Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

H. B. No. 4172

Introduced by Representative TEODORICO "NONONG" T. HARESCO, JR.

AN ACT
MANDATING THE LAND BANK OF THE PHILIPPINES TO PRIORITIZE THE
AGRICULTURAL AND FISHERIES SECTOR IN THE GRANT OF LOANS, AMENDING
FOR THE PURPOSE REPUBLIC ACT NUMBER 3844, AS AMENDED, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

Republic Act 3844, otherwise known as the Agricultural Land Reform Code, created the
Land Bank of the Philippines (LBP), primarily to finance the acquisition and distribution of
agricultural estates for division and resale to small landholders as well as the purchase of the
landholding by the agricultural lessee. Over the years, LBP expanded and has now became one
of the top five commercial banks in the country in terms of deposits, assets and loans.

During President Rodrigo Roa Duterte’s 4th State of the Nation Address (SONA), the
President call out the LBP and instructed the bank to prioritize giving loans to the agriculture
sector. Credit has been the biggest problem of our farmers where only two percent (2%) of loanable
funds go to them.

In 2017, Land Bank, which is the country’s agriculture bank, lent P62.5 billion to small
farmers and fisherfolk and P84.8 billion to agri-agro businesses. However, this is only 22 percent
of Land Bank’s P674.5B in loans.¹ This bill seeks to amend the LBP Charter by prioritizing the
agriculture and fisheries sector and putting a threshold limit to the amount of loans that the LBP
may grant to the other sectors. This is to uphold the original mandate of Landbank which is to
assist the agriculture sector.

Wherefore, the immediate passage of this bill is earnestly sought.

HON. TEODORICO "NONONG" T. HARESCO, JR.
Representative
2nd District, Province of Aklan

¹ business.inquirer.net/275470/2019-sons-good-for-agriculture
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress
assembled:

SECTION 1. Section 75, Chapter IV, of Republic Act No. 3844, as amended, is hereby
further amended to read as follows:

"Section 75. Powers in General. - The bank shall have the power:

"x x x;

"5. To grant short, medium, and long-term loans and advances against security of
real estate and/or other acceptable assets for the establishment, development or
expansion of agricultural, industrial, home building or home financing projects
and other productive enterprises: PROVIDED, THAT, THE TOTAL AMOUNT
OF LOANS GRANTED FOR PROGRAMS AND PROJECTS IN SECTORS
OTHER THAN AGRICULTURAL AND FISHERIES SHALL NOT EXCEED
TWENTY PERCENT (20%) OF THE BANK'S TOTAL LOAN PORTFOLIO.

"x x x"

SEC. 2. Validity of Existing Contracts, Agreements and Obligations. - Nothing in this
Act, shall affect the validity or legality of any right, duty, or obligation created by or in
respect of the Bank by virtue of its loan operations as a commercial bank prior to the
effectivity of this Act. Any receivables pertaining to loans granted prior to the effectivity
of this Act, which might be affected by this Act, shall be valid and enforceable upon the
terms and conditions under which the loans were made, including the pledge of collateral
against which they were issued, and all loans made and security or collateral therefore
held by the bank shall remain enforceable according to the terms unless they may be
lawfully terminated in accordance with this Act, nor shall this Act supersede the
operation of any law protecting or preserving vested contractual rights or be construed
to change the terms of any legal contract between the bank and any third party or to
impose any new conditions thereon, or to dispense with any condition expressed or
authorized in any such contract entered into and taking effect prior to this Act.

SEC. 3. Transition period. - The Land Bank of the Philippines shall have a period of ten
(10) years from the effectivity of this Act to restructure its loan portfolio. The transition
milestones shall be identified in the Implementing Rules and Regulations to be
promulgated pursuant to Section 4 of this Act.

SEC. 4. Implementing Rules and Regulations. - Within ninety (90) days from effectivity
of this Act, the Department of Finance shall, in coordination with the Land Bank of the
Philippines, promulgate the rules and regulations to effectively implement the provisions
of this Act.

SEC. 5. Separability Clause. - If any provisions of this Act or the application of such
provision to any person or circumstances be declared unconstitutional, the remainder of
this Act or the application of such provision to other person or circumstances shall not be
affected by such declaration.

SEC. 6. Repealing Clause. - All laws, decrees, proclamations, executive orders, rules and
regulations or other issuances or parts thereof contrary to inconsistent with the
provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 7. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the
Official or in at least two (2) national newspapers of general circulation.

Approved,