



Report and Recommendation of the President to the Board of Directors

Project Number: 52068-001
July 2018

Proposed Loan ASA Philippines Foundation, Inc. Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces Project (Philippines)

This is an abbreviated version of the document approved by ADB's Board of Directors that excludes information that is subject to exceptions to disclosure set forth in ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 19 June 2018)

Currency unit	–	peso/s (₱)
₱1.00	=	\$0.0187
\$1.00	=	₱53.42

ABBREVIATIONS

ADB	–	Asian Development Bank
ASA	–	ASA Philippines Foundation, Inc.
BOT	–	board of trustees
BSP	–	Bangko Sentral ng Pilipinas
DTI	–	Department of Trade and Industry
GDP	–	gross domestic product
GRDP	–	gross regional domestic product
MFI	–	microfinance institution
NGO	–	nongovernment organization
PSOD	–	Private Sector Operations Department

NOTES

- (i) The fiscal year of ASA Philippines Foundation, Inc. ends on 31 December of each year. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on 31 December 2018.
- (ii) In this report, “\$” refers to United States dollars.

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PROJECT AT A GLANCE

1. Basic Data		Project Number: 52068-001	
Project Name	Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces Project Philippines	Department /Division	PSOD/PSFI
Country	Philippines		
Borrower	ASA Philippines Foundation, Inc.		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Finance	Inclusive finance		30.00
		Total	30.00
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Private sector development (PSD)	Promotion of private sector investment	Gender equity (GEN)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	Yes	Rural	High
Household Targeting	No	Urban	Low
SDG Targeting	Yes		
SDG Goals	SDG1, SDG5		
6. Nonsovereign Operation Risk Rating			
Obligor Name		Obligor Risk Rating	Facility Risk Rating
ASA Philippines Foundation, Inc.			
ASA Philippines Foundation, Inc.			
ASA Philippines Foundation, Inc.			
7. Safeguard Categorization	Environment: FI-C	Involuntary Resettlement: FI-C	Indigenous Peoples: FI-C
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		30.00	
Nonsovereign LIBOR Based Loan (Regular Loan): Ordinary capital resources		10.00	
Nonsovereign LIBOR Based Loan (Regular Loan): Ordinary capital resources		10.00	
Nonsovereign LIBOR Based Loan (Regular Loan): Ordinary capital resources		10.00	
Cofinancing		0.00	
Others		0.00	
Others^a		0.00	
Total		30.00	

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan of up to \$30,000,000 (in equivalent peso) to ASA Philippines Foundation, Inc. (ASA) for the Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces Project in the Philippines.

2. The project entails the Asian Development Bank (ADB) providing a multi-tranche debt financing facility, structured as a senior bond to ASA for (i) expanding its portfolio of business loans for microenterprises,¹ and (ii) strengthening its resource base for providing loans for micro housing, water supply, and on-site sanitation to its women borrowers.² ADB's facility will be targeted at women borrowers, most of whom own and manage these microenterprises.

II. THE FINANCIAL INTERMEDIARY

A. Investment Identification and Description

3. **Economic and banking sector.** The economy of the Philippines sustained robust growth over 2010–2017, with real gross domestic product (GDP) growth of 6.4% per year³ and an estimated 6.8% in 2018,⁴ well above the Association of Southeast Asian Nations level of 5.0%.⁵ On the supply side, growth has been broad-based across services and agriculture, while rising household demand and the renewed emphasis on public spending under the “Build, Build, Build” initiative have provided the demand impetus.⁶ Despite sustained national growth, regional disparities persist in the growth and distribution of national domestic output.⁷ The islands of Visayas (regions VI, VII, VIII) and Mindanao (regions IX–XIII and the Autonomous Region in Muslim Mindanao), which are home to 44.0% of the total population, contributed only 27.0% of the GDP in 2017,⁸ while the Luzon islands, with 56.0% of the population, contributed 73.0% of the GDP. Notwithstanding its larger population, the Luzon islands also registered the highest real

¹ The Department of Trade and Industry (DTI) has classified enterprises based on their asset size: (i) microenterprises have assets of up to P3 million, (ii) small enterprises have assets of P3 million–P15 million, and (iii) medium-sized enterprises have assets of more than P15 million.

² These microenterprises are well below the DTI's P3 million threshold. They are engaged in retail distribution (*sari-sari* stores), trading (*tingi-tingi* operations), small-scale food services (*carinderia*), bakery, carpentry, warehousing, small-scale construction, automotive repairs, and basic manufacturing activities which generally employ unskilled or semiskilled labor.

³ Bangko Sentral ng Pilipinas (BSP). 2017. *Report on Economic and Financial Developments: Fourth Quarter 2017*. Manila. http://www.bsp.gov.ph/downloads/Publications/2017/LTP_4qtr2017.pdf.

⁴ ADB. 2018. Philippines: Economy. <http://www.adb.org/countries/philippines/economy> (accessed 19 June 2018).

⁵ World Bank. 2017. *Philippines Economic Update, April 2017: Advancing the Investment Agenda*. Manila. <http://documents.worldbank.org/curated/en/746271491832911953/pdf/114151-REVISED-4-17-Philippines-Economic-Update-FINAL.pdf>.

⁶ The “Build, Build, Build” initiative is the Duterte Administration's infrastructure development program, which envisages public spending on infrastructure reaching P8 million–P9 trillion from 2017 to 2022. Through this initiative, the government seeks to deliver high-impact projects designed to increase the productive capacity of the economy, create jobs, increase incomes, and strengthen the investment climate, leading to sustained inclusive growth. Build Build Build. <http://www.build.gov.ph/>.

⁷ Philippine Statistics Authority. Philippine Standard Geographic Code. <http://nap.psa.gov.ph/activestats/psgc/listreg.asp> (accessed 19 June 2018).

⁸ The islands of Visayas contributed 12.5% of the GDP while Mindanao contributed 14.5% of the GDP. While these two lagging regions contribute a marginally higher proportion of output from primary activities (54% of domestic agriculture and fishing output is generated from Visayas and Mindanao), this is not adequate to mitigate the regional differences. The lagging regions also have a higher reliance on staple crops and lower value-added agriculture and fisheries.

per capita gross regional domestic product (GRDP)—three times above the national average.⁹ In contrast, 17 of the 20 poorest provinces of the Philippines are in Visayas and Mindanao. Many of these provinces have an average GRDP that is one-third of the national average. The Government of the Philippines has taken measures to reduce these regional imbalances and cut income inequality.¹⁰ Widening financial inclusion and extending the outreach of the formal financial system to these lagging regions is a key priority.¹¹

4. **Banking sector overview.** The banking system in the Philippines has strengthened, in tandem with the country's economic growth. It has benefitted from rising consumption levels, an increase in retail credit, a supportive credit cycle, and overall benign conditions in the domestic asset prices, and property markets.¹² Philippine banks have focused primarily on corporate lending (70.0% of their total assets), while their consumer lending activity (30.0% of assets) has been focused largely on secured-asset financing.¹³ While the banking systems' physical outreach broadly overlaps with the distribution of gross domestic output, regulatory provisions have been implemented to encourage wider financial inclusion through the banking network.

5. Philippine banks are mandated to allocate capital to under-penetrated and marginalized segments,¹⁴ specifically for (i) micro, small, and medium-sized enterprises;¹⁵ and (ii) agriculture-related activities. While banks have attempted to expand their reach to these segments, this credit allocation has been well below the mandatory levels. The share of micro, small, and medium-sized enterprises in the overall credit provided by the Philippine banking system declined from 10.0% in 2007 to 3.3% in 2017. In this environment, the width and depth of financial inclusion, specifically access to credit and savings from formal financial institutions for micro borrowers, have worsened from 2011 to 2017.

6. **Access to finance by micro, small, and medium-sized enterprises.** The microfinance sector is highly fragmented, with rural banks, microfinance nongovernment organizations (NGOs), and cooperatives providing microfinance services. NGOs play an active role in the microfinance lending space, accounting for 79% of the microfinance borrowers in the country. The top three microfinance providers account for more than 50% of the market. Banks are hesitant to provide credit to micro borrowers because of their perceived high risk, very small loan sizes, lack of collateral, and the extensive operating arrangements required to reach the micro borrowers. Small enterprise owners, predominantly women, are therefore vulnerable to informal moneylenders that charge interest rates of more than 250% per annum and exploit their limited financial literacy.

7. **Widening financial inclusion coverage for accelerating post-conflict settlement.** The poorest regions of the Philippines are in Mindanao,¹⁶ where development work has been

⁹ The GRDP for Luzon (excluding NCR) was ₱5.4 billion for 2017. Philippine Statistics Authority. GRDP Tables. <https://psa.gov.ph/regional-accounts/grdp/data-and-charts> (accessed 19 June 2018).

¹⁰ ADB, Economic and Social Commission for Asia and the Pacific, and United Nations Development Programme. 2017. *Eradicating Poverty and Promoting Prosperity in a Changing Asia-Pacific*. http://sdgasiapacific.net/download/AP_SDG_Thematic-Report_2017.pdf.

¹¹ BSP. 2017. *Annual Report 2017*. <http://www.bsp.gov.ph/downloads/publications/2017/annrep2017.pdf>.

¹² Standard & Poor's. 2017. *Philippine Banks to Continue to Ride Robust Economic Growth*. Singapore.

¹³ Given higher nonperforming loans in consumer financing, banks here have been risk-wary, and secured mortgage lending and auto loans account for 90% of their consumer loan portfolio. Source: Standard & Poor's. 2017. *Sector Review 2017*. Singapore.

¹⁴ BSP Circular 625 (2008), Magna Carta for Micro, Small and Medium Enterprises, requires that banks, for 10 years from June 2008 to June 2018, allocate (i) at least 8% of their total loan portfolio for micro and small enterprises and (ii) at least 2% for medium-sized enterprises.

¹⁵ Banks in the Philippines are required to follow the classification laid out by DTI (footnote 1).

¹⁶ The poverty rate in Mindanao was reported at 36% in 2015, compared with 13% for Luzon and 28% for the Visayas. Eleven of the 20 poorest provinces of the Philippines are in Mindanao, with poverty levels exceeding 40%.

constrained by the armed conflict and a persistent breakdown in peace and economic activity. The crisis heightened in Marawi City in May 2017, culminating in a 5-month conflict between government-armed forces and militants, leaving an estimated 120,000 residents dislocated. Other provinces of Mindanao and the Autonomous Region in Muslim Mindanao have also been conflict-impacted. While government relief works gain momentum, ADB's facility will also help rebuild this fledgling economic base by providing funding, primarily to women borrowers (who are more severely impacted) for their microenterprises and micro housing needs.

8. **Investment rationale.** ASA is one of the largest microfinance providers in the country and one of the most reputable. Partnering with ASA will help strengthen it by providing wider access to finance for some of the most marginalized sections of society. This will also help revalidate the commercial sustainability of microfinance and help attract private capital to this segment. ADB has selected ASA for its strong track record, solid operations, extensive on-the-ground presence, high standards of governance, and efficient reporting practices, which are critical for reaching the most underbanked segments of the population. ASA provides finance to individuals who own microenterprises that engage in small-scale trading, retail, services, and agriculture activities, which are critical for gainful employment—generating income and sustaining livelihoods in lagging parts of Philippines. With more than 70% of its branches in lagging provinces and towns, and about 65% of its portfolio in provinces with a lower level of penetration by banks and formal financing institutions, ASA is a partner of choice for ADB. In contrast to trends across the microfinance sector in Philippines, ASA maintained robust asset growth, high operating efficiency, low nonperforming loan levels, and a strong capital base and credit metrics in fiscal year (FY) 2017.

B. Business Overview and Strategy

9. **Overview.** ASA, headquartered in Manila, is a nonprofit, non-stock corporation (structured as an NGO), specializing in extending microfinance (lending and savings) services. Since its establishment in 2004, ASA has been among the largest microfinance providers in the country with respect to portfolio size, branch coverage, coverage of less-developed areas, and the number of micro borrowers covered under its operations. ASA provides financing to low-income women borrowers, focusing on small loan amounts for meeting their livelihood and business needs. It also extends micro housing loans and agri loans in the under-served areas.

10. ASA focuses on providing small, short duration (up to 12 months, mostly 6 months) loans for microenterprises in rural areas, at transparent rates and with relatively easy access and repayment arrangements. The loans are targeted solely at women, with the typical microfinance institution (MFI) step-up arrangement for good credit repeat borrowers.¹⁷ Each interface with the borrower is crucial for mobilizing savings with ASA (voluntary savings). This helps ensure high levels of collections for ASA, resulting in very low delays or defaults. These savings also enable ASA to deliver on the welfare and not-for-profit aspect of its operations.

C. Ownership, Management, and Governance

11. **Ownership.** ASA was established by two philanthropists—former Ambassador to the Vatican Howard Q. Dee and Kamrul H. Tarafder—for alleviating poverty in the Philippines through livelihood support. Subsequent donations from the Assisi Development Foundation, the Ninoy and Cory Aquino Foundation, and the PLDT Smart Foundation, completed the close group of

¹⁷ Women borrowers with good credit history can avail of new microbusiness loans at higher loan size and/or subsidiary loans.

ASA's key donors. Since 2007, ASA has not obtained any grant or included a new donor contributor.

12. **Management.** The organization has four levels: (i) policy maker (Board of Trustees or BOT), (ii) central management, (iii) middle management, and (iv) the field. The field staff have good local knowledge and are strong in delivering and monitoring collections. Its operations are enabled and strongly supported by a robust in-house information technology system, which allows for real-time overview of portfolio, disbursement, and collection performance; managing cash settlements between branches and the head office; and tracking of operating activities.

13. ASA has established risk management practices and has set conservative thresholds, with reference to deploying leverage, maintaining a strong loan portfolio, and funding its operations. It has pursued portfolio growth through a balanced mix of an increase in geographic coverage and a captive in-house branch network, and an increase in the number of borrowing clients. It has also enhanced its risk management oversight by formalizing specific board-level committees. The financing engagement with ADB will require a higher level of oversight and reporting, which will further strengthen this function.

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

14. ADB will provide debt financing to ASA for an amount of up to \$30 million, in peso equivalent, in three equal tranches with tenors of 3, 4, and 5 years. ADB has structured smaller drawdown portions to optimize funding costs for ASA. The grace periods for the three tranches would also allow ASA to repay its existing borrowings with its operating cash flow and steadily draw funds from ADB for its incremental onlending activity, while maintaining its strong credit metrics.

B. Implementation Arrangements

15. **Use of proceeds.** The proceeds from ADB's financing would be onlent to (i) improve access to finance on low-cost, transparent, and fair terms, for micro borrowers; and (ii) improve living conditions for ASA's borrowers, by providing them with micro housing loans for the refurbishment and strengthening of their homes and for solar, on-site water and sanitation facilities. All the loans will be for ASA's women borrowers.

16. **Reporting arrangements.** ADB's Private Sector Operations Department (PSOD) will monitor the project during its tenor. ASA will, at predetermined intervals and as stipulated, provide ADB with financial reports, including (i) semiannual portfolio reporting and financial updates; (ii) six monthly compliance reports on financial covenants; (iii) annual audited financial statements; and (iv) annual reporting on environmental and social performance.

17. **Evaluation.** ADB's PSOD will prepare monitoring reports and submit them to the Office of Risk Management regularly, and at least annually. PSOD will submit the first report no later than 12 months after the first disbursement.

C. Value Added by ADB Assistance

18. **Broaden access to finance for microenterprises owned by women in lagging areas.** As noted, access to finance for micro and women borrowers in the Philippines is severely

constrained. ADB funding will broaden access to formal institutional finance, helping borrowers escape the predatory and exploitative lending practices of informal moneylenders. ADB's targeted funding for female borrowers in less developed and previous conflict areas will also support economic recovery, employment, and income-generating activities.

19. **Access to finance for a developmental and commercial microfinance institution.** Microfinance institutions must continuously diversify their funding base. Longer-tenor financing, structured through ADB's three-tranche facility, will also facilitate diversifying ASA's liability profile and improve on the incompatibility caused by the immediate debt-servicing payments.

20. **Improve living conditions and reduce regional imbalances.** ADB's participation in this project will help ASA's women borrowers, predominantly from the base of the income pyramid (defined as the poorest 60% of households) access longer-term loans for their micro-housing and water and sanitation needs, thereby improving their household living conditions. As ADB's financing specifically targets lagging and conflict-impacted regions; this focus, supplemented with ASA's transparent lending practices and outreach, helps reduce regional disparities and fulfills a significant objective of inclusive finance. The project has a high development impact and contributes to the achievement of Sustainable Development Goal 10 (reduce inequality within and among countries).

IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT

A. Development Impact, Outcome, and Output

21. **Impact.** The project is aligned with the Philippine Development Plan, 2017–2022 objectives of encouraging efficiency and innovation in microfinance and strengthening the effectiveness of financial inclusion initiatives by focusing on the efficient delivery of microfinance products and services for Filipinos.¹⁸ ADB's funding would provide (i) easy and affordable access for women to finance microenterprises; (ii) finance for improving living conditions of ASA's women micro borrowers – specifically through loans targeted for micro-housing and water sanitation needs; (iii) widening financial inclusion and lower regional disparities in terms of access to finance; and (iv) revival of economic activity in the conflict-impacted parts of southern Philippines (Mindanao).

22. **Outcome.** The project outcome will be to increase access to finance for women microfinance borrowers in lagging areas and conflict-affected areas.

23. **Output.** The outputs of the project will be the (i) increased ability of ASA to serve and expand operations, especially in lagging provinces; and (ii) improved institutional capacity and overall governance and transparency.

B. Alignment with ADB Strategy and Operations

24. ADB's Midterm Review of Strategy 2020 emphasizes ADB's support for the finance sector by helping to develop financial infrastructure, institutions, products, and services.¹⁹ The proposed transaction contributes to finance sector development by supporting the growth of a nonbank financial institution, which is an important component of the finance sector in the Philippines. ADB

¹⁸ National Economic and Development Authority. 2017. *Philippine Development Plan 2017–2022*. <http://pdp.neda.gov.ph/wp-content/uploads/2017/01/PDP-2017-2022-07-20-2017.pdf>.

¹⁹ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

has supported projects to (i) develop the housing finance market in the Philippines; (ii) facilitate the flow of capital and longer-term financing for small and medium-sized enterprises; and (iii) strengthen the financial market infrastructure, specifically for financing local government public works projects. ADB's Midterm Review also seeks to promote inclusive growth. Without access to formal financial services, women, lower-income people, and underserved segments of the population will be excluded from the growth process and its benefits. According to ADB's country partnership strategy for the Philippines, 2011–2016,²⁰ and the ADB's country operations business plan (Philippines), 2017–2019,²¹ ADB's nonsovereign operations will continue to support the finance sector and the financial inclusion theme in the country, which is also a high priority for the government.

V. POLICY COMPLIANCE

A. Safeguards and Social Dimensions

25. ADB has categorized the investment in compliance with ADB's Safeguard Policy Statement (2009).²² The proposed ADB debt financing is classified as category FI treated as C for impacts on the environment, involuntary resettlement, and indigenous peoples. ASA's loans have minimal or no adverse environmental impacts, and are unlikely to entail impacts on involuntary resettlement and indigenous people. ASA's financing program is not expected to result in micro-loans that will finance activities that may be categorized A or B for environment, involuntary resettlement and indigenous peoples.

26. ASA will (i) apply ADB's prohibited investment activities list; (ii) exclude activities with *category A and B* environment and social safeguard impacts; (iii) ensure that investments using ADB funds comply with ADB's Safeguard Policy Statement and abide by applicable national laws and regulations, including labor laws, pursuant to ADB's Social Protection Strategy; and (iv) take measures to comply with internationally recognized core labor standards. ASA will confirm this in its periodic report to ADB and need not apply any other specific safeguard or social requirements.²³

27. Following ADB's Policy on Gender and Development (1998), ASA has incorporated measures to promote gender equality and/or women's empowerment in its business activities. A gender action plan has been prepared to support the gender equity theme classification of the project.

B. Anticorruption Policy

28. ASA was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

²⁰ ADB. 2011. *Country Partnership Strategy: Philippines, 2011–2016*. Manila.

²¹ ADB. 2016. *Philippines: Country Operations Business Plan, 2017-2019*. Manila.

²² ADB. 2009. *Safeguard Policy Statement*. Manila.

²³ Summary Poverty Reduction and Social Strategy, and Safeguards and Social Dimensions Summary (accessible from the list of linked documents in Appendix 2).

C. Assurances

29. Consistent with the Agreement Establishing the Asian Development Bank (the Charter),²⁴ ADB will proceed with the proposed assistance upon establishing that the Government of the Philippines has no objection to the proposed assistance to ASA. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the ADB Board of Directors.

VI. RECOMMENDATION

30. I am satisfied that the proposed loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of up to \$30,000,000 (in peso equivalent) from ADB's ordinary capital resources to ASA Philippines Foundation, Inc. for the Fostering Women's Empowerment Through Financial Inclusion in Conflict-Impacted and Lagging Provinces Project in the Philippines, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Takehiko Nakao
President

27 July 2018

²⁴ ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
Encourage efficiency and innovation in microfinance and micro insurance for the domestic market (Philippine Development Plan, 2017–2022) ^a			
Strengthen the effectiveness of financial inclusion initiatives by focusing on the efficient delivery of microfinance and micro insurance products and services for Filipinos (Philippine Development Plan, 2017–2022) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Increased access to finance for women microfinance borrowers in the lagging and conflict-impacted provinces	By 2024 – 2025: a. Number of women borrowers increased b. Number of saving accounts by women increased c. Number of women borrowers in lagging provinces increased d. Number of women borrowers of micro housing and water and sanitation loans increased e. Number of branches/extension offices and/or satellite offices added in lagging provinces increased	a.–e. Annual development effectiveness monitoring reports	Operational constraints in expanding loan portfolio, specifically in lagging provinces Weakened repayment capacity because of disasters or economic crises
Outputs 1. ASA's ability to serve and expand operations in lagging provinces increased 2. ASA's institutional capacities and overall governance and transparency improved	By 2024: 1a. Micro loans disbursed to women 1b. Micro housing loans disbursed to women borrowers 2a. Improvements to risk management system introduced by 2019 2b. ASA to maintain all standards of operations as specified under the SMART ^c certification rating by fiscal year 2019 2c. 100% of new microfinance loan officers receive training on financial literacy and ASA's operating guidelines and procedures	1.–2. ASA audited annual financial statements; annual development effectiveness monitoring reports	Demand for loans not as strong as expected because of economic slowdown or natural disasters
Key Activities with Milestones			
Output 1. ASA's ability to serve and expand operations in lagging provinces increased			
1.1 Increased financial and institutional capacity of ASA to serve borrowers, specifically in the lagging provinces.			

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>1.2 Execute a loan agreement by 2018.</p> <p>Output 2. ASA’s institutional capacities and overall governance and transparency improved</p> <p>2.1 ASA’s institutional capacity improved</p> <p>2.2 ASA formally adopts and rolls out its risk management system by 2019.</p>			
<p>Inputs</p> <p>ADB: \$30 million (loan, in peso equivalent)</p>			
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>			

ADB = Asian Development Bank, ASA = ASA Foundation Philippines, Inc.

^a National Economic and Development Authority. Philippine Development Plan, 2017–2022. <http://pdp.neda.gov.ph/wp-content/uploads/2017/01/PDP-2017-2022-07-20-2017.pdf>.

^b Refers to the total loan portfolio of ASA.

^c SMART certification is an independent validation of the extent to which microfinanciers like ASA adopt and adhere to the client protection principles. The client protection certification is an independent, third-party evaluation to publicly recognize financial institutions that meet adequate standards of care in how they treat clients.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=52068-001-4>

1. Contribution to the ADB Results Framework
2. Country Economic Indicators