

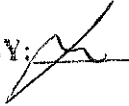


Senate
Office of the Secretary

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'10 DEC -8 P 4 :09

SENATE

RECEIVED BY: 

S. B. No. 2623

Introduced by Senator FRANCIS N. PANGILINAN

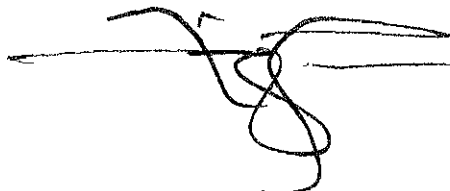
EXPLANATORY NOTE

The passage of Republic Act 10000 otherwise known as AN ACT PROVIDING FOR AN AGRICULTURE AND AGRARIAN REFORM CREDIT AND FINANCING SYSTEM THROUGH BANKING INSTITUTIONS was a significant advance in terms of legislation, promoting credit access of small farmers and fisherfolks. The law strengthens the current policy of mandatory allocations of total loanable funds generated (TLFG) by banks to agriculture and agrarian reform beneficiaries and strengthens the system by prohibiting non-agricultural related compliance and providing a stricter and more responsive penalty scheme.

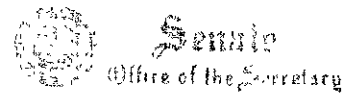
The TLFG is the basis for the computation of the 25% minimum compliance requirement broken down into 15% for agriculture and 10% for agrarian reform. The TLFG shall refer to funds generated by banks from the date of effectivity of RA 10000 which is on April 20, 2010, when the law took effect. The spirit of the law is intended to improve the credit access of farmers, fisherfolks, agrarian reform beneficiaries, settlers, farm owners, fish workers, farmers' and fisherfolks' cooperatives, organizations and associations through government and private banking institutions. Access to credit will give the farmers and fisherfolks the financial assistance they need to become competitive and eventually will help raise the productivity of the agriculture and fisheries sectors in the country.

The amendment to RA 10000 being proposed in the bill is to adjust the date of the computation of the TLFG by banks from April 20, 2010 to May 29, 1975, which is the effectivity date of Presidential Decree 717 otherwise known as PROVIDING AN AGRARIAN REFORM CREDIT AND FINANCING SYSTEM FOR AGRARIAN REFORM BENEFICIARIES THROUGH BANKING INSTITUTIONS. With the enactment of RA 10000, the PD 717 has been superceded. However, the bill seeks to amend RA 10000 to prescribe the effectivity date of May 29, 1975 the basis of the computation of the total loanable funds. The rationale for the proposal is to avoid the significant reduction of available credit to the farmers should the basis of the computation of the total loanable funds be 1975.

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

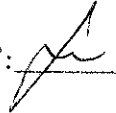


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**AN ACT AMENDING SECTION 6 OF REPUBLIC ACT 10000
OTHERWISE KNOWN AS THE AGRI-AGRA REFORM CREDIT ACT OF 2009**

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

Section 1. Credit Quota. Section 6 of Republic Act No. 10000 is hereby amended and shall read as follows:

Section 6. Credit Quota. - All banking institutions, whether government or private, shall set aside at least twenty-five percent (25%) of their total loanable funds for agriculture and fisheries credit in general, of which at least ten percent (10%) of the loanable funds shall be made available for agrarian reform beneficiaries mentioned in Section 5 hereof: *Provided, however,* That total loanable funds as used in the section shall refer to funds generated from [the date of effectivity of this Act] **29 MAY 1975**: *Provided, further,* That the twenty -five percent (25%) credit quota is subject to a joint review by the Department of Agriculture (DA), the Department of Agriculture Reform (DAR) and the Bangko Sentral ng Pilipinas (BSP) after three (3) years of implementation to determine whether the law has been effective in accomplishing its goals. The findings shall be submitted to Congress.

Section. 2. Repealing Clause. - Other laws, presidential decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 3. Effectivity. - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,