

AGFP CREDIT GUARANTEE

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- *Matatag, Maginhawa at Panatag Na Buhay* (resilient, stable, and comfortable life) under *Ambisyon Natin 2040* (Our Ambition 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

- September 1, 2019 – The Philippine Guarantee Corporation (PHILGUARANTEE), as the principal agency for state guarantee 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 supports the members of the agriculture sector with less or no probability at all of securing access to commercial financing, thus, integrating them into formal financial markets
- 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

Eligible Lending Institutions

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

Eligible Borrowers

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.

Eligible Loans for Guarantee Coverage

Unsecured loans of small farmers and fishers for agriculture and fisheries production. If partly secured by REM or CM or deposit hold-out in favor of the Partner Lending Institutions (PLIs), only the unsecured portion which shall not be less than 50% of the loan shall be eligible for guarantee coverage.

Conditions for long gestating crop loan/s (coconut, banana, coffee, cacao, oil palm, mango, etc.) to be eligible for guarantee coverage

- a. The object/s of financing are existing and mature (fruit-bearing trees/plants);
and
- b. Loan maturity is not more than one (1) year.

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.

Guarantee Fee for Coverage

The PLI shall pay the guarantee fee based on the amount of the loan as indicated in the Promissory Note, subject to the following:

1. If the loan is covered by a crop insurance - 50% discount
2. If the loan is granted to an agrarian reform beneficiary (ARB) - 50% discount
3. If the loan is insured and the borrower is an ARB - 75% discount

Risk Weight of Loans Guaranteed by AGFP

All loans extended by our PLIs to the extent guaranteed shall carry zero percent (0%) risk weight, pursuant to Bangko Sentral Ng Pilipinas (Central Bank) Circular 1084 series of 2020.

Risk and Events of Default Covered by the Guarantee

The guarantee shall cover all risks, from losses due to non-payment of loans including those that are caused by the following, but not limited to:

- natural calamities (such as typhoons, floods, etc.)
- pests and diseases
- market aberrations

However, fraud or wilful misrepresentation on the guarantee coverage and guarantee claims on the part of the PLI shall not be covered and which may be used as basis for termination or revocation of guarantee line.

Volume of Guarantee Issued by PHILGUARANTEE as Administrator, Number of Agri-based Beneficiaries and Total Claims Paid (September 1, 2019 – June 30, 2025)

- Total Guarantee – PhP28.158 Billion
- No of Farmers/Fishers – 236,356
- Claims Paid – PhP1.487 Billion

Without the AGFP guarantee, borrowers who are unbanked and with lacking collateral to offer, will not be able to obtain loans necessary for food production.

AGFP Guarantee Portfolio



Particulars	January 1 – June 30, 2025	Cumulative (2008 – June 30, 2025)
Total Guarantees Issued (in Million)	₱4,198.99	₱83,558.03
No. of Small Farmers and Fisherfolk (SFF)	49,540	793,248
Outstanding Guarantees as of June 30, 2025 (in Million)	₱1,542.69	n/a
No. of PLIs	91	n/a

COMMODITY/PROJECT

CATEGORY	JAN 1 – JUNE 30, 2025	
	COVERAGE (in Million)	% TO TOTAL COVERAGE
Crops	₱3,891.06	92.7%
Livestock	₱268.45	6.4%
Fishery	₱30.36	0.7%
Poultry	₱9.12	0.2%
Total	₱4,198.99	



GEOGRAPHICAL LOCATION



AREA	JAN 1 – JUNE 30, 2025	
	COVERAGE (in Million)	% TO TOTAL COVERAGE
Luzon	₱3,350.50	79.8%
Visayas	₱583.30	13.9%
Mindanao	₱265.19	6.3%
	₱4,198.99	



COVERAGE PER TYPE OF PLI

TYPE OF PARTNER LENDING INSTITUTION	JAN 1 – JUNE 30, 2025	
	COVERAGE (in Million)	% TO TOTAL COVERAGE
Banks	₱3,671.73	87.5%
a) Rural Banks	₱1,723.46	
b) Universal Banks	₱1,067.90	
c) Thrift Banks	₱581.83	
d) Cooperative Banks	₱298.54	
Cooperatives	₱241.10	5.7%
NGOs/MFIs	₱286.16	6.8%
	₱4,198.99	



THANK YOU.



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