



Department of Agriculture  
Agricultural Credit Policy  
Council



## 2021 Report on the Results of Program Validation Activities for the ANYO, Regular SURE, and SURE COVID- 19 Programs

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by the ACPC Monitoring  
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## **Abstract**

Three of the credit programs being implemented by the Agricultural Credit Policy Council (ACPC) under the umbrella of the Agro-Industry Modernization Credit & Financing Program (AMCFP) as of 2021 are the Agri-Negosyo Program (ANYO), the Survival and Recovery Program for calamity-affected farmers and fisherfolk (Regular SURE Program), and the Expanded SURE Aid and Recovery Project (SURE COVID-19).

Among the activities conducted by ACPC to monitor and evaluate program implementation is a direct validation with program borrowers. This report contains the results of the program validation activities conducted by ACPC, through its Monitoring Division, for the ANYO, Regular SURE, and SURE COVID-19 Programs in 2021.

The objectives of the 2021 ACPC program validation activities are the following: (a) to validate, at the borrower level, if program implementation by partner lending conduits is compliant with the program guidelines; (b) to assess the financial inclusion profile of ACPC program borrowers; and (c) to recommend corrective actions for identified issues to promote continual improvement in program implementation.

Due to the high public health risk and quarantine lockdowns experienced in many areas in the country as a result of the continued presence of Covid-19, the program validation activities in 2021 were conducted remotely (i.e., through interviews by phone).

The limitations of the modality used in data gathering also necessitated that the questions be trimmed down to focus on the priority objective in conducting the activity which is to validate whether the programs are being implemented according to their respective guidelines.

## **Summary Highlights of Program Validation Results**

**Financial Inclusion Profile of Borrowers.** Data gathered from the random sampling of program borrowers provides evidence that the implementation of the ANYO, Regular SURE, and the SURE COVID-19 Programs contributed to an increase in access to formal credit among targeted small farmers and fisherfolk-borrowers in 2021.

**Compliance with Loan Amount.** The PLCs involved in the program validation activities are all compliant with the ANYO, Regular SURE, and SURE Covid-19 program guidelines in terms of the loan amounts disbursed to borrowers.

**Compliance with Loan Purpose and/or Utilization.** Ninety-five percent (95%) of the sample ANYO and SURE borrowers and 96% of the sample SURE COVID-19 borrowers reported utilizing the loan as intended.

**Compliance with the Interest Policy.** All the sample borrowers reported not being charged any interest on their loan, therefore confirming that partner lending conduits (PLCs) complied with the loan interest policy of the ACPC programs.

**Compliance with No Collateral Policy.** Compliance with the no collateral policy of the ACPC programs was also validated by the responses of all the sample borrowers interviewed.

**Compliance with Loan Maturity Policy.** All the sample borrowers confirmed the compliance of the PLCs with the loan maturity policies of the 3 programs.

**Insurance Cover.** Only around half of the borrower-respondents were able to secure PCIC insurance. For those that failed to avail themselves of the insurance, the reasons cited include their late submission of insurance applications, lack of awareness of the free PCIC insurance available to program clients, and the mismatch in timing of either the loan release or the planting season.

The following are the recommendations arising from the results of the 2021 program validation activities: (a) Limit the amount that can be deducted from the loan; (b) Improve the partnership on insurance with PCIC; (c) More actively discourage loan diversion as well as deviation.

## **I. Background**

Three of the credit programs being implemented by the Agricultural Credit Policy Council (ACPC) under the umbrella of the Agro-Industry Modernization Credit & Financing Program (AMCFP) as of 2021 are the Agri-Negosyo Program (ANYO), the Survival and Recovery Program for calamity-affected farmers and fisherfolk (Regular SURE Program), and the Expanded SURE Aid and Recovery Project (SURE COVID-19).

The ANYO is a program that provides financing assistance to small farmers and fisherfolk (SFF), and organizations & micro and small enterprises (MSEs) engaged in agri-fishery food production, delivery/transport, and other supply chain activities that can help ensure the availability of food supply in the country.

On the other hand, the Regular SURE Program provides financing assistance to farmers and fisherfolk affected by natural calamities. In 2021, natural calamities that hit the country include typhoons Quinta, Ulysses, as well as tropical depressions.

Finally, the SURE COVID-19 Program was introduced in 2020 to provide emergency relief loans to SFFs whose livelihoods were severely affected by the community quarantine restrictions due to the COVID-19 pandemic.

The maturity of ANYO and SURE COVID-19 loans depends on the cash flow of the project financed but not to exceed five (5) years. On the other hand, the maturity of Regular SURE loans should not exceed three (3) years.

The loan terms and conditions and other key features of the ANYO, Regular SURE, and SURE COVID-19 Programs are summarized in Table 1 below.

**Table 1. Key Features of the ANYO Program, Regular SURE Program, and the SURE COVID-19 Program**

<b>Program Name, Year Started</b>	<b>Target Borrowers</b>	<b>Eligible Loan Purpose</b>	<b>Loanable Amount</b>	<b>Loan Term/Maturity</b>	<b>Collateral/ Loan Security</b>	<b>Interest Rate</b>
Agri-Negosyo Program (ANYO), 2020	Small Farmer and Fisher folk (SFF) <sup>1</sup> registered in the RSBSA; Agri & fishery based MSEs	<ul style="list-style-type: none"> <li>Funds extended to individual SFF shall be utilized to finance agri-fishery-based income-generating activities such as agri-fishery production, processing, or marketing; or combination of agri-fishery income-generating activity and non-farm enterprises.</li> <li>Funds extended to agri-fishery based MSEs and farmer and fisherfolk organizations/associations shall be utilized to finance capital requirements for acquisition of machinery/equipment, construction of facility, and working capital requirements for agri-fishery-based income-generating activities.</li> </ul>	<ul style="list-style-type: none"> <li><i>Small enterprises and SFF coops/associations</i> - Up to 90% of the project cost but not to exceed P15 million or total assets</li> <li><i>Micro enterprises</i> - Up to 90% of the project cost but not to exceed P3 million or total assets</li> <li><i>Individual SFFs</i> - Up to P300,000</li> </ul>	Depends on the project cash flow and/or gestation period, but not to exceed five (5) years	No collateral requirement	Zero percent (0%) interest PLCs may charge a one-time service fee of 3.5% and/or finance charges to cover its costs up to a spread of at most 6% per annum
Survival and Recovery Loan Assistance (SURE) Program, 2017	Small Farmer and Fisher folk (SFF), affected by natural calamities and other disastrous events	Farm rehabilitation - production inputs, repair of farm/fishery assets, acquisition of livestock/work animals, others	P25,000 per borrower	Not to exceed 3 years	No collateral requirement	Zero (0%) interest
Expanded SURE-Aid and Recovery Project (SURE COVID-19), 2020	Small Farmer and Fisher folk (SFF) affected by the Enhanced Community Quarantine due to Covid-19; registered to RSBSA; included in the DA-RFO validated list certified by RED;	<ul style="list-style-type: none"> <li>SFF - To finance the emergency and production requirements of SFF whose incomes were affected by the ECQ due to Covid-19</li> <li>MSE - To finance working capital requirements to expand agribusiness operation such as purchase of agri-fishery products from farmers &amp; fisherfolk, defray transportation costs of delivery to market,</li> </ul>	<ul style="list-style-type: none"> <li>SFF - P25,000 per borrower</li> <li>MSE - Depending on the financial requirements up to P10M per borrower</li> </ul>	<ul style="list-style-type: none"> <li>SFF - Up to 10 years for SFF loans</li> <li>MSE- Within a period of five years, inclusive of a one (1) year grace period</li> </ul>	No collateral requirement	Zero (0%) interest to SFFs and MSEs PLCs may charge a service fee of up to 3% per loan transaction. Other Fees may also be charged when applicable

<sup>1</sup> 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.



Program Name, Year Started	Target Borrowers	Eligible Loan Purpose	Loanable Amount	Loan Term/Maturity	Collateral/ Loan Security	Interest Rate
	Agri & fishery-based MSEs	payments of wages for emergency workers hired in the delivery and selling, processing, trading, manufacturing of agri-input supplies, equipment, and other supply chain activities.				

Also, part of the key features of these three programs is the availability to borrowers of free insurance from the Philippine Crop Insurance Corporation (PCIC).

Among the activities conducted by ACPC to monitor and evaluate program implementation is a direct validation with program borrowers. This report contains the results of the program validation activities conducted by ACPC, through its Monitoring Division, for the ANYO, Regular SURE, and SURE COVID-19 Programs in 2021.

## **II. Objectives in Program Validation**

The objectives of the 2021 ACPC program validation activities are the following:

- a. To validate, at the borrower level, if program implementation by partner lending conduits is compliant with the program guidelines;
- b. To assess the financial inclusion profile of ACPC program borrowers; and
- c. To recommend corrective actions for identified issues to promote continual improvement in program implementation.

## **III. Approach and Methodology**

The program validation activities were conducted for loan disbursement reports of twenty-four (24) selected partner lending conduits in 2021 for three ACPC credit programs, i.e., the ANYO, SURE, and SURE Covid-19. Validation at the beneficiary level was conducted in twenty-four (24) of the forty-four (44) total provinces where the three programs were being implemented as of April 30, 2021.

Of the combined population of borrowers under these three programs as of April 30, 2021 (14,953), a 2 percent sample size (351) was drawn using a margin of error of +/- 6% and a confidence level of 97% (Tables 2 and 3). As an additional dimension, sample borrowers were also selected based on the major type of project their loan represents (Table 4). In this way, the selection of borrowers is broadly representative of the total population under the program.

A structured questionnaire in MS Form format was used in collecting data and information from the selected program borrowers. The information gathered through the questionnaire include their loan details to validate compliance with the program guidelines and their demographic profile, among others.

## Limitations

Due to the high public health risk and quarantine lockdowns experienced in many areas in the country as a result of the continued presence of Covid-19, the program validation activities in 2021 were conducted remotely (i.e., through interviews by phone).

The limitations of the modality used in data gathering also necessitated that the questions be trimmed down to focus on the priority objective in conducting the activity which is to validate whether the programs are being implemented according to their respective guidelines.

**Table 2. Total Number of Interviewed Respondents, by Program**

<b>Programs</b>	<b>Total Number of Interviewed Respondents</b>
ANYO	88
Regular SURE	66
SURE Covid-19	197
<b>Total</b>	<b>351</b>

**Table 3. Total Number of Borrowers, by Program**

<b>Programs</b>	<b>Total Number of Borrowers</b>
ANYO	3,650
Regular SURE	4,987
SURE Covid-19	6,316
<b>Total</b>	<b>14,953</b>

**Table 4. Type of Project Financed**

<b>Type of Project Financed</b>	<b>No. Reporting</b>
Crop Production	219
Livestock Production	22
Poultry Production	2
Fisheries Production	107
Acquisition of Equipment/Machinery	1
<b>Total</b>	<b>351</b>

## Distribution of Sample Borrowers by Program and by Area

A summary of the area distribution of interviewed sample borrowers for each program is presented in Table 5. More than half of the interviewed borrowers are clients under the SURE-Covid 19 Program (56%). The rest are clients under the ANYO Program (25%) and the Regular SURE Program (19%). The interviewed borrowers are distributed over 24 provinces in 12 regions.

A total of 351 borrower-respondents were interviewed. The respondents are distributed across Luzon (147), Visayas (75), and Mindanao (129).

**Table 5. Distribution of Interviewed Borrowers by Area and by Program**

Region	Province	Number of Respondents			
		ANYO	Regular SURE	SURE Covid-19	Total
CAR	Abra	-	-	22	22
Region I	La Union	7	-	-	7
	Ilocos Sur	2	-	-	2
	Pangasinan	5	-	-	5
Region III	Tarlac	1	-	-	1
Region IV-A	Quezon Province	-	21	5	26
Region IV-B	Palawan	15	-	-	15
	Occidental Mindoro	-	21	2	23
	Oriental Mindoro	-	-	5	5
Region V	Masbate	-	21	-	21
	Sorsogon	-	-	20	20
Region VI	Aklan	-	-	45	45
	Negros Occidental	-	-	29	29
Region VIII	Northern Samar	1	-	-	1
Region X	Misamis Oriental	16	-	31	47
	Bukidnon	-	-	5	5
Region XI	Davao del Norte	6	-	-	6
	Davao de Oro	14	-	-	14
Region XII	Sarangani	-	1	14	15
	Cotabato	-	-	4	4
Region XIII	Agusan del Norte	11	-	-	11
	Agusan del Sur	6	-	-	6
	Dinagat Island	4	-	-	4
	Surigao del Norte	-	2	15	17
<b>Total</b>		<b>88</b>	<b>66</b>	<b>197</b>	<b>351</b>

### **Partner Lending Conduits Involved in the Validation**

The sample borrowers selected for the program validation activities are clients in twenty-four (24) partner lending conduits (PLCs) participating in the ANYO, Regular SURE, and SURE Covid-19 Programs (Table 6). Eight (8) of the PLCs are conduits for the ANYO Program. On the other hand, 5 are conduits for the Regular SURE Program and 11 are conduits for the SURE Covid-19 Program.

**Table 6. Partner Lending Conduits Involved in the Program Validation Activities, by Program and by Area**

Region	Province	Name of Partner Lending Conduits		
		ANYO Program	Regular SURE Program	SURE Covid Program
CAR	Abra	-	-	Abra Diocesan Teachers and Employees Multi-Purpose Cooperative
Region I	La Union	Sta. Cruz Savings and Development Cooperative	-	-
	Ilocos Sur		-	-
	Pangasinan		-	-
Region III	Tarlac		-	-
Region IV-A	Quezon Province	-	Yakap At Halik Multi-Purpose Cooperative Quezon 1	Cooperative Bank of Quezon Province
Region IV-B	Palawan	Elvita Farmers Multi-Purpose Cooperative	-	-
	Occidental Mindoro	-	Occidental Mindoro Cooperative Bank	Occidental Mindoro Cooperative Bank
	Oriental Mindoro	-	-	Saklaw foundation, Inc.
Region V	Masbate	-	JMH Microfinance, Inc	-
	Sorsogon	-	-	Rural Bank of Guinobatan
Region VI	Aklan	-	-	Integrated Barangays of Numancia Multi-Purpose Cooperative
	Negros Occidental	-	-	La Castellana 1 Personnel Multi-Purpose Cooperative
Region VIII	Northern Samar	Samar Crusade Against Poverty, Inc.	-	-
Region X	Misamis Oriental	Kamada Arc Cooperative	-	Kamada Arc Cooperative
		-	-	Bangko sa Balay Foundation, Inc.
	Bukidnon	-	-	Sarangani Development Cooperative
Region XI	Davao del Norte	First Tagum Rural Bank, Inc.	-	-
		Subasta Agrarian Reform Beneficiaries Agricultural Cooperative	-	-
	Davao de Oro	Davao de Oro Credit Cooperative	-	-
		First Tagum Rural Bank, Inc.	-	-
Region XII	Sarangani	-	Sarangani Development Cooperative	Sarangani Development Cooperative
	Cotabato	-	-	
Region XIII	Agusan del Norte	Baug Carp Beneficiaries Multi-Purpose Cooperative	-	-
	Agusan del Sur		-	-
	Dinagat Island		-	-
	Surigao del Norte	-	Cantilan Bank Incorporated	Cantilan Bank Incorporated
<b>Total</b>		<b>8 PLCs</b>	<b>5 PLCs</b>	<b>11 PLCs</b>

By type, fifty-four percent (54%) of the PLCs that were involved in the program validation are cooperatives (Table 7). On the other hand, cooperative banks, rural banks, associations, and NGOs, represent forty-six percent (46%) of the PLCs included in the activity.

**Table 7. Distribution of Partner Lending Conduits by Type of Organization and by Program**

Type of Organization	ACPC Credit Programs		
	ANYO Program	Regular SURE Program	SURE Covid Program
Cooperative	6	2	5
Cooperative Bank	-	1	2
Rural Bank	1	1	2
Farmer or Irrigator's Association	1	-	-
NGO	-	1	2
<b>Total</b>	<b>8</b>	<b>5</b>	<b>11</b>

#### IV. Program Validation Results

##### A. Financial Inclusion Profile of Sample Borrowers

Financial inclusion refers to access of individuals and businesses to useful and **affordable financial products** and services that meet their needs in the form of transactions, payments, savings, credit, and insurance which is delivered in a responsible and sustainable way (World Bank, 2022). This section discusses the financial inclusion profile of the interviewed ANYO, Regular SURE, and SURE Covid-19 Program borrowers based on their experiences in availing themselves of different financial services.

Of the total number of interviewed ACPC program borrowers, only 12% reported having experience in borrowing prior to their participation in the ACPC program (Table 8). On the other hand, close to two-thirds (64%) reported that their participation in an ACPC program initiated them to formal borrowing (Table 9). Further, among the ANYO and Regular SURE program borrowers that were interviewed, 43% had never borrowed from any ACPC program before (Table 10).

This evidence suggests that ACPC programs are exhibiting a significant degree of effectiveness in introducing targeted small farmers and fisherfolk-borrowers to access formal sources of credit for the first time.

**Table 8. Financial Services Experience Prior to Program Participation**

<b>Financial Services</b>	<b>No. Reporting*</b>	<b>%Share</b>
Credit/Borrowing	93	12%
Deposit/Savings	182	23%
Insurance	137	18%
E-Commerce (Gcash, Online Shopping, etc.)	61	8%
Pawning	46	6%
Remittances	162	21%
Electronic Money	58	7%
Money Changer	38	5%
<b>Total</b>	<b>351</b>	<b>100%</b>

\*Multiple answers allowed

**Table 9. New Formal Borrowers Due to the ACPC Programs**

<b>New Formal Borrower</b>	<b>No. Reporting</b>	<b>% Share</b>
Yes	224	64%
No	127	36%
<b>Total</b>	<b>351</b>	<b>100%</b>

**Table 10. Old ACPC Borrower**

<b>Already an ACPC Borrower Before</b>	<b>No. Reporting</b>	<b>% Share</b>
Yes	73	57%
No	54	43%
<b>Total</b>	<b>127</b>	<b>100</b>

## **B. Compliance with Program Guidelines**

### **B.1. Agri-Negosyo Program (ANYO)**

#### **B.1.1. Compliance with Loan Amount**

All the small farmers and fisherfolk-borrowers of the ANYO Program that were interviewed reported receiving loan amounts within the program's P300,000 loan ceiling. None of the interviewed borrowers reported receiving a loan over P300,000.

Around a quarter of the ANYO respondents (26%) reported availing themselves of loans P100,000 and higher. On the other hand, more than half (55%) reported loans below P50,000. The average loan amount among the interviewed ANYO borrowers is P81,688 (Table 11).



Interviewed borrowers who received loans of P100,000 and below used the loan mainly for crop production (e.g., palay, banana, coconut, and cacao). On the other hand, loans greater than P100,000 were used mostly in fisheries production activities (i.e., bangus culture, fishpond operations, fish capture and/or purchase of fishing boats).

ANYO loans were received either in the form of a one-time/lump sum amount, in staggered tranches, or a combination of cash and in-kind (e.g., fertilizer, other production inputs, etc.) depending on the agreement between the PLC and the borrower.

There was one inconsistency noted in the actual loan amount received by a borrower vis-a-vis the amount indicated in the loan disbursement report (LDR) submitted by the partner lending conduit (i.e., P25,000 in the LDR vs P8,000 actual amount received). This finding has been brought to the attention of the concerned PLC as well as the ACPC Program Development Division for appropriate action.

**Table 11. Amount of Loan Received by the Borrowers**

<b>Amount of Loan Received (P)</b>	<b>No. Reporting</b>	<b>% Share</b>
<10,000	15	17.05
10,000 - 29,000	10	11.36
30,000 - 49,000	23	26.14
50,000 - 79,000	9	10.23
80,000 - 99,000	8	9.09
100,000 - 199,000	13	14.77
200,000 - 300,000	10	11.36
<b>Total</b>	<b>88</b>	<b>100</b>
<b>Average Loan Amount Received</b>	<b>P81,688</b>	
<b>Minimum Loan Amount Received</b>	<b>P10,000</b>	
<b>Maximum Loan Amount Received</b>	<b>P300,000</b>	

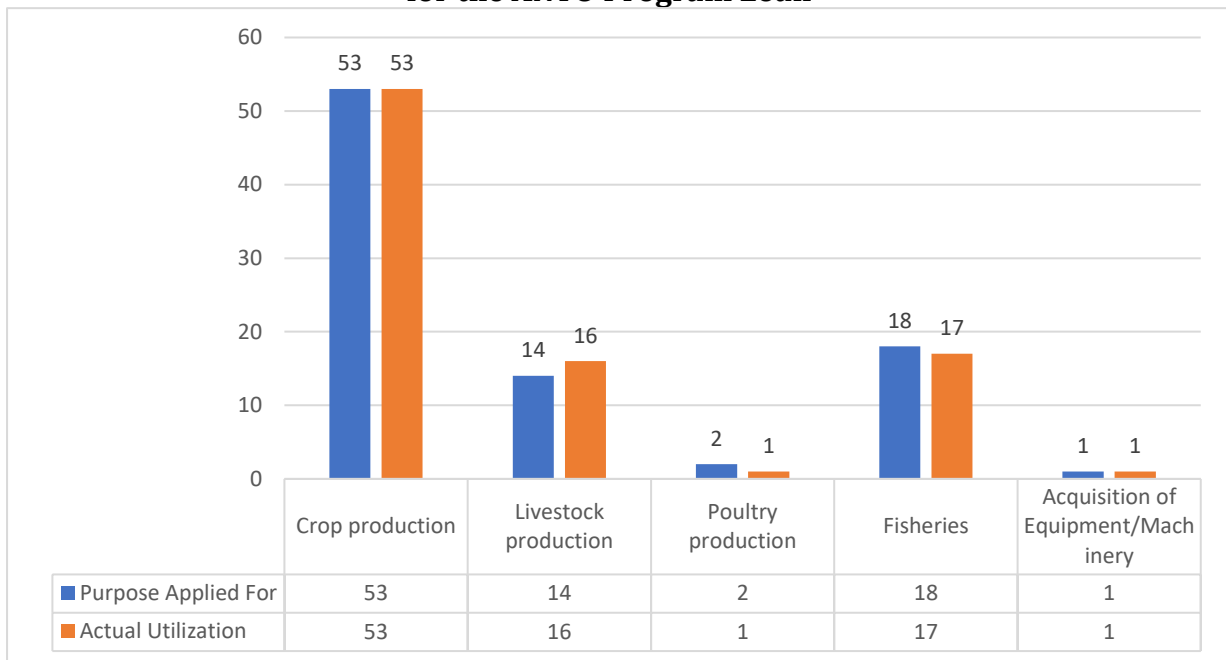
### **B.1.2. Compliance with Loan Purpose and/or Utilization**

Almost all the ANYO borrowers interviewed (99%) applied for production loans: 60% for crop production; 18% for livestock and poultry raising; and 20% for fisheries production. One borrower reported applying for a machinery/equipment acquisition loan.

Four (4) borrowers admitted to deviating from their original ANYO production loan purpose.<sup>2</sup> It was learned, though, that they merely shifted to the production of other commodities, i.e., from fisheries and poultry production to livestock raising, which is also eligible under the program (Figure 1).

<sup>2</sup> The four are borrowers of Elvita Farmers MPC.

**Figure 1. Purpose of Loan vs Actual Loan Utilization for the ANYO Program Loan**



**B.1.3. Compliance with Zero Interest and No Collateral Policy**

Table 12 shows that all the interviewed program borrowers confirmed the absence of any interest charge under the ANYO Program, hence validating the conduits’ compliance with the program’s zero interest policy.

The interviewed borrowers likewise acknowledged that no collateral was required by the lending conduits, which also validates compliance with the ANYO Program’s no collateral policy (Table 12).

**Table 12. Compliance with Zero Interest and No Collateral Policy**

<b>Indicators</b>	<b>Yes</b>	<b>No</b>	<b>%Share</b>
With Interest	-	88	100%
With Collateral	-	88	100%

### B.1.4. Compliance with Loan Maturity

All interviewed borrowers reported loan maturities not exceeding the 5-year (60 months) maximum term under the ANYO Program, confirming the compliance of the PLCs with ANYO program guidelines on loan maturity.

Almost half of the ANYO borrowers interviewed (49%) have loans maturing in only 2 years or less. These are loans for crops (e.g., palay) and banana production. On the other hand, 29% of the ANYO respondents have loans maturing over a longer 4-5 years. Their loans, on the other hand, are for fisheries production, including aquaculture (Table 13).

**Table 13. Compliance with Loan Maturity Policy**

<b>Loan Maturity</b>	<b>No. Reporting</b>	<b>%Share</b>
< 12 months	12	13.64%
13 - 24 months	31	35.23%
25 - 36 months	5	5.68%
37-48 months	14	15.91%
49-60 months	1	1.14%
60 months	25	28.41%
<b>Total</b>	<b>88</b>	<b>100</b>
<b>Mode of Loan Maturity</b>	<b>12 months</b>	
<b>Minimum Loan Maturity</b>	<b>6 months</b>	
<b>Maximum Loan Maturity</b>	<b>60 months</b>	

### B.1.5. Insurance Cover

Close to three-fourths of the ANYO respondents (73%) were able to secure PCIC insurance cover as provided under the Memorandum of Agreement (MOA) for all insurable crops, machinery/equipment, facilities, and agri-fisheries projects financed under the program. The rest cited late submission of insurance applications and lack of awareness about the PCIC insurance program as reasons for inability to get PCIC insurance cover (Table 14).

**Table 14. Compliance with Insurance Policy Coverage**

<b>PCIC Insurance</b>	<b>No. Reporting</b>	<b>%Share</b>
Yes	64	72.73
No	24	27.27
<b>Total</b>	<b>88</b>	<b>100</b>

## B.2. SURE Program (Regular SURE)

Table 15 shows that all the interviewed Regular SURE borrowers confirmed that their livelihood was affected by natural calamities which include typhoons Quinta, Ulysses, as well as tropical depressions (Table 15).

**Table 15 . Number of Borrowers Affected by the Calamities**

<b>Affected by Calamities</b>	<b>No. Reporting</b>	<b>%Share</b>
Yes	66	100
<b>Total</b>	<b>66</b>	<b>100</b>

### B.2.1. Compliance with the P25,000 Loan Amount

All the interviewed Regular SURE borrowers reported receiving the program's full loan amount of P25,000, albeit seven of the interviewed borrowers also reported opting for a portion of their loan to be given in the form of farm inputs (i.e., seedlings, fertilizers, insecticides) to be supplied also by their cooperative-lending conduit. For these borrowers, therefore, the cash portion of the loan that they received was less than P25,000 (Table 16). No borrower reported receiving a higher amount.

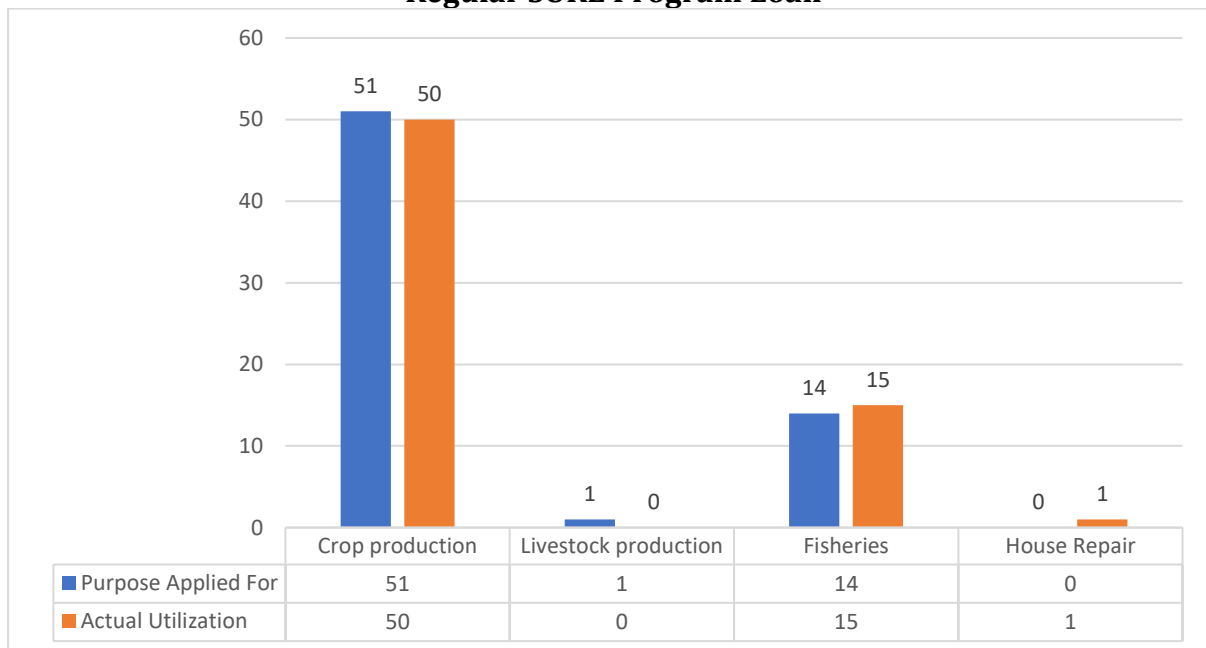
**Table 16. Amount of Loan Received by Borrowers**

<b>Amount of Cash Portion Received</b>	<b>No. Reporting</b>	<b>% Share</b>
< P25,000	7	11%
P25,000	59	89%
<b>Total</b>	<b>66</b>	<b>100</b>
<b>Ave. Amount of Cash Portion Received</b>	<b>P22,449</b>	
<b>Minimum Amount of Cash Portion Received</b>	<b>P10,000</b>	
<b>Maximum Amount of Cash Portion Received</b>	<b>P25,000</b>	

### B.2.2. Compliance with Loan Purpose and/or Utilization

Two (2) of the calamity-affected borrowers admitted deviating from their original purpose in applying for the loan, although one only shifted to fisheries instead of using the loan in livestock production. On the other hand, instead of crop production, another interviewed borrower reported using the loan for house repairs, which is ineligible as a loan purpose under the program (Figure 2).<sup>3</sup>

**Figure 2. Purpose of Loan vs Actual Loan Utilization for the Regular SURE Program Loan**



<sup>3</sup> This finding is being brought to the attention of the lending conduit concerned (JMH Microfinance, Inc.).

### B.2.3. Compliance with Zero Interest and No Collateral Policy

Table 17 shows all respondents affirming that no interest was charged, and no collateral was required on their Regular SURE loan, as provided in the program guidelines.

**Table 17. Compliance with Zero Interest and No Collateral Policy**

<b>Indicators</b>	<b>Yes</b>	<b>No</b>	<b>%Share</b>
With Interest	-	66	100%
With Collateral	-	66	100%

### B.2.4. Compliance with the Loan Maturity Policy

The loan maturity given to all the interviewed Regular SURE borrowers is within the 3-year maximum term of the program (Table 18). No one among the interviewed borrowers reported a loan term longer than 3 years. Loan terms given to borrowers are therefore compliant with the guidelines of the Regular SURE Program.

Close to 3 in every 4 interviewed borrowers (74%) under the Regular SURE Program have 3-year loan maturities (36 months). On the other hand, the rest have loans payable in 2 years (24 months).

**Table 18. Compliance with the Loan Maturity Policy**

<b>Loan Maturity</b>	<b>No. Reporting</b>	<b>%Share</b>
24 months	17	26%
36 months	49	74%
<b>Total</b>	<b>66</b>	<b>100</b>
<b>Mode of Loan Maturity</b>	<b>36 months</b>	
<b>Minimum Loan Maturity</b>	<b>24 months</b>	
<b>Maximum Loan Maturity</b>	<b>36 months</b>	

### B.2.5. Insurance Cover

Table 19 shows that 68% of the interviewed calamity borrowers were able to avail of the free Philippine Crop Insurance Corporation (PCIC) insurance included in the Regular SURE Program loan package for insurable agri-fishery crops/commodities.

On the other hand, those who failed to avail themselves of the free insurance from PCIC (32%) cited late submission of insurance application and lack of awareness about PCIC insurance requirements as reasons.

**Table 19. Insurance Coverage**

<b>PCIC Insurance</b>	<b>No. Reporting</b>	<b>%Share</b>
Yes	45	68.18
No	21	31.82
<b>Total</b>	<b>66</b>	<b>100</b>

### B.3. SURE COVID-19 Program (SURE Covid-19)

#### B.3.1. Compliance with the P25,000 Loan Amount

SURE Covid-19 Program loan disbursement reports (LDRs) submitted by the Partner Lending Conduits (PLCs) indicate that all program borrowers received a P25,000 loan.

On the other hand, all the interviewed program borrowers reported that fees and other charges were deducted in advance by the lending conduits.

Two in every three SURE Covid-19 respondents claim that the amount deducted from the loan was higher than the 3% service fee (P750) stated in the program guidelines (Table 20). The highest total charges reported was 32%, made up of the 3% service fee plus 29% in other charges (the final loan amount received was P17,000). Borrowers reported being charged more than 10% of their loan amount in 5 of the 11 PLCs covered by the validation activities.<sup>4</sup>

The additional deductions, however, are not in violation of the SURE Covid-19 program guidelines, which also provide that the PLC may implement other charges that can be deducted aside from the 3% service fee, if applicable. According to the interviewed borrowers, the additional charges were due to

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<sup>4</sup> These include borrowers of the Integrated Barangays of Numancia Multi-Purpose Cooperative, the Rural Bank of Guinobatan, the Sarangani Development Cooperative, the Abra Diocesan Teachers and Employees Multi-Purpose Cooperative, and the Cooperative Bank of Quezon Province.

any or a combination of the following: documentary stamps, membership fees, notarial fees, capital build-up, savings, and Loan Protection Insurance. Additional charges were implemented with the consent of the borrowers, according to PLCs.

One borrower-respondent, meanwhile, claimed to receive only part of the loan in cash (i.e., P21,000) and the rest in the form of inputs. It was learned that this was because the borrower had also procured part of his input requirements from the PLC itself.<sup>5</sup>

**Table 20. Loan Amount Received by Borrower-Respondents**

<b>Amount of Loan Received</b>	<b>No. Reporting</b>	<b>% Share</b>
≤ P20,000	10	5%
> P20,000 - 25,000	187	95%
> P25,000	-	-
<b>Total</b>	<b>197</b>	<b>100</b>
<b>Average Amount of Cash Portion Received</b>	<b>P23,439</b>	
<b>Minimum Amount of Cash Portion Received</b>	<b>P17,000</b>	
<b>Maximum Amount of Cash Portion Received</b>	<b>P25,000</b>	

**Table 21. Service Fee and Other Charges Deducted from the Loan**

<b>Service Fee + Other Applicable Charges</b>	<b>No. Reporting</b>	<b>%Share</b>
≤ 3 %	65	33%
> 3 % - 10 %	96	49%
> 10%	36	18%
<b>Total</b>	<b>197</b>	<b>100</b>
<b>Minimum Charges</b>	<b>0 %</b>	
<b>Maximum Charges</b>	<b>32 %</b>	

### **B.3.2. Compliance with Loan Purpose and/or Utilization**

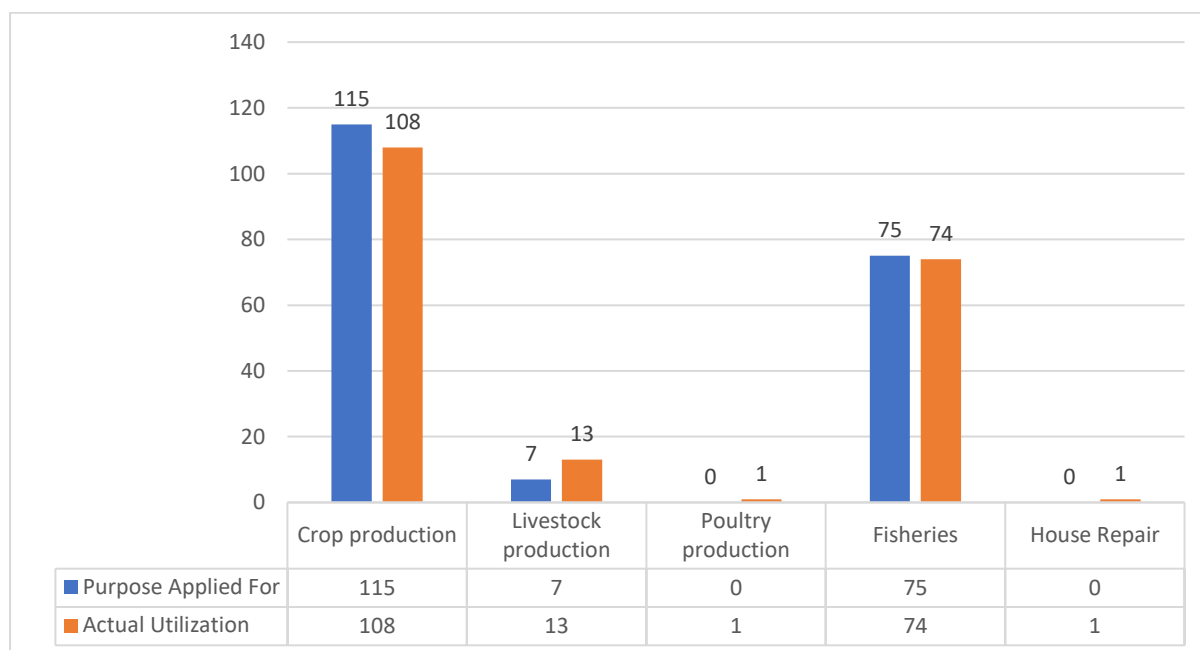
Out of all the interviewed borrowers, one admitted to diverting the use of the SURE Covid-19 loan for house repairs (Figure 3). The rest of the interviewed borrowers used their loans for eligible loan purposes, with more than half using their loans for crop production.

<sup>5</sup> Sarangani Development Cooperative



While a handful of the borrowers admitted deviating from the original purpose of the loan, most of them only shifted to the production of other commodities (i.e., from crops to livestock and poultry) and, therefore, did not violate program guidelines. However, as mentioned earlier, one admitted to diverting the use of the loan to house repairs. This finding, on the other hand, is being brought to the attention of the concerned PLC for the implementation of appropriate corrective measures.<sup>6</sup>

**Figure 3. Purpose of Loan vs Actual Loan Utilization for the SURE Covid-19 Loan**



### B.3.3. Compliance with Zero Interest and No Collateral Policy

All SURE Covid-19 respondents confirmed the absence of any collateral requirement under the program (Table 22). As to the loan interest, most of the interviewed program borrowers merely reiterated that the fee they were charged was higher than the 3% service fee stipulated in the program guidelines.

**Table 22. Compliance with Zero Interest and No Collateral Policy**

Indicators	Yes	No	%Share
With Interest	-	197	100%
With Collateral	-	197	100%

<sup>6</sup> Rural Bank of Guinobatan

### B.3.4. Compliance with the Loan Maturity Policy

All the interviewed SURE Covid-19 borrowers reported having loan maturities within the 10-year maximum term under the program for small farmers and fisherfolk (SFF). Close to 3 out of every 4 SFF-borrowers have loans reaching a full maturity of 10 years. On the other hand, there are only 4 SFF-borrowers (2%) who have loans maturing in 1-2 years, which the program guidelines also allow (Table 23).

Most of the loans with shorter loan maturity are those particularly for palay and corn production.

**Table 23. Compliance of PLCs with the Program’s Loan Maturity Policy**

<b>Loan Maturity</b>	<b>No. Reporting</b>	<b>%Share</b>
12-23 months	4	2.03
24-35 months	2	1.02
36-47 months	6	3.05
48-59 months	1	0.51
60-71 months	37	18.78
72-96 months	4	2.03
120 months	143	72.59
<b>Total</b>	<b>197</b>	<b>100</b>
<b>Mode of Loan Maturity</b>	<b>120 months</b>	
<b>Minimum Loan Maturity</b>	<b>12 months</b>	
<b>Maximum Loan Maturity</b>	<b>120 months</b>	

### B.3.5. Insurance Cover

Less than half of the interviewed SURE Covid-19 borrowers had insurance cover from the Philippine Crop Insurance Corporation (PCIC). The most often cited reasons by borrowers for not getting PCIC insurance is their late submission of the application for insurance, and lack of awareness about the PCIC insurance requirements.

**Table 24. PCIC Insurance Cover**

<b>PCIC Insurance</b>	<b>No. Reporting</b>	<b>%Share</b>
Yes	82	41.6
No	115	58.4
<b>Total</b>	<b>197</b>	<b>100</b>

### **B.3.6. Validation of the Effects of the Enhanced Community Quarantine (ECQ) on the Borrowers' Livelihood**

The COVID-19 pandemic inflicted unprecedented controls on travel and social distancing with adverse economic consequences that remain ongoing. Public health emergency measures disrupted both the supply and demand for agricultural products nationwide.

All the sample SURE COVID-19 borrowers interviewed confirmed experiencing problems because of the pandemic. They particularly cited problems in securing financing and inputs due to the closure of some of the PLCs or the limited transacting hours that were adopted (Table 25). Some borrowers were unable to secure even their usual loans.

**Table 25. SURE COVID-19 Borrowers Affected by the Pandemic**

<b>Affected by COVID-19</b>	<b>No. of Sample SURE COVID-19 Borrowers Reporting</b>	<b>% Share of Sample SURE COVID-19 Borrowers</b>
Yes	197	100

One of the major obstacles experienced in the food supply chain during this period was the differing quarantine policies among the local governments. The closing of some local government borders hampered the transport of food commodities by people and delivery trucks that resulted in an overall decline in farmers' incomes.

## V. Summary Highlights of Program Validation Results

### A. Financial Inclusion Profile of Borrowers

Data gathered from the random sampling of program borrowers provides evidence that the implementation of the ANYO, Regular SURE, and the SURE COVID-19 Programs contributed to an increase in access to formal credit among targeted small farmers and fisherfolk-borrowers in 2021. According to the data, almost two-thirds of the interviewed borrowers were introduced to formal borrowing through their participation in one of the programs. Of the program borrowers that were interviewed, on the other hand, as much as 43% are first-time ACPC program clients.

### B. Compliance with Loan Amount

The PLCs involved in the program validation activities are all compliant with the ANYO, Regular SURE, and SURE Covid-19 program guidelines in terms of the loan amounts disbursed to borrowers. There are only a few instances when borrowers do not receive the entire loan amount in cash because they also immediately procure some of their farm input requirements from the lending conduit. Average amounts of the cash portion of the loans received by interviewed borrowers are P81,688 under the ANYO Program, P22,449 under the Regular SURE Program, and P23,439 under the SURE Covid-19 Program.

There are some borrowers of the Regular SURE Program and the SURE Covid-19 Program, though, that reported receiving loans significantly less than P25,000 due to the advance deductions. For them, the limited cash amount also offered little assistance.

No borrower reported receiving loan amounts higher than what the program guidelines prescribe (Table 26).

**Table 26. Compliance with Loan Amount, by Program**

<b>Program</b>	<b>Range of Loan Amounts Received (P)</b>	<b>Average Amount of Cash Portion Received (P)</b>
ANYO	10,000 – 300,000	81,688
Regular SURE	10,000 – 25,000	22,449
SURE Covid-19	17,000 – 25,000	23,439

### **C. Compliance with Loan Purpose and/or Utilization**

Ninety-five percent (95%) of the sample ANYO and SURE borrowers and 96% of the sample SURE COVID-19 borrowers reported utilizing the loan as intended. On the other hand, while fifteen (15) of the sample borrowers admitted to deviating from their original loan purpose, the loans were nevertheless still utilized for agri-related activities (i.e., from crop production to livestock raising or fishing). The lapse in this case is the failure of the borrowers concerned to report to both their PLC and to ACPC their decision to shift the use of their loan.

### **D. Compliance with the Interest Policy**

All the sample borrowers reported not being charged any interest on their loan, therefore confirming that partner lending conduits (PLCs) complied with the loan interest policy of the ACPC programs.

### **E. Compliance with No Collateral Policy**

Compliance with the no collateral policy of the ACPC programs was also validated by the responses of all the sample borrowers interviewed.

### **F. Compliance with Loan Maturity Policy**

All the sample borrowers likewise confirmed the compliance of the PLCs with the loan maturity policies of the 3 programs, i.e., up to sixty (60) months for the ANYO Program, up to thirty-six (36) months for the Regular SURE Program, and up to ten (10) years for the SURE COVID-19 Program.

### **G. Insurance Cover**

Of the 351 borrower-respondents, only around half (54%) were able to secure PCIC insurance as provided under the MOA for all insurable crops, machinery/equipment, facilities, and agri-fisheries projects financed under the program. For those that failed to avail themselves of the insurance, the reasons cited include their late submission of insurance applications, lack of awareness of the free PCIC insurance available to program clients, and the mismatch in timing of either the loan release or the planting season (Table 27).

**Table 27. Compliance with Insurance Policy Coverage**

<b>Programs</b>	<b>With Insurance</b>	<b>Without Insurance</b>
ANYO	73%	27%
SURE	68%	32%
SURE COVID 19	42%	58%
<b>Total</b>	<b>54%</b>	<b>46%</b>

## VI. Recommendations

1. **Explore with PLCs the possibility of minimizing loan deductions in programs that offer a small loan amount.** There is room for improving the implementation of the policy on the amount that PLCs may deduct in advance from the loan. This is particularly true for the programs offering a fixed limited loan amount, i.e., P25,000 in the case of the Regular SURE and SURE COVID-19 Programs. According to some of the borrowers under these programs, the loan amount they receive becomes significantly less than P25,000 because of advance deductions. For loans with higher deductions, the impact of the assistance for the calamity-affected livelihood is felt less.
2. **Improve the partnership on insurance with PCIC.** Information dissemination activities to promote and explain the guidelines of the PCIC insurance facilities available to ACPC program borrowers should be further intensified. A higher insurance availment rate can help cushion the credit risk vulnerability of program borrowers. Particularly more vulnerable are borrowers under the Regular SURE Program whose production as well as loan repayment activities were already previously disrupted because of natural calamities.
3. **Manage incidences of loan diversion and deviation.** Both ACPC and the partner lending conduits need to emphasize and highlight during program orientations for loan applicants that changes in loan use must immediately be reported to the partner lending conduit and to ACPC in order to affect the corresponding appropriate revisions in the ACPC program database.

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