

*Public-private sector partnerships
The process for the formulation
of Strategies*

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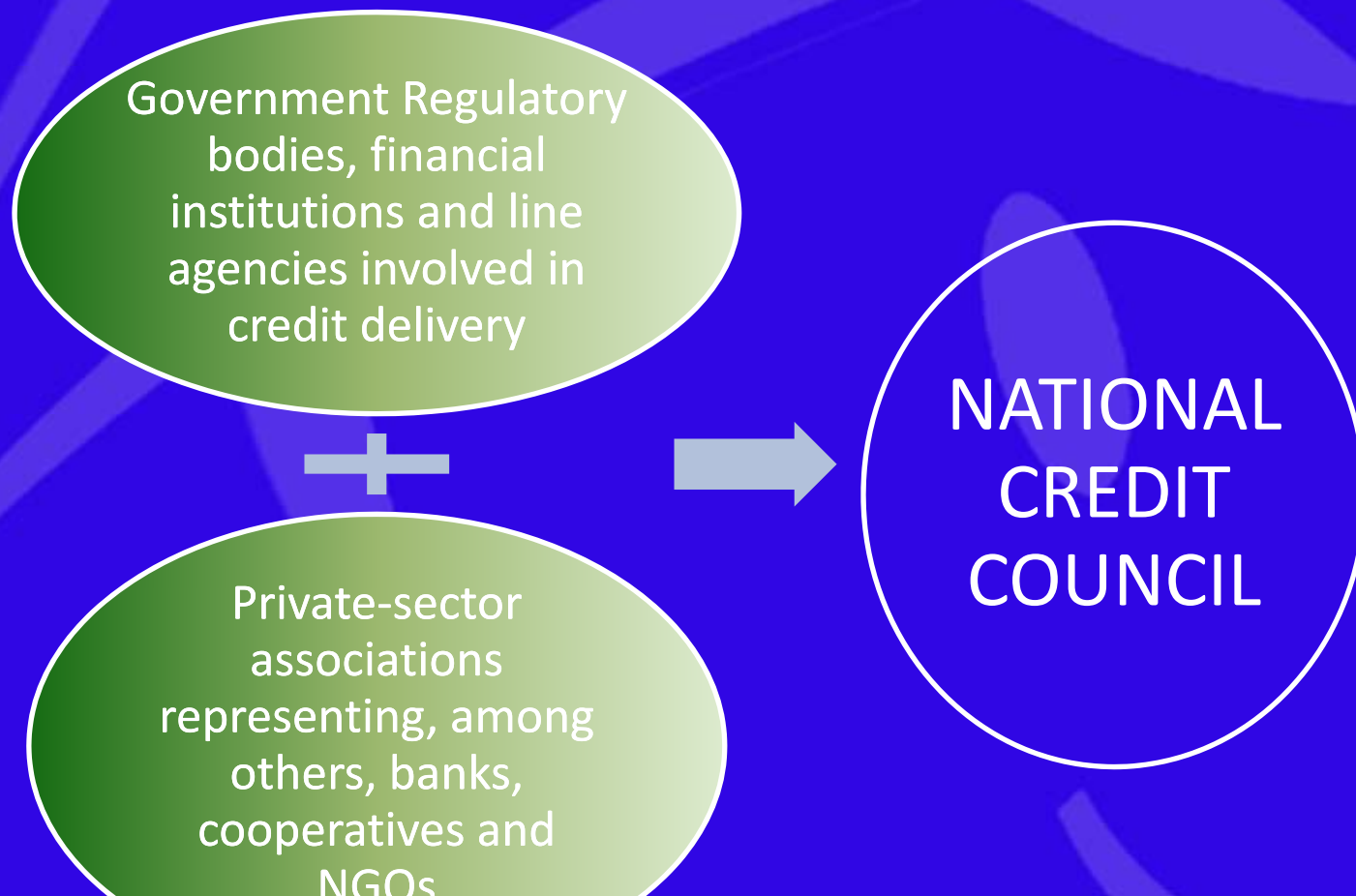
WHERE WERE WE BEFORE

- Absence of financial inclusion policy
- Proliferation of **subsidized** government credit programs
- Unsustainable private financial institutions dependent on government cheap funds



- Lack of access by the poor from formal financial services
- Low outreach of government credit programs
- Undisciplined borrowers
- Weak private sector participation

MEETING THE CHALLENGE

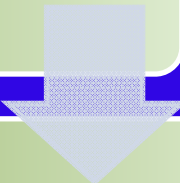


PROCESS UNDERTAKEN

Complete inventory of all credit programs implemented by Government

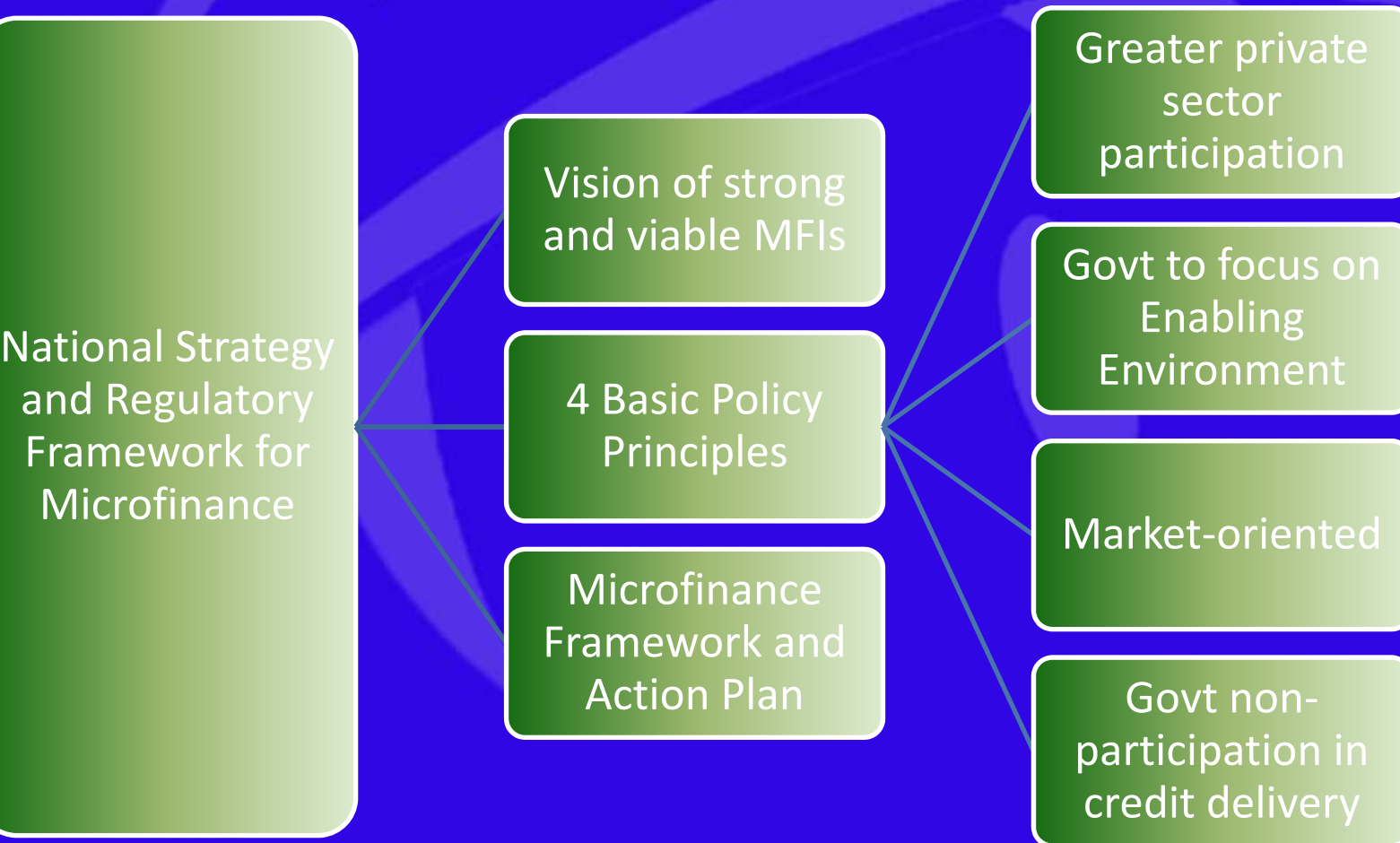


Series of credit policy-related studies including an evaluation of the programs



Workshops and meetings with strong private sector participation

WITH CONSENSUS



THE NEW PARADIGM

From Beneficiaries

To Clients

From Directed Credit

To Market Approach

From Donor Dependence

Financially self-sufficient MFIs

TO ENSURE ADOPTION...

A Government body with private sector representatives was created by law to coordinate and monitor all poverty-related programs particularly microfinance

Technical Working Groups (TWGs) were formed to discuss and work on specific tasks

Exposure and study visits on best-fit practices, both foreign and local, were conducted for key officials

TO ENSURE ADOPTION . . .

Regional consultations and aggressive advocacy work were conducted

Briefings and presentations to newly elected/appointed officials were held

Government appropriation to Government line agencies for DCPs were stopped

AS A RESULT . . .

Laws

- Agricultural Fisheries Modernization Act
- Social Reform and Poverty Alleviation Act
- Amendment to the General Banking Act
- Barangay Microbusiness Act

Circulars

- Executive Order
- Government Agency Issuances
- Central Bank Circulars
- Amendments to Operating Manuals of GFIs

Standards

- Uniform Set of Performance Standards for Microfinance Operations

TODAY

Few large MFIs with outreach of less than half a million clients in 1997

- 1,410 MFIs
- 7 million clients
- Commercial banks providing wholesale funds to retail MFIs

Economist Intelligence Unit Study on Microfinance 2010

Ranks the Philippines among 54 countries:

- 2nd in overall microfinance business environment
- 1st in Regulatory Framework
- 4th in Institutional Development
- 18th in Investment climate

WHAT HAVE WE LEARNED

Strong private sector collaboration from the onset is imperative to push for critical financial inclusion reforms

Private sector ownership of the reforms ensures continuity

An independent body with multi-sector representation is an effective venue/fora for continuous policy dialogues

Institutionalization of the reforms through legislation and executive fiat can mitigate policy reversals

WHAT HAVE WE LEARNED

Capacity building assistance is more important rather than government subsidized credit funds

Less direct government intervention enhances competition, lower interest rates and greater access of the poor to microfinancial services

Setting standards builds and develops strong, effective and sustainable private financial entities

AFTER MICROCREDIT, NOW MICROINSURANCE

Driven by successes in the microfinance sector

Financial inclusion policy in the form of the National Microfinance Strategy promotes microinsurance

Inclusion of microinsurance in the regulatory regime stirred awareness

Regulatory flexibility provided space to accommodate changes and innovations in the microinsurance market

THROUGH THE SAME PROCESS

work has begun
with private sector
and technical
assistance support
from the Asian
Development Bank
(ADB) and the
German Technical
Cooperation (GTZ)

Microinsurance National
Strategy and Regulatory
Framework launched

Government Circulars on
Microinsurance Issued

Perform-
ance
Standards

Micro-
insurance
Product
Development

Financial
Literacy and
Advocacy

THE CHALLENGES AHEAD

Nationwide educational campaign on the importance of insurance particularly among the poor and informal sector

Availability of simple, affordable and innovative microinsurance products tailor-fitted to the informal sector

Use of community-based organizations as effective delivery channels for insurance products to the majority of the population

Adoption of performance standards to promote sustainable and viable operations of microinsurance providers

Microcredit provides the poor
their present financial needs,
Microinsurance provides for their
future and unexpected financial
needs



***Magpaseguro para
Protektado!***