

20 20 YEAR-END REPORT

AGRICULTURAL CREDIT POLICY COUNCIL



YEAR END REPORT*

The year 2020 marked an extraordinary period in history. With a 5.9% growth in Gross Domestic Product (GDP) in 2019, the country entered 2020 with a positive outlook. The Department of Agriculture (DA) was hopeful for a 2% to 3% growth in the sector from a low of 0.6% and 0.7% in 2018 and 2019, respectively. The year, however, ushered in calamities that wreak havoc to the agriculture sector one after the other. There was the eruption of the Taal Volcano in January, the onset of the COVID-19 pandemic in February, followed by the persistent African Swine Fever (ASF) that weakened the hog industry and a series of typhoons towards the end of the year. All these snowballed to the closing of businesses, loss of income, and disruptions in the food supply chain. At the end of the year, growth performance was at -9.5%.

Nevertheless, amidst these catastrophes, the agriculture sector stood true to its commitment of providing food for the nation. The DA and all its instrumentalities rallied as a team

and worked together in providing the services and resources needed by the country's farmers, fishers and agri-fishery-based micro and small enterprises (MSEs) to continuously produce and deliver food. The farmers, fishers and MSEs, on the other hand, continued to toil hard to produce and deliver food, not only for their families but for the whole of the Filipino community. On its part, the Agricultural Credit Policy Council (ACPC), through its credit programs implemented in partnership with banks and non-bank financial institutions, provided accessible and affordable loans as lifeline to small farmers and fishers and MSEs. Loans from these programs, which are complementary to the loan provided by banks, provided for the emergency needs of calamity-stricken small farmers and fishers and the much needed capital to restart their agri-fishery activities. On the other hand, loan provided the capital needed by the MSEs to keep their business afloat and continue to carry out their supply chain activities. In view of the challenges brought by these calamities, adjustments on how activities are undertaken and refocusing of budgets were done to facilitate the delivery of credit support services to the target sub-sectors.

[1] Prepared by Jenny T. Aspilan, Joan C. Basay and Michelle B. Imprerial of the ACPC Policy and Planning Division and reviewed by Director Magdalena S. Casuga of the Policy and Planning and Accreditation and Certification Staff

DA, ACPC LAUNCH KAPITAL ACCESS FOR YOUNG AGRIPRENEURS (KAYA) AND AGRI-NEGOSYO (ANYO) LOAN PROGRAMS



I. EXECUTIVE SUMMARY

Early this year, the ACPC launched two (2) new credit programs, namely, the Kapital Access for Young Agripreneurs (KAYA) and the AgriNegosyo (ANYO) Loan Program. KAYA aims to engage the youth in agriculture by providing the capital requirements of their start-up or existing agri-based projects. ANYO, likewise, provides loans for the capital requirements of agri and fishery-based MSEs for production, processing, marketing of agri & fishery products, working capital and fixed asset acquisition. By April 2020, ACPC started implementing the Expanded SURE Aid and Recovery Project (SURE COVID-19) for SFFs and MSEs whose livelihoods, agribusiness operations, and incomes were affected by the COVID-19 pandemic. SURE COVID-19 is a component of the Bayanihan to Heal as One Act (Bayanihan I) and the Bayanihan to Recover as One Act (Bayanihan II).

Under these three new programs, ACPC's 130 partner lending conduits released a total of P2.03 billion to 48,381 SFFs and 148 MSEs. In addition, P470.28 million loans were granted to 29,298 SFFs affected by the ASF, Taal Volcano eruption and typhoons; P151.21 million loans to 5,468 SFF under the Production Loan Easy Access (PLEA) using program collections as revolving credit funds (reflows); and P19.50 million loans to 4 MSEs/Farmers & Fisherfolk Organizations (FFOs) under Capital Loan Easy Access (CLEA) and Agricultural Machineries and Equipment (AFME) Loan Programs which remained operational until subsumed under ANYO. The Sikat Saka Program (SSP) and Agrarian Production Credit Program (APCP), which are being implemented with the Landbank of the Philippines (LBP), were also able to release an aggregate of P2.055 billion to 24 small farmers and 259 Agrarian Reform Beneficiary Organizations (ARBOs) using reflows.

TABLE 1. AMOUNT OF LOANS GRANTED AND NUMBER OF END-BORROWERS UNDER VARIOUS ACPC PROGRAMS, JANUARY TO DECEMBER 2020

Particulars	SURE COVID-19	SURE-Other Calamities	PLEA	CLEA and AFME	ANYO	KAYA	SSP and APCP	Total
Loans granted (PM)	1,991.73	470.28	151.21	19.50	38.24	4.35	2,673.98	5,349.29
SFF borrowers	48,308	29,298	5,468		59	14	12,700	95,847
MSE/FFO/ARBO borrowers	141			4	7		259	411

Total Amount of Loans Granted



Php 4.73 Billion

in loans were disbursed to SFF and MSEs, including yaggies, FFOs, and ARBOs under various ACPC credit programs

Php 1.99 Billion

SURE COVID-19 loans released for SSF and MSEs whose livelihoods, agribusiness operations and incomes were affected by the COVID-19 pandemic

Php 2.74 Billion

loans disbursed under PLEA, CLEA, BuyANIhan, SURE subprograms (Palay, Hogs, Taal), SSP, APCP

No. of beneficiaries served:

411

FFO's ARBOs



7

MSEs



83,171

Individual SFF





ACCOMPLISHMENTS UNDER OTHER ACPC KEY ACTIVITIES

Other key accomplishments include: (a) conduct of **orientation on ACPC credit programs** and **training workshops on business planning, financial and risk management** for **3,350 SFFs and 198 farmer organizations**; and (b) completion of the policy research studies entitled “Assessment of the Credit Demand of Small Farmers and Fisherfolk (SFF),” “Mid-Program Evaluation and Impact Assessment of the Agrarian Production Credit Program (APCP)” and “Assessment of the APCP Past Due Accounts”, “Rapid Assessment of the Upland Southern Mindanao-Credit and Institution Building Program (USM-CIBP)”, and “Warehouse Receipt Financing: A Review of Philippine Experience”





3,350 SFFs, yaggies and 198 MSEs, including FFOs participated, and provided with capacity building assistance

Conduct of **orientation activities on ACPC credit programs**, and **training workshops** on business planning, financial and risk management



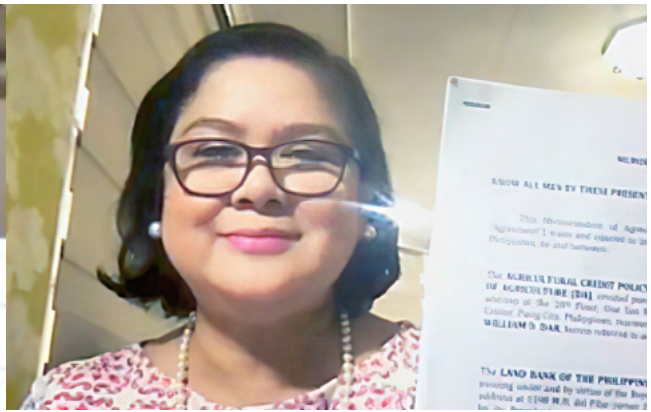
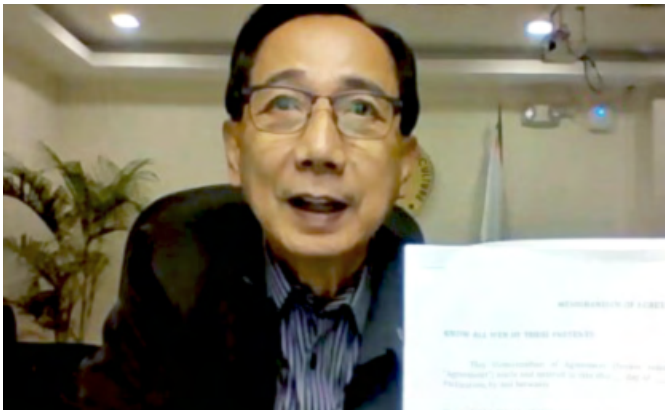

Conduct and completion of the following research studies:

- Assessment of the Credit Demand of Small Farmers and Fisherfolk (SFF)
- Mid-Program Evaluation and Impact Assessment of the Agrarian Production Credit Program (APCP)
- Assessment of the APCP Past Due Accounts
- Rapid Assessment of the Upland Southern Mindanao-Credit and Institution Building Program (USM-CIBP), and
- Warehouse Receipt Financing: A Review of Philippine Experience



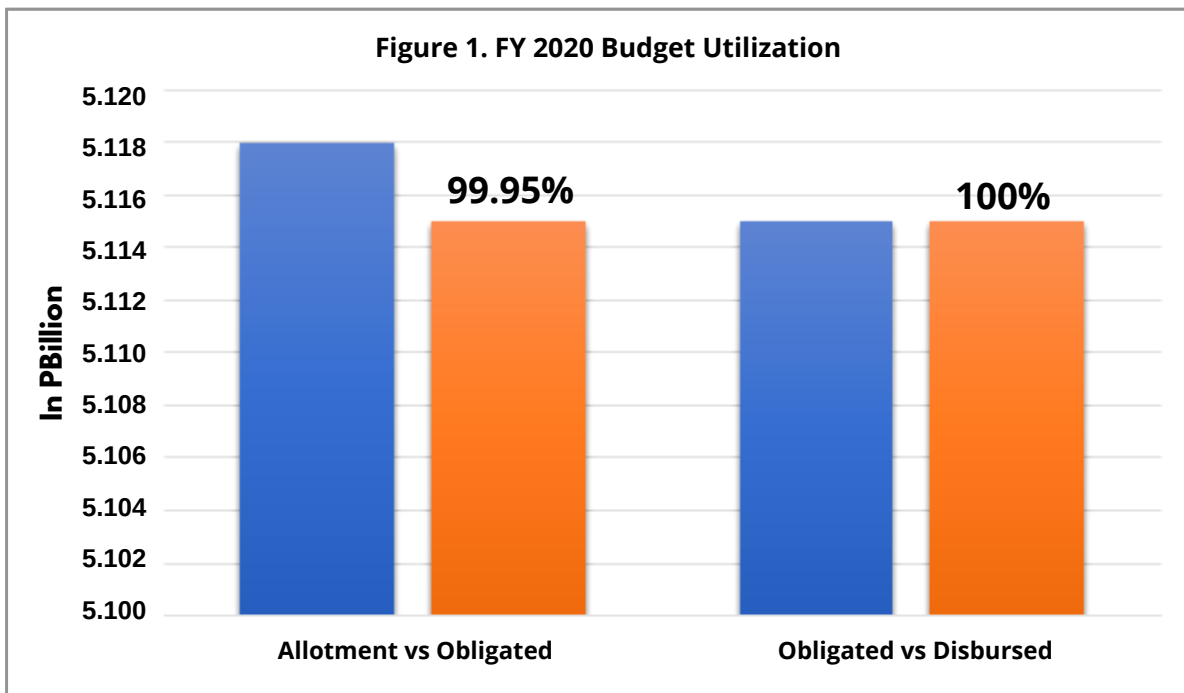
ACTION & POLICY RESEARCHES

Continued implementation of the action research study, **Agricultural Value Chain Financing Support and Capacity Building thru Entrepreneurship and Organizational Development (ASCENd)**



The ACPC has received a total budget allotment amounting to P5.118 billion from the current year's GAA, Bayanihan II, and agency's prior year budget/continuing appropriations.

Of the received budget, 99.95% or P5.115 billion has been obligated. Meanwhile 100% of the obligated amount was disbursed .



For 2021, the ACPC shall intensify its efforts to support and reach out to more SFFs and MSEs recovering from the damaging effects of the pandemic and other fortuitous events and provide easy access and affordable credit. It shall endeavor to optimize the use of technology in extending

credit support services; strengthen its partnership and collaboration with financing institutions, other DA/government offices and local government units (LGUs); and conduct massive credit information campaign.



II. ACCOMPLISHMENTS

A. PHYSICAL TARGETS

1. Administration of the Agro-Industry Modernization Credit and Financing Program (AMCFP) Loaning Facilities

Credit Programs. In the first quarter of 2020, the bulk of ACPC's loan assistance was extended to SFFs whose livelihoods were adversely affected by several typhoons, the African Swine Fever (ASF), Taal Volcano eruption, and drop in the farm-gate price of palay during the onset of the enactment of the Philippine Rice Tariffication Law. Such assistance was provided through the ACPC's Survival and Recovery (SURE) Loan Assistance Program, which has branched out into the following sub-programs:

a) Regular SURE provides up to P25,000 loan per borrower at 0% interest and payable up to 3 years for the rehabilitation of the farming, fishing, livelihoods activities of small farmers and fisherfolk affected by calamities such as typhoons.

b) SURE Hogs provides loans to backyard hog raisers whose stocks were affected by the African Swine Fever (ASF). Eligible hog raisers may avail credit support of P3, 000 per culled hog or maximum of P30,000 at zero-percent (0%) interest rate and payable up to three (3) years.



Advocacy Division staff conducts SURE HOGS orientation in Antipolo.



Usec Ranibai Dilangalen and ACPC Executive Director Jocelyn Badiola with the first recipients of the SURE loan program.

c) SURE Aid Taal Calamity Program (SURE Aid Taal) provides financial and animal genetic conservation and rehabilitation assistance to SFF whose livelihoods were adversely affected by the Taal Volcano eruption last January 2020. Eligible SFFs in the provinces of Batangas and Cavite may avail emergency loan assistance of up to P25,000 and rehabilitation loan assistance of up to P150,000.

d) Expanded SURE Aid for Rice Farmers (SURE Aid Palay) provided a one-time loan assistance of up to P15,000 at zero-percent (0%) interest to small rice farmers whose incomes were affected by the drop in the farm gate prices of palay after the enactment of the Philippine Rice Tariffication Law.



ACPC extends relief to families affected by Taal Volcano eruption.



Launching of SURE Aid Palay in Saragoza, Nueva Ecija with DA Secretary William D. Dar, President Cecilia Boromeo of the LANDBANK (6th and 7th from left, respectively, and Executive Director Jocelyn Alma R. Badiola of DA-ACPC (2nd from right).



ACPC Director Ma. Cristina Lopez (6th from left) with Program Management Officers during the Launching of SURE Aid Palay in Nueva Ecija.



1 Survival and Recovery (SURE) Assistance Programs.

In the first quarter of 2020, the bulk of ACPC's loan assistance was extended to SFFs whose livelihoods were adversely affected by several typhoons, the African Swine Fever (ASF), Taal Volcano eruption, and drop in the farm-gate price of palay during the onset of the enactment of the Philippine Rice Tariffication Law. Such assistance was provided through the ACPC's Survival and Recovery (SURE) Loan Assistance Program, which branched out to calamity-specific sub-programs

Regular SURE



SFF affected by natural and man-made disasters



- up to P25,000 loan assistance



- rehabilitation of the farming, fishing, livelihood activities



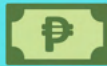
- 0% interest p
- payable up to 3 years



PhP36.86 million in loans granted to **1,798 SFF-borrowers**



PhP12.98 million in loans granted to **535 backyard hog-raisers**



- up to P30,000 loan assistance



- alternative agrifishery-based livelihood activities



- 0% interest p
- payable up to 3 years



SURE Hogs



Backyard hog raisers whose stocks were affected by the African Swine Fever



SURE Taal

SFF whose livelihoods were adversely affected by the Taal Volcano eruption



- emergency loan assistance up to P25,000
- rehabilitation loan assistance up to P150,000



- rehabilitation of the farming, fishing, livelihood activities

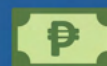


- 0% interest p
- payable up to 3 years



PhP39.95 million in loans granted to **1,599 SFF-borrowers**

PhP380.49 million in loans granted to **25,366 SFF-borrowers**



- one-time loan assistance up to P15,000



- recovery of the rice farming activities



- 0% interest p
- payable up to 3 years



SURE Aid



Rice farmers whose incomes were affected by the drop in the farm gate prices of palay after the enactment of the Philippine Rice Tariffication Law



Young agripreneur Jellen Bernardino from San Luis, Pampanga was able to avail herself of a working capital loan to start her mallard duck egg production business under the DA-ACPC's Kapital Access for Young Agripreneurs (KAYA) Program.



Rico Caringal from San Jose, Nueva Ecija ventured into mushroom production through the AgriNegosyo (ANYO) loan program.

In March 2020, the country was stunned with the rapid spread of the COVID-19 pandemic necessitating the imposition of community quarantine. To support the emergency and capital needs of SFFs and agri & fishery-based MSEs, including farmers and fisherfolk organizations (FFOs) badly affected by the pandemic, the ACPC expanded its SURE loaning program to:

g) Expanded SURE Aid and Recovery Project (SURE COVID-19) is a component of Department's Ahon Lahat, Pagkain Sapat (ALPAS) Kontra COVID-19 or Plant, Plant, Plant Program. SFF may borrow up to P25,000, payable up to 10 years at zero-percent (0%) interest rate for their emergency and production capital requirements, while MSEs who may be under sole proprietorship, partnership, corporation or cooperative/association may avail of up to P10 million loan at zero-percent (0%) interest rate, payable within five (5) years as working capital for food production, delivery, marketing and other supply chain activities.

Moreover, new credit programs – the AgriNegosyo (ANYO) and Kapital Access for Young Agripreneurs (KAYA) – were rolled out in line with the Masaganang Ani at Mataas na Kita vision of the DA for our country's farmers and fishers.

e) Kapital Access for Young Agripreneurs (KAYA) aims to engage the youth in agriculture by providing capital requirements of their start-up or existing agri-fishery-based projects. Young agripreneurs or yaggies may avail of up to P500,000 loan at zero-percent (0%) interest rate which is payable up to five (5) years based on the project cash flow.

f) AgriNegosyo (ANYO) Loan Program offers loans to SFFs and MSEs engaged in agri-fishery related projects to finance their capital requirements of up to P300 thousand for micro agri-negosyo and up to P15.0 million for small agri-negosyo at zero-percent (0%) interest rate and payable up to five (5) years based on the project cash flow.



DA-ACPC disbursed loan funds under the SURE COVID-19 program, benefiting 700 Eastern Visayas farmers, fishers.



DA-ACPC released Php 3.5 million loan assistance to Negros Island Organic Producers Association (NIOPA) under SURE COVID-19 for MSE.



Fredie Trajano used the P50,000 loan granted to him through PLEA to finance his pump boat and buy other fishing equipment.



Courtesy: BFAR Region 8

ACPC and BFAR Regional Office 8 conduct CLEA orientation to interested fisherfolk associations (FAs) in Tacloban City.



DA-ACPC approves P400 million for farm equipment loan under AFME loan program.

Other credit programs that were started prior to 2020 are the following:

h) Production Loan Easy Access (PLEA)

provides easy and affordable loan to SFFs for their agri-fishery production. Eligible SFF-borrowers can avail loans of up to P50,000 for the production of short term crops/commodities and up to P150,000 for high value crops/long gestating crops.

i) Working Capital Loan Easy Access (CLEA)

provides loan to cooperatives and associations of SFFs of up to P5.0 million to finance the working capital requirements of their trading, marketing, and/or agri-fisheries processing activities.

j) Agricultural Machineries and Equipment Loan Program (AFME)

provides loans to individual and organizational borrowers to finance acquisition of machinery, equipment and/or facilities from production, harvesting to post-harvest. Loan amount is based on the acquisition cost of machinery/equipment.





Courtesy: ATI-MiMaRoPa

Courtesy: Southern Santiago Agrarian Reform Cooperative

2nd batch of Sikat Saka Briefing and Credit Worthiness conducted and participated in by 20 members of San Agustin 2 Farmers Associon.

Officers of the Southern Santiago Agrarian Reform Cooperative complying with the requirements for the release of their loan through the APCP.

Prior to ANYO, agri-fishery activities in the value chain were separately financed by PLEA, CLEA and AFME. With the intention of gradually harmonizing on-going credit programs, agri-fishery activities being financed by CLEA and AFME were subsumed under ANYO. Thus, no fresh funds were released to these programs. The PLEA program, which has the highest number of SFF-borrowers and has the bulk of the credit funds from the ACPC's FY 2017 to FY 2019 credit fund allocation and has a very good repayment performance, was continued to be implemented using program collections as revolving credit funds (reflows).

k) Sikat Saka Program (SSP) implemented in partnership with the Landbank of the Philippines (LBP), provides loan assistance to small palay and corn farmers for their production activities/projects based on farmer budgetary plan but not to exceed P37,000 per hectare for inbred rice and P42,000 per hectare for hybrid rice and P28,000 per hectare for open pollinated corn and P40,000 per hectare for hybrid corn at 15% per annum for the first two loan cycles. Interest rate for the succeeding cycles is decreased by 1% per cycle

for borrowers who fully pay their loans on time until the annual interest rate reaches the maximum discounted rate of 9%. DA agencies, together with the Irrigators' Association, provide extension, administrative services, assured market, and irrigation support to farmers.

l) Agrarian Production Credit Program (APCP) is a program jointly implemented by the DA, the Department of Agrarian Reform (DAR), and the LBP for agrarian reform beneficiary organizations (ARBOs)/farmer organizations/people's organizations with ARB-members. Eligible ARBOs/FOs/POs may avail loan for agri-enterprise and/or livelihood projects at 8.5% per annum for short-term loan and 9.5% per annum for term loan, payable based on the cycle/cash flow of the project but not to exceed 7 years. The loan amount depends on the total credit requirement of ARBs or ARB household members as determined by LBP. Pass-on rate to end-borrowers is 15% per annum for short-term loan and 16% per annum for term loan.

The IRR of the APCP is currently being reviewed. Just like PLEA, SSP and ACPC are using reflows for loan releases to borrowers.

Accomplishment of Targets. The ACPC transferred a total of P5.00 billion loan funds or 100% of this year's target to its partner lending conduits (PLCs) for the implementation of the SURE COVID-19, SURE Hogs, SURE Taal, SURE-Other Calamities, ANYO and KAYA. The release of loans by the ACPC's PLCs to borrowing SFFs/MSEs, particularly for the SURE COVID-19 under the Bayanihan II credit fund, is targeted to be completed by the end of the first semester of 2021.

While loan payment moratorium from March 16, 2020 to March 16, 2021 was

offered in view of the adverse effects of the pandemic to the livelihood and incomes of SFFs and MSEs as well as to the PLCs, there are those who were able to pay their loans. From January to December 2020, a total of P151,676,068.20 was collected from on-going, completed, and terminated directed credit programs reflecting a 151.62% collection rate against the target of P100,036,282.18. On the other hand, repayment rate for on-going credit programs (except for SSP and APCP) as of December 31, 2020 ranges from 98% to 100%.

TABLE 2. 2020 CREDIT PROGRAM ACCOMPLISHMENTS VS TARGETS

	Target	Accomplishments as of Dec. 30, 2020	Accomplishment Rate (%)
Loan fund transferred to PLCs (PM)	5,000	5,000	100
Loans released by PLCs to borrowers (PM)	5,000	3,711.66	74.23
Number of SFF borrowers	-	83,171	-
Number of MSE/FO borrowers	-	152	-
Amount of Loans Collected (PM)	100.036	151.676	151.62%
Repayment Rate	85% - 95%	98% - 100%	
* Repayment is for on-going credit programs only; except SSP and APCP.			

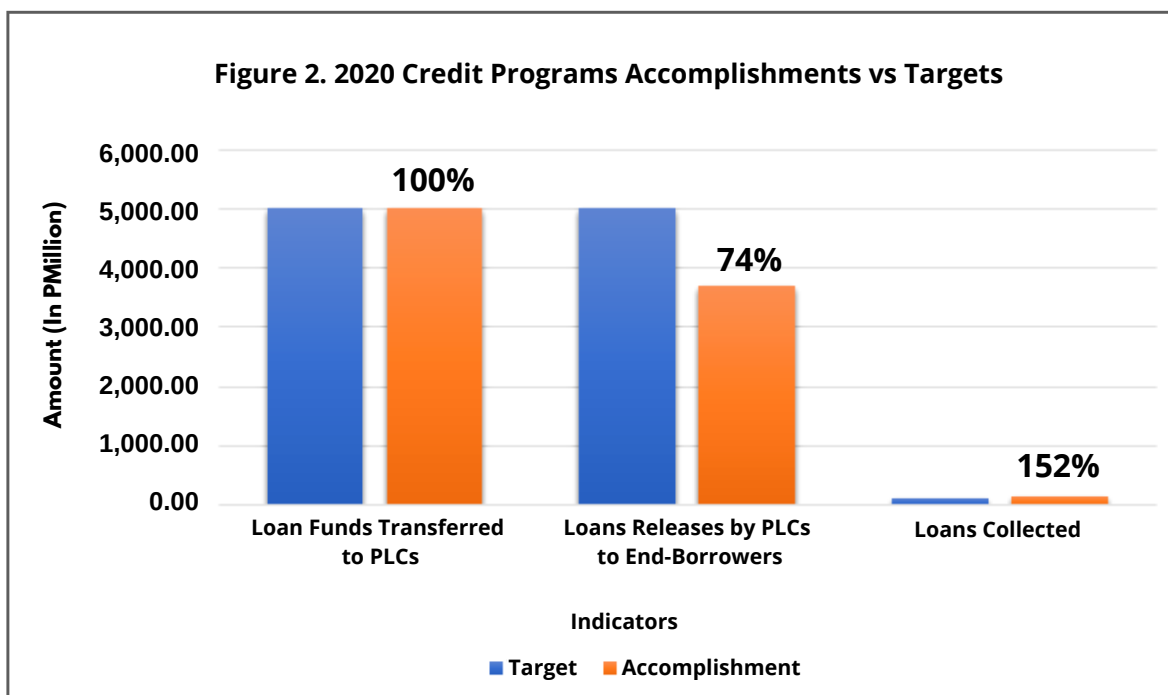


Table 3 shows the amount of loan releases, number of borrowers and repayment rate of each of the loaning programs. It can be noted that SURE COVID-19 released the bulk (42%) or P2.0 billion of the total loans granted during the year.

The program served loans to 48,308 SFFs and 141 MSE/FFOs. Of the MSEs, 41 participated in the Department's KADIWA ni Ani at Kita or the Kadiwa at Diskwento Caravan. These 41 MSEs were granted P254.80 million in loans.

TABLE 3. LOAN RELEASES, NUMBER OF BORROWERS AND REPAYMENT RATE, BY PROGRAM

Programs	Amount of Loans Granted (in PMillion)			Number of Borrowers		Repayment Rate*
	SFF	MSE/ FFOs/ ARBOs	Total	SFF	MSE/ FFOs/ ARBOs	
A. Credit Programs for Emergency and Recovery						
1. SURE COVID-19	1,208.79	782.94	1,991.73	48,308	141	no matured loans
2. SURE (other calamities)	36.86		36.86	1,798		100%
3. SURE Taal	39.95		39.95	1,599		no matured loans
4. SURE Hogs	12.98		12.98	535		no matured loans
5. SURE Aid Palay	380.49		380.49	25,366		no matured loans
Sub-Total	1,679.07	782.94	2,462.01	77,606	141	

B. Credit Programs for Agri-Fishery Enterprises						
1. ANYO	19.24	19	38.24	59	7	no matured loans
2. KAYA	4.35		4.35	14		no matured loans
3. PLEA	151.21		151.21	5,468		98%
4. CLEA		7	7		2	no matured loans
5. AFME		12.5	12.5		2	no matured loans
6. SSP	1,061.22		1,061.22	24		no data yet
7. APCP		994.49	994.49		259	no data yet
Sub-Total	1,236.02	1,032.99	2,268.01	5,565	270	
TOTAL	2,915.09	1,815.93	4,731.02	83,171	411	

** Repayment rate is defined as the amount of loans repaid by SFF & MSE/FFO borrowers divided by the amount of loans that has matured (or, that is due and demandable).*

Figure 3. Amount of Loans Granted under ACPC Credit Programs (in PMillion)

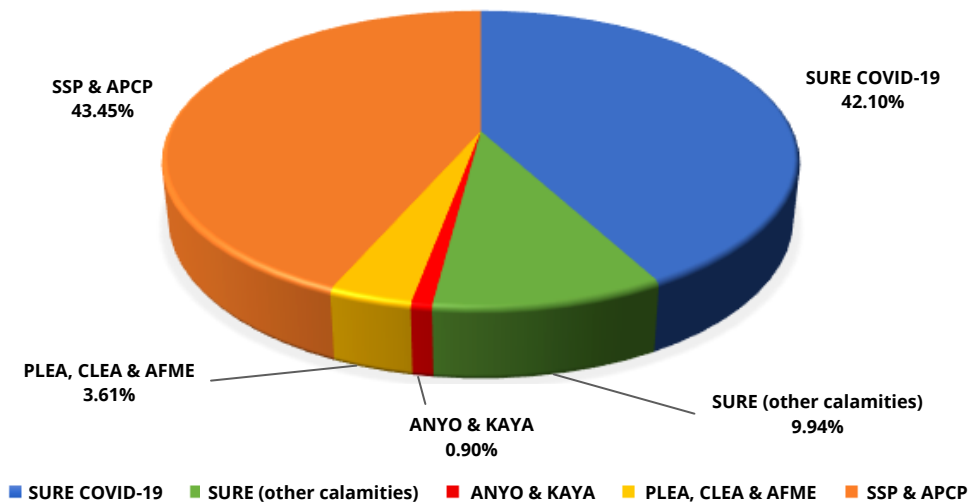


Figure 4. Number of SFF Borrowers under ACPC Credit Programs

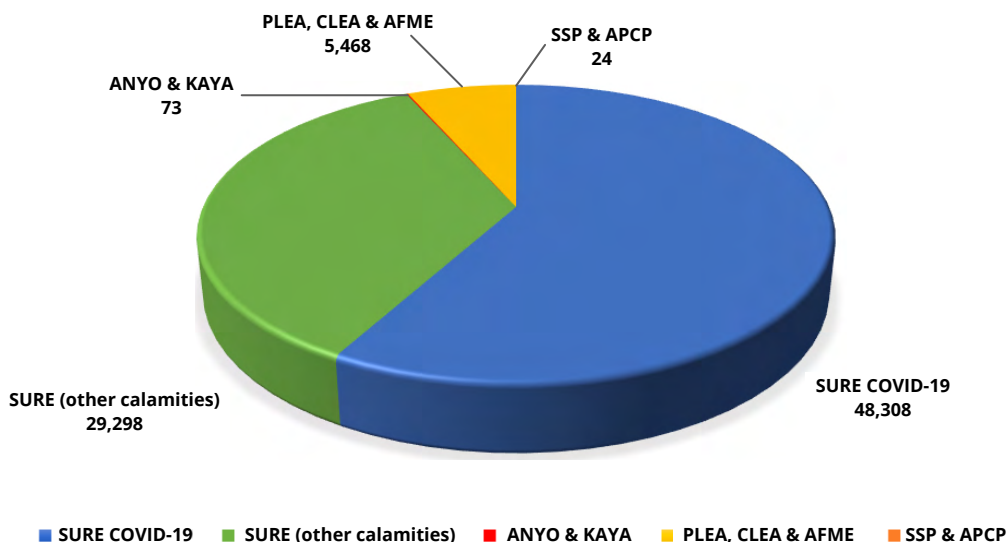
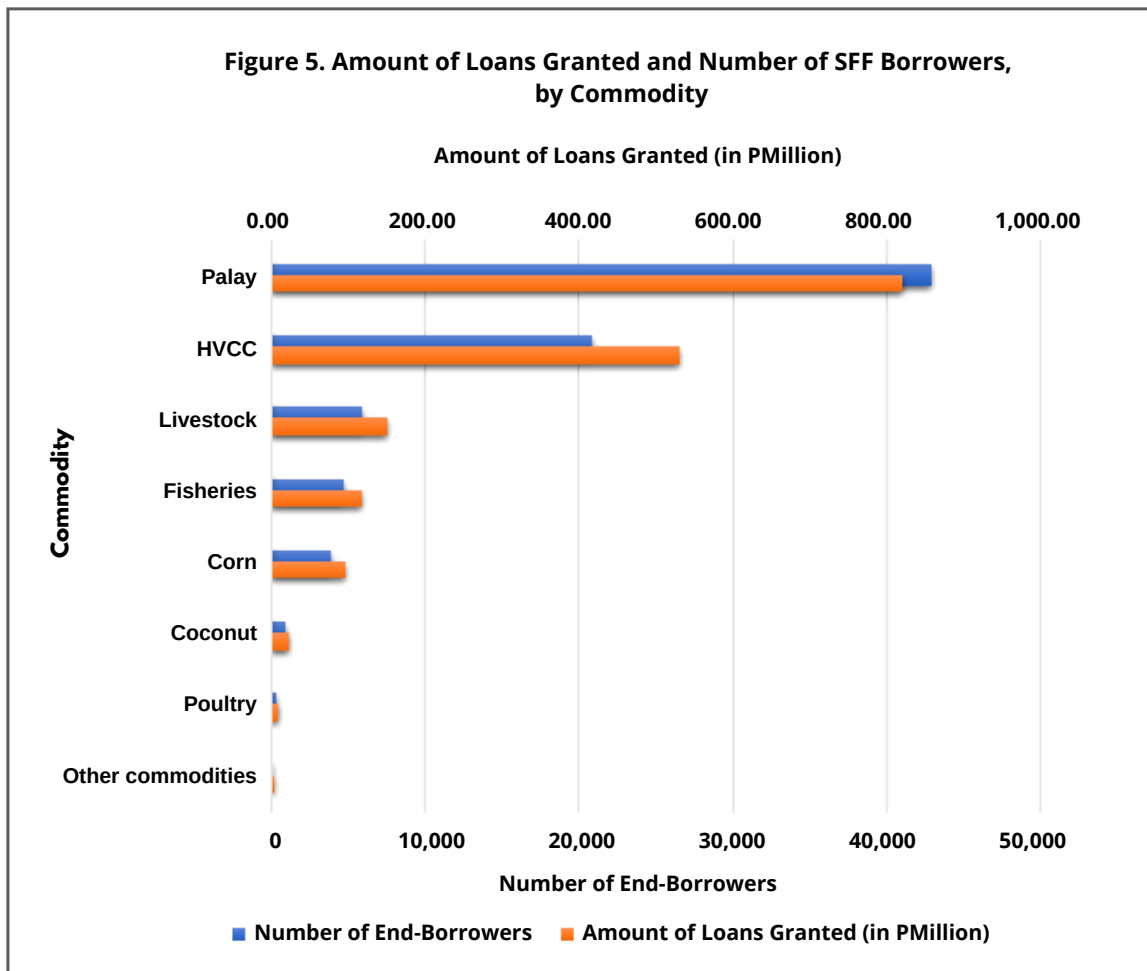


Figure 5 shows loan disbursements by commodity financed. In terms of amount, the biggest portion of loans were accessed by farmers borrowing for palay production (P819 million), followed by loans for high value crops (P531 million), then by loans for livestock raising (P152 million).

The order is also the same, in terms of number of farmers and fishers, with the top three (3) most number of borrowers availing credit for purposes of palay (42,853), HVCC (20,839), and livestock (5,880) production.



2. Capacity Building and Program Orientations

The ACPC conducts training on organizational development and financial management to improve the competence of selected FFOs in accessing, managing and providing

credit to their SFF-members and to educate SFFs and MSEs on credit worthiness, loan acquisition, management and repayment. Program orientations are also conducted to disseminate credit programs and how these can be accessed.

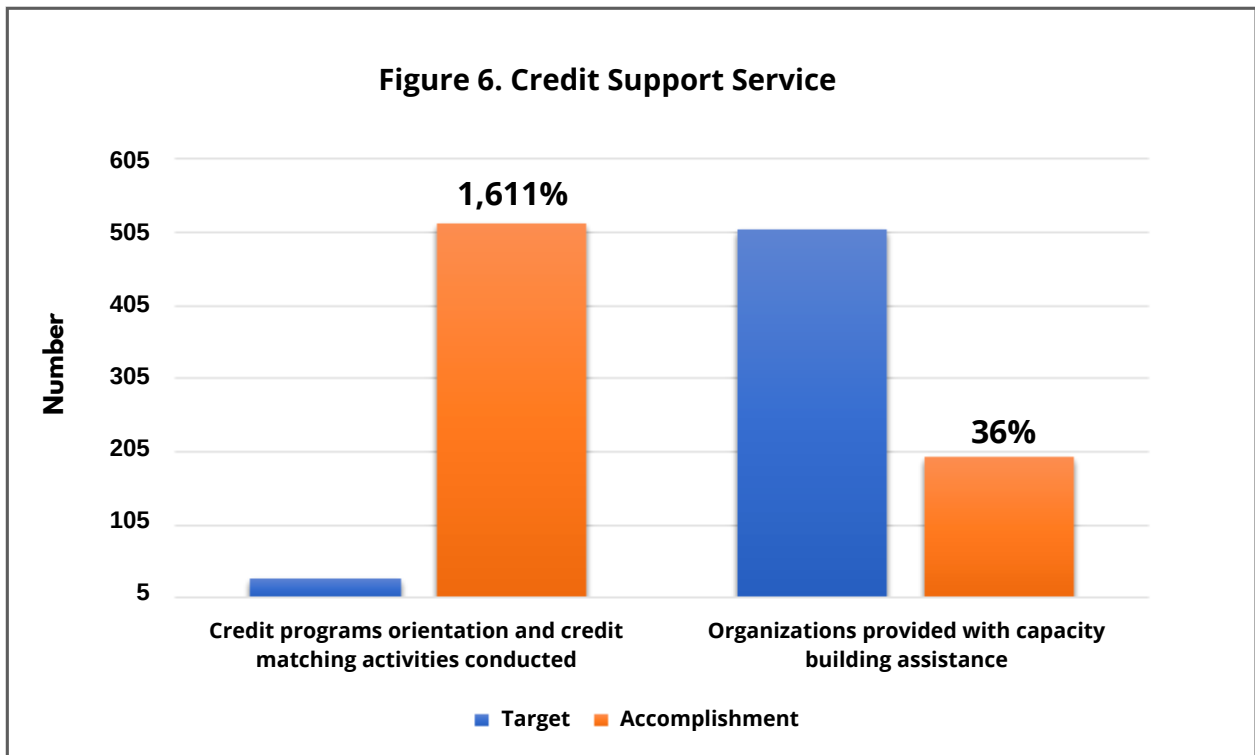


A total of 22 on-ground workshops on business planning; credit, financial and risk management; delinquency control; cacao production, processing and marketing; and 99 virtual business planning workshops and webinars were completed. These training/workshops benefitted 1,623 officers, staff, and SFF-members of 198 organizations.

Further, 516 (448 on-ground and 68 online) program orientations on KAYA, ANYO, SURE Taal, SURE Hogs and SURE COVID-19 were conducted to 1,727 individuals engaged or interested in agri-fishery based enterprises/livelihood.

TABLE 4. CREDIT SUPPORT SERVICES: ACCOMPLISHMENTS VS TARGETS

	2020 Target	Accomplishment as of December 31, 2020	
		Number	%
Number of credit program orientations and credit matching seminars and workshops conducted	32	516	1,613
Number of farmers and fisherfolk provided with institutional capacity building assistance	510	198	36



Bulk of the credit program orientations were for SURE COVID-19. To facilitate the delivery of loan assistance under this program, information dissemination had to be done fast. Thus, on-ground small group orientations by the ACPC’s field program officers and online program orientations were conducted simultaneously.

On the other hand, planned training activities were cancelled due to mobility and mass gathering restrictions and the non-availability of training fund due to the non-release of capacity building budget under the ACPC’s 2020 GAA-For Later Release (FLR) appropriation. Instead, capacity building activities were refocused on the online conduct of business plan preparation workshops to help MSE-loan applicants prepare the required business plan under SURE COVID-19.

To augment the conduct of orientations, the social media was utilized for information dissemination and advocacy of the agency’s agri-credit programs. Various information, education and communication (IEC) materials were uploaded in the DA-ACPC facebook page and website (<http://acpc.gov.ph/>). Sixty-two (62) news and feature articles on DA-ACPC activities and programs, twenty-six (26) small farmers and fisherfolk (SFF) and partner lending conduit (PLC) testimonials and quote cards, twenty (20) program updates, seven (7) program brochures, seven (7) posters, twenty-two (22) infographics, and eight (8) audio-visual productions on agri-credit programs were uploaded in the DA-ACPC facebook page and website to promote the programs. DA-ACPC also received 3,653 inquiries through email, aside from inquiries in the facebook page, which were appropriately responded to.

Also in line with the DA-ACPC's commitment to provide timely, relevant and accurate information on its programs, up-to-date accomplishment reports on DA-ACPC credit programs can be accessed through the DA-ACPC Program Accomplishment Dashboard (ACPC Dashboard). Available on the official ACPC website (<http://acpc.gov.ph/>), the interactive dashboard features comprehensive data on total loans granted, small farmers and fisherfolk beneficiaries, micro and small agri-fishery enterprise (MSE) borrowers, and partner lending conduits of ACPC, and other relevant information on the programs, and will be updated regularly. The dashboard currently shows facts and figures for the Expanded SURE Aid and Recovery Project (SURE COVID-19).

3. Action Research and Policy Studies

Among the following research studies scheduled for conduct this year, the Small Farmers and Fisherfolk Indebtedness Survey (SFFIS) and Production Loan Easy Access Program Assessment were postponed due the pandemic and non-availability of budget, respectively.

a. Agricultural Value Chain Financing Support and Capacity Building thru Entrepreneurship and Organizational Development (ASCEnD)

Objective. To develop the capacity of (i) non-bank rural financial institutions (such as cooperatives/farmer organizations and agri finance corporations) to finance the agri-value/supply chain activities of farmers and (ii) farmers to engage in the agri-value/supply chain particularly post-production activities that would add value to their crop and increase their income. The study is being implemented in Davao City for cacao and abaca and Camarines Sur for rice.

Methodology. The study documents all the processes (i.e. mobilization and capacitation of farmers and their groups, production, processing and marketing and financing of these activities) involved in the value chain of the selected commodities. Primary and secondary data are continuously gathered through review of related documents, field visits, key informant interviews (KIIs), and focus group discussions (FGDs).



Project ASCEnD MOA Signing. Seated from left to right are: Ms. May Lynn Lee of Agronomika Finance Corporation, Ms. Ana Margarita Hontiveros-Malvar of Go Negosyo, ACPC Exec. Dir, Jocelyn Alma Badiola and Mr. Simon Bakker of Kennemer Foods International Inc. Also in photo are Director Magdalena S. Casuga (2nd from right), officers and staff of ACPC, and Mr. Jose Alvaro Severino Nito, PCE-Go Negosyo (3rd from right).

Status. The study is on-going, with the following updates:

i. Project ASCEnD for Cacao and Abaca

- Beneficiaries are 7 farmer organizations and its 82 farmer-members.
- Participating farmers have a marketing agreement with an institutional cacao and abaca buyer.
- Amount of financial assistance extended: P30.9 million.
- 82 hectares planted with cacao and abaca.
- Employs farm clustering and intercropping of short-gestating crops such as banana (lakatan) and mung bean as source of income while the cacao and abaca are not yet ready for harvest.

ii. Project ASCEnD for Rice

- 254 rice farmer-members of 18 organizations sold 2.15 million kg of palay.
- 57 small rice farmers from three (3) organizations and 159 small rice farmers from eight (8) organizations enrolled in the project's Rice Block Farming Program for the wet cropping season and dry cropping season respectively.

- Amount of financial assistance extended for palay production, processing and rice marketing: P 44.8 million.
- The Saradit na Kristyanong Komunidad, a corporation majority owned by 18 organizations of rice farmers, markets the rice harvest of participating rice farmers locally. It has a supply contract agreement as concessionaire to LCC Malls' 64 stores all over the Bicol region. During the height of the enhanced and modified community quarantine (ECQ and MECQ), said corporation supplied rice to some Local Government Units (LGUs) in Camarines Sur for their relief operations. The rice processing center (RPC) owned and managed by the said farmers' corporation is a grant of the DA-RFO V under its RPC-assistance project

iii. Capacity building

Trainings scheduled for cacao and abaca farmers were postponed due to restrictions on mobility and mass gathering. In view of the increasing positive cases in the Davao Region, concerned LGUs disapproved the request of partner institution for the conduct of training even in small groups.



PPD Chief Jenny Aspilan along with Ms. Joan Basay, meeting with Regional Executive Director Ricardo M. Oñate of DA-RFO 11 regarding Capacity Building Assessment.



FGD with farmer organization member-beneficiaries during the Capacity Building Assessment conducted before the COVID-19 pandemic.

TABLE 5. ASCEND ACCOMPLISHMENTS VS TARGETS

Component	Target	Accomplishment	Accomplishment Rate %
Credit			
Loans granted (PM)	133	75.7	56.92
No. of borrowers	1,050	298	28.38
Training	5 training courses	0	-
M&E/Research	4 field monitoring activities	2 field monitoring activities conducted	50

A total of P140.0 million for Project ASCEnD was approved under the ACPC FY 2020 GAA-For later Release (FLR) appropriation. However, this budget was not released to ACPC but was included in

the government fund for its COVID-19 response programs. The credit fund released to the project's beneficiaries was sourced from the ACPC's FY 2020 GAA loans outlay.

Project ASCEnD

Agricultural Value Chain Financing Support and Capacity Building thru Entrepreneurship and Organizational Development or Project ASCEnD documents all the processes (i.e. mobilization and capacitation of farmers and their groups, production, processing and marketing and financing of these activities) involved in the value chain of cacao, abaca, and palay commodities in project areas in Davao City, and Camarines Sur.

Accomplishments:

- P75.7 Million loans granted
- 298 cacao and palay farmers granted with credit
- 2 field monitoring activities conducted

b. Assessment of the Credit Demand of Small Farmers and Fisherfolk

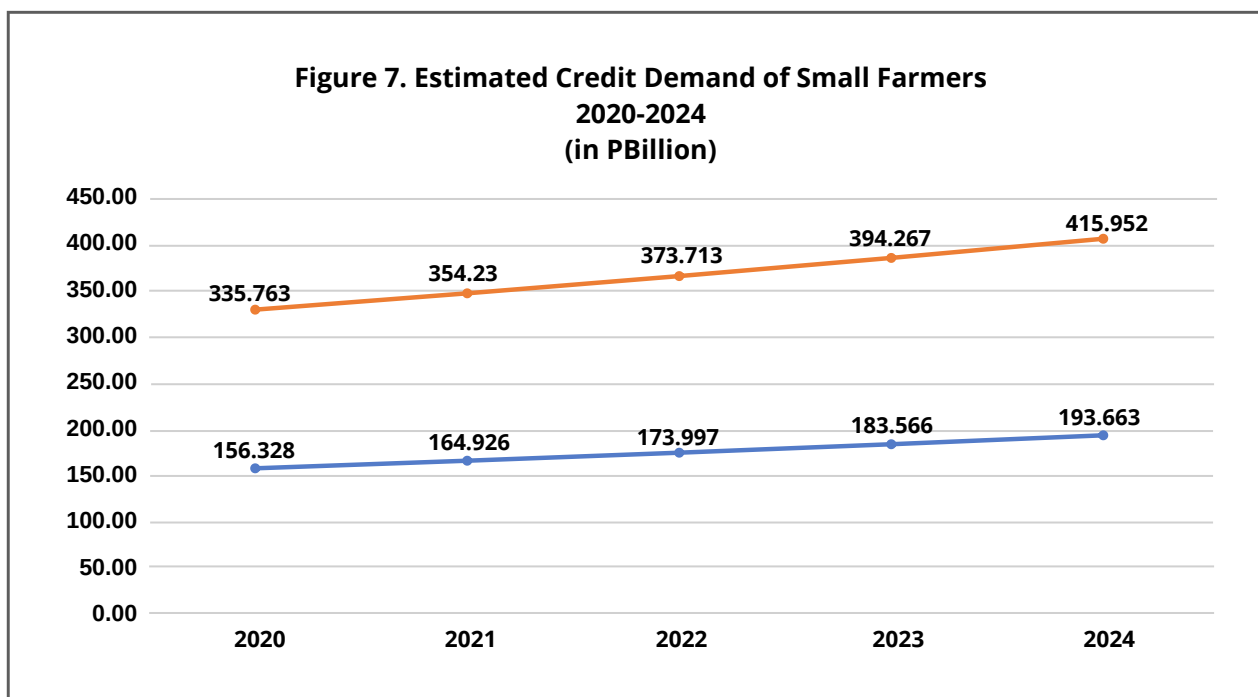
Objective. To analyze the demand of small farmers and fisherfolk for agricultural credit; develop a methodology for estimating and updating the credit demand of small farmers and fishers; estimate the annual demand for loans of small farmers and fishers; and recommend policy measures and strategies that will increase and sustain the flow of credit to agriculture and fisheries.

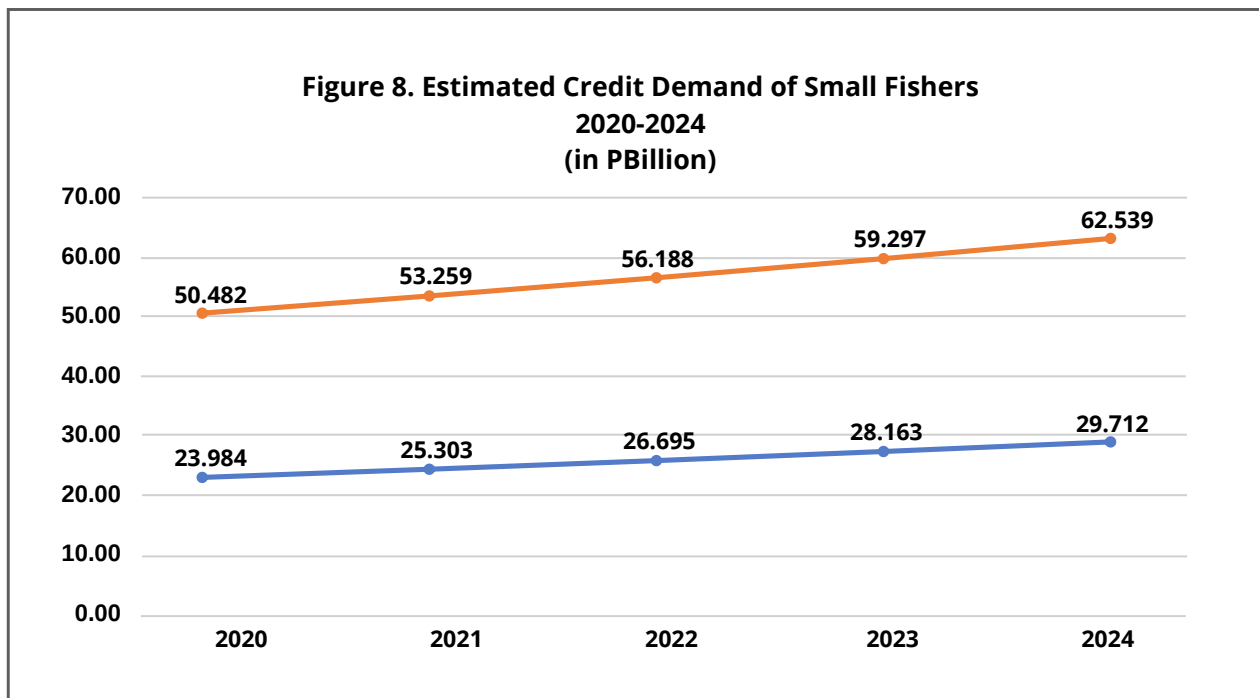
i. Projecting Loan Demand of Small Farmers and Fisherfolk

Methodology. Used patchwork of data from the ACPC's Small Farmers and Fisherfolk Indebtedness Survey (SFFIS) and the Registry System for Basic Sectors in Agriculture (RSBSA), estimated

credit loan demand from SFF in 2017, and inflation and target sectoral gross value added growth to project SFF loan demand.

Findings. The loan demand for small farmers is estimated to be from P164.93 billion (low estimate) to P354.23 (high estimate) billion in 2021, while loan demand estimates for small fishers the same period is from P25.30 billion to P53.26 billion. These are projected to grow to P193.66 billion (low estimate) to P415.95 billion (high estimate) for small farmers, and to P29.71 billion to P62.54 billion for small fishers in 2024 (see figures _ and _). The COVID-19 crisis is likely to push loan demand upwards, from a combination of more SFF needing to borrow and to borrow a higher amount, plus the likely increase in the number of SFF as some workers who have lost their jobs in industry and services go back to agriculture.





ii) Towards a More Sustainable Financing of Small Farmers and Fisherfolk’s Agricultural Production

Methodology. KII and FGD with various stakeholders in agricultural credit to analyze credit rationing, agricultural value chain, technology, and strategies towards enhanced access to formal credit.

Findings. Notwithstanding the availability of easy access and affordable government lending programs particularly for smallholders in agriculture, issues and challenges remain. These include the lack of markets and low prices, which have significant implications on the overall repayment capacity and credit rating of the small farmer and fisherfolk. Lending programs are unlikely to become successful if financing and production are not viewed in the bigger context of a value chain financing.

c. Small Farmers and Fisherfolk Indebtedness Survey (SFFIS)

Objective. To provide empirical information on the pattern of borrowing incidence, demand for credit, and possible constraints to loan access and repayment among small farmers and fisherfolk and serve as essential inputs to government policymakers considering that credit continues to be an important tool in the drive against rural poverty.

Status. This study was postponed due to the pandemic. The respondents of this study are small farmers and fishers, many of whom do not have access to the internet, thus online survey is difficult. At present, the ACPC is completing documents for the approval of the study’s research design and methodology by the Philippine Statistics Authority (PSA). This study is planned to be conducted in 2021.



Exit conference with Mr Abundio Quililan, President and CEO of New Rural Bank of San Leonardo during the field validation of PLEA program in Nueva Ecija.

d. Production Loan Easy Access (PLEA) Program Assessment

Objective. To analyze how the PLEA Program has affected the farmers and fisherfolk particularly their access to credit, production, and incomes.

Status. The study did not push through; its budget under the ACPC FY 2020 GAA FLR was not released. It is planned that this be conducted in 2021.

e. Mid-Program Evaluation and Impact Assessment of Agrarian Production Credit Program (APCP)

Objective. To evaluate the program's progress vis-à-vis its objectives and to assess its impact on the socio-economic conditions of ARB borrowers.

Methodology. The study used both primary and secondary data. Primary data were generated from personal interviews of 303 Agrarian Reform Beneficiary (ARB) borrowers and 156 ARB non-borrowers, using a structured questionnaire. Secondary data, on the other hand, were gathered from reports

of the ACPC, DAR, LBP, and PCIC. Other data were generated from KII. The "with-without" program analysis was used in measuring the impact of APCP on the welfare of the ARB borrowers. To further isolate the impact of APCP on the socio-economic conditions of ARB borrowers, the double difference/difference in difference method was employed.

Findings. The ARB borrowers have a 29 percent increase (PhP10,558) in their average real incomes over their average real income before APCP and benefited from trainings on farm technology, the adoption of which had resulted in better production and higher income. However, the program had not made any significant improvements in their quality of life particularly in terms of house and lot ownership, improvements in housing and utilities. For ARB Organizations (ARBOs), adoption of learnings from trainings resulted in improvements in financial management and credit delivery, better governance, improved access to information and farm technology, and increased membership, among others.

Crop insurance was effective as it partially paid the loans of ARBs, who were again able to borrow from LBP to finance their subsequent farm operations. The indemnity paid by PCIC to LBP helped in reducing the amount of default incurred by LBP.



f. Assessment of the APCP Past Due Accounts

Objective. The study aims to dig deep into the root causes of non-payment of loans for the purpose of identifying remedial measures to avert increasing loan defaults.

Methodology. The study used both quantitative and qualitative data. The quantitative data were collected from the survey of 357 ARBs from eight (8) ARBOs with the highest gross past due amount, highest past due ratio (PDR), amount of cumulative releases and number of beneficiaries by lending center. The qualitative data came from the interviews of 34 ARBO officers and staff and 20 representatives from DAR, DENR, and LBP.

Findings. The non-payment of loans is caused by the following: (i) mismanagement of the cooperative/ARBO and misuse of funds that led to the loss of trust of members with some ARBs opting not to pay; (ii) natural calamities, incidence of pests and diseases, and

non-suitability of (cacao) crop in the area that led to decline in production or total damage to the crop; (iii) willful default; and (iv) use of loan partly to farming-related expenses and partly to household needs.

The extent of the past due account that can be recovered is difficult to determine. However, more than half of ARBO respondents said that they will settle their outstanding balance. For ARB respondents, nearly all are willing to continue to pay their past due accounts once they have recovered from poor or low harvest or will earn income from other sources.

g. Rapid Assessment of the Upland Southern Mindanao-Credit and Institution Building Program (USM-CIBP)

Objective. To determine the extent to which the program achieved its objectives, identify success and constraining factors, and make recommendations on the program moving forward.

Methodology. The methodology largely used the method discussed in the “Guidelines for Preparing Performance Evaluation Reports for Public Sector Operations” released in January 2006 by the Asian Development Bank Operations Evaluation Department. The overall assessment used separate assessments of four core evaluation criteria, which are then aggregated to produce the overall rating, namely, (i) responsiveness, (ii) effectiveness, (iii) sustainability, and (iv) timeliness.

Findings. The overall program interventions are “Responsive”, “Effective” but “Less Sustainable”, while the program outcomes are “Not Timely”. The overall program assessment showed that the program is “Partly Successful” indicating that while the program may have partly achieved some of its objectives, it remains short of achieving all the target outcomes within a reasonable period. It also presented that the program’s capacity building interventions need to be improved, specifically on the enhancement of its sustainability and timeliness. Recommendations, thus, include linking targets with the maturity level of cooperatives and setting timeline for their graduation from assistance; employing a results-based monitoring

evaluation system; and addressing effectiveness and sustainability by matching interventions with needs, focusing interventions on teams, and strengthening linkage with relevant government institutions to augment/share resources and benefit more cooperatives;

h. Warehouse Receipt Financing: A Review of Philippine Experience

Objective. This paper discusses the experience of the country on warehouse receipt or quedan financing, outlining the laws governing warehouse receipts as well talks about the grains and sugar quedan financing systems. It also presents the quedan system-related initiatives of selected banks and their views on what would encourage them to participate in warehouse receipt financing.

Methodology. The study used both primary and secondary data. Primary data is generated from interviews of 21 banks and Quedancor while secondary data is gathered from related issuances, laws, and reports.



Findings. The country's experience in warehouse receipt or quedan system showed that it helped in the marketing of farmers' produce (mainly palay and sugarcane) and facilitated borrowing from banks. For instance, while the Quedancor-operated grains quedan financing program proved to be unsustainable due to high administration and subsidy costs and lack of sufficient funding and reported anomalies, it enabled millers and traders to procure paddy from farmers and inter-seasonal storage while its credit guarantee component enabled banks to accommodate borrowers who otherwise would not have qualified for a loan. Furthermore, aside from facilitating credit provision to miller-traders, the largely private-run and sustained sugar quedan system has institutionalized the arrangement in marketing of the planters and the trader-millers while the all-private-sector-lead onion warehouse receipt system, which has been posting high repayment rates, facilitated the

provision of loans not only to traders but to farmers as well.

The initiatives and active involvement of the private sector in warehouse receipt financing for sugar, onion and palay/rice, mostly on their own or with minimal government support, indicate the willingness of banks to participate and invest in the system. Based on the experience and interviews, more banks may be encouraged to lend to the agriculture sector against warehouse receipts if government would provide (i) adequate information and knowledge on how the system works and the subject commodity for all stakeholders; (ii) assured market for the commodity to be financed; (iii) credit guarantee support as additional loan security that may be phased out as the banks gain trust and confidence in the system; or (iv) insurance cover on the stored commodities against fire, flooding and other natural disasters.





4. Accreditation of Non-Bank Rural Financial Institutions (NBRFIs) and Certification of Debt Securities pursuant to RA 10000

In support of the implementation of RA 10000 or the Agri-Agra Reform Credit Act of 2009, the ACPC evaluates and certifies the eligibility of bonds/securities as alternative compliance to the mandated 25% allocation of bank's loanable funds for the agriculture and agrarian sectors. Additionally, ACPC also accredits non-bank rural financial institution (NBRFI) whom banks can invest its agri-agra loan funds.

From January to December 2020, the ACPC issued 267 certificates of eligibility for Agrarian Reform 10-year bonds with an aggregate face value of P365.92 million to 24 bank subscribers.



ACD Chief Kennedy Garabiag and Mr. Ezrael Manzano during the meeting with RBAP Pres. Roberto G. Abello and Vice President for Luzon Gregory de Guzman on how more credit can flow to the agri-fishery sector with the involvement of the rural banking network.

The ACPC has also been actively participating in the review and amendment of the law's IRR. The ACPC supported the following proposed changes as these would facilitate higher investments by banks in the agri-agra sectors and would reduce operational challenges faced by banks in complying with the provisions of the law: (i) deletion of the accreditation requirements for debt securities; (ii) expansion in the modes of compliance with the agrarian reform credit; (iii) expansion of agri-agra eligible purposes; (iv) amendment to the computation of total loanable funds of newly established banks; and (v) extension of loans to borrowers, for purposes of financing activities identified under Section 23 of R.A. No. 8435, including palay housing and farming homestead.

B. FINANCIAL TARGETS

The ACPC has received total allotment amounting to P5,118.19 million from the current year's GAA and Bayanihan II budget including P0.044 million from the agency's prior year budget or continuing appropriations. Of the total budget received, 99.95% or P5,115.79 million has been obligated, of which 100.04% or P5,117.68 million has been disbursed.

TABLE 6. AGENCY BUDGET UTILIZATION

Particular	Allotment Received (PMillion)	Obligations Incurred		Disbursement	
		Amount (PM)	Rate	Amount (PM)	Rate
Current Year's Budget					
GAA 2020 (not refocused)	180.67	178.31	98.69%	180.20 ¹	101.06%
GAA 2020 Refocused (Bayanihan I)	2,437.48	2,437.48	100%	2,437.48	100%
Bayanihan II	2,500.00	2,500.00	100%	2,500.00	100%
Prior Year's Budget (Continuing Appropriations)	0.044	-	-	-	-
TOTAL	5,118.19	5,115.79	99.95%	5,117.68	100.04%

[1] Higher disbursement was due to cash advance refund, and to the staled check of prior year obligation that was obligated and charged to current period, NORSAs were issued to cancel the obligation.

A portion of the ACPC's approved FY 2020 GAA budget tagged as "For Later Release" was not released by the Department of Budget and Management (DBM). This budget amounting to P220 million was intended for the conduct of the agency's research as well as capacity building activities this year. Based on the recommendations of the DBM, said amount was included in the government's budget in support of its COVID-19-related assistance.

C. SUMMARY OF INTERVENTIONS

The ACPC continues to find ways to provide the credit support needed by the country's small farmers and fishers through the provision of and advocacy on accessible and affordable credit.

The ACPC launched two (2) new credit programs namely KAYA and ANYO.

Further, in response to the effects of the COVID-19 pandemic to the livelihood of SFFs and MSEs/FOs and to help make food accessible and affordable in these challenging times, the ACPC implemented its SURE COVID-19 program. To disseminate program information and help financial institutions, SFFs and MSEs/FOs access these programs, orientations and training were conducted.

In aid of agri-fishery/rural finance policy legislation and advocacies and program development, the ACPC has implemented policy and action research studies on agri-value chain financing, program assessment and demand for credit and borrowing behaviors of small farmers and fishers. The ACPC has also been supporting the implementation of the provisions of RA 10000 through the accreditation of non-bank rural financial institutions (NBRFIs) to whom bank can invest their credit funds and certification of the eligibility of bonds/securities as alternative compliance.

D. CHALLENGES

The current year has been a challenging time to the agricultural sector. The imposition of the community quarantine and its corresponding policy on social

distancing caused mobility restrictions in implementing on-ground program implementations. Table 6 shows a summary of challenges encountered as well as the actions taken to address these concerns.

TABLE 7. CHALLENGES ENCOUNTERED VS ACTIONS TAKEN

Challenges	Actions Taken
<p>1. Some PLCs, operating on various municipalities and/or provinces, need to contend with policies imposed by LGUs, which at times, vary from municipality/province to municipality/province resulting to delays or slowing down and/or extended period of loan processing and/or releasing to borrowing SFFs and MSEs.</p>	<ul style="list-style-type: none"> • Strengthening coordination with LGUs to allow regulated mobility of farmer/fisher-borrowers and ACPC partner lending conduits personnel while complying with imposed safety protocols. • Tapping grass-root-based financial institutions to serve target beneficiaries in hard-to-reach areas. ACPC continues to identify and negotiate with locally-based financial institutions as potential PLCs. As of the moment, the ACPC has 240 lending conduits in 65 provinces. PLCs include banks, cooperatives, microfinance organizations/non-government organizations, cooperatives and farmer/fisher organizations. Negotiation with potential PLCs is continuous.
<p>2. Suspension and/or limited courier services affecting the transfer of documents from PLCs as well as financial institutions applying as PLCs to ACPC</p>	<ul style="list-style-type: none"> • Adopting the following to speed up loan processing and release to SFFs: <ul style="list-style-type: none"> Online loan application and submission of loan documentary requirements. Bearing in mind mobility restrictions, the ACPC devised an online system for loan application and uploading of documentary requirements by applying-micro and small enterprises. ACPC also allowed the submission of electronic copies of loan applications and documentary requirements by partner lending conduits through email. These expedite the review of loan applications and requirements and loan processing. Streamlining of procedure in the submission of list of farmer/fisher-borrowers to reduce the period of identification and validation of beneficiaries by about 10 working days. The Municipal Agriculturist directly submits to ACPC duly certified list of farmer/fishers.

<p>3. Urgent need to speed up processing and release of credit funds to PLCs and loans to SFFs/MSEs</p>	<ul style="list-style-type: none"> • Streamlining of procedure in the submission of borrowers list to reduce the period of identification and validation. • Online loan application, and submission of electronic copies of loan documentary requirements through email and ACPC's credit program portal to expedite the review of loan applications and requirements and loan processing. • Integration of digital solutions in the releases of loans. The ACPC has forged partnership with digital finance and payment services provider, PayMaya, to provide innovative financial disbursement platform for the ACPC's KAYA credit program. Through the said partnership, PayMaya will allow ACPC's PLCs to disburse loans to borrowers digitally through their PayMaya-enabled prepaid payment cards. The loan disbursement solution for PLCs is 24/7 and has a real-time crediting through the PayMaya PayOut web-based portal. • PayMaya cards are re-loadable prepaid electronic debit cards, which affords users to enjoy the security and convenience of an ATM card without the need to open a deposit account. PayMaya card allows loan beneficiaries to make online and in-store payments, pay bills, buy load, send money, and withdraw funds, among other financial services which will allow them to continue to transact even in the face of pandemic-related restrictions such as physical distancing. • At present, of the nine (9) PLCs that have expressed their interest in using said payment platform, one (1) PLC has been on-boarded or ready to use the platform while the onboarding of eight (8) more PLCs is in process. These PLCs are operating in Regions 2, 3, 4, 9 and 10. The ACPC continuous to encourage other PLCs to participate in the utilization of said platform and is looking at integrating the use of this platform in other credit programs.
<p>4. Not all of the PLCs are also able to report complete data on loan releases and number of borrowers following the reporting deadline set by the ACPC.</p>	<ul style="list-style-type: none"> • The ACPC devised the Agri-Credit e-portal where PLCs can input reports on their loan disbursements for the programs they are offering.

PLANS FOR 2021

For 2021, the ACPC shall intensify its efforts to support and reach out to more SFFs and MSEs recovering from the damaging effects of the pandemic and other fortuitous events and provide easy access to affordable credit. While the ACPC will continue to implement its SURE COVID-19 credit program, it shall also continue to roll out its KAYA and ANYO credit programs to complement the recovery efforts for the agriculture and fisheries sector.

The ACPC shall also endeavor to optimize the use of technology in extending credit support services, strengthen its partnership and collaboration with financing institutions to obtain wider reach of its credit services, and conduct massive credit information campaign to disseminate information on the available loan assistance for the SFFs, FFOs, and agri-fishery based MSEs.

Capacity building and research shall continue as an integral part of ACPC's credit support. Farmer and fisher organizations will be capacitated to become viable development partners in the countryside. Policy and action research studies will be conducted to

advocate for a conducive rural and agricultural finance policy environment.

F. SUPPORT AND PARTNERSHIPS

Reaching out to the country's small farmers and fishers and MSEs and delivering much needed capital would not have been possible without the unceasing support of the DA and all its operating units, the local government units and partner financial institutions who have been working hard and making ways to be of service to the sector and, in extension, to the whole country despite the obstacles that have plagued the sector and the nation.



Exec. Dir. Jocelyn Alma Badiola, along with Program Development and Advocacy Dir. Ma. Cristina Lopez (6th and 3rd from right, respectively), and other DA-ACPC officers and staff, joined DA Asec. for Agribusiness and Marketing Assistance Service (DA-AMAS) Kristine Evangelista (4th from left), in a dialogue session with market vendors in Commonwealth Market, Quezon City.

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Provision of credit is a support service to provide farmers and fishers financial resources to increase their productivity and incomes.



JOCELYN ALMA R. BADIOLA
Executive Director



DEPARTMENT OF AGRICULTURE
AGRICULTURAL CREDIT POLICY COUNCIL

Address: 28/F One San Miguel Avenue (OSMA) Bldg., San Miguel Ave. cor. Shaw Blvd.,
Ortigas Center, Pasig City 1605 Philippines
Tel. Nos. 8634-3320 to 21 Fax Nos. 8634-3319; 8584-3691



/agricreditpolicycouncil



acpc.gov.ph



info@acpc.gov.ph