

FREQUENTLY ASKED QUESTIONS

Coconut Farmers and Industry Development Lending Program

1. What is CFID Lending Program?

The CFID Lending Program utilizes the Coconut Farmers and Industry Trust Fund established under Republic Act No. 11524 to provide individual farmers and their organizations with easy access to affordable credit. This program aims to boost economic activity in the provinces especially in communities engaged in coconut LANDBANK farming and harvesting.

2. What provinces are covered under the Program?

All provinces are covered by CFID, including those under BARMM.

3. Who can borrow from CFID?

- a) Individual Coconut Farmers
- b) Cooperatives and Associations of Coconut Farmers

4. What are the criteria to be able to avail of credit from CFID?

a) For Individual Coconut Farmers

- i. Listed in the CFR or NCFRS
- ii. With proven track record (experience/training from concerned government agencies, e.g. ATI/BFAR/DA/LBP/PCA/PhilMech/ TESDA) on financial literacy and on projects related to the coconut value chain
- iii. With viable project
- iv. With marketable surplus of the project or other confirmed sources of repayment

b) For Cooperatives

- i. PCA-accredited; Duly registered with the CDA or SEC, as applicable
- ii. No adverse findings on the organization and its principals
- iii. Should have strong back-office support with defined Operational Structure (cooperative has a General Manager, bookkeeper, collection officer)
- iv. Must exhibit profitable operations and sound financial condition (DSC of at least 1.0, maximum Debt/Equity Ratio of 90:10 throughout the term of the loan)
- v. Net Past Due Loan Ratio not exceeding 25%
- vi. Certificate of Compliance from CDA, if applicable
- vii. The cooperative/association and its key officers (general manager, sales manager, bookkeeper) has received training on financial literacy and technical training on any aspect of the coconut value chain
- viii. The Latest Audited Financial Statement (FS) shall not be older than 18 months;

Interim FS must be submitted for any Audited FS that exceed six (6) months since the close of the last accounting period.

Lending to start-ups may be allowed, provided there is a defined source of repayment (i.e., market agreement, POs), and officers of the organization must have relevant management experience or training on the project.

c) End-borrower for relending/rediscounting – Coconut Farmers listed in the CFR

5. If I have an existing loan with LANDBANK, can I still avail of the CFID?

Yes, provided that (1) the account is current and (2) loan being applied for is not for the same project. The CFID is treated as "over and above" the other lending programs of LANDBANK.

7. How much is the maximum loanable amount?

At least Php 50,000.00, but not to exceed the following:

- For production loan/working capital/fixed asset acquisition/ relending: up to 90% of the total project cost or financing requirement
- For rediscounting: Up to 90% of face value of the sub-Promissory Note (PN) or its outstanding balance in current status, whichever is lower
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8. How much is the interest rate?

- a) Interest rate for a farmer's loan for production or acquisition of machinery/ equipment is fixed at 2% per annum

Example: If a farmer borrows 50,000 pesos and pays it after 4 months, he/she will pay an interest of 334 pesos or a total of 50,334 pesos including the principal.

- b) For on-lending by cooperatives, interest rate is at 0% per annum, as long as effective pass-on rate to end-borrowers is not higher than 6% per annum

9. What are the requirements to apply for a loan?

a) For Individual Coconut Farmers

- i. Loan Application, including Sworn affidavit and/or Certification of no outstanding loans from any lending institution/DA- Agricultural Credit Policy Council (ACPC) for the same project, and is not availing loan from DBP under the Program
- ii. Proof of CFR/NCFRS-enlistment (if not included in the existing CFR/NCFRS database)
- iii. Photocopy of one valid government-issued ID or Barangay Certification
- iv. Farm Plan and Budget, as may be necessary
- v. Proof of land ownership/lease agreement, as applicable
- vi. Proof of relevant training experience or training certificate of the borrower from an accredited provider (e.g., TESDA, DA-ATI) on financial literacy and on projects related to the coconut value chain
- vii. Business Plan, if applicable or other document showing source of repayment (e.g., Production, Technical, Marketing Agreement, purchase order)

b) For Cooperatives

- i. Loan Application
- ii. Photocopy of Certificate of Registration from the CDA or SEC
- iii. Certificate of Accreditation from PCA
- iv. Copies of Articles of Incorporation/ Cooperation and By-Laws
- v. Bio-data of incumbent officers and Board of Directors with photocopy of valid government-issued ID;
- vi. Secretary's Certificate on the Board Resolution authorizing the cooperative or association to borrow and designating authorized signatories, as approved by the General Assembly;
- vii. Audited FS for the last year; or latest interim financial statement for start-ups;
- viii. Business Plan/Consolidated Farm Plan and Budget, if applicable;
- ix. Certificate of Compliance from CDA, if applicable;
- x. Current year Business Permit; and
- xi. Proof of relevant experience or training certificate of the cooperative/association and its key officers (general manager, sales manager, bookkeeper) from an accredited provider (e.g., TESDA, DA-ATI) on financial literacy and on projects related to the coconut value chain

10. Does the CFID require collateral?

Depending on the project financed, the Banks may or may not require collateral or credit enhancers. If collateral will be required, it will be at a minimum.

11. What collaterals or credit enhancers which may be required?

For Production loan, combination of the following:

- Security interest over insurance proceeds, if applicable; and
- Security interest over expected produce

For working capital and acquisition of fixed assets, any or combination of the following:

- REM on the land/ project site (applicable only for establishment of facilities/buildings)
- Security interest over object of financing and/or over the hard collaterals
- Security interest over contract receivables, if applicable
- Security interest over insurance proceeds, if applicable

Note: For the abovementioned direct lending activities, additional collateral acceptable to the Bank may be required subject to the Bank's loan evaluation

For On-Lending, combination of the following:

- Security interest over sub-borrowers PNs including underlying collaterals, if any
- Security interest over insurance and guarantee proceeds, if applicable.

12. What is the maturity period of the loan?

- a) Working Capital and production loan
 - STL – within 360 days
 - TL – up to 12 years based on the projected cash flow
- b) Acquisition of machineries and equipment
 - TL – up to seven (7) years based on the projected cash flow but not longer than the economic useful life of the fixed asset/s
- c) Establishment of facility/ies
 - TL – up to ten (10) years based on the projected cash flow
- d) Relending/rediscounting
 - Based on the earliest maturity of sub-borrowers PN submitted per batch

13. To which LANDBANK Lending Center will I submit my loan application and supporting documents?

Applicants may visit or contact the nearest LANDBANK Lending Center covering the location of the project.