



OPPORTUNITY
International
AUSTRALIA

PHILIPPINES IMPACT REPORT

BREAKING THE POVERTY CYCLE

THANK YOU

WHY INVESTING IN A MOTHER MAKES A DIFFERENCE

Your hand up through Opportunity International Australia is so much more than a small loan. With every gift, you are investing in a mother, who uses the income from her small business to **transform her family and community.**

In the Philippines, mothers are known as "*Ilaw ng tahanan*", a phrase that means "**light of the home**". This means that she is the light that protects and guides her children. By acting as a role model for her children, she can support them to grow up and live a good life., providing for their basic needs and helping make their dreams come true.

When you invest in a mother in the Philippines, you are investing in much more than a small loan to start a small business. You are contributing to the health and wellbeing of a mother, her family and the community they live in.

This **ripple effect** is what makes microfinance such a powerful way to break the poverty cycle.

In the coming pages, you can read more about the impact of your giving in the Philippines over the last six months.

Your giving is truly transformational. **Thank you.**

THANKS TO YOUR SUPPORT



632,823 FAMILIES have small loans to start small businesses

North Luzon



399 COMMUNITIES across the Philippines are being reached

Metro Luzon



539 FAMILIES have safer housing following the devastating effects of Typhoon Haiyan

Visayas

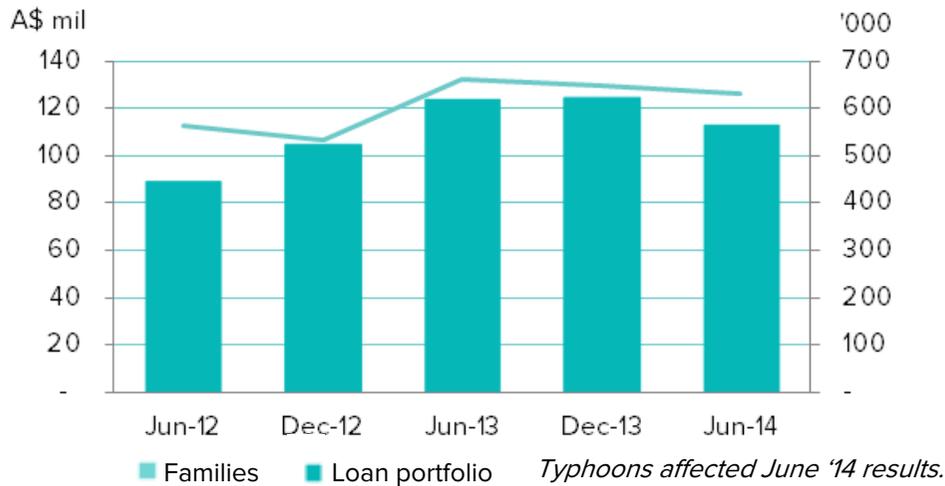
Mindanao



3,164,115 PEOPLE have been empowered with access to basic items like food, shelter, education and improved health services

HIGHLIGHTS OF YOUR IMPACT

IMPACT IN THE PHILIPPINES OVER TWO YEARS



MEET GEMMA

Gemma is a successful business owner from the northern Filipino district of La Union. Through her *carenderia*, or roadside food stall, and piggery, she is able to provide for her six children and husband. She also employs five other people in her village, giving them a stable source of income too.

Gemma's hard work and entrepreneurial skills led her to start a *carenderia* many years ago. But she struggled to attract enough customers to make an income and look after her family.

Thanks to your support, Gemma received a small loan from Opportunity's partner ASKI to buy the tables, chairs and additional snacks needed to make her *carenderia* the popular and successful business it is today. Over time, she founded her piggery which provides an additional source of income for her family.

By investing in Gemma, your giving has improved her family's life dramatically. Her children go to school every day and she feels confident in the future. In five years time, Gemma hopes to turn her *carenderia* into a restaurant so she can attract more customers and provide jobs for others so they can transform their lives, too.



“My deepest desire is to see all of my children go on to college and get a diploma. To achieve this, I always work double-time to make my business more profitable.”

Gemma, mother and shop owner from the Philippines

BUILDING OPPORTUNITIES TO MAKE A DIFFERENCE

IN CONVERSATION WITH

PHILIPPINES COUNTRY DIRECTOR MARK DANIELS

In the last six months we've been focusing on **helping families recover from the effects of Typhoon Haiyan**. The typhoon had a significant impact on many families, leaving them homeless and destroying businesses and livelihoods. Approximately 67,000 of the families impacted were microfinance clients of Opportunity.

To help, we've been providing **housing loans to put a roof over families' heads** and working with our microfinance partners to replace damaged assets and support affected staff.

One way we are having an even greater impact in poor communities is by **making sure that families are in a more resilient position when natural disasters hit again**. The United Nations Office for the Coordination of Humanitarian Affairs has raised concerns that there will be prolonged dry spells and stronger storms hitting the Philippines in the future.

We are taking a more holistic approach to this problem, for example, since many of the families we work with are **farmers**, we are designing tools like crop insurance to help farmers cope with hardship. We are also researching and developing the modelling for a potential Disaster Risk Pool Facility given the impact of natural disasters.

FUTURE-PROOFING FOR FARMERS

Many of the world's poorest people are farmers and they are usually among the worst hit when natural disaster strikes. This is because their livelihood depends on the weather, and with just one crop-destroying storm, their income for an entire year can be lost. By strengthening their overall resilience, your giving can help provide a safety net that keeps families afloat.

ADDING VALUE

One of the ways that farmers can be helped to reduce their vulnerability is through value-chain interventions. In part, this means helping farmers identify higher-value or higher-volume markets where they can directly supply their produce. By **connecting small-scale farmers directly to markets**, middlemen transactions are eliminated, meaning more profits for farmers and a better quality of life for their families. Some examples of this include:

- Connecting a group of indigenous people growing cassava to a company producing food for hogs
- Connecting corn farmers to a commercial company selling corn chips
- Investigating opportunities to export ginger to companies in countries like Japan.

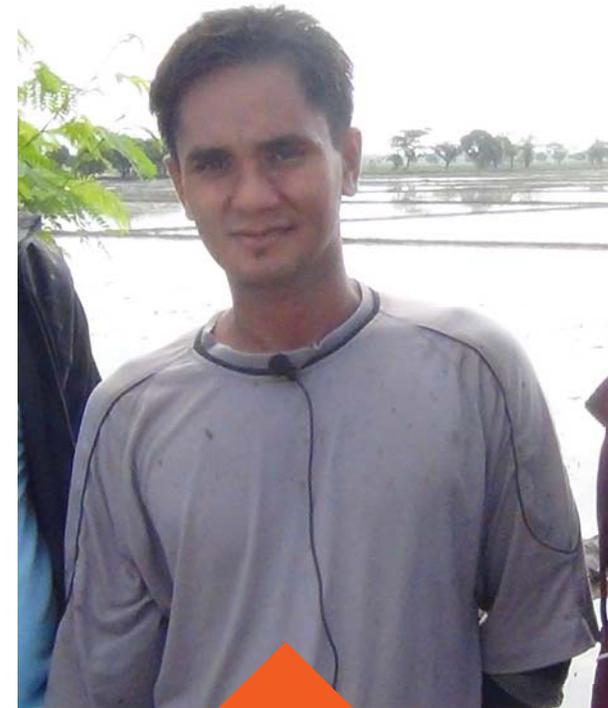
Your support is also helping Opportunity and its partners identify additional tools like crop insurance and specialised training for farmers to help them cope with seasonal instability and natural disasters.

TURNING WORDS INTO ACTIONS

Agricultural research and capacity building is making a tangible difference in the lives of farmers in the Philippines. Cirilo, from the Mannga *barangay* (village), is one of these farmers. Thanks to your giving, a small loan from Opportunity's partner TSPI gave Cirilo a hand up to make his rice farm self-sufficient.

Cirilo also received training to help him increase his farm's productivity. After completing a soil analysis, Cirilo found that he was using too much fertiliser on his farm. Now he is able to save money and only buy the amount necessary. His rice crops have increased in yield and quality as a result, drawing better prices and bringing in more income. Cirilo also received **crop insurance**, ensuring that he will be better prepared for any natural disasters.

Most importantly, less money spent on fertiliser means Cirilo has more money to spend on his four children's education, bringing about **long-term, generational change** for him and his family.

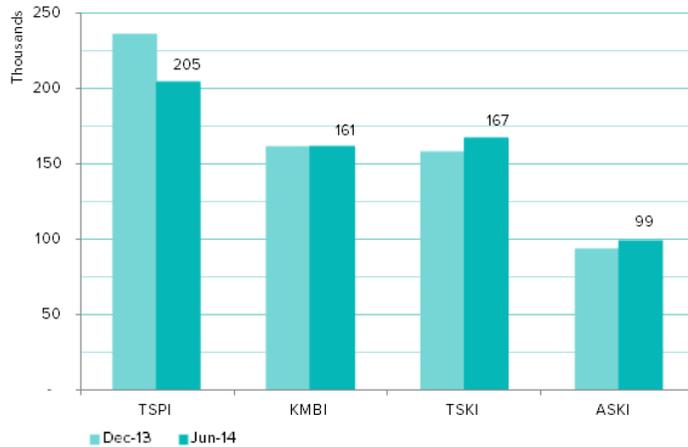


“Having crop insurance really helped a lot because if there’s a typhoon and my crops are damaged, there’s an assurance that I will be able to get something, to compensate for my loss.”

Cirilo, farmer from the Philippines

PERFORMANCE UPDATES

OUTREACH



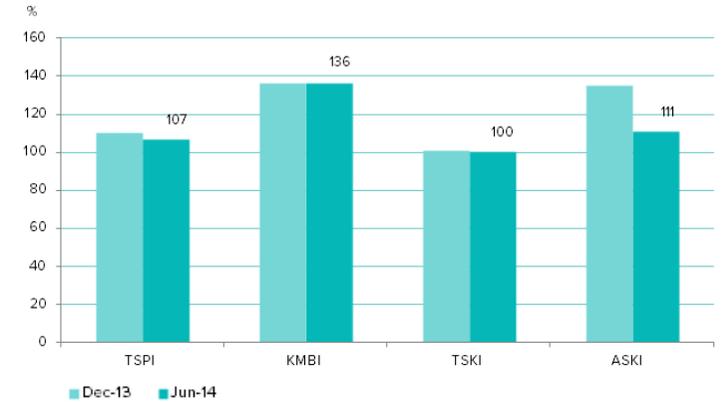
- Your support is helping reach out to 632,823 families in the Philippines.
- Since the devastating effects of Typhoon Haiyan and other typhoons, some of Opportunity's microfinance partners have been forced to reduce their outreach. As a result, there has been an overall decline in the number of families being reached in the Philippines. Your ongoing support will help us to again reach out to more families as they recover from the effects of natural disasters.
- All figures included for KMBI are for December 2013 as technical issues have hindered the collection and verification of data.

LOAN PORTFOLIO



- Opportunity's partners in the Philippines continue to focus less on growth and more on ensuring they are reaching the poorest families with the most useful financial tools and services. Therefore, it is likely that outreach and loan portfolio growth will continue to plateau.
- Overall operational sustainability for our Filipino partners is 113%, an appropriate level. Operational sustainability is the ability of an organisation to cover the costs of its lending program with the revenue earned from its lending program.

OPERATIONAL SUSTAINABILITY



- Overall Portfolio at risk (PAR) for the Philippines is 8.2%, which is being monitored closely. PAR is a stringent measure of a microfinance institution's loan portfolio quality, calculating the total value of outstanding loan balances for loans with at least one payment being overdue by more than 30 days. Since the typhoons, many families have been unable to repay their loans. Your support is helping Opportunity ensure our partners and the families we support are given the help they need to recover. As this will take some time, it is likely that our partner's loan portfolios will continue to be affected. As such, Opportunity continues to monitor partner's performance and will keep providing technical assistance and support to help them reduce their PAR.

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AN ONGOING IMPACT

Through your support, you are transforming the lives of families across the Philippines. In the future, your giving will help more mothers start businesses to help their families leave poverty behind.

Here's what Jennilyne (pictured) dreams of for her family's future:

“I want to install a small generator in my canteen so I can have a refrigerator for food storage, I also want to grow my cellphone top-up business. That way, my youngest child Joseph will be able to finish his studies. I would also be able to keep some money aside for emergencies.”

In the next six months, this is how your giving will help a family like Jennilyne's:

- **Transforming lives** – your support will continue to reach mothers like Jennilyne across the Philippines, helping them start or grow small businesses and transform their family's lives.
- **Understanding the needs of families living in poverty better** – Opportunity's Social Performance Management team will build the capacity of our program partners to understand how we can better meet the needs of families living in poverty.
- **Creating leaders** – in order to have a sustainable impact, it's crucial that your giving is delivered through sustainable organisations. That means investing in leadership to build the capacity to deliver innovative programs like remittances, savings and mobile banking for mothers like Jennilyne.
- **Building community resilience to natural disasters** – in a world of natural disasters, families living in poverty need tools to help them cope. This might include disaster insurance or flexible emergency loans. Opportunity is drawing on lessons from Typhoon Haiyan to establish a long-term toolkit to help reduce community vulnerability when disaster strikes again.



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DISCLAIMER

This report provides information about Opportunity International Australia's program activity. Information is provided to us by our implementing partners and we believe it is a true and accurate reflection of program activity at the time of writing. Programs may change in scope or be discontinued where our core operations are no longer fulfilling the intended outcomes. In this case, Opportunity International Australia may redirect funding to a suitable alternative program.

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