“It’s More Than Rice”:
Rice Loans and Community Development in the Philippines

Project Report, Outreach Philippines, Inc. (OPI)
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INTRODUCTION

Rice is a Philippine staple. The average household consumes 3 kg (6.6 pounds) of rice daily, costing on average 73% of their daily income during planting and harvesting months. Rice fields are a main source of both income and food. Yet, with increased periods of drought and mechanization of production practices, people are increasingly subjected to nation-wide rice shortages and lower rates of employment. Without a steady income and access to rice, additional stress is placed on households, worried about earning enough income to afford their next meal.

With growing populations and a changing climate, severe weather events have escalated around the world. The Philippines are especially sensitive to these changes. Droughts and floods directly impact the predicted seasonality of rice yields, accelerating job displacement and food insecurity. According to the 2020 Global Climate Risk Index the Philippines is ranked fifth, indicating high vulnerability to climate change.

During hard times, many families have no choice but to borrow rice at interest rates as high as 10% per month. This forces families into ongoing borrowing and repayment cycles and inevitable perpetual debt. These high-interest rates have brought many of Outreach International’s supported community-based organizations (CBOs) to consider affordable solutions for families until they can become self-sufficient.

One such solution is to have their own rice loan; a microfinance initiative in which communities purchase rice in bulk at affordable prices and then loan the rice to their household members at low interest rates. With these loans, CBOs can address issues such as food and financial insecurity. The organization that supports CBOs in implementing these loans is OI’s long-term partner Outreach Philippines, Inc. (OPI) and its experienced team of facilitators.

Rice is such an important part of the culture and history of the Philippines, and everyone should be able to access it. Outreach International aims to increase access by providing start-up capital for rice loans along with implementation and management support to local CBOs. This gives communities the chance to operate their own loan without the burden of start-up expenses.

2022 Global Hunger Index, Philippines: 14.8 (Moderate)⁴

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² GERMANWATCH Global Climate Risk Index 2020
³ Outreach International supports the establishment and development of local community-based organizations (CBOs). These organizations, complete with leadership and institutional structure, collectively address issues of poverty in their respective communities.
⁴ The Global Hunger Index (GHI) is a tool used around the world to track hunger through four main indicators; child mortality, stunting, wasting, and undernourishment - ranging from low to extremely alarming. Moderate indicates an increased risk, with the Philippines ranking 69th out of 121 qualifying.
ONE LOAN LEADS TO ANOTHER

But enough rice is only part of the rice loan story. Communities can take a portion of the capital they earned from their rice loans and use it to offer multipurpose loans (MPLs). These loans can aim to assist community members with purchasing necessities like groceries and school supplies. Within the OPI-supported communities, there have already been four spin-off loan projects, suggesting that rice loans helped communities beyond rice.

"I am happy to have this grocery loan project along with our rice loan. We used to be dependent on our landowners for cash advances. We used to get money with a high-interest rate of 10% per month. We took it because we had no choice. We need money to buy basic things that we need in the house. Now that we have this grocery loan with interest of only $2.17 for 4 months, I feel the happiness not only of my family but also of my neighbors." - Rice Loan participant in the Philippines

MORE THAN RICE

Rice loans address food shortages and provide credit for spin-off loans, but they also have an additional purpose. They provide a platform for our facilitators to cultivate local CBOs’ administrative, operational, and governing capacities. Additionally, they are perfect training grounds for local people to sharpen their financial and managerial skills.

How does this work?

Rice loans depend on people: managers, organizers, and bookkeepers. To function successfully, a rice loan needs a strong organizational structure, with people fulfilling different managerial and organizational roles. Local community members step into such leadership roles and oversee rice loan projects from start to finish.

Rice loans depend on planning. This requires personalized management systems and governing policies that ensure smooth functioning rice loans that are tailor-made for each community. OPI facilitators work closely with the CBO to determine such systems and policies, including plans on how the rice loan will be implemented, what interest rates will be, and to what extent the CBO will monitor and assess their loan's successes.

People overseeing rice loans need to know how. The term “capacity development” refers to an organization's skills development. OPI facilitators strive to help community leaders develop essential skills for sustainable community development (policy design, project planning and implementation, financial record keeping, auditing, etc.). Once developed, these skills are instrumental for future projects.
PROGRESS
As of May 2023

- **27** Active rice loan projects
- **1441 (8,646 people)** Benefitting households, to date
- **898,650 kg** Total rice distributed
- **$1,977.00** Average start-up capital per loan project

In [this video](#) you can learn more about the rice loan projects, where they have been implemented, and how they have impacted local families.

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**TESTIMONIALS**

“We are saving a lot and we use it for the allowance of our children for school, food and other basic needs” - **Ireen, Kabulihan**

“Before this project, we were content with having something today and nothing tomorrow. We experienced getting turned down when we borrow rice or money from others. Through this project, we have eased some of our burdens.” - **Neneng, Sapang Bato**

“Hungry no more, thanks to our Rice Loan Project!” - **Marilou, Centro Canantong**

“I am so thankful for this project. A very low interest rice loan is the answer for our problem of insufficient food during the lean months. Now we can ensure that we have rice on our table every lean month.” - **Hely, Tondo**

"I work hard to earn for my family. I usually move to other towns of Isabela during planting and harvesting of rice because most of the rice farms here are harvested by reaper. I am glad that we have this rice loan. I ensure my family with sufficient food before I leave for 1 or 2-months work outside Sitio Duco. It helps my family a lot, and I have peace of mind as I don't need to worry much about them.” - **Jun, Sitio Duco**