

QUARTERLY PHYSICAL REPORT OF OPERATION
As of December 31, 2021

Department : Department of Agriculture (DA)
 Agency : Agricultural Credit Policy Council
 Operating Unit : < not applicable >
 Organization Code (UACS) : 05 002 0000000

Particulars	UACS CODE	Physical Target (Budget Year)					Physical Accomplishment (Budget Year)					Variance		Remarks
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	4th Quarter	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13		14
AGRICULTURAL CREDIT PROGRAM	310100000 000000													
OO : Access of Small Farmers and Fisherfolk to formal credit under the AMCFP														
Outcome Indicators														
1. Percentage increase of borrowers obtaining loans from formal sources														
a. small farmer (3 ha and below)														
b. small fisherfolk (3 tons and below)														
2. Repayment rate (loans collected/loans matured)						85%-95%					74.49% Credit retailers to ACPC			The devastating impact of the COVID-19 pandemic and various calamities (i.e. typhoons, ASF) to the livelihood and income of farmers, fishers, and agri-fishery-based micro and small enterprises (MSEs) adversely affected their ability to pay their loan on time. In consideration of these situations, a moratorium on loan payments was offered by ACPC to help them recover from their losses.
Output Indicators														
1. Amount of loans granted to credit retailers/lenders and to end-borrowers:														
a. Credit retailers/Lenders/Partner lending conduits		700.00	850.00	565.00	400.00	2,515.00	704.686	851.863	699.27	459.18	2,714.999	114.80%	107.95%	ACPC was appropriated a total of PhP2.715 billion loans outlay in the GAA 2021, composed of PhP2.515 billion NEP level loans outlay, and PhP200.00 million Congress-Introduced Increases in Appropriation. Hence, for FY2021, the agency targetted to transfer a total of PhP 2,715.00 million credit fund to credit retailers/lenders.
b. End-borrowers		400.00	860.00	650.00	605.00	2,515.00	48.13	329.96	225.98	430.143	1,034.213	71.10%	41.12%	<ul style="list-style-type: none"> Reported data is incomplete. Some credit retailers/PLCs are yet to submit complete reports. The unmet target is due to the following: <ol style="list-style-type: none"> Slow processing of loan applications and release of approved loans by credit retailers (also referred to as partner lending conduits or PLCs) due to the following: (1) credit retailers or PLCs scaled down their operations due to mobility and mass gathering restrictions, and reduction in manpower support, and (2) it takes longer time for swine growers to submit loan applications because of documentary and regulatory requirements by various government agencies that must be satisfied (i.e. business permit; clearances from DA/BAI and national and local government, ICC compliance). Credit retailers/PLCs prioritized the processing and releasing of loans using Bayanihan II loan funds. The ACPC transferred said loan funds to credit retailers/PLCs only towards the end of the 4th quarter of 2020 as ACPC only received its Bayanihan II appropriation in November 2020. Thus, efforts were focused on disbursing Bayanihan II-funded loans to end-borrowers during the first half of the 2021.

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AGRICULTURAL CREDIT PROGRAM	310100000 000000													
2. Number of credit program orientations and credit matching seminars and workshops conducted		6	8	10	8	32	6	17	13	21	57	262.50%	178%	Credit program orientations were conducted in 'blended' mode, where topics were delivered at the same time to a combination of online audiences and audiences gathered in one location. Further, aside from ACPC-initiated orientations, the ACPC also responded to invitations for credit program orientations from the public and private sector, both inside and outside the country.
3. Number of farmers and fisherfolk organizations provided with institutional capacity building assistance		35	35	35	35	140	8	88	78	40	165	114.29%	117.86%	Trainings were conducted online by the ACPC and on-ground for small groups in partnership with training service providers and credit retailers/PLCs, which were trained by the ACPC to become trainers. The total number of FFOs provided with capacity building assistance is comprised of the number of unique FFOs assisted.

Prepared By:


JENNY T. ASPILAN
Chief, Policy and Planning Division

In coordination with:


MAGDALENA S. CASUGA
Director II, Policy and Planning &
Accreditation and Certification

Approved By:



JOCELYN ALMA R. BADIOLA
Executive Director

Signature: 

Email: jgangcot@acpc.gov.ph

Signature: 
Michelle B. Imperial (Jan 31, 2022 10:28 GMT+8)

Email: mbimperial@acpc.gov.ph

Signature: 
Joan Basay (Jan 31, 2022 13:04 GMT+8)

Email: jcbasay@acpc.gov.ph

AGRICULTURAL CREDIT POLICY COUNCIL
Yearend 2021 Accomplishment

1. Administration of credit programs. For the period January and December 2021, the ACPC, through its 147 partner lending conduits (PLCs) provided loans amounting to Php5.39 billion to 95,943 small farmers and fisherfolk- (SFF-) and 396 micro and small enterprise (MSE)-borrowers. These SFF and MSEs were able to access credit for their capital needs under the following ACPC-administered credit programs: (1) Expanded SURE Aid and Recover Project (SURE COVID-19), (2) Agri-Negosyo (ANYO) Loan Program and its various sub-windows catering to livestock raisers affected by the African swine fever (Swine R3), repatriated overseas Filipino Workers (OFW), and women members of farmers and fishing households (Agri-Pinay), (3) Kapital Access for Young Agripreneurs (KAYA), (4) Survival and Recovery (SURE) Assistance Program and its sub-windows responding to the immediate capitalization needs of SFF whose livelihoods were affected by various calamities such as typhoons (SURE Calamities), ASF (SURE Hogs), Taal Volcano eruption (SURE Aid Taal).

Aside from these programs, SFF and MSE borrowers were also able to access long-standing credit programs such as the Production Loan Easy Access (PLEA), BuyANiHan, Sikat Saka Program (SSP), Agrarian Production Credit Program (APCP), and the Upland Southern Mindanao Credit and Institution Building Program (USM-CIBP).

Details of the loans released by programs are shown in the table below. In addition, brief description of each credit program is provided in Annex A.

Table 1. Accomplishments of ACPC credit programs from January to December 2021

Program	Amount of Loans Granted (in PMillion)	Number of Borrowers	
		SFF	MSE/FFO
ANYO	1,624.22	15,836	139
- Regular ANYO	1,351.62	13,022	130
- OFW	237.82	2,464	9
- Swine R3	14.94	64	
KAYA	81.65	444	
SURE Programs	1,770.80	67,690	54
- Regular SURE	269.74	12,019	
- SURE COVID-19	1,484.64	54,915	54
- SURE Hogs	3.38	159	
- SURE Aid Taal	10.23	409	
- SURE Aid Palay	2.82	188	
PLEA	140.49	4,219	
BuyANiHan	100.00		1
Sikat Saka	1,051.16	7,754	
APCP	621.04		201
USM-CIBP	2.10		2
TOTAL	5,391.46	95,943	397

Source: ACPC Monitoring Division

To ensure the smooth delivery of credit services amidst the limitations brought by the COVID-19 pandemic, the following measures are being undertaken:

- a) Continuous coordination with local government units (LGUs) and partner lending conduits (PLCs) for immediate submission and endorsement of validated list of loan applicants as well as discussion of issues/concerns and how to address these. Coordination with LGUs also include concerns on mobility restrictions.
- b) Provision of assistance to LGUs, PLCs, and loan applicants on accomplishing forms and encoding/crosschecking of validated list.
- c) Facilitate online application, submission of electronic copies of loan documentary requirements, scheduling of orientation and training on business plan preparation, and

monitoring of loan application status through the online sign-up system for ACPC credit programs through the continued enhancement of the ACPC ACCESS, a digital platform for loan origination.

- d) Enhancement of the ACE Portal for ease in the reporting of loan disbursements of PLCs to borrowers.
- e) Conduct webinars and online meetings for program orientations and workshops on business plan preparation for loan applicants. This include developing field-based training pools from the PLCs, through the conduct of training of trainers, who will then be conducting on-field training especially for SFF and MSEs who have no/difficulty accessing the internet.
- f) Continuous consultation/negotiation with and presentation of ACPC credit programs to identified financial institutions as potential PLCs.

Simultaneously, the PLCs are doing the following:

- a) Coordinating with the Municipal Agriculture Office (MAO) and ACPC focal person for the list of SFFs and MSEs and faster validation of accounts;
- b) Setting a common venue for the releasing of loans that is near the borrowers;
- c) Matching loan releases with the borrowers' needs/timing the fund availment and loan releases with the planting season;
- d) Intensive information dissemination/marketing of the credit programs through letters, media, and tarpaulins;
- e) Conduct of program and pre-application orientation; and
- f) Assisting and following-up with applicants the completion of the requirements.

2. Fund Resource Management and Loans Collection. In consideration of the adverse effect of the COVID-19 pandemic to the livelihoods and operations of SFF and MSE-borrowers, the ACPC has extended the moratorium on loan repayment until December 31, 2021. Nonetheless, some PLCs still opted to remit payments. A total of PhP636.29 million matured loans has been collected by the end of 2021. The amount collected is composed payments (in full and/or amortized) of loans due (or past the due) for collection under ongoing, completed, and terminated credit programs.

3. Provision of capacity building to SFF and farmers and fisherfolk organizations. ACPC implements capacity building interventions to develop the competencies and skills of SFF, and members of farmers and fisherfolk organizations to increase their potential in accessing credit, and/or in helping their members and communities to access credit. In 2021, conducted 515 virtual and on-site capacity building activities on business planning (workshop, mentoring), business registration, basic bookkeeping, financial literacy, financial management, leadership and governance, strategic planning, entrepreneurship, cooperativism, and adult learning principles participated by SFF individuals, and members of 178 organizations.

To provide additional support to ACPC's capacity building interventions, PLCs are targeted to be trained as trainers (training partners) who will be providing training to SFF. By the end of 2021, five (5) PLCs were provided with initial training. Of these, two (2) PLCs were able, with the assistance of ACPC, to conduct training for their own SFF borrowers.

Furthermore, as support to the effort to engage more financial institutions as PLCs, identification and initial assessment of potential PLCs are being done. During the year, five (5) financial institutions initially assessed as eligible to become PLCs were identified for further evaluation.

Training modules are also continuously being reviewed and updated. During the period, the design of 11 modules were improved.

4. Policy Advocacy, Research and Information Dissemination. ACPC conducts policy advocacy and information campaign activities to increase awareness, and educate stakeholders on current programs and policies on agrifishery finance, as well as solicit inputs

on the development and/or improvement of policies and programs that will improve access to credit by farmers and fishers. At the same time, researches are carried out to ensure that the information disseminated are valid and up to date. Results of researches are also used as inputs to development of credit programs, and proposed legislations.

Policy advocacy. Policy advocacy activities in 2021 include submission of policy comments and recommendations on Congressional proposed bills, and agrifishery credit reports, which objectives are to: (i) influence policy on rural credit through participation in public hearing, fora, summit, consultative workshops; (ii) involvement in setting policy direction (AFMA, RA 10000, Magna Carta for SFF, National Organic Agriculture Act); and (iii) advocate on measures that impinge on rural credit. For the period, the ACPC has provided comments/inputs and attended hearing on the following bills:

- a) **Senate Bill Nos.1646, 2003, SBN 2048 and House Bill No. 7749** -“Government Financial Institutions Unified Initiatives to Distressed Enterprises for Economic Recovery (Guide) Bills”. These bill aims to assist in the rehabilitation of strategically important companies (SICs) experiencing temporary solvency issues due to the pandemic.
- b) **Senate Bill Nos.1585, 1361, 1352, 1336), 1038, 1924, and SBN 1740.** -“The Agriculture, Fisheries and Rural Development Financing Enhancement Act” amending RA 10000 (Agri-Agra Law) to boost investments by banks in the agri-agra sectors.
- c) **Senate Bill No. 632 (An Act Modernizing the Warehouse Receipts Law)** – “An Act modernizing the warehouse receipts law in order to provide a legal framework”. This bill as aims for the warehouse receipts become more reliable for the farmers may use their harvests, evidenced by warehouse receipts, as collateral for securing loans.
- d) **House Bill No. 7968 (Barangay Microfinance Act)** – “An Act establishing the Barangay Microfinance System and appropriating funds therefor”. It proposes an alternative source of funding that are accessible and do not charge unconscionable interest rates through the establishment and development of ‘Barangay Microfinance Cooperative’ (BMC). The mechanism in the credit delivery would help improve credit access of the SFF who are all situated in the barangays.
- e) **House Bill No. 6339 (Strengthening the Filipino Youth Involvement in Agri/Entrepreneurship)** – “An Act Strengthening the Filipino youth enrolment in Agriculture and Entrepreneurship”. Under the proposal, all LGUs are mandated to establish Youth Agricultural Hubs that will help and guide the youth to provide them greater opportunities and engage in agriculture.
- f) **House Bill No. 7452 (An Act Promoting Rural Financial Inclusion and literacy)** - It aims to develop the capabilities of various financial institutions in the rural areas in digital technology in order to improve access to financial services of farmers, fisherfolk, students, micro small and medium enterprises in the countryside.

ACPC also hosted an online policy forum dubbed as the “*Agrifishery Credit Policy Forum*” conducted last April 2021 via Zoom Webinar, where representatives from the academe, and practitioners shared their expertise and knowledge on relevant issues and emerging developments on rural finance. It was also during the forum that the first ACPC publication on the *State of Agricultural Finance in the Philippines* was launched. The report discusses agrifishery credit and finance key indicators and trends in 2020, information on credit needs of farmers and fisherfolk, and the credit programs implemented by the different financial institutions.

Research. Five research studies were concluded in 2021, namely: (1) Assessment of the Credit Demand of SFF, (2) Midyear Program Assessment of APCP, (3) Assessment of APCP Past-due Accounts, (4) Rapid-Assessment of the Upland Mindanao – Credit and Institution Building Program, and (5) Warehouse Receipt Financing: A Review of Philippine Experience. Below is a summary of results of concluded studies:

Name of Research	Finding(s) and Recommendations
<p>1) Assessment of the Credit Demand of SFF - This study develops and applies a method for estimating loan demand from small farmers and small fishers in the Philippines, and projects this demand into the future. The method used the Small Farmers and Fisherfolk Indebtedness Survey and the Registry System for Basic Sectors in Agriculture to estimate credit loan demand from SFF in 2017, and used inflation and projected (or targeted) sectoral gross value-added growth to project SFF loan demand into the future.</p>	<ul style="list-style-type: none"> • The loan demand for SFF is estimated to be from Php172 billion (low estimate) to Php367 billion (high estimate) in 2021. This is projected to grow to Php201 billion (low estimate) to Php431 billion (high estimate) in 2024. • The study suggests that the estimation of loan demand from SFF can be facilitated if the sampling design of the SFFIS can be revised so as to be made representative nationally (and possibly even by region) using the most recent Census of Agriculture and Fishers as the sampling frame. • To help small farmers and fisherfolk, the government should ensure there is adequate fund, whether from government or from formal private sources, to meet the loan demand of small farmers and fishers for purposes of production, while still maintaining prudence. Not only will this help small farmers and fishers keep their head above poverty, it would help boost food security in the country in the present time when there are continuing risks of supply chain disruptions.
<p>2) Midyear Program Assessment of APCP - This mid-Program evaluation and impact assessment was conducted to evaluate the performance of the APCP and assess its impact on the socio-economic conditions of ARB borrowers. The study was nationwide in scope, covering 15 ARBO borrowers and 10 ARBO non-borrowers which were strategically distributed among the four Lending Groups of LBP: Northern and Central Luzon, Southern Luzon, Visayas, and Mindanao.</p>	<p><u>Findings:</u></p> <p>a) Outcome and outreach</p> <ul style="list-style-type: none"> • APCP contributed a positive impact on the incomes of ARB borrowers during the years under review • APCP is successful in terms of loan disbursements, number of ARBOs that obtained credit lines, and number of ARB borrowers <p>b) Program Impact</p> <ul style="list-style-type: none"> • APCP had a positive impact on the incomes of the ARB borrowers, contributing 29 percent to the increase in the real incomes of ARB borrowers • APCP improved governance in the ARBOs • APCP increased borrowers' access to farm inputs, services, and technology <p>c) Mainstreaming of ARBOs into the Regular Lending Windows of LBP</p> <ul style="list-style-type: none"> • 16 ARBOs can now access the regular lending windows of LBP although not one of them has done that for various reasons <p>d) Past Due Rate (PDR)</p> <ul style="list-style-type: none"> • Past due rate stands high at 42 percent <p>e) Capacity Building</p> <ul style="list-style-type: none"> • All the ARBO key informants and the ARB respondents were given training on various topics resulting to improvements in financial management and credit delivery, better governance, better access to information and farm technology, and increased membership • There is a need to reassess the training needs of ARBOs, ARBs and DAR field staff given that there is demand for more training but limited budget for capacity building <p>f) Crop Insurance</p> <ul style="list-style-type: none"> • All KIs and ARB respondents recognize the importance of crop insurance although they do not fully understand how it works

Name of Research	Finding(s) and Recommendations
	<p>g) Linkage</p> <ul style="list-style-type: none"> • only 47 percent of the ARB borrowers received extension assistance from the MAO • there was very limited assistance on market linkage <p>h) The Need for APCP</p> <ul style="list-style-type: none"> • there is a need for a credit program that is focused in providing credit to ARBs because they are not yet qualified to borrow from the regular lending windows of the LBP or from any formal lending institution • The improvements in the way the ARBs practice agriculture is a positive externality that can be attributed to the program. Its effects may stay for a long time, redounding to higher agricultural productivity. <p><u>Recommendations:</u></p> <p>a) Review and improve organization and management</p> <ul style="list-style-type: none"> • ACPC to orchestrate, plan, and monitor the APCP; TWG to assist the ACPC in executing the policy decisions emanating from the PMC • PCIC should be represented in the PMC and TWG • ACPC to develop and implement a monitoring system for APCP that will serve as a feedback mechanism between the implementers of the Program and management • NPMC to create a Guarantee Evaluation Committee (GEC) from among its members to determine the acceptable level of past due rate and to validate claims against the guarantee fund • DAR Provincial Offices and the LBP Lending Centers to jointly evaluate the ARBOs that are eligible for financing • ACPC to initiate conduct of an Annual Planning and Review of the APCP <p>b) Restructure loans and condone penalties</p> <p>c) Review the possibility of lowering the current 8.5 percent interest rate per annum that the LBP charges the ARBOs</p> <p>d) NPMC to consider expanding the current production credit into a value chain financing where credit is available for production, post-production, and marketing purposes</p> <p>e) LBP should share the credit risk (20%) of the ACPC loans so that its Lending Centers will exercise more prudence in extending loans to ARBOs</p> <p>f) DA/ACPC and DAR to jointly lobby Congress for more funds for credit, insurance and capability building to support the APCP</p> <p>g) Time-bound crop insurance subsidy with “graduation” mechanism to be implemented</p> <p>h) Continue to provide capacity building, but update training needs analysis, and include retooling of DAR field staff. Request more funding from Congress for capacity building for APCP</p> <p>i) DAR provincial offices to enhance their linkage with the LGUs so that the PAOs and MAOs can devote more extension time to the ARBs</p> <p>j) Provide Incentives to ARBOs, ARBO Managers, and DAR Development Facilitators</p>

Name of Research	Finding(s) and Recommendations
<p>3) Assessment of APCP Past-due Accounts – The assessment was conducted to closely examine the past due accounts and dig deep into the reasons for the willful default to identify remedial measures to avert increasing loan defaults.</p>	<p><u>Findings</u></p> <ul style="list-style-type: none"> • Root causes of non-payment of outstanding loan by ARBOs and ARBs: <ul style="list-style-type: none"> a) Mismanagement of cooperatives, e.g., biased granting of loan to relatives and friends, politician, non-ARB members, and officers, misutilization of funds, and concentration of responsibility of managing APCP to only one officer of the cooperative b) Loss of trust of the members that led to some ARBs opting not to pay the cooperative because of the belief that their payment will not be remitted to LBP c) Occurrence of natural calamities such as typhoon, flooding and drought and incidence of pests and diseases that led to either decline in production or total damage to the crop d) Willful default due to low income, use of APCP loan partly to farming-related expenses and partly to household needs, and the loss of trust in the management of the cooperative • Extent of past due accounts that can be recovered <ul style="list-style-type: none"> a) Majority are willing but how and when it will be settled is uncertain b) Nearly all the respondents are willing to continue to pay their past due account once they have recovered from poor or low harvest or will earn income from other sources <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> a) Conduct of continuous and focused capacity building for ARBOs and ARBs, on financial management and record keeping, credit program features and ACPC, value formation seminars emphasizing the importance of paying the loan on time b) Follow the APCP guidelines in the implementation of APCP <ul style="list-style-type: none"> – diligent screening of borrowers – closely monitor the utilization of the loans – assignment of a dedicated staff as collector – establishment of a database c) Granting of another loan to cooperatives with agricultural and non-agricultural enterprises to earn back the trust of the ARBs and hopefully to slowly pay their outstanding loan d) Regular and strict monitoring of the ARBOs by the implementing agencies e) Specific assistance on specific ARBOs <ul style="list-style-type: none"> – loans with Business Development Service (BDS) support where cooperatives can avail: <ul style="list-style-type: none"> i) applicable and necessary organizational, marketing, financial and/or production assistance; ii) technical management services and business incubation or professional handholding to strengthen the capacity of organization to manage the CSF-based business by itself; and

Name of Research	Finding(s) and Recommendations	
	iii) technical assistance in enhancing the internal crop consolidation/marketing system of the ARBOs. – a loan with information technology (IT) facilities for more advance ARBOs and which are performing well and have increasing borrowers, to establish an efficient database system f) Categorization of the past due accounts: a) for restructuring without refinancing; b) for litigation, and for corrective measures to arrest delinquencies. g) Increasing productivity and diversification of sources of income of ARBs h) Inclusion of health insurance on loans i) Longer repayment period	
4) Rapid-Assessment of the Upland Southern Mindanao – Credit and Institution Building Program (USM-CIBP) – This rapid assessment was conducted to: a) determine the extent of which the USM-CIBP was successful in achieving its program objectives of: <ul style="list-style-type: none"> • Strengthening the management and systems capability of beneficiary cooperatives to qualify for accreditation with the Land Bank of the Philippines and source funds from other financial institutions; • Graduating the beneficiary cooperatives accredited by Landbank from the USM-CIBP; and • Setting in place a security mechanism that would encourage financial institutions 	Findings: a) The overall program assessment is “Partly Successful”. While the program may have partly achieved some of its objectives for most of the cooperatives, and all its objectives for only one cooperative, it remains short of achieving all the outcomes it had set out to accomplish for all the assisted cooperatives within a reasonable period. The program’s capacity building interventions need to be improved, more especially with respect to enhancing sustainability and timeliness. b) Success and constraining factors:	
	Success factors - <ul style="list-style-type: none"> – Regular conduct of Annual Strategic Planning and Performance Review; – Strengthening of Institutional Capacities; – Level of commitment of the Core Management Team (CMT); – Continuous mentoring of program staff; – Production and marketing support provided by various government and non-government agencies, – Automation of bookkeeping/ financial system; – Enhanced cooperative performance and business operation; – Well-established market tie-up; – Coordination and linkages with other development organizations; 	Constraining factors <ul style="list-style-type: none"> – Gaps in the conduct of follow-up training/coaching as well as other interventions that can address the weaknesses in their respective organizations; – Mismatch between interventions and the weaknesses identified in the cooperative; – Limited capacity (low incomes) of members to contribute capital and put up savings; – Geographic location that limits cooperatives from increasing their membership base; – Inability to identify viable and profitable business activities/ enterprises – Lack of capital for implementing the businesses identified by the program; – Inability to identify institutional buyers and

Name of Research	Finding(s) and Recommendations	
b) identify success and constraining factors. c) give recommendations on the program moving forward	– Access to credit from Landbank guaranteed by hold-out deposits.	establish a marketing agreement. outcomes
d) Warehouse Receipt Financing: A Review of Philippine Experience - outlines the laws governing warehouse receipts before it talks about the grains and sugar quedan financing systems, and presents the initiatives of selected banks related to the quedan system and their views on what would encourage them to participate in warehouse receipt financing	<p>Recommendations:</p> <ul style="list-style-type: none"> a) Review program objectives to link target setting with the maturity level of cooperatives b) Address the effectiveness and sustainability of ICB activities through a) Training of teams, not individuals; b) Re-evaluate the weak pillars/areas of cooperatives that need to be prioritized to make sure they match with interventions being introduced; c) Pursue follow up or follow through capacity building interventions (although this would require infusion of more resources); d) In the meantime, due to budget constraints, the program should focus its interventions on the initial set of cooperatives being assisted and consider a moratorium on enrolling PNACs until the initial group of assisted cooperatives have graduated; e) Review the budget allocation for ICB interventions by identifying a mechanism that would determine a more responsive ICB allocation that meets the requirements of ACPC's Magna Carta mandate to provide ICB grants; f) Continuous capacity building interventions are more effective in ensuring the sustainability of cooperative operations; g) Strengthen links with CDA, DAR, ATI, DTI, and LBP to augment and share resources and cover more cooperatives. c) Fast track the graduation of coops/set a timeline for graduation of assisted cooperatives; d) Adopt a more proactive and results-based monitoring and evaluation system for its ICB activities to ensure that they effectively strengthen the beneficiary cooperatives. <p>Findings:</p> <ul style="list-style-type: none"> a) The experience of the country 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 <ul style="list-style-type: none"> ○ The QUEDANCOR-operated Grains Quedan Financing Program <ul style="list-style-type: none"> ▪ Provided millers and traders with a useful channel of credit, which facilitated both the procurement of paddy from farmers and inter-seasonal storage ▪ Credit guarantee component enabled banks to accommodate borrowers who otherwise would not have qualified for a loan ▪ Unsustainable due to high administration and subsidy costs, lack of sufficient funding, and reported anomalies which led to the program's closure and eventual abolition of QUEDANCOR ○ Sugar quedan system <ul style="list-style-type: none"> ▪ Institutionalized the arrangement in the marketing of sugarcane produce between the planters and trader-millers 	

Name of Research	Finding(s) and Recommendations
	<ul style="list-style-type: none"> ▪ Largely run and sustained by the sugar stakeholders from the private sector ○ warehouse receipt system for onions <ul style="list-style-type: none"> ▪ Operated by the onion stakeholders coming from the private sector, led by the New Rural Bank of San Leonardo ▪ Has been running for three years and posting high repayment rates b) 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 c) To encourage more banks to lend to the agriculture sector against warehouse receipts if government would provide the following: <ul style="list-style-type: none"> ▪ Adequate information and knowledge on how the system works and the subject commodity for all stakeholders; ▪ Assured market for the commodity to be financed; ▪ Credit guarantee support as additional loan security that may be phased out as the banks gain trust and confidence in the system; or ▪ Insurance cover on the stored commodities against fire, flooding and other natural disasters

On the other hand, another seven (7) research studies were initiated and are still ongoing, including the three (3) research projects collaborated with the Bangko Sentral ng Pilipinas Research Academy, namely, the Countryside Bank Survey, Development of Credit Scoring Model for SFF, and the State of Financial Inclusion of SFF in Unbanked Areas. On-going activities under these research projects include data gathering (survey), finalization and/or revision of project design and terms of reference, and/or completion of Philippine Statistics Authority (PSA) requirements.

- a) Action research entitled “Agricultural Value Chain Financing Support and Capacity Building thru Entrepreneurship and Organizational Development” or Project ASCEnD.

Objective. This research study intends to develop the capacity of non-bank rural financial institutions (such as cooperatives/farmer organizations and agri finance corporations) to provide financing to farmers for their activities along the commodity supply chain. Farmers are also encouraged to engage in post-production activities that would add value to their crop and increase their income. The study will document value chain financing approaches that could be replicated and promoted for adoption by financing institutions and use study results/findings as basis in designing credit programs and financing policy recommendations.

The project is being implemented in Mindanao for cacao and abaca and Camarines Sur for rice. As follows are the status of its implementation:

- i) Project ASCEnD for Cacao and Abaca (farm clustering)
 - Beneficiaries: 29 farmer organizations/cluster and its 805 farmer-members
 - Amount of financial assistance: P116.8 million
 - Capacity building – technical assistance on cacao and abaca growing and maintenance is provided by technicians of the partner institutional buyer
 - Farmer-beneficiaries have a marketing agreement with a partner institutional buyer

ii) Project ASCEnD for Rice (block farming)

- Beneficiaries: 254 farmer-members sold 2.15 million kg of palay; 52 small rice farmers from three (3) organizations and 173 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: P44.8 million
- Capacity building – technical assistance on rice growing and maintenance is provided by SKKFC in coordination with the Department of Agriculture Regional Field Office V Rice Program
- Farmer-beneficiaries are selling their palay harvest to the corporation owned by their organizations which has a processing center granted by the DA

b) Small Farmer and Fisherfolk Indebtedness Survey

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, which was scheduled in 2020 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).

c) Countryside Bank Survey (BSP-ACPC Research Collaboration)¹

Objective. The study aims to validate, on an annual basis, macro-level institutional data, trends, and issues on banks' agricultural and rural lending, which shall serve as basis for the formulation of policies and programs to encourage lending to the sector and increase access of credit by SFF.

Status. Survey design and questionnaire have been approved, and conduct of survey has been approved by the PSA. Revisions, according to PSA recommendations are being applied in the questionnaire, and kick-off will start by the 1st quarter of 2022.

d) Development of a Credit Scoring Model for small Farmers and Fisherfolk¹

Objective. To develop a robust credit assessment tool to address key challenges in financing arising from the borrower's lack of collateral or thin credit history, and the financial institution's lack of information to support credit assessment. Thus, promoting a risk-based lending, lessen the dependence of lending institutions on collateral during credit evaluation, and improve access to finance among small farmers and fisherfolk.

The study is being implemented in two (2) phases:

- i) Development of a credit risk database, a full scale credit information and reporting system, which shall integrate information from the Registry System for Basic Sectors in Agriculture (RSBSA) and various databases under on-going agri-fishery credit programs, including that of the ACPC's credit programs.

¹ Under the Bangko Sentral ng Pilipinas (BSP) and ACPC collaboration, which was formalized through the signing of a Memorandum of Understanding last June 09, 2021.

- ii) The completed credit risk database will prompt the development of a credit scoring model, tested in collaboration with lending institutions including the ACPC partner lending conduits (PLCs).

Status. An ACPC study team has already been organized, composed of technical staff from different units/divisions. The research design, is currently being finalized, and related literature, and ACPC credit database are being reviewed to see what data are available and what needs to be gathered.

e) State of Financial Inclusion of Farmers and Fisherfolk in Unbanked Areas¹

Objective. The study aims to (1) determine the nature and extent of farmers' and fishers' access to and use of financial services in unbanked municipalities in the country, and (2) examine the issues and policy challenges of promoting financial inclusion among farmers and fishers in unbanked areas, and recommend policies in support of the sector's greater access, and use of banks' financial services.

Status. The BSP Research Academy will be leading the conduct of the study, and is set to meet to discuss the research design, and plan of activities.

Information dissemination. The ACPC has also launched in 2021 its AgriCREDITalk webinar series featuring talks on the ACPC credit programs and financial literacy. Eight (8) episodes were streamed live on Facebook, viewed and participated in by 3,334 SFFs/agri-enthusiasts and 153 farmer organizations.

ACPC has also been making use of the social media through postings of infographic materials, to promote the SURE Covid-19 implementation "how-tos" and updates, and other relevant information on DA programs in response to the Covid-19 pandemic.

Furthermore, the completion of the production of educational communication videos through a state university is on-going, particularly on pre-loan and post-loan release training courses such as business planning, credit worthiness, financial literacy, bookkeeping and recording, credit and financial management, conflict resolution, resource generation and mobilization, project appraisal, project monitoring and evaluation, and entrepreneurship, for loan applicants, credit program borrowers and ACPC partner organizations. These videos can be sent to PLCs, which may administer the conduct of training on ground through these videos. Thus, addressing connectivity and expertise concerns.

Other information dissemination activities in 2021 include conduct of national and regional information caravan, radio plugs, participation to webinars as resource person, and publication of *Enabling Rural and Agricultural Finance for Inclusive Development in the Philippines* (book series by VBruce J. Tolentino).

Description of ACPC-Administered Credit Programs

- a. **AgriNegosyo (ANYO) Loan Program** offers zero-percent (0%) interest loans of up to P300 thousand for micro agri-negosyo and up to P15.0 million for small agri-negosyo of SFFs and MSEs, payable up to five (5) years based on the project cash flow.
 - i. **Swine R3** is a special credit window in support of the DA's Swine Repopulation, Rehabilitation and Recovery Program. Swine R3 aims to finance the working capital requirements of hog raisers/farm operators to facilitate/fast-track the repopulation, rehabilitation, and recovery of hogs.
 - ii. **AgriPinay** is a special credit window under the ANYO targeting beneficiaries who are female member of households of small farmers and fishers and women who belong to indigenous groups.

The program aims to provide accessible and affordable credit of up to PhP100,000.00 to eligible borrowers for the financing of their capital requirements that will enable them to boost the efficiency, productivity, and profitability of their farm as well as non-farm income-generating activities.
- b. **Kapital Access for Young Agripreneurs (KAYA)** provides up to P500,000 loan at zero-percent (0%) interest rate to finance the capital requirements of young agripreneurs or yaggies for their start-up or existing agri-fishery-based projects, payable up to five (5) years based on the project cash flow.
- c. **Survival and Recovery (SURE) Loan Assistance** Program is a quick-response, post-disaster survival and recovery loan assistance to support the rehabilitation of agricultural and livelihood activities of SFF affected by calamities/adversities through the following program windows:
 - i. **Regular SURE** provides up to P25,000 loan at 0% interest and payable up to 3 years for the rehabilitation of the farming, fishing, livelihoods activities of SFF affected by calamities such as typhoons.
 - ii. **Expanded SURE Aid and Recovery Project (SURE COVID-19)** offers zero-percent (0%) interest loans of up to P25,000, payable up to 10 years to SFF for their emergency and production capital requirements and up to P10 million, payable within five (5) years to MSEs as working capital for food production, delivery, marketing, and other supply chain activities.
 - iii. **SURE Hogs** provides loans to backyard hog raisers whose stocks were affected by the African Swine Fever (ASF). Eligible hog raisers may avail loan of P3,000 per culled hog or a maximum of P30,000 at zero-percent (0%) interest rate and payable up to three (3) years.
 - iv. **SURE Aid Taal Calamity Program (SURE Aid Taal)** provides emergency loan of up to P25,000 and rehabilitation loan of up to P150,000 to SFF in the provinces of Batangas and Cavite, whose livelihoods were adversely affected by the Taal Volcano eruption last January 2020.
 - v. **Expanded SURE Aid for Rice Farmers (SURE Aid Palay)** provided 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.
- d. **Production Loan Easy Access (PLEA)** provides loan to SFF 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. Having a very good repayment performance, the implementation of this

program is continued using program collections as revolving credit fund (reflows). PLEA program is set for evaluation within the year.

- e. **BuyANiIhan Credit Program** provides working capital loans to farmer cooperatives/associations for palay trading, palay processing, and marketing of rice to institutional buyers. Cooperatives with rice farmers as members may avail loan of up to 100% of the maximum inventory level based on the warehouse/storage capacity.
- f. **Upland Southern Mindanao – Credit and Institution Building Program (USM-CIBP)** provides additional working capital to finance the projects/agri-business enterprises of beneficiary-organizations or for the beneficiary-organization's on-lending to its members for agricultural and other related projects under a credit fund and risk sharing arrangement. The Land Bank of the Philippines (LBP) may finance up to 100% of the loan applied for by the qualified beneficiary organization but not to exceed P3.0M.
- g. **Sikat Saka Program (SSP)** offers loan to palay and corn farmers at a declining interest rate starting from 15% per annum until reduced to 9% per annum for borrowers who establish a good credit standing.
- h. **Agrarian Production Credit Program (APCP)** is a transition credit program for newly organized and existing agrarian reform beneficiary organizations (ARBOs) that are not yet qualified under the regular credit programs of the bank. Eligible ARBOs may avail of loans under the program for re-lending to eligible ARBs to finance their agriculture and fisheries, agri-enterprise and/or livelihood projects.