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The **Climate Change Adaptation Project** on Building Climate Resilient Farming Communities in Agusan del Norte through Innovative Risk Transfer Mechanisms (CCAP, Philippines)

**Green Jobs in Asia
Regional Conference**
Surabaya, Indonesia
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**CCAP is Outcome 3.4 Demo Project under the
MDG-F 1656 Joint Programme on Strengthening the Philippines'
Institutional Capacity to Adapt to Climate Change**



A UN-GOP and Public-Private Partnership



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Climate-related disasters represent a major source of risks for the **POOR in particular, the **FARMERS** who are dependent on “**good weather**” for their survival and livelihood!**

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Capacity to Adapt to Climate Change is determined by:

- 1-Economic condition**
- 2-Availability of and access to financial & productive resources**

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Project Objectives

- 1-Develop and test financial safety nets for climate vulnerable farming populations, esp. women**
- 2-To develop the capacities of vulnerable populations to avail of the benefits under economic diversification and a democratized governance system**



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Agusan del Norte

**“where water flows”
allusion to the mighty
Agusan River**

**1 city, 10 municipalities
167 barangays, 126 rural
273,024 hectares
314,027 population
57 % or 31,913 households
live below poverty line.
Majority are farming HHs
7 banks with MF function
operate in Agusan del
Norte.**

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Farmers in Agusan del Norte...



- Lack access to credit Information**
- Generally obtain financing from traders at very high interest
- Lack acceptable collateral**
- Have unstable income & cash flow**
- Have low paying capacity-**
Low availment of insurance (crop, Life/Non-life)
- With limited business knowledge and experience**

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...measures to provide access to “market-based instruments” often fail as they do NOT address the CORE PROBLEM...

the POOR just could NOT afford them!



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green4Us  **Integrated Financial Package**  International Labour Organization

NOT
Financing as Usual: LGU, Coop & Rural Bank Models

- **Low interest** 0.83% 1% 2.3%
- **Non-collateralized**
- **Less document requirements**
- **Simplified processing**
- **Production-cycle responsive releasing**
- **Coop/RB: Savings component**
- **Bundled with Non-Financial services**
 - **Climate Change & Environment Briefings**
 - **Financial Literacy**
 - **Agri/Enterprise Tech Support (FFS))**
 - **Market Info/Assistance**
- **Insurance**
 - **Health, Credit/Life**
 - **Crop (Traditional & WIBI)**



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green4Us  **Insurance as Usual: Weather-Index based Insurance (WIBI) Package : Rice and Corn- Low and Excess Rainfall**  International Labour Organization

NOT

- **Affordable premiums** 3.04% Rice 6.18% Corn
- **Faster pay-outs**
 - **No field assessments of damages**
 - **No need for filing of claims**
 - **pay-out automatic upon breach of index**
- **Bundled with support services:**
 - **WIBI literacy**
 - **Techno Training: Recommended Agri Tech & Pest Control (FFS-IPM)**



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Financing + Insurance + Risk Reduction - Early Warning & Disaster Preparedness



- **Weather Instruments/ EWDs installed**
- **Municipal/Barangays with operational EWS plans and trained monitors**

- **Local AWS Reference Stations**
- **Back-up Stations and EWDs**

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Immediate Benefits - Validated Results

CCAP

➔

CCA-Support Programme
(CCAP Follow-Through- Cycle 2 & 3)

lower interest expense
cost of production inputs

↓

+

additional income from
alternative livelihoods

↑

Trader-financiers have
reportedly lowered
their own interest rates

➔

Increase in net income of farmers

↓

★★★★★

1. allowed farmers to meet their daily needs
2. enabled farmers to rent or acquire additional or alternative farm lots in higher ground (away from risk areas)
3. allowed them to rent/purchase second-hand vehicles (better access to markets with better prices for produce)

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Immediate Benefits - Validated Results

CCAP → **CCA-Support Programme (CCAP Follow-Through- Cycle 2 & 3)**

Baseline data: Agusan del Norte farmers generally do not have savings

↓

Savings generated →

- Coop Model test run:
 - P458,764.20 (US\$10,427)
 - 252,978.27 (US\$ 5,750) Capital investments
- Rural Bank Model:
 - P 106,000.00 (US\$2,409)

- ❖ money readily available for emergencies (including climate change related disasters)
- ❖ less loan dependencies for some farmers who opted not to borrow anymore

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Immediate Benefits - Validated Results

CCAP → **CCA-Support Programme (CCAP Follow-Through- Cycle 2 & 3)**

Baseline data: Agusan del Norte farmers generally do not have crop insurance

↓

WIBI Pay-outs: →

102 of the 154 test farmers obtained pay-outs for breach of low rainfall (Buenavista) and for excess rainfall (RTR) **Php1.2M**

- ❖ recovery of at least the cost of production
- ❖ restoration of income
- ❖ ability to replant immediately within the cropping cycle

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Additional income from diversified sources – Green Jobs ★★★★★

- **Work in the Organic Fertilizer Production Plants**
- **Work in Hauling & trucking for waste collection / Organic Fertilizer production**
- **Local labour - rural protective structures/water management facilities**
- **Fabrication of Weather/Early Warning devices (EWDs)**
- **EWD Monitoring/ Maintenance**

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Lessons Learnt

Development:

- **Understanding target groups' characteristic and needs for financial and non-financial services through relevant analysis inc. V&A, FVCA & MR, are critical in the design of diversified, affordable and sustainable packages**

Package Components/Features:

- **Bundling financial services with non-financial services makes the package more attractive to the poor while increasing their opportunities to maximize outputs and diversify their productive activities.**
- **Group solidarity as collateral substitute – allows availment and access by asset-poor communities**

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Lessons Learnt



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- **Emphasis on offering savings products (voluntary or compulsory) help farmers to better deal with emergencies** including disasters and to **be less loan dependent** for their economic activities
- Integrating insurance and other social protection mechanisms- to include crop, health & medical insurance, **strengthen confidence** of farmers to engage in **agriculture risk taking** while protecting their crops and their families.
- Integrating risk reduction measures to financial packages work to **reduce exposure** for more **effective resilience-building** work.

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Lessons Learnt



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- Engaging in Public and Private Partnership with LGUs, training institutes, financial service providers inc. insurers) facilitate the **effective, greater reach** for financial and/or non-financial services and **sustainability** of delivery.

Integrated and Innovative packages offer great potential for “Financial inclusion” thus sustainable livelihoods & resilience of CC-vulnerable Communities



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Scaling-Up and Replication



Scaling-up in Southern Philippines
Project Document Preparation (GEF)
 -Policy Advocacy & Knowledge
 -Climate Risk Financing & Transfer



Replicating in Asia-Pacific Region
Project Concept Preparation
 (Green Jobs Team-AP in coordination with COs)
 -Sustainable Livelihoods
 -Climate Resiliency

Strengthening & Forging New Partnerships at national & regional levels:
Private Sector (Financial Industry- Inc. Insurers/ Re-insurers)

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Thank you!

For the CCAP Videos: Adapting to Climate Change
& Innovative Risk Transfer Mechanisms

ILO TV YouTube
<http://www.youtube.com/watch?v=frtLdxj3PT8>

Join the Green Jobs Network !
<http://apgreenjobs@ilo.org>

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