

QUARTERLY PHYSICAL REPORT OF OPERATION
As of December 31, 2023

Department : Department of Agriculture (DA)
Agency/Entity : 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 as of December 31, 2023 | Remarks |
|--|-----------------------|-------------------------------|----------------|----------------|----------------|---------|---------------------------------------|----------------|----------------|----------------|--------|--|--|
| | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| AGRICULTURAL CREDIT PROGRAM | 31010000000000 | | | | | | | | | | | | |
| OO : Access of Small Farmers and Fisherfolk to formal credit under the ACPC Agro-Industry Modernization Credit and Financing Program increased | | | | | | | | | | | | | |
| Outcome Indicators | | | | | | | | | | | | | |
| 1. Percentage increase of borrowers obtaining loans from formal sources: | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| a. small farmer (3 ha and below) | | | | | | | | | | | | | <p>The proportion of SFF borrowers obtaining loans from formal sources to all SFF borrowers is 63%. Please take note of the following:</p> <p>(1) Target for these indicators were set for 2022. However, the study (Small Farmers and Fisherfolk Indebtedness Survey or SFFIS) was completed only in 2023.</p> <p>(2) Data on the proportion is extracted from the results of the SFFIS, covering 2nd semester 2021, and 1st semester 2022 periods, the report of which is currently being finalized.</p> <p>(3) This was also reported as baseline accomplishment for the year 2021 in the 2023 Philippine Development Report for agri-related Chapters (Chapters 3.1 and 5)</p> |
| b. small fisherfolk (3 tons and below) | | | | | | | | | | | | | |
| 2. Repayment rate (loans collected/loans matured) | | | | | 85%-95% | 85%-95% | | | | 90.80% | 90.80% | | |
| Output Indicators | | | | | | | | | | | | | |
| 1. Amount of loans granted to credit retailers/lenders and to end-borrowers: | | | | | | | | | | | | | |
| a. Credit retailers/lenders | | 412.5 | 1000 | 800 | 537.5 | 2,750 | 413 | 1000 | 800 | 537 | 2,750 | 0 | |

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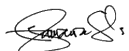
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| | | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | Total | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| b. End-borrowers | | 400 | 700 | 750 | 450 | 2461.9 | 18.84 | 163.82 | 251.13 | 387.55 | 821.34 | -14 | <p>While partner lending conduits already crafted their respective catch-up disbursement plans, factors constraining disbursement of loans to end-borrowers by partner lending conduits still persist:</p> <p>1. Difficulty engaging additional lending conduits to cater underserved areas due to unattractive pricing policy of ACPC credit programs, i.e. charging of 0 interest on loans; up to 3.5% service charge</p> <p>2. Some potential Bank PLCs have Supervisory Assessment Framework (SAFr) rating below 3 affecting their eligibility to apply as PLC.</p> <p>3. Newly-engaged PLCs (16 of them) has longer loan application processing time, adjusting to the credit program policies.</p> <p>4. 21 PLCs did not request for additional funds to prioritize collections especially to recover past due accounts.</p> <p>5. PLCs prioritizing their loan programs using their own funds in lending to end-borrowers to make up for the losses they incurred during the pandemic. In addition, loans extended by bank PLCs using ACPC funds cannot be attributed to RA 11901 or Agri-Agra compliance.</p> |
| 2. Number of credit program orientations and credit matching seminars and workshops conducted | | 6 | 8 | 10 | 8 | 32 | 7 | 11 | 12 | 9 | 39 | 13 | Accomplishments reported includes engaging as resource person to activities (meetings and seminar/ webinars) organized by inter-agency committees and other partner agencies. |
| 3. Number of farmers and fisherfolk organizations provided with institutional capacity building assistance | | 35 | 70 | 105 | 140 | 140 | 21 | 118 | 131 | 137 | 137 | -2 | For the first semester, assistance were focused on the FFOs that are being assisted since the start of 2023. It was only in the 3rd quarter that new FFOs were included as capacity building beneficiaries. |


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22 January 2024

MEMORANDUM

FOR : DRUSILA ESTHER E. BAYATE
Undersecretary for Policy, Planning, and Regulations

FROM : THE EXECUTIVE DIRECTOR
Agricultural Credit Policy Council

SUBJECT : ACPC INPUTS TO THE DA 2023 NARRATIVE ACCOMPLISHMENT REPORT

Relative to the request for inputs to the DA 2023 Narrative Accomplishment Report, we are submitting the following accomplishments of the Agricultural Credit Policy Council for the period January to December 2023, particularly under the Department's Key Objective 1: Boost local production and raise the farmers and fisherfolk's income.

- 1. Loans granted to small farmers and fisherfolk (SFF) and agri-fishery based micro- and small enterprises (MSEs).** For the year 2023, the ACPC-funded credit programs, through partner lending conduits (PLCs), provided loans amounting to PhP 3,216.17 million to 31,900 SFF and 155 MSE-borrowers, benefitting 87,873 SFF (see Table 1). These credit programs include the AgriNegosyo, Young Agripreneurs, Survival and Recovery (SURE), BuyANihan, ALERT ARBOs, and Sikat Saka Programs. Brief description of each credit program is shown in Annex A.

For the 4th quarter (October-December), the ACPC credit program PLCs released a total of PhP 792.27 million in loans to 5,155 SFF and 27 MSE-borrowers (Table 1).

Table 1. Amount of Loans Granted and Number of Borrowers, By Credit Program, October to December 2023, and January to December 2023

| Credit Program | 4th Quarter (October to December) | | | 2023 (January to December) | | | |
|--------------------|--------------------------------------|-----------|---------------------------------------|-------------------------------|------------|-------------------------|---------------------------------------|
| | No. of Borrowers | | Amount Loans Granted (in PM) | No. of Borrowers | | No. of Beneficiaries | Amount Loans Granted (in PM) |
| | SFF | MSE | | SFF | MSE | | |
| AgriNegosyo | 3,224 | 23 | 371.99 | 15,227 | 104 | 81,167 | 1,688.96 |
| -SFF/MSE | 2,923 | 20 | 308.06 | 12,599 | 86 | 81,041 | 1,325.81 |
| -Swine | 296 | 2 | 55.65 | 2,273 | 13 | 10 | 318.30 |
| -OFW | - | - | - | 3 | - | - | 0.08 |
| -Agri Pinay | 1 | - | 0.10 | 271 | - | - | 17.02 |
| -Coconut | 4 | - | 0.19 | 81 | - | - | 4.02 |
| -Onion | - | - | - | - | 4 | 111 | 15.00 |
| -Aqua-culture | - | 1 | 8.00 | - | 1 | 5 | 8.00 |

| Credit Program | 4th Quarter (October to December) | | | 2023 (January to December) | | | |
|--------------------|--------------------------------------|-----|---------------------------------------|-------------------------------|-----|-------------------------|---------------------------------------|
| | No. of Borrowers | | Amount Loans Granted (in PM) | No. of Borrowers | | No. of Beneficiaries | Amount Loans Granted (in PM) |
| | SFF | MSE | | SFF | MSE | | |
| Young Agripreneurs | 8 | 1 | 2.83 | 102 | 2 | 2 | 26.32 |
| SURE | 1,561 | - | 30.44 | 11,276 | - | - | 163.57 |
| BuyANIhan | - | 1 | 100.00 | - | 2 | 4,298 | 200.00 |
| ALERT ARBOs | - | - | 6.51 | - | 47 | 2,406 | 122.33 |
| Sikat Saka | 362 | - | 280.50 | 5,295 | - | - | 1,014.99 |
| TOTAL | 5,155 | 27 | 792.27 | 31,900 | 155 | 87,873 | 3,216.17 |

Source: ACPC Monitoring Division

2. **Loan fund recoveries.** Total fund recoveries for the same period, comprising of loan repayments from on-going, completed, and terminated credit programs, amounted to PhP 1156.61 million (Table 2). This is 204% of the targeted amount of collection for the period as it includes (i) remittances of advanced payments of borrowers amounting to PHP 566.2 million, (ii) loan collections previously collected by the PLCs but were just remitted during the reporting period, and (iii) loan collections remitted by the PLCs to the AMCFP account (ACPC account with the Bureau of Treasury where PLCs can directly deposit loan collection remittances) but proof of payment (i.e., deposit slip) was just forwarded to ACPC for accounting during the reporting period.

Table 2. Loan Fund Recoveries, January to December 2023

| Particulars | Target Collections/ Recoveries (PM) | Amount Collected/ Recovered (PM) ^{a/} | Accomplishment Rate (%) |
|---|--|---|----------------------------|
| Credit fund recoveries under ongoing credit programs (AgriNegosyo, Young Agripreneurs, SURE COVID-19, SURE Calamities, SURE Hogs) | 432.28 | 1,022.08 | 236 |
| Credit fund recoveries under completed credit programs (PLEA, CLEA, MLEA/ AFME, AFFP-LBP,CAP,RPC, CBAP) | 128.90 | 126.58 | 0.98 |
| Terminated agricultural directed credit programs or DCPs^{b/} (DA-RFU terminated programs, AFFP- PCFC, RHBF-LBP, QUEDANCOR-various programs, MLDLP) | 5 | 8.11 | 162 |
| Total | 566.18 | 1,156.61 | 204 |

^{a/} Includes advance payments

^{b/} Credit programs implemented in the 1980s by the DA and other government non-financial agencies that provided subsidized loans directly to end-borrowers, which were terminated and consolidated to the Agro-Industry Modernization Credit and Financing Program (AMCFP) pursuant to RA 8435 or AFMA of 1997.

3. **Capacity building for SFF and farmers and fisherfolk organizations (FFOs).** ACPC provides capacity building support intended to strengthen the capacity of small farmer and fisherfolk organizations to access and manage credit funds. A total of four hundred twelve (412) training sessions on business planning (workshop, mentoring), business registration, financial literacy, strategic planning, sustainable enterprise management, effective sales and marketing, internal control, business model canvas, agri-supply and value chain, resource generation and mobilization, credit management, auditing, and adult learning principles were conducted. These training activities/workshops benefitted five thousand four hundred fifty-one (5,451) individuals including SFF-members of one hundred thirty-seven (137) organizations. Further, of the 23 partner lending conduits being assisted to become ACPC's training partners, 13 were engaged as training partners of ACPC.

4. **Policy Research and Advocacy.** As of end of December 2023, ACPC completed the baseline studies for the AgriNegosyo Loan Program, the Kapital Access for Young Agripreneurs Program, 2022 Small Farmer and Fisherfolk Indebtedness Survey (SFFIS), and evaluation of SURE Aid Palay and SURE COVID-19. Ongoing studies are the (i) Project ASCEnD, an action research on agricultural value chain financing and (ii) 2022 Countryside Bank Survey. Details of these studies are shown in Annex B.

ACPC also continued to participate in the deliberation of proposed Congressional bills that could improve access to credit by small farmers, small fisherfolk, agri-based MSEs, and farmers and fisherfolk organizations. The ACPC reviewed and commented on twenty-one (21) bills that are pending in the Senate and House of Representatives (HoR). Thirteen (13) of these bills are proposed at the HoR and eight (8) are from the Senate. These 21 bills pertain to the: (i) Free Weather Index-Based Agricultural Insurance; (ii) Livestock, Poultry and Dairy Development; (iii) Revised Warehouse Receipt Law; (iv) Agri-challenge Act; (v) New Land Bank Charter Bills, and (vi) Puhunan, Tulungan, Kaunlaran Act. The following are ACPC's comments/inputs:

- (i) **House Bill No. 315.** An Act to Strengthen the Resiliency of Small Farmers Against Climate Change and Extreme Weather Risks by Establishing the Regulatory Framework and Program for A Free **Weather Index-Based Agricultural Insurance**, Providing The Source of Funding Therefor, And for other purposes
- The ACPC suggested to adopt the definition of agricultural insurance under the Insurance Commission Circular Letter No. 2015-53, dated 15 October 2015, with subject: Adoption and Implementation of Agriculture Micro Insurance Framework and Agricultural insurance to cover the risk protection needs of all stakeholders in the agriculture value chain.
 - ACPC also supports the DA's inclusion in the Fee Index-Based Agricultural Insurance (FIBAI) Oversight Board. Inputs of the DA is crucial in enabling decisions related to agricultural policies and strategies. This is in consonance with the 2023-2028 Philippine Development Plan's major strategies which are the modernization of agriculture and agribusiness through the integration of climate and disaster risks in agriculture, fisheries, and forestry (AFF) planning and programming, and development of innovative insurance schemes.
 - On the Mandatory Agri-Insurance Quota (Section 13), the ACPC recommends that the following provisions should be studied carefully

given that it involves the money of private and non-life insurers, and these entities shy away from investing in agriculture sector because of the risks.

- “All non-life insurance companies authorized to do business in the Philippines are mandated to subscribe to the insurance pool or to ensure that a minimum of five percent (5%) of their gross written premiums shall be in the agriculture sector”.
- Penalty clause for non-compliance equivalent to two percent (2%) of the premium value of non-compliance with the Agri-Insurance Quota based on their total insured interests for the year (Section 14).

(ii) **House Bill (HB) 3139.** An act strengthening the livestock, poultry and dairy industry creating for the purpose the livestock, poultry, dairy competitiveness enhancement fund, further amending Republic Act No. 8178, as amended, for other purposes.

- ACPC supports the intent of nurturing an enabling environment, the establishment of more responsive government policies, and support programs like provision of funds through socialized credit, to develop the whole value chain of the livestock, poultry, and dairy industries in the country. It appreciates its inclusion in HBs 3139 and 3570 in the development of policies and programs as regards easy access to credit by small farmers and fisherfolk, including the livestock and poultry raisers.

(iii) **Senate Bill No. (SBN)-2173.** Revised warehouse receipts Law of the Philippines.

- The warehouse receipt scheme backed by appropriate legislation and regulation will be a big help to farmers and other agricultural entrepreneurs in securing their borrowing needs. It will also incentivize financial institutions to lend more as the warehouse receipt system could reduce transaction costs in rural areas thus reducing fees and rates.
- ACPC suggests that the Senate Committee should include provisions in the main law or in the law’s implementing rules that would entice the banks or financiers to take part of the warehouse receipts system, and to ensure a favorable market condition and good market information.
- ACPC recommends that since the proposal is highly technical and legal in nature, it must ensure that capacity building would be in place for the stakeholders (farmers, warehouse operators, oversight agency, financing institutions, among others) to provide them sufficient knowledge of how the warehouse receipt system works and how to benefit from it.

(iv) **Senate Bill No. 180.** An Act establishing the Young Farmers and Fisher folks Challenge Program, Creating for the purpose the young farmers and fisher folks challenge council and appropriating funds.

On the proposed measures on establishing this Act, ACPC’s specific comments are:

- Section on Beneficiaries of the YFFC Program: ACPC suggests to follow the age limit of 18 to 30 years of age set by SBNs 180, 675, and 1403, as opposed to SBN 840’s age limit of 18 to 40 years.

- Section on Access to Financial Services: On the involvement of the DA as stated in SBN 180, SBN 675, and SBN 1404, under Section 9. Access to Financial Services which read: "...b. Role of the DA - The DA shall develop financial packages specifically targeting young farmers and fisherfolk...". ACPC suggests to rephrase it to include the DA's attached agency on credit programs and policies, the Agricultural Credit Policy Council (ACPC), to read as: "...b. Role of the DA - The Department of Agriculture-Agricultural Credit Policy Council (ACPC) - shall develop financial packages specifically targeting young farmers and fisherfolk as borrowers..."
- Additional section on Capacity Building in the YFFC Program: ACPC recommends adding a provision on capacity building programs and activities which include training courses and other methodologies, to help the youth to become more creditworthy and thus be able to access credit from formal financial channels.
- Additional Sections on pension plan, life and health insurance, and agri-fishery production insurance, and guarantee: ACPC endorsed to incorporate the establishment of pension plan programs which could provide agricultural workers a substantial and reliable source of income security and secured retirement in their old age. The additional pension plan programs should consist of a comprehensive and holistic approach in the provision of sickness, maternity, disability, retirement, death, and funeral benefits to farmers and fisherfolk. ACPC advised that this be integrated and made consistent with the package benefits under the Social Security System (SSS) and PhilHealth. ACPC also proposed to institute measures providing for insurance service to young farmers through PCIC that will facilitate the farmer's recovery from the impact of weather events leading to uncompensated losses, financial burden, and unpaid debts. To encourage greater lending by financial institutions (e.g. banks, cooperatives) to young farmers, a provision on guarantee to their loan exposures may also be considered by the Senate Committee.

(v) **House Bill Nos. 3844 and 9280.** An Act providing for a new chapter of Landbank of the Philippines

ACPC specific comments:

- The ACPC-DA's policy arm on agricultural credit appreciates the intent of HB 3844 and HB 9280 as these explicitly provide for the prioritization of the agriculture sector in the grant of loans by the LandBank (Section 1 of HB No. 9280; and Sections 2 and 3 of HB No. 3844). The measures could provide more ways for the LandBank to take on a more expansive role in line with a policy approach that is coordinated, systematic, broad-based and inclusive and thus will be more responsive to the needs of the farmers and fisherfolk, and the agri-agra sector, in general.
- On Section 2, paragraph 3, of HB 3844, ACPC suggested to update the phrase "Republic Act No. 10000" to "Republic Act No. 11901". The RA 11901 repealed RA 10000 on 28 July 2022.

- ACPC also noted that Section 2, paragraphs 3 and 7, of HB 3844 on the Landbank's mandatory 5% allocation for socialized credit to qualified small farmers, fisherfolk and agrarian reform beneficiaries and the fixing of the interest rate equivalent to the 75% of Landbank's prevailing rates for loans to cooperative, are reiterations of existing law under Section 1 of the Republic Act No. 10878: An Act Strengthening and Institutionalizing Direct Credit Support of the Land Bank of the Philippines to Agrarian Reform Beneficiaries, Small Farmers and Fisherfolk, Further Amending Republic Act No. 3844, Otherwise Known as the "Agricultural Land Reform Code", as Amended.

(vi) **House Bill No. 8855.** This Act known as "Puhunan, Tulungan Kaunlaran(PTK)".

- ACPC suggested for the inclusion of a guarantee mechanism as a component of the PTK. PTK may tap the credit guarantee program for MSMEs of the Philippine Guarantee Corporation and need not create a new guarantee facility.

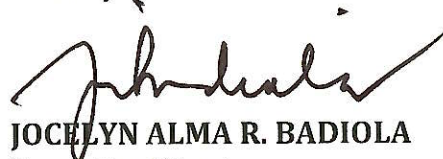
5. Information dissemination. A total of 39 credit program orientations were conducted during the year. These orientations focused on discussing the ongoing ACPC-funded credit programs, the program loan requirements, application procedures, and where to apply.

ACPC has also made use of social media to promote and generate awareness and support for agri-credit policies and ACPC programs through continuous postings of testimony quote cards and infographic materials on ACPC credit program and application process in its social media account and website.

6. Success story and testimonies. Through the attached quote cards (Annex C), three (3) ACPC-borrowers from Cagayan, Mountain Province and Camarines Sur, one of whom is a young agripreneur, have shared how they benefited from the loan assistance they received from the ACPC credit programs.

Should there be clarifications, your staff may get in touch with Ms. Jenny T. Aspilan or Ms. Judy-ann A. Pascua from the Policy and Planning Division through policy@acpc.gov.ph.

Thank you.



JOCELYN ALMA R. BADIOLA
Executive Director

DESCRIPTION OF ACPC-ADMINISTERED CREDIT PROGRAMS

- a. **AgriNegosyo 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.
- b. **Young Agripreneurs** 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 aimed at supporting the immediate rehabilitation of agricultural and livelihood activities of small farmers and fisherfolk affected by calamities/adversities. 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 SFF affected by calamities such as typhoons.
- d. **BuyANIhan 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.
- e. **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.
- f. **ALERT ARBOs Program** (formerly Agrarian Production Credit Program) provides agricultural credit, capacity building, and technical assistance to agrarian reform beneficiaries (ARBOs) and their organizations (ARBOs) to increase their productivity and income and mainstream them to the regular lending window of formal financial institutions. The program aims to supplement the working capital requirements of ARBOs for on-lending to ARBs or to finance ARBO-managed projects.

Description of ACPC Research Projects

| Research Project | Description | Duration | Status |
|---|---|---------------------------|---|
| 1. Project ASCEnD (Agricultural value chain financing Support and Capacity building thru Entrepreneurship and organizational Development) | <p>ASCEND is an action research project that aims to: a) Promote agricultural value chain financing by non-bank financing institutions for small farmers and fishers (SFFs); b) Encourage SFFs to take on activities that add value to their commodity and actively participate and link with other players in the chain towards increasing their incomes. It has three components: Credit, Capacity building, and Research (M&E, Case Studies).</p> <p>The project is being implemented in Davao City for cacao and abaca, with partners Kennemer Food International, as institutional buyer, and Agronomika Finance Corporation, as lending conduit; and in Camarines Sur for rice, with partner Saradit na Kristyanong Komunidad Farmers Corporation, both as buyer of produce and financing institution of its rice farmer members.</p> | Dec. 2019 – Dec. 2024 | <p><u>Credit</u></p> <ul style="list-style-type: none"> • Loan funds transferred to partner FIs – P 161.6 M • Loans granted to farmers – P 147.0 M • Number of borrowers – 1,124 farmers (798 cacao/abaca and 326 rice farmers) <p><u>Capacity building</u></p> <ul style="list-style-type: none"> • 4 farmer organizations assisted • Farmers continuously given technical training/ assistance by LGU agricultural technicians and partner institutional buyer <p><u>Research</u></p> <ul style="list-style-type: none"> • Quarterly progress monitoring reports • Case studies targeted for completion by Q4 2023 |
| 2. 2022 Small Farmer and Fisherfolk Indebtedness Survey (SFFIS) | SFFIS is nationwide sample survey of SFFs, conducted every 3 years, to keep track of the incidence, nature, and extent of SFF borrowings from formal sources. | April 2022 - October 2023 | <p><u>Findings:</u></p> <ul style="list-style-type: none"> • Incidence of borrowing. Two of every five (40%) of SFF were borrowers in 2021-2022. |

| Research Project | Description | Duration | Status |
|------------------|--|----------|---|
| | <p>The 2022 SFFIS has a total of 2,718 sample SFF respondents - 1,391 small farmers and 1,327 small fisher folks. It probed on the sample SFF's: a) farming/ fishing operations; b) borrowing experience, c) source, amount, term, usage, and status of loans, d) access and use of other formal financial services such as savings, insurance, remittance facilities, e-wallets, etc; e) effects of the COVID-19 pandemic; and f) plans and credit requirements in the next 3 years.</p> <p>Reference period is 2021-2022</p> | | <ul style="list-style-type: none"> ▪ Two-thirds (63%) of the borrowers obtained or had outstanding loan from formal sources while 41% borrowed from informal sources. ▪ There were more farmers (46%) than fishers (33%) who borrowed during the reference period. <ul style="list-style-type: none"> • <i>Trend in borrowing and formal borrowing</i> <ul style="list-style-type: none"> → The 2021-2022 incidence of borrowing is lower compared to SFF borrowing in previous years. The decline can be attributed to the slow economic activity and lower demand for loans in 2021-2022 due to Covid-19 pandemic. → Nonetheless, the proportion of borrowers who accessed their loans from formal sources remained high at around 63% during the last 3 surveys. • <i>Formal and informal loan sources</i> <ul style="list-style-type: none"> → The formal sources of loans of SFFs during 2021-2022 were NGO-MFIs (36%), cooperatives (21%), rural and cooperative banks (18%), government banks (12%) while about 13% from other institutions such as universal banks, thrift banks, farmer/fishing association, financing company, pawnshop, and government agencies. → Main factors or reasons for borrowing from a formal loan source are 1) proximity or nearby credit lenders (19%); 2) affordable loan interest (15%); 3) fast loan transactions (11%); and repeating loan source (11%). |

| Research Project | Description | Duration | Status |
|------------------|-------------|----------|---|
| | | | <p>→ Top informal sources were family and friends (48%), private money lenders (18%), traders/millers (16%), and input suppliers (10%).</p> <p>→ The choice of an informal source of loan is due to these key factors: 1) considerate/approachable credit lenders (24%); 2) nearby credit lenders (23%); and 3) affordable loan interest (12%).</p> <ul style="list-style-type: none"> • Purpose/usage of loans. Majority (71%) of the loans were used for farming or fishing activity. About 6% reportedly used the loan for other types of income generating activities (IGAs) such as sari-sari store, mat-making, food vending and fish products/fish drying. Quite a significant proportion of loans (23%) were used for personal/household consumption particularly food, clothing, house improvements, education, medical expenses, emergency, vehicles/electronics, and insurance/loan payments. • Loan amounts. On average, loans from formal sources amounted to P33,000 compared to about P21,000 from informal sources. The amounts borrowed by farmers (P32,000) were relatively bigger than loans of fisherfolk (P22,000). By loan purpose, the loan amounts used for farming/ fishing (P25,000) were on average much lower than loans for other IGA (P43,000) and non-IGA/personal or household consumption (P34,000). |

| Research Project | Description | Duration | Status |
|------------------|-------------|----------|---|
| | | | <ul style="list-style-type: none"> • Interest rates on formal loans averaged at 28% per annum while interest charges on informal loans were on average higher (43%). A significant proportion of informal loans (27%), mostly from relatives and friends are interest free. • Ease/difficulty of accessing a loan. Majority of the SFF borrowers rated finding a loan source (60%) and loan approval process (72%) to be 'very easy' as lenders are conveniently located nearby and actively reached out to borrowers to offer their loan products. Additionally, a number of borrowers themselves are members of organizations such as cooperatives that have credit facilities, which further simplifies the loan acquisition process for them. Many respondents also reported the convenience of having little to no requirements and a streamlined application process as contributing factors to their positive experience. On the other hand, less than 1% of SFF borrowers rated the loan availment process as 'very difficult' due to the extended loan processing period and difficulties in meeting the required documents. • Plans to Borrow (next 3 years). Farmers who intend to secure a loan for their farming operations or enhancing farm production indicated needing an average P114,000 while fishers intending to borrow indicated needing P80,000 for fishing equipment and gear, purchasing/upgrading of banca, and expansion/construction of fish cage/pen/dam. |

| Research Project | Description | Duration | Status |
|------------------|-------------|----------|--|
| | | | <ul style="list-style-type: none"> • Estimate of SFF Credit Demand. <ul style="list-style-type: none"> → Overall, estimated credit demand of P456 billion from all SFF nationwide. → The estimated loan demand from farmers is P89 billion – P364 billion while fisher folks are expected to require loans amounting to P15 billion – Php58 billion. → The demand for loans intended for financing agri-production activities of SFF is estimated to range from P92 billion – P363 billion. • Non-Borrowers: Reasons for not borrowing. The most prevalent reasons for not borrowing are lack of capacity to pay (44%), fear or hesitation to borrow (40%), and having enough income/savings (22%). • Access to Other Financial Services <ul style="list-style-type: none"> → Ownership of bank/non-bank 'savings' accounts. 21% of SFF respondents have savings account with banks while 15% with cooperatives or NGO MFIs and other people's organizations. There are more farmers (37%) compared to fishers (22%) who have savings accounts either in a bank or other financing institution. Majority (70%) of the SFF who do not have a savings account cited the following reasons: (a) current income is just sufficient to meet their daily needs potentially leading them to forego the need for a bank account at present; (b) lack of knowledge or familiarity with the account application process; and (c) lack of interest to obtain it. |

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| | | | <p>→ Agricultural and non-agricultural insurance. Only 21% of SFF have acquired PCIC agricultural/crop insurance. More farmers (27%) than fishers (15%) have had access to agricultural insurance. The primary reason for the low uptake of agricultural insurance is the lack of knowledge about agricultural insurance and expensive insurance premiums.</p> <p>Meanwhile, a higher proportion of SFF have non-agricultural insurance. About 39% of the SFF respondents have acquired life or health insurance coverage for the protection of themselves or their families. Similarly, reported reason for not having life or health insurance is due to financial constraints as SFF claimed that they do not have extra money to purchase such insurance.</p> <p>→ Remittance facilities and e-wallets. One third (33%) of SFF respondents have access to or used remittance service providers and e-wallets. A higher proportion of farmers (44%) than fishers (33%) have used or have access to the said facilities. The primary reason cited by SFF for not using or having any such transactional account, which comprised a majority (66%), is the lack of interest-- due to not being equipped to new technology, lack of communications infrastructure in the area. Many also reasoned that they do not need it.</p> <p>Financially included SFF. Overall, 81% of SFF have access to at least one of these financial</p> |

| Research Project | Description | Duration | Status |
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| | | | services/facilities. However, 5% of farmers and fishers stated that they have no access to any of the financial services. This indicates a need for targeted efforts to extend financial services to these underserved individuals. |
| 3. Countryside Bank Survey (CBS) | <p>The CBS is an annual research project of ACPC and the BSP Research Academy (BRAC) that aims to generate data, analyze trends, and identify current and emerging policy issues and imperatives on bank behavior towards lending to the agriculture sector using bank branch-level data.</p> <p>The CBS aims to analyze trends and present emerging policy issues on bank behavior towards lending to the agriculture, fisheries and agrarian reform sector using branch-level data. Specifically, the CBS focuses on the banking units' agricultural lending experience, particularly on the practices and outcomes of following aspects of branch banking operations:</p> <ul style="list-style-type: none"> (a) Demand for loan products and services (b) Loans and borrowers (c) Interest rates and other loan charges | <p>Annual</p> <ul style="list-style-type: none"> - 2022 CBS, May 2023-July 2024 - 2021 CBS, Jan-Dec 2022 | <ul style="list-style-type: none"> • <u>Plans for 2023 CBS</u> <ul style="list-style-type: none"> ○ Revision of 2023 CBS Questionnaire in consultation with the banking industry (August 2024) ○ Approval of CBS questionnaire by PSA and BSP Monetary Board (MB) – September 2024 ○ Deployment of the 2023 CBS – October to December 2024 ○ Drafting and release of CBS report – Q1 2025 ○ PIC – Q2 2025 • <u>2022 CBS</u> <ul style="list-style-type: none"> ○ PSA Clearance (December 14, 2023) ○ Target respondents: 13,773 banks (head offices and regular branches) <u>Update as of 15 January 2024</u> ○ 31.5% registered (4,340) ○ 23.8% complete responses (3,278) ○ 7.7% incomplete/ongoing (1,062) ○ Dissemination of Results (Public information Campaign) • <u>2021 CBS Summary of Findings</u> <ol style="list-style-type: none"> 1. <u>Agri loan releases and demand</u> <ol style="list-style-type: none"> a. Loan releases |

| Research Project | Description | Duration | Status |
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| | (d) Borrowers' repayment performance and debt position (e) Risk management mechanisms (f) Problems and challenges in lending to agriculture (g) Profitability of bank branch/office operation (h) Plans on relending to the agriculture, fisheries and agrarian reform sector | | <ul style="list-style-type: none"> ○ 2021 amount and share of agricultural loan releases, lower by at least 30% than in 2020 ○ 2021 agri borrowers lower by at least 30% than in 2020 b. Demand <ul style="list-style-type: none"> • Number of loan applications in 2021 lower by at least 30% than in 2020 c. Decrease in agricultural lending attributed to low credit demand and weak capacity of the sector, exacerbated by the effects of COVID-19 pandemic <p>2. Interest rates and other charges on bank loans</p> <ul style="list-style-type: none"> • Banks imposed rates on agricultural loans at par with the average of all banking units <ul style="list-style-type: none"> - RCBs & TBs: 11-17% p.a. - GBs & UKBs: 3-7% p.a. • Banks generally charge one-time bank service or loan processing fee of between 1 and 5% of total loan take-up <p>3. Borrowers' repayment and debt position</p> <ul style="list-style-type: none"> • Average repayment rate (RR) for agricultural loans was 68.5% • RR of agri borrowers lower than non-agri <p>4. Bank risk management</p> <ul style="list-style-type: none"> • Banks (65%) still require and accept conventional forms of loan securities from agricultural borrowers to cover risk of default <ul style="list-style-type: none"> - PCIC's agricultural insurance is more generally accepted among Government Banks |


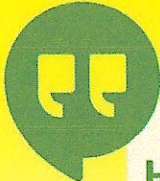
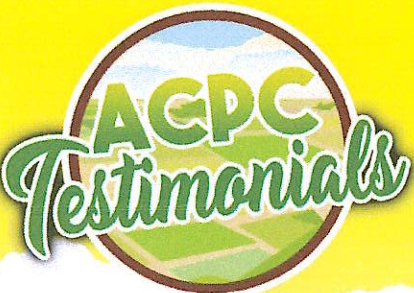
| Research Project | Description | Duration | Status |
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| | | | <p>5. Bank profitability</p> <ul style="list-style-type: none"> • 47% of banks indicated that their net incomes in 2021 greater than in 2020 <p>6. Banks' plan to expand lending</p> <ul style="list-style-type: none"> • 76% of banks plan to expand their lending to the agricultural sector in the next 12 months <ul style="list-style-type: none"> - 47 % of UKBs have no plans of expanding their agricultural loan portfolio <p>7. Policy implications</p> <ul style="list-style-type: none"> • Report provides supporting evidence of the negative impact of COVID-19 on agriculture, particularly on credit: (1) low demand for loans, (2) lower bank profitability, (3) lower repayment, and (4) increased past due loans/portfolio at risk. • Support mechanisms that would help revive the market-oriented agricultural credit system: <ul style="list-style-type: none"> - availability of information on potential borrowers or projects; - farmer credit information database, agricultural credit/loan guarantee; - automated credit scoring model; - agricultural insurance; and - organization of farmer borrowers • Report provides baseline data that can be used to see the potential impact of Republic Act No. 11901 • Survey findings suggest to strengthen agricultural credit programs aimed at increasing banks' loans to agriculture and improving access of farmers to formal credit, such as: |

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| | | | <ul style="list-style-type: none"> - strengthening of AGFP credit guarantee and PCIC's agricultural insurance facilities; - updating of RSBSA and development of farmers credit database; and - reinforcing capacity building program to develop/enhance farmers' technical and business skills, financial literacy |
| 4. Program Evaluation of SURE Aid Palay | <p>The SURE Assistance Program of 2017 was implemented by the ACPC with partner credit institutions to provide financial support to small farmers and fisherfolks affected by calamities. The program has since been expanded to mitigate the expected but temporary adverse effects of reduced farm gate prices due to the liberalization (lifting of quantitative restrictions) of rice imports with the passage of the Rice Tariffication Law (RTL) in 2019.</p> <p>The Expanded SURE Aid for Palay Farmers (or SURE Aid Palay) is a credit program designed to cushion the transitory effects of reduced farmers' income with the implementation of the Rice Tariffication Law (RTL) of 2019 (Republic Act No. 11203).</p> <p>The Evaluation seeks to determine to what extent the program has succeeded in</p> | Feb 2023 to July 2023 | <p><u>Summary of findings:</u></p> <ul style="list-style-type: none"> • The SURE Aid loan facility received positive and favorable feedback from borrowers as far as meeting its objective and purpose, loan usage and utility, program efficiency, and program relevance • SURE Aid for Palay promotes inclusion or inclusiveness of small farmers who cannot offer collaterals or guarantees or mortgage real properties in consideration of loans • Because the program is a temporary measure for quick production turn-around and not as a productivity enhancement or improvement measure, it has no income effect contribution <p><u>Recommendations</u></p> <ul style="list-style-type: none"> • It is recommended to continue or expand SURE Aid but for the objective of increasing productivity and income and at the same time promoting inclusiveness • There is a need to take a holistic household approach for credit intervention • Innovative ways of extending credit and financial services using financial technology firms, digital and online platforms and DA-ACPC partnership with GCash, Maya, other platforms can be explored aside from using the |

| Research Project | Description | Duration | Status |
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| | <p>meeting its objective to assist the rice farmers affected by the lowering of palay prices resulting in the reduction or loss of their farm income.</p> <p>The Evaluation is outsourced to the Multi-sectoral Management and Development Corporation (MMDC).</p> | | traditional credit system of using government-owned banks |
| 5. Program Evaluation of SURE Covid 19 | <p>The SURE Covid19 program was launched in 2020. It's objectives are: a) to finance the emergency and production capital requirements of small farmers and fisherfolk (SFF) whose incomes were affected by the enhanced community quarantine (ECQ) due to Covid-19 and, thereby, help them regain their capacity to continue their agricultural activities and to contribute to sustained food production; and b) provide working capital to micro and small enterprises (MSEs) engaged in agriculture and fisheries food production, delivery/transport, and other supply chain activities to ensure the continued availability of food supply.</p> <p>The main purpose of the evaluation is to determine to what extent the SURE COVID-19 Program has succeeded in meeting the program's objectives: i) to finance the</p> | Feb 2023 to August 2023 | <p><u>Summary of findings:</u></p> <ul style="list-style-type: none"> • Overall, the SURE COVID 19 Program interventions were relevant, effective, and efficient, thus, resulted in generally greater farm productivity and increased mobility and access of target beneficiaries to markets • The program was very timely as it zeroed-in to bail out the resource poor farmers and fishers from protracted poverty especially during the pandemic where access to livelihood assistance intended for them was nil. • Although there were shortages and delays in personnel and budgetary allocations and distribution on the side of funding support institutions and LGUs, the inputs from the Government side through the DA-ACPC were implemented as planned, and the required inputs and facilities have been more or less utilized. • Household incomes in the program areas have initially increased in real terms as a result of the program intervention in farming and enterprise development and at the least, in sustainable agriculture and fishery resources development and management. |

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| | <p>emergency and production capital requirements of small farmers and fisherfolk (SFF) whose incomes were affected by the enhanced community quarantine (ECQ) due to Covid 19; ii) provide the working capital requirements of micro and small enterprises (MSEs) engaged in agriculture and fisheries food production, delivery/transport, and other food supply chain activities to ensure the availability of food supply.</p> <p>The Evaluation is outsourced to the Asian Social Project Services, Inc. (ASPSI).</p> | | <p><u>Recommendations:</u></p> <ul style="list-style-type: none"> • For greater program impact, DA-ACPC should strengthen its collaboration with other stakeholders in a more integrated manner, and not as separate sub-programs. This means that planning for projects/ programs should consider functional and spatial connectivity with other NGAs, NGOs, etc. and vice versa, to achieve economic objectives without sacrificing operational reliability. |


Testimony Quote Card



Hindi dapat maging hadlang ang kawalan ng kapital dahil maraming ahensyang gobyerno ang tumutulong sa mga magsasaka at mangingisda tulad ng DA-ACPC.

Kailangan na imanage mo ng maayos ang iyong agribusiness. Dapat marunong kang magbayad ng hiniram mo sa takdang panahon.

MELLANY P. ESPERIDA
Calabanga, Camarines Sur
ANYO Beneficiary



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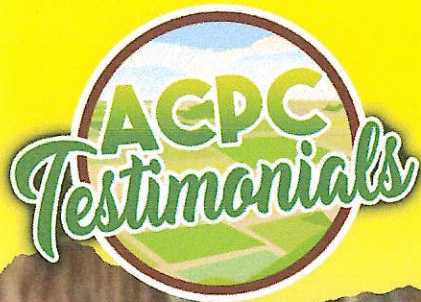


Naniniwala ako na ang agrikultura ang pangunahing industriya na nagbibigay ng pagkain sa ating bansa.

Nagpapasalamat ako sa DA-ACPC sa patuloy na pagbukas ng mga oportunidad para sa aming mga kabataan. Taos-puso akong nagpapasalamat sa kanilang KAYA program.

MARLON C. BALUNSAT
Bagumbayan, Tuao, Cagayan
KAYA Beneficiary





Napakalaki ng role ng mga kababaihan sa food security at sa pamilya. Kaya nagpapasalamat ako sa DA at ACPC sa AgriPinay program dahil sa pondong pahiram para sa kapital ng aming agribusiness.

Para sa magsisimula ng sariling agri-negosyo, kailangan ng tiyaga at sikap para umunlad ang buhay.

MYRNA S. PENAFLORIDA
Hibago Ocampo, Camarines Sur
AgriPinay Beneficiary



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