



ANNUAL REPORT
2016





Since 2001, the Peace and Equity Foundation (PEF) has been the steward of an endowment fund for civil society – led efforts to reduce poverty. Today, PEF promotes social enterprises to help uplift poor Filipino communities through better household incomes, empowerment and resiliency against climate change. PEF envisions self-sustaining households providing for their basic needs of life – food, water, shelter, health, education – and contributing to the socio-cultural growth, economic development and effective governance of their sustainable communities.

Published by:
Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc.
69 Esteban Abada Street, Loyola Heights, Quezon City 1108
Tel. No.: (+632) 426 9785 to 86 local 111
Email: ask@pef.ph

© 2017 Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc.



contents

Chairperson's Message	2
PEF Scale up Strategy	4
2016 Performance Highlights	6
Revisiting Our First SE Communities	12
Partnership Projects	24
Treasurer's Report	26
Audited Financial Statements	28
Board of Trustees	44
Management and Staff	45



2016 was a momentous year for PEF as we celebrated a milestone --- our Foundation's 15th Anniversary, made more significant as we started with a fresh mandate to scale up social enterprises. Scaling up not only meant investing in more SEs and reaching out to more poor households. It also meant sharpening our focus; engaging the right partners; diversifying and leveraging resources. Internally, it meant building our talent pool; upgrading skills; and aligning systems and processes.

Marked as the first year since the completion of our initial attempt at SE, 2016 was an important time to scrutinize and reflect because it is the first year since the completion of our first attempt at SE. Based on our own as well as external assessments, we have come to conclude that agricultural development remains as the best catalyst for poverty reduction. Despite the country's economic growth, the percentage of poor increased. Clearly, agriculture is not making enough progress and barely creating opportunities for the rural poor.

Thus, for 2016 to 2020, PEF seeks to generate impact through viable enterprises as a long-term economic process to create self-sustaining households. Coconut, cacao, coffee, and cane sugar (collectively called C4) showed the potential

for spurring inclusive growth, especially in the countryside where it matters most. At the same time, optimizing the value chain of these four commodities aligns interventions with other stakeholders, including government. Climate smart agriculture maintains an integral role in growing C4 enterprises, as our primary goal of sustainable and inclusive development entails the building of resilient communities.

As we in PEF have always affirmed, poor households would have a better chance of making it out of poverty through sustainable livelihoods. SE is the model for inclusive, sustainable and lasting growth. This is the reason for our shift in strategic focus at the beginning of this decade.

In carrying out our mission, we must employ our strategic focus of selecting partners, programs and projects more prudently with the end view of sustainability. We recognize the reality that SEs work within free markets and there is a need for SEs to serve both its social mission and to earn profits to remain sustainable.

Our first fifteen years was marked with remarkable growth — growth in partnership, vision, service, and credibility. In getting our work done, we've benefited from collaborating with a diverse range of stakeholders. These include project partners, key government agencies and industry representatives, as well as subject matter experts for crucial initiatives.

With renewed commitment to the mission of empowering the poor, we share our achievements with the people who make up our community. We continue to encourage social entrepreneurs, civil society leaders and government to scale up efforts and forge stronger partnerships to build self-sufficient, self-reliant and resilient communities. The search for sustainable enterprises that will bring long term-solutions to fight poverty remains as our clarion call for years to come. 🌱

BENJAMIN D. ABADIANO

In 2011, our strategic focus shifted to social enterprises or SEs to help rural households generate income and move out of poverty. Building on proven social enterprise models, our efforts have been geared towards increasing self-sustaining households that are capable of providing for their own basic needs.

For 2016 to 2020, we will strengthen collaboration with the right partners for long-term solutions to fight poverty through SEs. We will focus on three pillars — productivity, value adding and marketing. These will enable supportive mechanisms to strengthen governance, scale up operations, enhance resilience to risks, and spur collaborations with other organizations.

Given its considerable endowment fund, PEF can exist and be self-sustainable over a long period of time. PEF can and should sustain itself as a vibrant, dynamic and responsive partner in the long-term precisely given the nature of poverty as a long-term concern.

Secondly, our approach and nature of engagement should be multi-dimensional and holistic. Through this, we can better respond to the issues of what keeps rural farming households poor. Providing additional investments, affordable financing and capital are necessary but not enough to spur agricultural development.

Smart investments, technical assistance and capacity building increase the chances of success and decrease risks; they enhance human capital; they make families and communities more resilient to natural disasters; and they make them less vulnerable to unfair competition.

Thinking outside the box may result to better production, additional value added features of commodities, and better and more creative packaging and marketing.

Despite the endowment of our foundation, we must spend resources with prudence. Aside from efficient investment of resources, there is a need to select priority areas so that limited resources will produce the greatest impact. The selection of priority areas should be based on sound reasons like the presence of credible and reliable partners, and the viability of the project given the natural and socio-economic characteristics of the locality.

The Foundation's zeroing in on poverty reduction in specific agricultural sectors stems from the fact that this is where many of the country's poorest belong.

Aside from the lack of economic assets, poor and disadvantaged communities lack access to basic services like public utilities, housing, health and education.

Access to basic services in these communities produces a multiplier effect that impacts not only the quality of life of households but also the socio-economic development of communities. Aside from access to water, PEF needs to ensure that its targeted communities have access to electricity and energy with a bias for



renewable energy especially in far flung areas; access to health that is made sustainable through SEs even though residents have to minimally pay for it; and access to housing even only in the context of rehabilitation after calamities.

The foundations have been laid. But much work needs to be done in the coming years.

C4: Optimizing the Value Chain

PEF's emphasis on agriculture is particularly elaborated on the economic analysis of Dr. Arsenio Balisacan as used in the 2011-2015 PEF Strategic Plan. It was mentioned that between 2003-2006, the percentage of poor rose despite purported economic growth and that due to the declining importance of agriculture in the national economy (as per GDP share data), the share of agriculture households in total poverty remained high, i.e. 60% in 2007 (Balisacan, 2009).

Clearly, agricultural development remains to have high potential as driver of poverty reduction in areas with high agricultural productivity potentials based on geophysical endowments such as land and soil fertility, irrigation water, weather patterns and others; and in relatively more rural (remote, less commercialized) areas.

Focus on Selected Commodities

To transform the most number of households from poverty to sustainability, the focus of SEs and economic development should be in agriculture. In its 2013 midstream strategy review, PEF has decided to focus on four specific crops, namely the coconut, cacao, coffee, and cane sugar, as well as climate-smart agriculture for specific commodities such as rice and banana, tagged as the C5 strategy/route. In brief, PEF wanted to respond to specific constraints involved in these crops.

Value Chain Optimization

PEF is guided by its implementation framework

where it aims to create impact at the household level through SE partner organizations, with their respective SEs as channels. With this framework at hand, scaling-up the SEs as the strategic thrust should result in self-sustaining households. However, learnings from experiences on the ground, along with the acknowledgement of the need for complementation with the government and the private sector, PEF should integrate value chain optimization into its implementation strategy.

Growing the C4* Sector

Looking across the value chain of the priority crops, PEF should be able to strategically identify where its investment, hence intervention, should optimally be positioned and aligned with that of the government, private sector and other stakeholders. Amongst the C4 crops, the primary and general levels of intervention identified are the (1) productivity, (2) value addition, and (3) market. The PEF implementation framework, together with major stakeholders, and value chain level integration is illustrated in Figure 1.

In line with the analysis of the value chain levels per industry, identification of key enablers, which can be from the government, private sector, and the farmers themselves, and integration of their suggestions and perspectives on the key issues should enable PEF to determine necessary action points and levels of implementation.

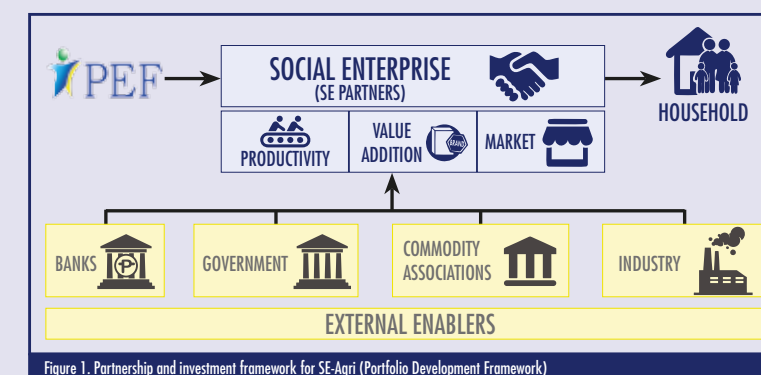


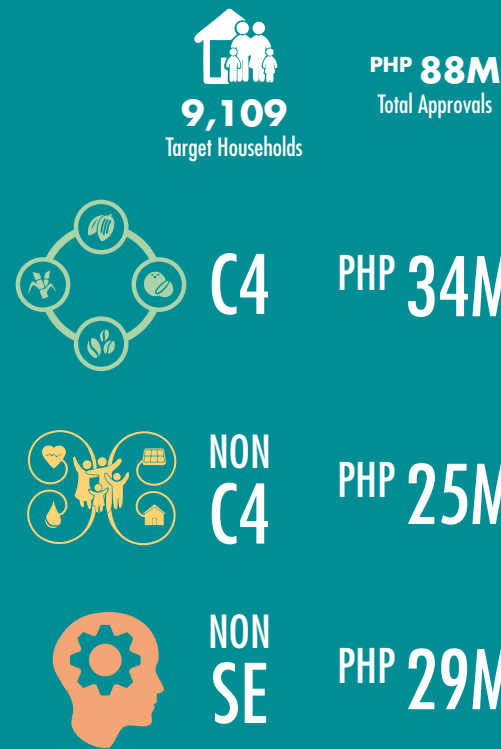
Figure 1. Partnership and investment framework for SE-Agri (Portfolio Development Framework)

* In 2016, climate-smart agriculture is integrated in the four commodities or as climate-smart enterprises.

In 2016, PEF affirmed its mission of building self-sustaining communities, strengthening capacities of partners and creating an enabling environment for social enterprises. These remain at the core of PEF's efforts anchored on the belief that no single enterprise, sector, organization, or individual could succeed toward sustainable and inclusive development.

Building upon its initial attempts, PEF transitioned into a more focused mandate of scaling up SEs. This section presents a snapshot of the Foundation's accomplishments and initiatives under its core action areas and support programs.

1 SYSTEMATIC ACTION Build, model and replicate C4 & Basic Social Services enterprises



PEF's investments in four agricultural commodities – cacao, coffee, coconut, cane sugar or collectively known as C4 - remain a high priority, as translated in its share of total approvals. A village-level coconut oil processing, a cacao facility upgrading, and expansion of cane sugar block farming are some of the enterprises expected to grow in scale and social impact. Capital infusion in other industries; infrastructure development for water systems; technical assistance for an Islamic financing program; and grant support for non-enterprise projects like calamity assistance, advocacy and network building further expanded PEF's reach and leverage. See *List of Partnership Projects on pages 24-25*.

2 SYSTEMATIC ACTION Expand Leveraging



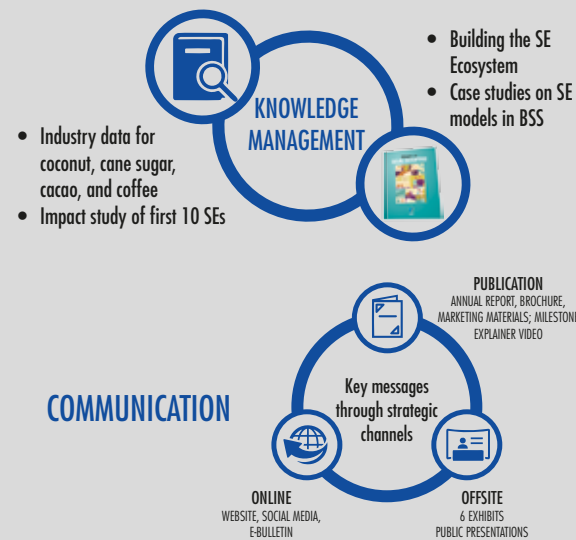
Growing the base of support is an active pursuit of the Foundation, and strategic relationships with different development investors brought not only funding support but also technical expertise and knowledge resources for pushing the SE agenda. A combined Php 30 million funding partnerships for at least 22 sites across the country will benefit poor households. Linkages with key industry players gained a foothold through complementary learning events and information exchange. In a multi-stakeholder initiative for the goal of eradicating poverty, PEF became the cluster lead for the development of an agenda for promoting livelihoods and employment generation.

3 SYSTEMATIC ACTION Intensify SE Capacity Building



With the establishment of the Social Enterprise Institute (PEF's capacity development platform for social enterprises), initial work focused on defining the elements that will set up the approaches by which competencies on critical organizational and business support systems can be developed to stimulate growth, manage risks and increase stakeholder and investor confidence. While the framework is being firmed up, customized development services and skills upgrading were undertaken for selected partners.

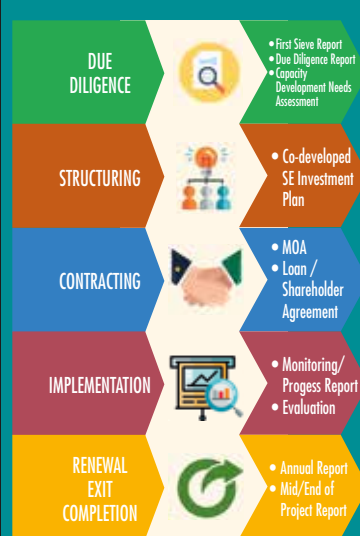
4 SYSTEMATIC ACTION Sharpen Knowledge Management and Communication



Understanding the landscape, reflecting on lessons and sharing experiences are all channeled towards building a culture of learning and contributing knowledge on social entrepreneurship among stakeholders.

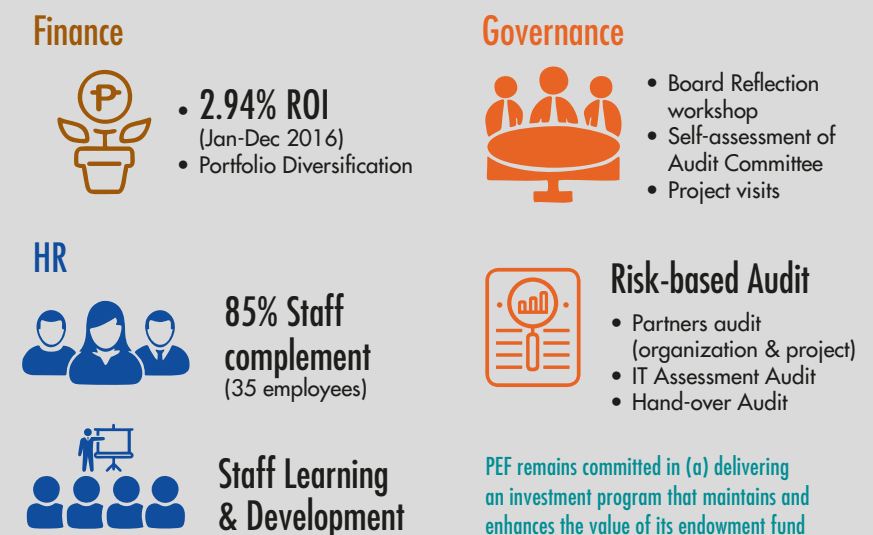
5 SYSTEMATIC ACTION Strengthen PEF Monitoring and Evaluation System

Social Enterprise Development, Management, and Evaluation (SE DME) Policy and Process Flow



Critical to the achievement of PEF's goals is the systematic approach by which PEF develops, manages and evaluates the SEs it supports. The re-calibrated process gives emphasis on intelligence-based guidance on priority-setting; project and proponent suitability; adequacy of documentation; and metrics of performance.

6 SYSTEMATIC ACTION Build PEF Organizational Capacity



PEF remains committed in (a) delivering an investment program that maintains and enhances the value of its endowment fund over the long term, despite adverse conditions; (b) enhancing the organizational structure by strengthening learning and development programs and beefing up its talent pool; (c) monitoring compliance and risks; and (d) strengthening governance structures.



Social Entrepreneurs, CSO and industry leaders converge to build a common agenda



PEF Partnership Forum: Building a Common Agenda | 25 November 2016 | Sequoia Hotel, Quezon City

Creating social entrepreneurship's capacity to empower the powerless, the Peace and Equity Foundation (PEF) urged social entrepreneurs, civil society leaders and government to scale up their efforts and forge stronger partnerships to build self-sufficient, self-reliant and resilient communities as it celebrated its 15th Anniversary Foundation on November 25, 2016 at the Sequoia Hotel in Quezon City.

With the theme, "Building a Common Agenda", the anniversary celebration started with the partnership meeting attended by SE partners, civil society and industry leaders, funding partners and PEF board and staff.

Keynote speaker, Cabinet Assistant Secretary Evelyn Cruzada recognized the importance of PEF and civil society in general in eradicating poverty and emphasized that the engagement with non-government organizations (NGOs) and other stakeholders is within the strategic framework of the current administration to achieve its development goals.

"PEF efforts are actually in line with six of its zero plus ten-point socioeconomic agenda, which include the promotion of rural and value chain development toward increasing agricultural and rural enterprise productivity, investments in human capital development, and the promotion of science and technology, to name a few".

Ramon Magsaysay Laureate and PEF Chair, Mr. Benjamin Abadiano, shared PEF's advocacy to promote and scale up social entrepreneurship across the country and emphasized that PEF adheres to the highest standards of transparency, accountability and

good governance especially with the management of its trust fund.

Roberto Calingo, PEF Executive Director, emphasized the foundation's focus on agricultural development. PEF saw the opportunities to grow climate-smart enterprises in four crops – coconut, cacao, coffee, and cane sugar, because of their high potential as drivers of inclusive growth.

Present during the forum to share the anti-poverty program of the Office of Vice President was Rafael Lopa, Senior Advisor for Advocacy and Anti-Poverty Programs. Reynaldo Go of the Davao Region Coconut Industry Cluster, Inc. (DRCICI), and Valente Turtur of the Cacao Industry Development Association of Mindanao, Inc. (CIDAMI) tackled agricultural social enterprises in the country's coconut and cacao industries, while PEF Chair Abadiano, this time in his capacity as Lead Convenor of the Zero Extreme Poverty 2030 Roadmap (ZEP), presented the development agenda being crafted by a consortium of sectoral groups, CSOs, NGOs, business, academe, media, and government organizations.

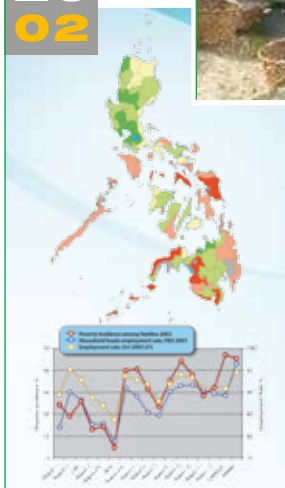
THE BEGINNING: FACING THE POVERTY CHALLENGE

The Peace Equity Access for Community Empowerment Foundation (or Peace and Equity Foundation, PEF) was established to manage a Php 1.3 billion endowment fund raised by the Caucus of Development NGO Networks (CODE-NGO) for civil society-led programs that would empower the poor and the marginalized in Philippine society.



2001

2002



POVERTY MAPPING: REACHING THE POOREST COMMUNITIES

PEF's first task was to identify which poorest communities to reach and how to prioritize them. Using a participatory process of assessing key poverty indicators, PEF identified priority provinces in which it would concentrate its efforts and resources. A poverty map shows interrelationships and patterns of poverty in an area, brings together groups to jointly work together towards sharing of resources and a clearly articulated plan for the people's progress in the community.

PARTNERSHIP AND ACCESS CENTERS CASTING A WIDE NET

To reach the greatest number of poor communities, PEF worked with Partnership and Access Centers (PACs). With the poverty map, the PAC formed a clearer understanding of local poverty conditions. In the process, the consortium developed partnerships with local stakeholders. Three pilot PACs were formed in Cotabato, Cebu and the Cordillera Autonomous Region.



2003

2004



2003



2005



2006

WIDENING ACCESS TO EVERYDAY NEEDS

PEF has been supporting projects that respond to the problem of pervasive poverty in its different challenging facets. It works closely with people's organizations, non-government organizations, cooperatives, faith-based groups and similar entities engaged in poverty alleviation involving livelihood and employment, basic social services and community empowerment.

BRIDGE TO A BRIGHTER FUTURE

About a kilometer away from the town center of Maluso, Basilan is a cluster of shanties that stand on thin wooden stilts in the middle of the sea. A 400-meter footbridge connected the resettlement site of the Samal Bajaus and the town proper which made going to school, selling their catch, and availing medical care easier. The *taytayan* became a symbol of their struggle for a more decent life.

INVESTING IN LOCAL CAPACITIES

PEF tested the convergence approach to localization in selected provinces. This required strong collaboration with local governments and the private sector. The result is a locally-defined poverty reduction agenda.



2007



2008

PARTNERSHIPS FOR INNOVATIVE FINANCING

PEF continues to find new ways to widen its development outreach.



Microfinancing to Remove Barriers to Renewable Energy



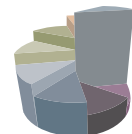
Microenterprise Development in Mindanao



Guarantee Fund for Microfinance

CROSSING THE PHP 1 BILLION MARK

Amidst the tremors of a global financial crisis, PEF flexed its development financing modes to preserve capital but still extend outreach to 8,000 households, with Mindanao receiving the highest share for microfinance projects. Cumulatively, assistance reached 1.034 billion.



BOUNCING BACK FROM DISASTER

Rebuilding lives and communities after a major disaster remains part of PEF's commitment. Communities have come together around their common interest in restoring security, safety, physical infrastructure and a sense of stability.



2009

2010



SHARPER FOCUS, BETTER TARGETING

A promising pattern among assisted projects reveals that poor households would have a better chance of making it out of poverty if they had sustainable livelihoods. Social Enterprise became the potential model for inclusive and lasting growth.

SOCIAL ENTERPRISE THE NEXT BUSINESS MODEL

After a decade, PEF braced for a new challenge of making Social Enterprise work for the poor. Ten social enterprises became PEF's "unang taya" (i.e., to be among the first to invest) in SEs that hold potential but need assistance in piloting the SE approach.



2011



BUILDING THE SE ECOSYSTEM

An SE needs to mobilize and draw resources from its ecosystem to grow, be viable and sustainable. PEF started to invest in five components to grow the enterprise - capacity development, networking, appropriate technology, marketing, and customized financing.



TAKING THE CS ROUTE



Five flagship commodities were chosen to hasten economic development in rural areas, particularly in the agricultural sector.

In the same year, the Peace & Equity Holdings was established to serve as an investment platform for SEs that have high-growth potential.



2012

2013

2014



ACCELERATING CAPACITIES OF ENTREPRENEURS

To make entrepreneurs investor-ready and thrive in a very competitive market, a more interactive capacity building approach was structured using self-defined capacity needs critical to the growth of an enterprise.

REVISITING OUR FIRST SE COMMUNITIES

PEF revisited its first enterprises to find out if its investment has produced sustainable livelihoods for the more than 2,500 target households. Better product pricing, improved production processes and newly-acquired skills are early signs of progress.



2015

2016

PEF
447,000
882
2B

SCALING UP!

After 15 years, the numbers tell us that experience and lessons laid the groundwork for the next stage. The potential good of social enterprises remains exciting. Early markers that social and economic benefits indeed reach the poor are inspiring.

Together with our partners, we continue to stand up to the task of finding and supporting sustainable solutions to lasting development for the communities we serve.



MIDTERM/ENDLINE IMPACT STUDY OF
first SEs

PEF supports and enables specific projects of its SE partners to generate benefits for individuals, households and communities. The benefits include increased sales, revenues, income and assets; and better access to basic services like water. They may spill over to non-beneficiary households and the larger community.

A midterm household survey in 2015, involving the first ten SEs supported by PEF, was a follow-up on the baseline household survey conducted in 2012. The study links enterprise-level information with household-level and community-level information to determine whether PEF resources were utilized efficiently to meet the goals and targets of selected SE programs and projects. It ascertains if and how PEF-supported interventions enabled SE partners to produce the desired and promised outcomes of the projects, bring about change to key outcomes for households; and generate community or spillover effects.

A group of experts comprised an independent review board which helped in analyzing the first batch of four SEs, using data obtained from reports, focused group discussions, and key informant interviews together with data from the household survey of beneficiaries and non-beneficiaries. These SEs were first featured in our 2015 Annual Report and are re-printed in this publication together with the second batch of six SEs. It must be noted however, that the study is not representative of the total performance of PEF in implementing the social enterprise strategy. Nevertheless, it offers a number of learnings that the Foundation could use to improve its approach.



PARTNER NAGKAKAISANG TRIBU NG PALAWAN (NATRIPAL)

Organized in 1991, NATRIPAL works with indigenous communities of Tagbanua, Batak and Pala'wan in advocating for the recognition of indigenous people's rights. NATRIPAL's programs include the development of income-generating enterprises to empower and enable indigenous communities to finance the processing of their land titles.

SOCIAL ENTERPRISE	Wild honey expansion
LOCATION	Aborlan, Roxas, Puerto Princesa, and Quezon in Palawan
ASSET SIZE	₱ 1.15 million
TYPE OF INVESTMENT	a. Financing: ₱ 100,000 (increased to ₱ 1 million in 2015) credit line for purchase of wild honey for four years b. Capacity building: ₱ 100,000 for skills training
PROJECT LIFE	Four years

Palawan's other secret: liquid gold

This article was first published in the PEF 2015 Annual Report.

When you're already regarded as the world's most beautiful island, what can you do next? Easy. Become the world's sweetest too.

Wild honey has long been part of Palawan's culture and many of its indigenous tribes are seasoned gatherers of this natural product. The original honey cultivators were the Tagbanua, Batak, and Pala'wan tribes.

After the destructive rainy season in 2011, honey-production dropped. *"Bees need forests with good vegetation and blooming flowers to give them their nectar supply. When we had too much rain during the honey-gathering season, flowers didn't bloom and bees had no source of nectar; so they couldn't produce honey,"* explains a honey-gatherer.

The Nagkakaisang Tribu ng Palawan or NATRIPAL found itself producing only 670 kilos of honey compared to 11,000 kilos the previous year. Life became harder for many Tagbanua households.

With assistance from PEF in 2012, NATRIPAL facilitated the training of more than 300 honey gatherers on more efficient harvesting techniques. This was augmented with finding new sources of wild honey and new markets for selling their products.

These efforts bore significant results. Gatherers now earn almost ₱ 6,000 a month, which was more than twice their previous incomes. As the island attracts even more tourists and the tourist demand for wild honey rises, more local people are soon able to enjoy the benefits of their honey industry.

Who needs gold in this naturally sweet island of Palawan -- when it has its very own natural liquid gold? 🍯

Farmers went bananas - and happy about it

This article was first published in the PEF 2015 Annual Report.

When the going gets tough, there's nothing else you can do but "go bananas". This is what residents of Magpet town in Cotabato did, and they're just thankful they did so -- literally.

As revealed in statistics a few years ago, 97% of Magpet's 1,600 households were living below the poverty line. That was almost everyone in a town composed mostly of small-scale banana producers. With most of them poor and barely able to finish grade school, people had little hope of improving their lives. Most are indigenous Manobo who maintain ancestral lands in Magpet and neighboring communities.

It was at this point that the local cooperative started to consider producing good banana chips.

In 2009, the Magpet Agro-Industrial Resources Cooperative (MAGIRCO) put up a structure for the community's banana-chips production. The banana producers had a reliable market for their product. New jobs were created as the cooperative started hiring banana peelers, mostly women, who were given a way to supplement the family income.

Starting 2011, the Manobo farmers harvest almost 100 kilos of bananas every 15 days. The cooperative buys more than 2,000 kilos a day, at six pesos per kilo, which is twice the price than what they got before the banana-chips project started. The bananas are processed into second-fry banana chips, consolidated in Davao del Sur, and exported to China and Korea.

In 2013, MAGIRCO has recorded more than ₱ 50 million in sales and earned ₱ 2 million in net profits.

Since the start of the project, MAGIRCO members have undergone training from PEF on managing and expanding the enterprise. Plans are underway to expand its European market, foreseen to benefit more farmers and families.

Just because some time ago, they went bananas. 🍌



PARTNER MAGPET AGRO-INDUSTRIAL RESOURCES COOPERATIVE (MAGIRCO)

MAGIRCO was founded in 1986 by farmers Eufonio Zamoras and Jesus Kionisala with the vision of consolidating their products in order to gain advantage in volume-based sales and incentives, over those provided by the buyers of copra and rubber clumps. In 2009, the cooperative ventured into first-fry banana chips production. This provided a sure market for its 1,600 marginal banana producers cultivating an estimated 500 hectares of ancestral lands.

SOCIAL ENTERPRISE	Banana chips production
LOCATION	Magpet, North Cotabato
ASSET SIZE	₱ 93 million
TYPE OF INVESTMENT	a. Financing: ₱ 3 million credit line for working capital for five years b. Capacity Building: • ₱ 30,000 plant assessment for energy use and oil use • ₱ 1.6 million purchase of electronic truck scale • ₱ 2 million research and development on second fry banana chips • ₱ 307,212 mentoring and skills training
PROJECT LIFE	Five years



PARTNER LAUA-AN MULTI-PURPOSE COOPERATIVE (LMPC)

Established in 1991, LMPC is a primary cooperative that provides multi-services such as provision of savings and credit, trading of handicrafts and agri-products such as *palay*, corn and processing of muscovado sugar. It has a farmland allocated for planting sugar cane sourced for its raw materials. LMPC also buys sugar cane grown and harvested by its members.

SOCIAL ENTERPRISE	Muscovado sugar production and trading
LOCATION	Laua-an, Antique
ASSET SIZE	₱ 46 million
TYPE OF INVESTMENT	<p>a. Financing:</p> <ul style="list-style-type: none"> • ₱ 4 million credit line for working capital for three years • ₱ 400,000 loan for packaging improvement <p>b. Capacity Building: ₱ 345,000 mentoring and re-entry planning</p>
PROJECT LIFE	Three years

That extra dark brown sugar sweetens lives in Antique

This article was first published in the PEF 2015 Annual Report.

farmers in Laua-an, Antique, have long relied on muscovado sugar and other agricultural products for livelihood. Yet there was hardly enough income for a decent living. In official figures, Laua-an residents are the third poorest in the province of Antique. Five out of every 10 residents are poor in this farming municipality.

Laua-an Multi-Purpose Cooperative (LMPC) runs its local muscovado production and operates its own processing plant. But product quality was inconsistent and packaging was inferior. With a lack in resources, the processing plant seldom operates in full capacity.

Business was not doing well. Most farmers remained poor.

When LMPC sought help from PEF in 2013, the first advice it got was to improve its packaging. With assistance from other partners such as Department of Trade and Industry, Department of Agriculture, Food and Drug Administration, and Southern Partners Fair Trade Center, the cooperative was able to develop the new “Pahinis” packaging, showing the uniqueness of the local muscovado.

Product quality was next. Farmers were trained to learn new techniques in harvesting and processing, eliminating impurities from their sugar that often decreases the selling price. Members were further trained on how to make the processing plant more efficient.

With these efforts, sugar quality improved, resulting to the growth in market demand as farmers gained more control in setting a good price for their products.

Today, a third of Laua-an’s sugarcane farmers enjoy a steadier livelihood. The living conditions of the people started to improve, enough to even start sending their children to school. Sugar, and indeed life, is now sweeter than before. 🌱

A coastal village with no water to drink

This article was first published in the PEF 2015 Annual Report.

Clean water need not be scarce for residents of this coastal village that is named after a river and lies along the shores of a great gulf.

The irony is that, for years, they had no potable water nearby.

Fetching water was a daily struggle for residents of Ilog town, Negros Occidental. *Ilog* (or river), with 15 barangays and over 1,400 resident families, is located along the Ilog-Hilabangan river basin and lies along the shores of Panay Gulf. Fishing is the main source of livelihood for most residents.

“We had to pump water from a well in Crossing Bocana, half a kilometer from our house,” shared resident Mark Villavicencio. A vendor with a cart would go around Ilog’s villages, selling containers of water taken from a spring. Each container cost about three pesos. “So we had to limit our use, even for drinking water,” he said.

This changed in 2012 when the local cooperative initiated the plan to provide safe potable water to 1,200 households within five years. The Dancalan Ilog Waterworks and Agro-Industrial Multi-Purpose Cooperative (DIWAGRIMPCO) partnered with PEF for the rehabilitation and expansion of its local water systems.

The project gained remarkable results. Three out of Ilog’s 15 barangays now have access to potable water, benefiting 485 families and households. Twenty-five members of the cooperative have also become micro-entrepreneurs, earning income by distributing water to households with no water on tap.

Today, the cooperative is realizing its dream of providing communities access to clean water. It also hopes to continue improving the standard of living for the families earning additional income from this community project. 🌱



PARTNER DANCALAN ILOG WATERWORKS AND AGRO-INDUSTRIAL MULTI-PURPOSE COOPERATIVE (DIWAGRIMPCO)

DIWAGRIMPCO is a producer, processor, and distributor of potable water since 1996. It started as a communal faucet system facility (Level II) and leveled up to providing individual house connections (Level III). From servicing 30 cooperative members initially, it now provides clean water to 461 households or about 1,844 individuals in barangays Dancalan, Calubang and Bocana. 25 of their members are micro-entrepreneurs who earn additional income from distributing water to households.

SOCIAL ENTERPRISE	Rehabilitation and expansion of a potable water supply system
LOCATION	Ilog, Negros Occidental
ASSET SIZE	₱ 10.6 million
TYPE OF INVESTMENT	<p>a. Financing:</p> <ul style="list-style-type: none"> • ₱ 2.7 million loan for rehabilitation and expansion of three-kilometer pipeline for 5 years • ₱ 250,000 working capital for re-loan to members to pay for cost of initial service connection <p>b. Capacity Building: Technical assistance for system monitoring and installation of flow meters and testers</p>
PROJECT LIFE	Five years



PARTNER SOUTHERN PARTNERS AND FAIR TRADE CENTER (SPFTC) INC.

SPFTC is a food manufacturer of dried mangoes and other tropical fruits, fruit jams, puree, concentrates and blends, virgin coconut oil, desiccated coconut, powdered turmeric, moringa and others in Cebu. It assists farmer communities through training in best practices and the distribution of farm inputs. These farmer communities served as the suppliers or supply base of raw materials for SPFTC.

SOCIAL ENTERPRISE	Building market access for fair trade products
LOCATION	Sibonga, Carcar, Guba, Toledo, Minglanilla, Balamban, Argao, Compostela, Liloan, Cantimpla, Aloguinsan and Cebu City, Province of Cebu
ASSET SIZE	₱ 10 Million
TYPE OF INVESTMENT	<ul style="list-style-type: none"> a. Financing: ₱ 3 million credit line for working capital for 7 years b. Capacity Building: <ul style="list-style-type: none"> • ₱ 1 million for plant equipment acquisition • ₱ 600,000 mentoring and skills training
PROJECT LIFE	Seven years

From certified organic to certified success

If you do what you've always done, you'll get what you've always gotten. For the struggling farmers in Alegria town, Cebu, it was time to do something different to succeed. And they did.

Agriculture had long been the primary source of income for Alegria residents, but they faced a crisis when their traditional farm produce were no longer enough to provide for their families and sustain their community.

Local farmers sought new ways to increase their income, and got help from the enterprising food manufacturers of the Southern Partners and Fair Trade Center (SPFTC). To bring back growth to the community's livelihood, SPFTC shared their knowledge in food processing and marketing in 2012. Starting with coconuts, they also introduced other high-value products to give farmers higher returns compared to their usual crops.

SPFTC trained local farmers on better farming methods, growing organic coconut and fair trade practices, which raised the standards for their local produce and expanded the farmers' capacity with the addition of coconut food processing and coconut charcoal production. SPFTC facilitated the establishment of a shared service facility from the Department of Trade and Industry (DTI) for an efficient production system.

With the help of SPFTC, Alegria's farmers tilled their lands to produce highly in-demand *malunggay*, turmeric, and desiccated coconut products. SPFTC processed these raw products and delivered them to new markets, ensuring that local farmers always have a ready buyer to purchase their products at a fair price.

Eventually, the efforts of the Alegria farmers to improve their products and adapt to better farming systems paid off. Their desiccated coconuts were the first to be given organic certification in 2015, which allowed SPFTC to gain new markets and increase demand for local products, subsequently raising the income of farmers in the region. All this because they dared to try something new. 🌱

Finding sweet success by spreading chocolate

The best way to attain a goal is by working with others who share the same dream as yours.

This belief sparked the idea for a group of farmers to put up the Subasta Integrated Farmers Multi-Purpose Cooperative (Subasta) in Calinan, Davao City.

With its members heavily dependent on cacao farming for their livelihood, farmers joined together to serve as a stable and reliable buyer of local cacao products and selling them to local and international buyers.

Subasta's efforts paid off. Calinan farmers now have higher earnings to take home, thanks to Subasta purchasing their products at almost double the price of previous buyers. Notably, the cooperative now has over a hundred members from the twenty-seven farmers who formed Subasta in 2009.

Over the years, Subasta realized that they needed to equip members with the necessary skills to produce better cacao beans. In 2012, numerous training sessions were given to help improve the way they grow and handle their produce. They were also taught better farming methods and the benefits of using organic fertilizers, leading them to eventually discontinue the use of harmful chemical fertilizers.

Eventually, their superior cacao products began to capture interested buyers from Manila, Cebu, Leyte, and Bohol. Subasta even gained the attention of Askinosie Chocolate of Springfield, Missouri, now its largest buyer who considers Davao as their partner in sourcing high-quality cacao beans. They use the Subasta cacao in their renowned dark chocolate bars.

Following their success as a supplier, Subasta set their sights on bigger goals and is now aiming for international accreditation and export to new foreign markets. They have since started on cacao bean processing and chocolate making and are now producing their own brand of *tableya de subasta* (fermented dried cacao beans) chocolates. 🌱



PARTNER SUBASTA INTEGRATED FARMERS MULTI-PURPOSE COOPERATIVE (SUBASTA)

In 2008, a group of 27 cacao farmers from Subasta, Calinan, Davao City founded a village-based farmers' organization now known as the Subasta Integrated Farmers Multi-Purpose Cooperative. SUBASTA buys and sells cacao beans produced by its farmer-members and non-members. It provides technical know-how on production and post-harvest activities through training and seminars.

SOCIAL ENTERPRISE	Purchase order financing of fermented cacao
LOCATION	Calinan, Davao City
TYPE OF INVESTMENT	<ul style="list-style-type: none"> a. Financing: ₱ 800,000 credit line for purchase order financing for one year b. Capacity Building: Technical trainings and seminars c. Technology Efficiency: ₱ 78,000 for solar panel drying facility
PROJECT LIFE	One year



PARTNER MULTI-SECTORAL ALLIANCE FOR DEVELOPMENT (MUAD)

MUAD is a non-government organization (NGO) composed of 20 farmer organizations working for rural development and poverty alleviation in the Negros Island region. It provides support to farmers through the provision of agricultural technology, livelihood opportunities, training for capacity building, and services for product enhancement.

SOCIAL ENTERPRISE	High-breed goat raising
LOCATION	Calatrava, Negros Occidental
ASSET SIZE	₱ 12 Million
TYPE OF INVESTMENT	<ul style="list-style-type: none"> a. Financing: ₱ 1.25 million credit line for working capital for five years b. Capacity Building: ₱ 400,000 for program and admin research [planning, feasibility and business study, goat farm training] c. Technology Efficiency: ₱ 340,000 for purchase of additional goats
PROJECT LIFE	Five years

Farmers are raising goats... and their livelihood too

The Negros Island Region is known for its agriculture and vast fields of farms, and none is greener than the town of Calatrava.

Having one of the most suitable plantation areas in the island, the community and families of this farming town in Negros Occidental have long heavily relied on the fruits and vegetables they harvest. It's easy to see how important these crops and harvests are for its residents, but Calatrava's farmers wanted to expand and take advantage of a hidden skill they learned from tilling their lands.

Most farmers in Calatrava town are native goat breeders with only a few other communities matching their knowledge in goat raising and rearing. However, for lack of facilities to improve livestock production and grow their livelihood, they were unable to take advantage of this opportunity.

In 2012, the Multi-Sectoral Alliance for Development (MUAD), an alliance of farmer organizations, initiated a goat-raising project in the region, starting with a goat breeding center along with technical training for local farmers. Farmers were taught how to raise the hybrid variety to be unique among other goat raisers and avoid competition with other livestock breeders on Negros Island.

MUAD's program was simple. They provided high quality goats for farmers to breed, grow and fatten. With MUAD serving as a reliable buyer, the result of the project was immediately noticed by the residents. Their income from selling farm-raised goats rose. From the ₱ 300 - ₱ 400 they previously got per native goat from buyers, to earnings of ₱ 2,000 to ₱ 2,500 per hybrid goat.

With their initial success in 2011, MUAD aimed to share the benefits by encouraging more local farmers to get into hybrid goat raising and maximize the capacity of their breeding center to 300 goats. 🌱

Growing businesses, growing communities

Setting up your own shop and business is only the beginning. What comes next is an even bigger challenge: growth.

Members of local communities in Antique know the value of having their own business, but like other regions in the country, they lack the skills in management, marketing, and enough funds to turn their dreams into reality. For lack of knowledge and finances, it was common for many new entrepreneurs to be taken advantage of by opportunistic traders.

Considering this, Innovative Solutions (INSOL) worked to spur communities who were determined to succeed by setting up agriculture-related businesses and local retail trading. At its Enterprise Center, INSOL trained the residents of Antique in its Enterprise Center and taught them how to properly manage and grow their enterprise on their own.

However, helping communities set up their own local businesses is one thing. Making sure they continue to grow is another.

Many local micro-entrepreneurs did not have access to loans and funds to jumpstart their expansion. This meant they could not upgrade their equipment or buy more raw materials to increase their production.

To further support the development of the businesses they helped start, in 2011, INSOL made extra funds available for lending to local entrepreneurs. These loans were designed with flexible terms to make sure all enterprises would have the means to access the funds they needed to propel their businesses. As a result, business owners increased their revenue and created more jobs for the community as they hired more staff to sustain their growth and support their expansion.

Recognizing the similar needs in other regions, INSOL established additional Enterprise Centers and expansion in Rizal, Laguna, and Metro Manila. INSOL has since granted loans to 265 entrepreneurs, helping the development of communities in Antique and some parts of Southern Luzon. 🌱



PARTNER INNOVATIVE SOLUTIONS (INSOL)

Started in 1997, INSOL provides technical and financial assistance and business development services to microenterprises. In 2005, they established the first INSOL Enterprise Center (IEC) in Antique catering to women micro-entrepreneurs who lack management, marketing and technological skills.

SOCIAL ENTERPRISE	Financing micro-entrepreneurs
LOCATION	Rizal, Laguna, Manila, Antique
ASSET SIZE	₱ 31.5 Million
TYPE OF INVESTMENT	<ul style="list-style-type: none"> a. Financing: ₱ 10 million credit line for working capital for five years b. Capacity Building: ₱ 250,000 for admin and financial system improvement
PROJECT LIFE	Five years



PARTNER PHILIPPINE AGRARIAN REFORM FOUNDATION FOR NATIONAL DEVELOPMENT (PARFUND)

PARFUND was established in 1993 to improve the quality of life of farmers and farm workers by promoting direct or collective ownership of the land that they till. They have supported programs and projects of small NGOs and POs that are engaged in agrarian reform and rural development. PARFUND was able to mobilize ₱ 32,162,915 in grants that covered 558 hectares and benefited 521 farmers.

SOCIAL ENTERPRISE	Integrated Rice-Duck Farming System (IRDFS)
LOCATION	North Poblacion, Butuan City
ASSET SIZE	₱ 6.5 Million
TYPE OF INVESTMENT	a. Financing: ₱ 6.7 million credit line for working capital for seven years and establishment of duck breeder farm b. Capacity Building: • ₱ 2 million grant for program administration • ₱ 200,000 for rice duck research • ₱ 186,000 for skills training
PROJECT LIFE	Seven years

Rice farmers found help from an unlikely ally: ducks

In times of need, turn to your friends - including the feathered kind.

Farming is life for most communities in the CARAGA region, and rice is the crop of choice. Nine out of every 10 farmers in this northeastern province of Mindanao are engaged in rice planting, with thousands heavily relying on this harvest as their primary source of income.

This comes with risks that local farmers are all too familiar with. Traditional farming is plagued by persistent setbacks, from the high cost of chemical fertilizers and pesticides to the possibility of typhoons devastating entire plantations. These challenges pressured communities to find ways to protect their livelihood and sustain their prized crops.

With dwindling earnings, they sought a solution for their threatened livelihood. But who would've thought the key would be ducks?

The CARAGA region was chosen by the Philippine Agrarian Reform Foundation for National Development (PARFUND) as the location for their alternative farming program, the Integrated Rice-Duck Farming System (IRDFS) in 2012.

PARFUND's innovative farming method was simple and effective. It trained local farmers on how to integrate ducks in the rice fields. This system allows ducks to roam around hectares of rice fields and in the process, paddle the soil to stimulate the growth of more grains.

More importantly, ducks greatly reduced the devastating impact of pests by eating insects and weeds, including the *kuhol* or snail - the notorious destroyer of rice plants, and the cause of *Schistosomiasis* disease, also known as snail fever. Their manure also fertilizes the soil, minimizing the need to spend for chemical fertilizers and additional labor.

CARAGA farmers increased their incomes rise through this new farming method with PARFUND providing new markets for their harvested organic rice. Earnings for each hectare grew to ₱ 20, 000 to ₱ 30, 000 from ₱ 11,000 - ₱ 15,000. It also gave a new source of revenue by selling duck meat and *balut* or fertilized duck eggs, adding ₱ 500 in earnings per day.

PARFUND introduced the IRFDS method to more than 100 farmers, and has since convinced the local government unit to adopt this improved farming system and apply it to other communities in the region. 🌱

Weaving a better future

The Philippines has a deep and storied tradition of creating woven products, from clothing and accessories to crafts and furniture. However, demand for handmade products drastically dropped in favor of cheaper machine-produced options.

This poses a threat for places in the country where culture and livelihood revolve around weaving and handicrafts.

One such place is Antique, a province bordering Iloilo and Aklan in Panay Island. With the dream of showcase the unique spirit and artistry of local hand-crafted products hardly found anywhere else, the Antique Development Foundation Incorporated (ADFI) opened up a shop in 2011. With this came the opportunity for more than 800 weavers in municipalities of Pandan, Culasi, and San Jose.

The ADFI launched its Arts and Crafts Program, and began funding and giving technical skills training to these residents of Pandan in Antique. This assistance helped jumpstart livelihood opportunities for members of Pandan's own Sta. Rosario Multipurpose Cooperative (STORMPC), among others. Specializing in handicrafts made using traditional materials such as bamboo, *abaca*, *huri*, and *bariw*, finished products are then sold as souvenirs in nearby Boracay Island, a popular tourist destination. As a result, members received higher and steadier income, ranging from ₱ 16,000 to ₱ 33,000 per year.

To further develop local enterprises, ADFI entered new markets and expanded the outlets for their homemade crafts. Their woven products were soon displayed on the shelves of SM Kultura, the Filipiniana arm of SM department stores. Following this partnership, ADFI entered an agreement with the Ayala Foundation to further promote the weavers' unique handmade bags. 🌱



PARTNER ANTIQUE DEVELOPMENT FOUNDATION INCORPORATED (ADFI)

ADFI is a nongovernment organization operating in 11 municipalities of Antique. One of the major programs of ADFI is Enterprise Development and Management that aims to provide financial, technical and management assistance to organized groups to better manage livelihood resources for increased productivity and income.

SOCIAL ENTERPRISE	Market for fair trade handicrafts
LOCATION	San Jose, Antique
TYPE OF INVESTMENT	a. Financing: ₱ 500,000 credit line for purchase order financing for nine months
PROJECT LIFE	Nine months

Social Enterprises in C4

Php 33,950,000

COCONUT	CACAO	CANE SUGAR
Village-level processing of organic virgin coconut oil Quezon Green Life Coco Products 7,800,000	Facility expansion for chocolate production Bohol Dalareich Food Products* 500,000	Block farming expansion and diversification (In partnership with Rabobank Foundation) Negros Oriental Crossing Ibos Farmers Credit Cooperative 20,650,000
Coconut sugar production expansion South Cotabato The Churner Group* 500,000	Cacao farming Leyte Abuyog St. Francis Xavier Credit Cooperative 3,250,000	
	Cacao farming and skills training (In partnership with BPI Foundation) Bukidnon Abag Kalambuan 1,250,000	

Social Enterprises in Non-C4

Php 25,587,680

OTHER AGRI-RELATED SEs	BASIC SOCIAL SERVICES	ISLAMIC FINANCING
Dairy processing expansion Bicol Federation of Dairy Cooperatives 5,000,000	Water system rehabilitation and expansion (In partnership with Coca-cola Foundation Philippines, Inc.) Aras-Arasan Unidad Rural Waterworks Systems Association 4,350,000	Technical support for PEF's Islamic financing program in Mindanao Al-Qalam Institute for Islamic Identities and Dialogue in Southeast Asia 935,700
Rapid appraisal of Sarangani Bay and capacity assessment of partner beneficiaries Sarangani Province Empowerment and Community Transformation Forum 248,380	New site construction for container van dormitory Citi Living Solutions Ph, Corp.* 500,000	Training workshop on Open Data Kit and Qlik-based project monitoring Mahintana Foundation 210,000
Organic vegetables marketing Organic Options* 500,000	MANUFACTURING Tinalak weaving expansion Lake Sebu Indigenous Women Weavers Association* 500,000	TRADING/MARKETING Inventory build-up for expansion stores Earth Life Store Supply 4,000,000
Tea processing Kapwa Greens Style* 500,000	Manufacturing of handwoven textiles and bags Akaba Limited Design* 500,000	Product development and marketing Great Women Philippines, Corp. 1,000,000
Organic salad and juice bar enterprise Fresh Start Organic and Natural Food Store* 500,000	Bag manufacturing: Buy 1, Give 1 Bag943 300,000	OTHERS Financial management and accounting services for peoples' organizations PinoyMe Foundation 1,143,600
Dried seafood production Fishers and Changemakers* 500,000	Upcycling fashion and home accessories Rags2Riches 2,000,000	Market study and business development for alternative tourism in Bohol Bol-anon United Sectors Working for the Advancement of Community Concerns 2,400,000
Multi-purpose facility for cassava processing Camotes Multi-Purpose Cooperative* 500,000		

* In partnership with BPI Foundation (Winner of BPI Sinag Accelerate Challenge)

Disaster Risk Reduction, Relief, Rehabilitation

Php 6,725,600

TYPHOON NINA RELIEF OPERATIONS	TYPHOON LAWIN RELIEF OPERATIONS	EL NIÑO CALAMITY ASSISTANCE
Batangas Pusod Taal Lake Conservation Center 250,000	Cagayan, Isabela, Kalinga Alalay sa Kaunlaran 250,000	Cotabato Ipuan Farmers Multi-Purpose Cooperative 200,000
Catanduanes Philippine Disaster Resilience Foundation 500,000	Benguet Atok Arabica Coffee Growers Marketing Cooperative 249,600	TYPHOON LANDO POST-DISASTER REHABILITATION Assessment and planning for the rehabilitation of damaged agri-infrastructures in Benguet and Mt. Province Cordillera Network of Development NGOs and POs 850,000
Catanduanes, Camarines Sur, Marinduque Caucus of Development NGO Networks 900,000	TYPHOON NONA RELIEF OPERATIONS Oriental Mindoro Partnership of Philippine Support Service Agencies 374,000	TYPHOON SENDONG POST-DISASTER REHABILITATION Technical support for Homeowners' Associations for the completion of documentary requirements under the Community Mortgage Program Social Action Center-Archdiocese of Cagayan de Oro 1,132,000
Camarines Sur Pecuria Development Cooperative 60,000	TYPHOON FERDIE RELIEF OPERATIONS Batanes Philippine Disaster Resilience Foundation 1,000,000	
Camarines Sur Saradit na Kristiyanong Komunidad Organic Farmers Association 250,000		
Catanduanes Pinoy Lingap-Damayon Multi-Purpose Cooperative 250,000		
Marinduque Green Life Coco Products 60,000		
Camarines Sur Bicol Federation of Dairy Cooperatives 250,000		
Quezon Caritas Social Action Center of Gumaca 150,000		

General Development Support

Php 22,019,888

TECHNOLOGY SOLUTIONS	CONFERENCES	BPI SINAG ACCELERATE PROGRAM ORIENTATION
Mobile application development for persons with disabilities Tahanang Walang Hagdan 784,500	Social Development Celebration Caucus of Development NGO Networks 3,000,000	₱ 616,500
Competition on innovative renewable energy solutions Impact Hub Manila 500,000	13 th National Cooperative Summit Philippine Cooperative Center 500,000	Negros provinces Sugar Industry Foundation
Mobile Challenge Asia Pacific 2016 CAFIS, Inc. 500,000	9 th National Coffee Summit Philippine Coffee Board 800,000	Iloilo-Antique-Aklan Iloilo Caucus of Development NGOs
Participation of the Philippines to the Mobile Challenge Asia Pacific World Finals Impact Hub Manila 250,000	Save Sierra Madre Day Save Sierra Madre Movement Network Alliance 100,000	Cagayan de Oro Katilingbanong Pamahandi sa Mindanao Foundation
CAPACITY BUILDING Development of enterprise risk management framework and training materials for Micro insurance Mutual Benefit Associations Rimansi Organization for Asia and the Pacific 872,500	Mainstreaming Micro 2 PinoyMe Foundation 314,775	South Cotabato-Cotabato-Sultan Kudarat-Sarangani-General Santos (SOCCKSARGEN) Coalition of Social Development Organizations - South Cotabato
Network building for solar energy solutions for rural and urban poor communities Ramon Magsaysay Award Foundation-Transformative Leadership Institute 1,000,000	9 th National Congress Pambansang Kilusan ng mga Samahang Magsasaka 500,000	Cebu-Bohol Alliance for Land and Livelihood for the Rural and Urban Poor
Network strengthening Caucus of Development NGO Networks 10,000,000	Islamic Economic Forum and Consultation Workshop Katiyakap, Inc. 96,500	Rizal-Laguna Insol Development Foundation
Improvement of loan collection system Coalition of Social Development Organizations - South Cotabato 400,000	2 nd Ulama Consultation on Formation of Local Shariah Council Al-Qalam Institute for Islamic Identities and Dialogue in Southeast Asia 143,600	COMMUNICATION/ADVOCACY Exhibition in the Panagbenga Trade Fair Cordillera Network of Development NGOs and POs 100,000
	Participation/Segment Sponsorship in the International Islamic Finance Conference Eight (8) Partner Organizations 951,413	Environmental protection advocacy for Sarangani Bay Sarangani Province Empowerment and Community Transformation Forum 50,000
		Case Study Publication: <i>Social Entrepreneurship and Enterprise Development (2nd edition)</i> Bayan Academy 300,000



On behalf of the Board of Trustees, I am pleased to report the financial position of the Foundation for the year 2016.

Assets and the Endowment Fund

Total assets amounted to ₱ 2.16 billion. Eighty-four percent of this amount equal to ₱ 1.82 billion represents investments in the financial assets such as stocks and bonds.

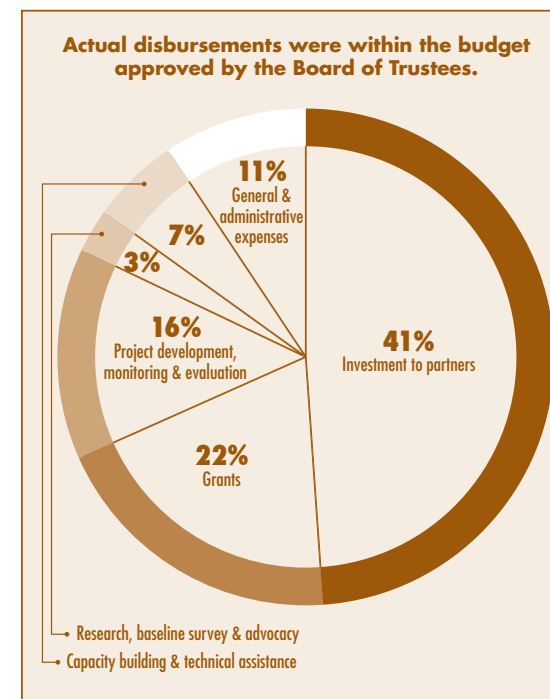
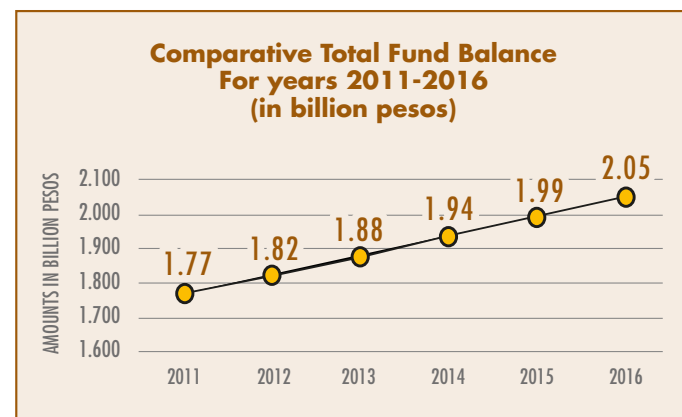
During the year, the foundation increased its investments in subsidiary, Peace and Equity Holdings, Inc. to ₱ 125 million. The remaining 10% of total assets are in the form of net receivables from proponents of ₱ 146 million and other assets such as property and equipment in the amount of ₱ 69 million.

The equity and liabilities side of the balance sheet shows the value of the restricted and unrestricted fund balance at ₱ 2 billion equal to 93% of total equity and liabilities. The remaining 7% represent donor funds held in trust, grants payable to partners and other liabilities.

The Foundation maintains a policy of keeping intact the value of the original Endowment Fund by adding to the fund a 3% provision for annual inflation. Total provision for inflation for the year amounted to ₱ 59.8 million raising the restricted fund balance to ₱ 2.05 billion at the end of the year. This amount is

56% higher than the original endowment fund of ₱ 1.318 billion established in 2001.

However, in the same year the unrestricted balance registered a negative ₱ 49.67 million compared to positive ₱ 51.63 million in 2015. This is mainly due to the adverse conditions of the financial markets experienced during the period. Paper loss on investments amounted to ₱ 84.82 million.



Sources of Funds

Sufficient funds have been made available to finance the Foundation's program and services for the year. A total of ₱ 198 million was generated from the following sources:

- Realized income from investments in marketable securities such as stocks and bonds amounted to ₱ 113.2 million
- Principal payments, interest on loans and dividends received from partner organizations totalled ₱ 64.19 million
- And ₱ 20.71 million are from donors for co-funded projects namely: Coca-cola Foundation, BPI Foundation, and Philips

Summary of Disbursements for 2016

A total of ₱ 162 million was disbursed in 2016. Disbursements were applied for the following purposes:

- Investments to partner organizations totalled ₱ 65.83 million. These

investments were in the form of project loans, special deposits, and equity investments;

- Grants extended to SE and other general development programs amounted to ₱ 36.7 million;
- Expenses incurred for capacity building and technical assistance totalled ₱ 10.8 million;
- Cost incurred in developing and monitoring of project performance is in the amount of ₱ 25.7 million;
- An additional amount of ₱ 5.4 million was spent for research, industry studies, baseline survey, and SE advocacy;
- General and administrative expenses amounted to ₱ 17.6 million.

While we see recovery in the financial markets in the early months of 2017, the local and global economic and political conditions remain volatile.

We will continue to diversify our investment portfolio to protect the value of the Endowment Fund, smooth out the volatilities in the financial markets and to generate new sources of income. We are also working on generating new sources of funds through leveraging our fund with other social impact investors and financial institutions.

Lastly, we thank all stakeholders and supporters who have worked with us in the past year and who are committed to extend the partnerships in the coming years.

EDITH Y. VILLANUEVA

**Peace Equity Access for
Community Empowerment (PEACE)
Foundation Inc.**

Parent Company Financial Statements
December 31, 2016 and 2015

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0672
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2016 and 2015, and the parent company statements of comprehensive income, statements of changes in fund balances and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.



A member firm of Ernst & Young Global Limited

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 24 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Revenue Regulations No. 15-2010 requires the information presented in the notes to parent company financial statements. The information is also required by Securities Regulation Code No. 68, as amended (2011). Such information is the responsibility of the management of Peace Equity Access for Community Empowerment (PEACE) Foundation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
SEC Accreditation No. 1540-A (Group A),
March 8, 2016, valid until March 8, 2019
Tax Identification No. 242-019-387
BIR Accreditation No. 08-001998-117-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 5908712, January 3, 2017, Makati City

March 20, 2017



**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash (Note 4)	P30,843,609	P27,620,262
Receivables - net (Note 5)	112,188,471	87,459,487
Available-for-sale (AFS) financial assets (Note 6)	1,820,635,108	1,879,237,244
Other current assets (Note 7)	1,616,607	2,976,349
Total Current Assets	1,965,283,795	1,997,293,342
Noncurrent Assets		
Receivables - net of current portion and allowance (Note 5)	33,763,176	56,265,689
Property and equipment - net (Note 8)	29,105,641	30,217,258
Investment properties (Note 9)	4,911,814	4,911,814
Investment in Peace and Equity Holdings Inc. (PEHI; Note 10)	125,000,000	31,250,000
Other noncurrent assets (Note 18)	896,452	847,954
Total Noncurrent Assets	193,677,083	123,492,715
TOTAL ASSETS	P2,158,960,878	P2,120,786,057
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accrued expenses (Note 11)	P8,809,142	P10,446,232
Grants payable (Note 12)	35,202,989	32,333,657
Funds held in trust (Note 13)	110,634,049	32,217,092
Total Liabilities	154,646,180	74,996,981
Fund Balances		
Restricted	2,053,980,142	1,994,155,478
Unrestricted	(49,665,444)	51,633,598
Total Fund Balances	2,004,314,698	2,045,789,076
TOTAL LIABILITIES AND FUND BALANCES	P2,158,960,878	P2,120,786,057

See accompanying Notes to Parent Company Financial Statements.



See Notes to Financial Statements at www.pef.ph

**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2016	2015
REVENUE		
Investment income (Note 6)	P104,559,460	P213,561,050
Foreign exchange gains - net	8,639,958	-
Interest income - net (Notes 4, 5, 7 and 17)	6,469,078	9,004,988
Others (Note 17)	116,802	863,498
	119,785,298	223,429,536
EXPENSES		
Project expenses (Note 14)	41,903,945	45,469,468
Grant expenses (Note 12)	36,656,762	44,896,270
General and administrative (Note 15)	17,600,012	18,999,175
Provision for impairment losses on AFS (Note 6)	14,480,338	18,992,215
Provision for impairment losses on receivables - net (Note 5)	12,067,001	18,552,874
Depreciation and amortization (Note 8)	3,039,549	3,151,261
Foreign exchange loss - net	-	460,446
	125,747,607	150,521,709
INCOME (LOSS) BEFORE INCOME TAX	(5,962,309)	72,907,827
PROVISION FOR INCOME TAX (Note 20)	(3,250,227)	(5,101,983)
NET INCOME (LOSS)	(9,212,536)	67,805,844
OTHER COMPREHENSIVE LOSS		
<i>Item to be reclassified to profit or loss in subsequent periods:</i>		
Net unrealized valuation loss on AFS financial assets (Note 6)	(32,304,170)	(191,599,413)
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gain on defined benefit plan (Note 18)	42,328	90,417
	(32,261,842)	(191,508,996)
TOTAL COMPREHENSIVE LOSS	(P41,474,378)	(P123,703,152)

See accompanying Notes to Parent Company Financial Statements.



See Notes to Financial Statements at www.pef.ph

**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT (PEACE) FOUNDATION INC.
PARENT COMPANY STATEMENTS OF CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Unrestricted Funds				Restricted Funds			
	Members' Contribution	Cumulative Excess of Revenues over Expenses	Revaluation Gains (Losses) on AFS (Note 6)	Remeasurement Gains (Losses) on Defined Benefit Plan (Note 18)	Total	Endowment Fund (Note 1)	Provision for Inflation (Note 23)	Total
Balances at January 1, 2016	₱100,000	₱23,788,538	₱27,654,643	₱90,417	₱51,633,598	₱1,318,371,694	₱675,783,784	₱1,994,155,478
Net income	-	(9,212,536)	-	-	(9,212,536)	-	-	(9,212,536)
Other comprehensive income (loss)	-	-	(32,304,170)	42,328	(32,261,842)	-	-	(32,261,842)
Total comprehensive income (loss)	-	(9,212,536)	(32,304,170)	42,328	(41,474,378)	-	-	(41,474,378)
Provision for inflation (Note 23)	-	(59,824,664)	-	-	(59,824,664)	-	59,824,664	59,824,664
Balances at December 31, 2016	₱100,000	₱14,575,902	₱4,649,527	₱132,745	₱19,938,219	₱1,318,371,694	₱735,608,448	₱2,004,314,698
Balances at January 1, 2015	₱100,000	₱14,064,892	₱219,254,056	₱-	₱233,418,948	₱1,318,371,694	₱617,701,586	₱2,169,492,228
Net income	-	67,805,844	-	-	67,805,844	-	-	67,805,844
Other comprehensive income (loss)	-	-	(191,599,413)	90,417	(191,508,996)	-	-	(191,508,996)
Total comprehensive income (loss)	100,000	67,805,844	(191,599,413)	90,417	(123,703,152)	-	-	(123,703,152)
Provision for inflation (Note 23)	-	(58,082,198)	-	-	(58,082,198)	-	58,082,198	-
Balances at December 31, 2015	₱100,000	₱23,788,538	₱27,654,643	₱90,417	₱51,633,598	₱1,318,371,694	₱675,783,784	₱1,994,155,478

See accompanying Notes to Parent Company Financial Statements.



See Notes to Financial Statements at www.pei.ph

**PEACE EQUITY ACCESS FOR COMMUNITY EMPOWERMENT
(PEACE) FOUNDATION INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS**

	Years Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(₱5,962,309)	₱72,907,827
Adjustments for:		
Provision for impairment losses on AFS (Note 6)	14,480,338	18,992,215
Provision for impairment losses on receivables (Note 5)	12,067,001	18,552,874
Depreciation and amortization (Note 8)	3,039,549	3,151,261
Gain on sale of property and equipment (Note 5)	(24,054)	(477,334)
Interest income (Notes 4, 5, 7, and 17)	(6,469,078)	(9,004,988)
Unrealized foreign exchange loss (gain)	(8,639,958)	460,446
Investment income (Note 6)	(104,559,460)	(213,561,050)
Operating loss before working capital changes	(96,067,971)	(108,978,749)
Decrease (increase) in:		
Receivables	(13,934,311)	88,253,846
Other current assets	1,359,742	14,552,643
Increase (decrease) in:		
Accounts payable and accrued expenses	(1,637,090)	(10,811,201)
Grants payable	2,869,332	13,259,396
Funds held in trust	78,423,505	(51,191,195)
Net cash used in operations	(28,986,793)	(54,915,260)
Interest income received	6,109,917	10,066,732
Income taxes paid	(3,250,227)	(5,101,983)
Net cash flows used in operating activities	(26,127,103)	(49,950,511)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	104,559,460	213,561,050
Decrease (increase) in AFS financial assets	11,817,628	(173,758,235)
Proceeds from sale of property and equipment	58,779	504,120
Movement in net retirement asset	(6,170)	(9,500)
Additions to property and equipment (Note 8)	(1,969,205)	(3,778,598)
Additional investment in PEHI	(93,750,000)	-
Net cash flows provided by investing activities	20,710,492	36,518,837
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON CASH	8,639,958	(460,446)
NET INCREASE (DECREASE) IN CASH	3,223,347	(13,892,120)
CASH AT BEGINNING OF YEAR	27,620,262	41,512,382
CASH AT END OF YEAR (Note 4)	₱30,843,609	₱27,620,262

See accompanying Notes to Parent Company Financial Statements.



See Notes to Financial Statements at www.pei.ph

Peace and Equity Holdings Inc.
*(A Wholly-owned Subsidiary of Peace
Equity Access for Community
Empowerment (PEACE) Foundation Inc.)*

Financial Statements
December 31, 2016 and 2015

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Peace and Equity Holdings Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Peace and Equity Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



A member firm of Ernst & Young Global Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 12 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Revenue Regulations No. 15-2010 requires the information presented in the notes to financial statements. The information is also required by Securities Regulation Code No. 68, as amended (2011). Such information is the responsibility of the management of Peace and Equity Holdings, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola
Wenda Lynn M. Loyola
Partner

CPA Certificate No. 109952
SEC Accreditation No. 1540-A (Group A),
March 8, 2016, valid until March 8, 2019
Tax Identification No. 242-019-387
BIR Accreditation No. 08-001998-117-2016,
February 15, 2016, valid until February 14, 2019
PTR No. 5908712, January 3, 2017, Makati City

March 15, 2017



PEACE AND EQUITY HOLDINGS INC.
(A Wholly-owned Subsidiary of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2016	2015
ASSETS		
Current Assets		
Cash	P804,036	P615,053
Receivables	3,287	20,455
Available-for-sale (AFS) financial assets (Note 4)	120,626,521	28,505,673
Other current assets	222,922	145,153
Total Current Assets	121,656,766	29,286,334
Noncurrent Asset		
Property and equipment (Note 5)	155,189	79,555
TOTAL ASSETS	P121,811,955	P29,365,889
LIABILITIES AND EQUITY		
Current Liabilities		
Due to Parent Company (Note 8)	P70,753	P120,653
Accounts payable and accrued expenses (Note 7)	582,001	120,522
Total Current Liabilities	652,754	241,175
Equity		
Capital stock (Note 6)	125,000,000	31,250,000
Retained earnings (Deficit)	348,826	(1,591,763)
Other comprehensive loss:		
Net revaluation losses on AFS financial assets (Note 4)	(4,189,625)	(533,523)
Total Equity	121,159,201	29,124,714
TOTAL LIABILITIES AND EQUITY	P121,811,955	P29,365,889

See accompanying Notes to Financial Statements.



See Notes to Financial Statements at www.pef.ph

PEACE AND EQUITY HOLDINGS INC.
(A Wholly-owned Subsidiary of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2016	2015
REVENUES		
Investment income (Note 4)	P8,598,682	P2,888,252
Interest income	1,804	2,389
	8,600,486	2,890,641
EXPENSES		
Personnel	3,034,905	1,028,712
Project appraisal	1,400,050	328,916
Provision for impairments losses - AFS (Note 4)	675,214	-
Meeting costs	177,328	146,416
Legal services	156,981	208,231
Professional fee	64,680	109,327
Depreciation (Note 5)	60,127	30,017
Training and seminars	49,936	261,333
Insurance	43,691	36,628
Taxes and licenses	6,209	12,148
Others	243,898	126,709
	5,913,019	2,288,437
INCOME BEFORE INCOME TAX	2,687,467	602,204
PROVISION FOR INCOME TAX (Note 9)	(746,878)	(147,284)
NET INCOME	1,940,589	454,920
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item to be reclassified to profit or loss in subsequent periods:</i>		
Net unrealized valuation gain (loss) on AFS financial assets (Note 4)	(3,656,102)	(2,268,973)
TOTAL COMPREHENSIVE INCOME (LOSS)	(P1,715,513)	(P1,814,053)

See accompanying Notes to Financial Statements.



See Notes to Financial Statements at www.pef.ph

PEACE AND EQUITY HOLDINGS INC.
(A Wholly-owned Subsidiary of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	Capital Stock (Note 6)	Other Comprehensive Income (Loss) (Note 4)	Retained Earnings (Deficit)	Total
As at January 1, 2016	₱31,250,000	(₱533,523)	(₱1,591,763)	₱29,124,714
Issuance of capital stock	93,750,000	-	-	93,750,000
Net income	-	-	1,940,589	1,940,589
Net revaluation losses on AFS (Note 4)	-	(3,656,102)	-	(3,656,102)
As at December 31, 2016	₱125,000,000	(₱4,189,625)	₱348,826	₱121,159,201
As at January 1, 2015	₱31,250,000	₱1,735,450	(₱2,046,683)	₱30,938,767
Net income	-	-	454,920	454,920
Net revaluation losses on AFS (Note 4)	-	(2,268,973)	-	(2,268,973)
As at December 31, 2015	₱31,250,000	(₱533,523)	(₱1,591,763)	₱29,124,714

See accompanying Notes to Financial Statements.



See Notes to Financial Statements at www.pef.ph

PEACE AND EQUITY HOLDINGS INC.
(A Wholly-owned Subsidiary of Peace Equity Access for Community Empowerment (PEACE) Foundation Inc.)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱2,687,467	₱602,204
Adjustments for:		
Investment income (Note 4)	(8,598,682)	(2,888,252)
Interest income	(1,804)	(2,389)
Depreciation (Note 5)	60,127	30,017
Operating loss before working capital changes	(5,852,892)	(2,258,420)
Increase in:		
Receivables	17,168	(9,196)
Other current assets	(77,769)	(103,686)
Increase (decrease) in:		
Due to Parent Company	(49,900)	(58,315)
Accounts payable and accrued expenses	461,479	81,200
Net cash used in operations	(5,501,914)	(2,348,417)
Interest received	1,804	2,389
Income taxes paid	(746,878)	(147,284)
Net cash flows used in operating activities	(6,246,988)	(2,493,312)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	8,598,682	2,888,252
Increase in AFS financial assets	(95,776,950)	(1,441,446)
Additions to property and equipment (Note 5)	(135,761)	(51,318)
Net cash provided by (used in) investing activities	(87,314,029)	1,395,488
CASH FLOWS FROM A FINANCING ACTIVITY		
Proceeds from issuance of capital stock	93,750,000	-
INCREASE (DECREASE) IN CASH	188,983	(1,097,824)
CASH AT BEGINNING OF YEAR	615,053	1,712,877
CASH AT END OF YEAR	₱804,036	₱615,053

See accompanying Notes to Financial Statements.



See Notes to Financial Statements at www.pef.ph



Standing from left:
Roberto R. Calingo,
Vitaliano N. Nañagas,
Roberto M. Ballon,
Martiniano L. Magdolot

Seated from left:
Fr. Granwell N. Pitapit,
Edith Y. Villanueva,
Benjamin D. Abadiano,
Carmencia T. Abella,
Ramon B. Magsaysay
Jr., Atty. Ana Lea H. Uy

**not in the photo:*
Sylvia O. Paraguya

BOARD COMMITTEES

- PROGRAMS
- FINANCE AND INVESTMENTS
- KNOWLEDGE MANAGEMENT AND COMMUNICATIONS
- HUMAN RESOURCE AND ORGANIZATIONAL DEVELOPMENT
- AUDIT

CHAIRPERSON

Benjamin D. Abadiano
President
Assisi Development Foundation, Inc.
representing national networks and coalitions

TREASURER

Edith Y. Villanueva
President & Chief Operating Officer
Sugar Industry Foundation, Inc.
representing Visayas NGO networks/coalitions

Martiniano L. Magdolot
Board Member
Sarangani Province Empowerment and Community Transformation Forum, Inc.
representing Mindanao NGO networks and coalitions

Vitaliano N. Nañagas II
President
Organizational Systems, Inc.
representing the business sector

Sylvia O. Paraguya
Chief Executive Officer
National Confederation of Cooperatives
representing national networks and coalitions

Atty. Ana Lea H. Uy
Corporate Secretary & Legal Counsel

ADVISERS TO THE BOARD

Emmanuel C. Areño
Senen C. Bacani
Joey A. Bermudez
Segfredo O. Buagas
Ma. Socorro N. Camacho
Rogelio G. Decal
Anna Marie A. Karaos

VICE-CHAIRPERSON

Carmencita T. Abella
President
Ramon Magsaysay Awards Foundation
representing national networks and coalitions

Roberto M. Ballon
Chairperson
Kapunungan sa Gagmay'ng Mangingisda sa Concepcion, Zamboanga Sibugay
representing the basic sectors

Sen. Ramon B. Magsaysay, Jr.
representing the development community at-large

Fr. Granwell N. Pitapit
Executive Director
Caritas Diocese of Libmanan (CDL), Inc.
representing Luzon NGO networks/coalitions

Roberto R. Calingo
Executive Director
Peace and Equity Foundation
Ex-Officio Member

Most Rev. Antonio J. Ledesma, SJ D.D.
Marietta T. Paragas
Marlene D. Ramirez
Andrea Maria Patricia M. Sarenas
Danilo A. Songco
Ma. Aurora F. Tolentino



Roberto R. Calingo
Executive Director

Maria Pia V. Villapando
Manager, Communication and Planning Support

Merlyn A. Francisco
Manager, Social Enterprise Institute

Margeaux M. Martinez
Executive Assistant

Ferdinand G. Fuelles
Wilma B. Guinto
Ricardo D. Soto, Jr.
Senior Portfolio Officers

Beauty Joy C. Maymay
Peter F. Nabong
Christopher F. Pasco
Alberto P. Roslinda, Jr.
Portfolio Officers

Laurinette Alice A. Gonzalez
Technical Officer

Joan Cris D. Lazaro
Operations Specialist

Faithful A. Ramirez*
Grace C. Taguinod
Senior Business Intelligence Officers
**until October 2016*

Ricardo E. Torres, Jr.*
Deputy Executive Director
**until June 2016*

Dennis Omar T. Salvo
Manager, Partnerships & Programs

Alfred John M. Escaño
Marieanne GR L. Itol
Senior Business Intelligence Specialists

Aleth A. Gayosa
Senior Project Research, Information, Monitoring and Evaluation Officer

Danica Marra M. Soliman
Senior Project Research, Information, Monitoring and Evaluation Specialist

Nicholas T. Geaga
Senior Social Enterprise Institute Specialist

Astrid C. Villanueva
Communication Officer

Churchille B. Montecalto
Senior Communication Specialist

Gracie Kris E. Choy
Finance Officer

Cauchie C. Garcia
Manager, Management Services Group

Araceli B. Esconde
Manager, Internal Audit & Control

Ma. Lucita P. Satiembre
Senior Finance Specialist

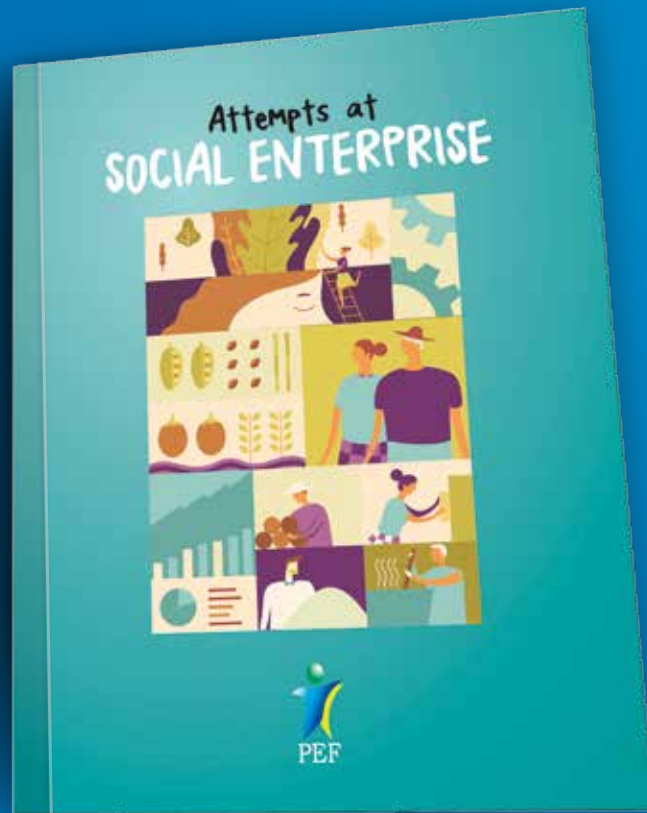
Cleaufe Linda F. Bautista
Finance Specialist

Aileen D. Eroles
Francis Alexis N. Peñano
Jumen G. Tamayo*
Senior Internal Audit and Control Specialist
**until September 2016*

Arthur N. Gonzaga
Senior Human Resource and Administrative Officer

Eleanor P. Dimaliwat
Senior Human Resource Specialist

Darren C. Almaden
Bianca Mae V. Babierra
Joan Quennie B. Baldoz
Shirley M. Mendoza
Administrative Assistants



There is only one bottom line...

Excerpted from one of the social enterprise thought leaders on social enterprise featured in the book, this statement summarizes the thoughts, realizations and insights we have collected throughout our five-year “*unang taya*” experience in investing in social enterprises. That, in the long run, the social mission and the interests of enterprises must converge for the transformation of poor communities into sustainable and productive members of society.

A social enterprise has a multiplier effect. It is itself a way of gathering small producers to come together to market their products. That way everyone benefits.

— Archbishop Antonio J. Ledesma, Chair, 2008-2014

We can romanticize social enterprises all we want. But the fact remains that they are high-risk. If they are high-risk, they must be allowed to use all the means to deal with the risks they face. There is nothing more foolish than demanding that social enterprises avoid profit-maximizing behaviours.

— Joey Bermudez, Adviser to the PEF Finance Committee

The market can be unforgiving. When the market learned that a product was from a nongovernment organization or nonprofit, it might give that NGO’s product or service a try. However, should the product be faulty, the delivery poor, or the price too high, the market likely would not make a repeat purchase. Many NGOs either were unprepared for this kind of market environment or unwilling to adjust to it. Frequently, it was a question of mindset.

— Bobby Calingo, Executive Director

Social enterprises need “patient” capital --- it needs both time and money to make it successful. We need to combine the good intentions with an astute business eye to ensure sustainability of the enterprise.

— Chit Juan, Treasurer, 2008-2014

On-the-ground realities continue to challenge us. How to effectively spot, screen, and scale up social enterprises has to be sharpened in the way we develop projects. At the end of the day, we need to ask ourselves: How do we know that we are getting there? When can we say that an SE is truly successful?

— Benjamin Abadiano, Chairperson

One good conclusion from the mid-term study is that social enterprises result not only in income increases but also in creating opportunities for more income or more sources of income. Another good conclusion is that social enterprises help to minimize the vulnerabilities of the poor. PEF needs to translate these conclusions into measurable indicators.

— Jing Karaos, Vice Chair, 2011-2015

writers

John Joseph S. Coronel
Luke M. Imbong

graphics and layout

Ryan G. Palacol

cover illustrations

Nico N. Encarnacion

production team

Communication and
Planning Support Unit

A CALL TO scale up

PEF seeks to partner and invest in social entrepreneurs and organizations with working business models; mentors who are eager to share their expertise; and impact investors who are keen to work with us in building sustainable communities.



PEF Main Office

69 Esteban Abada St., Loyola Heights, 1108 Quezon City
T: (+632) 426 8402 / 426 9785 to 86
F: Trunkline local 102

PEF Mindanao Office

No. 37, 3rd St., Ecoland Subd.,
Quimpo Boulevard, Matina, Davao City 8000
T/F: (+6382) 299 3588



ask@pef.ph



peaceandequityfoundation

www.pef.ph

