

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SEGF

TA No. and Name 4544-PHI: Enhancing Access of the Poor to Microfinance Services in Frontier Areas			Amount Approved: \$250,000		
			Revised Amount: \$250,000		
Executing Agency National Anti-Poverty Commission (NAPC)		Source of Funding: Governance Cooperation Fund	TA Amount Undisbursed \$13,199	TA Amount Utilized \$236,801	
Date			Completion Date		
Approval	Signing	Fielding of Consultants	Original	Actual	
23 December 2004	28 April 2005	1 June 2005	31 July 2006	31 October 2006	
			Closing Date		
			Original	Actual	
			31 July 2006	30 August 2007	
Description					
<p>The Government of the Philippines requested technical assistance (TA) from Asian Development Bank (ADB) to increase access and efficiency of microfinance services for the poor in frontier areas¹ which have little or no access to formal or semiformal financial services due to geographical location, high poverty incidence, and lack of basic infrastructure facilities. Microfinance is recognized as the central strategy for poverty reduction in the Philippines under Republic Act 8425 (Social Reform and Poverty Alleviation Act) of 1997. The Philippine Country Strategy and Program Update (CSPU) 2004-2006 includes microfinance as a key area of assistance to support the Government's poverty reduction program.</p>					
Expected Impact, Outcome and Outputs					
<p>The TA was intended to support the development of a sound and viable financial system that can provide efficient and sustainable microfinance services for the poor to enable them to pursue economic opportunities and income-generating activities. TA activities include (i) an assessment of nongovernment organization (NGO) microfinance institutions (MFIs), microfinance access and demand, and informal finance in frontier areas based on a field survey, (ii) training of selected NGO MFIs in best practices for sustainable microfinance, and (iii) education of the poor to increase their knowledge and understanding of microfinance services. NGO MFIs were targeted since they play an important role in providing microfinance services in hard-to-reach areas and their limited institutional capacity was recognized as a constraint to growth and sustainable outreach.</p>					
Delivery of Inputs and Conduct of Activities					
<p>The TA required a total of 26 person-months of consulting services, including 4 person-months of an international consultant and 22 person-months of 2 domestic consultants over a period of 18 months. In consultation with the National Anti-Poverty Commission (NAPC) and ADB, the international consultant designed a field survey to collect data on assessments of NGO MFIs, training needs of MFIs, and microfinance demand. Analyzing the data collected in the field survey, the international expert completed a report titled "<i>Training Needs of Microfinance Institutions in Frontier Areas</i>", which was included in the TA final report. The international consultant also facilitated a workshop to disseminate the TA results and findings. The two domestic consultants prepared training and reference materials for on-site mentoring and training (OMT) and conducted OMT to selected NGO MFIs, prepared educational materials for the basic sectors² and conducted workshops for the basic sectors in frontier areas, prepared a basic sectors issues paper titled "<i>Profile of MFI Clients in the Frontier Areas</i>", which was included in the TA final report, and made a presentation on TA results and findings at the workshop. Both international and domestic consultants made adequate inputs in line with the terms of reference. The consultants' performance is rated satisfactory. The EA closely monitored TA activities and effectively undertook coordination with the consultants and ADB. The performance of the EA is rated satisfactory. Having monitored TA activities closely, the performance of ADB is rated satisfactory. ADB inputs helped the consultant team design the field survey and the training module for MFIs.</p>					
Evaluation of Outputs and Achievement of Outcome					
<p>The TA was implemented in 3 phases; Phase 1 - Field survey of MFIs and MFI clients in frontier areas, Phase 2 - Analysis of the MFIs and clients survey results, and Phase 3 - On-site training and mentoring to selected MFIs and basic sector seminars.</p>					
(i) Phase 1 - Field survey of MFIs and MFI clients in frontier areas					
<p>The survey was conducted between September and November 2005 covering a total of 53 MFIs and 424 MFI clients in 22 provinces across 11 regions nationwide. The draft survey instruments were field tested in August 2005. Training to survey enumerators were conducted before the teams, comprising 2 enumerators for Luzon, and 3 each</p>					

¹ Frontier areas are municipalities and *barangays* with the following conditions: (i) hard to reach or where access is a problem because of geographical location (highlands or islands); (ii) high poverty incidence and high magnitude of poor families based on National Statistics Office and National Statistical Coordination Board data; (iii) areas that lack access to other basic services and infrastructure facilities; and (iv) areas where the saturation rate, in terms of access to microfinance services, is very low or zero (saturation rate is the ratio between the potential poor target households and the actual number of clients reached in a given area).

² Basic Sectors refer to the disadvantaged sectors of Philippine society, namely: farmer-peasant, artisanal fisherfolk, workers in the formal sector and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, differently-abled persons, senior citizens, victims of calamities and disasters, youth and students, children, and urban poor.

