

Sustainable and Value Chain Finance for Smallholder Farmers

CORDILLERA COMMUNITY MICROFINANCE (CCMI) INC.



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CCMI VISION

We envision communities in the Cordillera and nearby regions where low-income entrepreneurial families and children enjoy improved quality of life through responsive microfinance services.



CCMI PROFILE

- ❖ It started as Microfinance Program of Cordillera Parents Federation Inc. (CPFI)- a partner organization of Child Fund Philippines.
- ❖ CCMI inherited 47% PAR from the charity organization but reduced it to 3% in 2 years as stand alone MF Institution.
- ❖ CCMI shifted from traditional microfinance to agriculture microfinance. Loan Portfolio is **88%** Agriculture as compared to **6%** average for the Microfinance Industry.



Our View on Agriculture Finance

- We approach agricultural production as household enterprise rather than gender chore.
- Non-agriculture family income or multiple source of household income is NOT required.



Our Agriculture financing Program

- **Production Cash-flow Loan**
 - projected production costs and expected returns.
- **Crop-Type Segmented Repayment Schedules:**
 - leafcrops3,rootcrops6rice, fruit crops8.
 - moving repayment sched. (e.g livestock)
- **Top-up Loan for crop protection**
 - (pest control, greenhouse repair,etc.)



Sustainability Initiatives on Agriculture

- **Regular Farm Visits is Indispensable** “(pre-harvest-damage”)
 - minimizing crop risks and delinquency
- **Customization of Products to include smaller market population (niche)**
 - Flexible grouping or individual loan options (8,5,3,2,1 vv.)
- **Financial Risk Reduction:**
 - Higher reserves for bad debts shocks
 - Responsive Savings Program is connected to agri-financing effectiveness.




Sustainability Initiatives in Agriculture

- **Understanding local culture** is vital for agriculture financing product effectiveness (repayment trigger points, taboos, rapport, ‘one of them”, etc.).
- **Staff awareness and training** are crucial.
 - Employees who understand the risks tied to agricultural loans are better equipped to manage portfolios effectively.



HOW DOES WE FARE in AGRIFINANCE ?

- **High Client Retention**
- **Expansion of Agrifinancing Services**
 - CCMI has successfully extended microfinance services to farming communities. From 3 to 8 provinces operations .
- **Self-Sufficiency** (Zero bank loans, grant or subsidies. 117% Loan Loss Provision)
-  **National Recognition for Financial Inclusion**



CCMI received special recognition during the 2023 Kapatiran sa Industriya (KAPATID) Awards for its outstanding contribution to financial inclusion,



Challenges

- Natural Calamities and Pests
- Rising Input Costs
- Market Fluctuation (trading prices)
- The Cordillera region's rugged terrain makes access to remote farming communities difficult.
 - » hard to reach communities due to limited public transport



CALAMITY STRICKEN FARMERS ?

- Roughly 104 to 117 typhoons since 2012 (Yolanda, Rolly, Odette). BUT we never suffered negative net surplus.



Reflection

Small farmers are tilling the land for decades and surviving despite so much 'financial' risks. Thus, their coping mechanism to overcome crop failures or challenges is inherent.

Creating innovative responsive financial services necessitates understanding their way of life and culture.



Thank you!



15/06/2006