

LANDBANK

ALERT ARBOs Program

Accelerated Loans for Empowered, Resilient
and Transformed Agrarian Reform
Beneficiary Organizations Program



Background

The program aims to provide accessible, adequate, timely and affordable loans to eligible ARBOs and their member-ARBs.

Credit support services such as agricultural insurance, technical assistance, capacity building and marketing assistance are also offered to ARBOs to empower and strengthen their capabilities and resiliency.

Eligible Borrowers

- Farmers' Cooperatives and Associations and People's Organizations with ARBs or ARB household members



Eligible Sub-Borrowers

1. ARBs
2. ARB Household Members

Eligibility Criteria

1. With legal personality as supported by its registration with the Cooperative Development Authority (CDA) or the Securities and Exchange Commission (SEC), as applicable
2. With ARBs or ARB's household members comprising majority of membership (50%+1)
3. No adverse findings on the borrower and its principals (Board of Directors and Key Officers, such as President, Secretary, Treasurer and Manager)



Eligibility Criteria

4. Operational for at least one (1) year as evidenced by audited financial statements and minutes of meetings from at least four regular (4) meetings for the past 12 months
5. Must have at least one (1) year track record of profitable operation prior to the 15 March 2020 COVID-19 lockdown/community quarantine based on financial statements/records
6. Presence of core management team (at least composed of manager, cashier/treasurer and bookkeeper)



Eligibility Criteria

7. With net past due ratio of not more than 25%
8. Systems and procedures in place, particularly in lending operations
9. No outstanding loan from LANDBANK or other formal lending institutions for the same project being applied for
 - **Additional for ARBOs venturing into new projects:**
10. Familiarity in the proposed project can be established (i.e., the proponent/key officers have been involved in the same business or working in a similar business and/or have undergone relevant trainings on the proposed business undertaking/s)



Loan Purpose

To supplement or augment the working capital requirements of ARBOs for on-lending to ARB members and ARB household members and/or to financed ARBO-managed projects



Sub-Loan Purpose

1. Production, post-production and marketing activities of agriculture and fisheries commodities such as rice, corn, and high-value commercial crops, livestock, poultry, fishery projects, and other agricultural commodities
2. Agri-fishery-based enterprise projects such as, but not limited to, trading and marketing, and processing of agricultural crops and commodities in support of food and non-food commodity value chain
3. Acquisition of small farm implements, machineries, and equipment, such as hand tractors, transplanters and irrigation pumps

For ARBO-managed projects, eligible loan purpose/projects shall also include items 1 and 2 above, and acquisition of fixed assets, facilities, farm machineries and equipment.



Loan Features

Credit Facility

- Short-Term Loan Line (STLL)
- Term Loan (TL)
- Short-Term Loan (STL)

Note: STL and TL are intended for the possible adoption of Digital Lending System for the program

Loanable Amount

For STLL, STL and TL Working Capital for On-lending:

1. **For existing borrowers** - based on actual credit requirements of members-borrowers but not to exceed 90% of the total project/production cost
2. **For new borrowers** - Based on actual credit requirements of member-borrowers but not to exceed 90% of the total project/production cost, provided the total amount of loan/line shall not exceed P15 million, or at such amount as may be approved by the NPMC



Loan Features

Loanable Amount	<p>For STLL, STL and TL for ARBO-managed projects:</p> <ol style="list-style-type: none">1. Up to 90% of the total project/production cost but not to exceed P15 million for new borrowers, or at such amount as may be approved by the NPMC2. The remaining 10% shall serve as the borrower's equity which can be in the form of labor, cash and capital outlay, etc.
Interest Rate	<ul style="list-style-type: none">▪ Fixed at five percent (5%) per annum (p.a.) for both STLL and TL, or such interest rate as may be subsequently approved by the NPMC
Pass-on Rate (Applicable for On-Lending)	<ul style="list-style-type: none">▪ Maximum of 10% p.a., inclusive of other charges, or at such pass-on rate as may be subsequently approved by the NPMC



Loan Features

Mode of Release	Lump sum or staggered/in tranches depending on the loan tenor through the borrower's deposit account maintained with LANDBANK servicing branch
Mode of Payment	Through Portable Agrarian Reform Collection System (PARCS)
Loan Tenor/Repayment Term	For Working Capital for on-lending to individual ARB members and ARB household members: <ol style="list-style-type: none">STLL and STL - up to a maximum of 360 days promissory note (PN)TL - up to 10 years, payable upon the maturity of PNs per batch to be amortized monthly, quarterly, semi-annually or annually



Loan Features

For ARBO-Managed Projects:

Loan Tenor/Repayment Term

1. STLL and STL - up to 360 days PN, based on crop cycle or project cash flow
2. TL - up to 10 years based on crop cycle or project cash flow, payable monthly, quarterly, semi-annually or annually
3. TL for fixed asset acquisition - up to 10 years, based on project cash flow or economic useful life of the fixed assets, payable monthly, quarterly, semi-annually or annually

Collaterals

1. Real estate mortgage (if applicable)
 2. Security Interest on the object of financing (if applicable)
-



Credit Enhancers

1. Assignment of sub-borrowers' promissory notes (PNs) plus underlying collaterals, such as sugar quedans (in case of sugarcane production)
2. Assignment of inventory, receivables and proceeds of marketing contract, if any
3. Assignment of PCIC insurance proceeds (if applicable)
4. Other acceptable collaterals



Pre-Processing Requirements

1. Endorsement by DAR of eligible ARBOs borrowers with certified list of eligible ARBs or endorsement by DENR, through LPMC, of list of certified farmers' organizations
2. Proof of attendance to Financial Literacy Seminar and Loan Orientation Seminar to be conducted/facilitated by DAR/DENR or training provider (such as Attendance Sheet, Certificate of Attendance, etc.)
3. Certification by ARB borrowers that their borrowing members have no outstanding loans with any financing institutions for the same project being applied for, and that their members are actual cultivators of the land



Pre-Processing Requirements

4. Photocopy of Certificate of Registration, Articles of Cooperation/Incorporation, and Constitution or By-laws, including amendments thereto, if any, duly authenticated by DAR/DENR or LANDBANK
5. Duly-notarized Resolution of the Board of Directors/Officers applying for the ALERT ARBOs loan and designation at least two (2) officers to negotiate a loan with LANDBANK and sign loan documents, with their specimen signatures and photos of authorized signatories



Pre-Processing Requirements

6. For existing borrowers, audited financial statements (FS) for the part three (3) years and interim FS for the current year, if available; For the new borrowers, audited FS for the preceding year and interim FS for the current, if available.
7. Certified list of BODs and Core Management Team (Manager, Treasurer/Cashier, Bookkeeper) with their corresponding biodata
8. List of member of the borrowing ARBO with their profile (sex, date of birth, ethnicity, home address, work area/farm location, loan amount, and project type, duly certified by its secretary and attested by the chairperson)



Pre-Processing Requirements

9. Copy of lending policies, systems and procedures, and minutes of the last four (4) meetings within the preceding twelve (12) months from the time of application
- If the ARBO is an existing borrower of LANDBANK, it does not need to submit the above requirements, unless there are amendment/changes in the Certification of Registration, Articles of Cooperation/Incorporation and By-laws, incumbent officers, and need to submit latest FS for purposes of processing the credit line renewals.



Pre-Processing Requirements

Other applicable requirements

- 1. For applicants of production loan** - Farm Plan and Budget of ARB sub-borrowers and ARBO-borrower (if ARBO-managed project) and/or simple business plan of ARBO borrower
- 2. For applicants with proposed marketing arrangements** - copy of marketing contract between the conduit and market provider
- 3. For applicants with the arrangements such as Block Farming, Collective Farming, Joint Venture, Contract Growing and other related arrangements** - a copy of project policies and with the corresponding agreement between the ARBO and member duly concurred by the PARPO/MARO/PENRO/CENRO
- 4. For sugarcane financing** - milling report for sugarcane farm for the last three (3) years



Q&A

Get in touch with our bank personnel to know more about these requirements through:



Please contact nearest Lending Center in your area.

LANDBANK ALERT ARBOs Program

Accelerated Loans for Empowered, Resilient and Transformed Agrarian Reform Beneficiary Organizations Program

Subscribe to our official online and social media channels:

www.landbank.com

    @landbankofficial

 @LBP_Official  LANDBANK

 Land Bank of the Philippines (Official)

