

# SOCIAL PERFORMANCE REPORT

ECLOF PHILIPPINES



**ECLOF**  
INTERNATIONAL



# SOCIAL PERFORMANCE MANAGEMENT AS A MEANS OF ATTAINING SOCIAL IMPACT

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ECLOF attains social impact by targeting those in need and giving them access to financial and non-financial services that empower them and effect positive changes in their lives.

Impact evaluations attempt to demonstrate the outcomes of microfinance. They tend to be onerous and costly. Because rigorous research methods like randomized control trials usually track a rather short timeframe of 12-18 months, their findings are often questioned.

For obvious reasons, it is difficult to clearly attribute improvements in clients' lives to a single (microfinance) intervention. Undertaken by researchers rather than practitioners, their results are often not used effectively to improve institutional performance.

Social performance management, on the other hand, focuses on those recognized management practices that can be effective in achieving the institution's stated social goals and creating value for clients, whether these can be "proven" or not.

It is ECLOF's goal to accompany its clients as they graduate, i.e., as they rise on the economic ladder from poor to vulnerable and beyond.

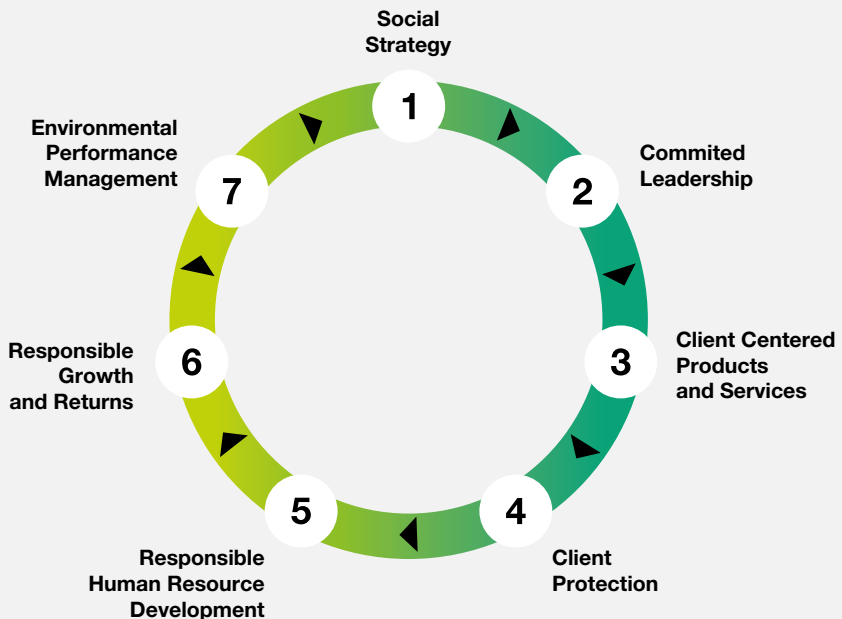
Therefore, ECLOF started to monitor the poverty level of its clients using tools like the Poverty Probability Index (PPI) and Lean Data impact studies. With the collected data, it will be possible to document how clients graduate over time. It will also help ECLOF to consistently target poor clients.



**ECLOF INTERNATIONAL DEFINES SOCIAL PERFORMANCE AS THE EFFECTIVE TRANSLATION OF THE ECLOF MISSION INTO PRACTICE, IN LINE WITH ACCEPTED SOCIAL VALUES THAT RELATE TO:**

- Reaching our target market.
- Delivering high-quality and appropriate services.
- Responding to the needs of clients, their families and communities.
- Protecting clients from negative effects of accessing financial services.
- Ensuring responsibility towards our employees, clients, the communities we serve and the environment.

**THE SEVEN DIMENSIONS OF THE UNIVERSAL STANDARDS FOR SOCIAL AND ENVIRONMENTAL PERFORMANCE MANAGEMENT**



# MISSION & VALUES OF ECLOF PHILIPPINES

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## VISION

**Realizing  
Human Dignity**

## MISSION

**ECLOF Philippines  
is committed to build  
communities and livelihood,  
which are sustainable,  
economically viable,  
socially desirable  
and environmentally  
sound.**

## VALUES

**Service  
with Teamwork  
Integrity  
Excellence  
Stewardship  
(TIES)**

ECLOF International seeks to actively manage the social performance that its network delivers. ECLOF therefore has adopted the Universal Standards for Social and Environmental Performance Management (“the Universal Standards”): a set of core management practices that constitute “strong” Social Performance Management (SPM). In applying the standards, ECLOF members hold themselves accountable to their social mission, facilitate greater social impact and can even boost their operational and financial performance over time.

As part of its strategy to be accountable and transparent in meeting its financial and social goals, ECLOF International conducts social audits of its network members, supports capacity building in the members and monitors the social performance of members through a social performance reporting framework. The framework applies 30 quantitative and qualitative metrics to measure the degree of success of network members in reaching ECLOF’s social mission.

## FACTS & FIGURES

ECLOF Philippines is a medium-sized MFI registered as a non-profit NGO. From 24 outlets, 231 staff serve more than 14,000 clients across North Luzon, South Luzon, NCR, Calabarzon, Mindoro and Palawan. ECLOF Philippines caters predominantly to smallholder farmers who make up 8 in every 10 clients.

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**Year of foundation: 1995**

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**Legal form: Microfinance-NGO**

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**Number of clients: 14,089**

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**Loan portfolio USD: 6.2 million**

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**Number of branches: 15**

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**Number of staff: 231**

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**Operational self-sufficiency: 122 %**

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All information as per December 2023

## BRANCH NETWORK ECLOF PHILIPPINES



# WHO DO WE REACH & EXCLUDE

INDICATOR	DATA POINT	COMMENT
<b>Number of clients reached</b>	<b>14,089</b>	ECLOF Philippines targets predominantly rural communities, with a focus on farmers.
thereof women	9,862	
thereof men	4,227	
thereof urban	3,100	
thereof rural	10,989	
<b>Number of people reached</b>	<b>57,765</b>	ECLOF's work can have an exponential effect on the families and communities served. ECLOF builds local capacity in its clients and its staff, and it builds social capital through the solidarity group lending model. The average family size in the Philippines is 4.1.
thereof urban	12,708	
thereof rural	45,057	
<b>Geographically poor areas served</b>	<b>79 %</b>	19 of the 24 outlets of ECLOF Philippines are located in rural or semi-urban areas. The 5 urban outlets serve low income urban communities.
<b>% of vulnerable clients</b>	<b>70 %</b> of clients are women <b>80 %</b> of clients are smallholder farmers	Due to limited access to education and assets, women tend to be more vulnerable than men. Due to precarious living conditions in rural areas and often unstable income, smallholder farmers tend to be more vulnerable to external shocks.
<b>Access to a loan</b>	<b>49 %</b> first time borrowers <b>50 %</b> could not find good alternative to ECLOF	Half of ECLOF's clients take out a loan from a financial institution for the first time. This proxy indicator highlights the continuing importance of MFIs in providing first access to financial inclusion for the un- and underserved. Data stems from the 60 Decibels (dB) lean data study.
<b>Average outstanding loan / Gross national income (GNI) per capita</b>	<b>11 %</b>	This proxy indicator applied across the whole portfolio indicates that a financial institution reaches poorer clients. MIX Market defines that loans up to 20 % of GNI per capita are loans to the lowest income clients.
<b>% of ultra-poor and poor clients</b>	<b>8%</b> live on less than 3.20 USD/day	By asking a sample of clients a few simple questions, the 60dB lean data impact study computes the likelihood that a household is living below the poverty line. According to the Department of Labor and Employment, the minimum wage in the Philippines is 11 USD/day.
<b>% of poor and low-income clients</b>	<b>27 %</b> live on less than 5.50 USD/day	Agriculture clients, who account for 70 % of ECLOF Philippines clients, on average, earn 6 USD/day.

Around two in every three clients of ECLOF Philippines live in rural areas. 80% of them practice one of the most vulnerable activities in the community: agriculture. Farmers and fisher folk are susceptible to weather risk, they depend on market prices, and they face practical challenges accessing services due to their geographical isolation. Making things worse, the Philippines is battered by some 20 typhoons every year that cause significant damage to farming and fishing. ECLOF Philippines tracks the monthly income of these agricultural clients: on average, each one earns 6 USD/day. In rural areas, the average minimum wage is 8 USD/day. In order to add value to these communities, ECLOF continues to innovate to help them build their resilience and deliver relevant and responsive products and services.

ECLOF sets out to enable vulnerable communities, particularly women, to become economic agents of change. Women tend to be more concerned about their families' welfare in terms of food, child education, living conditions, and even health. Serving women has a direct effect on society in that they are able to reinvest the profits of their businesses into their families and the community.

Individual lending is a methodology that allows independent smallholder farmers and entrepreneurs — each of whom does not have access to a “bank” — to obtain loans based on their cash-flow cycle and agricultural or production needs. 7 out of 10 ECLOF Philippines clients opt for individual lending. 3 of 10 clients, on the other hand, access

loans from ECLOF through a solidarity group loan model.

It is important for ECLOF Philippines to demonstrate client-level results to internal stakeholders (such as clients and employees) and external stakeholders (such as investors) not just with anecdotes but also through real data. Therefore, ECLOF Philippines has begun to collect poverty data of its clients as part of the Lean Data impact studies. The data reveals that the target of serving poor and low-income clients is achieved.



# GLOBAL MICROFINANCE INDEX: MEASURING THE IMPACT OF FINANCIAL INCLUSION USING A LEAN DATA APPROACH

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The 60 Decibels Global Microfinance Index seeks a simple answer to a complicated question: What is the social impact of microfinance institutions? By utilizing a lean data approach, 60dB interviews clients directly on the phone, returning high-quality data that aids MFIs in maximizing impact and growing its operations. To this end, 60dB interviewed 18,000 microfinance clients from 72 MFIs across 42 countries. Collectively, these MFIs serve more than 25 million clients, more than 15% of all microfinance clients globally.

Among them were 251 ECLOF clients from the Philippines who answered a standardized set of questions around five common dimensions of impact: Access, Business Impact, Household Impact, Financial Management, and Resilience.

Here are some of the key findings:

## **1. MICROFINANCE CAN DO A GOOD JOB OF REACHING PEOPLE WITHOUT ACCESS TO FINANCIAL SERVICES:**

Particularly women and lower income client's access loans for the first time through microfinance. This finding validates the core premise of microfinance: that clients can put loans to productive use in their businesses, and that business improvements will translate to improved household well-being.

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## **2. 1 IN 3 CLIENTS REPORT A "VERY MUCH IMPROVED" QUALITY OF LIFE BECAUSE OF THEIR MICROFINANCE LOAN:**

While the majority of clients report improvements in their quality of life because of the MFI loan, a full one-third of clients place themselves in the top "very much improved" category.

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## **3. MFI CLIENTS REPORT HIGHER THAN AVERAGE CAPACITY TO DEAL WITH AN ECONOMIC SHOCK, AND THEY SAY IT IS BECAUSE OF THE MFIS:**

1 in 3 of the clients in our Index would find it difficult to cover an emergency expense of 1/20<sup>th</sup> of Gross National Income per capita, compared to 1 in 2 globally, according to index.

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## **4. GROUP LENDING CONTINUES TO BE AN IMPORTANT PRACTICE:**

Group lenders are better at reaching poorer clients, are more likely to reach women, and more likely to have clients who are accessing a loan from an MFI for the first time.



**I AM VERY THANKFUL TO ECLOF BECAUSE DURING THE PANDEMIC, IT WAS ONE OF MY RELIABLE SOURCES TO FUND MY SARI-SARI STORE BUSINESS.**

Female, 51

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**BECAUSE OF ECLOF I WAS ABLE TO START A BUSINESS, HAVE MY OWN INCOME, SO I WAS ABLE TO HELP MY HUSBAND PAY FOR OUR DAILY EXPENSES AND OUR CHILDREN'S SCHOOL FEES.**

Female, 42

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**ECLOF PROVIDES FAST LOAN APPROVALS WITHOUT COMPLICATED REQUIREMENTS. WE ALSO HAVE LOAN SAVINGS THAT I ALWAYS RELY ON WHEN I RUN SHORT OF BUDGET DURING AN EMERGENCY.**

Female, 42

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**MY BUSINESS BECAME MORE STABLE BECAUSE OF ECLOF. WE FARMED AS A SOURCE OF INCOME UNTIL WE WERE ABLE TO RAISE LIVESTOCK. WE SUCCESSFULLY SENT ALL OUR CHILDREN TO SCHOOL, AND SOME OF THEM ARE GRADUATES NOW.**

Female, 59

# CUSTOMER EXPERIENCE

INDICATOR	DATA POINT	COMMENT
Client satisfaction score	82 %	From the 350 clients who gave feedback during the first half of 2023, 82 % encircled the “Happy face”.
Client retention rate	90 %	10 % of clients decided to leave the institution in the first half of 2023.
Net Promoter score (NPS)	74	NPS measures client satisfaction and loyalty. ECLOF Philippines has a NPS of 74, which is indicative of high client loyalty.
	75% are promoters	From a random sample of 251 clients, 75 % most likely would recommend ECLOF Philippines to their friends or business partners (Source: 60 dB Study).

By actively managing its social performance, ECLOF Philippines puts clients at the center of all strategic and operational decisions. It designs products that help clients cope with basic needs, invest in economic opportunities, build assets and manage their daily and life cycle financial needs. And it constantly reviews and adapts products based on client feedback to better meet clients’ expectations.

It is important to systematically track the level of client satisfaction: a very satisfied client will talk to 3-4 people about the experience, while a dissatisfied client will tell 8-9 people. When a client’s complaints are received, answered, and solved, there is a 90 % chance that s/he will return to the institution.

ECLOF Philippines offers clients a feedback mechanism. There is a simplified “Happy Face” or “Sad Face” form and

suggestion boxes in each office. On a quarterly basis, the Client Service Officer at the Head Office consolidates the information and feeds it back to branch managers for their action and information. This process helps ECLOF improve products and service delivery. As of June 2023, 82 % of clients chose a happy face and were satisfied.

Client retention is a proxy indicator for the quality and relevance of ECLOF’s service to its clients. There is evidence that a stable, long-term relationship with a finance provider can facilitate the graduation of poor clients to higher income levels. In a competitive financial sector, clients of ECLOF Philippines show a moderate degree of loyalty to the institution.

The Net Promoter Score® (NPS) is a gauge of client satisfaction and loyalty. Clients are asked to rate the likelihood

of their recommending the company's services to family, friends and business partners on a scale ranging from zero to ten. The NPS is the percent of clients rating 9 or 10 ("Promoters") minus the percent of clients rating 0 to 6 ("Detractors"). Those rating 7 or 8 are "Passives". The score can range from -100 to 100. ECLOF in the Philippines has a NPS of 74, which is excellent and indicates that a vast majority of clients would recommend their service to others.



# CLIENT PROTECTION

INDICATOR	DATA POINT	COMMENT
<b>Adherence to the client protection principles</b>	<b>8</b>	This indicator shows for which of the 8 CPPs (Client protection principles) explicit policies and procedures are in place.
<b>Number of client inquiries</b>	<b>4</b>	Clients can submit queries through suggestion boxes in the branches, Facebook page and a central customer hotline.

Client protection — doing no harm to clients — is the foundation of and an integral part of social performance. There are 8 accepted client protection principles. They range from offering suitable products for preventing client over-indebtedness and protecting client data. ECLOF Philippines has policies and procedures in place for all 8 principles. For example, to recognize other financial obligations clients have and consider them appropriately in the credit decision, ECLOF Philippines uses Credit Bureau information. This effectively protects clients from over-indebtedness. Loan conditions are communicated actively and transparently to clients.

ECLOF’s corporate culture values high ethical standards. ECLOF rates its loan officers on their ethical conduct towards clients as part of the regular performance evaluation.

ECLOF Philippines has formally committed to the Client Protection Pathway, an initiative launched in September 2021 to accelerate client protection in the

financial inclusion sector. The Client Protection Pathway outlines the actions a financial service provider can take to put client protection measures into place and prevent clients from suffering harm. The Pathway serves as a guide for providers in putting the Client Protection principles into practice and keeps them on track.

Actively listening to clients is part of client protection. ECLOF Philippines, consistent with its desire to provide the best service, has a mechanism for complaint resolution in place to make its clients feel valued. With this, staff are guided in handling complaints received from clients and ensure that these will be addressed objectively and constructively. ECLOF Philippines invites clients to submit complaints through boxes in branches, a Facebook page, or a complaint hotline.

**The Lean Data impact studies have delivered data on the high standard of customer protection at ECLOF Philippines:**

Findings on the client protection principles derived from the 60 dB lean data impact study.

(Sample size: 251)

- **PREVENT OVER-INDEBTEDNESS**

91% report their repayments as not a problem.  
95% report no reduction in food consumption to make repayments.

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- **BE TRANSPARENT**

90% of clients “strongly agree” that they understand ECLOF’s terms & conditions.

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- **APPROPRIATE PRODUCT DESIGN & DELIVERY**

90% of clients report facing no challenges with ECLOF’s loan.



# RESPONSIBILITY TO STAFF

INDICATOR	DATA POINT	COMMENT
<b>Staff turnover rate</b>	<b>16 %</b>	In a competitive labor market, ECLOF Philippines is a rather attractive employer.
<b>Staff satisfaction survey process established</b>	<b>Yes</b>	Last Survey (Dec 2021): 70 % of staff would recommend ECLOF as an employer. What attracted them most to ECLOF was the mission & vision, the working relationships in the workplace and the service culture that ECLOF lives.
<b>Staff exit interview process established</b>	<b>Yes</b>	When staff leave, they are asked the reasons why.
<b>Share of women in</b>		Women take responsibility in positions across the institution.
Staff	<b>36 %</b>	
Management	<b>40 %</b>	
Board	<b>67 %</b>	
<b>% of staff benefiting from training</b>	<b>69 %</b>	Two third of staff benefited from professional training between January and June 2023.

In microfinance, employees are the organization’s main asset. They have rights, and if treated responsibly, they are more likely to treat clients responsibly in return. Treating staff well also improves service quality and sustainability because more satisfied staff treat clients better; and well-treated clients are loyal to the institution. ECLOF Philippines regularly tracks staff turnover and conducts exit interviews with departing staff. There are regular satisfaction surveys among staff.

To build staff skills and increase the attractiveness of working for ECLOF Philippines, training is essential: 69 %

of all staff benefited from professional training in the first half of 2023. ECLOF regularly organizes exposure visits for staff to other branches, where they get to do the work of their peers to better understand and prepare themselves to handle any situation. Field managers are trained in policy and people management and finance skills. Throughout the year, 50 % of staff participate in a “Day in the Farm”, where they do hands-on work on ECLOF’s demo farm. ECLOF focuses on staff wellbeing and pursues it through annual health checkups and trainings on topics like mental health.



The satisfaction survey revealed that 83 % of employees are satisfied with the organization. Staff evaluates the working environment and relationships within ECLOF positively, as well as areas for improvement.

Staff turnover continues being a challenge for ECLOF Philippines. Reasons for this include the competitive labor market in the financial sector, the need for staff to engage in remote areas to attend clients, and high standards for staff performance. ECLOF Philippines works to increase staff loyalty by improving the staff selection and onboarding

process, providing competitive salaries and benefits, and promoting career advancement. Management and staff uphold the highest ethical working standards, as outlined in the ECLOF Code of Ethics. Aside from these tangible things, ECLOF Philippines motivates staff and maintains high team spirit through recognition of top performers at quarterly and annual gatherings, a bi-annual newsletter and team building to foster camaraderie.

# BENEFITS TO CLIENTS

INDICATOR	DATA POINT	COMMENT
Number of clients trained	2,494	Since 2012, ECLOF Philippines has trained over 2,494 clients on organic farming, business and management, and health.
% of clients trained	13%	13 in every 100 clients attend trainings by ECLOF Philippines.
Number of services addressing basic client needs	3	Calamity, Medical & Hospitalization and Emergency loan product; disaster recovery grants, business development and capacity building
% of loan portfolio in those products	3%	

For a socially motivated provider of financial services like ECLOF, it is not enough to protect clients from harm. We actively seek positive impact on the lives of our clients: their economic wellbeing, their community integration, their resilience to shocks, and their ability to cover basic human needs. This is achieved through financial products and by building clients' capacity.

In order to strengthen its outreach to the poor unserved by other financial institutions, ECLOF Philippines introduced a start-up business loan: the Micro Negosyo at Serbisyo Group Loan. It targets micro entrepreneurs with no prior business experience who have a good idea and skills in their field. Clients can benefit from a combination of startup

loan and business skills training from ECLOF.

One of the benefits of financial inclusion that receives more and more attention is its potential to improve the resilience of clients, i.e. their ability to cope with shocks like death of a household member, medical or weather emergencies. To poor people, even small shocks can have disastrous effects on their lives. Therefore, ECLOF Philippines provides loans to its loyal clients that cover their emergency and basic needs in case of personal calamity or natural disaster. Granted swiftly, these loans are used to pay for medical costs, emergency home repair, or education expenses. Albeit not in the traditional sense directed at "productive purposes", such



loans can facilitate greater social impact beyond the income-smoothing effects of conventional microfinance. We found that offering such products increases client loyalty because clients feel that ECLOF is not just supporting their farm or business but also looking after their personal and family well-being. ECLOF Philippines even distributed disposable facemasks and face shields to clients during the COVID-19 pandemic to protect them from acquiring the disease.

ECLOF deliberately enhances the resilience of its clients: by nourishing a savings culture, by training them in accessing insurance, and by enabling them to grow their income. If all else fails, clients have access to emergency loans that help cope with unexpected shocks.

The 2022 60 dB Financial Inclusion Index places ECLOF Philippines in the top 20 % for resilience performance when compared to other MFIs. Out of 251 interviewed clients of ECLOF Philippines :

- **94 % say their ability to meet a major expense has improved because of ECLOF.**

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- **86 % report increased savings balance.**

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- **99% report never (95 %) or rarely (4 %) having to reduce food consumption to make a payment.**



# A COMPREHENSIVE APPROACH TO RURAL SERVICES: CAMPAIGN FOR HEALTH

A challenge that ECLOF's rural clients in the Philippines face is a lack of access to health services — both primary and preventive care. When affected by minor maladies, many of ECLOF's clients do not consult doctors because of lack of financial means or ignorance. However, diseases that can be benign, if left untreated, can get worse and become so severe that they affect the personal and professional life of a person.

Since 2016, ECLOF Philippines started a campaign for health among clients. In 2023, the organization held a Health,

Medical, and Dental Outreach in Taytay, Palawan, in collaboration with 30 Medical and Dental Doctors, Nurses, and Nursing Aids from the Palawan Provincial Health Office, Northern Palawan Provincial Hospital, Palawan Medical City, and Adventist Hospital. 501 clients and their families received free medical consultations, dental services and education on topics such as Malaria and family planning, and advice on how to live a healthy lifestyle. With all the positive feedback from clients, ECLOF intends to replicate these events together with its partners in other parts of the country.





Research has shown that the effectiveness of microfinance to reduce poverty is greatly increased when loans are combined with capacity building. ECLOF Philippines trains clients mainly in three areas: organic farming, business skills, and health.

With the majority of clients engaged in agriculture, ECLOF Philippines advocates organic farming as a way of helping the agricultural sector grow income, mitigate climate change, and provide healthier food to every Filipino. Training on basic organic farming is given to farmers and farmer groups through a

demo farm owned and operated by ECLOF. The farm is a place for learning, conducting research, and demonstrating organic farming techniques. Farmers can learn the principles and basic concepts of organic farming and practical skills like the formulation of organic concoctions. By mid-year 2023, 259 farmers had been trained in basic organic agriculture. ECLOF then offered a loan to successful participants to implement the lessons learned on their farm – eventually going organic.

## **ECLOF INTERNATIONAL**

Route de Ferney 150  
1218 Le Grand-Saconnex, Switzerland  
+41 22 791 63 12  
office@eclof.org  
www.eclof.org

## **ECLOF PHILIPPINES**

G/F UCCP Building, 877 EDSA, West Triangle  
Quezon City 1104, Philippines  
P. + 63 2 961 1600  
F. + 63 2 961 1600  
eclofphils@gmail.com  
www.eclof.com.ph

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