

A Case on a Farming Household's Adaptation to Floods

payment of 60 kilos of palay for every P1,000.00 pesos loan or 10 sacks for a P10,000.00 loan.

"I am also free to market my own produce," Alejandro shares. He said he sold his harvest wherever the price is high - a thing he could not do if tied to loans from traders.

"I really feel lucky being with ISAPA Plus," Tutor says. He also shared that the PBC development officers really see to it that the borrowers make good on their loans by closely monitoring their progress and providing assistance when needed especially for concerns relating to production. "I heard that in the last cycle some borrowers were having problems because they were tilling corn. While I and other rice farmers were happy because of the rains, the corn farmers felt difficulties," he explains the weather preferences of the rice and corn farmers. "When the weather is hot, it is their turn to be happy," he adds.

He said he is confident, the PBC's financial package will allow the corn farmers to recover by renewing their loans and at the same time allowing them fresh capital for their next cropping.

For his part, because of his good harvest he was able to pay in full his P30,000.00 loan and at the same time raise some amount to finance part of his 2nd cropping and deposit additional savings. He said he will be borrowing only P20,000.00 for the next cropping. And like what he did during the 1st cycle, he will focus on his production and make sure that whatever he borrows will be spent for farm inputs.

Asked when he sees himself not borrowing anymore, he turned pensive but was quick and sure in his response: "My farm is unlike that of RTR rice farms (those not in flood-prone areas and are fully irrigated). There, the people with certainty go on two to three croppings year in and year out. Here, when the lake swells because of continuous rains, water lilies take over my farm. Even if the previous harvest was good, you will need money just to clean up the mess. But even if we are always confronted with this situation, we will try our best to adapt, use the technology we acquired and access formal credit and other services made available for us thru the CCAP. Maybe not now... but very soon we could see ourselves no longer borrowing or if we still borrow, the amount would just be minimal."

To Alejandro and other PBC farmer-borrowers, the financial package is an assurance that should he err in his planting preparation in terms of timing or should there be an unanticipated calamity or bigger floods for that matter that will affect his production adversely - there is a standby help to allow him to try again, and therefore a hope to bounce back and go back to his farm.



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



International
Labour
Organization

*Climate Change Adaptation Project
Caselette # 7*

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Rural bank borrower's story of access to formal credit, insurance protection, non-financial services & savings facility in support to crop production activities and income diversification efforts

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Alejandro and Lucia Tutor's makeshift house cum "sari-sari" (small convenience) store is among a few structures lining the edge of the road of Purok 1, Barangay Magsaysay in the town of Jabonga, Agusan del Norte.

"This is the best place we can think of after our third house got washed away by the flood in March of last year," Alejandro says.

The structure indeed lies on a ground higher than their original place of residence some 50 meters away. More importantly, it is not along the path of flood water which, he says normally comes from the (Barangay) Bangonay portion of the Kalinawan River that overflows during continuous rain. The river is basically a water "highway" that connects two big bodies of water, the Lake Mainit (country's -4th largest lake), and the Butuan Bay. It typically empties into one on one hand, and feeds on the other.

Alejandro says he has been preparing and procuring the materials to build what would be their 5th house. "The municipal government has reminded us that this is not a safe place as well," he says. For indeed, even if the road in front of their existing house has no heavy traffic, living literally at the edge of the highway is a constant threat—a threat of possible accidents, noise, air pollution and the like. But so is flooding. "The same flood which washed away our previous homes also damaged our rice farm," he shares. With the latter, he added, he needed to make adjustments. "I cannot transfer my farm because in the first place it is not mine. I am just renting but because the soil there is very rich which would not need much fertilizer, I do not want to move in to other areas. So I simply adjusted my planting schedule."

Alejandro now 58 years old tills a two-hectare rice farm located some 100 meters away from the lake. He pays one-fifth of his produce to the land owner as rent. He said that the farm is part of a large landholding also tenanted by his father ever since he was a child. It has since changed ownership, but the current owner is kind enough to allow him and his siblings to continue tilling some portions of the land.

The constant risks of flooding and damage to their farm prompted her wife to go into a more "steady" small retailing business. She was able to join the People's Bank of Caraga (PBC) microenterprise loan assistance program and luckily has now become eligible for a twenty thousand peso (P20,000.00) loan because of her good track record.

Earnings from his wife's micro business according to him helped augment their family income. Alejandro said he does his part in augmenting their income by fishing in the lake or by brokering sales

of pork and beef.

PBC's new financial package implemented under the Climate Change Adaptation Project and directed at husbands of member housewives allowed him to be able to till his farm when he is supposed to. "I have been getting my crop production needs from our own income. Sometimes planting has to be delayed because of the weather. When we would be able to plant already, sometimes money would no longer be available or has been used up for other household needs, so it is either I decide not to plant anymore or just plant a small portion of the farm," Alejandro explains.

The financial package referred to is PBC's Isa-isa, Sama-Samang



Pag-unlad (ISAPA) Plus developed and tested by the Climate Change Adaptation demonstration Project (CCAP) in the province of Agusan del Norte.

The demo project, "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. This is under Outcome 3 of the Spanish government-funded Millennium Development Goal Achievement Fund (MDG-F 1656) UN-GOP Joint Programme on "Strengthening the Philippines' Institutional Capacity to Adapt to Climate Change."

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Conforming to the package designed and agreed upon in partnership with ILO under CCAP, PBC targets farmers in areas vulner-

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able or prone to climatic hazards as its preferred clients. In addition, the actual targets for the crop production loan package are the farmer husbands of women who are already their clients under ISAPA. Thus, the word PLUS is added to ISAPA, signifying the additional support (financial and non-financial) to the family under the CCAP rural bank model.

As required of all PBC borrowers, Alejandro complied with the following requirements:

1. Membership in a barangay center/cluster and willingness to abide by the rules of a modified "Grameen" model of joint liability/responsibility/ commitment either by groups of five and active participation in group meetings and activities
2. Submission of business plan budget to be endorsed by the either the municipal agriculturist, agricultural technician (for crop loan) or the counselor of the Department of Trade and Industry (for microenterprise loan)
3. Attendance to all social preparation activities and input briefings
4. Attendance to weekly meetings

Other added features of the ISAPA-PLUS package undergone by Alejandro are the following:

- Briefings on –
1. Simplified Financial Literacy, Financial and Business Management
 2. Climate Change
 3. Organic farming (in addition to attendance to the LGU's Farmers' Field School)
 4. Value Chain
 5. Leadership Training

The crop production loan supports rice and corn farmers. Loanable amount is based on farm plan and budget but contingent on whether the farmer is 1st cycle or repeat borrower and ranges from Php3,000 to Php15,000 per hectare up to a maximum of five (5) hectares. The interest rate is 2.3% per month, computed based on diminishing balance. Processing fee is 4%. Processing time is within one day upon submission of complete documents. The same increasing levels of loan amounts are allowed for the women in the farming household for their microenterprise or alternative livelihood. Enrolment in crop insurance is a must, either under the Philippine Crop Insurance Corporation (PCIC) traditional indemnity-based insurance package or through the Weather Index-Based

Insurance (WIBI) also developed by the Climate Change Adaptation Project (CCAP).

Alejandro was able to secure a P30,000.00 loan for his two-hectare rice farm getting the maximum amount of P15, 000.00 per hectare on his first try. He said it was his wife's good track record that clinched it plus the fact that the test run was really for farmers of his kind (those who are tilling lands in vulnerable areas, but are willing to make some acceptable adaptation measures to ensure good harvest.)

"I was able to harvest 150 sacks of palay for the May to October season," he says. This is 25% more than the 120 sacks he harvested in the previous season as he indicated in his baseline profile. He admitted being unable to attend the Farmer's Field School religiously because he could not afford to be away from the farm and his other sources of income. He also reasoned that he has been farming all his life so it is just a matter of additional knowledge. This, he said he got from the PBC cluster meetings he regularly attends with four (4) other farmers from his area.

He however, was able to attend the required briefings on financial management, climate change and organic farming where he said he learned budgeting, changes in weather condition and the advantage of using organic fertilizer, respectively. He also participated in the briefings conducted by the Philippine Crop Insurance Corporation (PCIC) and enrolled in its traditional package.



He shared that fortunately, his farm lot does not require much fertilizers because he observed and experienced that flooding from the lake actually enriches the soil.

He said he found the financial package very responsive to his needs. The interest rate he said is a huge improvement from the usual practice of "tikap" in the area where private lenders and traders require