

BIBLIOGRAPHY

DAYAOEN, MARSON T. APRIL 2008. Experiences of Selected Members with the Micro-Finance Program of Benguet Operators and Drivers Association Multi-Purpose Cooperative, Benguet State University, La Trinidad, Benguet.

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ABSTRACT

The study was conducted on the BODA MPC to document and relate the experience of five micro-finance program borrowers/beneficiaries of the Buyagan Operators and Drivers Association Multipurpose Cooperative in relation to loan acquisition, use, and repayment as well as their feedback or comments on this program of the cooperative.

An interview guide was used to gather information from the respondents.

The respondents belong to average household sizes although one respondent earns less than the Philippine poverty threshold.

Considering the main objective and lending policies of BODA MPC microfinance program, results show violations to these objective and lending policies.

The delinquency and difficulty of loan repayment may be due to the fact that the loans are providential rather than productive which is the main purpose of the program.

The cooperative must therefore make further studies on the efficiency and effectiveness of the program and strictly implement its policies to sustain and improve its operation as well as to avoid possible complication.

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INTRODUCTION

Rationale of the Study

Cooperatives are socio-economic organizations. They are organized as one of the alternative course to uplift the economic condition of the low income sector of the population by providing adequate goods and services at reasonable prices. They are associations of the people, by the people operating for the greater good of the greatest number. They are defined as organizations “of small produces and of consumers who voluntary join together to form business enterprise which they themselves owned, control and patronize”.

R.A 6938, Article 111 cited that Cooperative is a financial organization owned and operated by its members to encourage savings among its members; to create a pool of such savings for which loans for productive or provident purposes may be granted; and to provide related services to enable its members to maximize the benefits from such loans.

A Cooperative provides maximum economic benefits to its members and propagates effective practices and new ideas and management and allows the lower income groups to increase their ownership in the wealth of the nation (Leung, 1993).

The Buyagan Jeepney Operators and Drivers Association Multi-Purpose Cooperative (BJOMPC), became Benguet Operators and Drivers Association Multi-Purpose Cooperative (BODAMPC) on March 17, 2005 popularly known in the area as BODA. This association was organized in 1975 but was only registered on August 18, 1988 with the Securities and Exchange Commission with SEC. Reg. no. B-148. BODA operates in Baguio City and La Trinidad, Benguet via Magsaysay and Bokawkan with the main routes at Motorpool and Wangal, La Trinidad, Benguet.



The Benguet Operators and Drivers Association Multi-Purpose Cooperative (BODA MPC) was organized and registered with the Cooperative Development Authority on April 22, 1996 under CDA Regional no. CEO-562.

The BJOMPC started its operation on May 13, 1996 which had only 36 members with the total paid up share capital of 125,000.00. As of December 31, 2003 almost 7 years of existence, BJOMPC has 144 regular members with a total paid-up share capital of Php. 920,270.09 with an asset of more than 3 million pesos.

The BODA MPC has a micro-finance program. This program aims to provide financial assistance for livelihood project of the members of the cooperative within the area of operation. The program targets the low-income earners as means of augmenting their family income.

To start the program, the BODA MPC opted to borrow capital from the Cooperative Bank of Benguet. In January 11, 2005, the bank finally released the loan to the Cooperative an amount of two million pesos (Php. 2,000,000.00) with 12% interest per annum, 2% for service charge and another 2% for other charges and 0.15% for handling or documentation fee.

The micro-finance program of BODA MPC formally started on January 14, 2005. This means that the program has already been in operation for four years but no evaluation or study on the program has ever been conducted. This study was conducted primarily to document the experiences of some beneficiaries of the micro-finance program of BODA MPC.



Statement of the Problem

Given that the micro-finance program has already been operating for four years and that the BODA MPC, as would any cooperative or organization for that matter, would like to determine aspects in operation to improve upon, it is hence necessary to identify the strengths and weaknesses of the programs, even in an initially explorative fashion, for the organization to pinpoint certain aspects of operations to improve upon.

Objectives of the Study

Considering the need to identify strengths and explore possible weaknesses of the program, this study intends to relate the experience of the borrowers regarding loan application, loan acquisition, loan use, loan repayment, and their feedback to the cooperative.

Importance of the Study

The study provide information on the status of five borrowers who availed of loans under the Micro finance Program of BODA MPC as well as their experiences with the programs. The information gathered will serve as a basis/tool for the officers and management staff of the Cooperative to evaluate their micro-finance program if it really served its purpose. The data will serve as a tool to verify further if such experiences were true/duplicated by other microfinance borrowers which in turn would possibly indicate strength and weaknesses of the program that would help them formulate strategies and policies to further improve the program.



REVIEW OF LITERATURE

Micro Finance in the Economy

Micro finance means providing very poor families with every small loans to help the engage in productive activities or grow their tiny businesses. Micro finance is unique as a development tool because of its potential to be self-sustaining. Successful micro finance institution have proven that providing financial services to the poor can be effective means of poverty reduction and be a profitable business. Dozens of institutions have proven that financial services for poor people can cover their full cost, through adequate interest spreads, relentless focus on efficiency and aggressive enforcement of repayment. A large and growing proportion of today's micro finance services are being provided by institutions that are profitable, even after adjusting for subsidies that they may have received (Anonymous, 2007).

World book Millennium (2000) defined that Finance Company is a firm th loans money to people who promise to repay the loan with an interest in a specified period of time. Borrowers must offer some guarantee that they will repay the loans, such as a lien on their salary or personal possessions.

Micro- credit has emerged as an anti-poverty instrument in many low-income countries. They target the poor especially women, with financial services to help them become self employed (Khander, 1998)

Microfinance institution have played a key role in the development of microfinance and they will continue to do so. But what is really needed to reach both



further and deeper- is a whole page of institution that serve poor people and to reach more and more people

Clients of Micro Finance

The typical finance clients are low-income persons that do not have access to formal financial institutions. Micro finance clients are typically self-employed, often household-based entrepreneurs. In rural areas, they are usually small farmers and others who are engaged in small income-generating activities are more divers and include shopkeepers, service providers, artisans, street vendors, etc. micro finance clients are poor and vulnerable non-poor who have a relatively stable source of income.

Loan Requirement

The credit Management Handbook (1994) cited that in granting of loans, we have to consider the borrower's background through credit investigation and background investigation (CIBI) which focuses on character, capacity, collateral capital and condition of the borrower, and the capacity of the co-maker to guarantee loans.

Foronda (1980) stated that collateral, tax declaration of poverty, certificate of land title, income tax return and tax account number, co-makers among other are requirements for loan. The author further stated that the determining factors in borrowing loans are based on the character and repayment capacity.



Purposes of Loaning

A Cooperative to encourage or initiate members to save, and also gives financial aid by giving different loans. They also help members in case of emergency besides, the most or main function of a cooperative is to eliminate the unfair practice of the users. These are the functions of a cooperative particularly the credit union cooperative (Onagan and Simangan, 1993).

Ganawed (1997) found out that the purposes of agricultural borrowers in loaning is to finance their livelihood activities such as vegetable production, cut flower production, swine production, poultry production and other agricultural activities.

Likewise, the commercial borrowers use loans to finance their commercial business such as sari-sari store, restaurant, vegetable trading, shoe repair shop, auto repair shop, dry goods store, and other commercial activities.

Sinha and Matin (1998), also found out that credit made by microfinance institutions is not used for directly productive purposes by all household borrowers. Resource poor households tend to use additional credit for smoothing consumption. Others have used loans for agricultural activities, business, health and social, loan repayment and others.

Farm households need funds not only to boost agricultural productivity, but also to pay living expenses, including the education of the children and other home consumption expenditures (Shim, 1998).



Benefits from the Loan Income

The availability of financial service acts as a buffer against sudden emergencies, business risk, and seasonal slumps that can pass a family into destitution. More and better financial services specially geared towards low-income groups can help poor households to move from mere subsistence for daily survival to planning for the future and investing in better nutrition, improved living conditions, and the children's health and education.

Experiences show that micro finance can help the poor to increase income, build viable business, and reduce vulnerability to external shocks. It can also be a powerful instrument for self-empowerment by enabling the poor especially women to become economic agent of change (CGAP, 2003).

ADB (1990) stated that granting loans and financing projects of the banks aimed at improving the facilities, education and improve physical amenities. They added that higher productivity and higher incomes for small farmers and landless peasants are among the anticipated benefits from loans.

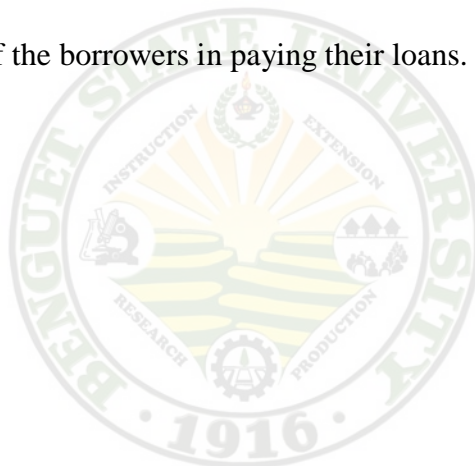
According to Macli-ing (2002), credit cooperative in developed countries have been very effective in improving the social and economic condition of the poor, small farmers, fishermen, factory workers, and other low income groups, Mayocycoc (1984) have also found it her study that majority of the borrowers gained after using their loans by increasing their ability to buy foods, equipments and appliances.

Problems in Paying Loans

According to Taganas (1979), the failures of Cooperatives are often due to the member-borrower to pay their loans or delinquency of members in paying their loans.



The failure of members to pay their loans, according to Taganas, was because the money was diverted to non-farm activities such as food, house repair, education and recreation. Some loans were used to settle other accounts from supplies of farm inputs. Cawaon (1982) found out in his study that most farmers experience problems during maturity period like high cost of production, low market price of crops, and money was used for other purposes. Guadna (2004) also found out in his study that most of the borrowers were delinquent in the repayment. The borrowers did not pay their loans at the maturity date to less income incurred from the low market price of their farm product and occurrence of natural calamities. All these problems led to financial shortages, which caused to the difficulty of the borrowers in paying their loans.



METHODOLOGY

Locale and Time of the Study

The study was conducted on the Benguet Operators and Drivers Association Multi-Purpose Cooperative located at Western Buyagan, La Trinidad, Benguet from January to February 2008.

Respondents of the Study

Five members of BODA MPC who availed of loans under the micro finance program were chosen as respondents of the study. The researcher personally interviewed the respondents on their experience with the microfinance program.

Data Collection

An interview guide was prepared to help the researcher in gathering information required in the study. The researcher probed into the experiences of each respondent with regards to their experiences in the micro-finance program and their comments on the program itself.

Data Analysis

Given the qualitative nature of information gathered, certain data were related to the respondents profile and to other information gathered in order to describe the nature of their experiences with the program. Information gathered was interpreted as to its implication on cooperative management.



RESULTS AND DISCUSSION

Profile of the Respondents

Table 1 presents the profile of the respondents. It shows that all respondents are married with one already widowed. Three respondents are female and two are male. Both male respondents are drivers but respondent 1 earns significantly more than respondent 5 since the former also does farming to augment his income. Two female respondent do business as a source of income, while one is a teacher.

All respondents have average household size although respondents 5 earns an income lower than the poverty threshold of Php. 14,866/month (NSCB, 2007). He has also been a member of the cooperative the longest.

Table 1. Profile of the respondents

RESPONDENT	NO. OF YEARS WITH THE COOP	AGE	SEX	CIVIL STATUS	OCCUPATION SOURCE OF INCOME	HOUSEHOLD SIZE	MONTHLY INCOME
1	4	47	M	M	Farming, Driving	5	More than 20K
2	4	58	F	M	Businesswo man	6	10K-15K
3	4	53	F	M	Teacher	3	More than 20K
4	3	44	F	M	Businesswo man, farming	4	More than 20K
5	6	29	M	M	Driving	5	5K-10K



Number of Times Borrowed, Amount and Reasons for Loan by the Respondents

Table 2 presents the loan availed by the respondents. All respondents have acquired loan not less than three times already.

Table 2 shows that respondent 1 initially borrowed Php. 7,000.00 in 2 instance particularly for the maintenance of his PUJ. The second loan of P10,000.00 was used for crop production.

Respondent 2 borrowed the amount of Php. 20,000.00 in 2 instance for the educational purposes then capital Php. 5,000 as additional capital for her business.

Respondent 3 borrowed twice to pay hospital bills, the third loan was used for educational purposes and fourth loan of Php. 30,000 was for the improvement of her house.

Respondent 4 borrowed twice for the purpose of improving her store's operation, each time is Php. 7,000 amount was borrowed. The third loan was for crop production purposes.

Respondent 5 borrowed the amount of Php. 15,000 for house improvement. The second loan of Php. 5,000 was for Emergency Purposes (hospitalization). The third loan which is Php. 7,500 was used to purchase an appliance and for the fourth loan was for educational needs (tuition fee).

As stated in the microfinance program of BODA MPC, the program objective is for financial assistance for livelihood projects of members and the target beneficiaries are the low income earner as a means of augmenting their family income. However, based from in the interview with 5 borrower respondents, who availed of the microfinance



program it was found out that the borrowed amount was not used solely for livelihood project but for the other purposes.

Among the 5 case respondents, respondents 3 and 5 borrowed for provident purposes such as tuition fee, to pay hospital bill and to improve house and to purchase appliances. Only respondent 1 and 4 borrowed for purely productive purposes.

Results hence show that there has been a violation of the objective of the cooperative's micro-finance program.

Table 2. Number of times borrowed, amount and reasons for loans.

NO. OF TIMES LOANED	AMOUNT LOANED	REASONS
Respondent 1		
First loan	7,000	Maintenance of PUJ
Second loan	10,000	For crop production
Third loan	7,000	Maintenance of PUJ
Respondent 2		
First loan	20,000	Educational purpose
Second loan	20,000	Educational purpose
Third loan	5,000	Added capital for the business
Respondent 3		
First loan	20,000	Emergency purpose (pay hospital bill)
Second loan	5,000	Pay hospital bill
Third loan	10,000	Educational purpose
Fourth loan	30,000	Housing project
Respondent 4		
First loan	7,000	For business (store)
Second loan	7,000	Store expansion (business)



Table 2. Continued ...

NO. OF TIMES LOANED	AMOUNT LOANED	REASONS
Third loan	10,000	Crop production
Respondent 5		
First loan	15,000	House improvement
Second loan	5,000	Emergency (hospital bill)
Third loan	7,500	Purchase appliances
Fourth loan	7,000	Educational needs (tuition fee)

Loan Application Requirement and Waiting Time

Requirements in availing loan (Appendix A) from the BODA MPC were the following a) must have paid the minimum capital share of 2,000 pesos one hundred membership fee; b) must have attended the Pre-membership Education Seminar; c) must have been a member for at least one month; d) must have co-maker; e) must be presently with in the area of operation; and f) must comply with the paper requirement in borrowing (application form co-borrower statement form promissory note and collateral for loan more than 7,000 pesos).

Table 3 presents the compliance of the respondents to those requirements each time they made a loan. It also includes the length of time the respondents waited for their loan to be released.

Results of the interview with the 5 case respondents showed that the cooperative was not so strict in the submission and accomplishment of the requirements for borrowing specifically on the micro-finance project. An example was the case of respondent 2, the first time she borrowed Php. 20,000, the cooperative required a



collateral, interviewed by the loan officer, before the loan was released, but for the second time where she borrowed the same amount, there was no collateral required and the loan officer no longer interviewed her. She complied with the other requirement except for the collateral. According to her the cooperative had trust on her that is why she did not submit other requirements and the cooperative did not also require it from her (Table 2). However, in the microfinance program policy states that a borrower can apply for a loan twice as much as his share capital, collateral is not required (Appendix A). There are no statements on exemption whatsoever.

It also states that a non-collateralized loan include those loan that are Php. 7,000 or less. Her non-compliance to this requirement in her record loan of Php. 20,000 is a clear violation of the policy.

For the other case respondents, it shows that the policy in the submission of collateral was all followed. It appears then that respondent 2 is given preferential treatment by whoever granted her the loan.

This implies that there maybe lax application on loan providence by persons given the responsibility.

As to the requirement for an interview by the loan officer, except for respondent 1 and 2, each of the other respondent were interviewed by the loan officer every time they applied for a loan. Respondent 1 was not interviewed for the third loan while respondent 2 was not interviewed for her second and third loan. This may again indicate the preferential treatment for respondent 2.

Result also show that there are varying period to wait for the release of a loan.



Table 3. Loan requirement and time of release

NO. OF LOANED	TIMES	ATTENDANCE TO ORIENTATION SEMINAR	INTERVIEW OF LOAN OFFICER	FILLED UP APPLICATION FORM	PROMISSORY NOTE	COLLATERAL	WITH CO-MAKER	NO. OF DAYS RELEASED
Respondent 1								
1		√	√	√	√		√	Same day
2			√	√	√	√	√	3 days
3				√	√		√	1 day
Respondent 2								
1		√	√	√	√	√	√	2 days
2				√	√		√	1 day
3				√	√		√	Same day
Respondent 3								
1		√	√	√	√	√	√	Same day
2			√	√	√	√	√	Same day
3			√	√	√		√	1 day
4			√	√	√	√	√	4 days
Respondent 4								
1		√	√	√	√		√	2 days
2			√	√	√		√	2 days
3			√	√	√	√	√	2 days
Respondent 5								
1		√	√	√	√	√	√	3 days
2			√	√	√		√	Same day
3			√	√	√	√	√	1 day
4			√	√	√		√	2 days

Loan Benefits

Table 4 shows the benefits of loan among the respondents. Respondents 1, 2, and 4 claim that BODA MPC had made it easier for them to access necessary capital to improve their business. All of the respondents mentioned that through loaning, they increase their ability to buy food and equipment for the family. All of them also agreed that the program of the cooperative is very important when it comes to educational needs, because they have their own kids that are still going to school. These are claims even by



respondents 1 and 4 even though they haven't acquired loan for provident purposes. This may mean that to them improving their business through the loans improving their businesses through the loans improve their abilities to purchase their family needs and pay for their children education.

Two out of five respondents said that through the loan they were able to pay their personal debt and bills especially when it is urgent like hospital bills, personal credit with someone and other emergency situations.

Respondents 1, 2 and 4 mentioned that the cooperation had provided them more capital for business especially in the case of respondents 4 who used the borrowed amount to start a store, then the second amount for store expansion and the third amount for a new enterprise which is crop production. However, for respondent number 2 only the third loan which was the smallest amount she borrowed was used for additional capital to her business. As mentioned by these 3 case respondents, because of the additional capital provided by the cooperative there was an increase in income there by increasing their ability to buy food and provide other needs of the family like education (tuition fee) for their children.

For respondent 3 and 5, who used the borrowed amount for other purposes other than livelihood, they mentioned that the benefit received from the loan was the increase in their ability to purchase food, equipment and home appliances, for education of their children, had improved their houses and was able to pay personal debts/bills like that of hospital bills and other debts.



Table 4. Loan benefits

BENEFITS	RESPONDENTS				
	1	2	3	4	5
1. Increase ability to buy food, equipment and appliances for the family.	√	√	√	√	√
2. Increase ability to provide for children's educational needs.	√	√	√	√	√
3. Increase ability to pay personal debt/bills				√	√
4. Provides more capital for business purpose.	√	√		√	
5. Increase ability to improve house project.				√	√

The use of loan to pay for debts is a troubling thought since this means that the borrower is working themselves deeper into debt by borrowing in order to pay for previous debts which creates a vicious cycle.

Loan Delinquency

Among the 5 case respondents, only respondent 1, has no records of loan delinquency. Respondent 2 and 4 had the loan delinquency for the second loan, respondent 3 had loan delinquency for her first loan and respondent 5 had loan delinquency for the third and fourth loans. Matching results with Table 2, it could be seen that delinquency occurred on non-productive loans except for that of respondent 4 which was for store expansion.



Table 5. Loan delinquency

RESPONDENT	FIRST LOAN	SECOND LOAN	THIRD LOAN	FOURTH LOAN
Respondents 1				
Respondents 2		√		
Respondents 3	√			
Respondents 4		√		
Respondents 5			√	√

This indicates that there is a relationship between delinquency and the purpose of the loan.

Problems Encountered by the Respondents after Loaning

Table 6 identified the following problems encountered by the respondents after loaning. Although respondent 1 had no loan delinquency and that he had used the loans for productive purposes, he still experienced difficulty in paying the loan since the jeep incurred mechanical defect causing a stop to daily operations and consequently to earnings. The other respondents reasoned their lack of funds as the cause of delinquency or difficulty in loan payments. This lack of funds may be due to weak income or reprioritized spending due to illnesses.

This implies that all members do experience difficulties in repaying loans.



Table 6. Causes of difficulties in paying loans

RESPONDENTS	PROBLEMS
1	Difficulty in paying the loans when the jeep incurred mechanical defects causing a stop to daily earning.
2	Not enough income from the business causing financial shortage which is the cause of late payment at times
3	Financial shortage and illness of the family members
4	Financial shortage/not enough income of the business
5	No enough income

Feedback of Respondents on the Policies, Terms and Condition of the BODA MPC

Table 7 shows that all of the respondents claimed to have understood the policies, terms and conditions of the BODA MPC. However, despite this claim, most of the respondents (except case respondent, no. 1 and 4) used the loan amount for other purposes rather than for livelihood purposes. This implies that the members were aware of their violations on the purpose and policies of the micro-finance program.



Table 7. Feedback of respondents on the policies, terms and condition of the BODA MPC

RESPONDENT	UNDERSTOOD THE TERM OF BODA MPC
1	Understood
2	Understood
3	Understood
4	Understood
5	Understood

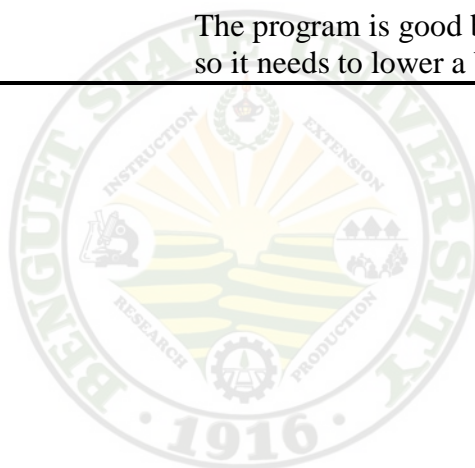
Respondent Suggestions and Comments on the Micro-Finance Program

Respondents gave their suggestions and comments on the micro-finance program. Most respondents praised the program as being helpful. However, there were 2 suggestions for flexibility on either giving an extension to the deadline of payments or giving amnesty to those who cannot pay. Another commented on the high interest rate of the program which must be lowered if possible.



Table 8. Suggestions and comments of the respondents on the BODA MPC micro-finance program

RESPONDENT	SUGGESTIONS OR COMMENTS
1	The program is good. The officers were approachable but it is better also the cooperative should give consideration of extension to repay the loan.
2	Beneficial to the members and officers
3	Sometimes amnesty for those who cannot pay on time.
4	The program is helpful
5	The program is good but the interest is quiet high so it needs to lower a bit if possible.



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

The Benguet Jeepney Operators and Drivers Association Multipurpose Cooperative (BODA MPC) had started a micro-finance program on January 14, 2005. Its aim is to provide financial assistance for livelihood projects of members of the cooperative. With the need to identify strengths and possible weaknesses of the programs, this explorative study was conducted.

This study focused on the experience of a selected 5 members on the microfinance program of BODA MPC. Such experience included loan application, loan use, loan acquisition, loan repayment, and their feedback to the cooperative.

Information was gathered through personal interview with each of the respondents using an interview guide. There were 2 male and 3 female respondents. The 5 respondents belong to average household sizes with one respondent earning below the Philippine poverty threshold.

The respondents borrowed not less than 3 times from the program at varying amounts and for various purposes. However, most reasons for loaning 3 of the 5 respondents were for non-productive purposes indicating a violation of the objective of the program. The other 5 respondents used their loans for productive purposes.

All the respondents complied with requirements for loan application although one respondent seem to have been given special treatment on certain requirements on her loans.



The respondents commend the program for making it easy for them to access funds needed to sustain their livelihood and strengthen their ability to provide for other family needs. Although 3 respondents used the acquired funds to directly pay for or purchase family needs, 2 respondents link their improved ability to provide their family needs through the improvement of their livelihood as aided by the program.

The respondents experienced difficulty in paying their loans due to financial difficulties caused by weak income for 2 respondents and reprioritization of expenses due to illnesses.

All the respondents understood the policies, terms and conditions of the microfinance program of BODA MPC. However, this did not ensure their compliance to said policies and objective of the program. Two respondents suggested that the program be flexible enough to consider payment extensions and amnesty to those having payment difficulties.

Conclusions

Based on the above results, the following conclusions were derived.

1. Considering the main objective of the micro finance program of BODA MPC which is to provide financial assistance for livelihood projects, there have been violations to their intents as there were more loans done for provident purposes as compared to those for productive purposes.
2. There is an instance of giving loan preferential treatment to a member in terms of loan application indicating inconsistencies in the delivery of the microfinance program..



3. The case respondents who used the borrowed amount for other purposes than the livelihood activities had encountered problem in loan repayment.

Recommendations

Based on the conclusions, the following recommendations are made:

1. The BODA MPC should clearly explain to members about the microfinance program, its objective and requirements.
2. BODA MPC should strictly implement its microfinance program policies. This will help decrease delinquency and avoid possible loss of confidence of members on the program due to preferential treatment on other members.
3. With the discovered problems of the program given the considerably small number of respondents of this study, BODA MPC must conduct a more exhaustive study on the efficiency and effectiveness of their microfinance program, results of which could help them develop more appropriate policies and strategies that would truly aid its members and sustain the operations of the program.



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APPENDIX A

Microfinance Program Policy

(BODA-MPC RECORD)

Enumerated below are microfinance policies implemented by the Cooperative.

1. Requirements in giving loans to the borrowers.
 - a. Must have paid the minimum capital share in the amount of the two thousand pesos (2,000.00) plus one hundred pesos (100.00) membership fee.
 - b. Must attend the Pre-membership Education Seminar.
 - c. Must be a member of the Cooperative for at least one month.
 - d. Must have a co-maker.
 - e. Must be presently residing permanently within the area of operation.
2. Papers to comply with in applying for loans.
 - a. applications form
 - b. co-borrowers statement form
 - c. promissory note
 - d. collateral if loan is more than seven thousand pesos
3. Loan Co-maker
 - a. Must be a member of the Association
 - b. Member of the Cooperative with sufficient funds
 - c. Other non-members with special power of Attorney of his property
4. Micro Loan Amount



- a. up to seven thousand pesos (7,000.00.) – non collateralized loan
- b. up to 2x the share capital – non collateralized loan
- c. more than seven thousand pesos and above – collateralized loan

5. Charges for the following:

a. interest rate – 2.5% per month.

b. Other charges:

1. Service charge – one percent per month.

2. capital build-up three percent of total loan amount.

3. Insurance – Four pesos for every one thousand pesos (1000.00) for three months term.

- Five pesos for every one thousand pesos (1000.00) for four months plus one peso for every additional month.

4. Savings – one percent of total loan.

6. Term of the loans

The term of the loan is below seven thousand pesos for three and seven thousand pesos above six months.

7. Mode of payments of the loans

The mode of payment of the loans is daily, weekly, and monthly.

8. Micro Loan Approving Authority

For loan which is P3,000.00 to P10,000.00 – the loan officer and manager

P10,001.00 to P50,000.00 – the manager and credit committee

P50,001.00 and above the credit committee and BOD with the recommendation of the manager.



Interview Guide

1. Socio-Economic Status of the Respondents

Name: _____

Address: _____

Civil Status: _____ Age: _____ Gender: _____

Occupation: _____

Other source of Income: _____

Households size: _____

Monthly Income (Household): _____

II. Loan Application

1. How many times have you availed of loans under the micro-finance program of BODA-MPC? _____
2. What are your reasons or purpose for borrowing from the program?

Reasons	Amount
First _____	_____
Second _____	_____
Third _____	_____
Fourth _____	_____

3. What were your experiences in applying for loan?

Good	Bad
_____	_____



III. Loan Acquisition

1. What were your experience in acquiring of your approved loan?

IV. Loan Use

1. Where did you use the loans you availed of?

	Use	Reasons
a.	_____	_____
b.	_____	_____
c.	_____	_____
d.	_____	_____

2. what benefits did you derive from the loan you have availed under the microfinance program?

- _____ improving business operation
- _____ increase ability to buy food, equipment and appliances for family
- _____ increase ability to provide children's educational needs
- _____ increase ability to pay debt
- _____ other _____

3. What problems did you experience in using the loan availed of?

V. Loan repayment

1. What problems did you encounter or experience in repaying your loan?
2. Where do you source out funds to pay your loan?
3. How do you budget your money in paying your loan?
4. Have you ever been delinquent in paying your loan?



	Yes	No	Reason
First loan	_____	_____	_____
Second loan	_____	_____	_____
Third loan	_____	_____	_____

5. Are you aware of loan repayment condition offered by the Cooperative?

VI. Feed back

1. What are your comments or suggestions on the microfinance program of BODA-MPC?
2. Do you read the loan policies of BODA-MPC? Do you understand its term and condition?

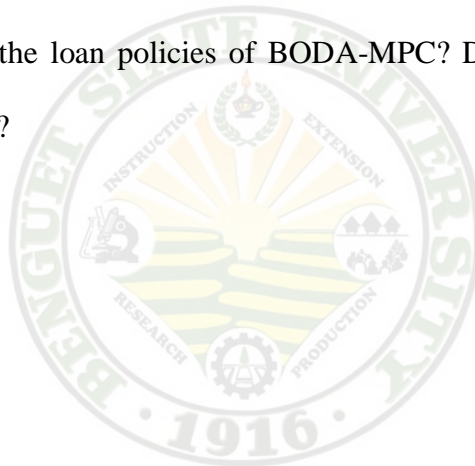


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