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Mid-Term Evaluation of Production Loan Easy Access (PLEA) Program

Final Evaluation Report
Original

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ACRONYMS

ACPC	Agricultural Credit Policy Council
AFFP	Agriculture and Fisheries Financing Program
AFMA	Agriculture and Fisheries Modernization Act
AMCFP	Agro- Industry Modernization Credit and Financing Program
ASF	African Swine Fever
ASPSI	Asian Social Project Services, Incorporated
BSP	Bangko Sentral ng Pilipinas
DA	Department of Agriculture
DS	Dry season
FGD	Focus group discussion
FSP	Financial service provider
HVCC	High value commercial crops
KII	Key informant interview
LBP	Land Bank of the Philippines
MAO	Municipal Agriculturist Office
MFI	Micro financial institutions
NGO	Non-government organization
NS	Not significant
NSSLA	Non-stock savings and loan associations
PCFC	People's Credit and Finance Corporation
PLEA	Production Loan Easy Access
PSM	Propensity score matchingtor
SFF	Small Farmer and Fisherfolk
SFFIS	Small Farmers and Fisherfolk Indebtedness Survey
SSP	Sikat Saka Program
SURE	Survival and Recovery
TOR	Terms of Reference
WS	Wet season
4Ps	Pantawid Pamilyang Pilipino Program

1. INTRODUCTION

Adequate, timely and affordable credit is a key requisite to achieving improved productivity, higher farm income, reducing poverty and attaining food security. It has long been recognized by the government and served as the major motivation for the enactment of the Agri-Agra Reform Credit Act of 2009. The Act mandates all banks in the country to set aside 15 percent of the loanable fund for agriculture and fisheries and 10 percent for agrarian reform beneficiaries. However, the 2019 report of the Bangko Sentral ng Pilipinas (BSP) revealed poor bank compliance at only 11.8 percent for the agri-fishery credit and a dismal 1.10 percent for the agrarian reform credit. Consistent with this report were the findings of the ACPC 2016-2017 Small Farmers and Fisherfolk Indebtedness Survey (SFFIS), which showed that a significant proportion of small farmers and fisherfolk still have very limited access to formal credit, particularly from banks.

The failure of small farmers and fisherfolks (SFFs) to comply with the bank requirements, particularly for collateral, appeared to be the key constraint. Another problem is the limited bank presence, especially in low-income class municipalities. To date, up to 32 percent of the country's municipalities remain unbanked.

Given the above issues and the importance of credit in increasing farmers' production and income and coping with calamities, the Department of Agriculture (DA), through the Agricultural Credit Policy Council (ACPC), developed and, thru rural financial institutions, implemented the Production Loan Easy Access (PLEA) and the Survival and Recovery Assistance (SURE) Programs. The PLEA Program is an easy access credit program focused on providing fast, convenient, and affordable credit to SFFs, particularly those who do not have access to formal credit services. PLEA targets SFF borrowers in the poorest provinces and in areas unserved/underserved by banks and other lending institutions. PLEA provides non-collateral loans for agri-fishery production at 6 percent annual interest rate payable in 2 to 10 years, depending on the project to be financed. The program was initially implemented in the ten (10) poorest provinces of the country but later on expanded, now covering a total of 61 provinces.

By providing fast, convenient, and affordable credit, PLEA aims to help SFF increase their production and income. It also aims to reduce the number of poor SFFs, i.e., those whose incomes are below the poverty line. As of December 2020, the PLEA Program was able to release loans amounting to PhP 2.2 billion to 62,476 SFF.

After five of program implementation, a mid-term evaluation of the PLEA and SURE Programs is necessary to assess their performance, particularly in terms of how the program borrowers had benefited as a result. The results of the evaluation shall serve as input to determine the way forward for these programs.

In this context the ACPC commissioned the Asian Social Project Services, Inc. (ASPSI) to implement the project "Mid-term Evaluation of the PLEA and SURE Assistance Programs".

1.1 Objectives

The main purpose of the evaluation is to determine to what extent the PLEA Program has succeeded in meeting its respective program objectives. Specifically, the evaluation has the following objectives:

a) To determine if the program was able to provide fast, convenient, and affordable production credit to small farmers and fisherfolk (SFF) SFF-borrowers;

b) To determine if the program has been successful in client-targeting and in improving access to formal credit for targeted SFF-borrowers, particularly those in unbanked/ underbanked areas;

c) To determine improvement, if any, in productivity and income among the SFF-borrowers;

d) Examine the gender implications of the program;

e) To determine the number of farmer-borrower that can be mainstreamed or can be graduated from the program;

f) Identify successful features/aspects of the PLEA Program and areas that require improvement with regard to meeting the objectives of the program; and

g) To recommend ways forward for the PLEA and future ACPC programs.

1.2 Review of Related Literature

1.2.1 Financial Inclusion of Farmers

According to the BSP Survey (2016), Filipinos are highly aware of banks, pawnshops, and ATMs. However, they have relatively low awareness of micro finances including, non-government organizations (NGOs), e-money agents and non-stock savings and loan associations (NSSLA).
A study by Llanto and Rosellon (2017) revealed that transacting with financial institutions is affected by socio-economic factors such as age, sex, marital status, employment, level of education, and level of income. These same factors, except for employment, also significantly affect the likelihood of accessing credit.

For access to credit, age is a factor as this is a requirement for a loan application, indicating stability, income and capacity to pay. The study by Llanto and Rosellon (2017) further found that an individual is less likely to apply for a loan at a certain age. Women are also more likely to apply for a loan than men. Also, a higher level of education increases the likelihood of borrowing, as education is an indicator of knowledge and level of understanding of credit options and opportunities. Marital status is not a factor, as financial institutions do not discriminate against single and married individuals.

A study on the financial inclusion of small farmers commissioned by ACPC to the ASPSI in 2019 showed that small farmers' access to financial services, especially thru the banks, is still very low, especially in low-income class municipalities. The densities of non-bank financial institutions, particularly credit cooperatives and micro-financial institutions (MFIs), are generally higher in many municipalities than those of the banking institutions. Thus, while banks are considered as primary providers of financial services, non-bank financial service providers should be supported. Especially for SFF, non-bank financial institutions could serve as alternatives to banks for certain services which they need most such as credit.

In addition, the study also found that the physical presence of financial service providers in an area is a necessary, albeit not a sufficient, condition for access. Accessing the services is also important since, oftentimes, difficult requirements serve as barriers to access. Most banks for instance, require PhP10,000 as the minimum initial deposit for opening a regular savings account. While this may not be a problem for many clients, this amount may effectively bar SFF from availing the regular savings account services. More than 90 percent of farmers/fisherfolks are aware of the bank's financial services especially savings and credit and most of them expressed the need to access such services. However, only 32 percent have bank accounts and the main reason for this is because many of them are enrolled in the *Pantawid Pamilyang Pilipino Program* or 4Ps of the Philippine government. In addition, only 17 percent of farmers/fisherfolks surveyed accessed credit from the banks. Banks can perhaps be persuaded to provide special terms/treatment to small farmers/fisherfolks to encourage the latter to start accessing the bank's financial services especially savings and credit.

Programs to increase the financial inclusion of farmers and fisherfolks in the country should include not only increasing the density of financial service providers (FSPs), but more importantly encouraging the farmers and fisherfolks to use financial services, such as savings and credit. The study found that younger, less educated male farmers and fisherfolks are less likely to own bank accounts or access credit from formal sources. Programs designed to promote the value of savings, credit and other financial services should therefore be targeted to these groups.

1.2.2 Impact of Agricultural Credit to Productivity and Income

Credit provision to farmers is mandated under Republic Act 8435 or the Agriculture and Fisheries Modernization Act (AFMA) of 1997. This policy aims to establish an efficient, responsive, and sustainable credit or financial system for SFF, those engaged in food and non-food production, processing and trading, cooperatives, farmers and fisherfolk organizations, and small and medium-scale enterprises. To this end, the Agro-Industry Modernization Credit and Financing Program (AMCFP) was created as the umbrella program and is lodged at the ACPC.

Two programs implemented under AMCFP were evaluated by the ASPSI: the Agriculture and Fisheries Financing Program (AFFP) and the Sikat Saka Program (SSP). The AFFP was conceived to provide a flexible credit facility for the small farmers and fisherfolks, especially to those engaged in the production of coconut, sugarcane, high value commercial crops (HVCC), livestock and fisheries (aquaculture and marine municipal fishing) except rice and corn since the SSP already covers these.

The study used a before and after approach to determine indications of impact. In particular, the study used partial budget analysis to determine if a certain net income was achieved. In addition, a household income function was specified and estimated using AFFP as a participation dummy as one of the explanatory variables to investigate how participation in the program affects the level of household income. As further validation, mean difference analysis using a t-test was made. The study used primary data gathered through a survey of borrowers in four provinces under the People's Credit and Finance Corporation (PCFC) and another four provinces under the Land Bank of the Philippines (LBP).

Despite being implemented for only two years, indications of impact were already evident since the loans availed by beneficiaries were short-term in nature and generally used to finance short gestating agricultural and non-agricultural livelihood projects. As found using partial budget analysis, the loans from AFFP enabled borrowers to obtain net income increment by using the loans to finance income generating enterprises. This was further confirmed by the results of the household income function, which revealed participation in the AFFP as a positive and statistically significant determinant of the level of household income. The average household income under AFFP was significantly higher than before the participation in this program, as confirmed using mean difference analysis.

These results were validated when the beneficiaries were asked how the program affected their well-being. The majority of the respondents claimed the program has somehow improved their well-being, as evidenced by the fact that many of them were able to renovate their houses and enabled them to buy appliances and fixtures. There was an overall perception that their lives became relatively easier as a result of the additional income generated from the various enterprises where they invested their loans.

The SSP is another program of ACPC evaluated by ASPSI. The Program aims to provide rice and corn farmers access to timely, adequate, and affordable production credit as well as improve the viability of agricultural production by ensuring availability of irrigation services, extension, and links to market. The assessment covered both program and beneficiary level evaluation and was conducted in the top six provinces based on the number of borrowers.

The study noted that the program led to increased beneficiary income. Partial budget analysis showed that SSP borrowers generated incremental net income of PhP32,673

during the dry season and PhP23,490 during the wet season, while a comparison of borrowers and non-borrowers showed a net incremental difference of PhP28,342 in the dry season (DS) and PhP19,014 in the wet season (WS). Regression analysis results show that program participation affects gross farm income. The propensity score matching (PSM) model showed that program participation was affected by education, membership in other organizations, household size, farm size, education, and tenure. The resulting average transfer effect of the treated based on the PSM models was around PhP 6,259 per hectare in the dry season. This was the estimated additional income of the farmer due to his participation in the program. It must be noted that this is an average estimate for all farmers regardless of the type of seed used.

In addition, according to almost 70 percent of the SSP borrowers, the program has improved their knowledge in rice farming through seminars and trainings. Around 30 percent said that they had a better quality of life due to the program, 12 percent said that they no longer had to source loans with high interest, and around 10 percent said that their higher income enabled them to sustain the education of their children (8%), buy vehicle or farm equipment (5%) and build houses (5%).

Relative access to credit has improved as farmers shifted from informal sources with effective high interest rates to SSP with low interest rates. The average loan amount has increased from PhP67,899 to over PhP104,511 per borrower.

2. APPROACH AND METHODOLOGY

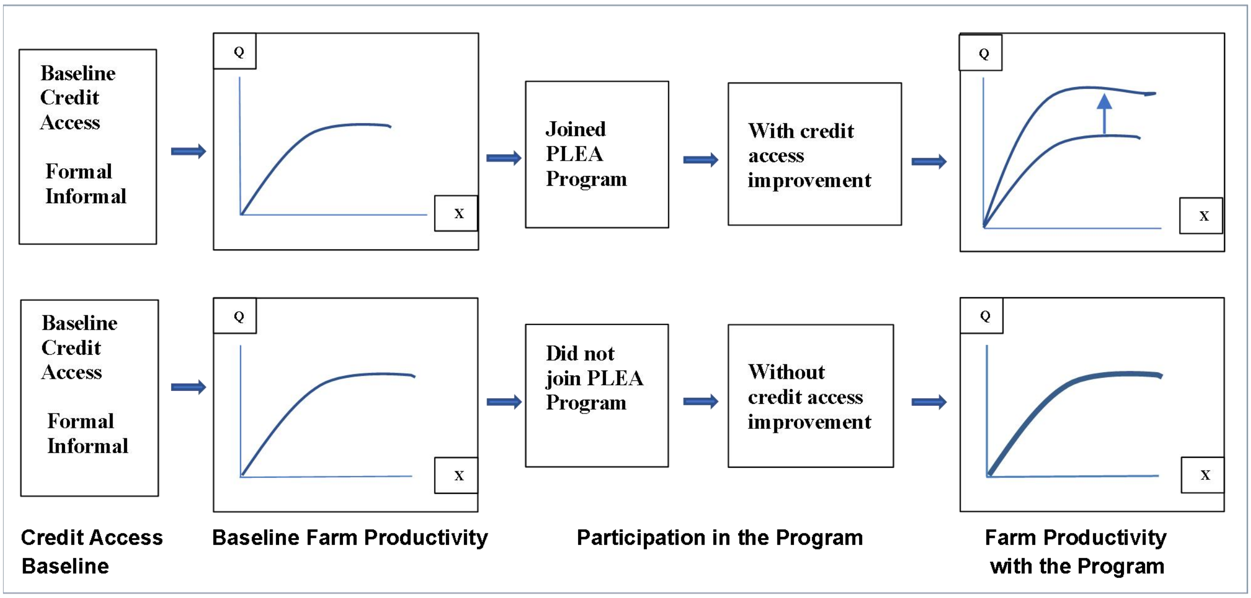
2.1 Conceptual Framework

This mid-term evaluation of the PLEA program may still be considered a formative evaluation as the evaluation is designed to inform the operation of the program, which is still ongoing. As specified in the objectives, the intent, among others, is to examine whether the program is achieving its goals of improving access to credit and whether this, in turn, is translating to improvement in productivity and income of SFFs, especially in areas of low financial inclusion (i.e., unbanked and underbanked).

Access to formal credit is defined as the capacity to borrow from formal credit sources such as banks, MFIs, cooperatives, and other institutional sources duly registered and regulated by the government. According to Ghalib and Hailu (2008), improving access means making financial services more affordable. In the case of PLEA, this can be achieved through lending policies that translate into less stringent borrowing requirements, longer maturity period, bigger loan size, and smaller interest rate, among others.

To cash-strapped SFFs, improved access to credit means improved access to agricultural production technologies and inputs as loan proceeds can be used for technology/input acquisition. The logic model of how improved credit access can lead to higher agricultural productivity is clear and straightforward. As depicted in **Figure 1**, improved credit access can shift the total product curve upward, meaning that more output can be produced from every given level of input. This indicates that ceteris paribus, the farm technical efficiency of PLEA beneficiaries is higher than the non-beneficiaries. Improved technical efficiency directly translates to improved farm profitability (therefore, higher farm income), provided output and input prices remain the same. Investigating the farm productivity impact of the PLEA Program entails examining whether the program to improve access to credit and empirically establishing whether such improvement translated to greater access to inputs/technologies and finally to greater productivity and income.

Improved credit access leading to improved farm performance by adopting improved technologies and efficiency enhancing practices is a well investigated impact pathway in the impact assessment of credit programs. The positive relationship between credit access and farm performance is the most important reason why policies, especially in underdeveloped and developing economies, emphasize the need for the marginalized farming sector to have better credit access if agricultural growth is to be ensured.



Note: Q=production output; X=production input; Q = fn (X) yields total product curve

Figure 1. Conceptual framework of the Mid-Term Evaluation of PLEA Programs

2.2 Analytical Procedure

2.2.1 Access to Credit

Access to credit plays a crucial role in agricultural development, especially in less developed and developing economies. It is also vital in alleviating poverty (Shimek and Sengupta, 2007). Credit allows farmers to borrow from future income to finance and improve current production. Poor access, especially to formal credit, has generally been among the identified problems contributing to poor farm performance and the persistence of poverty in rural areas.

Access to formal credit depends on a number of factors associated with the demand and supply sides of credit. On the supply side, the presence of banks and other formal lending institutions is a major factor. Low presence and, in some areas no presence leave the farmers with no alternative but to seek credit from informal sources, usually at unreasonable interest rates. However, the high presence of formal credit sources in an area does not guarantee high credit access since it still depends on the loaning procedures, documentary, and other requirements that small farmers and fisherfolks find difficult to comply with. The interest rate, although often pegged at market rates, is still relatively high for an agricultural enterprise and the repayment rates are not tailored to the cash flow of the farm business. On the demand side, a low level of education (and in some cases, illiteracy) will hinder access as farmers have yet to find the courage to approach a formal institution and navigate all the documentary and other requirements associated with a loan application. Access to credit may differ depending on the socio-economic and demographic characteristics of the rural households, as shown in some studies.

In the present study, the extent to which the PLEA Program has improved access to formal credit was examined by examining the outreach of the Program and its lending policies and credit delivery. The indicators of improvement in credit access used in the study were: (i) whether it is the first time for the farmer to borrow from and were granted a loan by a formal source; (ii) a first-time borrower of the bigger loan amount, (iii) a first-time borrower to the PLC, and (iv) growth in agricultural loans availed.

2.2.2 Evaluation of the Outreach of PLEA

The outreach of PLEA was assessed in terms of geographic distribution, distribution by institutional type, growth in total borrowers, the total amount of loans, client composition and concentration. Geographic distribution was evaluated by looking at the number of borrowers per province while distribution by institutional type was assessed by determining the number of borrowers per type of financial conduits. The growth in the total number of borrowers was also analyzed by examining the cumulative number of end-borrowers per year. Client composition was assessed by evaluating the socio-economic characteristics of the borrowers.

In attaining successful client targeting, clients must be small farmers/fisherfolks. According to ACPC (ACPC Website), small farmers are those who; (i) own or are still amortizing lands that are not greater than 3 hectares; (ii) engaged in backyard livestock and poultry: a) backyard/livestock raising (less than 20 heads of adults and young, less than 40 heads of young and zero adults or less than ten (10) heads of adults and less than 22 heads of young) and b) poultry raising (less than 500 layers or 100 broilers, less than 100 layers and 100 broilers combined, and less than 100 duck heads). On the other hand, Small fisherfolk are those taking, culturing or processing fishery or aquatic resources, such that (i) those engaged in fishing using gears that do not require boats or boats less than three (3) tons, in municipal waters, coastal and marine areas; (ii) workers in commercial fishing and aquaculture; (iii) vendors and processors of fish and coastal products; (iv) subsistence producers such as shell-gatherers, managers, and producers of mangrove resources, and other related producers (Presidential AO No. 21 of 2011, Revised IRR of RA 8425/Social Reform Act). The outreach of PLEA shall also be evaluated in terms of the above set criteria for SSF.

2.2.3 Assessment of Lending Policies and Credit Delivery

The assessment of lending policies and credit delivery was done by reviewing the policies governing the implementation of the PLEA Program as well as the policies and procedures of the financial conduits. In determining fast, convenient, and affordable production credit to SFF borrowers, PLEA loan policies were compared with loan policies from other sources against the following indicators: (i) period (days) of loan application/processing/ approval to release (“fast” indicator), (ii) documentation and other requirements (loan requirements, loan term, repayment period, loan size, loan purpose), (“convenience” indicator) and (iii) interest rate and other borrowing costs (“affordability” indicator).These policies, along with the manner by which borrowers utilize borrowed funds, among other factors, affect the capacity of borrowers to repay loans and of the program to generate economic and social impact.

2.2.4 Assessing the Impact of PLEA

Both quantitative and qualitative approaches were employed in assessing the impact of PLEA on its SFF beneficiaries. Quantitative approaches include the specification and estimation of production functions for the major farm commodities produced by the beneficiaries to estimate the productivity impact as well as the specification and estimation of household income function to estimate the income impact of the program. The Likert Scale was also used to derive the beneficiary’s perception of how the Program is impacting them. Qualitative assessment includes thematic analysis of data sets and transcripts obtained from focus group discussions (FGDs) and key informant interviews (KIIs).

The absence of sufficient and reliable baseline data necessitated the creation of a control group to establish the counterfactual scenario. The control group was comprised of non-beneficiaries of the Program with production, agro-ecological and socio-economic characteristics similar to those of the Program beneficiaries.

2.2.4.1 Quantitative Tools

2.2.4.1.1 Production Function Estimation

Since PLEA is basically a production loan program, its impact pathway will expectedly be on production operation. The impact on farm production was examined by specifying and estimating production functions for rice as the major commodity covered in the program. The study originally attempted to cover more commodities, but this turned out not to be possible due to the limited number of data points (i.e., observations).

The production function for rice was specified as follows:

Q = f(A, S, F, P, L, PD)

Where:

Q = Quantity of rice output (kg)

A = Area planted (hectares)

S = Volume of seeds used (kg)

F = Volume of fertilizer input (kg)

P = Volume of pesticide input (liters)

L = Total labor input (mandays)

PD = Program participation dummy (0 = non-participant; 1= participant)

A general specification is provided below, but the detailed specifications were formulated depending on the commodity being examined.

The above specification was transformed to double-log form so that the estimated coefficients are already the elasticities.

2.2.4.2.1 Household Income Function: Difference-in-differences (DID) Method

The study specified and estimated a household income function to determine the impact of the program on household income. The difference-in-differences method was employed for a more rigorous approach, albeit the baseline income levels of the treatment and control groups were derived thru the respondent’s memory recall.
MHI = f(S, T, I, A, E, HS, WA, NFCS, NICS)

where:

MHI	=	Monthly Household Income
S	=	Status Dummy (Non-Borrower = 0; Borrower = 1)
T	=	Time Dummy (Before Borrowing = 0; After Borrowing = 1)
I	=	Interaction Variable (i.e. Interaction between S and T)
A	=	Age of Respondent
E	=	Education
HS	=	Household Size
WA	=	Number of Household Members of Working Age
NFCS	=	Number of Formal Credit Sources
NICS	=	Number of Informal Credit Sources

2.2.4.1.3 Mean Difference Analysis

Mean difference analysis using t-test was also used to determine whether statistically significant differences exist between the mean values of relevant variables (e.g., household income, factor productivities, etc.) before and after participating in the PLEA or between the participants and non-participants of the program (i.e., with and without).

$$= \frac{\bar{X}_B + \bar{X}_{NB}}{\sqrt{\frac{s_B^2}{n_B} + \frac{s_{NB}^2}{n_{NB}}}}$$

2.2.4.1.4 Likert Scale

A 5-point Likert Scale was used to examine the beneficiary's perception of how the program is impacting them. The procedure involved asking the respondent to indicate his/her level of agreement/disagreement to certain statements about program's impact. The intensity of agreement/disagreement was captured thru the 5-point scale of strongly disagree to strongly agree. While the Likert Scale generates ranked-order response and the data are ordinal in nature, it proved to be an excellent complementary tool to the highly quantitative approaches such as the estimation of production function and household income function.

2.2.4.1.5 Qualitative Assessment

The study also used qualitative approach in the assessment to complement the quantitative approach and build a rich narrative. This mainly comprised of thematic analysis of data sets and transcripts of Key Informant Interviews (KIIs). The qualitative assessment was key in putting the whole assessment within the appropriate context and perspective. The KIIs involved the various PLEA program partners, especially the loan conduits.

2.2.4.2 Assessment of whether beneficiaries can be graduated from the program (PLEA)

The question of whether the beneficiaries can be mainstreamed or graduated from the program depend primarily on the status of his/her financial inclusion and relative success in the program. Financial inclusion refers to his/her capacity to access formal sources of credit especially through the banks. The study therefore, categorized the various program sites into banked and unbanked areas and examined the access of beneficiaries to the credit facilities of the formal sector. The following criteria were used in deciding whether a beneficiary can be graduated from the program:

a) High financial inclusion (area is banked and the beneficiary has easy access to the bank)

b) Beneficiary has exhibited good credit performance under the program (repayment performance)

c) Beneficiary has alternative source of formal credit (availed already or could easily avail credit from the formal source)

d) Beneficiary has demonstrated financial responsibility and the farm or enterprise is already demonstrating sustained profitability

2.2.4.3 Gender and Development

Gender relations were identified specifically in determining the roles of men and women in decision-making. This includes collection and analysis of sex disaggregated data.

2.2.4.4 Determination of the successful features of the PLEA Program

Successful features of the PLEA Program include the following: the beneficiaries are considered SFF, the credit has been accessed with relative ease, accessed to formal credit improved especially in the unbanked areas, the credit was used for production purposes, which eventually increased productivity. and the loan policy/program is gender sensitive/responsive.

2.2.4.5 Data Sources and Sampling Techniques

The study made use of both secondary and primary data/information. Secondary data/information were obtained from available program documents. Primary data were obtained thru survey of beneficiaries and non-beneficiaries and key informant interviews (KIIs) of the implementers of the program particularly the financial conduits. In addition, 15 KIIs were conducted involving the program partners at the provincial/municipal level.
The PLEA is a nationwide program and involves a large number of beneficiaries. To determine the sample size, the following Cochran formula was used:

$$n_l = \frac{Z^2 pq}{e^2};$$

$$n_s = \frac{n_l}{1+\left(\frac{n_l-1}{N}\right)};$$

Where:

n_1 is the sample size;

Z is the normal distribution value at 95% confidence level;

p is the standard deviation (assumed as 0.5);

q= 1-p; and

e is the margin of error (assumed as 7.5%).

The initial sample size of beneficiary respondents calculated using the above formula was 171. Due to the complex design (use of multiple stage clusters), the calculated initial sample size was multiplied by 2 to arrive at the sample size of 342. Provinces were selected to geographically represent the islands of Luzon, Visayas and Mindanao with three provinces per island or a total of nine provinces. From the chosen nine provinces, the top three municipalities were selected at 13 respondents per municipality resulting to 39 respondents per province and a total of 351 sample beneficiaries.

An equal number of 351 non-beneficiaries were also sampled to constitute the comparison or control group. The control samples were chosen such that they approximate the characteristics of the beneficiary groups. For example, if the beneficiaries in a given municipality are small rice farmers with irrigated farms, then the small rice farmers with irrigation in the same municipality who are not beneficiaries of the program comprised the control group for that municipality.

The PLEA Program is a nationwide program. As mentioned earlier, to achieve a good geographical scope, the study covered the three major island groups, i.e., Luzon, Visayas and Mindanao. Based on the list provided by ACPC for the PLEA Program (**Annex 1**), three provinces per major island group were selected; thus, a total of 9 provinces constitute the sample provinces in the study. The selection of the three provinces per major island group was such that the entirety of the island group could be represented (**Table 1**). For instance, in Luzon, the three selected provinces were Benguet, Nueva Ecija and Occidental Mindoro, which respectively represented the northern, central and southern parts of Luzon and accounted for the highest number of program beneficiaries in these areas. The same manner of selection was adopted for Visayas and Mindanao.

Table 1. PLEA location and sample distribution by province, 2021

Location	Province	Number of samples	
		Beneficiaries	Non-beneficiaries
Luzon			
Northern	Benguet	39	39
Central	Nueva Ecija	39	39
Southern	Occidental Mindoro	39	39
Visayas			
Western	Antique	39	39
Central	Bohol	39	39
Eastern	Northern Samar	39	39
Mindanao			
Northern	Bukidnon	39	39

Location	Province	Number of samples	
		Beneficiaries	Non-beneficiaries
Southern	Davao del Sur	39	39
Central	North Cotabato	39	39
TOTAL		**351**	**351**

2.2.4.6 Data Collection Considering the Pandemic Situation

The study was carried out when movement restrictions were still imposed in some areas due to the pandemic. Nevertheless, while this posed a difficult challenge to the implementing team, the field survey activities were still conducted face-to-face. However, the KIIs were conducted online as it was easier for respondents to commit to an online interview schedule.

3. RESULTS AND DISCUSSIONS

3.1 Provision of fast, convenient and affordable production credit to small farmers and fisherfolks

The first objective of the evaluation was to determine whether the PLEA Program was able to provide fast, convenient and affordable production credit to SFFs. The study used various indicators to determine whether these were achieved. For speed, the indicator was the actual length of time (in days) from loan application to release. The timeliness of the loan was gauged in terms of compliance with a pre-determined time frame per the loaning agreement. Convenience was assessed through actual documentation and other loan requirements, loan terms, loan amount, repayment period, and purpose, as well as the distance of the loaning institution. Interest rate and borrowing costs were used to assess loan affordability. The borrower's perceptions of these indicators were also surveyed.

3.1.1 Access to Formal and Informal Sources of Credit

The baseline scenario can be gleaned from the respondents' response prior to the program, regardless of whether the respondents eventually borrowed (beneficiary) or did not borrow (non-beneficiary) from the PLEA Program when it started operating. The counterfactual is established from the response of non-beneficiaries during the program period. Beneficiaries/respondents specified different loan sources and reported no similar engagement with other ACPCs programs. The Partner Lending Conduits, in accordance with the program guidelines, extend the credits to eligible borrowers, and beneficiaries with existing loans with other ACPCs programs are not allowed.

As shown in **Table 2**, the majority of the respondents were accessing loans from formal sources even prior to the PLEA Program, albeit the informal lending sector clearly serves as the SFF's primary source of credit. The loaned amount from formal sources varied considerably by the respondent, but the largest number of respondents clustered within the PhP 10,000 to PhP 50,000 loan value. About 43.5 percent of non-beneficiary respondents reported to have borrowed such amount from the formal credit sources while 58.8% reported to have borrowed such amount from the informal sources prior to the implementation of the PLEA Program. Almost similar results were obtained from respondents who eventually participated in the PLEA Program (i.e., beneficiaries). The loan amount of PhP 10,000 to PhP 50,000 is of significance in the study as this is the amount normally needed to finance a typical agricultural production cycle, especially palay. It is worth noting that the average amount of loan from the PLEA Program, which is an agricultural production credit program is PhP 35,000.

While the access of SFFs to formal credit sources was already high even prior to the PLEA Program, there appears to have some evidence that the program was still able to affect some improvement in such access. As shown in Table 2, almost 70 percent of the beneficiary respondents borrowed from the informal sources prior to the program. With the PLEA program, however, this declined to about 62 percent as respondents started accessing loans from the Program.

Table 2. Loan amount reported by beneficiaries and non-beneficiaries, before and during PLEA

Items	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiary					
PhP5,000 and below	20.6	17.4	0.3	14.6	-
PhP5,001 – PhP10,000	19.8	11.6	15.7	34.1	25.0
PhP10,001 – PhP50,000	39.7	69.6	78.3	36.6	62.5
PhP50,001 – PhP100,000	11.5	-	3.1	14.6	-
PhP100,001 – PhP500,000	8.4	1.4	2.6	-	12.5
More than PhP500,000	-	-	-	-	-
Loan Range (PhP)	2,000 – 500,000	3,000 – 200,000	3,000 – 200,000	4,565 – 150,000	6,000 – 200,000
Non-beneficiary					
PhP5,000 and below	20.6	11.8		13.5	6.4
PhP5,001 – PhP10,000	16.0	19.6		17.1	14.9
PhP10,001 – PhP50,000	43.5	58.8		39.3	57.4
PhP50,001 – PhP100,000	11.5	3.9		17.1	8.5
PhP100,001 – PhP500,000	7.6	5.9		12.9	8.5
More than PhP500,000	0.8				
Loan Range (PhP)	1,900 – 1,000,000	4,120 – 300,000		2,000 – 200,000	1,000 – 160,000

3.1.2 Number of days and speed of loan release

3.1.2.1 Number of days of loan release

In terms of number of days of loan release, the majority of the beneficiary-respondents reported that loans were typically released either within one day or one week. Before PLEA, loans from formal sources were released within one week, as reported by 64 percent of respondents, 12 percent reported that loans were released within the day, 11 percent within two (2) weeks, 9.6 percent within one month and less than one percent more than one month (**Figure 2**). From informal sources, 63 percent of respondents reported that loans were released within one day, 31 percent within one week.

During PLEA, the trend in the number of days of loan release was similar to that before PLEA. The release of PLEA loans varied from one week, as reported by 35% of respondents, 2 weeks (16%), 3 weeks (6%), to as long as one month (22%) and even more than one month (5%).

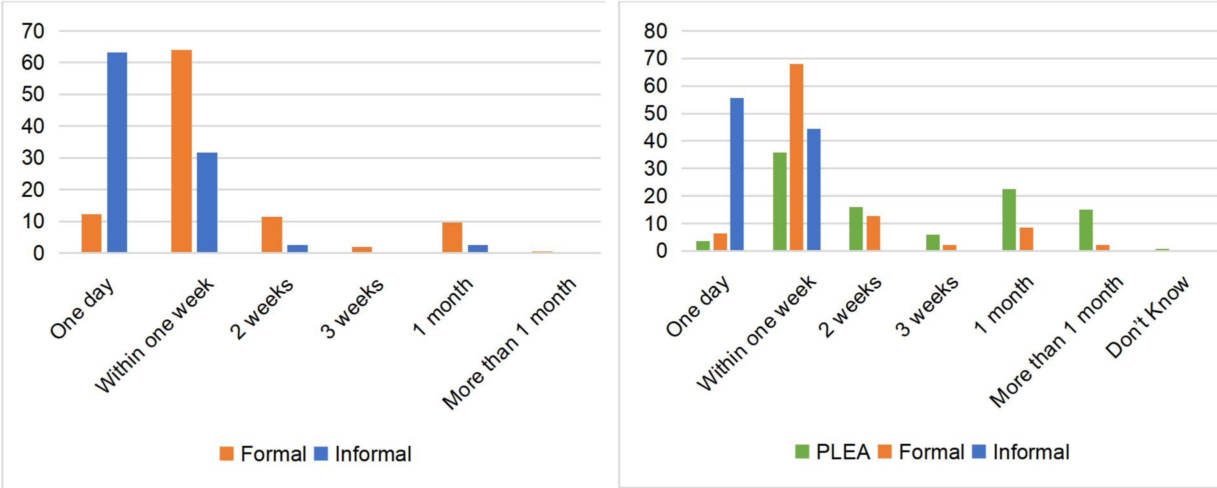


Figure 2. Number of days of loan release from formal, informal and PLEA sources, before (left) and during (right) PLEA program, beneficiaries.

For non-beneficiaries, the trend is similar to that of beneficiaries for the number of days of loan release. Majority of non-beneficiary respondents (63%) reported that their loans from formal sources were released within one week, others within one day (13%), two weeks (13%), three weeks (3%), one month (5%) and more than 1 one month (1.5%) (**Figure 3**).

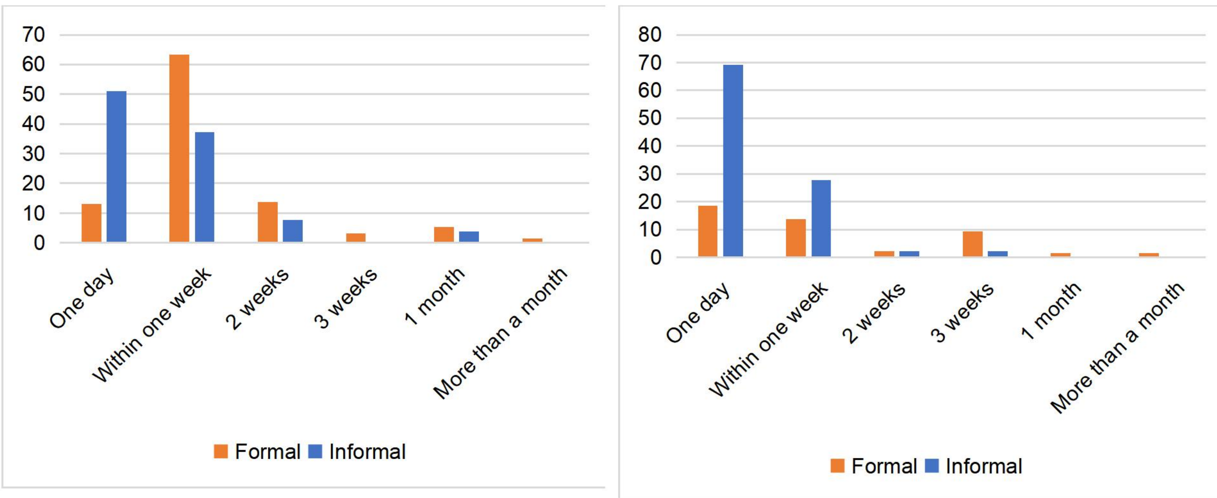


Figure 3. Number of days of loan release from formal, informal and PLEA sources, before (left) and during (right) PLEA program, non-beneficiaries.

The above results indicated that in terms of the number of days of loan release, the PLEA program is comparable to other programs, where one out of every three loans were typically released within one week.

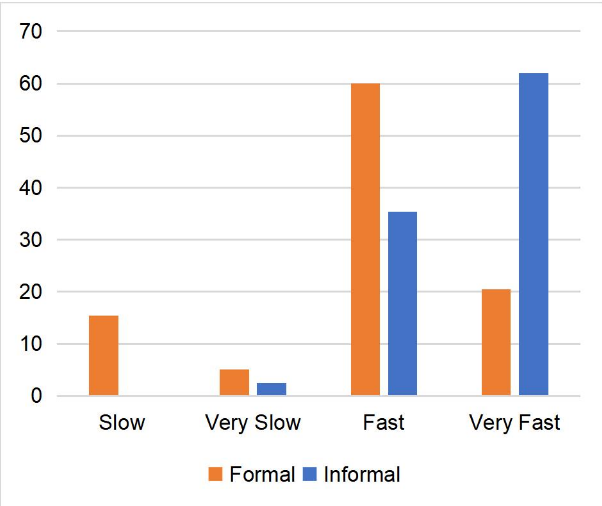
3.1.2.2 Speed of loan release

To provide a categorical picture of the speed of loan release, the responses on the number of days it took for a loan to be released were converted to categories of response using the following metrics:

Very fast	Within one day
Fast	Within one week
Slow	More than one week but less than one month
Very Slow	More than one month

As shown in **Figure 4**, the speed of loan release was generally fast and very fast even prior to the PLEA Program, albeit slight improvement was still achieved during the program. Prior to the program, about 60 percent of the beneficiary respondents reported fast release of loan from formal sources, which improved to almost 70 percent with the program. However, the release of loans from informal sources was generally much faster as a higher proportion of respondents prior to and during the program reported that the release of loans from informal sources was either fast or very fast. This was the case even for the non-beneficiary respondents prior to (**Figure 5**).

While release of loan from the PLEA Program could generally be categorized as fast, a significant percentage of beneficiaries still reported loan release as slow (33%) or very slow (19%). The loaning policies of the various program conduits may need to be examined to further accelerate loan release.



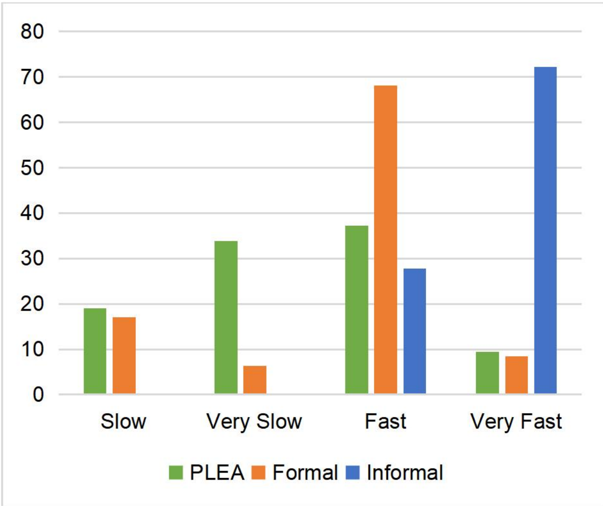
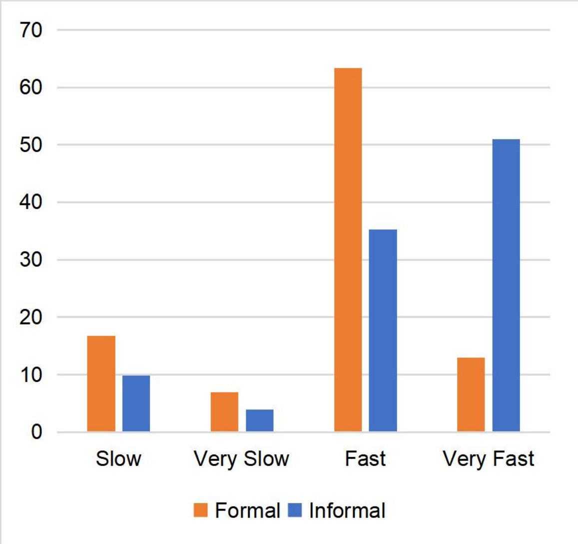


Figure 4. Speed of loan release from formal, informal and PLEA sources, before (left) and during (right) PLEA program, beneficiaries.



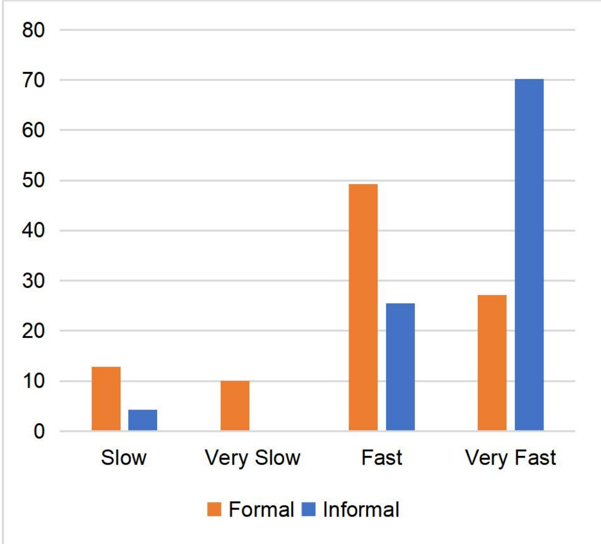


Figure 5. Speed of loan release from formal, informal and PLEA sources, before (left) and during (right) PLEA program, non-beneficiaries.

3.1.3 Timeliness of loan release

Timeliness of loan release refers to the time frame of the release of the loan vis-à-vis their agreement with the loan source or institution, as indicated in the loan documents or guidelines. Majority of all types of respondents reported that loans are released on time before and during the PLEA program implementation (**Table 3**). For PLEA beneficiaries, 75 percent of PLEA beneficiaries reported that their PLEA loans were released on time. This means that one out of every 4 loans were delayed based on the agreement indicated in their documents as per guidelines formulated by their conduits.

Table 3. Timeliness (timely as agreed in the documents) of loan releases as indicated in documents, beneficiaries and non-beneficiaries, before and during PLEA (% reporting)

Particulars	PLEA	Other Sources	
		Formal	Informal
Beneficiary			
Before PLEA	-	93.6	98.7
During PLEA	75.5	91.5	100
Non-Beneficiary			
Before PLEA	-	100	96.1
During PLEA	-	95	95.7

Conversely, 24.5 percent or 86 of the respondents reported that their loans that were not released on time as agreed. Of these 86 respondents, 37 percent are from Northern Samar and 27 percent from Bukidnon. In fact, 82 percent (32 out of 39) of the sample borrower respondents in Northern Samar and 61 percent (24/39) respondents in Bukidnon reported this issue. Other areas where some respondents indicated delays in timeliness are in Bokod, Benguet and North Cotabato

3.1.4 Convenience - Determination of actual documentation and other requirements

Loan convenience pertains to loan documentary requirements, terms of payments or amortization terms, repayment period, appropriateness of loan amount vis-à-vis its purpose. Accessibility of the conduit is also a major indicator of convenience.

3.1.4.1 Documentary requirements

Documentary requirements are necessary to support loan processing. The common requirements are identification cards, loan forms or promissory notes, collaterals and membership to the conduits, especially if this is a cooperative or a farmer's organization (**Table 4**). For the informal sources, only 1.3 percent reported ID as a requirement for beneficiaries before PLEA. Collateral is also not required, and logically also membership. Also, few informal sources require promissory notes, as reported by almost 9 percent and 11 percent of beneficiaries before and during the PLEA period. Expectedly, ID cards, loan forms or promissory notes, and collaterals are required in formal sources.

For the PLEA borrowers, 82 percent reported being required to submit an ID card, 56 percent with loan forms, 3.4 percent are required to have collaterals, 15 percent are required to be a member, as well as other requirements, including certification from the MAO that they are registered under the RSBA.

In addition, the collaterals required by conduits are enumerated in **Table 5**. Although the majority said there is no collateral, some respondents said land title or vehicle registration is required, particularly for the PLEA borrowers. Others refer to business permits and tag number of carabaos owned by the borrowers.

In summary, the PLEA documentary requirements are similar to the requirements of formal institutions, with the addition of certification of being in the RSBA list.

PLCs acquired the list of eligible borrowers, which were marginal and small farmers and fisherfolks registered/enrolled under the RSBSA (pursuant to program guidelines), as endorsed by the Municipal Agricultural Offices. The master list was used by the PLCs to oversight the eligibility of the borrowers and completeness of the submission of requirements, in which the PLC requested certification or proof of registration issued by the MAO.

Table 4. Documentary requirements of loans from PLEA and other sources, beneficiaries and non-beneficiaries, (% reporting)

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiary					
Identification card	76.3	1.3	82.1	74.5	-
Loan forms, promissory notes	52.6	8.9	56.1	38.3	11.1
Collateral	11.5	-	3.4	4.3	5.6
Memberships	11.5	-	15.1	-	-
Others	63.5	22.8	72.9	48.9	22
None	1.3	69.6	0.3	6.4	61.1
Non-beneficiary					
Loan forms, promissory notes	94.2	19.6	-	52.1	25.5
Identification card	71.0	-	-	74.3	-
Membership	15.3	-	-	8.6	-

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Collaterals	13.8	-	-	12.9	-
RSBA Registration	7.6	-	-	13.6	-
Barangay Clearance	28.2	-	-		-
None	-	78.4	-	2.1	-

Table 5. Collateral for Loans by PLEA beneficiaries and non-beneficiaries, (%reporting)

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
None	80.8	100.0	93.4	89.4	94.4
Land title	10.9	-	4.3	8.5	5.6
Vehicle registration	1.9	-	0.3	-	-
Animals	-	-	1.7*	-	-
Land Title and ORCR	2.6	-	-	2.1	-
Others	3.8	-	-	-	-
Non- Beneficiaries					
Land title	9.3	-	-	13.5	-
Vehicle registration	2.2	-	-	0.7	-
Animals	-	-	-	0.7	-
None	-	-	-	82.3	-
Others	-	-	-	2.1	-

*Tag number and Animal Registry

3.1.4.2 Accessibility of loan

Accessibility is an important indicator for convenience. In this study, accessibility was evaluated by considering the distance of the conduit or loan source to the residence of the borrower. In addition, the transaction cost involved in the loaning process was evaluated as part of accessibility.

It appears that the informal sources of credit were nearer to the borrower's residence compared to the formal sources, even prior to the PLEA program. In addition, other formal sources of credit seem to be nearer the borrower's residence than the conduits of the PLEA program loan. Transaction cost is also higher with the PLEA program compared to the other formal sources of credit (**Table 6**).

Table 6. Accessibility of loans from PLEA and other sources, beneficiaries

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiary					
Loan source is near the house	49.4	73.4	33.3	70.2	61.1
Distance of loan source from respondent					
Less than 5 km	65.4	84.8	44.4	70.2	77.8
6-10 km	14.7	8.9	15.7	19.1	11.1
More than 10 km	19.9	6.3	38.5	10.6	11.1
Mode of accessing the loan					
Personal	75	69.7	80.1	85.1	94.4
Text or call	26.9	36.7	24.8	23.4	5.6
Online platform (chat, social media)	1.3	2.5	3.1	2.1	-
ATM	0.6	-	0.9	-	-
Transaction cost					
Below PhP100	48.7	89.9	29.9	42.6	83.3
PhP101 – PhP500	40.4	10.1	49	55.3	11.1
PhP501 – PhP1,000	6.4	-	16.2	2.1	5.6
More than PhP1,000	4.5	-	4.8	-	-

The transaction cost as percent to the loan amount released to the borrowers are as follows: 0.2 percent for borrowers incurring below PhP100, 1.7% for those incurring between PhP101 to PhP500; 3.9 percent for those incurring PhP501 to PhP1,000 an 6.6 percent for those incurring more than PhP1,000.

3.1.4.3 Affordability – Determination of actual interest rates and borrowing costs

Indicators of loan affordability used in the study include interest rates, loan duration, grace period, schedule of payment, and collateral used for the loan. Interest rates seem to have improved under the PLEA Program. Prior to the program, 8.3 percent of beneficiary respondents reported they were not charged any interest from their loans from formal sources while, 46.8 percent reported they were charged minimal interest rates of 1 to 5 percent. With PLEA, 44.7 percent of the respondents reported they were charged a very low annual interest rates (1% to 5%) while another 46.2 percent said they were charged 6 – 10 percent annual interest rates. Borrowers reporting interest rates below 6 percent, the annual interest rate of PLEA, were those whose loan terms were less than one year such as rice and vegetable farmers who pay their loans after harvest, that is, 6 months and 3-4 months, respectively. Farmers charged with more than 6 percent are those whose loans exceed one year. More importantly, the program appears to have reduced the number of SFFs availing of high interest loans. Before the program, 12.2 percent of beneficiary respondents reported they accessed very high interest loans (21% to 50% annual interest) from formal sources. This declined to just 3.4 percent of the beneficiary respondents with the PLEA Program (**Table 7**). The PLEA Program, as another formal source of credit (through its conduits), provided a better loan alternative as loans from this program carries a maximum interest rate of 6 percent per year and a 2 percent service fee.

Table 7. Interest rate per annum paid by respondents before and during PLEA, (%reporting).

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
No interest	8.3	25.3	-	19.1	38.9
1% - 5%	46.8	16.5	44.7	38.3	16.7
6% - 10%	6.4	22.8	46.2	6.4	-
11% - 20%	18.6	2.5	3.1	12.8	-
21% - 50%	12.2	12.7	-	19.1	11.1
More than 50%	3.2	15.2	-	-	27.8
Forgot	0.6	-	0.9	4.3	-
In-Kind	-	2.5	-	-	-
Don't Know	3.8	2.5	5.1	-	5.6
Non-beneficiaries					
No interest	3.8	21.6	-	9.3	27.7
1% - 5%	3.8	-	-	57.1	23.4
6% - 10%	0.8	7.8	-	5.0	14.9
11% - 20%	45.0	17.6	-	10.0	6.4
21% - 50%	43.5	17.6	-	14.3	6.4
More than 50%	3.1	35.3	-	1.4	17.0
Forgot	-	-	-	-	2.1
In-Kind	-	-	-	-	2.1
Don't Know	-	-	-	2.9	-

The average repayment period (i.e., loan duration) for PLEA Program loans was 14.6 months and this was comparable with the repayment period for loans from other formal sources. This is better than the baseline average repayment period of 11.5 months from formal sources and 6.1 months from informal sources (**Table 8**). However, the study could not establish whether or not the program provided a better grace period compared to other formal loan sources as majority of the SFF respondents were not aware whether they were provided such arrangement (**Table 9**). Only about 26 percent of PLEA program borrowers were certain they were provided grace period of about 3.7 months on average.

Table 8. Loan duration reported by respondents, (% reporting)

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
1 month and below	-	2.5	-	-	-
2 months - 6 months	74.4	83.5	39.6	76.6	83.3
7 months - 1 year	9.6	8.9	31.9	4.3	16.7
More than 1 year	16.0	1.3	28.2	19.1	-
No term required/Open	-	3.8	0.3	-	-
Non-beneficiaries					
1 month and below	-	-		-	-
2 months - 6 months	74.8	94.1		74.3	91.5

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
7 months - 1 year	18.3	3.9		12.9	4.3
More than 1 year	6.9	2.0		12.9	-

Table 9. Loan grace period reported by respondents, (% reporting)

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
1 week and below	5.8	3.8	6.3	2.1	5.6
2 weeks	5.8	-	0.9	-	-
3 weeks	1.9	-	0.6	2.1	-
1 month	3.8	7.8	6.3	10.6	-
More than 1 month	5.1	5.1	14.0	2.1	-
Open	-	1.3	-	-	-
Don’t know/None	77.6	82.3	72.1	83.0	94.4
Non-beneficiaries					
1 week and below	13.0	11.8		10.7	-
2 weeks	3.1	3.9		1.4	2.1
3 weeks	0.8	-		2.1	-
1 month	-	5.9		5.0	12.8
More than 1 month	-	2.0		6.4	8.5
Open	-	-		-	-
Don’t know/None	83.2	76.5		74.3	76.6

The schedule of payment or terms of amortization varied. For beneficiaries, most respondents said that the loans were due during harvest time (**Table 10**). This was especially true for informal loans, where more than ¾ of the respondents reported this schedule. For non-beneficiaries, the reported payment schedule of harvest time is reported by 45 percent of respondents before PLEA for informal sources and 38 percent after PLEA for formal sources. A semi-annual schedule is reported by 36 percent of respondents for formal loans before PLEA, and 87 percent for informal loans during PLEA period. The most common mode of payment is cash (**Table 11**). This is true for all respondents. In kind payments are also observed, especially for informal sources.

Table 10. Schedule of Payment of loans for formal and informal loans of respondents, (% reporting)

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
Daily	0.0	1.3	0.0	0	0.0
Weekly	26.3	3.8	0.6	42.6	5.6
Monthly	17.3	6.3	15.4	12.8	0.0
Quarterly	2.6	1.3	4.6	6.4	5.6
Harvest time	28.2	73.4	44.4	21.3	77.8

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Annual	1.9	1.3	15.1	2.1	0.0
Others	23.7	11.4	19.9	14.9	11.1
Non-beneficiaries					
Daily	-	-		-	-
Weekly	29.0	-		22.1	-
Monthly	11.5	2.0		11.4	-
Quarterly	9.2	3.9		3.6	4.3
Harvest time	14.5	45.1		38.6	4.3
Semi annual	35.9	47.1		6.4	87.2
Annual	-	-		17.9[1]	2.1[2]
Others	-	2.0[2]		-	-
Don't know	-	-		-	2.1

[1]after one year, after six-month, due date, every six months lumpsum
[2]pay when able

Generally, the PLEA addressed the critical aspect of meeting the needs of beneficiaries for accessing credit. This study shows that PLEA provides easy loan disbursements, in terms of the speed and timeliness of loan release, submission of documentary requirements and affordable credit options. The promptness of approving the loan request and processing the loan offered borrowers the convenience of not waiting, hence, opting to use the loan for immediate use.

Table 11. Mode of payment, (% reporting)

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
Cash	92.3	83.5	97.1	93.6	100.0
In-kind	0.6	13.9	0.6	2.1	0.0
Both cash and in kind	6.4	2.5	2.3	4.3	0.0
Others*	0.6	0.0	-	-	-
Non-Beneficiaries					
Cash	95.4	80.4		94.3	91.5
In-kind	0.8	15.7		0.7	6.4
Both cash and in kind	3.8	3.9		5.0	2.1

*Salary deduction

3.2 Client-targeting and improvement in access to formal credit by targeted SFF borrowers, particularly in the unbanked and underbanked areas.

The study determined whether the PLEA program was successful in targeting the correct client as specified in the guidelines. This was done by (1) examining the geographical reach of the program, (2) the purpose by which the loans were used, and (3) examining whether the socio-economic profile of the respondents meets the criteria of eligibility based on the program guidelines.

In determining the improvement in access to formal credit by targeted SFF borrowers particularly in the unbanked and underbanked areas, the study examined the beneficiaries' awareness of the presence of formal lending institutions and their loaning behavior before PLEA and compared it with their loaning behavior with the PLEA program. Improvement in access to credit from formal sources will be indicated by (i) whether it is the first time for the farmer to borrow from and was granted a loan by a formal source: (ii) first time borrower of bigger loan amount, (iii) first time borrower to the PLC, and (iv) growth in agricultural loans availed.

3.2.1 Client targeting: PLEA beneficiaries

The main target beneficiaries of the PLEA Program are the small farmers and fisherfolks (SFFs). As defined in Section 4 of RA 9435, PAO No. 21 and other laws, SFF refers to a "natural person dependent on small-scale subsistence farming and fishing activities as their primary source of income". Presidential Admin Order No 21 further defines SFF as those who; (i) own or are still amortizing lands that are not greater than 3 hectares; (ii) engaged in backyard livestock and poultry: a) backyard/ livestock raising (less than 20 heads of adults and young, less than 40 heads of young and zero adults or less than 10 heads of adults and less than 22 heads of young): b) poultry raising (less than 500 layers or 100 broilers, less than 100 layers and 100 broilers combined, and less than 100 duck heads. On the other hand, Small fisherfolk are those taking, culturing or processing fishery or aquatic resources, such that (i) those engaged in fishing using gears that do not require boats or boats less than three (3) tons, in municipal waters, coastal and marine areas; (ii) workers in commercial fishing and aquaculture; (iii) vendors and processors of fish and coastal products; (iv) subsistence producers such as shell-gatherers, managers, and producers of mangrove resources, and other related producers (Presidential AO No. 21 of 2011, Revised IRR of RA 8425/Social Reform Act).

3.2.2 Profile of PLEA Beneficiaries

The socio-economic profile of the PLEA beneficiaries was examined to determine whether those granted the loan belong to the program's target group. The profile of non-beneficiaries was also included in the analysis for comparison purposes.

The study found that the beneficiaries and non-beneficiaries have similar socio-economic profiles (**Table 12**). They are, on average, about 50 years of age, with the majority being 41-60 years of age; 52 percent are female, married and have an average of 8 – 9 years of schooling. The majority have a household size of 5 and below and have been farming/fishing for more than 20 years. The majority are also members of organizations.

The income profile is also quite similar for the two types of respondents. Most respondents have an annual income ranging from PhP51,000 to PhP150,000, followed by those with less than PhP50,000 income (**Table 13**). The average income is also similar at the level of PhP212,824 for beneficiaries and PhP213,445 for non-beneficiaries.

Both types of respondents earn the highest income from vegetable farming. For beneficiaries, palay production provides the next highest income source, followed by fruits and fisheries. For non-beneficiaries, cacao provided the second highest income, followed by rice, corn and fruits. Similar level of income from swine is noted at around PhP40,000 per year.

Non-beneficiary-respondents earn just a little more than beneficiaries from off-farm income at PhP11,778 compared to PhP6,412. Non-farm income is almost at the same level at PhP72,527 for beneficiaries and PhP68,185 for non-beneficiaries. This non-farm income comes mostly from business and employment.

The PLEA program beneficiaries fall within the category of small farmers and fisherfolks. Almost half of the beneficiary-respondents are first time PLEA borrowers.

Table 12. Socio-Economic profile of respondents, (% reporting)

Characteristic	Beneficiary (n= 351)	Non-Beneficiary (n=343)
Age		
20 and Below	-	0.3
21 – 40	18.5	25.4
41 – 60	57.6	52.5
Above 60	21.4	18.4
Gender		
Male	47.3	47.2
Female	52.7	52.8
Civil Status		
Single /Widowed	16.5	20.1
Married/Common law	81.8	79.0
Others	1.1	0.9
Number of years in school		
None	-	-
1 – 6	21.7	31.5
7 – 10	42.2	37.9
11 - 14	34.5	28.6
More than 14	1.1	2.04
Household size		
Below 5	75.2	71.1
6 – 10	24.2	28.0
More than 10	0.6	0.9
Average	5	5
Years in Farming		
Less than 1 year	0.3	-
1 - 5	10.8	10.8
6 – 10	11.7	13.1
More than 10	72.1	68.8
Membership in Organization		
Yes	84.3	62.4
No	15.7	37.6

Table 13. Income profile of respondents, (% reporting)

Characteristic	Beneficiary (n= 351)	Non-Beneficiary (n= 343)
Total Annual Income (% reporting)		
Less than PhP50,000	20.5	24.8
PhP51,000 – PhP150,000	36.8	32.1
PhP151,000 – PhP250,000	15.7	20.7
PhP250,000 – PhP500,000	18.2	12.8
More than PhP500,000	8.8	9.6
Average Income from Main Farm Commodity (P/year)		
Crop production		
Palay	116,591	85,457
Corn	60,103	63,260
Vegetables	183,554	208,653
Fruits	91,200	60,000
Livestock		
Swine	41,782	43,863
Poultry	-	48,333
Cattle	27,907	21,420
Fishing		
Aquaculture	70,000	-
Marine	81,668	25,471
Copra	8,857	12,900
Coconut	8,500	-
Cacao	35,110	110,073
Coffee	36,313	41,455
Average Off farm income (PhP/year)		
10,000 and below	34.3	81.6
10,001 - 20,000	21.4	4.1
20,001 – 50,000	27.1	7.9
50,001 – 100,000	12.9	5.2
More than 100,000	4.3	1.2
Average non-farm income (PhP/year)		
10,000 and below	12.4	48.1
10,001 - 20,000	10.9	5.8
20,001 – 50,000	15.0	12.0
50,001 – 100,000	20.2	12.5
More than 100,000	41.5	21.6

3.2.3 Loan Purpose

Another good indicator of whether the PLEA program was successful in client targeting is whether the loan was used for its primary purpose, which is to support the agricultural operation of SFFs. As shown in **Table 15**, the primary purpose of SFFs in availing loans regardless of sources was to support their production operations. Prior to the PLEA program, 91% of the SFF respondents availed of loan from the formal sector to support farm related operations. This was even higher (100%) for loans from the informal sources. During the PLEA program, almost all (99%) of the respondents claimed that the primary reason why they borrowed from the program was to support farm related operations.

Apart from asking the respondents for the primary reason why they availed loans, the study also examined whether the loan was used for the indicated purpose. Loans are fungible and actual use can easily be diverted by borrowers for purposes other than the original intent for such. It is not uncommon for poor borrowers to use at least part of their loans to support household and other emergency expenses. As shown in **Table 14**, however, the SFF respondents, including those who borrowed from the PLEA program, actually used their loans for its original intent, which is to support farm operations. In the case of the PLEA program, only about 8 percent of the borrowers reported they diverted part of the loan for household expenses and other needs.

Table 14. Purpose of loans before and during PLEA, (% reporting)

Particulars	BEFORE PLEA		DURING PLEA		
			PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
Purpose					
Farm related	91	100	99	85	94
Household expenses	12	19	2.8	26	22
Education of children	6	3	0.9	2	6
Business/livelihood	14	-	0.6	4	-
Loan was used for the intended purpose	91	94	92	97	100
Reason for deviation					
Household expenses	86	26	86	100	-
Business needs	7	-	10	-	-
Education of children	36	4	7	-	-
Transportation	0.8	-	-	-	-
Non-Beneficiaries					
Purpose					
Farm related	76	100		92	96
Household expenses	24	2		10	12
Education of children	12	-		2	-
Business/livelihood	17	-		4	2
Loan was used for the intended purpose	96	94		92	98
Reason for deviation					
Household expenses	100	100		46	100
Education of children	100	-		27	-
Business needs	-	-		46	-

3.2.4 Geographic Reach of the PLEA Program

The Production Loan Easy Access is a credit facility implemented by the DA-ACPC for marginalized farmers and fisherfolks. It was designed to be fast, convenient and affordable. Initially implemented in 10 provinces in 2017, it now has a nationwide reach. As of 2021, the total number of beneficiaries reached 60,335, with an aggregate loan amount of PhP2,150,592,372 (**Table 15**). Western Visayas had the highest number of borrowers with 9,103 and total loans of PhP341M, followed by SOCCSARGEN with 7,764 borrowers and a total loan of PhP264M. The lowest number was from ARMM, with only 477 borrowers and PhP11.7M loans. By island group, Luzon had the highest number of borrowers and had the highest percentage share in loans at 39 percent. Mindanao had 32 percent share, and the Visayas had a 29 percent share.

Table 15. Number of borrowers and loans of PLEA Program, by region and island group

Region	Number of Borrowers	Total Loans (PhP)
CAR - Cordillera Administrative Region	2,973	166,635,150
REGION I (Ilocos Region)	3,548	129,514,200
REGION II (Cagayan Valley)	2,862	117,925,381
Region III (Central Luzon)	5,510	236,173,800
REGION IV - A (CALABARZON)	2,716	89,382,631
REGION IV-B (MIMAROPA)	3,870	159,203,755
REGION V (Bicol Region)	1,961	74,710,220
Sub-total for Luzon	*23,440*	*973,545,137*
REGION VI (Western Visayas)	9,103	342,186,309
REGION VII (Central Visayas)	4,180	104,562,760
REGION VIII (Eastern Visayas)	4,146	62,023,140
Sub-total for Visayas	*17,429*	*508,772,209*
REGION IX (Zamboanga Peninsula)	2,001	83,499,100
REGION X (Northern Mindanao)	3,651	121,798,400
REGION XI (Davao Region)	1,033	38,966,250
REGION XII (Soccsksargen)	7,764	265,418,986
ARMM - Autonomous Region in Muslim Mindanao	477	11,792,500
REGION XIII (Caraga)	4,562	146,799,790
Sub-total for Mindanao	*19,488*	*668,275,026*
Grand Total	**60,357**	**2,150,592,372**

Source: ACPC PLEA Database (as of June 30, 2021)

The program's lending conduits are cooperatives, cooperative banks, rural banks and NGOs. These conduits are categorized into two (2) types. Type 1 conduits are those with current accreditation or have existing partnership under the ACPC lending programs or with Land Bank of the Philippines, People's Credit and Finance Corporation, Agricultural Guarantee Fund Pool, Development Bank of the Philippines, and Small Business Guarantee and Finance Corporation. Type 2 conduits are cooperatives or farmer organizations and NGOs not qualified as Type 1 but comply with the eligibility criteria of having juridical personality (registered with SEC, CDA, or DOLE), endorsed by a government agency and must have an existing set of officers, has a core management team of manager, treasurer and bookkeeper; must have an existing bank account under the name of the organization; and must have a paid-up capital or savings from its members.

As of 2021, PLEA engaged 221 conduits, where the average number of borrowers per conduit was 273. The average loan amount per borrower was PhP35,631 (**Table 16**). The highest loan amount was PhP630,000 granted to a borrower planting garlic in Ilocos Norte. The next highest amount granted was around PhP150,000 for high value crops such as onion, sweet potato, turnips and papaya. Four borrowers had a loan amount of PhP3,000 or less (with the lowest of PhP1,160 and PhP6,000 for hogs in Bicol). The most commonly availed amount was PhP50,000, and these are availed by rice and vegetable farmers.

Table 16. Number of conduits per region and average number of borrowers and loan amount

Region	Number of PLC	Average Number of Borrowers per PLC	Average Loan per Borrower (PhP)
CAR - Cordillera Administrative Region	27	110	56,049
Region I (Ilocos Region)	4	887	36,503
Region II (Cagayan Valley)	13	220	41,204
Region III (Central Luzon)	21	262	42,863
Region IV - A (CALABARZON)	9	302	32,910
Region IV-B (MIMAROPA)	12	323	41,138
Region V (Bicol Region)	6	327	38,098
Region VI (Western Visayas)	28	325	37,590
Region VII (Central Visayas)	11	380	25,015
Region VIII (Eastern Visayas)	16	259	14,960
Region IX (Zamboanga Peninsula)	9	222	41,729
Region X (Northern Mindanao)	10	365	33,360
Region XI (Davao Region)	7	148	37,721
Region XII (Soccsksargen)	31	250	34,186
ARMM - Autonomous Region in Muslim Mindanao	3	159	24,722
Region (Caraga)	14	326	32,179
Grand Total/Average	**221**	**273**	**35,631**

Source of basic data: PLEA database

According to the PLEA guidelines, the loan or credit is intended for (1) agri-production loans, particularly for crops, poultry and livestock, or fishing activities; (2) agri-microfinance loans, particularly to finance income generating activities which can be purely farming/fishing, or combined with nonfarm or off-farm income generating activity; and (3) or other types such as for the purchase of animals, farm equipment, or working capital.

Data as of 2021 showed that loans intended for crop farming comprised 86 percent of the total PLEA portfolio (**Figure 6**). Livestock and poultry, fishing and aquaculture had 11 percent and 3 percent share, respectively. A very small percentage (less than 1% was used for off-farm activities and ITP.

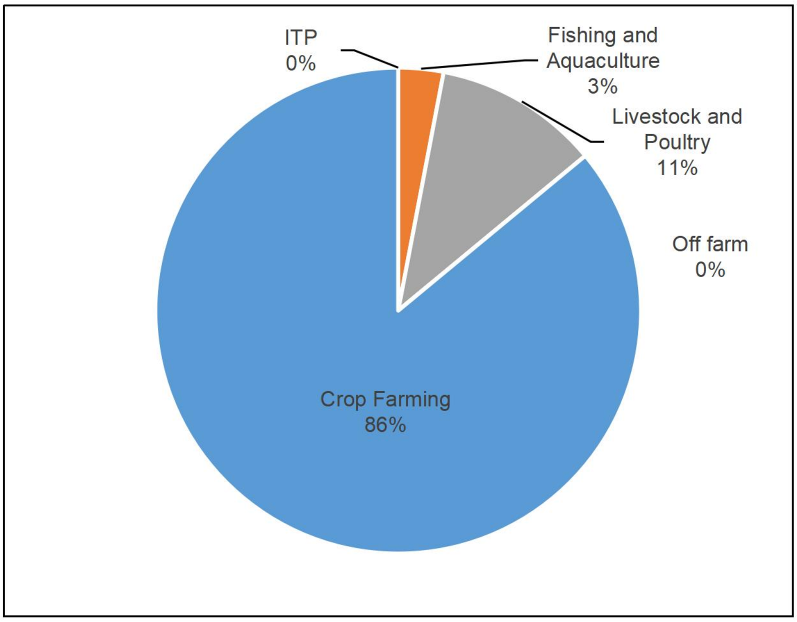


Figure 6. Distribution of PLEA loans by Commodity

Source of basic data: PLEA database

3.2.5 Improving access to credit in unbanked and underbanked areas

Of the nine provinces covered by the survey, only two, Nueva Ecija and Davao del Sur have no unbanked municipalities (**Table 17**). Of the seven provinces, Northern Samar had the highest percentage of unbanked areas (87%), where 21 out of the 24 municipalities have no reported banks. For Bohol, 19 out of the 47 municipalities or 40 percent had no banks. Other provinces have a lower number of unbanked municipalities.

Five of the 25 municipalities (20%) in three provinces covered by the survey are unbanked. These are Bukod and Kabayan in Bengue; Pres. CP Garcia in Bohol; and Pambujan and Victoria in Northern Samar. This means that PLEA was able to reach 5 out of 57 (8.77%) municipalities without banks.

The study examined the SFFs' awareness of credit sources, the number of formal credit institutions in the area, the extent to which SFFs were availing loans from these sources and the purpose of such loans. It was found that SFFs were generally aware of the presence of formal financial institutions in their areas. These include banks, MFIs and cooperatives. However, only about 37 percent of the beneficiary respondents borrowed from these sources before the PLEA program (**Table 18**), while about 20 percent borrowed from informal sources. Borrowed amounts from formal and informal sources were PhP42,560 and PhP26,012, respectively. Almost similar results were obtained from the non-beneficiary respondents.

None of the areas covered in the study was unbanked, but many may be considered underbanked. The respondents reported there were about 2 to 4 banks in their municipality and 3 to 5 MFIs, on average (**Table 19**). The SFF's low patronage of the formal lending institutions, despite the presence of these institutions in the area, had been the primary motivation for the PLEA program to make access easier for the SFFs.

Table 17. Unbanked municipalities covered by the survey

Province	No. of municipalities[1]	Number of unbanked municipalities[2]	Percent of unbanked municipalities	Number of unbanked municipalities in survey area	% of unbanked municipality covered by survey	Name of unbanked municipality covered by survey
Benguet	13	3	23.08	2	66.67	Kabuyan; Bukod
Nueva Ecija	27					
Occidental Mindoro	11	2	18.18			
Antique	18	3	16.67			
Bohol	47	19	40.43	1	5.26	Pres. CPGarcia
Northern Samar	24	21	87.50	2	9.52	Pambujan; Victoria
Bukidnon	20	5	25.00			
Davao del Sur	9					
North Cotabato	17	4	23.53			
TOTAL	186	57	30.84	5	8.77	

Source of basic data:

[1]Philippine Statistics Authority, 2022. https://psa.gov.ph/classification/psgc/downloads/SUMWEBPROV-SEPT2020-CODED-HUC-FINAL.pdf. Accessed July 5, 2022
[2]Central Bank of the Philippines, 2017 https://www.bsp.gov.ph/Lists/Directories/Attachments/10/unbanked.pdf. Accessed July 5, 2022

Table 18. Number of farmers availing loans before and during PLEA

Particulars	BEFORE PLEA		DURING PLEA		
			PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
Number of farmers availing	131	69	351	41	16
Average loan amount (P)	42,560	26,012	36,851	35,872	42,833
Duration of loan (months)	10.5	5.5	12.9	12.5	6.1
Frequency of Availing	Percent of number of farmers availing				
Once	50	45	75	58	38
Twice	66	56	25	56	38
Thrice	0.7	7	0.3	-	6
Four times	2	1	-	-	6
As needed	-	4	-	-	0.25
Non-Beneficiaries					
Number of farmers availing	114	48		118	47
Average loan amount (P)	48,667	30,535		47,828	33,414

Particulars	BEFORE PLEA		DURING PLEA		
			PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Duration of loan (months)	9.3	5.8		9	5.1
Frequency of Availing	Percent of number of farmers availing				
Once	57	33		57	47
Twice	57	69		61	53
Thrice	.08	4		.08	.02
Four times	-	-		-	-

Table 19. Farmer awareness of number of formal lending institutions in their area

Institutions	Beneficiary (n=351)	Non-beneficiary (n=343)
MFIs	5	3
Banks	4	2
Cooperatives/ Farmer organizations	2	2

The reasons for SFF's preference for formal and informal lending sources are shown in **Table 20**. The formal lending sector is preferred due to its lower interest rate, but the informal sector is generally preferred for convenience, accessibility and fast release of loan. The PLEA program caused the low-interest rate - motivated preference to increase from 49 percent before PLEA to 86 percent with PLEA. This is obviously due to the fact that the program placed a cap of 6 percent on interest charges on PLEA program loans, which is way below the market rate offered by other financial institutions, not to mention the very high interest rates in the informal sector. However, the program appears to have no significant effect on the other preference motivators such as convenience, accessibility and speed of loan release.

Table 20. Reasons of farmers in availing loans before and during PLEA, (%reporting)*

Particulars	BEFORE PLEA		DURING PLEA		
			PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiaries					
Low interest rate	49	1	86	30	-
Convenience	42	46	23	17	22
Accessible	6	17	4.3	8	11
Fast release	41	51	13	38	33
Long repayment period	-	-	1	4	-
No interest	0.8	16	1	8	44
Easy requirements	-	-	0.9	-	-
Benefits (dividend, CBU)	2		0.6	2	-
No other source	-	3	-	-	-
Name was used by another person to apply for the loan	-	-	0.3	-	-
Lack of capital	-	-	0.6	-	-

Particulars	BEFORE PLEA		DURING PLEA		
			PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Trying new program	-	-	0.6	-	-
Non-Beneficiaries					
Convenience	49	56		33	46
Fast release	48	29		31	48
Low interest rate	40	8		44	4
Easy requirements	3.5	6		3	
No interest	3.5	10		4	4
Accessible	9	2		0.7	2
Benefits (dividend, CBU)	4			4.3	
Long repayment period	0.9			0.7	2

*Multiple response

3.2.6 Improving Financial Inclusion

The study examined if the program was able to address financial inclusivity by examining the number of borrowers and total loans by region vis-à-vis the financial inclusion index. Tan (2014) constructed a three-dimensional index of financial inclusion for all regions in the Philippines, using the following dimensions: 1) banking penetration, or the proportion of population having a bank account; 2) availability of banking services measured by the number of banks per 1000 population; and 3) usage as indicated by the volume of credit and deposits. **Table 21** shows this index, along with the total loan amount and total borrowers.

Table 21. Financial inclusion index by region, total PLEA loan amount and number of borrowers

Region	Financial Inclusion Index	Total Loan Amount	Total Borrowers
CAR - Cordillera Administrative Region	0.468 (Medium)	166,635,150	2,973
Region I (Ilocos Region)	0.108 (Low)	129,514,200	3,548
Region II (Cagayan Valley)	0.252 (Low)	117,925,381	2,862
Region III (Central Luzon)	0.810 (High)	236,173,800	5,510
Region IV - A (CALABARZON)	0.889 (High)	89,382,631	2,716
Region IV-B (MIMAROPA)	0.185 (Low)	159,203,755	3,870
Region V (Bicol Region)	0.129(Low)	74,710,220	1,961
Region VI (Western Visayas)	0.414 (Medium)	342,186,309	9,103
Region VII (Central Visayas)	0.847(High)	104,562,760	4,180
Region VIII (Eastern Visayas)	0.089(Low)	62,023,140	4,146
Region IX (Zamboanga Peninsula)	0.123(Low)	83,499,100	2,001
Region X (Northern Mindanao)	0.384(Medium)	121,798,400	3,651

Region	Financial Inclusion Index	Total Loan Amount	Total Borrowers
Region XI (Davao Region)	0.608(High)	38,966,250	1,033
Region XII (Soccsksargen)	0.293(Low)	265,418,986	7,764
ARMM - Autonomous Region in Muslim Mindanao	000 (Low)	11,792,500	477
Region (Caraga)	0.175(Low)	32,179	326

The low FII regions such as Regions 1, 2, 4B, V, 8, 9, SOCCSARGEN and Caraga and ARMM. On the other hand, the regions with high FII are Regions 3, 4A, 7 and 11. To address financial inclusivity, the regions with lower FII should have higher loans and a number of borrowers compared to those with higher FII. **Figures 7** and **8** show that the PLEA program was able to prioritize the regions with low and medium FII, where these regions have higher loan amount and number of borrowers compared to the high FII regions, with the exception of Region 3. It must be noted, however, that Region 3 is a high rice-producing area.

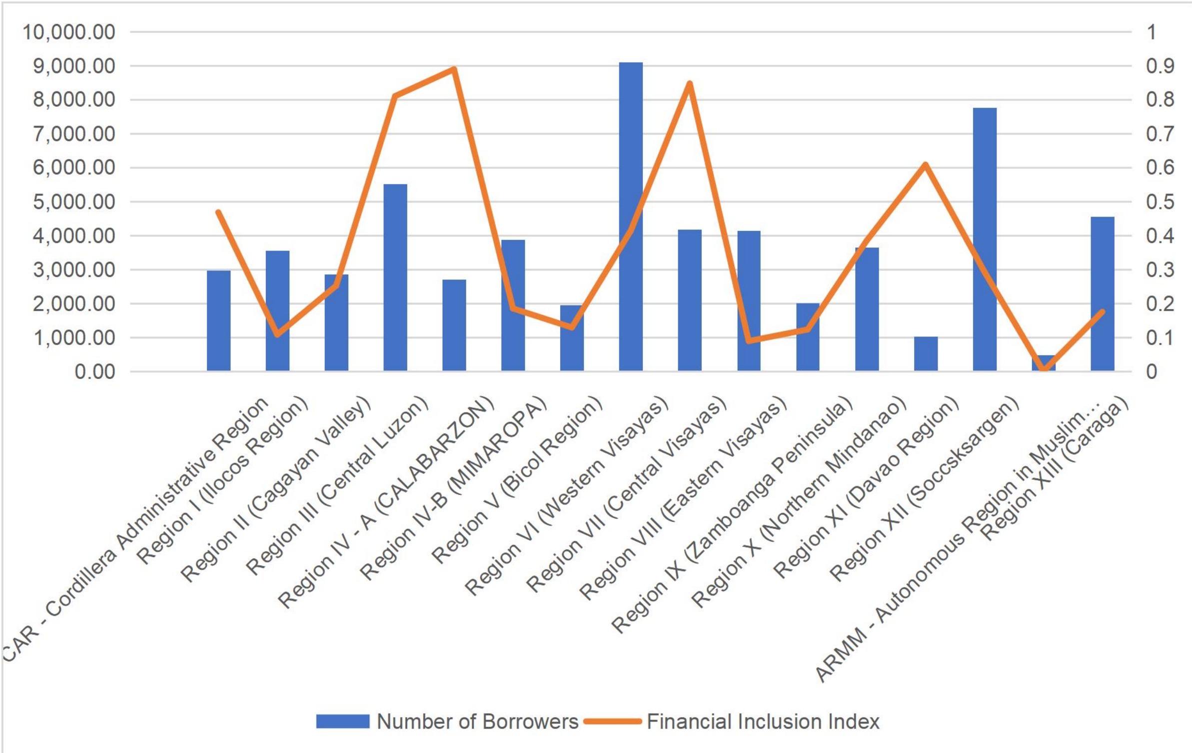


Figure 7. Number of PLEA borrowers and financial inclusion index by region

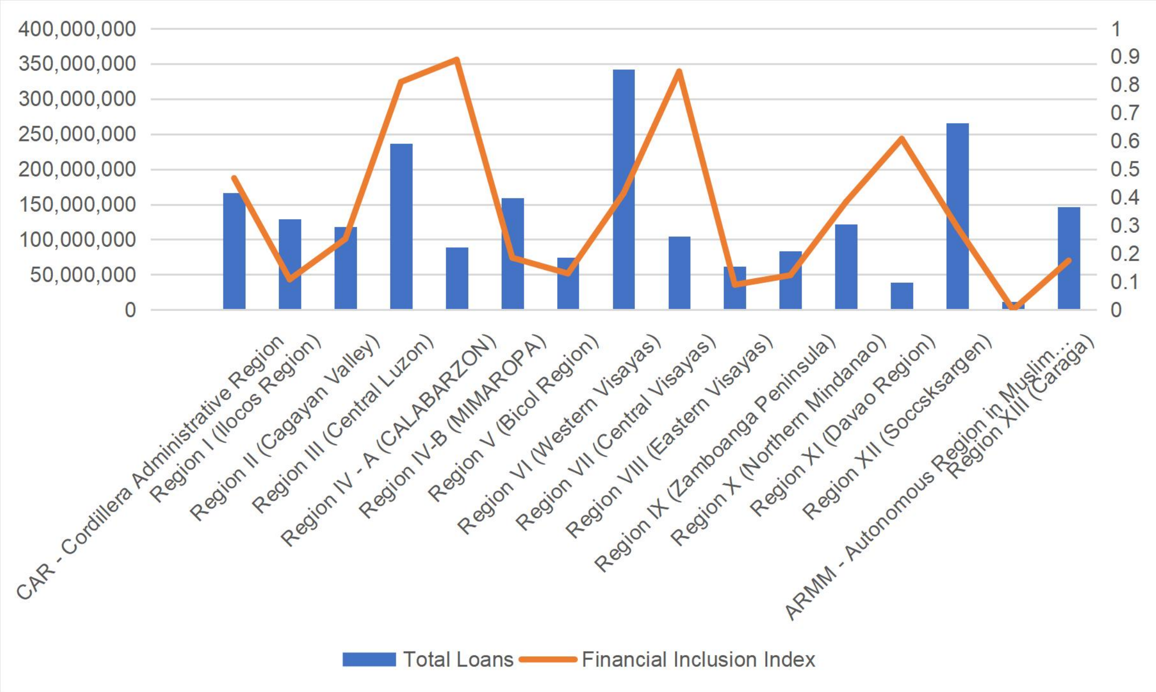


Figure 8. Amount of loans from PLEA and financial inclusion index by Region

3.3 Productivity and income Impact

It was clearly established in an earlier section that the primary purpose of SFFs who accessed loans from the PLEA Program was to support their farm operations. It was also established that the loans were used for such purposes. To determine whether such loans impacted farm performance, the study examined the farm operations of the beneficiaries and non-beneficiaries before and with the PLEA program. The study examined the productivity and income impact only for rice and vegetable farmers as data points are limited for the other commodities. Results can be generalized, though, as rice and vegetable farmers already comprise more than half of the total number of sample respondents in the study.

Using difference in differences approach, the study found that the program appears to have expanded the area planted for high value vegetables by 0.30 hectares, on average (**Table 22**). The area planted for corn declined by 0.21 hectares, while the area planted for rice remained almost the same. It therefore appears that one of the effects of the PLEA program was to induce SFFs to expand the production of high value crops (e.g., vegetables).

Table 22. Difference in differences, average area planted by commodity, in hectares

Commodity	Beneficiary		Non-beneficiary		DID
	Before	During	Before	During	
Vegetables	0.44	0.68	0.43	0.37	0.30***
Beans	0.25	-	-	-	
Bell pepper/Sweet pepper	0.06	-	-	0.05	
Broccoli	-	1.00	-	0.75	
Cabbage	0.78	0.41	0.40	0.40	
Carrots	0.61	0.57	0.50	0.43	
Cauliflower	0.50	0.40	0.33	0.13	

Commodity	Beneficiary		Non-beneficiary		DID
	Before	During	Before	During	
Potato	0.50	0.50	0.56	-	
Red pepper	-	0.50	0.50	-	
Sayote	1.00	0.81	0.30	0.04	
Squash	0.50	-	-	-	
Sweet peas	0.25	-	-	-	
Tomato	-	1.20	0.43	0.63	
Rice	1.48	1.49	1.21	1.27	-0.05 ns
Corn	1.04	1.10	1.4	1.25	-0.21 ns

****Significant at 1% level.*
ns (not significant)

The expansion in the area of vegetables during the PLEA program resulted in considerable increase in farm income from this commodity. Gross income from vegetables increased by PhP93,730 per farm while net income increased by PhP41,007 (**Table 23**).

Table 23. Vegetables farm area, production and net income of beneficiaries and non-beneficiaries before and after PLEA

Variable	Beneficiary		Non-beneficiary		DID
	Before PLEA	During PLEA	Before PLEA	During PLEA	
Average area	0.44	0.68	0.43	0.37	0.30***
Production (kg)	3,552	8,000	7,579	6,957	5070
Price/kg	49	44	42	40	
Gross Income	97,776	217,442	193,704	219,640	93730***
Total Costs	39,788	78,491	84,951	70,931	
Cropping intensity	1.43	1.5	1.65	1.5	
Net Income per farm/cropping	57,988	138,951	108,752	148,708	41007***

***significant at 1% level

Unlike vegetables, the area planted for rice did not significantly change with the PLEA Program. However, results of production function analysis showed the program improved the productivity of the beneficiary's rice farms. As shown in **Table 24**, the interaction variable in the production function, which represents the difference-in-differences, is positive and highly significant. This means that participation in the program increases the rice output of the beneficiaries. Such an increase in rice output translated to higher income from rice farming (**Table 25**). As shown, the increase in rice output of 608 kilograms per hectare on average increased the gross income by PhP10,336 and the net income by PhP7875.

Table 24. Production function estimates for rice

*(21 variables, 352 observations pasted into data editor)

. regress totalprodn typeres time interaxn seeds fert labor age educ wrknghhmem

Source	SS	df	MS			Number of obs =	352
						F(9, 342) =	13.24
Model	6.4004e+09	9	711151628			Prob > F =	0.0000
Residual	1.8373e+10	342	53721812.4			R-squared =	0.2584
						Adj R-squared =	0.2388
Total	2.4773e+10	351	70578987.2			Root MSE =	7329.5
totalprodn	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]	
typeres	-912.4986	1121.405	-0.81	0.416	-3118.218	1293.221	
time	-1460.723	1117.337	-1.31	0.192	-3658.44	736.9948	
interaxn	3212.01	1566.964	2.05	0.041	129.9104	6294.111	
seeds	16.19984	87.55657	0.19	0.853	-156.0173	188.417	
fert	387.7648	42.4435	9.14	0.000	304.2816	471.248	
labor	-42.1801	11.39478	-3.70	0.000	-64.59277	-19.76742	
age	-27.03098	37.25743	-0.73	0.469	-100.3135	46.25158	
educ	183.564	152.4168	1.20	0.229	-116.2284	483.3563	
wrknghhmem	542.8653	302.5424	1.79	0.074	-52.2127	1137.943	
_cons	6338.61	2971.921	2.13	0.034	493.0642	12184.16	

Table 25. Rice production and net income per hectare per season, beneficiaries and non-beneficiaries, before and after PLEA

Variable	Beneficiary		Non-beneficiary		DID
	Before PLEA	During PLEA	Before PLEA	During PLEA	
Production ha/cropping (kg)	3,847	4,634	4,186	4,365	608***
Gross Income	65399	78778	71162	74205	10336***
Total Costs	33,127	41,238	32,518	36,928	
Net Income per ha/cropping	31,282	30,811	38,817	30,471	7875***

3.4 Gender implications of the program

The project examined the gender implications of the program by determining the role of men and women in the decision-making process in relation to loans particularly to PLEA loans.

Survey results revealed that more men and women jointly decide when to borrow, how much to borrow and where to borrow before and during PLEA for both beneficiary and non-beneficiary (**Table 26**). When it comes to preparing the documents necessary for the loan application, as well as in processing the loan, respondents reported that more women than men are involved. In terms of deciding how the proceeds of the loans will be used, again, more both men and women jointly decide than men or women alone. On the decision to pay the loan, equal proportion of men, women, and joint men and women observed.

Table 26. Gender roles in loan decisions, before PLEA Program, beneficiaries (%reporting)

Decision maker	Beneficiary		Non-Beneficiary	
	Before	During PLEA	Before	During PLEA
Who decides when to borrow				
Husband/Son	19.5	19.1	27.1	27.2
Wife/Daughter/mother	18.4	19.4	20.0	15.9
Both	61.2	59.3	52.9	57.0
Who decides how much to borrow				
Husband/Son	18.9	19.4	26.9	24.5
Wife/Daughter	24.3	21.7	22.4	21.9
Both	56.8	56.4	50.6	53.6
Who decides where to borrow/source the loan				
Husband/Son	20.5	19.4	24.5	23.2
Wife/Daughter/Mother	23.8	23.9	27.1	23.8
Both	55.7	54.4	48.4	53.0
Who prepares the documents/ requirement for the loan				
Husband/Son	23.8	28.2	22.7	25.2
Wife/Daughter	53.0	48.4	56.0	46.3
Both	23.2	21.1	21.3	28.6
Who processes the loan				
Husband/Son	28.6	29.3	25.6	25.0
Wife/Daughter	53.5	48.1	54.5	46.1
Both	17.8	20.2	19.9	28.9
Who decides how the loan proceeds will be used				
Husband/Son	15.7	17.7	26.3	27.5
Wife/Daughter	21.6	22.5	21.8	25.5
Both	62.7	57.5	51.9	47.1
Who facilitates the payment of the loan				
Husband/Son	29.2	29.6	33.1	31.1
Wife/Daughter	34.6	33.3	35.0	35.8
Both	36.2	34.8	31.8	33.1

3.5 Number of farmer-borrowers that can be graduated from the program

Farmers who have never defaulted from the PLEA program and already have access to other formal sources were considered as those that can already be graduated from the program. **Table 27** summarizes the loan repayment performance of the beneficiary respondents before and during the PLEA program. On the other hand, details of the formal loan sources accessed by beneficiaries after availing of the PLEA loan program are shown in **Table 28**. About 14 percent of the beneficiary respondents never defaulted on their PLEA program payment and have accessed other formal credit after borrowing from the PLEA program. These farmers may be viewed as financially responsible and are mainstreamed already in the formal credit market. These are the beneficiaries that can be graduated from the program. To generalize this to the total beneficiaries of the PLEA Program, it is estimated that since the program has 60,357 borrowers to date, about 8,450 borrowers can already graduate from the program. However, to not incentivize non-payment, those who completely defaulted from the program (i.e., stopped repayment) should be dropped from the program or not be eligible for another PLEA program loan.

Some enabling factors that can be considered in recommending borrowers for graduation are linking them to other formal credit sources such as banks and other micro credit programs, as well as providing trainings and seminars on financial literacy and /or financial responsibility. Support services needed by borrowers to become ready for graduation include ensuring that they have easy access to payment centers, linking them with other programs that provide access to technologies to make their production systems more efficient, as well as programs that provide access to markets to ensure that the borrowers will have the highest prices possible.

Table 27. Repayment performance PLEA and other sources, beneficiaries

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Beneficiary					
With loan default	25.6	21.5	45.0	10.2	22.2
Type of default					
Delay in payment	90.0	64.7	57.6	100.0	75.0
Stopped payment	0.0	11.7	29.7	0.0	0
Missed payment	40.0	23.5	25.3	0.0	25.0
Reason for default *(multiple responses)*					
Difficulty in meeting principal and interest	20.0	17.6	25.9	60.0	25.0
Physical distance of loan facility/source	10.0	5.9	7.0	20.0	25.0
Others	85.0	76.5	75.9	60.0	50.0
Length of time to pay the loan due					
1 week and below	35.0	35.3	5.1	40.0	25
2 weeks	5.0	-	1.9	-	-
3 weeks	2.5	-	0.6	-	-
1 month	40	17.6	20.9	40.0	25
More than 1 month	17.5	47.1	68.4	20.0	50
Don't know	-	-	0.6	-	-
No payment until now	-	-	2.5	-	-
Average (weeks)	32.3	13.9	37.0	19.1	20.9
Implications of delayed/defaulted loan payment *(multiple responses)*					
Penalty	75.0	64.7	85.4	80.0	75.0
Difficulty in accessing loan again	40.0	*29.4*	42.4	60.0	25.0

Particulars	BEFORE PLEA		DURING PLEA		
	Other Sources		PLEA	Other Sources	
	Formal	Informal		Formal	Informal
Others (specify at footnote)	10.0	11.8	5.7	20.0	25.0

Table 28. Formal loan sources accessed by beneficiaries after availing the PLEA loan program

Loan facility	Average Amount (PhP)	Percent reporting (n=51)
Bank		19.6
Agricultural Loan/Farm Financing Loan	16,000	5.8
Loan Program for farmers	125,000	3.8
Housing Loan	10,000	1.9
Pangkabuhayan	10,000	1.9
Cash Loan	5,000	1.9
Others	35,000	3.8
Cooperatives		45.1
Cooperative loan facility	32,142.86	13.5
Regular Loan	45,833.33	11.5
Agricultural Loan/Farm Financing Loan	46,000.00	9.6
Palay Production Loan and Cash Crop Loan	70,000.00	1.9
4P's	10,000.00	1.9
Coffee Growers Loan	20,000.00	1.9
Lending Program	25,000.00	1.9
ANYO	50,000.00	1.9
Character Loan	30,000.00	1.9
Other Sources		35.3
ASA	22,600.00	9.6
Regular Loan (ASA)	10,000.00	7.7
Agricultural loan/Farm Financing	13,333.33	5.8
Crop Loan (relatives)	50,000.00	1.9
ASKI (name of the program was not provided)	60,000.00	1.9
Livelihood	60,000.00	1.9
CEVI (name of the program was not provided)	16,000.00	1.9
Cash Loan	12,000.00	1.9
Cash Finance	30,000.00	1.9

Only those who completely ceased repaying their loans to the PLEA program or other formal loan sources should be dropped or be made no longer eligible for PLEA loan. As shown in Table 29, there were valid reasons for default payment such as crop failure and calamities such as typhoon. For as long as the beneficiary's express commitment to rectify previous payment defaults, they should be allowed to avail of or continue with the PLEA program as they are not ready yet to be mainstreamed within the formal financial market.

Table 29. Repayment performance non-beneficiaries

Particulars	BEFORE PLEA		DURING PLEA	
	Other Sources		Other Sources	
	Formal	Informal	Formal	Informal
With loan default	23.7	29.4	24.3	27.7
Type of default				
Delay in payment	93.5	66.7	91.2	92.3
Missed payment	6.5	33.3	8.8	7.7
Stopped payment	-	-	-	-
Reason for default *(multiple answers)*				
Difficulty in meeting principal and interest	34.8	-	14.7	30.8
Physical distance of loan facility/source	2.2	-	5.9	-
Others (crop failure, typhoons, etc.)	30.4	32.6	79.4	76.9
Length of time to pay the loan due				
1 week and below	61.3	13.3	14.7	7.7
2 weeks	6.5	6.7	11.8	-
3 weeks	3.2	-	2.9	-
1 month	3.2	`3.3	38.2	15.4
More than 1 month	19.4	26.7	29.4	76.9
Next cropping	6.5	40	-	-
Don’t know	-	-	-	-
No payment until now	-	-	2.9	-
Average (weeks)	4.9	16.1	19.8	18.2

3.2 Successful features of the PLEA Program and areas that require improvement

The study examined the successful features or aspects of the PLEA and the areas that need improvement by investigating qualitative indicators like relevance, effectiveness, efficiency, sustainability and learning. The study examined problems encountered, borrowers’ perception of a good loan facility, terms and conditions of the PLEA program and its effects on production and their well-being.

Borrowers enumerated problems related to availing of loans (**Table 30**). For PLEA, in particular, the number one problem is the accessibility of the lending institution, as this was perceived to be too far from their residence. This is supported by the previous discussion where PLEA conduits are located the farthest compared to other formal institutions accessed by beneficiaries before PLEA and by non-beneficiaries. Other problems mentioned include the late release of loans, limited number of formal institutions, insufficient amount for production needs, lack of knowledge on the use of ATMs as some conduit banks release the funds though ATM cards. A smaller portion of respondents reported problems of difficulty in complying with loan requirements, application fees, unclear procedures, documentary requirements and high interest rates.

Table 30. Problems encountered related to availing loans, (% reporting)

Problems encountered	Beneficiaries		Non-Beneficiaries	
	Before PLEA	During PLEA	Before PLEA	During PLEA
Accessibility of lending institution (too far from residence)	24.3	36.1	5.2	6.1
Late release of loan	7.0	20.5	2.6	3.5
Limited number of formal institutions in the area	16.8	20.8	3.5	6.1
Insufficient amount for production needs	13.0	19.4	5.0	6.4
Lack of knowledge on the use of ATM, gadgets	11.9	11.4	1.7	3.5
Hard to comply requirements	10.8	8.0	2.0	2.6
High application fee	7.6	6.6	1.5	2.9
Unclear procedures	8.1	6.3	2.3	2.3
High interest rates	20.5	6.6	5.0	3.2
Excessive documentary requirements	7.6	4.8	1.5	2.3

Problems reported by respondents related to loan repayment include the high price of inputs coupled with low price of commodities, especially for beneficiaries, calamity and pest infestation, distance of lending institutions from the residence or farms and loan agents do not have regular loan schedule in collecting payments, low income due to poor yield, water shortage due to inefficient irrigation systems particularly for rice farms, the power of the trader especially in dictating prices of commodities, and late planting due to late release of the loan (**Table 31**).

Table 31. Problems encountered related loan repayment (% reporting)

Problems encountered	Beneficiaries		Non-Beneficiaries	
	Before PLEA	During PLEA	Before PLEA	During PLEA
High price of inputs and low price of commodity	50.0	71.4		1.7
Calamity	25.4	44.2	8.2	9.0
Low market price for the commodity	32.4	35.9	10.5	11.7
Pest infestation	20.5	34.3	5.0	5.8
Lending institution is too far from residence or farm	15.1	28.5	2.3	4.1
Low income due to poor yield	24.4	24.2	5.2	7.0
Water shortage/irrigation system/no improvement in irrigation facilities	25.0	17.9	0.9	0.3
Willful default	10.3	17.7	2.0	4.7
Loan agent does not have regular schedule of collection	8.1	16.5	1.2	1.5
Bargaining power of trader	12.5	14.3		
Payment schedule is too rigid/close interval of payment schedule	11.4	10.3	1.2	3.8
Late planting due to late release of loan (for crops)	2.2	7.7	0.6	2.0
Others	25.2	4.3		0.6

Other problems encountered include health issues as the wife or the husband gets sick, and the money is diverted to payment of medicines, especially for beneficiaries before PLEA, and the occurrence of a pandemic for beneficiaries during the PLEA period.

Borrowers agree that the following are the characteristics of a good loan facility: low interest rate, fast release, convenient, less documentary requirements, accessible, long repayment period and approachable staff (**Table 32**). Other characteristics pointed out included longer grace period, no penalty for missed payments and no age limit for borrowers

Table 32. Perception on characteristics of a good loan facility, (% reporting)

Characteristics	Beneficiary	Non-Beneficiary
Low interest rate	53.3	49.6
Fast release	13.7	16.0
Convenient	12.0	5.8
Less documentary requirements	9.7	8.2
Accessible	6.6	10.5
Long repayment period	6.3	2.6
Approachable staff	3.1	5.8
No interest rate	2.3	1.2
Higher amount of loan	2.0	.06
No collateral	2.0	0.9
Others	4.6	0.9

Both beneficiary and non-beneficiary respondents agree that features of easy to pay loan include physical accessibility of payment and collection centers, amortization is well-spread over time, a long repayment period and a low interest rate (**Figure 9**).

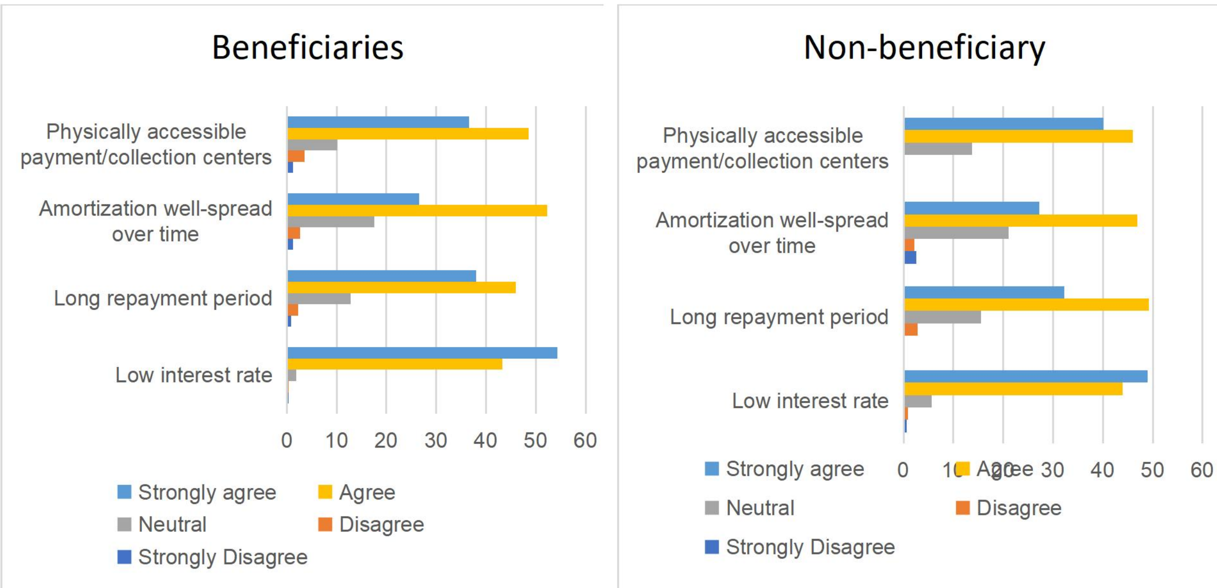


Figure 9. Respondents' perception on features of an easy to pay loan

For beneficiaries, the affordable interest loans are 1, 2 and 3 percent as indicated by 25, 14 and 11 percent of the beneficiary-respondents, respectively (**Table 33**).

Table 33. Affordable interest rates according to beneficiaries and non-beneficiaries, % reporting

Interest Rate (%)	Beneficiaries	Non-beneficiaries
0	5.13	2.04
1	25.36	14.58
2	14.25	16.03
3	11.11	13.12
4	3.70	2.04
5	1.99	1.46
6	6.84	2.33
8	0.0	0.29
10	0.28	2.04
12	2.28	1.75
15	0.85	1.17
18	0.28	0.29
20	0.0	0.58
24	1.14	1.17
30	0.57	0.0
36	0.0	0.29
60	0.0	0.58
No response	26.21	40.2

More than one fourth (28%) of beneficiaries said that the reasonable amount for the loan is PhP100,000, while a little over one fifth said that the reasonable amount is PhP50,000 (**Table 33**).

Table 34. Reasonable amount of loan according to beneficiaries

Amount of loan (PhP)	Percent Reporting
10,000	7
15,000	1
20,000	3
30,000	6
40,000	2
50,000	22
60,000	4
70,000	2
80,000	1
100,000	28
120,000	2
150,000	6
200,0000	7
300,000	1

Amount of loan (PhP)	Percent Reporting
400,000	1
500,000	3
1,000,000	1

Respondents believe that an easy to access loan has no unreasonable cap on the loan amount, has physically accessible lending centers, service conduits provide assistance for the access of the loan, there are minimal documentary requirements, and the information about the loan window is well disseminated (**Figure 10**). Majority of the beneficiary and non-beneficiary respondents strongly agree and agree to these.

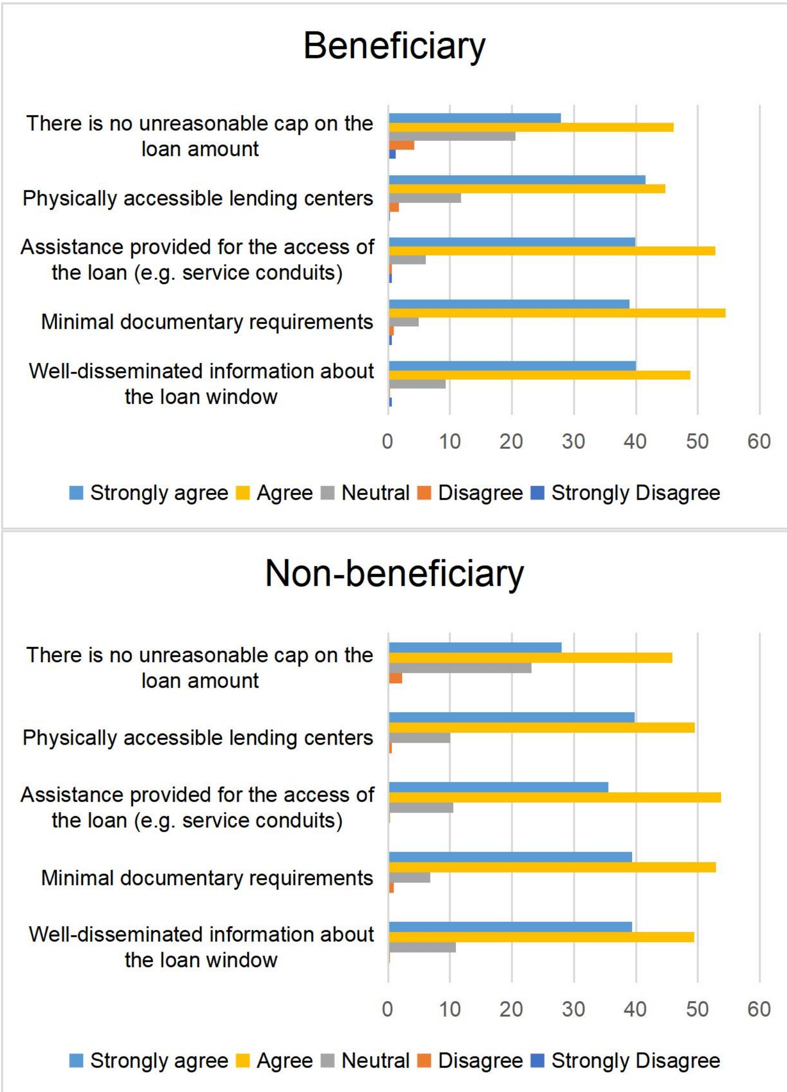


Figure 10. Respondents' perception on features of an easy to access loan

When asked about the good features of the PLEA loan program, the majority of the respondents cited its low interest feature (**Table 35**). It would be recalled that the guidelines provide that the loan shall have a 2 percent interest rate. Easy access to the loan and fast release were also cited, but by lower proportion of the beneficiaries.

Table 35. Perception of respondents on the good features of the PLEA program

Perception	Percent reporting
Low interest	75.8
Easy Access	16.5
Fast Release	10.8
Convenient	9.7
Long payment period	7.1
Helpful to farmers	6.6
Not strict in terms of payment	6.3
Few requirements	4.6
No collateral	2.3
No interest	2.3
Good assistance from the conduit	2.0
Can reloan after full payment	1.1
Favorable loan amount	0.9
With seminar and training	0.6
Conduit is near	0.3

Almost half of the beneficiaries believe that the PLEA program features need no modification (**Table 36**). Suggestions from a few respondents to improve the program include the timeliness of release of the loan, higher loan amount or no loan cap, can reloan (although there is no prohibition from the PLEA itself), no additional charges or fees, continuity of the program, longer payment period, less forms to fill out, lower interest rate. Other responses with less than 2 percent include additional benefits or slots, policy and terms and conditions, a longer grace period, and intensive verification of beneficiaries.

Table 36. Perception of respondents on the features of the PLEA program that needs modifications

Perception	Percent reporting
None	46.4
Releasing of loan	8.5
Higher loanable amount/ no loan cap	7.1
Can reloan	6.3
No additional fees and charges	5.7
Continuity/Extension/Re-opening/Sustainability of the program	4.8
Collection and consideration on payment	4.6
Long payment period	4.0
Lessen the forms	3.7
Lower interest rate	2.3

On the perception of the improvement of the farmer access to credit as a result of the PLEA program, 13 percent said this is much improved, 12 percent said access has improved, 34 percent said there is slight improvement, while 11 percent said there is no improvement at all (**Table 37**).

Table 37. Improvement on access to credit as a result of the PLEA Program

Level of improvement of access to credit	Percent Reporting
Much Improved	13.5
Improved	41.9
Slight improvement	33.9
No improvement	10.8

For those reporting there is an improvement, the reasons cited were that requirements are easier and clearer compared to other loans, they are now more familiar with requirements from formal loan sources, they can easily apply, they can establish a good credit record or good credit history, they are able to establish a good reference for the loan, there is less worry because the interest is low, and they were able to build trust and confidence in accessing a loan, including those outside of PLEA (more financially included), already know the policy, know how to manage the loan proceeds properly due to training, payments were made, how to use as an investment

According to respondents, the experience with PLEA has resulted in their being able to have confidence in applying for loans to other facilities, implying improvements in their financial inclusion.

For the respondents who reported a slight improvement, the reasons cited included the length of time for the loan amortization, which was found to be short, as farmers preferred to pay back the loan after harvest. The loan amount was also found to be lacking as part of the loan proceeds were used for household expenses and payment for the education of their children. The pandemic situation was also mentioned, as well as the stoppage of swine raising due to ASF. Those who cited slight or no improvement also said the reason was due to low productivity due to rat and pest infestation, and they were unable to pay their loans.

Both types of respondents agree and strongly agree on the terms and conditions of the program, including features on affordability, loan maturity fee, loan repayment period, timeliness of release, the sufficiency of loan to production expenses, affordability of interest rates, clear and concise policy, terms and conditions for application and payments, and ease in complying the requirement of loans by lending institutions (**Figures 11** and **12**).

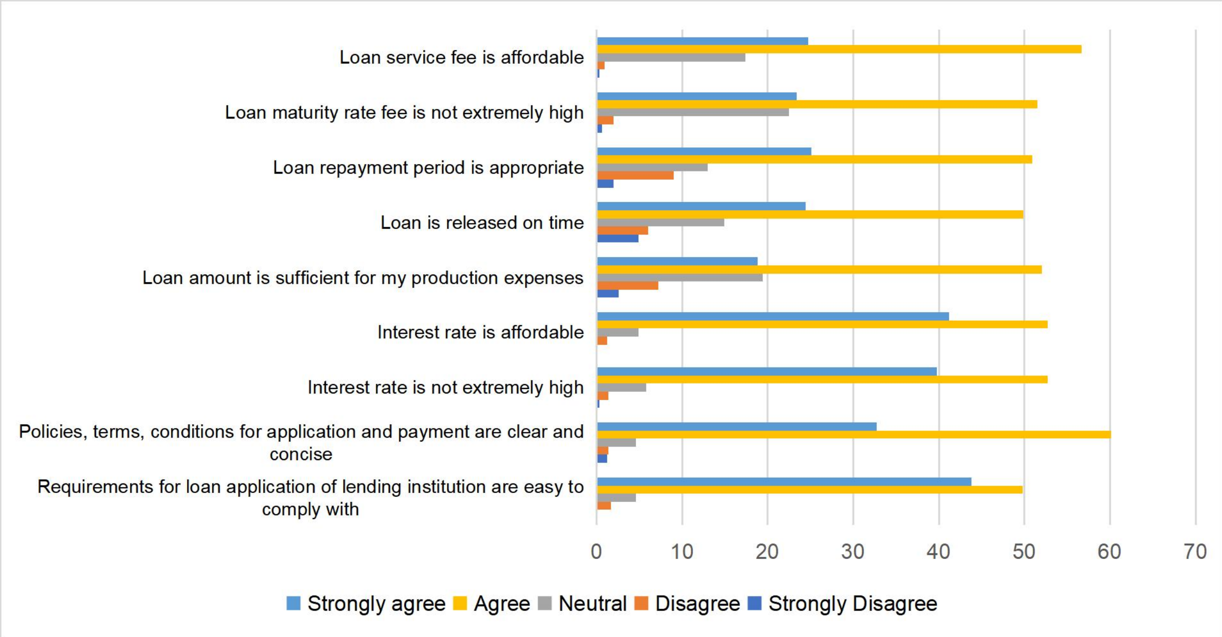


Figure 11. Perception of beneficiaries on the terms and conditions of the PLEA program

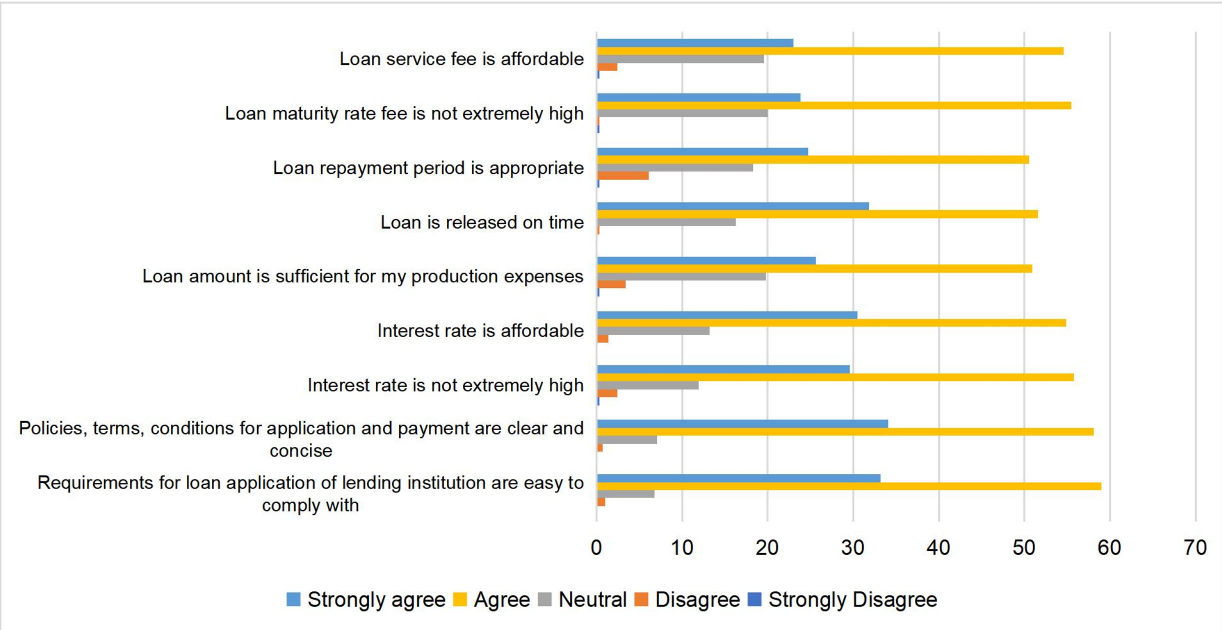


Figure 12. Perception of non-beneficiaries on the terms and conditions of their existing loan facility

Both types of beneficiaries also agreed and strongly agreed that they are satisfied with the services provided by the loan facility that they have accessed, that the loan has improved their credit and loan management, the loan has improved their general well-being in terms of life satisfaction, such as improved health security and financial stability, and that the lending institution provides satisfactory assistance to borrowers (**Figure 13** and **14**).

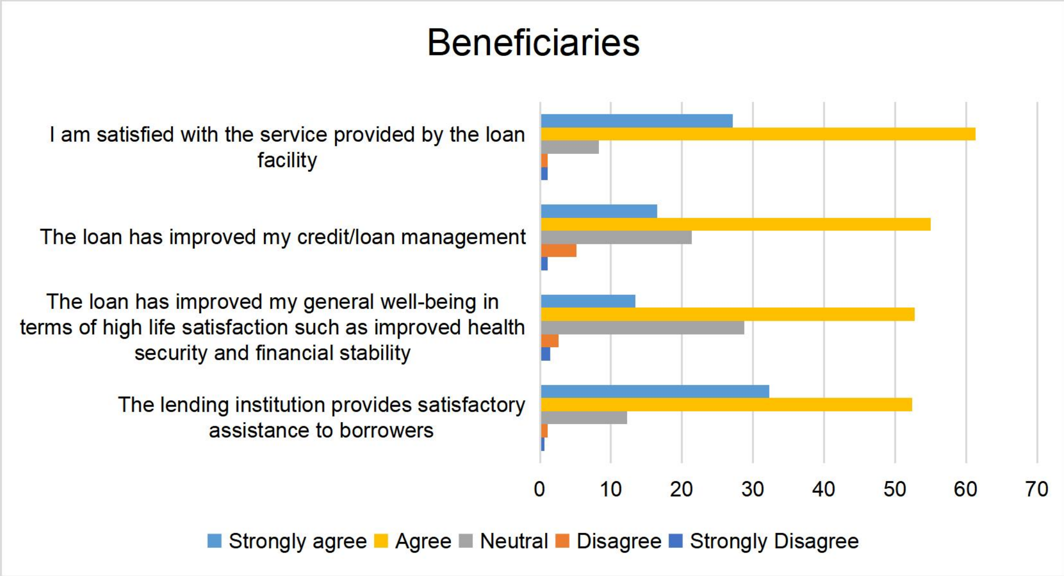


Figure 13. Effects of the PLEA program according to its beneficiaries

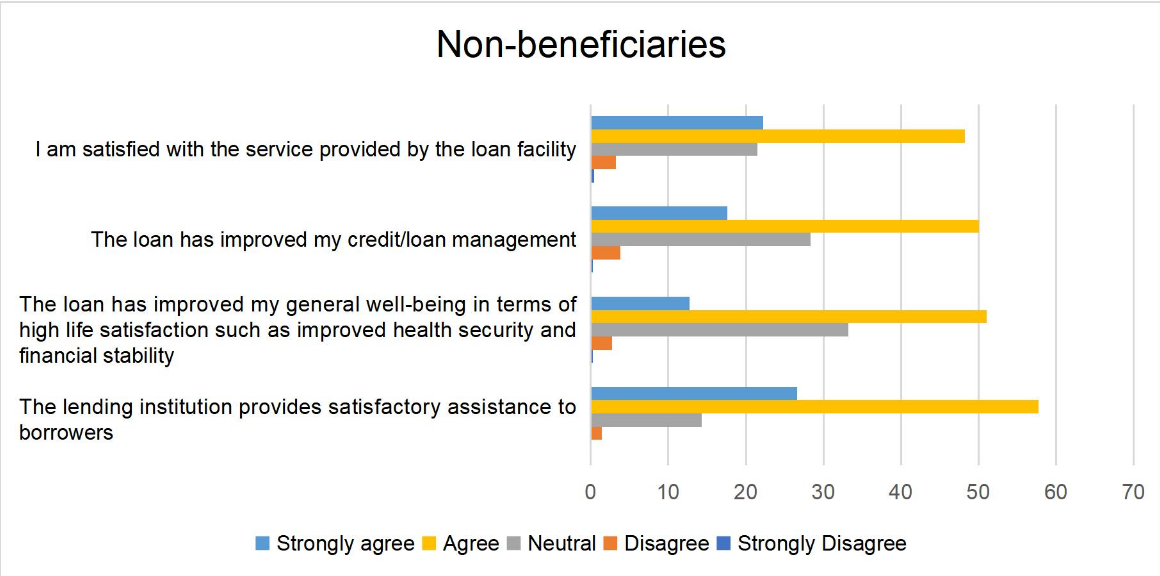


Figure 14. Effects of the loan program according to non-beneficiaries

Based on the above data, the PLEA program is viewed to be efficient, effective, relevant and sustainable. The borrower's perception of the terms and conditions, features and effects of the program is important in evaluating these indicators, coupled with other findings previously discussed. Efficiency indicators include ease of compliance of farmers to the requirements of the PLEA program; a clear statement of the policies, terms, and conditions of the program, including loan payment terms; affordability of the interest rates, service fees and loan maturity rate or penalties; and timeliness of release. The factors considered in evaluating effectiveness are the perception of farmers that the lending institutions were able to provide satisfactory assistance; the PLEA loan repayment period is sufficient without the borrowers having to struggle financially; on relevance, the overall perception that the loan was able to improve the general well-being of the borrowers, especially in terms of high life satisfaction including improved health security and financial stability. Finally, for sustainability, the borrowers were satisfied with the service provided by PLEA, and the experience with PLEA has improved the borrower's credit and loan management skills.

The following may be used as gauge to successful features of the program:

1. Interest rates. There are less number of beneficiary- respondents who viewed interest rates as a problem during PLEA (6.6%) compared to before PLEA (20.5%). Respondents said that the high interest rates before PLEA proved to be a problem that they address by looking for other loan programs with lower interest rates. They said that they will welcome more agricultural loan programs with low interest rates to combat the high interest rates from informal sources such as traders. Both beneficiary (53%) and non-beneficiary (50%) respondents also mentioned that low interest rate is a characteristic of a good loan facility. (See **Table 31**). **Table 32** shows that 25% of respondents consider 1% interest rate to be the affordable, followed by 2 percent (14% reporting) and 3 percent (reported by 11%). Majority of respondents (75%) perceived that low interest rate is a good feature of the PLEA program;

2. Requirements in support of the loans. Although the difference is number of respondents reporting this as a problem is low at only 2.8 percent, the beneficiaries said that for PLEA, they still need to submit all requirements to avoid delay in the release of the loans. Also, the requirement for the borrower to be a member of the cooperative or become a depositor of the bank who are the loan conduits contributes to the improvement of financial inclusion of the farmers, who now have to transact with formal institutions, with the hope of continuing doing so even after payment of the PLEA loans. The documentary requirements;

3. Application fee. Less respondents report high application fee as a problem (6% during PLEA). Some reported no application fees, other reported 1-2 percent, and others consider the membership fees to the cooperatives or MFIs as part of their application fee to be able to access the PLEA loan;

4. Loan procedures. Only 6.3 percent of beneficiaries reported that this as a problem, indicating that more beneficiaries have no problem following the loan procedures implemented by the conduits for the PLEA program. In fact, only 0.6 percent of beneficiaries said that they do not know how to apply for the PLEA loans;

5. The beneficiaries fall under the category of SFF as legally defined in RA 8435 and PA 21. The beneficiaries of the study have livelihoods related to farming and fishing; they have small land area who owns or are still amortizing lands that are not greater than 3 hectares;

6. Relative ease in accessing the loan;

7. Credit improved especially in the unbanked areas;

8. Credit was used for production purposes, which increased productivity; and

9. Loan program is gender neutral.

The following factors reported by more respondents during PLEA compared to before PLEA are discussed. These need to be addressed, although the number of respondents reporting are not majority in number:

1. Accessibility of lending institutions. This factor was mentioned by 36 percent of respondents during PLEA compared to only 24 percent before PLEA. This is consistent with the findings presented on table under section on Objective 1 where the distance of the PLEA conduit is farthest compared to other lending institutions providing formal agricultural loans. Respondents suggested that satellite offices or sub-offices maybe put up in the area, especially for collection of payments, or for the conduits to deploy regular collectors. In addition, respondents' agreement to the accessibility of payment and collection center as a feature of an easy to pay loan is noted in Figure 10.
2. Timely release of loans. Timeliness of loan release was reported only by 7 percent of respondents before PLEA, but this has increased to 20 percent with PLEA. This has created problems in terms of synchronization with planting schedule, as the loan is to be used for purchase of inputs and payment of labor. Although the only 20 percent reported this as a problem, still this has to be resolved so that productivity of commodities are not hampered due to lack of inputs.
3. Amount of loans. The number reporting that the loan amount is insufficient for the production needs increased from 13 percent before PLEA to 19 percent during PLEA. The average PLEA loan is only around PhP35,000 both based on the survey and on the database, and this is way below the cost of production for crops and livestock. **Table 33** shows that 28 percent of respondents consider PhP100,000 to be a reasonable amount, followed by PhP50,000 as indicated by 22 percent of respondents.

4. SUMMARY, CONCLUSION and RECOMMENDATIONS

This mid-term evaluation of the PLEA program may still be considered a formative evaluation as the evaluation is designed to inform the operation of the program which is still ongoing. As specified in the terms of reference (TOR), the intent among others, is to examine whether the program is achieving its goals of improving access to credit and whether this in turn is translating to improvement in productivity and income of SFFs especially in areas of low financial inclusion (i.e., unbanked and underbanked). The specific objectives were to:

a. Determine if the program was able to provide fast, convenient, and affordable production credit to small farmers and fisherfolk (SFF) SFF-borrowers;
b. Determine if the program has been successful in client-targeting and in improving access to formal credit for targeted SFF-borrowers, particularly those in unbanked / underbanked areas;
c. Determine improvement, if any, in productivity and income among the SFF-borrowers;
d. Examine the gender implications of the program;
e. Determine the number of farmer-borrowers that can be mainstreamed or can be graduated from the program;
f. Identify successful features/aspects of the PLEA Program and areas that require improvement with regard to meeting the objectives of the program; and

g. Recommend ways forward for the PLEA and future ACPC programs.

The extent by which the PLEA Program has improved access to formal credit was investigated by examining the outreach of the Program, its lending policies and credit delivery. Success in client targeting was measured by assessing the socio-economic profile of the beneficiaries against the typical profile of SFFs, which are the target clients of the program. The pace, convenience and affordability of PLEA loans were gauged using directly relevant metrics (e.g., period of time it took to release loan, documentation requirements, repayment terms, etc.) and by comparing PLEA program loan policies with those of the other formal sources of loans.

Both quantitative and qualitative approaches were employed in assessing the impact of PLEA on its SFF beneficiaries. Quantitative approaches include the specification and estimation of production functions for the major farm commodities produced by the beneficiaries to estimate the productivity impact as well as the conduct of simple financial analysis to estimate the farm income impact of the program. The Likert Scale was also used to derive the beneficiary's perception of how the Program is impacting them. Qualitative assessment includes thematic analysis of data sets and transcripts obtained from FGDs and KIIs.

The study made use of both secondary and primary data/information. Secondary data/information were obtained from available program documents. Primary data were obtained thru survey of beneficiaries and non-beneficiaries and KIIs of the implementers of the program particularly the financial conduits. In addition, 15 KIIs were conducted involving the program partners at the provincial/municipal level. A total of 351 beneficiaries and 343 non-beneficiaries were surveyed using structured and pretested questionnaires administered thru face-to-face interview. The sample size was determined using the Cochran formula.

The study found that majority of the respondents were accessing loans from formal sources even prior to the PLEA Program, albeit the informal lending sector clearly served as the SFF's primary source of credit. However, while access of SFFs to formal credit sources was already high even prior to the PLEA Program, there appears to have some evidence that the program was still able to effect some improvement in such access. Almost 70 percent of the beneficiary respondents were borrowing from the informal sources prior to the program. With the PLEA program however, this declined to about 62 percent as respondents started accessing loans from the Program.

The speed of loan release was generally fast and very fast even prior to the PLEA Program, albeit slight improvement was still achieved during the program. Prior to the program, about 60% of the beneficiary respondents reported fast release of loan from formal sources and this improved to almost 70% with the program. However, release of loans from informal sources was generally much faster as higher proportion of respondents prior to and during the program reported that release of loan from informal sources was either fast or very fast. While release of loan from the PLEA Program could generally be categorized as fast, a significant percentage of beneficiaries still reported loan release as slow (33%) or very slow (19%). The loaning policies of the various program conduits may need to be examined for purposes of further accelerating loan release.

With regards to timeliness of loan release, majority of respondents reported that loans were released on time before and during PLEA program implementation. For PLEA beneficiaries, 75% of PLEA beneficiaries reported that their PLEA loans were released on time. This means that one out of every 4 loans were delayed based on the agreement indicated in their documents as per guidelines formulated by their conduits.

Accessibility is an important indicator of convenience. This was evaluated by considering the distance of the conduit or loan source to the residence of the borrower. In addition, the transaction cost involved in the loaning process was evaluated as part of accessibility. It appears that the informal sources of credit were nearer to the borrower's residence compared to the formal sources, even prior to the PLEA program. In addition, other formal sources of credit seem to be nearer the borrower's residence than the conduits of the PLEA program loan. Transaction cost is also higher with the PLEA program compared to the other formal sources of credit.

Indicators of loan affordability used in the study include interest rates, loan duration, grace period, schedule of payment, and collateral used for the loan. With PLEA, more than half of the respondents reported they were charged very low interest rate (1 to 5%), while the rest reported they were charged between 6% to 10% interest rate. More importantly, the program appears to have reduced the number of SFFs availing of high interest loans. Before the program, 12.2. percent of beneficiary respondents reported they accessed very high interest loans (21% to 50% annual interest) from formal sources. This declined to just 3.4% of the beneficiary respondents with the PLEA Program. The PLEA Program as another formal source of credit (through its conduits) provided better loan alternative as loans from this program carries a maximum interest rate of 6 percent per year and 2% service fee.

The average repayment period (i.e., loan duration) for PLEA Program loans was 14.6 months and this was comparable with the repayment period for loans from other formal sources. This is better than the baseline average repayment period of 11.5 months from formal sources and 6.1 months from informal sources. Schedule of payment or terms of amortization varied. However, majority of PLEA beneficiaries reported that the loans were due during harvest time.

The study also found that the PLEA program was successful in client targeting. Practically all (99%) the loans released were for the purpose of supporting SFF's production operation and were actually used by almost all (92%) borrowers for this intended purpose. The socio-economic profile of the program beneficiaries also clearly showed that they were small farmers and fisherfolks (SFFs) as officially defined in the Social Reform Act. The program also has nationwide reach. As of 2021, the program had 221 conduits and 60,335 SFF borrowers with an aggregate loan amount of PhP2,150,592,372. The program has also addressed financial inclusivity as more loans were provided to regions with low financial inclusivity index (FII).

With regards to the gender implications of the program, the study found that men and women jointly decide on when and how much to borrow from the program. However, more women were involved in preparing loan documents as well as in processing the loan. In addition, more women than men were involved in deciding how the proceeds of the loans will be used. Decisions on loan repayment were made either by the men or women or even jointly.

To determine the farm impact of the loan program, the study examined the farm operations of the beneficiaries and non-beneficiaries before and with the PLEA program. The study was able to examine the productivity and income impact only for rice and vegetable farmers as data points were limited for the other commodities. Results can be generalized though as rice and vegetable farmers already comprise more than half of the total number of sample respondents in the study.

Using difference in differences approach, the study found that the program appears to have expanded the area planted to high value vegetables by 0.30 hectares, on average. Area planted to corn declined by 0.21 hectare while area planted to rice remained almost the same. It therefore appears that one of the effects of the PLEA program was to induce SFFs to expand the production of high value crops (e.g., vegetables). The expansion in the area of vegetables during the PLEA program resulted in considerable increase in farm income from this commodity. Gross income from vegetables increased by PhP93,730 per farm while net income increased by PhP41,007.

Unlike vegetables, the area planted to rice did not significantly change with the PLEA Program. However, results of production function analysis showed the program improved the productivity of the beneficiary's rice farms. The interaction variable in the production function which represents the difference-in-differences is positive and highly significant. This means that participation in the program increases the rice output of the beneficiaries. Such increase in rice output translated to higher income from rice farming. On average, rice output increased by 608 kilograms per hectare with a concomitant increase of PhP7,875 in net farm income. Overall, the beneficiaries perceive the program as effective, efficient, relevant and sustainable. They were generally satisfied with the service provided and that their experience with the program improved their credit/loan management skills.

The study found that about 8,450 beneficiaries (14% of total beneficiaries) can already graduate from the program and can be mainstreamed into the formal financial sector. These beneficiaries appear to be financially responsible as they have never defaulted from paying their PLEA loans and were in fact already accessing loans from other formal financial sources.

In conclusion, the PLEA program was able to improve access to formal credit mainly by making such credit more affordable thru lower interest rate. It has affected slight improvement in the speed of loan release in the formal sector, albeit the pace is still much slower compared to that in the informal sector. Timeliness and convenience of PLEA loans were comparable to the other credit providers in the formal sector. However, the distant locations of the PLEA program conduits appear to have negatively affected accessibility and transaction cost, which were both higher in the PLEA program compared to those of the other formal credit providers in the area. The program was successful in client targeting and had improved the production and farm income of vegetable farmers as well as the productivity and farm income of rice farmers, who collectively constitute more than half of the total number of program beneficiaries in the country. It also led to greater financial inclusion of SFFs. About 8,450 of the beneficiaries can already graduate from the program and be mainstreamed into the formal financial sector. Overall, the beneficiaries perceive the program as effective, efficient, relevant and sustainable. They were generally satisfied with the service provided and that their experience with the program has improved their credit/loan management skills.

Recommendations

1. The fact that the PLEA program was able to improve SFFs access to formal credit warrants the continuation and even expansion of the program. While the program has benefited more than 60,000 SFFs to date, this number is still miniscule compared to the large number of SFFs in the country who are still plagued with the problem of low credit access.

2. The loaning procedures/policies of the PLEA program conduits have to be reviewed for the purpose of further accelerating speed of release and improving timeliness and convenience. To date, the program may just be considered comparable to other formal credit providers with regards to these performance parameters. The program should seek more innovative processes of making loans from the formal sector easier to access. Almost all of the SFF respondents still prefer the informal sector for speed, timeliness and convenience and prefer the formal sector only for low interest credit.
3. A mechanism should be designed to bring loan processing, release and repayment closer to the beneficiaries. One possibility is enabling the conduits to establish satellite centers at the barangays, the cost of which may be subsidized by the program. The study found that the distant locations of the conduits from the borrowers was making the loan less physically accessible due to distance and higher transaction cost (mostly transportation cost).
4. The beneficiaries who are already financially responsible and are already capable of accessing other loan providers in the formal sector should already be made to graduate from the PLEA program and be mainstreamed into the formal credit market. The study estimated that about 8450 of the current beneficiaries fall into this category. This will enable the program to cover other SFFs, hence further expanding its reach.
5. The program through its conduits should continue and even intensify the capacity building component designed to improve the SFF's credit/loan management skills. This component should be made more gender responsive and should be informed by the fact that women play a key role in loan management decisions.

5. ANNEXES

ANNEX 1. PLEA breakdown of loan amounts by region and province, June 30, 2021

Area	Amount of loans released	Number of SFF-borrowers
ARMM - Autonomous Region In Muslim Mindanao	11,792,500	477
Basilan	2,607,500	109
Lanao del Sur	9,185,000	368
CAR - Cordillera Administrative Region	166,635,150	2,973
Abra	2,051,000	39
Apayao	16,772,150	374
Benguet	127,332,000	2,197
Ifugao	6,650,000	144
Mt. Province	13,830,000	219
Region I (Ilocos Region)	130,164,200	3,562
Ilocos Norte	14,785,500	391
Ilocos Sur	65,736,200	2,105
La Union	29,160,500	577
Pangasinan	20,482,000	489
Region II (Cagayan Valley)	117,925,381	2,862
Batanes	6,070,000	146
Cagayan	1,030,000	22
Isabela	59,044,381	1,387
Nueva Vizcaya	31,381,000	891
Quirino	20,400,000	416
Region III (Central Luzon)	235,523,800	5,496
Aurora	10,335,500	261
Bataan	72,184,800	1,632
Bulacan	3,286,000	85
Nueva Ecija	108,559,700	2,914
Nueva Vizcaya	80,000	2
Pampanga	11,388,000	240

Area	Amount of loans released	Number of SFF-borrowers
Tarlac	29,689,800	362
Region IV-A (Calabarzon)	89,382,631	2,716
Batangas	8,569,898	177
Laguna	21,700,000	897
Quezon	56,307,733	1,547
Rizal	2,805,000	95
Region IV-B (Mimaropa)	159,203,755	3,870
Occidental Mindoro	91,772,000	1,907
Oriental Mindoro	52,614,000	1,556
Palawan	3,915,710	93
Romblon	10,902,045	314
Region IX (Zamboanga Peninsula)	83,499,100	2,001
Zamboanga del Norte	63,636,100	1,408
Zamboanga del Sur	4,900,000	114
Zamboanga Sibugay	14,963,000	479
Region V (Bicol Region)	74,710,220	1,961
Albay	59,504,100	1,583
Camarines Sur	725,000	19
Sorsogon	14,481,120	359
Region VI(Western Visayas)	342,186,309	9,103
Aklan	72,266,420	1,955
Antique	94,867,881	2,848
Capiz	3,815,000	117
Guimaras	4,056,700	116
Iloilo	91,332,504	2,362
Negros Occidental	75,847,804	1,705
Region VII (Central Visayas)	104,562,760	4,180
Bohol	30,452,260	2,142
Cebu	45,823,000	1,130
Negros Oriental	23,287,500	808
Siquijor	5,000,000	100

Area	Amount of loans released	Number of SFF-borrowers
Region VIII (Eastern Visayas)	62,023,140	4,146
Leyte	8,461,240	323
Samar (Eastern Samar)	12,680,000	857
Samar (Northern Samar)	25,290,900	1,687
Samar (Western Samar)	15,591,000	1,279
Region X (Northern Mindanao)	121,798,400	3,651
Bukidnon	87,036,700	2,663
Lanao del Norte	4,430,000	98
Misamis Occidental	11,796,700	381
Misamis Oriental	18,535,000	509
Region XI (Davao Region)	38,966,250	1,033
Davao Del Sur	28,971,250	757
Davao Oriental	9,995,000	276
Region XII (Soccsksargen)	265,418,986	7,764
Cotabato (North Cotabato)	138,210,500	4,323
Sarangani	79,678,486	1745
Cotabato (South Cotabato)	19,412,500	586
Sultan Kudarat	28,117,500	1,110
Region XIII (Caraga)	146,799,790	4,562
Agusan del Norte	20,017,000	643
Agusan del Sur	72,371,290	1,909
Surigao del Norte	24,925,000	814
Surigao del Sur	29,486,500	1,196
Grand Total	**2,150,592,372**	**60,357**

Note: Highlighted sections are the top provinces selected for the study.
Source: Agricultural Credit Policy Council (ACPC)

ANNEX 2. Area, Annual Production, Costs and Income from Crops, Beneficiaries, Before PLEA

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs Per Cropping (PhP)	Number of Cropping per year	Cost Per Year (PhP)	Net Income per year (PhP)
VEGETABLES									
Beans	1	0.25	1,400.0	80	112,000.00	17,573.33	2.00	35,146.67	76,853
Bellpepper	2	0.06	4,000.0	40	160,000.00	13,300.00	2.00	26,600.00	133,400
Cabbage	8	0.78	6,100.0	14	82,350.00	54,046.25	1.25	67,557.81	14,792
Carrots	14	0.61	8,428.6	19	157,132.65	61,130.00	1.40	85,582.00	71,551
Cauliflower	1	0.50	5,000.0	25	125,000.00	28,800.00	2.00	57,600.00	67,400
Mushroom	1	0.00	300.0	110	33,000.00	3,600.00	1.00	3,600.00	29,400
Potato	3	0.50	7,666.7	33	250,444.44	40,350.00	1.67	67,384.50	183,060
Sayote	2	1.00	880.0	18	15,840.00	2,215.00	1.00	2,215.00	13,625
Squash	1	0.50	1,500.0	3	4,500.00	24,551.00	1.00	24,551.00	(20,051)
Sweet peas	1	0.25	250.0	150	37,500.00	27,650.00	1.00	27,650.00	9,850
Onion	20	1.33	13,030.5	18	231,806.20	76,497.00	1.00	76,497.00	155,309
PLANTATION CROPS/HVCC									
Banana	1	0.00	1,115.0	12	13,380.00	6,000.00	1.00	6,000.00	7,380
Cacao	9	0.99	401.0	61	24,550.11	10,549.44	1.80	18,989.00	5,561
Coconut	2	0.63	12,150.0	19	230,850.00	-	1.00	-	230,850
Coffee	4	1.00	2,840.0	73	208,266.67	13,180.00	1.00	13,180.00	195,087

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs Per Cropping (PhP)	Number of Cropping per year	Cost Per Year (PhP)	Net Income per year (PhP)
Mango	1	2.00	10,000.0	20	200,000.00	77,700.00	1.00	77,700.00	122,300
Sugarcane	1	0.00							
MALAYSIAN FLOWER	1	0.06	800.0	60	48,000.00	12,625.00	1.00	12,625.00	35,375
RICE	125	1.48	9,124.4	17	152,748.66	49,100.81	1.60	78,561.30	74,187
CORN	20	1.04	4,871.5	11	54,740.28	17,717.60	1.40	24,804.64	29,936

ANNEX 3. Annual Production, Costs and Income from Livestock and Fishing, Beneficiaries, Before PLEA

Commodity	Number Reporting	Total Production	Price	Gross Income	Total Costs Per cycle	Number of Cycles/Year	Cost per Year	Net Income per year
Fishing	26	876	117	102,617	5,642.86	12.00	67,714.32	34,902.99
Hog fattening	20	11	11,255	120,986	36,342.95	1.95	70,868.75	50,117.66
Piglet raising	6	11	2,350	25,850	12,481.67	1.00	12,481.67	13,368.33
Cattle	3	no data						

ANNEX 4. Area, Annual Production, Costs and Income from Crops, Beneficiaries, After PLEA

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs (PhP) per cropping	Number of Cropping per year	Total Cost Per Year (PhP)	Net Income per year (PhP)
VEGETABLES									
Broccoli	1	1.00	24,000	25	600,000	39,770	2.00	79,540	520,460
Cabbage	7	0.41	5,800	24	136,714	41,341	1.30	53,744	82,970
Carrot	11	0.57	11,836	22	258,248	69,233	1.50	103,850	154,398
Cauliflower	4	0.40	7,550	26	198,188	34,279	2.25	77,127	121,060
Celery	1	1.50	10,000	10	100,000	55,910	1.00	55,910	44,090
Mushroom	3	2,000.00	1,067	83	88,889	5,833	1.60	9,333	79,556
Potato	2	0.50	11,500	44	506,000	103,550	2.50	258,875	247,125
Red pepper	1	0.50	6,000	20	120,000	29,203	2.00	58,406	61,594
Sayote	6	0.81	2,685	27	72,048	17,726	1.00	17,726	54,322
Sweet pepper	3	0.43	1,570	121	189,227	20,483	1.00	20,483	168,744
Tomato	1	1.20	5,000	50	250,000	144,000	1.00	144,000	106,000
Wombok	1	0.25	9,000	10	90,000	41,350	1.00	41,350	48,650
Onion	19	1.24	13,473	21	283,634	98,891	1.00	98,891	184,744
PLANTATION CROPS									
Banana	2	-	1,502	9	12,763	16,178	1.00	16,178	(3,415)
Cacao	13	0.89	400	64	25,769	15,603	1.40	21,844	3,925

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs (PhP) per cropping	Number of Cropping per year	Total Cost Per Year (PhP)	Net Income per year (PhP)
Coffee	2	1.00	400	78	31,000	30,440	1.00	30,440	560
RICE	137	1.49	10,757	16	167,253	61,364	1.56	95,728	71,524
CORN	24	1.10	4,516	12	55,505	26,714	1.33	35,529	19,975
UBE	1		3,000	14	42,000	35,800	1.00	35,800	6,200

ANNEX 5. Annual Production, Costs and Income from Livestock and Fishing, Beneficiaries, After PLEA

Commodity	Number Reporting	Total Production	Price (PhP)	Gross Income (PhP)	Total Cost Per Cycle (PhP)	Number of Cycle/year	Total cost per year (PhP)	Net Income (PhP)
Fishing	34	527	126	66,193	46,778	yearly total	46,778.41	19,414.70
Carabao milk	2	1,848	20	36,960	16,050	yearly total	16,050.00	20,910.00
Hog fattening	60	10	9,395	96,213	45,625	1.9	86,687.82	50,587.81
Piglet raising	6	22	2,667	59,111	35,931	1.3	46,709.95	23,180.38
Cattle	5	1	16,000	16,000	27,128	yearly total	27,128	(11,127.50)

ANNEX 6. Area, Annual Production, Costs and Income from Crops, Non-Beneficiaries, Before PLEA

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs (PhP) per cropping	Number of Cropping per year	Total Cost Per Year (PhP)	Net Income per year (PhP)
VEGETABLES									
Cabbage	8	0.40	9,614	17	163,443	59,286	1.5	88,928.44	74,514.42
Carrot	6	0.50	12,320	19	234,080	59,623	1.2	71,547.00	162,533.00
Cauliflower	4	0.33	2,125	24	50,469	29,538	1.5	44,307.00	6,161.75
Mushroom	3	1,333.67	193	140	27,067	5,600	2.6	14,560.00	12,506.67
Potato	7	0.56	14,586	34	500,082	151,881	1.7	258,198.43	241,883.20
Red pepper	1	0.50	3,000	70	210,000	54,200	2	108,400.00	101,600.00
Sayote	5	0.30	1,801	14	24,494	9,652	1.2	11,582.40	12,911.20
Tomato	2	0.43	17,000	20	340,000	54,725	1.5	82,087.50	257,912.50
Onion	17	1.09	11,375	23	261,625	71,866	1.09	78,333	183,292
PLANTATION CROPS									
Cacao	13	0.13	1,279	63	80,551	13,722	1	13,722.00	66,828.75
Coconut	2	2.50	4,200	28	117,600	2,625	6.5	17,062.50	100,537.50
Coffee	2	-	308	78	23,831	4,625	1	4,625.00	19,206.25
CORN	17	1.40	3,680	12	45,519	20,992	1.2	25,190.05	20,328.62
RICE	131	1.21	8,606	17	146,651	39,324	1.7	66,851.50	79,799.10
UBE	1	-	2,005	21	42,105	24,200	1	24,200.00	17,905.00

ANNEX 7. Annual Production, Costs and Income from Livestock and Fishing, Non- Beneficiaries, Before PLEA

Commodity	Number Reporting	Total Production	Price (PhP)	Gross Income (PhP)	Total Costs (PhP)	Number of Cycles	Total cost/year (PhP)	Net Income (PhP)	
Fishing	39	515	132	67,734	9,715	yearly	9,715	58,018	264 days
Cattle	2	-	32,000	-	23,943	1	23,942.50	(23,943)	
Chicken	1	50	220	11,000	2,750	1	2,750.00	8,250	
Native chicken	1	40	250	10,000	18,590	2	37,180.00	(27,180)	
Hog fattening	22	18	9,967	183,929	57,436	2.2	126,359.95	57,569	
Piglets	4	16	1,975	30,613	44,448	1.5	66,672.25	(36,060)	

ANNEX 8. Area, Annual Production, Costs and Income from Crops, Non-Beneficiaries, After PLEA

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs (PhP) per cropping	Number of Cropping per year	Total Cost Per Year (PhP)	Net Income (PhP)
VEGETABLES									
Broccoli	1	0.75	15,500	60	930,000	82,290	1	82,290	847,710
Cabbage	8	0.40	11,225	19	209,066	61,251	1.5	91,877	117,189
Carrot	7	0.43	4,943	12	61,433	38,849	1.6	62,158	(725)
Cauliflower	4	0.13	3,125	13	41,406	30,102	1.5	45,153	(3,746)
Mushroom	3	2,833.33	265	130	34,582	1,417	2.6	3,683	30,898
Pepper	1	0.05	1,000	60	60,000	42,000	1	42,000	18,000
Potato	6	0.57	12,853	31	394,169	107,697	1.5	161,545	232,624
Sayote	4	0.04	1,865	14	26,110	13,308	1.5	19,961	6,149
Tomato	3	0.63	12,000	18	220,000	99,783	1.3	129,718	90,282
Onion	20	1.22	10,338	24	251,207	74,196	1.25	92,745	158,462
PLANTATION CROPS						-		-	-
Cacao	13	-	1,132	55	61,937	18,050	1	18,050	43,887
Coffee	2	0.50	538	79	42,463	6,960	1	6,960	35,503
Coconut	2	5.00	3,750	20	73,125	10	1	10	73,115
Banana	1	1.00	5,000	12	60,000	9,450	1	9,450	50,550

Commodity	Number Reporting	Area (ha)	Total Production (kg)	Price (PhP/kg)	Gross Income (PhP)	Total Costs (PhP) per cropping	Number of Cropping per year	Total Cost Per Year (PhP)	Net Income (PhP)
CORN	16	1.25	3,818	15	55,366	18,740	1.3	24,363	31,003
RICE	129	1.27	8,303	15	128,308	46,897	1.5	70,346	57,962

ANNEX 9. Annual Production, Costs and Income from Livestock and Fishing, Non- Beneficiaries, After PLEA

Commodity	Number Reporting	Total Production	Price (PhP)	Gross Income (PhP)	Total Costs (PhP)	Number of Cycles (PhP)	Total cost/year (PhP)	Net Income (PhP)
Fishing	35	1,200	151	181,455	68,590	annual	68,590	112,865
Cattle	35	1	16,500	16,500	21,410	annual	21,410	(4,910)
Hog fattening	20	16	8,730	142,443	42,596	2	95,840	46,602
Piglet	11	16	2,536	40,121	38,731	2	58,097	(17,976)
Native chicken	1	55	200	11,000	3,600	1	3,600	7,400