



ENLISTING ORGANIZATIONAL SUPPORT FOR POPULATION, HEALTH, AND ENVIRONMENT

Perspectives From a Microfinance Institution

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Enlisting organizational support for a new concept or innovative idea can be a daunting challenge. This case study relates the story of how the FCB Foundation, Inc. (FCBFI), a non-governmental organization (NGO) microfinance institution associated with First Consolidated Bank in the Philippines, evolved from being skeptical to cautiously optimistic about innovative approaches to social development and pro-poor lending—including integrating population, health, and environment (PHE) concerns into its programs.

Background: FCBFI and Social Development in Bohol

Since 1989, FCBFI has operated in the province of Bohol, the Philippines' 10th largest island, which has a land area of more than 400 square kilometers. The prevalence of poverty in the province is on the rise, from 37 percent of its families in 1997 to 50 percent in 2000. The island's resources cannot adequately meet the needs of its growing and relatively young population: Bohol's annual population growth rate in 2000 was 2.9 percent, with about one-half the population under age 22. Most residents of Bohol live in rural areas.

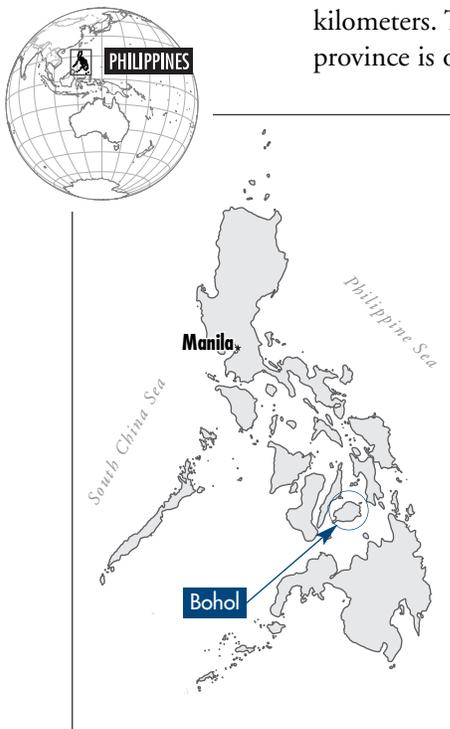
FCBFI was the first NGO microfinance institution in Bohol. As the corporate social-development arm of First Consolidated Bank, it is registered as a nonstock and nonprofit organization operating separately from the bank.

Being a nonprofit organization, revenues derived from its microcredit program are not shared by its trustees, but are reinvested in the organization to ensure operational sustainability.

FCBFI's mission is to address the social development needs of the population within the bank's area of operation to alleviate poverty through holistic and sustainable approaches to development. FCBFI manages projects in health and nutrition, family planning, agricultural technology, ecotourism, coastal resource management, and the development of cooperatives and people's organizations.

In addition, its microcredit programs aim to create jobs and expand entrepreneurial activities. FCBFI is able to help low-income households develop microenterprise projects by providing small individual loans that these households would be ineligible for at commercial banks. The maximum individual loan size provided by FCBFI is PhP150,000 (about US\$2,800), while the minimum loan size from commercial banks is PhP500,000 (about US\$9,400).

But questions arose about these activities. Not long ago, one of FCBFI's partners boldly remarked: "What business are you in, exactly? Why do you get involved in things like family planning and environmental conservation? How do these activities help the nonbankable become bankable? Are you not out of focus doing all these activities?" FCBFI's board of trustees was also becoming concerned that the organization was spreading itself across too many kinds of activities and therefore losing sight of its core mission.





The Susong Dalaga Hills in Mabini, Bohol, are an example of the degraded landscapes in need of improved natural resource management and restoration to better support the livelihoods of local communities.

Part 1: Introducing PHE Linkages to FCBFI

The time had arrived for FCBFI's 2002 annual meeting. Annual meetings for FCBFI are very important events—times both for the reckoning of the institution's achievements and for setting its new directions. The order of the meeting starts with department reports and ends with the chairman's message.

Vicky Ente, manager of FCBFI's Alternative Rural Financing (ARF) Department, ended her report with a warning call. "In summary, our loan exposure to poor households tremendously increased, but an alarming trend of delayed payments and nonpayment of loans must be immediately acted upon," she said. "What shall we do? We need help in analyzing and then combating the factors that contribute to this. Appropriate solutions are direly needed."

Ellen Gallares, FCBFI's social development manager, recognized this as the right moment to deliver her message about integrated PHE programming to her colleagues. "It is my belief that loan repayments are affected by a range of population, health, and environmental factors," she said. "Often, loan delinquency can be caused by a simple case of unexpected family illness that requires costly medical attention. This condition can be amplified by a large family size that demands increasing expenses on what is already marginal family income. Even with additional capital infusion, a family's ability to exploit natural resources for expansion of their livelihood does not guarantee viability and growth that can be sustained into the future. Likewise, the health of the ecosystem also plays a vital part in the production of goods and services." (See photo for an illustration of the environmental degradation in Bohol.)

"Consequently, meeting a family's needs in the areas of capital investment, health expenditures, and savings for 'rainy-days' may be difficult to attain when economic intervention is provided on its own, without consideration for the other factors that impact a family's ability to earn and save," Gallares added. "Although the project is still new, these ideas have been reinforced through my experience in managing FCBFI's role in the project called Integrated Population and Coastal Resource Management (IPOPCORM). I believe that by replicating and expanding our provision of services that integrate population, health, and environmental interventions—in a similar fashion to the IPOPCORM project—we can begin to address problems of nonpayment of loans."

Gallares' colleagues politely listened to her report as she talked about the promising early results of this integrated PHE project, but she was unsure if she had expressed herself effectively. The meeting continued, and finally FCBFI chairman Argeo Melisimo rose to give his concluding message.

The Chairman Approves the Concept

“In the Philippines, setting-up a ‘*sari-sari*’ (small variety) store is the most common livelihood project,” began Melisimo. “Unfortunately, these do not stay long in business, because once one is set up, others in the same area immediately follow suit, and everybody loses or is able to make only marginal income.”

“The board is very pleased with our achievements,” he continued. “But we should not assume that the mobilization of a variety of projects means that we are achieving our goal of effective pro-poor lending. Our sustainability problem cannot be solved by becoming a ‘jack-of-all trades, master of none,’ as in the story of the *sari-sari* store. We need an in-depth evaluation of our programs in order to strategically address the factors that hinder our low-income client-beneficiaries in rising above the poverty level.”

Then Melisimo addressed the PHE linkages Gallares had brought up. “Although I am hesitant to further engage in activities that extend beyond the simple provision of credit, I believe the ideas you have presented echo the call of these times,” he said to Gallares. “However, as of now, this idea of population-health-environment integration remains only a concept, as our involvement in the IPOPCORM project is still new and is at a small scale. I am skeptical about the response of the community, familiar as I am with Boholano cultural and religious biases with regards to population management. But in principle, I believe we should move forward with an eye toward the interactions between population, health, and the environment. I leave the broader operationaliza-

tion of this PHE dimension to the leadership of FCBFI’s president, Engineer Asares.”

Gallares was excited by the chairman’s interest in the PHE concept, but also nervous about the challenges that lay ahead. Would she be able to convince Asares and the rest of her colleagues to give PHE integration serious consideration throughout FCBFI’s programs? To bring a PHE perspective into the work of the organization would require buy-in from the president as well as from her co-workers in other departments of FCBFI. As the meeting concluded, she had a knot in her stomach as she joined her colleagues for dinner and dancing.

Discussion Questions

1. What are the primary concerns of FCBFI’s board of trustees?
2. In what ways do you think issues of population, health, and environment relate to a family’s ability to repay loans?
3. In your opinion, was Gallares effective in using the short time allotted to her in the annual meeting to introduce the PHE concept? How would you approach this opportunity?

Part 2: Addressing the Skepticism of FCBFI Staff

“Welcome,” said Engineer Asares during the 2003 FCBFI President’s Organizational Meeting. “As we have been instructed by Chairman Melisimo at the annual meeting, one of our tasks for this year is to bring a PHE dimension in our microfinance programs. As you all know, microfinance has its own standard of measuring viability, but let’s open ourselves to innovations. I expect each department to collaborate. However, the social development department, headed by Ellen, shall take the lead in piloting this effort.”

“Admittedly, my department is struggling to reduce past-due ratio by at least 20 percent,” Vicky Ente remarked to Gallares as the meeting was breaking up. “But I cannot risk my 30-million-peso portfolio just to validate your theory on PHE. It is very risky to jump into something which is totally new for us.”

During unit meetings over the next three months, Gallares offered numerous suggestions and ideas for ways in which Ente and the rural financing department could introduce PHE-related activities into their work. Yet Ente and her colleagues remained reluctant. Gallares wondered why her advocacy wasn’t effective.

Frustrated, she decided to develop a concrete plan of action. Armed with the tools learned from a Population Reference Bureau training program on PHE project implementation she had recently attended, Gallares made a short list of possible actions. Strategic questions helped her in planning:

- Which resources within my control can be utilized to jumpstart a model?
- Whom shall I tap in planning, executing, and monitoring results?
- Which strategies are most appropriate in honing my PHE skills—from advocacy to project management?
- What are the conditions that may hinder or demotivate me from pursuing PHE linkages?
- Which benefits does my organization get?
- What’s in it for me?

Gallares’ list of strategic questions evolved until her courses of action became more concrete.

Although she strongly believed the integrated PHE approaches would help FCBFI achieve its mission and better serve its clients, she realized she needed to gather more specific information about the challenges and opportunities of PHE approaches as well as to strengthen her own abilities to effectively communicate that information to various audiences. She decided the first step was to draw on the strengths FCBFI had already demonstrated.

Borrowing from IPOPCORM’s Experience

Gallares and her staff had experience managing the IPOPCORM project, which aims to achieve food security in Philippine coastal communities where population growth is high and fisheries productivity is declining. Promotion of environment-friendly enterprise development is a component of the project, in addition to delivering reproductive health, family planning, and coastal resource management services.

The staff of FCBFI who worked on the IPOPCORM project were trained to simultaneously perform these integrated tasks. At the community level, peer educators organized under this project were tasked with facilitating discussion on these issues. During focus-group discussions, the staff and peer educators visualized their own understanding of how the various components of the IPOPCORM initiative—including mangrove protection and reforestation, reproductive health services, and microcredit—can affect the quality of life in the community.

To better illustrate these relationships, the staff and peer educators drew images with arrows connecting IPOPCORM components to illustrations of concepts such as food security, reduced natural-resource consumption, greater family harmony, and increased ability to repay loans. They found that creating these visual representations helped to foster dialogue and understanding with community members.

During monthly staff meetings, Gallares led discussions with IPOPCORM staff to draw out further details of these relationships and lessons from the field, which provided sound information in designing project management systems. These discussions helped Gallares gain more concrete

information about the benefits and challenges of the PHE approach; they also helped build her skills in articulating and communicating project results.

Guided Field Visits

Local and foreign partners, donor agencies, local government officials, and other NGOs frequently visited the IPOPCORM project sites of FCBFI, either for monitoring or for a learning visit. Each time a guided field visit was arranged, Gallares and her team were challenged to show tangible results. Rehabilitation of degraded ecosystems and behavioral change of the community with respect to family planning were not easily apparent, even at the second year of the project's implementation.

These guided field visits became additional opportunities for Gallares, her team, and the community to hone their knowledge of PHE linkages and to communicate effectively about why the integrated approach was important in the context of the project. She was also able to more clearly articulate the ways in which the integrated approach was central to the success of the microfinance component of the project.

Rekindling Commitments Through Collaboration

Determined to move on despite continued resistance from colleagues in other departments at FCBFI, Gallares availed herself of every opportunity to sharpen her knowledge and skill in communicating to various policymaker and decisionmakers, including those on her own staff who were still skeptical of the PHE approach.

Gallares reconnected with colleagues from the PHE training she had attended. Through her communication and collaboration with these colleagues, she expanded her network of PHE advocates and became reenergized. She collaborated with Mae Ann Tercero of the Foundation for the Philippine Environment to facilitate a meeting of the foundation's advisory council. "Heads of offices from community organizations, academe, NGOs, and networks will be crafting their three-year plan on biodiversity conservation and sustainable development with population issues considered," explained Tercero. "We could really use your help!"

Gallares agreed, and after the meeting, she and Tercero shared what they had learned in practicing their PHE skills. These opportunities helped Gallares sustain her enthusiasm for the PHE approach, gain new perspectives, and improve her communication skills. Four months later, another colleague from the PHE training program—Evy Elago, who coordinated a PHE project for Bohol Alliance of NGO's (BANGON)—asked Gallares to facilitate their workshop in communicating project results to local government units, academe, NGOs, and community organizations.

In addition, Gallares had several opportunities for "radio guesting" (a Philippine term for being interviewed on the radio) to talk about how FCBFI's livelihood program connected with population-environment activities. "FCBFI promotes and finances environment-friendly livelihood activities, knowing that our country is identified as a high-priority area for biodiversity conservation," she typically said during these radio spots. "Bohol in particular is known for one of the world's wonders—the Chocolate Hills, a karst formation. One of the world's best dive sites—Panglao Island—is here in Bohol. Without understanding the dynamics of population, health, and economic issues impacting Bohol's rich natural resources, these attractions would not survive to our next generation."

Discussion Questions

4. What challenges did Gallares face in her attempts to bring a PHE perspective into the work of FCBFI?
5. What steps did Gallares take to attempt to overcome the resistance to PHE approaches from her colleagues?
6. What was the value for Gallares in connecting with colleagues in other organizations? What other benefits can come from collaborating with others who share your vision?
7. Review the messages Gallares conveyed when she was "radio guesting." Are these compelling messages? What other kinds of messages related to population, health, and environment linkages are effective in convincing others of the value of integrated programs?

Part 3: The Hard Work Begins to Pay Off

By the end of 2004, Gallares' efforts to encourage her colleagues to consider PHE dimensions in FCBFI's microfinance projects were paying off. During the end-of-year management meeting, the FCBFI department managers began reporting their accomplishments.

"The Peace & Equity Foundation (PEF) has approved funding support for FCBFI's Green Microfinancing program," reported Gallares. "This project aims to enable FCBFI to develop a new financial window that will cater to communities living in protected areas—sites where conservation-enabling livelihoods are in demand because the sites are characterized by increasing population and damaged ecosystems where unsustainable agricultural practices are being rampantly practiced. We're excited to work with PEF to design a microfinance project with environmental and reproductive health activities incorporated into the project."

Then Vicky Ente spoke. "Speaking of population-health-environment linkages, my department has prepared this problem analysis of loan delinquency," she reported (see figure for a chart of the analysis). "This took us so long to complete, but it has been really worthwhile to consider the many factors that contribute to nonrepayment of loans. I think it will really help us come up with additional effective integrated programs."

Gallares looked at the problem analysis Ente and her colleagues had prepared. For each loan delinquency factor identified (such as low income or multiple borrowings), Ente's team had highlighted PHE links that can contribute to delin-

quency—such as destructive and unsustainable harvesting practices, lack of access to health insurance, or lack of access to clean water. This kind of highlighting was precisely the kind of analysis Gallares had been encouraging Ente and her team to undertake.

Finally, Richard Uy, an FCBFI trustee, shared his insights. "Development of new viable and sustainable enterprises in these fragile areas must come first before designing a new financial product," Uy said. "What matters at this time is how to create new livelihoods that will enable the borrower to pay, produce enough income for their families, and produce products that are healthy and marketable."

Gallares realized that an awareness of population, health, and environment linkages was implicit in these comments. She looked around the table and smiled at the excited and expectant faces of her colleagues, and recognized that her perseverance had begun to pay off.

Discussion Question

8. It is not uncommon for NGOs to be concerned about "mission drift"—the tendency to get involved in activities that seem to be only marginally related to the organization's mission. Gallares strove to demonstrate that PHE approaches were central to FCBFI's mission. Is PHE related to the mission of your organization? In what way? What strategies might you employ to demonstrate these relationships to your colleagues?

Contributing PHE Factors in Loan Delinquency for FCBHI Clients

DELINQUENCY FACTORS	IMMEDIATE CAUSES	PHE FACTORS
Low income	Marginal businesses in rural, agricultural, and protected areas (for example, <i>sari-sari</i> store; fish vending; rice, vegetable, and livestock trading; or food and snacks vending)	Vulnerability to climatic changes and economic factors Destructive and unsustainable harvesting practices
	Depletion/lack of capital	Customers unable to pay debts as sources of income are affected by poverty as well as environmental and social factors Insufficient income to meet household, medical, and/or education expenses
	Lack of entrepreneurial skills	Limited business ideas, especially in protected areas; denuded or damaged environment Low-income inhabitants utilizing limited resources; conflicting resource uses Problem of sustainable sources of raw materials
Loan diversion	Large family size (monthly income is between PhP 2,000-3,000 with 5-6 household members) Large household expenses, low and limited income	Land tenure, small holdings, poor soil fertility, and/or low land productivity
	Lack of savings to cover death, health, education, and basic needs	Low-income inhabitants do not have access to social benefits such as health insurance
Multiple borrowings	To meet other household expenses for health and/or education	Poor household health and sanitation practices; lack of access to clean potable water; pollution
Limited loan appraisal	Credit Investigation-Background Investigation (CIBI) parameters do not consider health and environmental factors The loan size recommended and released does not match project conditions, as knowledge on links between population and environment is very limited	Lack of understanding on absorptive capacity of clients and the environment to produce goods and services
Inappropriate financial product design	Nonselective as to proposed livelihood/business types that are not environment friendly	Lack of policy to address environmental issues affecting client's business condition
	Loan terms do not match project cycle and environmental conditions of local area	Restrictive/limited donor policy on fund usage

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