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Investing in rural people in the Philippines

More than half of the Philippines' 100 million people live in rural areas and many of them are poor. Agriculture is the primary and often only source of income for poor rural people, most of whom depend on subsistence farming and fishing for their livelihoods. Illiteracy, unemployment and the incidence of poverty are generally higher among indigenous peoples and people living in upland areas.

There are substantial differences between regions and provinces in the level of poverty, and the poverty gap between urban and rural areas is widening. Indigenous people living in highly fragile and vulnerable ecosystems, people in the uplands of the Cordillera highlands and on Mindanao Island, are among the poorest in the country. Overall, 25 per cent of people in the Philippines are poor. Although the causes of poverty in rural areas in the Philippines vary widely from island to island, common drivers include a decline in agricultural productivity, unprofitable smallholder farming operations and unsustainable practices, which have led to deforestation and depleted fishing waters. Rural areas lag behind in economic growth and have higher rates of underemployment. This is partly due



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to their having little access to productive capital, knowledge and technology, and to having limited market access. The rural poor also have few off-farm income-generating activities and lack access to affordable financial services.

Vulnerable groups face specific problems. For example, indigenous peoples and women in Muslim communities have high illiteracy rates and are affected by the encroachment of modern technology and cultures onto traditional norms and practices. Fishers face a continued reduction in numbers of fish captured, have limited access to non-capture techniques and few opportunities to produce non-fishing incomes. Women lack access to income-generating activities. Although the huge remittances of overseas Filipino workers contribute to the country's overall economy, the workers' families back home still face social and economic challenges in the absence of financial savings, investment and development support programmes.

Eradicating rural poverty in the Philippines

To eradicate poverty in the country the government is finalizing a socioeconomic agenda that places emphasis on incentivizing business opportunities, facilitating public-private partnerships and promoting value chain development to increase the productivity of agriculture and rural enterprises and advance rural tourism.

Securing land tenure and improving land management and land titling is also a priority in order to encourage investment and address bottlenecks. The government of the Philippines is also interested in investing in developing human capital, including health and education systems and training, to adapt the workforce's skills to an improved business environment.

IFAD's strategy in the Philippines

Since 1978, IFAD has committed US\$243.7 million to finance 15 projects related to agricultural development in the Philippines. In total, the projects have cost US\$771.5 million and have directly benefited 1,742,000 households. The goals are to enable poor rural people to improve their incomes and food security, and provide better food, education and health care for their families.

Past experiences have sharpened the focus of IFAD's activities to concentrate on the least-favoured marginal upland and coastal areas, home to many of the country's poorest people. Target groups include the poorest groups of rural people, notably women and indigenous peoples living in highly fragile and vulnerable ecosystems, as well as people who benefited from agrarian reform in the uplands, coastal fishers and other poor smallholders and landless people. IFAD loans support improved access to markets, technology and rural financial services, improved management of natural resources and the environment, and sustainable access to land and water resources.

Key innovative features of IFAD-supported operations in the Philippines include the focus on securing access to land in ancestral domains for indigenous peoples and documenting customary laws and traditional practices. Improved soil and water-management techniques, such as the use of micro-catchment techniques, and support for fisher communities in coastal resource management and environmental protection practices are also incorporated.

Ongoing operations

Second Cordillera Highland Agricultural Resource Management Project (CHARMP) (2008-2016)

The project builds on the first Cordillera Highland Agricultural Resource Management Project (CHARMP), which contributed to reducing poverty among indigenous peoples in the highlands of the Cordillera Administrative Region in northern Philippines. The second CHARMP concentrates on areas where poverty is most severe in all six provinces of the region: Abra, Apayao, Benguet, Ifugao, Kalinga and Mountain Province. The aim is to reduce poverty and improve the livelihoods of indigenous peoples living in farming communities in the mountainous project area. The indigenous peoples consist of many tribes and their main economic activity is agriculture. More than half of the people in the area are poor.

The total cost of the project is US\$66.4 million, financed through an IFAD loan of US\$26.6 million and an IFAD grant of US\$0.56 million, together with cofinancing by the Asian Development Bank (US\$10.0 million) and the OPEC Fund for International Development (US\$10.0 million). The project is expected to directly benefit 12,530 households.

Rapid Food Production Enhancement Programme (RaFPEP) (2008-2016)

IFAD's investment provides support for securing good quality seed to boost rice production and for rehabilitating and developing irrigation works. The programme is focused on poor paddy farmers and poor irrigators' associations in several rice-growing areas, with the objective of increasing paddy production. It is expected to directly benefit about 764,000 households. The project combines an urgent response to prevent an emergency by supplying seeds rapidly to increase paddy production, with a medium-term irrigation rehabilitation effort that aims at increased and sustained production. The total cost of the project is US\$42.2 million, funded mainly by an IFAD loan of US\$15.9 million and cofinancing by the European Commission (US\$13.1 million) and the Food and Agriculture Organization of the United Nations (FAO) (US\$0.5 million).

Integrated Natural Resources and Environmental Management Project (2012-2019)

This project aims to improve the condition of watersheds and the livelihoods of poor rural people in four priority river basins, selected on the basis of their biophysical condition, socioeconomic and conservation values, and state of degradation. It will directly benefit 44,000 households.

More secure land tenure and better land management

are needed to encourage investment in the Philippines



In the selected watersheds, the project will reduce degradation caused by deforestation and unsustainable farming practices, while generating tangible economic benefits. The total cost is US\$148.6 million, financed mainly through an IFAD loan of US\$20.0 million and cofinancing by the Asian Development Bank's Climate Change Fund (US\$1.4 million), the Asian Development Bank (US\$100.0 million) and the Global Environment Facility (US\$2.5 million).

Convergence on Value Chain Enhancement for Rural Growth and Empowerment (CONVERGE) (2015-2021)

The strategic focus of the Convergence on Value Chain Enhancement for Rural Growth and Empowerment (CONVERGE) project is to reduce rural poverty by enabling smallholder farmers to engage in value chains and so increase the profitability of their household farm enterprises. The project includes investment plans for 11 commodities and/or agribusiness projects in the rubber, rice, abaca, sugar cane, cassava, coconut and coffee sectors.

The project, which will directly benefit 144,730 households, targets three regions located in the west, north and northeast of Mindanao that are among the poorest in the country. The total project cost is US\$52.5 million; IFAD is providing a loan of US\$25.01 million.

Fisheries, Coastal Resources and Livelihood Project (FishCORAL) (2015-2020)

The overall goal of the Fisheries, Coastal Resources and Livelihood Project (FishCORAL) is to reduce poverty in poor coastal communities, improve food and nutrition security, and increase household incomes in the Philippines. This will be achieved by building fishing communities' capacity to sustainably manage fishery and coastal resources and by ensuring sustainable engagement in diversified livelihood activities. It will directly benefit 90,600 households.

The project targets coastal areas in four regions: Autonomous Region in Muslim Mindanao, Caraga in northeastern Mindanao, Eastern Visayas, and Bicol in southern Luzon.

The project will also help rebuild fishing communities and rehabilitate coastal resources that were affected by the recent Typhoon Haiyan, especially in the Eastern Visayas Region. The total cost is US\$43.0 million, partly financed through an IFAD loan of US\$29.4 million and an IFAD grant of US\$0.69 million.



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Building a poverty-free world

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$18 billion in grants and low-interest loans to projects that have reached about 462 million people. IFAD is an international financial institution and a specialized United Nations agency based in Rome – the UN's food and agriculture hub.

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For further information on rural poverty in the Philippines, visit the Rural Poverty Portal:
<http://www.ruralpovertyportal.org>



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