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MAFAR Provincial Directors, Coordinators of 63 Barangays and Cotabato City

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MEMORANDUM

Order No. 005-04

Series of 2021

FROM : **MOHAMMAD S. YACOB, PhD**
Minister

TO : **PROVINCIAL DIRECTORS, COORDINATORS of 63**
Barangays and Cotabato City

Subject : **Implementing Guidelines on MAFAR Loan for**
Enhancement of Necessary Development Strategies
(MAFARLENDIS)

Date : **April 5, 2021**

Attached is the Implementing Guidelines of MAFAR Loan for Enhancement of Necessary Development Strategies (MAFARLENDIS) for your reference.

Please fast track the information to the qualified applicants (Farmer-Fisherfolk Cooperatives, Associations and Agrarian Reform Beneficiary Organizations-ARBOs) and submit required documents of the applicants for further review and validation at regional level on or before May 17, 2021.

Thank you so much for all the support and together we will build a better future for our farmers and fishers.

For your information, guidance and **STRICT COMPLIANCE**.


MOHAMMAD S. YACOB, Ph. D.



MINISTRY OF AGRICULTURE, FISHERIES AND AGRARIAN REFORM
 RECORDS SECTION
RELEASED

2021 -04- 06

Time: 9:11 AM
 By: FARHANA JANE S. LINSO
 Records Officer II

Implementing Guidelines on MAFAR Loan for Enhancement of Necessary Development Strategies (MAFARLENDs)

I. BASIC INFORMATION

Title	Loan for Enhancement of Necessary Development Strategies-MAFARLENDs
Implementing Office	Ministry of Agriculture, Fisheries and Agrarian Reform – BARMM
Source of Funds	2021 General Appropriation Act for Bangsamoro (GAAB)
Beneficiaries	Organized Groups (Cooperatives/Associations) of Agriculture, Fisheries and Agrarian Reform Sector
Target Date	May, 2021
Sector	MAFAR-Agriculture Services and Agribusiness and Marketing Assistance Division (AMAD)
Budgetary Requirements	Php10,000,000.00

II. GENERAL PROVISIONS

Chapter 3, Section 23 of Republic Act 8435 or the Agriculture and Fisheries Modernization Act (AFMA) of 1997 declared that Agro-Industry Modernization Credit and Financing Program shall include the packaging and delivery of various credit assistance programs for agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs, procurement of agriculture and fisheries products for storage, trading, processing and distribution, Construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries; and credit guarantees on uncollateralized loans to farmers and fisherfolk.

Pursuant to the Organic Law of the Bangsamoro Autonomous Region in Muslim Mindanao (OLBARMM) under Article XIII entitled Regional Economy and Patrimony on its Section 23, Agriculture, Fisheries, and Aquatic Resources, it states that "Consistent with the provisions in Republic Act No. 8550, as amended, or the "Philippine Fisheries Code of 1998" and relevant national laws, the Bangsamoro Government's policies and laws on agriculture, fisheries, and aquatic resources shall advance agriculture as a key development strategy, promote productivity measures, and provide support for small farmers and landholders, and marginal fisherfolk. The Bangsamoro people, indigenous peoples, and resident marginal fisherfolk shall enjoy preferential rights to fish in the Bangsamoro regional waters without prejudice to the rights of other citizens in the Philippines, whether residents or nonresidents of the Bangsamoro Autonomous Region, to fish in those waters.

Ministry of Agriculture, Fisheries and Agrarian reform and its attached agencies and bureaus in the regions, play the major role in promotion of sustainable agri-fishery growth and development to address the limited resources Bangsamoro agri-fishery

sector due to modernization and industrialization. The Bangsamoro Government's policies and laws on agriculture, fisheries, and aquatic resources shall advance agriculture as a key development strategy, promote productivity measures, and provide support for farmers and fishers especially small landholders and marginal fishers.

III. DEFINITION AND CONTEXT

The Loan for Enhancement of Necessary Development Strategies (LENDs) is one of the sub-component activities under the program of Local MAFAR Exchange and Network of Goods in any Kind of Emergencies (MAFARLENGKE) of Agribusiness and Marketing Assistance Division which aims to establish a direct link between and among farmers, fisherfolk, agrarian reform beneficiaries and the consuming public. LENDs in its unique definition is a first of its kind by providing credit facility for those end users' organized groups who are engaging in marketing enterprise as a start – up capital for any agribusiness ventures.

On the other hand, the total budget for LENDs is Php100,000.00 amount per proposal should not be lowered by Php100,000.00 and not exceeding Php300,000.00 and or depending on the financial capacity to pay by the cooperative/association. There should be a total of 20 % in kind equity shouldered by the beneficiary/s over and above the loan proceeds. The said program will provide capital seed that is payable in 3-year at zero-percent (0%) interest. It provides working capital to micro and small enterprises that are engaged in agriculture and fisheries food production, delivery of produce/products/commodities, and other activities in the supply chain to ensure the availability of food supply.

AMAD will lead the selection of the eligible cooperative and/or association within BARMM region and or Bangsamoro outside its territory following the set guidelines and criteria being established for this purpose.

IV. PURPOSE

Generally, this manuscript is intended for the readers, client-beneficiaries and key implementers sets for a common understanding on the processing and operationalization of the credit facility that MAFAR-LENDs is all about. It is also brings the following, to wit:

- a. To provide funding support and loan assistance for micro and small enterprises engaged in agriculture and fisheries production and other supply chain activities to ensure availability of food supply especially in remote areas to help them increase their production and marketing activities consequently improve their economic conditions.
- b. To promote agricultural and social economic development of the farmer and fisherfolk in the region both small and micro level.

- c. To capacitate farmer and fisherfolk in the region by making them a catalytic role in strengthening the farm business and augmenting the productivity of available resources.

V. GENERAL GUIDELINES

V – 1. Coverage

The covered area for this project is within the different geographical areas of Bangsamoro Autonomous Region in Muslim in Mindanao: Island Provinces (Basilan, Sulu and Tawi-Tawi), Mainland (Maguindanao and Lanao del Sur); 63 Barangay of Cotabato and Cotabato City.

V – 2. Eligible Beneficiaries

All MAFAR sectors' organized group (cooperative/association only) engaging marketing enterprise within BARMM shall be prioritized for funding support (see technical requirements: eligibility, document and financial requirements to be complied by the proponent). A first come first serve basis.

V – 3. Funding Support

The amount of the proposal shall be Php 300,000 maximum and not lower than Php 100,000 which will be awarded to the beneficiaries as loan in a zero percent interest payable at least three (3) years period.

V – 4. Priority for Funding

It's a first come first serve policy for those cooperative/association who meets the required requirements and passed thorough evaluation by the technical team, the organization is prioritized on the list of the eligible applicants for funding.

VI. PROCESS FLOW

MAFAR-BARMM through AMAD Regional Office will take charge the following:

- Administer the program fund through processing and approved loan applications, facilitate release of loan proceeds, and collect loan repayments through providing bank account.

MAFAR- Provincial Office shall:

- Endorse to the MAFAR- Provincial and Regional Office the identified eligible applicant after its validation.
- Will accompany the AMAD-Focal person for the final validation of the endorsed cooperative/association.
- Conduct initial validation and verification for the eligible applicant submitted by the Municipal Office. (Lack of requirements will not be accommodated).

MAFAR-Municipal Office shall:

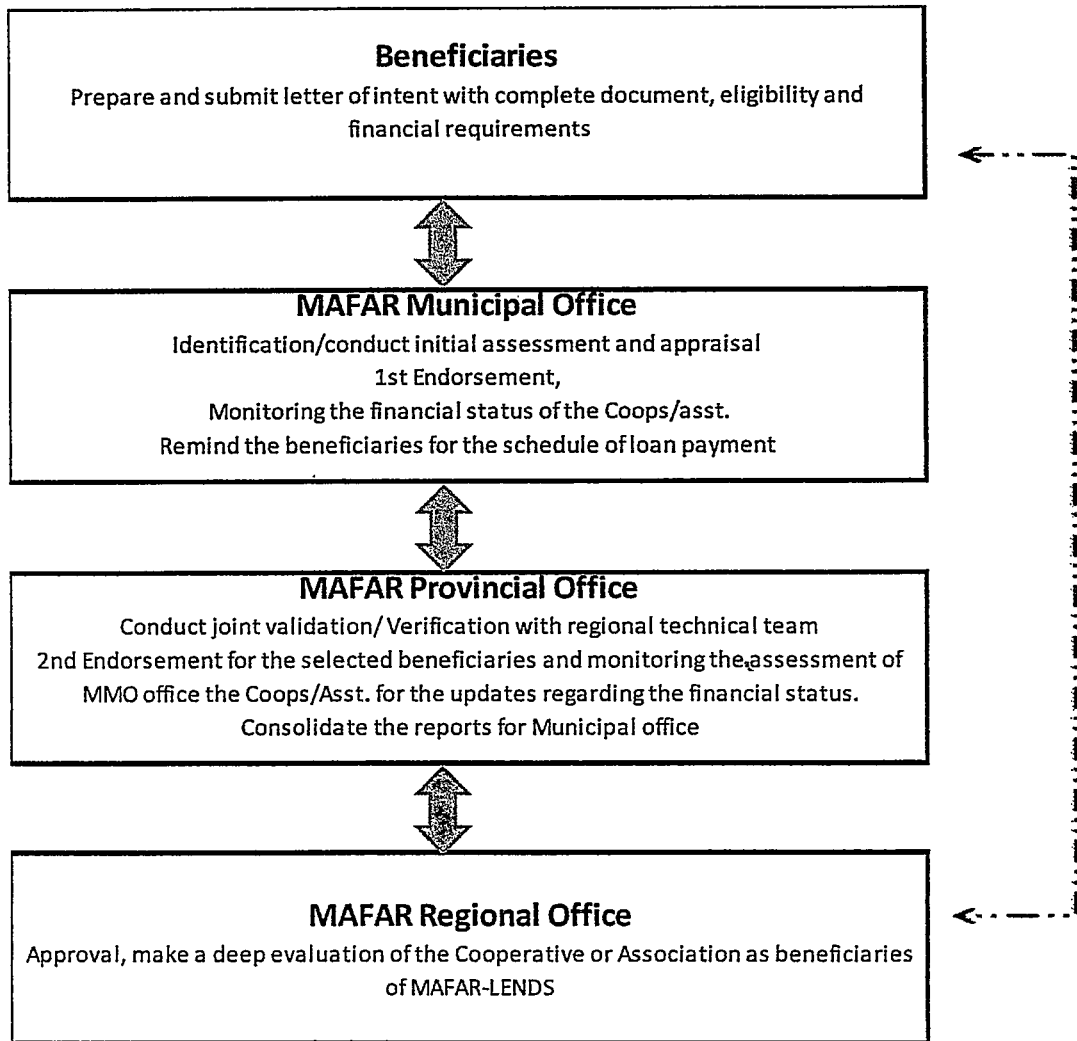
- Gives update on the continues operation of the selected cooperative/association per province quarterly.
- Identify, certify and endorse the eligible applicant who meets the criteria to MAFAR Provincial Office.
- Conduct evaluation on the applicants who desires to avail the loaning program. (Lack of requirements will not be accommodated).
- Endorse this to provincial

Cooperative/Association shall:

- Comply and submit the needed requirements to the assigned MAFAR-Municipal Office.

VI. PROCESS FLOW

Process Flow (Figure 1)



Legend

Symbol	Description
↓	Process flow from top to bottom/Protocol of command
↑	Selection process
—	Function
← ... →	Feedbacking, Rrelease of loan, and collect loan repayments

VII. TECHNICAL REQUIREMENTS

VII – 1. ELIGIBILITY REQUIREMENTS

- Agri-fishery based micro and small enterprises (MSEs) that are willing to deliver/supply to Local Exchange Network of Goods in any Kind of Emergency (MAFARLENGKE) in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM). MSEs are defined as those engaged in/with existing production, processing, marketing and/or distribution of agri-fishery produce/products/commodities. It may be a cooperative or association.
- Duly registered with Cooperative Development Authority (CDA)/Securities and Exchange Commission (SEC)/ Department of Labor and Employment (DOLE) and other government registering institutions;
- Operational for at least one year;

- With proven management capacity to implement project;
- With readily available agri-fishery produce/products/commodities from farmers/fisherfolks engage in marketing.
- With good outstanding compliance to CDA.
- Members must be actively participating.
- Must have no outstanding/existing loans to any lending institution.
- Bonafide residence and operating within BARMIM jurisdiction.
- Not yet a beneficiary of both NGO's and GO's funding programs.
- Members must be a farmer and/or fisherfolks registered to RSBSA (esp. Officers).
- With existing office.

VII - 2. DOCUMENTARY REQUIRMENTS

- Letter of Intent with brief project description;
- Accomplished FFEDIS form. (available at AMAD office)
- Board Resolution authorizing the cooperative/association to apply as borrower and designating its authorized signatories to enter into an agreement with the MAFAR/lending institution.
- Photocopy of Registration documents (Updated);
- Photocopy of CDA/SEC/DOLE Certificate of Compliance.
- Accomplishment report and/or proof of operation.
- Project Proposal.
- Business/Mayor's Permit.
- MAFAR municipal Officer (MAFAR-MO) 1st Endorsement.
- MAFAR Provincial Officer (MAFAR-PO) 2nd Endorsement.
- Final Endorsement from the MAFAR (e.g. Agribusiness and Marketing Assistance Service, etc.) (For certification, final validation and approval).
- Validation Matrix for MAFAR-LENDS
- Approval Matrix

VII – 3. FINANCIAL REQUIREMENTS

- Financial Statement as of 2020 up to present.
- Official Receipt (OR).
- Bank Savings Account.

VIII. PAYMENT MECHANISM

VIII-1. AMORTIZATION PLAN

- Table 1. Shows a sample of amortization plan of Php100,000.00 amount of loan
- Collection of amortizations will be six months after the release of the loan amount.
- The amortization plan will be depending on the amount being loan by the proponent.

Table 1. Amortization Plan

Sample of Amortization Plan				
Year	Month	Principal	Payment	Balance
1	1	100,000.00		100,000.00
	2	100,000.00		
	3	100,000.00		
	4	100,000.00		
	5	100,000.00		
	6	100,000.00		
	7	100,000.00	3,000.00	97,000.00
	8	100,000.00	3,000.00	94,000.00
	9	100,000.00	3,000.00	91,000.00
	10	100,000.00	3,000.00	88,000.00
	11	100,000.00	3,000.00	85,000.00
	12	100,000.00	3,000.00	82,000.00
2	13	100,000.00	3,000.00	79,000.00
	14	100,000.00	3,000.00	76,000.00
	15	100,000.00	3,000.00	73,000.00
	16	100,000.00	3,000.00	70,000.00
	17	100,000.00	3,000.00	67,000.00
	18	100,000.00	3,000.00	64,000.00
	19	100,000.00	3,000.00	61,000.00
	20	100,000.00	3,000.00	58,000.00
	21	100,000.00	3,000.00	55,000.00
	22	100,000.00	3,000.00	52,000.00
	23	100,000.00	3,000.00	49,000.00
	24	100,000.00	3,000.00	46,000.00
3	25	100,000.00	3,000.00	43,000.00
	26	100,000.00	3,000.00	40,000.00
	27	100,000.00	3,000.00	37,000.00
	28	100,000.00	3,000.00	34,000.00
	29	100,000.00	3,000.00	31,000.00
	30	100,000.00	3,000.00	28,000.00
	31	100,000.00	4,000.00	24,000.00
	32	100,000.00	4,000.00	20,000.00
	33	100,000.00	5,000.00	15,000.00
	34	100,000.00	5,000.00	10,000.00
	35	100,000.00	5,000.00	5,000.00
	36	100,000.00	5,000.00	-
Total			100,000.00	

VIII 2. MODE OF PAYMENT

- Upon compliance with all necessary documents, financial and eligibility requirements, preparation and processing will course through to MAFAR-finance team.
- Issuance of checks shall be in the name of the cooperative/association.
- Checks shall be deposited to the bank account of the organized group.

VIII 3. PAYMENT OF MONTHLY AMORTIZATION

- Organized group shall pay their monthly amortization to the MAFAR Regional Cashier in person or bank transaction at designated MAFAR Account.
- Deposit Slip shall be in provided to MAFAR as prof of credited transactions.

IX. SANCTIONS

- Delayed payment on the part of the proponent may affect future reloaning in the office

- First Demand letter will serve to the beneficiaries after 6 months of delayed payment.
- Second Demand letter will serve to the beneficiaries after 1 year of delayed payment.
- Third and final demand letter will serve to the beneficiaries stating conditions and overdue payment that if not settled on given due date, the beneficiaries shall be block listed in availing all programs of Ministry of Agriculture, Fisheries and Agrarian Reform-BARMM.

X. DETAILS OF BUDGETARY REQUIRMENTS

AREA	No. COOPERATIVES/ASSOCIATIONS	ESTIMATED AMOUNTS	TOTAL
Maguindanao Province	3	300,000.00	900,000.00
	2	200,000.00	400,000.00
	4	150,000.00	600,000.00
	6	100,000.00	600,000.00
Lanao del Sur Province	2	300,000.00	600,000.00
	2	200,000.00	400,000.00
	4	150,000.00	600,000.00
	4	100,000.00	400,000.00
Basilan Province	1	300,000.00	300,000.00
	1	200,000.00	200,000.00
	5	100,000.00	500,000.00
Sulu Province	1	300,000.00	300,000.00
	1	200,000.00	200,000.00
	5	100,000.00	500,000.00
Tawi-Tawi Province	1	300,000.00	300,000.00
	2	150,000.00	300,000.00
	1	200,000.00	200,000.00
	7	100,000.00	700,000.00
63 Barangay of North Cotabato	1	300,000.00	300,000.00
	1	200,000.00	200,000.00
	5	100,000.00	500,000.00
Cotabato City	1	300,000.00	300,000.00
	1	200,000.00	200,000.00
	5	100,000.00	500,000.00
TOTAL			10,000,000.00