



# PARTNERING FOR RURAL DEVELOPMENT FINANCE

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PHILIPPINES

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### Valuable contribution of rural banks...

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**50.83%** compliance rate of rural and coop banks to RA 10000 as of June 2015

**2X** This compliance level is twice the 25% requirement of Agri-Agra Law

**7%** of the P372.2 B of agri-agra loans came from rural and coop banks

*Source: BSP Supervisory Data Center*

## ACCOMPLISHMENTS

### This contributed to...

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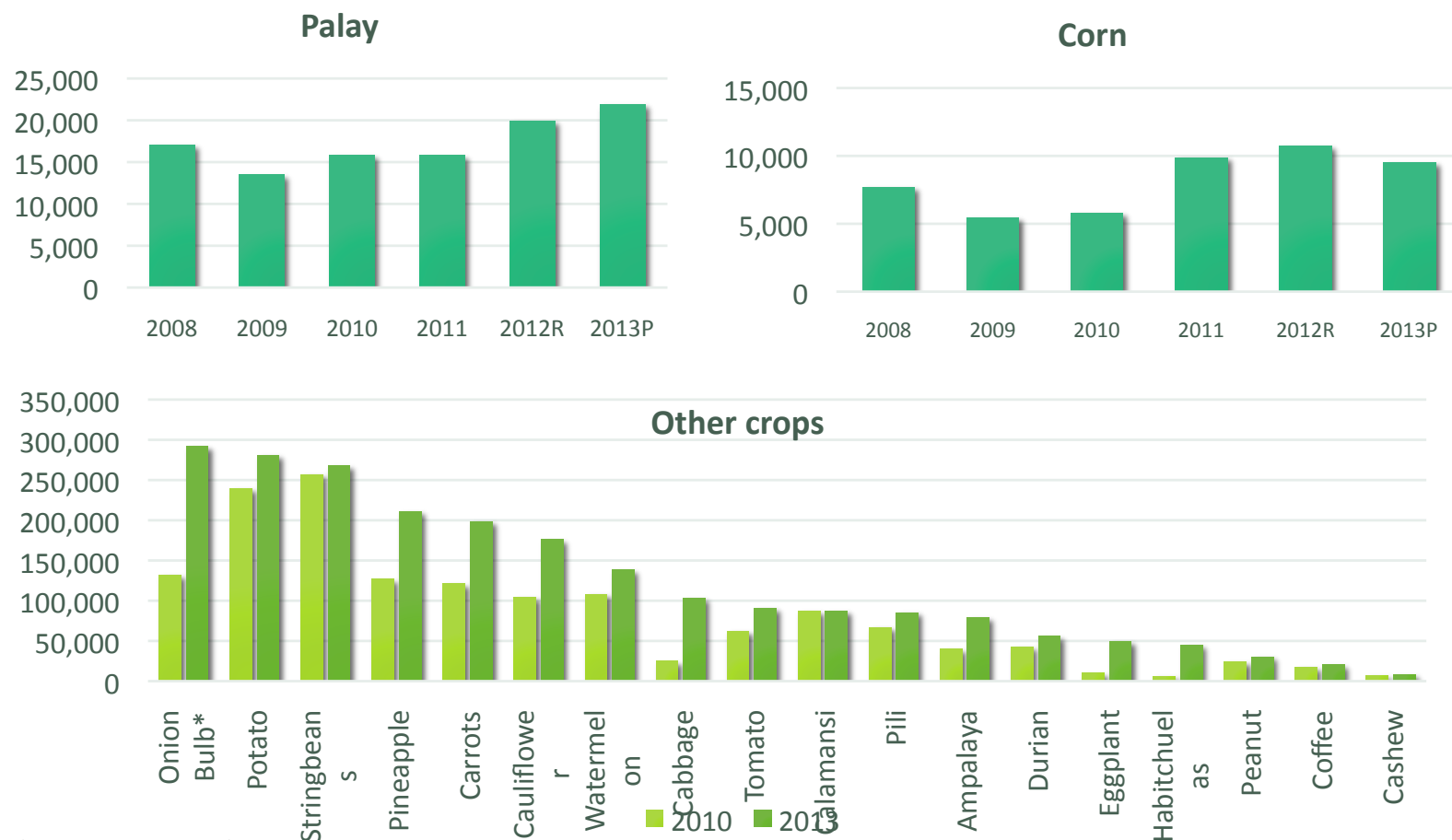
❖ The achievement of

**97%** rice self-sufficiency in 2013,  
up 16 percentage points  
from 81% in 2010

❖ The country was considered world's fastest-growing rice producer in 2014

## ACCOMPLISHMENTS

# Increased income across commodities



\*latest available data for onion bulb is up to 2012

## CLIMATE CHANGE ADAPTATION

### Damage to the sector due to calamities...

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Philippine Star

Typhoon Lando aftermath...

Since 2010, the country was hit by **43** major calamities including typhoons, flooding, earthquake and drought

Damage to agriculture: **P132 billion**

# CLIMATE CHANGE ADAPTATION

## Efforts undertaken by the DA...

**4,920 km\***

Farm-to-Market roads  
At least 2,769 km are concrete



Concrete lining of  
irrigation canals &  
system-by-  
system upgrading



Research  
(e.g., benchmarking of  
PH rice industry w/  
major rice-producing  
Asian countries)

*\* Includes accomplishments of regular program, locally funded projects, foreign-assisted projects, bottom-up budgeting, disbursement acceleration program fund*

# Credit programs...

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## Cooperative Banks Agri-Lending Programs (CBAP)

- Created in Oct 2011 with P400 million seed fund for deposit to rural banks
- Rural banks commit to onlend twice the ACPC's special time deposit for agricultural purposes
- By Aug 2015, **P2.956 B** loans extended to **57,155** farmers and fishers through **19** participating rural banks

# Credit programs...

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## Sikat Saka Program (SSP)

- Credit component of FSSP launched in April 2012 for rice farmers tilling irrigated lands
- Targeted farmers ready to establish their own credit track record and become “Sikat na Magsasaka”
- Piloted in 4 provinces, it expanded to 20 provinces in 2013 and to 45 in 2014
- Adopts a declining interest rate on successful loan repayment – from 15% in 1<sup>st</sup> cropping to as low as 9% by 8<sup>th</sup> cropping
- As of Sep 2015, SSP provided **P2 B** to **9,142** small farmer borrowers



# Credit programs...

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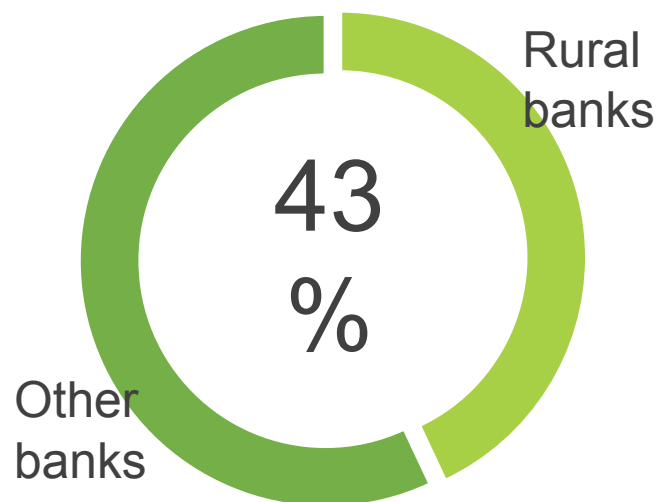
## Agrarian Production Credit Program (APCP)

- Launched in 2013 and patterned with the Sikat Saka Program design to extend credit to agrarian reform beneficiaries
- As of September 2015, extended loans to **440** Agrarian Reform Beneficiaries Organizations with **24,456** Agrarian Reform Beneficiaries

## SUPPORT MECHANISMS

# Agricultural Guarantee Fund Pool

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**40** of **93** partner lending institutions are rural banks

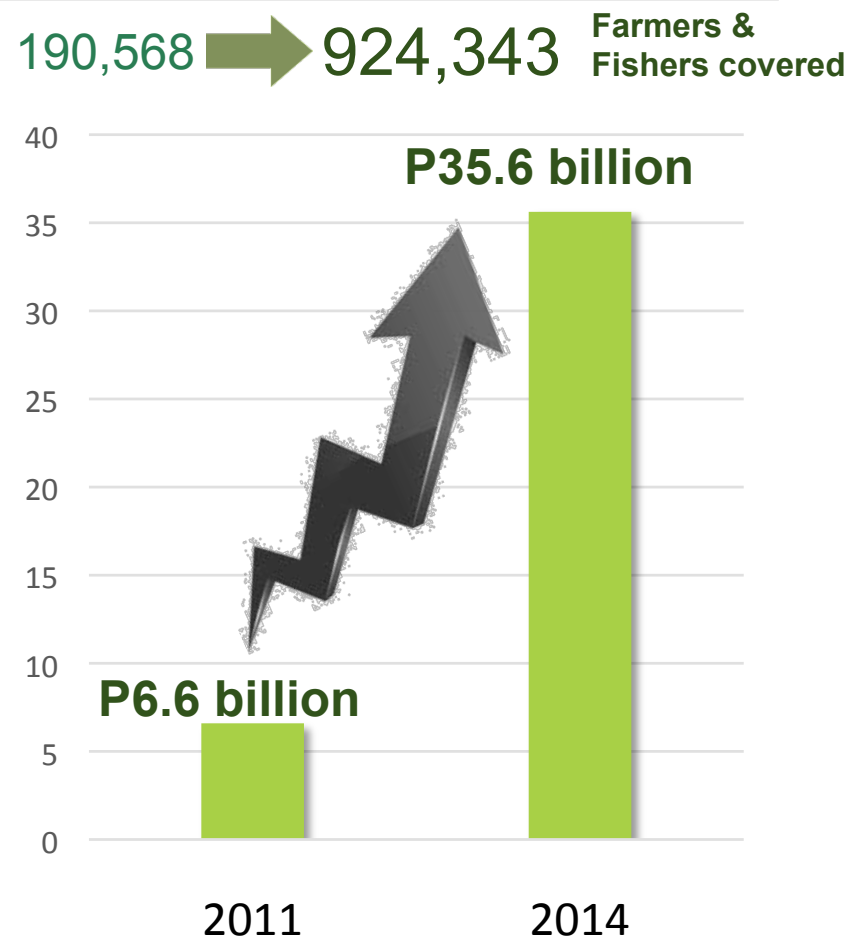
Approved coverage:

**P3.1 billion** (this year) up to

Sep 2015, **P28.4 billion** since 2008

# PCIC Insurance Coverage

- ❖ PCIC's insurance coverage experienced a boom in the past few years
- ❖ By 2014, insurance coverage was 5x the level in 2011
- ❖ Its area covered more than tripled from 210,336 hectares in 2011 to 792,208 hectares in 2014



## CHALLENGE TO RBAP AND GOVT



As provided for by RA 10000:

- ✓ Unlock more than **P173 billion** potential agri-agra loans
  - Only **P372 billion** of agri-agra loans have been provided out of the potential **P545 billion** loans for rural development
  - The **money** and the **means** to deliver loans rest on the private sector

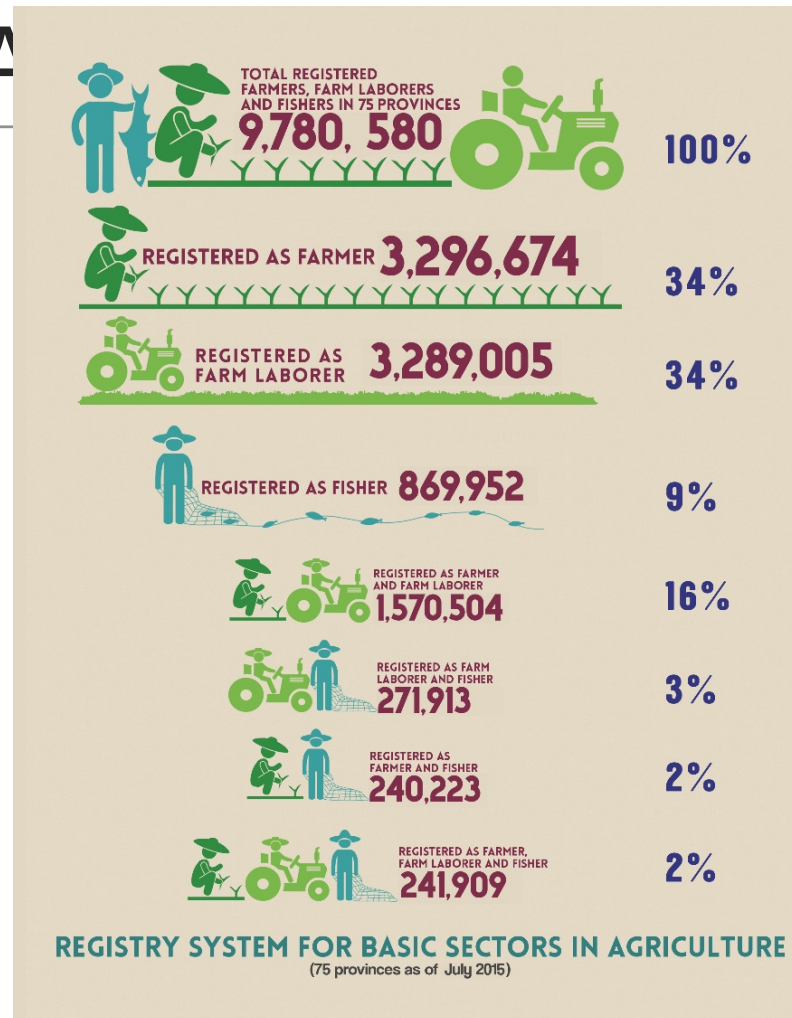
Question:

*“ Kaya po ba na ang mga rural banks ay maging daluyan ng mas malaking agri-agra compliance ng iba pang private banks? ”*

## ENABLING FACTORS

# Registry System for Basic Sectors in Agriculture (RSBSA)

- Almost **10 million** registered farmers and fishers as of July 2015
- GAA 2014 and 2015 require recipients to be listed in the RSBSA
- DA, DAR, BFAR and other agencies collaborate to ensure integrity of the list



## ENABLING FACTORS

# Philippine Rural Dev't Program

- P27.5 billion World Bank-funded project that started in 2014 (to be implemented until 2020)
- Engages provincial and municipal LGUs to co-invest in rural infrastructure and enterprises
- Through the provincial commodity investment plans prepared by PLGUs and MLGUs, RBAP can explore the possibility of providing support through credit



## ENABLING FACTORS

# Agri-Pinoy Trading Centers

❖ 7 completed and operational trading centers...

REGION	PROJECT NAME	LOCATION	PRODUCTS TRADED
I	Pangasinan Agri-Pinoy Trading Center	Poblacion, Urdaneta City, Pangasinan	Vegetables
II	Isabela Multi-commodity APTC	Muñoz West & San Pedro, Roxas, Isabela	Multi-commodity
II	Regional Organic Trading Center	Tapaya, Bagabag, Nueva Vizcaya	Vegetables
II	Nueva Vizcaya Agricultural Terminal	Almaguer, Bambang, Nueva Vizcaya	Vegetables
IV-A	Quezon Corn Trading and Processing Center	Calumpang, Tayabas, Quezon	Corn
V	Camarines Norte Agri-Pinoy Trading Center	Sitio Mat-i, Vinzons, Camarines Norte	Vegetables
VII	Dalaguete Agri-Pinoy Trading Center	Mantalongon, Dalaguete, Cebu	Vegetables

❖ With APTCs, you have potential clients among farmer-producers who will need financing to enhance their current production

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SALAMAT PO!