Department of Agriculture
Agricultural Credit Policy Council

2019 Report on the Results of Field Validation Activities for the Production Loan Easy Access (PLEA) Program

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by the ACPC Monitoring Division:

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PRODUCTION LOAN EASY ACCESS PROGRAM (PLEA)

I. Background

The Production Loan Easy Access Program is a loan facility implemented by the Agricultural Credit Policy Council (ACPC) that provides easy-access loans aimed at addressing the financial needs of marginalized and small farmers and fisherfolk, particularly for fast, convenient, and affordable credit.

To reach the program's target borrowers, ACPC identifies and establishes partner lending conduits (PLCs) based and operating in the countryside. Organizations eligible as PLCs under the PLEA program include cooperatives, cooperative banks, rural banks, and non-government organizations (NGOs) that meet ACPC's eligibility criteria.

Those eligible to borrow under the PLEA program are marginalized and small farmers and fisherfolk (MSFF) who can use the loans to finance the production of crops, livestock, poultry, or in aquaculture and other fishing-related activities.1 Loan amount for production purposes is based on production requirements.

PLEA loans may also be used for agricultural microfinance, i.e. to finance any or a combination of farm, off-farm/non-farm income generating activities of the borrower. Any of the household members (spouse, adult member, head of household) of a farm/fishery household may be the PLEA borrower. For agricultural microfinance loans, the loan amount is based on the household cashflow.

Production loans for short-gestating crops and agri-microfinance loans under the PLEA program do not exceed P50,000 per borrower. For high-value crops, ACPC coordinates with the Department of Agriculture for the specific loan ceiling per commodity per hectare. However, loan amount shall not exceed P150,000.00 per borrower.

Maturity and mode of payment for PLEA loans are based on the cashflow of the farming or income-generating activity or target project of the borrower.

PLEA loans bear an interest of 6% per annum payable on the due date. The interest cannot be deducted in advance from the loan. Lending conduits are also allowed to charge a service fee (on top of the interest charge) of not more than 2% of the loan amount. At 2-years

[1] Small farmers as defined in Section 4, Republic Act No. 8435, and further defined in Section 4d., Presidential Administrative Order (AO) No. 21 of 2011, Revised Implementing Rules and Regulations (IRR)/Social Reform and Poverty Alleviation Act; and fisherfolk as defined in Section 4a., Presidential AO No. 21 of 2011, Revised IRR of RA 8425/Social Reform Act.

maturity period for the loans, the 2% upfront service fee is equivalent to 1% per annum or a total finance charge of 7% per annum.

Inclusive in the PLEA loan package is free insurance from the Philippine Crop Insurance Corporation (PCIC) covering the insurable agri-fishery crops/commodities. PLEA borrowers are required to avail of the free insurance and to apply their PLEA-financed project for insurance cover with PCIC.

To expedite the processing of loans, the PLEA program prescribes a loan processing time of 25 days from the time a borrower applies for a loan with the PLC until the PLC releases the loan to the borrower.

One of the activities of ACPC to monitor PLEA program implementation is the gathering of information and feedback directly from program borrowers as well as PLCs regarding their experiences in participating under the program.

This report contains the results of the field validation activities conducted by ACPC for the PLEA Program in 2019.

II. Objectives in Conducting Field Validation for the PLEA Program

Program field validation activities for the PLEA Program are conducted by ACPC to:

a. Gather benchmark information about program borrowers that can be used in evaluating program success;

b. Validate at the borrower level if program implementation by partner lending conduits is compliant with the program guidelines; and

c. Gather client satisfaction feedback on program implementation from both partner lending institutions and program borrowers.

III. Methodology

The field validation utilized the program accomplishment reports by 55 program lending conduits. The field validation at the beneficiary level was conducted in twenty- nine (29) provinces out of the 58 provinces where PLEA is being implemented as of December 31, 2019 (refer to Table 1 for the list of PLCs visited during field validation).

A structured questionnaire was used in collecting data and information from randomly selected program beneficiaries. These include, among others, demographic profile, loan details and their perceptions about the terms and conditions of the programs.

Data on the parameters stipulated in the program framework like eligibility of borrowers, loan utilization, loan adequacy, interest rates charged by partner conduits, loan maturity, documents required in loan application and average number of processing days were collected through the field validation activity.

With a margin of error + or – 3% and a confidence level of 95%, the total sample size for the PLEA field validation is 1,323 or 3% of the total population of PLEA program borrowers as of December 31, 2019. Further, to make the samples more representative, borrowers from major type of commodity financed were selected. In this way, the selection of borrowers is broadly representative of the total population under the program.

Table 1. List of Lending Conduits with Corresponding Number of Respondents Interviewed, by Province

Region	Province	Name of Lending Conduits	No. of Respondents
1	La union	Cooperative Bank of La Union	26
1	Isabela	Isabela Grains Production and Marketing Cooperative	18
1	Ilocos Sur	Nueva Segovia Consortium of Cooperatives	26
1	Isabela	Rotary Community Corps of Cauayan City Producers Cooperative	28
1	Isabela	St. Peter's Episcopal Multi-Purpose Cooperative	22
3	Bataan	Abucay Multi-Purpose Cooperative	14
3	Bataan	Capitol Employees of Bataan Multi-Purpose Cooperative	50
3	Nueva Ecija	Federation of Patriotic Farmers Cooperative of Nueva Ecija	17
3	Nueva Ecija	New Rural Bank of San Leonardo (Nueva Ecija), Inc.	24
3	Nueva Ecija	Parcutela Multi-Purpose Cooperative	17
4a	Quezon	Cooperative Bank of Quezon Province	28
4a	Quezon	Rhudarda Multi-Purpose Cooperative	67
4a	Laguna	Sentrong Ugnayan ng Mamamayang Pilipino Multipurpose Cooperative	43
4b	Romblon	Arya Coconut Farmers Multi-Purpose Cooperative	15
4b	Palawan	Elvita Farmers Multi-Purpose Cooperative	15
4b	Palawan	Malalong Binasbas Agriculture Cooperative	30

4b	Romblon	St. Vincent Ferrer Parish Multi-Purpose Cooperative	27
5	Albay	Banco de Santiago de Libon	24
5	Albay	Camalig Bank, Inc.	29
5	Albay	Rural Bank of Guinobatan	29
6	Antique	Antique Provincial Government Employees Multi-Purpose Cooperative	24
6	Aklan	Integrated Baranggays of Numancia Multi-Purpose Cooperative	25
6	Negros Occidental	La Castellana 1 Personnel Multi-Purpose Cooperative	39
6	Aklan	Lezo Multi-Purpose Cooperative	21
6	Antique	Libertad Multi-Purpose Cooperative	35
6	Capiz	Lonoy Agrarian Reform Cooperative	27
6	Negros Occidental	Pag-Inupdanay, Inc.	30
6	Antique	Patria Multi-Purpose Cooperative	13
6	Aklan	Sandona Development Cooperative	6
7	Siquijor	Catulayan Community Multi-Purpose Cooperative	30
7	Cebu	Cebu People's Multi-Purpose Cooperative	12
7	Cebu	Lamac Multi-Purpose Cooperative	10
7	Negros Oriental	Negros Oriental Sugar Planters Multi-Purpose Cooperative	18
8	Northern Samar	Allen Municipal Officials & Employees Multi-Purpose Cooperative (Northen Samar)	29
8	Northern Samar	Ginulgan Farmers Entrepreneurs Association	27
8	Northern Samar	Samar Multi-Purpose Cooperative	10
8	Northern Samar	Victoria Multi-Purpose Cooperative	30

9	Misamis Occidental	Gata Daku Multi-Purpose Cooperative	33
9	Zamboanga del Norte	Paglaum Multi-Purpose Cooperative	25
9	Zamboanga del Norte	Sindangan FACOMA-Community Multi-Purpose Cooperative	22
10	Misamis Orental	Bangko sa Balay Foundation, Inc.	44
10	Bukidnon	Lumintao Farmers Multi-Purpose Cooperative	18
10	Bukidnon	Maramag Community Mult-Purpose Cooperative	21
10	Bukidnon	Mindanao Consolidated Cooperative Bank	34
10	Bukidnon	Philippine International Travel Assistance Center Multi-Purpose Cooperative	19
10	Bukidnon	Sta. Monica of Pangantucan Multi-Purpose Cooperative	21
11	Davao Oriental	Davao Oriental Market Multi-Purpose Cooperative	26
11	Davao del sur	Hagonoy Farmers Multi-Purpose Cooperative	33
13	Agusan del norte	Baug CARP Beneficiaries Multi-Purpose Cooperative	24
13	Agusan del sur	Boan Barangay Irrigation Development Association	27
13	Agusan del sur	Farmers Alternative Self-Reliance Multi-Purpose Cooperative	30
BARMM	Basilan	Basilan Fisherfolks and Farmers Multi-Purpose Cooperative	11
Total No. of Respondents			**1,323**

IV. Field Validation Results and Analyses

A. Demographic Profile of Sample Respondents

A.1 Gender, Civil Status, and Age of Respondents

The interviewed PLEA borrowers are almost equally distributed by gender (Table 2) and an overwhelming majority of them are married (Table 3).

Average age of the borrowers is 48 years. Almost half is in the 30-49 years age bracket. Although farmers borrowing under the PLEA program are relatively young (i.e. senior citizens make up only 18% of the interviewed PLEA borrowers), those below 30 years of age constitute a very few 4% of the sampled program borrowers (Table 4).

Table 2. Gender Distribution of PLEA Borrowers

Gender	No. of Reporting	% Share
Male	649	49.1
Female	674	50.9
Total	**1,323**	**100**

Table 3. Civil Status of PLEA Borrowers

Civil Status	No. of Reporting	% Share
Single/Separated	143	10.8
Married/Common-Law	1,097	82.9
Widow/Widower	83	6.3
Total	**1,323**	**100**

Table 4. Age Group Distribution of PLEA Borrowers

Age Group	No. of Reporting	% Share
19 years old and below	0	0
20-29 years old	56	4.2
30 -39 years old	222	16.8
40 - 49 years old	418	31.6
50 - 59 years old	385	29.1
60 years old and above	242	18.3
Total	**1,323**	**100.0**
Average Age	**48**	
Minimum Age	**21**	
Maximum Age	**79**	

A.2 Educational Attainment of PLEA Borrowers

The PLEA borrowers have a healthy educational profile. As much as 85% of those who were interviewed have finished at least elementary education and more than half (53%) are at least high school graduates (Table 5). Almost 1.5 out of every 10 borrowers are college graduates even.

Table 5. Educational Attainment of PLEA Borrowers

Educational Attainment	No. of Reporting	% Share
No education	8	0.6
Some primary education	130	9.8
Elementary graduate	243	18.4
Some secondary education	176	13.3
High school graduate	374	28.3
Some tertiary education	149	11.3
College Graduate	178	13.5
Vocational Graduate	64	4.8
Post Graduate	1	0.1
Total	**1,323**	**100.0**

A.3 Household Size of PLEA Borrowers

Average household size of PLEA borrower is only a modest 4 members (Table 6). Only slightly more than 3 out of every 10 households have more than 5 members. On the other hand, close to 1 out of every 4 households is quite small with only 1-3 members.

Table 6. Household Size Distribution of PLEA Borrowers

Size of Household	No. of Reporting	% Share
1–3	317	24
4–5	596	45
More than 5 hh members	410	31.0
Total	**1,323**	**100.0**
Average HH Size	**4**	
Minimum	**1**	
Maximum	**16**	

A.4 Monitoring of Persons with Disability (PWDs) Assisted by the PLEA

Republic Act (R.A.) 7277 encourages active participation in promoting the welfare of disabled persons and ensuring gainful employment for qualified persons with disability (PWD).2 State agencies' compliance with the law through their respective programs is being closely monitored and reported. Under the PLEA Program, close to 8% of the interviewed borrowers reported having a PWD/s among their household members who were therefore also assisted through their households' access to the program (Table 7).

Table 7. Household Members with Disability

Household Member with Disability	No. of Reporting	% Share
None	1,224	92.5
1	99	7.5
Total	**1,323**	**100.00**

[2] An Act providing for the Rehabilitation, Self-Development and Self Reliance of Disabled person and their integration into the mainstream of Society and for other purposes.

A.5 Monitoring of Indigenous People's (IP) Participation in the PLEA

Only a few of the PLEA borrowers who were interviewed (7%) come from indigenous ethnic groups, i.e. indigenous people or IP. Mandaya ethnic group (25%) of Davao del Sur and Oriental provinces. They are followed by borrowers belonging to the Kakana-I group (23%) of Isabela province, and the Bantoanon of Romblon province. Other IP-borrowers interviewed albeit in lesser numbers were Aeta, Bagubo, Dumagat, Higaonon, Manobo, Subanen and Talaandig (Table 8)[3]

Table 8. Indigenous People (IP)-Borrowers of the PLEA Program

Member of Indigenous Group	No. of Reporting	% Share
Yes	87	6.6
No	1,236	93.4

Table 9. Indigenous People (IP)-Borrowers of the PLEA Program by Province

Island	Region	Province	Name of Indigenous Group:	No. of Reporting	% Share
Mindanao & Visayas	10, 4B and 6	Lanao del Sur, Romblon and Antique	Aeta	4	4.6
Mindanao	11	Davao del sur and Davao Oriental	Bagubo	2	2.3
Visayas	4B	Romblon	Bantoanon	17	19.5
Luzon	3	Nueva Ecija and Aurora	Dumagat	3	3.5
Mindanao	10	Misamis Oriental	Higaonon	7	8.1
Luzon	I	Isabela	Kankana-i	20	23.0
Mindanao	11	Davao del Sur and Davao Oriental	Mandaya	22	25.3

[3] Indigenous peoples, also known in some regions as First peoples, First Nations, Aboriginal peoples or Native peoples, or autochthonous peoples, are ethnic groups who are the original or earliest known inhabitants of an area, in contrast to groups that have settled, occupied or colonized the area more recently. They have retained social, cultural, economic and political characteristics that are distinct from those of the dominant societies in which they live.

Mindanao	13	Agusan del Sur	Manobo	2	2.3
Mindanao	9	Zamboanga del Norte	Subanen	9	10.3
Mindanao	10	Bukidnon	Talaandig	1	1.2
			Total	**87**	**100.0**

B. Borrowers' Benchmark Information

B.1 Borrowers' Production and Income Profile

Under the PLEA Program guidelines, the eligible borrowers are marginalized and small farmers and fisherfolk, which includes farm workers. Although more than 90% of the program borrowers that were randomly selected for the validation activities turned out to be engaged in agricultural production as their main source of livelihood, 83 of the borrowers (or 6% of the total sample size) were found to actually be reliant on non-agriculture sources of income (Table 10), i.e. derived from salaries/wages, pension/and, contributions from family members, sari-sari store/food vending, transportation services etc. Pursuant to program guidelines, ACPC (through its Program Development Division) asked the concerned PLCs to replace the ineligible borrowers with borrowers who are qualified or to pay back the loan amount.

Table 10. Main Source of Household Income

Main Source of Income	No. of Reporting	% Share
Agriculture	1,240	93.7
Non-Agriculture	83	6.3
Total	**1,323**	**100.0**

The program achieved a high rate of success in targeting borrowers engaged in agricultural production activities (i.e. 99% of the interviewed borrowers). More specifically, more than two-thirds of the borrowers (69%) are engaged in crop production. The remainder are engaged in either livestock production, fisheries production, or poultry production. On the other hand, only very few farm laborers were randomly selected for the field validation interviews (i.e. only 1 in every 100 program borrowers), which somehow indicates that the program has had limited outreach to these more marginalized eligible borrowers (Table 11).

Table 11. Types of Agricultural Activities in which PLEA Borrowers Are Engaged

Type of Agricultural Activity	No. of Reporting	% Share
On-Farm		
Crop Production	843	69.1
Livestock Production	193	15.8
Poultry Production	7	0.6
Fisheries Production	165	13.5
Off-Farm		
Farm/fish laborer	12	1.0
Total	**1,220**	**100.0**

PLEA borrowers engaged in crop production are mostly into palay farming (64%). A far second are the farmers engaged in corn production (15%). The rest of the crop producer-borrowers are engaged in the production of vegetables and fruits (7%); sugar cane (6%); coconut (5%); and others (3%) (Table 11).

Average area planted by PLEA borrowers is 1.7 ha, which is also the average area planted by palay farmer-borrowers (Table 12). Coconut farmer-borrowers have the biggest average planted/farm area at 3 has. On the other hand, sugarcane farmer-borrowers have the smallest average farm area at 1.4 has. However, the maximum reported sizes of area planted to rice and coconut are 12 has and 10 has, respectively. This is because some of the farmers also plant in areas that are either rented or mortgaged landholdings.

Table 12. Types of Crops and Size of Area Planted by PLEA Borrowers Engaged in Crop Production

Type of Crop	No. of Reporting	% Share			
			Average	Minimum	Maximum
Palay	563	64.36	1.71	.25	12
Corn	131	15.02	1.68	.5	5
Coconut	41	4.70	2.99	.5	10
Vegetables and Fruits	58	6.65	.25	.20	1
High-Value Crops					
- Sugarcane	53	6.08	1.36	.25	3
- Abaca	2	.23	2.50	2.0	3
Banana	22	2.52	1.57	.02	2.5
Nipa	2	0.23	0.25	.20	.30
Total	**872**	**100.0**	**1.68**	**.12**	**12**

B.2 PLEA Borrowers' Farm Size, Area Planted, and Tenurial Status

Average size of farm holding among PLEA borrowers regardless of tenurial status is 1.8 has (Table 13). The size of landholding for almost 4 out of every 5 borrowers is 2 has and below. Only 15% of the borrowers have a landholding of 2.1-3.0 has On the other hand, around 6% of the borrowers reported having more than 3 has of landholding, which are due either to leased, rented, or communal ancestral lands. Hence, no violation in the program policy of a 3 ha-ceiling in owned farm area was found.

Given their relatively small land areas, PLEA borrowers generally try to maximize the area planted in their farms (Table 13). According to the borrowers, they utilize an average of 93% of their land area, i.e. an average of around 1.7 has.

Table 13. PLEA Borrowers' Farm Size and Area Planted

Total Size of Farm*	No. of Reporting	% Share	Total Area Planted	No. Reporting	% Share
1 ha and below	392	44.95	1 ha and below	401	45.99
1.1 ha - 2 ha	302	34.63	1.1 ha - 2 ha	295	33.83
2.1 ha - 3 ha	129	14.79	2.1 ha - 3 ha	127	14.56
More than 3 ha.	49	5.62	More than 3 ha.	49	5.62
****Total**	**872**	**100**	**Total**	**872**	**100**
Average	**1.8**		**Average**	**1.67**	

**Regardless of tenurial status*
***The 872-respondents are only crop farmers and do not include those engaged in fisheries production*

Table 14 shows the distribution of owned land by size. Almost one third of the farmers own 1.01-2.0 has of land; 27 per cent are owners of 0.6-1.0 has of land; while about 14 per cent have owned lands ranging from 2.01-3.0 has. Although some of the respondents (i.e. less than 10 per cent) reported owning more than 3 has, these were found to actually be communal ancestral lands.

Table 14. Distribution of Owned Land Area by Size

Owned Land Area	No. of Reporting	% Share
Below .5 ha.	69	15.00
.6 ha. to 1 ha.	126	27.39
1.01 to 2 has.	160	34.78
2.01 to 3 has.	66	14.35
Over 3 has.	39	8.48
Total	**460**	**100.00**
Minimum	0.03	
Maximum	9.00	
Mean	1.78	
Sum	818.00	

Half of the PLEA borrowers (50.5%) do not own the land they are tilling (Table 15). Tenants make up around 1 of every 3 program borrowers, leasehold tenants make up 11%, and there are some being allowed to till land owned by kin or others for free (6%). Fewer still are tilling land that has been mortgaged to them (1%). Those who own the land they are tilling, including the amortizing owners, make up the other half of the interviewed PLEA borrowers.

Table 15. Tenurial Status of PLEA Borrowers

Tenurial Status	No. of Reporting	% Share
Owned	376	43.12
Owned and Tenant	40	4.59
Tenant	284	32.57
Rented	74	8.49
Rented and owned	22	2.52
Mortgaged	10	1.15
Amortizing owner	7	0.80
Amortizing owner and Rented	4	.46
Farming for free	55	6.31
Total	**872**	**100.00**

B.3 Production Profile of PLEA Borrowers

B.3a Production Profile of PLEA Borrowers Engaged in Crop Production

Of the PLEA Borrowers engaged in crop production activities, about 64 per cent are palay producers. Around 16 percent of the PLEA crop farmers interviewed for the field validation produce either yellow or white corn. While around 20 percent of the other crop farmer-borrowers are engaged in various other crops (Table 16).

Table 16. Types of Crops Being Produced by PLEA Borrowers

Type of Crop	No. of Reporting	% Share
Palay	563.00	64.1
Corn	138.00	15.7
Coconut	41.00	4.7
Vegetables and Fruits	58.00	6.6
Sugarcane	53.00	6.0
Abaca	2.00	0.2
Banana	22.00	2.5
Nipa	2.00	0.2
Total	**879.00**	**100.0**

Although more palay farmer-borrowers use the inbred seed variety, the average productivity of borrowers using hybrid seeds is 47% higher (Table 17). Average productivity of borrowers using hybrid seeds is 5.6metric tons/ha/cycle, while the average productivity of borrowers using inbred seeds is 3.8 metric tons/ha/cycle.

Average productivity of corn farmer-PLEA borrowers, on the other hand, is 7.16 metric tons/ha/cycle for those growing yellow corn and 6.6 metric tons/ha for those growing white corn (Table 17). The average productivities of PLEA borrowers engaged in producing other crops are also shown in Table17.

Table 17. Average Crop Productivity, by Type of Crop

Commodity	Ave. No. of Cycles per Year	Ave. Productivity (in kgs/ha./cycle)
Palay	2	4,657
Hybrid	2	5,552
Inbred	2	3,762
Corn	2	7,111
White	2	6,579
Yellow	2	7,161
Other Crops (HVCC)	4	14,100
Coconut	4	1,166
Sugarcane	1	61,272
Vegetables	2	2,142
Banana	12	804.5
Nipa	4.5	100.00

B.3b Production Profile of PLEA Borrowers Engaged in Livestock Production

Livestock production activities that PLEA borrowers are engaged in include both breeding and fattening. For borrowers engaged in hog breeding, the average production level is 11 heads at 2 production cycles a year (Table 18). For borrowers engaged in hog fattening, average yield is 80 kilos per fattener also at 2 production cycles each year.

Borrowers engaged in cattle breeding have an average litter size of 2 cattle per year with each fattened cow weighing about 265 kilograms. Those engaged in goat fattening yield an average of 24 kilograms per year. Average weight per broiler is 1.4 kilograms. For production of native chickens, average number of production cycles is 3 per year and average yield is 1.0 kilogram per native chicken.

Table 18. Average Livestock and Poultry Productivity, by Type of Activity

Types of Livestock and Poultry Production Activity	Average Productivity	Unit of Measure	Average No. of Cycles per year
Livestock Production			
Hogs/Swine			
Hog breeding	11	no. of heads	2
Hog fattening	80.21	kgs	2
Cattle			
Cattle Breeding	2	no. of heads	1
Cattle Fattening	265	kgs	1
Carabao			
Carabao Breeding	1	no. of heads	1
Goat			
Goat Breeding	1	no. of heads	1
Goat Fattening	24	kgs	1
Poultry Production			
Chicken			
Broiler	1.4	kgs	4.5
Native Chicken	1.0	kgs	2
Duck			
Broiler	1	kgs	1

B.3c Production Profile of PLEA Borrowers Engaged in Fisheries Production

Average productivity of PLEA fisherfolk-borrowers engaged in municipal fishing activities is a total of 1.2 metric tons for the entire peak season and a total of 0.6 metric tons for the duration of the entire lean season (Table 19). On the other hand, average productivity of PLEA borrowers engaged in aquaculture production is 1.8 metric tons annually.

Table 19. Average Fisheries Productivity, by Type of Activity

Type of Fishery Production Activity	Frequency of Catch OR Harvest	Average Volume per Catch OR per Harvest	Average Producti vity per Year
Municipal Fishing			
Peak season	20 times per month	14 kgs	1,178 kgs
Lean season	18 times per month	6 kgs	647 kgs
Aquaculture	2 times per year	790 kgs	1,831 kgs

Average Peak months per season: 4
Average Lean months per season: 6

B.4. Farm and Off-Farm Incomes and Expenditures of PLEA Borrowers

B.4a. Incomes and Production Costs: Crop Production

Data gathered from field validation activities point to palay farmers as earning the highest average net income relative to other PLEA borrowers also engaged in crop production (Table 20). Based on the collected data, the average annual net incomes of crop farmers who borrow from the PLEA program are: P246,000 for palay farmers; P146,000 for corn farmers; P110,000 for high-value crops (other than sugarcane, coconut, and vegetables); P88,300 for sugarcane production; and less than P50,000 for vegetable (backyard scale) and coconut production.

As a percentage of gross income, production costs, on the other hand, are also lowest for palay farmers (i.e. 28% of the value of gross income) among the borrowers engaged in crop production. This partly helps explain palay production's greater profitability (Table 20). The highest proportion of costs-to-income among crop producers, though, was reported by borrowers engaged in the production of high-value crops (other than coconut, sugarcane, and vegetables & fruits) at almost half (46%) of gross income value.

Table 20. Average Net Incomes for Crop Production, by Type of Crop

Type of Crop	Ave. Gross Income per Cycle (₱/Ha)	Ave. Production Cost/Cycle (₱/Ha)	Production Cost as % of Gross Income	Ave. Net Income per Cycle (₱/Ha)	Ave. Net Income per year (₱/Ha)
Palay	148,600	41,400	28%	107,200	246,000
Corn	104,100	36,500	35%	67,600	146,000
Coconut	38,000	9,500	25%	28,500	122,000
Vegetables and Fruits	33,400	10,600	32%	22,800	47,900
Other HVCC	59,700	27,400	46%	32,300	110,000
Sugarcane	139,000	51,200	37%	88,300	88,300

B.4b Incomes and Production Costs: Livestock and Poultry Production

Borrowers engaged in poultry production – particularly in the production of duck and chicken broilers – earn the highest average annual net incomes among program borrowers engaged in either livestock or poultry production, at P262,700 and P126,830 annual net incomes, respectively (Table 21). The lowest net income earners among the livestock and poultry borrowers are those engaged in the production of native chicken (P9,148 average net income per year), carabao breeding (P10,000 average net income per year), and cattle breeding (P10,526 average net income per year).

As a percentage of gross income, production costs, are lowest for those engaged in goat breeding (i.e. 10% of the value of gross income), duck broiler production (i.e. 12% of value of gross income), and hog breeding (i.e. 14% of the value of gross income) among the borrowers engaged in livestock and poultry production (Table 21). The highest percentage of production costs to gross income are in chicken broiler production, carabao breeding, cattle breeding, and hog fattening where production costs reach more than half of gross income value.

Table 21. Average Net Incomes for Livestock and Poultry Production, by Type of Activity

Type of Livestock and Poultry Production Activity	Ave. Gross Income per Cycle (₱)	Ave. Production Cost per Cycle (₱)	Production Cost as % of Gross Income	Ave. Net Income per Cycle (₱)	Ave. Net Income per Year (₱)
Livestock					
Hogs					
Hog breeding (no. of heads)	37,300	5,310.5	14%	31,989	51,500
Hog fattening (kgs)	46,600	24,600	53%	22,000	58,300
Cattle					
Cattle Breeding (no. of heads)	25,526	15,000	59%	10,526	10,526
Cattle Fattening (kgs)	68,475	27,500	40%	40,975	40,975
Carabao					
Carabao Breeding (no. of heads)	25,000	15,000	60%	10,000	10,000
Goat					
Goat Breeding (no. of heads)	16,571	1,657.10	10%	14,913.90	14,913.9
Goat Fattening (kgs)	28,478	6,800	24%	21,678	21,678
Poultry					
Chicken					
Broiler (kgs)	46,428	27,920	60%	18,508	126,830
Native Chicken	5,150	1,287.50	25%	3,862.50	9,148
Duck					
Broiler (kgs)	300,000	37,300	12%	262,700	262,700

B.4c Incomes and Production Costs: Fisheries Production

By type of fishery production, municipal fishing average net income during peak season is PhP128,000 and P60, 200 during lean season. On the other hand, average net income for aquaculture production is P 321,380 per annum. (Table 22).

Table 22. Average Net Incomes from Fisheries Production, by Type of Activity

Type of Fishery Production Activity	Ave. Gross Income per Catch OR Harvest (₱)	Ave. Production Cost per Catch OR Harvest (₱)	Production Cost as % of Gross Income	Ave. Net Income per Catch OR Harvest (₱)	Ave. Net Income Per Year (₱)
Municipal Fishing					
Peak season	3,495	1,441.14	41	2,447	128,000
Lean season	931	326.05	35	652	60,200
Aquaculture	256,000	94,615	37	161,000	312,380

B.4d Incomes from Off-Farm Livelihoods

Table 23 shows that very few of the total number of PLEA borrowers interviewed are engaged in off-farm livelihoods (i.e. 8%). Four out of 5 of these borrowers are the laborers in the off-farm businesses. Only a very small minority are engaged in actual income-generating or livelihood activities up the value chain such as trading and agro-processing, where incomes reach up to four times the average annual income from that of being a farm/fishing laborer (Table 23).

Table 23. Average Incomes from Off-Farm Livelihoods, by Type of Activity from Off-Farm

Type of Off-Farm Livelihood Activity	No. of Reporting	% Share	Ave. Income per Year (₱)
Farm/fishing laborer	86	79.6	25,600.0
Agricultural/ fisheries trading	17	15.7	182,000.0
Agro-Processing	5	4.6	202,000.0
Total	**108**	**100.0**	**59,600.0**

B.4e Overall Household Incomes of PLEA Borrowers

Average annual household income among PLEA borrowers is P265,000 or more than twice the poverty threshold income of P125,772 annually (Table 24).[4] The average PLEA borrower therefore surpasses the income threshold for being classified as poor. On the other hand, 28% of the borrowers reported having annual household incomes of P100,000 and below, or way below the poverty threshold.

Table 24. Gross Household Income

Household Income (₱)	No. of Reporting	% Share
100,000 and below	369	27.9
100,001 - 200,000	367	27.7
200,001 - 300,000	185	14.0
300,001 - 400,000	134	10.1
400,001 - 500,000	94	7.1
More than 500,000	174	13.2
Total	**1,323**	**100.0**
Average Annual Household Income		**265,000**

C. Validation of Borrowers' Compliance with Program Guidelines

C.1 Improved Access for Small Farmers and Fisherfolk

Financial services availed most by the PLEA borrowers are: savings (deposit) and credit (borrowing), both of which were reported by 72% of those who were interviewed (Table 25). Less than half of the borrowers (47%) use electronic money services such as electronic remittances and money transfers. According to the majority of the respondents, they have no need for electronic money services. On the other hand, very few avail of pawning services, money exchange, and e-commerce such as online shopping and bookings (Table 25).

Table 25. Financial Services Being Availed

Financial Services	No. of Reporting	% Share
Electronic Money Services (*remittance, money transfer, etc.)*	624	47.17
Pawning	156	11.79
Deposit/Savings	959	72.49
Credit/Borrowing	949	71.73
Money Changer	72	5.44
E-commerce (*on-line shopping, booking, etc.)*	37	2.80
Total	**1,323**	**100.00**

C.1a. Borrowing Experience Prior to PLEA

One out of every 3 PLEA borrowers had no previous borrowing experience prior to the PLEA program (Table 26). This suggests that the program was able to help facilitate access to credit for as much as one-third of the program borrowers.

Table 26. PLEA Borrowers with Previous Borrowing Experience

With or Without Previous Borrowing Experience	No. of Reporting	% Share
Yes	875	66.14
No	448	33.86
Total	**1,323**	**100.00**

On the other hand, among PLEA borrowers that already had previous access to credit, 7 out of 10 were already borrowing from formal credit sources (Table 27). More than half of these formal borrowers were already availing themselves of cooperative loans, and just in excess of a quarter had obtained loans from either non-government organizations (NGOS), microfinance institutions (MFIs), or associations/people's organizations (POs). Prior to the PLEA program, the least accessed formal sources of credit by borrowers are banks (various types) and government agencies (i.e. only 23% of the formal borrowers were getting loans from these sources).

Surprisingly, only a little more than one-fourth (27%) of the PLEA borrowers are loan clients of informal lenders (Table 27). Two out of 5 of these were borrowing from private money lenders and the rest were borrowing from traders & millers, relatives & friends, input suppliers, or their landlords.

A little more than one-fifth (22%) of the PLEA borrowers, meanwhile, are experienced in borrowing from both formal and informal sources (Table 27).

Combining the 234 PLEA borrowers who borrowed only from informal sources previously (Table 27) and the 448 program borrowers who gained credit access only for the first time through the PLEA program (Table 26), gives a total of 682 borrowers who, through the PLEA program, were given access for the first time to formal credit. This number represents 52% or more than half of the total number of PLEA borrowers interviewed.

Table 27. Sources of Credit for PLEA Borrowers with Previous Experience in Borrowing*

Sources of Credit	No. of Reporting	% Share
Formal Sources of Credit		
Rural banks and Cooperative banks	108	12.34
Cooperative	310	35.43
Commercial banks	9	1.03
Government banks/Government agencies	10	1.14
Thrift Banks	15	1.71
Associations /PO's	36	4.11
NGOs/MFIs	123	14.06
Sub-total	**611**	**69.83**
Informal Sources of Credit		
Traders/Millers	48	5.49
Input Suppliers	42	4.80
Private Money Lenders	96	10.97
Relatives/Friends	45	5.14
Land Owner/Land Lord	3	0.34
Sub-total	**234**	**26.74**
Multiple Sources of Credit [a/] (Sub-total)	**193**	**22.06**
Total	**875**	**100.00**

**Prior to borrowing under the ongoing ACPC Program.*
[a/]Multiple response allowed.

C.1b New Borrowers Under the PLEA Program

Three out of 4 of the interviewed borrowers are new PLEA accounts (Table 28). A quarter are repeat borrowers, i.e. having renewed their PLEA loans up to four times already.

Table 28. Number of times borrowed under the ongoing

Times Borrowed	No. of Reporting	% Share
1st time	999	75.51
2nd time	239	18.07
3rd time	75	5.67
4th time	10	0.76
Total	**1,323**	**100.0**

C.2 Compliance with Insurance Cover Policy

Inclusive in the PLEA loan package is free insurance from the Philippine Crop Insurance Corporation (PCIC) especially for crop production farming activities. PLEA borrowers are required to avail of the free insurance and to apply their PLEA-financed project for insurance cover with PCIC.

Nine out of 10 of the interviewed PLEA borrowers were able to avail of the free PCIC insurance (Table 29).

Table 29. Compliance with Insurance Availment Policy

With PCIC Insurance Coverage	No. of Reporting	% Share
Yes	1,203	90.93
No	120	9.07
Total	**1,323**	**100.00**

On the other hand, Table 30 shows the reasons given by 9% of PLEA borrowers who failed to avail of the PCIC insurance. These include: late submission of insurance application (25%); absence of PCIC-required ear-tag in swine, in the case of swine raising loan (16%); lack of information about PCIC insurance (14%); diversion of loan purpose due to late release of loan (13%); project is ineligible as per PCIC guidelines or project temporarily stopped for repairs (13%); boat to be insured not registered with BFAR (8%); and, finally, not interested in insuring their project (4%).

Table 30. Reasons of PLEA Borrowers for Not Availing of PCIC Insurance Cover

Reasons	No. of Reporting	% Share
Boat not yet registered	10	8.33
Diversion of loan purpose due to late release of loan	15	12.50
Lack of information	17	14.17
Late submission of application	30	25.00
No ear tag in swine	20	16.67
Not interested in insuring their project	5	4.17
Not timing for planting season	8	6.67
Project not insurable/not covered	15	12.50
Total	**120**	**100.00**

C.3 Compliance with the 25-Day Prescribed Loan Processing Time under the PLEA Program

The PLEA program prescribes a loan processing time of 25 days from the time a borrower applies for a loan until the loan is released to the borrower. The field validation results indicate that the average time it actually takes PLEA borrowers to receive their loans from the time of application is 35 days, or 10 days longer than the 25-day prescriptive period for loan processing.

Only slightly more than a third (34%) of the interviewed borrowers reported faster loan processing time of 7 days or less. While, for 43% of the PLEA borrowers, loan processing took 25 days or more before they were able to receive their loans (Table 31).

Table 31. Length of Processing Time for PLEA Loans

Length of Processing time	No. of Reporting	% Share
Less than 7 days	450	34.01
8 to 15 days	234	17.69
16 to 25 days	63	4.76
More than 25 days	576	43.54
Total	**1,323**	**100.00**
Average	**35.36**	
Minimum	**1**	
Maximum	**240**	

Two major reasons cited by borrowers for why they experienced delays in the release of their PLEA loans are: a) delayed fund transfers to their PLC due to changes in the program policies and requirements of ACPC; and b) delays in approval of their PLC's request for authority to withdraw program funds. Other reasons include delays caused by policies and procedures of the PLC itself, such as: delays in conducting character and background investigation; policy of waiting for one loan to be settled first before another can borrow; clustering of loan releases; and changes in the master list of borrowers. Another reason also cited is the incomplete submission of requirements by the borrowers themselves. [4]

C.4 Compliance with the Ceiling Amount/s for PLEA Loans

Loan amount per borrower under the PLEA program is P50,000 for the production of short-term crops/ commodities and agri-microfinance loans, and up to P150,000 for high-value and long-gestating crops. The average amount of loan availed by PLEA borrowers is P37,400 (Table 32).

Almost all of the interviewed PLEA borrowers (99%) received loans amounting to P50,000 and below. Hence, almost all borrowing under the program are for short-term agricultural livelihood projects (Table 32). Seven out of every 10 of the PLEA borrowers

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[4] These reasons were elicited during the field validation exit meetings with officers of the concerned PLCs.

received loans ranging from P26,000-P50,000. Twenty-nine percent borrowed even smaller loans of P25,000 or less.

Borrowers who availed of PLEA loans for the production of high-value crops (i.e. ranging in amount from P51,000 to P100,000) make up only less than 1% of those who were interviewed.

None of the borrowers received loan amounts that exceeded the program's prescribed loan ceiling. Therefore, all PLCs complied with the PLEA program's loan amount ceiling.

Table 32. Compliance with the Loan Ceiling

Amount (PhP)	No. of Reporting	% Share
Less than 25,000	380	28.72
26,000 – 50,000	933	70.52
51,000 – 75,000	5	0.38
76,000 – 100,000	5	0.38
101,000 and above	0	0.00
Total	**1,323**	**100.00**
Mean	**37,400**	
Minimum	**4,000**	
Maximum	**100,000**	

C.5 Compliance with the Program Policy of No Deduction in Loan Amount

According to the PLEA program guidelines, the interest charge on PLEA loans shall not be deducted in advance from loans extended to borrowers. Lending conduits, though, are allowed to charge upfront a service fee that should not exceed 2% of the loan amount. The service fee may be charged in addition to the interest.

Table 33 shows that all of the interviewed borrowers (100%) noted deductions in the PLEA loan that they received. However, Table 36 shows that, aside from the service fee, some of the borrowers reported having been charged the following as well: capital build-up (38%), savings (20%), loan protection insurance and membership fee, both at 28%.

The concerned partner lending conduits justified the other deductions/ charges by maintaining that this was done with the consent of the borrowers. On the other hand, the practice is not consistent with PLEA guidelines.

Table 33. Whether PLEA Loans Were Received with Deduction/s

Deduction in Loan Amount Received	No. of Reporting	% Share
Yes	1,323	100.00
No	0	0.00
Total	**1,323**	**100.00**

Table 34. Types of Charges Applied to PLEA Loans

Types of Charges / Deduction/s Applied to PLEA Loans	No. of Reporting	% Share
Service fee	1,323	100
Documentary stamps	12	1.59
Membership Fee	213	28.17
Notarial Fee	50	6.61
Capital Build-up	287	37.96
Savings	154	20.37
Life Insurance	87	11.51
Loan Protection Insurance	215	28.44

**Multiple answers*

C.6 Loan Purpose Against Actual Loan Utilization

Incidence of loan diversion is almost non-existent among PLEA borrowers. The purpose given by all the interviewed borrowers in applying to avail of a PLEA loan is for financing agricultural production activities. In actual use, around less than 1 of every 200 borrowers reported using the PLEA loan for other income-generating activities instead, particularly in small retail business activities (e.g. carinderia and fish vending) (Table 35). Program guidelines allow the use of PLEA loans in any or a combination of farm, off-farm/non-farm income-generating activities of the borrower.

Table 35. Loan Purpose vs. Actual Loan Utilization

Purpose of Loan	**Purpose Applied For**		**Actual Utilization**	
	No. of Reporting	**% Share**	**No. of Reporting**	**% Share**
Production (*includes crop production, livestock/poultry raising, fishery production)*	1,323	100.00	1,317	99.55
Marketing				
Commercial / Trade/Retail			6	0.45
Total	**1,323**	**100.00**	**1,323**	**100.00**

C.7 Compliance with the PLEA Interest Policy

PLEA loans bear an interest rate of 6% per annum payable on the due date. All the interviewed PLEA borrowers affirmed that they were not charged interest exceeding the program's official rate of 6% p.a. (Table 36). All lending conduits therefore complied with the program's interest rate policy.

Table 36. Compliance with PLEA Interest Policy

PLEA Loan Bears 6% Interest Per Annum	**No. of Reporting**	**% Share**
Yes	1,323	100.00
No	0	0.00
Total	**1,323**	**100.00**

C.8 Compliance with the PLEA Program's No-Collateral Policy

No collateral should be required from program borrowers under the PLEA program according to the program guidelines. Almost all the interviewed borrowers (99%) affirmed that the PLC did not require them to submit any form of loan collateral (Table 38). On the other hand, around 1 out of every 100 program borrowers were asked by PLCs to submit a "table collateral" as a form of loan security. According to the interviewed borrowers, such table collateral are either a copy of their land title (47%), Official Receipt/Certificate of Registration of their motorcycle (35%), or certificates of animal ownership (8%) (Table 38).

Table 37. Compliance with the PLEA Program's No Collateral Policy

PLC Required Submission of Loan Collateral	No. of Reporting	% Share
Yes	17	1.28
No	1306	98.72
Total	**1323**	**100.00**

Table 38. Types of Collateral/Loan Security Asked from the Borrowers

Type of Collateral	No. of Reporting	% Share
Land Title	8	47.06
OR/CR Motorbike	6	35.29
Registration Certificate (Livestock)	2	11.76
Pedicab	1	5.88
Total	**17**	**100.00**

C.9 Compliance with the PLEA Program's Loan Maturity Policy

Per PLEA program guidelines, loan maturity shall be based on the cashflow of the farming/income-generating activity to be financed by the loan. However, maturity should also not exceed a period of twenty-four (24) months. The lending conduits may also decide to apply a shorter length of loan maturity depending on the type of livelihood activity.

At least 9 out of every 10 of the interviewed program borrowers (91.5%) were given only short-term loan maturities of 1 year or less (Table 39). Almost 2 out of every 3 borrowers were in fact given loan maturities of only half a year or less. It is not surprising, therefore, that the average maturity period of PLEA loans is only 9 months.

As mentioned earlier in this paper, there is a nexus between loan maturity and the amount of loan availed. Smaller loan amounts (i.e. P50,000 or less) are given shorter loan maturity. Smaller loans are often associated with the production of short-gestating agricultural commodities or municipal fishing activities. However, the lending conduits may also opt to maximize the allowed loan maturity period of 24 months under the program to give their farmer-borrowers the opportunity to use their income from harvest for the next planting season.

Only a few of the interviewed PLEA borrowers (8%) reported being given a longer loan maturity of up to 19 months to 2 years. These are the borrowers engaged in the production of high-value crops (e.g. cacao).

Table 39. Compliance with the PLEA Program Loan Maturity Policy

Maturity Period	No. of Reporting	% Share
6 months and below	850	64.25
7 – 12 months	360	27.21
13 – 18 months	8	0.60
19 – 24 months	105	7.94
Total	**1,323**	**100.00**
Average Maturity Period	**9 months**	

C.10 Status of PLEA Loans

Table 40 shows that PLEA loans of close to 9 out of every 10 borrowers either remain current (67%) or have already been fully paid (22.5%).

However, the remaining 1 out of every 10 borrowers reported that payment on their PLEA loans are past due (Table 40). Table 41 shows that the most often cited reason for delayed loan payments is crop damage or animal death due to sickness, pest and diseases, and low farmgate price (66%). Other reasons given for past due payments are diversion in the use of the loan to household or emergency purposes (13%). Some of the borrowers (6%) also used their PLEA loan to pay their other debts.

Table 40. Status of PLEA Loans

Loan Status	No. of Reporting	% Share
Current	885	66.89
Fully Paid	297	22.45
Past Due	141	10.66
Total	**1,323**	**100.00**

Table 41. Reasons for Past Due PLEA Loans

Reasons for Past Due Loans	No. of Reporting	% Share
Crop damage/few fish catch due to bad weather/pests and diseases/low farmgate price	93	65.95
Loan releases not made on time	11	7.80
Used for household expenses/emergency	18	12.76
Short-term maturity of loan is not too short	11	7.80
PLEA loan used to pay other loan	8	5.67

D. 2019 PLEA Client Satisfaction Report

D.1 Client Satisfaction Feedback on the PLEA Program from Partner Lending Conduits (PLCs)

Partner Lending Conduits (PLCs) are financial institutions (e.g. banks and cooperatives) selected by ACPC to screen PLEA program loan applicants and to release/collect loans directly to/from approved program borrowers.

PLC satisfaction with the PLEA Program is gauged using six (6) indicators:

1) Satisfaction with the PLEA eligibility criteria to qualify as a PLC;
2) Satisfaction with PLEA documentary requirements in allocating program funds to the PLC;
3) Satisfaction with PLEA processing time in transferring funds to the PLC;
4) Satisfaction with PLEA terms and conditions for the PLC on loan disbursement and collection;
5) Satisfaction with other operational requirements under the PLEA program; and
6) Satisfaction with ACPC PLEA staff's responsiveness to the PLC's issues and/or concerns.

Following are the client satisfaction feedback on the PLEA Program gathered from randomly selected PLCs:

D.1a Satisfaction with PLEA Eligibility Criteria for Partner Lending Conduits (PLCs)

Table 42 shows that all of the surveyed PLCs reported being satisfied with the eligibility criteria adopted by ACPC in determining which financial institutions shall qualify to be selected as PLCs for the PLEA program. In fact, 2 for every 3 PLCs even reported being very satisfied. On average, the PLCs are very satisfied with ACPC's eligibility criteria.

Table 42. Satisfaction with PLEA Eligibility Criteria for PLCs

Descriptive Rating	No.	% Share
Very Satisfied	15	68
Satisfied	7	32
Neutral	-	-
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**22**	**100**
Mean Numerical Rating*	**4.68**	
Mean Descriptive Rating*	**Very Satisfied**	

**Weighted value and equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

D.1b Satisfaction with PLEA Documentary Requirements to Receive Program Funds

The Tables below 43, 44, and 45 show that the PLCs are, on average, satisfied with ACPC's documentary requirements for: a) receiving an initial PLEA program fund allocation (i.e. 45% very satisfied and 50% satisfied); b) additional PLEA fund allocations (i.e. 53% very satisfied and 35% satisfied); and c) re-availing of the repaid or collected PLEA loans (i.e. 50% very satisfied and 29% satisfied).

Some of the PLCs, though, were not satisfied with the documentary requirements particularly for requesting for additional fund allocations and re-availing of funds collected through repaid program loans because of the loan processing bottlenecks (e.g. unavailability of signatories, additional waiting period for the approval and release of authority to withdraw, etc.)

Table 43. Satisfaction with PLEA documentary requirements in allocating program funds to the PLC[5]

Descriptive Rating	No.	% Share
Very Satisfied	10	45
Satisfied	11	50
Neutral	1	5
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**22**	**100**
Mean Numerical Rating*	**4.41**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

[5] *For PLEA Documentary Requirements, the memo for drawdown request should be reviewed first by the Senior Program Management Officer and the Team Leader before the approval of the Executive Director. The soft copy as well as the original copy of the drawdown request should also be forwarded to the partner lending conduit.*

Table 44. Satisfaction with PLEA documentary requirements in allocating additional funds to the PLC

Descriptive Rating	No.	% Share
Very Satisfied	9	53
Satisfied	6	35
Neutral	1	6
Unsatisfied	1	6
Very Unsatisfied	-	-
Total	**17**	**100**
Mean Numerical Rating*	**4.35**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

Table 45. Satisfaction with PLEA documentary requirements for Fund re-availment by the PLC

Descriptive Rating	No.	% Share
Very Satisfied	7	50
Satisfied	4	29
Neutral	2	14
Unsatisfied	1	7
Very Unsatisfied	-	-
Total	**14**	**100**
Mean Numerical Rating*	**4.21**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

D.1c Satisfaction with the Time it Takes to Process a PLEA Fund Transfer and a Request for Fund Re-Availment

Tables 46 and 47 show that PLCs were also satisfied on the average with the time it takes ACPC: a) to approve the transfer of PLEA funds from ACPC to the PLC; and b) to approve the PLC's request for fund re-availment.

Albeit, a handful of the PLCs interviewed also reported being unsatisfied with the time it takes ACPC to approve the transfer of funds to the PLC. Likewise, there were a few PLCs that were not satisfied with the time it takes ACPC to approve requests for fund re-availment/renewal. They explained the dissatisfaction as being due to delayed fund releases that failed to meet the planting season.

Table 46. Satisfaction with PLEA Processing Time in Approving the Transfer of Program Funds to the PLC

Descriptive Rating	No.	% Share
Very Satisfied	10	48
Satisfied	4	19
Neutral	4	19
Unsatisfied	3	14
Very Unsatisfied	-	-
Total	**21**	**100**
Mean Numerical Rating*	**4.00**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

Table 47. Satisfaction with PLEA Processing Time in Approving Requests for Program Fund Re-Availment/Renewal by the PLC

Descriptive Rating	No.	% Share
Very Satisfied	4	31
Satisfied	3	23
Neutral	4	31
Unsatisfied	2	15
Very Unsatisfied	-	-
Total	**13**	**100**
Mean Numerical Rating*	**3.69**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

D.1d Satisfaction with PLEA Terms and Conditions for Loan Disbursement and Remittance of Collections by PLCs

Surveyed PLCs also reported being very satisfied on average with the amount of PLEA program funds approved for them (Table 48).

Table 48. Satisfaction with the Amount of PLEA Program Funds Approved to be Transferred to the PLC

Descriptive Rating	No.	% Share
Very Satisfied	13	59
Satisfied	7	32
Neutral	2	9
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**22**	**100**
Mean Numerical Rating*	**4.50**	
Mean Descriptive Rating*	**Very Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

On average, PLCs are also satisfied with the period within which ACPC is requiring them to fully disburse their PLEA program funds (Table 49). This suggests that almost all the PLCs are capable of disbursing the funds within the 90-day period required by ACPC.

A few PLCs, however, do not agree with the prescribed fund disbursement period and reported that they need a longer time. For these PLCs, it is not that easy to identify potential and eligible program borrowers. Unfortunately, ACPC can no longer extend its prescribed fund disbursement period primarily because program funds are sourced from the General Appropriations Act (GAA). There are rules that govern the timeliness in the disbursement of GAA funds, which ACPC is constrained to comply with.

Table 49. Satisfaction with the PLEA Program's Prescribed Period of Fund Disbursement by the PLC

Descriptive Rating	No.	% Share
Very Satisfied	9	41
Satisfied	8	36
Neutral	2	9
Unsatisfied	3	14
Very Unsatisfied	-	-
Total	**22**	**100**
Mean Numerical Rating*	**4.05**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

Respondent PLCs are also satisfied, on the average, with ACPC's process on how PLCs should remit loan collections under the PLEA (Table 50).

Table 50. Satisfaction with the PLEA Process of Remittance of Collections to ACPC

Descriptive Rating	No.	% Share
Very Satisfied	10	56
Satisfied	6	33
Neutral	2	11
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**18**	**100**
Mean Numerical Rating*	**4.44**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

D.1e Satisfaction with Other Operational Requirements under the PLEA

PLCs are also satisfied on average with PLEA program borrowers being required to accomplish a form that will "enroll" or include them in government's Registry System for Basic Sectors in Agriculture (RBSA) (Table 51).

The enrollment forms are submitted by ACPC to the Department of Agriculture (DA), which has been given a provisional mandate by the Department of Budget and Management (DBM) to update the RSBSA. The special provisions in the 2017-2018 GAA require borrowers under the GAA-funded PLEA program to be registered in the RSBSA.

Table 51. Satisfaction with the RSBSA Enrollment

Descriptive Rating	No.	% Share
Very Satisfied	10	50
Satisfied	6	30
Neutral	4	20
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**20**	**100**
Mean Numerical Rating*	**4.30**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

On average, the PLCs are also satisfied with ACPC's required reports, i.e. the Loan Disbursement Report (LDR) and Loan Collection Report (LCR). The LDRs and LCRs are to be prepared and submitted by the PLC to ACPC (Table 52). These reports are the bases for ACPC's PLEA program status and performance monitoring and reporting.

Table 52. Satisfaction with the PLEA Loan Disbursement Reports and Loan Collection Reports Required by ACPC

Descriptive Rating	No.	% Share
Very Satisfied	11	52
Satisfied	7	33
Neutral	3	14
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**21**	**100**
Mean Numerical Rating*	**4.38**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

D.1f Satisfaction with ACPC Responsiveness to the PLC's Concerns

Table 53 shows that an overwhelming majority (85%) of the surveyed PLCs is satisfied with ACPC's responsiveness to program-related concerns of the PLC. The PLCs are, on average, satisfied with ACPC's responsiveness.

Table 53. Satisfaction with ACPC Responsiveness to the PLC's Concerns

Descriptive Rating	Number	% Share
Very Satisfied	11	52
Satisfied	7	33
Neutral	3	14
Unsatisfied	-	-
Very Unsatisfied	-	-
Total	**21**	**100**
Mean Numerical Rating*	**4.38**	
Mean Descriptive Rating*	**Satisfied**	

**Weighted values and their equivalent descriptive rating:*
4.50 – 5.00 = Very Satisfied
3.50 – 4.49 = Satisfied
2.50 – 3.49 = Neutral
1.50 – 2.49 = Unsatisfied
1.00 – 1.49 = Very Unsatisfied

D.1g Overall Satisfaction of PLEA Program Lending Conduits

Tables 54 and 55 support each other's data in showing that PLCs are, on the average, satisfied with their participation in the ACPC PLEA programs. Table 7.1 shows a summary of the PLCs' satisfaction rating for all the PLEA program features and requirements. Table 7.2, on the other hand, summarizes the PLCs' overall satisfaction rating for the PLEA program.

91% of the PLCs reported being overall satisfied. On the other hand, 2 of the respondent PLCs reported being overall unsatisfied. As explained by the concerned PLCs, this is due to their difficulty in complying with additional documentary requirements for the transfer of funds. ACPC has already streamlined its process in reviewing submitted documents as a result.

Table 54. Summary of PLCs' Satisfaction with their Participation in the PLEA Program

Indicators	Numerical Rating	Descriptive Rating
1. Eligibility criteria for conduits	4.68	Very Satisfied
2. Documentary requirements		
I.1. For fund allocation	4.41	Satisfied
I.2. For additional fund allocation	4.35	Satisfied
I.3. For re-availment	4.21	Satisfied
3. Processing Time of:		
3.1. Approval of fund transfer to lending conduits	4.00	Satisfied
3.2. Approval of re-availment/renewal of funds	3.69	Satisfied
4. Terms and Condition of ACPC Fund:		
4.1. Amount of approved fund transfer	4.50	Satisfied
4.2. Prescribed period of disbursement of funds	4.05	Satisfied
4.3. Remittance of collections	4.44	Satisfied
5. Other requirements from ACPC during program implementation		
5.1. Submission of enrollment forms	4.30	Satisfied
5.2. Submission of loan disbursement/collection reports	4.38	Satisfied
6. Responsiveness of ACPC to the lending conduits' concerns	4.38	Satisfied

Table 55. Partner Lending Conduits' Overall Satisfaction with the PLEA Program

Satisfied with ACPC Programs	No. of Reporting	% Share
Yes	20	91%
No	2	9%
Total Respondents	**22**	**100%**

D.2 Client Satisfaction Feedback on the PLEA Program from Individual Small Farmer and Fisherfolk Borrowers

Satisfaction of individual borrowers with the PLEA program is gauged using the following criteria:

1) Satisfaction with the PLEA loan interest rate;
2) Satisfaction with the PLEA loan amount;
3) Satisfaction with PLEA program documentary requirements;
4) Satisfaction with the PLEA loan processing time;
5) Satisfaction with the timeliness of PLEA loan release; and
6) Overall satisfaction with the PLEA program.

Following are the results of the client satisfaction feedback survey conducted among random individual PLEA program borrowers:

D.2a Satisfaction with the PLEA Interest Rate

Table 56 shows that individual PLEA borrowers on the average found the program interest rates low. Almost all of the borrowers (99%) rated the interest rate either lower, low, or just right. As a matter of policy, interest rates under the PLEA program is pegged significantly lower compared with the interest rate charged by other lenders such as cooperatives and microfinance institutions (MFIs).

In spite of this, a handful of the interviewed program borrowers still rated the PLEA program interest rate "high" since they mentioned that it would be better if their loan did not bear any interest at all.

Table 56. Satisfaction with the PLEA Interest Rate

Perception of Interest Rate	2019	
	No.	**% Share**
Lower	310	23
Low	620	47
Just Right	379	29
High	7	1
Higher	-	-
No Answer	7	1
Total	**1,323**	**100**
Mean Numerical Rating*	**2.05**	
Mean Descriptive Rating*	**Low**	

**Weighted value and equivalent descriptive rating:*
0.05 – 1.49 = Lower
1.50 – 2.49 = Low
2.50 – 3.49 = Just Right
3.50 – 4.49 = High
4.50 – 5.00 = Higher

D.2b Satisfaction with the PLEA Loan Amount

Table 57 shows that interviewed PLEA program borrowers find the loan amount, on the average, to be just right. As much as 71% of the borrowers are satisfied with the loan amount (i.e. those who rated the amount just right and high). On the other hand, 29% of the borrowers rated the loan amount either low or very low, meaning it was insufficient.

Table 57. Satisfaction with the PLEA Loan Amount

Perception of Loan Amount	2019	
	No.	**% Share**
Very High	-	-
High	21	2
Just Right	907	69
Low	340	26
Very Low	41	3
No Answer	14	1
Total	**1,323**	**100**
Mean Numerical Rating*	**2.67**	
Mean Descriptive Rating*	**Just Right**	

**Weighted value and equivalent descriptive rating:*
4.50–5.00 = Very High
3.50–4.49 = High
2.50 – 3.49 = Just Right
1.50–2.49 = Low
0.50–1.49 = Very Low

D.2c Satisfaction with the PLEA Documentary Requirements

On average, the interviewed borrowers find the PLEA loan documentary requirements easy (Table 58). Up to 93% find the documentary requirements either easy or very easy. There are nevertheless some borrowers who say they have difficulty in complying with the documentary requirements. These respondents mentioned that the distance between their houses and the lending conduit is too far. Others also find it difficult to fill up the enrollment forms since they do not have any educational attainment or did not finish primary school. In addition to this, some farmer-borrowers waited too long for the approval and signature of the Municipal Agriculturist.

Table 58. Satisfaction with PLEA Documentary Requirements

Perception of Documentary Requirements	2019	
	No.	**% Share**
Very Easy	82	6
Easy	1,147	87
Difficult	39	3
Very Difficult	3	0
No Answer	52	4
Total	**1,323**	**100**
Mean Numerical Rating*	**2.91**	
Mean Descriptive Rating*	**Easy**	

**Weighted value and equivalent descriptive rating:*
3.50–4.00 = Very Easy
2.50 – 3.49 = Easy
1.50–2.49 = Difficult
0.50–1.49 = Very Difficult

D.2d Satisfaction with Processing Time of the PLEA Loan

On average, borrowers find processing time of PLEA loans slow (Table 59). The main explanation given by the lending conduits for this is the delays in the fund transfer process from ACPC to the conduits, which consequently also affects loan processing time from the conduits to the individual borrowers.

Table 59. Satisfaction with the Processing Time of PLEA Loans

Perception of Loan Processing Time	2019	
	No.	**% Share**
Very Fast	89	7
Fast	647	49
Slow	359	27
Very Slow	191	14
No Answer	37	3
Total	**1,323**	**100**
Mean Numerical Rating*	**2.42**	
Mean Descriptive Rating*	**Slow**	

**Weighted value and equivalent descriptive rating:*
3.50–4.00 = Very Fast
2.50 – 3.49 = Fast
1.50–2.49 = Slow
0.50–1.49 = Very Slow

D.2e Satisfaction with Timeliness of the Release of PLEA Loans

Despite the unsatisfactory average rating given to processing time, borrowers on the other hand, surprisingly find the release of PLEA loans, on average, to be timely (Table 60). This notwithstanding, 1 out of every 4 borrowers reported finding the release of the loan either late or very late, i.e. loans were not released in time for the planting season. Poor perception on timeliness of loan releases in a significant proportion of the borrowers is connected also to the loan processing time.

Table 60. Satisfaction with Timeliness of Release of PLEA Loans

Perception of Timeliness of Loan Release	2019	
	No.	**% Share**
Timely	949	72
Late	230	17
Very Late	102	8
No Answer	42	3
Total	1,323	100
Mean Numerical Rating*	**2.58**	
Mean Descriptive Rating*	**Timely**	

**Weighted value and equivalent descriptive rating:*
2.50 – 3.00 = Timely
1.50–2.49 = Late
0.50–1.49 = Very Late

D.2f Overall Satisfaction of PLEA Borrowers

Table 61 shows that, on average, PLEA borrowers were favorable to 4 out of 5 program terms and conditions: interest rates were considered low; loan amounts were considered just right; documentary requirements were considered easy; and loan releases were considered timely. Only loan processing time got a poor rating.

In terms of overall satisfaction, therefore, as much as 98% of the interviewed borrowers reported being either satisfied or very satisfied with the ACPC programs (Table 62).

Table 61. Summary of Borrowers' Satisfaction with the PLEA Program Terms and Conditions

Program Terms and Conditions	2019	
	Weighted Mean	Descriptive Rating
Interest Rate	2.05	Low
Loan Amount	2.67	Just Right
Documentary Requirements	2.91	Easy
Loan Processing Time	2.42	Slow
Timeliness of Release	2.58	Timely

Table 62. Borrowers' Overall Satisfaction with the PLEA Program

Rating	No. of Reporting	% Share
Very Satisfied	253	41
Satisfied	358	57
Unsatisfied	3	0
Very Unsatisfied	10	2
Total	**624**	**100**

E. Field Validation Result Highlights

- In general, the sample lending conduits were found to be compliant with the program guidelines.

- The PLEA program was able to provide loans to borrowers with no access to credit prior to program participation. Around one-third or 33% of the total respondents had no access to credit prior to borrowing a PLEA loan. Combining the PLEA borrowers who gained credit access only for the first time through the PLEA program and the borrowers who borrowed only from informal sources previously, a total of 52% or more than half of the total number of PLEA borrowers were given access for the first time to formal credit.

- The PLEA helped increase the agricultural loan portfolio and membership base of participating lending conduits.

- Most of the borrowers were satisfied with the PLEA in spite of the small loan amount that they were able to avail under the program. They want the loan program to be continued.

- Under the program guidelines, eligible borrowers are marginal and small farmers who own 3 hectares and below of farm land as well as marginal and small fishers. The field validation results show that program borrowers mostly meet the technical definition of small farmers in terms of land ownership (i.e. owning 3 has or less). However, some of the respondents are also tilling more than 3 hectares through lands that may also have been leased, rented, or are in communal ancestral domains. In terms of average household income (i.e. P265,000 or more than twice the annual poverty threshold income), the average PLEA borrower surpasses the threshold for being classified as poor.

- Based on the field validation results, the most profitable among the crops planted by PLEA borrowers is palay, having the smallest production cost as a percentage of gross income. On the other hand, among livestock and poultry raisers, goat raising has the lowest percentage of production cost to gross income.

F. Recommendations

The following are some recommendations:

1. On Processing Time. Results of the field validation showed that the average loan processing time is 35 days or 10 days longer than the 25-day prescriptive period for loan processing. Measures should be introduced to improve loan processing time and address the causes of delays mentioned by the borrowers to ensure faster loan releases.

2. Setting targets for new borrowers. Consider setting targets for new borrowers under the program. While there were partner conduits that showed good results in terms of generating new borrowers, there are some conduits that showed unremarkable results in this parameter. It is important that partner conduits continue to reach out to marginalized farmers and fishers who have no access to formal credit.

3. Other fees charged to borrowers' loan. Per PLEA program guidelines, only the service fee may be charged in addition to the interest of the loan. However, there are partner lending conduits that collected from the borrowers in addition to the service fee such as capital build-up, savings, loan protection insurance and membership fee. Though this was done with the consent of the borrowers, these types of charges are still added burden to the farmer-borrowers. Hence, policies of partner lending conduits on collection of additional charges must be reviewed and approved by the PLEA Program Team Leaders in order to avoid unreasonable charges to the borrowers.
4. PCIC insurance coverage. Per program guidelines, all loans must be covered by PCIC insurance. However, around 9% of the respondents failed to avail of PCIC insurance. ACPC should ensure that any reasons that impede the insurance coverage of PLEA borrowers must be resolved so that all borrowers under the program will be covered by the free insurance policy for their protection in case their livelihoods are affected resulting from any unforeseen events or calamities.

5. Improve targeting of borrowers. Result of field validation showed that the average PLEA borrower may not be poor or marginalized, with majority (72%) having an average annual household income P265,000 or more than twice the poverty threshold income of P125,772 annually. Hence, ACPC should take steps to improve on the quality of the PLEA program’s outreach and increase the proportion of marginal farmer-borrowers coming from households with average annual incomes below the poverty threshold.