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DA-QUEDANCOR AGRIKULTURANG MAKAMASA HYBRID CORN PRODUCTION GUARANTEE PROGRAM

The following guidelines shall govern the implementation of AGRIKULTURANG MakaMASA — Hybrid Corn Production Guarantee Program, which is a joint program of the Department of Agriculture and Quedan and Rural Credit Guarantee Corporation (Quedancor).

1. RATIONALE

A major objective of the Agrikulturang Makamasa Corn is to increase productivity and production of quality corn for human consumption, feed and individual user, as well as improve farmers' income. One strategy to carry out this objective is through the establishment and development of farm cluster in prime corn lands located in municipalities within the Strategic Agricultural & Fishery Development Zones (SAFDZs).

However, higher corn production is anchored on the promotion of a conducive environment for better credit access by corn farmers which will enable them to support their production needs.

Thus, to further improve credit accessibility in the farm cluster, the DA in coordination with Quedancor designed the Agrikulturang Makamasa - Hybrid Corn Production Guarantee Program, which will encourage private entities (seed producers, input suppliers, traders, feed millers, etc.) to lend to small farmers, farmer association and cooperatives by providing risk-reducing mechanism in the form of guarantee.

2. OBJECTIVES

1. To increase the production of quality corn.
2. To promote the farmer's adoption of yellow/white corn hybrid technologies.
3. To encourage the participation of the private sector particularly the input supplier in the corn development program.

3. LEGAL BASES

3.1 RA 7393, dated 13 April 1992, which mandated Quedancor to establish a credit support mechanism and guarantee system for the benefit of farmers, fisherfolk and other agricultural enterprises.

3.2 RA 8435, dated February 9, 1998, which mandated Quadancor to be the credit guarantee institution for the Agri-fishery sector.

3.3 Memorandum of Agreement dated April 24, 2000, between the Department of Agriculture and Quedan and Rural Credit Guarantee Corporation (QUEDANCOR).

4. DEFINITION OF TERMS

4.1 SAFDZS — Strategic Agricultural & Fishery Development Zones.

4.2 Corn Farm Cluster — small farmholder and coops within at least 400 hectares of contiguous corn lands with a cropping intensity of 200%, and adequate agricultural extension service and commitment of the LGU to implement the program.

4.3 Cooperative — a group of farmers who voluntarily form themselves into a business enterprise to promote their common needs through mutual action, democratic control and sharing of economic benefits on the basis of the patronage of members.

4.4 Quedan Operations Officer (QOO) — Quedancor's field personnel duly authorized to implement the Agrikulturang MakaMASA for Sugar Farm Modernization Program.

4.5 Corporation — 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 Farmer/Planter — any natural person whose primary livelihood is cultivation of land for corn production, either by himself or primarily with the assistance of his immediate farm household or worker, whether the land is owned by him or another person under a leasehold tenancy agreement or arrangement with the owner thereof.

5. SCOPE

The guarantee program shall cover the loans extended by input suppliers to farmers/sole proprietor/farmers federation/cooperative/association in municipalities within the SAFDZs.

6. STATEMENT OF POLICIES

6.1 Purpose of Loan

To finance the purchase of hybrid corn seed by farmer/sole proprietor/farmer's federation/cooperative/association.

6.2 Eligibility Requirements for Farmers/Sole Proprietor/Farmers' Federation/Cooperative/Association

6.2.1 Must be indorsed by DA.

6.2.2 Must be duly accredited with Quedancor.

6.2.3 Must be located in areas with available input supplier.

6.2.4 Must have members who are qualified to participate in the program and adapt recommended technologies, if applicable.

6.2.5 Must meet the qualification criteria set by the concerned input supplier-lender.

6.3 Loanable Amount

The loanable amount shall be maximum of P600,000 per cluster.

6.4 Interest Rate

The interest rate shall be at the discretion of the input supplier-lender.

6.5 Term of Payment

Maximum of 130 days.

6.6 Guarantee Fee

A guarantee fee of 2.5% per annum based on the loan amount shall be paid by the input supplier to support its application for guarantee cover.

6.7 Guarantee Coverage

Quedancor's guarantee cover is on the loan per se. The guarantee cover shall be 80% of the outstanding principal plus accrued interest up to maturity date or demand for full payment, whichever comes first.

6.8 Leveraging Ratio

Quedancor's total guarantee exposure on outstanding loans shall not, at any given period, exceed five (5) times the amount of available guarantee fund established therefor.

7. MECHANICS OF IMPLEMENTATION

7.1 Program Promotion

Quedancor, with the assistance of the Department of Agriculture, shall promote the program with prospective input suppliers and borrower-clients to orient them with the program's objectives, features and mechanics of implementation.

QOO shall promote the program through meetings and dialogues with prospective clients and use of promotional materials such as posters and brochures.

7.2 Input Supplier Accreditation

Input suppliers intending to participate under the program shall sign a Guarantee Agreement with Quedancor, pay a non-refundable accreditation fee and submit the following documents:

7.2.1 Board Resolution authorizing the company to participate and designating the officer(s) with specimen signatures who shall represent the company and sign all documents pertaining to its accreditation;

7.2.2 List of Key Officers;

7.2.3 Latest Audited Financial Statements;

7.2.4 Copy of SEC registration (for corporation), DTI registration (for sole proprietorship/partnership);

7.2.5 Articles of Incorporation/By-Laws; and

7.2.6 Endorsement letter from DA Regional Director concerned.

7.3 Clientele Accreditation

Any farmer/sole proprietor/farmer cooperative/federation/association intending to apply for a loan under HCPGP shall submit an Application for Accreditation, pay a non-refundable accreditation fee of P2,000.00 for coops/association/federation and P100.00 for individual borrower and submit the following:

7.3.1 General Requirements

- a. Duly accomplished Application for Accreditation;
- b. Two 2x2 photos of individual applicant or authorized representative(s); and
- c. Duly certified Financial Statements for the last two years.

7.3.2 Additional Requirements

For Federation/Cooperative/Association

- a. Certificate of Registration or Confirmation from CDA/SEC;
- b. Copy of Articles of Cooperation and By-Laws, and amendments, if any;
- c. Board Resolution and Secretary's Certificate authorizing the cooperative to participate in the specified program and designating its authorized representative(s) to transact business and to act as jointly and severally liable for the loan with specimen signatures; and
- d. List of names and addresses of current key official and members.

The QOO shall conduct a background/credit investigation of applicant, accomplish the Evaluation Sheet and forward the application together with the required documents to the Regional Assistant Vice-President (RAVP) for review, approval and issuance of Certificate of Accreditation.