

A Case on a Farming Household's Access to Better Financing Choices

which enabled her to continue on her other so-called "small projects" while waiting for their rice to be harvested.

These projects included raising one (1) sow which weaned five piglets.

Three of the piglets were sold for P1,500.00 to P1,800.00 each. The other two she kept as she intended to raise them as additional sows for breeding.

The couple is also preparing to sell goat meat during the Christmas season because they are expecting to get better price by then.

En-en's sari-sari store which registers an average daily sales of P400.00 is another source of income for the family. The store sells rice bran, rice, "bottled" gasoline and some basic cooking needs.

The financial packages along with the bundled services allowed the Clarosés to continue to face the challenges of potential setbacks from their farming activities.

The same was true to their recent experience; their rice farm within the same cropping period of the financing scheme test run, indeed went through both drought and excessive rain.

"Just when the plants needed water, drought hit us.

And then when the rice paddies were about to be harvested, therefore there was a need to dry the paddies to facilitate ripening of the rice, two typhoons "Quiel" and "Ramon" visited Agusan del Norte in succession.

Fortunately the standing crops were not affected. It just meant waiting out for a few days to start harvest.

Rain during harvest time also means decreased buying price of palay from traders, as their palay could not be dried to meet the requirement. The absence of drying facilities has always caused them to experience the difficulty.

Although the LGU financial package is already a very good help, the Clarosés are hoping that further action can be done, such as the LGU coming in as buyer of farmer's produce just to force traders to also buy at the same higher price and to provide for storage facility so farmers who opt to wait out for higher prices can have a place to store their rice.

En-en said that like other farmers in Buenavista, she hopes to have rice drying facility as it could certainly help her especially when it rains during harvest.

"But as it is now," En-en says "we are already happy, that we can now choose and better financing options have become available for us. With the assistance we got from the many service providers thru this project, our hopes to make better yields in farming and in whatever endeavour we are in now, continue to fire our hearts and remind us to do our equal part of advancing our lives using the knowledge, skills and technology that we acquired."



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 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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Outcome 3.4 – Climate Resilient Farming Communities in Agusan del Norte
Through Risk Transfer Mechanisms
Implemented by the International Labour Organization • Department of Labor & Employment • Department of Trade and Industry • Province of Agusan del Norte



*Climate Change Adaptation Project
Caselette # 5*

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Buenavista farm couple's story of access to formal credit, insurance protection, non-financial services, and savings in support to their crop production activities and income source diversification efforts

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In farming communities where a parent's achievement is measured by how his or her children turned out to be, Estella A. Claros or En-En, as she is fondly called, is a "success".

With her husband Vicente, En-en has been farming for more than 10 years and through hard work managed to send her children to school producing a teacher and a budding entrepreneur.

Through their farm income augmented by a variety of sources the couple hurdled the day-to-day challenges. "It was not easy," she says. En-en and her family live in Alubijid, Buenavista, Agusan del Norte, in a farm area bordered by the national highway and other rice farms. The area



is vulnerable to flooding caused by the run-off water coming from the highway during excessive rains occurring once a year and even twice a year. It is equally vulnerable to prolonged drought which causes paddies to crack. As such, rice farming is not very reliable and has not been done on a sustained commercial scale.

Like many in the farming communities, she manages to stay afloat by diversifying her sources of income.

In her 40s, En-En still tills a one hectare rice field, makes and sells nipa (palm) shingles, raises goats and pigs in the backyard, tends a sari-sari (small convenience) store, and sells rice for the National Food Authority (NFA) (she is a licensed grain retailer). She is also active in several community organizations such as the Rural Improvement Club (RIC), farmers association in the barangay and all the while serves as an elected barangay official. "Rice farming is a labour and capital intensive endeavor. With a weather that is now unpredictable, risks and failure in produc-

tion are shouldered by the farmer alone," this according to En-en has been her situation for the past 10 years.

Citing an experience only weeks after planting early this year, En-En narrated a week long heavy rain that flooded their rice field. "Then Japanese snails/kuhol attacked our newly planted rice seedlings," she recalls. Wanting to recover their initial investment she and her husband decided to replant the entire one hectare farm, a costly but for them a necessary move. This accordingly has been the only coping mechanism the couple knew; otherwise it would be a cropping season without income. It is a similar case of added cost when there is no rain. The Clarosés are forced to pump water from the water dike to their paddies in two occasions in order to save their crops.

The flood and drought instances have caused them many times to borrow from traders.

This cropping, however, things were different.

"I came to know of a financial package being offered by the local government unit (LGU) of Buenavista and a local cooperative operating in the area," En-en shares.

En-en was referring to the innovative integrated financial packages under the Climate Change Adaptation Demonstration Project (CCAP) in Agusan del Norte for both crop production and alternative livelihood.

The demo project named "Climate Resilient Farming Communities in Agusan del Norte Through Risk Transfer Mechanisms" is one of five climate change adaptation projects in the country and the only one in Mindanao. The demonstration projects are under Outcome 3 of the Spanish government-funded Millennium Development Goal Achievement Fund (MDG-F 1656) Joint Programme dubbed: "Strengthening the Philippines' Institutional Capacity to Adapt to Climate Change."

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The Municipality of Buenavista is piloting the replication of the facility for farmers tagged by CCAP as the LGU Loan Facility based on the pioneering model: OTOP Rice Facility in the municipality of R.T. Romualdez.

The local coop she mentioned is the Baug CARP Beneficiaries Multi-Purpose Cooperative (BCBMPC) which is running the test of the cooperative model of the integrated financial package scheme. BCBMPC is one of the CCAP's financial service provider (FSP) partners. The CCAP integrated financial package offers loans which are production cycle-responsive, non-collateralized, with

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low interest, with fewer requirements and therefore processed fast. The loans also come bundled with non-financial services to include trainings on production technology through the Farmers Field School (FFS) and financial literacy which covers debt and simple business management training, orientations on climate change and environment management. The package also has two very critical elements of savings (particularly true for the coop and the rural bank models) as well as social protection mechanisms (insurance).

The Clarosés had not tried getting loans from formal institutions in the past. This time however they tried the two models. For their crop production, they took out a loan from Buenavista LGU Loan Facility, while En-en sourced financing for her alternative livelihood from BCBMPC.

"The loans we got were different, much better than the ones we tried from our former sources," En-en says.

She described and compared the loan packages citing the salient features as follows:

	Traders/ Private Individuals	Buenavista LGU Loan Facility (crop production)	BCBMPC (Alternative Livelihood)
Eligibility	Based on assessment of trader /referral	Actual tiller Residing/ working in an identified climate risk vulnerable barangay	Member of a farming household tilling a farm land Residing/ working in an identified climate risk vulnerable barangay
Loan Amount	Based on the assessment of the trader	P15,000.00 per hectare	Up to P15,000.00
Interest rate	P200.00 for every P1,000.00	.83% per month or P750.00/ cropping	1% per month
Repayment	Upon harvest	Upon harvest	Weekly or monthly depending on the cash flow of project
Loan security	As agreed by parties/ collateral	Peer/selda member pressure	None
Savings	None	None	Yes

As tenants, the Clarosés have desired to avail of loans from formal institutions posting lower interests but their status as non-owners of the land they till disqualified them for such. With the CCAP financial package, the certification issued by the LGU Agriculture Technician (AT) attesting that they are the actual tillers, is enough requirement to become eligible to get a loan from the LGU facility and BCBMPC.

The couple weighed the options for the subsequent partnering with their financial service providers.

Both facilities accordingly, so far are responsive to their different needs. On one hand, the LGU Loan facility ensured that they get access to low-priced inputs such as organic fertilizers, and the needed production technology support through the FFS and the regular visits of the AT.

On the other hand, becoming members of BCBMPC (a requirement for availment) helped the couple to save. "I make sure the monthly payments for my alternative livelihood loan is more than what is due and includes my voluntary savings," En-en shares. The savings, she said would help ensure her and her husband's funds for the future. Having their own savings passbook is, according to En-en, a major milestone in their lives.

Both facilities also include insurance which to them is an added assurance that comes any disaster; damages will not be for them alone to handle unlike before.

The couple has enrolled in the Weather Index-Based Insurance (WIBI) – a crop insurance package that is also being pilot -tested under the CCAP with



the Philippine Crop Insurance Corporation (PCIC). Farmers in Buenavista are covered for low and excessive rainfall under WIBI.

The Clarosés were in fact among the recipients of a pay-out from the PCIC through the Buenavista LGU Loan Facility when the low rainfall index was breached in August.

En-en was thankful for her alternative livelihood loan, the timely release of