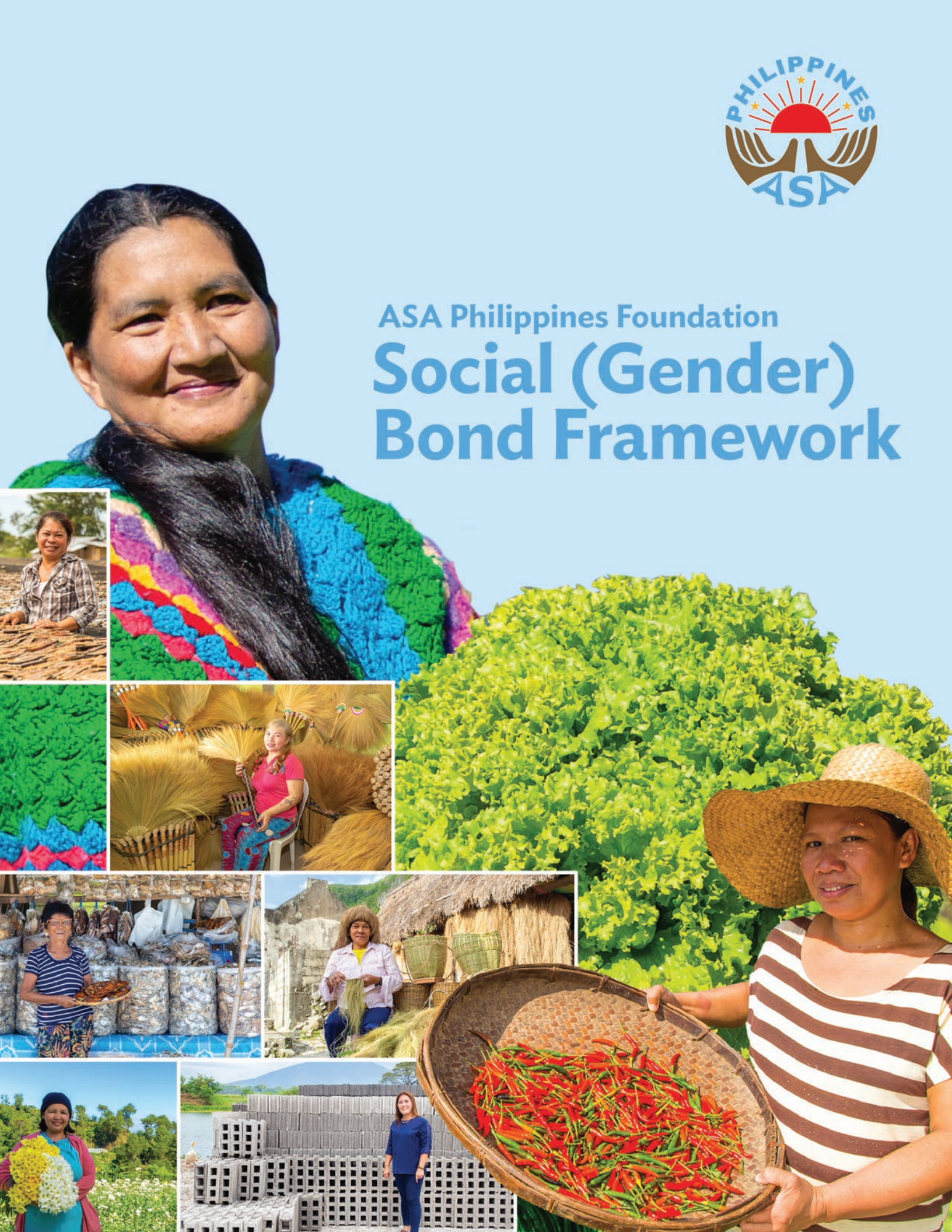


ASA Philippines Foundation

Social (Gender) Bond Framework





1. Introduction

1.1 About ASA Philippines Foundation Inc.

ASA Philippines Foundation Inc. (ASA Phils.) is a nonprofit and non-stock microfinance non-governmental organization (MFI-NGO) registered with the Philippine Securities and Exchange Commission. ASA Phils. was envisioned by Mr. Kamrul H. Tarafder as an entity that would be built from scratch and grown exponentially. Working in collaboration with Ambassador Howard Q. Dee, a renowned philanthropist, the two formed an organization to assist entrepreneurial women in poor communities in the Philippines. ASA Phils. was incorporated on 9 July 2004 with financial grants from the Assisi Development Foundation and the Ninoy & Cory Aquino Foundation. PLDT-Smart Foundation joined in November 2007 as a third benefactor.

Regulated by the Microfinance NGO Regulatory Council, ASA Phils. provides (i) small, short-term loans (up to 12 months) to qualified low-income women engaged in micro and small enterprises; (ii) financing for non-income generating projects such as water and sanitation, solar home systems, and education; (iii) financial and other forms of assistance to clients in case of sickness, death and calamities, as well as college scholarships for deserving children of clients; (iv) business development services to improve clients' efficiency and effectiveness in enterprise management; and (v) alternative micro saving services. ASA Phils. has a presence in all 145 cities and 82 provinces in the Philippines. Its branches are mostly located in Luzon (51%), with nearly equal coverage in Visayas (25%) and Mindanao (24%). Approximately 80% of its loan proceeds are intended for economically lagging and conflict-impacted provinces in Visayas and Mindanao. Presently, it is the largest microfinance NGO in the Philippines, serving 25.86% of all microfinance clients in the country and accounting for 48.81% of the total volume of microfinance loans in the Philippines (**Table 1**).

Table 1: ASA Phils. Gross Loan Portfolio and Number of Clients

	Gross Loan Portfolio	Number of Clients	PAR > 1-Day Ratio
ASA Phils.	₱34,958,648,549	2,120,556	1.2%
Total MFI-NGO	₱71,616,543,461	8,203,186	13.3%
ASA Phils. Share of the Total MFI-NGO	48.81%	25.86%	

ASA Phils. = ASA Philippines Foundation Inc., MFI-NGO = microfinance non-governmental organization, PAR = Portfolio-at-Risk.
Note: Data as of 30 September 2022.
Source: Microfinance Council of the Philippines, Inc., *Ugnayan*, Volume 14, Issue 4, December 2022.

1.2 The Purpose, Vision, and Mission of ASA Philippines Foundation Inc.

Purpose

The primary purpose of ASA Phils. is to conduct microfinance operations pursuant to Republic Act No. 8425, which is known as the Social Reform and Poverty Alleviation Act. In doing so, ASA Phils. provides access to economic and financial facilities, as well as social and developmental opportunities for disadvantaged sectors—including micro-, small, and cottage enterprises—to fight poverty and empower the poor through self-employment and economic upliftment so they may live with dignity.

Vision

ASA Phils. is a nonprofit organization devoted to helping an increasing number of poor Filipino families rise out of poverty by providing microfinance to help them establish or otherwise improve their microenterprises. This can lead to increased incomes and savings for the families, while giving them greater access to life support goods and services in the most cost-effective and sustainable manner. Communities benefit as well from the goods and services provided by these micro entrepreneurs.



Mission

ASA Phils. is committed to serving three different groups: (i) the marginalized poor for which the Foundation was created, (ii) the organization's staff members who are dedicated to achieving its goals, and (iii) ASA Phils.' founders and patrons who aim to

make it the best and most self-sustainable MFI-NGO in the country. To achieve its mission, ASA Phils. shall:

- deliver the highest value for money, client-responsive microfinance and provide supplementary products and services to the poor through the enterprising women of each family;
- create the best work environment, where all staff members have the chance to live in dignity, develop a career path and experience the fulfillment of changing other people's lives as well as their own; and
- be self-sustaining and be the best managed microfinance institution in the Philippines.

In February 2017, ASA Phils. issued a fixed-rate corporate note amounting to ₱2 billion ($40 million) with a five-year tenor. It was partially guaranteed by the Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. Net proceeds were used to expand its lending activities to women-led micro and small enterprises across the Philippines.

2. ASA Philippines Foundation Inc.'s Social Finance Objectives

From the beginning, ASA Phils. had a clear vision of itself as an MFI-NGO that is cost-effective and sustainable despite the absence of external grant funding, and does not need to increase interest rates to cover its client community service (CCS) activities. While ASA Phils. remains focused on revenue generation and expense management, it goes beyond providing financial services and seeks to encompass a broader perspective of social development and poverty alleviation. It aims to create opportunities for self-employment and job creation, thereby reducing poverty and



social inequality, improving the quality of life of the poor with tangible benefits to the households, and providing opportunities for women to participate in decision-making processes.

The following social objectives are part of ASA Phils.' core strategy. They are integrated into its business planning and operations, serving as performance benchmarks:

- Ensure cheaper access to finance for poor communities through an appropriate and innovative alternative financing system
- Create opportunities for self-employment, thereby reducing poverty
- Provide financial support to poor communities to enable them to produce goods and services
- Encourage women at all levels to participate in income-earning activities and facilitate their involvement in participatory decision-making processes, thereby strengthening the equality of men and women in society
- Increase household micro savings to help low-income individuals and families build financial resilience and enhance their future capital
- Eliminate the role of informal moneylenders who charge exorbitant interest rates
- Create pressure on the microfinance market to reduce interest rates to make loans more affordable to poor clients
- Reduce dependence on charity at all levels
- Contribute to the socioeconomic development of urban and rural poor communities by providing financial support and services to client-initiated income-generating activities, improving the quality of life and promoting the achievement of social equality in such communities

ASA Phils. has disbursed ₱504.5 billion in microfinance loans to economically active poor women since its inception. As of 31 December 2022, it is serving more than 2.1 million women borrowers with an outstanding loan portfolio of ₱37.4 billion (**Table 2**). These loans meet borrowers' capital needs for (i) income-generating projects such as mini grocery stores, crop production, and other farming activities; (ii) sanitation facilities and water supply connectivity; (iii) solar

Table 2: ASA Phils. Loan Portfolio by Category of Financing and Number of Women Served

	2022	2021	2020
Business	₱ 32,476,579,547	₱ 25,641,416,114	₱ 21,589,155,175
Water and Sanitation	₱ 823,929,442	₱ 253,248,089	₱ 345,445,245
Solar and Home	₱ 1,049,054,890	₱ 966,994,793	₱ 779,554,424
Education	₱ 474,369,579	₱ 402,970,390	₱ 445,550,768
MalASAkit	₱ 2,562,340,500	₱ 1,144,961,100	₱ 477,588,600
Total	**₱ 37,386,273,958**	**₱ 28,409,590,486**	**₱ 23,637,294,212**

	2022	2021	2020
Number of Women Served	2,148,565	1,940,566	1,823,960

Source: ASA Philippines Foundation, Inc.

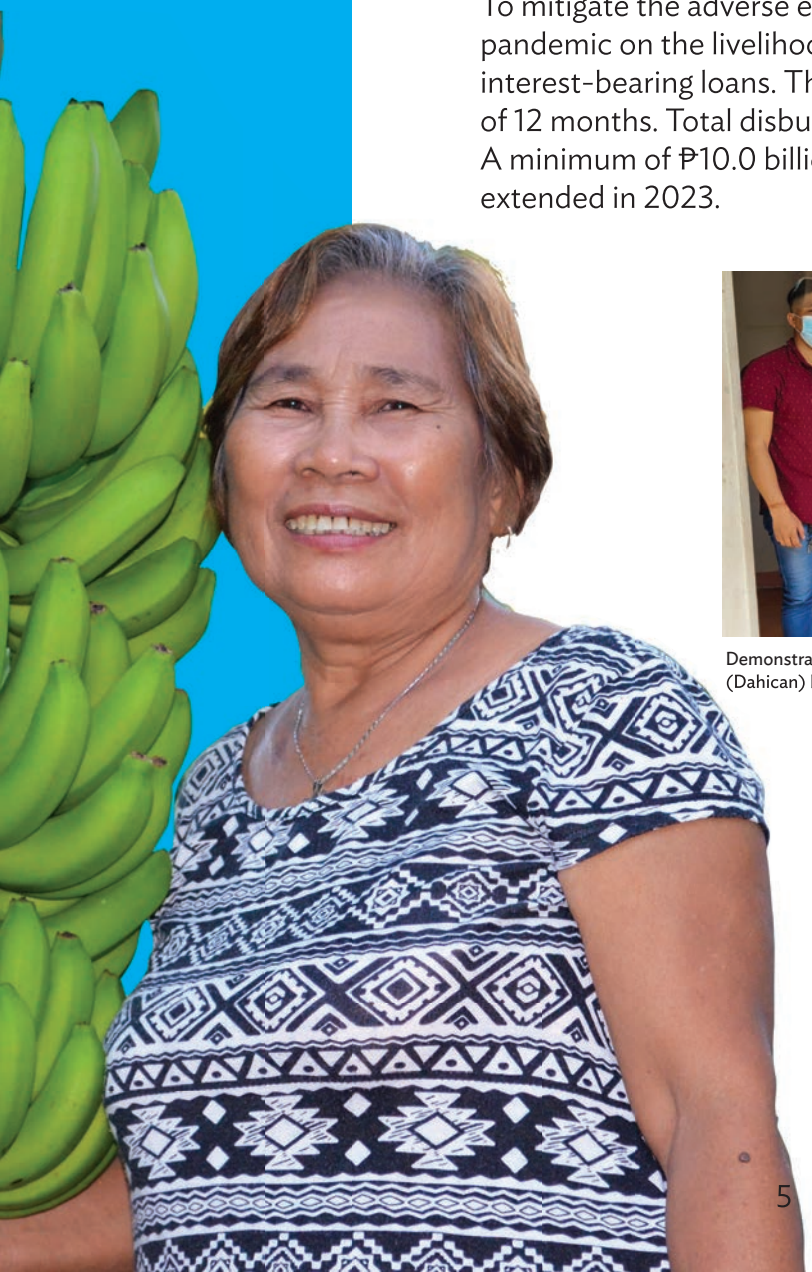
home systems and home electrification, including access to electricity grids and other solutions to frequent brownouts; (iv) home construction and improvement, particularly for houses located along coastlines, riverbanks, and other areas at a high risk for flooding; and (v) education.

As ASA Phils. becomes more profitable, various CCS activities are being implemented, expanded, and/or refined to appropriately cater to the needs of poor and marginalized communities. ASA Phils. has institutionalized a corporate culture of employees helping communities in need. Its CCS initiatives are neither a corporate brand-building nor a product marketing strategy. They are viewed by employees as a service to clients rather than an additional workload. Presently, CCS activities are classified into six major areas: (i) disaster relief, (ii) health care, (iii) education, (iv) livelihoods, (v) housing, and (vi) the environment.

The following are some examples of social initiatives of ASA Phils.:

MalASAkit Financing

To mitigate the adverse effects of natural calamities and the COVID-19 pandemic on the livelihoods of women borrowers, ASA Phils. offers non-interest-bearing loans. These are offered to existing clients with a tenor of 12 months. Total disbursements in 2022 amounted to ₱7.4 billion. A minimum of ₱10.0 billion of MalASAkit loans are expected to be extended in 2023.





Demonstrating commitment to serve amid the new normal, ASA Phils.' Mati City III (Dahican) branch welcomes 27 new clients at its inauguration on April 13, 2021.

Solar and Home Financing

ASA Phils. offers its clients who lack access to grid electricity, or those who experience frequent brownouts, solar and home financing in the form of a 50% interest subsidy. Habitat for Humanity is providing technical services to refine an existing ASA Phils. housing microfinance loan product and its associated policies and procedures.





At Landbank's First Gawad MFI Awards in 2016, ASA Philippines won the top award "Outstanding Microfinance Institution" along with "Best MFI Intermediary" and "Best MFI – Availer."



Water and Sanitation Financing

In collaboration with Water.org, ASA Phils. offers water and sanitation financing to improve sanitation facilities and water supply connections. The financing can also be utilized for purchasing tube wells, water pumps, tanks, filter, and toilets.



Matt Damon and Gary White, founders of Water.org, met with ASA Philippines' top management at its Amadeo, Cavite branch on November 21, 2019.



Islamic Financing

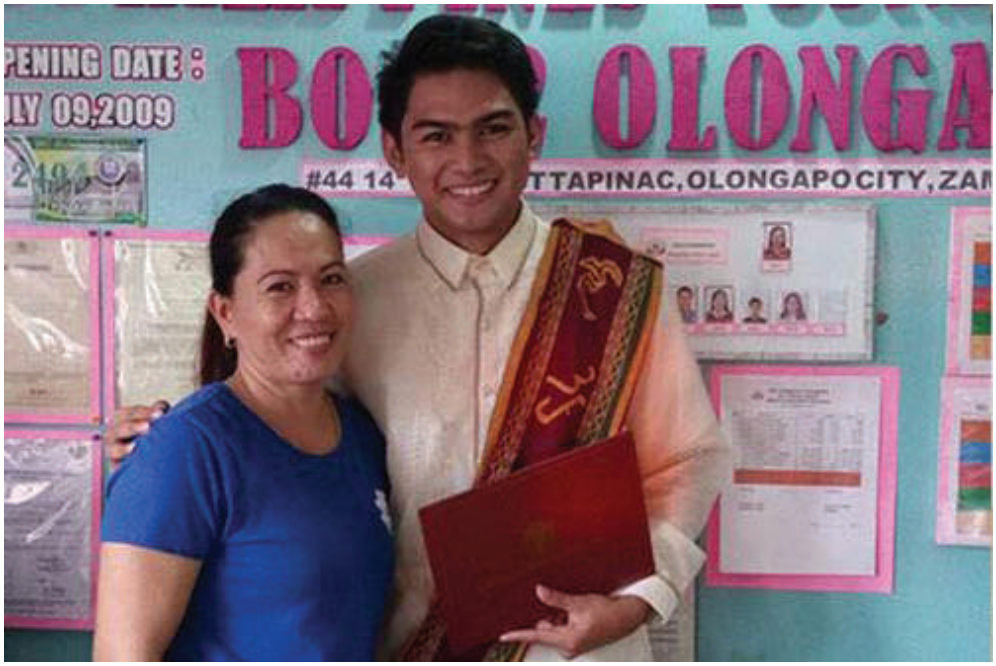
Muslim women are often hesitant to approach financial institutions for credit due to religious constraints, as they may view payment and receipt of interest as contrary to their Islamic faith. In response, ASA Phils. developed a new microfinance product that complies with Shariah or Islamic Law. In 2014, it introduced Islamic microfinancing on a pilot basis in Barangay Maharlika, Taguig City. In 2016, ASA Phils. rolled out Islamic microfinancing in the Bangsamoro Autonomous Region in Muslim Mindanao. As of 31 December 2022, it has disbursed a total of ₱11.0 billion of Islamic microfinance loans, accounting for more than 2% of the Foundation's total loan portfolio, with thirty-four branches out of 1,683 dedicated to providing Islamic microfinancing and catering to the needs of 37,774 Muslim women borrowers.



Educational Support

ASA Phils. assists existing borrowers in sending their children to elementary, secondary, and tertiary schools by offering them a 50% interest subsidy on educational loans. Furthermore, students with above-average grades at the secondary level are given scholarships to continue with a college education. Such grants are good for a full 4-year course.

The children of ASA Phils. clients who have finished secondary education and are interested in pursuing a 6-month technical or vocational course are also given scholarships to the Technical Education and Skills Development Authority, the government agency that manages the technical and vocational education and training system in the Philippines.



Gerwin Escobar, a Civil Engineering graduate from UP Los Baños and an ASA Phils. scholar, visits an Olongapo City branch to express his gratitude, accompanied by his mother, an ASA Phils. client.

Disaster Relief Assistance

In times of typhoons, floods, earthquakes, and fires, ASA Phils. provides affected clients with relief goods, cash assistance, MalASAkit loans (if eligible), and/or interest forgiveness on outstanding loans (if needed). In 2021, Super Typhoon Odette affected 17% of ASA Phils. clients. The Foundation provided these clients with cash assistance totaling ₱175.4 million on top of donated food, clothing, medicine, and utensils.



Flood affected clients in San Miguel, Leyte gratefully accept relief goods from ASA Philippines.

Business Development Training

ASA Phils. collaborates with the Coca-Cola Bottlers Corp. to help women entrepreneurs who operate a *sari-sari* (variety) store by training them on financial literacy (e.g., budgeting, debit and credit concepts, and inventory management) and by giving them access to resources (e.g., a refrigerator or cooler) and credit.



Coca-Cola, TESDA and ASA Phils. executives attend STAR Program's 5 by 20 event in Legazpi.

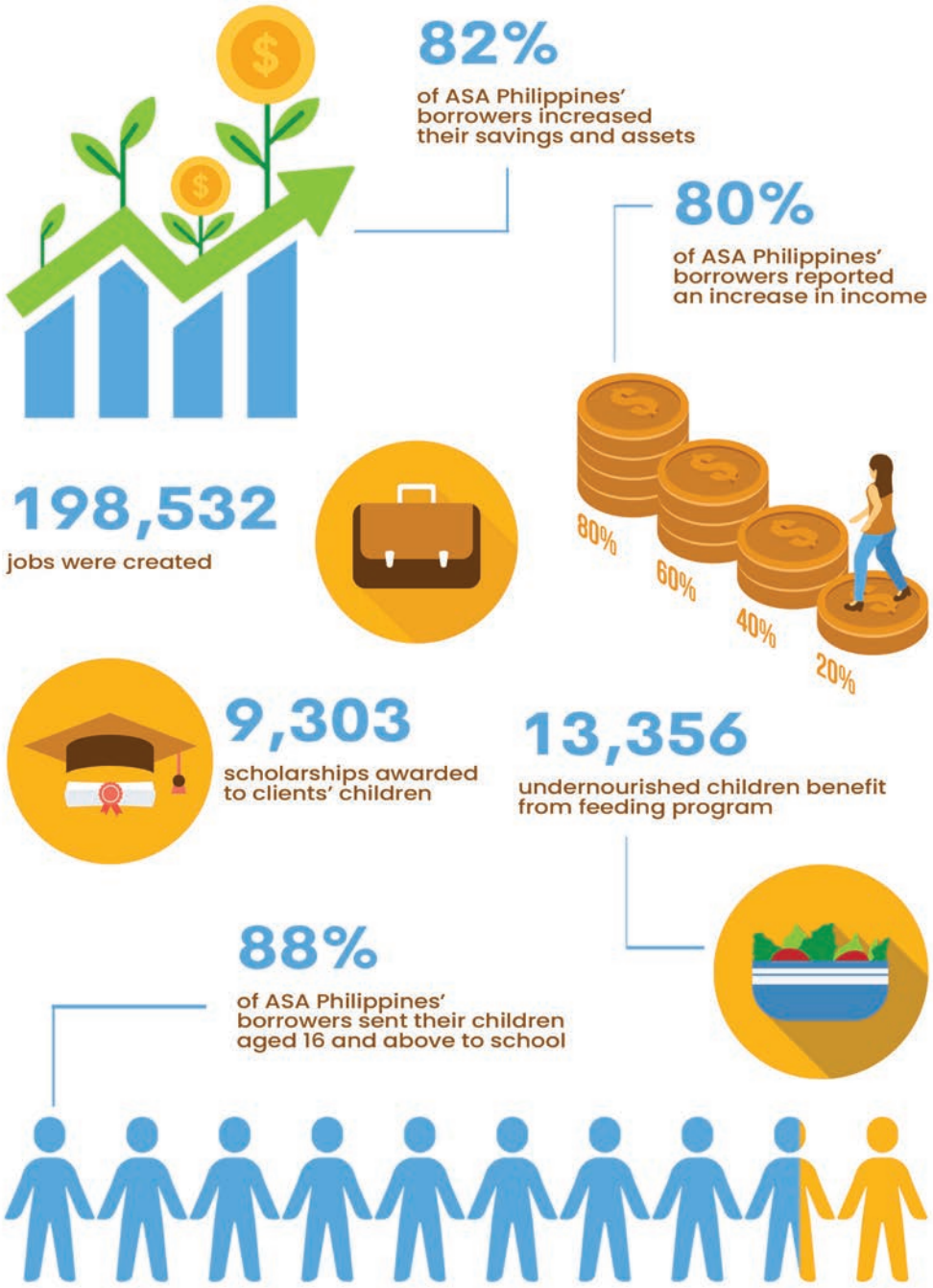
Since ASA Phils. began its client community services program in 2005, it has spent a total of ₱3.9 billion and assisted more than 6.2 million women, mostly through disaster relief. It is estimated that through ASA Phils.' various social initiatives, the following were achieved:







ASA'S SOCIAL IMPACT



3. **ASA Phils. Social (Gender) Bond Framework**

Since the objectives, strategies, and day-to-day operations of ASA Phils. are naturally aligned with the United Nations Sustainable Development Goals (SDGs) including ending poverty and achieving gender equality, among others—ASA Phils. has developed a Social (Gender) Bond Framework through which it can issue bonds to finance or refinance new and/or existing eligible social projects to promote gender equality and development. This Social (Gender) Bond Framework outlines the criteria and guidelines for the allocation of proceeds as per the International Capital Market Association's Social Bond Principles (ICMA SBP)[1] and the Association of Southeast Asian Nations (ASEAN) Capital Markets Forum's Social Bond Standards (ACMF SBS)[2]. In alignment with these principles, ASA Phils.' Social (Gender) Bond Framework covers the following core elements:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

3.1 **Use of Proceeds**

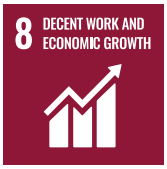
ASA Phils. will be floating a gender bond, a type of social bond, in the Philippine market. An amount equal to the net proceeds of the gender bond issued under this Social (Gender) Bond Framework will be exclusively used to boost lending to women entrepreneurs' microenterprises in the Philippines. This will promote gender equality and women's empowerment, as well as help the Philippine government in its goal of financial inclusion for indigent women. **Table 3** presents eligible social projects that qualify as use of proceeds under the Social (Gender) Bond Framework's categories and eligibility requirements.



1 International Capital Market Association. 2021. *Social Bond Principles*. https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Social-Bond-Principles_June-2022v3-020822.pdf.

2 ASEAN Capital Markets Forum. 2018. *ASEAN Social Bond Standards*. https://www.theacmf.org/images/downloads/pdf/ASBS2018.pdf.

Table 3: ASA Philippines Social (Gender) Bond Framework's Eligible Social Projects and Use of Proceeds

Social Project Categories	Eligible Use of Proceeds	SDG No.
Lending to low-income women borrowers for financing income-generating activities with a view to promote self-employment and self-sufficiency ICMA SBP and ACMF SBS: • Access to essential services • Employment generation • Socioeconomic advancement and empowerment	Provision of financing for income-generating livelihood projects to low-income women borrowers under the classification of enterprise, trading, manufacturing, production, services, and agricultural and allied activities, with a view to enable them to lead economically-empowered lives Examples of projects funded include *sari-sari* (variety) stores and mini groceries; the purchase of nets and boats and farming equipment; and support for the production of crops, livestock, and poultry. Projects financed must be legitimate, socially valuable, and include the involvement of a woman entrepreneur. ASA Philippines' microfinance officers visit prospective borrowers and assess their projects based on established guidelines and criteria.	      
Lending to improve living conditions of low-income women borrowers by improving access to water and sanitation, electricity, housing, and education ICMA SBP and ACMF SBS: • Affordable basic infrastructure • Access to essential services • Affordable housing • Socioeconomic advancement and empowerment	Lending under this category will provide the following: (1) Water and sanitation financing will be offered to existing women borrowers to improve access to better facilities. Proceeds from the financing will be used to (a) establish sanitation facilities and water supply connections; and (b) purchase tube wells, water pumps, tanks, and filters. These sustainable water and sanitation initiatives will be supported with technical assistance from Water.org. (2) Solar home and electrification financing will be provided to acquire solar home systems and electricity subscriptions to provide access to electricity. (3) Financing for the construction and/or renovation of homes will be offered to improve the living conditions of borrowers and their families, particularly those living in areas prone to flooding such as along coastlines and riverbanks. (4) Education financing will be provided to enable existing women borrowers to send their children to school without affecting the sustainability of their business or diverting business capital to school-related expenditures. This financing aims to reduce the percentage of school dropouts due to a paucity of funds.	

ACMF= ASEAN Capital Markets Forum, ASEAN= Association of Southeast Asian Nations, SBS= Social Bond Standards, ICMA= International Capital Market Association, SBP= Social Bond Principles, SDG= Sustainable Development Goals

Sources: ICMA. *Mapping to the Sustainable Development Goals.* 2022. https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/mapping-to-the-sustainable-development-goals/; ICMA. 2020. *Mapping Green, Social, and Sustainability Bonds to the SDGs.* https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Mapping-SDGs-to-Green-Social-and-Sustainability-Bonds-2020-June-2020-090620.pdf; ACMF. 2018. *ASEAN Social Bond Standards.* https://www.theacmf.org/images/downloads/pdf/ASBS2018.pdf; United Nations. Our Work on Sustainable Development in the Philippines. https://philippines.un.org/en/sdgs.



The Social (Gender) Bond Framework will support social projects for women that impact the following target populations:

- those living below the poverty line;
- excluded and/or marginalized populations and communities;
- people with disabilities;
- migrants and/or displaced persons;
- the undereducated;
- the underserved, owing to a lack of quality access to essential goods and services;
- the unemployed;
- women and/or sexual and gender minorities;
- aging populations and vulnerable youth; and
- other vulnerable groups, including those made vulnerable by a natural disaster.

In line with the ASEAN Capital Market Forum's Social Bond Standards, the net proceeds of the gender bond will not be used to finance projects, assets, or expenditures that pose a negative social impact related to alcohol, gambling, tobacco, or weaponry. Furthermore, projects, assets, or expenditures associated with violations of human rights or labor rights, or with environmental harm, are also excluded. These issues will be considered during the loan application process.

3.2 **Evaluation and Selection of Projects and Assets**

The project evaluation and selection process ensures that projects to be financed meet the criteria stated in this Social (Gender) Bond Framework. To this end, ASA Phils. has established a Gender Bonds Working Group (GBWG) comprising representatives from the following departments: Treasury and Risk Management (as chair), Finance, Accounts, Information Technology, Management Information System, and Internal Audit. The GBWG's roles include the following:

- review, select, and validate the eligible social portfolio based on the Social (Gender) Bond Framework;
- validate annual reporting for investors;
- monitor the ongoing evolution related to sustainable capital markets, in terms of disclosure and reporting, to align with market best practices; and
- review the Social (Gender) Bond Framework to reflect any changes with regard to ASA Phils.' social strategies and initiatives.

The creation of the GBWG will help ensure governance over the processes, while also ensuring that all proposed social projects meet the eligibility criteria. The GBWG's composition is subject to change as ASA Phils. deems necessary.

3.3 **Management of Proceeds**

An amount equal to the net proceeds from the gender bond will be tracked within ASA Phils.' general pool of funds and will be allocated to eligible social projects only. The Finance Department will oversee the social finance portfolio through the Foundation's management information system. The balance of proceeds will be monitored regularly to ensure that the inflow of funds does not exceed the value of the social finance portfolio. If there is any unallocated amount, it will be invested in cash or a cash equivalent, following ASA Phils.' cash management policy.

The GBWG will regularly review the allocation of proceeds to eligible projects and determine if any changes are necessary—for example, if a project has amortized, been prepaid, been sold, or otherwise becomes ineligible. It will also decide any necessary updates to the eligible projects list—including the replacement, deletion, or addition of projects—to maintain the eligibility of all projects in the portfolio.

3.4 **Reporting**

ASA Phils. intends to report on the allocation of net proceeds and associated impact indicators within a year from the gender bond's issuance date and annually thereafter until the proceeds have been fully allocated, and as necessary in the event of any material development. This report can be published either as a standalone allocation and impact report on the Foundation's official website at https://asaphil.org/ or as part of its annual report.

The allocation report will provide the following:

- amount or percentage of allocation to the eligible social projects,
- percentage of net proceeds allocated to financing new and existing projects,
- project categories being financed (portfolio level), and
- summary of unallocated proceeds and their management.

ASA Phils. will align, on a best-effort basis, the reporting with the portfolio approach described in the ICMA's *Handbook-Harmonized Framework for Impact Reporting*.[3] It will report on the direct and indirect impacts of the proceeds, represented with, where possible, both qualitative and quantitative parameters outlining key performance indicators. To the extent possible, ASA Phils. will report on an annual basis the number of low-income women borrowers as well as the number of loans provided, amounts disbursed, and outstanding exposures for the following loan categories under its Social (Gender) Bond Framework:

[3] ICMA. 2022. *Handbook-Harmonised Framework for Impact Reporting*. https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf

- microenterprises,
- MalASAkit,
- water and sanitation,
- solar and home, and
- education financing.

3.5 **External Review**

ASA Phils. will engage an external reviewer to provide an opinion on its Social (Gender) Bond Framework and proposed issuance to confirm alignment with the ICMA's Social Bond Principles and the ASEAN Capital Market Forum's Social Bond Standards. Within a year of the issuance, ASA Phils. will conduct an external review of the proceeds allocation and impact reports. The opinion from the external review provider will be published on the ASA Phils. website: https://asaphil.org/.

4. Updating the Social (Gender) Bond Framework

The Social (Gender) Bond Framework will be reviewed and updated from time to time to reflect ASA Phils.' strategic policies. This document will also be updated as the relevant principles, guidelines, and standards on social bonds and loans are updated. Any updates to this Social (Gender) Bond Framework will be approved by the GBWG and reflected on the ASA Phils. website: https://asaphil.org/.




PHILIPPINES
ASA

