

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The government's efforts to develop financial inclusion are being supported by a number of strategic development partners through bilateral and multilateral arrangements. In summary, support is being provided to address binding constraints to accessing finance and to strengthen the policy framework for financial inclusion. The table provides a list of support by major development partners.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$'000)
ADB	Rural Microenterprise Finance	1996–2002	20,000
	Microfinance Development Program	2005–2007	150,000
	Developing Financial Cooperatives	2006–2009	900
	Developing Microinsurance	2008–2012	1,000
	Capacity Building for Microinsurance	2013–2016	1,000
	Financial Inclusion Framework Strengthening	2016–2018	600
	Encouraging Investment through Capital Market Reforms Program	2013–2017	600,000
GIZ	Microinsurance Innovations Program for Social Security	2009–2012	-
	Regulatory Framework Promotion of Pro-Poor Insurance Markets in Asia, Phase 2	2016–2018	-
IFC	SME Banking Initiative in the Philippines	From 2006	2,516
	Agribusiness Finance in the Philippines	2013-ongoing	4,833
	Philippines Credit Bureau	2013–2017	727
JICA	Agriculture Credit Support Project	2009–2017	165,080
	Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation	2017–2022	42,700
ILO	Access to Finance	2015–ongoing	-
USAID	The Credit Policy Improvement Program	1996–2006	4,000
	Microenterprise Access to Banking Services Program	1997–2013	30,000
	E-PESO Project	2015–2017	-
	Development Credit Authority Loan Portfolio Guarantee II	From–2017	-
UNDP	Overseas Filipinos Diaspora Remittances for Development: Building a Future Back Home	2010–2013	250
World Bank	Philippines Financial Development and Inclusion	2016–ongoing	724
	Philippines Support to National Strategy for Financial Inclusion	2016–2018	363
	Agricultural Finance in the Philippines	2017–ongoing	300

ADB = Asian Development Bank, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, IFC = International Finance Corporation, ILO = International Labour Organization, JICA = Japan International Cooperation Agency, SME = small and medium-sized enterprise, UNDP = United Nations Development Programme, USAID = United States Agency for International Development.

Source: ADB.

B. Institutional Arrangements and Processes for Development Coordination

2. The Philippines Development Forum, chaired by the Philippines' Department of Finance, is the government's primary mechanism to facilitate coordination of assistance from all its

development partners. Aside from the major development partners, other key stakeholders such as academia, civil society, and the private sector are involved in developing a consensus and generating commitments to support the government's reform priorities. This ensures that intervention efforts among the different development partners do not overlap and are not duplicated, which maximizes development results. The Philippines Development Forum engages in continuous dialogue between government and other relevant stakeholders on 10 thematic areas through various working groups and subgroups.

3. The National Strategy for Financial Inclusion (NSFI) institutionalizes coordination of broad-based initiatives covering access to finance, financial education, and consumer protection.¹ The government has also established a steering committee chaired by the Bangko Sentral ng Pilipinas. The committee comprises relevant development partners and key domestic stakeholders, including civil society organizations representing the interests of different groups such as youths and women, to better implement and monitor the NSFI. Donor coordination and collaboration in support of the government's financial inclusion agenda, including the NSFI, is ongoing between the Asian Development Bank (ADB), the World Bank, the International Finance Corporation (IFC), the United States Agency for International Development (USAID), and Deutsche Gesellschaft für Internationale Zusammenarbeit, in particular. Informal and formal communication between donors and key government agencies helps to align technical assistance and coordinate support.

C. Achievements and Issues

4. ADB and other major development partners have been supporting financial inclusion since the 1990s and have helped build a strong regulatory framework for financial inclusion. Development agencies actively involved in supporting financial inclusion include GIZ, IFC, the International Labour Organization, the United Nations Development Programme, USAID, the Japan International Cooperation Agency (JICA), and the World Bank.

5. ADB has worked closely with GIZ to develop a strong regulatory framework for microinsurance. GIZ supported the development of an enabling environment for index-based crop insurance, natural catastrophe insurance, and social health insurance for the informal low-income sector through the Microinsurance Innovations Program for Social Security from 2009 to 2012. GIZ continues to work to enhance insurance in the Philippines and the region through the Regulatory Framework Promotion of Pro-Poor Insurance Markets in Asia, Phase 2.

6. Both JICA and IFC have supported financial inclusion through enhanced access to finance for micro, small, and medium-sized enterprises and agribusinesses, and they have assisted the Credit Information Corporation to develop a credit information system in line with international best practice standards. Through its Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation program, JICA will support investments in agriculture enterprises and cooperatives in the Autonomous Region in Muslim Mindanao. IFC has provided support to the government to develop an updated regulatory framework for secured transactions and an online collateral registry. ADB and IFC are currently collaborating on ways to raise awareness of the credit and collateral registries.

7. The World Bank and ADB are closely collaborating to support implementation of the NSFI and, more specifically, to support key government priorities, including an expansion of agriculture finance and insurance. The International Labour Organization has been providing support for

¹ Bangko Sentral ng Pilipinas. 2015. *National Strategy for Financial Inclusion*. Manila.

sustainable livelihoods in crisis-affected areas of the country. A United Nations Development Programme initiative has supported identification of policies to more effectively utilize overseas remittances for poverty reduction and local economic development by encouraging savings and investments. USAID has long supported innovation in the rural banking sector through the Microenterprise Access to Banking Services Program, which worked closely with the rural banking industry to significantly expand access to microfinance services. The E-PESO project helped establish a policy and regulatory framework to establish a safe, efficient, reliable, and affordable retail payment system and to work with local governments to utilize e-payments.

D. Summary and Recommendations

8. ADB will continue to support financial inclusion in the Philippines through various modalities, including targeted technical assistance. Coordination efforts with other development partners and international agencies will be enhanced to leverage both funding and institutional expertise in support of financial inclusion reforms to improve the institutional and policy environment, infrastructure, and capacity of financial service providers. For financial inclusion, the NSFI provides a useful framework for managing donor coordination.