

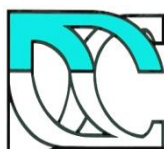


Republic of the Philippines
Department of Agriculture
Agricultural Credit Policy Council

EVALUATION OF THE EXPANDED SURVIVAL AND RECOVERY LOAN ASSISTANCE PROGRAM FOR PALAY FARMERS (SURE AID PROGRAM)

FINAL REPORT

October 2023



**MULTI-SECTORAL MANAGEMENT AND
DEVELOPMENT CORPORATION**

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FINAL REPORT

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Final Report

Executive Summary

1. The SURE Aid Program, specifically targeting palay farmers cultivating a hectare or less, was conceived in 2019 as a response of the Department of Agriculture (DA) through the Agricultural Credit Policy Council (DA-ACPC) to the anticipated drops in palay farm gate prices because of the passage and implementation of the Rice Tariffication Law (RTL) of 2019 formally known as Republic Act No. 11203.
2. The RTL, in response to the contribution of rice in headline inflation in 2018 and 2019, substituted tariffs for Quantitative Restrictions (QRs), eliminated the monopoly of government rice importation through the National Food Authority (NFA), liberalized rice importation by vesting such to private sector participation.
3. The RTL, aimed at stabilizing prices of rice, also established the Rice Competitiveness Enhancement Fund (RCEF). The fund has been established and supported by the in-quota 35% to out-quota 45% tariff revenues from rice imports and allocated yearly allocation of Php 10 billion from 2019 to 2024, to finance productivity and competitiveness enhancement interventions for local producers.
4. The RTL therefore was designed to achieve a balance between the concerns of the Filipino consumers by stabilizing the prices of rice. The RTL, passed in 2019, was seen as an antidote to recurring high prices of rice which occurred in 2018. On the other hand, the RTL was regarded as a major government revenue stream which can provide the Filipino rice farmers and producers access to resources to improve rice farming practices and productivity to achieve cost and price competitiveness with rice imports. The immediate aftermath, however, will impact on the vulnerable small rice farmers by way of reduced farm gate prices for local palay because of the competition from imports.
5. SURE Aid for Palay Farmers was designed as a liberal credit intervention providing small farmers "access ready" facility for a quick palay production turn around or uninterrupted cycle of production. In the absence of such a facility, with the diminution of revenues and income from palay production due to lower palay farmgate prices, small farmers may have had a hard time financing production cost. Foregone revenues of reduced palay farmgate prices leads to diminished capacity to finance succeeding production. SURE Aid has been conceived and implemented to fill in this diminished small farmers' production capacity.
6. Three years into implementation, which started in 2019, SURE Aid has about 165,775 borrowers in all regions of the country except the National Capital Region (NCR) as of the end of 2022. The ACPC commissioned the Multi-Sectoral Management & Development Corporation (MMDC) following a competitive bidding process, for the evaluation of the SURE Aid Program to determine the extent of its contribution to aid small farmers cushioned the anticipated drops in palay farmgate prices and providing the financial resources to support uninterrupted production endeavors. The evaluation was conducted

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during the period from 22 February until 31 August 2023. The Final Report was submitted 30 September 2023.

7. The evaluation focused on a major theme: Whether SURE Aid met its objective of assisting small farmers cope with the effects of RTL. The scope covered four (4) areas: loan usage and utility, program implementation efficiency, program relevance, and repayment performance. An underlying reason is to draw lessons from which a more sustainable, productivity enhancing and income increasing credit intervention for small farmers can be designed and implemented using a portion of the remaining 2023 and 2024 yearly allocation of Php 1.0 billion for credit and training of the RCEF.
8. The evaluation covered the Island Groupings of Luzon, Visayas and Mindanao and involved survey and primary data gathering with representative regions in Luzon, Visayas and Mindanao, involving a total sample of 400 borrowers and 200 non-borrowers in Region 2 (Isabela: Cabagan, Luna, Santiago City), Region III (Nueva Ecija: Guimba, San Jose City, Talavera), Region IVA (Quezon: Calauag, Lopez, Lucena City), Region VIII (Leyte: Alangalang, Carigara, Ormoc City) and Region XII (North Cotabato: Aleosan, Kabacan, Midsayap). These regions, provinces and municipalities were selected because they have the greatest number of SURE Aid borrowers.
9. The SURE Aid loan facility received positive and favorable feedback from borrowers as far as meeting its objective and purpose, loan usage and utility, program efficiency, and program relevance. Because the loan facility was implemented at the time when the RTL impact was felt, it was timely. Apart from the presentation of valid identification credentials, documentation required only the frontline eligibility vetting from the Municipal Agricultural Officers (MAOs) and the DA authorized credit focal persons. Loan processing time is faster compared to other credit programs which required thorough credit worthiness investigation.
10. The liberal credit terms of SURE Aid promoted inclusiveness. It required no interest payments, had a longer period of repayment of eight (8) years, did not require collateral security, and did not entail costly transactions during application. These are credit terms which can be accessed by even tenants, lessees, amortizing owners, caretakers and others who have been traditionally excluded because of stringent formal credit policies and regulations. In essence, SURE Aid which is an "eligibility driven loan" is like a "character loan" or "valued client loan" of the formal credit and financing institutions.
11. There being no required collateral security, interest payments and penalties, repayment performance, leaves much to be desired. This performance is complicated by the fact that palay and rice farming is perceived as an "unsatisfactory household income generator comprising only about 51% of total household income".
12. Because the program is a temporary measure for quick production turn-around and not as a productivity enhancement or improvement measure, it has no income effect contribution. It is merely an option for uninterrupted production, a measure to prevent

the “opportunity costs” of foregone production cycle due to diminished income from decreased farm revenues brought about by lower farmgate prices under the RTL regime.

13. Apart from the usual factors to boost production and inputs such as quality seeds, mechanized land preparation and harvesting, use of fertilizers, ameliorants and agro-chemicals, there are two (2) critical farming resources concerns or phenomena which must be taken into consideration when designing agricultural and rural credit interventions targeting the smallholder farmers especially those engaged in palay or rice farming. One is the phenomenon of farm fragmentation. The second is the aging farming occupation demographics.
14. Farm fragmentation continues unabated with partitioning of lands among owners in favor of their children, further increasing the number of small farmers. There is thereby the phenomenon and trend of small farmers’ credit market segment ever increasing which the DA and the ACPC as well as the banking and financial sector cannot ignore because of their important role in staple food security. On top of that, palay and rice farming is not lucrative as it only delivers 51% of the total household gross income, especially for those lacking the wherewithal to acquire better seeds and inputs, mechanize planting and harvesting, pay for crucial support as irrigation, transport and logistics, drying and milling, which when match with household expenditures is not sufficient to overcome penury, destitution, indigence, or poverty.
15. The changing farming sector demographics is caused by the out-migration of the younger generation from the farms and the farming occupation which are considered less lucrative than employment in the industry and services sectors in the urban and suburban areas. Agriculture and farming are least attractive for education ad career such that only the older generations remain in the farms. The average age of farmers is about 57 to 58 years old. In future, credit on account of credit and banking laws may be denied to senior citizen farmers.
16. SURE Aid for Palay excepting, with its liberal terms and easy access as mentioned, the present government sponsored credit programs, their attendant guidelines, rules and regulations, systems of implementation are unfriendly, even abet exclusion of small farmers, unresponsive and worst, regarded as anathema to their credit needs and access. The evaluation of SURE Aid for Palay presents an opportunity to rethink the financing and credit programs and interventions for small farmers engaged in palay or rice production. The existing credit paradigm which is dysfunctional to small farm holdings must shift from palay production and marketing systems orientated but more on whole small farmers’ household approach.
17. Formal and traditional rural and agricultural credit delivery systems such as those inspired by the Agri-Agra law, and those sponsored by government and channeled through government-owned and accredited banks foster exclusion by collateral security requirements, burdensome documentation, high transaction costs, long processing time which by any measure are not deserving of the time taken away from the farmers, not commensurate with the farming done and the revenues generated. There are as well

regulations that stymie rural and agricultural front-line institutions barred from providing credit directly such as the prohibition on DA and ACPC, and its attached corporations (NFA or NIA perhaps). Alternative credit delivery systems for small farmers, such as the SURE Aid, and with some modifications and tweaking with the use of financial technology firms and online platforms as alternatives to the more traditional credit delivery systems may be conceptualized, designed, and explored.

18. SURE Aid for Palay by its liberal terms, promotes inclusiveness and hence must be continued with some purpose reorientation and modifications. It can be bundled with existing credit programs under the aegis of DA-ACPC and LandBank or DBP to implement a credit intervention that considers the small farmers' households need for income diversification or enhance their productivities. This approach means that the traditional implementation arrangement with LandBank and other financial institutions must also be adjusted to encourage shared risk assumption and accountabilities as well as data connectivity.
19. Using non-traditional financial services and credit delivery is an alternative option. Digital platforms and partnership with technology firms may also be explored under a public-private partnership or through the usual procurement process and involving key government agencies and instrumentalities such as the Bangko Sentral ng Pilipinas (BSP), Department of Information and Communications Technology (DICT), and other concerned government agencies and stakeholders.

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Acknowledgment

The MMDC Team appreciates the invaluable assistance of the following in facilitating the conduct of the field survey and participating in the Key Informants Interviews (KIIs) and Focused Group Discussions (FGDs):

1. The DA-Regional Field Office Focal Persons and Staff of Regions 2, 3, 4A, 8 and 12 for providing the lists of farmer borrowers and for endorsing the Survey Team to the Municipal/City Agriculturists of the target municipalities/cities and to the LBP Lending Centers. Special mention to DA-Region 12 for providing transport and accompanying the Survey Team in their Field work and the DA-Region 4A for their extra effort in meeting the Survey Team on site;
2. The Municipal/City Agriculturists and staff of Guimba, San Jose City, and Talavera in Nueva Ecija; Luna, Cabagan, and Santiago City in Isabela; Lucena City, Lopez, and Calauag in Quezon Province; Carigara, Alangalang, and Ormoc City in Leyte; Midsayap, Aleosan and Kabacan in North Cotabato for their cooperation and direct assistance in the conduct of the field interviews.
3. The LBP Lending Centers' Focal Persons and Account Officers involved in the SURE AID for Palay Credit Program in Cabanatuan City, Nueva Ecija; Ilagan and Cauayan City in Isabela; Lucena City in Quezon; Tacloban City in Leyte; and Cotabato and Kidapawan City in Cotabato for their cooperation in responding to the Key Informant Interviews.

The list of persons contacted/met during the survey are shown in Annex A.

About this Report

This is the Final Report of the evaluation conducted for the Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program). The consulting services for the evaluation was commissioned by the Agricultural Credit Policy Council (ACPC) to the Multi-Sectoral Management and Development Corporation (MMDC) after a competitive bidding process. The evaluation was carried out from 22 February 2023 to 31 August 2023.

This report discusses the framework, objectives and focus of the evaluation as conceived by the ACPC, provides the situational context in 2018 through 2022 during which Republic Act No. 11203 or the Rice Tariffication Law (RTL) was passed by Congress, signed into law on 14 February 2019 by President Rodrigo R. Duterte and took effect on 05 March 2019.

The report provides an evaluative study based on the feedbacks of the implementors, the borrowers and non-borrowers of the Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (henceforth SURE Aid Palay or SURE Aid Program) as well as the comments and observations of the MMDC Study Team.

Challenges and constraints are pointed out, potential actions and recommendations are suggested to improve the implementation of the SURE Aid Program if continuance is decided. These recommendations and lessons learned may also be adopted for similar stand-alone credit programs or loan facilities or for the integration of a similar facility under the credit program being supported or envisioned to be funded by the Rice Competitiveness Enhancement Fund (RCEF). The RCEF collected from import duties provided under the RTL sets up an allocation of about Php 10 billion yearly from 2019 to 2024 to finance programs

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that will “sharpen the global competitiveness of palay farmers by way of farm mechanization, high quality seeds, access to credit and training”.¹ Access to credit and training has a yearly allocation of about Php 1.0 billion.

This report incorporates the comments and suggestions of the ACPC Management Committee (ManCom) on the Draft Final Report presented via Zoom Meeting on 08 August 2023.²

1.0 BACKGROUND AND CONTEXT

The Agricultural Credit Policy Council (ACPC) is mandated through Executive Order No. 113 to synchronize all agricultural credit policies and programs. Part of this mandate is to conceptualize, design, and implement with partner credit and financing institutions including cooperative rural banks, other schemes to help farmers and fisherfolks improve their productivities, production, and marketing systems.

In 2017, through Administrative Order (AO) No. 2 Series of 2017, the Survival and Recovery (SURE) Assistance Program was implemented by the ACPC with partner credit institutions to provide financial support to small farmers and fisherfolks affected by calamities. The program has since been broadened to alleviate the negative effects of externalities on the palay production and marketing systems of small farmers and is known as the Expanded SURE AID for Palay Farmers.

The Expanded SURE AID for Palay Farmers is a credit program designed to cushion the transitory effects of reduced farmers’ income with the implementation of the Rice Tariffication Law (RTL) of 2019 (Republic Act No. 11203). RTL replaced the quantitative restrictions on imported rice with tariffs of 35 to 40 percent and established the Rice Competitiveness Enhancement Fund (RCEF) funded by the tariff revenues, limited the role of the National Food Authority (NFA) from erstwhile the primary importer to procurement of buffer and emergency stocks exclusively from local palay producers.

It was touted as the best model to help both the farmers and consumers (NEDA Secretary Chua, 19 May 2022). With the removal of the quantitative import restrictions on rice and substituting them with tariff levels of 35% to 40%, imported rice will significantly impact on domestic production and farm gate palay prices thus affecting palay/rice producers especially the small farmers. For the consumers, RTL will mean lower prices of rice and for the farmers the opportunity to build up competitiveness with the use of the RCEF to increase productivity and production.

Basic food items such as rice, vegetables, fish and meat have been main drivers of “headline inflation” in the country. This was more felt in 2018. In September 2018, rice contributes one-percentage point to the 5.21% inflation rate according to the Philippine Statistics Authority (PSA) and the Department of Finance (DOF).³ From 2012 to 2021, the domestic retail price of well-milled rice ranged from Php 35.30 per kilo in 2012 to Php 43.36 per kilo in 2021. The

¹ Rice tariffication law plows in P46.6-B to farm sector over 2019-2021 period. News & Views. Department of Finance (DOF). 20 May 2022. <https://www.dof.gov.ph/rice-tariffication-law-plows-in-p46-6-b-to-farm-sector-over-2019-2021-period>.

² ACPC sent by email the Consolidated Comments and Suggestions 15 August 2023 to the MMDC Team.

³ Rice contribution to inflation grew 10 times in 2018. News and Views. 11 October 2018. Department of Finance.

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highest retail price was recorded in 2018 at Php 47.43 and dipping to Php 45.43 per kilo in 2019.⁴ The RTL was passed mainly to stabilize and reduce rice prices and in the long run with mechanization and productivity enhancement support, encourage local farmers to increase productivity whilst reducing production costs to be competitive with imports. In the immediate period of RTL implementation, it is anticipated that small farmers, especially, will be placed at a disadvantage because they had to contend with lower palay farmgate prices, which will reduce their income due to the expected increasing volume of rice imports.

The SURE AID Program was specially designed by the Agricultural Credit Policy Council (ACPC) to provide such a cushion. Implemented through the Land Bank of the Philippines (LBP), it was supported by Php 2.5 billion and implemented in 2019 to 2021. Each liberal one-time loan package of Php 15,000.00 per borrower does not require collateral, does not charge interest payments on the principal, and can be paid in eight (8) years inclusive of a six-month grace period on principal amortization payment and specifically targets small rice farmers tilling one (1) hectare or below farm sizes.⁵

The SURE AID Palay it must be underscored, is not the only credit program available to small farmers and fishers. There are complementary credit and production support programs, either initiated by DA or ACPC, by Land Bank or by other government institutions (DBP, DAR, LGUs among others) that support upstream and downstream activities of the target groups. The BuyAnihan Credit Program, for instance, makes available working capital for cooperatives and associations for procurement of palay from their members. Seeds, fertilizers, and irrigation provide production support. In addition, rice processing centers with bundled palay procurement, post-harvest facilities and equipment as well as working capital loans are available for access and have even been granted to qualified cooperatives, Agrarian Reform Beneficiaries' Organizations (ARBOs), and Irrigators' Associations (IAs).

In addition, credit programs implemented by Landbank and the Development Bank of the Philippines (DBP) during the period from 2019 to 2021 have benefited "49,649 rice farmers who accessed over P1.5 billion-worth of loans from the Land Bank of the Philippines (LandBank) and Development Bank of the Philippines (DBP) under the credit component of RCEF.⁶ The Land Bank of the Philippines (LANDBANK) has released P1.51 billion in loans to a total of 9,126 rice farmers and cooperatives as of 31 March 2022 through the Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF).⁷ Like the SURE Aid for Palay the Land Bank ERCA-RCEF has been designed and aimed at boosting the productivity and income of small rice farmers, and cushion the initial impact of Republic Act No. 11203, also known as the Rice Tariffication Law (RTL). The loan may be used to purchase farm inputs for rice and rice seed production, as well as farm machineries and equipment for production and post-production. There are differences though in the loan packages. ERCA-RCEF loanable amount is limited to 90% of project cost which requires the proponent to put up the 10% equity, has a 2.5% interest rate per year and subject to the loan requirements of the bank such as collateral or guarantee like the assignment of insurance claims, mortgage of land and mortgage of machineries upon the discretion of the bank.⁸

⁴ <https://www.statista.com/statistics/1046811/philippines-domestic-retail-price-palay-rice-2012-2021>.

⁵ Refer to SURE Aid Loan Facility Annex B.

⁶ News & Views. DOF. 22 May 2022.

⁷ <https://www.landbank.com/news/landbank-delivers-p151-b-in-loans-to-rice-farmers#>:

⁸ RCEF Credit Program FAQs Series #05, 2019.

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As of 30 September 2022, SURE AID provided credit through the Land Bank of the Philippines (LBP) to some 165,775 rice farmers, all over the country except the National Capital Region (NCR), using the Php 2.50 billion allocated by the ACPC and the LBP.

After three (3) years of implementation from 2019, the ACPC, following a competitive bidding process, selected and commissioned the Multi-Sectoral Management & Development Corporation (MMDC) to conduct an external post-evaluation of the SURE AID Program.

2.0 EVALUATION OBJECTIVES

2.1 General

The evaluation of the Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program) seeks to determine to what extent the program has succeeded in meeting its objective to assist the rice farmers affected by the lowering of palay prices resulting in the reduction or loss of their farm income (underscoring supplied).⁹

2.2 Specific

The Terms of Reference (ToR) specified the objectives of the evaluation, to wit:

- a. To determine how the loan was used and how useful the program is in assisting RTL affected rice-farmers.
- b. To determine program efficiency in providing timely and affordable relief to affected rice farmers whose incomes were affected by the drop of prices of palay in 2019.
- c. To determine program relevance in: a) being able to help the affected agricultural households regain and sustain their capacity to earn a living and stabilize their income; and b) complementing other programs/interventions of the Landbank of the Philippines.
- d. To assess the repayment performance of program borrowers; and
- e. To identify challenges/constraints and policy recommendations.

3.0 APPROACH AND METHODOLOGY

Based on the objectives of the evaluation set forth in the Terms of Reference (TOR), and the Supplementary Bid Bulletin No. 2022-27 dated 27 December 2022, the evaluation covered four (4) main criteria from which indicators and metrics were derived/formulated.

⁹ The interpretation of the SURE Aid intent and purpose is explained in the Key Findings & Analysis: Extent of Meeting Objective.

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3.1 Evaluation Framework

Following the objectives set for the evaluation, the data gathering, and analysis will require investigating and research on the following factors:

- a. Loan Usage & Utility requires determination of the extent by which the loan assisted the RTL affected the rice farmers. These may involve continuance of palay production, diversification of production, shift to off-farm livelihood, augment food expenditures, among others.
- b. Program Efficiency requires the determination of whether the loans were available at the time they are needed, hence may involve ease of documentation, speed of credit evaluation, access to loan application and release of loan proceeds (physical and virtual).
- c. Program Relevance: a) being able to help the affected agricultural households regain and sustain their capacity to earn a living and stabilize their income; and b) complementing other programs/interventions of the Landbank of the Philippines. Assessing relevance will require whether the loan provided sufficient resources to regain household productive capacity or to venture into income-generating opportunities other than rice farming.
- d. Repayment Performance may be influenced by factors a) loan usage and utility; b) program efficiency and can be indicated by the responses from the borrowers themselves more than what are reflected in bank records.

These require responses from primary sources – that of the borrowers and key informants in addition to secondary data.

Evaluation Objectives	Data Needs & Evaluation Objectives	Data Generation	Notes & Remarks
<u>General Objective:</u> Has SURE AID met its objective of assisting small rice farmers affected by reduced income because of lower farm gate prices?	Compare palay farmgate prices in 2018 (baseline) to prices in 2019, 2020, 2021 cropping seasons. What brought about changes RTL or other factors? Compare estimates of changes (%) or absolute values of gross or net income during these years cropping seasons.	KII, Borrower & Non-Borrower Survey	
1. Specific Objective(s): <u>Loan Usage & Utility</u> How was SURE AID used? How useful was the program?	Was it used for productive or livelihood purposes such as continuance of rice farming? Farm diversification? Engaging in off-farm livelihood? Other productive purposes? Or for consumption providing temporary relief? Others – debt payments	Borrower Survey	Availment Causation <ul style="list-style-type: none"> • Knowledge of Facility • Need for Credit • Favorable Terms
2. Specific Objective(s): <u>Program Efficiency</u>	Was it easy to access and avail? Documentation? Time and duration of application and release of loan?	Borrower Survey, KII	<ul style="list-style-type: none"> • Ease of Access & Documentation

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Was the AID timely and affordable?	Does not require too much transaction costs? Release with no delays? Liberal repayment terms?		
<p>3. Specific Objective(s): <u>Program Relevance.</u></p> <p>Has AID help regain, sustain their livelihood – rice farming and stabilize income?</p> <p>Has AID complemented programs and interventions of LBP? DA? Other government support programs?</p>	<p>Was it a palliative measure? Too little as to make a difference?</p> <p>When “bundled” with other credit programs such as marketing support such as BuyAnihan cooperative working capital may be more responsive? What are the conditions which will make the loan responsive to small farmer situations which can be adopted in RCEF Credit Programs?</p>	Borrower Survey, KII and FGD	<p>Loan Application Causation</p> <ul style="list-style-type: none"> • Consumption & Expenditure > Income Capacity (Rice, Other crops, off-farm, etc). • Liabilities > Net Worth • Externalities – COVID-19 Lockdown & Movement Restrictions, RTL, Inflation, Online learning education, Emergencies & force majeure, etc.
<p>4. Specific Objective(s): <u>Repayment Performance.</u></p> <p>How was repayment performance?</p>	<p>What are the factors that contribute to high performance? Liberal and easy credit? Ease of access? Directed and targeted to borrower?</p> <p>What are the hindering factors to repayment? Negative of above? Government source? Consumption inflation? Others.</p>	Borrower Survey	

Figure 1: Suggested Evaluation Framework

3.2 Survey Areas & Sampling Scheme

3.2.1 Distribution of Sample Respondents

Given the time (to finish the study in six (6) months) and budget limitations (total budget of Php 2.0 million), it was not possible to conduct a survey of borrowers from all administrative regions covered by SURE Aid for Palay. Hence, sample respondents were selected from the region with the largest number of borrowers in each of the island groupings – Luzon, Visayas and Mindanao. From the data provided under the Supplemental Bid Bulletin No. 2022-27, dated 27 December 2022, Regions III, VIII and XII have the largest number of farmer borrowers in Luzon, Visayas and Mindanao, respectively. From each of the regions, the top province in terms of number of borrowers was selected. ACPC suggested that two (2) regions in Luzon be added for the survey. These are Region 2 and Region IVA.

As per the TOR, as of the end 2020, the Program has released about Php2.5 billion to 165,775 small rice farmers. Based on this total small farmer borrowers and using Slovin's formula ($n = N / (1 + Ne^2)$ where N = population size of 165,775 borrowers and e peg at 5%. The Slovin Formula is one of the sampling methods used when there is no clear idea or understanding of the behavior of the population towards an offer such as SURE Aid with its features. A total of 400 sample small borrowers were targeted for the study. In addition, a total of 200 non-

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borrowers accounting for 50% of the borrower sample was included. Hence, a total of 600 small rice farmer respondents were targeted for the survey.

The target farmer borrower respondents were proportionately distributed to the provinces/municipalities based on the number of borrowers in the area. In addition, to track down whether there is a "hiatus", an "interruption or a break" in the continuity of the production cycle, the farmer borrower respondents were taken from the list of farmers who obtained the loan as of the end 2020 to ensure that they have already used the loan for at least 2 cropping seasons.

3.2.1.1 SURE Aid Borrower Respondents

Since the data provided by the Land Bank of the Philippines (LBP) through the ACPC did not include the specific purok and barangay addresses, the lists of farmer borrowers in the selected municipalities were obtained from the DA-RFOs and/or from the Municipal Agriculture Offices of the Local Government Units (LGUs) concerned.

From these lists, the top three barangays, in terms of number of borrowers, in the respective municipality were selected. From the list of farmers for the top three barangays, the target farmer respondents for the municipality were proportionately distributed. The target sample farmer respondents from each barangay were selected through computer aided random sampling. Alternate samples were also randomly selected for each barangay to serve as replacement, in case the target respondents cannot be located or cannot be interviewed. The lists of the randomly selected target sample borrowers and alternates for each barangay were printed and provided to the enumerators.

3.2.1.2 Non-SURE Aid Borrower Respondents

The target number of non-borrowers to be interviewed was 50 percent of the target number of borrowers, a total of 200 respondents.

As no list of non-borrowers could be provided, the enumerators were given a list of the criteria as guide when they are identifying the non-borrower respondents in the barangay where they are assigned as follows:

- 1) Must be small farmers cultivating one hectare and below.
- 2) Must be producing rice in the same cropping season as the SURE AID borrowers.
- 3) Preferably in the same barangay as the SURE AID borrowers
- 4) Preferably a member of the same cooperative or association as the SURE AID borrower.
- 5) Must have no loan from SURE AID Palay or from other formal lending institutions from 2020 to 2022.

3.2.1.3 Key Informants or FGD Participants

Key Informants' Interviews (KIIs) or Focused Group Discussions (FGDs) were undertaken within selected field work provinces and municipalities. KIIs and FGD participants included DA-RFO Rice Program or AMAD staff (whichever is the focal unit for SURE Aid), MAOs and LBP Lending Centers' Focal Persons and SURE Aid Palay LBP Account Officers.

3.2.2 Primary Data Gathering Instruments

3.2.2.1 KII & FGD Guides

Two sets of Guide to KII and FGD were prepared. Separate KII guides for officers and staff of LBP, ACPC, Service Conduit Personnel and another set for officers and staff of DA RFO or Rice Program Personnel, PAO, MAO Staff. The KIIs or FGDs instruments were designed to generate information on program efficiency, relevance, repayment performance, challenges, constraints, and policy recommendations. A comparison of similar or complementary credit programs was also discussed.

3.2.2.2 Borrower & Non-Borrower Questionnaires

The farmer-borrower questionnaire was designed to generate information on the amounts of loans availed, uses of loan, repayment, perception of the effect/impact of the loan on farm production and income, impression about the importance of the program, problems encountered and suggestions to address them. In the interest of time, pre-testing was done on-site with borrowers different from the sample in Nueva Ecija prior to the actual conduct and administration of survey for the chosen sample.

Farm production and income were collected for crop years before the loan and crop year/s with the loan. Non-borrowers were asked of their income from farm production for the same crop years of the borrowers.

The farmers questionnaires and KII/FGD guides used in the survey are shown in Annexes C to F.

3.2.3 Field Survey Protocol

The logical sequence of the field survey in one area started with the introduction of the Survey Team and the purpose of the visit to the DA-RFU Staff. Afterwards, the DA-RFU officers directly involved in the implementation of the SURE AID for Palay were briefed on the purpose of the survey, followed by the interview as key informant using the prepared KII questionnaire. In most cases the officers were given time to complete the questionnaire and picked up by the Survey Team later. After the interview, the Team presented the target samples for the selected three municipalities in the target province and requested the DA officers to notify the respective Municipal Agriculturists in the target municipalities of the arrival of the Survey Team. In case the list was not provided to the Team ahead of time, the list of farmer borrowers in the province was obtained from the DA-RFU. From the list, the Survey Team randomly drew the target sample per municipality.

At the Municipal or City Agriculture Offices, the Survey Team briefed the Municipal or City Agriculturists and staff of the purpose of the survey. When the enumerators (who are usually the Agricultural Technicians) were already available, they were given an orientation or training on the questionnaires or scheduled the briefing at a later time. The target sample as well as alternate sample for the target municipalities/cities, complete with names and addresses, were presented to the enumerators and they were allowed to divide among themselves the number of borrowers and non-borrowers to be interviewed.

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For the interview of the concerned officers and staff of the LBP Lending Centers in the area, the DA-RFU staff was also requested to notify the LBP Lending Center of the arrival of the Team. In addition, a copy of the letter of the Land Bank Vice President, Ms. Esperanza N. Martinez to Executive Director Jocelyn Alma Badiola in response to the request for lists of borrowers with a statement that they will inform the respective lending centers of the visit of the MMDC Team was presented to the Lending Center Officers.

The conduct of the field survey was initially done in Nueva Ecija with all the members of the Team to have a common understanding of the methodologies in the conduct of the field interviews of the concerned officers and staff of the DA, LBP, and MAOs and the briefing or training of enumerators in the target municipalities or cities. After the arrangements for the Nueva Ecija farmers' survey was completed, the Team was divided into two, Team A and Team B, with each Team composed of Consultants and Researchers. Team A conducted the survey in Isabela and Quezon Team B conducted the survey in Leyte and North Cotabato.

A total of 405 farmer borrowers and 197 non-borrowers were interviewed for the study. The distribution of target and actual sample respondents is shown in Table 1 below.

Table 1. Distribution of Target and Actual Sample Respondents

Province	Percent of Region	No. of Borrowers	Percent of Total	Target Sample		Actual Sample	
				Borrowers	Non-Borrowers	Borrowers	Non-Borrowers
REGION 2	16,396						
Isabela	58%	9,469	19	76	38	76	37
Luna		520	24	18	9	18	9
Cabagan		640	30	23	11	23	11
Santiago		998	46	35	17	35	17
Sub-total		2158	100				
REGION 3	32,596						
Nueva Ecija	38%	12,395	24	96	48	99	47
Talavera		751	24	23	12	23	12
San Jose		994	31	30	15	30	15
Guimba		1412	45	43	22	46	20
Sub-total		3157	100				
REGION 4-A	21,918						
Quezon	50%	10,965	22	88	44	90	43
Lucena		601	32	28	14	28	13
Lopez		604	33	29	15	30	15
Calauag		646	35	31	15	32	15
Sub-total		1851	100				
REGION 8	16,019						
Leyte	34%	5396	11	44	22	43	22
Carigara		220	22	10	5	10	5
Alangalang		364	37	16	8	16	8
Ormoc		400	41	18	9	17	9
Sub-total		984	100				
REGION 12	19,826						
Cotabato	62%	12,193	24	96	48	97	48
Midsayap		1178	38	31	16	31	16
Aleosan		607	20	32	16	32	16
Kabacan		1275	42	33	16	34	16
Sub-total		3060	100				
GRAND TOTAL		50,418	100	400	200	405	197

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On the other hand, a total of six (6) LBP lending centers were visited where individual or group interviews were conducted with officers involved in the SURE AID for Palay credit program. In most cases, the officers requested to leave the KII questionnaires for them to accomplish and picked-up later by the Team. On the other hand, twelve (12) Municipal Agriculture Offices and three (3) City Agriculture Offices were visited where 2-3 officers involved in the SURE AID implementation were also interviewed particularly with regards to their experiences, problems met and recommendations to improve program implementation.

3.2.4 Analysis and Evaluation

The primary and secondary data and information gathered were summarized and tabulated to facilitate a meaningful analysis and evaluation.

Primary Data Analysis

The Team of Consultants prepared the dummy tables that will be used in the analysis of the data generated from the questionnaires. The analysis involved frequency count, averages, percentage, and other relevant descriptive and quantitative parameters. The team used the appropriate software program in tabulating and processing of data.

In consonance with the study objectives, the analysis and evaluation focused on the assessment of program performance and effectiveness and evaluation of the impact of the program in terms of improvements in the farm income of the program beneficiaries, among others.

To determine improvement in income because of the program, the ***double difference/difference in difference method*** was used. The technique measured differences between the two groups, before and after the intervention (hence the name double difference). For the study, this refers to the difference between the data on farm income gathered from two time periods (before the loan and with the loan) of the borrowers and the non-borrowers.

Secondary Data Analysis

Analysis of Philippines Statistics Authority (PSA) data on rice imports, palay farmgate prices, rice wholesale and retail prices were made to determine whether the consequences of the RTL occurred as anticipated.

Analysis of the rice industry including the population size of the small farmers and the latest palay production costs and returns to extract an indication of the sufficiency of the loan amount to support cash production outlays was also made.

4.0 SURE AID FOR PALAY CONTEXT

4.1 Rice Farming Profile

Rice is the staple food of about 80% of Filipino population¹⁰. Others rely on corn, sweet potatoes, and other carbohydrate substitutes. Rice therefore is a staple food which must not be denied on the meal table even if its price is rising. It represents almost 23% of the total consumption of poor households and 10% of non-poor.¹¹

It is also a commodity which is a major source of income and livelihood for millions of farmers and seasonal workers estimated at 2.40 million households as of 2020 equivalent to 12.0 million Filipinos for a household comprising of five (5) members. Others estimate that about a tenth of 100 million Filipinos depend on rice farming for livelihood and sustenance.¹² Whatever the estimate, it is an undeniable fact that a tenth to about 12% or even more of Filipinos, depend on palay and rice farming.

The Manila Standard article enumerated six (6) challenges faced by rice farmers. These are: 1) high inputs costs – seeds and fertilizers; 2) lack of post-harvest facilities; 3) climate change and weather uncertainty; 4) market forces – imports vis-a-vis local production; 5) land rent; 6) demographics particularly aging rice farmers.

One must be adept at the political economy of palay and rice production, on the one hand, and rice consumption, on the other hand, to be able to reconcile the concerns of producers and consumers.

The contribution of the rice sector to GDP is 0.7%, although its production generates about 38% of the total value of agricultural production.¹³

In 2018, palay production occupies a total area harvested of approximately 4.8 million hectares (ha), representing 35% of the country's agricultural land. The total number of farmers was approximately 2.4 million, of which an estimated 62% self-finance their production activities. Most farmers are poor and old (average age 57 years, PhilRice puts it at 56 years, the important thing is that the Philippines has aging rice farmers with bleak prospects of generational succession), owning an average of 1.4 ha farm area (1.54 hectare in 2016) with average yield of about 3.9 tons per hectare.¹⁴

4.2 Production & Harvest Season

There are two semesters of production and harvest season, or cropping seasons as determined and classified by the Department of Agriculture (DA): dry season cropping from September 16 to March 15 (Semester 1) and wet season cropping from March 16 to

¹⁰ Factsheet Resilience Solutions for the Rice Sector in the Philippines published by the Private Markets for Climate Resilience (PMCR) of the Nordic Development Fund (NDF), Inter-American Development Fund (IDB), Grupo LAERA and the Oscar M. Lopez Center, 2019.

¹¹ Ibid.

¹² Manila Standard. Six (6) challenges faced by Rice Farmers in the Philippines. 25 January 2022. <https://manilastandard.net/spotlight/314202588/6-challenges-faced-by-rice-farmers-in-the-philippines.html>

¹³ Factsheet Resilience Solutions for the Rice Sector in the Philippines.

¹⁴ PMCR, *ibid*.

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September 15 (semester 2). Land preparation and planting during the wet season occur from April and peaking June and July. The harvest season starts August to September and may spill over to October. Dry season planting occur during the period October to January with harvest starting February through to early April.

This is significant since the SURE Aid loan shall be payable in eight (8) years with semestral repayment for a total of sixteen (16) semesters or cropping seasons. It is also significant since downtrend in farmgate prices usually occur during the harvest season in anticipation of increasing domestic supply and further push downward by imports arrival coming in anticipation of the coming lean season (July-August-mid-half of September) usually towards the last half of each year leading to yuletide holidays.

4.3 Small Farms/Farmers

The 2012 Census of Agriculture and Fisheries (CAF)¹⁵ of the PSA reported that 5.56 million farms or holdings covered 7.19 million hectares, which translated to an average area of 1.29 hectares per farm/holding. The number of farms/holdings increased from 1980 to 2012 by 62.6 percent as the average area of farms/holdings decreased from 2.84 hectares per farm/holding in 1980 to 1.29 hectare per farm/holding in 2012. This could be accounted to the partitioning of farms/holdings from one generation of agricultural holders/operators to their succeeding generation.

PSA defined a farm or a holding as “any piece of land used wholly or partly for any agricultural production involved in raising crops, livestock, poultry and other agricultural activities under single management, and operated as one technical unit by one person alone or with others, regardless of title, legal form, size or location”.

Farms planted to temporary crops (vegetables and annuals) and permanent crops (fruits and perennials) are classified as large or small farms by the 2012 Census of Agriculture and Fisheries (2012 CAF). Farms are considered large if the area devoted to crops was at least four (4) hectares. Small farms have crop areas less than four (4) hectares.

Table 2. Number and Area of Holdings/Farms by Legal Status of the Holder/Farm Operator, Philippines, 2012			
Legal Status of the Holder/Farm Operator	Number of Holdings/Farms	Area of Holdings/Farms	Average Area of Holding/Farm
Total Philippines	5,563,138	7,271,446	1.3
Household Sector	5,557,998	6,861,993	1.2
Individual Proprietor	5,512,501	6,786,935	1.2
Partnership	45,497	75,059	1.7
Non-Household Sector	5,140	409,453	79.7
Corporation	2,510	243,710	97.1

¹⁵ The Census of Agriculture and Fisheries (CAF) is conducted every ten (10) years, the most recent is 2012, the results of which were released in 2017. The PSA is conducting the 2022 CAF this year. The Press launch was announced 23 August 2023.

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Cooperative	777	71,881	92.5
Other Private Institution	823	9,921	12.1
Government Corporation/Institution	392	25,850	65.9
Others	638	58,091	91.1
Source: PSA 2012 Census of Agriculture & Fisheries, released 2015, Published 2017.			

The table above shows that about 99% of the number of farms can be classified as household sector enterprises with average landholdings ranging from 1.20 hectares to 1.70 hectares. The rest are non-household sector dominated by corporations (large agribusiness plantations and transnationals), along with cooperatives, other private institutions, government corporations, and institutions. Rice farming households are classified under the Household Sector Category.

In 2016, 83% of the farming households cited rice farming as their major source of income with average farm area of 1.54 hectares within the range of 1.20 hectares to 1.70 hectares cited by the CAF.

Using the 2012 CFA and considering only the individual proprietor of the Household Sector, the estimated number of households dependent on rice farming is about 4,575,376 households or 83% of 5,512,501 household sector individual proprietor category.

In 2020, PSA estimated that there are 2.4 million rice farmers in the Philippines. The number of rice farmers can be equated with the number of households directly into rice farming. Since the average size of household in 2016 is five (5), the number of individuals directly dependent on rice farming for food and livelihood is approximately 12.0 million Filipinos.

The latest average farm size estimate was 1.54 hectare in 2016. With about 2.4 million farmers, the total hectareage of rice farms based on this average farm size is approximately 3.696 million hectares in physical area in contrast with the harvested of 4.72 million hectares in 2020 and 4.80 million in 2022.¹⁶ Farm size of 1.00 hectare or less in 2016 based on PhilRice Ricelytics data, is estimated at 60% of this area equivalent to 2.218 million hectares.¹⁷

Table 3: Farm Ownership & Size Considerations in Credit Intervention for Small Rice Farmers			
Number of Rice Farmers	2.4 million (PSA 2020)		
Average Farm Size	1.54 hectares (2016)		
Total Hectareage Equivalent	3.696 million hectares (2016)		
Distribution of Farm Size	2011 (in %)	2016 (in %)	2016 (million Ha)
3.01 ha or more	8	8	0.296
2.01 ha - 3.00 ha	9	9	0.333
1.01 ha - 2.00 ha	23	25	0.924
1.00 ha or less	58	60	2.218
Farm Ownership Status	2011(in %)	2016 (in %)	2020 (million Farmers using 2016 distribution)

¹⁶ <https://www.philrice.gov.ph/ricelytics/harvestareas>

¹⁷ SURE, Aid for Palay targeted or provided credit to palay and rice farmers cultivating a hectare or less.

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Owner	48	57	1.368
Amortizing	4	2	0.048
Lessee	9	9	0.216
Tenant	34	30	0.720
Others	5	2	0.048
Source : https://www.philrice.gov.ph/ricelytics/profilemain , accessed June and July 2023.			

In SURE Aid Loan Package, the small farmer is defined as those cultivating palay or engaged in rice farming with an area of 1.00 hectare or less. By this definition, the small farm holder credit market or client segment is about 2.218 million households out of 2.40 million rice farmers and can be classified as to farm ownership status as full owners, amortizing owners, lessees, tenants, others such as caretakers or sharecroppers.

The average size of household (HH) in 2016 is about five (5) members. In the same year of 2016, 83% of farming household or 4,575,376 households cited rice farming as their major source of income and rice farming accounted for 51% of household income.

Circa 2020, there are 2.4 million rice farming households dependent on rice farming and it is not too farfetched to presume that at least a majority will find that there is a need to generate additional revenues or diversify production to supplement rice farming income, it being a risky endeavor, subject to vagaries of the weather and pest incidences, must be efficiently husbanded to reduce production costs and at the same time, must be effectively managed to achieve the desired profitable yield. It has been estimated that marginal rice farming contributes only about 51% of total household income. There is no denying that rice farming alone cannot always cover 100% of household income. There is a need to diversify farm production into other commodities or to find the better mix of livelihood and income supplementing activities, be they in the farm or off-the-farm.

Table 4: Gender and Age Considerations in Credit Intervention for Small Rice Farmers			
Number of Rice Farmers	2.4 million (PSA 2020)		
Age Distribution	2011 (in %)	2016 (in %)	2020 (million Farmers using 2016 distribution)
15 – 24 years	1	0	0.000
25 – 54 years	50	46	1.104
55 - 64 years	28	30	0.720
65 years or more	21	24	0.576
Gender Distribution	2011(in %)	2016 (in %)	2020 (million Farmers using 2016 distribution)
Male	89	82	1.968
Female	11	18	0.432
Source : https://www.philrice.gov.ph/ricelytics/profilemain , accessed June and July 2023.			

There are no rice farmer entrants in the 15-24 age group in 2016. This indicates a bleak outlook of succession and underscores the unattractiveness of palay and rice farming and in general, in agriculture, among the younger generation, as a major occupation. The existing stocks of farmers in the 25-54 age group in 2011 shifted to age group 55-64, a 2% increase

in 2016. Those from cohort 55-64 years in 2011 contributed 3% to those aged 65 years or more in 2016.

A study undertaken by Dr. Florencia G. Palis, anthropologist, concluded...“ that Filipino rice farmers are indeed aging. Most of them do not want their children to be rice farmers because of the physical, psychological, and financial difficulties they encountered. Rice farming is labor- and capital- intensive and yet, income is low and uncertain. It is viewed that their children would not have any future in it and it, therefore, is considered the last resort. Instead, parent farmers dream that their children will have non-farm jobs, either in urban areas or abroad, to have a higher and more stable income and to get out of poverty”.¹⁸

The conclusion of the study prompted the two (2) major daily papers in 2023 to publish editorials and the outlook for agriculture. “Aging farmers could lead to food insecurity” read the editorial of Manila Times.¹⁹ “Dwindling Filipino farmers” where former DA Secretary William D. Dar issued a dire prognosis “...the Philippines will face a “critical” shortage of farmers in just 12 years, thus threatening the country’s ability to feed its own growing population”.²⁰

This may also imply that small rice farmers may lose credit access in the coming years, a further disincentive to their production and income earning capacity because senior citizen farmers are usually denied eligibilities from formal credit access. Banks (universal, commercial, thrift, rural, Islamic, government-owned banks) require that personal loans can be granted to those between 21 years old and 65 years old upon loan maturity. This also implies that sans credit, government must increase their subsidies to senior citizen rice farmers perpetuating inputs dependency on government largesse or political patronage.

The gender profile underscores the increasing number of and the important leading role of women in rice farming. However, if there are no support from stocks of younger generation, the burden on women as household heads engaged in chores and doubling up as farmers will entail huge social costs arising from less attention devoted to children because the time for caring and education will now be diverted to farming.

5.0 2018 – 2022 SETTING

Republic Act 11203 or the Rice Tariffication Law (RTL) was passed on 14 February 2019. Immediately thereafter, because of the high prices of rice in 2018 and spilling to 2019, the Implementing Rules and Regulations (IRR) was issued through Joint Memorandum Circular No. 01 Series of 2019 by the National Economic Development Authority (NEDA), the Department of Budget Management (DBM) and the DA.

¹⁸ Aging Filipino Rice Farmers and Their Aspirations for Their Children. Florencia G. Palis. Philippine Journal of Science. Department of Social Sciences. College of Arts and Sciences. University of the Philippines Los Baños. Philippines. June 2020.

¹⁹ Editorial: Aging farmers could add to food insecurity. The Manila Times. 20 February 2023. <https://www.manilatimes.net/2023/02/20/opinion/editorial/aging-farmers-could-add-to-food-insecurity/1879475>. Accessed 27 September 2023.

²⁰ Editorial: Dwindling Filipino Farmers. Philippine Daily Inquirer. 30 March 2023. <https://opinion.inquirer.net/162058/dwindling-filipino-farmers>. Accessed 27 September 2023.

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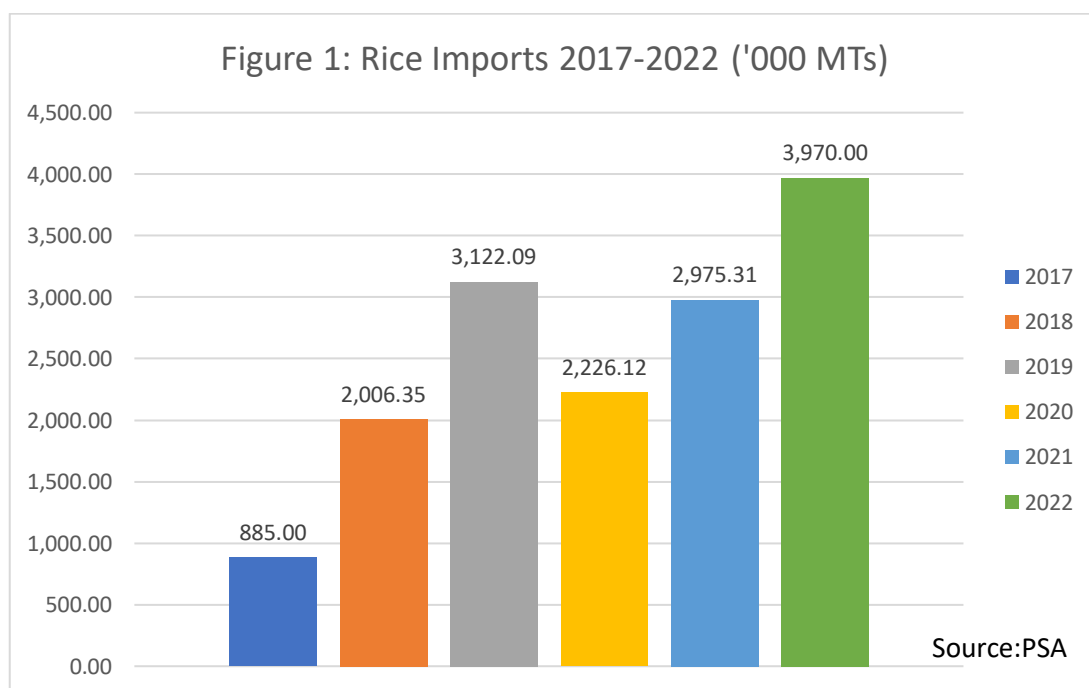
The SURE Aid for Palay Farmers Credit Program, in anticipation of the influx of rice imports driving down palay farm gate prices to the disadvantage especially of small farmers, was formalized between the DA-ACPC, and the LBP through a Memorandum of Agreement (MoA) signed by both parties on 28 August 2019. In this arrangement, the DA-ACPC transferred Php 2.50 billion loanable amount and assigned “credit servicing, limited to loan application processing and release of proceeds”, to the latter without the latter assuming responsibility and risks for loan defaults and collection. This amount was made available to some 165,000 borrowers nationwide except in the National Capital Region (NCR).

The SURE Aid Palay has a total funding of P2.5 billion of which, P1.4 billion was sourced from the GAA 2019 while the remaining P1.1 billion was sourced from the AMCFP and transferred to LBP in 2019.

5.1 Rice Imports

The situation before and after RTL with which the SURE Aid for Palay Farmers sought to address can be quantitatively described by the actual volume of rice imports, the palay farm gate, the wholesale and retail prices of well-milled and regular milled rice. Imported rice are well-milled. Regular milled rice is associated with locally produced palay.

Indeed in 2019, with the passage of the RTL effectively eliminating the Quantitative Restrictions (QRs) on imports and substituting it with tariff levels of 35% (in-quota) to 45% (out-quota) tariffs, dismantling of NFA monopoly on imports and allowing private sector participation, the volume of imported rice rose sharply from 885,000 metric tons in 2017 to 3,122,090 metric tons in 2019 (Figure 1 below). By 2022, rice imports have risen to 3,970,000 metric tons. It must be noted that NFA is the sole importer prior to 2019 under the Quantitative Restrictions (QRs) regime. With RTL, importation has been liberalized and entrusted to the private sector.



5.2 Palay Farmgate Prices

By extension, imports augment supply of domestic production and play significant influence on palay farmgate, wholesale and retail prices of rice. Table 5 below shows the decreases or drops in farm gate of prices from 2018 to 2020 to provide contrasts between the previous QRs regime of the NFA and the RTL regime.

Table 5: Farmgate Prices Palay (Dry), 2018 - 2020 (Price per Kg)

Season	Month	Year 2020		Year 2019		Year 2018	
		Price	Difference	Price	Difference	Price	Difference
Dry - Start of Sporadic Harvest	January	15.87	0.07	19.84	-0.27	19.12	0.27
Dry - Bulk of Harvest	February	16.05	0.18	19.58	-0.25	19.74	0.62
	March	16.40	0.35	18.90	-0.68	20.41	0.66
Wet - Start of Planting	April	18.27	1.87	18.57	-0.34	20.68	0.27
	May	19.07	0.80	18.22	-0.35	21.02	0.34
Peak Planting Season	June	18.90	-0.17	17.89	-0.33	21.31	0.29
	July	18.55	-0.35	17.77	-0.12	21.63	0.32
Wet - Harvest Season (Aug - Sept)	August	18.25	-0.30	17.42	-0.35	22.50	0.88
Dry - Planting (late Sept. Peak Nov - Dec)	September	17.14	-1.11	16.23	-1.19	22.86	0.36
	October	15.51	-1.63	15.67	-0.56	21.10	-1.76
Dry - Peak Planting	November	15.57	0.05	15.66	0.00	20.09	-1.01
	December	16.26	0.69	15.80	0.14	20.10	0.01
Average		17.15		17.21		20.88	
Source: PSA							

In 2018, under the QRs regime, drops in farm gate prices happened during October and November (shaded gray in the table) considered as lean season because planting started late September (right after small harvests during the September) and peaked November and December. In general, palay farmers enjoyed favorable prices for most of the year.

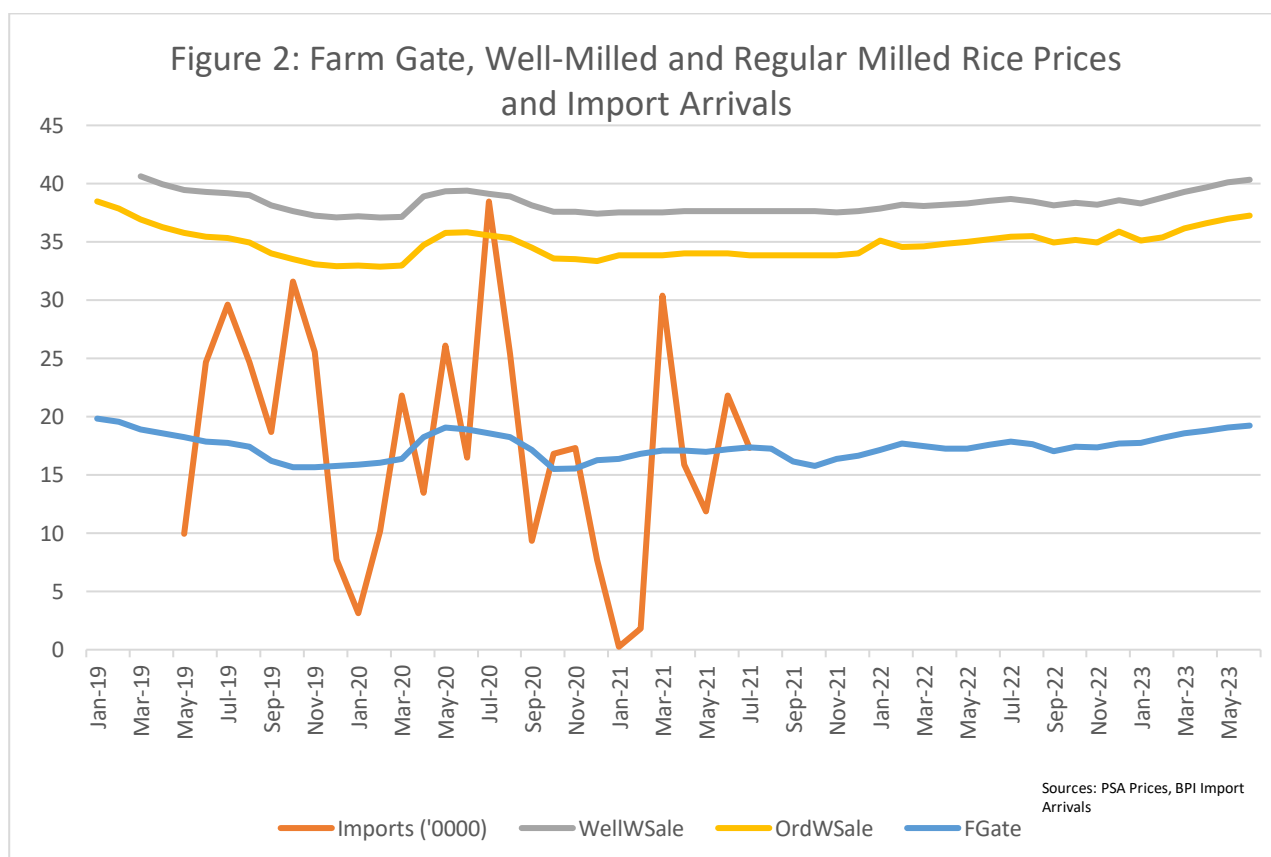
In 2019, imported rice under RTL arrived starting March per the records of arrivals by BPI. Drops in farm gate palay prices started even in January 2019 perhaps due to speculation on the impacts of RTL. The drop became prominent when imported rice started to arrive March (shaded yellow in the table).

In 2020, farm gate palay prices rose slowly until April, when significant increases of Php 1.87 per kilo and Php 0.80 per kilo in April and May were recorded respectively (shaded gray). The Russo-Ukraine war erupted anew increasing the prices of fertilizers, wheat, oil and gas. This affected imported rice through higher transport and logistics as well as procurement costs from countries of origin and domestic palay through higher prices of inputs and fuel.

5.3 Rice Farmgate & Wholesale Prices

Figure 2 is constructed from palay farm gate and wholesale prices of well-milled and regular-milled rice obtained from PSA and the import volume arrivals from March 2019 to May 2021 from the Bureau of Plant Industry (BPI).²¹

Imported rice is well-milled while regular-milled rice is associated with domestic palay. This is why increases in farm gate is also reflected in regular-milled wholesale price as in the case of January to March 2022. In general, palay farm gate prices follow the trend of wholesale rice prices except during the lean months mid-third quarter to October of each year as in the case of August 2021 to October 2021.



The graph approximates the trends in palay farm gate prices due to imports. Import peaks are usually followed by decreases in farm gate prices but after a lag of about three (3) months.²² For example the import peak of July 19 was followed by the farm gate drop in September. The peak in July 2020 was followed by farm gate drop towards the end of September 2020. These peaks also influenced drops in wholesale prices of rice in a similar way or lag times.

²¹ Data published so far by the BPI on the issuance of SPS Import Clearance and arrivals.

²² Using regression analysis with volume of import arrivals as the independent variables together with well-milled prices did not yield a good fit model because there is no data on when the arrivals are injected in the market.

5.4 Backdrop

COVID-19 Pandemic

A significant backdrop in the implementation of the RTL and the SURE Aid for Palay was the occurrence of the COVID-19 pandemic which started in December 2019, the detection of the first case in the country, and persisted until today as an endemic viral disease with lesser infection and hospitalization. In the Philippines, lockdowns started March 2020 and lasted until the 3rd Quarter of 2022, albeit granularly in specific communities, puroks, and barangays.

These lockdowns restricted mobility of employees and workers including farm and seasonal workers. Work from home is encouraged for office-based employees and reduction or rotation of work force were adopted. Small farmers relied on family labor. The supply chain for inputs was also disrupted and bringing produce to post-harvest facilities and markets were hampered by restrictions on mobility, transport, and logistics.

The loan application process may also have been affected as DA, the LGUs and the LBP maintained skeletal workforce and adopted work-from-home arrangements during the lockdowns.

The increase in the farmgate prices of palay in March 2020 and in the second quarter of 2020 was primarily caused by the mobility restrictions and supply chain disruptions.

Russia-Ukraine War

Another significant backdrop is the Russia-Ukraine War, a lingering dispute between the nations since 2014, which escalated and erupted anew in February 2022. Both countries are major sources of wheat grains both for food and feeds. Russia, a member of OPEC+ countries, is also major worldwide source of oil and gas and their by-products – fossil fuels such as petrol and diesel as well as fertilizers.

The war also affected agriculture in the Philippines because the country imports wheat and fertilizers and is affected by the volatility of oil prices in the world market of which Russia together with OPEC countries have significant influence by increasing or decreasing production levels.

In February 2022, rice prices, whether imported or locally produced increased, and so too, palay farm gate prices because of increases in the prices of fertilizers, petrol, and diesel fuel.

6.0 THE SURE AID LOAN PACKAGE²³

The loanable amount is a fixed Php 15,000 per borrower plus the cost of the Documentary Stamp Tax (DST) and Cash Card. with liberal repayment terms of up to eight (8) years, six months grace period, payable semi-annually with no interest, and no collateral requirement, is an attractive loan package. This is indicated by the outreach of the program consisting of 165,963 borrowers as of the end of September 2022.

²³ For details, please refer to Annex B.

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6.1 DA-ACPC & LBP Lending Arrangement

The implementation of the SURE Aid for Palay is governed by a Memorandum of Agreement (MoA) between the DA-ACPC and the Landbank which spelled out the lending arrangement and implementation of the credit program. Land bank bears no default risk and functions as a “lending service” conduit, the DA-ACPC including the DA-RFOs and the MAOs assumed the direct risk of vetting eligible farmer borrowers and indirectly accountable for loan defaults.

6.2 Lending Outreach

As of 30 September 2022, the SURE Aid for Palay Program has lent to some 165,963 borrowers all over the country. Table 5 shows the Regional Distribution of Borrowers.

Table 6: DA-ACPC SURE AID Palay Program Amount of Loan Releases and Number of Borrowers, By Region (As of 30 September 2022)			
Region	Amount of Loans Released (Php)	Number of SFF-Borrowers (No.)	Percent Share (%)
BARMM	55,995.00	3,733.00	2.25%
CAR	23,970.00	1,598.00	0.96%
Region I	208,215.00	13,881.00	8.36%
Region II *	246,210.00	16,414.00	9.89%
Region III *	490,875.00	32,725.00	19.72%
Region IV-A *	337,995.00	22,533.00	13.58%
Region IV-B	136,020.00	9,068.00	5.46%
Region V	100,230.00	6,682.00	4.03%
Region VI	84,675.00	5,645.00	3.40%
Region VII	22,470.00	1,498.00	0.90%
Region VIII *	240,315.00	16,021.00	9.65%
Region IX	20,175.00	1,345.00	0.81%
Region X	62,295.00	4,153.00	2.50%
Region XI	63,495.00	4,233.00	2.55%
Region XII *	297,660.00	19,844.00	11.96%
Region XIII	98,850.00	6,590.00	3.97%
Grand Total	2,489,445.00	165,963.00	100.00%
Basic Data Source: ACPC * Survey Regions			
Note: The National Capital Region (NCR), being non-agricultural, is not a recipient region of SURE Aid Palay Loan Program.			

7.0 CHARACTERISTICS OF SURVEY RESPONDENTS

7.1 Personal Characteristics

Of the total 405 borrower samples, 72 percent are male, and 28 percent are female. Borrower respondents, on the average, is 55 years old with an average household size of four (4) members. These characteristics are very near the demographics provided by the Ricelytics of PhilRice.

As compared to borrowers, the non-borrower respondents, have more female respondents accounting for 41 percent and are younger at an average age of 51. They have an equal average household size of 4 members (Table 6 for the details by province).

Table 7. Gender, Age and Household Size of Borrowers & Non-Borrowers

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%/Ave	No.	%/Ave	No.	%/Ave	No.	%/Ave	No.	%/Ave	No.	%/Ave
Borrowers:												
Gender:												
Male	47	62	84	85	64	71	23	53	72	74	290	72
Female	29	38	15	15	26	29	20	47	25	26	115	28
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100
Average Age	74	51	98	57	85	55	43	57	94	54	394	55
Ave. Household Size	76	4	95	4	88	4	43	5	97	4	399	4
Non-Borrowers:												
Gender:												
Male	16	43	34	72	32	74	9	41	26	54	117	59
Female	21	57	13	28	11	26	13	59	22	46	80	41
TOTAL	37	100	47	100	43	100	22	100	48	100	197	100
Ave. Age	37	49	46	53	43	52	22	50	48	49	196	51
Ave. Household Size	37	4	47	4	43	4	22	5	48	5	197	4

Both borrowers and non-borrowers show cohorts of aging or past-middle aged farmers. Diminishing household size from five (5) to four (4) members is also indicative of out-migration, getting out of rural areas and farming to look for employment (or education) elsewhere since household size means members living together and sharing meals – one less member means one less member absent or elsewhere.

7.2 Other sources of Income

One half of the borrowers responded that they have other sources of income in addition to farming and reported an average of two (2) household members having other income sources. An almost equal proportion (51%) of the non-borrowers also reported having other income source with the same number of household members involved in these income generating activities (Table 7).

Having other sources of income and at least two (2) members sharing the burden of generating income are indicative of the unattractiveness of rice or palay farming as a major and sufficient source of household income.

At the other end of the spectrum, 47% of the borrowers and 49% of the non-borrowers have no other sources of income and relied on two (2) other members of the household for income augmentation. Unlucrative palay or rice farming also fuels out-migration and the search for more gainful livelihood.

Table 8. Other Sources of Income

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%/Ave	No.	%/Ave	No.	%/Ave	No.	%/Ave	No.	%/Ave	No.	%/Ave
Borrowers:												
Do you have other sources of income other than farming?												
Yes	30	39	25	25	46	51	33	77	68	70	202	50
None	46	61	67	68	42	47	9	21	28	29	192	47
No answer			7	7	2	2	1	2	1	1	11	3
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100
How many members of the household have other sources of income?	99	3	70	3	109	2	62	2	124	2	464	2
Non-Borrowers:												
Do you have other sources of income other than farming?												
Yes	13	35	11	25	20	53	13	62	38	79	95	51
None	24	65	33	75	18	47	8	38	10	21	93	49
TOTAL	37	100	44	100	38	100	21	100	48	100	188	100
How many members of the household have other sources of income?	42	3	23	2	46	2	27	2	67	2	205	2

7.3 Support Systems and Services

Rice farmers derive support systems and services including credit and financing from the organizations to which they belong. Sixty seven percent (67%) of the borrower respondents reported that they are members of organizations with an average of twelve (12) years of membership. Most of them belong to Farmers' Associations which include Irrigators Association (IA), Farmers' Multipurpose Cooperatives, while a few are members of Barangay Associations. On the other hand, the non-borrowers have a slightly lower proportion of members of 62 percent and shorter length of membership of nine (9) years.

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The services offered by their organizations and are commonly availed of by both SURE Aid borrowers and non-borrowers include production and harvesting equipment rentals, agri-input supply, production credit, irrigation, financial services, consumer, and other loans. (Table 8).

Complementary credit programs through formal channels i.e. through financing and credit institutions including government-owned banks are mutually exclusive – a borrower in one formal credit facility cannot borrow from another formal credit facility from the same formal channel. It is a requirement that a borrower has no outstanding loan for eligibility to another loan.

Hence, complementary credit can only come from the support system of the borrower such as the cooperative or the association. Credits for additional inputs, equipment and machinery rent, consumer loans are availed of using the support services of their organizations (or through informal sources such as traders) and rarely through the formal credit institutions.

Table 9. Membership and Services of Organization

ITEM	TOTAL		TOTAL	
	Borrowers		Non- Borrowers	
	No.	%/Ave	No.	%/Ave
Are you a member?				
Yes	273	67	123	62
No	132	33	74	38
Total	405	100	197	100
Average years as member	286	12	123	9
Services Available in the organization:				
Production Machinery & Equipment Rent	132	48	62	50
Harvesting Machinery & Equipment Rent	100	37	39	32
Agri-inputs Supply	79	29	33	27
Production Credit & Financing	43	16	16	13
Free Irrigation	32	12	15	12
Deposit and savings	27	10	7	6
Transportation & Logistics Services (Farm to Warehouse or Buyer)	25	9	5	4
Milling Services	25	9	8	7
Mutual Aid Fund	14	5	7	6
Warehousing & Storage	16	6	7	6
Consumer Store Credit	7	3	5	4
Educational Loan	7	3	1	1
Medical Loan	7	3	1	1
TOTAL	273	*	123	*
Services Availed by the Respondent:				
Production Machinery & Equipment Rent	91	30	39	29
Agri-inputs Supply	69	23	32	26
Harvesting Machinery & Equipment Rent	67	22	21	17
Free Irrigation	30	10	15	12
Production Credit & Financing	26	9	9	7
Deposit and savings	23	8	5	4
Transportation & Logistics Services (Farm to Warehouse or Buyer)	15	5	3	2
Milling Services	15	5	5	4
Warehousing & Storage	9	3	3	2
Mutual Aid Fund	5	2	6	5
Consumer Store Credit	4	1	2	2
No answer			2	2
TOTAL	304	*	123	*
* Multiple Responses				

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7.4 Awareness on SURE AID Program

Seventy four percent of the borrowers learned of the SURE AID for Palay Credit Program from the DA/MAO. Other sources of information include the Land Bank as reported by 18 percent, co-farmers, by 12 percent and their association, by 9 percent (Table 9a).

On the other hand, 54 percent of the non-borrowers are also aware of the program (Table 9b). However, they did not avail of the loan because they are not qualified (for 45%), they do not need the loan (for 15%), they do not want obligation (for 17%) and the fund is limited (for 12%).

Table 9a. Awareness on SURE AID Program, Borrowers

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
Source of information about SURE AID:												
DA/MAO	52	68	81	82	45	50	36	84	86	89	300	74
LBP	11	14	17	17	29	32	1	2	13	13	71	18
Association	6	8	2	2	16	18			13	13	37	9
Co-farmers	11	14	3	3	28	31	8	19			50	12
TOTAL	76	*	99	*	90	*	43	*	97	*	405	*
Reasons for availing of loan:												
Need for loan because of RTL	25	33	19	19	37	41	10	23	40	41	131	32
Need for capital for farming	62	82	80	81	73	81	43	100	93	96	351	87
Liberal lending terms	13	17	37	37	38	42	12	28	47	48	147	36
TOTAL	76	*	99	*	90	*	43	*	97	*	405	*

*Multiple response

Table 9b. Awareness on SURE AID Program, Non-Borrowers

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
Are you aware of the SURE AID for Palay Farmers?												
Yes	14	38	21	45	27	63	15	68	30	63	107	54
No	23	62	26	55	16	37	7	32	18	38	90	46
Total	37	100	47	100	43	100	22	100	48	100	197	100
If yes, why did you not avail of the loan?												
No need for loan	5	36	2	10	6	22			3	10	16	15
Not qualified	5	36	10	48	8	30	6	40	20	67	49	46
Tedious requirements and process					1	4	1	7	3	10	5	5
Not registered in RSBSA	1	7	1	5	1	4					3	3
Late submission of requirements							3	20			3	3
Do not want obligation	1	7	6	29	4	15	5	33	2	7	18	17
Limited only	2	14	2	10	7	26			2	7	13	12
Total	14	100	21	100	27	100	15	100	30	100	107	100

8.0 KEY FINDINGS & ANALYSIS

8.1 Extent of Meeting Objective

The SURE Aid for Palay Farmers was designed as a temporary stop-gap measure (in the sense of avoiding hiatus, interruption or break in palay production cycle) to provide a quick turnaround credit facility to finance succeeding palay production. With reduced palay farmgate prices in the preceding production season, small farmers suffered reduced revenues and farm incomes to allow full funding of production in the ensuing season. SURE Aid was not designed as a productivity enhancement credit facility but to enable small farmers to fully re-engage in palay production.²⁴ Hence, it would be too much to expect that the SURE Aid loan resulted in increased productivity and consequently, led into increased income on the part of small farmers.

8.2 Loan Package & Facility

The SURE Aid for Palay is a one-time, exigent, offering liberal terms, quick and relatively easy access compared to regular credit programs, and promoting inclusion of small farmers. Annex B provides the loan package and facility parameters and their pros (strengths) and cons (weaknesses).

8.3 Loan Usage and Utility

8.3.1 Reasons for Availing (Not Availing) of the Loan

The reasons for taking advantage of SURE Aid are a combination of three (3) reasons and appreciated by most borrowers. The most common reason for availing the SURE AID loan was their need for capital as reported by 87 percent of the borrowers. Thirty-two percent said that they need the loan because of the effects of RTL while 37 percent responded that they availed the loan because of the liberal lending terms. In a sense, the credit facility can be considered as serving its purpose to provide relief to the effects of RTL and of opening credit to be more small farmers inclusive.

Most of the non-borrowers indicated that they are not qualified and ineligible to avail themselves of the loan. It can be because of the farm size of more than a hectare and non-inclusion in the DA validated list. Another 32% cited they do not want to incur obligation and do not find the loan necessary.

²⁴ This is why the loan amount has been pegged at Php 15,000 per borrower not on the cash component of production cost estimated at between Php 21,000 to Php 22,000 per production cycle by the PSA. In this case, the Php 15,000 represented the loss of estimated revenues or incomes due to drop in preceding season palay farm gate prices.

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Table 10: Borrower & Non-Borrower Availment (Non-Availment) of Loan Reasons

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Borrower Reasons for Availing of Loan:												
Need for loan because of RTL	25	33	19	19	37	41	10	23	40	41	131	32
Need for capital for farming	62	82	80	81	73	81	43	100	93	96	351	87
Liberal lending terms	13	17	37	37	38	42	12	28	47	48	147	36
TOTAL	76	*	99	*	90	*	43	*	97	*	405	*
Non-Borrower Reasons for not Availing of Loan.												
No need for loan	5	36	2	10	6	22			3	10	16	15
Not qualified	5	36	10	48	8	30	6	40	20	67	49	46
Tedious requirements and process					1	4	1	7	3	10	5	5
Not registered in RSBSA	1	7	1	5	1	4					3	3
Late submission of requirements							3	20			3	3
Do not want obligation	1	7	6	29	4	15	5	33	2	7	18	17
Limited only	2	14	2	10	7	26			2	7	13	12
TOTAL	14	100	21	100	27	100	15	100	30	100	107	100

8.3.2 Loan Application/Uses

As the SURE AID Loan was intended for palay farmers, the survey shows that majority (85%) of the borrowers used the loan solely for palay production and another 3 percent for palay and other income generating enterprises. Other income generating enterprises included high value crops, mango and corn production, livestock production, copra buying and sari-sari store. However, a considerable proportion (11%) used part of the loan for household needs which included medical and educational expenses (Table 11).

Table 11. Loan Application and Uses

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Purpose of loan:												
Solely for palay production	76	100	95	96	75	83	32	74	68	70	346	85
For palay production and other income generating enterprise			1	1	4	4			5	5	10	2
For other income generating enterprise			3	3			1	2			4	1
For palay production and household needs					11	12	10	23	24	25	45	11
Total	76		99	100	90	100	43	100	97	100	405	100

Note: Other income generating enterprises include high value crops production, livestock, copra buying, sari-sari store, mango, and corn production. Household needs include medical and educational expenses.

The loans granted were generally applied as intended and for farm related income generating enterprises. A considerable number (11% of respondents) used the loan for palay production and diverted portions of the amount for medical and educational purposes, a risk that cannot be entirely avoided considering that income from palay and rice farming are not sufficient for household needs.

8.4 Program Efficiency

8.4.1 SURE Aid Awareness

Seventy four percent of the borrowers learned of the SURE AID for Palay Credit Program from the DA-RFOs and the MAOs since they are the frontliners in the initial screening and vetting of potential borrowers. Other sources of information include Landbank, co-farmers and the organizations where they belong. (Table 11).

On the other hand, 54 percent of the non-borrowers are also aware of the program. However, they did not avail of the loan because they are not qualified (for 45% of respondents), they do not need the loan (for 15% of respondents), they do not want obligation (for 17% of respondents) and the fund is limited i.e. minimal loanable value of Php 15,000 per borrower (for 12% of respondents).²⁵

Table 12. Borrower & Non-Borrower Awareness & Borrower Source of Information on SURE Aid

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Borrower Source of information about SURE AID:												
DA/MAO	52	68	81	82	45	50	36	84	86	89	300	74
LBP	11	14	17	17	29	32	1	2	13	13	71	18
Association	6	8	2	2	16	18			13	13	37	9
Co-farmers	11	14	3	3	28	31	8	19			50	12
TOTAL	76	*	99	*	90	*	43	*	97	*	405	*
Non-Borrower Awareness of SURE Aid for Palay Farmers												
Yes	14	38	21	45	27	63	15	68	30	63	107	54
No	23	62	26	55	16	37	7	32	18	38	90	46
TOTAL	37	100	47	100	43	100	22	100	100	100	192	100

8.4.2 Information Asymmetry

The risk of information asymmetry where one party possesses more information than the other party in a transaction to gain undue advantage such as between the farmer borrower and the MAOs and LBP Account Officers is practically non-existent. It is ruled out in this case because the loanable amount is small, the credit terms are liberal, and most importantly, there is no collateral requirement which is vulnerable to under valuation. The only vulnerability lies on the question of the eligibility of borrowers but there is a validation mechanism done by the DA-RFO focal persons.

8.4.3 Implementing & Coordinating Units in DA RFO

The DA RFO is responsible for endorsing the list of borrowers vetted or recommended by the MAOs to the concerned LBP Lending Centers which have jurisdiction or coverage of the municipalities. The DA RFO focal credit units are also tasked, along with the MAOs, for monitoring the application of the loans and accomplishments of the borrowers. The coordinating as well as the monitoring units are usually the Agribusiness and Marketing Assistance Division (AMAD). In the case of region 2, the coordinating unit is the Rice Program

²⁵ Refer to Table 10 on Reasons for Availing (Not Availing) of the Loan

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Office. Somehow this affects the efficiency of implementation since there is no uniform structure and relies on adhocacy which affects accountability.

8.4.4 Documentary Requirements

The borrowers reported only a few documentary requirements to be able to avail themselves of the SURE AID Loan. Primary requirement was a valid ID as reported by 78% of the borrowers, followed by the endorsement from the DA-RFO and the MAO that they are in listed in the Registry System for Basic Sector in Agriculture (RSBSA) as indicated by 18% of 405 respondents. A few borrowers even said that there were no documentary requirements although valid government-issued IDs are required for application.

A few borrowers reported that the cost they incurred in loan application was minimal as this covers only the documentary stamp tax (DST), notarial fee, and cash card or ATM card.

With the minimal documentary requirements and the assistance provided by the DA-RFO and the MAO, loan processing was facilitated that the majority (71%) of the borrowers reported that processing time was less than one (1) month. The remaining 29% of respondents reported more than one (1) month to a maximum of three (3) months processing time. One lending center said that processing and release of more than 10,000 loan applications was done within more or less than 6 months (Table 13).

The documentation required for the SURE Aid Palay are the Landbank Application Form, Certificate of No Outstanding Loans, Endorsement from the MAO as eligible beneficiary and as a requisite for the release of the loan, the borrower must attend a financial literacy orientation or training.

Table 13. Documentary Requirements and Processing Time in Availing SURE AID Loan

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	NR	%	NR	%	NR	%	NR	%	NR	%	NR	%
Documentary requirements:												
Valid ID	54	71	68	69	69	77	40	93	83	86	314	78
Picture	13	17	3	3			4	9	3	3	23	6
Endorsement/certificate from MAO that they are listed in the RSBSA	13	17	16	16	12	13			32	33	73	18
Notary public					6	7					6	1
None			24	24	7	8	1	2			32	8
TOTAL	76	*	99	*	90	*	43	*	97	*	405	*
Processing Time to Loan Release:												
Less than 1 week	22	29	18	19	19	21					59	15
Less than or equal to 1 month	36	47	78	81	63	70	35	81	13	13	225	56
More than 1 month	18	24			8	9	8	19	84	87	118	29
TOTAL	76	100	96	100	90	100	43	100	97	100	402	100

8.4.5 Claim of Cash Cards

Inability to claim the cash cards may be a deliberate decision of the borrowers not to longer avail of the loan. It may be better to get data from Land Bank on loans approved but were not released because of the inability to claim the cards.

It should be noted that the study deals with samples of borrowers (those who availed of the loans) and non-borrowers. To find out the borrowers who changed their minds and did not claim their cards may not be within the purview of this evaluation. Nevertheless, the factors can be the lengthy approval resulting into loss of interest to avail of the loan or it could be that borrowers went through their service conduits where there is no need to secure a cash card since the loan is released through a conduit and in the process did not pursue an individual availment. Note that the cost of the cash cards and the documentary stamp tax, per the lending terms, are in addition to the Php 15,000.00 loan proceeds²⁶.

8.5 Program Relevance

8.5.1 Loan Usefulness

The SURE AID loan is in time with the passage of the Rice Tariffication Law (RTL) in 2019. Most of the SURE AID loans were granted from late 2019 to 2020. When borrowers were asked if the loan has cushioned the effect of RTL of low farmgate prices, the majority (82%) of them responded positively (Table 13). The loan provided them the means to restart production or turn production around.

Most of the farmer-borrowers were able to use the loan for one (1) cropping only (55% of respondents) and 34% reported that they used the loan for two (2) cropping seasons. Only a few (12%) used the loan for more than two (2) cropping seasons.

Table 14. Usefulness of SURE AID Loan												
Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Does SURE AID loan helped you recover from the effects of RTL or drop in palay prices?												
Yes	64	84	75	76	76	84	35	81	84	87	334	82
No	11	14	20	20	13	14	7	16	12	12	63	16
No answer	1	1	4	4	1	1	1	2	1	1	8	2
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100
For how many croppings were you able to use the loan?												
One cropping	61	80	84	85	30	33	15	35	34	35	224	55
Two croppings	9	12	13	13	38	42	24	56	45	47	129	32
Three croppings	3	4	1	1	12	13			2	2	18	4
Four croppings	3	4	1	1	6	7	2	5	5	5	17	4
Five croppings							1	2	2	2	3	1
Six croppings					4	4	1	2	8	8	13	3
TOTAL	76	100	99	100	90	100	43	100	96	100	404	100

²⁶ Refer to Annex B.

8.5.2 Adequacy of Loan

The loan amount was not supposed to cover the total cost of palay production (for 1 hectare, for 1 cropping, whether cash nor total direct cost). As the objective of the program indicates, the SURE Aid Palay aims to cushion, or soften the impact the RTL to the rice farmers, by providing loans to compensate for the loss of income caused by the drop in the palay farm gate prices. A formula was used to derive the amount of loan to be provided (from the PIDS Policy Note No. 2016-20, "Compensatory Payment Scheme for Rice Farmers after Tariffication"). Nevertheless, 58% of the respondents found the loan amount sufficient and adequate for production cash outlay.

Table 15. Loan Adequacy												
Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Was the loan adequate?												
Yes	40	53	34	34	65	72	30	70	67	69	236	58
No	23	30	54	55	17	19	13	30	29	30	136	34
No answer	13	17	11	11	8	9			1	1	33	8
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100

Fifty eight percent of the respondents reported that the loan is adequate. This maybe the respondents with farms smaller than one hectare. The average area of borrowers and non-borrowers is 0.8 hectare. Of the 405 borrowers, only 44 percent have 1-hectare farm.

Although the loanable amount has been considered inadequate by 34 percent of the borrowers, it was indeed reported to have helped small farmers to restart production or farming operations amidst pandemics. Majority of the borrowers have also responded positively on the usefulness of this loan to their agri-production activities. Therefore, the SURE AID loan has been proven useful to the respondent small farmers when it comes to their agri-production activities. Its inadequacy could be resolved by increasing the loanable amount offered by the program or enhance it through amendments of the program and not by terminating it.

8.5.3 Income Effect

No significant difference between the Average Real Income (ARI) of SURE Aid borrowers and non-borrowers (before the loan and after the loan – year 2019 and year 2020 with 2 cropping seasons per year). There is therefore no income enhancement effect of the SURE Aid loan. Part of the reason maybe the insufficiency of the loan amount to procure high yielding quality seeds and appropriate inputs – "the loan was just enough not to break or interrupt the production cycle".

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Table 16: Change in Net Farm Income

Item	No. Respondents	Ave. Nominal Income/Farm (Php)	Ave. Real Income/Farm (Php)	Difference (Php)	% Change
Borrowers					
Before the loan	386	46,159.00	54,368.67		
With the loan	374	47,480.00	57,273.82	2,905.15	5.00%
Non-Borrowers					
Before the loan	189	43,569.00	51,318.02		
With the loan	181	44,920.00	54,185.77	2,867.74	6.00%
Borrower - Non-Borrower Difference				37.41	
Note: Average nominal income was converted to real income using the Producers' Price Index (PPI) for 2019 (84.9) and 2020 (82.9) palay production					

8.6 Repayment Performance

Majority of the loan was obtained from last half of 2019 to 2020. It is therefore expected that at least 4 payments have been made for the loan. Mode of payment is in cash.

However, the survey revealed a relatively low repayment with only 26 percent of the borrowers reported having made an average of 2.6 payments or installments for the loan. Moreover, more than half (54%) of those who paid were delayed in paying the installment (Table 17).

Table 17 . Loan Repayment

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Were you able to pay?												
Yes	11	14	17	17	64	71	7	16	8	8	107	26
Average number of installments made	1.3		2.7		3.0		2.0		1.1		2.6	
Were you able to pay installment when due?												
Paid on time	7	64	4	24	33	52	3	43	2	25	49	46
Delayed	4	36	13	76	31	48	4	57	6	75	58	54
TOTAL	11	100	17	100	64	100	7	100	8	100	107	100

The common reasons given for non-payments was they have no money for loan repayment because of low production and the pandemic. It should also be noted that a substantial number (67) of those who did not pay reasoned out that there was no collector and that they were far from the lending center. A few non-payors suggested that the Land Bank has no clear collection policy. (Landbank bears no risk for loan default and in fact is moving to subrogate loan collection to ACPC.)

Installments for the loan came from the money earned from the supported enterprise as reported by 59 percent while 41 percent reported getting money from other sources.

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Table 18 . Loan Repayment Source & Reasons for Non-Payment

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Source of Payment												
Income from loan supported enterprise	11	100	12	71	29	55	5	71	6	75	63	59
From other source			5	29	24	45	2	29	2	25	33	31
No answer					11	21					11	10
Total	11	100	17	100	53	100	7	100	8	100	107	100
Reasons for Non-Payment												
No funds to pay loan	8	12	27	33	9	35	3	8	11	12	58	19
Low production; low income	14	22	31	38	26	100	12	33	40	45	123	41
Distance from lending centers, no collectors etc	33	51	10	12	3	12	18	50	69	78	133	45
Personal/family problems	2	3	3	4	3	12	3	8	4	4	15	5
Pandemic	8	12	15	18	8	31	8	22			39	13
Total	65	100	82	*	49	*	44	*	89	*	39	13
* multiple responses												

Based on data from Land Bank provided by ACPC (Annex G), the following indicators can be computed (Table 19).

Table 19: Repayment and Past Due Indicators, as of 31 July 2023

Item	Php	Notes
Program Fund Allocated for Credit (million Php)	2,527.350	
Loans Drawdown (million Php)	2,516.770	
Allocation less Loans Drawdown (million Php)	10.580	Remitted back to Bureau of Treasury AMCFP account Php 10.530 on 24 March 2023.
No. of Accounts (also No. of Borrowers)	165,963	As of 31 July 2023.
Loan Per Account or Borrower - Net Proceeds (in Php)	15,000.00	
Total Loan Extended (million Php)	2,489.445	
Difference (Drawdown and Loan Extended) (million Php)	27.325	Land Bank Service Fees for DST & Cost of ATM cards on top of loan proceeds. Lending terms specify that DST and Cost of AtM are additional.

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Outstanding Loan	2,422.350	As of 31 July 2023.
Difference (Total Loan Extended less Outstanding Loans)	67.095	Repayment on Loan as of July 2023 (April - July 2023) not yet remitted to AMCFP account.
Principal Collections Remitted 24 March 2023	114.223	Remitted back to BtR AMCFP account on 24 March 2023.
Total Principal Collections	181.318	As of 31 July 2023.
Repayment Rate as of July 2023 (vs. Loan Extended)	7.28%	
Past Due Amount (million Php)	682.84	
Past Due Rate (Past Due Amount/Outstanding Loan)	28.19%	
Past Due Accounts (No. of Accounts or Borrowers)	161,937	
Past Due Accounts Percentage	97.57%	
Source: Survival and Recovery Assistance (SURE Aid) Lending Program as of 31 July 2023, Land Bank		

Land Bank started lending on 30 August 2019 and ended 31 December 2020. Maturities of the loans will occur eight (8) years after, in between August 2027 and 31 December 2028. The loans are approximately midway to maturity. And yet, the past due amount comprises only 28.19% of the outstanding loan compared with the expectation of about 40% to 50% (midway and if all borrowers default) of the outstanding loan. From the data above, about 2.43% (100% - 97.57%) of the 165,963 borrowers (4,033 borrowers) can be regarded as diligent in paying the amortization for the loan.

Corollary, the expectation must be that midway through the loan maturity, the repayment rate must be between 40% to 50%. From the data, the current repayment rate is 7.28%, less than a fourth or fifth of the expectation. A catch-up plan and initiatives must be undertaken to improve the repayment performance.

9.0 IMPRESSIONS & UNDERSTANDING

9.1 Rice Tariffication Law

The farmer borrowers are aware of the repercussions of the RTL such as increasing imports and effect on farmgate prices thereby reducing rice farming income. When asked of what he think will be the likely effect of RTL to farmers like him, 93 percent agreed that it will bring down farm gate prices thus lowering income from rice farming. Some 73% of survey respondents opined that they were affected by the RTL in the form of unfavorable farmgate prices, thus, the 15 thousand loan was mainly used to support uninterrupted production. Moreover, they are also aware that the Rice Competitiveness Enhancement Fund (RCEF) will provide support to small farmers.

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Table 20. Impression on & Understanding of Rice Tariffication Law (RTL)

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
1. What is your understanding of the Rice Tariffication Law (RTL)?												
Bring more imports	37	49	49	49	46	51	12	28	56	58	200	49
Will impact on farm gate prices	46	61	61	62	60	67	22	51	72	74	261	64
Will provide support to small farmers including credit from the RCEF.	8	11	35	35	61	68	8	19	42	43	154	38
Don't know	2	3	2	2			3	7	2	2	9	2
TOTAL	76	*	99	*	90	*	43	*	97	*	405	*
2. What do you think are its likely effects to you and rice farmers?												
Lower farm gate prices thus lowering income from rice farming	73	96	92	93	79	88	40	93	93	96	377	93
More subsidy from government			1	1							1	0
No answer	3	4	6	6	11	12	3	7	4	4	27	7
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100
3. Are you in 2019, 2020 or now affected by the Law?												
Yes	57	75	75	76	46	51	37	86	82	85	297	73
No	16	21	19	19	42	47	3	7	13	13	93	23
No answer	3	4	5	5	2	2	3	7	2	2	15	4
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100
4. As a farmer, what are your suggestions to lessen the effects of RTL?												
More subsidy from government	14	18	10	10	27	30	5	12	18	19	74	18
Abolish RTL/repeal RTL	2	3	19	19			12	28	19	20	52	13
Increase production/yield	23	30	6	6	8	9	1	2	10	10	48	12
Lower price of agri inputs	1	1	4	4	1	1			18	19	24	6
Venture into other agri commodity / produce			4	4	4	4	4	9	12	12	24	6
Increase price of produce	1	1	7	7	1	1	1	2	10	10	20	5
Decrease cost of production	3	4	7	7					1	1	11	3
SURE AID should be made			4	4	1	1					5	1
No answer	32	42	38	38	48	53	20	47	9	9	147	36
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100

The major suggestion (74 respondents) to mitigate the effects is to provide more government subsidies. Others (52 respondents) comprising 13% of respondents recommended the abolition or repeal of the RTL.

9.2 On SURE AID Loan

Ninety percent (90%) of 405 respondents consider the loan terms of SURE Aid favorable. To improve the loan facility, 155 respondents suggested increasing the loanable amount. Other suggestions include continuing the loan and making it available every cropping season.

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Table 21. Impression & Suggestions on SURE AID Loan

Item	Isabela		Nueva Ecija		Quezon		Leyte		North Cotabato		TOTAL	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Are the loan terms favorable?												
Yes	65	86	78	79	85	94	40	93	96	99	364	90
No	7	9	11	11	2	2	3	7	1	1	24	6
No answer	4	5	10	10	3	3					17	4
TOTAL	76	100	99	100	90	100	43	100	97	100	405	100
Are there, in particular, you want to suggest improving the loan package?												
Increase loanable amount	23	30	45	45	13	14	13	30	61	63	155	38
Longer payment time			1	1	1	1	2	5	3	3	7	2
All farmers should be qualified	1	1	1	1	3	3					5	1
Every branch should accept	1	1									1	0
There should be no need for repayment			1	1							1	0
Available every cropping			4	4					1	1	5	1
Continuity of program			8	8	8	9	1	2			17	4
More information on payment			1	1					2	2	3	1
TOTAL	25	33	61	62	25	28	16	37	67	69	194	48

10.0 CHALLENGES & OPPORTUNITIES

Here are the challenges and opportunities for improvement of the loan facility as well as the policy recommendations which may also be adopted for a credit program of this type.

10.1 On the Loan Package & Facility

Repayment Period & Terms. There is a need to shorten the repayment terms of eight (8) years or 15 semesters considering a one semester grace period. This is the equivalent of fifteen (15) cropping cycles. Because there is no interest charges, the amount to be repaid is about Php 1,000 per semester for Php 15,000 loan.

Loan Amount Determination. Among the improvements of the loan package suggested by 38% of the survey respondents is increasing the loanable amount (See Impression on SURE Aid Loan). It may be appropriate to use the PSA direct cash outlays in the determination of loan amounts for rice and even corn production as well as for loan packages for agricultural commodities production credit packages.

PSA classifies the costs of production of rice and corn as consisting of cash, non-cash, and imputed costs. Cash costs are direct cash outlay or cash payments for the use of different factors of production such as seeds, labor, fertilizers, and agro-chemicals. Non-cash costs are expenditures that are paid in-kind. They represent portions of production, such as share of harvest, for payment of the use of factors of production such as harvesting labor. Imputed costs are expenditures that do not involve actual cash outlays and payments in-kind. They represent opportunity costs of using owned resources in a particular activity and are computed based on the best value of foregone revenues such as the use of a member of household labor when that member is employed somewhere else and had to sacrifice foregone salary.

The loanable amount has been set at a fixed Php 15,000 per borrower and not on the cash costs of production per hectare of the farm which may be a realistic amount to consider in

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future loan package of this type. The recommended loan amount is between Php 20,000 to Php 22,000 per borrower.

Table 22: Costs and Returns of Palay & Corn, 2018, 2019 and 2020,			
Season	Cash Costs Per Hectare (Php/Ha)		
	2018	2019	2020
Dry	21,386	22,316	20,984
Wet	21,787	22,177	20,778
Annual	21,134	22,067	22,315

Source: PSA Costs and Returns of Palay and Corn, 2018 - 2020

10.2 On Loan Usage & Utility

Loans in cash are susceptible to diversion. In the case of SURE Aid, about 85% of the borrowers indicated that they used the loan for palay production. Others admitted however to supporting other agricultural on-farm income generating enterprises and even for consumption purposes such as educational and health expenses. In a situation where rice farming contributes only 51% of total household income, this may be expected because of the need to support existing income sources or to diversify to provide alternative options for income generation.

In the current context of the small farmers, a credit system focused on a specific production system such as palay production, may not work at all. The loan may be repaid for some time but eventually, principal repayment defaults will occur. It may be more appropriate to adopt a credit intervention focused on the farming household credit needs. The credit package may be designed so that there is provision for the credit requirement of the major production system, a credit component to support existing on-farm or potential diversified on-farm enterprise. The third component is for ancillary services such as a support credit access for trading and marketing and other ancillary services that are agriculture or agribusiness related. This is further discussed on the Section on Program Relevance below.

10.3 On Program Implementation & Efficiency

Because there is no collateral requirement and there is a need to establish the eligibility of borrowers (owning or cultivating less than 1.0 hectare and included in the DA validated list), a vetting system is adopted. The system requires the endorsement of the MAOs and confirmation by the DA through a validation process which take time.

The challenge is how to make the loan process easy and responsive i.e. without the vetting process and documentation presently required. The use of the DA Registry System for Basic Sector in Agriculture (RSBSA) may have its use here. And perhaps, it can be accompanied with online fintech and online digital platforms such as GCash or Maya. This fintech platforms are accessible (cash-in/cash-out transactions can be done in authorized Sari-sari stores authorized). Those qualified to borrow can approach the DA-RFO where personnel can assist

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the borrower create for example GCash or Maya accounts and directing the LandBank to release the loans through the accounts.

DA-ACPC assumes the burden of risks because LandBank is “merely” responsible for processing and releasing of loans. The MoA clearly stated that LBP personnel shall not be responsible in case of loan defaults. The vetting process of eligible and qualified farmers rests with the MAOs and the DA Regional Field Office (RFO) personnel. In addition, the Irrigators Associations (IAs) through the Sikat Saka Program cited in the MoA, may be accredited by DA as service conduits and hence may process in “batch” eligible borrowers. Service conduits can advance the loans subject to an agreed reimbursement procedure with Land Bank mainly through the IAs deposit accounts.

Land Bank benefits from the arrangement. It can invest the DA deposit in short-term securities (loan application takes 15 days to release), it broadens or expands its deposit base and service fees revenues (issuance of ATMs has costs on the part of borrowers and savings accounts charges borne by depositors).

These arrangements may have its advantages. Determining eligibility of borrowers maybe faster as there is no need for LBP personnel to check the borrowers background and creditworthiness and eliminate heavy or voluminous documentation. In addition, given the loanable amount of Php 15,000 per borrower and the type of borrower (small farmers), this arrangement may be the best option. Considering too, that the DA and the ACPC do not have the mandate for direct lending.

Borrower data management and access sharing is recommended to be instituted between Land Bank and ACPC for credit programs where the source of funds, originator of lending guidelines is ACPC and the Land Bank is a conduit lending bank. ACPC agrees that there should be a unified database between Land Bank and ACPC for consistent program monitoring data. In fact, the ACPC Information Systems Management Division (ISMD) has developed a system for collecting and recording data on individual borrowers under the different ACPC-funded credit programs called the Agri-Credit e-Portal (ACE Portal).

In the same vein, ACPC must have access to the Registry System for Basic Sector in Agriculture (RSBSA) of the DA. Part of the difficulty in sourcing data for the survey is the absence of a unified database between Land Bank, ACPC, DA Central and Regional Field Offices. Consistent data are needed for monitoring purposes. Presently, access is cumbersome and entails administrative burden even between the ACPC and Land Bank.

The adoption by Land Bank of the ACE Portal data-capture system is being advocated by ACPC for purposes of harmonizing the data fields for individual borrowers in all Landbank and ACPC credit programs. To date, however, Land Bank has not indicated willingness to adopt this system. The DA needs to take this up at the soonest possible time with Land Bank, because aside from the timely release of loans, the detailed information on the loan releases is equally important to the DA for purposes of program and policy evaluation (through ACPC).

10.4 On Repayment Performance

Aside from the reasons cited on the repayment performance²⁷ such as absence of collectors, the pandemic situation, low production may be valid reasons but there may be a correlation or a causation existing between farm ownership or income profile and repayment²⁸. Because the loan requires no collateral or proof of land ownership or lease, the borrowers may have come from the tenants and other tillers, as discussed above, and with multiple obligations fail to pay the amortization on the principal payments.

10.5 On Program Relevance

The SURE Aid Palay no doubt, provided a “breathing spell” for small farmers impacted by the dip in palay farmgate prices in 2019 and 2020. SURE Aid Palay came as an accessible credit when impacted farmers are short of cash to finance production for the ensuing wet season (typically during semester 2 from September 16 to March 15). It also came at a time of COVID-19 lockdowns when these same farmers have difficulty selling palay due to movement restrictions or when food supply – buying food from nearby markets or town centers – was disrupted.

In so far as contributing to increasing their income, SURE Aid has not been a key factor. For one, the loan is relatively small or meager, although most borrowers found them adequate to meet their production cost. The loan is of little consequence even to buy good quality seeds, pay for mechanization, procurement of the right quantity and quality of fertilizers, and other means of reducing production costs while boosting productivity.

Related to the relevance issue is the challenging question of how to increase the income of small rice farmers using credit as the primary intervention. In the discussion of the Small Rice Farmer section, it was pointed out that rice farming only constitutes 51% of rice farming household income according to PhilRice Ricelytics. There are more indicators in Ricelytics which point to a more dire situation of rice farmers especially those who cannot achieve the estimated incomes which better off rice farmers can attain or those who cannot even make more than the poverty threshold income.

Table 23: Monthly Income and Poverty Threshold for Rice Farmers			
Parameters	2011	2016	2022
Estimated Monthly Income from Rice Farming (Php/Month)	17,040	22,405	No data yet
% of Rice Farming Household (Above Poverty Threshold) which can meet or surpass the Rice Farming Monthly Income	No data	No data	No Data
% of Rice Farming Household (Above Poverty Threshold) which cannot meet the Rice Farming Monthly Income	No data	No data	No data

²⁷ See Repayment Performance on Key Findings & Analysis.

²⁸ This needs to be investigated further requiring regular data collection and hence, no longer within the purview of this evaluation.

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Monthly Poverty Threshold per HH of 5 (Php)	5,565	7,890	No data
Above Poverty Threshold (% of Rice Farming Household)	68	69	No data yet
Below Poverty Threshold (% of Rice Farming Household)	32	31	No data yet
Source: https://www.philrice.gov.ph/ricelytics/profilemain , accessed June and July 2023.			

How can credit help those small rice farmers in rows highlighted? Perhaps, through a “Custom Credit Mix Bundle” targeted and focus on the Rice Farming Household and not on a specific production system such as Palay and Rice Farming.

There are in fact four (4) or five (5) existing SURE Aid complementary credit programs and loans extended by the DA-ACPC, the LandBank, and the Development Bank of the Philippines (DBP) for individual small farm holders engaged or to be engaged in palay or rice farming in irrigated or non-irrigated lands, production of high value crops, livestock and poultry raising, the purchase of inputs, machineries and equipment for rice farming.²⁹ These are:

- a. for palay and corn, Sikat Saka funded by DA-ACPC through LandBank.
- b. for high value crops, Sulong Saka also by DA-ACPC through LandBank.
- c. for livestock and poultry and fisheries, Agricultural and Fisheries Financing Program also supported by DA-ACPC through LandBank.
- d. for rice, the Extended Rice Credit Assistance under RCEF of the LandBank and the DBP.

The bundle can be composed of three (3) components using existing loan facilities or modified and designing new schemes that are still related to farming such as support ancillary services. SURE Aid of course can be reoriented to a more permanent and regular purpose such as increasing productivity and income and its loan package modified or expanded with features that will improve access and ease of applying for credit such as providing incentives or sanctions for repayment using loan repayment performance for entitlements of more input subsidies or discounts in purchases of inputs or for granting scholarships to family members wishing to pursue education³⁰ or willing to engage in agripreneurship.

1. The main agricultural production enterprise such as rice farming
2. The on-farm diversification enterprise such as cultivation of high-value crops, vegetables, beans and pulses, livestock and poultry raising to name a few.

²⁹ Loans extended to organizations have been excluded in this list and limited to complementary programs intended for individual loan borrowers.

³⁰ Similar in concept to Social Welfare 4Ps Cash Grants in exchange for going to school or education of children. In this scheme, pay loan and send children to agriculture education with additional allowances since basic tuition and admission are free in state colleges and universities.

3. The agricultural ancillary services or products such as small input stores, repairs of farm machineries, even sari-sari stores, and catering for seasonal workers, even GCash or Maya or e-load stores, marketing, and transport such as operations of hog trikes, water refilling stations etc.

11.0 RECOMMENDATIONS

1. Compared with other programs targeting small farmers such as the Agriculture & Fisheries Financing Program (LandBank-ACPC Programs), the ERCA-RCEF (RCEF funds channeled directly to LandBank), SURE Aid for Palay promotes inclusion or inclusiveness of small farmers who cannot offer collaterals or guarantees or mortgage real properties in consideration of loans. It is recommended to continue or expand SURE Aid but for the objective of increasing productivity and income and at the same time promoting inclusiveness. Some modifications must be made in the loan package, foremost among these are:
 - a. increasing the loanable amount and indexed it to the Direct Cash Costs of the PSA Costs & Returns for One Cropping Season (as suggested in the section on Loan Package and Facility).
 - b. decreasing the repayment period from eight (8) to five (5) years or a maximum of ten (10) cropping cycles.
 - c. include imposing sanctions and penalties for two (2) succeeding loan defaults such as flagging or blacklisting in the RSBSA which will forfeit benefits of receiving input subsidies in the future.
2. Relatedly, adjustments must be made in the implementation arrangement:
 - a. Between LandBank – DA-ACPC especially on the issue of subrogation and assignment of loan collections to ACPC and the sharing of risks and accountabilities for loan defaults.
 - b. Between DA and ACPC, that the latter (ACPC) must be given access to RSBSA as the present set-up requires prior written permission, and a data sharing agreement must be executed and consummated with the DA.
3. Especially for small palay and rice farmers there is a need to take a wholistic household approach for credit intervention. Recalling that rice farming only constitutes about 51% of the household income and that to make both ends meet, farmer households must have multiple or must diversify income sources. This is suggested as a "Custom Credit Mix Bundle" in the preceding section. From the existing DA-ACPC and LandBank even DBP ERCA-RCEF programs, complementary mixes of credit interventions can be designed and implemented custom-made for targeted small farm holder households.

- a. Palay and Rice Farming – a SURE Aid modified or credit derivative (Recommendation No.1) for upland and rainfed or non-irrigated lands or Sikat Saka Program for irrigated areas.
- b. For high value crops production – Sulong Saka for income diversification.
- c. For livestock and poultry raising – the Agriculture and Fisheries Financing Program (AFFP) for income diversification.
- d. For the purchase of inputs, machineries, and equipment through the Expanded Rice Credit Assistance under RCEF of LandBank and Development Bank of the Philippines (DBP), to support main production engagement, palay or rice farming.

It may be noted that under the AFFP, a mix of projects can be undertaken by an individual borrower, so the concept of a credit mix bundle is not new. Also, design of new components such as credit intervention for ancillary services can also be part of the credit mix. The credit mix bundle must be studied thoroughly as to its features and terms, limits of lending and the target household segments (for example, suggested by Table 21 can be used) among others.

4. The traditional credit system of using government banks especially for retail or individual lending to small farmers has a lot of access disadvantages for small farmers from loan application, processing, approval and repayment. Innovative ways of extending credit and financial services using financial technology firms, digital and online platforms and DA-ACPC partnership with GCash, Maya, other platforms can be explored aside from using the traditional credit system of using government-owned banks. Procurement of financial technology firms' services may be done through competitive bidding or through unsolicited proposal. This must be discussed with the BSP however for any legal and banking issues.

Consulting Services for the Conduct of Evaluation of the Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program)

Annexes:

A	List of Persons Contacted/Met During the Survey
B	SURE Aid Loan Facility
C	Questionnaire for SURE Aid Borrowers
D	Questionnaire for Non-Borrowers
E	KII and FGD Guide for LBP, ACPC, Service Conduits Personnel
F	KII and FGD Guide for DA RFO, PAO, MAO, and Staff
G	SURVIVAL AND RECOVERY ASSISTANCE (SURE Aid) LENDING PROGRAM as of 31 July 2023

References:

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2. PSA Production Costs and Returns of Palay and Corn 2018 – 2020. October 2021.
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5. Aging Filipino Rice Farmers and Their Aspirations for Their Children. Florencia G. Palis. Philippine Journal of Science. Department of Social Sciences. College of Arts and Sciences. University of the Philippines Los Baños. Philippines. June 2020.

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5. Editorial: Dwindling Filipino Farmers. Philippine Daily Inquirer. 30 March 2023. <https://opinion.inquirer.net/162058/dwindling-filipino-farmers>. Accessed 27 September 2023.

6. Editorial: Aging farmers could add to food insecurity. The Manila Times. 20 February 2023. <https://www.manilatimes.net/2023/02/20/opinion/editorial/aging-farmers-could-add-to-food-insecurity/1879475>. Accessed 27 September 2023.

SURE Aid for Palay Farmers Contact and Focal Persons (In Order of Actual Survey)

Area	Organization	Name	Position	Role	Office Address
Region III	DA RFO III	Ms. Maricel Dullas	AMAD Chief	Focal Person	San Fernando, Pampanga
	LBP Lending Center	Mr. Eduardo Reyes	Head		Cabanatuan City
	Office of the Municipal Agriculture	Mr. Lindy Cardiente	Agricultural Technician		OMA, Guimba, Nueva Ecija
	Office of the City Agriculture CLGU	Mr. Francisco Dantes	Municipal Agriculturist		OCA, San Jose City, Nueva Ecija
	Office of the Municipal Agriculture	Ms. Flordeliza Cuisan	Municipal Agriculturist		OMA, Talvera, Nueva Ecija
Region II	DA RFO II	Dr. Marvin B. Luis	Rice Program Coordinator	Focal Person	Tuguegarao City, Cagayan
		Ms. Rosemarie Suyu	Staff		Tuguegarao City, Cagayan
	LBP Lending Center	Ms. Jeni Robino	Account Officer		Cauayan City, Isabela
		Bernard Badiola	Head		Ilagan, Isabela
	Office of the Municipal Agriculture	Mr. Reynold Gumiran	Municipal Agriculturist		OMA, Cabagan, Isabela
	Office of the Municipal Agriculture	Engr.. Claire F. Aquino	Agricultural Technician		OMA, Luna, Isabela
	Office of the City Agriculture CLGU	Ms. Jasmine C. dela Cruz	Agricultural Technician		OCA, Satiago City, Isabela
Region VIII	DA RFO VIII	Mr. Dioscoro Gasatan	AMAD	Focal Person	Tacloban City, Leyte
	LBP Lending Center	Mr. Eulalio G. Lagapa	Center Head		Tacloban City, Leyte
	Office of the Municipal Agriculture	Ms. Josefina Josol	Municipal Agriculturist		OMA, Carigara, Leyte
	Office of the Municipal Agriculture	Mr. Cesar Anade	Municipal Agriculturist		OMA, Alangalang, Leyte
	Office of the City Agriculture	Ms. Maria Elena Mendoza	City Agriculturist		OCA, Ormoc City, Leyte

Region XII	DA RFO XII	Mr. Rey Ylanan	AMAD	Focal Person	Koronadal, South Cotabato
	LBP Lending Center	Mr. Edgar R. Alcordo	Account Office		Kidapawan City, North Cotabato
	Office of the Municipal Agriculture	Ms. Nora D. Henry	Municipal Agriculturist		OMA, Midsayap, North Cotabato
	Office of the Municipal Agriculture	Ms. Tessie M. Nidoy	Municipal Agriculturist		OMA, Kabacan, North Cotabato
	Office of the Municipal Agriculture	Mr. Jimmy T. Basas	Municipal Agriculturist		OMA, Aleosan, North Cotabato
Region IV-A	DA RFO IVA	Ms. Editha Salvosa	AMAD Chief	Focal Person	Lipa City, Batangas
		Ms. Colene Magpantay	Staff		Lipa City, Batangas
	LBP Lending Center	Ms. Anna Juseth Ruiz	Account Officer		Lucena City, Quezon
		Ms. Jsefina Calope	Account Officer		Lucena City, Quezon
		Ms. Marian Marasigan	Account Officer		Lucena City, Quezon
		Mr. Allyn Villanueva Jr.	Account Officer		Lucena City, Quezon
		Mr. Arman Carlo Aquino	Account Assistant		Lucena City, Quezon
		Ms. Maribeth Morgini	Account Officer		Lucena City, Quezon
		Mr. Isidro Maulit	Account Assistant		Lucena City, Quezon
	Office of the City Agriculture	Ms. Jirah Lou Merano	City Agriculturist		Lucena City, Quezon
	Office of the Municipal Agriculture	Ms. Rebecca Tsama	Municipal Agriculturist		Lopez, Quezon
	Office of the Municipal Agriculture	Ms. Maybel Espino	Municipal Agriculturist		Calauag, Quezon

Annex B: The SURE Aid Loan Facility

No.	Parameter	Description	Implications or Unintended Effects
1	Eligible Beneficiaries	Rice farmers who are farming 1.0 hectare and below and included in the DA Validated list.	Move toward more inclusiveness especially in conjunction with no collateral or security feature (Parameter 10), 0% interest rate (Parameter 7), minimal fees and charges (Parameter 9) and no penalty for loan default (Parameter 8).
2	Eligible Borrowers	Individual farmers as defined above with direct and indirect lending mechanism. The latter through Service Conduits.	Two modes of release: direct application with Land Bank and indirect through service conduits. The latter transfers risks and transaction costs from Land Bank to Service Conduits.
		DA accredited service conduits that in turn disburse loans to eligible beneficiaries.	Safeguards against double borrowing by individuals – Land Bank control system against overlapping borrowing.
3	Eligible Loan Purpose	One-time loan assistance to eligible farmers whose incomes were affected by the drop in price of palay within the year 2019.	Exigency and temporary loan facility to palliate the drop in farmgate prices due to RTL. Not meant to address deeper concerns of income augmentation and productivity enhancement.
4	Loanable Amount	For individual borrower Php 15,000 per borrower plus cost of Documentary Stamp Tax (DST) and cost of Cash Card.	Meager loan amount and not sufficient to cover direct cash outlays for palay production in one season. PSA estimated cash costs in the vicinity of Php 20,000 to Php 22,000 per cropping season, maybe even more up to Php 25,000.
		For Service Conduits – depending on the list of farmers submitted to Land Bank Lending Center at Php 15,000 per farmer/borrower plus cost of DST and Cash Card.	Control systems to guarantee that loan proceeds are released to individual borrowers with no duplicate or multiple releases need to be studied. SCs may apply for loan in lieu of individual borrowers who have outstanding obligations with the SCs. Note that liberal terms apply to SCs as well
5	Loan Tenor /Manner of Repayment	Eight (8) years inclusive of six (6) months grace period	Very lenient repayment terms and designed to forget obligations to repay considering lapse of time and amount of payment every six (6) months (15,000/ 15 = 1,000).
		Payable semi-annually (starting 2 nd semester of first year – 15 semi-annual repayments (over the counter or through debit)	
6	Mode of Release (Loan Proceeds)	Individual Borrower – Lump sum through the Land Bank Cash Card or existing deposit account with Land Bank, if any.	Considering loan amount, this is the ideal procedure.
		DA Service Conduits – Lump sum for each submission of eligible list through its deposit account with Land Bank.	
7	Interest Rate	Zero percent (0%) for both individual and service conduit borrowers.	See Parameter 1.
8	Penalty for Loan Default	None.	See Parameter 1.
9	Fees and Charges	Documentary Stamp Tax (DST) and cost of cash card and when applicable shall be deducted from the loan proceeds.	See Parameter 1.
10	Collateral & Security	For individual borrower - None	See Parameter 1.
		For Service Conduits – Assignment of Sub-Borrowers' Promissory Notes.	

11	Documentary Requirements	<p>For Individual Borrowers:</p> <ul style="list-style-type: none"> • Loan Application Form • At least one (1) government issued ID with picture (Voter's ID, Sr. Citizen's ID, Barangay ID/Certification, GSIS, SSS, Driver's License, Pag-Ibig Card, Postal ID, PhilHealth, TIN ID, Passport) • Duly Accomplished Promissory Note (PN) 	<p>Ease of compliance on the part of individual borrowers. Laudable as this decrease administrative burden and transaction costs. The onus of vetting however is transferred to the MAOs and validated by the DA RFO despite RSBSA system and may take more than 15 days' time from application to release. Digitalization such as GCash and Maya is an opportunity considering the loan amount if similar credit program be adopted to sustain palay production not just an exigency loan facility.</p>
		<p>For Service Conduits</p> <p><u>Pre-Release of Loan Proceeds</u></p> <ul style="list-style-type: none"> • Loan Application Form • List of Eligible Farmers • Board Resolution requesting for financial assistance and designating at least two (2) authorized signatories to execute loan documents with Land Bank • Standard Promissory Note • Authority to Debit Deposit Account <p>Post-Release of Loan Proceeds (to be submitted within 15 days from date of loan release)</p> <ul style="list-style-type: none"> • Liquidation Report on the loans disbursed prior to the next availment. <p>Deed of Assignment of Sub-Promissory Notes (Sub PNs)</p>	

Date of Interview _____
 Name of Enumerator _____

ANNEX C

Evaluation Study of Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program)

Borrower's Questionnaire

I. Respondent Background Information

Name					
Address					
Contact Number					
Age:		Gender		Family Size	

II. Membership Affiliation & Services

1. Are you a member of an ARBO, Cooperative or Farmers' Association? Yes ____ No ____
2. If yes, name of the organization. _____
3. How long have you been a member? _____ years.
4. What are the services that your organization provide and what have you availed as of the present? (Pls check).

Services	Available		Availed	
	Yes	No	Yes	No
Production Credit & Financing				
Deposit and savings				
Consumer Store Credit				
Agri-inputs Supply				
Mutual Aid Fund				
Educational Loan				
Medical Loan				
Production Machinery & Equipment Rent				
Harvesting Machinery & Equipment Rent				
Transportation & Logistics Services (Farm to Warehouse or Buyer)				
Warehousing & Storage				
Milling Services				
Others...				

III. Credit Information

1. How did you know of the SURE AID Credit Program for Palay farmers?
___ From the DA/MAO ___ From LBP ___ From Association ___ From Co-farmers
2. What are your reasons for availing of the SURE AID loan?
___ Need for loans such as the effects of the RTL
___ Need for capital to resume farming
___ Liberal lending terms (longer repayment period of 8 years, interest free, and no collateral requirement)
3. When did you borrow from the SURE AID Program? ___ (specify year)
4. Did you borrow direct from the Land Bank ___ or from your ARBO, Coop or Assn ___
5. How long did it take from date of application to loan release?
Days___ Weeks___ Months___
6. What are the loan charges imposed, if there is any?
Interest: PhP ___ or Percent of loan ___ %
Other charges/deductions: Service fee: PhP ___ or Percent of loan ___ %
Processing fee: PhP ___ or Percent of loan ___ %
Loan insurance: PhP ___ or Percent of loan ___ %
Others: ___ PhP ___ or Percent of loan ___ %
7. If there is an interest charge, is it deducted in advance? Yes___ No___
8. Aside from the loan application, what other documents are you required to submit to qualify for a loan (e.g. collateral)? _____
9. Aside from SURE AID, have you availed of other similar rice production loans from Land Bank or from other DA accredited Service Conduits aside from your cooperative or association?
Land Bank Yes___ No___ Outstanding? Yes___ No___ repaid.
Other DA Service Conduit: Yes___ No___ Outstanding? Yes___ No___ repaid.
10. How are these loans, especially those from Land Bank, different from SURE AID?
Principal Amount of Loan? _____
Interest Charges? _____
Repayment Period? _____
Collateral Requirement? _____
Loan Documentation? _____
Insurance Cover inclusion? _____
Others: _____
11. Are you satisfied with the lending policies of the Land Bank or the ARBO, Coop or Assn?
With Land Bank: Yes ___ No___ If no, what particular policy/policies is/are not acceptable to you?

SURE AID - Borrower's Questionnaire

With ARBO, Coop or Assn: Yes ____ No ____ If no, what policy/policies is/are not acceptable to you?

12. What changes in the policy/policies do you recommend?

For Land Bank:

For ARBO, Coop or Assn:

13. Did you use the SURE AID loan fully for palay production? Yes ____ No ____

If No, how much and for what purpose(s) did you use the money you borrowed from SURE AID?

<u>Purpose</u>	<u>Amount of Loan (PhP)</u>
Palay production:	_____
Livestock production:	_____
Fishery production:	_____
For off-farm business (specify) _____	_____
For household needs:	_____
For medical expenses:	_____
For educational expenses:	_____
Others (Specify): _____	_____

14. If loan was used for palay production, how large is your area? ____ hectare.

Water source: irrigated ____ or rainfed ____

Seeds used: Wet season: Hybrid ____ Certified ____ Own seed ____

Dry season: Hybrid ____ Certified ____ Own seed ____

16. When was it funded through the loan? Month & Year _____

15. Was the loan adequate? Yes ____ No ____

17. How many payments have you made for the SURE AID Loan? ____

18. Were you able to repay the installment for your SURE AID loans when due?

Paid on time ____ Delayed payment ____ No payment ____

19. If delayed or non-payment, why? _____

20. Mode of loan repayment? Cash _____, in kind _____

21. If in cash, from where was the source of payment?

____/Income from the SURE AID-supported enterprise

____/from other source (specify): _____

22. Did you buy insurance from PCIC for your crop/livestock/fishery/business?

If yes, how much? PhP _____

23. Have you experienced any crop/livestock/fishery damage/failure over the years under SURE AID and got indemnified from your insurer? Yes ____ No ____

If yes, how long did it take for you to get paid? _____

IV. Support & Assistance from the DA/DAR and the LGUs

Did you receive any assistance – seeds, fertilizers, other inputs, use of hand tractors, transplanters, harvesters, Kuliglig as well as transport, post-harvest or marketing assistance from the DA/DAR or the LGUs in year before the loan and year/s with the loan?

Source	Specify year or Cropping Seasons Before SURE AID _____ (Specify Assistance Received)	Specify years or Cropping Seasons During SURE AID _____ (Specify Assistance Received)
DA		
DAR		
LGUs		
Coop or Association		
Others: _____		

Are you a member of the 4 Ps? Yes ____ No ____

V. Changes in Socio-Economic Condition (Note: If loan was not used for palay or other income generating enterprises, skip subsection 1)

1. Increase in Agricultural Productivity and Income

For how many croppings/cycles did you use the loan? _____

For the following palay crop (specify the year before the loan and croppings/cycles where they used the loan), please recall the following:

Year and Cropping Seasons Before Availing of SURE AID Loan (2019)								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (___ to ___)								
Dry (___ to ___)								

1 st Year and Cropping Seasons After Availing of SURE AID Loan (First Year of two croppings)								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (___ to ___)								
Loan Payment (SURE AID Only)								
Dry (___ to ___)								
Loan Payment (SURE AID Only)								

SURE AID - Borrower's Questionnaire

2 nd Year and Cropping Seasons After Availing of SURE AID Loan (Second Year of two croppings)								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (__ to __)								
Loan Payment SURE AID Only								
Dry (__ to __)								
Loan Payment SURE AID Only								
3 rd Year and Cropping Seasons After Availing of SURE AID Loan (Second Year of two croppings)								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (__ to __)								
Loan Payment SURE AID Only								
Dry (__ to __)								
Loan Payment SURE AID Only								

Were you engage in other income-generating enterprise(s) before you availed of SURE AID Loan? Yes _____ No _____

If Yes, what are these enterprises? _____

If No, did you start another enterprise(s) with the Sure AID loan, what are these enterprises? _____

If loan was used for income generating enterprise(s) other than palay:

Production Year (_____) Before SURE AID Loan						
Enterprise	Size	Number of Cycle of Income Generation within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	Remarks
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (specify)						
Livestock & Poultry Raising (specify)						
Fish Culture (specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others(specify)						
1 st Year After Availing of SURE AID Loan						
Enterprise	Size	Number of Cycle of Income Generation within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other						

SURE AID - Borrower's Questionnaire

Crops (specify)						
Livestock & Poultry Raising (specify)						
Fish Culture (specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others(specify)						
2 nd Year After Availing of SURE AID Loan						
Enterprise	Size	Number of Cycle of Income Generation within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (specify)						
Livestock & Poultry Raising(specify)						
Fish Culture (specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others(specify)						
3 rd Year After Availing of SURE AID Loan						
Enterprise	Size	Number of Cycle of Income Generation within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (specify)						
Livestock & Poultry Raising (specify)						
Fish Culture (specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others (specify)						

Did you receive support for these enterprises from the DA, LGUs, other government agencies? Yes ___ No ___ If yes, what are these? _____

2. Residential Lot, Housing, Utilities & Amenities

<i>ITEM</i>			2022	2019
1. Type of housing materials	1	From scrap		
	2	Light and indigenous		
	3	Light and semi-permanent		
	4	Durable and permanent		
2. House Ownership	1	Owned		
	2	Rented		
	3	Rent to Own		
	4	Others (specify)		
3. Lot Ownership	1	Owned		
	2	Rented		
	3	Usufruct		
	4	Others (specify)		
4. Toilet Facilities	1	Open pit		
	2	Outback antipolo type		
	3	Water flush		
	4	Water-sealed		
	5	None		
5. Waste Disposal	1	Burning and incineration		
	2	Dumping in landfill		
	3	Dumping in garbage areas		
	4	Collected by LGUs		
6. Water source	1	Community artesian well		
	2	Community deep well		
	3	Own artesian deep well		
	4	Spring		
	5	River		
	6	Piped from water district		
	7	Mineral water		
7. Electricity	1	No connection (using gas lamp)		
	2	Rely on generating set		
	3	Connected to neighbor		
	4	Coop grid		
	5	Connected to Meralco		
8. Communication	1	Own mobile phone		
	2	PLDT connection		
	3	Own email and internet access		
9. Transportation	1	Own motorcycle/tricycle		
	2	Own car		
	3	Own jeep		
	4	Own kuliglig		
	5	Public tricycle		
	6	Public jeepneys/Vans		
	7	Public buses		
10. Access to Services	1	Town center		
	2	Public market		

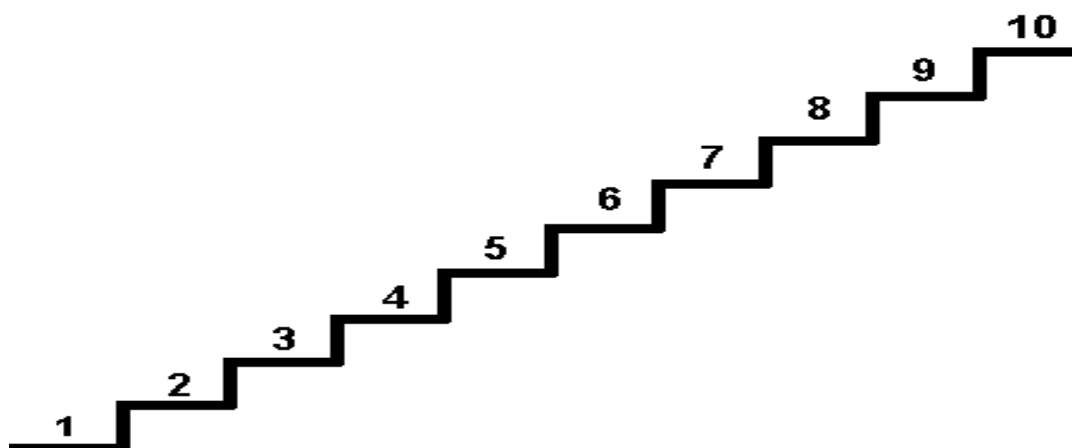
SURE AID - Borrower's Questionnaire

	3	Elementary school		
	4	High school		
	5	College/universities		
	6	Health centers		
	7	Hospitals		
	8	Banks		

3. Overall Quality of Life Rating

The following questions pertain to your overall assessment of your quality of life. For the purpose of this study, "quality of life" is defined as "a standard of living adequate for the health and well-being of the family (United Nations, 1991)."

Here is a 10-tiered ladder-type scale, wherein "10" connotes the best quality of life. Where would you place your household's quality of life in (A) 2019 and (B) 2022? Please indicate letter in the step number of choice and one or two reasons for the rating in each year.



VI. Impression of the SURE AID Program

1. What is your understanding of the Rice Tariffication Law (RTL)?
____ Bring more imports
____ Will impact on farm gate prices
____ Will help small farmers in raising productivity through the provision of support including credit from the Rice Competitiveness Enhancement Fund (RCEF)?
2. What do you think are its likely effects to you and rice farmers?
____ Lower farm gate prices thus lowering income from rice farming
____ Others (specify)

3. Are you in 2019, 2020 or now affected by the Law? Yes ____ No ____
If yes, in what way(s)? _____

SURE AID - Borrower's Questionnaire

4. As a farmer, what are your options or solutions to lessen the effects of RTL?

5. Does the SURE AID loan helped you recover from the effects of RTL or drop in palay prices? Yes ____ No ____
6. Are the terms favorable? Yes ____ No ____ How? _____
7. What do you think are the problems related to SURE AID loan availment and terms? _____
8. Are you satisfied with the SURE AID loan package? Yes ____ No ____
9. Are there, in particular, you want to suggest improving the loan package?

Thank you very much!

Date of Interview _____
 Name of Enumerator _____

ANNEX D

Evaluation Study of Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program)

Non- Borrower's Questionnaire

I. Respondent Background Information

Name					
Address					
Contact Number					
Age:		Gender		Family Size	

II. Membership Affiliation & Services

1. Are you a member of an ARBO, Cooperative or Farmers' Association? Yes ____ No ____
2. If yes, name of the organization. _____
3. How long have you been a member? _____ years.
4. What are the services that your organization provide and what have you availed as of the present? (Pls check).

Services	Available		Availed	
	Yes	No	Yes	No
Production Credit & Financing				
Deposit and savings				
Consumer Store Credit				
Agri-inputs Supply				
Mutual Aid Fund				
Educational Loan				
Medical Loan				
Production Machinery & Equipment Rent				
Harvesting Machinery & Equipment Rent				
Transportation & Logistics Services (Farm to Warehouse or Buyer)				
Warehousing & Storage				
Milling Services				
Others...				

III. Credit Information

1. Are you aware or know of the SURE AID Credit Program for Palay farmers? Yes ___
No___
2. If yes, why did you not apply for a loan? No need for loan ____, Not qualified ____,
Tedious requirement and Process __ Do not want another obligation____, Others
(specify) _____
3. In the past (on or before 2019), have you availed of similar rice production loans from
Land Bank or from other DA accredited Service Conduits aside from your cooperative
or association?
Land Bank Yes___ No___ Outstanding? Yes___ No___ Fully paid? Yes ___ No
____.
Other DA Service Conduit: Yes___ No___ Outstanding? Yes___ No___ Fully
paid? Yes ___ No ____.
11. Are you satisfied with the lending policies of the Land Bank or the ARBO, Coop or Assn?
With Land Bank: Yes ___ No___ If no, what particular policy/policies is/are not
acceptable to you?

With ARBO, Coop or Assn: Yes ___ No ___If no, what policy/policies is/are not
acceptable to you?

12. What changes in the policy/policies do you recommend?
For Land Bank:

For ARBO, Coop or Assn:

IV. Support & Assistance from the DA/DAR and the LGUs

Did you receive any assistance – seeds, fertilizers, other inputs, use of hand tractors, transplanters, harvesters, Kuliglig as well as transport, post-harvest or marketing assistance from the DA/DAR or the LGUs in year before the SURE AID and year/s during SURE AID?

Source	Year/Cropping Seasons Before SURE AID (2019) – (Specify Assistance Received)	Years/Cropping Seasons During SURE AID (2020-2022) – (Specify Assistance Received)
DA		
DAR		
LGUs		

SURE AID – Non-Borrower's Questionnaire

Coop or Association		
Others: _____		

V. Changes in Socio-Economic Condition**1. Increase in Agricultural Productivity and Income**

How large is your palay farm? _____ hectares

Water source: irrigated _____ or rainfed _____

Seeds used: Wet season: Hybrid _____ Certified _____ Own seed _____

Dry season: Hybrid _____ Certified _____ Own seed _____

For the following palay crop years, please recall the following:

Year 2019 by Cropping Season								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (___ to ___)								
Dry (___ to ___)								
Year 2020 by Cropping Season								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (___ to ___)								
Dry (___ to ___)								
Year 2021 by Cropping Season								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (___ to ___)								
Loan Payment SURE AID Only								
Dry (___ to ___)								
Loan Payment SURE AID Only								
Year 2022 by Cropping Season								
Season	Area (Ha)	Production (MT/Area)	Farmgate Price (Php/kg)	Total Revenues (Php/Area)	Production Costs (Php/Area)	Net Income (Php/Area)	Household Expenditure (Php/Cropping)	Surplus or Deficit (Php/Cropping)
Wet (___ to ___)								
Dry (___ to ___)								

Did you engage in other income-generating enterprise(s) in 2019, 2020, 2021 and 2022?

Yes _____ No _____

If Yes, what are these enterprises? _____

If No, did you start another enterprise(s), what are these enterprises?

SURE AID – Non-Borrower’s Questionnaire

Production Year (2019)						
Enterprise	Size	Number of Cycle done within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (Specify)						
Livestock & Poultry Raising(Specify)						
Fish Culture(Specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others(Specify)						

Enterprises Engaged Into in 2020						
Enterprise	Size	Number of Cycle done within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (Specify)						
Livestock & Poultry Raising(Specify)						
Fish Culture(Specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others(Specify)						

Enterprises Engaged Into in 2021						
Enterprise	Size	Number of Cycle done within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (Specify)						
Livestock & Poultry Raising(Specify)						
Fish Culture(Specify)						
Trading (Buy & Sell) of Marketable						

SURE AID – Non-Borrower’s Questionnaire

Crops						
Sari-sari Store						
Others(Specify)						

<u>Enterprises Engaged Into in 2022</u>						
Enterprise	Size	Number of Cycle done within the year	Estimated Total Production Costs Per Cycle	Estimated Gross Income Per Cycle	Estimated Net Income Per Cycle	
	(Area or Heads or Scale)		(Amount per Cycle)	(Amount per Cycle)	(Amount per Cycle)	
Production of Other Crops (Specify)						
Livestock & Poultry Raising(Specify)						
Fish Culture(Specify)						
Trading (Buy & Sell) of Marketable Crops						
Sari-sari Store						
Others(Specify)						

Did you receive support for these enterprises from the DA, LGUs, other government agencies? Yes ____ No ____ . If yes, what are these? _____

2. Residential Lot, Housing, Utilities & Amenities

<i>ITEM</i>			2022	2019
1. Type of housing materials	1	From scrap		
	2	Light and indigenous		
	3	Light and semi-permanent		
	4	Durable and permanent		
2. House Ownership	1	Owned		
	2	Rented		
	3	Rent to Own		
	4	Others (specify)		
3. Lot Ownership	1	Owned		
	2	Rented		
	3	Usufruct		
	4	Others (specify)		
4. Toilet Facilities	1	Open pit		
	2	Outback antipolo type		
	3	Water flush		
	4	Water-sealed		
	5	None		
5. Waste Disposal	1	Burning and incineration		
	2	Dumping in landfill		
	3	Dumping in garbage areas		

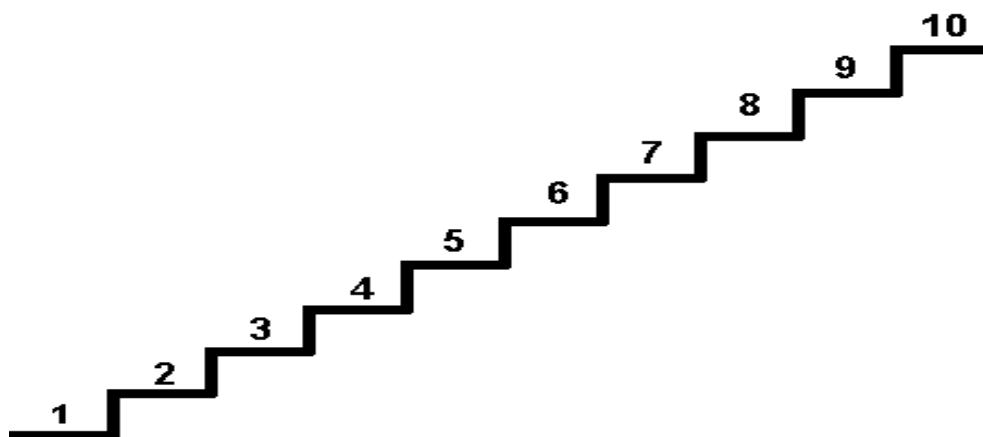
SURE AID – Non-Borrower’s Questionnaire

	4	Collected by LGUs		
6. Water source	1	Community artesian well		
	2	Community deep well		
	3	Own artesian deep well		
	4	Spring		
	5	River		
	6	Piped from water district		
	7	Mineral water		
7. Electricity	1	No connection (using gas lamp)		
	2	Rely on generating set		
	3	Connected to neighbor		
	4	Coop grid		
	5	Connected to Meralco		
8. Communication	1	Own mobile phone		
	2	PLDT connection		
	3	Own email and internet access		
9. Transportation	1	Own motorcycle/tricycle		
	2	Own car		
	3	Own jeep		
	4	Own kuliglig		
	5	Public tricycle		
	6	Public jeepneys/Vans		
	7	Public buses		
10. Access to Services	1	Town center		
	2	Public market		
	3	Elementary school		
	4	High school		
	5	College/universities		
	6	Health centers		
	7	Hospitals		
	8	Banks		

3. Overall Quality of Life Rating

The following questions pertain to your overall assessment of your quality of life. For the purpose of this study, “quality of life” is defined as “a standard of living adequate for the health and well-being of the family (United Nations, 1991).”

Here is a 10-tiered ladder-type scale, wherein “10” connotes the best quality of life. Where would you place your household’s quality of life in (A) 2019, (B) 2022? Please indicate letter in the step number of choice and one or two reasons for the rating in each year.



VI. Challenges & Impression on Rice Farming

1. What is your understanding of the Rice Tariffication Law (RTL)?
____ Bring more imports
____ Will impact on farm gate prices
____ Will help small farmers in raising productivity through the provision of support including credit from the Rice Competitiveness Enhancement Fund (RCEF)?
2. What do you think are its likely effects to you and rice farmers?
____ Lower farm gate prices thus lowering income from rice farming
____ Others (specify) _____
3. Are you in 2019, 2020 or now affected by the Law? Yes ____ No ____
If yes, in what way(s)? _____
4. As a farmer, what are your options or solutions to lessen the effects of RTL?

Thank you very much!

ANNEX E

Evaluation Study of Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program)

Guide to KIIs and FGDs (LBP/ACPC/Service Conduit Personnel)

KII Background

Name	
Address	
Contact Number	
Position	
Organization	

SURE AID Lending

1. What are the frequent reasons cited by the borrowers for availing of the SURE AID loans?
_____ Need for loans such as the effects of the RTL
_____ Need for capital to resume farming
_____ Liberal lending terms (longer repayment period of 8 years, interest free, and no collateral requirement)
_____ Others (specify) _____
2. How long is the processing time from date of application to release of loan in days? _____ days
3. How are the loans released? ____ through ATMs, ____ GCash ____ personal claim at the bank branch
4. Under the SURE AID Program, what are the documentary requirements for borrowing farmers or requirements from Service Conduits (if any)?

5. What is the role of the LGUs particularly the Municipal Agricultural Officer (MAO) in the processing of the SURE AID loan application?

6. What are the pre-requisites for the release of the loan – orientation, training, and the like? _____
7. In your opinion, do you think the SURE AID program has assisted RTL affected farmer borrowers? Yes ____ No ____ If yes, how _____

SURE AID - LBP Questionnaire

8. What is the repayment performance of the program? ____ %
9. What do you think are the contributing factors for this performance?
- _____

10. Are you satisfied with the implementation of the program? Yes ____ No____
11. If no, what problems/constraints did you encounter in the implementation of the program? Please enumerate.
- _____

12. What are your suggestions and recommendations to address the problems and constraints identified above?
- _____

SURE AID Palay & LBP and/or ACPC Credit Programs

1. In what ways do the SURE AID Lending Guidelines or Credit Package differ from the existing production loans of LBP and/or ACPC?
- _____
2. Does SURE AID complement or support these programs or conversely, do they complement or support the SURE AID credit? Yes ____ No____
3. What are the existing credit programs that you think complements the SURE AID credit package?
- _____

4. Can the SURE Aid or other production loan credit packages be bundled by marketing loans which can be extended by Land Bank directly or through DA accredited Service Conduits such as cooperatives and farmers' associations?
- Yes ____ No____
5. Outside of the credit program, what do you think are the other factors which must be considered to increase productivity and yield and the income of the small farmers?
- _____

Thank You!!!

ANNEX F

Evaluation Study of Expanded Survival and Recovery Loan Assistance Program for Palay Farmers (SURE Aid Program)

Guide to KIIs and FGDs (DA RFO or Rice Program Personnel/PAO/MAO Staff, Coop & Association Officers, other Rice Industry Players)

KII Background

Name	
Address	
Contact Number	
Position	
Organization	

SURE AID Lending

1. Are you aware of the SURE Aid loans for Palay Farmers? Yes ___ No ____
2. If yes, what do you think are its advantages compared to other production loans?

What are its disadvantages?

3. What are the frequent reasons cited by the borrowers for availing of the SURE AID loans?
____ Need for loans such as the effects of the RTL
____ Need for capital to resume farming
____ Liberal lending terms (longer repayment period of 8 years, interest free, and no collateral requirement)
____ Others (Specify) _____
4. Conversely, what are the frequent reasons cited by those who did not avail of the SURE Aid loans despite its liberal terms interest free, no collateral, eight (8) years repayment?

SURE AID - LBP Questionnaire

5. How long is the processing time from date of application to release of loan in days? _____ days
6. How are the loans released? ____ through ATMs, ____ GCash ____ personal claim at the bank branch
7. Under the SURE AID Program, what are the documentary requirements for borrowing farmers or requirements from Service Conduits (if any)?

8. What is the role of the LGUs particularly the Municipal Agricultural Officer (MAO) in the processing of the SURE Aid loan application?

9. What are the pre-requisites for the release of the loan – orientation, training, and the like?

10. In your opinion, do you think the SURE Aid program has assisted RTL affected farmer borrowers? Yes ____ No____ If yes, how _____

11. What is the repayment performance of the program? ____%
12. What do you think are the contributing factors for this performance?

13. Are you satisfied with the implementation of the program? Yes ____ No____
14. If no, what problems/constraints did you encounter in the implementation of the program? Please enumerate.

15. What are your suggestions and recommendations to address the problems and constraints identified?

16. What other assistance does your agency provide to borrowers and non-borrowers?

SURE AID - LBP Questionnaire

17. Are these provided even to those who availed of SURE AID? Yes ____ No____

On SURE AID Palay & LBP and/or ACPC Credit Programs

1. In what ways do the SURE AID Lending Guidelines or Credit Package differ from the existing production loans of LBP and/or ACPC?

2. Does SURE AID complement or support these programs or conversely, do they complement or support the SURE AID credit? Yes ____ No____

3. What are the existing credit programs that you think complements the SURE AID credit package?

4. Can the SURE Aid or other production loan credit packages be bundled by marketing loans which can be extended by Land Bank directly or through DA accredited Service Conduits such as cooperatives and farmers' associations?

Yes ____ No____

5. Outside of the credit program, what do you think are the other factors which must be considered to increase productivity and yield and the income of the small farmers?

Thank You!!!

SURVIVAL AND RECOVERY ASSISTANCE (SURE Aid) LENDING PROGRAM

as of 31 July 2023

In Million Pesos

Date Launched	29 August 2019	
Program Duration	30 August 2019 to 31 December 2020	
Funding Agency/Source	Department of Agriculture-Agricultural Credit Policy Council	
Program Fund Allocated for Credit	2,527.35	
Performance	Cumulative	Year-to-Date
No. of Approved Accounts	165,963	-
Loan Drawdowns	2,516.77	-
No. of Borrowers	165,963	
Outstanding Loan	2,422.35	
Past Due Amount	682.84	
Past Due Rate (%)	28.19%	
No. of Past Due Accounts	161,937	
Remarks/Updates		
P124.754 million (comprised of undisbursed/unutilized fund of Php 10.530 million and principal collections of Php 114.223 million) that was returned/remitted to the DA-ACPC through the BTr-AMCFP Account No. 0011-3227-43 on 24 March 2023.		

Source of Reports: Digital Lending System (DLS) through the Lending Support Department and Lending Centers