



APRACA FinPower Programme

Training Guide

for

Small Coastal Fisheries Financing and Development



With Special Sponsorship of the
International Fund for Agricultural Development

APRACA FinPower Publication 2007/3

IFAD – APRACA FinPower

Training Guide

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This book is published during the incumbency of Mr. Thiraphong Tangthirasunan (APRACA Chairman), Dr. Do Tat Ngoc (APRACA Vice-Chairman), Mr. Benedicto S. Bayaua (Secretary General).

MESSAGE from the APRACA CHAIRMAN and VICE-CHAIRMAN

Greetings! This Training Guide for Small Coastal Fisheries Financing and Development is a testimony of APRACA's strong commitment to pursue the promotion of efficient and effective rural financial systems and broadened access to rural financial services in order to help reduce rural poverty among countries in Asia and the Pacific region.

APRACA has successfully established among its members a machinery for systematic interchange of information on sustainable rural and agricultural financial services, encouraged inter-country studies and provided training, consultancy, research and publication services on matters of common interest in the field of rural finance.

In all these aspirations, the International Fund for Agricultural Development or IFAD has played the role of APRACA's strategic partner under the FinPower Program. APRACA and IFAD share that mutual desire to pursue and create conducive rural finance policy environment and regulatory framework in Asian and Pacific countries, including the development of sustainable financial services in rural areas, pilot testing of innovative approaches, delivery mechanisms and linkage programs, promoting finance reforms aimed at poverty alleviation, and disseminating best rural finance practices to more countries.

May we therefore thank Dr. Thomas Elhaut, IFAD Asia Division Director, and Dr. Ganesh B. Thapa, IFAD Asia Division Regional Economist, for the trust and confidence they have continuously bestowed on APRACA and for their commitment to help alleviate poverty and accelerate rural growth and development among countries in Asia and the Pacific region.

We wish to congratulate Mr. Benedicto S. Bayaua, APRACA Secretary General and FinPower Regional Program Manager, for initiating the program and supervising the FinPower activities. We also convey our thanks to APRACA's research and training arm, the Center for Training and Research in Agricultural Banking (CENTRAB), particularly to Ms. Jovita M. Corpuz, President and Atty. Eduardo Garcia, Managing Director, for their support and commitment to the Finpower Program. We sincerely wish that this training guide will help in continuously inspiring policymakers, practitioners and other stakeholders in the countries in Asia and the Pacific region to work towards poverty reduction and rural development.



MR. THIRAPHONG TANGTHIRASUNAN

President, Bank for Agriculture and
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2007



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2007

MESSAGE from the APRACA-CENTRAB PRESIDENT

Greetings to all! It is my ardent wish for all the readers of this training guide to share in our quest to help uplift the lives of the rural poor.

The Center for Training and Research in Agricultural Banking (CENTRAB), the research and training arm of APRACA, takes pride in providing research expertise under the APRACA FinPower Program. Together, we promote the interchange of information among member countries through inter-country studies, training, consultancy, research and publication services in order to help these countries address critical issues and formulate strategies towards sustainable and effective rural financial markets. This training guide is one of the major outputs of the FinPower Program.

I would like to congratulate Dr. Thomas Elhaut, IFAD Asia Division Director; Dr. Ganesh B. Thapa, IFAD Asia Division Regional Economist, Mr. Thiraphong Tangthirasunan, APRACA Chairman, Dr. Do Tat Ngoc, APRACA Vice-Chairman, and Mr. Benedicto S. Bayaua, Secretary General and FinPower Regional Program Manager, for their strong commitment to the program.

I wish also to thank Atty. Eduardo Garcia, CENTRAB Managing Director and the Agricultural Credit Policy Council of the Philippines' officers and staff for their full support and commitment to implement the FinPower Program, without which the conduct of this study and the publication of this book would not have been possible. I also want to thank Ms. Alice Bautista of the Land Bank of the Philippines for helping prepare the training guide and the ACPC research officers for incessantly sharing their talents and expertise to help APRACA achieve its objectives.

May we all continuously be inspired to be generous in sharing our resources to help reduce poverty in this world.

MS. JOVITA M. CORPUZ
President, APRACA-CENTRAB and
Executive Director, Agricultural
Credit Policy Council of the Philippines
2007

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PREFACE

The Asia-Pacific Rural and Agricultural Credit Association or APRACA is an organization of financial institutions involved in rural and agricultural financial systems development in Asia and the Pacific Region. At the core of APRACA's assistance is the improvement of the livelihood of the rural poor through access to sustainable financial services. In order to achieve this, APRACA fosters mutual participation and commitment among its members and mutual cooperation with local and international agencies along the following areas:

- promotion of financial innovations and sustainable financial services
- support to replication of successful rural finance systems technologies and projects
- policy dialogues on financial reforms
- continuing emphasis on research and development, surveys, trainings, visits, conferences, consultancy and exchange of information and experts

APRACA's continuing effort to promote financing for the small fisheries sector is a manifestation of its burning desire to help alleviate poverty in rural fishing communities. These efforts are sustained through its strategic partnerships with the International Fund for Agricultural Development as concern for the fisheries sub-sector becomes global and urgent. Amidst an evolving perspective where environmental sustainability takes precedence over all other concerns and dictates prudence in the use of natural resources, fishing activities are contextualized within an ambit of acceptable, reasonable and viable standards and limits. Fishing practices are undergoing modification in accordance with prescribed rules of conduct without necessarily impairing production targets, while options are being developed to draw fishers away from extractive fishing.

As the need for financial services becomes more pronounced under these circumstances, APRACA sees the necessity to provide APRACA member institutions and partners with concepts and methodologies essential to the provision of financial services to rural fishing communities.

This Training Guide for Small Coastal Fisheries Financing and Development is one of the outputs of the IFAD-supported APRACA Regional Program for Accelerating the Financial Empowerment of Poor Rural Communities in Asia and the Pacific Through Rural Finance Innovations or FinPower Program. It forms part of the effort to sharpen knowledge and skills of loan officers working on small fisheries credit. It hopes to stimulate creativity and flexibility among training and loan officers in order to sustain the provision of financial services to poor rural coastal fishing communities.

Users of this training guide are encouraged to customize processes according to institutional and country situations. Application of concepts and tools specified herein should vary on an institution and country basis. Feedback on the training guide's usefulness in the field would be greatly appreciated.

Benedicto S. Bayaua
Secretary General APRACA and
FinPower Regional Program Manager

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The Training Guide lead writer expresses her gratitude to the APRACA FinPower Program and APRACA-CENTRAB. This guide would not have been made possible without the priceless contributions and guidance of Mr. Donato C. Endencia and Mr. Nelson Buenaflor.

The author wishes to express her profuse thanks to Ms. Nida Pagdanganan who magnanimously helped in writing key training guide points.

Alice Bautista

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
APRACA	Asia-Pacific Rural and Agricultural Credit Association
CENTRAB	Center for Training and Research in Agricultural Banking
FAO	Food and Agriculture Organization
GO	Government Organization
IFAD	International Fund for Agricultural Development
MFI	Microfinance Institution
MoA	Memorandum of Agreement
NGO	Non-Government Organization
SHG	Self-help Group
TNA	Training Needs Assessment

IFAD-APRACA FINPOWER TRAINING GUIDE FOR SMALL COASTAL FISHERIES FINANCING AND DEVELOPMENT

I. INTRODUCTION

The Asia-Pacific Rural and Agricultural Credit Association (APRACA) has started the roll-out of its FinPower Program, an initiative aimed at empowering its member financing institutions as they pursue development financing activities for the rural poor. Part of the program is the preparation of a training guide on small fisheries financing and development.

The sectoral bias is prompted by APRACA's recognition of the pervasive poverty that characterizes fishing communities and the need to address this issue through a viable and sustainable financing scheme. Further, the sector more than deserves the attention as Asia and the Pacific are homes to millions of artisanal fisherfolk.

It is a known fact that lending to this sector is particularly arduous owing to the risky nature of fishery undertakings as well as the vulnerability of fisherfolk to a number of uncertainties. However, the creativity of certain institutions in continuously crafting and testing development assistance interventions that fit the requirements of small fisheries has led to the creation of innovative financing schemes that may just prove viable if implemented within the proper environment, guided by contextual circumstances that surround the sector and managed by people equipped with necessary proficiencies.

The training program, thus, was developed along the principle that capacity building should take place both at the beneficiary and implementing institution levels. Moreover, this training should be viewed as a means to awaken financing institutions to realities in the sector, serve as a challenge to reach out to this impoverished lot, and simultaneously enhance their knowledge, skills and attitude.

II. COURSE OBJECTIVES

- To enhance knowledge, skills and attitude of financing institution participants in managing a financing program for small coastal fisheries, from inception to remedial action; and
- To provide a better understanding of management tools as applied to small fisheries financing.

III. PARTICIPANTS

This training guide on Small Coastal Fisheries Financing and Development is intended for loan officers and staff of financing institutions, to enable them to craft relevant credit programs and financially empower fisherfolk as they become beneficiaries of loan assistance and other financial and non-financial services.

IV. SCOPE AND LIMITATIONS

The training guide covers the following modules: 1) Design, Planning and Project Development; 2) Implementation Management; 3) Monitoring and Evaluation; and 4) Remedial Management. Each of the four modules may be conducted as a stand-alone training package. However, it is suggested that the resource speaker maintain the order or sequencing of the modules for continuity purposes. Likewise, training intervals should be properly timed in order to prevent participants from losing sight of past learnings and to enable them to establish links between past and new learnings acquired. Each module outlines the topics needed to develop the content. Sub-topics elaborated in this paper constitute the training sessions.

V. DURATION

The package is a twelve-day training program.

VI. METHODOLOGY

Group Discussions

To enhance the learning process, lectures are followed by group discussions, exercises and games and an open forum. As discussions are general in nature, the resource speaker is expected to supplement these with local experiences as the topic/sub-topic may require. Text materials are provided to reinforce learning.

Field Exposures

The course is 70 percent classroom lecture and 30 percent field study. Observation of and visits to small coastal areas enable the participants to relate classroom learning with real-life fisheries situations. The field learning serves as an input to the development of a rural and microfinance program for small coastal fisheries. The field study examines the dynamics of small coastal fisheries financing and related support services. It provides participants a changed perspective of the needs of fishing communities which will aid in the crafting of programs and projects.

Climate setting

Exercises, games and group dynamics are included to complete the package. The resource person, however, may introduce other exercises as he sees fit for the trainees. Climate setting/exercises that have relevance to the topic are better than just fillers and energizers.

Multi-media

The learning is supported by the use of slide projection, films, diorama, diagrams, maps and cut-outs to enhance visualization.

INTRODUCTORY SESSION

- Objective:** To introduce the course objectives, modules and expected outcome.
To introduce the participants to one another and to generate cohesion, teamwork and camaraderie.
- Expected Outcome:** The course elements are fully understood and the participants get acquainted with each other.
- Methodology:** Participant Sharing, Exercise
- Materials Required:** Cards, pins, pin boards, power point projector, pictures of small fishermen and small fishing communities
- Time Required:** 1.5 hours
- Procedure:**
1. Conduct the first climate setting session: Self-disclosure Introductions (see Climate Setting Exercise 1).
 2. Ask the question, "Why attend training programs?"
 3. Divide the plenary into three sub-groups and ask each group to tackle one question: "What do you expect to learn?, What do you expect of the facilitators?, What do you expect of your co-participants?"
 4. Ask the interim group leaders to present their expectations at the plenary and process the replies.
 5. Discuss the general objectives of training, the methodology and the course program.
 6. Solicit further comments.

Climate Setting 1: Self-disclosure Introductions

- Objective:** To provide innovative ways of introducing members to each other.
- Procedure:** Ask each participant to state his/her name and attach an adjective that not only describes a dominant characteristic, but also starts with the first letter of his/her name (e.g., Sensuous Stan, Marvelous Mary, Dancing Diane, etc.).
- Group members introduce themselves by name and also provide a nickname that they now have, once had, or would be willing to have if they could pick their own. Then, during breaks, members are encouraged to circulate and explore the reasons behind the announced nicknames.
- Before introductions begin, ask the group members to brainstorm a list of provocative questions they would like to have each other answer (and be willing to do so). Have them screen the list to throw out those of questionable taste and select the 2-3 that everyone feels comfortable with. Proceed with introductions that incorporate answers to the questions.
- Distribute 3 × 5 cards containing participants' names and a small number of items to be filled in on separate lines. When participants complete the items, have them pin, tape or hold the cards up in front of them as they circulate in the room, allowing others to engage them in exploratory conversations about the items. Sample questions include: "The person living today whom I most admire is _____"; "My favorite all-time vacation was spent at _____"; "The best book/movie I ever read/saw was _____."
- Materials Needed:** 3 × 5 cards
- Approximate Time:** One minute per participant
- Source:** Varied

Day-to-day Schedule

Day 1	<p>Introduction to the Course</p> <p>Module 1: Design, Planning and Project Development</p> <p>Topic 1: Topic 1. Context and Foundations</p> <p>Session 1: State of the Art</p>	<p>Session 2: Key Development and Financing Issues, Concerns and Gaps</p>	<p>Climate Setting 2: Exercise: The Human Spider Web</p> <p>Session 3: Strategies and Intervention Menu for Financing and Technical Support</p>	<p>Continuation of Session 3</p> <p>Topic 2: Practicum and Field Exposure</p> <p>Introduction to the Field Exposure</p>
Day 2	Practicum and Field Exposure	Continuation	Continuation	Continuation
Day 3	<p>Topic 3: Processing of Results</p> <p>Session 1: Integration</p>	<p>Session 2: Workshop – Report Writing</p>	<p>Session 3: Presentation and Critiquing of Workshop Output</p>	<p>Session 4: Finalization and Submission of Workshop Output</p>
Day 4	<p>Topic 4: Planning and Project Development</p> <p>Session 1: Preparation of Area Fisheries Profile</p>	<p>Session 2: Workshop and Presentation of Output</p>	Continuation	Continuation
Day 5	<p>Session 3: Developing a Credit Program for Small Coastal Fisheries</p>	<p>Session 4: Case: Preparation of a Rural Finance and Microfinance Program</p>	Continuation	Continuation
Day 6	<p>Module 2: Implementation Management</p> <p>Topic 1: Target Setting: Performance Feedback</p> <p>Session 1: Firming Up Targets</p>	<p>Session 2: Action Planning</p>	<p>Session 3: Workshop: Action Plan Preparation and Presentation of Output</p>	<p>Session 4: Training of Client Groups</p>
Day 7	<p>Topic 2: Training, Supervision and Coordination</p> <p>Session 1: Buzz Sessions on TNA</p>	<p>Session 2: Supervision</p> <p>Session 3: Coordination and Network Building</p>	<p>Session 4: Case Study – Balabac Multi-Purpose Cooperative</p>	Continuation
Day 8	<p>Module 3: Monitoring and Evaluation</p> <p>Session 1: Monitoring and Evaluation</p>	Continuation	Continuation	Continuation
Day 9	<p>Session 2: Monitoring and Evaluation Implementation</p>	Continuation	Continuation	Continuation
Day 10	<p>Module 4: Remedial Management</p> <p>Session 1: Rehabilitation Strategies, Methods, Techniques</p>	Continuation	<p>Session 2: Financing Intervention Measures and Basic Remedial Options</p>	Continuation
Day 11	<p>Session 3: Case Study: Triple J Fisheries Cooperative</p>	Continuation	Continuation	Continuation
Day 12	Synthesis and Action Planning	Continuation	Continuation	Continuation

MODULE 1

Design, Planning and Project Development

This module covers a contextualization of small coastal fisheries that includes its present situation, the major problems obtaining in the sector and interventions made to support the sector. It integrates field work to enable the participant to relate classroom learning with real-life fisheries situations. The field learning will also serve as inputs to the development of a rural and microfinance program for small coastal fisheries.

The course is roughly 70 percent classroom lecture and 30 percent field study. The field study entails a visit to a nearby coastal area to observe and examine the dynamics of small coastal fisheries financing and related support services. It provides participants a changed perspective of the needs of fishing communities which will aid in the crafting of programs and projects.

Objective:

At the end of the five-day session, the participants shall have acquired knowledge and skills that will enable them to prepare a rural and microfinance program tailored for small coastal fisheries.

Module 1: Design, Planning and Project Development**Topic 1: Context and Foundations****Session 1: State of the Art**

Objective:	To increase the awareness of participants on the status of the small coastal fisheries sector.
Expected Outcome:	At the end of the session, participants shall have acquired knowledge on how the small coastal fisheries sector stands from a global perspective, on the characteristics of small fishing communities, and on their contributions to various economies and worldwide thrusts.
Methodology:	Lecture, Participant Sharing, Open Forum
Materials Required:	Cards, pins, pin boards, power point projector, pictures of small fishermen and small fishing communities
Time Required:	1.5 hours
Procedure:	<ol style="list-style-type: none">1. Introduce the session by defining the context of small coastal fisheries.2. Show pictures of small fishing communities to draw serious thoughts and deepened understanding.3. Provide information on world fisheries production, total and by country.4. Ask participants to write on cards the general socio-economic and demographic characteristics of small coastal fishing communities.5. Divide the participants into small groups (six is an ideal number).6. Ask the participants to pin their answers on the group pin board and summarize.7. Ask the participants to cluster their group answers and synthesize.8. Ask the groups to present their answers.9. Ask again participants to write on cards the contribution to a nation of small coastal fishing communities.10. Ask the participants to pin their answers on the group pin board.11. Ask the participants to cluster their group answers and synthesize.12. Convene the plenary and ask the groups to present their answers.13. Provide information and discuss the macro and micro-economic impact of small fisheries.14. Summarize the key session learning points, using power point projection or the pin boards.

Background Reading Material

Small-Scale Fisheries Defined

The importance of fisheries to the world populace can never be underestimated. Aside from providing a healthy source of alternative protein, fishery is a significant means of livelihood to coastal dwellers and fish farmers all over the world.

Small-scale fisheries, as defined by the Food and Agriculture Organization of the United Nations (UN-FAO), are “traditional fisheries which involve households that use relatively minimal capital and small fishing vessels (if any), and make short fishing trips close to shore, mainly for local consumption” (UN-FAO, 2007). This definition varies on a country basis and is often associated with the type and capacity of the vessel. For instance, in the Philippines, a fishing vessel of not more than three gross tons is considered small-scale. In some countries the definition is set in accordance with existing laws and ordinances. Small-scale fisheries are otherwise known as artisanal fisheries.

Aquaculture, on the other hand, is the use of land and water resources for the production of finfish, aquatic plants, crustaceans and mollusks. Definition of small-scale aquaculture also varies country-to-country and is measured by the size of farms. In Thailand, for instance, small-scale fish farms range from .8 hectare to 1.24 hectares per holding.

Fisheries Situationer

In 2002, world fisheries production stood at 133 million metric tons, with over 75 percent (100.4 million MT) accounted for by capture fisheries and 25 percent (39.8 million MT) by aquaculture. Of the total fisheries production, 75 percent were used for direct human consumption and the remaining 25 percent for the manufacture of fish meal and oil. Small-scale fisheries produced about 50 percent of the world capture fisheries’ harvest which were used for human consumption (UN-FAO, 2007).

Global capture fisheries production grew by 1.1 percent per annually during the period 1985 to 1999. Production in developing countries, however, grew at a slightly higher rate of 1.42 percent over the last two decades.

According to UN-FAO, marine capture fisheries were considered nearing full exploitation. Further classification of marine resources showed that 52 percent were fully exploited, with 24 percent of them classified as over exploited, depleted or recovering from depletion and 21 percent were with capacity to produce more than they currently do.

While the aquaculture sector contributed only 25 percent of the global fish production, it was, however, the main source of production growth in the last twenty years. The sector expanded annually by 13 percent.

World fisheries production in 2010, as projected by the FAO is as follows:

Table 1: Projected World Fisheries Production, 2010 (in Million Metric Tons)

Particulars	Pessimistic Scenario	Optimistic Scenario
Capture Fisheries	80	105
Aquaculture Production	27	39
Total Production	107	144
Less: Fish for Non-food	33	30
Available for Human Consumption	74	114

Source: UN-FAO, 2007

Socio-Cultural and Demographic Characteristics

UN-FAO estimates that there could be more than 200 million people worldwide who depend on small-scale fisheries for their livelihood. This figure includes the number of fishers and fish workers, those supplying inputs to fisheries and post-harvest activities, and their household dependents.

A UN-FAO global empirical study on demographic change in coastal fishing communities and by an UN-FAO-commissioned desk study (UN-FAO) identified and documented common cultural and demographic characteristics that may be considered in developing financing programs for fisherfolk.

- Small-scale fishers in developing countries can be defined as those who own fishing craft with non-mechanized propulsion systems and low horsepower outboard and inboard engines; those who use passive, manual or simple mechanical fishing equipment.
- Participation of family members is prevalent in small-scale fisheries. These family members, who are either owners of the fishing vessel or gears or simply serve as helpers, derive their trainings informally from work groups rather than from formal institutions. Their work places, habitation and settlements are integrated.
- Low and irregular incomes characterize small-scale fisheries. Labor and capital inputs are compensated through special arrangements, in most cases through sharing systems rather than fixed wages. Cash flow in small-scale fisheries is steady, almost on a daily basis, except during weather disturbances and when seasonal change prevents fisherfolk from going off-shore.
- Capital requirements and production levels are small-scale, a characteristic that makes small fisherfolk vulnerable to threats from the commercial-scale fishing sector.
- In fishing communities, labor is divided according to gender and age. Men, women, children and the elderly assume corresponding roles. Almost always, men are the chief producers while women take on a dual role: as caretakers of homes and children and as workers in fish processing, marketing and distribution activities.
- Government policies, in many countries, have been reformulated to regulate and/or deter fishers from the coast to conserve and preserve marine resources. This redirection has affected options of fishing households and has taken them out of their main occupation.
- The near depletion of fisheries resources and the coastal environment are situations fishers are beginning to understand and internalize that they have taken moves to participate in the formulation and implementation of effective coastal management policies and measures.
- The popularity and acceptance of community-based fisheries management programs in many countries has made fishery once again a viable livelihood option. As stewards of marine and aquatic environment, coastal and inland fishers now see themselves actively participating in these programs as the benefits redound to their interests.

Macroeconomic and Microeconomic Impact of Small-Scale Fisheries

Where fisheries are a predominant source of income, it may be a major component of the economy, an important contributor to economic growth and state finances. The table below presents the countries where fisheries comprise more than 5 percent of their gross domestic product.

Country	Fisheries as % of GDP	Country	Fisheries as % of GDP
Bangladesh (1996/97)	7	Myanmar (2000)	5
Fiji (1998)	5	Namibia (1999)	7.5
Ghana (1996)	7	Samoa (1999)	6.6
Kiribati	13	Senegal (1996)	7
Maldives (1996)	13	Solomon Islands (1999)	12.8
Marshall Islands (1998)	9	Vietnam (1996)	6

Source: UN-FAO, 2007

Artisanal fisheries produce about 50 percent of the world capture fisheries' harvest and thus impact on food availability and security in the rural areas (UN-FAO, 2007). Owing to the free and open nature of small-scale fisheries, it has become a "livelihood of last resort"; it is the only occupation possible for displaced people. Thus small-scale fisheries have provided significant employment to around 29 million fishers (both artisanal and industrial) in 1990.

Incomes generated by fishers, fishing households or small fisheries enterprises contribute significantly to rural development through employment and income multiplier effects. Ancillary businesses provide the inputs and equipment necessary to operate fisheries activities, which in turn produce the inputs to other industries/businesses. A thorough study of the fisheries supply chain will show industry and business relationships/interdependencies, the benefits and impact of which can extend to agri-business.

Module 1: Design, Planning and Project Development**Topic 1: Context and Foundations****Session 2: Key Development and Financing Issues, Concerns and Gaps**

Objective:	To increase knowledge of participants on the various development and financing issues facing the small coastal fisheries sub-sector.
Expected Outcome:	At the end of the second session, participants shall have enhanced knowledge on small fisheries development issues that are crucial and have direct bearing on the development of rural and microfinance programs for the sector.
Methodology:	Lecture and Open Forum Buzz Sessions
Materials Required:	Cards, pins, pin boards, power point projector
Time Required:	Lecture – 1.5 hours; Buzz Sessions – 1 hour
Procedure:	<ol style="list-style-type: none">1. Provide a lecturette on sustainability of fisheries resources.2. Ask participants to write on cards the factors that impinge on the livelihood of small coastal fishing communities and the factors that put pressure on marine resources.3. Ask the participants to pin their answers on the plenary pin board.4. Ask some participants to assist in clustering all answers and synthesize in a buzz session.5. Ask the groups to present their answers.6. Summarize the key session learning points, using power point projection or the pin boards.7. Provide a lecturette on access to financial services.8. Divide the participants into four sub-groups.9. Ask each group to write on cards their answers to the following topics (one topic per group): a) why small coastal fishermen are poor, b) who provides financial services to small coastal fishing communities, c) why small coastal fishing communities don't have full access to financial services, d) what are the constraints of formal financial institutions in providing financial services to the small coastal fishing communities.10. Ask the participants to pin their answers on the group pin board.11. Ask the participants to cluster their group answers and synthesize in a buzz session.12. Convene the plenary and ask the groups to present their answers.13. Conduct a brief open forum to clarify other questions.14. Summarize the key session learning points, using power point projection or the pin boards.

Background Reading Material

Key Development and Financing Issues, Concerns and Gaps

Sustainability of Fisheries Resources

Pressure on marine resources brought about by overfishing, improper fishing practices, environmental emergencies and habitat destruction threaten the long-term sustainability of fisheries resources. As cited in the foregoing discussions, marine capture fisheries are near full depletion. The use of large fishing vessels with high-powered fish aggregating devices makes possible huge fish catches, including juvenile fishes, which should otherwise have been left to the seas to mature.

The advent of modern technologies like the Global Positioning System, echo sounders and outboard motors enhance efficiency of fishing operations leading to greater volumes of fish catch. Aggravating this situation is the use of destructive fishing method (e.g. rampant use of toxic chemicals and dynamite) that brings more pressure to the seas.

The UN-FAO suggests that the main drivers for overfishing are poor governance and the growing demand for fresh/food fish and canned fish meal. It is also viewed that one of the underlying causes of overfishing is the extreme poverty in fishing communities.

Improper practices in aquaculture have likewise wrought negative environmental, fish health and biodiversity impacts (ADB, 1997). Occurrence of aquaculture diseases has been attributed to intensive farming operations in ponds, pens and cages. Such was the case of the decline in prawn and shrimp farming operations in Asia.

In the last two decades the issue of sustainable development has been given increasing attention and the link between environment and development has gained greater consciousness (ADB, 1997). UN-FAO defines sustainable development as “the management and conservation of the natural resource base, and the orientation of technological and institutional change in such a manner as to ensure the attainment and continued satisfaction of human needs for present and future generations. Such sustainable development in agriculture, forestry and fisheries sectors concerns land, water, plant and animal genetic resources, and is environmentally non-degrading, technical appropriate, economically viable and socially acceptable”.

The more significant adjustment programs to address the aforementioned issues are as follows:

- Wean away small fishers from the seas by providing non-fishing employment alternatives through investments in skills training, developing micro and non-fishing enterprises, and extending credit for micro-enterprises (ADB, 1997).
- Promote alternative livelihood projects that should target the entire household including women since they too are capable of augmenting family income and will complement efforts to reduce dependence on fishing activities (ADB, 1997).

Fishing communities are scattered along the coastlines, rivers and inland bodies of water. Poverty in fishing communities is multi-dimensional and not only related to resources, fish catch and incomes. It is characterized by overcrowded, unhygienic and unhealthy living conditions and inadequate services. The absence of potable water system, toilet facilities, power and medical services are stark realities that beset the fisherfolk.

Low levels of education and lack of skills are common in most fishing communities. Marginal levels of income, inaccessibility to and lack of school facilities prevent fisherfolk from acquiring much-needed education. This may also be the main reason for the absence or lack of organizations that will advance the interests of fishers and fish farmers.

Access to Financial Services

In the fisheries sector, credit and other financial services are largely provided by the informal sector. A study by Aryeetey (1994) showed that 80 percent of the fisheries population rely on informal financial services and that the amounts that circulate nearly approximate those that go through the banking sector (Shetty in UN-FAO Fisheries Technical Paper 440, 2003).

The diversity of informal financing in fishing communities is pronounced as loans are obtained from local moneylenders, neighborhood traders, parents, neighbors and friends. These sources, however, are limited since they only meet the short-term credit requisites rather than medium-and long-term capital needs of fisherfolk.

Personal loans from moneylenders are obtained at high interest rates. The exploitative relationship created between moneylender and borrower is a result of the latter's inadequate access to other fund sources. In many cases the indebtedness of small fishers and fish farmers to moneylenders is one of the underlying causes of their poverty and a situation they find difficult to escape from (UN-FAO Fisheries Technical Paper 440, 2003).

Informal lenders, however, remain as the key providers of credit in the countryside and have become an indispensable sector considering the ease with which loans are delivered, the low transaction costs and the loose requirement on collateral.

Mainstream financing for small fisheries and aquaculture is limited to those provided by State-owned development banks that are mandated to support specific development projects. In general, commercial banks shy away from this particular sector unless backed by adequate security or collateral.

Climate Setting 2: Exercise – The Human Spider Web

Objectives:	<p>To warm up a new group and break down their inhibitions</p> <p>To provide an opportunity for the participants to work as a team and explore the dimensions of teamwork.</p>
Procedure:	<p>Select randomly six to eight volunteers from the larger group to participate in an exercise (for demonstration purposes), or divide the entire group into teams of 6-8 individuals. Have each group move to a location that allows them to stand in a small circle.</p> <p>Instruct members of each group to extend their left hands across the circle and grasp the left hands of the other members who are approximately opposite them. Then have them extend their right hands across the circle and grasp the right hands of other individuals.</p> <p>Inform them that their task is to unravel the spider web of interlocking arms without letting go of anyone's hands. They either will be timed (as a way to place pressure on them), or will be competing with other groups to see who finishes the task first.</p>
Discussion Questions:	<p>What was your first thought when you heard the nature of the task?(Probably: "this will be impossible.")</p> <p>What member behaviors detracted (or could detract) from the group's success in achieving its goal?</p> <p>What lessons does this exercise have for future team-building?</p>
Materials Required:	None
Time Required:	15 minutes plus discussion time
Source:	Susan Hennig, Green Bay, WI.

Module 1: Design, Planning and Project Development**Topic 1: Context and Foundations****Session 3: Strategies and Intervention Menu for Financing and Technical Support**

- Objective:** To orient participants on the various financing and technical support interventions and strategies implemented for the sector, their outcomes, weaknesses and strengths.
- Expected Outcome:** At the end of the third session, participants will have gained knowledge on the past and present experiences of various credit programs for the fisheries sector. Thorough discussions of the advantages and disadvantages, success factors and deterrents of each of the intervention should bring about deep understanding of the interventions by participants.
- Methodology:** Lecture, Participant Sharing, Open Forum and Buzz Sessions
- Material Required:** Power-point projector
- Time Required:** Lecture – 2 hours; Buzz Sessions – 1.5 hours
- Procedure:**
1. Conduct a panel discussion with invited resource speakers on directed credit programs for the fisheries sector, microfinance as a poverty reduction strategy in small fishing communities, the innovative credit-plus approach, and other financing strategies, e.g., mainstream financing, value chain financing
 2. Discuss financing activities being undertaken by both institutions for the small fisheries sector. *Cite specific loan programs that are actually accessed by the fisheries sector*
 3. Conduct an open forum.

Background Reading Material

Strategies and Intervention Menu for Financing and Technical Support

Much attention has been given to small fisheries and aquaculture by varied international organizations in order to address poverty. The strategies described hereunder have been implemented in various settings and only a few proved to be sustainable in terms of responding to the needs of the sector.

Directed Credit Programs

Subsidized and directed credit programs initiated by various states as development-oriented projects proliferated in the 1980s. These programs were directed towards specific target groups, e.g. fisherfolk, upland farmers, etc. Fisheries credit programs were funded by the State or by multi-lateral and bilateral funding agencies and funds were coursed through and administered by either government line agencies or state-owned agricultural banks.

Since programs were developmental in nature, implementers failed to establish adequate credit evaluation policies and procedures and oftentimes, credit did not reach intended clients as this was captured by the large and influential fishing entrepreneurs. The cost-free funds provided by donor agencies were passed on to borrowers at lower than market interest rates, a distortive move that bore impact on commercial banks. More often, the programs were viewed by beneficiaries as Government dole-outs intended to pull them out from the mire of poverty.

These deficiencies were compounded by practices that hampered program viability and sustainability such as, the absence of voluntary savings mobilization, poor reporting system, inadequate capabilities of program implementers (particularly for funds lodged with state line agencies), among others. In the end, the programs were saddled with such problems as poor repayment rates and inefficiencies that decisions towards closure became the most viable solution.

Microfinance

The advent of microfinance in fishing communities is a response to the failure of past subsidized and directed credit programs and to the diverse capital and financial needs of fishers and fish farmers. Microfinance is founded on the tenet that the poor have the capacity to repay loans, pay market-interest rates and generate savings (UN-FAO Fisheries Technical Paper 440, 2003). Starting out with microcredit, microfinance institutions (MFIs), soon after, saw the need to expand services to include deposit and money transfer.

In most countries in Asia, microcredit is done through group lending, an arrangement that has seen variation in application techniques. Under the scheme, the group serves as the vehicle through which credit is delivered and collected.

Some of the widely-used variants are the following (Shetty in UN-FAO Fisheries Technical Paper 440, 2003):

- *Self-help Groups (SHGs)*: SHG is a group involved in savings and credit activities and is a model that is widely used in India. Its common features are:
 - group size is from 10 to 20
 - groups are self-managed and make all decisions regarding credit management
 - loan size, interest rate to end borrower, repayment terms, savings rate and others, are determined by the group
 - the group starts saving and lending, using savings before accessing external credit
 - loans are made to the group
- *Groups as loan guarantors*: this methodology utilizes the group as borrower and guarantor of loans or the members of the group are jointly and severally liable for each other's loan. The system is characterized by the following:
 - group is made up of 4 to 5 members and formed exclusively for credit purposes
 - a person is chosen as group representative to whom loan fund is disbursed and is likewise responsible for loan collection

- group is trained on its responsibility to assume loans of members
- loans of members are of the same size
- *Solidarity Groups*: pioneered by the Grameen Bank of Bangladesh, this model has seen wide adoption across the world because of its relevance in poverty alleviation efforts. In solidarity groups, membership is limited to people who live in the same village, have similar economic resources and therefore equal bargaining strength and enjoy mutual trust and confidence. The common features of this model are:
 - group of five
 - weekly group meeting participated in by MFI staff
 - access to loan by members is phased
 - maximum loan sizes determined by MFI and progressive based on repayment performance
 - fixed repayment terms for all loans with weekly installments made up of interest and principal
 - MFI is responsible for credit management
 - mandatory savings determined by MFI, supplemented by voluntary savings at the discretion of the group

The applicability of these schemes in fishing communities may differ on a location basis and thus should be carefully studied before implementation. SHGs and solidarity groups in remote fishing villages may prove relevant and should be considered when formulating fishery credit programs.

Credit-Plus Approach

The credit-plus approach promotes an integrated scheme in the provision of rural financial services to the poor and recommends that financial intermediation must be accompanied by non-financial services such as business and enterprise development services, social services and social intermediation (UN-FAO, 2003b). These services are further defined as follows:

Financial intermediation: refers to the process of providing financial products and services that include credit, savings and insurance, among others.

Social intermediation: it is the process of building or enhancing human and social resources to sustain financial intermediation and reduce their vulnerability to risk events. It is an enabling strategy that links poor clients to formal financial institutions and includes such mechanisms as group formation, leadership training and cooperative learning, among others.

Business and enterprise development services: these are interventions aimed at improving entrepreneurial capabilities of borrowers and include such services as marketing assistance, technology transfer, enterprise planning and management training, among others.

Social services: these are non-financial services that improve the general well-being of borrowers and include health, education, nutrition and literacy training and the provision of basic facilities such as water and power system.

The credit-plus approach necessitates capacitating staff of the financing institution to implement support services. Most often costs incurred for the implementation of these services require subsidies to sustain the institution as these may entail substantial expenses that would impact on the bottom line.

Mainstream Financing

Mainstream financing is simply the accessing of regular loan windows of banks. Except for fisherfolk organizations such as cooperatives, mainstream financing is a methodology foreign to individual small fisherfolk as it involves stiff qualification criteria, voluminous documentary requirements and high transaction costs. These, aside from the fact that the imposing character of banks deters fisherfolk from entering their premises.

From among fisherfolk clients, medium- to large-scale aquaculturists have the capacity to enter into this kind of financing arrangement. Small aquaculturists may qualify provided the loan is adequately secured by collateral. By and large, countryside agri- and fishery producers are unable to access mainstream financing for the following reasons:

- *Products and procedures are not borrower-friendly.* Small farmers and fisherfolk need consumption loans to lessen short-term cash flow problems or to meet unforeseen expenses. This product is not available in most banks. Moreover, the documentary and collateral requisites put burden on the illiterate fisherfolk.
- *Inflexible policies and lengthy procedures.* Systems and procedures of banks are rigid and borrowers go through appraisal and inspection processes that delay loan releases. These delays adversely affect production timing and productivity.
- *High transaction costs.* The cost of borrowing is higher from formal institutions than from moneylenders due to the frequent trips and the volume of documents that have to be made and submitted by borrowers.
- *Perception that small borrowers are social obligation rather than business opportunity.* Small farmers and fisherfolk are viewed as beneficiaries and not as partners and thus, are not viable clients.

Value Chain Financing

Value chain financing is a scheme that has seen wide implementation in agricultural undertakings but not within the realm of fisheries. It is anchored on the clustering of aquaculture businesses along the supply value-added chain. A main feature of the scheme is the identification of focal industries and of supporting upstream and downstream businesses for possible financing.

Under the concept, small fish farmers can come in as fish suppliers, individually or in groups, depending on the quantity demanded by the focal industry. Small fish farmers may come together and form an organization as product consolidator supplying the requirement of a pre-identified, contracted market, the capital needs of which can be provided by a financing institution.

This emerging methodology has yet to be proven, in terms of effectiveness and efficiency, in the fisheries sector.

DAY 2

Module 1: Design, Planning and Project Development

Topic 2: Practicum and Field Exposure

Description:	The knowledge gained from the first day lecture should be reinforced by experiential learning through a field exposure or study visit. On the second day of the training, the trainer must engage the participants in a study visit to a community of coastal fishermen.
Objectives:	<ul style="list-style-type: none">■ To relate knowledge acquired during the first day to real situations/problems;■ To find out details of how small fisheries projects are implemented and managed; and■ To enable the participant to conceptualize a credit program for small fisheries and aquaculture that is grounded on realities obtaining in fishing communities.
Expected Outcome:	At the end of the session, participants should have gained insights (rooted on field realities) and should have gathered characteristics of a fishing community, that will aid in crafting a credit program for the sector. A changed attitude towards small fisheries lending should likewise be expected especially if interviews zero in on the paucity and needs of fishers.
Methodology:	Field Exposure
Required Materials:	<ul style="list-style-type: none">■ Indigenous materials for use in discussing with fishermen: stones, sticks■ Location map■ Community profile■ Organizational profile of small fisherfolk association or cooperative
Time Required:	One whole day including travel time
Procedure:	<p>Preparatory work</p> <ol style="list-style-type: none">1. The facilitator prepares in advance for the field exposure. In identifying a study visit site, the trainer should be guided by the following parameters:<ol style="list-style-type: none">a. the area should be a coastal community noted for fish production or fish captureb. the site should be inhabited by small capture fisherfolkc. there should be an existing organization (formal or informal) in the communityd. the fishermen should be available for interview or meeting during the study visit2. Divide the class into three groups, possibly according to topic of interest.3. Assign the following sub-topics: community/organizational dynamics; technical and entrepreneurial capability; and needs and problems of fishers.4. Groups designate their leader and rapporteur.5. Groups should prepare guide questions pertaining to the assigned topics before proceeding to the site. The guide questions should probe into fishing status, capabilities, weaknesses and strengths, problems, types of assistance received (from whom, how much, etc.), among others. <p>At the site</p> <ol style="list-style-type: none">1. Give orientation to the selected fishermen-interviewees on the tasks of the group assigned in the area.2. Interview and undertake dialogue to determine technical know-how, community and organizational dynamics, needs and problems and entrepreneurial capabilities.3. Observe the surroundings and conduct transects, mapping and other methodologies to extract fast information.

DAY 3

Module 1:	Design, Planning and Project Development
Topic 3:	Processing of Results
Session 1:	Integration

- Objective:** To process results of the practicum and field exposure.
- Expected Outcome:** At the end of the session, the insights drawn from the field experience should enrich participants' knowledge and should serve as vital inputs to the crafting of a rural and microfinance program.
- Methodology:** Group Reporting, Participant Sharing, Open Forum
- Materials Required:** Computers, projector, cut-outs, pictures, and flipcharts
- Time Required:** 2.5 hours
- Procedure:**
1. Allow time for the groups to prepare their reports. The reports should contain the following:
 - the findings and observations along the topics stated: the community/organizational dynamics; technical and entrepreneurial capability; and needs and problems of fishermen
 - impact of the field visit on participants
 - analyze relevance and usefulness of the field study in the participants' job
 - what aspect(s) of the assigned topics do participants find useful in the practicum and field exposure.
 2. Ask each group to present their respective reports using multi-media materials.
 3. Conduct an open forum.

Module 1: Design, Planning and Project Development**Topic 3: Processing of Results****Session 2: Workshop: Report Writing**

- Objective:** To develop analytical skill of and enable participants to articulate learnings from the practicum and field exposure.
- Expected Outcome:** At the end of the session, each group should come up with a paper that elaborates on conclusions and possible applications and courses of action that may be taken, resulting from the practicum and field exposure. Participants should be able to connect relevance of practicum and field exposure with actual work.
- Methodology:** Small group discussion, report writing
- Materials Required:** Computers, Projector
- Time Required:** 2 hours
- Procedure:**
1. Ask the groups the small groups to discuss and write down the following:
 - important conclusions
 - work applications of learnings
 - courses of action

Module 1:	Design, Planning and Project Development
Topic 3:	Processing of Results
Session 3:	Presentation and Critiquing of Workshop Output

- Objective:** To enhance presentation and critiquing skills of participants and outputs.
- Expected Outcome:** At the end of the session, sub-groups should be able to enhance workshop outputs from suggestions of co-participants and trainer.
- Methodology:** Reporting, Trainer and Participant Critiquing
- Time Required:** 1.5 hours
- Procedure:**
1. Conduct oral reporting by groups.
 2. Conduct peer critiquing, in terms of logic of conclusion, relevance of learning to work station and applicability of courses of action.

Climate Setting 3: Exercise – Trust Me

- Objective:** To demonstrate teamwork for support, leadership and cooperation.
- Materials Required:** Bandannas
- Time Required:** 20 to 30 minutes
- Procedure:**
1. Divide group into teams of four.
Participation should be voluntary. One person in each group is blindfolded. Another is the leader who will instruct the blindfolded person to go from point A to point B in the room or adjacent area. The other two persons assist the leader and make certain the blindfolded person does not bump into anything. When the walk (two to three minutes) is completed, switch roles and repeat and the exercise using a different route. Repeat as time allows.
 2. Process the exercise by asking the following questions:
 - How did you feel when blindfolded? (Uncertain, frightened, dumb, etc.)
 - Did you trust your leader? Why or why not?
 - Did you trust your co-worker? Why or why not?
 - What did you need when you were blindfolded (support, assurance, advice)
 - How did this activity apply to our organization? (Need help, counsel, affirmation, etc.)
 - How about our new employees?
- Source:** Susan Mitchell, Barclays Bank, Poughkeepsie, NY.

Module 1: Design, Planning and Project Development**Topic 3: Processing of Results****Session 4: Finalization and Submission of Workshop Output**

Objective: To incorporate trainer and peer comments to the insight paper prepared by the groups.

Expected Outcome: Finalized paper

Methodology: Writeshop

Time Required: 1 hour

Procedure:

1. Instruct each group to work on the final written output, incorporating the trainer and peer comments, list of group members.
2. Provide copies of output to each participant.

Climate Setting 4: Exercise – Equation Quiz

- Objective:** To be used at the start of the session
- Procedure:** Distribute copies of this page. Each item below represents an equation, acronym or well-known phrase.
1. 1 = R.A. in a.B.
 2. 10 = L.I.
 3. 3 = L.K. that L.T.M
 4. 4 = S. on a V.
 5. 5 = T. on a C. (including the S. in the T.)
 6. 6 = P. on a P.T.
 7. 7 = Y. of B.L. for B. a M.
 8. 2 = G. of V.
 9. 9 = J. of the S.C.
 10. 10 = D. in a T.N. (including the A.C.)
 11. 76 = T. that L the B.P.
 12. 20 = C. in a P.
 13. 3 = S.Y.O. at the O.B.G.
 14. 66 = B. of the B. (in the K.J.V.)
 15. 15 = M. on a D.M.C.
 16. 20 = Q. (A., V., or M.)
 17. 7 = D. with S.W.
 18. 30 = S. over T.
 19. 8 = D. a W. (in the B.S.)
 20. 2,000 = P. in a T.
- Materials Required:** Copies of this page
- Time Required:** 5 to 8 minutes
- Source:** Unknown
- Answers:**
1. 1 = 1 Rotten Apple in a Barrel
 2. 10 = Little Indians
 3. 3 = Little Kittens that Lost Their Mittens
 4. 4 = Strings on a Violin
 5. 5 = Tires on a Car (including the Spare in the Trunk)
 6. 6 = Pockets on a Pool Table
 7. 7 = Years of Bad Luck for Breaking a Mirror
 8. 2 = Gentlemen of Verona
 9. 9 = 9 Justices of the Supreme Court
 10. 10 = Digits in a Telephone Number (including the Area Code)
 11. 76 = Trombones that Led the Big Parade
 12. 20 = Cigarettes in a Pack
 13. 3 = Strikes and You're Out at the Old Ball Game
 14. 66 = Books of the Bible (in the King James Version)
 15. 15 = Men on a Dead Man's Chest
 16. 20 = Questions (Animal, Vegetable or Mineral)
 17. 7 = Dwarfs with Snow White
 18. 30 = Seconds over Tokyo
 19. 8 = Days a Week (in the Beatles Song)
 20. 2,000 = Pounds in a Ton

DAY 4

Module 1:	Design, Planning and Project Development
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Topic 4:	Planning and Project Development
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Session 1:	Preparation of Area Fisheries Profile
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- Objective:** To build-up knowledge and skills in the preparation of an area fisheries profile.
- Expected Outcome:** At the end of the session, participants shall have acquired knowledge on the uses and contents of the profile which should enable them to produce one should they be required to do so.
- Materials Required:** Please refer to text material.
- Time Required:** 2 hours
- Methodology:** Lecture, Open Forum
- Procedure:**
1. Provide an introduction and definition of an area fisheries profile, its objectives and uses.
 2. Elaborate on the major contents of the area fisheries profile.
 3. Discuss possible sources of data.

Background Reading Material

Preparation of an Area Fisheries Profile

Rationale and objectives of Area Fishery Profile

The area fisheries profile is a planning tool that will provide a loan officer with clear direction if he is to propose a credit program for small fisherfolk. It gives vital information on the area in relation to the sector as well as the target clients or beneficiaries.

A well-prepared area fisheries profile best presents the current fisheries situation, gives a better understanding of the needs of the target clientele, helps set more realistic targets and allows more focused planning.

For a financing institution, the area profile would prove useful in quantifying the number of potential clients to establish market size and to serve as inputs in the crafting of a credit program for small fisherfolk. The loan officer, however, is not expected to do the area profile as this is beyond his responsibility. The gathering and putting together of the data comprising the profile can be done by another bank unit.

Contents of Area Fisheries Profile

Geography

- boundaries
- land use
- fishery
 - coastline
 - fishponds (freshwater, brackish water)
 - mangrove
- climate and rainfall

Demography

- population of fishers, fish farmers, fish wholesalers, fish retailers and fish processors
- gender of fishers, fish farmers, fish wholesalers, fish retailers and fish processors
- age of fishers, fish farmers, fish wholesales, fish retailers and fish processors
- education by gender of fishers, fish farmers, fish wholesalers, fish retailers and fish processors
- family incomes
- contribution of fishing/fish farming to family incomes

Fisheries Resources

- major species produced (aquaculture)
- major catch (species)
- area devoted to aquaculture (both inland and marine)
- number of fishing vessels categorized according to capacity (inshore and offshore)
- volume of fish catch/production
- number of fisherfolk
- auxiliary businesses supported by the fishery sector
- number of fisherfolk organizations/association/NGOs
- number of institutions providing credit to fishery sector

Social Services

- health, nutrition and sanitation
- education
- housing

Infrastructure and Facilities

- roads and bridges
- ports, piers and wharves

- power and communication facilities
- transportation facilities
- post-harvest facilities (e.g. ice plant and cold storage)
- research center

Possible Sources of Data

- local government units
- economic development institutions
- statistics office
- Department of Fisheries
- NGOs involved in developmental work
- fisheries chambers and organizations
- internet

Module 1: Design, Planning and Project Development**Topic 4: Planning and Project Development****Session 2: Workshop and Presentation of Output**

- Objectives:** To enhance participants' skill in profiling; and
To sharpen analytical skills.
- Expected Outcome:** At the end of the session, participants' profiling and analytical skills should be improved as they go through analyzing credit gaps.
- Materials Required:** Small Fisheries Financing Program of three microfinance institutions and three government or mainstream financing institutions. (Trainer should obtain these programs from banks and MFIs in the country/locality.)
- Time Required:** Workshop – 3 hours; Presentation – 1 hour
- Methodology:** Small group discussion and workshop
- Procedure:**
1. Provide instructions in a plenary: Small groups shall be formed. Each group shall prepare a profile matrix comparing fisheries financial services of two financing institutions along the following parameters: credit delivery mode; credit utilization according to type, activity, need; repayment period; equity requirement; collateral requirement; interest rate; savings mobilization; issues and problems encountered in financing small-scale fisheries. Tell them to add other missing elements, if there are any.
 2. Break the plenary into small groups.
 3. Allow some time for the small groups to prepare their profile matrix.
 4. Convene the plenary.
 5. Ask each group to make a presentation.
 6. Conduct an open forum after each group
 7. Draw conclusions from the matrix prepared, particularly on the differences and similarities as well as best attributes of financing programs.

Climate Setting 5: Exercise – “New Directions” In Learning

Objectives: To demonstrate to the group that prior learning (knowledge, skills, and attitudes) has a powerful and often negative effect on their capacity and willingness to adopt new learning; and

To explore ways to facilitate the “unlearning” process.

Procedure: Present the group with a handout or visual display showing the new directions you would like to have them learn (see below).

Old Directions	New Directions
UP	RIGHT
DOWN	REAR
LEFT	DOWN
RIGHT	FRONT
FRONT	UP
REAR	LEFT

Give them several minutes to absorb the connection between the “old” way and the “new” way.

When all are ready, have them set aside their handouts and stand up, facing the front of the room. Test them on their “new directions” by calling out the old directions and seeing how many of them successfully point in the new directions. (Note: If you wish to confound them further, line them up in two rows facing each other!) Give them ten commands, and ask them to keep score of their accuracy.

What can you do to help trainees unlearn the old, thus better preparing them to learn the new?

Materials Required: The handout or visual showing the old and the new directions.

Time Required: 10 minutes, plus discussion time.

Source: See John W. Newstrom, “The Management of Unlearning: Exploding the Clean Slate Fallacy,” **Training and Development Journal**, August 1983, pp. 36-39.

Module 1: Design, Planning and Project Development**Topic 4: Planning and Project Development****Session 3: Developing a Credit Program for Small Coastal Fisheries**

Description:	<p>Loan/credit officers, as frontline bank employees, should be equipped with proficiencies not only in originating and administering loans but also in knowing how credit/loan programs are assembled in order to reach the intended clients.</p> <p>Under this topic, the trainer would do well if he anchors his discussions on credit program development firstly: to the long-term objectives and thrust of a bank, and secondly: to the underlying characteristics of and realities in small coastal fisheries. By keeping attuned to realities at the grassroots level, the elements of the credit program should aptly address needs and the program should become relevant to its intended client.</p>
Objective:	To enhance participants' knowledge on the basic elements of a credit program for small coastal fisheries.
Expected Outcome:	At the end of the session, participants shall have acquired new learnings on credit program elements as applied to small fisheries financing.
Materials Required:	Refer to text material.
Time Required:	6 hours
Methodology:	Lecture, Participants Sharing
Procedure:	<ol style="list-style-type: none">1. Discuss credit program development, the long-term objectives and thrust of banks, and the underlying characteristics of and realities in small coastal fisheries.2. Conduct group discussions on the following topics:<ul style="list-style-type: none">– subsidy and credit access– growth dynamics in the fisheries sector– fisheries value chain– credit plus and other holistic program approaches– fund sourcing– lending technology– borrower identification and qualification criteria– loan size and purpose– infrastructure support to financing– pricing and repayment– risk management and mitigation

DAY 5**Continuation of Developing Credit Program for Small Coastal Fisheries**

Time Required: 3 hours

Background Reading Material

Developing Credit Program for Small Fishing Communities

Over-all credit program framework

An over-all credit program framework becomes necessary as it would lay the foundation concepts and enable the design of appropriate and relevant program elements.

Previous contextual discussions on small fisherfolk suggest a grave problem on credit access. Past subsidized credit programs brought forth problems of varied magnitude ranging from fund diversion to poor entrepreneurial capability, to marketing problems and externally-driven project failure that were beyond borrower control, circumstances that led to dismal loan repayment performances. Extra prudence observed by financing institutions in lending to this particular sector has relegated fisherfolk to the background.

The credit program for small fisherfolk should be designed to address the aforementioned problems, one that looks into the dynamics of the sector considering opportunities along the fishery value chain, and linkage mechanisms for resource integration.

With credit at the core of assistance, the program should take on a holistic approach and should include relevant support services (e.g. technical and marketing assistance). Among the concepts worth considering in credit program development are the following.

Growth dynamics in the fisheries sector:

The quality of life in small fisheries and aquaculture communities is best depicted by economic scarcity and the absence of basic social services. Hand-to-mouth existence is pervasive and the paucity of income drives fisherfolk to further put pressure on marine resources through illegal and destructive fishing practices.

Providing microcredit for alternative livelihood may not only put a stop to these practices but could also pave the way for the fisherfolk's graduation to bigger undertakings. The proficiencies acquired from successful micro-enterprise operations could enable the fisherfolk to expand their business and link with anchor industries that require their products as inputs or he may consolidate efforts with other producers or groups to serve bigger markets. Further, graduation may see the fisherfolk requiring bigger capital (and bigger financing needs) to diversify their enterprise and go into allied industries that will effect business integration.

Thus, the fisherfolk should not be stuck to where they started from but rather should evolve, whether individually or in a group, into the next higher economic hierarchy. This growth pattern is made possible by a multitude of elements (behavior, education, economic, political/organizational dimensions, environmental, etc.) that should work synergistically to reach desired ends.

Though this may be perceived as ideal and seemingly beyond the reach of the lowly fisherfolk, it may serve as a model, an aspiration that could guide fisherfolk as they free themselves from the bondage of poverty and traverse the road to adequacy.

Fisheries Value Chain

In the course of identifying potential projects for the sector, one may be guided by the range of industries and sub-industries that comprise the fisheries supply chain, from pre-production to marketing or final trading of the product.

The fisherfolk (and their organization) may see themselves fitting into one of the industries that match their capabilities, financial and otherwise. They may choose to be suppliers of fish, traders of fisheries products, or manufacturers of fishing equipment.

Holistic Program Approach

The holistic program approach is similar to the credit-plus approach but scaled down to exclude social services, which should be left to government to look after. Cognizant of the situation small fishers and fish farmers are in, credit would not be sufficient to answer their needs especially where sustainability is concerned.

Support services in the form of capacity building, market networking and technology transfer should round up the package of assistance as these are critical elements for viability and sustainability. These should likewise prepare fisherfolk to venture into alternative livelihood projects should marine conservation and preservation efforts pull them out from fishing activities.

Source of credit funds

As in most lending programs, it would be important to know the source of credit funds as it is a foundation element that will lend influence to other terms that will be set forth in the program. Funds for fisheries lending may have the following sources:

- internal bank funds, part of the loan portfolio allocation especially if the fisheries sector is a mandated client; may come from a bank's capital resources (equity or deposit liability)

- external funds sourced as borrowings with nominal interest and covered by commitment fees and sovereign guarantees

- special funds contributed by government agencies to implement fisheries development initiatives, interest-free and placed with a bank for leveraging purposes

- ODA or grant funds intended for fisheries development provided by multi-lateral or bilateral institutions

Establishing fund source would allow flexibility and a certain level of confidence in setting other terms (e.g. loan price and tenor).

Lending technology/credit delivery

In general, the term lending technology refers to the whole gamut of activities carried out by a financing institution, involving borrower selection, determining the type of loan to be granted, loan amounts and tenors, loan security and monitoring and recovery measures (Shreekantha Shetty in UN-FAO Technical Paper 440, 2003).

Shetty identified two types of lending technologies that have been adopted in financing small businesses in developing countries: individual-based and group-based approaches. The individual-based approach is further categorized in two: one is the conventional banking technology used in dealing with established customers; and the other is adapted to specific situations of borrowers from the small business sector.

The conventional banking technology is used for individual borrower and his individual project. It is document and asset-based whereby decision on credit approval is made on the basis of available documents such as the individual's financial statements. Credit approval is likewise contingent on the availability of bankable collateral or securities.

The specialized individual technology is tailored to the situation of each borrower as each case is dealt with according to the individual's condition. It takes on a more personal touch as there is a conscious attempt to gather more information about the borrower by direct inspection rather than on the basis of the documents alone.

Group-based lending technologies, on the other hand, are those that involve organizations or groups of borrowers. Driven by a desire to reduce transaction costs and risks, borrowers come together, organize a group and device borrowing, collection and guarantee mechanisms. Among the more popular group arrangements are the following: group as intermediary (self-help group and bank linkage); group as loan guarantor; and group as social network (e.g. Grameen Bank).

Above discussions would, more or less, give indications on the lending technology appropriate for small fisheries and aquaculture. Individual lending may not prove to be relevant in small fishing communities but

may be appropriate for production-oriented small- and medium-scale fish farming and aquaculture businesses. The applicability of group lending is apparent for small-scale fishers and fish farmers. The homogeneity of backgrounds and economic activities makes group formation easy to undertake.

Other credit delivery options available to financing institutions is the use of other organizations such as cooperatives, microfinance NGOs, and rural banks as credit conduits. Thus, lending technology and credit delivery options should be studied in the context of prevailing individual and group dynamics in fishing communities taking into account access to and the effectiveness of other forms of conduits.

Borrower identification and qualification criteria

If one has to address the poverty situation in fishing communities and provide a credit program that is aimed at reaching people who require the services and not at specific groups of people that fit a criteria, then a qualification standard may just be irrelevant. A set of eligibility criteria for the grassroots may impede client reach and may endanger sustainability of a credit program.

For a loan officer, the interest of a bank should deserve foremost consideration and the viability and sustainability of a credit program should not be compromised with mediocre and unfittingly designed criteria. Further, a relaxed and open-ended criterion may be subject to abuse and could likewise spell early demise of the program. Resolving these conflicting views will require a balancing act and a considerable amount of creativity on the part of the credit officer.

The formulation of a client classification and graduation system may seem adaptable, but a circumspect standard would be one that considers each and every possible borrower in fishing communities, regardless of gender, age and status. A segregation of clients according to credit needs and absorptive capacity and the provision of varying credit facilities with arrangements for graduation to higher forms of loan windows may be contemplated upon as a possible option to criteria-setting.

A household approach may be considered as an option, where household members of legal age and with capacity to work and earn as helpers in fishing activities, are treated as the borrowers.

Women play a vital role in fishing communities and thus should be included in the roster of clients. Directly involved in productive fishery activities like processing and marketing, women are significant contributors to household incomes especially during seasonal lulls when earnings from fishing are low, if not nil. By taking on trading/vending and other livelihood activities, they continuously generate income and enhance the welfare of their families. Targeting women as loan beneficiaries promotes their empowerment and aids in improving the quality of life of their families.

Loan size and loan purpose

Loan size depends on project requirements and the absorptive capacity of the borrower. Fishing capital requirement is low while that of fish farming or aquaculture is comparatively high. Thus in determining loan sizes, flexibility of loan amounts must be taken into account so that the credit program is not boxed in on impractical loan limits that disregard actual needs of small fisheries and aquaculture. Some banks have adopted individual maximum limits, the amounts of which are dependent on their capacity to assume risks.

Loan size should likewise consider project variants, as in the case of aquaculture undertakings. Culture methods (extensive, semi-intensive and intensive), type of species and location dictate cost differences and serve as bases for credit requirements.

Demand for both fixed asset and working capital loans exist in fishing and aquaculture communities. The following comprise the credit needs of the sector:

Small-scale fish farming

- production inputs such as fish fry, fingerlings, fish feeds
- pond fertilizers
- construction/repair of dikes
- life support systems (e.g. simple aerators)
- nets, styrofoam boxes
- marketing costs

Small-scale fishing

- fuel
- food for the crew
- nets, small fishing equipment and paraphernalia
- replacement of fishing craft
- fish aggregating devices
- navigational and safety equipment

Fish marketing and processing

- purchase of raw materials
- trading advances
- small-scale equipment

Fisheries support enterprises

- fish processing plant
- ice plant and cold storage facilities
- fish transportation and marketing facilities
- input (fish feeds) manufacturing
- inputs trading

In order to wean away small fishers from overfished areas and thereby contribute to resource sustainability efforts, provisions for livelihood projects should be made by the credit officer. Loans for the following livelihood projects should be made available to fisherfolk with particular emphasis on women (UN-FAO, 2003c).

- small grocery stores
- buy and sell of ready-to-wear clothes
- buy and sell of used clothings, shoes and bags
- buy and sell of small household items and appliances
- handicraft, rattan craft, etc.
- fish silage preparation out of fish waste
- fish fast food counters
- aquarium construction and maintenance
- net making
- organic vegetable farming on leased land
- establishment of ornamental plant nurseries
- vermin-compost preparation

The loan officer should not limit himself to above loan purposes as there is a wide spectrum of income-earning opportunities that are available. However, the loan officer should always be guided by project profitability and sustainability criteria.

Interest rates and loan pricing

Interest rate subsidy is a thing of the past. Subsidized credit implementers all agree that the system did not work nor was it sustainable. Access to credit is a greater concern than cost of money and many grassroots borrowers recognize this situation. Fishers, just like small agricultural farmers, are exposed to borrowing arrangements of informal lenders who charge exorbitant interest rates in exchange for fast credit delivery and paperless transaction.

Interest rates that would be charged should be market-based and reasonable enough to allow a bank to cover capital and operational costs, but at the same time affordable to target clients. Interest rate calculations should include all direct financial costs composed of the following (FAO Fisheries Technical Paper 440, 2003):

- Financing and capital costs – the actual cost of loan funds when the portfolio is funded with equity, commercial borrowing or earnings. Intermediation costs associated with the use of deposit liabilities for loaning purposes may fall under this category.

- Operating costs – yearly recurrent costs of the bank that includes salaries, utilities, depreciation and other administrative expenses.
- Loan loss provision – the amount set aside to cover expected defaults of the loan portfolio.

Loan term and repayment period

Loan term and repayment plan should be based on the cash flow patterns and expected income of the borrower's project or economic activity. The design of repayment periods for fishing and aquaculture should be differentiated. Since cash inflows for fishing activities are frequent, a weekly, bi-monthly or monthly payment scheme may be appropriate. This scheme may also be applied to fish marketing and vending where revenues are generated on a regular basis.

For aquaculture projects, revenues are expected on a cyclical basis thus repayment should follow this pattern. Lump sum payments at the end of harvest may just be the appropriate scheme for working capital loans. Fixed capital borrowings, on the other hand, may be allowed repayment in the medium-term. A combination of schemes using installment and lump sum payments may be applied where appropriate.

Vital in the design of loan terms is the capability of a bank or loan officer to collect. Short-spaced collection arrangements must be carefully studied as this could pressure the loan officer to conduct frequent client calls to ensure repayments. As this is costly and may seem impossible to work out, other collection mechanisms may be drawn.

Credit risk mitigation

Credit risk refers to the uncertainty of the client being unable or unwilling to pay obligations in time, in full, as contracted resulting to financial loss for a bank. As risk-averse institutions, banks tend to shy away from high risk clients as poor repayment performances could impair risk-adjusted returns.

Risk identification

The concomitant risks that go with fisheries financing deter loan officers from pursuing this type of clients. Small fisheries projects are risky in nature and investments in these undertakings may be difficult to recover especially if they are not protected by safety nets. It is important for the loan officer to determine the risks fisherfolk are vulnerable to, to enable the development of appropriate risk response mechanisms.

In the fisheries sector, risks may be categorized as follows (World Bank Agriculture Investment Source Book, 2006):

Climate risks: loss of fisheries stocks due to occurrence of typhoon, prolonged inclement weather leading to drastic water quality change or inability to conduct fishing activities;

Environmental risks: risks from pest and disease damage (e.g. white spot virus, luminous bacteria etc.)

Social risks: risks from theft and pilferage

Economic risks: risks from inadequate project capabilities (technical and entrepreneurial)

Risk mitigation

Responses to risks differ and may be categorized based on occurrence of the risk event, i.e., before (mitigation) and after (acceptance and coping). Risk mitigating options for fisheries credit are limited compared to agricultural lending. A more prominent alternative is through risk sharing mechanisms.

In informal arrangements, as in fisheries groups, risk management measures through risk sharing take the following forms (World Bank Agriculture Investment Source Book, 2006):

Information gathering

- using and improving available information in decision making such as innovative cultural practices and fish growing techniques, new fishing devices and gadgets

Avoiding risks

- in aquaculture, fish growers use less risky technologies such as the adoption of extensive and semi-intensive production systems
- the adoption of new technologies to lessen risk impact if it sets in, e.g. the use of greenwater technology in prawn production to reduce, if not arrest, luminous bacteria occurrence

Sharing of risks

- group mutual guarantee mechanisms
- formal and informal insurance
- risk pooling in informal and formal arrangements

The absence or inadequacy of credit guarantee and insurance schemes for small fisheries makes lending to this sector more risky. While group lending has built-in member guarantee mechanism (e.g. peer pressure), the scheme is deficient in addressing group-wide repayment problems brought about by uncontrollable events.

The emergence of mutual guarantee funds established through member contributions may salvage fisheries investments but up to a limited extent only. Most often fisherfolk have no recourse but to sell assets or use whatever savings they may have put aside in order to cope when risk events strike.

Climate Setting 6: Exercise – Expert Experiences

- Objectives:** To identify who, within a training group, has relevant experiences to share with the other participants;
To alert other participants to the value of prior relevant experiences; and
To provide appropriate recognition to individuals with experience, and to indicate the value of their participation.
- Materials Required:** Paper for each participant, a flip chart pad mounted on an easel, marking pens, masking tape, and a possible prize.
- Approximate Time Required:** 30 minutes.
- Procedure:**
1. Ask participants to write down a significant personal experience that they have had in the subject area. It may be either positive or negative – simply a notable occurrence from which a lesson was derived.
 2. Divide the participants into discussion groups of approximately five persons each. Ask them to share their experiences with each other.
 3. Ask each group to select the two most relevant experiences that were presented and discussed in the group.
 4. Ask the group rapporteur to report in the plenary on the experiences that were selected. Key-word summaries can be written by the group facilitator and posted on the wall. (If desired, contributor names can be attached to each experience for later reference.)
 5. Process the exercise by asking the following questions:
 - What experiences of those listed have the greatest potential bearing on our subject today?
 - Which one is the most important lesson for you to recall? (Note: If desired, a simple prize can be awarded to the originator of the winning idea to provide appropriate recognition.)
- Source:** Eugene C. Fetteroll, Jr., Boston, MA.

Module 1: Design, Planning and Project Development**Topic 4: Planning and Project Development****Session 4: Case: Preparation of a Rural and Microfinance Program**

- Objective:** To apply learnings gained from the previous sessions
- Expected Outcome:** At the end of the session, participants shall have prepared a credit program for small coastal fisheries.
- Materials Required:** Field exposure workshop output of the groups (data gathered from field visit on actual characteristics and situation of fishing community)
- Time Required:** 4.5 hours
- Methodology:** Small group discussions, workshop/writeshop
- Procedure:**
1. Discuss in the plenary the task of each group: prepare a credit program for small coastal fisheries by applying learnings acquired from the lectures and using information gathered during the field visit, using the suggested outline:
Credit Program format
 - I. Background and Rationale
 - II. Objectives
 - III. Credit Program Features
 - Credit program framework
 - Target beneficiaries
 - Terms and conditions (elements based on discussions)
 - IV. Implementation Strategies
 - Area coverage
 - Major implementers and roles of each
 - Program management and duties
 - Timeline
 2. Inform that the presentation shall be analyzed in terms of the following:
 - soundness of program framework in terms of applicability, congruence with institutional goals or mandate;
 - appropriateness of terms and conditions, i.e., flexible enough to meet management approval and can be easily complied with by target clients; trainer/panel should examine each of the terms and conditions laid out;
 - soundness of terms and conditions, i.e., will not compromise capital adequacy and profitability of bank or institution;
 - risk management measures or credit risk mitigation techniques;
 - possible reach of credit program considering terms and conditions; and
 - capability of the institution to implement the proposed credit program
 3. Divide the class into three groups (using alphabetical arrangement of surnames).
 4. Provide ample time for the groups to discuss.
 5. Ask each group to present.
 6. Conduct critiquing by outside experts and the participants themselves.
 7. Process and consolidate the lessons learned.
 8. Ask the groups to incorporate the peer and experts' comments.
 9. Announce the best credit program and the best oral presentation.

MODULE 2

Implementation Management

Module Design and Objective:

A combination of lectures/discussions and practical applications aimed at enhancing participant knowledge, skill and attitude will characterize this module. Lectures will delve on the foundation activities of managing the implementation of a credit program, from target-setting to supervision, including coordination and networking. Buzz sessions, simulation exercises and workshops will complete this module, which should be undertaken in three days.

At the end of the training module, participants' skills in credit program implementation will be enhanced.

DAY 6

Module 2:	Implementation Management
Topic 1:	Target Setting: Performance Feedback
Session 1:	Firming Up Targets

Objective:	To refresh participants on the rudiments of target setting.
Expected Outcome:	At the end of the session, participants would have been refreshed on target setting methods and practices.
Methodology:	Lecture, Participant Sharing
Materials Required:	none
Time Required:	1 hour
Procedure:	<ol style="list-style-type: none">1. Discuss in the plenary what are the basis of targets and how the targets are set. Say that “The implementation management of a credit program commences with target setting. Targets quantify the program’s objectives and serve as the bases for performance measurement. Management may adopt a top-down approach and find it appropriate to assign loan officers with specific loan portfolio targets on the basis of the potentials of specific areas to generate small fishery loans or the targeting could take a bottom-up approach with the officers setting their targets based on their knowledge of their respective areas.”2. Say that “In both cases, target setting should be guided by identifying and determining the number of target clients and area coverage and the estimated amount of credit as well as determining credit delivery mode and identifying credit conduits, if and when necessary.”3. Elicit comments and discuss the parameters.

Module 2:	Implementation Management
Topic 1:	Target Setting: Performance Feedback
Session 2:	Action Planning

- Objective:** To review participants on the basic concepts of action planning and how it is undertaken.
- Expected Outcome:** At the end of the session, participants shall have sharpened know-how in action planning.
- Methodology:** Lecture, Participants Sharing
- Time Required:** 1 hour
- Procedure:**
1. Discuss in the plenary the elements and uses of an action plan.
 2. Say that “Action planning is the process of translating plans and strategies into operational terms. An action plan sets forth day-to-day activities of the credit program and consists of activities, outputs, time lines, person responsible and inputs/resources needed.”
 3. Say that “Activities should be laid out in a sequential manner, that is, they should come in the right order to ensure that other actions are not held up because something that should have been done earlier has not been accomplished and is stalling the entire process.
“Outputs are the results of activities and show that these have successfully taken place. All the outputs put together should lead to the achievement of the key result area. A periodic summary of outputs should prove useful in providing a quick progress checklist and basis of progress reports.
“Time lines are the periods within which the activities shall be completed. It should reflect targeted start to completion dates and must provide ample allowances for possible extension especially if activity completion is dependent on other persons or units.
“Person responsible may not always be the person preparing the plan especially if collaborative effort is needed to complete the activity. Complicated work flows, often times, require the transfer of activity responsibility from one to person to another thus this should be clarified so that it would be easy to identify with whom actions are held up. For instance the activity “loan review” is a responsibility that falls on several persons or units depending on approving authorities. Thus the persons or units responsible should be spelled out to facilitate activity tracking.
“Inputs/resources needed may consist of people, time, space, equipment, funds and training. A quantification of the required resources should facilitate budgeting.
“Action planning should take place at the loan officer level where credit is to be originated and administered. Where the program takes a holistic approach, the action plan should incorporate social preparation activities.”
 4. Cite examples of action plans.
 5. Open the floor for discussions and comments.
 6. Summarize the key points.

Module 2:	Implementation Management
Topic 1:	Target Setting: Performance Feedback
Session 3:	Workshop: Action Plan Preparation and Presentation of Output

Objective:	To apply conceptual learnings in action planning.
Expected Outcome:	At the end of the workshop, participants shall have sharpened their skills in preparing an action plan.
Methodology:	Individual plan preparation
Materials Required:	Hard copies of the 3 credit programs prepared by the groups
Time Required:	2 hours including presentation
Procedure:	<ol style="list-style-type: none"> 1. Discuss in the plenary the tasks of each individual participant. 2. Say that each participant should prepare an action plan. The action plan should be based on the three credit programs previously prepared by the three groups. 3. Provide ample time for the participants to prepare their action plans. 4. Invite selected presenters. 5. Invite peer comments on the action plans. 6. Process the activity.

Climate Setting 7: Exercise – Alphabet Soup

- Objective:** To allow participants some practice in simple problem solving
- Methodology:** Prepare the following questions as a quickie quiz. Ask participants to complete the exercise as quickly as possible.
1. What is the only letter open on all sides?
 2. What is the only curved letter that is the same upside down?
 3. What are the only letters containing one single horizontal line?
 4. What is the only letter with two parallel horizontal lines?
 5. What is the only letter with two diagonal straight lines?
- Abecedarians who mind their P's and Q's should have little trouble with this puzzle:
What letters of the alphabet are:
1. a bird
 2. part of your head
 3. an insect
 4. a drink
 5. a building extension
 6. a hint
 7. a vegetable
 8. a body of water
 9. a farm animal
- Materials Required:** Handout sheets of the above questions
- Time Required:** Five minutes
- Source:** Varied
- Answers:**
1. What is the only letter open on all sides? (**X**)
 2. What is the only curved letter that is the same upside down? (**S**)
 3. What are the only letters containing one single horizontal line? (**H, L and T**)
 4. What is the only letter with two parallel horizontal lines? (**Z**)
 5. What is the only letter with two diagonal straight lines? (**X**)
- What letters of the alphabet are:
10. a bird (**J**)
 11. part of your head (**I**)
 12. an insect (**B**)
 13. a drink (**T**)
 14. a building extension (**L**)
 15. a hint (**Q**)
 16. a vegetable (**P**)
 17. a body of water (**C**)
 18. a farm animal (**U**)

Module 2:	Implementation Management
Topic 1:	Target Setting: Performance Feedback
Session 4:	Training of Client Groups

Objective:	To orient participants on the importance of training as a credit support intervention and how it should be undertaken.
Expected Outcome:	At the end of the session participants would have acquired knowledge on the basics of preparing and conducting a training program for intended clients.
Methodology:	Lecture, Participant Sharing.
Materials Required:	Please refer to text material.
Time Required:	3 hours
Procedure:	<ol style="list-style-type: none"> 1. Discuss in the plenary the rationale for beneficiary training. 2. Ask what elements of a training needs assessment. 3. Discuss the various methods of training needs assessment. 4. Explain the steps in assessing training needs. 5. Discuss the elements of a training design. 6. Brainstorm on the mechanics of conducting a good training program. 7. Process the activity.

Background Reading Material

Training of Client Groups/Beneficiaries

In most development financing programs, implementers see to it that beneficiaries undergo training prior to loan release to ascertain development or enhancement of knowledge, skills and attitude to enable them to succeed in their individual or group undertakings. Fisherfolk, particularly, lack proper education and in most cases acquire learning informally from peers and from the long years of doing their trade. Whatever case and recognizing the fact that there is a big difference between perceived and actual needs, it becomes imperative to consider the following steps so that training would match specific requirements of the fisherfolk.

A. Conduct of training needs assessment

The conduct of training should be preceded by a training needs assessment (TNA). A TNA is a diagnostic activity that identifies gaps and provides information to guide decisions on whether training is necessary to address these gaps as well as determine what a training program should contain.

TNA may be conducted using a combination of the following methods:

- questionnaires/surveys
- focus group discussion
- beneficiary records/profiles
- interviews
- direct observation
- consultation with persons in key positions

For small fisheries and aquaculturists, a facile way of gathering information is through interviews, direct observation and focus group discussions, techniques which will not require the beneficiaries to read and write. The TNA may proceed using the steps described below (Rouda & Kusy, Jr., 2007).

- Perform a gap analysis by looking into problems, deficiencies, weaknesses, strengths, opportunities and impending changes. This step should enable the preparation of a long list of training and other interventions.
- Based on the long list, identify priorities and study importance of each based on the objectives of the credit program and the real needs of the clients or borrowers.
- Identify possible causes of potential or past performance problems and/or opportunities. Questions on whether borrower or borrower groups know what they are supposed to do and whether they are doing it effectively, should be answered clearly.
- Negative responses from the third step, especially related to knowledge problem, should point to the kind of training needed by the beneficiaries and should come up with a training short list.

B. Preparation of training design

The training design takes its impetus from the TNA and is simply a plan that reflects the training rationale, purpose, and methodology. For each type of training identified a design must be prepared that should capture the following elements:

- rationale
- training objectives
- target participants
- trainer qualification
- methodology
- budgetary requirements

C. Actual conduct of training

Training programs may either be conducted by the financing institution or outsourced, if internal capabilities are inadequate to provide the knowledge and skill transfer. NGOs and service providers entrenched in fishing communities would be the best organizational trainers as they live, breathe and talk like fisherfolk.

Technical and entrepreneurial skills, on the other hand, should be coordinated with government and non-government agencies that possess capacity building programs.

DAY 7

Module 2:	Implementation Management
Topic 2:	Training, Supervision and Coordination
Session 1:	Buzz Sessions on TNA

Objective:	To reinforce lectures on TNA by inviting two training experts
Expected Outcome:	At the end of the session, participants shall have clarified certain issues on TNA, gained new approaches on the conduct of TNA.
Methodology:	Lecture, Experience Sharing, Open Forum
Materials Required:	Hand-outs/material.
Time Required:	1.5 hours
Procedure:	<ol style="list-style-type: none">1. Introduce the experts who will further reinforce the concept, current approaches and practices of TNA and recommend TNA approach for small coastal fisheries.2. Conduct an open forum.3. Summarize the lessons learned.

Module 2:	Implementation Management
Topic 2:	Training, Supervision and Coordination
Session 2:	Supervision

- Objective:** To enhance participants' knowledge on what constitutes supervision
- Expected Outcome:** At the end of session participants would have been clarified on the various activities that make up supervision.
- Methodology:** Lecture, Participants Sharing
- Materials Required:** Please refer to text material.
- Time Required:** 2 hours
- Procedure:**
1. Present the concepts of supervision.
 2. Discuss how supervision is undertaken at the credit program and operational level.
 3. Elicit replies as to which activities would supervision revolve.
 4. Summarize and process the replies.

Background Reading Material

Supervision

Supervision should be done at two levels, at the credit program and the operational (technical assistance) levels. At the program level, the overriding concern would be that of whether credit reaches intended clients, thus supervision would revolve around such activities as:

- ensuring appropriate marketing/promotion of credit program
- actual conduct of orientation meetings with prospective clients
- staff coaching and counseling on credit/loan packaging
- ascertaining timely approval and release of credit
- analyzing and measuring progress of credit program
- motivating employees to reach targets

Supervision at the program level should likewise be sensitive to the needs and situation at the branch or field level such that program policies formulated should reflect some amount of implementation flexibility without necessarily impinging on over-all bank and regulatory standards.

Supervisors must act with dispatch if program policies hinder credit outreach and the achievement of performance targets. For instance if, based on monitoring results, a small fisheries credit program does not generate the expected number of clients, the supervisor must initiate an assessment of the program to determine policy gaps and needs that must be addressed and must propose for policy refinement.

Supervision should not limit itself to program-related activities but must likewise be balanced with resource (human and financial) optimization and relationship cultivation.

At the operational/technical assistance level, supervision must oversee the proper and timely delivery of credit and support services. The supervisor, thus, may be confronted with having to deal with his account officers and field staff, the service provider (if outsourcing is resorted to) and the fisherfolk. This makes supervision doubly hard since style adjustments have to be adapted to the people he works with.

Field-level supervision should ensure that the credit program is implemented as planned, i.e., program deliverables are met. Since field level supervision would likewise entail support service delivery, the supervisor should be creative enough to adopt and implement diverse styles especially in relation to institutional and entrepreneurial capability development. Thus, the supervisor and his staff must build up capabilities if they are to be effective in this aspect.

Module 2:	Implementation Management
Topic 2:	Training, Supervision and Coordination
Session 3:	Coordination and Network Building

Objective: To equip participants with basic knowledge on coordination/network building as a new work component.

Expected Outcome: At the end of the session, participants shall have acquired knowledge on coordination/network building in the context of small fisheries financing.

Methodology: Lecture, Participants Sharing

Materials Required: Please refer to text material.

Time Required: 1 hour

Procedure:

1. Present the concepts of coordination and network building.
2. Discuss how coordination and network building are established.
3. Elicit replies as to which coordination skills are important.
4. Summarize and process the replies.

Background Reading Material

Coordination/Network Building

What is Coordination/Network Building

Coordination and network building work towards the forging of relationships or partnerships to achieve a common objective with the end of benefiting two or more parties. The types of partnership may vary, from technical, training and even financial. The idea is to complement each other's resources in order to optimize the achievement of common goals.

Coordination is an essential element of implementation management especially where development financing is concerned. Coordination and network building at the program level may be as extensive as at the field level and should be done in the context of resource sharing and optimization.

At the program level, coordination skills would come in handy when in search of partners that could provide resources for financing and technical assistance. Examples of this are as follows:

- Financing institution linking with a community-based non-government organization (NGO) for the latter to provide capability building interventions to small fisherfolk;
- A government/state line agency involved in fisheries development partnering with a financing institution to implement a credit program, with the latter leveraging the fund contributions of the former;
- Field extension unit of an agricultural state university partnering with a financing institution to provide technology trainings to clients of the latter.

The examples could go on and partnership coverage could be varied depending on the needs of the clients.

Field circumstances, on the other hand, may require multi-level coordination skills as the implementer would have to deal with officers at the program level, even as he develops an extensive public and private network in his turf, while looking into the effectiveness of projects at the client side.

What are the basic considerations in establishing partnerships?

Most financing institutions are wary in entering into partnerships because of their cost implications. Thus, some have come up with their own parameters if necessity pushes them to do so and are guided by the following:

- the partnership should not pressure the financing institution to deviate from its policies.
- it should not bear impact on the cost-effectiveness or profitability of the financing institution.
- the partnership should be mutually beneficial.

On the other hand, to ensure that the partnership will turn out well, the financing institution must consider the following:

- the identified partner must be known or reputable in its field;
- the partnership must be sealed by a Memorandum of Agreement (MoA) to prevent partners from renegeing on commitments;
- roles and responsibilities of each party must be properly defined in the MoA;
- a set of implementing guidelines should accompany the MoA; and
- legal implications of the partnership must be taken into account.

Climate Setting 8: Exercise – Paper-Tearing Exercise (Two-Way Communication in the Work Place)

Time Allocation: 5 minutes

Materials: Blank bond paper

- Instructions:**
1. Tell the participants the following: We are going to play a game that will show us some important things about communication. Pick up your sheet of paper and hold it in front of you. Now, close your eyes and follow the directions I will give you....and no peeking. Participants cannot ask questions.
 2. Give the following directions, carrying them out yourself with your own sheet of paper and pausing after each instruction to give the group time to comply.
“The first thing I want you to do is to fold your sheet of paper in half. Now tear off the upper right hand corner. Fold it in half again and tear off the upper left hand corner of the sheet. Fold it in half again. Now tear off the lower right hand corner of the sheet.”
 3. After the tearing is complete, say something like: “Now open your eyes and let us see what you have. If I did a good job of communicating and you did a good job of listening, all of our sheets should look the same.” Hold your sheet up for them to see. It is highly unlikely any sheet will match yours exactly.
 4. Observe the differences.
 5. Ask the group why no one paper matched yours.

Then lead into a presentation on the need for two-way communication in the work place.

Module 2:	Implementation Management
Topic 2:	Training, Supervision and Coordination
Session 4:	Case Study – Balabac Multi-Purpose Cooperative

- Objective:** To apply learnings gained from lectures on TNA
- Expected Outcome:** At the end of the session, participants shall have learned how to conduct a TNA.
- Methodology:** Small group discussion, workshop
- Time Required:** 1.5 hours
- Procedure:**
1. Divide the plenary into three groups.
 2. Ask each group to select a discussion leader and a presenter.
 3. Allow the group to discuss the case and answer the questions.
 4. Ask each group to make a presentation.
 5. Conduct peer critiquing.
 6. Summarize and process the lessons learned from the activity.

The Case:

Balabac is an island in the southernmost tip of the province of Palawan, Philippines. It can be reached by motor boat in three hours from the municipality of Rio Tuba, Palawan. Balabac has a long coastline which is inhabited by fishermen families whose main source of income is seaweed farming and fishing. As in any coastal village, Balabac is a town where poverty is widespread and where secondary education is the highest attainment among fisherfolk. Most had only primary education to boast of.

This situation, however, did not deter the fisherfolk from pursuing their dream of improving their quality of life. Thus, three years ago, a cooperative was organized to provide financial services to its members. After having ventured in a successful seaweed trading business and through the savings of its members, the cooperative opened a credit window for its members' livelihood activities.

The Land Bank of the Philippines (LandBank) is a government financing institution that is mandated to provide financing assistance to fisherfolk, which is among its priority clients. Desirous of pursuing its mandate, LandBank has introduced a new lending window for small fisherfolk using the cooperative as credit conduit. The Bank practices an integrated development approach in financing clients belonging to this sector. It subscribes to the tenet that for credit to small borrowers to be sustainable it must be accompanied by support services, of which capability building is a component.

The Balabac MPC is an organization of small fishermen and their families with a membership of 180 men and women. The members are engaged in small-scale fishing, seaweed production, micro-enterprises such as fish vending, fish processing and seaweed trading. Recently, the coop obtained approval of a loan applied with LandBank amounting to P 750,000.00 to finance various livelihood activities of its members.

The Development Assistance Center (DAC) of LandBank based in Puerto Princesa City, Palawan (about eight hours away from Balabac) was notified by the Loan Account Officer of this recent development and was requested to provide the necessary training for the coop members as a pre-release requirement.

Mr. Reyes, the Manager of the LandBank DAC promptly instructed his staff, Mr. Santos, to travel to Balabac and perform a training needs assessment. Mr. Santos immediately prepared his TNA plan.

If you were Mr. Santos, how would you conduct the TNA? Describe your procedure in simple instructional steps.

Answer:

Areas of Consideration:

- 1. Fisherfolk may not be proficient in writing and reading*
- 2. Fisherfolk cannot devote one whole day to a TNA since they too have work to do*
- 3. Fisherfolk may prefer answering in a group together with other co-fisherfolk*

The Steps:

- 1. Mr. Santos, together with his three staff, will gather around 30 fisherfolk (random sampling) in the organization's office with a board or flip charts and markers.*
- 2. Each fisherman will be asked their five most important training needs. One staff will interview 10 fisherfolk and will write down the answers in a flip chart. Do not write down duplicates but note down the frequency (number of respondent who raised similar needs).*
- 3. When all the training needs have been listed, use a weighted voting process to prioritize the training needs across the group. In a weighted voting process, use sticky dots to vote on and prioritize the list of training needs. Assign a large dot 25 points and smaller dots 5 points each. Distribute as many dots as you like to all participants. Tell participants to place their dots on the chart to vote on their priorities.*
- 4. List the training needs in order of importance with the number of points assigned as votes determining priority, as determined by the sticky dot voting process.*
- 5. Make sure you have the notes and or flip chart pages to maintain a record of the training needs assessment session.*

Things Needed: A conference/training area; flip charts, board and markers, stick – on pads cut into dots.

MODULE 3

Monitoring and Evaluation

Module Design and Objective:

This two-day module will tackle the basic concepts of and instruments used in monitoring and evaluation and will proceed to a field exposure to apply learnings gained.

At the end of the session, the participants shall be able to design monitoring and evaluation tools applicable to a small fisheries financing program.

DAY 8

Module 3:	Monitoring and Evaluation
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Session 1:	Monitoring and Evaluation
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Objective:	To enhance knowledge in program monitoring.
Expected Outcome:	At the end of the session, participants shall have improved knowledge in program monitoring.
Methodology:	Lecture, Participants Sharing
Materials Required:	Please see text material.
Time Required:	Whole day
Procedure:	<ol style="list-style-type: none">1. Discuss in the plenary the concepts and objectives of monitoring and evaluation.2. Divide the plenary into three groups.3. Ask each group to select a discussion leader and a presenter.4. Allow the group to discuss the purposes for monitoring and evaluation.5. Ask each group to make a presentation.6. Conduct peer critiquing.7. Summarize and process the lessons learned from the activity.

Background Reading Material

Monitoring and Evaluation

I. Monitoring

Monitoring is management tool, a continuing activity of collecting data in a systematic manner, to track extent of project progress and achievement of objectives (World Bank-IEG, 2007).

Monitoring is aimed at (PASSIA, 2002):

- providing management with information on program progress in relation to the achievement of program objectives;
- providing feedback to enhance program effectiveness;
- enabling manager and staff to identify strengths and weaknesses of a program and take necessary measures to make corrective actions on problem situations; and
- checking on relevance of program to beneficiaries.

Monitoring must be undertaken throughout the project lifetime and would be effective if baseline data are gathered and performance indicators are set.

II. Evaluation

Program or project evaluation is a systematic and objective assessment of ongoing or completed undertakings to determine significance or impact and to figure out efficacy in design, implementation and results (World Bank-IEG, 2007). Though two different management tools, monitoring and evaluation are closely related and mutually supportive in that the monitoring information gathered are used as input for evaluation (PASSIA, 2002). On the other hand, evaluation supports monitoring as it provides lessons that can be applied in refining the monitoring process.

Program/project evaluation is conducted for the following purposes:

- provide management with information on project performance;
- assist managers and stakeholders in determining relevance, effectiveness and efficiency of activities in relation to program/project objectives;
- validate results of initial assessments derived from monitoring activities;
- determine program/project success in terms of impact and sustainability; and
- document project implementation process and results.

A comparison between monitoring and evaluation is presented below.

Item	Monitoring	Evaluation
Frequency	Periodic, regular	Episodic
Main Action	Keeping track/oversight	Assessment
Basic Purpose	Improving efficiency Adjusting work plan	Improve effectiveness, impact, future programming
Focus	Inputs/outputs, process outcomes, work plans	Effectiveness, relevance, impact, cost-effectiveness
Information sources	Routine systems, field observations, progress reports, rapid assessments	Same plus surveys/studies
Undertaken by	Project managers, community workers, community beneficiaries, supervisors, funders	Program managers, supervisors, funders, external evaluators, community beneficiaries

Source: UNICEF, A UNICEF Guide for Monitoring and Evaluation.

III. Monitoring and Evaluation Tools

Some of the commonly used monitoring and evaluation tools are the following:

A. Performance Indicators

Performance indicators are measures of outcomes or impacts for programs and projects and are used to set performance targets and assess progress towards achieving these.

In small fisheries financing performance indicators may be set at the program and beneficiary levels.

Program-level indicators would be as follows:

Result	Indicators
Credit Assistance	Loan releases Number of beneficiaries Number of women-beneficiaries
Loan Quality	Outstanding balances Repayment rate Past due ratio

Beneficiary-level indicators, on the other hand, may consist of the following:

Result	Indicators
Self-reliance	Capacity to purchase assets Enhanced income earning capacity Raised productivity or improved livelihood Smoothened consumption Capacity to send children to school
Financial Empowerment	Increased savings Income from savings Reduced dependence on money lenders for capital needs Capacity to expand microenterprise Ability to withstand adverse economic shocks and emergencies Reduced selling of assets during emergency situations
Self-Governance	Strengthened project management capacity Decentralized decision-making Effective expenditure management (positive cash flows)

B. Logical Framework Approach

The log-frame, as it is widely known, is a tool that helps clarify program or project objectives. It uses the “program logic” in identifying causal links along the following results chain: inputs, processes, outputs, outcomes and impacts. It is used to enhance program design as it requires clarification of objectives, the use of performance indicators and assessment of risks. It likewise facilitates the preparation of detailed operational plans (World Bank, 2000).

The contents of the logical framework are described below:

	Narrative Description	Objectively Verifiable Indicators	Means of Verification	Critical Assumptions
Goals				
Purposes				
Components/ Outputs				
Activities/ Inputs				

The **Narrative Description** should contain the following:

Goals: are the long-term objectives or sector objectives which should address the following questions: Why should project be undertaken? What needs are addressed? How will the project affect the situation of the target beneficiary?

Purposes: are the immediate objectives of the project. It answers the question: What are the direct outcomes or objectives to be achieved by the project?

Outputs are the interventions or strategies that the project will provide and should answer the question: how can the objectives be attained?

Activities: are the tasks to be undertaken to deliver the outputs

Objectively Verifiable Indicators should show how the achievement of objectives can be measured. Specifically,

At the Goal level: measures of goal achievement are indicators of program success

At the Purpose level: end of project status or results to be achieved by the end of project implementation

At the Output level: magnitude of output and planned completion date

At the Activities level: nature and level of required resources

Means of Verification column should contain sources of information and method of data collection.

Critical Assumptions column should reflect the external factors that will affect achievement of the goal, purpose, outputs and activities.

A sample of a logical framework as applied to the small fisheries sector is presented below.

	Objectively Verifiable Indicator	Means of Verification	Critical Assumption
Goal: Improve fishing household (HH) income	Increase in fishing HH income from US\$ 50 to US\$ 75 per month	Household survey; Reports of Fishery Dept.	Viable enterprises selected
Purpose: – Increase income from non-fishing sources – Improve prices for fish catch	Increase in HH income from non-fishing sources; Increase farm gate price from US\$ to US\$	Household survey; Reports	Good marketing; Infrastructure in place

	Objectively Verifiable Indicator	Means of Verification	Critical Assumption
Components/Outputs: Alternative livelihood projects Training on fish processing Marketing assistance	Income from alternative project; Number of fisherfolk adopters; Market linkage, contracts	Household survey; Ocular inspection; Contract documents	Viable livelihood projects; Available trainers
Activities: (specific activities to deliver the outputs)			

C. Formal Survey

Formal survey is the collection of information or baseline data against which program performance can be compared. It likewise provides information that serve as inputs in program impact evaluation. Types of formal survey are as follows: (World Bank, 2000)

- multi-topic household survey (also known as Living Standards Measurement Survey)
- single-topic household survey
- core welfare indicators questionnaire (CWIQ)
- client satisfaction (or service delivery) survey
- citizen report cards

While the findings from formal survey sample can be applied to a wider target group, the processing and analysis of data becomes a bottleneck especially if survey is done on a large scale. Surveys are likewise expensive and time consuming and will require technical and analytical skills for the processing and interpretation of data gathered.

D. Rapid Appraisal Method

Rapid appraisal is a quick way of gathering information for decision-making at the program level. It is an interactive process involving the gathering of views and feedback of beneficiaries. Methods on rapid appraisal consist of: (World Bank, 2000)

- key informant interview
- focus group discussion
- community group interview
- direct observation
- mini-survey

Rapid appraisal involves low cost, can be conducted in a quick manner and provides flexibility to explore new ideas. Since findings are confined or relate to specific communities, generalization may be difficult and the findings become less reliable, valid and credible than formal surveys.

E. Cost-Benefit and Cost-Effectiveness Analysis

These are tools used to assess whether costs of an activity can be justified by its results and impacts (World Bank, 2000). Cost-benefit analysis is a monetary measure of both inputs and outputs, and most often considers the time value of money. Cost-effectiveness measures monetary inputs and non-monetary quantitative outcomes.

These tools are used to guide decision makers about the most efficient allocation of resources and to pinpoint projects that offer the highest rate of return.

F. Impact Evaluation (World Bank, 2000)

Impact evaluation is a systematic identification of program or project effects on individuals, groups and institutions and measures the outcomes of interventions made. Impact evaluation is used to:

- measure outcomes and impacts of activities
- help clarify whether costs for activities are justified

- aid in decision-making pertaining to expansion, modification or elimination of projects
- draw lessons for improving design and management of future activities
- compare effectiveness of alternative interventions
- strengthen accountability for results

While impact evaluation provides answers to some key development questions (e.g. project attribution, extent of project difference, how project can be made better) and employs systematic analysis, it is oftentimes very expensive and time-consuming to conduct. It likewise requires strong technical skills in social science research design, analysis and reporting.

Climate Setting 9: Exercise – A Read and Do Test

- Objective:** To show in a humorous way that people often fail to read and/or follow directions.
- Procedure:** Distribute a copy of the “Read and Do” test to each participant. Ask them to keep the test face down until everyone has a copy. Explain this is a timed test with a maximum time of three minutes allowed to complete the task. Offer no further instructions of any kind. Then state “OK? Ready, set-go!”
- Materials Required:** Copies of the Read and Do test. (Please see test below.)
- Time Required:** Five minutes
- Source:** Unknown
- A Read and Do Test**
- Time Limit:** 3 minutes

Can You Follow Instructions

1. Read all that follows before doing anything.
2. Write your name in the upper-right-hand-corner of this page.
3. Circle the word “corner” in sentence two.
4. Draw five small squares in upper left hand corner of this page.
5. Put an “X” on each square.
6. Put a circle around each square.
7. Sign your name under line 5.
8. After your name, write “yes, yes, yes.”
9. Put a circle around number 7.
10. Put an “X” in the lower left hand corner of this page.
11. Draw a triangle around the “X” you just made.
12. Call out your first name when you get to this point in the test.
13. If you think that you have followed directions carefully to this point, call out, “I have”.
14. On the reverse side of this paper add 6950 and 9805.
15. Put a circle around your answer.
16. Count out loud, in your normal speaking voice, from 10 to 1.
17. Put three small pin or pencil holes in the top of this page.
18. If you are the first person to get this far, yell out, “I am the first person to get to this spot and I am the leader in following directions”.
19. Say out loud, “I am nearly finished. I have followed directions”.
20. Now that you have finished reading carefully, do only those things called for in the sentences numbered 1 and 2. Did you read everything on this page before doing anything?

Note: *Please be quiet and watch the others follow directions.*

DAY 9

Module 3: Monitoring and Evaluation

Session 2: Monitoring and Evaluation Implementation

- Objective:** To enhance monitoring and evaluation skills of participants.
- Expected Outcome:** At the end of the session, participants shall have a firm grip of designing monitoring and evaluation instruments.
- Methodology:** Small group discussion, workshop, presentation and critiquing of outputs.
- Materials Required:** Three credit programs prepared by the groups in Module 1.
- Time Required:** Whole day
- Procedure:**
1. Divide the plenary into three. Groups.
 2. Distribute the three credit programs prepared in Module 1.
 3. Ask each group determine the baseline data needed, set the performance indicators leading to the design of monitoring and evaluation instruments for the assigned credit program.
 4. Ask each group to discuss also the rationale for the choice of monitoring and evaluation instrument.
 5. Ask each group to make a presentation to the plenary.
 6. Ask for peer critiquing focusing on the following:
 - appropriateness of proposed monitoring instrument in relation to program objectives
 - capability of instrument to generate required information based on performance indicators
 - advantages and disadvantages (if any) of the proposed instrument
 - skills and time required to conduct monitoring or implement monitoring instrument
 7. Summarize and process the lessons learned.
 8. Ask each group to enhance their work by including salient critiquing points.

MODULE 4

Remedial Management

Module Design and Objective:

The last module is a three-day activity that will teach loan officers how to deal with accounts that are on the verge of deteriorating or are showing signs of turning sour. As the program will deal with a marginalized sector, the bank may bend back its policies to give way to flexibilities and methods to this effect will be covered by the lecture. A simulation exercise will be given at the end of the lecture for the participants to work on.

At the end of the training module, participants will have acquired learnings on how to deal with problem accounts.

DAY 10

Module 4:	Remedial Management
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Session 1:	Rehabilitation Strategies, Methods and Techniques
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Objective: To review participants, and thereby enhance knowledge in processes, strategies and techniques in credit rehabilitation.

Expected Outcome: At the end of the session, participants would have increased knowledge in determining distressed accounts and in implementing remedial measures.

Methodology: Lecture, Participants Sharing, Open Forum

Materials Required: Please refer to text material.

Time Required: 4 hours

Procedure:

1. Introduce the topic on determination of distressed accounts and in implementing remedial measures.
2. Ask the participants for early warning signals of distressed or problem accounts and the most likely causes.
3. Divide the plenary into three groups.
4. Ask each group to institute remedial measures to selected early warning signals and likely causes.
5. Ask each group to make a presentation to the plenary.
6. Ask for peer critiquing focusing.
7. Summarize and process the lessons learned.

Background Reading Material

Rehabilitation Strategies, Methods and Techniques

Loan defaults in fisheries financing should always be expected due to the high risk nature of the projects. When major climatic catastrophes occur the fisheries sector is almost always the first to be adversely affected and sure enough, the loan becomes past due. However, there are other circumstances that warrant close credit supervision and the loan officer should always be one step ahead to avert the loan from turning sour.

The processes described below are best practices observed by mainstream banks and may not entirely be applicable in microfinance operations.

■ Detecting distressed accounts

It is very important that loan officers could identify early warning signals so that close monitoring and early cure may be given to potentially problem account. The following would be some of the early warning signals of problem accounts:

- violations of loan agreement provisions
- waiver of certain breaches or default provisions
- lapses in installment payments
- labor problem
- poor maintenance of fishing equipment
- unwillingness to pay
- diversion of funds
- failure to provide financial statements on time
- loss of cooperation
- disappearance of officers/assets
- management shake-up
- conflict among officers
- inability to meet commitments on schedule
- evidence of legal action
- deteriorating relationship with trade suppliers
- too much dependence on single or very few buyers
- poor financial housekeeping practices
- increasing receivables, longer collection period and increasing bad debts

On the other hand, the following would be the major causes of distressed accounts:

- borrowing too much
- hasty expansion
- employing relatives who abuse work relationships
- lack of adequate controls
- wrong project timing in the case of fish farming
- change in nature of the business
- poor cash flow management
- absence of or inadequate market
- negligence or the non-enforcement of collections and payment programs
- no fall-back on crisis support, particularly in debt-servicing and in operations

Loan officers should observe the following in responding to early warning signals:

- fast and pro-active
- immediate meeting with borrower
- be factual
- discuss corrective measures and timetables
- be ready to impose unilateral solution
- how positively the borrower reacts depend on the negotiation skills of the loan officer
- try to preserve goodwill throughout the process

■ **When to institute remedial measures**

Once danger signals occur, the loan officer needs to be alert to know the causes and institute remedial actions as early as possible. In some cases, legal intervention would be necessary to safeguard the bank's interest. Fast action is needed once a loan becomes a problem because it could lead to possible collapse of a bank itself.

■ **What to do:**

The loan officers could initiate the following in handling problem accounts:

- study the account, the organization and its project
- documentation checklist
- financial analysis
- management check
- security position, in case collateral is given
- coordination with other creditors
- field visit
- look for major developments such as industry outlook
- explore several different courses of action with the objective of maximizing the recovery or minimizing the loss

Module 4: Remedial Management**Session 2: Financing Intervention Measures and Basic Remedial Options**

- Objective:** To enhance knowledge of participants on basic intervention measures being adopted by banks in the course of assisting in the rehabilitation of accounts that turned sour.
- Expected Outcome:** At the end of the session, participants would have enhanced knowledge on the various measures and options for rehabilitating bad accounts.
- Methodology:** Lecture, Participants Sharing, Open Forum
- Materials Required:** Please refer to text material.
- Time Required:** 4 hours
- Procedure:**
1. Introduce the topic on rehabilitating bad accounts.
 2. Divide the plenary into three groups.
 3. Ask each group to discuss any one of the following: compromise settlement, restructuring, refinancing, work out, liquidation and write-off.
 4. Ask its group to make a presentation to the plenary.
 5. Ask for peer critiquing focusing.
 6. Summarize and process the lessons learned.

Background Reading Material

Financing Intervention Measures and Basic Remedial Options

A. Compromise Settlement

Discounted lump sum/compromise settlement

- Reasons/justifications for compromise settlement

B. Restructuring

- Reasons for Restructuring:
 - ▶ Circumstances beyond borrower's control which impair viable operation (e.g. occurrence of typhoon, earthquake, labor problem, etc.)
 - ▶ Stoppage of operation, whether temporary or permanent
 - ▶ In case of bankruptcy or insolvency, borrower has alternative source to pay the loan
 - ▶ Borrower admits inability to meet present amortization due to business reverses/insufficient cash
- How to restructure properly:
 - ▶ Validation:
 - adequacy of production capability
 - strong management
 - willing to infuse additional equity/collateral, if necessary/available
 - not over borrowed
 - ▶ Acquaint yourself with all operating aspects of the business including production, target market, pricing policies, product mix distribution system, labor force, compensation and all operating costs and components.
 - ▶ Acquaint yourself with the financial policies of the business especially as regards sourcing of working capital, credit policies, suppliers' credit terms, sources and terms of bank financing.
 - ▶ Discuss with client exact nature and causes of financial difficulty and their plans to turnaround the business.
 - ▶ Ask client to submit formal business and financial rehab plan. Check if the proposed restructuring term is within acceptable range. Sources of payment should be specific.

Lastly, loan officers are expected to do the following steps to ensure proper restructuring:

- validate assumptions
- conduct sensitivity analysis
- prepare credit facilities proposal
- coordinate provision of coaching and handholding (in case of fisherfolk cooperatives and organizations)

C. Refinancing – refers to extension of a new loan or line with major part of proceeds to be applied to outstanding past due loan and any remaining balance to be utilized for the borrower's project.

- Some considerations in refinancing:
 - ▶ Viability
 - ▶ Adequate cash flows
 - ▶ Adequate collateral
 - ▶ Instituted emergency operating/financial controls
 - ▶ Use of new loan is justified/controlled and monitored
 - ▶ Borrower enjoys suppliers' support, other creditors' support, government support
 - ▶ In case of small organizations like cooperatives, officers are still intact

D. Workout

- When workout may be pursued:
 - ▶ Borrower cooperates, willing to pay and accepts possible financial sacrifice.
 - ▶ Reason for financial difficulty is legitimate and curable.
 - ▶ Borrower submits a viable business and financial rehab plan.
 - ▶ Profitable past track record before financial difficulties.
 - ▶ Adequately secured by good collaterals or inadequately secured leaving no choice position.
 - ▶ No fraud involved.
 - ▶ Borrower has filed for suspension of payments and DTI approved the company's rehabilitation.

E. Liquidation

- Option if workout negotiations fail.
- If existing collateral is insufficient, other assets should be identified as source of payment later.
- This normally meets borrower resistance and leaves uncertainty as to actual recovery values.

F. Write-off

These are accounts whose collection recovery is remote after all efforts have been exhausted (i.e. clean loans and company ceased to operate or has filed for insolvency proceedings, among others).

Determination of accounts eligible for write-off is a matter of judgment. However, to ensure a proper and more precise judgment in the evaluation of these accounts, the following should be observed:

Accounts classified as "Loss" as shown in the list of Overdue and Classified Loans in the previous years shall be recommended for write-off if any of the following conditions exists:

- a) On the borrower **and** co-maker/guarantors:

Borrower	Co-Maker/Guarantor
■ Whereabouts unknown;	■ Whereabouts unknown;
■ Is insolvent;	■ Is insolvent;
■ Earning power is permanently impaired; or	■ Guaranty is not financially supported; or
■ Has died or has become permanently incapacitated.	■ Has died or has become permanently incapacitated

(Note: Guarantor, as defined in the Civil Code, is one who promises to answer for the debt, default or miscarriage of another.)

- b) The collateral securing the loan is considered worthless and the borrower and co-maker/guarantor are insolvent
- c) Surrounding circumstances (e.g. no. leviabale assets) indicate the loan as worthless and uncollectible and legal action to enforce collection would in all probability not result in the satisfaction or execution of judgment.
- d) A Bank's right of action to collect has already been legally prescribed (*i.e.*, 10 years for obligations evidenced by a written promissory note and there is no demand, judicial or extrajudicial, for payment made by a bank.)

Climate Setting 10: Exercise – The Standing Ovation

- Objective:** To provide a bit of levity to the beginning of a session.
- Procedure:** Walk into the room when all participants are assembled.
Invite everyone to stand up and spread out (approximately an arm's length apart).
Tell them that to make sure they are awake and receptive to the forthcoming material in your session, you will lead them in an exercise designed to help get their blood moving more rapidly and stimulate the nerve endings in their hands.
Direct them to stretch their arms out at their sides (horizontally from their bodies). When they have all done so properly, then ask them to rapidly bring their hands together, then back to their sides (repeating the two-step sequence about 10 times in rapid succession).
Conclude by telling the group that you aren't sure how much better they feel now, but that you feel really good, because this is the first time in all your years of training that you have begun a session to a standing ovation!
- Materials Required:** None
- Time Required:** 3 to 5 minutes
- Source:** Lee Beckner, Provo, UT.

DAY 11

Module 4: Remedial Management

Session 3: Case Study: TRIPLE J Fisheries Cooperative

- Objective:** To enhance analytical skills in the implementation of rehabilitation strategies for bad accounts.
- Expected Outcome:** At the end of the session, participants would have polished skills in restructuring a past due account.
- Methodology:** Small Group Discussion, Workshop, Presentation Critiquing
- Materials Required:** Copies of case study
- Time Required:** 4 hours
- Procedure:**
1. Divide the plenary into five groups.
 2. Ask each group to select its leader, secretary and reporter.
 3. Ask each group to read the case study and solve the problem following the prescribed format (see below).
 4. Allow some time for reading and discussion.
 5. Ask each group to make a presentation to the plenary.
 6. Ask the plenary to provide peer critiquing.
 7. Summarize and process the lessons learned.

Case Study:

Account Name: Triple J Fisheries Cooperative
Address: Infanta, Province of Quezon

Proposed transaction:

1. First restructuring of outstanding rediscounting availments in the aggregate amount of P 457,560.00
2. Full condonation of penalties in the amount of P 88,560.00.

Loan Purpose: Relending to members for coastal fishing project

Date of Restructuring: 31 August 2007

Principal	341,666.67
Interest	27,333.33
Total	369,000.00
Penalty	88,560.00
Total	457,560.00

Original Amortization Schedule (Up to the date of Restructuring)

Client	Triple J Fisheries Cooperative	Principal	500,000.00
Address	Infanta, Province of Quezon	Interest	200,000.00
Term		Total	700,000.00

Monthly: 5yrs @ 8%

Date	No. of days	Amortization	Penalty	Interest 8%	Principal	o/s Balance 500,000.00
8/31/04	30			3,287.67		
9/30/04	30			3,287.67		
10/31/04	30			3,287.67		
11/30/04	30			3,287.67		
12/31/04	30			3,287.67		
1/31/05	30			3,287.67		
2/28/05	30	11,621.00		3,287.67	8,333.33	491,666.67
3/31/05	30	11,566.21		3,232.88	8,333.33	483,333.33
4/30/05	30	11,511.42		3,178.08	8,333.33	475,000.00
5/31/05	30	11,456.62		3,123.29	8,333.33	466,666.67
6/30/05	30	11,401.83		3,068.49	8,333.33	458,333.33
7/31/05	30	11,347.03		3,013.70	8,333.33	450,000.00
8/31/05	30	11,292.24		2,958.90	8,333.33	441,666.67
9/30/05	30	11,237.44		2,904.11	8,333.33	433,333.33
10/31/05	30	11,182.65		2,849.32	8,333.33	425,000.00
11/30/05	30	11,127.85		2,794.52	8,333.33	416,666.67
12/31/05	30	11,073.06		2,739.73	8,333.33	408,333.33
1/31/06	30	11,018.26		2,684.93	8,333.33	400,000.00
2/28/06	30	10,963.47		2,630.14	8,333.33	391,666.67
3/31/06	30	10,908.68		2,575.34	8,333.33	383,333.33
4/30/06	30	10,853.88		2,520.55	8,333.33	375,000.00
5/31/06	30	10,799.09		2,465.75	8,333.33	366,666.67
6/30/06	30	10,744.29		2,410.96	8,333.33	358,333.33
7/31/06	30	10,689.50		2,356.16	8,333.33	350,000.00
8/31/06	30	10,634.70		2,301.37	8,333.33	341,666.67

Justification for Loan Restructuring:

Yes No

Affected by force majeure.

No additional bank exposure.

Bank's financial interest and/or company's image is not prejudiced.

Others:

1. PNs of sub-borrowers which matured remain unpaid.
2. The Co-op is under new management. The newly hired manager who is an experienced businessman is intensifying its strategies and plans of action to address delinquency.
3. Major officers and BODs of the Co-op are willing to infuse additional capital of P 50,000.00 within the last quarter of 2007 to enhance the Co-op's liquidity position.
4. Projected cash collections from delinquent accounts are sufficient to pay the restructured loan amortization and to expand its lending activities.

Causes of Default:

- 1) Failure of sub-borrowers to pay maturing loans because they are still recovering from losses caused by typhoon.
- 2) No principal payments on renewed PNs because fund set aside for payment of sub-borrowers' accounts were used for hospitalization, education of children and other family needs.
- 3) Lack of effective monitoring and follow-up activities on maturing loans.

Terms and Conditions:

Interest Rate: Fixed at 9.00 percent p.a. (all-in)

Term: Four years with no grace period

Repayment Principal: Payable in 48 equal principal monthly amortization

Interest: Payable in 48 months in arrears, to start at the end of the first month from date of booking

Penalty Rate: 24 percent per annum, in case of non-payment shall be charged to start on the day after due date of loan amortization/credit accommodation up to the date of settlement.

Questions:

- If you are the Account Officer of the above account, would you recommend for the account's restructuring?
- What actions will you do and recommendations will you make to convince the loan approving group to grant the restructuring?

(Participants may present their recommendations through an applicable approving medium e.g., loan proposal, memo-approval, etc. and present to a panel of approving authorities. It may also be noted that the workshop would enhance the analytical and persuasive skills of the loan officer as he/she presents his proposal to the approving group during the presentation).

Answer to the Case

Account Name: Triple J Fisheries Cooperative

Address: Infanta, Province of Quezon

- Proposed transaction:
1. First restructuring of outstanding rediscounting availments in the aggregate amount of P 457,560.00
 2. Full condonation of penalties in the amount of P 88,560.00.

Facility	Original Approved amount	Outstanding as of 31 August 2007 (In Millions)	Proposed Facility (In Millions)
Principal	500,000.00	341,666.67	341,666.67
Interest		27,333.33	27,333.33
Penalties		88,560.00	–
Total	500,000.00	457,560.00	369,000.00

New Monthly Amortization Schedule

Client	Triple J Fisheries Cooperative	Principal	369,000.00
Address	Infanta, Province of Quezon	Interest	132,840.00
Term	4 years	Total	501,840.00

Monthly: 4yrs @ 9%

Date	No. of days	Amortization	Penalty	Interest 9%	Principal	o/s Balance 369,000.00
8/31/07	30	10,417.09		2,729.59	7,687.50	361,312.50
9/30/07	30	10,360.22		2,672.72	7,687.50	353,625.00
10/31/07	30	10,303.36		2,615.86	7,687.50	345,937.50
11/30/07	30	10,246.49		2,558.99	7,687.50	338,250.00
12/31/07	30	10,189.62		2,502.12	7,687.50	330,562.50
1/31/08	30	10,132.76		2,445.26	7,687.50	322,875.00
2/28/08	30	10,075.89		2,388.39	7,687.50	315,187.50
3/31/08	30	10,019.02		2,331.52	7,687.50	307,500.00
4/30/08	30	9,962.16		2,274.66	7,687.50	299,812.50
5/31/08	30	9,905.29		2,217.79	7,687.50	292,125.00
6/30/08	30	9,848.42		2,160.92	7,687.50	284,437.50
7/31/08	30	9,791.56		2,104.06	7,687.50	276,750.00
8/31/08	30	9,734.69		2,047.19	7,687.50	269,062.50
9/30/08	30	9,677.83		1,990.33	7,687.50	261,375.00
10/31/08	30	9,620.96		1,933.46	7,687.50	253,687.50
11/30/08	30	9,564.09		1,876.59	7,687.50	246,000.00
12/31/08	30	9,507.23		1,819.73	7,687.50	238,312.50
1/31/09	30	9,450.36		1,762.86	7,687.50	230,625.00
2/28/09	30	9,393.49		1,705.99	7,687.50	222,937.50
3/31/09	30	9,336.63		1,649.13	7,687.50	215,250.00
4/30/09	30	9,279.76		1,592.26	7,687.50	207,562.50
5/31/09	30	9,222.89		1,535.39	7,687.50	199,875.00
6/30/09	30	9,166.03		1,478.53	7,687.50	192,187.50
7/31/09	30	9,109.16		1,421.66	7,687.50	184,500.00
8/31/09	30	9,052.29		1,364.79	7,687.50	176,812.50
9/30/09	30	8,995.43		1,307.93	7,687.50	169,125.00
10/31/09	30	8,938.56		1,251.06	7,687.50	161,437.50
11/30/09	30	8,881.70		1,194.20	7,687.50	153,750.00
12/31/09	30	8,824.83		1,137.33	7,687.50	146,062.50
1/31/10	30	8,767.96		1,080.46	7,687.50	138,375.00

Date	No. of days	Amortization	Penalty	Interest 9%	Principal	o/s Balance 369,000.00
2/28/10	30	8,711.10		1,023.60	7,687.50	130,687.50
3/31/10	30	8,654.23		966.73	7,687.50	123,000.00
4/30/10	30	8,597.36		909.86	7,687.50	115,312.50
5/31/10	30	8,540.50		853.00	7,687.50	107,625.00
6/30/10	30	8,483.63		796.13	7,687.50	99,937.50
7/31/10	30	8,426.76		739.26	7,687.50	92,250.00
8/31/10	30	8,369.90		682.40	7,687.50	84,562.50
9/30/10	30	8,313.03		625.53	7,687.50	76,875.00
10/31/10	30	8,256.16		568.66	7,687.50	69,187.50
11/30/10	30	8,199.30		511.80	7,687.50	61,500.00
12/31/10	30	8,142.43		454.93	7,687.50	53,812.50
1/31/11	30	8,085.57		398.07	7,687.50	46,125.00
2/28/11	30	8,028.70		341.20	7,687.50	38,437.50
3/31/11	30	7,971.83		284.33	7,687.50	30,750.00
4/30/11	30	7,914.97		227.47	7,687.50	23,062.50
5/31/11	30	7,858.10		170.60	7,687.50	15,375.00
6/30/11	30	7,801.23		113.73	7,687.50	7,687.50
7/31/11	30	7,744.37		56.87	7,687.50	–

Recommendations:

Approval of the Restructuring, as well as, full condonation of penalties based on the justifications made by the client.

Action Plan to be made by the Account Officer: *(this may be cited during presentation of the restructuring proposal)*

- *Close monitoring of the account (by regular monthly visit, validation of sub-PNs up to 100 percent, requesting for monthly Cash Position, etc.)*
- *Regular updating on the project and industry (tighten project and industry analysis)*
- *Reporting to the Loan Approving Group on a quarterly basis.*

DAY 12

Synthesis and Action Planning

Objective:	To enhance participants' skill to combine learnings from the four modules. To prepare and present a re-entry plan.
Expected Output:	At the end of the session, all participants would have articulated syntheses of the training program; participants would have prepared, presented and submitted their respective re-entry plan.
Methodology:	Oral reporting, workshop and output presentation
Materials Required:	Computers and projector
Time Required:	Whole day
Procedure:	<ol style="list-style-type: none">1. Flash on the screen a suggested outline of a re-entry plan.2. Group the participants by country and/or institution to work out a re-entry plan for 2 hours.3. Present their plans to a two rounds of information markets.4. Synthesize in a matrix the re-entry plans.5. Present the course objectives once more.6. Discuss the various modules and the elements of the training course: facilitation, coordination, presentations, administration.7. Ask each participant to put their score, on a one to five scale, opposite the modules and elements of the training course on the plenary evaluation sheets provided.8. Close the training course.

Climate Setting 11: Exercise – You're Ok

- Objective:** To ensure closing a training on a positive note
- Procedure:** Distribute a 4 × 6 index card to each participant toward the end of the last training day. Each person writes his/her name on the top of the line of the card. Cards are passed around the class, at which time everyone jots one positive comment about the respective individuals. The filled cards are returned to each person.
- Materials Required:** 4 × 6 index cards
- Time Required:** 15 to 20 minutes
- Source:** Unknown

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Ms. Alicia D. Bautista, Alice to many, is an officer of the Land Bank of the Philippines in the Philippines, currently assigned in its Risk Management Group as a risk officer. Her more than 15 years of experience in development assistance/finance has brought her face-to-face with the rural poor, particularly the small farmers and fisherfolk, which comprise the bank's mandated clients.

The author derives her knowledge and skills from her graduate degree in Development Management and undergraduate degree in Economics which found relevant application in her past assignments. The wealth of information gathered from field exposures aided her in pursuing development assistance interventions that are built on realities at the grassroots level.

Her career shift is a 360-degree turn, a recognition of the vast opportunities offered by new learnings and the realization that change is the next best thing to intellectual entropy.

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