

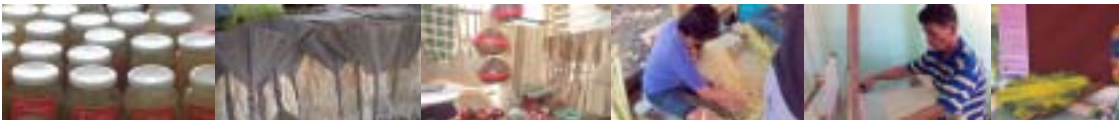
## Microfinance

Microfinance, for the purposes of this PACAP technokit, shall be defined as the provision of financial services to lower income members of the population. It usually involves not only loans, but also savings, insurance, and cash transfer services.

Microfinance shall be differentiated from other similar concepts such as microlending, microcredit, and micro-enterprise in the sense that it includes a savings component. For some, this is referred to as capital build-up. Microcredit involves purely loans.

Microfinance here is also differentiated from production loan. The latter is used for agricultural purposes. Microfinance is always paid through cash while production loans may be paid for in kind. Terms for financing production loads often depend on the seasonality of crops being produced by the beneficiary farmers.





## Introduction

This module is intended to serve both as a guide and a template for proponents (e.g., microfinance institutions, cooperatives, non-government organizations, people's organizations) in preparing and packaging their proposals on microfinance or microlending programs for possible PACAP assistance.

To avail of PACAP funding support, an organization has to submit an initial concept paper through a completely filled out Expression of Interest (EOI) form, a copy of which is provided in Annex 2 of this kit. The EOI shall be accompanied by an estimated budget for the proposed project. Upon PACAP's review and approval of the concept paper or EOI, the organization is asked to proceed to the full project proposal.

This module follows the proposal format prescribed by PACAP under the Responsive Action Scheme (RAS). Each section of the proposal is briefly described to guide the proponent in doing the write-up. A sample proposal may be copied or used as a guide by the proponent. At the same time, the criteria used by PACAP in appraising the proposals are provided as guideposts to remind the proposal writer to keep on the right track.



A listing of the required documents and forms are also included in this kit to properly guide the proponent in submitting all the requirements.

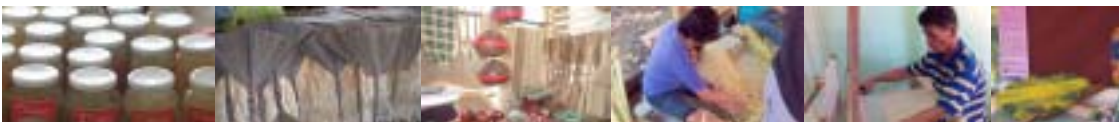
## Preparing the Proposal Project

This chapter provides a step-by-step guide to preparing the project proposal. Notes or tips and other references are also provided to facilitate the proposal preparation process.

### *Project Background*

This section should outline the issues or problems this proposed project hopes to address as well as identify previous undertakings in this area. It is also important to state who the intended beneficiaries of the project are. It should include the significance and possible contributions of the proposed project to its intended beneficiaries. Moreover, it should identify and discuss linkages to related government or donor-funded projects locally or in the Philippines.

It should likewise describe the credit environment and identify the presence of other microfinance institutions (MFIs) or creditors operating in the area.



### *Proponent Background*

This section should be able to present a brief profile of the proponent organization: its mandate, nature of operations, legal character and governance, services, and clientele. Included here are the organization's vision, mission, goal/s and strategies statements.

Likewise, this section should show the proponent's track record or previous experiences for at least two years in microfinance operations to demonstrate its capability in implementing the proposed project. It should be able to include network affiliation and linkages as well.

The list and profiles of key officers including information on their liabilities, management skills, training and experience should be included as one of the attachments of the proposal.

### *Project Objectives*

Objectives demonstrate how the proponent intends to solve or contribute to the solution of the problem/s the project hopes to address. It should indicate how these are aligned to the PACAP Strategic Guidance Framework (may be downloaded at [www.pacap.org.ph](http://www.pacap.org.ph)).

In stating objectives, make sure that they are specific, measurable, attainable, realistic, and time-



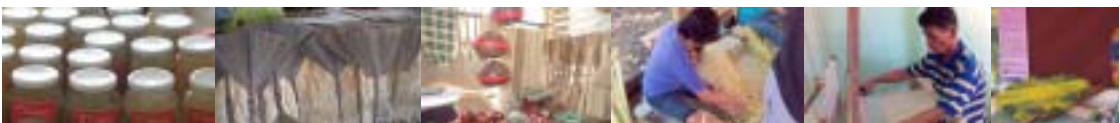
bound.

In microfinance projects, the objectives may include any or all of the following:

- Increase the breadth and depth of outreach to the “entrepreneurial” poor (*e.g., How many clients/poor households will benefit from this project?*)
- Improve the quality and appropriateness of financial services made available to “entrepreneurial” poor (*e.g., portfolio expansion, higher rate of repayments, etc.*)
- Improve the quality of life of the “entrepreneurial” poor clients and their families (*benefits that will be derived by the client through this microfinance intervention, e.g., asset build up of the business, better access to education, improvement in health and nutrition, and in their housing facilities*)
- Contribute to the financial sustainability of the organization (*i.e., in how many years can it become financially sustainable?*)

### *Proposed Methods*

This section should describe how the proponent intends to implement the project to justify the indicative time and budget estimates. It should



likewise identify the location of project, the nature of work to be done, the roles of collaborating organization/s in project implementation, the strategies to be employed to address the presence of the other MFIs in the area, and the possible risks to achieving planned outcomes, including environmental risks.

In microfinance operations, this section should describe the following:

- Delivery mechanism – the approach by which the organization intends to deliver the financial services to its clients. Refer to the matrix of Microfinance Models in Module 3 of this technokit.
- Repayment Scheme – refers to the amount and frequency of payments. Microfinance follows the principle of small loans, and small and frequent payments.
- Capital build-up mechanisms – microfinance refers not only to lending, it also has a savings component. Savings may be fixed or flexible, but withdrawable.
- Interest rates – should be at par with retail lending, reasonable and if possible, without fringes.





Don't Forget

**NOTE**

Interest rates should range from two to three percent per month, as of publication date.

*Source: Performance Standards for Microfinance, Bangko Sentral ng Pilipinas*

- Portfolio-at-Risk (PAR) or Risk Management - PAR refers to the percentage of loans handled by the organization that have arrears in relation to the total outstanding loans at a given time.



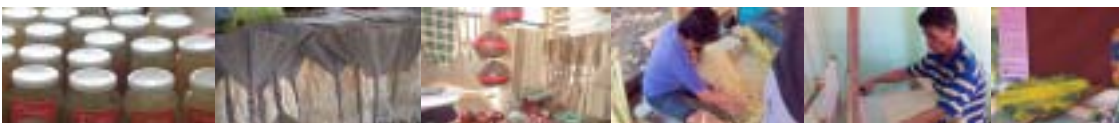
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**NOTE**

Standard: PAR should be less than five percent.

*Source: Performance Standards for Microfinance, Bangko Sentral ng Pilipinas*

- Monitoring scheme –should have baseline information or benchmarks on the proposed beneficiaries on which to base future evaluations. In microfinance, there is the so-called beneficiary index (e.g., housing, income, asset) or the poverty scores. Include also a description of the organization's monitoring scheme with regards to its financial performance (e.g., putting in place an internal audit mechanism).



- Lending policies – must provide details of the following:
  - o Lending and delinquency control roles
  - o Loan procedure
  - o Loan amounts per Borrower
  - o Criteria for Loan Applications
  - o Amounts and Conditions of Loans
  - o Sanctions Against Delinquent Repayment of Loans
  - o Conditions for Loan Restructuring
  - o Collection and Monitoring System for Repayments
  - o Utilization of Repayment, Capital Build-Up and Income from Operations

*Expected Outputs/Results*

This section should describe the project's expected outputs, developmental benefits and impacts. It should also indicate how the expected output might be sustained at the institutional level or by the beneficiaries.

Include here the benefits that will be derived by the beneficiaries from this microfinance intervention into asset build up of their businesses, education of their children, improvement the family's health and nutrition, and their housing facilities.



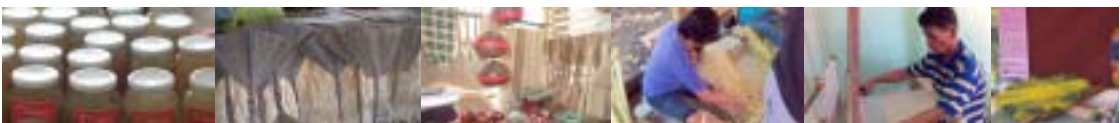
For the proponent, show how the project is expected to contribute to the sustainability of its microfinance operations such as increase in portfolio by how much percent or amount in pesos, amount of loans released to a target number of borrowers as well as target Portfolio-at-Risk (PAR) of 1; 5 percent and repayment rates of 90%.

### *Environmental Assessment*

This section should identify any positive or negative impact this project may have on the environment. Likewise, it should specify measures that will be employed by the project to minimize its negative effects on the environment. Please note that PACAP does not support projects that may lead to environmental degradation such as mining, etc.

### *Gender and Social Issues*

This section should identify the expected beneficiaries and stakeholders at the community and institutional levels. At the community level, it should discuss how the outcomes of the project will affect gender roles or be integrated into existing roles. Likewise, the projects to be funded by the MFI should not in any way contribute to the multiple burden of women but should promote women empowerment in



terms of their economic and social well-being. It should also show how it contributes to transformation of gender relations and empowerment of women through the improvement of their economic status.

### *Project Management*

This section describes the structure, composition and functions of the Project Implementing Team (PIT). It should also identify the significant risks and common causes of failure in projects of this nature that will likely affect the achievement of project outputs/outcomes as well as propose measures to mitigate such risks.

## Preparing the Project Budget

The proposed project's budget should be presented using the table below. PACAP can provide assistance to projects up to PhP 1.5 million per year. Note that PACAP does not provide funds for capacity building of proponent organizations except for the training on basic project management and financial management which are directly related to PACAP compliance.

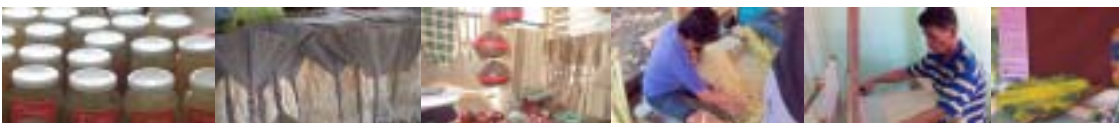



Budget Item	PACAP Request	Contribution from Other Grps.	Proponent Counterpart	Beneficiary Counterpart	Total Est. Cost
<b>DIRECT PROJECT COSTS (Components and Activities)</b>					
SubTotal					
<b>TRAINING</b>					
Subtotal					
<b>ADMINISTRATION &amp; SUPPORT</b>					
Sub Total					
TOTAL					

Note: Allocation of the proposed budget must be within the following limits:

- PACAP Contribution can value up to Php 1.5 million per year
- RAS projects can be implemented for up to 18 months
- It is anticipated that 25% of total budget resources will be contributed by Project Proponent and 8% from other institutions for a total counterpart contribution of at least 33%
- Administrative Fund – block funding up to a maximum of 15% of total PACAP request but not more than 25% of total project cost.

Counterpart contribution is the portion of project expenses or charges incurred for a PACAP-assisted project which are provided by the project proponent and stakeholders and forms part of the project's total budget. This is reflected in the Grants and Counterpart Utilization Schedule (GCUS), a sample of which is appended as Annex 4 of this module.





**NOTE**  
 As an indication of participation and commitment to the project, the proponent and the beneficiaries must jointly provide a counterpart contribution of at least 33 percent. PACAP will cover a maximum of 67 percent of the total project cost

Don't Forget

The Guide to Budget Preparation and Cash Flow Analysis, appended as Annex 5 of this module, prescribes the basic tool for financial analysis of PACAP’s potential and ongoing projects particularly on manufacturing enterprises and revolving loan funds.

## List of Required Attachments

- Projected cash flow
- Project Implementation Plan
- Grants and Counterpart Utilization Schedule (GCUS)
- Registration papers (SEC, CDA, etc.)
- Summary of track record
- Audited Financial Statements for the Last TwoYears
- Accreditation Documents
- Proof of Sources of Local Counterpart Commitment



- Community Profile
- Curriculum Vitae of Project Implementing Team

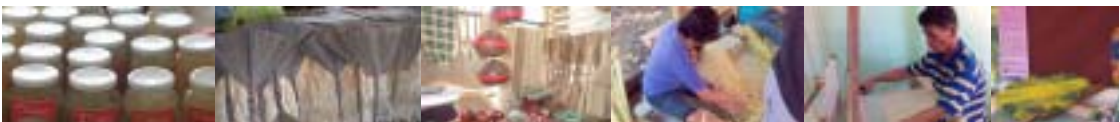
## PACAP Proposal Format

### *Background Information*

- Project Title
- Project Type
- Project Site
- Number of Target Beneficiaries
- Estimated Project Period

### *Description of Proponent Organisation*

- Name and Address
- Date Organised
- Date Registered
- Type of Registration (copy of registration)
- Network Affiliation
- Objectives/Major Programs
- Previous Projects/Donors (in the last three years)
- Financial Position (copy of financial projects in the last three years)



*Description of Beneficiary Organisation*

(if beneficiary and proponent organizations are the same, then leave this portion blank.)

Name and address

Date Organised

Date Registered

Type of Registration (copy of registration)

Number of Members

Key Leaders (top three)

Major Services Offered

Previous Projects/Donors (in the last two years)

Financial Position (copy of financial statements in the last two years)



Budget Item	PACAP Request	Contribution from Other Grps.	Proponent Counterpart	Beneficiary Counterpart	Total Est. Cost
<b>DIRECT PROJECT COSTS (Components and Activities)</b>					
SubTotal					
<b>TRAINING</b>					
Subtotal					
<b>ADMINISTRATION &amp; SUPPORT</b>					
SubTotal					
<b>TOTAL</b>					

Note: Allocation of the proposed budget must be within the following limits:

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- Administrative Fund – block funding up to a maximum of 15% of total PACAP request but not more than 25% of total project cost.

## Project Description

Project Summary

Project Background

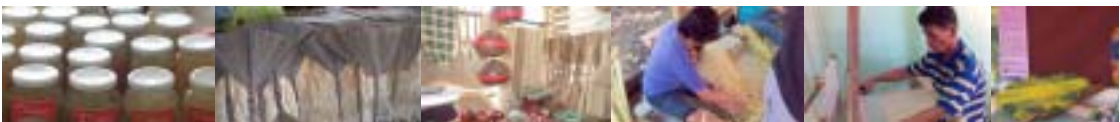
Proponent Background

Project Objectives

Proposed Methods

Expected Outcomes/Results

Environmental Assessment



Gender and Social Issues

Project Management

### *Attachments*

Attachment 1. Indicative Budget

Attachment 2. Checklist of Documentary

Requirements

- Projected Cash Flow
- Registration Papers
- Summary of Track Record
- Audited Financial Statements (last two years)
- Accreditation Documents
- Proof of Sources of Local Counterpart
- Community Profile
- Curriculum Vitae of Project Team

## Proposal Submission Instructions

- One hardcopy, in English, must be submitted to the PACAP Office, Unit 2309, 23/F Prestige Tower, F. Ortigas Jr. Road, Ortigas Center 1600, Pasig City; Telephone : +632 631-7549/631-7943; Fax: +632 631-9654 loc. 106; website: [www.pacap.org.ph](http://www.pacap.org.ph)
- One electronic copy, in English, must be submitted to [mail@pacap.org.ph](mailto:mail@pacap.org.ph)

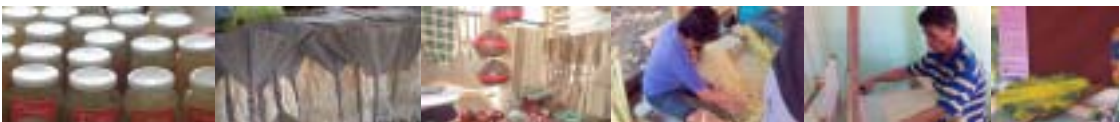


## Annex 1

## SAMPLE PROJECT PROPOSAL

## SECTION 1. Project Title, Partnership and Duration

Project Title	<b>Sustainable Community Enterprise Development Project</b>
Site/ Location	
Project Type	<b>Microfinance</b>
Budget Total Project Cost Amount Requested Total Counterpart	<b>PhP1,065,509.60-100 % 700,000.00-66 % 365,509.60- 34 %</b>
Project Duration & Timeframe	<b>12 months</b>
Proponent's name	<b>Cooperative ABCDE</b>
Position	
Proponent's organization	
Address	
Phone	
Fax	
Email	
Collaborating Organization (Technical Service Provider) & Principal Contact	<b>Service Provider FGHIJ</b>
Target Number of Direct Beneficiaries/ Sector	<b>100 micro-entrepreneur members of the cooperative/Rural Poor</b>
Beneficiary Organization & Principal Contact	



### *Project Background*

The City of Oroquieta, nestled on the coast of Iligan Bay, is the capital of Misamis Occidental. It has 47 barangays of which 13 are urban and 34 are rural. Covering a land area of 263.935 square kilometers. It has lowland plains and wide coastal areas on its eastern side and rolling to wide highlands and mountains on its western side. Its total population is 57,623 and the labor force accounts for 34,016. Generally, the population is composed of young people, the majority of whom originated in Bohol. Cebuano is the dominant language (97 percent) and population growth rate is 1.4 percent.

The city's average annual family income is PhP 50,000 and, in fact, included in the top 44 poorest provinces in the country as part of Misamis Occidental. Moreover, it has an annual per capita poverty threshold of PhP 9,655. Poverty incidence of families is 43.4 percent while poverty incidence of the population is 49 percent.

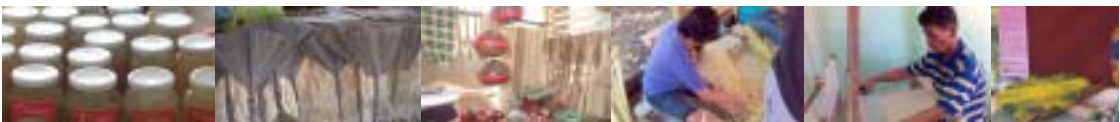
This project seeks to assist 100 micro-entrepreneur members of the Cooperative ABCDE and respond to the problem of lack of access to credit facilities. Considered as the poorest in Oroquieta City, the individual beneficiaries are composed of urban poor, farmers, fisherfolks and Subanens (indigenous peoples). These cooperative-members have an average monthly income of PhP 2,000



with an average family size of 6. Beneficiaries live in houses, either owned or rented, that are made of light materials. The market for the businesses is largely within the community where they are residing. They also employ one or two worker(s), mainly family member(s) and have business assets of PhP 25,000.00 and below as well as personal assets of PhP 50,000.00 and below. To support existing business and their families' needs, these micro-entrepreneurs resort to borrowing from usurious moneylenders in the community.

Currently, members acquire capital for business mostly from informal lending institutions and individuals charging usurious rates.

The project innovates the Grameen savings based approach to generate savings and extend loans to the members. Aware of the experience of others, the project has to inculcate the habit of savings to member borrowers in order to sustain its project. Members will be made aware of their responsibilities and commitment to pay and fulfill other functions within the group. To ensure prompt payment, the coop has to strictly impose its policies. It is envisioned that the project will be replicated in other barangays of Oroquieta City.



### *Proponent Background*

Organized in October 10, 1992 and registered on July 24, 1994, the Coop has a total organizational experience of 13 years. Presently, it has a total membership of 545. Its major services to members include: Loans and Savings, Catering, Trading, Garment Production, Education and Training, Insurance and Scholarship Program. It is also a member of Oroquieta City Development Council.

The Coop has total assets of PhP 4,063,938.86 (current assets: PhP 1,248,812.84). However, most of these assets are fixed assets and some are tied to their present borrowers. Hence, they have limited revolving fund. The cooperative has a relatively good experience in managing its affairs and has demonstrated capability in handling the project with the proper training, supervision and guidance. Its main affiliate (and previous donor) is Service Provider FGHIJ. Other donors include the KATAWHAN-MO/Tri-People Network for Peace and Development. Most cooperative members are former program partners of the International Sponsorship Program of the Christian Child Welfare Association [CCWA] of Japan.

Upon the recommendation of the PACAP Advisory Committee (PAC), the Coop has contracted the services of Service Provider FGHIJ for 12 months to provide technical assistance and mentoring in the implementation



of the project especially in the areas of loan management and organisational development.

### 2.3 *Project Objectives*

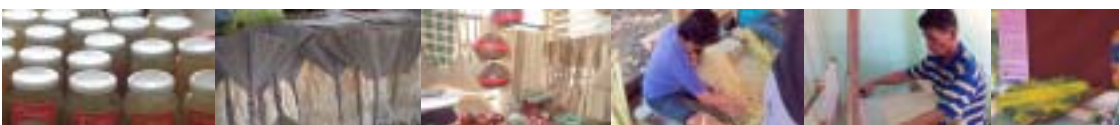
The project intends to respond to the problem of lack of access to credit facilities to target beneficiaries for the improvement and expansion of their existing businesses. Specifically, after one year of implementation, the project shall have:

- 1) strengthened institutional capabilities of the Coop ABCDE;
- 2) provided financial assistance to its 100 coop members; and
- 3) enhanced managerial capabilities of 100 member-borrowers.

After three years of implementation, it is hoped that the poverty incidence in the target communities shall be reduced through increase in income and employment generation.

### **Proposed Methods and Outputs**

In achieving the above objectives, the following components (with corresponding outputs/outcomes) are expected in Year 1:



### *Financial Assistance (Loans and Credit)*

Involves the provision of revolving loan fund amounting to of PhP400,000 to the coop (PhP 250,000 from PACAP and PhP150,000 from the Coop) at an interest of 3 percent per month.

Each qualified member can avail of loan amounts ranging from PhP 4,000 to PhP 10,000.

A savings generation scheme is also incorporated in this component -wherein potential member-borrowers are required to deposit PhP 30.00 per week.

A wide and extensive range of enterprises have been identified for support such as food production, orchid vending, ready-to-wear clothes (RTWs), to dried fish trading, hollow blocks making, as well as providing personal services like foot spa, barber shop and catering.

### **Lending policies include the following:**

#### *a. Criteria for Loan Applications*

1. Borrowers must form into groups with 5 to 10 members
2. Any male or female member with existing business, who is physically fit and in good health, and without existing debt with other MFI or individual, is eligible to borrow
3. Borrowers are required to attend weekly group meetings and training



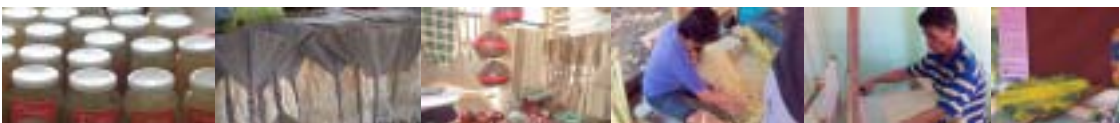
4. Borrowers are willing to deposit PhP 30.00/week in regular savings with the Coop
5. The group's commitment to pay the obligation of each member is required. Each member acts as co-maker for each member
6. Documentary requirements for individual borrowers include the following:
  - 2 pieces 2 x 2 photo,
  - barangay clearance,
  - residence certificate; and
  - payment of PhP 20.00 for credit and savings passbook
  - Accomplished Loan Application and Simple Business Plan forms.

*b. Loan Amounts per Borrower*

1. Loanable amount per borrower ranges from PhP 4,000.00 to PhP 10,000.00, subject to a 2 percent service fee. Increase in loan amount is dependent on previous loan performance
2. Loans are subject to insurance under the Loan Protection Plan of CLIMBS

*c. Collection and Monitoring System for Repayments*

1. Loan amortization payment schedule is weekly
2. Penalty surcharge of 1.5 percent will be imposed on late payments based on amount due



*d. Loan Procedure*

1. Conduct of baseline investigation
2. Conduct of group orientation and formation
3. Attendance of borrowers in training programs
4. Submission of application and other requirements
5. Credit committee action and
6. Approval and release of loan.

The contracted technical service provider, will ensure effective and efficient project management and implementation through continued coaching and mentoring at the beneficiary level. It shall review the existing lending system and practices of the Coop to install appropriate credit management system, procedures and policies related to the project design. It shall also assist the Coop in preparing appropriate forms and other loan documents as well as in opening project bank accounts, both for the proceeds of the grant and the re-flows.

Likewise, it shall conduct on-the-job training on the innovative process of implementing the Grameen-type of organizing groups for re-lending and savings activities, assist the Coop in formulating effective strategies and activities in enforcing loan collection and minimizing loan delinquency as well as help the Coop install a separate project accounting system, and regularize its financial planning and reporting.

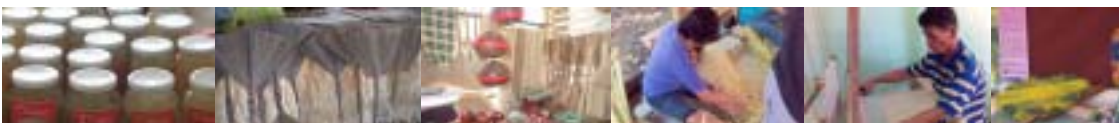


Moreover, the contracted service provider will conduct daily coaching activities for the Coop until all project-related system, policies and activities are well-installed and undertaken. Direct staff coaching will also be done to enhance the skills of the staff in preparing and evaluating loans, preparing and evaluating business plans or simple feasibility studies, and in monitoring loans and business performance of member borrowers.

### Outputs

By the end of one-year, the following outcomes shall have been achieved under this component:

- Incomes of 100 coop members increased by at least PhP 500 a month through provision of livelihood loans and expansion of businesses within a one year period
- 100 individual livelihood projects viable and profitable
- At least 50 percent of loan funds used to finance non-vending but more profitable small scale manufacturing, production or provision personal services
- 90 percent repayment rate on loans and 36-percent per annum interest collected from borrowers



### *Organizational Development –*

involves the provision of training and technical assistance to the Coop by the contracted service provider to capacitate them to manage the loan fund and eventually, provide technical assistance to member borrowers.

While the Coop has already undertaken training in credit management and in installing loan related management system and processes and in the planning and decision making processes, its Credit Committee members still expressed the need to enhance their abilities relative to loan appraisal and evaluation as well as in conduct of loan related interviews. Along this line, FGHJ, as technical service provider, will facilitate the implementation of a training on loan appraisal and evaluation training, including techniques in the conduct of interviews. A training on Loan Delinquency Management will also be provided, as preventive measure and remedial process, to counter possible recurrence of payment delinquency problems.

Other Organization Development activities include training sessions on project management, monitoring and evaluation. Hopefully, this strategy will institutionalize the IGP program at the cooperative level.



### *Outputs*

At the end of the one-year intervention, the following shall have been attained:

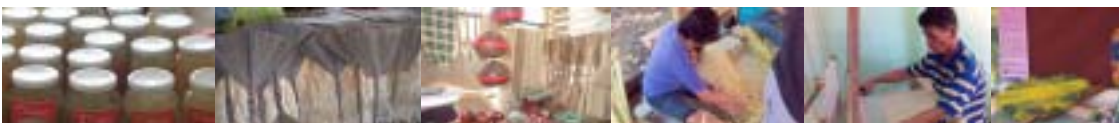
- 16 coop officers demonstrated capabilities in loan appraisal, evaluation and the conduct of loan interviews
- Loan delinquency control measures established and operational
- Monthly planning and reporting conducted and quarterly reports submitted to PACAP

### *Training and Consultancy –*

involves the conduct of training programs on small business management such as the Business, Expenses and Savings Training [BEST], cash management and business planning.

Likewise, training on project orientation, simplified bookkeeping as well as Livelihood and Technology Skills Training will be conducted. On-site consultancy shall also be provided to assist entrepreneurs gain wider perspective about their businesses to be able to respond to problems or changes in the business environment.

FGHIJ will facilitate the conduct of a savings product development workshop, and installation of an effective mortuary service at the cooperative level. It will also



facilitate the Coop's linkage with the Cooperative Life Assurance Society of the Philippines (CLASP), the first cooperative insurance in the country.

It shall also provide on-site technical coaching on community organizing, particularly in managing and facilitating groups or small organizations. The Coop staff will also be coached in developing and managing small businesses and in upgrading their skills in evaluating small business proposals. It will also conduct other value enhancement training programs such as recollection and annual retreat of the Coop staff as well as team-building activities to enhance staff leadership skills. Moreover, the Coop staff will also be trained in networking with other resource agencies particularly in accessing programs and resources with government agencies, non government organizations and other resource agencies.

### *Outputs*

By the end of one-year, the following outcomes shall have been achieved under this component:

- 100 coop members demonstrated capabilities in preparing simple business plans, practiced record keeping in their respective businesses, demonstrated skills in livelihood and technology; improved production and marketing activities



- Project systems and procedures in place and operational
- Enhanced/Upgraded skills of Coop staff in evaluating business proposals, in leadership, in coop and business management and in linking/networking with resource agencies (LGUs, NGOs, etc.)

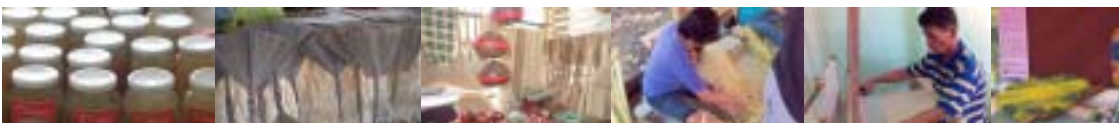
### *Research and Creation of a Member Database System–*

involves the conduct of research activities to include updating of basic socio-economic data of member borrowers, profile studies, evaluation and creation of a database that includes name, address, gender of member borrower, business type, number of workers, classification and business and family income.

To maintain effective and efficient database system, the purchase of one unit of computer is being proposed. FGHIJ, as technical service provider, will coach and mentor Coop ABCDE in the publication of successful stories of micro-entrepreneurs and the results baseline survey of community and beneficiaries:

### *Outputs*

By the end of one-year, the following outcomes shall have been achieved under this component:



- Survey questionnaires prepared and data consolidated into a computerized database of the community and beneficiaries
- Profiles of the 100 borrowers and their loan portfolio
- Publication of successful stories of micro-entrepreneurs

### Monitoring and Evaluation

The Coop shall monitor member-borrowers' loan status through regular and/or unintended visits, collection and follow ups. Information on the visits shall be reflected on the Loan Status Report which shall include the client's name, type of business, loan status (new or re-loan) principal, interest and other charges, date release, loan terms [three months, six months, 10 months], amount collected to date, aging of account [current, overdue (1-30 days, 31-60 days, 61-90 days, over 91 days), total overdue,] outstanding balance and repayment rate.

Likewise, there will be monthly PIT meetings to evaluate the status of the project based on its objectives and strategies. Moreover, there will be an annual and final evaluation of the project for its internal and external operations.



### *Risk Assessment*

One major risk and how this will be managed within the project is poor performance of the livelihood projects and delinquency in loan repayment. Aside from the above-cited training and OD activities, close monitoring of the progress of these livelihood projects and loan repayments will be done within the project period to ensure that the loan funds are used properly and that incomes derived from these projects are accounted for.

Moreover, a Loan Delinquency Management Training will also be provided both as preventive measure and remedial process to counter possible recurrence of the delinquency problem.

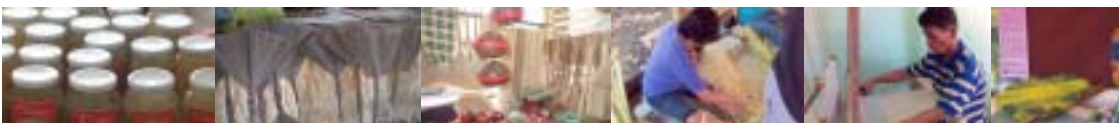
#### 2.4 Expected Results

Project impacts at the Coop level would be manifested in the following: 1) increased ratio of member's capital contribution against seed capital; 2) exhibited capabilities to manage loan fund and provide technical assistance to member beneficiaries; and 3) income generating project (IGP) program institutionalized at the coop level.

#### 2.6 Project Management

##### **a. Project Implementing Team [PIT]**

The Project Implementing Team [PIT] shall be composed of Coop representatives [President, Manager



and Loan Officer] and two representatives from member beneficiaries. They shall promulgate policies as well as approve and execute plans for the effective and efficient implementation of the project.

### **b. Financial Management System**

The Coop shall submit to PACAP on quarterly basis the following documents:

1. Trial Balance
2. Income Statement
3. Balance Sheet
4. Quarterly Expenditure Report
5. Bank Reconciliation Report
6. Schedule of Accounts

It shall authorize the President and the Manager as bank signatories. The project shall maintain its own bank account and books of accounts. It shall also adhere to the generally accepted accounting principles and practices in the disposition of project funds or the financial system adopted by PACAP.

### *2.7 Community Participation*

This project was conceptualized and developed as part of the Cooperative's development plan. It innovates the Grameen based savings approach to mobilize self-generated funds to sustain the project.



The Coop, as member of the City Development Council, it responds to the city's development plan of providing people with access to credit to create gainful employment and increase income.

Moreover, the Coop shall provide, counterpart to the project, staff and additional revolving capital.

After phase out, project is envisioned to be sustained and institutionalized at the community level.

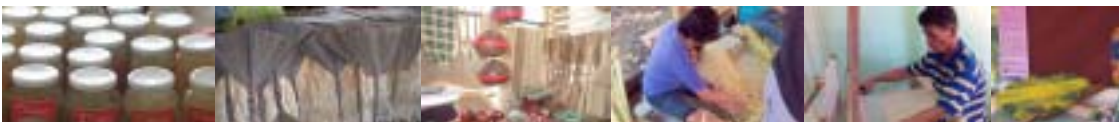
### *2.8 Environmental Assessment*

As a matter of policy, businesses of the members of the cooperative should be ecologically sound, morally and legally upright. Strict compliance and enforcement of this policy will be ensured by the Coop's Credit Committee.

### *2.9 Gender and Social Issues*

The project is basically gender fair, as it provides both men and women with equal access to credit and other opportunities as well as its control and benefits.

In its research and database, it intends to establish the gender-based profile of member borrowers.



### 2.10 Sustainability Mechanism

The project interventions and processes are, by themselves, practical measures to increase the likelihood of Coop sustaining the benefits gained in the first year, especially with FGHIJ's coaching and mentoring.

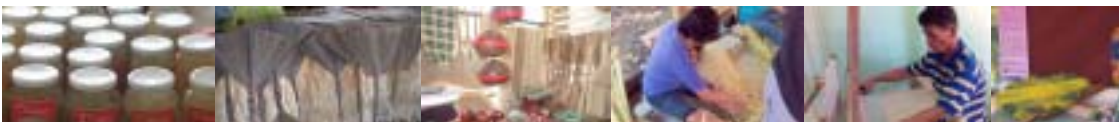
With PACAP's seed revolving capital of PhP 250,000.00, the Coop will infuse additional PhP 150,000.00, making a total loan revolving capital of PhP 400,000.00. It is projected that on one-year basis, the cooperative will generate additional share capital and savings deposit of PhP 102,000.00 and a projected net cash of PhP 316,000, thus, sustaining the project even after phase out.

At the end of the project, the Coop will formulate a master plan for its micro-credit project with a three year projection of its operations such as: expansion areas (target clients and barangays), additional services, update of loan policies, and projections on loan disbursement, repayment rate, savings, financial and operating self-sufficiency ratios, administrative ratios, portfolio yield and productivity ratios.



## SECTION 3: INDICATIVE BUDGET

Major Budget Line Items	Estimated Total Cost	Counterpart Contributions		Request From PACAP
		Coop ABCDE	Beneficiaries	
<b>A. Direct Project Expenses</b>				
<b>1. Capability Building</b>				
<i>a. Project Orientation (1 day)</i>				
Meals (100 x 35 pax)	3,500.00			3,500.00
Materials	500.00			500.00
Venue (1,500 a day)	1,500.00	1,500.00		
Transportation (P40 x 100 pax x 1 day)	4,000.00	4,000.00		
Resource Persons	1,000.00	1,000.00		
Sub Total	10,500.00	2,500.00	4,000.00	4,000.00
<i>b. Small Business Management</i>				
<b>Monitoring and Evaluation Management (3days: 3 batches)</b>				
Meals (100pax x 3 days)	30,000.00			30,000.00
Materials	1,500.00			1,500.00
Venue (1,500 x 3 days x 3)	13,500.00	13,500.00		
Transportation (P40 x 100 pax x 3 days)	12,000.00		12,000.00	
Resource Persons (1,000 x 9)	9,000.00	9,000.00		
Sub Total	66,000.00	22,500.00	12,000.00	31,500.00
<i>c. Simplified Bookkeeping (2 days in 3 batches)</i>				
Meals (100 pax x 2 days)	20,000.00			20,000.00
Materials	1,500.00			1,500.00
Venue (1,500 x 2 days x 3)	9,000.00	9,000.00		
Transportation (P40 x 100 pax x 2 days)	8,000.00		8,000.00	
Resource Persons (1,000 x 2 days x 3)	6,000.00	6,000.00		
Sub Total	44,500.00	15,000.00	-	21,500.00
<i>d. Livelihood &amp; Technology Skills Training (2days,3 batches)</i>				
Meals (100 pax x 2 days)	20,000.00			20,000.00
Materials	1,500.00			1,500.00
Venue (1,500 x 2 days x 3)	9,000.00	9,000.00		
Transportation (P40 x 100 pax x 2 day)	8,000.00		8,000.00	
Resource Persons (1,000 x 2 days x 3)	6,000.00	6,000.00		6,000.00
Sub Total	44,500.00	9,000.00	8,000.00	27,500.00



Major Budget Line Items	Estimated Total Cost	Counterpart Contributions		Request From PACAP
		Coop ABCDE	Beneficiaries	

*e. Savings Product Development and Installing Effective Cooperative Mortuary System (3 days)*

Meals (21 pax x 100 x 3 days)	6,300.00			6,300.00
Materials	1,293.00			1,293.00
Venue (1,500 x 3)	4,500.00	4,500.00		
Resource Persons (1,000 x 3)	3,000.00			3,000.00
Sub Total	15,093.00	4,500.00	-	10,593.00

2. Revolving Loan Fund **400,000.00**      **150,000.00**      **250,000.00**

3. Organizational Development

*a. Loan Appraisal & Evaluation training ( 3days)*

Meals (21 pax x 100 x 3 days)	6,300.00			6,300.00
Materials	1,000.00			1,000.00
Venue (1,500 x 3)	4,500.00	4,500.00		
Resource Persons (1,000 x 3)	3,000.00	3,000.00		
Sub Total	14,800.00	7,500.00	-	7,300.00

*b. Project Management, Monitoring & Evaluation (3days)*

Meals (21 pax x 100 x 3 days)	6,300.00			6,300.00
Materials	1,000.00			1,000.00
Venue (1,500 x 3)	4,500.00	4,500.00		
Resource Persons (1,000 x 3)	3,000.00	3,000.00		
Sub Total	14,800.00	7,500.00	-	7,300.00

*c. Loan Delinquency Management Training (3 days)*

Meals (21 pax x 100 x 3 days)	6,300.00			6,300.00
Materials	1,000.00			1,000.00
Venue (1,500 x 3)	4,500.00	4,500.00		
Resource Persons (1,000 x 3)	3,000.00	3,000.00		
Sub Total	14,800.00	7,500.00	-	7,300.00

4. Monitoring and Evaluation

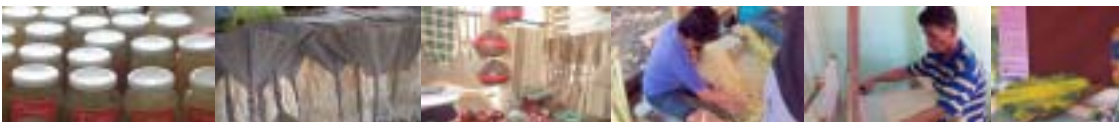
*a. PIT and Project Staff Monitoring and Evaluation*

Meals (15 pax x 100.00 x 2 days x 6 bimonthly)	18,000.00			18,000.00
Materials (500.00 x 6 bimonthly)	3,000.00			3,000.00
Transportation (700.00x 6 bimonthly)	4,200.00			4,200.00
Venue (1,000 x 2 days x 6)		12,000.00	12,000.00	
Sub-total	37,200.00	12,000.00	-	25,200.00



Major Budget Line Items	Estimated Total Cost	Counterpart Contributions		Request From PACAP	
		Coop ABCDE	Beneficiaries		
5. Profiling-Databasing & Publication					
<b>a. Profiling – Community and Beneficiary's business profile – Packaging and printing cost</b>					
	35,270.60			35,270.60	
<b>b. Publication of Successful Micro-entrepreneurs – Packaging and printing cost</b>					
	30,000.00			30,000.00	
<b>c. One Unit Computer</b>					
Internet-ready	45,000.00	5,000.00		40,000.00	
Subtotal	110,270.60	5,000.00	-	105,270.60	
6. Other Direct Project Cost					
a. Salaries & Benefits - Project Officer					
a.1 Salaries					
(P4,000.00 x 12)	48,000.00			48,000.00	
a.2. 13 <sup>th</sup> Month	4,000.00			4,000.00	
a.3. SSS and Philhealth Counterpart					
	3,632.40			3,632.40	
Subtotal	55,632.40	0.00	-	55,632.40	
b. Consultancy Fee to Service Provider					
	84,000.00	-	-	84,000.00	
B. Administration					
a. Salaries & Benefits					
a.1. Salaries					
a.1.a. Project Manager (5,000 x 12)					
	60,000.00	60,000.00			
a.1.b. Bookkeeper (3,000 x 12)					
	36,000.00			36,000.00	
a.2. 13 <sup>th</sup> Month					
a.2.a. Program Coordinator					
	5,000.00	5,000.00			
a.2.b. Bookkeeper					
	3,000.00			3,000.00	
a.3. SSS and Philhealth Counterpart					
a.3.a. Program Coordinator					
	4,509.60	4,509.60			
a.3.b. Bookkeeper					
	2,904.00			2,904.00	
c. Supplies (2,000 x 12)					
	24,000.00	12,000.00		12,000.00	
d. Communication (1500 x 12)					
	18,000.00	9,000.00		9,000.00	
Subtotal	153,413.60	90,509.60	-	62,904.00	
<b>TOTAL</b>	<b>1,065,509.60</b>	<b>333,509.60</b>	<b>32,000.00</b>	<b>700,000.00</b>	
Percentage Distribution		Total Project Cost	HRBEC-MPC	Beneficiaries	PACAP
Cost-Benefit Ratio		100%	31%	3%	66%
PACAP Admin cost/ Total PACAP request		10,665.10	3,335.10	320.00	7,000
Total Project Admin cost/ TPC		9%			
		14%			

\* Attachments: GCUS, projected cashflow of revolving loan fund, comparative analysis of with and without project



Annex 2



**Philippines-Australia Community Assistance Program**

**RESPONSIVE ASSISTANCE SCHEME  
EXPRESSION OF INTEREST (EOI)**

**SECTION 1. Project Title, Partnership and Duration**

<b>Project title:</b>	Title should be descriptive but concise
<b>Proponent Organisation:</b>	
<b>Address:</b>	
<b>Phone:</b>	
<b>Fax:</b>	
<b>Email:</b>	
<b>Contact person:</b>	
<b>Mobile No.:</b>	

[In the case of more than one institution collaborating, details of the other collaborating institutions should be provided as follows; duplicate this section of the Proforma as required]

<b>Collaborating Organisation (s):</b>
<b>Address:</b>
<b>Phone:</b>
<b>Fax:</b>



<b>Email:</b>
<b>Contact person:</b>
<b>Mobile No.:</b>

<b>Number of Target Beneficiaries (direct):</b>	
<b>Sectoral area:</b>	To be completed by the PACAP Program Management Unit
<b>Expression of Interest Number:</b>	To be assigned by the PACAP Program Management Unit
<b>Geographic Region/s:</b>	
<b>Project Duration:</b>	
<b>Proposed Start Date:</b>	Month/Year
<b>Proposed Finish Date:</b>	Month/Year

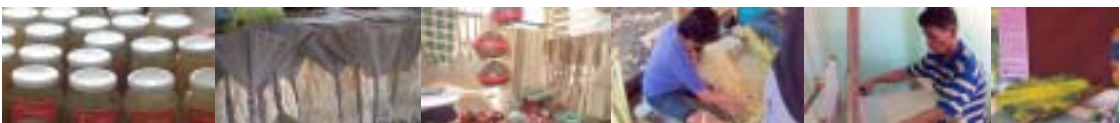
## SECTION 2. Project Description

[Maximum of 3 pages]

### 2.1 Project Background:-

Describe the reasons for undertaking the proposed project. Provide a brief summary of:

- a. the problem being addressed and previous work in this area;
- b. describe the significance and benefit of the proposed project;



- c. identify the direct or indirect benefits to the southern Philippines.
- d. identify and discuss linkages to related government or donor-funded projects or programs locally or more generally in the Philippines.

## 2.2 Proponent Background.

Provide a summary of the Proponent's organizational profile and track record relevant to the proposed project. Include network affiliations and linkages.

## 2.3 Project Objectives.

Set out the objectives of the project. Indicate how they are aligned with the PACAP Strategic Guidance Framework.

## 2.4 Proposed Methods.

Provide a brief statement of how the project will be conducted, sufficient to justify the indicative time and budget estimates. In particular:

- a. Describe where the work will be done and the nature of the project;
- b. Summarise the respective roles of the Philippine institutions in project implementation and output dissemination; and



- c. Describe possible risks to achieving the planned outcomes, including environmental risk (see also Section 2.6) and how they will be addressed.

## 2.5 Expected Outputs/Results

Describe the expected project outputs, development benefits and impacts (institutional, gender, financial, environmental) of the project. Indicate how it is envisaged or expected that the outputs might be sustained at the institutional level or by beneficiaries.

## 2.6 Environmental Assessment

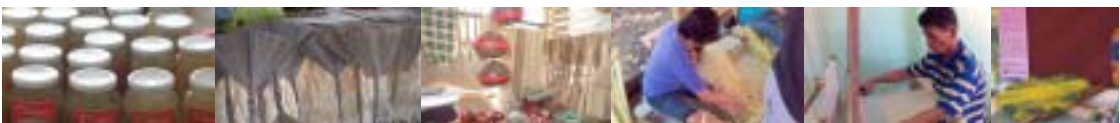
Identify any positive or negative environmental impacts that the project may have.

## 2.7 Gender and Social Issues

The proposal should identify the expected beneficiaries and stakeholders at community and institutional level. The community level analysis should indicate how it is envisaged the outcomes from the project will affect gender roles or be integrated into existing roles.

## SECTION 3: EOI Certification

The preparation of this Expression of Interest has taken into account the PACAP Program Guidelines and is hereby submitted. The Philippine institutions undertake that the information provided is a true representation of the intended collaborative arrangements and of the resources that



would be committed to the project including the availability of the personnel nominated for the project.

<b>Proponent Organization:</b>
<b>Contact Person:</b>
<b>Signature of Contact Person:</b>
<b>Address:</b>
<b>Contact Tel. Nos.:</b>
<b>Date:</b> ___/___/___

**ATTACHMENT 1: INDICATIVE BUDGET**

Please attach the Project Indicative Budget using the Excel format provided and by referring to the Notes for Completion of the Indicative Budget.

**ATTACHEMENT 2: CHECKLIST OF DOCUMENTARY REQUIREMENTS**

Please indicate with a check ( ✓ ) the relevant DOCUMENT/S you already have and that are ready for submission (*no need to submit these documents at this stage*)

- Registration Documents (SEC, CDA, BRW)
- Summary of Track Record
- Audited Financial Statements in Last 2 Years
- Accreditation Documents
- Proof of Sources of Local Counterpart
- Commitment
- Community Profile
- Curriculum Vitae of Project Staff

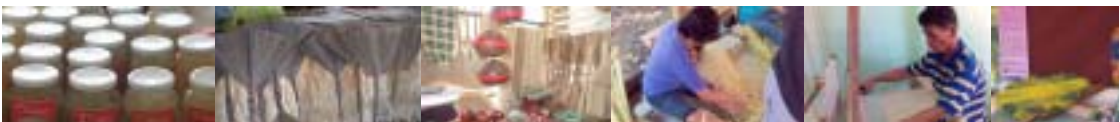
**Other Submission Instructions**

**One Hard Copy, in English must be submitted to PACAP**  
**One Electronic copy, in English must be submitted to**  
[mail@pacap.org.ph](mailto:mail@pacap.org.ph)



Annex 3

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Annex 4

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## ANNEX 5

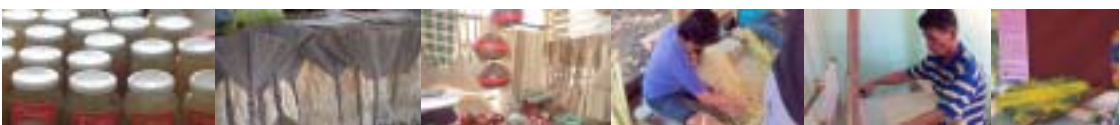
### *Guide to Budget Preparation and Cash Flow Analysis for PACAP Projects*

#### *Introduction*

There are many tools for determining the financial sustainability of a project. There are numerous financial ratios; internal rates of return, present values, profitability measures and others. Yet most of these tools are inappropriate for the kinds of projects supported by PACAP. Internal rates of return are useful when an investor must decide between several competing options; this is not usually the case at PACAP.

Commercial analysis of investment projects in Philippine corporate board rooms must consider depreciation schedules, tax effects, etc. These things are only of secondary importance in the kinds of projects submitted for PACAP funding support.

Profit and Loss (Income) Statements are important in commercial analysis but these can also give very misleading information on the health of an enterprise. It is possible for an enterprise to show very strong “profits” and still go out of business due to cash flow problems.



Small enterprises (such as the ones supported by PACAP) are at a disadvantage when operating within the context of an economy such as the Philippines where big business enjoys a number of open (as well as hidden) subsidies. Small enterprises must contend with a number of adverse factors, e.g.,

- o inadequate working capital and limited access to additional capital;
- o small markets;
- o obsolete production technology; and
- o lack of management skills.

Given the above, it must be emphasized that the primary objective of a small enterprise, particularly during its start-up period, is to survive. This objective is best achieved through the proper management of its cash resources.

The primary concerns must be: Can the project pay for itself? If not now, when? How much cash must be put into the project before it achieves self-sufficiency? Can the project repay the original seed capital and continue its operations? How long will this take? These are questions that can be answered through cash flow analysis.



Cash flow analysis will be PACAP's basic tool for the financial analysis of potential and ongoing projects.

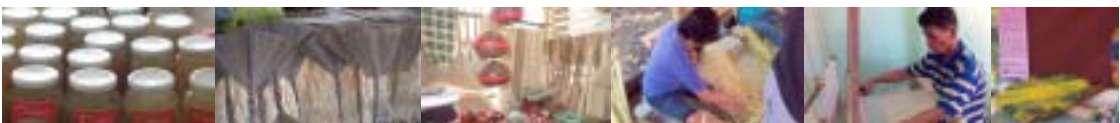
### *The Purposes of Cash Flow Analysis*

It is not enough to know the production capacity, prices and break-even sales of an enterprise. Equally important is the length of time required before it can start production and, once operational, how long it will take before it achieves a break-even level.

What is the length of time required to put together all the different elements so that an enterprise can actually begin production? Will this take a month? two months? three months? half a year? What are the capital and start-up costs that are to be incurred during this pre-operating period?

Once an enterprise begins actual operations, how long will it take before it achieves its planned 100% production capacity? Obviously, no business achieves 100% production capacity on the day it begins operations. It may take some months before all production problems are straightened out. The enterprise may also encounter difficulties in its initial marketing efforts.

Because of the above, cash flow analysis is critical for any business. On a periodic basis, cash inflows (=receipts)



must be matched against cash outflows (=disbursements) so that it can be determined when an enterprise can generate enough cash to cover all its costs and, therefore, will no longer have to depend on external funds.

Once this is determined, the amount of external funds required for the enterprise and, more important, the timing for the infusion of these external funds would also have been determined. This is particularly important for PACAP who would normally release funds in three tranches, i.e., 60% of the grant on Month 1, 35% after 6 months; and the remaining 5% on Month 12.

### *Cash Flow Analysis for a Revolving Loan Fund*

A large number of PACAP-supported projects involve the establishment of revolving credit funds that are used by the proponent NGO to extend loans to either individuals or groups to capitalize a variety of microenterprises.

Loan repayments, both principal and interest, are usually plowed back into the revolving credit fund for re-lending purposes. Repayment periods, while sometimes fixed for all loans, are often based on the business cycle of the microenterprise supported.

Most of these projects incorporate a capital build-up (CBU) component, both for individual savings and group



funds. The funds generated from the CBU scheme are often incorporated into the revolving credit fund to service either new borrowers or existing borrowers who have need for larger loans.

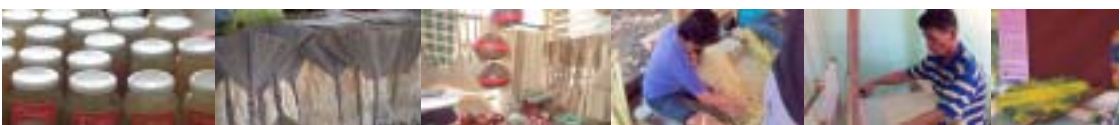
Planning the effective utilization of a revolving credit fund requires the preparation of a Projected Cash Flow Statement.

The Projected Cash Flow Statement would indicate the number of borrowers whose loan applications can be accommodated (cash outflows) given the amount of cash that will become available, either from external funds or inflows from loan repayments and other sources.

The timing of the infusion of external funds from PACAP is particularly important since, as mentioned earlier, the Program releases approved grants in three tranches, namely:

- o a first release of 60% on Month 1;
- o a second release of 35% after 6 months; and
- o a third release (retention) of the remaining 5% on the 12<sup>th</sup> month.

(All of these releases are dependent on the submission of a satisfactory progress report.)



The cash flow would also show the amount of cash that will be built up over time, i.e., the ending cash balance, at the end of every period and at month 12 (the end of the project period).

This will provide the proponent NGO with some indication of the length of time required for the community to generate enough internal funds to sustain the credit program, if the intention is to withdraw the original seed capital for the loan funds and transfer it to serve to other communities.

Table I provides a sample projected cash flow statement for a revolving credit fund that is typical of the kind of project normally supported by PACAP.



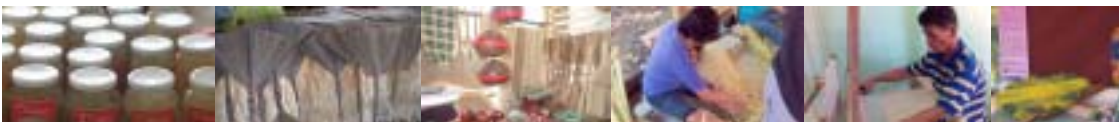
Table II lists the different assumptions used in the preparation of the Projected Cash Flow Statement in Table I.

### Table I

#### *SAMPLE PROJECTED CASH FLOW STATEMENT PEOPLE MULTI-PURPOSE COOPERATIVE, INC MICRO-ENTERPRISE DEVELOPMENT PROJECT / REVOLVING FUND COMPONENT*

Period Covered: July 93 - June 94

ITEMS Feb.94	Jul.93 Mar.94	Aug.93 Apr.94	Sept.93 May.94	Oct.93 June.94	Nov.93	Dec.93 TOTAL	Jan.94
<b>CASH INFLOWS</b>							
LOAN REPAYMENTS							
PRINCIPAL							
Batch 1: First Loan			40,000	40,000	40,000	40,000 200,000	40,000
Second Loan							
40,000	40,000	40,000	40,000	40,000		200,000	
Third Loan							
Batch 2: First Loan				40,000	40,000	40,000 200,000	40,000
40,000							
Second Loan							
40,000	40,000	40,000	40,000	40,000	40,000	200,000	
Batch 3: First Loan							40,000
40,000	40,000	40,000	40,000			200,000	
Second Loan							
Batch 4: First Loan				40,000	40,000	80,000	
40,000	40,000	40,000	40,000	40,000		200,000	
Second Loan							
					40,000	40,000	
LOAN REPAYMENTS							
INTEREST							
Batch 1: First Loan			4,000	4,000	4,000	4,000 20,000	4,000
Second Loan							
4,000	4,000	4,000	4,000	4,000		20,000	
Third Loan							
					4,000	4,000	



Batch 2: First Loan 4,000			4,000	4,000	4,000	4,000	4,000
Second Loan 4,000	4,000	4,000	4,000	4,000	20,000		
Batch 3: First Loan 4,000	4,000	4,000				20,000	4,000
Second Loan			4,000	4,000	8,000		
Batch 4: First Loan 4,000	4,000	4,000				20,000	4,000
Second Loan					4,000	4,000	
CAPITAL BUILD-UP 30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
30,000	30,000	30,000	30,000	30,000	30,000	330,000	
OTHER INFLOWS 600	600	600	600	600	600	600	600
600	600	600	600	600	600	6,600	
Sub-total.....	0	74,600	118,600	118,600	118,600	118,600	166,600
206,600	206,600	206,600	202,600	206,600	1,832,600		
<b>CASH OUTFLOWS</b>							
<b>LOAN RELEASES</b>							
Batch 1: First Loan	200,000						
Second Loan						200,000	
Third Loan						200,000	200,000
Batch 2: First Loan		200,000					
Second Loan						200,000	
Batch 3: First Loan							
Second Loan					200,000	200,000	200,000
Batch 4: First Loan						200,000	
Second Loan						200,000	200,000
			200,000		200,000		
<b>SALARIES</b>							
Credit Manager	3,000	3,000	3,000	3,000	3,000	3,000	3,000
3,000	3,000	3,000	3,000	3,000	3,000	36,000	
Loan Collector	2,500	2,500	2,500	2,500	2,500	2,500	2,500
2,500	2,500	2,500	2,500	2,500	2,500	30,000	2,500
Bookkeeper	2,000	2,000	2,000	2,000	2,000	2,000	2,000
2,000	2,000	2,000	2,000	2,000	24,000		
TRANSPORTATION	700	700	700	700	700	700	700
700	700	700	700	700	700	8,400	
OTHER ADMIN. EXP.	300	300	300	300	300	300	300
300	300	300	300	300	300	3,600	
Sub-total.....	208,500	208,500	8,500	8,500	208,500	408,500	208,500
8,500	8,500	208,500	408,500	208,500	2,102,000		
					0		
<b>NET INFLOWS</b>							
						0	

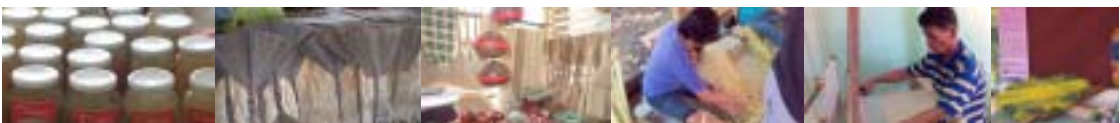


(OUTFLOWS)		(208,500)	(133,900)	110,100	110,100	(89,900)	(241,900)
(1,900)	198,100	198,100	(1,900)	(205,900)	(1,900)	(269,400)	
ADD: EXTERNAL FUNDS						0	
NGO COUNTERPART	8,500	8,500	8,500	8,500	8,500	8,500	8,500
8,500	8,500	8,500	8,500	8,500	8,500	102,000	
PACAP GRANT		200,000	125,400	0	0	0	81,600
37,400	0	0	0	0	0	444,400	
					0		
Sub-total.....	208,500	133,900	8,500	8,500	8,500	90,100	45,900
8,500	8,500	8,500	8,500	8,500	546,400		
					0		
NET CASH FLOW	0	0	118,600	118,600	118,600	-81,400	-151,800
44,000	206,600	206,600	6,600	-197,400	6,600	277,000	
ADD: CASH BALANCE,							
BEGINNING	0	0	0	118,600	237,200	155,800	
4,000	48,000	254,600	461,200	467,800	270,400		
CASH BALANCE, ENDING	0	0	118,600	237,200	155,800	4,000	
48,000	254,600	461,200	467,800	270,400	277,000		

## Table II

### *NOTES AND ASSUMPTIONS TO THE SAMPLE PROJECTED CASH FLOWS STATEMENT*

1. Four hundred (400) beneficiaries will avail of loans from the revolving fund component of this project. These are organized into groups of 5 members each. A total of 80 groups will be involved in the revolving fund component. Each member of a group can avail of a maximum loan of P2,000 each.
2. Loans will be extended to the 80 groups in four batches. Each loan batch will consist of 20 groups, or 100 people. Releases of the first loans will be as follows: Batch 1, July; Batch 2, August; Batch 3, November; and Batch 4, December.



Groups may avail of new loans as soon as 80% of their outstanding loans have been repaid. For example, the groups in Batch 1 can avail of a second loan in the beginning of December since they are expected to have repaid 80% of their first loan by November.

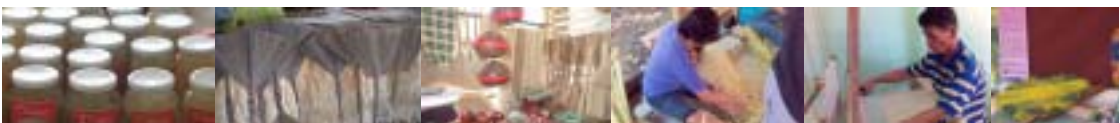
3. The total loan releases for one batch will amount to P200,000, computed as follows: 2,000/member X 5 members/group X 20 groups. Batches 1 and 2 are projected to each receive 3 loan releases during the 12-month life of the project. Batches 3 and 4 will each receive 2 loan releases.
  
4. Loans have a maximum term of 5 months. Repayments shall be made monthly in equal installments. The projected monthly amortization per batch is P40,000 (P200,000/5 months).
  
5. The Projected Cash Flow assumes a 100% repayment rate. At the end of the project period (June 1994), status of loans receivable is expected to be as follows:

	First Loan	Second Loan	Third Loan
Batch 1	100% paid	100% paid	20% paid
Batch 2	100% paid	100% paid	0 % paid



Batch 3	100% paid	40% paid	0% paid
Batch 4	100% paid	20% paid	0% paid

- Interest is computed at 2% per month on the original principal of the loan, payable monthly. Monthly interest per-batch is computed at P4,000 (P200,000 X 2%).
- The credit program incorporates a Capital Build-Up (CBU) , or forced-savings scheme, at the rate of P2.50 per person per day, beginning on month 2 (August). This amounts to P30,000 per month for the 200 beneficiaries.
- Other Inflows include infusion of cash from miscellaneous sources, e.g., bank interest, etc.
- All inflows -repayments of principal, interest payments, capital build-up, other inflows -are plowed back as additional working capital into the revolving loan fund.
- Monthly salaries for staff are as follows: Credit Manager, P3,000; Loan Collector, P2,500; Bookkeeper, P2,000.



11. The revolving fund will require the infusion of external funds -from the proponent NGO and PACAP -to cover its cash deficits, particularly during the first months of operation.

The NGO's contribution will cover the costs of staff salaries, transportation and other administrative expenses. This is estimated at P8,500 per month, or P102,000 for the 12-month project period.

The PACAP contribution will provide the initial capital for the revolving loan funds. This will be disbursed in two tranches: P325,400 (Months 1&2) and P119,000 (Months 6&7). The total PACAP contribution for the Revolving Fund Component is estimated at P444,400.

12. It is assumed that the project has a zero beginning cash balance on Month 1.

