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***Bayanihan Banking Program:
a little answer to the gargantuan problem of
poverty of the city of Pasay****

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* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations

Bayanihan is a Filipino word derived from the word “*bayan*” meaning town or nation. Literally it means “*being a town or nation*”, thus, referring to the spirit of communal unity, cooperation, and mutual help.

Facts at a Glance

Program Type:	Pooled savings / micro finance / cooperative development / group work, community organization and development
Beneficiaries:	Urban Poor / youth and students / women and their families (between 70 – 80% total savers are women).
Mission:	Establish a uniform and compatible savings-based financial intermediation system among the urban poor; provide access to efficient financial services and training on livelihood and social development issues, thus involving

1 Program Concept

Income – Pledged Savings = Consumption

The formula for the Bayanihan Banking Program (BBP) is ingenious in its simplicity:

- utilise the Philippine tradition of bayanihan (community cooperation) to encourage a pooled savings scheme among urban poor through organised Bayanihan or Financial Centres (BC or FC);
- provide access to affordable financial services; and
- follow up these efforts by linking the BC to cooperatives and national programs that provide ongoing training for livelihood projects.

It is a program that is designed to actively engage and target low income households for economic and social development of the community in partnership with the Government and private sectors. BBP as a program for social preparation, value formation, and as an economic-cum-development program aims to promote a God-centred outlook among community residents in order to become productive, responsible, and reliable citizens.

Many economists attribute the growing acceptance of micro finance as a development approach to Dr Mohammad Yunus, the Bangladeshi economist who started the successful Grameen Banking Program (GBP) in his home country. BBP was inspired by the successful GBP which combined capitalism with social responsibility. Notably, GBP design is reliant on credit and their clients would seem to be ever clients, with difficulty of “owning” the project themselves. BBP adapted the GBP micro-credit formula, but designed the program to be savings-based, rather than credit-based, ensuring that the program is sustainable by embedding in the program design self-reliance and self help.

The BBP program has a two-pronged approach:

1. Organisation of small self-help groups (usually 20-30) of residents into savings groups known as Bayanihan or Financial Centres (BC or FCs)

2. Linking of these BCs to existing cooperatives (or join together with other BCs to form new cooperatives) which not only provide financial services but also deliver business and livelihood training, which will result in micro-enterprises and income generating programs, as well as housing and environmental improvements at the community level.

The specific objectives of the program are as follows:

1. Establish a uniform and compatible savings based financial intermediation system among cooperatives, community and people's organisations.
2. Implement a savings driven micro-finance technology in order to provide the poor access to financial services in a viable and sustainable way.
3. Establish and sustain a network of BBP replicators to facilitate information exchange, experience sharing and financial cooperation among themselves towards the formation of a union or federation of co-operatives.
4. Conduct regular operation-oriented training programs for BC members and AOs for the upgrading of their knowledge and skills on micro-finance for poverty alleviation.
5. Link BCs with agencies and establishments that would provide capability building, resource development, marketing of products etc.
6. Link this micro-finance technology to any city development program (housing improvement, waste management, educational plan, SSS, Philhealth etc)
7. Model an LGU-Private-Civil Society partnership using a holistic community development approach.

2 Early Beginning

The BBP program was started by Mr. Ben Quiñones, Jr., an international economist. When he was Secretary General of a regional association of agricultural banks in Asia and Pacific, an organization initiated by Food and Agricultural Organization of the United Nations, Mr. Quiñones developed and successfully implemented a program to expand the outreach of banking institutions by linking the latter with self-organized groups of people through the practice of saving. The program emphasized the pivotal role played by self-organized groups of people in mobilizing the local community's social capital, which is a key factor for the development of communities and the nation as a whole.

Back in 1988, he and his wife went to Buriram, Northeastern Thailand and taught a small group of church members how to organize their savings program and establish institutional and financial linkages with a local bank. After three years, the savings program of the Buriram Church accomplished many wonderful things. It financed the acquisition by members of work animals and a 3-hectare land; it also provided the much needed capital for their silk production project. They who were once mere consumers have become savers as well as investors and producers.

In 1989, the same experience of Buriram Church was shared by Mr. Quinones to a satellite church of Christ, the Living Stone Fellowship (CLSF) in Pasay City, Philippines. Pastor Rolando A. Londonio wasted no time in putting the principles to work. Within a year, the Goshen Multi-Purpose Cooperative (GMPC) was established. VEDCOR (Ventures and Entrepreneurship Development Center in the Orient) established in 1993, became the technical service provider of GMPC.

3. BBP Mechanics

The main strategy used in the initial introduction of the program is to target existing community structures within depressed Barangays. The first points of contact at barangay level are the officials, keeping with the traditional mechanism through which to implement development programs. If these key individuals are not receptive to the idea of the program, other community organisations are targeted; pedi-cab associations, small co-ops, neighbourhood associations, and religious groups. etc. The theory behind working within existing structures is that established relationships usually involve an element of trust and have formal or informal mechanisms for community participation.

Promoting and popularizing the BBP

The BBP is marketed to potential BC members and community leaders by the Facilitator or Account Officer (AO). AOs are the prime movers. The acceptance or rejection of the program depends on them. This marketing is carried out in an entirely “take it or leave it” approach. There is no pressure to comply with, or imposition of local government legislation. They use a set of metaplan cards (flash cards) which introduces the concept of Rapid Savings Mobilization Technique (RSMT). The cards outline the steps and processes of BBP so potential members get an understanding of the program and how they can benefit. The formation of BCs is simple and can be completed within a few hours.

The four core values of RSMT are:

1. Seek the welfare of the city. Prosperous city = prosperous people (and vice-versae).
2. No God, no success (this value can be adapted to suit other religions or non-religious entities by substituting with shared beliefs or goals.)
3. Everyone can save, poverty is an attitude.
4. Promotion of synergy and power in unity. The government cannot do it alone; neither can the private sector, nor the individual households. They should work together to succeed.

Table 1: 8 Implementation Steps of BBP

Action	Output
1. Program groundwork and administrative concerns	- area poverty profile - survey questions - database creation - list of registered PO's, CO's, co-ops etc
2. Creation of Project Management Group (PMG)	- Regular PMG meeting (weekly?) - Informal sector (IS) consultation meetings - Trainers training conducted
3. Development and Strengthening through BBP FC formation	- FCs formed and meeting weekly - Capability building seminars conducted
4. Regular Coaching and Monitoring	- On-going AO training - BBP indicators surveys conducted - Appropriate infrastructure in place

5. Integration of Other Programs for FC dev't.	- Facilitate SSS and Philhealth seminars with FCs and IS - Linkage with MFIs - IS site development and improvement
6. People's Congress (annual)	- FC members, LGU (or similar) officials, PMG and other stakeholders attend. - Celebrate success and information exchange
7. Co-op formation or joining with existing co-ops	- Registration of new co-operatives - Inclusion of FC members in existing co-operatives
8. Linkages with other NGOs, GOs and others.	- Establish formal links with capacity building institutions. Eg VEDCOR, TESDA

4 The Bayanihan Banking Program Implementation

4.1 Pasay, City Experience

Vision of Pasay: "A scenic premier city, thriving with business and economic opportunities, guided by dynamic and efficient local leadership, and a home to self reliant, morally upright people".

Location: Metro Manila

Population: 408,000

Population Density: 2553pax/sq.km.

Informal Settlers: 39,433 households (18.4% of Manila's slum dwellers)

Land Area: 18.5 sq.kms; 51.35% land area is devoted to utilities, the greatest portion of all LGUs in the National Capital Region.

Smallest Government Unit: Barangay (201 barangays, 92 classified as depressed)

Poverty Threshold: P17, 713/capita. (41% of the city's households are poor)

Pasay is a paradigm in the damaging effects of high population growth caused by rural migration. London economist H Myint asserts: "A *dual economy comprising an agricultural sector and distinct urban sector results in "mutual poisoning" between the two sectors. The urban centres deprive the rural areas of their incomes, savings and other economic resources, thus perpetuating rural poverty. This in turn triggers migration from the rural areas to urban centres, resulting in squatting and overcrowding, mendicancy, criminality and garbage problems in urban areas.*"¹

Pasay has possibly the worst problems with solid waste management and squatters in Metro Manila. 18.4% of Manila's slum dwellers reside in Pasay, 41% of the cities households are poor and of the cities 201 Barangays, 92 are classified as depressed. The area has a reputation for drugs, prostitution, poverty and lawlessness. Unemployment and underemployment are high. And where incomes and savings are low, access to credit is limited. In most cases the only loans available to Pasay's poor residents, for emergency purposes and otherwise, are the usurious practices of bombay and five-six exacting 20% monthly interest.

¹ H. Myint, cited in Neri, Rumulo L. *Economics and Public Policy*, Asian Institute of Management, Makati City, Philippines, 2001

The BBP in Pasay emerged as a program while it was being practiced. It had its origins in a church based savings scheme. The Pasay Government identified the strength of the BBP program as the three-way so-called “Smart Partnership” between the LGU, the private sector (NGO’s, PO’s, Churches) and Pasay Households / informal sector.

Table 3: “Smart” Partnership of BBP and their Roles

Pasay City Government	Private Sector / NGO	Households/Informal sector
Fiscal role – provides funds for training, development, administration.	Provision of technical assistance, skills and training	Provide 4 productive resources – purchasing power, human resources, savings, micro-enterprises
Create conducive political and legal environment to sustain and support program	Inculcate values of trust, responsibility and cooperation towards community development	Facilitate political and social interaction, accept roles in working for community development
Coop office to oversee program and monitor FC and coop developments and relationships.	Generation of jobs and income through implementation of medium sized enterprise projects	Must accept, own and implement the program

4.2 The BBP Journey in Pasay

The following is evidence of the transferability and sustainability of BBP.

- In 1990, a small evangelical church of 150 members started to practice “pooled savings”. After 2 years, they became the Goshen Multi Purpose Cooperative, the first cooperative in Pasay to practice BBP, headed by Ptr. Rolando Londonio.
- In 1998, the then Mayor of Pasay formed the Cooperative Development Office (CDO), appointed Ptr. Londonio as Department Head, in collaboration and partnership with an NGO-BBP practitioner named, The Brotherhood of Christian Ministers in Pasay (BCMP).
- In 2000, Mayor Trinidad injected funds of PhP 0.5M (\$9,090) for administration, development. He continued to support the program through the CDO with fund allocations of PhP 1M in 2001 (\$18,181) and PhP 0.5M (\$9,090) in 2002. The continuation of funding and support from Mayor Trinidad came with the condition through forging a MOA with BCMP, that all 92 depressed barangays in Pasay must be targeted.
- In November 2002, Ordinance 2512 was passed to “Recognizing and Institutionalizing the Bayanihan Banking Program in Pasay City” It also mandates the involvement of NGO- VEDCOR as technical consultant and pledges funds for saturation and enhancement of BBP. Key stake holders are also tasked with undertaking preparatory activities for the establishment of a Micro-finance bank in Pasay City.

- Galing Pook Award. In 2002, President Gloria Macapagal Arroyo cited Pasay BBP as one of the ten most outstanding local governance practices in the Philippines. This was a big promotion for BBP's nationwide acceptance.
- Nationwide Bayanihan Savings Replication Program (BSRP). In 2003, Sec. Joey Lina of Department of Interior Local Government (DILG) issued memorandum circular no. 2003-35 on BSRP adoption by Local Government Units and all DILG City/Municipal Directors implementation in their own localities. **As of December 2004, 630 LGUs are replicating the BSRP having 5,435 Bayanihan Centers with 96,148 BBP member-savers and generated a total savings of PHP 30.2M (\$549,090) nationwide.**

2005 Pasay BBP Updates	
No. of Bayanihan Centres:	145
No. of Savers:	4,604
No. of female savers:	(80%) 3,683
Total Amount of Savings:	1.5 M (\$27,272)
No. of Account Officers:	50 AOs (25 are women)

4.3 The Pasay Women Savers

- It is estimated that over 80 per cent of bayanihan centre (BC) members of BBP are women, and most BC Officers are women. Half of the numbers of Account Officers and Facilitators are women too.
- In the Philippines, women traditionally handle the family finances. Experiences have shown that money managed by women is better utilized because it trickles down to the family, as compared to money handled by men. Women tend to take better care of themselves and their families, as they are the traditional nurturers. Although women are the main participants in the BBP in Pasay, they represent their husbands and families as well.

A built in balanced education component about women's rights, empowerment, and cultural roles would help to ensure that the women's participation in economic activity is transposed to greater sexual equity, self-sufficiency, and self-respect.

- Quite simply, the Pasay women can be generally thought to be better savers and better credit risks; and more entrepreneurial. They are more emancipated and can readily access banking and other financial institutions, which are all gender responsive.
- The BC weekly meetings provide valuable community structures for women where they can collectively discuss issues of concern and exchange information. Addressing issues like women's rights, domestic violence, healthcare, reproduction, homemaking, community work, etc assists in their social empowerment and responsibility.

4.4 The Youth Empowerment through Self-Help Operation (YESO) Program

Started in 2002, YESO is a program that practices the BBP focusing on elementary and high school students of Pasay, ages 6 to 16 years old. It is a unique form of cooperation and smart partnership among the City Government, Public High School teachers and students. It emphasizes teaching the students to be good stewards of their limited financial resources through savings, and be actively involved in the arena of economics, governance, and social development.

At an early age, they are introduced to a participatory form of governance. Through their united voice, Pasay City Government enacted a resolution encouraging all schools in Pasay to replicate the YESO Program in December 2004.

Being a savings driven and investment-cum-values formation program, it is owned and operated by the students through the Youth Cooperative, acting as owners, managers, clients, and workers. Students actively participate in their weekly meetings and gradually build their interpersonal, organizational and managerial aptitude. Inherent Filipino values are reinforced during weekly meetings such as discipline, thriftiness, respect, fear of God, unity and mutual help.

YESO aims to reach 21,000 high school students in Pasay from 6 public schools. As of August 2005, 4 out of 6 are implementing the YESO program; 1,8485male/female students are member-savers and have PhP268, 000 (\$4875) savings. The first YESO project is an Iodinated Purified Drinking Water owned and managed by the students themselves.

4.5 The BBP and localizing the Eight Millenium Development Goals (MDG) at the family or household level

The 7 years massive implementation of the BBP and YESO program and all its results had become a platform for the city's localization of the UN-MDGs at the family level, *from global goal to household goal*. The goals and targets were contextualized and translated to the vernacular dialect with the purpose that they make the MDGs intra family goals, aimed at strengthening the family. Pasay believes that "a strong family makes a strong city and a strong nation".

BBP promotes and popularizes the MDGs by including the eight indicators in the weekly Bayanihan Center gatherings. It was initiated by the signing of "Family MDG Pledge of Commitment" by the City Mayor and BBP Practitioners during the People's Congress in October 2005. In effect, during the simultaneous celebration of 201 Barangay Assemblies, the same pledge was recited and signed by the people in the community.

5 BBP Overall Positive Socio-Economic Impact

<p>Increase in income / Increase in Savings</p> <ul style="list-style-type: none"> - Increased investment and economic activity through reduced cost of credit. Members have accessed loans to start or expand micro-finance enterprises. - FC members can access loans at 2% interest per month, saving 18% interest on rates of money lenders. - Additional income from dividends and patronage refund for FC members as shareholders of the co-op. - Weekly meetings compel FC members to save regularly, thereby increasing the amount of their savings. - 40% of the FC members save in the form of yearly dividends and patronage refunds through converting their savings to co-op share capital.
<p>Economic Mainstreaming</p> <ul style="list-style-type: none"> - FC members are able to access and understand financial institutions from which they previously felt excluded. - Where previously members may have saved with a piggy-bank they now have a safe and affordable means of depositing savings and can earn interest.
<p>Entrepreneurial orientation / Capacity Build Up</p> <ul style="list-style-type: none"> - Pasay COOP has registered five livelihood projects created per FC. Livelihood training equipped the FC members to engage in ventures such as food vending, barber shop and parlour shop, pedicabs, tricycles, carenderia, upholstery, sari-sari store, tsinelas making and vending. - All AOs/BBP specialists have undergone TESDA trainers' training on entrepreneurship, which they will share with their FC members. - Documentation. Each FC has ledgers and pass books, and records are kept of FC agendas. These are submitted to COOP for monitoring and evaluation and allow the office to keep records of totals savings, participants. LGU staff use BBP indicators surveys to document social capital changes.
<p>Promotion of human rights / Strengthening Community Structures</p> <ul style="list-style-type: none"> - Bayanihan Banking Indicators of Social Capital Formation is applied. - The strengthening of co-ops provides opportunity for the urban poor to be socially integrated into the mainstream, provide an opportunity for participatory democracy and human resource development.
<ul style="list-style-type: none"> - 145 FCs were composed of 1,848 members. - An Annual People's Congress is held with FC members and key stakeholders, including the mayor. - Cooperatives replicating the BBP are encouraged to be members of the Barangay Development Council and to participate in the City Development Council.
<p>Gender Responsiveness</p> <ul style="list-style-type: none"> - 72% of FC members are women, and most FC officers are women. 50% of AOs are women. As FC members, women are able to enter the economic mainstream and engage in financial interactions. They also become decision makers and learn to handle and resolve conflicts. - Two women FC members have won as Barangay Kagawad, testimony to the increased involvement and development of leadership skills of urban poor women. - FC meetings become a forum for sharing information and discussing issues pertinent to women such as domestic violence, reproductive issues. - Some women FC members can now contribute economically to their household.
<p>Sustainability and Transferability due to program simplicity / Local equity</p> <ul style="list-style-type: none"> - No tedious training required to organise FCs, only commitment.

- Simple savings and credit products are used.
- Quick and close-to-field problem solving is practiced.
- Regular weekly meetings are held with transparent transactions and values education
- Administrative and accounting procedures are simple but efficient.
- FC ledgers are used for monitoring and evaluation.
- BBP social indicators survey is conducted to gauge the social maturity and performance of each FC.

- The City Government offer their facilities (halls, day-care centres, gyms, astrodome) for FC meetings and People's Congress. Many members had their first opportunity to visit the City Hall and had access to government services and facilities. As BBP is savings-based, it does not drain the LGU.

Health

- FCs create own emergency fund for immediate medical needs. Savings can also be withdrawn for medical emergencies. Members can now afford Philhealth services and avail themselves of the health insurance scheme.
- Health education is done during weekly meetings that include hygiene, anti-drug program, family planning, etc. Some AOs have linked with NGOs to organise a Medical Mission in barangays with active FCs.

6 Some Issues to Consider

- Due to the overwhelming challenge of poverty, whatever success BBP has done in Pasay still have not impacted enough the majority of the urban poor. Poverty cannot only be looked at as an issue or an area of emphasis; instead, a central focus in all development work must be consciously linking all strategies towards its eradication. As central objective, poverty eradication must be the basic consideration in determining policies and investments.
- In reality, the poorest of the poor who have an erratic and generally insufficient income would not believe it possible for them to save. The formula to be used is: erratic income + prioritisation of needs = forced savings. Immediately, all savings must be linked to income generating activities and social development. A sound macroeconomic management and good governance is required.
- The continuous accumulated savings of the poor and their human capacities is an enormous resource. BBP is a tool to bring them to the formal finance market through linkages with MFIs and partnering as investors with small and medium entrepreneurs. This remains to be the big challenge.
- Through their gains in the BBP participatory governance where their leadership and managerial capabilities were enhanced, women were included and opportunities are open to them for involvement in local governance and the private sectors.

References:

- All statistical data. Courtesy of the Cooperative Development Office, City of Pasay.
- A write –up on the Bayanihan Banking Program Pasay by Ms. Kikirly of Australia.