

YEAR-END 2014 REPORT ON MONITORING AND EVALUATION OF COOPERATIVE BANKS AGRI-LENDING PROGRAM

1. Background

The Cooperative Banks Agri-Lending Program (CBAP) is one of the credit and financing programs implemented by the Agricultural Credit Policy Council (ACPC). The program entails the extension of stable low- cost funding support to eligible cooperative banks that lend to small farmers and fishers (SFFs) at full credit risk. The funding support is in the form of short-term deposit (STD) placements to eligible cooperative banks that shall in turn use the proceeds of the STD and its own funds to lend to individual SFFs. The scheme enables the cooperative banks to expand their agri-fishery loan portfolio and reduces pass-on rates to SFF borrowers. Thus eligible borrowers of the program are charged pass-on rates of not more than 15% interest per annum inclusive of service charge.

To monitor the performance of the CBAP and evaluate it vis-a-vis targets or expected outcomes that were set for the program, the ACPC's Monitoring and Evaluation (M&E) Division undertakes field validation activities for the program. Through these activities, ACPC validates the data and information contained in program accomplishment reports submitted by cooperative banks participating under the CBAP. In the conduct of field validation, particular importance is given by ACPC to the partner cooperative banks' compliance with provisions stipulated in the guidelines of the program.

In 2014, ACPC validated the reports of ten (10) partner cooperative banks under the CBAP. The reports were submitted by the Cooperative Bank of Agusan del Sur, Cooperative Bank of Negros Occidental, Bukidnon Cooperative Bank, Cooperative Bank of Cagayan, Ilocos Sur Cooperative Bank, Cooperative Bank of Nueva Vizcaya, Cooperative Bank of Negros Oriental, Cooperative Bank of Mindoro Occidental, Cooperative Bank of Quezon and Cooperative Bank of Southern Leyte .

The reports were submitted to ACPC by participating cooperative banks 30 days after they disbursed the program loans to borrowers. The validation activities were conducted by ACPC upon receipt of the reports. Respondents of the validation are randomized using the Slovin's formula on sampling, that is,

$$n = \frac{N}{1 + Ne^2} \text{ where: } n = \text{sample size}$$
$$N = \text{population}$$
$$e = \text{margin of error (0.1)}$$

A structured questionnaire was used in interviewing the selected borrowers. This includes information pertaining to the economic activities of the SFF-borrower, loan details, income and expenses, and their suggestions pertaining to program implementation, among others.

The report focuses on information about the small farmers and fisherfolk-borrowers' (SFF-borrowers') demographic profile, projects, incomes and expenses; and findings of the validation team vis-à-vis the parameters identified in the monitoring framework of the program. As such, the objectives of this report are: 1) to verify the eligibility of SFF borrowers under the CBAP; 2) to validate the compliance of partner cooperative banks' loans with CBAP guidelines, particularly with regard to loan use, interest rates charged to SFF-borrowers, and the loan term / maturity offered to SFF-borrowers by partner cooperative banks, among others; 3) to determine if the program was able to contribute in expanding partner cooperative banks' agri-fishery loan portfolios and, therefore, in improving access to formal credit / financing for target clients / borrowers; 4) to determine if the program was able to contribute in improving the economic standing of SFF-borrowers' households; and 5) to assess the repayment performance of SFF-borrowers under the CBAP.

2. Demographic Profile of Sample Respondents

2.1 Gender

53% of all the borrower-respondents for the CBAP field validations in 2014 were female, while 47% were male. A markedly greater proportion of female borrowers were sampled particularly from the clients of the Cooperative Banks of Southern Leyte (84%), Quezon (73%), Ilocos Sur (60%), and Negros Oriental (59%). This points to probably generally more female borrowers being served under the program through these particular banks. On the other hand, more male borrowers were randomly selected from among the program clients of the Cooperative Banks of Occidental Mindoro (70%), Agusan del Sur (67%), and Negros Occidental (58%). For the remaining 3 cooperative bank partners included in this report, an almost equal proportion of male and female program borrowers were randomly picked for the validation activities. Table 1 presents the gender distribution of sample borrowers in the 10 participating cooperative banks whose reports were validated in 2014. A total of 295 sample borrowers were interviewed for the 2014 CBAP field validations.

Table 1. Distribution of sample respondents, by gender, in participating coopbanks (2014).

Name of Cooperative Bank	Gender of SFF Borrowers				Total
	Male		Female		
	No.	% Share	No.	% Share	
Agusan del Sur	20	67%	10	33%	30
Negros Occidental	7	58%	5	42%	12
Bukidnon	23	48%	25	52%	48
Cagayan	19	53%	17	47%	36
Ilocos Sur	12	40%	18	60%	30
Nueva Vizcaya	17	53%	15	47%	32
Negros Oriental	12	41%	17	59%	29
Occidental Mindoro	21	70%	9	30%	30
Quezon	3	27%	8	73%	11
Southern Leyte	6	16%	31	84%	37
Totals	140	47%	155	53%	295

2.2 Age group

By age group, a significant majority of the CBAP borrowers who were randomly sampled for the 2014 field validations are 40-above - 60 years of age (81%); 31% are 50-59 years of age; 28% are 40-49 years old; while 22% are already senior citizens. Only a fifth (19%) of the CBAP borrowers who were sampled are aged between 20-39 years. Table 2 shows the distribution of the 2014 sample CBAP borrowers, by age bracket.

2.3 Civil status

Almost all of the CBAP borrowers sampled for the 2014 field validations are married (97%). Although, 5% are already widows/widowers, and 1% have separated. Only 3% of the sampled borrowers are single. Table 3 shows the distribution of the 2014 sample CBAP borrowers, by civil status.

Table 2. Distribution of sample respondents by age group, 2014.

Name of Cooperative Bank	Age Group of SFF Borrowers					Total
	20-29 Years	30-39 Years	40-49 Years	50-59 Years	60 and >	
Agusan del Sur	1	4	8	8	9	30
Negros Occidental	0	2	8	1	1	12
Bukidnon	2	12	15	17	2	48
Cagayan	2	5	10	11	8	36
Ilocos Sur	1	2	9	11	7	30
Nueva Vizcaya	0	6	4	9	13	32
Negros Oriental	0	6	11	8	4	29
Occidental Mindoro	0	3	6	8	13	30
Quezon	1	1	2	2	5	11
Southern Leyte	1	6	15	11	4	37
Total number reporting	8	47	88	86	66	295
% Share	3%	16%	30%	29%	22%	100%

Table 3. Distribution of sample respondents by civil status, 2014.

Name of Cooperative Bank	Civil Status of SFF Borrowers					Total
	Single	Married	Common law	Widow	Separated	
Agusan del Sur	2	28	0	0	0	30
Negros Occ.	1	7	1	3	0	12
Bukidnon	1	44	0	2	1	48
Cagayan	0	34	0	2	0	36
Ilocos Sur	1	28	0	1	0	30
Nueva Vizcaya	1	28	0	1	0	32
Negros Or.	2	25	0	3	0	29
Occ. Mindoro	0	28	0	1	1	30
Quezon	0	10	0	1	0	11
S. Leyte	0	30	4	3	0	37
Total number reporting	8	286	4	16	2	316
% Share	3%	90%	1%	5%	1%	100%

2.4 Size of household

Majority of the sampled program borrowers belong to households with 4-6 members (60%); and 14% come from households with 7 or more members. On the other hand, only a little over one-fourth (27%) belong to households with 3 or less members. Table 4 shows the distribution of the 2014 sample CBAP borrowers, by size of household.

Table 4. Distribution of sample respondents, by size of household, 2014.

Name of Cooperative Bank	Size of Household of SFF Borrowers			Total
	<=3	4-6	7 or more	
Agusan del Sur	6	20	4	30
Negros Occidental	1	9	2	12
Bukidnon	14	28	6	48
Cagayan	12	21	3	36
Ilocos Sur	5	18	7	30
Nueva Vizcaya	11	15	6	32
Negros Oriental	6	19	4	29
Occidental Mindoro	8	18	4	30
Quezon	3	5	3	11
Southern Leyte	10	24	3	37
Total number reporting	76	177	42	295
% Share	26%	60%	14%	100%

2.5 Size of farm

A significant majority of the CBAP borrowers sampled in 2014 have farms with areas of 5 hectares or less (76%). Another 9% have no farms of their own at all. Hence, a combined 85% of the sampled borrowers qualify under the small farmer definition being applied under the program. On the other hand, 15% of the CBAP borrowers sampled in 2014 have farm areas of more than 5 has and were considered not qualified at all based on the program's eligibility criteria for borrowers. These borrowers were substituted with borrowers from other program windows as agreed upon during exit conferences done after the field validations. Based on the reports (of cooperative bank-partners) that were validated in 2014, the Cooperative Banks of Southern Leyte, Quezon, Ilocos Sur, Negros Oriental, Negros Occidental, and Nueva Vizcaya were the most effective in catering to the program's target clientele (i.e., small farmers) during the year. On the other hand, the Cooperative Banks of Bukidnon,

Cagayan, Agusan Sur, and Mindoro Occidental had the most number of farmer-borrowers with farm areas greater than 5 has. Table 5 shows the distribution of the 2014 sample CBAP borrowers, by size of farm.

Table 5. Distribution of sample respondents by farm size, 2014.

Name of Cooperative Bank	Farm Size of SFF Borrowers										Total
	No Farm		<1 ha		1-3 ha		3.1-5 ha		>5 ha		
	No.	%	No.	%	No.	%	No.	%	No.	%	
AgusanSur	0	0%	1	3%	17	57%	5	17%	7	23%	30
Neg. Occ.	2	17%	3	25%	6	50%	1	8%	0	0%	12
Bukidnon	0	0%	0	0%	21	44%	14	29%	13	27%	48
Cagayan	0	0%	0	0%	17	47%	6	17%	13	36%	36
Ilocos Sur	2	7%	12	40%	15	50%	1	3%	0	0%	30
N. Vizcaya	1	3%	4	12%	21	66%	5	16%	1	3%	32
Neg. Or.	8	28%	4	14%	8	28%	5	16%	4	14%	29
Occ. Mind.	0	0%	1	3%	16	54%	7	23%	6	20%	30
Quezon	2	18%	0	0%	8	73%	1	9%	0	0%	11
S. Leyte	12	32%	15	41%	9	24%	1	3%	0	0%	37
Totals	27	9%	40	13%	138	47%	46	16%	44	15%	295

2.6 Tenurial Status

Majority of sampled CBAP borrowers own their agricultural land (74%). On the other hand, 17% are tenants, 7% are lessees, 2% are caretakers. This data validates the cooperative banks' greater preference for titled agricultural property and affirms the generally extreme risk-averse behaviour of the banks. Of the ten sample cooperative bank-partners included in this report, only one – the Cooperative Bank of Ilocos Sur – demonstrated a more liberal behaviour with regard to the tenurial status of program borrowers. Majority of the sampled borrowers of the Cooperative Bank of Ilocos Sur under the program in 2014 (52%) were either tenants, caretakers, or lessees. Table 6 shows the distribution of the 2014 sample CBAP borrowers, by tenurial status.

Table 6. Distribution of sample respondents by tenurial status, 2014.

Name of Cooperative Bank	Tenurial Status of SFF Borrowers										
	Owned		Tenant		Caretaker		Leased		Used for free		Total No.
	No.	% Share	No.	% Share	No.	% Share	No.	% Share	No.	% Share	
Agusan Sur	28	88%	2	6%	0	0%	2	6%	0	0%	32
Negros Occ.	9	90%	0	0%	0	0%	1	10%	0	0%	10
Bukidnon	43	82%	5	10%	0	0%	2	4%	2	4%	52
Cagayan	28	68%	6	15%	0	0%	7	17%	0	0%	41
Ilocos Sur	15	48%	15	48%	1	4%	0	0%	0	0%	31
N. Vizcaya	23	66%	10	28%	2	6%	0	0%	0	0%	35
Negros Or.	18	82%	1	4%	0	0%	3	14%	0	0%	22
Occ. Mindoro	24	73%	5	15%	1	3%	3	9%	0	0%	33
Quezon	6	67%	2	22%	0	0%	1	11%	0	0%	9
S. Leyte	19	82%	2	9%	2	9%	0	0%	0	0%	23
Totals	213	74%	48	17%	6	2%	19	7%	2	0%	288

2.7 Main and additional sources of income

Majority of the CBAP SFF borrowers sampled in 2014 derive their incomes mainly from agri-fishery production (84%): 72% from crop production; 9% from livestock and poultry; and 3% from fisheries. On the other hand, 16% of the all the sampled borrowers reported incomes coming mainly from non-production sources, such as salaries from employment, honoraria, allowances, delivery of services, trading and retail activities, pensions, remittances and contributions of family members. The Cooperative Bank of Negros Oriental was the only bank that had a majority of borrowers under the program with incomes derived mainly from non-agricultural production (66%). On the other hand, only the Cooperative Bank of Negros Occidental had a majority of borrowers under the program with incomes derived mainly from livestock and poultry production (92%). Table 7 shows the distribution of the 2014 sample CBAP borrowers, by main source of income.

Table 7. Distribution of sample respondents by main source of income, 2014.

Name of Cooperative Bank	Main Sources of Income of SFF Borrowers								Total No.
	Crop Production		Livestock and Poultry		Fisheries		Other Main Sources ¹		
	No.	% Share	No.	% Share	No.	% Share	No.	% Share	
Agusan Sur	22	74%	4	13%	0	0%	4	13%	30
Negros Occ.	1	8%	11	92%	0	0%	0	0%	12
Bukidnon	43	90%	2	4%	0	0%	3	6%	48
Cagayan	33	92%	0	0%	0	0%	3	8%	36
Ilocos Sur	23	77%	3	10%	0	0%	4	13%	30
N. Vizcaya	28	88%	1	3%	0	0%	3	9%	32
Negros Or.	10	34%	0	0%	0	0%	19	66%	29
Occ. Mindoro	27	90%	0	0%	0	0%	3	10%	30
Quezon	8	73%	2	18%	0	0%	1	9%	11
S. Leyte	17	46%	5	14%	9	24%	6	16%	37
Totals	212	72%	28	9%	9	3%	46	16%	295

¹ These include salaries, honorarium, allowances, services, trading, retail, pension, remittances and contribution of family members.

2.8 Type of crops planted, livestock raised and fisheries by SFF borrowers

The main crops planted by crop farmer-borrowers under CBAP in 2014 were rice, corn, fruits, vegetables, coconut and different tree species (for tree farming). Rice and corn farmers were the significantly predominant farmer-borrowers under the program during the year (69%). They are followed by high value crop farmers (16%) and fruit & vegetable farmers (4%). In areas where there is no irrigation facility, rice is usually planted only once a year (in months with high rainfall). After harvesting rice, other crops like corn and vegetables are planted. Among the cooperative banks whose loan portfolios under CBAP were validated in 2014, only two – the Cooperative Banks of Southern Leyte and Negros Oriental – were found to have provided loans to HVCC farmers aside from rice and corn farmers. The HVCC crop in Bukidnon and Negros Oriental is sugarcane. On the other hand, around one-third each of the program borrowers of the Cooperative Banks of Quezon, Ilocos Sur, and Bukidnon in 2014 were HVCC and/or fruit & vegetable farmers. Table 8 shows the distribution of the 2014 sample CBAP borrowers, by type of main crop raised.

Table 8. Distribution of sample respondents, by main crop planted, 2014.

Name of Cooperative Bank	Main Crop / Agri-Fishery Commodity of SFF Borrowers						Total No.
	Rice / Corn		Fruits & Vegetables		HVCC ¹		
	No.	% Share	No.	% Share	No.	% Share	
Agusan Sur	26	87%	0	0%	4	13%	30
Negros Occ.	10	84%	1	8%	1	8%	12
Bukidnon	33	69%	1	2%	14	29%	48
Cagayan	30	83%	0	0%	6	17%	36
Ilocos Sur	19	68%	5	18%	4	14%	28
N. Vizcaya	28	90%	3	10%	0	0%	31
Negros Or.	9	43%	0	0%	12	57%	21
Occ. Mindoro	30	100%	0	0%	0	0%	30
Quezon	6	67%	0	0%	3	33%	9
S. Leyte	4	11%	0	0%	2	5%	37
Totals	195	69%	10	4%	46	16%	282

¹Includes high value crops like, coconut and root crops and all species for tree farming.

The main livestock commodity was swine, wherein the project of which is either breeding or fattening (backyard raising). Other borrowers were engaged in raising cattle, goat and carabao. In poultry, financing was availed for broiler production. It was interesting to note that two borrowers reported income in raising fighting cocks (but is not the main project of SFF).

On fisheries, there was no borrower interviewed whose loan purpose was for fishery project.

3 Validation Parameters

3.1 Borrower eligibility

The eligibility of SFF-borrowers to participate in the CBAP is hinged on two minimum criteria: a) that they belong to a farming/fishery household; and b) that they meet the definition of small farmer / fisherfolk given under the program guidelines. For crops, farm size should be 5 ha or less; for livestock: swine- should be 10 sows or less and 20 fatteners or less ; for cattle, carabao and goat – 5 breeders or less or 10 fatteners or less; for poultry – 1,000 layers or less and 5,000 broilers or less; and for fisheries – the fishing boat capacity is

3 tons and below; fishpond of 5 ha and below and fishcage of 400 sqm and below.

Based on the results of the validation activities, all the program borrowers interviewed in 2014 do belong to farming / fishing households, consistent with the program guidelines. Table 9 shows presence or absence of agricultural and/or fishery activities in the households of the CBAP borrowers.

Table 9. Distribution of sample respondents by presence of agri-fishery activities, 2014.

Name of Cooperative Bank	Presence of Agri-Fishery Activity in the Households of SFF Borrowers		Total
	Yes	No	
Agusan del Sur	30	0	30
Negros Occidental	12	0	12
Bukidnon	48	0	48
Cagayan	36	0	36
Ilocos Sur	30	0	30
Nueva Vizcaya	32	0	32
Negros Oriental	29	0	29
Occidental Mindoro	30	0	30
Quezon	11	0	11
Southern Leyte	37	0	37
Total number reporting	295	0	295
% share	100%	0%	100%

On the other hand, with regard to the other minimum requirement that the borrowers should meet the agreed definition of small farmers and fisherfolk, the validation results showed 15% of the randomly picked borrowers who tilled more than 5 has of land and, therefore, should not have been eligible to join the program (refer to Table 5). Of the ten partner cooperative banks whose reports were validated in 2104, six (60%) provided CBAP loans to ineligible borrowers based on farm size: Cooperative Bank of Cagayan (ineligible program borrowers = 36%); Cooperative Bank of Bukidnon (ineligible program borrowers = 27%); Cooperative Bank of Agusan Sur (ineligible program borrowers = 23%); Cooperative Bank of Occidental Mindoro (ineligible program borrowers = 20%); Cooperative Bank of Negros Oriental (ineligible program borrowers = 14%); Cooperative Bank of Nueva Vizcaya (ineligible program borrowers = 3%). The management of the concerned cooperative banks were informed accordingly about these findings immediately after the conduct of the field validations. The concerned banks were also advised by ACPC to implement the agreed corrective measure for such cases, as

stipulated in the Memorandum of Agreement, i.e., to replace the ineligible borrowers with other clients who meet the minimum criteria. Aside from informing these cooperative banks of the findings of the validation teams during the exit conference with bank officials, formal communications were sent by ACPC immediately after results of validation were reported. All corrective measures pertaining to the matter were complied with by the concerned cooperative banks.

3.2 Improvement in access to agri-financing

To determine if the program was able to contribute in improving the partner cooperative banks' agri-fishery loan portfolios and, therefore, in improving access to financing for the targeted SFF-borrowers as well, one of the parameters used is the number of years the program borrowers have been clients of the partner cooperative banks. An additionality / increment is considered to have been generated by the program if there were new borrowers served during the year. New borrowers are defined as those who entered (borrowed from) the program for the first time within the year (2014). Using this definition, the field validation results show that only 15% of the total sample CBAP borrowers in 2014 were new borrowers. On the other hand, 85% were already clients of the partner cooperative banks over the past 2 years at least.

The new clients among the sample CBAP borrowers come mainly from three of the banks: Cooperative Bank of Negros Occidental (100% new borrowers); Cooperative Bank of Southern Leyte (41% new borrowers); Cooperative Bank of Agusan del Sur (30% new borrowers). On the other hand, no new borrowers were sampled from the CBAP clients of Cooperative Bank of Cagayan; while the rest of the banks barely had new borrowers in 2014. Table 10 shows the distribution of the 2014 sample CBAP borrowers, by number of years as clients of the cooperative banks.

Table 10. Distribution of sample respondents by number of years as clients of the bank, 2014.

Name of Coopbank	Number of years as client								Total	% Share
	1 year or less	% Share	2-5 years	% Share	6-10 years	% Share	>10 years	% Share		
Agusan del Sur	9	19.57	15	10.07	4	5.56	2	6.06	30	10.17
Negros Occidental	12	26.09	0	-	0	-	0	-	12	4.07
Bukidnon	3	6.52	32	21.48	12	16.67	1	3.03	48	16.27
Cagayan	0	-	32	21.48	2	2.78	2	6.06	36	12.20
Ilocos Sur	1	2.17	12	8.05	12	16.67	5	15.15	30	10.17
Nueva Vizcaya	1	2.17	11	7.38	6	8.33	14	42.42	32	10.85
Negros Oriental	2	4.35	11	7.38	14	19.44	2	6.06	29	9.83
Occidental Mindoro	1	2.17	4	2.68	17	23.61	1	3.03	30	10.17
Quezon	2	4.35	16	10.74	3	4.17	2	6.06	11	3.73
Southern Leyte	15	32.61	16	10.74	2	2.78	4	12.12	37	12.54
Total number reporting	46	100.00	149	100.00	72	100.00	33	100.00	295	100.00
% share	15.59		50.5		24.4		24.74		100	

3.3 Loan adequacy

Another parameter used to determine whether the program was able to contribute in improving access to financing for the SFF borrowers is the adequacy of the loan amount availed by the program borrowers. The results of the field validation show that, although a significant majority of the 2014 sample CBAP borrowers indicated that the amount of program loan they received was adequate (69%), almost a third of the sample program borrowers (31%), on the other hand, say that the amount of CBAP loans released to them was not enough (table 11). According to those whose loan was inadequate, however, various sources, namely, personal funds/savings, loans from other sources,

sought assistance from family members/relatives or income from other livelihood activities were used. Three borrowers (representing 3%) revealed that they adjusted their farm expenses based on the loan, e.g., for crops, lesser amount of fertilizer was applied and for swine, commercial feeds were substituted with forage or left-overs. Table 12 shows responses of sample respondents on the adequacy of the loan obtained from participating cooperative banks.

Table 11. Distribution of sample respondents as to adequacy of loan availed from participating cooperative banks, 2014.

Name of Coopbank	Adequacy of loan				Total
	yes	% Share	no	% Share	
Agusan del Sur	23	11.27	7	7.69	30
Negros Occidental	3	1.47	9	9.89	12
Bukidnon	34	16.67	14	15.38	48
Cagayan	12	5.88	24	26.37	36
Ilocos Sur	25	12.25	5	5.49	30
Nueva Vizcaya	25	12.25	7	7.69	32
Negros Oriental	17	8.33	12	13.19	29
Occidental Mindoro	19	9.31	11	12.09	30
Quezon	9	4.41	2	2.20	11
Southern Leyte	37	18.14	0	-	37
Total number reporting	204	100.00	91	100.00	295
% share	69.15		30.85		100

Table 12. Distribution of sample respondents by source of financing if loan amount from participating cooperative banks is inadequate.

Name of Coopbank	Personal Funds/Savings	Loan from Other Sources	Assistance from Family Members and Relatives	Income from Other Income-Generating Activities	Adjust Farm Expenses Based on their Loan	Total
Agusan Del Sur	5	1	1	0	0	7
Bukidnon	3	2	1	6	3	15
Cagayan	6	9	3	6	0	24
Ilocos Sur	1	2	3	0	0	6
Nueva Vizcaya	3	2	5	0	0	10
Negros Oriental	8	5	0	0	0	13
Negros Occidental	2	6	0	1	0	9
Occidental Mindoro	6	3	5	0	0	14
Quezon	2	0	0	0	0	2
Southern Leyte	0	0	0	0	0	0
No. of reporting	36	30	18	13	3	100
% Share	36.0	30.0	18.0	13.0	3.0	100.0

3.4 Loan amounts availed

The amount of loan availed by the farmer is dependent on the kind of project and the ability to pay as determined by the bank. In 2014, the amount of loans availed ranged from Php 3,000 in Negros Oriental to Php 500,000 (Quezon and Agusan del Sur). Table 13 presents the distribution of sample respondents by loans availed. The loan amount 25,000 to 50,0000 had the highest percentage (30.4%) while the lowest was in the range 75,000-100,000 with only 10%. It is notable that the highest average loans were obtained in Agusan del Sur. This is so because the projects undertaken by the borrowers are rehabilitation of oil palm and rubber (both plantation crops). The lowest average amount of loan availed was in Negros Oriental since most of the projects undertaken were swine production.

Table 13. Distribution of sample respondents by loan amounts availed.

Name of Coopbank	Loan amount availed										Total	% Share	Average loan amount
	25 and below	% Share	25,001-50,000	% Share	50,001-75,000	% Share	75,001-100,000	% Share	>100,000	% Share			
Agusan del Sur	0	-	4	4.17	4	7.84	9	29.03	13	22.03	30	9.49	151,333
Negros Occidental	0	-	12	12.50	0	-	0	-	0	-	12	3.80	29,333
Bukidnon	2	2.53	18	18.75	15	29.41	3	9.68	10	16.95	48	15.19	69,947
Cagayan	5	6.33	16	16.67	4	7.84	1	3.23	10	16.95	36	11.39	68,972
Ilocos Sur	16	20.25	1	1.04	2	3.92	2	6.45	9	15.25	30	9.49	72,933
Nueva Vizcaya	4	5.06	11	11.46	6	11.76	4	12.90	7	11.86	32	10.13	72,093
Negros Oriental	10	12.66	13	13.54	1	1.96	2	6.45	3	5.08	29	9.18	50,000
Occidental Mindoro	4	5.06	10	10.42	7	13.73	6	19.35	3	5.08	30	9.49	68,533
Quezon	0		3	3.13	0	-	1	3.23	7	11.86	11	3.48	165,727
Southern Leyte	37	46.84	0	-	0	-	0	-	0	-	37	11.71	10,405
Total number reporting	79	100.00	96	100.00	51	100.00	31	100.00	59	100.00	316	100.00	
% share	25	31.65	30.38		16.14		9.81		18.67		100		

3.5 Loan purpose and utilization

Table 14 shows the utilization of loan of borrowers. As provided in the guidelines of the program, the loan should be utilized for farming/fishing activities. Ninety percent (90%) of the respondents used the loan for agricultural production while only 9% used the loan for livelihood activities. There was one respondent in Ilocos Sur who utilized the loan for non-income generating activity. The management of the bank was informed on the matter, hence this borrower was removed from the list of CBAP borrowers and replaced with an eligible one.

Table 14. Distribution of sample respondents by purpose of loans.

Name of Coopbank	Loan Purpose			Total
	Agricultural Production	Livelihood Activities	Non-Income Generating Activities	
Agusan del Sur	29	1	0	30
Negros Occidental	12	0	0	12
Bukidnon	48	0	0	48
Cagayan	33	3	0	36
Ilocos Sur	25	4	1	30
Nueva Vizcaya	31	1	0	32
Negros Oriental	14	15	0	29
Occidental Mindoro	28	2	0	30
Quezon	8	2	1	11
Southern Leyte	37	0	0	37
Total number reporting	265	28	2	295
% share	89.83	9.49	0.68	100.00

3.6 Interest rate

All banks under review complied with the interest rate prescribed by the program, that is, not more than 15% of all bank charges combined.

3.7 Repayment capacity

The distribution of sample respondents on repayment capacity is shown in Table 15. Of the 295 respondents nationwide, 88% have current accounts, 12% have paid their loan while the remainder have either past due loan or their current loan was restructured. It is interesting to note that only one (1) borrower was reported to have past due loan (a mere 0.3%) while only two (2) had their loans restructured. This is an indication of the bankability of borrowers of the Program.

Table 14. Distribution of sample respondents on repayment capacity, 2014.

Name of Coopbank	Status of Loan								Total
	Current	% Share	Paid	% Share	Past due	% Share	Restructured	% Share	
Agusan del Sur	29	11.37	1	2.70	-	-	-	-	30
Negros Occidental	10	3.92	2	5.41	-	-	-	-	12
Bukidnon	47	18.43	1	2.70	-	-	-	-	48
Cagayan	1	0.39	33	89.19	1	100.00	1	50.00	36
Ilocos Sur	30	11.76	-	-	-	-	-	0	30
Nueva Vizcaya	32	12.55	-	-	-	-	-	0	32
Negros Oriental	28	10.98		-		-	1	50.00	29
Occidental Mindoro	30	11.76		-		-		0	30
Quezon	11	4.31	-	-	-	-	-	0	11
Southern Leyte	37	14.51	-	-	-	-	-	0	37
Total number reporting	255	100.00	37	100.00	1	100.00	2	100.00	295
% share	86.44		12.54		0.34		0.68		100

3.8 Loan maturity

Table 15 presents the loan maturity of sample respondents. Since majority of the borrowers are into rice and corn production, their loans have maturity of 4-6 months (55%). These loans are mostly paid in lump sum, that is, after harvesting the crop. Since some of the borrowers, particularly those into high value crops (oil palm, durian, other fruit trees and tree farming), their loans mature in 10-12 months (31%) or more than 1 year (13%).

Table 15. Distribution of sample respondents on loan maturity, 2014.

Name of Coopbank	Number of months										Total
	3 and <	% Share	4-6	% Share	7-9	% Share	10-12	% Share	>12	% Share	
Agusan del Sur	1	50.00	6	3.70	0	-	23	25.56	0	-	30
Negros Occidental	0	-	11	6.79	1	100.00	0	-	0	-	12
Bukidnon	0	-	34	20.99	0	-	14	15.56	0	-	48
Cagayan	0	-	36	22.22	0	-	0	-	0	-	36
Ilocos Sur	0	-	3	1.85	0	-	27	30.00	0	-	30
Nueva Vizcaya	0	-	32	19.75	0	-	0	-	0	-	32
Negros Oriental	0	-	6	3.70	0	-	23	25.56	0	-	29
Occidental Mindoro	0	-	30	18.52	0	-	0	-	0	-	30
Quezon	1	50.00	4	2.47	0	-	3	3.33	3	7.50	11
Southern Leyte	0	-	0	-	0	-	0	-	37	92.50	37
Total number reporting	2	100.00	162	100.00	1	100.00	90	100.00	40	100.00	295
% share	0.68		54.92		0.34		30.51		13.56		100

3.9 Borrower's incomes

It is worth mentioning in this section the definition of sources of income' thus:

On-farm income – refers to proceeds from production of crops, livestock/poultry or fishery.

Off-farm income- refers to incomes from activities that are done outside of the farm but are production related; examples are income from farm /fishery labor, post-production /processing like rice milling, and processing of farm/fishery/livestock products.

Non-farm income – refers to proceeds not related to farming like, salaries/honorarium/allowances, remittances, contribution of family members, pension, and transportation services.

It is evident that there were differences in the amount of the three aforementioned incomes by area. The percent share of on-farm incomes are the highest in Occ. Mindoro (16%), Cagayan (16%) and Agusan del Sur (14%). Provinces wherein farmers have other non-farm incomes include Quezon having the highest with 16% followed by Agusan del Sur and Negros Oriental with 13% and 12%, respectively.

Table 16. Distribution of sample respondents by annual income, by source, 2014.

Name of Coopbank	Household Income	% Share	On-farm	% Share	Off-farm	% Share	Non-Farm	% Share
Agusan del Sur	584,744	12.6	367,104	14.2	60,000	8.1	281,269	13.2
Negros Occidental	425,920	9.2	319,037	12.3	91,250	12.3	152,933	7.2
Bukidnon	434,301	9.3	309,940	12.0	196,085	26.5	141,964	6.7
Cagayan	523,490	11.3	408,511	15.8	2,000	0.3	137,907	6.5
Ilocos Sur	375,940	8.1	193,177	7.5	115,000	15.5	228,386	10.7
Nueva Vizcaya	461,241	9.9	235,034	9.1	43,625	5.9	252,290	11.9
Negros Oriental	596,547	12.8	135,821	5.3	6,720	0.9	264,037	12.4
Occidental Mindoro	577,280	12.4	410,954	15.9	150,450	20.3	182,521	8.6
Quezon	440,763	9.5	128,600	5.0	-	0.0	343,380	16.1
Southern Leyte	231,053	5.0	76,908	3.0	75,600	10.2	143,929	6.8
Total	4,651,279	100.0	2,585,086	100.0	740,730	100.0	2,128,616	100.0

4. Suggestions and Recommendations of Borrowers

The respondents were asked their suggestions such that implementation of the program will become efficient and their overall assessment of the program. A great majority of the respondents felt that the program is smoothly implemented with 95% answering there are no problems met and are for continuous program implementation. Other suggestions include: 1) higher loanable amount; 2) lower the interest rate; and provision of technical assistance.

5. Summary, Conclusion and Recommendations

As part of the mandate of the Monitoring and Evaluation Group, validations of reports submitted by ten (10) partner cooperative banks were done in 2014. The activity involved close coordination with the partner banks in terms of scheduling interviews of the borrowers. A structured questionnaire was used in collecting data and information about the SFF (the borrowers of the program), their activities and the various parameters as stipulated in the program framework of CBAP. The initial results of the interviews were discussed by the M&E teams to partner cooperative bank management in an exit conference, particularly if there were significant findings (or non-conformity to program guidelines).

Majority of the sample respondents have farm size of 1-3 ha, with 4-6 household members and having an average age of 40-49 years.

All respondents are members of a farming/fishing household and are, therefore, eligible to join the program. However, there were forty four (44) respondents who did not meet the qualification criteria by having more than 5 ha of land. These sample respondents were not considered program borrowers by the cooperative bank after calling their attention.

One of the most important findings of this report is the presence of new borrowers. For the year under review, there were thirty five (35) new borrowers which comprised 11% of the total respondents. This is a clear indication that the program goal of providing easy access to financing by small farmers and fisherfolk has been achieved.

Loans were availed primarily for the production of crops, livestock and poultry and fisheries. The predominant crops were rice and corn while in livestock, swine breeding or fattening was the main loan purpose. It was also interesting to note that agricultural activities comprised the main source of income of the borrowers.

All borrowers were charged an interest rate of only 15% as stipulated in the program guidelines. 100% of the partner cooperative banks were compliant to this parameter.

About 70% of the respondents concurred that the loan amount approved by the bank was adequate for the intended project. For the remaining 30% whose loan were considered inadequate, it was interesting to note that to fill the loan gap, only 30% availed from other loan sources like other banks, and traders. Majority utilized their own funds (from savings and earnings from other livelihood activities). This is, likewise, an indication that some farmers have savings which they can use when called for.

Loan maturity was based mainly on the type of project the borrower applied for. Since majority of the borrowers were into rice and corn production, the loan maturity was 4-6 months with amortization in lump sum basis. For perennial crops, maturity was usually more than 12 months.

One of the success features of the program for 2014 was the repayment rate of the borrowers (99%). The fact that borrowers have renewed their loan means that they have paid their past loans. Only one was reported to have past due loan.

Based on the validations conducted it can be concluded that CBAP was able to cater to its intended clientele, that is, small farmers and fishers. However, there was a high percentage of ineligible borrowers (15%), particularly those with more than 5 ha of land. Taking this into consideration, the partner banks should exercise more caution in assigning borrowers, that is, loan amount approved should be based strictly on program guidelines.

More efforts should be exerted by the partner banks in marketing the program such that increased access to credit as envisioned by the program can be attained.

The partner banks, should, likewise, closely monitor the project undertaken by the borrower. The intended purpose of the loan availed should match with the project applied for.

Since the CBAP, according to the intended clients, cater to their financing needs and is a big help in their livelihood, the program should be continued.