



# SISLA Trust Bank – Philippines Initial Report

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## ASKI Trust Bank Summary

The recently formed Santa Isabel Sur Livelihood Association (SISLA) group was established as part of the Trust Bank program of Opportunity International Australia's implementing partner Alalay Sa Kaunlaran Sa Gitnang Luzon, Inc. (ASKI), in the Philippines.

Sisla Trust Bank is located in the district of Ilagan, in the fertile region of Isabela and is named after the barangay (village) of Santa Isabel Sur where its members live. ASKI identified barangay Santa Isabel Sur as being suitable for the Trust Bank program, then gained permission from the barangay officials to hold an introductory seminar about the programs and services of ASKI. The villagers who were interested in participating applied to ASKI and one of the groups formed as a result was the Santa Isabel Sur Trust Bank. All of the group's 18 members are women and range in age from 23 to 55 years old.

Members meet with a loan officer from ASKI every week. During this time they make their loan repayments and receive business training and mentoring. They also discuss issues relevant to both their business and personal lives, and find support and encouragement. The loan officer facilitates discussions and helps the members solve problems. Members say they enjoy these meetings as they are able to spend time creating strong friendships.

This report provides information on the Trust Bank group, which was established in the last three months, and outlines the types of businesses that have been funded as a result of your giving towards the Trust Bank program.

## Trust Bank Group Photo



*Clients of SISLA Trust Bank*

**“To have a progressive livelihood that is also beneficial to the community where we belong. We hope that through our businesses, we will be able to send our children to school and help others employ in our businesses.”**

***SISLA Trust Bank members***

## SISLA Trust Bank

SISLA meet every week and begin their meeting with a prayer, Bible reading and group sharing. The members then make loan repayments, discuss their agenda for the week and plan future activities. The majority of SISLA Trust Bank members have sari-sari stores or hog raising businesses. One member runs a canteen, where she sells vegetables and snacks. Most members earn around Php.200 (A\$6) a day.

Santa Isabel Sur is an isolated village, connected by one road in poor condition. SISLA Trust Bank members usually ride in a public ferry to go to the nearest market, where they can purchase stock and sell their produce. There is an elementary and high school in Santa Isabel Sur, allowing Trust Bank members to send their children to school at minimal cost. However, the school's facilities are very limited.

### **FAST FACT: SARI-SARI STORE**

A sari-sari store is a small stall or shack from which Filipinos can purchase small items such as soft drinks, chips and lollies, among many other things.

‘Sari sari’ is Tagalog for ‘various kinds’ and describes what you can find in the many stores. They are similar to a convenience store, except they are much smaller and in greater abundance. There seems to be one on almost every corner in every town or village in the Philippines.

They are run by family members with almost no inventory and very little overhead. In a nation where few people own cars, sari-sari stores serve an important function.

## Life in Santa Isabel Sur

**Household size** – This group has an average household size of four people. Parents typically have two or three children, and are sometimes responsible for supporting aged parents or an adopted niece or nephew.

**Health** – There is a health centre in Santa Isabel Sur. However, when villagers are sick, they usually travel to the nearby government hospital. The hospital's consultation fee of Php.200 (A\$6) is cheaper than the fee charged by the health centre.

**Education** – 22% of SISLA Trust Bank members have a high school education, while 78% only attended primary school. All of the members of SISLA Trust Bank hope to support their children until they complete senior high school and many hope to send their children to university. Each member saves a portion of their business profit each week, with the intention of using this money for their children's future.

**Housing** – Most members live in simple houses made of cement, galvanised iron and wood. Most houses have two bedrooms with an outdoor toilet. Water is sourced from nearby wells and electricity is available in the village. The members of SISLA Trust Bank would like to save money to improve the condition of their homes.

**Religion** – The majority of people in this Trust Bank are Catholic. Opportunity maintains its ethos of sharing Christ's love for the poor without regard to religious affiliation, gender or ethnicity.

## Member List

	Members' Names	Gender	Age	Business Activity
1	Lolita Asuero	F	46	Sari-sari store
2	Angelita Pimentel	F	48	Sari-sari store
3	Lydia Bautista	F	52	Hog raising
4	Rosejene Natividad	F	28	Sari-sari store
5	Maryjane Natividad	F	23	Sari-sari store
6	MARICEL Adap	F	40	Hog raising
7	Marilou Valdez	F	30	Sari-sari store
8	Evelyn Pimentel	F	40	Sari-sari store
9	Ofelia Salvador	F	44	Canteen
10	Evelyn Labayog	F	41	Hog raising
11	Lourdes Bicera	F	55	Hog raising
12	Grace Cadorna	F	46	Hog raising
13	Jovilyn Bicera	F	34	Hog raising
14	Ellen Bicera	F	38	Sari-sari store
15	Lean Bicera	F	35	Hog raising
16	Myrna Sagun	F	33	Hog raising
17	Isabel Piritu	F	52	Sari-sari store
18	Irene Asuero	F	48	Hog raising

## Loan Officer Profile

Loan officers are the link between ASKI and the community it is serving. They are the “front-line workers”, liaising with community leaders, educating and training potential Trust Bank members, assisting clients to develop their business plans and facilitating weekly Trust Bank meetings. These resourceful staff members must be adept and consistent community organisers, trainers, financial analysts, monitors, and implementers of organisational policy.

Michael Austria (27) has been working at ASKI for more than two years. Starting out as a Loan Officer at the Tarlac branch, through hard work and dedication he has now risen to the position of Loan Supervisor.

Michael and his wife Annalyn have two children, Micaela Ann (3) and Marc Andrei (2) and live in a small apartment in San Miguel, Tarlac.

Before coming to ASKI, Michael worked for three years as a cashier in a construction firm. When he married in 2003, he resigned from his job and moved to Tarlac so he could be with his family. At this time his mother-in-law, a client of ASKI, told him of a position available there as a Loan Officer.



*Michael Austria, a loan officer from ASKI*

The rest, as they say, is history, and today Michael has responsibility for 14 Trust Bank groups, and facilitates their weekly meetings. This is more than he usually oversees, but another loan officer recently resigned and Michael is taking care of his groups until a replacement is found.

The work can be challenging at times, says Michael, but he believes he is making a difference in the lives of his clients. He enjoys meeting people who are very different, but who come together each week to share their lives, and through doing so, help, inspire and learn from one another. He is encouraged to see the transformation of his clients, and he prays that each of their businesses will improve so they can create a better life for their families.

Michael is also working hard to fulfil his dreams for his family. Like many of his clients, he hopes to send his children to school and provide them with the best education possible. He also dreams of one day being able to build his family a house they can call their own.

Michael believes these dreams are achievable, and with perseverance, diligence and dedication he is taking each day one step at a time. And as a Loan Officer for ASKI, he knows that each day of work not only brings him closer to his own dreams, but it also makes it possible for his clients to achieve theirs.

## Opportunity International in the Philippines

For over 30 years, the Opportunity International Network has been working with people living in poverty in the Philippines, where 43% of the population lives below the poverty line of US\$2 a day. Over that time, Opportunity has proven that significant inroads can be made to eradicate poverty by offering microfinance and enterprise development services.

Opportunity's partner, ASKI, is a microfinance institution (MFI) based in Cabanatuan city in the northern Philippines on Luzon Island, Nueva Ecija province.

In 2009, ASKI is focusing on moving from product-driven to client-responsive services. This transformation will increase service quality to existing borrowers and allow for the expansion of services into other needy client markets. The renewal will also keep ASKI at the cutting edge of this rapidly evolving microfinance market, enabling them to deliver innovative financial solutions to the needs of poor people.



*Employee of an ASKI client who runs a basket weaving business*

*\*For more information, refer to the country and ASKI overview supplied at the end of this report.*

### Client profile

Angelita Pimentel, or 'Helen' as she is known in Santa Isabel Sur, is a 48-year-old mother and small business owner. She is married to Virgilio and they have three adult children – Emeliza, 23, Virgilio Junior, 20, and Liezel, 17.

Helen used to run a successful second-hand clothing business, with a revolving business capital of Php.20,000 (A\$606). However, family problems forced Helen to spend her business capital on her family's immediate needs. With less capital, she downsized her business to a small sari-sari store. With a smaller business and no capital, Helen struggled to meet her family's daily needs. When she heard about ASKI's Trust Bank program, she saw an opportunity to use her business experience to improve her store.



*Helen outside her hog raising shed*

Helen used her initial loan to expand her sari-sari store, purchasing extra stock from the nearby market of Ilagan. She also established a small hog raising business. With the help of her husband, Helen runs her store from 5am to 8pm, earning at least Php.300 (A\$9) daily.

As a child, Helen was unable to attend high school because her parents could not afford the fees. She was determined to send her children to high school and university. Helen is currently saving to send her youngest daughter, Liezel, to university.

Since joining SISLA Trust Bank, Helen says she has learned about the benefits of cooperating with members to improve their businesses and the barangay of Santa Isabel Sur. She hopes she will be able to receive further loans from ASKI in the future to continue expanding her businesses.

## ASKI's Trust Bank program

ASKI's Trust Bank program has been operating since 2003. ASKI's main lending method is group loans through the Kabuhayan (Trust Bank) program. Group loans are structured to reach the poorest of the economically active by providing loans to members of small groups called Trust Banks. Members agree to guarantee each other's loans in lieu of capital. The members are required to meet together each week to make their repayments, receive training and encourage one another in their endeavours.

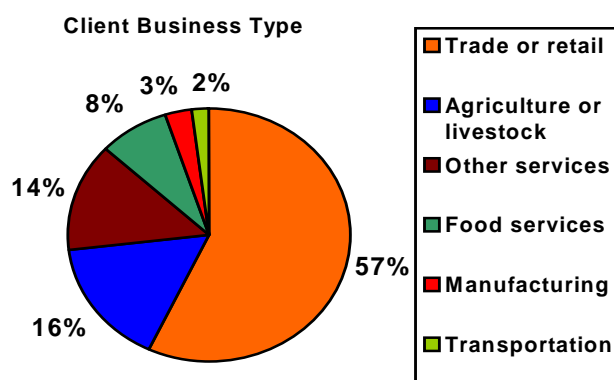
Clients have short loan terms (typically six months) and do not require collateral because the group members co-guarantee each other's loans. The program also involves community activities which promote unity, cooperation, shared leadership and responsibility among the members and the community.

The following profile of ASKI's Trust Bank members was sourced using various data from the Opportunity International Network statistics as well as other client impact information provided by our partners.

In the Philippines, the majority of Trust Banks are located in urban and semi-urban areas and to a lesser degree, rural areas.

Over 78% of ASKI's Trust Bank loans are made to women.

The average Trust Bank loan size is A\$190, with initial loans typically smaller than consecutive loans dispersed.



The majority of Trust Bank members have attained junior high level education, but in more rural areas many only have a primary school education.

Most ASKI Trust Bank clients earn an average daily net profit of A\$4.60. Some earn as little as A\$2.70 per day. Profits are largely spent on household and business expenses and loan repayments. In times of need, profits are also spent on emergencies.

The above statistics show the current need of ASKI clients, but it also shows their great potential. Through the Trust Bank program they are given the opportunity to realise that potential. With your support, these Trust Bank members are now able to imagine a future free from extreme poverty.

## ASKI – our field partner, Philippines

### Partner profile - Alalay Sa Kaunlaran Sa Gitnang Luzon, Inc.

ASKI was established in 1987, the brainchild of a group of local business leaders who wanted to instigate a positive response to poverty in the Philippines. With a small capital investment from Australia's Maranatha Trust (a predecessor of Opportunity International Australia), ASKI began to reach out to the working poor, providing desperately needed microfinance and social services. As 43% of the population live on less than US\$2 a day, the work of ASKI is vital (*United Nations Human Development Report 2007/2008*).

ASKI is currently serving over 51,000 clients, giving them a chance to break out of the cycle of poverty through small loans. ASKI aims to ensure the economic security of clients by providing financial services and technical expertise, while enhancing their spiritual lives through various community enrichment activities.



*Amalia Acienda, vegetable vendor and ASKI client*

### Microfinance services

#### Trust Banks

ASKI provides microloans to small groups of fifteen or more people, known as Trust Banks, enabling those who are traditionally ignored by banks to start or expand small businesses. As group members co-guarantee each other's loans, they do not require traditional forms of collateral.

Trust Bank groups meet once a week to discuss issues concerning their businesses and make loan repayments. The meetings are also a time for members to read scripture, reflect on their lives and support each other. The businesses of Trust Bank members are many and varied, and include clothing stores, bakeries, fruit and vegetable stalls, transport, tailoring, food manufacturing, repairs, convenience stores, canteens and recycling shops.

Trust Bank members are required to save part of their income, which many then use to reinvest in their businesses or pay for their children's education.

#### Individual lending

This program is designed to assist those clients who have shown the potential to significantly expand their businesses and who require larger amounts of capital to do so. The goal is to enable these clients to become agents of transformation in their communities by employing other people and becoming key members of local business networks.

### Business development support services

ASKI's business development support services aim to improve distribution and product quality by linking poor entrepreneurs with larger markets, giving their products exposure and helping them improve their business processes.

Specific training includes simple bookkeeping, paralegal training and teaching skills that are specific to a client's business, such as animal husbandry or pest control. ASKI also facilitates educational visits to established businesses and encourages clients to take part in trade fairs to promote their products. For many clients, this is the first education they have undertaken since primary school, exposing them to ideas and techniques that will help their business ventures to succeed.

## Community development

ASKI works closely with communities to build their capacity to identify and address issues that affect them. As a result, many communities have instigated projects to improve health, water and sanitation, food and nutrition, and environmental awareness and protection.

ASKI also conducts marriage enrichment, gender sensitivity and leadership training courses. As a Christian organisation, ASKI is committed to supporting the welfare of families and enabling individuals to fulfil their potential. Other social support provided by ASKI includes day care centres and a scholarship program for clients' children.

ASKI's focus on community development encourages people to support each other and take a community-minded approach to small business, building communities that can work their way out of poverty together.

## Emergency aid

Living in rural, isolated areas, ASKI's clients have always keenly felt the effects of environmental changes. In 2008, a drought and large numbers of insects affected farmers and clients who depend on agricultural businesses for their produce. In May 2008, three towns served by ASKI's Urdaneta Branch were devastated by a flood. Many houses were destroyed, including the homes of ASKI clients. Many ASKI staff gave voluntary donations to the relief operation. ASKI provided housing loans, as well as food and clothing, to those affected so they could rebuild their lives.

## Renewal Program

ASKI is currently facing increasing competition in the microfinance sector. In response, Opportunity Australia is working closely with ASKI to provide clients with more flexible loans and new savings programs. In order to offer the most effective microfinance programs on the market, ASKI is also consulting existing clients.

These changes are taking place as part of Opportunity Australia's Philippines Renewal Program, which aims to assist our three Philippines partners (ASKI, TSKI and TSPI) to move from product-driven to client-responsive services. Recent projects undertaken included market research, product testing and process mapping to improve and streamline operations. This will improve ASKI's client retention and ensure that its unique combination of microfinance and community services will benefit thousands more of the working poor in the future.

## Performance Indicators

Performance indicators	2007	Sep 2008
Average loan size A\$	222	301
Number of active clients	47,007	51,523
Portfolio (funds with clients) A\$	5,630,731	8,742,843
Portfolio in arrears >30 Days	3.44%	2%
Portfolio at risk >30 Days	3.5%	3.4%
Percentage of loans to women	78.61%	77.4%
Operational sustainability*	103.04%	103.3%
Financial sustainability**	102.38%	98.8%

\***Operational sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

\*\***Financial sustainability** is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program including the cost of its capital, in particular inflation.

Source: Opportunity International Quarterly Reports, December 2007 and September 2008

## Philippines – at a glance

The Philippines is a nation of 7,107 islands, known for its fun-loving people and American-influenced culture. The Philippines became the first and only colony of the United States in 1898, and is now the third largest English speaking country in the world.

Due to a long history of colonial rule and ongoing associations with merchants and traders, today the Philippines is a vibrant mix of cultures, with Malaysian, Chinese, American, Spanish and Arab origins. Tribal communities are scattered across the archipelago. There are more than 111 dialects spoken throughout the Philippines.



Source: Multimap

### Economic and political uncertainty

The Philippines has a long history of political instability, corruption and violent demonstrations. Gloria Arroyo has been president of the Philippines since 2001. In the 2004 presidential election, 112 people were reported to have been killed in election-related violence. There were widespread reports of vote-buying, intimidation and voter registration problems. In early 2007, the Philippines again held national elections and President Arroyo was reinstated. Despite fears of recurrent violence, the elections went smoothly. President Arroyo stated after the election that poverty alleviation would be a major focus of her government.

Multilateral lenders—such as the World Bank and the International Monetary Fund—are insisting that Arroyo’s government halt the endless cycle of budget deficits by stamping out corruption in the tax system. The new administration needs to vigorously tackle corruption and obtain due process in the legal system, as well as improve efficiency and competition. Delays in implementing such structural reforms have made economic growth slow in comparison to other countries in the region.

### Poverty is a reality

Poverty in the Philippines has been a predominantly rural phenomenon, with the gap between urban and rural poverty increasing in recent years. In rural areas, many people depend on subsistence farming and fishing to support their families. Some work as tenant farmers or paid agricultural workers, and there are few social services to support them. Indigenous people are also more likely to be poor, illiterate and unemployed than their non-indigenous counterparts.



*Fishermen play a crucial part in the national economy of this nation of many islands*

Groups who are especially vulnerable include indigenous peoples, small-scale farmers who cultivate land received through agrarian reform, landless workers, fishermen, people in rural areas and women.

**Area:** 298,170 sq km  
**Population:** 96,061,680  
**Capital city:** Manila  
**Ethnic groups:** Tagalog 28.1%, Cebuano 13.1%  
**Religions:** Roman Catholic 81%, Muslim 5%  
**Language:** More than 170 languages are spoken within the Philippines. The official languages are Filipino (based on Tagalog) and English.

Source: CIA World Factbook (Nov 2008)

### Poverty and health

A recent survey reported that hunger is a fact of life for 40% of Filipinos. Of the five leading causes of death, four are preventable communicable diseases—diarrhoea, bronchitis, pneumonia and influenza. The prevalence of communicable disease places a huge toll on communities and on the health and economy of the nation as a whole.

**Under-five mortality rate:** 33 per 1,000  
**Average life expectancy:** 71 years  
**Literacy:** 92.6%  
**Population with access to safe drinking water:** 85%

*Source: United Nations Human Development Report 2007/2008*

The population growth rate is also presenting serious challenges to the delivery of health services. There are only 1.2 medical physicians per 1,000 people and 18% of the population is undernourished. In rural areas, people's health is worsened by the difficulty of accessing medical treatment, along with locally endemic diseases like malaria. The growing population is also putting pressure on the environment, a concern which will only exacerbate the problems of poverty and disease in the future.

### How Opportunity Australia is helping

Opportunity Australia is meeting the challenges in the Philippines by working with three implementing partners, ASKI, TSKI and TSPI (Alalay Sa Kanularan, Inc., Taytay Sa Kauswagan, Inc. and Tulay Sa Pag-unlad, Inc.) Our Philippines partners are currently providing loans, savings and insurance to over 390,000 clients.

Opportunity Australia is undertaking a Philippines Renewal Program—helping our Philippine partners move from product-driven to client-responsive services. This transformation will increase service quality to existing borrowers and allow for the expansion of services into other

needy client markets. The renewal will also equip our partners to remain at the cutting edge of a rapidly evolving microfinance market, enabling them to deliver innovative financial solutions to address the needs of poor people.

The 2008-2010 Renewal Program achieves twin goals: improving the sustainability of microfinance and other antipoverty services to the poor; and broadening their social impact among some of the poorest families and communities in the Philippines.

Together, we can make a difference to the lives of thousands of poor people across the Philippines.

#### Sources:

*CIA fact sheet 2008, Gallup survey—Voice of the People 2008, Grameen Bank, Philippines Census, UN Human Development Report 2007/2008, UNICEF State of the World's Children 2007, WOW Philippines.*



*Winnie Viernes, ASKI Trust Bank client and egg vendor, preparing her produce*

## Appendix A - Opportunity International Overview

Opportunity International is a global leader and pioneer with over 35 years experience in providing microfinance and enterprise development to the working poor in developing countries. Microfinance includes the provision of collateral-free loans, savings, insurance and money transfers. Enterprise development incorporates a variety of training and support services for establishing and growing small businesses. Our desire is to see clients, their families and their communities transformed with dignity, empowerment and hope.

Opportunity is inspired by Jesus Christ's call to serve the poor without regard to ethnicity, gender or religious affiliation. We are guided by four core values: respect, commitment to the poor, integrity and stewardship.

Opportunity International Australia is part of the global Opportunity International Network, and as a support partner is responsible for raising and investing funds; educating the public on issues of poverty and economic development and providing technical support to establish and grow microfinance institutions.

Opportunity International Australia is committed to ethical practice, accountability and sustainability. We are a member of the Australian Council for International Development (ACFID) and a signatory to the ACFID Code of Conduct. We are also fully accredited by the Australian Government (AusAID).

In the Opportunity Network there are currently 44 implementing partners spread throughout developing nations across Asia, Africa, South America and Eastern Europe. Operating under the supervision of a qualified volunteer board of directors, each implementing partner manages programs by employing local staff who work with clients. Implementing partners employ committed local professionals who understand the culture and the challenges of each local economy.

Opportunity believes that credit alone does not transform the lives of the poor and is rarely the sole factor in a journey out of poverty. We go beyond providing financial services to individual clients, also providing enterprise development services such as training, market access, industry growth and other products. Enterprise development is critical for entrepreneurs to climb the ladder of economic prosperity and positively develop their family and community.

As at March 2008, Opportunity International had **1,132,934 active clients** and a loan portfolio of US\$551.5 million. Women account for 85.9% of clients and there is an average repayment rate of 97%.

**“Today, the microfinance industry and the greater development community share the view that permanent poverty reduction requires addressing the multiple dimensions of poverty”(CGAP, World Bank – Consultative Group to Assist the Poor).**