



Department of Agriculture
Agricultural Credit Policy Council

DA-ACPC Expanded SURE-Aid and Recovery Project (SURE COVID-19 Accomplishment Report as of June 30, 2020

EXECUTIVE SUMMARY

- As of June 30, 2020, the DA-ACPC Expanded SURE-Aid and Recovery Project (SURE COVID-19 accomplishment are as follows:
 - Transferred funds totaling P1.1 billion to 81 partner lending conduits (PLCs) in 44 provinces for the disbursement of loans to marginal and small farmers and fisherfolk (MSFFs);
 - Disbursed loans totaling P618.54 million to 24,732 MSFF-borrowers in 39 provinces;
 - Disbursed loans totaling P577.35 million to 82 agri-based Micro and Small Enterprises (MSEs) in 40 provinces.
- ***Relaxation of Quarantine Policies Has Helped Increase Loan Disbursements under the Program.*** From only 344 MSFF-borrowers/week initially in the month of April, the program's rate of loan disbursement in terms of number of MSFF-borrowers shot up to 3,037 borrowers/week over the month June. On the other hand, the rate of loan disbursement to MSE-borrowers in terms of amount also increased from P40 million/week over the month of April to P46 million/week over the month of June. The program's pace of loan disbursement began picking up when most of the provinces in the country shifted to GCQ starting May 2020, resulting in the relaxation of mobility restrictions on the ground. With more areas being placed under GCQ and Moderate GCQ in July, the target is to fully disburse the program loan funds by end of September 2020.
- ***The Program is Promoting a Broader Partnership Base for Wider Outreach.*** To fast track implementation and expand program outreach, the ACPC Governing Council instructed the DA-ACPC to partner with both government financial institutions as (GFIs) well as non-government financial institutions (non-GFIs) such as cooperatives, cooperative banks, rural banks, and viable non-government organizations, in the implementation of the program. As of June 30, 2020, the 81 partner lending conduits (PLCs) of the program are made up of cooperatives (68%), rural banks (15%), cooperative banks (10%), and non-government organizations or microfinance institutions (7%). The program has also brought on board 17 (21%) PLCs that are partnering for the first time with DA-ACPC.
- ***The Program is Helping Sustain Agricultural Production and Food Supply During the Crisis.*** The lion's share of loans to MSFF-borrowers was utilized for crop production (76%). Other loans were utilized, on the other hand, for livestock & poultry and fisheries production. Aside from supporting the sustained production of food commodities, the program was also able to help small cut-flower growers in the Cordillera Autonomous Region (CAR) affected by the marketing restrictions during the quarantine period. Most of the MSE-borrowers, on the other hand, used their loans for the procurement of agri-fishery products for trading purposes, and were able to deliver food supplies to DA-KADIWA Ni Ani at Kita centers as well as to consumers of high consumption markets such as Metro Manila and other demand centers while the quarantine policies are in place.
- ***The Program is Helping Provide Credit Access for MSFFs in Unbanked Areas.*** Out of 338 municipalities served by the program as of June 30, 67 are classified by the Bangko Sentral ng Pilipinas (BSP) as unbanked. The SURE Covid 19 program has so far been able to reach 13% of 510 unbanked municipalities nationwide.
 - ***Trailblazing in the Use of Innovative Solutions and Digital Technology.*** DA-ACPC also continues to find ways to improve its service delivery and speed up loan processing and releases by implementing such innovative solutions as the use of an online loan application platform and partnerships with financial technology

and payment services providers to facilitate borrowing and loan payment transactions as well as to comply with the rules on physical distancing and lessening of face-to-face transactions.

Department of Agriculture – Agricultural Credit Policy Council (DA-ACPC)
Report to Sen. Cynthia Villar on the Accomplishments of the
Expanded SURE-Aid and Recovery Project (SURE COVID-19)
as of June 30, 2020

I. PROGRAM PROFILE

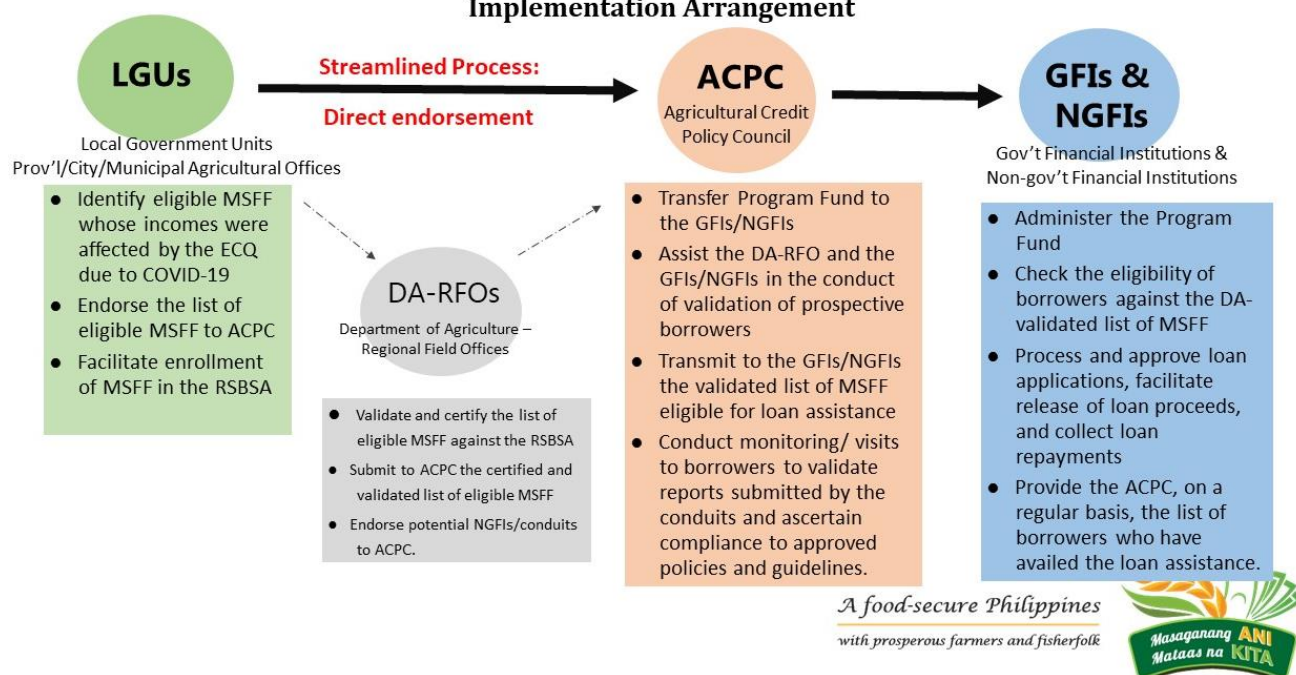
- In support of the Department of Agriculture's Ahon Lahat, Pagkaing Sapat Kontra Covid-19 Program (ALPAS SA COVID-19) the ACPC is implementing the Expanded SURE Aid and Recovery Project (SURE COVID-19) which aims to:
 - a. Finance the emergency and production capital requirements of marginalized, small farmers and fisherfolk (MSFF) whose incomes were affected by the enhanced community quarantine (ECQ) due to Covid 19, thereby, helping them regain capacity to continue their agricultural activities and contribute to sustained food production.
 - b. Provide the working capital requirement of micro and small enterprises (MSEs) engaged in agriculture and fisheries food production, delivery of products, and other supply chain activities to ensure the availability of food supply.
- Eligible borrowers are (1) marginalized, small farmers and fisherfolk whose incomes were affected by the Enhanced Community Quarantine due to Covid 19 and (2) agri-fishery based micro and small enterprises (MSEs) engaged in/with existing production, processing, marketing and/or distribution of agri-fishery products (may be a single proprietorship, partnership, corporation or cooperative/ association) whose incomes were affected by the Enhanced Community Quarantine due to COVID-19.
- Eligible MSFF borrowers may avail of a non-collateralized loan of P25,000.00 per household at a zero-percent (0%) interest rate payable in ten (10) years, while eligible MSEs that are willing to deliver/supply to DA-KADIWA Ni Ani at Kita centers and consumers of high consumption markets such as Metro Manila and other demand centers may avail of working capital loan of up to P10,000,000.00 at zero-percent (0%) interest rate payable in five (5) years.
- The program is being implemented nationwide. The process flow in lending to marginal and small farmers and fisherfolk is shown in *Figure 1*. The DA, through its Field Operations Service (FOS), and in coordination with its Regional Field Offices (RFOs), determines the priority areas, identifies and validates the affected MSFFs and agri-based MSEs, and endorses the same to ACPC. MSFF loan applicants are submitted/endorsed to respective lending conduits (i.e. both government financing institutions and non-government financing institutions) for loan processing and release. On the other hand, while coordinating with DA RFOs on eligible MSEs, ACPC also markets the MSE facility to eligible farmer/fisher organizations under its credit programs for the working capital credit facility.
- However, during the Enhanced Community Quarantine (ECQ) period, the ACPC streamlined the procedure in the submission of the list of MSFF loan applicants to

reduce the period of identification and validation of beneficiaries by about 10 working days. Under the streamlined process, the Municipal Agriculturist now directly submits to ACPC the duly certified list of MSFF loan applicants instead of submitting to the DA Regional Offices (*see Figure 1*).

FIGURE 1. Expanded SURE-Aid and Recovery Project (SURE COVID-19)

Process Flow for Lending to MSFFs

**SURE Covid-19 for Marginal and Small Farmers and Fisherfolk (MSFF)
Implementation Arrangement**



- The special provisions of the 2020 GAA stipulate that credit funds allocated to ACPC shall be transferred to government financial institutions (GFIs), cooperative banks, rural banks and viable non-government organizations to be used exclusively for the establishment of flexible credit facility for the benefit of small farmers and fisherfolk as an alternative to the rigid and stringent credit facilities usually provided by the banks.
- As of June 30, 2020, the DA-ACPC has partnered with 81 lending conduits made up of cooperatives (68%), rural banks (15%), cooperative banks (10%), and non-government organizations or microfinance institutions (7%) in implementing the SURE COVID-19 program *see Figure 2*.
- Of the total number of partner lending conduits under the program as of June 30, 2020, 79% are previous program partners of the DA-ACPC while, 21% of the PLCs are participating for the first time in a DA-ACPC credit program *see Figure 3*.
- Of all the regions, the Cordillera Autonomous Region (CAR) has the highest number of PLCs (21 PLCs or 26%), followed by Western Visayas (9 PLCs or 11%) and Central Visayas (7 PLCs or 9%) *see Figure 4*.

FIGURE 2. Percent Distribution of Partner Lending Conduits, by Type of Organization

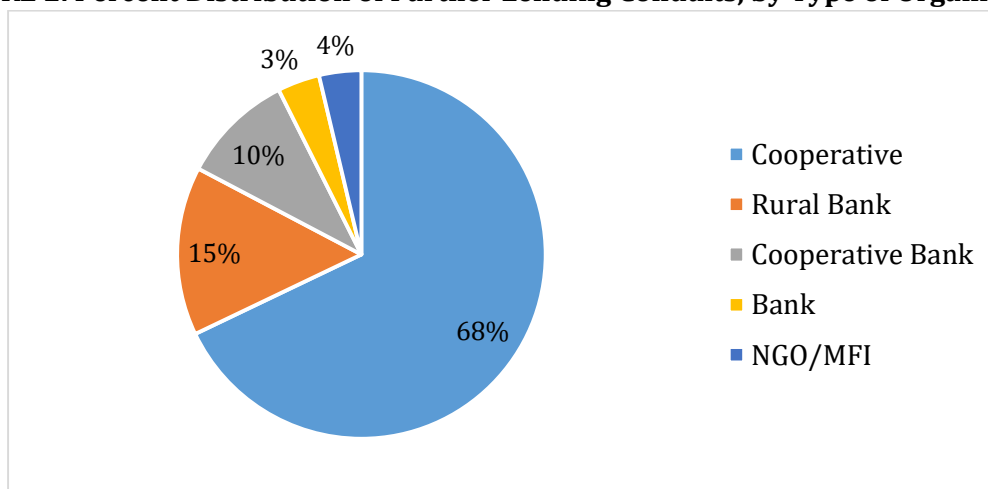


FIGURE 3. Percent Distribution of Partner Lending Conduits: New vis-a-vis Old Program Participants

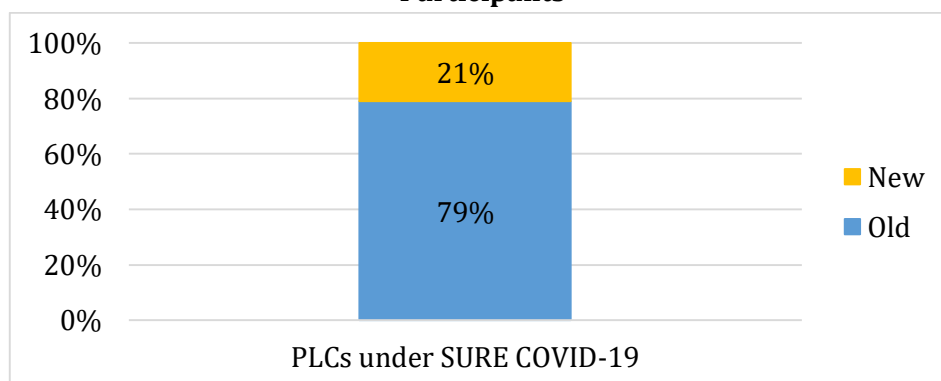
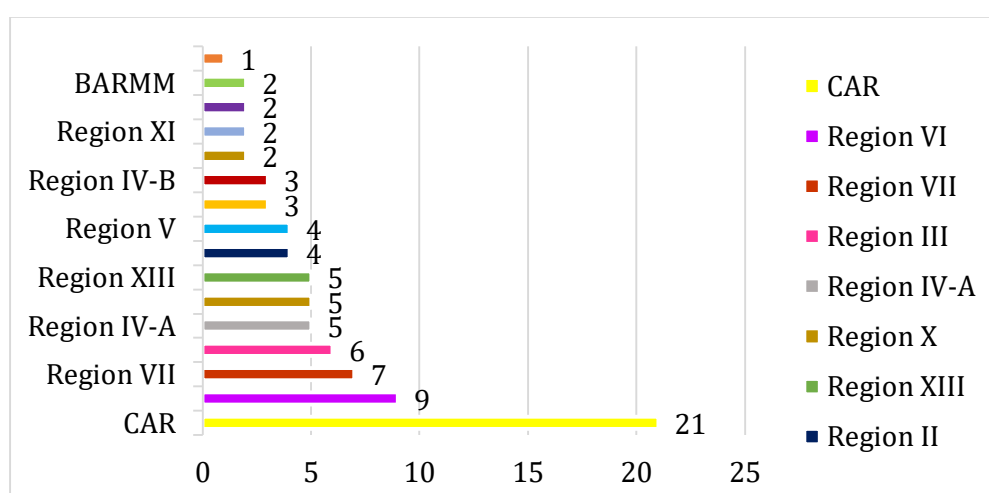


FIGURE 4. Number of Partner Lending Conduits, by Region



II. Lending to Marginal and Small Farmers and Fisherfolk (MSFFs)

A. Amount of Funds Transferred to Partner Lending Conduits (PLCs) and Loans Disbursed to MSFFs (as of June 30, 2020)

- Under the MSFF Facility, total funds transferred to partner lending conduits amounted to P1.1 billion. Out of this amount, around P618.54 million has been disbursed to 24,732 MSFF-borrowers as of June 30, 2020 see *Table 1*.

TABLE 1. Summary of Accomplishments of the Expanded SURE-Aid and Recovery Project (SURE COVID-19) Loan Facility for Marginal and Small Farmers and Fisherfolk (MSFFs), As of June 30, 2020

Number of Target Borrowers per Area	Number of Borrowers Served	Total Budget Allocation	Funds Transferred to Partner Lending Conduits (PLCs)	Loans Disbursed to MSFF- and MSE-Borrowers
40,000	24,732	P1.1 Billion	P1.1 Billion	P618.54 Million

B. Amount of Funds Transferred to Partner Lending Conduits (PLCs), Loans Disbursed and No. of MSFF-Borrowers, By Region

- Among the regions, the Cordillera Autonomous Region (CAR) received the largest amount of credit fund amounting to P216 million or almost 20% of the total share. Much of this amount is intended to help small cut-flower growers as well as the vegetable farmers affected by the marketing restrictions during the quarantine period. Region VI also received a substantial portion of the credit funds amounting to P91.54 million, followed by Region IV-A with P89.57 million. Credit fund transferred to Region IVA and Region VI were intended to use mostly for crop production and fishing activities see *Figure 5*.

- In terms of loan disbursements, the top three (3) regions with the highest loan releases are as follows: CAR (29%), Region XI (11%) and Region VI (8%) see *Figure 6*.
- Again, CAR registered the highest number of borrowers with 7,360 MSFF-borrowers, followed by Region XI with 2,644 and Region VI with 1,899 borrowers see *Figure 7*.

FIGURE 5. Amount of Funds Transferred to PLCs (in P Million), by Region

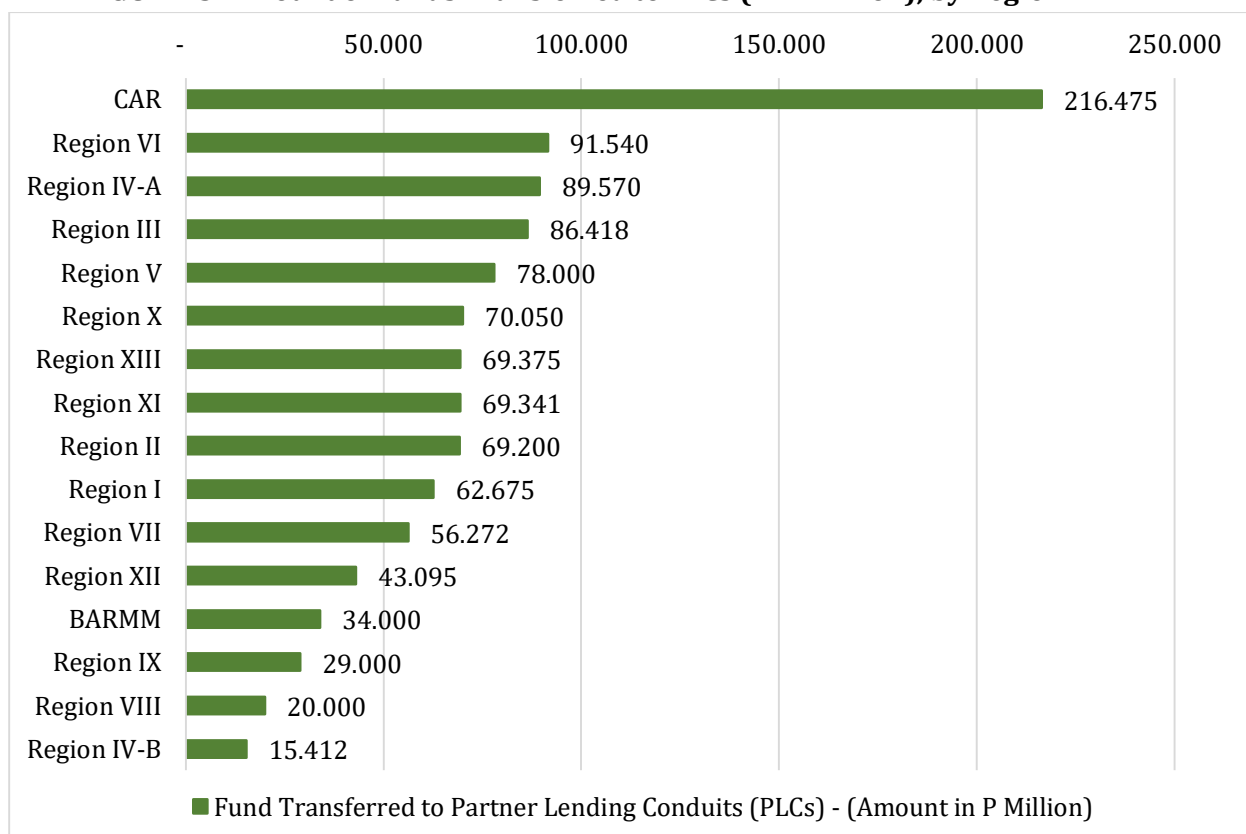


FIGURE 6. Amount of MSFF Loans Disbursed (in P Million), by Region

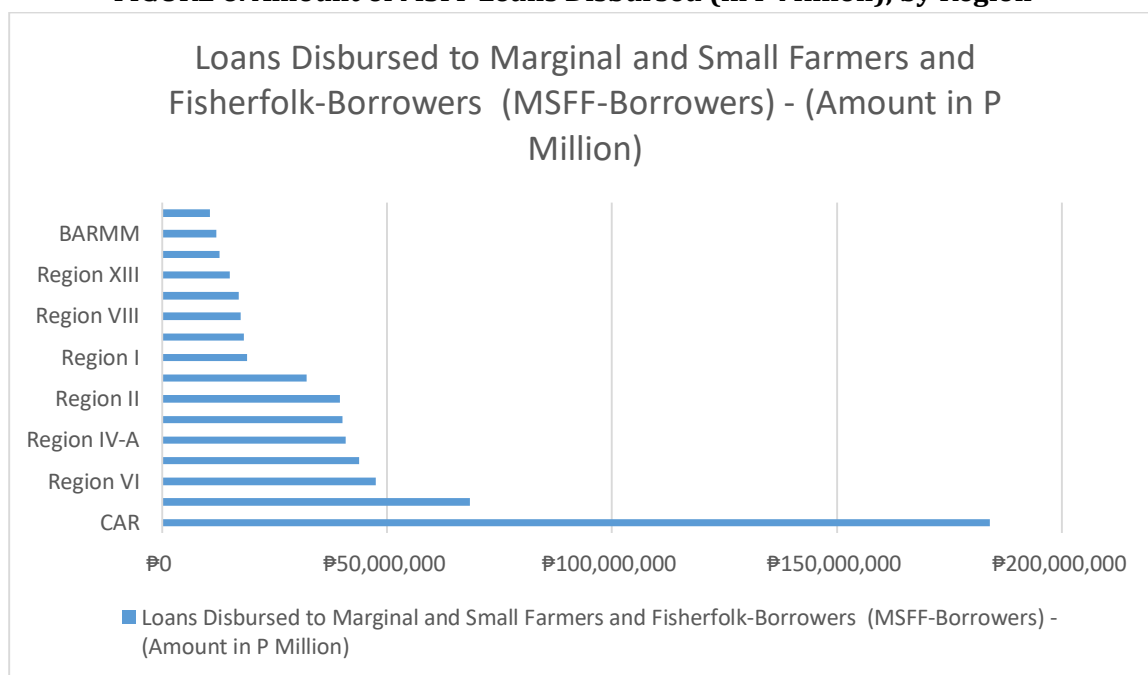
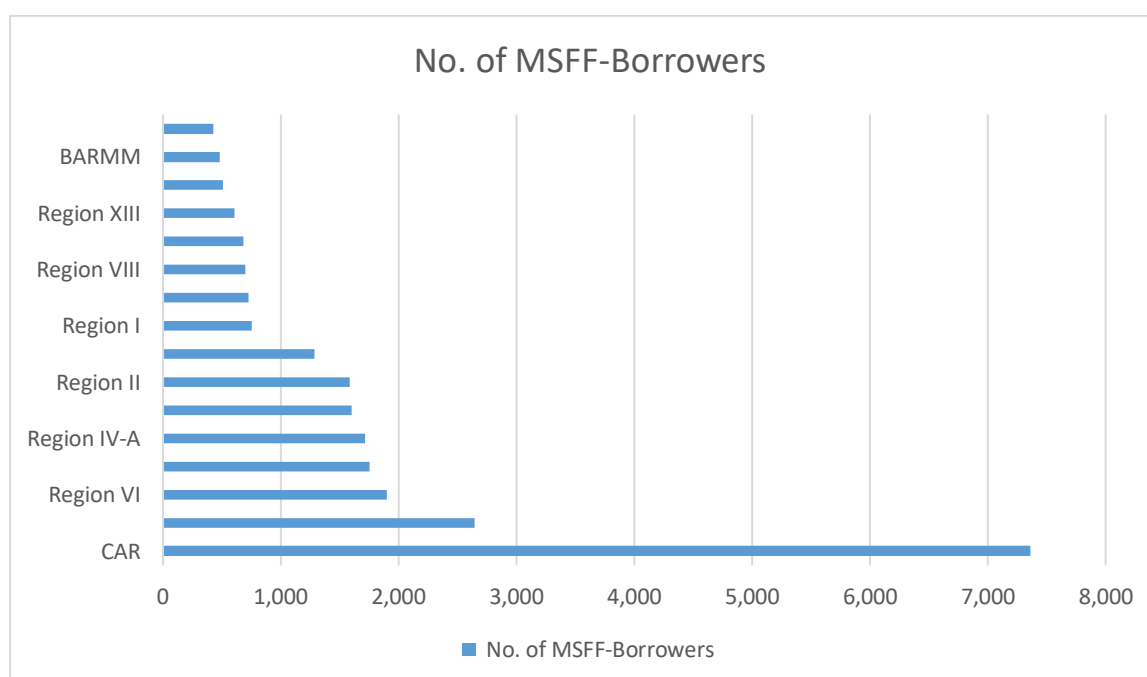


FIGURE 7. Number of MSFF Borrowers by Region

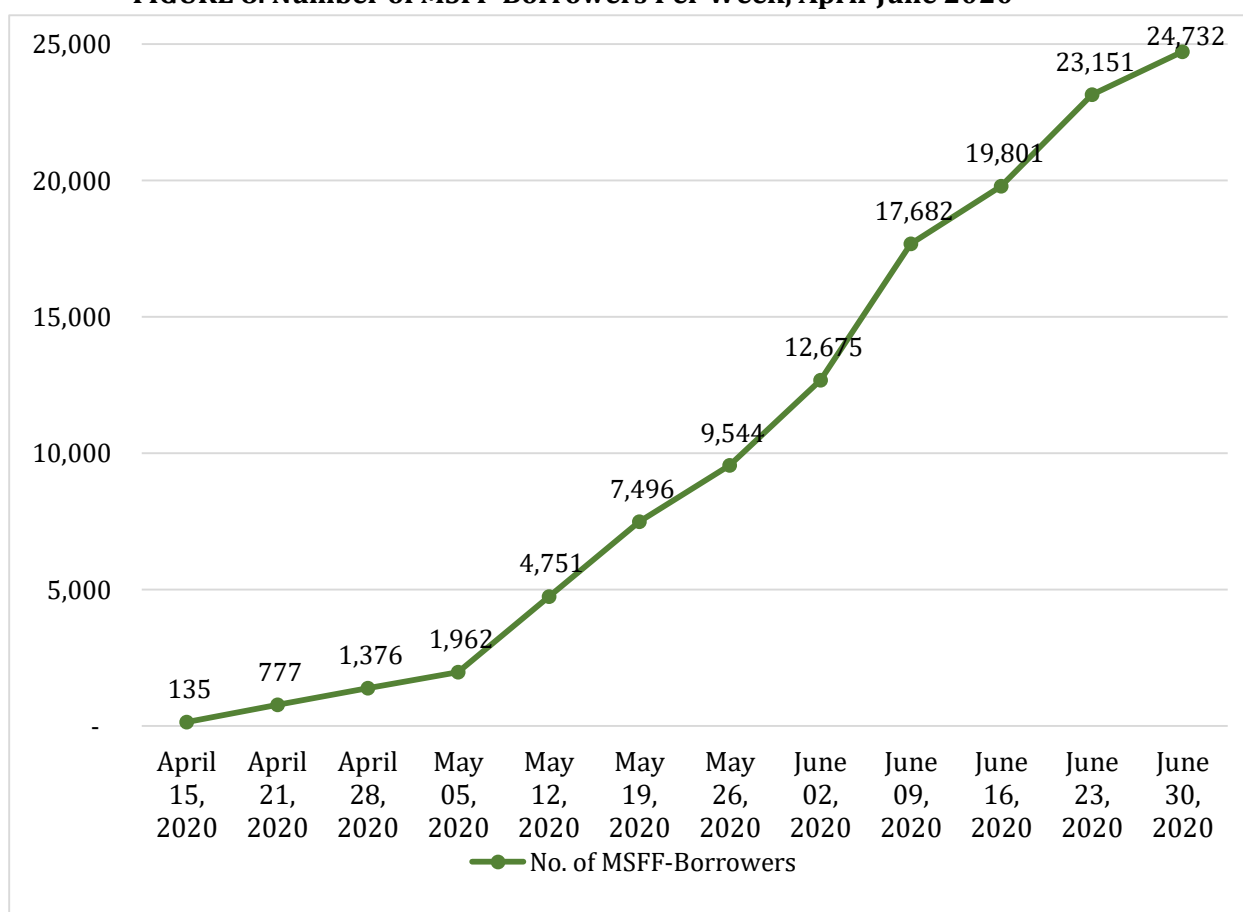


C. Amount of Funds Transferred to Partner Lending Conduits (PLCs), Amount of Loans Disbursed and No. of MSFF-Borrowers, for the period of April – June 2020

- Figure 8* shows that during the Enhanced Community Quarantine (ECQ) across the country, the total number of MSFF-borrowers was only 1,376 as of April 28, 2020. Over the month of April, the number of borrowers was only averaging 344 per week. The participation of target borrowers in the program was affected by the restricted mobility brought about by the strict implementation of the ECQ. Starting May 2020, most of the provinces in the country were placed under General Community Quarantine (GCQ). Consequently, it can be noticed that the number of borrowers immediately shot up to 9,544 as of May 26, 2020

or by almost 600% from its month-ago level. At that point, the number of borrowers had already reached an average of 2,042 per week, i.e. an increase of 500% from the previous month. With more areas being placed under GCQ and Moderate GCQ in June, the total number of MSFF-borrowers under the program is already at 24,732 as of June 30, 2020. For the month of June, borrowers were already averaging 3,037 per week, i.e. a further increase of almost 50% relative to the previous month. With the faster rate of loan releases, total disbursement of the loan fund is expected to be completed by the end of September 2020. The relaxation in the implementation of the community quarantine greatly helped the PLCs in reaching our target clientele.

FIGURE 8. Number of MSFF-Borrowers Per Week, April-June 2020



D. Distribution of MSFF-Borrowers and Volume of Loans, by Type of Agricultural Activity

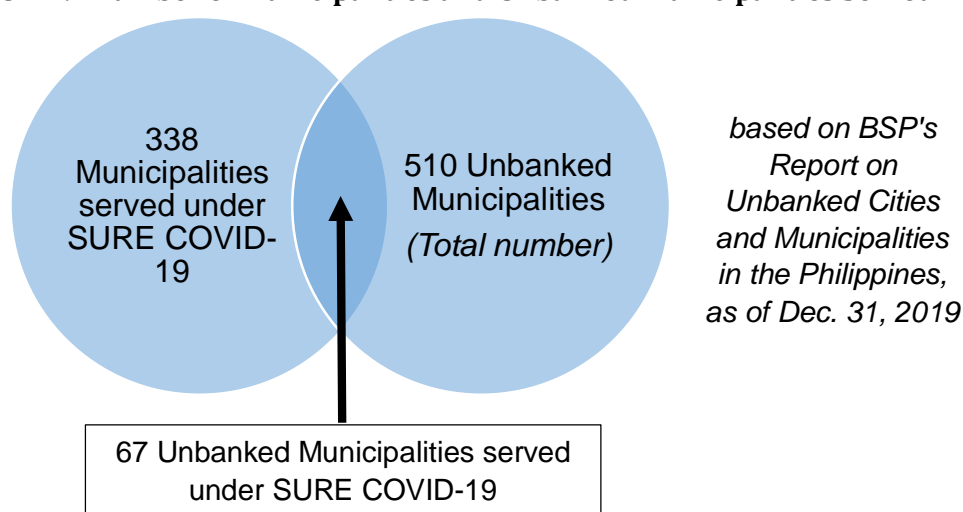
- By type of agri-fishery activity, the lion's share in terms of both loan amount and number of borrowers (76%), went to crop production see *Table 2*. The other activities that were financed through program loans are livestock & poultry and fisheries production.

TABLE 2. Amount and Number of MSFF Loans, by Type of Agricultural Activity

Types of Agri-Fishery Activity	Amount of Loans Disbursed (in P Million)	% Share	No. of MSFF-Borrowers
Crop Production	467.57	76%	18,837
Livestock and Poultry Raising	86.80	14%	3,350
Fisheries	64.16	10%	2,545
Total	618.54	100%	24,732

E. Number of Municipalities and Unbanked Municipalities Served

- Approximately 338 municipalities were served under the Expanded SURE Aid and Recovery Project. Out of the total municipalities served, 67 are classified by the Bangko Sentral ng Pilipinas (BSP) as unbanked. Based on BSP data, the total number of unbanked municipalities in the country as of December 31, 2019 is 510. The SURE Covid 19 program has therefore so far been able to reach 13% of the unbanked municipalities as of June 30, 2020 see *Figure 9*.

FIGURE 9. Number of Municipalities and Unbanked Municipalities Served**I. Lending to Agri-Based Micro and Small Enterprises (MSEs)****Number and Amount of Loans Disbursed to Agri-Based MSE**

- As of June 30, 2020, the DA-ACPC Expanded SURE-Aid and Recovery Project (SURE COVID-19) facility for lending to agri-based Micro and Small Enterprises (MSEs) was able to reach 82 MSE-borrowers in 40 provinces see *Table 3*. On the other hand, total amount of loans disbursed to MSE-borrowers over the same period is P577.35 million.

- Average amount of loan availed per MSE-borrower as of June 30, 2020 is around P7 million. Based on this average loan amount, the number of agri-based MSEs that the lending program can serve through the P1.5 billion allocated budget could exceed the 150 target and probably reach up to at least 200 MSE-borrowers.

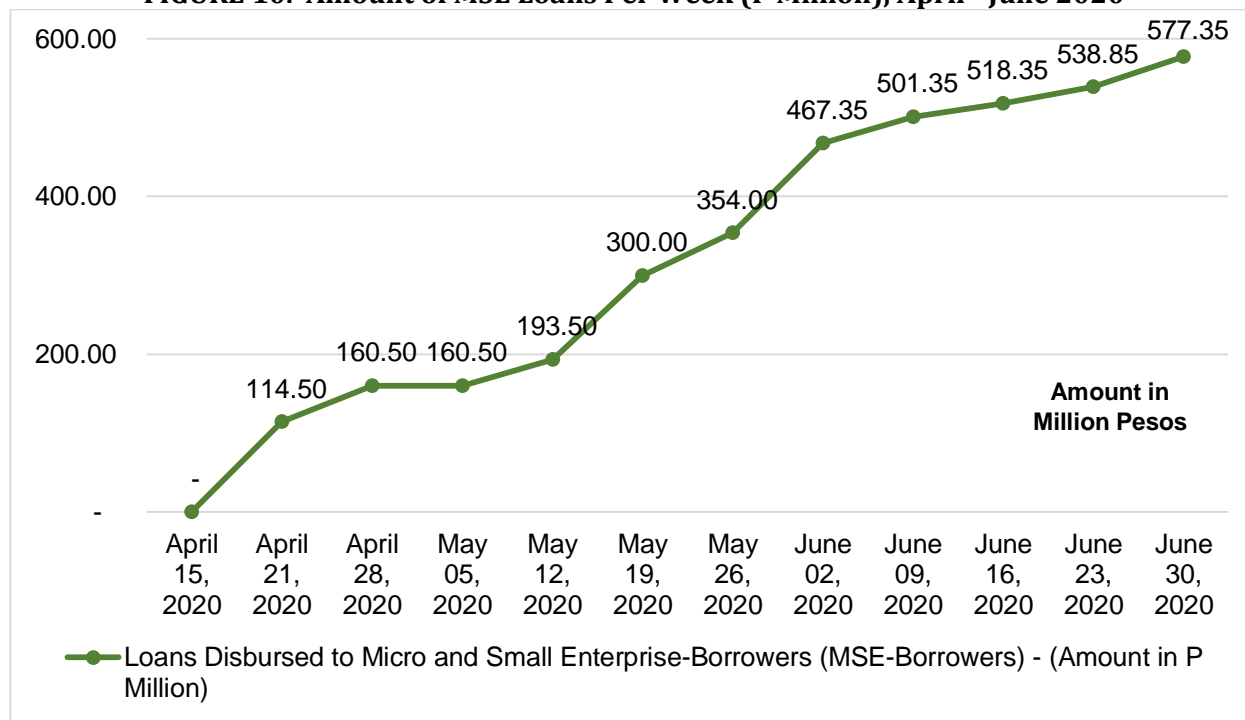
TABLE 3. Summary of Accomplishments of the Expanded SURE-Aid and Recovery Project (SURE COVID-19) Loan Facility for Micro and Small Enterprises (MSEs), As of June 30, 2020

Number of Target MSE-Borrowers	Number of MSE-Borrowers Served	Total Amount of Budget Allocation	Amount of Loans Disbursed to MSE-Borrowers
150 Micro and Small Enterprises (MSEs) a/	82 MSEs	P1.5 Billion	P577.35 Million

a/ Out of its 2020 GAA funds, ACPC allocated P1.5B for lending to MSEs. At a conservative estimate of P10M loan per MSE (i.e. MSEs may borrow any amount up to P10M), the program target is to lend to at least 150 MSE-borrowers.

- Figure 10 shows that loan disbursements to MSE-borrowers as of April 28 only amounted to P160.5 million. Over the 4-week period from the first week of April to April 28, the rate of loan disbursement to MSE-borrowers was at an average of approximately P40 million/week. Subsequently, over the period April 28 to June 30, average weekly disbursement increased by 15% to P46 million/week. Initially constrained by mobility restrictions during the strict implementation of the Enhanced Community Quarantine (ECQ), the pace of lending to agri-based MSEs began picking up when most of the provinces in the country shifted to General Community Quarantine (GCQ) starting May 2020. With more areas being placed under GCQ and Moderate GCQ in July, an even faster rate of disbursement to MSE-borrowers is being expected. Disbursement of the full amount of the loan funds is targeted by end of September 2020.

FIGURE 10. Amount of MSE Loans Per Week (P Million), April - June 2020



- DA-ACPC also continues to find ways to improve its service delivery and has implemented the following measures to speed up loan processing and releases:

- Allowed online submission of documents by MSE loan applicants.
- ACPC is also negotiating partnerships with financial technology and payment services providers for the use of e-wallet in loan disbursement to facilitate the faster transfer of funds to MSE-borrowers. The e-wallet, which often comes in the form of a mobile application or website, allows users to do financial transactions with the use of a mobile phone. Loans of MSEs can be released through their e-wallet. With the e-wallet, MSE-borrowers need not travel to receive their loan. This also aligns with the policy on physical distancing and or lessening face-to-face transactions.

A. Regional Breakdown of Loans to Agri-Based MSEs

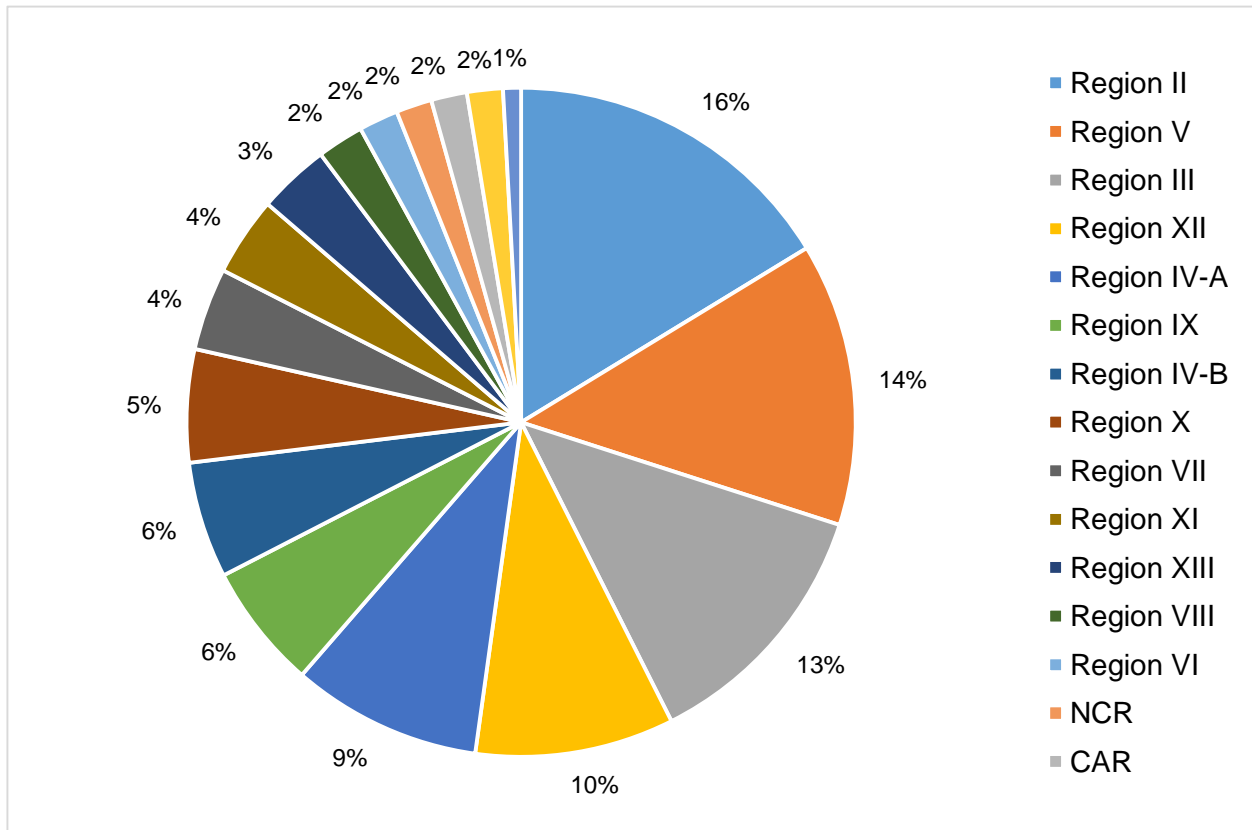
- The 82 agri-based MSE-borrowers under the Expanded SURE-Aid and Recovery Project (SURE COVID-19) as of June 30, 2020 are distributed across 40 provinces in all regions of the country see *Table 4*.

TABLE 4. Expanded SURE-Aid and Recovery Project (SURE COVID-19) Loans to MSEs by Region, As of June 30, 2020

Region	Number of Provinces	Number of MSE-Borrowers	% Share	Amount of Loans Disbursed to MSE-Borrowers (in P Million)	% Share
NCR	1	1	1	10.00	2
CAR	1	1	1	10.00	2
I	1	1	1	10.00	2
II	3	10	12	94.00	16
III	5	10	12	72.85	13
IV-A	3	7	9	53.00	9
IV-B	2	6	7	32.50	6
V	4	13	16	79.00	14
VI	2	2	2	11.00	2
VII	1	3	4	23.00	4
VIII	2	2	2	13.00	2
IX	2	4	5	35.00	6
X	4	6	7	31.50	5
XI	2	4	5	22.00	4
XII	4	9	11	55.50	10
XIII	2	2	2	20.00	3
BARMM	1	1	1	5.00	1
Total	40	82	100	P577.35M	100

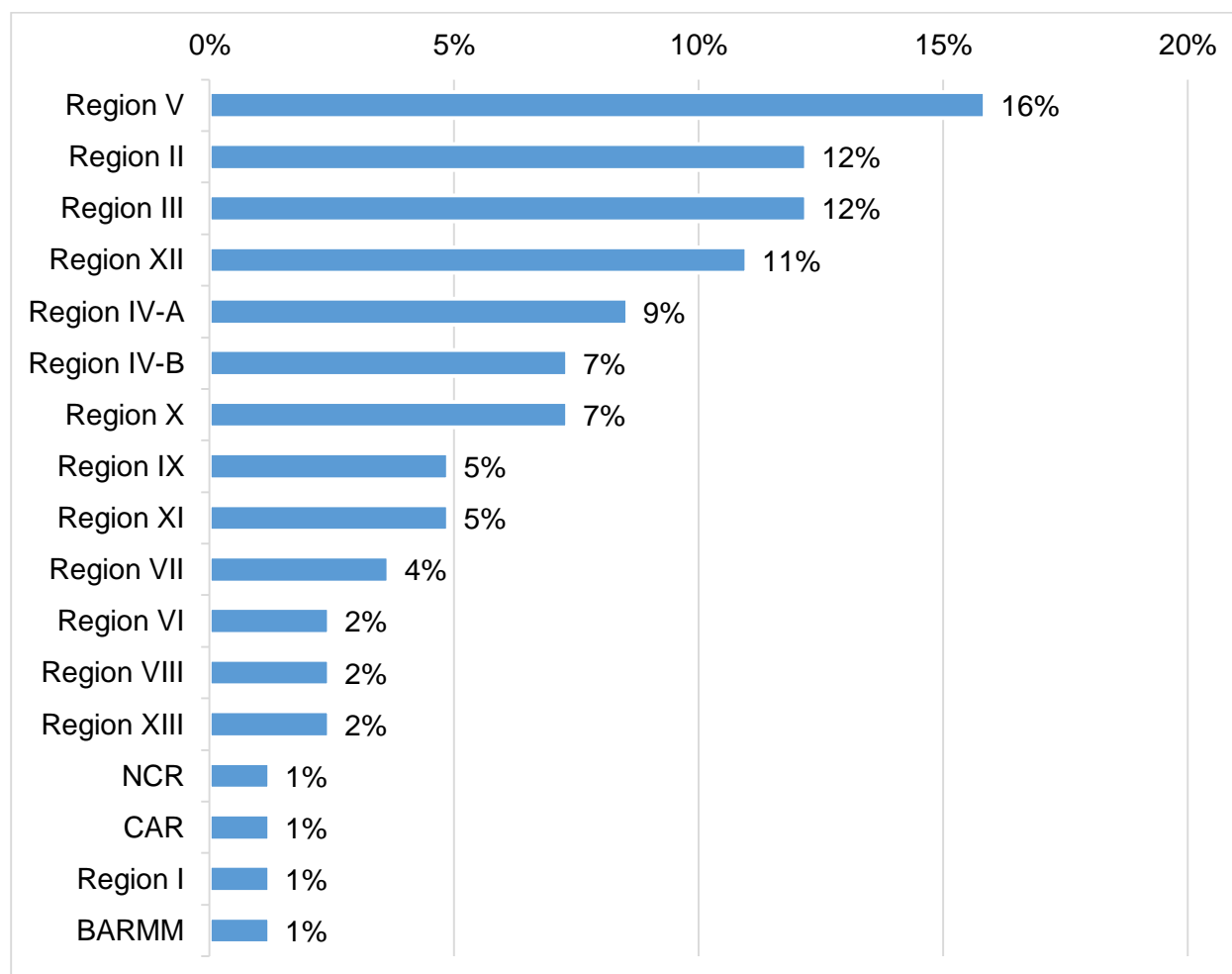
- In terms of amount of loans disbursed, *Figure 11* shows that the 3 regions with the highest shares of loan releases for MSEs are Regions II (16%), V (14%), and III (13%). On the other hand, the least shares of loan releases are in the Regions BARMM (1%), CAR (2%), I (2%), and NCR (2%).

FIGURE 11. Percent Distribution of MSE Loan Amounts, by Region



- In terms of number, *Figure 12* shows that the 3 regions with the highest shares of MSE-borrowers as of June 30, 2020 are also Regions V (16%), II (12%), and III (12%). On the other hand, the regions with the least number of MSE-borrowers, likewise, are Regions CAR (1%), I (1%), BARMM (1%), and NCR (1%).

FIGURE 12. Percent Distribution of MSE-Borrowers, by Region



- The regions with the highest number of MSE-borrowers and the highest shares of MSE loans are those that have the highest demand for MSE loans. Moreover, MSEs in these regions were found to be more capable in terms of complying with the borrowing requirements. Conversely, many MSEs in the regions with the least number of MSE-borrowers and loan releases still need to be able to comply with the program's requirements.

B. Loan Disbursements to Agri-Based MSEs, by Type of Organization

- As of June 30, 2020, most of the 82 agri-based MSEs that availed of loan assistance from the Expanded SURE-Aid and Recovery Project (SURE COVID-19) are cooperatives, making up 89% of the MSE-borrowers and 88% or P507 million of the total amount of loans disbursed by the program for MSEs see *Table 5*. The rest of the MSE-borrowers are agri-businesses/enterprises, corporations, a rural bank, and a farmers' organization.

TABLE 5. Number and Amount of MSE Loans Disbursed, by Type of Organization (As of June 30, 2020)

Types of MSE-Borrowers	No.	% Share	Amount of Loans Disbursed (in P)
Agri-Business/Enterprise	5	6%	23,000,000
Cooperatives	74	90%	533,350,000
Corporation	2	2%	20,000,000
Farmers' Organization	1	1%	1,000,000
Total	82	100%	577,350,000

C. MSE Projects Financed by the Program

- The cooperatives and 2 other MSE-borrowers used their loans for the procurement of agri-fishery products for trading purposes. With greater capital for trading/marketing, these MSEs are able to deliver food supplies to DA-KADIWA Ni Ani at Kita centers as well as to consumers of high consumption markets such as Metro Manila and other demand centers while the quarantine policies are in place. Products that they procure include palay, corn, fruits, vegetables, fish and livestock and poultry meat. The remaining MSE-borrowers used their loans to procure delivery vehicles and to fabricate farm machinery.

IV. Final Remarks

The easing of the community quarantine rules helped in facilitating loan transactions between the target borrowers and the partner lending conduits (PLCs)P. On the other hand, the inclusion in the program of non-government financial institutions, such as cooperative banks, rural bank and viable non-government organizations, as PLCs was able to help deliver financial assistance to MSFFs and agri-based MSEs even in the far-flung and unbanked areas in the country.