

MAKING MICROFINANCE WORK FOR AGRICULTURE

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ACRONYMS AND ABBREVIATIONS

ACPC	Agricultural Credit Policy Council
ACSI	Amhara Credit and Savings Institution
ADB	Asian Development Bank
AFA	Asian Farmers' Association for Sustainable Rural Development
AFMA	Agriculture and Fisheries Modernization Act
AIM	Asian Institute of Management
AMCFP	Agricultural Modernization Credit and Financing Program
APP	Alternative rice production pattern
ARB	Agrarian reform beneficiary
ARC	Agrarian reform community
ARCDP	Agrarian Reform Communities Development Program
ARMM	Autonomous Region of Muslim Mindanao
ASA	Association for Social Advancement
ATM	Alternative trading and marketing
AUF	Aquinas University Foundation
BFAR	Bureau of Fisheries and Aquatic Resources
BLUMPCI	Barangay Lati United Multi-Purpose Cooperative, Inc.
BSP	Bangko Sentral ng Pilipinas
CA	Compulsory acquisition
CARP	Comprehensive Agrarian Reform Program
CBCRM	Community-based coastal resource management
CBCS	Cooperative Bank of Camarines Sur
CDA	Cooperative Development Authority
CGAP	Consultative Group to Assist the Poor
CIIF	Coconut Industry Investment Fund
CLOA	Certificate of Land Ownership Award
CNIBP	Camarines Norte Institution Building Program
CPL	Crop production loan
DAR	Department of Agrarian Reform

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DCP	Directed credit programs
DENR	Department of Environment and Natural Resources
DIFT	Diversified and integrated farming technology
DTI	Department of Trade and Industry
EO	Executive Order
FARMC	Fisheries and Aquatic Resources Management Council
FGD	Focus group discussion
FSP	Fishery Sector Program
GOL	Government-owned land
GRT	Group recognition test
GTZ	German Technical Cooperation
IFOAM	International Federation of Organic Agricultural Movements
IIMC	Inter-Island Management Council
INAFI-Phils	International Network of Alternative Financial Institutions-Philippines
ISO	Institute of Social Order
KALIKASAN-NE	Kalipunan ng mga Magbubukid para sa Likas-Kayang Pananakahan sa Nueva Ecija
KOOL-NE	Kooperatibang Likas ng Nueva Ecija
LEIRP	Low external input rice production
LCO	Local community organizer
LGU	Local government unit
LRF	Loan Revolving Fund
MAS	Micro-Account Specialist
MASIPAG	Magsasaka at Siyentipiko Para sa Ikauunlad ng Agham Pang-Agrikultura
MAV	Minimum Access Volume
MCPI	Microfinance Council of the Philippines, Inc.
MFI	Microfinance institution
MJ	Minadong Jol Association
MPP	Mode of rice production pattern
NACA	Network of Aquaculture Centers in Asia-Pacific
NAPC	National Anti-Poverty Commission
NATCCO	National Confederation of Cooperatives
NCC	National Credit Council
NFA	National Food Authority
NGO	Non-government organization
NIA	National Irrigation Administration
NLSF	National Livelihood Support Fund

NWTF	Negros Women for Tomorrow Foundation, Inc.
OCCP	Organic Certification Center of the Philippines
OLT	Operation land transfer
PAR	Portfolio-at-risk
PAL	Private agricultural land
PCA	Philippine Coconut Authority
PCFC	People's Credit and Finance Corporation
PCGG	Philippine Commission on Good Government
PCIC	Philippine Crop Insurance Corporation
PD	Presidential Decree
PhilRice	Philippine Rice Research Institute
PO	People's organization
PRODEM	Promotion and Development of Microenterprises
PRRM	Philippine Rural Reconstruction Movement
QR	Quantitative Restrictions
RTD	Roundtable discussion
SALP	Support to Alternative Livelihood Program
SEARCA	Southeast Asian Regional Center for Graduate Study and Research in Agriculture
SEED	Small Enterprise Economic Development Project
SRA	Social Reform Agenda
SRI	System of rice intensification
SusAg	Sustainable agriculture
UCPB-CIIF	UCPB-CIIF Finance and Development Corp.
VCO	Virgin coconut oil
VLT	Voluntary land transfer
VOS	Voluntary offer to sell
WTO	World Trade Organization

INTRODUCTION

The Philippines remains largely agricultural. Of the 12 million hectares of farmlands all over the country, thirty-three percent or about 3.96 million hectares is devoted to rice. Eleven million farmers and family members depend on the rice industry as their primary source of livelihood. Sugar lands comprised almost a million hectares as of 2004. Another 3.24 million hectares were devoted to coconut as of 2005 with over 324 million bearing and non-bearing trees, of which 85 percent was considered productive. The number of coconut farmers is estimated at 3.5 million, but 25 million Filipinos or around one-third of the country's population are directly or indirectly dependent on the industry. And with 7,100 islands, 65 out of 81 provinces with access to the sea, and over 1,000 municipalities located in coastal areas, fishing is one of the dominant economic activities in the country. Sadly, the farming and fishery sectors can barely make ends meet despite the seeming richness of the country's agricultural and natural resources.

The opportunities that microfinance opens for access to capital and prospects of increased income for the poor household thus bode well for these poor agricultural sectors. However, the problem lies on the schemes of microfinance which seem to work best in an urban setting. Recent developments here and abroad, on the other hand, show various modes and innovations introduced in microfinance to fit agriculture.

This study showcases the innovations designed or adjustments made by four selected microfinance institutions (MFI) to cater to the microfinance needs of their agricultural clients – the coconut farmer, the fisher, rice farmer and sugar farmer/worker. Each case is unique, yet it also shares common ground for relevant policies and programs that can be implemented in the agricultural sector.

We are grateful to the Interchurch organisation for development cooperation or ICCO and the Peace and Equity Foundation for funding the various research activities related to this study. From the conduct of a roundtable discussion, actual data gathering and analysis, to the holding of a forum for presentation of the cases, these two organizations have been very supportive. We appreciate

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Both MFIs and clients in this study may have learned that adopting microfinance for agriculture is difficult. However, every setback they encountered in their experiments was considered as a challenge or opportunity rather than a threat or problem. May their example serve as our inspiration.