

PROJECT UPDATES

Brief Series 2015 - No. 002

December 2015



WIBI
MINDANAO
PROJECT

Building resilience to climate and economic shocks through risk transfer mechanisms and diversified livelihoods

Understanding climate change while aspiring for collaborative solutions

Climate change and variability is an increasing global phenomena that is being discussed by different sectors – the research community, development sector, governments, NGOs, academe and even private companies. The changes in rainfall patterns and occurrence of extreme weather events could severely affect the performance of the agriculture sector particularly reduction in the crop yield and increased incidence of pests and diseases.

In the Southern Philippines especially in Davao City in Mindanao, the Department of Agriculture (DA) recently reported that at least 5,536.9 hectares of rice lands and 6,944.73 hectares of cornfields are extremely affected by the dry spell. The damaged agricultural area amounts to Php 250 million or about US\$ 5.32 million.

In this kind of unfavorable situation, the livelihoods and food security of vulnerable farming households are at high risk. Insufficient job opportunities, inadequate food supply which may result to higher malnutrition rate and increased poverty incidence are more likely to occur if there is no management for climate risks and adaptation strategies in place. Hence, the idea of building or strengthening resilience among vulnerable farming households comes in.

Adger (2000) defines the term “resilience” as the ability of groups or communities to cope with external stresses and disturbances as a result of social, political and environmental change. The story of Lily Francisco in Tugbok District, Davao City strongly demonstrates the profile of an underprivileged farmer who is primarily dependent on rice crop production as the main source of income. She rents 0.25 hectares of rice land with normal harvest totals to 14 cavans, four cavans of rice go to the landowner.

“Nanay Lily”, as called by her neighbors in their community, relies on informal money lenders with extremely high interest rates to be able to transplant rice for the next cropping cycle. There is also a trader in their area that buys PHP16.00 (US\$0.34) per kilogram of rice which put the farmers at a more disadvantaged state because of low pricing. Recently, Nanay Lily took the risk of transplanting rice in December even if it is dry season because for them, every rain that they experience is an opportunity for a good harvest.

Unfortunately, the dry spell has hit the Davao Region and caused damages to agriculture. The anticipated harvest of Nanay Lily and the community of Tugbok need to be forgotten this time. Henceforth, smallholder farmers like Nanay Lily shall have a chance on exploring alternative sources of livelihoods and access to other social and agricultural safety

nets. This effort requires collaborative and integrated approach towards economic- and climate-resilient farming communities.

Weather Index-Based Insurance (WIBI) as climate risk transfer mechanism

The United Nations Development Programme (UNDP) with strong partnership with the Government of the Philippines through Philippine Crop Insurance Corporation (PCIC) are co-implementing a project in Regions X (Northern Mindanao) and XI (Davao Region) called “WIBI Mindanao”.

The project aims to reduce poverty by strengthening the resilience vulnerable agriculture-based rural communities in Mindanao through climate risk transfer mechanisms and productivity enhancement measures. To ensure the cohesive and holistic delivery of project results to the targeted 2,000 farming households, WIBI Mindanao works on three components.

Component 1 is dedicated for Policy Advocacy and Knowledge that aims to adjust regulatory incentive structures to stimulate private sector engagement in climate risk reduction and transfer mechanisms. Creating an enabling environment for WIBI by influencing relevant credit and financing policies that will further and accelerate the scaling up process and implementation of WIBI.

Component 2 focuses on Climate Risk Financing and Transfer and primarily works on weather index-based integrated financial package customized and applied to strengthen the resilience of target beneficiary communities. To date, WIBI policies are distributed to 837 clients, both self-financed and borrowing farmers. Access to WIBI enables farmers to restore livelihoods through immediate payouts following the occurrence of extreme weather events and climate shocks.

WIBI offers two different covers to major insurable grain crop like rice against low rainfall and excess rainfall. For irrigated areas, WIBI offers only excess rainfall since it is not vulnerable from low rainfall.

For the last component on Community-based Adaptation Learning and Measures, the project aims to build capacities of farmers and producer organizations and other stakeholders to analyze climate risk and develop and implement adaptation practices that enhance agricultural productivity and off-farm enterprises.

This is carried out through various trainings on disaster risk reduction and climate change adaptation strategies, good agricultural practices and climate resilient field schools.

Generating incremental outcomes to the lives of women and vulnerable smallholder farmers in Mindanao

WIBI Mindanao Project targets farmers in Northern Mindanao and Davao regions that often experience substantial losses at postharvest stage of agricultural production and are disadvantaged due to wet regional climate. Furthermore, these farmers have little or no access to drying and storage facilities which also contributes to decreased productivity, lower bargaining power and eventually lower income from their livelihoods.

Commencing only in November 2014, the project already distributed weather index-based insurance to 837 farmer enrollees with estimated area coverage of 961 hectares amounting to about Php19.19 million. Almost 42% or 349 of WIBI enrollees are women.

Moreover, majority of the participants or 51.85% of the total 758 attendees of WIBI literacy workshops in 2015 in Davao Region are women. This is also true in Northern Mindanao with 52.7% or 434 women farmers out of 824 participated in WIBI literacy activities conducted in the region. Aside from WIBI orientations, the project is also working closely with the Climate Change Commission to enhance capacities of at least 30 barangays on community-based disaster risk reduction and management. This effort is complemented with the tools

from the Agricultural Training Institute on Farmer's Decisions Support System: Rice Crop Manager (RCM) and Climate Fields School with RCM Component.

For the initial project implementation, PCIC committed to subsidize the premiums of farmers who will enroll until June 2016 cropping cycle. As of January 2016, the PCIC has released a total of 35 payouts – 12 in Bukidnon and 23 in Davao Region. The weather-index based insurance project lessens the risks that the vulnerable farmers are facing and gives them the upper hand to invest in a more climate-smart innovation.

Through literacy workshops in various barangays of Regions X and XI, farmers were able to experience first-hand engagement with the project and are now capable of making informed decision to participate in a more climate-proof agriculture through weather index-based insurance services.

Nanay Lily, who is a pro-active participant of WIBI was able to receive payouts from PCIC twice for breaching the rainfall index. First was in October 2015 for low rainfall and the second was in December 2015 for excess rainfall condition which is equivalent to Php 2,924 or US\$62. For her, the check she received from PCIC through WIBI Mindanao Project is something that she will save until the next cropping season to avoid borrowing money.

Through the project, Nanay Lily is now sensitized with the essence of being prepared for future's uncertainties especially with the unfavorable scenarios brought by changing climate. When she heard the news about the PCIC check, she was so excited and pleased to receive it.

As additional sources of income, she sells rice cakes to her neighbors during special occasions and manages to raise pigs to diversify her livelihood. Nanay Lily believes that being a senior citizen and widow shall not delimit her from making climate-smart decisions of investing on insurance services. Asked if she is willing to pay for the premium of WIBI product for the next cropping cycle, she immediately responded "yes" with firmness. She considers that being physically and economically prepared is a priority especially with the risks and challenges posed by climate change.

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Both senior citizen and widow, Ms. Lily Francisco (right) and Ms. Norma Basites (left) from Tugbok District, Davao City in the Philippines are optimistic that rain will still come for the survival of their rice crops in the rainfed area. (Photo by: C.Ngo)



Nanay Lily cooks and sells steamed rice cake to earn additional money for her fare going to Calinan District, Davao City to attend WIBI activity. (Photo by: I. dela Cruz)



Distribution of checks for payout from Philippine Crop Insurance Corporation to the farmers of Calinan District in Davao City due to the low rainfall situation since December 2015.

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