

AHON SA HIRAP INC
1999 ANNUAL REPORT

I. Introduction:

This year started with a very enriching planning and evaluation of the staff and management in La Vista Pansol, Laguna. The staff renewed their commitment to poverty alleviation through a symbol dedicated at the foot of the cross on the last evening.

This year for ASHI is compared to the making of a pot. The pot where the mold does not suit the taste of the mold maker because it is not of a perfect shape. The pot maker chose to break the pot, remodelled the mother mold, removed uneven particle, threw the bad particle, change the whole model to a better one. ASHI as the pot but was not of a perfect shape although it had begun the remodeling since 1995. Breaking process this year was the product of the system set in place since last year. There were many good results of the process in which we hope to produce as we close the year and enter into the new millenium.

It is with great pleasure that we present to you the report of the period.

II. Highlights

A. Operations

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

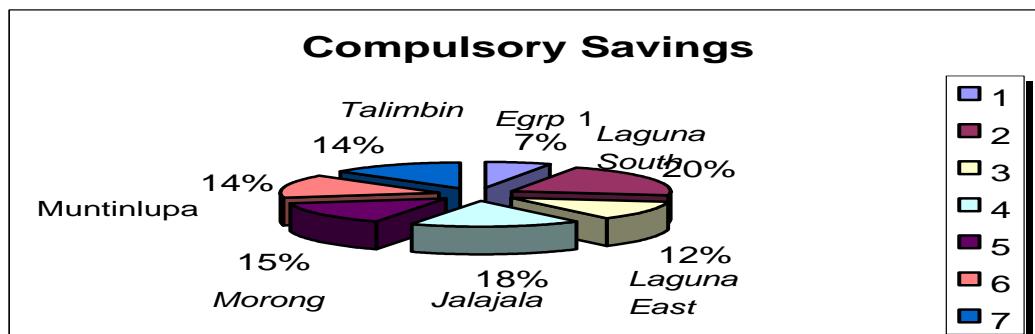
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This semester we have added 911 members & 460 members dropped out, for a total of 6,946 membership. One of the big highlight of this semester is the increasing number of drop outs particularly Laguna East, Jalajala & Muntinlupa. Three main factors are:

- a. The strict center discipline, brought the members to terminate their delinquent group mates. This is the center initiative. The peer group responsibility on payment of loans for their group mates is a heavy burden, that they would rather change the delinquent member for a new one.
- b. The term of 6 months or 25 weeks repayment option over the 50 weeks repayment was also a factor. The members did not anticipate the crisis especially for those in vending business. The rate return of capital was low compared the past year. It was members option not to continue after payment of loan.
- c. Migration to other places within the region. Members' family transfer to another place to seek other employment & livelihood opportunities.

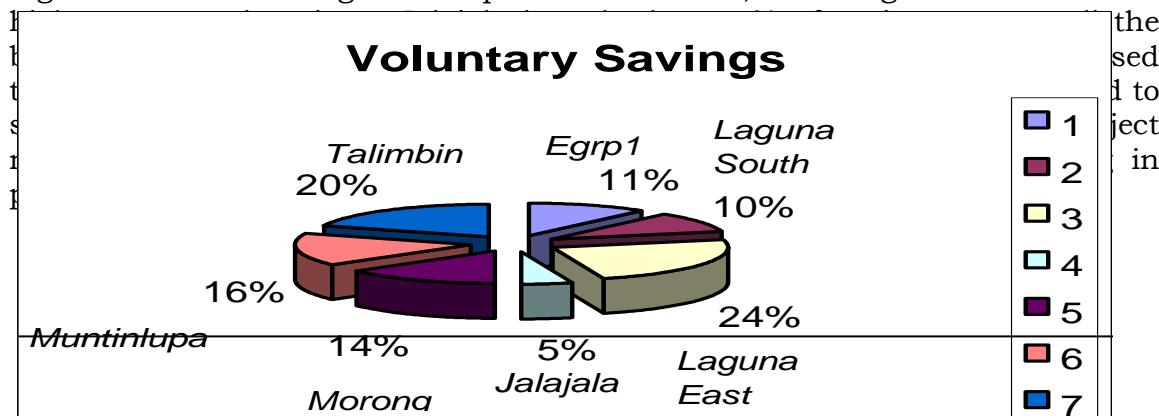
As result, the affected branches conducted regrouping and retraining during the period. They have also encouraged the affected centers to get longer term of payment of loan to make it easy for them and their group and their credit rating will improve.

2. Savings Mobilization



Compulsory Savings refers to 5 % deducted from General Loan and 5 % interest income collected from every Group Fund loan (Salamat Fund 1&2), including Emergency Fund savings: one peso collected every meeting. In the graph, maturing branches like Laguna South & Jalajala who have higher loans have the highest % of compulsory savings.

Voluntary savings composed of Children's Savings which has 2 years maturity and personal fund which is withdrawable any time. The branch that has the highest Children Savings for the period is Talimbin, while Laguna East have the



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3. Social Development

The following were some activities undertaken to foster unity and cohesiveness of the centers in the branches:

1. Sports festival for all branches
2. Center Chief Workshop which featured team building exercises. Laguna East and EGRP 1 used the activities they went through during Planning and Evaluation : Building a tower, collage, trust walk etc.
3. Muntinlupa Branch Anniversary featured cooking demonstration
4. Alay-lakad- Talimbin sponsored a half day walk around binangonan in support to environment protection and protest against forest denudation. 80% of the members attended the activity.
5. Egrp 1 & Morong Anniversary

B. STAFFING

New staff:

Three FCO's have passed probationary period and now assigned in Morong, Muntinlupa and Laguna East. Twelve new FCO have begun their probationary period, six begun last May and hope to be regular by the end of this year & seven started in June hope to be regular by January. Two are still on their phase 2 training.

Promotions:

Three staff are now on training for Branch Managers for Laguna East, Muntinlupa and EGRP 2. Two passed their first 5 months and are completing the last month of their probation. One has to be re-trained because of problems in the branch that did not give good credibility. He had begun the training in the next 6 months beginning July in a new start-up branch. Three staff are being trained as accounts officer for Muntinlupa , Morong, new branches to be set up next year. One have passed the training and is now on-probation ,one have to be extended for more training & the last one have to be evaluated for her readiness for the position. Cashier's position have to be opened up in all the branches for internal control. Seven FCO are taking some responsibility over and above field work in the daily deposit and maintenance of cash positon.

One staff have successfully passed the training as Area Manager and is now on probation. It was planned to have one more staff to be trained as area manager, but due to some problems in the branches, the staff has to be retained as branch manager for Talimbin Branch until December.

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At the close of the 1st semester, ASHI has 68 staff and is still in need of at least 5 staff to complete the staffing for all branches including staff for the new branch being set -up in Antique beginning July of this year. Continues recruitment, training and selection will be undertaken until end of August of the year. Staffing will be finalized for the year 2000 by the end of the 3rd Quarter this year.

C. Training & Development

1. New Staff Training

The module for Phase 1& 2 training were finalized together with the assessment process from the branch, area and head office level. The continuing training for probationary FCO has yet to be finalized. The branches need to be supervised in relation to proper assessment of staff on this stage before regularization.

2. Competency Based Training

- a. FCO-** all staff were divided in to three batches, a mixture of new, junior and senior staff at all levels. The training started in March and will be completed in November. The module included all the aspects of Field Supervision. This is a two- day (Friday-Saturday) in a month training. Part I included: Concepts of Poverty, Theories of motivation and Group Formation. Part II Loan Process, Monitoring and Releases & Part III is Center-wise Planning.
- b. Accounts Officers-** training for senior as well as new accounts officer together with Branch Managers and Area Managers were conducted in two parts. A two-day seminar held last February and April. The session included basic accounting cycle, posting, bank reconciliation statement, ratios and fundamentals of microfinance standards. The 3rd part will be held in October for trial balance and financial statement preparation.
- c. Branch Managers-** early this year we have completed the training for competencies for branch managers which is a three-year program on Leadership, Financial Management, Personnel Management etc. This is a two-day workshop held every other month. The module on leadership was completed, which included the topics Situational Leadership, Time Management, Communication –Levelling, Assertiveness.

3. Training feedback

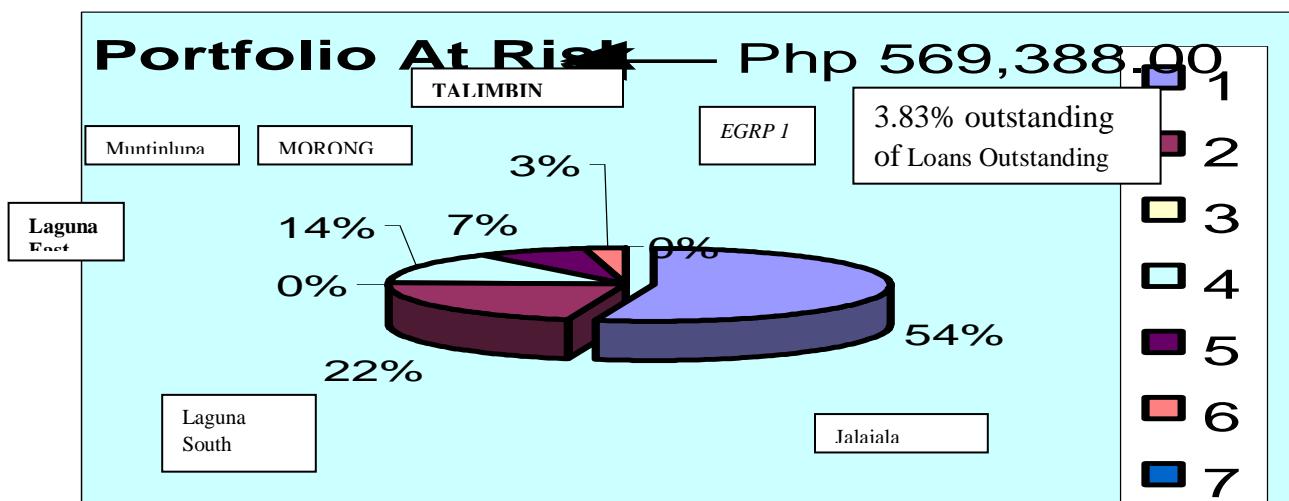
Insol in partnership with ASHI conducted the workshop and training. We have asked feedback so that we can improve the training program.

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We have compiled in a separate file for the information of the board and the partners for capacity-building.

D. Portfolio Management:

Jalajala Branch still is working hard to collect large amount of past due, one staff have been assigned to do the collection. She is able to collect an average of P7,000/month. The branch is optimistic that they will reduce if not collect all the large amount of past due by the end of the year. Morong also targets the over 2 year old past due to collected by the end of the year. Laguna South suffered some setback in three centers, Tadlac, Bambang and Butong 1. The arrears in the 1st quarter became past due in the 1st month of the 2nd quarter. At the end of 2nd quarter, only the past due of Butong 1 remain uncollected amounting to P 122,230.00. Butong center 1 is the oldest center whose members loan ranges from 25,000-50,000.00. October 1998 typhoon had hit their livestock projects and have requested the branch for restructuring of loans



for 40 members of the center. The branch did not approve the restructuring because not all of them have been severely affected. The center continued to have arrears in payment. Another incident contributed to this problem is the loss of the collection amounting to P14,000 in the hands of the center chief.. The center did not believe that this got lost and have lost confidence on her. The center did not want to further forced her to pay back instead ask her to pay back her loan and leave the group and center. The center now is undergoing retraining and regrouping. They will be able to pay back by end of October as stated in the promissory notes. Other than this, all centers of Laguna South have 100% repayment.

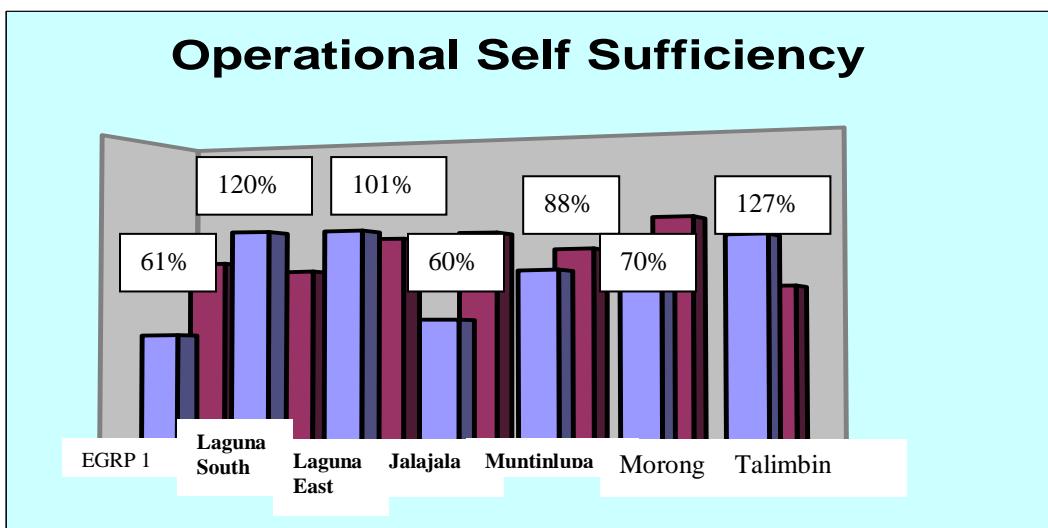
E. Financial Management:

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1. Financial Report (Annex 1)

2. Financial Performance:

At the close of the semester, ASHI's operational self-sufficiency by branch are as follows:



Three branches have reached self sufficiency Laguna South, Laguna East, Laguna East and Talimbin. The greatest factor for this was the staff salaries & wages. Most of the staff in Laguna South and Talimbin are still on probation. For Laguna East, the big outreach and good performance (100% repayment, no arrears, no past due) contributed to the break-even point. For Jalajala, Muntinlupa & Morong, the challenge to improve outreach is great, since the staff in these branches are mostly the senior staff of ASHI.

Conclusion:

We are not yet fulfilled in our accomplishment so far. We do not glory in all the laurels of overcoming repayment crisis, we will continue to struggle to empower women to overcome poverty and be agent of change for the rest of the women in her community.

*Thank you very much for sharing our vision for the poor. Together we will cut the cycle of poverty and restore the dignity of poor women in the Philippines. * We are looking forward to*

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the last year of our cooperation with major accomplishments so that ASHI in partnership with you.

AHON SA HIRAP INC.

*MILA MERCADO-BUNKER
PRESIDENT*