

AHON SA HIRAP INC. 1998 ANNUAL REPORT

I. Introduction:

Ahon sa Hirap (ASHI), Literally means 'to rise up from poverty' is facing new challenges as she faced her 10^h year of helping poor women using the Grameen Bank methodology. ASHI's basic vision is to see that each member will have strong economic base by providing access to small capital in order to increase their income potential, thereby provide education for their children. The unity, hard work, industry, perseverance & discipline learned by belonging in the group & center will serve as foundation for influencing other women in their respective communities.

The following report hopes to give encouragement to those who continually support the poverty alleviation program through Ahon sa Hirap.

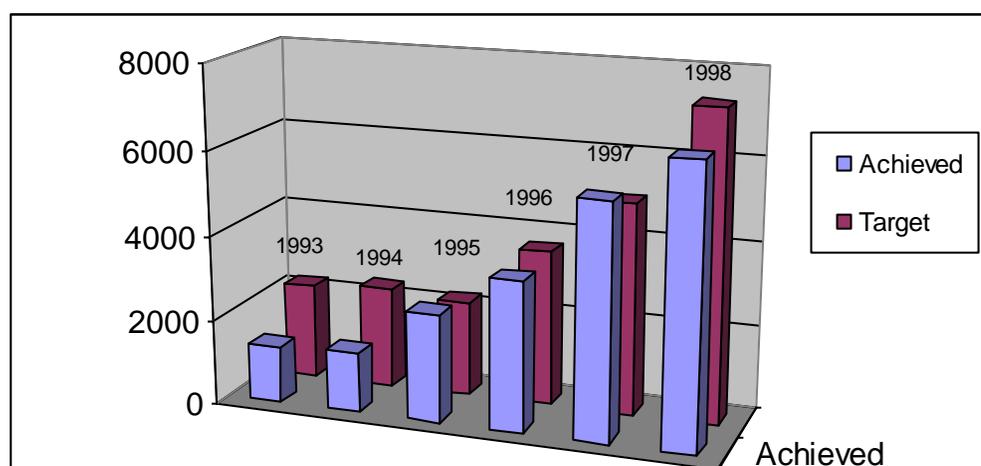
II. Highlights

A. Operations:

1. Outreach : (figure 1)

Particulars	1993	1994	1995	1996	1997	1998
<i>Net Members</i>	1438	1408	2535	3521	4840	6565
<i>Active Loanees</i>	1329	1266	2437	3210	4698	6555
<i>Active Savers</i>	1329	1266	2437	3210	4648	6555
<i>No. of Groups</i>	334	303	516	793	993	1409
<i>No. of Centers</i>	93	77	114	143	176	231
<i>(in'000 pesos)</i>						
<i>Loan Disbursed</i>	1,079	5,172	11,070	20,211.9	34,798.7	63,294.0
<i>Loans Outstanding</i>	3,814	1,536	4,108.2	5,278.9	9,259.8	13,640.6
<i>Ave. Loa Per Member</i>	3	3.67	4.37	5.74	7.4	9.65
<i>Compulsory Savings</i>	550.31	199	382	917	3,272.1	5,326.2
<i>Voluntary Savings</i>	0	29	95	124	301.28	287.13
<i>Other savings</i>	87.24	22	71	204	212.46	448.1

2. TARGET VS. ACHIEVEMENT (*figure 2*)

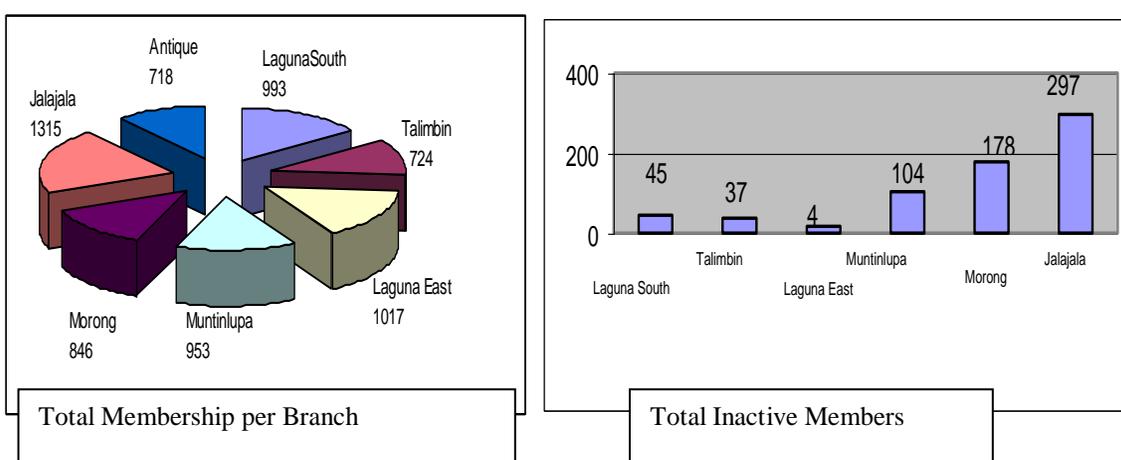


Year	1993	1994	1995	1996	1997	1998
Achieved	1329	1408	2535	3521	5503	6565
Target	2259	2386	2247	3675	4991	7303
%	59%	59%	113%	96%	110%	90%

The figures 1& 2 show that ASHI growth in membership begun in 1995, the year she begun the viability planning at the branch level.

In 1998, ASHI achieved only 90% of its target as compared to over achievement in 1997. This was because of several adjustments in the strategies used for group formation for semi-urban areas as experienced by Talimbin and Morong. The communities in the mainland areas were not a close community as compared in Talim Island. Strict quality control had to be implemented to make sure the residence of the poorest target group will not be relocated and that they are not yet exposed in other lending programs existing in the area.

The following figures show the distribution of membership by Branch.



The figure above shows Laguna East had the lowest number of inactive members while Jalajala who had the highest membership had the highest number of inactive members. This goes to show that the Institution is challenged to continually build new strategies to maintain active participation of members. The branches need to continually build strong social development programs at the center level. The branches that maintained strong social development programs had more active members like Laguna East, Talimbin, & Laguna South & Antique. Laguna East spearheaded the Mrs. ASHI pageant & symposium on National Election, which brought strong community spirit among their membership. Laguna South and Talimbin had the highest attendance rate (95%) during their Branch Anniversary. Laguna south spearheaded the National Song Festival in line with the celebration of the Centennial of Philippine Independence, where Talimbin members were awarded first prize. Antique Branch had 718 all active members; this branch has the highest attendance rate (97%) at the center meeting.

Morong & Muntinlupa had begun to institute new strategies for active participation of members, Morong hosted the National Mrs. ASHI participated by all branches. The center chief has begun to participate in Area & National Gathering. This brought about by several workshops conducted for the Family, Husband & wife and Team Building Exercises for Group Leaders and Center Chief.

3. SAVINGS MOBILIZATION

Based on Figure 1, 1998 voluntary savings was lower than that of 1997. The 1998 members' savings were not kept for a long period of time. Withdrawals are more frequent to cover family and project expenses. This year members' voluntary savings were used to cover weekly repayment of either group mates or members' themselves. This is one of the effects of current economic crisis. Group Fund Savings which compulsory savings continue to increase as result of increasing loan capital. Laguna East had the highest personal savings balances, followed by Antique, Talimbin, Morong, Laguna South, Muntinlupa & Jalajala. Talimbin had maintained the highest savings for Children's Savings Program. Some branches have integrated voluntary savings in weekly repayment dues every weekly center meeting to encourage members' to save.

See Appendix I: WORK PROGRESS REPORT

Appendix II: UPDATE OF OPERATIONS & GRAPH

3. WOMEN AT THE CENTER

ASHI's credit delivery brings total human development and is based on strict credit discipline. To date ASHI registers 98.9 % repayment, with P13.5m. pesos Loan Outstanding. Members were working together in their groups in helping lift up the projects of each group members. 30% of the members have experienced good returns out of their projects and groups & centres are naturally working together & the remaining 70% were still working hard to survive individually and as a group.

The current Asian Crisis came at the time ASHI members' family have adjusted to their own income generating projects that somehow prevented them from suffering greatly as those who are totally dependent in employment in the urban areas. The typhoon and floods were the major problems ASHI experienced in 1998. Many agricultural crops ready for harvest last October were devastated. ASHI had to declare Loan Payment moratorium for the maximum of two weeks on a case to case basis for those seriously affected areas. The areas of Laguna & Rizal were the center-points of the super typhoon except ASHI borrowers in Antique.

Grameen replication basic essentials do not only consists of credit given at the doorsteps of the poorest of the poor; savings mobilization but also includes strong Social Development which brings the Human face of credit. Behind the high repayment is the spontaneous flow of concern & creativity facilitated by the staff to the very new member.

The women are formed in-groups of five and are formed into of centre (6-8 groups per centre). The centre meets weekly to discuss issues about their small income generating projects; group relationships and current events. ASHI has strong social development programs that govern the total human development of individuals and groups. The operating principles is anchored on the following:

- Not inflicting justice on anyone of the group members as well as those around them
- Caring for the environment by adhering to the 'clean and green' Programs of the community.
- Family Planning: Keeping their families small
- Planting vegetables in their backyards
- Stewardship of money: borrowing within the limits of their capacity to pay.
- Commit to the education of their children
- Proper Loan Utilization: Use the small capital for their projects:
- Meeting together in the groups/center regularly: this is enhancing cultural values of collectivism, relativism and participation as process of decision-making and conflict resolution.

To carry out these principles, the seven branches facilitated through the centre leaders for the last 12 months, have conducted several activities in commemoration with Philippines Centennial celebration & in the fight for Clean & Honest Election to wit:

1. Makabayan (Nationalistic) Song Festival participated by representative member in all branches
2. Seminar of Election
3. Recognition of best women at the branch level called Mrs. ASHI. They are chosen for their popularity because of noble deeds and leadership in their own right in their community.
4. Husband and Wife workshops - to strengthen the relationship and pursue family goals together, each complementing and supplementing varied roles in the home.
5. Center Level Activities: such as "Proper Breast Feeding", Team Building Exercises", "Proper Nutrition", Clean & Green program including "Tree Planting" & cleaning of the village areas in coordination with the village leaders.
6. "Talakayan" - branch level dialogue with the President. At the close of August 1998, the President completed the dialogue in all branches. The aim of which was to listen to all issues confronting the members of each branch. Some of the suggestion raised (aside from clarification on loaning policies) were the following:
 1. Loans for -House repairs
 2. ASHI Medical Clinic or Health Centers- where the members can come during emergency sickness and regular check-up for them and for their children.
 3. Low-cost housing - the idea is that ASHI will procure a lot through Home Mortgage Plan and manage the sale and amortization for members. This is the special appeal for the urban branch in Muntinlupa.
 4. ASHI- Market - ASHI lease/rent/buy a space in a strategic place for members to rent for marketing of their products.
 5. Stall of ASHI for feeds for poultry & other livestock products located in strategic positions in each branch for members to buy from to reduce cost of travel.

One of the perils during the beginning of the project in Antique was the husband not wanting to support his wife membership in ASHI. Many have quitted, others does not intend to get another loan, because the husband's discouragement.

To address the issue; the branch decided to conduct the Husband & Wife workshop 1. 125 couples attended this activity. The outcome was for them to understand ASHI mission and vision & secondly to address the issue of gender roles. The methodology used was role-play, group discussion and panel discussion. The full day was not enough to address all the issues but many things were opened up. The challenge to work for higher family goal as husband and wife were given. These were some of the remarks, translated by the staff for ASHI.

" Noon, kahit anong pilit ay hindi sumasama ang aking asawa saan man May pagtitipon. Pero ng matnaggap niya ang imbitasyon galing sa opisina, nag-o siya sa akin. Pag-uwi naming naging malambing siya sa akin at muli kong narinig ang palayaw ko na binanggit niya. Minsan na lang kasi niyang nasambit iyon. Sa ngayon, medyo nabawas-bawasan na ang pag-inom niya ng tuba, at medyo sumipag pa siya. Kahit minsan na nahihirapan ako sa paghahanap buhay pero, masaya ako kapag nakikita kong may pagbabago kay Juan. At sa katunayan suportado niya ako lalo na sa pagpapaayos ng center hall."

Editha Vicera, Center Chief- Center 13, Calala

Many more members wrote their feedback about the workshop and have asked for part II, We held part II now focusing on Communication and Intimacy. We at the end ask each of the couples to renew their marriage vow as the concluding part of the workshop.

The attendance in the center meetings is nearly 100%, or 99.9%, which was excellent in any credit program. The reason for this was because the members were able to see the value of relationship and was being supported by their respective husbands.

Another important impact was the spontaneous active involvement of the Officers elected this year. They spearheaded the fund raising campaign to help the branch augment expenses for the 10th Anniversary of ASHI in Manila. They gave their best performances. As a result ASHI-EGRP garnered first prize in Dance Contest, Harana Contest & Parol Contest. Funda Dalipe No. 15 and Malandog 4 won 1st and 3rd prize in Best Center Hall. The officers instituted uniform implementation of filing and reporting system in all the centers.

Family goal was the focus of motivation in all branches. The Mrs. ASHI was a good picture of how s man can treasure their wife by being her escort in the parade of beauties. Women being able to dress up and show their talents, were some of the excitements for them being part of the program.

Improvements in members' housing conditions were beginning to be evident. Many of our members are market vendors and are now beginning to be visible partners for development in the regions.

II. TRAINING & DEVELOPMENT

1. STAFFING

- At the close of 1998 ASHI had 53 personnel dispersed in 7 branches and head office.

There were 5 resignations: Three voluntary and the other one was forced resignation because of malversation, the other one because of severe illness that he can no longer continue. There 6 trainees, only two passed for probationary employment. Laguna South, Talimbin, EGRP and Morong need additional staff for staff replacement in lieu of the resignations as well as new staff to complete branch required staffing. One Branch Manager was forced to take a leave of absence due to work burnt out and the low level of efficiency affected staff management and branch performance.

Branch/Dept	No. Of Branch Manager	Accounts Officer	Field Credit Officers
Laguna South	1	1	4
Laguna East	1	1	4
Muntinlupa	1	1	5
Morong	1	1	5
Talimbin	1	1	3
Jalajala	1	1	5
Antique	1	1	4
Total	7	7	34

Head Office

3 Area Managers

2 Office Personnel

2. COMPETENCY BASED TRAINING

ASHI have instituted competency based training programs custom designed for:

- Area Managers
- Branch Managers
- Accounts Officer

Field Credit Officer

The conduct of the Training is based on Experiential Learning Cycle approach where by different activities was conducted to bring out the points.

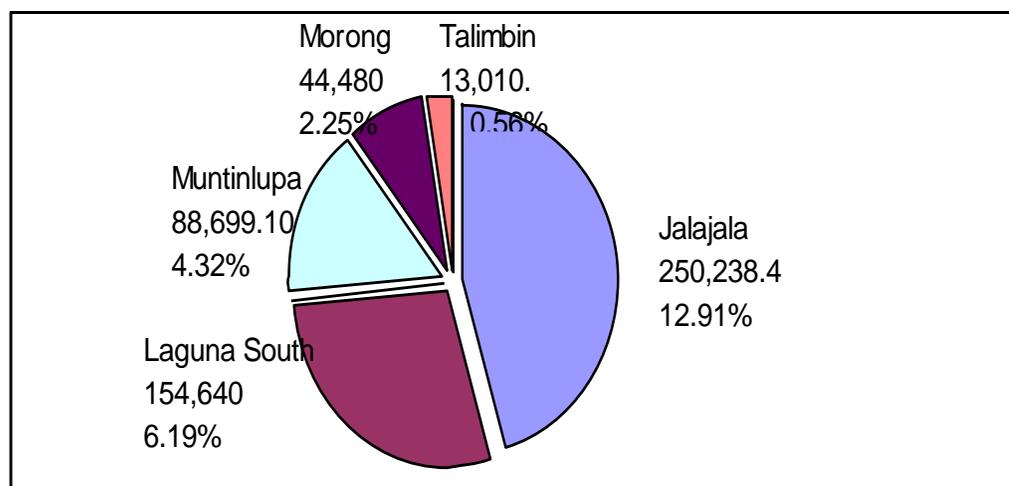
The program started in the 1997 for all levels. This year we have started two modules for Area Managers. Due to the delay in training funds, we are continuing the modules beginning the first quarter of 1999 for Branch Managers & Area Managers as well as the Field Credit Officers.

The year 1998 focused on producing standard manuals for Compulsory Group Training; Code of Discipline; & Reporting formats for Progress Reports and Update of Operations. The staff is now being trained on how to do the analysis of their own performance for their self-direction and participation in branch discussion and sense of ownership of their plans and programs.

ASHI hopes to produce a well-rounded team of staff who will have deep sense of calling for development and poverty alleviation. Professionals who would see life in the work they do. These we hope to achieve through training and development.

Ahon sa Hirap recognizes the need for Human Resource Capacity Building to prepare herself for the expansion.

III. PORTFOLIO MANAGEMENT



Total amount at risk for 1998 was P550,967.50 which represent 3.87% of ASHI's total Loan Outstanding. To have a considerable healthy portfolio the % of risk should not be higher than 5% for Grameen Type programs. Jalajala had the highest amount of portfolio at risk; large percentage came out of two-three year old loans amounting to 201,720. These were being collected house to house by the branch. For Laguna South these were ASHI 2-3 loans that are yet in arrears due to problems in the projects as result of the typhoon last October 1998. The branch continues to rehabilitate the affected centers. Antique and Laguna East had healthy Loan Portfolio.

III. FINANCIAL MANAGEMENT

A. AUDITED FINANCIAL REPORT (Appendix III)

The 1998 format of the financial report was in line with the current requirement agreed upon in the Microfinance Coalition for Standards. This years-audited report was a comparative one. There were specific adjustments made particularly on Salamat Fund 1 transferred to Equity Account. For the first time ASHI have set up a Loan Loss Provision which was based on 3% of total Loans Outstanding.

Total Grants for the Year is 5,346,923.59. Total Revenue of 4,652,596.72. Total revenue as against expenses was still negative of Php 4,323,208.74. This figures meant that ASHI is still heavily dependent of grants and donations. At the end of the year ASHI fund balance was Php 8,763,868,25 with an asset of Php. 27,243,501.05.

B. FINANCIAL PERFORMANCE

“Financial Ratio is a tool that helps managers of micro-finance institutions answer three primary questions that apply to every institution regardless of context or design. SUSTAINABILITY (*Will my institution have financial resources to continue serving people tomorrow as well as today?*) EFFICIENCY (*Does my institution serve as many people as possible with its resources for the lowest possible cost?*) PORTFOLIO QUALITY (*Is my institution doing a responsible job in managing our most important asset?*) “

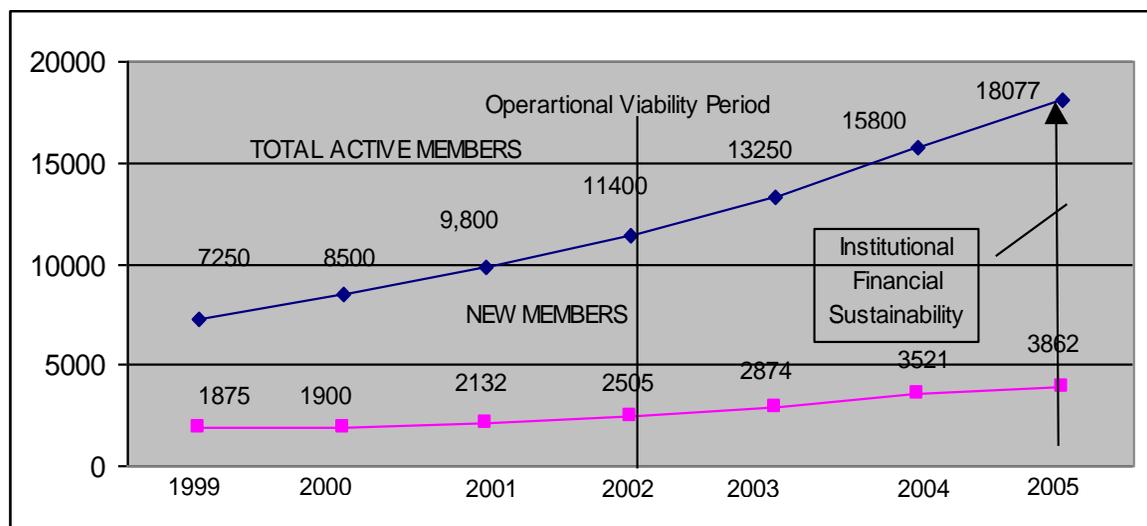
(P. 1 Financial Ratio Analysis for Micro Finance Institution by Calmedow. THE SEEP NETWORK)

Year	Cost per Unit of Money lent (Efficiency)	No. of Active Borrower Per FCO (Efficiency)	Operating Viability/or Self-Sufficiency		Institutional Sustainability	
			Based on revenue alone	With Grants	Based on revenue alone	With Grants
1993	1.23	88.6	0.16	0.14	0.15	0.15
1994	0.91	120	0.19	0.22	0.22	0.22
1995	0.77	140	0.29	0.41	0.41	0.41
1996	0.52	153	0.42	0.54	0.54	0.54
1997	0.35	156	0.57	1.44	0.74	1.28
1998	0.12	192	0.86		0.74	1.28

The above are important indicators that ASHI is growing towards financial sustainability. On cost of unit per money lent, the decreasing trend is positive. On the no.of active borrower per FCO, ASHI have not reached the ideal of minimum of 240 and maximum of 320per FCO. The increasing trend of operating Self-Sufficiency and Institutional Viability is positive. There were two computation made on the Operational & Financial Sustainability. If there were no grants and donation, ASHI have not reached sustainability. This means that ASHI cannot sustain the operations just on the revenue generated out of the Loaning operations. It is important to note however that the increasing trend in the ratio is positive that ASHI expects viability soon. Per ASHI action plan, she expects operational viability by year 2002 & financial sustainability by 2005 without reliance to grants and donations. Funds for Continuing Training and Development of staff, the expenses for General Assembly, Advertising and Promotions, have to be covered by other fund sources as this cannot be covered by Revenue generated from credit delivery.

IV. PLANS AND PROGRAMS

A. OUTREACH



B. TRAINING & DEVELOPMENT

1. Training Programs

New Area Managers- (to be appointed by January 1999)

The would-be Area Managers have begun their training in 1998 and will continue beginning 1999. Their training will be on the job as well as formal training on Microfinance. The new area managers on training will be Ronilo Detera (presently Branch Manager-Talimbin) & Loida Gamez, (presently Branch Manager-Muntinlupa Branch)

New Positions: Head Office

The new Head Office positions namely, Training and Personnel Coordinator, Monitoring & Evaluation Staff & Bookkeeper

Training for Branch Managers:

There are two new managers started training this year, Constatine Ruelos, present account officer for Talimbin, Eugene Diares, FCO Talimbin Branch. If qualified will take the place of Ronilo Detera and Loida Gamez.

Training for New Credit Officers

New Branch will be set up in Antique and new FCO 5 new FCO will be trained for this branch. Replacements for the four resignations have to be recruited for a total of 9 new FCO to be trained this year.

Retraining for regular FCO

“Balik-aral” program- A thorough review of the entire process of ASHI system in order to adjust to the developing trend in microfinance program. This will serve as venue to broaden their perspective of development going beyond credit delivery. The staff will be divided in 3 batches for a two-day workshop per session.

Training for Members/Mothers

Microenterprise Development Program:

ASHI is working with INSOL training for developing modules for bookkeeping, costing, and ASHI 2 members as a preparation for ASHI 3 loans. ASHI will network with Department of Trade & Industries, NGOS' that offers additional skill s development for other alternative projects for the members.

V. Conclusion:

As ASHI anticipates the growth in membership and staff in face of global financial crisis She does not rest in her laurels, instead she continue to face the challenges of the new decade. She will continue to put all best effort in creativity and technology. The struggle to bring credit discipline in the light of restoring dignity to poor women & their families will continue. ASHI will continue to challenge the families of her women members to cut the cycle of poverty through their family goals. ASHI would not like quitters who give up on life but rather members who will not stop dreaming and envisioning a bright future together with their groups & center. She would like to see the staff having the strong consciousness for social justice and community development. She look s forward that her staff will work together with her members to be agent of change in our society which will be animated in ASHI's social development programs.

Finally, as ASHI works towards viability and sustainability, she will not wane in bringing balance to both stabilizing the Institution as well as improving the lives of her members. ASHI will continue to commit itself to reaching the poorest of poor segment of society. ASHI joined the goals of the International Microcredit Summit Campaign by committing itself to reach 18000 women by the year 2005. She will use whatever surplus back to financial services. She will make sure the prudent financial management is set in place. The membership of the Board, the management and staff will continue to live a simple lifestyle, committed to vision of total eradication of poverty in the face of the earth.

GOD IS WITH US.

Prepared by:
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President
Jan. 1999