

FREQUENTLY ASKED QUESTIONS

Expanded Rice Credit Assistance under the Rice Competitiveness Enhancement Fund (ERCA-RCEF) Program

1. What is ERCA-RCEF?

A portion of annual fund has been allocated to the Expanded Rice Credit Assistance (ERCA) which shall be shared equally by LANDBANK and DBP. This program aims to help increase the productivity of rice farmers and their cooperatives by providing financial assistance for the increase in rice production, acquisition and establishment of agricultural production and processing facilities, and farm improvement.

2. What provinces are covered under the Program?

For the geographic delineation of coverage, LANDBANK shall cover 40 provinces where DBP Lending Centers are not physically present

Area	DBP			LANDBANK	
North Luzon	1. Cagayan 2. Ilocos Norte 3. Ilocos Sur 4. Isabela	5. La Union 6. Apayao 7. Benguet	1. Abra 2. Ifugao 3. Kalinga 4. Mt. Province	5. Nueva Vizcaya 6. Pangasinan 7. Quirino	
Central Luzon	1. Pampanga 2. Tarlac 3. Zambales 4. Bulacan		1. Aurora 2. Bataan 3. Nueva Ecija		
South Luzon	1. Albay 2. Camarines Sur 3. Cavite 4. Masbate 5. Quezon	6. Oriental Mindoro 7. Sorsogon 8. Batangas 9. Romblon 10. Catanduanes	1. Camarines Norte 2. Laguna 3. Marinduque	4. Occidental Mindoro 5. Palawan 6. Rizal	
Visayas	1. Antique 2. Bohol 3. Iloilo 4. Leyte	5. Negros Occidental 6. Cebu 7. Northern Samar	1. Aklan 2. Biliran 3. Capiz 4. Guimaras 5. Negros Oriental	6. Eastern Samar 7. Samar (West) 8. Siquijor 9. Southern Leyte	
Mindanao	1. Agusan Del Norte 2. Davao Del Norte 3. Davao Del Sur (+Davao City) 4. Lanao Del Norte 5. Misamis Oriental	6. South Cotabato 7. Zamboanga Del Sur 8. Zamboanga del Norte 9. Davao Occidental 10. Surigao del Norte	1. Agusan del Sur 2. Bukidnon 3. Camiguin 4. Davao De Oro 5. Davao Oriental 6. Dinagat Island 7. Lanao del Sur 8. Maguindanao del Norte	9. Maguindanao del Sur 10. Misamis Occidental 11. North Cotabato 12. Sultan Kudarat 13. Sarangani 14. Surigao del Sur 15. Zamboanga Sibugay	
Total	38			40	

3. Who can borrow from ERCA-RCEF?

- a) Individual farmers registered in the Registry System for Basic Sectors in Agriculture (RSBSA) maintained by the Department of Agriculture (DA)
- b) Cooperatives accredited by DA with rice farmers as members

4. What are the criteria to be able to avail of credit from ERCA-RCEF?

a) For Individual Rice Farmers

To qualify for a loan under ERCA-RCEF, an individual farmer must:

- 1. Be registered in the RSBSA
- 2. No outstanding loan from formal lending institutions and DA-ACPC credit conduits for the same project being applied for

3. No adverse findings
4. Has undergone technical training or has experience on palay-related projects.
5. Actively tilling the land or directly supervising actual farming operations or a leaseholder directly tilling the land
6. With marketable surplus (not for subsistence farming or self-consumption)

b) For Cooperatives

To qualify for a loan under ERCA-RCEF, a cooperative must:

1. Be accredited by the Department of Agriculture
2. Be duly registered with the Cooperative Development Authority (CDA)
3. No adverse findings on the cooperative and its key officers;
4. Should have strong back-office support with defined Operational Structure composed of manager, cashier, treasurer, bookkeeper and loan/collection officer or other equivalent positions;
5. Must exhibit profitable operations and sound financial condition for at least one (1) year, if start-up, must be at least six (6) months operational and must be able to demonstrate profitable operations based on the financial projections of the proposed project for financing.
6. Past Due Loan Ratio (NPL, items in litigation to Gross loan portfolio) not exceeding 25%
7. Certificate of Compliance from CDA, as applicable
8. Has met the capital requirement of CDA or not less than ₱30,000.00
9. With proven track record or familiarity on the proposed project (Key officers have undergone technical training or experience on rice-related projects)
10. Systems and procedures are in place, particularly in lending operations/ books of accounts
11. Majority owned (50% plus 1) by rice farmers or by non- rice farmers but directly involved in rice value chain activities

e) For Cooperatives' member-borrowers under Relending/Rediscounting

The member-borrower should:

1. Be registered in the RSBSA as rice farmers
2. Has undergone technical training or has experience on palay-related projects

5. What should I do if I'm not registered in the RSBSA but I would still like to avail of the ERCA-RCEF?

You may fill-up an RSBSA Registration Form which you can get from the MAO or the LANDBANK Lending Center. Have the form certified by the MAO/CAO, MAFC/RAFC, and Barangay Official with the stub numbered and certified as proof of eligibility and listing in the RSBSA which will now qualify you to avail of ERCA-RCEF.

6. If I have an existing loan with LANDBANK, can I still avail of the ERCA-RCEF?

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

i. What are the eligible loan purpose under ERCA-RCEF?

- a) Individual Rice Farmers
 - i. Purchase of farm inputs (materials and labor) for rice and rice seed production
 - ii. Acquisition of farm machineries and equipment for rice production and post-production
- b) Cooperatives
 - i. Purchase of farm inputs (materials and labor) for rice and rice seed production
 - ii. Working capital for rice and rice seed trading operation, and other rice farming-related activities (e.g., operation of common service facilities for farm mechanization)
 - iii. Acquisition of machineries and equipment for rice production and post-production, processing, and trading
 - iv. Relending to rice farmers
 - v. Rediscounting of existing loans of rice farmers

8. How much is the maximum loanable amount?

Loanable amount is up to ninety percent (90%) of the total project cost.

The computation of the loanable amount shall exclude those that are already covered by subsidies/grants (e.g., RCEF Seeds, Mechanization).

Example 1: If it will cost a farmer 55,000 pesos to produce one (1) hectare of rice, a farmer can borrow up to 50,000 pesos per hectare.

Example 2: If a farmer wants to purchase a hand tractor including testing and delivery costing 140,000 pesos, a farmer can borrow up to 126,000 pesos to purchase the equipment and the difference of 14,000 will be his/her equity.

9. 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 Rice Farmers

1. Accomplished standard Loan Application Form with Sworn Statement of no outstanding loan from LANDBANK and any lending institution for the same project;
2. Photocopy of at least one (1) valid government-issued ID
3. A Certified True Copy of the land title, or a Certification duly signed by the MARO in case of ARBs
4. Certificate of training from a reputable farm school/institution on rice-related projects; or certification from MAO on the borrower experience in rice-related projects

For production loan, if the proponent is not the owner of the land, any of the following documents or similar instruments shall be required on the parcel of land in which the project is to be implemented, with remaining term at least commensurate with the loan tenor:

- i. Notarized Lease Contract (in case of tenant/leaseholder)
- ii. Authorization to possess and till the land through a Special Power of Attorney (SPA) or Certified by the Barangay Captain (with dry seal, as applicable);
- iii. Deed of Sale Notarized or Certified by the Barangay Captain (with dry seal, as applicable);
- iv. Tax Declaration in the name of the applicant;
- v. Barangay Agrarian Reform Council (BARC) Certification of Tillership and Certified by the Barangay Captain (with dry seal, as applicable);
- vi. MAO / CAO Certification of Tillership;
- vii. Certificate of Ancestral Domain Title registered in the Registry of Deeds;
- viii. Certificate of Stewardship (CS) Contract from DENR; or
- ix. Certificate from the concerned Mayor that tenant-farmer shall not be displaced as long as the loan is outstanding (shall only cover lands within the local government unit's (LGUs) authority)

5. Proof of registration with the RSBSA or enrollment stub/ID duly numbered and signed by the MAO, as applicable.
6. Proof of attendance to Loan Orientation, Financial Literacy or any similar/ equivalent trainings/ seminars, for first-time availers
7. Pro-forma invoice of fixed assets to be acquired, if applicable

b) For Cooperatives

1. Accomplished standard Loan Application Form with Sworn Statement of no outstanding loan from LANDBANK and any lending institution for the same project
2. Certificate of Accreditation from DA
3. Photocopy of Registration with Articles of Cooperation and by-laws
4. Photocopy of Certificate of Compliance from CDA, if applicable
5. List of officers and employees in key positions;
6. Bio-data of incumbent officers, employees in key positions and Board of Directors with attached photocopy of one (1) valid government-issued ID;
7. Board Resolution authorizing the Coop to borrow and designating authorized signatories;
8. Audited Financial Statement for the last year; or latest interim financial statement for start-ups;
9. Business Plan/Consolidated Farm Plan and Budget
10. Current year Business Permit
11. Certification from PhilRice and PhilMech that borrower is not a beneficiary of the Rice Farm Machineries and Equipment, and Rice Seed Development, Propagation and Promotion components of RCEF, whichever is applicable. If recipient, details of assistance received shall be indicated in the certification.

In lieu of the Certification from PhilMech, LCs can also check the information in the RCEF Mechanization website of PhilMech.

12. Certificate of training from a reputable farm school/institution on rice-related projects; or certification from MAO on the borrower experience in rice-related projects

10. If I'm a recipient of a grant (seeds) from PhilRice and/or a recipient of a grant (farm machinery/equipment) from PhilMech, can I still avail the credit component of RCEF?

Yes, ERCA can finance a portion of the rice-related project which was not met by the RCEF grant.

11. Does the ERCA-RCEF 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.

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

Production

- Security interest over insurance proceeds (crop and credit life), as applicable
- Security interest over expected produce
- Security interest over contract receivables

Acquisition of Equipment/ Machineries

- Security interest over object of financing and/or over other hard collaterals
- Security interest over insurance proceeds (crop and credit life), as applicable

Establishment of Facilities – any or combination of the following, if applicable/case-to-case basis:

- Real Estate Mortgage (REM)
- Security interest over object of financing and/or over other hard collaterals
- Security interest over insurance proceeds (crop and credit life), as applicable

- Post-dated checks

For Relending/Rediscounting

- Security interest over sub-borrowers' PNs and underlying collaterals;
- Any or combination of the following, if applicable/case-to-case basis:
- Real estate mortgage; and
- Security interest over insurance proceeds and surety claims, as applicable

13. What is the maturity period of the loan?

- Production (Purchase of farm inputs) – Up to 360 days Promissory Note (PN) depending on the production cycle and/ or project cash flow, payable in lump sum.
- Working capital – based on project cash flow but not to exceed 360 days PN. Interest shall be payable quarterly in arrears, and the principal in lumpsum.
- For Term Loan
More than one (1) year up to 10 years, based on production cycle and/or projected cash flow, but not longer than the economic useful life of the asset (in case of fixed asset acquisition / rehabilitation/ construction), payable monthly, quarterly, semi-annually or annually.

A grace period on principal and interest not to exceed three (3) years may be allowed, depending on the cash flow of the project.

- Relending – maximum of 18 months from initial release of the loan, payable in lump sum.
- Rediscounting – based on the earliest maturity of the sub-borrowers PN submitted per batch, payable in lump sum.

14. 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.