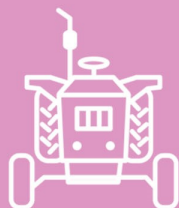


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Supporting Smallholder  
Farmers in Asia and Pacific  
Islands Region through  
Strengthened Agricultural  
Advisory Services  
(SAAS Project)

# BEST PRACTICE NOTES



## CHARMP2: LIVELIHOOD ASSISTANCE FUND

By Jon Ray K. Waking and Stepher L. Banhan SMP/IP, CHARMP 2- Department of Agriculture,  
Cordillera Administrative Region, Luzon, Philippines

### 5 Key Points

#### 1. Challenges and constraints

- Damages from typhoon
- Infestation of pest and diseases
- Dole-out mentality

#### 2. Objective

The LAF aimed to empower small non-formal groups to pursue livelihood opportunities by providing financial and technical assistance.

#### 3. Methodology

- Organization of Livelihood Interest Groups
- Review of business plans
- Utilization of Livelihood Assistance Fund
- Turnover of Livelihood Assistance Fund

#### 4. Highlight of result

17,231 individuals benefited from the program with Php 60.7 million financial grant provided in total.

#### 5. Highlight recommendation

- All the stakeholders must be involved in the whole process of the program.
- It should be tailor-fit to the needs and preferences of the target beneficiaries.

### Introduction

- The Livelihood Assistance Fund (LAF) of the Second Cordillera Highland Agricultural Resource Management Project is an external fund to help finance livelihood opportunities for local communities in the Cordillera Administrative Region.
- Under the Agribusiness, Agriculture and Income Generating Activities, this grant improves bankability of small farmer groups using Community Financial Institutions (CFI) as fund conduit.
- This allowed non-formal groups who lack minimum formal credit requirements to pursue their business plans through the support of LAF.
- A total of 17,231 individuals (6,205 males and 11,026 females) or 644 Livelihood Interest Groups (LIG) benefited from the LAF program. The beneficiaries were poor but productive individuals who have potential for agricultural opportunities.
- LAF was implemented in 170 barangays (villages) in six provinces in the said region. Some of these far-flung communities could only be reached by 2-7 hours of hiking and even one by paddling a boat for 5-7 hours.
- This region in the north of the Philippines has a recorded poverty incidence of 17.5 in 2012 making it difficult for communities to improve their income generating activities.
- Moreover, the agricultural nature of the subprojects and the lack of technology in the communities made it hard for them to avoid damages from typhoon, calamities, pests, and diseases.
- As a result, 5.9% or 38 LIGs had partial to no payment of LAF back to the CFIs.
- Nonetheless, the LAF proved to a success as it provided financial assistance to 644 LIGs which empowered them to pursue livelihood opportunities that were otherwise restricted to those with formal credit requirements.

## Methodology

### 1. Organization of Livelihood Interest Groups

A minimum of 15 members representing their household members were organized into LIGs. They served as partners in implementing the livelihood projects funded through LAF.

### 2. Review of business plans

The program staff, LGUs, and LIGs were required to prepare business plans that have been identified as potential economic activities in the community. The Municipal Management Group and the Provincial Management Group reviewed these business plans, which were then approved by the Project Support Office.

### 3. Utilization of Livelihood Assistance Fund

The LIGs not only received financial assistance and starting equipment but they also benefited from seminars on bookkeeping, financial literacy, production, and skills training.

The project also conducted business launch, market facilitation activities, and continuous business management coaching to help LIGs effectively implement their projects. Supplementary lessons were provided through School-on-Air and Farmer Business Schools.

### 4. Turnover of Livelihood Assistance Fund

After one year of implementation, the LIGs would repay the CFIs with a 10% handling fee deducted from the LAF. The projects of the LIGs were then assessed if the grant would be continued or not.

## Key Findings

- A total of Php 60,720,000 capital was provided to finance the livelihood projects of the 17,231 beneficiaries of the program.
- Majority (97%) of the funded livelihood projects were home-based such as hog raising, food processing, agricultural products consolidation and marketing while 3% were for coffee and rice consolidation and marketing.
- Initially, there were only 195 registered LIGs. Then, it increased to 290 on the second year with 228 affiliates which made the project more sustainable.
- Proof of a good performance on the LAF utilization, one LIG was able to propose a Php 2,500,000 loan for coffee consolidation, while 11 LIGs were able to upscale their production and marketing.
- A total of 35 environmentally safe farming groups, 82 marketing groups, and 37 rural-based enterprises were formed through LAF.
- It also exceeded the 507 target with 644 LIGs formed and provided with LAF amounting to Php 60,720,000.

## Recommendations and Conclusions

- The project successfully provided Php 60.72 million worth of assistance to the LIGs through local CFIs in the six provinces in the Cordillera Administrative Region. It is through the support of the LGUs in assisting and monitoring the implementation of the projects of the LIGs that made the program a success.
- In order to further the sustainability of the program, the efforts of the LGU are needed in continuously providing intense monitoring and technical assistance to LIGs. They are also responsible for helping LIGs partner with other agencies to further improve their livelihood activities.
- Thus, regular submission of reports and financial statements are needed to strengthen the coordination between the LIGs and the municipal LIGs.

### CONTACT DETAILS

ASIA-PACIFIC ISLANDS RURAL ADVISORY SERVICES NETWORK  
c/o College of Public Affairs and Development, University of the Philippines Los Baños  
Domingo Lantican Avenue, College 4031 Laguna, Philippines  
Phone: (+63-49) 536-0319 | Email: apirasnet2017@gmail.com | Website: www.saas.apiras.net