A case of building resilience of climate-vulnerable communities through Integrated Financial Package
The Philippines-CCAP Case

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Climate-related disasters represent a major source of risks for the POOR in particular, the FARMERS who are dependent on “good weather” for their survival and livelihood!
Capacity to Adapt to Climate Change is determined by:

1- Economic condition
2- Availability of and access to financial & productive resources
...measures to provide access to “market-based instruments” often fail as they do NOT address the CORE PROBLEM...

the POOR just could NOT afford them!
Farmers in Agusan del Norte...

Lack access to credit Information

Generally obtain financing from traders at very high interest

Lack acceptable collateral

Have unstable income & cash flow

Have low paying capacity - Low availment of insurance (crop, Life/Non-life)

With limited business knowledge and experience
2009-2011

The Climate Change Adaptation Project on Building Climate Resilient Farming Communities in Agusan del Norte through Innovative Risk Transfer Mechanisms (CCAP, Philippines) MDG-F 1656

A UN-Government of the Philippines & Public-Private Partnership

A follow thru undertaking aimed at sustaining and building on the gains of the CCAP and expanding the delivery of the benefits of the developed and tested innovative risk transfer mechanisms especially the IFP – cum-WIBI

Climate Change Adaptation Support Programme (CCASP) – Innovative Financing, Insurance Solution & Marketing Assistance for Farmers & Fishers in Agusan del Norte & Caraga Region

Memorandum of Understanding (MOU) December 16, 2011
...a working partnership between government and the private sector...

2 Private Financial Service Providers (FSPs): *Peoples Bank of Caraga, Baug Cooperative*

4 Local Government Units - *Buenavista, Jabonga, Las Nieves & RT Romualdez* offering the IFP–cum-Insurance (2 LGUs with WIBI) facilities and advocating the CCAP mechanisms in their leagues

CCA Financing Fund/Portfolio of about P15M ++ (US$375K) *(test run funds + public and private sector counterpart)* Increased to P68++ (US$1.7M) 4th cycle
**Knowledge Products -**

| Vulnerability and Adaptation (V&A) Assessment Reports of the 4 Priority Areas/LGUs |
| Market Research of CCA Options for Economic Diversification |
| Farming Value Chain Maps & Action Plans for 8 Priority Crops |

**Advocacy Products**

| 8 Caselettes on the CCAP/CCASP FSPs & Beneficiaries |
| 3 Videos including the CCA Project Video |

- *Innovative Financing Schemes*: Taking on the Risks, Adapting to Climate Change
- *WIBI*: Preparing for and Transferring Risks: Adapting to Climate Change
**Knowledge Products - Guidelines, Policy Paper and Manuals**

- Financial/Technical Service Providers’ Kits on the IFP and WIBI (inc. Financial/WIBI Literacy Modules)

- Policy Paper: Guidelines on Innovative Financing for Climate Vulnerable Farming Populations

Early Warning Systems (EWS) plans prepared & operational with devices installed in 4 CCAP Priority Areas *(thru partnership with DOST-Caraga, DOST-PAG-ASA & OCD)- Weather Bureau and Civil Defense*

- 4 Automatic Weather Stations (AWS)
- 16 Manual Rain Gauges
- 11 Flood Water Level Gauges
- 10 Flood Warning Signages

+ 1 additional DOST-PAG-ASA AWS in Las Nieves

Four LGUs with Organic Fertilizer Production Facility funded by the DOLE-Caraga

+ 1 more organic fertilizer facility (still funded by DOLE) operated by Baug CARP Beneficiaries Multipurpose Coop in Magallanes, Agusan del Norte
Integrated Financial Package (IFP)

Financing as Usual: LGU, Coop & Rural Bank Models

- Low interest
- Non-collateralized
- Less document requirements
- Simplified processing
- Production-cycle responsive releasing
- Coop/RB: Savings component

NOT

- Bundled with Non-Financial services
  - Climate Change & Environment Briefings
  - Financial Literacy
  - Agri/Enterprise Tech Support (FFS))
  - Market Info/Assistance

- Insurance
  - Health, Credit/Life
  - Crop (Traditional & WIBI)
Weather Index-Based Insurance (WIBI)

Insurance as Usual: Rice/Maize - Low and Excess Rainfall

- Affordable premiums
  3.04% Rice  6.18% Maize

- Faster pay-outs
  - No field assessments of damages
  - No need for filing of claims
  pay-out automatic upon breach of index

- Bundled with support services:
  - WIBI literacy
  - Techno Training:
    Recommended Agri Tech & Pest Control (FFS-IPM)
CCAP → CCA-Support Programme
(CCAP Follow-Through - Cycle 2-6)

Immediate Benefits

lower interest expense
higher cost of production inputs
Traders have reportedly lowered their own interest rates

additional income from alternative livelihoods

Increase in net income of farmers

1. allowed farmers to meet their daily needs
2. enabled farmers to rent or acquire additional or alternative farm lots in higher ground (away from risk areas)
3. allowed them to rent/purchase second-hand vehicles (better access to markets with better prices for produce)
**Additional income from diversified sources – Green Jobs**

- **Work in the Organic Fertilizer Production Plants**
- **Work in Hauling & trucking for waste collection / Organic Fertilizer production**
- **Local labour - rural protective structures/water**
- **Management of post harvest and processing facilities**
- **Fabrication of Weather/Early Warning devices (EWDs)**
- **EWD Monitoring/ Maintenance**
Immediate Benefits

**CCAP** → **CCA-Support Programme (CCAP Follow-Through- Cycle 2-6)**

Baseline data:
Agusan del Norte farmers generally do not have savings

Savings generated

- Coop Model test run:
  - Php588,847 (4th Cycle)
  - Php482,432 - CBU

- Rural Bank Model:
  - Php535,436 (4th cycle)

- Money readily available for emergencies (including climate change related disasters)
- Less loan dependencies for some farmers who opted not to borrow anymore
Immediate Benefits

**Baseline data:**
Agusan del Norte farmers generally do not have crop insurance

**WIBI Pay-outs:**

- recovery of at least the cost of production
- restoration of income
- ability to replant immediately within the cropping cycle

**Php 1.6 M - 126 out of 688 Enrolled - Low Rainfall & Excess Rainfall 1st & 4th Cycle**
Lessons Learnt

- Understanding target group’s characteristic and needs for financial and non-financial services through relevant analysis inc. V&A, is critical in the design of diversified, affordable and sustainable packages.

- Bundling financial services with non-financial services makes the package more attractive to farmers while increasing their opportunities to maximize farm outputs and diversify their productive activities.

- Emphasis on offering savings products (voluntary or compulsory) help farmers to better deal with emergencies including disasters and to be less loan dependent for their economic activities.
Lessons Learnt

- Integrating insurance and other social protection mechanisms- to include crop, health & medical insurance, strengthen confidence of farmers to engage in agriculture risk taking while protecting their crops and their families.

- Integrating risk reduction measures to financial packages work to reduce exposure for more effective resilience-building work.

- Engaging in Public and Private Partnership with LGUs, training institutes, financial service providers inc. insurers) facilitate the effective and greater reach for financial (inc. insurance) and/or non-financial (inc agricultural and entrepreneurship training support) services.
Lessons Learnt

- Community-based, Integrated and Innovative packages offer great potential for “Financial inclusion” for CC-vulnerable Farming Communities
  - Unlock productivity
  - Support informed agriculture risk-taking & pursuit of “greener” production and Green Jobs
  - Build resilience of vulnerable communities against risks
For the CCAP Videos: Adapting to Climate Change & Innovative Risk Transfer Mechanisms

**ILO TV YouTube**

[https://www.youtube.com/watch?v=fRtLdxj3PT8](https://www.youtube.com/watch?v=fRtLdxj3PT8)

For more info visit:


[http://apgreenjobs.ilo.org](http://apgreenjobs.ilo.org)

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**Thank you!**

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