

Community Empowerment – Organising Co-operative Vendors

(A Case Study of Micro-Enterprise Programme, Muntinlupa, Philippines)

Summary:

Muntinlupa city is one of the fastest, growing industrial city not only in Metro Manila, but the Philippines, as well. It is situated at the south-eastern perimeter of Metro Manila with a population of 500,000 inhabitants, more or less. From a lethargic agricultural and fishing town to an industrialised city, Muntinlupa City is now in the map of economic destinations in the Philippines.

Despite being a service-oriented city, Mayor Jaime R. Fresnedi discovered the consistency in the delay of delivery of basic services to its constituency, starting from the complaints, to the Office of the Mayor, referral to department heads concerned, from verification/visitation/investigation to comments/recommendation, from purchase of materials/labour to preparation of vouchers and/or pertinent documents from check preparation to payment up to its completion.

Mayor Fresnedi organised the JOINT RESOURCES FOR THE FAMILY (JRF) PROGRAMME precisely to minimise, if not eradicate, red tape in the government.

Under the new set-up, the procedure has been reversed. Instead of the constituents going to the City Hall for asking for help, it is now the members of the JRF Programme who go around the entire city asking, seeking and looking for the needs of its constituents. Their needs are immediately being acted upon by the department heads concerned upon instruction of the City Mayor. The mission/vision of which is the upliftment or development of the physical, mental, spiritual, moral, etc. towards the so-called “TOTAL FAMILY DEVELOPMENT”.

In one of its workshops, the JRF Programme recommended for the establishment of the Micro-Enterprises Programme sometimes dubbed as the “Muntinlupa Chamber of Micro-Industry”, an organisation of small micro industries in Muntinlupa City precisely “to reinforce employment, generate income and assist the poor for starting small business.

Project Initiator

- City of Muntinlupa

Main Actors and Their Roles:

- City of Muntinlupa (local government):
 - The Agri-Business Division of the Department of Agriculture – responsible for loan application; administer the programme, and submit the report every month.
 - The Office of the Mayor – to approve the application.
- The Health Department (national government) – to inspect whether the area of the clients is clean

Nature of Co-operation

This Programme is solely under the exclusive jurisdiction of the Office of City Mayor through the City’s Agriculture Department. The Health Department, as mentioned in your report, is not under the National Government but rather under the City Government of Muntinlupa. It is the responsibility of the City’s Department of Agriculture to screen, verify and investigate any and all applicants upon instructions/approval by the City Mayor. And it is likewise the responsible of the Agriculture Department to see to it that loans are being collected.

Characterisation of the Problem

In the field of food processing, individual clients or organisations/associations are usually trained on the various technologies. However, these skills do not have a great impact due to the fact that individual clients or associations/organisations do not have enough budgets to finance their own business. It is observed that only 10% to 15% of the graduates were able to establish their own business. Furthermore, they do not have any collateral for their loan. NGOs have been contributing in terms of finance, but they could not cover all of them.

The City of Muntinlupa Financial Assistance for Micro-Enterprise Programme is therefore designed

to reinforce employment and income generating, and to assist the poor for starting small business.

Process of Project Implementation and Management

The Department of Agriculture and the Office of Mayor administer the Financial Assistance for Micro-Enterprise Programme. The objectives are as follows:

- To stimulate the growth and development of the entrepreneurship.
- To improve the condition of the marginalised members of the society by providing them opportunities and resources, at the same time, strengthening prevention and intervention measures.
- To broaden the perspective of entrepreneurship.

Target groups are individuals and all types of organisations with good standing are entitled to apply for loans. The amount of loan depends on the available amount of the fund, the amount required by the applicants, their capacity for repayment, etc. The assets of the borrowers' business are assured as collateral to the loan.

For individual loan, eligible individual must meet the following:

- *Skill assessment and credit investigation to verify their skills and credit.* The skills of the clients must be verified to be eligible for the programme, and training is also given to them for good quality of products.
- *Undergo management training for smooth implementation of the project.*
- *Indoctrination of modified behaviour.* They must choose business with daily profit, and should learn to pay their loan daily. They also have to allocate 30% of the profit to food, 30% to bank savings, 20% to additional capital, and 20% to loan repayment. They must also keep the record their business, and open saving account for getting into the habit.
- *Grouping the clients.* They will be classified into a group with a team leader, an assistant team leader, a treasurer, a secretary and a press relation officer. They need to have a meeting once in two months for sharing ideas, solving the problems and inspecting their books of accounts. Each group establishes two kinds of funds, Group Guarantee Fund and Group Emergency Fund. The member can borrow some money from the Group Guarantee Fund for loan repayment. The Group emergency Fund is used in case of emergency.
- *Health Assessment.* They must have a health check in order to see whether they are healthy enough to start their own business.
- *Area Sanitation.* Health Department is responsible to inspect whether the area of the clients is clean.
- *Project Monitoring and Evaluation.* Once a week, the project of the clients is monitored. Proper evaluation is implemented twice a year in order to assess the impact of the project to the client and the community.

Group loan is also available for organisations and associations in good standing.

The maximum amount for individual loan is P5,000. For the group loan, the maximum amount is P25,000 per organisation-borrower at one time. The amount of loan can be doubled if the organisation-borrower is able to repay the loan within the maximum period. The organisation-borrowers must have a net worth of not less than P5,000, but not more than P50,000. In order to encourage saving mobilisation, the organisation-borrowers can deduct maximum 2% of the sub loan of the sub-borrowers, which shall be returned to them upon full payment of the sub loan. Each individual micro-entrepreneurs can borrow money from organisation-borrowers at the interest rate of less than 5%. The loans can be used for increasing the capital requirements of existing enterprise, business activities of the borrowers, and productive purposes. The maximum period for repayment of loan is 6 months for individual loan, and one year for group loan. Penalty is also imposed on the borrowers. For individual loan, they are charged 1% for monthly overdue.

Strategies Used

- The clients are classified into a group and have interactive dialogues through meetings.
- The skills of the clients must be verified to be eligible for the programme, and training is also given to them for good quality of products.
- Monitoring and proper evaluation are implemented to assess the impact of the project.
- Intensive management assistance and other necessary assistance to the borrowers.
- The Department of Agriculture shall submit the report to the Office of the Mayor including the information on loan granted, date released, loan collected, loan balance, loan interest collected, total collections, check bonus, assistance provided during the month, etc.

Key Successes and Lessons Learnt

- The programme contributed to job creation and income generation for the poor through provision of access to loans.
- Interactive communication was achieved by grouping the clients that have two meetings a month.
- Community empowerment and building sense of responsibility by setting up groups and giving responsible task (team leader, assistant team leader, etc) to the members.
- Economic empowerment of the community by setting up saving account and loans.
- Good assistance is given to the community by the municipal government in terms of resources as well as management skills

Difficulties Faced in the Project

- The appropriated fund is not always enough to meet the needs.
- Lack of personnel to monitor funded activities.
- Existing economic Asian crises.
- Diversion of resources to other purposes.
- Lack of sufficient knowledge on business.
- Death/Insolvency of clients.
- Runaway clients.
- Difficulty in collection/refunding.

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