

[CDA RESOLUTION NO. 39, s. 1993, February 19, 1993]

COOPERATIVE SUPPORT FUND (SAMAHANG NAYON SUPPORT PROJECT) POLICIES AND PROCEDURES

Background

The Samahang Nayon Support Project (SNSP) was formerly implemented/administered by the Bureau of Agricultural Cooperatives Development (BACOD) and transferred to the Cooperative Development Authority in compliance with Section 10 of Republic Act No. 6939.

The project started its operation in January, 1979 and was implemented nationwide specifically in the provinces of Camarines Sur, Pangasinan, Tarlac, Occidental Mindoro, Bulacan, Aklan, North Cotabato, South Cotabato, Iloilo, Laguna, Batangas, Sorsogon, Leyte and Palawan.

The project is now known as the Cooperative Support Fund.

Sources of Funds

The program funds came from USAID in the amount of P4.719 Million and a GOP counterpart of P2.723 Million or a total of P7.442 Million. NEDA authorized BACOD to utilize the collection for reloaning.

Objectives

Generally, the project aims to develop and pilot test a viable and realistic package of support service technology which will provide SNs, now primary cooperatives, both direct and indirect socio-economic benefits to farmer-member beneficiaries of agrarian reform. Its specific objectives are:

1. To determine to what extent primary cooperatives can exhibit the capability to provide viable support services to their members.
2. To provide a channel for new agricultural technologies to be field-tested for both profitability and farmer receptivity.
3. To determine which farmer support system, and/or mechanism is appropriate to meet the members' basic needs.
4. To develop a network of services within the cooperative which will allow for effective division and decentralization of various program activities and responsibilities.

General Loaning Policies and Operations

The project was conceived to pilot test the efficacy of making primary cooperatives undertake economic projects for the benefit of the members. The basic loaning policy is to provide funds in the form of loans to finance the needs and purposes of identified projects at reasonable terms and conditions.

Types of Loans

The following are the types of loans that may be extended under the CSF:

1. Marketing Loan — for the purchase of members' produce and for the procurement and distribution to farmer/members of farm inputs such as fertilizers, insecticides, seeds, palay trading and other marketing activities.
2. Facility Loan — for the purchase of light and locally produced farm equipment such as rice thresher, handtractor, etc.
3. Land/Building Loan — for the purchase of land/materials for the construction of multi-purpose office/bodega.
4. Merchandising Loan — for the purchase of consumers goods.
5. Operating Loan — to finance the administrative and operating expenses to support the economic activities of the borrower.

Qualification of Borrowers

Duly registered primary cooperatives undertaking economic activities which are not recipients of financial assistance from private or government lending institutions.

Specific Terms and Conditions

1. Amount of Loan — The amount of loan shall be based on the actual needs of the project but not to exceed P100,000.00. The borrower shall be required to provide counterpart (equity contribution) minimum of 15% of the cost of the project.
2. Security of the Loan — The existing assets of the cooperative and the assets to be acquired out of the proceeds of the loan.
3. Interest Rates —
 1. Marketing/Operating Loan — not less than eight percent (8%) per annum.
 2. Land/Building Loan — not less than eight percent (8%) per annum.
 3. Facility Loan — not less than six percent (6%) per annum.
4. Terms and Repayment —
 1. Marketing/Merchandising Loan — payable within a period of one (1) year.