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FOOD & NUTRITION SECURITY AND AGRICULTURE RECOVERY VIS-A-VIS COVID-19 POLICY PROPOSALS FOR NEAR-TERM RECOVERY (2020 TO 2022)

INTRODUCTION

While the Philippine government still flounders in its battle against the COVID-19 pandemic, it is also hard-pressed to reopen the economy and ease out of recession. Government has run out of funds to dole out “Social Amelioration Program” assistance for the poor and the unemployed, plus the thousands of Overseas Filipino Workers (OFW) who have been repatriated while their host countries are still also in economic recession.

The United Nations World Food Programme (WFP) estimates that “the number of acute food insecure people in these at-risk countries could increase from an estimated 149 million pre-COVID-19 to 270 million before the end of the year if life-saving assistance is not provided urgently.”¹

For Senen C. Bacani, former Secretary of Agriculture, the COVID-19 pandemic has served to magnify the social and economic inequality that has ever since plagued food production and agriculture in the Philippines.² He, therefore, strongly suggests that the proposals herein be considered not just for near-term but be springboards for longer-term solutions for the country’s food self-sufficiency and agricultural sustainability.

To support a bigger and sustained agricultural recovery package, a study of the main economic sectors by a policy research group at the Ateneo de Manila University showed that “Agricultural sectors consistently register as much, if not more job generating potential than others... (with) the most such effects (appearing in) ‘other agricultural crops’ and ‘fisheries.’ Furthermore, an average of 16,000 jobs can be created in the agricultural sector per billion-worth of investment at best, unless lockdown policies dampen the projected multiplier effect.”³

¹ Recent estimates also suggest that up to 6,000 children could die every day from preventable causes over the next six months as a result of pandemic-related disruptions to essential health and nutrition services. World Food Programme, “New report shows hunger is due to soar as coronavirus obliterates lives and livelihoods,” 17 July 2020. <https://www.wfp.org/news/new-report-shows-hunger-due-soar-coronavirus-obliterates-lives-and-livelihoods> accessed 18.July.2020

² Senen C. Bacani, Secretary of Agriculture, 1990-1992, now an agribusiness manager and entrepreneur, in an online conversation with the INCITEGov Sub-Working Group on Food and Nutrition Security and Agriculture Recovery vis-a-vis COVID-19, on 3 June 2020.

³ Jerik Cruz and Marjorie Muyrong, “Ushering in the ‘New Normal’: Public Investment in a Pandemic Economy,” Ateneo Economics Department and Ateneo Center for Economic Research and Development, April 27, 2020, pdf file downloaded from http://ateneo.edu/sites/default/files/downloadable-files/Policy%20Brief%202020-13.pdf?fbclid=IwAR1v4VPgflYcbq--21mtu4aRBCFS5ykhLE_sOv0tBU1ZESOUdBWJsyKYtg accessed 20.May.2020

In this paper, INCITEGov proposes policies that will hopefully enhance the strategies and programs for food & nutrition security and agriculture recovery vis-a-vis the COVID-19 pandemic and its aftermath. The recommendations focus on the family farmers, fishers, and agro-foresters, who are the backbone of the country's food supply. These producers are the most marginalized sector of the economy and have remained at the lowest survival income level, with high financial debts, and with very little or no social protection.

While primarily addressed to national government, through the Department of Agriculture and related financing institutions, and local governments, the policy proposals and program strategies may also be adopted by business and civil society organizations, for their advocacy and partnerships with national and local governments.

INCITEGov is a community of advocates and democratic leaders who firmly believe in the democratic process and the rule of law as the bedrock of our society. It serves as an institutional nucleus for a reform-centered democratic movement in the Philippines. INCITEGov also develops a policy agenda that links democratic politics, good governance, and development outcomes (P-G-D framework) in crucial reform areas.

This Policy Paper on "Food and Nutrition Security and Agriculture Recovery vis-a-vis COVID-19" was written based on a series of online meetings and discussions by the Subgroup of INCITEGov Ad Hoc Technical Working Group on COVID-19, from 22nd May to 24th June 2020. The subgroup invited resource persons, namely, Mr. Senen C. Bacani, agriculture entrepreneur; Ms. Marilyn Manila, Marketing Manager of CARD-MRI; and solicited the comments of Mr. Cresente Paez, President of AgriCOOPh.

The Subgroup on Food and Nutrition Security and Agriculture Recovery was composed of social development leaders and civil society organizations, namely:

- ✧ Raul Socrates (Soc) Banzuela, National Coordinator, *Pambansang Kilusan ng mga Samahang Magsasaka* (PAKISAMA)
- ✧ Jose (Jojo) T. Deles, Member of the Board of Trustees, Kasanyangan Center for Community Development and Microfinance Foundation, Inc. (KCCDMFI)
- ✧ Cristina (Tina) Liamzon, Food and Nutrition Security and Sustainable Agriculture advocate
- ✧ Sixto Donato (Dodo) Macasaet, Executive Director of Foundation for a Sustainable Society, Inc. (FSSI)
- ✧ Marlene Ramirez, Secretary-General of Asian Partnership for the Development of Human Resources in Rural Asia (AsiaDHRR)
- ✧ Omar Salvo, Partnerships and Program Manager, Peace and Equity Foundation
- ✧ Luis Razon Abad, Young Public Servants (YPS), INCITEGov
- ✧ Veronica Fenix Villavicencio, Member of the Board of Trustees, International Center for Innovation, Transformation and Excellence in Governance (INCITEGov).

The following persons also served as vital resource persons for the formulation of the policy proposals:

- ✧ Senen C. Bacani, former Secretary of Agriculture and current Chairperson of the Board of Trustees, Peace and Equity Foundation (PEF)
- ✧ Marilyn Magampon-Manila, President of *Mga Likha ni Inay*, CARD-Mutually Reinforcing Institutions (CARD-MRI)
- ✧ Cresente C. Paez, President of the Philippine Family Farmers' Agriculture Fisheries Forestry Cooperatives Federation (AgriCOOPh)

PRIORITY POLICY AREAS

1. **Support intensified organizing and capacity-building of farmers' and fishers' organizations for resilient recovery vis-a-vis COVID-19.**
2. **Support farmers/fishers-to-consumers market linkage** with less layers and costs of intermediaries and better access to nutritious food for primary producers, processors, and consumers in the food supply chain.
3. **Provide open, easy and flexible access to credit (loans) and capacity-building grants** for the farmers'/fishers'/agro-foresters' cooperatives and organizations, and the federations, micro-financing institutions and NGOs supporting them.

Policy Area 1: Support intensified organizing and capacity-building of farmers' and fishers' organizations for resilient recovery vis-a-vis COVID-19.

Policy Proposals

- 1.1 The national government, through the Department of Agriculture (DA), Bureau of Fishery and Aquatic Resources (BFAR), Department of Agrarian Reform (DAR), Department of Interior and Local Government (DILG), Cooperative Development Authority (CDA), and local governments should support the organizing and official registration of majority of small farmers, fishers, agro-foresters and other family-based food producers throughout the country.
- 1.2 Organizing and capacity-building of autonomous, self-reliant associations can be expanded and achieved with the assistance of non-government "intermediary support" organizations, including federations of cooperatives and farmers' or fishers' organizations. The federations can be assisted by government so that they can, in turn, extend organizing and capacity-building services to the farmers'/fishers' associations and cooperatives, particularly in the aspects of organizational and enterprise management, technology and skills, financing, networking, and other essential capabilities.
- 1.3 Organizing and capacity-building of farmers' and fishers' organizations should, moreover, enhance inter-local (municipal or provincial) implementing strategies for sustainable agriculture, agroforestry and fisheries development and resilient recovery from the intense adverse impacts of the COVID-19 pandemic.
- 1.4 Small farmers' and fishers' associations can be transformed into cooperatives, which are democratic institutions that can serve their members' social and economic needs and ensure equitable benefits accruing to its members.
- 1.5 Peer learning among farmers and fishers should be encouraged and optimized in technical and organizational management, including improving production, financing, and marketing. Lessons and models can come from sustainable organizations, such as irrigators' associations that continue to function, expand, and serve their members for many years and farmers' organizations and cooperatives that have grown considerably and successfully managed their enterprises.

Expected Results

Majority of farmers and fishers are organized, registered and capable of managing their organizations or cooperatives; able to sustainably develop their farms or fisheries; and able to negotiate better capability support for their food production enterprises, including financing, technology and market information.

System Blockages during COVID-19 Lockdown

National and local security checkpoints blocked the flow of produce from small farmers/fishers to consumers. Small, dispersed farmers were cut off from their usual trading routes - either through the entrenched commodity traders or to local markets (*tabuan*) in the town centers. Most small farmers/fishers are still unregistered in local government bodies and thus had no access to requisite documents for inter-LGU and inter-regional travel passes. During harvest season, small farmers were left with surplus produce bound for sale at rock-bottom prices or just left unsold and ended up as waste.

Alternatives Tested and Working Models

✧ *Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA)*,⁴ a farmers' confederation, has provided support to its network members during COVID-19. During the Enhanced Community Quarantine (ECQ) period in the whole of Luzon in the month of May 2020, PAKISAMA was able to provide immediate relief food assistance to 100 indigenous people community members; established a direct marketing system for Dumagat IP farmers with urban consumers, including 500 lower income families, through a weekend physical market and online selling to Metro Manila households; and also distributed nutritious food packs to more than 1,200 urban poor families in Metro Manila.

Some PAKISAMA farmer organizations partnered with the Department of Agriculture in its "Bayanihan" programs during COVID-19, in particular, "Plant, Plant, Plant," a relief program that provided seeds and other inputs for continuous planting of short-cycle crops; and "Kadiwa on Wheels," which bought products from the association and sold these using roving vehicles (sometimes motorized carts or mini-vans) provided jointly with the local government and moving to selected neighborhoods by rotation.

⁴ *Pambansang Kilusan ng mga Samahang Magsasaka* or PAKISAMA was formed in 1986 by farmers' organizations to advocate for agrarian reform. To date, it is a confederation of 75 family farmers' organizations and cooperatives in 40 provinces in the Philippines.

Source: Raul Socrates Banzuela, "Practical Experiences and Coping Mechanisms of Farmers and their Cooperatives: PAKISAMA Initiatives during COVID-19 Lockdown," in University of the Philippines and CIFAL (International Training Centre for Authorities and Leaders) Webinar: PAKISAMA Experience.pdf, 8 June 2020.

✧ The Philippine Family Farmers' Agriculture Fisheries Forestry Cooperatives Federation (**AgriCOOPh**), formed in 2018, is a national confederation of agricultural cooperatives in the country with a mix of large and small agri-coops and small-scale family farmers as members. AgriCOOPh aims to provide full value chain support services to its member-cooperatives. It consolidates the various service providers for a more comprehensive capacity-building support to its members. It also links producer coops' products to consumer coops and processors. A digital application complement via an online selling platform, Shopify, is under development in coordination with Agriterra.⁵

During the pandemic, AgriCOOPh tested its business model to be a "supply chain intermediary, to facilitate supply and marketing arrangements between producers cooperatives and consumers cooperatives and organized groups (such as) community organizations, homeowners associations, and neighborhood food markets."⁶

"The first week of the pilot program in April enabled 1.6 metric tons of fresh produce from a cooperative in the northern part of the country to reach the largest agriculture cooperative in the country, located just south of the country's capital. The pilot program supported the livelihoods of the farmers, while also making fresh and affordable produce available to the 39,000 cooperative members. Since April, the program has continued to expand — connecting more cooperatives in what Agriterra dubs as "the new normal" for the Philippines."⁷

AgriCOOPh has made a study on entrenchment of traders in the rice value chain in Mindanao. The main insight and conclusion of the study led towards a strategy of building a new system of trading and veer away from the traditional commercial trading system by establishing rice coop hubs for product consolidation and linking directly to consumer coops for direct, equitable trading.

⁵ Agriterra is an international, not-for-profit agri-agency that provides expert advice and training for cooperatives and farmers organizations in emerging and developing economies. Agriterra was founded by Dutch farmers' organizations and cooperatives 20 years ago as an organization for international peer-to-peer agricultural cooperation.

Source: <https://www.agriterra.org/> accessed 06 July 2020

⁶ Cresente Paez, President of AgriCOOPh, in email to Veronica F. Villavicencio, dated 20 July 2020.

⁷ AgriCOOPh is supported by Agriterra and US Agency for International Development in their pilot phase of linking farmers' producers cooperatives to consumers cooperatives.

Source: <https://medium.com/usaaid-2030/leading-by-example-20a08410086e> (accessed 16 July 2020)

Policy Area 2: Support farmers/fishers-to-consumers market linkage with less layers and costs of intermediaries and better access to nutritious food for primary producers, processors, and consumers in the food supply chain

Policy Proposals

National government led by DA with LGUs, farmers' organizations/cooperatives, NGOs and private business groups should work together and craft **local (municipal or inter-local) agriculture and fisheries development plans** taking into consideration the lessons of organizing and multi-pronged interventions (e.g. irrigation, productivity enhancement, harvest/post-harvest processing, marketing, credit, technology, logistics) that have proven to make farmers/fishers competitive and equipped to improve and sustain their income streams.

The (inter) local agriculture and fisheries development plan is proposed to integrate the following:

- 2.1 Replication and enhancement of **more direct farmer/fisher-to-consumer linkages** with social enterprises that have been mobilized mostly using digital online marketing platforms during COVID-19 Enhanced/General Community Quarantine (E/GCQ), with less trading or intermediary costs than with traditional trading partners.
- 2.2 To further support 2.1, DA, together with cooperative federations and private agricultural enterprises can establish an **agriculture and fisheries marketing information system**, which will include current sources of agriculture/fisheries/agroforestry products, indicative wholesale/retail prices and other data that producers will need to better target their markets and plan production and logistics needs.
- 2.3 Local governments can **provide trading posts and marketing centers in the local or inter-local trading and commercial centers**, which are accessible to small farmers'/fishers' cooperatives, micro-entrepreneurs, and consumers, wherein they can do direct selling/buying. More immediately and to start off, covered courts or open multi-purpose halls can be converted into weekend markets. The objective is to reduce trading and logistics costs (lower consumer retail to farmgate price ratio), increase net incomes of producers and processors and make fresh, nutritious food more affordable and accessible to consumers.
- 2.4 DA, private sector and cooperatives should support **efficient and economically sustainable production of organically grown farm products**, which can be competitive in pricing and available to lower-middle income urban consumers. Family farm cooperatives, which have decided to focus on organic rice, vegetables and livestock should be given priority in government's credit and other technical support programs, so that they can build up their competitive advantage over conventional, chemical-dependent farming.
- 2.5 Local governments, private sector and larger cooperatives/federations can invest in **efficient food supply chain logistics** such as warehouses, cold chain storage/refrigeration, hauling and trucking facilities; and **common-service food processing and packaging facilities** (drying, preservation, value-added processing, packaging), which they can make available on a toll payment system, and with preference given to the farmers/fishers cooperatives.

Expected Results

- ✧ Increased income for small farmers, fishers, and food processors
- ✧ Lower trading and intermediary costs for producers; higher farmgate prices; stable and affordable consumer buying prices
- ✧ Sustainable enterprises in the food supply chain, which can service the small farmers, fishers and food processors and their cooperatives
- ✧ Significantly decreased wastage of fresh produce
- ✧ Better quality, more nutritious and more affordable farm and fishery produce for consumers

System Blockages during COVID-19 lockdown

- ✧ ECQ restrictions made it difficult for the production and movement of food supply to markets and consumers. At the start of strict ECQ (16 March 2020) farmers in all provinces of Luzon were restricted from going to their farms. Farmers usually sell to traders, but the latter were not allowed to move around to purchase and transport goods during strict ECQ. Around two (2) weeks later, DA and PNP were issuing transport passes to trucks for priority farm and fishery food products.
- ✧ On the consumer side in urban centers like NCR, people purchasing from wet markets were restricted with quarantine passes, scheduling, and unavailability of local small transport, like jeepneys, tricycles, to go to and from the markets.
- ✧ ECQ restrictions resulted to loss of jobs and livelihoods. Consumers' purchasing power decreased considerably to none for minimum wage-earners, who depended on national and/or local government's food or cash assistance or '*ayuda*'.
- ✧ Farmers' and fishers' cooperatives in the Philippines are mostly multi-purpose or credit coops. There are also very few organizations on the consumers' side that are ready to buy farm products in bulk directly from agri-producer coops. The main marketing route for farm and fishery products to reach highly urbanized centers like NCR is via traditional traders who purchase directly from the farmers and deliver to wet markets and consolidators/suppliers for supermarkets. One successful example of a marketing enterprise servicing farmers' coops is Global Organic and Wellness Corporation or GlowCorp,⁸ which consolidates organic rice, muscovado sugar and other longer shelf-life food products and sells to urban grocery stores and large supermarkets.

⁸ Global Organic and Wellness Corporation (GlowCorp) is a stock corporation established in 2010 by 8 farmer cooperatives, associations, and NGOs as incorporators. By the end of 2014, it had grown to 29 shareholders including individuals. GlowCorp has assisted small scale producers of organic rice and muscovado sugar, both considered as sunshine industries, to upscale production, develop new and non-traditional markets. It aims to increase the market share of organic and natural products of small farmers.

Source: accessed 06 July 2020

http://sustainableagroenterprise.asianfarmers.org/?post_type=document&p=96

Alternatives Tested and Working Models

✧ Online or digital marketing of fresh fruits and vegetables via Facebook was set up by several social enterprises such as PAKISAMA and *Veggies for Good* .

✧ During lockdown months, cooperatives and NGOs served as intermediaries for consolidation and marketing of family farmers' produce. Hereunder are two examples.

Case 1: A cooperative collaboration among three organizations - **PAKISAMA**, Kababaihang Dumagat ng Sierra Madre (**K-GAT**) and De La Costa I Homeowners Association in Barangka, Marikina City - set up weekend markets for fresh, mostly organic produce of the indigenous farmers' group of Dumagat-Remontados. K-GAT is a young organization comprising upland farmers straddling the lower Sierra Madre Range from Daraitan, Tanay, Rizal to Gen. Nakar, Quezon. K-GAT consolidated the produce of fresh fruits (e.g. bananas, avocados, pineapples), vegetables and root crops (e.g. carrots, yams, beans), wild honey and *walis* (brooms) every week. PAKISAMA rented a delivery van to pick up produce from the consolidation points in the K-GAT communities and bring these to the covered court of De La Costa I Homeowners, which served as its warehouse and weekend market venue. PAKISAMA also took online orders and organized the weekend delivery with the *Murang Gulay Shop* tricycle and motorcycle drivers to buyers in different cities of NCR. PAKISAMA also prepared and packed nutritious mixed vegetables, such as "*Pinakbet Pack*" and "*Sinigang Pack*," which were distributed to 1,233 families in two urban poor communities.

Case 2: **CARD-Mutually Reinforcing Institutions** (CARD-MRI),⁹ through its marketing arm, *Likha ni Inay*, provided consolidation and marketing services of organically grown vegetables and *calamansi* juice concentrate from their member-clients, which was piloted in San Pablo City as "*Likha ni Inay: Palengke on Wheels*." Available fruits and vegetables with prices were posted daily at 3 PM on its Facebook page, <https://www.facebook.com/LikhaonWheels/> , and shared to other FB groups among their clients and other neighborhood groups in the city. *Likha ni Inay* consolidated produce from member-suppliers or market vendors and delivered next day with no additional charge to the buyers.¹⁰ *Likha ni Inay* has already partnered with reliable and like-minded consolidators - one each in Metro Manila, Visayas and Mindanao to implement the direct marketing scheme. Previously, they tried to do consolidation and deliveries themselves but found that partnering with a business consolidator was more efficient. CARD-MRI has also partnered with Dept. of Agriculture (DA), as consolidator for KADIWA online shop (see below), to supply food products from their microfinance and SME clients.

⁹ CARD-Mutually Reinforcing Institutions (CARD-MRI) has 22 companies/organizations in 9 functional business groups (e.g. micro-financing, business development, banking, and micro-insurance). It is present in all 85 provinces and 96% of municipalities/cities, mostly in the operations of CARD-NGO, its precursor entity, CARD-BANK and CARD-MBA (Mutual Benefit Association).

Source: Marilyn Magampon-Manila, "Building Resilient Vulnerable Sectors amidst the Pandemic," Slides presentation and talk to the INCITEGov Subgroup on Food & Nutrition and Agriculture Recovery vis-a-vis COVID-19, 8 June 2020.

- ✧ The Department of Agriculture (DA) set up their immediate interventions for farmers:
 - 1) On March 26, 2020, DA opened the **KADIWA** main outlet in Quezon City, Elliptical Road near the DA national office. DA invited farmers to sell their produce like vegetables, fruits, rice, and eggs in the physical market.
 - 2) Subsequently, DA also deployed **KADIWA rolling stores** and outlets. By June 6, 2020, Sec. Dar gratefully acknowledged that “14,864 individual farmers and 3,156 FCAs (farmers cooperatives and associations) sold 161 million kilograms of assorted farm and fishery produce, worth P3.45 billion, through more than 755 Kadiwa outlets, barangays, and communities.” For their food packs for needing families, 425 Local Government Units (LGUs) bought as of June 6, rice (to the amount of P2.38 B), meat and poultry, corn, fruits and vegetables and other farm products (worth P380 M).¹¹
 - 3) On April 6, 2020, DA opened the **KADIWA Online**, a website for marketing farmers’ produce and bring these to consumers through direct selling. The produce sold on Kadiwa Online are sourced from farmers’ cooperatives, associations, and trading centers initially in the provinces of Nueva Vizcaya, Nueva Ecija, Isabela, Benguet and Quezon. KADIWA Online later evolved into **eKADIWA ni Ani at Kita**¹², a multi-partner platform linking suppliers of farmers produce and processed foods to the market. The marketing platform was able to obtain wholesale orders from companies like San Miguel Corporation for corn and Grow Asia for 20 tons of highland vegetables weekly.¹³
- ✧ Specific LGU and private initiatives which bought fresh or processed products directly from the farmers and fishers and included these in their relief packages for communities in lockdown. An example was when the Provincial Government of Sorsogon bought the local sardines catch in Bulan fish landing, when Mega Sardines Company could not purchase these for a few days during the lockdown period. The Sorsogon provincial government distributed the fresh fish to nearby barangays while some were distributed to other towns for drying or smoking.¹⁴
- ✧ Negros Volunteers for Change Foundation's undertakes a nutrition program using **Mingo**, a nutritious instant complementary food made of rice, mungo (mung beans), and malunggay (moringa). It is served to over 1-year-olds to help severely malnourished children regain proper health and weight. The Mingo ingredients are bought from local small farmers and processed by NVC.¹⁵

¹¹ Ellalyn de Vera-Ruiz, “P5.8 billion worth of products sold through DA’ s Kadiwa program.” Manila Bulletin, June 6, 2020, 3:03 pm
<https://news.mb.com.ph/2020/06/06/p5-8-billion-worth-of-products-sold-through-das-kadiwa-program/> accessed 08 July 2020.

¹² <https://www.ekadiwa.da.gov.ph/> accessed 09.July,2020

¹³ DA gains more partners in ‘Kadiwa’ direct marketing of farm products
<https://www.da.gov.ph/da-gains-more-partners-in-kadiwa-direct-marketing-of-farm-products/> accessed 09.July.2020

¹⁴ Response of DA Region 5 officer to a query made by the author regarding the Facebook post of *banyeras* of sardines waiting for buyers in the fish port of Bulan, Sorsogon, around mid-May 2020.

¹⁵ Negros Volunteers for Change Nutrition Program <https://www.nvcfoundation-ph.org/nutrition/>

Policy Area 3: Provide open, easy and flexible access to credit (loans) and capacity-building grants for the farmers'/fishers'/agro-foresters' cooperatives and organizations, and the federations, micro-financing institutions and NGOs supporting them.

Policy Proposals

3.1 The established **government financing programs for agriculture and fisheries sector** under the “We Recover as One” Plan being coordinated by NEDA, are: DA-ACPC SURE¹⁶, LANDBANK I-RESCUE¹⁷, Scarp COVID19 P3 ERF¹⁸. **These should be made readily and quickly available and accessible to the small and medium-sized cooperatives and micro-financing institutions (MFIs)**, who have an established clientele of family farmers, fishers and micro-entrepreneurs in the agriculture and food supply chain.

For Coops and MFIs, which do micro-lending to their members/clientele, the **wholesale financing institutions should give adequate allowable re-lending rates or otherwise provide them with “transition-to-recovery” grants**. These will allow the Coops and MFIs to provide intensive capacity-building, especially for adapting their production and enterprises to the more resilient, “better normal” practices.

¹⁶ “The Department of Agriculture through the Agricultural Credit Policy Council (ACPC) has approved an initial P1-billion loan assistance...provide small farmers, fishers and agri-fishery MSEs with needed working capital to continue operations amid the enhanced community quarantine....individual farmers and fishers can borrow non-collateralized loan of P25,000 at zero interest and payable in 10 years.”

Source: <http://acpc.gov.ph/da-acpc-okays-p1-b-loan-facility-for-plant-plant-plant-program/> accessed 30 June 2020.

¹⁷ In the **LANDBANK I-RESCUE** (Interim REhabilitation Support to Cushion Unfavorably-affected Enterprises by CoVid-19) **Lending Program**. SMEs, MFIs, and Cooperatives may borrow up to 85% of their actual need for working capital, at an affordable interest rate of 5% per annum, payable up to a maximum of five years, with grace period on the principal payment. I-RESCUE likewise offers restructuring of existing loan account via additional loan, extended repayment period...up to a maximum of 10 years.”

Source:

<https://www.landbank.com/news/landbank-launches-loan-program-for-enterprises-coops-hit-by-covid-19> accessed 30 June 2020.

¹⁸ “The Small Business Corporation under the guidance of the Department of Trade and Industry is setting up a P1.0 billion **Enterprise Rehabilitation Financing** facility under the **Pondo sa Pagbabago at Pag-asenso** (Covid19 P3-ERF for short). The facility will be implemented once the Community Quarantine declarations are lifted by the National Government and/or respective Local Government Units...Micro enterprises with asset size of not more than P3.0 million may borrow P10.0 thousand up to P200.0 thousand; Small enterprises with asset size of not more than P10.0 million may borrow a higher loan amount but not to exceed P500.0 thousand...Interest rate shall be at 0.5% per month (discounted basis); and grace period on payments shall be given until such time that the economic crisis has abated.”

Source:

<https://www.sbgfc.org.ph/news/sb-corporation-opens-p1b-loan-facility-msmes-affected-covid-19> accessed 8 July 2020.

3.2 The credit programs should be accompanied with capacity-building grants for the cooperatives and MFIs to strengthen their own organizational capacities including:

- ✧ Hiring and training capable managers for adaptive and resilient operations;
- ✧ Planning, implementing, and evaluating their re-lending and microfinancing programs in recovery and transition to the “better normal” business operations;
- ✧ Building their capacities to integrate resilience measures in the event of hazards/disasters and health epidemics, such as life and health insurance; hazard and business interruption insurance; and
- ✧ Adopting digital internet-based hardware and software applications for efficient and competitive services to their members/clientele in an information-driven economic environment.

3.3 Banks and government financing programs should provide **“transition-to-recovery financing”** for family farm and fishery production to resume operations in a phased approach. This transition-to-recovery phase will enable farmers to obtain seeds and inputs; pay for labor; and provide for their own families’ daily survival needs until the next harvest.

During transition as the first stage of recovery, farmers and fishers can first do fast turn-around or shorter-cycle production (e.g. vegetables, certain fruits and livestock, aquaculture). Then, in the second stage of recovery, government financing should move into the larger organized lending programs through the cooperatives, federations, and MFIs.

Expected Results

- ✧ Adaptability and agility of farmers and fishers to bounce back to their production systems, with better capacities for improving their food supply chain and managing their operations
- ✧ Better and resilient capacities of Cooperatives and MFIs to service the credit and capacity-building needs of their members/clients
- ✧ More flexible and adapted government lending to agriculture and fishery producers and micro-enterprises, which will enable them to quickly expand their reach to the small producers through established and working credit and capacity-building systems of cooperatives and MFIs
- ✧ Complementation of “transition-to-recovery” financing of large wholesale lenders (mostly government and international aid organizations) with the NGO funding mechanisms, cooperative federations, and MFIs.

System Blockages during COVID-19 lockdown

- ✧ Family farmers and fishers have **limited or no revolving capital and have difficulty accessing flexible credit terms** to bounce back and move into better production and marketing systems. Some donors may not allow grants to be used as revolving capital, although these are now being negotiated. For some cooperatives, their credit histories are compromised due to high levels of past dues and high debt-to-equity ratios, and as such are ineligible to access most government financing instruments.
- ✧ In general, credit to agricultural enterprises has become riskier due to climate change and other natural or human-induced hazards. Credit has become more and more inaccessible to small farmers especially when the formal banking system lends only with collateral or in the case of LANDBANK, only through established large cooperatives.
- ✧ Cooperatives and micro-financing institutions (MFIs) have **suspended loan repayments during COVID-19 lockdown**. Their clients not only have outstanding loans but cannot resume partial or full business operations. Thus, coops and MFIs cannot immediately provide “transition” or recovery financing because they are also cash-strapped and need to provide emergency assistance to members/clients.

Alternatives Tested and Working Models

- ✧ Government financing institutions’ COVID-19 credit facility e.g. LANDBANK’s I-RESCUE has shored up liquidity of some organizations such as CARD-MRI, the largest micro-financing group in the country. CARD-MRI institutions have suspended loan repayments, but continue, however, to pay life insurance benefits to their clients, non-life insurance benefits for hospitalization, business interruption and crop insurance.

CARD-MRI, moreover, has even before COVID-19 pandemic, invested in online digital technology and financial transaction apps, starting from simple SMS to their own mobile banking app, *Konek2CARD*. It is linked to payment systems like *Pera Padala*, G-Cash and PayMaya to make financial transactions accessible to thousands of members in distant communities. When no such financial outlets are accessible, especially during lockdown, insurance and other benefits pay-outs were done through CARD-MRI barangay agents.
- ✧ Other organizations, which are now providing credit support with lower interest rates and some capacity-building grants to agricultural enterprises, are AgriCOOPh, LANDBANK Foundation, Agriterra, and USAID; while NGO funders like FSSI and PEF are adjusting their enterprise financing facilities to enable their partners to adapt to challenges brought by the COVID-19 pandemic.