



**Banco Santiago de Libon, Inc.**

A Rural Bank

*An Bangko Kan  
Mga Para-Uma!*



# AGRICULTURAL FINANCING

The RURAL BANKS'  
BEST CONTRIBUTION TO  
DEVELOPMENT

Liz Dycoco  
Banco Santiago de Libon, Inc.

# DISCUSSION OUTLINE:



- THE CRAZY RICH ASIANS
- WHY AGRICULTURE?
- THE ROLE OF RURAL BANKS
- THE BSDL WAY
- THE EXPECTED ROLE OF GOVERNMENT: AS PARTNER AND REGULATOR





# CRAZY RICH ASEANS



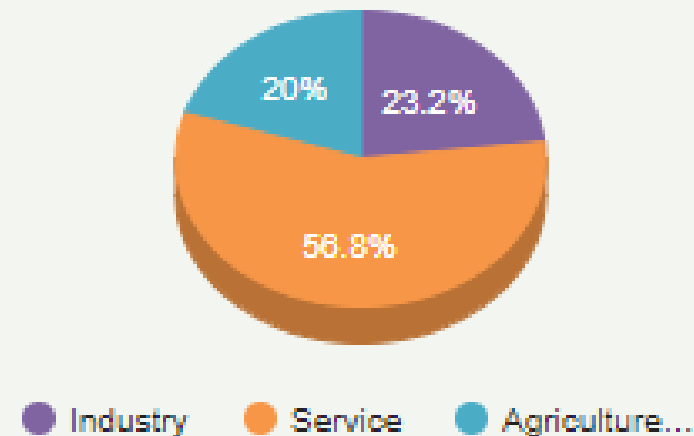
# HOW DO WE MAKE THE OTHER NON-CRAZY RICH ASIANS IMPROVE THEIR LIVES?



- ONE MAJOR WAY: AGRICULTURE
- WHY AGRICULTURE?

In 2016, Bicol Region's economy improved by 5.7 percent. The region shared 2.0 percent in the national Gross Domestic Product (GDP). Agriculture, Hunting, Forestry and Fishing sector comprised 20.0 percent of the region's economy and it recorded a 0.2 percent reduction in output.

GRDP: Share by Industrial Origin, Bicol Region, 2016



# WHY AGRICULTURE?



## Employment and Wages

Total Employment (CY2016)  
= 2,331,000 persons

Agricultural Employment  
= 841,000 persons

By Sex:

Male = 651,000 persons

Female = 190,000 persons

Share of Agriculture in Total Employment,  
Bicol Region, 2016



About 36.10 percent of the region's total employed persons were in the agriculture sector. About 63.90 percent were male workers.



# WHY AGRICULTURE?



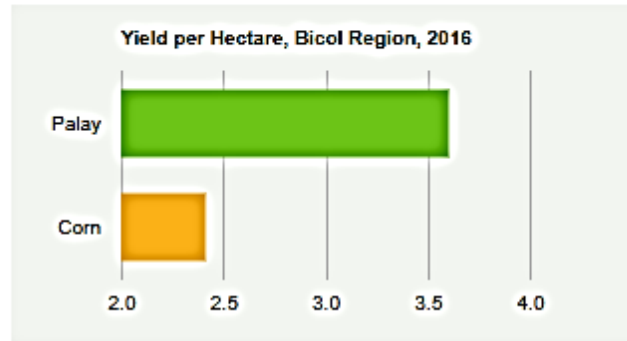
Dialect:	Rinconado, Sorsoganon, Pandan Bikol, Tagalog
Poverty incidence among families (%) 2015:	27.5 percent
Subsistence incidence among families (%) 2015:	8.2 percent

## Production

**Production and Area, Bicol Region, 2016**

Crop	Production (metric ton)	Area (hectare)
Palay	1,275,492	354,089
Corn	259,375	107,544

**Yield per Hectare, Bicol Region, 2016**

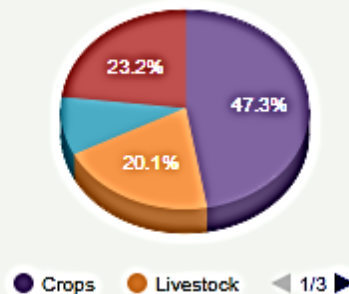


In 2016, palay production was recorded at 1,275,492 metric tons, up by 0.87 percent from the 2015 level. Area harvested at 354,089 hectares expanded by 3.44 percent. Corn production rose to 259,375 metric tons by 6.34 percent. Area harvested at 107,544 hectares was 4.39 percent higher than last year's record.

**Gross Output in Agriculture: Growth Rate by Subsector, Bicol Region, 2016**

Sector	Growth Rate 2015-2016 (percent)
Agriculture	(0.41)
Crops	1.31
Livestock	(0.92)
Poultry	3.29
Fisheries	(4.66)

**Agriculture: Share by Subsector, Bicol Region, 2016**

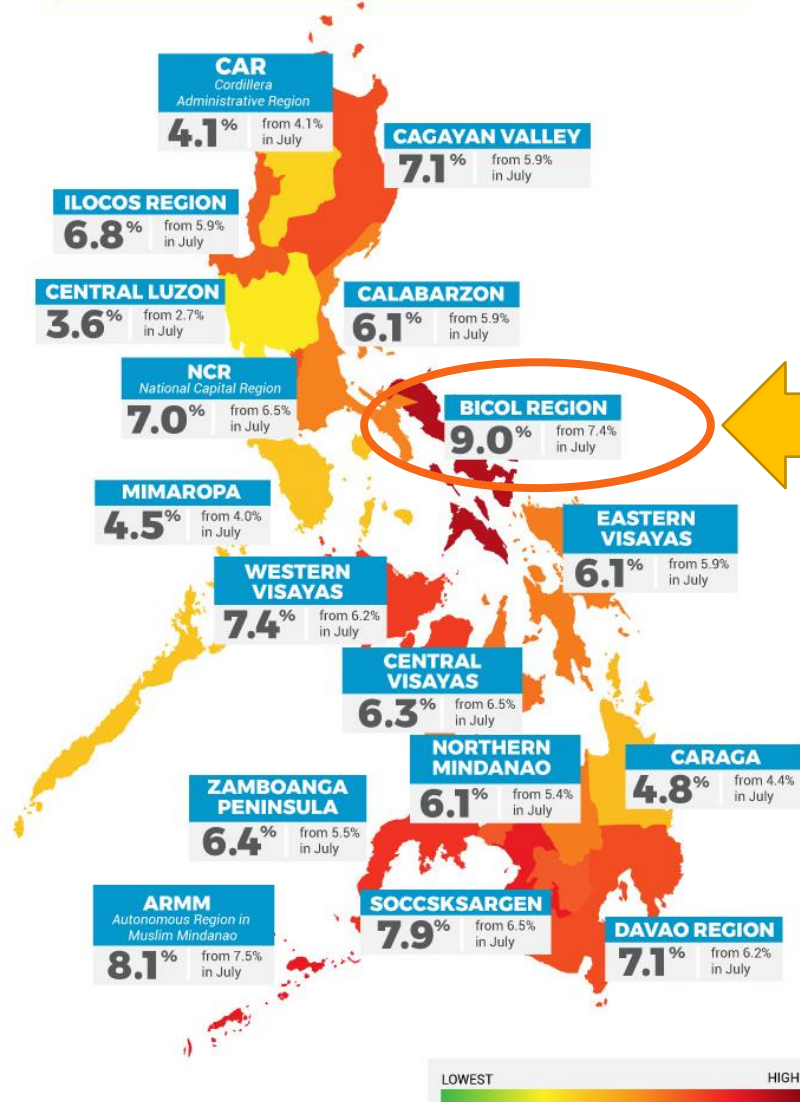


In 2016, the region's agricultural output dropped by 0.41 percent. This was attributed to the production shortfalls from the livestock subsector at 0.92 percent and fisheries subsector at 4.66 percent. These subsectors had production share of more than 20.0 percent each. About 47.28 contribution was recorded for the crops subsector which inched up by 1.31 percent in output.

# WHY AGRICULTURE?



REGIONAL INFLATION RATES IN AUGUST (2012 = 100)



• Food Security & Food Sustainability is a must

# AGRICULTURAL LOANS VS COMMERCIAL AND CONSUMPTION LOANS

- Growth of Commercial and Consumption Loans are higher than Agricultural Loans

## CONCLUSION:

- OUR ECONOMY IS FUELED MORE BY COMMERCIAL AND CONSUMPTION SPENDING, THAT IS FURTHER DRIVEN BY OFW REMITTANCES OF 20B A YEAR
- THIS SPENDING CAN BE PART SHIFTED TO AGRICULTURE IF HOUSEHOLDS AND OFW FAMILIES SEE THE POTENTIAL OF AGRICULTURE IN INCREASING FAMILY INCOMES ON A SUSTAINABLE BASIS



# ROLE OF RURAL BANKS



GO BACK TO BASICS: REMEMBER WHERE WE ALL CAME FROM.

- MANY OF US WERE BORN OUT OF THE DESIRE TO BRING PROGRESS TO RURAL TOWNS
- BUT BECAUSE OF HIGH RISK AGRICULTURE FINANCING, OPTED TO THE MORE RISK MANAGEABLE COMMERCIAL AND CONSUMPTION LOANS
- RURAL BANKS VISION AND MISSION ALSO EVOLVED IN TIME, DUE TO INCREASING DIFFICULTY OF THE RURAL BANKING BUSINESS, AND PRIORITIZED EARNING.

# ROLE OF RURAL BANKS



GO BACK TO BASICS: REMEMBER WHERE WE ALL CAME FROM.

- WE NEED TO REVISIT OUR VISION AS RURAL BANKS AND NOT THINK OF OURSELVES AS COMMERCIAL AND UNIVERSAL BANKS
- STUDY BASIC FARMING -TO WALK THE TALK

# DAMPENERS TO AGRI FINANCING



- CALAMITIES- 10-15 TYPHOONS PER YEAR; COST RECOVERY IN AGRI FINANCING
- THE MONOPOLY OF PHIL CROP INSURANCE DOES NOT PROVIDE A PREDICTABLE RECOVERY MECHANISM; PRIVATE CROP INSURANCE IS STILL VERY EXPENSIVE
- GOVERNMENT DATA BASE- THERE IS NO ONE RESPECTED DATA BASE THAT WILL GUIDE RURAL BANKERS AND PREVENT MULTIPLE LOANS FOR FARMERS

# DAMPENERS TO AGRI FINANCING



- COMPETITION AMONG RURAL BANKS- CAN LEAD TO DECREASING QUALITY OF LOANS, AND EVEN CANCEL OUT EACH OTHER, BY BUYING OUT EACH OTHER'S AGRI LOANS
- VALUE ADDING PROCESSES TO AGRI CROPS STILL IN ITS INFANCY AND LIMITED TO BIG BUSINESS, THUS FARMERS REMAIN AS PRODUCERS AND PLANTERS
- FARM MECHANIZATION IN THE COUNTRY IS LAGGING VERSUS OUR ASEAN NEIGHBORS AND INCREASE COST OF PRODUCTION AND EVEN LOSSES



# DAMPENERS TO AGRI FINANCING



- VALUE ADDING PROCESSES TO AGRI CROPS STILL IN ITS INFANCY AND LIMITED TO BIG BUSINESS, THUS FARMERS REMAIN AS PRODUCERS AND PLANTERS
- FARM MECHANIZATION IN THE COUNTRY IS LAGGING VERSUS OUR ASEAN NEIGHBORS AND INCREASE COST OF PRODUCTION AND EVEN LOSSES
- HARVEST AND POST HARVEST FACILITIES ARE STILL A MAJOR LACK
- MARKETING OF STAPLE CROPS IS STILL LARGELY TRADER-DRIVEN, AND CAN EVEN FEED THE CARTELS

# Ang Bangko Kan Mga Para-Uma





# Banco Santiago de Libon, Inc.

*A Rural Bank*

44 Years of Serving the Bicolano.

Transforming Lives, Building Communities!



Now in 12 Locations in 4 Provinces of the Bicol Region:  
ALBAY, CAM SUR, SORSOGON, & MASBATE



Donsol



Bato



Bula



Buhi



Sto Domingo



Oas



Manito



Pioduran



Head Office:  
Libon, Albay



ALWECO



Polangui



Claveria





# Produkto at Serbisyo para sa mga Magsasaka



## Agri-Production Loan para sa mga nagtatanim ng





# Produkto at Serbisyo para sa mga Magsasaka

## SMALL FARM MACHINERY FINANCING



Coming  
Soon:

LARGE  
Farm  
Equipment  
Financing



# Now Offering:



## LARGE FARM MACHINERY FINANCING



# THE BSDL WAY



## STONE FROM THE TOP:

- BSDL was founded in 1973 by farmers, to help farmers. It's first office was within the NFA compound in Libon.
- Libon is the rice granary of Albay
- BOD & Management decision to focus on Agriculture. From a high of 70% consumer loan in the early 2000s, portfolio is now at 40% Agri, 45% Consumer, 15% Business.



# THE BSDL WAY



## THE MINDSET & THE CULTURE

- CEO APD & PH JVD grew agriculture in the town of Libon as public leaders
- Founding family started as farmers; still farmers today
- Most employees & loans team members are from Libon





# THE BSDL WAY



## OUR EMPLOYEES ARE FARMERS TOO

- Most of our employees have family farms or are leasing farms
  - Empathy
  - Expertise
- We hire new staff from farming families
- Attends government & bank trainings for Farming

# THE BSDL WAY



## KNOW YOUR FARMER

· Intensive market research and farmer survey before BSDL launches an agri-product in a New town/area

? Geographical Risk Profiling

? Irrigated ? Rain-Fed

? Farmer Demographics

? Disposal and sale of harvest

? Lowland ? Upland

? Gov't Programs

? Hybrid ? Inbred



# THE BSDL WAY



## KNOW YOUR FARMER

- No Group Lending
- Every farmer-applicant is individually assessed, evaluated, visited, and validated



# THE BSDL WAY



## Engage with Agri Partners

- Municipal Agricultural Officers and their team;  
Provincial Agri teams
- MOAs with Department of Agri,  
PCIC; AGFP Guarantee
- Private Partners – Suppliers of Farm Equipment;  
Community Buyers of our farmers' harvest





# THE BSDL WAY



Organizing  
Farmer  
-Partners  
on the ground





# THE BSDL WAY

## RELATED PARTY SUPPORT





# THE BSDL WAY



## RELATED PARTY SUPPORT

# JAD Community Ventures





# THE BSDL WAY

RELATED PARTY SUPPORT

SANTIAGO  
GREAT F.A.



## MAG-MECHANIZE KA NA!

✓ MURA

✓ MABILIS

✓ MAAASAHAN

AVAILABLE FOR RENT



**KUBOTA DC60**  
COMBINE HARVESTER  
PARA SA MAMABILIS NA PAG-AANI.



DISK PLOW



ROTAVATOR



**KUBOTA L3608** MINI TRACTOR

TUMAWAG LANG KAY **JAMES** SA **09464721657**  
UPANG MAGPA-RESERBA.

\*ESPESYAL NA PRESYO PARA SA MGA BSDL CLIENTS AT SANTIAGO GREAT FARMERS ASSOCIATION MEMBERS

# THE BSDL WAY



## WHAT'S NEXT:

1. More Agricultural Financing Products
2. OSRMP Office to Focus on AgriFinancing
  - Marketing & Case Management
3. Partnerships with DA & SGFA to deploy additional handtractor + harvester sets to more BSDL areas
4. Buyer of our Farmers' Harvest



# ROLE OF GOVERNMENT AS A PARTNER

- STOP BEING A COMPETITOR FOR AGRI FUNDS;
- TAP RURAL BANKS AS CONDUITS, BUT AT REASONABLE COSTS THAT ENABLES BANKS TO RECOVER AND BE PROFITABLE
- AGRI GUARANTEE MUST BE AT ITS DEFINING MOMENT: EXPAND COVERAGE
- INCLUDE RURAL BANKS' CLIENTS AS VIABLE STAKEHOLDERS IN AGRI PLANNING

# ROLE OF GOVERNMENT AS A REGULATOR

- -CIRCULARS THAT ARE SUPPORTIVE OF AND PROMOTES AGRI FINANCING AMONGST RURAL BANKS
- REDEFINE WHAT IS PAST DUE AND NPL FOR AGRI FINANCING THAT IS CROP, SEASON, AND MARKET SPECIFIC, IN CIRCULARS
- CATCH UP/CURE PERIOD AS ALLOWED IN CIRCULARS HAS NO PRACTICAL BASIS AT ALL
- RURAL BANKS INTO AGRI FINANCING, MUST BE GIVEN INCENTIVES IN REGULATION AND TAXATION

# IN CLOSING

- IT IS A DREAM THAT THE NEXT CRAZY RICH ASIAN IS A FARMER!
- BUT IT IS CRAZY NOT TO INVEST IN HIM, BECAUSE OUR FOOD SECURITY DEPENDS ON HIM
- IT IS NOT AN IMPOSSIBLE DREAM TO GO BACK INVESTING IN THE FARMER, WITH THE SYNERGY OF ALL THOSE WHO HAVE HEAPED PRAISES ON THE FARMER AS AN UNSUNG HERO FROM OUR COMMUNITIES. LET OUR POETRY MATCH OUR ACTIONS!



ALBAY: *Albay West Coast. Libon. Polangui. Oas. Pioduran. Manito. Sto Domingo.*

SORSOGON: *Donsol* CAMARINES SUR: *Bato. Buhi. Bula. Libmanan.* MASBATE: *Claveria*



*Thank  
you.*