

SERIES #05, 2019

# FAQs

Rice Competitiveness  
Enhancement Fund (RCEF)



## RCEF-Credit Program





## 1. What is ERCA-RCEF?

In line with the implementation of the Rice Tariffication Law, the Rice Competitiveness Enhancement Fund (RCEF) was created, under which P10 billion is allocated annually for the next six years to provide fertilizer and irrigation support- among other interventions- to boost local farmers' productivity and income.

Of the P10 billion, 10% or P1 billion has been allocated to the Expanded Rice Credit Assistance (ERCA) which shall be shared equally by LANDBANK and DBP at P500 million each per year for lending to small *palay* farmers. The financing assistance comes with minimal interest rate and minimum collateral requirements.

## 2. What provinces are covered under the Program?

For proper complementation, LANDBANK shall cover provinces where DBP Lending Centers are not physically present, except for Nueva Ecija. LANDBANK will be covering 59 provinces.

The delineation in the covered areas of LANDBANK and DBP is as follows:

CLUSTER	LANDBANK	DBP	
<b>Northern and Central Luzon</b>	1. Abra	10. La Union	1. Benguet
	2. Apayao	11. Mountain Province	2. Bulacan
	3. Aurora	12. Nueva Ecija	3. Ilocos Norte
	4. Bataan	13. Nueva Vizcaya	4. Isabela
	5. Batanes	14. Pampanga	
	6. Cagayan	15. Pangasinan	
	7. Ifugao	16. Quirino	
	8. Ilocos Sur	17. Tarlac	
	9. Kalinga	18. Zambales	
<b>Southern Luzon</b>	1. Batangas	7. Occidental Mindoro	1. Albay
	2. Camarines Norte	8. Palawan	2. Cavite
	3. Catanduanes	9. Rizal	3. Camarines Sur
	4. Laguna	10. Romblon	4. Oriental Mindoro
	5. Marinduque	11. Sorsogon	5. Quezon
	6. Masbate		

# RCEF FREQUENTLY ASKED QUESTIONS

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<b>Visayas</b>	1. Aklan 2. Antique 3. Biliran 4. Capiz 5. Eastern Samar 6. Guimaras	7. Negros Oriental 8. Northern Samar 9. Samar 10. Siquijor 11. Southern Leyte	1. Bohol 2. Cebu 3. Iloilo 4. Leyte 5. Negros Occidental
<b>Mindanao</b>	1. Agusan del Sur 2. Basilan 3. Bukidnon 4. Camiguin 5. Compostela Valley 6. Cotabato 7. Davao Oriental 8. Dinagat Islands 9. Lanao del Sur 10. Maguindanao	11. Misamis Occidental 12. Sarangani 13. Sultan Kudarat 14. Sulu 15. Surigao del Norte 16. Surigao del Sur 17. Tawi-tawi 18. Zamboanga del Norte 19. Zamboanga Sibugay	1. Agusan del Norte 2. Davao City 3. Davao del Sur 4. Davao del Norte 5. Lanao del Norte 6. Misamis Oriental 7. South Cotabato 8. Zamboanga City 9. Zamboanga del Sur

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## Credit Program (Eligibility)

### 1. Who can borrow from ERCA-RCEF?

- Individual farmers registered in the RSBSA maintained by the Department of Agriculture
- Cooperatives with rice farmers as members

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

#### **FOR INDIVIDUAL FARMERS:**

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

- Be registered in the RSBSA
- Have no outstanding loans from formal lending institutions and DA-ACPC credit conduits for the same project being applied for
- Have no adverse findings
- Have undergone relevant technical training on rice-related projects

**FOR COOPERATIVES:**

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

- a. Be accredited by the Department of Agriculture
- b. Be duly registered with the Cooperative Development Authority (CDA)
- c. Have no adverse findings on the cooperative and its principals (officers and board of directors)
- d. Have strong back-office support with defined operational structure
- e. Exhibit profitable operations and sound financial condition
- f. Have a Past Due Loan Ratio not exceeding 25%
- g. Have a Certificate of Compliance from CDA, if applicable
- h. Have undergone relevant technical training on rice-related projects

**FOR COOPERATIVES' MEMBER-BORROWERS  
UNDER RELENDING/REDISCOUNTING:**

The member-borrower should:

- a. Be registered in the RSBSA
- b. Outstanding loan with the cooperative is current
- c. Have undergone training on rice-related projects

**3. If I'm not registered in the RSBSA, can I still borrow from LANDBANK?**

Yes. LANDBANK has other credit programs for rice farmers such as the Sikat Saka Program for all rice and corn farmers, AFFORD ARBs for Agrarian Reform Beneficiary farmers, and the Agricultural Competitiveness Enhancement Fund for smallholder farmers.

**4. 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 register through the Agriculture Office in your city/ municipality/ province. Registration forms are available in any LANDBANK Lending Center near you.

## Credit Program (Loanable Amount/Interest Rate)

### 1. How much is the maximum loanable amount?

Loanable amount is up to 90% of the total project cost.

**Example 1:** If it will cost a farmer P55,000 to produce a hectare of rice, a farmer can borrow up to P50,000/hectare.

**Example 2:** If a farmer wants to purchase a hand tractor including testing and delivery costing P140,000, a farmer can borrow up to P126,000 to purchase the equipment and the difference of P14,000 will be his/her equity.

### 2. 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 P50,000 and pays it after 4 months, he/she will pay an interest of P334 or a total of P50,334 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

## V.4.3 Credit Program (Application Requirements)

### 1. What are the requirements to apply for a loan?

#### a) FOR INDIVIDUAL FARMERS:

1. Accomplished Loan Application Form
2. Sworn statement of no outstanding loans from any lending institution or DA-ACPC for the same project
3. One (1) valid government-issued ID or Barangay Certification
4. Business permit, if the machinery and equipment financed under ERCA-RCEF is/are operated as a business

**b) FOR COOPERATIVES:**

1. Accomplished Loan Application Form
2. Certificate of Accreditation from DA
3. Photocopy of Certificate of Registration from the CDA
4. Bio-data of incumbent officers and Board of Directors with ID
5. Board Resolution authorizing the cooperative to borrow and designating its authorized signatories of the loan
6. Audited Financial Statement (F/S) for the last year or, latest interim F/S; and/or projected F/S for start-ups
7. Business Plan/Consolidated Farm Plan and Budget

**OPTIONAL (MAY BE REQUIRED BY THE BANK):**

1. Certificate of Compliance from CDA
2. Current year Business Permit
3. Supplier's quotation on the acquisition of fixed asset
4. Bill of Materials for construction of post-harvest facilities

## **2. Are we required to open a deposit account?**

An ATM Savings or Passbook Savings Account is required because this is where the loan proceeds will be credited.

## **3. What are the requirements to open an ATM savings account?**

1. At least one valid ID
2. Two 1x1 ID picture
3. BIR Tax Identification Number (if employed)
4. P500 initial deposit

## **4. If I already have a loan with LANDBANK (Sikat Saka, ACEF) can I still avail of the ERCA-RCEF loan?**

Yes, as long as the project to be financed is not funded by any other loan to avoid double financing.

## **5. 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.

## **Credit Program (Loan Security/Conditions)**

### **1. Does the ERCA-RCEF require collateral?**

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

### **2. What collaterals may be required?**

Depending on the loan purpose, the minimum collateral that may be required are as follows:

#### **a. Production Loan (planting of rice or rice seed)**

Collateral may not be required but as security, farmer or cooperative\* will assign the Philippine Crop Insurance Corporation (PCIC) insurance proceeds (in case there will be a claim) to LANDBANK.

\*collective operation of its members

**b. Acquisition of Equipment/Machinery**

The equipment/machinery purchased shall be the collateral, as documented thru a chattel mortgage, and the proceeds of applicable insurance cover on the equipment/machinery shall be endorsed in favor of LANDBANK.

If the loan is for fixed assets, such as rice mill and mechanical dryers that are bolted to the ground or immovable, the land where the equipment/machinery is located shall form part of the collateral. If land is not owned by the borrower, a real estate mortgage agreement shall be executed with the landowner as third party mortgagor/s.

**c. Loans to Cooperatives for Relending to its Members/Rediscounting of Existing Member's Loans**

If applicable and on a case-to-case basis, any or a combination of the following may be required:

1. Assignment of the cooperative member-borrowers' Promissory Notes including underlying collaterals, if any (i.e., land, machinery and equipment);
2. Assignment of proceeds from insurance/guarantee claims such as PCIC, Agricultural Guarantee Fund Pool, and Credit Surety Fund.

**d. For Establishment of Facilities (e.g., working capital for rice/rice seed trading operation or operation of a common service facility for farm machinery/equipment)**

If applicable and on a case-to-case basis, any or a combination of the following may be required:

1. Applicable insurance cover on the project financed, endorsed in favor of the Bank;
2. Real Estate Mortgage (land as collateral)

If the loan is for fixed assets such as rice mill and mechanical dryers that are bolted to the ground or immovable, the land where the equipment/machinery is located shall form part of the collateral. If land is not owned by the borrower, a real estate mortgage agreement shall be executed with the landowner as third party mortgagor/s.

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## Credit Program (Loan Maturity)

### 1. What is the maturity period of the loan?

- Production: Two years loan line, available via 180 days Promisory Note
- Working capital: based on the projected cash flow
- Acquisition of fixed asset/s: based on the projected cash flow but no longer than the economic useful life of the fixed asset/s
- Relending/rediscounting: based on the earliest maturity of the sub-borrowers (Promisory Note) submitted per batch

### 2. Is there a grace period?

A grace period may be granted, if applicable, based on the cash flow of the project.



We are a government corporate entity (Classification E) under the Department of Agriculture. We were created through Executive Order 1061 on 5 November 1985 (as amended) to help develop high-yielding and cost-reducing technologies so farmers can produce enough rice for all Filipinos. With our "Rice-Secure Philippines" vision, we want the Filipino rice farmers and the Philippine rice industry to be competitive through research for development (R4D) work in our central and seven branch stations, including our satellite stations, coordinating with a network that comprises 60 agencies strategically located nationwide. We have the following certifications: ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and OHSAS 18001:2007 (Occupational Health and Safety Assessment Series).

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