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EXPANDED RICE CREDIT ASSISTANCE – RICE COMPETITIVENESS ENHANCEMENT FUND (ERCA-RCEF) PROGRAM 2023 YEAR-END REPORT

The accomplishments and status of the Expanded Rice Credit Assistance – Rice Competitiveness Enhancement Fund (ERCA-RCEF) Program were based on reports submitted by the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) as of December 31, 2023.

ERCA RCEF is a credit facility which aims to help increase the productivity of rice farmers and their cooperatives and associations – through financial assistance aimed to increase rice production, acquisition and establishment of agricultural production and processing facilities, and farm improvement.

Ten percent (10%) of the Rice Fund equivalent to P1.0 billion per year for six (6) years (2019-2024) shall be made available in the form of a credit facility through the implementation of Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP).

I. Overall Program Accomplishments

Over the period 2019 to 2023, the ERCA-RCEF Program allotted credit funds totaling P4.76 billion, with LBP receiving P2.5B and DBP getting P2.26B (Table 1).

For the same period, the total ERCA-RCEF loans released amounted to P4.62B, with LBP releasing P2.47B and DBP releasing P2.15B. Cooperative borrowers totaling 246 and 14,857 individual borrowers received the loans. The combined fund utilization rate of the two GFIs, therefore, is at 97%.

Table 1. ERCA-RCEF Funds Allotted and Utilized, By LBP and DBP
As of December 31, 2023

GFI	Transferred Funds (PM)	Funds Utilized (PM)	Utilization Rate (%)	Number of Borrowers	
				Individual	Cooperatives
LBP	2,500.00	2,474.32	98	14,831	271
DBP	2,263.4	2,152.38 ^{a/}	95	26	25
Grand Total	4,763.40	4,626.70	97	14,857	296

a/ Total amount of P2152.38 was utilized for loans (P2,015.97M), documentary stamp tax (P23.58M), and management fee of (112.83M).

II. ERCA RCEF Loan Releases, by Region

LBP loans under the ERCA-RCEF Program went to 14,831 individual borrowers and 271 group borrowers in 15 regions (Table 2).

As of December 31, 2023, a third of the total amount of loans released under the program (P819M) went to Region III, while close to a quarter (P601M) went to Region II. In contrast, the least amounts of loans went to Regions VII (P3.41M) and XI (P3.07M).

A third of the total number of individual borrowers, on the other hand, are in Region II (4,834 borrowers), while 13% of individual borrowers are in Region III (1,980). Group borrowers are also mostly in Region III (43%) and Region II (18%).

Table 2. Summary of the LBP's ERCA-RCEF Loan Releases, By Region
As of December 31, 2023

Region	Land Bank of the Philippines					
	Amount of Loans Released (P Million)	% Share	Number of Borrowers			
			Individual Borrowers	%Share	Group-Borrowers	%Share
CAR	42.67	2%	482	3%	5	2%
Region I	86.82	4%	291	2%	23	8%
Region II	600.86	24%	4834	33%	48	18%
Region III	818.59	33%	1980	13%	117	43%
Region IV-A	29.22	1%	305	2%	-	-
Region IV-B	194.36	8%	1585	11%	4	1%
Region V	16.33	1%	116	1%	3	1%
Region VI	232.09	9%	1717	12%	20	7%
Region VII	3.41	0%	73	0%	-	-
Region VIII	43.66	2%	709	5%	3	-
Region IX	53.41	2%	282	2%	6	2%
Region X	92.96	4%	330	2%	8	3%
Region XI	3.07	0%	41	0%	-	-
Region XII	54.48	2%	549	4%	-	-
Region XIII	202.39	8%	1537	10%	34	13%
Total	2,474.32	100%	14,831	100%	271	100%

DBP, on the other hand, disbursed P2.2B ERCA-RCEF loans in 10 regions (Table 3). The highest shares of the loans went to Regions II (51%) and I (26%). Conversely, Regions XII and IV-A have the least amount of DBP loan releases.

DBP ERCA-RCEF borrowers as of December 31, 2023 are composed of 26 individual borrowers and 25 group borrowers. The highest numbers of individual borrowers are in Region XII (42%), while the highest numbers of group borrowers are in Region I (28%).

**Table 3. Summary of DBP's ERCA-RCEF Loan Releases, By Region
As of December 31, 2023**

Region	Development Bank of the Philippines					
	Amount of Loans Released (P Million)	% Share	Number of Borrowers			
			Individual Borrowers	% Share	Group-Borrowers	% Share
CAR	-	-	-	-	-	-
Region I	550.00	26%	-	-	7	28%
Region II	1,107.50	51%	-	-	3	12%
Region III	27.00	1%	-	-	1	4%
Region IV-A	0.17	0%	5	19%	-	-
Region IV-B	170.66	8%	-	-	3	12%
Region V	180.24	8%	5	19%	2	8%
Region VI	49.43	2%	-	-	2	8%
Region VII	12.20	1%	2	8%	2	8%
Region VIII	51.44	2%	3	12%	5	20%
Region IX	-	-	-	-	-	-
Region X	-	-	-	-	-	-
Region XI	-	-	-	-	-	-
Region XII	2.33	0.1%	11	42%	-	-
Region XIII	-	-	-	-	-	-
Total	2,150.97 a/	100%	26	100%	25	100%

a/ Includes P135 million loan re-avaiement of borrowers in 2020.

II. ERCA RCEF Loan Releases, by Type of Borrower

Of the P4.6 billion loans disbursed under the ERCA-RCEF Program as of December 31, 2023, most (P3.3 billion or equivalent to 71%) was availed by 296 cooperative borrowers (see Table 4). By GFI, loans to cooperatives account for 99.5% or almost all of DBP's ERCA RCEF loan releases. On the other hand, only 2% of the amount of ERCA RCEF loans released by LBP went to cooperatives.

The remaining balance of the total ERCA RCEF loan releases (P1.3 billion) was availed by individual farmers mostly through LBP. Individuals constitute 98% of the total number of borrowers under the ERCA-RCEF Program.

Table 4. Summary of ERCA-RCEF Loan Releases, By Type of Borrower
As of December 31, 2023

Type of Borrower	Land Bank of the Philippines				Development Bank of the Philippines				GRAND TOTAL			
	Amount of Loans Released (P Million)	% Share	Number of Borrowers	% Share	Amount of Loans Released (P Million)	% Share	Number of Borrowers	% Share	Amount of Loans Released (P Million)	% Share	Number of Borrowers	% Share
Individual	1,310.08	53%	14,831	98%	12.49	0.5%	26	51%	1,322.57	29%	14,857	98%
Cooperative	1,164.23	47%	271	2%	2,138.48	99.5%	25	49%	3,302.71	71%	296	2%
Total	2,474.32	100%	15,102	100%	2,150.97^{1/}	100%	51	100%	4,625.28	100%	15,153	100%

^{1/} Includes P135 million loan re-avaiement of borrowers in 2020.

III. ERCA RCEF Loan Releases, By Loan Purpose

Two-thirds of the ERCA RCEF loans were used mostly by cooperatives as working capital either for rice milling/trading (33%) or re-lending (33%) (Table 5). A quarter of the ERCA RCEF loans were used by 14,719 individual borrowers for palay production. The rest of the loans were used by borrowers either for the procurement of farm machinery or the construction of warehouses.

**Table 5. Summary of ERCA-RCEF Loan Releases, By Loan Purpose
As of December 31, 2023**

Loan Purpose	Land Bank of the Philippines						Development Bank of the Philippines						GRAND TOTAL					
	Amount of Loans Released (P Million)	% Share	Number of Borrowers			% Share	Amount of Loans Released (P Million)	% Share	Number of Borrowers			% Share	Amount of Loans Released (P Million)	% Share	Number of Borrowers			
			Individuals	% Share	Groups				Individuals	% Share	Groups				Individuals	% Share	Groups	% Share
Palay Production	1,176.97	48%	14,719	99%	26	10%	-	-	-	-	-	-	1176.97	25%	14,719	99%	25	13%
Working Capital - Rice Milling/ Trading	396.78	16%	-	-	58	21%	1,118.39	47.6%	18	69%	9	36%	1,515.17	33%	6	0%	56	30%
Working Capital - Relending	629.96	25%	-	-	153	56%	893.97	47.9%	-	-	13	52%	1,523.93	33%	-	-	95	51%
Purchase of Farm Machinery	270.72	11%	112	1%	34	13%	79.18	1%	8	31%	2	8%	349.90	8%	90	1%	12	6%
Construction of Warehouse	-	-	-	-	-	-	59.43	3%	-	-	1	4%	59.43	1%	-	-	-	-
Total	2,474.42	100%	14,831	100%	271	100%	2,150.97 ^{1/}	100%	26	100%	25	100%	4,625.40	100%	14,815	100%	188	100%

^{1/} Includes P135 million loan re-availments of borrowers in 2020.