

A Case on Providing an Alternative Financing Source to Complete the Package of Farmer Support Services

with the same amount for the expanded implementation during the CCAP test run.

With the CCAP fund, the loan ceiling per hectare has been raised to Php15,000, the amount that is closer to the required sum as determined in the Value Chain Mapping and Analysis.

Crop insurance for the farmers has been also made easier with the more affordable option of Weather Index Based Insurance (WIBI), a scheme that covers losses in cases of low rainfall (drought) or excess rainfall for rice and corn. RTR's farms are fully irrigated thus farmers only have to worry on excess rainfall. To complement support in values and production skills development, financial literacy training for farmers has also been added as among the non-financial services of the bundle, helping the farmers not only to develop their capacity for debt management but also to sharpen their entrepreneurial prowess and be counted as among the municipality's key economic players.

Tested this time as a CCAP demonstration project for the cropping season May to October 2011, RTR's expanded program, like the core one is showing sustained signs of success.

The RTR CCAP portfolio alone is reported to have assisted 178 farmers planting 326 hectares. Some 51 of these farmers were provided alternative livelihood loan mostly for swine production.

Ninety (90 farmers) with 114.75 hectares enrolled in the WIBI coverage for excess rainfall, while 127 farmers with 211.25 hectares got the traditional PCIC insurance coverage.

As in its previous releases, repayment is almost 100%.

NOW ON ITS 6th year and about to end the six-month test run of the expanded implementation with financing for alternative livelihood, RTR's CCAP is looking forward to hit more milestones in helping improve the standard of living of its residents as it endeavors to parry the adverse climate change impacts that may come to the place.

"IT IS REALLY A MATTER of getting everyone work together to do what is good based on the needs of the constituents," Ocampo says on how the project started, sustained and got attuned to the developments that set in.

"It is also having the proper perspective based on the resources and environmental hazards of the municipality", adds Gideon T. Bokingo, secretary of Sangguniang Bayan, who has been into the thick of things developing policies to institutionalize the program.

It is likewise a matter of being able to keep on improving the system at the operational level, replies Himarangan when asked how MAO overcomes bureaucratic hitches inherent in government systems.

Himarangan points out the continuing simplification of the process in loan transactions and the accompanying bundled services.

"We are now refining the scheme of the facility's new offer of providing "Carabao Loan," says Himarangan as the interview is being conducted. He adds that a loan amount of Php25,000 will be provided to a farmer in need of the working animal for use in land preparation and in transporting farm goods. The facility is targeting a total of six beneficiaries for this new offer this cropping sea-

son. Himarangan also reveals a plan for a project that would spin off from the swine production loan component of the program. He says that MAO and the MAFC are currently developing a plan to put up a meat shop, a forward link of the swine producers that that has borrowed funds from the facility.

"What we are also looking forward to is seeing the day when the Municipal Economic Enterprise Office (MEEEO) finally exists," Himarangan points at what those involved in the program want to see now for the municipality to be more effective in addressing the needs of its constituents for poverty alleviation and resiliency to climate change.

Auxtero agrees with Himarangan.

Both Guellos and Bokingo say they are now working on the policies that would give rise to the MEEEO.

At the moment, the general feeling in RTR as gauged from those interviewed is the contentment that what they have done out of the intent to respond to the expressed need of constituents has led into something big that it is now being replicated by other municipalities which also desire to make their own people and places resilient in this era of increasing threat of the adverse impacts of climate change.

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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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



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Climate Change Adaptation Project Caselette # 2

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Remedios T. Romualdez/LGU:

Using political will to better serve constituents; protecting farmers and their families through insurance; integrating non-financial services for greater impact; employing group solidarity approach as collateral substitutes and building partnerships for capacity & resource sharing



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IT IS A CASE of simply doing what is good for the constituents. This in gist leads the Municipality of Remedios T. Romualdez (RTR), a flood-prone farming town in Agusan del Norte into a de facto pioneer in doing climate change adaptation among local government units in the country.

It is, says Engr. Raymundo Guellos, the Municipal Planning and Development Coordinator, actually a convergence of actions aimed at improving the farming environment to ensure that farmers earn better. "It helped that we have a team composed of mostly young, aggressive members at the Municipal Agriculture Office (MAO)," Guellos points on how was the policy initiative complemented at the operational level.

It is, adds the personnel of the Municipal Agriculture Office (MAO) led my Nenita Campo (Municipal Agriculturist), also the falling into place of all ingredients, the right personnel, facilities and opportunity presenting itself, which started the series of initiatives into what has now been adopted as climate change adaptation good practice replicated in two other towns in the province of Agusan del Norte.

This package of initiatives is implemented through the RTR's Sustainable Organic Farming Technology Systems (SOFTS), a system packed with services designed to address the concern for sustained productivity of the rice lands and to provide funding source for the farmers, an alternative to that from traders.

This loan facility already started in RTR gave inspiration to the local government unit (LGU) loan facility, one of the three models developed and tested under the Climate Change Adaptation Project, a demonstration project in Agusan del Norte.

Implemented by the International Labour Organization (ILO), a specialized agency of the United Nations with the Department of Labor and Employment (DOLE), Department of Trade and Industry (DTI) in collaboration with the provincial government of Agusan del Norte, CCAP has RTR as one of its priority municipalities. RTR'S INITIATIVE – promoting organic farming and using innovative financing scheme to support it –in a way started in 1993 when the municipal council passed Municipal Ordinance 101 "Prohibiting the Burning of Rice Straws within the Rice Fields of Remedios to Romualdez, Agusan del Norte".

The situation then was that most of the farmers in the locality were using inorganic pesticides and fertilizers such that soil tests have been showing increasing acidity. The burning of rice straws added to this negative effect- sucking the economic lifeblood of the municipality.

While not strictly observed, the ordinance set the tone of the municipality's stand on the environmental issues and agricultural practice in the locality. The spirit of Ordinance 101 was later incorporated in the Comprehensive Land Use Plan (CLUP) which called for the municipality, as a policy, to encourage farmers to use organic fertilizer to sustain the productivity of the municipality's farmlands. The same call was echoed in the municipality's Comprehensive Development Plan and in its Executive-Legislative Agenda.

The above policies were instituted in the face of farmers finding ways to cope with rising prices of inorganic inputs and very expen-



sive credit. The usurious "5/6", a lending scheme available in the market that charges roughly 20% per month was too much for farmers to afford but they have no recourse having no alternative means of financing.

This and the menace of weather disturbances brought about by climate change made it doubly hard for the farmers to improve their lot. Municipal figures show that at that time up to 70% of the households in this town live below poverty threshold income level of Php11,000 a month.

The above backdrop brought into being the Sustainable Organic Farming Technology Systems (SOFTS). "While we were mindful of the environmental relevance of our policies and actions, foremost in our minds was to help raise the income and earning capacity of the farmers", says Guellos of the municipal officials as they plotted SOFTS.

"Climate change adaptation is far from our minds then," adds Guellos on the term that has now become a buzzword because of recent damages seen to have been caused by it. "We were barely aware that what we were doing was already following the track of making our community resilient to climate change", he says.

One factor that led to the decision to embark on promoting organic farming and engage in organic fertilizer production later was the fact that the MAO happened to have a personnel – Agricultural Technologist Tijani B. Auxtero – with extensive training (local and foreign) on organic fertilizer production. Auxtero used to work with the RTR field office of Philippine Rice Research Institute.

The RTR Organic Fertilizer Mass Production Plant was finally set up in 2008. The plant has since then been producing between 3,500 to 4,500 bags of organic fertilizer every cropping season. In the course of the CCAP, DOLE-Caraga was able to provide augmentation funds for the organic fertilizer production in the amount of P450,000.

RTR's leadership then saw that along with the environmental ben-

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efits, organic farming could lower production cost, increase the productivity of the land and ultimately, raise the income of farmers. With these assumptions in mind, the program has set zero chemical usage in at least 75 percent of its agricultural area and lower farming cost to within 60% of their current expenses by 2015 as among its objectives.

Although the program has a long precedence of environmental policy considerations, this anti-poverty endeavor actually came also as a direct response to the need for a marketing strategy to put more value to its rice, the product that the municipality has tossed up as the municipality's "one product" under the One Town One Product (OTOP) program of DTI.

In keeping with the thrust of making the program as a collaborative endeavor between the government and the rural based organizations (RBO), the LGU also provided capability building support to the latter, including facilitating the registration of the Municipal Agri-Fishery Council (MAFC), Barangay Farmers Associations, Rural Improvement Clubs, 4-H Clubs, Irrigators Associations and others with the Department of Labor and Employment. The LGU likewise forged partnerships with the Department of Agriculture, the Agricultural Training Institute for its Farmers' Field School, the National Integrated Pest Management Programme, the National Irrigation Administration and PhilRice.

Another key strategy thought out to ensure that the farmers would adopt organic farming was to "incentivize" its adoption with a bundle of support services, extending production loan among them.

What came out as a RTR's package was:

1. It is not a dole-out. The assistance comes in the form of loan with 5 percent interest per cropping or 0.83 interest rate per month in a six-month season
2. The assistance comes bundled with relevant training and other services coming from national agencies as part of the assistance in the conduct of the "Farmers Field School"
3. Support to farmers in ensuring access to affordable and readily available farm inputs
4. Assistance in taking out crop insurance
5. Loan assistance to farmers who may engage in alternative livelihood activities, with initial focus on swine production and vegetable farming

To be able to deliver the bundled services effectively, the LGU sent its MAO personnel to appropriate trainings at national and international levels. Among the trainings they attended before and during the course of the implementation were on rice production, organic agriculture, vermin-culture, vermin-composting and on micro-credit.

To secure the farmers' investment, all those availing of loan from the facility have been required to take out crop insurance. This, including the credit life insurance is obtained from the Philippine Crop Insurance Corporation (PCIC).

Although not part of the bundle of services, the "neighborhood dayong", a mutual assistance system that is equivalent to personal insurance to the farmers was reinforced as "the way to help each other" during medical emergencies and deaths. Around 90 percent of the farmers in the municipality belong to a dayong.

The facility is treated operationally as a business entity. It is implemented with political will and a staunch resolved to risk even the popularity of officials in the polls by collecting from the farmers to the extent of calling on the police in the process. The program also disallows subsequent loans to all farmers in a barangay where there is one member who has defaulted payment.

The farmers could also readily see where the interests of the fund collected from them are going. The interest income that is equivalent to Php625 per hectare per cropping is the sum being utilized for the training and other services bundled with the financial facility.

THE CCAP'S ENTRY has placed RTR's initiatives into proper climate change adaptation perspective.

As part of the process, the municipality underwent climate change vulnerability and adaptation assessment. Rice as its major crop was subjected to value chain mapping & analysis to properly set the required interventions. Aside from the agencies already working with RTR LGU in the project, the provincial government was also formally brought into the picture as among the key players.

The CCAP also put up Php750,000 into the facility's fund, this time established as the "Climate Change Adaptation Fund" through Sangguniang Bayan Resolution and an accompanying Implementing Rules and Guidelines. This was matched by the LGU

