

## **Kabalikat para sa Maunlad na Buhay, Inc.**

### ***Brief History***

Kabalikat Para sa Maunlad na Buhay, Inc. (KMBI) started as a church-based credit program in 1985. It was formally established as a non-stock, non-profit organization on November 27, 1986 with the vision of seeing people live abundantly with strengthened faith in God and in right relationship with their fellowmen and the rest of creation. KMBI then had an initial capitalization of PhP132,000 providing loans to 37 microentrepreneurs and cash management training to 20 microentrepreneurs.

One of KMBI's first projects was the Ugnayan ng Kristiyanong Mangangalakal (UKMA) where microfinance clients were grouped together and given spiritual and leadership trainings. This program is the precursor of the Trust Bank (Branch Scale-up) Method, which is now replicated in 40 countries worldwide.

In 1999, KMBI started expanding its operations in the Muslim populated areas of Southern Mindanao and transferred part of its portfolio to the Opportunity Microfinance Bank (OMB) in 2001. That same year, KMBI piloted Business Development Services (BDS) and Transformation program for its clients and installed Research and Development for a continuous provision of relevant demand-driven products and services.

Reaping from its two decades of dedicated service, KMBI fared to be Opportunity International Network's (OIN) number one Small Scale Partner in 2002 and the number one OIN Medium/Large Scale Partner since 2003 to present. It was also the recipient of the OIN Gender and Development Award for two consecutive years now.

### ***Methodology***

KMBI uses the Branch Scale-Up Model also known as Trust Bank Method. This methodology is a crossbreed variant of the Grameen and several other microfinance approaches. KMBI offers group loans with an initial loan amounting to PhP4,000, an interest rate of 20%, payable in 6 months, and banking on character and mutual guarantee among the members of the group.

### ***Area of Operations***

KMBI operates 24 branches in the areas of Metro Manila, Davao, Bicol, Cavite, Laguna, Batangas, Quezon, General Santos City, Davao, North Cotabato, South Cotabato, and Agusan del Norte.

### ***Clients***

KMBI clients are poor but economically active women. As of December 2004, KMBI had 80,078 active clients, all of whom are active borrowers. 99.9% of borrowers are women. Its loan portfolio reached PhP 232 million.

Active clients	Active savers	Active borrowers	Gender
80,078	n/a	80,078	99.9% women

As of December 31, 2004

### ***Poverty Focus***

KMBI is a Christ-centered development organization existing to help in transforming the lives of the poor by providing opportunities through sustainable microfinance and demand-driven non-financial services. In this regard, KMBI targets poor but economically active women. KMBI's average loan balance is PhP2,897, equivalent to 4.8% of per capita GNP.

Average loan outstanding	Average outstanding loan size/ GNP per capita	Average deposit size
US\$51	4.8%	n/a

As of December 31, 2004

Exchange rate: US\$1 = PhP 56.27

GNP per capita: PhP 60,859

### ***Distinctive Features***

As KMBI believes in the holistic sense of development, Transformation program completes its three-pronged approach. The program particularly aims to elicit awareness and active participation in facilitating transformation through health, social, political, environmental, and spiritual interventions, such as Leadership Trainings, Outreach Projects, and Opportunity Ministries (Volunteerism).

### ***Innovations***

In addition to its microfinance services, KMBI also provides Business Development Services (BDS) to its clients. BDS is an integrated approach in developing business or enterprises, which includes non-financial services that aim to increase the business skills and market access of resource-poor entrepreneurs to improve their income generation and asset-building capacity. The desired end is a more vibrant micro and small enterprise (MSE) environment in terms of increased profitability and productivity, increased ability to withstand market variability, and faster growth. KMBI has recently created the KMBI Circle of Success (KSC) to further enhance the entrepreneurial capacity of clients with outstanding business performance.

### ***Financial Results***

As of December 2004, KMBI had assets totaling PhP 297.4 million. It had liabilities and equity worth PhP 215.3 million and PhP 82 million, respectively. KMBI achieved an OSS ratio of 113.6% and an FSS ratio of 107.2% in December 2004. Outstanding loans at the end of December 2004 reached PhP 232 million. Its PAR > 30 days was 0.2%. (Source: MCPI Database – OSS, FSS, PAR)

KMBI is one of the most aggressive MFIs in the Philippines in terms of expansion. In 2004, its number of active borrowers increased from 27,266 to 80,078, a growth of 194%. Similarly, KMBI's loan portfolio increased by 158.1% in 2004.

Loan portfolio	Portfolio at risk > 30 days	Savings deposits	OSS / FSS	RoE / RoA
US\$ 4.1 million	0.2%	n/a	113.6 % / 107.2%	n/a

As of December 31, 2004

Exchange rate: US\$1 = PhP 56.27

### ***Challenges and Development Plans***

KMBI plans to reach 150,000 clients by 2006. Major challenges related to this expansion plan are the following: maintaining focus on client needs, innovating products and service, and ensuring enterprise sustainability and transformation of lives of clients.

### ***Inclusion in the Financial Sector***

KMBI is one of the investors of Opportunity Microfinance Bank (OMB), the first microfinance-oriented thrift bank in the Philippines. Together with the Alliance of Philippine Partners in Enterprise Development, Inc. (APPEND), Opportunity International (OI), Taytay sa Kauswagan, Inc. (TSKI) and Alalay sa Kaunlaran sa Gitnang Luzon, Inc. (ASKI), KMBI established OMB in

2001. KMBI is the first among its investing partners to transfer part of its microfinance operations to OMB.

**Sources**

KMBI Brochures

KMBI Annual Report 2003

[www.opportunity.org](http://www.opportunity.org)

[www.append.org](http://www.append.org)

Microfinance Council of the Philippines Database