTRODUCTION	The Facilitator, Mr Joey Olpindo provided a brief	

	<p>introduction of the study team members and asked each participant to introduce themselves in the plenary. Following the introduction, Joey provided an overview of the activity, its importance and the significance of everybody's contributions and information that will be shared; and the duration of the activity. Moreover, the facilitator thanked the participants for their presence. Joey also asked permission to record the discussion.</p>
FGD PROPER	
How did you first hear about the Rural Bank of Digos?	<ul style="list-style-type: none"> - Digos was established in 1956 and since most of them were born in Digos City, they already know about the bank. - RB of Digos carried out marketing and information activities in Sat. Cruz - Most of the participants were able to hear it from friends, neighbors and relatives. - RB Digos conducted marketing and orientation programs in Kapatagan, Lanao Del Sur as affirmed by Elisa, a bank client from Kapatagan.
Were you a customer of another Rural Bank/Coop/ NGO MFI before joining RB of Digos?	<ul style="list-style-type: none"> - None among the participants were customers of other rural banks before joining RB Digos.
<ul style="list-style-type: none"> ▪ If yes, why did you decide to join RB DIGOS? 	<ul style="list-style-type: none"> - Participants decided to open an account at the bank due to its low interest rate offered - Most of the participants shared too that they decided to join Rural Bank of Digos since the bank is very accommodating and customer friendly.
<ul style="list-style-type: none"> ▪ If no, had you ever borrowed before from an RB/ Coop/ NGO MFI? 	<ul style="list-style-type: none"> - Participants borrowed from five-sixers, store owners, and relatives/
What products did you receive from Rural Bank of Digos?	<p>Joey asked the participants to list down the products that they were able to receive from RB Digos. Each participant was provided with colored cards and markers for listing down the services and was asked to post it in the wall.</p> <p>Responses were:</p> <p>Microenterprise (MEP) loan- 6 responded that they were able to avail MEP loans for their business</p> <p>Agricultural loan (MAP) - 2 responded that they were able to loan for their farms/ agriculture ventures.</p> <p>Joey asked for additional services and inquired if participants are aware that part of their payment to loans goes to their savings. Participants are aware that some portions of loan repayments were for savings and they are amenable on these arrangements.</p> <p>On micro insurance: Participants heard about micro insurance.</p> <p>None of the participants have heard of micro housing and mobile banking as product of the bank.</p>
Before RB Digos where do you get these services?	<ul style="list-style-type: none"> - None
What assistance was provided to you by RB Digos other than the loan?	<ul style="list-style-type: none"> - Savings
How did you benefit from these products?	<p>Participants' responses were:</p> <ul style="list-style-type: none"> -For additional capital, loan was able to generate increased savings;

	<p>-Ms Belen was able to buy power sprayer for her banana farm</p> <p>-Elisa cited that it provided additional capital for an expanded vegetable buying business;</p> <p>Two of the participants shared that they were able to purchase house appliances from loans and savings.</p>
Can you say that you increased your economic opportunities from these services and products?	– All the eight participants said YES, economic opportunities increased from the bank's products and services
How would you compare your economic status before and after you availed of the bank services? Is your income now higher or lower	<p>– All participants said that quality of life has improved due to additional capital and increased income brought by savings and expansion of business.</p> <p>– Mary Ann shared that her carinderia business had expanded; now she also offers cakes and pastries. She also said that more capital means more income</p>
Mobile Banking	
What telco (Smart, Globe, Sun) does the RB Digos uses for its mobile banking services?	Not applicable, the service is not being offered
How many of you had a [name of TELCO] SIM card before you became a client of [name of RB]?	The seven (7) participants have sim cards before they became client of Cantilan Bank
How many members in your household (including you) own a mobile phone?	<p>Gonding: 2</p> <p>Inday: 1</p> <p>Tata: 2</p> <p>Jojo: 2</p> <p>Elma: 2</p> <p>Valen: 2</p> <p>MaryAnn: 3</p> <p>Elisa: 1</p>
What are the mobile networks that you and/or your other household members use?	<p>Gonding: 2, Globe and Smart</p> <p>Inday: 1 Smart</p> <p>Tata: 2 Smart</p> <p>Jojo: 2, Smart and Talk and Text</p> <p>Elma: 2, Smart and Globe</p> <p>Valen: 2, Smart and Globe</p> <p>MaryAnn: 3, Smart</p> <p>Elisa: 1, Smart</p>
Do you and/or your other household members have a subscription plan or are you using pre-paid credits?	One participant have a postpaid subscription
Savings	
What was the minimum amount you were asked to save by RB Digos?	<p>On minimum savings: P500 is the starting saving account, At first you could loan only P5000.</p> <p>Others shared that you could not withdraw savings unless loans are fully paid.</p>
Did you elect to save more than the minimum amount? Why?	– All have voluntary savings aside from the minimum amount.
Can you say that you have increased your ability to generate savings for business expansion and/or cushion against economic shocks? If yes, how? If no, why	<p>All participants have increased their ability to generate savings for business expansion. Other insights were:</p> <p>-it's better to loan a bigger amount since it meant a bigger savings</p>

not?	<ul style="list-style-type: none"> -its' better to avail loan from bank because your mandated to save -savings is important for preparing the future -savings can be withdrawn if loans are paid -bigger savings will enable you to avail for bigger loans 		
What are the main purpose or reasons for you to save money	SAVINGS location	No. of Respondents	
	Children's education	4	
	Emergencies/ medical expenses	3	
	Special occasions	-	
	Capital to start a business		
	Capital to expand present business	1	
	House repair renovation	-	
	Buy household appliances	-	
	Without Specific purpose Others (specify)	-	
How would you rate your satisfaction with this RB of Digos compulsory savings product?	No. of Respondents		
	Very Satisfied	4	
	Somewhat satisfied	4	
	Undecided if satisfied or not		
	Somewhat dissatisfied		
What made you feel satisfied/ dissatisfied with the savings product	<ul style="list-style-type: none"> - Happy with savings and systems of approval - Happy with savings since if emergency arises, we could withdraw it easily - Satisfied with savings product since they were able to expand their business - Loan payments could be deducted from savings - Happy/satisfied because they have extra money - Contented since we have something to withdraw during times of emergencies - Contented since we could pay loan from savings 		
	Loans	No. of Respondents	
	How did you spend proceeds of the loan?	Children's education	
		Emergencies/ medical expenses	
		Special occasions	
		Capital to start a business	1

	Capital to expand present business	7
	House repair renovation	
	Buy household appliances	
	Without Specific purpose	
	Others (specify)	
What was the role of your spouse in your microenterprise	Six of the participants responded that their spouse served as a partner to whom they discuss how much to be loaned; thier capacity to pay. Ms Maryann who is a widow consults her children instead. – Further, it was raised by the group that they need to consult their spouses since both of them need to sign loan papers.	
Who decided on how the loan proceeds were used	The five of them answered that both them and their spouses decide on how loan proceeds will be used. In Elisa’s case, her husband decides on the matter. Maryann, on the other hand consults her children.	
How would you rate your satisfaction with the loan product of RB Digos	No. of Respondents	
	Very Satisfied	3
	Somewhat satisfied	5
	Undecided if satisfied or not	
	Somewhat dissatisfied	
Overall what made you satisfied or dissatisfied with the loan product	Responses were: Somewhat satisfied because there’s a limit in the amount that could be loaned All participants are happy/satisfied because they were able to loan -happy, because they have additional capital for their sari sari stores -happy, for additional capital for business -happy for additional capital for agriculture business and with the 2.5% interest per annum Very satisfied, Rural Bank of Digos has a good customer service and caring to clients Satisfied because they have savings – satisfied because we have additional capital, more capital, more income	
How many of you would borrow again from RB Digos?	– 8 (all participants) would borrow again from Rural Bank of Digos	
▪ If yes, how would you like to change the product? I.e. bigger loan etc.	– It would be better if the bank could lower its interest rate	
▪ If no, would you borrow from another source instead? Why?		
Insurance	NOT APPLICABLE	
How many of you currently have insurance	–	

policies?	
What type of insurance is it?	
How satisfied were you with your current insurance provider?	
Closing	
	Facilitator thanked the participants for their time and for their contribution. A group picture was taken. Souvenirs were distributed.

FOCUSED GROUP DISCUSSION WITH ACCOUNT OFFICERS



Participants: **JAKE RYAN NATIVIDAD**, Account Officer since AUGUST 2009, (M)
 Total (4) **RULY R. SANCOVER**, Account Officer since AUGUST 2009, 24 (M)
 Women () **MARK ANTHONY FAMULAGAN**, Account Officer since MARCH 2012, (M)
 Men (4) **TEDDY ROY ABELLIJA**, Account Officer since FEBRUARY 2013, (M)
 Date: 21 March 2013
 Time started/ ended : 05:00 PM to 06:00 PM
 Venue: RBDI BOARD ROOM, DIGOS CITY

Proceedings	
Registration	Participants were asked to register, get their FGD kits and prepare their own name tags and fill out transport reimbursement forms.
Introduction	The FGD session was conducted late in the afternoon because the Account Officers were not available since most of them are in the field. They arrived around 5PM and after they registered, the session promptly began. Dr. Hector Sales introduced the team members for the MABS 4 evaluation and provided a brief introduction on the MABS 4 program. He explained about the purpose of our visit to the Rural Bank of Digos, INC. and the importance of the participation of the account officers to the overall success of the evaluation process. Dr. Sales also outlined the scope of the evaluation to the participants in terms of the

	effect of the MABS program to the participating rural banks.
FGD Proper	
<i>What are your bank's microfinance products?</i>	<p>“Pondo Padaghanon, Negosyo Palamboon” For the individual loans</p> <p>What else? Do you offer group loans? KASAMA At first, we practiced group loans but we realized that it is very risky on our part so we reverted it back to individual loans. Comparing both the group loan and the individual loan, we prefer the individual loan.</p> <p>Why? In a group loan, one (delinquent) member can easily influence the rest of the group members that will eventually lead to the dissolution the group. Because of that, we prefer individual loans, wherein we base our evaluation to a particular individual and not a group of people.</p> <p>Is the group loan still operational? No sir.</p> <p>Only microfinancing and agri loan, both individual loans. All: Yes.</p> <p>Right now, that's all you are offering? – All: Yes.</p>
Which ones were developed with MABS-4 Assistance?	<p>Financing, for their businesses.</p> <p>Were your microfinance loans (system) changed because of MABS 4? No. The same until now.</p>
Are they still being offered?	– Yes, sir!
Who are your clients for this product?	<p>Farmers, but only those with other source of income like they grow farm animals, piggery or owns a variety (sari sari) store. For our microfinance (loans) most of our clients own a sari sari store. However, most of our existing microfinance clients own mini grocery stores which are larger than a sari sari store.</p> <p>About how many percent of your clients belong to micro enterprise? How about for microfinance? Micro-agri? Overall, I think micro agri is about 20% and the 80% is for microfinance.</p> <p>For the micro-agri, what is the arrangement in this kind of loan? Micro-agri is for agriculture. We use their product income as the basis (for granting a loan) and in our area the largest agricultural production belongs to sugarcane. Sugarcane can have up to 2 times a year (harvest), coconut (copra) is every 3 months, palay is twice a year also. Before, we started at 6 months for the maximum term or the maturity of the loan and it is amortized monthly. That scheme will not work if we base it to their products since sugarcane or palay will take too long to produce. However, we discovered Kapatagan whose main produce is vegetables. Vegetables are harvested weekly so we focused our micro-agri program in Kapatagan.</p> <p>In micro-agri (loan), the source of their payment does not rely on</p>

<p><i>their production alone. So, if ever they will fail in a cropping season, they still have other source of income to fall back on and pay for the loan. Am I right?</i> They need to have another income.</p> <p><i>Is it strictly agricultural based (the other source of income)?</i> Yes, the basis of our micro-agri loan is for the client to have a farm but they must also have other off farm (non-farm) income. Mark: It also depend during the CI or credit investigation.</p> <p><i>For the microfinance, how does it work? Is it also diversified?</i> Yes sir!</p> <p><i>Is it enough that the client own a sari sari store?</i> Yes. That will depend on the CI.</p> <p><i>With regards to your CI, what is the process of your credit investigation? Do you follow a system in conducting credit investigations?</i> All: Yes. We already have a format.</p> <p><i>Do you have a manual to follow?</i> All: Yes sir, we have.</p> <p><i>Do you know where that manual came from?</i> From you sir!!! (other participants laughed) Actually, we were hired way back in 2009 but we have not attended any seminar about MABS. We relied with our experience when we go to the field. We also learned from other personnel, those who were ahead of us.</p> <p><i>You have not trained about MABS?</i> Yes sir.</p> <p><i>Who trained you about MABS?</i> It was just an in house training given by personnel of the bank. But mostly we rely on our experience. A little coaching and reminder.</p> <p><i>But you still have staffs in the bank trained by MABS?</i> Mostly, they resigned. We only have one account officer left, assigned in Malita branch. Here, only Sir Noynoy (Rontjin Moratalla) left.</p> <p><i>But after you were hired, there was still a MABS program here?</i> Yes but I was not able to join the training.</p> <p><i>Sir Joey: Maybe they were trained by the bank personnel because there were no interventions for RBDI by that time.</i></p> <p><i>In 2012, did MABS visited your bank?</i> No, not here. Maybe in other RBDI branch.</p> <p><i>So you have not trained in MABS?</i> Yes. Maybe about 4 years have passed already. But we have attended an in-house training facilitated by some personnel led by Sir Noynoy.</p>
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	<p>They still have their copies of their manual plus their own research.</p> <p><i>Therefore, even if there was no MABS training conducted here, you knew that the manual you studied in the in-house training is MABS system, and you still use them.</i></p> <p>Jake: Yes sir.</p>
<p>What is the typical profile of your clients for this product?</p>	
<p>Overall, up to what extent did MABS 4 contribute to the increased economic opportunities through the development of a more inclusive financial system? I.e. improved client's ability to generate savings for business expansion? Or improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services? Or improved services (better and more accessible) by rural banks to microfinance clients? What can you about the extent of the MABS contribution to the increase economic opportunities?</p>	<p>After a couple of minutes wherein the participants seemed confused about the question and have asked for an example, Dr. Sales explained further about the MABS system.</p> <p><i>One of the purpose or objective of MABS is to provide financial services so that there will be an improvement on the client's ability to generate savings for business expansion. Or improved ability of rural bank partners to sustain and expand their respective capacities to offer microfinance services? Or improved services (better and more accessible) by your organization to the microfinance clients?</i></p> <p>Savings, the clients can generate savings and they can generate capital.</p> <p><i>Do we have empirical data to substantiate/support that the client's ability to save has increased? Or they generate additional capital thru savings?</i></p> <p>Yes sir. For example, we have several clients here that have big savings now. In addition, these clients have lessened their loans because they are using their savings (as business capital).</p> <p><i>Your GM shared that the microfinance and micro-agri portfolio amounts to around PHP 16-18 million. What do you think about this?</i></p> <p>All: Yes, more or less. But it includes everything in microfinance, overall portfolio.</p> <p><i>Over the years, this has not changed. Why do you think it has not increased? What is your opinion about this?</i></p> <p>Maybe because in the area, we have a lot of competition.</p> <p><i>Maybe you have do not have new clients or you just keep dealing with the same clients over the years?</i></p> <p>No sir. We also have new clients. No, the portfolio is not declining.</p> <p><i>Very small growth rate...One of the possible explanation for this, I don't know if my assessment is correct, but maybe even after number of clients graduated from being a microfinance client to being a small scale or medium scale clients (with an increased loan portfolio) or those who used their savings instead of applying for another loan. This offsets the enrolment of new microfinance clients.</i></p> <p><i>Do you have "graduates" of microfinance loans?</i></p> <p>Yes we have those clients. Nonetheless, after several months they will</p>

	<p>still return.</p> <p><i>What are their usual reasons (for applying microfinance loan again)?</i> Maybe there is a lull in the activity for a few months or they have lesser expenses in a certain month.</p> <p><i>How about the micro-agri?</i> We have a client, a banana grower, who stopped borrowing because he uses the income of his farm for his expenses. He just rolls it back and forth. However, he also reverted to borrowing from us because there was an opportunity for area expansion.</p> <p><i>What is the mode of payment for micro-agri? Is it lump sum payment after harvest?</i> We don't offer lump sum loan payments. Amortized either monthly, weekly or semi-monthly. With vegetables, when they start harvesting, they regularly do it weekly. Lump sum payment scheme is too risky. Also, there are instances that the maturity of the loan will not coincide with the harvest of the agricultural product.</p> <p><i>You do not have the 80/20 and 60/40 payment scheme? Meaning 80 percent is amortized and the 20 percent is paid lump sum after harvest.</i> No sir.</p> <p><i>At this point, both the facilitators quickly made a comparison on the micro-agri payment scheme between the Rural Bank of Digos INC and the Cantilan Bank INC of Surigao del Sur. Dr. Sales mentioned the enhancement done by Cantilan by modifying their micro-agri payment scheme and offering the 60/40 and the 80/20 payment scheme. Sir Joey also mentioned that RBDI is one of the first rural banks in Mindanao who participated in the MABS program.</i></p> <p><i>Still, have you applied the cash flow principle of MABS?</i> Yes, our micro-agri and other microfinance loan programs are cash flow based.</p> <p><i>Do you think that your services improved compared to before? Is it better and more accessible?</i> All: Yes.</p> <p><i>What are the reactions of your clients? Does MABS system improve your services to your clients?</i> They appreciate it...they grab the opportunity to avail loans from us. Apart from their credit line, they also have their deposits.</p>
<p>Which products are not profitable?</p>	<p><i>Since you only have the microfinance and micro-agri as the MABS products – which of these products are not profitable?</i> All: None.</p> <p><i>How can you say that the products are performing?</i> When there are no past dues (collectibles).</p>

	<p><i>So you all have collected from all your clients regularly. Do you think that you reach 90% in the collection efficiency?</i></p> <p>Individually we are encouraged to have past due accounts of less than 5%.</p> <p><i>That means you have 95% collection efficiency. That is very high.</i></p> <p>Yes sir. Though there are times that we reach around 6 - 7% but not more than 10% past due accounts. With this, we need to make extra effort in the next collection. We can all see this in our monthly report.</p> <p><i>What do you do with those delinquent clients?</i></p> <p>Well, we make extra effort in the collection. Still, if they cannot pay, we have a remedial.</p> <p><i>If they still do not respond?</i></p> <p>Personnel from the head office will visit these clients.</p> <p><i>Do you file cases against these clients?</i></p> <p>I remember, we filed a case against one of the delinquent clients yet. Still the client did not pay. (All participants laugh...) It is hard because whenever the case goes to court, the court will give the client additional time to repay the loan.</p>
<p><i>What specific assistance MABS provide to your bank? Those you have attended... Have any of you attended the trainings conducted by MABS?</i></p>	<p>It took sometime before one of the participants answered this question. They seem to have not understood the question or they cannot relate to it since they have not trained in the MABS system.</p> <p>“The bank earns additional income.”</p> <p><i>Dr. Sales again gave example of the kind of assistance MABS possibly has given to participating banks – the knowledge in terms of management, the improvement of relationship between the client and the bank, improvement of the loan system of the bank, etc...</i></p> <p><i>The participants listened attentively as Dr. Sales enumerated the possible assistance given by MABS. Nevertheless, they all agreed that the thing that has helped them perform in the field is their experience and the acquired knowledge especially in the area of micro-agri.</i></p> <p>Yes sir, we learned along the way especially in the micro-agri. Although we do not know much about agriculture, we later learned about the cropping pattern, the way they grow their produce, what they use in the production of their crops.</p> <p><i>Do you feel that you have the skill to influence the mind set of your clients, to have a more positive outlook...do the staff of the bank have enough knowledge and skills to give a better service to the clients? Things like that...</i></p> <p>It all boils down to the Account Officer’s “diskarte” on how to handle their clients.</p>

	<p><i>You mean to say, in the field the execution of the banks plan and marketing of products depends on the “diskarte” of the AO’s. Still, you maintain and follow the MABS principles or approach?</i></p> <p>– All: Yes sir.</p>
Which assistance is most useful?	
<i>What for you are the top 3 accomplishments of MABS?</i>	<p>The clients have access to credit and they avail it to have additional capital.</p> <p><i>*Do you have any idea about the MABS program?</i></p> <p>I think the MABS program focuses on how they can help the communities. Not just through financing, we also teach them how to handle their money, provide financial literacy.</p> <p>The clients develop a source of income.</p> <p>They gain additional knowledge in how to properly manage their money.</p> <p>They are also encouraged to have a savings account.</p> <p><i>Sir Joey explained the difference between product development and product marketing and the different bank personnel involve.</i></p> <p><i>How do you introduce the products?</i></p> <p>We conduct orientation seminars to probable clients and tell them about our products. We explain to them the interest rate and the mode of payments.</p> <p>With regards to the bank’s other products (not microfinance), all we have to do is marketing. Then make follow up with the secured loans.</p> <p><i>Dr. Sales: That is where the market research will enter...In the area, the clients are segmentized...there are those who are well off, the middle class and the poor. Only in the area you will know what product will fit for certain class of possible clients...</i></p> <p>We already know who to approach and what kind of product we will introduce/offer to them. In other words, we already have enough information thru research on the needs of a probable client.</p> <p><i>You mean, you already pre-determined the clients?</i></p> <p>Yes sir. Through our research by the marketing personnel, and there are times we determine it ourselves.</p> <p><i>Do you conduct lectures to help their production or help them in any way?</i></p> <p>No. Our main focus is to see how they utilize their loans.</p> <p>We make sure about the client’s ability to pay back the loan. For microfinance, we only approve those applicants who already have existing business or have a minimum of 2 years business experience.</p> <p>But for the micro-agri, no other requirement aside from the multiple or other source of income.</p>
Sustainability	
<i>How can it be sustained by</i>	Thru the “diskarte” of the account officers.

<p><i>your bank?</i></p>	<p>By maintaining good relationship with our clients.</p> <p><i>Yes, you need to maintain good relationships with your clients so that they will listen to your advice and they will also learn to trust you.</i></p> <p>Another is services – provide extra effort to clients.</p> <p><i>Do you empathize with your client's situation? Some other banks are more concern on the profit. Do you feel that you have a social responsibility to help your clients?</i></p> <p>We feel it sometimes that they value us because we were able to provide assistance to them and they are grateful for our help.</p>
<p>Good Practice</p>	
<p><i>What are the MABS 4 interventions that you considered as good practices?</i></p>	<p>Public relations – how to deal with our clients.</p> <p><i>How do you deal with your clients before? What is the difference with the MABS system?</i></p> <p>It was ok before but it is much better now.</p> <p>Since we interact with the clients regularly, there is really an improvement with the way we handle them, the way we approach them.</p>
<p><i>Which may be recommended in future projects, specifically on micro insurance and mobile phone banking?</i></p>	
<p><i>What are the overall lessons learned from the implementation of the program?</i></p>	<p>Primarily, we are able to help our client's financial needs. In addition to that, we also learn about our work and we become more mature in handling difficult situations.</p>
<p>OTHERS</p>	
	<p><i>Why is it that there are no female account officers assigned in the field?</i></p> <p>Too risky for them...In visiting remote areas, we need to drive motorcycles. And we also bring a sizable amount of money from collection.</p> <p>We have seen female collectors from informal lenders but she does not take off her helmet.</p> <p>That would depend on the HR – maybe a lesbian. We have a female AO before but only for a few months. She was transferred to savings, a savings solicitor.</p> <p><i>Are you satisfied with your position now?</i></p> <p>All: Yes. It's ok.</p> <p>Although there are times we get discouraged – mostly because some clients.</p> <p>Sometimes due to the weather, that could affect our health.</p> <p>Due to weather problems like rain – we cannot deliver our daily accomplishment.</p>

	<p>For example, when it rain, we cannot collect. In the following day, they will just pay one day and you cannot oblige them to pay for the missed payment the previous day. That will reflect in our accomplishment report. It will be considered as a delinquency. We can't help it, there are times we compare our job to other employees of the bank assigned in the office. Our job is risky because we travel in the highway and we go to the field regardless of the weather condition.</p>
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One Network Bank

KEY INFORMANT INTERVIEW



Name:	Mr. Alex Buenaventura
Date:	23 March 2013
Time started/ended:	5:40PM to 7:30PM
Venue:	Davao City

KII GUIDE QUESTIONS	
One Network Bank – how many branches do you have?	86 branches in Mindanao, 6 in Iloilo, 1 in Makati, Pasong Tamo Ext.
Background of One Network Bank	<p>We are widespread in Mindanao and already in our 17th year. A brief history – three bank one system, The Rural Bank of Panabo, Network Rural Bank of Southern Philippines and the Provident Rural Bank of Cotabato. After 8 years, in 2004, we consolidated and became One Network Bank. At that time we were only 33 branches, now 92 branches including Makati.</p> <ul style="list-style-type: none"> - 80% of our portfolio is in salary loans – DepEd teacher, salary loans of LGU and barangay officials. - 20% goes to our business loans including agriculture because we finance banana growers.
Involvement with the MABS program	<ul style="list-style-type: none"> - I was with ARBAP foundation when MABS was designed with Bob Barnes of USAID - I was part of the design and award team and we awarded the contract to Chemonics - I was a part time executive director then, 20% of the time I was in Manila to serve the Rural Bankers Foundation. In that foundation I wore the hat of like a project partner of USAID - We were one of the five pilot participants of MABS, the Rural Bank of Panabo. The interest of RB Panabo then was in the design for individual microfinance lending, because we said that there must be a better option than the group lending. We already had sad experiences about group lending thru cooperatives. - we were inspired by the Bombay approach , wherein the loan officer does not leave the borrower until he collects - And then Chemonics came in, those factors like the Bombay lending became the core design for the individual lending. - MABS provided support in terms of the training, motorcycle including the system to improve our accounting system. That was the design phase. - First 4 years of MABS was very good, our portfolio grew. However 2 things happened. 1st the usual dishonesty of the loan officers – skimming on the daily collection. That was not a big deal; it was just a small amount. But when you replace the AO, the loyalties of the clients were not to the bank but with the loan officers. 2nd is the burn out phenomenon with the account officers- they got tired and asked for a promotion or transfers to other loan type. <p>Thru time our collection had deteriorated and from 5% portfolio at risk it grew to 53%. Micro finance is highly regulated, highly monitored by BSP and even though our microfinance portfolio was very small compared to the overall portfolio of the bank, it has severely affected our Camel's Rating. Eventually, BSP advised us to stop our microfinance loans and transfer it to our regular loans.</p> <p><i>What is its impact to the industry?</i></p> <ul style="list-style-type: none"> ▪ The impact to the industry is that the disciplines of microfinance like the portfolio at risk (because of the rigid collection system) and cash flow system (no need of collateral) is what we used when we transferred the microfinance loans to our regular loans. We only lend to depositors. Mostly to those in the public market who regularly come to deposit their daily sales. And we are doing very well. And we spread that to all the branches, all branches

	have lending now. We have institutionalized the system without the “habulan system”. That is the impact to us. We learned that you can collect, provided they are regular depositors.
With your regular microloans, do you use the MABS concept?	We are using the product parameters minus the “habulan system”. The loan officer assigned to collect the payments in the MABS micro loans, we got rid of it. Now we are using the account officer for the salary in the bank to handle the regular microloan. For the marketing of the microloan product, we used the depositors.
When it was conceptualized, what was the overall goal of MABS?	It was very clear – to provide access to loans /bank loans to micro entrepreneurs because they have no access before apart from the informal lenders. The micro entrepreneurs benefitted because of the lower interest rate - provide access lower cost loans
Usually, if you ask the small entrepreneurs or the farmers, they will say that they prefer to borrow to loan sharks even with high interest because of the stringent requirements of the banks	That was addressed also – the AO’s visit in their homes. We neutralized it by visiting the clients’ houses. That was one of the features of the MABS technology. Unfortunately that technology was not sustainable (habulan).
Did you consider t as a hindering factor to the MABS technology especially on the microfinance?	Yeah, that’s right. <i>Any other hindering factor?</i> Nothing else.
Facilitating factors	We have a lot with the MABS system 1. the trainings 2. the system 3. the portfolio at risk concept 4. the cash flow system 5. microfinance manuals 6. the CI/BI system 7. the product development These factors have evolved into mobile phone banking, housing, in agriculture – these are good products developed by MABS and in fact we are also doing it minus the habulan system
Positive things MABS contributed Impact of MABS	In general, the improvement is in the credit process. The discipline, the control, the monitoring, and\ the accounting. Risk management is the major contribution – the impact of the MABS program. We are using the MABS principles in our regular lending.
Sustainability	
How do you think can you sustain the gains you have accomplished from MABS 4?	It has already impacted permanently on each of the participant as an institution. They have already internalized the discipline. This is not sustainable. I really feel that after 3 to 5 years this will be declared as a failure just like the others (supervised credit – Masagana 99, and the coop lending). In my analysis, this is really a social program of the government to provide the poor access to banking and credit through rural banks as conduit, we are just lending conduit of the government. Therefore, the rural banks have always been the sacrificial lambs.
You are saying that the failure is with the government – in their policies?	Let’s put it in the context – USAID. USAID is government, they have the same objectives. I suspected even before that there is a risk when we were designing with USAID. But I thought, this habulan system will mitigate the risk. It did not.
What can you say about the performance of Chemonics? The	They are pretty good. I have no comments against Chemonics because they got people like John Owens who has the experience

consultants or the experts?	<p>on their field of expertise. John Owens was not the first chief of party. Somebody was replaced because he did not perform well. He lasted I think for a year. So we asked for a replacement.</p>
What can we do to reach out to the poor?	<p>My opinion, reaching out for banks to the poor is a CSR project and not a banking product. If there will be a USAID project tapping banks, let it be a CSR project and not make it a banking product. And we are also willing to share a percentage of our income to help.</p>
<p>The key informant observed that a good borrower becomes bad after 3 to 4 re-loans because there are several moneylenders who can offer them loans. “Too many microfinance borrowers not concerned with their credit status.”</p> <p>- The informant suggested the need to develop/establish a bank credit bureau or a credit information bureau. One of the interviewers mentioned that there is a plan to organize a central credit bureau that requires those who lend money to provide information about the creditors. In addition, the informant declared that he has talked to Manolet Batallones of the bank credit bureau and he learned that they have created the Microfinance Negative Information. The purpose of that certain group is to share information. The problem of that is when the limited participants, therefore you will only learn the information from those who participated which is still limited.</p>	

Rizal Microbank

KEY INFORMANT INTERVIEW



Name:	RAYMUNDO C. ROXAS , First Vice President (Head of Operation)
Date:	22 March 2013
Time started/ended:	02:08PM to 04:03PM
Venue:	Coffee Bean and Tea Leaf, Abreeza Mall, Davao City

Introduction

- this interview was conducted to serve as backgrounder of the MABS program since the key informant played a vital part in the earlier phases of MABS
- The key informant is currently the First Vice President – Head of Operations for Rizal Microbank.
- he started with MABS in 2004 (MABS 3) as a National Training Coordinator. Before joining the MABS program, he was employed with First Isabela Coop Bank, a MABS pilot participating rural bank in Luzon
- he became the Regional Manager for Luzon with MABS and stayed until October of 2006, handling trainings
- he returned on May 2008 as a Regional Manager for Luzon MABS 4 and left for RCBC on February 2009
- First and second roll out of MABS was for Mindanao only . USAID provided incentives to the participating banks apart from the technical assistance thru trainings. They distributed motorcycles, computers and the development software.
- MABS 3 was in 2001. Though it was still heavily subsidize, we already paid a fee for it, as a counterpart, like an investment for the rural banks because in the long run they will benefit from it.

	<p>We also have a 2-year contract with MABS 3.</p> <ul style="list-style-type: none"> - <i>“MABS is for rural banks committed enough and looking for a new market because the design really works.”</i> - he screened RBs to qualify the support from MABS, and implemented stringent requirements like having a CAMEL’S RATING of 3 and CAPITAL ADEQUACY RATIO of 12 even BSP only ask of 10. - According to the informant, USAID as well as MinDA and the MABS program provide technical assistance and support to rural banks with great chance to grow. <i>“The program was not designed to rehabilitate rural banks. The MABS program was introduced because we want the rural bank to open their eyes see that there is another market. But if they want to shift to this market they will have their hands full because micro finance is labor intensive operation.”</i>
Effectiveness	
Over the years, lesser number of participants on the MABS program	<p>counterparting system and less incentives</p> <ul style="list-style-type: none"> - stringent requirements for participating RBs - requires a lot of commitment and manpower because microfinance is labour intensive endeavour - RB closures and merging
Impact of MABS	<p>the outreach. <i>The social impact of MABS is not so much in alleviating and getting the poor out of poverty. The most important impact there is the access to credit to the poor, who used to borrow from the informal lenders who charged them as much as 10 – 20% every month while they can get a loan from a MABS participating bank for as low as 2 – 3%”</i></p> <ul style="list-style-type: none"> - <i>“developing the saving habit of the clients.</i> - on the part of the system, they were mainstreamed
Reasons why rural banks participated in the MABS program?	<p><i>“I think they want to go back to their roots. The original concept of a rural bank is a community bank. However, over time most of these rural banks tried to mimic the operations of a commercial bank. Some are offering salary loans, housing loans etc. but in the end they cannot sustain and were forced to close.</i></p> <p><i>With MABS, they were reminded that they do not have to go far to search for a new market, they were also shown that the informal lenders are quite successful in their operations.”</i></p>
What for you are the top 3 accomplishments of MABS-4?	<ol style="list-style-type: none"> 1. <i>provide access to credit to small enterprise operators and wean them away from the informal lenders</i> 2. <i>A number of Rural Banks, even not sizable percentage, went back to their roots as a community bank</i> 3. <i>I think they were able to provide a sound lending methodology to cater to the public - convince RBs to provide clients loans without collateral; cash flow based</i>
What do you think are the facilitating factors that contributed to your accomplishments in the partnership?	<p><i>“the desire of RBs to go back to their roots</i></p> <ul style="list-style-type: none"> - <i>MABS program show them their purpose, the program open their eyes to the reasons, for their existence, for their being</i> - <i>their concerns was address by the program, about the directive credit program development,</i>
What do you think are the hindering factors that may have contributed to subpar performance if there are any?	<p><i>towards the end of the MABS program, they provided less technical assistance and trainings</i></p> <ul style="list-style-type: none"> - <i>they already charged a counterpart from the participating RBs</i> - <i>limited budget given by USAID that even the MABS team has limited movements/ travels in order for them to conduct operations review and less personal interface</i>
What other components you wish the project have covered? Why?	<p><i>With regards to MABS 4, it was not a 100% attention given compared to the earlier phases.</i></p>

	<i>During the pilot phase, phase 1 and 2 and a great portion of phase 3 it took some a number of years. A big portion of that was in the micro finance and capacity building on how to do proper micro financing. But in the latter portion of MABS 3, somehow the focus got divided - they are now doing a mobile phone banking, on micro agri, on micro housing and even micro insurance.</i>
Sustainability	
How do you think can you sustain the gains you have accomplished from MABS 4?	<i>Institutionalized everything MABS had imparted to the committed participating bank and they will have to continue to expand and microfinance should still be there</i>
What do you think can prevent you from sustaining these gains?	<i>Government intervention, but I think it's going to be difficult also for the government to measure up the gains they have in mind</i>
Good Practice	
What for you are the best practices that can be replicated for future projects esp. on the areas of micro insurance & mobile banking?	<i>Micro insurance – investment of outside partners. The great thing about MABS 4 is the whole package of technology starting with market research, product development, administration and monitoring. And on mobile phone banking is the market research aspect. The commitment also, on how you do the market.</i>
Can you share your most valuable lessons learned in the implementation of MABS 4?	<i>I think I learned from the MABS program are these: - the right fit of partners for what they intend to do. That should be clear at the very beginning. Number one is their target, to expand access to microfinance services. The crucial thing decision they will have to make is who would they partner with. - they (MABS) have the right technology - Thirdly, at the program designs, they are trying to address the constraints already – - the right product can be easily sold to the right market</i>
Gender	
Gender considerations been integrated in the project	<i>I think what changed here is that the loan showed that it is the other way around - that the husband became involved in the loan of the wife. There is a mechanism in the program that even if the wife is the one applying for the loan (and using the loan money for her business) the husband is now involved. This will encourage the husband to help in the business because he is involved even if the wife was the one who applied for the loan. Additionally, the financial education of the women because they are the borrower, they realized their value, their worth.</i>
What are some of the policies and regulations on microfinance & mobile banking developed/ rolled-out?	<i>In general, BSP was able to formulate policies and regulations on mobile phone banking through the MABS program.</i>

KIIs of Stakeholders

USAID Mission

KEY INFORMANT INTERVIEW – MISSION (1)



Name: **TESS ESPENILLA**, MABS Program Manager
 Date: 15 March 2013
 Time started/ended: 09:32AM to 11:01AM
 Venue: USAID Office

Effectiveness	
Changes in MABS4 funding and targets	<ul style="list-style-type: none"> – Latest data that can be found on MABS banks is as of June 2012. The performance audit report was based on August-September 2011 data. – MABS’ original design documents contain targets that are different from what you would find in the audit report because in early 2012, there was a “de-scoping,” wherein the mission overhauled its entire program. For MABS, original financing worth \$9.67M was reduced to a little more than \$7M.
<p>MABS’ success in leveraging private sector funds</p> <p>What is the process of selecting partner banks?/ What is the buy-in process of partner banks?</p>	<ul style="list-style-type: none"> – Informant believes MABS was successful in leveraging USAID funding with the private sector; it was one of the biggest PPP projects of USAID, and the team succeeded in harnessing private sector funds for microfinance. – When MABS started, the program did not offer any loan fund or guarantees, even charging for the participation of rural banks, which had to invest a substantial amount for micro financing, as well as ensure up-to-date tracking and monitoring systems. In this manner, partner banks’ drive and will to succeed was determined. <p>To attract participants, the program provided incentives, such as computers, staff compensation, motorcycles, and training, among others.</p>
How to distinguish MABS4 accomplishments from MABS1-3 and similar interventions/ Strategies for capacitating banks in micro insurance	<ul style="list-style-type: none"> – Informant said MABS1-3 accomplishments need not be “isolated,” as the gains of MABS4 would not have been possible without the interest and support of the RBAP and partner banks in micro finance. Interest in this endeavor has grown among the rural banking sector when they realized it can work. – GTZED also had similar initiatives on micro insurance, but they were mainly working with the Insurance Commission in developing concepts for the product, as well as with the DOF in drafting the [micro insurance] regulatory framework. It was MABS that worked with rural banks on this. – At the outset, rural banks were not allowed to engage in micro insurance. MABS had to work with the BSP and make it understand the nature of micro insurance—why it is a much-needed product for the poor, and how rural banks could help provide this. MABS also came up with the “turnkey approach,” which meant guiding rural banks in going thru the process of training and

	<p>accreditation for micro insurance.</p> <ul style="list-style-type: none"> – Aside from providing policy inputs for the BSP, MABS also touched base with the IC to help it understand that rural banks want this product and that they have to be trained and accredited by the IC. The banks were also assisted by the RBAP with the documentation for accreditation (this took about 3 months). Funds were channeled through the RB/RI.
Overall goal of MABS4	<ul style="list-style-type: none"> – MABS4' overall goal is indicated in its name; it aims to provide better economic opportunities to improve lives. The basic difference of MABS4 with 1-3 is the additional products/services offered by MABS partner banks. Some of them established a mutual benefit association with insurance companies to mitigate risks of micro insurance. A bit of experimentation was also done with micro agri using the technology for micro enterprise development
Contribution of MABS to increased economic opportunities	<ul style="list-style-type: none"> – The audit report showed that MABS lagged behind all of its program objectives. There were objections raised with the presentation, which was based on incomplete data. The bottom line also alluded to unmet goals of improving people's quality of life, as there are targets on the percentage of the covered population that should have been alleviated from poverty. – On this matter, the informant said the project only sought to bring [financing] opportunities to the enterprising poor. How the micro entrepreneur uses the money, provision of business training and/or market linkages are not part of MABS' objectives. MABS' intervention is more in the area of capacity building. Rural banks, especially MABS partners, have a stake in development, insofar as contributing to the economic upliftment of their communities thru access to banking services.
Nature of the mission's involvement in MABS	<ul style="list-style-type: none"> – USAID uses 3 types of aid modalities, namely grants, contracts and cooperative agreements. MABS is a contract, which requires the detailed involvement of mission staff, and where certain terms can be changed. Under this, officers covering MABS provide both funds and technical direction for the program. There is a management committee formed, which meets on a monthly, then on a quarterly basis to check on the project's progress. – Informant said she is also personally interested in the program, which accounts for the close monitoring. It is also part of her role to approve studies and activity funds, in addition to the project's operating expenses. By design, MABS people have to discuss and get the approval of the mission for all project activities, including the hiring of key personnel, big training events, among others.
On evaluating MABS' impact	<ul style="list-style-type: none"> – The performance audit wants to see the impact of MABS products and services, but this can only be determined after 3-5 years. Initial outcome results may be hard to measure given the varying degrees of acceptance and adaption of MABS technology by the country's rural banks. – One of the audit findings brings to attention the omission of an external evaluation in the MABS program design. The informant explains that the decision regarding this matter was made by the front office. The current external evaluation was a result of the audit recommendation; the mission had to look for other funds sources to make this possible. – Monitoring and evaluation is not institutionalized among MABS banks. Mission staff explored the possibility of RBAP doing this but a big challenge is the need for dedicated staff and getting rural banks to report to RBAP, given conflicts of interest. BSP is better in getting information on how micro products/ services would fare in the coming years, although it does not segregate "MABS banks" from "non-MABS banks." RBAP, however, should sustain MABS gains. – Conducting another evaluation 3-5 years from now to determine the impact or continuity of a project like MABS has never been done before. It would be a matter of personal interest to the informant, especially if the proposed evaluation would not just zero in on MABS but on the impact of microfinance.

<p>Top accomplishments of MABS4</p>	<ul style="list-style-type: none"> – <i>Changing mindsets:</i> The concept of micro finance was once shunned by banks who thought that engaging with the micro enterprise sector was a losing business. MABS successfully demonstrated that it can be done. There were commercial banks that approached the mission, wanting to be part of MABS. Some of them were encouraged, some warned. The buy in of the banking sector was a big contribution of the project. – <i>Capacity building:</i> Training of bank staff; under MABS 3 and 4, modules were even developed. Although some of the trainees went on to do consulting work, many have gone to spread the word of microfinance. Lessons on cash flow lending, zero tolerance for delinquency— these are things that most of the regular banks now apply to their regular business; MABS partner banks also became stronger as a result of disciplines learned from micro finance. – <i>Enabling environment:</i> MABS4 established a close working relationship with BSP, resulting in the formulation and development of a lot of relevant circulars, e.g., on micro insurance, establishing MBOs, among others, which are intended to assist the sector to conduct their business in a safe and prudent manner. – <i>Advocacy:</i> MABS advocacies on consumer education, financial literacy, consumer education and pricing transparency.
<p>Other topics</p>	<ul style="list-style-type: none"> – The discussion shifted to Chemonics; informant said it has the most organized records, up-to-date financial reporting, online publication of MABS success stories – MABS did not aspire or expect all banks to succeed; some of its partner banks in fact closed down due to long-standing problems with governance and other factors – Contagion effect on depositors, panic withdrawals of bank clients because of scams involving banks under the Legacy group, Aman Futures
<p>Sustainability measures</p>	<ul style="list-style-type: none"> – Building buy-in, putting everything in website, enabling legislation, enhancement of capability, encouragement to enroll in the mixed market for benchmarking performance.

KEY INFORMANT INTERVIEW – MISSION (2)



Name: **ERIKA ERSLAND**, Auditor
Note: Informant headed the performance audit on MABS
Date: 15 March 2013
Time: 11:03AM to 11:54AM
started/ended:
Venue: USAID office

<p>Some audit findings & recommendations</p>	<ul style="list-style-type: none"> - The audit report findings on MABS were based on data and information derived during the study/ investigation period (project figures as of June 2012). The informant cannot comment on additional figures that were acquired by project monitoring reports after the audit. - The lack of evaluation, which was not made part of the project design for phase 4 because of USAID budget rationalization, was mentioned in the audit report to bring to the mission’s attention that understanding what works or not is invaluable. - Details culled from the global poverty assessment tool used by MABS produced questionable results. This tool was not tailored for correctly mapping the targeted poor in the country. Again, the audit reported this to bring it to the mission’s attention, and to have the tool customized to fit the Philippine setting. The implication there is that figures were underreported, and the program could have achieved more if the poverty assessment tool was more appropriate. - Informant does not recommend a post evaluation to determine program’s impact.
<p>Proponent of performance audit</p>	<ul style="list-style-type: none"> - Although co-located, the informant’s performance audit agency is an independent organization that is separately funded and reporting directly to the US Congress. Its work covers auditing USAID programs implemented in the Philippines and other countries.
<p>Performance elements & methodology</p>	<ul style="list-style-type: none"> - Performance audits consider 4 elements, namely criteria, condition, cause and effect. The mission and program implementers were all duly informed of information concerning the audit (e.g., schedule, objectives, and results, among others). After a report is issued, they work with an office in Washington that would review the Mission’s documentation. This Washington-based agency concurs with the mission or else has it officially closed out.

	<ul style="list-style-type: none"> - The performance audit selected 10 different villages to meet with rural banks. A sample of their client base was selected to verify if the account actually exists and interview beneficiaries. Targeted villages include four places each in Mindanao and Visayas, to be sure that the audit would encompass a diverse group of program beneficiaries.
<p>Contributions of MABS</p>	<ul style="list-style-type: none"> - Informant is impressed with John Owens and the Chemonics team. She thinks they did amazing work with the BSP and banking laws. Further, informant believes there were pockets of possible success re: some individuals that were placed in a better economic standing. At the outset of the program, mobile banking was still new so that capacity building MABS provided was significant for rural banks to make a change. Informant does not question MABS data.

Mindanao Development Authority

KEY INFORMANT INTERVIEW



Name: **CHARLITA ESCANO, DIRECTOR III**
 Date: 20 March 2013
 Time started/ended: 10:00 AM to 11:40 AM
 Venue: Mindanao Development Authority Office, Davao City

KII GUIDE QUESTIONS

<p>1. What is the mandate of Mindanao Development Authority?</p>	<p>CE The Mindanao Development Authority (MinDa) is a government agency created through Republic Act 9996. MinDA is mandated to promote, coordinate, and facilitate the active and extensive participation of all sectors to effect socioeconomic development in Mindanao. It also acts as the Philippine Coordinating Office for the Brunei Darussalam-Indonesia-Malaysia-the Philippines East Asian Growth Area, ensuring the active participation of Mindanao and Palawan in sub-regional economic cooperation.</p>
<p>2. What is the role of Mindanao Development Authority in MABS?</p>	<p>CE In the case of the USAID Mindanao Peace and Development Project, MinDa serves as an oversight agency. So MINDA, as the implementing partner of USAID for this project, we put MINDA co-chair the steering committee, because there's a steering committee at the infra level, where all these programs and projects are being discussed and then the steering committee provides policy direction, when there are necessary changes in the policy, this the body approves some changes. Of course along with the USAID as the co-chair.</p> <p>What we can do is to call the attention of the government agencies to facilitate this work...with regards to private sector like the telecommunications, power, banking – that is the role of the RBAP. What we can do is more on regulations providing the enabling environment to facilitate their investments.</p>
<p>3. What kind of assistance did MinDA Provided MABS?</p>	<p>CE MinDA is co-chair at the policy level, so it is really a factor in giving directions. On the management level, we also assist them in the operational level. Sometimes we also review the approval for special activity funds.</p>

Sustainability

<p>4. How do you think can the Mindanao Development Authority assist/help in sustaining the gains of the rural banks assisted by MABS?</p>	<p>CE We want to clear that one, assisting the rural banks is not in our mandate. There are other agencies that can oversee it like the RBAP. MinDA will not take over the job of other agencies but we can connect them to other agencies that could help them.</p> <p>So with that other agencies, we can assist them by providing venues for all the agencies to sit down. We can also do follow up like with Chemonics. As the oversight agency, we can inquire if they have implemented this or that (plans).</p> <p>If you look at the mandate of MINDA, promote, coordinate and facilitate the active and extensive participation of all sectors to effect socioeconomic development in Mindanao. However, with regards to assisting RBs, that is not ours.</p> <p>Everything that concerns Mindanao, anything, it is our, as long as it is inter Regional, Mindanao wide impact, we will provide them the direction, facilitating and telling all the agencies they have to do this and that.</p> <p>Let RBAP do its role.</p> <p>Another thing, there should be a mechanism wherein all rural banks would really meet and share their experiences with regards to best practices and other important concerns that would lead to improved service delivery to their respective clients.</p> <p>For the sustainability, we can make case studies to look upon the positive effects of MABS to the beneficiary for the community level as well as with the bank itself. And we have to look up how to sustain this one, what are the appropriate mechanisms the government can recommend. The government has 2 roles – to facilitate, in the sense that if there are bottle necks in this industry in terms of expanding, in terms of mobilizing their resources, the government can help them. But at the same time we have to regulate whatever violations that they may incur.</p>
<p>5. Are there any factors that can prevent the Mindanao Development Authority from sustaining these gains?</p>	<p>CE Again, that is not our role. We are not a regulatory body for the rural banks. If there are gains, we will look if it is captured by the BSP or other agencies. For the RBs, it is the BSP who is the regulatory body. We will also talk to BSP and RBAP to really sustain the gains.</p> <p>HS So, how can the BSP force RBAP, it being in the private sector? How can the government force them? BSP is more on the regulatory...</p> <p>CE Yes. But there are regulations that could prompt the rural banks to cooperate, and RBAP is the best venue. RBAP is there to provide the RBs with all the necessary capacities, with the assistance of course of the BSP regulatory body.</p> <p>As I was saying, BSP is just a regulatory body and they cannot force the RBAP. Maybe BSP can give incentives. Example,</p>

	<p>since RBAP claimed that they cannot sustain giving the Eagle's awards, then why can't BSP come up with a similar system in a form of incentive. They can give incentive to good performing RBs, like allowing them to put up a kiosk, which by the way the RBs are asking.</p> <p>HS On your part, on the policy side – how can we make them sustain/continue the gains without appearing that you are forcing them?</p> <p>CE There is no way really to force the private sector. We can only enjoin/request them. This is going to be a public-private partnership. And there is already a mechanism existing. I've been telling Mr. John that they have to capacitate RBAP.</p>
Good Practice	
<p>6. What for you are the best practices that can be replicated for future projects especially on the areas of micro insurance and mobile banking?</p>	<p>CE The mobile phone banking services, I believe that it is the platinum record award of MABS.</p>
<p>7. Are there any valuable lessons learned from the implementation of MABS 4?</p>	<p>CE If we really look into it, generally MABS has really helped. Even if we say that the primary intention of the program is to help capacitate the RBs. In effect, the capacitation of the RBs has also trickled down, in helping the countryside, the poor people in the communities. Before MABS, the vendors have no access to loans for 4000 or 5000 pesos. But with the MABS program, the RBs are capacitated in running this kind of operation.</p> <p>There was a shift in the mind-set of the people from negative to positive.</p> <p>The poor learned that they can have bank accounts and savings deposits.</p> <p>The poor can also have the micro insurance as well as the micro housing which was very difficult to avail before if you are not a PAG IBIG member.</p>
GENDER	
<p>8. What are some examples of gender mainstreaming policies that the Mindanao Development Authority has adopted as influenced by MABS?</p>	<p>CE They have not given anything to us. MABS has no direct assistance to MinDA and also the USAID programs and projects. The USAID said that it is inappropriate; they can only give assistance to the private sector and not the government.</p> <p>I remembered once we requested John Owens if he can share the monitoring tool on the performance of the bank. He gave an orientation to MinDA staffs.</p>
<p>The key informant also lamented that USAID started the project without consulting MinDA.</p> <p>CE Actually, MinDA is in the NEDA board. That is the final approval board for all projects. With regards to authority, we can say that we have it. It just so happened that USAID is 'special' and not just to us but it is almost generic. Maybe it is a proactive planning on their part, more participatory. Since most of their projects, they are the one working on it (without consulting) and then they will RFP it or request for proposal. Although we have informal discussion with them, it is not the same with other projects.</p>	

There should be ownership on the onset of the project, not just MinDA but we also have to invite the LGU. They should be involved during the conceptualization of the project so that it will be sustainable.

The informant asked the evaluation team if we can include conflict as another factor to consider in evaluating the effectiveness of the rural banks' operations.

CE Can the rural banks in Lanao still be effective compared to those RBs in Palawan? I visited one rural bank in Cotabato who is also a MABSTER and they complained about – personnel turn over, their clients cannot pay the loan whenever there is war in the area, etc... These are the concerns of these rural banks and it needs to be addressed. We are willing to help but all we are mandated to do is to direct them to the proper authorities/agencies.

Bangko Sentral ng Pilipinas

KEY INFORMANT INTERVIEW



Name:	PIA BERNADETTE ROMAN TAYAG , Head, Inclusive Finance Advocacy <i>*Note: Ms. Tayag was interviewed with BSP consultant Ed Jimenez</i>
Date:	18 March 2013
Time started/ended:	01:21 to 02:20PM
Venue:	Bangko Sentral ng Pilipinas, A. Mabini St. Malate, Manila 1004

Effectiveness

1. What is the role of BSP in the MABS Project?	<ul style="list-style-type: none"> – BSP has no explicit, direct and official role in the MABS project as it is not part of the project design. However, BSP has had a lot of interface with the project over the years of its implementation because MABS is supporting rural banks, which are under the BSP's supervision and regulation. Indirectly, much of this interface is on the policies and regulations that will enable rural banks (some of whom are MABS partners) to effectively deliver their products and services. – The informant adds that coordination between BSP and MABS was very close because MABS has been capacitating rural banks to be very innovative, and most of these capacity-building measures have no clear policy in place. As such, MABS served as a conduit for BSP to get policy recommendations, suggestions, and recommendations from its partner rural banks.
2. In what areas of BSP policies was MABS4 able to contribute?	<ul style="list-style-type: none"> – The informant only mentioned MABS' contributions to financing policy from the period of 2008-2012 when the project provided evidence-based inputs on regulations for various micro products. The project was able to consolidate and share on-the-ground experiences of its partner banks in these areas, which BSP considered as good inputs in the crafting of policies that were responsive to what is happening in the market. Regulations included:
3. Do you think MABS was successful in assisting BSP in coming up with relevant policies on microfinance, mobile banking, micro agriculture, and micro housing?	<ul style="list-style-type: none"> (a) BSP circular on electronic money in 2009 [<i>Circular No. 704 or the implementing guidelines for e-money transactions</i>]:
4. What are examples of these	MABS presented the manner by which its partner banks

<p>policies?</p>	<p>coordinated with electronic money issuers and explained their desired set up on text loan payments.</p> <p>(b) BSP circular on micro deposits [<i>Circular 694</i>]: MABS was among those sectors the BSP consulted about micro clients' limitations when they open deposit accounts, and what features would be helpful, i.e., minimum maintaining balance not exceeding P100, catering to micro finance clients whose average daily account balance does not exceed P15,000. This is applicable not only to rural banks.</p> <p>(c) BSP circular on micro finance plus [<i>Circular 744</i>] or loans granted to basic sectors liberalizing an earlier limit of microfinance loans of P150,000 to P300,000: MABS was among those the BSP consulted who presented the needs of graduating or growing micro enterprises.</p> <p>(d) Others: BSP new rules on the Micro-Agri Loans (<i>Circular 748</i>), which also liberalized an earlier circular, Circular 678 on micro housing, and Circular 683 on micro insurance</p> <p>– In a way, partner banks' innovative work in micro finance was institutionalized in policy. It could be said that MABS had a direct contribution in the initiation of some of these polices.</p>
Sustainability	
<p>5. How do you think can the BSP sustain the gains accomplished with the assistance of MABS?</p>	<p>– MABS increased the capacity of partner banks to innovate. BSP's role is to make sure that it remains responsive to the needs of these rural banks, to continue listening to the market for emerging policy needs.</p> <p>– The BSP has a quarterly meeting with rural banks through the RBAP. The informant observed that many items in the agenda of RBAP were those on the MABS pipeline before and this continued interest on micro finance is manifested by agenda items covering concerns on mobile banking, micro insurance. For this year, the theme of the RBAP convention is on financial inclusion. This is a good indicator of rural banks' growing interest in this area.</p> <p>– It was added that MABS served as a catalyst in mobilizing the RBAP to pursue inclusive financing programs (by conferences/ consultations, exposures of key people to best practice areas and similar methods). There will be banks that would benefit greatly from this, while others would not be as successful (it was noted that 20% of banks are accounting for 80% accomplishment). However, with the enabling policy environment, the good image and continued prominence of successful micro products and services, new banks could adapt and gains achieved with the assistance of MABS can be sustained to some extent.</p>
<p>6. What factors do you think can hinder the BSP from sustaining these gains?</p>	<p>– Bank governance, i.e., the case of Legacy Bank, Rural Bank of Paranaque</p> <p>– Politics within RBAP</p> <p>– Brain drain; two accredited MABS service providers are now inactive, MABS trainers have moved</p>
Good Practice	
<p>7. What for you are the best practices that you have learned under MABS?</p>	<p>– For informant Tayag, the top 3 accomplishments of MABS are:</p> <p>(a) First, the increased capacity of partner banks to innovate</p> <p>(b) Second, the good inputs derived from innovative experiences that informed BSP in crafting responsive</p>

	<p>policies on financial inclusion</p> <p>(c) Third, MABS ‘ significant role in the development of mobile money as a link to financial services. The technology and the interface of telcos with rural banks to create a channel for financial services was a sensible idea</p> <p>– For informant Jimenez, these are</p> <p>(a) Creating awareness/ appreciation in the rural banking sector about the gospel of micro finance</p> <p>(b) Pushing for sound and viable practices in micro finance; the technology created a core of followers towards inclusive financing practices</p> <p>(c) Developing the concepts and initiating practices on mobile banking and micro finance. Although, the volume of takers is small (50 over 600 rural banks) right now, it could pick up, esp. if initial fears with technology are overcome thru education and practice.</p>
Gender	
<p>8. How have gender considerations been integrated in the BSP policies?</p>	<p>– Informants said that BSP initially thought of integrating gender considerations in its policies. However, they “did not see any policy use for it.” A case in point was the initial BSP requirement for the RBAP to submit sex disaggregated data, the utility of which was vague so that the idea was shelved. The informants believe that there is no need for this in the Philippines where there is high regard for women, unlike in other countries where they are excluded from the social mainstream.</p>
Others	
	<p>– Informants feel that MABS had a definite impact because it was a catalyst. There were people that could distill the experiences of the banks, put it forward in an organized manner that contributed greatly in changing mindsets and opening opportunities for micro finance.</p>

Insurance Commission

KEY INFORMANT INTERVIEW	
Name:	HON. VIDA T. CHIONG , Deputy Commissioner
Date:	25 March 2013
Time started/ended:	9:00 AM to 10:00 AM
Venue:	Insurance Commission
Effectiveness	
1. What is the role of the Insurance Commission in the MABS project?	
2. In what areas of IC policies was MABS able to contribute?	AA Sa ngayon po ano po ang changes dun sa structure ng IC because of microinsurance?
	VC Nagreorganize pa lang kami but you know pagkamicroinsurance kasi it would permeate the, hindi specific divisions but several divisions. Of course sa financial examination we have to look into the books kaya under yan ng financial examination group. But then the products that has to be looked into by the technical.
	AA The books of the insurance companies or the books of the rural banks?
	VC Insurance companies. Yung product provider. Hindi naman namin syempre saklaw yung bangko.
	AA May point person din po kayo na naka-assign sa microinsurance?
	VC Actually it's a group. May grupo kami dito. As I've said hindi naman yan for a specific person or a specific division to do.
	AA Ah because it you get a license it's the licensing. Yung product sa product group ninyo. Okay.
3. How did MABS convince the IC to assist in its microinsurance component?	VC So marami. Marami ding involved.
	VC Yeah they've been coordinating with us. Yung last nila was when they talked about, they requested to be accredited as the training provider for microinsurance.
	AA Eto po yung foundation, yung RBRDFI?
	VC Basta yung ano, MABS... kasi one time we had a conference or a dialogue sa Intramuros.
AA Sa office nila.	
VC Kaya doon. So I'm not sure kung MABS talaga but they were the one	

	<p>responsible you know for bringing to us itong association of rural banks. And for them to yun nga, there should be one who should be accredited as training provider or microinsurance agents especially for rural banks who wanted to become microinsurance agents or brokers.</p>
AA	Other than that meeting, meron pa po ba silang interaction with the IC?
VC	The very first one was, sino ba yung sa ano, Torres. Sino ba yun? A Filipino na kasama ni John Owens. That was the very first time that I was able to meet John then meron siyang kasama. When we were launching, or matagal na naming ni-launch yung microinsurance and they said we would like a linkage between microinsurance and microfinance. Because yung microinsurance diba, ang ano nito was from microfinance actually. So you know the beneficiaries of microfinance will somehow be able to have a mechanism by which they can protect their borrowed money.
AA	So you said na pumunta po sila dito, they talked with you.
VC	Yeah.
AA	And then uh dun na po ba pinagusapan kung pwedeng iaccredit yung...
VC	During that dialogue in Intramuros they put forward that request. How can we be recognized as a trianing provider. Sabi ko, yun nga I was there. I was present there. You can write to us and apply to be accredited so they went through the process. I think isa sila sa accredited. Hindi ko alam kung MABS ba.
AA	Di po bale we can always confirm. But you were saying that MABS was instrumental, at least the MABS people were instrumental in facilitating that dialogue, so ano po nangyari? Na-accredit po ba sila?
VC	Oo. Yeah. So marami nang, I think there's quite a number of rural banks that received accreditation and became qualified to be microinsurance agents. Kasi wala naman talagang exam. Kasi yung traditional namin, there is supposed to be an exam, a qualifying exam. But you know, for microinsurance agents seminar lang, a course. You know they are conducted by an accredited training provider.
AA	And I think the license is to the institution, to the bank itself and not to the person.
VC	Yes but there must be a person who is really identified as the point person. Because he should be the one responsible.
AA	Sa ngayon po ba would you know if the rural banks are active in microinsurance?
VC	We are getting a lot of applications from rural banks to become microinsurance agents.
AA	Papano po yun, dapat ba, so they have to go through the, as you were saying, the training program?
VC	For a rural bank to be accredited or licensed as a microinsurance agent meron talagang person dun that should qualify. And yung kanilang articles,

	<p>SEC, that has to be amended para mainclude dun yung ano na yun. So they have to go through CB, BSP, that articles has to be endorsed to us, in turn we'll endorse to SEC para ma-amend.</p> <p>AA Yun po bang mga ganyang procedures, are these results also of the dialogues with the rural banks?</p> <p>VC With the rural bank and with BSP as a regulator. Kasi licensing ito eh.</p> <p>AA Nafacilitate din po yun during yung mga meetings ninyo initiated by MABS?</p> <p>VC In various fora, hindi ko lang matandaan kasi.</p>
<p>4. Do you think MABS was successful in assisting the IC to come up with relevant policies on microinsurance?</p>	<p>AA Dun po sa ano, I know that marami na po ding IC circulars regarding microinsurance. Meron po ba silang naitulong sa pagcraft ng issuances na yon?</p> <p>VC I think there have been some fora wherein MABS has been an active participant. And somehow the inputs have been instrumental also. They've been considered at one time or another.</p> <p>AA Would you remember which one...</p> <p>VC At least one has been, I think there was a forum wherein the Central Bank people, yung BSP people, yung sa financial inclusion?</p> <p>AA Sila Pia po.</p> <p>VC Yeah. And meron pang mga iba. They were there. IC was also a participant.</p> <p>AA Sa ngayon po ba would you know if the rural banks are active in microinsurance?</p> <p>VC We are getting a lot of applications from rural banks to become microinsurance agents.</p> <p>AA Papano po yun, dapat ba, so they have to go through the, as you were saying, the training program?</p> <p>VC For a rural bank to be accredited or licensed as a microinsurance agent meron talagang person dun that should qualify. And yung kanilang articles, SEC, that has to be amended para mainclude dun yung ano na yun. So they have to go through CB, BSP, that articles has to be endorsed to us, in turn we'll endorse to SEC para ma-amend.</p> <p>AA Yun po bang mga ganyang procedures, are these results also of the dialogues with the rural banks?</p> <p>VC With the rural bank and with BSP as a regulator. Kasi licensing ito eh.</p> <p>AA Nafacilitate din po yun during yung mga meetings ninyo initiated by MABS?</p> <p>VC In various fora, hindi ko lang matandaan kasi.</p>
<p>5. Are there other</p>	

areas you wish the MABS project assisted the IC?	
Sustainability	
6. How do you think IC can sustain the gains accomplished under MABS?	
7. What factors do you think can hinder the IC from sustaining these gains?	
Good Practice	
8. What for you are the best practices that you have learned under MABS?	
9. What factors do you think can hinder the IC from sustaining these gains?	
Gender	
10. How have gender considerations been integrated in the microinsurance policies?	
11. What are some examples of gender mainstreaming policies that IC has adopted?	

Rural Bankers Association of the Philippines / Rural Bankers Research and Development Foundation, Inc.

Date : 6 March 2013
Respondent Name : **ATTY. EDWARD LEANDRO Z. GARCIA, JR.**
Position : President
Organization : Rural Bankers Association of the Philippines
Venue : Rural Bankers Association of the Philippines
Intramuros
Attendees : Atty. Edward Leandro Garcia (President, RBAP)
Mr. Ace Calang (Program Manager, RBAP)
Ms. Ghay Lyne Mapano (Project Coordinator, Microinsurance Initiative)
Ms. Tess Espenilla (USAID)
Mr. John Callanta (USAID)
Mr. Alex Almendral (SDS)
Ms. Andre Kwan (SDS)

JC ()...its operations, its implementation. .. Even if it's already completed, we need to conduct an evaluation. It's an evaluation that responds to a particular audit recommendation that we got when the program was audited. At the same time, it's part of the policy of USAID, globally, to do evaluations of its programs specially the ones that made the most impact. MABS is one of those.

For this particular engagement we contracted out, because the evaluation has to be done by an objective party. And in that case, we hired Sustainable Development Solutions in conducting... sina Andre at ni Alex to do that evaluation for us.

EG Are you from the Philippines?

AK Yes we're both from the Philippines.

AA Sabi sayo eh.

JC So we contracted out a local firm, SDS, and they are going to execute the evaluation for 40 days.

TE We are a bit pressed for time so we are hoping to be able to set up all the meetings.

JC They will be going to 2 sites in Luzon, 2 sites in Visayas, and 2 in Mindanao. The firm schedule, we're still going to, trying to work that out within this week. In this regard, kasi po, as I understand from the way Tess explained it to me. Yung presence ng MABS is greatly facilitated by RBAP's participation. Para bang baka ang alam ng mga rural banks na tinutulongan natin is RBAP more than USAID. Or RBAP-MABS rather than RBAP-USAID. So that's a different situation compared to our other projects na we can easily, well not easily, but at least it's less difficult to set up appointments kasi yung mga beneficiaries aware sila na ah USAID yan.

EG Meron din namang awareness...

- TE Yung mga banks aware. Pero yung beneficiaries, hindi. Kasi they're not supposed to know. Kasi ang relationship ng beneficiaries is with the bank. We don't provide money to them. Baka pag malaman na USAID hindi magbayad. Baka akala grant.
- JC Yeah that happens. That happens a lot. So yun nga po, because of that unique arrangement, situation, ganun, we would have to request your generous assistance sir in trying to set up appointments with the bank.
- EG What do you need? Madali lang yun. We just need the schedule so we can contact them.
- TE Actually sila magkokontakt.
- EG Ah ok.
- JC Actually we took the liberties of drafting the letter. It's something we need to show you kasi po we're hoping you would sign it. Draft lang po. You're free to edit po.
- TE Parang introduction lang of the team.
- JC Ayusin lang po then ilalagay sa letterhead kasi may weight po kung kayo po nagsabi rather than yung sino po ba si John or si Alex.
- EG Yung mga MABS participants ano yun eh, aware naman yun na maging cooperative eh. So it's no problem.
- JC Sighe po. What we're thinking is interviews with selected staff of the banks who were trained within the program, at the same time we're going to ask their help in convening a group of beneficiaries for focus group discussions.
- TE Ang tawag namin hindi beneficiaries eh. Clients.
- EG So more or less ang magoorganize nun is yung bank involved?
- JC Opo.
- EG I suppose because they're their clients.
- TE Siguro iseselect nila per bank.
- EG Hindi mo paghahaluin yon?
- JC Hindi po. Hindi po.
- TE Kasi yung diba, sila yung dapat magturo kung alin sa mga clients nila ang borrower ng microfinance. Kasi hindi lahat ng clients nila microfinance clients. They have regular loans also.
- EG Would you be doing that? Or gusto mo kami sa side namin? What exactly do you want from our side?
- TE The selection ng banks diba sila ang gagawa?
- EG Kasi we can do this. But ano pa, what else do you want us to do?
- AA Yung pong 2 things lang po noh. Firstly is we would like to consult you also on the selection of the banks based on their participation sa MABS. Also yung proximity because we have a very limited schedule. Although we would want to visit many of them, schedule really prevents us

from doing so. So yun pong mga pinakamagandang participation sa MABS at po yung mga medjo convenient.

Second po. Because we would also be requesting the banks to, sabi nga ni Tess, ask their clients to attend on a particular date and time para po magkaroon tayo ng focus group discussion dun sa mga clients nila.

Ang schedule po namin ay in the morning we will interview yung bank staff. And in the afternoon we will do the clients. We'll discuss the schedule in greater detail later but we will be conducting it in Luzon, Visayas, and Mindanao. Sa ngayon po the time constraints really prevent us from interviewing a lot. So we've only identified 6. Baka sa Luzon po mas maisingit namin ang marami-rami. Sa Visayas 2 po tapos sa Mindanao 2 din.

TE Nakapili na ba kayo?

AA Tentatively meron.

EG How many ang ideal sa inyo?

AA Okay na po yung 6 dahil hindi lang po yung distance, pati rin po yung time. We have to finish kasi everything by... we're just given 38 days na lang. 40 days kasi starting Monday. So medjo hirap na. But the field work really starts on the 14th up to about the 27th. May problema din po kasi tayo kasi Holy Week then. So tinamaan ng Holy Week so ...

EG Pero how many are you in the team?

AA Simultaneous po yon. Yun pong sa Visayas and Mindanao ididivide namin. Andre and I will be going to Visayas and then we have another team that will be going to Mindanao. Sa Luzon po medjo titignan lang po namin din. Gusto po namin unahin ang malayo. Madali namang magadjust sa Luzon. But at least sa Luzon we might be able to interview at least 3 or maybe even 4 banks.

EG Madali naman since you have already identified the 6 and then magdadagdag na lang kayo. It's up to you.

AA The other thing kasi we would have to request the bank to do the inviting of the clients.

EG Syempre! Of course. Clients nila yon eh. But you have to give them kung ano yung criteria for choosing. Size ba ng loans or length ba or how many rounds ba?

AA We're interested po in a mix actually.

EG So yun lang if you can provide the criteria, then yung mga dates.

TE Sinabi niyo na sa kanila yung selection ng banks?

AA Hindi pa. Hindi pa. We will ...

EG Do you need inputs?

AA We have an initial list. Maybe you can give us some guidance dito sa mga banks na ito. For instance you can say "okay ang bangko na yan" or "it might be better to visit this bank, another bank."

Unahin po natin sa Luzon. We broke it down into big bank – small bank. So dun pos a Luzon we're looking at the big banks – GM bank, Bangko Kabayan. We're looking at Rural Bank of Solano and Unilink. San po yung Unilink ba?

- EG Laguna
- TE Ah so 4 ang kukunin nyo sa Luzon?
- AA Oo kasi ano lang naman siya eh, malapit lang. And then for Visayas po we're looking at...
- Ace Probably if you can also look at the first macro bank in pateros? Para matignan nyo naman kung ano yung impact nun sa Metro Manila.
- EG So lahat yan magfofocus group?
- AA Opo.
- EG Minimum 2?
- AA Opo. Ganun pa rin po, we'll interview the key officers and then we'll conduct a focus group discussion.
- EG Sa focus group how many clients will you have?
- AA We're looking at siguro mga 8 to 10 lang po but it would be good if we can invite mga 15 kasi hindi naman lahat ang makakapunta.
- Yun po yung gusto naming pag usapan. If we can initially send a draft of the letter, then we'll be the one to follow up.
- EG This is easy. Ang next kasi is when you invite the people for the focus group discussion.
- TE Kelangan ilagay sa letter what to expect.
- EG Oo kasi what you're now telling me, we will also tell dun sa banks. Iemail lang naman yun.
- JC What we can do is isabay lang naman po. Iattach lang naman po yun sa letter.
- EG Pwede pwede.
- AA And then we'll call them po personally to follow up. We'll also discuss with them kasi yung logistics. Saan gagawin, etc.
- EG Actually, tatawagin din namin yan eh. Pagkaemail namin, tatawagin namin and then sasabihin namin that you will be contacting them. So if you can also put your name and contact number so that they will know when you call.
- JC I left it blank po muna sir eh. Like, sino yung sa evaluation team yung tatawag.
- EG Ok so just provide us with everything.
- AC Probably meron na kayong head na, kuwari kayo sir nakaindicate na dito tapos yung representative, kung sino man tatawag.
- EG Pero madali yan sanay na sila dyan eh.
- AA So sa Visayas po we're looking at Progressive Bank for the big bank and Valiant bank for the small bank. Pareho siyang Iloilo.

- EG Ano yung sa Cebu niyo?
- AA Bogo. Fairbank. Pero meron daw po silang branch sa Cebu? Would that be possible also? Kasi ang bogo is 3 hours pa from the city.
- Actually we met sir with Mely Agabin this morning.
- TE How was she?
- AA Magkaibigan naman kami so relax lang. We've known each other for a long time. Sabi ko nga kay Andre it was more of a friendly visit than anything else.
- May suggestion po kasi si Mely sa Fairbank. But Fairbank is in Bogo and that's about 3 hours from Cebu City. Considering that we'll be coming from Iloilo also.
- TE Alam mo, ang maganda kasi dun sa Fairbank, they are a very good example of the implementation of microinsurance. Makikita mo talaga how it has helped yung mga tao.
- JC So that's the only bank that can offer us that dimension?
- TE Sial yung pinakamalakas sa microinsurance. Kaya maganda sana if you can visit.
- AA But the challenge nga dun is that it's 3 hours from Cebu City.
- EG Magpadagdag ka ng personnel.
- TE What we did was arrive very early. Ang Cebu kasi maraming flights. 6 am. From the airport diretso na kayo.
- EG Do you have to go sa head office?
- AA Yun nga po. They might have a branch in Cebu City.
- EG And kung micro yung branch. Meron ding clients yon.
- AA Actually that was the suggestion. Ang problema kasi namin Tess either we will be coming from Manila or we will be coming from Iloilo for the interview dun sa. Ang problema din namin ay yung flight schedule. Sana if we can get to Cebu early para we can go to Bogo. Personally uunahin ko yung Iloilo. Andun yung 2 bangko eh. Pagka nagkagulo dun sa Cebu, gipit yung sa Iloilo.
- EG So mas maganda nga you find the nearest branch with microfinance and microinsurance.
- AA So sa Mindano we're looking at Cantilan, of course.
- JC San yung Cantilan?
- TE Sa Surigao. Pero maganda rin yun.
- AA And then Rizal Micro Bank sa Davao City for the small bank.
- AC Part na siya ng Thrift Bank. Hindi na siya RBAP member.
- AA Chamber of Thrift Bank member na siya.
- TE May mga iba dyan baka nag thrift bank na.

- AC First Value
- AA Ah First Value nag thrift bank na?
- EG Pero pwede pa rin naman eh. Recently lang naman.
- TE Actually oo. Yung Rizal Bank natulungan din yan eh.
- AC Baka kasi wala kang mainterview na related sa MABS.
- TE Per First Value pwede.
- AC Yung top management.
- TE First Value, yung head office nasa Cagayan de Oro.
- AA Ang problema namin kasi we, well at least someone from our team will be going to Davao to interview yung Mindanao Development Authority. So nandun na rin lang, kelangan talaga pumunta ng Davao. So we were hoping na to maximize the schedule, na maginterview na rin ng bangko doon. Although kung okay sana yung sa Cagayan de oro kasi kung nandun siya sa Surigao, pwede, but ang mangyari lang dun, malilimit lang siya dun sa Northern Mindanao. Kelangan talagang pumunta ng Davao eh. Meron pa po bang alternative?
- EG Dipolog lang eh.
- AC Yung Davao hindi talaga sila masyadong nagengage. Although nag open sila ng office, hindi nag engage masyado yung banks eh.
- TE Hindi dun nagumpisa yung, andun yung Digos, Santo Tomas, pero nag merge or na buy out na ata yung Santo Tomas eh.
- AC Digos is still existing. It's a small bank.
- TE Pero hindi na ata masyadong active yun eh.
- EG Meron ka bang list?
- AC Opo.
- EG Iprovide mo na lang sila ng list para at least Makita nila.
- TE Hindi binigyan ko na siya ng list. Pareho din. Pati yung mga contact numbers nandun.
- AA So sino po kaya ang pwede...
- EG Dipolog
- AA Yun nga po eh malayo na.
- TE Actually yung One Network Bank. Kaya lang hindi siya sa MABS 4. Nagwork siya with us sa MABS 1. Pilot bank yun eh. One Network Bank. At that time Network Bank pa lang yun. Pero hindi na siya active nung huli kasi nagdecide yung management that they will focus on... hindi sila magmimicrofinance kasi gusto nila salary loans. Masmadali. Hindi na kelangan ng discipline.

- AA Salary deduction lang lahat yun! Although I saw in the list that Panabo was participating in the early part.
- TE Oo pero nagmerge siya. Nagano rin sa mobile banking pero hindi na siya MABS bank pero nagaattend siya ng training.
- AA Digos is how many hours from Davao?
- AC I'll check.
- AA Mely was also suggesting to meet with Bong Roxas. I don't know if his bank is participating. Nasa training din kasi siya...
- TE When you're in Davao I also suggest you meet with Ton Ton.
- AA Oo. So si Ton Ton is based in Davao?
- TE Oo.
- AA Ano ginagawa niya?
- TE Nagcoconsulting din siya eh. Sumasama siya kay John. Kasama siya sa Africa. The other day nandun siya sa ADB. Nagnotice nako kay John. Sabi niya next week daw, Monday. Pero wala pang time hindi pa siya sumasagot eh.
- AA What we discussed with Mely is that we will get back to Mely, and hopefully to John, and hopefully sa inyo rin, after the fieldwork to clarify and put some context into everything.
- TE And to validate.
- AA Yes of course. Kasi syempre ang hirap yung coming in the middle, coming towards the end, hindi din naming maintindihan what are the things that went into it. Baka mali yung perception namin and we don't know the history. So we would want to get back to you after conducting the interviews.
- So actually ganun rin yung sinabi namin kay Mely so nagkwentuhan lang kami.
- TE ...baka may natutunan kami and maimprove yung future work in this area.
- AA Maganda nga yung kaninang usapan kay Mely. This is my learning. This is our learning. So maganda nga yung ...
- EG Siguro I would also be interested in what's next sa MABS na program. Should we expand it in terms of the number of banks involved or kung papano iexpand dun sa number of clients.
- Meron kasi yung ano for example, yung foreign equity. We expect it to become a law siguro by March.
- TE Ah because of the new law allowing more than 60% ownership.
- EG Yes. Before kasi 0 talaga eh. So now merong nakaabang na about 24 million dollars coming from different nations. Sa rural bank naman kasi pag nilagay yan sa micro or small enterprises... with that kind of investment kelangan may business plan ka talaga. So ano pang expansion.
- Ang nakasign up na ngayon is FMO, yung dating ... Napasign up na nila yung Blue Orchard. Pero ngayon wala na yun eh. Bamboo na.

24 million dollars as capital. Kasi pag nilagay mo yang capital sa rural bank, magmumultiply pa yan by 10 eh...

(Introduction to La Union Bank President and former MABS President)

EG So where were we?

JC Sa selection ng banks.

TE Digos.

AA Yeah Digos is okay. Because there are so many things and so many people that can be interviewed in Davao. That's why it's good to go there.

TE So Cantilan and ano...

AA Cantilan and Digos

TE Tsaka siguro si, sino yon? Bong Roxas.

AA They were saying. Mely was saying pala, First Valley.

TE Oo. Maganda nga ang First Valley.

AC Cagayan de Oro nga

EG Kasi ang First Valley recently lang nagging Thrift Bank.

TE Kaya okay.

AC And since you're going to Davao, kaya we suggest Digos. Unless you want to travel to CDO pa.

EG Well, yung branch niya you should also consider kasi baka nga may branch sila sa malapit.

TE I think may branch sila sa Davao.

AC Actually yung first branch ng First Valley is in Lanao. Nagbranch lang sila sa CDO kasi population wise. I mean economic wise.

AA But in terms of implementing MABS technology.

AC I mean yung First Valley po is in Lanao. Dun ang area niya.

TE Pero yung head office nila sa Cagayan

AC Nag-move ata sila kasi...I'm not sure if they have in Davao.

AA But in terms of using the MABS technology, yung operations ng branch...

TE Malaki

AA That's in Cagayan de Oro?

TE Oo.

- AA Sigie titignan namin kasi ano lang yan 5 hours, 6 hours yan by bus yung Cagayan de Oro to Davao. Doable yon.
- AC Pwede yon sir yung exit ninyo from Davao to CDO para CDO you have a flight naman to Manila.
- TE Oo meron kasing flight from Davao to CDO.
- AA We are looking at Cantilan. Kasi may Surigao eh. May flight to Surigao.
- JC Okay. Going to Surigao or out from Surigao?
- AA Because yung pinakamalapit na airport from Cantilan is ...
- JC From Davao?
- AA Manila. Yung pinakamalapit na airport form Cantilan is Surigao. Wala na kasi sa Tandag.
- JC Ano yung concern natin?
- AA Papaano ipaplan out yung trip.
- JC Ah sigie.
- AC From east, central, to...
- EG Siguro you will need to talk to those banks immediately so you will have an idea if they have a branch in the area that you can... or kung gusto mo pwede din kami yung kumausap.
- AC Basta iprovide lang yung schedule para alam na nila kung kelan kayo darating.
- EG Ano pa?
- AA Meron lang pong preliminary questions. And as I said, we'll get back to you.
- TE What do you mean by preliminary questions?
- EG Iemail ba yon or?
- AA Hindi, hindi. Ano lang, itatanong lang namin ngayon. For instance we're just interested kasi, we, there's so many documents. Voluminous talaga yung mga pinageemail ni John at ni Tess. Information overload so what we did was we did not read it. Diba.
- EG Item lang tsaka table of contents.
- AA Yeah. Ang interest lang po namin siguro if you can just give us a brief backgrounder on RBAP and RBRDFI participation in the MABS project, how it has helped, or what.
- EG Siguro nandun na yon sa final report ng ano...
- TE Actually nandun nga yon sa final report pero I think I have to explain. Bale ang MABS used to be here eh.
- AA Yah, sa baba.

- TE Oo. And si Jun Jun, the way RBAP is organized, the officers are elected every year so yung mga officers they stay for one year. Kaya ang daming past president. Yung mga mamimeet nyo ngayon mga past president.
- Jun Jun [EG] came in last year. July. Assumed the post of President in July when MABS was winding down. I think si Jun Jun would be more familiar with the process nung nag wind down na and yung plans for the sustainability of the technology. Diba?
- EG Yung history would be kay Agabin or...
- TE Or yung mga past presidents.
- AA Kasi, papano yung ano, when you came in and sabi nga ni Tess winding down, because we're also interested to see later on, yung sustainability nga. Because that was one of the things we were talking about with Mely Agabin. Sustainability. At least yung continuation. Sinasabi nga niya ang dami dami talagang wealth of information and experience na nakapanghinayang naman kung hindi ishare.
- EG So far ag MABS naman ang nag ano eh, naggawa rin ng plan for the turn over and everything. Most of the work NG MABS is actually focused on training. And then for the new rural banks that wants to get into the MABS approach, si merong mga providers ng technical assistance. So inidentify lang nila yong best ng training manuals tapos inupload. So nandun.
- TE Yung sa tool kit?
- EG Yung sa toolkit, oo. And then nagcreate ng...
- AC And then we have also the list of the trainers na we think na pwede siyang even the non-MABS bank pwedeng magparticipate. All we have to do is schedule when can we run the program.
- TE Pero kasi yung RBRDFI ...
- EG Yun yung training arm ng RBAP. Sa training kasi ang inaano lang namin dito is participants. If we can gather enough participants, nabubuo na niya yung training. So 2 its either yung training under the foundation. Or if you want to do training through sa provider, meron din. So far meron pang 2 accredited.
- AC PUNLA and ARMDEV. But it's no longer coursed through us. So directly na yun.
- EG Nirerefer na lang. Kung gusto nila, they can go there.
- AA Ah so in the case of PUNLA, they can advertise?
- TE Oo. Commercial enterprise naman yun eh.
- EG Actually yun yong para sa mga start up, yung gustong gamitin yung technology na medjo late na.
- AC Kasi kung itransfer siya sa amin, we don't have the capacity naman to do. So it's better yung, kaya trinansfer na rin.
- EG Mahaba kasing ano yun eh. Hindi siya yung one time. You have to go to the site. So yung mga provider ang naka, naka ano sila dun.
- AA Pero in terms of sustainability for instance of the learnings, wouldn't it be better if the foundation was the one...

- EG Iba kasi nga. if you're just starting out with microfinance or the MABS approach, you can contact yung provider because they would give you form the 0 hanggang 1 or 2 cycles.
- TE Hanggang operations nga yun eh.
- EG Oo. Sasamahan ka nun. Itong trainings na ito...
- AA Yung sa trainings ng RBRDFI?
- EG Oo. Yun yung sinasabi mo. Kung tapos ka na sa anong yun, ditto ka na sa, just to sustain or learn more or kung may bago kang staff na gusto mong bigyan ng training, ito yon.
- AA So meron pong pool of trainers ang RBRDFI?
- AC We tap them, people from MABS also.
- EG Former MABS.
- TE Ah sina Joe? So nakakabalik pa talaga sila.
- AA Sabi din ni Mely na even if some of them left MABS while MABS was still there, na tatap pa rin naman sila.
- EG Pwede silang magform ng sarili nilang consulting firm.
- TE Oo nga eh! Alam ko nga umiikot sila ngayon eh.
- EG Kasi ganun na rin lang, eh di ipool mo na yung mga dating naging ano. Total may team ka na.
- TE Tsaka yung mga banks, sanay na rin sila magpay diba? Even when MABS was operating, every time they called on MABS staff, they have to shoulder the cost. We did it that way para masanay para even after that they will value the training and will be used to paying.
- AA Kasi kung binabayaran din lang naman, imbis na PUNLA ang kumita bakit hindi yung RBRDFI?
- TE Kasi actually we tried that before. Nung earlier, wala ka pa Jun. Kaya lang kasi
- JC Na swamp?
- TE Hindi eh. Even now yung parang you get external expertise. Meron lang pool or list of speakers and consultants. Yun yung business model ng RBAP.
- AC Kasi if we house them here parang expensive yon kasi wala ka namang gagawin.
- EG Kelangan tuluy tuloy.
- TE Oo. Hindi naman tuluy-tuloy parati. Diba? Periodic trainings.
- EG Mas kelangan mo ng mas comprehensive na business plan for the foundation. Because ang masmabilis nilang gawin ay is just to make yung training na parang seminar-type. Iba kasi yung pupunta sa site eh.
- JC Very intensive. May coaching.
- EG Oo.

- AA So papano yun? Who's doing the coaching?
- AC In particular, like Ms. Santos. So the Bank will call and then that needs technical assistance so she will stay there 2 to 3, or for a week.
- EG Kanilang arrangement na yon.
- AA Pero halimbawa for this one, yung bank ninyo, it's a training so I assume it's parang classroom-type siya. Yung sabi nga ni, using the term of Mely, "hand-holding," who does that after the training?
- AC No it's actually the bank naman, kung itatap pa rin nila for more extensive consulting, training. Like for example this training – senior management orientation. So just an orientation for the senior manager, what's the MABS or the micro. So kung if that senior management wants an extensive module, yon so trainer will go to the bank.
- EG Hinahire na nila yon.
- AA Hindi na yon hired under RBRDFI?
- EG Hindi na. Kanilang arrangement na yon.
- AC Initially yun po yung plan namin. Kaso nga yung foundation nga magcocover ng lag time nila.
- TE Magastos.
- JC Hindi pwedeng itali.
- TE Pero it's nice to hear na tulouy tuloy pa rin.
- EG Pwede talaga silang mag form ng kanilang consultancy.
- AC Kasi po kung tinali namin sila dito, kami naman maprepressure.
- JC Oo kasi kelangan may marketing plan kayo.
- TE May fixed loss noh? Fixed loss.
- AA Sa ngayon po ilang ang tao ng foundation?
- AC 3. 5 kasama ang micro insurance.
- TE Si Ruth?
- AC Hired namin siya parang consultant.
- AA Ah so external si Ruth?
- AC Parang ganun po yung ginawa namin kasi kapag hinouse namin si ruth...
- TE Mahal?
- AC Hindi lang mahal. Parang limited lang din kasi yung gagawin niya.
- EG Ano yan eh. Parang naging chicken or egg. Gusto mong iano dito pero hindi mo naman nakikita yung work that it would be daily na talagang meron. Unless of course siguro if you make a

- business plan. So it would be different. Medjo kelangan mo talaga lagyan ng _____. Right now ito ang simplest. Especially na nagchachange ang leadership.
- AA Nabanggit nga ni Mely yung changes.
- TE Every year nagchachange talaga.
- AA So during po your time ang role ng RBAP, what was the role of RBAP and RBRDFI in the project?
- EG Actually to simplify lang, ang RBRDFI, the foundation, is the training arm of RBAP. Actually isa lang yun except na gumawa ang corporation ang foundation para yung limitations ng association pwedeng gawin dun. For example yung pagaccept ng grants. And wala rin kasi sa purpose ng RBAP. So sineparate yon pero it's actually 1. So whatever the foundation is doing, yun din yung direction from RBAP.
- AA Pero sa project po ano po yung role ng RBAP and RBRDFI sa MABS 4?
- EG Right now?
- AA Noon pong MABS 4.
- TE Nung patapos na.
- EG Ah nung patapos na. Well nung patapos na ang dinatnan ko turnover na eh.
- TE Ako alam ko yung role.
- AA So the technology was being turned over sa RBAP.
- TE Pero yung RBRDFI diba ang ... kayo ang nagorganize ng...
- AC Opo kaya po pinasok sa amin yung mga programs.
- TE They were running the programs. Actually nung last part diba kayo talaga yung nagpapatakbo, yung MABS nanonood na lang.
- EG But before that, as I understand it, is more on coordination. Ang MABS talaga ang gumagawa ng halos lahat.
- AA Meron bang ano, yung financial advisory committee?
- EG Yes yes. Yun yung supposedly, yun yung finorm for the transition. Ganito ang naging ano dyan eh. So far from the work ng MABS that was turned over sa RBAP. Ang primary kasi is the training, and nakaoutsource naman. And then yung materials nakaupload. So siguro ang hindi lang masyadong magawa ng RBAP would be the product development.
- Kagaya nung before, si John Owens yung product development. Let's say, mobile banking. Let's say product development for the microfinance under MABS.
- TE Oo kelangan ng expertise pag ganun.
- EG Oo. Another is micro-insurance. So right now all we can do is to continue whatever it has. Pero kung mageexpand, or if it will later on evolve into something else, at hindi kaya yon ng basta staff that you would hire. More on kelangan ng expertise or entrepreneurial thinking. Kelangan medjo future yung ano. Business development eh. So kelangan dapat mafefeel kung ano kelangan ng

- market to come up with that. Eh, may mga ano dun because yung cost. Because it doesn't mean na because may product development yung RBAP, merong takers, and then yung takers would make money. And wala din namang return yun sa RBAP. So susustain mo lang yon. Unlike before, since funded ng USAID, ok lang yon. Tuloy tuloy.
- TE Pwedeng mas aggressive.
- EG Oo. If you take a look at it, it should be the banks who has the product development na department or unit. And somehow, the RBAP or during the time ng MABS, yun yung isang work ni John Owens sa set up kasi siya lang ang makakaano nyun eh. So yun yung missing component.
- AA Pero hindi ho ba, for instance, as you were saying, many of the things that a bank should do including product development training binabayaran naman nung bangko. Couldn't that be done by for instance nung foundation?
- EG What do you mean binabayaran?
- AA Well, for instance, couldn't you charge them let's say for product development costs, for training?
- EG Charge who?
- TE The bank?
- EG Iba kasi yung product development eh. Kasi we'll have to get the opinion of all the participating banks kung which product and idedevelop. So we'll have to get o sige, itong product na ito, all in agreement ba kayo maglalagay kayo, are you willing to fund this? To develop this type of service?
- TE Full time work yon.
- EG Eh sinong magdedecide nun? You can say yes but let's put your money where your mouth is.
- TE Medjo malaking effort.
- EG Ay oo. Malaki. Yun ang nakita kong single na malaking contribution ni John Owens. Kasi yung training...
- AC Ano na to. Outcome na nung product development.
- EG Oo.
- AA When you have training kasi you can come up with a module kahit wala na yung nagdevelop pwede pa rin iconduct.
- EG This is different. You have to know the market, you have to have a...
- TE You have to have a leadership na macoconvince mo ang mga tao.
- EG Yes yes.
- AA So ang impression ko that is one thing. Well hindi naman natin pwedeng iduplicate si John Owens. So that is one thing na hindi...
- EG Because may fund. Like for example may nagfufund, may nagpapay kay John Owens.
- TE So that was a good use of the funding?

- EG Oo. Right now nagcocontinue yung micro insurance because may ILO. So naipupush yun dun. But yung next ano noon, yung next phase ang kulang, bakit hindi as many as we want. That's another ano, kasi another development yun.
- TE Yung ano ba nacocontinue, naciurious lang ako- yung International Visitor Program? It's the program that you helped develop within RBAP.
- AC We just received another request from ano
- TE Meron pa rin?
- AC Yup.
- EG Yung mga things na ganun...
- TE Sumikat ang RBAP internationally dahil dun.
- EG Yun dapat ang, yun ang factor na wala. Because if you will get it from member rural banks na active sa MABS, eh magfufull time siya dun sa gagawin niya. Eh syempre busy rin siya sa MABS. So if we set up that advisory council, it can meet up and discuss pero who will really sit down and work? That's another question.
- AA When you thought of forming this advisory council, what were you thinking na dapat niya sanang gawin?
- EG More on continuing what MABS is already doing. But so far okay naman when it comes to training and yung if there are other members that would be willing to join na ngayon pa lang, okay yun dun. But ito ngang product development is another...
- TE Bagong products
- AA Pero po hindi po ba nagkaroon ng training sa product development?
- EG Ang product development under sa micro, ay limited lang yon eh. Pero for example, yung gagamitan mo na ng technology, that's a different matter.
- TE Yung mga innovations ang sinasabi...
- EG Hindi kaya yon ng simple product development ng isa especially kung small ka. And even the microinsurance you have to get the insurance commission, the BSP.
- TE Yun yung isa sa mga development ng program na dati wala eh. Diba dati ang banks were not allowed to provide
- EG Oo may restrictions
- TE oo. Pero because may MABS naopen up yung door.
- EG Hindi gagana yun kung ang gagamitin mo lang ay ang MABS approach technology. Because ang design nun yun ang mismong microfinance talaga na product hindi yung innovations.
- AA But wouldn't that have been better nga lodged in the foundation, even in the association?
- EG Yes, yes, yes. But hindi mo kakayanin because walang return eh. Siguro kung bumabalik, pwede. But since walang return... kasi once you develop that product, papano babalik?

- AC Sustainability nga...
- EG Like for example, yung microinsurance, nandyadyan na yan.
- TE Ang gagastos RBAP tapos ang babalikan yung mga banks.
- EG So papano babalik? SO if we can get yung grant, like for example yung sa ILO...
- TE Continuing pa rin?
- EG Nagstop na but since meron pa kaming funding, nagcocontinue. Ang ano lang naman nun is just to expand. Walang bago. Nothing new. Expand lang the number of ano... more on sa number of users.
- AA Pero dun ho bas a microinsurance they have a microinsurance license?
- EG Yes. Nagaamend ka ng ano mo, articles.
- AC So that's part of their work is to help the bank. So to be accredited.
- EG To cope with the requirements.
- AC Which is tedious nga diba. Yung process.
- TE Kayo pa rin yung nagtratrainng?
- EG Yes, yes. Kasi meron pang funds eh so tinutuloy lang.
- AA Can you not charge sa banks?
- EG Right now kasi nasa infancy stage pa eh. Nasa convincing ka pa nga that they go into it eh. Tapos ichacharge mo pa, eh di lalo na... tapos ang isa pang naging problema ko dyan is it's supposed to be the insurance company who's going to fund. Actually marketing lang yung side mo eh. So I was telling yung insurance company na kayo ang magplana nyan, kung ano gusto nyo next and then we will do our part. But since sila rin is not so much, not so much din sila eh. Iilan din yung nagproprovide.
- TE Alam mo yun talaga yung problema sa mga microinsurance companies. Parang nung nagumpisa yung microfinance, ang tinitignan nila, itong segment na ito, maliit...
- EG What they are saying actually is for you to go into microinsurance, you have to have volume. But for you to have volume, ang hinahanap nila is, mahirap kasi magdevelop ng volume unlike yung country bankers, meron na eh. And according to them, hindi naman ang kanilang bulk is the MABS. Meron pa silang iba na microinsurance. So it works for them.
- Ngayon kung start up ka na would go into microinsurance, medjo kelangan ifund mo yung ano mo.
- TE Diba yung pioneer ok, yung pioneer?
- EG Oo... kaya iilan.
- AA Pioneer Malayan?
- AC Oo.

- EG They're saying if we want it to really work we should mandate it. Kelangan mandated by law.
- TE Mahirap yun.
- EG Oo. Mahirap yun. Yun na nga eh. Pero ganun, kasi sabi nila sa ibang parts mandated by law kaya...
- TE Parang safety net siya?
- EG Oo. Kaya lahat nandun. Lahat ng insurance company sasali.
- AA We were given a short lecture on microinsurance, safety nets and everything.
- EG Gusto rin naman pero yun yung nakita kong limitations.
- AA Well I used to work for a bank. I used to be the microinsurance point person. Talagang challenge talaga just getting... buti nga kayo accredited yung ano eh, yung RBAP. So humahanap pa kami ng trainor.
- TE Walang capacity yung insurance commission sa dami ng coops and ano...
- AA Oo. So ang nahanap namin galling pang Butuan.
- EG Pwede naman kayong pumunta sa RBAP ah.
- TE Pwede naman. Hindi naman exclusive dun sa rural banks.
- AA We didn't know nga eh. Sayang nga.
- EG Yun pala dapat.
- TE May nagaadvertise.
- AA Oo kasi naghahanap kami eh.
- AC Di sir, may limitation ang contract natin with ILO for the rural banks. Hindi basta basta...
- AA Hindi but we're willing to pay eh!
- AC Ngayon siguro sir. Pero nga ang worried natin, baka mas marami ang non-rural banks compared sa...
- AA Madali yung ayusin sa ILO because ang ILO...
- EG Ang iniisip nila how many beneficiaries.
- AC Ngayon sir. Pero nung initial ba baka ibang bangko ang nakikita.
- AA So that's one. Yung second, kasi sir when I met your people, had I known this information, I would have paid them! Kasi diba yung sinasabi mo, nagapply ka na ba ng objection notice? Ganun diba?
- TE May checklist
- AA Oo nga may checklist

- EG Inayos...
- AA Hindi ko alam yun. Pabalik balik ako sa ILO!
- EG Dapat nirefer siya kaagad sa RBAP.
- AA That's why I became friends with Atty. Cabucos.
- TE So si Atty., BFF kayo?
- AA Oo! So finally we got the license. Pero...
- TE Ang hirap nun.
- AA Oo. At tsaka yung cost. The cost involved, nobody guided us. Buti na lang nakakausap namin yung ano...
- EG Di lang cost. Yung time. Na supposedly umaandar na, hindi pa.
- AA Tanong nang tanong yung aming partner, "O, go na ba tayo? Go na ba tayo?" Sabi nga ni ano, hindi tayo pwede magmerge. Baka matechnical tayo dito. Wala tayong lisensya. ()
- EG Tapos na pero during that time, inallow. Eh syempre alam mo naman ang mga rural banks, since inallow, nakalimutan magsubmit, lumagpas ang deadline...
- TE Naging relaxed!
- EG Pero ano naman, inaayos.
- AA Pero dun sa, nung, you were saying maganda yung take ng microinsurance? Because that is one thing that's unique with MABS 4 noh kasi iba. Yung iba wala po nung microinsurance.
- EG We have not attained our desired target yet of 1,000,000 diba?
- TE Ah, 1M ba ang target niyo?
- AA 1 million clients?
- EG Yes. Inabot lang ano bay un, 300,000, 400,000?
- TE Malaki na yon. Kasi yung pagbilang namin ng microinsurance, pati yung mga family members, number of people insured by microinsurance.
- EG Oo. But, malaki na rin.
- TE From 0 yan ah. From 0.
- EG Yes, yes. Marami rin yon but syempre gusto mong umabot.
- TE Syempre. The more people you help
- AA The more people covered, the better.
- EG Inaano ko nga yung insurance company na, kayo na ang fund.
- TE Kumikita nga sila dyan eh.

- AC We've reached half million.
- TE Wow! Ganda na success story yan diba?
- EG And pataas yan kasi tuloy tuloy na rin naman yung microfinance. Tuluy tuloy since nakatie up yon, tuluy tuloy.
- AA Do the rural banks also have a voluntary insurance?
- EG Gusto mo, tawagan mo na si...
- AC Si microinsurance.
- EG Nandyan sila ngayon.
- TE Ah talaga?
- ()
- AA Anyway as we said, this is just an initial getting to know you stage and then we'll get back to you after...
- TE With the feedback after the fieldwork.
- AA Oo, oo, oo.. So that we can also discuss some of the initial findings, at least some of the initial impressions that we have.
- EG Another is the mobile banking
- AA Yung mobile banking, oo.
- EG Naging ano,t here are rural banks na successful sa kanila.
- TE Hindi lahat ano?
- EG Hindi lahat sa kanilang area and use nila.
- TE Siguro it also depends on the availability of agents.
- EG Agents, or signal even. Kasi Globe yan eh, sa provinces medjo...
- AA Ayaw makinig ng Globe. Sinabi na namin sa kanila yung signal problems nila.
- EG There are areas kasi naman na if the rural banks siguro makuha yung, let's say payroll ng isang company. Pero kung wala kang ganun na area, mahirap.
- ()
- EG So ayon, bigyan kayo ng brief on updates sa microfinance.
- GM Sa microfinance, we're still doing the training for license and accreditation. And we have a new offer of training which is marketing microinsurance. So we just launched that activity last February 8 with CARAGA Foundation.

- So we've trained around 200 banks already. But those who are actually licensed by IC it's just about 39 rural banks pa lang.
- AA 39 na. Nung unang nagusap tayo konting konti lang. 7 lang ata.
- EG Lumusot na siguro. Marami kasing pending.
- TE Saan ang bottleneck? Ba't parang hanggang ngayon hindi pa rin mabilis.
- EG Amendment.
- TE Sa SEC?
- GM Ay not really sa SEC. Yung amendment ng articles of incorporation.
- EG Kasi, yun nga palang sa stock holders meeting...so yung iba hindi makapagconvene.
- AA Actually yun nga ang problema namin noon. Kasi may.. si Atty. Cabucos wanted to delete... kasi hindi namin sinunod word for word yung amendment. They wanted to use their own language.
- EG Tatagal pag ganun.
- AA So sabi ni Atty. Cabucos hindi pwedeng ganto cuz it's already tantamount to being an insurance company. So sabi ko sa compliance officer namin, o iremove natin yun. Sir hindi po pwede kasi approved ng stockholders yan. So papatawag pa tayo ng stockholders meeting. Ha? Tapos, well, anyway. Kasalanan din naman ng IC. Kasi copy and paste lang pala yung mga yon.
- TE Diba may template naman yon?
- AA Oo. So pinalitan yung pangalan, okay yung pangalan. Ang problema hindi nga namin sinunod yung template. Diba? Ang tigas ng ulo namin! Tigas ulo. Pag balik sa amin sabi nung compliance officer namin, eh teka muna sir hindi ito yung by -laws!
- AC Hindi binasa
- AA Hindi binasa! Eh pinalitan yung pangalan nung bangko, o di balik na naman ako kay Atty. Tapos ano pa yon, nako I remember this was last year. Ano yun, holy week. Diba, pucha. It took me, isang buwan na nagagalit na si Ma'am Tessie.
- EG Matagal din diba. Eh you can just imagine a rural bank.
- AA Tapos sir, sinuwerte pa kami. Swerte pa kasi naka official leave si Commissioner. Eh kasi kelangan pa pala pirmahan ni Deputy tapos ni Commissioner. Eh OIC nga yung si Deputy. So swerte! Isang pasado lang otherwise iaakyat pa raw sa office ni commissioner. Pucha ano ba naman to!
- EG Pero ngayon hindi na sila pumapayag pag hindi amended, ano?
- GM Oo. Expired na yung deadline. So kelangan SEC certified amended articles na siya ngayon.
- AA De tapos, humingi pa ng No Objection Notice from the BSP. Humingi din ang BSP ng No Objection Notice from the IC.
- TE Ano yun?
- AA Ano ba naman to. Sabi ko, ano ba naman to.

- TE Pero kayo meron kayong step by step para hindi mangyari yung mga ganyan.
- EG Meron maam.
- GM Pero yung ngang experience ni sir. Talagang may mga banks na ineexpect mo icopy paste na lang sa templatepara hindi mabago.
- AA Oo kasi I remember I borrowed a template. Diba humiram ako ng template?
- GM Yes sir.
- EG Siguro dapat lagyan mo na lang ng note din dun.
- GM Na pinapaalala...
- EG Tama yon. Pag hindi ninyo kinopya, tatagal.
- GM Narerealize po nila sir pag nasa BSP po sila kasi hinahanap ng BSP yung wording.
- EG Dapat yun ang ilagay mo sa ano. May note na kaagad yun. Pag hindi exact wording, tatagal. Because they will reevaluate ulit yon. Dadaan ulit sa proseso, sa legal. Syempre kasi pre-approved na yung ano eh, yung language. Eh binago, di natural dadaan nanaman dun. Akala nyo makakalusot!
- TE Talagang dumadaan sa screening.
- GM And then, so that's the licensing. And for BSP – authorized, we have 36 already. May 3 pa po na inaantay yung requirements. The rest are still finishing the amendment of the articles.
- EG Kasama na yun nung total na covered?
- GM Ang total covered as of December 2012 is (558,134).
- EG Incuded ang sa family?
- GM Yes sir.
- EG Yung sa family ano yun, voluntary, ganun?
- GM ANo po kasi, dominant pa rin sa banks yung compulsory nakalink sa loan, sa credit. Pero we have identified siguro 2 banks na yung kausap namin na may voluntary.
- EG Pero wala kayong data sa voluntary?
- GM Wala hindi pa.
- EG Yung data mo, kasama na yung voluntary at tsaka...
- GM Yes, the number of lives insured yan.
- EG May isa pa pala. My feedback sa insurance company is yung mortality rate ay mataas. For some reason daw mas mabilis mamatay ang mga nandun sa province.
- TE Talaga?

- GM I think feedback din ng mga ibang taga MSI na mas mataas ang mortality rate compared... kasi usually members are women. So yung mga lalaki ang namamatay.
- TE Baka kasi kung kumikita na yung misis, umiinom na si mister.
- AC Vices
- AA Ang experience ko dun, totoo yun. It's interesting now that you mentioned it. Yun din yung experience namin. We have an MBA noh, sa NATCCO. And I was talking to the President of the RMBA and I was telling him na wala naman ako masyadong nadidinig na claims. Pero sabi niya hindi, ang claim talaga, kasi meron din kaming pang family. Yung principal borrower, plus yung asawa tapos yung tatlong anak. It's not the principal borrower daw eh it's the spouse. Dun daw talaga kami sa spouse tinatamaan. Kasi ang problema namin, well ang problema nila, ang nirereinsure lang kasi is the principal borrower eh. We reinsure the principal borrower. So sabi ko sa kanila, o ano ba ang problema kung maraming namamatay eh naka reinsure naman yan? Eh sabi naman ng... ang explanation nga sa akin, ang nirereinsure yung principal borrower eh ang namamatay yung spouse. Hindi naka reinsure yung ano, yung spouse. So wala, labas talaga sila ng pera.
- EG Dun sila umiiyak sa... Depende nga. You have to have a big na portfolio eh. It's either itaas mo ang premium or (). Yun ang labanan so some are saying nab aka kelangan ayusin ang pricing.
- GM Yung isang insurance partner po na nagrereport ng parang may 5 banks siya na partner. Sa 1 bank talagang mataas yung... talagang theyre losing money over that. Pero yung 1 bank na yon, it's doing good. So mukhang ...
- EG Kelangan mo ng malaking portfolio eh so kahit na sa isang area losing, sa kabila okay lang.
- AA Siguro sir sabi niyo nga that is a, a ano it. Nagkwekwentuhan lang kami. Siguro nga sir that could be the come on that you can do for the insurance company in the sense na let us ...do not only help one bank. You have to help many banks kasi pag isang bangko lang...ayon namalas malas ka. Ilang bangko ang nakuha mo na maraming ano so... if you look at it, spread it, if you look at it... oh you have ten banks, you have fifteen banks, you're able to ano, you're able to spread the risk.
- EG Hindi nga kaya nga of a handful of insurance company na nagconsider ng microinsurance, at the beginning ata 10 ano. Right now ilan ang nagooffer?
- GM Actually sir, yung, as of PLIA mga 20 plus na yung companies na approved. Sa RBAP 5 yung active and reporting. So we classify them already as active and reporting banks.
- AA Yun pala, is it worthwhile to talk to representative to PLIA and if so, sino?
- GM Yes sir. For PLIA po the MI committee head is Sir Elmer Baingan. And the president is Sir Mercado.
- AA O, classmate naman natin sila...
- GM Classmate.
- AA At tsaka sa NATCCO we're working with them.
- ()
- GM Actually they have to do more talaga kasi dapat sa kanila manggaling. We'll just provide them the support sa field.

- AA Mas active ba sila kaysa kina Jerry?
- GM Uhm. Well pinakaaggressive po ang Pioneer in terms of partnering with institutions. Syempre country bankers is rural banks lang talaga ang partner nila.
- AA So may microfinance din ang country bankers?
- GM Meron po. I think they're active po with the MFIs and the coops.
- AA But as far as MABS 4 is concerned and microinsurance. Sila kasi... si Elmer would be... not as a prudential, but Elmer as PLIA.
- Ang pinagusapan nga namin kanina, when I was with Bangko, challenge talaga sa amin maghanap ng sino...kaya tinatanong ko sayo kanina diba accredited pala kayo. Dapat kayo na lang. Tapos yung guidance.
- GM Dati medjo nilimit po namin pero ngayon pwede na.
- EG Pwede na.
- JC Last question on my part. Sa tingin niyo ba magkakaroon ng difficulty... kasi one of the things that the evaluation will gather information on would be ano yung magiging benepisyong nun sa bangko, bukod dun sa benepisyong sa client diba. Hindi maiiwasan tuloy dyan na magtatanong sila ng particular information on profitability, ung mga ganun na sa tingin niyo ba magkakaroon ng problema na magbigay ng ganung impormasyon. Like if they're protecting themselves from competitors or something like that. Or yan ay madali lang nilang ikwekwento?
- EG How, anong level of detail ba yung kelangan?
- AA No kasi, one of the things we proposed po before, iseparate sana yung ano, yung transactions para magauge siya, maclassify siya as microfinance, and also para hindi siya humahalo dun sa... are they doing that so that we can isolate? Pwede kasing nalulugi yung bangko pero kumikita yung microfinance.
- TE Oo pwede.
- AA Diba eh? Yun yon. So if you look at the overall statement, lugi. But if you isolate the microfinance, it's actually the microfinance that's propping the bank.
- EG I'm not too sure if they would have separate books that would look at the income from micro...
- AA Ano lang siguro yun, general impression.
- JC Would that be something na gusto niyo isama sa sulat para maihanda na nung bangko yung impormasyon?
- EG Who would look at this information?
- AA Kami lang po. Basically, ano lang naman eh, ask lang naman eh.
- JC Ang iniisip ko lang po ay wag naman sana ganun. But what if they get the response na, teka parang hindi namin pwede ibigay sa inyo yung ganun.
- EG I guess if the rural banks have some problems, ganun, in the first place hindi na siguro sila pagparticipate.

- TE Oo. Kasi bawal yung mga mahihina kasi mahihirapan sila.
- AA Hindi at tsaka ang minimum requirement nila is 3 ano sa commerce. And that makes them a fairly stable bank.
- EG Eh lower than that naman under ka na ng PCSO...
- AA Tsaka it's difficult for a bank na medjo shaky to enter into microfinance...to enter into new projects. So the assumption is okay siya to begin with and it can only get better.
- EG Yes kasi kung may problema ka, kukuha ka pa ba ng visitor.
- TE Problema!
- AA So sir the other thing you were saying about mobile noh. Kasi again dun sa MABS 4 very specific dun yung microinsurance, yung mobile banking, yung micro agri, and micro housing.
- EG Sa mobile siguro malaki pa ang room for improvement. It has not really caught on.
- TE A lot of work ?
- EG Oo
- TE Kaya nga merong SIM.
- EG Yung SIM, nakita rin na hindi kumpleto ang ecosystem niya.
- TE Yun talaga ang reason kung bakit may SIM.
- EG Plus ang carrier mo dapat hindi lang isa. Kasi ang Telco dati nakafocus lang sa Globe. But at least now open yung possibilities na open na sa mga banks na may ganun. Ang naging useful for some. But for some, hindi gaano.
- AA Doon po sa microagri. Ano po ang naging take dun sa microagri?
- EG So far ang naging feedback kasi dun is meron yung AGFP – Agricultural Guarantee Fund Pool sa Land Bank. Guaranteed yung 85 % so it's easier to lend out kasi 85% naman guaranteed na to. As against sa microagri na marami pang, ano, so...
- AA Ah so yung microagri loans are not covered by guarantees by AGFP?
- EG Still covered, but mas mataas ang requirements ng microagri. Because you have to look separately sa cash flow. Of course dun sa isa meron ding ganun pero hindi gaano ka extensive.
- AC Masyado mabilis.
- EG You can do the microagri at the same time have it under sa AGFP. Maganda pag ganun. But if you're after volume. Pwede kasing palusutin na hindi na necessary () Diba?
- AA Sa bagay nga. Basically you lend naman because you think you will be paid back not because there is a guarantee.
- EG Malaki ang funds ng AGFP. Pero walang takers.
- TE Bakit walang takers?

- EG Ang reason kung bakit walang takers, for so long a time na wala ang lending ng rural banks sa agriculture. Why? Because they're agrarian reform beneficiaries. Hindi mo maicollateral ang lupa. So nawala ang expertise. So nung nawala ang expertise, kung babalik ka ngayon, not that easy. Not that easy even if meron kang AGFP because ang dami mong changes. You have to change the promissory note. Kelangan kasi alam mo na instead of monthly or quarterly ang payment, or semi annually or annually. It depends on the cashflow or kelan ang cropping season niya. You have to know all those things eh wala ka nang expertise dyan cuz hindi ka na naglendout for a number of years. So may babaguhin ka sa policy mo, the whole thing. Tapos you have to train again. So if you want to go into it again, hindi lang nun ibig sabihin na pupunta ka sa AGFP, magpapaaccredit ka, tapos sasabihin mo sa loan officer mo, tira na.
- TE So sa tingin mo, yung AGFP, is it helping or discouraging?
- EG No, no. Hindi naman discouraging. It's ano, it's helping. But if you want to expand it faster, kelangan may magpropovide again, like yung Turn Key again, bubuuin mo again. Kagaya nung sa microinsurance – bubuuin mo ulit yon. You have to have the microinsurance, the policy, the expertise, the loan product.
- AA Hindi ho nagawa yun sa MABS 4? Kasi one of the outputs is yung agriloan for MABS phase 4.
- EG Ah. Hindi kasi tied up yung AGFP and yung ano, tsaka yung MABS sa microagri. Hindi magkameet yon.
- AA Pero sir ano, yung technical assistance ng MABS 4, hindi ba siya nakatulong sa pagdedevelop ng microagi products. Whether ginuarantee siya sa AGFP or not...
- EG Medjo iba kasi yung pagkagawa nung microagri. Syempre ang una niyang naging target na rural banks, syempre yung nagmimicro na. Hindi nalaman pa masyado nung iba na not into micro but maybe into microagro.
- TE So parang kulang. Dapat nagdisseminate pa ng ...
- EG Eh kasi ang thinking ng mga rural banks, that's microfinance. So if we're into the traditional way of lending, not microfinance, hindi ko titignan yung ano mo. Unless ipinush talaga na ito ay ibang program ng MABS, term it differently, open to all...
- AA I think you were mentioning that that hindi talaga requirement that you do...
- EG Nagsubscribe na kasi yung thinking na ganun.
- AA Oo kasi you were saying that a bank can acquire kung gusto lang niya mobile banking, kung gusto lang niya microinsurance, kung gusto lang niya ano, yung agri. So hindi ganun ang thinking. Nagkamali ang perception na dapat participating in all.
- AC Because ang thinking... during the first 2 phases ng MABS we catered only banks who were participating in microfinance. Kaya parang may restriction, may hesitation.
- TE Alam mo actually I have to explain that. Kasi originally, definition ng microfinance did not include agri.
- AA Hanggang ngayon naman eh.
- TE Pero ngayon, ginawan na nila ng exception. Pwede na ngayon. Even yung definition ng, parang standard definition ng USAID now covers microagri. Medjo recent lang yun kaya dun sa 4 lang siya nagkaroon.

- EG Di ko nakita yung ano eh, did you do like yung policy?
- TE Merong ganun. Meron yung policy change yung MABS for microagri. Because of MABS na issue yung circular that, BSP circular on micro agri allowing yung definition of microagri. I'll give you the circular.
- EG Baka pwedeng gamitin but ang AGFP hindi lang micro naman eh. So mas medjo iba.
- AA Hindi ba kayo kinakausap ng AGFP as RBAP in order to tweak? Andaming kelangang itweak...
- EG Actually meron. Actually meron na silang hinire na 1 staff just to market it. Pero sinabi ko naman na it's not enough. Kelangan buo na na sasabihin mo sa rural bank, you want this is the whole thing. Hindi mo lang basta bibigay mo lang itong guarantee.
- TE So Jun, for example if magkaroon lang ng chance. If USAID is to design an effort to help...
- EG Para sa agri?
- TE Oo. Anong sa tingin mo ang dapat ginawa?
- EG Yung the whole package. Pero nagawa niyo na supposedly yon?
- TE Alin? Alin?
- EG Yung the whole thing on meron ka nang bank policy on ano...
- TE Meron eh. Meron.
- EG And meron ka nang changes ka na ring gagawin sa mga loan documents...
- TE And then yung evaluating?
- EG Oo.
- TE Meron yun. Meron.
- EG Personnel, yung training ng personnel?
- TE Meron. Kasi may additional skills na kelangan.
- AA Baka kasi bibilis yung pick up kung mamamarry yung guarantee.
- TE Kasi, ang naging ano kasi ng MABS, we did not want to rely on guarantees.
- AA Yeah, actually ako din.
- TE What we wanted to rely on was a careful study of the capacity to pay, the cash flow. With or without the guarantee.
- EG Actually pwede pa rin.
- TE Pwede pa rin.
- AA Sayang ang pera eh.

- TE Atsaka unlike other microfinance products, mas may risk ng konti because of the weather...
- EG Siguro even the terminology kasi. When you say microagri baka magkaroon ng perception yung iba na maliliit talaga. But kung nakabuo nay un dun mas okay pa yung ano.
- TE So pwede pa siyang idevelop further?
- EG Pwede. Tapos imarket mo ulit sa rural banks na if you want to go to AGFP use this technology para kumpleto ka na.
- AA Pero they're complaining na wala masyadong takers pero they are nto doing any adjustment of marketing.
- EG Umikot naman sila and they explained yung accreditation set up. Actually marami ring nagpaaccredit eh. Buthindi ka makakapagpalend kung hindi pa amended yung loan documents mo na papipirmahan. Eh for a rural bank, that takes time. And sinong gagawa dun? You have the teller, the cashier, the book keeper. Sinong gagawa nun, yung may ari? Unlikely yun you have to hire lawyers pa to aid you. Because big companies meron silang department na gagawa nun. And ang staff mo sa rural bank nasa operations lahat eh.
- AA Andami namang pera ang AGFP dapat gamitin na lang nila.
- EG Yung AGFP funding ginagamit lang nila sa guarantee, not sa development. Dapat siguro may portion dun na mapunta sa product development. So again, napunta ulit sa product development.
- Maraming rural banks ang liquid. So naghahanap nga ng paglalagyan... ()
- AA So papaano nga, Tess already said noh, MABS already has those things? Hindi lang yata na ano...
- EG Baka kelangan siguro irevisit.
- TE Ako nun naginterview ako, nagtatanong ako, bakit hindi dumadami? Ang sabi sa kin kasi pagka ang ginagawa nila, yung isang bangko na ininterview ko, ang ginagawa daw nila pagka nagqualify dun sa AGFP, diretso na.
- EG kasi mabilis. Wala ka nang interview ng mga ano..
- TE Oo. Only pag hindi nagqualify dun saka sila gagawa ng cash flow analysis, yung mga ganun.
- AA And that will be the only time that it will be reported as part of MABS, sa microagri.
- TE So parang in effect parang nagiging reliant sila sa guarantee.
- EG Eh kasi makakapagrelease ka na, hindi mo na masyadong ginawa yung ano...
- AA Hindi ba mahirap talaga, very difficult to classify... ()
- TE Tinatanong ko yung iba no, ang sinasabi nila hindi na nila kelangan ng housing loan kasi pag humiram sila ng microfinance, part of it pumupunta dun sa...
- EG Hindi lahat ginagamit sa... hindi rin maganda yon kasi ti can have an impact on their income kasi dapat diba nakaplano yun eh. Hindi mo dun nilagay lahat so may iibang...
- AA Sobra ang inutang mo. Parang ganun. Nagamit mo pa yung pera for house repairs.

- EG Supposedly kasi nageearn yung money na yun eh kasi ginamit mo sa business. But if you put it sa housing repairs...
- TE Hind hindi. O kaya yung ano, humiram ka, umayos yung business mo, lumaki yung cash flow...
- EG Ah yun maganda yun.
- TE Nakapaayos ka na ng house mo.
- EG Mas maganda yun.
- AA Kasi ano, that's a specific output.
- AC Probably nga sir kasi pag pinapaayos mo yung bahay, pano ako magbabayad eh bahay nga yon.
- TE Pero karamihan kasi ng nagmimicrofinance, dun nagbubusiness sa bahay nila.
- EG Kaya magkasama na. So it can be na parang ano, it also redounds to the benefit of the business.
- AA Sa bagay, ieexpand niya ang kanyang bahay not because of the bahay but because it needs more space for the tindahan.
- EG For example yung talyer mo kelangan hindi mabasa so lalagyan mo ng bubong.
- AA And in that sense it is not reflected as a microhousing loan. It becomes a regular microfinance loan. ()
- EG Pero maganda dun sa microagri, siguro nasa training lang din yon yung AGFP at yung microfinance. Nasa training din lang yon. Kasi ang effect nun lalaki ang kanilang bastion nila pag nagrerely lang sila on ano, sa guarantee.
- AA Tsaka hindi din kasi ganun magisip ang mga taong naiwan dun sa AGFP, sina Mon Ruiz.
- TE Nagrerequire ba sila dun ng analysis? Wala diba.
- EG Wala.
- AA Papel. They depend on paper. You submit these documents, I will provide you with a guarantee.
- TE I wonder kung ano yung () nila sa guarantee.
- EG So far maliit eh ewan ko kung lumaki na.
- TE Okay sila?
- EG So far... that was months ago.
- AA Tsaka may risk din yung borrower kasi yung bank may 15% yun eh.
- TE Yung kawawa dun yung 15%.
- EG Pero pagtinignan mo, malaki rin ang bianabayad mo kasi para kang middleman. Kinucut mo lang yung middle man kasi ang malaking umiincome sa agriculture ay yung middle man eh. Sila ang namumuhunan actually from dun sa seeds. Kaya sa kanila rin umuutang.

- AA Actually that's one of the reasons why some of the banks I know hindi makapagpautang kasi yung iba umuutang dun sa trader, sa supplier's credit. So hindi, kahit na sabihin mo mas mababa dun sa rate sa bangko compared to sa supplier niya, it's not just a question of supplier, buyer din siya eh. SIya din yung bumibili ng... hawak mga siya sa leeg.
- So sir last na lang. MABS having been here for 15 years and also specially sabi niyo nga you were there during the last portion. What are the lessons learned ng ano dyan?
- EG Lessons learned? Madami.
- AA Si Mely was saying there are 5...
- EG In terms of kaninong ano...
- AA Well first of all sa bank, you know, the bank going into this kind of lending.
- EG Most ano naman kasi is the discipline.
- AA Discipline ng?
- EG Ng lending. That you can use different types of lending with microfinance. Like for example ngayon nakafocus ang BSP on the cash flow.
- TE Dati collateral
- EG Ngayon yan ang debate with the examiners because ever since it's been collateral ang basis and training ng rural banks. Parang pawnshop diba? Ibibigay mo yung titulo tapos iaappraise mo.
- AA Actually sabi nga namin there are only three things you need to know: 1) is he the owner? 2) what is the value? 3) what's the address.
- EG So you can just imagine, during that time ang cost of lending maliit talaga because... but right now iba na yung examinations. Right now ang tinitignan nila ay yung capacity to pay. So pag may capacity to pay, strong ang source of funds and everything mo...
- AA Even if it's not collateralized?
- EG Ay ano na yon, secondary na.
- AA So sinasabi niyo sir may cultural dimension din yung effect ng MABS? Yung mga ganyang thinking nabago.
- EG Ngayon examination concerns na rin yung mga yan.
- TE Cash flow na rin yung tinitignan nila diba?
- EG Oo.
- AA Sa akin kasi personally, yung cash flow is one of the very important tools. So kung, kasi pwedeng cash flow tayo kasi nandyan yung MABS. So you're saying even without MABS?
- EG Well syempre may mga effect yon na nadala sa ibang loan products, na hindi lang yung micro. At least for the micro... pero yung iba medjo ano pa rin kaya conflict lagi yung sinasabi niya. Eh kasi ang next nun provisioning.
- AA Thank you sir. Pero sir as I said, we'll get back to you after.

Manila Bankers Life Insurance Corp. (PLIA)

KEY INFORMANT INTERVIEW – INSURANCE PROVIDER AND FORMER PLIA PRESIDENT



Name: **MABINI "MABS" L. JUAN**, President & CEO, Manila Bankers Life Insurance Corp
 Date: 14 March 2013
 Time started/ended: 03:05PM to 04:10PM
 Venue: MB Life office, 11/F VGP Center 6772 Ayala Avenue, Makati City, Philippines MB Life office, 11/F VGP Center 6772 Ayala Avenue, Makati City, Philippines
 Interviewers: Hector Sales and Alex Almendral
 Documenter: Jo Jensen Josen

Effectiveness

Do you think MABS was successful in assisting IC to come up with relevant policies on micro insurance?

- Micro insurance was introduced by the Insurance Commission in 2009-2010.
- Micro insurance is still in the infancy stage. The type espoused through the rural banks operate as a joint venture. While the rural bank focuses on micro financing, the insurance company works with the rural banks to cover repayment of the outstanding loan as well as provide additional benefits.
- The Philippine Life Insurance Association (PLIA) has a micro insurance committee that the informant used to head.
- Rural banks had to give up self insurance certificates that they had last year as a result of a circular issued by the BSP. This became the focal point for micro insurance coverage. The banks want life companies to cover insurable events to ensure repayment of the principal and outstanding balance by backing up on the cost of the insurance to the borrower.
- Rural banks are interested because they are protecting their own micro finance. Life companies are also reaching out to cooperatives and other small

	<p>organizations, but find engagement with them difficult due to the relatively small portfolio of these organizations. Even some rural banks are small and life companies may not have the economy of scale for such banks.</p>
Current status	<ul style="list-style-type: none"> – About 15 insurance companies have been licensed by the IC and about half started marketing their products to the rural banks. There are two types of products, it can be individual or group insurance. – Informant believes there are not too many rural banks doing micro insurance. He believes they don't know how to get into it yet. – On claims that there are banks that expressed interest or have actually gone into micro insurance even sans micro financing, informant believes this could be true "if they find a partner that is willing to share premiums with them and the premiums they charge are acceptable by the borrower," as "it would be a good source of additional income to the bank so they will be interested on micro insurance per se." Further, informant says micro lending is doing well even without micro insurance so if they are buying into micro insurance it is because there is something to be gained by the rural banks." On his own company's micro-insurance venture, informant says they are not yet making money as of this time, because the scale or volume is still insufficient to cover expenses. Informant also reveals that "some insurers have already indicated they have lost money and they are currently assessing these experiences.
MABS contributions	<ul style="list-style-type: none"> – MABS was a promoter, there were IC meetings that the informant attended in their presence; there were apparent efforts to convince both the insurance companies and the rural banks on micro insurance – Informant is not aware of any MABS-initiated micro insurance training activities for life companies but thinks there may have been on the rural bank side. However, the informant admitted to attending a couple of MABS-initiated seminars during the formative stages of the micro-insurance business. He was also able to express some opinions to MABS on RBAP. – Informant met several times with MABS in his capacity as IC micro insurance committee head and as head of one of the companies that is into micro insurance – Informant expressed interest on the status of MABS and says he does not think it fair to judge MABS on micro insurance activity that has only been recently developed both by the insurance companies and accepted by rural banks. "Even if they could have done something more there was no time available to do more."
Sustainability	
How gains can be sustained	<ul style="list-style-type: none"> – PLIA will support activities they see will be good for them. It is clear that PLIA supports micro insurance but some insurers have already indicated they have lost money. At the moment PLIA is appreciating where did they lose, what happened. Forums that can bring the micro insurance carriers and rural bankers that will create the connections between the two is needed. The informant feels there is still a lot of education needed in this area (appreciation for the potential benefits of micro insurance. – The nature of the business was described as "volatile" and profitability is a major concern, unlike micro finance. The informant believes that micro insurance can be profitable through a group marketing effort, group administration, and a very simplified collection effort. – Informant's own insurance company ventured P2M worth of group micro insurance in mid-2012, tying up with 2 rural banks, namely GM Bank and the Rural Bank of Angeles (<i>also Evaluation KII and FGD respondents</i>). Reasons cited for going into micro insurance include the following: (a) to show support to the IC, and (b) because the informant believes there is a basis for it, that the segment of the population availing of micro finance would ultimately grow and become a future source of additional business. Further, informant believes risks

	<p>could be mitigated “if you are discerning in the choice of market that you go into.”</p> <ul style="list-style-type: none"> – If still possible, the informant believes it is in the area of financial leadership that MABS assistance could prove valuable. Also in continuing to provide support for continuing dialogue or forums between micro insurance carriers and rural banks. He feels a lot of education is still needed, especially in the area of appreciating potential benefits for the fledgling industry, and assessing/ addressing current experiences, issues and concerns (e.g. selection process).
Hindering factors	<ul style="list-style-type: none"> – Hindering factors that prevent life companies from going into micro insurance are still mainly issues on profitability, as well as a fast-tracked selection and trade settlement process. On this last concern, the informant says “there is not enough time to really assess the what you call “resoluteness of paying” claims– you have to make a decision, in most instances you are expected to pay the claim.” – There is also still some resistance on the part of rural bankers, because they are weighing if getting into micro insurance would improve or widen their micro financing activities. The informant says that if rural banks have limited capital to lend, they might see no need to go into micro insurance, esp. if they are currently satisfied with the market that they have (farmers) and they think venturing into the lower population where credit standing might not be as good might only put their assets at risk. – Lingering issues with rural banks include compliance with BSP capitalization requirements, as well as professionalization. On this aspect, the informant believes that rural banks (majority of whom are family-owned) are embracing good corporate governance and social responsibility, but slowly. – Increasing prominence of ATM fraud
Best Practices	
MABS best practices	<ul style="list-style-type: none"> – Informant believes MABS should be appreciated for the significant role it has played in strengthening the rural banks. “There was a perception before that rural banks were a weak financial institution therefore it needed training and a new way of doing things.” – Informant considers best practices have to do with choice of partners, and choice of institutions going into micro insurance. He places a premium on relationships and the honesty and trustworthiness of people and institutions.
Some lessons	<ul style="list-style-type: none"> – Informant says the micro insurance component of MABS apparently served to strengthen banks’ “relationals” with borrowers or clients they have. Some of the banks “are already interested not only on the loans side, but also on the deposit side to offer insurance cover.” Although it was pointed out that such opportunities are beginning to be appreciated, no actual engagements of this type (contractual savings) have happened yet.
Gender	
Gender considerations	<ul style="list-style-type: none"> – The borrower, whether male or female is insured as a borrower. As most micro entrepreneurs are women, males are the usual dependents. Informant says they usually have problems if dependents are part of the military or police, as they either charge extra or exclude them. They also engage in underwriting.

Globe G-Xchange

Date : 26 March 2013
Respondent Name : **MR. RICARDO R. ALAIR II**
Position : Corporate Planning and Business Operations Head
Organization : G-Xchange, Inc.
Venue : G-Xchange office
Attendees : Mr. Ricardo Alair II (Globe)
Dr. Hector Sales (SDS)
Ms. Andre Kwan (SDS)

RA So basically what you're here for, basically you're wrapping up the engagement of MABS by this interview. Is that what you're saying?

HS Yes.

RA So basically what you're trying to get is if your program was successful or not. So you're going to be throwing a few questions to us.

HS Yes. Because one of the components of that is mobile phone banking.

RA Sure.

HS And Globe was actually part and parcel of that.

RA Yes we're heavily engaged with MABS in the rural banks. Especially during Rizza's time.

HS I see.

RA I don't know if you've met our former head Rizza Eala?

HS I have just heard the name.

RA Okay, so shoot away.

HS What is the role of the, of Globe in the MABS project?

RA What is the role of Globe. Okay as a partner to MABS we're a technology provider to them. So we provide the platform where they could actually further their business development into financial inclusion. But it also works the other way. Maybe the question is what is the role of MABS to Globe? So I think that's the more pertinent question for me because in terms of us furthering, one of our goals is really for financial inclusion which is part and parcel and you could argue that it's part of our corporate social responsibility, but that's really part and parcel of our model and we really want to push financial inclusion. Now, MABS having access to the rural banks wherein you know the reach is somewhat different from the reach of the international and commercial banks, and we're talking about you know, places where it's hard to go, places where it's hard to access, having access to the rural banks really furthered you know our base and our goal of reaching the unbanked. And I think it works both ways because they also want to enhance the services that they have for those folks that are not really accustomed to technology. Now we provide that platform for them. So did I answer that question?

- HS Yeah. Actually it's a very comprehensive answer with regard to the role of Globe, the role of MABS to Globe and the role of Globe to MABS.
- RA It's really a beneficial partnership.
- HS So what kind of assistance did Globe provide with the MABS project?
- RA Well uh, aside from providing the platform is the technical support, and then of course also some technical support on the regulatory, if you may call it, lobbying because of course these things that we put out there to the rural banks is something that we need to get permission from the Central Bank. So therefore we work hand in hand in, I can't think of a better word to use but, lobbying BSP to allow us to use these new models in terms of reaching the unbanked. Therefore we're not only providing technical support for the platform, we're also providing technical support in terms of furthering these models to our regulator.
- HS With regards to the regulation, how long did it take Globe to be able to get those? I know that you have to get permission or go signal from the BSP with regards to this because they have policies.
- RA It's quite quick. I mean, given, I mean comparing the you know the regulatory environment here in the Philippines as opposed to the regulatory environment in other countries. It takes years. But the thing here is, number one, our regulation here in the Philippines is more progressive. They're really also pushing for financial inclusion so they're really opening up to looking into testing models, the stuff that we have rolled out with the rural banks. And the way that we engage BSP is something which I think helps the whole process of getting the approval. Because we do not involve them when we already have a prototype. We involve them even from the ideation stage. Even before we do a prototype, we already engage them. We talk to them and say to them, hey we have an idea. This is how it looks like. Are you okay with this? Or if you're not what would be the form that you would be comfortable with? So it means that even before us going to the prototype stage and testing the product, we already have engaged them in such a way that we already know what would work for them or not. So in terms of the turnaround in getting approvals, I think the turnaround times in terms of getting approvals from them is relatively quick.
- HS In the MABS program, the mobile phone banking component was only included in the 4th phase. That was in, that was starting 2008.
- RA What year?
- HS 2008.
- RA When you say mobile banking what is the model that we're talking about here? Is it the wallet to the bank account?
- HS Yeah. In fact I asked the rural banks we interviewed in Mindanao regarding the mechanics of the mobile banking and actually they have different interpretations.
- RA This is what I understand as far as I can recall. I may be wrong but what I'm sure of, the very first thing that they launched, it was way back in 2007, 2006 is the Text a Payment service. And what is the Text a Payment service? They used the mobile phone for loans payment. So they have people who take loans from the rural bank and use our network to pay for it, to pay for the amortizations. So they don't have to be physically at the bank so it actually became, it actually expanded their reach because someone who would want to take a loan need not be nearby a branch. They could be like way off and just ensure that they could pay using technology. So I think that's the very first thing that they launched.

The second thing that I remember is what they call the Text a Deposit. So if I have a bank account in one rural bank and I live far off I can deposit money using my GCASH wallet. So we're pairing it. So there's a particular GCASH wallet for a particular bank account. Just send it to a particular number and it gets credit to the bank account. I think that one they got approval right away. I'm not sure why the Text a Withdrawal took some time because it was the other way around. Getting money out of a deposit account into a GCASH wallet so I could withdraw it in an outlet near me rather than going to the branch. So those three I remember.

AK Are these services still available for the rural banks?

RA Yes I think. I think you need to check out Cantilan Bank.

HS We visited Cantilan last week and they are still-

RA are using it.

HS The rural bank of Digos, supposed to be they have started last year but then the problem was the signal of Globe in Digos was according to them was very weak.

RA Yes but we're upgrading our...

HS This time they are actually reconsidering applying this technology on mobile banking.

RA You know, just me looking at it, if that program was still continued I think we could have gone farther. That is just my assessment. Because it's very difficult for us to commit resources to things like this. Some might view it as missionary work. Right? And it's hard for us to have our, you know, our owners agree to spend money on this.

HS This is just like a CSR?

RA Yes. But if we could partner with someone who really has people on the ground who will do the legwork for us, we will be willing to put in our time and our support for them. And it works both ways right? From a company perspective we help also by giving back to the community. And then also the returns are expected but the returns are not that, not really big because we're talking about the bottom of the pyramid.

HS That's right. In fact, these banks, these rural banks are supposedly, their main role actually is to provide assistance to microentrepreneurs and farmers in the countryside. According to them it's very laborious if the company is not keen on really helping the poor. It actually is just CSR for them. Only about 10% of the total portfolio is into microfinance.

RA Especially right now that we've upgraded a lot of stuff in our platform. We've rolled out some cutting edge stuff in terms of the industry. I think if you push that today we have a lot going for them, especially the rural banks. If they want to push it? We have a lot of ammunition, so to speak, to provide for them to really be able to propagate. For example, I don't know if you've heard but I guess this is first in the industry, that we have a Know Your Customer platform that we actually have our partners use. However when they use that KYC platform, all of the information of the subscriber is digitized and put in a database here at the head office. So it's not like before that when somebody goes to an outlet you KYC that person all the time. Each time that person goes there you have to perform the KYC. However if you go to an outlet which is KYC-enabled, he could be KYCed once and he's going to be tagged KYC forever. So anywhere he goes, he does not need to be KYCed anymore, filling up the forms and all those things. He just needs to show an ID and we could look it up in the system. A partner could look it up in the system and say hey I know you, because you're in the system. So you haven't seen that anywhere in the world. So some things like that.

HS Do you have a monitoring system to be able to get information on the number of, the number of subscribers?

RA Yes.

HS For example for the MABS.

RA For the MABS, I am not sure about that but maybe I could ask, I could make some inquiries. But the last time I heard, I think we're approaching... active? More than 20,000 I guess.

HS All over the country?

RA More than 20k I think. I mean currently. The last time I looked. But there was a time I think there was more than that. I'm not sure.

HS Can we have, can we get-

RA Some data? Well I have to request because we're not really, the way that we provide data to third parties is not something I could decide upon. I need to get some clearance from the higher ups.

HS Do you think MABS was effective in providing the necessary assistance to, and support to Globe?

RA Yes! Very much. Well, if not for them we would not have been able to have access to the rural banks. In fact the rural banks today is a very important part of our outlet network. And what does this outlet network do for us? We have around 7000 prime outlets, we call prime outlets. Out of that 7000 outlets around 3000 are subdistributors. These are subdistributors of Globe, those people that sell air time load. The remaining 4000 is made up of pawnshops and rural banks. Half of the 4000 is more or less rural banks, half of it is rural banks. So it actually comprises a very important portion of our outlet network.

Now the question is what does this outlet network do? This outlet network does cash in and cash out services for us, remittance payouts, also as send points for remittances, and also Know Your Customer points for us. So the rural banks are very important to us in terms of our, you know, facing the customers through our partners. If not for MABS we would not have had access to these rural banks right away. Because what we would have done was talk to them one by one. Right? But because of MABS we could insert ourselves into their events and all that stuff meet several heads at the same time. Also the relationship.

HS How did the MABS project contribute to the growth of the business, to your company?

RA In the early years it contributed quite a bit. Because of course they have access to the rural banks. Now we have several models running in our business. We also have a bank model. So it's not really the market of the rural banks. Nowadays it's not really as big of a portion in terms of the contribution but before they were a huge portion of our business which actually helped us to be where we are right now. We would not have survived before if not for the, you know, our engagement with the markets where the rural banks attacked. The proportion of our other business has increased so in terms of our relative contribution, it's not as big as before.

HS With regards to, actually parang natanong ko na to kanina but related lang to, has the number of transacting clients increased through the years?

RA I could see that there is a steady base but it has not been increasing because of course this is just my personal opinion, I think that the engagement maybe needed a little more time. Probably 2 or 3 more years just to push it. And then of course in terms of focus, we kinda focused on some

- other stuff also because of some emerging opportunities. But I think today would be a very opportune time to refocus on that. That is my opinion, of course.
- HS How do you think can the volume of business of mobile banking by the rural banks, especially clients continue to grow now that MABS is completed?
- RA Well I think as a, well there's a chance that it could grow. There's a chance but I'm not sure if, because we're growing our business in different areas right? So I don't know if we could say that, if we could push it in such a way that the rural banks would also benefit from this. I'm not sure about that. Because we're attacking generally the market where they are in. but I'm not sure if they would be part of the, the growth unless if we really say that you know, we dedicate a particular portion of the business running through the rural banks.
- HS This time can we have, just an estimate or an indicative figure of the percentage you dedicate to this portion of the business.
- RA Through the rural banks? Probably around 10%. Yeah just 10%. Because today if I look at the rural banks it's just one channel out of the many channels that we could have.
- HS Because according to them, according to RBAP there are more or less more than 2000 rural banks including their branches. One rural bank has 80 branches, the other 30 plus. So they actually grew for the past several years. And there were those who merged, others closed shop. But then the number of banks this time just really increased. And according to them-
- RA But I know it's a big opportunity. But for us to really allocate our resources to really look at the whole of the rural banks, I think it's not something that we're willing to really put our resources to. Unlike in, there was a, like for example MABS, who's at the middle, you know. We just talk to them and then it gets, something like that.
- HS So this time that MABS is really out.
- RA Yeah. They have an organization just to do this right? But for us to do that we have to build another organization.
- HS Do you think that rural banks will continue to push the usage of this mobile banking even though MABS has phased out?
- RA I think. I think because today as I've said, we have rural banks who are our outlet partners so we have relationships with them. Not to all of them but to some of them. The biggest ones we do have relationships. And I think these relationships, it is not confined to them being a network outlet for GCASH but I think there are also opportunities for them to use our platform.
- HS What factors do you think might hinder rural banks and their clients from continuing to use mobile banking?
- RA I think well, education is a very important thing. So if there's no on the ground education, there's no below the line push for financial literacy, it would be, I think it would be a hindrance. And one other thing is the customer experience. How easy is it to use technology. Right? Because some people might not be as adept at using mobile phones as other persons are. So I think really, education is a very important thing. So the question is, who does the education? Do we do it? Does an NGO do it? Does a non profit organization do it? You know it all depends on what the goals are and what are the returns. Of course we run a business although CSR is really part and parcel of our business model. But it's kinda hard to commit huge resources just for that because you know, literacy. Literacy is really, really expensive. If you learn from the models in other countries, that's the single biggest investment that they make. I'm guessing.

- HS In fact rural banks right now, when you ask them about trying to reallocate some of their resources, adding additional percentage to their portfolio on microfinance they will say that it's very hard to commit such resources because they are of course, their priority is also profit, maximizing profit. Although they have that inkling on trying to be of service to the community.
- RA And of course that's one of the inherent risks of a prime mover right? For example if it's a, say it's a virgin area, doesn't know anything about mobile banking. You come there trail blazing, teaching everybody about mobile banking and you do not have any assurance that they're going to use your services. There may be somebody else coming at a later stage showing them, this is mobile banking. Why don't you try me? Maybe it was not that time that they took your service but the fact that you already trail blazed and you know, taught them, it would be easier for the second entrant. So it's really a risk of the prime mover.
- HS What for you are the best practices that can be replicated for use by other rural banks currently not participating in MABS, or which did not participate in MABS?
- RA What would be the best practices? Practices, I think, I think in terms of practices they kinda, I would expect that they would have the same practices as banks in terms of risk management because all of these things are driven by regulation right? But in terms of business development paradigms, I think those people who have not really tried the things that we did with MABS, is I think they need to take a harder look at it, be more open and try to have that business development mindset, and try to think out of the box and probably think that technology is the way to go. I do realize that a lot of people are still fairly conservative in terms of the way they do their business, maybe technology averse. But I think there's no way, I think if you want to survive in the future I think you need to have that business development mindset and to think out of the box and also try to test out models that we have done.
- HS Can you share your most valuable lessons? The lessons learned in the implementation of MABS?
- RA Ah. Okay. This is my most valuable lesson which I actually mentioned: never underestimate the need for education. Never underestimate. Because that was one policy, one false assumption that I think we made, and I think I made also in the early years that I was working with GCASH is we underestimated the leg work required for financial literacy. It's huge. It's big. It's really, that is where the probably you can say, the rubber meets the road. Because technology, it's easy. You just need time. Regulations, you also need time. Putting together a process is not really rocket science. But the real battle is how do you engage someone to use your product if that person doesn't even know the basics of financial services. So I think that's the biggest lesson that I learned from that engagement.
- HS Other questions, this is with regard to gender. How have gender considerations been integrated by the MABS in mobile phone banking? Do you have any idea?
- RA No, I don't. But I'm surprised with the question.
- HS It's actually one of the areas that USAID would like to know with regards to implementing programs and projects.
- RA Ah okay. If there are instances that we...? No I haven't heard of anything but they're not, but I'm just curious about the question. Why is it something that is being asked? Should they be pushing gender sensitivity is that it? Or gender equality? Or whatever?
- Regarding gender mainstreaming policies, there's none not that I've heard of. It doesn't really matter who we talk to, you know. Maybe you guys are trying to find out if the guys here at Globe are bigots. (Laughter)
- HS Do you have gender mainstreaming policies here in your office?

RA No, not that, that I'm aware of. Gender mainstreaming, does that phrase mean that we need to accept more gays or more lesbians here or more homosexuals? Is that what that means or do we need to promote more women?

HS I think-

RA You know the word mainstreaming is kinda raw. I don't know. (Laughter) Surprising questions. Anyway.

HS I don't think it's a problem in the Philippines unlike in places like India or Pakistan –

RA Ah I get it. I know I know. They're treated like second class citizens, () and court is not really as reliable as it is for the men. Ah, now I know because you need to report to the one who gave the grant. (Laughter)

Punla sa Tao Foundation

KEY INFORMANT INTERVIEW	
Name:	MR. ALAN N. OROGO , Deputy Executive Director
Date:	11 March 2013
Time started/ended:	6:30 – 8:30 PM
Venue	Gateway, Cubao
Effectiveness	
2. What is the role of the MABS Service Providers?	<p>AA When were you accredited as a MABS service provider?</p> <p>AO Nagstart yung accreditation process was around 2002... But I think we started training rural banks in 2003. Ang binigay sa amin na role, we were supposed to be the one to train, or to transfer the technology to the rural banks, the MABS technology, methodology. Ang tawag nila the MABS approach. Before ang tawag sa amin, kasi later na lang tinawag kami Mabs Service Provider (MSP). Before yata it's technical service provider. So nagstart kami around 2003, pero ako nagstart talaga ako 2004 with Cascade.</p> <p>AA Why was MABS' strategy to hire service providers instead of just capacitating RBAP?</p> <p>AO Ito yung sinabi sa amin. RBAP has limited capacity to deliver the technology. They don't have the people and they can't afford to retain them. So kinuha kami para mas maraming banks na ma-reach. In terms of capacity, yung mga service providers have the capacity to train the banks in the MABS approach, and para commercial yung cost hindi subsidized.</p>
3. What is the criteria for selecting the MABS Service Providers?	<p>AO Ang ginawa nila nun I think they set some criteria for kung sino yung mga service providers. Hindi ko na maalala kung ano yung criteria but one of them is, dapat may background in microfinance... hindi ko na alam kung how many years but meron siyang background even if yung, kasi institution ang kinukuha nila eh, hindi individual. So the accreditation was for the institution. Pero yung individuals na gusto nilang iaccredit, ipasok nila as trainer, as consultant, dapat may background on microfinance, background on training, and then i think as consultants also. So yun lang ang naalala ko eh.</p> <p>So we were chosen from a list and then pinadalhan kami ng letter. And then hindi ko alam yung specific steps na ginawa. Si Chris kasi yung ano dun eh, yung lead.</p> <p>AA So there were 4 of you?</p> <p>AO Actually, 5 consultants. 5 institutions – PUNLA, ARMDEV, South East Asia Consultants, one was based in Laguna. MICRA was not one of them. Late na sila. They weren't part of the original 5.</p> <p>AA Pero na-accredit na sila?</p> <p>AO Oo, 2, to 3 years ago. It was because si Ernie was formerly from MABS and most of the staff was from MABS. Kung baga dala na nila yung</p>

		technology.
4. What kind of services are you providing under the MABS Service Provider Agreement?	AO	The whole module consists of mga 6 to 9 months kung icocount mo lahat. Their first step nun is the orientation and the last is the, parang operations review. Ang ginagawa kasi there are 4 modules that are delivered one at a time, so mga 3 to 4 months yun combination of training and TA. So after that, after 4 months of training they can start the pilot test sa bank. Then after 6 months, dun na kami papasok ulit, sa operations review. The whole process takes about 6 to 9 months. Actually more than, depende sa bank. Depende sa pace of the bank.
5. How did MABS assist you in order for you to provide these services?	AA	Ah so it wasn't MABS that did the marketing for you?
	AO	There were times na kasama namin sila because in the beginning there were promotional tours na ginawa. Pero after that kanya kanya na pero with endorsements pa rin from MABS. Kung may kelangan ng letters or materials from MABS, they provide us with them. But the actual marketing kami na.. We send invitations, we send letters.
	AA	Paano yung pricing?
	AO	Pricing, kanya kanya. Walang standard. Sa amin we have our own pricing.
6. Is there any accreditation process that you had to undergo in order to qualify as a MABS Service Provider? If so, what are these processes?	AO	So there were 5 of us. But after the accreditation we were only 3: PUNLA, ARMDEV, tsaka South East Asia Consultants. The other two hindi sila tumuloy eh for whatever reason. In fact yung consultant na natrain dun sa dalawa, lumipat na sa ARMDEV at South East Asia Consultants.
	AA	So may trainor's training?
	AO	Oo. Tinrain kami ng 3 to 4 days. In one place nandun kami lahat. Iba-iba. And then after that may mga ininvite sila na mga banks na interested and then nagcofacilitate kami with the MABS team. So binigyan kami ng assignments tapos may evaluation. After every module na kinokconduct namin they evaluate us.
	AA	Ah so pwedeng hindi pumasa?
7. How many Rural Banks engaged your services during the course of the MABS Project?	AO	Ever since, we have assisted a total of 31 rural banks. One is a coop bank, one is a thrift bank.
	HS	How many modules yun?
	AO	Full package na staggard. Mga once a month meron. Ang pinaka maiksi is 3 days, pinakamahaba is 5 days. It's conducted on site. Either sa bank office or bahala sila sa venue. Nung nagstart kami we conducted by groups like sa Bicol, 5. Sabay sabay. Training, ganun. But the technical assistance is one by one. After that one on one na kasi may mga banks na ayaw mag ano kasi competitors eh. Kasi by region.

<p>8. Did you earn from the various trainings/activities you conducted as a MABS Service Provider?</p>	<p>AA Dun sa costing I assume meron dung mark up for your general expenses?</p> <p>AO Oo. Meron. Talagang market price kami. Some banks nga are complaining. But ang sinasabi nga namin palagi, it's the quality that we promise. Sinasabi namin, you get what you pay for. We earn. To be frank, 20 to 30% ang aming mark up. Kasi may costing kami sa mga consultants who train.</p> <p>AA Halos standard naman yung ano eh. Hindi naman nagkakaiba. Pero normally magkano yung bayad on average, yung charge per module?</p> <p>AO Per mdoule, uhm sig. Per module, 3 – 5 days na module. Sa training pa lang it will raise 40,000 to 50,000.</p> <p>AA Wala pa yung technical assistance dun?</p> <p>AO Wala pa. Sa participants ang ginagawa namin, based on the contract we just limit it to 5 participants per bank for every module.</p> <p>AA So yung 50,000 na yun hindi yon per person, for 5 people na yon?</p> <p>AO Oo. Pero the usual hindi naman yun nangyayari kasi nagsisit in yung board. So on the average 5 -1 0 individuals per bank per session. Tapos mga 4 sessions yun in total.</p>
<p>9. How many Rural Banks engaged your services after the end of MABS?</p>	<p>AO May mga banks pa rin who are interested. Last year may naorient kami na isang bank pero hindi pa natutuloy. The last bank that we trained na existing pa rin ngayon, I mean may training pa rin kami na outstanding, sa Coop Bank of Cagayan based sa Tuguegarao. Meron pang mga ibang banks na may interest pero hindi pa sila nakakapagdecide.</p>
<p>Sustainability</p>	
<p>10. Do you think you can continue providing these services even after the end of the MABS Project?</p>	<p>HS Yung PUNLA ba until this time nagooperate pa rin kayo?</p> <p>AO Yes. We're still operating and we're still training rural banks, capacity building using the MABS technology, the MABS methodology. Actually ang ginawa ng MABS they left us the technology. So whoever wants to avail of the MABS technology, sa amin o kaya sa MICRA.</p> <p>AA And the rural banks are paying?</p> <p>AO Ah oo. They're paying. Pero I think for the first two to three years may support ang USAID eh parang incentive for rural banks who will joint he MABS approach.</p> <p>AA What incentive?</p> <p>AO They were giving Php 75,000... They were giving it to the service provider for every package. The package consists of formal trainign, on site technical assistance atsaka operations review. Parang pinaka evaluation na.</p> <p>AA Pero that 75,000, that was a subsidy?</p> <p>AO Oo.</p>

	<p>AA Did that bring down the cost or...</p> <p>AO In a way, yeah. For the bank kasi parang discounted na yun eh. But that was only in 2006 or 2007. After that wala nang incentive.</p> <p>Did that incentive cause a lot of banks to participate? Kasi in effect nagmura diba kasi nasubsidize siya ng 75,000.</p> <p>AO In the beginning kasi the banks were very price sesitive. Tinitignan nila yung cost. I don't know with the other service providers but yung cost namin kinakarga namin lahat sa kanila eh. Kasama dun yung professional fee, the transportation, airfare, accomodations. So if you cost the total, medjo mabigat sa kanila.</p> <p>AA Were you still doing that up to phase 4?</p> <p>AO Yeah. Ganun parin.</p>
11. What steps did you take to ensure that you can continue even beyond the end of MABS?	<p>AO Sa amin naman, MABS is only one of our programs. So whether or not MABS is there, meron pa naman kaming other projects so we can still go on offering. But for the MABS project, of course wala na yung MABS pero nasa amin na yung technology, then we can do all the marketing, the training, and the technical assistance in cooperation pa rin with RBAP kasi sila pa rin yung holder ng rights. So we still coordinate with them.</p>
12. What kind of assistance, if any, did MABS provide to ensure that you can continue providing services to Rural Banks even beyond MABS?	<p>AA The way I understand is that bulk of the assistance went into training and technical assistance. From what you're saying now, that task has been passed on to the service providers.</p> <p>AO Sa other trainings they slowly transferred them to us. So unti-unti trintransfer nila sa amin, and then they develop new modules. Tinatransfer din nila sa amin slowly. Sabi nila nun that's part of their exit strategy. Sabi nila pagwala na yung MABS at least may service provider that has all their technology.</p> <p>Ang pinaka thankful kami sa MABS is the market. Kasi dati puro NGOs, coops, and now here's the opportunity to cater to rural banks sector. Although meron naman kaming clients na banks before, pero mas dumami.</p> <p>AA So you're saying as a MABS service provider na-diversify yung client base nyo?</p> <p>AO Oo. Parang ganun.</p> <p>AA May prinovide pa ba ang MABS sa inyo?</p> <p>AO Materials, of course binigay nila sa amin: the CD, the e-copy, hard copy. Yun talaga. It's the technology. And the 75,000 na support. Equipment, wala naman silang binigay sa amin.</p>
13. Are you providing other services that are not part of the scope of a MABS Service Provider?	

14. Will you continue providing services to Rural Banks using the MABS technologies?	
Good Practices	
15. What do you think are the best practices that you have learned from MABS?	<p>AO Ang maganda dito sa MABS, meron siyang technical assistance so hindi lang siya puro training. After each training kasi may technical assistance, parang follow up. Ang ginagawa namin during technical assistance, kung ano yung natutunan nila during training, after training kasi we give them assignments, outputs. This is the output for this training, tapos kelangan nila gawin yun. So after 2 – 3 weeks we come back for the technical assistance so tinitignan namin yung kanilang quality of output. So based on quality we provide them, dito napapasok yung consultancy. Tinitignan namin yung what they did right, what they did not do right. Kung kelangan nila ulitin yung output pinapaulit namin. So in terms of application, nandun talaga. They really apply. Kung baga they are bound to apply kasi nasa contract eh.</p>
16. How do you think these can be replicated?	
17. Can you share your most valuable lessons learned in the implementation of MABS 4?	<p>AO One is yung stick to the market. Conduct market research before, during, and even, basta at all stages very important yung market research. Another is yung TA talaga. It's not just always training but kelangan talagang merong TA component, yung technical assistance, capacity building. Ito yung hand-holding, coaching, on the job training, ayun. Of course the importance of involving the top management, the senior management of the institution at all stages especially sa early stage kelangan involved sila dun. Tapos of course, actually ang pinakameat talaga, one of the things na na-appreciate talaga ng rural banks nakita namin is the technology on character investigation and background investigation (CIBI) and cash flow analysis. Although there are other technologies, pero medjo kakaiba yung sa MABS kasi they really look at the details, yung timing. More or less mas accurate yung ginagawa nilang cash flow nakita naman compared to the other cash flow technologies. Tsaka dun talaga we'll be able to determine magkano talaga ang kanyang bayarin based on the cash flow.</p> <p>AA Anong appreciation nung banks dun?</p> <p>AO Medjo maraming banks na nahirapan kasi sanay sila sa madali eh. So sa MABS kasi mas madetalydo, mas mabusisi, atsaka matagal. Kanilang form pa lang it will take you 10 pages per client. So medjo nahihirapan ang banks. Pero yung appreciation naman nung mga bangko, nakita naman nila yung quality. It's not really the quantity of accounts that's important but the quality, so repayment quality ang naging benefit ng MABS approach. Yun yung bottomline mo.</p>
Gender	
18. How have gender considerations been integrated in the services	<p>AO Hindi tulad ng Grameen. Dito sa MABS approach it's more individual eh. Kung mga sari-sari store yan, majority women. Pero pag ano na, tumaas ka na sa market, kung may collateral na, mga lalaki na yun. Usually lalaki yung may ari, sa kanya nakapirma yung collateral. Although it's the women who manage. At yung nakikipagtransact, it's the women. Kasi</p>

<p>you provide as a MABS Service Provider?</p>	<p>yung mga men usually ayaw makipagtransact.</p> <p>Microfinance started with the group kasi. Mas madaling maggroup kasi yung mga women. Ang mga men kasi individualistic. Sa women they like the social, the peer approach. Pero sa MABS wala eh. Dito kasi sa MABS ang tinitignan dito, it's the household income eh. So whether from the men, from the women, kumikita income from the business. And since banks naman ang involved dito, it's the bottom line eh. It's not really gender. They don't look at gender. Essentially MABS is really for profit talaga, kasi banks eh. Although may social aspect ito, it's not the priority. It's really the business.</p>
<p>19. What are some examples of gender mainstreaming in the services you provide to your Rural Bank clients?</p>	

GEM (MICRA Philippines)

KEY INFORMANT INTERVIEW	
Name:	MR. ERNESTO GEMENTERA , Consultant
Date:	27 March 2013
Time started/ended:	9:30 – 11:30 AM
Venue	Starbucks, Alabang
Effectiveness	
20. What is the role of the MABS Service Providers?	<p>EG Sa MICRA kasi, when MICRA was established, the purpose, the funder, it was funded by the Bill Gates Foundation. One million dollars yun... service provider kami. There were 3 branches ng services ng MICRA. One is yung research component then we have the ratings component. And then we have the training and technical assistance component. As head, I had to manage the three components na yon. Unfortunately after three years there was one issue that made us a big, ang hirap naming nakuha yung market ng rural banks, ng cooperatives, atsaka ng NGOs.</p> <p>Now, talking about NGOs, MICRA is a private organization that needs the fees, yung service fees namin in order to sustain the operation. Wala itong government subsidy or whatever. Our office was in Makati, sa gitna. Ang cost nun napakatindi. How could I possible manage? Ang nangyari was, during the first two years, nagagamit namin yung funding para sa operational cost. And ang problema dun is we need to source some revenue from the local market. Ang pinakamalakas na nakuha namin dun was research. Because yung mga American directors namin, sila yung nagbibigay. Binibigay sa amin, parang spinospoon feed kami, we just do the work.</p> <p>After ilang months nakikita namin na I was focusing more on the training and technical assistance of rural banks atsaka sa mga cooperatives. But pagkadating namin dun sa pricing, that's where the problem starts. Kasi tignan mo, MABS was offering it for free. Here comes a guy like me...they still have to say, teka may kamahalan ka. Very, very few ang nakuha kong mga rural banks who paid me without question.</p>
21. What is the criteria for selecting the MABS Service Providers?	
22. What kind of services are you providing under the MABS Service Provider Agreement?	<p>EG Training. Tapos yung technical assistance. Ang problema kasi dun sa grupo ko sa MICRA, there was nobody who was a banker. Walang banker... so pag merong isang rural bank na gusto ng technical assistance about the operation, I give it. Ako ang pumupunta. Eh diyos ko pagkinosting ng aking accounting yung fee, mahuhulug sa silya yung presidente. So yun ang naging problema. In fact, during the first round table discussion we invited all the heads of these rural banks, yung RBAP group... lahat ng mga mabibigat, because we wanted get a consensus. Ano ba talaga ang magiging role ng MICRA. Ang problema pagdating dun sa costing, kahit na ang ganda ng mga napagusapan namin dun sa forum, pagdating sa costing non-negotiable para sa kanila yun. Masyado daw mataas. In fact some of the Presidents told me, Ernie masyado kayong</p>

	<p>mataas.</p> <p>Nung time na nandun ang MABS, ang ichacharge mo lang not more than 150,000 for the complete training nung MABS approach. And that takes 3 months. Eh kahit na anong pagkwenta namin hindi namin maipagkasya yung 150,000.</p> <p>AA Sinasabi ni Alan nun that they were provided with a subsidy of 75,000 pesos.</p> <p>EG Oo. Kasi nung una, nung nagsimula yun, yung 75,000 USAID ang nagbabayad, tapos yung 75,000 binabayaran ng bangko. But still! Makunat pa rin yung mga rural bank! Eh lalo pa ito na walang subsidy tong sa akin. Talagang hirap na hirap ako magmarket.</p> <p>HS Ano po bang klase nang research services ang prinovide niyo?</p> <p>EG Everything. Isa dun was yung, during the establishment ng bangko, kami yung, we did the groundwork for the research ng bangko. Parang profiling ng market and everything about it, interviews with potential clients, in collaboration with Pulse Asia. Pulse Asia provided the nationwide survey on ganito ganito. Kami yung component na nagtanong dito on microfinance, saving services, lending services, kami yung nagprovide nun. They used I think 6 of my people and we hired mga 6 na studyante. The title of the report is wholesale lending market for microfinance in the Philippines.</p>
<p>23. How did MABS assist you in order for you to provide these services?</p>	<p>AA When you left MABS and became a part of MICRA as a training service provider, tinitrain pa rin ba kayo ng MABS ulit dun sa mga bago nilang technology?</p> <p>EG No. Wala namang nadagdag eh. Kasi nung pagkaalis ko, meron na silang microinsurance. During the time na nandun ako, sinisimulan na ni John yung GCASH. But stil nagcrash pa rin kaming lahat. Lahat ng managers. Hindi naman matanggap yung GCASH talaga!</p> <p>AA Bakit anong problema nun?</p> <p>EG Andaming isyu! Hanggang ngayon ganun pa rin ang mga isyu!</p> <p>AA Ano po yung mga isyu? Hindi kasi ang problema namin, syempre pag binasa mo yung report –</p> <p>EG Yeah! Ang ganda lalo na kung si John ang gumawa. Eto ha, sample na lang. Ako kasi ang hinawakan kong area dun sa, kay Atty. Lim sa, ang assignment kasi nun yung kay Reggie sa Pateros, kay Atty. Lim, First Valley Bank sa Mindano... Yung GCASH kasi nung iniintroduce namin yun kasama pa namin yung Globe at may American partner si John. We went around. Iniintroduce namin yung GCASH. Merong isang araw na registration lang. Libre ang SIM. Ngayon pagumabot ng 1000 yung naintroduce mo, dadalhin na ng Globe yun sa kanilang database. We registered 1000 GCASH. Ang problema dun, ilan yung active. Baka wala pang 10% ang active. Ang nirereport nila sa atin, massive- 10 million ang registered. Tignan mo ang transaction. Base dun sa survey na ginawa namin sa BPI. Ang total market for mobile phone banking was divided into 2 telcos: smart and GCASH. And Smart was getting 6%, Globe was getting 4% of the market. 10% lang kasi ang total nung dalawa.</p>

	<p>AA What market?</p> <p>EG Yung gumagamit ng mobile phone. Kasi nga ang laging nirereport ng Globe at Smart, there are 1 billion market para sa mobile phone pero actually hindi nga yun ang gumagamit. I have a CD of that report, yung ginawa namin.</p> <p>Towards the end, ang naging focus na ay yung GCASH. Yun ang in during that time. And gusto iprove ni John Owens na siya yung pioneer dun. Sa totoo lang, he was the pioneer on that. But the problem is, ayaw niya makinig sa amin. Ang problema nun some of the banks were already complaining. After so many years doing microfinance with MABS, ano ang susunod? Shall we let the clients go and the clients are already borrowing bigger amounts. Yun ang hindi nasundan.</p> <p>HS Yun nga yung problema. After maggraduate ng mga banks sa microfinance, ano na yung level nila? Sino na yung magaano dito?</p> <p>EG Yes. We failed to do that. Kami naman ginagawa lang namin yung sinasabi sa amin. Sa area ko, of the 7 rural banks that I was training, only 1 is remaining. Ay 2 na lang. All the other 5 closed down. Because it's based on the problem ng may ari. Kahit anong gawin mo run.</p>
<p>24. Is there any accreditation process that you had to undergo in order to qualify as a MABS Service Provider? If so, what are these processes?</p>	<p>AA Sa case ba ninyo, you still had to go through the accreditation process?</p> <p>EG No I did not. We did not kasi I came from MABS. Binigyan ako kaagad ng accreditation ni John Owens tsaka ni Mely. No need to go through accreditation for MICRA because Ernie's already there. We understand, because ako yung nagdala ng MABS sa Mindanao. Ako yung regional manager ng ARMM area dun eh. So nung pumasok ako sa MICRA, ang sinabi agad ni Mely, sige iaaccredit namin agad kayo. With formality nalang, talagang binigyan kami ng accreditation. Kinuha ko pa yung mga ano ng MABS, dating staff ng MABS. Si Rick ginawa kong Australian Director, I was the Executive Director. Si Ronnie Pili, pinagkukuha ko yung mga dating... I think that was the last phase of MABS. That was my main problem paagdating sa sustainability ng MICRA.</p> <p>HS So ano po yung criteria for selecting?</p> <p>EG Nung time na nagaaccredit kami, ako yung naka upo sa panel. Tatlo sila eh, PUNLA, ARMDEV, at may isa pa. Tapos nung first installment pa lang, umayaw na yung isa. So dalawa natira. Kami yung naginterview, kami yung nagtest dun sa mga tao nila.</p> <p>HS Stringent ba yung accreditation?</p> <p>EG Oo. Tulad ng PUNLA. Sabi namin sa PUNLA you send us your technical people. Meron kaming, pababasa namin sa kanila yung technology ng MABS then after one week we test them on the questions. Then another week, merong individual presentation ang bawat isa. Pipili kami sa product development, pipili kami sa market research, we will try to take a look at how these guys present themselves. We trained a lot of people. So finally after no, na-accredit. Kasi ang ARMDEV, there were 4 people from ARMDEV na inano namin. Ang natira dun is Ted. Ngayong wala na rin si Ted so wala na ring tao ang ARMDEV.</p>
<p>25. How many</p>	

Rural Banks engaged your services during the course of the MABS Project?	
26. Did you earn from the various trainings/activities you conducted as a MABS Service Provider?	<p>EG Ang liit ng 150,000! Kaya ang ARMDEV sinabi nila, Ernie mukhang hindi kami kikita dito. Napakaliit nun. You cannot charge more than that. Oo may cap yun. Ngayon nagaaverage ako ng 250 to 300,000.</p> <p>AK Can you say that during the life of the MABS project MICRA actually earned from the trainings and activities?</p> <p>EG Yeah, sa totoo lang. Pagdating dun sa training lang ha and the technical assistance. Pero other services namin, tulad nung rating, oh my god nobody wants to take it. Yung rating services? Nobody wants to have that. Aminin na natin ang Pilipino ayaw tanggapan na may mali sila. In fact, kaya nga nila pinasok ang MICRA dito is because of that, yung rating services. Because they think that the Philippines now is ripe for a ratings services.</p> <p>AA But the rating job of MICRA was not part of MABS diba?</p> <p>EG Hindi. Yun naman ang galing sa Indonesia.</p> <p>AA So yung sa MABS, training lang talaga?</p> <p>EG Oo.</p>
27. How many Rural Banks engaged your services after the end of MABS?	<p>EG Nung umalis ako sa MICRA, these rural banks still call me. Ernie, kelangan namin ng ano. Sabi ko, why not provide consulting services to these guys? That's where I started and dumami nang dumami yan. Kasama ko pa rin yung mga bangko na yan. Sumusunod pa rin sa akin yung mga yan eh.</p>
Sustainability	
28. Do you think you can continue providing these services even after the end of the MABS Project?	<p>AA Nung umalis po ba kayo, meron ba kayong na-training that could continue to provide services, MABS like training?</p> <p>EG When I left there might be some people that they trained.</p> <p>AA Sinong they?</p> <p>EG MABS. Kasi ang problema sa MABS nung umalis kami, they were more focusing on GCASH, microinsurance. So yung technology talaga on microinsurance was left to the service providers. Eh yung time na yon, si Alan lang yung pinaka-active. Punla lang. There was nobody. In fact kahit si Rick ayaw eh.</p> <p>AA Eh kasi yung isang isyu ko dun sa ginawa na yon, bakit pina-accredit, bakit pina-outsource diba yung mga service providers? Why did they not capacitate the foundation?</p> <p>EG Ay naku. Yan ang issue noon pa. When I was there laging pinag-uusapan pag meron kaming monthly meetings. Yan ang focus, was to capacitate the foundation. And one of the proposal was, pagnatapos yung program we'll be moving there. But the issue is can you pay us the same as what we're getting here? Pag tumatanggap ka ng 50, tapos bigyan ka ng 12 dun,</p>

	<p>magsstay ka ba? Unless somebody subsidizes the salary, maistrengththen mo yung RBRDFI.</p>
AA	<p>What I don't understand is the service providers would charge to conduct the training. Obviously the service providers were supposed to make money from the training. So if the service providers were making money, theoretically, if the foundation will also conduct the training they should also make money.</p>
EG	<p>Yeah. Pero ang problema, does RBRDFI have the same people as Alan? Makakakuha ba sila nag ganung klaseng tao? And Alan isn't paid peanuts here.</p>
HS	<p>So in short, hindi nainstitutionalize ang RBRDFI dahil ang mga tao come and go din kasi minimum ang salary nila.</p>
EG	<p>Yes! Ang problema din pa, yung Presidente ng RBAP only stays for one year. So assuming na nagusap na kami ngayon, next year wala nanaman.</p>
HS	<p>So yung continuity ng program wala na, even yung tao. Especially kasi maliit lang yung nabibigay.</p>
EG	<p>Tsaka yung Presidente he has his own organization to manage. Hindi ko alam kung ano na ang nangyayari sa RBAP. Buti nga nilagay nila si Vincent as Executive Director kasi dati every year nagpapalit. Iba yung Presidente, iba yung ED nila.</p>
AA	<p>Sarado na ba yung MICRA? What happened after you left?</p>
EG	<p>There are still 2 people. Dun sila nakikisquat, nakikiopisina sa Grameen.</p>
AK	<p>Does MICRA still provide services to the rural banks?</p>
EG	<p>No, I don't think so.</p>
AK	<p>So after MABS ended, it stopped?</p>
EG	<p>Oo because there were no people there. When I left.</p>
AA	<p>When did you leave ba?</p>
EG	<p>2011. I started it last quarter of 2008. Ang problema, yung executive director na pinalit nila sa akin is a guy who came from the academe so I don't think there's a fit. He doesn't even know what microfinance is. He doesn't even know the definition of microfinance. So it's useless discussing kaya wala na silang capacity to do that. If ever you get somebody who's interested to avail of training or research, who can you call? So it's useless accrediting them.</p>
AA	<p>Do you think it was good on the part of MABS to accredit service providers?</p>
EG	<p>In fact during the time na lumabas yung idea na yon, we were against it. Kaming mga consultants. Hindi sa gusto namin magkapera. We want quality in the implementation of the approach.</p>

	<p>AK And you thought that taking the services outside MABS would compromise that?</p> <p>EG Yes. Kami mismo sinasabi namin, kaya naman namin ito. We've been doing this. Sa ARMM I was the one going around training banks there. So bakit nakakaya? I don't know what was the ano of USAID. Bakit nila pinipilit. Siguro yung pagphaphase out na nga MABS.</p>
29. What steps did you take to ensure that you can continue even beyond the end of MABS?	
30. What kind of assistance, if any, did MABS provide to ensure that you can continue providing services to Rural Banks even beyond MABS?	
31. Are you providing other services that are not part of the scope of a MABS Service Provider?	
32. Will you continue providing services to Rural Banks using the MABS technologies?	<p>EG Oo. Pero pinapalitan ko siya based sa kelangan ng bank. Halimbawa yung requirement ng MABS na 150 clients, tinanggal ko na yun. Sabi ko, we're not focusing on the number of clients. We're focusing on the volume. So sabi ko pag merong 1.5 million ang isang account officer, he only gets 30 clients. Kayang kaya niya imanage yon. 1.5 million nagbrebreak even na yung account officer. Noh? What if nakapagproduce pa ng 3 million yan o di kitang kita na siya. 3 million at 50,000 that's only 60 clients. Pag malalaki na to, you don't have to go through ano ba yung sinasabi ni Alex, habulan. Kasi nagissue na ng PDC yung mga clients eh.</p> <p>Ito yung gustong pasukan ni John Owens before. Eh ang problema sinasabi ng cliyente, may PDC na bakit pa ako magmomobile?</p>
Good Practice	
33. What do you think are the best practices that you have learned from MABS?	<p>EG Ang best practices nila dun is yung, yung microfinance kasi, and in fact ito lagi kong sinasabi sa mga institution na interasado, hindi pwedeng istart natin in the middle or the last part kasi yung MABS approach is composed of three: research, development, adn loan admin. Hindi pwedeng dumiretso tayo sa loan admin. So yun ang pinakamaganda, yung complete component ng MABS approach because the client will learn the market, then after natutunan niya yung market anong klaseng produkto ang kelangan nung market after doing the research. Pagnakapagidentify ka na ng specific loan product, yung administration and management ang importante – yung credit investigation, cash flow analysis, yung tatlo yun ang pinaka. In fact all of the institution, they value this so much. In fact</p>

		yung mga nakausap niyo na mga bangko, ang lagi nilang sinasabi, even before the entry of MABS, meron na silang ganyang mga lending. But pagpasok ng MABS ang pinaka magandang nangyari, they were able to discipline yung management, yung staff, atsaka yung client. This is the most important part. Of course kasama na dyan yung monitoring tool, yung MIS, yung system. These are the things that had a great influence on the rural banks' operations. Yung ibang rural banks inadopt nila yung pattern ng MABS in doing the regular lending. Inadopt nila yun.
34. How do you think these can be replicated?		
35. Can you share your most valuable lessons learned in the implementation of MABS 4?	EG	Valuable lesson is that I was able to put up my own business! Well ang importante dito is for the rural bank kasi ito yung mga naging beneficiary ng technology. Pangalawa, yung clients. They were able to access. In fact I can speak with authority here because I was with the rural bank before the entry of MABS. Nakita ko yung sitwasyon. Up to now, yung mga rural banks na ayaw magadapt ng bagong technology, bigla na lang nagsasara because wala nang pera. Pagkamay nacocoduct ng technical assistance, hindi lang naman yung microfinance ang inaano namin eh.
	HS	Basket of goods ang binibigay niyo.
	EG	Oo. Kaya si Mely tuwang tuwa at sumasama sa amin palagi. Marami siyang natututunan. Dun sa Cotabato na yan, papaano mo maituturnaround yung bangko kung microfinance lang? You have to correct all the weaknesses there. And major yun. Major yun. Yun ang isa sa mga ano dyan, malaking benefits na nakukuha ng bank. Una, yung client. Pangalawa, nadevelop yung product. Actually before MABS, NGO lang atsaka coop ang nagmimicro. Ang maganda dito sa MABS, andyan yung tatlong component before you can introduce the technology. Number 1, you determine the market. Second you develop the product. Third, you administer the product. Kelangan yung tatlo na yun bago ka magintroduce ng microfinance lalo na sa bank setting.
Gender		
36. How have gender considerations been integrated in the services you provide as a MABS Service Provider?	EG	Well what do you mean by that? Kasi nung nasa MABS pa ako, majority of the clients are women. Now there are certain industries lang na talagang panlalaki- furnitures, steelworks, auto repair shops. Wala namang pinipili ang institution pero nasanay na sila na pagmicrofinance ang application, it's normally the woman that goes there. Characteristic na nung microenterprise market yan eh, na babae yung applicante. Meron lang talaga kaming sector na talagang lalaki ang nagmamaneho ng business. And we always see to it, I always see to it na yung nagmamaneho ng business yung applicante.
	AA	Pero ang treatment talaga is basically you're lending to the household diba? Syempre kelangan lang na merong borrower.
	EG	Oo. Ang nakafronte kasi yung babae eh.
37. What are some examples of gender mainstreaming in the services you provide to your Rural Bank clients?		

Associated Resources for Management and Development, Inc.

KEY INFORMANT INTERVIEW	
Name:	MS. ELDA MONTERA , President and CEO
Date:	3 April 2013 (<i>written response to guide questions</i>)
Time started/ended:	N/A
Venue	N/A
Effectiveness	
38. What is the role of the MABS Service Providers?	To provide assistance services to the rural banks in the Philippines develop their capability to provide both loan and deposit services profitably to microenterprise in their microfinance program
39. What is the criteria for selecting the MABS Service Providers?	<ol style="list-style-type: none"> 1. Must have key personnel qualified to provide MABS Approach Training and Technical Services (MATTS) 2. The key personnel must have satisfactorily completed the MABS Service Provider Training Program within the 6-month period. 3. The assigned personnel for MABS must have complied with the evaluation procedures set forth by RBAP-MABS 4. Must have demonstrated capabilities in conducting MATTS by receiving a “pass “ rating and subsequent inclusion of such individual/s to the list of key personnel
40. What kind of services are you providing under the MABS Service Provider Agreement?	<ol style="list-style-type: none"> 1. Training on the following modules: Senior Management Training Market Research Training Product Development Training- Credit / Background Investigation and Cash Flow Analysis Training Operations Review Product and Operations Enhancement – Technical Assistance 2. Individualized Technical Assistance Services to the Bank’s MABS core groups which includes: on-site coaching/mentoring, advisory services, MABS Operations review, monitoring and evaluating performance 3. Reporting and Updating Senior Management on the core group’s performance and the Bank’s progress in MABS implementation
4. How did MABS assist you in order for you to provide these services?	The MABS officers and staff through Chemonics International provided a series of training programs to ARMDEV’s assigned personnel, monitoring, technical assistance services, coaching, providing assistance and feedback as well as provision of relevant materials.
5. Is there any accreditation process that you had to undergo in order to qualify as a MABS Service Provider? If so, what are these processes?	Yes, there was. This was done through the series of MABS training programs, field exposures as well as practicum activities, conduct of periodic and final evaluation of each personnel. The assistance was very effective and beneficial which facilitated the ARMDEV personnel in providing the MABS services.

6. How many Rural Banks engaged your services during the course of the MABS Project?	Thirty two (32) banks - for the 6 month MATTS Nineteen (19) banks -shorter training “Refresher Course” activities offered to the public Over all Total: Fifty One (51) rural banks
7. Did you earn from the various trainings/activities you conducted as a MABS Service Provider?	Yes, with a small gross income of P2,400,870 (within 6 years intermittent) total of 193 months or 6.4 years.
8. How many Rural Banks engaged your services after the end of MABS?	Two (2) - i.e. Rural Bank of San Jacinto and Rural Bank of Guinobatan. This involved strategic planning, development of human resource development & management as well as training & coaching for RB Guinobatan; for RB Jacinto: strategic planning, operational review of microfinance program, & development of Bank’s operational manual.
Sustainability	
9. Do you think you can continue providing these services even after the end of the MABS Project?	Yes, ARMDEV can provide these services even after the end of MABS Project; assuming that the banks can pay for the proposed costing.
10. What steps did you take to ensure that you can continue even beyond the end of MABS?	Very minimal - pro-active marketing except brochure distribution for certain reasons.
11. What kind of assistance, if any, did MABS provide to ensure that you can continue providing services to Rural Banks even beyond MABS?	MABS provide referral of our services to banks; MABS invitation to us in certain RBAP conferences and functions.
12. Are you providing other services that are not part of the scope of a MABS Service Provider?	Yes, ARMDEV has been providing various capacity building services and other types of consulting services besides providing MABS services.

13. Will you continue providing services to Rural Banks using the MABS technologies?	Yes, depending on the contractual price.
Good Practices	
14. What do you think are the best practices that you have learned from MABS?	Enforcing credit discipline, close monitoring and follow ups on collection of payments, zero delinquency, systematic product development process, development of demand driven products - i.e. responsive to client's needs and market demands.
15. How do you think these can be replicated?	Replicability of these best practices can be done by applying and mainstreaming them in any program implementation.
16. Can you share your most valuable lessons learned in the implementation of MABS 4?	<ol style="list-style-type: none"> 1. Systematic approach in developing microfinance demand-driven microfinance products 2. Reinforcement of our belief in experiential learning which stresses action-oriented learning approach/methodologies and generation of outputs and conduct of results-oriented activities.
Gender	
17. How have gender considerations been integrated in the services you provide as a MABS Service Provider?	Recognizing the innovate skills as microentrepreneur promoting women's discipline and good practice as good payers of loan, innovativeness and discipline of women in microbusinesses.
18. What are some examples of gender mainstreaming in the services you provide to your Rural Bank clients?	

MABS

Date : 11 March 2013
Respondent Name : **MR. JOHN OWENS**
Position : Chief of Party
Organization : Microenterprise Access to Banking Services Program (MABS), Chemonics
Venue : Rocky Cafe, Rockwell Club
Attendees : Mr. John Owens (MABS)
Dr. Hector Sales (SDS)
Mr. Alex Almendral (SDS)
Ms. Andre Kwan (SDS)

AA () first of all Chemonics, all others were project-hired.

JO Well, we're all project-hired by Chemonics. But I was the only, in MABS 4, I was the only full-time expat during MABS 4.

AA There were other expats in MABS 1, 2, and 3?

JO Yes. In MABS 1 we started out with 4 expats. The original had Phil Braun. Well, we had three COPs in the beginning first year and a half. And then that was also, you know, I mean I'm not saying, taking it from my own, but just having stability and me being on the COP also leaves itself for projects when you don't have a lot of turnover. I mean we have staff who left after 4 or 5 years. But most of my Filipino staff, who I'm very proud of, I mean 4 of my staff, 5 of my staff are now running the bank... the Rizal Micro Bank. I have staff who have gone abroad. () One of my staff who was in charge of our Visayas office just left to go set up a bank in Cambodia. And we have worked with, some of them are working in Shorebank as consultants now around the world. I have another one in Africa. So my Filipino staff are going to China... they're going all over the world which I'm very proud of. I mean there are very few projects that can say that we actually trained some of these staff.

But for the most part, most of my staff stayed and we had stability. I think we created an environment whereby our staff were excited to work with MABS. We couldn't always, you know, the problem is that there were always alternatives. My staff could leave for a foreign job whenever they wanted to. And I couldn't compete with overseas salaries. We were restricted by USAID in terms of what we can pay. But I also made sure that I gave opportunities to my staff. So for example, because we were so successful we get invited to conferences all over the world and they would pay for everything: airfare, hotel. So I would get invited all over the world and I was too busy. But USAID was very good about allowing our staff, you know, that they would get paid their salary and they would go and share. Because one of our goals at MABS is also to share at international conferences on MABS 4. And I think we have, we didn't have a specific target but we were, if you look at the last goal was to share lessons learned globally, to make sure that... they felt in MABS 4 that we should really go around the world. We took advantage of the opportunities. And again, I've been in this field for 25 years so I have a large network. So people would invite me. In the beginning I went but then over time I only went to one or two conferences a year and the other three or four I would send my junior staff. So they would go to Singapore, or Thailand, or China, Brazil at the microinsurance summit.

And one of the big things that we did was, we helped obtain a lot of grants so I negotiate for the grants in behalf of RBAP. So what we did is, when we saw an opportunity...again you know, being very well connected, you know if you're on google, I'm on some listserves, and twitter and facebook and I use those from a business standpoint more so than socially so I've connected

with a lot of people. So the opportunities I learned about, we would position RBAP to come in as opposed to Chemonics taking it.

And that money that we used, it was, actually our project was the best public private partnership project that USAID's ever had here. We were generating almost \$80 for every \$1. You know when you add all () on top of that we brought in a lot of disbursement from a lot of local partners. We got a grant from the ILO which is headed by the Gates Foundation for \$100,000 to help set up. And today they're still doing the microinsurance. We're very proud of that. And so we really, instead of our target which is just to work with MABS banks, and we only worked with a handful. If you look at the initial target, we way surpassed that target by a multitude of 400%.

Originally it was only going to be a small number and a half million clients or more. And now it's probably more than that. Our target was 125,000 clients. So we went way beyond. We got people that's still on going. We still got a grant from Mastercard Foundation through microfinance opportunities () and somebody that I knew. And we helped RBAP to submit the bid during the MABS 4. That money was used to help compliment our financial education () mobile phone banking and (). I don't know if you've met with Sheryl. Sheryl was responsible for that. And she spoke at the summit in Jakarta for Citibank and the financial clients on the initiative last year. You know, it was good to get them out. I think because our staff got exposed internationally too, it built their confidence when they got back. Because I mean too many times projects are too myopic. They only look at you know what they've learned here. And so that's one opportunity of having the, you know when you're doing a project like this you want to learn from the lessons learned all over the world. So you know, it was nice because I was the only one. But I had that action and I was able to train and motivate my local staff to be able to look outside of just their experiences locally and also internationally in different settings that they could then bring back.

You know we had a study tour. That was actually MABS 3 that we got funded. GTZ sent some people here to look and I said alright, we'll take you but can you give us a grant to go look at microfinance in Latin America. So they went to Bolivia and some of the bankers paid their own way. On the mobile phone banking I remember there was a conference where our bankers got to attend. So sometimes instead of me going out, we also got the RBAP President to go and speak in a conference. Mitch spoke in conferences. In India we had one of them go, it was Cantilan Bank that spoke at one of our conferences.

So we took advantage, I think of resources to really help leverage USAID funding dramatically. And you know, Globe gave us a lot of money. We got money from (), they had Gates Foundation money. Originally, you have to remember when I was at this in 2008, MABS 4, our budget was cut by 30% for the first two years. I don't know if Tess told you that.

AA

She did.

JO

That was really hard to operate. When you put in a proposal and you say this is what you're going to do and then they say oh by the way we're going to cut your budget by 30%. I was like, what am I going to do? So all the expats that I was going to get to come in and do the work, I couldn't hire. I mean I had to struggle just to keep my local staff. And so, instead of hiring more people which was what I was going to do, I had to bring in this money just to do what we were originally required to do. So for the first two years by budget was cut by 30%, it all went up by the 3rd year. And by the 4th year they told us, oh by the way you're not going to get your remaining money and you know, we had to end a little early which was really a shame. And you know, literally our budget was cut by 25% from the original amount overall.

AA

Why was that? Why was it cut considering that you were doing very well?

JO

They cut all the budgets. I think you'd have to ask AID why they did it but it was the new Partnerships for Growth Initiative that came in and USAID, well, the writing was on the wall when they said where would the money come for Partnerships for Growth? Either we get new

money. If we don't get new money we will take money, reprogram money from all the existing projects. Every project, GEM, MABS, no matter how well we were doing. They just decided to take all that remaining money. You have to remember, because the money was cut in the beginning, that money that I was supposed to get in the end I was going to use to do more things but at the end they said you don't really need it because you know, you only have so many more months. So what they said is, instead of adding, because I didn't have a full year. I only had 5 months but it would have been enough money, potentially, for a full year. They said they were going to cut it. So that's why we had to end the whole, you know, end five months earlier. September instead of March.

But that wasn't our doing. And it wasn't because we weren't a great project. I think it was more other priorities, new mission director, new vision, wanting to change things, partnerships for growth. You know they had to make a deal, it gets into politics.

AA John you were saying that there were many banks that joined the project, from MABS 1 up to phase 4.

JO Correct.

AA How were you able to convince these banks to...

JO I think, you know, in terms of convincing banks, that was another thing, we were lucky to have the project running long enough. Because normally in the beginning, in the beginning you're always piloting new things and our approach was always to support and pilot efforts with a handful of banks. We would always pick, we were very careful with our selection policy. We were working closely with USAID and Minda and RBAP just to ensure that we have an open selection process. We had identified a few banks that we would pilot a particular activity whether it be insurance or mobile phone banking or housing. We would really work intensively with those banks. Afterward, we used the experiences, the lessons, what worked and what didn't work and we would highlight that and we'd have the banks train and inspire the other banks.

And so then it became, it was easier because once you'd worked directly with the bank and figured out how to make it work, and the training for the following banks: here's the toolkit, here's the manual, here's the, you know, we were able to document everything and turn them into what I call turnkey proposals, meaning you can kinda take it lock, stock, and barrel and you know, with a little bit of customization, modification you could operate it within your setting. And by working with RBAP, that was the nice thing was that we were working with an association. If we were a stand-alone project working outside of RBAP, and we were trying to come in, the banks would say, you know, who are you. You know, but since there was RBAP they could check out their buddy: so how's it working for you? You know it's working well. So word of mouth would spread and that inspired banks. You know we would also highlight the banks that were doing well to kind of motivate them.

I mean doing microfinance is really hard. And I think Filipinos, one nice thing, well, of the many things I like about the Philippines, it's that Filipinos I think, compared to other societies that I've been in, people, financially people want to do well. But you're a very Catholic, Christian society and you want to help others. There's this do-gooder, there's a savior in every Filipino, I think, that wants to help society. I mean it is an innate part of your culture which I don't find in a lot of other places. I'm being honest with you. So even the rich here really realize that to continue, I need to bring everybody in, like the Ayalas. And they're not, the Ayalas really invest a lot of time and money. If society doesn't improve, they can't operate in an ivy tower. They've got to reach out. And so, and I'm catholic as well and I appreciate, I think I understood that upbringing. And we were able to take that and use that as a motivating factor within the bank. So it was a double bottom line. A triple bottom line. You know the whole idea of inspiring people. So we have the Eagle winners. You know, we would take the banks that were following certain standards and we'd recognize them, you know. I think they got inspired. So...

HS So you didn't have a fixed criteria for the selection of participating banks?

JO Yes and no. What we did is, in the beginning we were very selective. But over time RBAP said you know, even if a bank is really struggling, they could still benefit from some of the lessons learned. So we had kind of a two-tier. If you were, if you wanted to attend any of the training events, you were welcome to attend on a fee basis. Because we got it to the point where we could fund everybody but we survived, let's do it commercially. Let's run like a business and anybody who wants to could participate in any one of the modules. However the banks that we worked with specifically, where we invested a lot of time, and USAID money, and resources, we wanted to make sure that 1, they aren't going to close tomorrow. So they had to have a certain Camels rating of 3 or better. So even our rating, we only would rate, well not rate, but do an assessment of a bank that had a Camels of 3 or better, no major outstanding, you know we wouldn't work with a bank that had outstanding issues with the Central Bank, so they had to confirm all that. We confirmed that with the Central Bank. That was the standard by which we, for the insurance, for the, the GCASH. That was another issue with the banks, oh we wanted to... and we said, look you know, it's also a reputational risk for GCASH if they were gonna, you know at one point the Rural Bank of Paranaque wanted a part. And we said, they weren't on the list, they were part of the Legacy scandal.

So there were issues that you have to manage but we were, so we worked both ways. We had selection criteria to reach a certain level. But any bank who wanted to, so we trained, when you look at it we trained almost 500 rural banks which attended some of our lectures or conferences.

AA At some point in time?

JO At some point in time. I mean, literally hundreds of banks went through our trainings for mobile phone banking or microinsurance, or delinquency management, or best practices. So even banks that we were directly not working with, again because we developed economies of scale, they were willing to pay for it so that USAID wasn't spending money. And you know, so the overall industry benefitted from improved standards. RBAP, you know, had nice modules that they were able to use. So the answer to your question is yes and no. Yes from the standpoint of those that we worked with, and no from the standpoint that anybody who wanted to tried to learn something – improvement of collection practices for most of them, improvement of management practices.

AA They paid for it anyway.

JO They paid for it anyway.

AA Did you get to monitor these banks that were not, what were the effects of these banks that just joined because they paid for the trainings?

JO Only if they went forward and got certified. Like for example if they started off with insurance and they started off with mobile phone banking and they got to the point, you know all of the products, if they wanted Central Bank approval, they all had to pass the Camels test. If they didn't how they were doing, we didn't have the resources to, we were already monitoring well over a hundred banks. So if you look at our, you know we only had 4 people just collecting data every month from over 1000 bank branches. That's a lot of work.

AA We were just curious. From phase 1 to phase 3 it was just basically concentrating on microfinance.

JO No, there were other things added along the way. Phase 1 was basically to prove that this could be offered. Phase 2 was when we really began to move to, and remember those were, 1, 2, and 3 were really just amendments to the original project. The new contract came in MABS 4, so in 1, 2

and 3, I think that the things that were added over time, you know we started with microfinance, we started in Mindanao then we spread to all of the Philippines and we brought, you know we kind of worked with select banks in those regions. And then we started to work, you know, kind of developing more capacity with RBAP to continue certain activities. But we learned along the way too, you know, like NATCCO I mean it's expensive to keep people in and out. So it's much better to outsource them when you need them. You know, instead of paying for them it was much better to outsource people so we had to develop that.

So mobile phone banking was actually started in MABS 3. The original part was in 2004 just when we started MABS 3. That was basically how to expand our reach, to get beyond. For a while we worked in the ARMM region. And then, but the challenges within ARMM were outside the scope of the project. We can't force a bank to open up a branch, and (). We could do a feasibility study, we did, we actually, First Valley Bank that wasn't willing to operate at all in Zamboanga del Sur. We did the first feasibility study in Zamboanga City to encourage them to open up a branch. So they actually, we did have some impact in terms of encouraging them to enter, not ARMM, but what we call conflict-afflicted areas in Mindanao. CAA they called it in USAID lingo.

But so, each of the stages there were other things that were added. The final stage we added the housing, the microinsurance, and the mobile banking was really, you know, an actual target which hadn't been prior to that.

AA Speaking of what you were saying about the challenge in RBAP, you started outsourcing PUNLA...

JO Yeah. That was started in MABS 3 – accredited MABS service providers. These were firms that could continue training in the MABS approach and you know, there's, you know, a couple of them are still around. They're still offering services, some training. You know, over time firms change, some stick around and some close, you know and people leave. Like PUNLA for example, his birthday's gonna be the, Raul, who was going to be 50...

AA Ruel, Ruel.

JO Ruel. He's going to be 50. He passed away. Nice guy. Heart attack. Again, diet. You know, and he died at 49 years old.

AA It's very sad. I was really very sad when I heard about it.

JO Yeah. I was shocked too. I mean geez he's my age. () So anyway we learned that in the Philippine setting, you know in the Philippines the people are very, people keep moving and you can't keep the same people. So the idea is that within RBAP we change the mentality of wanting to develop a unit within RBAP to service their member, to outsource services to licensed third parties. And we trained RBAP how to do that, how to monitor that you know, so that when a member wants training there's a list of people who can do that. Most of my staff now are still doing consulting work. In fact one them I'm meeting tonight. She's doing consulting with a rural bank. I think like, 2 or 3 of my staff are doing consulting with them now. So all of my staff are doing consulting for rural banks or coops.

AA That's the same with my staff at NATCCO. They're earning more than I am now actually.

JO So I think that the main thing is to shift away from being, from trying to do it all in-house to...as an association it's much better to outsource that and learn how to accredit others. I did realize that they're not going to stay accredited forever, you know, that people will change, and there's some flexibility so we built that in.

AA But why did you do that instead of strengthening the capacity of RBAP, or of the foundation for that matter?

JO Here's the thing. I think what we realize is, it was done jointly. To strengthen the association, okay, and that wasn't our targeted, in the end we, we had that earlier on but we didn't have that in MABS 4. What we learned is that as an organization, okay, RBAP now is much stronger than they've ever been before. But there are core competencies that an association should do, and there are things that they shouldn't do. Okay? And so, trying to make them a technical service provider for their members is problematic. Why? The same issue that NATCCO would face too. You have to remember that any association particularly in the Philippine context, but then this happens all over the world, is generally there are a few people that are kind of going to control the organization, right? And so whenever anything new comes out, those members that are most active are going to be the first ones to benefit. Right? It's logical. And so the ones who don't, there's going to be a crab mentality, right? There'll be jealousies. There'll be fighting. So in an association it's almost impossible to avoid that. Even if the selection of those members is done very clearly, there'll still be jealousy for those who feel that they're not part of the inner circle. Okay. And so as an association, and that's very politics really gets off. So I try to separate us from the politics. I didn't care what bank you were. We worked with every bank. And the whole political thing, that was way before MABS 4 but we, I learned to get over that by trying to get RBAP out of, you know because it just gets too political.

Basically we weren't involved in politics. We worked with anybody who wanted... but the main thing is that instead of housing all the technical services inside, it's better to outsource that because then they can operate independently and there isn't any political pressure. Because if it's in house there's going to be some pressure to choose which ones will benefit, who's going to get what. So to sustain RBAP we chose to outsource those things rather than have the in house because you can't sustain it. You can't keep the salaries. It's not going to be attractive enough for people. It's better for the association to be the gatekeeper, to say here's a list of partners, and develop that capability, to provide that information to the banks, get a better website which they now have, better communication, to do the public relations work, to work on the lobbying you know when there are issues, to coordinate better with the Central Bank which they weren't doing in the beginning. We helped them get the point. I'm not involved anymore, I only have regular sessions but we helped them in the beginning by doing those consultation sessions with the Central Bank and now they consult with the Central Bank regularly. That's sustainability. That's the true sustainability. You know it's hard to keep good staff even for communications. They're always turning over. So that the idea is the training, just to organize the training, but don't do the training so much in house. They have it with the microinsurance but that's because they have outside funding. So if you have outside funding you can do it. But over time when you don't have that, it's much better that those people are outside because then I don't have to pay for them while they're sitting around waiting for the next thing to do. You know, they're outdoing their own business. From the organization standpoint, that's sustainability. That's how you strengthen an association. That's how an association can operate and avoid internal politics that always seem to happen with every organization in this society. Every association that I've seen.

But I'm saying so those things happen. But the thing is it's better, so our strengthening we switched from trying to do everything within RBAP, to be the association to sort of endorse and have those external. I mean, RBAP never had like the banker's association, like the banker's institution, the training arm. They envisioned that but they never had the resources. There's not enough dues. You know, how do you get enough money to do that. And even if you got a grant to set it up, how do you sustain it in the long term. So it's much better to just have those contractual arrangements and that's what we set up. That's what we focused on because that's more viable. That's more sustainable. That's strengthening.

I mean we tried, but then we realized, what we came up with in the Philippine environment, in the setting of the rural banks, in the best case scenario, sustainability was really within the banks and RBAP's ability to just you know continue to develop those relationships with external

partners. Because before, I'll tell you, when they had their RBAP conferences, to get together and have a golfing outing, that was the main thing. It was social. But now, it's so important that everybody ponies up. You know Globe has given them half a million pesos.

So we were providing a service that their members can use. At the same time they're looking for large numbers of outlets (?) which RBAP, with 6 million clients, 2700 branches is very attractive.

HS Were there any banks that dropped out?

JO There were a few. Not so much in MABS 4 I think more of them were earlier on. And there were a number of reasons why they withdrew. Either the bank was having difficulties, and you know, was going to be merged with another bank. So a couple of banks were actually merged with other banks. Mostly they were merged or they had their own internal problems. Sometimes if we found a bank that was doing something it shouldn't be doing and we didn't really feel that they, you know, we gave them lots of opportunities. Like in MinDa they wanted us to help but over time if a bank was doing something that they shouldn't be doing, there was a violation of Central Bank rules that we became aware of, we would report them at the same time we did have to tell them that if they continued and they weren't going to change their practice, it was better for them to withdraw because we couldn't endorse them. So we did have a few banks under those circumstances that didn't voluntarily withdraw. We didn't actually force them out but basically you know, you're not following regulations or, that's why we avoided working with Legacy-type banks.

AA You were mentioning about working with the insurance associations. Because that's one of the things that we have to talk to also. Who would be a good person to talk to, at least on the association side?

JO That would be, the one that we worked with who was there before was, of I have to remember the name. It was at Manila Life.

AA Philippine Prudential?

JO No, Manila Life. Mabini Juan. His nickname is Mabs. It was kinda funny. Mabini was the one we worked with so he invited us to several meetings. Are you going to be with Ruth? Ruth was our coordinator. Ruth was very organized. Ruth really led that effort. I made her responsible, and over time, you know she got guidance from Mely and myself. Ruth really helped. So Ruth kept in contact with the Insurance Commission and I think we ran a lot of things through them but we also worked directly with their members and over time (). We kept in touch with the insurance association but it was really working with the members directly, you know, but there were some that really worked and others, you know, we'd work with them but they weren't really making changes to make it easy, or their claims weren't good. You know, some insurance really worked and we had standards by which the insurance companies had to work. Those who met the standards would get free advertising and to some of them we said, look we're not going to endorse you if you're not going to provide any good service. We'll give you the opportunity but then I'm not the one that they're going to call. I'm going to tell them to talk to the banks. And if you're not doing a good service, you're not doing your claims right, they're going to find out right away. There's nothing I can do. And so we had a couple of insurance companies who, on the surface said everything's fine but then they just were terrible on the claims. And all the banks knew it so they would avoid them. So basically we wouldn't say that an insurance company wouldn't do it, we just said these are the standards by which you're going to be judged and don't take, you know, here are the options, we had a level playing field but before you take any insurance make sure to call 2 or 3 banks that are using their service. Period. So it was kind of a self-regulating, it was perfect. So, all the insurance companies we could work with. But the ones that moved forward were actually the ones who did work.

So the two that really did a lot of work would be Country Bankers and this was the best thing. Country Bankers had already had a lot of relationship. But people like Pioneer came in and were doing a great job so that really pushed them. Country Bankers really had to change and be proactive. Jeannie would be really good to talk to. And she could see really the value that we were offering. And then we were also offering Pioneer which was completely new to the rural banks. You could talk with Jerick. He would really be the one who could see the value of how we helped, we worked really closely with him, you know, about problems, several banks that had a problem we would interface with them. Then we worked very closely with the Insurance Commission, to make the regulations, you know, to make them turnkey. It wasn't always easy because they were like, who are you but then we helped introduce RBAP to them and it kind of got that relationship going, with BSP, with RBAP, to sort out you know, how to deal with the licensing, with the issues. And we developed that relationship. Mitch Gomez was very active in that. Again he was the former insurance god. He used to work with Ayala Life. So it was really good working with Mitch on that. And if you talk with the RBAP President they know a lot of the work that we did. So again, those were some of the things in terms of working with partners that were really key I think to... and it's not always easy. You've got to avoid the ningas cogon, you know. Because RBAP had a lot of those and our thing was we don't want to do that. The main thing is we've got to sustain it, you know.

Have you looked at the MABS website? We have several. So there's, have you gotten all the links? We probably had more documentation than any project I'm ever aware of in microfinance. For sure. I mean, just to set up, when we ended the project, to ensure that everything we did wouldn't just dissipate, we made it available and this was crucial. In the end part of the agreement was to give all of the materials to RBAP and they could've just you know, kept it in house, kept it in a CD but we negotiated a special thing that USAID is kind of encouraging now which is a creative commons license. So when you have copyright, normally you can't copy without permission but you can create a common license, a CC license which you can check online. So ours was, you can use any of the material, even if you were another trainer. As long as you reference where you got it from you were free to use it, even alter it and change it as long as you say this originally came from the project. You know, I mean enforcing that is another thing but basically we didn't want to make everybody pay for it because USAID paid for it. So we wanted to make sure that it didn't just die so we got RBAP to agree to pay for, beyond the life of the project, a server where everything was put on the cloud. We got a 250 GB space and we uploaded everything to that space. Then we created a wordpress file on top of it. So if you look at RBAP MABS tool kit. Have you seen that one? RBAP MABS toolkit at wordpress.com, everything that we used is there, all the training materials, the manuals. No AID project ever does that. Usually when you're done that's it. One thing that I'm very proud of is that that's still available. That's still there. All our manuals are there! You can really copy all the GCASH stuff. I mean you don't have to reinvent the wheel. That took hundreds of thousands of dollars to get all that you know, testing and trial, and it's all tested.

() We didn't say, call it a MABS product. You call it your own name. We did that on purpose because, I said afterward, I want them to continue. It's their own people. All we're doing is providing the technology. They're a MABS-partner bank but what we want to do is not avoid the situation of being you know, a, that was another problem the government had too with the loan program, you know, that people were saying in their portfolio, it's for MABS, it's for this. So we did, unfortunately we still had one or two banks that still called it MABS even when I got upset when they did that. Katipunan, I don't know if you're going to visit them. They're also in Cebu. They called it a MABS product. But anyway they would be a good one to meet with too. You should try to meet with, if you're going to be in Cebu, if she's around you should try to meet with Issa Iguia, young woman who's very, very active with Katipunan. And they really, they were huge. They really grew very rapidly. They changed from being their own insurance, doing the damayan thing, to, and then they were part of the original experiment with card bank to do these NBAs. So that's not sustainable if you try to do it in house. So they switched over to Pioneer and are very happy with the change.

AA We'll try. The approach also is that we're trying to do interviews with bank officers. And then we're also going to do focus group discussions with clients. But we also realize that...

JO The clients have nothing to do with us per se.

AA We know.

JO We did that on purpose so they wouldn't even know that USAID is involved. Again because we wanted them to see themselves as a client of the bank rather than a beneficiary of the donor program. That's the way it should be.

The problem with the clients is, I think after you do a few of them you're going to see that it's the same. You know, you can go ahead and do a few of them if you need to do a few of them but I'm just saying the bank officers are the ones we directly interface with and that's where you're going to get more information about what the project did or didn't do and how well we served our purpose. So, Issa would be a good one just because she was young and we were able to inspire her I think to look at things differently. And she came to a lot of the training, so it was those who participated in the training that really, you know, and they pay for a lot of training, who really benefitted. They came in later and they paid for, you know in the beginning they were one of the banks that didn't want to get involved because we were charging for the services and they said, oh you know, we're getting money from so eh, so they were listening to others who were giving them money and then afterward they said we'd rather pay to get good advice than get free advice that is viewed as you know, self-serving. And so we were trying to account for the perspective of the bank.

AA From the literature that was available, you seemed very successful definitely on the savings and also on the loans. Also on the mobile banking.

JO And insurance.

AA And insurance. But you also had microagri and microhousing.

JO Yeah. Housing we did quite well on. I think housing came in late. You know the thing is with housing is that it's just another feature of the, you know it's just a higher level microfinance loan basically. I mean it's purpose if for housing but people were already using their loan for housing without calling it that. It's just housing let you get a bigger amount for just a little longer period of time. So you know the numbers won't seem a lot but if you really look at it, a lot of the clients were already using the microfinance for home improvement. They were getting something fixed anyway because their business was in their house. Money is fungible so people were using it for that.

Also in the agriculture area. Many of the farmers who were lending to, maybe the purpose was for sari-sari but they were using some of the money that they had for the farming. So the numbers for agriculture, if we actually took into account the number of farm households receiving it was much higher than what was in the report because of, you know, it's kind of artificial when you tag it microagri, microhousing. So the numbers would have been better.

But I think that for the housing, the main thing is that we, when we first started, the government had come in with a fund, okay, through the Development Bank of the Philippines. If you wanted to offer housing microfinance that go beyond a certain level, you had to borrow money from the Development Bank of the Philippines. Okay. That was the original thing, the original approval. And we said, this is terrible! First of all, if I'm a bank that has enough resources you're not forced to borrow from the Development Bank of the Philippines in order to do it. Secondly, all the clients will know that you're borrowing from the Development Bank of the Philippines. Thirdly, exactly what happened is that once the politicians know, they're going to say all of these loans, these housing loans, were because this was government funded. Like Noli de Castro. What

happened? Did you listen to the ads on the radio? If you've got a housing loan, you know, we're now allowing you to restructure your loan, and that's exactly what happens when it comes to the government.

Did you see the MABS video about the government money? You haven't seen the MABS video. Alright, you HAVE to see the MABS video which was done, was documented last year and there were 3 videos that were done, very, very useful to see. One was, one of them was called Distant Access which was on the mobile phone banking initiative. The other one was Small Wonder which was about the Rural Bank of Cantilan which is a really good case study. That's the one case where I can say we were, our work with the rural bank actually changed the community, you know the impact. Because it's very hard to say normally what the impact that the rural bank is having. It's very hard to you know, what are all the factors involved. Cantilan was unique because there wasn't anybody operating in Cantilan. Cantilan was a 5th class municipality. Now it's 2nd class and the biggest tax payer is the rural bank. If that rural bank wasn't there they wouldn't be 2nd class, period. Okay? So we can directly state that that rural bank alone, just the taxes they're paying, made it. But they are only able to pay those taxes because of all the people that were borrowing. That bank was growing at 2 – 3% a year. They went up ten-fold. We started with under a hundred million. When we ended they were over a billion. That dramatic impact, and () their historical trend, they would've been maybe 200 million now, 300 million tops and growing at 2 -3% a year. At that rate it would take them, no at 2-3% a year they wouldn't even have doubled by now. But they grew dramatically.

HS This time they have that monopoly in Cantilan.

JO It's not a monopoly. Now there's other people entering. But what I'm saying is that the reason that, because they were so isolated, the reason that they were there and that we can actually identify the bank. If you want to look at impact, that's the bank where they changed that (). Without that bank they wouldn't be 2nd class today. And if you look at the lives of the people, that's the place to do a focus group discussion. Because before, the bank had, and look at Small Wonder, it's a good video because the bank before, they never went out of the bank. They never went out. They said, we have a sign there. If they want to come to the bank, there's a sign. Right? They never went out. We taught them to go out of the bank, how to deal with customers, how to deal with clients, inspire them. So talk with Eric Mendiola and other two... they were the laziest group of people. You know I mean, they were just your typical rural bank and you know, okay lang, 5 o'clock I'll go home. You know, there was never, you know, if people want the bank, it's here. It was a really sleepy bank. Nobody was coming in. Mely was doing most of the work there.

AA Yeah, Mely was so proud of that bank. But that's the typical rural bank mentality.

JO Yeah that's right. Luckily we were lucky because the stars aligned. General Hotchkiss came in and he really, really wanted to learn. Again, without the proper guidance, they might have you know, they would've tried this and it wouldn't work, tried that, you know and they probably would've just given up. But they developed the discipline anyhow. That was the thing, we trained them, as opposed to other donor projects who were just focused on we want you to get our product out, that's it. Because our evaluation will be whether you got our product out, not whether the bank can continue to create and do other things. But we treated it differently. I've been in this business long enough to realize that the important thing is capacity building – their ability to continually innovate and do things in a structured way. And that's what the MABS approach is, step by step methodology and training the mindset. Not just how to offer this loan and tie them up and lock them into it but their ability to continue to innovate and use that step by step approach, understanding the market, designing products that meet the market, evaluating it, monitoring it, checking for (), meeting those standards that, you know. And then we developed relationships that () the mixed market. And so then the MABS video is called, have you seen the final report?

AA Yeah.

JO Okay. All those videos are in the final report so you can see the links. So I would definitely read the MABS final report and look at the videos that are in there because each one of them tells a unique aspect to the program. Those are only 9, we had about 100 videos. They're short, like 3 minutes. It really is good because it helps you to understand what it was that we were able to achieve.

So we had challenges on the agri and I think we know that agri was the more difficult part partly because we were competing with things outside of our control. The government, land reform, the government offering 85% guarantee, you know it was terrible. These are terrible practices. I mean, granted our own government, the US government does guarantees too which I don't think are very good. But to try to create a, to fight that and create a demand driven approach, that's completely void of any kind of guarantee is very hard to do. So we were competing with those things. So it was very hard to shift. You know, supervised credit, things like that. I mean, so I think you know we were able to develop a methodology that worked for small rural farm households. But you know if you're competing with a government guarantee and you're really focused on agriculture, obviously it's very hard to compete with government subsidized programs. So that was the challenge we had.

First Valley Bank did a lot of agricultural money. Most of it was government guaranteed stuff. Would we tell them not to do it, no of course not. We can't say oh it's not sustainable. As long as the government funds it, it's sustainable. When they stop it won't be.

HS But you had these findings regarding the subsidy of the government especially on the fertilizers and inputs. And right now the government has already stopped doing the subsidy on the feeds and () because they gave it more. Instead of making the farmers more independent, they become more dependent on the government. It's one of the disadvantages of that subsidy. And really, you are right because I was in the government before, in the Department of Agriculture and we had so many incentives given to the farmers but you would note that there were no significant improvements in the lives of the farmers.

JO The only ones benefitting were the seed companies (). The challenge that you have in the Philippines is competing within your region. The land reform unfortunately is probably one of the more, I mean you can look at as a positive perspective but from the agricultural production standpoint, it's actually a very difficult thing. Those farmers would have been better working under, you know, a larger landholding where you can organize larger farms. Because you know, you can't compete with Thailand, with Vietnam, where larger farms are able to (). Here, you know, the economies of scale aren't there. So from an agricultural standpoint and then the weather conditions, the typhoons and everything else, it's very hard. I mean you know we tried to do the weather insurance, it wasn't one of our targets but we did have some discussions. You know again that was outside of our scope but it's very ().

AA But you were saying about the success of Cantilan, now that MABS is over, how can we have more Cantilan banks?

JO Well there were a handful, I think, that really invested. You know, if you look at the top, you know usually it's the 80 – 20 world. 20% of whatever project you look at, it creates 80% of the results whether it be a credit coop, rural banks. There are some people who just get it, who really invest and build economies of scale. And there are others who for a variety of reasons, either they don't have the resources, they don't have the time, they don't have the commitment. And Cantilan was operating in a really difficult environment. It was unusual from that standpoint. I mean One Network Bank had lots of resources, wealthy families, you can see how well they did. But Cantilan operated in that very difficult environment and was still able to do that well. It had to do with the general who came in, with a military man who had the mindset. And he was hands on, you know. This is a guy who was retired. But he was there at 7 in the morning, making sure they work, and all for that we had the savings mobilization workshop with Mely. And at the end

of it we made the staff come up with the, alright let's look at your last three years, your history, and now we want you to project (). And one branch projected their deposits will be going down even though they were currently going up because they didn't want to set a really high target. The general said, he says, I treat you guys all like my officers okay? We are going into battle. If my officers came in and told me we're going to lose the battle before we went to the field, they would be court marshalled. Do you understand me? You're not going to tell me we're losing the battle. You'll be court marshalled. We will line you up. You will be court marshalled, okay? You will be fired. Do you understand? You're going to go back and you're going to tell me how we're going to win the battle not how we're going to lose.

So you know, it was that attitude, that discipline. And he liked our approach. I think he liked the discipline. So not all people are like that. Some of these guys are retired, they own other businesses. It's amazing, Filipinos you know, you're doing 4, 5 jobs on the side, you know, here and there. And it's very hard when you're doing that to be able to focus. Not to say criticism, just saying that's the reality for a lot of them. And some rural banks, you know, the President is all over the place. He's not focused on the bank. And those banks may be, over time, you know.

I think what's going to happen is you're going to continuously see a consolidation in the industry. But that'll be fine. And because the industry is still growing and expanding, the number of branches will continue to grow. It's just the number of banks that's going to shrink.

AA The number of units. The number of head offices?

JO The number of head offices. But the overall number of branches and client base and services will continue to grow primarily through those who are developing economies of scale who have learned the lessons. Atty. Lim brought in First Valley Bank () those that will operate, and those will be the ones that in the long run will be sustainable and that will continue to grow and expand. And that is fine. That's fine. It's just Economics 101.

AA If you're sleeping on the job you'll get run over.

JO Yeah. You know there are some that have a billion in assets. Those are the ones that will continue to grow. Those that are below, you know, that are struggling, that can't do it, you can't help everybody. But what we did is give everybody the opportunity even if you were a little Cantilan out in the middle of nowhere, you had the opportunity. The door's open. I can only take the horse to water, but I can't make him drink.

AA Didn't you get frustrated with them? Because that's also one of my frustrations.

JO We have enough horses drinking water.

AA Ah, okay.

JO You know when a Cantilan does it, and it grows ten-fold. Even if I have ten other banks that don't do it, it's okay. That Cantilan did more than all the ten banks even if they were growing at you know, 2 or 3 percent. So you know, you open up the doors for everybody. You find out who takes advantage of it and you keep nurturing them along the way. And that's what we did. We didn't self-select. We let the banks show us who was (). And as they did we'd help them move up. And if they didn't get past stage 1, the door wasn't closed. There were still opportunities ... but you can't do everything. You can't solve everybody's problems.

But I think we developed a better culture within the banks, within RBAP in terms of more professional, more focused on how to interact with partners, regulatory. The bankers too took advantage of opportunities, linkages with others and you didn't have to try to do everything in house so that you could contract with and make investments in technology. Cantilan's a good example of going beyond ().

HS How have gender considerations been integrated into the project?

JO Well one, if you look at my staff the majority of my staff are women. Okay. Most of my managers were women.

HS Why?

JO You know we were open. But as I said we weren't looking just at men. You know, men and women, equally. And I you know, here in society, actually on the gender perspective we have to actually, the Philippines is probably the most women-dominated society I've ever been to. Women are extremely advantaged over men for a number of reasons. Women outnumber men in the university. Women outnumber men in management positions. Women outnumber men in terms of bank accounts by a factor of 2:1, the highest in the world. There is no other country that has such women to men ratio. There are 1.8 bank accounts for women in this society as opposed to men. Women outnumber men 2 to 1. There's no place, no place in the world that has that range. Take a look at the World Bank statistics. Shocking. In fact when I tell people this they all scratch their heads. I said, if you want gender we need to have men in the room. But it's women in development! I'm like, not in the Philippines. Why? 85% of our loans were to women. Now, the reality is, and it's a unique part of the Filipino culture, even our farmer loans 85% were the women. Why is that? It's not that the women were necessarily doing the farming but Filipino households divide up. Are you married?

HS Yes.

JO Do you give your paycheck to your wife?

HS Yeah.

AA Yeah, yeah.

JO She gives you an allowance right?

AA Yeah. She has the ATM.

JO Alright. So, that, for most societies is about as foreign as you can get. When I tell Indians and Pakistanis that the husbands give the wives all the money they're like, what? And if I talk to a Filipina she goes, look if you don't give me the ATM I wouldn't trust you. You know. My wife has a credit card. She can spend on whatever she wants but I run the finances. But the general perspective and the culture here is that women run the finances. The woman goes and gets the loan. The woman pays the loan. Right? You don't have to worry. The wife pays the bills. You don't have to worry about that, right? So that is so strange for every other country everywhere. Honestly. Most farmers are men but the husbands and the wives work together. The wife does all the selling. She does the supply purchases, she does the loan, right? SO the husband is co-signing but the primary borrower is the woman because she's the one who's going to be responsible. The man will probably just go out drinking. So if it weren't for the wife we'd have problems with collection. So that works fine you know. But from a gender perspective it was actually easy because of the Philippine culture. In most other societies we would have to work really, really hard because the women are not allowed to work. The women are not allowed to own anything. The women can't own property in their own name. In most countries, you know, in India forget it, you don't see women on the street.

() ...the Philippines is actually easy. So from that perspective I think, we made sure there were other projects. If you talk to Card Bank or Rizal Bank () ours is bring your women, I don't want the men. Honestly. You talk to them. The men are too difficult to deal with, okay. We never took that approach. Even in the group lending we encouraged them to say do not be

exclusive to women because the reality is men are actually disadvantaged. You go in to get a loan as a man and they put you through more difficulties than if you're a woman. Because women are easy to deal with. Okay? The men are more difficult. So from a gender perspective we had to encourage people to open to men borrowing because most of the training they were receiving from others was you know, to cater to women like Card Bank and everything else. And the problem with gender here is not your women. Your women are generally empowered. I mean there are problems, domestic violence and things like that. But overall, you go out in the Philippines and see how women are treated by most other societies, it's a very different environment for women. You're lucky that you're a Filipina. I mean, just the power that you give your wives you know, you didn't think about it. It's second nature. Take a look at the statistics. It's amazing. Amazing.

HS I have a friend who is a general but he told us that, oh when I'm here in the barracks I'm the general. But when I'm at home I have a commander in chief.

AA I don't know if it's the same general but my general friend also says the same thing.

JO Take Tess Espenilla. She's the one who pays for everything. Her husband who is the head of Central Bank, he's not in charge of the finances, she is!

So gender here was trying to get men, the banks open to men rather than just women. Because they were being taught by everyone else you only lend to women in microfinance. And we always said, no we don't do that. So you know, just to get up to 15% was tough. Because in most of the programs, Card and others, it's like 99% women.

HS Even when I was in DA, in the trainings that we have most of those attending are the women.

JO Yeah. I don't know what your perspective is on this but it's a very unique country from that perspective on gender. So for us gender was really to show that men and women are both equal and not only to focus on women but men as well, which is odd. You know when I try to explain that, if you're coming from outside people would say, you know I'd had an evaluator, a woman, come in and say no you don't know what you're talking about. Your account officers are all men. Majority men. Why? Because the women are smart. One, women like to be light skinned here right? To be dark skinned is not preferable and women don't want to be riding motorcycles out in the sun all day doing the collections. The women are the managers in charge of the guys. So the original criticism is that all the people out are men and you're being disadvantaged. So I said wait a minute, the workers under the women are men and something's wrong with that? And all the clients are women anyway so you know. When she did the evaluation, () even if most of the account officers are men and there seems to be almost a bias towards having men as account officers, that's the only place where there's a bias. But the reality is that it's very hard to find women to do that job anyway. Because they don't want to be in the sun all day, you know. The women are smarter, you know. And they're better educated. And the guys are the ones willing to do the legwork. So it's really just to open their mind up that it's really not just for the women only.

But that's surprising. If I tell anybody that, an American, particularly an American woman, in the context of gender around the world the Philippines is really an oxymoron. I was just talking about this to the head of Women's Rural Bank, Inc. and she said yeah the Philippines is the most unique country that we have anywhere in the world. There are a few places in the Caribbean where the women are very empowered, but even there there's a lot of problems with the, like in Jamaica, 85% of the women there are single because they don't get married. So they'll have relationships with multiple men and they'll have 4 or 5 baby fathers. So each kid has a different baby father. And the men will have multiple baby mothers, women that they have babies with. And it's just a cultural thing. But because of that the men are never home and usually it's the grandmother who has to raise the kids. It's a very different culture. Here your greatest challenge on that is more OFWs, the parents leaving to work abroad and the kids being left behind. But

that's the only cultural challenge you have that you tend to deal with pretty well. The kids don't seem to mind too much. I mean culturally it seems to be accepted. Because of that there's still respect, there's still a relationship even if the parents go abroad.

AA But speaking of evaluation, USAID did an evaluation, the RIGS report. And in the report they were saying that you were lagging behind in some targets and stuff like that.

JO Oh. Well did you see the USAID rebuttal to that?

AA Yes.

JO What happened with the RIGS report is that they straight lined the targets. You don't straight line the targets. So for example if your target was this number, they would then divide it every year and by year 3 you know, we should be at 75% of the target given even growth. But it doesn't happen that way. It's a curve. And so the reality is that when we submitted to them, we were still submitting kind of the older, because they did the evaluation, you know, before the end of the program. So we were giving the targets not even at year 4 yet, so it was at year 3 and a half and they divided it equally. The reality is by the time the draft came out we had already jumped in the numbers because we were on that bell curve. So that was their mistake, it's that they just divided (). Then USAID said, well, because they said 4 of the 5 targets we wouldn't hit. But the reality is we already showed that we were going to hit 4 of the 5 as opposed to the reverse. But that was a mistake. They weren't microfinance people. They were just auditors straight lining. So the reality is that we hit every target except for micro agri.

AA And actually in some areas it was more than the target!

JO Yeah. And the reality is that we were cut by 5 months. So we could've negotiated that because that's almost half a year out of a five-year project. So we were down to 4 years a few months only.

AA You were cut primarily because of the lack of funding?

JO Yeah. The USAD decision to shift the money to partnerships for growth and not because the project wasn't doing well.

AA The thing in the report is that it was said, you did not allocate money for an evaluation.

JO USAID did not. That was a criticism of USAID. That was USAID's... because USAID when we negotiated the budget we had actually put that in but in the negotiations it was taken out because there was no money.

AA So they can put more money in operations?

JO Yeah they wanted, they didn't want a lot of money for the evaluation. I think in the future they should say put this much money in. Because otherwise, if you're trying to get results, evaluation doesn't give you results and if you've got a very tight budget the first thing you cut is (). You have to focus on your results.

I think that money shouldn't be in the project budget. That money should be in the program office of USAID and it shouldn't be part of the project budget.

AA Well that was what happened.

JO So this is the result of that. You know because the project is focused on implementation. We did no our own, you know we did do monitoring and evaluations as we went along. But an external evaluation is better funded outside of the project.

Well on the qualitative I think you know just the fact that we, I think one good thing we did, you know with a lot of these projects is that they die with the project. This one lives on. Not only lives on for the project but the whole creative commons, putting all the materials online, even the final report online. All that information is still there. It's still available online. So it continues to sustain itself. We are very careful in documenting everything and making those documents public so that the lessons learned will continue. There's tons of documentation of real successes that helped inspire people outside the Philippines. So the ability to take our lessons learned and go way beyond, you know, our use of social media and the internet was extremely effective I think in terms of getting those lessons learned in ways. I mean look at the number of press releases of articles, I mean there's over 400 articles written about us. We kept track of them. I mean, 20 international conferences. How many projects, and AID didn't even pay! I mean, none of those AID paid for. All of those international conferences were paid by someone else. I think the partnerships that we developed too with multiple partners really helped sustain and keep that interest, take those lessons learned outside.

So for AID projects in the future, it's looking beyond your own self-interest and saying, how can I leave something that will live beyond my project? How can I take my lessons learned and make them public? The cloud technology today allows us to do that. And we actually got RBAP to pay for some of that because USAID didn't have the money to you know. But in the future if they can say these are the standards, you know, these are great lessons learned.

Talk to the banks. Talk to the clients. You'll see a very different attitude in the bankers, the way they're looking at this, the excitement they have. And it's not just about making money. I mean they made money because otherwise you can't sustain it but it was that saviour thing that's in every Filipino, the wanting to leave you know, to invest in the community. That's a good aspect of Philippine culture that people normally don't realize or understand enough unless you've lived here. You guys take it for granted. But I can tell you from most societies I've been with it's unique, really unique.

You know go to Egypt and I would talk to Egyptians about what the rural banks do and they're like well, you know, when you make enough money don't you just like retire? And I'm like, no they create another business or do something else and they attend all these community things and bring all these groups together. And they actually go to these things? When you have enough money you don't have to do that anymore. No they want that. And they're like, why, why would you do that? You know, it's so foreign when I talk to somebody wealthy. You live in a cocoon. You retire. You don't spend time in a community working with farmers. Hotchkiss, you know the guy who left the army, he had a full pension. Why would he want to do any work? That is so beyond the culture in the Middle East, for example. You just don't do it.

There aren't a lot of rural banks that were able to inspire. But the ones that we were, even the sleepy ones like Katipunan. If you talk to the woman, she would be interesting to talk to. Talk to the woman in charge of Katipunan Bank. I used to visit her. She was running a lending investor business. And she said, aaahh Mr. Owens, all Chinese like, Chinese-Filipina. Ah Mr. Owens, she said, you know we tried lending to these little, poor people and we lost our shirt. My husband lost his shirt. I don't want to do that anymore. It's not worth my time. I don't want to do it. And then she got one of her officers who really got inspired, he started working on this. And you know what? They now have 30,000 clients. It completely changed the bank. Completely turned it around. And in the beginning, she was the typical, I don't want to do anything, I don't want to rock the boat.

So I think, I think inspiring them, and then also getting their names in the paper. You know they like people to know. So we also learned to recognize their efforts, another thing that we purposefully did because you know, it's also, apart from just doing good, when other people know that you're doing good, it makes you feel proud. So that was the Eagle Award, the recognition, the articles that we got out in the papers. One it kept the people a little more

motivated and secondly it inspired others through you know, the crab mentality. I can do that too! You know, if he can do it, I can do it too. So that's what builds it all up. That was the MABS magic that we were able in the Philippines to build on. By doing all these things it inspired all these people to be involved. Even Globe, you know, was very happy to give us money. I didn't even have to ask them anymore. You know RBAP just sends an email, calls them up, half million pesos, okay. I mean you know, because they can see the value and relationship, even if in the beginning it was small. There was a lot of money that we spent just for spinning our wheels. But we kept the deal going saying it's going to happen, it's going to happen. Sure enough, it did but it's going to take a long time. So that PR kept it going in the meantime until the investment because it took a much longer time. The first couple of years were really hard.

When you get the evaluation done, even before it's done, I'm willing to provide feedback objectively.

AA We really want to meet with you again. Actually what we intend to do is meet with you again, meet with Mely Agabin again, meet with RBAP again, and probably meet with somebody from USAID again before finalizing everything.

JO Well even before you have a final copy, when you have it in draft I'd be happy to look at it and provide some comments, observations, feedback, you know. I'm very proud of the project and I know it's tough when you're an evaluator just dropping in and it's your first time looking at this. Maybe it's your first time looking at rural banks. The nice thing is you have lots of documents. There's so much written. There's case studies and you can just take some of those.

Your report in the end will be very interesting too because you know, people are so interested in this. They'll be interested in your evaluation. Your report will be read by a lot more people than you think. It will become an important document you know.

From AID's perspective, the amount of money we had, this is considered a small project, not a medium one. A medium project would be a 25 million dollar project. A large project will be over 100 million like GEM. But we did more in some ways than GEM did with a 100 million dollars, with our little 7 million budget. We had more people, more partners, more funding than GEM did with a 100 million.

() We were the first project in the world, first USAID project anywhere in the world to make use of mobile money for mobile financial services. We were a year ahead of any service that started here in the Philippines. Because of that it generated a lot of interest.

Date : 6 March 2013
Respondent Name : **MS. MELIZA AGABIN**
Position : Deputy Chief of Party
Organization : Microenterprise Access to Banking Services Program (MABS)
Venue : UCC Park Cafe
Burgos Circle
Attendees : Ms. Meliza Agabin (MABS)
Mr. Alex Almendral (SDS)
Ms. Andre Kwan (SDS)

MA () Ang tunay na evaluation, diba meron kang ano, I mean if you are evaluating its impact on clients, sa umpisa pa lang, mageestablish na ng benchmark, ng baseline data. From there tapos, ang () is really through strengthening institutions of rural banks and nagevolve ... who consented to be there for 4 years but there's still lots to be done and lots of potential. So naextend ng naextend siya. And there are developments. Pinakadynamic kasi ang microfinance in its 15 years. It started in 1997 but that's what, November? So 1998 is when the project started its activities on the ground. Alam mo naman may preparation pa yan, etcetera etcetera.

AA Ma'am what we're interested in muna is ano, kasi we were never really able to get a briefing on the project.

MA Nasa kwan yun, it's on our website. Binigay ba ni ano? Binigay ba ni Tess yung mga archived materials namin?

AA Opo ma'am. Ang problema ma'am sa totoo lang, it was given to us yesterday lang and we haven't been able to really digest everything. Ako personally what I read was the ano, purposefully inuna ko yon... I read the final report and also the USAID internal audit report.

MA That's good.

AA Yeah so I read that. That was a very interesting reading for me. I never really realized yung ganung perception nila.

MA Oo. Ano yung perception nila?

AA Yung perception nila na, because at that time, if I remember the report correctly saying, mababa yung, ah medjo hindi up to target yung ibang mga... and then but when they looked at the reports naman that you did, over the target naman in most areas.

MA Well there was an issue on measurement eh.

AA How it was measured, yung ginamit na definition.

MA But that's just one indicator on the savings. Diba? That's just one among many. And let me see if I can ano...

AA Ano ginagawa niyo ngayon ma'am?

MA Ako? Doing things that I like to do.

AA Buti pa kayo.

- MA Getting consultancy assignments that are interesting to me and where I can continue learning.
- AA May consultancy kayo ngayon?
- MA Meron. A couple, a couple of things I'm doing. The best way to start with you is to provide you with a briefing on what the MABS program is all about and I'm just going to check whether I have the presentation.
- AA For today ma'am ang habol lang naman talaga namin is, of course, sabi ko nga kay Andre eh, is to see you. I haven't seen you in a long time. Pero yung importante sa amin ngayon is yung preparation for fieldwork. Kasi there's so many banks, so many people to interview and very limited time. So baka matulungan din ninyo kami to be able to identify sino yung talagang worthwhile interviewing kasi these are just names of banks...
- MA Kaya nga. Ano ang focus ninyo pagpunta niyo sa bangko? Is it to interview clients because you want to get the effect of what the program has done to them or you want to interview the management or the field staff? You know?
- AA Both po siya. And we're hoping we could do that with the same bank. Interview the management at the same time be able to interview some of the beneficiaries. Dun sa management we would like to do a key informant interview. But dun sa beneficiaries, wala we have no choice but to do a focus group discussion. It's just basically to get a sense of the project, what has been done.
- MA Oo. So ilan ang kaya ninyong ano, I mean realistically?
- AA Realistically. Yun nga...
- MA So you might want to focus in one geographic area like Luzon. Ano, do you want to do Southern Tagalog? Or you want to mix that with Northern Tagalog? Northern Luzon?
- AA What USAID wanted us to do is to sample at least 6 banks, at least 6 banks...
- MA So the choice of the banks is sa inyo?
- AA Yes, yes ma'am. But they also want us to interview banks from Luzon, Visayas, and Mindano.
- AK The target is actually 2 per island grouping.
- MA So I cannot recommend you do Cantilan and the you do...
- AA Ma'am pupuntahan po namin ang Cantilan.
- MA Dito siguro if you focus on 1 big, 1 small?
- AA Yup, parang ganun.
- MA Okay. Dito sa Luzon I would recommend as big, Bangko Kabayan and then on your way down back to Manila from Batangas you can do Unilink which is small and medjo bandang huli na siya nagjoin. Mga nakadalawang taon or more than 2 years na.
- AA Because ma'am that's another thing that we also want to look at. We met with Tess last Monday afternoon and she was saying may mga bangko na pumasok early on and they're still with the project up to phase 4. Kasi yung limitation lang talaga, what we want to look at is phase 4 eh. But sinasabi nga it's very difficult to divorce phase 4 lang...

- MA Ya, ya. Because the others continued until the end. They were there until the end.
- AA Yes, so maganda nga tignan din kung sino nga yung pumasok during that last phase lang.
- MA Sige. Then Luzon is Bangko Kabayan and Unilink. And in the Visayas ...
- AA Ma'am we're looking at Iloilo lang. Yung iba kasi kalat talaga.
- MA Meron din sa Cebu. Cebu is, sa Bogo.
- AA But ma'am that's 3 hours and we have very limited time.
- MA Punta na lang kayo ng maaga.
- AK Actually ma'am we're supposed to start by next week already and the week after that.
- AA Ang isang tinitignan is Progressive for the big bank.
- MA Progressive in Iloilo, yes. And then Valiant bank. Yeah it's ok. But Progressive has some management challenges, noh, right now. So after we closed I don't know what has happened. Progressive is owend by Ren Kapunan. So you know what I mean. And I don't know who's on top of the bank now.
- AA Ma'am, it might be possible for us to visit another bank maybe in Cebu. Kasi we can fly from Iloilo to Cebu. Pero...
- MA But Cebu the big one there is Fairbank.
- AA What would be better sana for us to join sina Doc sa Davao after pero there's no flight kasi from Iloilo to Davao.
- AK So we have to go through Cebu first?
- AA Oo.
- MA And then?
- AA Ma'am yung ano, GM Bank, sina Mitch.
- MA O di magaapat ka na?
- AA Dibale na yung sa Luzon ma'am kasi malalapit. Malalait lang naman yon eh. Kasi the biggest challenge talaga is the travel time for us.
- MA Pwede yon. GM Bank is okay. () So you want another small bank in ano?
- AA Solano
- MA Solano, yeah. Solano is uh... si kwan... or if you want to go further up in Cagayan Valley, Gataran. Kasi yung Gataran is fairly recent din. Yung iba matagal nang nagjoin and then this one I, I think they joined sa MABS 4 lang eh. Magandang puntahan yung Gataran. Magaano lang kayo, mageeroplano which is to Tuguegarao and then they can have, they can probably fetch you from there if you arrange early enough, pwede.
- AA How many hours from...

- MA I think 1 oras lang so that should be doable.
- AA And anyway I think there are daily flights naman from Tuguegarao.
- MA Oo. Para may common ano kayo, thread. Eto matagal nang nagstay sa kwan...
- AA Because that was what we were asking sina ano nga, sina Tess. If they can show us, because we also wanted to look at the banks na bagong Sali, so to speak.
- MA Yeah.
- AA Kasi ma'am iba ma'am yung ano eh 10 years, 12 years already in the project as opposed to those that joined very recently. Especially as what Tess was saying, the emphasis on training, yung mga ganun. At least bugbog sarado sa mga training yung mga banks noh.
- MA At tsaka yung mga earlier banks were able to apply what they learned in terms of technology and practices. Napply nila yung natutunan nila sa micro dun sa ibang banking operations nila.
- AA Paano niyo ma'am pinili yung mga bangko? Andami kasi!
- MA Merong ano, merong, when they apply, when they indicated their intent noh. We take a look at, kelangan may criteria. Yung kanilang commerce dapat hindi less than 3. Pagkatapos in the, in the initial phases of the project nagpupunta kami. Iniinstitutional assessment namin. So we take a look at governance, management, financial, internal control, etc. So mahigpit ang kwan noon, ang screening.
- AA So you're saying ma'am na not all banks that want to join can join?
- MA Yes. Exactly. You don't want a bank that has very weak governance management, a lot of issues sa ano, sa management to ano, to join the program kasi may mga concerns pa sila na dapat ayusin muna nila. It's... One of my learnings dito sa programa is hindi mo pwedeng, meron kang bangko dito tapos magkakabit ka ng isang product halimbawa yung micro-operations na inaadocate ay mga good practices, etcetera etcetera, market study, know your clients, talk with clients, listen to them, and review product. Tapos itong nagpapatakbo nito ay maraming sira. Masisira ito noh. So it's a requirement na pag nagapply sila, you know, the commerce rating captures supposedly, is supposed to capture all of those things you know? So at least 3. And we have them go through their own self-assessment that's why it was important for the program to first, those indicated interest to join, binibigyan namin ng senior management orientation. It used to be like, you know we go to your bank and orient the senior management and the board. We did that. And then kung minsan we invite senior management and orient them. That's a one-day ano, one day seminar halos. So we have them go through ito yung proceso, ito yung elements ng MABS technology, ito yung mga initiatives namin, etcetera etcetera. Also this is what your financial status will be if you introduce microfinance now, what it would be maybe after 18 months if you have the following conditions. And if there is time, we have them go through our tool yung Micro Pinoy. That was when flat pa yung interest rate na inaallow. Sabi namin hindi na pwedeng gamitin yun ngayon ang Micro Pinoy unless marevise siya. So that's how we screen, noh.
- And after a while, coming from the earlier phases nung kami yung nagdedeliver ng ano, ng training and technology, we said we really cannot expand to as many rural banks as would qualify if we do everything ourselves so what we did – and this is for sustainability too ha – looking at sustainability at the early phase. So ang sabi namin we will have to train providers. These are the MABS service providers and we trained like 6 consulting and training organizations. PUNLA is one, it stayed on. Then the other one if ARMDEV, and then the other one is
- AA MICRA daw ma'am

- MA MICRA? Pero wala na si MICRA eh. But for all intents and purposes they were ano... But then of course sa MICRA nandun yung mga taga MABS. Lumipat dun yung mga taga MABS.
- AA Extension office ng MABS
- MA Yeah. Pati sila Jing, Ernesto, si Rake. And then 3 others, we had to screen them out so ang natira lamang yung tatlo – ARMDEV, PUNLA, MICRA... MICRA came in later eh. So tatlo yun.
- AA Kasama din po sila sa mga kakausapin namin.
- MA Ah ganun? Kakausapin niyo?
- AA Well, we were asked by USAID to talk to them. Sa PUNLA ma'am sinong pwedeng kausapin?
- MA Sa PUNLA? Si Allan.
- AA Ah si Allan Orogo?
- MA Oo. Allan. Sa kwan naman si Elda sa ARMDEV.
- AA And then sa MICRA assuming, because they're still around. Si Jing is still around. Si Ernie is still around. Si Rake is also still around. Who would be...
- MA But you want uh... si Ernie siguro. Ernie would be good.
- AA Rather than Jing. Okay. Alam ko naman, I know how to get in touch with Ernie. So you were saying ma'am, part of the sustainability approach
- MA Yeah part of the sustainability approach is to have these several providers. And we trained them for a period of, siguro nag more than 1 year yun. Classroom training, applied application on the field, and hand holding, etcetera. But then you know, people move on. People move on and so I'm saying, but they can still mobilize if there are banks that want to acquire the technology now and want further training, they can still mobilize some of the people that they can use. Like for example yung mga former MABS staff and ...marami yan pero may mga kanyakanyang sariling buhay na yan but they have not left the field of microfinance. What is good about it is well, those that stayed with us for a number of years, they have their own consulting track now. They've become president of microfinance institutions, senior officials ng microfinance institutions. So nagpapatuloy. So the good practices they learned, they are now applying.
- AA May ano ba yun ma'am, may parang accreditation process?
- MA We did. We had an accreditation process.
- AA But like for instance, in the case of PUNLA for instance, PUNLA for example. It's not necessary that the trainer, the person training, is an accredited trainer. Ang naaccredit is the institution. Like sabi niyo nga nagiba na yung mga tao, so if PUNLA wants to continue the training, they can do so even without tapping... baka kasi, sina Chris pa ba yun?
- MA Yeah si Chris pa noon. But Chris was one of those but you know where Chris is now noh? So he probably doesn't have time. But hopefully he is able to apply and to teach whatever it is incrementally na natutunan niya from the MABS approach because it was really the whole shebang na we didn't keep anything secret.

AA Actually ma'am, I don't know if you know but NATCCO actually benefitted from that training kasi we tapped si Ernie. At the time si Ernie at tsaka si Bong. We tapped them, both of them, to conduct yung cash flow technology ninyo which is very, very useful for us actually.

MA Oo. That's good. So that's how it is. So on the question of sustainability, there are several elements, noh. And I'm not, well several elements. One, the real sustainability is within the institution itself. Within the rural banks that were trained for the MABS technology, noh? That's one. So if you have a good institution, and you'll be able to visit some of them. If you have a good institution we could, you know, the elements of a good organization, governance, management, systems, internal control, da da da, blah blah blah, then it, and they are conscious about the good practices, it's sustainable. It's the first level of sustainability is right there, sa institution mismo. Noh?

The second one has to do with the, well it can be, RBAP can be one of the elements. Although I don't expect RBAP to be able to embrace everything or do everything that we were doing before because the capability simply isn't there in terms of the staff, etcetera. But RBAP will be able to continue, or will have in its program of training some of the courses that we developed and updated til the very end of the project. So that's one. And within RBAP is the micro-insurance initiative that got introduced under MABS 4. Noh? So nandoon yung tao and the reason that it's something that they can continue is because the salaries of the people there are paid for by a grant that we arranged.

AA Yeah, I know them ma'am sina RN...

MA Oo, so yon. Noh? And then what's the other level of sustainability, yung mga ano service providers. You can still tap Allan. He can still organize a force, a team to go for example to a rural bank that is asking for technical assistance to review their, to do product assistance, etcetera.

AA Pero ma'am bakit ano, hindi siya naimainstream sa RBAP or sa RBRDFI?

MA Bakit hindi siya namainstream? You can ask them. There was, ito yung ano eh, ito yung storya don. In 2000 we organized a training of about, we introduced the idea of getting, of having a technical services unit within RBAP. In fact the team was created and sa umpisa niya yung mga salaries nila, and in fact we helped screen the people who would be hired and the salaries were paid for from the project. But the idea is to get the team inside of the organization. And then I think we were also able to mobilize, not I think, but we were able to mobilize support from PBSP to help support yung kanilang salary after, I think after the first 6 months. So split noh? So we were providing half of the salary and half was being supported from PBSP. Now and we trained these people for 2 years noh? The whole shebang! So there was training, hand-holding, field visits, and they were shadowing su whenever we were doing work. But uh you know RBAP leadership changes every year and it's ano, alam mo naman yan, pareho din ng coop yan. It's the same.

AA Anyway. So naapektuhan sila ng mga ganyang dinamis?

MA Naapektuhan ng ganyang dyanmis. Of course we also had to evaluate. 10 tao yan ha na 1, 2, 3, 4 nakaassign sa Luzon, 2 were assigned in Visayas, basta distributed because we had a big ano office in Cebu noon and then some in Davao. Oh eh naapektuhan sila. I will not elaborate on the reasons. The people who are in RBAP now may not know this history. They may have an inkling but they may not have the background.

AA It would have been best sana kung naipasok sa loob.

MA That's why at an early stage, year 2000 ginawa na namin yan and the training happened nung nasa Mindanao pa kami. So we brought them there and we spend. I mean the project spent for that development.

- AA Ma'am kasi, from an outsider's perspective, alam niyo naman na marami akong kaibigan dun sa RBAP. They were saying nga na MABS was doing things that the foundation should have been doing. But as you were saying, an attempt naman pala was made to mainstream it.
- MA Oh yeah. So anyway nung nawala na yung 10 na yun, some of them we evaluated and we found them wanting so we dropped some of them and then after that naghire ulit ng panibago. I think there were about 10 mga fresh out of college because the organization wanted to make tipid. So you know the saying, you know. You pay peanuts...
- So hindi rin nagtagal ang mga tao. So sabi namin, okay mukhang you know you have to have an organization where you will house, where you will put in the technology and therefore the capacity to continue it. You have to have a warm, welcoming, friendly, fertile, and an organization that has a vision beyond 1 year. So I will not elaborate. () Perhaps you know, they're busy with other things. They're busy attending meetings here and there and there.
- AA Are they not charging for the trainings?
- MA Sa training okay. Oo. Pero to have a full time team to implement this they have to take a look at the costs it takes to maintain the team.
- AA That's one of the challenges we had sa NATCCO.
- MA And you have to pay them good money. Because otherwise you train them, they leave.
- AA They go into consulting and they earn more than I do.
- MA Naturally. Naturally. So unless you can make an activity sustainable within... Unless an NGO or an organization can marshal resources either through its own earning power or... initially it can be supported by grant but you cannot sustain yourself perpetually from grants.
- AA But wouldn't that situation hinder nga yung sustainability of it all? For instance like what happened nga, although you were able to train PUNLA, ARMDEV, kasi even the service providers they have their own challenges also.
- MA Oh naturally! Naturally.
- AA So hindi pa rin siya tuloy mamainstream.
- MA Yeah. And also take a look at ARMDEV. ARMDEV did a lot of training in the beginning because we were just expanding noon. And Elda is very good with marketing. But then pagsinabi na yung price, and that's, they just look at the peso value, the sign and then hindi sila pumupunta dun sa, a lot of their people can be trained and the course is over 4 months and that it includes both classroom, hands on as well as technical assistance visits sa field mismo, sa bagko mismo to make sure that they had understood well the technology and that they are applying this correctly.
- AA Is that one reason ma'am why there are drop outs?
- MA Iba pa yung drop outs. Kasi yung drop outs ang ibig sabihin nun nagtraining na sila. So ano yung mga drop –outs, yung mga hindi na natuloy? Eh kasi naisara na.
- AA Naisara yung bangko?
- MA Nasara na yung bangko.
- AA Pero ma'am you were saying that the commerce rating should be 3?

- MA At that time. At that time.
- AA Okay. At that time okay sila.
- MA Oh. For example, you know we also accepted the, we also have, no... so wala kaming control doon na sila ay isinarado. But the others we dropped oursevels because we saw practices that were contradictory to the best practices that we were advocating. ()
- That's the fifth element of the sustainability that I wanted to emphasize. Ilan na ba yung elements: the institution or the rural bank itself, the service providers, then within RBAP because some of the activities are still being continued by RBAP ie yung mga training courses namin doon and you know, they can tap me, they can tap other former technical staff. And then the... pagkafourth pala yon. What was I, what did I say?
- AK Basically the institution itself, RBAP, other service providers...
- MA Oo. Yeah and the former staff. They have stayed within the sector which is good. Like I can cite you, one is now a consultant to one rural bank in Mindano. The other is consulting with the others, yung dati nilang minomonitor dati. Oo.
- AA Ma'am ganyan naman talaga. One of our clients was RB Talisayan. So Ernie was providing consulting services within the confines of the project. Sabi nung owner sa kanya, "andami mong sinasabing magaganda, dapat dito ka na lang." So that's why they hired him.
- MA Ganun noh.
- AA And he was able to turn the bank around.
- MA So they're not lost.
- AA Speaking of Daddy Ernie, as I call him, si Daddy Ernie kasi diba there was a time that you formed the MABSTERS?
- MA The MABSTERS. Oh yeah yeah yeah. That's the other element of sustainability. We trained people within the bank to become trainers for their own institution and some of them have continued as trainers within their own institutions. Like Cantilan would have a few of them still there. Kabayan, the same noh? Bangko Kabayan. And I think pati ang GM Bank. So yung mga bagong account officers, you know naman mga account officers they leave after 2 years after 1 year, noh, so it's a continuing training that they do.
- AA But that's in-house?
- MA In-house. Oo. Nandoon. So yung mga talagang conscious naipapagtuloy nila. But you mga iba, pulutin ka na lang sa lampungan (?).
- AA Based on what I've read po and heard from friends, malaki daw ang emphasis ninyo sa savings.
- MA Oh yes. From the start. From the very start. Kasi nung panahon na yon, when MABS got introduced, everybody - all NGOs, international organizations, considered microfinance as credit. Microcredit. Pero kami nun is savings. And we were discouraging institutions from borrowing from Landbank, from PCFC. Sabi namin, mobilize your own savings because number one requirement ng mga mahihirap ang target ng microfinance, ang pinaka number 1 na kelangan nila is a place where they can safely park their extra money na maliliit.

- AA I think ma'am the operating term there is "park" lang naman talaga. Yun din yung turo namin dati eh. Hindi naman namin sinasabi that the money will be there forever and ever eh. They will put it there for a few days, a few weeks. So ang challenge lang naman really is how do you make money out of the short period of time that the money is there? But hindi ba yon naging problema? Syempre ang kita ay nasa loans eh. So if I will spend 1 year, 2 years trying to mobilize savings tas if in the meantime hindi naman ako makapagpautang dito sa mga tao na ito, paano kikita?
- MA Eh kabaliwan na yan na magmobilize ka ng deposit kung wala kang ibang produkto na ano. That's why magkapatid sila. The very first thing I tell the banks, nung ako pa mismo ang nagpupunta, o alam nyo ba ang ibig sabihin ng financial intermediation? Ang bangko niyo ba ay ano, I mean these are basic things! Ang bangko ninyo ano ang pinakabasic na services? Sasabihin nila, gumawa ng deposito. O ano ang ginagawa ninyo sa deposito? Sasabihin nila. Minsan nagbibigay ng loans. So I tell them. Of course I emphasize other things about savings deposit. This is one of the most basic and important services you can provide your communities. And this is by and large one of the cheaper sources of lending for you. Kung wala kayong produkto, kung hindi niyo alam ang market for loans, eh cost lang sa inyo to. That's why you have to do market study. That's why from the very study, market study, yung cycle natin ng product development, noh? So we provided the tools sa training namin kasama yang lahat. And sa follow through visit namin sa kanila, chinecheck namin yan whether they have done their homework, they are applying the tool, and whether they know how to analyze the results, the findings of the market study.
- AA Hanggang dulo ba ma'am ganyan yung nangyari?
- MA Hanggang dulo dapat ganun.
- AA Dapat
- MA Oo, dapat. And I think by and large, sinundan yun ng mga service providers. And in the latter part, sino ba yung mga nagkwan, si Ernie yata ang nagprovide ng services for Unilink eh.
- AA Ernie ng MICRA?
- MA Oo.
- AA That's why it's interesting to see yung mga huling pumasok. You were saying nga sa simula they were well chosen, they were well trained. And some of them kasi slow learners diba?
- MA Nakakatawa dahil you would think that, being a bank, and this is one of my learnings eh. They didn't know their market. They were not doing market research. Kung ano man yung nakalagay doon na mga produkto ng mga rural banks, commercial loan, industrial loan, mula sa simula hanggang ngayon wala, walang product review, walang listening sa clients. Kaya some of them were surprised to find out na hindi pala sila kilala sa lugar nila. Ganun! Ganung tipo. Hindi nila narerealize ng mga masa na para sa kanila ito. Na pwede ko pala gamitin itong bangko na ito. I can go there and park my money. Or I can go there without removing my slippers. I can go inside without having to remove my shoes, or my sandals, or my slippers.
- AA Yung community aspect...I think yun yung isang nakakalungkot because they were not able to leverage their community character. I remember one of the, although it's not a good example kasi nagkaproblema rin siya. He was saying kasi na kami we grew up in this community. We know them, they know us. We're not like commercial banks na kapag wala na hindi kami aalis. Kami hindi pwede.
- MA But ah sumasawsaw ka sa community.

- AA Yun nga eh.
- MA Panoorin mo yung ano, yung video ng Cantilan. Yun ang mga nangyari noon. () Mahirap mag ano Alex, mahirap magpalit ng mindset. It's like, parang ano yan eh parang kalawang na makapal na so gaganyan ganyanin mo ng gaganyan ganyanin.
- AA At yung iba din kasi, yung posturing nung bangko, ayaw niya dun sa mahihirap daw. Meron kaming bangko na...
- MA Pagka ganun malalaman mo na either A, may tinatago, or B, hindi nila type. Eh bakit kita bibigyan ng pansin baka lang masayang ang laway ko sa inyo.
- AA () Ito din yung experience namin. Syempre habang may project, maraming kasali.
- MA What were they looking for libre? Eh kaya nung una okay, medjo libre libre. Pero in the end, you know, yung mga training namin, uy bayad kayo. Nagbabayad naman! They were paying because by then they have learned the importance of training.
- Ang training sa kanila noon, ang training cost, hindi naman siguro lahat, it's just a cost.
- AA Ganun din yung isyu namin sa mga training ano. Tanong namin, bakit ikaw ang pinadala eh hindi naman ikaw dapat. Then we found out kasi 20 years na sila sa bangko, hindi man lang nakaattend ng training. Eto libre, pinapunta! Ganyan.
- MA How sad.
- AA Coop ito ha. Tapos malalaman namin, ah anak pala ng manager, anak pala ng Chairman. That's why for a while pucha sinasabi namin, pauwiin namin to eh. Hindi naman namin magawa diba. It's bad taste. Libre kasi eh so we had the right to dictate kung sino magaattend. But it's also so difficult kasi hindi naiintindihan nga na. Basta may mapapuntahin lang.
- MA So it really is ano eh, a change of mindset.
- AA They think of training as a reward.
- MA An entitlement.
- AA More so pagkaowner ka ha.
- MA So kami after a while we were charging. It's still subsidized. Kasi kai ang naghahandle ng course, hindi namin iniinput yung cost namin. But i have to at least pay for the food and the venue. After that yung technical assistance, de punta kami, lahat ng gastos amin yun. In the later years, yung mga nagrerequest ng technical assistance, they have to pay RBAP a certain rate for day na nandun kami sa field and they have to cover transportation and lodging.
- AA Nasa anong phase nato? 4th?
- MA No. Even during the third phase we introduced it slowly. So nung una mga 2000 lang ang ano, technical, yung fee payable to RBAP. And then later on we increased it to 3000 and they were still paying. Banks that recognize the importance of getting their operations reviewed and providing in house training – they wanted in house training para maraming maka attend para they don't...it's not painful to pay. Sabi ko nga. This is still subsidized!
- AA How are you able to entice the smaller banks?

MA To pay? Well because most of them have realized the value of the training. Or even yung round table namin, you'd be surprised, kasi yung round table namin, national round table namin which we were holding once a year and then there's regional round table which is also once a year, Luzon and then sa Mindanao, uh, nagbabayad sila. Big and small. Kasi we have an array of topics that's not just blah blah blah, but that's something that will be useful to them. Merong technical inputs eh. And dito magaattend, sabi namin, senior management, mga CEO nila and yung mga microfinance supervisor, the GM. Minsan nga walo walo ang bitbit eh. And they were paying! They were paying. No pain.

AA Papaano naman yung sustainability nun? Like ngayon, how is the issue of sustainability now that there's no MABS?

MA Well, what we hoped would happen is that yung RBAP would integrate at least 1 or, would integrate some microfinance topics during their national assembly or the symposium, yung technical symposium nila. And they started doing that last year. Was that last year? Oo. October.

Every year since we started MABS in 1998, we were part of the RBAP national convention. There had always been one presentation reserved for MABS by way of, and this serves as a venue for us to update the membership and to interest the other rural banks and to share with them you know, the new initiatives that we were introducing. You know, like mobile phone banking, microfinance, microagri, you know. And ito naman sa symposium nila last year when we were already, i think closed na yung MABS. So when they had their symposium, they had 1 break out topic session on, focusing on microfinance and I facilitated that session. We started with that and hopefully meron din sila every year.

AA Why did you branch out? Dati simpleng savings lang now you're into microagri, and then microhousing, and then you're also into mobile banking? Why would you branch out your array of services?

MA During the third phase, i'm talking about mobile banking. During the third phase, it was around 2004, globe introduced the GCASH and we saw in it the potential for using that for payment services. Kasi alam mo na ang pagbabayad noon andami daming risks. Yung sa micro, the account officers go out in the fields, they make collections, pwede kang maharang, pwede mong harangan ang sarili mo.

AA Hold up me.

MA Oo, maraming kwento. It's also costly. So we were looking at a way to minimize both the costs and the risks to the banks and we saw a lot of potential here. And so it was wasy talking naman to Globe. And so we introduced mobile banking as technology that will help with repayment.

But later on we expanded that. Of course we saw the other complications, the other things that are needed like we have to have, bukod sa other than the fact na kelangan mo yung bangko sasakay dun at kelangan mo nakainline to sa kanilang objective, their future vision. Kelangan din makapagtayo ng patch points. Your kick off points. And that required, and of course maganda na nandyan yung mga rural banks because they themselves can set up those patch points and not depend on GXI to do that. So it was a strategic partnership with Globe. We were of course also trying to do strategic partnership with Smart but medjo may challenges noh? And I will not elaborate on that.

AA Do you think ma'am it's worthwhile to talk to Smart also?

MA Just talk with Globe because doon naggrow, nagprosper.

AA Who would be the best person to talk to?

- MA Yung Presidente, si Paulo.
- AA Anyway si Pau kasi hindi pa siya masyadong matagal na presidente. But Pao would be...
- MA You may also talk to Risa.
- AA Mahirap hagilapin si Risa because she's handling the international business ng Globe. Si Paulo mas madaling makausap. So that is why naisama siya sa phase 4?
- MA Oo. Because we were doing the initiative and we were all excited about it. And so initially it was for payments but andaming nangyari so we saw that as a way through which the clients can deposit, withdraw. But they consideration is, may mga patch points ba na mapupuntahan.
- AA Sa totoo lang yun din ang challenge sa bangko. ()
- MA I think Globe developed the card-based ano na, and that was helpful. Kaya lang later on yung mga ibang bangko they decided to do their own money card. Parang nalagpasan tuloy yung globe GCASH. Maybe in the last year or the second to the last year of MABS 4 may card na rin.
- AA Sa Union Bank?
- MA Kahit anong depository ang gusto nila. Some of them have BPI, some have Land Bank. It's their choice.
- AA So maganda ba yung uptake ng mobile banking ninyo?
- MA Maraming gumamit. Marami. And some banks that took it seriously, they were also earning a lot of money.
- AA Who were the banks that used it?
- MA PR Bank for example. Cantilan used it a lot. And we were able to monitor ilan yung mga nagcacash in, nagcacash out. And as a requirement we saw that if the bank is to promote a product like this, dapat yung mga employees nila knew how to use it. Kaya inano naming as a strategy, inencourage naming yung mga bankgo to either pay the salaries through GCASH or some some allowances through GCASH so they would know how to use it.
- AA You cannot explain something that you don't know.
- MA So the frontliners can now explain to their family members, to their clients kung paano gamitin ito.
- AA You have to physically show.
- MA It's experiential. And you have to do it 3, 4 times para makuha mo.
- AA Yung microinsurance, paano naman pumasok yun sa picture?
- MA Naka ano yon. It's one of our deliverables in phase 4.
- AA Papaano siya naging deliverable?
- MA There was a need because, alam mo kung ano ang nangyayari, you know this. I have all of these poor people. We're looking at people na nagkasakit yung isa, namatayan, or nakalamitya. It's all about vulnerability.

(Draws) Ito yung poverty threshold. Halimbawa inumpisahan mo sila na nandito sila. Ngayon umangat ang konti. Nagkasakit or nacalamity, for whatever reason. Ang bilis bumagsak. Hindi sustainable tong income nila. They are so vulnerable. Namatayan, mangungutang sa kapitbahay, ibebenta yung mga paninda...

AA Whatever asset build up nila.

MA Kalabaw. Hindi makakabayad sa utang. Delinquency. Yung inutang nila aabutin sila ng taon taon para bayaran. Yung kanilang inutang sa bangko hindi nila mababayaran. In the meantime dagdag nang dagdag yung interest at penalties.

AA So lalong nababaon.

MA Hindi sila pauutangin ng bangko dahil nakikita naman, anong ibabayad nitong si Alex hindi pa nga nagbabayad ng unang utang. Bakit ko pa siya pauutangin? So ganyan. So bagsak nang bagsak. Nahihirapang tumayo.

But yung microinsurance will guard them from falling below this. Somehow makakacope sila. It's a good coping instrument for them and we're seeing that. Maraming evidences na ganyan. And if you're looking for a good topic for... nagmamasters ka ba?

AK Opo.

MA Work on microinsurance. Yung microfinance etcetera, gasgas na yan. But here, marami ka pang pwedeng anuhin.

AA Yun ngang sabi ni ma'am it's a good mitigating measure. Umaangat ka nga nang umaangat tapos bigla kang babagsak. You don't have control, Ondoy, Pablo, nananahimik ka lang doon. They're about to harvest your crop and you're thinking o makakabayad nako sa bangko tapos biglang binaha ka. You're dead.

MA And it is so cheap! I advocate partnership with commercial insurance. I have some issues with an institution setting up its own mutual benefit, etcetera. Parang si Pablo at si Ondoy, kung nangyari yan isa pa. Saan ka kukuha ng loan? Unless inano mo, nakapagreinsure ka somewhere else.

Anyway this one is a powerful tool. And at the early phase of MABS4, nag ano kami ng additional, yung phase 4 kasi dapat ganito ka laki yung fund namin tapos naging ganyan because of problems in the US naman. So lumiit. Paano namin gagawin tong lahat na ito? Si John magaling sa mga ganito. So nagano kami sa ILO. They have a fund for microfinance innovations. Nakuha kami. So from there ILO, sabi namin sige sa foundation – RBRDFI, at ang ginawa namin dito, sige hire kayo ng tao, 2, technical staff. Meantime, kami, MABS, nandito kami we were providing the support, the technical support.

So what we did was first, develop the tools, the training and the tools, parang naka ano na, isasalpak mo na lamang. We trained rural banks while training these people. So lahat ng mga linkages with BSP, insurance commission, we were there facilitating. But at the same time we were doing that, we were engaging already the foundation and RBAP in the process. So ito, ewan ko what RBAP now plans pagkanaubos ang pera dito. Whether this is something sustainable that they will continue doing. And I can't blame RBAP or the foundation for that matter for looking at, is there money here for us. Because they have to pay ABC persons. Same thing with your NATCCO.

AA Ganun naman talaga yung challenge dyan. But we have other sources of income to supplement. So dito ma'am I think you were also instrumental in crafting some of the policies of the insurance commission?

- MA Well, maybe what we can call it is, we were able to influence for example the process, some of the policies, especially at the BSP end. And i think we have full documentation of this in our archive. So it's a very rich, the archives that we have, the materials that we have, are complete.
- AA Tsaka very promising yung microinsurance. It's a very felt need lalo ngayon with the changes in climate. Yung mga hindi binabaha noon, binabaha na.
- MA Hindi mo ba alam nagtilt na ng konti ang ano ng Earth nung nagka ano sa Japan? Diba.
- AA Like sa Mindanao hindi nga masyadong issue ang lending to agriculture kasi hindi nga binagyo. Ngayon putcha baha baha.
- MA At tsaka Cagayan de oro. Recently meron sa Davao ulit.
- AA Eh ma'am pano sa microagri? Bakit pinasukan ang microagri?
- MA Agri is also microenterprise for many of our farmers. It's a business and it's a small business for many of them because it's what, it's less than 7 hectares, 3 hectares? Fishing is a small thingy? Is a small business activity as well?
- So it's also one of our deliverables. And the rationale for that is, we have been excluding agri farm activities from figuring out ano ba talaga ang income ng mga tao na ito. And I think there was a natural tendency through many years of microfinance na talagang inignore tong mga farming activities because of the risks.
- But nung 2008, prior to the 4th phase, concern for small farm and production and raising our own farm products have come full circle. Nag full circle na siya so bumabalik tayo. For the longest time in the 70s and early 80s hindi ba puro agri, agri, agri because we had serious concerns on self-sufficiency?
- AA Lalo na yung rice.
- MA And then I think the period prior to 2008, nagkaroon na naman tayo ng ano, another food crisis. So we cannot escape that fact. USAID is so conscious of that and was putting back some attention to agri.
- Ang reality ng sitwasyon natin dito, karamihan ng mga farm producers are small. So bumalik uli tayo.
- AA Pero ma'am kamusta po yung uptake ng micro agri loans considering the risks, considering...
- MA Ganito. Alam mo kasi, nung una, and there's a big difference here ha. Nung una ang tinitignan, and i think this is still the case with some banks lending to agriculture. Ang tinitignan – what is your cost of production per hectare? Noh, let's take that as an example. So sabi, 25,000. So pautangin ka. Siguro wala pa dun yung labor mo. So pautangin ka, may equity (). Ngayon, hindi titignan yung cash flow ng farm household. Hindi titignan. Di pinautang ng 25,000 yun pala ang kaya lamang bayaran eh, for an amount much less than that. At yun pala ang kelangan lang naman nung farmer, hindi naman ganun kalaki.
- So itong approach namin, one of the distinctions. One of the unique features of the microagri approach ng MABS – it's not based on the cost of production. Ang kelangan examinin ay yung cash flow. Pangalawa, hindi diya yung supervise supervise. Because the farmers have been farming for the longest time. They know better than a fresh graduate from the bank or an account officer. So you trust the farmer's sense of judgement. Diba?
- And then, so the loan amount is based on cash flow and capacity to pay.

AA It's not formula lending?

MA Ah no, it's not formula lending. At yung staggard, staggard na ano? If the farmer wants to sell the ano, kahit na bantayan mo yan kung kelangan niya ng pera at meron siyang extra fertilizer bag, ibebenta niya yan. So to us it was useless spending for supervision.

AA Is that one reason ma'am, if I remember right I read in the reports na mababa ang uptake ng micro-agri?

MA Ah. I'll tell you. Sabi ng mga ibang bangko, eh wala namang difference dun sa microenterprise lending. So ang ginagawa nila, kahit na for agriculture, microenterprise lending parin. So maraming hindi narerecord as agri. And i think nasa footnote namin yun somewhere in one of those reports.

Take a look at this. Pagka yung nagfocus group discussion kami sa mga clients, and this is one of those things that we encourage the banks to continue doing. Find out what your clients want. You know – tignan niyo yung temperatura. And so palagi nilang sinasabi na, atsaka makatotohanan yung mga sinasabi ng mga borrowers. Ma'am ginamit namin sa agriculture. Pinambili ng asawa ko ng fertilizer, pinambili ng lambat. Kasi kelangan palitan yung lambat every 6 months. So what is that? Isn't that microagri?

Pero kung ako lang masusunod, hindi mo na kelangan magdesistinguish between microagri and this and that kasi gagamitin nila for this and that, kung ano man kelangan nila. Ang kelangan lang, makita mo ano ang kakayahan ng household nito na magbayad. That's it! It can jut be one product.

AA At the end of the day ang tanong lang dyan, makakabayad ba ulit?

MA Yes it's just the cash flow and repayment capacity! SO if you will notice, in any of our materials wala yung supervise, follow the client, see that every peso is spent for the purpose that... because we didn't believe in that.

AA Oo and because you end up spending more money supervising than giving loans. Yung isa pa ma'am na nakita namin is sa micro-housing. Yung uptake din sa micro-housing medjo mababa din.

MA May gumagamit namin.

AA Parang ganun din yon.

MA Why did we think that microhousing is something that would be more appropriate for the purpose. Dahil yung karamihan ng mga bangko magpapautang sila up to 6 months, 10 months, 1 year which is a restriction ng regulations. Pero sa microhousing, mas may elbow room ka para bayaran yung loans na yon. Depende sa bangko whether they have, they can lend for 12 months, more than 12 months, 3 years, 5 years, in fact 5 years ang for minor home repair and if you're building a house it's up to 15 years.

So merong disconnect doon. I'm using the 10,000 that I borrowed sana para sa business ko. Pero ginamit ko sa housing. So hindi lumago yung stock sa business mo kasi naandyan. Pero kelangan mo bayaran in 6 months, or in 12 months. Mahahirapan ka. So yun ang punto de vista namin dun.

Tignan mo naman kung ilan yung bangko na natrain namin. And for those that we trained yung iba hindi natuloy. You'll find, maganda itanong ito sa Bangko Kabayan because what they don't have is micro agri but they have all the other elements and initiatives.

Medjo na-abela ang mobile phone banking because ang Globe nagiba ng policy. Tinaas nila yung mga rates and sensitive ang mga tao sa rates and even the banks that used to pay their employees' salary or allowance, ewan ko yung iba yata tinigil na because of the increase in rates.

AA Ngayon ma'am halos pareho na yung rates ng GXI at tsaka nung Bangko. () Curious lang din ako noh, I'm sure you've read the report ng USAID. Bakit ganun yung report nila? Parang sinasabi nga nila well, based on the, iba yung ginamit na measuring stick to measure the outputs that's why they're saying wala masyadong outputs, diba? That's why they were calling for an evaluation. Bakit ganun yung...

MA Specifically, which one.

AA Yun, yung sinabi ko nga ... sa deposits. Iba yung ginamit nilang measuring stick.

MA Oo, oo. And that was explained to them later on. And you can ask MS. Tess about it. Because this is fully documented and nasa kanya ang mga documentation.

AA Yun pa po. Bakit na ano siya, yung supposedly should end in March 2013 but it ended in...

MA Walang pera.

AA So it means yung allotment for the fourth phase lumiit?

MA Oo. That's what I was telling you about. So even some of the advisory services that we were supposed to buy, hindi namin na ano yon. And we had to source other sources.

AA Specifically, ILO.

MA Oo. So we did a lot of leveraging – ILO, Micofinance Opportunity, to fund. So maski yung microinsurance consultant si Michael _____, we were able to get him sa latter part na because we were very prudent with how we spent the grant money so we had some savings to be able to get him during the last 2 years ata yun, last 2 years or last 3 years. So umiksi talaga.

Atsaka by that time I think, this is something you can ask Ms. Tess if you want to delve into that. There was a transition from, sa direction ng USAID. So that's why they have all these other projects na so that's why they were about to leave microfinance, and things like that. But don't take my answer as the answer. You can ask Ms. Tess why.

AA So ma'am one last thing, because it has to be asked. Papaano yung gender mainstreaming dun sa trainings na kinokconduct ninyo. That's another thing they wanted us to look at.

MA It's not an issue! Clients, it's not an issue! Because microfinance is a women's world. Lahat ng mga cliyente ng bangko, it's about 80 – 85% up, halos babae. Maski sa agricredit when I asked bakit ba mga babae itong mga nangungutang sa agri? Eh dahil walang panahon yung asawa. It's a household event!

AA You're not actually just lending to the male or the female. Atsaka at the end of the day, kung sino ang makakabayad eh, dun ka.

MA One of the sources you can look at is the survey required by the US Congress of all its, of all the USAID-funded projects. PAT – Poverty Assessment. I think it's in our files, yung mga resulta. Merong breakdown din ata yun as to gender.

But going back to the RIG report, you have a different impression of the overall report. You read that again because it's overall, overall yun lang ang ano nila dun, on the deposit. But over all wala silang nakitang depekto eh.

So to wrap up, it is mindset, perception. The reason we designed our training package into modules over a 4 – 5 month period. Some of these service providers tried to shorten that. There

LUZON					
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are lectures, hands on practice, mentoring, technical assistance that will follow the banks on the ground to ensure that they will take off after

GM BANK Cabanatuan (12 Participants)					
	Very Satisfied	Somewhat satisfied	Undecided if satisfied or not	Somewhat dissatisfied	Very dissatisfied
Compulsory Savings Product	12				
Loan product of GM Bank	12				
Insurance	11	1			
RBA Angeles (10 Participants)					
Compulsory Savings Product	10				
Loan product of RBA Angeles	10				
Insurance	N/A				
VISAYAS					
VALIANT BANK Iloilo (10 Participants)					
Compulsory Savings Product	10				
Loan product of Valiant Bank Iloilo	10				
Insurance	10				
MINDANAO					
CANTILAN BANK Surigao Sur (12 Participants)					
Compulsory Savings Product	8	3	1		
Loan product of Cantilan Bank	12				
Insurance	5 w/those who have insurance				
RURAL BANK of Digos (8 Participants)					
Compulsory Savings Product	4	4			
Loan product of Rural BAnkof Digos	3				
Insurance	N/A				

Table A. Client Satisfaction Rating on savings, micro loan, and micro insurance

ANNEX E: PROCEEDINGS OF PRESENTATION OF DRAFT FINDINGS WITH STAKEHOLDERS

STAKEHOLDERS MEETING ON THE FINAL PERFORMANCE EVALUATION OF USAID/PHILIPPINES' MICROENTERPRISE ACCESS TO BANKING SERVICES PROGRAM – 4

Held at Le Salon II, Hyatt Manila on 5 April 2013

ATTENDEES

Name	Position	Company
Dr. Hector Sales	Team Leader	SDS
Alex Almendral	Banking and Microfinance Specialist	SDS
Aleandre Kwan	Business Development Officer	SDS
Aura Echin	Administrative Support	SDS
Daniel Miller	Chief	USAID
Teresita Espenilla	MABS Program Manager	USAID
John Callanta	Monitoring and Evaluation Specialist	USAID
Gerald Britan	Senior Performance Management and Evaluation Adviser	USAID
Elda Montera	President and CEO	ARMDEV
Pia Roman-Tayag	Head, Inclusive Finance Advocacy	BSP
Ed Jimenez	Consultant	BSP
Ricardo Alair	Corporate Planning and Business Operations Head	G-Xchange
Mabini Juan	President and CEO	Manila Bankers Life Insurance
Jing Gusto	Research Manager	MICRA
Brenda Mendoza	Director	NEDA
Dina Manlangit	Sr. Economic Development Specialist	NEDA
Jazzie Di S. dela Cruz	Sr. Economic Development Specialist	NEDA
Nikki Bermudez	Economic Development Specialist	NEDA
Chariz Cariaga	Program Assistant	Punla Sa Tao Foundation

MINUTES OF THE MEETING

Summary:

1. Background of MABS

- a. RE objective: “The program is designed to develop the capability of rural banks to profitably provide financial services to microenterprises and low-income clients” vis-à-vis the results. (NEDA – Brenda Mendoza)

BM: In the results slide it is really not clear whether, in fact, the rural banks are now convinced that providing these products / services is profitable. Because that is what the program is supposed to do right? That you can profit from providing microfinance services. Can you show that because of MABS they have actually profited?

JG (MICRA - Jing Gusto): Maybe we can look at 1) profitability indicators or measures; 2) market share indicators (how many RBs are in the country and how many have benefitted from the program); 3) loans / savings portfolio of the RBs (what is the contribution of the microfinance / savings portfolio to the overall portfolio of the rural bank; how is the rural bank faring in comparison to the industry average).

2. Focus of the study / approach

- a. Clarify right from the start what the focus of this evaluation is. Is it an impact or outcome evaluation? If it's the latter, why do your evaluation questions seem more like those for an impact evaluation? (ARMDEV – Elda Montera)

JC (USAID – John Callanta): What we're trying to look for are indicators of the emerging inclusivity of the rural banking system. We were not shooting for it to be attribution but indications of contribution.

- b. There's a slight disconnect between the evaluation questions and what the program actually set out to do. (BSP- Pia Roman-Tayag)

PRT: In some of the challenges that were discussed, one of them is risk of lending to farmers because of calamities, pests, diseases, or market fluctuation. These seem to be challenges faced by agriculture lending in general. It may be difficult to phrase it as a challenge that the bank has faced in light of the objective of the program. Similar to the other products, the challenges, for example, of the mobile phone banking services- the absence of cash in / cash out, the need to establish a mobile money ecosystem, etcetera, again these are challenges that go beyond the reality whether or not the bank has the capacity to provide microenterprise services. So it goes back to the question of effectiveness and I think we should have a more focused expectation of what we mean by "effectiveness" if we calibrate that more to the objectives of the program.

JG: We have to clarify our definition of "effectiveness," "sustainability" and "other factors" because in other evaluations that I've done these were actually defined differently. For instance bullet 2 should probably be stated as bullet 1 because that is the immediate, stated objective. What are the stated objectives of the program? Perhaps you can come up with another indicator. I think you also have to state what you mean by "increased economic opportunity" and "inclusive financial inclusion?" Financial inclusion has so many aspects and I think we need to prioritize. I don't know which aspect you're tackling in this evaluation. I guess overall, it might make sense that whatever indicator you're using you have to come up with disaggregated data.

- a. It would be nice to see the comparison of before and after the MABS intervention within the same bank, and their comparison to banks that have not been assisted by MABS. (BSP – Pia Roman-Tayag)

PRT: What would have been useful is for me to see these banks that MABS worked with, what were they doing before the intervention in providing financial services to this market? So it's a comparison of before the intervention and after within that bank and how are they performing. And also possibly in comparison with other banks that are similarly placed, and the effectiveness in comparing those that have been assisted by the MABS program.

JO (MABS – John Owens): Following up on Pia's comments, there actually are a lot of studies, I know there's a lot of paperwork on MABS, but there actually were some studies that we did do comparing the before and after. We have institutional assessments that are there in the files, what the banks were doing at the time we started working with them, and where they were before, and where they are now, and how quickly they grew in comparison to other banks in the sector.

- b. Perhaps the study should delve into the macro aspect of the program. (NEDA – Brenda Mendoza)

BM: I would really be interested in the impact of the microenterprises such as whether they were able to really access banking services, whether these financial services provided lead to increase in production or growth in income, etcetera. So this is more the macro interests.

JC: It is part of the recommendation that a deeper study be done on the economic benefits and financial inclusivity. They do recognize that the data made available to them have limitations in terms of the measurement of the data.

EJ (BSP – Ed Jimenez): At this point it might be too ambitious to tackle the macro aspect of the program.

3. Effectiveness

- a. You have to be very careful about the way you look at retention rate. I think you noted that but the retention figure that we quoted here is not that accurate. (MABS – John Owens)

JO: When you look at the number of clients who basically graduated over and above the microfinance levels, and we would not continue to count them once they got a bigger loan, that is not being taken into account here and that would probably show you a very different picture so that client retention is not taken into account here. Clients who have rested during off-season is also not taken into account here. And another issue that isn't tackled is greater competition. So clients who switch from one bank to another which they began to do, and as soon as they switch they become a new borrower in the other bank and they are no longer a repeat borrower. But they're still borrowing. They're still in the sector. And the competition greatly changed over the last 4 years of the program. So I think you would find that the retention figure that you quoted here is not that accurate. And again, the drop is really more attributed to increased competition among the banks.

- b. You have to be careful about the computation of the figures. There is a cumulative total but what can really be attributed to MABS? (NEDA – Brenda Mendoza)

BM: There might be double counting because the figures are so large. Even if you say so many loans were lent out, new microloan clients, are these really new? Or as earlier cited, new clients but previously borrowing anyway. In your findings you have the cumulative total of participating branches. If they had been lending to microenterprises, new services ba yun? Okay you have a cumulative total, but what can really be attributed to the project? We want to get the additionality of the project to the existing. On the first slide on page 8, it is also not clear from the indicator if the banks were previously offering microinsurance.

- c. Explain / expound on the data. Specify the breakdown of the data. (NEDA – Breda Mendoza)

BM: Relative to microinsurance, are these production insurance, life insurance? What kind of insurance is it?

--: Regarding the last challenge to expanding micro-agri lending (“Heavy repayment obligations for the 60-40 scheme where farmers are required to pay 60% of the loan amount amortized either weekly or monthly”), is the fact that it is heavy repayment obligation from the point of view of the farmers or of the banks? Maybe it would be useful to clarify that.

--: Regarding challenges to expanding mobile phone banking services, when you say “broader range of services beyond microfinance” could you provide examples of what these services are? Can you also explain what you mean by “mobile money ecosystem?”

--: When you show the Portfolio at Risk bargraph, it's increasing. Is it supposed to be decreasing?

4. Sustainability

- a. Are RBAP and RBRDFI convinced that the program should be continued? I think that should be indicated somewhere in your report. They may have the tools but if they don't use them then the project will not be sustainable. (NEDA – Breda Mendoza)
- b. Report doesn't show that because of MABS these RBs have profited. (NEDA – Breda Mendoza)

5. Other Factors

- a. It would be nice to have some anecdotes, or some feedback, a little more information on what the clients said, what you learned from the banks, what you learned from some of our partners. Having more of that information in the report would be useful as opposed to just the results. (MABS – John Owens)

6. Conclusions

- a. There should be a one-page summary table that details the objectives that have been accomplished before the Conclusion. You can see in one column all the stated targets, the stated objectives, and in the second column you can see whether it exceeded the objective. (MICRA – Jing Gusto)
- b. RE: "Rural banks were successfully capacitated to deliver microfinance services." Do we take it that this was not the case before MABS, that rural banks did not have the capacity to deliver microfinance services? (NEDA – Breda Mendoza)

7. Recommendations

- a. Some findings need to be reconciled with the recommendations. (NEDA – Breda Mendoza)

BM: RE: "There should be an active push for the adoption of mobile banking among rural banks for clients in far flung areas to have access to financial services." Somewhere in the figures they don't even know what mobile phone banking is or that they were reluctant to do it, etcetera. How do you reconcile that finding with this recommendation?

JC: Because of those elements that are missing in the ecosystem, the push would include education, the addition of cash in /cash out centers, better telcos signal. Part of the push would be to put all of those elements together so that in far flung areas where the presence of banks is not felt, we can offer those services.

BM: So maybe the recommendation has to be restated along that line. You have to set up first what is needed for them to adopt mobile banking. It's as if you are already pushing mobile banking but they don't have that capacity to do mobile banking. So you have to prepare them first before you push mobile banking.

- b. RE: "Rural banks should focus on developing additional microinsurance products such as deposit-based savings microinsurance or voluntary microinsurance." This recommendation is in violation of existing regulations. (BSP – Ed Jimenez)

EJ: I think if it's a cooperative or an NGO, it's fine. But if it's a rural bank, this is in violation of existing regulations because the insurance companies are the ones who are supposed to do this. This will involve some changes in policy.

AA: Maybe we just have to change the wording. We are not asking the banks to offer microinsurance. What we are saying is that the banks have to develop additional products in partnership with their partner insurance companies.

JO: You should be very careful about saying that the rural banks are the ones who are supposed to develop additional insurance products, maybe focus on deposit-based insurance products. I think these are available but maybe the loan-based insurance is the easier one. But there are several rural banks that have already offered it. So I think that you may want to look at that finding and the recommendation. I agree that the rural banks can't do it and only the insurance companies can.

- c. It may help the reader if we can link it back to the objective of the evaluation. As of now it seems like it's just off the top of your mind recommendations. (MICRA - Jing Gusto)
8. Uncategorized
- a. Maybe we should disaggregate the data – performance of Luzon, Visayas, and Mindanao banks separately. Look at how MABS was screening the rural banks. It can answer the issue of inclusion. (MICRA - Jing Gusto)
 - b. Issue: visit to Cantilan and RB Pateros. If you're going to look at the contribution of MABS, it will be different. There will be less impact / change for the newcomers. Also look at the benchmarks / standards that are accepted in the industry. How does the MABS average fare in terms of these standards? (MICRA - Jing Gusto)
 - c. Do we have more information on what the roles are of the various stakeholders in MABS and vice versa? (MABS – John Owens)
 - d. Augment the secondary data with the results of the FGDs and KIIs.

ANNEX F: LIST OF SOURCES OF INFORMATION

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List of Documents Reviewed

For this performance evaluation, the following documents and videos have been reviewed by the study team:

- MABS Overview
- MABS 4 Annual Work plans
- Implementation Plan
- MABS Client Success Stories
- MABS Briefers and MABS product briefers
- MABS 4 Quarterly Reports
- MABS Organizational Chart
- MABS Gender Action Plan
- Bank listings and contact information
- MABS website / toolkit: <http://www.rbapmabstoolkit.wordpress.com> and <http://www.mabs4finalreport.wordpress.com>
- RIG audit report

Articles and Press releases on various websites:

- Articles online on the MABS blog at: <http://www.rbapmabs.org/blog/>
- Articles that have appeared in the news or online: <http://www.rbapmabs.org/blog/category/in-the-news/>
- Short feature articles: <http://www.rbapmabs.org/blog/category/mabs-features/>
- Program highlights: <http://www.rbapmabs.org/blog/category/mabs-highlights/>
- Interesting tips from the field or from presentations of rural banks or other partners at: <http://www.rbapmabs.org/blog/category/mabs-tips/>

MABS-4 video documentaries

- *Bank On It* (master segment) <https://vimeo.com/43301414>
- *Distant Access* (mobile banking) <https://vimeo.com/42728345>
- *Small Wonder* (Cantilan Bank) <https://vimeo.com/43185050>

List of Persons Interviewed

Key Informant Interview - Stakeholders

Institution	Name of Respondents	Position	Date and Time of Interview	Place of Interview	Interviewer	Documenter
USAID Mission	Teresita Espenilla	Project Officer, Office of Economic Development and Governance	Mar 15, 2013 09:30 – 10:30 am	USAID Office	Dr. Hector Sales and Alex Almendral	Josie Joson
USAID Mission	Erika L. Erslund	Auditor	Mar 15, 2013 10:30 am – 12:00 nn	USAID Office	Dr. Hector Sales and Alex Almendral	Josie Joson
Mindanao Development Authority	Charita A. Escaño	DIR III	Mar 22, 2013 10:00-11:40 am	Mindanao Development Authority Office	Dr. Hector Sales	Vergil Boac
Bangko Sentral ng Pilipinas	Pia Bernadette Roman Tayag	Head, Inclusive Finance Advocacy	Mar 18, 2013 01:21 – 2:20 pm	BSP Office	Dr. Hector Sales and Alex Almendral	Josie Joson
Bangko Sentral ng Pilipinas	Ed Jimenez	Consultant	Mar 18, 2013 01:21 – 2:20 pm	BSP Office	Dr. Hector Sales and Alex Almendral	Josie Joson
Insurance Commission	Hon. Vida T. Chiong	Deputy Commissioner	Mar 25, 2013 09:00 – 10:00 am	IC Office	Alex Almendral	Aleandre Kwan
Rural Bankers Association of the Philippines and the Rural Bankers Research and Development Foundation, Inc.	Atty. Edward Leandro Z. Garcia, Jr.	President	Mar 6, 2013 02:00 – 3:30 pm	RBAP Office	Alex Almendral	Aleandre Kwan
Manila Bankers Life Insurance Corp.	Mabini L. Juan	President and CEO	Mar 14, 2013 03:05 – 04:10 PM	MB Life Office	Dr. Hector Sales and Alex Almendral	Josie Joson

(Philippine Life Insurance Association)						
Globe G-Xchange	Ricardo R. Alair II	Corporate Planning and Business Operations Head	Mar 26, 2013 10:00 – 11:00 AM	G-Xchange Office	Dr. Hector Sales	Aleandre Kwan
Punla sa Tao Foundation	Alan N. Orogo	Deputy Executive Director	Mar 11, 2013 7:00 – 9:00 PM	Gateway, Cubao	Dr. Hector Sales and Alex Almendral	Aleandre Kwan
GEM (MICRA Philippines)	Ernesto V. Gementera	Banking / Microfinance Consultant	Mar 27, 2013 10:00 – 11:30 AM	Starbucks, Alabang	Dr. Hector Sales and Alex Almendral	Aleandre Kwan
Associated Resources for Management and Development, Inc.	Elda M. Montera	President and CEO				
MABS	John V. Owens	Chief of Party	Mar 11, 2013 10:30 – 11:45 AM	Rockwell Club	Dr. Hector Sales and Alex Almendral	Aleandre Kwan
MABS	Meliza H. Agabin	Deputy Chief of Party	Mar 6, 2013 10:00 – 11:30 AM	UCC Park Café, Burgos Circle	Alex Almendral	Aleandre Kwan

Key Informant Interview - Luzon

Bank/ Institution	Name of Respondents	Position	Date and Time of Interview	Place of Interview	Interviewer	Documenter
GM Bank, Cabanatuan City	Ramon de Ocampo	EVP for Operations	Mar 25,2013 9:08AM to 10:04AM	Office of the Executive VP GM Bank	Io Martin Guballo	Josie Joson
	Emmerson Torres	Senior Manager, Micro Finance	Mar 25,2013 10:12 AM to 11:26 AM	GM Bank Function Room	Io Martin Guballo	Josie Joson
	Edwin S. Verona	EVP Head MSME	Mar 25,2013 11:36 AM to 12:07 PM	GM Bank Function Room	Io Martin Guballo	Josie Joson
Rural Bank of Angeles	Debbie Calaguas	Operations Officer	Mar 26,2013 09:25AM to 10:04 AM	Rural Bank of Angeles Board Room	Io Martin Guballo	Josie Joson
	Mitch Cabigting	Loan Operations	Mar 26,2013 09:25AM to 10:04 AM	Rural Bank of Angeles Board Room	Io Martin Guballo	Josie Joson
	Lemuel Peralta	Collection Officer	Mar 26,2013 10:05AM to 10:25 AM	Rural Bank of Angeles Board Room	Io Martin Guballo	Josie Joson
First Macro Bank, Pateros	Edsel E. Tan	MFSU Manager	Mar 27,2013 09:54 AM to 10:40 AM	First Macro Bank Pateros, Board Room	Io Martin Guballo	Josie Joson
	Reginald I. Ocampo	President	Mar 27,2013 11:18 AM to 12:07 PM	First Macro Bank Pateros, Board Room	Io Martin Guballo	Josie Joson

Focus Group Discussion - Account Officers, Gm Bank, Cabanatuan City

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Christopher Corpuz	Senior Account Officer	May 2010	Cabanatuan	M		09028883470
Allen Edward Dizon	Project Officer	April 2012	San Pascual, Talavera, NE	M		09267604117
Marco Polo Espino	Project Officer	Jan 2012	Cabanatuan City	M		09195658316
Menandro Navarro	MF Manager	Sep 2004	Cabino, NE	M		09162244950
Jelson Nipales	Account Officer	Oct 2010	Palayan City	M		09368696213
Michael Corleon Ponce	Account Officer	Aug 2011	Cabanatuan	M		09061818174
Victor Ramos	MF Supervisor	Jul 2001	Cabanatuan City	M		09152775962
Armand Santos	Account Officer(Individual Loan)	May 2011	Cabanatuan	M		09155951990
Lawrence Suna	Project Officer	Jan 2013	Cabanatuan City	M		09192083466
Mary Jane Tactay	Area Supervisor	Feb 2007	Pangasinan	F		09277699213

Focus Group Discussion - Bank Clients, Gm Bank, Cabanatuan City

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Availed	Contact Details
Merly Balandra	Magsaysay Norte, Cabanatuan City	Vendor	F		Business loan	09206620825
Mario Bulaclac	Dimasalang, Cabanatuan City	Vendor	M		Micro finance	09238327045
Mercida Esteban	Lawi, Nueva Ecija	Businesswoman	F		Micro finance	09203406281
Bella Flores	North Poblacion, Gab., NE	Sari-sari store owner	F		Micro agri	09194291659
Imelda Garcia	Cabanatuan City	Vendor	F		Housing Loan	09279277640
Palerma Hernandez	Pantoc, Gabaldon, NE	Rolling store owner	F		Agri Loan	09081494815
Jacquilyn Incierto	San Jose Norte, CC	Computer shop owner	F		Business loan	09199947768
Leonida Macasieb	North Polo, Gabaldon, NE	Sari-sari store owner	F		Business loan	09464052659
Corazon Malaya	Malinao, Gabaldon, NE	Buy and Sell	F		micro agri/ micro finance	09298347365
Myrna Panganiban	Manacnac, Pal. City	vendor	F		Business loan	09202600754
Karen Ann Roman	Malinao, Gabaldon, NE	teacher	F		Micro agri	09393872952
Myrna Sacramento	Palayan City	Canteen operator	F		Business loan	09108930401

Focus Group Discussion - Account Officers, Rural Bank Of Angeles

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Jessier Halili	Marketing Assistant	April 2012	Angeles City, Pampanga	F		09175773698
Jake Mercado	Account Officer	July 2012	Mabalacat, Pampanga	M		09278206780

Focus Group Discussion - Bank Clients, Rural Bank Of Angeles

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Availed	Contact Details
Jobelyn Atienza	34 A Herson St. Fatima Sta Cruz	Dealer (peanut butter)	F		Individual Loan	09169081732
Corazon Bingag	San Nicolas	Businesswoman	F		Business Loan	
Raquel Esguera	San Fernando	Sari-sari store owner	F		Business Loan	09473939201
Cherry Gabas	Brgy Panipuan City of San Fernando	Business woman	F		Business Loan	09478174176
Janice Gonzales	590 Gumamela St.	Business woman	F		Business Loan	06122893762
Jeycel Labrador	Brgy Panipuan City of San Fernando	Business woman	F		Business Loan	09291050473
Dennis Montemayor	140 Sto. Cristo Extension Magalang Rd	Sole Proprietor	F		individual loan	09239749852
Aileen De Guzman Narciso	3525 P Zamora St	Entrepreneur	F		individual loan	09062368782
Josephine C. Santos	Suarez St. Capaya II	Vendor(shoes)	F		individual loan	09489085065
Sheryl Solis	1017 Sto Rosario St Sto. Domingo A.C	engaged in RTW business	F		business loan	09079437308

Key Informant Interview - Visayas

Bank/ Institution	Name of Respondents	Position	Date and Time of Interview	Place of Interview	Interviewer	Documenter
Valiant Bank, Iloilo	Frederico Arabejo	MFU Head	Mar 21,2013 08:45AM to 10:54AM	Valiant Bank, Iloilo	Alex Almendral	Josie Joson
	Ian Eric Pama	President, Valiant Bank	Mar 21,2013 11:45AM to 12:25PM	Valiant Bank, Iloilo	Alex Almendral	Josie Joson
Progressive Bank, Iloilo (Focused Group Interview)	Randy Daga-as	Unit Head MF ILU	Mar 20, 2013 01:04PM to 02:25 PM	Progressive Bank, Pototan, Iloilo	Alex Almendral	Josie Joson
	Roger Escaro	Unit Head MF Group	Mar 20, 2013 01:04PM to 02:25 PM	Progressive Bank, Pototan, Iloilo	Alex Almendral	Josie Joson
	Bryan Tacayon	Unit Head Micro Insurance	Mar 20, 2013 01:04PM to 02:25 PM	Progressive Bank, Pototan, Iloilo	Alex Almendral	Josie Joson
Fair bank, Bogo City, Cebu (Focused Group Interview)	Gil Jo Verallo	President and CEO	Mar 22,2013 12:22PM to 01:58PM	Fair bank, Bogo City, Cebu	Alex Almendral	Josie Joson
	Timoteo Olarte	VP Operations	Mar 22,2013 12:22PM to 01:58PM	Fair bank, Bogo City, Cebu	Alex Almendral	Josie Joson
	Maribel Resma	Division Head, Client Support Office	Mar 22,2013 12:22PM to 01:58PM	Fair bank, Bogo City, Cebu	Alex Almendral	Josie Joson
	Ricky Mingo	Project Officer, Kaabag Program	Mar 22,2013 12:22PM to 01:58PM	Fair bank, Bogo City, Cebu	Alex Almendral	Josie Joson

Focus Group Discussion - Account Officers, Valiant Bank, Iloilo

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Ryan Peñas	Loan Assistant	July 2010	Iloilo City	M		09097910910
Zalde Porras	Loans Officer	May 2005	Iloilo City	M		09157024935
Aldevic Gargonza	Loans Supervisor	July 2004	Iloilo City	M		091777991185
Michael Gasendo	Loan Assistant	April 2012	Iloilo City	M		09469951787
Jay Villaruel	Loan Assistant	April 2012	Iloilo City	M		09308225513

Focus Group Discussion - Bank Clients, Valiant Bank, Iloilo

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Availed	Contact Details
Florawin Cainglet	Leon Iloilo	Self Employed	F			09267874900
Ma. Melba Cainglet	Brgy. Omambong Leon, Iloilo		F			09105984086
Emma Gallo	Lapayon Leganes, Iloilo	Businesswoman	F			09198087059
Vivian Gonzales	Brgy. San Jose		F			09489812945
Ma.celia Mangoria	Calalunan	Self Employed	F			09085441479
Maricon Misare	Lanit Jaro	Businesswoman	F			09052586180
Honie Krizia Navor	Tanza Timawa Zone 1, Iloilo City	Self Employed	F			09173291308
Ma.Lean Palonpon	Brgy San Jose Jaro		F			09489812945
Lelaine Susbille	Lapayon Leganes, Iloilo	Farmer	F			09398924035
Manuel Vela	Brgy. South San Jose St. Iloilo City	Tricycle operator	M			09108957344

Focus Group Discussion - Account Officers, Progressive Bank, Iloilo

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Reza Benjamin	Account Officer	April 2011	Brgy. Constanca San Lorenzo	F		09124258782
Edbert Delfin	Account Officer	Nov 2007	Pilar Capiz	M		09469571337
Erma Figueroa	Account Officer	Aug. 2009	Amamaros, Pototan	F		09129796227
Gener Laguardia	Account Officer	Dec 2010	Poblacion, New Lucena Iloilo	M		09308754520
Emie Orbista	Account Officer	Oct 2008	Brgy. Naga, Pototan Iloilo	F		09213504939

Focus Group Discussion - Bank Clients, Progressive Bank, Iloilo

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Availed	Contact Details
Elizabeth Gangano	Jamabalud, Potpotan, Iloilo	Housewife	F		individual loan	09071342945
Adora Gonzales	Cabilanan, New Lucena, Iloilo	Housewife	F		individual loan	09287790519
Lilia Grimbullo	Cabilanan, New Lucena, Iloilo	Housekeeper	F		individual loan	-
Conchita Indelible	Cabilanan, New Lucena, Iloilo	Housekeeper	F		individual loan	09476474903
Rose Luz Jurilla	Janiuay, Iloilo	Housewife	F		individual loan	-
Nelfa Langub	Jalandoni St, Zarraga	Housewife	F		individual loan	09478518412
Ruby Omali	Jamabalud, Pototan	Housewife	F		individual loan	09097382141
Nerlie Panal	Jamabalud, Pototan	Housewife	F		individual loan	09466902417
Andrea Perez	Jamabalud, Pototan	Housewife	F		individual loan	09097382141
Elizabeth Ponan	Zarraga, IC	Housekeeper	F		individual loan	-
Edna Porras	Yugot, Mina, Cabilanan	Barangay kagawad	F		individual loan	09213238144
Jessica Robles	Cabaguibican, Pototan	Housewife	F		individual loan	09205088404
Darlie Solis	Brgy Yugot, Mina, Iloilo	Barangay kagawad	M		individual loan	09108638636
Rebecca Sumahi	New Lucena	Housekeeper	F		individual loan	-
Luzviminda Umali	Jamabalud, Pototan	Housekeeper	F		individual loan	-

Focus Group Discussion - Account Officers, Fairbank, Bogo City, Cebu

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Joseph Ancajas	PO	-	-	M		09068972661
Emmanuel Ando	MILO	-	Bogo City	M		09289014351
Racelle Casiano	MFS	-	Bogo City	M		09177433102
John Jay	PO	-	Bogo City	M		09468408864
Daniel Jurcales	PO	-	Bogo City	M		09997638642
Christopher Noval	MFS	-	Bogo City	M		09177433121

Focus Group Discussion - Bank Clients, Fairbank, Bogo City, Cebu

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Availed	Contact Details
Lydia Adolfo	San Vicente	Center Chief	F		Kaabag program client (group loan)	-
Susan Bonsubre	La Paz, Bogo City	Cashier	F		Kaabag program client (group loan)	09352416637
Jocelyn Casero	Poblacion, Tabogon	Housewife	F		Kaabag program client (group loan)	09082998994
Delia Efulle	Camobo-ay	Vendor/ sari-sari store owner	F		Kaabag and Family loan client	09182070623
Alma Victoria Lumapas	Dakit, Bogo City	Center Chief	F		Kaabag program client	-
Jocelyn Migabon	Brgy. Sto Nino	Cemetery Caretaker	F		Family loan client	09212183863
Elia Ylagan	La Paz, Bogo City	Center Chief	F		Kaabag program client	-

Key Informant Interview - Mindanao

Bank/ Institution	Name of Respondents	Position	Date and Time of Interview	Place of Interview	Interviewer	Documenter
Cantilan Bank, Surigao Sur	Charles Y. Hotchkiss	Executive VP (ActingPres.)	Mar 20,2013 9:23-10:52am	Office of the Executive VP Cantilan Bank	Dr. Hector Sales	Vergil Boac
	Eric M. Mendiola	Head-Acct .Mgt Division	Mar 20,2013 11:23-12:52am	General Manager Office, Cantilan	Dr. Hector Sales	Vergil Boac
	Raul Bernabe B. Urbiztondo	General Manager			Dr. Hector Sales	Vergil Boac
Rural Bank of Digos, Davao del Sur	Lilia Calamba	General Manager	Mar 21,2013 10:20-11:40am	Rural Bank of Digos, Board Room	Dr. Hector Sales	Vergil Boac
	Ivy P. Monteverde	Branch Manager	Mar 21,2013	Rural Bank of Digos, Board Room	Dr. Hector Sales	Vergil Boac
	Rontjin M. Moratalla	Head Office Loan Officer	Mar 21, 2013	Rural Bank of Digos, Board Room	Dr. Hector Sales	Vergil Boac
One Network Bank	Alex V. Buenaventura	President	Mar 23,2013 05:40-07:30pm	Nonko Japanese Restaurant, Davao City	Dr. Hector Sales	Vergil Boac
Rizal Microbank	Raymundo C. Roxas	FVP Head of Operation	Mar 22,2013 02:00-04:03pm	Coffe Bean & Tea Leaf Abreeza Mall	Dr. Hector Sales	Vergil Boac

Focus Group Discussion - Account Officers, Cantilan Bank, Surigao

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Joniel V. Recamara	Account Officer	May 28, 2012 10 mos.	Purok 3, Lininti-an Cantilan	M		09307545403
Julius U. Paluga	Account Officer	July 28, 2012 8 mos.	Purok 1-B Pag-antayan Cantilan	M		09094948405
Raymond Albert H. Ortega	Account Officer	Aug 04, 2011 1 yr & 6 mos.	Purok 3, Tigabong Cantilan	M		094887313562
Juanito Ajit Jr.	Account Officer	July 08, 2012 6 mos.	Purok 1, Sta. Cruz Carmen Surigao Sur	M		094872372672

Focus Group Discussion - Bank Clients, Cantilan Bank, Surigao

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Aailed	Contact Details
Ganancias Arlyn	Purok 1, Magocilom		F			09091059047
Consigana Viola	PAnikian Carrascal	Housewife	F			
Aguinid Marifel	Purok 1, Calagdaan Cantilan	Business owner	F			09077271006
Cheryl Zoe O. Pelayo	Pag-antayan, Cantilan	Bakery Owner	F			09074090151
Rolinda C. Cubillan	Purok 2 Magosilan, Cantilan	Fish Vendor	F			09195695561
Lorna P. Espura	Purok 4 Tigabong, Cantilan	Gardener	F			09015707611
Lydia Villorijo	Magosilom, Cantilan	Business owner	F			09093832222
Ovillaneda Cecilia	Handshay tapi Cantilan	Farmer	F			09098562080
Nenita L. Arreza	Calagdaan, Cantilan	Farmer	F			09089232353
Lustiva G. Lurrita	Sta Teresita, Cantilan	Farmer	F			
Aresgado L. Analiza	Limintia, Cantilan		F			09498571429
Roquita C. Quiñonez	Magosilom, Cantilan	Business owner	F			09398416377

Focus Group Discussion - Account Officers, Rural Bank Of Digos, Davao Del Sur

Name	Position	Date of Engagement (from to m/y)	Address	Sex (M/F)	Birthdate (D/M/Y)	Contact Details
Jake Ryan Natividad	Account Officer Microfinance/Micro Agri	Aug 2009	Digos City	M		09104607183
Ruly R. Sancover	Account Officer Microfinance	Aug 2009	Pob. Kiblawan, Davao del Sur	M		09202473776
Mark Anthony Famulagan	Account Officer Microfinance	Mar 2012	Digos City	M		09105833020
Teddy Roy Abulleja	Account Officer Microfinance/Micro Agri	Feb 2013	Digos City	M		09462028999

Focus Group Discussion - Bank Clients, Rural Bank Of Digos, Davao Del Sur

Name	Address	Occupation	Sex (M/F)	Birthdate (d/m/y)	Services Availed	Contact Details
Ruperto Cordova	Lapu Lapu, Super Hi Way Digos	Sari Sari store owner	M			09398983712
Segundina Tabigue	Chapter 9-A Aplaya	Sari Sari store owner	F			
Villarino Elena	Brgy. Road, Rawis Digos City	Sari Sari store owner	F			09075870417
Lenneth Ontolan	Brgy. Road, Rawis Digos City	Sari Sari store owner	F			09186006603
Mary Ann Saballa	Lim St, Digos City	Carenderia owner	F			09286573053
Elisa Romero	Kapatagan. Digos City	Farmer	F			09129897582
Elmar Jemino	Sta Cruz, Davao Sur	Business owner	F		Business capital	09298230037
Valenia Miano	Loay Zone II Sta Cruz Davao Sur	Business owner/farmer	F		Farm Expansion Additional Capital	09294946510

ANNEX G: CONFLICT OF INTEREST DISCLOSURE STATEMENT

Sustainable Development Solutions


With regard to my service as Team Leader/Evaluation Expert on the USAID/Philippines' Micro-enterprise Access to Banking Services (MABS) Program - 4, I have the following potential conflict of interest to report:

- I am affiliated¹ to another Consultancy Firm?
- Affiliated to any vendor, supplier, or any other party providing or bidding for providing services, having a direct or indirect interest in any business transaction(s)?
- Having any business dealings or transaction with a vendor, supplier or any other party which could result in benefit to me?
- Affiliated to any staff of United States Agency for International Development (USAID)?
- Affiliated person(s) is involved is a party to or have an interest in any pending legal proceedings involving?
- Others: _____

¹ Affiliated refers to the following: Spouse, domestic partner, child, mother, father, brother or sister or close associates; any corporation, business or non-profit organisation of which you are serve as staff, officer, board member, partner, participate in management or are employed by; any trust or other estate in which you have a substantial interest or as to which you serve as a trustee or in a similar capacity.

Please elaborate on the potential conflict arising from the above situation with regards to the transaction concerned (e.g. nature of service/ transaction, if affiliated person involved, the identity of the affiliated person and your relationship with that person):

I hereby confirm that the disclosure made above are complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify [the board chair or vice-chair] immediately.


Signature

DR. HECTOR M. SALES, Team Leader/Evaluation Expert

Name & Designation

April 24, 2013

Date

Conflict of Interest Disclosure Statement

Sustainable Development Solutions

With regard to my service as Banking and Microfinance Specialist on the USAID/Philippines' Micro-enterprise Access to Banking Services (MABS) Program - 4, I have the following potential conflict of interest to report:

- I am affiliated² to another Consultancy Firm?
- Affiliated to any vendor, supplier, or any other party providing or bidding for providing services, having a direct or indirect interest in any business transaction(s)?
- Having any business dealings or transaction with a vendor, supplier or any other party which could result in benefit to me?
- Affiliated to any staff of United States Agency for International Development (USAID)?
- Affiliated person(s) is involved is a party to or have an interest in any pending legal proceedings involving?
- Others: _____

² Affiliated refers to the following: Spouse, domestic partner, child, mother, father, brother or sister or close associates; any corporation, business or non-profit organisation of which you are serve as staff, officer, board member, partner, participate in management or are employed by; any trust or other estate in which you have a substantial interest or as to which you serve as a trustee or in a similar capacity.

Please elaborate on the potential conflict arising from the above situation with regards to the transaction concerned (e.g. nature of service/ transaction, if affiliated person involved, the identity of the affiliated person and your relationship with that person):

I hereby confirm that the disclosure made above are complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify [the board chair or vice-chair] immediately.



Signature

IO MARTIN LC. GUBALLA, Banking and Microfinance Specialist

Name & Designation

April 24, 2013

Date

Conflict of Interest Disclosure Statement

Sustainable Development Solutions

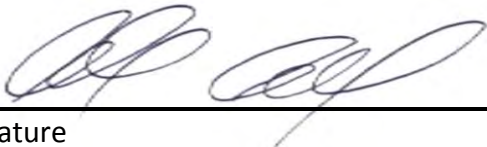
With regard to my service as Banking and Microfinance Specialist on the USAID/Philippines' Micro-enterprise Access to Banking Services (MABS) Program - 4, I have the following potential conflict of interest to report:

- I am affiliated³ to another Consultancy Firm?
- Affiliated to any vendor, supplier, or any other party providing or bidding for providing services, having a direct or indirect interest in any business transaction(s)?
- Having any business dealings or transaction with a vendor, supplier or any other party which could result in benefit to me?
- Affiliated to any staff of United States Agency for International Development (USAID)?
- Affiliated person(s) is involved is a party to or have an interest in any pending legal proceedings involving?
- Others: _____

³ Affiliated refers to the following: Spouse, domestic partner, child, mother, father, brother or sister or close associates; any corporation, business or non-profit organisation of which you are serve as staff, officer, board member, partner, participate in management or are employed by; any trust or other estate in which you have a substantial interest or as to which you serve as a trustee or in a similar capacity.

Please elaborate on the potential conflict arising from the above situation with regards to the transaction concerned (e.g. nature of service/ transaction, if affiliated person involved, the identity of the affiliated person and your relationship with that person):

I hereby confirm that the disclosure made above are complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter. I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify [the board chair or vice-chair] immediately.



Signature

ALEJANDRO G. ALMENDRAL, Banking and Microfinance Specialist

Name & Designation

April 24, 2013

Date