

PUHUNANG PANGKAUNLARAN
NG SIKAP BUHAY (PPSB):
A Micro-financing Program of the Quezon City Government

Maria Eloisa D. Almario-Zabat*

I. INTRODUCTION

The world's seven richest men could wipe out global poverty. Their combined wealth is more than enough to provide the basic needs of the poorest quarter of the world's people. According to the UN's 1997 Human Development Report (HDR), it would cost just \$80 billion to provide access to basic social services and income transfers to the poverty-stricken, less than the net wealth of these seven billionaires. In fact, the top ten billionaires have 1.5 times as much money as the combined national incomes of the 48 poorest countries, home to 10% of the world's people. (Vittachi in Virtual Library in Microcredit, 2000-2004).

Credit is an amount or sum placed at a person's disposal by a bank (*Webster's 9th New Collegiate Dictionary*). Without many resources, people in the rural areas and the so-called urban poor who are regarded as those within and below the poverty line have succumbed to borrowings or informal credit facilities. Unfortunately, credit provided by structured lending institutions like commercial banks and all other financial institutions accord credit only to persons or institutions with the following characteristics:

*Ms. Almario-Zabat works in the National Institute of Molecular Biology, College of Science, University of the Philippines at Diliman. She is a graduate student in UP.

CHARACTER: means how a person has handled past debt obligations. From credit history and personal background, honesty and reliability of the borrower to pay credit debts is determined.

CAPACITY: means how much debt a borrower can comfortably handle. Income streams are analyzed and any legal obligations are looked into, which could interfere in repayment.

CAPITAL: means current available assets of the borrower, such as real estate, savings or investments that could be used to repay debt if income should be unavailable.

Banks and other financial institutions have systematically kept low-income households outside their credit delivery networks, thus forcing them to resort to informal and non-conventional systems of mobilizing credit like the commonly regarded “5-6” accorded by the “Bombays” most visible in urban-poor communities. Thus, *people living in poverty line are innately incapable of working their way out of poverty with dignity, and cannot demonstrate creative potentials to improve their situation when an enabling environment and the right opportunities exists* (UN General Assembly Resolution 52/194, Dec. 18, 1997), because of lack of capital and the opportunity to access to credit facilities in commercial banks.

II. Framework

Microcredit or microfinance as a means to alleviate poverty in urban poor communities.

What is Microcredit or Micro-Finance?

Microcredit is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans. It has been proven

to be an effective and popular measure in the ongoing struggle against poverty, enabling those without access to lending institution to borrow at bank rates, and start a small business. Microcredit has been used as an *inducer* in many community development activities, used as an entry point in a community-organizing program or as an ingredient in a larger education or training exercise.

Microcredit connotes programs that extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families. (Adopted definition during the Microcredit Summit held on February 2-4, 1997, held at Washington D.C.). It has been proven to be an effective and popular measure in the ongoing struggle against poverty, enabling those without access to lending institutions to borrow at bank rates, and start a small business. It has been used as an *inducer* in many other community development activities; it is also used as an entry point in a community-organizing program or as an ingredient in a larger education or training exercise. (Virtual library on Microcredit).

The positive features of such loans are now being understood, viz:

- Loans are small in size since money is acquired only for a part of a larger activity. These small amounts contrast significantly with bank loans, which usually are large and are for lump sum investments.
- Loans are usually made for very short periods where borrowers prefer to repay loans quickly to avoid long-term commitments in repayments. This also reflects the insecurity of borrower's jobs and income.
- Loans are unsecured, with little or no collateral or guarantees. Lenders rely on personal information and close proximity links to "keep an eye" on borrowers'

expenditures and ensure repayment. Since services are localized, and only well-known borrowers serviced, the rate of repayment is also very high.

Microcredit or microfinance is more than just money and access to credit. A broader perspective needs to be taken emphasizing the role of local government, NGOs, community development issues, networking, microcredit policies and programs, education and training that is of greater significance for a long term and broader view of the role and effect of microcredit on environmental problems and sustainable development.

Microfinance or microcredit schemes and models are widely accepted as an effective tool in getting more and more people out of poverty. This is being promoted as a key poverty alleviation strategy to enable poor women and men to cope with the adverse economic and social impacts of structural adjustment policies and globalization (Mayoux, 2001 ILO).

In the Philippines, microcredit or microfinancing was pioneered by the BPI (Bank of the Philippine Islands) Foundation through the efforts of partner NGOs. To date, a number of NGOs accord microcredit programs in urban poor communities of Metro Manila. No less than President Gloria Macapagal-Arroyo supports the expansion of microcredit or microfinancing projects of NGOs to assist more particularly the impoverished women in the Philippines.

Microcredit/Microfinance Lending Models (The Virtual Library on Microcredit, 2002)

1. Associations — where the target community forms an “association” through which various microfinance and other activities are initiated. Such activities may include savings. Association or groups can be composed of youth, or women; can form around political, religious or cultural issues; and

can create support structures for microenterprise and other work-based issues.

2. **Bank Guarantee** — is a form of capital guarantee scheme. Guarantee funds may be used for various purposes, including loan recovery and insurance claims. As the name suggests, a bank guarantee is used to obtain a loan from a commercial bank which may be arranged externally (through a donor/donation, government agency, etc.) or internally (using member savings). Loans may be given directly to an individual, or they may be given to a self-formed group.
3. **Community Banking** — this model essentially treats the whole community as one unit, and establishes semi-formal or formal institutions through which microfinance is dispensed. Such institutions are usually formed by extensive help from NGOs or other organizations, who also train the community members in various financial activities of the community bank.
4. **Cooperative** — is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled enterprise.
5. **Credit Union** — is a unique member-driven, self-help financial institution organized and comprised of members of a particular group or organization, who agree to save their money together and to make loans to each other at reasonable rates of interest. It is a democratic, not-for-profit financial cooperative, each owned and governed by its members, whose members are people of some common bond like working for the same employer, belonging to the same church, labor union, etc., each member having a vote in the election of directors and committee representatives.
6. **Grameen** — emerged from the poor-focused grassroots institution, started by Prof. Mohammad Yunus in Bangladesh,

which adopts the following methodology: A bank unit is set up with a Field Manager and a number of bank workers, covering an area of about 15-22 villages. The manager and workers start by visiting villages to familiarize themselves with the local milieu in which they will be operating and identify prospective clientele, as well as explain the purpose, functions and mode of operation of the bank to the local population. Groups of five prospective borrowers are formed; in the first stage, only two of them are eligible for, and receive, a loan. The group is observed for a month to see if the members are conforming to the rules of the bank. Only if the first two borrowers repay the principal plus interest over a period of 50 weeks do other members of the group become eligible themselves for a loan. Because of these restrictions, there is substantial group pressure to keep individual records clear. In this sense, collective responsibility of the group serves as collateral on the loan.

7. Group — A group model's basic philosophy lies in the fact that shortcomings and weaknesses at the individual level are overcome by the collective responsibility and security afforded by the formation of a group of such individuals. The collective "coming together" of individual members is used for a number of purposes: education and awareness building, collective bargaining power, peer pressure, etc.
8. Individual — This is a straightforward credit lending model where micro loans are given directly to the borrower. It does not include the formation of groups, or generating peer pressures to ensure payment. The individual model is, in many cases, a part of a larger "credit plus" program, where other socio-economic services such as skills development, education, and other outreach services are provided.
9. Intermediaries — this is a "go-between" organization between lenders and borrowers. The intermediary plays a critical role

of generating credit awareness and education among the borrowers (in some cases including starting a savings program). These activities are geared towards raising the “credit worthiness” of the borrowers to a level sufficient enough to make them attractive to the lenders. Intermediaries could be individual lenders, NGOs, microenterprise/micro-credit programs, and commercial banks (for government financed programs). Lenders could be government agencies, commercial banks, international donors, etc.

10. Non-Governmental Organizations — have emerged as a key player in the field of microcredit. They have played the role of intermediary in various dimensions and have been active in starting and participating in microcredit programs. This includes creating awareness of the importance of microcredit within the community, as well as various national and international donor agencies. They have developed resources and tools for communities and microcredit organizations to monitor progress and identify good practices. They have also created opportunities to learn about the principles and practice of microcredit which includes publications, workshops and seminars, and training programs.
11. Peer Pressure — this uses moral and other linkages between borrowers and project participants to ensure participation and repayment in microcredit programs. Peers could be other members in a borrowers group (where, unless initial borrowers in a group repay, the other members do not receive loans, hence pressure is put on the initial members to repay); community leaders (usually identified, nurtured and trained by external NGOs); NGOs themselves and their field officers; banks, etc. The “pressure” applied can be in the form of frequent visits to the defaulter, community meetings where they are identified and requested to comply, etc.

12. Rotating Savings and Credit Associations (ROSCAs) — are essentially a group of individuals who come together and make regular cyclical contributions to a common fund, which is then given as a lump sum to one member in each cycle.
13. Small Business — The prevailing vision of the “informal sector” is one of survival, low productivity and very little value added. But this has been changing, as more and more importance is placed on small and medium enterprises (SMEs) for generating employment, increasing income and providing services which are lacking. Policies have generally focused on direct interventions in the form of supporting systems such as training technical advice, management principles, etc., and indirect interventions in the form of an enabling policy and market environment. A key component that is always incorporated as a sort of common denominator has been finances, specifically microcredit — in different forms or different uses. Microcredit has been provided to SMEs directly, or as a part of a larger enterprise development program, along with other inputs.
14. Village Banking — are community-based credit and savings associations typically consisting of 25-50 low-income individuals who are seeking to improve their lives through self-employment activities. Initial loan capital for the village bank may come from an external source, but the members themselves run the bank: they choose their members, elect their own officers, establish their own by-laws, distribute loans to individuals, collect payments and savings. Their loans are backed, not by goods, or property, but by moral collateral: the promise that the group stands behind each individual loan.

Grameen Banking — model adopted by the QCG in the implementation of PPSB

Grameen Bank started in 1976 as an action research project of Professor Muhammad Yunus, Head of the Rural Economics Program at the University of Chittagong, to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor. The project began by giving out tiny loans in Jobra, a village in Bangladesh adjacent to Chittagong University. The project came into operation with the following objectives: (a) extend banking facilities to poor men and women; (b) eliminate the exploitation of the poor by money lenders; (c) create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh; (d) bring the disadvantaged, mostly women from the poorest household, within the fold of an organizational format which they can understand and manage by themselves; and (e) reverse the age-old vicious circle of “low income, low saving and low investment”, into low income, injection of credit, investment, more income, more savings, more investment, more income” (Grameen Bank History, 2002). Grameen Bank grew reaching hundreds of thousands members and to date it reaches about two million member borrowers. In the late 1980’s, it started networking through its borrowers in order to accelerate their progress towards a poverty-free world and much more to improve Bangladesh’s overall economic performance. It was transformed into a bank under a law passed for its creation in 1983. It is owned by poor women and exclusively works for them. Borrowers of Grameen Bank at present own 93% of the total equity of the Bank. The remaining 7% is owned by the Bangladesh government. Total borrowers of the bank is 95% women with a recovery rate of 98% (www.grameen-info.org/bank/cycle.html).

Grameen Bank has reversed the conventional banking practice by removing the need for collateral and created a banking system based on mutual trust, accountability, participation and creativity (Grameen Bank, 2002). It provides credit to the poorest of the poor in rural Bangladesh without any collateral. The Grameen Banking system advocates credit as a cost effective weapon to fight poverty and serves as a catalyst in the overall development of socio-economic condition of the poor who have been kept outside the banking orbit on the ground that they are poor. According to its founder Prof. Yunus "*if financial resources can be made available to the poor people on terms and conditions that are appropriate and reasonable, these millions of small people with their millions of small pursuits can add up to create the biggest development wonder*". And indeed, it does, through the Grameen Banking System.

As of September 2002, Grameen Bank has 2.4 million borrowers, 95% of whom are women. It has 1,175 branches and provides services to 41,000 villages, covering more than 60% of the total villages in Bangladesh.

The underlying premise of Grameen is that, in order to emerge from poverty and remove themselves from the clutches of usurers and middlemen, landless peasants need access to credit without which they cannot be expected to launch their own enterprises, however small these may be. In defiance of the traditional rural banking system whereby "*no collateral means no credit*", the Grameen Bank experiment set out to prove successfully that lending to the poor is not an impossible proposition; on the contrary, it gives landless peasants the opportunity to purchase their own tools, equipment or other necessary means of production and embark on income-generating ventures which will allow them to escape from the vicious cycle of "low income, low savings, low investment, low income".

Grameen Bank's positive impact on the poor and formerly poor borrowers has been documented in many independent studies carried out by external agencies like the World Bank, The International Food Research Policy Institute and the Bangladesh Institute of Development Studies.

Breaking the vicious cycle of poverty through microcredit

The Grameen Bank is based on the voluntary formation of small groups of five people to provide mutually, morally binding group guarantees in lieu of the collateral required by conventional banks. The assumption is that if individual borrowers are given access to credit, they will be able to identify and engage in viable income-generating activities. Women were initially given equal access to the schemes, and proved not only reliable borrowers but astute entrepreneurs. As a result they have raised their status, lessened their dependency on their husbands, and improved their homes and the nutritional standards of their children <<http://www.grameen-info.org>>

Intensive discipline, supervision and servicing characterize the operations of the Grameen Bank, which are being carried out by "bicycle bankers" in branch units with considerable delegated authority. The rigorous selection of borrowers and their projects by these bank workers, the powerful peer pressure exerted on these individuals by the groups, and the repayment scheme based on 50 weekly installments, contribute to operational viability to the rural banking system designed for the poor. Savings have also been encouraged and under the scheme there is a provision that 5% of loans be credited to the group fund to be credited every week to the fund.

The success of this approach showed that a number of objections to lending to the poor can be overcome if careful

supervision and management is provided. Examples:

- It has been thought that the poor would not be able to find remunerative occupations — *Grameen borrowers have successfully done so;*
- It was thought that the poor would not be able to repay — *In fact, repayment rates reached 98%;*
- It was thought that poor rural women in particular were not bankable — *In fact, women borrowers accounted for 95% of Grameen's borrowers;*
- It was thought that the poor cannot save — *In fact, group savings have proven as successful as group lending;*
- It was thought that rural power structures would make sure that such a bank failed — *Grameen Bank has been able to expand rapidly: from less than 15,000 members in 1980 it grew to 2.34 million members (2.24 million are women) in 1,128 branches.*

Grameen Bank Credit Delivery System

1. There is an exclusive focus on the poorest of the poor. Exclusivity is ensured by:
 - Establishing clearly the eligibility criteria for selection of targeted clientele and adopting practical measures to screen out those who do not meet them;
 - In delivering credit, priority has been increasingly assigned to women;
 - The delivery system is geared to meet the diverse socio-economic development needs of the poor.
2. Borrowers are organized into small homogeneous groups. This characteristic facilitates group solidarity as well as participatory interaction. Organizing the primary group of five members and federating them into centers has been the

foundation of Grameen Bank's system. The emphasis is to organizationally strengthen its clientele, so that they can acquire the capacity for planning and implementing micro level development decisions. These centers are functionally linked to the Grameen Bank, whose field workers have to attend Center meetings every week.

3. Special loan conditionalities, which are particularly suitable for the poor. These includes:
 - Very small loans given without collateral
 - Loans repayable in weekly installments spread over a year
 - Eligibility for a subsequent loan depends upon repayment of first loan
 - Individual, self chosen, quick income generating activities which employ the skills that borrowers already possess.
 - Close supervision of credit by the group members as well as the bank staff.
 - Stress on credit discipline and collective borrower responsibility or peer pressure.
 - Special safeguards through compulsory and voluntary savings to minimize the risks that the poor confront.
 - Transparency in all bank transactions most of which take place at center meetings.
4. Simultaneous undertaking of a social development agenda addressing basic needs of the clientele. This is reflected in the 16 decisions adopted by Grameen borrowers, thus helps to:
 - Raise the social and political consciousness of the newly organized groups;
 - Focus increasingly on women from the poorest households, whose urge for survival has a far greater bearing on the development of the family;

- Encourage their monitoring of social and physical infrastructure projects — housing, sanitation, water, education, family planning, etc.
5. Design and development of organization and management systems capable of delivering program resources to targeted clientele. The system has evolved gradually through a structured learning process that involves trials, errors and continuous adjustments. A major requirement to operationalize the system is the special training needed for development of a highly motivated staff, so that the decision making and operational authority is gradually decentralized and administrative functions are delegated at the zonal levels downward.
 6. Expansion of loan portfolio to meet diverse development needs of the poor. As the general credit program gathers momentum and the borrowers become familiar with credit discipline, other loan programs are introduced to meet growing social and economic development needs of the clientele.

It is estimated that the average household income of Grameen Bank members is about 50% higher than the target group in the control village, and 25% higher than the target group non-members in Grameen Bank Villages. The landless have benefited most, followed by marginal landowners. This has resulted in a sharp reduction in the number of Grameen Bank members living below the poverty line, 20% compared to 56% for comparable non-Grameen Bank members. There has also been a shift from agricultural wage labor (considered to be socially inferior) to self-employment in petty trading. Such shift in occupational patterns has an indirect positive effect on the employment and wages of other agricultural wage laborers. Grameen Bank that started as an innovative local initiative, “*a small bubble of hope*”,

has indeed grown to the point where it has made an impact on poverty alleviation at the national level.

III. Historical Background of the PPSB (*Puhunang Pangkaunlaran ng Sikap Buhay*)

Quezon City under Mayor Feliciano Belmonte is determined to further improve the life of its constituents more particularly the poor and the marginalized sector of the city. (Quezon City: 2002). He and his team formulated together the vision, mission, and strategies for the City.

Vision:

The Quezon City Government envisions itself to be a model of effective governance and responsible leadership, working in partnership with the citizenry in building a quality Community.

Mission:

To provide quality service which will make Quezon City an ideal community where people live, work and do business in a hospitable progressive environment.

Objectives and Purpose which will be the ultimate benchmarks to measure their success:

1. Improvement in the quality of life of the people in Quezon City;
2. Creating a climate conducive to business and productivity; and
3. Creating a climate for good government and social responsibility.

Policies and Strategies for a Quality City

The Belmonte administration focuses on the following policies and strategies in the attainment of its goals and objectives. Among the most important strategies in each sector are:

Fiscal:

- Determine validity and usefulness of expenditure item before approval.

Revenues:

- Optimize revenue collections without sacrificing the City's competitiveness as a business location.

Infrastructure:

- Interconnect major arteries of the City, as well as activity centers (schools, commercial areas, government centers and various other key destinations).

Environment Quality:

- Get the government and the governed to work together to maintain a clean and green environment.

Government-Public Sector Collaboration:

- Enlist the participation of all sectors of society in City governance and development programs;
- Encourage citizen initiative in projects that will uplift their own communities and spread development in more areas of the City.

Peace and Order:

- Promote peace and order by:
 - Improving police's crime prevention and solution capabilities;
 - Enlisting citizen participation in crime prevention and solution.

Pro-Poor:

- Integrate the City government's programs for the poor to maximize benefits and reach more beneficiaries.

Housing:

- Discourage the influx of more squatters in the City;
- Provide decent low-cost housing that house most for the least, using the most cost-effective technologies and construction materials, and efficient space-management plans.

Education:

- Create programs that promote the development of children, both physically and mentally, through free day-care, medical and educational facilities.

Health:

- Pursue a three-tiered health service approach to strengthen health services at barangay and district levels, and streamline the number of patients needing City hospital services;
- Develop a 24-hour Super Health Center in each district.

Executive-Legislative Relationship

- Aim for collaboration and teammanship in the crafting of policies for the good of the City.

IV. The Project: Microfinancing Program of the Quezon City Government

One of the priority thrusts of the current Quezon City Administration under the leadership of Mayor Feliciano Belmonte is to “*wage a program against poverty by integrating pro-poor programs to maximize the reach of given resources*”. Quezon City residents in the identified depressed areas have enjoyed the benefits of a mini-lending program initiated by the QC government through the Task Force Sikap Buhay.

The Task Force Sikap Buhay

Task Force Sikap Buhay (TFSB) directly under the Office of the Mayor was launched in 2002. It has the following mission and vision statements:

Mission — Task Force Sikap Buhay aims to provide and expand opportunities for the acquisition of skills necessary to enhance employability, productivity and competitiveness in the labor market. Skills training programs and livelihood projects are undertaken including vocational scholarships. Urban farming and creation of cooperatives are likewise conducted together with micro-financing assistance to urban poor entrepreneurs.

Vision — Task Force Sikap Buhay shall lead the way in helping the urban poor in Quezon City through its livelihood and vocational scholarship programs.

Activities and Objectives:

1. Continuous education — concentrates on enhancing the capabilities of the PPSB center leaders.
2. Systematic Monitoring:
 - Weekly Repayment Collection — PPSB is scoring a consistent 100% repayment of loans (TFSB Statistics as of March 2003), a reliable indication that the members are successful in their respective enterprise.
 - Weekly Group Discussions at the PPSB Centers — where bank personnel of the Cooperative Rural Bank of Bulacan, Inc. (CRBBI) participate in problem analysis/solving of issues and situations actually encountered by the members.
 - Regular Feedback to TFSB by CRRBI — on statistics and other reports especially situations requiring the intervention of TFSB.
 - Regular Field Visits by TFSB's PPSB Teams.

Main Concerns of Task Force Sikap Buhay

1. Community-based Livelihood Projects — following the maxim "*Mohammad goes to the mountains*", urban poor need not spend on transportation, puts TFSB closer to the people.
2. School-based — fixed locations where vocational courses are being offered, TFSB assists urban poor students in transport and meal cost.
3. Agriculture — TFSB helps urban poor whose inclination is farming through urban farming by forging MOAs with landowners.
4. Microfinance — TFSB assists small and starting entrepreneurs to acquire loans for their projects.

Puhunang Pangkaunlaran ng Sikap Buhay (PPSB):
A Quezon City Government Microfinancing Program

On April 16, 2002, the Quezon City Government launched a modified Grameen system of microfinancing called *Puhunang Pangkaunlaran ng Sikap Buhay* (PPSB). Funds for lending for this program come from the National Livelihood Support Fund (NLSF) and are disbursed through a conduit bank, the Cooperative Rural Bank of Bulacan, Inc. (CRBBI). From an initial 248 members, PPSB has 1,076 members as of January 2003 (TFSB Monthly Report) with a target to make the facility available to 3,000 by the end of 2003.

The National Livelihood Support Fund is mandated by law to promote and undertake an integrated and comprehensive national livelihood development program by implementing through its program partners and conduits major programs that can have immediate impact on the lives of the poor and underprivileged by providing microfinance and capability-building resources. It has so far established and maintained partnerships with cooperatives and rural banks in the country, in support of the government's anti-poverty programs.

One of the NLSF partners is the CRBBI which in 1997 established a major tie-up program with the Department of Agrarian Reform (DAR) and has satisfactorily performed its role and obligations under partnership with the NLSF. For over a period of five years, NLSF increased the CRBBI credit line from P10 million to P20 million.

With a renewed commitment to contribute to the anti-poverty program of the Arroyo administration, the NLSF resolved to intensify its livelihood development and promotion program. New partnership schemes were explored like that with the local government units (LGUs), and more livelihood opportunities are being made available to the poor and the marginalized sectors of society.

One of these schemes where the NLSF is partnering with is on both LGU and a rural financing institution (RFI) for livelihood program implementation. QC government in 2001 approached the NLSF for a proposed partnership to provide livelihood opportunities to the urban poor in a number of depressed communities of QC. NLSF, through the local cooperative assistance program (LCAP), contacted CRBBI to join and provide QC the needed assistance in the collaboration.

The collaboration came into fruition through a Memorandum of Agreement between the three parties (NLSF, CRBBI and QCG) executed on the same day with a Program Title *Puhunang Pangkaunlaran ng Sikap Buhay (PPSB)*.

Objectives of the PPSB:

1. To develop/enhance the capability of QCG in implementing community-based livelihood/microenterprise programs and operate and manage a microfinance unit;
2. To develop/enhance the entrepreneurial spirit, self-reliance and economic productivity of the poor;
3. To capacitate and empower the poor and the marginalized people's groups by learning and applying their rights as citizens and members of their communities and performing their responsibilities within the purview of good moral values and love of country;
4. To contribute to the fast development and promotion of livelihood and community enterprises, hence to the poverty alleviation program of the government; and
5. To maximize the use of government resources through proper coordination and efficient utilization that will result in a meaningful impact to the poor.

Responsibilities of Quezon City Government:

1. The City Mayor, representing the QCG, shall undertake to secure the required authorization/approval from the City Council to execute the program together with the NLSF and the CRBBI;
2. Designate full time, initially five new personnel for Task Force Sikap Buhay to act as coordinators and co-implementors during program execution as QCG's core group that may eventually take over the role of CRBBI as program implementors/administrators;
3. Provide free use of office space as required by CRBBI personnel for the duration of the agreement;
4. Provide information, documents and other services needed by CRBBI;
5. Help in the identification and organization of beneficiaries and in coordinating with barangay officials for the use of barangay halls and other sites as training facilities for beneficiaries;
6. Designate TFBSB personnel that will assist/coordinate with other agencies in capability-building programs and social preparation of future beneficiaries specially in skills, vocational and technical training including courses in management production marketing;
7. Assist CRBBI in the monitoring, assessment, evaluation and documentation activities to determine program impact and effectivity specially in terms of beneficiaries' improvement in their financial, social and economic status;
8. May, at its option, look for other sources of funds to complement or replace the funds provided by the NLSF for the program;
9. May, at its option, and after mutual arrangements with NLSF, take over the role of CRBBI in the implemen-

tation of PPSB upon having acquired the capability, facilities, resources, and personnel for QCG's effective administration and operation of the Program; and

10. May assume other responsibilities as may later be identified and becomes necessary.

Responsibilities of the National Livelihood Support Fund

1. In collaboration with the QCG and the CRBBI, formulate policies, guidelines, systems and procedures to govern the implementation of PPSB;
2. Subject to NLSF's loan policies and guidelines, evaluate, process and fund CRBBI with:
 - A credit line intended solely for and to sufficiently cover all CRBBI-approved beneficiaries' loans under the PPSB, and
 - A soft loan intended to purchase necessary office equipment and to pay for the first month salaries of the initial six QC-based CRBBI personnel.
3. Undertake monitoring and control procedures to ensure effective fund utilization and program implementation; and
4. Collaborate in the transition of the PPSB's implementation from CRBBI to QCG.

Responsibilities of Cooperative Rural Bank of Bulacan, Inc. (CRBBI)

1. Undertake a full-scale micro-financing program in QC through the PPSB which should be similar to the micro-financing program being undertaken by CRBBI in Bula-

- can (the PNCB) but with certain policy changes as determined/agreed upon among the NLSF, QCG and CRBBI;
2. Provide, at its own expense, full time QC-stationed personnel to implement CRBBI's microfinancing program in QC (the PPSB) for the duration of the agreement;
 3. Use the funds provided by NLSF exclusively for its microfinancing program in QC;
 4. Institute additional monitoring, control and operating procedures in the program, after considering factors peculiar to QC, to ensure effective fund re-lending and program implementation;
 5. Provide documents, information and assistance needed by the NLSF and the QCG for their effective evaluation, monitoring and assessment of PPAB, and
 6. Assist QCG in the eventual complete transfer of the administration and operation of the Program from CRBBI to the QCG.

The QCG Livelihood Credit Program Profile

1. Amount applied for	Credit Line	P3.0 M
	Soft Loan	P0.3 M
2. Number of target beneficiaries	Initially, 550	Target 3,000
3. Types of clients	Selected "POOREST" in QC.	
4. Areas to be covered	Depressed barangays in QC particularly Culiat, Payatas, San Agustin, Commonwealth, Batasan and Capri.	
5. Identified Livelihood Projects	Sari-sari stores, vending, candle making, food processing, and other livelihood projects that generate daily income.	
6. Loan amount	Minimum of P3,000 per beneficiary or depending on the type of project and funding requirement.	

- | | |
|-----------------------------------|--|
| 7. Interest rate / fees / charges | 24% per annum (18%/an. Interest amortized with the capital and 6%/an. Service fee pre-deducted regardless of the number of releases). |
| 8. Loan duration | 3-6 months. |
| 9. Mode of payment | Weekly, monthly, quarterly. |
| 10. Staff complement | QCG and CRBBI will provide needed staff to ensure efficient credit delivery and program monitoring and implementation: the QCG will be understudy of CRBBI staff and will have to be capacitated in the micro-finance technology to be used by CRBBI. |
| 11. Strategies of the program | LSF, CRBBI and QCG will undertake the following: <ul style="list-style-type: none">• QCG staff as understudy of CRBBI and will be trained in micro-finance technology to be applied;• Initially, however, the QCG staff shall assist to penetrate target communities and undertake program monitoring;• CRBBI shall undertake the major activities required of a conduit;• It is foreseen, that after a period of time, the QCG staff shall have been capacitated in microfinance technology application and will take over the program implementation; and• CRBBI, will modify the Grameen approach to microfinance as practiced by LCAP to suit urban community application. |
| 12. Soft loan utilization | The P0.3 M soft loan shall be used for the acquisition of the necessary office equipment (typewriters and computer with printer) and to defray the first months salaries of CRBBI's QC-based staff. |

PPSB Beneficiaries Profile

The many beneficiaries of Sikap Buhay must fall into these categories:

Members' Profile:

- Women, 18-60 years old
- If single, must be the breadwinner of the family
- House should be small or just enough to house the members of the family
- With monthly income not higher than P2,000 per capita
- With marketable assets not more than P100,000
- Do not own a lot. If owner of a lot, the lot must not be more than half hectare
- Must not have an existing loan from any bank and must not be a beneficiary of other lending institution
- Resident of the community for not less than one year.

Loanable Amount

- 1st cycle P5,000
- 2nd cycle P7,000
- 3rd cycle P10,000
- 4th cycle P14,000
- 5th cycle P20,000 Up

Interest rates:

Principal:	18% per annum; 9% semi-annual; 1.5% monthly
Service Fee:	5% of the principal
Insurance:	7% of the principal

Mode of Payment

Weekly payment together with a forced saving of a determined minimum amount.

Duration of Loan

Loan is payable in 25 weeks or six months for the first two cycles, and 50 weeks or one year for the 3rd to 5th cycles.

Each member participant receives initially a P5,000 collateral-free loan as capital for their chosen livelihood project. Each prospective member is required to undergo a 24 hour seminar where values formation is an essential part of the module. Basic bookkeeping and basic feasibility study, as well as sound business practices are included in the seminar. They are also required to attend the weekly center meetings, contribute to the center fund and unity fund of the center and cooperate with the center activities and programs over and above their responsibility to pay back their loans.

Sample computation for a 1st Cycle Loan of P5,000

Principal	P5,000
Interest	P450
Center Fund	P250
Group Fund	P10

Weekly Payment:	P240	<i>broken down as follows:</i>
	200	principal
	18	interest
	10	center fund
	10	group fund
	2	unity fund

Of the beneficiaries of the program so far, about 85% are involved in the vending of various products while the remaining 15% are involved in small manufacturing ventures (TFSB 2nd Summary Report).

IV. Evaluation/Impact of the Program

Based on statistics obtained from the TFSB, 25% of the members of PPSB are simple, plain housewives. Six percent are employees or workers in private and public companies, while 69% are either self-employed or engaged in a small business.

These beneficiaries, mostly women, after a series of seminars conducted by CRBBI in coordination with the TFSB, received their first cycle loans from the program through the CRBBI. Of the initial beneficiaries, 85.5% started a new business venture out of the loan acquired from the PPSB like selling “merienda”, “kakanin”, processed food like tocino, longanisa, etc., and put up small sari-sari stores. As many as 14.5% used their loans to increase their capital in their already ongoing business venture like dressmaking, rug-making (basahan), upholstery, and junk shops or recyclable depots.

It is noteworthy to know that these women beneficiaries are not only tied-up in their businesses or livelihood income-generating ventures but they also attend regular training and seminars conducted by TFSB in cooperation with PROGAD. These training and seminars include personality and values formation, Gender and Sensitivity Training, Achievement Motivation Training, Small Business Feasibility Study and Budgeting, Environment Preservation, and a lot more. These seminars and training not only helped the women beneficiaries in promoting their own welfare but made them conscious of their responsibilities not only to their families but to the community as well. Being members of the PPSB brought pride to the members as role models in family socio-economic alleviation and social bearing as members of the community and prime movers of government programs. Over all, PPSB beneficiary members have proven success and family/self improvement through personal endeavors (“sariling pagisikap”) and not merely through “dole-

outs” from the government or other non-governmental organization commonly manifested in the urban poor community.

V. Conclusion

The PPSB Program of QC Mayor Sonny Belmonte, in cooperation with CRBBI and TFSB has reported a 100% repayment collection. By its first anniversary on April 2003, PPSB has improved the lives of its member beneficiaries through the successful implementation of proposed livelihood projects of its members, thus generated considerable income to the members and therefore has helped improved their living conditions. Moreover, social consciousness and involvement of members in community development has been enhanced and therefore, values and attitudes towards government services and programs has been changed. This is a very good indicator that the program is successfully achieving its goals and objectives.

VI. Recommendations

Based on the success of the program, the following are being recommended:

1. Institute additional livelihood training and seminars to members such as meat processing, dressmaking, cosmetic and hair styling, etc., as a fallback option of members should their trade or business sour on lean months/ time.
2. Expand the program to more depressed areas in Quezon City and replicate the program in other cities and municipalities.
3. Increase funding for this kind of program to assure availability of resources for its expansion.

4. TFSB should start encouraging and training members to spearhead community and environmental development and programs.
5. Start training and disseminating information as to what to do with the center and group funds of the members, including enthusiasm of the members to continue supporting the program.

REFERENCES

- CGAP, "The Microcredit Summit Report", Microcredit Summit 1997.
- CRBBI Status Reports, 2002-2003.
- CRBBI Flyers and Brochures, 2001.
- <<http://www.grameen-info.org>>
- <<http://www.inq7.net>>
- Memorandum of Agreement Between NLSF, QCG and CRBBI, 2001.
- Quezon City. *Quality Management for a Quality City: Belmonte Administration Year I*, June 30, 2002.
- Report of the Secretary General: UN Report *Role on Microcredit in the Eradication of Poverty*. u.d.
- TFSB Employees and PPSB. Beneficiaries personal interview, 2003.
- TFSB Summary Reports, 2002-2003.
- UN *Capital Development Fund. Microfinance and Anti-poverty Strategies*, A Donor Perspective 1997.