



## **Pessimism/Optimism of Small-Scale Fishers in the Coastal Towns of the First District of Zamboanga del Norte : Relationship to Their Debt-Servicing Behavior and Attitudes on Livelihood Change**

Wilson C. Nabua<sup>1</sup>, Evelyn R. Campiseño<sup>2</sup>, Maria Blanca S. Sy<sup>3</sup>,  
Wilfredo D. Carreon, Jr.<sup>4</sup>, and Ma. Rio A. Naguit<sup>5</sup>

Date submitted: November 15, 2011

Date revised: February 2, 2012

Word count: 5, 238

### **Abstract**

*This study looked into the perception about existing condition and attitude toward livelihood change as well as the available opportunities like financial support for new economic ventures among the fisherfolks in Dapitan and Murciliagos Bays. The respondents are the 230 small-scale fisherfolks in the mentioned areas. Majority of the fishers claimed that their present economic condition is poorer compared five years ago and how they perceived the conditions of their households is consistent with their perception of their respective communities. Majority are willing to change livelihoods but this response may be dependent on the kind of jobs available which are within their capacity and are immediately available in the community. Lack of needed capital, capacity and collateral for making loans are hindering them to pursue other livelihood options. Meanwhile, to form livelihood groups and cooperatives and to practice rotating savings were suggested as ways to maintain financial stability and the fishers will be lifted from poverty.*

**Keywords:** attitudes, small-scale fishers, coastal town

### **Introduction**

Poverty in small-scale fishing communities, as in other sectors, is difficult to measure. While there are many studies on poverty in farming communities and the urban poor, there are few empirical studies focussing on fisheries. Those that have been undertaken have often focussed just on income, and on the fishers themselves, rather than on a broader concept of poverty in fishing households and communities.

Coastal communities are faced with a myriad of challenges to improve their livelihoods. Key strategic actions include averting the persistent yoke of poverty and maintaining the natural resources that provide both income and sustenance for families. The commercial, artisanal and subsistence catching and harvesting of wild fish populations play a pivotal role in many, if not all, of the coastal communities. In many parts of the region, fishing communities rank among the poorest populations. A

---

<sup>1</sup>Instructor, Jose Rizal Memorial State University-Katipunan Campus, Katipunan, Zamboanga del Norte

<sup>2</sup>Vice President for Research, Extension and Development, Jose Rizal Memorial State University System

<sup>3</sup>Instructor, Jose Rizal Memorial State University-Main Campus, Dapitan City

<sup>4</sup>Dean, College of Business and Accountancy, Jose Rizal Memorial State University-Main Campus, Dapitan City

<sup>5</sup>Research Director, Jose Rizal Memorial State University System

significant increase in the population dependent on fishing and coastal resources has been driven by population growth, development patterns and economic crises.

Diversity and mobility are key livelihood strategies of the poor; improvements in general economic performance and diversification not only offer potential for some fishers to leave fishing, thus benefiting those that remain, but also create a wider range of opportunities and possible strategies to contribute to household livelihoods of those who remain.

In addition, fishery resources are declining and this situation will be worse in the future when there are no deliberate efforts to reduce population pressure on what supply is available. But when population regulation or fertility management becomes controversial because of religious and political differences, the remaining option is to redirect livelihood activities from a depleted resource to others that are less utilized. This means getting away from fishing and related activities for certain period to allow the resource base to regenerate but this requires looking into the perception about existing condition and attitude toward livelihood change as well as the available opportunities like financial support for new economic ventures, hence, this paper.

## **Methods**

This study utilized the descriptive-survey method of research. Household survey was done to 230 fishing households in Sibutad, Rizal and Dapitan City through a structured interview questionnaire. The key informant interview was also conducted using guide questions.

The sample size per barangay was proportionate to the number of households of every barangay. This means that those barangays with small number of households had small sample sizes but these were randomly identified and presumed to represent the rest of the households. On-site sampling procedure, adapted from the Social Weather Station (1997), was used to randomly determine the sample households and to prevent bias on the data gathered. This procedure required the randomly determined starting point (where to begin the interview) and random start (the first household to be interviewed from the starting point). The lottery method was used in determining the starting point and random start. The places in the barangay such as barangay captain's house, barangay hall, health center, school, and chapel were randomly identified for each barangay being surveyed. The first household sample from the starting point was randomly determined from numbers 1 to 3.

Using the right hand coverage (which was also randomly determined prior to the survey and applied to all sites) and following the road or pathway in the barangay from the starting point, the house that corresponded to the random start (i.e., 1 to 3) was taken as the first sample

The collected baseline data were tabulated and analyzed with the use of descriptive statistics, namely: frequency count, percentage, and mean.



## Results and Discussions

### *Livelihood Enhancement*

#### *Concept of Prosperity*

**Table 1 Perceived Economic Condition of Household and Community**

Perceptions	Dapitan (%) n=100	Rizal (%) n=47	Sibutad (%) n=83	Total (%) n=230
Household				
Present is poorer compared five years ago	66.00	19.15	93.98	66.52
Present is similar to five years ago	21.00	68.09	6.02	25.22
Present is better compared five years ago	13.00	12.77	-	8.26
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Community				
Present is poorer compared five years ago	55.00	6.38	88.00	56.96
Present is similar to five years ago	33.00	29.79	6.00	22.61
Present is better compared five years ago	12.00	63.83	6.00	20.43
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Majority of the respondents in Sibutad and Dapitan claimed that their present economic condition is poorer compared five years ago and how they perceived the conditions of their households is consistent with their perception of their respective communities. Fishers believed that the livelihood opportunities are limited at present. Since fishers rely mainly on the sea as their source for a living, their income is monsoonally-driven (more catch during the northeast monsoon or amihan while less catch or non at all during the southwest monsoon or habagat). On the other hand, fishers from Rizal perceived differently. They view their economic conditions five (5) years ago comparable to the present, this might be attributed to the fact that they are not dependent on fishing since they have also other sources of income such as seaweeds farming which turned out to be more profitable and lesser risk. This maybe the reason why fishers from Rizal are more optimistic with regard to diversifying their livelihoods (Table 2).

#### *Attitudes Towards Changing or Diversifying Livelihoods*

**Table 2 Perceptions on Livelihood Diversity**

Perceptions	Dapitan (%) n=100	Rizal (%) n=47	Sibutad (%) n=83	Total (%) n=230
Less diverse livelihoods from 2000 up to the present compared to the future (2020s)	52.00	38.30	49.40	48.26
Similar diversity of livelihoods in the 1990s compared to 2000 up to the present	34.00	53.19	12.05	30.00
More diverse livelihoods in the 1990s compared to 2000 up to present	14.00	8.51	38.55	21.74
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The respondents’ perception on the conditions of the household and community is validated on their optimism. Fishers in Dapitan and Sibutad perceived that what there will be less diverse livelihoods from 2000 to present compared to the future (2020s). This implies that people in these two areas are optimistic to have more economic opportunities in the future maybe because they are more educated and skilled. It is said that an individual’s improvement in life is dependent on his willingness and capability. The prospect for a better future is bleak for these households unless there is deliberate effort to improve the condition of the coastal and marine environment and to provide the said fishing household alternative of supplemental means of livelihood outside of fishing. The fishers’ concept on prosperity will remain a concept if they will not act toward change. On the other hand, fishers in Rizal perceived there is similarities of livelihood diversity 5 years ago and the present because they are not dependent on fishing as a source of livelihood. They have other sources like seaweed farming to augment their family income.

The picture of optimism among the fishers is a good opportunity to introduce changes in the ways they make a living amidst the deteriorating condition of fishery resources. But this response may be dependent to the kind of jobs available which are within their capacity and are immediately available in the community. But the lack of the needed capital, capacity and collateral for making loans are hindering them to pursue other livelihood options. Teh, *et al* (2008) found out that 75 % of the fishers interviewed in Hongkong were generally willing to leave the fishery if they were provided with adequate compensation, but they were not optimistic about finding suitable jobs due to their limited skills and education.

**Table 3 Attitudes of Respondents Toward Livelihood Change**

<b>Attitudes Toward Livelihood Change</b>	<b>Dapitan (%) n=100</b>	<b>Rizal (%) n=47</b>	<b>Sibutad (%) n=83</b>	<b>Total (%) n=230</b>
Willing to change livelihood	32.00	42.55	96.39	57.39
Not willing to change the livelihood	68.00	57.45	3.61	42.61
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100.00</b>	<b>100.00</b>

Since the fishers in Rizal are not totally dependent on fishing, they are already contented of what they have at present. This implies that they are not willing to change their livelihood. Dapitan fishers are not also willing to change their present livelihood because they believed that the present situation which is worse than five years ago, is just temporary. However, Fishers in Sibutad are not contented of what they have at present and this motivated them to change livelihood.

Since change in livelihood is not only a means to survive but also requires human and technical assistance, the concerned government agencies should investigate how fair is the transaction of informal lending system in order not to put the poor fishers in the trap of perpetual indebtedness. If the desire is to assist the poor fishers when they refrain from destructive fishing activities, then the concerned government agencies or non-government organizations should look into these qualities of community constituencies.



Government intervention plays a very important role in reducing the poverty of the fisherfolks at the same time improving the environment of fish. Tango International (2009) enumerated the four critical dimensions of the ‘sustainability lens’ such as: institutional sustainability, household/community resilience, environmental change, and empowerment. But in the Philippines, Orbeta and Sanchez (1996) suggested that there should micro interventions to reduce poverty. These are: (1) wage employment; (2) pure training for entrepreneurial development; (3) developing community training capabilities; (4) livelihood cum training programs; and (5) social services delivery programs.

**Table 4 Relationship of Optimism/Pessimism and Debt-Servicing Behavior**

Attitudes towards debts	Study areas					
	Dapitan (%) n=23		Rizal (%) n=8		Sibutad (%) n= 28	
	Optimistic	Pessimistic	Optimistic	Pessimistic	Optimistic	Pessimistic
Good Payor	34	20	10	40	35	23
Not Good Payor	18	28	28	22	14	28
	$X^2 = 5.65$ Phi-coefficient: 0.8496		$X^2 = 13.75$ Phi-coefficient: 0.9322		$X^2 = 7.12$ Phi-coefficient: 0.8768	

In all three places, the respondents’ pessimism or optimism appear to have a strong bearing on their debt-servicing behavior. In Dapitan and Sibutad, optimistic respondents tended to be good payors while in Rizal, pessimistic respondents were found to be better payors than the optimistic ones. The logical question to ask is whether or not the good payors, in general, have a pessimistic or optimistic disposition. The percentages of optimistic good payors in the three places are respectively: 34, 10, and 35 for Dapitan, Rizal and Sibutad while the corresponding percentages of pessimistic good payors are 20, 40, 23. A comparison of the mean percentages, namely, 23.00 for the first set and 27.67 for the second set produced a t-value of 2.231, significant beyond the .05 probability level. Surprisingly, it turned out that good payors are more likely to be pessimistic than optimistic.

### *Microfinancing*

Changing of livelihood or even enhancing it, increases the demand for financial services in the fisheries sector. Microfinance is one means of providing financial services to cater for this demand. It is considered one of the development tools for poverty reduction and is aimed to promote and enable fishing households to increase income, to enhance their earning capabilities and to manage better economic risks amidst uncertainties in the fishing industry. “Microfinance is viewed as a practical solution to the growing demand for financial services by the poor because most banks normally have a business culture that is not geared to service the poor, low-income rural households and microenterprises” (Tangthirasunan, 2011).

Microfinance also serves as an effective tool to assist and empower women in fishing communities in projects that they found more relevant as compared to the giving of dole-outs to affected households of natural and human-made disasters. The giving of dole-outs

may be needed only to provide immediate needs of affected households but these are not a sustainable solution to the worsening poverty of coastal communities.

The micro-financing institutions operating in the study sites extend their services to the fisheries industry or to those who intend to include fishing and fish farming communities as part of the clients the operation of these financial institutions. These institutions focus on credit and savings but only few availed of their services particularly to the fishers according to key informants. Those who availed primarily borrowed money to invest in micro businesses especially in small-scale fish farming. The loan serves as working capital to purchase production inputs such as fish nets and other necessary fish equipment. The loans made by women are intended for raw materials in fish processing as well as trading and marketing of fish products.

Key informants explained that the microfinance institutions are characterized by quality, efficiency and commitment. They added that the amount of loan released is based on the purpose as well as interest and debt capacities of the borrower as determined by the background investigation done. The formal financial institutions usually conducted orientation seminar before releasing the amount borrowed to ensure that payments are made on time. Meanwhile, the initial loans are usually in smaller amount and are gradually increased based on the repayment history of the borrower..

**Table 5 Formal Financial Institutions that the Respondents Availed of Financial Services**

<b>Formal Financial Institutions</b>	<b>Dapitan (%) n=100</b>	<b>Rizal (%) n=47</b>	<b>Sibutad (%) n=83</b>	<b>Total (%) n=230</b>
Center for Agriculture and Rural Development	26.00	62.50	54.00	47.39
Rural Bank	9.00	12.50	28.00	16.52
ASA Lending	26.00	-	-	8.70
Lampco	-	25.00	-	8.26
Lorenzo Tan Multipurpose C	22.00	-	-	7.39
Tibod Lending	-	-	18.00	6.09
Reynaldo’s Lending	13.00	-	-	4.35
GA Lending	4.00	-	-	1.30
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

The success in the operation of microfinance institutions of extending loans to the poor, according to key informants, is measured in terms of the capacity of the latter to repay and generate savings. This means that the poor fishing households are able to generate capital for succeeding ventures from their initial loans and no longer dependent from external financial sources. More poor fishing households could then be served by these microfinance institutions. Admittedly, the key informants from these institutions said that the credit limits they offered depend on the capacity of borrowers to assume risk. Since the poorest of the poor fisherfolks have very low capacity to pay, the MFI’s could then be hard to reach these people. Buss (1999) stressed that even if microfinance programs succeed, they make little impact in economies. “The poorest of the poor are



rarely helped and often hurt”. This finding is supported by the study of Sebstad and Cohen (2000) who found out that programs that explicitly target poorer segments of the population generally have a greater percentage of clients from extreme-poor households and Destitute households are outside the reach of microfinance programs. But Gibbons and Meehan (2000) pointed out that poor and the poorest can still pay appropriate interest rates charged by efficient microfinance. Probable reasons are the strength of the desire of the poorest women to rise out of poverty and provide a better life for their children, as well as their relative lack of alternatives for earning cash income

### *Gender Roles*

**Table 6 Household Members Who Accessed Financial Services**

Financial Institutions	Dapitan n=100			Rizal n=47			Sibutad N=83		
	H (%)	W (%)	HW (%)	H (%)	W (%)	HW (%)	H (%)	W (%)	HW (%)
Lending agencies	3.00	48.00	16.00	25.53	-	61.70	18.07	46.99	7.23
Rural banks			6.00	-	-	12.77	7.23		21.69
Middle buyers	3.00	6.00	6.00	-	-	-	-	-	-
Relatives	-	6.00	-	-	-	-	-	-	-
Friends	3.00	-	-	-	-	-	-	-	-
Not availed	91.00	40.00	72.00	74.47	-	25.53	74.70	53.01	71.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

H= husband, W= wife, HW= husband and wife

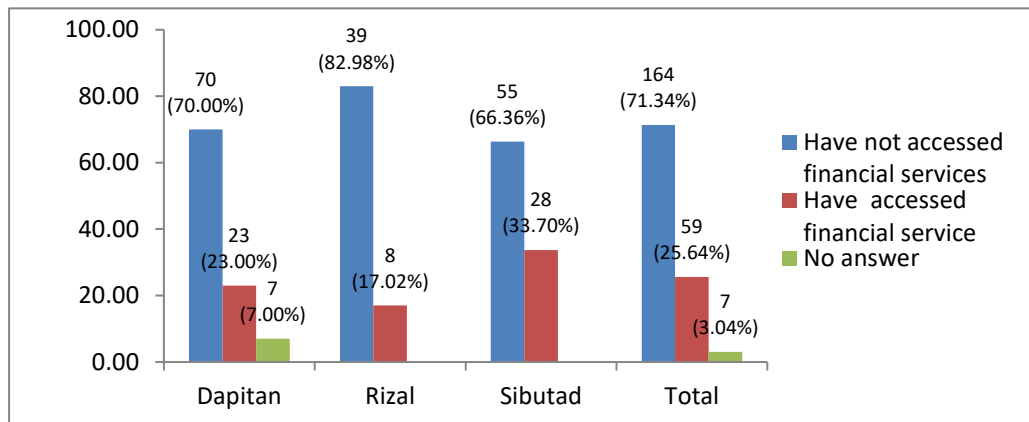
The data have to be viewed from the perspective of time availability as well as the social characters of husbands and wives with regards to borrowing money. It is also possible that wives are being sent by husbands to borrow money when the two cannot go together particularly in transacting with the formal financial institutions. This may be a good indication that the money will be properly managed since the wives knew about the loan. There are anecdotal reports of husbands spending the borrowed money in drinking spree and gambling which often led to domestic quarrel. In fact, Panjaitan, Rosintan and Cloud (1999) as cited by Morduch and Haley(2002) reported that women who received the loans increased their income substantially, improved the nutrition of their families and periodically repaid their loans. They also had higher aspirations for their children’s education.

### *Formal Financial Institutions and Satisfaction of Clients*

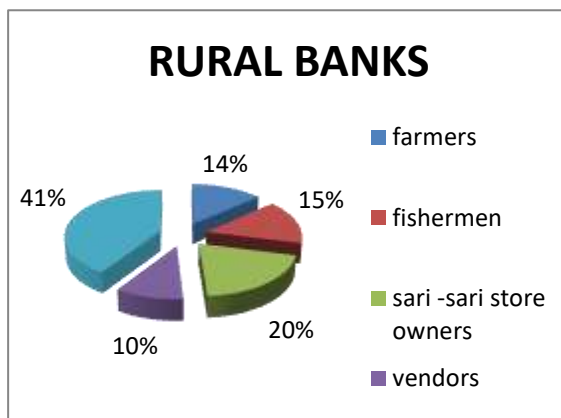
The key informants who included the loan officers of different microfinance institutions said that the initial release of loan to their clients is usually within the bracket of Pts3,000 to Pts5,000 with interest rates ranging from 2.5%, 3.0% to 3.5 %. This means that more can be borrowed after the initial loan provided that the borrower is in good standing. But the Rural bank of Dipolog, Inc. which has a branch in Dapitan can extend up to Php 150,000.00 loan through its “Microfinance *Tigum* Loan” as long as the

collateral given is equivalent to the loaned amount. But normally the minimum amount that they extend to fishers is only Php 5,000.00 and the net amount received by the client is Pts4,615.00. The amount of Pts385.00 deducted from the total amount is intended for insurance, savings and notarial fee. The loan is payable only within a period of four months. But the other lending agencies extend to their clients up to six months repayment scheme.

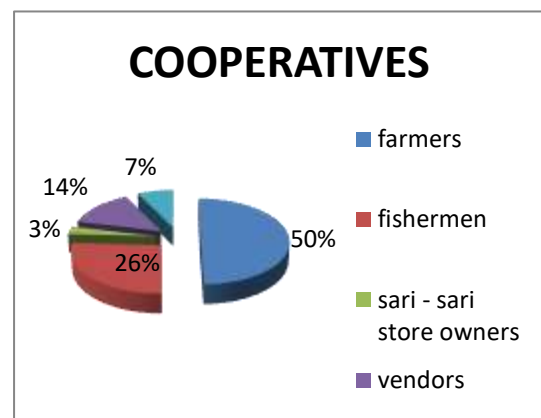
Only four of the several types of formal financial institutions in the communities covered by the study whose services were reportedly availed of by the households of the respondents. These included the rural banks, cooperatives and lending agencies. The comment of key informants that availment of services from these formal financing institutions is not very popular among the fishing households is validated by the survey data.



**Figure 1 Households Availing Services From Formal Financial Institutions**



**Figure 2 Percentage Distribution of Different Clients of Rural Banks.**



**Figure 3 Percentage Distribution of Different Clients of Cooperatives**



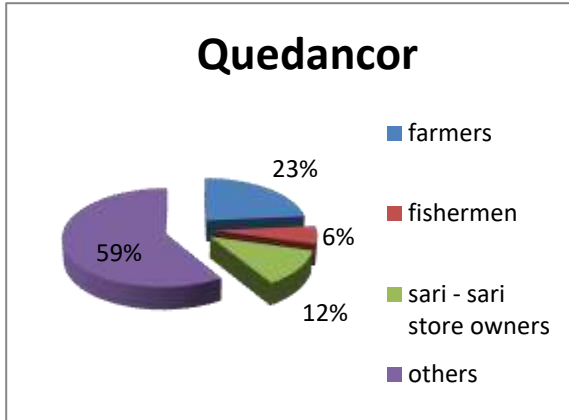


Figure 4. Percentage Distribution of Different Clients of Quedancor

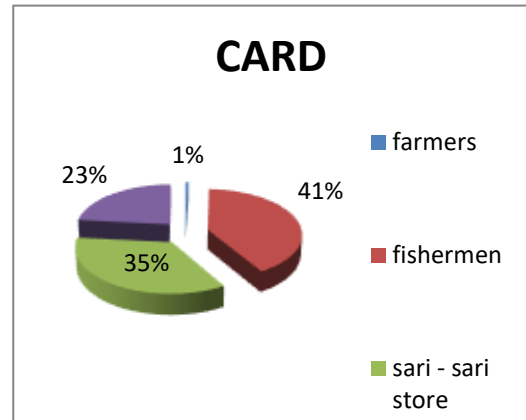


Figure 5. Percentage Distribution of Different Clients of CARD

Among the formal financial institutions, CARD has the highest reach to the fisherfolks because of the many benefits given to the clients compared to other formal lending institutions. Some of the benefits are, life insurance, scholarships to Children, personal savings, less deductions on loans, fast processing of loans, there is an increase in availment if a client is a good payor and effective and efficient services of the personnel.

The low availment rate of services from the formal financial institutions suggests the need not only to inform them of the said opportunity but also to encourage them to expand their sources of livelihood preferably outside of fishing to reduce pressure on declining fishery resources and to lift them from poverty.

The less number of few availments of credit services might be due to some requirements that can hardly be accomplished by fishers. In fact, Egyir (2010) that the Microfinance Institutions in Ghana (rural and community banks) have ‘rigid’ requirements to the borrowers to ensure their survival and sustainability. So, only rural women who are actively generating income and will learn from financial information that they received are deemed suitable for financial assistance. Chavez, (n.d.) found out that the predominant entrepreneurial characteristic among the women microentrepreneurs is achievement orientation.

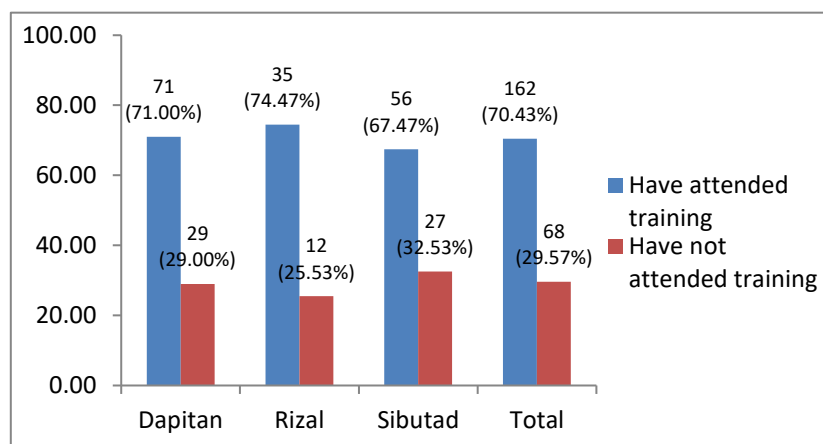


Figure 6 Attendance to Training Related to Lending

Microfinancing is not only providing loans but also educating borrowers on their responsibilities. Only 7 out of 10 borrowers have attended orientation of the loan policies because other borrowers are already identified by the lending personnel as their friends and are payors. It is necessary that proper orientation about making loans has to be made so the borrowers become aware of their responsibilities not only to the lending institutions but also as to how the money they borrowed can be properly managed particularly when this is intended for productive ventures. There are anecdotal reports about bad debts because most often the money borrowed was not used to satisfy its original intention. Repayment becomes a problem and borrowing has resulted to more difficulties rather than a solution to check the worsening condition of poor fishing households which was alleged to be due to the lack of capital. But in India, different credit mechanism had been practices. Goto (2010) in his study said that a potential borrower would be preliminary rationed by lack of creditworthiness, insufficient implicit collateral requirements, weak bargaining power, transaction costs and, urgent needs by others.

**Table 7 Levels of Satisfaction of Respondents on Operational Features of the Formal Financial Institutions**

Operational Features	Communities	Not Satisfied (%)	Less Satisfied (%)	Satisfied (%)	Much Satisfied (%)	Very Much Satisfied (%)	Total (%)
<i>Loan Requirements</i>							
Rural Banks	Dapitan	-	6 (26.09)	11 (47.83)	6 (26.09)	-	23 (100.00)
	Rizal	-	-	5 (62.50)	3 (37.50)	-	8 (100.00)
	Sibutad	-	-	20 (71.43)	8 (28.57)	-	28 (100.00)
Lending Agencies	Dapitan	-	8 (34.78)	10 (43.48)	5 (21.74)	-	23 (100.00)
	Rizal	-	2 (25.00)	6 (75.00)	-	-	8 (100.00)
	Sibutad	-	3 (10.71)	19 (67.86)	6 (21.43)	-	28 (100.00)
<i>Repayment Procedure</i>							
Rural Banks	Dapitan	-	6 (26.09)	11 (47.83)	6 (26.09)	-	23 (100.00)
	Rizal	-	-	5 (62.50)	3 (37.50)	-	8 (100.00)
	Sibutad	-	-	20 (71.43)	8 (28.57)	-	28 (100.00)
Lending Agencies	Dapitan	-	8 (34.78)	10 (43.48)	5 (21.74)	-	23 (100.00)
	Rizal	-	2 (25.00)	6 (75.00)	-	-	8 (100.00)
	Sibutad	-	3 (10.71)	19 (67.86)	6 (21.43)	-	28 (100.00)
<i>Proximity</i>							
Rural Banks	Dapitan	-	6 (26.09)	11 (47.83)	6 (37.50)	-	23 (100.00)
	Rizal	-	-	5 (62.50)	3 (37.50)	-	8 (100.00)
	Sibutad	-	-	20 (71.43)	8 (28.57)	-	28 (100.00)
Lending Agencies	Dapitan	-	8 (34.78)	10 (43.48)	5 (21.74)	-	23 (100.00)
	Rizal	-	3 (40.00)	5 (60.00)	-	-	8 (100.00)
	Sibutad	-	3 (10.71)	19 (67.86)	6 (21.74)	-	28 (100.00)
<i>Interest Rates</i>							
Rural Banks	Dapitan	-	6 (26.09)	11 (47.83)	6 (26.09)	-	23 (100.00)
	Rizal	-	-	5 (62.50)	3 (37.50)	-	8 (100.00)
	Sibutad	-	-	20 (71.43)	8 (28.57)	-	28 (100.00)
Lending Agencies	Dapitan	-	8 (34.78)	10 (43.48)	5 (21.74)	-	23 (100.00)
	Rizal	-	2 (25.00)	6 (75.00)	-	-	8 (100.00)
	Sibutad	-	3 (10.71)	19 (67.86)	6 (21.74)	-	28 (100.00)
<i>Dealing with Clients</i>							

**Table 7 cont'd**

<i>Rural Banks</i>	Dapitan	-	6 (26.09)	11 (47.83)	6 (26.09)	-	23 (100.00)
	Rizal	-	-	5 (62.50)	3 (37.50)	-	8 (100.00)
	Sibutad	-	-	20 (71.43)	8 (28.57)	-	28 (100.00)
<i>Lending</i>	Dapitan	-	8 (34.78)	10 (43.48)	5 (21.74)	-	23 (100.00)
<i>Agencies</i>	Rizal	-	2 (25.00)	6 (75.00)	-	-	8 (100.00)
	Sibutad	-	3 (10.71)	19 (43.48)	6 (21.43)	-	28 (100.00)

Being simply “satisfied” and not “much satisfied” or “very much satisfied” about these formal financial institutions (meaning that the respondents are only moderately contented), however, suggests that there are some areas in each of these operational features that need to be improved from the perspectives of the respondents. Although no follow-up question were asked what they wanted to be improved, it can be discerned that they wanted easier way of getting and repaying loans, greater accessibility of these institutions, reasonable interest rates and less informal handling of clients considering that the fishers are not familiar with or accustomed to a very impersonal type of making transactions particularly in banks

### 3.2.3 Informal Financing Sectors and Satisfaction of Clients

**Table 8. Levels of Satisfaction of Respondents on Operational Features of the Informal Financing Sectors**

Operational Features	Sources	Not Satisfied (%)	Less Satisfied (%)	Satisfied (%)	Much Satisfied (%)	Very Much Satisfied (%)	Total (%) n=23
Loan Requirements	Middle buyers	-	-	78.26	21.74	-	100
	Relatives	-	26.09	47.83	26.09	-	100
	Friends	-	26.09	47.83	26.09	-	100
Repayment Procedure	Middle buyers	-	-	78.26	21.74	-	100
	Relatives	-	26.09	47.83	26.09	-	100
	Friends	-	26.09	47.83	26.09	-	100
Proximity	Middle buyers	-	-	78.26	21.74	-	100
	Relatives	-	26.09	47.83	26.09	-	100
	Friends	-	26.09	47.83	26.09	-	100
Interest Rates	Middle buyers	-	-	78.26	21.74	-	100
	Relatives	-	26.09	47.83	26.09	-	100
	Friends	-	26.09	47.83	26.09	-	100
Dealing with Clients	Middle buyers	-	-	78.26	21.74	-	100
	Relatives	-	26.09	47.83	26.09	-	100
	Friends	-	26.09	47.83	26.09	-	100

The informal financing sectors reported by the respondents which they had transacted with included persons and not agencies or organizations. They included the money lenders, middle buyers, relatives and friends but unlike the formal financial institutions the former offer only loans. The results of focus group discussions and interviews of key informants reveal that the amount allowed to borrowers depend on their income and

capacity to pay as well as the presence of guarantor. In the case between friends, the amount depends on how much they know each other and this means that the character of the borrower becomes the collateral for extending money. This further suggests that future transactions are dependent upon how able the borrowers had satisfactorily paid the previous loans. The absence of collateral for borrowing money is one reason why many households may opt for the informal financier rather than the formal financial institutions despite that the interest rates may be higher which range between 5% to 20%.

Take note that the same pattern of ratings was made by the respondents to the formal financial institutions. And like the latter the respondents are also generally “*satisfied*” with the operational features of the informal financing sectors. But rather than become more favorable in rating their relatives and friends from whom they had borrowed money, the respondents gave highest ratings to the middle buyers in all operational features as compared to the former groups. This grossly negates the traditional way of viewing closer social networks like relatives and friends as sources of financial assistance. Perhaps the amount to be borrowed and purpose influence the direction of borrowing in informal financing sectors.

**Suggestions for Improving Financing**

*Lender-fisher relationships*

**Table 9 Suggestions to Improve the Lending Relationships**

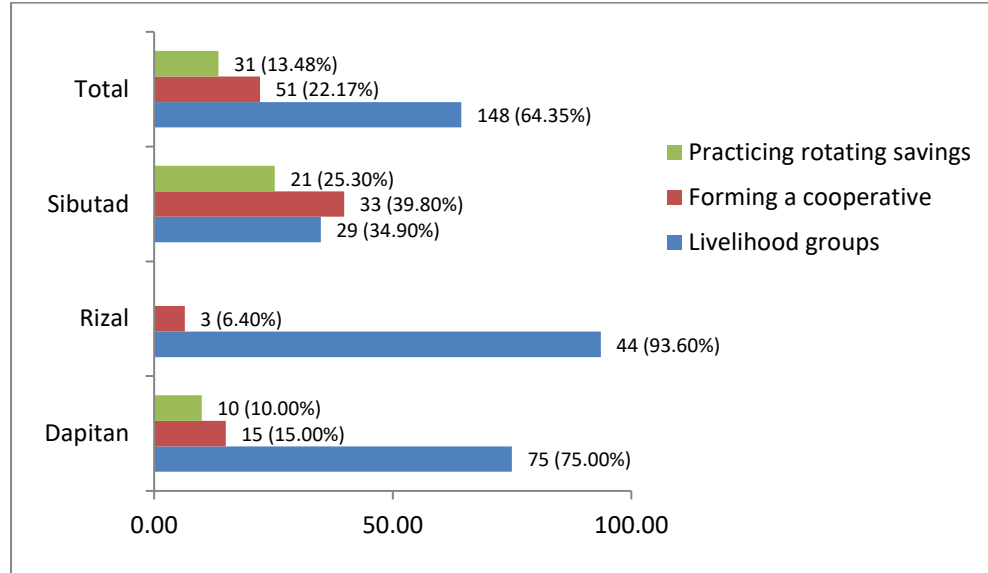
Suggested Ways	Dapitan (%)	Rizal (%)	Sibutad (%)	Total
Good ability to pay loan	80.00	74.4	39.29	
Being considerate	-	25.6	60.71	
Offering low interest rate	10.00	-	-	
Good attitude of personnel	10.00	-	-	
Total	100.00	-	100.00	100.00

Lending is a business and future transactions become possible when past transactions were economically gratifying to both parties involved. The fishers suggested to pay their loans as scheduled so they can maintain good credit line or record with the lending agency or bank. They can be trusted next time they will apply for another loan.

The other suggestions are now directed to the financing institutions or individuals so they can keep a good number of clients or borrower. Being considerate, offering low interest rate and having personnel that relate well with the clients are also suggested. Having a good relationship with the lenders is very important to the households of the respondents because they have not availed of subsidized credit lines from the government.



### Resource pooling



**Figure 3 Suggestions Where the Community Can Save and Benefit Together**

This has some connections to the statement made earlier about informing them the importance of expanding their economic ventures or opportunities. The suggestion of forming livelihood groups was supported by majority of the respondents in Rizal and Dapitan because some of fishers are already members of the peoples organizations and what they want is to have livelihood programs that can sustain their living. But respondents from Sibutad want to have a cohesive group first in the form of cooperative and practice rotating savings because they believe that a cohesive group is an important requirement to avail of a loan from the lending institutions.

### Conclusions and Recommendations

Fishers believed that their present economic condition is poorer compared five years ago and that livelihood opportunities are limited. They are willing to change livelihoods but only if they are capable to do the available work and are immediately available in the community. Despite their willingness to pursue other livelihood options, fishers in the three coastal towns of the first district lack the needed capital, capacity and collateral for making loans.

Micro-financing can be of help for enhancing their capabilities to earn and to manage better economic risks amidst uncertainties in the fishing industry. But only few availed of the services of financing institutions like banks and lending agencies in the project sites and mostly, fishers' wives are more responsible for accessing financial services. Having a good relationship with the lenders is very important to the households of the respondents because they have not availed of subsidized credit lines from the government.

Alternative livelihoods should be introduced to the fisherfolks. These livelihoods should be within their interests and capacity. Prior to provision of the alternative

livelihood, adequate trainings should be provided to give fishers skills, capital and confidence to participate. This is to ensure sustainability of the programs. Fisherfolks should be grouped and when the groups are already cohesive, they will be accessed to microfinancing. Proper monitoring and evaluation to the groups should be imposed to know the impact and sustainability of the programs. Support services for women to reduce constraints they face e.g. childcare.

### **Acknowledgment**

This report is part of the RFLP-FAO funded project.

### **Literature Cited**

- Buss, T. (1999). Microenterprise in International Perspective: An Overview of the Issues. *Journal of Economic Development*. [www.spaef.com/sample.html](http://www.spaef.com/sample.html).
- Gibbons, David S. and Jennifer W. Meehan. (2000). The Microcredit Summit Challenge: Working Towards Institutional Financial Self-Sufficiency while Maintaining a Commitment to Serving the Poorest Families. [www.microcreditsummit.org/papers/papers.htm](http://www.microcreditsummit.org/papers/papers.htm).
- Morduch, J. and B. Haley. (2002). Analysis of the Effects of Microfinance on Poverty Reduction. NYUWagner Working Paper series.
- Orbeta Jr.A.C. and M T C. Sanchez. (1996). Micro Interventions for Poverty Alleviation: The Philippine Case. DISCUSSION PAPER SERIES NO. 96-13
- Panjaitan-Drioadisuryo, D.M. Rosintan and K. Cloud. (1999). Gender, Self-Employment and Microcredit Programs: An Indonesian Case Study. *Quarterly Review of Economics and Finance*.
- Tango International. (2009). Sustainability of rural development projects: Best practices and lessons learned by IFAD in Asia. [www.IFAD.COM](http://www.IFAD.COM)
- Teh, L., Cheung, W.W.L., Cornish, A., Chu, C. and Sumaila, U.R. (2008). A Survey of Alternative Livelihood Options for Hong Kong's Fishers. *International Journal of Social Economics* 35(5): 380-395. <http://feru.org/publication>
- Adapted from Sebstad, Jennefer and Monique Cohen. (2000). Synthesis Report on Microfinance, Risk Management and Poverty. The report is based on field studies by Ronald T. Chua, Paul Mosley, Graham A.N. Wright, and Hassan Zaman. Paper submitted to USAID by AIMS. Management Systems International. Washington, D.C. [http://www.cgap.org/html/p\\_focus\\_notes17.html](http://www.cgap.org/html/p_focus_notes17.html) from [wri.org/pdf](http://wri.org/pdf)