



# Annual Report

January – December 2008



**Unlad Kabayan Migrant Services  
Foundation Inc.**

## **Economic crisis and shifting work context**

The economic growth achieved in 2007 (7.3%) and 2006 (5.4%) is now severely threatened by the crisis sweeping through the globe. Starting from the collapse of the housing market, followed by the financial market in the United States the crisis rapidly spread to other sectors and countries threatening the real economy.

According to the Bangko Sentral ng Pilipinas (BSP), "the global economic turmoil has affected five key areas of the economy, foreign investments, exports, remittances, financial markets, and market confidence. In the last quarter of 2008, thousands of Filipino migrant workers were sent home as hundreds of factories and construction companies closed down in Taiwan and Dubai. By December 2008, the Philippine government and other multilateral financial institutions started to revise growth projections for 2009 from 5.5% to 0%.

MSAI (Migrant Savings for Alternative Investments) was conceived and developed with this scenario in mind, and advocated that employment overseas is temporary while job creation at home is strategic. Workers cannot simply rely on the prosperity and opportunities of other countries/economies. Development and job creation must be internally driven.

**Vision: A people who can build sustainable livelihoods for themselves and a sustainable economy for society.**

**Mission: Promote social entrepreneurship and enterprise development by mobilizing migrant workers and the marginalized groups and their resources to build a sustainable local economy.**

**Three-year goal: Mobilize assets and entrepreneurial aptitude of target beneficiaries for development and peace. (2006-2008)**

## **Introduction**

This is the third and final year of Unlad Kabayan 2006-2008 strategic plan. During 2008, efforts were concentrated on consolidating gains achieved in the previous two years: strengthening people's organizations (PO) and migrant Savings and Investment Groups (SIGs); improving enterprise governance and scaling-up production; and organizing diverse economic activities in communities, along value chains. There were important gains and events during the year that were addressed with urgency: the partnership with DBP; and armed conflict that affected communities in Linamon and Kolambugan.

The internal focus was on organizational and financial streamlining. While the demand for Unlad services increased, resources to provide them did not increase in

equal stride. Cost-effective systems of operations and control mechanisms were established and personnel competence was enhanced. This year the Executive Director and the Enterprise Development Manager (EDM) attended short courses on social enterprise management at Harvard Business School (HBS) and the INSEAD (Institut Européen d'Administration des Affaires), prominent business schools in the US and Europe.

## Accomplishments

### Beneficiary reach

By sector classification, the organization was able to reach more than the intended number of individuals and households within the country and overseas in three years. Migrant workers were highest in number followed by farmers and workers.

#### 1. Target compared to actual reach of Unlad by sector

Beneficiaries	Target	W (%)	2006	2007	2008	Total	Var (%)	W (%)
Farmers, Agri-workers	1,200	60	284	741	994	2,019	68	68
Workers	2,500	60	385	611	669	1,665	(34)	63
M & S entrepreneurs	500	65	262	156	134	552	10	85
Urban & peri-urban poor	750	80	422	78	283	783	4.4	77
Migrant workers on-site	2,820	95	678	1,252	959	2,889	(13)	97
Youth & students	645	80	155	117	316	588	(37)	63
Local & foreign Experts	10	50	3	2	9	14	(20)	50
<b>Total</b>	<b>8,225</b>	<b>70 %</b>	<b>2,189</b>	<b>2,957</b>	<b>3,364</b>	<b>8,510</b>	<b>3</b>	<b>72%</b>

Note: W= women, Var= variance

By the nature of Unlad Kabayan's interventions and objectives some beneficiaries were carried over from year one to the second and the third year. A more accurate picture will be based on the specific interventions, in enterprises and in communities, for 2006 through to 2008 and the final outcomes.

### Beneficiaries and benefits, 2008

There were 798 beneficiaries whose jobs were sustained and created in 2008, 570 full-time and 228 part-time or seasonal. Full-time employees included managerial, supervisory, shop floor workers including agri-workers. Part-time workers were mostly piece workers, seasonal workers in farms and agri-business. Livelihoods include farmers, backyard livestock raisers, seaweed farmers, traders, and micro-entrepreneurs.

## 2. Summary of jobs and livelihoods

Enterprises	2006		2007		2008		Totals
	Jobs	L'hood	Jobs	L'hood	Jobs	L'hood	
DOCHSE	125	113	81	113	82	126	251
MRC	11	68	23	132	25	145	170
FAMDev Farm	63	7	78	7	68	5	75
Food Processing	39	10	21	15	7	18	57
VCO	17	6	27	7	22	8	35
SEEDS Lanao	58	196	124	247	99	284	383
SEEDS Davao	73	56	238	106	188	156	394
CAP: at large	98	32	193	47	168	30	398
<b>Totals</b>	<b>484</b>	<b>488</b>	<b>785</b>	<b>674</b>	<b>659</b>	<b>798</b>	<b>1,763</b>

Note: totals were jobs and livelihoods created and sustained by enterprises, SEEDS and CAP in three years. Excluded from the totals are jobs lost and discontinued livelihoods during the period. CAP totals include only the clients and their employees in 2006 and new clients and employees in succeeding years.

Local and migrant savers and investors, and internally displaced persons (IDP) assisted during armed conflict were the other beneficiaries.

## 3. Other beneficiaries, 2008

Beneficiaries	M	W	Total	W (%)
Migrant savers & investors	85	291	376	77
Local savers	164	257	421	61
IDPs	2,112	2,003	4,115	49
<b>Total</b>	<b>2,361</b>	<b>2,551</b>	<b>4,912</b>	<b>52</b>

IDP= Internally displaced persons

More than 1,000 men, women, youth and migrants attended 35 training and education programs. Women made up the majority (71%) of participants, particularly among livestock growers, food processing demo-training, students and migrant workers. Training programs were deliberately designed to be gender and culture sensitive.

#### **4. Participants by type of training by sex, 2008**

<b>Training and education</b>	<b>Men</b>	<b>Women</b>	<b>Total</b>	<b>W (%)</b>
Livestock management	38	85	123	69
Food processing	4	139	143	97
Students - On the Job Training (OJT)	10	1	11	0.1
Student entrepreneurs	2	18	20	90
Classroom students	83	187	270	69
Container gardening	32	46	78	59
MSAI: migrants on-site and families	109	196	305	64
Financial literacy	79	199	278	72
Project management planning	3	8	11	73
Psychosocial and DRR	32	83	115	72
<b>Totals</b>	<b>392</b>	<b>962</b>	<b>1,354</b>	<b>71</b>

DRR = Disaster Risk Reduction

#### **Strengthening organizations and sustaining livelihoods**

Five barangay-based *Livestock Raisers Associations* in Mago-ong, Bosque, Purakan, Robocon and Poblacion established the *Federation of Linamon Livestock Raisers* and registered with the Department of Labor and Employment (DOLE) as an association of agricultural workers. It has 215 members.

The *Association of Linamon Young Producers (ALYP)* working on Virgin Coconut Oil (VCO) expanded membership from 13 to 27 and registered with the DOLE in July 2008.

*Creative Hands*, who produce coir-based handicrafts, was revived and resumed production of coir rugs.

*Lanao Seaweed Growers Cooperative (LASGROW)* with 30 founding members was organized in November after having revived their seaweed farms.

*Lanao Comrades Multipurpose Cooperative (LANCOM)*, a group of 50 former rebels registered with the Cooperatives Development Authority (CDA). Two assemblies were held during the year and two training sessions to prepare for managing BUNEKO (Bunot Negosyo sa Kolambugan).

Members of 26 *Savings and Investment Groups (SIG)* in 5 countries were better prepared to build their own businesses at home.

## Establishing and sustaining enterprises

Davao Oriental Coco-Husk Social Enterprise (DOCHSE) and Matin-ao Rice Center (MRC) completed incubation processes in 2007, and started operating more independently this year.

### DOCHSE: adding value to coco-husks, creating jobs for the poor



(Left to right: Decortication, Baling, Baled product, Twining, Geonet, Geonet for erosion control)

A coco-dust based bio-fertilizer through R&D by the Davao Oriental State College of Science and Technology (DOSCST) and its students was approved this year by the Bureau of Fertilizers and Pesticides Authority of the Department of Agriculture (DA). The Davao Oriental provincial government's "Soil Enhancement Project" is the first buyer. DOCHSE availed of an interest-free loan from the Department of Science and Technology (DOST) for capital expenditure (capex) and a low-interest loan from Unlad for operational capital.

Another coir plant was established in the same area by a well-funded Korean company on invitation of the town mayor. DOCHSE, with small capital from small stakeholders and NGOs, is facing the challenge of sustaining its operations, competing for husk supply. Skilled workers trained by DOCHSE are offered jobs by the new company.

# Matin-ao Rice Center: value chain with migrant workers capital

Matin-ao Rice Center



Hand-tractor or Carabao



Harvest



Threshing

Mechanical dryer



Solar dryer



Milling



**Storage**



**Hauling and trading**



**Agrivet store**



MRC Farm services include: plowing, threshing, drying, milling, storage/warehousing, palay trading. OFWs from Taiwan invested P2. 7M, and from Korea P1.2 M. Some have withdrawn investments and dividends for their own businesses. MRC’s net worth is P3.6M. Total assets, after appreciation of land and depreciation of other assets, was valued at P2.14M.

**Comparative Incomes 2005—2008**

<b>Enterprise</b>	<b>Gross '05—06</b>	<b>Net '05—06</b>	<b>Gross '06—07</b>	<b>Net '06—07</b>	<b>Gross '07—08*</b>	<b>Net '07—08*</b>
Milling	313,183	14,163	243,850	10,018	143,814	(27,340)
Palay trading	3,102,396	26,697	3,147,234	(22,226)	1,723,803	(53,770)
Farm Credit	135,783	115,737	141,391	98,466	130,850	67,498
Agrivet	490,133	15,864	758,696	78,605	1,191,849	100,079
Farm Services	--	--	155,372	42,596	155,372	3,845
<b>Total</b>	<b>4,041,495</b>	<b>172,460</b>	<b>4,446,543</b>	<b>207,458</b>	<b>3,307,827</b>	<b>90,313</b>

\* Note: first cropping in Feb 2008

**Under incubation:**

**FAMDev Bio-resource Farm: integrating diverse agri-production**

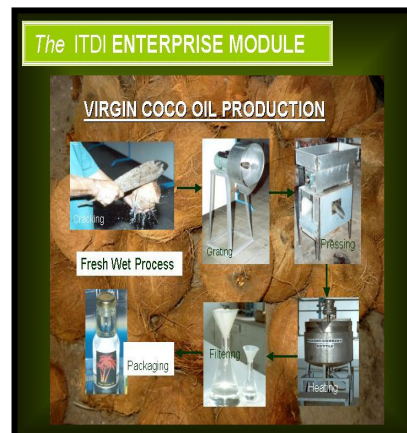






FAMDev Farm resumed commercial production of free-range poultry after 23 months of experimentation-validation. Initial flock was 800 and 300 broilers are grown every 60 days. Soya and cassava were planted along the SALT edges for inputs to the feed-mill. Corn, bell pepper and swine production were progressing well.

### Virgin Coconut Oil (VCO): keeping the Linamon youth productive



In March, the VCO enterprise of ALYP (Association of Linamon Young Producers) won the British Council's "Hatag Kalinaw" competition, the only entry demonstrating entrepreneurship among the youth. The prize money was used to buy a mechanical presser and improve processing area.

## Food Processing: entrepreneurship and healthy snacks for kids.

### Adding value to Davao food supply chain



The dilemma: (a) to go for export market, which meant producing banana chips for traders-exporters and scaling up production capacity to 3 tons weekly; or (b) to “produce healthy processed food especially for children and create business models in food processing” as originally mandated was finally resolved. The crucial decision was made to keep to its mandate and produce locally – providing healthy food especially for children.

Last year SDC-Asia introduced R&D of cardava-based products: banana balls, croquettas, chucula and lumpia putok. This year the processing project supplies Sta. Ana High School and Buhangin High School for their program called “Youth Entrepreneurship and Cooperativism in Schools” (YECS). It serves as commissary for student-entrepreneurship training through the YECS and supplies healthy snacks to the students.

As processing facility the project signed a service contract with a banana chip producer for the use of the processing area and facilities.

## **New enterprise initiatives**

**Machine fabrication** in Davao City: an OFW in Qatar will soon realize his long time dream of a machine fabrication shop. Market study and business plan are in progress.

**Coco-coir** replication in Kolambugan, Lanao del Norte: a joint project of Unlad Kabayan, the local government and the main beneficiary, LANCOM.

## **Building sustainable communities**

### **Seeds of entrepreneurship in the community**

Community development work is carried out mainly by two SEEDS (Social Entrepreneurship and Enterprise Development Services) Centers. SEEDS Lanao works in communities in Linamon, Kolambugan, Iligan City and Matungao. SEEDS Davao covers communities in Toril district in Davao City and in communities of Kagan Muslims in Pantukan.

Asset Based Community Development—Diverse Economy Framework (ABCD-DEF) has been used for sustainable community development, by identifying and mobilizing community assets. Migrants and their families are mobilized to save and invest. It develops livelihoods and community enterprises, increases jobs, incomes and local economic transactions. ABCD-DEF is about developing and utilizing the full potential of a community and its people, to work towards economic resiliency.

ABCD-DEF includes asset mapping, to identify assets in a community. Assets can be crops, livestock, the local environment, skills in the populace, and opportunities for businesses. Unlad incorporates Diverse Economic Activities (DEA) to optimize the use of assets, and ensure communities are protected from risk.

Households are encouraged to have more than one source of income, through backyard livestock production, recycled container gardens, and small-scale agriculture. Multiple streams of income mean greater incomes, and a contingency plan in the case of natural disaster or market influences.

DEA has the environment as a major focus. Activities have a positive effect on the environment, and should improve the environmental conditions of the community. Composting, alternative energy use, organic farming methods, and waste management are all environmentally beneficial components of DEA.

The SEEDS Centers in Lanao and Davao practice ABCD-DEF and DEA. They act as demonstrations of the two concepts at work, so community members can observe the benefits. The SEEDS centers core business is to build sustainable communities.

## SEEDS Lanao

**Linamon:** (5<sup>th</sup> class municipality with population of 15,994 (2,715 households) in 8 barangays. Farming, fishing and employment are major livelihood. Problems include: landlessness, unemployment (73%) and 53% poverty incidence. Source: Municipal Development Plan)

Community entrepreneurship is taking root after three years of concerted work by the Linamon municipal government, Australian National University (ANU) research, the community and Unlad Kabayan. ABCD-DEF was introduced in 2005, when asset maps were completed. DEA started with food processing (bananas, camote and squash), physiotherapy training, backyard livestock raising funded by InFRES (Infrastructure for Rural Productivity Enhancement Sector), 90—day techno-demo training in high-value crop production, Virgin Coconut Oil processing, handicraft making, and a credit program.

The SEEDS Center operates from a one-hectare of land and an eight-room building of the LGU (local government unit) under a 15-year usufruct agreement. A demo farm was developed while the building has become the meeting and training hub of the community.



The 213 backyard livestock producers are now organized as a *Livestock Raisers Federation*. Some 25 Youth Camp participants established the *Association of Linamon Young Producers (ALYP)* engaged in VCO processing. *Creative Hands* is composed of women producing rugs and other handicrafts. Women trained in food processing organized the *Women Entrepreneurs Association of Linamon (WEAL)*. Techno-demo replicators are members of the *Linamon Agri-Ventures Group*.

The asset map was used by the LGUs in organizing, in the DOLE registration of Samburon Farmers' Association (SAMFARA), and in crafting as well as submission of the Mindanao Rural Development Program–Community Fund for Agricultural Development (MRDP-CFAD) livelihood Project Proposal (Cow Production) which was approved on July, 2008.

Most households reported increase in monthly income by more than 150% (from P2,500 to P6,250). They have put-up micro-enterprises (sari-sari stores, local delicacies etc.), and have acquired new assets (mechanical coconut grater, single motors). Farmer-tenants actively practice multi- and inter-cropping (vegetables, corn, cassava, bananas) between coconut trees.

During the armed attack in August, many beneficiaries took refuge along with their livestock in the SEEDS Center at night and would return to their farms during the day. Displacement and disruption to livelihoods were short-lived. Emergency relief operations and training in handling psychosocial trauma and DRR were conducted with the support and relief funds from Christian Aid.

Work in Linamon will now focus on stabilizing and scaling-up enterprise initiatives: handicrafts, VCO, meat shop and processing. The LGU reported a 5% decrease in poverty incidence, from 53% in 2004 to 48% in 2007.

**Kolambugan:** *(Municipal profile: a 4<sup>th</sup> class town with a population of 24,180 or 4,823 households – 52% adults and 48% youth, 51% male and 49% female. 70% live along the coast and 30% in the inner mountainous part. Economy: 35% farmers, 45% fisherfolks, 1% livestock raisers, 10% professionals, 5% self-employed and 4% others, 83% unemployment rate, increasing overseas workers. Socio-economic conditions: 55% live below poverty threshold, 70% of 3-5 years old children do not attend day care-preschool, 62% households have no access to safe drinking water within 200 meters, 63% lactating mothers are iron and iodine deficient. (Sources: NSO, Socio-Economic Profile 2006, MBN-CBPIMS)*



The partnership with the Kolambugan Municipal government unit started in earnest especially as the proposal "New Lives for Old: Peace, Growth and Good Governance Through Social Enterprise" won the "Panibagong Paraan" competition

by the World Bank. A coco-coir enterprise is the centerpiece of the project - a replication of DOCHSE that would create jobs and reduce unemployment in the community.

**Seaweed planting**



**drying**



LANCOM members were trained in enterprise development and management specific to the coir project. Integral to community building were activities in DRR activities. A Participatory Capabilities and Vulnerabilities Assessment (PCVA) was conducted in the coastal barangays of Tabigue and Manga. Thirty households in the two barangays underwent training in container gardening.

Rehabilitation of livelihood started with 30 seaweed farmers who lost their farms and household vegetable gardens in recycled containers.

Preparations for the coco-coir: husk mapping, business planning and organization of the Project Implementation Team (PIT). Migrant Savings and Alternative Investment for Community Development and Reintegration (MSAI-CDR) orientation was conducted for a group composed of seafarers' wives and families of migrant workers.



**Organizing LASGROW**



**Recycled container gardens**

**Matungao and Iligan City** – (Matungao: Some class town with P14M annual gross income (2000) Population is 9,266 (1,656 households) in 12 barangays, 84% rural and 16% urban. Predominantly Muslim, people live on farming and livestock raising. About 80% live below the poverty threshold.)

Matungao and Iligan are covered by the credit program. More active engagement at the community level is at an inceptive stage. Credit to ten farmers in Puntod, Matungao helped increase their yield and leverage with traders for better prices. Relief operations in Matungao also included evacuees from the municipalities of Poona Piagapo and Pantao Ragat. Matungao is in DBP's unserved communities.

In Iligan City credit clients are urban poor, micro-entrepreneurs and some professionals. Many were former employees of NSC, now Global City.

Maria Milagros Elona – Milagros is a radiologist with a clinic in Iligan City. She took a loan of P100,000 to renovate her clinic and for downpayment of an ultrasound machine. She has been offering her services to other beneficiaries for free or minimal fees. Two livestock raisers went for ultrasound for a cyst and another for stomach ailment. Another was referred by her to an ophthalmologist for treatment of glaucoma who only paid through his "Philhealth sa Masa" card. Through her referrals, health and medical services of other doctors have become accessible to beneficiaries.

### **SEEDS Davao**

Community development work in barangay Lizada is steadily spreading to neighboring barangay of Daliao and more recently in Marapangi and Sirawan. Asset maps of Lizada and Marapangi were completed. Hazard mapping is now being considered with more occurrences of incessant rains, flooding, erosion and siltation, causing damage to livelihood and environment. Resumption of aerial spraying of banana plantations also posed health hazards.

**Lizada and Daliao:** *(Lizada: one of the biggest barangay in Davao City, 17,600 population (3,460 households). It is a relocation site of squatter communities of Dacudao and Agdao. Indigenous Kalagan Muslims are concentrated in Sitio Samuel. Average monthly household income was P3,500. Most common sources of income: gardening, livestock raising, vending and tricycle. (2005 socio-eco profile))*

From 73 in 2007, livestock raisers increased to 98 households this year. Most were in their 5<sup>th</sup> and 6<sup>th</sup> cycle. Income increases during the period reached 75%, from P3,500 to P6,125 monthly. Unlike Linamon who were granted livestock through the InfRes project, beneficiaries in Lizada and Daliao built theirs mainly from loans. An agri-vet supply center was put up at the ISEDS Resource Center with the hope to reduce costs in transportation and feeds.



Other economic activities were introduced such as gardening, handicraft making and food processing. Most of the Kalagan Muslim women in Sitio Samuel worked in food processing while a few were home-based. The more skilled women earned additional income by becoming trainers of the DTI in food processing seminars in other parts of the region.

Women also did their own marketing and joined “Let’s Go Healthy”, a project-stall in downtown Davao City. It is a MMCEI market outlet for organic products where the women brought their products.

Study on soil suitability and climate volatility of various vegetables and crops is in progress. Seven out-of-school-youth (OSY) are involved in the project.

**Marapangi and Sirawan:** Training in container gardening and credit services continued to bring in new beneficiaries. Alternative livelihood is a major concern as more of the big businesses were leasing land and contracting out the growth of crops such as cassava, bananas, and others.



**Bongbong, Pantukan:** Interns of LKMFI (Learned Kagan Muslim Foundation, Inc.) conducted asset and hazard mapping of the barangay, along with a survey of OFW and families. Five households were preparing their business plans in livestock raising, *lakatan* banana production and “*halal*” food processing.

## Building and accessing capital

As the financial crisis worsened the capacity of migrant workers to save and invest was reduced especially in the latter part of the year. DBP’s credit line, in the words of its President Reynaldo David, “would provide the lifeline of migrant enterprises while they pool together their investments.”

Investments went down by 7.5% this year compared to last year. Loan capital was the highest source having increased by 217% while investments from migrants was



down by 91.7%. According to migrants their savings were set aside for their own business, in case. Job losses in Taiwan was highest among OFW destinations.

#### **Investments by source (in Millions)**

<b>Source</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Total</b>
Grants	1.86	0.50	1.25	3.61
Loans	--	1.66	5.27	6.93
Reinvestment	0.67	0.73	0.58	1.98
Migrant investments	2.36	6.99	1.03	10.38
Migrant savings	1.15	4.20	4.67	10.02
CAP equity	0.25	0.98	1.21	2.44
Local savings	0.29	0.11	0.16	0.56
<b>Total</b>	<b>5.69</b>	<b>15.00</b>	<b>14.17</b>	<b>36.02</b>

Source: SIM and CAP database (SIM database include SIGs and partners' data details. CAP database include business plans and clients' cash equity.)

### **Savings and Investment Mobilization (SIM)**

Vigorous efforts were made to sustain and increase migrant savers and investors. In January and November visits, 453 migrant workers attended the 24 MSAI orientation-seminars.

In November, a Training Needs Assessment of Savings and Investment Groups (TNA-SIGS) polled 30 respondents: the low number of respondents was due to many members having gone home. The TNA was aimed at determining the training needs of existing savings groups in updating and designing MSAI training modules.

Some TNA findings showed that respondents were highly educated: 67% college graduates, mostly BS Engineering (Electronics communication, Industrial engineering) and computer Science. Most (47%) respondents had been in Taiwan for 3-6 years. 23% planned to work for two more years; 17% for three more years.

Fifty per cent (50%) of respondents had been SIG members for 1.5 to 2 years. The top three reasons for joining the SIG were: to learn manage income and save; to learn to establish business; and to learn how to invest savings. Respondents said that MSAI has instilled savings consciousness in them, and encouraged them to go into business.

Compared to previous years, migrants were more prepared to go into business.

The top three problems encountered: lack of capital; lack of knowledge and skills in starting and running the business; and identifying suitable business location.

### **MSAI orientation sessions**



Seminars were conducted in Chungli (Hope Workers Center); Hsinchu (Hsinchu Migrants and New Immigrants Service Center) and Taichung (Ugnayan Church). The Far Eastern Savings Group was organized while two more groups were preparing to establish their own. There were 100 respondents to a remittance survey. Attendance

During the January seminars 60% of participants were existing SIG members. In November this proportion dropped sharply to 20%. This rapid increase in new participants can be explained by the economic crisis hitting factories/companies in Taiwan, directly affecting OFWs. This crisis acts as a strong warning to OFWs that overseas jobs are not permanent, so they should prepare for their planned or unexpected return to the Philippines. Many established SIG members had returned to the Philippines at the time.

### **Transforming savings into capital investments**

Savings dropped from an average of NTD200,000 per group in January to NTD150,000 in November. Investments to MRC likewise went down to P550,000. But three OFWs were able to establish small businesses at home with aggregate capital of P1 million.

### **Collaboration with aidha in Singapore**

Unlad Kabayan and aidha established a partnership with a common objective of preparing OFWs for a successful return in the country through financial education. Aidha provides financial literacy and entrepreneurship courses to migrants in Singapore. 80% of their students are Filipino domestic helpers.

Unlad Kabayan and aidha established concrete areas of collaboration and agreed to draft a Memorandum of Understanding (MOU) on MSAI partnership.

Through the initiative of aidha, around P475,200 savings were committed by the OFWs. Partnership is being formalized between Unlad and aidha for this project

### **Credit Assistance Program (CAP)**

There was a big jump in CAP's capacity to assist clients with DBP's credit line a clear watershed. Loans released increased by 126% and gross income by 31%. Clients were able to access bigger loans with average loan amount going up by 117%. That enabled more micro-entrepreneurs to improve and expand their business and

employ more workers. Although clients was 10% less than last year, the number of workers they employed was up by 28%.

<b>CREDIT PERFORMANCE</b>			
<b>Financial indicators</b>	<b>2008</b>	<b>2007</b>	<b>Var (%)</b>
Loan released	8,143,146	3,607,000	126
Collections	5,271,294	3,888,056	36
Principal	4,260,674	3,095,606	38
Interest	738,754	633,942	17
Savings	157,949	113,102	40
Others	113,917	45,405	151
Average loan size	51,539	23,730	117
Repayment rate	88%	77%	11
Past-due rate	12%	23%	(11)
Cost per peso lent	0.11	0.18	(0.07)
Gross income	889,018	679,348	31
Net Income	11,588	18,222	(36)
Portfolio at risk-PAR	28%	37%	9
<b>Social Indicators</b>			
Availments	158	152	4
Client reach	122	136	(10)
Men	35	33	(16)
Women	83	99	6
Organization	4	4	0
Jobs	437	342	28



One of the beneficiaries of DBP's partnership with Unlad Kabayan is micro-entrepreneur Lillie Mamao who sells various ready-to-wear items in Iligan City.



Lillie Mamao, 36 years old – *“It was an arranged marriage for me, I was only 15 years old. I did not go to school so I cannot read and write but I certainly can count. Ten years ago I started to sell bargain clothes on consignment basis with a capital of P2,000. After a few years I was able to put up a clothing store, the first one in Linamon. I learned to borrow money from a thrift bank in Iligan City. But the repayment period was only six months. In Unlad I can pay my P50,000 loan in one year which was much better for the business. In October this year, I opened another store in Iligan City market. My husband takes care of the store there as he lost his job at the National Steel Corporation. We have one daughter who is in her third year in nursing. She reads and writes for me. My three other kids are still in high school.”*

## Advocacy and networks

### Gaining public recognition

MSAI-CDR and social entrepreneurship continued to earn public recognition as a development strategy and gained more adherents and practitioners. The following awards and events attest to these.

**Social Entrepreneur of the Year.** In February 2008, the Ernst and Young Search for Entrepreneur of Year (EOY) named the Executive Director, Maria Angela Villalba, “Social Entrepreneur of the Year - 2007”. The award recognized her pioneering and innovative work in MSAI-CDR transforming migrant workers’ remittances as capital for building enterprises, creating jobs and livelihood and stimulating economic development in local communities.



### **Study on remittances in Davao City**

The study on remittance and investment behavior of migrant workers in Davao City was in progress. Using a feminist approach, the study will also look into the impact of remittances on women and gender roles. A total of 400 respondents were polled with 200 of migrant workers and 200 of OFW families.

### **Partnerships**

#### **Reaching the unserved and underserved with DBP**

The partnership with the DBP to apply MSAI-CDR in unserved and underserved areas in Mindanao was formally launched in April 2008 at the SEEDS Center in Linamon. The Memorandum of Agreement (MOA) named Unlad Kabayan the 14<sup>th</sup> Business Assistance Center (BAC) of DBP.



Mayan Villalba with DBP President Reynaldo David



DBP Senior Vice-Pres. Corazon D. Conde present Mayan Villalba with a check on her message for the "Forging Partnerships

### **Documenting Social enterprises with ANU**



Photographs taken during ANU filming of "Building Social Enterprises in the Philippines: Strategies for Local Development", produced by ANU and Unlad Kabayan.

Australian National University - Unlad and the Australian National University, College of Asia and the Pacific filmed social enterprises initiated and assisted by both entities

in Bohol and in Mindanao. The film “Building Social Enterprises in the Philippines: Strategies for Local Development” was launched at the ANU by Mr. Robert McMullan, Australian MP. The Philippine ambassador to Australia, Mr Ernesto de Leon and Filipino students and professionals were among those who viewed the screening.

Fair Remittance transfer campaign - The campaign for a fair remittance cost and ethical practices of transfer companies led by TIGRA (Transnational Institute for Grassroots Research and Action), a US based NGO was publicly launched in Mexico City in May 2008 co-sponsored by SEDEREC (Secretariat for Rural Development and Community Equity) Mexico City government. Models of migrant driven projects were presented: MSAI-CDR; Tres Por Uno; Remittances for Micro-finance, etc. The event brought together more than 300 remitters, families and support organizations including transfer companies, from the various global regions and established the Global League of Community Sustainers adhering to four principles of (1) fair rates of at least 20% lower than the industry standard; (2) commit to socially-responsible investing; (3) abide by customer service standards based on transparency and non-discrimination; and (4) adhere to a community reinvestment strategy which allocates up to 10% of revenues to projects that assist transnational communities.

## Promoting MSAI-CDR



*Elsa Belarmino, a returned migrant, talks about her experience in managing a social enterprise*

**Migrant-driven enterprises and community livelihood** Elsa Belarmino, manager of Matin-ao Rice Center (MRC), in a televised program of the National Reintegration Center for OFWs (NRCO) during the International Women’s Day celebration talked about how she and her group of migrants in Taiwan saved and built MRC. The business was cited as a reintegration model serving rural communities in the country.

At the “Araw ng Dabaw” (Davao City Day), the barangay captain of Lizada, Davao City beamed with pleasure in giving the plaque of appreciation to the organization for its work in “improving the lives of his constituency. It was also cited by the Davao City Council for its entrepreneurial initiatives in the city

## ”Asset Based Community Development - Diverse Economy Framework (ABCD-DEF)

“ABCD-DEF works in Linamon” was a keynote presentation of Unlad Kabayan to the First ABCD Asia Pacific Conference held in December 3-5, 2008 at the University of Newcastle, New South Wales Australia. The conference



was attended by ABCD practitioners including community organizers, indigenous community leaders, academic researchers, and local government representatives from Australia, New Zealand, Asia-Pacific and the USA.

### **MSAI at the “World Public Forum”- Rhodes, Greece - “World Public Form”**



This was sponsored by the “Dialogue of Civilizations”, a Russia-based foundation for development, international relations and social systems. Unlad Kabayan was recommended by the Director General of the IOM (International Organization on Migration) to present experiences in MSAI as an strategy for dialogue and reintegration in the theme “ Migration Process in the Global World: through Communications to the

Dialogue of Civilizations”. The aim of the forum was to build public understanding of global international processes and ensure broader participation of civil society in the discussion and resolutions of these processes.

### **MSAI at the IOM High Level Meeting**

Ms. Lolita Maguigad, Communication Development Officer of Unlad Kabayan presented MSAI-CDR practices for the theme “Return Migration: Opportunities and Challenges”, during a High Level International Dialogue on Migration at the 96<sup>th</sup> Session of the International Organizations on Migrations (IOM) Council on December 4, 2008 in Geneva Switzerland. Her presentation was commended by the IOM Secretary General, Mr. Swing personally.

### **“Pilipino Time”: Global Forum on Migration and Development (GFMD) in Manila**

As part of the civil society parallel activities during the GFMD, Unlad Kabayan sponsored the Pilipino Time forum on October 23, 2008. The objective was to inform Filipino migrants and international delegates on the current state of the Philippine migration and economy. Topics of discussion included women, human rights and legal rights.



Speakers were from the Women’s Legal Bureau (WLB), Center for Migrant Advocacy (CMA), members of the RESPECT- Alliance of Domestic Workers in the Netherlands and Babaylan’s Network of Women OFWs in Europe . Around 100 representatives from various non-government organizations, media, Filipino migrants and

international delegates attended the forum. At least 20 OFWs started saving with Unlad.

Three teams from GFMD delegates visited various community enterprise in Philippines. One team with 12 members went to Mindanao on October 20-22, 2008. They met workers and community leaders involved in enterprises owned by Filipino migrant workers. Team members were from TIGRA and community remitters and families from USA, El Salvador, Bangladesh, Taiwan, Mexico and Singapore. Organizations represented in the team visit were: AIDHA in Singapore, TIGRA-USA and WARBE-Bangladesh

### **Organizational capacity building**



Policies and operations systems were reviewed and improved. The AYAD (Australian Youth Ambassador for Development) intern was instrumental in completing the Operations Manuals and Employee Resource Handbook. An upgrade of salary structure and compensation package of personnel was implemented this year after a performance appraisal.

The system of having Revolving Fund (RF) for all work units was implemented starting with the two SEEDS Centers and some business incubation projects. The process will continue until all of the work units are covered. RF reduces the number of internal financial transactions and the time taken.

Training of personnel in Project Management Planning and Financial Management served well in preparing business and project plans. Two senior staff attended management courses in prominent business schools: Harvard Business School in Boston, Massachusetts and INSEAD campus in Singapore. SEEDS personnel were trained in "Disaster Risk Reduction" (DRR) and in "Gender Sensitive Psychosocial Healing of Trauma Victims".

### **External evaluation**

The organization and its performance in the last three years (2006-2008) went through an external evaluation. The overall result was positive with the following conclusions: (a) "The project had been generally effective. Three most important outputs were fully achieved: advocacy: gaining national recognition; operation: SEEDS Centers fully operational; and modeling and mainstreaming MSAI was achieved. Project management had been strong in procedural planning, monitoring and decision-making. (b) Project efficiency is kept to standards; and (c) Introduction of innovative approaches and strategies to development work. It recommended the following:



(a) Maximize the public recognition gained and leverage it for broader support; (b) Further refine the basic concepts and methodologies based on substantial institutional experience, especially in the credit program. This requires elaboration and enhancement of the business concepts with reference to standards and in view of the recent partnership with DBP; and (c) Strengthen process documentation that would help lead the organization to strategies for sustainability

## **Lessons learned and challenges ahead**

The experiences in the three year period had been instructive.

### **There is no substitute for competence.**

A non-entrepreneurial culture accepts mediocre performance and low productivity. To be occupied by activities is mistaken for good or even high performance.

Building an entrepreneurial culture and practices within the organization should and can be addressed. Entrepreneurial culture and practice is predicated by an understanding of macro- and micro-economic fundamentals. Financial literacy courses should be designed with a non-entrepreneurial audience in mind. It should deal with structural and cultural reasons for poverty and wealth creation.

### **Keeping the mission in focus.**

The mission and its core values should guide the organization. Resource generation or partnerships should advance the mission and not cause a drift.

### **Global economic crisis: OFWs are coming home**

The need to advocate for a coherent economic development policy and coordinated programs and services of various government bodies is urgent. Internally driven and sustained development requires effort from the three sectors in the economy.

### **Enterprise development in the Philippines is a costly venture**

The Philippines has the highest corporate tax in the region at 35% (since 2008 this has dropped to 30%). The issue had been aired in public dialogues including DBP. It is a disincentive for micro-enterprises to graduate to small or medium business. On the other hand, cost of capital is equally high.

### **Elections in 2010: Change of government officials and decision makers**

In the Philippines politicians are key players in policy making and resource allocation. A change of leaders will have definite impact on partnerships and support.

### **Financial report (under audit)**

## Annex 1: Emergency relief operations

On August 27, 2008, armed groups of the Moro Islamic Liberation Front (MILF) launched attacks in the municipalities of Kauswagan and Kolambugan in Lanao del Norte. While fighting raged the beneficiaries through cellular phones kept the staff updated. Unlad Kabayan raised funds and material goods for relief assistance in Linamon, Kolambugan and Matungao. Relief distribution and psychosocial services were provided to internally displaced persons (IDP) focused on those who did not seek refuge in evacuation centers and did not receive assistance from other agencies, such as Red Cross, Department of Social Welfare and Development (DSWD), etc. Many households stayed in makeshift evacuation areas close to their farms and livestock so they can protect their livelihood.



***A total of 865 households or 4,155 individuals were internally displaced persons (IDP).***

They did not seek refuge in evacuation centers in Kolambugan, Linamon, and Matungao but hid in crevices near their homes. As IDPs they received (a) food packs: rice, canned goods, dried fish, monggo beans/legumes, sweet potatoes, squash, sugar, iodized salt, oil, milo, and coffee, (b) bed kits: plastic mats, blankets, mosquito nets and flashlights with batteries, (c) hygiene kits: toothbrush, toothpaste, bath soap, laundry soap, and sanitary napkins, (d) medicines: multi-vitamins, paracetamol, mefenamic acid, loperamide, and rubbing alcohol, and (e) tent materials: tarpaulin and nylon rope. Households hiding in crevices with their livestock also received relief packs.

Standards in relief operations were judiciously observed to ensure quality of goods, safe delivery and peaceful and orderly distribution: Humanitarian Accountability Partnership (HAP), SPHERE and Humanitarian Negotiations. Only “halal” food was distributed.

Some families from Matungao also stayed in the SEEDS Center from October 4 to 23. They came at night and returned to their farms if no serious rumors of fighting were reported. Observance of Ramadan was disrupted. Coordination with local

government, people's organizations and local police helped to in peaceful and orderly distribution.

Four (4) psychosocial and DRR training sessions were attended by 115 beneficiaries: 25 community leaders and 45 members of the community of Kolambugan and 45 Barangay Health Workers and Day Care Workers.



**Postscript:**

Relief operations and psychosocial counseling activities were conducted to help the IDPs with their immediate needs and cope with their losses. After two months, lives were getting back to "normal". A rapid assessment by SEEDS showed IDPs, especially the beneficiaries of the projects, were able to recover most of their assets. Their positive attitude towards recovering assets and rebuilding livelihood was most encouraging. They expressed confidence that they would be able to bounce back.

Education on Disaster Risk Reduction (DRR) was integrated in the psychosocial counseling sessions. The module will be enhanced and will continue being conducted in all communities.

Annex 2: press clippings

### **MSAI-CDR is good news**

At the Social Entrepreneurs Summit in Zurich, Switzerland, MSAI-CDR initiative was considered as good news to the country:

*"...In spite of it all, there's still some good news. The wife of the former Canadian Ambassador to the Philippines, Mrs. Marilyn Collette, told me that there was this Filipina who was a participant in the "invitation only" Summit for Social Entrepreneurs that was held in Zurich last week. The Summit is held under the aegis of the Schwab Foundation for Social Entrepreneurship (founded by World Economic Forum founder Klaus Schwab) which is leading a world-wide movement, doing the not-for-profit work of addressing the world's social problems using private sector means.*

*The Filipina is Maria Angela Villalba, the founder and director of Unlad Kabayan Migrant Services Foundation of the Philippines, and is apparently getting the nod and respect of social entrepreneurs the world over because of the work she has been doing. Villalba's organization is active in finance and development including credit assistance, enterprise development, education and training, advocacy and research, and currently assists projects in coco fiber processing plants, integrated agri-business farming, rice centers, virgin coconut oil processing, food processing and communities of backyard livestock and crop production. (Excerpts from: Sweet and Sour Flight, Takin' Care of Business by Babe Romualdez, Philippine Star, January 31, 2008)*



In celebration of 50 golden years in the industry, RFM has launched the first national 'Yes The Filipino Can! Awards.' The awardees are (back row, from left) Gawad Kalinga Advocate Dylan Wilk, Colayco Foundation for Education Inc. chairman Francisco Colayco, BBC World News Anchor Federico Hizon, with RFM chairman Jose Concepcion Jr. and RFM president and CEO Jose Ma. Concepcion III, and Philippine STAR EVP Grace Glory Go; (front row) Unlad Kabayan executive director Maria Angela Villalba, Ateneo de Manila educator Onofre Pagsanghan, former Sen. Santanina Rasul, Tulkas Katutubo Rep. Bae Elta Laurilla, ATRIEV president Antonio Llanes Jr., Solid Group Inc. founder Elena Lim, and former Sen. Juan Flavier.

# DBP Boosts Assistance to Micro-Entrepreneurs in Mindanao

DBP recently inaugurated a business assistance center (BAC) aimed at serving micro-entrepreneurs in Lanao del Norte as part of its continuing efforts to assist the enterprising poor in remote areas in Mindanao.

The BAC, to be managed by the Unlad Kabayan Migrant Services Foundation (Unlad Kabayan), will bring microfinance services to the enterprising poor in three municipalities — Linamon, Matungao, and Pantao Ragat in Lanao del Norte, one of the 30 poorest provinces in the country.

The BAC will help in the planning and implementation of viable livelihood projects for micro, small and medium enterprises in the target areas. It will also assist



micro-entrepreneurs in education and training, as well as in the setting-up of community meetings and social dialogues to strengthen

relationships between micro-enterprises in the province. The BAC also received an initial funding support of P200,000 from DBP to jumpstart its operations.

DBP had previously granted a P10 million credit line to Unlad Kabayan to finance its various savings and enterprise development programs for returning migrant workers and micro-entrepreneurs in Mindanao.

The foundation has developed innovative mechanisms to generate savings from OFWs, and transform these savings into capital funds to provide credit facilities to its members. It also provides credit assistance to migrant workers and other enterprise development services such as crafting of business feasibility plans. Aside from Lanao del Norte, Unlad Kabayan serves micro-entrepreneurs in Surigao del Sur, Surigao del Norte, Compostela Valley, and Bukidnon.

The inauguration of the BAC was attended by local officials and representatives from partner institutions that include the Department of Trade and Industry, Department of Science and Technology, Technical Education and Skills Development Authority, and the Department of Social Welfare and Development. □



SVP Corazon Conde and SAVP Adelaida Guanzon turn over the check representing DBP's funding support to Unlad Kabayan Foundation executive director Maria Angela Villalba.

## DBP Bulletin

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