

[BSP CIRCULAR NO. 680, S. OF 2010, February 03, 2010]

RULES AND REGULATIONS FOR THE PROVISION OF MICRO-AGRI LOANS

SECTION 1. Statement of Policy. The Bangko Sentral ng Pilipinas adopts a holistic approach in addressing social and economic objectives through microfinance. Microfinance utilizes an innovative technology and methodology that has proven successful in providing the appropriate financing for microentrepreneurs who were previously underserved by the formal financial system. Through the years, it has been evident that the microfinance technology and methodology can be appropriately utilized to deliver other types of financial services in a sound, prudent and sustainable manner, including credit for small farming activities.

SECTION 2. Minimum Criteria to Determine Banks' Capacity to Offer Micro-Agri Loans. The BSP will review the application based on the following basic principles:

1. To ensure that the banks have the capacity and technical capability to offer micro-agri loans
2. To ensure that the provision of micro-agri loans uphold adequate and appropriate risk management systems and procedures as well as the microfinance best methodologies and technologies

Based on the above principles, the BSP may consider the banks' micro-agri loans as microfinance loans upon satisfaction of the following requirements:

1. The bank must have a track record of at least two years in implementing sustainable microfinance programs, including acceptable portfolio-at-risk (PAR) levels as evaluated against prevailing BSP standards.
2. The bank must have an appropriate micro-agri loan product manual to be included in the bank's microfinance manual as one of the types of services or products offered to prospective clients. Loan/ account officers must be trained about the micro-agri loan product and that the details of the program can be communicated clearly to the clients.

SECTION 3. Basic Product Characteristics. The micro-agri loan product shall have the criteria/ characteristics of a microfinance loan as provided in existing regulations in addition to the following product characteristics:

Subject	Particulars
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Purpose/	»Short term purposes only (up to 12 months) whether
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