

LGU GUARANTEE CORPORATION

LGU **GGC**

Your link to progress



WHO OWNS LGUGC

Banco de Oro Unibank, Inc	Philippine Veterans Bank
Bank of the Philippine Islands	Rizal Commercial Banking Corporation
Development Bank of the Philippines	Robinsons Banking Corporation
EastWest Banking Corporation	Security Bank Corporation
Internationale Nederlanden Bank N.V.	The Hong Kong and Shanghai Banking Corporation
Land Bank of the Philippines	Union Bank of the Philippines
Metropolitan Bank and Trust Company	United Coconut Planters Bank
Philippine National Bank	Philippine Deposit Insurance Corporation (for shares owned by Export and Industry Bank and 1 st Ebank

VISION

- To be the recognized private sector link in public-private partnerships for local development financing
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MISSIONS

- Advocate for reforms that will mobilize resources of the private sector toward financing local development projects;
- Continue to advocate for policy reforms for local government unit (LGU) debts, whether bond floatation or direct loans, and
- Instill value of good governance to enhance the borrower's enterprise management and creditworthiness, especially local government and utility companies

WHAT LGUGC DOES



CREDIT GUARANTEE

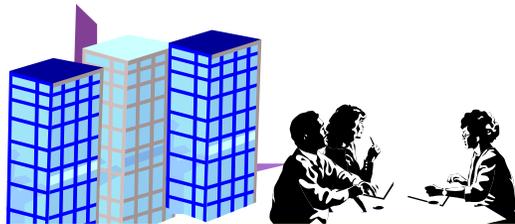


GUARANTEE PROGRAM MANAGEMENT

|| **LGUGC** ||



CREDIT RATING



RELATIONSHIP MANAGEMENT WITH FINANCIAL INSTITUTIONS



COLLABORATION WITH NATIONAL GOVERNMENT

THE GUARANTEE SYSTEM

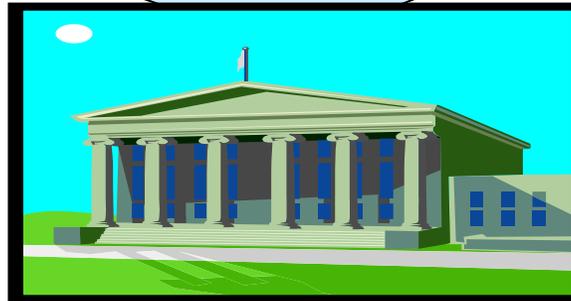
- Guarantees FIs against borrower default
- Pays FIs in case of default according to original amortization schedule

- Provides loans
- Underwrites bond issues

Due Diligence / Credit Rating

AAA

LGU GC



BORROWER

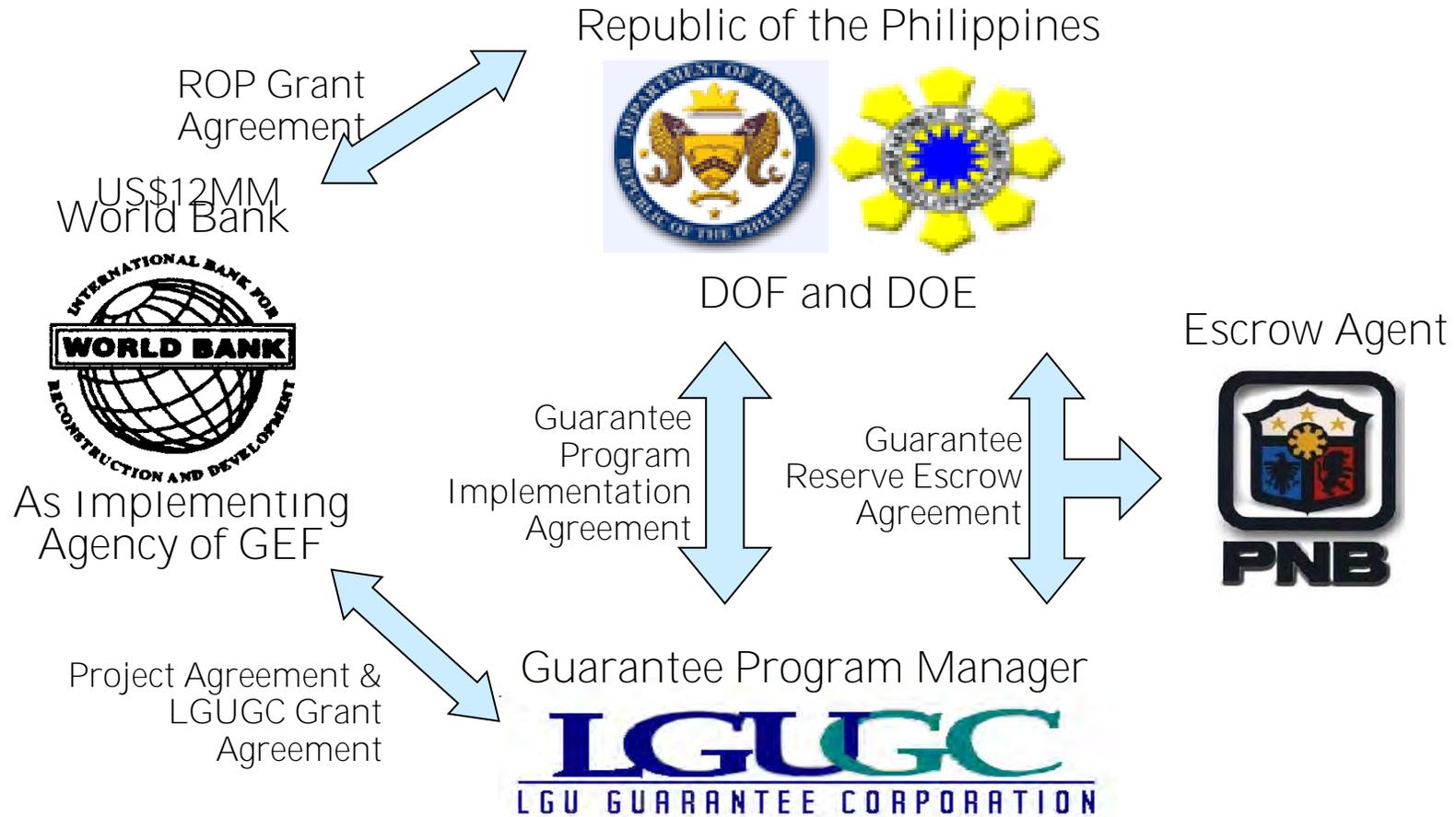


Financial Institutions

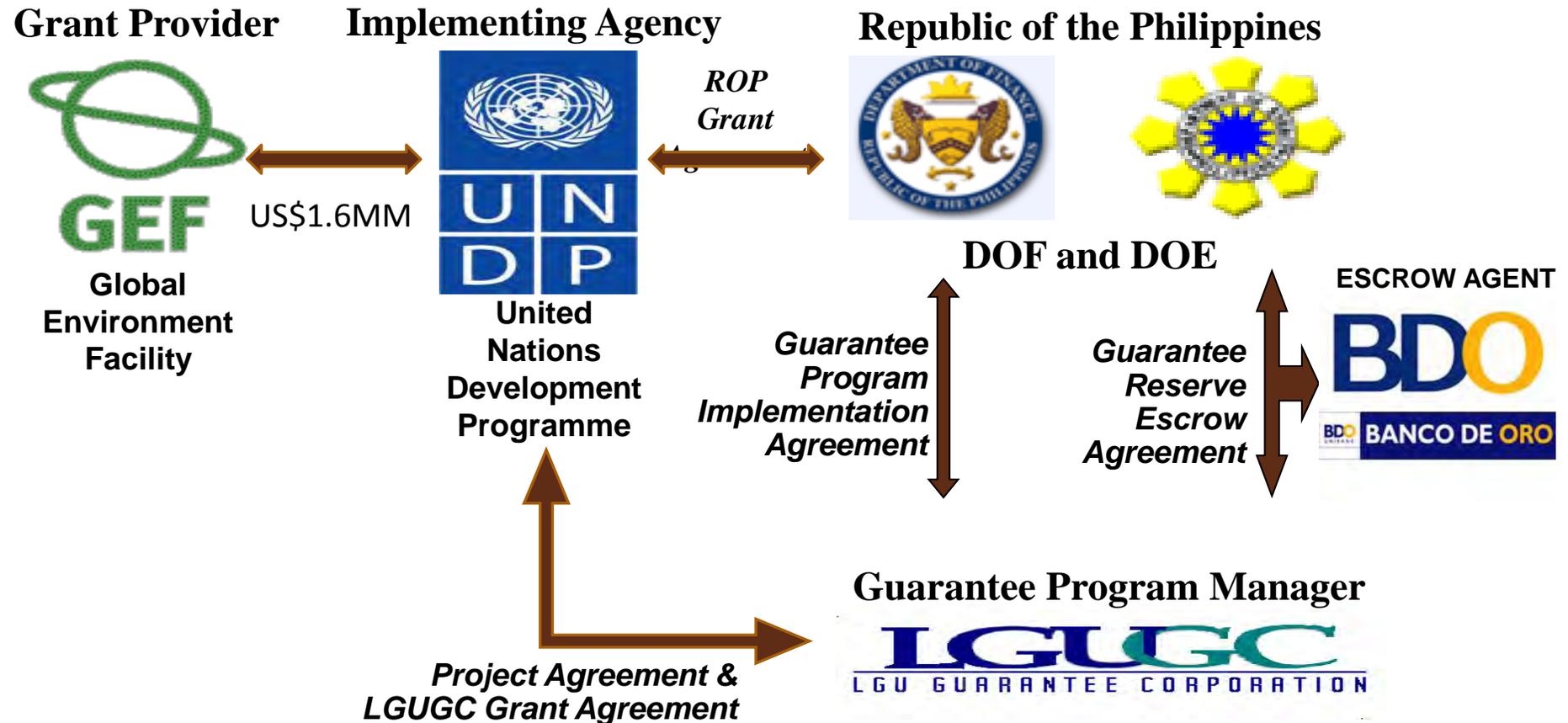
- Pays loans / bond amortization

- Calls on guarantee if borrower defaults

ECPCG PROGRAM



DOE-LOAN GUARANTEE FUND (formerly CBRED-LGF)



STANDARD TERMS AND CONDITIONS FOR ECs

	REGULAR	ECPCG	CBRED-LGF
Lender	Any LGUGC partner financial institution (PFI)	Any LGUGC PFI	Any LGUGC PFI
Loan Term	Cash flow-based	Up to 10 years	Up to 10 years
Grace Period	Depending on project requirement	At least 1 year grace period, but not to exceed the PFI loan term	Maximum 2 years grace period, but not to exceed the PFI loan term
Single Guarantee Limit	25% of LGUGC Net Worth	25% of funds in Guarantee Reserve and Interest Income Escrow Accounts	PhP50 Million
Guarantee Coverage	Up to 80% of the debt service to the PFI	Up to 80% of the debt service to the PFI	Up to 85% of the principal amortization but not exceeding P50MM
Guarantee Fee	<ul style="list-style-type: none"> • Risk-based • Ranges from 0.5% to 1.5% per annum 	0.25% per annum	0.25% per annum
Program Status	On-going	For approval of extension and expansion by DOF	For approval of extension by Permanent Working Committee consisting of NGA representatives

ELIGIBLE PROJECTS

LGUGC	DOE-LGF (FORMERLY CBRED)
<ul style="list-style-type: none">• Rehabilitation and capacity upgrades (incl. purchase of second-hand sub-transmission facility) to improve the reliability, efficiency and safety of supply system and the quality of service to customers• Removal of supply system constraints• Purchase of necessary hardware, software, motor vehicles, tools and equipment to improve employee productivity and customer service efficiency• RE projects not qualified under DOE-LGF	<ul style="list-style-type: none">• Hydropower (pico-hydro, micro-hydro, mini-hydro)• Biomass-based system (biogas, direct burning for power and non-power applications)• Wind (power and non-power)• Solar (photovoltaic systems and solar water heaters)

INSTITUTIONAL LINKAGES

World Bank – Global Environment Facility Electric Cooperative System Loss Reduction Project – Partial Credit Guarantee Program (ECPCG): Program Management Agreement

Department of Energy – Loan Guarantee Fund (DOE-LGF) for Renewable Energy Proponents: Program Management Agreement

European Union (EU)/Global Partnership on Output-Based Aid (GPOBA)/World Bank/DOE – Access to Sustainable Energy Programme: Program Management Agreement

Thank you!

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