Climate Resilient Farming Communities Through Risk Transfer Mechanisms
Implemented by the International Labour Organization • Department of Labor & Employment • Department of Trade and Industry • Province of Agusan del Norte

Outcome 3.4 – Climate Resilient Farming Communities in Agusan del Norte

A Case on Making Lending Work for the Poor and Vulnerable

This caselette is prepared by the KM & Process Documentation Support Group - Caraga Learning Service Providers Network (LSPN) for the ILO-DOLE-DTI Climate Change Adaptation Project (CCAP).

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The CCAP in Agusan del Norte – “Climate Resilient Farming Communities Through Risk Transfer Mechanisms” is a demonstration project under Outcome 3.4 of the Spanish government-funded Millennium Development Goal Achievement Fund (MDG-F 1656) Joint Programme: “Strengthening the Philippines’ Institutional Capacity to Adapt to Climate Change.”

The International Labour Organization (ILO), a specialized agency of the United Nations, is implementing this demo project in partnership with the Department of Labor and Employment (DOLE), Department of Trade and Industry (DTI) in collaboration with the provincial government of Agusan del Norte and the municipal governments of Las Nieves, R.T. Romualdez, Jabonga and Buenavista.

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of RTR, Jabonga and Buenavista) for lack of expertise on handling the facility, may adopt DTIs scheme.

Beray says BCBMPC intends to replicate the project in as many areas in Caraga and he sees the need for more funds for both financial and non-financial services to be able to do so.

Beray and Auxillo believes that many other cooperatives in the region can be tapped to run the facility and make its impact felt by as many beneficiaries as it could serve to accelerate poverty alleviation in Caraga which is the poorest among regions in the country as of 2009, the latest survey period.

Both say they are happy that they get to have more productive engagements with the municipal governments where the coop facility is being run. All the three LGUs reportedly allowed them independence in the final selection of borrowers. They also report working with the municipal agriculture offices (MAOs) and other government offices more closely.

“Buenavista hosted our lakbay-aral (study tour) for organic fertilizer production and generously shared the technology to our farmer participants. The ILO-PMO provided the gasoline for the vehicles used for this trip. The LGU of Las Nieves helped us find a space for our new branch at low rent for a contract of at least five years. Jabonga provided technical support to our on-farm alternative livelihood borrowers,” Auxillo shares.

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BUT Beray and Auxillo want to see further link of LGUs to the project especially in the area of marketing and infrastructure development.

BCBMPC has witnessed the helplessness of farmers as traders play with pala (paddy rice) prices as the pilot test is being done in this harvest season that it joined the fray serving as buyer just to have the harvest of its group of clients get a “fairer” price.

“We are so concerned that the price of rice has dived too low that I volunteered for a truckload to be delivered to our consumer store just to make our client farmers get Php1 per kilo more than the price the day before,” says Auxillo.

Auxillo adds that he appreciates the concept of “Bagsakan”, a marketing concept being promoted by Agriculture Secretary Proceso Alcala which among others provide for an LGU-run free transport of farm produce within a city or municipality and brought to a center where the producers and buyers meet.

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Although we are into micro-credit, we also have to look into the marketing aspect of the economic endeavors of the farmers that we serve,” Beray says in one of the workshops that he attended.

Maintaining farm to market roads is another thing that Beray wants the LGUs to attend to ensure that the farmers do not end up being burdened by high transport cost or, worse, not being able to get through to sell.

OVERALL, the project is making a difference in the life of the poor,” Auxillo sums up. She says that this can be easily replicated by the other cooperatives.

She also believes that many cooperatives like BCBMPC operate in climate change risk vulnerable areas, just wanting to be engaged and with some enabling support could successfully carry out their projects in their respective communities.
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IT IS A MATTER of making lending work better for the poor.

This, in the assessment of Lucille B. Auxillo, general manager of the Bangsamoro Local Integrated Multi-Purpose Cooperative (BCCMPC), is what its partnership for the test run of an innovative financing scheme -- cooperative model for climate change risk vulnerable barangays has brought about.

AUXILLO has been into the lending business for long and if one says lending to hazard prone communities, she’s been there. The main office of the cooperative that she manages is itself within a delta at the mouth of a giant river (the Agusan River) and the open sea making it exposed to climate hazards. "In many cases, the farmer-borrower undergo seminars on financial literacy, organic and appropriate farming technologies. The process includes lakbay aral, "an effective way of making the farmers learn," stresses Auxillo."

The prospective borrowers are also required to prepare a farm plan and financial statement. The loan officer takes note of their current financial status. This allows us to offer the facility to farmers with very low interest (1 percent per month, 6 percent per annum) and free of most of our service charges," says Barry.

The provision for non-financial support services also allows BCCMPC to make the farmer-borrowers undergo "in-depth preparation" to become good borrowers and be among the more enterprising and productive members of society," Auxillo adds.

By "in-depth preparation" Auxillo means making the prospective farmer-borrower undergo seminars on financial literacy, organic and diversified farming. The process includes lakbay aral, "an effective way of making the farmers learn," stresses Auxillo. The prospective borrowers are also required to prepare a farm plan and budget and be enrolled and maintain a "class card" at the Farmers’ Field School (FFS) for organic and appropriate farming technologies.

Auxillo foresees the scheme’s replication in other localcooperatives. She really does not bother herself with the distinction of whether she is working on a project designed for climate change or doing one of the regular loan packages her cooperative offers to the poor; the client group that is most vulnerable to economic shocks caused by natural disasters.

"The difference is that with the test run, we have been directed to prioritize potential borrowers from vulnerable barangays in specific sites. The final screening however was still left to us. We still used our cooperative processes," Auxillo says on the facility’s variation from the sites. "We still used our prioritize potential borrowers from vulnerable barangays in specific.

AUXILLO SEES NOT MUCH PROBLEM related to the pilot run as it winds down within the year. She instead foresees the opportunities as it winds down within the year. She instead foresees the opportunities that a fresh batch of poor farmers with much more depth in terms of in-depth preparation to be used: "This will be easier to demonstrate to other farmers that one can save for the future," Barry adds.

The coop also arranged for farmers to get to know other business partnerships for the agency to campaign for the scheme’s replication in other local cooperatives in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind. It is like BCBMPC in the days ahead. Her worry is on how to sustain the project after the test run to keep building new clients of this kind.