

FUNDACION GRAMEEN PILIPINAS INCORPORATON (FGP): IT'S CONTRIBUTION TO POVERTY ALLEVIATION OF NORTHERN SAMAR

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ABSTRACT: This study intended to determine the contribution of the Fundacion Grameen Pilipinas Incorporation (FGP) to the poverty alleviation in the province of Northern Samar. The contribution of FGP was measured in terms of sustainability, impact in household income, and women empowerment.

A total of 134 individuals from the three (3) geographical areas, namely: Balicutro area, Central area and Pacific area, were used as respondents of the study. The study adopted the descriptive-evaluative research method and utilized frequency counts, percentages, weighted means, financial ratios in the analysis of the data.

Survey questionnaire, interview schedule, and focus group discussions were used in the data gathering. Triangulation was employed to verify the veracity and accuracy of the responses of the respondents through the conduct of interview with the employees of Grameen.

It was found out that the collection rate from years 2010 to 2014 was 89 percent, indicating a high performance in terms of sustainability. This was further confirmed by its fair performance in terms of the overall liquidity which was rated 82 percent. This favorable finding may be due to the affordable loan amortization of the beneficiaries which ranged from Php100 to Php499.

It was also found out that the total average daily net income of the respondents was Php90.45, which was verified to be higher by 45 percent than their average daily net income before they availed of the FGP.

Most of the woman beneficiaries were ascertained to be highly empowered considering their active involvement in productive activities at home and in the community.

Summing it up, the FGP had contributed significantly to poverty alleviation among the target clients who were poor. The program was found to be highly sustaining and had increased the income of the family through the empowerment of the woman beneficiaries in engaging in productive endeavors in the home and community.

KEYWORDS: poverty alleviation, Northern Samar, FGP, household income, women empowerment.

RATIONALE

Poverty reduction is a global issue. One of the world's missions today focus on the poverty alleviation for the third world countries. The World Bank strongly assisted the Philippine government in a microfinance program. Microfinance supported microenterprises through microcredit. It had been in operation in the Philippines for more than a decade to address poverty.

The province of Northern Samar was reported as one of the poorest provinces in region V111 and a great number of unemployed women contributed to poverty which triggered unequal treatment at home and in the community. Through the leadership of Governor Raul Daza and the support from Grameen Foundation of Australia, the microfinance project in Northern Samar was launched replicating the Grameen microfinance model from other countries. The Grameen model microfinance in Northern Samar was originally implemented by Northern Samar Center in Alliance for Poverty (NSCAP) a Non-Stock, Non-Profit Organization. It started its operation in October 2004 having a mission to eradicate the poor by being responsive to the needs of the clients by providing an affordable microfinance to alleviate poverty, enhance self sufficiency of

the poor and destitute families, create self-employment, and provide health insurance and support in the educational concerns of the family.

A memorandum of agreement was signed by Northern Samar Center for Alliance in Poverty (NSCAP) on April 7, 2008 that the microfinance project be turned over and managed by Fundacion Grameen Pilipinas, Inc. (FGP). By June 2008, the NCAP microfinance project was transferred to FGP.

It is then the intension of this study to verify the effectively the microfinance program in solving poverty in the province. Hence, this study attempted to answer the queries specifically on the ability of microfinance program to target the poor, sustainability of the program, changes on household income and women empowerment. Though, this study limits only to one of the microfinances operating in the province of Northern Samar- the leading microfinance in the province known as Fundacion Grameen Pilipinas Incorporation (FGP). Vital restrictions were inevitable in non-inclusion of the other microfinances.

OBJECTIVES OF THE STUDY

GENERAL OBJECTIVES

The study intended to determine the contribution of the Fundacion Grameen Pilipinas Incorporation (FGP) to the poverty reduction in the province of Northern Samar.

Specifically, the study aimed to:

1. ascertain the sustainability of the programs measuring the clients' repayment performance and liquidity performance of the program;
2. calculate the changes of the respondent's income after availment of the program; and
3. ascertain the women beneficiaries empowerment in terms of the number of women who are actively participating in home and community activities.

THEORETICAL/CONCEPTUAL FRAMEWORK

This study was anchored on the following theories of Armendras & Morduch which explain that, microfinance may make household wealthier, yielding an "income effect" that should push up total consumption levels and, holding all else the same increase the demand for children, health, children education, and leisure. Otero illustrates also the various ways in which "microfinance, at its core combats poverty". She states that microfinance creates access to productive capital for the poor, which together with human capital, addresses through education and training, and

Social capital, achieves through local organization building, and enables people to move out of poverty. It was also supported by the Simanowitz and Brody that, "Microfinance is a key strategy that meets the needs of the poor people."

It was supported also by the theories of (Littlefield, et al., 2003) that loan, savings and insurance help smooth out income fluctuations and maintain consumption levels even during the lean periods. The availability of financial services acts as a buffer for sudden emergencies, business risks, seasonal slumps, or events such as flood or a death in the family that can push a poor family into destination. Pitt and Khandker prominently reinforced three broad ideas about microfinance: "that it is effective in reducing poverty generally, that this is specially so when women do the borrowing and that the extremely poor benefit most" (Morduch and Roodman, 2009, pp. 39). Decisive statistical evidence in favor of these ideas is scarce.

Conceptually, microfinance yield and "income effect" of the clients who are poor, seem to be in a manner when total consumption levels increase and shift of demand for children health, education and leisure. Moreover, if the poor would have access to capital investment this enables those to generate income through self-employment thus move them out from poverty. Considering that women are the clients of the microfinance in this study, they were given chance to reduce the financial burden at home and extremely benefit them most.

METHODOLOGY

The study was conducted in the province of Northern Samar. The respondents were drawn from the three (3) geographical areas namely; Balicutro area, Central area and Pacific area. Systematic random sampling was used to select the respondents who will represent the municipality in every geographical area. Three (3) groups composed of 30 clients in

every selected municipality were utilized. Forty-two respondents were drawn from Balicuatro, 43 respondents from Central area and 49 respondents from Pacific area. A total of 134 respondents from the Fundacion Grameen Pilipinas (FGP) a leading microfinance in the whole province in Northern Samar.

A survey questionnaire, interview schedule and focus group discussions were used in the data gathering. Triangulation was employed to verify the answer of the respondents which was done by interviewing the employees of the foundation.

Financial data were taken from the main office of Foundation Grameen Pilipinas Incorporation (FGP). Frequency counts, percentages, mean, financial ratios were employed in the analysis of the data.

RESULTS AND DISCUSSIONS

RESPONDENT'S SOCIO ECONOMIC PROFILE

A greater number of the Foundation Grameen Pilipinas Incorporation (FGP) beneficiaries were adult and a few numbers of them were old with a computed household size mean of eight (8) members classified under below poverty threshold of the Filipino family. Confirming, generally that the respondent belonged to the poor families.

Calculation of Program Sustainability

Clients' Performance

The greater majority of the respondents have availed loans from the Fundacion Grameen Pilipinas Inc. (FGP) amount of which were within the level of their capacity to pay thus non-payment of loans were avoided. Beneficiaries' common numbers of years as members were 3-4 years and a bigger number of them were new.

Financial Operational Performance

Collection Rate

The average collection rate (Appendix 1) of the Fundacion Grameen Pilipinas Incorporation (FGP) was determined by computing the average annual collection rate* from fiscal year 2010 to 2014. Data of which were derived from the main office of the (FGP). The findings revealed that the annual average collection rate for the fiscal year 2010 was 71 per cent. Year 2011 was 89 per cent while year 2012 was 78 per cent where there was a difference of 18 per cent between year 2011 and year 2012. However year 2013, has the highest average annual collection of 122 per cent perhaps because there was a merging of two branches which resulted a proper utilization of personnel and a collection rate of 87 per cent for the year 2014. The overall average collection rate from year 2010-2014 was 89 per cent rated as high performance in terms of annual collection. This points out that the financial operational performance of the Fundacion Grameen Pilipinas Incorporation (FGP) is performing well perhaps the account officers are doing well in the collection strategies. The account officers who are in charge of the collection operation of the company are doing good may be because of the management motivation.

If employees are motivated to work, the company definitely benefits to a greater advantage of the company's clients. It is apparent, that if the company is performing well it directly benefit the beneficiaries of the company. The effect to the individual beneficiaries is being testified to those who were assisted by the projects and programs of the Fundacion Grameen Pilipinas Incorporation (FGP).

LIQUIDITY RATIO

Liquidity Ratio is one of the financial ratios that measures the financial performance of the company. This measures the firm's ability to meet current obligations as they fall due. Liquidity refers to the availability of cash to pay the short term obligation. In terms of the liquidity, findings showed (Appendix 5) that fiscal year 2010 has 78 per cent, 2011 has 1.09 per cent, 2012 has .89 per cent while 2013 has 1.07 per cent and 2014 has 1.15 per cent ratio respectively. The overall liquidity is 82 per cent rated as fairly performing. This indicates that the subject of the study is financially capable of supporting the financial needs of the beneficiaries in terms of project, program and services.

It is apparent that the (FGP) is financially capable of supporting the financial needs of the beneficiaries in terms of project and program services. The financial operational records manifest the capacity and availability of cash for every needs of the operator. What is seems alarming if the beneficiaries tend not to borrow for purposes of enhancing the income.

CHANGES OF THE RESPONDENTS' INCOME

Based from the data given by the respondents employing triangulations the researchers determined the total net income of the respondents by computing the average daily mean and averaged grand mean of every year level(Appendix -2) It revealed that the average daily net income for five (5) asbase year wasPhp 90.45. This was derived after computing the difference between the grand mean of the average daily total income and the total average daily expenses prior to and subsequently becoming member of the Fundacion Grameen Pilipinas (FGP).

A difference of Php 90.45 average daily income prior to and subsequently becoming member of the Fundacion Grameen Pilipinas (FGP) is an indication that the money borrowed by the clients has been fully utilized. Only the amount is a little bit less in terms of income impact in view of their day to day living. One thing certain is that change of income manifests that there was an increase; if this change sustains with an increasing movement, changes on consumption would occur affecting all other economic variables.

WOMEN EMPOWERMENT

Women empowerment of the beneficiaries of Fundacion Grameen Pilipinas Incorporation (FGP) was determined which revealed (Appendix-3) that rating of women participation at home and in the community are highly empowered garnering a total grand mean of 2.42. The Results of every criterion in terms of doing livelihood activities, home activities, consultation of the family members in times of decision making, handling of family budget, and respect of family members towards them as a mother of the family. This implies that microfinance clients in Fundacion Grameen Pilipinas (FGP) were highly regarded by the family and community and were given recognition as pillar of the family which in reality the small unit in the society. On the other hand, efforts in economic activities and household chores, and participation in community activities and officer ship in the organization were rated as empowered which connotes that the day today living of the clients is given recognition. All these manifestations boast the ego of the women in the community thus giving them power even in little ways.

CONCLUSIONS & IMPLICATIONS

The Foundation Grameen Pilipinas (FGP) has the overall average annual collection rate rated as "high performance." This shows that the officers of Fundacion Grameen Pilipinas Incorporation (FGP) had adopted effective collection strategies and worked hard to make sure that their clients paid on time.

The overall liquidity is rated as fairly performing. This indicates that (FGP) is financially sustainable since it can continuously support the financial needs of the beneficiaries.

Generally, there is an increase of the income of the clients after they have availed of the program of the Fundacion Grameen Pilipinas (FGP). This implies that the money borrowed by the clients serve its purposes. Even if the increase is not so significant, it cannot be denied that it improves the purchasing power of the family.

Majority of the women beneficiaries had elicited greater empowerment as evidenced by their active participation productive activities at home and in the community. This implies that through the microfinance of Fundacion Grameen Pilipinas (FGP), women prove themselves to be a strong pillar of the family, side by side with their male counterparts.

RECOMMENDATIONS

On the basis of the conclusions, the following recommendations are presented:

1. The FGP should reach out to more poor families to become beneficiaries of the program.
2. The FGP should not only be contented with good repayment rate; it should also monitor the livelihood projects of the beneficiaries to see whether these are well managed and well sustaining. This way, FGP will know what intervention may be given to help them expand and improve the operation of the projects for the beneficiaries to gain more income.
3. FGP should continuously monitor the individual beneficiaries especially the paying habit in order to avoid nonpayment of account that may lead to delinquency problems of the company.
4. A follow up study to determine the Socio-economic impact of the FGP using other variables such as education, recreation, and house appliances.

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