

LONG TERM INDUSTRIAL DEVELOPMENT CO., LTD.

New AI Driven Agriculture Machine Finance

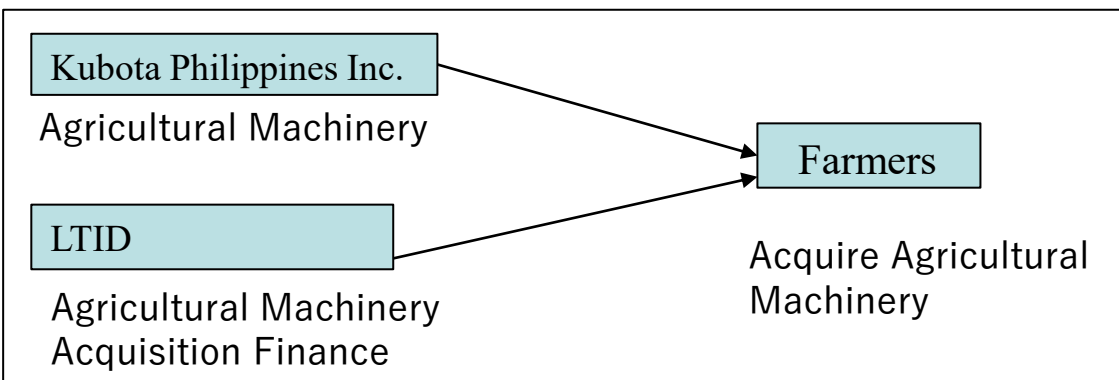


Objective of the project

Farming in the Philippines has lagged behind in mechanization and productivity is low. In response to this, our company aims to promote mechanization and improve productivity by providing loans to farmers for the acquisition of agricultural machinery. The loans will be executed through credit management using AI developed by us.

Cooperation with local companies/governments

We aimed to build the scheme below.
Kubota Philippines Inc. provides farmers with agricultural equipment and we, LTID, provide the loan for its acquisition.



Targeted economic/social issues

In ASEAN including the Philippines, mechanization has not progressed, so that farmers are counting on manual work. Due to rising labor cost and declining population of farmers resulting from urbanization, etc., the economic and labor burden on each farmer is increasing.

Especially for rice, the crop produced the most in the Philippines, it has excess of imports over exports with its self-sufficiency rate of around 80%. Against the backdrop of low productivity due to delays in mechanization, the need to introduce agricultural machinery is increasing.

Under such circumstances, however, because existing banks have no option but to protect their credit risk through collateral, loans to purchase agricultural machinery are only toward limited wealthy farmers with assets that can be offered as collateral, leaving many other farmers without access to finance and farm equipment.

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Demonstration period

September 2022 – January 2024

Details of demonstration

- Conducted interviews with farmers regarding their financing needs. (in the Provinces of Pampanga and Benguet)
 - ✓ In both cases, there are no banks that provide loans to farmers, and there is a strong need for them.
 - ✓ Farmers are very busy and have strong needs for farm equipment.
 - ✓ This project assumes a form of joint ownership by farmers who do not have access to farm equipment, but it is necessary to determine the division of responsibility for maintenance.

- Credit protection potential: We funded the farmers in the Province of Pampanga so that they can purchase agricultural machinery such as hand tractors. We took photos and videos of farms using our AI technologies, by which we could measure each farmer's credit and determine their loan amount and loan conditions. We were able to get a certain degree of effectiveness through this demonstration.

- We conducted needs assessment of crops cultivated by farmers as well as sales marketing to about 20 other retailers, restaurants, etc., including major companies. Collaborating with the farmers, we were able to develop sales network with buyers.

【Lettuce farm】



【Carrots】



Project outcome / Future plans

- Project outcome:

Delays in finding cooperating dealers of agricultural machinery affected our project schedule, but the network of Kubota Philippines was helpful since we did not have any access to the dealers before launching the project. We were able to confirm the certain financing needs and business feasibility of this project.
- Future Plans:

We continue working with Kubota Philippines Inc. to further explore other dealers and pursue the financing opportunities for used agricultural machinery.