Environment Friendly Enterprise Development
Project Implementing Guidelines

I. RATIONALE

Economic condition of the coastal communities is highly affected by the illegal fishing practices and high population growth. The Integrated Population and Coastal Resource Management (IPOCORM) initiative is envisioned to integrate intervention on coastal habitat enhancement as well as reproductive health to address the economic problem. While conservation, protection and habitat enhancement is being introduced to lessen pressure on coastal resources, environmentally friendly economic enterprise development is needed to respond to the need for supplemental income sources of the affected communities.

As realized by participating partners, the need for sufficient capital fund for the project is vital for economic enterprise development. As such, pooling of resources by the Non-Government Organization, Local Government Unit, and Funding Partner, and probable contribution by the community through the people’s organization will serve as the Seed Capital Fund.

II. GOALS AND OBJECTIVES

The Seed Capital Fund (SCF) intends to develop supplemental or alternative source of income through profitable small economic enterprises in order to reduce fishing efforts and minimize pressure on coastal resources.

Specifically, the SCF intends to:
1. Instill among project partner “beneficiaries” the practice of savings and the value of self-reliance.
2. Develop capacity of partner people’s organizations to build, operate and sustain economic enterprises;
3. Develop participatory, environment-friendly, viable and sustainable income generating enterprises for the partners.
4. Develop a sustainability scheme for the enterprise development at the community level.

III. COMPONENTS AND IMPLEMENTATION PLAN

<table>
<thead>
<tr>
<th>Components</th>
<th>Expected Output</th>
<th>Means of verification</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. AG Formation</td>
<td>Credit facility</td>
<td></td>
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<tr>
<td>2. Training and Education</td>
<td>30 PO members</td>
<td></td>
<td></td>
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<tr>
<td>3. Social Credit Service</td>
<td>25 members</td>
<td></td>
<td></td>
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<td>4. Project Study</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5. Product Development</td>
<td></td>
<td></td>
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<tr>
<td>6. Marketing Assistance</td>
<td>10 enterprise assisted</td>
<td></td>
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</tr>
</tbody>
</table>
IV. MANAGEMENT

Organizational Chart

Executive Director and Program Officer
a. Provides direction to finance staff
b. Prepares and submits quarter progress report to Executive Committee

Project Officer
a. Overall in-charge of project implementation at the field level
b. Provides orientation seminar to prospective clients
c. Screens and approves loan application
d. Approves cash vouchers and other supporting documents for the releases of loans
e. Supervises the work of the project staff.
f. Prepares recommendations to Head Office for delinquent accounts
g. Prepares and submits monthly progress report
h. Conducts regular monitoring of clients

Accountant
a. Prepares monthly financial reports for review and approval of the Project Officer
b. Prepares vouchers and ensures that all necessary documents are complete prior to release of loans

Community Health Outreach Worker / Collector
a. Releases application forms to target clients and assists applicants in filling out the application form
b. Screens applicants and prepares/submits recommendation to Project Officer for approval/disapproval
c. Prepares and submits schedule of loan releases
d. Prepares and submits the schedule of loan amortization of clients
e. Collects amortization from client and remit the same to Accounting Clerk Cashier for issuance of official receipts

Accounting Clerk Cashier
a. Receives cash collections and issues official receipts
b. Maintains cash position report

V. SERVICE DELIVERY FLOW

1. Orientation
   a. Applicant’s Profile – Client applicant fills out the profile form
   b. Seminar – the applicant attends a whole day seminar on values re-orientation, credit discipline, savings mobilization
   c. Skills Training – Basis Business Management and Entrepreneurial Skill Enhancement
   d. Application Forms – the Client applicant fills out the application form for review and screening of the authorized staff.

2. Screening
   a. Screening of application shall be done one week after the applicant signs the application form. The one week gap will give the applicant to think about the project’s policies, terms and conditions to be able to make a decision about the loan application.
   b. The application shall be reviewed by authorized staff for recommendation to the Project Officer or the Credit Committee for approval / disapproval.

VI. CREDIT POLICIES

A. Selection Criteria

   A. 1 Priority Sites

   Areas covering the Integrated Population and Coastal Resource Management (IPOPCORM) as targeted project sites.

   A. 2 Sectors and Individuals

   a. Women/Housewives in coastal communities
   b. Fisher folks
   c. Marginal farmers
   d. Indigenous people in coastal areas

   A. 3 Nature of Alternative Livelihood to be Assisted

   a. Environment friendly livelihood activities
   b. Culturally friendly
   c. Cost/resource effective aimed on food security and good health
   d. Availability of inexpensive and locally available raw materials for production or processing
   e. Existence of potential market for the produced product
   f. Does not require complicated and high maintenance equipment and technology
   g. Easy to replicate or expand
   h. Financially viable
   i. May complement other products or projects within the area or adjacent areas

B. Membership Criteria

   a. At least eighteen (18) yeas of age
   b. Must be living in the project areas for at least 1 year
   c. Active project volunteer like peer Educators who have at least six initial contacts with clients
d. Active project volunteer who have been actively participating in project meetings and trainings
e. Community members who active in coastal resource management activities (i.e. participatory coastal resource assessment, mangrove planting, marine sanctuary management and among others)
f. Community members who have not been involved in any destructive fishing practices
g. Must have undergone training on entrepreneurial and livelihood development / enhancement
h. Must be recognized in the community as someone who is honest, responsible and with good character
i. Must be willing to attend organizational / community meetings and other related activities

VII. Loan Terms and Condition

Other Loan Conditions

a. Interest – 2% per month or 24% annually; other charges (optional for NGO)
   Service fee - 4%
   Pre Capital Savings - 10%
   Regular Savings - Php 20.00 per weekly collection

b. Penalties
   Fine - 1% on overdue amount of principal
   Collection, arbitration and other delinquency related cost – chargeable to borrower.

b. Overdue accounts

<table>
<thead>
<tr>
<th>Basic Criteria</th>
<th>Refinancing</th>
<th>Restructuring</th>
<th>Re-Loan</th>
<th>Extension</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loan balance</td>
<td>Case to case basis</td>
<td>40%</td>
<td>20%</td>
<td>N.A.</td>
</tr>
<tr>
<td>2. Project</td>
<td>As is</td>
<td>As is</td>
<td>May change</td>
<td>As is</td>
</tr>
<tr>
<td>3. Loan amount</td>
<td>Can be increased</td>
<td>As is</td>
<td>Can be increased</td>
<td>As is</td>
</tr>
<tr>
<td>4. Repayment period</td>
<td>Maximum of 12 months based on gestation period of project</td>
<td>Maximum of 6 months based on gestation period of project</td>
<td>Based on gestation period of project</td>
<td>Maximum of 6 months extension</td>
</tr>
<tr>
<td>5. Loan Retention</td>
<td>5% of additional loan</td>
<td>None</td>
<td>5% of new loan</td>
<td>None</td>
</tr>
<tr>
<td>6. Service fee</td>
<td>2% of additional loan</td>
<td>2% of restructured loan</td>
<td>2%</td>
<td>None</td>
</tr>
</tbody>
</table>

VIII. BUDGET REQUIREMENT

IX. CASH FLOW MANAGEMENT

Cash flow projection shows the schedule of fund release, collection, income and repayment of Seed Capital to PO/NGO/Association.

X. MONITORING AND EVALUATION
The Program Manager shall be responsible in the conduct of regular monitoring. She will review the EED activity and submit report to the organizations Project Management Team.

The indicators are as follows, among others;
- No. of small environmentally friendly enterprise development (EED) models tested.
- No. of fisher folk and other coastal resource users who received training in EED or other alternative livelihood
- No. of fisher folk and other coastal resource users who received micro-credit for EED or other alternative livelihood
- Proportion of loans for EED alternative livelihood repaid borrowers
- No. of cell groups formed (if applicable)
- Amount of capital build-up collected
- Financial Performance Indicators
  - Repayment and collection rates
  - Delinquency rate
  - Aging of accounts
- Project Impact to beneficiaries
  - Socio-economic benefits
  - Sustainability
- Quarterly submission of LOAN RECEIVABLE STATUS REPORT