

صندوق التنمية الزراعية
Agricultural Development Fund
المملكة العربية السعودية



**Cooperative Credit policy
Agricultural Development Fund**



This Policy Was issued in accordance to Resolution No. 3 of the board of directors of Agricultural Development Fund in its Session No. 404 dated 29/04/1429H (05/05/2008G), amended by Resolution No. 1 of the board of directors of Agricultural Development Fund in its Session No. 469 dated 28/08/1438H (24/05/2017G).



Article (01):

The following expressions whenever stated herein will have the following meanings assigned thereto;

- Fund : Agriculture Development Fund (ADF)
Association : Cooperative (s) covered by the provisions of article N° (2) of this regulation.
Member (s) : Member (s) of cooperative association (s) covered by the provisions of article N° (2) of this regulation.

Article (02):

The provisions of this Policy is applicable to fishery and agriculture cooperative associations and multiple purpose cooperative in which agriculture services constitute essential part thereof. Interaction with such association shall not be made unless registered in ministry of labor and social development in accordance with cooperative association law.

Article (03):

Cooperative loans will be financed by 85% for the first three million of total investment costs approved by ADF and 75% if the loan alone or the total cooperative's loans with ADF exceed three million Saudi Riyals.

Article (04):

Cooperatives lending process includes:

1. Short term loans with Tenor not exceeding one year.
 2. Medium term loans with Tenor not exceeding ten years.
- to cover the value of plant, animal, fishery production inputs and domains and oriented projects to elevate productivity, service and marketing efficiency.

Article (05):

ADF will grant a loan to Cooperatives if it was secured using one or more of the following guarantees:

1. Personal guarantee (maximum SR 500.000)
2. Real estate mortgage (in accordance with ADF's regulations).
3. Unconditional and irrevocable bank guarantee issued from commercial bank licensed to operate in the Kingdom of Saudi Arabia.
4. Mortgage reflects leased land usufruct after approval of lessor to allow the fund for all disposal of usufruct if installments are not paid in due time including re-lease and mortgage including existing building and any movable assets until the total loan is collected from the association.



5. Guarantee of services, harvest, or marketing and operation contracts.

Article (6)

An advanced payment of the loan not exceeding 20% May be disbursed to the cooperative after signing the loan contract. The remaining loan amount will be in installments based on the implementation percentage provided that each disbursement shall not be less than 10%.

Article (7)

ADF has the right to obtain all information from borrowing cooperative and takes all procedures to ensure the loan safety, including, as an example but not limited to:

1. Participation of ADF's representative in the associations' general assemblies
2. Obtaining approved annual financial statements.

Article (8)

The following data and information shall be attached to the application:

- b. Proof that cooperative is registered in ministry of labor and social development in accordance with cooperative associations' law.
- b. the cooperative shall submit feasibility study from ADF approved consultant reflecting significance of project socially, economically and articulate realized benefits to assembly's members.
- c. List of cooperative assets and liabilities
- d. Association general assembly shall pass decision to approve loan request and authorize association board of directors to sign thereon.
- e. Minutes of the Last two general assembly meetings.

Article (9)

Payment of fee requirements.

Article (10)

ADF board have the right to publish their opinions, interpretations, or executive directives needed for this policy.

Article (11)

This policy is complementary to the laws and regulations of the fund and is not independent of it. ADF applicable directives shall apply to all cooperatives unless otherwise stipulated is provided.