

2017 ANNUAL REPORT

SEDP-Simbag sa Pag-asenso, Inc. (A Microfinance NGO)



About the Cover



Photos are value-added services made to clients.

(Above left) Center officers attend training on Christian Leadership to enhance knowledge on center management and to strengthen camaraderie in the center;

(Above right) Ms. Merle A. Paete of Sto. Niño, Bacon District, Sorsogon City was awarded as 2017 Citi Microentrepreneur of the Year for her Pili Pulp Oil that underwent product development;

(Below left) Simbag Salud or medical missions that benefitted not only SEDP-Simbag clients but non-clients as well; and

(Below right) Clients attend Skills Training on Cake and Pastry Making to provide them additional source of income.

2017 Annual Report

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VISION

A dynamic and proactive development institution of the Diocese of Legazpi committed to the total advancement of the entrepreneurial poor.

MISSION

The SEDP-Simbag sa Pag-asenso, Inc.(A Microfinance NGO) commits to deliver financial and non-financial services with training and formation to micro-entrepreneurial families towards improved socio-economic condition, political empowerment and enhanced spiritual well-being.

Message

CHAIRMAN OF THE BOARD




SEDP-Simbag's microfinance program is offered to the entrepreneurial poor. The poor have always been part of our awareness and mission as a local church.

When we are enjoying a good life, sometimes instead of acknowledging the abundance of generosity from God we take Him for granted, and because of this, our abundance instead makes us truly poor. The poor are teaching us selflessness out of their poverty. There is always something that the poor can generously give, for they know what it means to have nothing at all. They have this sensitivity towards someone else who is more in need.

Let us recognize this poverty within us. Let us continue to serve the poor in material things and the poor in spirit. Let us share with them whatever we can, from our own riches, our time and effort, wisdom, experience, and everything that we can and have to offer.

As we look forward to another year of service, let us not forget that the spirit of poverty must grow within us, because it is in doing so that we are made rich.

May God who gave us His own Son who became poor that we may become rich in God, bless our efforts with meaning, success and joy!



+JOEL Z. BAYLON, D.D.
Bishop of Legazpi

Message

PRESIDENT & CEO



*“Together,
let us
reinforce
our
mission
and
commitment
to
improving
the lives
of our
clients.”*

SEDP-Simbag traces its social orientation from its mother organization, the Social Action Center (SAC). The SAC is the evangelization and social services arm of the Diocese of Legazpi. From the time it acquired its juridical personality as a separate non-government organization, SEDP-Simbag has defined its own development mission for the entrepreneurial poor families. In fact, the Board of Trustees has a strong order to Management to not only provide access to microfinance loans but to maximize the non-financial or value-added services to clients.

SEDP-Simbag provides two forms of value added services - the Members' Development Services (MDS) and the Enterprise Development Services (EDS) including social protection of clients.

In 2017, around 10,767 beneficiaries benefitted from the 29 medical mission (also known as Simbag Salud), 195 scholars enrolled in state universities and vocational schools, 1,960 elementary and high school clients' children received educational supplies, 1,512 clients participated in various livelihood and business management trainings, 31 clients with loans P50,000 and above were enrolled in the Scaling Up Program, 5,500 clients were registered with SSS, 1,006 with PCIC, and 51,853 with micro insurance, the SEDP Mutual Benefit Association.

The year 2017 is a year of celebration when SEDP-Simbag was awarded and recognized by government agencies and private organizations. Major awards received were the Social Security System's Balikang Bayan Award for Best Servicing and Collecting Partner, the Bangko Sentral ng Pilipinas' Paeng Award for Outstanding MFI on Innovations in Microfinance, and the most coveted Citi Microentrepreneur of the Year that went to Merle A. Paete, a client from Sorsogon. Needless to say, the awards speak of SEDP-Simbag's impact of its value added services.

Awards are proof of excellence, dedication, and humility. I congratulate and thank the entire SEDP-Simbag's workforce for their relentless hardwork and diligence. Together, let us reinforce our mission and commitment to improving the lives of our clients.


FR. JOSE VICTOR E. LOBRIGO

Area of Operations

REG 1 OPERATIONS

Camarines Sur: 5 branches
Catanduanes: 1 branch

REG 2 OPERATIONS

Sorsogon: 5 branches
Masbate : 1 branch
Northern Samar: 1 branch

ALBAY OPERATIONS

3 areas by district
15 branches



Number of Branch Staff: 303
Number of Main Office Staff: 64
Total Number of Staff: 367

Operations 3 Year Comparative Status

OUTREACH



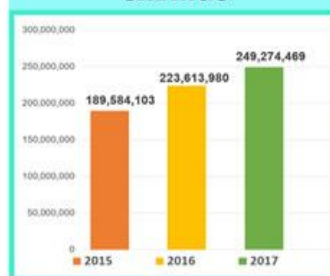
PORTFOLIO



RELEASES



SAVINGS



PAR AMOUNT



Figures as of December 31, 2017:

Outreach - 53,796
Loan Portfolio Outstanding - 446,303,177
Loan Releases - 1,138,032,500
Members' Savings - 249,274,469
Portfolio at Risk Amount - 8,463,541.32

Members' Development Services



To enhance the spiritual well-being of SEDP clients, Members' Development Services (MDS) conducted trainings and formation such as Basic Bible Orientation (BBO), Commitment Building Ceremony (CBC), Orientation on Formators' Module & Guidelines, Formators' Communication and Facilitation Seminar, and Lenten Recollection. Center Officers' Trainings (COT) were also conducted to empower all center officers on how to become effective leaders. This training is given to all new leaders, new centers and those who have not yet undergone the said training.

MDS successfully conducted Simbag Salud or Medical Mission. Free optical, medical and dental checkups were some of the services given to SEDP members and non-members. The activity was made possible because of the help from the parishes, volunteers and partners of SEDP-Simbag.

Health lectures and medical consultation were also conducted in some branches as part of the new program, Center Ko, Padaba Ako (COPA). This is a comprehensive incentive scheme to good centers where members receive further referral to rural health units for their health concerns.

29 Simbag Salud



10,767 Beneficiaries

Members' Development Services



In year 2017, a total of 195 students (184 academic, 3 technical/vocational and 8 seminarians) benefitted from the Scholarship Program. Moreover, 41 scholars graduated last March 2017, 8 of whom are Cum Laude and 1 Magna Cum Laude. The Scholarship Program also includes activities such as Recollection, Marian Youth Pilgrimage, Traslacion, Youth Way of the Cross and Advent Recollection.

SEDP-Simbag provided educational assistance to 1960 good performing clients that come from good performing centers. Assistance was in the form of school supplies for their elementary and high school children.

Enterprise Development Services



A total of **1,512 micro entrepreneurs** were trained by **Enterprise Development Services (EDS)**, the business development arm of SEDP-Simbag. Trainings conducted were on Good Manufacturing Services, Product Critiquing, Enterprise Hatchery Boot Camp, Skills Upgrading, and Financial Literacy.

Eleven members were selected for the Scaling Up Program with SanteH Foundation making a total of 31 members enrolled in the program.

Social Protection



SEDP MBA Claims

Basic Life Insurance Package (BLIP)
P11,568,000.00

Credit Life Insurance Package (CLIP)
P2,432,500.00

Daily Hospitalization Income Benefit (DHIB)
P625,200.00

Staff Development

Basic Microfinance Training (BMFT)



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In year 2017, SEDP-Simbag's Training unit successfully conducted 4 batches of Basic Microfinance Training (BMFT) to 80 staff-participants.

BMFT is an in-house basic training aimed to equip new staff basic knowledge on microfinance and fundamental Community Development Workers' competencies necessary in meeting the demands of the operations.

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Staff Development



Basic Management Training Course (BMTC)

Two batches of **BMTC** were participated in by 50 managers and soon to be managers. This training is a preparatory course for any managerial position with the aim to improve competency in planning, monitoring and evaluation,

performance coaching, quality management and leadership, to increase knowledge and skills in performing their job as branch managers, thus not only focusing on schedules but on what to do to achieve targets/goals/mission, and to improve branch performance.

Responsible Microfinance Workshop Series on Social Performance and Client Protection

In preparation for compliance with the social performance standards being developed by the Microfinance NGOs Regulatory Council (MNRC) as part of Republic Act No. 10693, known as the Microfinance NGOs Act, two representatives from SEDP-Simbag attended the said workshop at Century Park Hotel, Manila together with other microfinance NGOs in the Philippines last October 17-20, 2017.



The workshop addressed priority areas on SPM and client protection identified in the Social Performance Country Report prepared by MCPI in April 2017. Appui au Développement Autonome (ADA), a Luxembourg-based NGO, supported the said event.

Staff Development



Recreation activities prepared for SEDP-Simbag's staff such as the Team Building held per area last summer of 2017 engaged almost 400 employees in a creative and fun environment, developing teamwork and strong bond within the institution.

Selected staff also joined the Ilocos Tour which was done in two batches last March and September 2017.



Dynamic SEDP Board



The SEDP Board Members, together with the top management, officers, and area managers attended the 2017 Microfinance Council of the Philippines, Inc. (MCPI) Annual Conference last July 27-28, 2017 at the Century Park Hotel, Malate, Manila. The conference, with a theme “Embracing New Milestones and Challenges in Philippine Microfinance,” discussed about new milestones and challenges in the country’s microfinance, updates on the implementation of the Microfinance NGOs Act, and draft standards on Governance, Financial Performance, and Social Performance for the accreditation of microfinance NGOs. Through this event the Board were updated with the happenings and developments in the microfinance industry.



Joint SAC & SEDP General Assembly

Last November 27, 2017, the Joint Social Action Center (SAC) and SEDP – Simbag sa Pag-asenso, Inc. (A Microfinance NGO) (SEDP) General Assembly was held at the SEDP Social Hall, The Chancery, Cathedral Compound, Albay District, Legazpi City. It was participated by both SAC and SEDP regular, automatic, and auxiliary members, partners, and employees. During the said activity, SEDP’s outgoing Board members were recognized and awarded for their exceptional leadership and governance service during the term. Likewise, the newly elected SEDP Board members were announced during the General Assembly who will serve for a period of three years.

Awards

The year 2017 was a year of reaping awards as SEDP received accolades and recognition from the local and national levels for its excellent service and support to noble advocacies



2017 Citi Microentrepreneur of the Year



SSS Balik ng Bayan 2017



**Paeng Awards for Outstanding
Microfinance Institution – Innovations in
Microfinance**



Unilever Protected Club Award



Unilever Pioneer Award



Philippine Navy Plaque of Recognition

Merle Paete

Citi Microentrepreneur of the Year



For a microfinance institution, the most significant reward gained from hard work and commitment to achieve its mission is when the country recognizes its reason for being i.e. winning the prestigious Citi Microentrepreneur of the Year Award by an SEDP member, Nanay Merle Paete.

Nanay Merle's story is one for soap opera. A young lady tried her luck in Manila, started a business, fell in love, got pregnant and almost lost everything. But unlike the lead female character in the teleserye, Nanay Merle did not wait to lose everything she had. She went back to the province with only her son and a firm resolve to put her life back in order.

True enough, eight years, twenty loans and one marriage after, she has found her paradise again. It is hard to believe how this petite woman has been able to withstand all the physical and mental pressures that come with life, in general, and her businesses, in particular. From a starting capital of P2,000.00, she was able to recover everything she has lost and more. When her businesses started to scale up, she also started hiring more people and even sub-contracted some of the products to help their community. She taught her neighbors how to process pili pulp oil and supplied them the raw pili fruit and she bought the processed oil herself. Today, she has more than 20 processors supplying her.



It seems that everything that this hardworking Nanay touches turned into gold. Her bariw mat business followed the same course. Today, she currently supplies to an exporter and is helping more than ten weavers in Barangay Sto. Nino, Bacon, Sorsogon. She hopes that her only son, a Mechanical Engineering student in a private university in Naga City, will help out and eventually take on the reins of the businesses as she devotes more time to the church where she is very active, and to her center where she has been a center chief for more than five years now. She also seats in the board of SEDP Mutual Benefit Association, the micro-insurance institution of the SEDP, Inc.

She draws strength from Tatay Mariano, the man who married her after that failed relationship in Manila, and the one who has always been supportive of her through the ups and downs of life.

Despite the comforts that she can easily have with all the earnings from their businesses, she has remained simple. In fact, her neighbors still get to see this frail-looking woman under the scorching heat of the late morning sun, drying her pilinuts.

Yes, her story is one for teleseryes. But her story is one where the protagonist does not wait for her story to end and lose everything before she finds herself. Nanay Merle decided to write the script herself and personify the best character that she can be.

Networks and Linkages

Recognizing the importance of building sustainable relationships, SEDP established partnerships with various national and local government agencies, non-government organizations, national network, and private companies for the implementation of its programs and services. Likewise, it hosted exposure visit for some microfinance institutions in Luzon, Visayas, and Mindanao to share expertise and experiences on microfinance operations.



Financial Performance

Indicators	Highest Possible # of Points	Points for SEDP
I. Portfolio Quality	40	35
II. Efficiency	20	15
III. Sustainability	25	25
IV. Outreach	15	14
TOTAL	100	89
Usage of 1 Lending Methodology		5
TOTAL SCORE	100	<u>94</u>

2017 Audited Financial Statement

SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO) (FORMERLY SEDP-SIMBAG SA PAG-ASENSO, INC.) STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	2017	2016
REVENUE			
Interest income	16	P167,139,120	P150,446,910
EXPENSES			
Personnel costs	17	87,130,591	78,565,102
General and administrative costs	18	36,864,703	42,070,356
Interest expense on borrowings	14, 15	6,852,309	6,550,032
Provision for (reversal of) impairment losses	9	785,884	(4,435,687)
		131,633,487	122,749,803
OPERATING INCOME		35,505,633	27,697,107
OTHER INCOME			
Dividend income	8	501,750	376,313
Unrealized fair value gain on financial assets at FVPL	8	212,970	69,278
Gain on disposal of property and equipment	10	-	10,000
Miscellaneous income		676,357	461,295
		1,391,077	916,886
INCOME BEFORE INCOME TAX		36,896,710	28,613,993
INCOME TAX EXPENSE			
Current		3,274,786	2,936,786
Deferred		65,024	59,840
	22	3,339,810	2,996,626
NET INCOME		33,556,900	25,617,367
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified to profit or loss			
Actuarial (losses) gains on retirement plan	20	(1,985,833)	2,898,641
TOTAL COMPREHENSIVE INCOME		P31,571,067	P28,516,008

See Notes to the Financial Statements.



2017 Audited Financial Statement

**SEDP-SIMBAG SA PAG-ASENSO, INC. (A MICROFINANCE NGO)
(FORMERLY SEDP-SIMBAG SA PAG-ASENSO, INC.)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE**



		December 31	
	Note	2017	2016
ASSETS			
Current Assets			
Cash	7	P52,806,638	P34,755,307
Financial assets at fair value through profit or loss (FVPL)	8	40,900,566	30,587,987
Loans and other receivables - net	9	456,045,208	430,048,479
Prepayments	19	2,743,599	2,267,300
Other short-term investments	11	8,313,279	9,609,747
		560,809,290	507,268,820
Noncurrent Assets			
Property and equipment - net	10	25,418,140	27,446,478
Retirement assets	20	4,657,827	2,716,829
		30,075,967	30,163,307
		P590,885,257	P537,432,127
LIABILITIES AND FUND BALANCES			
Current Liabilities			
Members' fund payable	13	P250,311,093	P224,492,538
Short-term borrowing	14	81,550,000	83,550,000
Accounts and other payables	12	28,207,100	29,655,378
		360,068,193	337,697,916
Noncurrent Liabilities			
Long-term borrowings	15	23,505,209	23,998,607
Deferred income tax liability	22	65,024	59,840
		23,570,233	24,058,447
		383,638,426	361,756,363
Fund Balances			
General fund		131,973,124	98,416,224
Restricted fund		69,197,776	69,197,776
Remeasurement gains on retirement plan	20	6,075,931	8,061,764
		207,246,831	175,675,764
		P590,885,257	P537,432,127

See Notes to the Financial Statements.



Board of Trustees and Management

Board of Trustees

FY 2018-2020

Officers

Most Rev. Joel Z. Baylon
Chairman

Rev. Msgr. Crispin C. Bernarte Jr.
Vice Chairman

Rev. Fr. Rex Paul B. Arjona
Secretary

Rev. Fr. Jonnathan L. Calleja
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Atty. Milagros G. Quijano

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Ms. Mary Ann D. Boneo

Management

Rev. Fr. Jose Victor E. Lobrigo, President & CEO

Rev. Fr. Levie Euprepes C. Quitasol, Director for Members' Development Services

Ms. Fe B. Bataller, Director for Operations

Ms. Salvi Rufina Angela M. Morcoso, Director for Finance and Administration



SED P-Simbag sa Pag-asenso, Inc.

(A Microfinance NGO)



**The Chancery, Cathedral Compound
Albay District, Legazpi City 4500**



**052 481-4449
052 481-5746**



**simbag_sedp@yahoo.com
mfi@sedp.ph**



www.sedp.ph