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# Agri-Credit, Guarantee and Insurance Program Performance for 2019

## **I. Rationale and Objective**

The strengthening of the agricultural sector is a key result area for the country in its mission to promote economic growth and employment generation. One of the strategies that have been adopted by the government to achieve this is the extensive provision of financial support to farmers, fisherfolk, and other stakeholders in the agriculture and fisheries sector. Through innovative financing programs, credit funds are utilized to encourage the active participation of farmers and fisherfolk in the formal financial system and support their agricultural livelihood and agriculture-related enterprises which play a vital role in economic development and nation building.

In light of this strategy, the Agricultural Credit Policy Council (ACPC) is the government agency mandated to regularly monitor the status and performance of agriculture and fisheries financing programs implemented by the national government, and to receive reports from concerned implementing agencies and institutions as bases for reviewing, evaluating, and establishing sound policies and approaches in the implementation of these programs (Section 5, Executive Order 113, S. 1986).

Concerned government agencies and institutions submit their inventory and profile of credit, crop insurance, and credit guarantee programs to ACPC yearly. The output from the data and information gathered by ACPC is a yearly report on the profiles/features and status of performance of the various agri-fishery financing programs of the government that can be used as reference by policy-makers, program managers, researchers, as well as the general public.

## **II. Method, Scope and Limitations**

To get information on agriculture and fisheries financing programs implemented by various government agencies, ACPC coordinates with the concerned implementing agencies and institutions for their respective program data. Information that are gathered include updates on existing agriculture and fisheries credit and financing facilities, including the programs on crop insurance and agricultural credit guarantee.

Among the information being collected with respect to the programs are data on program features (e.g. program mechanics, scope, area coverage, institutional partners, eligible beneficiaries, etc.) and status updates (e.g. fund disbursements, loan releases, etc.).

The main limitations encountered in the preparation of this report include: 1) the unavailability of requested data in some of the implementing agencies and institutions; 2) policy restrictions in sharing data in some of the implementing agencies and institutions; 3) non-compliance with the provided template, in which case some agencies submitted aggregate data, not per program as required by the report.

Notwithstanding the limitations, this document provides a comprehensive report on the existing agriculture and fisheries financing programs being implemented by the government as of year-end 2019.

This report consists of three parts: I. Agricultural Credit Programs; II. Commodity Insurance Programs; and III. Credit Guarantee Programs.

### III. Performance of Agricultural Credit, Commodity Insurance, and Credit Guarantee Programs on 2019

#### Government Agri-Fishery Credit Programs in 2019

As of year-end 2019, twenty-six (26) existing government agriculture and fisheries credit programs were documented. Seven (7) of the programs are implemented by the Department of Agriculture (DA) through ACPC, 3 are implemented through the National Tobacco Administration (NTA), 1 program is through the Bureau of Fisheries and Aquatic Resources (BFAR), and 1 program is implemented through the Sugar Regulatory Administration (SRA), 5 programs are implemented by the Development Bank of the Philippines (DBP), 10 programs are implemented by Land Bank of the Philippines (LBP). Refer to Annex A for the description of basic features and mechanics of the programs.

#### Matrix of Government Agencies Implementing Agri-Credit Programs in 2019

GOVERNMENT AGENCY AND NAME OF EXISTING AGRICULTURE CREDIT PROGRAM	YEAR STARTED
<b>DEPARTMENT OF AGRICULTURE – AGRICULTURAL CREDIT POLICY COUNCIL (DA-ACPC)</b>	
1. Production Loan Easy Access Program (PLEA)	2017
2. Survival and Recovery Assistance Program (SURE)	2017
3. Working Capital Loan Easy Access Program (CLEA)	2018
4. Agriculture and Fisheries and Equipment Loan Program (AFME)	2018
5. Expanded Survival and Recovery Assistance Program for Rice Farmers (SURE –AID)	2019
6. Survival and Recovery Assistance Program for Backyard Hog Raisers (SURE HOGS)	2019
7. BuyANihan Program	2019
<b>DEPARTMENT OF AGRICULTURE – NATIONAL TOBACCO ADMINISTRATION (DA-NTA)</b>	
1. Integrated Farming and Other Income Generating Activities Project – Tobacco Contract Growing System (IFOIGAP – TCGS)	2017
2. Integrated Farming and Other Generating Activities Project (IFOIGAP – Rice Wet Season 2017 under NTA Financing)	2017
3. Curing Barn Assistance Project	2017
<b>DEPARTMENT OF AGRICULTURE – BUREAU OF FISHERIES AND AQUATIC RESOURCES (DA-BFAR)</b>	
1. BFAR – LBP Partnership for the Promotion and Development of Mariculture Parks Program (PDMP)	2017
<b>DEPARTMENT OF AGRICULTURE – SUGAR REGULATORY ADMINISTRATION (DA-SRA)</b>	
1. LBP-SRA Special Credit Program Under the Sugarcane Industry Development Act (SCP-SIDA)	2018
<b>DEVELOPMENT BANK OF THE PHILIPPINES (DBP)</b>	
1. Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA – RCEF)	2019
2. Sustainable Agribusiness Financing Program	a/
3. Sustainable Agribusiness Financing Program for the Dairy Industry (SAFP-DAIRY)	a/
4. Broiler Contract Growing Program (BCGP)	a/
5. Tree Plantation Financing Program	a/
<b>LAND BANK OF THE PHILIPPINES (LBP)</b>	
1. Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA – RCEF)	2019
2. Sulong Saka	a/
3. Agricultural Credit Support Project (ACSP)	a/
4. Sustainable Aquaculture Lending Program (SALP)/Pagsasakang Pantubig	a/
5. Credit Assistance Program – Program Beneficiaries Development (CAP-PEDO)	a/

6. Assistance to Restore and Install Sustainable Enterprise for Agrarian Reform Beneficiaries (ARISE-ARBS) and Small Farm Holders	a/
7. Accessible Fund for Delivery to Agrarian Reform Beneficiaries Program (AFFORD-ARBS)	a/
8. Agrarian Production Credit Program (APCP)	2012
9. Sikat Saka Program	2012
10. Agricultural Competitiveness Enhancement Fund (ACEF)*	1996 b/

a/ No data provided.

b/ The implementation of the program was extended with the passage of R.A. 10848 in May 2016.

Most of the government agri-fishery credit programs are implemented nationwide, providing assistance to diverse types of projects in crop production, livestock and poultry, fisheries, food and agro-processing, marketing and trading, and other agri-related livelihood. LBP and DBP basically deliver their services directly to end-beneficiaries. In the case of SRA's joint partnership with LBP, the program fund is managed by LBP based on the joint Memorandum Circular between LBP and SRA whereby delivery of services is channeled directly to beneficiaries through LBP's lending centers. In the case of the joint partnership of BFAR and LBP, the program's fund is held in trust by LBP but delivery of services to beneficiaries is done through rural banks. On the other hand, ACPC and NTA both channel their services through partner lending conduits, which include government financial institutions, credit cooperatives, cooperative banks, rural banks, non-government organizations (NGO), and other institutions engaged in agricultural lending.

### Amount and Number of Loans Granted, by Program

In 2019, the total loans granted by government agri-fishery credit programs amounted to P1.22 trillion, an amount higher by 7% compared to the P1.14 trillion combined loans released by state agricultural credit programs in 2018.

### B.1 Department of Agriculture - Agricultural Credit Policy Council (DA-ACPC)

Among the DA agencies, the programs of the Agricultural Credit Policy Council (ACPC) reported the biggest volume of loans released in 2019. The ACPC programs were able to release a combined total of P3.0 billion loans for the year. This constitutes a 206% increase compared to the P980 million total amount of loans that were released under ACPC programs in 2018. The increase is due to additional funding that enabled ACPC to launch four (4) new agri-credit programs in 2019. The programs of ACPC in 2019 include the following:

- The **Production Loan Easy Access Program (PLEA)**. Launched in 2017, the PLEA Program is a loan facility designed to address the financial needs of small farmers and fisherfolk (SFFs) by providing them easy-access loans in the form of fast, convenient, and affordable credit. In 2019, the program released total loans amounting to P543 million to 13,537 small farmer- and fisherfolk-borrowers. Total loan amount released under the program in 2019 decreased 37% compared to the P862 million loan releases of the program to 22,486 borrowers in 2018. The change in administration at the Department of Agriculture in 2019 shifted the priority to programs intended to mitigate the effects of Republic Act 11203 or the Rice Tariffication Law (RTL) which was introduced in the same year.

- The **Survival and Recovery Assistance Program (SURE)** which started in 2017 is a loan facility designed to finance requirements in rehabilitating farming, fishing, livelihood activities of small farmers and fisherfolk affected by calamities. In 2019 a total of P65 million in loans was released to 2,595 small farmers/fisherfolk affected by calamities. The amount is significantly less by 39% compared to the P107 million SURE loans released in the previous year to 13,537 calamity-stricken small farmers and fisherfolk. The reduction is due to the fewer natural calamities that hit the country in 2019.
- The **Working Capital Loan Easy Access Program (CLEA)** aims to finance working capital requirements for agricultural trading, marketing and processing activities of borrower organizations. The program released loans totaling P37 million in 2019 to 6 borrower organizations, a 239% increase from the P11 million released by the program in 2018.
- The **Agriculture and Fisheries Equipment Loan Program (AFME)** aims to finance the acquisition of machinery, equipment and/or facilities for production, harvesting, and post-harvest by borrower organizations. The program was able to release a total of P2 million to only 1 borrower organization in 2019. The program had no releases the previous year. With the change in administration at the Department of Agriculture in 2019, a shift in program priorities resulted in the realignment of the AFME Program's remaining P15 million fund balance to other programs.
- The **SURE AID Program (for Rice)** was launched by DA-ACPC in 2019 to assist rice farmers whose incomes were affected by the drop in farm gate prices of palay during the year due to the liberalization of rice importation through Republic Act 11203 or the Rice Tariffication Law (RTL). The program released a total of P2.1 billion loans to 140,409 rice farmers.
- The **Survival and Recovery Assistance Program for Backyard Hog Raisers (SURE Hogs)** provided financial assistance to backyard hog raisers affected by the outbreak of the African Swine Fever (ASF) in 2019. The program loans aim to help affected hog raisers to instead engage in other agriculture and fishery livelihood projects. Loans totaling P3 million were released by the program to 112 hog raisers.
- The **BuyANIhan Program** is another program created in 2019 in response to the passing of Republic Act 11203 or the Rice Tariffication Law (RTL) during the year which caused farm gate prices of palay to drop due to the liberalization of rice importation. The program provides working capital loans for farmers' cooperatives or associations for palay trading (specifically for buying palay directly from farmers), for palay processing, and for marketing of rice to institutional buyers. The program has released a total of P200 million to 1 cooperative-borrower in 2019.

## **B.2 Department of Agriculture - National Tobacco Administration (DA-NTA)**

The National Tobacco Administration implements 3 credit programs catering to tobacco farmers.<sup>1</sup> The total volume of loans granted through NTA programs in 2019 amounted to P235 million with 13,375 borrowers. Loans from NTA programs increased by 8% in 2019 from P218 million in 2018.

## **B.3 Department of Agriculture - Bureau of Fisheries and Aquatic Resources (DA-BFAR)**

The **BFAR-LBP Partnership for the Promotion and Development of Mariculture Parks Program (PDMP)** released loans amounting to a total of P92 million in 2019. Loan releases through this program increased by 28% in 2019 compared to the P72 million that was released in 2018.

## **B.4 Department of Agriculture - Sugar Regulatory Administration (DA-SRA)**

The **SRA Special Credit Program** (created under the Sugar Cane Industry Development Act) implemented in partnership with LBP granted loans amounting to P211 million to sugar planters in 2019. Loans released by the program increased by 525% in 2019 compared to the P34 million amount of loan releases under the program in 2018. The notable increase in 2019 is due to amendments made in the 2018 SCP-IRR that relaxed loan requirements and enabled more farmer borrowers to avail of the loan program. Program coverage was also expanded.

**B.5 The Development Bank of the Philippines** implements five (5) agri-fishery credit programs that released a combined total loan amount of P11.2 billion in 2019. Loans released under programs implemented by DBP increased by 58% from P7.1 billion in 2018.<sup>2</sup> Reasons cited by DBP for the increase are the aggressive participation/collaboration with agri-integrators, particularly in Broiler Contract Growing (construction of facilities), sustainable agribusiness financing, and introduction of new programs, such as the ERCA-RCEF. Loans amounting to a total of P284 million were released by DBP under this program to 1 cooperative in 2019.

## **B.6 The Land Bank of the Philippines (LBP)**

Aside from providing support to agri-credit programs of other government agencies, the Land Bank of the Philippines (LBP) implements 10 agri-credit programs. Six (6) of the programs are internally-funded<sup>3</sup> while 4 programs have external funding support. LBP remains the biggest single source of government financing for agri-fishery credit programs. The bank disbursed a total of P1.2 trillion agri-fishery loans in 2019. The amount constitutes 99% of the overall total amount of loans released through government agri-credit programs in 2019. Loans released under programs implemented by LBP increased by 6.5% from P1.1 trillion in 2018 due to more aggressive lending to agriculture, expansion of agri-credit delivery to other sectors, and introduction of new programs, such as the ERCA-RCEF. Below are the descriptions of the 4 programs being implemented by LBP that have external funding support:

- The **Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF)** introduced in 2019 is the credit program for rice farmers implemented by the LBP

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<sup>1</sup> NTA was not able to provide disaggregated data for the 3 programs.

<sup>2</sup> DBP was not able to provide disaggregated data.

<sup>3</sup> LBP was not able to provide disaggregated data.

and the DBP. Loans amounting to a total of P161 million were released by LBP under this program to 405 rice farmers and 8 cooperatives in 2019.

- The **Agriculture Competitiveness Enhancement Fund Loan Program** was first implemented in 1996. Later, with the passage of R.A. 10848 in May 2016 the implementation of the program was extended but under the management of the Land Bank of the Philippines. The ACEF lending program aims to increase the productivity and incomes of farmers and fisherfolk by providing them affordable credit to acquire production, postharvest, processing machineries, equipment and facilities or buy farm inputs. Farmers can avail of ACEF loans individually or collectively through the Farmers' Cooperatives and Associations. In 2019, the program released a total of P1.036 Billion to 6,913 individual and group borrowers, a 11,100% jump from P25.2 Million released to only 30 borrowers in 2018.
- The **Sikat Saka Program**, in partnership with the Department of Agriculture, was started in 2012 with the aim of providing direct credit window and integrated support services to small palay and corn farmers. In 2019, the program has released a total of P1.9 billion in loans, a slight decrease (5.3%) to 2018 loans granted amounting to P2 Billion. The decrease was attributed to a notable number of past due of some borrowers.
- The **Agrarian Production Credit Program (APCP)** is a program jointly implemented by the Department of Agriculture (DA), the Department of Agrarian Reform (DAR), and the Land Bank of the Philippines (LBP). The program caters to Agrarian Reform Beneficiaries (ARBs) whose organizations are not yet eligible to avail of loans from LANDBANK. Eligible Agrarian Reform Beneficiary Organizations (ARBOs) avail of loans under the program and in turn re-lend to eligible ARBs to finance their agri-production projects and activities. A total of P1.25 Billion has been released in 2019, about 10% less than the P1.4 Billion that was released in 2018. The decrease can be attributed to LBP's slowing down in providing financial assistance under the program due to the increasing past due of some borrowers.

**Table 1. Volume of Loans Granted by Program  
For the Years 2018 and 2019**

Agri-Credit Program	2019		2018		% Increase/Decrease
	Loan Amount (PM)	% Share	Loan Amount (PM)	% Share	
<b>All DA - ACPC Programs</b>	<b>2,995</b>	<b>0.24%</b>	<b>980</b>	<b>0.09%</b>	<b>201.6%</b>
PUNLA/PLEA	543	0.04%	862	0.08%	-37.0%
SURE	65	0.01%	107	0.01%	-39.3%
CLEA	37	0.00%	11	0.00%	239.4%
AFME	2	0.00%	-	0.00%	-
SURE-Aid	2,106	0.17%	a/		
SURE-Hogs	3	0.00%			
BuyAnihan	200	0.02%			
<b>DA-NTA</b>	<b>235</b>	<b>0.02%</b>	<b>218</b>	<b>0.02%</b>	<b>7.6%</b>
<b>DA-BFAR</b>	<b>92</b>	<b>0.01%</b>	<b>72</b>	<b>0.01%</b>	<b>27.9%</b>
<b>DA-SRA</b>	<b>211</b>	<b>0.02%</b>	<b>34</b>	<b>0.00%</b>	<b>520.6%</b>
<b>All DBP Programs</b>	<b>11,197</b>	<b>0.92%</b>	<b>7,071</b>	<b>0.62%</b>	<b>58.3%</b>
DBP internally-funded programs (4)	10,913	0.89%	7,071	0.62%	54.3%
DBP - ERCARCEF	284	0.02%	a/		
<b>All LBP Programs</b>	<b>1,207,886</b>	<b>98.80 %</b>	<b>1,134,368</b>	<b>99.27%</b>	<b>6.5%</b>
LANDBANK internally-funded programs (6)	1,203,532	98.44 %	1,130,934	99.97%	6.4%
LBP - ERCARCEF	161	0.01%	a/		
LBP - ACEF	1,036	0.08%	25	0.00%	4044.2%
LBP - SIKAT SAKA	1,908	0.16%	2,015	0.18%	-5.3%
LBP - APCP	1,249	0.10%	1,394	0.12%	-10.4%
<b>Grand Total</b>	<b>1,222,576</b>	<b>100%</b>	<b>1,142,743</b>	<b>100%</b>	<b>8%</b>

a/ Started only in 2019



## **Agri - Credit Programs by Borrower Type (Group or Individual)**

Credit programs are designed according to the specific needs of their target clientele. Table 2 shows the different government agencies with their corresponding programs and the types of clientele that they cater to, i.e. whether individuals (small farmers and fisherfolk), groups (cooperatives, associations, etc.) or both.

### **Programs Catering to Individual Borrowers**

Of the 26 agri-fishery credit programs implemented by various government agencies, 6 are identified as catering exclusively to individual farmers/fisherfolk. Four (4) of these are programs of the DA-ACPC (PLEA Program, Sure Program, Sure-Aid Program, and Sure-Hogs Program) while 2 are LBP programs (Sikat Saka Program and the APCP Program). In 2019, these programs have a combined total of 175,463 individual borrowers. By comparison, in 2018, only 2 DA-ACPC programs (PLEA and SURE) and 2 LBP programs (Sikat Saka Program, APCP Program) catered to individual farmers and fisherfolk reaching a combined total of 51,632 individual borrowers. Of the total loans released in 2019, ACPC's share of loans granted amounted to P2.7 billion for the four programs, while loans released by LBP to the two programs amounted to P3.1 billion for a total of P5.8 billion to individual borrowers.

### **Programs Catering to Group Borrowers**

On the other hand, 3 programs are identified as catering exclusively to groups (cooperatives, farmer's association, etc.). These are the CLEA, AFME, and BuyANihan programs of ACPC. These programs extended loans amounting to a combined total of P239 million to 10 cooperatives in 2019.

### **Programs Catering to Both individual and Group borrowers**

The rest of the 5 programs under the umbrella of the Department of Agriculture target both individual small farmers/fisherfolk as well as farm/fishing groups (3 programs of the NTA, and 1 program each of BFAR and SRA.)

NTA released a total amount of P235 million to 13,375 individual and group borrowers in 2019 compared to P218 million loans granted in 2018 to 10,642 individual and group borrowers.

BFAR, on the other hand released P68 million of loans in 2019 to 7 individual borrowers and P1 million to 1 cooperative with 66 group borrowers, while in 2018 P28 million was released to 7 individual borrowers and 1 million to 1 group borrower.

SRA, in 2019 released loan amount of P169 million to 1,254 individual borrowers, P42 million to 6 group borrowers compared to P34 million loan released in 2018 to 225 individual borrowers only.

In the case of both DBP and LBP, their agri-fishery credit programs cater to a wider array of borrowers - from individuals to cooperatives and farmers' associations, to corporate groups. However, both banks are currently implementing a common credit program, the ERCA-RCEF loan program, each with separate loan portfolio. In 2019, DBP, released total loans amounting to P218

thousand to 20 individual borrowers, P327 million to 5 cooperatives, and P10.9 billion to 263 diverse groups (others).

On the other hand, LBP, which also implements both the ERCA\_RCEF and ACEF Loan Programs released total loans amounting to P19.1 billion to 12,312 individual borrowers, P84.22 billion to 1,307 cooperatives and P1.1 trillion to 4,556 diverse groups of borrowers (others). In comparison, LBP released, in 2018, the amount of P26.8 billion to 12,426 individual borrowers, P79.6 billion to 1,870 cooperatives and P1.0 trillion to 4,830 diverse group of borrowers (Others).

**Table 2.A. Total Number of Individual  
For the Years 2018 and 2019**

Program	Year 2019				Year 2018				% Increase/ Decrease for Individuals	% Increase/ Decrease for Groups
	No. of Individual	% Share	No. of Groups	% Share	No. of Individual	% Share	No. of Groups	% Share		
PLEA	13,537	6.7%	a/		22,486	30.0%	a/		-39.8%	a/
SURE	2,595	1.3%			13,537	18.1%			-80.8%	
CLEA	b/		8	0.1%	b/	b/	3	0.0%	b/	166.7%
AFME			1	0.0%			-	-		
SURE-Aid	140,409	69.3%	a/		c/		c/		c/	
SURE-Hogs	112	0.1%								
BuyANIhan	b/		1	0.0%	c/		c/		c/	
DA-BFAR	7	0.0%	66	1.1%	7	0.0%	1	0.01%	0.0%	6500.0%
DA-NTA f/	13,375	6.6%	f/		10,642	14.2%	-	-	25.7%	-
DA-SRA	1,254	0.6%	6	0.1%	225	0.3%	-	-	457.3%	-
DBP (internally- funded programs)	20	0.0%	4	0.1%	21	0.0%	5	0.07%	-4.8%	-20.0%
DBP-ERCA RCEF	b/		1	0.0%	b/		c/		c/	
Others d/	-	-	263	4.2%	-	-	178	2.6%	-	47.8%
Land Bank (internally- funded programs)	5,106	2.5%	1,187	19.1%	12,400	16.5%	1,826	26.5%	-58.8%	-35.0%
LBP-ERCA RCEF	405	0.2%	8	0.1%	c/		c/		c/	
LBP-ACEP	6,801	3.4%	112	1.8%	26	0.0%	4	0.06%	26057.7%	11100.0%
LBP-SIKAT SAKA	17,925	8.9%	a/		14,755	19.7%	a/		21.5%	a/
LBP-APCP	885	0.4%			854	1.1%			3.6%	
Others e/	-	-	4,556	73.3%	-	-	4,830	70.1%	-	6.0%
<b>Total</b>	<b>202,542</b>	<b>100%</b>	<b>6,213</b>	<b>100%</b>	<b>74,957</b>	<b>100%</b>	<b>6,847</b>	<b>100%</b>	<b>170%</b>	<b>-10%</b>

a/ Not applicable since under the guidelines of these programs, the target borrowers are individual farmers and fisherfolk.

b/ Not applicable since under the guidelines of these programs, the target borrowers are organizations such as cooperatives, farmers' and irrigators' associations.

c/ SURE Aid, Sure Hogs, ERCA-RCEF, and Buyanihan Programs only started in year 2019.

d/ Others includes: Single Proprietorship, Partnership, Private Corporation- Financial Monetary, Monetary, and Private Corporation- Non- Financial

e/ Others includes: FI/CFI/RB, Large Corporate, SME, GOCC, LGU, National Government, NGO, Public Sector Entities

f/ This may include individual and group borrowers since NTA only provided aggregate data for both borrowers.

**Table 2.B. Amount of Loans Granted  
For the Years 2018 and 2019  
(in P Million)**

Program	Year 2019				Year 2018				% Increase/Decrease for Individuals	% Increase/Decrease for Groups
	Amount of Loans Granted to Individuals	% Share	Amount of Loans Granted to Groups	% Share	Amount of Loans Granted to Individuals	% Share	Amount of Loans Granted to Groups	% Share		
PLEA	543	2.1%	a/		862	2.7%	a/		-37.0%	a/
SURE	65	0.3%			108	0.3%			-39.8%	
CLEA	b/		37	0.0%	b/		11	0.0%	b/	236.4%
AFME			2	0.0%			-	0.0%		
SURE-Aid	2,106	8.3%	b/		c/		c/		c/	
SURE-Hogs	3	0.0%								
BuyANIhan	b/		200	0.0%	c/		c/		c/	
DA-BFAR	63	0.3%	1	0.0%	28	0.1%	1	0.0%	142.9%	0.0%
DA-NTA f/	235	0.9%	-	-	218	0.7%	-	-	7.8%	0.0%
DA-SRA	169	0.7%	42	0.0%	34	0.1%	-	-	397.1%	0.0%
DBP (internally-funded programs)	0.218	0.0%	43	0.0%	0.41	0.0%	53	0.0%	-48.8%	-23.3%
DBP-ERCARCEF	b/		284	0.0%	c/		c/		c/	
Others d/	-	-	10,870	0.9%	-	-	7,017	1%	-	35.4%
LBP (internally-funded programs)	17,999	70.8%	84,087	7.0%	26,766	85%	79,616	7%	-32.8%	5.3%
LBP ERCA RCEF	32	0.0%	129	0.0%	c/		c/		c/	
ACEF g/	1,036	4.1%	g/		25	0%	g/		4044.0%	-
SIKAT SAKA	1,908	7.5%	a/		2,015	6%	a/		-5.3%	a/
APCP	1,249	4.9%			1,394	4%			-10.4%	
Others e/	-	-	1,101,468	92.0%	-	0%	1,024,595	92%	0.0%	7.0%
<b>Total</b>	<b>25,413</b>	<b>100%</b>	<b>1,197,162</b>	<b>100%</b>	<b>31,450</b>	<b>100%</b>	<b>1,111,293</b>	<b>100%</b>	<b>-19%</b>	<b>7%</b>

*a/ Not applicable since under the guidelines of these programs, the target borrowers are individual farmers and fisherfolk.*

*b/ Not applicable since under the guidelines of these programs, the target borrowers are organizations such as cooperatives, farmers' and irrigators' associations.*

*c/ SURE Aid, Sure Hogs, ERCA-RCEF, and Buyanihan Programs only started in year 2019.*

*d/Others includes: Single Proprietorship, Partnership, Private Corporation- Financial Monetary, Monetary, and Private Corporation- Non- Financial*

*e/ Others include: FI/CFI/RB, Large Corporate, SME, GOCC, LGU, National Government, NGO, Public Sector Entities*

*f/ This may include both individual and group borrowers since NTA only provided an aggregate amount.*

*g/ This may include both individual and group borrowers since LBP only provided an aggregate amount.*

## By Loan Purpose

Table 3 shows the distribution of government program loans. In 2019, loans granted to support the production of various agricultural commodities amounted to P380.7 billion or 31% of the total loans granted. The rest of the government loans were used for various other loan purposes: a) working capital – P37 million; b) acquisition of farm machineries – P8 million; c) marketing – P607 million; d) processing – P8 billion; and e) others – P830 billion, equivalent to 68.6% of total loans granted to 6,843 borrowers.

Three (3) commodities that stood out in terms of volume of loans in 2019 are livestock, poultry, and rice. As a commodity, livestock registered the biggest total loans granted under government agri-fishery programs in 2019 amounting to P31.5 billion or 3% of the total. Livestock loans increased by 25% from P25.1 billion loans granted for this type of commodity in 2018. The number of livestock borrowers, on the other hand, decreased by 37% from 5,194 in 2018 to 3,260 in 2019. This is due to increases in the loan amount of big loan borrowers while the number of small hog raisers decreases due to ASF.

For poultry, the amount of loans released reached P21 billion or 2% of the loans granted under government agri-fishery programs in 2019. The amount of poultry loans increased by 27% from the P16 billion released in 2018 to P21 billion in 2019. However, the number of poultry borrowers, on the other hand, declined by 14% to 456 from 528 borrowers in 2018. This is brought about by increases in loan amount of big borrowers especially with the participation of agri-integrators in broiler contract growing industry. At the same time the loan amount of small loan borrowers decreased due to the Avian Flu virus that affected a number of small poultry farms.

Loans released for rice under the various government agricultural credit programs amounted to P19 billion or 2% of total releases for all programs in 2019. The amount also represents a 10% increase from the P17 billion that was released for the same commodity in 2018. The number of rice borrowers showed a dramatic 417% increase, i.e. from 31,079 borrowers in 2018 to 160,619 in 2019. This is attributed to the launching of several new credit programs in 2019, particularly by ACPC intended to mitigate the effects of the introduction of Republic Act 11203 or the Rice Tariffication Law (RTL).

Below is a summary of the lending performance for the other commodities:

- For high-value commercial crops (HVCC), loans released in 2019 amounted to P7.5 billion or 1% of the total amount of loans granted under all government agri-fishery credit programs. The amount is a 16% improvement from the P6.5 billion loans granted for HVCC in 2018. The number of HVCC borrowers, on the other hand, dropped significantly by 57% from 9,472 in 2018 to 4,101 in 2019;
- For fisheries/aquaculture, loans released in 2019 only slightly increased (i.e. by 6%) to P5.3 billion from P5 billion in 2018. The number of fisherfolk-borrowers, on the other hand, went down by 44% from 2,412 in 2018 to 1,356 in 2019;
- Loans for sugarcane slightly decreased (i.e. by 1%) to P3.27 billion from P3.3 billion in 2018. The number of sugarcane borrowers likewise declined 21% to 757 from 959 in 2018. This is due to the reported contraction in planting area with sugarcane farmers shifting to other

crops due to the drop in the price of sugar with the entry of cheaper imported sugar in the market.

- Loan releases for corn increased 29% to P1.7 billion from P1.4 billion in 2018. On the other hand, the number of borrowers decreased by 36% to 1,724 from 2,690 in 2018;
- Coconut suffered a decline (i.e. 47%) in loans to P632 million from P1.2 billion in 2018. The number of borrowers likewise declined by 35% to 125 from 193 borrowers in 2018. While the number of big loan borrowers decreased, the number of small borrowers also decreased as a result of the drop in price of coconut oil because of stiff competition from palm oil. Some coconut farmers shifted to growing other crops while others sell their lands to oil palm growers;
- Loans for tobacco amounted to P157 million in 2019, decreasing by 6% from P168 million released in 2018. On the other hand, the number of borrowers increased by 74% to 8,849 from 5,092 in 2018.

**Table 3. Amount of Loans Granted by Commodity**

For the period indicated

LOAN PURPOSE	January - December 2019		% Share	January - December 2018		% Share	% Increase/Decrease in Loan Amount	% Increase/Decrease in No. of Borrowers
	Amount (PM)	No. of Borrowers		Amount (PM)	No. of Borrowers			
	<b>PRODUCTION</b>							
<b>By Commodity</b>								
Rice	19,083.69	160,619	2%	17,291.46	31,079	2%	10%	417%
Corn	1,737.53	1,724	0%	1,350.14	2,690	0%	29%	-36%
Coconut	630.09	125	0%	1,181.48	193	0%	-47%	-35%
Sugarcane	3,260.83	757	0%	3,300.43	959	0%	-1%	-21%
Tobacco	157.14	8,849	0%	168.04	5,092	0%	-6%	74%
HVCC (a/)	7,546.99	4,101	1%	6,520.34	9,472	1%	16%	-57%
Fisheries/Aquaculture	5,302.85	1,356	0%	5,011.70	2,412	0%	6%	-44%
Livestock	31,479.09	3,260	3%	25,117.36	5,194	2%	25%	-37%
Poultry	20,824.07	456	2%	16,451.70	528	1%	27%	-14%
Others (specify)	290,714.93	1,820	24%	247,899.54	1,882	22%	17%	-3%
<b>WORKING CAPITAL</b>	37.00	8	0%	10.90	3	0%	239%	167%
<b>ACQUISITION OF FARM MACHINERIES</b>	8.43	74	0%	1.36	19	0%	520%	289%
<b>MARKETING</b>	606.68	74	0%	834.65	66	0%	-27%	12%
<b>PROCESSING</b>	7,937.27	1,534	1%	7,521.38	2,252	1%	6%	-32%
<b>OTHERS (specify)*</b>	830,090.96	5,153	68%	806,673.13	5,552	71%	3%	-7%
<b>UNSPECIFIED**</b>	3,157.40	18,810	0%	3,409.23	15,609	0%	-7%	21%
<b>Grand Total</b>	<b>1,222,575</b>	<b>208,720</b>	<b>100%</b>	<b>1,142,743</b>	<b>83,002</b>	<b>100%</b>	<b>7%</b>	<b>151%</b>

*\*Others – This includes accommodation and Food Service Activities, Activities of Household as Employers; Undifferentiated Goods-and Services-Producing Activities of Households for Own Use, Administrative and Support Service Activities, Arts, Entertainment and Recreation, Construction, Education, Electricity, Gas, Steam and Air Conditioning Supply, Financial and Insurance Activities, Financial Service Activities except Insurance, Human Health and Social Work Activities, Information and Communication, Manufacturing, Mining and Quarrying, Others, Other Service Activities, Professional, Scientific and Technical Activities, Public Administration and Defense; Compulsory Social Security, Real Estate, Transportation and Storage, Water Supply: Sewerage; Waste Management and Remediation Activities, Wholesale and Retail Trade.*

*\*\*Unspecified - loans from agencies whose purpose/s were not specified/identified.*

## By Region

Table 4 shows the regional spread of government agri-fishery loans across the major island groups. The Luzon island group received the bulk of all program loan releases amounting to P967 billion (79%). The amount of government agri-fishery loans released in Luzon also increased by 6% from P909 billion in 2018. The number of Luzon-based borrowers (i.e. 119,928) comprise 61% of the total number of program borrowers for the whole country. Luzon borrowers also increased the most, i.e. by 189% from 41,456 in 2018.

For the Visayas area, the P129 billion combined government program loan releases accounted for 11% of the state's total agri-fishery loans in 2019. Government program releases in the Visayas increased by 7% from P120 billion in 2018. The number of borrowers, on the other hand, increased by a more significant 92%, i.e. from 13,736 in 2018 to 26,427 in 2019.

Finally, the P127 billion combined loan releases of various government agri-fishery credit programs in Mindanao make up 10% of the total. Loans released by the programs in Mindanao increased 12% from P113,843 in 2018. With respect to the number of borrowers, there was a substantial increase of 116% to 35,416 from 16,420 borrowers in 2018.

**Table 4. Amount of Loans Granted by Region**  
For the period indicated

Regions	2019		% Share	2018		% Share	% Increase/Decrease in Loan Amount	% Increase/Decrease in No. of Borrowers
	Amount	No. of Borrowers		Amount	No. of Borrowers			
	(PM)			(PM)				
<b>LUZON</b>	<b>966,839</b>	<b>119,928</b>	<b>79%</b>	<b>908,989</b>	<b>41,456</b>	<b>80%</b>	<b>6%</b>	<b>189%</b>
NCR	727,021	855	59%	699,090	677	61%	4%	26%
CAR	5,029	3,401	0%	4,480	2,410	0%	12%	41%
Reg. I	31,465	16,158	3%	25,942	7,330	2%	21%	120%
Reg. II	41,527	18,564	3%	39,085	8,883	3%	6%	109%
Reg. III	83,635	39,564	7%	68,973	9,011	6%	21%	339%
Reg. IV-A	34,472	21,982	3%	29,050	2,965	3%	19%	641%
Reg. IV-B	31,383	13,398	3%	27,914	6,960	2%	12%	93%
Reg. V	12,306	6,006	1%	14,455	3,220	1%	-15%	87%
<b>VISAYAS</b>	<b>128,514</b>	<b>26,427</b>	<b>11%</b>	<b>119,694</b>	<b>13,736</b>	<b>10%</b>	<b>7%</b>	<b>92%</b>
Reg. VI	29,431	11,360	2%	29,916	6,863	3%	-2%	66%
Reg. VII	84,420	3,657	7%	78,050	2,961	7%	8%	24%
Reg. VIII	14,663	11,410	1%	11,728	3,912	1%	25%	192%
<b>MINDANAO</b>	<b>126,987</b>	<b>35,416</b>	<b>10%</b>	<b>113,843</b>	<b>16,420</b>	<b>10%</b>	<b>12%</b>	<b>116%</b>
Reg. IX	8,920	1,930	1%	8,117	3,238	1%	10%	-40%
Reg. X	18,555	6,492	2%	21,367	2,510	2%	-13%	159%
Reg. XI	36,791	5,038	3%	23,991	2,272	2%	53%	122%
Reg. XII	49,342	17,173	4%	48,379	6,275	4%	2%	174%
CARAGA	11,853	4,633	1%	10,422	1,938	1%	14%	139%
ARMM	1,525	150	0%	1,567	187	0%	-3%	-20%
Unclassified*	235	13,375	0%	218	10,642	0%	8%	26%
<b>Grand Total</b>	<b>1,222,575</b>	<b>195,146</b>	<b>100%</b>	<b>1,142,743</b>	<b>82,254</b>	<b>100%</b>	<b>7%</b>	<b>137%</b>



## **Loans Outstanding and Past Due Loans**

Total loans outstanding in 2019 under all the government agri-fishery credit programs amounted to P75 billion. Land Bank reported the biggest outstanding loans amounting to P56 billion followed by DBP (i.e, P11 billion). Programs under ACPC, on the other hand, have outstanding loans amounting to a combined total of P4 billion.

In terms of past due amount, DBP reported P2.2 million in past due loans or a past due rate of 0.02%. The APCP program, meanwhile, reported a total past due amount of P832 million or a past due rate of 45%. The high past due rate is due to willful default of borrowers (i.e. loan payments shifted to emergency uses) and low incomes from harvest due to force majeure events and pest infestation. The Sikat Saka program reported past due amount of P272 million or past due rate of 23% and repayment rate of only 23%. This is due to low incomes from harvest brought about by a series of typhoons that hit the country and the introduction of the Rice Tariffication Law in 2019 which brought down the farm gate prices of palay.

For ACPC programs, the combined past due amount totaled P92 million or equivalent to a past due rate of only 2%. Overall repayment rate for ACPC programs in 2019 is 90%.

The DA-NTA program's outstanding loans amounted to P93 million. Past due amount is P51 million with past due rate of 54%.

The DA-BFAR program has outstanding loans amounting to P74 million. Past due loans under the program amount to P19 million, or a past due rate of 26%. The past due amount is due only to two borrowers who failed to settle their loan obligations. One of the loans is currently undergoing restructuring procedure.

**Table 5. Amount of Loans Outstanding/Past Due  
For the period indicated**

<b>As of December 2019</b>				
<b>Lending Agency/ Programs</b>	<b>Loans Outstanding (PM)</b>	<b>Past Due</b>		<b>Repayment Rate (%)</b>
		<b>Amount (PM)</b>	<b>Rate (%)</b>	
<b>DA-ACPC</b>				
PLEA	1,780	91	5	90
SURE	250	1	0.5	95
SURE-Aid	2,106	<b>a/</b>		
SURE-Hogs	2			
BuyANIhan	200			
CLEA	47			
AFME	2	0	0	<b>a/</b>
<b>Sub-Total</b>	<b>4,387</b>	<b>92</b>	<b>2</b>	<b>90</b>
<b>DA-NTA</b>	93	51	55	<b>b/</b>
<b>DA-BFAR</b>	74	19	26	
<b>DA-SRA</b>	108	0	0	
<b>DBP</b>	11,197	2	0.02	
<b>LANDBANK</b>	56,453	<b>b/</b>		<b>b/</b>
Sikat-Saka	1,198	272	23	
APCP	1,835	832	45	
<b>Grand Total</b>	<b>75,345</b>	<b>c/</b>		

*a/ Repayment under these programs are /not yet due.*

*b/ No data provided*

*c/Insufficient data*

## **A. PCIC INSURANCE PROGRAMS**

### **1. Description of Programs**

The Philippine Crop Insurance Corporation (PCIC) was created under P.D. 1467 on 11 June 1978. Its charter was amended by P.D. 1733 on 21 October 1980 and R.A. 8175 on 29 December 1995. The primary mandate of PCIC is to provide protection for crops against losses caused by natural calamities, earthquake, typhoons, drought, volcanic eruptions, plant pest infestations, as well as protection for agricultural assets due to risk.

There are six (6) types of PCIC insurance programs available to farmers, fisherfolk, lending institutions, and other agricultural stakeholders:

- 1) Insurance for Rice and Corn – extended to rice and corn farmers against losses due to natural calamities and occurrence of plant pests and diseases;
- 2) Insurance for High Value Commercial Crops – extended to HVCC farmers against the same threats;
- 3) Insurance for Livestock – protection against loss of carabao, cattle, horse, swine, goat, poultry and game animals due to accidental death or diseases;
- 4) Fisheries Insurance – protects against losses in fish and fishery/aquatic products due to natural calamities and fortuitous events;
- 5) Non-Crop Insurance Program – protects the owner of agricultural assets such as warehouses, rice mills, irrigation facilities and other agricultural machineries from losses due to risks such as fire, lightning, theft, or earthquake; and
- 6) Credit and Life Term Insurance
  - Agricultural Producers Protection Plan- insurance protection for agricultural producers, fisherfolk and other agricultural stakeholders that covers the death insured due to accident, natural causes, and murder or assault.
  - Loan Repayment Protection Plan- insurance protection for agricultural producers, fisherfolk and other agricultural stakeholders that guarantees the payment of the face value or the amount of the approved agricultural loans or Agri related microfinance or livelihood loans upon the death or total permanent disability of the insured borrower due to accident, natural causes and murder or assault.
  - Accident and Dismemberment Security Scheme- an insurance protection for agricultural producers, fisherfolk and other stakeholders that covers death and dismemberment or disablement of the insured due to accident.

The amount of insurance cover from PCIC varies with each policy, which is based on the costs of production inputs as indicated in the farm plan and budget that the farmers are required to submit to PCIC upon application. For fisheries insurance, the insurance may also cover the value of own and hired labor as long as this is specified in the fisheries farm plan and budget. The amount of cover for certain insurance products is subject to cover ceilings, depending on the crop insured and on the variety of the crop (PCIC, 2019).

## **2. Insurance Coverage and Outreach**

### **a. By Program/Commodity**

The total value of PCIC's insurance portfolio increased by 39% in 2019 (Table 6). Total number of insurance beneficiaries also increased by an almost equal 37%. The highest increase in value was due to Credit and Life Term Insurance, which went up 63%. In terms of number of beneficiaries covered, the highest increase was in Corn production which increased by 58%. Aside from corn, other production activities that registered increases in value of insurance cover and number of individuals covered in 2019 were Rice and Livestock. PCIC's Non-Crop Insurance also increased in 2019. It is also worth noting that the number of clients availing of Credit and Life Term Insurance registered an also significant increase of 57%.

Based on PCIC reports, the increases in insurance coverage for Rice and Corn are due particularly to the following: 1) Increasing participation of cooperatives and farmers' organizations/ associations and other lending institutions in Land Bank of the Philippines' rice and corn production loan programs; ii) Implementation of full government subsidy on the insurance premium for farmers listed in the Registry System of Basic Sectors in Agriculture (RSBSA); 3) Inclusion of insurance coverage as a requirement for farmers participating in DA Programs such as the Production Loan Easy Access (PLEA) and Survival Recovery Assistance (SURE) programs.

Insurance of Fisheries projects and High-Value Commercial Crops (HVCC), on the other hand, registered declines in both value of cover and number of clients insured. Fisheries registered greater declines in both value (-55%) and number (-58.5%). According to PCIC, the decrease in fishery insurance is attributed simply to the reclassification of the insurance of fishing gear. Fishing gear insurance was recorded under Non-crop insurance in 2019. The decrease in HVCC insurance coverage, meanwhile, is attributed to non-renewal of PCIC insurance by the farmers.

For 2019, total insurance coverage of PCIC amounted to P112.06 billion. Around a third of this amount (P37.9 billion) is due to Credit and Life Term Insurance, benefiting 862,511 individual farmers. On the other hand, a little more than a quarter of the total value of insurance covered Rice production for 1,009,757 farmers. Insurance cover for Livestock amounted to a total of P11.7 billion, benefiting 473,440 livestock raisers. Insurance cover for Corn was valued at P10.6 billion and covered 392,851 farmers. For High-Value Commercial Crops (HVCC), insurance cover reached P10.3 billion, providing protection to 199,848 farmers.

Lowest insurance values were in the production of tobacco (P0.021billion), poultry (P.054 billion), sugarcane (P.49 billion), and fisheries (P.69 billion). Tobacco and sugarcane have limited production areas and most farmers are not yet listed under the RSBSA. Furthermore, the insurance value for HVCC decreased because sugarcane, tobacco and coconut were classified separately in 2019. On the other hand, for poultry, most of the insured were small backyard poultry raisers who grow less than 1,000 heads per cycle, covered with fully subsidized insurance program. While for fisheries, the lesser value of insurance coverage is attributed simply to the reclassification of the insurance of fishing gear. Fishing gear insurance was recorded under Non-crop insurance in 2019.

**Table 6. Insurance Coverage, by Commodity  
(2018 and 2019)**

Commodity/Program	2018		2019		Increase / Decrease (%)	
	Amount (PM)	No.	Amount (PM)	No.	Amount	No.
Rice	22,765.76	785,520	28,860.67	1,009,757	26.77	28.55
Corn	7,122.28	248,826	10,596.63	392,851	48.78	57.88
High value crops	16,265.77	313,060	10,325.58	199,848	(36.52)	(36.16)
Sugarcane	*	*	485.73	6,733	*	*
Coconut	*	*	8,342.94	141,713	*	*
Tobacco	*	*	21.09	1,449	*	*
Livestock	7,858.65	336,212	11,757.63	473,440	49.61	40.82
Poultry	**	**	54.04	1,732	**	**
Fisheries	1,530.96	40,496	685.93	16,819	(55.20)	(58.47)
Non-crop	2,083.77	34,496	3,020.23	44,754	44.94	29.74
Credit and Life Term Insurance	23,259.03	549,961	37,915.04	862,511	63.01	56.83
<b>Total</b>	<b>80,886.23</b>	<b>2,308,571</b>	<b>112,065.50</b>	<b>3,151,607</b>	<b>38.55</b>	<b>36.52</b>

\* Classified separately only in 2019. These crops were previously included under HVCC.

\*\* Classified separately only in 2019. Poultry was previously included under the category Livestock and poultry.

### **b. By Area Coverage (Crop and Fisheries Production) and Number of Heads (Livestock and Poultry)**

In terms of total agricultural area insured, the aggregate insured area for rice, corn, sugarcane, coconut, tobacco, and HVCC in 2019 is 2.4 million hectares, increasing by 29% from the previous year (Table 7). Corn registered the highest increase in insured area for a particular type of crop, which rose by almost 50%. The reasons for increase are 1) corn farmers have actively participated in various insurance programs being implemented by PCIC in partnership with DA, LBP, LGU and other agricultural stakeholders, and 2) region 2, as one of the major corn producers has actively participated in PCIC corn insurance program. However, in terms of absolute area insured, the aggregate area of 1.3 million hectares of insured rice farms remains the largest for any singular type of crop.

By type of insurance product, credit and life term insurance shows the most dramatic increase in number of clients, with the number of issued insurance policies increasing by 143%. PCIC attributes this to the increase in participation of farmers and fisherfolk in DA programs which require their enrolment in life term insurance. Insurance policies issued for livestock and non-crop beneficiaries also increased by 23.20% and 58.71%, respectively.

Non-renewal of insurance by some HVCC farmers resulted in the significant -44% decrease in HVCC area insured. The number of insurance policies issued for fisheries projects also declined by -49.5%. This is attributed to the reclassification of the insurance of fishing gear. Fishing gear insurance was recorded under Non-crop insurance in 2019.

**Table 7. PCIC Insurance Coverage, by No. of Hectares, No. of Heads Covered, No. of Policies Issued (2018-2019)**

Commodity/ Program	Hectarage or No. of Heads Covered or No. of Policies Issued				Increase/ Decrease (%)
	2018		2019		
	Qty	Unit	Qty	Unit	
Rice	1,050,343	Hectares	1,342,701	Hectares	28%
Corn	371,129	Hectares	548,481	Hectares	48%
High Value Crops	424,395	Hectares	238,128	Hectares	(44%)
Sugarcane	*	Hectares	10,317	Hectares	*
Coconut	*	Hectares	237,904	Hectares	*
Tobacco	*	Hectares	1,046	Hectares	*
<b>Sub-total</b>	<b>1,845,867</b>	<b>Hectares</b>	<b>2,378,576</b>	<b>Hectares</b>	<b>29%</b>
Livestock	994,903	Heads	1,225,736	Heads	23%
Poultry	**	Heads	349,910	Heads	**
Fisheries	5,354	Insurance Policies	2,705	Insurance Policies	(49.50%)
Non-Crop	5,488	Insurance Policies	8,710	Insurance Policies	59%
Credit and Life Term Insurance	177,615	Insurance Policies	431,492	Insurance Policies	143%

\* Classified separately only in 2019. These crops were previously included under HVCC.

\*\* Classified separately only in 2019. Poultry was previously included under the category Livestock and poultry.

### c) By Region

In terms of amount of insurance cover in a given region, Table 8 shows that the top 3 regions for 2019 are Regions VI (P17.58M), II (P15.46M), and IV (P10.25M). The regions with the least insurance cover are Regions III (P4M), III-A (P4.8M), and X (P5.87M).

On the other hand, in terms of number of beneficiaries per region, the greatest outreach of PCIC's insurance programs were in Regions VI (498,134), II (425,336), and I (367,396). The lowest numbers of insurance beneficiaries are in Regions III-A (99,596), III (104,320), and XI (135,386).

Both the highest increase in amount of insurance coverage and highest increase in number of beneficiaries were observed in Region II at 99.79% and 107.45%, respectively. Overall, though, amount of insurance coverage and number of beneficiaries increased for all regions as well. The

distribution for the allocations/target is based on the number of farmers and fisherfolk which is prorated in the RSBSA listed farmers/fishers per province.

**Table 8. Insurance Coverage, by Region  
(2018 and 2019)**

Region	2018				2019				Increase/ Decrease (%)	
	Amount (PM)	% Share	No. of Beneficiaries	% Share	Amount (PM)	% Share	No. of Beneficiaries	% Share	Amount (PM)	No. of Beneficiaries
I	5,692.80	7.0%	250,836	10.9%	8,586.99	7.7%	367,396	11.7%	50.84%	46.47%
II	7,739.54	9.6%	205,027	8.9%	15,462.73	13.8%	425,336	13.5%	99.79%	107.45%
III	2,978.13	3.7%	79,396	3.4%	4,008.91	3.6%	104,320	3.3%	34.61%	31.39%
III-A	3,952.50	4.9%	84,266	3.7%	4,821.51	4.3%	99,596	3.2%	21.99%	18.19%
IV	8,986.18	11.1%	154,091	6.7%	10,252.76	9.1%	223,494	7.1%	14.09%	45.04%
V	5,491.874	6.8%	197,185	8.5%	7,439.44	6.6%	218,129	6.9%	35.46%	10.62%
VI	13,400.65	16.6%	383,500	16.6%	17,586.49	15.7%	498,134	15.8%	31.24%	29.89%
VII	8,310.64	10.3%	305,885	13.2%	9,913.16	8.8%	316,747	10.1%	19.28%	3.55%
VIII	5,322.07	6.6%	181,489	7.9%	8,179.95	7.3%	241,731	7.7%	53.70%	33.19%
IX	4,553.54	5.6%	115,996	5.0%	6,081.29	5.4%	159,056	5.0%	33.55%	37.12%
X	4,942.36	6.1%	140,118	6.1%	5,872.28	5.2%	189,660	6.0%	18.82%	35.36%
XI	5,504.54	6.8%	85,188	3.7%	7,418.07	6.6%	135,386	4.3%	34.76%	58.93%
XII	4,011.42	5.0%	125,594	5.4%	6,441.94	5.7%	172,622	5.5%	60.59%	37.44%
All Regions	80,886.23	100.0%	2,308,571	100.0%	112,065.50	100.0%	3,151,607	100.0%	38.55%	36.52%

**d) By Type of Financing (Bank-Financed and Self-Financed)**

PCIC crop insurance covers both bank-financed and self-financed rice and corn farmers (Table 9). For 2019, PCIC insurance was again more widely used by self-financed than by bank-financed farmers. Only 8% of the farmers insured (both rice and corn) are bank-financed and, on the other hand, more than ninety percent of the insured farmers are self-financed. Moreover, amount of insurance cover for self-financed farmers (both rice and corn) grew by more than twice the growth in amount for bank-financed farmers in 2019, while the number of insured self-financed farmers grew by as much as 7 times the growth of insured bank-financed farmers. Greater availments of insurance by self-financed farmers is again attributable in large part to the full insurance subsidy for farmers listed in the RSBSA.

**Table 9. Insurance Coverage of Bank-Financed and Self-Financed Farmers: Rice & Corn  
(2018 and 2019)**

Commodity/ Program	Year-end 2018			Year-end 2019			% Change		
	Bank-Financed	Self-Financed	Total	Bank-Financed	Self-Financed	Total	Bank-Financed	Self-Financed	Total
<b>Rice</b>									
No. of Beneficiaries	86,093	699,427	785,520	88,450	921,307	1,009,757	2.74%	31.72%	28.55%
Share (%)	11%	89%	100%	9%	91%	100%	n/a	n/a	n/a
Amount of Insurance Cover (PM)	4,829.87	17,935.89	22,765.76	5,512.00	23,348.67	28,860.67	14.12%	30.18%	26.77%
Share (%)	21%	79%	100%	19%	81%	100%	n/a	n/a	n/a
<b>Corn</b>									
No. of Beneficiaries	17,547	231,279	248,826	21,018	371,833	392,851	19.78%	60.77%	57.88%
Share (%)	7%	93%	100%	5%	95%	100%	n/a	n/a	n/a
Amount of Insurance Cover (PM)	599.05	6,523.23	7,122.28	842.30	9,754.33	10,596.63	40.61%	49.53%	48.78%
Share (%)	8%	92%	100%	8%	92%	100%	n/a	n/a	n/a
<b>TOTAL</b>									
No. of Beneficiaries	<b>103,640</b>	<b>930,706</b>	<b>1,034,346</b>	<b>109,468</b>	<b>1,293,140</b>	<b>1,402,608</b>	<b>5.62%</b>	<b>38.94%</b>	<b>35.60%</b>
Share (%)	<b>10%</b>	<b>90%</b>	<b>100%</b>	<b>8%</b>	<b>92%</b>	<b>100%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Amount of Insurance Cover (PM)	<b>5,428.92</b>	<b>24,459.12</b>	<b>29,888.04</b>	<b>6,354.30</b>	<b>33,103.00</b>	<b>39,457.30</b>	<b>17.05%</b>	<b>35.34%</b>	<b>32.02%</b>
Share (%)	<b>18%</b>	<b>82%</b>	<b>100%</b>	<b>16%</b>	<b>84%</b>	<b>100%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

\*HVCC, Livestock, NCI, TIPP/CLTI & Fisheries unclassified

Disaggregated, the number of insured corn farmers (both self- and bank-financed) grew at a faster rate (58%) than the growth in the number of insured rice farmers (29%). Likewise, the amount of insurance availed by corn farmers grew at a faster rate (49%) than growth in amount of insurance that went to rice farmers (27%), whether self- or bank-financed. The reasons for increase are 1) corn farmers have actively participated in various insurance programs being implemented by PCIC in partnership with DA, LBP, LGU and other agricultural stakeholders, and 2) region 2, as one of the major corn producers has actively participated in PCIC corn insurance program.



### 3. Insurance Claims Paid

Increased aggregate insurance coverage in 2019 also resulted in increased amount of premium payments by P.733 billion or by 16% (Table 10). Again, this is primarily due to the increased government subsidies for almost all insurance product lines of PCIC, except the Credit and Life Term Insurance.

In spite of increased coverage, the amount of insurance claims paid, on the other hand, slightly decreased compared to its year-ago level, i.e. by 14%. However, this was only due to delays in the submission of reports coming from the PCIC regional offices. Hence, Damage Rate (i.e. Claims Paid/Amount of Cover) declined to 2.68% from 4.32% in 2018. Likewise, the Loss Ratio (i.e. Claims Paid/Premiums Earned) similarly went down to 52% from 70% in 2018 because of the rise in premium payments vis-à-vis the decline in the amount of insurance claims paid. Generally, the increase in insurance production/coverage would correspondingly increase in premiums generated.

**Table 10. Insurance Coverage and Claims  
(2018 and 2019)**

	<b>2018</b>	<b>2019</b>	<b>% Change</b>
<b>Amount of cover (PM)</b>	80,886.23	112,065.50	39%
<b>Amount of premiums (PM)</b>	4,954.44	5,728.09	16%
<b>Claims paid (PM)</b>	3,491.15	3,007.02	(14%)
<b>Damage rate (%) <sup>1/</sup></b>	4.32%	2.68%	(38%)
<b>Loss ratio (%) <sup>2/</sup></b>	70%	52%	(26%)

<sup>1/</sup>Damage Rate = Claims Paid/Amount of Cover

<sup>2/</sup>Loss Ratio = Claims Paid/Premiums Earned

Source: Philippine Crop Insurance Corporation (PCIC).

#### a. By Commodity

Table 11 shows the amount and number of PCIC insurance claims in 2019, by type of commodity. Rice recorded the highest Loss Ratio (i.e. Claims Paid/Premiums Earned) for a particular commodity in 2019 at 75%. This is because rice accounted for 72% of the total amount of insurance claims paid for the year (i.e. P2.17 billion). The next highest Loss Ratio was recorded for corn at 56%. Corn accounted for 20% of the total amount of insurance claims paid (i.e. P1.08 billion).

Correspondingly, the most number of paid claims to a particular commodity or insurance program in 2019 also went to more than a million rice farmers (Table 11). The next highest number of paid claims, on the other hand, was to farmers who availed themselves of Credit and Life Term Insurance, i.e. numbering 862,511. The third group with the biggest number of insurance claim payments were the livestock farmers who numbered 473,440. The least numbers and amounts of claim payments, on the other hand, were among tobacco farmers, poultry raisers, and sugarcane farmers.

**Table 11. Insurance Claims, by Commodity / Program  
2019**

Commodity /Program	Amount of Cover (PM)	Amount of Premiums (PM)	Claims Paid				Damage Rate	Loss Ratio	
			No. of Has/No. of Heads/No. of Policies	Amount (PM)	% Share	No. of farmers			% Share
Rice	28,860.67	2,893.740	1,342,700.756 Has	2,176.39	72.38%	1,009,757	32.04%	7.54%	75%
Corn	10,596.63	1,085.854	548,481.357 Has	605.567	20.14%	392,851	12.47%	5.71%	56%
HVCCI	10,325.58	536.685	238,127.258 Has	106.948	3.56%	199,848	6.34%	1.04%	20%
Sugarcane	485.73	26.488	10,316.686 Has	0.830	0.03%	6,733	0.21%	0.17%	3%
Coconut	8,342.94	444.195	237,903.925 Has	2.059	0.07%	141,713	4.50%	0.02%	0.5%
Tobacco	21.09	1.144	1,045.754 Has	0.171	0.01%	1,449	0.05%	0.81%	15%
Livestock	11,757.63	524.239	1,225,736.00 Heads	56.969	1.89%	473,440	15.02%	0.48%	11%
Poultry	54.04	1.363	349,910.000 Heads	0.193	0.01%	1,732	0.05%	0.36%	14%
Fisheries	685.93	46.522	2,705.000 Policies	4.810	0.16%	16,819	0.53%	0.70%	10%
NCI	3,020.23	78.100	8710.000 Policies	7.683	0.26%	44,754	1.42%	0.25%	10%
CLTI	37,915.04	89.759	431,492.000 Policies	45.403	1.51%	862,511	27.37%	0.12%	51%
<b>TOTAL</b>	<b>112,065.50</b>	<b>5,728.09</b>	<b>4,397,128.74</b>	<b>3007.024</b>	<b>100%</b>	<b>3,151,607</b>	<b>100%</b>	<b>2.68%</b>	<b>52%</b>

Source: Philippine Crop Insurance Corporation (PCIC)

Note: Damage Rate = Claims Paid / Amt. of Cover

## B. Credit Guarantee Programs

### 1. Program Description

The Agricultural Guarantee Fund Pool (AGFP) was established by virtue of Administrative Order No. 225 issued on May 26, 2008 mandating Government Owned and Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs) to allocate 5% of their 2007 surplus for rice and food production. The AGFP encourages partner lending institutions to extend unsecured agricultural food commodity production loans to small farmers and fisherfolk (SFF).

### 2. Volume of Loans Generated

For the Year 2019, the total amount of loans generated through the AGFP reached P4.6 billion comprised of 66,610 accounts (Table 12). Compared to the previous year (2018), both the amount of guaranteed loans as well as the number of accounts that were enrolled under the guarantee program declined, i.e. by 21% from P5.8 billion and by 29% from 94,409, respectively.

The decline is attributed to the long process it took to transfer administration of the AGFP from the Department of Agriculture (DA) to the Philippine Guarantee Corporation. The protracted transfer process affected the timelines for evaluating loans being enrolled for guarantee cover and for issuing guarantee loan confirmation certificates.

Loans generated through banks accounted for the biggest declines both in terms of amount of loans and number of accounts guaranteed. This is simply by virtue of banks' significantly greater shares in both amount and number of guaranteed loans, i.e. 89% of total amount and 84% of total number. Albeit, all the other types of partner lending institutions also experienced decreases in terms of both amount and number of guaranteed loans.

**Table 12. Volume of Loans Generated  
For the Years 2018 & 2019**

Partner Lending Institutions	2018				2019				Increase/Decrease (%)	
	Volume of Loans Generated (PM)	% Share	No. of Accounts Enrolled	% Share	Volume of Loans Generated (PM)	% Share	No. of Accounts Enrolled	% Share	Volume of Loans Generated (PM)	No. of Accounts Enrolled
Banks	4,915,228,203	84	72,069	76	4,118,944,109	89	56,108	84	(16)	(22)
Cooperatives	424,346,482	7	6,618	7	283,624,486	6	4,298	6	(33)	(35)
FOs/MFIs	491,728,969	8	15,693	17	207,365,623	4	6,198	9	(58)	(61)
Corporations	420,000	0.01	29	0.03	90,000	0.002	6	0.01	(79)	(79)
<b>Total</b>	<b>5,831,723,654</b>	<b>100</b>	<b>94,409</b>	<b>100</b>	<b>4,610,024,217</b>	<b>100</b>	<b>66,610</b>	<b>100</b>	<b>(21)</b>	<b>(29)</b>

### 3. Number of Participating Institutions

As of December 2019, the AGFP has a total of 62 partner lending institutions (Table 13). Banks comprise more than 3 out of 4 (77%) of the AGFP's partner lending institutions. Cooperatives make up only 16%, 8% are farmers' organizations/microfinance institutions (FOs/MFIs), and 2% are corporations.

In spite of a slight increase in the number of AGFP partner banks in 2019 (i.e. by 7%), the overall number of AGFP partner lending conduits went down by 13% compared to the previous year. This is because the combined number of AGFP partner cooperatives and FOs/MFIs dropped by almost half. The decline in number of both partner cooperatives and FOs/MFIs is due to: a) non-submission of renewal documents by some; and b) failure in 2019 of others to meet the eligibility standards of AGFP (e.g. Past Due Ratio, Recovery Efficiency).

**Table 13. Number of Participating Institution  
For the Years 2018 and 2019**

Partner Lending Institutions	2018		2019		Increase/ Decrease (%)
	No. of Partners	% Share	No. of Partners	% Share	
Banks	45	63	48	77	7
Cooperatives	19	27	10	16	(47)
FOs/MFIs	6	8	3	8	(50)
Corporations	1	1	1	2	-
<b>Total</b>	<b>71</b>	<b>100</b>	<b>62</b>	<b>100</b>	<b>(13)</b>

### 1. Status of Outstanding Guaranteed Loans

As of year-end 2019, total outstanding loans guaranteed by the AGFP amounted to P519 million (Table 14). Loans released through banks make up the biggest share of outstanding guaranteed loans for the year (92%).

Compared to the previous year, the amount of outstanding loans guaranteed by AGFP had gone down significantly by 62% from P1.61 billion (Table 14). The outstanding guaranteed loans of partner banks and cooperatives went down due to the long process it took to transfer administration of the AGFP from the Department of Agriculture (DA) to the Philippine Guarantee Corporation, which affected the evaluation of loans for guarantee coverage and the issuance of the guarantee loan confirmation certificate.

**Table 14. Status of Outstanding Guaranteed Loans  
For the Years 2018 and 2019**

Partner Lending Institutions	2018		2019		Increase/ Decrease (%)
	Outstanding Guaranteed Loans (PM)	% Share	Outstanding Guaranteed Loans (PM)	% Share	
Banks	1,157,300,175	86	509,560,575	92	(56)
Cooperatives	151,352,588	11	9,503,689	2	(94)
FOs/MFIs	41,608,423	3	-	-	
Corporations	291,000	0.02	-	-	
<b>Total</b>	<b>1,614,959,116</b>	<b>100</b>	<b>519,064,264</b>	<b>100</b>	<b>(62)</b>

### 2. Status of Guaranteed Claims

Table 15 shows the status of guarantee claims paid. Total amount of guarantee claims paid in 2019 reached P116.94 million. Of this, 92% are due to claims from partner banks. The combined paid claims from partner FOs/MFIs and cooperatives make up only 8% of the total amount of paid claims in 2019. The following are the reasons for the filing of guarantee claims: a) borrowers' crops were affected by calamities and pests; b) borrowers earned low profit margins due to low yields; and c) inability to collect loan payments from borrowers.

On the other hand, overall guarantee recovery rate significantly improved to 98% in 2019 from only 48% in 2018. Recovery rate for FOs/MFIs was particularly impressive during the year at 160% of the amount of guarantee claims paid. More effective collection mechanisms implemented by partners

and less occurrence of calamities in 2019 are the reasons cited by AGFP for the improvement in recovery rate.

**Table 15. Status of Guaranteed Claims  
For the Years 2018 and 2019**

Type of Lending Institution	2018				2019			
	Guarantee Claims Paid (PM)	% Share	Amount of Recovery/ Collections (PM)	Recovery Rate (%)	Guarantee Claims Paid (PM)	% Share	Amount of Recovery/ Collections (PM)	Recovery Rate (%)
Banks	415,142,753	90	195,392,831	47	107,783,646	92	102,621,505	95
Cooperatives	12,045,449	3	15,770,372	131	3,788,683	3	3,567,984	94
FOs/MFIs	33,373,920	7	7,919,514	24	5,373,909	5	8,587,067	160
<b>Total</b>	<b>460,562,122</b>	<b>100</b>	<b>219,082,717</b>	<b>48</b>	<b>116,946,238</b>	<b>100</b>	<b>114,776,556</b>	<b>98</b>

Recovery Rate = Amount of Recovery or Collections/ Guarantee Claims Paid

**I. Annexes**

1. Profile of Agricultural Lending Programs
2. Profile of Insurance and Guarantee Programs