POVERTY REDUCED THROUGH MICROFINANCE:

The Impact of ASHI in the Philippines

An ASHI-CASHPOR-PHILNET Impact Assessment Supported by the AIMS Project

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This Report, like the Impact Assessment itself, was very much a team effort. During the final week of the three-week impact assessment, various individuals worked on both the analysis and the writing up of the results of the different tools. This report has been written by Helen Todd from those drafts. The individuals who contributed to the different parts of this report are as follows:

ASHI and its Context - Mila Mercado Bunker
Impact Survey: Findings Related to the CASHPOR-ASHI Hypotheses – David Gibbons & Helen Todd
Ex-Clients: Reasons for Leaving – Jovy Guanzon & Carter Garber
Use of Loans and Savings – Cora Henarez & Li-Lien Gibbons
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Client Satisfaction – Eduardo Plopenio
Evaluation Methodology and Sample Design – Ky Johnson

Each of these people worked with data that had been gathered through the hard work and excellent interviewing skills of ASHI staff and volunteers in the impact assessment team. During the analysis they worked closely with the data analysis team to run frequencies and cross tabulate data, and had constant access to information about ASHI from Ma. Mila and her senior staff. Since several members of the team had never done this kind of analysis before, Dr Carter Garber played a low-key, but key, role of guidance and advice to those writing the different sections of the report.

We are grateful to the Office of MicroEnterprise Development of the US Agency for International Development (USAID), under the AIMS Project (Assessing the Impact of MicroEnterprise Services) for financial support and the expertise of its consultants which enabled this impact assessment of Ahon Sa Hirap Inc. (ASHI) to be implemented. We are also grateful for the support of the Government of Finland, which funded a training workshop on the AIMS tools and their subsequent customization by CASHPOR-PHILNET. The Government of Finland has supported the writing and publication of this report.

EXECUTIVE SUMMARY

The ASHI Impact Assessment was a practitioner-led impact evaluation using tools developed by AIMS (Assessing the Impact of Microenterprise Services), a USAID project. These five tools were extensively adapted during 1999 by a team from CASHPOR-PHILNET to meet the needs of Grameen replications operating in the Philippines. They were translated into Tagalog and tested on ASHI clients in September, 1999. AIMS provided financial support and the services of one of its leading consultants and a computer expert for the impact assessment.

ASHI is a ten year old microfinance program operating around the shores of Laguna de Bay, the largest inland sea in the Philippines. As of March, 2000, it had 7,702 active clients, a loan portfolio of P19 million and a portfolio at risk of 2%. The Philippines as a whole suffered from recession during 1997-98; the greatest local threat to the program's clients is the decline of the fish catch in the Bay.

The assessment had these main objectives:

- To give ASHI immediate feedback on the impact of its program on the poverty status, welfare and empowerment of its clients; to explore why clients leave, and to find out in what ways they are satisfied or dissatisfied with program services, and why clients use loans and make savings in the way they do.
- To act as a training ground for CASHPOR and PHILNET staff and senior practitioners from PHILNET member programs, so that a core of expertise would be created so that this kind of impact assessment could be replicated in other programs in the Philippines and in other parts of Asia. Some 14 ASHI staff were trained to use questionnaires, in depth interviews and conduct client focus groups. Six senior managers of PHILNET MFIs and one support organisation learned the three-week process, while key staff in PHILNET and CASHPOR understudied the coordination, logistics and data analysis roles.

The impact survey, the main quantitative tool, was administered to 152 ASHI clients in the fourth loan cycle or above (average of 4.5 years with ASHI) and to a comparison group of 90 non-clients, who lived in similar communities to the ASHI clients, but had no access to microfinance services. The comparison group was briefly interviewed in advance to establish if they had been poor four years ago, to set up a 'with-without' comparison. The main question was whether access to ASHI's services had reduced the poverty of ASHI clients. The team had access to entry level data for ASHI clients which enabled a 'before-after' comparison, as well. The issues of self-selection and arbitrary placement of projects were dealt with in the sampling design.

Impact on poverty was marked. At entry 76% of ASHI's clients were very poor; now only 13% are in this category. Most clients had moved from a position of

extreme poverty to being moderately poor, but only 22% had moved right out of the poverty group. It is possible that some clients who had moved out of poverty had fallen back because of the economic downturn. There was a sharp contrast between clients and non-clients in poverty status, with half the non-clients still 'very poor'. The most dramatic shift is in Talim, which was the poorest of the three communities at entry, but is now the least poor. ASHI women clients were overwhelmingly self-employed, while almost half of the non-clients were either not earning, or doing menial, low-paid work for others. The movement of ASHI clients out of poverty was supported by ownership of productive assets – 54% owned productive assets, like machinery, vehicles or livestock of Ps5,000 to Ps.35,000 in value and 22% owned assets of above that value. More than half of ASHI's clients live in houses which score above the poverty line according to the ASHI House Index, a dramatic change from entry point.

However, 28% of ASHI clients said that their income had declined in the past year and a third that it had stayed the same. A surprising 57% said that they experienced a 'lean season' when they had to eat less for lack of income, and 18% reported that they had difficulty repaying their last loan..

There is a strong relationship between the size of the last loan and poverty reduction. The only relationship between loan activities and getting right out of poverty is with investment in modern fishing equipment.

Some 90 ex-clients were interviewed to see why they left the program. Their reaction to ASHi was very positive, with 94% reporting that their last loan helped the family. Some 58% want to come back, particularly those whose income increased during the last loan. Almost half said they left because of problems in their groups, but there is a relationship between exits who had personal and/or business problems and group disruption. They are *not* leaving to join other programs or through migration or because they refuse to take responsibility for the group. Clients are most likely to leave in the first two years, before real impact starts to show.

Some 27 mature clients were interviewed in depth about their loan use strategies and savings. A trend of graduating into more technologically sophisticated business emerged and of women investing where the profit is, rather than in projects which are familiar and can be combined with housework. Successful clients have enrolled their husbands in their business or capitalized them into higher-earning activities. As the loans become bigger, however, there is a tendency for the men to be more involved in decisions about loan use.

Almost all ASHI clients save for emergencies; but these savings are seldom kept with ASHI. Savings with ASHI, including compulsory savings, are a small proportion of the loans out to clients (18%).

Findings on client empowerment were very positive indeed. Some 37 women, in small groups of three or four, were asked to draw self-portraits at two points of time and then discuss them. Dramatic changes emerged in their feelings of self-esteem and personal and business confidence. They valued the agency that having their own income gave them in improving their houses and educating their children. There was not much change in the traditional norm of male head of household and woman in charge of the family budget, with the husband paramount in the big decisions and the woman in the smaller ones. However, there is a clear shift towards more productive roles for ASHI clients, with their earned income of central importance to the household. Some husbands are recognising this by taking on more of the child care and household chores. The majority of ASHI clients take a more active role in their communities and the majority are members of some kind of community organisation other than ASHI.

A total of 214 ASHI clients took part in focus group discussions of their likes and dislikes of various aspects of ASHI's services. A very rich amount of data resulted from these workshops and a high level of satisfaction with ASHI. The strongest recommendations for change, which were also echoed by the data gathered in the impact survey and the exit interviews, concerned limited access to Group Fund loans, the use and ownership of Salamat Fund 1 & 2, repeated compulsory group training, reduction of loan proposals based on poor performance of others in the group and center and delayed loan releases.

These results were presented to the ASHI Board at the end of the three-week impact assessment. The implications for ASHI policy and operations are many. Those that are highlighted in this report include developing new loan products that would move moderately poor clients out of the poverty group and offering larger loans to clients who can absorb them. There is great scope to 'capture' client's ability to save, if the legal issues can be resolved. The reality of 'hungry' seasons and periodic shortages of working capital, which act as speed bumps on the road out of poverty, could be addressed with savings or insurance products. Easier access to the Group Fund could help women overcome periodic crises and might prevent some exits.

ASHI management was valiant in its response to these findings. It has already drawn up a list of areas for review and in its quarterly planning and evaluation meeting, held in April following the impact assessment, it took several concrete steps to address some of the concerns arising from the assessment.

FOREWORD

Ahon sa Hirap (ASHI) was the first serious replication of Grameen Bank in the Philippines in 1989, and since then it has been the object of a number of studies by graduates and students of leading universities. However, reports from these studies have often been 'left on the shelf' because they do not give a comprehensive picture of ASHI's impact on its clients, nor are they always focused on our concerns.

When ASHI learned about practitioner-led impact assessment, management and staff welcomed the opportunity to host and execute the first trial of the AIMS assessment tools. ASHI saw this as a way to measure our success against the institution's vision of enabling our members to change their lives through their own efforts. The PHILNET and CASHPOR practitioners in the impact assessment team, the AIMS consultants and the dedicated staff of ASHI worked very hard crossing the lake, walking through the rain and climbing high places to listen to all the sampled clients. It was a tremendous exercise to run all five AIMS tools, looking at different aspects of the lives of ASHI clients, across three branches in the span of three weeks - and it produced rich and worthwhile results.

ASHI has taken the challenge to make ASHI an agent of change among poor women, by strengthening their economic life and promoting spiritual and educational wellbeing within their families. What you are about to read is an assessment of how far we have got with that goal, and how far our clients have been empowered to rise above their poverty.

The results of this assessment challenge ASHI to keep improving its methodology, to review its policies and to create new and more effective services in order to increase its impact on its members. Since the impact assessment team and the writers of this report are microfinance practitioners, the findings are enriched by being placed in the context of their experience. Therefore, we hope this report will also be relevant to other microfinance institutions which share our concern with the process of poverty reduction.

ASHI is grateful for the support of CASHPOR and PHILNET, and of the AIMS Project of USAID, for helping us pioneer the implementation of the AIMS tools, the first time they have been applied in Asia. The results are commended not only to ASHI's staff and supporters, but to all microfinance institutions who share our vision of empowerment and poverty reduction.

AHON SA HIRAP, INC.
Mila Mercado-Bunker
President

I. Introduction

Background

The common goal of Grameen Bank-type MFIs is reduction of poverty through the provision of financial services to poor women. Therefore, it is vital for their management to monitor their success in reducing poverty among their clients. To do so, they need to understand the process of poverty reduction and which of their services are more effective in promoting this process.

Conventionally, information on impact has been supplied by independent, external consultants who have been commissioned to do the necessary research. Serious problems have been experienced with the conventional approach, however. As the external, professional studies are costly, MFI managements have felt that they should wait until enough time, say 5 years, had elapsed to ensure that meaningful impact could be found. This means that they have to wait 5 years to find out whether they are on the right track. Secondly, the external impact studies tend to be done by academic researchers who do not always address the main concerns of the MFI practitioners; and the external studies tend to take a long time to carry out. Finally, when the reports are received by management, they are often outdated. It is not surprising, therefore, that not enough impact assessment is done, and that MFI managements do not have access to timely, cost-effective information on their progress in poverty-reduction. Consequently, there is a need for practitioner-led impact assessment.

In May 1999, CASHPOR[1] held a workshop in Bacolod City (Philippines) on practitioner-led impact assessment attended by 23 microfinance managers and support organisations associated with PHILNET. This workshop was part of a three year partnership between CASHPOR and PHILNET, funded by the Finnish Government, to build MFI capacity in the Philippines, and reflects CASHPOR's belief that impact assessment is essential to improve the quality and outreach of microfinance services.

The workshop introduced, for the first time in Asia, five of the impact assessment tools developed by the AIMS project. AIMS (Assessing the Impact of Microenterprise Services) is a research and technical assistance project sponsored by the Office of Microenterprise Development of the U.S. Agency for International Development (USAID). Over the past five years, AIMS has been carrying out large scale longitudinal studies in Latin America, Africa, and Asia. AIMS has also developed a methodology and facilitated mid-range practitioner-led impact assessements. Since 1997 AIMS has provided training on its methodology and conducted cross-sectional impact assessements with non-governmental organizations (NGOs) that operate in Honduras, Mali and Peru, and various parts of Eastern Europe. However, its first formal introduction into Asia was at the workshop in Bacolod, Philippines. The main trainer at the CASHPOR-PHILNET workshop was Dr Carter Garber, a leading AIMS consultant.[2]

CASHPOR-PHILNET, and many MFI participants, came out of the Bacolod workshop convinced that the AIMS methodology could be very useful to Philippine MFIs, for the following reasons:

- It is done by and for practitioners, to reflect their needs and concerns. It is practical and cost-effective, but also meets scientific standards of validity

[1] CASHPOR - Credit and Savings for the Hard-Core Poor - is a network of 22 Grameen Bank replications/adaptations (GBRs) in nine countries in Asia. It was founded by six GBRs in 1991, for peer training and technical assistance. PHILNET is a national network of 10 Philippine GBRs with similar objectives.

[2] See CASHPOR-PHILNET Intermediate Series Management Development Workshop on Cost-Effective Impact Evaluation – Report of Workshop, May 1999

- It gives immediate results, which can be used by management to inform policy and improve operations, and
- It uses market research methods to assess client response to the program as well as the more traditional survey techniques

After the Bacolod workshop, a team of practitioners in the Philippines, together with representatives from CASHPOR and PHILNET, worked to customize the AIMS tools to the Philippines context. There were two ways in which the workshop participants felt that the generic AIMS survey needed to be adapted to make it more relevant to their programs.

- Since the target group of the Grameen Bank-type MFIs who make up PHILNET is poor women and because these MFIs (PHILNET members) have as their main mission the reduction of poverty, it was necessary to measure the movement of clients out of poverty. This meant shifting the main emphasis of the survey from impact on the 'enterprise', to impact on the household's poverty status.
- Poor clients of MFIs in the Philippines normally spread their loan capital over a number of livelihood activities, including investment in farming and fishing, which might not be considered 'microenterprises". The survey had to be adapted to this reality.

ASHI Executive Trustee, Mila Mercado-Bunker indicated a keen interest in an impact assessment of ASHI. Ahon Sa Hirap Incorporated- is a ten year old microfinance program operating in rural and semi-urban areas around Laguna de Bay in Luzon. The CASHPOR-PHILNET customizing team, therefore, met at Los Banos, Laguna, from September 13 to 17, 1999, to redesign, translate and field test the customized AIMS tools with ASHI clients, and incorporate into them the concerns and information needs of ASHI's management.

At the same time, CASHPOR applied for technical assistance and funding from AIMS to carry out the impact evaluation of ASHI using the revised AIMS tools. This impact assessment was also planned as a training ground for key people in the PHILNET network and to create a core of expertise within CASHPOR and PHILNET, so that the process could be replicated in the Philippines and with CASHPOR member institutions in other parts of Asia. AIMS agreed to provide Dr Carter Garber, who had been the main trainer at the earlier CASHPOR-PHILNET workshop on impact assessment. Dr Garber had facilitated and coordinated the assessments in both Honduras and Peru. AIMS also sent Brian Beard to train the team in data input and analysis using the EpiInfo software already introduced at the Bacolod workshop. MSI, the consulting firm which manages the AIMS Project for USAID, also sent Ky Johnson to participate in the impact assessment.

Brief Description of the Evaluation

The impact evaluation and training took place over a period of three weeks from mid-March to 8 April, 2000. It was carried out by the CASHPOR-PHILNET team led by Helen Todd, working with ASHI staff and Executive Trustee, Mila Mercado-Bunker, and coordinated by the AIMS technical consultant, Dr. Carter Garber. The first week of the impact assessment process was spent mainly on training the assessment team to administer the questionnaires and facilitate the focus groups. Brian Beard trained the EpiInfo team on data input, while ASHI staff in the branches transferred existing data from the branch records onto Interviewee Data Forms for each sampled client. The majority of the Interviewee Data Forms were coded and input into the computer in Week One. [3]

[3] A sample of the Interviewee Data Form is given in Appendix VI.

During the seond week the questionnaires, in depth interviews and focus group workshops were administered and the resulting data sent back daily to the EpiInfo team for computer input. Meanwhile the qualitative team translated and compiled the results of their interviews and focus groups. In the third week all this data was analysed and reports prepared on the results of each tool. This process culminated with an oral presentation to the ASHI Board and the presentation of a draft report on the last weekend of the three week impact assessment. In this way, the ASHI Board and its senior management was given immediate feedback on the results of the impact assessment.[4]

The evaluation used five AIMS tools, which together gave a holistic picture of ASHI's clients and their reponse to the progam. Two quantitative questionnaires were administered, the client impact survey and exit interview. Three qualitative tools were used - focus group workshops to ascertain client satisfaction, small focus group dialogues to assess empowerment, and in-depth interviews on loan use and savings.[5]

Training Outputs

In addition to the findings of the impact assessment outlined in the following chapters, the training outputs of the evaluation process are as follows:

- ASHI's Executive Trustee and her senior operations staff, as well as field officers, actively participated in the evaluation process, during the redesign of the tools last September and throughout the three week training and assessment in March-April. Some 14 ASHI staff were trained to conduct survey and client exit and loan use interviews and to facilitate client focus groups. Most of the data supporting the impact findings was collected by ASHI staff, who gained both in skills and in understanding of how the services they deliver interact with household economic goals and client's well-being.
- Senior managers from four Philippine MFIs, and one support organization, were trained and led in the implementation of different tools. They were Aniceta Alip, Research Director of CARD, Jovy Guanzon, Executive Director of PEDF, Cora Henares, Deputy Director of Operations of Project Dungganon, Dick Pajarillo, Program Manager of ABS-CBN Bayan Microfinance and Eduardo Plopenio, Credit Program Coordinator of Plan International, Bicol. CASHPOR representative, Helen Todd, understudied the AIMS consultant and PHILNET staff, Syrel Zerrudo and Tess Nunez were trained in the logistics of organizing an impact assessment and in the data analysis software. It is now possible for programs in the Philippines, with technical support from PHILNET and CASHPOR, to conduct their own impact evaluations using the AIMS tools, and to analyze the findings using the EpiInfo software. CARD Bank and TSPI have already instituted exit surveys in their programs and Project Dungganon plans to do the same.
- This pioneer impact assessment of ASHI will be the basis for a similar training process within the CASHPOR network, first in India in 2000-2001, and then in other parts of Asia. Two representatives of ACCESS, a Grameen support group based in Canada, trained in EpiInfo and helped coordinate the write-up of the qualitative tools. They plan to raise matching funding and help facilitate the implementation of the AIMS tools with CASHPOR member programs. [6]
- In the week following the impact assessment at ASHI, PHILNET audit staff, Syrel Zerrudo, trained with Executive Trustee of CASHPOR, Professor David Gibbons, to incorporate the Exit interview and other impact indicators into the on-going audit by PHILNET of its members.
- A CASHPOR Training Manual on Practitioner-Led Impact Assessment will be published by end-2000. This Manual will be an adaptation of the draft Manual prepared for the AIMS Project, *Learning From*

[4] Please see Appendix IV for the Organisation of Teams, and Appendix V for the Responsibilities by Week, by Team.
[5] A description of the objectives of each tool and how each was administered is given in Appendix II.
[6] For a full list of the participants, see Appendix I.

Clients: Assessment Tools for Microfinance Practitioners, and will incorporate the tools as customized to poverty-focused MFIs and the experience of the ASHI assessment.

Conceptual Framework

The tools provide data within an impact framework that traces changes at the level of the household, the individual, the business, and the community. The hypotheses upon which the tools have been developed, therefore, look to estimate the effect of microfinance services on each of these four levels.

The conceptual framework used by AIMS places the family/household at the center of its analysis. Because the client's use of loans is firmly embedded in the family/household, especially among poorer families, searching for impacts requires a lens on the full range of family/household economic activities

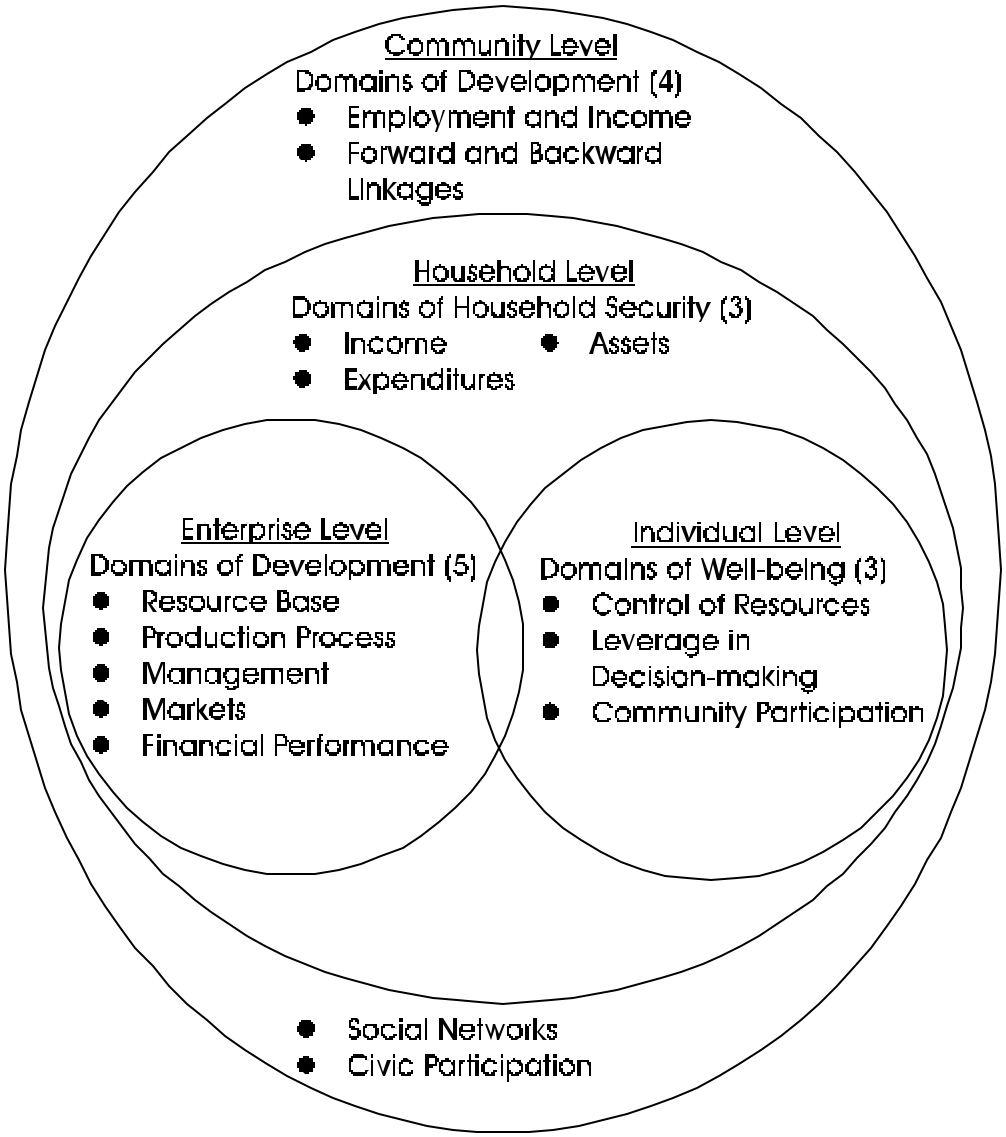
1. At the *family/household level*, access to microfinance services should contribute to sustained net increases in family/household income, that reduce poverty and are sustained by asset accumulation and increases in labor productivity. Income invested in assets, into savings and education increases family/household economic security by making it possible to meet basic needs when the flow of income is interrupted.
2. At the business/*enterprise level*, impact is represented by investment in self-employment, a shift to higher income generating activities and purchase of productive assets.
3. At the *individual level*, change is measured by the poor women's capacity to make decisions, to exercise control over resources, and make investments that improve household welfare and often translate into personal empowerment, especially in a woman's relationship with her spouse.
4. At the *community level*, access to microfinance services can result in increased social status and participation by women clients in the community.

These relationships clarify paths of impact by which access to microfinance services can contribute to the goals of poverty alleviation and the empowerment of poor women. The Figure on Page 6 illustrates these domains and levels of impact.[7]

1. *Family/households* improve their economic security and acquire the productive assets that sustain their movement out of poverty;
2. *Enterprises* gain viability, stability, and growth;
3. *Individuals* increase their control over resources and improve their well-being and status within the family; and
4. *Communities* develop economically through enterprise activity that provides goods and services, raises incomes, and creates jobs. Such local growth puts a brake on migration to urban areas, and the breakup of families which often results from this. Poor women become full actors in their communities.

[7] This Figure is borrowed from Chapter 1 of *Learning From Clients: Assessment Tools for Microfinance Practitioners*, a Manual under preparation for the AIMS Project.

AIMS Conceptual Framework: Levels and Domains of Impact



Poverty Reduction Hypotheses of CASHPOR and ASHI

The major changes in the Impact Survey made in the Philippines relate to the need to test one underlying hypothesis, "Access to microfinance services over several years reduces household poverty." This is the basic mission of most GBRs; therefore management needs to know if it is happening significantly, at what rate for different groups and by what processes.

The CASHPOR-PHILNET customizing team knew that most ASHI clients, being poor, engage in "livelihood activities" rather than "microenterprise"- that is, multiple economic activities including farming, fishing, casual labour and animal husbandry - and usually do spread their loans over several of these activities. To gauge their level of poverty, the survey should cover all sources of income. However, determining total household income itself is difficult and expensive and can often produce inaccurate results, because the incomes of poor families are usually irregular and seasonal. Therefore, the ASHI assessment used three indicators or proxies of normal household income, each tapping into a diferent dimension, which could be collected more easily and with a greater degree of accuracy:

- sources of income
- productive assets, and
- quality of housing.

These were grouped with equal weights into a simple **Poverty Status Index**, with three categories: – Very Poor, Moderately Poor and Non Poor. Movement from one category to another is regarded as a significant change in poverty status.

Poverty Categories

VP – irregular, low income, minimal productive assets and poor quality housing. E.g., contract or casual labour, traditional fisheries, farming on forest land, small scale poultry/ducks, 1 pig. Mobile vending or services with very small working capital. Wife in casual labor (like laundry) or not earning (housewife). Jeepney/tricycle driver (non-owner). No income from children, if husband and wife are working.

MP – income more regular, based on use and ownership of small productive assets and housing quality is medium. Eg., additional income from wife's self-employment. 2 pigs, 1 horse, 1 cow. Self employment from fixed location, or using machinery or larger working capital. Farming on lease land of less than 1 acre or own land of less than half acre. Fish cage or boat with engine. Transport service with owned pedicab or used tricycle. Additional income from children in casual labour.

NP – higher, regular income based on ownership and use of larger productive assets and housing quality is high. E.g., modern fisheries – pen, fibreglass boat with engine; farming on own land more than half acre or lease of more than 1 acre; rent out of land or building; regular salaried work; member of the family a balikbayan; self employment with separate fixed location, large working capital and own machinery or equipment. Transport service with new tricycle, second hand or new passenger boat or jeepney. Additional income from children in factory or salaried work, or the more skilled contract work - welder, plumber, jeepney driver.

Comparison Group

In order to measure the with-without access to microfinance through ASHI, a Comparison Group of 92 non-clients, who were poor four years ago, was selected and interviewed.[8]

Measures of Client Satisfaction

In addition to information on impact, the AIMS tools are designed to gather feedback from clients on what they like and dislike about the program and the delivery of its services. This information is collected by a market research tool - the focus group workshop. Quantitative questions on likes and dislikes are also asked of all clients in the impact survey and of ex-clients in the exit interview. This data, taken together,

[8] A detailed discussion of the sampling methodology is given in Appendix III.

provides a reference for management about where they are meeting the needs of their clients, and where they may be failing to do so.

Assessment Methodology

The ASHI impact survey followed a cross sectional design, comparing the current status of clients with a control group. However, the CASHPOR-PHILNET team also added a longitudinal comparison for clients, by using the information in ASHI's Form F2b and F2c, matched with indicators in the Survey, to compare:

- House Index at entry, with Survey
- Productive Assets at entry, with Survey
- Occupation at entry, with Survey[9]

The assessment team decided to select clients from villages where ASHI had enrolled the majority of the poor households, so that the findings would show whether access to ASHI's services was reducing poverty in those areas. Only clients who had taken at least four general loans (meaning they had been in the program for three years or more) were selected, so that impact would have had time to show. The control group was taken from villages which were similar to ASHI villages, but had not had access to the services of ASHI or of any other microfinance program. These clients were selected from three branches – semi-urban Laguna South, rural, agricultural Laguna East, and the rural, fishing island of Talim. These branches are representative of ASHI's clients as a whole.

[9] Not all the information in the entry records was reliable. Please see the section on 'Limitations of the Sample' in Appendix III: Sampling and Data Collection.

II. ASHI and its Context

A. Socio-Economic Context

The macro poverty situation in the Philippines showed some improvement until 1997, declining overall to 31% of the population, from 40% in 1991, and declining in absolute numbers in the urban areas. The rural situation was less rosy, with 44% of all households in the poverty group in 1997 and a small increase in the absolute number of poor people, to 19.5 million.[10]

It can be assumed that the 1998-99 economic crisis, and the country-wide El Nino drought of 1998, have increased poverty incidence. Hefty increases in consumer prices, particularly of food, and in unemployment, have probably pushed many 'near-poor' into the moderate poverty group. Weather-related declines in agriculture and crisis-related declines in construction and manufacturing have hit both rural and urban poor.

Inequality in the Philippines sharply increased during 1997-98. The ratio of income of the top quintile to that of the bottom quintile increased from 12.7 to 17.3, during the crisis years.

In the Southern Tagalog area, where 6 of the 8 ASHI branches are operating, there is little statistical information on the direction of poverty incidence in the past three years. In 1997, 26% of all families lived below the poverty line – a total of 485,698 households.

We can assume that all three branches sampled in this impact assessment have been affected by the dual economic and weather crises mentioned above. Reports from ASHI field managers indicate that in the urban branch of Mantinlupa and in certain parts of Laguna East, where factory employment is common, a number of husbands of clients have become unemployed. Clients in such households have had difficulty repaying larger loans. In addition, the demand for craft goods like wood carving and paper mache, which are sources of income for many households in Laguna, has declined in the recession.

In addition, Talim has been affected by particular circumstances. The Plans for the 'Marilaque Growth Area', which included an eco-tourism scheme for Talim, by joining it to mainland growth areas via the Ticulio-Navotas suspension bridge, have drawn speculative money into the island. Many families sold off their rights to hill land. In the event, the bridge has not been built and no tourism facilities have been developed on the island. However, the Talim fishing community is increasingly affected by pollution and a change in the brackish water ecology of Laguna de Bay, which has severely affected the number of fish in the lake. It seemed particularly depressed during the time of this assessment. This is a seasonal depression because of the recent rainy season; but it seems to be on top of a long term decline in fish stocks. Since most ASHI loans in Talim have gone into fishing equipment, this is a matter of concern.

[10] Figures are from the **National Statistical Coordination Board,** July, 1998.

B. Mission and Brief History of the Program

1. The Origins of the Program

Ahon sa Hirap Inc., or ASHI, pioneered the replication/adaptation of the Grameen Bank methodology in the Philippines. The Grameen Bank approach (GBA) to credit delivery for the bottom 50% of the poorest women has been applied and adapted in about 30 countries. It gives the poorest women direct access to non-collateralized loan funds to help them increase their income and employment and to rise out of poverty.

ASHI began in January 1989 as an action-research project of the University of the Philippines Los Banos (UPLB), led by Dr. Generoso G. Octavio, a professor of the university's College of Economics. "The Rural Credit to Reduce Hard Core Poverty Action-Research Project", was initially funded by the Asia Pacific Development Center (APDC) based in Malaysia. It replicated the GBA in selected sites - namely, Laguna, Rizal, & Metro Manila - for three years (1989-1991). Located within a 50 km radius of UPLB, these sites were chosen for easy access and monitoring. Initial project success attracted involvement from a number of religious groups. Protestant groups were instrumental in forming centers in Metro Manila (Muntinlupa), the project's only urban site. Dynamic and socially oriented Roman Catholic priests helped to pioneer the work in Rizal (Jalajala, Morong, Talim Island).

In September 1991, ASHI was formed and registered with the Securities and Exchange Commission as non-stock, non-profit, non-governmental organization (NGO). Incorporated NGO status has allowed ASHI to enter into contract and loan arrangements with clients as well as to receive grants and donations from various local and international agencies.

ASHI faced a major crisis in 1994, when its founder left for an overseas academic appointment. In that year, 62% of its members were defaulting on their loans, a repayment crisis which affected every branch. The ASHI Board, led by the currrent Executive Trustee, Mila Mercado, took on the challenge of reconstructing the program. CASHPOR and Grameen Trust gave technical assistance in the rehabilitation of the worst affected branches; the staff were retrained and by 1995 current repayment rates had returned to sustainable levels.

In 1998, ASHI resumed its expansion, setting up a new branch in Antique, an island in the Visayas Region. As of December, 1999, ASHI has eight branches: three in Rizal (Jalajala, Morong and Talim), two in Laguna (Eastern & Southern parts), one in Metro Manila (Muntinlupa) and two in Visayas Region (EGRP-Antique Branch 1&2). The members have grown to 7,702 from just about 100 in 1989. ASHI's loan portfolio has also grown from an initial P40,000 to P19 million as of December 1999. More notable is the achievement of a 98.89% current loan repayment rate and a portfolio at risk of 2%. This is attributed to ASHI's earnest effort to impress among its clientele the four core values of unity, discipline, hardwork and perseverance.

ASHI's exclusive focus on delivering credit and savings services to the poorest women is based on the recognition that banking with the poor is not a very easy task. It requires hard work and commitment and therefore, should not be simply relegated to a special service window. ASHI plans to reach 18,000 clients in 10 branches over the next five years. Its current strategy is to saturate those areas in which it is already working, so as to boost client numbers by enrolling the majority of the poor throughout Antique and in those areas of Laguna and Rizal not already earmarked by CARD Bank, a fellow PHILNET MFI. Over the past two years, ASHI has also introduced a number of new loan products, as well as raising the maximum first loan from Peso 2,000 to Peso 3,000. (US$49 to US$73.)

2. ASHI's Mission

ASHI's motto, "Hope through Self-Help" expresses its vision that its poor members will be empowered to rise above poverty through their unity, discipline, hardwork and perseverance. ASHI's leadership has taken on the challenge to make ASHI an agent of change among the bottom poor women, by strenthening their economic life and promoting spiritual and educational well-being.

3. Objectives

1. To increase incomes of the poor by financing self-employment activities
2. To mobilize savings among the poor for emergency purposes
3. To reduce the dependence of the poor on usurious moneylenders
4. To help reduce rural-urban migration through generating local community growth
5. To promote the values of education and responsible parenthood amongst ASHI members and the virtues of unity, discipline, hard work and perseverence
6. To help establish other Grameen Replicating organizations and give assistance to them through training

C. ASHI's Services

1. Lending Services

ASHI is a targeted program, and accepts only poor women at entry. To qualify, the woman's household must score less than 6 of ASHI's House Index, have a household monthly income of Peso 2,000 or less (urban), P1,750 (semi-urban) or P1,500 (rural), and own assets of not more than P60,000 (urban), P45,000 (semi-urban) or P30,000 (rural). New clients must form a group of five, and undergo training before being 'recognised' by the ASHI Area Manager and accepted into the village center. Attendance at the weekly center meetings is compulsory as is the weekly savings of five Peso. All center members are jointly and severably liable for the loan repayments of any defaulting member.

Type of Loan	Duration	Interest	Repayment System
• **General Loans**			
1. ASHI-1(P.3-11,000)	bet. 25-50 wks	20% p.a.	weekly
2. ASHI-2(P.12-39,000)	bet. 50 to 75 wks	20%p.a.	weekly
3. ASHI-3(P40-50,000)	bet. 50 to 100 weeks	20% p.a	weekly
• **Educational**	**25 weeks**	**20% p.a.**	weekly
• **Market (Tiange) Loan**	**bet. 4-12 wks**	**6%/mo**	

ASHI offers a general loan and three other kinds of loans. Clients are allowed to take a maximum of three loans at one time, one of which must be the general loan. ASHI charges an interest of 20% flat on all loans. (In its one urban branch the rate is 25%.)

2. Savings Services

ASHI collects two kinds of compulsory savings and two kinds of voluntary savings, as shown below. The compulsory weekly savings of each member go into the Group Fund. An additional 5% from each general loan is also deposited in the Group Fund. Members may borrow from their Group Fund, with the consent of all members of the group, up to 50% of its value. They can withdraw the compulsory savings that they make weekly only when they leave the program. The 5% 'tax' cannot be withdrawn. A 5% tax is also charged on each Group Fund loan. This amount goes into the Salamat Fund, which is invested in ASHI equity. This use of the Salamat Fund was approved at a dialogue of Center Chiefs, held in 1999, as an alternative to raising the interest rate on loans.

Type of Savings	**Sources**	**Rate of Interest**
• Compulsory	Weekly savings	(5 Peso per week.)
• Compulsory (SF1)	5% of General Loans	4%
• Compulsory (SF2)	5% of Group Fund loan	4%
• Voluntary		
For Members	out of pocket	4%

3. Non-Financial Services

	Purpose
• Enrolment of members in Social Security System	Health,death,retirement benefits
• General Assembly	Annual social gathering & recognition of memb ers & staff annual performance.
• Branch Anniversaries	Yearly event at branch level to commemorate the day of start-up in songs, games and dances.
• Dialogue with President	Meeting of center & group leaders per branch for clarification of ASHI policies, suggestions and recommendations for the improvement of services Directly to the President. Members of the Board are invited to this event.
• Annual Leadership training	For Center Chiefs and group leaders
• Microenterprise Trainings .	Enterprise training in finance, marketing for ASHI 2 and 3 members
• Social Development Programs • Team Building • Nutrition • Resolving Conflicts • Current Events • Bible Reading • Clean & Green Program • Health Education • Husband & Wife workshop • Beauty & Brain contest (Mrs. ASHI)	The weekly center meeting have monthly activities for developing relationships, tapping the potential of its members. The activities are usually held in their respective centers or at a place organized by the branch. Activities are also coordinated through village leaders and/or the management of ASHI for support on resource persons.

4. Loan Activities

Loans extended to ASHI's members are used to fund livelihood activities such as buying and selling of vegetables, fruits, dried and fresh fish, snack foods, ready-to-wear clothes, slippers, folding beds, blankets and charcoal; fishing, poultry and swine raising; rice cake production; operation of variety stores; dressmaking; and farming. These activities enable the members to generate money to support their families and pay their loans.

5. Organizational Restructuring

ASHI has evolved from a small project to an expanding microfinance organization. Major organizational restructuring occurred starting in late 1994 when ASHI changed leadership and overcame a major repayment crisis. A President was appointed under the Board of the Directors to manage the day-to-day operations. A revised salary scheme which complied with the law and was comparable with similar organisations, was put in place. A Consultative Services Group was formed to respond to the increasing demand for ASHI to train other institutions in Grameen Bank replication. Beginning in 1997, ASHI has upgraded its financial management and human resource development and instituted regular monitoring and evaluation.

D. ASHI'S Geographical Coverage

ASHI's is presently operating eight branches located in three provinces: Rizal (Alabang-Muntinglupa, Talim-Binangonan, Morong and Jala-Jala Branches, with a total active membership of 3,437, as of end-June, 2000), Laguna (Laguna South and Laguna East Branches, with 2,437 active members) and Antique (San Jose and Culasi Branches, with 1,210 active members).

In Luzon, ASHI's branches cover most of the towns in and around the Laguna de Bay, the largest lake in the Philippines. This 922 square kilometer lake straddles both the provinces of Rizal and Laguna. Its water comes from many rivers and streams while its only outlet is the Pasig River, which meanders for 14 kilometers westward before it empties into Manila Bay. Most of the towns lining the shores of the lake derive their sources of income from various forms of fishing, duck raising, net making, hog and poultry raising, bamboo-related crafts, water transport services, trading and retailing of related products and food items.

In the provinces of Rizal and Laguna, the towns covered by ASHI dot the perimeter of the lake. In Rizal, these are the towns of Alabang, Muntinglupa, Binangonan, Cardona, Morong, Tanay, Baras, Pililla and Jala-Jala. In Laguna, ASHI serves the towns of Mabitac, Famy, Siniloan, Pangil, Paete, Kalayaan, Pila, Victoria, Bay, Los Banos, Calamba, Cabuyao, Sta. Rosa, and San Pedro. Talim Island, which is part of Binangonan, is also served by ASHI. (These 'towns' are *barangay*, which is the lowest unit of government administration. It should be understood that most of their populations are rural and their livelihoods depend mainly on farming or fishing.)

Non-coastal towns served by ASHI are Antipolo and Teresa in Rizal, while in the province of Laguna, these are Alaminos, Majayjay and Sta. Maria.

ASHI also has two branches in the province of Antique in Panay Island, servicing the towns of San Jose and Culasi.

III. Impact Survey: Findings Related to the CASHPOR and ASHI Hypotheses

Overview of the Impact Survey

The principle quantitative tool, the Impact Survey, comprises twenty-three questions that test all the hypotheses developed by the CASHPOR-PHILNET team. It was administered to a sample group of 152 clients from three branches and a comparison group of 92 non-clients from similar communities.

The main concern of the impact survey is poverty status, and the main question is whether ASHI's financial services have reduced the poverty of its poor clients since their entry into the program. The research design includes a random sample of clients who have borrowed four times or more from ASHI. For them data is available on their poverty status at time of entry into ASHI and currently, as well as on other factors which may explain any differences over that time. This is the before-after analysis.[11] In addition, a random sample of non-clients was interviewed to make possible a current with-without ASHI comparison. The team tried to make sure that the non-client households were poor and eligible to join ASHI four years ago, but this is based on their recall only. However, in the main survey, detailed, longitudinal information was gathered on their sources of income over four years. On this variable, it is possible to compare their movement out of poverty with that of ASHI's clients.

Three Comparisons

That leaves us with three main comparisons:

A. Comparison of Current Poverty Status (as measured by House index, sources of income and productive assets) for Clients & Non-clients
B. Change in Poverty status (as measured by house Index, Sources of income and Productive assets) over Time for ASHI Clients (Overall poverty movement)
C. Change in Poverty Status over time, based on changes in sources of income only, for both Clients and Non-Clients.

Demographic Comparison of Clients and Non Clients

Age: The average age of clients is 40 and the average age of non-clients is 41. The number of clients in the younger age group – 20 to 35 - is slightly less than the non-clients (36% against 40%), and there are more older women in the comparison group and fewer women in the age group 36 to 50. (50% of the clients are in this middle age group compared to 38% of non-clients.) The age of the comparison group then is somewhat biased against women in the years when they are likely to be free of very young children and at their most productive in terms of earning.

Education Level: Clients and non-clients have fairly comparable levels of education. Some 53% of the clients completed elementary school, compared to 45% of the non-clients, and 19% of the clients completed high school compared to 22% of the non-clients. College education is rare in both groups, with 7% of the clients having any level of college education and 5% of the non-clients.

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[11] This is an analysis of the impact of ASHI on those who stayed in the program. The exit rate from ASHI in the three branches included in this assessment has been 25% over the past three years, or an annual rate of around 10%. This means that we are talking about impact on the six out of ten ASHI clients who stayed with the program over a four year period.

Marital Status: The number of female-headed households (widows, divorced or separated or never married women) is the same across both groups at 15%.

Dependency: There was a difference in the dependency ratio between clients and non-clients. The dependency ratio is the number of persons in the household divided by the number of regular income earning members. A dependency ratio of 3 means that each income earner is supporting three household members. We classified high dependency as 3 or more, moderate dependency as 2 to 2.9 and low dependency as less than 2. As can be seen in the table below, more than half the comparison group has high dependency compared to a third of the client group. Some 42% of the client group had low dependency burdens, compared to only 27% of the non-clients.

Table III (a): Dependency Burden for Clients and Non Clients

Dependency	Client		Non-Client	
	Number	Percentage	Number	Percentage
High	45	30	49	53
Moderate	43	28	18	20
Low	64	42	25	27

The lower dependency among ASHI clients is not because they have fewer children. Both groups are almost identical in the numbers of children below 17 years of age. The average for clients is 2.87 and the average for non-clients is 2.85. The reason is that ASHI households have more earners. Only 12 ASHI households out of the 152 interviewed (8%) were dependent on only one income earner. Fully 61% had two income earners, usually the ASHI client and her husband, and the remaining third had three or more earners contributing to household income. For the non-clients, 36% were dependent on the earnings of one household member. Some 45% had two earners in the household and 19% had three or more. There is a clear relationship between access to capital and more income sources flowing into the household. We will see how the clients are using ASHI loans in this way when we look in detail at household sources of income in the following section.

A. IMPACT ON HOUSEHOLD INCOME AND ASSETS: CURRENT POVERTY STATUS

1. Significant Reduction of Poverty Amongst ASHI Clients

Our main finding is that there is a sharp difference in current poverty status between ASHI clients and non-clients, as illustrated in Table III(b) below.

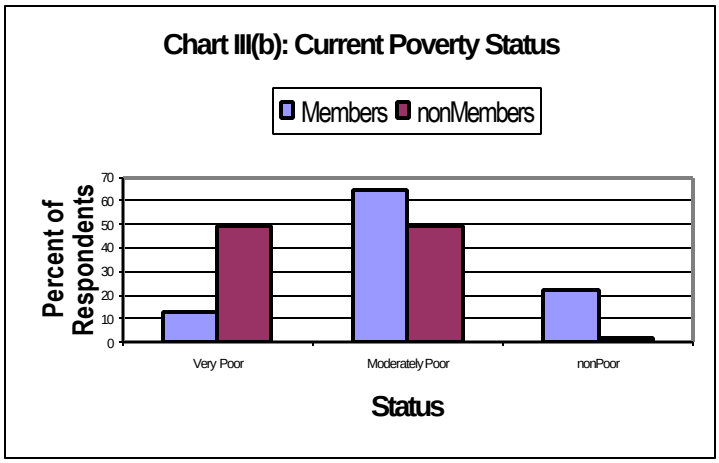
TABLE III(b): Current Poverty Status

	Clients		Non-Clients		Totals
Very Poor	21	13 %	45	49 %	66
Moderately Poor	97	65 %	45	49 %	142
Non Poor	34	22 %	2	2 %	36
Totals	152	100%	92	100%	244

It can be seen that the non-clients are evenly split between very poor households and moderately poor households. An insignificant number are non-poor. Only 13% of ASHI's clients are very poor. The bulk

of the clients are in the moderately poor category (65%) but only 22% are out of the poverty group altogether.

The survey determined current poverty status by collecting data on three indicators – current sources of income for the whole household, current ownership of assets and the score on the ASHI House Index, which measures the size, materials and structure of the house. These proxies for measuring poverty were used, rather than attempting to gather total household income, for reasons explained in Chapter 1, P7 of this report. The three indicators were given equal weight in the construction of a Poverty Index, through which current poverty status was determined. A score on this Index determined the grouping of households into poverty categories – very poor, moderately poor and not poor. These poverty categories have been explained on pp7-8.



2. ***Impact Domain: Household Income Sources***

Hypothesis: Households will use access to credit to move out of agricultural or casual labour, into self-employment, including farming and fishing

Indicators

- % adult women in agric/casual labour for others
- % adult men in agric/casual labour for others
- % in self-employed enterprise/animal husbandry/cultivation
- change in occupation over the past four years
- relative importance of self-employment or casual labour in household income
- occupations in which loans have been invested

The survey collected information on the occupations of all the earning members of the household and the work history of each member since joining ASHI (or in the case of the comparison group, over the past four years). Occupations were classified into seven categories ranging from the most irregular and lowly paid (like washing clothes for others) to more highly paid and regular forms of work (like plying one's own tricycle, running a grocery store or permanent salaried work). Fishing and farming, which are both very important activities in the Laguna area, were classified into traditional activities, where returns are low, like gathering forest produce or fishing with a rowboat and net, or modern/landed activities, like growing paddy on owned or leased land, or operating modern fish pens or cages, where returns to labour are much higher.

a) Women's Economic Activities

The survey found a striking difference between the ASHI's women clients and the women in the control group in terms of their income earning activities. When asked about their primary earning activity, a third of the non-clients had none, compared to 7% of ASHI clients. Among the clients 66% had self employment – different kinds of vending, retail or service businesses - as their primary occupation, while a smaller group raised animals. Self employment was also important amongst the non-clients, but a

smaller proportion – 44% - did this. Animal raising was insignificant for non-clients. Some 15% worked as casual labourers, in the fields or homes of others. If we group together the 'housewives' and the casual labourers, then nearly half of non-clients are either not earning or are working in the most menial, low paid jobs, compared to only 16% of the client women.

Table III(c): Primary Occupation of the Woman

Primary Occupation of the Wife	Clients (%)	Non Clients (%)
None	7	32
Casual Labour	9	15
Animal Raising	12	3
Self-employment (business/services)	66	44
Salaried work	7	1
Total	**152 cases**	**92 cases**

An even more striking difference emerged when the woman of the household was asked about her secondary sources of income. Fully 64 of the ASHI women (42%) had two or more sources of income, the great majority (84%) in either microbusinesses or in animal raising. Only three of the women in the 92 non-client households reported having any second source of income from their own work.

b) Occupations of the Male Household Head

There is much less difference between the ASHI menfolk and the men in the non-client households. This is not surprising, since it is the women who are financed and encouraged to invest in self-employment by ASHI. Well over half of both groups were still in the low-end activities of casual labour and traditional farming or fishing. (These were the primary occupations of 57% of the client husbands and 61% of the non-client husbands.) The numbers in self-employment (such as wood carving, carpentry, scrap collection and tricyle hire) are similar at 17% for clients and 19% for non-clients. There are only two real differences between the client and non-client male earners.[12] Some 17% of the client males are doing modern fisheries, with motorized boats, fish cages and pens, or are farming on their own or leased in land. Only one non-client husband was doing the same.

Second, there is also a small group, larger amongst non-clients, working in factories. In certain parts of the Laguna area factory work is available for men and women. This is usually given on the basis of 6 month contracts, after which the worker is laid off - until he or she can secure the next contract. This has become an option for 14% of non-client husbands and 7% of their wives. It is not a choice of many clients – only one client and 10 client husbands have taken on such work. It is, however, a fairly important source of income for some client households through their adult children. Some 38% of the working children of clients are engaged in salaried work, mainly factory work, but also a number employed as schoolteachers and office workers. Most of them are daughters. A similar pattern exists among non clients also. Some 32% of their working children are engaged in factory work, and most of them are daughters.

It is clear that ASHI's women clients have used their access to credit to capitalize small business and animal raising, and nearly half are doing two or more of such activities, ***adding*** income to their households. This additional income, together with some investment in their husbands' work, and working children in some households, has succeeded in moving most households from extreme to moderate poverty. **But just adding earning members, without a transition to higher-end earning activities, has not been enough to move these families out of poverty. It is significant that client husbands are not**

[12] In this analysis, we are looking at the primary source of income for the male household head, not for all the males in the household.

much different in what they do, and therefore in what they earn, from non-client husbands. In other words, far fewer husbands of ASHI clients have experienced the occupational change that their wives have experienced - with the exception of a minority, most of whom have moved into modern fishing. As we will see in Section C on Poverty Movement, this group makes up the bulk of those households who *have* been able to escape from poverty altogether.

A similar picture emerges when we look at what each household cited as the primary source of household income. (The Survey asked respondents to rank the various sources of household income in order of importance.) The chart below shows significant differences between the client and non-client households. Half of the non-clients get their main sources of income from casual labour or traditional forest gathering, farming on land not their own or artizanal fishing, compared to 38% of the clients. Half of the clients derive their main sources of income from self-employment or modern farming and fishing, compared to 32% of the non-clients. It is significant, given our findings about the occupations of client husbands above, that 38% of the client households report that they are still primarily dependent on income from casual labour or traditional farming and fishing.

Table III (d): Primary Source of Household Income

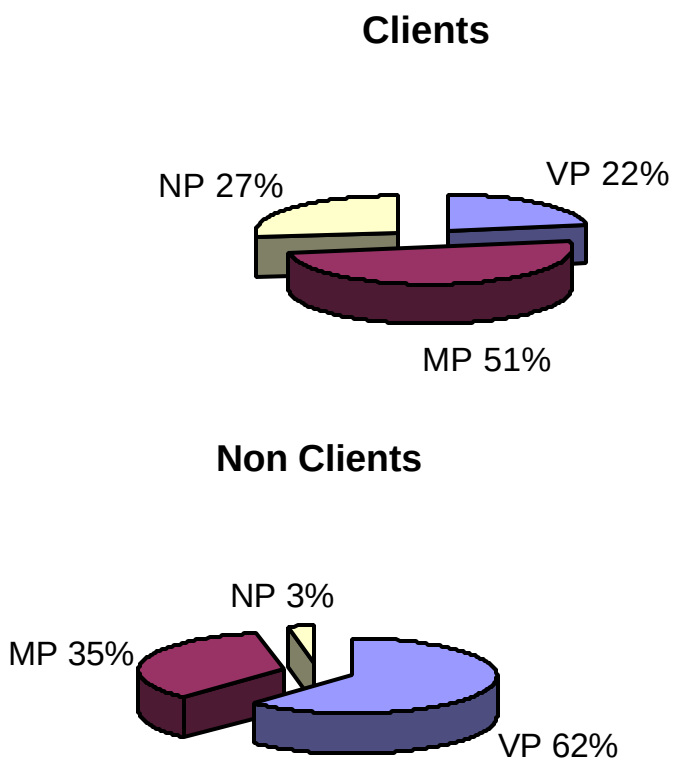
Primary Source of Household Income	Clients		Non Clients	
Casual Labour	38	25%	29	32%
Traditional farm/fishing	20	13%	18	20%
Animal raising	2	1%	0	0%
Self Employment	48	32%	27	30%
Modern farm/fishing	25	17%	2	2%
Salaried work	15	10%	13	14%
Total Households	**148***		**89***	

*** Categories where there was only one household (rents/remittances) have been omitted.**

ASHI loans *are* being invested in the household's main sources of income. ASHI loans have been invested in 63% of the main source of income and 64% of the seondary source of income. But they do not seem to have been enough to propel most client families out of poverty. **This seems to represent both a need amongst the client families, particularly husbands, to move into higher-end earning activities, and an opportunity for ASHI to fund such activities through larger or differently structured loans.**

The information on income sources for each household was collated and the household assigned a poverty category according to the definitions summarised below. The percentage of households in each category is given below:

Chart III (e) Poverty Status By Sources of Income



Very Poor: Irregular, low-income occupations – labour, traditional farm/fishing, small livestock, mobile vending or services. Wife not earning, casual labour or vending

Moderately Poor: income regular, using machinery, or small leased land; large livestock, additional income from self-employment, with fixed location, larger stocks. Or adult children working.

Non Poor: regular income from own land, fishing/transport equipment; self-employment with fixed location, stocks, machinery or equipment. Adult children in salaried or skilled work.

It can be seen that when we take sources of income, or occupations, alone, compared to overall poverty status, more clients and many more non-clients, fall into the very poor category.

3. *Impact Domain: Poverty Mobility*

Hypothesis: Major demographic events, like the death of an income earner, as well as natural disasters, can lead to an increase in household poverty.

Indicators:

- % households who have faced a major health or other crisis in the past four years
- % households who have suffered loss from a natural disaster in the last four years

The survey found no significant differences between ASHI clients and non-clients in terms of the number of crises they had suffered. More than half of the members of both groups had suffered no significant crisis over the past four years, and similar percentages had suffered one crisis, or two or more. There was also no relationship between the number of crises suffered and the poverty status of clients. (What about non-clients?) This may seem surprising, but there is some evidence from the exit interviews that ASHI may be losing clients who suffer crises severe enough to affect their ability to repay their loans.

Natural disasters also seemed to have little or no impact on the respondents. 80% of clients and 92% of non-clients said that they had not experienced any natural disaster which affected their incomes in the past four years.

4. *Impact Domain:* ***Household Productive Assets***

Hypotheses: Participation in microfinance services leads to increases in household productive assets.

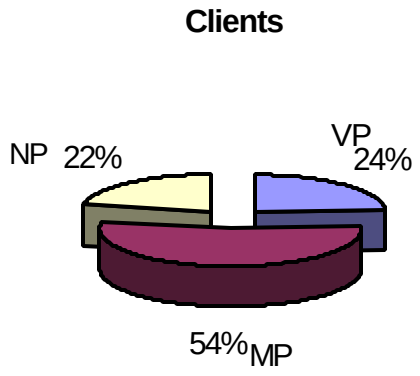
Indicators:

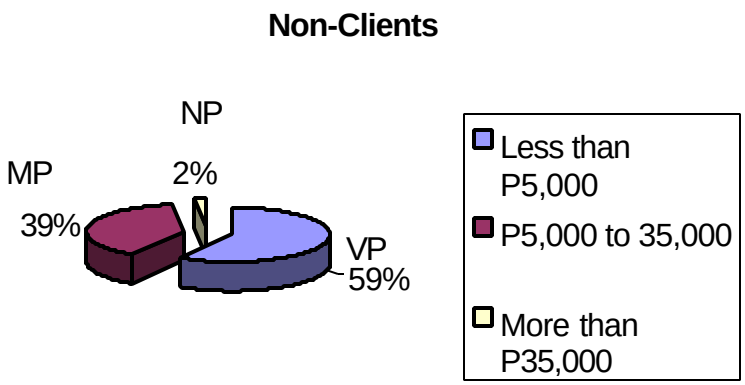
- % ownership of productive assets in three value categories
- % clients who acquired productive assets since joining the microenterprise program

Some 59% of non-clients own no assets or assets valued at less than Peso 5,000. Most clients (54%) own assets valued at between 5,000 and 35,000, in order of frequency multiple livestock (3 or more pigs, ec.), permanent stall, store or livestock pen, fish cages, boats with engine, and other kinds of machinery. Some 38% of the non-clients own assets in this value category, but most of them (75% of them) are household appliances, like refrigerators and television sets valued at less than 10,000 rather than directly productive assets. In terms of assets which could produce income, 4 non-client households owned boats with engines, three livestock, two permanent stalls and one has a fish cage.

Some 22% of clients have acquired assets valued at more than Peso 35,000. Seven households had fish pens, five had tricycles and six had large livestock, like cows and horses. Only 2% of the non-clients have been able to purchase these income-generating assets. One family had a tricycle and one owned a grinding machine.

Chart III (f) Current Poverty By Household Assets





5. Household Income Trend

Impact Domain: *Household Income*

Hypothesis: Participation in microfinance services leads to increases in household income.

Indicators:

- % whose overall household income has increased over the last 12 months
- % whose overall household income has decreased over the last 12 months

More clients (38%) reported that their income had increased over the past year. A third of the clients said their income had stayed the same and just over one quarter that it had decreased. When non clients were asked about their incomes over the past 12 months, more than half said that their income had stayed the same. One third said that household income had decreased. Only 8 non-clients (9%) said that their income had 'increased a little'. These reports from respondents indicate that many ASHI clients, through self-employment and ownership of productive assets, have been able to ride out the effects of a general downturn in the economy without experiencing a decline in income, while the non-client group is more vulnerable to bad times. This explanation is supported by the fact that there is no relationship between increase or decrease in income and current poverty status among clients, but there is a positive relationship among the non clients. In other words, among the non clients only, those households which experienced a decrease in income were more likely to be in the very poor group.

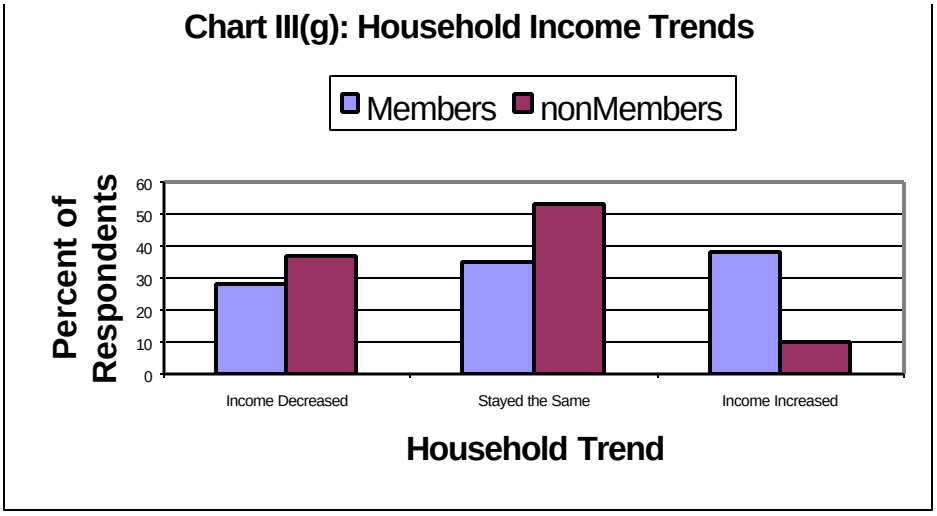


Table III (g): Household Income Trends

Category	Clients		Non Clients	
Income decreased	42	28%	34	37%
Stayed the same	53	35%	48	53%
Income increased	57	38%	9	10%

When respondents were asked the reasons for the increase or decrease in their incomes, clients reported that their incomes had increased because they had expanded their businesses or started a new business (41%) or had an increase in demand or sales (40%). Another 12% reported that someone in the family had got a job. This indicates a strong relationship with the capital that they get from ASHI and invest in self-employment. Those clients and non clients who reported a decrease in income, both gave as the two main reasons a decrease in demand or sales and an illness or death in the family.

6. Quality of Housing

More than half of ASHI's clients (53%) live in houses which score 'out of poverty' on the ASHI House Index, which is 6 points or more. This means that they live in houses which are quite large (12 x 16 feet or more), are made of sturdy materials like cement blocks or plastered brick, and have roofs of galvanized iron. Among the non-clients, 24% live in such houses. When we look at the House Index as a poverty indicator, and compare it with the other two poverty indicators of assets and sources of income, we find the same general pattern - clients tend to bunch in the moderately poor category and non clients in the very poor category. But there are some differences. More non-clients are found in the very poor category when just their sources of income and their ownership of assets is taken into account. This is also the case, although less marked, with the clients. It is the score on the House Index which pulls a number of clients and non-clients who are still in low-pay, irregular occupations and who own few assets into the moderately poor group. The majority of ASHI's clients live in non-poor housing, although in their overall poverty rating only 22% are not poor. Similarly, a quarter of the non-clients are not poor according to the House Index (24%), although only 3% and 2% respectively have occupations or assets that would put them above the poverty line.

These results indicate that both ASHI clients and non clients have chosen to put some surplus income into improving and enlarging their houses rather than into the purchase of other, more directly productive assets.

7. Education of Children

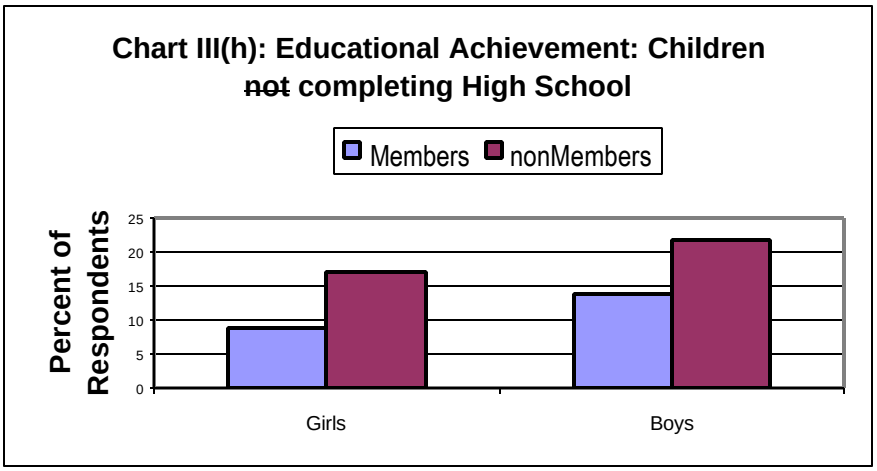
Indicators

- Percent of school-aged children who never completed high school, by gender

- Highest educational grade completed by any children in the household

There is some difference between the educational attainment of the children of ASHI clients and the children of non-clients. There is also a difference between the attainment of boys and girls. Although most children complete high school, which reflects both the availability of schools in all parts of Laguna and the high value Philippine parents put on education, there are 22% of boys in non-client families who did not graduate from high school, compared to 14% in the children of clients. Girls have a better record, but still the girl children of clients are better educated, with only 9% not graduating from high school, compared to 17% among non clients, as shown in Chart III (h)..

There are only 9 children among the 152 ASHI families who are either attending college or have already graduated. This is a little disappointing – but it is still much better than the non-client group, which does not have a single child in college.



8. Food Security: Hungry Times and Coping Strategies

Indicators

- Percent whose household experienced a "hungry" season in the last twelve months
- Average length of "hungry" season

Respondents were asked if there was any time during the last year in which the household was forced to eat less rice or *ulam.* To our surprise, many said that they did experience a hungry time over the last 12 months. Some 66% of non clients said "yes'; and 57% of clients. Although non-clients are hungrier, this still indicates that well over half of ASHI's clients after 4 years or more of borrowing, still have to restrict their food intake some times. The median number of weeks that clients experienced a hungry period during the past year was 8 weeks; for non clients it was 10.5 weeks.

Perhaps this result should be treated with some caution. A number of clients, particularly on Talim Island, were concerned to stress that times were bad and that Laguna de Bay had 'lost its bounty". It is possible that, because they were asked this question on food security at the end of the rainy season when the fish catch was poor, that they overstated the length of the lean period faced by their families.

Clients and non-clients alike said that they adopted similar strategies to cope with these bad weeks - they tightened their belts and ate less. 25% of the clients and fully 39% of the non clients followed this strategy. But ASHI clients also had other options for coping with bad times. 20% sent some member of the family out to get a job, and a slightly smaller number borrowed from friends or relatives without incurring interest. Non-clients who could tighten their belts no longer also borrowed from friends or relatives without interest (15%), but another 15% were forced to cope by borrowing at interest from shops or moneylenders. Only five ASHI members resorted to moneylenders.

One can see the influence of ASHI in some of the strategies adopted by the client group. ASHI clients could borrow from relatives to tide them over because they were in a position to return the favour at other times. Only 8% of ASHI clients borrowed from usurious sources during hard times, compared to 23% for the non clients. Also, since ASHI clients had some working capital, some 16% said they looked for seasonal or temporary kinds of business to tide them over.

But why did none of the clients get loans from the Group Fund for the hungry season? This seems like an opportunity for ASHI to come up with a seasonal savings product.

9. Client Use of Profits and Poverty Status

Impact Domain: Expenditures

Indicator:
Percent who used profit from their enterprise to buy food, to buy clothing, to pay school expenses, to pay health-related costs, and to buy items for the house.

Clients were asked about the three main uses of their profits. If we analyze the use they listed first, then most clients use their profits to invest in educating their children or improving and equipping their houses (50%). Fairly equal numbers use profits for consumption – to buy food and clothing – or for business investment and saving.

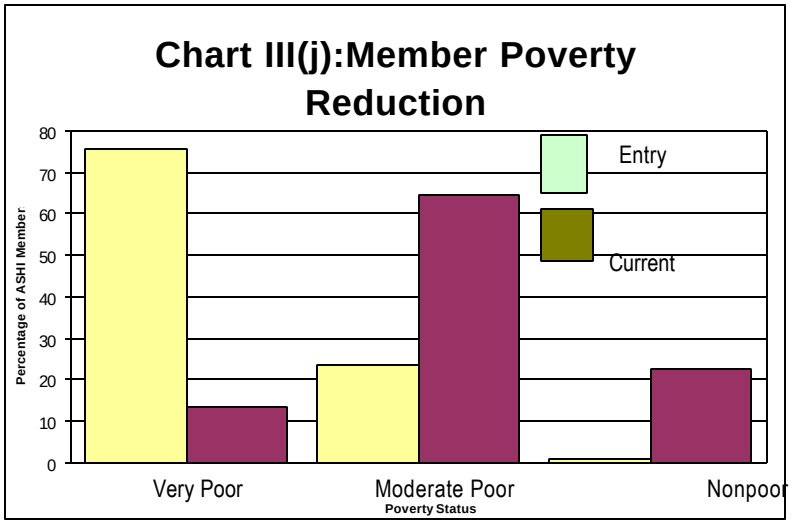
There is a positive relationship between clients who use their profits to reinvest in their businesses or to save and their progress out of poverty, as we see in the following table. Conversely, those clients who use their profits for consumption are more likely to be still in the very poor group – 24% as against only 3% of those who use profits for investment.

Table III(i): Client Use of Profit and Poverty Status

Profit Use:	Very Poor %	Moderately Poor %	Non Poor %
Consumption	24	53	25
Invest in edn, health and house repair/equipment	13	71	16
Invest in business or save	3	62	35

B: POVERTY CATEGORY SINCE ENTRY FOR ASHI CLIENTS

Just over three-out-of-four (75.7%) of ASHI's loan clients , 4th loan cycle and above, were very poor, when they began taking advantage of its financial services. Today, less than one-out- of- eight (13%) are still Very Poor. Just over half (51%) have progressed from being Very Poor to Moderately Poor; but only just over one-out-of-five (21.7%) have come completely out of poverty. In the comparison group of non-clients that had been eligible to join ASHI four years ago but didn't, virtually half (48.9%) are still Very Poor, with the same percentage being Moderately Poor. Only two members of the comparison group had come out of poverty. So access to microfinance services through ASHI has been associated with substantial reduction of poverty in the Laguna de Bay area.



1. Poverty Reduction among Branches

Five years ago Talim was the poorest of the three communities studied, with 81% of clients in the Very Poor category, followed by Laguna South with 78% Very Poor and Laguna East, with 68%. Today Talim is the least poor, with only 8% still Very poor and 30% No Longer Poor. Laguna East is next, also with only 8% still Very Poor, but only 18% No Longer Poor. Laguna South is the poorest of the communities today, with 25% still Very Poor and only 18% No Longer Poor. It is surely significant that total loans outstanding are highest in Talim at Peso 4.4 million, next in Laguna East at Peso 3.6 million and lowest in Laguna South at Peso 3 million. The inter-branch differences are even more pronounced if we compare average loans outstanding per active loan client. Talim is way ahead at Peso 4,576, followed by Laguna East at Peso 3,124 and Laguna South at Peso 2,603.

There is further evidence of a causal relationship between the amount of ASHI's microcredit services availed of by its clients and reduction in their poverty. (Please see Table III (k) below.)

Table III(k): Movement out of Poverty by Size category of Last ASHI Loan

Movement out of Poverty	Peso 2,000 to 8,000	Peso 8,500 to 13,500	Peso 14,000 to 50,000	Total	Ave. Peso
No	37 %	33 %	17 %	29 %	11,081
VP to MP	48 %	58 %	43 %	49 %	11,135
Out of Poverty	15 %	9 %	40 %	22 %	17,303
Totals	100% n=54	100% n=43	100% n=53	100% n=150*	
Ave. Peso	7,173	9,818	20,038		

* two cases not included, one that moved down from MP to VP and one that stayed the same at NP.

Clients whose last loan from ASHI was in the highest category are only half as likely to be still Very Poor as those who borrowed less. The high borrowers are also less likely to have moved only from being Very Poor to Moderately Poor. But they are three or four times as likely to have come right out of poverty. The relationship is statistically significant at $p < .001$. The average size of the last ASHI loan is virtually the same for clients whose poverty status has not changed, as for those who have progressed only from Very Poor to Moderately Poor, indicating that the differential poverty reduction must have had other causes. However, clients who came right out of poverty borrowed considerably more in their last ASHI loan (Peso 17,303), so this is probably a large part of the explanation for their progress.[13] Only 18% of ASHI clients interviewed said they had had difficulty in repaying their last loan, and there was no statistical relationship between the size category of the last loan and the repayment difficulty. It seems clear, then, that ASHI should be increasing the amount of funds that its clients can borrow in later cycle loans.

In fact ASHI has been increasing the amounts that its clients can borrow. In November of 1999, they increased the maximum loan sizes per cycle under ASHI I by Peso 1,000. The first loan maximum is now P 3,000, and so on. Perhaps more significantly, ASHI has reduced the minimum loan term for all loans to 6 months in June of 1998. Maximum loan limits were increased in Nov. '99 also for ASHI II, from Peso 26,000 to 30,000. The increases in maximum loan size are quite small, however, and may not even cover the impact of inflation which is said to be running at around 10% per year. The previous increase in maximum loans sizes was in 1994. The shortening of the minimum loan term could have more impact if clients can repay the larger amounts in a shorter term.

Total loan disbursement per Active Loan Client increased substantially from Peso 9,660 1998 to Peso 15,160 in 1999. Total loans outstanding per ALC also increased but at a slower pace, from Peso 2,080 to Peso 3,071. The slower growth on loans outstanding probably was due to large numbers of clients switching to 6 month loan terms (as reported by ASHI), which enable them to borrow more than twice the amount in one year. This does not result in much increase in outstanding, as one loan is repaid and replaced by another.

2. Loan Use and Poverty Reduction

Only one of the loan activities is associated with poverty reduction, fishing. (Table III(l) Twenty-nine percent of the ASHI clients interviewed invested at least part of their last loan in fishing.

Table III(l): Investment in Fishing and Poverty Reduction

Poverty Reduction	Fishing	No Fishing	Totals
None	11 %	36 %	29 %
VP to MP	55 %	47 %	49 %
Out of Poverty	34 %	17%	22 %
Totals	100% n=44	100% n=106	100% n=150

Those investing their ASHI loans in fishing (about 25% of clients) are twice as likely to have come out of poverty than those investing in all other activities. The fishermen are slightly more likely to have moved from VP to MP than the non-fishermen, and they are about three times less likely to have experienced no poverty reduction. The association is statistically significant at $p <.004$.

[13] It should be pointed out, however, that there was no significant relationship between poverty reduction and the *total* amount of microcredit that had been received by clients. So the relationship is by no means perfect.

The more modern the fishing methods and equipment, the more likely the fisherman has come right out of poverty. Slightly more than half of fishermen owning rowboats or small boats with engines currently have housing quality out of the poverty group; but 64% of fishermen with fish cages have such good housing and 86% of fishermen with modern pens.

No other loan activity financed by ASHI had a statistically significant relationship with coming out of poverty.

3. Shortage of Working Capital

Another enterprise-level factor associated with poverty reduction, but this time negatively, is shortage of working capital. Thirty-one percent of ASHI clients interviewed said that their business had suffered a shortage of funds at some time during the past 12 months. Those who experienced this shortage of working capital were less than half as likely to have come out of poverty as those who did not. The association is statistically significant at $p < .08$.

Of those who experienced a shortage of working capital just over half (52%) borrowed from their Group Fund during the year, but the other 48% did not - perhaps because of the unwritten rule that such borrowing is allowed only for medical expenses.

So ASHI clients have been borrowing from other sources in other kinds of emergencies. Just over one-in-four say they have borrowed from other sources during the past 12 months. Of the forty clients who borrowed from other sources, 30 said they borrowed from friends and relatives without interest, but 7 said they had to pay interest to a moneylender. While there is no statistical relationship between borrowing from other sources and poverty reduction, there is with shortage of working capital.

As of end 1999 Group fund loans in the hands of group members were Peso 1.3 million - only 36% of the total amount in the Group Fund. Such a large balance seems difficult to justify when clients cannot borrow from their Group Fund to meet working capital shortages and for other than medical emergencies. The three branches covered by the Impact Evaluation showed a wide variation on the proportion of Group Fund that had been borrowed: with Talim having the highest at 46% followed by Laguna East at 32% and Laguna South at only 17%. Findings from the Client Satisfaction workshops, (Chapter VII) show that they would like more access to their savings.

4. Enterprise Skills and Poverty Reduction

The only enterprise skill identified in the Main Survey that was associated with poverty reduction was "calculation of profits based on records of your costs and earnings". Clients who said they did this were less likely to have experienced no change in poverty status and almost twice as likely to have progressed from being Very Poor to Moderately Poor; but only half as likely to have come out of poverty, as those who did not do it. So it appears that this skill may be enough to move a client from being Very poor to moderate poverty, but not enough to take her out of poverty. In any case, 83% of clients claimed to have this skill already, so there is not much scope for ASHI to spread it further.

5. Client difficulty with Repayment

Although there is no statistical relationship between stated client difficulty with repayment of their last loan and the size category of that loan, there is an inverse relationship between having difficulty repaying and progress out of poverty. The 18% of ASHI clients who said they had experienced repayment difficulty with their last loan were more likely to not have experienced any reduction of poverty or to

have moved only from being Very Poor to Moderately Poor, as compared to those who did not have repayment difficulty. And those experiencing the repayment difficulty were much less likely (about 4 times) to have come out of poverty, as compared to those who did not experience repayment difficulty. The relationships were statistically significant at $p < .09$. So there may be an "underclass" of ASHI clients who have not experienced much poverty reduction because of difficulty in repaying the loans.

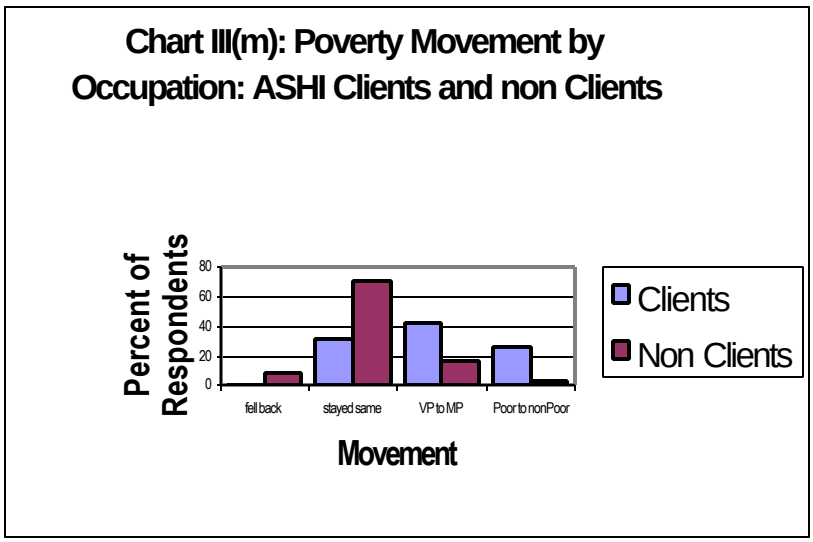
6. Savings and Poverty Reduction

There is a striking difference between ASHI clients and the comparison group on reported personal cash savings, with 84% of ASHI clients saying that they have some, compared to only 16% of the comparison group. The fact that most ASHI clients have such savings explains the otherwise surprising finding that there is no statistical relationship between having such savings and poverty reduction.

Clearly ASHI is not getting much of its clients' voluntary cash savings however. Its total personal savings as of end 1999 amount to only Peso 274,335 which amounts to just 1% of its loans outstanding. In none of the three branches in the study area, are member personal savings significantly higher than the overall percentage. Of course there are legal restrictions against ASHI mobilizing voluntary savings from anyone, as it does not have a license to do so.

C. Poverty Movement by Occupation: Comparison with Non Clients

The only indicator on which it is possible to compare clients and non clients ***over time*** is on changes in sources of income. On this indicator the impact survey collected detailed work histories of all earning members of the household. This enables us to pinpoint the occupations of non client households four years ago and compare them with current occupations and with client occupations over the same time period.



Section A has already discussed occupational movement in the client group. We saw that the largest group (43%) moved from very poor kinds of income sources to moderately poor and that 26% moved out of poverty, while 31% stayed the same. Chart III(m) shows that for non clients, the great majority (71%) did not move; their sources of income remained much the same that they had been four years earlier. Some 9% had dropped back into lower income earning occupations and 17% had moved upwards into moderately poor kinds of work.

Conclusion

ASHI has quite remarkably low levels of 'leakage' to the non poor at point of entry. Only one of the 152 cases sampled was found to have been not poor when she entered the program. In fact three out of four of ASHI's clients, at entry, were amongst the poorest. And ASHI has had considerable success in assisting most of its clients to move from being Very Poor to Moderately Poor. This is an important achievement. However as yet, on the fourth loan cycle and above, only about a fifth of the clients have come right out of poverty. The main reasons for this appear to have been a limitation in fact on the amount that could be borrowed, even by the best clients, little access to loan funds by husbands, restriction in the use of the Group Fund and the lack of mobilization of savings among ASHI's members. ASHI has already acted to increase the amounts that can be borrowed by its clients, and actual borrowings and loans outstanding are rising. There is scope for ASHI to develop new and more effective loan products that will hasten the transition to higher-end occupations on the part of client's husbands as well as of clients, and finance investment in income producing assets. The tendency of clients to put surplus into house improvement indicates that earlier access to house repair loans would encourage investment of that surplus into more productive purposes. The occurrence of periodic "hungry seasons" for many clients must act as a speed bump for progress out of poverty. A savings or insurance product that would prevent clients from literally eating into their capital during seasonal dips in income could be developed. The recommendations made above are intended to remove the remaining obstacles to further poverty reduction.

IV. Ex-Clients: Reasons for Leaving and Perceptions of Impact

A. Demographic Information on the Sample of Clients Leaving the Program

The 90 ex-clients and inactive clients in the sample were drawn from the same three branches as the impact survey. All had left ASHI in the previous 12 months. It was not possible to get a sample with an equal number of ex-clients from each area. Talim Island does not have many who have left the program; Therefore it was not possible to get a sufficiently large sample from Talim to make statistically valid comparisons between branches. There were proportionally more sampled from Laguna East Branch because this was where the exit rate was highest.

The following chart shows the breakdown by community and the category of what ASHI calls "quitters" (those who have paid all their debts, withdrawn their savings and officially left the program) and 'inactive' (those who have stopped participating but have not yet officially left). While these should be distinct categories, please note that during the interviews, it was found that ASHI staff had not classified as quitters all of those who had resigned. This is taken up in the final section of recommendations.

EXIT SURVEY INTERVIEWS IN MARCH 2000

BRANCH	QUITTERS	INACTIVES	TOTALS	%
LSB	12	21	33	37%
LEB	29	12	41	45%
TBB	12	4	16	18%
	53 = 59%	37 = 41%	90	100%

1. Education at Entry: Of the 82 of the 90 ex-clients for which this information was available, the average length of schooling was 7.6 years, which makes them slightly better educated than clients surveyed in the impact survey (average of 7.1 years). Some 38% of the non clients had graduated from high school and 3.7% had some college education.

Demographic comparisons between exits and the clients sampled for the impact survey should be treated with caution. Clients are likely to be older than exits because we selected clients who were on their fourth loan cycle or above. We can expect that older clients will have somewhat less formal education than younger clients.

2. Children at Entry: Exits had an average of three children and only 8.5% had no children. There is no difference with clients in impact survey who remain in the program.

3. Years in the Program Before Leaving: Most exits (more than two thirds) leave in their first two years in the program. Therefore, the first two years are critical as to whether a client stays or leaves. Some 33% of all exits left after one year, and another 36% left after two years. Another 28% left in their third or fourth years.

If we break down the exits into quitters and inactives, we find that somewhat more quitters leave in the first two years (75%) than do inactives (60%). The largest number of inactives drop out of the program in their second year and more than a third stay into years three and four. We can conclude that Year 1 is more critical for quitters and Year 2 is equally critical for both quitters and inactives.

4. Exits by Branch: Dropout rates are highest in Laguna East. Some 15.9% of active clients in Laguna East dropped out in 1999 and 15.5% in 1998. In Laguna South 7.2% exited in 1998 and 6.8% in 1999. Rates in Talim were a very low 2.5% in 1998, but rose to 7.8% in 1999. A higher proportion of exits in Laguna East leave in the first two years (79%) than do so in Talim (only 31%). This means that although dropout rates in Talim are low, it is losing some of its mature clients, with larger loans. (We must reiterate that the figures from Talim can only be seen as a tendency, since the sample is only 16 households.) There is only one case where an ASHI client left to join another program and that was to an alternative bank which has recently started operations in Talim.

5. General Loans Received Before Exiting

Of the 88 responding to this question, ex-clients had last loans ranging from P.2,000 to P.35,000. The average last loan was 5,282 Pesos. Some 19% had taken only 1 general loan, 47% had taken 2 general loans, and another 19% had taken 3 loans. As one would expect from the year of exit, the majority had taken only two general loans or less. 11% had taken 4 loans

B. Enterprises of those Leaving the Program

1. Type of Business at Entry by Branch

As can be seen in the chart below, there are some differences between the branches. The majority of clients at entry are in retail business, are housewives with no business, or are in production (which includes paper mache, basket making and other craft work).

Table IV (a): Business at Entry

Business	LSB	LEB	Talim	Total
Work for others	2	3	0	**5**
Animal raising	3	7	0	**10**
Retail	10	14	5	**29**
Food Service	3	2	2	**7**
Other service	3	1	1	**5**
Production	4	7	3	**14**
Agriculture	0	2	0	**2**
Housewife	8	4	5	**17**
Total	**33**	**40**	**16**	**89**

2. ASHI Helps Clients Go Into Own Business

Those clients who reported no business at entry – they were 'plain housewives' - or who worked as casual labourers for others, had made the following changes:

From unemployment:

- 19% (17) had no business at entry. (21.7% of the current clients in the impact survey started with no business.)
- 79% of these have a current business.
- The majority went into animal raising and retail.

From working for others:

- 5.5% were previously working for others. 80% of these now have their own business. The majority are in retail.
- Twice as many of the current clients interviewed (13.2%) were working for others when they entered.

3. Business Type Currently: The majority of exits were still in retail (41%), but in much larger numbers than at entry. This was followed by animal raising (19%) and production (10%). Fishing, agriculture and other services made up the remainder. Fewer of the impact survey clients are in retail (33%) and more are in production (20%) than those exiting. We can conclude that those who leave are in similar businesses as those who stay, but the exits are slightly more concentrated in the competitive retail business.

When comparing the business at entry and the current business, the majority of the movement is into retail, animal raising, and agriculture. The greatest movement out of types was away from unemployment and production. The Loan Use chapter also sheds light on the movement between business types.

C. Decision to Leave ASHI

1. Who Decided That the Client Leave?

Of the 86 respondents:

- 67.4% (58 persons) said they made the decision themselves
- 21% said that the decision was made by someone in the family. Of these, 90% said it was the husband, 5% said the son, and 5% said it was a joint decision with her husband.
- 10% (8 persons) said the group asked them to leave
- 2% (2 people) said the center asked them to leave

In the case of those whose families (mainly husbands) decided for them, the most frequent reasons given were that the client did not get the expected size of loan, the whole family does not approve, and the husband was disappointed by the disapproval of the loan. To a lesser extent, the following reasons were also given: the family did not want the client to attend the weekly meetings and for health reasons they did not think she should participate.

As for those who were removed by their group, 50 % was due to repayment problems, 22 % was related to their attendance, 14% was because of some difficulty with other members of the group, and 14 % was due to their not wanting to undergo another CGT.

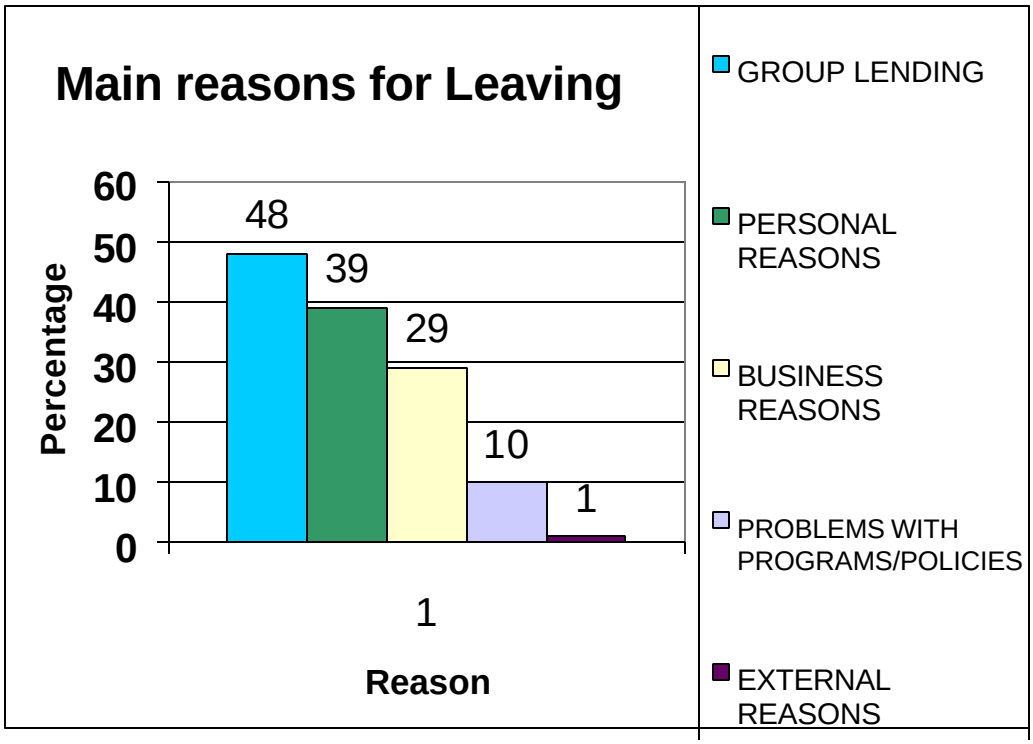
2. Main Reasons for Leaving the Program

This section is the core of the exit interview. Clients were asked their reasons for leaving and the interviewer then probed for underlying reasons. Almost all clients cited multiple reasons. The 90 respondents altogether gave 208 reasons for leaving. Then the respondent was asked to summarize by citing the “main reason” for leaving. We will first analyse the main reasons as given by each ex-client, and then look at the detailed reasons.

There were 90 interviewees. When asked to specify the ‘main reason(s)’ why they left, they listed a total of 114 responses.

- Problems with **group lending** was the main reason cited. 48% (43 out of 90) of interviewees claimed to have problems related with group lending.
- 39% of the interviewees cited **personal reasons**
- 29% signaled they were having **business problems**.
- 10% cited problems with ASHI's **program policies or procedures**
- Only 1% (1 person) cited external reasons (bad economy) as a reason for having left.

Chart IV (b): Main Reasons For Leaving



a. Problems with Group Lending Methodology

When we look at the detailed reasons given for leaving, the 90 respondents gave 102 reasons related to group lending methodology. In other words nearly every exit had something to say about the group, whether they cited this as their main reason for leaving or not. The leading reasons were:

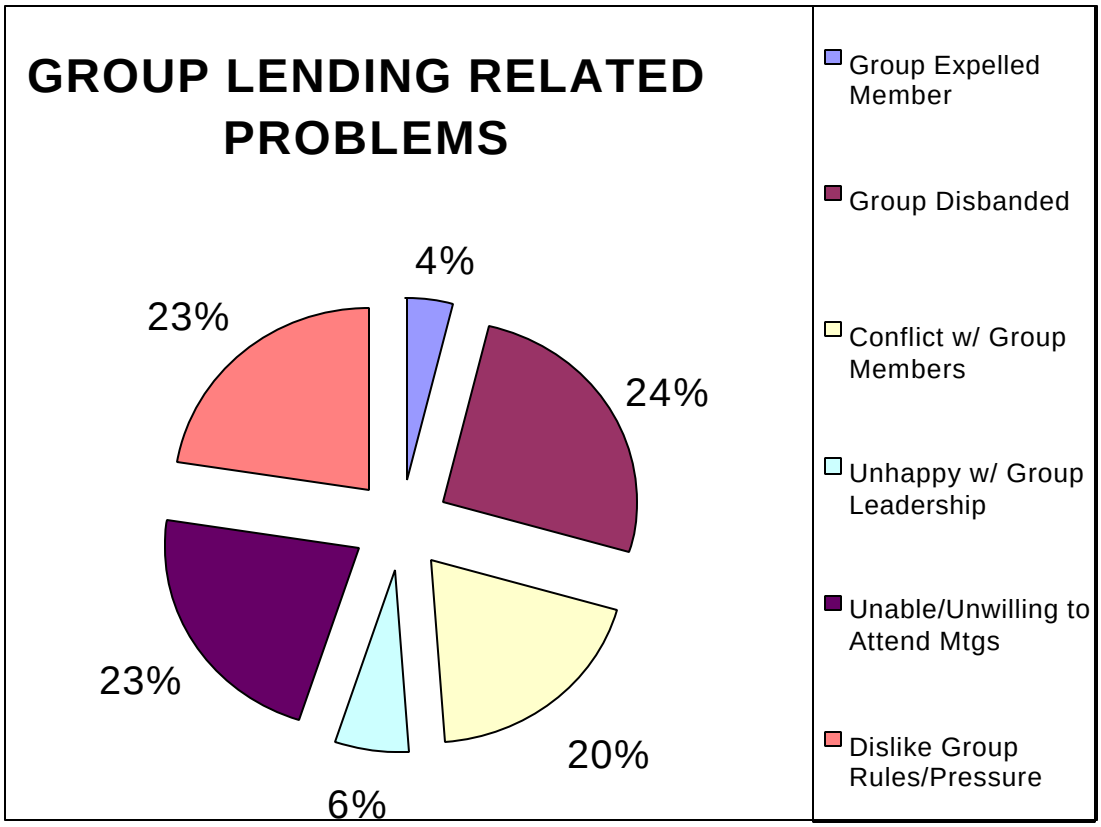
- 25% (26 persons) of the responses were because the group disbanded
- 23% (23) of the responses were because they didn't like the pressure and/or rules established by the group. That response came proportionately from quitters and inactives.
- 23% of the responses were due to being unable or unwilling to attend the meetings
- 20% of the responses were dealing with conflict with group members
- 6% were because of dissatisfaction with the group leadership

It can be seen that dissatisfaction with the group was fairly evenly spread between dislike of the group pressure and/or rules, conflict within the group and inability or unwillingness to attend the meetings, aside from the cases where the respondent's group disbanded.

Table IV (c): Specific Reasons Related to Group Lending

Specific Reasons	%	No.
Group Expelled Member	4%	4
Group Disbanded	25%	26
Conflict w/ Group Members	20%	20
Unhappy w/ Group Leadership	6%	6
Unable/Unwilling to Attend Mtgs	23%	23
Dislike Group Rules/Pressure	23%	23
Total	**100%**	**102**

Chart IV (c):



b. Personal Reasons

- 30.5% (35 responses) cited personal reasons, either alone or in combination with other reasons.
- 19% (18) of the surveyed cited being told by a family member to stop taking loans as a reason to leave.
- An equal number answered they had either become pregnant, ill or had to look after another family member.
- Only 8% exited because they had left the area and one of those said that her spouse left her and she did not have the ability to continue the business alone.

c. Business Reasons

There were 55 responses related to business reasons.

- 26 out of 90 (29%) said that a reason for leaving was that the condition of their business was in a poor condition (poor profits, low sales, etc.)
- 11 (12%) spent their capital on a crisis or family celebration,
- 8 (9%) said they were closing their businesses so were not seeking capital,
- 7 (8%) said their businesses were seasonal and might borrow funds when they needed it.

- 3 (3%) who said they now had enough capital for their businesses, had had last loans of under 6,000 Peso.

d. Problems With ASHI's Program & Policies

Only 10% of the respondents (9 of 90) had this reason to leave. They cited the following reasons:
- All 9 said that they did not like the treatment by the staff or had personal conflicts with staff,
- 4 said that they did not like other conditions such as the CGT, GF, etc.,
- 3 left saying the loans were too small,
- 2 said they didn't like the repayment schedule and
- 1 found the disbursement inefficient.

10% of exits had problems with ASHI staff.
- 8 of the 9 who gave this reason were from Laguna East Branch.

Of all 41 exits interviewed in LEB, 19.5% reported problems with the staff.

3. How Are These Responses Related?
There were a total of 208 reasons given by the 90 exits. This means that their reasons were interelated.

The way these reasons can be inter-linked is best illustrated by an example. A client in Laguna East was in her second loan cycle when one of her children contracted cancer. She used her business capital for his medical treatment and missed a few repayments. This led to conflict with her group. When her loan was repaid she resigned from the center. Her child died 3 months later. She said: "If the Center understood my situation during that time, I might now have a project where I could generate good income." This client gave 'problems with the group' as her main reason for leaving. But these problems arose because of her personal crisis within the family, which led to the closure of her business.

This example is more dramatic than most, but it is not atypical. Some 28 (31%) of the exits said that they had a some kind of crisis prior to leaving, either that they themselves were ill, pregnant or had to take care of someone else in the family who was ill, or that they had used their business capital for a family crisis or celebration. Another 23 exits (26%) said that their business was in a poor condition. Therefore, 57% of all exits experienced either a family crisis or illness, or a downturn in their business, prior to leaving. Some 13 of those respondents who cited illness, family crisis or weak business as one of their reasons for leaving, said that their *main* reason for leaving was "problems with the group".

When we cross checked the detailed reasons for leaving we found that there was a strong relationship between those who said they had either weak business or some kind of family crisis, and those who gave 'conflict within the group" as one reason for leaving. Of the 20 ex-clients who gave conflict within the group as a reason, 11 (55%) also cited crisis, illness or weak business.

Are Complaints about the Group an Excuse or a Trigger?

Almost half cite problems related to group lending as the main reason for leaving. A closer look at this finding reveals that 53% who left for this stated reason, also say that they want to rejoin ASHI. Since ASHI's group lending methodology and its rules on group responsibility have not changed, why do they want to return? When we cross-checked this finding with the responses on increase in income over the past year, this is what was found:
- Most of those who wish to rejoin had an increase in their business income
- 75% of those who did not wish to rejoin (from the same group who cited problems with the group as their reason for leaving) did not have an increase in their income

It seems that most of those ex-clients who experienced an increase in their incomes want to return to the program, despite their unhappiness with some aspects of the group lending methodology. It may be that increase in income is a more important underlying factor than any of the stated reasons cited above.

We have to remember, however, that these clients *did leave.* It is therefore important to look carefully at the way the group functions in ASHI that triggers a decision to exit, when more than half of the clients who do so later regret this decision.

D. Ex-Clients Experience With the Last Loan

1. Use of the Last Loan

Starting a new business was the most prevalent use of their last loan(47%). Next was buying more business inputs and stock, equally with improving and expanding their business' site(24% each). 19% said they spent their last loan or a portion of it for medical and/or funeral expenses. School fees are at least part of the expenses covered by 11% of the loans and there was 6% changing to another business and 6% buying equipment and tools. Finally, 5% put a portion of their loans into savings or used it for other purposes.

2. Degree of Difficulty in Paying the Last Loan

Some 54% said that the loan payments was within their capacity to pay and 17% said that the loan was easy to pay but the loan was too little. 28.7% thought the loan was difficult to pay. Thus, 70% of those no longer seeking ASHI's services thought the loans were affordable.

3. Experience in Paying Off the Last Loan

According to ASHI's own records on 86 of the interviewees, 87.2% completely repaid their last loan while only 12.8% did not. Of those 11 who did not pay, 7 were from the Laguna East Branch. These records need to be treated with some caution, however. Where the center has covered dropped instalments, which they are required to do, they do not appear on the client's record as arrears. Given the number of disbanded and/or conflicted groups cited among the reasons for leaving, it is very possible that some of these ex-clients have private debts to their group members which do not appear on ASHI's records.

According to ASHI's records on 83 interviewees, only 14.5% had to use their savings to repay the last loan. They were equally divided between Laguna South and Laguna East. None of those in the sample from Talim had had to use their savings in this way.

4. Did the Last Loan Help?

- No less than 94% said that the loans had helped their family
- Only 3.5% said they thought the loan was a burden.

5. How Did the Last Loan Help?

<u>Respondents said the loans helped them to</u>:

- buy more and better food (the majority indicated this)
- educate their children.

- improve their health and defray some of their medical expenses, and
- improve their houses, in that order.
-

A few of them said it helped them furnish their houses and buy clothing.Other reasons the loan helped was they were able to continue to finance their businesses and the loan saved them from borrowing from others.

E. Benefits Reported from Participating

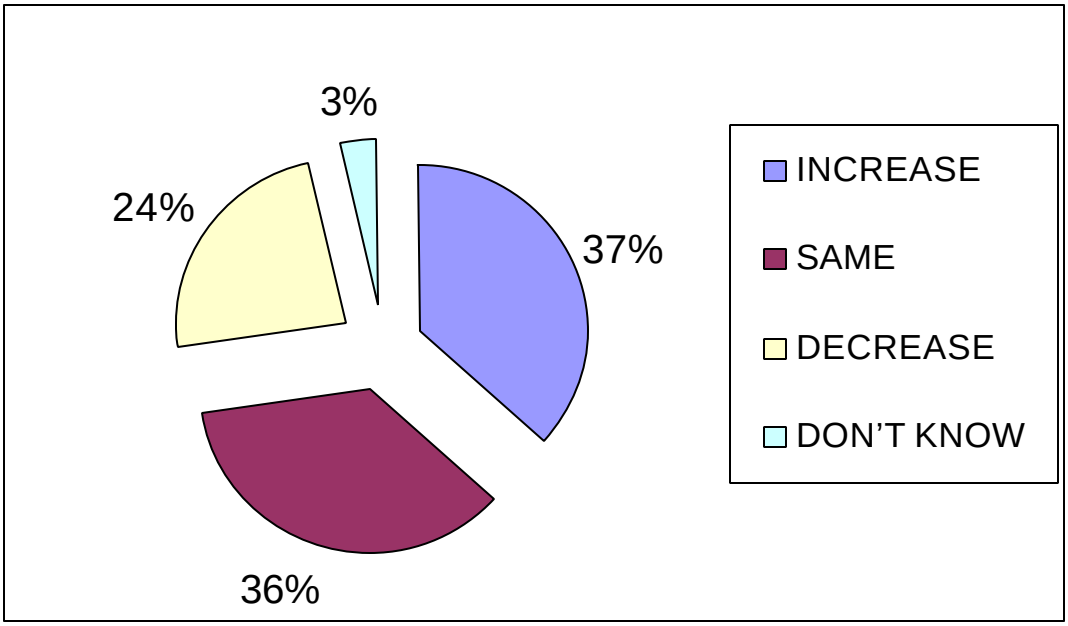
1. Income in the last 12 months

Out of 87 of those who left the program, 37% said that their business income either increased greatly or somewhat increased. 36% said that their income stayed the same, while 14% said that their income decreased a little and 10% said that it decreased greatly.

Table IV (d): Reported Change in Income

INCOME CHANGE	%	No.
INCREASE	37%	32
SAME	36%	31
DECREASE	24%	21
DON'T KNOW	3%	3
TOTAL	100%	87

Chart IV (d): Reported Change in Income Over Previous Year



Conclusion: More than a third experienced an increase in business income during their last year in the program, while another third stayed the same. These figures are very similar to those reported by clients in the impact survey. Like the exits, 35% said their income stayed the same and 38% reported an increase.

2. Savings in the Program

Ex-clients withdrew from 0 to 2,571 Pesos, according to ASHI records. The average savings withdrawn when leaving the program was 520 Pesos (about $12.80). Inactive clients had an average of 843 pesos in the program at the end of 1999. (The Group Fund savings are returned only when the client's resignation is officially accepted. These savings ranged from 0 to 4,424 pesos. 95.5% did not have personal savings in ASHI.

3. Social Impact of Participating in a Group

- 93% said that they benefited from being in the group. Of these:

- 42% said it had help them form new friendships,
- 38% said that the advice and support provided by the group had helped them.
- 31% said that their group had helped them with the repayment of their loans.
- 17% said the group had helped them with new business ideas and advice.
- 17% said the group membership provided them with training and more knowledge.
- 15% said membership had helped develop their leadership skills.
- 10% gave reasons such as appreciating the guarantees for access to ASHI's loans, development of credit discipline, being trusted by others, being able to borrow from the group funds during emergencies, and borrowing provided her with the opportunity to help others.

This response, which is overwhelmingly favourable to the social, support and skills development aspects of group membership, should be balanced against the unhappiness expressed about group pressure and disunity, both in the reasons for leaving and in F 4 below.

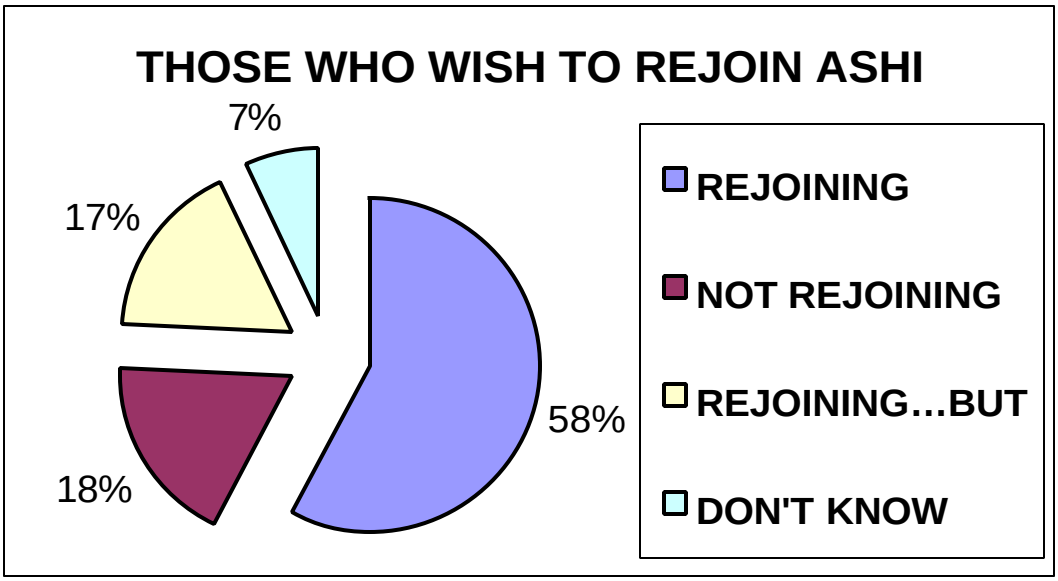
F Willingness to Rejoin ASHI

1. Are They Gone Forever?

- 58% of those surveyed said they would like to rejoin the program
- 17% said they would rejoin if specific changes were made, like less strict policies, better composition (if all members are good payers) if groups can be reformed without undergoing another CGT and lastly if individual loans are allowed.
- 18% said they would not rejoin
- 7% said they didn't know.

Those who cited personal reasons as their main reason for leaving were the most likely to want to return (69%). Only half of those who cited business reasons for leaving wanted to return. We have already seen that there is a strong relationship between benefiting from the program in terms of increased income and the desire to return.

Chart IV (e):



2. Would They Pay Their Arrears?

36% (4 of the 11) of inactive clients in arrears said they would consider paying their arrears over time to rejoin.

G. Client Satisfaction

1. The Overall Experience

- 91% responded that the overall experience of being a member of ASHI was either very good or good.
- 6% said there was no effect
- 3% said they had experienced a bad effect. One of those lost her husband to another group member.

2. Would You Recommend ASHI to Others?

- 92%said they would recommend ASHI to friends orr relatives
- 7% said they wouldn't.

3. Biggest Likes

- Most liked by the exiters are the no-collateral loans (25%)and low interest (30%)
- Access to credit (19%)
- Easy loan terms (16%).
- Group unity and friendship (13%)
- Attending the center aniversary parties (14%)
- Followed by learning credit discipline (8%)
- Access to educational loans (8%)
- Development of self-esteem (7%)
- the help that ASHI gave their families in emergencies (6%)
- access to new business ideas and skills (4.6%).

4. Biggest Dislikes

- Group accountability and the pressure (39%)
- Lack of group unity or cohesion (16%)
- Couldn't borrow from the group fund savings in times of emergency (12%)
- Strict policies (9%)
- Lack of discipline & poor punctuality of the staff (7%).
- Delays in the processing and release of the loans (7%) Undergo another Compulsary Group Training when a member leaves a group (5%).
- Staff was too lenient in implementing discipline (3.5%) group funds should be returned (3.5%)
- FCOs not on time or do not attend (3.5%)

5. Recommendations from Exits

- Stricter credit and center discipline (13%).
- More unity, cohesion and understanding among the groups and centers (11%)
- Speed up the loan releases (7.5%)
- Provide other benefits like facilitating access to the Government's Social Security Scheme (SSS) and insurance (7.5%).
- Individualised credit ratings (5.6%)
- More leniency to members who are not successful (5.6%).
- Also suggested by 3.7% each was: to limit center meetings to one hour, give consideration to those who are ill, remove group responsibility, maintain strong credit discipline, raise the first loan amount.

<u>Additional suggestions</u>

- Don't use Group Fund Savings to pay off others' arrears.
- Shorten CGT to a few days
- Never raise voice, especially to older members.
- Shorten loan proposal period.
- Consultation before removal of a member.

H. Why are There More Exits in Laguna East?

Laguna East has the highest rate of quitters and inactives, losing more than 15% per year. Laguna South has an exit rate of 7% over the past two years, while Talim has lost 5% per year over the past two years.

When we compare the detailed reasons for leaving among branches, we find that almost all those who cite program policies and procedures are from Laguna East (7 out of 9) and that eight of these reasons have to do with treatment by the staff. Laguna East is also over-represented in terms of reasons to do with group lending, compared to the other two branches. Group rules and pressure is the foremost reason cited by Laguna East exits (compared to none from Talim), followed by the group disbanding and group conflict.

Interestingly, despite the number of exits in Laguna East, economic impact is not less there than in other branches. While a slightly higher percentage of Laguna East exits report experiencing a decline in income over the past year (27% compared to 21% in Talim and 24% in Laguna South), it scores better than Talim in a reported increase in income. 37% of Laguna East exits reported an increase compared to 29% from Talim and 45% in Laguna South. (The others said they 'stayed the same'.) This suggests that the additional unhappiness in Laguna East with the staff and within the groups is independent of economic benefit, which shows no significant difference between branches.

It is interesting that fewer ex-clients from Laguna East want to rejoin ASHI, compared to Laguna South (54% compared to 63%), although the majority still want to rejoin. Even more telling is the number who would rejoin if changes were made to the program. Of the 15 ex-clients who gave this response, 11 of them were from Laguna East.

I. Implications for the Program

Ex-Clients are 'Ambassadors' and a Potential Market for ASHI

The reaction of ex-clients to ASHI is quite overwhelmingly positive. 93% said that they benefited from ASHI and 94% said that their last loan helped the family. This indicates a high degree of appreciation of the program by those who have left or are inactive. Ex-clients are also ambassadors of the program. 92% said they would recommend it to a friend or relative. Exits should be treated with respect and the negative terminology of "quitters" should be changed.

Some 58% of the ex-clients said they would rejoin the program the way it is. This represents a good potential market, and one which is less costly to reach than new clients. Those who had an increase in their income are the most interested in rejoining. So ASHI should follow up on ex-clients who are known by the staff to have benefited from the program and to have been good clients, but who may have left for personal reasons which no longer hold.

2. If the Majority Want to Come Back, Why Did They Leave in the First Place?

Almost half of the ex-clients cited problems with group lending. Since almost all of them also said they benefited from being members of a group, their problems are with specific features of group lending. It should also be noted that there are strong connections between individual or family crisis and/or business loss and group disruption. This suggests that the dynamic of group pressure is working overtime, while the dynamic of group support is not working well enough. One of the largest reasons for exit was the group disbanded. ASHI could consider the following:

- How easy is it for members of disbanded groups to rejoin, without lengthy CGT and a decrease in loan size?
- Does ASHI offer enough support to clients who suffer illness or family crisis? This includes easy and immediate access to Group Fund loans, and possible emergency loans, including for business loss.
- Is the obligation to cover the entire amount of any dropped instalment, and the "joint" credit rating, resulting in a compassion deficit in the centers? More than two-thirds of the ex-clients said that they

had the ability to repay, although a similar number admitted to facing some crisis. While ASHI would like to drop out bad clients, it may be losing good clients who have a temporary difficulty and face "harsh words" in their centers.

3. The First Two Years

The first two years are critical to preventing client attrition. Clients are less likely to leave if they experience an increase in their income. These two findings together pose a problem for ASHI. Newer clients take smaller loans and are not eligible for special loans, and so impact on their incomes is likely to be slow. Newer clients also have less money in their Group Funds to tide them over emergencies. ASHI could consider offering Tiange or short-term market loans, in the second year rather than waiting for the third year, and emergency loans in special cases, in order to keep more of its clients. It could pilot this effort in Laguna East, where the exit rate is highest.

4. Some ASHI Fears Unfounded

- The Exit Survey found only one case of a client leaving ASHI to join another program.
- Only a very small minority are leaving because of migration.
- Despite the unhappiness expressed in the client satisfaction workshops with group responsibility, there is not much evidence from the exit survey that clients are leaving because they have to pay for others. (It is the 'others' who are leaving!) There is no evidence that mature clients with large loans are leaving because they don't want to take responsibility for the group.

5. Confusion About Inactives

ASHI should terminate inactives who have been inactive for a certain number of weeks, say more than 15, and for whom no recuperation is likely. The current situation is confused by a slow procedure so that some of the inactives should really be quitters. There were some who had filed a resignation letter, which had been accepted by the Center, but ASHI still had not settled their outstanding Group Fund balances and redefined them as quitters. These people did not have arrears in ASHI's records. Is the delay because they still have arrears with the center, which paid up their missed installments in the past? This should be clarified.

Conclusion

There is a very high level of satisfaction with ASHI, even among ex-clients. The majority want to re-enter the program and so constitute an easily accessible source of trained clients. However, ASHI should look at the way group responsibility is currently being enforced to see if alternative methods of promoting credit discipline would result in less group disruption and a lower exit rate. Staff-client relations in Laguna East need special attention. It also needs to look at how good clients, who encounter personal or business difficulties in their early years in the program, could be helped to overcome these problems and stay with ASHI.

Chapter V. Loans and Savings Use

A. Demographic Information from the Sample

There were 27 people interviewed. Demographic information was collected on 26. 11 were in Laguna South, 8 in Laguna East and 7 in Talim.

Of the 26 interviewees for the Loan Use Tool, 4 women had 2 years in the Program; 5 had 3 years; 6 had 4 years; and 5 had 5 years in the Program, and 3 had 6 years, 2 had 7 years, and the final one had 8 years. So two-thirds had four years or more.

In terms of age at entry in the Program, of the 26 interviewees, 24% joined in their 20s. 44% joined in their 30s. 32% joined in their 40s. The current age average is 39.4 years. 12% are in their 20s, 32% in their 30s, 44% in their 40s and 12% in their fifties.

With respect to level of education, of the 24 respondents, we found that 4 interviewees (16.6% percent of the total) had under 6 years of schooling, 9 had six years of instruction; two between 7 and 9 years; 5 had 10 years; and 1 had 11 and 3 had 12 years of formal education. In summary, 46.6% had over six years of schooling.

When the women entered the program, 42.3% of the husbands worked for others, 19.2% were in fishing, and the rest were in other occupations.

In terms of the 26 for whom there is information of their business at entry, the predominate occupation was 30.8% in retail, 19.2% in production, 15.4% work for others, 11.5% raised animals, 7.7% in food service, and a few in others.

The types of current business that predominate in this sample are retail (38% percent of the cases), animal raising (35%), production (19%), and food service (remaining 8%). The difference is that more are raising animals and keeping shops and none are working for others.

For the number of general loans, 7.7% are on their third loan, 50% are on their 4th loan, 19.2% are on their 5th loan, 11.5% are on their sixth loan, 7.7% on their 7th loan and 3.8% on their 8th loan. There were no other productive loans registered for the sample. Four of the 24 respondents had house repair loans. One person had arrears.

In terms of the amount of the last loan, the interviewees range between 6,000 and 25,000 pesos. The average loan is 13,400. 50% had loans below 10,000. 31% had loans 20,000 to 25,000.

In terms of the group fund savings reported by 26 interviewees, the range was between Peso 755 and 6,025. The average was 2,369. 30.8% were below 1,325, 50% were below 1,754, while 30% were above 3,000. It can be seen that the average amount of savings with ASHI was only 18% of the average loan out from ASHI.

Only four women had personal savings in ASHI that ranged between no current balance to Peso 437. No-one had children's savings.

B. Loan Use, Investment Strategies, and Benefits

The purpose of this part of the assessment was to understand the strategies of the clients with regards to loan use and the use of the earnings generated. ASHI was particularly interested in assessing:

- Project continuity - whether clients' with livelihood activities are graduating to microenterprises.
- Loan use pattern - what types of activities graduate to microenterprises.

1. Loan Use

Most clients use their loans strictly for business purposes. The evaluation found a loan use trend in technological sophistication over time (in both the rural and urban context). For example, in Laguna East clients are improving their businesses in volume and sophistication by investing their loans in construction of an irrigation well to increase crop productivity, or a tricycle for faster delivery, or a horse for more efficient hauling of agricultural products from the mountains. Adding a sander to a paper mache business or videoke rental to a variety store makes a big difference to income generation. Clients in Talim also tend to focus on business expansion. They graduate from poultry to pigs while trying out snails. They also increase the productivity of their husbands' fishing businesses by investing in equipment, first a fish net and then a motorboat with the larger current loan.

The study found that many clients in Laguna South are diversifying their businesses rather than 'growing' a single activity. Some clients start with pig raising and then invest in rice field cultivation once their loans are large enough while expanding their animal husbandry. Others are adding on second business such as a sari-sari store or "ready to wear (RTW)" clothing in the hope of securing and increasing their income. Two clients have three or four business on the go after adding fish vending or a food stall. The additional businesses seem to be bringing in larger incomes and profits. While most members continue to invest in the same business, a few clients in Laguna South have changed their businesses over time to earn more income. For example, one client gave up her sari-sari store to concentrate on fish vending because it earns more income. Her sari-sari store always needed additional capital. "Profit from fish vending can be seen or calculated immediately."

Although Laguna South clients seem to be earning more, this does not mean that diversification is a successful strategy in itself. The primary reason for diversifying is to increase their income. Their original activities did not provide adequate income. Greater semi-urban income generating opportunities seem to be leading to diversification. It seems that they had to invest their first loans (P1-2,000) in activities which did not require much investment. They then moved into more profitable businesses when they had access to larger loans. Whereas in Laguna East, clients have managed to increase their income by expanding their original loan activity. Technologising paper mache production, coconut product manufacturing or a variety store is working well for women of Laguna East. The paper mache producer has not only increased her income, but also bought land and invested some of her profits into the business.

Some clients are using their significant[1] loans to create earning opportunities for their husbands or sons (if they are widowed). For example, many Talim clients have invested most or all of their loans in fishing equipment (i.e. a fish net then a motorboat) for their husbands or sons. Or they have invested in animals for the husband to raise because fish yields are down. Whereas Laguna South and East clients tend to invest only part of their larger loans in their husband's business. They might buy or repair his tricycle on which they rely for daily income.

[1] Clients were asked to discuss their first loan, last loan, and one 'significant' loan – that is, the loan in between which had made the most significant change in their business or household.

Animal raising is prevalent in all three branches, usually as an initial or additional activity. Some times the husband helps out with the animals because he does not have his own activity or the wife is busy with her other business. Investing solely in animal husbandry seems to be a risky strategy, because of the threat of disease. As an additional activity, it is usually contributing well the client's income.

A few rural clients use some of their loans for basic needs and consumption. The cases are either limited use on basic (food) consumption or isolated cases of spending part of their loans on house improvement or their children's school fees.

Loan sizes are increasing. Clients seem to be ready for the available loan sizes and several said that they want larger loans. They mention not being able to invest in a more profitable business until they could access bigger loans. Or they could not complete a project such as building a whole fishing boat until they got the subsequent loans.

Loan Use Strategies

The top three reasons for the way clients invest their first loans are familiarity with the income generating activity, business related needs, and income potential. One quarter of the respondents also consider proximity to the children while doing business as an important reason for investing the first loan the way they did.

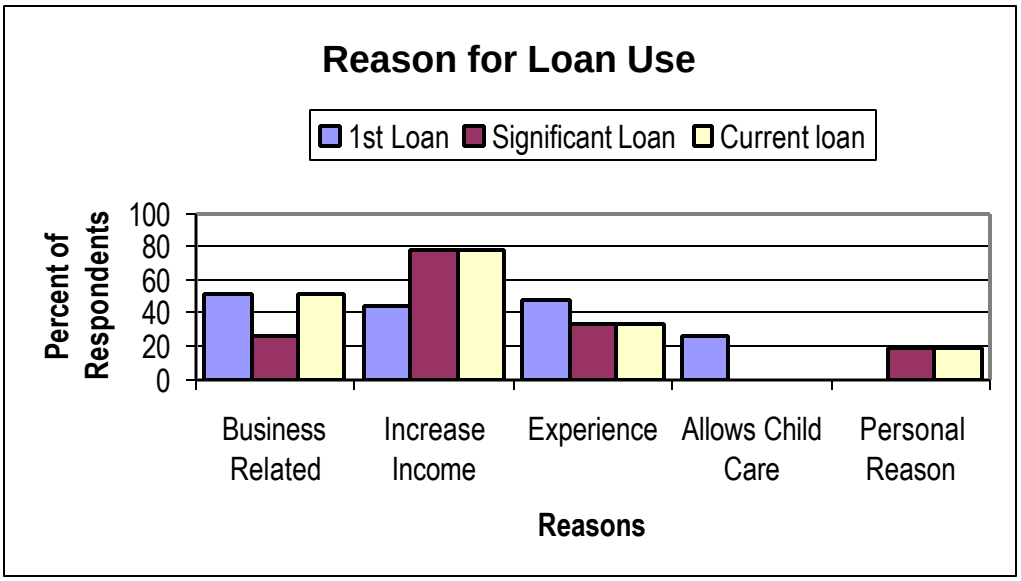
For larger loans (significant and current loan cycles) the great majority of clients (78% of the respondents) decide on loan use strategies based on a business's income generating potential. And they no longer consider proximity to children. Chart V (a) shows the shift from doing a familiar activity which allows the woman to put child-care first, to a stronger concern with profits.

Business profitability, experience and skill rank high as loan use factors in all three cycles. However, expected income is the strongest factor in loan use decisions while familiarity diminishes in importance.

Clients do not use their first loans on personal or household needs, but this feature slowly emerges in the significant and current loan use strategies (among 18.5% of the respondents). And this coincides with a general increase in income (significant loan) and then a decrease and possible leveling off in income (current loan). A few clients had to spend some of their loans on basic needs such as food as well as medical emergencies. Some clients improved their houses with a portion of their larger loans. They had enough to left over after investing what they needed in their business, a sign that they are growing the business and earning sufficiently to invest in other areas. Majority of clients still need or want to invest their entire larger loans in their business.

Investing in the husband's business can be a good strategy providing the client also expands her own business and develops her entrepreneurial confidence. A few Laguna East women have had success using part of their larger loans to support their husband's transport business. Investing in his tricycle maintains and improves his daily income on which the client also relies. Growing one business, which taps the skills of both the husband and the wife, is also a successful strategy. One Laguna East client and her husband were able to use their past coconut related experience to earn P10,000 a month from their plantation. She proudly explained how this is a good source of livelihood because the "capital [is] intact while the harvest earns". A combination of maintaining the plantation, buying and selling copra or fresh coconuts, and hauling agricultural products by horse (using her riding skills) is allowing them to "roll the money" so "it does not sleep".

Chart V (a):



In Talim, fishing investments made financial sense because the profits used to be consistently high. However, exclusive (or almost) investment in the husband's fishing business has backfired due to the recent decline in fish yields in Talim. Of the 27 respondents, only Talim clients reported repayment problems in their current loans due to the lack of fish. These women, who were earning good income from fishing, are now resorting to low-income livelihood activities, like basket making, or even doing other people's laundry just to make their payments. Their husbands or sons have also had to look for other jobs such as factory work.

Likewise, exclusive investment in animal husbandry seems too risky due to potential epidemics and animal loss. Whereas a combination of animal raising and growing another business such as a store or plantation, seems to work well. Women of Laguna East talk of poultry or pigs serving as a "piggy bank" or "savings" because they give returns in "big chunks". One client mentioned "waiting for the big chunk of money in time of tuition [payment]". Combining pig raising and rice field cultivation is working very well for clients in Laguna South. One woman can pay others to work in the rice fields which gives her time to care for her sows and also has money left over because she is earning well.

While most clients have been seeking profitable business opportunities, some clients prefer to choose strategies which provide sources of "ready cash" including paper mache and fish vending. Having "ready cash" helps them to make their weekly loan payments as well as meet daily household needs. The successful businesswomen are also monitoring their business's profitability and responding as necessary.

Silveria Calim's Loan Use Strategies; Laguna East Branch

Silveria has made paper mache statues for the last decade. With her first loan of P1,500 she capitalized this business, in a small way, by buying the moulds that she used to borrow from the buyer. This meant that she could sell her craft for an average of P24 per piece, instead of P16 before. Although Silveria spent some of her profits on her childrens tuition fees and on food, she continued to roll some of it into materials and moulds for her business.

In her five subsequent loans Silveria has invested into her own business, buying bigger and better moulds, so that she can produce a variety of paper mache figures and in greater quantity. She has always been concerned to retain her capital intact, so that each new loan means an expansion of the business. And she has also invested into her husband's business, which is tricycle hire. On her fifth loan, when his tricycle was damaged in an accident and his daily income stopped as a result, she spent P.8000 to get him back onto the road again. "This is the source of our everyday budget, while the paper mache profit is for larger expenses, like school fees.

Silveria made a significant jump in her latest loan, buying two large angel moulds and a sander for her own business, so that she can produce high quality figures, faster than before. She had previously helped her husband buy an instrument to become a band member, in addition to his tricycle earnings. With her latest loan she went into pig raising in a well organised way, spending more than P20,000 on building an iron doored pig pen, and installing a deep well to facilitate cleaning and feeding her four pigs, and buying pig feed. Her husband has taken charge of caring for the pigs. "Pigs are a saving. Every four months, we can earn P4,000, invest some in the business and spend some on the house." With her pig sales this year she has partially paid for the lease of a rice field and has installed cable TV so that they can enjoy more channels.

Silveria has organised her household out of the poverty group through capitalizing her own skill in statue making and a careful husbanding of her capital, so that she now produces a variety of large and high quality crafts. At the same time she has helped her husband improve his earnings through his tricycle driving, playing in a band and, now, taking care of her piggery. Although she spends income and profits on the children's education and improvements to the house, each year she has reinvested some of her own income, as well as her loans, into productive assets.

3. Loan Use Benefits

a) Changes With Loan Use: Access to credit is having a positive impact on the lives of many ASHI clients. The assessment found changes on two levels: personal and business changes. The business level shows the most significant impact from loan use. The majority of the respondents said they expanded

their product volume or business equipment during the first and current loan cycles. Increased income is also an important change in their lives and is the most noticeable change in the significant loan cycle. Since the data on income and profit is inconsistent, it is not possible to provide figures on income increase. The decrease in income in the current loan cycle suggests a general leveling off (when compared to the significant loans) which has implications for movement out of poverty. Although clients are better off, it is not clear whether they will be able to move out of poverty with their existing businesses and loan products.

On the personal level, being able to invest in children's education and household needs takes center stage as the main change in the clients' lives. As the loans and businesses grow, household asset accumulation becomes prominent, but not to the exclusion of basic household needs. There is not much impact on the clients themselves because they tend to neglect their individual needs. But it is interesting to note that they think of themselves as having an "easier life" with "time on their hands" as their lives begin to improve. Some women mentioned an "improved standing in the community". Others talk of being happier, especially because they can help and provide for their families. Their comments about better food, sending their children to school, and acquiring household appliances indicate clear signs of improvement in their lives.

Being able to accumulate savings featured as a positive change for some clients in the first (primarily) and current loan cycles. There were some negative changes in the current loan cycle that could be attributed to the country's economic situation or the seasonality of businesses. For example, positive change in terms of accumulation of assets, of capital and spending on education all went down for the current loan, compared to earlier.

b) Use of Surplus

Surplus was very difficult to quantify as clients expressed their net profits in varied ways. It was not clear whether they distinguished their gross income from their net income. Some did not seem to realize that they were making a profit because they ploughed it back into their businesses or used it for food consumption.

Those doing agricultural businesses report bigger incomes by season. They would experience lean months in the off season, which those in retail would not.

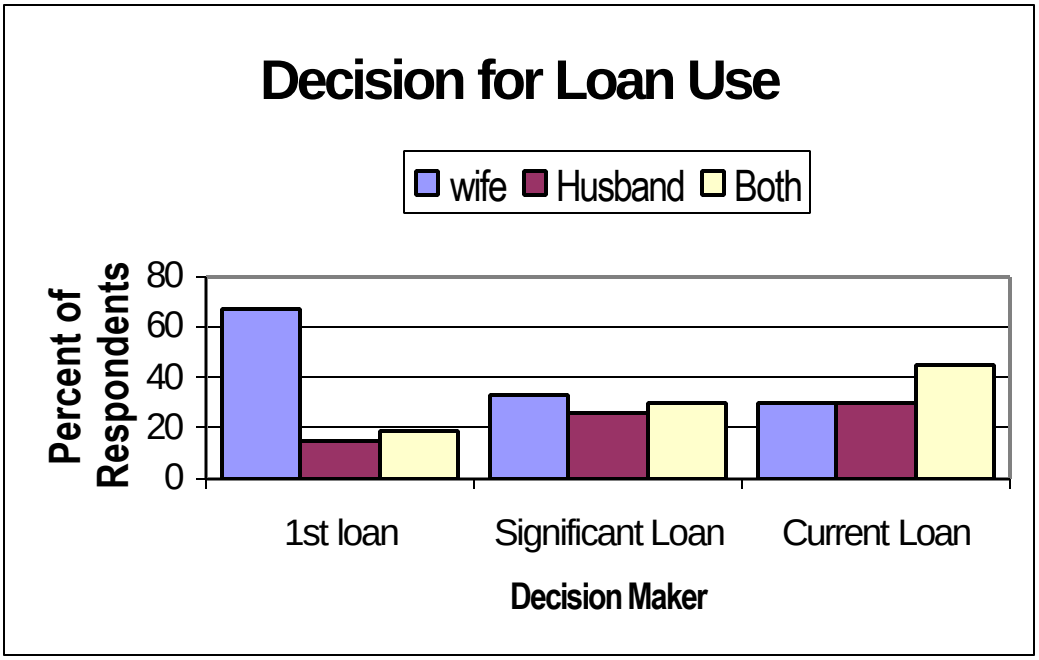
On the personal level, almost half the respondents consistently use their profits on their children's education, household assets and basic needs. Household needs peaks in the middle cycles and then declines somewhat, although it is still the most important. Spending on education increases over the loan cycles. Clients acquire household assets (e.g. electric fan, furniture, washing machine, karaoke, TV, refrigerator) during all loan cycles, but most noticeably in the middle cycle. They seem to be able to use some of their profits on health needs.

For those who use profits on their business, they consistently use them as additional capital for their businesses. Not many clients do this and the cases decrease (10/first cycle, 8 /significant cycle, 6/current cycle). A minority use some profits on equipment for their business during the significant and current cycle, again decreasingly.

c) Coping with Crises: Unexpected events are usually those associated with sickness and other health-related occasions and these create a need for ready cash. Other unexpected events raised by the respondents include death of clients' livestock, poor catch from the lake, and husband's loss of employment. Clients' coping strategies reveal that they use savings and turn to relatives for help. In absence of help, they use prayer as their final recourse.

4. Decision Making on Loan Use

Chart V (b)



The majority of the women interviewed decided on the use of their first loans. The trend changes significantly in the other loan cycles. This suggests that the first loans are not important enough to involve the husband.

All three branches reveal a similar trend in shared or husband controlled decision-making. The more the women invest in their husbands or sons, the more they get involved in the decision making. Husbands or sons are increasingly sharing or controlling the decision-making as the loans get larger because that is when the clients have enough money (or are under pressure) to invest in them. On the current loan the majority report that decisions are made jointly. However just as many husbands are making decisions alone on the use of the woman's loan, as are women making these decisions themselves.

Women tend to consult their husband on the more significant investments because of the higher risks. Although clients say that the husband decides on his business or his part of the joint business and she on hers, "shared" decision making can also look like this: "husband suggests and wife concedes". Husbands noticeably make the decisions when it comes to fishing, transport, and sometimes even animal husbandry.

C. Savings Use

ASHI's main concern in the area of savings is:

- How can current savings products be improved to mobilise more savings

ASHI, like other Grameen type programs, requires its members to make compulsory contributions (at least five pesos per week) to the group fund savings. At the time of the evaluation, ASHI's policy allowed members to apply for loans from the group fund at a rate of 5% per annum, only for (medical) emergencies. Clients could obtain less than P1,000 loans at their weekly center meetings; larger loans

required medical documentation and the approval of the Area Manager and took one to two weeks to process. ASHI also offers a voluntary personal savings product which gives a 5% return. ASHI collects these voluntary savings at the weekly center meetings. (For more information on the group fund savings and personal savings please refer to ASHI's loaning policies in Chapter II).

Questions about the use of group fund loans as well as voluntary cash savings were incorporated into the interview guide. Interviewers made a point of probing on the location of cash savings after discovering in the field test that clients also keep their savings at home.

1. Group Fund Loan Use

12 out of the 27 did not borrow from the Group Fund over the last year (March 1999 to March 2000). Of those 15 who borrowed 12 took less than ₱1,000. ASHI policy and process is more restrictive on Group Fund loans of more than ₱1,000. The three clients who took loans ranging from ₱1,000 to ₱5,000 were from rural branches.

The majority (78%) used their Group Fund Loan for health related needs. This is also a reflection of ASHI's policy in restricting the use to medical purposes. Only in Talim were some of the Group Fund Loans used for other purposes, like investing in business, home improvement, payment of bills, etc.

In the majority of cases (60%), the client herself decided on the use. It seems that in the matter of savings, the wife seems to make most of the decisions. This is because the savings are used for health related expenditure – the domain of the wife – as much as because they are her savings.

2. Voluntary Savings

An overwhelming majority, (96%), have voluntary savings – but not with ASHI. Most keep their money in their homes. They keep their savings under their clothes, in pockets and in piggy banks. Some keep their savings with relatives. One client reported that she keeps her savings in a bank, but she has some savings with ASHI "to help out her center members." Seven of the 27 clients have voluntary savings with ASHI, but only two of these save only with ASHI. One client gave her savings to her mother because she pressured her to do so.

The primary purpose for saving is to have buffer funds for emergency purposes. A far second is for the education of their children, followed by household needs. Other reasons include saving for their business, to pay their loans, and to lend to others in need.

Because savings are usually small, so are withdrawals. Of those who withdrew savings from ASHI 86% took out less than ₱500. It is important to note here that the withdrawal data is inconsistent and includes "withdrawals" from their savings at home. There was also some uncertainty about ASHI savings balances because passbooks were not up-to-date. It is more useful to consider how much savings the client used in the past six months because they often provided information on their total savings use rather than just on withdrawals from ASHI. The general trend shows that women of Laguna South and East used savings of less than ₱5,000 and clients of Talim used savings of more than ₱5,000.

How these voluntary savings are used is as varied as the people in the sample. All the reasons were considered urgent or important, like school needs, funerals, utility bills, working capital, fixing the roof, and lending to others in need. But although savings were said to be kept for emergencies, they were mostly spent on household and personal needs. One client used her savings to attend the ASHI anniversary because she did not have enough money for the fare.

Nobody has savings large enough to use for any significant investment, either in their business or in house improvements or even to buy household appliances. A few clients seem to have combined some of their savings with their loans and used them on house improvements.

There is no significant difference between semi-urban and rural savings use except on emergencies where 5 of the 6 were rural clients.

Table V (c)

Use	Semi-urban		Rural		Total	
1. Household/Personal	6	50%	8	40%	14	44%
2. Emergency	1	8%	5	25%	6	19%
3. Education	2	17%	3	15%	5	16%
4. Business	1	8%	1	5%	2	6%
5. Lend to others	2	17%	1	5%	3	9%
6. Pay ASHI	-	-	2	10%	2	6%
TOTAL	12	100%	20	100%	32	100%

3. Decisions on Loan Use

The client usually decides on the use of her savings (14/20). However, in six cases the husband and client decide together. In no case did the husband decide alone on the use of his wife's savings.

The decision to use the savings the way the clients did was mostly dictated by pressing needs such as schooling expenses, household bills, funerals, health related needs as well as pressure from the family as shown by 6 out of 12 respondents.

4. What would they have done if they didn't have these savings? Five respondents had nothing to say because they had probably never been in the position where they were without money to use. However, most (15) clients said they would have coped with their "pressing needs" by borrowing money from external sources such as relatives, employers, or neighbours. Four women would have asked their husbands or sons to work extra or find the money. One would have lived with her relatives before finishing the house she was building. Another would have postponed their family wedding. And one would have been forced to use the capital for her business.

All but one said they already had the habit of savings even before they joined ASHI. The one exception did not give a reason.

D. Implications of These Findings for ASHI

1. Loan Use Strategies. ASHI clients are graduating from livelihood activities into larger and more technologically sophisticated businesses. ASHI clients have graduated from doing projects just because they are familiar, or because they can combine them with their childcare responsibilities, to more skilled businesses, where they make decisions based primarily on profits. There is no doubt that participation in ASHI has given these clients many new options in terms of earning income and significant benefits in terms of surplus funds to use in their children's education and to buy household assets. However, by no means all have advanced very far in the direction of more productive and technically advanced businesses. Some 50% are still taking loans of less than P.10,000. A number are still doing low-earning activities, like the client who invested her loans in chickens, which she sold and used

the returns for household needs; then bought ducks, which died of disease; and is now trying pigs, with no increase in her capital base.

There is no one successful strategy exhibited by ASHI's clients. But it is possible to identify some patterns for success. Those who expand a single business by investing in machinery, to produce higher volume or better quality or more attractive products for customers – like the sanding machine that the paper mache maker bought with her last loan – is one such pattern. Often, clients who expand their business also absorb the labour of their husband or adult children to increase production or to deliver it to customers. Another, more common, strategy for success is the clients who combine 'daily cash' business, like wholesale fish vending, with 'piggy bank' activities, like pig fattening, which will give a periodic lump sum return. When such clients also capitalize their husbands, so that his income significantly increases, they are pretty certain to escape from poverty. For ASHI clients, buying the husband a vehicle so that he can earn daily from transporting passengers or goods, has been an important route out of poverty. In Talim, so has transforming husbands from traditional fishermen, or labourers hired to guard fish pens, into owners of motorized boats, fish cages and fish pens.

Activities which allow for some kind of technological jump to be made to significantly higher productivity are the ones which have brought families out of poverty, whether mechanized fishing, motorized transport, or production activities using machinery. Several of these women can be described as microentrepreneurs – the copra trader, the woman who makes paper mache angels and the woman who turned her grocery into an entertainment outlet. But others are still doing livelihood activities – they are just doing more of them, or doing them on a somewhat larger scale, and so are making more income.

The most risky strategies seem to be investment in a single, vulnerable, activity. Animal raising, on its own, is such a strategy. Talim recently experienced an outbreak of disease which decimated many of the pigs on the island. Ducks and chickens as single activities are also vulnerable to wipeout. Families on Talim who are solely dependent on fishing, have been badly hit by the poor fish catch in the past few months.

2. Larger Loans A number of clients wanted larger loans than they were able to access, in order to invest in more profitable business lines. Other clients, either through poor planning, or because their loan proposals were reduced, had assets which they were not using effectively because of lack of capital. For example, a client in Talim who had bought a fish cage, was not currently using it because she lacked the money for fingerlings and fish feed.

3. Lean Season. A substantial proportion of rural clients experience a lean season, where they consume their capital. This must set back their business growth and exit from poverty. There seems to be a need for these clients to access a loan product for alternative earning activity during the lean period, or a savings product for smoothening their consumption.

4. Husband's Use of the Loan We have seen that husbands become increasingly involved as the loan size increases. This is often a successful strategy, in terms of income growth. The impact survey shows a strong relationship between investment in capital-intensive fishing equipment and poverty reduction in Talim. Buying or repairing a tricycle for the husband to ply seems to be a good strategy in Laguna East. But clients who rely solely on capitalizing their husbands and have no business of their own are vulnerable to a downturn in his earnings, or, worse-case-scenario, having him ride off into the sunset with the vehicle for which she is still paying.

And whether successful or not, the husbands' increasing involvement in loan use carries the danger of loss of control by the woman who bears the debt. We already see husbands increasing their control over loan use as its size increases. It would be counterproductive to ban male use of loans, which seems to be a

good route out of poverty, and anyway it is basically a family decision. But ASHI should have some safeguards, like requiring the client to have her own source of income in addition to her husband's and legal ownership of the assets bought by the loan.

5. Savings Use. Some 85% of these respondents claimed that they already had the habit of saving even before joining ASHI. And 96% of them are saving now. So ASHI did not create this savings habit, but nor does it benefit from it. Most of the client's savings are not kept with ASHI. Also savings, even in total, are ***very small*** in relation to the loans taken by these clients, and the number of years they have been in the program. ASHI clients have **not** graduated out of small-scale, piggy-bank savings for emergency uses, into savings for the purchase of household or productive assets, or to achieve goals (college education, for example.) Both these are areas of concern.

Why are ASHI clients keeping their savings at home, instead of making use of ASHI voluntary savings product and its children's saving product? Since the motivation for saving is as a buffer for emergencies, clients need savings which are accessible and safe. Group Fund loans are accessible at the weekly meeting, but only for sums below P1,000, only for medical emergencies and only if no other group member has a current loan. Voluntary savings are accessible at the weekly meetings, but clients fear they will be pressured to use them to cover arrears of other members – so clients feel their money is safer hidden in their clothes! There is a need for the Group Fund to be more accessible and for voluntary savings deposits to be confidential and safe from group pressure. Clients should also have physical possession of their savings passbooks. Although ASHI has introduced a special savings product for education it has not been popular (none of the clients interviewed on loan and savings use had availed of it). It may be too long term (2 years before withdrawal is possible) and/or the interest rate too low (6%). Perhaps it could be redesigned as a product that could be used for household/ personal needs and education, with a flexible interest rate that encourages long-term savings but does not make it compulsory.

VI. Client Empowerment

ASHI's vision is to empower women to rise above poverty, so that they can "attain their life's higher goals." In the ASHI impact assessment, it was decided to let the ASHI clients define what *they* mean by empowerment. This was done by getting small groups of four women at a time to draw pictures of themselves at a point in the past and at the present. The group then talked about their pictures, in the process discussing how they felt about themselves, how they related to their family and to the community and how they saw their roles and decision making power in relation to their businesses. What they said was written up into individual case studies and then summarized into one matrix for each group. These matrices, which ordered the responses in terms of the four domains of self, household, business and community, were then summarized by branch, before being analysed for this report. Although 47 women participated in these groups and each individual case was recorded and written up, it was impossible in the time available for the assessment team to complete the comparison and analysis of all cases. In the event it was decided to analyze the results from 36 case studies, 12 from each branch.

Some of the ways ASHI clients defined empowerment surprised the assessment team. Several clients saw wearing fancy clips in their hair or taking their children for a treat to Jollibees to be measures of current freedom and well-being. But the process captured well their own perceptions and focused the analysis on issues of importance to the clients and on areas of significant change as they perceived them.

1. Valuing Themselves as Individuals

The most overwhelming response when talking about themselves was that they now felt “good” about themselves. They defined this largely in terms of having more self-confidence and more time and resources to look after themselves.

Their pictures of the past expressed low self-esteem, shown in feelings of shame about their appearance - wearing a duster, having chapped feet. This was related to having no time to care for themselves because their role was tending to others. The most common theme in all three branches was lack of time for oneself (to even comb their hair, to attend church, to socialize, to rest), as they struggled to perform their domestic roles and "help" their husbands earn for the family. "I just prayed in a corner", lamented one, her need to fulfill religious obligations taking a backseat as she tended a tiny stall in front of her house while keeping an eye on a brood of 11 children.

They commonly perceived others as looking down on them. Well over half the respondents mentioned being ‘shy’ in their relationships with others, and having no confidence to face people, especially those from outside the community. One said that she used to cover her face if anyone asked her a question. There was also a feeling of hopelessness and being unable to cope expressed by a majority of the women as they talked about their past lives. The physical hardships of raising large families, with very little money and even less help, was a vivid memory. A number were alone, with husbands working elsewhere, or simply gone, so that the burden of caring for children and maintaining the household rested mainly on their shoulders. One drew a wilted flower to symbolize her helplessness and discontent. "As I sweat profusely under the mid-day sun, I am almost in tears, planning ahead what food to buy with my meager income, thinking of the chores that I still have to do when I get home,” recalled one woman.

There was, however, a significant minority (11 out of 36) who felt proud of themselves because of their ‘courage’ in the face of these difficulties, their resilience and refusal to give up hope. For example, one woman mentioned proudly her stamina that enabled her to wash clothes all morning, and then walk up to her son’s farm in the mountains to help him until evening. In addition, there were a small minority of women who previously had city jobs, and remembered with regret that they dressed up well, had a social life and more freedom than they enjoy now. For this small group, the demands of children and a business are a burden that they did not carry in the past.

In the present, women feel better about themselves – and this is still expressed in terms of their appearance. They dress better, can afford to buy themselves jewelry and hair clips, and actually draw themselves as ‘bigger’ than they were before, with smiling faces, or with the sun shining. Some are still ‘shy’, but the majority says that they have overcome their shyness. Their new confidence seems to be mainly based on a perception of their improved social standing. Sometimes this is related to the improved status of the husband, as with the woman whose husband was appointed as a village policeman, with people coming to their house to seek his help. But most associate it with their improved economic condition. One exclaimed, "Now, I can hold my head up!" indicating higher self-esteem as her improved economic status brought with it social recognition.

Several women attribute their increased self-confidence directly to their business activities, which have made them develop their abilities and interact with people outside the household. A woman who was forced through poverty to become an illegal *jueteng* (lottery) collector, in constant danger of arrest, was relieved that she now had a respectable occupation through her ASHI loan, knowing that her son would have grown up ashamed of her.

Only a few women felt more burdened now than before, or had health or family problems they found hard to cope with.

In fact, it is the feeling of being less burdened, “lighter”, “livelier”, than emerges strikingly from these dialogues, particularly having more time and resources for themselves. Most women expressed satisfaction about being able to enjoy leisure time with their children (going to movies together, eating at fast food outlets), time for themselves (beautifying, attending religious service) and having the resources to provide for their personal needs and that of their children (schooling, jewelry, proper shoes and better clothing). One of the reasons for some women feeling less stressed than in the past, is that absent husbands have returned (or that gambling and/or womanizing husbands have become more responsible) and more husbands are helping around the house – of which more later.

2. Household: Better Material Conditions, but Little Acknowledged Role Change

In the past, all of the women considered their primary roles in their households to be mothers and wives and their responsibilities clearly defined as housekeeping (cooking, washing clothes and nurturing). There is some pride in this role. One woman drew a lighted candle to symbolize herself as "light of the home" because all her attention was focused on her fisherman-husband and their 5 children. But others describe their lives as “a cook and eat” existance, a comment on the limitations and confinement of domestic life. Many women refer to themselves in the past as ‘plain housewives’, although many also did productive work. This indicates that they did not/do not value the work that they did in the household, nor the “help” they gave to their husbands in his farm, rice field, or with livestock, etc.

In fact, the great majority (27 of 36) did small scale vending, food production or laundry/laboring work in the past, in addition to their domestic responsibilities, to make both ends meet. The most number of ‘pure housewives’ was in Talim, but even here the majority (7 of 12) did some income earning on the side. But most of them considered their earning activities only supplementary to their husbands' income, even though they felt physically and mentally stretched to breaking point as they tried to fulfill both roles.

It is notable that few of the women challenged the traditional role of wife and mother directly when they talked about the present. Most just didn’t talk about it. Their focus was not on a change in roles and relationships, so much as on the material changes which had made their lives easier and less stressful. They contrasted starkly the houses they used to live in and their houses now, and the various things they had filled them with.

When asked to talk about their households, clients invariably began by contrasting the houses they lived in before and the improvements that they had helped bring about. They described semi-urban slum homes of plastic sacks and coconut leaves; rural houses of bamboo and thatch and cramped huts in Talim. Most have been able to realize their dreams of better living conditions for their families. Two thirds of the women said that they have had their houses improved, with more than half mentioning that they had bought leisure (TV and Karaoke) and time-saving (refrigerator, washing machine and electric fan) appliances. For several women more security was achieved with the acquisition of residential lots.

A central issue for almost all the women in these dialogue groups was their dream to educate their children. In the past they worried that they could not afford to send their children to high school, several bitterly regretted that their children used to have to work for income during their school years and that a few dropped out to do so. It was a matter of great pride to the majority of women that they had invested or were investing money into keeping their children in school until they graduated from high school. Several had children in college or qualified as schoolteachers or other ‘professionals’.

Better living was also expressed in having more leisure time – but mainly to spend with the children. Having more control of her livelihood, one could decide to close her store when the children clamor for a

swim in a nearby private pool; another would bring her children to Jollibee or McDonalds for a leisurely Sunday meal.

It is clear in the issues raised – the quality of the house, the acquisition of appliances, the education of their children – that ASHI clients see their personal fulfillment as inseparable from the welfare of their families and the future of their children. But they don't feel guilty about spending money on their own appearance, or enjoying leisure time and more social life than before. There has been a shift in their lives away from a primary focus on their domestic responsibilities towards their business and social activities, because they are contributing in a major way to their households.

3. Business: A Change in Scale and Importance

In the past: - All but one of the women in semi-urban Laguna South had a small business in the past. So did the majority in Talim and five of the 12 in rural Laguna East. What is notable about the income earning activities was their small scale, and the woman's perception of them as subordinate to the husband's work. Women were content to work at irregular or low-paid jobs, which could be done from the house or near to it. Their care-giving role was paramount and so they basically relied on their husbands as the main income earners. Their focus was survival, rather than expanding their business and their comments reveal a lack of entrepreneurial confidence and skills at that time.

In the Present: There is a striking increase in entrepreneurial confidence expressed amongst most of these women. Their income generating businesses are more focussed - for example, they consciously decide on a product because it is in demand and they think that they can make a profit. Most of their projects rely on capital and many have become central to the family budget – not just sidelines to their domestic work.

For example, two Laguna South clients were smoked fish vendors in he past. They had no capital so they bought the fish on consignment, from the dryer-owner, often waiting hours for the fish for the day before they could start their vending. Their mark-up on his price was too small to make a decent income. Now one of them buys her own fish, and markets her own smoked and fresh fish. The other buys vegetables in bulk and delivers them to customers in the town market. The woman in Laguna East, who used to do some paper mache at home to "help her husband", now sees it as just a 'diversion'. She works at several businesses, selling RTW, tupperware, all kinds of dry goods on installment and special Christmas décor from paper mache. She consciously manages her time and she knows her markets, collecting customers from the health center and Municipal Hall, who earn regular salaries. Others demonstrate varying degrees of the same entrepreneurial confidence, based on learning how to make products, like handicrafts, and learning how to buy and sell. Most feel that they now have the skills to roll their capital and make profits. "I am a risk taker; I am not afraid to take out big loans and I believe credit must be paid. I hate defaulters!" Most are quite at home with large amounts of money and know how to manage it. One employs 8 people and most have concrete plans for further business growth when they get more capital.

A number of women have recruited their husbands into their businesses. Some wholesale goods, which are delivered by the husband in tribikes bought with ASHI loans. Some jointly manage grocery shops, with the wife doing most of the selling, while the husband does the bulk purchasing and delivery. The women are active, often dominant partners in these enterprises. In Talim, however, there are four who did not previously work, and three have invested their loans entirely in their husband's fishing businesses. The decline in the fish catch from the lake has exposed the vulnerability of Talim clients who have put most of their ASHI loans into fishing equipment for their husbands. Two have gone back to doing laundry and selling cakes, both low-income, strenuous activities characteristic of women with no capital.

4. Decision Making: Separate Spheres

The cultural norms of male headship with women managing the household budget in Philippine society seemed to be at work in all three branches. Only a small minority of women said that their husbands made all the decisions in the past and “I could not buy anything for myself”. The usual pattern is that women defer to their husbands in the big decisions, while she takes the small ones (“I must honor his decisions because he is the head of our household"; "He is the breadwinner so I must follow him"). The majority of ASHI’s clients have always had the responsibility of budgeting the family income. Since the income in the past was rarely enough to meet household needs, the women who are tasked with the disposal of cash earnings also become responsible for covering the deficits. This was graphically described by one client when she held her head, remembering "I got headaches when I thought of how to make ends meet, especially when children needed to pay their school projects." Her solution to this financial challenge was to pay the school by installment. A minority of women made decisions by themselves, because their husbands were absent (abroad/absconded) or had jobs, like drivers, which took them away for much of the time.

FEISTY FILOMENA

She was the loudest to protest that she could not draw. She chose a black pen because she said, "There is little I can say about my life." But from the formal interview and the informal conversation during lunch, Filomena's story turned out to be the most striking of all.

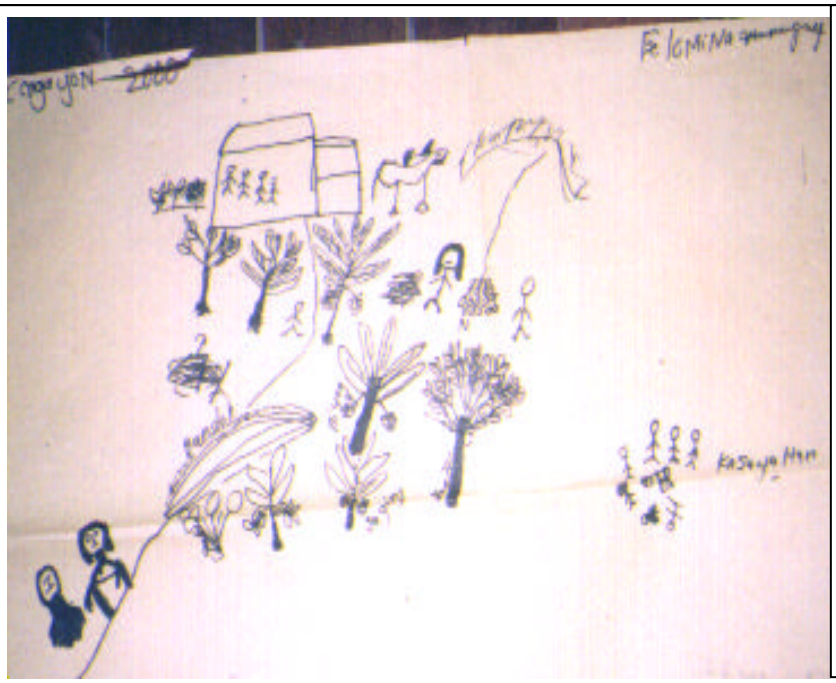
Filomena's married life did not start right. Both their parents were against the marriage. Perhaps because he was better off and she was so poor. Her parents feared that she would not be welcome in her husband's household. And they were right. Headstrong that she was, she married him when she was 16. As was customary, she was brought to her husband's house after her wedding. They had barely settled when her mother-in-law demanded that she lend her their wedding money. She refused, because she wanted a house of their own soonest. Right then, they were thrown out of her in-laws' house

They spent the next few days in an abandoned hut. Filomena shivered at the recollection of those chilly nights in the forest, without any blanket, with only coconut husks to protect their backs from the cold earth.

Her husband's relative allowed them to occupy the hut. Meanwhile, they eked a living by working in coconut plantations: he as a harvester, she as coconut piler. It was backbreaking labor, yet as Filomena pointed out, "it was physically exhausting but paid so little ". Also, their work did not provide them with security: "if we do not work in the morning, by evening, there will be no rice to cook." It was also fraught with dangers: snake bites, coconuts accidentally falling on one's head, landslides. Filomena recounted how, one rainy day, eight of them were buried by a landslide. She clawed her way out, and dug her husband and 4 others with her bare hands. Two of her friends died in the accident. It was a harrowing experience, and they both decided to try farming. They moved higher up in the mountain, where a relative's kaingin (slash and burn farm) was offered them for cultivation. When she described her life in 1995, it was as a farmer's wife that she remembered herself: " *I could not even comb my hair. After feeding my husband and my son, cleaning the house and other myriad chores in the house, I would join him in the farm, carry the banana saplings and roots he would plant, weed, stay there until dusk. We would go back to the house, cook again, eat, sleep. That was how my days started and ended: house, farm, house. It was a tiny world. I thought to myself: Will our life always be this way? Laboring under the sun, no time to go somewhere else, no reason to fix one's appearance (I was up there; nobody would see me anyway!).*

She was so absorbed in her misery that she did not feel any concern about the few neighbors they had (she had to walk 1/2 hour to see her nearest neighbor).

What were her aspirations before? She dreamed of a better house (not leaking when it rained), a change in livelihood (one that earns more, but not too taxing), to have time for herself (see other people, go to other places, improve how she looked).



This is Filomena's Year 2000. Here is her big house, her horse, the coconut plantation and her customers in the mountains. Filomena is climbing the hill with a friend, her hair combed. The circle of figures is her group—kasayahan, or getting together

The Filomena of today is a different woman, not only in her eyes, but in the eyes of her neighbors and ASHI staff.

How does she spend her days now? " *In the morning, I mount the horse and go up the mountain, not to plant as I used to do but to go to my customers."* Nowadays she buys vegetables from mountain farms and carries them on horseback to the town for sale. Pointing to a male figure in her drawing, she explained*: "That is the landowner. Notice I am always smiling. I always comb my hair and dress up well now so my customers will be pleased to see me. When my transactions have been completed, I would go visit the plantation (mortgaged to me, for which I used my third loan from ASHI). By evening, our family would be together, and there would be a lively discussion on how the day transpired. We would talk of how else we can improve our lives. Before, we were so tired all we could think of in the evening was to rest our bodies to have strength for the next day."*

She gave full credit to ASHI for these changes. She joined Ahon in 1995. She used her first loan to buy a pig. Her second loan was used for the purchase of a horse. Her third loan bought her a cow, plus payment to a landowner who mortgaged his plantation to her (**Note**: known locally as salapian or sanlaan, the plantation owner agrees, in exchange for a sum of money, to let the leasor harvest the produce of his farm, until such time as he is able to pay back the money he has received.).

"*ASHI gave us courage. Before, I was very afraid to have credit. A P200-credit in the neighborhood variety store could give me sleepless until I paid it. In ASHI, we learned to take out loans so we can dream bigger dreams. Now, I can take even P30,000 if ASHI approves my application! I know I can pay it. With part of that money, I would like to build a smokehouse (coprasan). If I can dry the copra, I can store it longer, even wait for a better price. I have learned some trade secrets along the way. For instance, one should be keep one's word. If I told my customer I would come at a particular time and day, I will be there. Otherwise, he will be doubtful the next time I set an appointment. Also, business must come before fun. I only go out with friends when my business schedule allows it. I have learned to divide my time among my activities: for the kaingin, for the plantation, for my buy and sell business. Also, one has the advantage if you can pay in cash. People would prefer to deal with you than with someone who pays them only after their product has been sold. That is why the bigger the capital, the better. You revolve the money faster and ultimately, you get more income.*

"*ASHI also taught me to relate to people. Before, I felt people looked down on me, on my appearance (taga-bundok or from the boondocks), on our status. Now people are drawn to me. In fact, I have 23 godchildren! Before, I had only two. Perhaps, people were saying, "What benefit will it do us to get her as our child's godmother? Look at her, she looks stupid!" Perhaps, people see me differently now."*

"I feel that my dreams before are almost realized: my house is no longer a shanty, I have a good business, I feel good about my appearance. See, I even wear hairclips now!"

Filomena said that since she has learned to do a lot of new things, the roles in her household have been reversed. Now her husband stays at home with their kids while she transacts business around the village and in town. He still farms but also does household chores in her absence.

A friend of Filomena's whispered to me: "*She used to be very shy. You see, she finished only Grade 6. Did you notice her fingers trembling as she held the pen?*" Yes, I did notice that, and was doubly impressed that despite her "handicap", Filomena told her story in vivid drawings.

Aniceta Alip

ASHI woman still hold quite strongly to their primary responsibility of managing the house. “It is the woman’s role to run the family economy – I did that in the past and I still do it,” one client said. This gives her great authority within that sphere – she apportions the work of everyone, including her husband, and is proud of her reputation for being tight fisted. A few more ASHI clients report that they now share the major decisions with their husbands, more than they did in the past. But the main change seems to be that within the household sphere, they have more cash to make decisions about. As one woman commented in Laguna East, “When a woman has money in her hand, it is easier to decide to buy what she wants.” A substantial group commented that they could buy major appliances with the money that they made themselves from their own projects, since they control the use of that income. A wife who previously deferred to her husband's decision regarding purchases has gained a degree of freedom, i.e. she no longer asks husband for money, because she has income from her business.

So it does not seem that the pattern of decision making has changed much. As in the past, women make the decisions about their own economic activities and the husband on his. But there may be more going on here than most of these women are willing to talk about openly. Most ASHI clients in these focus groups are no longer solely dependent on husbands. Women’s activities are now very much more central to the household economy and in some cases they are the main income earner. Some are ‘employing’ their husbands, or have set him up in his own business. There is no doubt that there has been a shift in gender roles as a result. Two women, who have reversed roles with their husbands, did mention it. “Now he does what I did before,” commented the client who rents space in an up-market mall to sell clothes, and whose husband takes care of the children at home. (She still says that they jointly make the major household decisions.) Another who buys agricultural produce around her village and brings it to town on horseback, said explicitly, “When a woman learns things, the roles in the household are reversed. Now I go around the village and he stays at home, doing what I used to do – cook and take care of the children.”

Almost half the women did not comment on their decision making role in the household currently, although they were invited to do so. Is this because the facts have shifted, but the ideology of deference to the male household head is still too strong to confront? Or would their new authority invite a backlash if they talked about it out loud?

Generally, the women *do* report more helpful relationships with their husbands. For starters, a number of husbands have returned from work in Manila or abroad and are now participating in the wife’s business. In terms of relationships, several spendthrift or unfaithful husbands have ‘reformed’ and are now helpful in the house; a number of clients report that their husbands now help with the children and the chores so that she can go out and do her business. But it is clear that the women do not want to rock this boat by challenging the male leadership role. Traditional ideas still filter the actions that result from women’s greater confidence and earning power. A center chief said that while she is a leader in her center, she leaves that at the door of her house. She still defers to her husband, because in the family “the husband must be the leader”.

The women in Talim show the least freedom in decision making. They report slightly more sharing in decision making, but generally their husbands make the major decisions, because he is “the pillar of the household” or because they are afraid of making the wrong decision. This could be related to the fact that more women are not investing in any major business in Talim, but are pipelining their loans to their husbands.

5. Community: More Participation, More Status

In rural Laguna East, the majority of the women felt that they had always been part of their community. They mention attending church, joining community events and being nice to everyone because they did not want any enemies. But the majority of women in both Talim and Laguna South were not involved in their communities. They kept to themselves, because their attention was focused on survival and they had no time to socialize. In Talim only five of the 12 had the time to even attend church. Many said they lacked the confidence and social skills to take part in community events – they felt marginalized because of their poverty. "When you are poor nobody pays any attention to you."

However, a minority did take leadership positions in the community previously. Two women ran for political office (both lost). One was a village secretary and a former schoolteacher who was often called on to help organize village activities. For the most part, however, these women were marginal in community life and simply caught up in the struggle for survival.

Almost all of the women said that they go out into the community more, interact with a wider social circle and join in community activities. For about one third, this mostly means their membership in ASHI, and the center meetings and branch events that involves, including "dancing at the ASHI assemblies". The majority mentioned specifically that they have gained social skills and confidence from the ASHI meetings, gatherings and training seminars, so that they can "face" people, even foreigners and officials. "I am confident to smile, even without my front teeth," one remarked.

This new-found social confidence (and more free time for many) shows itself in various ways. The majority of the 36 are members of the local women's club or some other community organisation. Some have been asked by officials to organize village clean up campaigns or to collect and distribute relief goods. In Talim, where no women held leadership positions before, four women are now active community leaders, including the village health worker. However, one of the women who previously ran for political office and lost, is now a successful entrepreneur and has forsaken politics, which she says will take up funds and time she would rather now reinvest in her enterprise!

It is interesting that several women mentioned that their increased income led directly to better social status. They said that now they are approached for contributions and advice. A signal of this new status is the number of women who are asked to become "godmother", a patron relationship which requires largesse.
Only a few women did not experience any change in their level of community participation, because they were still preoccupied with eking out a living, still too shy and burdened with young children, or embroiled in family and health crises.

VII. Client Satisfaction

The purpose of the Client Satisfaction Tool is to determine what the clients like and dislike about program products and services. In addition, it solicits their suggestions for improving the program. Through focus group discussions clients were afforded the opportunity to provide feedback and participate in the process of fine-tuning the program in order for it to respond better to their needs.

It was clearly explained during the sessions that while management considers their opinions to be a significant and important component in making improvements to ASHI's programs and services, changes could not be expected to happen right away. In some cases, it may not be possible to implement the changes they request. The role of the facilitator and the assistant was merely to draw out the opinions of the clients on their experience regarding ASHI's program. It is also noteworthy to mention too that despite the many criticisms and complaints made during the sessions, the atmosphere was that of eagerness to share their experiences with the program and their anticipation of the improvements that will be made for a continuous and more satisfying partnership with ASHI.

The following report presents not only the results of the Client Satisfaction Focus Group Sessions but includes relevant information on client likes, dislikes and suggestions for program improvement gathered in the both the Impact Survey and the Client Exit Survey. It also draws from the data gathered from the Loans and Savings Use Interviews to bolster specific concerns aired particularly on the Group Fund Savings. Opinions expressed on topics discussed during the sessions are presented in this report in the order of the highest to the lowest number of responses.

The four main program aspects which ASHI management chose to draw feedback from the clients are:

A. Group Fund Savings
- Usage of funds
- Salamat Fund 1 (Compulsory deduction for savings from General Loan)
- Salamat Fund 2 (Compulsory deduction for equity from Group Fund loans)

B. Group Formation
- Group formation
- Compulsory Group Training (CGT) / Group Recognition Test (GRT)

C. Group Responsibility
- Attendance
- Payments
- Projects

C. Loan Processing
- Credit rating
- Loan release

In addition, the clients were also asked if they had other concerns and issues which they would want to bring to management's attention.

The clients' responses on each main program aspect were written by them, in Tagalog, on manila paper. These were transcribed as they were written onto legal sized paper. Subsequently, these transcribed responses were translated into English taking care that the essence of the original responses was not "sanitized". Moreover in each center session, the presentation of the comments on each main program aspect, including their other issues and concerns, were recorded on separate audio cassette tapes. This documentation remains with ASHI as a valuable reference for management.

A. Group Fund Savings

1. Client Satisfaction

The focus group session results show that this service is highly appreciated as it provides them a source of ready money for emergency purposes. They say borrowing from the funds is fast and that it is easy for them to make small weekly payments at low interest. One group mentioned that it is a convenient way of saving for the rainy days through the "forced savings" system. The great majority note that through this service, their group funds have been increasing.

2. Areas for Improvement

The biggest dissatisfaction that the clients articulated is on the policy of allowing only one member to borrow from the fund at a time. While another member may also borrow from it, she has to wait until at least 60% of the previous loan has been repaid. They say that this policy defeats the purpose (emergency) for which the fund was set up. In addition, they complain that funds can only be borrowed for medical related expenses and that a doctor's prescription has first to be presented before funds could be released. The data from the Loans and Savings Use Interviews bear this out, showing that 78% of the respondents used the money borrowed for health related needs. Clients have difficulty complying with the requirement to produce a doctor's prescription, as they would need to have the money first before they can go to the doctor and buy the prescribed medicines. Moreover, they find that limiting the fund's usage to medical emergencies does not take into consideration other immediate family or business needs. Also, when larger amounts (Ps. 1,000 or more) are needed, the process of obtaining money takes longer as releases are in the form of a check signed by the Area Manager. This system cannot satisfy the immediacy of their need. This is why, more often than not, they tend to borrow only up to Ps. 900. Again, the data from the Loans and Savings Use Interviews confirms by showing that 82% of those interviewed borrowed amounts of less than Ps. 1,000.

On the other hand, they question the need for Salamat Fund 1, which is the 5% deducted from all general loans and deposited in the Group Fund. They argue that since they are already paying interest on their general loans, the Salamat Fund 1 shouldn't anymore be deducted as it further reduces the net amount of the loan received. In regard of Salamat Fund 2, which is the 5% deduction on loans from the Group Fund, they believe that since this is their own money, there is no need to charge additional interest on loans from it. Related to this, many do not know where the funds will ultimately go to as they have been told that when they leave ASHI, only the one peso per day contribution during the CGT, the Ps.5 per week contribution and all attendance fines will be returned. The rest (the 5% deducted from general loans and the 5% from loans from group fund savings) will remain with the group and center.

These issues were raised by every group which was assigned the topic of Group Fund during the Client Satisfaction workshops.

3. Client Recommendations

In response to these complaints and criticisms, they offer the following recommendations:

- Allow more than one to borrow at a time especially if it is for emergencies.
- Allow loans from the Group Fund Savings to be used for other immediate cash needs.
- Do not require doctor's prescription, medical certificate, or receipts of medicines purchased before funds are released.
- Hasten the process of releasing amounts being borrowed.

- Increase the amount that can be borrowed.
- Reduce or eliminate altogether deductions from the general loans and interest on loans from the Group Fund Savings.
- Accept partial or incomplete weekly payments.
- Allow full return of member's share (contributions and interest) upon leaving ASHI.
- Reduce or eliminate altogether the Salamat Fund. (This recommendation garnered the highest number of responses in the Impact Survey – 23.6%, while the next highest response only got 10.1%).

B. Group Formation

The following presents the opinions expressed by the clients by tracing the major steps they underwent from the time they joined ASHI to the point where they obtained their first and succeeding general loans.

1. Client Satisfaction

a) Group Formation ASHI's clients say that they like being grouped with others who have confidence, discipline and unity. They appreciate that they are allowed to choose their group mates. Invariably they choose those they personally know, trust and can count on to help each other.
b) CGT / GRT ASHI's clients liked the CGT particularly because this is where they learned about ASHI's policies and procedures. Secondly, since joining ASHI their socialization skills have improved and they enjoy time they spend with other members of the center. They put a lot of value in the way they developed their virtues in discipline, industriousness, perseverance and self-confidence because of ASHI's program. They commend ASHI's for weaning them away from usurious moneylenders particularly the "bombay" or "five-six". In addition, because of the capital they were able to borrow, they were able to improve their business skills.

2. Areas for Improvement

a) Group Formation The most number of complaints are about the delay in being recruited because they had "big" houses. They contend that even though many of them have "big" houses, this does not at all mean that they are economically well off. Having a "big" house only shows how much importance even a poor family gives to having a "decent" house despite their day-to-day struggle to make ends meet. The second lesser complaint is with regards to not allowing relatives to join the same group.

b) CGT / GRT The biggest complaint that surfaced during the sessions is the need to restart the 10-day CGT whenever the group is incomplete due either to a member being late or absent. They say that on top of this situation, prospective members prematurely quit because of frustration as they just cannot wait any longer. When these situations happen, they then have to find a replacement to complete the group and then restart the 10-day CGT. The ideal 10-day CGT therefore can drag on for several weeks. When they have finally hurdled the CGT, the much-awaited GRT oftentimes also is delayed because of the busy schedule of the Area Manager. There were very few complaints on the 1-hour per day, 10-day CGT.

Besides this, they equally complain that the staff themselves are also sometimes late or absent for the CGT/GRT or that the continuation of the CGT/GRT is delayed because of staff changes.

3. Client Recommendations

a) Group Formation

- Don't put too much emphasis on the appearance of the house because it is misleading and it discourages potential members.

- Allow relatives to join a group because relatives trust and help each other.
- Give priority to those who wish to join.

b) CGT/GRT
- Make the CGT / GRT a continuous uninterrupted process.
- Require CGT / GRT for new entrants only.
- Shorten the CGT for current members being re-grouped.
- Ensure that the staff are also disciplined to arrive on time for the scheduled CGT / GRT or send word when they cannot make it. Alternatively, send a proxy or increase the number of staff.
- Shorten the CGT to 5 days or 1 week, or 2 times a week.

C. Group Responsibility

1. Client Satisfaction
a) Attendance What they like most is when there is complete and prompt attendance during center meetings. They enjoy socializing with each other and participating in the open discussions and transparent transactions during their weekly meetings. Having only one-hour meetings every week is appreciated and praying is also mentioned as a good practice.

b) Payments The majority of clients like the easy weekly payments they have to make. The low interest charged on their loans comes second mention together with when everybody is able to make complete payments during weekly center meetings. They also mention that they like the policy of not requiring collateral on their loans, developing the discipline of paying what they owe, learning to be frugal, and the habit of saving.

c) Projects They comment that they appreciate the opportunity to earn extra money for their families from their projects. They like it most when everybody has an on-going project and when all of these are doing well. In addition, they say that they like it when everybody is monitoring each other's project. And, they value the experience they gain from running their businesses.

2. Areas for Improvement
a) Attendance What the clients dislike most is the penalties and fines imposed for "lates" and absences. They also complain that staff sometimes do not arrive or are late for the weekly center meetings. A small minority complained about the weekly meetings because they can't always attend.

b) Payments All of those who participated in the sessions were unanimous in saying that they did not like to pay for others. The other complaint was that the staff would not leave (and they could not leave either) if the collection was lacking.

c) Projects Their main criticism is on why the staff need to inquire about their projects especially when they are able to meet their payments. They feel that the staff does not trust them with their projects.

3. Client Recommendations

a) Attendance
- Allow "substitutes" (sons/daughters) to attend in their behalf.
- Staff should arrive for the center meeting as scheduled.
- While members are being penalized and fined for "lates" and absences, staff are not – indirectly implying that staff should be meted the same penalties and fines.

b) Payments

- Give consideration to those who have sickness in the family or who have smaller earnings because of poor sales or catch.
- Allow double payment the following week if they defaulted in the previous week.
- Allow bigger or lump sum payments.
- Give the same amount of loans to everybody.
- Give smaller loans to defaulters.
- Allow longer terms for bigger loans (therefore smaller payments).

c) Projects

- Do not inquire about the projects if duties and responsibilities are being met.

A. Loan Processing

1. Client Satisfaction

a) Credit Rating In order to get good credit ratings, which they strive for, they like it when the members always have complete payments. In addition, having good projects is also valued. Next to these, they mention meeting the requirements of attendance and group unity as important for them to get good credit ratings. They also mention that it is good that their husbands have to know about their loans and they like the need for interviews.

b) Loan Release The thing they like most is looking forward to the release of their loans to capitalize their business. Loans not requiring any collateral but on trust alone is the second thing they like most. The next is being able to borrow increasing amounts and being able to have three kinds of loans at the same time. They appreciate that the loan ceiling of the first loan has been increased and being lent only what they can afford to pay. They say they like it when loan proposal forms are handed out earlier and when their releases are fast. One mentioned that she liked being able to go to the bank

Related Findings Data from the Impact Survey of current clients show that the three aspects they like most with ASHI's program are: (1) it's easy accessible services, (2) a steady source of working capital, and (3) not requiring collateral or guarantors. Similarly, former clients who were interviewed for the Client Exit Survey said that the things they liked most about ASHI were: (1) the source of capital without collateral, (2) its low interest loans, and (3) its easy payment terms.

2. Areas for Improvement

a) Credit Rating The overall sentiment that the clients voiced out is their discontent of being penalized by a reduction of their loans due to the faults or misdemeanors of others. They amplify this by citing that poor attendance records, repayment arrears, poor performing projects, group discord and lackluster participation in activities all contribute to the reduction of their indiviidual loans applied for. They contend that this policy on group responsibility becomes too strict to meet since each fault of one affects the rest. Therefore they feel dismayed that the amount of loan they applied for their project's needs will invariably be reduced. They feel that this policy penalizes the good performers while letting the not so good performers off the hook.

b) Loan Releases By far the most vociferous complaint of the clients is the delay of their loan releases aggravated by the reduced amount of loan approved. They explain further that not only are there many interviews, they are asked to sign many papers. Many other conditions have also to be met before an approved loan will be released, such as the release will not be made if one group member is absent; the

need for re-training if during the loan processing the group disbanded and needs to be re-grouped; and releases will be withheld if there is an outstanding loan with the Group Fund Savings. They explain that delayed loan releases results to the loss of their credibility with their customers.

They also made special mention of their dismay over the reduction of the ASHI 2 loan from the earlier announced Ps. 20,000 to Ps.12,000.

The clients in Aplaya, Calamba complained that they have to go all the way to Grove, Los Banos to encash their checks.

3. Client Recommendations

a) Credit Rating

- Reduce the subsequent loan size only of the offenders.i.e. have individual credit ratings
- Give consideration to credit rating of those with projects that had to be changed, was adversely affected by fortuitous events, or suffered a downturn due to situations beyond their control.
- Balance the need to comply with the procedural requirements with the realities faced by the members.
- Conduct interviews at the client's home.

b) Loan Release

- Faster loan releases. Shorten the waiting period for loan releases.
- Make re-borrowing faster for the continuous operations of the project.
- Change the 2-2-1 system of loan releasing to all together at the same time in a group.
- Process the loan requirements earlier.
- Ensure that releases are made on the promised date.
- Revert the ASHI 2 loan to Ps. 20,000.
- Take into consideration the kind of project (seasonality) in the timing of loan releases.
- Open an ASHI bank account for clients in Calamba to preclude danger from holdups and swindlers.

4. Related Findings Data from the Impact Survey of current clients show that the three aspects they dislike most with ASHI's program are: (1) taking responsibility for others, (2) repayment policies, weekly payments and credit ratings, and (3) too frequent and long meetings. Similarly, former clients who were interviewed for the Client Exit Survey said that the things they disliked most about ASHI were: (1) the group accountability and group pressure, (2) Strict policies and jealousy and lack of group unity, and (3) Meetings lasting too long and delayed loan releases.

The major suggestions of current clients interviewed for the Impact Survey are: (1) for faster loan disbursements, (2) remove group responsibility, and (3) enforce credit discipline. Similarly too, former clients who were interviewed for the Client Exit Survey suggested that: (1) enforce stricter credit discipline, (2) to have more unity, cohesion and understanding within groups, and (3) hasten loan releases.

E. Other Client Concerns and Issues

Aside from the program aspects chosen by ASHI management for feedback from the clients during the Focus Group Discussion Sessions, the clients were also asked if they had other concerns and issues which they would want to bring to management's attention. The following presents the client's other concerns and issues. Some of these issues were brought up by a number of clients and some were raised by only one or two clients. They, therefore, do not have the same weight as the very strong recommendations made above.

1. On House Repair Loans

- All clients should be able to avail these loans - even first loanees. Why give out loan proposals then select only a few to be given loans? Allow loans even if a full center has not yet been achieved and allow as individual loans.
- We should be able to borrow even if we have an outstanding loan with the Group Fund Savings.
- Suggesting a loan amount of Ps. 5,000, 6-month payment term, and allow payments from the proceeds of the general loan.

2. On General Assemblies, Branch Anniversaries, Meetings and Fund Raising

- Is it a requirement to attend the General Assembly? If we can't attend we still have to contribute and are "penalized" for not attending.
- Have the General Assembly every two years instead of every year.We already have a General Assembly and also a Branch Anniversary. It is becoming too expensive. Free transportation is not provided. We must contribute. There should be snacks because everybody benefits from the activity. The rental of the venue should not be charged to us.
- Contributions should be voluntary and not compulsory.
- They should give better prizes because we have to rent expensive dresses.
- Center chiefs should be provided with allowances for their meetings.
- Why is there still a need for fund raising (Mrs. ASHI)? This is additional work.

3. On Staff

- The staff should be kind so that we won't be afraid of them.
- Don't change the staff often, this causes problems.
- If the staff is absent – there should be no payments. We are required to be always present but they are allowed to be absent. Also discipline the staff for their lateness and absences.
- The Area Manager should visit us once a month for faster processing.
- Increase the number of staff to organize the records.
- Improve their salaries as we improve our lives.
- Give them a boat (Talim).

4. On Personal Savings

- Return our passbooks sooner.
- We can't withdraw if the chairman isn't around. It is difficult to withdraw big amounts.
- It takes 2 years to use the Children's Savings Fund.

5. On SSS and Insurance The desire for Social Security Services and Insurance was the 4th highest number of requests in the Impact Survey and the Client Exit Survey.

- Continue our SSS contributions through ASHI.
- Can we have some insurance for members?
- Can we have Medicare for our children?

6. On Other Loan Products

- Give Ps.10,000 Educational Loans for college tuition.
- Allow 2nd and 3rd loanees to avail of Educational Loan.
- Allow lump sum payments for Educational Loans.
- Why can't we avail of "Tiangge" Loans?
- Allow a 6-month payment term for the "Tiangge" Loan.
- How about loans for appliances, sewing machines, tricycles, automobiles and for the purchase of a lot and house construction?

7. On Loans in general

- Can a member's loan be used by her husband, son or daughter?
- Can I buy a piglet from my loan and have someone else raise it in their backyard?
- Why can't an overpayment be returned in full – yet they won't allow any underpayments?
- Can the loan of a member who dies be condoned?
- Others before us were able to get 4 loans, why can't this practice be continued?
- Why are the remaining members being made to pay for the loans of those who have left?

8. On Membership

- Can a former member re-group with her former group mates that have been disbanded?
- Why can't the better off join? Why can't people from other places join our center? Why can't men join? Why can't homosexuals join – they have a woman's heart and they have money to pay.

9. Miscellaneous

- "Provide us training on other livelihood skills."
- "Help us get a space in the market to sell."
- "Can scholarships be provided to the children of members who can't afford to send them to school – especially those with many children?"

F. Recommendations on the Findings on Client Satisfaction

The foregoing findings were drawn primarily from the opinions and comments of a total of 214 clients who participated in the 11 Client Satisfaction Focus Group Discussion sessions. The sessions were participated in by clients from 11 centers – 5 centers in the Laguna South Branch, 3 centers in the Laguna East Branch and 3 centers in Talim island of the Talim-Binangonan Branch. There was an average of 19 participants in each session who were divided into four groups. Each group had an average of 5 participants.

While the findings are not an exhaustive and comprehensive assessment and analysis of all the aspects of ASHI's programs, they do provide insights into the way clients are responding to ASHI's products and services. It can therefore be said that the findings reflect the sentiment of clients from the branches of Laguna South, Laguna East and Talim Island.

The following recommendations are therefore being advanced as preliminary points which ASHI management may want to consider in instituting corrective measures in order to increase client satisfaction for its products and services. These recommendations are not intended in any way to compromise management's control or its financial viability and operational sustainability but rather to address those areas where client dissatisfaction is high.

1. Decentralize the decision-making responsibility, authority and accountability.

Among other things, this could help speed up the loan release process. A case in point is the need for Area Managers to conduct the GRTs for all new groups and all those that have been re-grouped. In addition, Area Managers being the check signatory for all disbursements within the area coverage would need to sign all check disbursements for all loan releases including loans of Ps.1,000 or more from Group Fund Savings.

2. Adjust policies and requirements to be more responsive the client's needs.

An area that can be reviewed is the policy and standards on "Credit Rating". Except for the first general loan, which is treated on an individual basis, all other succeeding loans require very high standards of compliance to individual and group performance. Inevitably only a handful of clients ever receive in full the loan amount they proposed for in their succeeding loans. This situation therefore causes frustration among clients, as they are unable to obtain the amount they need for their projects.

3. Address misconceptions or lack of clarity in products and services.

There appears to be a lot of confusion on the purpose, ownership and control of the Salamat Fund. While it is a common understanding among clients that the Salamat Fund belongs to them, many complain that they cannot among themselves decide on its usage. In fact they repeatedly ask why they cannot get their share back when they leave the program.

4. Clients are a valuable asset.

Clients are an important and essential component of any microfinance program. As such they should be treated as a valuable asset. Many complaints stem from the overly strict and "bookish" enforcement of policies and procedures. They clamor for understanding and consideration in the light of the difficulties and constraints they face in striving to comply with all of ASHI's policies and meet all the procedural requirements.

VIII. Implications of the Findings

A. The Findings on Areas of ASHI Concern

At the first meeting of the impact assessment at Los Banos, on March 19, ASHI Executive Trustee, Mila Mercado-Bunker, gave an outline of the kind of feedback ASHI wanted to get from the impact assessment. This chapter is structured to address the findings of the assessment to these issues as they were defined by ASHI. These issues are:

1. ASHI's impact on poverty reduction, self employment and migration;
2. an assessment of the effectiveness of current financial services, including savings mobilization
3. an assessment of the group lending methodology
4. analysis of exits and client satisfaction in terms of what ASHI should maintain and what it should improve
5. how can clients graduate from livelihood activities to microenterprises and absorb larger loans
6. on empowerment – are women taking more productive, and men more reproductive roles; and is there more parity in decision making among ASHI clients.

1. Poverty Reduction

ASHI has had a marked impact on the poverty status of its clients, compared to the comparison group of non-clients. At entry almost all of ASHI's clients were poor and the great majority were very poor. Most of them have moved upwards into moderate poverty. However, only a fifth of ASHI's clients have come right out of the poverty group. ASHI clients are overwhelmingly in self-employment or animal raising, and most have two or more business activities, a significant shift from the past. There is a residual group of 15%, who either have no economic activity (mainly clients in Talim who are turning all their loans over to their husbands) or who are doing paid labour for others. Moreover, most households have invested

in the kinds of productive assets which will make their progress sustainable. Movement out of poverty is positively related to taking larger loans.

Husbands and adult children have been capitalized by some of ASHI's women clients. According to the loan use interviews, this usually happens after three or four loan cycles, when the client's business is already capitalized and her loans are bigger. Therefore ASHI loans are also helping husbands generate higher incomes through self-employment, the use of modern fishing equipment and buying or leasing farming land. This seems to be an effective strategy for moving a family out of the poverty group. However, this process has not gone very far, for the majority who are still moderately poor. More than half the ASHI husbands are still doing either daily labour or low-income traditional farming or fishing. More than a third of all ASHI households are still primarily dependent on these sectors for their main source of income.

In terms of migration, there is some evidence in the occupational histories collected during the impact survey that a number of husbands have returned from working elsewhere since their wives became clients of ASHI, and that ASHI loans have been used to create local businesses for them. This is an encouraging sign that ASHI is achieving its objective of stimulating the local economy so that men do not have to migrate elsewhere to earn. There is also quite a lot of anecdotal evidence for this trend in the empowerment interviews. Unfortunately, this trend was not recorded statistically in the EpiInfo analysis, although the data exists in the questionnaires. There is no evidence in the exit interviews that ASHI clients are migrating out of the area.

ASHI clients have also weathered the recession which has affected the Philippines in the past two years. Two thirds said that their income in the past year had increased or stayed the same. Only 18% of clients report having had difficulty repaying their loans. Even among the clients who have left ASHI, very few report having had difficulty with their repayments. This has to be balanced, however, against the fact that more than half the ASHI clients experience seasonal dips in income serious enough to affect the food they put on the table and a third suffered shortages of working capital. Moderately poor people are still poor, and have little surplus.

2. ASHI's Financial Services

The findings suggest the following recommendations in terms of ASHI's financial services:

a) ASHI should consider developing new loan products for local activities that are likely to move moderately poor clients right out of poverty. Promising areas that emerge from an examination of client's loan use strategies are – fixed location sites for client's vending businesses, machinery for craft making or for agriculture. For husbands, transport equipment for hire – boats, horses, tricycles, jeepneys – would elevate many from drivers to owners. ASHI should research how husbands in Laguna East and South, who are now working for very low returns as labourers in rice fields, could acquire their own fields and get the full return to their labour. Family loans on which husbands could draw to purchase better yielding productive assets could be important here. Some of these projects might require longer term loans.

b) ASHI should look into allowing its good clients to take larger loans. It is ASHI policy to encourage graduation into larger loan sizes. But, in practice, loan proposals are often reduced by field managers. Since poverty reduction is strongly associated with size of the last loan, and since ASHI's own earnings would increase with larger loans, it is important to examine why clients cannot borrow the amounts that they say they need and are confident they can repay.

c) ASHI should consider how the Group Fund could be used to prevent clients from having to borrow from money lenders to cope with periodic shortages of working capital and other than medical emergencies. Efforts should be made also to make Group Fund loans more accessible by decentralizing approval authority to the Branch Manager or Field Credit Officer.

d) ASHI should encourage clients to plan for the 'lean seasons' which come each year and explore whether a short-term loan for an additional seasonal activity or a savings product could help its clients negotiate this speed bump without eating into their capital.

e) ASHI should consider joining together with other MFIs in the country to lobby the appropriate authorities to enable them to accept voluntary savings deposits from their members. This can be an important service to poor women and a source of relatively cheap funds for the expansion of ASHI's outreach to the poor. Most members are also simultaneously borrowers. This means that at any time they are likely to have more of the MFI's money in their hands as loans than it would have of theirs in the form of small savings, so they already have adequate protection for their deposits.

f) Most ASHI clients have some personal cash savings, but few are keeping them with ASHI. To harvest these, savings products should be attractive and easily accessible. Voluntary deposits with ASHI need to be confidential and safe from group pressure to use them to cover arrears. Children's Savings, which is not a popular product, could be redesigned to allow earlier withdrawal, but also to give higher interest for those who save for longer periods. A product which matches savings for education with a loan timed for the payment of college fees might serve clients' needs better. Voluntary savings currently, whether with ASHI or in the house, are very small in relation to the loans outstanding and kept only for immediate, emergency purposes. There is certainly room for ASHI to motivate its clients to set goals and to save the larger amounts needed to realize them.

g) House Repair loans – it is clear from the impact survey that ASHI clients are putting large amounts of money, whether loan money or loan project income, into renovating their houses. More than half score above the poverty cutoff line of 6 points on the House Index. In order to retain this capital for productive uses, ASHI might consider allowing earlier and easier access to House Repair loans to clients in good standing.

3. Group Lending Methodology

There is a strong convergence in responses from the impact survey, the exit interview and the client satisfaction workshops concerning the group lending methodology. Nearly everybody likes the social interaction with the group and center and finds the peer learning and exchange of information valuable. But there are equally strong complaints about group responsibility, group pressure and very long meetings. (The long meetings are directly related to group responsibility because staff will not end the meeting until all have paid.) Group disbandment, group conflict and group pressure were the main reasons exit clients gave for leaving. The aspect the impact survey respondents most disliked about ASHI was "taking responsibility for others".

"Taking responsibility for others" is, of course, the core of the group lending methodology and what reduces the risk of lending without collateral. There are probably no Grameen replication clients anywhere who would honestly say that they like it. Nor are there any Grameen-type program that we know of which would risk abolishing group responsibility. In addition, ASHI's history has made it understandably vigilant about credit discipline and cautious about maintaining the health of its loan portfolio. Nevertheless, ASHI might want to reassess the way this group responsibility is enforced to see if some of the unhappiness of its clients on this issue can be addressed. Currently, the cost to ASHI in

terms of broken groups, exits, staff time of redoing CGT and smaller loan sizes makes a reassessment urgent.

In particular, it might reassess the group credit rating, which reduces the loans of good borrowers because of the performance of the weakest members, and allow a one week grace period for the center to sort out the problems of a member in arrears before imposing penalties. Another possibility is to reactivate the "Black Fund" or some similar mutual insurance or risk fund, into which all center members must pay token amounts so long as one member has arrears. This would shorten the meetings, safeguard personal savings and allow individual credit ratings so that good clients could forge ahead, take bigger loans and pay ASHI more interest. This is important because of the findings on poverty reduction above, and because of ASHI's own concern about the small number of clients availing of ASHI 3 loans.

4. Exits and Client Satisfaction

ASHI should congratulate itself on the very positive response to its program by almost all respondents, even those who have left ASHI. In fact, ex-clients constitute an already captured base for ASHI recruitment, since more than half of them want to come back. Since the great majority left with no debt to ASHI, they are also potentially faithful clients. ASHI should review its exit list, identify those who were good clients and offer them a chance to rejoin.

Some exits could be prevented by easier access to Group Fund loans at times of personal or business crisis. If some changes are made in the way group responsibility is currently administered, which creates intense pressure within the groups, there might be fewer broken groups and fewer exits.

Several of the important outcomes of the client satisfaction workshops have already been discussed under the recommendations on the Group Fund and on group responsibility. It is clear from the workshops that satisfaction with ASHI is high and that its basic function of providing capital to poor women, without collateral and with accessible and easy terms is highly appreciated. Specific complaints about delays in loan disbursement, in release of Group Fund loans over P.1,000 and on completing GRT and CGT can be addressed by analysing the reasons for these delays and decentralizing some decision-making.

Some aspects of ASHI policy, like the Salamat Fund 1 and 2, which were revealed in the workshops as not being well understood and a source of grievance among many clients, should be looked at again. Many other Grameen replications have scrapped these two Group Fund "taxes" altogether, because they cause misunderstandings. Instead of Group Tax 1, which is the 5% deducted from each general loan and deposited in the Group Fund, some MFIs have simply increased the amount of compulsory weekly savings. Others collect a percentage of the General Loan as an administrative fee, which belongs to the program, not to the clients. This would serve ASHI's purpose in building an equity fund. Clients may not like it any better than they like Salamat Fund 2, but they would more clearly understand its purpose and ownership.

5. Creating Microenterprises

The most successful loan use strategies for turning livelihood activities into microenterprises seem to be two. In one, the client makes a technology leap in the quantity and quality of what she can produce, by investing in machinery. The second is where she expands her business by making it a family enterprise. This usually involves recruiting the husband and buying him a vehicle, boat or horse so that he can buy supplies and make deliveries for the business.

Another common strategy is for the woman to combine a 'daily cash' business, with a piggy bank activity, which gives a periodic lump sum return. The daily earnings are used for repayment and

household needs, with some rolled over for the business, while the lump sums are used for reinvestment and bulky expenditure like school fees. Such families are likely to be still moderately poor. They would only make the jump out of poverty if the husband is also capitalized by an ASHI loan into his own business, or modern fishing equipment or land to farm.

6. Client Empowerment

The focus groups on empowerment gave quite overwhelming evidence on how clients believe that ASHI has changed their lives. There is no doubt that clients feel good about themselves. They feel more confident, more skilled and knowlegable in business and more recognised and socially competent in the community. What would surprise many gender specialists is that very few feel more burdened because they have taken on several economic activities as well as their household chores. On the contrary, almost all feel that now, because they are less poor, they have time and resources for themselves. In contrast, they recall feeling "unable to cope" in the past with the physical hardship, multiple demands and hopelessness of their lives.

Clients have taken on productive roles that are central to their household budgets rather than sideline activities subordinate to their domestic role as in the past. They are proud that their earnings have enabled them to improve their houses and fill them with leisure and time saving appliances. Even more central to their self-esteem has been the way they have used their earnings to educate their children. Their shift to a primary focus on their business activities has been accompanied in many cases by husbands taking on more of the household responsibilities – cooking and caring for the children while their wives are out earning income.

These facts, however, have not changed women's traditional deference to the male head of household. There are still two separate spheres – the household budget, which the woman manages, more easily now because she has more income, and her husband's work and earnings, where he makes his own decisions. There are a number of clients, however, where the husband has been recruited into the wife's business and they work and make decisions together. And there are a few clients, mostly in Talim, where the husband has taken over the use of the loans and the woman has very little say. The fact that the loan use interviews showed that husbands were increasingly involved in loan use as the loans grew larger, is a warning sign that some clients may lose control over larger loans. ASHI could consider putting some safeguards in place, like making sure than ownership of assets bought by the loans are in the client's name.

B. ASHI Response: Initial Decisions for Change

Based on the findings of the Impact Assessment as they were prepared for presentation to the Board, ASHI Executive Trustee worked on a comprehensive response, which she also presented to the Board meeting. In the month following the Impact Assessment, ASHI held its first quarter Planning and Evaluation meeting, where a number of decisions were made to increase the effectiveness and efficiency of ASHI's services.

Ms. Mila Mercado-Bunker's response:

The five tools implemented not only evaluated the impact on the clients but also served as a reflection of the entire operational structure. In view of the foregoing results and findings, ASHI will need to act on the following areas.

I. Operations

- Conduct a thorough review of the Compulsory Group Training and Group Recognition Test Process
- Validate findings on Group Fund Loaning Policies and revise the policies if necessary.
- Seriously look into Loan Approval Process, thoroughly discuss the delay and immediately address backlogs. Consider authority limits for middle managers.
- Conduct dialogue with the branch managers and area managers for immediate dismantling of bureaucracy in the whole operational process to simplify all processes. This will be done during the Ist Quarterly Planning & Evaluation.
- Evaluate the credit rating system – computation, process.
- We will adapt the Client Satisfaction, Empowerment & Loan Use & Exit tools for our clients.
- Develop the microenterprise program for ASHI 2 and 3 loanees.
- Network with other agencies for training on alternative livelihood program for fishing villages.

II. Policy & Governance

- Evaluate the Policy on Salamat Fund 1 & 2
- Evaluate the staff performace at the field level from the Area Managers to the Field Credit Officers (FCO) to improve the quality of services.
- Evaluate the communication process from the Area Managers to the Branch Managers and FCO
- Evaluate the participation of the center chief, group leaders in the decision making process of their respective groups and center
- Seriously consider more attractive savings packages for the members
- Make innovations for loan products
- Hasten study of Insurance for the members

III. Staff Training and Development

The evaluation of the exit clients on staff partiality is one the serious matters we will address through improving our customized training program for FCO, Branch Managers and Area Managers.

ASHI will not flinch from seeking and researching innovations to improve the quality of services to our members, knowing full well that they are our assets.

Quarterly Planning and Evaluation Meeting Outcomes

1. **Loan Monitoring –** A new loan monitoring form was designed to ensure strict and inform supervision of client progress at three month intervals. The memorandum to the staff stressed that "the main purpose of Loan Supervision is to be able to assess the progress of the member's project and interact with her regarding other concerns such as relationship with the group and listen to her to show our personal concern."

2. Credit Rating
The credit rating of each client is still tied to the performance of the group and center, but the criteria have been eased somewhat so that is **now easier for the member to reach the maximum loan ceiling of each loan cycle.** Repayment performance still must be 100% in the group for any member to get the full loan amount, but the attendance record can be 97% and project performance level from 98%. For ASHI 1 loans, credit rating is computed only up to the group level ; for ASHI 2 and 3 loans the rating includes the performance of the whole center.

3. Authority Limits
It was decided to facilitate release of loans, the current bureaucracy in the loan approval system should be dismantled, without jeopardizing internal control. This is done in two ways:

- By a more rigorous updating of loan use and client project information by field staff, so that this data is available immediately for the process of loan approval
- By giving more authority to branch managers to approve loans. All ASHI 1 loans, House Repair, Education, Market loans and Emergency loans are now within the level of the Branch Manager's authority. Loans above Ps.12,000, as well as Calamity and Supplementary loans are still approved by the Area Manager. Loans of Ps.50,000 and above must be approved by the President. The main signatory of all checks is still the Area Manager.

This is a wide-ranging initial response. Given the wealth of data generated by the Impact Assessment, the ASHI management is expected to ponder its implications and use it as an information base as they consider the future path of the program.

A. Lessons Learned from the Impact Assessment Process

The ASHI impact assessment was a training ground for microfinance practitioners in the Philippines, so that they can use the tools to assess impact and client satisfaction in their own programs, and for CASHPOR and PHILNET staff so that they can lend their expertise to member programs. It is important, therefore to reflect on the strengths and weaknesses of this impact assessment, so that its lessons can be applied in future assessments. At the end of the week of collection data, the whole team, including all the ASHI interviewers, discussed in a plenary how they thought the tools and the process of implementing them could be improved. After the impact assessment, Helen Todd and Dr Carter Garber exchanged ideas on making the process more efficient. Finally, Dr Garber wrote a detailed report on the three week process to the AIMS Project. This section draws on all three of those inputs.

Key Factors in the Success of the ASHI Impact Assessment

1. The AIMS Tools are Generic, and Were Shaped to the Needs of the MFI

CASHPOR-PHILNET put considerable effort into redesigning the AIMS tools to the needs of the poverty reduction goals of their member programs and the Grameen methodology that they follow. They were

also adapted to conditions in the Philippines well before their application in March, 2000, translated into Tagalog and tested on ASHI clients. ASHI was part of this process and was able to define their priorities and information needs. As a result of this process, the five AIMS tools which were applied were different, and in the case of the impact survey, quite radically different, from the AIMS tools applied in Peru or Honduras, for example. The relevance of the data obtained owes a great deal to the efforts of Philippine practitioners to "own" these tools and shape them to their needs.

2. The MFI was Management Engaged and Participant

ASHI management, and its President Mila Mercado-Bunker in particular, were closely involved in each stage of the impact assessment process, from the redesign of the tools to incorporating the findings into their regular program evaluation. ASHI assigned its best staff as interviewers and gave the assessment team strong administrative backup. Ma. Mila was on the site for most of the three week period and personally took charge of the logistics of getting five teams to nearly 400 different interviews and 11 client workshops in three different branches over a five day period. One of these branches was an island, accessible only by boat, and one a rural area with widely dispersed villages. ASHI organised 'guides' (center or group leaders) to help each interviewer locate clients and ex-clients, although these guides were not allowed to cross the threshold or take part in the interviews. As a result of these efforts, all the interviews were completed within the second week and completed interview forms were delivered back to the Headquarters for computer input on a daily basis, allowing analysis to start promptly on Monday of the third week. Problems of finding the sampled clients and ex clients, which affected the earlier assessment in Peru and forced the team there to extend data collection into the third week, were mainly solved in the ASHI assessment. Other MFIs wishing to organize a similar assessment should be aware that the logistics are very challenging and can only be surmounted with the level of participation and effort outlined here.

When the data collection was completed, most of the ASHI staff went back to their normal duties. This meant that the composition of the assessment team changed at that point from being mainly ASHI, to being mainly volunteers from other PHILNET MFIs. The fact that Mila Mercado-Bunker was present in the third week meant that those doing the analysis could ask her for additional information needed to answer queries which rose from the data. However, it probably would have been better if some additional senior ASHI staff had been involved in the analysis of the data, as well as in its collection. Their experience could have suggested useful lines of analysis and helped those wrestling with the meaning of the findings. Where the findings were critical of ASHI policies, as they were in parts of the client satisfaction workshops, it would have been more acceptable if they had been reported by ASHI managers.

Dr Garber commented: "For an executive director, it is difficult to have outsiders commenting in depth on each aspect of the program and bringing up the client's critiques and recommendations for change. Many of the issues raised were, of course, already on the mind of management. Mila Mercado-Bunker was valiant and courageous in this role. Her report to the Board at the end of the presentation of the findings laid out a detailed agenda for change lasting over the rest of 2000. Her response is a model of how management can react positively to evaluation findings."

1. The Sample Size was Large Enough

The ASHI assessment was able to well exceed the minimum valid sample for the impact survey. Some 201 clients were sampled, and 152 valid interviews were completed, allowing statistically valid comparisons to be made between the three branches. The number of non-clients interviewed was just enough, at 92. This achieved the 'magic thirty' valid sample for each branch, but in future assessments

more margin should be given for possible invalid interviews. This is the largest number interviewed in the AIMS impact survey to date.

For each tool, the assessment team sampled the target number of interviews, plus 25%, to allow for not finding clients, or discovering that the sampled client had taken less than four loans, and so on. However, future assessments should note that the sample drawn for the exit interviews should be double the number targeted for interview. The number of ex-clients who had left their previous home, or could not be found for some other reason , was so high that the ASHI assessment team had to resample 'on the run' to get 90 interviews.

The ASHI assessment did 27 in depth interviews on loans and savings use and another 47 women participated in the empowerment focus groups. This again, is substantially more than has been achieved before in an AIMS assessment. With the empowerment tool, however, it proved to be too much. The goal set for the data collection week was 12 focus groups of four women each, or a total of 48 women. The 12 focus groups took place, producing 47 case studies. It proved impossible during the week of analysis to transcribe each case study from field notes, translate them into English, enter them into the computer, prepare a matrix for each group, amalgamate the group matrices for branch-level analysis and then prepare the overall analysis from the branch narratives. The AIMS Manual, which the ASHI assessment team were using as a guide, was not of much help in the analysis. What was completed was a branch-level analysis of 37 cases, or three focus group per branch. The overall analysis was done by the editor of this report from the branch narratives after the assessment was completed and checked by the leader of the empowerment team. The 37 cases proved to be a perfectly adequate basis for reaching conclusions. It is important to balance what can be achieved in terms of qualitative interviews, with the amount of data which can be analyzed without overwhelming the people responsible. It would be better to allow time during each of the days of data collection to write up and translate the cases for that day.

Some 214 clients took part in the client satisfaction workshops, a number which makes their assenting chorus on certain issues unassailable. The 11 workshops and the analysis of the results from them occupied two people for one week and the leader for a further week and fitted well into the time available.

2. Plenaries Tapped the Experience of Participants

The assessment team included a diverse range of experience. Only three, Dr Garber, David Gibbons (who joined for the analysis week) and Helen Todd, have impact evaluation experience. Ed Plopenio has expertise in focus group techniques. Both ASHI staff and the volunteers from PHILNET MFIs, are rich in microfinance field experience. ASHI staff who did much of the interviewing, in branches not their own, had an opportunity to step back from their usual busy duties and see the lives of their clients, and ex-clients, in a more neutral and exploratory way. Bringing together this diverse group of people in a plenary, after a week of interviewing in the field, produced valuable comment and suggestions for improvement in the wording and layout of the tools and for making the process more efficient. They were more diffident when also asked to suggest some preliminary analysis and changes that ASHI could make in its products and policies.

At the end of the week of analysis, the remaining members of the assessment team met for a Friday evening 'dress rehearsal" of the presentation to the Board which was to take place the next day. For the first time, people who had been beavering away all week on the results of one tool, saw how the findings of the other tools reinforced and enhanced their own findings. This meeting was informal and outspoken and of great value in sharpening the narrative presentations the next day. It allowed overall trends to be seen as a basis for recommendations. It also allowed the ASHI President to prepare her response to present to the Board.

Recommendations for Improving the Process

1. Consider Doing the Assessment in Two Parts

Administering five tools to a total of 622 people in widely scattered branch areas is logistically challenging. Dr Garber, the Coordinator, likened it to "conducting five military campaigns simultaneously." Completing the sampling, the preparation of questionnaires and interviewer data sheets, the training of interviewers, the data collection, its input and analysis and producing a draft report, guarantees an intensive three weeks. The process could be made easier and less stressful – and the results enhanced – by administering the tools in two stages. The impact survey and the exit survey could be done first. They require the most staff and a three week process. The data from these two tools could be analyzed and the results reported to the Board. Then the assessment team and the MFI management could select issues which emerge from the survey findings for further exploration using the qualitative tools.

For example, one of the compelling findings of the ASHI assessment was that only 22% of its clients had escaped the poverty group. Why? The questions in the loan use tool could have been sharpened to explore what strategies had been more successful in moving families out of poverty and administered to clients who had been identified in the impact survey as being now non-poor, moderately poor or still very poor. This report attempts to answer this question using data from a tool which did not directly explore it. Similarly, the findings on client likes and dislikes which come out of the impact survey and the exit survey could be used to define the topics for discussion in the client satisfaction workshops. Using the findings of the quantitative tools to more sharply focus the qualitative tools is likely to produce more concrete answers to management concerns.

Would it be more expensive? Probably, not much. Three of the best already-trained interviewers could be used, led by one or two outside facilitators who had taken part in the original assessment. Data collection would take five days, leaving time in the afternoons for writing up the case notes and workshops. The transcription of this data into matrices would take another two days. The narrative analysis could be done by the team leaders from their home base and then integrated into the final report by its editor. A two stage approach would reduce the size of the team in stage one by four or five persons; and those implementing the second stage would be already trained and aware of the area and the issues.

2. Do the Sampling and Client Data Forms Early

The Coordinator of the impact assessment should visit the MFI in advance to find out what client information is available in their records and how accessible it is. Two weeks prior to the start of the assessment the sampling frame should be extracted, so that the Interviewee Data Forms can be filled in before the assessment team assembles. In the case of ASHI it was possible to extract the sample frame from records in the Head Office. The loans and savings data on clients, and the data collected from them at entry, had to be copied manually from different files in the branch offices. ASHI is currently designing a new computerized MIS. If this can incorporate entry level data, as in the Client Data Form, as well as current portfolio information, it would be invaluable in on-going evaluation of ASHI clients and services.

The entry data collected on occupations, assets and the House Index for each client is a valuable source of information. Branch managers should ensure that it is accurate and complete, and that these records are safely kept. All MFIs should consider incorporating entry level data into their MIS, so that it can be used to track impact over time.

3. Invite Expertise From Outside the MFI

The majority of the impact assessment team should be the staff of the MFI. That will ensure that the focus remains on issues of relevance to the MFI and that its staff benefits from the training and the insights involved. However, it is useful to have qualified people from outside to assist the process. ASHI was fortunate to have one of AIMS most experienced consultants to lead the assessment, as well as an expert in the EpiInfo data analysis software to train the computer team. This was a 'once only' event, funded by AIMS, in order to create expertise in the Philippines which could be used in subsequent assessments.

What kind of outside help is necessary? Probably a Coordinator is needed from outside to assist the organisation to take time away from pressing internal matters. Such a person has the luxury of focussing on the impact assessment process and can ensure that there is a valid and useful output at the end. Such a person should provide technical leadership and training in the tools, while respecting that the content must be practitioner-led. Some MFIs would be tempted to import expertise to lead the data input and analysis. This would be a mistake. It is important that the staff of the MFI become expert themselves in using the EpiInfo, or similar software, so that they can analyze those impact measures that the MFI decides to make a regular part of its information systems. At most a trainer should teach staff the necessary expertise, and such a trainer is now available in PHILNET. The second role for which an outsider would be helpful is to lead the client satisfaction workshops. Staff should be trained in the skills involved, since this is one of the most valuable tools in the AIMS arsenal for getting client views on any issue of management concern. However, judging by the experience in ASHI, *clients* are more outspoken about their grievances when the workshop is led by an outsider. ASHI has annual dialogues with clients, without gathering the kind of feedback that came out of these workshops.

APPENDIX 1: List of Participants

ASHI IMPACT ASSESSMENT			
March 19 - April 8, 2000			
Lake View Resort, Los Banos, Laguna			
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APPENDIX 2: The Five AIMS Tools[1]

The AIMS approach as employed in the impact assessment for ASHI, combines quantitative and qualitative techniques. The Impact Survey (for Clients and Non-Clients) and Client Exit Survey are categorized as quantitative tools because they collect standardized information by asking exactly the same questions and organizing the answers into quantifiable response categories. Thus this survey allows for statistical comparisons between clients and a control group (in this case, non-clients). The individual Loan Use & Savings Strategies Over Time interview, Client Empowerment interview, and the Client Satisfaction focus group discussions are qualitative instruments that gather more detailed information through a more flexible, in-depth dialogue with clients. AIMS believes that these two categories of tools are complementary, each providing different types of information that enable evaluators to gain a more complete, richer picture of impact than would be possible with only one.

- **Tool #1 - Impact Survey (quantitative instrument)**

The principal quantitative tool, the Impact Survey tests the hypotheses developed by the CASHPOR-PHILNET team. The survey is composed of twenty-three (revised from the thirty-seven in the generic Tools Manual) questions many having multiple sets of sub-questions. The questionnaire, whose responses are expressed in alpha numeric terms, was entered into the computer for analysis during the third week.

The survey was individually administered to clients (4th loan cycle and above) and non-clients, and lasted approximately 45 minutes per interview. It was administered by managers from ASHI and other MFIs participating in the training as well as by ASHI staff not working among the sampled population. The first week included mock interviews at the training center as well as practice visits to the field and subsequent feedback from team leaders. The answers were recorded on the interview sheet and subsequently entered into the computer for analysis during the third week.

- **Tool # 2 Client Exit Survey (quantitative instrument)**

This quantitative tool is administered to clients who are no longer participating in the ASHI program. The survey was evenly split between persons who have formally exited the program i.e. who have taken back their compulsory savings, and those who are currently inactive and no longer attending center meetings.

The purpose of the Exit Survey is to identify why clients left the program and what they think of the impact on themselves and their income generating activity. The survey also provides insight into their opinions about the relative strengths and weaknesses of the ASHI program.

The Exit Survey is a potentially valuable management tool that ASHI can administer routinely as part of its operations monitoring system.

In this impact assessment, the exit survey lasted approximately 20 minutes per client. It was administered by the same staff and used the same techniques as the Main Survey. The answers were recorded on the interview sheet and subsequently entered into the computer for analysis during the third week.

- **Tool # 3 – Loan Use and Savings Strategies Over Time (qualitative instrument)**

This tool is an in-depth individual interview focusing on how the ASHI client has used her loans, savings and business profits over time. By way of the interview, the evaluator tried to determine the multiple ways in which the clients utilize

[1] This description of the Quantitative and Qualitative Methods a well as the explanations of each of the tools are borrowed from Chapter 3 of *Learning from Clients: Assessment Tools for Microfinance Practitioners* – Draft Manual. January 2000; and Section 3 *of Impact Evaluation of the FINCA/Peru Community Banking Program in Lima*, December 1999 (the report of the AIMS Impact Assessment conducted in Peru)

the loans that they have received from the program (as well as other sources) assuming that not all of the loans are used for the development of the income generating activity. The survey also investigates where the profits are directed.

The specific objectives of the interview are, to:

- Document the use of credit over time
- Document the use of savings usually withdrawn in the past 6 months – 1 year[2]
- Illustrate the decision-making processes of the women
- Examine changes in the business
- Examine if the loans were used as a coping strategy to mitigate losses in the face of a crisis or unexpected event.
- Understand the control that women have over the use of the income from the income generating activity
- Assess ASHI's savings products

The procedure for applying this tool involves a sequence of related questions about the use of the first, intermediate and most recent loans, as well as regarding the period of time in which the client withdrew savings and what they were used for. Responses to the survey questions (followed with probing questions when necessary) were recorded in a matrix and subsequently translated and compiled with the responses from other clients and other centers, during the third week.

Like the Main and Exit surveys, these one-on-one interviews were administered by field staff and managers from other MFIs participating in the training as well as by ASHI staff not working among the sampled population. The first week included mock interviews at the training center as well as practice visits to the field and subsequent feedback from team leaders. The information was recoded on the interview sheet, translated, and subsequently analysed by the team during the third week.

- **Tool #4 – Client Empowerment (qualitative instrument)**

The purpose of this in-depth, small group interview is to determine if clients have grown more confident and gained more self-esteem while participating in the program; and identify how those qualities have translated into specific changes in behavior that demonstrate empowerment.

For this impact assessment, the empowerment interviews were conducted in small groups (two interviewers and 4 clients) using drawings to stimulate discussion. A specific list of questions was used and the client was asked to make drawings indicating two points in time (before entry into the program and today). Afterward the client was asked to explain her drawings, analyzing emotions, changes (to self, family/household, enterprise, and community) and how these occurred.

The interviews took an average of two hours (the range was 1.5 to 2.5 hours) and were administered to clients with at least 4 cycles (or a mininum of approximately 3 years in the program). The information was recorded on a matrix, translated, and combined with the responses from other interviews for analysis.

- **Tool # 5 – Client Satisfaction (qualitative instrument)**

The Client Satisfaction Tool employs a workshop methodology to explore clients' opinions—what they like and dislike—about specific features of the ASHI program. This tool, like the Exit Interview tool, can be used by ASHI management to determine levels of client satisfaction with current products and services as well as to solicit suggestions for new products and ways to improve service.

[2] This period of time was chosen to facilitate accuracy of response. The majority of the clients were in their 4th or 5th loan cycle (but it ranged from their 3rd to their 10th).

Although there are a number of techniques for eliciting this information, the ASHI impact evaluation chose to have the clients form small groups for the purpose of completing worksheets based on four program areas (group formation, group responsibilty, loan processing, and group fund savings).[3] One member recorded the responses of the others and then a second member presented the worksheet to the entire workshop. During the presentation, additional comments were solicited from the center members. Finally any comments related to issues not already covered in the presentations on the four program areas were brought to the floor and recorded on a worksheet. The information elicited during these presentations and discussion was recorded both manually and on tape cassette for later analysis during the third week.

The workshops were led by two persons who participated in the AIMS training the previous week. They alternated between the role of facilitator and rapporteur. The sessions took an average of 2hours and 15 minutes (range of 1:45-3 hours). There were four groups per center with between 3-10 members per group. The information was transferred from the sheets prepared during the workshop onto a smaller matrix, translated, and the responses were categorized and analyzed in the third week.

[3] The Chapter 7 of the AIMS Tools Manual suggests alternative methodologies for conducting the Client Satisfaction interview

APPENDIX 3: Sample Design and Data Collection

A. General Design of the Sample

The general design of the study was based on two major objectives. First, to supply ASHI with representative information on the program's impact on its clients in terms of poverty reduction, and to determine the level of client satisfaction. Second, to transfer knowledge and experience of the AIMS Tools to the staff of ASHI, PHILNET and CASHPOR, and to senior managers of PHILNET member programs so that future impact assessments can take place within the region.

1. Cross-sectional Design

The design of the impact evaluation, like others conducted using the AIMS Tools, is primarily cross-sectional. The decision to choose a cross-sectional study was based upon considerations of cost and relevance as well as immediacy of reportable results and rapid analysis of impact.[4] However, a longitudinal aspect was added for this activity (through comparison of information available in ASHI's entry level documents – the House Index score, occupations of household members, and household assets.)

2. Self Selection and Comparison Group

A major issue in the choice of a comparison group is the issue of self-selection. Microfinance program clients choose the join the program, while others choose not to join. It is likely that those who choose to join may be different in important ways from those who choose not to join. It may be this difference that causes observed differences between a client group and a non-client group, rather than the effect of the program. In previous AIMS assessments self-selection has been controlled for by comparing clients who have been in the program for 2 to 4 years, with entry clients who have not yet taken loans. This means that both groups have selected themselves to join the program, so that differences found between them could be attributed to the impact of the program.

However, in the ASHI assessment, the CASHPOR-PHILNET team decided on a different strategy. Recent work by Morduch[5] persuaded the team that comparing existing clients with entry clients did not adequately cover for self-selection bias. There were too many ways in which mature clients could be different from entry clients, *apart from program impact*, particularly when the ASHI sample was taken from clients who had been four years or more with the program. That gives four years (rather than two, as in the Mali assessment) for drop-outs, 'demonstration effect' and the general development of the area to bias the results. Also, for programs whose objective is to reduce poverty in their area of operation, it is not enough to know that those clients who have selected themselves into the program are benefiting, if they are only a minority of the poor. We want to know if *access* to microfinance services is making a difference. It was therefore decided to select the client sample only from villages where ASHI had 'covered' the majority – at least 50% - of the poor; i.e. where clients represented the majority of the poor households, and not a smaller group of unusually 'brave' or entrepreneurial women. The comparison group was selected from villages which were similar in all major ways from the villages in which ASHI was working, but where there had been no access to ASHI's services or those of any other MFI. This is another way to minimize the arbitrary project placement bias, since there would be no significant difference among the experimental and control villages that might explain differences in poverty status. As a result of these safeguards, the findings would tell program managers what impact they were having on the majority of the poor in their area of operation, which is what they want to know.

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[4] For different design options please refer to Edgcomb, E. and Garber, C...*Practitioner-Led Impact Assessment: A Test in Honduras*, AIMS May 1998, Appendix 1.

[5] Jonothan Morduch *Does Microfinance Really Help the Poor? New Evidence from Flagship Programs in Bangladesh*, unpublished paper, 1998.

3. Selection of Communities and Clients for the Study

ASHI has 8 branches. Two, on the island of Antique, are new branches and are very distant from ASHI's original area of operation around Laguna de Bay. They have, as yet, only a small proportion of ASHI's clients. They were excluded. One other branch is urban, and ASHI's Board has already decided not to further expand in urban areas. If the urban branch is excluded, then roughly one third of ASHI's clients are in semi-urban areas and around two-thirds in rural areas. Three branches were therefore selected - the semi urban branch of Laguna South, and two rural branches in Laguna – Laguna East and Talim. Laguna East is a mainly agricultural area and Talim is an island where fishing is the main activity. Laguna South is close to the impact assessment base at Los Banos and the two rural branches are around two hours travel distance by bus and boat. The two remaining branches in Rizal, are also rural but are a greater travelling distance from Los Banos. So the three selected branches should give a representative picture of ASHI's impact on poverty.

4. Process of Selecting Individuals

The selection process varied among the five tools but the methodology was similar for the Impact survey, and the Empowerment and Loan Use tools.

a) The selection of Clients was as follows:

Clients (Impact, Empowerment, and Loan Use & Savings Survey)

- Compiled a listing of all the centers in each of the 3 branches
- Further selected centers where ASHI had reached at least 50% of the eligible residents
- From those communities compiled a list of all the clients with 4th loan cycle and above
- From these 3 lists was drawn a random sample using a random number table. The final list included approximately 25% extra in case some clients were not located)[6]
- Main Survey – 57 clients from each of the 3 branches (minimum 45 persons needed)
- Empowerment – 28 clients from each of the 3 areas (minimum 16 persons needed)
- Loan Use – 12 clients from each of the 3 areas (minimum 8 persons needed)

b) The selection of Non-.Clients was as follows:

Non-Clients (Impact Survey)

- Selected one community from each of the three branch areas, which was not different in any major way from client communities, but was not yet served by ASHI
- A further requirement was that the community had had no long-term access to microfinance credit from other organisations. The areas selected were Kaytome (Talim-Binangonan), Pakil (Laguna East), Bukal (Laguna South)
- Pre-listed people who were poor (would have qualified for entry into ASHI) 4 years ago. This was established by covering one geographical area asking each household questions on changes in the structure of the house, in the household's sources of income and ownership of productive assets over the past four years.[7]
- The non-client sample of 30 households per branch was randomly selected (using a random number table) from this list
- In the event that the numbers were not sufficient (as was the case during the impact assessment) team leaders in the field consulted the original list and randomly selected more cases

c) The selection of Exits was as follows:

Exit Survey

[6] When the original sample subsequently proved to be inadequate (due to the high incidence of not being able to locate the interviewee), team leaders revisited the original list and randomly sampled additional interviewees

[7] The pre-listing questionnaire can be found in appendix 7.

- List of potential interviewees (all formerly active in the ASHI program but now either "inactive" or "exits") who had left or stopped attending in the past year, regardless of loan cycle, was drawn from the three branches.
- Randomly selected (using a random number table) from the list, according to the number required.
- In the event that the numbers were not sufficient (as was the case during the impact assessment) team leaders in the field consulted the original list and randomly selected

d) Selection of persons for the Client Satisfaction interview was as follows:

Client Satisfaction

- Current clients of ASHI
- A center with at least 4 groups (in order to provide a sufficiently large discussion session)

Global Interview Statistics

These are the individuals that were interviewed and not the number of interview sessions. Multiple clients were interviewed at the same time using the empowerment and client satisfaction tools.

Branch	Clients	Non-Clients	Exits	Loan & Savings Use	Empowerment	Client Satisfaction	All Tools
Laguna South	49	30	33	11	23	90	236
Laguna East	50	32	41	8	12	51	194
Talim	53	30	16	7	12	73	191
Total	**152**	**92**	**90**	**26**	**47**	**214**	**621**

a) Main Survey - Clients

For the impact study a minimum sample of 135 "mature" **clients** (those clients on their 4th loan cycle or above) was required, and 152 were interviewed.

Branch	Minimum sample	Number interviewed
Talim-Binangonan	45	53
Laguna East	45	50
Laguna South	45	49
Total	**135**	**152**

b) Main Survey - NonClients

The comparison group of **non-clients** consisted of a sample of 92 persons randomly drawn from communities within these branch areas, but not currently served by ASHI or any other microfinance institution.[8]

Branch	Minimum sample	Number Interviewed
Talim-Binangonan (Kaytome)	30	30
Laguna East (Pakil)	30	32
Laguna South (Bukal)	30	30
Total	**90**	**92**

c) Exits

[8] During the pre-listing it was discovered that the "control" community in Talim had recently gained access to microcredit. However, the bank concerned had only been in existence for 6 months so was not judged to have had any significant impact.

The **Exit** Survey sampled 90 women who are no longer part of the ASHI program. The group was evenly divided between "exits" (former clients who have withdrawn their group fund savings) and "inactive members" (those who have not formally withdrawn from the program and may still have outstanding loans but are no longer attending center meetings or saving weekly). More were sampled from Laguna East because exit rates were high in this branch and ASHI wanted to know the reasons.

Branch	Number interviewed
Talim-Binangonan	16
Laguna East	41
Laguna South	33
Total	**90**

d) Loan Use and Savings

For a better understanding of the clients' use of **loans and savings**, 27 clients on their 4th loan cycle or above from the 3 branches were randomly selected for in-depth interview.

Branch	Minimum sample	Number interviewed
Talim-Binangonan	8	7
Laguna East	8	8
Laguna South	8	11*
Total	**24**	**26***

* one case included in analysis but not included in computer statistics due to insufficient biographical information

e) Empowerment[9]

The **Empowerment** Tool was used to examine the levels of confidence and self esteem of clients and to elicit information about specific changes in behavior during the period of participation in the program. Some 47 clients on 4th cycle or above formed small focus groups for the administration of this tool. However, only 36 were included in the final analysis due to lack of time.

Branch	Minimum sample	Number individuals interviewed	Number of focus groups interviewed
Talim-Binangonan	16	12	3
Laguna East	16	12	3
Laguna South (including practice test)	16	23	6
Total	**48**	**47**	**12**

f) Client Satisfaction[10]

For the purpose of examining **client satisfaction** and obtaining suggestions for program changes and improvement, 214 women in 11 centers (drawn from 3 branch areas) were interviewed.

Branch	Number individuals interviewed	Number of center sessions
Talim-Binangonan	73	3
Laguna East	51	3
Laguna South	90	5
Total	**214**	**11**

[9] 2 impact evaluators interviewed clients in small groups of 3 to 4 members

[10] 11 centers were visited. Each center session was comprised of 4 groups. There were an average of 19 clients per center session.

B. Limitations of the Sample

The first limitation of the sample is methodological. The CASHPOR-PHILNET team decided to test, not the issue of participating or not participating in a microfinance program, but access to microfinance compared to lack of access. This is because they wanted to know about the impact of the program on poverty as a whole in the areas where ASHI was working. If done rigorously, this would require the sample to be taken randomly from a population which was poor four years ago and had had access to ASHI services during that period – regardless of whether they had become members and availed of ASHI's services or not. The comparison group would be taken from similar villages, of households which were poor four years ago, but had not had access to ASHI's services during that time.

The difficulties of following this rigorous methodology in a practitioner-led impact assessment are both practical and political. The method would require pre-listing for both the 'with access' group and the 'without access' group, a time consuming and expensive procedure. Many of the 'with access' sample would likely be non-clients. CASHPOR 's goal is to convince its members, in the Philippines and elsewhere, that impact assessment should become a regular function of their monitoring systems. But few programs would agree to commit funds to monitor impact if they are to be judged on the progress, or lack of it, of non-clients. Moreover, project managers want, and need, to know which of their products are most effective in poverty reduction. This cannot be found out from non-clients.

The compromise arrived at was to pre-list for the comparison group, in typical villages where ASHI was not yet working. But the experimental group was composed only of clients. However, the plan was to randomly select clients from *barangay* where ASHI had covered at least half of the poor households. In Talim, the coverage of the *barangay* selected was between 60% and 64%. In Laguna East, it ranged from 55% to 71%. But in Laguna South, because it is a densely populated semi-urban area, ASHI had covered the majority of the poor households in only one *barangay*. Therefore, the client sample in Laguna South came from areas where ASHI had between 37% to 50% coverage only.

Therefore, we can say that the self-selection bias has been minimized by selecting clients who in most cases represent the majority of the poor in their areas, but it has not been eliminated.

The impact survey was designed to include a longitudinal 'before-after' comparison for clients. This was done by comparing information on the client entry forms kept in the branch offices with current information gathered in the survey interviews. Some of these comparisons were compromised by inaccurate or missing records in some cases. Generally, the records of the House Index at entry were available and reliable. In only one *barangay*, Talim, were the entry records missing, and for those clients the House Index was not used in the longitudinal comparison. Branch records on occupation at entry of both husband and client also generally matched well with the client recall of the occupation history of the household which was collected in the impact survey. However, branch records on household assets at entry were quite often blank, and on this dimension the survey team leader relied on the respondents' recall as gathered in the survey.

The pre-listing for the comparison group had to be redone in Laguna South, when it was discovered that the team had listed only households who were currently poor, rather than interviewing all households to establish whether they had been poor four years earlier. In the final sample frame, before random sampling was carried out, the number of non-client households who had been poor four years earlier, but were no longer poor according to the ASHI House Index, was 34% in Kaytome (Talim), 11% in Pakil (Laguna East) and 20% in Bukal (Laguna South). When the impact survey results were analyzed it was a surprise to find that only 3% of the non-client sample were not poor, according to the overall poverty index. However, we also found that the ASHI House Index understates degrees of poverty, for both clients and non-clients, as the poor tend to make house improvement their first priority.

Some differences between the control communities and the ASHI client communities did emerge during the impact assessment. Although Bukal, the non client community in Laguna South, is a long established community, all the households there are squatting on railway land. Pakil in Laguna East is also composed mainly of squatters on public land,

and most families have migrated there from Bicol or from other parts of Luzon within the last decade. There are plenty of landless squatters represented among ASHI entry clients, but ASHI staff tend to be wary of recent migrants and reluctant to admit them as members. These two communities, therefore, may be somewhat less stable than those of ASHI clients.

Overall, however, the attained sample for all tools should give representative results for ASHI' mature clients.

C. Data Collection

Two teams undertook the data collection process. Team One, the quantitative team, administered the main survey and exit interview tools. This team consisting of ten interviewers, divided into three units, each covering one branch area. The three unit leaders were responsible for assigning the questionnaires, keeping to the target numbers of interviews per day, and doing the first quality check for completeness of the questionnaires in the field. The units stayed in the respective branch offices from Monday until Friday, and sent back the completed questionnaires daily to the Los Banos Headquarters by various means. The overall leader of Team One spent one day with each unit, checking the quality of the interviewing and the accuracy of the completed questionnaires. All the Main Survey and client exit questionnaires were quality checked by the team leader, who also completed the poverty index on the Main survey, before passing them to the tracking and sampling coordinator.

The Qualitative Team comprised four persons, two of whom facilitated the client focus groups and two of whom conducted the empowerment groups and the loan use interviews. One additional team member, who arrived at the end of the data collection week, did two further days of loan use interviews. This team started the data collection week in Talim, then moved to Laguna East and completed their work in Laguna South. Each unit had a leader and the overall coordinator, Dr Garber, observed their work on the first day of the data collection.

Each of the branch offices cooperated with both of these teams to locate clients and ex-clients for iinterview, and to inform the empowerment and client focus group participants of the appointed times for these groups to meet. The respective centers provided guides to help interviewers locate the houses of respondents. Neither the guides nor the branch staff, however, went beyond the threshold of the house or participated in any interview.

D. Data Analysis

The data analysis was done in a different way for each instrument.

- The main impact survey and the exit survey were analysed using EpiInfo software. During this process, all of the data inputters who had worked during Weeks 1 and 2 did frequencies, means and cross tablulations during Week 3. They worked at the direction of those who were writing each of the chapters of the Final Report. In addition, Mr Gavin Bunker, a former member of the ASHI Board, provided assistance putting the information into readable charts and graphs as well as preparing transparencies for the Board presentation of the preliminary analysis.

- For the qualitative instruments (empowerment and loan use), members of the qualitative team reviewed the cases and summarised the responses. They then attempted to synthesize the findings of each tool. There proved to be too much data in the loan use and empowerment tools for this sythesis to be completed by the end of the thrid week. Li-lien Gibbons and Ani Alip were assigned to write the initial report of the findings.

- In the case of the satisfaction tool, the assigned team summarized the points of view and suggestions from the different focus groups on a summary sheet and this was synthesized into a written report by the team leader.

- Preparation of the Final Report was a team effort, with each unit leader drafting the chapter related to the tool she/he administered and others assigned introductory and concluding chapters. (See annex of contributors below.) Carter Garber

oversaw this process, which made it possible to produce the bulk of a draft report within one week, while capturing the expertise and experience of the team members in writing before they dispersed. Helen Todd was responsible for compiling the final report for the ASHI Board and management, and for CASHPOR. Carter Garber prepared a separate report for AIMS on the process, revised tools and innovations involved.

E. Personnel

More than thirty people participated directly in the evaluation, including ASHI field staff and management, managers from a number of PHILNET member MFIs , representatives from CASHPOR , PHILNET and ACCESS, and MSI/AIMS staff. [See Appendix 1 for the full list of participants.]

The organization of participants in teams can be seen in Appendix 4.

F. Cost and Sources of Funds

The cost of the impact assessment of ASHI and the related training for PHILNET and CASHPOR participants came to $21,181. This included travel costs and lodging for participants, including ASHI staff, at the Los Banos conference centre during the three week process. Some $15,000 of this was funded by the Microenterprise Impact Project of USAID's Office of Microenterprise Development. The balance came from CASHPOR-PHILNET capacity building funds under their contract with the Finnish Government. The AIMS Project of USAID also bore the cost of sending Dr Garber and Mr Beard as technical consultants on the implementation of the AIMS tools.

Local travel within the ASHI program area, the cost of lodging interviewers in the branches and food cost in the field, as well as administrative support, were borne by ASHI. CASHPOR and PHILNET funded the customization of the AIMS tools, which included the September, 1999 meeting, at a cost of $15,000.

The costs for lodging and international travel for participants from ACCESS and MSI/AIMS were covered by their respective institutions.

It is expected that future impact assessment in the Philippines, using the customized AIMS tools and the expertise of practitioners trained during the ASHI assessment, would cost between $12,000 and $15,000.

APPENDIX 6: CLIENT DATA FORM

Interview form number: _____
Client number in ASHI's system: _____
Code of interviewer: _____

Interviewee information:
40. First names: _____ Last (surname): _____
41. Type: ___ 1. Mature client; ___ 2. Comparison individual; ___ 3. Ex-client
42. Code of current FCO: _____

Interviewee's address: (*Do not computerize this section*)
43.Home address:_____
_____
44. Business address: (If any)_____
_____
45. Additional information to help find the client : _____
_____
Note: Add a map drawing on the back of this sheet if the address is not clear.

Personal Data (from ASHI-F3)
46. Age at entry: _____
47. Current Age: _____
48. Years of schooling at entry: _____
49. Number of children (less than 18) at entry: _____

Condition of House at entry (from ASHI-F2b or F2c)
50. Size: _____
51. Structure : _____
52. Roof : _____
53. TOTAL: _____

Source of Income (from ASHI-F3)
54. Type of business/income **at entry** of client:
1. Retail 2. Food service 3. Transportation Service 4. Other Service
5. Production 6. Agriculture 7. Animal raising 8. Fishing
9 Work for Others 10. Other _____

55. Type of business/income **currently** of client:
1. Retail 2. Food service 3. Transportation Service 4. Other Service
5. Production 6. Agriculture 7. Animal raising 8. Fishing
9 Work for Others 10. Other _____

56. Type of business/income at entry of **husband**/live-in:
1. Retail 2. Food service 3. Transportation Service 4. Other Service
5. Production 6. Agriculture 7. Animal raising 8. Fishing
9 Work for Others 10. Other _____

57. Assets at entry (from ASHI-F3)

VERY POOR – Approximate value (P0-5,000)

____ 1. Stove, sewing machine
_____ 2. Rowboat, net
_____ 3. Pedicab, pushcart & bicycle
_____ 4. Livestock (1-2 pigs), chicken raising
_____ 5. Second-hand fish trap.

MODERATELY POOR – Approximate Value (P5,000-35,000)

_____ 6. Refrigerator
_____ 7. Tricycle (used), < 2 pushcarts
_____ 8. small boat with engine
_____ 9. Livestock (3 or more pigs), one breeding pig, duck raising, corobao, horse
_____10.Permanent stall, cemented pig pen, extension of Sari-sari stall, store room
_____11.Fish cages/corral
_____12.Embroidery/edging machine
_____13.Threshing machine/water pump
_____14.Bakery oven

NON POOR – Approximate value (P35,000 up)

_____15.Fish pen(with permit), fiberglass boat with engine
_____16.Jeepney, truck, new tricycle
_____17.Separate structure for sari-sari store
_____18.Kubota tractor
_____19.Grinding machine
_____20.Large livestock - >2 cows, horses, corobao

Loans

58. Date of first disbursement for client: _____ (dd/mm/ yy)
59. Number of years of client in Program: _____

60. Number of general loans from Program to date: _____
61. Amount of first loan: _____
62. Amount of last loan: _____
63. Difference: _____

64. Current **number** of other productive loans: _____ (supplementary AND market day)

65. Current House Repair Loan ? 1. Yes _____ 2. No_____
66. Amount : _____

67. No. of arrears (Default) in last cycle of General Loan. _____ (from ASHI-F10)

V. Savings

68. Amount of client Group Fund savings at end of 1999 :_____
Amount of Voluntary Savings at end of 1999:

69. Personal Savings :_____
70. Children Savings : _____

If Client has Left Program:

71. Inactive Date: _____ Months to Date:
or
72. Quitting Date: _____ Months to Date:
73. Deducted savings to pay off loan? Yes _____ No _____

APPENDIX VII: Pre-Listing Questionnaire for Selecting the Sample Frame of the Comparison Group

ASHI Impact assessment: Pre-Listing Sheet for the Comparison Group

The objective is to list all households in one area who were poor four years ago. This will become the sample frame from which the comparison group will be chosen.

Introduce yourself and explain your purpose.

1. What is the House Index of this household now. _____
Ask: What major improvements have you made to the house in the last four years?

2. What work do you do? How long have you done it? [*If less than four years]* what did you do before?
   Husband:
   Wife:
   Others:

3. . Household Productive Assets:

We would like to know what assets your household owns that help you in your income generating activities? We are also interested in when you bought them.	Nais naming malaman kung anong mga ari-arian ang mayroon kayo na nakatutulong sa inyong negosyo. Interesado din kaming malaman kung kailan ninyo iyo binili?

CATEGORIES	Yes	Bought in last 4 years
VERY POOR – Approximate value (P0-5,000) Stove, sewing machine Rowboat, net Pedicab, pushcart & bicycle Livestock (1-2 pigs), chicken raising Second-hand fish trap.		
MODERATELY POOR – Approximate Value (P5,000-35,000) Refrigerator Tricycle (used), < 2 pushcarts small boat with engine Livestock (3 or more pigs), one breeding pig, duck raising, corobao, horse Permanent stall, cemented pig pen, extension of Sari-sari stall, store room Fish cages/corral Embroidery/edging machine Threshing machine/water pump Bakery oven		

NON POOR – Approximate value (P35,000 up) Fish pen(with permit), fiberglass boat with engine Jeepney, truck, new tricycle Separate structure for sari-sari store Kubota tractor Grinding machine Large livestock - <2 cows, horses, corobao		

APPENDIX 4: ASHI Impact Assessment: Organisation of Teams

Team 1
Quantitative Interviewing

Leaders:
Helen & Hermie
Members: 8 FS, Jovy, Lourdes & Jeanette

Unit Coordinators:
A. Semi-urban: LS:
Jovy, Grace, Des

B. Rural 1: L East:
Hermie, Eugene, Ronnie B, Lourdes

C. Rural 2: Talim
Jeanette Sena, Lotis, Olivia & Rose

Main Survey Coor:
Helen Todd

Exit Survey Coord:
Lourdes M.

Team 2
Quantitative Data Input & Analysis

Training in first week:
Brian Beard, complemented by Dick (2 days each in Wks 1-2)

Leaders (especially focused on Epi)
Syrel – Aided by:
Dick (2 days/wk)
Brian in first week

Sampling/Tracking Coordinators:
Ky Johnson (2 quanti-tatative tools)
Ronilo (3 qualitative tools)

Data Entry:
Marisa (ASHI)
Nimrod (Bayan)
Winston (ACCESS)
for 5 days in Wk 2 + 3
Gavin

Analysis in 3rd week:
Syrel, Ky, Winston, Nimrod, Gavin, and Dick (2 days)

Team 3
Qualitative Interviewing

Co-Leaders: Ani Alip and Ed Plopenio

Members: Cora, Mila Garcia, Mely Burgos

Sampling/Tracking Coordinator: Ronilo

Semi-urban and Rural will be done by the same tool team on different days.

Client Satisfaction Coordinator: Ed Plopenio & Mely

Empowerment Staff.:
Ani, Cora & Mila G.

Loan & Saving Use Staff: Ani, Cora and Mila Garcia

Quant. Data Entry:
By Team 2 in Week 1

Write-up & Analysis:
All in Week 3

Team 7: General Coordination and Training
Trainer-Leader: Carter Garber, MSI
Co Leaders: Mila Mercado-Bunker, Presidient, ASHI
Helen Todd, CASHPOR
Cora Henarez, Philnet
Li-Lien Gibbons, ACCESS

Team 4
Quality Control

Leaders:
Ky (quantitative)
Ronilo (qualitative)

Members
Leaders of: Teams 1 (Helen and Hermie)
Team 2 (Syrel)
Team 3 (Ani & Ed)

Li-Lien (qualitative)
Winston (quantitatve)

Helen Todd (responsible for final report)

Team 5
Report Writing

Leader::
Helen Todd

Members
Li-lien Gibbons (all 3 weeks)
Cora (3rd week)
David (3rd week)

All of the members of Team 3 during 3rd week

All leaders of Team 1 during 3rd week

Epi Analysis in 3rd week:
Syrel, Ky, Winston, Nimrod, Dick (2 days)

Team 6
Logistics

Co-Leaders:
Miriam (ASHI)
Tess (PHILNET)

Transport:
Drivers or Taxis

Photocopies:
Person to carry to outside company

Secretarial person to assist Team 3 if necessary with typing and file organization

APPENDIX 5: Responsibilities by Week by Team

	Team 1: Quantitative Tools	Team 2: Computer Work on Quantitative Tools	Team 3: Qualitative Tools	Team 4: Quality Control
Week One	Receive training; Test and revise tools; Plan how to carry out the interviews of the sample of clients, non clients and ex-clients; Do a detailed plan of the data collection for the following week	Install and practice software (e.g. Epi-Info); Input sample data and check quality; De-bug and eliminate viruses; Plan for the following week; Pre-code interviews Code tests; Revise survey forms on computer as indicated by Teams 1& 3;	Receive training; Practice; Test and revise tools; Plan data collection for the following week	Help train Accompany teams 1 & 3 on tools test; Help revise the instruments; Make sure that the sample is ready for the teams; Plan for the following week; Make sure that the logistics, materials and budget is in order.
Week Two	Collect data; Code and check data for quality; Make sure that production is on schedule	Input and clean data; Return incomplete interview forms back to Team 1. Maintain an accurate count of the sample accomplished each day	Conduct in-depth interviews and focus groups Make sure that production is on schedule Write case studies;	Review quality of data collection, cleaning and input; Assure completion of assignments.
Week Three	Finalize data collection in the first day(s); Data analysis; Write report	Complete data input; Clean data and insure quality control; Basic analysis; Compile demographic information on interviewees of each type.	Write case studies; Tabulate focus group results; Analyze qualitative data; Write report	Supervise final data collection, cleaning, input, and analysis; Help coordinate report writing.

ASHI Organisational Chart