

Republic of the Philippines
Province of Bohol
Municipality of Davao

COMPREHENSIVE PROJECT PROPOSAL

I. Project Description

1. Project Title : **Herbal Plants Production for More Household Income**

2. Project Type :

This is a capital-forming project involving the procurement of planting materials to support herbal production in the Municipality. Technical assistance is also provided for the organization of farmers and the training for proper planting of herbal plants.

3. Project Components:

The project includes activities on farmer organizing and provision of technical assistance for herbal plant production. The bulk of the project cost is attributed to the procurement of planting materials and inputs to support the herbal plant development. A mechanism will be installed to ensure that the roll-over scheme of payment will be effective, making the project sustainable and self sustaining.

4. Project Location : All 12 barangays of Municipality of Davao, Bohol

II. Project Status

The project is in the proposal stage and is ready for funding from interested donor agencies. A project profile is available at the Municipal Agriculture Office, the proponent of the project. There is already an existing demand for herbal plants in the municipality, wherein they are the key ingredients for the famous "RemedyTea" of a local entrepreneur . Considering this situation, an informal analysis on the viability of developing the herbal plant industry of the municipality was conducted. This particular project supports the agriculture development program of the Municipal Government, as outlined in the Local Development Plan. The municipality will set up a counterpart fund to cover a certain portion of financial requirements of the project.

III. Project Justification

1. Project Background

The Municipality of Daus is located 3 kilometers from Tagbilaran City, Bohol Province's capital. The municipality is considered an agricultural town, although its tourism industry is observed to be growing. Fishing and farming are still believed to be the main source of income for most of its residents, owing to the natural assets it possesses like municipal waters and suitable soil for selected high-value crops.

Building on these agricultural resources, the Municipal Government of Daus has considered agriculture development as one of the major economic drivers of the area. The government pushes for the increase in agriculture productivity, utilizing underdeveloped lands for crop production or any income-generating agri-based enterprise.

Daus needs to be aggressive in encouraging its economic development to provide the necessary incomes for its residents. Based on its 2004 survey on levels of deprivation of households using the Poverty Database Monitoring System, 49.51% of the total number of households in Daus is still living below the Income Threshold of P10,200.00 per household per year. The survey also revealed that about 16.66% of the working ages in the municipality are unemployed. Consequently, the inadequacies of income levels of households have also caused households to have difficulties in providing for their food, water, housing and sanitation facilities.

With the alarming indicators on deprivation, residents of the municipality, especially the poor, need to be provided with opportunities to improve their living conditions. As majority of these people are used to depend their subsistence on agriculture, it is appropriate to afford them with assistance to engage in agri-based enterprises. The apparent growing popularity of the local commercial tea in the municipality is a great opportunity to involve these people in commercial production of herbal plants. Studies conducted revealed that the municipality has suitable soil to grow these types of plants.

The production of the commercial tea requires necessary raw materials for its ingredients. While some farmers have already started to plant herbal plants for this purpose, the supply they produce is only very minimal considering that these are done on the backyard scale. Currently, the manufacturer of this local tea has to buy most of these raw materials from other towns and provinces to have sufficient and continuous stream of ingredients for production. With a big gap that exists between the local supply and the demand required by the manufacturer, it is but timely and fitting for the local residents to benefit from this opportunity and provide for this gap to earn additional income.

The manufacturer has already expressed his support for this move and gave an assurance for a ready market for the farmer's herbal plants.

This proposed project allows and assists local farmers to start their own production of herbal plants to supply for the new local herbal tea industry in the municipality. Considering that the initiative will require initial capitalization on farm inputs, taking into account that some of the planting materials could not be found in the locality, a seed fund will be established for the initial procurement of farm inputs for farmers. A roll-over-scheme will be followed to ensure that farmers can pay for the initial capitalization/ farm inputs and the subsequent collection of farm inputs can be used for other farmer beneficiaries. Based on the analysis conducted by local officials, the scheme is considered financially promising and farmers can expect significant returns for their produce. Mechanics for farmer-beneficiary selection is already established and farmers can be organized into groups to facilitate proper distribution of inputs, extension of technical assistance, meet the expected volume of production as well as make easy the management of the project.

2. Project Linkage

The project supports the agriculture productivity program of the Municipal Government. It contributes to the on-going drive for proper utilization of agricultural lands, allowing farmers to grow crops/ plants that would provide them with suitable cash returns. It also complements local initiatives on livelihood development and employment generation, making the working age population more involve in productive economic activities.

3. Project Objectives

- a. To provide alternative livelihoods to poor families in the municipality
- b. To increase income of farmers and their households
- c. To organize farmer groups to support the development of herbal tea industry in the municipality
- d. To support the agriculture productivity initiatives of the Municipal Government of Daus.

4. Sectoral Objectives

The project supports the agriculture development of the municipality by enhancing productivity and variety of agricultural produce in support to the implementation of the Bohol Agriculture Master Plan. It boosts the municipality's intention of encouraging people to work on agri-based economic activities that will eventually provide them good financial returns. It also enhances social capital, allowing farmers to work in groups and involving them in informal enterprise.

5. National Objectives

The project supports the poverty alleviation program of the National Government by providing opportunities of households, especially those heavily deprived, to engage in herbal plant production to earn income and eventually provide for their basic needs. The project also contributes to the agriculture development program of government.

IV. Project Financing

1. Funds Needed

Total project cost is estimated at **P 1,457,500.00**. This is composed of the following:

2,000 kgms Ginger rhizomes	@ P 50/kgm	– P 100,000.00
7,000 kgms Serpentine Herbs	@ P 58/kgm	– P 406,000.00
6,000 kgms Basil Leaves	@ P 58/kgm	– P 348,000.00
3,700 kgms Giant Petunia seeds	@ P 55/kgm	– P 203,500.00
1000 bags Soil Conditioner	@ P 200/bag	– P 200,000.00
1000 bags Organic Fertilizer	@ P 200/bag	– <u>P 200,000.00</u>
Total		P 1,457,500.00

The identification and organization of the farmer beneficiaries will be handled by the Municipal Government and does not require any financial resources. Training on the proper technologies for planting and managing herbal plants will be conducted by the Municipal Agriculture Office with the assistance from the local tea manufacturer.

2. Project Financing

The project will be financed through counterpart funding from the Municipal Government, interested local and foreign donor agencies and from the farmer partners. To sustain the project, a roll-over scheme shall be introduced and implemented. After the first release of plant production inputs by the Municipal Government to farmer beneficiaries, payments, in form of farm inputs, which is twice the weight provided, shall be rolled over back to the Municipal Government for distribution to other farmer beneficiaries (cooperators). This can be done at harvest season.

3. Funding Sources

The Municipal Government, Provincial Government, National Agencies, and Local and Foreign Funding Agencies can fund the proposed project.

4. Counterpart Funding

The Municipal Government shall provide a counterpart fund for the project in the amount of P257,500.00. It will also provide technical assistance in the organization of farmer groups as well as in providing technical training to farmers on appropriate planting methods for herbal plants. Farmer and farmer groups will provide the necessary labor and workforce for the execution and sustained operation of the project.

5. Financial Viability

As can be seen below, the project is financially viable for farmers. This would allow them to earn as much as 70% net income from gross sales.

Revenues: (For a 2000 sq.m. lot per household)

20 kgms. Ginger rhizomes	@ P 50/kgm	- P	1,000.00
20 kgms Serpentine Herbs	@ P 58/kgm	-	1,160.00
10 kgms Basil Leaves	@ P 58/kgm	-	580.00
5 kgms Giant Petunia seeds	@ P 55/kgm	-	<u>275.00</u>
Total Revenues			3,015.00

Less : Expenses

5 kgms. Ginger rhizomes	@ P 50/kgm	-	250.00
2 kgms Serpentine Herbs	@ P 58/kgm	-	116.00
3 kgms Basil Leaves	@ P 58/kgm	-	174.00
2 kgms Giant Petunia seeds	@ P 55/kgm	-	110.00
1 bags organic fertilizer	@ P 200/kgm		200.00
Water			<u>50.00</u>
Total Expenses			900.00

Net Income: - P 2,115.00

V. Project Benefits and Costs

1. Beneficiaries

The direct beneficiaries of the project will be the farm families from all barangays that will participate in the project. Beneficiary farmers will be able to raise additional revenues from the project. Indirectly, it will also benefit people who would buy the finished product tea for health reasons. It will then help the development of the tea industry in the municipality that can provide employment to a number of residents in the area.

2. Social Benefits

The expected increase in income of the farmer beneficiaries from this project would allow them to provide a healthy environment to their families. They will be able to access better education for their children, provide appropriate food and nutrition, improve sanitation and give the necessities in the households.

The project would also help reduce the number of unemployed or underutilized labor in the municipality, allowing people to use their time for productive activities instead of gambling or drinking. This would contribute in promoting healthy community environment.

3. Economic Benefits

The project provides economic opportunities for the poor farm households in the municipality to earn a living from herbal plant production, or earn additional income from this alternative livelihood. It helps in utilizing the unemployed, giving them the chance to be involved in productive ventures. Employment can also be generated from this project, as this would facilitate the growth of the tea industry in the municipality. Organizing the farmers into groups would allow them to consolidate their land, produce greater volume of collective outputs, and ensure meeting of required supply requirements for tea production.

4. Social Costs

There is no social cost expected for this project.

5. Economic Costs

There are no foreseen economic costs of the project.

VI. Project Implementation

1. Responsible Offices

- a. Office of the Municipal Mayor – responsible for the overall administration and supervision of the project. Also responsible for fund-sourcing.
- b. Municipal Agriculture Office – Responsible for the implementation of the project. Providing technical assistance to farmers will also be the duty of this office.
- c. Municipal Planning and Development Office (MPDO) – Responsible for the packaging and coordination of project implementation. The office will also monitor and evaluate the project.
- d. Municipal Social Welfare Development Office (MSWDO) – Responsible for community organizing and capability building of the farmer beneficiaries.

2. Implementation Schedule

Activity	Time Table		Target		Responsible Persons
	Date started	Date finished	Physical	Financial	
1. Fund Sourcing and Project Finalization	Oct. 2006	Dec. 2006		1,457,500.00	MPDC, Municipal Mayor
2. Selection / organization of beneficiaries	Dec. 2006	Jan. 2007	2,000 beneficiaries		MAO, MSWDO, MPDC
3. Training of beneficiaries	Feb. 2007	March 2007	2,000 beneficiaries	Self help	MAO, Beneficiaries
4. Procurement of farm inputs/materials	Feb. 2007	March 2007	All planting materials/ inputs as needed	1,457,500.00	MAO
5. Herbal Plant Production	March 2007	Continuing			MAO
5. Project reporting/monitoring	Monthly				MPDC, MAO

3. Administrative Feasibility

The Municipal Agricultural Office under the direct supervision of the Municipal Mayor has the capability to implement the project tapping the Farmers Associations, Rural Improvement Clubs, Cooperation and Woman's Organization in every barangay. With the assistance from the MPDO and the MSWDO, implementation of various project components can be done effectively.

4. Legal and Political Feasibility

There are no legal impediments and political opposition to the project.

5. Environmental Clearance

Environmental clearance is not necessary for backyard type of project.

6. Social Acceptability

The all the barangay communities are supportive to the project.