

Guarantee Cover

- For bonds, 100% of principal and interest subject to LGUGC interest rate cap
- For loans, up to 85% of the debt service, with interest subject to the LGUGC interest rate cap; guarantee coverage will be determined based on PFI request and borrower risk rating.

Guarantee Fee

- Generally based on the borrower credit rating or risk classification, transaction size and cost, and security, project risk and term risk, and applied on the principal and interest coverage; estimated to range from 0.5% to 2.25% p.a.

Processing Fee

- 1/8 of 1% of guaranteed amount; P 50,000 to be collected upon guarantee application and the balance to paid upon loan release or issue date

Program Management

LGUGC also offers program management services. Currently, LGUGC is managing the following:

1. Electric Cooperative System Loss Reduction Project-Partial Credit Guarantee (EC-PCG) program for electric cooperatives
2. Capacity Building to Remove Barriers to Renewable Energy Development-Loan Guarantee Fund (CBRED-LGF) for renewable energy technology providers

Documentary Requirements

- Guarantee application form
- Registration papers (SEC/DTI)
- Board Resolution to borrow and list of authorized signatories
- Company profile which includes ownership structure, list of clients, suppliers and projects (completed and on-going)
- Project feasibility study, market and/or engineering studies
- Audited financial statements (Balance Sheet, Cash Flow and Income Statement)
- Statement of Indebtedness signed by the accountant indicating the creditor, amount of loan, repayment schedule, and terms and conditions

Eligible Projects

- Agri-business and food production projects
- Development of industrial estates
- Hospitals and health care centers
- Power plant and distribution systems
- Public market
- Public transportation facilities and government housing development
- School and day care centers
- Slaughterhouse
- Telephone and communication systems
- Toll roads and bridges
- Tourism promotion and development projects
- Water supply, sewage and sanitation systems
- Renewable energy technology projects
- Solid waste management
- Contracts (including BOT and JV) with local government units, government owned and controlled corporations and government agencies for infrastructure projects
- Contracts with top 1,000 corporations for infrastructure projects
- Other projects acceptable to the LGUGC Board



"Your Link to Progress"



For further information and/or assistance, please contact:

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THE GUARANTEE SYSTEM

Incorporated on March 2, 1998, LGU Guarantee Corporation (LGUGC) is a private financial guarantee institution owned by the Bankers Association of the Philippines (BAP), the Development Bank of the Philippines (DBP) and the Asian Development Bank (ADB).

Its primary goal is to make private financial resources available to creditworthy local government Units (LGUs) through its credit guarantee. LGUGC's credit enhancement facilitates the entry of LGUs with infrastructure development projects in the capital market.

Recently, LGUGC expanded its guarantee services to water districts, electric cooperatives, state universities and colleges, renewable energy technology providers and medium and large enterprises.

