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**MICRO CREDIT AND EMPOWERMENT OF THE POOR: A STUDY OF THE
PHYSICAL SOCIO-POLITICAL, ECONOMIC, AND PSYCHOLOGICAL IMPACTS
AND ITS IMPLICATIONS TO COMMUNITY LEVEL PLANNING**

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Abstract:

The high economic growth rates of countries in Asia and Pacific region over the last three decades had a significant positive impact to poverty reduction in general. However, the region continues to be home to a vast majority of world poor. It is estimated that around 1 billion people still live in absolute poverty. Most of the poor live in rural areas and are engaged in agricultural activities as laborers or small-scale farmers. Many are involved in a variety of micro-enterprises to supplement their meager and volatile incomes.

Poor households have a few assets other than their labor, and they have little access to formal financial services – either savings or credit. Most must rely on informal sources. However, these have limitations, preventing the poor from taking full advantage of the few economic opportunities available to them.

In general, there is agreement among the development practitioners, policy makers, and multilateral and bilateral lenders that well-targeted micro finance programs can help the poor to become empowered and pull themselves out of poverty. Successful programs in a number of countries around the world had gained support for quasi-formal institutions to extend financial services to the poor.

Cooperatives also come in the category of quasi-formal institutions and serve as a means for the poor to pool their resources for collective benefit.

The cooperative movement in the Philippines is more than a century old. Cooperatives are seen to assure any group of individuals an effective means to combine their resources. It permits a larger resource mobilization than that within the capacity of most individuals and small enterprises. It is a catalyst for local entrepreneurial growth. Cooperatives retain the mobilized capital within the community where they operate as well as surplus derived from outside transactions, both accumulating for further entrepreneurial development. Moreover, cooperatives are local institutions that harness the social, political, and economic development of their members and the area. There are a number of successful stories regarding cooperatives in the Philippines. It is in this context that the study was conducted.

The three organizations studied in Bondoc Peninsula represent rural and urban cooperatives. The MSK Cooperative is located in the Poblacion Barangay of San Francisco Municipality, while the Multi-Purpose and Doongyan Ilayan Small Farmers Multi-Purpose Cooperatives are located in Catanauan Municipality. The Doongyan Ilayan Cooperative is working in a rural barangay of Catanauan and is operating without any external assistance for the last eleven (11) years, while the other two cooperatives are located in the poblacion barangays and have received grants, donations, and loans during the process of their establishment and strengthening. All the cooperatives started with a meager amount but are able to mobilize the local resources and presently possess a sizeable capital.

The information provided by the members of the cooperatives revealed that there was need for availability of credit in the area. Easy access to credit has helped the members of the cooperatives to make savings and attain credit. Majority has utilized the credit in income generating activities. This has provided them opportunities to improve their occupation and income levels.

Increase in income has led to the improvement of the education of the children. In few cases, the improvement in income resulted in better access to health services. A strong link was found between the improvement in income and physical improvement of the house. The priority of the people after the improvement of income was found to be the repair, maintenance and construction of their dwelling place, along with education of children. It was observed that there is increasing awareness in the external factors to refrain from dole out activities that discourage the cooperative spirit and promotes dependency.

The studied cooperatives are mainly engaged in the extension of credit to their members. Collective meetings of the members of cooperative are held once a year. It was found that there are no forum or opportunities for the members to regularly participate and initiate activities to sustain and improve their standard of living. The limitation in the operations of the cooperatives has little effect on the physical and social improvement of the respective municipalities. The lack of capital is regarded as one of the obstacle in initiating other activities and there is continuous struggle by the cooperatives to access the external financial sources.

The study recommends that there is need for the cooperatives to involve the members in other business and joint ventures with private sector and the government. There should be more opportunities for the members to participate in the affairs of cooperative. The Cooperative Development Authority (CDA) should have an extended unit in Bondoc Peninsula to cater to the needs and problems of cooperatives in the area. In addition, the local government units should see cooperatives as partners to be involved from plan formulation to monitoring and evaluation of development interventions.