

LAND BANK OF THE PHILIPPINES:

AGRICULTURAL

VALUE

CHAIN

FINANCING

2015 MPCl Annual Conference

Microfinance Annual

Membership Meeting

23-24 July 2015

Century Park Hotel, Manila



LANDBANK

The Agricultural Value Chain Concept

It covers a full range of activities and participants involved in moving the agricultural product from the farmers' field to the consumers table.

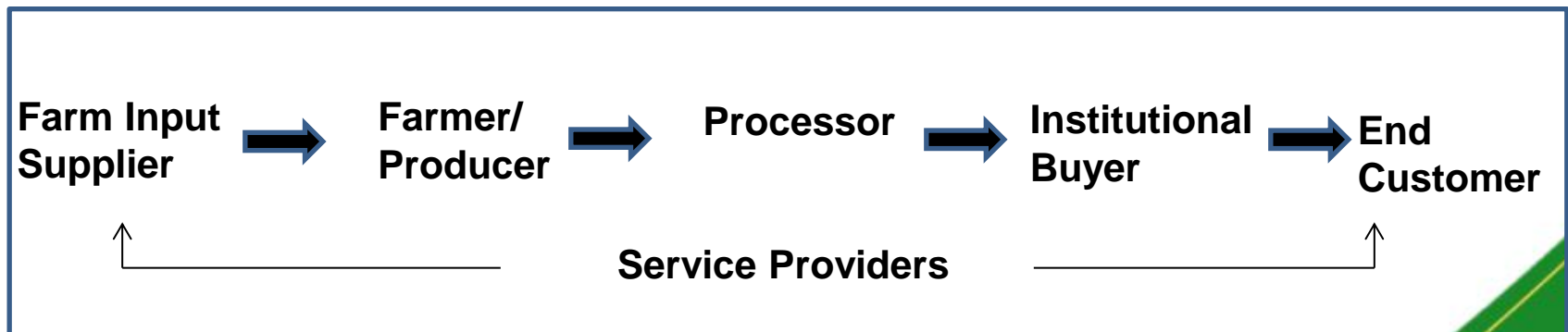
Eva Galvez Nogales (2007)



LANDBANK

The Agricultural Value Chain Concept

At an industry level, it consists of various processes that are involved in producing goods (and services), starting with raw materials and ending with the delivered products (also known as **supply chain**)



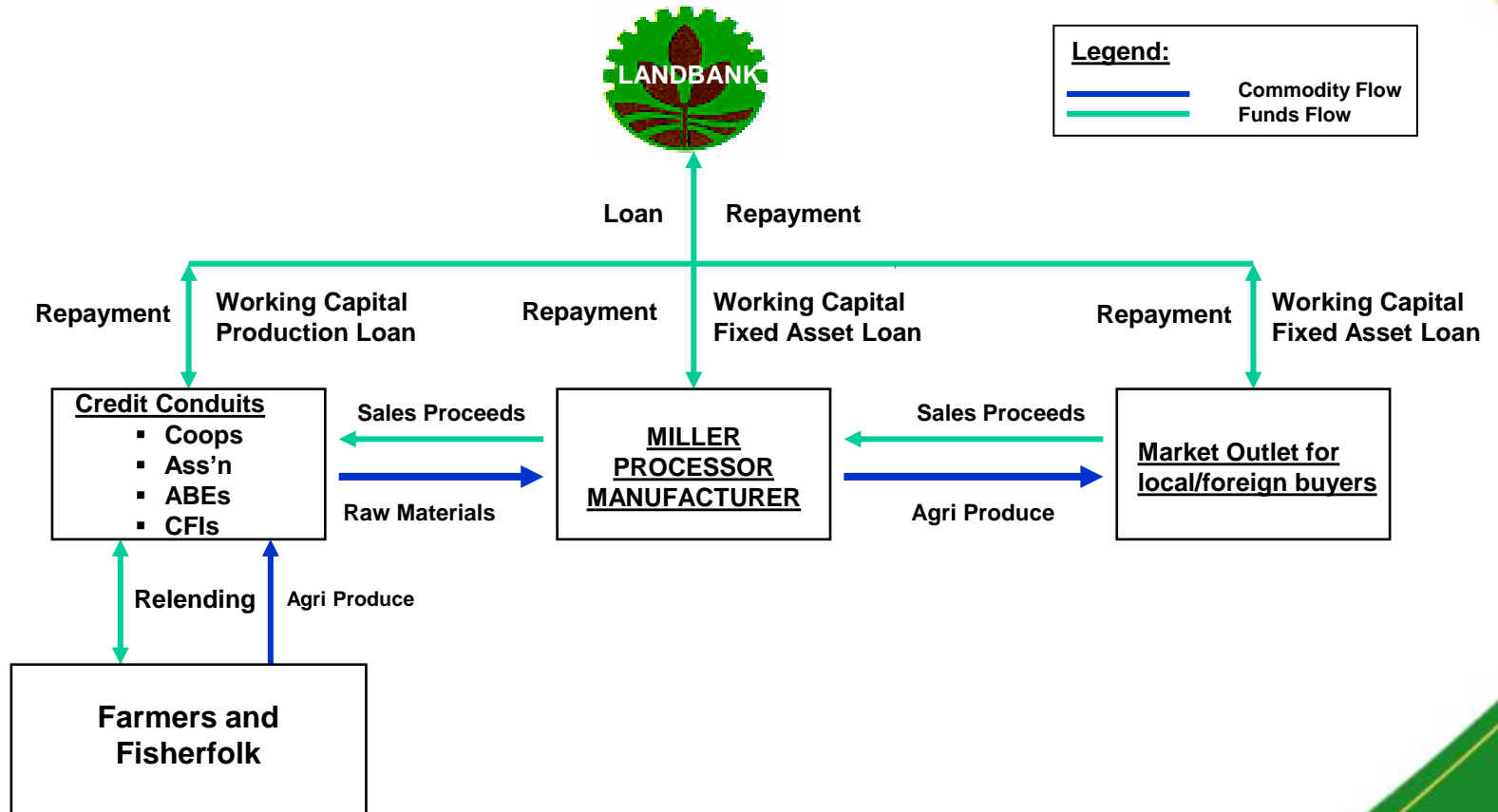
Value Chain Finance

The flow of funds or provision of financial services to and through the value chain to address the needs of those involved in the chain



LANDBANK

LBP Food Supply Chain Program



Production, Technical and Marketing Agreement

Salient Provision:

- Product specification/quality standard, volume
- Delivery schedules
- Pricing and payment scheme.
- Auto-debit arrangement



LBP OIL PALM PRODUCTION, PROCESSING AND MARKETING CHAIN FINANCING

(Commodity and Funds Flow)

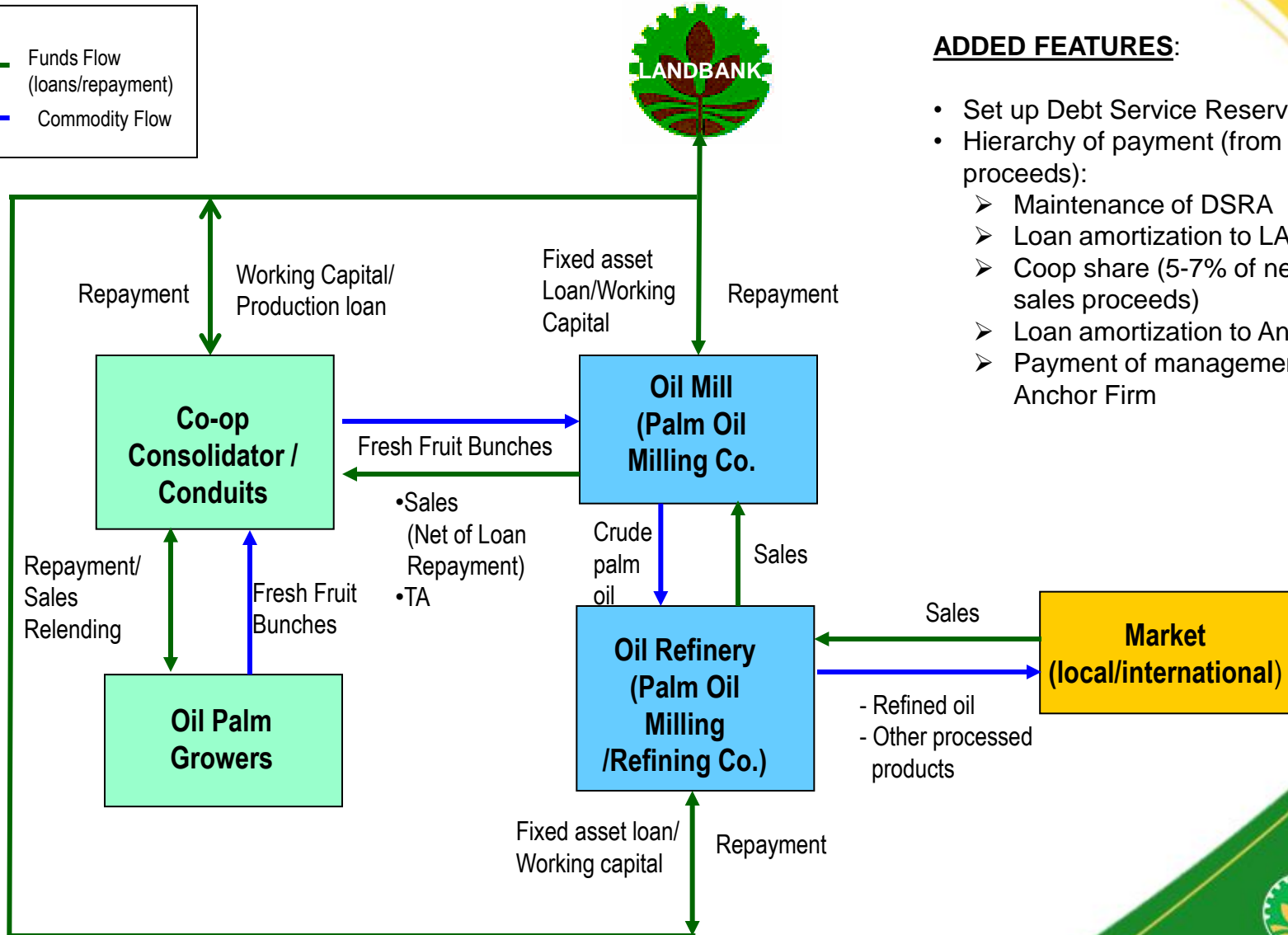
LEGEND

-  Funds Flow (loans/repayment)
-  Commodity Flow



ADDED FEATURES:

- Set up Debt Service Reserve Account
- Hierarchy of payment (from net sales proceeds):
 - Maintenance of DSRA
 - Loan amortization to LANDBANK
 - Coop share (5-7% of net FFB sales proceeds)
 - Loan amortization to Anchor Firm
 - Payment of management fee of Anchor Firm



LANDBANK

FSCP as a Business Model

Addressing Constraints...

- ❑ Demand-driven production

- ❑ Matching production capacities to market demand
 - production scheduling
 - consolidation

- ❑ Adoption of “win-win” pricing scheme
 - based on current market price, in some bases with guaranteed floor price
 - improving productivity



FSCP as a Business Model *Addressing Constraints...*

- ❑ Building long-term business relationship



Towards Sustainability...

- ❑ Strengthen the producers' cooperative as intermediary
 - Business management competency
 - Support services to its members

- ❑ Foster technology support
 - Tie-up with States Colleges and Universities for mature technologies

- ❑ Improve technical assistance
 - Link with the Department of Agriculture

- ❑ Innovative financial products and services





LAND BANK OF THE PHILIPPINES

LANDBANK Plaza, 1598 M. H. del Pilar corner
Dr. J. Quintos Streets, Malate, Manila 1004 Philippine

©YENBAET
WWW.YENBAET.COM



LANDBANK

WE HELP YOU GROW.

Thank
you

www.landbank.com



LANDBANK