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BORROWING FOR PURPOSE



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BENEFITS:

1. Loans have many benefits. Most important is it allows the farmer to plan beyond the next growing cycle.
2. If you know you have money you can make smarter decisions - whether to self-finance certain equipment or seeds, or fund all farming costs through a loan.
3. You can form associations to apply for group loans which will share the costs.



THE STEPS TO GETTING A LOAN



Getting a loan is a big decision. It is perfectly understandable to be cautious. Reputable registered lending institutions are safe, reliable and fair. All applicants follow the same criteria for receiving a loan.

Benefits

- Allows for better farm planning
- Helps limit farming risks
- Provides access to better inputs and equipment
- Provides flexibility and diversity for new initiatives
- Increases outputs and generates income



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Borrowing for a purpose

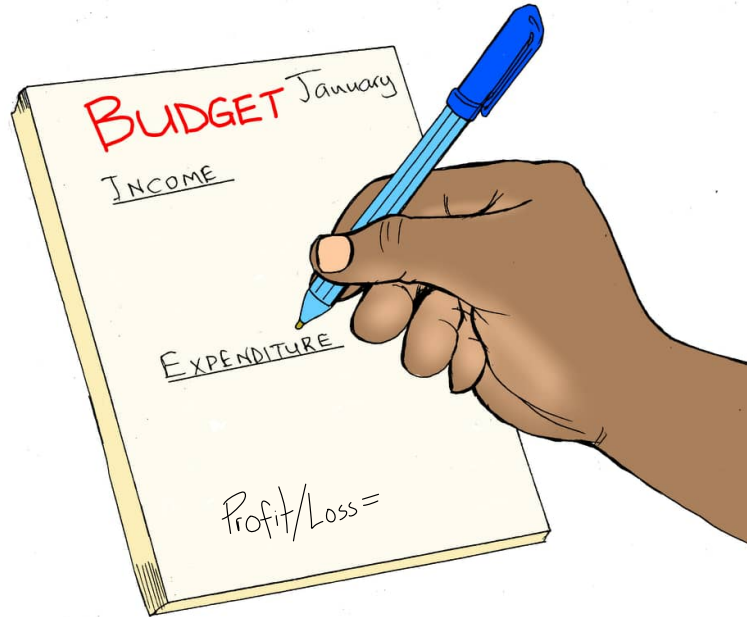
The farmer needs to decide what the loan is for. Is it to buy equipment, or seeds, or new livestock. What part of the loan will be paid for by the farmer (self-finance) or will all of the items be paid from the loan.

Do you want to take an individual loan, or go in with like-minded farmers to share the loan's expenses?



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Budgeting for a loan

Before a farmer applies for a loan they need to sit down with their family and conduct a financial assessment of their family and business objectives.

This assessment helps the family make the decision to apply for a loan.

Set realistic financial goals, establish a business and household budget, and begin to save money.

This step puts them in a good place for managing a loan.



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Individual/Group loan requirements

To apply for a loan the applicant needs:

1. Proof of residency
2. National ID or valid Passport
3. Complete the lending institution's individual application.
4. Passport photo
5. Constitution (For group lending)
6. Market guarantee
7. Cash flows
8. Expected income.



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Applying for a loan

There are two types of loans a farmer can consider. One is an individual loan and the second is a group application.

Both have the same requirements.



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Group loan application

If it is a group applying for a loan, the same proof of residency and national ID are required.

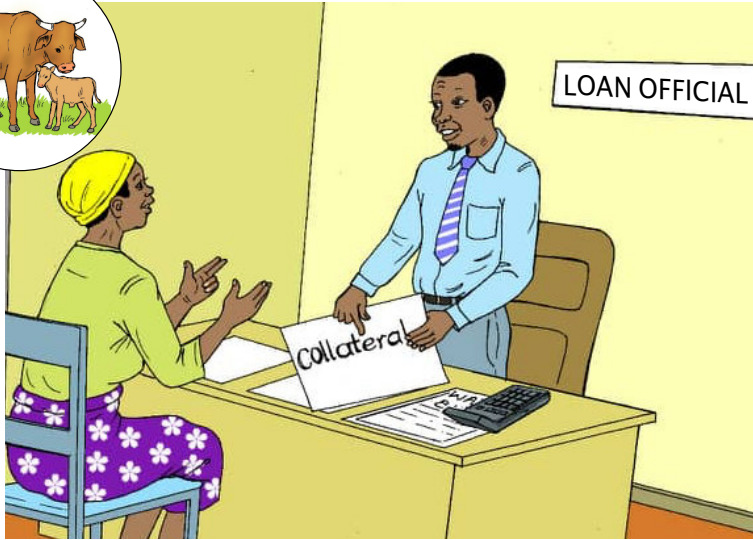
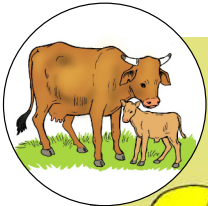
An application for the group is also necessary.

Usually, the lending institution will create a group application specific to the group's members and loan.



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Loan assessment

It seems simple, but that is because much of the work is done in the planning stage.

After the application, for both individual and group loans, there will be a site visit by the lending institution to the farm or live stock pen to assess the crops and animals. Based on the application and this assessment, the lending institution will make a decision about the loan.

Usually, the decision is made within a month.



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Monitoring the loan

There may be visits to the farm during the life of the loan and regular reporting to the lender as part of the loan monitoring.

It is important to monitor the loan and meet the payment schedules.



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Loan payback

With the success of the investment the farmer can repay the loan.



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Loan success

The success of the loan is in seeing your farm grow-more crops, healthier livestock, increase revenue. Also, being able to pay the loan back regularly.

Let's review the steps for loan:

The farmer whether individual or group needs to first, set financial goals then establish a business budget-what the loan will pay for and what the farmer will finance; and begin to save.

When all three of these are in place, then approach the lending institution to apply for a loan.

The applicants will need proof of residency, national ID or passport, and a completed application.

If it is a group then the lender most likely will develop a group loan agreement.

The lending institution will schedule an assessment of the farmers farm as the last step in the application.