

#### **4.10 Credit Program of ARBs**

**University of the Philippines, Los Baños Foundation, Inc. Impact Evaluation of Policy-Based Credit for Agriculture on Agrarian Reform – The Case of the Philippines (Evaluation of RASCP). Japan Bank for International Cooperation (JBIC). 2005.**

The evaluation of Rural Farmers and Agrarian Reform Support Credit Program (RASCP) was undertaken to determine its relevance, efficiency, effectiveness, impact and sustainability. The RASCP is a twin loan agreement between Japan Bank for International Cooperation (JBIC) and Government of the Philippines (GOP) aimed to provide loan funds to the Land Bank of the Philippines (LBP) for on lending to cooperatives in support to the credit needs of the agrarian reform beneficiaries (ARBs), small-farmers/fisherfolk/livestock raisers, and other group/clients in the rural areas; provide institutional strengthening program for the ARC cooperatives; and strengthen LBP's overall capability to supervise and monitor these loans. The evaluation of RASCP was made using primary and secondary data. The methods of analyses used were "with" and "without" project analysis (WAWPA) and "before" and "after" project analysis (BAPA). The study concludes that RASCP is relevant to the government policies of promoting agricultural development, agrarian reform, and poverty alleviation as provided for in the AFMA, Magna Carta for Small Farmers, CARL and Agri-Agra Law which are all still in effect. Likewise, RASCP is effective in the following: improving the maturity of ARC cooperatives considering the LBP Cooperative Accreditation Criteria (CAC); improving the membership and business of cooperatives; accessing loans from LBP; improving the governance and net worth of cooperatives; and strengthening the working relationship between DAR and LBP. The impact of RASCP on household income and productivity is not clear. In fact, the proportion of income of all types of households is more in favor of non-agricultural than agricultural sources. Farm productivity, using rice as an example, remain practically unchanged. The sustainability of RASCP is threatened by the poor repayment of loans by farmers and non-full collection of loans of cooperatives by LBP. The sustainability of RASCP therefore will depend on the budget of DAR in extending technical assistance (TA), and on the financial strength of LBP as financial arm of CARP. It is perceived that LBP with its network of branches and offices, manpower complement, financial viability, and renewed focus to agri-agra lending can sustain the lending to agri-agra sector.