



Financing Programs for

# MSMEs

Micro, Small and Medium Enterprises

2012 Edition

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# **FINANCING PROGRAMS FOR MICRO, SMALL AND MEDIUM ENTERPRISES**

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## **PREFACE**

The growing number and significant role of micro, small and medium enterprises (MSMEs) in spurring national economic growth prompted the compilation and publication of this handbook on Financing Programs for Micro, Small, and Medium Enterprises.

The implementation of micro financing and SME lending programs by various institutions is generally recognized as an essential tool in stimulating entrepreneurial activities. Through this compendium, the Bureau of Micro, Small and Medium Enterprise Development (BMSMED) aims to increase the Filipino entrepreneur's awareness on sources of funding available from government and private sector institutions for his business, and encourage him to access these facilities based on the capabilities of his enterprise. This menu of financial services will hopefully develop and strengthen the ability of MSMEs to better manage their operational activities and possibly embolden them to cater to areas beyond their traditional markets.

This compilation is an initiative of BMSMED under the Department of Trade and Industry (DTI).

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# **MICRO FINANCING PROGRAMS**

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**Program Title: SALARY LOAN**

**Program Objective:** To enhance employees' benefits program without extra cost to the company. These are short-term multi-purpose loan package granted to regular employees of accredited companies subject to salary deduction scheme.

**Company Accreditation:**

***Criteria for Company Accreditation:***

- Should be in operation for at least 3 years
- Profitable for the past 3 years
- No record of adverse findings with other financial institutions
- Should have at least 50 regular employees

***Company Requirements for Accreditation:***

- Company Profile
- Profile of Key Officers
- List of employees/Alpha List
- Latest 3 years Income Tax Return, Audited and In-House Financial Statements
- SEC papers and business registration
- Articles of Incorporation and By-Laws
- List of trade and bank references

***Documentation upon Approval of Accreditation Line:***

- Memorandum of Agreement (MOA) between the accredited company and Asiatruster Bank (under with or without company guarantee facility)
- Board Resolution/Secretary's Certificate authorizing the company to enter into a MOA with Asiatruster Bank and indicating the authorized signatories to the said MOA
- Duly signed Facility/Conforme Letter (stating the terms and conditions of the loan program)

**Eligible Borrowers:**

- Regular employees for at least 2 years with a minimum gross monthly salary of PhP8,000.00 for rank and file and at least 1 year work tenure for Officers with PhP12,000.00 monthly compensation.
- Monthly installment of all loans outstanding with and outside of Asiatruster Bank should not be more than 30% of net monthly income.
- No adverse credit findings.

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**Loan Purpose:**

- Working capital for start-up/existing business;
- Appliance acquisition; education; debt consolidation; medical expenses; home improvement; lot downpayment; vacation travel expenses; family celebration; car repair/purchase/ insurance payments; health and wellness; memorial services; etc.

**Terms/Requirements:*****Loan Amount:***

- Minimum of P10,000; Maximum of P400,000.00

***Interest Rate:*** Prevailing market rate

***Maturity/Repayment:*** Payable for 6, 12, 18, 24 months; Up to 36 months for employees with more than 3 years work tenure.

***Mode of Payment:*** Fixed amortization through salary deduction scheme to be remitted to the bank on a monthly basis via corporate check or to be debited from the mother company's account with Asiatrust Bank.

**Contact Details:**

**Ms. Athena A. Arellano**  
Salary Loans Unit Head  
Phone: (632) 924.5648

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**DEPARTMENT OF AGRICULTURE –****AGRICULTURAL CREDIT POLICY COUNCIL**

28<sup>th</sup> Floor, One San Miguel Avenue Building, San Miguel Avenue  
Ortigas Center, 1605 Pasig City

**Program Title: AGRI-MICROFINANCE PROGRAM (AMP) FOR  
SMALL FARMERS AND FISHERFOLK AND THEIR  
HOUSEHOLDS FOR EL NIÑO AND CALAMITY  
STRICKEN AREAS**

**Program Objectives:** The program aims to reduce poverty and improve the quality of life of marginalized farmers and fisherfolk by financing agricultural projects and activities that will increase their productivity and incomes.

**Program Scheme:**

The project entails provision of a credit facility by the PCFC under a credit fund and risk sharing arrangement with the Agricultural Credit Policy Council (ACPC) to qualified borrower organizations to complement and supplement their incremental credit requirements for re-lending to small farmers and fisherfolk households and groups/organizations.

**Program Features:**

**A. ELIGIBLE BORROWER ORGANIZATIONS/INSTITUTIONS:**

- Microfinance institutions (MFIs) such as cooperative/rural banks, cooperatives, non-government organizations (NGOs) and other people's organizations that pass credit evaluation of PCFC.

**Types of Financing Facilities:**

- **Agri-Fishery Microfinancing** - Credit funds for re-lending to eligible sub-borrowers to finance their income generating agri and agri-related activities.

**Financing Terms:**

**Credit Limits**

- Depends on the MFI's absorptive capacity, work plan, and target areas to be covered, number of outreach, estimated credit needs and target portfolio.

Up to a maximum of P10 million per MFI.

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**Interest Rates**

- 10% - 12% per annum for all types of organizations/institutions.

**Loan Maturity**

- Maximum of 4 years.

**Mode of Payment**

- Principal and interest: Quarterly

**Security/Collateral**

- Assignment of sub-borrowers' Promissory Notes and other underlying collaterals/guarantee cover.

**B. ELIGIBLE SUB-BORROWERS**

- **Agri-Fishery Microfinancing** – Household heads, spouses or adult working members of small farming/fishing households in El Niño and calamity stricken areas. Only one member per household is qualified to borrow at a single time under the project.

**Loan Facilities:**

- **Agri-Fishery Microfinancing** – Loans shall be used to support any or a combination of farm, off-farm/non-farm income generating activities.

**Financing Terms:****Credit Limits**

- **Agri-Fishery Microfinancing** – Up to a maximum of PhP150,000.00 per sub-borrower.

**Interest Rate** – The applicable interest rate shall be based on the prevailing interest rates of the conduit organizations/institutions.

**Loan Maturity and Mode of Payment**

- **Agri-Fishery Microfinancing:** Maximum of one (1) year. The amortization schedule shall be based on the household's cash flow. At least 20% of the loan should be amortized either weekly or monthly and the remaining balance to be paid upon loan maturity.

**Security** – Any or a combination of the following:

- Deed of assignment of acquired assets (i.e. equipment, vehicles, etc.);
- Joint and Several Signatures;
- Issuance of post-dated checks;
- Marketing Agreement (if applicable); and/or
- Any other acceptable form of collateral/security.

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**Program Title: COOPERATIVES AGRI-LENDING PROGRAM (CALP)**

The Cooperatives Agri-Lending Program (CALP) is a credit program of the Agricultural Credit Policy Council (ACPC) under the Agro-Industry Modernization Credit and Financing Program (AMCFP). The Development Bank of the Philippines (DBP) is the program's wholesaler. As wholesaler, the DBP assumes full credit risk of the program fund and lends to retailer-institutions.

**Program Objective:** To provide loan financing to stable cooperative financial institutions (cooperative banks and cooperatives) which, in turn, will extend agricultural loans to small farmers and fisherfolk.

**Program Scheme:**

Under the CALP, the DA-ACPC and DBP shall provide credit financing support to cooperative financial institutions and provide assistance to cooperative institutions to gain knowledge on best practices on agricultural lending from peers (cooperatives and cooperative banks, others).

The DBP shall be responsible for the evaluation of retailers, loan approvals, disbursements and loan collection from retailers. The ACPC shall assist in the identification of eligible retailers, conduct of information campaign to market the program to prospective retailers particularly in Department of Agriculture – Department of Agrarian Reform – Department of Environment and Natural Resources (DA-DAR-DENR) convergence areas. It shall likewise conduct program monitoring and evaluation, identification and document best practices and conduct of year-end program review/assessment.

**Program Features:**

**A. ELIGIBLE BORROWER ORGANIZATIONS/INSTITUTIONS:**

- Eligible as retailer-institutions are viable stable cooperative banks and cooperatives.

**Type of Loan:** Credit line

**Amount of Loan:** Based on the amount established and proposed by retailer and approved by DBP.

**Availability Period:** The loan shall be available for a period of one (1) year from signing of the Subsidiary Loan Agreement between DBP and the borrower-retailer.



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**Interest Rate:** One year Philippine Dealing System Treasury Fixing Reference Rate (PDSTF) prevailing at the time of drawdown plus 2% administration cost, and plus spread of 1% to 6% depending on the PESO or COOP PESOS Rating of the borrower-retailer.

**Collateral:** The loan shall be secured by any or a combination of the following:

- Assignment of PNs;
- Assignment of Real Estate and/or other types of insurance or government guarantees;
- Assignment of receivables; and/or
- Assignment of Post-dated Checks.

## **B. ELIGIBLE SUB-BORROWERS**

- Eligible sub-borrowers are \*small farmers/fisherfolk and/or their household members.

\* **Small farmers** are defined as those tilling not more than 7 hectares of land and/or are engaged as backyard poultry/livestock raisers; or, agricultural workers in farm. **Small fisherfolk** refer to those operating fishing vessels of not more than 3 tons capacity; those operating fishponds of less than 5 hectares of fish cages of less than 400 square meters; fish workers in fishing boats, fishponds or fish processing establishments; or, any other individuals who are engaged in small scale fish production, processing and distribution.

### **Loan Facilities:**

- **Agricultural Production Loans** – Production loans refer to financing of projects/activities related to the production of crops, livestock, poultry, fishery products.
- **Agricultural Microfinance Loans** – Agricultural microfinance loans refer to financing of farm, off-farm/non-farm activities of agricultural households using household cash flow lending approach.

### **Terms and Conditions of Loans of Retailers to Sub-Borrowers:**

- Retailers shall adopt their existing lending policies and guidelines provided that the following basic program policies as to eligible borrowers and projects financed are adhered in using loan funds sourced from the CALP. Interest charges to borrowers shall be based on the retailer's existing policies.

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**Other Terms and Conditions:**

- DBP shall adopt its existing lending policies and guidelines in the evaluation and approval of eligible retailers including among others risk acceptance criteria of prospective retailer-borrowers, credit line determination, loan amounts and loan collateral/securities provided however that eligible retailers are cooperative banks and cooperatives. Among others, part of the minimum risk acceptance criteria is that a retailer must have existing agricultural lending or agricultural microfinance program with satisfactory performance. Further, DBP shall adhere to CALP priorities in terms of geographic areas and commodities. Retailers operating in DA-DAR-DENR convergence areas shall be prioritized.

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<b>Program Title:</b>	<b>AGRO-INDUSTRY MODERNIZATION CREDIT AND FINANCING PROGRAM – COOPERATIVE BANKS AGRI-LENDING PROGRAM (AMCFP-CBAP) DEPOSITORY MODE SCHEME</b>
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**Program Objective:** The proposed depository mode of credit delivery intends to complement the current wholesaler-retailer scheme of the Agro-Industry Modernization Credit and Financing Program (AMCFP). Specifically the Program aims to:

- Provide concrete support by way of stable, low-cost funding support cooperative banks that have demonstrated capacity to continually provide appropriate and incremental agricultural loans to small farmers and fisherfolk, and,
- Lower down pass-on rates to small farmers and fisherfolk borrowers.

**Program Scheme:**

The Program entails the extension of stable, low cost funding support to eligible cooperative banks that lend to small farmers/fisherfolk at full credit risk using their existing workable agricultural loan products. The funding support shall be in the form of short-term deposit placements (special time deposits) to eligible cooperative banks that shall in turn use the proceeds of the STD as well as its own funds to lend to individual small farmers/fisherfolk. The scheme would enable the cooperative banks not only to expand further their agri-fishery loan portfolio but lower down pass-on rates to farmers and fisherfolk borrowers.

**Program Coverage:**

The AMCFP-CBAP is implemented in areas where participating cooperative banks operate. Priority commodities to be financed under the program shall be rice, corn, fishery and other commodities prioritized by the Department of Agriculture.

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## **Program Features:**

**Eligible Cooperative Banks:** Eligible cooperative banks are licensed cooperative banks that pass the following criteria:

- Must have and maintain a CAMELS composite rating of at least 3 and Management rating of at least 3 as of latest BSP examination;
- Must have satisfactory track record in lending to target beneficiaries;
- With good credit standing (i.e., no past due obligations with creditors) including the ACPC and/or DA programs.

In assessing its eligibility, the cooperative bank applicant shall be required to provide the following:

- A certification as to its latest CAMELS rating and a written consent from the coopbank for ACPC to validate such rating with the Bangko Sentral ng Pilipinas;
- Report of agri-lending operations to include, among others, agricultural loan releases, loan repayments, past due loans and ageing of past due accounts;
- Agri-lending operations manual that provide information on loan product description, loan policies and credit evaluation system;
- List of major creditors with corresponding amounts and credit standing which will be confirmed by the ACPC from the concerned creditors.

**Retail Lending Guidelines:** The cooperative bank must have an existing viable agricultural lending program that caters to DA priorities as evidenced by prudent lending policies, guidelines and procedures that are consistent with the objectives of the Program. The cooperative bank shall adopt such qualified agricultural credit program consistent with the following:

### **Loan Purpose:**

- **Agricultural Production Loans** – Production loans refer to financing of projects/activities related to the production of crops, livestock, poultry, fishery products.
- **Agricultural Microfinance Loans** – Agricultural microfinance refers to financing farm, off-farm/non-farm activities of agricultural households using household's cashflow lending approach.

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**Eligible Borrowers** – Eligible borrowers are \*small farmers/fisherfolk, and/or their household members.

\* **Small farmers** are defined as those tilling not more than 7 hectares of land and/or are engaged as backyard poultry/livestock raisers; or, agricultural workers in farm. **Small fisherfolk** refer to those operating fishing vessels of not more than 3 tons capacity; those operating fishponds of less than 5 hectares of fish cages of less than 400 square meters; fish workers in fishing boats, fishponds or fish processing establishments; or, any other individuals who are engaged in small scale fish production, processing and distribution.

**Finance Charges** – The pass-on rate of cooperative banks to small farmers/fisherfolk borrowers shall be equal to the cost of the special time deposit plus spread not exceeding 12% per annum and provided that pass-on rate to borrowers shall not exceed 15% per annum. Such pass-on rate shall be inclusive of the interest and service charge plus crop insurance premium and/or guarantee fee.

Contact Details:

**Agricultural Credit Policy Council -  
Public Affairs and Information Service**

Phone: (632) 636.3393

URL: [www.acpc.gov.ph](http://www.acpc.gov.ph)

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**DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT**

4F, DSWD, Batasan Pambansa Complex, Constitution Hills  
Quezon City

**Program Title: SUSTAINABLE LIVELIHOOD PROGRAM**

**Program Description:** SEA-K Program is a capability building program of the DSWD and local government units which aims to enhance the socio-economic skills of poor families through the organization of community-based associations for entrepreneurial development.

The SEA-K was enhanced and transformed into a **Sustainable Livelihood Program (SLP)**. The SLP adopts a community-based comprehensive family approach wherein the livelihood strategies are informed and rooted in the context of the community in view of improving the welfare and development of marginalized families.

**Key Improvements:**

1. Access to multiple sources through the two-track program, which are the Self-Employment Assistance Kaunlaran (SEA-K) Microenterprise Development Track and the Guaranteed Employment Track. This feature seeks to extend income to more than one (1) member of the family.
2. Development of resource-based and market driven ventures to improve the economic viability and profitability of the microenterprises. This component mitigates the possibility of failure and foreclosure of the microenterprises.
3. Promotion of diversified microenterprises ventures by having primary and secondary projects. This will lessen the vulnerability of the household to external factors such as shocks, trends and seasonability.

**Program Objectives:****General:**

- To improve the socio-economic capacity of the poor through a capacity building program that will develop the entrepreneurial and technical skills of the poor households identified through the National Household Targeting System for Poverty Reduction (NGTS-PR) by enabling them to manage sustainable microenterprises and linking them to locally-available jobs in order to enhance their access to basic social services and their standard of living.

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**Specific:**

- To facilitate opportunities for the development and management of resource based, culturally sensitive, market driven and economically viable microenterprises.
- To prepare the program participants for accessing locally available jobs that are appropriate to their skills and capacities.
- To sustain and expand the socio-economic benefits gained by the Pantawid Pamilya beneficiaries even beyond the five-year intervention of the Conditional Cash Transfer (CCT) intervention through the SLP and Guaranteed Employment Tracks.
- To link poor families included in the NHTS-PR list, prioritizing the Pantawid Pamilya beneficiaries to the support services and programs provided by the partner NGAs, NGOs, CSOs and Private Sector for entrepreneurial advancement and formal employment.
- To link poor families included in the NGTS-PR list, prioritizing the Pantawid Pamilya beneficiaries to micro-insurance providers for security measures brought by external shocks.
- To continuously build, expand and update the portfolio of public and private sector partners for the job generation needs under the Guaranteed Employment Track.
- To promote comprehensive family based approach and community participation.

**Eligibility Requirements of SLP participants:**

- Belong to poor households as identified through the NGTS-PR, prioritizing Pantawid Pamilya beneficiaries
- For microenterprise, a beneficiary of DSWD's social protection programs and services who has limited or no access to formal credit facilities
- For guaranteed employment/job network services, a beneficiary of DSWD's social protection programs and services with labor skills but no formal employment or unemployed.
- Willing to reside in the community for succeeding two years
- Show positive relationships within the family and community and demonstrate positive work attitudes, and aspiration for economic advancement using the household assessment and profiling, intake sheet and means test to be conducted by the City/Municipal Social Welfare Development Officer or Local Government Livelihood Focal Person and DSWD Project Development Officer assigned in the area.
- Preferably a beneficiary of the Pantawid Pamilya Pilipino Program for at least 2 years wherein the Social Welfare Indicators (SWI) show an improvement in standard of living and readiness in the SLP.

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**Project Strategy:** The program design has two tracks/strategies:

- **Track 1:** Resource-Based and Market-Driven Sustainable Microenterprise Development through Self-Employment Assistance-Kaunlaran Program – is a capacity building program that focuses on community development, skills enhancement, network building and capital assistance to poor families included in the NHTS-PR list, prioritizing the Pantawid Pamilya beneficiaries in order to improve their opportunities for managing a sustainable microenterprise.
- **Track 2:** Employable Individuals with Access to Locally-Available Jobs through Guaranteed Employment and Job Network Service – provides assistance to unemployed poor families included in the NHTS-PR list, prioritizing the Pantawid Pamilya beneficiaries who are seeking for job opportunities. They shall be provided with skills profiling; job matching; occupational guidance and counseling and job referrals.

**Program Components of Track 1:**

- Social Preparation – this involves the process of raising community awareness through participatory situational analyses involving the program participants of priority needs and problems, and appraisal of community resources using the community driven approach. This must lead to the identification of group and/or individual microenterprise ventures that will improve the income level of the households and develop the community.
- Capacity Building – this involves the conduct of training activities and other related sessions that will equip the participants in terms of knowledge, attitude, and skills in basic business management training and technical advancement in product and marketing development. The areas to be covered in this component include the following:
  - Training and Technical Assistance for Business Management and Productivity – this refers to the provision of training and technical assistance to benefit the SEA-K members in business development with focus on business start-up and incubation, product and market identification, and simple bookkeeping for business financial management system.
  - **Capital Assistance for Micro-enterprise** – A one-time provision of capital assistance shall be provided to the SEA-K participants as part of the business cycle to enable them to engage in hands-on entrepreneurial skills training through start-up business operations. Additional capital for business expansion shall be under the formal lending institutions to be accessed by the SEA-K associations.

- Savings Mobilizations and Assistance – this involves a savings mobilization and capital build-up which aims to ensure the project sustainability in the course of managing the microenterprise until the full return of seed capital investment.
- Accessing of Other Services – groups and association members shall be trained on how they can access other services based on their needs.

#### **Target Participants of Track 1:**

- The SEA-K program participants may be organized in any of the following units, depending on the local field implementers' assessment of the most appropriate form:
  - Self-Employment Kaunlaran Associations – SKAs
  - Self-Employment Kaunlaran Groups – SKGs
  - Self-Employment Kaunlaran Individuals – SKIs
  - Self-Employment Kaunlaran Family Enterprise – SEA-KABAYAN
  - Barangay Sub-Project Management Committees-BSPMC manage Common Service Facility potential for community income generation – under KALAH-I-CIDSS initiative

#### **Purpose of Loan/Capital Assistance:**

- Micro-enterprise project that would generate income from sustainable livelihoods

#### **Terms and Requirements:**

**Loan Amount:** Capital assistance shall be based on the project requirements proposed by the participants, duly assessed and reviewed by the Project Development Officer, with maximum capital assistance worth Ten Thousand Pesos (PhP10,000.00) per member (note that 1 member refers to a family).

**Interest Rate:** Non-interest loan

**Maturity / Repayment:** Within 2 years of project operation

**Collateral:** Non-collateral loan

#### **Program Partners / Conduits:**

- City or Municipal Social Welfare Development Office in the different local government units nationwide

Contact Details:

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Assistant Bureau Director, Program Management Bureau

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**DEVELOPMENT BANK OF THE PHILIPPINES (DBP)**

Head Office: Sen. Gil J. Puyat Avenue cor. Makati Avenue, Makati City

**Program Title: MICROFINANCE PROGRAM****Program Objectives:**

- To support the government's efforts to alleviate poverty and attain sustainable economic growth and development in partnership with microfinance institutions (MFIs).
- To hasten the development and growth of MFIs as well as enhance their efficiency and effectiveness as conduits of development funds for micro-enterprise development by providing them direct and convenient access to DBP's credit and technical assistance specially designed to support their investment projects and capacity-building programs.
- To facilitate the access of micro-investment enterprises and the entrepreneurial poor to formal credit and banking services, that include but are not limited to training, market assistance, business consultancy, whenever possible, to hasten their growth and development.

**Eligible Borrower-MFIs:**

- Bank MFIs
  - Microfinance Banks – banks organized primarily for and granted a license by the BSP as microfinance banks.
  - Microfinance-oriented Banks – banks which diversified into microfinance with 50% or more of their total loan portfolio devoted to microfinance.
  - Banks authorized by the BSP to diversify into microfinance which MF loan portfolio has yet to attain the 50% requirement to be considered microfinance-oriented banks, and their existing or proposed principal transaction with the DBP is microfinance.
- Non-Bank MFIs
  - Non-government organization (NGO) with successful microfinance operations for 3 years or more for all types of MFC loans.
  - Non-Government organization (NGO) with successful microfinance operations for a minimum of one (1) year but less than three (3) years for capacity-building loans only.
  - Cooperatives – primarily savings and credit cooperatives with successful microfinance operation for a minimum of one year.

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**Minimum Risk Acceptance Criteria:** MFIs should at least get Rating 3 (Satisfactory) of the NCC Performance Standards to be considered, but should get a weighted score of at least 75% to avail of the Wholesale Re-lending and Business Development loans.

However, for Capacity Building loans, MFIs with weighted score of at least 70% may be considered depending on the result of MFC's due diligence on the applicant MFIs.

**Credit and Technical Assistance Facilities:**

MFC shall provide the following:

- Credit Facilities and Loan Purpose
  - Wholesale loans for re-lending to micro-enterprise/end-users intended for:
    - Fixed asset acquisition and working capital
    - Home improvement and housing
    - Solar projects
  - Direct Loans to MFIs
    - Business development loans - intended for capital expenditures and/or working capital for expansion of MFI's operations directly related to microfinance services
    - Capacity-building loans - intended for institutional strengthening (e.g. installation of MIS); professional development for MFI board, management and staff
- Technical Assistance
  - Marketing support for microentrepreneurs
  - Business development advisory

**Terms/Requirements:**

**Loan Amount:** The loan amount will always depend on the project funding requirements of the MFIs.

**Interest Rates:**

- Wholesale loans: Market rate
- Business Development loans: Market rate
- Capacity-Building loans: Lower than market rate, but not lower than cost of funds plus 2% administrative cost

**Other Fees:** All other fees and taxes such as front-end fee, commitment fee, GRT, and other fees related to the microfinance transactions with the Bank shall be for the account of the borrower-MFIs.

**Tenor:**

- Wholesale Loans – Re-lending
  - Credit Lines – maximum of 1 year
  - Term Loans – maximum of 3 years, inclusive of one (1) year grace period.

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- Business Development Loans - Maximum of five (5) years, inclusive of one year grace period.
  - Capacity-Building Loans - Maximum of 5 years, inclusive of one (1) year grace period

**Equity:** For business development and capacity-building loans, borrower MFIs will be required a minimum equity participation of 20%.

**Collateral:** Loans may be unsecured or where necessary partially secured which may be covered by REM, CHM, Stand-by LC, Hold out on Deposit, and other forms of collateral acceptable to the Bank.

**Other Conditions:**

- Loans extended under this program shall be exempted from the bank's requirement of 100% end-use verification.
- MFI borrowers shall execute a deed of undertaking stipulating that DBP funds shall not be relent for immoral and/or illegal activities.
- Where necessary, MFI applicants may be required the following:
  - Submission of Post-dated checks
  - Assignment of Promissory Notes of sub-borrowers
  - Joint and Several Signatures (JSS) of principal officers of MFIs
  - Make DBP as major depository bank
- MFI-borrower shall submit to DBP reports required by regulatory authorities for clients with Barangay Micro Business Enterprises (BMBE) authority.

**Performance-Based Incentives:**

To encourage MFI borrowers towards quality portfolio and wider market reach, performance-based incentives will be available.

- Higher credit lines for both re-lending and business development loans
- Lower than market interest rates
- Longer terms or repayment
- Waiver of applicable fees
- Combination of any of the above

**Delivery System:** Loan application may be submitted to the Microfinance Resource Center (MFC) at the Head Office in Makati or in any of the Area Management Offices and branches of the Bank.

Contact Details:

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Head, Small & Medium Enterprise Department

**SM Romeo B. Carandang**

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**Program Title: RETAIL LENDING FOR MICRO AND SMALL ENTERPRISES**

**Program Objectives:**

- To strengthen the Bank's support to MSMEs and enhance the sector's access to credit.
- To help generate additional jobs and income for the people.

**Eligible Projects:**

- Any duly registered enterprise of good standing in the community.

**Eligible Borrower-MFIs:**

- Single Proprietorship
- Partnership
- Corporation
- Cooperative
- Other entities with legal personality to engage in a business enterprise

**Coverage:** Start-up or existing micro and small enterprises with asset size of not more than PhP15.0 million and with loan requirements of over PhP150,000 but not more than PhP10.0 million.

**Eligible Loan Purpose:**

- Production
- Working Capital
- Investment and expansion in Plant and/or equipment
- Purchase Order/Letter of Credit Financing (P.O./L.C.)

**Terms/Requirements:**

**Loan Amount:** Up to 90% of the Total Project Cost (TPC)

**Equity Requirement:**

- The borrower shall put up a minimum equity of 10% of total project cost.
- For P.O./L.C. financing, the loans shall be up to 80% of the amount of the instrument or based on actual cost of the goods purchased.

**Interest Rates:** Prevailing market rate

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***Fees:***

- A one-time service fee shall be charged upon approval of the loan equivalent to P1,000.00 or 0.1% of the loan, whichever is higher
- Documentary Stamp Tax
- Monthly Interest rates are inclusive of GRT and all other fees

***Collateral:***

- Unregistered Real Estate Mortgage and Chattel on TCT and Equipment
- Unregistered Mortgage on Tax Declaration/CLOA and OCT
- For P.O./L.C. Financing, a Deed of Assignment on Irrevocable P.O./L.C. is accepted provided the term shall not exceed its expiry date
- Other alternative collaterals such as post dated checks (PDCs), assignment of contracts/receivable/inventory

***Repayment Terms:*** Based on enterprise's development period and projected cash flow but not to exceed ten (10) years.

***Maximum Grace Period:***

- Three (3) years on principal for projects with short gestation period.
- Five (5) years on principal and interest on long gestating projects.

**Checklist of Requirements:****I. General**

- Application form
- Business Registration (from DTI/SEC/CDA/DOLE)
- Business Permit (from LGU)
- Business Evaluation Form (for loans above PhP1 million)

**For Corporations and Cooperatives**

- By-Laws and Articles of Incorporation/Cooperation
- Board Resolution and Secretary's Certificate authorizing the loan, indicating the authorized signatories

**II. Additional Requirements (if applicable)**

- Real Estate Collateral
  - Two copies of Sketch/Location Map
  - Two copies of TCT/OCT
- Chattel Collateral
  - Affidavit of Ownership and Certification of Non-Encumbrance with specifications
  - Copy of OR/CR for transportation equipment

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## **Checklist of Requirements:**

### ***Franchise:***

- Business Profile of Franchisor
- Photocopy of Franchise Agreement
- Endorsement by Franchisor
- Franchise Package Kit

### ***Term Loan (Start-Up):***

- Business Plan
- Statement of Assets, Liabilities and Networth of Principal Borrower/s
- Bank Statement for at least three (3) months
- Business Evaluation Form

### ***Term Loan (Existing):***

- Financial Statements for the past three (3) years (in house financial statements acceptable)
- Business Plan
- Business Evaluation Form

### ***Dealership:***

- Photocopy of documents submitted to the mother company
- Dealership Contract
- Letter of Endorsement from mother company/supplier

### ***Credit Line:***

- Bank Statement for at least three (3) months
- Projected Cash Flow
- Projected Income Statement

### ***Purchase Order (P.O.)/Letter of Credit (L.C.) Financing:***

- Projected Cash Flow
- Projected Income Statement
- Copy of Irrevocable L.C./P.O.

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**FOUNDATION FOR A SUSTAINABLE SOCIETY, INC. (FSSI)**  
Unit E, 46 Samar Avenue corner Eugenio Lopez Street  
South Triangle, Quezon City

**Program Title: SOCIAL ENTERPRISE DEVELOPMENT PROGRAM  
- MICRO FINANCING**

**Program Objective:** To strengthen community financial institutions (CFIs) which provide micro financing services in poor rural communities.

**Specific Objectives:**

- To augment the loan portfolio of CFIs that serve financing requirements of individual producers and micro-entrepreneurs engaged in production of agriculture and aquaculture commodities.
- To augment the portfolio of CFIs such as primary cooperatives and NGOs operating microfinance program.
- To strengthen the capacity of CFI in mobilizing savings and increasing their capacity to provide credit to poor communities.
- To help CFIs in providing loans to micro and small enterprises with insufficient or without collateral.

**Eligible Borrowers:**

- Non-government Organizations (NGOs) – loans only
- Cooperatives – loans only
- Cooperative-Federations
- Rural Banks

**Financial Products and Services:**

- CFI commodity production loan (for agricultural loan portfolio)
- CFI microfinance loan (for microfinance portfolio)
- Wholesale loan (for Cooperative banks and federations)
- Development deposits
- Guarantee
- Equity

**Terms/Requirements:**

**Amount:** Minimum of P500 Thousand  
Maximum of P5.0 Million for first-time borrowers

**Interest Rate for loans:** 8% - 11% (subject to review of 3 Bottom Line (3BL) performance – economic, social, environmental indicators)

**Loan Maturity / Repayment:** One to five years maturity; monthly, quarterly, or semi-annual payments of principal and interest

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**Security:**

- Real Estate Mortgage
- Deed of Assignment of Receivables or Deposit
- Joint and Several Suretyship (JSS) Agreement

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Area Manager for Visayas

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**Mr. Amado Reclusado, Jr.**

Development Finance Manager

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**GSIS FAMILY BANK (GFB)**

2<sup>nd</sup> Floor, AIC Grande Tower, Garnet Road, Ortigas Center, Pasig City

**Program Title: GSIS FAMILY BANK MICROFINANCE LENDING PROGRAM****Program Objectives:**

- To introduce an accessible and affordable alternative credit system for the urban and rural poor for the financing of income-generating activities.
- To encourage the poor to use their time, effort and talents productively.
- To empower women through their involvement in economic activities and their participation in decision-making process.
- To reduce dependency on moneylenders who charge high interest rates and on dole outs and other forms of political patronage.

**Eligible Borrowers:**

- At least 18 years old but not more than 65 years old, preferably women. A student or an employed person cannot become a borrower since the livelihood activities require full-time responsibilities.
- Must have stayed in the present residence for at least one (1) year and is known in the community.
- Must be of good moral character as attested by the co-members.
- Must be poor, who is engaged in livelihood activities.

**Eligible Projects:**

- As a general rule, the business to be financed has to be existing for at least a year.
- Any micro-enterprise/livelihood activity (trading, services, vending) that can generate immediate additional income.
- Project(s) which is/are within the capacity of the borrower to manage.
- Must be a legal activity.

**Loan Purpose:** Additional working capital for any income generating activities.

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**Terms/Requirements:**

**Loan Amount:** Minimum of P6,000.00; Maximum of P50,000.00

**Interest Rate:** 3% per month

**Charges:**

- One-time service charge of 2% per cycle
- Insurance Premium for Credit Life Insurance
- Penalty Charge of 3% per month for unpaid amortizations

**Maturity/Repayment:**

All loans shall have maximum loan duration of 24 weeks (6 months). However, the term may be shortened to 12 weeks if at the start of the training the group agrees to shorten the loan period, if the cash flow would show the ability of the borrowers to pay the weekly amortization.

**Security:**

As much as possible, no collateral shall be required from the borrowers. In lieu, the following shall be required:

- The signatures of all her co-group and center members as joint and several co-makers;
- A Deed of Assignment of deposit and authority to debit to authorize the bank to apply the savings against the loan in case of default;
- The borrower must be covered by an accredited insurance company (loan insurance);
- Strictly abide with the policies and guidelines of the microfinance program.

**Contact Details:**

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BBG/Marketing Group

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**LAND BANK OF THE PHILIPPINES (LBP)**

1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila

**Program Title: MICROFINANCE PROGRAM FOR MICROFINANCE INSTITUTIONS (MFI) - RETAILERS**

**Program Rationale and Objectives:**

**General:**

- LBP is mandated by Law (RA 8425, otherwise known as the Social Reform and Poverty Alleviation Act) to open a special wholesale lending window for micro-borrowers;
- It also supports Countryside Financial Institutions (CFIs) to meet the new mandatory allocation of credit resources for micro, small and medium enterprises (MSMEs) as provided for under BSP Circular No. 625, series of 2008, and under the Magna Carta for MSMEs.

**Specific:**

- Strengthen partner-Microfinance Institutions (MFIs) in its microfinance operations and help deliver capacity building support to micro-enterprises;
- Expand the bank's outreach to the poor who do not have access to the formal financial system; and
- Promote savings mobilization of poor households.

**Basic Features:**

**Program Conduits:** As wholesaler of funds, the LBP taps the following entities as microfinance program conduits:

- Cooperatives (Coops)
- Countryside Financial Institutions (CFIs), composed of rural banks, cooperative banks and thrift banks
- Non-Government Organizations (NGOs)

**Major Eligibility Criteria for Availing MFIs:**

- Duly registered with Cooperative Development Authority (CDA), in case of coops; Bangko Sentral ng Pilipinas (BSP) and Securities and Exchange Commission (SEC), in case of CFIs; and SEC, in case of NGOs;
- With at least three (3) consecutive years experience in lending; , one year (most recent) of which is in microfinance;
- With audited financial statements (FS) for the last three (3) years (audit conducted by an external auditor);
- With capacity to engage in microfinance, as evidenced by the following:
  - Established MIS/loan tracking system;
  - Microfinance operating manual/systems and procedures;

- Microfinance business plan for at least three (3) years duly approved by its Board of Directors;
- At least two (2) members of its Board of Directors (BODs)/ officers are trained and familiar with microfinance; and
- With a separate unit to handle microfinance operations.

#### Available Credit Facility:

- Short Term Loan – Working Capital & Rediscounting
- Term Loan – Working Capital & Rediscounting

#### Other Eligibility Criteria:

Indicators	Benchmarks		
	Coops	CFIs	NGOs
Paid-up Capital/Networth	At least P300,000	At least P3M	At least P3M
Total Resources	At least P500,000	At least P5M	At least P5M
Core Management Team	Full-time Program Manager, Project/Loan Officer and Bookkeeper		
Debt-Equity Ratio	85:15	-	85:15
Liquidity Ratio	1:1	1:1	1.5:1
Net Past Due Ratio	Not more than 15% for consolidated lending; Not more than 5% for microfinance	Not more than 25% for consolidated lending; Not more than 5% for microfinance	Not more than 15% for consolidated lending; Not more than 5% for microfinance
Ratings (subject to change/periodic review of regulatory bodies)	At least Class B per LBP Coop Accreditation Criteria  PESO Rating* of at least 70 for existing MFI-clients	Camels Rating * of at least 3.0  PESO Rating of at least 70 for existing MFI-clients	-  PESO Rating of at least 70 for existing MFI-clients

\* Performance Standards for all types of MFIs; PESO is an acronym for Portfolio Quality; Efficiency; Sustainability and Outreach

\*\* Rating system being undertaken by the Bangko Sentral ng Pilipinas (BSP) to banks wherein the bank's condition in the following six (6) areas are being assessed: C-Capital Adequacy, A-Asset quality, M-Management; E-Earnings; L-Liquidity and S-Sensitivity to market risk

Indicators	Benchmarks		
	Coops	CFIs	NGOs
Ratings (Continuation)	PESO Rating of at least 60 for newly-accessing MFIs, provided t00% Loan Loss Reserve Ratio is met	PESO Rating of at least 60 for newly-accessing MFIs provided t00% Loan Loss Reserve Ratio is met	PESO Rating of at least 60 for newly-accessing MFIs provided t00% Loan Loss Reserve Ratio is met

### Basic Lending Policies:

Particulars	Short Term Loan	Term Loan
a. Term of Loan	One-year credit line	Five (5) years
b. Availability	Up to 360 days PN	Maximum of 3 tranches, but to be availed within one year from date of signing of loan agreement
c. Principal loan repayment	Upon PN maturity	Based on cash flow of the project; A maximum 2-year grace period on principal payments may be allowed, reckoned from date of initial loan release
d. Interest payment	Monthly payments	Quarterly payments
e. Maximum loanable amount	For Coops – up to 6 times of its network For CFIs - not to exceed its net borrowing capacity For NGOs - should be equal to the requirement of borrowers but not to exceed twice its existing loanable funds (exclusive of borrowings)	
f. Rediscounting rate (for STL-Rediscounting only)	Up to 85% of the current outstanding balance of the PNs rediscounted	
g. Interest rate	Prevailing interest rate at the time of loan release	Prevailing interest rate at the time of loan release

Particulars	Short Term Loan	Term Loan
h. Collateral requirement	<u>For STL- Rediscounting</u> <ul style="list-style-type: none"> <li>• Post Dated Checks (PDCs); Assignment of sub-PNs, including sub-borrowers' underlying collaterals, and guarantee cover, if any.</li> </ul>	<u>For TL-Rediscounting</u> <ul style="list-style-type: none"> <li>▪ Working Capital – REM or Hold-on deposit, and or government securities, and PDCs.</li> </ul>
	<u>For STL-Working Capital</u> <ul style="list-style-type: none"> <li>• PDCs and Continuing Assignment of Receivables</li> </ul>	<u>For TL-Working Capital</u> <ul style="list-style-type: none"> <li>▪ PDCs and Continuing Assignment of Receivables</li> </ul>

#### **Basic Documentary Requirements:**

- Certified true copy of the certificate of registration with: CDA, in case of coops; BSP and SEC, in case of CFIs; and SEC, in case of NGOs;
- Certified true copy of Articles of Cooperation (for Coops), and Articles of Incorporation for CFIs and NGOs;
- Information Sheet of the Board of Directors and Officers;
- Board Resolution authorizing the MFI to borrow, and designating at least two (2) officers to negotiate loan with LBP and sign loan documents with their specimen signature and pictures, and;
- Audited FS for the last 3 years plus latest interim FS at the time of application.

Contact Details:

#### **Programs Management Department I (PMD I)**

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**Program Title: CREDIT PROGRAM FOR COOPERATIVES**

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**Program Objective:** To help augment income, generate more economic activities and transform people's lives.

**Basic Features:**

**Eligible Borrowers:**

- Agricultural Cooperatives (Agri-Coops) – composed of majority of small farmers and fisherfolk and small hog/poultry/ livestock raisers;
- Non-Farmers or Credit Cooperatives – composed of market vendors, employees, teachers, rural workers, etc.;
- Institutional/Employees' Cooperative and Associations – composed of regular / permanent employees of an agency

**Basic Accreditation Criteria for Availing Cooperatives** - In order for a cooperative to avail of the LBP credit facilities, it has to meet the minimum accreditation requirements of the bank, which are as follows:

Particulars	Newly- Accessing Coops	Existing Bank Assisted Coops (Agri-Coops)	Credit Coops	Institutional / Employees' Coops and Associations
a. Maturity Level*	A,B,C & D	A,B,C & D	A,B,C & D	A,B,C & D
b. Membership	At least 60	At least 100	At least 300	At least 50
c. Paid-up Capital/ Surplus	At least P30,000	Average of P500/member	At least P300,000	At least P30,000
d. Core Management Team (Manager, Bookkeeper & Treasurer)	Complete, part time/ full time	Complete, part time/ full time	Complete, part time/ full time	Complete, part time/ full time
e. Profitability	Break-even Level	Profitable	Profitable	Profitable
f. Debt-Equity Ratio	6:1	6:1	6:1	-
g. Liquidity Ratio	1:1	1:1	1:1	1:1
h. Past Due Ratio	Not more than 25%	Not more than 25%	Not more than 15%	Not more than 15%
i. Risk Asset Ratio	-	-	Not less than 10%	Not less than 10%

\* Classification of coops based on their level of maturity using the bank's established coop accreditation criteria (CAC)

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**Available Credit Facility:**

- **Agricultural Production Loan (APL)** – short/medium/long term loans (depending on the gestation period of the crops/projects), for relending to cooperative members intended to finance crop production, livestock and poultry raising/breeding, fishery and aquaculture projects, and other agri/aqua-related projects, including cottage industries which utilize excess farm labor.
- **Working Capital Loan (WCL)** – intended to finance cooperative activities requiring operating capital for the purchase of raw materials, processing and trading of inputs and/or finished products, and the operation of fixed assets.
- **Rediscounting Line (RL)** – to supplement the cooperative's operating capital via rediscounting of promissory notes of its members.

**Terms/Requirements:*****Loan Amount:***

- Depends on the project needs or established loan ceilings for traditional and high-value crops which should not exceed 80% of the project cost;
- For rediscounting, maximum of 85% of the outstanding balance of the sub-promissory notes;
- For Institutional/ Employees' Cooperatives, up to six (6) months of the employees-sub-borrower's basic salary but not to exceed P300,000.00 or must be within the amount of bonuses and benefits to be received by the employee-sub-borrowers, *for the PNs rediscounted against the bonuses/benefits*, provided further that the total loanable amount, inclusive of the loan amount against the salary, will not exceed P300,000.00.

***Interest Rate:*** (subject to annual review by the bank, or whenever necessary depending on the market condition)

- Based on the prevailing prime rate at the time of loan availment plus a spread ranging from 3% to 6%, depending on the bank's established risk factors, such as coop's type (agri or non-agri coops), maturity level (classes A, B, C, D or newly-accessing), and loan security (secured or non-secured).
- For institutional/employees' cooperatives and associations, 11% per annum.

***Term of Loan/ Mode of Payment:***

- Based on the crop cycle and project cash flow
- For Institutional/ Employees' Cooperatives and Associations – up to two (2) years, payable in monthly amortizations



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***Documentary Requirements (Pre-processing):***

- Duly accomplished LBP loan application form;
- Certified true copy of the Certificate of Registration with the Cooperative Development Authority (CDA) and Articles of Cooperation and By-Laws;
- List of Board of Directors and Officers with bio-data and ID pictures, certified by the Board Secretary and attested by the Coop Chairman;
- Board Resolution authorizing the cooperative to borrow (stating the amount and purpose of loan) and designating at least two (2) officers to negotiate and sign documents with their specimen signatures and pictures;
- Audited Financial Statements (FS) for the last three (3) years, plus interim FS at the time of application; or interim FS for new coops;
- Masterlist of registered members with name of spouses, address, area and location of farm (if any), amount of subscribed and paid-up capital and specimen signatures prepared by the Board Secretary and attested by the chairman (applicable to new cooperatives).

Contact Details:

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**Program Title: ACCELERATING CHANGE IN THE COUNTRYSIDE  
THRU EQUITY SHARING STRATEGY (ACCESS)**

**Program Objective:** To catalyze countryside development by promoting livelihood and rural employment, and by priming up local agri-related and off-farm economic projects to raise productivity and income in priority areas of the country.

**Program Components:**

- Equity Investment
- Provision of Professional Management Team
- Technology Transfer and Marketing Assistance
- Equity Divestment

**Eligible Partners:**

- Cooperatives/Federations;
- Farmers and Fisherfolk;
- Non-Government Organizations (NGOs);
- Private Entrepreneurs;
- Local Government Units (LGUs); and
- Other interested investors.
- Partners should have no adverse CI/BI reports.

**Eligibility Requirements:**

- Agri-related and off-farm economic projects
- Located outside National Capital Region (NCR) and Metro Cebu; however, projects located inside the mentioned areas may be considered if raw materials are sourced from outside the said places.
- IRR of at least 12%
- At least four stockholders (including Landbank)

**Equity Investment Features:**

**Loan Amount:** Minimum of P1.0 Million; LBP Equity investment shall neither exceed P20.0 Million nor 35% of the total subscribed capital stock or 35% of total voting stock in a single enterprise, whichever is lower; provided that the total government equity shall not exceed 49% and foreign equity shall not exceed 40%. Investment shall be in Preferred Shares with voting power.

**Dividend Rate:** Entitled to cumulative dividends (including undeclared/ unpaid dividends for the prior year/s), Dividend Rate based on 91-day T-Bill rate computed at the end of the calendar year.

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**Divestment:**

- Shall be sold or redeemed at par value within a period of 15 years based on a schedule formulated by the Board of Directors considering the cash flow of the project.
- The corporation shall establish a sinking fund to ensure the redemption of Landbank shares.

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**Program Title: DEVELOPMENT ADVOCACY (DevAd) PROGRAM**

**Program Objectives:** DevAd Program is an innovative lending program for enterprises with viable and sustainable agri-related projects, but lacking in collateral or do not have a track record.

**Eligibility Criteria:**

- Accounts that could not comply with LBP's lending criteria but with viable projects
- Make use of credit enhancement instruments such as market contracts, post-dated checks and guarantee
- Make use of purchase orders or receivables financing

**Eligible Borrowers:**

- Cooperatives
- Federations
- Associations
- Non-Government Organizations (NGOs)
- Small and Medium Enterprises
- Agri-based entities

**Loan Purpose:**

- Production Loan
- Working Capital
- Fixed Assets Loan

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**Terms/Requirements:*****Loan Amount:***

- Depends on the requirement of the project, maximum of 80% of the total project cost
- Loans against receivables and POs shall not exceed 70% of their outstanding values

***Loan Securities:***

- Assignment of receivables
- Assignment of proceeds of market contract
- Guarantee cover
- Post-dated checks

**Contact Details:****Programs Management Department I (PMD I)**

Phone: (632) 522.0000 • (632) 551.2200 locals 2783; 2579; 2300 •  
(632) 405.7427

Fax: (632) 528.8542

E-mail: ddomingo@mail.landbank.com;  
hbautista@mail.landbank.com

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**MENTORS PHILIPPINES MICROFINANCE FOUNDATION, INC.**  
**(formerly Philippine Microenterprise Development Foundation, Inc.)**  
**G/F Melendres Building, F. Manalo Street, Pasig City**

**Program Title: BALIKATAN SA KAUNLARAN**  
**(Partnership for Progress)**

**Program Objective:** To provide opportunities for poor Filipino families particularly women to achieve self-reliance through self-help, training, mentoring, and provision of sustainable financial services, including collateral-free loans.

**Eligible Borrowers:**

- Poor but enterprising women who fit the following criteria for poverty:
  - Their “house index” as indicated by the points system based on floor area, type of material and roofing used should not exceed the maximum of six (6) points; and,
  - Their income index per capita should not exceed P2,000.00 per month.
- Must be a group of 5 to 10 friends who trust each other and live closely to be able to look after each other;
- Must undergo a 2-day pre-loan orientation seminar to learn about the program’s philosophy and rules to be prepared for the discipline required and pass the Group Recognition Test;
- Must be willing to be federated with other recognized groups to form a Center with a minimum of 30;
- Must be willing to attend one-hour weekly Center meeting near their homes; and,
- Must be willing to memorize and live by the Clients’ Verbal Pledge (code of honor).

**Loan Purpose:**

- General Loan – as working capital for income generating activities (e.g. livelihood)
- Special Loan – to finance other non-business related needs such as tuition fee, house repair, electric and water utility installation, etc. Also to finance seasonal capital needs as in during Christmas season and school enrollment period.
- Emergency and Calamity Loans – to address the urgent needs during times of personal and natural calamities, such as sickness or death of an immediate family member, floods, typhoons, fire, and other natural calamities.

**Coverage:** Metro Manila, Rizal, Cavite, and Bulacan

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**Terms/Requirements:*****Loan Amount:***

- General Loan – P1,000.00 to P75,000.00
- Special Loan – P1,000.00 to 30,000.00
- Calamity Loan – P3,000 to P5,000

***Interest Rate:*** Average interest ranges from 0.5% to 1% per week.

***Maturity / Repayment:***

- General Loan – 12 to 50 weeks in weekly payments.
- Special Loan – 4 to 50 weeks in weekly payments.
- Calamity Loan – 50 weeks in weekly payments.

***Security:***

- For loans less than P15,000.00 – no collateral.
- For loans of P15,000.00 & above– Post-Dated Checks.

**Other Services Offered to Clients:**

- Enrollment with PhilHealth (voluntary basis)
- Family accident insurance coverage (very affordable premium)
- Death benefit for spouse and member
- Loan redemption coverage
- Voluntary and withdrawable savings with high interest earnings for members

**Contact Details:**

**Head Office:** (632) 641.2207 • (632) 642.3895 • (632) 628 4532

**Pasig Branch:** (632) 641.2207 • (632) 486.6973

**Marikina Branch:** (632) 998.2027

**Quezon City Branch:** (632) 393 9962

**Tondo Branch:** (632) 712.8047

**Paranaque Branch:** (632) 489.3515

**San Jose Del Monte Branch:** (632) 393.8890

**Bacoor Branch:** (632) 489 9124

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**NATIONAL LIVELIHOOD DEVELOPMENT CORPORATION (NLDC)**  
7F, One Corporate Plaza, 845 A. Arnaiz Avenue, Makati City

**Program Title: LIVELIHOOD CREDIT ASSISTANCE PROGRAM (LCAP)**

**Program Objective:** To provide livelihood and enterprise development assistance to small farmer beneficiaries in the agrarian reform communities (ARCs) and members of the marginalized sectors by providing access to micro credit through accredited NLDC program partners/conduits, supported by capability building/institutional development interventions.

**Target Clients:**

- Program Partners/Lending Conduits
  - Rural Financial Institutions (RFIs)
  - Cooperatives
  - Non-Government Organizations (NGOs)
- End-Borrowers
  - Agrarian reform beneficiaries/small farmers and their wives/dependents in the ARCs; and,
  - Other non-farmer and marginalized households in the ARCs and Kalahi zones.

**Types of Services:**

- Revolving Credit Line – funds for relending to finance the livelihood project requirements of end-borrowers.
- Developmental Loan – loan amount shall be to a maximum of 10% of the Conduit's total loan outstanding. At least 50% of the credit line should have been utilized before it can be availed of. The loan is to be used specifically for the following:
  - For the conduct of capability-building/training of staff of the conduit handling the NLDC livelihood credit program and the conduct of social preparation activities for the end-borrowers; and,
  - For logistic support expenses as allowed by NLDC and depending on its assessment of the needs of the client.

**Accreditation Criteria for Partners/Conduits:**

- Registered with the appropriate government entity;
- Profitable operations for the last 3 years and interim;
- Satisfactory credit record with other creditors; and,
- At least 10% leverage Capital Risk to Asset Ratio (CRAR).

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## **Terms/Requirements:**

### ***Loan Amount:***

- Program Partners
  - Revolving Credit Line– Depends on the credit evaluation, program plans and number of target end-borrowers but not to exceed its total asset base.
  - Developmental Loan – depends on the needs of the Program Partner as assessed by NLDC but not to exceed 10% of the approved credit line.
- End-Borrowers – P3,000 to P50,000.

### ***Interest Rates:***

- Program Partners
  - Revolving Credit Line– 9% per annum
  - Developmental Loan – 4% per annum; loan duration shall depend on the nature of the soft loan utilization but not to exceed three (3) years.

### ***Security:***

- Program Partners
  - Continuing Deed of Assignment of end-borrowers' Promissory Notes and their underlying collaterals
  - Post-dated Checks
  - Chattel or Real Estate Mortgage, if any.
- End-Borrowers – no collateral

### ***Application Requirements:***

- Accomplished NLDC application forms;
- Registration and Incorporation papers;
- Board Resolution to borrow;
- Audited financial statement for the last 3 years and latest interim financial statement; and,
- Other requirements that may be deemed necessary by NLDC.



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**Program Title: LIVELIHOOD DEVELOPMENT PROGRAM FOR OVERSEAS FILIPINO WORKERS (LDPO)**

**Program Objective:** To help OFWs and their families start or sustain their own business through access to credit, capability building, market linkage and other forms of livelihood or entrepreneurial assistance.

**Target Clients:**

- All active and former member-OFWs of the Overseas Workers Welfare Administration (OWWA)
- OFWs' immediate family members (but only one family member per OFW can avail)
  - For married OFWs: spouse or children of legal age
  - For single OFWs: parents or children of legal age
- Former OWWA LDPO borrowers with good records of repayment

**Loan Purposes and Repayment Period:**

- For short-term operating capital of new or existing business - two-year revolving credit line to be availed of via 30 to 180 days promissory notes.
- For permanent working capital for purchase of stock inventory or cost of franchise - 3 years repayment including one-year grace period on the principal.
- For asset acquisition or construction (except for purchase of land) - payable in 3 to 5 years including one-year grace period on the principal.

**Terms/Requirements:**

***Loan Amount:***

- Individual Borrower – maximum loan of P200,000
- Organized and Registered Group of at least five members – maximum of P1.0 Million.

***Interest Rate:***

- NLDC to Program Partners
  - Interest: 3% per annum to be amortized with principal
  - Service Fee: 1% per annum to be deducted upon loan release and every start of succeeding year based on outstanding balance
- Conduits to OFW borrower
  - Interest: 9% per annum to be paid on maturity of short term loan or amortized with principal in case of 3-5 year loans
  - Service Fee: 2% per annum payable upon loan release and at the start of every year thereafter based on outstanding balance
  - Facilitation Fee: 3% one time for the entire term of loan (to cover for CI/BI, appraisal and processing expenses)

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**Security:** Loans shall be 100% collateralized by any or a combination of the following unencumbered assets/rights:

- Real estate;
- Chattel properties;
- Stock inventories;
- Receivables;
- Insurance/pre-need policies; and,
- Other types of collateral acceptable to the NLDC conduit.

***Loan Requirements for OFWs:***

- Proof of OWWA contribution
- Business Plan/Project Feasibility Study
- Business permit/license for on-going projects
- Financial statements in case of existing business
- Documents to establish borrower's relationship with the OFW (for beneficiaries)
- Collateral papers/ownership titles, etc.

Contact Details:

**National Livelihood Development Corporation**

Phone: (632) 817.2657 • 894.1713 • 817.8730

Fax: (632) 817.2659

E-mail: [nldc.publicrelations@gmail.com](mailto:nldc.publicrelations@gmail.com)

URL: [www.nldc.gov.ph](http://www.nldc.gov.ph)

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**OPPORTUNITY KAUSWAGAN BANK, INC.**  
A & L Building, E. Lopez Street, Jaro, Iloilo City

**Program Title: PROYEKTO SA KAUSWAGAN SA KATILINGBAN (PKK)**

**Program Objective:** A microfinance lending program designed to alleviate poverty by empowering the marginalized sector towards economic growth through values formation and livelihood training programs, micro insurance, savings services in form of capital build-up, regular savings account, special savings account, and loan funds to a group of 35-45 micro entrepreneurs having a business activity without collateral documents.

**Eligible Borrowers:**

***New Clients:***

- Individual, male or female, 21-60 years old
- Presently engaged in a business that is profitable, decent and legal and which provides a stable source of daily or weekly income
- Engaged in present business for at least 1 year
- Residing in present address for at least 3 years. Residence must be within the bank's service area.
- Without any history of past due loan with other MFIs, creditors and suppliers
- Can provide a Barangay Business Permit

***Clients Graduating from PKK:***

- Individuals, male or female, 21-60 years old
- Presently engaged in a business that is profitable, decent and legal and which provides a stable source of daily or weekly income
- Engaged in present business for at least 1 year
- Residing in present address for at least 3 years. Residence must be within the bank's service area.
- PKK clients for at least 2 years and with good repayment and performance

**Loan Purpose:** Loans in small amounts for people involved in income generating activities, especially women, who do not have access to credit because of lack of collateral or assets. Specifically those who have small informal businesses and need working capital.

**Terms/Requirements:**

**Loan Amount:** Minimum of P5 Thousand; Maximum of P150 Thousand

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**Interest Rate:** 2.5% per month

**Maturity / Repayment:**

- Three (3) to six (6) months
- Weekly and monthly payments (amortized)

**Security:**

- Clean for group loans
- Real Estate; Chattel of Motor Vehicles; Serialized Equipment and other Acceptable Securities for Individual Loans with loan amount of over P50,000.00.

**Requirements:**

- Application form (complete information provided and signed by applicant and spouse or co-borrower)
- ID picture
- Valid identification cards (IDs)
- Business license/Barangay permit
- Business records and receipts (if available)
- Official receipts for utility bill payments (last 3 months)
- Proof of loan payments and deposits (if applicable)
- Proof of ownership of assets
- Co-Maker's statement
- For Real Estate:
  - Machine copy of Certificate of Title certified (all pages) by the Registry of Deeds
  - Location and Vicinity Map signed and sealed by a Geodetic Engineer
  - Machine copy of Tax Declaration
  - Real Estate Tax Receipts and Tax Clearance
- For Chattels:
  - Machine copy of LTO Certificate of Registration
  - Machine copy of LTO Official Receipt
  - 3 sets of Stencils of Engine and Chassis Number
- Proof of ownership for serialized equipment and appliances
- Deed of Assignment

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<b>Program Title:</b>	<b>MICRO ENTERPRISE TRANSITION PROGRAM (METP)</b>
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**Program Objective:** A microfinance lending program designed to serve as bridge between “Proyekto sa Kauswagan sa Katilingban (PKK)” to Micro Enterprise Development Program (MEDP); developing micro enterprises by providing financial assistance to a smaller group of five micro entrepreneurs for the expansion of their existing businesses; increasing productivity and income; and creating employment opportunities for the unemployed and underemployed.

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**Eligible Borrowers:*****New Clients:***

- Individual, male or female, 21-60 years old
- Presently engaged in a business that is profitable, decent and legal and which provides a stable source of daily or weekly income
- Engaged in present business for at least 1 year
- Residing in present address for at least 3 years. Residence must be within the bank's service area.
- Without any history of past due loan with other MFIs, creditors and suppliers
- Can provide a Barangay Business Permit

***Clients Graduating from METP:***

- Individuals, male or female, 21-60 years old
- Presently engaged in a business that is profitable, decent and legal and which provides a stable source of daily or weekly income
- Engaged in present business for at least 1 year
- Residing in present address for at least 3 years. Residence must be within the bank's service area.
- PKK clients for at least 2 years and with good repayment and performance

**Loan Purpose:** Loans in small amounts for people involved in income generating activities, especially women, who do not have access to credit because of lack of collateral or assets. Specifically those who have small informal businesses and need working capital.

**Terms/Requirements:**

***Loan Amount:*** Minimum of P5 Thousand; Maximum of P150 Thousand

***Interest Rate:*** 2.5% per month

***Maturity / Repayment:***

- Three (3) to six (6) months
- Weekly and monthly payments (amortized)

***Security:***

- Clean for group loans
- Real Estate; Chattel of Motor Vehicles; Serialized Equipment and other Acceptable Securities for Individual Loans with loan amount of over P50,000.00.

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**Requirements:**

- Application form (complete information provided and signed by applicant and spouse or co-borrower)
- ID picture
- Valid identification cards (IDs)
- Business license/Barangay permit
- Business records and receipts (if available)
- Official receipts for utility bill payments (last 3 months)
- Proof of loan payments and deposits (if applicable)
- Proof of ownership of assets
- Co-Maker's statement
- For Real Estate:
  - Machine copy of Certificate of Title certified (all pages) by the Registry of Deeds
  - Location and Vicinity Map signed and sealed by a Geodetic Engineer
  - Machine copy of Tax Declaration
  - Real Estate Tax Receipts and Tax Clearance
- For Chattels:
  - Machine copy of LTO Certificate of Registration
  - Machine copy of LTO Official Receipt
  - 3 sets of Stencils of Engine and Chassis Number
- Proof of ownership for serialized equipment and appliances
- Deed of Assignment

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**Program Title: MICRO ENTERPRISE DEVELOPMENT PROGRAM (MEDP)**

**Program Objective:** A microfinance lending program that facilitates human transformation to any micro entrepreneurs; introducing them to the mainstream of the financial system through granting of the individual loans based on cash flow of their existing micro or small enterprises; and creating employment opportunities.

**Eligible Borrowers:**

- Individual, male or female, 21-60 years old
  - Presently engaged in a business that is profitable, decent and legal and which provides a stable source of daily or weekly income
  - Engaged in present business for at least 1 year
  - Residing in present address for at least 3 years. Residence must be within the bank's service area.
  - Without any history of past due loan with other MFIs, creditors and suppliers
  - Can provide a Barangay Business Permit
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**Loan Purpose:** Loans in small amounts for people involved in income generating activities, especially women, who do not have access to credit because of lack of collateral or assets. Specifically those who have small informal businesses and need working capital.

**Terms/Requirements:**

**Loan Amount:** Minimum of P5 Thousand; Maximum of P150 Thousand

**Interest Rate:** 2.5% per month

**Maturity / Repayment:**

- Three (3) to six (6) months
- Weekly and monthly payments (amortized)

**Security:**

- Clean for group loans and Real Estate; Chattel of Motor Vehicles; Serialized Equipment and other Acceptable Securities for Individual Loans with loan amount of over P50,000.00.

**Requirements:**

- Application form (complete information provided and signed by applicant and spouse or co-borrower)
- ID picture
- Valid identification cards (IDs)
- Business license/Barangay permit
- Business records and receipts (if available)
- Official receipts for utility bill payments (last 3 months)
- Proof of loan payments and deposits (if applicable)
- Proof of ownership of assets
- Co-Maker's statement
- For Real Estate:
  - Machine copy of Certificate of Title certified (all pages) by the Registry of Deeds
  - Location and Vicinity Map signed and sealed by a Geodetic Engineer
  - Machine copy of Tax Declaration
  - Real Estate Tax Receipts and Tax Clearance
- For Chattels:
  - Machine copy of LTO Certificate of Registration
  - Machine copy of LTO Official Receipt
  - 3 sets of Stencils of Engine and Chassis Number
- Proof of ownership for serialized equipment and appliances
- Deed of Assignment

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**Program Title: MICRO, SMALL & MEDIUM ENTERPRISES  
DEVELOPMENT LENDING PROGRAM (SMED)**

**Program Objective:** A lending program for mainstreaming micro financing clients, micro, small and medium enterprises, open to individuals, partnerships, corporations and cooperatives for purposes of export financing, credit line, permanent working capital requirements and fixed asset acquisition (purchase of equipment, lot and inventories, building construction) and refinancing.

**Eligible Borrowers:**

**General:**

- Individuals between 21-60 years old during the time of application
- With decent, legal and stable source of income
- Residing in present address for at least 3 years. Residence must be within the bank's service area.
- No adverse credit findings and without any history of past due loans
- In good health and insurable
- No previous or pending court cases
- Not included in the Bank's client negative list

**MSMEs (Individuals, Partnerships, Corporations and Cooperatives):**

- MSMEs that are 100% Filipino owned for single proprietorship or partnership or cooperatives and at least 60% if a corporation.
- MSMEs that are within major sectors of the economy: Industry, services, practice of profession, tourism related establishments, agri-business.
- MSME with an asset size of less P3,000,001 and not more than P100,000,000.
- MSMEs must be duly registered with appropriate government agencies.
- At least three (3) year track record for existing MSMEs and one (1) year track record for start-up capital for newly established micro and small enterprises.
- MSMEs under a franchise agreement or franchisee.
- MSMEs owned by Individuals, Partnerships, Corporations and Cooperatives.
- BMBE (Barangay Micro Business Enterprises).

Note: MSMEs covered must not be a branch, subsidiary or division of a large scale enterprise. MSMEs must not be engaged in: Farm level crop, livestock and agra/aqua production; purely trading of imported goods; vice generating activities such as liquor, cigarettes extractive activities and housing projects.



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**Loan Purposes:**

- For fixed assets financing: covers acquisition of fixed assets (equipment or motor vehicle acquisition; lot acquisition (limited to 25% of the total loan) and building construction and improvements.
- For small and permanent working capital: covers permanent working capital to finance the receivables and/or inventory and soft or intangible investments such as: trade fair participation; pre-operating expenses for expansion project; training; rental deposit; IT software packages; franchise development packages and others.
- For loan refinancing: covers any of the above stated loan purposes from other banks and other financial institutions.

**Terms/Requirements:**

**Loan Amount:** Over P150,000.00; Maximum P10,000,000.00 (SBL)

**Interest Rate:** 16%-18% per annum

**Maturity / Repayment:**

- One (1) year to five (5) years
- Monthly (amortized)

**Security:**

- Real Estate; Chattel of Motor Vehicles; Serialized Equipment and other Acceptable Securities.

**Requirements:**

- Application Form
- Co-Maker's Statement
- Xerox Copy of Tax Identification Number (T.I.N.), Driver's License, Passport, SSS ID, PRC ID, Postal ID and any valid ID's issued by the government, any two (2) valid ID
- Two (2) pieces 2" x 2" ID pictures of the borrower, spouse and co-borrower
- Original Court Clearance
- Machine copy of Income Tax Returns and Audited Financial Statements (Balance Sheet, Income Statement and Cash Flow Statement) for the last three (3) years for existing MSMEs and at least one (1) year for start-up MSMEs.
- Bank Statements for the last six (6) months
- Machine copy of DTI Certificate of Business Name Registration, Mayor's Permit/NFA License/Contractor's License

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- For Real Estate:
    - Machine copy of Certificate of Title certified (all pages) by the Registry of Deeds
    - Location and Vicinity Map signed and sealed by a Geodetic Engineer
    - Machine copy of Tax Declaration
    - Real Estate Tax Receipts and Tax Clearance
  - For Chattels:
    - Machine copy of LTO Certificate of Registration
    - Machine copy of LTO Official Receipt
    - 3 sets of Stencils of Engine and Chassis Number
  - Project study or detailed business plan (for new projects and for expansion of existing project)
  - Projected Income Statement, Balance Sheet and Cash Flow Statement with basic assumptions for the term of the loan
  - Evidence/Affidavit of ownership of existing machinery/ies and equipment.
  - Building Plan, Bill of Materials, Cost Estimates specifications of proposed improvements and building permits
  - Price quotations and catalogs of machineries and equipment to be acquired
  - Conditional Contract to sell for property/ies to be acquired
  - Brief history of the business, partnership, cooperative and corporation

***Additional Requirements for Partnerships, Corporations and Cooperatives:***

- Notarized Board Resolution authorizing the management and its officers to obtain loan from the Bank and designating authorized officers as signatories
- Duly accomplished Basic Information Sheet
- Articles of Partnership and SEC Registration
- Bio-data of Board Members and Key Officers
- Notarized list of current Board Members, Key Officers, and current principal stockholders with their citizenship certified by Corporate Secretary
- Machine copy of Articles of Incorporation and By-Laws and SEC Certificate of Registration
- Machine copy of CDA Certificate of Registration, Articles of Cooperation and By-Laws
- Certified list of active members as of latest date, indicating each one's share in the cooperative's paid-up capital
- Latest Interim Financial Statements

**Contact Details:**

**Mr. Benjamin T. Montemayor**, President and CEO

Phone: (6333) 320.4887

Fax: (6333) 320.8347

E-mail: [kbankho@yahoo.com](mailto:kbankho@yahoo.com); [okbankpres@yahoo.com](mailto:okbankpres@yahoo.com)

URL: [www.omb.org.ph](http://www.omb.org.ph)

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**Branches:**

<b>LUZON</b>	Antipolo City, Rizal Telephone: (02) 630.0165
	Valenzuela City (LCDP) Telephone: (02) 293.6331
	Bagong Silang, Quezon City (LCDP) Telephone: (02) 962.9069
	Sapang Palay, Bulacan (LCDP) Telephone: (044) 691.5450
	Fairview, Quezon City (LCDP) Telephone: (02) 431.4452
	Lower Caloocan, Caloocan City (LCDP) Telephone: (02) 367.5349
<b>VISAYAS</b>	
<b>Western</b>	Jaro, Iloilo City Telephone: (033) 320.5831
	Leon, Iloilo (OBO) Telephone: (033) 331.0067
	Miag-ao, Iloilo (OBO) Telephone: (033) 315.9973
	Roxas City, Roxas Telephone: (036) 621.1908
	San Jose, Antique Telephone: (036) 540.7136
	Sigma, Roxas Telephone: (036) 647.0578
	Kalibo, Aklan Telephone: (036) 500.8839
<b>Central</b>	Minglanilia, Cebu Telephone: (032) 273.7468
	Car-car, Cebu (OBO) Telephone: (032) 487.9095
	Tagbilaran City, Bohol Telephone: (038) 411.5776
	Ubay, Bohol Telephone: (038) 331.1304
	Tubigon, Bohol (OBO) Telephone: (038) 508.8503
<b>Eastern</b>	Tacloban City, Leyte Telephone: (053) 325.4100
	Carigara, Leyte (OBO) Telephone: (053) 331.1116
	Ormoc City, Leyte Telephone: (053) 561.0885
	Calbayog City, Samar Telephone: (055) 209.2566

**Program Title: MICROFINANCE PROGRAM**

**Program Objective:** To provide the poor with access to livelihood credit and other microfinance services through accredited partner microfinance institutions (MFIs).

**Eligible Borrowers / Sub-Borrowers:**

- Borrowers (Accredited MFIs) – Non-Government Organizations (NGOs), Cooperatives, Rural and Cooperative Banks, Thrift Banks duly organized, with either a track record of lending operations or with proven capabilities in implementing microfinance programs that can augment the income of targeted poor clients.
- Sub-Borrowers – Households below the poverty threshold level as defined by the National Economic Development Authority (NEDA) and as identified by the Government's Social Reform Agenda through the National Anti-Poverty Commission (NAPC).

**Loan Purposes:**

- Borrowers/MFIs
  - Investment Credit – a revolving credit line for relending to sub-borrowers to finance their livelihood projects.
  - Institutional Credit – for capability building activities of MFIs.
- Sub-Borrowers – working capital for income generating activities (livelihood).

**Terms/Requirements:**

***Loan Amount:***

- Borrowers/MFIs – Based on evaluation/credit needs.
- Sub-Borrowers in Groups or Centers or Individuals – Up to a maximum of P150,000.00 depending on sub-borrowers' requirements and cash flows.

***Interest Rate:***

- Borrower/MFIs
  - Investment Credit: 10% to 12% p.a. based on interest guidelines plus 1% service fee.
  - Institutional Credit: 3% p.a. plus 1% service fee.
- Sub-borrowers – based on MFI's credit policies and guidelines

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**Maturity / Repayment :**

- Borrowers/MFIs

	Investment Credit (per drawdown)	Institutional Credit
Short	One year	Two years
Medium	Three years	
Long	Four years	

- Sub-Borrowers – Six months to one year term; normally payable weekly or as per policy of the MFI.

**Security:**

- Borrowers/MFIs

Investment Credit	Institutional Credit
Deed of Assignment of sub-borrowers Promissory Notes (PNs) and all underlying collaterals; Post dated checks (PDCs) and/or others as may be required.	Deed of Chattel Mortgage (DCM) of assets to be acquired from loan proceeds, if any; Post dated checks (PDCs) and/or others as may be required.

- Sub-Borrowers – Essentially no collateral.

**Program Partners or MFIs:** Please inquire from the following PCFC officials:

Contact Details:

Regions 1, 2, 3 and CAR:

**Atty. Jessica A. Barrun**

AVP-AMD 1

Phone: (632) 752.3745 local 120

Mobile: 0917.574.9915

Regions 4A, 4B, 5 and NCR:

**Mr. Erwin M. Idong**

AVP-AMD 2

Phone: (632) 752.3745 local 130

Cel No. 0917.574.9914

Regions 6, 7, and 8:

**Mr. Ariel M. Tatlonghari**

AVP-AMD 3

Phone: (632) 752.3745 local 140

Cel No. 0917.574.9912

Regions 9, 10, 11, 12

Caraga, and ARMM:

**Mr. Dennis A. Monong**

AVP-AMD 4

Phone: (632) 752.3745 local 150

Cel No. 0917.574.9968

Fax: (632) 325.0448

E-mail: [info@pcfc.ph](mailto:info@pcfc.ph)

URL: [www.pcfc.gov.ph](http://www.pcfc.gov.ph)

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**Program Title: MICRO-HOUSING LOAN FACILITY**

**Program Objective:** To support the government's effort to improve the quality of life of the poor thru financial assistance for housing improvement such as house repairs, renovation or expansion.

**Eligible Borrowers:**

- PCFC to MFI – accredited MFI partners
- MFI to Borrower – low income families in urban and rural areas

**Loan Purpose:**

- PCFC to MFI – to finance the MFI's relending program for its end-clients
- MFI to Borrower – to finance home improvement (repair, renovation, completion, expansion)

**Type of Credit Facility:** Term loan (non-revolving) available within one year from approval of credit facility

**Terms/Requirements:**

***Loan Amount:***

- PCFC to MFIs – based on 85% of credit needs of end-clients as indicated in the Housing Availment Plan (HAP)
- MFI to Borrower – in accordance with MFI's credit policies and end-clients repayment capacity (cash flow) but shall not go beyond P 150,000.00 inclusive of end-clients other loans with the MFI. (Labor may be provided as counterpart of end-clients.)

***Interest Rate and Service Charge:***

- PCFC to MFI
  - 10% to 12% p.a. based on interest guidelines plus 1% service fee.
- MFI to Borrower – based on MFI's credit policies and guidelines

***Maturity and Mode of Payment:***

- PCFC to MFIs – up to 5 years inclusive of 6-month grace period on principal for PNs with terms of 2 years or more; quarterly amortization on principal and interest
- MFI to Borrower – based on MFI's credit policies and guidelines but not to exceed 5 years

***Manner of Availment:***

- PCFC to MFI – reimbursement basis (i.e., drawdown against actual loan releases to end-clients) or liquidation basis (i.e., drawdown based on projected loan releases); list of borrowers to be submitted within 2 months from drawdown with PCFC.

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- MFI to Borrower – based on MFI's credit policies and guidelines  
*(Staggered release based on work progress subject to loan utilization check of previous drawdown is suggested.)*

**Security:**

- PCFC to MFIs – post-dated checks; Deed of Assignment of sub-PNs and all underlying collaterals
- MFI to Borrower – based on MFI's credit policies and guidelines, i.e., chattel mortgage and insurance for loans above P 75,000.00.

**Additional Availment Requirements:**

- PCFC to MFI – submission of Housing Availment Plan (HAP)
- MFI to Borrower – The house repair loan should be supported by a livelihood project and/or total household cash flow analysis.

Contact Details:

Phone (632) 897.8521 • 752.3745

**If you are from:**

Regions 1, 2, 3, and CAR	Local 125
Regions 4A, 4B, 5 and NCR	Local 134
Regions, 6, 7 and 8	Local 144
Regions 9, 10, 11, 12, Caraga & ARMM	Local 156

Fax No. (632) 325.0448

E-mail: [info@pcfc.ph](mailto:info@pcfc.ph)

URL: [www.pcfc.gov.ph](http://www.pcfc.gov.ph)

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**Program Title: MICRO-ENERGY CREDIT PROGRAM**

**Program Objectives:** To support reforms and priority investments to improve the quality of life in rural areas through the provision of adequate, affordable and reliable energy services specifically the small-scale renewable energy solar home system/solar lanterns. The program is operationalized in partnership with viable microfinance institutions.

**Eligible Borrowers:**

- PCFC to MFI – accredited MFI partners
- MFI to Borrower – Low Income families in urban and rural areas *(Suggested priority areas are households in an un-energized barangays and un-energized households in “energized” barangays.)*

**Loan Purpose:**

- PCFC to MFI – to finance the MFI's micro-energy program for its end-clients
- MFI to Borrower – to finance the acquisition of small scale renewable energy solar home system/solar lanterns of poor individual households

**Type of Credit Facility:** Term loan (non-revolving) available within one year from approval of credit facility

**Terms/Requirements:**

***Loan Amount:***

- PCFC to MFI – based on 85% of credit needs of end-clients as indicated in the Solar Availment Plan (SAP).
- MFI to Borrower – in accordance with MFI's credit policies and end-clients repayment capacity (cash flow) but shall not go beyond P150,000.00 inclusive of end-clients other loans with the MFI.

***Interest Rate and Service Charge:***

- PCFC to MFI
  - 10% to 12% p.a. based on interest guidelines plus 1% service fee.
- MFI to Borrower – based on MFI's credit policies and guidelines

***Maturity and Mode of Payment:***

- PCFC to MFIs – up to 5 years inclusive of 6-month grace period on principal for PNs with terms of 2 years or more; quarterly amortization on principal and interest
- MFI to Borrower – based on MFI's credit policies and guidelines but not to exceed 5 years



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**Manner of Availment:**

- PCFC to MFI – reimbursement basis (i.e., drawdown against actual loan releases to end-clients) or liquidation basis (i.e. drawdown based on projected loan releases); list of borrowers to be submitted within 2 months from drawdown with PCFC.
- MFI to Borrower – based on MFI's credit policies and guidelines (*Loan utilization check within 30 days from release is suggested.*)

**Security:**

- PCFC to MFIs – post-dated checks; Assignment of (a) all PNs of end-clients or MFI's receivables from end-clients, (b) credit guarantee proceeds, and/or (c) buy-back proceeds.
- MFI to Borrower – based on MFI's credit policies and guidelines, i.e., chattel mortgage and insurance for loans above P 75,000.00.

**Additional Availment Requirements:**

- PCFC to MFIs – submission of Solar Availment Plan (SAP)
- MFI to Borrower – based on MFI's credit policies and guidelines. The micro energy loan should be supported by a livelihood project and/or total household cash flow. [*Loan Guarantee Fund (c/o RPP-LGF) and Buy Back Scheme (c/o supplier) are suggested.*]

**Contact Details:**

Phone (632) 897.8521 • 752.3745

**If you are from:**

Regions 1, 2, 3, and CAR	Local 125
Regions 4A, 4B, 5 and NCR	Local 134
Regions, 6, 7 and 8	Local 144
Regions 9, 10, 11, 12, Caraga & ARMM	Local 156

Fax No. (632) 325.0448

E-mail: [info@pcfc.ph](mailto:info@pcfc.ph)

URL: [www.pcfc.gov.ph](http://www.pcfc.gov.ph)

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**Program Title: MICRO-AGRI CREDIT PROGRAM**

**Program Objectives:** To provide financial opportunities for the agri-fishery projects of small farmers and fisherfolk households. The program is in partnership with Agricultural Credit Policy Council (ACPC).

Borrower Organizations may avail themselves of any of the following financing facilities:

- **Agri-fishery Microfinance Loan Facility** – for agri-fishery and other agri-related activities.
- **Value Chain Financing Facility** – for value chain activities and asset acquisition for post production/agri-enterprise or agri-business project.
- **Asset Acquisition Financing Facility** – for acquisition of farm machinery and equipment (i.e., water pump, shallow tube well, thresher, etc.)

**Eligible Borrowers:**

- PCFC to MFI – accredited MFI partners
- MFI to Borrower
  - **Agri-fishery Microfinance Loan Facility** – spouses, household heads or adult working members of small farming/fishing households. (*Only one member per household is qualified to borrow at a single time under the program.*)
  - **Value Chain Financing Facility** – microfinance groups/centers or organizations with or without juridical personality that meet the following criteria:
    - Composed of at least five (5) members;
    - Engaged in any post-production / agri-enterprise / agri-business projects;
    - With firm market and established supply of raw materials.
  - **Asset Acquisition Financing Facility** – those eligible in agri-fishery and value chain financing facilities with at least one (1) year track record as microfinance sub-borrower.

**Loan Purpose:**

- PCFC to MFI – to finance the MFI's relending program for its end-clients
- MFI to Borrower
  - **Agri-fishery Microfinance Loan Facility** – to finance any or combination of new farm, non-farm income generating activities and or refinance the rehabilitation of existing agri-fishery projects which have been affected by calamities.
  - **Value Chain Financing Facility** – loans availed by the borrower group shall be used for the following purposes:
    - a. Working capital to finance any of the value chain activities (i.e., processing and/or marketing); and

- 
- b. Acquisition of assets of an agri-enterprise / agri-business projects that are engaged in agri-fishery product marketing or agri-fishery inputs trading. *(Provided that such projects have direct forward or backward link with small farmers/fisherfolk.)*
  - **Asset Acquisition Financing Facility** – loans availed shall be used for the acquisition of farm, machinery and equipment (i.e., water pump, shallow tube well, thresher, etc.)

**Type of Credit Facility:** Term loan (non-revolving) available within one year from approval of credit facility

**Terms/Requirements:**

**Loan Amount:**

- PCFC to MFI – based on evaluation/credit needs but not to exceed P 20.00 Mn per MFI.
- MFI to Borrower
  - **Agri-fishery Microfinance Loan Facility** – shall depend on the assessed repayment capacity of the sub-borrower based on household cashflow but not to exceed P 150,000.00 per sub-borrower.
  - **Value Chain Financing Facility** – The financing limit per group/organization is P 1.00 Mn but not to exceed P 150,000.00 per member, whichever is lower.
  - **Asset Acquisition Financing Facility** – shall depend on the assessed repayment capacity of the sub-borrower based on household cash flow but not to exceed P 150,000.00 per sub-borrower.

**Interest Rate and Service Charge:**

- PCFC to MFI
  - 10% to 12% p.a. based on interest guidelines plus 1% service fee.
- MFI to Borrower – based on MFI's credit policies and guidelines

**Maturity and Mode of Payment:**

- PCFC to MFIs – up to 4 years inclusive of 6-month grace period on principal for PNs with terms of 2 years or more; quarterly amortization on principal and interest
- MFI to Borrower
  - **Agri-fishery Microfinance Loan Facility** – shall have a maturity not exceeding one (1) year and the amortization schedule shall be based on the household cash flow. At least 20% of the loan should be amortized either weekly or monthly and the remaining balance to be paid upon loan maturity.

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- **Value Chain Financing Facility** – shall have a maturity not exceeding three (3) years and the amortization schedule shall be based on the cash flow of the business.
  - **Asset Acquisition Financing Facility** – shall have a maturity not exceeding three (3) years and the amortization schedule shall be based on the household cash flow.

**Manner of Availment:**

- PCFC to MFI – reimbursement basis (i.e., drawdown against actual loan releases to end-clients) or liquidation basis (i.e. drawdown based on projected loan releases); list of borrowers to be submitted within 2 months from drawdown with PCFC.
- MFI to Borrower – based on MFI's credit policies and guidelines (*Loan utilization check within 30 days from release is suggested.*)

**Security:**

- PCFC to MFIs – post-dated checks; Deed of Assignment of sub-borrowers PNs and all underlying collaterals and credit guarantee proceeds.
- MFI to Borrower - Loans availed under Agri-fishery Microfinance Loan Facility, Value Chain Financing Facility and Asset Acquisition Financing Facility shall be secured with any or a combination of the following:
  - a. Joint and Several Signatures;
  - b. Issuance of post-dated checks;
  - c. Marketing Agreement (if applicable); and/or
  - d. Any other acceptable form of collateral/security.

**Additional Availment Requirements:**

- MFI to Borrower on Value Chain Financing –for groups with no juridical personality all documents shall be signed by all members of the group.

**Contact Details:**

Phone (632) 897.8521 • 752.3745

**If you are from:**

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Regions 4A, 4B, 5 and NCR	Local 134
Regions, 6, 7 and 8	Local 144
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**Program Title: MFI EMPLOYEES LOAN FACILITY**

**Program Objectives:** To augment the MFI's employees' income by financing MFI's loan program for them, thereby supporting the government's efforts to reduce widespread poverty in the country.

**Eligible Borrowers:**

- PCFC to MFI – accredited MFI partners
- MFI to Borrower – MFI employees (priority to microfinance program staff)

**Loan Purpose:**

- PCFC to MFI – to finance the MFI's loan program for its employees.
- MFI to Borrower – multi-purpose loan e.g. livelihood, salary loan, educational, emergency, appliance loan, house repair, hospitalization, etc.

**Type of Credit Facility:** One year revolving credit line

**Terms/Requirements:**

***Loan Amount:***

- PCFC to MFI – based on credit needs of MFI staff at 85% of credit needs of value of sub-PN as indicated in the MFI Employees Credit Availment Plan (MECAP)
- MFI to Borrower – based on net take-home-pay of staff and/or household cash flow but not to exceed P 50,000.00 per employee in accordance with MFI guidelines

***Interest Rate and Service Charge:***

- PCFC to MFI
  - 10% to 12% p.a. based on interest guidelines plus 1% service fee.
- MFI to Borrower – based on MFI's guidelines

***Maturity and Mode of Payment:***

- PCFC to MFI – up to 3 years inclusive of 6-month grace period on principal for PNs with terms of 2 years or more; quarterly amortization on principal and interest
- MFI to Borrower – based on MFI's policies and guidelines but not to exceed 3 years PN; payroll deduction every 15 days

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**Manner of Availment:**

- PCFC to MFI – reimbursement basis (i.e., drawdown against actual loan releases to staff)
- MFI to Borrower – based on MFI's guidelines [*Liquidation basis (drawdown based on projected needs) is suggested.*]

**Security:**

- PCFC to MFIs – post-dated checks; Deed of Assignment of sub- PNs and all underlying collaterals
- MFI to Borrower – against staff salary and benefits and other security requirements of the MFI

**Basic Implementing Guidelines:**

- For all MFIs, the line for this facility shall be equivalent to not more than 50% of investment credit facility or P20 million whichever is lower.

**Contact Details:**

Phone (632) 897.8521 • 752.3745

**If you are from:**

Regions 1, 2, 3, and CAR	Local 125
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URL: [www.pcfc.gov.ph](http://www.pcfc.gov.ph)

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**Program Title: GOVERNMENT EMPLOYEES LOAN FACILITY**

**Program Objectives:** To finance alternative livelihood projects of government employees and/or their immediate families, thereby supporting the government's thrust of providing income-generating projects to its employees to uplift their living condition.

**Eligible Borrowers:**

- PCFC to MFI – accredited MFI partners
- MFI to Borrower – government employees

**Loan Purpose:**

- PCFC to MFI – to finance livelihood projects of government employees and/or their immediate families.
- MFI to Borrower – working capital for income generating activities (livelihood).

**Type of Credit Facility:** One year revolving credit line

**Terms/Requirements:**

***Loan Amount:***

- PCFC to MFI – based on evaluation/credit needs.
- MFI to Borrower – not to exceed P 150,000 per government employee in accordance with MFI guidelines.

***Interest Rate and Service Charge:***

- PCFC to MFI
  - 10% to 12% p.a. based on interest guidelines plus 1% service fee.
- MFI to Borrower – based on MFI's guidelines

***Maturity and Mode of Payment:***

- PCFC to MFI – up to 2 years PN inclusive of 6-month grace period on principal; quarterly amortization on principal and interest.
- MFI to Borrower – based on MFI's policies and guidelines but not to exceed 2 years PN.

***Manner of Availment:***

- PCFC to MFI – reimbursement basis (i.e., drawdown against actual loan releases to government employees) or liquidation basis (i.e. drawdown based on projected loan releases); list of government employees to be submitted within 2 months from drawdown with PCFC.

- 
- MFI to Borrower – based on MFI's credit policies and guidelines (*Loan utilization check within 30 days from release is suggested.*)

**Security:**

- PCFC to MFIs – post-dated checks; Deed of Assignment of sub- PNs and all underlying collaterals
- MFI to Borrower – based on MFI's credit policies and guidelines

**Basic Implementing Guidelines:**

- The MFI shall have the option to re-lend the funds to the Government Employees' Cooperatives for retailing to individual employees or to retail directly to government employees and/or their immediate families.
- Loan releases for government employees' credit facility shall be reported in a separate Summary of Expenditure (SOE) and separate caption in the Program Status Report (PSR).

**Contact Details:**

Phone (632) 897.8521 • 752.3745

**If you are from:**

Regions 1, 2, 3, and CAR	Local 125
Regions 4A, 4B, 5 and NCR	Local 134
Regions, 6, 7 and 8	Local 144
Regions 9, 10, 11, 12, Caraga & ARMM	Local 156

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## **SMALL BUSINESS CORPORATION**

(Small Business Guarantee and Finance Corporation)  
17th & 18th Floors, 139 Corporate Centre, Valero Street  
Salcedo Village, Makati City

## **WHOLESALE MICROFINANCE PROGRAM**

A lending facility of Small Business Corporation to microfinance institutions (MFIs) which have the organizational capability or strength to provide sustainable credit access to borrowers in the livelihood sector.

**Target End-Borrowers:** Pre-enterprise micros, which are either start-up or graduating micros.

**Type of Facility:** Credit Line

### **Microfinance Facilities:**

- **MICRO-LEAD.** Micro-lending through lead microfinance institutions (MFIs) whose lending portfolio and organizational structure are predominantly or at least 60% microfinance;
- **MICRO-LOCAL.** Micro-lending through MSME-oriented rural banks; and,
- **MICRO-LEAP.** Micro-lending through small microfinance providers such as community cooperatives and local non-government organizations (NGOs) or people's organizations (POs) who do not meet the SBC standards under MICRO-LEAD.

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## **Program Title: MICRO-LENDING THROUGH LEAD MICRO FINANCE INSTITUTIONS (MICRO-LEAD)**

### **Target Conduit:**

- Micro Finance-Oriented Institutions (with asset size of at least P15 Million and not more than P100 Million)

#### **Minimum Qualifications:**

- At least 3 years in microfinance operations
- At least 3,000 microfinance clients; if wholesaler, at least 10 conduits
- Must have a manpower of at least 20 exclusively for microfinance operations; if wholesaler, at least 10
- At least 60% microfinance portfolio
- If bank, CAMELS rating of at least 3

- 
- Latest Financial Ratios
    - Liquid assets not below 10% of deposits
    - Capital Adequacy Ratio of at least 20% (if bank, at least 10%)
    - Microfinance portfolio-at-risk (PAR) not more than 10%.
  - Borrower Risk Rating of “5” or better per SBC evaluation

**Loan Purpose:**

- Retail re-lending to micro-borrowers
- Wholesale relending to MFIs

**Terms and Requirements:**

***Loan Amount:***

- Minimum of P3 Million
- Maximum of P100 Million on the first year
- Maximum of P200 Million for the succeeding years

***Line Drawdown:***

- Minimum of P100 Thousand but up to 50% of credit line per drawdown

***Term and Line Expiry***

- One year credit line, subject to renewal

***Repayment Term per Drawdown:***

- 360 days, payable quarterly; may be up to 2 years, if justified by nature of micro-borrowers' business

***Interest Rate:*** Available upon request

***Service Fees:***

- Evaluation fee of 0.05% of credit line (none, if bank)
- Processing fee of 0.1% of loan avancement (none, if bank)

***Security:***

- Continuing Surety Agreement of principals

***Documentary Requirements:***

- Letter of Intent to Borrow
- Notarized Client Information Sheet with 1x1 recent ID picture of each principal stockholders/officer (SBGFC form); for banks, Bio-data of all major stockholders and/or officers as submitted to BSP
- Business registration papers
- Board Resolution to borrow and on authorized signatories with specimen signature/s

- 
- Audited financial statements for the past three years, if applicable, and latest interim financial statements (not more than 6 months old)
  - Organizational structure/background information
  - Schedule of borrowings including details on terms of payment, collateral cover and credit status
  - Certificate of good standing from creditors (if applicable)
  - Ageing of loan portfolio
  - Schedules of past due, microfinance PAR and loan-loss provisioning
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**Program Title: MICRO-LENDING THROUGH MSME-ORIENTED RURAL BANKS (MICRO-LOCAL)**

**Target Conduit:**

- Rural and Cooperative banks with the following minimum qualifications:
  - At least 3 years in existence as a bank; may be on a start-up basis in microfinance
  - At least 50 existing microfinance clients; if start-up, should plan for at least 50
  - Must have a manpower of at least three exclusively for microfinance operations; if start-up, should plan for at least 3
  - Minimum asset size must conform with BSP guidelines
  - CAMELS rating of at least 3
  - Latest Financial Ratios
    - Liquid assets not below 10% of deposits
    - Capital Adequacy Ratio of at least 10% (per BSP guidelines)
    - Microfinance portfolio-at-risk (PAR) of not more than 10%
    - Past due rate not exceeding 15%, preferably at par with industry average
  - Borrower Risk Rating of “5” or better per SBC evaluation

**Loan Purpose:** For re-lending to micro-borrowers

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**Terms/Requirements:*****Loan Amount:***

- Minimum of P200 Thousand
- Maximum of P50 Million on the first year
- Maximum of P100 Million for the succeeding years

***Line Drawdown:***

- Minimum of P100 Thousand
- Maximum of 50% of credit line

***Term and Line Expiry:***

- One year credit line, subject to renewal

***Repayment Term per Drawdown:***

- 360 days, payable quarterly; may be up to 2 years, if justified by nature of micro-borrowers' business as in the case of graduating micros

***Interest Rate:*** Available upon request.

***Service Fees:*** None

***Security:***

- Continuing Surety Agreement of principals
- Hard collateral may be required if start-up in microfinance

***Documentary Requirements:*** Same as those for MICRO-LEAD.

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**Program Title: MICRO-LENDING THROUGH SMALL MICRO  
FINANCE PROVIDERS (MICRO-LEAP)**

**Target Conduit:**

- Small community cooperatives
- Small non-government organizations (NGOs)
- People's Organizations (POs)

**Minimum Qualifications:**

- Asset size of at least P500 Thousand and net worth of at least P300 Thousand
- At least one year in microfinance operations
- At least 20 microfinance clients
- Must have a manpower of at least two, one of whom may be part-time

- 
- Latest Financial Ratios
    - Current ratio of at least 1.2
    - Capital Adequacy Ratio of at least 20%
    - Past due rate not more than 20%
  - Borrower Risk Rating of “5” or better per SBC evaluation

**Loan Purpose:** For re-lending to micro-borrowers

**Terms/Requirements:**

***Loan Amount:***

- Minimum of P200 Thousand
- Maximum of P10 Million on the first year
- Maximum of P20 Million for the succeeding years

***Line Drawdown:***

- Minimum of P100 Thousand
- Maximum 50% of credit line

***Term and Line Expiry:***

- One year credit line, subject to renewal

***Repayment Term per Drawdown:***

- 360 days, payable quarterly; may be up to 2 years, if justified by nature of micro-borrowers’ business as in the case of graduating micros

***Interest Rate:*** Available upon request.

***Service Fees:***

- Evaluation Fee of 0.2% to 0.5% of credit line
- Processing Fee of 0.5% of loan availment

***Security:***

- Continuing Surety Agreement of principals (a must)
- Hard collateral may be required on case to case basis.

***Documentary Requirements:*** Same as those for MICRO-LEAD and MICRO-LOCAL.

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**Program Title: WHOLESALE LENDING WINDOW FOR  
GRADUATING MICROs AND BMBEs**  
(For All SBC Accredited Financial Institutions)

**Sub-Borrower Definition:**

- With asset size of not more than P3.0 Million; and
- Total loans inclusive of the PFI's is not more than P500 Thousand.

**Consideration Granted on the Sub-borrower:**

- May be on clean basis in terms of collateral cover
- Any valid permit will suffice as business registration
- Financial information simply based on the certification of the PFI will suffice, in the absence of full financial statements

**Terms/Requirements:**

***Funding:***

- In the form of a one-year omnibus credit line (OCL) available for the PFI's short-term and medium-term graduating micros portfolio. The OCL amount is based on SBC's assessment of the PFI's absorptive capacity and risk rate.

An increase in the OCL amount may be requested during the life of the loan facility.

- Funding may be up to 90% of the outstanding loan balance of the sub-loan but not to exceed P500,000 per sub-borrower:
- SBC offers the following funding options:
  - Short-term portfolio rediscounting, where a batch of sub-loans is funded based on the earliest maturing PN
  - Individual rediscounting where there is matching of terms
  - Advance drawdown (for liquidation within 60 days)

**Validity Period:** The graduating micro may be funded by SBC under these relaxed terms for a period of not more than four years.

**Documentation Requirements for Availment:**

For submission to SBC prior to loan release:

- Information sheet of the sub-borrower as prepared by the PFI (SBC Form)
- PFI loan approval in favor of sub-borrower
- Sub-borrower's PN with consent to assignment, disclosure statement and amortization schedule

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Should be available at the PFI office for SBC post-release audit:

- Loan agreement between PFI and sub-borrower, if applicable
- PFI's loan ledger on sub-borrower
- PFI's calculation of the sub-borrower's financials
- Sub-borrower's business permit or certification

**Miscellaneous Guidelines:**

- The PFI may avail in batches of less than P500 Thousand under the window, but the loan floor of P100 Thousand per sub-borrower shall remain.
- Any micro-enterprise that complies with all the standards of SBC on collateral cover, on business registration with DTI or SEC and on the full financial statements may be funded under the regular SME Wholesale Lending Program.
- In addition to banks and to NBFIs, the Window is also open to microfinance institutions such as cooperatives and non-government organizations that have graduating micro-borrowers.

**Pass-on Interest Rate** – *available upon request*

Contact Details:

**SB Corporation Head Office**

17<sup>th</sup> Floor, 139 Corporate Centre  
Valero St., Salcedo Village, Makati City  
Phone No. (632) 751.1888  
Fax No.: (632) 894.1677  
URL: [www.sbgfc.org.ph](http://www.sbgfc.org.ph)

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# **SMALL AND MEDIUM ENTERPRISE (SME) FINANCING PROGRAMS**



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**ACTIVE ALLIANCE FINANCE CORPORATION**

Suite 203 CLF Building, 1167 Chino Roces Avenue, Makati City

**Program Title: SME LOAN PROGRAM**

**Program Objective:** To provide working capital requirements of small and medium-sized businesses.

**Eligible Borrowers:**

- Importers and Exporters
- Traders
- Suppliers to Top Corporations and Established/Well-known Companies
- Wholesale Lenders
- Travel Agencies
- Pre-Owned Car Dealerships
- Dealers of Agriculture Machinery and Equipment

**Loan Purpose:**

- Purchase Order (P.O.) Financing
- Receivables Financing
- Inventory Financing
- Acquisition of Machinery and Equipment
- Business Expansion
- Other Working Capital Requirements

**Terms/Requirements:**

**Loan Amount:** Minimum of P100,000 (an acceptable collateral may be required for higher loan amount)

**Interest Rate:** Prevailing market rate

**Repayment Term:** Flexible

**Mode of Payment:** Flexible

**Collateral:** The loan shall be secured by any of a combination of the following:

- Real Estate/Chattel Mortgage
- Deed of Assignment of Receivables/Inventories
- Continuing Suretyship of the Principals
- Other forms of security acceptable to Active Finance

A collateral shall not be the sole basis in the approval or disapproval of loan applications. All decisions shall be based on the creditworthiness of loan applicants thus; a collateral may or may no longer be required.

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**Processing Fee:** P1,500 or 1% of approved loan amount, whichever is higher (no outright fees to be collected, processing fee to be deducted from loan proceeds).

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**Program Title: AGRICULTURAL MACHINERY & EQUIPMENT, AND COMMERCIAL VEHICLE FINANCING PROGRAM**

**Program Objective:** To provide companies, cooperatives, or individuals an alternative way of acquiring agricultural machinery and equipment (i.e., tractors, implements) and commercial vehicles (i.e. trucks, delivery vehicles) through easy payment terms.

**Eligible Borrowers:**

- Small and Medium Enterprises
- Cooperatives
- Individuals

Their prospective clients are those operating profitably for the last two (2) years.

**Terms/Requirements:**

**Type of Facility:** Term Loan

**Downpayment:** Minimum of 20% of net cash price

**Interest Rate:** Prevailing market rate

**Repayment Term:** Flexible

**Mode of Payment:** Flexible

**Collateral:** The loan shall be secured by any of a combination of the following:

- Real Estate/Chattel Mortgage
- Deed of Assignment of Receivables/Inventories
- Continuing Suretyship of the Principals
- Other forms of security acceptable to Active Finance

A collateral shall not be the sole basis in the approval or disapproval of loan applications. All decisions shall be based on the creditworthiness of loan applicants thus; a collateral may or may no longer be required.

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**Processing Fee:** P1,500 or 1% of approved loan amount, whichever is higher (no outright fees to be collected, processing fee to be deducted from loan proceeds).

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**Program Title: FRANCHISE FINANCING PROGRAM**

**Program Objective:** Franchise Financing Program is a credit facility primarily aimed at individuals or enterprises that are interested to start their own business or expand existing ones through franchising.

**Eligible Borrowers:** Franchises must be members in good standing of the following associations:

- Philippine Franchise Association
- Association of Filipino Franchisers, Inc.
- Filipino International Franchise Association

**Terms/Requirements:**

**Loan Amount:** Minimum of P100,000 (an acceptable collateral may be required for higher loan amount)

**Interest Rate:** Prevailing market rate

**Repayment Term:** One (1) year, renewable annually

**Mode of Payment:** Flexible

**Collateral:** The loan shall be secured by any of a combination of the following:

- Real Estate/Chattel Mortgage
- Deed of Assignment of Receivables/Inventories
- Continuing Suretyship of the Principals
- Other forms of security acceptable to Active Finance

A collateral shall not be the sole basis in the approval or disapproval of loan applications. All decisions shall be based on the creditworthiness of loan applicants thus; a collateral may or may no longer be required.

**Processing Fee:** P1,500 or 1% of approved loan amount, whichever is higher (no outright fees to be collected, processing fee to be deducted from loan proceeds).

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## **Pre-Approval Documentary Requirements**

### **I. For Individuals**

#### **If Employed**

- 1 piece 2 x 2 ID picture
- Completely filled-out application form (downloadable at [www.activefinancecorp.com](http://www.activefinancecorp.com))
- Copy of valid identification (driver's license, passport, company ID, SSS and TIN ID)
- Copy of latest 2 months payslip
- Original and latest certificate of employment indicating position, monthly salary and length of employment
- Utility billing statement reflecting name of applicant and current residence address
- If credit card holder, photocopy of credit card (front and back) and latest 3 months credit card billing statements

#### **If Self-Employed**

- 1 piece 2 x 2 ID picture
- Completely filled-out application form (downloadable at [www.activefinancecorp.com](http://www.activefinancecorp.com))
- Copy of valid identification (driver's license, passport, company ID, SSS and TIN ID)
- Copy of latest community tax certificate
- Latest ITR
- Latest 3 years audited financial statements
- Latest 6 months bank statement
- Utility billing statement reflecting name of applicant and current residence address
- If credit card holder, photocopy of credit card (front and back) and latest 3 months credit card billing statements
- Business registration and /or Mayor's permit or PRC license

### **II. For Companies**

- Company profile
- List of Directors and Key Officers
- Latest 3 years audited financial statements
- Latest 6 months bank statements
- Credit and Trade references
- Articles of Partnership/Incorporation
- Board Resolution authorizing transaction and designating authorized signatories
- Copy of valid ID (driver's license, passport, company ID, SSS and TIN ID) of authorized signatory/ies

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**Active Alliance Finance Corporation (AAFC)** is a member of the CL Follosco Group ([www.clfolloscogroup.com](http://www.clfolloscogroup.com)), a multi-company organization involved in trading, manufacturing, financing services, travel-related services, consultancy services, construction, food processing, real estate development and logistics.

**Contact Details:**

**Ritchie F. Co Seng**

Vice President, Chief Operating Officer

Active Alliance Finance Corporation

Email: [coseng.ritchie@activefinancecorp.com](mailto:coseng.ritchie@activefinancecorp.com)

URL: [www.activefinancecorp.com](http://www.activefinancecorp.com)

**Branches Directory:**

<b>Makati Branch</b> Suite 203 CLF Building 1167 Chino Roces Avenue Makati City Tel. No. (02) 890.7423	<b>Dagupan Branch</b> 2/F JDA Building A.B. Fernandez Avenue Dagupan City Tel. No. (075) 522.5527
<b>Tarlac Branch</b> Room 210 2/F Jaral Building McArthur Highway, Sto. Cristo Tarlac City Tel. No. (045) 982.2284	<b>Davao Branch</b> Door 3 Principe Building J.P. Laurel Street Bajada, Davao City Tel. No. (082) 221.8265
<b>La Union Branch</b> Room 203 2/F Lasam Building Governor Luna Street San Fernando City, La Union Tel. No. (072) 607.8353	<b>Baguio Branch</b> Room 306 Laperal Building Session Road Baguio City
<b>Cebu Branch</b> Unit G-07 Ground Floor North Road Plaza Building Labogon, Mandaue City Tel. No. (032) 239.5401	

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**ASIATRUST DEVELOPMENT BANK**

1424 Quezon Avenue, Quezon City

**Program Title: BANK CARRY TERM LOAN**

**Program Objective:** To bridge the gap of payables and receivables of small and medium enterprises.

**Eligible Borrowers:**

- Single Proprietorship
- Partnership
- Corporation
- Businessmen/Entrepreneurs

**Loan Purposes:**

- Permanent Working Capital
- Acquisition of Fixed Assets
- Renovation/Expansion

**Terms/Requirements:**

***Loan Amount:*** Depends on the actual requirement.

***Interest Rate:*** Prevailing market rates.

***Maturity / Repayment:*** One to five years or depending on the actual requirement and cash flow of the company.

- Principal – Equal monthly/quarterly amortization.
- Interest – Monthly/quarterly payment, based on diminishing balance.

***Security:***

- Real Estate Properties or Chattel Mortgage;
- Postdated Checks (PDCs) of the borrower; and
- Continuing Suretyship of the Principals.

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**Program Title: SHORT TERM LOAN**

**Program Objectives:** To bridge the gap of payables and receivables of small and medium enterprises.

**Eligible Borrowers:**

- Single Proprietorship
- Partnership
- Corporation
- Businessmen/Entrepreneurs

**Loan Purpose:** For working capital requirement.

**Terms/Requirements:**

***Loan Amount:*** Depends on actual requirement.

***Interest Rate:*** Prevailing market rates.

***Maturity / Repayment:*** One year

- Principal – Lumpsum upon maturity with provision for rollover.
- Interest – Monthly interest payment.

***Security:***

- Real Estate Properties or Chattel Mortgage;
- Postdated Checks (PDCs) of the borrower; and
- Continuing Suretyship of the Principals.

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**Program Title: DISCOUNTING LINE/RECEIVABLES DISCOUNTING**

**Program Objective:** To bridge the gap of payables and receivables of small and medium enterprises through:

- Discounting Line – involves discounting of third party postdated checks.
- Receivables Discounting – involves discounting of different types of receivables like purchase orders or sales contract.

**Eligible Borrowers:**

- Single Proprietorship
- Partnership
- Corporation
- Businessmen/Entrepreneurs

**Loan Purpose:** Discount receivables for working capital.



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**Terms/Requirements:**

**Loan Amount:** Depends on actual requirement.

**Interest Rate:** Prevailing market rates.

**Availment:** Co-terminus with the life of Receivables.

**Maturity / Repayment:** One year from date of approval.

- Principal – Lumpsum upon maturity
- Interest – Discounted upon availment

**Security:**

- Real Estate Properties or Chattel Mortgage (optional).
- Deed of Assignment of Receivables;
- Third party postdated checks for check rediscounting;
- Postdated Checks (PDCs) of borrower; and
- Continuing Suretyship of the Principals.

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**Program Title: DOMESTIC LETTER OF CREDIT/TRUST RECEIPT**

**Program Objective:** To provide a credit facility to a client, whereby the payment of which is to be made to the beneficiary (seller) against presentation of commercial documents. The payment to the beneficiary is guaranteed by the bank, provided all documents conform with the terms and conditions of the credit.

**Eligible Borrowers:**

- Single Proprietorship
- Partnership
- Corporation
- Businessmen/Entrepreneurs

**Loan Purpose:** For domestic purchase of raw materials.

**Terms/Requirements:**

**Loan Amount:** Depends on the actual requirement.

**Interest Rate:** Prevailing market rates upon Trust Receipt date.

**Availment:** Via Trust Receipts for 90 days, renewable for another 90 days, subject to 25% partial payment on principal and subject to inspection if goods under TR are still present.

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**Charges:** Opening Commission of 1/4 of 1% for the first 60 days and 1/8 of 1% every month, thereafter, and Negotiation fee of 1/8 of 1%.

**Maturity / Repayment:** One year from date of approval.

**Security:**

- Trust Receipts on goods purchased via LC;
- Marginal Deposit of 20%;
- Postdated Checks (PDCs) of the borrower; and
- Continuing Suretyship of the Principals.

Contact Details:

**Mr. Henry C. Episcopo**  
Assistant Vice President  
Accounts Management Group  
Phone: (632) 924.5744

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Asiatrust Development Bank is also accredited with various funding programs of the following government financial institutions:

- Development Bank of the Philippines
- Land Bank of the Philippines
- Social Security System
- Small Business Corporation

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**BANCO DE ORO UNIVERSAL BANK (BDO)**

24<sup>th</sup> Floor, JMT Corporate Condominium  
27 ADB Avenue, Ortigas Center, Pasig City

**Program Title: SMALL BUSINESS LOAN**

**Program Objective:** To provide entrepreneurs with a term loan facility that can address the business financing needs of their expanding business.

**Eligible Borrowers:**

- Single Proprietorship
- Partnership
- Corporation

Must have been operating profitably for at least 2 years. The business must have at least P1 million annual gross sales and must be within a BDO serviceable area.

**Loan Purpose:**

- Additional working capital
- Purchase of property or equipment for business
- Purchase of additional inventory
- Funding for other business opportunities

**Terms/Requirements:*****Loan Amount:***

- P1.0 Million to P10.0 Million
- Loanable amount is based on 70% appraised value of property

***Interest Rate:*** Prevailing bank lending rate.

***Maturity:*** Minimum of twelve (12) months to a maximum of ten (10) years

***Security:*** Real Estate Mortgage on residential, commercial or mixed residential/commercial properties.

Contact Details:

**Officer of the Day**

Banco de Oro Universal Bank (BDO)  
24<sup>th</sup> Floor JMT Corporate Condominium  
27 ADB Av., Ortigas Center, Pasig City  
Phone: (632) 688.1288 • 688.1276  
Mobile: (63928) 504.8311

**Program Title: SMALL ENTERPRISE TECHNOLOGY UPGRADING PROGRAM (SET-UP)**

SET-UP is a nationwide strategy to encourage and assist SMEs to adopt technological innovations to improve their operations and thus boost their productivity and competitiveness. The program enables firms to address their technical problems through technology transfer and technological interventions to improve productivity through better product quality, human resources development, cost minimization and waste management, and other operation related activities.

**Program Objectives/Targets:**

SET-UP hopes to assist SMEs improve their productivity and competitiveness through:

- Infusion of new/advanced technologies to improve operations of MSMEs;
- Human resource training, technical assistance and consultancy services
- Design of functional packages and labels;
- Assistance in the establishment of product standards including testing;
- Database management system;
- Provision of some funds for technology acquisition.

**Industry Sectors Covered:**

- Food Processing;
- Furniture;
- Gifts, Decors and Handicrafts;
- Marine and Aquatic Resources;
- Horticulture (cut flowers, fruits and high value crops)/ Agriculture
- Metals and Engineering.(localized manufacture of processing equipment, etc.)
- Information and Communications Technology/electronics
- Health products and services/pharmaceuticals

**Qualified Applicants:**

- Company or firm based in the Philippines, wholly owned by Filipino citizen.
- Any small or medium scale business firm that can be classified under the identified priority sectors.
- Firm that is willing to apply technological improvements in its existing operations.

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**Requirements:**

- Full blown proposal to include the following aspects:
  - a. Technical Aspect
  - b. Marketing Aspect
  - c. Management/Administrative Aspect
  - d. Financial Aspect
  - e. Waste Disposal
- Endorsement of the Regional Director;
- Review and Technical Evaluation Committee (RTEC) Executive Report completely signed by all the RTEC members duly endorsed by the Regional Director;
- Proponent's letter of interest to avail of financial assistance and commitment to refund including their proposed refund schedule;
- Copy of business permits and licenses from relevant LGUs and other government offices;
- Financial statements of at least the past three (3) years for the company/beneficiary duly signed by a Registered Accountant/Auditor;
- Projected financial statements for the next five (5) years;
- Certificate of Registration of Business Name with DTI, SEC or CDA;
- Board Resolution authorizing the borrowing and designating authorized signatories for the financial assistance (if applicable);
- Three (3) quotations from suppliers/fabricators of the equipment to be purchased/fabricated; and,
- Complete technical design/drawing of the equipment to be purchased/fabricated.

**Contact Details:****DR. CAROL M. YOROBE**

Undersecretary, DOST and  
Program Director, SET-UP  
Department of Science and Technology  
General Santos Avenue, Bicutan  
Taguig City  
Phone: (632) 837.7531  
Trunkline: (632) 837.2071 loc. 2032

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**DEVELOPMENT BANK OF THE PHILIPPINES (DBP)**

Head Office: Sen. Gil J. Puyat Ave. cor. Makati Avenue, Makati City

**Program Title: DBP LENDING PROGRAM FOR SMALL AND MEDIUM ENTERPRISES**

**Program Objective:** To provide the small and medium enterprises access to market, finance and technical assistance to effectively encourage the growth and development of the sector throughout the country.

**Eligible Borrowers:**

(at least 70% Filipino-owned)

- Small and Medium-sized Enterprises (SMEs) with total asset size of P3,000,001 to P100 Million
- Accredited Participating Financial Institutions (PFIs)
- Aggregators

**Eligible Sectors/Sub-Sectors**

- Manufacturing, including support industries
- Transportation and Transport Services
- Education
- Communications / IT / Computer Software
- Wholesale and Retail, Distribution
- Franchising / Dealership / Trading
- Hospital and Healthcare Services
- Agri-processing
- Storage & Warehousing facilities
- Education linked to manufacturing
- Others

**Loan Purposes:**

- Construction, expansion or modernization of new & existing capacities
- Acquisition of machinery/equipment, new technology including spare-parts, components & software packages
- Investment to enhance research & development including training that would improve & strengthen competitiveness of products
- Short term working capital
- Permanent working capital for stocks of raw materials, supplies & other requirements needed

**Terms/Requirements:**

**Interest Rate:** Market-based, fixed or variable.

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**Maturity / Repayment** - based on cash flow, but not to exceed:

- 15 years with maximum grace period of 3 years for fixed assets
- 7 years with maximum grace period of 2 years for permanent working capital

**Fees and other Charges:** Depending on fund source

**Equity Requirement:** Minimum of 10 – 20% depending on fund Source

**Re-lending Scheme:** Wholesale and Retail

**Collateral:** Any form of security acceptable to DBP

**Other Support Services:**

- Loans counseling through Business Assistance Centers
- Alternative Trading System
- Internet Cafe
- IGLF Grant for Research and Promotion of SMEs

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**Program Title: ONE TOWN ONE PRODUCT (OTOP)  
CREDIT FACILITY**

**Program Objectives:**

- To support the National government's poverty alleviation efforts in terms of job and income generation;
- To sustain DBP's developmental mandate by encouraging entrepreneurship in the countryside using locally available raw materials and inherent human resources, skills and talents, thus, spurring economic activity and job opportunities in each locality;
- To reaffirm the Bank's commitment to be a catalyst for countryside development by empowering the country's MSMEs through the provision of easy access to credit and technical assistance.

**Fund Allocation:** A nationwide funding allocation of P2.0 Billion to implement the DBP-DTI OTOP Memorandum of Agreement.

**Eligible Borrowers:** LGUs, OFWs, and MSMEs with existing or start-up OTOP projects and other income-generating undertakings highly supportive of the OTOP Program.

- For MSMEs, loan proposals shall be favorably endorsed by the Department of Trade and Industry's Regional Operations and Development Group (RODG) or any of DTI's Regional or Provincial Offices;

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- For land-based OFWs; priority shall be given to those endorsed by the National Reintegration Center;
  - For sea-based OFWs, priority shall be given to loan proposals endorsed by Magsaysay Maritime Corp., Nippon Yusen Kaisam or other DBP partner agencies.

**Loan Purposes:**

- All project-related expenditures;
- For LGUs, funding may be for common service facilities (including but not limited to, farm to road networks, markets, *pasalubong* centers, OTOP display centers, terminals, warehousing facilities, machineries and equipment, etc.) for the benefit of the OTOP entrepreneurs, in the locality. LGUs may use loan proceeds for re-lending to DTI-assisted OTOP entrepreneurs.

**Terms/Requirements:**

***Loan Amount:***

- Up to 90% of project cost, depending on fund source and borrowing capacity;
- For LGUs, loan amount shall be based on limitations borrowings set forth by the Local Government Code.

***Funding Source:*** IGLF/SSS/ODA Funds / Bank Funds, depending on project eligibility.

***Interest Rate:***

- 8% to 10% per annum; fixed for 3 years; depending on Borrower Risk Rating (BRR);
- With premium of 1% for loans over 3 years and 2% for loans over 5 years.

***Maturity / Repayment:***

Term of the loan shall be based on projected cash flows, but not to exceed:

- 180 days for export packing credit
- One (1) year for production credit
- Five (5) years for permanent working capital
- Ten (10) years for capital expenditures

Maximum grace period of 1 year for working capital and 3 years for fixed asset acquisition/building construction.

***Mode of Payment:*** Loan shall be payable monthly, quarterly or semi-annually depending on the cash flow of the project.



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**Collateral:**

The loan shall be secured by any or a combination of the following:

- Real Estate/Chattel Mortgage
- Hold-out on deposit
- For LGUs, Deed of Assignment of specified portion of IRA
- Co-makethip; Joint and Solidary Signature
- Assignment of project income, purchase orders, LCs
- Guarantee Surety Cover

The strength of cash flow and cash capture mechanism shall be the overriding considerations in requesting waiver of the collateral requirement.

**Minimum Risk Acceptance Criteria:**

- Favorable endorsement by the Department of Trade and Industry's Regional Operations and Development Group or any of DTI's Regional/Provincial Offices;
- For LGUs, common facilities/infrastructures to be constructed are preferably components of DBP's Sustainable Logistics Development chain and are directly supportive of the OTOPs in their locality with the objective of providing a conducive environment for entrepreneurship to thrive;
- For OFWs, favorable endorsement from DBP partner agencies to establish employment status and capacity to pay;
- The OTOP proponent has a ready and clearly established market for its products/services that would ensure a stable cash flow for loan repayment;
- DBP shall finance projects which are technically, financially, economically, and environmentally viable.

**Basic Requirements:**

- Application Letter
- Customer Information Report (DBP Form)
- Confidential Information Sheet (DBP Form)
- DTI endorsement of project
- Business Plans
- Audited Financial Statement (F/S) for the last 3 years for going concerns and Pre-operating Balance Sheet/cashflow signed by the firm's authorized signatory for start-up projects (for medium sized entrepreneurs); In the case of Micro and Small Entrepreneurs/OFWs, if audited F/S is unavailable, In-House Financial Statements duly certified by the firm's Accountant/Comptroller will be accepted.
- Income Tax Returns for the last 3 years, if applicable
- Business Registration Permit; Articles of Incorporation, By-laws
- Documents authorizing the borrowing and designating the authorized signatories for the loan.

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**Other Requirements for OFWs:**

- National Reintegration Center for OFW, Magsaysay Maritime Corporation Nippon Yusen Kaisa, or other DBP partner agencies' endorsement of OFWs
- OFW avalees shall be required to open a DBP EC Card for payment of loan authorizations.

**Other Requirements for LGUs:**

- Resolution passed by the appropriate Sanggunian authorizing the CLE to negotiate and sign documents on behalf of the LGU relative to the loan with DBP
  - Statement of IRA (last 10 years) duly certified by the CLE or Treasurer
  - Socio-economic profile of the LGU
  - Certification of the Treasurer on current status of existing loans and compliance to 20% borrowing cap
  - Certification of the Bureau of Local Government Finance, Department of Finance on the LGU's Debt Service Ceiling for the current year
- 

**Program Title: ORGANIC AGRICULTURE FINANCING PROGRAM****Program Objectives:**

- To provide and make available regular credit and other support mechanisms to improve productivity and income of farmers engaged or will engage in organic agriculture;
- To promote development of organic agriculture to enhance global competitiveness, environmental integrity, food security, increase productivity and alleviate poverty;
- To encourage the participation of millers/processors/producers and cooperatives as a ready market/buyer under this program.

**Eligible Borrower-Conduit:**

- SEC Registered financing company with at least 2 years profitable operations:
  - Banks: thrift banks, rural banks, microfinance banks, cooperative banks
  - Non-banks: NGOs, cooperatives, with at least 2 years lending and profitable operations

**Eligible Sub-Borrowers:** Individuals, partnership, corporation or cooperative duly registered with DTI/Securities and Exchange Commission or Cooperative Development Authority who own titled land or with tenurial arrangement on land suitable for planting to high-value commercial crops.

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### **Loan Purpose:**

- DBP to Borrower-Conduit: for relending to farmers/growers/ for organic crops production
- Borrower-Conduit to Sub-Borrower: Sub-loan shall be utilized to cover the cost of organic crops production including but not limited to the following:
  - Land preparation
  - Purchase of planting materials, fertilizers and agricultural chemicals
  - Labor in planting, cultivation and other maintenance operations
  - Irrigation and drainage
  - Acquisition of farm machinery, equipment and tools
  - Other purposes that contribute directly to increase productivity and maintenance of the plantation

### **Priority Crops for Financing:**

**High priority** shall be given to:

- Organic rice
- Muscovado sugar
- Organic vegetables/processed organic vegetables (pickles, chunks, etc.)

Other organic crops shall be considered on a case to case basis depending on its development impact on the sector.

- *Eucheuma* seaweeds
- Organic fruits/processed organic fruits (jams, purees, marmalades, figs, fries, catsup, fritters, cakes, juices, *tableas*, candies, dried fruits, etc.)
- Organic cereals, legumes, sweet pepper
- Organic root crops
- Culinary herbs
- Poultry meat & eggs
- Processed pork meat
- Beverages
- Honey
- Others

**Minimum Risk Acceptance Criteria:** The borrower-conduit should have existing or proposed lending program for organic agriculture project following the “Big Brother” scheme and similar arrangements where farmers/growers have existing purchase or contract or contract growing agreements with buyers.

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**Types of Facility:**

- DBP to Borrower-Conduit: Clean Revolving Credit Line (CRCL)
- Borrower-Conduit to Sub-Borrower:
  - Credit line – working capital for production
  - Term Loan – to finance post-harvest/facilities/processing requirement

**Terms/Requirements:*****Loan Amount:***

- DBP to Borrower-Conduit: based on the amount established and proposed by the borrower-conduit
- Borrower-Conduit to Sub-Borrower: based on the following:
  - Incremental project cost
  - Viability of the project

***Interest Rates:***

- DBP to Borrower-Conduit: minimum of 8% per annum
- Borrower-Conduit to Sub-Borrower: not more than 18% per annum

***Repayment:***

- DBP to Borrower-Conduit: not applicable
- Borrower-Conduit to Sub-Borrower: Repayment would be based on the project cash flow or payback period as determined by DBP but not to exceed 5 years inclusive of 3-year grace period

***Equity:***

- DBP to Borrower-Conduit: not applicable
- Borrower-Conduit to Sub-Borrower: No equity requirement for organic crops production except for the project site

***Collateral:***

- DBP to Borrower-Conduit: loans should be secured by any or a combination of the following:
  - Assignment of Real Estate Mortgage and/or Chattel Mortgage of sub-borrowers
- Borrower-Conduit to Sub-Borrower: the sub-loan shall be secured by any or a combination of the following:
  - Real Estate Mortgage
  - Chattel Mortgage
  - SBGFC, Quedancor, and/or other government guarantee
  - Crop Insurance
  - Other types of collateral/securities acceptable to the borrower-conduit

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Collateral/s/securities of sub-borrowers shall be assigned in favor of DBP.

**Basic Requirements:**

The borrower shall submit loan proposal together with the following documentary requirements to Microfinance Department and other lending units including Financial Institutions (wholesale banking) and RMCs/Branches:

- Letter of Intent
- Loan/project proposal/feasibility study
- Board Resolution authorizing the borrowing and designating authorized signatories for the loan
- Certificate of Registration/By-Laws and Articles of Incorporation/Cooperation (or any equivalent documents)
- Customer Information Report (DBP Form)
- Confidential Information Sheet (DBP Form)
- Audited Financial Statements (last 3 years), if applicable
- Income Tax Returns (last 3 years), if applicable
- Other documents that maybe necessary in the loan evaluation

**Other Conditions:**

- DBP shall be the borrower's official and principal depository bank.
- The average daily balance of the borrower's deposit account shall not be less than 5% of the outstanding balance.
- Payment of amortization shall be through automatic debit of the borrower-conduit's deposit account with DBP.
- A crop production project shall be covered by crop insurance or any other equivalent instrument/coverage that will pave way to investment recovery during calamity, to be assigned in favor of DBP/borrower-conduit.

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**Program Title: HIGH VALUE COMMERCIAL CROPS FINANCING PROGRAM****Program Objectives:**

- To provide credit for high value commercial crops production projects in order to accelerate the growth and development of Philippine Agri-Business as part of the National Government's thrust.
- To develop high value commercial crops for exports to significantly increase the foreign exchange earnings of the country.
- To improve the standard of living of farmers by providing them the opportunity to increase their income.

**Eligible Borrower-Conduit:**

- SEC Registered financing company with at least 2 years profitable operations
- Financial Institutions:
  - Banks: thrift banks, rural banks, microfinance banks, cooperative banks
  - Non-banks: NGOs, cooperatives, with at least 2 years lending and profitable operations

**Eligible Sub-Borrower:** Individuals, partnership, corporation or cooperative duly registered with DTI/Securities and Exchange Commission or Cooperative Development Authority who own titled land or with tenurial arrangement on land suitable for planting to high-value commercial crops.

**Loan Purpose:**

- DBP to Borrower-Conduit: for relending to farmers/growers for high value crops production
- Borrower-Conduit to Sub-Borrower: sub-loan shall be utilized to cover the cost of high value crops production including but not limited to the following:
  - Land preparation
  - Purchase of planting materials, fertilizers and agricultural chemicals
  - Labor in planting, cultivation and other maintenance operations
  - Irrigation and drainage
  - Acquisition of land specifically for pineapple production (exclusively for OFW proponents)
  - Other purposes that contribute directly to increase productivity and maintenance of the plantation

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### **Priority Crops for Financing:**

- Fruits : banana, pineapple, mango, durian, pummelo, calamansi, pili, lanzones, papaya, mangosteen
- Vegetables : asparagus, broccoli, shallot, cabbage, celery, cauliflower, etc.
- Plantation Crops : rubber, coffee, oil palm and cacao

Other high value commercial crops, such as the following, shall be considered on a case to case basis depending on its development impact on the sector:

- Rootcrops : sweet potato, white potato, ube, etc.
- Legumes : peanut & mungbean
- Spices : Onion, garlic & ginger
- Ornamentals : Foliage & cutflowers
- Essential Oils : Lemon grass & ilang-ilang

**Minimum Risk Acceptance Criteria:** The borrower-conduit should have existing or proposed lending program for high value crops project following the “Big Brother” scheme and similar arrangements where farmers/growers have existing purchase or contract growing agreement with buyers.

### **Types of Facility:**

- DBP to Borrower-Conduit: Clean Revolving Credit Line (CRCL)
- Borrower-Conduit to Sub-Borrower:
  - Credit line – working capital for production
  - Term Loan – to finance post harvest/facilities/processing requirement

### **Terms/Requirements:**

#### ***Loan Amount:***

- DBP to Borrower-Conduit: based on the amount established and proposed by the borrower-conduit
- Borrower-Conduit to Sub-Borrower: based on the following:
  - Incremental project cost
  - Viability of the project

#### ***Interest Rates:***

- DBP to Borrower-Conduit: minimum of 8% per annum
- Borrower-Conduit to Sub-Borrower: not more than 18% per annum

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**Repayment:**

- DBP to Borrower-Conduit: depending on the gestation period of the project.
- Borrower-Conduit to Sub-Borrower: repayment would be based on the project cycle and cash flow but not to exceed 10 years inclusive of 3- year grace period

**Equity:**

- DBP to Borrower-Conduit: not applicable
- Borrower-Conduit to Sub-Borrower: No equity requirement for high crops production except for the project site

**Collateral:**

- DBP to Borrower-Conduit: loans should be secured by any or a combination of the following:
  - Assignment of Real Estate Mortgage and/or Chattel Mortgage of sub-borrowers
- Borrower-Conduit to Sub-Borrower: the sub-loan shall be secured by any or a combination of the following:
  - Real Estate Mortgage
  - Chattel Mortgage
  - SBGFC, Quedancor, and/or other government guarantee
  - Crop Insurance
  - Other types of collateral/securities acceptable to the borrower-conduit

Collateral/s/securities of sub-borrowers shall be assigned in favor of DBP.

**Basic Requirements:**

The borrower shall submit loan proposal together with the following documentary requirements to Microfinance Resource Center and/or other marketing units including Financial Institutions (wholesale banking) and RMCs / Branches:

- Letter of Intent
- Loan/project proposal/feasibility study
- Board Resolution authorizing the borrowing and designating authorized signatories for the loan
- Certificate of Registration/By-Laws and Articles of Incorporation/ Cooperation (or any equivalent documents)
- Customer Information Report (DBP Form)
- Confidential Information Sheet (DBP Form)
- Audited Financial Statements (last 3 years), if applicable
- Income Tax Returns (last 3 years), if applicable
- Other documents that maybe necessary in the loan evaluation



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**Other Conditions:**

- DBP shall be the borrower's official and principal depository bank.
  - The average daily balance of the borrower's deposit account shall not be less than 5% of the outstanding balance.
  - Payment of amortization shall be through automatic debit of the borrower-conduit's deposit account with DBP.
  - A crop production project shall be covered by crop insurance or any other equivalent instrument/coverage that will pave the way to investment recovery during calamity, to be assigned in favor of DBP/borrower –conduit.
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**Program Title: CLEANER PUBLIC TRANSPORT FINANCING PROGRAM****Program Objectives:**

- To support the objective of Republic Act 8749 (Clean Air Act) by providing financial assistance to the public transport sector to comply with the government requirements in the implementation of the R.A.
- To help uplift the health condition of the workers in the public transport sector, commuters and other residences of the metropolitan areas.
- To help the national government in cleaning the environment and save the resources that is being spent to arrest health caused by pollution.

**Eligible Borrowers:**

- SEC Registered financing company with at least 2 years profitable operations
- Financial Institutions:
  - Banks: thrift banks, rural banks, microfinance banks, cooperative banks
  - Non-banks: NGOs, Cooperatives, Transport Federations and Associations with at least 2 years lending and profitable operations

**Loan Purpose:**

- DBP to Borrower-Conduit: for re-lending to Transport Operators (jeepneys/tricycles)
  - Borrower-Conduit to Sub-Borrower:
    - Acquisition of brand new vehicle (at least EURO 2 compliant)
    - Conversion of 2-stroke to 4-stroke engine of tricycles
    - Retrofitting of Engine
    - Diesel Particulate Trap for buses and jeepneys
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- Installation of catalytic converter
  - Use of alternative fuels (CNG, LPG, bio-fuels)

**Types of Facility:**

- DBP to Borrower-Conduit: Clean Revolving Credit Line (CRCL)
- Borrower-Conduit to Sub-Borrower: Clean Revolving Credit Line (CRCL)

**Terms/Requirements:**

***Loan Amount:***

- DBP to Borrower-Conduit: based on the amount established and proposed by the borrower-conduit
- Borrower-Conduit to Sub-Borrower: up to 90% of the total project cost

***Interest Rates:***

- DBP to Borrower-Conduit: 8% per annum, fixed over life of loan
- Borrower-Conduit to Sub-Borrower: not more than 2% per month

***Repayment:***

- DBP to Borrower-Conduit: Maximum of five (5) years, inclusive of maximum three (3) months grace period
- Borrower-Conduit to Sub-Borrower: Maximum of five (5) years, inclusive of maximum three (3) months grace period

***Equity:***

- DBP to Borrower-Conduit: none
- Borrower-Conduit to Sub-Borrower: Minimum of 10% of total project cost

***Collateral:***

- DBP to Borrower-Conduit: loans should be secured by any or a combination of the following:
  - Assignment of Real Estate Mortgage and/or Chattel Mortgage of sub-borrowers
  - SBGFC, Quedancor, and/or other government securities
  - Hold-out on deposits
  - Other types of collaterals/securities acceptable to the Bank
- Borrower-Conduit to Sub-Borrower: the sub-loan shall be secured by any or a combination of the following:
  - Real Estate Mortgage
  - Chattel Mortgage
  - Government guarantees
  - Hold-out on deposit

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**Basic Requirements:**

- Letter of Intent
- Loan/project proposal/feasibility study
- Board Resolution authorizing the borrowing and designating authorized signatories for the loan
- Certificate of Registration/By-Laws and Articles of Incorporation/Cooperation (or any equivalent documents)
- Customer Information Report (DBP Form)
- Confidential Information Sheet (DBP Form)
- Audited Financial Statements (last 3 years), if applicable
- Income Tax Returns (last 3 years), if applicable
- Other documents that may be necessary in the loan evaluation

**Other Conditions:**

- DBP shall be the borrower's official and principal depository bank
  - The average daily balance of the borrower's deposit account shall not be less than 5% of the outstanding balance
  - Payment of amortization shall be through automatic debit of the borrower-conduit's deposit account with DBP
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**Program Title: ENVIRONMENTAL DEVELOPMENT PROGRAM**

**Program Goal:** The Environmental Development Program (EDP) is based on the principle of sustainable development, that is, environmental protection and socio-economic development are complementary and enhance one another. The goal of the program is to make a significant contribution in environmental protection and enhancement and in the sustainable development and utilization of natural resources in line with the government's policy thrusts.

**Program Objectives:** EDP caters to the environmental financing needs of both government and private sectors in:

- Improving the quality of the environment in ways that also assist industries to achieve production efficiency and competitiveness as well as regulatory compliance.
- Enabling local government units to manage environment and natural resources in ways that increases their income and their capability to respond to the needs of their constituents; and
- Developing and managing natural resources sustainability in ways that provides communities with basic needs including potable water, sanitation services, waste management and reliable and affordable electricity; and opportunities to alternative livelihood and enterprise development.

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**Program Components:**

- Credit Programs – to finance investment requirements
- Clean Development Mechanism (CDM) – to assist CDM eligible projects in securing carbon credits which can be utilized as additional fund to accelerate loan amortization payment and/or security for the loan
- Technical Assistance – to assist borrowers in project preparation and for capacity improvement of bank staff in program management

**CREDIT PROGRAMS****Eligible Borrowers:**

- Private corporations/enterprises
- Renewable Energy Service Companies/Corporations (RESCOs)
- Qualified Third Parties (QTPs) for energy projects
- Private Utility Operators
- Local Government Units (LGUs)
- Non-governmental Organizations (NGOs)
- Electric Cooperatives (ECs)
- Cooperatives other than electric cooperatives (Coops)
- Water Districts (WDs)
- Participating Financial Institutions (PFIs)

**Eligible Projects:**

- Power Generation/Distribution
  - Small-scale energy/generation and mini-grid rural electrification projects thru renewable energy resources
  - Stand-alone renewable energy rural electrification project, including the marketing, sale, purchase, and installation of Renewable Energy Technology Systems
- Clean Alternative Transport Fuel
  - Projects that will reduce air pollutant emission from motor vehicles
    - Acquisition of Original Equipment manufacture (OEM) vehicles run by LPG/CNG
  - Fuel Supply Infrastructure Facilities
    - Transmission
    - Distribution e.g. refueling stations, blending stations/depots, specialized tankers
  - LPG/CNG Vehicle Support Service Facilities
    - Conversion/retrofitting shops
    - Service centers
  - Equipment and/or technology supply e.g. cylinder tanks, conversion kits, etc.

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- Investments in the production of alternative fuel for vehicles and industry (e.g. coo methyl ester, bioethanol)
  - Investments in supply infrastructure facilities including distribution facilities for alternative fuels e.g. blending stations/depots, specialized tankers.
  - Water Supply Sanitation and Services
    - Bulk Water Supply
    - Level 3 water supply system (new, rehabilitation and expansion)
    - Sanitation Services
    - Urban Drainage
  - Solid and Hazardous Waste Management
    - Closure and rehabilitation of dumpsite
    - Conversion of dumpsite into sanitary landfill
    - Construction of sanitary landfill
    - Solid waste collection, transport, treatment and disposal including acquisition of equipment
    - Materials Recovery Facility (MRF)/ composting facility
    - Industrial waste recycling/treatment or disposal
    - Hazardous waste treatment, storage and disposal
  - Water and Air Pollution Prevention and Control
    - Projects that improve the quality of the environment thru pollution prevention and reduction including environmental monitoring instrument and equipment
    - Occupational health and safety improvements
    - Reduction of raw materials inputs for production
    - Waste minimization/clean technology in industrial processes/pollution prevention
    - Wastewater and sewerage treatment facility
    - Establishment of EMS & ISO 14001 certification
    - Relocation of pollutive industry from residential area
    - Contracts for capital goods & services within the environment sector
    - Investments in energy saving equipment
    - Support for environmental investments as well as industries undergoing restructuring
  - Eco Tourism
    - Eco-tourism facilities and support infrastructure particularly those located along coastlines and protected forest zones.

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- Carbon Sequestration
    - Afforestation and reforestation in private lands

**Loan Purpose:**

- Capital investment
- Working capital
- Interest during construction period
- Consultant's services

**Terms / Requirements:**

**Interest Rate:** Prevailing market rate, fixed or variable.

**Repayment:** Up to fifteen (15) years with up to five (5) years grace period based on project cash flows

**Equity:**

- Private Corporations – minimum of 20% based on total project cost
- LGUs, Electric Cooperatives, NGOs, Water Districts (WDs) – minimum of 10% based on the project cost

**Collateral:**

- Real estate mortgage
- Chattel mortgage
- Assignment of receivables with recourse
- Assignment of Power Purchase Agreement
- Assignment of Carbon Emission Reduction Purchase Agreement (ERPA), if any
- Assignment of revenues
- Assignment of Notice of Payment Schedule (NPS)
- Loan Guarantee, if any
- Collateral sharing with NEA
- Assignment of insurance cover
- Joint and Several Signatures
- Internal Revenue Allotment (IRA) for LGUs
- Assignment of Billed Receivables
- Assignment of Joint Deposits of LUWA and WD of the WD Reserve requirement
- Other acceptable asset/s

**Checklist of Requirements:**

- **General Requirements**
  - Bio-data of Applicants/Major Stockholders/Officers
  - Certificate of Registration of Business/Articles of Incorporation/ By-Laws certified by the Board Secretary

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- Board Resolution of Sanggunian Bayan Resolution authorizing the borrowing and designating authorized signatories for the loan
  - Certified list of stockholders and officers
  - Customer Information Report (DBP Form)
  - Income tax return (last 3 years)
  - BIR received audited financial statements (last 3 years)
  - Feasibility study / business plan on the proposed project

Note: *There are additional requirements based on the nature of projects.*

▪ **Requirements on the Collateral to be Offered**

On Lot / Building:

- 2 copies of lot plan, certified by a Geodetic Engineer
- Location/vicinity map
- 2 photocopies of TCT/OCT authenticated by the Registry of Deeds
- Latest real estate Tax Declaration and tax receipt
- Bill of materials, building plans and specifications (if with construction)
- Building permit to be submitted before construction

On Machinery and Equipment:

- Affidavit of ownership and non-encumbrance of machineries and equipment with complete machine specification
- Supplier's quotation of machinery and equipment with complete technical specifications for machinery to be acquired
- Contract to sell for machinery to be acquired
- Copy of Certificate of Registration with LTO for transportation equipment
- Importation documents (for verification of imported equipment)

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## **CLEAN DEVELOPMENT MECHANISM**

Carbon credits from CDM-registered projects as security for the loan or for acceleration of loan amortization payments.

### **Eligible Projects:**

Projects that reduce Greenhouse gases emission such as Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur Hexafluoride (SF<sub>6</sub>).

#### **▪ Emission Reduction Projects**

- Renewable Energy: hydro, solar, wind, geothermal, biomass, biogas, tidal/wave power projects
- Fuel Switching:
  - from diesel/bunker fuel to bio-diesel, ethanol, natural gas or renewable energy
  - from electricity to steam or compressed air
- Demand-side energy efficient improvements: Use of energy efficiency equipment such as motors, lamps, ballasts, refrigerators, fans, air conditioners, appliances, etc.
- Supply-side energy efficiency improvements:
  - Generation – efficiency improvements at power stations and district heating plants and co-generation
  - Transmission and Distribution – system loss reduction
- Agriculture (reduction of CH<sub>4</sub> and N<sub>2</sub>O emissions)
  - Reducing emissions from agricultural soils by the use of ammonium sulfate or the use of phosphogypsum in combination with urea instead of urea alone; use of composted rice straw instead of fresh rice straw; reducing methane emissions from livestock.
- Industrial Processes
  - Methane recovery and avoidance from landfills/dumpsites, coal mines, agro-industries, wastewater treatment facilities
  - Cement production (CO<sub>2</sub>)
  - Electric equipment manufacturing (SF<sub>6</sub>)
  - PFC emissions from aluminum production
  - PFC and SF<sub>6</sub> emissions from semiconductor manufacturing
  - Nitrous Oxide (N<sub>2</sub>O) emissions from adipic acid and nitric acid manufacturing



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- **Carbon Sequestration Projects**
    - Afforestation – planting of trees on agricultural land
    - Reforestation – planting of trees on denuded forest land.  
Reforestation activities will be limited to those lands that remained unforested as of December 31, 1989.

**Initial Requirements:**

- Letter of Intent to pursue Clean Development Mechanism from the client
  - Project Idea Note – DBP can assist in the preparation of this requirement
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**Program Title: SUSTAINABLE LOGISTICS DEVELOPMENT PROGRAM (SLDP)  
ROAD RORO TERMINAL SYSTEM (RRTS)**

**Program Description:** DBP's Sustainable Logistics Development Program (SLDP) identified 49 connections within the Road RORO Terminal System (RRTS). While more than half of the connections are already operational, the rest have remained without service. DBP recognizes the need to support the capital infrastructure requirements of these missionary. The liberalized credit terms offered by DBP aim to fast track the establishment of specific inter-island links vital to sustaining economic development in the countryside.

**Eligible Borrowers:**

- Single proprietorships
- Registered partnerships
- Private corporations
- Local Government Units (LGUs)
- Government-Owned and Controlled Corporations (GOCCs)

**Eligible Projects:** Investments in RORO vessels to be deployed in Road RORO Terminal System (RRTS) missionary connections. These connections or links are initially identified as follows:

- San Narciso, Quezon – San Pascual, Burias Island, Masbate – Aroroy, Mabate – Pasacao, Camarines Sur
  - Pilar, Sorsogon – Aroroy, Masbate (or Masbate City)
  - Cataingan, Masbate – Kawayan, Biliran
  - Cawayan, Masbate – Daan Bantayan, Cebu
  - Liloan, Cebu – Getafe, Bohol
  - Jagna, Bohol – Mambajao, Camiguin Island
  - Mariveles, Bataan – Cavite City – Manila
  - Calatagan, Batangas – Abra de Ilog, Mindoro Occ.
  - San Jose, Mindoro Occ. – Coron, Palawan
  - San Jose, Mindoro Occ. – Semirara Island – Caticlan, Aklan
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- Sibuyan Island – Romblon – Roxas, Mindoro Oriental
  - Mandaon, Masbate – Roxas City, Capiz
  - San Fernando, Ticao Island, Masbate – Bulan, Sorsogon
  - Maasin, Leyte – Ubay, Bohol
  - Catanauan, Quezon – Sta. Cruz, Marinduque
  - Manapla, Negros Occ. – Ajuy, Iloilo
  - Guihulungan, Negros Or. – Dumanjug, Cebu
  - Sibulan, Negros Or. – Santander, Cebu
  - Santander, Cebu – Larena, Siquijor Island
  - Northeastern Luzon Pacific Coastal Service
    - Sta. Ana, Cagayan – Maconacon, Isabela – Palanan, Isabela – Dilasag, Aurora
    - Casiguran, Aurora – Baler, Aurora – Dingalan, Aurora – Infanta, Quezon

**Loan Purpose:** Up to 100% financing for the acquisition of RORO vessels:

- Cost of imported, second-hand units, including conduction costs. However, age of vessel should not exceed twenty (20) years, should be currently in class of still acceptable under the standards of any DBP-recognized classification society.
- Cost of shipbuilding contract. DBP shall finance construction of RORO vessels by local shipyards.

**Ship Classification Requirement:** RORO vessels to be financed must be classed by any of the following:

- Member of the International Association of Classification Societies (IACS)
- Philippine Register of Shipping (PRS)

**Terms/Requirements:**

***Interest Rate:***

- For the first 2 years – seven percent (7%) per annum;
- For the succeeding years - Annual re-pricing based on prevailing PDSTR (Philippine Dealing System Treasury Reference) rates for 10-year benchmark plus 0 to 1% depending on annual credit review.

***Repayment:*** Maximum repayment term of fifteen (15) years inclusive of two (2) years maximum grace period. Repayment term and grace period shall depend on the cash flows of the project. Loan amortization shall be made on a monthly basis with interest computed on outstanding principal balance.

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**Pre-Termination:** Pre-termination may be allowed subject to 30 days advance notice and payment of all accrued interest and other charges. No prepayment penalty.

**Collateral:**

- Chattel Mortgage on vessel to be financed
- Other forms of collateral
- Marine insurance endorsed in favor of DBP shall be maintained throughout the term of loan

**Other Conditions:**

- Refundable cash deposit equivalent to three (3) months amortization;
- Value added tax (VAT), import taxes and duties shall be for the account of the borrower
- Deployment of the financed RoRo vessel in a commercial route is allowed provided the replaced RORO vessel is deployed to a DBP – identified missionary route and maintained throughout the term of the loan.

**How to Apply:**

- Eligible borrowers should submit to DBP letter of intent (LOI) to avail of financing for a specific RORO links identified;
- Submission of loan application requirements including information for the conduct of credit and background investigation.

**Loan Application Requirements:** A Project Brief should be submitted to the SLDP Project Team for eligibility clearance. Suggested outline of the Project Brief is as follows:

- Brief history of the company
- Present status of company
  - Owners, management & staff
  - Major assets and financial status
  - Existing operations & market
- Company's proposed project
  - Proposed missionary connection
  - Identification of port terminals to be used
  - Projected market & marketing strategy
  - Projected income & expenses
  - Project Timetable
  - Ship Description and Specifications
  - Ship Management and Crewing
  - Training & Preventive Maintenance Program
- Vessel cost estimates and specifications, including ship drawings, if any

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**Qualifying Criteria:**

- Established shipping operator, preferably with a fleet of vessels in the domestic market;
- Strong capital/financial position of principal borrower;
- Managerial & technical competence in shipping operations;
- Readiness of port terminals with required RORO ramps and facilities.

Once a project in a specific connection/link has been selected for DBP financing, the required project feasibility study (FS) and ship drawings should be submitted by the applicant to DBP through the Account Officer processing the loan application.

**Other Requirements:**

- Proponents should comply with requirements of Local Government Units, International Maritime Organization (IMO) Conventions, Maritime Industry Authority (MARINA), Philippine Coast Guard (PCG), environment and other governmental regulations;
- All vessels to be financed must be suitable for its projected market & ports of call and classed by a DBP and MARINA-recognized classification society. Vessels' class should be maintained throughout the term of the loan.
- Whenever applicable, vessels to be acquired should have pollution prevention facilities such as waste treatment system and oil-water separation system.

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**Program Title: SUSTAINABLE LOGISTICS DEVELOPMENT PROGRAM (SLDP)  
FINANCING OF COLD CHAIN PROJECTS IN THE FISHING INDUSTRY**

**Program Description:** DBP's Sustainable Logistics Development Program (SLDP) aims to develop the logistics cold chain for efficient distribution perishable food items. More particularly, special focus is given to the fishing industry inasmuch as the sector is a source of livelihood for many marginalized Filipinos with fish as a source of cheap food and protein for nutrition. This component focuses on the reduction of wastage and spoilage of fish, and maintaining their shelf life and quality through a connected refrigerated chain from producers to consumers. Short-term gaps in demand and supply are also addressed by the availability of continuous supply from the fishing areas, thus, contributing to the stabilization of commodity prices in the market.

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**Eligible Borrowers:**

- Single proprietorships (Filipino citizens)
- Registered partnerships
- Private corporations – at least 60% Filipino-owned
- Cooperatives and associations
- Local Government Units (LGUs)

**Eligible Projects:** Eligible investments are those projects in the fishing sector which adhere to the concept of cold chain logistics using an integrated project approach. This concept takes into account the different components involved in the processing and transport of fish catch from harvest areas to the different markets. The components of fish transport would include:

- Fishing vessels (wooden hulled vessels are not included) and fishing gear (excluding nets)
- Refrigerated fish carriers
- Fish landing ports and other support facilities (e.g. cold storage, processing center)
- Fish handling/transport equipment (e.g. reefer vans, forklifts)

**Municipal Fishing and Small Marginalized Commercial Fishing:**

- Vessels not more than 3 GT
- Lending to organized groups or fishermen's cooperatives

**Large Commercial Fishing:**

- In accordance with requirements of the project

**Loan Purpose:** Up to 80% financing for the investments in the following:

- Cost of locally constructed or imported, brand new or second-hand units of fishing vessels and refrigerated carriers. However, vessels should be currently in class or still acceptable under the standards or any DBP-recognized classification society.
- Cost of construction for imported vessels
- Cost of construction/upgrading of fishport and support facilities
- Cost of handling and transport equipment

**Vessel Classification Requirement:** Fishing vessels/refrigerated carriers to be financed must be classed throughout the term of the loan by any of the following:

- Member of the International Association of Classification Societies (IACS)
- Philippine Register of Shipping (PRS)

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## **Terms/Requirements:**

### ***Loan Amount:***

- Minimum amount of P 500 Thousand
- Maximum Amount - in accordance with requirements of the project

### ***Interest Rate:***

Municipal Fishing and Marginalized Commercial Fishing:

- For the first 2 years – seven percent (7%) per annum;
- For the succeeding years – Annual re-pricing based on prevailing PDSTR (Philippine Dealing System Treasure Reference) rates for 10-year benchmark plus 0 to 1% depending on annual credit review.

Commercial Fishing Projects:

- Fixed, based on DBP rates for SLDP projects

***Repayment:*** Maximum repayment term of ten (10) years inclusive of two (2) years maximum grace period. Repayment term and grace period shall depend on the cash flows of the project. Loan amortization shall be made on a quarterly basis with interest computed on outstanding principal balance.

### ***Collateral:***

- Chattel Mortgage on vessel to be financed
- Other forms of collateral
- Marine insurance endorsed in favor of DBP shall be maintained throughout the term of loan

### ***Other Conditions:***

- Value Added Tax (VAT), import taxes and duties shall be for the account of the borrower

**Loan Application Requirements:** A Project Brief should be submitted to the SLDP Project Team for eligibility clearance. Suggested outline of the Project Brief is as follows:

- Brief history of the company
- Present status of company
  - Owners, management & staff
  - Major assets and financial status
  - Existing operations & market
- Proposed project/Purpose
  - Projected market & marketing strategy
  - Projected income & expenses
  - Project Timetable

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- For vessel acquisition, vessel cost estimates and specifications, including ship drawings, if any

Once a project has been found eligible for DBP financing, the required project feasibility study (FS) and ship drawings should be submitted by the applicant to DBP through the Account Officer processing the loan application.

**Other Requirements:**

- Proponents should comply with requirements of Local Government Units, International Maritime Organization (IMO) Conventions, Maritime Industry Authority (MARINA), Philippine Coast Guard (PCG), DENR among others.
  - Whenever applicable, vessels to be acquired should have pollution prevention facilities such as waste treatment system and oil-water separation system.
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**Program Title: CREDIT SURETY FUND (CSF) CREDIT FACILITY**

**Program Objective:** To provide financial assistance to micro, small and medium enterprises (MSME) projects of participating cooperatives and their members who have no capacity to offer collaterals. The surety cover shall take the place of collateral.

**Eligible Borrowers:**

- At least 70% Filipino owned
- CSF member cooperative – for its own project
- CSF member cooperative's member or sub-borrower undertaking its own MSME project
- Partnerships
- Corporations

**Types of Facility:**

- For CSF member cooperative – Wholesale credit line for subloans to members
- For CSF member cooperative's member undertaking its own MSME project:
- CSF member cooperative – for its own project
- CSF member cooperative's member or sub-borrower undertaking its own MSME project:
  - Credit Line for working capital
  - Term Loan – to finance construction of building/plant; acquisition of equipment; and permanent working capital

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## **Terms/Requirements:**

### ***Loan Amount:***

- DBP to CSF member cooperative
  - Up to ten (10) times of its total contribution to the CSF or the maximum amount eligible for CSF surety cover, whichever is lower.
  - Cooperative with existing credit line with the Bank may utilize its existing line to avail of the CSF Program and maintain booking of its loan with the originating department of DBP. Additional credit line, however, may be granted based on the recommendation of the booking department. However, the coverage of the surety will be based on its contribution to the CSF.
- CSF member cooperative to sub-borrower/MSME
  - Up to ten (10) times of its total contribution to the CSF or the maximum amount eligible for CSF surety cover, whichever is lower.

### ***Interest Rates:***

- DBP to CSF member cooperative – eight (8) percent per annum, subject to review, fixed upon availment.
- CSF member cooperative to sub-borrower/MSME – cost plus maximum spread of four (4) percent per annum or a maximum of twelve (12) percent per annum.

***Repayment:*** Based on project cashflows but in no case shall be more than five (5) years.

### ***Security:***

- CSF Surety Cover is the alternative security to the loan with a risk rating ratio of 80:20 (surety vs. DBP). Surety cover shall initially be at 80%. It shall increase to 90% once 30% of the principal amount has been paid, and to 100% once 60% of the principal has been paid.

## **Basic Requirements:**

- CSF member cooperative intending to avail of a credit line for sub-loans to members shall open a Deposit Account with DBP and shall submit the following:
  - a. Duly accomplished Application for Availment (DBP Form);
  - b. Duly accomplished Availment Data Sheet (DBP Form);
  - c. Copy of the Guidelines of the Cooperative's Credit Process and Sub-borrower Loan Availment Procedures, duly certified by the Secretary of the Cooperative;



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- d. Certificate of Registration, By-laws and Articles of Cooperation including amendments;
  - e. Board Resolution/Secretary's Certificate Authorizing the Availment of Credit Line under the CSF Program and Designating the Authorized Official to Transact with DBP;
  - f. Promissory Note with Disclosure Statement duly signed by the Authorized Signatories;
  - g. Certificate of Operation and Good Standing issued by the CDA;
  - h. Certificate of Membership and Good Standing for cooperative member availing the loan to be issued by the Secretary of the Cooperative; and
  - i. Letter of Surety Cover to be issued by the CSF Oversight Committee for each availment.
- CSF member cooperative applying for a direct loan for its own project shall likewise comply with the foregoing requirements, except for letters "c" and "h". In addition, cooperative shall also submit its own project description with corresponding business plan and favorable endorsement from the CSF Oversight Committee.
  - CSF member cooperative and/or its members applying for a direct loan for its own project shall open a Deposit Account with DBP and shall submit the following documents together with the applicable requirements listed in the checklist of requirements. In addition, the following shall also be submitted:
    - Certificate authorizing the availment of loan under the CSF Program and attesting to the borrower's Membership and Good Standing, issued by the Secretary of the Cooperative to which the borrower belongs;
    - Description of the member's own project with corresponding business plan and favorable endorsement from the CSF Oversight Committee; and
    - Letter of Surety Cover issued by the CSF Oversight Committee.

Contact Details:

<b>Name of Contact Person/ Designation/ Regional Marketing Center (RMC)/ Address</b>	<b>Phone/Fax/Email address</b>
Dulce Q. Ranosa Senior Assistant Vice President DBP-Head Office 5 <sup>th</sup> Floor, DBP Building Makati Ave. cor. Gil J. Puyat Avenue Ext., 1200 Makati City	Direct Line : (632) 840.5356 Trunkline : (632) 818.9511 local 2557 Fax: (632) 894.4927 E-mail: dqrانosa@devbankphil.com.ph
Eduardo Z. Rivera Acting RMC Head/Asst. Vice President RMC-Northeastern Luzon 2 <sup>nd</sup> Floor, DBP Building, Osmena, National Highway, Ilagan, 3500 Isabela	Direct Line : (6378) 624.0877 622.2273 Fax: (6378) 622.2272/2273 E-mail: rmc-nel@ devbankphil.com.ph
Perla S. Soleta RMC Head/Sr. Asst. Vice President RMC/Northwestern Luzon 2 <sup>nd</sup> Floor, DBP Building M. H. Del Pilar St., 2400 Dagupan City	Direct Line : (6375) 515.8937 523.7836 Fax: (6375) 523.7835/246.0742 E-mail: rmc-nwl @devbankphil.com.ph
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Herminio C. Catahan RMC Head/Sr. Asst. Vice President RMC-Central Luzon Dona Isa Fel Building Dolores, McArthur Highway San Fernando City, 2000 Pampanga	Direct Line : (6345) 961.0003 961.4782 Fax: (6345) 963.1231 E-mail: rmc-cl@ devbankphilcom.ph
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<b>Name of Contact Person/ Designation/ Regional Marketing Center (RMC)/ Address</b>	<b>Phone/Fax/Email address</b>
Rosalio Dagondon RMC Head/Vice President RMC – Central Visayas Mezzanine Floor, DBP Building Osmena Blvd., 6000 Cebu City	Direct Line : (6332) 255.6310 255.7410 Fax: (6332) 253.6951 E-mail: rmc-cv@ devbankphil.com.ph
Rosalio Melanie Pama Acting RMC Head/Asst. Vice President RMC – Panay Mezzanine Floor, DBP Building I. Dela Rama St., 5000 Iloilo City	Direct Line : (6333) 336.6432 337.6330 Fax: (6332) 335.7567 E-mail: rmc-panay@ devbankphil.com.ph
Ame Cris C. Toledo RMC Head/Sr. Asst. Vice President RMC – Negros Mezzanine Floor, DBP Building corner South Capital & Lacson Sts. 6100 Bacolod City	Direct Line : (632) 818.9511 local 2557 Fax: (632) 894.4927 E-mail: rmc-negros@ devbankphil.com.ph
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Catalina A. Marquez RMC Head/Manager RMC-Western Mindanao DBP Building, Don P. Lorenzo St. Port Area, 7000 Zamboanga City	Direct Line : (6362) 992.7865 991.1316 Fax: (6362) 991.0359 E-mail: amowm@ devbankphilcom.ph

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**DEVELOPMENT BANK OF THE PHILIPPINES (DBP)**

Head Office: Sen. Gil J. Puyat Avenue, cor. Makati Avenue, Makati City

**Program Title: RETAIL LENDING FOR MICRO AND SMALL ENTERPRISES****Program Objectives:**

- To enhance micro and small enterprises' access to credit through a simplified procedure and shorter turnaround time.
- To improve the DBP's role in developing micro and small enterprises and help them build up their assets.
- To expand DBP's loan portfolio for micro and small enterprises consistent with the Magna Carta for MSMEs.

**Eligible Projects:**

- Any duly registered enterprise of good standing in the community.

**Eligible Borrower-MFIs:**

- Single Proprietorships
- Partnership
- Corporation
- Cooperative
- Other entities with legal personality to engage in a business enterprise

**Coverage:** Start-up or existing micro and small enterprises with asset size of not more than PhP15.0 million and with loan requirements of over PhP150,000 but not more than PhP10.0 million.

**Eligible Loan Purpose:**

- Production
- Working Capital (short-term or permanent)
- Investment and expansion in Plant and/or equipment
- Purchase Order/Letter of Credit Financing (P.O./L.C.)

**Terms/Requirements:**

**Loan Amount:** Up to 90% of the Total Project Cost (TPC)

**Equity Requirement:**

- The borrower shall put up a minimum equity of 10% of total project cost.
- For P.O./L.C. financing, the loans shall be up to 80% of the amount of the instrument or based on actual cost of the goods purchased.

**Interest Rates:** Prevailing market rate

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**Fees:**

- A one-time service fee shall be charged upon approval of the loan equivalent to P1,000.00 or 0.1% of the loan, whichever is higher
- Documentary Stamp Tax
- Monthly Interest rates are inclusive of GRT and all other fees

**Collateral:**

- Unregistered Real Estate Mortgage and Chattel on TCT and Equipment
- Unregistered Mortgage on Tax Declaration/CLOA and OCT
- For P.O./L.C. Financing, a Deed of Assignment on Irrevocable P.O./L.C. is accepted provided the term shall not exceed its expiry date
- Other alternative collaterals such as post dated checks (PDCs), assignment of contracts/receivable/inventory

**Repayment Terms:** Based on enterprise's development period but not to exceed ten (10) years, payable based on business cash cycle.

**Maximum Grace Period:**

- Three (3) years on principal for projects with short gestation period.
- Five (5) years on principal and interest on long gestating projects.

**Checklist of Requirements:****III. General**

- Application form
- Business Registration (from DTI/SEC/CDA/DOLE)
- Business Permit (from LGU)
- Business Evaluation Form (for loans above PhP1 million)

**For Corporations and Cooperatives**

- By-Laws and Articles of Incorporation/Cooperation
- Board Resolution and Secretary's Certificate authorizing the loan, indicating the authorized signatories

**IV. Additional Requirements (if applicable)**

- Real Estate Collateral
  - Two copies of Sketch/Location Map
  - Two copies of TCT/OCT
- Chattel Collateral
  - Affidavit of Ownership and Certification of Non-Encumbrance with specifications
  - Copy of OR/CR for transportation equipment

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## **Checklist of Requirements:**

### ***Loans PhP1.0 million and below:***

- Utility/Credit card billings or three (3) months bank statement

### ***Franchise:***

- Business Profile of Franchisor
- Photocopy of Franchise Agreement
- Endorsement by Franchisor
- Franchise Package Kit

### ***Term Loan (Start-Up):***

- Business Plan
- Statement of Assets, Liabilities and Networth of Principal Borrower/s
- Bank Statement for at least three (3) months
- Business Evaluation Form

### ***Term Loan (Existing):***

- Financial Statements for the past three (3) years (in house financial statements acceptable)
- Business Plan
- Business Evaluation Form

### ***Dealership:***

- Photocopy of documents submitted to the mother company
- Dealership Contract
- Letter of Endorsement from mother company/supplier

### ***Credit Line:***

- Bank Statement for at least three (3) months
- Projected Cash Flow
- Projected Income Statement

### ***Purchase Order (P.O.)/Letter of Credit (L.C.) Financing:***

- Projected Cash Flow
- Projected Income Statement
- Copy of Irrevocable L.C./P.O.

### **Contact Details:**

**SVP Brillo L. Reynes**

Phone: (632) 817.0473

Head, Small & Medium Enterprise Department

**SM Romeo B. Carandang**

Phone: (632) 892.2357

Head, SME Unit

Trunkline: 818.9511/9611 loc. 2546

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**Program Title: OFW REINTEGRATION PROGRAM**

**Program Objective:** To provide financial assistance to qualified Overseas Filipino Workers (OFW) with credit worthy project that will provide OFWs and their families a steady income stream.

**Eligible Projects:**

- Franchising
- Agribusiness and related businesses
- Healthcare and allied industries
- Tourism and related industries
- Other priority industries

**Eligible Borrowers:** Overseas Filipino Workers – OWWA members (individual/group) with existing or completed employment contracts. Only one OFW per household shall be eligible under the program. OFWs may be represented by immediate family members (1<sup>st</sup> degree of consanguinity) with Special Power of Attorney.

**Eligible Loan Purpose:** Start-up or existing enterprises requiring any of the following:

- Construction/renovation/expansion/repair of building for use as business site
- Working Capital for business venture (short-term and/or permanent)
- Acquisition of equipment
- Confirmed Purchase Order
- Other related purposes

**Terms/Requirements:**

**Loan Amount:** Minimum: P300,000.00  
Maximum: P2,000,000.00

Depending on the type of project and/or client's borrowing capacity, but not to exceed 80% of the Total Project Cost.

***Repayment Terms:***

Loans maybe paid through the following:

1. Telegraphic transfer/remittance to OFW savings account with the DBP Remittance Center.
2. Over-the-counter payments through the DBP branches.

**Loan Maturity and Grace Period:** Based on cash flow, but not to exceed 7 years inclusive of 3 years grace period on principal payments.

**Interest Rates:** Starts at 7.5% per annum, reviewable annually.

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**Security:**

- Real Estate Collateral
  - 2 copies of Location Map/Vicinity Map
  - 2 copies of Transfer Certificate of Title/  
Original Certificate of Title
  - Latest Real Estate Tax Declaration and Tax Receipt
- Chattel Collateral
  - Affidavit of Ownership & Certificate of Non-Encumbrance with Specification
  - Supplies Quotations complete with technical specifications, for machinery and equipment
  - Contract to Sell, for machinery and equipment to be acquired
  - Copy of OR/CR for transportation equipment

**Basic Requirements:**

- Application Form (DBP Form)
- Proof of OWWA Membership – Certificate
- Business Registration/Accreditation Certificate (from DTI/SEC/CDA/DOLE)
- Business Permit (from Local Government Units)
- Business Plan (DBP Form)
- Income Tax Returns for the past 3 years
- Financial Statements for the last 3 years
- Statement of Assets, Liabilities and Networth of Principal Borrower/s
- Bank statement for at least 3 months
- By-Laws & Articles of Incorporation/Cooperation
- Board Resolution & Secretary's Certificate authorizing the loan, indicating the authorized signatories
- Building to be Constructed
  - Bill of Materials and Cost Estimates
  - Building Plan and Specifications
  - Building Permit, to be submitted before construction
- Other required documents

**Availability Period of the Program:** 5 years

Contact Details:

**AVP Leopoldo A. Resmundo**

**Mgr. Aldwin Christian B. Yam**

Social Development Unit – Livelihood Program Development

Development Bank of the Philippines

Phone: (632) 812.5703

Trunkline: 818.9511 loc. 2332

Fax: 812.8088



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**FOUNDATION FOR A SUSTAINABLE SOCIETY, INC. (FSSI)**

Unit E, 46 Samar Avenue cor. Eugenio Lopez Street  
South Triangle, Quezon City

**Program Title: SOCIAL ENTERPRISE DEVELOPMENT PROGRAM**

**Program Objectives:** To support the establishment and strengthening of social enterprises.

**Specific Objectives:**

- To enhance and/or expand operation of social enterprises that engage in agricultural production, providing support services to agriculture, processing/manufacturing, packaging, distribution and marketing, and retailing of commodities and/or its derivatives.
- To cover short-term financing requirements of commodity-based enterprises through short-term PO financing.
- To help finance investments of an enterprise other than capital assets acquisition and working capital which includes research and development, patenting, market development, organizational development, competency enhancement, and IT software development.
- To support CSO initiatives in setting-up and strengthening social enterprises owned or partly owned by marginalized social sectors in selected focus areas.

**Eligible Partners::**

- Non-Government Organizations (NGOs)
- Cooperatives
- Cooperative federations
- Small and Medium Enterprises (SMEs)

**Financial Products and Services:**

- Enterprise Loan (Term Loan, Credit Line)
- Start-up Enterprise Loan
- Bridge Financing (short-term PO financing)
- BDS Loan (soft loan for business development)
- Equity
- Grants (for CSOs and start-up social enterprises in FSSI focus areas)

**Terms/Requirements:**

**Loan Amount:** Minimum - P500,000.00  
Maximum - P5,000,000.00 - for first time borrowers  
(for Enterprise Loan and Start-up Enterprise Loan)

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Minimum – P200,000.00  
Maximum – P500,000.00  
(for Bridge Financing and BDS Loan)

**Grant Amount:** Minimum – P300,000.00  
Maximum – P1,500,000.00  
(for Start-up Social Enterprise Grant)

Minimum – P100,000.00  
Maximum – P300,000.00  
(for Capacity Building Grant)

**Interest Rate:** 8% - 12% (subject to review of 3BL performance – economic, social, environmental indicators)

**Loan Maturity/ Repayment:** One to five years maturity; Monthly, quarterly, or semi-annual payments of principal and interest.

**Security:**

- Real Estate Mortgage
- Chattel Mortgage
- Deed of Assignment of Receivables or Deposit
- Joint and Several Suretyship (JSS) Agreement

Contact Details:

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Area Manager for Mindanao  
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**Mr. Ariel Nones**

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**Mr. Amado Reclusado, Jr.**

Development Finance Manager  
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**LAND BANK OF THE PHILIPPINES (LBP)**

1598 M.H. Del Pilar corner Dr. J. Quintos Streets, Malate, Manila

**Program Title: EASY PONDONG PANG-ASENSO (EPPA)**

**Program Objective:** A lending program that is specifically packaged to address the financing needs of small entrepreneurs. The program accommodates new/start-up and existing projects with easy collateral requirements and simpler documentation procedures.

**Eligible Projects:**

- Manufacturing;
- Agri-business and agro-processing (except farm level production); and,
- Services (including trading and merchandising).

**Eligible Borrowers/Qualifications:**

- Asset size of above P3 Million – P100 Million (excluding value of lot where business is located);
- Sole Proprietorship and Partnership (100% Filipino-owned); and,
- Corporations (at least 60% Filipino-owned).

**Loan Purposes:** Working capital and fixed asset acquisition (except lot acquisition)

**Terms/Requirements:**

**Loan Amount:** Up to 80% of the total project requirement

**Interest Rate:** Based on prevailing market rate.

**Term:**

- Credit Line – with one year availability, renewable
- Term Loan – based on the cash flow of project/s financed with maximum of two (2) years grace period on principal payments

**Collateral Requirements:** Any or combination of, as may be required:

- Real Estate/Chattel Mortgage (REM/CHM)
- Hold-out on Deposits
- Assignment of Receivable and/or Inventory
- JSS of Principal Stockholders/Officers
- Guarantee cover from Small Business Corporation (SB Corporation), if required

**Insurance Requirements:**

- Insurance on Chattels
- Mortgage Redemption Insurance

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### ***Processing Requirements:***

#### ***For Single Proprietorship:***

- Certificate of Registration with DTI
- Bio-data of applicant
- Mayor's Permit
- Income Tax Return (last 3 years)
- Financial Statements (last 3 years, audited)
- Latest Interim Financial Statement
- Statement of Assets and Liabilities
- Projected Financial Statements (for new/start-up business)

#### ***For Corporation:***

- Corporate Documents
- List of Officers and Directors as certified by Corporate Secretary and Bio-data of Officers/Directors
- Alien Registration Certificate of Foreign Officers
- List of Stockholders and their shareholdings
- Statement of Assets and Liabilities of Officers
- Board Resolutions to: (1) borrow in the amount of and (2) sign in behalf of the company
- Financial Statement (last 3 years, audited)
- Latest Financial Statement
- Projected Financial Statements (for new/start-up corporations)

#### ***Other Documents to be required (when applicable):***

- Copy of LC, pro-forma invoice, PO
- Industry membership/Association Endorsement
- Business Plan/Feasibility Study
- Environmental Compliance Certificate
- HLURB Permit
- List of Banks/Creditors with Dealings
- List of Suppliers/Contact Persons
- Project-related documents
- Collateral documents (copies of TCTs, Tax Declaration, Location Plan, RETR, pro-forma invoice for chattels)
- Brief history of operations
- Copy of BOI registration
- Projected Financial Performance
- Accomplished BBI Sheet

Contact Details:

#### **Programs Management Department II (PMD II)**

Phone: (632) 522.0000 • (632) 551.2200

locals 2448, 2589 or 2650

Telefax: (632) 405.7640

E-mail: sme-pmu@mail.landbank.com

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**Program Title: SME UNIFIED LENDING OPPORTUNITIES FOR NATIONAL GROWTH (SULONG)**

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**Program Objectives:**

- To simplify and standardize the lending procedures of government financial institutions (GFIs) thereby enhancing the SMEs access to needed funds;
- To shorten the list of documentary requirements to further facilitate the lending process;
- To create a wider, borderless financing system that will afford the SMEs greater access to short- and long- term funds; and,
- To lower the effective cost of borrowing by SMEs and liberalize the requirements.

**Eligible Borrowers:**

- Enterprises in all industries except trading of imported goods, liquor, cigarettes, and extractive industries; and,
- Enterprises that are at least 60% Filipino owned, whose assets are valued at not less than P3.0 Million, but not more than P100.0 Million, excluding the value of the land, or subject to ownership rules as defined under existing Philippine laws for specific industries.

**Loan Purposes:**

- Short-Term Loans – For export financing (export packing credit) or a credit line for temporary working capital
- Long-Term Loans – For permanent working capital, purchase of equipment or lot, or construction of a building/warehouse

**Terms/Requirements:*****Loan Amount:***

- Short-term Loans – Up to 70% of the value of the LC/PO (export packing), or 70% of working capital requirement (temporary working capital); maximum P5.0 M
- Long-term Loans – Up to 80% of the incremental project cost; maximum of P5.0 M

***Interest Rates:***

- The participating GFIs will charge the same rate for the program based on a regular review.
- Interest rates are revised periodically.

***Maturity / Repayment:***

- Short-term loans – Maximum of one year
- Long-term loans – Maximum of five years, inclusive of a maximum one year grace period on principal monthly amortization

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**Security:** The program will not decline a loan only on the basis of inadequate collateral. However, the borrower must be willing to mortgage any available business and personal collateral, including assets to be acquired from the loan, to secure the borrowing. The following are acceptable collaterals:

- REM
- Machinery & Equipment
- Hold-out on Deposit
- Deed of Assignment on inventory and receivables
- JSS of principal stockholders/officers
- Guarantee cover from SBGFC

**Participating GFIs:** Land Bank of the Philippines, Development Bank of the Philippines (DBP), Social Security System, Small Business Guarantee and Finance Corporation, Philippine Export-Import Credit Agency (PhilEXIM), National Livelihood Development Corporation (NLDC)

**Contact Details:**

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**Program Title: ADB – AIR POLLUTION CONTROL CREDIT FACILITY**

**Program Objective:** A credit facility from the Asian Development Bank available in Pesos to provide financing to private enterprises (sub-borrowers) for projects that will improve the air quality or reduce air emissions in the Metro Manila Air Shed (NCR, Rizal, Batangas, Cavite, Laguna, Quezon, Bulacan, Pampanga, Bataan) and other key cities (Cebu, Davao, etc.).

**Eligible Sub-Borrowers:**

- Sole Proprietorship
- Partnership
- Corporation (at least 70% Filipino-owned)
- Multi-purpose cooperative

**Eligible Projects:**

- Purchase/installation of air quality monitoring equipment;
  - Purchase/installation of pollution control equipment;
  - Procurement of new processes and other source equipment; and,
  - Procurement of new and rehabilitation of an existing public transport fleet.
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**Loan Purposes:** Project-related expenses not exceeding 75% of the total costs shall be eligible for financing. The fund will be available for:

- Fixed asset acquisition and,
- Working capital (initial and/or incremental).

**Terms/Requirements:**

**Loan Amount:** Maximum of US\$5.0 Million or its equivalent in Pesos

**Interest Rates:**

- Variable rate (with a one-time option to convert into a fixed rate)
- Fixed rate (prevailing variable rate plus premium, with no option to convert)

The on-lending rate to the sub-borrower will be negotiated between LANDBANK and the sub-borrower.

**Maturity / Repayment:** Maximum repayment of 7 years with a maximum grace period of 2 years and 3 quarters on principal payment.

**Security:** Fully secured by tangible collaterals as required by LANDBANK.

**Fees and Charges:**

- Commitment Fee:  $\frac{3}{4}$  of 1% or 0.75% per annum
- Prepayment Penalty Fee: 0.125% of the principal amount of loan to be prepaid.

**Sub-borrowers Qualifying Criteria:**

- A debt to equity ratio within the 75:25 benchmark;
- A profitability track record of at least three (3) years, although start-up enterprises are also eligible;
- No ownership or labor disputes for the past three (3) years;
- An acceptable account profitability ratio of at least 3%;
- A satisfactory result in the credit, trade and background investigation;
- Fully secured by tangible collaterals as required by LANDBANK;
- Debt service cover of 1.25 times on an average basis over the term of sub-loan with a minimum of 1.00 time in any year; and,
- Each qualified project generating an annual positive cash flow equivalent to at least US\$100,000.00 shall have a Financial Internal Rate of Return of at least equal to the cost of capital.

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**Program Title: RENEWABLE ENERGY for WISER and  
ACCELERATED RESOURCES DEVELOPMENT  
(REWARD)**

**Program Objectives:**

- To support the national government's call to develop renewable and alternative fuel/energy sources; and,
- To provide financial assistance to entities that are engaged in renewable energy projects.

**Eligible Borrowers:**

- Sole proprietorship (100% Filipino-owned)
- Partnership (100% Filipino-owned)
- Corporation (at least 60% Filipino-owned)
- Cooperatives
- Local Government Units
- Non-government organizations with legal personality to borrow

**Eligible Projects:**

Renewable energy projects such as, but not limited to the following:

- Biofuels projects
- Biomass-based projects
- Hydropower projects
- Wind projects (power and non-power)
- Geothermal projects
- Solar photovoltaic
- Solar water heaters
- Co-generation projects

**Eligible Expenditures:**

- Project Feasibility Studies Preparation/Engineering Design
- Working Capital
- Fixed Asset Investment

**Loan Tenor:**

- Working Capital - via up to 360-day PN
- Permanent Working Capital -maximum of 5 years
- Term Loan
  - LBP funds - maximum of 10 years
  - Special funds - up to 15 years

**Repayment Term:**

- Short Term Loan - Principal and Interest is based on PN maturity
- Term Loan
  - Principal - based on projected cash flow, with maximum 2 years grace period on principal
  - Interest - monthly or quarterly payment



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**Collateral:**

Loans shall be secured by the object of financing and/or any combination of the following:

- Private enterprises (SMEs and large enterprises and corporations)
  - Real Estate Mortgage
  - Chattel Mortgage
  - Hold-out on deposits
  - Assignment of Receivables and/or inventories
  - JSS of principal stockholders/officers
  - Guarantee cover
  - Other securities acceptable to the Bank
- Local Government Units - Assignment of Internal Revenue Allotment

Contact Details:

**Programs Management Department II (PMD II)**

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**Program Title: LBP NEGOSYO PROGRAM FOR DISPLACED WORKERS DUE TO GLOBAL FINANCIAL CRISIS**

**Program Objectives:** To provide financing assistance to displaced workers who will engage themselves in income-generating activities.

**General Guidelines:** The Program shall be covered by the following guidelines:

**For Eligible Program Conduits:** Any of the following conduits that pass the LBP evaluation:

- Countryside Financial Institutions (Rural Banks, Cooperative Banks, Thrift Banks)
- Cooperatives
- Overseas Workers Association (Local Chapter)
- Agri-based Enterprises

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**A. FOR CONDUITS:*****Eligibility Requirements for Program Conduits:***

Existing conduits of LBP (CFI, Cooperatives, SMEs)

- Satisfactory credit dealings with LBP
- Account Profitability Ratio (APR) of at least 3%, or Account Relationship Earnings (ARE) of at least P25,000 for CFI and Cooperative, and at least P20,000 for Agri-based enterprise
- With adequate capitalization

Conduit	Capitalization
CFI	CAR of at least 10%
Coop	Paid-up capital of at least P300,000
SME	25% of required subscribed capital must be paid-up

**New Conduits**

Indicator	CFI	Coop	Workers' Associations/ NGOs/ Foundations	SME
Accreditation	Passed the rediscounting accreditation criteria of LBP	Class A & B	Registered in the last 3 years with appropriate registering agency	Registered in the last 3 years with appropriate registering agency
Profitability	Profitable in the last 3 years		With surplus in the last 3 years	Profitable in the last 3 years
Ownership and Management	With no material adverse findings			
Others	None	None	With Market contracts for members' output produce  With management system and structure for credit and collection	Engaged in agri-related projects  60% Filipino-owned, if corporation and 100% Filipino-owned if sole proprietorship

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**Loan Facilities to Conduits:**

Facility	Interest Rate	Loan Availability/Tenor	Loan Repayment
Rediscounting/Relending Facilities (for Short-term Loan) <ul style="list-style-type: none"><li>Up to 85% of PN's face value but not to exceed LBP's loan ceiling, in batches of P500,000</li></ul>	At 91-day TBill rates at the time of availment, fixed for 1 year	Via maximum 180-day PN	Principal – on PN maturity  Interest – quarterly in arrears
Term Loan Rediscounting <ul style="list-style-type: none"><li>Up to 80% of PN's face value but not to exceed LPB's loan ceiling</li></ul>	At 91-day TBill rates plus 1% at the time of availment, fixed for the duration of the loan	Maximum of 5 years	Principal – in equal quarterly payments  Interest – quarterly in arrears

**Collateral:**

Assignment of sub-PNs and underlying collateral of sub-borrowers, if any (e.g., Guarantee from SBGFC, Philexim, AGF, and life insurance, etc.)

**Documentary Requirements for new conduits:**

- Certified true copy of the certificate of registration with: BSP and SEC, in case of CFIs; CDA, in case of Cooperatives; and SEC, in case of Workers' Association/NGO/Foundation and Agri-based Enterprises;
- Certified true copy of Articles of Incorporation and By-laws for CFIs and Workers' Association/NGO/Foundation and Agri-based Enterprises; and Articles of Cooperation for Cooperatives;
- Information Sheet of the Board of Directors and Officers;
- Board Resolution authorizing the Conduit to borrow, and designating at least 2 officers to negotiate loan with LBP and sign loan documents with their specimen signature and pictures; and
- Audited FS for the last 3 years plus latest interim FS at the time of application.

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## **B. FOR END/SUB BORROWERS:**

### ***Eligible Borrowers:***

- Workers that have been displaced from work assignment due to global financial crisis and their immediate family members who have the technology/training to undertake the proposed small business project.

### ***Eligible Sub-projects for financing:***

- Agri-related projects (e.g., crop production, fishery, poultry, livestock)
- Processing
- Manufacturing
- Services

### ***Eligible Loan Purposes:***

- Working Capital
- Fixed Asset Acquisition

### ***Loan Amount:***

- Production and Working Capital loan amount will be based on the total project cost/requirements
- Loan for small equipment acquisition will be 90% of cost of the fixed assets to be acquired

### ***Loan Interest Rate:***

- Short Term Loan – 9.5% per annum, fixed for one year
- Term Loan – Short term plus 1%, fixed for the duration of the note

### ***Loan Tenor***

- Small Business Capital
  - Not to exceed the project cycle in case of agricultural crop/commodity production
  - Maximum of 180-day PN for other business endeavors
- Acquisition of Business Equipment
  - Maximum of 5 years

### ***Loan Repayment:***

- Principal loan repayment will be based on the project cash flow
- Interest rate payment will be subject to the policy of the conduit

### ***Collateral Security:***

- Assignment of Receivables
- Assignment of PO and market contracts

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**Documentary Requirements:**

- In addition to the requirements of the conduit, the sub-borrower must be able to provide proof of displacement (e.g., termination paper, notice of termination from work)

Contact Details:

**Programs Management Department II (PMD II)**

Phone: (632) 522.0000 • (632) 551.2200

locals 2448, 2589 or 2650

Telefax: (632) 405.7640

E-mail: sme-pmu@mail.landbank.com

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**Program Title: COUNTRYSIDE LOAN FUND PROGRAMS  
(CLF I, II, and III)**

**Program Objectives:** A wholesale credit facility from the World Bank made available to Participating Financial Institutions (PFIs) for relending to eligible sub-borrowers, i.e., private investment enterprises. There are two programs under the CLF, namely CLF II and III.

**Eligible Participating Financial Institutions (PFIs):**

- Commercial Banks/Unibanks
- Rural Banks
- Thrift Banks (Stock Savings & Loan Associations, Savings & Mortgage Banks, Private Development Banks)
- Non-Bank Financial Institutions (i.e., Leasing and Finance Companies)

**Eligible Sub-Borrowers:**

The Fund may be accessed through any accredited PFI by sub-borrowers who could either be:

- Sole Proprietorships
- Partnerships
- Corporations (at least 70% Filipino-owned)
- Cooperatives/Associations

**Eligible Projects:**

- Agriculture and agri-related productive activity (e.g. production of crops & livestock, aquaculture, plantation projects, farm mechanization, irrigation, contract growing, etc.);
- Food and agro-processing venture (e.g. canning, packaging, rice milling, feed milling, oil milling, meat curing, etc.);

- Manufacturing activity that generates employment/export (e.g. garments, ceramics, textile, embroidery, furniture, construction materials, etc.);
- Product distribution activity (trading);
- Service-oriented project that supports economic activity (e.g. transportation, warehousing, utilities, post harvest facilities, refrigeration, slaughter houses, etc.);
- Environmental protection project (e.g. wastewater treatment facility, bio-gas, renewable energy projects, etc.);
- Tourism-related project (e.g. hotels, resorts, theme parks, etc.); and
- Property development project – socialized and low cost housing projects; and commercial building for lease.

#### **Loan Purposes:**

- Working Capital (initial or incremental)
- Fixed Assets Investment (excluding acquisition of land)
  - Construction or acquisition of new productive facilities
  - Expansion or rehabilitation of existing facilities
- Special Financing Package (SFP) – (for CLF III only):
  - Extension of maturity period of existing loan
  - Extension of grace period of existing loan
  - Conversion of existing dollar loan to peso loan

#### **Sub-Borrower's Asset Size:**

- CLF I : no cap
- CLF II : up to P2.5B

#### **Interest Rates:**

- LANDBANK to PFIs
  - Variable Rate – Based on Weighted Average Interest Rate of 91-day Treasury Bills or Floor Price, whichever is higher.
  - Fixed Rate – prevailing variable rate plus a premium of 1% for over one to five years. (Fixed rate shall be repriced every five (5) years based on the prevailing variable rate plus 1% premium).
- PFI to Sub-borrower  
As negotiated between PFI and the sub-borrower

#### **Financing Mix (CLF II and III):**

It is based on the Total Project Cost, as follows:

Sub-borrower and/or PFI (Minimum)	20%
CLF (Maximum)	80%
Total Project Cost	100%

Sub-borrower's participation will be at PFI's discretion

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**Loan Size:**

- Minimum - P100,000
- Maximum - P300M

**Repayment Term:**

- Short Term : Up to 1 year
- Medium Term : Over 1 year to maximum of 5 years
- Long Term : Over 5 years to maximum of 7 years or before the program's maturity date

CLF II - up to 2015

CLF III - up to 2018

**Eligible Collaterals:** The CLF loans with the PFI shall generally be fully secured by the Deed of Assignment of Sub-Borrower's Promissory Note and the underlying tangible collaterals (i.e. Real Estate Mortgage/ Mortgage Trust Indenture, Chattel Mortgage, Hold-out on deposits, etc.) or acceptable guarantees consistent with current banking practice and BSP regulations.

**Environmental Requirements:** Sub-projects should comply with applicable Philippine laws and regulations governing environmental protection.

Contact Details:

**Landbank Branches Nationwide  
Wholesale Lending Department (WLD)**

Phone: 522.0000 Locals 7338, 2364, 2707,  
2468; 405.7338, 405.7239

**Customer Care Center**

Toll free for non-NCR-1800-10-405-7000  
NCR-405-7000

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**Program Title: COUNTRYSIDE LOAN FUND – Credit Support for the Environment, Agri-Business, and Small & Medium Enterprises (CLF-CREAM)**

**Program Objectives:** CLF-CREAM with a P3 Billion fund aims to support LANDBANK's priority sectors thru the provision of medium to long-term credit assistance to the environment-related projects, agri-business and small and medium enterprises as supplement to the CLF Programs.

**Eligible PFIs:**

- Commercial Banks/Unibanks
- Thrift Banks (Stock Savings and Loan Associations, Savings and Mortgage Banks, Private Development Banks)
- Rural Banks
- Non-Bank Financial Institutions (i.e. Leasing and Finance Companies)

**Eligible Borrowers:**

The fund may be accessed through any accredited PFIs by sub-borrowers who could either be

- Sole Proprietorships
- Partnerships
- Corporations (at least 60% Filipino-owned)
- Cooperatives/ Associations

**Eligible Projects:**

- Agriculture and agri-related productive activities (e.g. production of crops, livestock, aquaculture, plantation projects, etc.)
- Food and agro-processing ventures (e.g. canning, packaging, rice milling, feed milling, etc.);
- Manufacturing activities ( e.g. furniture making, construction, ceramics, etc.);
- Product distributions;
- Service-oriented endeavors (e.g. warehousing, utilities, transportation, communications, schools, hospitals, etc.);
- Environmental protection project (e.g. renewable energy projects)
- Tourism-related projects (e.g. hotels, inns, resorts, pension houses, etc.);
- Property Development (e.g. mass housing projects, dormitories, commercial buildings for lease); and,
- All projects of SME sector.



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**Loan Purposes:**

- Working Capital – initial, existing and incremental;
- Fixed Asset Investment (excluding land acquisition)
  1. Construction or acquisition of new productive facilities
  2. Acquisition/expansion/rehabilitation of existing facilities
  3. Lease financing.

**Sub-Borrower's Asset Size:**

- No cap

**Interest Rates:**

- **Variable Rate:**
  - Based on the average three-month PDST-R2 benchmark
    - rates + 1% spread or the prevailing overnight borrowing rate of the Bangko Sentral ng Pilipinas (BSP), whichever is higher.
  - Subject to quarterly repricing
  - GRT for the account of PFI
- **Financing Mix:**

It is based on the Total Project Cost, as follows:

Sub-borrower and /or PFI (minimum)	20 %
CLF-CREAM (maximum)	80%
Total Project Cost	100%

Sub-borrower's participation will be at PFI's discretion

**Loan Size:**

- Minimum – P100,000
- Maximum – P 300 Million

**Repayment Terms:** Based on the project cash flow:

- Fixed assets – Maximum of 10 years
- Working capital – Maximum of 5 years

**Eligible Collaterals:** Loans shall generally be fully secured by the Deed of Assignment of Sub-borrower's Promissory Note and the underlying tangible collaterals or acceptable guarantees consistent with current banking practice and BSP regulations.

**Environmental Requirements:** Projects for funding must comply with applicable Philippine laws and regulations governing environmental protection.

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Contact Details:

**Landbank Branches Nationwide  
Wholesale Lending Department (WLD)**

Phone: (632) 522.0000 Locals 7338, 2364,  
2707, 2468, 405-7338, 405-7239

**Customer Care Center**

NCR 405-7000

Toll free for non-NCR-1800-10-405-7000

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**Program Title: CREDIT LINE FOR ENERGY EFFICIENCY AND  
CLIMATE PROTECTION (CLEECP)**

**Program Objective:** To significantly reduce the direct consumption of primary energy (e.g., diesel, coal, gas) and direct greenhouse gas (GHG) emissions.

**Eligible Borrowers:**

- Private sector and entities (sole proprietorship, partnership, corporation of at least 70% Filipino-owned, cooperatives and associations)
- Local Government Units (LGUs)
- National Government Agencies (NGAs); and
- Government Owned and Controlled Corporations (GOCCs)

**Eligible Projects\*:** All types of investments directly reducing primary energy (e.g., diesel, coal, gas) consumption and/or direct greenhouse gas emissions, such as:

- Replacement or retrofitting or energy efficient modernization of CFC, HFC and HCFC chillers
- Installation or energy efficient modernization of biomass cogeneration facilities, such as cogeneration from:
  - Sugar bagasse
  - Rice husk
  - Coconut husk
  - Methane from piggeries or poultries, or food and beverage processing industries
  - Replacement or energy efficient modernization of machinery and equipment powered by primary energy resources (e.g., diesel, coal, gas), such as:
    - Public transport systems (e.g., bus, jeepney, taxicabs, tricycles)
    - Car or truck fleets
    - Ferries
    - Manufacturing systems

- Replacement of diesel generators or kerosene lamps by solar panels, mini-hydro or other renewable energy facilities
- Cogeneration from municipal solid waste.
- \* Projects should comply with applicable Philippine laws and regulations governing environmental protection.

**Sub-Loan Amount:** Up to maximum loan of P200 million

**Loan Tenor:**

- Minimum of 2 years
- Maximum of 10 years with grace period of maximum of two years

**Interest Rate to Borrowers:** Fixed interest rate

**Project Cost Sharing:**

It is based on the Total Project Cost, as follows:

Borrower's Equity/LBP and/or Others (minimum)	20%
CLEECF (maximum)	80%
Total Project Cost	100%

**Collateral:** Loans shall be secured by the object of financing and any or a combination of the following:

- Private sector and entities (sole proprietorship, partnership, corporation of at least 70% Filipino-owned, cooperatives and associations) as borrowers:
  - Real Estate Mortgage
  - Chattel Mortgage
  - Hold-out on deposits
  - Assignment of Receivables and/or Inventories
  - JSS of principal stockholders/officers
  - Guarantee cover
  - Other securities acceptable to the Bank
- Local Government Units as borrowers:
  - Assignment of Internal Revenue Allotment
- National Government Agencies/Government Owned and Controlled Corporations as borrowers:
  - ROP Guarantee and other acceptable guarantee cover
  - Real Estate Mortgage
  - Chattel Mortgage
  - Hold-out on deposits

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**Insurance:** All insurable collaterals shall be subject to insurance coverage in accordance with LBP's Credit Policy.

Contact Details:

**Landbank Branches and Lending Centers Nationwide  
Wholesale Lending Department (WLD)**

Phone: (632) 522.0000 locals 7338, 2364, 2365, 2707

Fax: (632) 528.8503

**Customer Care Center**

NCR – 405-7000

Toll free for non-NCR-1800-10-405-7000

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**Program Title: OFW REINTEGRATION PROGRAM**

**Program Objectives:** To extend financial assistance to qualified OFWs with credit worthy project that will provide OFWs and their families a steady income stream.

**Eligible Borrowers:**

- Overseas Filipino Workers

**Eligible Project:**

- Projects with confirmed market or Purchase Order that will generate net monthly income of P10,000.00.
- Projects that are linked with the Food Supply Chain Program

**Eligible Loan Purposes:**

- Working Capital
- Fixed Asset Acquisition

**Project Cost Sharing:**

- Borrower's Equity – Minimum of 20% of the Total Project Cost (TPC)
- Loan – Maximum of 80% of the TPC

**Loanable Amount:** Loan amount shall depend on project needs and amount of equity participation of the borrower.

- Minimum – P300,000.00
- Maximum – P2,000,000.00

**Interest Rate:**

- Short Term Loan and Term Loan – 7.5% per annum fixed for the duration of the loan.

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**Term Loan/Loan Repayment:**

- Short Term – maximum of 1 year
- Term Loan – based on cash flow but not to exceed 7 years, inclusive of maximum of 2 years grace period.

**Processing Requirements:**

- Certification from OWWA that the borrower is a bonafide overseas worker and has completed Enterprise Development Training
- A business plan on the specific project that will generate income for the OFW and his/her family
- Certificate of Registration with DTI
- Bio-data of applicant
- Mayor's Permit

**Processing Requirements:**

- Income Tax Return (last 3 years), if applicable
- Financial Statements (last 3 years, BIR-filed), if applicable
- Latest Interim Financial Statement if applicable
- Statement of Assets and Liabilities

Contact Details:

**Programs Management Group (PMG)**

Phone: (632) 522.0000 • 551.2200 local 2307

Telefax: (632) 528.8542

E-mail: [agenavia@mail.landbank.com](mailto:agenavia@mail.landbank.com)

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**Program Title: AGRICULTURAL CREDIT SUPPORT PROJECT (ACSP)**

**Program Objectives:** To increase investments, to create new job opportunities and to improve agricultural productivity in the rural areas by providing loan funds to agricultural enterprises and the promotion of market linking and capacity building thereby contributing to the National Government's goal of "Poverty Reduction".

ACSP will provide credit and non-credit support to agriculture and agri-related projects using Japanese ODA loan fund.

**Eligible Borrowers:**

- Direct Borrowers /Retail:
  - SFF (Small Farmers and Fisherfolk) Groups
  - SMEs (Small and Medium Enterprises)\*
  - LAEs (Large Agribusiness Enterprises)\*

- 
- Conduits/Wholesale:
    - Participating Financial Institutions (PFIs)
    - SFF Groups
    - SMEs\*
    - LAEs\*

\* with Marketing Agreement

**Eligible Loan Purpose:**

- Production Loan
- Working Capital
- Fixed Asset Loan
- Relending /Rediscounting Lines

**Term Loan/Loan Repayment:**

***Maximum Loan Amount:***

- Up to 80% of total project costs
- Up to 100% for palay and corn production

***Loan Tenor:***

- Production and Working Capital Loan: 180 days to 1 year
- Fixed Asset Loan: Up to 15 years but not to exceed the economic useful life of the equipment

***Interest Rate:*** Prevailing rate at the time of loan application

**Collateral Requirement:**

- Deed of Assignment of Produce
- Deed of Assignment of Insurance/Guarantee Coverage
- Comprehensive Surety Agreement (CSA) or Joint and Several Signatures (JSS)
- Deed of Assignment of Sub-Promissory Notes (PNs) and Underlying Collaterals
- Continuing Assignment of Receivables
- Deed of Assignment of Proceeds of Marketing Contracts, Purchase Order or Similar Instruments
- Chattel Mortgage (CM)
- Real Estate Mortgage (REM)
- Hold-out on Deposits
- Other Acceptable Asset(s)

Contact Details:

**Ms. Diolina Z. Mercado**

Co-Team Leader, ACSP Project Office

Phone: (632) 522.0000 local 2804

E-mail: dzmercado@acsp.ph

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**OPPORTUNITY KAUSWAGAN BANK, INC.**  
A & L Building, E. Lopez Street, Jaro, Iloilo City

**Program Title: MICRO, SMALL & MEDIUM ENTERPRISES  
DEVELOPMENT LENDING PROGRAM (SMED)**

**Program Objective:** A lending program for mainstreaming micro financing clients, micro, small and medium enterprises, open to individuals, partnerships, corporations and cooperatives for purposes of export financing, credit line, permanent working capital requirements and fixed asset acquisition (purchase of equipment, lot and inventories, building construction) and refinancing.

**Eligible Borrowers:**

**General:**

- Individuals between 21-60 years old during the time of application
- With decent, legal and stable source of income
- Residing in present address for at least 3 years. Residence must be within the bank's service area.
- No adverse credit findings and without any history of past due loans
- In good health and insurable
- No previous or pending court cases
- Not included in the Bank's client negative list

**MSMEs (Individuals, Partnerships, Corporations and Cooperatives):**

- MSMEs that are at least 100% Filipino owned for single proprietorship or partnership, cooperatives and 60% if a corporation.
- MSMEs that within major sectors of the economy: Industry, services, practice of profession, tourism related establishments, agri-business.
- MSME with an asset size of less P3,000,001 and not more than P100,000,000.
- MSMEs must be duly registered with appropriate government agencies.
- At least three (3) year track record for existing MSMEs and one (1) year track record for start-up capital for newly established micro and small enterprises.
- MSMEs under a franchise agreement or franchisee.
- MSMEs owned by Individuals, Partnerships, Corporations and Cooperatives.
- BMBE (Barangay Micro Business Enterprises).

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Note: MSMEs covered must not be a branch, subsidiary or division of a large scale enterprise. MSMEs must not be engaged in: Farm level crop, livestock and aqua/aqua production; purely trading of imported goods; vice generating activities such as liquor, cigarettes extractive activities and housing projects.

**Loan Purposes:**

- For fixed assets financing: covers acquisition of fixed assets (equipment or motor vehicle acquisition; lot acquisition (limited to 25% of the total loan) and building construction and improvements.
- For small and permanent working capital: covers permanent working capital to finance the receivables and/or inventory and soft or intangible investments such as: trade fair participation; pre-operating expenses for expansion project; training; rental deposit; IT software packages; franchise development packages and others.
- For loan refinancing: covers any same of the above stated loan purposes from other banks and other financial institutions.

**Terms/Requirements:**

**Loan Amount:** Over P150,000.00; Maximum P10,000,000.00 (SBL)

**Interest Rate:** 16%-18% per annum

**Maturity / Repayment:**

- One (1) year to five (5) years
- Monthly (amortized)

**Security:**

- Real Estate; Chattel of Motor Vehicles; Serialized Equipment and other Acceptable Securities.

**Requirements:**

- Application Form
- Co-Maker's Statement
- Xerox Copy of Tax Identification Number (T.I.N.), Driver's License, Passport, SSS ID, PRC ID, Postal ID and any valid ID's issued by the government, any two (2) valid ID
- Two (2) pieces 2" x 2" ID pictures of the borrower, spouse and co-borrower
- Original Court Clearance
- Machine copy of Income Tax Returns and Audited Financial Statements (Balance Sheet, Income Statement and Cash Flow Statement) for the last three (3) years for existing MSMEs and at least one (1) year for start-up MSMEs.
- Bank Statements for the last six (6) months
- Machine copy of DTI Certificate of Registration, Mayor's Permit/NFA License/Contractor's License



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- For Real Estate:
    - Machine copy of Certificate of Title certified (all pages) by the Registry of Deeds
    - Location and Vicinity Map signed and sealed by a Geodetic Engineer
    - Machine copy of Tax Declaration
    - Real Estate Tax Receipts and Tax Clearance
  - For Chattels:
    - Machine copy of LTO Certificate of Registration
    - Machine copy of LTO Official Receipt
    - 3 sets of Stencils of Engine and Chassis Number
  - Project study or detailed business plan (for new projects and for expansion of existing project)
  - Projected Income Statement, Balance Sheet and Cash Flow Statement with basic assumptions for the term of the loan
  - Evidence/Affidavit of ownership of existing machinery/ies and equipment.
  - Building Plan, Bill of Materials, Cost Estimates specifications of proposed improvements and building permits
  - Price quotations and catalogs of machineries and equipment to be acquired
  - Conditional Contract to sell for property/ies to be acquired
  - Brief history of the business, partnership, cooperative and corporation

***Additional Requirements for Partnerships, Corporations and Cooperatives:***

- Notarized Board Resolution authorizing the management and its officers to obtain loan from the Bank and designating authorized officers as signatories
- Duly accomplished Basic Information Sheet
- Articles of Partnership and SEC Registration
- Bio-data of Board Members and Key Officers
- Notarized list of current Board Members, Key Officers, and current principal stockholders with their citizenship certified by Corporate Secretary
- Machine copy of Articles of Incorporation and By-Laws and SEC Certificate of Registration
- Machine copy of CDA Certificate of Registration, Articles of Cooperation and By-Laws
- Certified list of active members as of latest date, indicating each one's share in the cooperative's paid-up capital
- Latest Interim Financial Statements

**Contact Details:**

**Mr. Angel L. de Leon, Jr.,** President and CEO

Phone: (6333) 320.4887

Fax: (6333) 320.8347

E-mail: kbankho@yahoo.com; okbankpres@yahoo.com

URL: [www.omb.org.ph](http://www.omb.org.ph)

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**Branches:**

<b>LUZON</b>	Antipolo City, Rizal Telephone: (02) 630.0165
	Valenzuela City (LCDP) Telephone: (02) 293.6331
	Bagong Silang, Quezon City (LCDP) Telephone: (02) 962.9069
	Sapang Palay, Bulacan (LCDP) Telephone: (044) 691.5450
	Fairview, Quezon City (LCDP) Telephone: (02) 431.4452
	Lower Caloocan, Caloocan City (LCDP) Telephone: (02) 367.5349
<b>VISAYAS</b>	
Western	Jaro, Iloilo City Telephone: (033) 320.5831
	Leon, Iloilo (OBO) Telephone: (033) 331.0067
	Miag-ao, Iloilo (OBO) Telephone: (033) 315.9973
	Roxas City, Roxas Telephone: (036) 621.1908
	San Jose, Antique Telephone: (036) 540.7136
Central	Sigma, Roxas Telephone: (036) 647.0578
	Kalibo, Aklan Telephone: (036) 500.8839
	Minglanilla, Cebu Telephone: (032) 273.7468
	Car-car, Cebu (OBO) Telephone: (032) 487.9095
	Tagbilaran City, Bohol Telephone: (038) 411.5776
	Ubay, Bohol Telephone: (038) 331.1304
	Tubigon, Bohol (OBO) Telephone: (038) 508.8503
	Tacloban City, Leyte Telephone: (053) 325.4100
	Carigara, Leyte (OBO) Telephone: (053) 331.1116
	Ormoc City, Leyte Telephone: (053) 561.0885
Eastern	Calbayog City, Samar Telephone: (055) 209.2566

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**PHILIPPINE BUSINESS FOR SOCIAL PROGRESS (PBSP)**

Philippine Social Development Center  
Magallanes corner Real Streets, Intramuros, Manila

**Program Title: SMALL AND MEDIUM ENTERPRISE CREDIT PROGRAM (SMEC)**

**Program Goal:** To contribute to poverty reduction by providing micro, small and medium enterprises (MSMEs) with access to financing and business development services to enable them to grow, generate jobs and provide income opportunities for men and women.

**Program Objectives:**

- Increase MSME and microfinance loan portfolio of SMEC-accredited intermediary financial institutions (IFIs) such as Rural Banks and Thrift Banks and Microfinance Institutions (MFIs).
- Enhance the institutional capacity of accredited IFIs and MFIs to deliver credit.

**Qualifications of MSME Sub-borrowers:** MSMEs can avail of the loan from SMEC-accredited IFIs if they meet the following qualifications:

- The principal owner is a citizen or permanent legal resident of the Philippines;
- Duly registered business organization which is at least 60% owned by Philippine nationals;
- Have their principal place of business in the Philippines;
- Must be 100% privately-owned with total assets of not more than P15 million at the time the loan is granted.

**Loan Purposes:** Loan funds may be used for:

- Starting a new business or expanding an existing business
- Acquiring fixed assets such as land, building and machinery
- Upgrading of facilities or equipment, or adoption of cleaner technology
- For services such as equipment installation
- Working capital

**Loan Amount, Interest, Repayment Terms and Security:** Subject to discussion/negotiation by the MSME sub-borrower with the IFI/MFI.

Contact Details:

**The Director**

Phone: (632) 527.7741 to 48

Telefax: (632) 527.3751

E-mail: [pbsp@pbsp.org.ph](mailto:pbsp@pbsp.org.ph)

URL: [www.pbsp.org.ph](http://www.pbsp.org.ph)

## **DIRECT LENDING PROGRAMS (DLP)**

### **Program Title: SHORT TERM – DIRECT LENDING PROGRAM (ST-DLP)**

**Program Objective:** To extend short-term loans to direct and indirect exporters, firms involved in priority projects of the National Government and import substitution industries.

#### **Eligible Borrowers:**

##### *Experience Requirements*

- Direct Exporter
  - With Minimum export volume of US \$100,000.00 or its equivalent within the last six months prior to application
  - Profitable operations for the last 2 years
- Indirect Exporter
  - Indirectly exporting in the immediately preceding year; and,
  - Profitable operations for the last 2 years.

##### *Credit Record*

- No substantial derogatory record on firm, its principals and officers;
- Satisfactory credit performance;

##### *Financial Standing*

- Maximum debt to equity ratio at 4:1 after financing
- Increasing trend in ROA and ROE

#### **Types of Credit Accommodation:**

- Transactional and/or Revolving Line

#### **Terms/Requirements:**

##### ***Loan Amount:***

- 80% of the value of the L/C, CPO, CSC and/or export bills provided maximum amount will not exceed P20.0M.
- For indirect exporters, 80% of the value of the receivable from the exporter provided maximum amount will not exceed P20.0M

**Interest Rate:** Applicable Base Lending Rate plus Spread

**Tenor of Credit Accommodation:** 180 days PN extendible provided that shipment date and/or expiry of LC/CPO is extended but not beyond 360 days.

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**Minimum Collaterals Required:**

- Real Estate Mortgage/Chattel Mortgage and/or
- Other acceptable collaterals

**Processing Fee:** One-fourth (1/4) of 1% of approved loan amount plus gross receipt tax (GRT) which may be deducted from the loan proceeds

**Taxes:** Applicable taxes for account of the borrower

**Conduit Banks:** Conduit banks of PhilEXIM shall assist in the implementation of the program by extending the following international trade services to clients/accounts referred by PhilEXIM:

- Opening of import letters of credit; and
- Negotiation of export documents.

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**Program Title: MEDIUM AND LONG TERM – DIRECT LENDING PROGRAM (MLT-DLP)**

**Program Objective:** Medium and long term loans to direct and indirect exporters and firms involved in priority projects of the National Government and import substitution industries.

**Business Experience:** Profitable operations for the last 2 years.

**Loan Purposes:**

- Capital Expenditure (CAPEX) inclusive of land acquisition
- Permanent working capital

**Terms/Requirements:**

**Loan Amount:** Up to P50 million but not more than 30% for land acquisition

**Interest Rate:** Applicable Base Lending rate plus spread

**Maturity / Repayment:** Principal and interest payable in arrears, quarterly or semi-annually

**Collateral:** Project assets and any acceptable collateral

**Processing Fee:** One-fourth (1/4) of 1% of the approved amount plus gross receipt tax (GRT) which may be deducted from the loan proceeds.

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**Conduit Banks:** Conduit banks of PhilEXIM shall assist in the implementation of the program by extending the following international trade services to clients/accounts referred by PhilEXIM:

- Opening of import letters of credit; and
  - Negotiation of export documents.
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**Program Title: SME UNIFIED LENDING OPPORTUNITIES FOR NATIONAL GROWTH (SULONG)**

**Program Objective:** The program is a financing strategy collaborated by PhilEXIM and other government financial institutions (GFIs) to provide SMEs access to financing under a uniform lending structure.

**Loan Purpose:**

- Short-term Loans
  - Export Financing – for export packing credit
  - Revolving Credit Line – for temporary working capital
- Long-term Loans – for purchase of equipment, building construction, purchase of lot, purchase of inventories

**Eligible Enterprises:** At least 60% Filipino-owned whose assets are not more than P100 Million, excluding the value of the land, or subject to ownership rules as defined under existing Philippine laws for specific industries.

**Terms/Requirements:**

**Loan Limits:** 70% of the value of LC/PO; maximum of P5.0 Million

**Interest Rate:** SULONG lending rate; repriced quarterly by the SULONG Finance Committee.

**Maturity/Repayment:** Maximum of one (1) year

**Security/Collateral:**

- Postdated Check
- Registered/unregistered Real Estate Mortgage/Chattel Mortgage
- Assignment of LC or CPO or life insurance
- Guarantee cover (if franchise)
- Assignment of lease rights (if franchise)

**Evaluation and Service Fees:** P2,000 for every P1.0 Million plus front-end fee of ½ of 1% of approved loan for both Short and Long-term loans.

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**Program Title: WHOLESALE DIRECT LENDING PROGRAM**

**Program Objectives:** Short term loan and capability building assistance to SME Export Sector.

**Mode of Credit Delivery:** Funds to accredited partner-borrower for relending to its member exporters/clients.

**Eligible Borrowers/Conduits:**

- Financial Institutions – BSP accredited financial institution
- Exporter Association –
  - Duly registered with SEC/CDA with at least (two) 2 years in operation
  - Debt to equity ratio of 5:1
  - Well managed records, accounting and internal control systems, including:
    - Membership directory of at least ten (10) active members
    - Written policies
    - Board resolutions
  - With good leadership
  - Available to direct and indirect exporters
  - With at least 85% membership fee collection rate

**Eligible End-Borrowers:**

- Direct Exporters – any entity that earns foreign exchange revenues
- Indirect Exporters – supply chain of direct exporters

**Types of Credit Facility and Purposes:**

- For Financial Institutions Group
  - One year revolving credit line – for short-term working capital requirements
  - Two to three years medium term loan – for permanent working capital and equipment acquisition
  - Five-year long term loan – for fixed asset acquisition and improvement
- For Exporters Organizations Group
  - One year revolving credit line – for the following purposes:
    - check rediscounting to finance POs and LCs of end-borrower/member
    - acquisition of small equipment and tools needed in operations
    - acquisition of common service facility (machinery or equipment) to be leased out to subcontractors on per job order basis to ensure standard quality outputs, maximize productivity and lower production cost

- improvement of workplace, storage or warehouse facility
- advertisement and promotion design, packaging and other quality maintenance and upgrading costs
- participation of member exporters in local and international trade shows
- Subject to 2 years very satisfactory performance of check rediscounting facility and established policies and systems in place, the medium and long term loans may also be granted.

### **Terms/Requirements:**

#### ***Credit Limit:***

- Financial Institutions
  - Minimum: P10 Million
  - Maximum: P50 Million
- Exporters Organizations
  - Minimum: P10 Million
  - Maximum: P50 Million
- Single borrower's limit (SBL) for end borrower
  - P2.5 Million

#### ***Financing Charges for One Year Revolving Credit Line:***

Interest Rate	PDST-F rate plus applicable spread
Handling Fee	P10,000 payable upfront
Service Fee	P5,000 for every availment
Out-of-pocket	Actual
Expenses	Principal – One time payment based on maximum one (1) year Promissory Note
Repayment Terms	Interest - discounted

***Maturity / Repayment:*** One-time payment of principal

#### ***Security/Collateral:***

- REM, CHM and other acceptable collaterals
- Partner-borrower may require other collaterals



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## **GUARANTEE PROGRAMS**

### **Program Title: WHOLESALE GUARANTEE FOR SMEs**

**Program Objectives:** Guarantees on existing loan portfolios to direct and indirect SME exporters.

**Business Experience:**

- Direct Exporters
- Indirect Exporters

**Credit Facilities and Purposes:**

- One (1) year Revolving Credit Line for short term working capital requirements

**Guarantee Coverage:** Up to 90% of the portfolio enrolled

**Conduits:** Financial Institutions

**Criteria of Conduits:**

- Latest BSP CAMELS (Capital, Assets, Management, Earnings, Liquidity and Sensitivity) rating at least 3
- NPL (Non-Performing Loan) and Net NPL Ratio (average for the last three (3) years should not be higher than industry average

**Terms/Requirements:**

***Portfolio Requirement:***

- At least P50 million but not to exceed P200 Million per conduit
- Loans classified as current for the last 6 months

***Maximum Amount/Borrower:*** P20 Million

***Terms:*** Fixed or Revolving

***Interest Rate:*** Applicable Base Lending rate plus spread

***Collateral:*** All collaterals acceptable to the conduits

***Fees:***

- Processing Fee (for renewal):  
One-Eight (1/8) of 1% payable upon approval of renewal of portfolio enrolled, computed based on the guaranteed amount of the portfolio plus GRT.
- Application/Enrollment Fee:  
P100,000 plus GRT, payable up-front upon application, non-refundable

- 
- **Guarantee Fee:**  
To be determined based on default rate of conduit
  - **Amendment or Extension Fee:**  
P5,000 plus GRT per amendment

**Out of Pocket Expenses:** For account of the applicant as billed

**Taxes:** Applicable taxes for account of the borrower

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**Program Title: GUARANTEE PROGRAM FOR SMEs**

**Program Objectives:** Guarantees on short term loans to direct and indirect exporters, firms involved in priority projects of the government and import substitution industries.

**Business Experience:**

- Any entity, enterprise or corporation organized or licensed to engage in business in the Philippines.
- Profitable operations for the last two years.

**Credit Facilities and Purposes:** Working capital, such as but not limited to:

- Receivables financing
- Inventory financing
- Supplier's credit whether domestic or imported
- Discounting of drafts drawn against buyers

**Guarantee Coverage:** Up to 90% of the portfolio enrolled

**Terms/Requirements:**

***Tenor of Credit Accommodation:***

- 180 days PN extendible provided that shipment date and/or expiry of LC/CPO is extended but not beyond 360 days.

***Debt to Equity Ratio:***

- 4:1 Maximum (after financing)
- Minimum networth – P500,000

***Loan Amount:*** P20 Million

***Terms:*** Fixed or Revolving

***Collateral:***

- Real Estate Mortgage/Chattel Mortgage
- Other acceptable collaterals

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**Fees:**

- Application Fee:  
P10,000 plus GRT payable up-front upon application, non-refundable
- Processing Fee:  
¼ of 1% of the guaranteed amount plus GRT, payable upon receipt of Notice of Approval
- Guarantee Fee:  
Maximum of 2.5% per annum plus GRT
- Amendment or Extension Fee:  
P5,000 plus GRT per amendment or extension

**Out-of-Pocket Expenses:** For account of the applicant/funder as billed

**Taxes:** Applicable taxes for account of the borrower

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## **TRADE CREDIT INSURANCE PROGRAM**

**Program Title: EXPORT CREDIT INSURANCE PROGRAM**

**Program Objectives:**

Provides insurance coverage to exporters against the risk of non-payment by foreign buyers of export shipments on credit arising from political or commercial risks.

Contact Details:

**Asset Management Sector** - Atty. Ma. Rosario Manalang-Demigillo  
**SME Department** Vice President Alex C. Arabis  
Tel. Nos.: (632) 885.4700 or 893.4809

**Program Title: KABUHAYAN FRANCHISE LOAN**

**Program Objective:** To provide financial support to eligible new and existing franchise businesses.

**Eligible Borrowers:**

- Individuals (not more than 65 yrs. old) with stable and verifiable source of income
- Sole Proprietors / Partnerships / Corporations

**Loan Purposes:**

- Acquire new franchise business (franchise fee, store construction, purchase of equipment, furniture and fixtures, signage, operating expenses, etc.)
- Finance expansion, store renovation, upgrading of equipment, furniture and fixtures, operating expenses, etc. of existing franchise business

**Terms/Requirements:**

**Loan Amount:** PhP500,0000 - PhP10,000,000

**Term:** Minimum 1 year – Maximum of 5 years

**Repayment:**

- Monthly payments covering interest plus principal using post dated checks or auto-debit arrangement
- Up to one (1) year grace period on principal payment (subject to evaluation)

**Security:**

- Real Estate properties (residential, commercial, industrial)
- Hold out on deposits

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**Program Title: SMALL BUSINESS LOAN (SBL)**

**Program Objective:** To provide financial support to eligible local entrepreneurs nationwide.

**Eligible Borrowers:** Sole Proprietors/Partnerships/Corporations whose business must be operating profitably for the past three (3) years.

**Loan Purposes:**

- Working Capital to finance receivables and inventory build-up, and day-to-day business expenditures;
- Upgrading or acquisition of machineries and equipment; and
- Acquisition, expansion or modernization of plant or office facilities.

**Terms/Requirements:**

**Loan Amount:** PhP500,000.00 to PhP10,000,000.00

**Term:** Minimum 1 year – Maximum of 5 years

**Repayment:** Monthly payments covering interest plus principal using postdated checks or auto-debit arrangement.

**Security:**

- Real Estate: (residential, commercial, industrial)
- Hold out on deposits

**Contact Details:**

<b>For Metro Manila Inquiries</b>	<b>For Provincial Inquiries</b>
Mr. Rolando Rohel r. Briones/ Ms. Maricris D. Ybera Tel. No.: (02) 526.3323 / (02) 573-4443/ (02) 573-4564 Fax No.: (02) 573.4316	Ms. Ma. Rita Pueyo / Mr. Jahil Macapagal Tel. No.: (02) 551.4167 / (02) 526-3384 Fax No.: (02) 526.3410

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**PLANTERS DEVELOPMENT BANK (PDB)**  
314 Sen. Gil J. Puyat Avenue, Makati City

**Program Title: SME REVOLVING CREDIT LINE**

**Program Objective:** To provide short-term loans to SMEs to finance their working capital requirements.

**Eligible Borrowers:**

- Individuals, Partnerships and Corporations with asset size of not less than P1.5 Million.
- Companies engaged in the business for at least three (3) years.
- Companies operating profitably for the last three years.

**Loan Purpose:** For Working Capital requirements such as receivable financing, purchase of additional inventory, etc.

**Terms/Requirements:**

<b><i>Loan Amount</i></b>	: Minimum of P5.0 Million; Maximum of P50.0M.
<b><i>Interest Rate</i></b>	: Prevailing bank lending rate, reviewed monthly.
<b><i>Maturity</i></b>	: One year line subject to renewal.
<b><i>Mode of Payment</i></b>	: Interest payable monthly; principal at maturity.
<b><i>Security</i></b>	: Real Estate Mortgage (REM) or a combination of REM/ Chattel Mortgage.

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**Program Title: TERM LOAN**

**Program Objective:** To provide loans for fixed asset acquisition and permanent working capital requirements.

**Eligible Borrowers:**

- Individuals, Partnerships and Corporations having an asset size of not less than P1.5 Million;
- Companies engaged in the business for at least three (3) years;
- Companies operating profitably for the last three (3) years.

**Loan Purposes:**

- For Permanent Working Capital
- Fixed Asset Acquisition (purchase of machines, construction/ renovation of building/plant facilities)

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**Terms/Requirements:**

- Loan Amount*** : Minimum of P5.0 Million; Maximum of P50.0 Million.
- Interest Rate*** : Prevailing bank lending rate available at variable or fixed rate options.
- Maturity / Repayment*** : Maximum of seven (7) years, payable monthly or quarterly.
- Security*** : Real Estate Mortgage (REM) or a combination of REM/ Chattel Mortgage.
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**Program Title: SMALL BIZ LOAN**

**Program Objective:** To provide multi-purpose credit facility for immediate funding requirements of various business opportunities and personal needs. Loan package may either be on a Revolving Credit Line (RCL) or Term Loan (TL) facility.

**Eligible Borrowers:**

- Individuals, Partnerships and Corporations;
- Companies engaged in the business for at least three (3) years;
- Companies operating profitably for the last three years;
- Companies with gross monthly sales of at least P100,000.00
- Self-employed individuals, entrepreneurs/businessmen and professionals with minimum P100,000.00 monthly revenue.

**Loan Purposes:** Multi-purpose for business or personal needs such as:

- Working Capital/ Fixed Assets for Business.
- House Renovation.
- Personal Consumption.
- Emergencies.

**Terms/Requirements:**

***Loan Amount:*** Minimum of P250,000.00; Maximum of P10.0 Million.

***Interest Rate:***

- Revolving Credit Line (RCL) – prevailing bank lending rate, reviewable monthly.
- Term Loan (TL) – fixed rate for the entire term of the loan.

***Maturity / Repayment:***

- RCL – maximum of one year, subject to renewal.
- TL – maximum of ten (10) years.

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**Mode of Payment:**

- RCL – Interest payable monthly/quarterly, principal at maturity.
- TL – equal monthly amortization.

**Security:**

- Real Estate Mortgage on residential and commercial properties with good marketability.
- Industrial (small and not specialized warehouse)

**Contact Details:****Ms. Ma. Agnes J. Angeles**

Senior Vice President

SME Banking Group 2/Microfinance Department

Planters Development Bank

Phone: (632) 884.7600 locals 7644, 5145

Telefax: (632) 813.7082

E-mail: pbsp@pbsp.org.ph

URL: [www.planterbank.com.ph](http://www.planterbank.com.ph)

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Planters Development Bank is an accredited participating financing institution (PFI) of the following program agencies:

**BANGKO SENTRAL NG PILIPINAS**

BSP Electronic Rediscounting

(Production, Commercial, Developer)

**LAND BANK OF THE PHILIPPINES Program Facilities:**

Countryside Loan Fund (CLF) I

CLF II

CLF III

CLF-CREAM

**SB CORPORATION Program Facilities:**

Funding Access for Short Term Loans (FAST)

Financing Investment for Regional Market (FIRM)

**SOCIAL SECURITY SYSTEM Program Facilities:**

SSS Special Financing Program

SSS Financing Program for Educational Institutions

SSS Hospital Financing Program

SSS Industry Loan Program

SSS Tourism Program

SSS SULONG



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**SMALL BUSINESS CORPORATION**

(Small Business Guarantee and Finance Corporation)  
17th & 18th Floors, 139 Corporate Centre, Valero Street  
Salcedo Village, Makati City

**DIRECT LENDING PROGRAMS**

**Program Title: WORKING CAPITAL FINANCING**  
**(Financing of Receivables and/or Inventory)**

**Program Objectives:** A direct lending facility which aims to further address the working capital needs of small and medium enterprises (SMEs). This facility supports the enterprise's gapping of receivables and build-up of inventory.

**Minimum Borrower Qualifications:**

- Must be a Filipino-owned enterprise; in the case of corporation, must be at least 60% Filipino-owned;
- Must have an asset size of not less than P3 Million and not more than P100 Million, excluding the value of land;
- Must have at least one year positive business track record;
- The MSME industry involved should not be among the following exclusionary list of SBGFC:
  - Real estate development (SME contractors are qualified)
  - Pure traders of imported goods
  - Engaged in vice-generating operations
- Must have a BRR score of "5" or better per SBGFC evaluation.

**Loan Purpose:**

- Financing of receivables and/or inventory

**Terms/Requirements:*****Loan Amount:***

- Minimum of P200 Thousand
- Maximum – based on repayment capacity of the business as assessed by SBC; up to 80% of receivables and up to 60% of inventory

***Repayment Term:***

- One Year Revolving Credit Line
  - 12 to 18 months PN per drawdown, principal and interest payable in monthly or quarterly basis;
  - 180-day PN per drawdown, payable lump-sum at maturity with at least 20% partial payment on principal and remaining balance for re-PN: interest payable monthly or quarterly

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- In case of transactional PO or AR financing, PN maturity will depend on expected time of payment of buyer; principal and interest to be paid lump-sum at maturity
  - Amortized Working Capital Loan
    - May be payable up to 3 years, to be amortized on monthly or quarterly basis

***Interest Rates: (Available upon request)***

- Fixed rate up to maturity of the loan, interest is computed based on diminishing balance
- Interest Rate setting is based on Borrower Risk Rating (BRR), collateral cover and term of the loan.

***Service Fees*** (to be deducted from proceeds of the loan; no front-end fees):

- Evaluation Fee – ½ of 1% of approved loan but not less than P3,000
- Processing Fee – ½ of 1% of loan release
- Out-of-town processing fee
  - None for Metro Manila, Cebu and Davao
  - P2,000 for the CALABAR and Region 3 provinces
  - P4,000 or actual air fare for the rest of the country

***Security:***

- Assets to be financed by the loan (receivables, inventory and/or fixed assets)

*The presence of additional collateral external to the business will not assure the granting of loan and absence of such additional collateral will not be a reason for loan denial.*

*Total collateral cover, however, will impact on the pricing of loan.*

***Documentary Requirements:***

***Upon Loan Application:***

- Accomplished Business Loan Application Form with recent ID picture
- Notarized Client Information Sheet with fully accomplished Statement of Assets and Liabilities (for each of the major owners/officers)
- Latest in-house financial statements (not more than one year old)
- Latest ITR and BIR-filed financial statements
- Business registration papers and business permit
- Photocopy of sales documents to be financed
- Location map of the project/business site
- Proof of billing at residential and/or business address

- 
- List of suppliers, buyers and creditors with contact numbers
  - For corporations, Board Resolution to borrow and on signatories (and on mortgage, if applicable)
  - Certification on bank loans
  - Proof of ownership registration of the collateral properties offered to secure the loan
  - Location map of real estate collateral properties

**During Project Visit:**

- Accomplished SBGFC signature card, as facilitated by its Account Officer
- Prior years in-house financial statements, if business is more than one year old (prior two years FS for long existing companies)
- Breakdown of accounts receivables with aging schedule
- Proof of historical sales transactions to serve as support to sales validation
- Business contracts, if any
- Dated check of P4,000 to serve as commitment fee

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**Program Title: FIXED ASSET FINANCING**  
(Amortized Term Loan for Asset Acquisition)

**Program Objectives:** A direct lending facility for domestic enterprises to sustain, expand or improve their business operations. Expansion projects may include fixed assets acquisition and construction or renovation of the project site facility.

**Minimum Borrower Qualifications:**

- Must be a Filipino-owned enterprise; in the case of corporation, must be at least 60% Filipino-owned;
- Should have an asset size of not less than P500 Thousand and not more than P100 Million, excluding the value of land;
- Must have at least one year positive business track record;
- The MSME industry involved should not be among the following exclusionary list of SBGFC:
  - Real estate development (SME contractors are qualified)
  - Pure traders of imported goods
  - Engaged in vice-generating operations
- Must have a BRR score of “5” or better per SBGFC evaluation.

**Loan Purpose:**

- Fixed asset acquisition – equipment or motor vehicle acquisition; lot acquisition (limited to 25% of total loan)
  - Building construction/improvement
  - Refinancing of loans used for fixed asset acquisition (except for loans from other government financial institutions)
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## **Terms/Requirements:**

### ***Loan Amount:***

- Minimum loan amount of P200 Thousand
- Maximum Loan Amount – based on repayment capacity of the business as assessed by SBC; may be up to 90% of total project cost

### ***Repayment:***

- Up to 5 years may be up to 7 years for big projects (a proposed project which is equal or higher than the borrower's asset is considered as "big").
- Repayment mode of monthly or quarterly.
- Grace period of up to 1 year on principal, but to be allowed only if the expansion project involves new product/service lines and/or new markets.

### ***Interest Rates: (Available upon request)***

- Fixed rate up to maturity of the loan; interest is computed based on diminishing balance.
- Interest rate setting is based on Borrower Risk Rating (BRR), collateral cover and term of the loan.

### ***Service Fees*** (to be deducted from proceeds of the loan; no front-end fees):

- Evaluation Fee – ½ of 1% of approved loan but not less than P3,000
- Processing Fee – ½ of 1% of loan release
- Out-of-town processing fee
  - None for Metro Manila, Cebu and Davao
  - P2,000 for the CALABAR and Region 3 provinces
  - P4,000 or actual air fare for the rest of the country

### ***Security:***

- Fixed assets to be financed by the loan must form part of the collateral.

## ***Documentary Requirements:***

### ***Upon Loan Application:***

- Accomplished Business Loan Application Form with recent ID picture
- Notarized Client Information Sheet with fully accomplished Statement of Assets and Liabilities (for each of the major owners/officers)
- Latest in-house financial statements (not more than one year old)
- Latest ITR and BIR-filed financial statements

- 
- Business registration papers and business permit
  - Location map of the project/business site
  - Proof of billing at residential and/or business address
  - List of suppliers, buyers and creditors with contact numbers
  - For corporations, Board Resolution to borrow and on signatories (and on mortgage, if applicable)
  - Proof of costing of assets subject of financing
  - Certification on bank loans
  - Proof of ownership registration of the collateral properties offered to secure the loan
  - Location map of real estate collateral properties

**During Project Visit:**

- Accomplished SBGFC signature card, as facilitated by its Account Officer
- Prior years in-house financial statements, if business is more than one year old (prior two years FS for long existing companies)
- Breakdown of accounts receivables with aging schedule
- Proof of historical sales transactions to serve as support to sales validation
- Business contracts, if any
- Dated check of P4,000 to serve as commitment fee

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**Program Title: FINANCING FOR START-UP ENTERPRISES**

**Program Objective:** A direct lending facility for start-up domestic entrepreneurs whose product or service prototype has already been produced and market-tested. This facility also caters to start-up franchisees.

**Eligible Borrowers:**

- Must be a Filipino-owned enterprise; in the case of corporation, must be at least 60% Filipino-owned;
- Should have an asset size of not less than P500 Thousand and not more than P100 Million, excluding the value of land.
- Must be willing and able to finance at least 50% of the cost of the start-up project;
- The MSME industry involved should not be among the following exclusionary list of SBGFC:
  - Real estate development (SME contractors are qualified).
  - Pure traders of imported goods.
  - Engaged in vice-generating operations.
- For non-franchisee,
  - the product or service prototype must have been produced and market-tested; and,
  - must have a business plan, which the borrower should be able to expound on and to defend.

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- For franchisee,
    - the franchise concept may either be homegrown or international; and,
    - the franchisor firm must be a member in good standing of either the Association of Filipino Franchisors, Inc. (AFFI) or the Philippine Franchise Association (PFA).

**Loan Purpose:**

- Fixed Asset Acquisition
  - Equipment or motor vehicle acquisition
  - Lot acquisition (limited to 25% of total loan)
- Building construction/improvement
- Working capital for initial inventory and/or other pre-operating costs

**Type of Loan:** Amortized Term Loan

**Terms/Requirements:**

***Loan Amount:***

- Minimum of P200 Thousand
- Maximum Loan Amount
  - Up to 50% of total project cost
  - Up to P3.0 Million for franchisees
  - Up to P1.5 Million for non-franchisees

***Interest Rates: (Available upon request)***

- Fixed rate up to maturity of the loan; interest is computed based on diminishing balance
- Interest Rate setting is based on Borrower Risk Rating (BRR), collateral cover and term of the loan.

***Service Fees*** (to be deducted from loan proceeds; no front-end fees):

- Evaluation Fee – ½ of 1% of approved loan but not less than P3,000
- Processing Fee – ½ of 1% of loan release
- Out-of-town processing fees
  - None for Metro Manila, Cebu and Davao
  - P2,000 for the CALABAR and Region 3 provinces
  - P4,000 or actual air fare for the rest of the country

***Repayment:*** Maximum of 5 years, with up to six months grace period on principal; monthly or quarterly amortization

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**Security:**

- For non-franchisees, must be fully secured by Real Estate Mortgage and/or Chattel Mortgage on motor vehicle.
- Fixed assets to be financed by the loan shall form part of collateral.
- In case of start-up franchisees, corporate guarantee of franchisor may form part of collateral up to 50%.

**Documentary Requirements:****Upon Loan Application:**

- Accomplished Business Loan Application Form with recent ID picture
- Notarized Client Information Sheet with fully accomplished Statement of Assets and Liabilities (for each of the major owners/officers)
- Business registration papers and business permit
- Business Plan
- Location map of the project/business site
- Proof of billing at residential and/or business address
- In case of franchisee,
  - Franchise Agreement or Certification of authority to franchise
  - Letter of Endorsement from franchisor
  - Franchisor's Certificate of Good Standing, as issued by AFFI or PFA
- For corporations, Board Resolution to borrow and on signatories (and on mortgage, if applicable)
- Proof of costing of assets subject of financing
- Certification on bank loans, if applicable
- Proof of ownership registration of the collateral properties offered to secure the loan
- Location map of real estate collateral properties

**During Project Visit:**

- Accomplished SBGFC signature card, as facilitated by its Account Officer
- Business contracts, if applicable
- Dated check of P4,000 to serve as commitment fee

**Contact Details:**

**Ma. Luna C. David**, Senior Vice President  
Financing and Capacity Building Sector  
Phone: (632) 751.1888; Fax: (632) 894.1677  
E-mail: ldavid@sbgfc.org.ph

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**Program Title: CREDIT GUARANTEE PROGRAM**

**Program Objective:** The SB Corporation offers a Credit Guarantee Program which aims to help financial institutions consider the granting of loans to micro, small and medium enterprises (MSMEs) thru credit sharing, with SBC taking on the bigger bulk of the risk for a fee.

**Facilities:**

- **SME-GEAR** or Guarantee for MSMEs without collateral – a guarantee facility for completely unsecured or clean loans.
- **SME-GROW** or Guarantee for MSMEs with partial collateral – a guarantee facility for loans with insufficient collateral, where the guarantee cover is limited to the unsecured portion only. SBC shall not share on future collateral recoveries.
- **SME-GAIN** or Guarantee for MSMEs with available collateral but are faced with some credit risk concerns – a guarantee facility where the guarantee cover is on the entire loan inclusive of the secured portion. SBC shall share on future collateral recoveries on pari-passu basis.

**Minimum Qualifications of the PFI:**

- Should be a financial institution which may include banks and financing/leasing companies;
- Latest CAMELS rating of at least “3”, if applicable;
- Positive net income for the past two years;
- Past due rate of not more than 20%;
- Capital adequacy ratio of at least 10%;
- Operational MSME lending unit; and,
- No negative credit record.

**Minimum Qualifications of the MSME Borrower:**

- Borrower Risk Rating (BRR) score of “5” or better as scored by SBC;
- At least 60% Filipino-owned enterprise duly registered with the SEC and/or the DTI;
- Asset size of not less than P500 Thousand and not more than P100 Million exclusive of the value of the land where the project is located;
- Sound business track record of at least 3 years;
- At least one year business track record may be allowed provided that the enterprise has a BRR of “4” or better;
- Not belonging to the SBC exclusionary list of industries:
  - Farm-level production involving agriculture, aquaculture, and/or livestock (post-production activities are qualified);
  - Real estate development (MSME contractors are qualified);
  - Pure trading of imported commodities (unless value added services are employed which impact positively on the domestic market); and,
  - Vice-generating activities.



- Positive net income for the immediate past year based on the BIR-filed financial statements.

#### Types of Loan Eligible for Guarantee Cover:

Loan Package	Period of Guarantee Cover
<ul style="list-style-type: none"> <li>▪ Fixed asset acquisition (amortized term loan):               <ul style="list-style-type: none"> <li>○ Land purchase (only up to 25% of the loan), and/or plant construction/improvement</li> <li>○ Equipment                   <ul style="list-style-type: none"> <li>- brand new units</li> <li>- second-hand/reconditioned units</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>⇒ Up to seven years with up to one year grace period on principal</li> <li>⇒ Up to five years with up to six months grace period on principal</li> <li>⇒ Not more than 70% of the remaining economic life or three years whichever is shorter with up to six months grace period on principal</li> </ul>
<ul style="list-style-type: none"> <li>▪ Working capital:               <ul style="list-style-type: none"> <li><u>One Year Credit Line</u> <ul style="list-style-type: none"> <li>○ Transactional (up to 80% of Purchase Order/Accounts Receivable/Inventory)</li> <li>○ Non-transactional (up to 80% of accounts receivable and inventory less accounts payable and all existing working capital loans)</li> </ul> </li> <li><u>Amortized Term Loan</u> <ul style="list-style-type: none"> <li>○ At least 3-year term</li> <li>○ Supported by cash flow assessment</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>⇒ Up to one year upon approval of the guarantee cover</li> <li>⇒ Up to five years with up to six months grace period on principal</li> </ul>
<ul style="list-style-type: none"> <li>▪ Loan refinancing/take-out (must be in current status and not restructured)</li> </ul>	<ul style="list-style-type: none"> <li>⇒ Depending on the loan purpose</li> </ul>

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**Maximum Guarantee Cover:****SME-GEAR or Clean Loan Facility**

Nature of PFI Credit Evaluation	Maximum Guarantee
With BRR System	70% of the entire loan but not to exceed P6.0 Million
Without BRR System	70% of the entire loan but not to exceed P2.0 Million

**SME-GROW or Collateral-Short Facility**

Nature of PFI Credit Evaluation	Maximum Guarantee
With BRR System	70% of the unsecured portion of the loan but not to exceed P6.0 Million
Without BRR System	70% of the unsecured portion of the loan but not to exceed P2.0 Million

**SME-GAIN or Collateral-Sharing Facility**

Nature of PFI Credit Evaluation	Collateral Cover	Maximum Guarantee
With BRR System	At least 25%	80% of the entire loan, but not to exceed P10.0 Million
	Less than 25%	70% of the entire loan, but not to exceed P6.0 Million
Without BRR System		70% to 80% of the entire loan, but not to exceed P3.0 Million

**Guarantee Fee:**

Borrower's Risk Rate	Fee per Annum (up to the guaranteed portion only)
1	1.00%
2	1.25%
3	1.50%
4	2.00%
5	3.00%
In case of BRR deterioration after guarantee approval (BRR 6 and up)	3.00%

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**Manner of Application:**

- Credit Lines – to be charged based on the full credit line amount and on a full one-year term basis.
- Amortized Term Loans – to be charged based on the outstanding balance of the loan at the beginning of each amortization year. The rate may be changed annually based on the account's latest BRR score.

**Payment Option:**

- Credit Line
  - Lump sum upon first drawdown; or
  - Amortized with 25% payable on or before the first drawdown; full amount not later than the end of the third quarter of the life of the credit line
  - In case of call, the guarantee fee balance for the year should first be updated
- Amortized Term Loan
  - Lump sum at the beginning of each amortization year; or,
  - Amortized quarterly in advance
  - In case of call, the guarantee fee due for the year should first be updated

**General Procedures for Participation:**

1. The financial institution (FI) applies for accreditation under the credit guarantee program of SBC with its nearest office – together with the documentary basis for the FI's qualification under the SBC program.
2. SBC assesses the accreditation application of the FI by conducting standard checking.
3. Once approved for accreditation, a Master Guarantee Agreement between SBC and the FI shall be executed, and the latter shall be included in the list of SBC's Participating Financial Institutions (PFI).
4. Upon acceptance by the PFI of an MSME loan application, it shall determine whether an SBC guarantee cover is required.
5. The PFI shall inform SBC of its intent to apply for a guarantee cover on the MSME loan, and may conduct a joint project inspection and borrower interview with SBC to expedite the guarantee approval.
6. The PFI approves the MSME borrower's loan application and submits to SBC the documentary requirements.
7. SBC validates the minimum qualifications on the MSME borrower, particularly the BRR score to determine the guarantee approval, the monitoring covenants that the PFI should observe and the applicable guarantee fee.
8. SBC issues to the PFI the terms of the guarantee approval.
9. The PFI implements/releases the loan within 90 days from date of guarantee approval.

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10. The PFI supervises the loan, inclusive of collection of the guarantee fee in favor of SBC.
  11. The PFI submits to SBC the General and Per Loan Release documentary requirements of SBC after implementation of the guaranteed loan.
  12. SBC issues a Certificate of Completeness of Documents in favor of the PFI on a per PN basis, which is a basic requirement in case of call on guarantee.
  13. SBC issues a Revocation of Guarantee Cover in case of non-submission by the PFI of the necessary guarantee implementation documents.
  14. The PFI and SBC conduct project inspections in compliance with the monitoring covenants stipulated in the guarantee approval – which may be on annual or semi-annual basis. CI update may be done as often as semi-annually.
  15. In case of default by the MSME borrower, the PFI may restructure the loan subject to approval by SBC; or may call on the guarantee to institute payment by SBC on the defaulted amount in favor of the PFI.
  16. SBC validates the PFI's compliance to the guarantee monitoring covenants to determine the final level of guarantee cover at the time of call on guarantee.
  17. Upon payment by SBC of the valid call on guarantee, claim on the borrower's loan obligation is transferred to SBC up to the extent of the guarantee cover. SBC shall co-supervise the loan together with the PFI until full collection, foreclosure and/or legal resolution.
  18. MSME borrowers with negative credit track record are entered into the financing system's credit bureau.

#### **Documentary Requirements:**

##### **Upon Application for Guarantee Cover**

- Letter of request by PFI for SBC guarantee cover
- Credit approval of PFI including details on nature and extent of requested guarantee cover
- Credit analysis of PFI on the borrower with summary of historical financials and the BRR score
- Credit investigation report of PFI on the borrower to cover creditors, buyers and suppliers (not more than six months old)
- Collateral appraisal report, if applicable (not more than one year old)
- Other standard documents submitted by the borrower to the PFI

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## **Upon Implementation of the Guaranteed Loan**

### General Loan Documents

- Line/loan agreement or its equivalent
- Notarized statement of assets and liabilities of the borrower (not more than one year old)
- Applicable continuing surety agreements
- Applicable collateral instruments and attachments
- Applicable life and non-life insurance papers

### Per Loan Release Documents (Per PN basis)

- Promissory Note
- Disclosure Statement
- Proof of loan release
- Payment/amortization schedule
- Postdated checks of the borrower
- In case of transactional credit line, if applicable:
  - Deed of assignment of proceeds of receivables
  - Proof of at least three export transactions with foreign buyer in case of non-LC transactions
  - Proof of liquidation of prior PN in case of inventory financing

### **Call on Guarantee (per PN basis)**

- Letter of call on the SBC guarantee
- Loan ledger
- Latest full BRR-review (not more than six months old from date of call on guarantee)
- Property search on the principal borrower and/or JSS parties (not more than six months old from date of call on guarantee)
- Original copy of deed of assignment by the PFI in favor of SBC on the PFI's right on the loan up to the extent of guaranteed portion
- Original copy of checks issued by the borrower including the bounced checks
- Latest demand letter or notice of dishonor sent to the issuer of the bounced checks of the borrower (sent not later than 60 days after default)
- Latest demand letter sent to the borrower together with latest statement of account (sent not later than 60 days after default)

### **Other Requirements:**

- Life insurance on the principal SME borrower who is 60 years old and without clear succession – up to the unsecured portion of the loan
- Non-life insurance on a case-to-case basis on vital business assets whose loss will totally bring down the MSME's operations

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## WHOLESALE LENDING PROGRAM

### Program Title: SME WHOLESALE LENDING PROGRAM

**Program Objectives:** The program aims to improve the ability of financial institutions to lend to micro, small and medium enterprises (MSME) thru funding access at terms that are properly matched with the requirements of the sector.

#### Minimum Qualifications of the PFI:

- Should be a financial institution which may include banks and financing/leasing companies;
- Latest CAMELS rating of at least “3”, if applicable;
- Positive net income for the past three years;
- Past due rate of not more than 15%, preferably at par with industry average
- Capital adequacy ratio of at least 10% for banks; of at least 20% for non-banks
- Liquid assets not below 10% of deposits
- Operational MSME lending unit; and,
- No negative credit record.

#### Minimum Qualifications of the Sub-Borrower MSME:

- At least 60% Filipino-owned enterprise, as registered with DTI or SEC;
- Asset size of not more than P100 Million, exclusive of value of land where the project is located;
- Positive income for the past one year based on BIR-filed financial statements;
- Debt-equity ratio of not more than 80:20;
- Not belonging to the SBC’s exclusionary list of industries:
  - Real estate development (MSME contractors are qualified);
  - Pure trading of imported commodities (unless value added services are employed which impact positively on the domestic market); and,
  - Vice-generating activities.

#### Terms/Requirements:

##### ***Funding:***

- In the form of a one-year omnibus credit line (OCL) available for the PFI’s short-term and medium-term MSME portfolio. The OCL amount is based on SBC’s assessment of the PFI’s absorptive capacity and risk rate.

An increase in the OCL amount may be requested during the life of the loan facility.

- Funding may be up to 90% of the outstanding loan balance of the MSME sub-loan, but not to exceed as follows:

PFI Category	Ceiling of SBC Funding per MSME Sub-Borrower
Commercial Banks	- P60.0 Million
Thrift Banks	- P40.0 Million
Rural Banks	- P25.0 Million

- The SBC funding may be up to a maximum of five years. (The MSME sub-loan may exceed five years.)
- SBC offers the following funding options:
  - Short-term portfolio rediscounting, where a batch of sub-loans is funded based on the earliest maturing PN
  - Individual rediscounting where there is matching of terms
  - Medium term on-lending (for liquidation in 7 days)
  - Case-to-case advance drawdown (for liquidation within 60 days; may avail up to 50% of credit line amount)

***Loan Term of MSME Sub-Borrower:***

- The PFI is given a free hand on how to package the loan in favor of the MSME sub-borrower, except for the following limitations:
  - The loan shall not be lower than P100 Thousand.
  - The grace period of term loans may not exceed six months for permanent working capital loans and not more than one year for fixed asset loans; and it must be limited to the principal portion.
  - Any portion used for land acquisition shall be limited to 25% of the loan.
  - In case of term loans exceeding 365 days, there should be a regular amortization of the loan on either monthly, quarterly or semi-annual basis.

***Miscellaneous Guidelines:***

- The sub-loan should be current and has had no experience of restructuring within the PFI.
- DOSRI sub-loans are not qualified.
- Sub-loans refinanced from another financial institution are qualified.
- Funding for the same sub-borrower may transpire for any number of times within the life of the OCL.
- Co-funding by another wholesale source is not allowed.
- The sub-loan should have a remaining term of at least 70 days.
- SBC shall process in batches of no less than P500 Thousand worth of sub-loans.

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***Required Collateral Cover on the Sub-Loan:***

- At least 50% REM; may be based on the outstanding balance of the loan in the case of amortized term loans
- At least 100% CHM and/or REM combination, if 50% REM cover cannot be complied with; may be based on the outstanding balance of the loan in the case of amortized term loans
- Tax declarations may be accepted for REM at a maximum loan value of P500 Thousand
- May be on clean basis if covered by a Tripartite Agreement among the PFI, the sub-borrower and its anchor firm-buyer, providing for a sound collection capture mechanism in favor of the PFI. In lieu of hard collateral, there shall be an assignment of the receivables.

***Pass-on Interest Rate: (Available upon request)*****General Procedures for Participation:**

1. The financial institution (FI) applies for regular accreditation under the SME wholesale lending program of SBC at its nearest office – together with the documentary basis for the FI's qualification under the SBC program.
2. SBC assesses the accreditation application of the FI by conducting standard checking which includes an interview of the FI's management team; and approves the appropriate credit line amount.
3. An OCL Agreement between SBC and the FI is then executed, after which the FI is made part of SBC's list of Participating Financial Institutions (PFI).
4. At its end, SBC may offer an FI a token OCL amount under the agency's fast track accreditation mode. The FI accepts by signing the OCL Agreement.
5. The PFI may request for a briefing of its MSME lending unit on how to draw on the OCL. SBC can conduct it at the PFI site.
6. The PFI may start to draw on the OCL by submitting its MSME sub-loans either on rediscounting or on-lending basis, together with the short-listed documentary requirements. (If SBC has a partner depository FI in the area, the PFI may opt to have its original collateral documents forwarded there instead.)
7. SBC processes the PFI's loan drawdown request and grants the funding within the agreed schedule.
8. As soon as the PFI is able to draw on 30% of the OCL amount, SBC conducts an audit at the PFI site on the remaining standard documentary requirements that are no longer for submission to SBC.
9. The PFI services its loan with SBC until full payment, either thru post-dated checks or inter-branch deposit.
10. SBC releases the applicable collateral documents of the fully-paid MSME sub-loan.



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## **Documentary/Procedural Requirements:**

### *Regular Accreditation and Credit Line Approval*

- Corporate papers, as follows:
  - Board Resolution to borrow from SBC and on authorized signatories
  - Articles of Incorporation and By-Laws
  - Ownership and management profile, and corresponding personal information sheets (as submitted to BSP if applicable)
  - Profile of MSME lending unit
  - Briefer and/or annual report
- Applicable financial reports, as submitted to BSP in the case of banks, as follows:
  - Camels rating
  - Latest interim financial statements (not more than 3 months old)
  - Past 3 years financial statements
  - Latest risk-based capital adequacy ratio
  - Year-end report on specific and general loan-loss provisioning
  - Latest status report on the Dosri loans
  - Profile of accreditation with other lending programs
- Interview, ocular inspection, credit investigation and risk rating by SBC

### *Fast Track Accreditation*

- On a case-to-case basis, SBC may grant a token OCL amount of not more than P5 Million to PFIs without them having to submit the standard documents. This is for as long as the PFI is proven to qualify under SBC's minimum criteria for accreditation.

Any OCL increase shall go through the standard evaluation requirements.

### *Implementation of Approved Credit Line*

- Signed Omnibus Credit Line Agreement
- Certificate of good standing from BSP or any proof that the PFI is active under BSP's funding program
- Briefing by SBC for the PFI's implementing unit, if requested by PFI

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*Availment on the Approved Credit Line*

- For submission to SBC prior to loan release by SBC:
  - Updated financial statements of PFI (not more than 3 months old)
  - Information sheet and collateral profile of the MSME sub-borrower (SBC Forms) as prepared by the PFI
  - PFI loan approval in favor of sub-borrower
  - Sub-borrower's PN with consent to assignment, disclosure statement and amortization schedule
  - Applicable collateral documents, as follows:
    - Mortgage contract between PFI and sub-borrower
    - Proof of sub-borrower's ownership of collateral assets, as annotated in favor of the PFI; or Certificate of Custodianship for qualified PFIs.
- Should be available at the PFI office for SBC post-release audit:
  - Loan agreement between PFI and sub-borrower, if applicable
  - PFI's loan ledger on sub-borrower
  - Sub-borrower's BIR-filed financial statements (not more than 1 year old)
  - Sub-borrower's business registration
  - Collateral appraisal of PFI and support documents on sub-borrower's tax and insurance payments, if applicable

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**SOCIAL SECURITY SYSTEM (SSS)****SSS Building, East Avenue, Diliman, Quezon City**

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**FUND ALLOCATION OF THE LOAN FACILITIES**

The SSS shall allocate the amount of Seven Billion Pesos (P7.0 Billion) for the Business Development Loan Facility and Social Development Loan Facility.

The P7.0 billion fund allocation shall be a revolving one and may be utilized by any industry up to a certain limit of P1.0 billion based on the industry classification, as follows:

<b>Industry Sector</b>	<b>Fund Allocation</b>
Agri-Fishery, Forestry Sector <ul style="list-style-type: none"><li>• Agriculture and Fishing</li><li>• Forestry</li></ul>	<b>PhP1.000B</b>
Industry Sector <ul style="list-style-type: none"><li>• Mining and Quarrying</li><li>• Manufacturing</li><li>• Construction</li><li>• Electricity, Gas and Water</li></ul>	<b>2.000B</b>
Service Sector <ul style="list-style-type: none"><li>• Transport, Storage and Communication</li><li>• Trade and Repair of Motor Vehicle, Motorcycles, Personal and Household Goods</li><li>• Financial Intermediation</li><li>• Real Estate, Renting and Business Activities</li><li>• Public Administration and Defense: Compulsory Social Security</li><li>• Other Services</li></ul>	<b>4.000B</b>
<b>TOTAL</b>	<b>PhP7.000B</b>

**Program Mechanics**

To provide wider access to the funds and to reach as many beneficiaries as possible, the program shall be implemented as follows:

- SSS shall make available the funds for this program through a conduit arrangement with the SSS Participating Financial Institutions (PFIs) which will on-lend the fund to eligible borrowers/end-users.

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- The program, which shall be covered by the PFI's Omnibus Credit Line, shall be implemented in accordance with these guidelines and shall carry the terms and conditions stipulated therein.
  - Drawdown of the loan fund to the PFI shall be on a project to project basis and upon submission of the loan application together with required documents to SSS and approval of the same by the SSS authorized signatory/ies.
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#### **Program Title: BUSINESS DEVELOPMENT LOAN FACILITY**

##### **Program Objectives:**

- To contribute to the nation's economic growth and development by providing financial assistance to the business sector for the purpose of increasing productivity and enhancing potential earnings through expansion, diversification and other business development projects.
- To support government's program of invigorating economic activity and providing more employment opportunities.
- To efficiently mobilize SSS investment resources guided by the investment principals on yield, liquidity and risk.

##### **Eligible Borrowers:**

The eligible borrowers shall be new or existing private industries and enterprises including registered Barangay Micro Business Enterprises (BMBEs) with the following qualifications:

- Single Proprietorship, Partnership or Corporation, at least 60% Filipino owned, including cooperatives and non-governmental organizations;
  - Engaged in any business activities allowed/registered under the Philippine laws such as but not limited to the following:
    - Agri-Business: contract growing, aquaculture
    - Food Processing: rice mill, oil mill, feed mill, meat processing, etc.
    - Manufacturing: garment, ceramics, textile, furniture, construction materials
    - Commercial production: particularly of food and basic consumer items and products for export
    - Service-Oriented Enterprises: transportation, warehousing, utilities, communications, etc.
    - Tourism Related Projects: hotel, resort, theme park, etc.
    - Real Estate Development Project: industrial estate development
    - Sustainable Energy Projects: construction of green building, waste management system, sewerage treatment plant, etc.
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- Extractive Industries: mining, quarrying, dredging, oil and gas extraction projects
  - Forest development projects: plantation, reforestation, regeneration and other forest related projects
  - Trading Business
  - Leasing/Lending Business
- Have proven track record of profitability, for existing enterprises; provided, that if the company incurred losses in any year during the past three (3) years, the average income of past two (2) or three (3) years should be positive. The three (3) –year track record of profitability may be waived for enterprises which started operations during the last five (5) years; In any case, the borrower should be able to justify projection of viable operations with deb-equity ratio not exceeding 3:1 after financing.
  - Must be an SSS member-employer in good standing; and
  - Subject to such other criteria and policies which the Social Security Commission may impose from time to time.
- \* **BMBE** refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than P3.0 million (R.A. 9178 Sec. 3.a.)

#### **Loan Purposes:**

- Site development
- Enhancement or modernization of existing facilities
- Construction or repair of building and other civil works
- Acquisition or repair /upgrading of machinery and equipment including furnishings
- Acquisition of existing facilities
- Acquisition of land (up to 50% of the acquisition cost)
- Working Capital

#### **Terms/Requirements:**

**Loan Amount:** Maximum loan amount shall be the lowest of the following, provided the borrower's debt to equity ratio after financing shall not exceed 3:1 and that its total loan with the SSS shall not be more than 5% of the SSS Investment Reserve fund (IRF):

- Amount of loan being applied;
- Actual need of the borrower (total project cost);
- Loan Value of the assigned collateral or securities; or
- Maximum of P500.0 million per borrower.

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**Interest Rate:** The loan to the borrower/end-user shall carry an interest rate based on the prevailing SSS pass-on rate to PFI plus PFI's spread. The prevailing interest rates of the program shall be reviewed monthly to align with the market. The interest rate of the loan may be variable and fixed under the following conditions.

▪ **Variable Rate:**

- Available for a loan with a term of up to five (5) years and shall be subject to re-pricing every six (6) months after the first release of the loan.
- The borrower/end-user has a one-time option to convert from variable to fixed rate to be effective on the interest re-pricing date. The fixed interest rate to be applied upon conversion will be based on the prevailing fixed rate corresponding to the remaining term of the loan subject to re-pricing every three (3) years.

▪ **Fixed Rate:**

- The fixed interest rate of the loan shall be subject to re-pricing every three (3) years.
- The borrower has a one-time option to convert from fixed to variable rate only during its interest re-pricing date (on the 3<sup>rd</sup> year loan anniversary). The variable interest rate to be applied upon conversion will be based on the prevailing variable rate with additional 1% premium and shall be subject to re-pricing every six (6) months.

**Repayment Term:** The term of the loan shall not be more than fifteen (15) years with a maximum three (3)-year grace period on principal payment and shall be payable:

- Monthly
- Quarterly
- Semi-annually
- Annually

A grace period of more than 3 years may be allowed for loans to be used to finance projects in extractive industries and forest development related projects. Balloon payment on principal may be allowed upon maturity of the loan on a case to case basis.

**Security/Collateral:**

- **PFI's to borrower/end-user:** Any acceptable collateral in accordance with the PFI's lending policies.

**SSS to PFI:**

- Promissory Note/s
- Assignment to SSS of acceptable collateral offered by the borrower/end-user
- Deed of Assignment executed by the rural banks must be annotated on the Transfer Certificate/s of Title (TCT/s)

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**Manner of Release of the Loan:**

The PFI shall avail of the approved loan within thirty (30) days from date of SSS approval either on a one-time or staggered basis based on the following conditions:

- ***One-time Release***
  - The loan shall be released by the PFI to the end-user on a one-time basis within 5 working days from the time the PFI receives the loan proceeds from the SSS.
  - In cases where the PFI decides that the loan to the individual borrowers should be released on a staggered basis, the PFI may require the borrower to deposit the loan proceeds in a special account, provided that withdrawals against this account shall be made only as authorized by the PFI, and subject further to submission by the PFI to the SSS of a Certificate of Deposit or any such similar instrument.
- ***Staggered Release***
  - Staggered releases may be allowed for loans exceeding P5 million. However, the number of drawdown shall not exceed 4 per project. Furthermore, the loan should be fully availed of within 18 months from the date of first release.
  - The releases by the PFI to the end-user shall be made within 5 working days from the time the PFI receives the loan proceeds on a staggered basis from the SSS.
- ***Interim Financing***
  - The PFI may advance the loan proceeds to a qualified borrower/end-user provided the loan application shall be submitted to SSS within 6 months from the date the PFI made the initial advances up to its endorsement of the borrower's loan application to SSS. Beyond 6 months prescriptive period, the loan advance will be considered as refinancing, and will be disallowed by SSS.

**Pre-termination of Loan:** The PFI shall not be charged a pre-termination fee/penalty in case of pre-payment of loan.

**Documentation Requirements:** The program shall be covered by the following:

- Memorandum of Agreement between the participating financial institutions and SSS; and
- Loan Agreement for the specific amount to be allocated to the participating financial institutions.

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**Program Title: SOCIAL DEVELOPMENT LOAN FACILITY**

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**Program Objectives:**

- To provide long-term loan assistance for the development of facilities and establishments of institutions that provides quality education or other academic training programs and affordable medical or health care related services to the general population and to SSS members and their dependents.
- To complement the national government's program of attaining a better distribution of educational and hospital facilities throughout the country that will be more responsive to the needs of the particular localities and their inhabitants.
- To support thrust towards the enhancement of the overall level of productivity in the economy through the development of a larger pool of professionals and skilled workers and empowerment of a healthy and strong workforce that promotes industrial peace.

**Eligible Borrowers:**

- New or existing private medical institutions licensed by the Department of Health (DOH) either as primary, secondary and tertiary hospital including institutions for the aged or infirmed individuals;
- New or existing private educational institutions, i.e., toddler/day care learning center, preparatory/elementary/secondary schools, collegiate/university levels, schools for special education (SPED) as well as vocational and technical institutes which are duly licensed by the Department of Education (DepED) , Technical Education and Skills Development Authority (TESDA), Commission on Higher Education (CHED) and Department of Social Welfare and Development (DSWD).
- The borrowing institution must also meet the following qualifications:
  - Be at least 60% Filipino-owned corporation/partnership/ single entity;
  - Have proven track record of profitability for existing hospitals and schools; provided that if the institutions incurred losses in any year during the past 3 years, the average income of past 2 or 3 years should be positive. The 3-year track record of profitability may be waived for institutions, which started operations during the last 5 years. In any case, the borrower should be able to justify projection of viable operations with debt-equity ratio not exceeding 3:1 after financing;
  - Be an SSS member-employer in good standing; and
  - Be subject to such other criteria and policies which the SSS may impose from time to time.



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**Loan Purposes:**

- Site development;
- Enhancement or modernization of existing facilities;
- Construction or repair of building and other civil works;
- Acquisition or repair /upgrading of machinery and equipment including furnishings and other educational materials;
- Acquisition of existing facilities;
- Acquisition of land (up to 50% of the acquisition cost); and
- Working Capital.

**Terms/Requirements:**

**Loan Amount:** Maximum loan amount shall be the lowest of the following, provided the borrower's debt to equity ratio after financing shall not exceed 3:1 and that its total loan with the SSS shall not be more than 5% of the SSS Investment Reserve fund (IRF):

- Amount of loan being applied;
- Actual need of the borrower (total project cost);
- Loan Value of the assigned collateral or securities; or
- Maximum of P500.0 million per borrower.

**Interest Rate:** The loan to the borrower/end-user shall carry an interest rate based on the prevailing SSS pass-on rate to PFI plus PFI's spread. The prevailing interest rates of the program shall be reviewed monthly to align with the market. The interest rate of the loan may be variable and fixed under the following conditions:

- **Variable Rate:**
  - Available for a loan with a term of up to five (5) years and shall be subject to re-pricing every six (6) months after the first release of the loan.
  - The borrower/end-user has a one-time option to convert from variable to fixed rate to be effective on the interest re-pricing date. The fixed interest rate to be applied upon conversion will be based on the prevailing fixed rate corresponding to the remaining term of the loan subject to re-pricing every three (3) years.
- **Fixed Rate:**
  - The fixed interest rate of the loan shall be subject to re-pricing every three (3) years.
  - The borrower has a one-time option to convert from fixed to variable rate only during its interest re-pricing date (3<sup>rd</sup> year loan anniversary date). The variable interest rate to be applied upon conversion will be based on the prevailing variable rate with additional 1% premium and shall be subject to re-pricing every six (6) months.

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***Repayment Term:***

- The term of the loan shall not be more than fifteen (15) years with a maximum three (3)-year grace period on principal payment and shall be payable:
  - Monthly
  - Quarterly
  - Semi-annually
  - Annually
- A grace period of more than 3 years may be allowed for loans to be used to finance projects in extractive industries and forest development related projects. Balloon payment on principal may be allowed upon maturity of the loan on a case to case basis.

***Security/Collateral:***

- **PFI's to borrower/end-user:**
  - Any acceptable collateral in accordance with the PFI's lending policies.
- **SSS to PFI:**
  - Promissory Note/s
  - Assignment to SSS of acceptable collateral offered by the borrower/end-user
  - Deed of Assignment executed by the rural banks must be annotated on the Transfer Certificate/s of Title (TCT/s)

**Manner of Release of the Loan:** The PFI shall avail of the approved loan within thirty (30) days from date of SSS approval either on a one-time or staggered basis based on the following conditions:

- ***One-time Release***
  - The loan shall be released by the PFI to the end-user on a one-time basis within 5 working days from the time the PFI receives the loan proceeds from the SSS.
  - In cases where the PFI decides that the loan to the individual borrowers should be released on a staggered basis, the PFI may require the borrower to deposit the loan proceeds in a special account, provided that withdrawals against this account shall be made only as authorized by the PFI, and subject further to submission by the PFI to the SSS of a Certificate of Deposit or any such similar instrument.

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- ***Staggered Release***

- Staggered releases may be allowed for loans exceeding P5 million. However, the number of releases shall not exceed 4 per project. Furthermore, the loan should be fully availed of within 18 months from the date of first release.
- The releases by the PFI to the end-user shall be made within 5 working days from the time the PFI receives the loan proceeds on a staggered basis from the SSS.

- ***Interim Financing***

- The PFI may advance the loan proceeds to a qualified borrower/end-user provided the loan application shall be submitted to SSS within 6 months from the date the PFI made the initial advances up to its endorsement of the borrower's loan application to SSS. Beyond 6 months prescriptive period, the loan advance will be considered as refinancing, and will be disallowed by SSS.

**Pre-termination of Loan:** The PFI shall not be charged a pre-termination fee/penalty in case of pre-payment of loan.

**Documentation Requirements:** The program shall be covered by the following:

- Memorandum of Agreement between the participating financial institutions and SSS; and
- Loan Agreement for the specific amount to be allocated to the participating financial institutions.

**Contact Details:**

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