

RISK MITIGATION THROUGH AGRICULTURE GUARANTEE

Presented By:

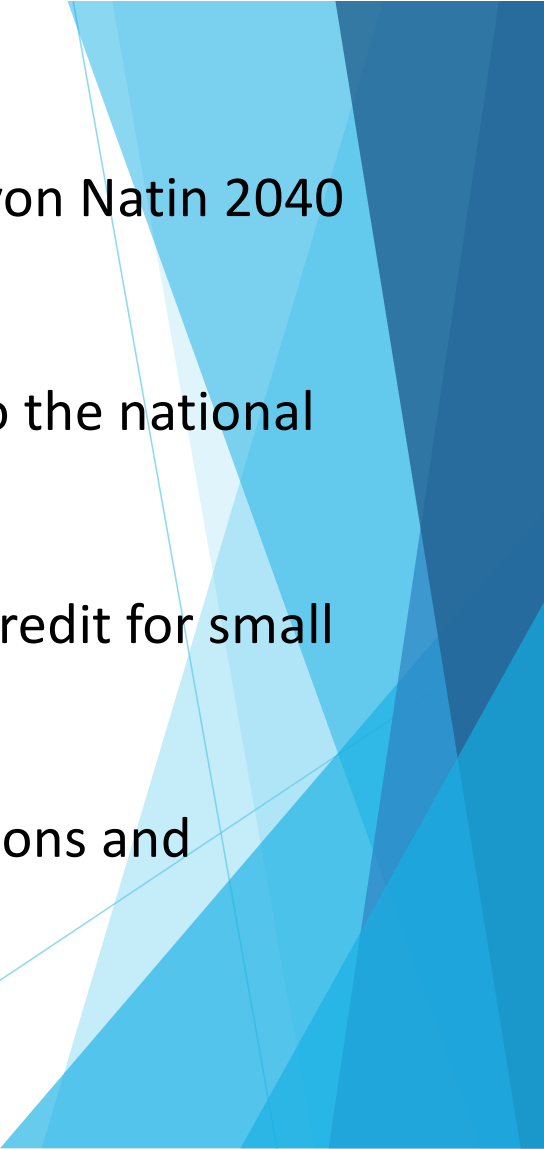
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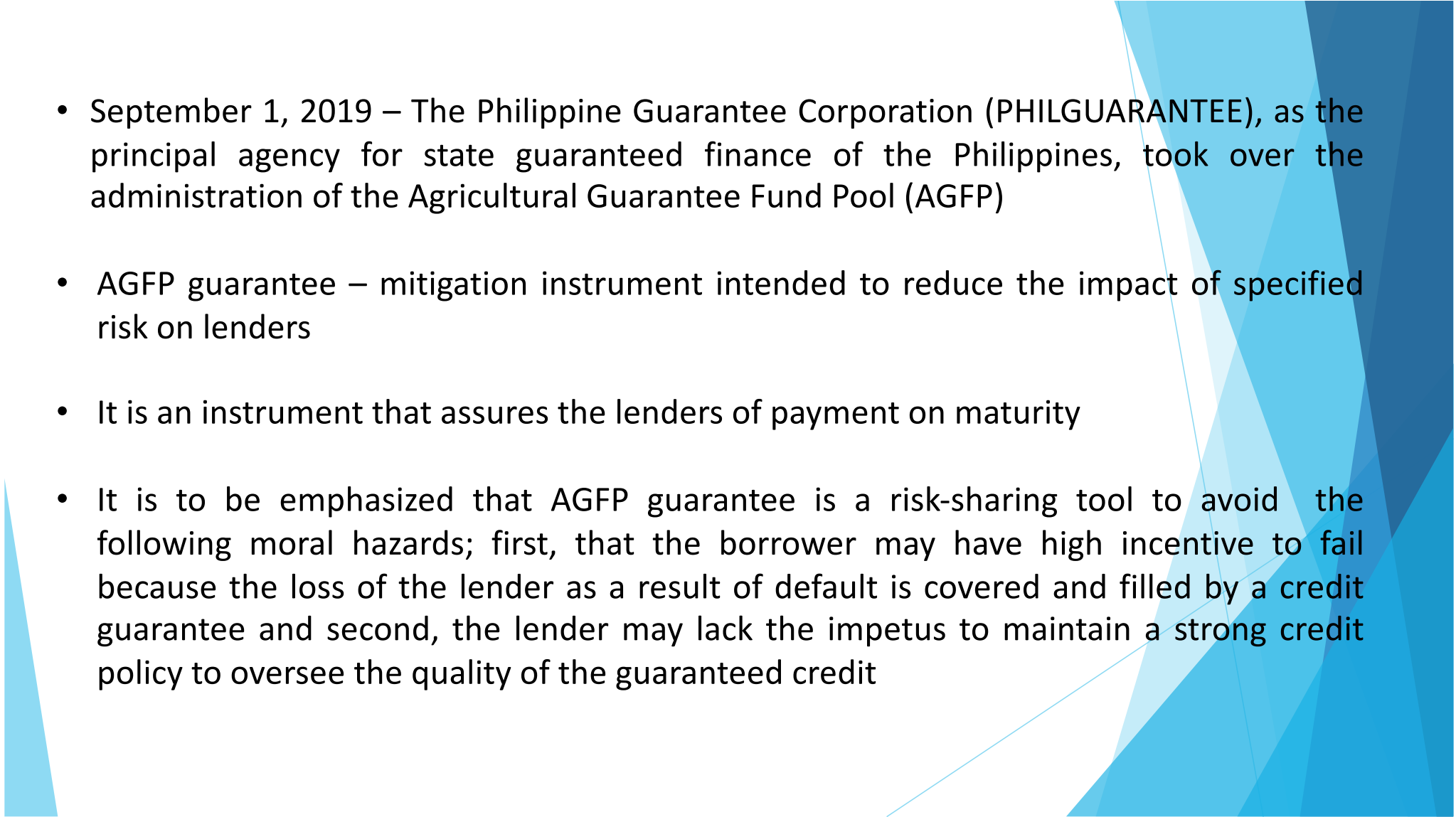
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Philippine Guarantee Corporation

2023 Microfinance Council of the Philippines, Inc.
Annual Conference
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- Matatag, Maginhawa at Panatag Na Buhay under Ambisyon Natin 2040 program
 - The agriculture and fisheries sector remains important to the national economy
 - The guarantee fund addresses the problem of access to credit for small farmers and fishers by cushioning lending risk
 - The guarantee frees up the risk capital of lending institutions and reduces costs

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- September 1, 2019 – The Philippine Guarantee Corporation (PHILGUARANTEE), as the principal agency for state guaranteed finance of the Philippines, took over the administration of the Agricultural Guarantee Fund Pool (AGFP)
 - AGFP guarantee – mitigation instrument intended to reduce the impact of specified risk on lenders
 - It is an instrument that assures the lenders of payment on maturity
 - It is to be emphasized that AGFP guarantee is a risk-sharing tool to avoid the following moral hazards; first, that the borrower may have high incentive to fail because the loss of the lender as a result of default is covered and filled by a credit guarantee and second, the lender may lack the impetus to maintain a strong credit policy to oversee the quality of the guaranteed credit

Under the AGFP guarantee program, who may apply for the establishment of a guarantee line?

1. Banks
2. Cooperatives
3. Corporations that lend to SFF
4. NGOs/MFIs
5. Farmers' and People's Organizations other than Cooperatives

Who are the borrowers that can be enrolled by the accredited financial institutions for guarantee coverage?

1. Small farmers – refer to small crop growers who are tilling not more than five (5) hectares of agricultural lands and small livestock and poultry raisers with the following inventory:
 - a) Poultry – 2,000 layers or 5,000 broilers;
 - b) Swine – 10 sows or 50 fatteners;
 - c) Goat/Sheep – up to 50 heads for meat and/or dairy;
 - d) Cattle – 10 fatteners or 5 breeders; and
 - e) Dairy – 10 milking cows/carabaos

2. Small Fishers – refer to coastal fishermen who own or operate fishing boat/s with total weight of not more than three (3) gross tons and conduct fishing activities within municipal waters (15 kilometers from the shoreline), fishpond operators who operate fishpond/s of not more than five (5) hectares and fish cage operators who operate fish cage/s of not more than 400 square meters.

What is the percentage of coverage?

The guarantee cover shall be up to 85% of the principal balance of the loan at the time of claim but not to exceed the amount of credit ceiling per commodity.

What is the risk weight of loans guaranteed by AGFP?

All loans extended by accredited financial institutions to the extent guaranteed shall carry zero percent (0%) risk weight, pursuant to BSP Circular 1084 series of 2020.

- Guarantee Performance for 2020, 2021, 2022 and 2nd Quarter of 2023

2020

<i>Partner Lending Institutions</i>	<i>No. of Partners</i>	<i>Guarantee Line</i>
Banks	35	4,880,000,000.00
Cooperatives	5	219,500,000.00
FO/MFIs	1	40,000,000.00
Total	41	5,139,500,000.00

2021

<i>Partner Lending Institutions</i>	<i>No. of Partners</i>	<i>Guarantee Line</i>
Banks	38	5,343,000,000.00
Cooperatives	9	473,000,000.00
FO/MFIs	3	155,000,000.00
Total	50	5,971,000,000.00

2022

<i>Partner Lending Institutions</i>	<i>No. of Partners</i>	<i>Guarantee Line</i>
Banks	40	4,921,000,000.00
Cooperatives	9	470,000,000.00
FO/MFIs	2	90,000,000.00
Total	51	5,481,000,000.00

2nd Quarter of 2023

<i>Partner Lending Institutions</i>	<i>No. of Partners</i>	<i>Guarantee Line</i>
Banks	46	5,301,050,000.00
Cooperatives	14	607,000,000.00
FO/MFIs	4	2,928,000,000.00
Total	64	8,836,050,000.00

- Guaranteed Loans for 2019, 2020, 2021, 2022 and 2nd Quarter of 2023

September 01, 2019 to December 31, 2019

<i>Partner Lending Institutions</i>	<i>Amount</i>
Banks	1,833,649,474.73
Cooperatives	108,691,650.29
FO/MFIs	63,417,146.67
Total	2,005,758,271.71

2020

<i>Partner Lending Institutions</i>	<i>Amount</i>
Banks	3,885,804,494.22
Cooperatives	136,869,248.39
FO/MFIs	206,732,331.06
Total	4,229,406,073.67

2021

<i>Partner Lending Institutions</i>	<i>Amount</i>
Banks	5,301,518,215.84
Cooperatives	170,508,205.95
FO/MFIs	97,562,882.56
Total	5,569,589,304.35

2022

<i>Partner Lending Institutions</i>	<i>Amount</i>
Banks	4,413,312,604.55
Cooperatives	337,168,902.40
FO/MFIs	76,240,998.69
Total	4,826,722,505.64

2nd Quarter of 2023

<i>Partner Lending Institutions</i>	<i>Amount</i>
Banks	1,950,446,258.40
Cooperatives	143,742,763.57
FO/MFIs	81,848,080.10
Total	2,176,037,102.07

- Number of Accounts for 2019, 2020, 2021, 2022 and 2nd Quarter of 2023

September 01, 2019 to December 31, 2019

<i>Partner Lending Institutions</i>	<i>Loan Transactions</i>	<i>Small Farmers and Fishers</i>
Banks	25,048	11,857
Cooperatives	1,676	1,082
FO/MFIs	1,930	880
Total	28,654	13,819

2020

<i>Partner Lending Institutions</i>	<i>Loan Transactions</i>	<i>Small Farmers and Fishers</i>
Banks	51,423	38,895
Cooperatives	2,109	1,869
FO/MFIs	6,971	5,937
Total	60,323	46,701

2021

<i>Partner Lending Institutions</i>	<i>Loan Transactions</i>	<i>Small Farmers and Fishers</i>
Banks	67,855	39,403
Cooperatives	2,394	2,020
FO/MFIs	2,606	2,294
Total	72,855	43,717

2022

<i>Partner Lending Institutions</i>	<i>Loan Transactions</i>	<i>Small Farmers and Fishers</i>
Banks	55,333	35,018
Cooperatives	4,736	3,596
FO/MFIs	1,978	1,197
Total	62,047	39,811

2nd Quarter of 2023

<i>Partner Lending Institutions</i>	<i>Loan Transactions</i>	<i>Small Farmers and Fishers</i>
Banks	23,300	20,809
Cooperatives	1,684	1,547
FO/MFIs	2,298	2,091
Total	27,282	24,447

- PHILGUARANTEE improved the processes and procedures for claims payment

From **September 1, 2019 to June 30, 2023**

<i>Type of PLI</i>	<i>Amount of Claims Paid</i>
Bank	1,032,344,980.03
Cooperative	14,506,133.45
FOs/MFI	13,306,369.16
TOTAL	PhP1,060,157,482.64

Maraming Salamat Po!

