

Amando M Tetangco, Jr: Providing critical support to disaster-stricken areas through the Calamity Assistance Program

Speech by Mr Amando M Tetangco, Jr, Governor of the Central Bank of the Philippines (Bangko Sentral ng Pilipinas), at the signing ceremony among members of the Countryside Financial Institutions Enhancement Program Task Force of the MOA to implement the Countryside Financial Institutions-Calamity Assistance Program, Manila, 14 August 2007.

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Landbank President Gilda Pico, PDIC OIC Imelda Singzon, fellow bankers, co-workers in the BSP, our friends from the media, special guests, good morning.

What we just signed this morning is the P200 million Countryside Financial Institutions Calamity Assistance Program – a crucial support program for countryside rural banks, cooperative banks and thrift banks to help fund early recovery and reconstruction activities in calamity-stricken areas.

This is a joint initiative of the Countryside Financial Institutions Program Task Force which counts as members the Bangko Sentral ng Pilipinas, Philippine Deposit Insurance Corporation and the Land Bank of the Philippines.

As indicated in our guidelines, qualified banks are rural banks, thrift banks or coop banks in areas affected by typhoons, disasters and other natural calamities – as declared by the Office of the President or the National Disaster Coordinating Council.

Each qualified financial institution can borrow a maximum amount of 90% of its affected existing portfolio or P 5million, whichever is lower, provided the loan amount does not exceed the bank's borrowing capacity. The loan is payable in seven years with an interest rate of 9% and post-dated checks as collateral.

The loans may be availed of from Land Bank branches within one year from the date of the declaration of the calamity by the NDCC or the Office of the President.

Given our country's history, this calamity assistance program will be most helpful to countryside areas where many of our poor reside. Among others, the Philippines lies along the Western Pacific Basin – which is the world's busiest typhoon belt. We are also part of the circum-Pacific seismic belt ringed by major tectonic plates and volcanoes.

In fact, a World Bank study indicated that calamities which destroy crops, properties and infrastructure have been a major cause for poverty, especially in the countryside.

We hope therefore that this calamity assistance program will empower countryside financial institutions to help fund early recovery and reconstruction in affected areas.

The members of the Task Force appeal to all of you to support this program. Together, let us get this program going!

Marami pong salamat sa inyong lahat.