

RBAP/RBRDFI



MICRO - ENTERPRISE ACCESS TO BANKING SERVICES IN MINDANAO

RBAP/RBRDFI STRATEGIC DEVELOPMENT PROGRAM 2000-2003

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I. BACKGROUND/INTRODUCTION

The Rural Bankers Association of the Philippines (RBAP) is a national organization formed in 1957 to:

- safeguard the interests of Rural Bankers;
- work for effective implementation of laws and regulations affecting Rural Banks;
- study and devise ways to make rural bank facilities more responsive to the needs of people in the rural areas;
- facilitate set up, spread and operations of rural banks;
- develop and offer activities that raise awareness among rural banks and expand their expertise;
- foster goodwill and mutual understanding among members.

Today, RBAP serves as the hub of a rural banking system that includes 842 banks and 1,120 branch operations. Within the system and under the RBAP umbrella, rural bankers are organized at the regional level into 8 confederations and at the provincial level into 39 federations. The confederation/federation system facilitates organization of activities and implementation of elections. The Rural Banking System operates within the formal banking structure of the Philippines, and, as such, rural banks are subject to the regulations of the Central Bank of the Philippines.

Since its inception, RBAP has operated largely as a lobby on behalf of the interests of rural bankers. RBAP owns its own building and generates revenues through membership registration and monthly fees, through rental of office space and through conventions and symposia. It is policy within the system for RBAP to receive fees from federations/confederations who sponsor activities, even in cases where RBAP itself is not a direct organizing sponsor.

From startup, RBAP has operated largely as a lobby organization led by a strong Board of Directors supported by only a small administrative staff to handle membership matters and convention activities. The Board of Directors changes yearly, a fact that appears to have precluded RBAP from putting a strong technical program into place directly within RBAP, even though such a program would be within RBAP's mandate. The lack of a strong services program results in complaints from members that they do not receive adequate support from their own organization. And the fact that there is no core technical program to provide an anchor for organization action has probably exacerbated a tendency for RBAP to become politicized around the personalities and/or allegiances of those leading the Board at any particular time.

The Rural Bankers Research and Development Foundation (RBRDFI) was formed by RBAP in 1986 as part of a concerted effort to provide member bankers within the system with access to increased service. Because the RBAP Board changed every year and because it was determined that a foundation would be able to attract grants and operate with tax-free status, RBRDFI was created as a separate organization rather than as a unit within the Association. According to its bylaws, the Foundation was formed to:

- Establish scholarships and professional chairs in various fields and aspects of agricultural development;

- Promote pure and applied research and advance growth of the organization by attracting financial support;
- Provide financial assistance to individuals;
- Initiate and conduct seminars, workshops, training and conventions;
- Collect, compile, collate, evaluate and analyze activities, data and materials;
- Aid, assist or coordinate in all above-mentioned activities.

Though there is strong emphasis in the RBRDFI Bylaws on agricultural development and research activities, RBAP's immediate priority for the Foundation was to tackle skills training and management upgrading. In its early years, RBRDFI initiated a range of programs – from offering individual advisory services to skills training. One RBRDFI initiative – the Rural Bank Improvement Clinic (RBIC) – was taken over by the Philippine Deposit Insurance Corporation (PDIC) when that organization reasoned that since it was responsible for insuring the banks, it should handle bringing them up to speed and certifying them for insurance purposes. RBRDFI let this program go because it did not have the organizational capacity to do the job as well itself.

From 1988 to 1989, the RBRDFI sponsored and conducted transfer of technology training, where lessons learned by successful rural bankers were shared with other banks. A four-day training course evolved from this training received financial support from the Agricultural Credit Policy Council. Around the same time, the FAO came into the Philippines to support computerization of the cooperative rural banks; originally passed to the Central Bank and the Agricultural Credit Policy Council, the installing and upgrading of the software for computerization was transferred to RBRDFI.

RBRDFI currently has 400 members, each of which has paid a one-time only fee of P1,000 to become a member. Additional revenues have been generated through project involvements. In addition to its work under MABS-M, RBRDFI has been involved with the GTZ-implemented Project Linking Banks and Self-Help Organizations (PLBS). PLBS has provided some financing to support initial planning and a training needs survey to support development of the Academy for Banking in the Countryside, and RBRDFI has submitted a proposal for an expanded level of support for the ABC. RBRDFI has also been in the forefront of RBAP efforts to launch an Apex Bank that will be owned by rural banks and provide commercial banking services to the entire Rural Banking System.

The major revenue generating activity for RBRDFI in recent years has been the installation of Micro-Banker software, which is now in use in approximately 20% of rural banks (perhaps 40% of those banks now computerized). Three years ago, MB Philippines, a for-profit company, was set up to serve rural banks as a kind of inhouse electronic data processing unit. Ownership of the company was vested in a number of individuals, the majority of whom were rural bankers. The Foundation remained the systems installer; MB-Phil provided service support. In late 1998 the Foundation decided that, in the interest of client service, it would be best to spin off all work related to Micro-Banker into MB Philippines.

In late 1997, Microenterprise Access to Banking Services in Mindanao (MABS-M), a project developed and financed by the U.S. Agency for International Development, came online. MABS-M is designed to assist rural banks to integrate viable microenterprise/microfinance

programs into their banking operations. Mindanao is to provide the pilot for development of products and services appropriate to the Rural Banking System; thereafter, depending upon the success of the pilot effort, the project will be extended to other areas of the Philippines. RBRDFI is the key private sector counterpart to USAID in the provision of implementation support for this project. One of the project's major objectives is to investigate the ways in which MABS-M microfinance services can be integrated into RBRDFI's menus of services as part of efforts to strengthen the RBRDFI and enhance its sustainability.

Now, as the Rural Banking System prepares to move into the next century, RBAP and RBRDFI wish to review their programs and initiatives and take a long look both at what has gone well and at what needs to be improved. Rural banks and rural banking should play increasingly significant roles in Philippine economic development in the 21st century. The Rural Bankers Association of the Philippines seeks to ensure that rural bankers find their association ready to provide the support needed to bring about this expanded contribution.

II. THE OPPORTUNITY

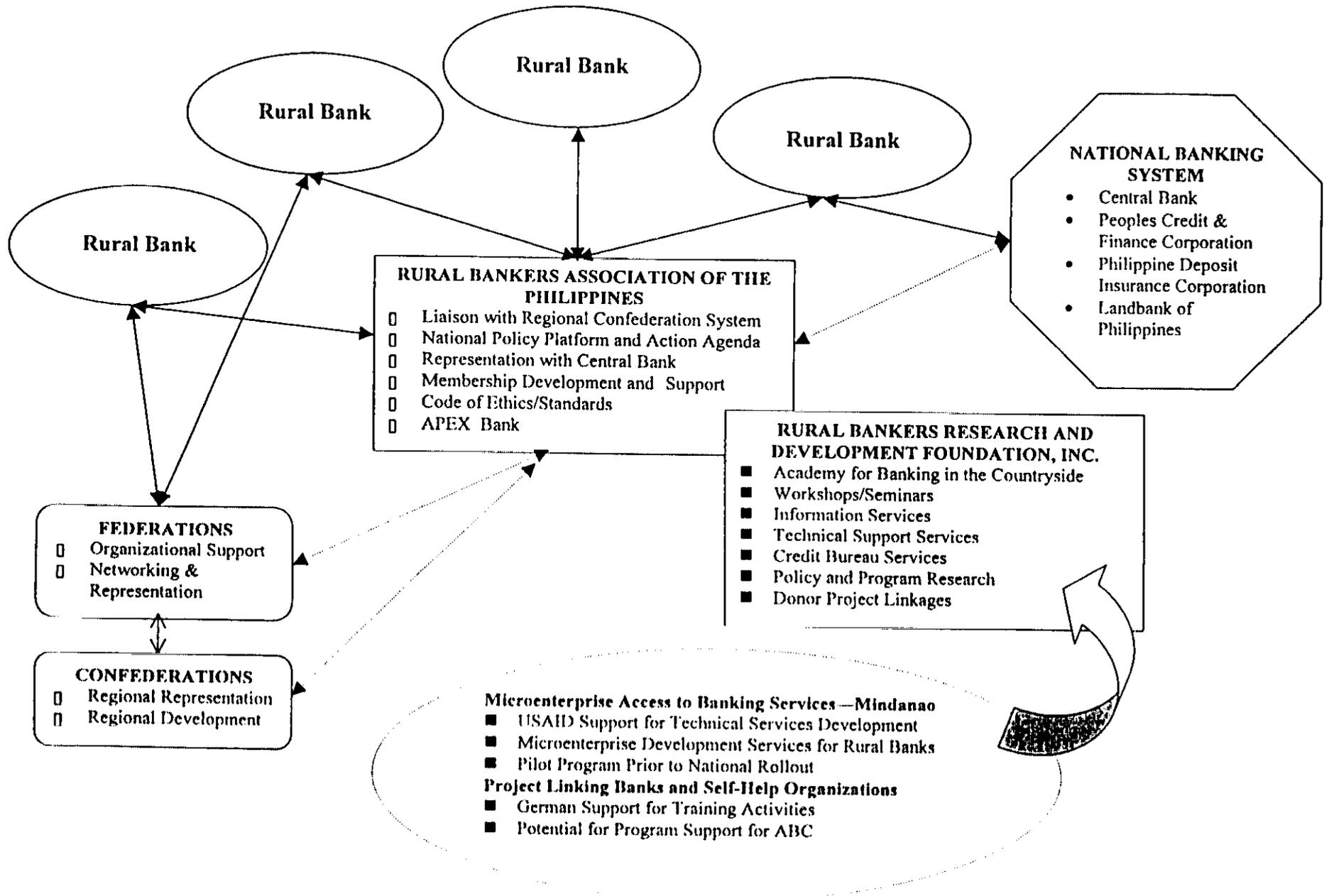
At the request of RBAP and RBRDFI, a consultant provided through the U.S. Agency for International Development (USAID) and the Microenterprise Access to Banking Services (MABS-M) project, reviewed the programs and initiatives of both organizations within the context of the Rural Banking System as a whole. Interviews were conducted with representatives of RBAP, RBRDFI, federations and confederations, and rural bankers. Other meetings were held with representatives of donor organizations and other Philippine private and public sector organizations that are stakeholders in the health and vibrancy of the Rural Banking System. The results of this review are set forth within a Situation Analysis/Institutional Assessment, a copy of which is appended to this document as Attachment A. This Assessment presents 1) key facts and aspects of organization structure, programs and initiatives, 2) major implications and conclusions drawn from the situation analysis and 3) recommendations with regard to future direction.

Table 1 on the following page shows the set up of the Rural Banking System as it operated at the time of the assessment. The Table also illustrates the type of support being provided by donor organizations. As the schematic illustrates, the Rural Banking System has a well-defined structure. If one were to look at this structure in terms of how it functions to support organization and implementation of regional and national events and special activities, one would have to say that it operates quite well. However, the assessment process carried out to support preparation of this Strategic Development Program showed that there are strategic changes in program and direction needed in order to ensure that RBAP and the overall system are more responsive to the needs of the membership and of the country.

RBAP's member banks want access to more and better quality training and technical assistance services. They want their contributions to the banking system to be recognized, and they want expanded opportunity to participate in the national economic dialog. They want the time spent in federation meetings to be used to better advantage. Members banks want to have a better understanding of where RBAP stops and RBRDFI starts. They would value being part of a program that is recognized and valued for its quality, and they would like to increase the ways in which they can contribute to community economic development through operation that is profitable for both them and their clients. Finally, members want to have a higher degree of confidence in RBAP's ability to make things happen for the benefit of its members. And members make it clear that if RBAP is working effectively, they will have no difficulty paying fees for services.

The challenge – and the opportunity – is for RBAP and RBRDFI to take this opportunity to transform the information gathered during the assessment process into action and to enter into the new millenium with a rejuvenated program. The Strategic Development Program (SDP) presented in the following pages is designed for and by RBAP and RBRDFI to position RBAP to carry out the first years of a successful transformation process. Within the context of this Strategic Development Program, RBAP and RBRDFI will combine their resources to meet major challenges by turning them into opportunity objectives that will be achieved during the period of this Strategic Development Program. The following are some of the key objectives of this SDP:

Table 1
RURAL BANKING SYSTEM - 1999



◆ **Build a Strong, Core RBAP Technical Services Program**

For the period of this Strategic Development Program, RBAP and RBRDFI will focus on building a strong core program under the aegis of the Rural Bankers Association of the Philippines. Review of Rural Banking System requirements shows clearly that rural banker want and need access to a stronger services program. Analysis also shows that the focus on two organizations has hindered the ability of either one to operate with strength and to provide the type of services demanded by members. Therefore, under this Strategic Plan for 2000-2003, RBAP and RBRDFI will merge their capacities and their budgets to put a strong core program into place. The thrust of the program will be to develop a strong base for a sustainable service delivery program within RBAP. As the core RBAP program emerges, it will be determined if there is need to spin off certain initiatives that emerge from the core program under the Foundation umbrella. Meanwhile, RBRDFI will function within RBAP as a kind of in-house management consultant to support development and implementation of this Strategic Development Program. The arrangement between RBAP and RBRDFI will be spelled out within a Memorandum of Understanding. By using this approach, implementation of this strategic program can begin without the need for amending bylaws and the institutional vehicle that was put into place through RBRDFI, i.e., the foundation, will remain available as a financial conduit if and as needed.

◆ **Transform the Image of Rural Bankers and Rural Banking**

While rural banking may be barefoot at times, it should never be considered backward. All members of RBAP operate within a Code of Ethics that provides standards of practice for operation. Under this Strategic Development Program, RBAP will put this code into operation so that both those inside of the Rural Banking System and those outside are aware that rural bankers subscribe and operate to quality standards that meet national requirements. RBAP will translate its code into a set of operating principles that is integrated into all aspects of its systems and operations. RBAP will run a quality program at all levels of operation and will install a quality and standards certification program as one of its core technical programs. RBAP will make a pledge of quality to all of its members and will prepare materials that can be handed out by member banks to customers that detail the services of rural banks and set forth their pledge of quality and service to rural customers. Likewise RBAP will put programs into place that support the ability of members to install operating systems that while based in the countryside are modern and up-to-date.

◆ **Play a Leadership Role in Shaping Rural and Regional Economic Development**

The Rural Banking System extends throughout the Philippines and reaches some of the poorest areas and poorest people of the country. Rural bankers have their fingers on the pulse of the countryside. Through a much upgraded information and outreach program, RBAP will solicit and obtain information on local economic activities from rural banks and assist them to transform this information into policy and action. It will assist rural bankers to document and describe the realities of their marketplaces and to provide the larger banking system and government planners with data on local and regional economic development issues. RBAP will support the ability of rural bankers to form and implement regional policy agendas and action plans by providing professional staff to work federations and confederations of members to focus focusing opinion and to define and carry out action plans.

◆ **Upgrade the Role of Confederations and Federations**

RBAP federations and confederations are significant actors with the Rural Banking System because they are the first rank representatives of member banks within the system. As such, the roles played by these entities within the system will be expanded and upgraded during the period of this strategic plan. Under the plan presented here, the federations and confederations will become major flow-through points for services to be extended to members through the RBAP system. In addition, individual rural banks, working through their federation/confederation system, will have far more opportunity for direct involvement in and contribution to all programs and initiatives undertaken by RBAP. As described just previously, through more effective use of and support for the confederation and federation system, RBAP will assist members to articulate local and regional policy positions on issues that are of importance to the health of the banking sector and the Philippine economy. Finally, major functions at RBAP headquarters will be directed to ensure the provision of timely and adequate service to members through their federations.

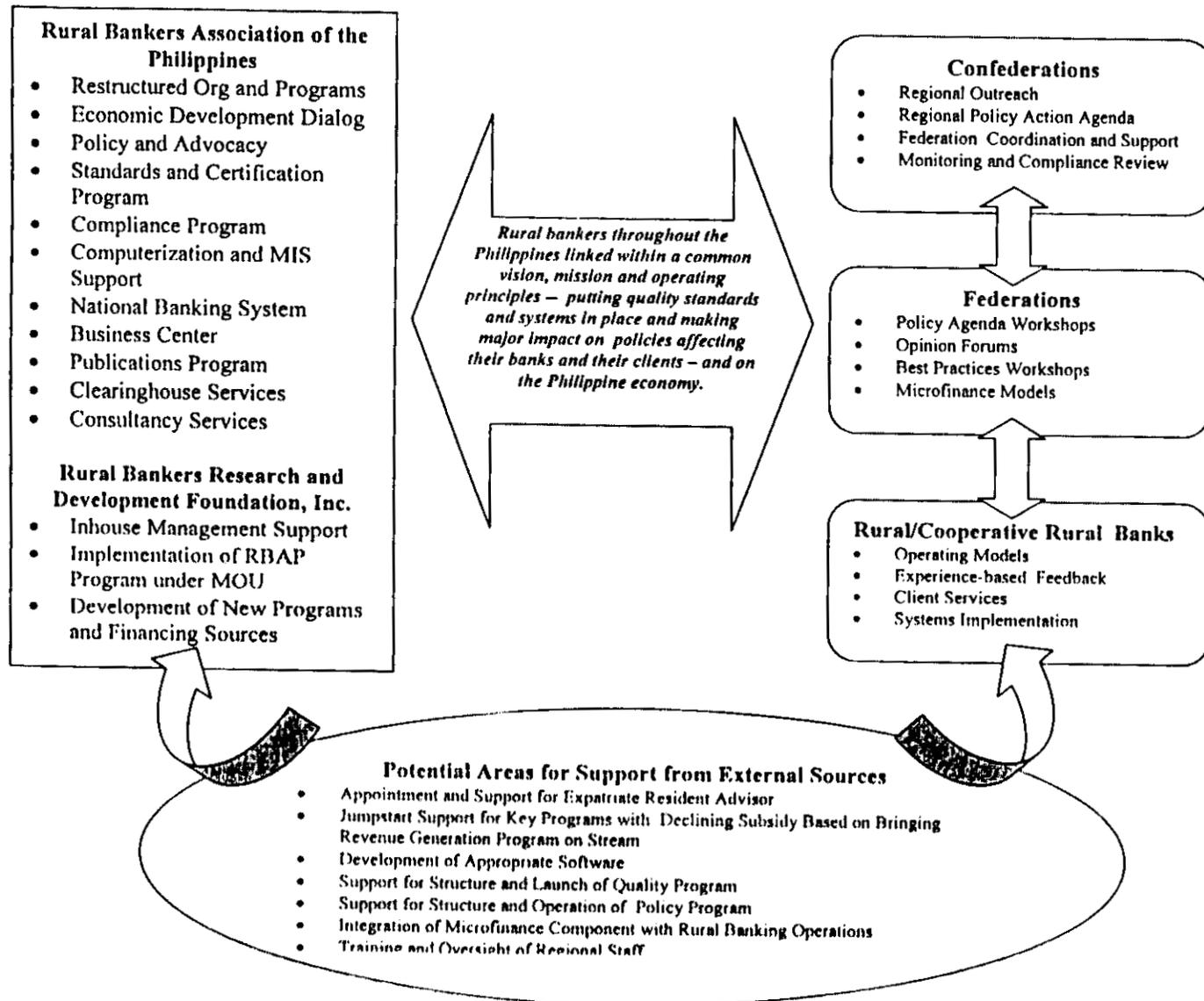
◆ **Define the Scope of Rural Banking and Its Impact**

The reality of rural banking is that its requirements change as rapidly as the characteristics of the population shift. Where rural banking was once largely agricultural lending, the balance is shifting in many areas. Areas once considered rural now have distinctively urban characteristics, to the extent that calling them rural, or even countryside, sounds strange. Microenterprise activities are increasing, and the lines between microenterprise and agricultural enterprise blur as even small farmers move into value-adding activities. There is confusion within the rural banks as to microfinance and microenterprise, with most rural bankers considering themselves involved in microfinance, at least when microfinance is defined by loan size. RBAP will assist its members to move out in front to clarify these issues and the scope of and role of rural banks. RBAP, through its members, will develop models that support the ability of rural banks to operate vibrant microfinance operations that open the benefits of banking to the broadest range of the enterprising poor – even as RBAP supports members to install ATM and current account services.

◆ **Attract and Leverage Donor Resources Effectively**

By combining resources and focusing program concepts within a strong technical program, RBAP and RBRDFI will enhance their ability to attract donor participation in RBAP activities – if and when such participation is seen as important to support achievement of specific, targeted program impacts. With the SDP in place, all external support from donors or other entities must be justified in terms of its contribution to RBAP's revenue generation plan and sustainability strategy. Prior to definition of this program, it was difficult for RBAP, RBRDFI and for potential donors to see how external support might best be used to further the goals of both the banking system and the potential sponsor. This Strategic Development Program puts a specific, results-oriented program into place and this programs a framework from within which it is possible to look closely at how RBAP and external resources can be combined to achieve specific results. Table 2 on the following page shows how RBAP is approaching this strategic planning activity to create an integrated program plan involving all parts of the system. The table also illustrates the types of support that might be requested from donor sources where and if it is determined that such support is needed.

Table 2
RURAL BANKING SYSTEM
UNDER STRATEGIC DEVELOPMENT PROGRAM 2000 - 2003



III. MISSION, OBJECTIVES, AND OPERATING PRINCIPLES

As reflected in Table 2, vision and mission statements provide an effective tool for showing the parts of the Rural Banking System how they relate to each other. The following vision and mission statements have been developed to guide the organization during this first strategic plan period. These statements are based directly upon previous vision/mission statements prepared by RBAP; they have been expanded to provide members with a clearer statement of organization commitment and to provide a better base for program design.

VISION

The Rural Bankers Association of the Philippines will position its membership as the leading force within the Philippine national banking system in bringing the benefits of the economic system to increasing numbers of rural customers through a strong, responsive rural banking system. It will set standards for innovation and excellence in rural banking that are recognized around the world, and it will operate as an important partner to government in the development and implementation of policies and legislation that support rural economic development through the delivery of effective and appropriate banking services.

MISSION

The mission of the Rural Bankers Association is to support the ability of its members to offer quality banking services to all their constituencies, to comply with regulatory requirements, and to promote the welfare of the communities in which they operate. In pursuit of this mission, RBAP:

- translates the Rural Bankers' Code of Ethics into standards for quality and practice that guide member relations with all constituencies;
- assists its members to operate effectively to the highest standards within the Philippine banking system;
- works with members through their federations and confederations to develop and carry out programs and policies that support local and regional economic development;
- supports the ability of its members to extend the benefits of participation in the banking system to the broadest possible range of rural populations through the development of innovative services and practices.

OPERATING PRINCIPLES

The Rural Bankers Association of the Philippines has established a Code of Ethics to which all member banks subscribe as members of the Association. This code provides standards for practice that govern operation of all entities within the Rural Banking System – RBAP, its confederations, federations and member banks. To guide implementation of activities under this Strategic Development Program, the Rural Bankers' Code of Ethics is translated into a set of operating principles that provides a framework for action.

OPERATING PRINCIPLES

- To establish and maintain an organization that supports the ability of members to operate as an aggressive force in the promotion of the civic welfare of the communities in which they operate.
- To maintain commitment to developing rural economies and to promoting community enterprise development through good service and sound practices.
- To develop a pledge of quality and extend this pledge to all rural bank customers, thus ensuring that rural banks remain responsive to their customer base.
- To develop mechanisms and capacities to serve the banking needs of the broadest range of customers, from the smallest to the largest.
- To work in partnership with the Central Bank and other regulatory bodies to set and maintain the highest standards of compliance.
- To assist members to learn from each other, to avoid unfair competition and practices and to work effectively in association rather than in competition.
- To develop a common code of standard banking practices and assist members to operate effectively and efficiently within such practices and standards.
- To develop and support public confidence in the rural banking system through mechanisms and means that support the ability of the Rural Banking System's ability to provide for careful stewardship of bank resources.
- To ensure that the entire system operates as a leader in the field of employee relations – setting examples in the rural areas with regard to conditions of employment, efficiency and customer service.

IV. CORE RBAP PROGRAMS

RBAP's technical activities will be implemented in five program areas or core programs. Each core program has a number of specific components; major components are described in this section of the planning document. Each of these five major program areas is designed to operate as a profit center; each has its own set of products and services. Finally, each core program is designed to contribute directly to the services and activities being handled within other programs.

Within the overall technical program, there will be two flagship programs – Rural Economic Development and Quality Systems and Standards. In addition to positioning RBAP in ways that bring the organization directly into new modes of operation and opportunities for impact, these flagship programs set the pace and drive demand for key activities to be carried out within other parts of the organization. They will play a particularly important role in supporting RBAP's ability to position itself with its membership and to launch and deliver services for which members are willing to pay – over and above the membership fees which they pay monthly.

A major concept driving the overall technical program is identification, within each program area, of both the standardized and customized services that will be provided by RBAP to members. In other words, in each program area, there are certain services that are available to RBAP members because they are already paying membership fees; i.e., these services are included in the monthly subscription and no extra fees are required. Customized services, on the other hand, are those that are available for members for additional fees.

Core Program 1: Rural Economic Development

At startup of the strategic plan period, this program area has four major program components, each of which is described briefly in the following paragraphs. RBAP will use this core program as a vehicle for expanding the roles played by the confederations and federations so that these entities, which function most closely to the membership, are active players in the technical programs and decision-making of the organization. Through their federation and confederation system, RBAP members will build and implement a strong national policy impact program, set up and operate an effective national banking system and develop and carry out effective regional and local development programs.

National Banking System. There is a significant level of interest within the Rural Banking System in pursuing the opportunity for rural banks to take more control of their requirements for wholesale banking services, such as investment banking, clearing functions, corporate financing and treasury functions. At the present time, rural banks source these services from larger banks outside the Rural Banking System. A growing number of rural banks would like to own and operate their own wholesale banking facilities. In addition, as the rural banking system matures, there is growing realization among rural bankers that, to a customer, size is less important than quality and proximity and that a growing number of customers value a more complete service. At the time this plan is being prepared, there are at least two regional banks being developed and 70 of RBAP's member banks have already put up P17,000,000 as expression of their interest in the formation of an apex bank, or National Rural Bank. The regional banks would have the option of operating as branches of a National Rural Bank.

One of RBAP's major program goals will be to facilitate and support the ongoing investigation, promotion and development of a strong national rural banking system and to work with its membership to define the nature and pace of the development of such a system. The development of a national rural banking structure is seen by much of the RBAP membership as an integral part of a rural economic development strategy for the Philippines; other members want more information and more investigation of certain key issues before they choose to participate. Such a banking structure will have to be developed in concert with the larger banking system and in light of the contributions it could make to the entire system – from rural bankers themselves to customers and government. The roles and relationships between government entities such as the Landbank will have to be worked out beforehand. The potential for working with foreign partners will have to be looked into. The ways in which the banking system can be established to provide ongoing support for RBAP services also need to be investigated.

Therefore, RBAP will initiate activity in this program area by undertaking a feasibility study that will look at the above issues and at the demand and potential for an entire national rural banking system. RBAP will talk to representatives of all other major banks, including foreign banks, which would be potential stakeholders in the development of a strong national rural banking system. The study, which will begin soon after startup of activities defined within this strategic plan, will include meetings, conducted through RBAP federations, with every bank within the RBAP membership to discuss the potential for this system and how it might best be approached. This approach will elicit specific market information, e.g., with regard to quantifying the level of wholesaling functions now used by each bank. At the same time, it will provide RBAP with an opportunity for introducing its new programs and directions and getting members involved. Further activities needed to determine and/or establish feasibility and the pace of development for a National Rural Bank system and the exact approaches to be used will be defined as a result of this first series of meetings with key stakeholders.

Policy and Advocacy. Under this strategic plan, RBAP will launch a focused policy and advocacy program that ensures the involvement and wider participation of the RBAP membership in the identification of policy issues. Under its previous approach to operation, RBAP sought to systematize its policy input through development of a Think-Tank. In the approach presented here, members will formulate the agenda and define the issues that become the basis for an active, aggressive advocacy program. The following paragraph illustrates how the approach to policy will be reshaped under this Strategic Development Program.

RBAP leaders recently met to determine their stand on how to address issues related to the fact that rural banks and other financial institutions are reluctant to lend to agriculture, largely due to the crippling effects of the Comprehensive Agrarian Reform Program (CARP) on rural banks. These RBAP leaders meeting among themselves came up with an RBAP position on changes that could be made and actions that might be taken to encourage and support rural banks to move back into agricultural lending. Under the restructured RBAP program, this draft platform will be taken through the confederation/federation system for discussion, change/amendment, and ratification. Once this process is completed, RBAP will produce a national platform and develop an action plan to move forward with each item on the platform. RBAP will appoint a series of

committees and task forces consisting of both public and private sector leaders, as appropriate, to provide guidance to and spearhead action efforts in support of implementation of various parts of the RBAP agenda. RBAP will sponsor a yearly policy symposium and will monitor and report on the results of this symposium in bimonthly "report cards" designed to report in print on what is happening and what is not.

Regional Action Programs. The efforts taking place within the Rural Economic Development Program depend upon and provide support for upgrading the importance and roles of the RBAP confederations and federations. They provide the Rural Banking System with a truly effective mechanism for identifying, coordinating and facilitating action, whether that action is related to implementation of a policy or an RBAP program initiative. Therefore, in this strategic plan, RBAP places significant emphasis on upgrading the capacity of its confederations and federations and on working with and through its regional confederations/federations to assist and support their ability to develop and push forward with regional action agendas. Each confederation system will have a regional agenda that sets forth the goals that the organization seeks to accomplish within the system. These agenda will lend substance and credibility to national programs developed and recommended by RBAP. When published, they will provide visible indication to rural bank customers in a region that their banking system is working actively on their behalf. Development of these agendas, which is neither expensive or difficult, will provide rural bankers with an effective outlet for voicing both concerns and solutions.

Research and Program Development. RBAP anticipates that as activities unfold within this program area new program development opportunities will arise. In addition, as activities within the other RBAP program areas come onstream they will also provide impetus, support and information that becomes the basis for development of new program activities. The approach to program implementation outlined in this strategic plan will build the base of information and action that is needed to support spinoff of expanded research and program developments – leading to expanded opportunity to pursue many of the types of activities for which the RBRDFI was originally developed. RBAP will place a great deal of importance on establishing its capacity to innovate and to learn and to expand these into new programs to the benefit of the Rural Banking System and its members. As programs come on-stream, it will be determined whether they fall within the RBAP core program or whether they should be spun off for operation within, for example, the RBRDFI.

Core Program 2: Quality Systems and Standards

RBAP's Quality Systems and Standards Program is the organization's second flagship program. It will involve a number of concurrent activities and will speak directly to the immediate need of the Rural Banking System to upgrade the way in which rural banks are viewed – both by those within the system and those outside. The starting point for RBAP's quality program will be a Quality Seal and Pledge Program that reflects in one simple pledge the basic relationship that binds RBAP, its member banks and their customers. The Pledge will be developed so that it can be distributed by all member banks to customers. The following is draft wording to show how such a Pledge might be used:

RURAL BANKERS PLEDGE OF QUALITY

Your bank is a valued member of the Rural Bankers Association of the Philippines.

We make this pledge to you:

We will manage your funds with wisdom.

We will work with you to develop your community.

We will treat you with respect at all times.

We will develop products to meet your needs.

We will continually seek ways to improve our service.

RBAP will put this pledge onto the back of a card that is personalized for each of its member banks with the name of RBAP and the member bank on the front. The name of the customer can be added on the front by the bank so that each customer has an identification card and number. In essence, RBAP's Quality Program will become a theme that is carried throughout the organization. Those who have been involved in quality programs know that quality is a way of thinking. Through this core program, RBAP will find ways to install this way of thinking throughout the entire system.

Certification Program RBAP will develop and install a specialized Certification Program for rural bankers that is modelled somewhat along the lines of the approach used by the International Standards Organization and the ISO standards and certification system that is recognized worldwide. This approach is chosen for the rural banks of the Philippines because it can be designed to respond directly to their specific characteristics and requirements. Assessment of rural banks shows that even those that receive good CAMEL ratings (Capital, Asset Quality, Management, Earnings, Liquidity) do not have the systems in place that enable them to meet Central Bank standards for identifying, measuring, monitoring and controlling various risks. Many rural banks, even those with high ratings in terms of liquidity, capital position and profitability, simply do not meet quality standards in terms of systems. Other indicators of quality that a rural bank might consider include factors related to market knowledge, human resource management and even the physical setup and look of facilities. RBAP and its members can take significant steps to change the image of rural banking by putting their own Certification Program in place and by offering services that support the ability of member banks to document and control their systems in terms of quality standards that are set and approved by rural bankers themselves.

RBAP will develop a standards system, called here for reference purposes, the National Rural Bank Standards System (NRBS). Banks within the rural banking system will be divided into different classifications depending upon the type of operation they have in place. For the purpose of the example shown here, the critical factors are whether the bank operates with branches, computerization and/or with a specific emphasis on microfinance. It may be that as the system is developed, other classifications are chosen. Once classifications are in place, a standardized quality program will be designed for each type of bank system. For example, the standards system might include the following designations:

NRBS 2000: Standards for rural banks with no branches and no computerization and no separate microfinance component

- NRBS 2001: Standards for rural banks with no branches and basic computerization but no microfinance operations
- NRBS 2002: Standards for rural banks with no branches, no computerization and a full microfinance program
- NRBS 2003: Standards for rural banks with branches and no computerization or microfinance component
- NRBS 2004: Standards for rural banks with branch operations, full computerization, but no separate microfinance operations
- NRBS 2005: Standards for rural banks with branches and full computerization and microfinance operations

The Certification Program will be developed by involving other stakeholders in the system upon which rural banks depend. Representatives of the Central Bank, of the PDIC, etc. will be consulted and involved in the standards-development and defining process, and their requirements will be factored into the standards systems that are put into place for each type of rural bank. CAMEL rating criteria and guidelines will be incorporated. Additional standards proposed by rural bankers themselves will be added, and rural bankers, through their federations, will ratify the standards as they are finally set.

Once standards are in place, members will be invited to participate in the Certification Program. Although members do not have to participate, they cannot receive certification otherwise, and they will not be eligible to receive and place in their windows or otherwise use the Quality Seal logo that will be developed and extended to those who participate in and receive certifications through the program. Registration in the Certification Program is free to all paid-in RBAP members, but members must pay to move through the process. The first step in moving into and through the certification process is conduct of a Gap Analysis. The Gap Analysis is carried out by trained consultants who assess the bank against the standards that are set for the particular classification level into which the bank fits. Once the gaps are identified, the bank can receive support from RBAP's Technical Support Services Program (see next section) to correct the gaps in the system. Once the gaps are filled, the bank is eligible for Quality Certification at that level. As the bank grows and adds capacities, it will have to achieve Certification at another level. Full details of the Certification Program will be worked out under the terms of a separate Scope of Work (see Attachment B for draft elements of a full Certification Program).

This approach has a number of advantages for RBAP members, the strongest of which are the following:

- It begins from the perspective of the member banker and enables him to see clearly where he needs to go in order to obtain a Quality Certificate from RBAP that specifically fits the size and operating characteristics of his bank;
- It is a system that the Rural Banking System sets up and imposes on itself. It is the rural banker's way of saying that they have quality standards and that they are going to stick to them. The standards incorporate Central Bank standards, but go beyond them.

- It involves key stakeholders within the system, e.g, Central Bank, so that they subscribe to the program and feel part of it;
- It focuses on documentation and systems, which are the weakest parts of most rural bank operations;
- It builds effective demand for RBAP's technical support services and provides the basis for development of demand-driven curriculum within Academy for Banking in the Countryside;
- It includes provision for and encourages banks to grow and develop along lines that support good business development and, in fact, can result in lowering risks associated with growth and expansion.

Compliance and Monitoring Program. Banks that have completed the Gap Analysis will move into the Compliance and Monitoring portion of the *Quality System and Standards Program*. Staff consultants will formulate with the participating bank the approach that will be used to bring the bank into compliance with the standards at the level which fits their business. Once that program is completed, and certification is awarded, RBAP and the bank will set a schedule for monitoring the bank's system to ensure that it remains in compliance. Banks that have such a system in place will have no problem ensuring that they remain compliant with all Central Bank requirements and will be able to ensure their customers of this compliance. Again, there is a fee for this service, which will be carried out by staff based in confederation offices. Regional office staff as explained later in this document will not be rural bankers themselves. They will be full-time staff trained and dedicated to the work they perform. RBAP will enter into a confidentiality agreement with every bank participant in the Certification Program. Approval for certification will be carried out by a process that is developed by RBAP and carried out by trained outside consultants.

Best Practices. RBAP members have expressed dismay with the fact that many of their counterparts have already tried ideas in which they are interested, but they have no access to the experience of these other members. For example, some have designed special loan products and effective promotional campaigns about which other bankers have heard but they have no opportunity to learn more about. Some banks have developed particularly effective approaches to dealing with past due loans while others have tried new ways of organizing staff operations within their banks and/or of introducing incentive systems that have increased efficiency and productivity with impact on increases in profitability decreases in overheads. All of this learning needs to be captured. Through its federations, RBAP will identify bank initiatives that are particularly worthy of documentation, and RBAP will launch a program through which it will work with selected banks to document their experience so that it can be made available to other banks and bankers – whether through a set of published guidelines, as part of the curriculum of a training course, or even through an article in the RBAP newsletter. The goal will be for RBAP to build with its member banks a portfolio of Philippines best practices for all aspects of rural banking operations.

Microfinance Operations. Within the overall scope of Best Practices program activity, RBAP will pay special attention to documenting the microfinance and/or microenterprise loan products that are now in use within the system and the varied experiences that rural bankers have had with these programs/products. Microfinance clearly has a key role to play in rural economic and community enterprise development. As such it is an area of banking in which rural banks and the Rural Banking System should play a leading role in defining and clarifying the issues and the responses. As most rural bankers point out, microfinance is already part of their activities. However, it is also clear that there are no standard definitions and approaches now in place. Many rural banks are looking for wisdom as to whether and how they should proceed with microfinance/microenterprise activities. They want to be able to weigh the pros and cons of solidarity group lending against individual lending. They want guidance on how to structure their staff operations. They want assistance with integrating the microfinance portion of the portfolio into their overall banking operations. RBAP will look specifically at the programs that have been tried by member banks and will work with these banks to document their experiences and the reasons for success – and/or failure. RBAP will integrate the information developed into its training and technical assistance activities and will publish guidelines for activity that can be used by banks throughout the system. Finally, RBAP will sponsor regional conferences to focus on aspects of microfinance integration – everything from loan processing to collection to computerized tracking to staff development.

Core Program 3: Technical Support Services Program

A critical issue for any services program is the ability to pass the test of delivering services for which members are willing to pay. RBAP's Technical Services Program will be a major source of revenue for the Association. In the beginning the demand for technical services will be driven by the activities generated through the Rural Economic Development and the Quality Systems and Standards Program. As the Association grows in strength, the type and range of services offered through this unit will expand to include new innovations, etc. The major components of this core program at startup are described in the following paragraphs.

Academy for Banking in the Countryside. The ABC, as it has been introduced to the RBAP membership, is scheduled to provide the Rural Banking System with a counterpart to the training programs offered by the Landbank Countryside Development Foundation. In fact, however, many RBAP members feel that the quality of the training offered to date through Landbank-sponsored programs is better than the quality of training provided by RBAP/RBRDFI. Marketplace reality suggests that it is wise for RBAP to refer its members to Landbank and other service providers where their training is relevant and to focus RBAP programs on those areas where available training does not cover the specific needs of rural bankers. Under this Strategic Development Program, a core part of the ABC curriculum will be formed around the courses that are designed to prepare bankers to move into compliance with the Certification Program. In other words, ABC courses will correspond to standards set within the Certification Program and will be designed to train key staff of rural banks, as appropriate; e.g., to design needed documentation, to install required systems, and/or to put the management practices into place needed to manage systems. These courses will become standard ABC programs; certification will come through successful completion of ABC courses.

ABC will also develop and offer other courses as need is defined. To facilitate startup, even while the Certification Program is under design, the ABC will move into implementation immediately by moving forward with courses already designed and under preparation. Other, specialized courses will be developed as the ABC grows and strengthens. For example, the work being done under the Best Practices and Microfinance programs will yield courseware materials. But the core of the continuing program will be reevaluated and redesigned around the requirements of the Certification Program. The training needs survey carried out by RBRDFI will be reexamined in light of this approach. Full planning for the ABC will be initiated as soon as the specifications for the Quality Certification Program are developed. It should be stated that the ABC should be viewed more as a virtual training facility than as a standing institution. It will operate in regions and incorporate skills and courses from other institutions as these are relevant.

Computerization. RBAP will provide a series of services geared to assisting member banks to computerize and/or upgrade their computerization. RBAP will operate as a certifying/qualifying body and will take no fees on software installations or service or be affiliated directly with any one service provider. RBAP will be responsible, with support from MABS, for development of a rural banking software that is specifically geared to the Rural Banking System. This software will support the ability of rural bankers to handle a full range of transactions – from microfinance to ATM transactions. The software will be developed using a competitive procurement approach that involves more than one software developer/provider in the process and ensures that the source codes and the software are available in the public domain. This means that there will be more than one company familiar with the software and able to handle installations and services.

Members interested in moving into computerization can contact RBAP to receive assistance with definition of the specifications that they need for their particular situations, and RBAP will assist the client to develop, carry out and evaluate a competitive procurement. By putting the software installation and service process into the market and by functioning as an honest broker in the procurement process, RBAP will be able to assist rural bankers to obtain the best price and service packages. Putting the software into the open market will have the effect of lowering costs and increasing the quality of service; it will also lead to continuing innovations in the software which are paid for by the competing firms on an ongoing basis.

Consulting Services. As RBAP's technical assistance program grows in strength and capacity, and as rural bankers come to have increasing confidence in the program, the demand for customized consulting services will increase. Rather than maintain a full consulting staff on board within the organization, RBAP will develop a roster of technical experts who are available to work with member banks under consultancy arrangements with RBAP. Some of the areas identified by rural bankers as being of interest for consultancy are market development, loan portfolio restructuring, management practices and microfinance program design. Rural bankers also need access to specialized legal assistance in such areas as handling mergers and consolidations or dealing with foreclosures. RBAP will prepare a list of the potential types of consultancies in which members might be interested and have this list addressed at a series of federation meetings. Once the key topics are identified, RBAP will develop a roster of consulting firms and individual consultants skilled in the various areas identified and the terms

and conditions of their availability. RBAP will assist members to identify needs and to recruit consultants that are able to respond to their requirements.

Core Program 4: Information and Communications

One of the major concerns of RBAP members is the lack of information exchange and communication that occurs on an ongoing basis between members and the system and the apparent inability of RBAP to respond to member needs for information. These problems will be addressed within this program.

Newsletters and Report Cards. Under this strategic plan, RBAP will produce and disseminate a regular news bulletin to its membership. RBAP will fulfill its role as a central clearinghouse and assist federations and confederations to keep in touch with each other's activities through this news bulletin that reports on work underway within federations and confederations around the country. The news bulletin will be a standardized service and will be available to all members free of charge. Other information materials also will be produced as programs come onstream. For example, as RBAP's policy program develops with its national and regional platforms and the organization holds its first policy symposium, RBAP will begin production and dissemination of a series of "report cards" designed to report on areas where progress is and is not being made and why. Every effort will be made under this Strategic Development Program to ensure that ongoing communication is taking place.

Database Operations. Through the conduct of its upgraded programs, for example, in the areas of Rural Economic Development, Quality Standards and Best Practices, RBAP will generate significant amounts of data. These data will be brought into a central databank so that they can be used to support, for example, research and policy programs and to backstop the provision of services to members. RBAP also will bring information from other sources into the database so that it can be combined with other information to respond to member requests. For example, a key part of RBAP's database will be market information from various regions and localities that indicates the number and types of potential enterprise clients. The data base will include financial statements from member banks. Another key part of the database will be a map of all RBAP members and branches and populations so that members seeking to open new branches will have easy access to data on surrounding markets. The database will provide critical support to all information activities. RBAP will bring in a systems development consultant at the outset of the program to identify the types of data and the ways in which they might be used within the program. In addition, RBAP will set up and operate a full website on behalf of the rural banking system.

Clearinghouse Services. RBAP will offer a full range of information-based services to its members on a for-fee basis. The range of information services can include, for example, market data on areas being considered for branch operations; retrieval on microfinance models in use throughout the Philippines and in other countries; specific clarification on information from the Central Bank; information on pilot projects being as the Farmers Vertical Integration Program. At the outset many of the information services will be one of a kind; as the program continues, RBAP will be able to identify recurring information requests so that the organization can meet these needs by publishing responses.

Publications. RBAP will place major emphasis on developing publications that can be offered to the public on a fee basis. The RBAP publications program will include a wide range of different types of publications – from those similar to *Barefoot Banking* to more scholarly publications looking at the aspects of rural banking, economic development and policy, etc. A natural offshoot of RBAP's policy and best practices activities will be publication of monographs and information materials. In addition, there is major opportunity for the RBAP to contribute to the technical dialog that is occurring around the world with regard to microfinance and how to best extend the benefits of the banking system to poorer populations.

Core Program 5: Membership Services

Membership services are at the core of a successful association services program. The quality of the daily support they receive is one of the key ways in which members judge the usefulness of the associations to which they belong. Under this core program, RBAP will build on and expand the services that it already has in place.

Business Center. RBAP already operates a Business Center that is designed to provide services to rural bankers when they visit Manila. The services of the Business Center will be continued and expanded. The Center and RBAP offices will be available for use by members who need a venue from which to hold meetings while in the city. Members can request assistance from the Business Center with setting up meetings and with obtaining appointments with key government figures. Members may request the RBAP and the Business Center to provide support with the logistics for holding a large meeting. Members receive five uses the Business Center facilities free of charge; reasonable fees will be charged for more frequent uses. Members are expected to pay direct costs for any services provided, such as photocopying, etc.

Convention Bureau. Within the Rural Banking System, hosting conventions and symposia is intended to be a profitable venture. That is, if the activity is planned and carried out well, the host organization(s) should be able to generate revenues from the activities. RBAP will provide technical assistance to confederations and federations that wish to hold/sponsor official RBAP events. RBAP convention staff will be available to consult on plans and to provide organizing support to the extent of their ability. Services provided by the Convention Bureau will be provided under arrangements made directly between RBAP and its member confederation or federation.

Credit Reference Bureau. One of RBAP's paramount member services will be the development and maintenance of a Credit Reference Bureau for use by members. At the outset anyway, the system will be kept simple and straightforward. RBAP will solicit, through each of its federations, a listing of all the borrowers on the books at each rural bank who are carrying past due loans. This listing should contain the name and address of the individual, the amount of the loan and the length of time it has been past due. When the Quality Pledge is instituted, each customer should have a number. This listing will be computerized. When the system is up and running, each time a bank opens a new account it will be able to check with the national bureau to see if the potential customer is listed. It will be the decision of the individual bank as to when to submit a name to the Credit Reference Bureau. In fact the launching the of the service should be used by each individual member bank as an impetus to meet with its defaulters to see if it is possible to reschedule payments before the name is submitted. Services of the Bureau can be

kept simple or they can be made more extensive depending upon the requirements of member banks. Basic cost of maintaining the defaulters record and providing a check is free of charge to members.

Public Relations. RBAP will launch a more aggressive public relations program. It will issue a steady stream of press releases based on work being carried out through the program. RBAP will develop a logo or Quality Seal to go with its pledge and use this logo as part of its positioning within the market. On a regular basis, RBAP will sponsor contests designed to encourage healthy competition among the membership and increase the level of awareness of RBAP's programs and quality image among both members and the public. Each time a member achieves a level with the Certification Program, that member will receive recognition in terms of ability to use the Quality Seal. That member will receive a plaque to place in his bank and the bank will be the subject of a news article that recognizes the significance of the effort. All significant actions/programs of banks, confederations and federations will be recognized and noted within the context of this program.

V. ORGANIZATION AND MANAGEMENT

Table 3 on the following page provides an overview of the RBAP structure as it will be organized to carry out the program proposed in these pages. Table 2 presented previously provides a picture of the flow of work as it moves through the system. This section provides more detail on key aspects of the organization and the approach to operation and management.

Organization Structure

The current RBAP and RBRDFI system ensures continuity at the Board level; for example outgoing Presidents of RBAP become members of the RBRDFI Board of Trustees. However, as Board members of both organizations are well aware, it is impossible to have a strong organization without having a strong executive officer. The major shift being made by RBAP and RBRDFI within the framework of this SDP is recognition that they need to restructure RBAP to operate outside of the daily control of the Boards of either organization. In order to operate under this program, they will devolve operating authority from the Board level to the staff level. RBAP could do this by making major and immediate changes in its bylaws so that these would call for hiring an Executive Director, or Chief Executive Officer, and lay out in detail the powers of the Board versus the powers of the CEO. This is the way that most associations that have strong service programs are organized, and it may be that, at some point in the future as the core RBAP program strengthens, RBAP will wish to make such structural changes.

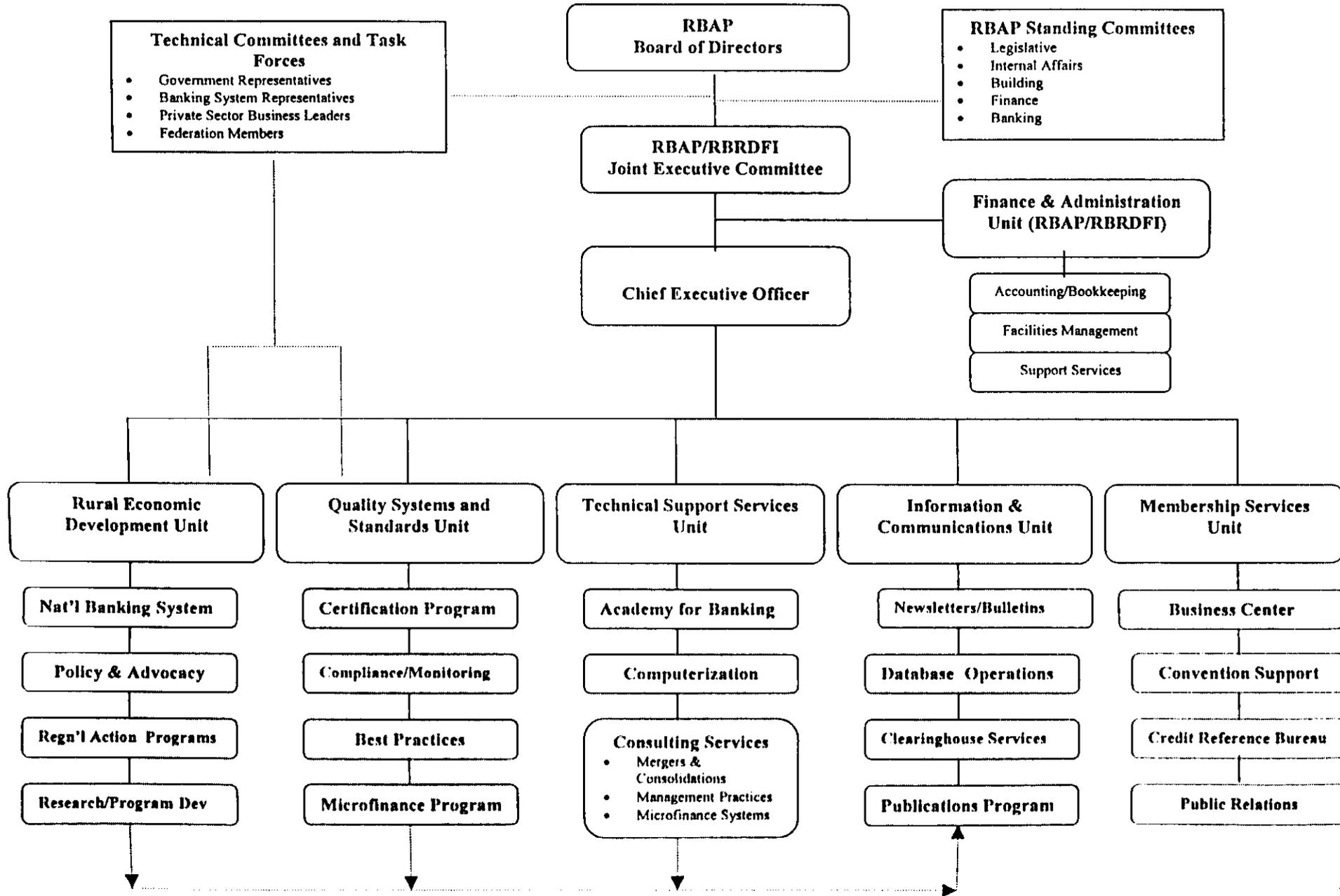
The approach presented here is designed to facilitate fast startup by building on the structure and relationships of RBAP and RBRDFI as they are already in place. The RBAP program will be restructured under the direction of the RBAP Board, which will delegate oversight and direction of the operating program to a Joint Executive Committee (JEC) formed by representatives of both RBAP and RBRDFI. The operating program will be managed by a full-time Chief Executive Officer (CEO) who is hired by and reports directly to the JEC. The current executive officer of the RBRDFI, an individual who has served tirelessly and has been responsible for putting many of the organization's programs into place, will be a member of this Joint Executive Committee. The newly hired Chief Executive Officer will be an ex-officio member of the JEC.

The relationship between RBAP and RBRDFI, as well as the expectations and limits of authority of the RBAP Chief Executive Officer, will be spelled out in a Memorandum of Understanding that constitutes a contract between the two organizations (a draft Memorandum of Understanding is provided as Attachment C). Suggested workplans presented in this document, once agreed to between the two organizations, will provide the basis for budgeting and development of full financial plans. Workplans also will provide the guidelines under which the Chief Executive Officer will work and against which his performance and that of the program will be judged.

Overall Program Management

The Chief Executive Officer, whose authorities and responsibilities will be spelled out within a job description and performance evaluation criteria, will provide overall direction and guidance to the operating program. Five technical departments or units will be established, each corresponding to a core program area. Unit managers will report directly to the Chief Executive Officer. Together the unit managers and the Chief Executive Officer will form RBAP's core

Table 3
RURAL BANKERS ASSOCIATION OF THE PHILIPPINES
PROPOSED STRUCTURE



management team. The CEO will be responsible for developing this management team as a significant force within the organization, ensuring that each Unit Manager is both carrying out his responsibilities within his own department and fulfilling his responsibilities with regard to the interaction and exchange that is needed to provide support to other operating programs. Each Unit Manager is responsible for development and implementation of the yearly workplan for his or her unit ; the CEO is responsible for development of the overall workplan and for obtaining approval from the Board. Job descriptions and performance evaluation criteria are established for each Unit Manager.

The Finance and Administration Unit will report directly to the Joint Executive Committee.

RBAP confederations and federations will play important roles within the context of this Strategic Development Program. Therefore, to support implementation of this plan, RBAP will place a Regional Manager and a number of Federation Coordinators within each Confederation Office. The Regional Manager will be responsible for coordinating the flow of information between RBAP and the confederation and its federations. Regional Managers and Federation Coordinators will support the ability of the Confederations and Federations to develop regional platforms, to hold seminars and workshops on a wide range of topics and to otherwise ensure the smooth flow of information between the confederation and the federations on one hand and the confederations and RBAP headquarters on the other.

Regional Managers within the confederation offices will operate according to defined job descriptions and report, on a daily basis, to the Presidents of their confederations. Within the RBAP headquarters structure, they will be considered part of the Rural Economic Development Unit and report to the manager of that unit. The manager of the Rural Economic Development Unit will use the Management Team meetings to work with other unit managers to identify the needs of the other program units with regard to involvement of the confederations and federations and ensuring that the flow of work being directed to the confederations and the Regional Managers is clear and well organized.

Each of the Technical Program Units will operate as a profit center and each will have its own operating budget and performance targets. This will facilitate RBAP's ability to monitor performance. It will also facilitate RBAP's ability to seek outside support for jumpstart funds for given activities. Descriptions of each of the functional responsibilities of various parts of the organization are provided here to facilitate startup through development of needed Memoranda of Understanding and job descriptions.

The Joint Executive Committee. The Joint Executive Committee will provide effective oversight to the restructured program and implementation of activities under the Strategic Development Program. The Joint Executive Committee shall be responsible for preparing the Memorandum of Understanding to be signed between RBAP and RBRDFI, for hiring the Chief Executive Officer and, through the Finance and Administration Manager, for oversight of all financial matters. The Committee shall assign operating authority for handling financial matters up to an agreed-upon level to the Chief Executive Officer and the Finance and Administration

Manager. The Committee shall be available to support the work of the Chief Executive Officer on an ongoing basis and will meet no less than once a month.

Office of the Executive. The Chief Executive Officer reports to RBAP through the Joint Executive Committee. He is responsible for successful implementation of all RBAP operating programs and for achievement of objectives as defined and set forth in the organization workplan. He will set up and ensure effective coordination both within program units and among program unit managers through the RBAP Management Team. The Chief Executive Officer will be responsible for working with the Board and the staff to ensure that appropriate liaison is maintained with outside stakeholders and for the set up and operation of any committees of such stakeholders that are necessary to support the work of the organization. He will also be responsible for ensuring that RBAP Standing Committees are in place and in full operation in support of overall program implementation. Finally, he will have checkbook authority to run the daily affairs of the organization to amounts agreed to with the Executive Committee and, together with the Manager of the Finance and Administration Unit, will be signatory on most checks signed by the organization. Checks in larger amounts will require signature of a member of the Executive Committee.

Finance and Administration Unit. This unit will be responsible for operating all financial aspects of the organization. It will maintain membership accounts and manage operation of facilities owned and operated by RBAP. It will develop a chart of accounts showing inflows to the restructured RBAP program from both RBAP and RBRDFI sources and how such monies are used within the program. It is recommended that monies directed from both sources be allocated to specific programs so that they can be tracked. The Finance and Administration Unit will be charged with ensuring that the organization installs and uses competitive procurement processes.

Rural Economic Development Unit. This unit will be charged with developing and maintaining RBAP's confederation and federation program by placing staff in confederation offices and by developing specific programs of work to be carried out by RBAP through the confederation/federation structure. Work to be carried out within the unit will include the development of the National Rural Banking System including investigation of the potential for establishment of an apex and regional bank system to support the expanded financial service needs of the rural bank members of RBAP. The manager of this unit will be responsible for identifying candidates for the position of regional manager and for working with the confederation officers to put together a committee within each confederation to supervise hiring of the RBAP Regional Manager and definition of the workplan. This unit also will be responsible for identifying opportunities for research and for new program development that emerge through programs being carried out within confederations and for developing proposals and attracting financing if and as needed to support expanded programming to be carried out through the confederation/federation structure.

Quality Systems and Standards Unit. This unit will be responsible for developing, installing and managing the quality systems and certification programs that will be put into place within RBAP. Under the direction of its manager, the unit will be responsible for developing the standards that will be needed to backstop implementation of the Certification Program and for setting up all operational activities related to successful implementation of that Program. In

addition, the manager of this unit will be charged with working through the federations and the rural banks to identify models that have been used with success both in overall practice and in microfinance. The manager of this unit will be expected to work particularly closely with the managers of the Rural Economic Development and Technical Support Services Unit.

Information and Communications Unit. This unit will be responsible for organization and operation of the organization database and use of that database to backstop both membership services and MIS functions. Under the direction of its manager, the unit also will be responsible for the provision of information-based services to members and for the production of news bulletins and report cards that are to be produced and disseminated in support of program obligations. As RBAP grows and strengthens the unit will put develop and implement a publications program designed both to lend strength to the organization's position and to generate some additional revenues to the organization. This unit will provide support functions across the organization.

Membership Services Unit. This unit assumes many of the functions already within the RBAP but expands them in support to the other technical programs and the different nature of the overall program defined here. The manager of the unit will be responsible for organization and operation of the Business Center and for delivery of a wide range of membership services through the Business Center, the Convention Support Bureau and the Credit Reference Bureau. He or she will also be responsible for developing and managing a highly effective and high profile public relations program. The Membership Services Unit will place priority on establishing RBAP ability to offer a high degree of service to its members and maintaining a significant public profile for the organization through an effective advertising and marketing program.

RBAP Standing Committees. Under the terms of its bylaws, RBAP has established a number of Standing Committees, each of which is chaired by a Board member. These committees, which have not been particularly active to date, will function under this strategic plan to serve as an ongoing link between the Board and RBAP's key programs. In keeping with the spirit of this plan, Committees will be constituted to serve as resource groups to the staff operating in a given area, and the functions and tasks of committees will be spelled out in specific terms. As a general rule, the head of each operating unit will work with a Board-directed committee. The committee will be responsible for providing him or her with feedback, with assistance in getting certain things done and with agreement on the operating program for that unit before it goes into the composite workplan and before it goes to the JEC for approval and referral to the RBAP Board. Using this approach, each of the unit workplans will have been "approved" by a committee that includes at least one Board member before it goes to the Joint Executive Committee and the RBAP Board.

Confederations and Federations. Within this Strategic Development Program, Confederations and Federations of member banks serve as integral parts of program development and program delivery activities. Confederations will serve as effective regional offices for RBAP and as effective providers of services to and organizers of support from member federations. To this end, RBAP will strengthen its capacity to provide services to confederations and federations by

setting up regional offices and putting staff into place who are specifically charged with working with confederations and federations to develop and implement workplans.

Resident Advisor. RBAP believes it would be wise to have an expatriate Resident Advisor in place to work in strategic partnership with the Chief Executive Officer during the first several critical years of the restructuring process. RBAP will hold discussions with several sources, among them USAID/MABS, GTZ and CIDA, to investigate the potential of receiving support for filling this position.

VI. APPROACH TO IMPLEMENTATION

The charts at the end of this section provide more detail with regard to specific steps that will need to be taken to support full implementation of activities in each program area. These charts are provided to facilitate startup and identification of initial key financial assumptions that are needed to backstop development of an initial operating budget for the overall program.

It is recommended that RBAP seek to move into full implementation of the Strategic Development Program in January 2000. In this way, RBAP can use the months between the time this plan is approved in principle and the end of the year to put in place the building blocks upon which full implementation will be based. The process of putting these building blocks into place, as indicated in the steps below, will provide the time the organization needs to organize major program shifts, work with member banks and find appropriate staff and financial resources. The startup implementation process is designed so that it will support RBAP's ability to move forward with no loss of momentum, while at the same time providing maximum opportunity for membership involvement. The following represent critical steps to be taken by RBAP in order to put the SDP into full operation by January 2000.

1. Introduce/Involve Rural Bank Members in all Aspects of Startup

Have the General Assembly of the organization ratify the key elements of the Strategic Development Program at its May convention. In order to accomplish this, RBAP should meet with confederation and federation presidents prior to the convention. These meetings should be used to discuss elements of the Strategic Development Program with these individuals so that they can take the appropriate messages to their member banks prior to the convention. At this point, the details of the plan are less important than the major messages which include: a) RBAP is reorganizing to be more responsive to member needs; b) RBAP is restructuring (putting regional staff in place) in order to provide better service; c) RBAP is seeking to build, with the direct involvement of members, a program of technical activities that will position rural banking much more firmly within the national banking system. RBAP Board members need to make it clear to participants in these meetings that RBAP will be putting professional staff in place to ensure the provision of quality service and that this staff will be developing workplans and budget requests to which they will have input. Under the plan and program presented here, all annual workplans and budgets, beginning in 2000, are to be presented to the membership for ratification at the time of the Annual General Meeting. In other words, the fact that the SDP is designed to enable RBAP members to have much more opportunity to participate at all levels of program development and implementation should be stressed – before members go to the May 1999 convention to approve the SDP in principle.

2. Put Joint Executive Committee in Place to Develop Needed Guidelines and Agreements and Supervise Startup Process

The Joint Executive Committee, consisting of representatives from the Boards of both RBAP and RBRDFI, should be put into place as soon as possible. It is important to get the Joint Executive Committee into place from the beginning and to get them taking control of the entire startup process. One suggestion is to have the Joint Executive Committee appointed at the time of the Annual General Meeting with the entire membership attending the convention given the opportunity to vote. This would give the entire organization an additional "buy-in" to the

restructuring/reorganizing process. Once it is in place, the first item for the Joint Executive Committee should be development of the Memorandum of Understanding that needs to be put into place to guide RBAP and RBRDFI during the Strategic Plan Period and the reorganization and strengthening of RBAP.

3. Create Interim Workplans and Operating Budgets

Combine the RBAP and RBRDFI budgets to define the level of operating funds that will be available to support program implementation. Review the workplans set out for each technical area and finalize startup workplans to run through December 1999 for each technical area and for the administration unit. Identify the targets that must be accomplished in order to bring the program into full implementation in January 2000. Look at existing staff within the framework of this interim plan and determine where they might best fit and what services they can put into place to get things moving. It is assumed that the current level of staff within both organizations combined (not including programmers formerly with RBRDFI who will move into MB Phil) is approximately 6 or 7. The majority of these will probably fit into the Membership Services or Finance and Administration Units of the revamped RBAP structure. Determine what additional staff are critical and must be put into place in order to reach the December 1999 targets. This review and consolidation should take place in early June, immediately after program ratification. Finally, part of the same review process should include preparation of program budgets for each technical program, for administration and management (including the Finance and Administration Unit and the Office of the Executive).

4. Prepare Human Resource Framework for Revamped Organization

As soon as the new program directions are ratified by the General Assembly, move forward to address the range of human resource development issues that are involved in preparing for the SDP. Review existing personnel and operating procedures and manuals and identify the areas where changes and/or updating are required. Review the existing salary structure and grade levels in light of similar organizations. Review personnel procedures, including approaches to employee evaluation. Develop and put into place a performance-based system for staff reward. All staff hired under the revamped program will be expected to perform to levels to which they and their supervisors have agreed beforehand and continued employment, as well as rewards, will be based upon successful achievement of performance targets set for each job. Any staff hired prior to full startup in January 2000 (see regional startup below), will be considered short-term and the period served between their hiring and January 2000 will be considered part of their probationary period with the organization. Staff members currently on board within the organization will be given the opportunity to continue with the organization, but they must apply for jobs and meet the criteria established for the jobs for which they are applying. They also will be expected to serve a probationary period as if they were new to the organization. All human resource issues for the organization should be in place before September 1999 to support RBAP's ability to bring needed staff on board.

5. Put Regional Programs and Immediate Services in Place

Move quickly to put a regional support structure in place and to have this regional structure fully in place no later than September. All aspects of the new technical program for RBAP will depend upon having in place a system that facilitates the ability of RBAP to provide expanded levels of service through regional program offices. These offices will be responsible for working

with confederations and federations and their members to carry out surveys, hold workshops on Best Practices, hold seminars to identify and address policy issues affecting the province and/or the region, etc. Consider starting with four regional offices, perhaps to be physically located in Cebu, Davao, Bicol and Manila. The Luzon regional office can operate from RBAP offices, thus reducing costs since physical setup is largely in place. The Cebu, Davao, and Manila regional operations will start with one Regional Coordinator and one Federation Coordinator in each office under the end of December. At least one additional Federation Coordinator will be put into place after full startup in January 2000. The Bicol office, at the outset, will be staffed only by a Regional Coordinator who will be charged with developing the program in that area and the staff will be increased as program requirements in that area mandate. (For budgeting purposes, it is assumed that office space will be made available through member rural banks. Experience shows that the average monthly cost for a fully staffed RBAP office -- one regional manager, 2 coordinators and an administrative assistant -- will be somewhere between 75,000 and 100,000 PHP/m). Assign Regional Coordinators to prepare specific workplans and charge them with locating and hiring Federation Coordinators. It is recommended that existing revenues be used to put this structure into place, including the salary of the manager of the Rural Economic Development Unit.

6. Prepare Materials for Technical Programs

Develop the background materials needed to support implementation of the technical programs. Key aspects of the programs that can be developed and carried out during this interim period include

- a. Development of a specially designed questionnaire that is to be filled out by every RBAP member soliciting, among other things: their interests and concerns with regard to the apex bank; specific data on the numbers, kinds and levels of transactions they now do with other banks that they might or could do with an apex bank; their interest in a quality program; their initial feedback on the policy issues that most concern them; etc. It would be wise to use the services of a consultant to assist with formation of the questionnaire, but once developed, this questionnaire could be carried out through the upgraded regional support system and would be another channel for direct involvement of member banks.
- b. Development of the specifications for a Quality Standards and Certification Program. RBAP should request the services of a consultant to work with the organization on developing the background materials that will be necessary to support launching of this program. This will include assisting key members of the organization to set up a committee, including representatives of the Central Bank and other stakeholder, to define the standards classifications and the critical components and systems to be measured within each classification.

7. Meet with Donor Agencies

Schedule and hold meetings with various donor agencies for the purpose of acquainting them with the moves that RBAP is making. At the same time, use these meetings to gather information with regard to the program directions and interests of these various organizations in order to identify potential areas for collaboration between RBAP and these organizations.

RBAP's restructuring/refocusing process will of interest to a number of bilateral and multilateral agencies that are seeking ways to expand economic benefit to rural areas.

8. Begin Search for Key Staff Positions

There are two critical positions that must be considered immediately. One is the position of Chief Executive Officer; the other is the position of Rural Economic Development Unit Manager. The hiring of a strong CEO to lead the revamped organization is perhaps the single greatest challenge facing RBAP. The individual selected for this position must be senior enough and/or have the kind of credentials as a professional manager that will enable him to be taken seriously by the Board. The individual selected to head the Rural Development Unit will be charged with development and implementation of some of the organizations most vital programs, including the national banking system. It is suggested that RBAP begin its job search for both positions no later than June, once agreement is achieved on job descriptions, etc. Meanwhile, a good strategy for RBAP is to go after the Rural Development Unit Manager first – bringing this individual on board to put the most critical program area in place and using this individual as a kind of interim director while the search for the CEO goes on. Having this individual in place will give RBAP someone inside who can be charged with facilitating the startup process even while the search for CEO continues.

9. Create Full Implementation and Revenue Generation Plans

Building from the charts on the following pages, create implementation plans and timelines for each program that reflect the work done during the startup period. Complete budgets for each program. This work should be done and presented to the Board for review by the end of November. It should include draft of a full fundraising and revenue-generation strategy. The following section of the SDP provides guidelines for development of a full financial plan and revenue generation strategy for RBAP. Finalization of this plan can be done as progress is achieved under the categories identified above.

10. Develop Joint Workplan with MABS-M

The USAID-funded MABS-M project has already provided some support to RBAP in the form of assistance with preparation of this Strategic Development Program. It is recommended that RBAP and MABS-M sit together and draft a Memorandum of Understanding with regard to the types of support that MABS-M might be able to provide in support of RBAP's moves to put its Strategic Development Program into action. Suggestions as to activities that might be discussed between RBAP and MABS-M for potential support by MABS-M include, but are not necessarily limited to, the following:

- ◆ The provision of a consultant in May-June to work with RBAP on advancing work in all areas above – Steps 1-9: developing the human resource framework including job descriptions for key positions, salary schedule and performance-based incentive system; fleshing out the financial plan and sustainability strategy that are to be a key part of the SDP; developing regional program structure and workplans; developing the questionnaire to be used to facilitate feasibility study for banking system and development of training activities, etc.

- ◆ The provision of support for a Computer Specialist who will work within RBAP and in strategic partnership with MABS-M as coordinator of the software development activities now being pioneered by MABS-M;
- ◆ The provision of a consultant who will be charged with pulling together the design and approach for the Certification Program;

KEY IMPLEMENTATION ACTIVITIES

Core Program Unit	Major Activities	Target Dates	Outputs	Results
Rural Economic Development Unit	<ul style="list-style-type: none"> • Determine phasing on setup of regional confederation offices • Meet with heads of all confederations to discuss both overall program and unit goals • Meet with federations to discuss overall program dynamics and implementation arrangements • Develop baseline survey/questionnaire to backstop feasibility study for national/regional rural banks and to obtain information to backstop certification, training and technical assistance activities • Hire Regional Managers • Complete initial regional workplans • Sponsor federation meetings to introduce questionnaire to members and support completion by individual members • Develop policy/legal issues matrix • Hold federation meetings to address matrix from provincial perspective • Hold confederation meetings to address matrix from regional perspective • Develop regional policy platform and action agenda • Locate outside consultant to assist with completion of feasibility study • Complete feasibility study for apex bank and banking system, including definition of financial relationship between RBAP and system • Review progress of regional program against interim workplan • Prepare regional workplans for first full year of operation 		<ul style="list-style-type: none"> • Feasibility/market study for national rural bank system • Baseline survey for MIS purposes • Functioning RBAP regional./confederation offices • Upgraded federation and confederation system • Regional and provincial action agendas • National policy platform • National rural banking system • 	<ul style="list-style-type: none"> • Changes in policy • Increases in rural bank participation in local economic development initiatives • Increases in funds available to rural banks • Increases in funds generated for support of RBAP

Core Program Unit Quality Systems and Standards Unit	Major Activities	Target Dates	Outputs	Results
	<ul style="list-style-type: none"> • Hire Unit Manager • Meet with representatives of Central Bank, PDIC, PCFC, etc. to discuss approach and requirements • Set up committee of stakeholders to provide oversight, authentication • Hold Confederation and federation meetings to discuss/identify major classifications for setting standards and major bank interests in terms of quality standards within a given classification • Develop classifications and initial approach to standards program • Devise and set standards for certification within each classification • Hold meetings with confederations/federations to obtain feedback/input • Carry out competitive bid for consulting firms to work with RBAP on development of specific documentation and to participate in training to carry out the certification process • Develop plan for full scope of RBAP system-wide quality program • Finalize RBAP Pledge of Quality to customers • Distribute Quality Pledge Cards • Finalize Quality Seal & Logo for Certification • Hold confederation/federation workshops to define the elements of best practices in Philippine rural banking and identify banks considered by peers to have best practices in given areas • Identify areas in which bankers most desire/require access to lessons of experience • Develop questionnaire for banks to determine which areas where they feel they want access to information and areas where they feel they have expertise to give • Develop workplan for first full-year program 		<ul style="list-style-type: none"> • National Rural Banks Standards System • Certification Program • Quality Seal Logo • Quality Pledge • Best Practices Models • Microfinance Models • 	<ul style="list-style-type: none"> • Consulting Firms Trained in Standards Documentation and Certification • Competitive Market Prices for Standards Services • Increases in program-generated revenues

Core Program Unit	Key Activities	Target Dates	Outputs	Results
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<p>Technical Support Services Unit</p>	<ul style="list-style-type: none"> • Appoint/hire Unit Manager • Review status of existing ABC activities and training needs survey in light of restructured program • Carry out Prequalification Bid to select companies to shortlist to work with RBAP on development of new rural banking software • Appoint Computerization Officer to work with MABS-M consultant on project to develop new software • Develop questions to be added to rural bank baseline survey to ascertain what training and technical services are most required • Develop first full year course curriculum for ABC based on technical requirements of the certification program and information from baseline survey • Develop operating program for ABC • Develop menu of technical support services • Establish pricing structure for services • Publish menu of services • Develop roster of consultants and consulting firms able to backstop delivery of services • Develop workplan for first full year of program activities 		<ul style="list-style-type: none"> • New rural banking software • Consultant Roster • ABC curriculum 	<ul style="list-style-type: none"> • Increases in program generated revenues • Increases in quality of software support services
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Core Program Unit Information & Communications Unit	Key Activities	Target Dates	Outputs	Results
	<ul style="list-style-type: none"> • Hire Unit Manager • Bring in systems consultant to set up database • Organize RBAP website • Assist federations to prepare descriptions for input to the website • Develop workplan for interim period through December 1999 • Identify the range of information-based services that can be developed and offered to members • Publish at least two initial bulletins that will go to members highlighting activities underway with regard to programming and reorganization • Develop menu of services • Develop pricing structure for information services • Publish menu of services • Identify opportunities for publication of materials produced elsewhere in the organization • Identify opportunities for publication of pre-packaged information • Develop workplan for first full year of implementation • 			

Core Program Unit	Key Activities	Target Dates	Outputs	Results
Membership Services Unit	<ul style="list-style-type: none"> • Hire/Appoint Unit Manager • Review existing Business Center operation • Upgrade business center services • Set up full convention bureau support program • Prepare plan for set up and operation of credit reference bureau • Develop workplan for interim implementation period • Develop menu of services to be offered through the unit 			

Core Program Area	Key Activities	Target Dates	Outputs	Results
Administration and Management Unit	<ul style="list-style-type: none"> • Hire Chief Executive Officer • Complete review of all existing staff and staff positions in light of SDP program requirements • Combine RBAP/RBRDFI budgets • Develop staff plan for revised organization • Review personnel policies and procedures • Complete new staffing plan and job descriptions • Determine priorities for funding • Develop job and salary classification system • Develop and install performance-based incentive system • Finalize updated personnel manual • Develop written operating procedures to guide relationship between JEC and CEO • Establish financial procedures to ensure smooth operation • Develop scopes of work for RBAP Standing Committees • Put full startup regional program in place • Complete interim organization workplan through 1999 • Develop scope of work for resident advisor • Meet with representatives of donor organizations to introduce program and new directions • Meet with MABS-M to discuss joint workplan and MOU for support of implementation strategy • Develop organization workplan for first full year of operation 		<ul style="list-style-type: none"> • Interim 1999 Workplan • Workplan for 2000 • Job Descriptions • Updated Personnel Manual and Procedures 	<ul style="list-style-type: none"> • Increases in revenues generated from membership

VIII. FINANCIAL PLAN/REVENUE GENERATION STRATEGY

This section of the Strategic Development Program will present operating budgets for the entire organization and each separate program and a revenue generation plan and sustainability strategy. Initial operating budgets for the period through December 1999 will be prepared and finalized in June, after ratification of program directions. Workplans and budgets for 2000 will be completed before December 1999 for the year 2000.

Each separate program of the organization will have its own workplan and budget; in addition to the five technical program, the administration and management program will be defined within a separate workplan and budget. This will support RBAP's ability to leverage support from outside sources to sustain the technical program activities and to apportion administrative costs so that they can be charted proportionally across the technical program areas. Each will identify its products and services and predict the level of revenues it will generate.

RBAP will operate under the terms of a well articulated revenue generation program. The key components of RBAP's revenue generation program are described in the following paragraphs. Details of each of these programs needs to be fleshed out as part of work to be undertaken within the startup implementation period.

Revenues Generated Through Membership Fees

It is recommended that RBAP, beginning under the terms of this Strategic Development Program, increase the subscription fee rates. Since rural banks are classified on the basis of size as A, B and C banks, it should be the plan to introduce a sliding fee scale based on the example shown below:

Bank Classification	Monthly Subscription
A Banks	500
B Banks	400
C Banks	300

The level of increase should be calculated carefully. The above figures are those that it will probably be relatively easy to negotiate. But there is always the option to increase the distance between categories: say, to move A Banks to 750 pesos, B Banks to 500 and to leave C Banks at 300. The total fees, even at the higher levels, are not out of line – if RBAP is doing a good job. Now would be the time, based on definition of this entirely new program, to put an increase into place that will stay for at least the period of the plan and will provide a good base for operation.

It is further recommended that there will be no fees charged for RBRDFI from this time on, and that RBAP ask members to consider money already paid as donations. Finally, it is recommended that members be asked to ratify this new subscription level to begin with the next fiscal year. Once agreement is reached on the subscription fees levels, projections for membership fees can be calculated based on determining the number of each type of rural banks that falls into each specific category.

These fees will be payable monthly and without fail. Members who do not pay their monthly subscription fees will not be eligible to participate in RBAP-sponsored programs.

Revenues from Conventions/Symposia

This revenue generation category includes all fees obtained from the sponsorship and implementation of conventions, seminars and workshops. This category has been a traditional revenue generation category for RBAP. Under this Strategic Development Program, RBAP will add a number of convention and symposia activities; for example, a National Policy Forum. Every effort will be made to expand the type and range of such high-profile activities that can be carried out on a fee-generation basis to the advantage of RBAP and its confederations and federations.

Revenues from Technical Services

Under the terms of this Strategic Development Program, this category will provide RBAP with a steady source of income. The category will include revenues to be generated through the following, among others:

- Certification Program Participation
- Academy Courses
- Consulting Fees
- Business Center Operations
- Information Services

Each of the above represents a specific revenue stream. For each category, RBAP will develop both full descriptions of the technical programs, and, based on these technical programs, specific projections regarding the level and volume of services that will be requested by the market.

Revenues from Commissions and Fees

This area requires significant work, but it is possible that it can also represent the single most significant source of revenues for RBAP. As RBAP moves into implementation of the feasibility study for implementation of the apex and regional banks to provide support to the rural banks, RBAP should also develop and consider innovative strategies to ensure that RBAP receives ongoing revenues from and through the organizations that it will work to set up. For example, RBAP might propose that if an apex bank were to be set up, RBAP would receive a commission or a yearly fee agreed to between RBAP and bank sponsors in return for ongoing support with marketing bank services to rural banks, etc.

Revenue from Publications

While not likely to be a major money earner for the organization, a vibrant publications program can generate revenues to sustain its operation. The restructured RBAP organization is designed to facilitate publication of a wide range of materials – from a national policy platform to research materials providing details from areas in which rural banks are operating.

Project and Grants

A final source of income that will be pursued dramatically is a wide range of donor-financed programs that have interests that correspond to those of the rural banking system.

All of the above revenue sources must be brought together within the context and framework of this SDP to provide RBAP with the basis it needs for allocating funds to support those activities that are most likely to provide jumpstart financing to those activities that are mostly likely to yield program implementation resources.

ATTACHMENT A

**Rural Bankers Association of the Philippines
Rural Bankers Research and Development Foundation, Inc.**

SITUATION ANALYSIS AND INSTITUTIONAL/OPERATIONAL ASSESSMENT

April 1999

INTRODUCTION

As a prerequisite to moving forward into the new millennium and beyond, the Rural Bankers Association of the Philippines (RBAP) and its affiliated organization, the Rural Bankers Research and Development Foundation, Inc. (RBRDFI), have reviewed the status of the Rural Banking System, its organizations and their initiatives. This review process, which upon request of RBAP/RBRDFI is receiving support from the MABS-M project, is designed to see if and how existing activities and efforts might best be built upon and strengthened. The goal of the activity is to support and strengthen the ability of RBAP/RBRDFI to provide continued and increased levels of service to the rural banking system. The analysis carried out below will provide the design assumptions upon which the RBAP/RBRDFI Strategic Plan for 2000 – 20003 will be based.

Section I looks at key facts and aspects of organization structure, programs and current program initiatives. It highlights major aspects of a given situation or program – those that have most impact on and implications for – organization and program design. Section II provides a summary of some of the most important implications and conclusions of the situation assessment. Section III provides recommendations for moving forward.

STRUCTURE AND PROGRAMS

A. The Rural Banking System

- Latest statistics show that the rural banking system in the Philippines includes 842 rural banks and 1,120 branches for a total of 1,962 operating units.
- Rural banks fill a special place and role within the economic development activity of the country, as reflected in the Rural Banks Act and the RBAP Charter.
- The Rural Banking System, as of June 30, 1998, mobilized P38 billion in rural savings and invested a total of P40.5 billion in countryside loans; these statistics underscore the importance of the economic development role played by the system.
- Rural banks are part of the formal banking structure under the banking laws of the Philippines; as such they must be structured and operated to specific standards to ensure appropriate linkage to the broader Philippine banking structure.
- The standard bearer for the Rural Banking System is the Rural Bankers' Association of the Philippines (RBAP) formed in 1957.
- Membership in RBAP is mandated by law; all RBAP members subscribe to a Code of Ethics that spells out performance expectations with regard to, e.g., provision of support for local economic development and maintenance of conduct and performance standards for relationships with clients, other bankers and the government regulation structure.
- RBAP has suffered some in the past from lack of clear operating programs and from efforts to politicize its activities in spite of the organization's stance as a non-sectarian and non-political institution.
- RBAP operates as the hub of 39 federations, which are province-level organizations, and 8 confederations which are regional level organizations.

- The federation/confederation system provides outreach to all areas of the country, supports democratic election of officers and provides the rural banking community with both a coordinating and validating extension system.
- The federation system is well established; members meet monthly to discuss a wide range of issues and minutes of each meeting are passed to RBAP. At the present time, there is no mechanism or program operating within RBAP that provides a viable feedback loop between RBAP and the federations. The confederation role appears to be somewhat weaker, with the major roles being to facilitate the process of selecting regional representatives to serve on boards and implementation of certain convention/symposia activities. It appears that the entire federation/confederation system has potential to play a larger role, particularly in the areas of building a stronger policy program and platform and establishing mechanisms for more involvement of members in programming activities.
- The general level of communication/interface among actors within the system is less than it should be; easy opportunities to provide service, such as seeing that federations get timely copies of all relevant articles and circulars so that they can disseminate them to members, are often lost – with the result that the individual members do not see the national organization as being responsive.
- Because they do not see a more visible level of service, and because they do not receive yearly copies of financial statements, there is some tendency on the part of members to question the sources and uses of funds within the system, particularly by RBAP and RBRDFI. This problem is exacerbated when a given federation hosts a convention and loses money but still has to pay an agreed upon fee to RBAP.
- RBRDFI is the latest addition to the Rural Banking System; it was formed by the Rural Banking System in 1986 and deliberately placed outside of RBAP so that it could 1) provide services and carry out programs without getting bogged down by the yearly change in RBAP leadership and 2) attract outside funds to support operation and delivery of programs and services.
- The Rural Banking System has undertaken various initiatives through the years designed to take more control of growth and build on its position but its progress has been slowed by forces both internal and external to the system; the system has not yet taken the steps that are needed to strengthen its position within the overall banking structure.

B. RBAP/RBRDFI

- Each organization has separate by-laws and articles of incorporation.
- RBRDFI is supposed to operate as the “action arm” of RBAP, but what this really means in operational terms does not appear to be clear to either organization. The result is that neither organization is operating to potential and follow-through with all initiatives is a major problem.
- A well-structured system links these organizations at Board level, and the operational expectations of one organization with regard to the other depend upon shared knowledge and interaction at the Board level rather than upon the definition of operating plans spelled out within a written Memorandum of Understanding.
- RBAP receives a fee of P300 per month from each member which is paid to RBAP automatically so that RBAP operates with a steady source of membership support income and cash flow; RBAP also owns its own building and generates revenues through rents and through its convention and symposia activities.

- All members of RBAP are not members of RBRDFI; those banks that are RBRDFI members have paid a one-time fee of only P1,000. This fee is negligible and the fact that it is non-recurring increases the sustainability challenges faced by the foundation.
- Analysis shows that the programs RBRDFI is trying to put into place would be far more successful if there were a full-service support program for rural bankers in place. Rural bankers are looking for and need some basic support services they are not now getting and they expect to receive these from RBAP.
- The financial arrangements for support of the Foundation are inadequate, and the operating budget of the RBRDFI is dependent on program relationships. With computerization functions being moved into MB Phil, that revenue stream will stop. RBRDFI does begin 1999 with a fund of P4,000,000 generated through computerization activities, and the organization now needs an updated operating plan to guide wise use and expenditure of these funds.
- Neither RBAP nor RBRDFI has a clear statement of mission or operating principles – or a clear strategic program to guide operations; RBAP, in practice, has extremely weak program and service functions.
- Most membership-based service organizations use the annual convention or general meeting to present their workplans and budgets for ratification. This practice serves to keep members involved and informed; RBAP does not appear to follow this practice.
- There is a lack of clear understanding on the part of many member banks with regard to the roles of the RBAP and the RBRDFI, and to some extent, members wonder why they should pay at all for RBRDFI if they already pay for RBAP; this confusion is exacerbated when many initiatives are billed as joint RBAP/RBRDFI activities.
- RBRDFI has been hampered from the outset by lack of financial stability; the fact that it has been able to do as much as it has without a strong, full-time executive is tribute to the leadership of both organizations.
- RBRDFI has undertaken a number of specific efforts to provide valuable services to the Rural Banking System through revenue-generating programs; examples of such programs are the Rural Bank Improvement Clinics (RBIC), transfer of technology training and a program to handle remittance of fees for overseas workers. All of these programs were adversely affected by the Foundation's lack of ability to follow through. Again, the progress that has been made is singularly impressive because it is the result of hours of work by dedicated rural bankers who have volunteered their services.
- Computerization support through Micro-Banker is the only RBRDFI program to come on-stream and generate ongoing revenues; other program funds have been sporadic and directed largely to support certain activities, such as funds directed to RBRDFI through the GTZ-sponsored Project Linking Banks and Self-Help Organizations for carrying out a training needs survey and undertaking planning for the Academy for Banking in the Countryside.
- RBAP invests too much power in its Board of Directors, a fact that guarantees that the organization remains dependent on personality and the power of a given Board. RBRDFI, on paper, is structured to prevent this from happening, but the fact that RBRDFI has not hired a full-time Executive Director prevents the organization from developing a strong institutional culture and program. The effect is that both RBAP and RBRDFI remain dependent on the goodwill and personalities of certain individuals and neither organization has a strong membership based program.

- The current RBAP/RBRDFI relationship with USAID and MABS-M is focused on building the capacity of RBRDFI to serve the rural banking community and enhance the ability of rural banks to expand their services to the enterprising poor. RBRDFI and RBAP need to look carefully at how best to use this project as a tool for building a more effective Rural Banking System.

C. The APEX Organization/Bank Initiative

- Work has been underway on this initiative for more than three years; conversations and interactions with Rabobank have been underway for at least two and a half of these years.
- To date, 70 rural banks have subscribed a total of P16,350,000; money is held in separate treasury bills account with interest earned to date of P1,437,931 credited to individual banks. The majority of the 70 banks subscribed at P250,000 each; newer subscribers are able to express their interest in participation beginning with deposits of P50,000 and up.
- Communications between RBAP and Rabobank were conducted through RIAS, the consulting arm of Rabobank; RIAS indicated its willingness to work with RBAP – if and when RBAP could raise funds for the consulting work required. RIAS talked in terms of a two-step process: the first step, in their words, was to be creation of an “Apex Organization” owned by the rural banks to deal with setting and maintaining appropriate standards; the second – and subsequent step – was to be a feasibility/strategy for setting up a joint venture with possible participation from Rabobank. In effect, RIAS/Rabobank people were saying that they would not invest without having a restructured banking system in place.
- Paperwork indicates there is at least some confusion between the concepts of Apex Organization and Apex Bank, but in its communications and interactions with RBAP, RIAS does not clarify the fact that such confusion exists and this confusion appears to be carried into RBAP documents. For example, RBAP/RBRDFI prepared a Primer on the Apex Bank Concept that outlines both the financial and management services to be provided by the bank. However, the management services outlined in that document are those that would be best provided by RBAP under a restructured program. The key point to be made and clarified is that the Rural Banking System already has an Apex Organization in the form of RBAP.
- The strengthening and restructuring of the RBAP system needs to be done even if there is no Apex Bank. Restructuring of RBAP is critical to all initiatives including the Apex Bank and will play a key role in the attraction of both rural banks and external participants to the Apex Bank activity.
- RBAP/RBRDFI have prepared a proposal that has been submitted to the Asian Development Bank requesting a grant in the amount of P1,200,000 to carry out a feasibility study for the Apex Bank. The project is designed to take between six months to one year, and the ADB has agreed to consider the proposal.
- The proposal, which calls for a study of legal issues and a program to solicit participation of federations and confederations through local and regional meetings and a workshop for formulating final strategy, is on the right track. It is obvious that more conversations rather than fewer need to occur between RBAP and member banks in support of development of the Apex Bank concept. While there appears to be support for the Apex Bank within the membership, the depth and quality of that support has still to be determined and quantified. With the right approach, however, the feasibility study could take less rather than more time and cost far less.

- Some of the regions are pushing aggressively. In addition to funds put up by 70 rural banks, there are initiatives underway in at least several areas to put regional banks into place; RBAP needs to move sooner rather than later or risk a crisis of confidence within the membership.

D. The Academy for Banking in the Countryside (ABC)

- The ABC is a logical extension of 10 years of technology transfer activity undertaken through the RBRDFI and is seen by RBRDFI as a vehicle for "professionalizing and standardizing" training for the system.
- Some rural banks report that training provided by other organizations, for example, that provided through Landbank, is of higher quality than the training they have received through the Foundation. At the same time, they do recognize that they have certain training needs that are not being met and that their own system has access to fewer resources. They would like to see their own program providing innovative training products that they can't get elsewhere; for example, a course in market development.
- Most rural bankers recognize that they need training and technical assistance, and they are willing to pay if costs are reasonable and they see value for their money.
- Many members attend certain Landbank training because it is mandated for them through the Landbank financing programs in which they participate. RBAP/RBRDFI must determine how it is going to build effective demand for ABC training services. In other words, they must find a way to "mandate" the training, because, although the need is there, demand is not automatically in place.
- RBRDFI has prepared a proposal outlining its approach to "ABC: Institutionalizing Training for Countryside Financial Institutions." The proposal, which is based on the results of a training needs survey and a strategic planning workshop, outlines ABC requirements in terms of 1) systems design, 2) technology and 3) staff development; it focuses on putting capacity, but not necessarily extensive stand-alone facilities, in place. The proposal states clearly that RBRDFI will work in conjunction with other major training institutions and entities and outlines a three-year project that will cost approximately DM 1.6 M.
- The ABC proposal being submitted for German financing as an extension of the RBRDFI relationship with the GTZ-implemented Project Linking Banks and Self-Help Organizations, is to be transmitted to the Germans through NEDA/TESDA; the timeframe for implementation could be as much as a year from the present.
- RBAP is financing the startup of the ABC with a grant of P400,000 to the Foundation for preparation and delivery of the first courses. Again, it should be pointed out that while RBAP and the RBRDFI believe that the Rural Banking System needs its own training entity and that this entity can be a generator of revenue needed to support sustainability of the system, the question of demand for ABC services does not appear to have been adequately addressed.
- MABS-M is generating products and services that can be factored into RBAP/RBRDFI training and technical assistance activities.

E. Divestiture of Micro-Banker Installation, Support and Services

- RBAP and RBRDFI determined that it would be best to put all operational responsibility for installation and support of Micro-Banker into MB-Phil.

- The move to take Micro Banker completely outside of the Foundation responds to the situation that the structure and operating approaches of the RBAP/RBRDFI system were contributing to poor customer service and complaints from rural bank users.
 - MB Phil was set up more than 3 years ago as a for-profit company largely owned by a number of rural bankers who used the Micro-Banker system within their operations.
 - As a for-profit company, MB Phil will be able to provide better customer service and career growth for senior Micro Banker experts who were staff of the Foundation and given ownership shares in the company.
 - There is some distrust among members with regard to the motivations behind pushing MB-Phil as an effort to be "bought into" by member banks; this is particularly true among those members who do not now use Micro-Banker and those who are already computerized who do not see Micro-Banker as the appropriate software system for the rural banking industry.
 - RBRDFI programming staff is slated to become staff of MB-Phil as of April 20, 1999, if a sufficient number of proxy votes are obtained.
 - From an MB Phil perspective, opening ownership of MB Phil to all rural bank users could, in effect, create the same level of bureaucracy that prompted the move from operation under RBRDFI.
 - MB-Phil now has access to source code for Micro-Banker and is free to do upgrading as needed.
 - Micro-Banker is being used by fewer than 20% of the rural banks (40% of those now computerized); other banks are using different systems or are not computerized at all.
 - Analysis undertaken by MABS-M shows that Micro-Banker software is a stop-gap measure; to position rural banks so that they can handle both micro-finance and more "commercial" banking operations, software for rural banks needs to be able to support a higher level of product design and ATM and inter- bank functionality.
 - From a rural bank perspective, issues with regard to the choice of software for rural bankers need to be resolved by looking at all the requirements of the bank and not just at its microfinance component.
 - *Micro-Banker does not facilitate the ability of banks to merge their microenterprise activities with their broader commercial operations; it therefore serves to further marginalize microfinance activities rather than encourage and support the ability of bankers to approach microfinance as part of their overall banking operations.*
 - MB Phil, to be successful in the competitive marketplace as a software development company, needs to build on its Micro Banker experience and develop the capacity to innovate in the marketplace.
 - As long as 1) the "divorce" between RBRDFI and MB Phil is clear, 2) RBRDFI uses competitive procurement procedures to source support for its clients, 3) any RBRDFI director who is an owner is not involved in competitive procurement decisions, the ownership of MB Phil is an issue to be discussed and addressed only by MB Phil within the context of its own business plan.
- F. Microfinance Rural Enterprise Equity Fund (REEF)**
- A document prepared in August 1998 proposed REEF as a program/plan/product which is the logical extension of the rural banking system's activities related to working with the lower end of their potential/existing clientele.

- A Consultative Workshop with Microfinance Agencies held in November 1998 discussed product objectives, target clients, product benefits, features and benefits of the product, type of investment required by rural banks to introduce and the proposed delivery mechanism for the REEF product.
- Subsequent to this consultative workshop, regional workshops were held in several locations and it was agreed to test the product in several locations.
- The underlying theme and tenet of the REEF approach is that microfinance is already being practiced by rural bankers and that they need to have access to products and approaches that assist them to integrate microfinance lending more easily and completely into their banking activities.
- Agreement was reached to the effect that the REEF product would be tested through the MABS-M project.

MAJOR IMPLICATIONS AND CONCLUSIONS

1. The Rural Banking System has not yet taken control of its own future to the extent that it can. There is opportunity for the Rural Banking System to play a more aggressive role in rural economic development. RBAP can do this by positioning the Rural Banking System as the foundation for building the economy rather than as the tail end of a larger banking system. For this to happen, RBAP has to transform itself from functioning only as a lobby organization into an effective full-service support organization. It must mount strong technical programs and move out front with an aggressive policy platform and action agenda.
2. One reason for formation of the Foundation as an action arm was the fact that the RBAP directors changed each year. Another reason was the fact that the Foundation could accept grants and tax-free donations but the Association could not. The initial reasons for formation of RBAP and RBRDFI as separate organizations may not remain and should be reexamined in the light of updated thinking with regard to program requirements and sustainability issues. Meanwhile, it is necessary to find a way for the Association and the Foundation to operate as a coordinated body to the benefit of the membership to put a strong full-service support program in place.
3. Although there is a clearly stated Code of Ethics spelled out within the RBAP Bylaws, the code has not been translated into a set of Operating Principles that can be used to guide an effective technical program and provide the organization with a central credo. Moreover, most members appear to have forgotten the existence of the code. This Code of Ethics can be used to provide the basis for development and installation of a Quality Standards and Certification Program that can be used to provide the rallying cry for the entire Rural Banking System.
4. Articulation and maintenance of standards should be a major function of RBAP, which will act as the certifying body (working to standards acceptable to the Central Bank) for the Rural Banking System. Participation in a Quality Program that leads to certification can be used to provide the impetus needed to encourage members to pay for the services necessary to enable them to operate to standards. For example, a Quality Program can be used to establish effective demand for training and technical assistance services and to provide the rationale

and guiding force for the ABC, which becomes a program that is designed directly around preparation for certification. The Quality Program, once structured and put into place, provides the framework for fully differentiating products offered through RBAP from other products now offered in the marketplace.

5. The Quality Program should be developed so that it provides for various levels of certification, along the lines of ISO certification procedures. The reason for this approach is because it will focus on documentation, which, according to Central Bank examiners, is a major weakness among rural banks. Some examples of what could be put into place:
 - NRBS 2000: standards for rural bank with no branches, computerization or microfinance components
 - NRBS 2001: standards for rural bank with no branches and full computerization
 - NRBS 2002: standards for rural bank with branches and no computerization or articulated microfinance component
 - NRBS 2003: standards for rural bank operating headquarters and branch operations with computerization
 - NRBS 2004: standards for fully computerized rural banks operating Microfinance programs
6. Many of the problems and concerns expressed by member banks appear to be the result of inadequate communication. The system needs to operate with more transparency. In addition, it appears that there is much more skill at convention management at the national level than at the federation level. It would be prudent for RBAP to find ways to 1) assist federations to make sure they don't lose money and/or 2) share the profits equally.
7. Many rural banks are already operating with micro-finance programs; others have tried them and had less than successful experience. In reality, there has been little documentation of experience with microenterprise and microfinance lending by the Rural Banking System and no codification of the different approaches that have been tried and the circumstances under which they did or did not work effectively. It is this body of information that, once gathered, would provide the basis for assisting members to identify and install the approaches that are best suited to their situations and for developing the broad-based training and technical assistance initiatives that are needed to support such installation.
8. Careful reading of both the letter and intent of the Rural Bankers Law and of the RBAP Code of Ethics suggests that the Rural Banking System should make the inclusion of a strong microfinance program one of the criteria for highest degree of certification within a quality seal program.
9. The importance of the role of the federation/confederation structure in program implementation is not yet recognized or supported in a way that would be most conducive to strengthening the overall system. Strengthening the federation/confederation system would support the development of a strong, aggressive policy and advocacy program based on strong, well-articulated local, regional and national policy platforms and action agendas.

10. The management services presented in the Apex Bank Primer are those that should be and could be most easily provided through a restructured/upgraded RBAP program. They cannot and should not be put within the Apex Bank. As indicated by RBAP/RBRDFI in their proposal, a feasibility study for the Apex Bank is needed as soon as possible. However, the terms of reference for the study should be amended/expanded so that the interactions and discussions with the federations and confederations yield information and data needed to support implementation of other identified new directions, such as the quality and certifications program.
11. The removal of Micro Banker from RBRDFI is a good move. It ensures that RBRDFI focuses on the needs of the Rural Banking System and on developing and maintaining standards for computerization and management of systems. At the same time, it puts the programmers who have been working with Micro-Banker into the competitive market system and frees them to work with both with Micro-Banker and such other software as might be developed, as well as to innovate on an ongoing basis.
12. The institutional arrangements now in place between RBAP and RBRDFI are not conducive to the development and installation of a full-service program that is responsive to the range of needs of the banking community. Adjustments in terms of structure, operations and financing can be made that will transform the initiatives and work that has been done to date into a powerful and effective support program for the entire rural banking system.

RECOMMENDATIONS

1. Restructure the RBAP around an aggressive technical program. Position the RBAP clearly as the head of the overall organization. The effect will be to bring RBAP and RBRDFI into one cohesive program, with RBAP seen as the clear lead organization. The RBAP Board, as it does now, will validate program directions, provide oversight, organize linkage to government and other external resources.
2. Place operational authority for implementation of the RBAP-directed program in the hands of the RBRDFI. In effect, RBRDFI operates as a kind of inhouse management consultant. It will be the responsibility of the RBRDFI to put the Executive Director (or Chief Executive Officer) into place and to organize, develop, manage and implement all programs, staff and budgets of the RBAP system – under direction of the RBAP Board of Directors.
3. Spell out the relationship between the two organizations in a Memorandum of Understanding that outlines clearly the expectations of each.
4. Restructure the RBAP around a number of core technical programs, each of which is designed to operate as a separate profit center. Again all of these will be RBAP programs; the Foundation will ensure that they are implemented. In addition to carrying out already identified programs, the Foundation will carry out functions within the RBAP structure designed to investigate potential for new programs and for developing and bringing in new sources of financing.

5. Prepare a Strategic Development Program for the three year period 2000 – 2002. This will detail organization mission, the rationale behind core technical programs and the approach to implementation of full programs in each of the technical areas.
6. Develop workplan for 1999 – 2000 based on definition of core programs and draft operating budget to support implementation of these programs. This will be done by RBRDFI for submission to and negotiation between the RBAP and RBRDFI Boards of Directors.
7. Merge staff of the two organizations and organize and operate within one focused program structure. Build a strong program by structuring the organization so that RBRDFI and RBAP are working as one unit to build one core program. Later, as the core program evolves and if there is need, new programs can be developed and spun off through RBRDFI.
8. Show how financial resources available through both organizations will be used to support program implementation and forecast areas where additional funds are needed to support implementation.
9. Consider doing away with the P1,000 fee for Foundation membership and, if this is done, offer to refund the P1,000 to any bank that so requests (most will not). Announce that the foundation will work directly under the RBAP to put into place and implement a full technical program. The entire program will represent a much up-graded level of service to rural bankers.
10. Consider schemes for increasing the membership fee for RBAP. One immediate thought is to set the fee schedule by bank classification. In other words, banks with higher net worth, or “A” banks would pay P500/month; “B” banks would pay P400/month; “C” banks P300. If this approach is not possible, then consider putting everyone up to P500.
11. Develop vision and mission statements for this new, aggressive program and draft a core set of operating principles that will provide a rallying point for support of implementation.
12. Integrate microfinance into the entire core RBAP program so that it becomes a logical extension of all rural bank activities. The reality is that most rural bankers practice microfinance in some way or another and that the microfinance segment represents a market niche that can be expanded for all rural bankers. However, in order to do this effectively and profitably, rural bankers need to have access to the lessons of their own experience and assistance with choosing the microfinance approaches that are best for them and integrating them within their overall banking strategy.
13. Present the concept for an upgraded and targeted technical program and use the opportunity of the convention coming up in May to announce the new directions. The suggested theme for the convention, “Rural Banks: Asserting Rights, Achieving New Heights” fits nicely with the new directions.
14. Under RBAP, with support from MABS-M, set up competitive procurement approach to development of new rural banking software. Ensure that several companies are proficient

with the software and that the software is available in the market free of charge so that competition is encouraged in terms of price and quality of service.

15. Identify the areas where MABS/USAID might be able to provide the kinds of critical startup support that will push the program forward. Key support areas might include financial support for hiring a strong Executive Director for the restructured RBAP program and for putting Regional Managers and confederation offices in place to carry out development of regional and local policy platforms, workshops with federations to look at Apex Bank feasibility and identification of local best practices. It would be a logical extension of the MABS-M project to tackle rollout of its microfinance support program to the rest of the country through a restructured RBAP program in which microfinance was a recognized part of rural bank activity. In this way, MABS resources can be used to strengthen regional RBAP offices which will be used as the base for the rollout. Etc. The Strategic Development Program developed for the organization should look at the specific ways in which the programs can intersect.

ATTACHMENT B

ELEMENTS TO BE CONSIDERED IN DESIGN OF CERTIFICATION PROGRAM

1. Involvement of Central Bank and other key stakeholders.

Set up committee of individuals representing organization that have stake in quality of rural banking – and have certain standards that they want to have met. Stress that the standards that rural bankers set will include those that each of these organization require – but will go beyond to deal with quality. Ascertain from each organizations what that organization defines as quality. They may or may not have “quality” standards that go beyond those that are actually written.

2. Articulation of Quality Standards for National Rural Banking System

- a. Involve the bankers in setting their own standards by using the confederation/federation structure.
- b. Prepare a quality issues/standards matrix and incorporate results of work with other stakeholders.
- c. Make sure that all major categories/classifications of quality are included, including microfinance.
- d. Hold workshops with federation leaders in each regional confederation office to report on meetings with stakeholders and discuss the ways in which rural bankers feel that quality should be measured.
- e. Discuss how setting up a quality system works for rural bankers: they use it to build their capacity and their image, to manage risk and as a mechanism for sustaining itself and their organization through the fees they pay for the service – as long as the quality of service remains high.
- f. Discuss the mechanism that rural bankers would like to have in place to carry out the certification process on behalf of RBAP.
- g. Identify key areas where rural bankers want to have quality certification and determine areas of priority for rural bankers in terms of introduction of the quality program.

3. Develop the Standards and the Documentation Requirements

- a. Identify specific levels within the standards program
- b. Develop standards first for aspects of program considered most critical to rural bankers
- c. Develop documentation procedures for standards
- d. Identify training requirements and coordinate with Academy for Banking for development of needed courseware

4. Issue a Request for Proposal for Interested Firms to Work with RBAP

- a. Issue request for firms interested in working with the RBAP to set up the entire procedure
- b. Shortlist at least three firms
- c. Issue bid for firms to work on development on standards and documentation
- d. Issue bid for firms seeking to participate in training designed to prepare them to conduct gap analyses, to assist rural banks to develop documentation necessary to meet certification standards and to work as trainers within the Academy for Banking

Attachment C

MEMORANDUM OF UNDERSTANDING (DRAFT) Between RBAP and RBRDFI to Support Implementation of RBAP Strategic Development Program

RBAP and RBRDFI seeks to work jointly and under one name to establish and carry out a strong services program in support of the rural banking industry and the members of RBAP. In order to support implementation of this strategic plan and the development of a strong core technical program, RBAP and RBRDFI agree to the following:

- RBAP and RBRDFI will use the RBAP name to build the core technical program and put it into place; to support implementation of this core program, the RBAP and RBRDFI budgets and staff will be combined and reallocated as needed;
- For the period of the strategic plan, RBRDFI will not seek to develop programs directly under the RBRDFI name, unless there is prior agreement in writing between RBAP and RBRDFI to the effect that it is necessary for the strength of the core program to initiate new program activity directly under the RBRDFI name;
- RBAP and RBRDFI will appoint a six-person Joint Executive Committee (JEC) to manage Strategic Plan implementation. The JEC will consist of three representatives from the RBAP board and three representatives from the RBRDFI board, one of whom shall be the current RBRDFI Executive Director. The Chief Executive Officer of RBAP shall be an ex-officio member of the Joint Executive Committee.
- The Board of Trustees of RBRDFI shall write a letter to all RBRDFI members explaining the move by RBAP and RBRDFI to strengthen the overall program to the benefit of all RBAP members;
- The RBAP Board of Directors will approve the workplan and budgets presented to it by the Joint Executive Committee, and the Joint Executive Committee will report on progress at regular board meetings;
- The Joint Executive Committee shall give the Chief Executive Officer full operational authority for all decisions with regard to RBAP implementation under the terms of the agreed-upon workplan. The CEO will report on progress verbally at monthly meetings of the Joint Executive Committee and in writing on a quarterly basis to a joint meeting of the RBRDFI and RBAP Boards.
- RBRDFI will be kept on the books and used as a conduit for financial support to the Strategic Development Program if the foundation vehicle should be needed to provide support to program implementation;

Attachment D

JOB DESCRIPTION

CHIEF EXECUTIVE OFFICER RURAL BANKERS ASSOCIATION OF THE PHILIPPINES

The Chief Executive Officer of the Rural Bankers Association of the Philippines is the highest staff position within the organization. He or she is hired by and reports directly to the Chairman of the Joint Executive Committee that is set up by the boards of the Rural Bankers Association and the Rural Bankers Research and Development Foundation to provide oversight and direction. This is a performance-based position. The CEO is directly responsible to the RBAP Board, through the Joint Executive Committee, for achievement of targets and objectives outlined in organization workplans. He will be expected to work on a probationary basis for six months, with a first performance evaluation taking place after three months. After a successful evaluation at the six-month point, the CEO will be offered an initial two to three year contract. Within this structure and context, the CEO of the Rural Bankers Association is responsible and accountable to the organization for the following:

- Hiring key staff as needed
- Setting and maintaining performance targets for employees at all levels within the organization;
- Developing and implementing all technical programs of the organization;
- Compiling and submitting the yearly workplan to the Board of Directors;
- Maintaining the fiduciary responsibility of the organization to its members;
- Developing and operating technical programs as profit centers based on strong service programs and fee-generating strategies;
- Developing and implementing RBAP's revenue generation and sustainability;

Qualifications Required:

- Masters Degree or above in aspects of International Business, Business and Finance or related fields
- Direct experience in the management and provision of fee-based support services
- 10 years or more of successful experience as a manager
- Bilingual facility in English and at least one other language

Qualifications Preferred:

- Facility with computers and computer applications
- Experience in funds mobilization and management of non-profit organizations