

Republic of the Philippines  
Department of Agriculture  
**AGRICULTURAL CREDIT POLICY COUNCIL**  
28/F One San Miguel Avenue (OSMA) Bldg.,  
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Fax Nos. 8634-3319; 8584-3861



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March 12, 2025

**MEMORANDUM**

**FOR : MA. CRISTINA G. LOPEZ**  
Officer-In-Charge

**THRU : NORMAN WILLIAM S. KRAFT**  
Director II, Program Monitoring and Information Systems Management Staff

**FROM : RACHEL A. BUSTAMANTE**  
Chief, Monitoring Division

**ARLYN D. BANCUD**  
Project Officer I

**SUBJECT: AGRICULTURAL GUARANTEE FUND POOL (AGFP) 2024 Q3 Status Report**

We would like to submit the 2024 3rd Quarter Status Report of the AGFP. The report presents an update on the status of the AGFP detailing the fund's financial performance which includes, among others, amount of guaranteed loans by partner lending institutions, number of accounts enrolled for guarantee and status of the fund. It also highlights the guarantee claims paid as well as recoveries under the program.

Further, the report outlines the issues and challenges encountered during the program's implementation and provides detailed action plans to address these concerns. These strategies are designed to overcome obstacles and ensure the program's continued implementation.

Moreover, the report has been thoroughly reviewed and approved by the AGFP officers to ensure its accuracy and completeness.

Thank you.



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## AGRICULTURAL GUARANTEE FUND POOL PERFORMANCE STATUS AS OF 3<sup>RD</sup> QUARTER 2024

### 1. Approved Guarantee Lines

As of September 30, 2024, the AGFP has 88 partner lending institutions with a combined outstanding guarantee line amounting to P9.8 billion (Table 1). More than half of AGFP's partner lending institutions are banks (60%) and 35% are cooperatives.

**Table 1. Status of Approved Guarantee Lines  
As of September 30, 2024**

Type of Partner Lending Institution	No. of Partners	Outstanding Guarantee Lines (PhP)
Banks	52	₱6,618,500,000.00
Cooperatives	31	₱1,105,700,000.00
NGOs & Farmers/People's Org.	5	₱2,116,000,000.00
<b>Total</b>	<b>88</b>	<b>₱9,840,200,000</b>

*Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report*

### 2. Guaranteed Loans

Loans guaranteed by the AGFP from January to September 2024 amount to nearly 2.99 billion. Bank loans comprise 88% (P2.66 billion) of the total. The rest of the guaranteed loans are from cooperatives (P184 million) and NGOs & Farmers/People's Organizations (P150 million). As of September 30, 2024, the cumulative amount of loans guaranteed by the AGFP has reached nearly P80 billion (Table 2).

**Table 2. Amount of Guaranteed Loan, By Type of Partner Lending Institutions  
As of September 30, 2024**

Type of Partner Lending Institution	Year-To-Date (PhP)	Cumulative* (PhP)
Banks	₱2,663,421,063.65	₱59,758,964,775.98
Cooperatives	₱183,673,861.19	₱6,787,986,228.96
NGOs & Farmers/People's Org.	₱149,770,434.00	₱7,468,962,736.95
Corporations	-	₱5,911,872,318.53
<b>Total</b>	<b>₱2,996,865,358.84</b>	<b>₱79,927,786,060.41</b>

*Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report*



### 3. Number of Accounts Enrolled for Guarantee

During the first three (3) Quarters of 2024, the AGFP guaranteed the loan accounts of 31,794 small farmers and fisherfolk (Table 3). The majority (82%) are borrowers from banks. As of September 30, 2024, the AGFP had extended its coverage to a cumulative total of 1,476,254 loan accounts involving 776,931 small farmers and fisherfolk.

**Table 3. No. of Accounts Enrolled for Guarantee  
As of September 30, 2024**

Type of Partner Lending Institution	Year-To-Date		Cumulative*	
	No. Of Transactions	No. Of SFF	No. Of Transactions	No. Of SFF
Banks	32,586	25,960	1,010,876	488,790
Cooperatives	2,838	2,324	132,780	82,079
NGOs & Farmers/People's Org.	4,048	3,510	250,744	152,858
Corporations	-	-	81,851	53,204
<b>Total</b>	<b>39,472</b>	<b>31,794</b>	<b>1,476,251</b>	<b>776,931</b>

\*Cumulative balances are enrolments/guarantees accumulated from 2008 up to date, including guaranteed loans of SMEs until 1st quarter of 2015.

Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report

### 4. Outstanding Guaranteed Loans

As of September 30, 2024, outstanding loans with AGFP guarantee cover amount to P1.8 billion (Table 4) with 22,227 SFF borrowers. Bank loans account for 91% of the outstanding guaranteed loans. While the rest are loans of Cooperatives and NGOs/farmers' organizations.

**Table 4. Outstanding Guaranteed Loans  
As of September 30, 2024**

Type of Partner Lending Institution	Amount (PhP)	No. of SFF
Banks	₱1,643,435,309.53	18,842
Cooperatives	₱88,732,538.14	1,389
NGOs & Farmers/People's Org.	₱75,268,334.00	2,046
<b>Total</b>	<b>₱1,807,436,181.67</b>	<b>22,277</b>

Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report

## 5. Status of the Fund

The AGFP seed fund as of September 30, 2024, amounts to a total of P11.15 billion (Table 5). The primary source of funding for the AGFP (96%) is remittances from the Bangko Sentral ng Pilipinas (BSP) drawn from penalties under RA 10000 amounting to P10.67 billion. The rest (4% or P483.6 million) came from contributions made by government-owned and controlled corporations (GOCCs) and government financial institutions (GFIs) in compliance with Administrative Order No. 225-A.

**Table 5. Status of the Fund  
As of September 30, 2024**

Contributor	Amount (PhP)
GOCCs/GFIs (AO 225-A)	₱483,644,900.00
Remittance from BSP (AGFP share in RA 10000 penalties) *	₱10,670,412,404.15
<b>Total Outstanding Seed Fund</b>	<b>₱11,154,057,304.15</b>

*\*Net of bank service charges*

*Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report*

## 6. Status of Guarantee Claims Filed

From January to September 30, 2024, the cumulative guarantee claims filed against the fund amounts to P382.57 million (Table 6). Of this amount, P177.82 million claims have been processed, while claims amounting to P118.97 million are in process, and P85.79 million remain pending with PLLs due to incomplete documents. The claims rate of the AGFP is 4.4%.





**Table 6. Status of Guarantee Claims  
As of September 30, 2024**

Partner Lending Institution (PLI)	Total Claims Filed			1/Pending with PLIs (In PM)	1/Total Claims In Process (In PM)	Total Claims Processed (In PM)	2/Total Guarantee Claims Paid (In PM)	3/Claims Rate (%)
	No. of PLIs	No. of Accounts	Amount (In PM)					
			(a)	(b)	(c)	(a-b-c)	(d)	
Banks	35	12,180	372.58	85.2	116.27	171.27	126.63	4.75
Cooperatives	6	90	6.04	0	2.00	4.04	3.26	1.77
FOs/ MFIs	4	283	3.96	0.59	0.86	2.51	1.98	1.32
<b>Total</b>	<b>45</b>	<b>12,553</b>	<b>382.57</b>	<b>85.79</b>	<b>118.97</b>	<b>177.82</b>	<b>131.87</b>	<b>4.40</b>

<sup>1/</sup> Total Pending Claims consist of approved and in process/pending with PLIs and PHILGUARANTEE

<sup>2/</sup> Total Guarantee Claims Paid consists of initial (80%) payment and final payment (20%)

<sup>3/</sup> Claims Rate = Claims Paid / Guaranteed Loans

Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report

## 7. Status of Claims and Recoveries

The total guarantee claims paid by the AGFP amounts to nearly P132 million as of September 30, 2024 (Table 7). Almost three-fourths (72%) or P95.32 million has been recovered or a recovery efficiency rate of 72.2%.

**Table 7. Status of Claims Paid and Recoveries  
As of September 30, 2024**

Type	Year-To-Date		Cumulative (As of September 30, 2024)	
	Claims Paid (In PM)	Recoveries (In PM)	Claims Paid (In PM)	Recoveries (In PM)
Banks	126.62	93.96	2,886.11	1,442.75
Cooperatives	3.26	1.07	189.03	80.81
Fos/MFIs	1.99	.290	176.22	53.82
SMEs/Corporation	0		178.50	10.33
<b>Total</b>	<b>131.87</b>	<b>95.32</b>	<b>3,429.85</b>	<b>1,587.71</b>

Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report

## 8. Issues and Challenges of Agricultural Guarantee

**Table 8. Issues and Challenges of Agricultural Guarantee**

Issues/Challenges	Plans to address these Issues/Challenges
<p>1. Various loan facilities to small farmers and fishers funded by the Government which are being offered through our partner lending institutions (acting as conduits) that don't require a guarantee cover from the AGFP. It bears to emphasize that these loan facilities offer zero interest charges and payable long-term without the required collateral.</p> <p>Considering that these are just managed/conduited funds, in case of borrower's default, the corresponding defaulted amount will just be treated in the Conduit Institution's books of accounts as bills payable until the loan is recovered and remitted back to Funder. As such, the lending institutions no longer have to provide an allowance for credit losses (ACL). Again, since the loans generated from these programs partake the nature of risk-free transactions (as they are not using their capital), the PLIs no longer enroll these accounts for AGFP guarantee coverage.</p> <p>2. Many of our rural bank partners have already refocused their lending programs from unsecured to secured agri and non-agri loan products, e.g., SMEs, etc., as these are almost zero-risk transactions that do not need a financial guarantee.</p> <p>3. Amendments to the Agri-Agra Credit Reform Act of 2009 and its implementing rules and regulations, which reduced banks' operational challenges in complying with the provisions of the law. Its wider implementation allows banks to invest part of their mandated portfolio in green projects and other forms of resiliency projects and investments in rural communities.</p> <p>In light thereof, many of the banks availed of these alternative compliances to the Agri-Agra requirement instead of directly providing loans to small agricultural workers.</p> <p>4. Economic uncertainty, high volatility of fuel prices, low farm-gate price of agricultural produced against the high cost of production, and marketability of some agricultural products</p>	<p>1. Continue aggressive Marketing campaign via:</p> <ul style="list-style-type: none"> <li>a. Multimedia advertisements;</li> <li>b. sending-out of marketing letters;</li> <li>c. direct emails to lending institutions' credit officers to apprise them of the benefits of the guarantee program;</li> <li>d. conduct of and /or participation in meetings and conferences with the federations of rural and cooperative banks, federations and unions of cooperatives, microfinance organizations and other financing institutions that lend to small farmers and fishers;</li> <li>e. On-site client visits.</li> </ul> <p>2. Engage third-party service provider for the conduct of Customers' interviews/surveys.</p> <p>3. Continue coordination with ACPC for program collaboration and product innovation.</p> <p>4. Coordinate with the concerned department of the corporation for the release of ads.</p> <p>5. Link lenders and support service</p>



<p>pose a risk of recovery of loans by the lenders and likewise make farmer-borrowers reluctant to avail of loans.</p> <ol style="list-style-type: none"> <li>5. Irrigation problems in some agricultural areas shy away farmers from accessing loans as this leads to slow to non-production of agricultural commodities.</li> <li>6. The proliferation of low-priced imported and smuggled agri-products stifles the marketability of locally-produced agri-products. It discourages farmers from continuing their farming activities, which leads to non-availment of loans and enrollment for AGFP guarantee coverage.</li> <li>7. Conversion of some farmlands to commercial use which resulted in farmers stopping their agricultural activities.</li> <li>8. Farmers who already established good credit standing with banks were able to obtain unsecured agri-loans without the AGFP guarantee cover.</li> <li>9. Some loans submitted for guarantee coverage were declared ineligible due to non-compliance with the policy of AGFP on enrollments (like non-submission of the masterlist of borrowers within 15 days from the date of deposit of the required guarantee fee).</li> <li>10. The policy of some banks to disqualify their delinquent borrowers from re-availing of fresh loans until the defaulted amounts are settled. We must note that AGFP only covers 85% of the loan; thus, even if the AGFP pays the said portion, the loan shall remain classified as past due for non-payment of the remaining 15%.</li> </ol>	<p>providers that promote lending and operational efficiency in agri-lending.</p> <ol style="list-style-type: none"> <li>6. Develop guarantee program enhancements (e.g. Agri-Machinery Loan Guarantee, Guarantee for Agri-working capital, etc.)</li> <li>7. Propose amendments to the AGFP IRR (e.g. Increase in guarantee coverage, tillage area, number of poultry/livestock heads to be covered, etc.)</li> <li>8. Enter into an MOU/MOA with federations of cooperatives as a vehicle in the promotion of the AGFP guarantee program to their member cooperatives.</li> </ol>
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<p>11. Some existing partners are not fully utilizing their guarantee lines while others are not applying for the re-establishment of their expired lines due to unresolved or unpaid claims still being acted upon by the Business Operations Group.</p> <p>12. Reluctance of farmers and fishers to borrow because of the perceived impact of the El Nino phenomenon, as they see it disruptive to production and may not give them a good yield, which could eventually trigger loan defaults.</p> <p>13. Program by the national and local government that substantially supports and assists the farmers through the provision of almost all farm inputs; such as seeds, fertilizers, farm equipment and machineries, which leave little to no room for lenders to provide farm loans.</p>	
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*Source: Philippine Guarantee Corporation-AGFP 2024 3<sup>rd</sup> Quarter Report*

