

**[QUEDANCOR CIRCULAR NO. 391, SERIES OF
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**QUEDANCOR PROGRAM FOR AGRI-FISHERY SMALL AND MEDIUM
ENTERPRISES (QP-ASME)**

1. RATIONALE

Agri-fishery entrepreneurs, small and medium enterprises and similar stakeholders are among the prized clients of QUEDANCOR over the years of its credit service. Agri-fishery projects, which are income generating, value-adding, labor-intensive, market-driven and technology-based, have proven to be the contributing components of economic growth in the countryside. Banking on its individual retail lending window facility, QUEDANCOR continues to expand its niche by reaching more credit-worthy individuals who are engaged or will engage in feasible agri-fishery and forestry-based projects through the rationalized QP ASME.

2. OBJECTIVES

- 2.1. Promote growth and productivity in the agri-fishery sector.
- 2.2. Encourage participation of the private sector, particularly the agri-business entrepreneurs in the agricultural development program; and
- 2.3. Improve access by individual borrowers to credit through innovative financing schemes.

3. LEGAL BASES

- 3.1. Republic Act (R.A.) 7393 dated 13 April 1992 mandating QUEDANCOR to establish a credit support mechanism and guarantee system for the benefit of farmers, fisherfolk, and other agricultural enterprises.
- 3.2. R.A. 8435 or the Agriculture and Fisheries Modernization Act dated 09 February 1998 mandating QUEDANCOR to be the credit guarantee institution for the agri-fishery sector.
- 3.3. R.A. 6977 dated 04 January 1991 as amended by R.A. 8289 dated 06 May 1997 or an act to promote, develop and assist small and medium scale enterprises through the creation of a Small and Medium Enterprise Development (SMED) council, and the rationalization of government assistance, programs and agencies concerned with the development of small and medium enterprises, and for other purposes.

4. DEFINITION OF TERMS

- 4.1. Agriculture-Based Enterprises (ABEs) – are agriculture-related and community-based enterprises engaged in integrated production, processing,

packaging, marketing/ distribution or provision of products and/or services produced, utilized, consumed or patronized by farmers and fisherfolk for the advancement of their livelihood activities.

4.2. Agri-fishery Supply Chain – refers to the various activities involved in the transformation of agri-fishery commodities from production to harvesting, processing and other activities involving its by-products up to consumption.

4.3. Aquaculture – is the propagation of natural produce of water (plants and animals) for fishing operation involving all forms of raising and catching of fish and other fishery species in fresh, brackish, and marine water areas.

4.4. Backward Integration – is a growth strategy undertaking a backward activity or activities in the agri-fishery supply chain.

4.5. Corporation – is a juridical person created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incidental to its existence.

4.6. Cooperative – is a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.

4.7. Farmer – is any natural person whose primary livelihood is cultivation of land or the production of agricultural crops, livestock and aquaculture products in small scale, either by himself or primarily with the assistance of his immediate farm household or worker, whether he or another person owns the land under a leasehold tenancy agreement or arrangement with the owner thereof.

4.8. Federation – is a secondary level organization, which merges primary cooperatives/associations as members.

4.9. Fisherfolk – is any natural person whose primary livelihood is fishing or catching and/or gathering of other marine products, in small or commercial scale, either by himself or with the assistance of his immediate household or workers, whether the vessel, boat and other equipment used is owned by him or another person under the lease or other arrangement with the owner thereof and there is no employer/employee relationship.

4.10. Forward Integration – is a growth strategy undertaking a forward activity or activities in the agri-fishery supply chain.

4.11. Individual Borrower – shall refer to a farmer, fisherfolk, urban and rural worker, sole proprietor, partnership, corporation, cooperative, non-government organization (NGO), peoples' organization (PO), local government unit (LGU) and other organizations with juridical personality participating in the QUEDANCOR programs.

4.12. Individual Lending Window – a credit window facility provided by QUEDANCOR directly to its individual borrowers to finance their agri-fishery and forestry based projects and activities.

4.13. Input Supplier (IS) – is a manufacturer/dealer/supplier which directly distributes or markets production and other agri-fishery inputs, such as certified seeds, fertilizers, pesticides, herbicides, fingerlings, feeds and the like to its numerous clients.

4.14. Integrator – is any individual borrower who takes over a function previously provided by a supplier or distributor.

4.15. Joint Venture Agreement – is a written contract between two or more partners to undertake cooperative business activity or arrangement by fitting the different strengths of the partners together so that an outcome of value to both is achieved (e.g. marketing agreement, supply agreement , etc).

4.16. Lending Entities/Conduits/Countryside Lending Conduits (LEs/LCs/CLCs)– are private or government banks/financial institutions, viable NGOs, POs, LGUs, Cooperatives, Federations, Integrators, Associations with juridical personality, ABEs, Partnerships, Corporations, State Universities and Colleges (SUCs) and private colleges and universities duly accredited by QUEDANCOR to participate under its various programs.

4.17. Small and Medium Enterprises (SMEs) – are business firms or industries engaged in agri-business whether single proprietorship, cooperative, partnership or corporation whose total assets inclusive of those arising from loans but exclusive of the land on which the particular business office, plant and equipment are situated must have value falling under the following:

Small : Php 3 M to Php 15 M

Medium : above Php 15 M to Php 100 M

4.18. Non-Government Organization (NGO) – is private, non-profit voluntary organization committed to the task of socio-economic development and established primarily for service.

4.19. Partnership – is an entity of two or more persons who bind themselves to contribute money, property, or industry to a common fund with the intention of dividing profits among themselves.

4.20. Peoples Organization (PO) – is a non-governmental organization or community-based group with juridical personality whose members are individuals.

4.21. Product Supplier (PS) – is a manufacturer/dealer/supplier who directly distributes/ repackages raw, semi-processed or fully processed agricultural, aquatic, poultry, livestock, and other agri-related commodities and supplies such as rice, corn, general merchandise, fish, fruits, vegetables, chicken, meat, fertilizers, feeds, pesticides and other agri-fishery products to retailers and wholesalers duly accredited by QUEDANCOR to participate under this program.

4.22. Service Provider – is a private company/government agency that provides services (e.g. labor and medical services) to farmers, fisherfolk and other entities participating under the various QUEDANCOR programs.

4.23. Sole Proprietor – is a natural person owning a business enterprise or engaged in commercial activity, earns all profits and assumes all losses.

4.24. Special Window Mode (SWM) – a mode of lending provided by QUEDANCOR directly to its clients where access to the credit market is not available or not convenient.

5. SCOPE

5.1. Eligible Clientele

Individual borrowers engaged or will engage in the production of eligible agri-fishery and forestry based projects/activities mentioned in section 5.2.

5.2. Eligible Projects

The following are the projects to be funded by the program:

5.2.1 Production

- a. Grains;
- b. Fisheries;
- c. Livestock and Poultry; and
- d. High Value Commercial Crops

- 1. Food crops
- 2. Industrial crops

5.2.2 Non Production, Integrated and Other Agri-fishery and Forestry based Projects/Activities

- a. Retailing, wholesaling, marketing/trading/distribution, packaging, processing/manufacturing of agri-fishery products, e.g. grains, fruits and vegetables, meat, fish, feeds and feed ingredients and other agricultural inputs; and
- b. Acquisition/fabrication and upgrading/repair of machinery and equipment, construction/acquisition/upgrading of agri-fishery facilities and other related activities.

Other viable projects not mentioned above but duly recommended/endorsed by appropriate government agencies, farmer's organizations, NGO's and the like may be covered upon evaluation by the concerned QUEDANCOR officers and approval by the President and CEO.

6. STATEMENT OF POLICIES

6.1. Purpose of Loan

Provide direct credit access to target clients who are engaged or will engaged in the production of agri-fishery commodities covered by the program circulars which were phased out as listed in Annex A*, livelihood and other agri-fishery and forestry based projects. Other agri-fishery activities may also be accommodated subject to submission of production cost for approval by the QUEDANCOR President and CEO.

6.2 Delivery Mode

The program shall be implemented under the SWM facility.

6.3 Eligibility Requirements

6.3.1 General Requirements

- a. Must be duly accredited by QUEDANCOR in accordance with the existing Accreditation Guidelines;
- b. Must not have an outstanding past due loan with any LE/CLC and/or QUEDANCOR;
- c. Must be duly registered/licensed by the appropriate government agency, if applicable;
- d. Must have sufficient knowledge/experience or willing to undergo training on the project;
- e. Must be willing to enter into a Memorandum of Agreement/Contract Growing Agreement with an established accredited market-buyer/IS, if applicable; and
- f. Must own the project site (for agri-fishery construction/acquisition/ up-grading) or must have a lease agreement with the owner of the project site, which shall not be shorter than the term of the loan.

6.3.2 Additional Requirements

a. For Sole Proprietors

1. Must be 18 to 65 years old at the time of application. The age of the borrower must not exceed 65 at the loan maturity; and
2. Must be a Filipino citizen.

b. For Partnerships

Must be one hundred percent (100%) Filipino owned.

c. For Corporations/Cooperatives/Federations/POs/NGOs

1. Must have juridical personality with authority to contract/borrow/lend money;
2. Must be good standing with the CDA (for cooperatives); and
3. Must have current officers of good moral character.

d. For LGUs

1. Must have an authority from the Sangguniang Bayan signed by all members authorizing the LGU to:

- a. Apply for a loan under the program, enter into a loan agreement with QUEDANCOR and designating its authorized representatives thereof with specimen signatures;