

An Evaluation of Compact Farms and Seldas as Channels for Improving Credit Repayment Under The Masagana 99 Rice Production Program in Compact Farm Areas in Panay, Philippines 1/

(Research Summary)

This study aimed to identify which mode of organization can serve as a better channel for credit repayment. The study evaluated Original Compact Farm, Modified Compact Farm, Original Selda, and Modified Selda.

Within each mode, the specific questions answered were: (1) will the net return, farmers' satisfaction and repayment increase if farmers are satisfied with technical services, credit provided through the organization, and the organization as a whole; and (2) will an organization that functions well in terms of technical services, source of credit, and provision for legal sanction lead to high sharing in farming knowledge and non-farming activities?

The study included the provinces of Aklan, Antique, Capiz and Iloilo. From a total of 36 compact farms (CF) having a total farmer-members of 1,023, 30 compact farms and 226 farmer-members were interviewed. To ensure comparability between the Compact Farm and the Selda, only members of seldas located in areas where there were sampled Compact Farms were interviewed. For Seldas; a total of 358 farmer-members were sampled.

Of the 226 CF farmers interviewed, 79 per cent were high repayers (had repaid 80 per cent or more of their loans); while only 66 per cent of the 358 Selda farmers had high repayment rate. Eighty-

five per cent of the Modified CF, farmers were high repayers and only 65 per cent of the original CF farmers rated such. Among the Selda farmers, 67 per cent under the original organization and 65 per cent under the modified organization were high repayers.

Farmers from both credit channels regardless of the organizational type, were highly satisfied with technical advice, taking such criteria as the presence of technicians when needed, capacity and credibility of technicians altogether. Seventy-one per cent of farmers from both the Original and Modified Seldas and 73 and 75 per cent from Modified and Original Compact Farms, respectively, were satisfied with technical services.

In general, farmer-members of both credit channels expressed high satisfaction with credit. All Original Selda farmers reported getting the loan applied for while 96 and 93 per cent of the Modified Selda farmers and Modified CF farmers, respectively, were able to do so. It was only the Original CF farmers (56%) who reported that they failed to get their loans.

Both channels for credit, regardless of organization types, reported high degree of sharing farm knowledge with technicians. This was affirmed by 89 per cent of the Original Selda farmers; 81 per cent of the Modified CF farmers;

¹ Study conducted by the researchers of Panay Island Consortium for Rural Agricultural Development (PICRAD), Iloilo City, April, 1978.

74 per cent of the Modified Selda farmers, and 58 per cent of the Original C F farmers. A high degree of sharing farm knowledge with the group was reported by the Modified CF farmers (60%) and the Modified Selda farmers (53%). Fifty-five per cent of the Original CF farmers and 57 per cent of the Original Selda farmers reported low degree of sharing farm knowledge with the group. A majority (82%) of the Modified CF farmers had high degree of sharing in non-farm activities with the group, while 59 per cent of the Original CF farmers and 66 per cent of the Modified Selda farmers reported the same degree of sharing. Among the Original Selda farmers, 53 per cent had lower degree of sharing in non-farm activities with the group.

All Selda farmers claimed low net return (below P2680 per hectare) as reported by 71 per cent of the Original Selda farmers and 66 per cent of the Modified Selda farmers. Among CF farmers, 59 percent of those belonging to Modified organization had high net returns of P2680 and above per hec-

tare, while 65 percent of those under the Original CF had net returns below P2680 per hectare.

The study concluded that the largest proportion of high repayers came from Modified Compact Farms (85%), followed by Original Selda (67%). The Modified CF, with 85 per cent for repayment, is a better channel for repayment than the Original Selda (67%). Factors responsible for better repayment of Modified CF were: (1) occurrence of changes in farming practices during the program; (2) farmers' satisfaction with technician; (3) acknowledging change in farming practices as due to the manager/team leader; (4) and reported improvement in life situation due to the program.

In the Seldas, however, the factors influencing repayment behavior were: (1) improvement in life situation due to the program; and (2) farmers satisfaction with the irrigation services, selda leader, and the program as a whole.