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Department of Labor and Employment
Caraga Regional Office
Butuan City



An Applicability Assessment Report on the Social Amelioration Program

I. INTRODUCTION

The United Nations (UN) and the Government of the Philippines are implementing a Joint Programme on “Strengthening the Philippines’ Institutional Capacity to Adapt to Climate Change”, with support from the Spanish Government through an MDG-Fund Thematic Window on Environment and Climate Change. Under the Outcome 3 of the said Joint Programme : Coping mechanisms improved through pilot adaptation projects, this Project is being implemented by the International Labour Organization (ILO), a specialized agency of the United Nation, in partnership with the Department of Labor and Employment (DOLE) and the Department of Trade and Industry (DTI).

The Project aims to showcase key determinants of adaptive capacity at work, where target vulnerable farming communities are provided access to financial and productive resources for purposes not only of helping them cope in the event of climate change-triggered disasters but of improving their socio-economic lot, especially through diversified livelihood schemes. Risk transfer mechanisms like revolving funds and innovative insurance schemes are expected to help develop resiliency through flexible financial mechanisms. Providing the enabling conditions for livelihood diversification is critical as new types of livelihood are often required to effectively adapt to disasters and climate change.

The specific objectives of the Project are: 1) to develop and test financial safety nets for vulnerable populations, especially women; and 2) to develop the capacities of vulnerable populations to participate and avail of the benefits under economic diversification and a democratized governance system.

As a partner in the implementation of the Project, the DOLE is commissioned ILO to undertake an in-depth study on the applicability of the DOLE’s Social Amelioration Program (SAP) in the establishment of an innovative financing scheme for the selected farming communities of Agusan del Norte. The schemes employed by the SAP are initially deemed applicable for adoption by the Climate Change Adaptation Project (CCAP) farmer beneficiaries. The SAP is viewed in the light of setting up a voluntary programme that will support, define relations among them, and regulate monetary and welfare benefits through the institutionalization of a tripartite approach.

II. BACKGROUND OF THE STUDY

The Social Amelioration Program (SAP) is an amelioration and welfare scheme for the sugar workers derived from the contribution of the millers and planters which started in the early 1970's and was institutionalized through Presidential Decree No. 621 and enhanced through the enactment of Republic Act No. 6982 in 1991.

The SAP aims to augment the income of the sugar workers; finance socio-economic programs/projects geared to provide additional livelihood and employment opportunities to the sugar workers and their families; promote sugar workers' welfare and social protection; and increase

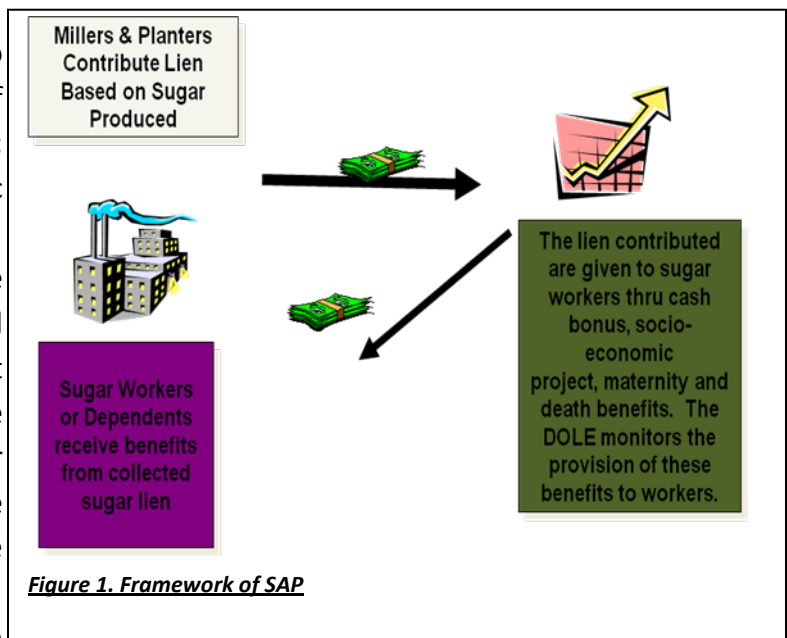


Figure 1. Framework of SAP

stakeholders' participation in decision making, particularly on policies related to workers' development under the Act.

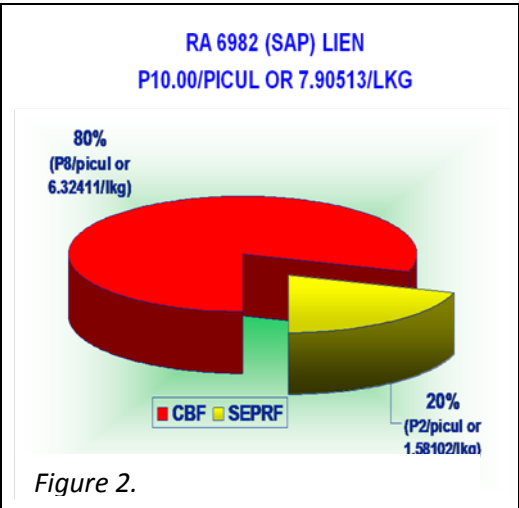
The Program has four (4) major components, namely: Cash Bonus Program (CBP), Death Benefit Fund (DBP), Maternity Benefit Fund (MBP), and Socio-Economic Project Fund (SEPF). The Cash Bonus Program provides monetary benefits to sugar workers in proportion to the work they rendered in the mill or plantation. It is computed based on the sugar production in LKG multiplied to the CBF due in peso (Php 6.32411).

The implementation of SAP is financed by the lien collected per picul (equivalent to 63.25 kgs.) of sugar produced. The lien is imposed on the gross production of sugar which started at Php 5.00 per picul in 1991 and currently at Php 10.00 per picul, which is equivalent to 7.901513 per Lkg. of sugar. Collection of the lien is made upon the withdrawal or release of the sugar from the mill warehouse. The mill, in turn, shall deposit the collected lien to the depository bank in the name of the mill.

The 80% portion of the lien is distributed as cash bonus to workers (both plantation and mill workers), while the 20% is utilized for the implementation of socio-economic related programs, as presented in Figure 2.

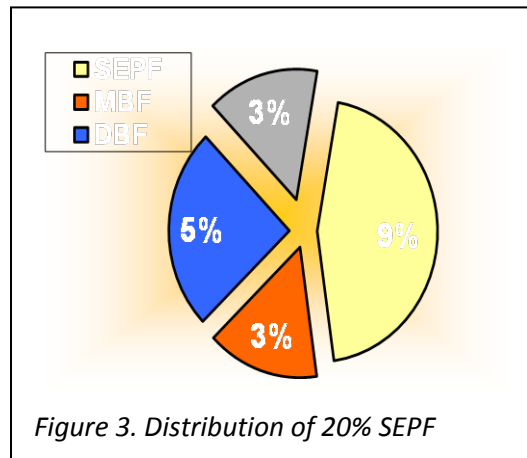
The CBF is already entrusted to the mills or planters for distribution to the sugar workers concerned within one (1) month from the date of remittance. Any undistributed cash bonus due to the workers within a period of three (3) months shall be remitted to and held in trust by the DOLE for a period of three (3) years. Unclaimed cash bonus after the prescribed period shall be deemed forfeited in favor of the socio economic programs for sugar workers.

Mills and planters associations are required to submit special payroll duly signed by the workers to the Department of Labor and Employment (DOLE) as evidenced of cash bonus fund distribution. DOLE-BWSC, likewise, reports to the Sugar Tripartite Council (STC) on the status of distribution of the cash bonus fund.



The 20% Socio-Economic Program Related Fund portion of the lien is further allocated for the following programs:

- 9% for socio-economic projects;
- 5% for death benefit program;
- 3% for maternity benefit program;
- 3% for administrative expenses for the Sugar Tripartite Council (STC), District Tripartite Council (DTC) and the Bureau of Workers with Special Concerns (BWSC).



The Department of Labor and Employment (DOLE) manages and supervises the Program through the Bureau of Workers with Special Concerns (BWSC) with the assistance of the Sugar Tripartite Council (STC) which serves as an advisory body. STC is composed of ten (10) members: the Secretary of DOLE or his/her authorized representative as an ex-officio chairman, one (1) representative from the Sugar Regulation Administration

(SRA) who likewise sit in an ex—officio capacity, two (2) representatives from the millers sector, two (2) representatives from the mill workers sectors, two (2) representatives from the field workers sector, and two (2) representatives from the planters sector. Representatives from the planters, millers and workers sectors shall serve for a term of three (3) years. The STC shall meet for its regular meeting once every three (3) months.

Objectives of the Study

The general objective of the study is to generate inputs from the Municipal Focal Teams (MFTs) on the applicability of the Social Amelioration Program for the four (4) pilot project sites in Agusan del Norte.

Specifically, the study aims to:

1. engage the Municipal Focal Teams (MFTs) in the discussion on SAP concept and components;
2. validate data generated from the baseline survey conducted for each municipality;
3. identify crop/s appropriate or fit for the coverage of the proposed SAP;
4. determine the amount of lien that will be collected for the proposed SAP;
5. establish different schemes in the proposed collection of lien and the uses of lien;
6. identify alternatives on the management of the fund (collected lien);
7. determine the role of the Local Government Unit (LGU) in the proposed SAP; and
8. determine the level of organizational maturity of farmers' organizations/federations.

Methodologies

The study primarily maximized Focus Group Discussion (FGD) with the Municipal Focal Teams (MFTs) and the farmer-leaders of the four pilot project sites. Each MFT was composed of eight (8) members. A total of sixty-three (63) farmer leaders from the four (4) municipalities were part of the respondents of the series of FGDs.

A review of the secondary data which include the project's inception report, activity report on the orientation of the SAP, baseline survey, and results of the vulnerability and adaptation and value chain analysis was made.

The study was conducted in the four (4) municipalities of Agusan del Norte, namely: Las Nieves, Buenavista, Jabonga and Remedios T. Romualdez.

III. CONCEPTUAL FRAMEWORK

This study is focused on the applicability of the Social Amelioration Program of the DOLE to the four (4) non-sugar producing municipalities of Agusan del Norte.

The study starts with a thorough review on the concept of SAP, its components and the implementing mechanisms and guidelines. The entire SAP is then subjected to a series of FGD in all the four (4) pilot project sites to generate inputs from the MFTs and farmer leader representatives.

Results of the baseline study and other analyses also serve as basis in determining the applicability of the SAP for the non-sugar producing municipalities.

Figure 4 details the conceptual framework of the study.

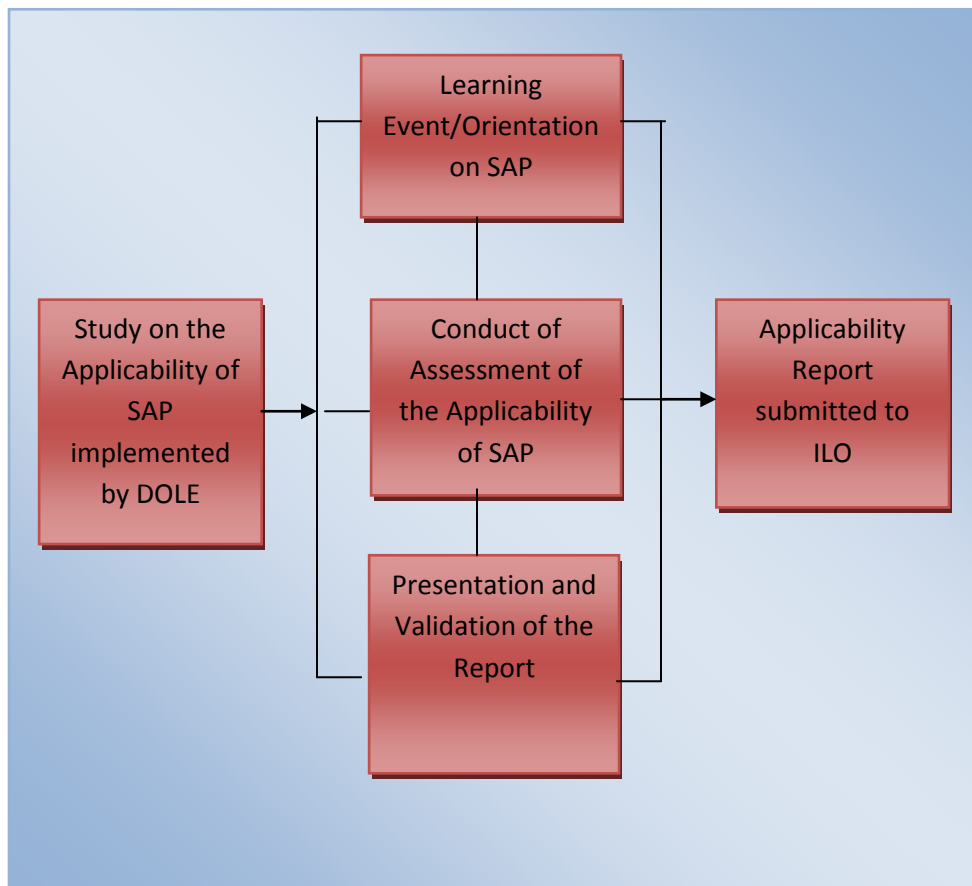


Figure 4. Conceptual Framework

IV. FINDINGS

The results of the vulnerability and adaptation analysis and the farm value chain analysis were able to identify the different risk factors the pilot project sites and the farming communities are susceptible to. There are two major and important risks common to all farming communities covered by the project, namely: flooding and drought. These two pose significant threats and projected losses to both the crops and the lives of the farmers and the entire economy of the municipalities as well.

The lack of an amelioration and social protection program was evident in the assessment on the socio-economic profiles of the farming communities. Data showed that while there is a recorded enrolment of the farmers a social protection program called PhilHealth, this is still insufficient to meet the demands of the farming communities since only selected farmers are being covered. On the issue of sustainability, this program which is being subsidized by the Congressman, Governor or Mayor is guaranteed only for a period of one (1) year, not to mention the political interest attached to it. Other areas of concerns of the farmers are not addressed completely by mere enrolment to a single social protection program such as PhilHealth. This inadequacy, therefore, calls for an urgent need of a comprehensive and suitable amelioration and social protection program that will help the farming communities adapt to climate change.

The SAP concept, while new to these farming communities, got a favorable response from the members of the MFTs and the farmer leaders, as was evident in the results of the series of FGDs.

A. On the Applicability of the Social Amelioration Program

Positive responses and perceptions from the participants were obtained during the FGDs on the applicability of the Social Amelioration Program (SAP) to the farming communities, giving due consideration to the high level of vulnerability of these communities to climate change-triggered risks and disasters. The SAP concept got a high degree of acceptability from among the FGD participants, especially since there was no welfare program for this sector that provides welfare benefits and social protection.

However, there were a very negligible number of FGD participants who perceived SAP as just one of the “not-so-effective” programs of the government. This negative perception gradually changed as the discussion on the entire SAP progressed.

The socio-economic conditions of the farming communities in the pilot project sites requires an amelioration and social protection programs that can effectively provide adequate welfare benefits and protection especially in the event of any disasters or calamities. SAP is viewed by most of the FGD participants as an effective alternative scheme to offer them welfare benefits.

The different components of SAP (Cash Bonus Fund, Death Benefit Fund, Maternity Benefit Fund and Socio-Economic Project Fund) are seen to improve the socio-economic conditions of the farmers due to their highly dependence to farming as main source of income. In the analysis of the socio-economic profiles, majority of the farmers' earnings are inadequate to provide the needs of their own families, thus, incapacitating them to allocate savings for future emergency cases.

While there are existing social protection programs offered by different government agencies, the paying capacity of most of the farmers is too low; existing PhilHealth coverage of the farmers is through the subsidized program of the Local Government Unit. On the average, most farmers are earning P 200.00 and below daily. The Cash Bonus Fund, therefore, is seen as an alternative source for the coverage of all farmers to the different social protection program – PhilHealth, SSS, Pag-Ibig.

B. On the validation of some baseline data generated

There were information on the baseline survey that were corrected by the participants in the course of the FGD, to wit:

- The total number of barangays for the municipality of Buenavista is twenty-five (25), not 35;
- Land area of RTR is 8,147 hectares , not 7,915 hectares;
- Farms of the Buenavista farmers is not rainfed but irrigated;

C. On the specific crop to be covered by SAP

There are common crops that are grown by the farmers in the four (4) pilot project sites: rice, coconut and banana. For most of the FGD participants, however, rice is the most appropriate crop that can be covered by SAP apparently because it serves two (2) major purposes : as a staple food and as a commercial commodity.

Like the farming communities, rice is also very vulnerable to any calamities or disasters.

The four (4) pilot project sites have a total of 4,493 hectares of land planted to rice, with an average production yield of 9,620 metric tons per cropping. Of the 13,910 families dependent on farming, 80% of these are rice farmers. Thus, there is a large number of rice farmers depends primarily on rice. SAP, too, enjoys a wide market.

While it is noted that there is a decreasing trend in rice production of the four (4) pilot project sites, the FGD participants, however, are hopeful that an organized and more synchronized effort from the government agencies will come as soon as the SAP will be implemented. The decrease in production is basically due to climatic changes, as noted by the farmer participants.

D. On the amount of Lien to be collected

There were varying opinions raised by the FGD participants on where to charge the lien to finance the SAP. The four (4) FGD groups were divided on the issue. Some suggested that the lien be borne by the rice traders and millers while others suggested that it must be shouldered by the farmers based on actual production.

Most of the FGD participants found difficulty in charging the lien to the traders because majority of the traders are not residents of the municipalities. There is not a single institution or agency that has control over the traders. On the average, there are 10-15 traders in each municipality. The FGD participants also expressed worries that the buying price (of palay) might be too low or could be manipulated should the lien be charged to the traders.

One option that was raised was to compel the Local Government Unit (LGU) in every municipality to pass a municipal ordinance requiring the registration of the traders to the municipality and requiring them further to contribute to

Figure 5. Projected Collection of Liens

MUNICIPALITY	TOTAL LIEN
Las Nieves	P 247,450,721.60
Buenavista	P 280,916,956.80
Jabonga	P 97,441,584.00
R.T. Romualdez	P 414,007,900.80
<i>Assumptions:</i> • rice area of Las Nieves – 1,169 has.; Buenavista – 1,182 has.; Jabonga – 410 has.; RTR – 1,742 has • Average production – 2,475.65 kgs/ha. • Farm gate price – P 12.00/kg. • Frequency of harvest – twice a year • Palay available for sale – 40% • Lien – P 10.00/50 kgs of palay	

the lien for the SAP. Should the traders stop their buying activities because of the proposed ordinance, the only option would be the LGU to look for a single trader who accepts the terms and conditions stipulated in the ordinance. To control price manipulation, the LGU through the Municipal Agriculture Office (MAO) would closely monitor the prices of palay.

The farmer leaders, on the other hand, posed no objections on charging the lien to their actual production, seeing that they would benefit from the SAP.

Various suggestions on the amount of the lien were raised by the FGD participants: P 10.00 per every 50 kilos of palay, P 5.00 per sack of palay, P 10.00 per sack regardless of the number of kilos. The first suggestion, however, enjoyed a relatively high acceptance from among the FGD participants.

The lien, therefore, can be shared by both the farmers and the traders to finance the program. Figure 5 provides for a projected collection of lien based on the actual production of the four (4) pilot project sites.

The FDG participants unanimously agreed that the lien will be utilized for the four SAP components. There were also suggestions to convert the CBF to social protection program coverage of all the farmers.

E. On the Collection Scheme of the Lien

The FGD participants proposed three options on the collection scheme of the lien: 1) a centralized marketing system of rice produced on a barangay level through the existing farmers' association; 2) the collection will be done by the traders, wherein the traders will prepare an inventory list of all farmers and the corresponding liens; and 3) the institution that will manage the program (SAP) will take care of the collection of liens. All collections will be remitted or deposited to a designated depository bank. A list of the farmers with the corresponding liens will be submitted to the program management.

The first option was acceptable to all, but there is still a need to expand the membership and strengthen the existing farmers' association in each barangay to make the collection scheme more functional.

The second option posed a perceived difficulty, considering that most traders are transients. A number of respondents opined that the submission of the list of farmers' produced and the corresponding liens may be too taxing for the traders.

The third option was considered the most convenient for both the farmers and the traders since the program management will charge administrative cost on the entire program, collection of lien will be done at their level in close coordination with the farmers association and the traders.

F. On the Management of the SAP and the Custodian of the Fund

Three options, namely, the LGU, DOLE, and an independent institution or cooperative, were being considered by the FGD participants to effectively manage the SAP and take custody of the fund.

Criteria in selecting the management of the program (SAP) were agreed: a) capability and competence; b) functional structure and available personnel; c) proven track record; and d) relative financial stability.

Given these criteria, the FGD participants deleted the LGU in the list of options, to ensure that the program is free of any political interest and possible political manipulation. The DOLE and/or an independent institution or cooperative are more preferable to the participants to manage the program and take custody of the fund. The DOLE was considered because of its track record in managing the SAP in the sugar industry.

All participants were united in proposing the creation of a tripartite body which will serve as an advisory body of the SAP. This may be composed of the LGU, DOLE, independent institution or cooperative and farmer representatives.

G. On the Role of the Local Government Unit to the Program

The respondents viewed Local Government Unit (LGU) as one of the permanent institutions that can provide assistance in the SAP, as it is well-embedded in all the farming communities. Primarily, the legislative branch of the LGU can enact enabling policies for the SAP to succeed. Enforcement of the policies shall be done by the executive branch of the LGU. Policies may include the adoption of the SAP in the local level, enforcement of liens to both the farmers and the traders.

Advocacy of the SAP will also be a critical role the LGU can play, considering that it has available resources to conduct intensive information dissemination. Regulation and monitoring of rice (palay) prices is one of the major issues that can be addressed by the LGU to rid of unscrupulous pricing activities of traders, as suggested by some FGD participants.

Strengthening of the farmers organizations was identified as one of the tasks the LGU can perform effectively since most of the farmers' organizations are generally weak. These farmers' organizations are deemed desirable as partners for the SAP.

There was a common recommendation from the respondents that the LGU will form part in the management of the SAP as member of the advisory body.

H. On the Level of Organizational Maturity of the Farmers Organizations

The four (4) pilot project sites have Municipal Agriculture and Fisheries Council (MAFC), composed of farmers and fisherfolks representatives. These MAFCs have regular meetings on a monthly basis. Meetings are usually done upon the call of the Municipal Agriculture Office. Moreover, these MAFCs do not have a clear direction and a definite plan of action.

On the other hand, all barangays of the four (4) pilot project sites have farmers associations organized by the Municipal Agriculture Office. However, only a very minimal number of organizations are active. Most of the farmers' organizations do not have a functional structure and an operational plan.

Most of the FGD participants acknowledged that majority of the members of the farmers' organizations do not fulfill their responsibilities to the organizations such as paying their monthly dues and attending the meetings.

V. CONCLUSION

The different risk factors that the pilot project sites and the entire farming communities are susceptible to are identified, namely: flooding and drought. Evidently, these risk factors are threats to the lives of the farmers. An amelioration and social protection program for the farming communities is urgently needed to help the farmers cope with and adapt to climate change.

While a good number of the farmers are enrolled in a subsidized PhilHealth program, this is inadequate to meet the needs of the farming communities. The issue of sustainability in this kind of program must be given importance and utmost consideration.

The SAP is generally viewed as an effective alternative scheme to provide welfare benefits to the farmers. It must be noted that the paying capacity of the farmers is too low to enroll in any social protection program. It is in this respect that the cash bonus fund is seen as an alternative source of coverage of all farmers to the different social protection programs – PhilHealth, SSS, Pag-Ibig.

Rice is identified as a crop to be covered by SAP, since there are a large number of farmers dependent on it for food and for commercial purposes. The lien that will be collected on rice is pegged at P 10.00/50 kgs of palay. Three (3) options are identified for the collection scheme of the lien, but the third option which states that “the collection of lien be taken care of by the institution that will manage the SAP”, is considered convenient for both the farmers and the traders.

To make the farmers’ organization functional and become better partners in the SAP and in the collection of lien, there is a need to expand the membership and strengthen the existing farmers’ association in every barangay.

On the management of the SAP and the custodian of the fund, preference was given to either DOLE or an independent institution or cooperative. There was also a proposal to create a tripartite body that will serve as an advisory body of the SAP.

Regulation and monitoring of rice (palay) prices is one of the major issues that can be addressed by the LGU to rid of unscrupulous pricing activities of traders.

VI. RECOMMENDATIONS

The Social Amelioration Program is generally viewed as effective strategy to ensure the welfare benefits of the farmers. However, based on the assessment on the different aspects of implementation, not all schemes are applicable. A thorough study, a workable capacity building program and a strong LGU support have to be materialized to ensure success in the administration of the said program. Following are the specific recommendations:

- If implemented, the SAP is more applicable in the rice industry than in coconut, corn and other crops as explained in the report.
- Convert the cash bonus program component of the SAP to a social protection program component for all the farmers in the pilot project sites;
- Priority projects under Socio-Economic Project Component of the SAP will be based on risk reduction related undertakings;
- Identify an independent institution or cooperative that possesses the necessary competencies and good track record to manage the SAP;
- Draw out clear guidelines and implementing scheme of the SAP;
- Ensure participation of LGU in the over-all management of the SAP;
- Strengthen the MFTs capacity to serve as advocates and champions of SAP at the local level;
- Ensure the participation of other agencies in the SAP implementation to address the infrastructure needs of the farming communities to increase farm productivity; and
- Formulate a detailed and comprehensive implementation plan for the SAP implementation.

COMPARATIVE ANALYSIS ON THE SAP IN THE SUGAR INDUSTRY AND THE PROPOSED SAP FOR THE RICE INDUSTRY

AREAS OF ANALYSIS	SAP IN THE SUGAR INDUSTRY	PROPOSED SAP IN THE RICE INDUSTRY
A. Legal Basis	Presidential Decree 621 and Republic Act 6982	<u>No legal basis.</u> The proposed program will be location-specific which means, it is dependent on the Local Government Unit's acceptance to pass an Ordinance for the adoption and implementation of the program.
B. Objectives, Scope and Coverage	The SAP aims to augment the income of the sugar workers; finance socio-economic programs/projects geared to provide additional livelihood and employment opportunities to the sugar workers and their families; promote sugar workers' welfare and social protection; and increase stakeholders' participation in decision making, particularly on policies related to workers' development under the Act. The program will cover all the sugar areas in the entire country.	The proposed SAP aims to help assist the vulnerable farming communities of the pilot project sites cope with the effects of climate change by providing them social protection programs. It will cover all the farming communities of the pilot project sites of Agusan del Norte, specifically rice farmers.
C. Beneficiaries	All sugar workers both in the plantation and sugar mills in the entire country. Dependents of sugar workers are also beneficiaries in the program specifically on the death benefit, maternal benefit and socio-economic programs.	Rice farmers.
D. Programs	The Program has four (4) major components, namely: Cash Bonus Program (CBP), Death Benefit Fund (DBP), Maternity Benefit Fund (MBP), and Socio-Economic Project Fund (SEPF). The Cash Bonus Program provides monetary benefits to sugar workers in proportion to the work they rendered in the mill or plantation. It is computed based on the sugar production in LKG multiplied to the CBF due in peso (Php 6.32411).	The proposed program attempts to replicate all the components of the SAP in the sugar industry. <u>There are, however, priority concerns or areas that the program will concentrate, i.e., social protection coverage (SSS, PhilHealth, Pag-ibig) for the farmers, considering the capacity of the program to generate adequate funds.</u>

<p>E. Source of Funds and Procedures</p>	<p>The implementation of SAP is financed by the lien collected per picul (equivalent to 63.25 kgs.) of sugar produced. The lien is imposed on the gross production of sugar which started at Php 5.00 per picul in 1991 and currently at Php 10.00 per picul, which is equivalent to 7.901513 per Lkg. of sugar. Collection of the lien is made upon the withdrawal or release of the sugar from the mill warehouse. The mill, in turn, shall deposit the collected lien to the depository bank in the name of the mill.</p> <p>The 80% portion of the lien is distributed as cash bonus to workers (both plantation and mill workers), while the 20% is utilized for the implementation of socio-economic related programs.</p> <p>The CBF is already entrusted to the mills or planters for distribution to the sugar workers concerned within one (1) month from the date of remittance. Any undistributed cash bonus due to the workers within a period of three (3) months shall be remitted to and held in trust by the DOLE for a period of three (3) years. Unclaimed cash bonus after the prescribed period shall be deemed forfeited in favor of the socio economic programs for sugar workers.</p> <p>Mills and planters associations are required to submit special payroll duly signed by the workers to the Department of Labor and Employment (DOLE) as evidenced of cash bonus fund distribution. DOLE-BWSC, likewise, reports to the Sugar Tripartite Council (STC) on the status of distribution of the cash bonus fund.</p> <p>Claims against the death benefit and maternity benefit programs shall be</p>	<p>Similar to the SAP in the sugar industry, the program will be financed by the lien that will be collected from the rice (palay) produced. The lien is pegged at P 10.00 per 50 kilos of palay and will be borne by the farmers. <u>This arrangement, however, is not totally acceptable to the entire farming communities.</u> Generally, the farmers opt for a lower rate of lien, i.e., P 5.00 per 50 kgs of rice produced.</p> <p>The total lien that will be collected (at P10.00) for the two (2) harvests of rice (palay) annually for the four (4) pilot sites totals to P 6,741,750.00, which is not enough to fund for the coverage of some 3,174 farmers to the three (3) social protection programs. <u>On the average, each farmer will only get a share of P 2,124.05 for the entire year. Enrollment to the three (3) social protection programs requires each farmer P 6,480 annually.</u></p> <p>A farmer with an average of 1 hectare of rice land will have a production average of 4,000 kilos or 80 sacks (of 50 kilos capacity per sack), the lien contribution, therefore, is P800.00 per harvest or P 1,600.00 per annum. This amount is only good for payment of premiums of either PhilHealth or Pag-ibig for a period of one year.</p> <p><u>Exploring other areas for increasing the lien is one good point to consider in order to achieve the program's objectives. Another good area to explore is the possibility of engaging the traders and millers relative to the program and the lien, banking on their corporate social responsibility to generate their full support.</u></p> <p>Collection mechanism for the lien is still to be determined. There were three (3)</p>
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	<p>filed in the nearest DOLE offices.</p> <p>Application for the availment of the socio-economic projects shall be filed to the DOLE Regional Office and likewise forward the same to the Bureau of Workers with Special Concerns (BWSC) for final evaluation and recommendation to the STC for approval.</p>	<p>options being raised: 1) collection will be done at the farmers association’s levels; 2) collection will be through the traders; 3) collection will be done by the managing institution.</p> <p><u>The managing institution for the fund of the program is yet to be determined.</u> LGU’s are considered unfit to manage the fund and the entire program. <u>A stable, competent and independent institution is more preferable by the farmers.</u></p> <p><u>There is an imminent difficulty in the collection of the liens, if ever the lien will be borne by farmers, as most farmers organizations are relatively very weak and not functional.</u></p>
<p>F. Risks addressed by SAP</p>	<p>There are no risks factors being considered by the program. In its entirety, the program merely aims to provide augmentation of income to the sugar workers.</p>	<p><u>The proposed program is an attempt to address the imminent risks of flooding and drought that the farming communities of Agusan del Norte are more susceptible to.</u> It is directed to protecting the lives of the farming communities in the event of climate change triggered calamities. <u>The social protection programs are envisioned to address the inadequacy of social protection to the farming communities, as most farmers are temporarily covered by a single program, i.e., PhilHealth.</u></p>
<p>G. Delivery Mechanism and Marketing Strategy</p>	<p>There is indeed a stable and functional mechanism in the delivery of the program. At the local level, the District Tripartite Council (DTC) composed of representatives from the planters, mills and workers is organized and operational, with regular scheduled regular meetings. DOLE Regional Office serves as the secretariat for the DTC. At the field and plantation levels, regular consultations and assemblies of planters association are held. The Sugar Tripartite Council (STC) in the</p>	<p><u>The Local Government Units and some farmers associations in the pilot project sites are the only mechanisms that are existing and available so far for the proposed program.</u> These mechanisms, however, are not that quite capable of delivering the program primarily due to manpower constraints.</p> <p><u>Aggressive and intensive advocacy to the LGUs and strengthening their capacities to market the program are priority strategies to be considered.</u> To</p>

	<p>national level, on the other hand, is functioning very well, with DOLE serving as the secretariat.</p> <p>Marketing of the program is jointly and continuously done by the planters, mills and DOLE.</p>	<p>supplement effective marketing of the program at the local level, <u>there is an urgent need to focus more on strengthening the capacities of existing farmers associations and expanding their membership.</u></p> <p>Both the LGUs and the farmers' organizations are considered the most effective entities in effecting marketing activities for the program.</p>
<p>H. Financial Viability of the Possible Partners</p>	<p>The mills and the planters are fairly financially viable, as manifested in the sustainability of the program.</p>	<p><u>The farmers, envisioned to be the main partner in the program, are certainly not viable.</u> Results of the series of FGDs conducted proved that farmers, in general, are facing financial difficulties in meeting the required lien for the program. The high cost of production and the decreasing trend of production are the main factors of the financial difficulties faced by the farmers.</p> <p><u>Exploring other partners for the program is deemed necessary. The rice traders are seen to be financially viable partners, bearing in mind that they have the adequate financial resources.</u> Engaging the traders, therefore, remains an imperative. However, this requires finding the bridge to initiate the engagement with the traders.</p>
<p>I. Administrative Capacities and Human resources to deliver the said fund/program me</p>	<p>The Department of Labor and Employment (DOLE) manages and supervises the Program through the Bureau of Workers with Special Concerns (BWSC) with the assistance of the Sugar Tripartite Council (STC) which serves as an advisory body.</p> <p>Operation of the program at the local level or regional level is being handled by a competent team. Monitoring is regularly conducted. Financial audit is jointly handled by the BWSC and DOLE</p>	<p>The existing capacities of the LGUs are undoubtedly insufficient to deliver the program, notwithstanding its very limited human resources. DOLE CARAGA, on the other hand, faces the same difficulties. The scarce manpower of DOLE is one limitation in managing the proposed program, as the program requires a fully staffed structure organization to handle its daily operation.</p>

	<p>region annually. Audit reports are regularly submitted to STC.</p>	<p><u>Searching for a more competent, stable and with proven track record institution to manage the program is the best alternative to pursue.</u> This institution may take the form of a cooperative or micro-finance organization that is operating within the area of Agusan del Norte and with relatively stable financial condition to guarantee the sustainability of the program.</p>
<p>J. Market and Socio-Cultural barriers in the adoption and other cost effective innovations</p>	<p>There was a total and complete adoption of the program by the sugar workers, planters and mills. The benefits provided for by the program were too enormous that not a single objection was raised.</p>	<p><u>Most of the farmers in the pilot sites have been tied up to multiple financing arrangements with the traders for quite a number of years now.</u> This situation has made the farmers most vulnerable to the control and manipulation of the traders or financing agents, as obviously practiced by the traders. <u>This, too, poses a difficulty in the implementation of the program, considering that farmers will find it hard to shell out for the lien, if ever the lien will be charged to them, due to meager income that they can realize.</u></p> <p>Attitude of the farmers towards the collection of the lien is another barrier in the implementation to the program. <u>Farmers' paradigms are usually directed to as recipients/beneficiaries of any program and project not as active and contributing partners, creating difficulty in enforcing the lien collection.</u></p>
<p>K. Possible means of Cooperation</p>	<p>All avenues of cooperation have been utilized. Thus, all partners are mobilized in the program.</p>	<p>There are areas for possible cooperation in the proposed program, namely: in the area of charging the lien; its collection and management of the entire program.</p> <p><u>The National Food Authority (NFA) which regulates the traders can be tapped in engaging the traders in the program. The LGUs with the support of the CCAP implementers can initiate in the engagement process to come up</u></p>

		<p><u>with agreements, commitments and support from the traders to the program.</u></p> <p>Finding an institution that is capable to manage the program is one area for cooperation among the CCAP implementers. Setting criteria for its selection is a good starting point for cooperation.</p> <p>Collection of lien is one area for cooperation among the farmers' association, LGUs and the managing institutions.</p>
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Annex B **ORIENTATION AND FOCUS GROUP DISCUSSION ON SOCIAL AMELIORATION
FUND AND SOCIAL PROTECTION PROGRAM**
Dotties Place & Restaurant, JC Aquino Avenue, Butuan City
August 19, 2010, 9:00 am to 5:00 pm

ACTIVITY REPORT

The Orientation and Focus Group Discussion on Social Amelioration Fund and Social Protection Program at Dotties Place & Restaurant, JC Aquino Avenue, Butuan City on August 19, 2010 is one of the major activities spearheaded by the Department of Labor and Employment to come up with an “Applicability Report” on SAF and other social protection programs for possible implementation in the farming communities of Agusan del Norte.

To note, the Department of Labor and Employment (DOLE), one of the GOP partners in the implementation of a three-year Climate Change Adaptation Project (CCAP) entitled, “**Climate Resilient Farming Communities in Agusan del Norte through Innovative Risk Transfer Mechanisms,**” is commissioned by the International Labour Organization (ILO) to undertake an in-depth study on the applicability of the DOLE’s Social Amelioration Fund (SAF) and the Social Protection Programmes (SPP) to the establishment of an innovative financing scheme for the selected farming communities of Agusan del Norte. The schemes employed by the SAF and the SPP are initially deemed applicable and possible adoption by CCAP farmer beneficiaries is viewed in the light of setting up a voluntary programme that will support, define relations among them and regulate monetary and welfare benefits through the institutionalization of a tripartite approach.

Learning Objectives

1. Increased awareness and understanding by CCAP Implementers on SAF and SPP;
2. CCAP implementers are able to come up with an initial assessment of applicability of SAF to CCAP priority communities based on above and on the understanding of the situation in these communities; and
3. CCAP implementers are able to input towards the development of the assessment instrument to validate the initial assessment.

Approaches Employed

The one-day learning event employed the following major approaches to understanding Social Amelioration Program and other SPPs and to come up with initial assessment on the applicability of these programs to the CCAP:

1. Introduction of the CCAP (for the benefit of DOLE Officials and SAF RPs)
2. Defining outcomes of the project
3. Orientation on SAF and SPP
4. Exchange briefs (SAF and other possible schemes)
5. Documentation of inputs gathered from exchange briefs

The Program

8:00 am	Registration	
9:00 am	Opening Activities	
	-Prayer -National Anthem -Acknowledgment of Participants -Opening Message	Romeo N. Cagas OIC Regional Director DOLE Caraga
9:30 am	-Project Brief and Rationale of the Activity	Lurraine Baybay-Villacorta ILO Program Manager
	-Keynote Message	Lourdes M. Trasmonte Undersecretary and Head Project Green Jobs Team DOLE
	-Orientation on SAF	Luis M. Reynoso Roberto S. Rodelas Bureau of Workers with Special Concerns, DOLE
	-Testimony	Ignacio D. Daquiler, Jr. SAF Farmer , Bukidnon
	Social Protection Program Orientation	
	SSS	Ma. Zima I. Balansag Section Head, Field Inspectorate, SSS-Butuan
	PAG-IBIG	Maria Olive U. Seron Member Services Officer IV HDMF-Butuan
	PHILHEALTH	Perly U. Buyan Public Relations Officer III PHIC- Butuan
12:15 pm	LUNCH	
1:00 pm	- Exchange Briefs	Teresita T. Bonghanoy OIC-ARD, DOLE Caraga
4:00 pm	- Wrap up and Closing	
EMCEES	: Annie C. Tangpos and Maida Lynn J. Sanchez	

Proceedings/Discussions

Social Amelioration Program

The orientation on Social Amelioration Fund or SAF was explained and presented very well by the resource persons Mr. Robert Rodelas and Mr. Luis Reynoso. Questions were raised and clarifications were made on the following aspects:

- **Collection of the liens from farmers**

The resource persons clarified that in the sugar producing community, collection of lien is not a problem since automatic deductions are done by milling companies and organization of the planters/farmers.

- **Capacity of a partner organization in the area to manage the program**

It is very important to have an installed organization to handle the program. In the case sugar farmers and mill workers, the tripartite body and the millers are the ones responsible for the program operation.

- **Acceptability of the program on the part of the farmers**

There were no inhibitions, negative feedbacks and inhibitions among sugar farmers since they know how the funds are utilized and they benefit from the liens they put in the program.

- **Affordability and Benefits**

P10.00 per picul (sugar) is affordable for sugar workers. However in the case of farmers in Agusan del Norte. The exact cost of contribution has yet to be identified, assessed, and studied taking into consideration the produce of farmers, cropping seasons, components of the program and other aspects.

Other Social Protection Programs

For the Social Protection Programs, SSS, PAG-IBIG, PhilHealth and Philippine Crop Insurance Corporation (PCIC) presented in details their programs in which farmers would most benefit into. Several provisions of the program guidelines are fixed and unchangeable because of specific agency mandates and regulations. The ILO and partner agencies inquired if they could formulate a program to reach the level of the farming communities for them to have safety nets at times climate related disasters take place, farm products are damaged/affected, illnesses occur, or housing and other basic needs arise.

The PCIC already committed to ILO to provide technical assistance in the identification, assessment and implementation of an affordable crop insurance for the farming communities in Agusan del Norte. SSS and PAG-IBIG however, acknowledged that farmers' minimum contribution to become members of SSS and PAG-IBIG should not be less than what is stipulated in the implementing guidelines. If there would be changes, the guidelines should be amended and passed through the board. Yet, SSS and PAG-IBIG announced that there are moves and initiatives of their agencies to reach out informal sector and farmers particularly the new program of PAG-IBIG – the coverage of all workers in the informal economy. This may mean affordability of the monthly contribution of farmers to cover their housing needs.

The PHILHEALTH was identified as a primary partner to the installation of social protection scheme for the farmers since it has an on-going program in close partnership and collaboration with the LGUs. The program provides for the LGU to subsidize the farmers' monthly contribution and to employ effective collection strategy.

Minutes of the Focus Group Discussion/Exchange Briefs

DOLE Caraga ARD Teresita Bonghanoy led the focus group discussion in the afternoon. The attendance of private sector and business communities and entities such as cooperative, banks, financial institutions is needed to provide a wide opportunities for farmers.

Ms. Lorraine Villacorta suggested having another sit down meeting with the cooperatives and financial institutions that could actually reach the level of target farming communities.

Important inputs gathered and points raised are the following:

On the affordability of monthly contributions:

- SSS has a minimum of Php 342.00/month which is actually too high for the beneficiaries to sustain on a monthly basis. There is no way that this amount could be divided or quartered for the farmers to afford because it's the lowest rate that belongs to the salary bracket.
- PAGIBIG has a minimum of Php 100.00 per month however, the resource person restated that PAG-IBIG encouraged their members to save. PAG-IBIG is actually advocating on SAVINGS. The housing assistance is just one of the benefits that their members enjoy.
- PhilHealth has also a minimum of Php 100.00 per month, although relatively affordable, it sponsors program to encourage more members such as the LGU or Provincial

Government subsidizing the payments of members of an accredited, capacitated and financially stable organizations in the municipalities and barangays. This is Philhealth's way to reach the farmers and the informal sector workers. It does not provide financial assistance or grant loans to members since the insurance is purposely for the health of the people.

On the capacity of the farmers to pay and possible financial scheme for farmers:

- Ms. Villacorta commented that according to the studies conducted for this CCA project, the amount that a farmer could actually pay is only Php 40.00 per month.
- ARD Bonghanoy supported the statement of Ms. Villacorta and explained the need to come up with innovative windows for the beneficiaries with the help of LGUs.
- Mr. Rodelas said that it is possible to pattern the program of SAF however it will involve deep study and research particularly a CAPABLE organization of farmers to manage the program effectively. He suggested a consultation with the rice millers or farmers cooperative installed in the project sites.
- Mr. Calusag talked on farmers being the 3rd class citizen labelled as indigent but not the product. He also said that it is high time that the government should subsidize the crop insurance.
- According to the Vice Mayor of RTR, a farmer himself, stated that importation leads to downfall of price of crops. He also agreed on the idea of government subsidizing the crop insurance to support the farmers, for example 1hec = 100 x 5 tons or subsidize importation of NFA rice.
- Atty. Rose Gatinao of PCIC said that the idea presented by the vice mayor of RTR is ideal but in reality, it takes time to reach the scenario. Presently, PCIC is narrowing the gaps to reach the farmers and come up with remarkable solutions.
- Mayor Lim said that lowering the price of products is the result of globalization. Our products relatively have no market because of importation and with this, the big question on the capacity of our farmers to compete is at hand.
- Vice Mayor of Buenavista supported the idea of subsidizing the crop insurance of the farmers and the LGUs' intention to help farmers to benefit from marginalized loan offers.

- Mr. Rafanan reiterated the lack of stable organizations/groups of farmers here in Agusan del Norte, even in the whole Caraga region. There are a lot of government projects but few are enjoyed. Organizational strengthening is needed.
- Mr. Reynoso suggested for a development of a scheme to collect lien such as all traders coming in have to be registered or have to pay taxes. This needs in-depth study specifically on the aspects that might get into politics.
- Relative to Mr. Reynoso's statement, Ms. Buyan said the traders might have inhibitions and negative reactions on taxes and the tendency is to go to other places where taxes are not collected. She suggested another scheme where LGUs and government agencies and farmers will work hand in hand to develop a program.
- Ms. Seron agreed with Ms. Buyan stating the on-going savings program of PAG-IBIG in the rural areas particularly in Dapa, Surigao del Norte.
- Ms. Villacorta suggested a one stop shop paying mechanism for the farmers. In this way, LGUs' assistance could be tapped.

Closing Statements

Ms. Villacorta was pleased to note that everyone was willing to go an extra mile to help implement this climate change adaptation project and that she has information and inputs have been shared by the resource speakers and participants. All the inputs will be taken into consideration in the planning and implementation of a financial scheme for the farming communities of Agusan del Norte.

ARD Bonghanoy acknowledged the attendance of the LGUs and the contributions and suggestions of all.