

KASANYANGAN CENTER FOR COMMUNITY DEVELOPMENT
MICROFINANCE FOUNDATION, INC.

Manual for
Operations

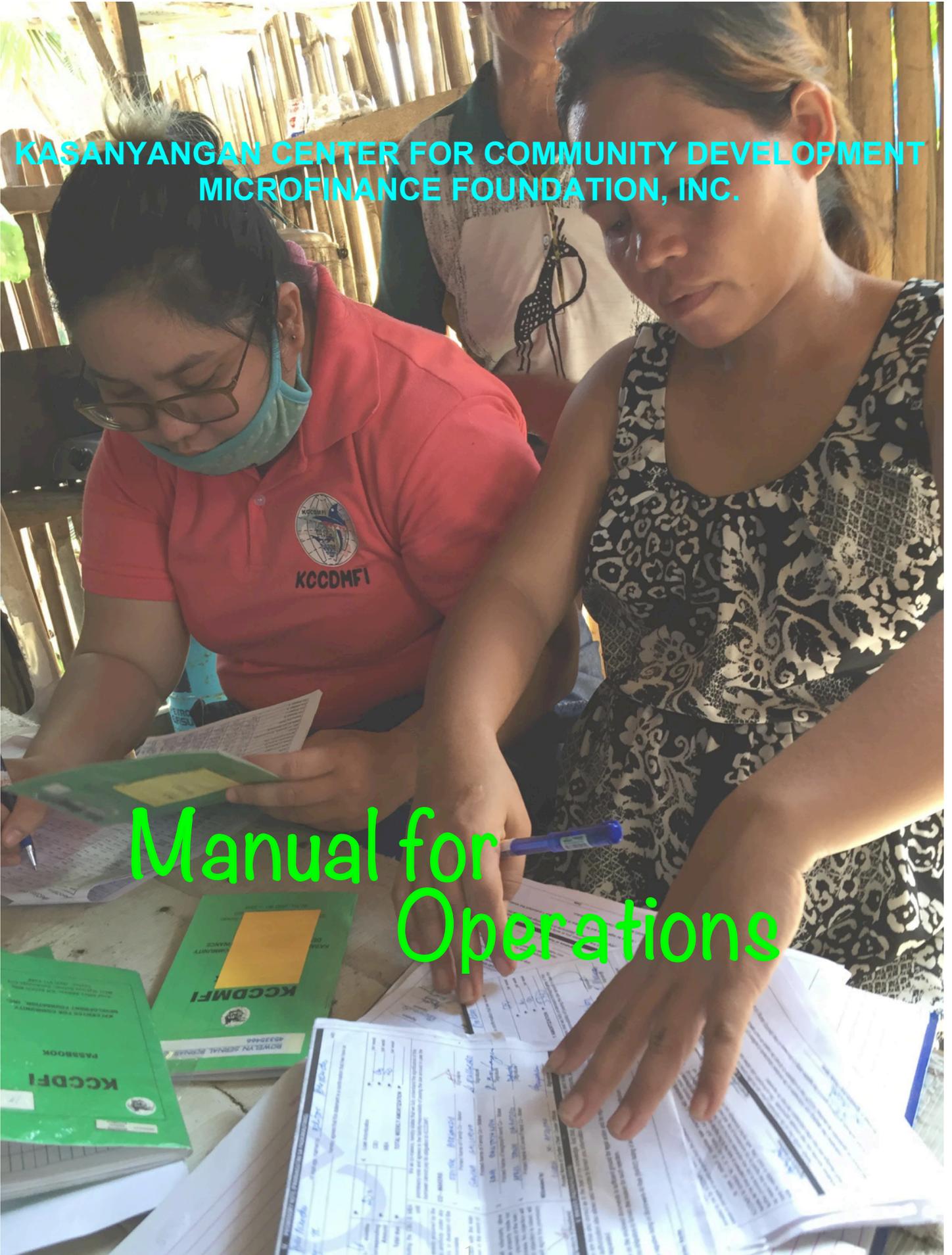


TABLE OF CONTENTS

INTRODUCTION

MICROFINANCE PROGRAM HISTORY: HOW IT ALL BEGAN

OUR ORGANIZATION: WHO WE ARE

- BACKGROUND
- VISION AND MISSION
- CORE VALUES
- INSTITUTIONAL OBJECTIVES
- SOCIAL PERFORMANCE OBJECTIVES

OUR METHODOLOGY: HOW TO DO IT RIGHT

- BACKGROUND ON ASA METHODOLOGY
- AREA IDENTIFICATION
- CLIENT SELECTION
- CENTER FORMATION

FINANCIAL SERVICES

NON-FINANCIAL SERVICES

CLIENT PROTECTION POLICIES

INTRODUCTION

This Operations Manual is created to guide all those who are implementing the microfinance program of KCCDMFI and all those providing support services to the microfinance operations.

The Manual itself is a work-in-progress and is expected to evolve over time as the external environment of microfinance and KCCDMFI continues to evolve.

All users of this manual are expected to **read and understand** its contents and to contribute to the continuing development of the process and procedures stated herein for the benefit of our partners.

The primary user of this Manual is the Field Credit Officer or FCO. **The FCO is expected to read and familiarize** themselves with the contents of this manual and **to implement the prescribed procedures and follow each guideline stated herein.**

Branch Managers and Area Managers are expected to use this Manual to guide and coach their staff and to ensure the uniformity of the implementation of KCCDMFI's microfinance program and observe the policies and procedures promulgated by the Board of Directors to ensure that the program is implemented in a sustainable manner to prevent potential risks in its implementation.

Other users of this Manual particularly those from the support departments such as Audit, Finance, Human Resource Department and Training should use this as guide in the provision of the appropriate support services to FCOs and operations managers.

The Operations Manual provides users with a step-by-step guide in the correct implementation of KCCDMFI's microfinance program. Followed carefully, the guide ensures the uniformity of implementation across all areas and ensures that the microfinance program will be implemented and managed correctly.

How it all began

MICROFINANCE PROGRAM HISTORY

The Bangko Sentral ng Pilipinas (BSP) has defined microfinance as *a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to the poor and low income households, generally for their microenterprises and small businesses, to enable them to raise their income levels and improve their living standards.*

The typical clients of microfinance are the economically-active, entrepreneurial poor. These include household-based entrepreneurs, farmers, rural artisans, and individuals in the informal sector. These people will be able to sustain and enhance their livelihood if they are provided with effective access to a wide range of financial products and services.

KCCDMFI adopts the same definition for its microfinance program and for its target Partners.

Aside from knowing and understanding the definition of microfinance, one must also know and understand how it all began and for what purpose was it done by its originators. Knowing and understanding is the key to deepening one's commitment in implementing the program and doing it right.

The term microfinance became more popular around the 1990's, but prior to this period, the provision of financial services was referred to as "microcredit" made more popular in the 1980's by Dr. Muhammad Yunus who founded the Grameen Bank in Bangladesh. Similar schemes of providing small loans to poor individuals also became popular in Latin America around the same time through self-help groups.

Microcredit was basically small amounts of non-collateralized loans paid back in small but frequent amortizations over a specific period of time. The loan is guaranteed by other members of the group, thus forgoing the need for collaterals. The target clients are mostly those living in poor households or those that have little to no assets that may be used to cover the loan.

The concept gained wide acceptance when it was seen that economically vulnerable populations could take advantage of opportunities to improve their lives through their own means and under their own responsibility. While the initial goal was to provide loans at a lower cost than the options traditionally available to these populations, the concept has evolved and today MFIs offer a wide range of financial products and services that include savings and insurance. Thus the term *microfinance*, which was used to describe the array of services provided by a microfinance institution to its clients for the purpose of alleviating them from poverty.

Microfinance made its way into the Philippines in the late 1980's. A few years after the EDSA People's Revolution in 1986, a few NGOs began experimenting on poverty alleviation schemes that could help reduce the incidence of poverty in

the rural areas. Eventually, some of these NGOs experimented on replicating Dr. Yunus' Grameen Bank Approach after the NGOs realized that there was a need to make their poverty programs more sustainable if they were to succeed in alleviating massive poverty afflicting the Philippines at that time.

Some of these pioneer Grameen replicators were Center for Agriculture and Rural Development (CARD), Ahon sa Hiras, Inc. (ASHI) and Negros Women for Tomorrow Foundation, Inc. (NWTFI).

In 1993, Dr. Muhammad Yunus visited the Philippines which highlighted the successful replication of Grameen by some of the development NGOs. This caught the interest of the Philippine Government, under the administration of President Fidel V. Ramos. The Social Reform Agenda (SRA) was crafted by the Ramos administration and this paved the way for the integration of microfinance into the government's strategy in poverty alleviation. This was pushed further with the creation of the People's Credit and Finance Corporation (PCFC) which was tasked to manage and administer the ADB funds for Grameen Bank Replication. PCFC thus became the lead arm for credit for the poor under the SRA.

Microfinance made inroads to Mindanao with PCFC actively seeking for conduit partners in the region. One of which was Kasanyangan Foundation Inc. (KFI), which later became KCCDMFI. With the need to have more conduit partners covering some of the top 20 poorest provinces including Western Mindanao and the islands of Basilan, Sulu, and Tawi-Tawi, KFI was tapped by PCFC and was introduced to microfinance. This is how it all began.

Who we are

THE ORGANIZATION

KCCDMFI was a spin-off from the microfinance program started under the auspices of Kasanyangan Foundation, Inc. (KFI). KFI was an NGO established in 1998 as a service project for Agrarian Reform Beneficiaries (ARBs) who were former union members of the National Federation of Labor (NFL). With the goal of uplifting the lives of the poor, KFI decided to implement its own microfinance program after learning about the successful implementation of the Center for Agrarian Reform and Development (CARD) in Laguna.

Impressed by the success of CARD in replicating the Grameen Bank Approach, KFI started its own Grameen Bank replication program in 2001 with an initial capitalization of Php 500,000. The program started its operation on October of the same year with two hundred twenty five (225) members in the West Coast Area of Zamboanga City. Mr. Rodolfo Quinday was the program's manager and later on became President of KCCDFI.

After a successful pilot project, KFI sought for an accreditation with the People's Credit and Finance Corporation in 2002 and was given a credit line of Php 5.5 million. To finance the growing demand for credit, PCFC further increased KFI's credit line to Php 11.5 million.

It was in 2004 that KFI Board decided to spin-off its microfinance program to create a separate entity, which paved the way for the creation of the Kasanyangan Center for Community Development Foundation Inc. (KCCDFI). KCCDFI was registered with the Securities and Exchange Commission on December 1, 2005 with total resources amounting to Php 53.37 million.

After more than three (3) years of operation using the modified Grameen Bank Approach, KCCDFI shifted from a Grameen Bank Approach to the ASA Lending Methodology. The decision to shift was made to prevent members from resigning due to the "tapal" system or group liability, wherein the loans of delinquent members are paid for by other members of the group. This had discouraged other members from continuing with the program since it was viewed as a burden for other group members. Another reason for the shift of methodology was because of the plans of KCCDFI for expansion. The simple and standardized ASA approach was seen as an efficient way to expand microfinance operations. KCCDFI then partnered with CARD to assist the organization in converting from a Grameen Bank Approach to ASA Methodology.

KCCDFI pursued an aggressive expansion covering the entire City of Zamboanga and stretching out all the way to Basilan, Sulu, Tawi-Tawi, Zamboanga Sibugay, Zamboanga del Sur, Zamboanga del Norte and the Cities of Iligan, Cagayan de Oro and Cebu with 32 branches serving over 30,000 borrowers. Additional loans were taken from PFCF, the National Livelihood and Development Corporation (NLDC), Social Enterprise Development Partnerships Inc. (SEDPI), CARD Inc., Foundation for Sustainable Society Inc. (FSSI), United Coconut Planters Bank – Coconut

Industry Investment Fund Group (UCPB-CIIF) and from the KFI Mutual Benefit Association (KMBA).

KCCDFI expansion plans were moving smoothly, until a sudden turn of events forced the organization to trim down its operations in 2015. Zamboanga fell into a serious crisis in September 2013 when rouge elements of the Moro National Liberation Front (MNLF) under Nur Misuari tried to take control of the City, burning over 6,000 houses and closing down businesses in a siege that lasted for a month. Economic activity within the Zamboanga City came to a halt until the siege was finally declared over on September 28, 2013. The Zamboanga Siege had displaced over 23,000 families and had severely affected economic activity in the Region. This had caused many of KCCDFI borrowers to go delinquent on their loans. This prompted KCCDFI to scale down its operations and close down 14 of its branches in 2015 as past due loans were increasing and security threats forced operations in Basilan, Sulu and Tawi-Tawi to stop. KCCDFI liquidity was severely affected and PCFC and NLDC were forced to suspend its credit facilities to give way for KCCDFI's rehabilitation.

But in every crisis there is an opportunity for transformation and then eventual growth. Atty. Ibarra Malonzo was appointed by the Board of Trustees in 2016 to replace Mr. Rodolfo Quinday who retired in the same year. KCCDFI's name was also amended in pursuant of the provisions of Republic Act No. 10693 or the NGO Microfinance Act of 2016. Today we are now known as Kasanyangan Center for Community Development and Microfinance Foundation, Inc. (KCCDMFI).

Under a new set of Board of Trustees, KCCDMFI is set to pursue anew its purpose of serving the poor and alleviating communities from poverty.

Our Vision

A leading, sustainable and reliable partner of empowered organized poor communities in the Philippines.

Our Mission

In partnership with its allied institutions, KCCDMFI will continuously provide responsive and competitive microfinance products and services for the empowerment of its partner-organized communities.

Our Core Values

WHAT WE STAND FOR

Compassion

The heart and soul of KCCDMFI is a compassion for the poor.

This means having sympathy for the hard life; sharing their fears and hopes; and devoted to alleviate their condition. It also means recognizing their God-given dignity and rights and having faith in their capacity to improve their lives with the right resources and opportunities.

Service

The purpose of KCCDMFI is to serve the poor.

We serve the predominantly women headed households, low levels of formal education and burdened with care for their family. Staffs should acquire and put the practice to knowledge, skills; and attributes of social workers in dealing with them as unique individuals with their own life history and capacities.

Staff should know them not just as clients and customers, but as partners working to improve their livelihood and living conditions.

Excellence

We strive to be the best banker for the poor.

We do this by providing them the most appropriate loans and services that can mobilize fully the assets of the poor households such as the skills, social network, savings, access to land and natural resources, ambition to feed their family, build decent housing and send their children to school for a better future.

We are always looking for ways and means to improve our products and services thru continuing education, research, study, mentorship and training of staff and clients. We aim to employ and the brightest staff, provide good compensation and benefits and build up leaders in the community.

Honesty

Honesty is the best policy at all levels of organization.

Honesty is being truthful and fair in all dealings within the organization, with clients, stakeholders and government.

We practice zero fraud by any staff. Fraud destroys the job and life of erring staff; destroys the organization and harms the poor we aim to serve.

Teamwork

We achieve our goals by working together as a Team.

Each and everyone in the organization has a role to play and contribute to its success.

Teamwork makes the dream work.

Balance of Work and Life

We should learn to work smart and not hard.

KCCDMFI supports a proper balance between work and life of staff and clients. We make sure that daily and weekly working hours are reasonable to provide time for rest and home life.

Work should not just be a means to earn income, but must be fulfilling and fun.

What We Will Achieve

SOCIAL AND FINANCIAL OBJECTIVES

Our Institutional Objectives

- To synergize the different KMFI institutions that deliver capacity building and enterprise development services.
- To delight members with proactive products and services
- To make KCCDMFI a happy and rewarding place to work in.
- To ensure financial sustainability of KCCDMFI
- To actively participate in the microfinance industry and NGO-MF's initiative.
- To maintain the trust of partner institutions and regulatory agencies

Our Social Performance Goals

Reaching Our Target Partners

KCCDMFI is committed to reaching out to low-income households, especially women and marginalized sectors.

Meeting Our Partners' Needs

KCCDMFI is committed to addressing poverty and empowering our Partners through financial and non-financial services that are responsive to their needs.

Changing Our Partners' Lives

KCCDMFI is committed in serving our Partners and transforming their lives and community into a vibrant and progressive future.

How to Do It Right

OUR METHODOLOGY AND SERVICE DELIVERY PROCESS

Know your methodology

KCCDMFI follows the ASA Approach to financial services delivery.

Methodology is a term used to describe the process we follow in order to realize our social objectives.

Methodology ensures that we implement our strategy with the highest standards of quality in addressing our Partners' needs.

Strictly following our methodology ensures that we minimize our risks, implement our program efficiently, and ensure that institutional goals are achieved effectively.

Everyone in the organization must understand, not just the steps, not just the process itself, but the reason behind each step – the reason behind each process. Understanding the reason helps us in correctly implementing the methodology.

Background of the Methodology¹

The Association for Social Advancement (ASA) is a NGO in Bangladesh specializing in the provision of microfinance services. ASA means “hope” in Bengali and its name was symbolic of its purpose. It was organized and established in 1978 by Dr. Shafiqul Haque Choudhury to fight the injustices committed by the rural elites in Bangladesh.

In 1985, it broadened its mission to include the empowerment of the oppressed through a variety of development-oriented activities such as social mobilization, awareness raising, legal aid, media empowerment, post-disaster relief operations, etc. After many years of involvement in social action, ASA in 1991 decided to specialize in credit delivery to better meet the needs of the poor.

In the years that followed, it found itself constantly refining its operational structure and developing its standardized and low-cost delivery method. In 2001, ASA became a self-sufficient and sustainable institution, independent of donor funds. This development indicated ASA’s ability to cover both direct and indirect costs, including those of maintaining the value of the equity relative to inflation and of accessing commercial rate liabilities instead of concessional loans.

ASA had reached millions of poor households, thus, becoming one of the largest MFIs, comparable with the likes of the Grameen Bank and Bangladesh Rural Advancement Committee (BRAC).

KCCDMFI adheres to the ASA methodology and the following features of the methodology highlights its unique advantage:

1. Standardized loan product and open access to savings

Partners will have quick access to first cycle loans within two weeks after completion of requirements. Succeeding loans are released upon full payment of the previous loan and partners can readily access the status of their savings through their individual passbooks.

2. Withdrawable savings

Partners are allowed to withdraw from their savings twice a month, provided that the minimum required maintaining balance is within 30% of the loan availed.

¹ Source: UNDP, Micro Start Program Manual, Philippines 2002

3. Absence of Center liability

Loan accountability lies in the hands of the individual partner and his/her guarantors. The other Center members are not held liable for payment of unpaid loans of defaulting partners.

4. Strictly one hour Center Meeting

Center meetings shall last only for no more than one hour each week and partners shall not be held at the Center even when there are uncollected payments from partners.

5. Zero tolerance to delinquency

The “follow-up” method is done whenever a member is in default. In this approach, the Field Credit Officer shall go to the defaulting member’s house and will not leave the house until payment has been collected. This is undertaken to instill in the members the value of credit discipline, manifested by regular and on time payment.

6. Simplified accounting and record keeping

Accounting and record keeping are simplified. This is further enhanced with the use of Instafin where reports and records are kept in a central storage in the cloud and can easily be accessed by users.

7. Standardized lending policies, guidelines, systems and procedures

All branches follow the same policies and procedures. What you see being done in one branch is the same in other branches.

8. Strong accountability structure

There is a built-in internal control system. The FCO is held responsible for the performance of partners, the BM is responsible for the entire operation of the branch, while branch performance is the responsibility and accountability of the AM, then the Operations Head, then to the Management Committee (ManCom) up to the President & CEO.

9. Cash transactions

Loans or savings withdrawals are released in the form of cash at the branch. The partner will not be burdened of going to the bank to encash cheques.

Start it Right, Build Strong Foundations.

Do not underestimate the importance of starting it right. A good start ensures a smooth flow of implementation. Problems will definitely occur, but if you had started it right, problems in program implementation will be lessened.

Furthermore, it will also help you solve the problem. A good foundation can keep the building standing and a good solid foundation in partnership formation will help you, the FCO and Branch Manager, in weathering any problems encountered along the way.

AREA IDENTIFICATION

Area identification is important in establishing branch offices and in determining the type of partners that will be served by the branch.

In selecting the target area of operation, the following factors must be taken into consideration:

1. Existence of a large number of poor households in the area preferably where the branch to be establish can generate at least 1,500 eligible families.
2. Housing clusters that have the potential for generating at least 20 to 30 target members are preferred. Barangays that have the possibility of forming at least three groups of 20-30 people are also given preference.
3. Availability of formal banking facilities in the area.
4. Presence of roads and adequate transport facilities for accessibility.
5. Prevalence of peace and order in the area.
6. Availability of adequate office space in a commercial or business center area.

The foregoing considerations must be satisfied before deciding to operate in a particular location, specifically in expansion areas.

The following preliminary steps should be undertaken prior to branch operation:

1. Secure from the City or Municipal Planning Office the latest Socio-Economic Survey and the latest City or Municipal Development Plan of the target municipality or city.

These two documents shall provide management with sufficient information as to demographic information about the area and the plans for development that need to be considered in planning for operations in the target area.

Important information such as number of barangays, number of families, number of poor households, existence of other credit institutions working in the area and their coverage, and peace and order situation, among others must be collected.

2. Conduct an ocular inspection of the target areas taking note of possible office sites, roads and infrastructures, transportation, economic activities, presence of other financial institutions, housing density, safety and security. The target area should be situated within less than eight-kilometer radius from the branch office and should have adequate transport facilities for ease of access.
3. Conduct coordination meeting with local government officials (e.g., Municipal Mayor, Barangay Captain, and/or other local leaders).

The purpose of the meeting is to introduce KCCDMFI into the community, level-off expectations, establish goodwill with the local leaders, introduce the purpose of the program, express willingness to collaborate in local development initiatives and establish means of coordination with the local leaders.

4. Select an office location and arrange for office rent, office furniture and supplies, and accommodation of staff, if needed.
5. Process the necessary permits and licenses in operating in the area.
6. Open a bank account in a nearby formal bank after obtaining a Board of Trustees (BOT) resolution; designating authorized signatories; and depositing fund for initial activities.
7. Recruit staff for different positions and provide them with training on the program implementation process.
8. Define supervision and monitoring of tasks at all levels.

CLIENT SELECTION

Client Selection Criteria

1. The priority target clients are enterprising poor women with Poverty Probability Index (PPI) Score of below 34 points². Women whose score's between 34 to 51 may still be allowed to enter the microfinance program provided that the percentage of the priority target clients versus the second priority clients is still above 50% of the total clients of the branch.
2. Enterprising men may be allowed to join the microfinance program provided that their spouses are not engaged in the family livelihood or business.
3. Only one client per household can be allowed to join the microfinance program.
4. In cases where there are two or more applicants whose families live in one house, each applicant should have a separate and distinct business.
5. In cases where there are two or more applicants from one household or family, it is up to the discretion of the Branch Manager / Area Manager / Operations Manager to allow more than one member in one household, provided that each member from the household have separate and distinct livelihood activities or enterprise/s.
6. As a general rule, applicants must be between 18-60 years of age upon entry to the microfinance program. Women over 60 years old can be considered as partners if found to be physically fit.
7. An applicant must be physically fit to run a viable livelihood, income-generating project or microenterprise.
8. Students and employed individuals are not allowed to join the microfinance program.
9. The applicant must be a permanent resident of the community for at least one (1) year.
10. The applicant must not be heavily indebted to another lending institution. If the applicant is found to have debts from other lending institutions, the FCO must consider the income generation capacity of the business and other sources of income and compare it with the size of debts and cash

² Based on National Poverty Line Scorecard and Lookup Tables

flow of the applicant. If total debt servicing is already 50% or more of weekly net cash flow, then the applicant is automatically disqualified.

11. The applicant and spouse must not be known to have engaged in any illegal or unlawful activities.

Conditions for Membership

Before becoming a member, the applicant must be fully aware and agree to the following conditions both verbally and upon signing the application form.

1. The applicant agrees to complete Group Center Training (GCT) 1 and GCT 2.
2. The applicant agrees to attend a one-hour meeting every 3rd week of the month and to attend weekly collection meetings whenever needed.
3. The applicant agrees to remit loan repayment, MBA premiums, and savings on the agreed weekly schedule.
4. The applicant agrees that delayed repayments are not allowed in the microfinance program.
5. The applicant agrees to invest the loan proceeds in a viable income-generating or microenterprise project/s and in the agreed purpose of the loan.
6. The applicant agrees to avoid over-indebtedness and manage both business and family finances prudently.
7. The applicant agrees to prioritize loan repayment and savings with KCCDFMI.
8. The applicant agrees to have co-makers or guarantors and such co-maker agrees to cover for the default payment immediately.
9. The applicant must be willing to become part of a KCCDMFI Center and must commit themselves to the Center's internal policies.

Requirements for New Membership

The applicant must fully comply with the following membership requirements:

1. The client must submit a Barangay Clearance or if not available, a Barangay Certificate that she is a resident of the barangay and a Certification from at least three Center members.
2. The client must undergo and complete the Group Credit Training (GCT) – A membership orientation program conducted once a week for two weeks.
3. The client must submit six (6) pieces of recent 1x1 ID sized pictures.
4. The client must pay the microfinance program membership fee (MF) of Php 50.00 and MBA MF of Php 50.00 prior to the start of the GCT.
5. The client must have one (1) family member (working spouse or any immediate family members with regular income source) and three (3) Center members that will guarantee the loan and cover for any delinquency.
6. The client must complete and sign the membership forms

Membership Selection and Approval Process

1. Membership applicants must fill-up and complete the membership form / signature card and submit to the FCO in-charge.
2. FCO schedules the GCT 1 and GCT 2, which will be given in a period of two weeks at 1 hour per week.
3. Applicant must complete the Loan Application Form with the necessary signatures of the spouse and four (4) co-makers and submit the form during GCT 1.
4. Applicant must also submit all requirements prior or during GCT 1.
5. Applicant must complete both GCT 1 and GCT 2. Only those who complete the GCTs will be accepted.
6. While in waiting to complete GCT 1 and GCT 2, the FCO shall conduct the necessary credit and background checks in order to complete the Cash Flow and Debt Capacity Analysis and Poverty Probability Index Survey.
7. Once the credit and background checks are completed, the FCO submits the Loan Application Form (LAF) for verification and approval of the designated approving authority. (See levels of approval)
8. The applicant is notified upon approval and loan release is scheduled on the following day. The applicant is now formally accepted as Partner of KCCDMFI.
9. Partners are required to go to the KCCDMFI branch office to personally receive the loan proceeds.
10. Before the loan proceeds are released, partners are required to attend a pre-release orientation.

Partnership Termination

1. Partnership may be terminated by the partner voluntarily through resignation or involuntarily by the Center through a resolution.
2. Partnership may be terminated by the Center under the following reasons:
 - a. Insanity
 - b. Delinquency
 - c. Consecutive absences in monthly Center Meetings
 - d. Violation of Center Policies
 - e. Fraud and engaging in illegal activities
 - f. Other valid causes as determined together by the Center and the FCO or Branch Manager
3. A partner is considered resigned once a full withdrawal of CBU is made.
4. Partners who voluntarily resign are required to undergo an exit interview with the Branch Manager before final clearance is given. Exit interview sheet must be filled out, signed by both partner and manager, and properly filed. The manager has the responsibility to collate and summarize resignation reports and submit to the Area Supervisor and/or Operations Manager on a regular basis.
5. Partners who voluntarily resign may be allowed to join again, but must undergo the same process for new partners.

CENTER FORMATION

Microfinance clients of KCCDMFI are called “partners” because the client and KCCDMFI both agreed to work together to help uplift the lives of poor women and their families from poverty. It is in “partnership” between the client, the community and KCCDMFI that real progress can be achieved.

Partners band together to form a “community” called Centers. A Center is a community of KCCDMFI partners where important community concerns are discussed and where partnership interventions and KCCDMFI services are delivered. A Center is considered as a “community” because it is through this community that KCCDMFI is able to fulfill its mission of empowerment of the poor.

Essentials of Center Formation

1. A complete Center is composed of 20-30 partners, with strict adherence to the policy of one partner per household. If an area has the potential to form a complete Center, formation can start with 5-10 partners only and gradually increasing it to 20-30 partners.
2. The Branch Manager (BM) and the FCO must observe and assess the potential partners during Center formation.
3. There is no maximum number of Centers that can be formed in a barangay. If the area is big, the BM can seek approval from the Area Supervisor (AS) to form another Center in that barangay.
4. The Center should be homogeneous, i.e., female, with similar socioeconomic status and educational attainment or by religious affiliation such as Muslim groups and Christian groups.
5. During the selection process, the BM and the FCO should check if the potential partner(s) have existing loans with other MFI(s). Should this be the case, they should be encouraged to settle their accounts first with the other MFI(s) before they join the program.

If they are unable to settle the accounts, they may still qualify as partner provided that the total weekly debt amortization is not more than 50% of the weekly net cash flow of the borrower.

They can, however, be accepted as savers until they have fully paid their existing loan with the other MFI(s).

6. The FCO should conduct proper background and credit investigation for each prospective partner. Thorough family background information should be gathered.
7. The PPI Score of a new partner should be below 34 points³. New partners whose score's between 34 to 51 may still be allowed to enter the microfinance program provided that the percentage of the priority target clients versus the second priority clients is still above 50% of the total clients of the branch.
8. The BM should strictly validate the prospective partners LAF before giving the final approval for formation.
9. Each partner has to pay Php 50.00 as a non-refundable partnership fee before being formally enrolled in the program and Php 50.00 as membership fee in the Mutual Benefit Association (MBA).

³ Based on National Poverty Line Scorecard and Lookup Tables

Center Leadership

1. The Center members must elect a Center Leader and two assistant leaders who shall act as Secretary and Treasurer.
2. The Center should elect the Center leaders who are most capable of encouraging unity and teamwork among partners as well as provide assistance to the FCO in communicating and implementing the microfinance program policies.
3. Election of leaders should be conducted at least once every two years. The leaders of the Center can serve for a maximum of two terms.
4. No extra benefits should be given to the Center leaders.
5. The election process should be observed properly to avoid any problems within the Center.

- a. Before the election is conducted, the FCO should inform the partners of the functions and responsibilities of the Center Leaders.

- b. The FCO should emphasize the importance of good leadership by asking the partners what are the qualities of a good leader.

After identifying common traits and qualities, the FCO shall then ask members to see who among them posses these qualities.

- c. The FCO opens the floor for nominations.

- d. Selection of the Center Leaders shall be done through open voting or by ballot, whichever the Center members prefer and agree upon.

- e. The nominee receiving the highest votes becomes the Center Leader and the next two members receiving the highest votes become Assistant Center Leaders.

Discretion is given to the Center Leader to appoint who among the Assistant Center Leaders become Secretary and Treasurer.

- f. The FCO takes note of the results and reports it to the BM.

Center Meetings

1. Center meetings are to be conducted on the third week of each month on a day, time and venue agreed upon by the partners and the FCO.
2. Attendance to the monthly Center meeting is compulsory.
3. Remittance of loan payments is done on a weekly basis on the same schedule and venue as that of the monthly Center Meeting. Center members are required to remit payments to the Center Leaders and FCO on the designated day either by making the payment personally or through a representative.
4. The monthly Center meeting should be presided by the Center leader. The designated Secretary maintains the Center Record Book and keeps record of the minutes of every meeting. The treasurer assists the FCO in the collection and counting of savings and loan amortization payments.
5. During the Weekly Collection, the FCO records payments in the FCO Register and signs the partner's passbook together with the date of payment.
6. Each Center should maintain one record book where attendance and corresponding payments of Center members are recorded. Loan proposals, loan disbursements, and other transactions must be recorded in the record book.
7. The Center must shoulder the expenses for the Center's record book, pens, and other materials needed for the Center meetings. Each partner contributes equally for these group materials.
8. The Center members are required to help each other and resolve, as early as possible, any problem that may arise and affect the credit performance of the Center.

Termination of Center Membership

Membership in a Center may be terminated for any the following reasons:

1. When a partner willingly leaves the community;
2. In the event of a partner's death;
3. In case of mental insanity or poor health of a partner;
4. When a partner engages in anti-organization or anti-group activities;
5. When a Center unanimously adopts a resolution to terminate a partner;
and
6. When the BM, for justifiable reasons, expels a partner from the Center.

Center Materials and Documentation

The Center, using the partners' contributions, must have the following materials and documents:

1. a record book;
2. adequate number of chairs and benches;
3. one passbook for each partner; and
4. two passport size photographs of the partner to be attached on the passbook and loan application form.

Functions of Center Leaders

Center Leader

1. Presides over the regular Monthly Center Meeting.
2. Supervises the Weekly Collection.
3. Responsible for collection of information about prospective partners who are applying to join the Center.
4. Responsible for the implementation of KCCDMFI policies and procedures;
5. Responsible to resolve any conflict and contradiction among partners;
6. Must sign the promissory note as witness for loan releases within her Center;
7. Provide any updates concerning policies and guidelines to Center members;
8. Responsible to sign in the Center collection sheet as a witness in the weekly collection
9. Provide regular updates pertaining to Center concerns to Field Credit Officer.

Secretary

1. Co-responsible for the implementation of KCCDMFI's policies and procedures;
2. Assist the Center Leader in resolving any conflict and contradiction among partners;
3. Must sign in the promissory note as witness for loan releases within her Center;
4. Assist Center Leader in providing updates concerning policies and guidelines to Center members;
5. Sign the Center Collection Sheet as a witness in the weekly collection meeting
6. Provide regular updates pertaining to Center concerns to the FCO.

Treasurer

1. Must be present in all Center meetings and Weekly Collections.
2. Posts all partners' loan payments, CBU deposits, withdrawals and returns, MBA premium, Credit Life Insurance Premium, Membership Fee, MAB premium and BAP Premium on the Center Logbook;
3. Responsible to assist the FCO in segregating and counting cash collected;
4. Responsible to verify all weekly financial transactions such as disbursements, CBU deposits, and loan collections;
5. Responsible to facilitate signing of partners in the collection sheet during CBU withdrawals and returns
6. Sign in the collection sheet as a witness in the weekly collection.

Center Meeting Flow

The following flow shall be observed during the Monthly Center Meetings

- a. Opening prayer by an assigned Center partner (1 minute)
- b. Reading of minutes by the Center Secretary (5 minutes)
- c. Roll call of attendance by the FCO (2 minutes)
- d. Discussion of Agenda (50 minutes)
 - Loan application and disbursement schedule
 - Loan collection by the treasurer
 - Updating of passbook & ledger
 - CBU withdrawals
 - Discussion on policies
- e. Announcement of attendance and repayment rate (1 minute)
- f. Closing prayer (1 minute)
- g. Other business matters (10 – 15 minutes)
 - Collection of Partnership Fee, MBA-Membership Fee, MBA Premium, CBU
 - Issues official receipt at the Center
 - Posting of collections to partner's Passbook and FCO Register

Financial Services

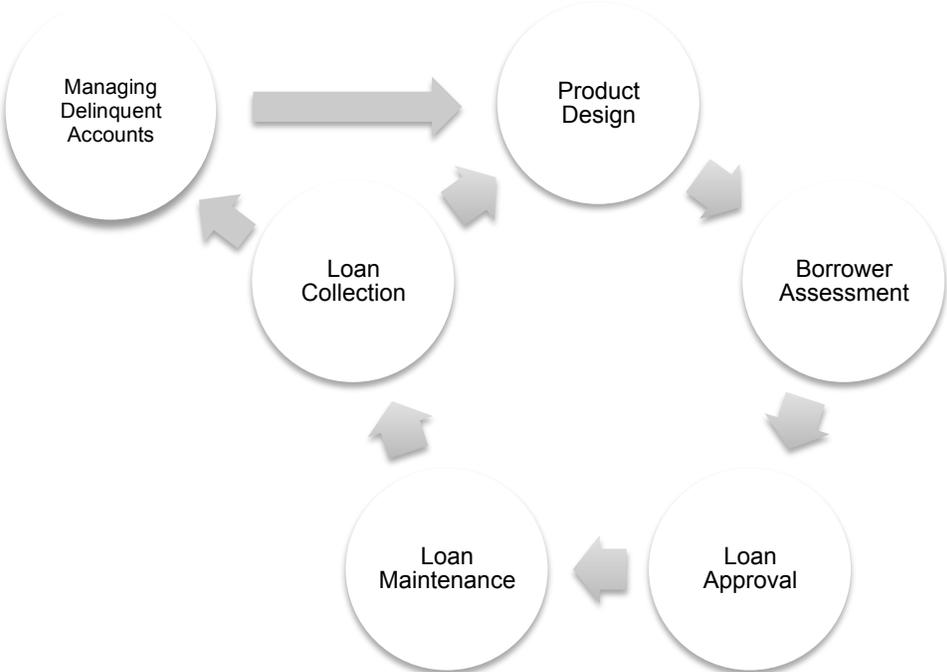
Credit

KCCDMFI engages in a credit program with the following purposes in mind:

1. KCCDMFI provides credit among its Partners to reduce their dependency on moneylenders that charge exorbitant interest rates. By providing Partners with access to credit with much lower interest rates, we help partners increase their earnings and savings that they may use for their basic needs.
2. KCCDMFI provides credit to develop self-help and self-employment opportunities for poor families. Our credit programs aims to help the poor engage in viable income generating activities and grow them into sustainable micro-enterprises.
3. Repayment of loans is a sign of a successful credit program. It indicates that the poor are able to recover their investments and generate income for savings. This success also translates to KCCDMFI's sustainability, since good client repayment performance enables the institution to recover costs and provide credit to more poor families in other areas.

THE CREDIT CYCLE

The Credit Cycle begins with Product Design, Borrower Assessment, Loan Approval and Release, Loan Maintenance, and Loan Collection. In cases where loan collection fails, the next step would be Delinquency Management then back to Product Design.



Product Design

We do not create and offer financial products because competitors offer it or it is nice to have. Financial products are created out of need and of demand for such product. Therefore, the product development process should always begin in the determination of the need and the demand of our target Partners.

The Operations Department plays an important role in the development of products and services since the operations staff members are the ones who are always interacting with our Partners. Although they are not tasked to do the actual study for product design, the FCO plays an important role in data and information gathering.

In developing the appropriate products for target Partners, the Operations Department should observe the following guidelines:

1. All information gathered from the LAF are important in product design research. FCOs and BMs must ensure that partner information is complete and accurate.
2. The PPI is important not only in partner selection, but also in product research and design and measuring the effectiveness of the product design in terms of impact on partner's need. FCOs and BMs must ensure that the PPI survey is performed properly in order to be useful.
3. Feedback from partners are important especially the negative ones as negative feedback hold clues as to what needs to be improved in product design. FCOs and BMs must take note of feedback particularly about what is missing, annoying, dissatisfying and/or irritating (MADI) with a particular product or service process. Common feedback items should be communicated to officers in charge of product development.
4. Each branch should have its own mechanism of gathering feedback from partners. Suggestion boxes or sealed feedback slips should be provided or made accessible to partners to enable them to give feedback. Formal forms of grievance or letters of complaints should be reviewed by the BM or AS. All of these information should be summarized and reported in writing for product and service development purposes.
5. Exit interviews should be performed using the Exit Interview Form. BMs should ensure that partners who leave voluntarily are properly interviewed and asked for information as to why they are leaving.
6. Delinquency and defaults may also hold some insights on how products and services can be improved. It is necessary for BMs to understand

thoroughly the root causes of delinquency and defaults and communicate these to the personnel in charge of product design.

7. Much information for product and service improvements is lost because they are not properly gathered and documented. Lessons and insights are eventually disregarded or are not put into full use if not documented and acted upon immediately. AMs and BMs should always include in monthly meetings discussions on lessons and insights gathered by FCOs in the field. Results of these discussions and insights/recommendations generated should be properly documented and reported to higher management and the product research team.

These simple guidelines can help in the continuing development of new and current products and services.

KCCDMFI is currently offering its partners the following credit products:

1. Repayable Project Assistance Loan
2. Education Loan
3. House Repair Loan
4. Assistance for Clean Water Access Loan
5. Integrated Credit Assistance for Rural Entrepreneurs Loan
6. Financial Loan Assistance for Micro-Entrepreneurs

Borrower Assessment

New Partner

1. The prospective partner undergoes a briefing with the FCO to inform the prospect about the purpose of the program, the purpose of the loan and product features, the credit procedures, requirements, and credit policies.

This also becomes the opportunity to inform the prospective partner about the consequences of delinquency and the importance of maintaining a good credit standing. The briefing should not be more than 30 minutes and may be conducted at the Center or in the Branch Office.

2. The prospective partner fills-up the Loan Application Form with the assistance of the FCO.
3. The FCO shall then conduct a credit investigation and background investigation (CI/BI). In this procedure, the FCO shall perform the following steps:
 - a. Do an ocular inspection of the prospective partner's house and place of business to determine its location, to check its existence and to assess the qualification, and assess the potentials of the prospective member's business.
 - b. The livelihood or business must be within the capacity of the prospective partner to manage. This may be determined by the number of years that he/she has been doing the business. Special consideration and thorough scrutiny should be made if in case the prospect is engaging in a new business that he/she has no prior experience.
 - c. Verify all the information contained in the Loan Application Form and perform Cash Flow data gathering and PPI survey.
 - d. Perform background and credit checks with neighbors to know if the prospect has other creditors and/or is a good member of the community.
4. Once the initial verification is complete, the FCO shall submit all Loan Application Forms to the BM and/or the AM. Further verification of the information shall be conducted by the BM and/or AM by conducting a separate CI/BI or random review of the information indicated in the Loan Application Form. The FCO should therefore ensure that all pertinent information in the Loan Application Form is complete and that the

necessary verification procedures and loan evaluation checks are followed correctly and reported accurately.

5. The FCO must submit the Loan Application Form with recommendation to the BM for approval at least one week before the scheduled GCT1.
6. Once qualified, the prospective partner is required to
 - a. Attend the GCT 1 and GCT 2
 - b. Submit six (6) pieces of 1"x1" ID sized photographs to be attached to the following documents:
 - Loan Application Form
 - MBA Form
 - Passbook
 - Partner Identification Card
 - MBA Identification Card
 - Other Document
 - c. Ensure that all required guarantors or co-makers have signed the Loan Application Form.
 - Working spouse or any immediate family member with a regular income source.
 - Relative or friend of legal age and has steady income source
 - Two (2) members from the Center capable and willing to be co-makers for the loan.
7. Pay the Program Membership Fee of Php 50.00, MBA Membership Fee of Php 50.00, Initial Capital Build Up (CBU) contribution of Php 60.00 and MBA weekly premium of Php 20.00.
8. BM shall verify the application through a household visit and approve the loan once qualification is validated.

Existing Partners

1. The Partner shall submit the Loan Application Form to the FCO between the 18th and 20th week of the loan cycle for evaluation.
2. FCO shall conduct the necessary verification of information on the Loan Application Form and perform the necessary evaluation procedures such as:
 - a. Cash Flow and Debt Capacity Analysis
 - b. Project Inventory
 - c. Attitude Assessment
 - d. Poverty Probability Index Survey
3. FCO shall ensure that all required guarantors have signed the Loan Application Form
 - a. Working spouse or any immediate family member with a regular income source.
 - b. Relative or friend of legal age and has steady income source
 - c. Two (2) members from the Center capable and willing to be co-makers for the loan.
4. FCO must conduct an actual visit of the Partner's household and/or place of work.
5. The Loan Application Form must be properly and completely accomplished prior to submission to the BM/AM.
6. BM shall validate the information in the Loan Application Form by conducting a household visit of the Partner prior to approving the loan.
7. Once validated, BM shall approve the Loan Application and schedule the time of release.

Loan Approval

Basis of Loan Approval for New Partners

1. Existence of income generating project (IGP) or small enterprise
2. Debt Repayment Capacity is within allowed limits.

Basis of Loan Approval for Existing Partners

1. Partner must have invested the previous loan on the approved IGP or small enterprise or used the loan proceeds as indicated in the Loan Application Form.
2. Partner must score a satisfactory rating on RIA (Repayment, Inventory, Attitude)
3. Debt Repayment Capacity is within allowed limits.

Loanable amounts

1. Initial loanable amount is Php 2,000 to Php 10,000 depending on the nature of business and capacity to pay.
2. Loan increment is Php 1,000 to Php 4,000 depending on the size of the partner's business, capacity to pay and previous repayment performance as measured through RIA.
3. For partners whose age is 65 years and above, the maximum loanable amount is Php 25,000 subject to evaluation of repayment capacity and health condition.
4. The maximum loanable amount is limited to Php 300,000

Approving Authority for Loan Ceiling

The following table presents the loan ranges and the corresponding approving authorities.

Amount	Validated by	Approved by
Php 1,000 to Php30,000	Branch Manager	Branch Manager
Php 31,000 to Php 70,000	BM and AM	AM
Php 71,000 to Php 100,000	BM, AM and OH	OH
Php 101,000 to Php 300,000	BM, AM and OH	COO /President

Approving Authority for Loan Increments

The following table presents the loan increments and corresponding approving authorities.

Amount	Validated by	Approved by
Php 1,000 – Php 10,000	Branch Manager	Branch Manager
Php 11,000 – Php 20,000	Area Manager	Area Manager
Php 21,000 and Above	Operations Head	Operations Head

Loan Disbursement

1. All approved loans will be disbursed at the Branch Office by the BM or Senior FCO on the day of the Center Meeting between 1:00 PM to 3:00 PM.
2. Disbursed loan amounts will be recorded in the partner's passbook by the BM or Senior FCO.
3. The FCO is responsible for securing and checking the accuracy of the print-out of the Disbursement Master Roll (DMR) generated from Instafin. This shall be provided to the BM or Senior FCO at least two (2) hours prior to the schedule of release.
4. Approved Loan Application Form shall be stamped "RELEASED" by the BM, duly signed by the FCO and BM.
5. All approved loan application shall be kept in file by the assigned Administrative Clerk for the month under the accountability of the BM.
6. The physical presence of the Partner is compulsory during the loan disbursement and he/she must sign the DMR and Disclosure Statement on Credit Transactions.

7. Soon after the disbursement, the FCO will post the loan amount in the Partner's Passbook using a **RED INK PEN**.
8. All loans are disbursed at the branch office in the afternoon. For new borrowers, loans are disbursed on the day of the 2nd GCT, while loan disbursement for succeeding cycles are done on the day of full repayment. For those members who are under rest period (savers), loan disbursement may be done as soon as they have informed their respective FCO their intent to loan.

Loan Maintenance

1. The FCO is required to conduct a Partner visit within three days of loan release to check whether the loan proceeds were used for its intended purpose.
2. Using the Loan Utilization Checklist (LUC), the FCO conducts a thorough inspection of inventories purchased or items used for the Partner's IGP or business.
3. The FCO shall conduct at least two LUC visits per day.
4. BM reviews the LUC Report and performs random validation of existing Partners from time to time.
5. For new Partners, the BM shall visit at least 5 Partners' projects each day after the initial loan disbursement.
6. During Center meetings, the FCO should inquire from Partners the status of their business and remind them of the need for on-time repayments.
7. The observations of the BM on the group visited must be recorded in a separate register called the Group Visit and Supervision Register. The Register is kept and preserved in the branch/area office for future reference.

Changes in the Microenterprise Project

1. In cases of unavoidable circumstances, the partner may be allowed to change the type of microenterprise project funded by the loan.
2. In cases that the microenterprise project is changed, the partner must present a Project Proposal at the Center meeting. This must be documented in the Center Logbook.

Loan Insurance

Loan insurance funds provide additional resources for the institution and help ensure high repayment rates. More importantly, however, loan insurance allows the poor to protect themselves above and beyond what savings can do. For a relatively small premium payment, a member and her family can mitigate an unforeseen demand on its meager resources equal to the value of the claim.

The following summarizes the policies and procedures for the loan insurance.

1. The partner must select a beneficiary for the loan insurance fund.
2. In the event of the partner's death, the beneficiary claims the loan insurance benefit, except in cases of suicide.
3. Any outstanding loan balance left by the deceased partner must first be paid in full from the loan insurance proceeds and the remainder will be given to the beneficiary.

Loan Collection

1. The weekly payable loan amount will be calculated by adding interest on the principal based on a diminishing balance.
2. The loan amortization to be collected and other fees to be collected is automatically computed and generate by the computer system. A print out of the Collection Sheet should be secured from the Branch Manager every week before going to the Center for collection.
3. The total payable amount will be payable in 24 consecutive weeks of equal installments as indicated in the Disclosure Statement of Loan/Credit Transactions given to the partner during disbursement.
4. The first amortization is collected one week after the disbursement during the Center meeting.
5. Loan repayments are not accepted outside of the Center meetings.
6. No collection shall be done on special public holidays. This must be declared at the group meeting at least one week earlier and properly recorded in the group record book.
7. The borrower will not get any grace period if the collection schedule falls on a holiday. However, the institution reserves the right to declare a “***collection holiday***” (no center meeting and no collection of RPA, CBU, MBA, MAB, HI, MF & Pag-ibig). As such, maturity of the loan will be extended depending on the approved number of weeks.
8. Any payment less than the required amortization will be distributed to the following priority payment schedule:
 - a. 1st - MBA contribution (Php 20);
 - b. 2nd – RPA payment;
 - c. 3rd – CBU deposit of the client.

For example:

if the weekly amortization due is P260 (MBA – Php 20; RPA – Php 200; CBU – Php 40) and the client only paid P200, the payment will be credited to the following: 1st – MBA (Php 20); 2nd – RPA (Php 180).

9. FCO is responsible for all collection in the Center meeting in a weekly basis. After collection the FCO will post the payment in the partner's Passbook as well as in the Collection Sheet and issues an official receipt to the Center.
10. All collections shall be posted also by the Center Treasurer in the Center Payment Slip. While the Center Secretary records the collections in the Center Logbook.
11. As a rule, advance loan repayment is not accepted. Advance payment is allowed only if:
 - a. There is a possibility of default;
 - b. The partner wants to pay early to quit from the program;
 - c. To avail the next loan cycle before maturity, a maximum payment of one (1) week advance is accepted.
12. In recording transactions or collections in the Collection Sheet and Passbook, the following pen color coding must be observed:
 - a. Blue ink pen – for amortizations collected on time
 - b. Black ink pen – for amortizations collected after the scheduled time but less than a week (past due collections of less than one week); record the time and date of collection
 - c. Red ink pen – for amortizations collected after one week from the day it was due (past due collections of one week or more)

Managing Delinquent Accounts

A loan is considered delinquent when the amortization due is not paid on time. In most cases, delinquency problems arise when the program has moved away from the underlying principles of microfinance best practice. If delinquency is indeed a problem, the program must go back to the basics of its methodology, in this case, the ASA. It must avoid easy and temporary solutions in solving delinquency problems. Instead, we need to search for underlying causes and address them before the problem gets out of hand.

Delinquency or late repayment of loans can debilitate any financial institution. Cash not returned on time or cash that is lost due to loan defaults weakens the financial institution as it triggers a series of effects in the overall profitability and sustainability of the organization. Costs and time associated to follow-ups affects efficiency and eventually the effectiveness of microfinance program implementation. This puts the organization and the entire microfinance program at risk if delinquency is uncontrolled and if it involves large amounts.

It is best for FCOs to understand the effects of delinquency to appreciate the measures taken to control delinquency and to understand the appropriate and socially responsible response to delinquency management.

This is done in order to prevent delinquent partners from becoming defaulting borrowers.

Causes

Often, FCOs would attribute delinquency as the fault of partners and their inability to manage their businesses. But there are interventions that the institution can perform in order to prevent these causes both at the program management level and in the field operations level.

The most common causes of delinquency are:

- b. Business failure
- c. Catastrophes – natural and man-made calamities
- d. Concerns within the family
- e. Personal circumstances

But it would be good to note that there are measures that can be done by the FCO in order to avoid delinquency and prevent loan default.

A delinquent loan becomes a default loan when the chance of recovery becomes minimal. Defaults, like an infectious disease, spreads very rapidly. Prevention of defaults is necessary in achieving success in a microfinance program. Some common causes of default are presented under each of the following areas:

Center Formation

1. Inclusion of the following types of partners in group formation:
 - a. Non-target partners or those that do not qualify under the program;
 - b. Partners residing in areas very far from the Center's meeting place;
 - c. Anti-social and/or influential partners who might dominate other Center members;
 - d. Migratory or homeless partners or those without permanent residence; and
 - e. Over-aged partners who are unable to work or have severe health conditions.
2. Overlapping area of operations and members with other MFIs.
3. Formation of a group with the help of the local politicians or elite members of the local community.
4. Enrollment of more than one partner per family.

Area Selection

Certain indicators on the types of areas, which could lead to default are:

1. Areas that are sparsely populated;
2. Communities / individuals that harbor religious fundamentalist or rebel groups;
3. Areas where there is minimal economic activity or unproductive;
4. Areas that are strictly agricultural and having minimal economic activities other than farming; and
5. Areas prone to drought, flooding, and typhoons.

Staff Management

1. Irregular weekly meetings.
2. Inadequate discussion regarding loan and capital build-up rules in the early stages of group formation.
3. Lack of presentation skills and motivation on the part of the FCO.
4. Unacceptable behavior and attitude on the part of the FCO.
5. Favoritism on the part of the FCO.
6. Non-rapport with the spouse of the partner.
7. Disbursement of loans without adequate discussion on loan and savings policies and project issues.
8. Tendency to terminate partnership with a defaulter without taking any measures to correct the problem.
9. Bribery of FCO by the partner in order to get favors for credit.
10. Disbursement of loans above the loan ceiling.
11. Demoralization of the group caused by the FCO or BM.
12. Lack of follow-up by the FCO after loan disbursement.

Irregularities in Disbursement and Others

1. Disbursement of loans without first assessing the physical fitness of the partner.
2. Disbursement of loans without prior assessment of the profitability of the proposed microenterprise project.
3. Use of loans for unproductive businesses/projects.
4. Re-lending of loans to others.
5. Consumption of loans for some social/ personal purposes.
6. Migration of the partner.

7. Loan disbursement after natural calamities without prior discussion with top management and without taking proper precautions.

Effects

Delinquency has the following effects on the Microfinance Program performance at the Center level. The behavior of partners and members of the Center are the primary drivers of these effects.

The FCOs may use these behavioral cues as signs of impending or ongoing problems that could eventually lead to delinquency.

1. Absence
2. Avoidance
3. Apathy
4. Diversion
5. Division

Effects of Defaults

1. Decrease in the KCCDMFI income, which is a hindrance to sustainability.
2. Negative effects in the cash flow.
3. Drop in savings deposits due to the inability to meet the demand of savings withdrawals by partners. This could result in partner's loss of confidence in KCCDMFI.
4. Inability of KCCDMFI to repay its creditors on time.
5. If not controlled, delinquency can become catastrophic to KCCDMFI.

Preventive

In order to prevent delinquency, the following steps or tasks should be undertaken by the FCO and the BM as part of their daily and weekly activities.

1. FCO monitors one (1) client a day using the Loan Utilization Check (LUC) List and submits the accomplished form to the BM for review.
2. BM reviews and validates, if necessary, the LUC.
3. The FCO should validate the business or IGP within three days after loan disbursements.
4. The BM visits at least two borrowers' projects of each day after initial loan disbursement.
5. Ensure the regular attendance of partners in the weekly collection meetings and regular monthly meetings, especially during the initial year.
6. Identify negative elements and try to eliminate them through group decision to reform the group.
7. Maintain good relationship with the local government officials and leaders.

Corrective

1. When there are matters that could lead to delinquency, the FCO should immediately act upon the problem and discuss this with the partner.
2. If the partner does not initiate any corrective measures after the initial discussion, the FCO must follow-up on the partner, but this time with the presence of the Center Leader/s.
3. If the partner does not perform any corrective measure once a problem is detected, the FCO should discuss the problem with the Center and determine what appropriate corrective action should be taken.
4. In case of delinquency, the FCO must immediately confront the partner and ensure the settlement of the delinquent amount within the day.
5. If payment is not made and received within the day, the FCO and Center Leaders must now initialize measures for delinquency management, which include daily follow-ups and house visits. The loan guarantors should now be informed of the possibility of loan default, removal from the program and activation of the guarantor agreement.
6. In no case shall the FCO require or accept the surrender of any item or property as collateral for the loan if such was not required in the initial application for the loan.
7. If a collateral had been required for loans for certain loan products with large loan amounts, such collateral should be stipulated in a separate contract assigning the property as collateral. In case of loan default, such contractual agreement concerning collaterals shall be enforced.
8. In taking collaterals, the FCO and/or BM should observe proper protocols. The taking of any collateral from the partner should be at all times done with respect and dignity for the partner. Discuss the matter with the partner and spouse and explain the purpose and consequences. Allow the partner to voluntarily surrender the required collaterals if no payment agreement could be made. If in case the partner does not want to surrender the agreed collateral requirement or make any payment, mediation should be sought from the barangay and/or the appropriate court. Only after deliberate negotiations and failure to agree on a settlement shall KCCDMFI consider legal action.

Our Credit Products

Repayable Project Assistance Loan

Purpose

The Repayable Project Assistance Loan or RPA is the basic microfinance loan product provided to partners. All qualified partners can avail of this loan upon entry to the Microfinance Program.

The purpose of the loan is to provide credit to partners to reduce dependency on moneylenders charging exorbitant interest rates. By providing access to credit with lower interest rates, the partners can earn and save more for their basic needs.

The RPA also aims to develop the capacities of partners for self-employment by enabling them to engage in income generating projects (IGP) that can grow into micro and small enterprises as they continue with their participation in the Microfinance Program. Eventually, these micro and small enterprises would generate local employment and help make grass root communities become more self-reliant.

Features

There are two types of RPA based on the term of the loan: 3 months or 6 months.

ITEM	RPA 3 MONTHS
Interest Rate	10% in 12 Weeks (3 Months) or 3.33% per month
Loanable Amount	Php 2,000 to Php 300,000
Loan Term	3 Months
CBU Deposit	Php 60 per week
Center Fund	Php 60 (for 3 months)
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 3.75 for every Php 1,000 loan
MBA Premium	Php 20 per week
BAP Premium	Php 250 per year
KKK Damayan Fund	Php 200 per year
CSF	Php 100 per loan cycle

ITEM	RPA 6 MONTHS
Interest Rate	20% in 24 Weeks (6 Months) or 3.33% per month
Loanable Amount	Php 2,000 to Php 300,000
Loan Term	6 Months
CBU Deposit	Php 60 per week
Center Fund	Php 120 for 6 months
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan
MBA Premium	Php 20 per week
BAP Premium	Php 250 per year
KKK Damayan Fund	Php 200 per year
CSF	PHP 100 per loan cycle

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

Education Loan

Purpose

KCCDMFI provides its Partners a loan facility to finance the education needs of their children in high school and/or college. The Education Loan may be availed by qualified Partners for tuition fees or for the purchase of books, school uniforms, school supplies, internships, board review and examinations, and any other school related expenses.

The purpose of the loan is to encourage Partners to value the education of children and to support their needs in order to finish their studies. Education is viewed as a means of helping the family, most especially the children, to break the cycle of poverty.

Partners may apply for an Education Loan on top of their RPA Loan or it can be taken as a stand-alone loan wherein borrowers who are not availing the RPA may also avail of the Education Loan facility of KCCDMFI.

Features

Item	Additional Loan on RPA
Criteria	Clients who are at their 4 th loan cycle & up
Interest Rate	18% in 24 weeks (6 Months) or 3% per month
Loanable amount	Php 2,000 to 10,000
Loan Term	6 months or 24 weeks
Capital Build Up (CBU)	No required CBU, however there shall be no withdrawals of RPA CBU in case this loan is not yet fully paid
Documentary Stamps (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan
Requirements	Enrolment form duly validated by the teacher

Item	Stand-Alone Loan
Criteria	New Member
Interest Rate	20% in 24 weeks (6 Months) or 3.33% per month
Loanable amount	Php 2,000 to Php 50,000
Loan Term	6 months or 24 weeks
CBU Deposit	Php 60 per week
Center Fund	Php 120 for 6 months
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan
MBA Premium	Php 20 per week
BAP Premium	Php 250 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

Qualifications

Partners on their 4th Loan Cycle or New Partners interested only in availing the Education Loan are qualified to avail.

Additional Requirements

1. Enrolment form duly validated by the school

Guidelines

1. For married KCCDMFI Partners, they can only avail of the loan for the benefit of their children.
2. For single KCCDMFI Partners, they may avail of the education loan for their siblings.

House Repair Loan

Purpose

The House Repair Loan is given to qualified members for the repair and renovation of the family dwelling. The purpose of the loan is to encourage members to improve their physical environment, particularly the dwelling place. A clean, orderly and functional dwelling place does not only help keep family members physically healthy, but it also improves the mental and emotional wellbeing of family members. A good living environment provides a more dignified sense of living.

Features

Item	Additional Loan to RPA
Criteria	Clients who are at their 4 th loan cycle & up
Interest Rate	18% in 24 weeks (6 Months) or 3% per month
Loanable amount	Php 2,000 to 25,000
Term	6 months or 24 weeks
Capital Build Up (CBU)	No required CBU, however there shall be no withdrawals of RPA CBU in case this loan is not yet fully paid
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan
Requirements	Before and after picture of the section of the house

Item	Stand Alone Loan
Criteria	New Member
Interest Rate	20% in 24 weeks (6 Months) or 3.33% per month
Loanable amount	Php 2,000 to Php 25,000
Loan Term	6 months and 12 months
CBU Deposit	Php 60 per week
Center Fund	Php 120 for 6 months
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan

MBA Premium	Php 20 per week
BAP Premium	Php 250 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

Assistance for Clean Water Access Loan

Purpose

The Assistance for Clean Water Access or ACWA Loan intends to provide Partners with no access to clean and potable water with water purifier equipment.

The purpose of the loan is to keep Partners and their families healthy and safe from water borne diseases.

Features

Item	Additional Loan to RPA
Criteria	Clients who are at their 2 nd loan cycle & up
Item availed thru cash	Php 5,600 cash
Item availed thru Loans	Php 6,000 payable in 6 months Php 6,900 payable in 12 months
CBU	No required CBU, however there shall be no withdrawals of RPA CBU in case this loan is not yet fully paid
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan

Item	Stand Alone Loan
Criteria	New Member
Loan Amount and Terms	Php 6,000 payable in 6 months Php 6,900 payable in 12 months
CBU Deposit	Php 60 per week
Center Fund	Php 120 for 6 months
Documentary Stamp (DS)	Php 1.00 for every Php 200 loan
Credit Life Insurance (CLIP)	Php 7.50 for every Php 1,000 loan
MBA Premium	Php 20 per week
BAP Premium	Php 250 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

Integrated Credit Assistance for Rural Entrepreneurs Loan

Purpose

The Integrated Credit Assistance for Rural Entrepreneurs (ICARE) Loan is a loan facility designed for farmers and fisher folks to be used for agriculture or fisheries production. Specifically, it can be used for the following:

- a. Agri-enterprise activities or any entrepreneurial activity in the rural areas.
- b. Capital for agricultural production such as planting materials and other farm production inputs.
- c. Additional capital for existing agri-enterprises.

The purpose of the iCare is to reduce poverty in the rural areas and increase social protection coverage among the vulnerable sectors such as farmers and fisher folks. It is a tool to help clients build assets and improve their social protection system.

Features

CORN PRODUCTION LOAN

The loan is intended to finance the whole cropping cycle activities of yellow corn; from land preparation, planting, fertilization, weeding or spraying of herbicide to harvesting and selling.

Criteria for New Client

1. Must be resident of the community for at least two years
2. 21 to 60 Years old; male or female
3. At least two years experienced in corn farming;
4. Must have at least 1 hectare of land dedicated for corn.

Requirements:

1. Photocopy of land title or tax declaration if owner
2. Landowner's written consent of land use if tenant.

3. 2 government issued IDs

Criteria for Repeat Client

1. 100% repayment of previous loans
2. 90% attendance in Center Meetings
3. Must have other crops planted and other sources of income;
4. CBU of at least 30% of the applied loan amount.

Documentary Requirements:

1. Photocopy of land title or Tax Declaration if owner;
2. Land owner's written consent of land use if tenant;
3. Leasehold agreement if land is rented.
4. Farm Plan and Budget
5. Barangay Clearance
6. Co-Borrowers
7. 6 pcs 2x2 ID Picture

Corn Production Loan terms, interest and other charges

Item	Particulars
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Loan Terms	5 months (the loan will be released one day before the actual planting)
Loan Amount	<ul style="list-style-type: none"> – Php 35,000.00 to Php 40,000.00 per hectare – 1 hectare to 3 hectares per loan – Note: first loan is only 1 hectare
Loan repayment frequency	Upon harvest or balloon payment
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 per Php 200.00 loan
Credit Life Insurance (CLIP)	Php 6.25 for every Php 1,000.00 loan
MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client

MF	Php 50
MBA	Php 50
KCC	Php 20

HOG FATTENING LOAN

Purpose

Hog fattening loan provides credit access to small hog raisers/growers to sustain their chosen livelihood. This loan product encourages small raisers to scale up their production and make hog raising a sustainable business.

Criteria for New Client

1. Must be a resident of the community for at least two years
2. 18 to 60 Years old; male or female
3. At least two years experienced in hog fattening business;
4. Must have a ready/existing pigpen;
5. Preferably has a market linkage for hogs

Criteria for Existing Client

1. 100% repayment of previous and current loans with no past due;
2. Must have at least 90% attendance in Center Meetings
3. Must pass the cash flow analysis for the weekly installments (of interest) and savings;
4. Must have no derogatory record in the community or in the barangay.
5. Must have at least 20% CBU or savings of the applied loan amount

Hog Fattening Loan terms, interest and other charges

Item	Particulars
Loan Purpose	The loan is intended for the purchase of piglets to be raised and fattened by the hog raiser.
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Loan Terms	Four (4) months
Loan Amount	Php 5,000 to Php 25,000
Loan repayment frequency	<ul style="list-style-type: none"> – Balloon payment but loan interest shall be amortized in equal installments for 15 weeks – Principal loan amount shall be paid as soon as the fatten Hogs are sold.
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
Credit Life Insurance (CLIP)	Php 5 for every Php 1,000.00 loan
MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

HOG FEEDS LOAN

Purpose

Hog feeds loan provides credit access to small hog raisers/growers to sustain their chosen livelihood. This loan product encourages small raisers to scale up their production and make hog raising a sustainable business.

Criteria for New Client

1. Must be a resident of the community for at least two years
2. 18 to 60 Years old; male or female
3. Must be willing to attend and complete the one hour a week Group Credit Training (GCT) to be held in two consecutive weeks;
4. Must be interested to join the Kasanyangan Community Club (KCC) and willing to contribute the Kapuso Kasali Kasalo (KKK) damayan fund of Php200.00 a year;
5. Must be willing to put a capital build up (CBU) or savings of Php60.00 a week;
6. Must be willing to attend a one hour weekly Center Meeting;
7. No loan from other microfinance institutions or from individuals;
8. Must have no derogatory record in the community or in the barangay;
9. At least two years experienced in hog fattening business;
10. Must have existing hogs to be fattened;
11. Must have a ready feeding schedule or feeding calendar.
12. Preferably has a market linkage for hogs.

Criteria for Existing Client

1. 100% repayment of previous and current loans with no past due;
2. Must have at least 90% attendance in center meetings

3. Must pass the cash flow analysis for the weekly installments (of interest) and savings;
4. Must have no derogatory record in the community or in the barangay.
5. Must have at least 20% CBU or savings of the applied loan amount

Hog feeds Loan terms, interest, and other charges

Item	Particulars
Loan Purpose	The loan is intended for the purchase of feeds for hogs that the hog growers raised and fattened.
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Terms	Four (4) months
Loan Amount	Php 10,000 to Php 50,000
Loan repayment frequency	<ul style="list-style-type: none"> – Balloon payment but loan interest shall be amortized in equal installments for 15 weeks – Principal loan amount shall be paid as soon as the designated (the hogs identified to benefit the Hog Feeds Loan) fatten hogs are sold.
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
Credit Life Insurance (CLIP)	Php 1.25/month for every Php 1,000
MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

VEGETABLE PRODUCTION LOAN

Purpose

Vegetable production loan is designed to create sustainable income of smallholder farmers and poor households in our areas of operation especially the Zamboanga Peninsula.

Criteria for New Client

1. Must be a resident of the community for at least two years
2. 18 to 60 Years old; male or female
3. Must be willing to attend and complete the one hour a week Group Credit Training (GCT) to be held in two consecutive weeks;
4. Must be interested to join the Kasanyangan Community Club (KCC) and willing to contribute the Kapuso Kasali Kasalo (KKK) damayan fund of Php200 a year;
5. Must be willing to put a capital build up (CBU) or savings of Php60.00 a week;
6. Must be willing to attend a one hour weekly center meeting;
7. No loan from other microfinance institutions or from individuals;
8. Must have no derogatory record in the community or in the barangay;
9. At least two years experienced in gardening and vegetable farming;
10. Must have an existing farm lot
11. Preferably has an existing market for vegetables.

Criteria for Existing Client

1. Should have a 100% repayment of previous and current loans with no past due;
2. Must have at least 90% attendance in center meetings
3. Must passed the cash flow analysis;

4. Must have no derogatory record in the community or in the barangay.
5. Must have at least 20% CBU or savings of the applied loan amount

Vegetable Production loan terms, interest, and other charges

Item	Particulars
Loan Purpose	The loan is intended for vegetable production expenses which include the payment of labor, purchase of farm materials and farm inputs such as seeds, fertilizer and pesticides.
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Terms	4 months – 6 months
Loan Amount	Php 5,000 – 50,000
Loan repayment frequency	<ul style="list-style-type: none"> – Loan repayment will commence at the start of the harvest which is usually two months after planting. – The loan shall be repaid in equal installments starting on the second month up to the 4th or 6th month depending on the type of vegetable planted by the farmer. – The date of the harvest shall be explicitly specified in the farm plan and budget.
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
Credit Life Insurance (CLIP)	Php 1.25/month for every Php 1,000
MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client

1) MF	Php 50
1. MBA	Php 50
2. KCC	Php 20

RICE PRODUCTION LOAN

Purpose

Rice Production Loan aims to increase smallholder rice farmers' income through sustained and increase production of rice with easy access to credit facility.

Criteria for New Client

1. Must be a resident of the community for at least two years
2. 18 to 65 Years old; male or female
3. Must be willing to attend and complete the one hour a week Group Credit Training (GCT) to be held in two consecutive weeks;
4. Must be interested to join the Kasanyangan Community Club (KCC) and willing to contribute the Kapuso Kasali Kasalo (KKK) damayan fund of Php200 a year;
5. Must be willing to put a capital build up (CBU) or savings of Php100 a week;
6. Must be willing to attend a one hour weekly center meeting;
7. No loan from other microfinance institutions or from individuals;
8. Must have no derogatory record in the community or in the barangay.
9. At least 2 years experienced as a rice farmer;
10. Must have an existing and irrigated rice field;
11. Must have proof of ownership or lease agreement of the said rice field;

Criteria for Existing Client

1. Should have a 100% repayment of previous and current loans with no past due;
2. Must have at least 90% attendance in center meetings
3. Must pass the cash flow analysis;

4. Must have no derogatory record in the community or in the barangay.
5. Must have at least 20% CBU or savings of the applied loan amount

Rice Production loan terms, interest, and other charges

Item	Particulars
Loan Purpose	The loan is intended for rice production expenses which include the payment of labor and farm inputs such as seeds, fertilizer and pesticides.
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Terms	4 months
Loan Amount	Php 5,000 – 40,000 (½ hectare – 1 hectare)
Loan repayment frequency	Loan repayment will be upon harvest. The estimated date will be explicitly specified in the farm plan and budget.
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
Credit Life Insurance (CLIP)	Php 1.25/month for every Php 1,000
MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

SEaweEDS PRODUCTION LOAN

Purpose

Seaweeds Production Loan aims to increase and sustained the income of artisanal fisher folks through seaweeds farming.

Criteria for New Client

1. Must be a resident of the community for at least two years
2. 18 to 65 Years old; male or female
3. Must be willing to attend and complete the one hour a week Group Credit Training (GCT) to be held in two consecutive weeks;
4. Must be interested to join the Kasangyangan Community Club (KCC) and willing to contribute the Kapuso Kasali Kasalo (KKK) damayan fund of Php200 a year;
5. Must be willing to put a capital build up (CBU) or savings of Php100 a week;
6. Must be willing to attend a one hour weekly center meeting;
7. No loan from other microfinance institutions or from individuals;
8. Must have no derogatory record in the community or in the barangay.
9. At least 2 years experienced as a seaweeds farmer;
10. Must have an existing seaweed farm module
11. Must have proof of ownership or lease agreement of the said seaweeds farm

Criteria for Existing Client

1. Should have a 100% repayment of previous and current loans with no past due;
2. Must have at least 90% attendance in center meetings

3. Must pass the cash flow analysis;
4. Must have no derogatory record in the community or in the barangay.
5. Must have at least 20% CBU or savings of the applied loan amount

Documentary Requirements

1. Photocopy of permits issued by LGU (License to culture)
2. Farm Plan and Budget
3. Barangay Clearance
4. Five (5) pieces of 1x1 ID picture

Seaweeds Production loan terms, interest, and other charges

Item	Particulars
Loan Purpose	The loan is intended for seaweeds production expenses which include the payment of labor, planting materials and propagates.
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Terms	4 months
Loan Amount	Php 5,000 – 20,000 (½ hectare – 1 hectare seaweeds farm)
Loan repayment frequency	<ul style="list-style-type: none"> – Loan repayment will commence at the start of the harvest which is usually 45 days or two months after planting. – The loan shall be repaid weekly in equal installments starting on the second month up to the 4th month. – The expected date of the harvest shall be explicitly specified in the farm plan and budget.
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
Credit Life Insurance (CLIP)	Php 1.25/month for every Php 1,000

MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

RUBBER LATEX MARKETING LOAN

Purpose

Rubber latex Marketing Loan aims to give credit access to small rubber planters for sap production and marketing.

Criteria for New Client

1. Must be a resident of the community for at least two years
2. 18 to 60 Years old; male or female
3. Must be willing to attend and complete the one hour a week Group Credit Training (GCT) to be held in two consecutive weeks;
4. Must be interested to join the Kasanyangan Community Club (KCC) and willing to contribute the Kapuso Kasali Kasalo (KKK) damayan fund of Php200 a year;
5. Must be willing to put a capital build up (CBU) or savings of Php60 a week;
6. Must be willing to attend a one hour weekly center meeting;
7. No loan from other microfinance institutions or from individuals;
8. Must have no derogatory record in the community or in the barangay;
9. At least two years experienced in gardening and vegetable farming;
10. Must have an existing rubber plantation of at least one hectare
11. Preferably has an existing market for the rubber sap.

Criteria for Existing Client

1. Should have a 100% repayment of previous and current loans with no past due;
2. Must have at least 90% attendance in center meetings
3. Must pass the cash flow analysis;

4. Must have no derogatory record in the community or in the barangay.
5. Must have at least Php1,500 CBU or Savings

Rubber Latex Marketing loan terms, interest, and other charges

Item	Particulars
Loan Purpose	The loan is intended for small rubber planters to finance the sap collection and the marketing expenses of their rubber.
Interest Rate	3% per month
Service Fee	1.5% of the loan amount
Terms	6 months
Loan Amount	Php 5,000 – 50,000
Loan repayment frequency	Loan will be weekly or semi-monthly
CBU Deposit	Php 100.00 per month
Center Fund	Php 100.00 (Php 5.00 per week)
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
Credit Life Insurance (CLIP)	Php 1.25/month for every Php 1,000
MBA Premium	Php 20.00 per week
BAP Premium	Php 200 per year
KKK Damayan Fund	Php 200 per year

Membership Fees for New Client	
MF	Php 50
MBA	Php 50
KCC	Php 20

Financial Loan Assistance for Micro-Entrepreneurs

Purpose

Financial Loan Assistance for Micro-Entrepreneurs or FLAME is a collateralized credit facility for micro-enterprises. It provides loans for micro-entrepreneurs needing larger amounts of cash to finance expansion and growth of their enterprise.

The purpose of FLAME is to promote entrepreneurial endeavor and stimulate the growth of micro-enterprises for job generation and increase economic activity in the areas of operation that would benefit the smaller micro-entrepreneurs and RPA Partners.

Features

Item	Particulars
Interest Rate	3.33% per month <i>(computed with diminishing balance method)</i>
Loan Terms	<ul style="list-style-type: none"> — Six (6) months in 24 weeks repayment cycles; — Twelve (12) months in 48 weeks repayment cycles
Loan Amount	<ul style="list-style-type: none"> — Minimum of Php 50,000 — Maximum of Php 300,000
Loan repayment frequency	Loan will be weekly
Documentary Stamp (DS)	Php 1.00 for every Php 200.00 loan
CBU Deposit	At least Php 100.00 per week <i>(can be withdrawn any time of working day, however, a daily balance of 30% of the client loan balance is required)</i>
Credit Life Insurance (CLIP)	Php 1.25/month for every Php 1,000

UPFRONT DEDUCTIONS:	
Service Fee	<ul style="list-style-type: none"> — Php 1,500 or — 1.5% of the approved loan amount whichever is higher
Notarial Fee	5% of the loan amount
Center Fund	<ul style="list-style-type: none"> — Php 120 for 6 months term — Php 240 for 12 months term

INSURANCES/FINANCIAL ASSISTANCE:	
MBA Premium	Php 20.00 weekly
BAP Premium	Php 250 per year
KKK Damayan Fund	Php 200 per year

MEMBERSHIP FEE <i>(for new members only)</i>	
MF	Php 50
MBA	Php 50
KCC	Php 20

Qualifications

1. Those who will avail of an iCARE Loan should be 18 – 65 years old
2. Existing business or business plan for a highly feasible business idea;
3. At least two (2) years resident in the community;
4. Valid collaterals like land title that cost three (3) times more than the loan amount she or he applied for.
5. Willingness to attend the orientation.
6. No derogatory records in the community.

Criteria for Existing Client

1. Fully paid the first loan
2. All installments from previous loans are paid on time
3. Loan amount increment maybe granted depending on her/his repayment performance and capacity to pay.
4. Should be free from any collection cases at the Barangay Court
5. Has a savings of at least 20% of the loan amount applied

Additional Requirements

1. Six (6) pcs. 1x1 ID pictures
2. Barangay Clearance
3. Picture of existing business
4. TCT Original copy
5. Tax Declaration (updated payment)
6. Vicinity Map

Savings

The objective of the Capital-Build Up scheme is to promote the savings habit among Center partners and to expand the revolving loan fund of the branch.

Objectives

1. Develop the value and discipline of savings among the entrepreneurial poor;
2. Build investment capital among program partners and reduce dependence on money-lenders;
3. Provide an alternative financial service that the formal banking sector is not able to offer to program partners;
4. Serve as a fund source for partners to use in emergency situations; and
5. Provide an internal source of fund for the microfinance program.

STRATEGIES & METHODOLOGIES OF THE CAPITAL BUILD-UP ACTIVITY

1. Capital build-up (CBU) is deposited weekly at a minimum rate of Php 40 or Php 8.00 per day for RPA with no upper limit but must be divisible by Php 10.
2. CBU shall be collected weekly by the FCO during Center meeting. The FCO collects the CBU and shall sign on the partner's passbook after receiving the deposit.
3. Partners are allowed to withdraw twice (2) a month provided that the minimum required balance equivalent to 30% of the most recent loan is maintained at all times. Emergency CBU withdrawal is not restricted to Center meetings.
4. For partners who are undecided to re-loan yet can now retain their membership without time limit, provided they will continue to pay weekly CBU of Php 40.00 and MBA premium of Php 20.00 and at least a minimum maintaining balance amounting to Php 400.00.
5. Partners are allowed to fully withdraw their CBU with its corresponding interest earned upon voluntary resignation or termination.
6. CBU will earn five percent (5%) interest per annum based on lowest monthly balance.
7. CBU balance amounting to 30% of the loan applied for succeeding cycle is required.
8. Partners who decided to resign from the program prior to its maturity may offset its CBU against its outstanding loan balance

INTEREST CALCULATION OF MEMBERS' CAPITAL BUILD-UP

1. Interest is earned by CBUs accounts that are opened at least six (6) months before the end of the calendar year or before the partner leaves the Center.
2. Partners who failed to save for at least one (1) month will not earn interest for the month
3. The interest is calculated and posted at the end of the year.
4. Fraction figures of interest calculations are avoided by rounding to the nearest and smallest denomination of currency (P 0.01 up to P 0.49 = P 0.00, here rounded down, and P 0.50 up to P 0.99 will be rounded up P 1.00)
5. The CBU interest is calculated on the basis of the lowest monthly balance. The accrued figures of the 12 months lowest monthly balance are the product. This product will be multiplied with the rate (accrued lowest monthly balances X interest rate / 12).
6. In determining the lowest monthly balance, an example is given below:

Date	Today's Deposit	Withdrawal	Balance
Beginning Balance	-	-	640
10-02-03	40	-	680
10-09-03	40	-	720
10-16-03	40	-	760
10-23-03	40	400	400
10-30-03	40	-	440

The lowest balance for the month is Php 400.00; however, in cases where there is no withdrawal for the month, the beginning balance automatically becomes the lowest monthly CBU balance.

Date	Today's Deposit	Withdrawal	Balance
Beginning Bal.	-	-	900
10-02-03	40	-	940
10-09-03	40	200	780
10-16-03	40	-	820
10-23-03	40	100	760
10-30-03	40	-	800

The lowest balance for the month is Php 760.00; however, in cases where there is no withdrawal for the month, the beginning balance automatically becomes the lowest monthly CBU balance.

7. Generally the interest against CBU is calculated every December. During the last week of December all FCO's calculate and post interest against the CBU of partners in the FCO Register and partner's passbook. January begins with December's closing balance with interest.

CAPITAL BUILD-UP WITHDRAWALS

1. After filling out the CBU Withdrawal Slip the FCO reviews and let the Member sign on the passbook at the amount withdrawn and CBU transaction register.
2. CBU withdrawals of more than Php 500.00 must be withdrawn from the Branch Office between 1:00 PM to 3:00 PM for Branch Manager's final approval. While CBU withdrawals amounting to P500.00 and below can be withdrawn in the center level provided that the passbook is brought to the branch office for BM's validation.
3. Areas that are more than 10 kilometers radius away from the branch can withdraw in the Center but not to exceed Php 1,000.
4. CBU withdrawals above Php 500.00 will be withdrawn at the branch office. However, for extreme emergencies the partner may not need to withdraw personally at the branch, provided the authorized person must provide his/her ID. More so, he/she had signed the CBU Withdrawal Slip, Clients' Passbook and CBU Master Roll with attached authorization letter signed by the partner.
5. All withdrawals are to be recorded with acknowledgment in the CBU Transaction Register. Likewise, the partner has to countersign any CBU withdrawal entry in his/her passbook.
6. CBU may only be used to offset loan balances upon loan maturity. In cases where member cannot be located, the institution can offset the CBU to its outstanding loan balance even without the authorization from the partner.
7. CBU withdrawals by persons other than the partner requires an authorization letter from the partner and must be presented to the FCO with the CBU Withdrawal Slip or the Past Due Collection sheet if the withdrawal is not done in the Center meeting.
8. For clients who are undecided to re-loan yet can retain their membership without time limit, provided they will continue to pay weekly minimum CBU of Php 40.00 and MBA premium of Php 20.00 and at least a minimum maintaining balance amounting to Php 400.00.
9. In case of resignation, he or she has to pay the outstanding loan balance in full or offset the remaining loan balance from her CBU.
10. CBU withdrawal is allowed twice a month.

UNCLAIMED CAPITAL BUILD-UP

1. Unclaimed CBUs are CBUs from terminated or resigned partners that were not withdrawn from KCCDFI.
2. Unclaimed CBUs after one year shall be considered as Other Income in the Books of Accounts of the Branch. However, the branch must maintain a master list of the said unclaimed CBUs that were re-classified to other income.
3. Re-classification of unclaimed CBUs to Other Income is done on a monthly basis with approval of the Area Manager and Operations Head.
4. If in any case the resigned or terminated partner shows up and claims her CBU, she may claim it without any interest earning, subject to the approval of both the Branch Manager and Area Manager.
5. Claimed CBUs that were treated as other income shall be entered as Other Expenses in the Books of Accounts of the Branch.

Insurance

Micro-insurance as defined by the Insurance Commission as an activity providing specific insurance, insurance like and other similar products and services that meet the needs of low-income sector for risk protection and relief against distress, misfortune and other contingent events. This shall include all forms of insurance, insurance like and other similar activities with premiums, contributions, fees or charges that are collected or deducted prior to the occurrence of a contingent event and guaranteed benefits are provided upon occurrence of a contingent event.

Micro-insurance is a financial product or service that meets the risk protection needs of our partners and their families.

Our objective is to provide death benefit, accidental hospitalization, retirement savings and loan redemption assistance to partners, their spouses, children and/or parents.

Insurance services are primarily provided by KCCDMFI-MBA⁴, a non-stock, non-profit association owned and managed by partners.

⁴ Registered with Securities and Exchange Commission (SEC) on June 12, 2008 and Insurance Commission (IC) on October 15, 2009.

BASIC LIFE INSURANCE PLAN

Contribution

1. The amount of contribution of each MBA member is Php 20.00 per week broken down as Php 5 for Life Insurance and Php 5 for RSF.
2. Premium contributions are collected together with the loan amortizations during the weekly Center collection meeting.

Persons covered by insurance:

1. If Married the insurance coverage includes
 - a. Member
 - b. Spouse 18 years old but not more than 70 years old
 - c. Single and biological and or legally adopted children two (2) weeks old or 14 days old but not more 21 years
 - d. Biological children over 21 years old, single, disabled and incapacitated to work
2. If Single
 - a. Member
 - b. Parents over 60 years old but not more than 70 years old
3. If Solo Parent
 - a. Single and biological and or legally adopted children two (2) weeks old or 14 days old but not more than 21 years old.
 - b. Biological children over 21 years old, single, disabled and incapacitated to work

Membership Qualification and Requirements:

1. Applicants must be 18 years old but not more than 60 years old as of enrollment date.
2. He/she must be an active partner of KCCDMFI.
3. Partner must pay the one time membership fee of Php 50 before the GCT.
4. Partner must submit a completely filled up KCCDFI MBA Application Form.

5. Partner must submit his/her Marriage contract or Affidavit of Cohabitation, if applicable.
6. Partner must submit his/her Birth Certificate and all of his/her dependents.

Alternative documents:

1. If Partner or dependents have no Birth Certificate:
 - a. Baptismal Certificate or
 - b. Affidavit of two (2) disinterested persons that they have knowledge of the birth of member/legal dependents.
2. If no Marriage Contract:
 - a. Affidavit of two (2) disinterested persons that they have knowledge of the birth of member/legal dependents.

Grace Period

1. Any MBA member who fails to pay his/her weekly contribution shall be given a grace period of 45 days within which to remit the contributions
2. If after 45 days grace period and no payment is received, the membership shall lapse, and in the event of subsequent death, TPD or hospitalization of member or his/her legal dependents, no benefit accrues to the member or to the beneficiaries

Term of Insurance

Life Insurance shall take effect upon payment of **first contribution** and **approval of the application for membership** by the BOT or the official designated and will **END** upon the following conditions whichever comes first:

1. Upon death or total and permanent disability of member;
2. Upon resignation from KCCDFI MBA;
3. Upon reaching the exit age of 65;
4. Upon expiration of the grace period;
5. Upon withdrawal of the equity value;
6. If membership is terminated with cause by KCCDFI MBA
7. Legal dependents coverage is co-terminus with the member's coverage

Death Benefit

Upon death of the member/legal dependents, the designated beneficiary/member will be indemnified in accordance with the Table of KCCDFI MBA Life Insurance Benefits

TABLE OF LIFE INSURANCE BENEFITS			
Length of Membership (<i>Tagal ng pagiging Kasapi</i>)	Cause of Death/ Total and Permanent Disability (<i>Dahilan ng pagkamatay o Total at Permanenteng pagkakabaldado</i>)	Benefits (in Php) <i>Benepisyo</i>	
		Member (<i>Kasapi</i>)	Spouse/Legal Dependent (<i>Lehitimong Kaanak</i>)
6 months or less (<i>Wala pang Isang Taon</i>)	Due to pre-existing conditions (<i>Datihang sakit bago maging Kasapi</i>)	2,000	None
	Due to Natural Death but not pre – existing condition (<i>Sakit matapos maging Kasapi</i>)	3,000	None
	Due to Accident (<i>Dahil sa Aksidente</i>)	100,000	20,000
More than 6 months up to 12 months (Isang Taon)	Due to Natural Death (<i>Dahil sa sakit</i>)	10,000	2,500
	Due to Accident (<i>Dahil sa Aksidente</i>)	100,000	20,000
More than 12 months	Due to Natural Death (<i>Dahil sa sakit</i>)	50,000	10,000
	Due to Accident (<i>dahil sa Aksidente</i>)	100,000	20,000
Motor Vehicle Accidental Hospitalization			10,000

Types of Total and Permanent Disability

1. TPD Due to Sickness/Accident that resulted
 - e. Loss of both arms
 - f. Loss of both legs
 - g. Loss of one arm and one leg
 - h. Loss of both eyes

2. TPD Due to Sickness/Accident that resulted to complete inability to engage in any gainful employment/becomes bedridden:

MONTHLY BENEFITS FOR TOTAL AND PERMANENT DISABILITY						
Month	Particular	Contribution	Monthly Benefits			
			100,000	50,000	20,000	10,000
1	Notice of TPD	60	5,556	2,778	1,111	556
2 – 6	Observation	300	27,780	13,890	5,555	2,780
	TOTAL	360	33,336	16,668	6,666	3,336
	Paid Contribution**		360	360	360	360
7	Monthly Benefits	0	5,556	2,778	1,111	556
8	Monthly Benefits	0	5,556	2,778	1,111	556
9	Monthly Benefits	0	5,556	2,778	1,111	556
10	Monthly Benefits	0	5,556	2,778	1,111	556
11	Monthly Benefits	0	5,556	2,778	1,111	556
12	Monthly Benefits	0	5,556	2,778	1,111	556
13	Monthly Benefits	0	5,556	2,778	1,111	556
14	Monthly Benefits	0	5,556	2,778	1,111	556
15	Monthly Benefits	0	5,556	2,778	1,111	556
16	Monthly Benefits	0	5,556	2,778	1,111	556
17	Monthly Benefits	0	5,556	2,778	1,111	556
18	Monthly Benefits	0	5,548	2,774	1,113	548
	Total Benefits		100,360	50,360	20,360	10,360

Accidental Death Benefit

Upon death of the Member or his/her dependents due to accident, the designated beneficiary/member will be indemnified in accordance with the Table of Life Insurance Benefits

Accidental Death Exclusions

1. Suicide or any attempt thereat while sane or insane, or any intentionally self-inflicted injury;
2. Provoked murder of assault or any attempt thereat;
3. Ingested poison, gas or fumes voluntary or involuntarily taken;
4. Accident occurring while or because the insured is under the influence of alcohol or any unprescribed drug;
5. Participating in any brawl or committing any crime/felony
6. While the insured is serving in the armed forces of any country whether in war and in peace, or while performing his/her job in military or paramilitary services such as police, security guard, barangay officials or as part of an anti-riot squad;
7. Participating in dangerous sports and recreational activities;
8. Acts of God or Natural calamities;
9. Terrorism;
10. Any loss as a result of medical malpractice

Motor Vehicle Accidental Hospitalization (MVAH) Benefits For Members and Spouse

1. Hospitalization of member and or spouse due to vehicular accident resulting to confinement for at least 24 hours;
2. Reimbursement of actual medical expenses incurred for such treatment such as hospital charges and nurses fees up to a maximum of Php 10,000 per married couple;
3. For cases where vehicles are unregistered; *unlicensed driver and owns student license*, the member or the spouse has been brought to the hospital but not hospitalized for more than 24 hours, KCCDFI MBA will only reimburse the actual medical expense incurred up to a maximum of Php3,000 which will also be deducted from his/her MVAH benefits.

Refund of Contribution (ROC)

1. A member shall be entitled to an equity value of 50% of the total life insurance contributions
2. This is payable upon termination of his/her membership from KCCDFI MBA including death, and total and permanent disability.
3. For surrenders/termination occurring before three (3) years of continuous membership, a surrender charge of 40% is imposed on total equity value to be refunded.

Retirement Savings Fund (RSF)

1. A member shall pay a weekly contribution of Five Pesos (Php5.00) which shall be credited to the fund for the account of the member
2. Upon reaching the termination age of 65 years old or if a member resigns from KCCDFI MBA prior to age 65, the member shall be entitled to payment of 100% of the total contributions to Retirement Savings Fund during his/her period of membership plus interest earnings.

Claims Requirement

1. For Death or Total Permanent Disability:
 - a. Certified true copy of Death Certificate of the Deceased
 - b. Certified true copy of Birth Certificate of the Deceased
 - c. Certified true copy of Marriage Certificate, if applicable
 - d. Center Resolution
 - e. Valid ID of the Deceased
 - f. Picture of the Deceased
 - g. Doctor's TPD Certification in case of TPD

2. For MVAH
 - a. MVAH Form
 - b. Original/Certified True copy of Police Report Original/ Certified True Copy of billing statement
 - c. Photocopy of OR/CR
 - d. Photocopy of Driver's License
 - e. Original/Certified True Copy of Official Receipt from the hospital
 - f. Marriage Contract (if spouse)
 - g. Medical Certificate

CREDIT LIFE INSURANCE PLAN

Purpose:

1. To insure principal amount of the loan in case of member's death;
2. Protect portfolio quality of MFI in case of member's death

Premium:

1. Php 7.50 / Php 1,000 loan for 6 months, or
2. Php 15.00 / Php 1,000 loan for 1 year

Eligibility:

1. New members must be at least 18 years old but not more than 60 years old
2. Existing members must be at least 18 years old but not more than 65 years old

Termination of Coverage:

1. Upon the death of the insured borrower
2. Upon the expiration of the term of loan
3. When the insured debtor reaches age 66
4. Upon full payment of the loan

Benefits:

1. Upon death of member, KCCDFI MBA will pay the loan amount insured during the period of coverage in the following manner:
 - a. Outstanding balance of the loan to the creditor/KCCDMFI
 - b. Paid portfolio of the loan to the beneficiary

Example:

Principal Loan	-	Php 60,000
Paid Portion	-	Php 50,000
Outstanding Balance	-	Php 10,000

2. Upon death of the member and submission of complete requirements, KCCDFI MBA will pay:
 - a. KCCDMFI balance of loan amounting to Php 10,000
 - b. Beneficiary will be paid of the paid portion of the loan amounting to Php 50,000

BURIAL ASSISTANCE PROGRAM (BAP)

Premium: Php 250.00 per annum

Benefit: Php 30,000.00

Eligibility Criteria:

1. All members starting on their first loan cycle are required to enroll;
2. 18 to 60 years old

Qualified Dependents:

For Married Clients:

1. Legal Spouse or Common Law spouse not more 60 years old
2. Children 6 months to 21 years old

For Single Clients:

1. Children 6 months to 21 years old
2. Parents 60 years old below
3. Siblings 6 months to 21 years old

Exit Age:

1. 76 years old for members, spouse and parents
2. 22 years old for children and siblings

Effective date of coverage:

1. Existing members and dependents are covered upon payment of premium
2. New members and dependents are covered after passing the 6 months contestability period

Contestability Period:

1. No contestability period for existing members and their dependents
2. Six (6) months contestability period for new members and their dependents

Suicide Clause:

1. Death by self – destruction (suicide) shall be payable of the basic sum insured (Php 30,000.00 benefit) only after one year from the date of coverage.
2. Less than one year coverage, a donation of Php 1,000 will be given to the beneficiary.

Claims Requirements

1. Death Certificate (certified true copy by the Registrar's Office) or Burial Permit
2. Birth Certificate or any legal proof to prove the identity of the deceased
3. Marriage contract or any legal proof to prove the cohabitation of both parties (Affidavit of Cohabitation)
4. Accident/Police Report, if applicable
5. Claimant's statement
6. Attending physician's statement
7. Any valid identification card

Claims Procedure:

1. Branch shall notify Head Office of the death of member/spouse or dependents;
2. Branch shall check the requirements for Claims;
3. For Zamboanga City Clients, Claimant shall submit the requirements at KCCDMFI Head Office;
4. For Sibugay, Norte and Marikina Clients, requirements shall be submitted to the respective Branch Office. These requirements shall then be forwarded by the Branch to Head Office;
5. Head Office through the Accounting Department shall submit the requirements to CLIMBSS;

6. For Zamboanga City Clients, Head Office shall notify the Claimant to claim the Insurance Proceeds;
7. For Sibugay, Norte and Marikina Clients, Insurance Proceeds will be released by the respective Branch Office through the recommendation from Head Office;
8. However, if the Claimant availed the St. Peter Memorial Package, the Insurance Proceeds shall not be released to the claimant as this will serve as payment to the St. Peter Memorial Package.
9. Submission of complete claims requirement must be done within thirty (30) days after occurrence of death. Failure to submit within the prescribe period may be considered grounds for claims denial.
10. Insurance coverage is co – terminus with the loan
11. Contact Claims Processing at the Accounting Department

KAPUSO, KASALI, KASALO (KKK) Fund

Purpose:

KKK Fund shall provide financial assistance to partners in case of extraordinary events such as grave accidents or sickness and death.

Qualification

1. Must be a partner of KCCDFI Microfinance Program or Kasanyangan Community Club; Applicant must be 18 – 65 years old upon entry, no exit age.
2. Dependent must be 18 – 65 years old upon entry, no exit age;
3. Partner must be physically able to perform the usual duties of his/her livelihood upon enrolment.

KKK Fund

1. A contribution of Php 200 per annum will be collected from the partner;
2. Upon extraordinary need of the fund, a subsequent assessment may be collected;
3. Contribution is per individual.

Coverage

1. Coverage will take effect immediately upon issuance of official receipt and will mature after one year;
2. No contestability period;
3. No contestability period;
4. All cases of death are covered in the program.

Financial Assistance

1. No guaranteed financial assistance. The financial assistance will depend on the number of partners enrolled in the fund;
2. A designated KCCDMFI Staff will be monitoring the number of enrollees;

3. Financial assistance is at its maximum upon declaration.

Enrollment

1. Fill out all needed information in the KKK Membership Form legibly.
2. Make sure that all information provided in the KKK Membership Form is true and correct.
3. Sign in the provided space at the bottom of the form.
4. The applicant must pay the Php 200 KKK contribution to the assigned FCO and an acknowledgement receipt will be issued.
5. The assigned FCO of the Center must fill out the effective date and acknowledgement receipt number on the provided space and check the form if it is completely filled out then signed in the provided space.
6. The assigned branch clerk must fill out the KKK summary sheet.
7. The Branch Manager will further validate the forms, and must check if the number of forms matches the number of enrollees in the summary sheet.
8. Submission of document for the current week collection will be on or before Monday the following week.
9. Assigned operation staff must signed in the logbook after the validation of the KKK clerk.

Settlement of Claims

1. In case of death of a partner, the KCC Center Officers and the assigned branch staff must validate the veracity of the event within 24 hours after the occurrence of the same.
2. The KCC Center Officer and the Branch Staff must fill out and signed the Certification form.
3. The beneficiary must secure a Registered Death Certificate from the authorized Government Agency and the Certification form from the Center/Branch and file the claim to the KCCDMFI Claims Officer.
4. The designated beneficiary must bring at least two valid Identification cards together with the Official Receipt and the Identification Card of the partner.

5. In case of proxy, the proxy must secure an authorization letter and valid Identification card from the designated beneficiary and must bring 2 valid identification cards together with the Official Receipt and the Identification Card of the member and a valid Identification Card of the designated beneficiary.
6. The financial Assistance will then be released during the wake or at KCCDMFI office.
7. For branches outside Zamboanga City, the respective Branch Office shall release the financial assistance through the recommendation from the Head Office.
8. If the Claimant availed St. Peter Memorial Package, only the excess Php 12,000 will be released to the Claimant.

Renewal of KKK Fund for Associate Members

For branches outside Zamboanga City, the respective Branch Office shall release the financial assistance through the recommendation from the Head Office.

ST. PETER MEMORIAL PACKAGE

Package

Partners who avail of this product shall receive the following service package upon notification of KCCDMFI by the beneficiaries:

1. Retrieval of the remains from the place of death
2. Casket, carpet, lights, tarpaulin, embalming, cosmetics.
3. House – 9 days viewing
4. St. Peter Chapel – 5 days viewing
5. Funeral transportation: 25 kilometers distance from house to memorial park

Price

1. The package price is fixed at Php 38,000
2. The payment shall be sourced from:
 - a. BAP = Php30,000
 - b. KKK = Php8,000

Availment Process

1. Branch Office staff shall notify Kerubin Orabe of the Head Office about the death of the insured (BAP) member/dependents
2. After verification with the records, that is, has paid the BAP and had passed the 6 months contestability period
3. Mr. Kerubin Orabe will contact:
 - a. St. Peter for the service
 - b. Beneficiaries to process BAP Claims & KKK Fund
4. The remaining KKK will be released

Kasanyangan Community Club

Kasanyangan Community Club (KCC) is open for both borrowing and non-borrowing partners belonging or residing in the same Barangay or town. KCC shall be organized per Barangay in urban areas and by municipality in rural areas.

The purpose of the KCC is to build a caring, sharing, nurturing, responsive and action-oriented community in its respective area of coverage where the members live in peaceful and harmonious co-existence in respect and love of God, humanity and country.

THE OBJECTIVES OF KCC

The KCC is organized in order to address the following concerns and issues primarily for the marginalized members of the community in the context of empowerment and self-help process as follows:

1. Livelihood/skills training to raise family income and for job creation.
2. Business and entrepreneurship development and innovations and technology transfers
3. Decent housing, with access to clean water, electricity, toilet and sanitation.
4. Access to health services, medicines and well-being practices;
5. Education for all school-age children and young adults, formal/informal schools; adult education and or alternative learning systems;
6. Ecological and environmental protection and preservation; transfers;
7. Preservation, practice and collaboration on arts, culture and sports.

ESTABLISHING THE KCC CENTERS

Criteria for Membership:

1. Marginalized groups belonging to poor sectors as defined by the National Economic Development Agency (NEDA) shall be formed as KCC Centers.
2. All members of the community at least 18 and not more than 65 years old upon entry to the program are eligible for membership in the KCC.
3. They must be residents of the barangay where the KCC is formed.
4. All KCC members must be willing to contribute Php 200 per annum for the KKK Damayan Fund (a burial assistance fund).
5. KCC members must be willing to save at least Php 20 per week.
6. All KCCDFMI partners shall automatically be considered KCC members.
7. Once a member, there is no required exit age.

Membership Process:

1. Interested individuals must attend the pre-membership orientation.
2. A KCC Membership Form must be filled-up and submitted to the FCO.
3. A membership fee of Php 20 is paid and deposited as part of the KCC Center Fund as its General Fund.

KCC Organization Process:

1. A KCC Center can be organized in any barangay within the coverage areas of KCCDMFI.
2. If organizing a KCC in a barangay for the first time, the FCO and the BM shall call for an organizational meeting by inviting 30 to 50 partners of good standing and those who have shown potential leadership abilities to attend.
3. An orientation shall be given during the meeting and KCC Application Forms shall be distributed and filled out to all interested partners.

4. A membership fee of Php 20.00 shall be collected from all those who submitted their Application Forms.
5. All KCC Center members shall constitute the General Assembly that shall select its officers and directors of the KCC Center.
6. Elections shall be held to select the officers of the KCC Center that shall constitute a Board of Directors. The elected officers / directors shall serve a term of two (2) years or until successors are elected.
7. Six officers shall be selected to fill in the positions of Chairperson, Vice-Chairperson, Secretary, Treasurer, Controller, and Coordinating and Monitoring Officer.
8. All the elected officers shall collectively become the Board of Directors of the KCC Center and shall be responsible for the governance and management of the KCC Center and all of its activities.

Functions of KCC Center Officers:

The KCC Center Officers shall have the following functions and responsibilities:

1. Chairperson

Shall preside at the Board/Officers regular and special meetings. He/she shall be the Chief Executive Officer of the Club. He/She shall execute all resolutions of the Board/Officers. He/she shall submit to the Board/Officers the monthly and annual reports of the activities, accomplishments, and operations of the club.

2. Vice-Chairperson

Shall exercise all the powers and perform all the duties of the Chairperson during the absence or incapacity of the latter and shall perform the duties that may be assigned by the Board.

3. Secretary

Shall give all notices required by the club and keep the minutes of all meetings of the members and the Board. He/She shall have the custody of the member's register and correspondence files of the Club. He/she shall perform all such other duties and work as the Board may assign to him/her.

4. Treasurer

Shall be in charge of the funds, receipts, and disbursements of the Club. He/she shall keep all funds and other valuables of the Club in such banks as the Board may designate. He/she shall perform all such other duties and works as the Board may assign to him/her from time to time. She shall co-sign the financial reports of the Controller.

5. Controller

Shall keep and have charge of the Books of Accounts of the Club. He/she shall render financial reports to the Board and General Assembly at regular, special or annual meetings. He/she shall also perform such other duties and works that may be assigned to him by the Board.

6. Coordinating and Monitoring Officer (CMO)

Shall be responsible for representing the issues and concerns of the members of the Club residing in the areas / barangays assigned to him/her. He/she shall likewise take charge of informing the members and monitor activities, programs, projects, and other news updates about the Club.

The Club may elect as many CMO's as they need but should not be more than ten (10) in order to cover the barangay or municipality they represent.

Functions of the Kasanyangan Community Club:

1. Each KCC shall be in charge of planning, organizing, developing, controlling and monitoring of its own projects and activities in relation to the goals and objectives of the KCC.
2. All planned projects and activities and their corresponding budget shall be prepared and finalized upon due consultation with its members.
3. The Board of Advisers composed of KCCDMFI Area Managers, Branch Managers, FCO, and Head Office Officer shall guide and give support to the KCC in all of the programs and activities they plan to undertake.
4. The KCC shall endeavor to be the Central Communityship Institution in its area of operations. It shall hold itself as the Core Group or Convergence Zone of all activities, plans, programs affecting the town or province in relation to the goals and purpose of the KCC.

5. A KCC need not involve in actual implementation of some town / provincial projects and activities but it should be involved in information dissemination, monitoring, evaluation and database maintenance.
6. A KCC shall be apolitical and any officer who vies for public office shall be considered resigned upon filing his/her candidacy.
7. A KCC shall respect diversity among its members and constituencies. It shall serve those concerned regardless of creed, religion, race, or gender.

Funding, Fund Sourcing and Accounting:

1. The KCC shall be a self-help, self supporting and self-sustaining organization.
2. The KCC shall source its funds from both internal sources and external sources:

a. Internal Sources

- Membership Fees: Each member is required to pay a one-time, non-refundable membership fee of Php 20.00 upon joining the KCC. The Membership Fees shall form part of the General Fund of the KCC.
- Contributions from Members:

Each member is required to contribute Php 20.00 per week or any amount as may be agreed upon by the KCC, which shall be credited to the personal account of the member. This shall be accounted like a savings under the name of the member.

A member may withdraw his/her contribution once a month, but only if his/her contribution has a minimum balance of Php 500.00. Once the contribution has exceeded Php 500.00, the member may withdraw up to 60% of the current balance of his/her contribution.

Contributions may only be withdrawn during the KCC Center Meeting up to a maximum of Php 5,000 only and with the concurrence of the Chairperson, Treasurer and Secretary.

Full withdrawal of fund contributions shall be considered an exit or termination of membership from the KCC.

- Income generating projects or business of the KCC

b. External Sources

- Fund raising activities or projects

The KCC Center may undertake any legal fund raising activities either for a specific purpose or to add to their General Fund.

- Donations and grants

The KCC may accept donations and grants from sources acceptable to the center members. Unless the grant or donation are for specific purpose/s, the same shall be considered part of the General Fund of the Center and may be allocated for any project deemed by the Board of Directors.

3. The FCO shall collect the KKK Fund and the Center Contributions of the KCC.
4. The FCO shall record the fund collected in the FCO Register under the name of the KCC Center.
5. Separate Official Receipt shall be issued for the KCC Center Fund and KKK Fund. This will be recorded as Accounts Payable – Center Fund and Accounts Payable KKK Fund.
6. All withdrawals from the General Fund shall be supported by a KCC Center Resolution signed by the Center Chairperson, Treasurer, and Secretary and Approved by at least 50% of the members during a regular meeting or a special meeting called for this purpose.

KCC CENTER FUND

1. Members shall contribute Php 20 per week or more every week;
2. Center Fund shall be recorded in the member's passbook (color violet);
3. Member may withdraw once a month provided must maintain a minimum balance of Php 500.
4. Withdrawals below Php 500 can be withdrawn during Center Meeting. Withdrawals of Php 500 and above must be withdrawn at the Branch Office on any working day. On the other hand, withdrawals of Php 1,000 and above shall be discretion of the Branch Manager.
5. Full withdrawal of member's contribution to her/his Center Fund is considered an EXIT from the Club.

NON-FINANCIAL SERVICES

COMMUNITY DEVELOPMENT

Community Development as a component of the microfinance program is implemented and supervised by the Community Development Unit (CDU).

The CDU is responsible for the organizing of partner households and potential partners in the local community into self-help groups for the purpose of values formation, mutual aid and protection.

The CDU's mandate is to harness the collective strength of KCCDMFI regular partners and associates in the Kasanyangan Community Club (KCC) in addressing community issues such as health, education, sanitation, environment, livelihood and others.

The objectives of the CDU in community development are:

1. To reach out to as many enterprising poor in the areas of operations.
2. To delight members with proactive products and services
3. To make KMF1 a happy and rewarding place to work in.

Doing it Right

PROGRAM ASSESSMENT GUIDE

CLIENT RETENTION AND MONITORING PROCESS

The following key areas are assessed at the area level:

1. Is the rate of Center formation on schedule?
2. Are there any students among the Center members?
3. Is there more than one family member per Center?
4. Are there any partners having existing loans with other MFIs?
5. Are there any over-aged or physically unfit partners?
6. What are the dropout and new admission rates?
7. Do the partners clearly understand the institution's savings and loan policies?
8. Has the FCO/BM talked with the dropout partners?

Office and Staff Management

9. Is the BM performing his/her assigned duties?
10. Does the BM physically visit all the partners before loan disbursement?
11. Does the BM favor or disfavor any particular staff?
12. Does the BM maintain good relations with the public authorities in his/her areas of operation?
13. Does the BM visit at least two Centers per day, crosscheck all partners's account books with the FCO Register, and follow-up at least two microenterprise projects per Center visited?
14. Are the Registers maintained properly?
15. Are the information and data maintained and checked daily?
16. Do the FCOs/BMs arrive to work on time?
17. Are the weekly projections prepared on time?
18. Do any of the FCOs/BMs have any specific concerns?
19. Are there any weak staff members?
20. Does everyone contribute their share of expenses and perform chores on time?
21. Do staff members have any mis-understandings among themselves?

Fund Management

22. Is the cash-on-hand maintained properly?
23. Does the BM maintain the books accurately?
24. Does the BM check the FCO Registers daily?
25. Does the BM countercheck the Collection Sheet entries with the FCO Registers daily?
26. Does the BM properly prepare and maintain the BM Summary?
27. Does the BM keep the records and receipts properly?
28. Does the BM prepare a daily loan disbursement plan?
29. Does the BM adjust the fund requirement projections with the expected

- collections?
30. Are the salaries disbursed on time and recorded properly?
 31. Are the visits properly recorded in the Center Visitation Register?
 32. Does the BM carry out the necessary bank transactions in the company of a pre- identified FCO if the transactions involve a total amount over Php 5,000.00?
 33. Does the BM disburse loans and capital build-up withdrawals and make all the other payments himself/herself?
 34. Are the personnel who prepare and approve/ sign the checks two different people?
 35. Are the operations based on the business plan and cash flow projections?
 36. Is fund utilization maximized?
 37. Are funds transferred to other branches or the central office if there is a surplus?

Branch Level Monitoring

The following areas shall serve as guidelines for the BM in the performance of her/his monitoring functions:

Membership

1. Was the Center formed according to the program's selection criteria?
2. Did the partners clearly understand the policies and guidelines of the institution?

Center Meetings

1. Are the Center meetings held regularly at the specified time and place?
2. Do the partners attend the meetings regularly and do they come on time?
3. Are the attendance recorded and maintained in the Center Record Book?
4. Are all the loan disbursements recorded and maintained in the Center Record Book?

Savings

1. Do the partners deposit their minimum weekly savings regularly?
2. Do the FCOs accurately record and sign the partner's passbook?
3. Do the individual partner passbooks tally with the Daily Collection Sheet, FCO Registers, and FCO Summary?
4. Do the FCOs strictly observe the program policies on savings deposit, withdrawal and return?
5. Are the partners aware of their savings balance?
6. Are the partners encouraged to accumulate bigger savings?
7. Are the partners aware of how much they can withdraw?
8. Are the interest calculations against savings checked for at least 10

percent of the partners?

Credit

1. Do the FCOs prepare the loan application at the partner's residence?
2. Are the partners aware of the rate, amount of loan interest, and number of weekly installments?
3. Do the partners invest the loan proceeds in their livelihood projects?
4. Are there any repayment irregularities, i.e., partners paying on behalf of the others or are paying outside the specified meeting time?
5. Are the FCO Registers, FCO Summaries, Savings Withdrawal Registers, and Loan Disbursement Master Rolls accurately filled out and maintained daily?
6. Do the FCOs strictly observe the program policies on partner selection, loan proposal validation, loan release, and repayment collection?
7. Do the FCOs take immediate action in collecting delinquent loans and are they capable of controlling delinquency?
8. Did the Center leaders receive more than one loan by using another partners' name?

Our Partner Protection Policy

The Client Protection Principles articulate the standards of care that clients should expect to receive when doing business with a financial service provider.

These principles were distilled from extensive work by many providers, networks, and supporting organizations. They represent a consensus view shared widely across the microfinance industry.

Over 4,000 individuals, providers, institutions, regulators, and investors worldwide have endorsed these principles.

KCCDMFI recognizes these principles and are integrated in its operations as indicated in this Manual of Operations.

1. **Avoidance of Over-Indebtedness.** KCCDMFI will take reasonable steps to ensure that credit will be extended only if Partners have demonstrated an adequate ability to repay and loans will not put Partners at significant risk of over-indebtedness. Similarly, KCCDMFI will take adequate care that noncredit, financial products (such as insurance) extended to Partners are appropriate.
2. **Transparent Pricing.** The pricing, terms, and conditions of financial products (including interest charges, insurance premiums, all fees, etc.) will be transparent and will be adequately disclosed in a form understandable to Partners.
3. **Appropriate Sales and Marketing Practices.** KCCDMFI staff shall not engage in aggressive sales and marketing behaviors that will harm clients and other microfinance institutions. Aggressive sales is defined as coercing or forcing members of other institutions to transfer to KCCDMFI or engaging in dirty or negative tactics against other financial institutions.
4. **Appropriate Collections Practices.** Debt collection practices of KCCDFMI will not be abusive or coercive.
5. **Ethical Staff Behavior.** Staff of KCCDMFI will comply with high ethical standards in their interaction with microfinance Partners and KCCDMFI will ensure that adequate safeguards are in place to detect and correct corruption or mistreatment of Partners.
6. **Mechanisms for Redress of Grievances.** KCCDMFI will have in place timely and responsive mechanisms for complaints and problem resolution for Partners.
7. **Privacy of Client Data.** The privacy of individual Partner data will be respected, and such data cannot be used for other purposes without the express permission of the Partner (while recognizing that KCCDMFI can play an important role in helping Partners achieve the benefits of establishing credit histories).