

'14 FEB 25 AIO :42

SENATE  
S. B. 2142

RECEIVED BY: *js*

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Introduced by Senator Poe

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

**EXPLANATORY NOTE**

Agricultural sectors in other countries are successful and sustainable due to a heavy state subsidy of their respective governments. In the Philippines, however, the agricultural sector has been considered the "poor man's sector" as workers in the Philippine agricultural sector are considered the most marginalized and often regarded as a neglected sector in the past years. According to the Labor Force Survey of the National Statistics Office, about 1.15 million Filipinos are employed in the agricultural sector as of January 2013, the second largest group making up 30.4% of the total employed.

The agriculture sector's contribution to the gross domestic product (GDP) has declined to 11% last year from 20 to 30 percent in the 23 years to 1969. To further sustain the declining share of state investments in agriculture,

The agriculture sector can be a sustainable and competitive entity with proper management and government support, and with indispensable and wide-ranging reforms in the sector, which is considered as a major driver for domestic growth.

It is high time that the government strengthen assistance and institutionalize direct credit support to farmers, fisherfolk and agrarian reform beneficiaries in the light of the ASEAN economic community to be established in 2015, as most agricultural products will enter the Philippines on lower or zero tariffs.

  
GRACE POE

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**AGRICULTURAL LAND REFORM CODE**

*Be it enacted by the Senate and House of Representatives 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 ‘Land bank of the Philippines’, hereinafter called the ‘bank’, which shall have its principal place of business in Manila. The legal existence of the Bank is 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 FIVE PERCENT (5%) 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). 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;

"(C) NON-AGRICULTURAL COOPERATIVES (CREDIT AND MULTIPURPOSE);

"(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 (15) to read as follows:

"(15) 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,