



LANDBANK
WE HELP YOU GROW.



RISE UP LGUs

LENDING PROGRAM

Restoration and Invigoration
package for a **Self-sufficient**
Economy towards **UP**growth
for **LGUs**

Financing Local Government Units in providing
basic and support services for local enterprises,
and other innovative programs to bring back
development in the local economy

Rationale

The COVID-19 pandemic has highlighted the vital role of Local Government Units (LGUs) in handling and managing the effects of unforeseen man-made or natural catastrophes. The LGUs are front and center in implementing the measures and policies of the national government and at the same time must be able to appropriately respond to the immediate needs of the population.

While many LGUs have risen up to the challenge of responding to the needs of their constituents, the Bank for its part, is committed to supporting these LGUs.

The **RISE UP LGUs Lending Program** aims to stimulate the local economy of each province/city/municipality by providing financial assistance to LGUs in their task of providing basic and support services for local enterprises; encourage LGUs to facilitate the regional and local development in their respective areas by integrating the different players in the agricultural value-chain; and finance other innovative programs of LGUs which can bring back the confidence of their constituents in the local economy.



Program Duration:
Five (5) Years



Program Fund:
₱10.0 Billion

Features

Eligible Borrowers	Municipal/City/Provincial Local Government Units (LGU)
Loan Purpose	<ul style="list-style-type: none"> • Permanent Working Capital such as purchase of agricultural produce; • Acquisition of equipment and construction of facilities for linking of products to the market such as the market infrastructure development and/or improvement, mobile palengke, collection and buying stations, and related facilities; • Other programs and projects of the LGU that provide basic and support services, social welfare and healthcare, and other infrastructure activities that aim to bring back confidence of the people and spur the local economy/businesses.
Credit Facility	<ul style="list-style-type: none"> • Permanent Working Capital (PWC) • Term Loan (TL)
Availability End Date	One (1) year from date of loan signing
Loanable Amount	Depending on the requirement of the LGU provided that the total loan exposure (including the proposed loan under the program) should not be more than its Net Borrowing Capacity (NBC) per BLGF computation/certification.
Loan Tenor/ Repayment Period	<ol style="list-style-type: none"> 1. For PWC - Three (3) years, payable monthly, quarterly, semi-annually or annually 2. For TL - for acquisition of machineries/equipment and construction/rehabilitation of facilities, up to ten (10) years but no longer than the economic useful life of the asset payable monthly, quarterly, semi-annually or annually; for other purposes, term shall be based on the LGU's cash flow payable monthly, quarterly, semi-annually or annually <p>For these purposes, other LGU projects (existing or in the pipeline) that will affect the NBC shall be considered in the computation of the tenor.</p>
Grace Period	Maybe granted up to one (1) year on principal payment

Interest Rate	Fixed at 4.5% per annum for the first year and subject to annual repricing thereafter.
	For external funds that may be provided by law as part of the economic stimulus package, interest rate shall be as prescribed under said legislation.
Penalty for Loan Default	24% per annum, in case of non-payment, to commence on the day immediately after the due date of loan amortization/credit accommodation up to the date of settlement.
Mode of Release	<ul style="list-style-type: none"> • Staggered or lump-sum depending on the project • Borrowers shall be required to open a deposit account with LANDBANK where proceeds of the loan shall be credited
Loan Collateral	Deed of Assignment of Internal Revenue Allotment (IRA) equivalent to the loan of the LGU but not to exceed 20% of the IRA
Fees and Charges	<p>Standard fees shall apply except for the following which shall be waived: (i) Handling; (ii) Commitment; and (iii) pre-payment fees*</p> <p><i>*A 2% pre-payment fee shall be charged on the principal loan to be prepaid, if the loan is taken out by another bank/financial institution</i></p>
Documentary requirements:	<ol style="list-style-type: none"> 1. Pre-processing <ol style="list-style-type: none"> a. Sangguniang Resolution authorizing the Local Chief Executive (LCE) to: <ol style="list-style-type: none"> i. Borrow funds, negotiate and enter into a loan agreement with LANDBANK; ii. Sign, endorse loan documents, agreements, notes, and other documents pertaining to the loan obtained from LANDBANK; and iii. Approving the projects to be financed and these are in accordance with the approved local development plan and public investment program or approved annual procurement/investment program; b. COA-audited Financial Statements preferably for the past 3 years and latest interim FS; c. Approved/Supplemental budget for the current year; d. Ordinance approving the Local Development Plan/ Annual Investment Program/ Supplemental Investment Program that includes the projects to be financed and the establishment of economic enterprise in the province. e. List of elected officials and key officers; and f. Other documents that the Lending Center may require, depending on the project.

2. Pre-release Requirements

- a. Ordinance passed by the Sanggunian:
 - i. Approving all previous representations, acts, warranties and all the terms and conditions of the loan;
 - ii. Authorizing the assignment of the IRA and other income; revenues and collection as collateral/security to the loan obtained and declaring them to be available and not restricted by law or its other obligations (if not yet on file and for LGUs whose IRA are not yet with LANDBANK).;
 - iii. Directing the LGU Treasurer and accountant to enter the loan in the appropriate books of the LGU;
 - iv. Designating LANDBANK as the LGU's official depository bank for IRA and major depository bank for its other deposits, revenue and collections which designation shall not be revoked while the loan obligations remain outstanding and directing the LGU Secretary to provide a copy of this Resolution to the Department of Budget and Management or other IRA administering office;
 - v. Appropriating the amount for loan repayment in the LGU's annual budget until the loan, interest and other charges are fully paid;
 - vi. Authorizing LANDBANK to deduct for set-off and/or deduct amounts from general funds of the LGU with LANDBANK and apply the same to the payment of the loan or any portion thereof, or interests and penalties thereon as may be deemed necessary by LANDBANK; and
 - vii. Waiving the confidentiality of information on investment/bank deposit
- b. Seal of Good Housekeeping;
- c. Latest BLGF Certificate of Net Borrowing Capacity;
- d. Monetary Board Opinion on the LGU's borrowings
- e. Certification by the Budget Officer, Accountant and Treasurer noted by the LCE that:
 - i. The sources of repayment are available and not restricted by law or other obligations;
 - ii. The contractual obligations shall be or has been entered into the appropriate books of accounts of the LGU;
 - iii. The loan shall be used exclusively to finance the approved eligible project or purpose;
 - iv. LGU shall submit annually to LANDBANK a Certification on the said appropriation;
- f. Joint certification by the Bids and Awards Committee (BAC) Chair and by the LCE that the LGU has complied with R.A. 9184 as well as COA rules and regulations;
- g. Promissory Note with Deed of Assignment of the IRA.

Additional:

- For acquisition of farm machineries and equipment, guarantee from the dealer/supplier as to the availability of spare parts in the local market.

3. Post-release Requirement
 - a. Submission of annual certification that the proposed sources of repayment are available and not restricted by law and its obligations are appropriated in their respective budget

Other Provisions

1. The Bank reserves the right to withhold loan releases should there be:
 - a. A case filed against the LGU or its officials involving the projects to be financed;
 - b. Adverse findings on the project or object of financing; or withdrawal of the Sanggunian on the authority of the Local Chief Executive (LCE) to contract the loan
2. The Borrower must pass the Standard Risk Asset Acceptance Criteria (RAAC) of the Bank for LGUs
3. Funded projects must be compliant with the provision under Republic Act 9184, otherwise known as the Government Procurement Reform Act

For more information, contact:

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