

Center for Agriculture and Rural Development, Inc.

Brief History

The Center for Agriculture and Rural Development, Inc. (CARD) was organized in December 1986 by 15 rural development practitioners as a social development foundation to address the need of a growing number of poor Filipinos in depressed communities.

In 1989, CARD pilot-tested solidarity group lending, modifying the Grameen credit methodology to suit the context of the Philippines. In 1990, it launched the Landless People's Development Fund (LPDF) as its flagship program. Through the years, the LPDF program has evolved into the CARD microfinance program.

In December 1995, the Board of Directors of CARD started to discuss the establishment of a bank. This was meant to address CARD's expansion plan of reaching 1 million poor people through savings mobilization. In August 1997, CARD obtained a license to operate as a rural bank from the Bangko Sentral ng Pilipinas. At that time, four of thirteen CARD branches were transformed into banks. Presently, CARD's non-government organization entity (CARD NGO) continues to co-exist with CARD Bank, CARD Mutual Benefit Association, and CARD MRI Development Institute under the group known as CARD Mutually Reinforcing Institutions (CARD-MRI). The institutions aim to provide the poor with diverse financial and non-financial services.

Methodology

While its loan products were initially adopted from the Grameen model, CARD NGO recently institutionalized the use of the ASA methodology. This methodology is a shift from group to individual liability. CARD NGO offers two major loan programs:

Sikap Loan

- This loan can be utilized by microenterprises such as vending, crop and livestock projects, hollow block making, bakery operation, dressmaking, and fish drying for their business ventures. This may also be extended to finance larger business investments.

Sagip Loan

- This is a second loan that a client can avail for emergency and social obligation use such as education and health.

Area of Operations

CARD NGO operates in the provinces of Laguna, Quezon, Masbate, Occidental Mindoro, Oriental Mindoro, Bicol, Camarines Sur, Camarines Norte, Batangas, Samar, Leyte, and Metro Manila.

Clients

CARD NGO provides financial services to microentrepreneurs. As of December 31, 2004, it had 80,098 active clients, 73,065 of whom are active borrowers. 99% of borrowers are women. Its gross loan portfolio reached PhP 383.4 million.

| Active clients | Active savers | Active borrowers | Gender |
|----------------|---------------|------------------|-----------|
| 80,098 | n/a | 73,065 | 99% women |

As of December 31, 2004

Poverty Focus

CARD NGO targets landless poor women that have per capita income of not more than PhP 1,500 per month, productive assets that are not more than PhP 100,000, and House Index score of not more than 6 points. Its average loan balance is PhP 5,248, equivalent to 8.6% of per capita GNP.

| Average loan outstanding | Average outstanding loan size/ GNP per capita | Average deposit size |
|--------------------------|--|----------------------|
| US\$93 | 8.6% | n/a |

As of December 31, 2004

Exchange rate: US\$1 = PhP 56.27

GNP per capita: PhP 60,859

Distinctive Features

CARD is one of the pioneer microfinance institutions in the Philippines. It is the first microfinance NGO in the Philippines to establish a formal financial institution. In addition, the CARD group operates with four mutually reinforcing institutions – CARD NGO, CARD Bank, CARD Mutual Benefit Association, and CARD MRI Development Institute. The institutions aim to provide the poor with diverse financial and non-financial services.

Innovations

CARD's microinsurance program is being handled by CARD Mutual Benefit Association. CARD MBA is a non-stock, non-profit mutual benefit association formed to promote the welfare of marginalized women; to extend financial assistance to its members in the form of death benefits, medical subsidy, pension and all loans redemption package; and to actively involve the members in the direct management of the association. CARD MBA started in April 1994 as CARD-Members' Mutual Fund (MMF) that aimed to provide benefit to members in case of death. The management of the MBA was turned over to its members on September 9, 1999.

Financial Results

As of December 2004, CARD NGO's resources amounted to PhP 573.9 million. It had liabilities and equity worth PhP 312.1 million and PhP 261.8 million, respectively. CARD NGO achieved an OSS ratio of 116.5% and an FSS ratio of 102.1% in December 2004. Outstanding loans at the end of December 2004 reached PhP 383.4 million. Its PAR > 30 days was 3.5%. (Source: MCPI Database – OSS, FSS, PAR)

| Loan portfolio | Portfolio at risk > 30 days | Savings deposits | OSS / FSS | RoE / RoA |
|------------------|--------------------------------|------------------|------------------|-----------|
| US\$ 6.8 million | 3.5% | n/a | 116.5 % / 102.1% | n/a |

As of December 31, 2004

Exchange rate: US\$1 = PhP 56.27

Challenges and Development Plans

CARD intends to transform its existing structures into institutions that will serve as vehicles to provide more and better services to its clients. This will involve transforming CARD Bank to CARD Development Bank; CARD NGO to CARD NGO Microfinance; CARD Training Center to CARD Development Institute; and CARD Mutual Benefit Association to CARD Insurance Company. New institutions will also be created to respond to the evolving needs of CARD's expanding clientele, namely CARD Housing Development Company and CARD Marketing Centers.

Inclusion in the Financial Sector

CARD NGO is the first microfinance NGO in the Philippines to establish a formal financial institution. It was given a license to operate as a rural bank in August 1997 by the Bangko Sentral ng Pilipinas. Presently, CARD Bank manages 15 branches with employees totaling 204 as of December 2004.

Sources

CARD Annual Report 2004

CARD Annual Report 2003

www.cardbankph.com

Microfinance Council of the Philippines Database