

Field Validation of the Calamity Program of DA-ACPC

1. Background

In response to Memorandum Circular No. 59 dated 26 November 2013 of President Aquino, the Agricultural Credit Policy Council (ACPC) Governing Council approved the program entitled “Financing Assistance to Small Farmers and Fisherfolk Affected by Calamities” with an initial funding of P100 million. The program was envisioned to immediately respond to the financing needs of small farmers and fisherfolk in affected areas specifically in the provinces of Leyte, Southern Leyte, Samar, Iloilo, Capiz and Aklan.

The main objective of the program is to support the government’s early recovery program that will help agricultural households in calamity affected areas regain their capacity to earn a living. Thus, it aims to provide immediate relief to small farmers and fisherfolk and their households for the rehabilitation of their farms and livelihood and help them recover the losses that resulted from the natural calamities. Specifically, the program includes provinces declared by the Department of Agriculture to have considerable damages in agriculture due to natural calamities. The eligible conduits are partner institutions currently accredited and/or participating under any of the existing DA/ACPC credit and financing programs, namely, Cooperative Banks Agricultural Lending Program (CBAP), Agricultural Microfinance Program (AMP), Agricultural Guarantee Fund Pool (AGFP), Agrarian Production Credit Program (APCP) and other credit /financing programs that have been approved by the ACPC Governing Council.

As of December 2014, eight (8) financial institutions (partners of ACPC) served as conduit for the disbursement of P87 million to the affected beneficiaries of Typhoon Yolanda.

The major objectives of the report are to:

- a. determine if the end borrowers are actually small farmers/fisherfolk and which projects the loan were used;
- b. determine compliance of conduits with the program implementing guidelines;
- c. identify the actual damage incurred by the small farmers and fisherfolk; and
- d. verify the implementation of the moratorium.

2. Scope and Methodology

Field validations of the reports submitted by the partner conduits were conducted in 2014. A structured questionnaire was used in collecting data and information about the end-borrowers. These include, among others, demographic profile, actual damages due to typhoon (in terms of crop loss and incomes), and loan details. The parameters stipulated in the program framework like eligibility of sub-borrowers, loan usage, loan adequacy, interest rates charged by the partner conduit, and maturity of the loan were collected during the interviews. For 2014, a total of 127 respondents were randomly selected for the interview. Four (4) conduits

namely, Metro Ormoc Community MPC, Capiz Settlers Cooperative Rural Bank, Coopbank of Southern Leyte and Integrated Barangays of Numancia MPC were the sample conduits for this report.

3. Results and Findings

3.1 Fund Utilization and Number of Beneficiaries

As of December 2014 ACPC downloaded P87 Million to 8 conduits which benefitted 3,600 beneficiaries affected by typhoon Yolanda. Metro Ormoc Community MPC and Leon Small Coconut Farmers of Iloilo disbursed P20 million to 461 and 884 small farmers and fisherfolk, respectively. Three (3) conduits disbursed P10 million each while the lowest was disbursed by Integrated Barangays of Numancia MPC (Aklan) with P2.0 million. Fatima Multi-purpose Cooperative had the highest number of beneficiaries (27%) followed by Leon Small Coconut Farmers MPC (25%), Metro Ormoc Community MPC (13%), Omaganhan Multi-purpose, Rural Bank of Dulag Capiz, Capiz Settlers Cooperative Rural Bank and Integrated Barangays of Numancia MPC with 8%, 4% and 3% total number of beneficiaries, respectively.

Table 1. Distribution of Sample Respondents (By Fund Utilization as of December 2014)

Name of Partner Institutions	No. of beneficiaries	% Share	Amount	% Share
Integrated Barangays of Numancia MPC	120	3	2,000,000	2
Capiz Settlers Cooperative Rural Bank	139	4	5,000,000	6
Metro Ormoc Community MPC	461	13	20,000,000	23
Coopbank of Southern Leyte	597	17	10,000,000	11
Leon Small Coconut Farmers MPC	884	25	20,000,000	23
Rural Bank of Dulag	164	5	10,000,000	11
Fatima Multi-purpose Cooperative	961	27	10,000,000	11
Omaganhan Multi-purpose Cooperative	274	8	10,000,000	11
Grand Total	3,600	100	87,000,000	100

3.2 Socio-Economic Profile of the Respondents

The respondents are clients of conduits who have an outstanding loan with the bank. In terms of gender, the female respondents are mostly female (68%) while 32% are male. One reason Although women earn less money than men, they appear to manage their credit better, make better use of small loans than men and have a better track record when it comes to loan repayment according to studies.. Thus, more women have accessed these services from the FIs. Meanwhile, the average age of the respondents is 47 years old and majority (26%) of them come from 40 – 49 years of age group (Table 3).

Table 2. Distribution of Sample Respondents (By Gender)					
Name of Financial Institution	Male	% share	Female	% share	Total
Integrated Barangays of Numancia MPC	9	21	33	79	42
Capiz Settlers Cooperative Rural Bank	12	40	18	60	30
Metro Ormoc Community MPC	18	60	12	40	30
Coopbank of Southern Leyte	2	8	23	92	25
Grand Total	41	32	86	68	127
% Share	32		68		100

Table 2. Distribution of Sample Respondents (By Age Group)												
Name of Financial Institution	Age Group										Total	Ave.
	20 - 29	% share	30 - 39	% share	40 - 49	% share	50 - 59	% share	60 and above	% share		
IBON MPC	1	2	5	12	6	14	11	26	19	45	42	56
CSCRB	0	-	7	23	9	30	11	37	3	10	30	47
OCCI	3	10	15	50	7	23	3	10	2	7	30	40
CBSL	1	4	5	20	11	44	6	24	2	8	25	46
Total	5	4	32	25	33	26	31	24	26	20	127	47

3.3 Number of Working Household Members

In terms of working household size, majority (53%) of the total respondents fall under the category of 2 member working (Table 4). 34% of them have 1 working member in the household and 10% for 3 working household and last is 3% for 4 working household and above with 2 working household average. IBON MPC contributed 62% highest percentage in category of 2 working household while OCCI got 20% highest percentage in the category of 3 working household and CSCRB 47% highest percentage in the category of 1 working household.

Table 4. Distribution of Sample Respondents (By number of working household members)										
Financial Institution	Number of working household member								Total	Ave. no. of working HH
	1	% share	2	% share	3	% share	4 and up	% share		
IBON MPC	13	31	26	62	3	7	-	-	42	2
CSCRB	14	47	9	30	3	10	4	13	30	2
OCCI	9	30	15	50	6	20	-	-	30	2
CBSL	7	28	17	68	1	4	-	-	25	2
Total	43	34	67	53	13	10	4	3	127	

3.4 Main Source of Income

Table 5 shows that 50 % of the total respondents indicated crop production as their main source of income which is followed by employment (27%), livestock (15%) , fisheries and vending (7% each) and the lowest is laborer/driver(2%). In crop production IBON MPC contributed the highest share (71%) , while in livestock, CBSL got the highest (40%)and in fisheries CSCRb contributed the highest (10%).

Table 5. Distribution of Sample Respondents (By Main Source of Income

Financial Institution	Number and % share												Total
	Crop production	%	Livestock	%	Fisheries	%	Laborer/Driver	%	Vending/Trading	%	Employment	%	
IBON	30	71	6	14	2	5	0	-	2	5	2	5	42
CSCRb	16	53	1	3	3	10	0	-	2	7	8	27	30
OCCI	7	23	2	7	0	-	0	-	5	17	16	53	30
CBSL	10	40	10	40	2	8	2	8	0	-	1	4	25
Total	63	50	19	15	7	6	2	2	9	7	27	21	127

3.5 Other Sources of Income

In terms of Other Sources of Income, it is worth mentioning here that respondents have multiple responses, meaning they have more than one job aside from the main source of income. Table 6 shows that sample respondents derived their other source of household income from crop production, livestock, fisheries and non-agri activities like services (laborer/driver), employment, vending and trading. OCCI had the highest number of respondents having multiple sources followed by CBSL, IBON and CSCRb.

Table 6. Distribution of Sample Respondents (By Other Source of Income

Financial Institution	Other Source of Income												
	Crop production	%	Livestock	%	Fisheries	%	Laborer/Driver	%	Vending Trading	%	Employment	%	Total
IBON	2	5	11	29		-	15	39	5	13	5	13	38
CSCRb	10	28	7	19	4	11	5	14	5	14	5	14	36
OCCI	13	25	12	24	1	2	5	10	12	24	8	16	51
CBSL	17	44	3	8	0	-	6	15	2	5	11	28	39
Total	42	26	33	20	5	3	31	19	24	15	29	18	164

Note: Some of the respondent had multiple other source of income.

3.6 Validation Parameters

3.6.1 Size of Farm Affected by Calamity

Farm areas of respondents affected by typhoon yolanda 51% range 0 .6ha – 1ha, 24% respondents have range 1.1ha – 2ha, range below .5ha is 7% and range 2.1ha – 3ha 6% and the lowest range 3.1ha to 4ha is 4% to the total respondent. Mostly the crop planted are rice, vegetables, coconut and banana (Table 7.) The average hectare affected by typhoon Yolanda is 1.1 hectares per respondent. It observed that IBON MPC contributed the most number of respondent that till the land with the area ranging from 0.6 – 1ha. (72%). It is understandable that most of the borrowers of the IBON MPC are rice farmers and the date of the typhoon struck coincided with the time of harvesting of palay

Table 7. Distribution of Sample Respondents (By Size of Farm affected by calamity)

Financial Institution	Size of Farm										Total	Ave
	.5 and below	% share	.6 to 1 ha	% share	1.1 to 2 ha,	% share	2.1 to 3.0 ha.	% share	3.1 to 4.0 ha	% share		
IBON	2	8%	18	72%	4	16%	1	4%	0	-	25	0.9
CSCRB	2	15%	5	38%	4	31%	2	15%	0	-	13	1.4
OCCI	1	20%	2	40%	1	20%	0	-	1	20%	5	1.6
CBSL	2	33%	0	-	3	50%	0	-	1	17%	6	0.4
Total	7	14%	25	51	12	24%	3	6	2	4	49	1.1

3.6.2 Actual Crop Damaged

Table 9 shows that out of 127 respondents interviewed, only 106 reported crop damage. Those that did not encounter any crop damaged indicated that their crops have been harvested prior to typhoon occurrence. The total crop damage was highest at CSCRB with Php 1.66 M followed by IBON with Php 1.6 M. The average crop damage was reported to be highest from borrowers of CSCRB (Php 66,510) followed by OCCI with Php 49,235, IBON (Php38,010) and CBSL(Php12,237). Damage was least at CBSL since area tilled by respondents in the area was only 0.4 ha on the average per respondent (see Table 7).

Table 9. Distribution of Sample Respondents (By Actual crop damaged of beneficiaries)

Financial Institution	Actual crop damaged				
	No. of reporting	% share	Amount of Crop Damaged	% share	Average Amount of Crop Damage
IBON	42	40%	1,596,400	36%	38,010
CSCRB	25	24%	1,662,750	37%	66,510
OCCI	20	19%	984,700	22%	49,235
CBSL	19	18%	233,290	5%	12,278
Total	106	100%	4,477,140	100%	42,237

3.6.3 Number of Borrower Given Moratorium

Part of the guidelines of the program is the moratorium to be given to the borrowers of the conduit. This involves a longer period to pay their loans outstanding plus a fresh loan in the amount of 50% of the outstanding loan payable at most for a period of three (3) years.

Two financial institutions reported that they provided moratorium to their borrowers, namely, Integrated Barangays of Numancia MPC (IBON) and the Capiz Settlers Cooperative Rural Bank (CSCRB) with 95% and 27%, of respondents, respectively. The moratorium was availed due to presence of small business, land title, and/or salary and that the conduits mentioned have assurance that borrowers will be able to pay their loan even on a staggered basis. However, borrower-respondents from CSCRB (73%) and IBON (5%) did not avail of the moratorium for the reason that most of the borrowers of the former have fully paid their loan when the typhoon struck while others were not aware of the moratorium available (Table 10). Respondents from Leyte (OCCI and CBSL) did not avail of this program facility.

Table 10. Distribution of Sample Respondents (By No. of borrower given moratorium)

Financial Institution	Number and % share of respondents who availed of moratorium				
	Yes	% Share	No	% Share	Total Reporting
IBON	40	95%	2	5%	42
CSCRB	8	27%	22	73%	30
OCCI	N/A		N/A		
CBSL	N/A		N/A		
Total	48	67	24	33	72

3.6.4 Amount of Loans Granted

Tables 11a and 11b show that the amount of loans granted ranges from less than Php 5,000 to more than Php 50,000. The highest average loan of Php 72,333 was recorded in OCCI since the respondents had the highest crop damage and highest average area affected, 1.57ha (Table 7). This was followed by borrowers from Capiz Settlers (Php 38,600), IBON (Php14,952). The lowest average loan amount was observed in Cooperative Bank of Southern Leyte (Php 10,500). Overall, the loan average per borrower was Php 34,096.

About 32% of the total respondents obtained loans of Php 5,001 – 10,000, while 17% obtained loans ranging from 10,001- 20,000.

Table11a. Distribution of Sample Respondents (By Amount of Loans Granted for Calamity loan)

Financial Institutions	Calamity Loan Amount and % share							
	less 5000	%share	5001 - 10000	% share	10001 - 20000	% share	20001- 30000	% share
IBON	11	26	14	33	10	24	3	7
CSCRB	0	-	0	-	5	17	11	37
OCCI	0	-	0	-	4	13	2	7
CBSL	1	4	22	88	2	8	0	-
Total	12	9%	41	32%	21	17%	16	13%

Table11b. Distribution of Sample Respondents (By Amount of Loans Granted for Calamity loan) continuation.

Financial Institutions	Size of Farm and % share							
	30001 - 40000	% share	40001 - 50000	% share	more than 50001	% share	TOTAL	Average
IBON	1	2	2.0	5	1	2	42	14,952
CSCRB	2	7	9.0	30	3	10	30	38,600
OCCI	4	13	7.0	23	13	43	30	72,333
CBSL	0	-	-	-	0	-	25	10,500
Total	7	6%	18.0	14%	17	13%	127	34,096

3.6.5 Loan Purpose

Table 12 shows the distribution of loan purpose of borrowers from participating conduits. It is interesting to note that 76% of borrowers used the loan for crop production. Borrowers from CBSL comprised the highest (100%) followed by those from OCCI (90%). The rest of borrowers used the loan for fisheries (9%), Livestock (9%) and 7% did not use loan for income generating activity; instead, they used their loan for renovation of their damaged house and for previous debt payment.

Table 1 2. Distribution of Sample Respondents (By Loan Purpose)

Financial Institutions	Number and % share by Loan Purpose								
	Crop Production (No.)	% share	Livestock (No.)	% share	Fishery (No.)	% share	Did not use loan for income generating activity (No.)	% share	Total
IBON MPC	25	60%	7	17%	2	5%	8	19%	42
CSCRB	19	63%	3	10%	7	23%	1	3%	30
OCCI	27	90%	2	7%	1	3%	0	-	30
CBSL	25	100%	0	-	0	-	0	-	25
Total	96	76%	12	9%	10	8%	9	7%	127

3.6.6 Loan Adequacy

Out of 127 respondents interviewed 67% of respondents were satisfied of their loan amount while 33% answered no for the following reasons 1) high cost of inputs; 2) only half (or less of amount needed was loaned; 3) needed to use part of the loan for other purpose; 4) paid to loan; and 5) needed higher amount for the rehabilitation of the project.

Table 13. Distribution of Sample Respondents (By Loan amount adequate)

Financial Institutions	Is Loan Adequate?					
	No. of respondent	% share	Yes	% share	No	% share
IBON	42	33	22	52	20	48
CSCRB	30	24	16	53	14	47
OCCI	30	24	22	73	8	27
CBSL	25	20	25	100	0	-
Total	127	100	85	67	42	33

4. Problems Encountered and Respondents' Suggestions

All of the respondents did not encounter problems in availing loans from the Financial Institution (FI). Aside from the calamity experienced, the usual problem of farmers included only pests and diseases of plants, the reasons why they were not be able to pay their loan on time. In general, majority of the respondents are satisfied with the program and suggested to continue implementation of this program, but with higher loan ceiling and also provide windows for loan to livelihood projects.

5. Summary, Conclusion and Recommendations

The conduits currently accredited and participating under existing DA/ACPC credit and financing programs like Cooperative Bank Agri-Lending Program (CBAP) and Agricultural Guarantee Fund Pool (AGFP) were identified eligible to be the partners in disbursing the calamity assistance loan.

As of end December 2014, eight (8) conduits have disbursed P87 million to 3,600 small farmers and fisherfolk in the provinces of Leyte, Iloilo, Capiz and Aklan.

Based on program guidelines, the conduit shall disburse the calamity assistance loan to eligible borrowers at zero interest and may charge service fee but not to exceed 5% per annum with maturity period of not more than 3 years determined by the conduit depending on the gestation of the project financed. Likewise, the amount of loan per borrower shall not be more than fifty (50%) of the client's previous loan with the eligible conduits.

Based on the responses of interviews of respondents, the absence of outstanding loan was the basis of getting a loan since some of them were granted 50% loan amount of their previous loan although already paid. This is the main reason why request for moratorium was not followed notwithstanding some respondents also are unaware about the moratorium the program is offering

Validation results showed 100% compliance to the program guidelines by the service conduits, that is, zero interest and service charge not exceeding 5% and with a maturity period of three (3) years.

Two conduits offered moratorium to borrower-respondents through loan restructuring and given free will the manner of paying their outstanding loan. Accordingly, the borrower-respondents believe they can recover losses from the typhoon easily.

The assistance provided by this program, particularly to the cooperative partners helped improve the image of both the DA and the cooperative. The financial institutions, on the other hand, are very grateful to ACPC the assistance extended to them and they are hoping for the continuing implementation of this program.