

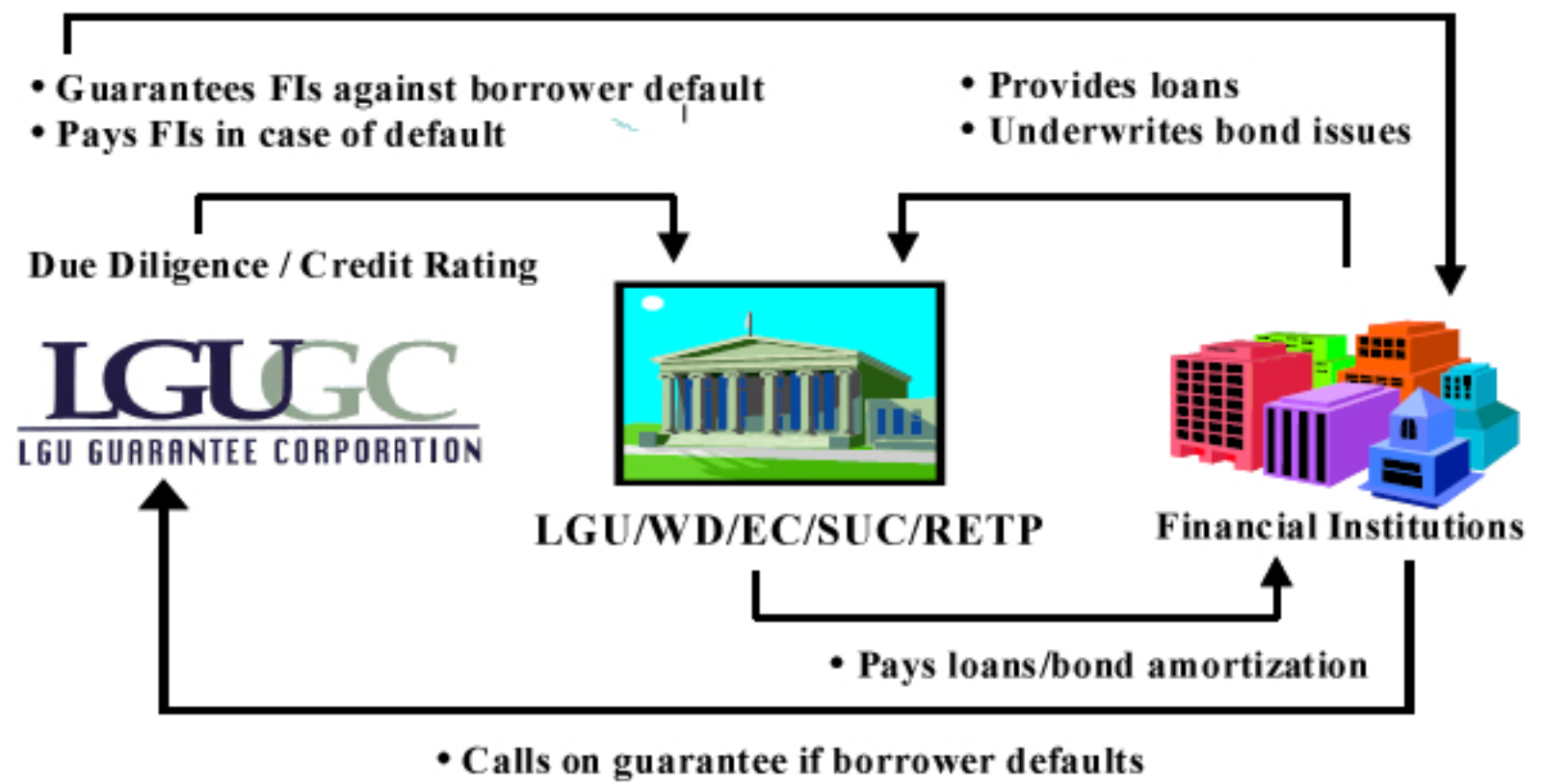


THE GUARANTEE SYSTEM

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 extended its guarantee services to water districts, electric cooperatives, state universities and colleges, and renewable energy technology projects.



Eligible Projects

- Agri-business and food production projects
- Development of industrial estates
- Hospitals and health care centers
- Power plants and distribution systems
- Public market
- Public transportation facilities and government housing development
- Schools and day care centers
- Slaughterhouse
- Telephone and communication systems
- Toll roads and bridges
- Tourism promotion and development projects
- Water supply, sewerage and sanitation systems
- Renewable energy technology projects

Guarantee Cover

- Bonds are guaranteed 100% of principal and interest subject to interest rate cap
- Loans may be guaranteed up to 85% of principal and interest subject to interest rate cap

Guarantee Fee

- Based on the credit rating, project risk, and term risk evaluation, and is charged as a percentage of the bond float or amount covered.

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
3. Rural Power Project—Loan Guarantee Fund (RPP-LGF) for Photovoltaic Systems for rural homeowners in off-grid areas

Guarantee Application Initial Requirements

- Guarantee application form
- Project feasibility, market and/or engineering studies
- Audited financial statements (Balance Sheet, Cash Flow and Income Statements)
- Statement of Indebtedness signed by the accountant indicating the creditor, amount of loan, repayment schedule, and terms and conditions
- Copies of existing loan agreements with debt service schedule



"Your Link to Progress"

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