

# ACCREDITATION GUIDELINES FOR NON-BANK RURAL FINANCIAL INSTITUTIONS

The Agricultural Credit Policy Council (ACPC) is the duly authorized agency of the Department of Agriculture (as per DA Special Order 605) in the accreditation of non-bank rural financial institutions (NBRFIs) under Republic Act No. 10000 (Agri-Agra Reform Credit Act of 2009) and its IRR.

Under the law, banks are required to set aside 25% of their total loanable funds for lending to agriculture and agrarian reform sectors. There are direct modes and alternative forms of compliance.

There are several options by banks under alternative forms. One of which is investments in NBRFIs. Such investment is by wholesale lending or by paid subscription of shares of stock to accredited rural financial institutions (RFIs) including non-banks engaged in lending to agriculture and agrarian reform beneficiaries. Specifically, Section 7 of R.A. 10000 and Section 7 of its IRR states that the following alternative modes of compliance to the mandatory agriculture and agrarian reform credit shall be allowed:

- (a) paid subscription of shares of stock in accredited rural financial institutions (preferred shares only) that are issued after 20 April 2010, and
- (b) loans and other credits (gross of allowance for probable losses) that are granted after 20 April 2010".

In particular:

1. 25% mandatory agriculture and agrarian reform credit – Payment for subscription of shares of stock in accredited NBRFIs (preferred shares only) and wholesale lending granted to accredited NBRFIs for the exclusive purpose of on-lending to the agriculture and agrarian reform sector;
2. For 10% agrarian reform credit -- Wholesale lending granted to accredited NBRFIs for the

exclusive purpose of on-lending to agrarian reform beneficiaries".

The qualified NBRFI shall be issued with corresponding accreditation reference number (ARN) by the ACPC.

**A. Accreditation Criteria for Non-Bank Rural Financial Institutions.** NBRFIs (e.g. cooperatives, farmers associations, non-government organizations (NGOs), ARB associations, people's organizations (POs), corporations, and other similar entities as may be determined by ACPC), are either a loan retailer and eligible borrowers of wholesale loan from banks, or an investee non-bank entity as allowed by existing laws (e.g. stock entities registered with SEC) wherein preferred shares of stock issued by the former are subscribed into by bank for the purpose of complying with the 25% mandatory agriculture and agrarian reform credit or 10% mandatory agrarian reform credit.

The following minimum criteria shall be applied in accrediting an NBRFI:

1. Registered with the proper government authority. In particular, cooperatives must be registered with the Cooperative Development Authority (CDA); NGOs, SMEs and corporations with the Securities and Exchange Commission (SEC); etc;
2. Has a lending business and at least 1 year in operation prior to the submission of request for accreditation as evidenced by the minutes of meetings conducted for the said period;
3. The NBRFI is allowed by existing laws to issue preferred shares of stock (e.g. stock entities registered with SEC) in the case of investee NBRFI, provided that, minimum loan portfolio of said NBRFI using investments by a bank in preferred shares shall be 10%;

Item 3 can be stated in a Memorandum of Agreement between the lending bank and the NBRFI.

## **B. How to Apply and Documentary Requirements**

An NBRFI should send a letter of request for accreditation to:

The Executive Director  
Agricultural Credit Policy Council  
28F One San Miguel Ave. (OSMA) Bldg., San Miguel Ave.  
corner Shaw Blvd., Ortigas Center, Pasig City 1605

The NBRFI must submit the following documents together with the letter stating its intent to apply for accreditation:

- (i) Certified true copy of registration papers from CDA, SEC or other government registering body, and other document/s showing proof of legal personality such as Articles of Incorporation and By-Laws;
- (ii) Minutes of Board meetings held within one (1) year prior to the submission of request for accreditation;
- (iii) Business plan for the next 3-5 years;
- (iv) Notarized Certificate of commitment of NBRFI to invest/relend banks' investments/wholesale fund to agri-agra or Memorandum of Agreement between the lending bank and the NBRFI stating conditions, as may be applicable;
- (v) Accomplished information sheet for NBRFI; and
- (vi) Other pertinent documents as may be required by ACPC.

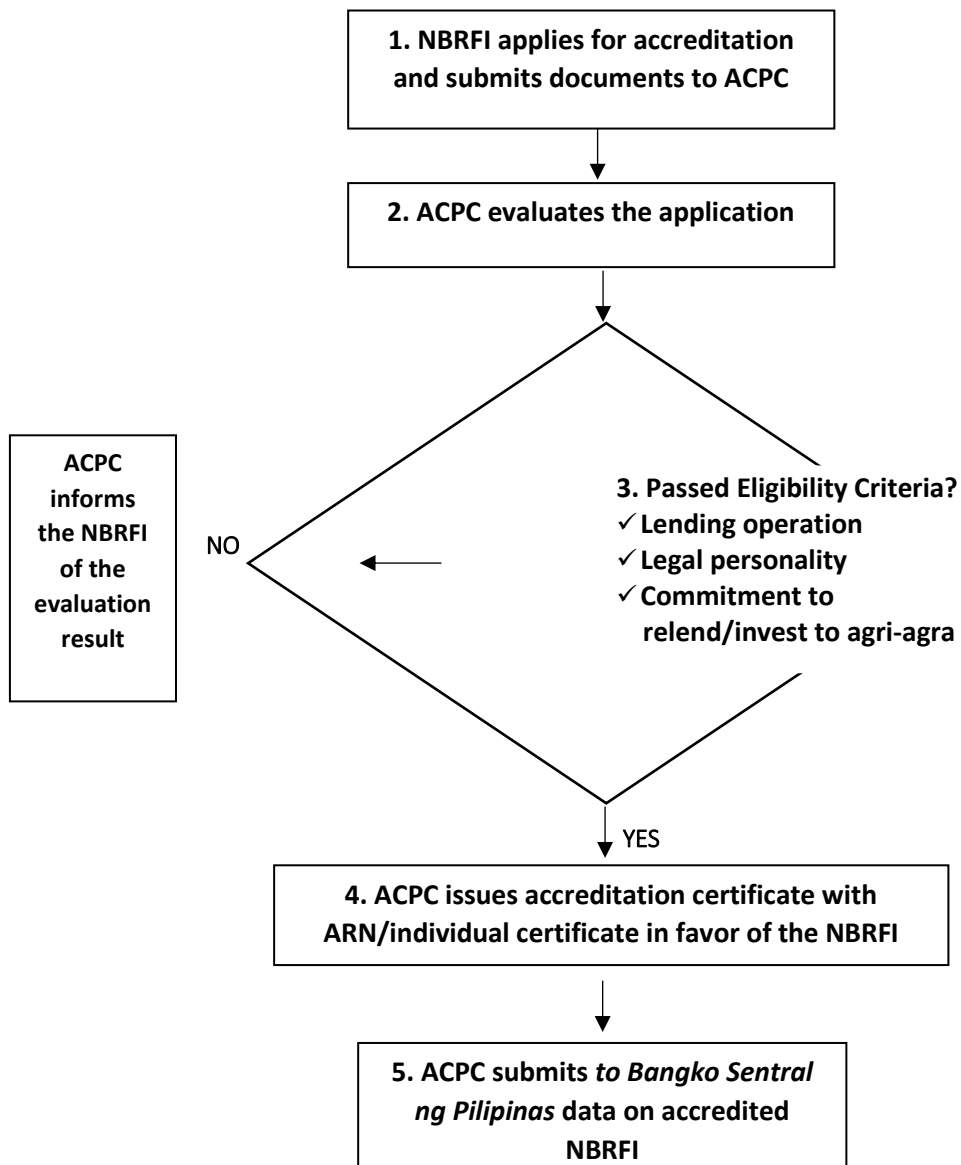
**For more information, please contact:**

**Ms Jocelyn Alma R. Badiola,**

*Executive Director*

**Mr Kennedy A. Garabiag**

*Economist IV*



## PROCEDURE FOR ACCREDITATION OF AN NBRFI



REPUBLIC ACT No.  
10000

(Agri-Agra Reform Credit  
Act of 2009)

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