

A Case on a Farming Household's Access to Insurance, Financing and Other Support Services

November 2011 when some farmers were giving their testimonies and the FSPs were challenging the farmers to value the support services and make good on their loans to be able to one day be financially strong enough not to borrow anymore. She said she remembered how her mother, ever since they were young until they grew old, continually depended on borrowing to make ends meet because of losses from farming and damages caused by the unpredictable weather.

With the trainings, briefings and the integrated package of financing and insurance and the savings scheme she now has with BCMPC as a full-fledged cooperative member, she said she may still want to cry but this time only because of gratitude and joy.



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 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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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 # 8*

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Buenavista farm household'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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Despite farming for most of their lives as a couple and as members of their respective farming households and growing up trying to do better in every cropping, Myrna Maisog and her husband Lucio have never tried getting crop insurance for their rice farm. "Wala gyud mi kasayud unsa na mam, (We really do not know what it is)," Myrna says.

Myrna and her family live in Barangay Alubijid, Buenavista, a municipality in the province of Agusan del Norte.



Their family home is bordered by the national highway at the front and their two-hectare rice farm at the back.

Like most farms in Alubijid, an area generally lower than the national road, their farm also get flooded twice a year mostly due to run-off water from the highway and from a small stream situated some 500 meters from their home.

The crop insurance thing was neither understood nor accessed until they became members of the Baug CARP Beneficiaries Multipurpose Cooperative (BCMPC) in April 2011. They finally got introduced to crop insurance, enrolled and actually received a pay-out for breach of the low rainfall index. The insurance package referred to is the Weather Index-Based Insurance (WIBI) which was developed and tested as part of the innovative integrated financial package for crop production and alternative livelihood under the Climate Change Adaptation Project (CCAP) in Agusan del Norte. CCAP, the demonstration project named "Climate Resilient Farming Communities in Agusan del Norte

Through Risk Transfer Mechanisms" is one of five climate change adaptation demonstration projects in the country and the only one in Mindanao 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 CCAP developed and tested the WIBI - an insurance scheme in which the payout is based on agreed-weather indices and not on the actual damages suffered by the crops. Developed and implemented with the Philippine Crop Insurance Corporation (PCIC) and other key partners such as DOST-Caraga, DOST-PAGASA, DA-Caraga, LGU-Buenavista, LGU- R.T. Romualdez, financial service providers (FSPs) - BCMPC and Peoples' Bank of Caraga and Farmers' Groups, the WIBI Package consists of five products responding to risks to low and excess rainfall for rain-fed rice, excess rainfall for areas for irrigated rice and low and excess rainfall for corn.

Farmers in Buenavista, like Myrna, who comprised 36% (56/154) of WIBI enrollees under the pilot run were covered for low and excess rainfall.

Philippine Crop Insurance Corporation
REPORT ON WEATHER INDEX-BASED INSURANCED -COVERAGE/
ENROLLMENT (CCAP Test-Run)

Rice Crop

Province of Agusan del Norte

Wet Season: July to October

Pilot Municipality	Lender/ Aggregator	Type of Cover	No. of Farmers	Area (Has)	Amount of Cover (P M)
Buenavista	BCMPC	Excess Rainfall & Low Rainfall	4	4	0.099
	LGU Buenavista		52	50	1.234
R.T. Romualdez	LGU R.T. Romualdez	Excess Rainfall	98	113	2.712
TOTAL			154	167	4.045

The Baug CBMPC, CCAP partner financial service provider for the

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coop model of the Integrated Financial Package, did an orientation/financial literacy in Barangay Alubijid, one of five barangays in Buenavista which were identified the most vulnerable and therefore selected as test-run areas. It was during this orientation that Myrna came to know of the assistance package.

She became one of 26 BCMPC borrowers in Buenavista (among the 112 total for the coop model test run), and one of only four who were into rice crop production. The other farmers availed of loans for alternative livelihood projects.

Previously, Myrna had sourced funds for farm needs from a local trader who charged P300.00 interest for every P1,000.00 loan for a term of four to five months (about 6 to 7% per month interest rate).

Because of this high interest, she and her husband had kept their borrowing technique to only a portion of their requirements, using proceeds or sale from their other farming activities to fund other needs, thus unable to maximize productivity of their rice farm.



These other farming activities include planting coconut trees & banana, hog fattening (two heads at a time) and fattening of cattle for other farmers. Myrna shared that this mix of income sources has allowed her and her husband to feed, clothe and educate their nine children all these years. Presently though, only four of her children remain in the family home, while the others work and live in other places with their own families.

With her membership in BCMPC, Myrna was able to access P15,000.00 crop production loan at only 1% interest per month. She was also able to enrol under WIBI and avail of the bundled non-financial services including seminars on farming technology through the Farmers' Field School from the Municipal Agriculture's Office (MAO), simplified financial literacy which covered farm financing and family budgeting briefing, orientation on climate change and the weather index-based insurance literacy.



Myrna said she and her husband alternately joined these seminars and then shared the learnings at home with their children.

"I have told my neighbours to also avail of the assistance package and to visit the MAO. I told them even if they will not avail of any loan, they can still enroll under the WIBI," Myrna volunteers that she has answered several inquiries from other farmers in the area especially after knowing that she got a pay-out when her area experienced drought last August at the tillering stage. The pay-out, amounting to P13,000.00 allowed her to take care of the farm after the dry spell which struck when the rice crop was about to bear fruit, while she saved the rest for the inputs for the next cropping season.

The pay-out she said was "a big help."

When the dry spell happened, Myrna said she and her family just prayed for rain. Their farm is not irrigated and the nearest source of water is the upland creek, the water of which was already "dammed" by the other farms nearer to it.

That dry spell eventually caused her harvest to fall by 40%. From her usual harvest of 100 to 105 sacks per hectare (50kg/sack), the yield for that particular cropping posted down to only 60 sacks per hectare.

She said she is enrolling again under the WIBI for the next cropping season. With the WIBI, she is also more confident to face not only drought but also their perennial problem of flooding due to heavy rains.

"The WIBI enrolment will be an added preparation for us, getting us ready for anything - much more than the "ginger bags"(referring to the bagged soil which she plants ginger on and lines up along the areas where the water usually passes through during floods in their yard) - in addition to our prayers."

She also said she is more hopeful these days.

She shared that she cried during the WIBI Cycle I Graduation last