

# **Building Resilience & Financing Adaptation of farming Communities: Innovative Risk Transfer Mechanisms Integrated Financial Package-cum- Weather Index-based Insurance (WIBI) *An Experience in Southern Philippines***

**2<sup>nd</sup> Asia-Pacific Climate Change  
Adaptation Forum**  
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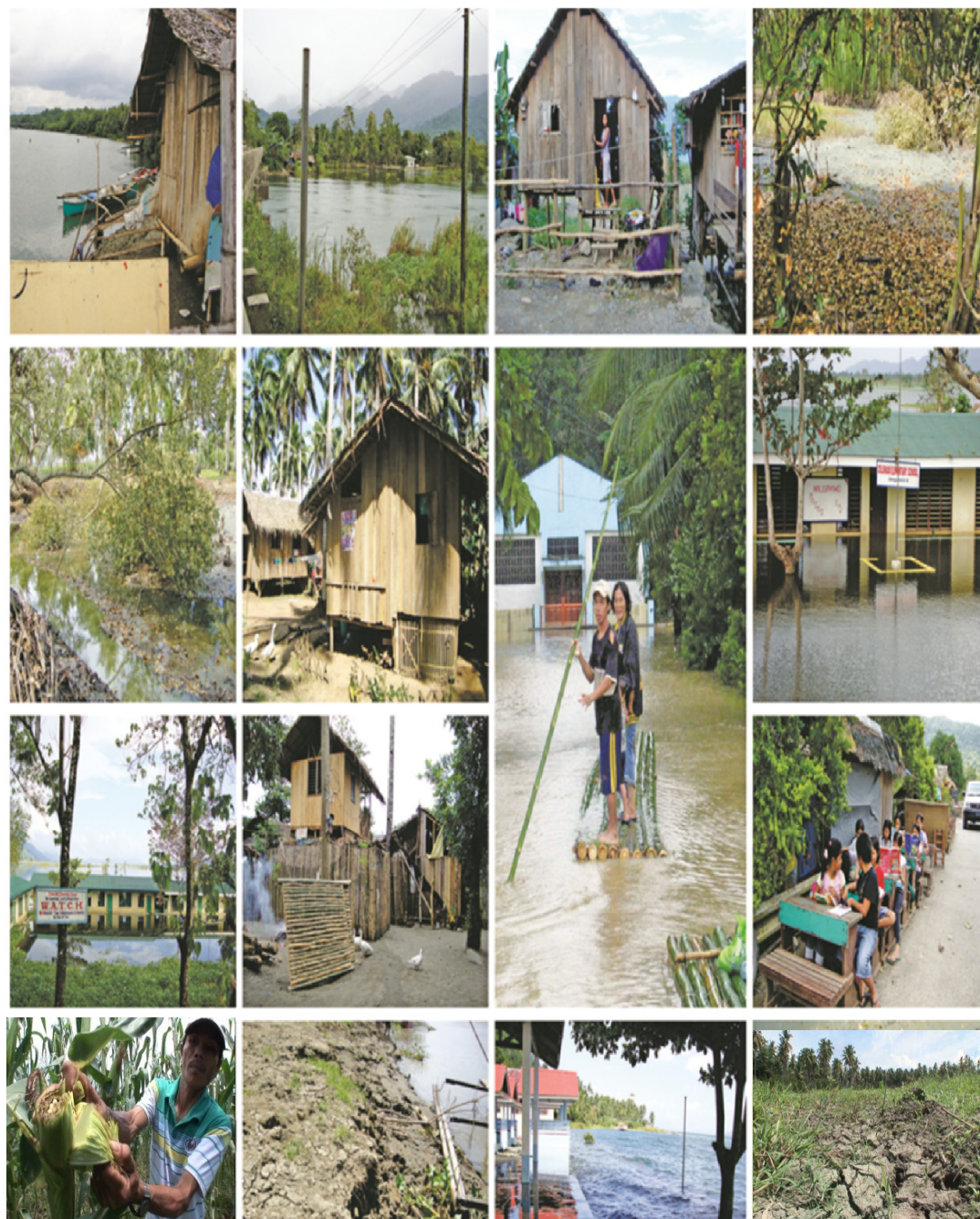
CCAP is Outcome 3.4  
Demo Project of

**MDG-F 1656 JP on  
Strengthening the Phils'  
Institutional Capacity to  
Adapt to Climate Change**

Implemented by:



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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!**



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**Adaptive Capacities  
are determined and  
constrained by:**

**1-Economic  
condition**

**2-Availability of  
and access to  
financial &  
productive  
resources**



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**...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.**



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# A UN-GOP and Public-Private Partnership



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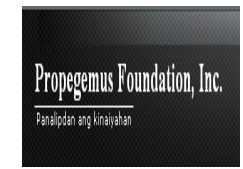
DEPARTMENT OF  
TRADE AND INDUSTRY  
PHILIPPINES



## Key Partners:



## Other Collaborators:



**CCAP**



## Agusan del Norte Farmers

**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 and health)**

**With limited business knowledge and experience**



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**NOT**

## Financing as Usual: **LGU, Coop & Rural Bank**

- Low interest **0.83% 1% 2.3%**
- Non-collateralized
- Less document requirements
- Simplified processing
- Production-cycle responsive releasing
- Coop/RB-w/ savings component
- Bundled with non-financial services
  - **Financial literacy**
  - **Techno support (Envt-CC Briefings, FFS/IPM IPM/Organic Farming)**
  - **Market info/Assistance**
- Insurance
  - **health, crop, credit life**



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# <sup>NOT</sup> Insurance as Usual: **Weather-Index based Insurance (WIBI) Package : Rice and Corn- Low and Excess Rainfall**

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- Affordable premiums **3.04% Rice**
- Faster pay-outs **6.18% Corn**
- Bundled with support services:
  - **WIBI literacy**
  - **Techno Training: Good Agri Practices & Pest Control (FFS-IPM)**
- No field assessments of damages
- No need for filing of claims pay-out automatic upon breach of index



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# Financing + Insurance + Risk Reduction through Early Warning & Preparedness



- **Weather Instruments/ EWDs installed**
- **Municipal/Barangays with operational EWS plans and trained monitors**
- **Local AWS Reference Stations**
- **Back-up Stations and EWDs**



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## Lessons Learned:

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- Bundling financial services with non-financial services such as trainings (agricultural, business, financial education trainings) 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.
- 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.



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## Lessons Learned

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- 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.



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**“Integrated Financial mechanisms enhance adaptation and build resilience:**

# Unlock farmer's productivity

**allow informed agriculture  
risk-taking & pursuit of  
alternatives & “greener”  
economic activities**

**Build knowledge & facilitate local decision-making & planning.**

# Thank You!



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