AN ACT
STRENGTHENING ASSISTANCE TO FARMERS, FISHER FOLKS AND
AGRARIAN REFORM BENEFICIARIES BY INSTITUTIONALIZING DIRECT
CREDIT SUPPORT TO SAID SECTORS, AMENDING REPUBLIC ACT NO. 3844
OR THE AGRICULTURAL LAND REFORM CODE

Despite being a largely agricultural country, the Philippines continues to face
challenges in elevating the agricultural sector; its people remain without available
measures and courses to address problems relating to its growth.

According to the Bureau of Labor and Employment Statistics, farmers and fisher folk
are among the least paid workers in the country resulting to a large poverty
incidence seen in the agricultural sector\(^1\). In 2014, about 11 million people were
employed in the said sector but they only earn a daily nominal wage of about
P287.52 and P230.36\(^2\). Consequently, farming has become less attractive to the
younger generation as the average age of farmers is, alarmingly, 57 years old\(^3\).

This bill seeks, in particular, to enhance and aid this sector by guaranteeing direct
credit support and allocate ten percent (10%) of the proposed AgriBank’s regular
loan portfolio to qualified small farmers, fisher folk and agrarian beneficiaries. This
further helps the people in the agricultural sector get back on its feet by extending
loans allowed through a special socialized credit window, created solely, as this bill
offers, for the benefit of the agricultural stakeholders and help finance agricultural
projects.

\(^1\) [https://psa.gov.ph/sites/default/files/Selected%20Statistics%20on%20Agriculture%202015.pdf](https://psa.gov.ph/sites/default/files/Selected%20Statistics%20on%20Agriculture%202015.pdf) (Wage rate according to rates received by *palay* and *corn* farmers, respectively)

\(^2\) Ibid.

\(^3\) [http://ap.ftc.agenet.org/ap_db.php?id=448 "Farm land policy and financing program for young generation in the Philippines](http://ap.ftc.agenet.org/ap_db.php?id=448)
While the government has continually sought to improve the lives of our farmers and fisher folk through agricultural reforms, loans, and registry systems for agriculture, there remains a need to improve credit and to tackle the shortage of supply of formal credit\(^4\) for the agricultural sector.

The agricultural sector makes up about 30% of the total employed work force, according to the Labor Force Survey of the National Statistics Office. It is imperative that we help sustain the needs of this work force with substantive state subsidy and improved government support. As a counterpart bill to Senator Poe's in the Senate of the Philippines, we aim to further strengthen and institutionalize these support services in order to serve our farmers, fisher folk and agrarian reform beneficiaries better.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

\[\text{Signature}\]

LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

Republic of the Philippines

HOUSE OF REPRESENTATIVES

Quezon City

EIGHTTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8088

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

AN ACT
STRENGTHENING ASSISTANCE TO FARMERS, FISHER FOLKS AND AGRARIAN REFORM BENEFICIARIES BY INSTITUTIONALIZING DIRECT CREDIT SUPPORT TO SAID SECTORS, AMENDING REPUBLIC ACT NO. 3844 OR THE AGRICULTURAL LAND REFORM CODE

Be it enacted by the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled:

SECTION 1. Section 74 of Republic Act No. 3844, as amended by Republic Act No. 10374, otherwise known as the "Agricultural Land Reform Code" is further amended to read as follows:

"Sec. 74 Creation – To finance the acquisition by the Government of landed estates for division and resale to small landholders, as well as the purchase of the landholding by the agricultural lessee from the landowner, there is hereby established a body corporate to be known as the AGRICULTURAL BANK of the Philippines (AGRI BANK), hereinafter called the 'bank', which shall have it principal place of business in Manila. The legal existence of the Bank extended for a period of fifty (50) years from the expiration of its original term on 08 August 2013, renewable for another fifty (50) years. The Bank shall be subject to such rules and regulations as the [Central Bank] BANGKO SENTRAL NG PILIPINAS may from time to time promulgate.
THE BANK SHALL ALLOCATE TEN PERCENT (10%) OF ITS REGULAR LOAN PORTFOLIO (NET OF LOANS TO THE BANGKO SENTRAL NG PILIPINAS, INTERBANK LOANS AND AVAILMENTS FROM DOMESTIC BILLS PURCHASE LINE), WHICH IS MAINTAINED IN A SEPARATE SPECIAL WINDOW FOR SOCIALIZED CREDIT TO QUALIFIED SMALL FARMERS, FISHERFOLK AND AGRARIAN REFORM BENEFICIARIES (ARBS) SETTING UP THEIR OWN SOCIAL ENTERPRISES. THIS FACILITY SHALL SOLELY FINANCE AGRICULTURAL PROJECTS PURSUANT TO THE PROVISIONS OF SECTION 4 OF REPUBLIC ACT NO. 10000, OTHERWISE KNOWN AS THE AGRI-AGRA REFORM CREDIT ACT OF 2009. THIS SPECIAL SOCIALIZED CREDIT WINDOW SHALL BE EXEMPT FROM THE STANDARD RULES ON LENDING OF THE BANGKO SENTRAL NG PILIPINAS AND OF THE COMMISSION ON AUDIT.

"ALL LOANS EXTENDED THROUGH THIS SPECIAL SOCIALIZED CREDIT WINDOW SHALL QUALIFY AS PART OF THE BANK’S COMPLIANCE WITH THE AGRI-AGRA LAW.

"CREDIT UNDER THIS SPECIAL SOCIALIZED WINDOW SHALL BE EXTENDED THROUGH THE FOLLOWING MEANS:
"(A) FARMERS’ AND FISHERFOLK’S COOPERATIVES;
"(B) FARMERS’ AND FISHERFOLK’S ORGANIZATIONS OR ASSOCIATIONS AND FEDERATIONS;
"(C) NON-AGRICULTURAL COOPERATIVES (CREDIT AND MULTI-PURPOSE);
"(D) COOPERATIVE BANKS;
"(E) RURAL BANKS;
"(F) THRIFT BANKS;
"(G) AGRI-BUSINESS FIRMS OR ANCHOR FIRMS PROVIDING CREDIT SUPPORT TO ARBS, AND SMALL FARMERS AND FISHERFOLK;
"(H) NON-GOVERNMENT ORGANIZATIONS;
"(I) FOUNDATIONS WITH LENDING AUTHORITIES;
"(J) ALL OTHER MEANS THAT WILL BE DEEMED QUALIFIED BY THE BANK.

"LOANS UNDER THIS SOCIALIZED CREDIT WINDOW SHALL HAVE AN INTEREST RATE EQUIVALENT TO NOT MORE THAN SEVENTY-FIVE PERCENT (75%) OF THE BANK’S PREVAILING RATES FOR LOANS TO COOPERATIVES PROVIDED, THAT THESE MEANS SHALL HAVE AN INTEREST SPREAD OF NOT MORE THAN FIVE (5) PERCENTAGE POINTS. THE INTEREST SPREAD SHALL EXCLUDE CROP INSURANCE PREMIUMS AND GUARANTEE FEES.
“CRITERIA FOR ELIGIBILITY UNDER THIS SPECIAL SOCIALIZED CREDIT WINDOW SHALL BE REFLECTED IN THE IMPLEMENTING RULES AND REGULATIONS.”

SECTION 2. Section 75 of the Republic Act No. 3844, as amended, is further amended by adding a new subsection (7) to read as follows:

“(7) TO OFFER AND ISSUE COMMON AND PREFERRED SHARES OF STOCKS TO ARBS, SMALL FARMERS AND FISHERFOLK THROUGH THEIR ORGANIZATIONS, COOPERATIVES, FEDERATIONS AND COOPERATIVE BANKS; DEVELOPMENT PARTNERS AND STRATEGIC INVESTORS SUCH AS MULTILATERAL AND BILATERAL INSTITUTIONS; RURAL BANKS AND THEIR ASSOCIATIONS, IN QUANTITIES TO BE DETERMINED BY THE BOARD OF DIRECTORS AND IN ACCORDANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS; PROVIDED, HOWEVER, THAT THE NATIONAL GOVERNMENT SHALL MAINTAIN, AT ALL TIMES, AT LEAST TWO-THIRDS (2/3) OWNERSHIP OF THE TOTAL OUTSTANDING COMMON SHARES OF THE BANK.”

“PREFERRED SHARES OF STOCK SHALL BE NON-VOTING. OTHER FEATURES OF PREFERRED SHARES SHALL BE DETERMINED BY THE BOARD OF DIRECTORS.”

“LOANS TO COOPERATIVES, FEDERATIONS, COOPERATIVE BANKS, RURAL BANKS AND THEIR ASSOCIATIONS WHICH OWN COMMON SHARES OF STOCKS IN THE BANK SHALL NOT BE COVERED BY RULES ON LOANS TO DIRECTORS, OFFICERS, STOCKHOLDER AND RELATED INTERESTS (DOSRI).”

SECTION 3. Repealing Clause. All laws, executive orders, rules and regulations or parts thereof inconsistent with any provision hereof are hereby repealed or modified accordingly.

SECTION 4. Separability Clause. If any provision or part hereof is held invalid, the other provisions not affected thereby shall remain and continue to be in full force and effect.

SECTION 5. Effectivity. This Act shall take effect fifteen (15) days after its publication in the official gazette or in any newspaper of general circulation.

Approved,