

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Third Regular Session)



Senate
Office of the Secretary

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SENATE

RECEIVED BY: *J*

COMMITTEE REPORT NO. 382

Submitted by the Committee on Banks, Financial Institutions and Currencies on
JAN 25 2016

Re: House Bill No. 3785 taking into consideration Senate Bill Nos. 447, 780, 2090, and
2142

Recommending its approval with amendments.

Sponsor: Senator Osmeña III

MR. PRESIDENT:

The Committee on Banks, Financial Institutions and Currencies to which were referred
House Bill No. 3785, introduced by Representatives Guanlao, Bagullat, Antonino-Nadres,
Gonzalez, Hicap, Villanueva, Garin (S.), Macrohon-Nuño, Padilla, Bravo (A.), dela Cruz,
Yu, Lagman, Paez, Co and Batocabe, entitled:

**"AN ACT
STRENGTHENING AND INSTITUTIONALIZING DIRECT CREDIT SUPPORT OF THE
LAND BANK OF THE PHILIPPINES TO AGRARIAN REFORM BENEFICIARIES, SMALL
FARMERS AND FISHERFOLK, FURTHER AMENDING REPUBLIC ACT NO. 3844.
OTHERWISE KNOWN AS THE "AGRICULTURAL LAND REFORM CODE", AS
AMENDED"**

Senate Bill No. 447, introduced by Senator Recto, entitled:

**"AN ACT
PRIORITIZING THE AGRICULTURAL SECTOR IN THE GRANT OF LOANS BY THE
LAND BANK OF THE PHILIPPINES, AMENDING FOR THE PURPOSE REPUBLIC ACT
NUMBERED THREE THOUSAND EIGHT HUNDRED FORTY-FOUR, AS AMENDED"**

Senate Bill No. 780, introduced by Senator Ejercito Estrada, entitled:

**"AN ACT
TO INSTITUTIONALIZE MICRO-CREDIT FINANCING AMENDING FOR THIS
PURPOSE REPUBLIC ACT NO. 3844, AS AMENDED, OTHERWISE KNOWN AS 'THE
CODE OF AGRARIAN REFORM IN THE PHILIPPINES' APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES"**

Senate Bill No. 2090, introduced by Senator Poe, entitled:

**"AN ACT
STRENGTHENING AND INSTITUTIONALIZING CREDIT, GUARANTEE AND
INSURANCE SUPPORT OF THE LAND BANK OF THE PHILIPPINES TO AGRARIAN
REFORM BENEFICIARIES, SMALL FARMERS AND FISHERFOLK, AMENDING FOR
THE PURPOSE, CHAPTER IV OF REPUBLIC ACT 3844 ALSO KNOWN AS THE
AGRICULTURAL LAND REFORM CODE"**

and Senate Bill No. 2142, introduced by Senator Poe, entitled:

**"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"**

has considered the same and has the honor to report these bills back to the Senate with the recommendation that House Bill No. 3785, taking into consideration Senate Bill Nos. 447, 780, 2090, and 2142 be approved with the following amendments:

- 1) On page 2, lines 8 to 9, delete the phrase, "WHICH IS MAINTAINED IN A SEPARATE SPECIAL WINDOW";

2) On page 2, lines 15 to 18, delete the sentence, "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";

3) On the same page, line 18, add the following paragraphs, which read:

"CREDITS EXTENDED TO THE BENEFICIARIES NAMED THEREIN UNDER THIS FACILITY SHALL BE BASED ON THE FEASIBILITY OF THE PROJECT AND THEIR PAYING CAPACITY, THEIR ESTIMATED PRODUCTION, AND/OR SECURITIES THEY CAN PROVIDE AS WELL AS SUCH ASSETS AS MAY BE ACQUIRED BY THEM FROM THE PROCEEDS OF THE LOAN.

THIS FACILITY WILL BE FUNDED THROUGH THE OPERATIONS OF THE LANDBANK OF THE PHILIPPINES ITSELF AND WILL NOT REQUIRE ADDITIONAL GOVERNMENT FUNDING."

4) On page 3, line 6, before the word, NON GOVERNMENT ORGANIZATIONS, add the phrase "DULY ACCREDITED MICROFINANCE";

5) On page 3, line 6, after the word, NON GOVERNMENT ORGANIZATIONS, add the phrase "BY THE MICROFINANCE NGO REGULATORY COUNCIL";

6) On page 3, lines 7 to 9, delete paragraphs (I) and (J);

7) On page 3, line 17, after the phrase "GUARANTEE FEES.", add the sentence "PROVIDED FURTHER, A CONDUIT CANNOT LEND TO ANOTHER CONDUIT.";

8) On page 4, line 9, after the phrase "BOARD OF DIRECTORS", add the phrase, "IN ACCORDANCE WITH APPLICABLE LAWS AND REGULATIONS";

9) On page 4, delete lines 10 to 14;

10) On page 4, after line 14, insert a new section 3, to read as follows:

"SEC. 3. IMPLEMENTING RULES AND REGULATIONS. - THE BANGKO SENTRAL NG PILIPINAS IN CONSULTATION WITH THE LAND BANK OF THE PHILIPPINES SHALL FORMULATE THE RULES AND REGULATIONS NECESSARY FOR THE IMPLEMENTATION OF THIS ACT."

11) On page 4, line 15, renumber Section 3, to 4;

12) On page 4, line 18, renumber Section 4, to 5;

13) On page 4, line 21, renumber Section 5, to 6.

14) Omnibus amendment: delete the word "WINDOW" and lieu thereof insert the word "FACILITY".

Respectfully submitted:



SERGIO R. OSMEÑA III
Chairman



TEOFISTO "TG" L. GUINGONA III
Vice Chairman

Members:

GRACE POE



LOREN LEGARDA



ANTONIO "SONNY" F. TRILLANES IV



PAOLO BENIGNO "BAM" AQUINO IV



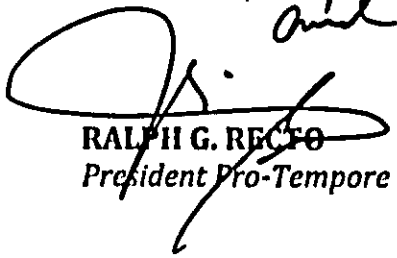
JINGGOY EJERCITO ESTRADA

AQUILINO "KOKO" PIMENTEL III



VICENTE C. SOTTO III

Ex-Officio Members:

May
and

RALPH G. RECTO
President Pro-Tempore

ALAN PETER "COMPAÑERO" S. CAYETANO
Majority Leader

JUAN PONCE ENRILE
Minority Leader

Hon. FRANKLIN M. DRILON
President
Senate of the Philippines
Pasay City



HOUSE OF REPRESENTATIVES

H. No. 3785

BY REPRESENTATIVES GUANLAO, BAGUILAT, ANTONINO-NADRES, GONZALEZ,
HICAP, VILLANUEVA, GARIN (S.), MACROHON-NUÑO, PADILLA,
BRAVO (A.), DELA CRUZ, YU, LAGMAN, PAEZ, CO AND BATOCABE,
PER COMMITTEE REPORT NO. 43

AN ACT STRENGTHENING AND INSTITUTIONALIZING DIRECT
CREDIT SUPPORT OF THE LAND BANK OF THE PHILIPPINES
TO AGRARIAN REFORM BENEFICIARIES, SMALL FARMERS
AND FISHERFOLK, FURTHER AMENDING REPUBLIC ACT
NO. 3844, OTHERWISE KNOWN AS THE "AGRICULTURAL
LAND REFORM CODE", AS AMENDED

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

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

4 "SEC. 74. *Creation.* — To finance the acquisition by the
5 Government of landed estates for division and resale to small
6 landholders, as well as the purchase of the landholding by the
7 agricultural lessee from the landowner, there is hereby established
8 a body corporate to be known as the 'Land Bank of the
9 Philippines', hereinafter called the 'Bank', which shall have its
10 principal place of business in Manila. The legal existence of the
11 Bank is extended for a period of fifty (50) years from the

1 expiration of its original term on 08 August 2013, renewable for
2 another fifty (50) years. The Bank shall be subject to such rules
3 and regulations as the [Central Bank] BANGKO SENTRAL NG
4 PILIPINAS may from time to time promulgate.

5 "THE BANK SHALL ALLOCATE FIVE PERCENT (5%) OF ITS
6 REGULAR LOAN PORTFOLIO (NET OF LOANS TO THE BANGKO
7 SENTRAL NG PILIPINAS, INTERBANK LOANS AND AVAILMENTS
8 FROM DOMESTIC BILLS PURCHASE LINE), WHICH IS MAINTAINED
9 IN A SEPARATE SPECIAL WINDOW FOR SOCIALIZED CREDIT TO
10 QUALIFIED SMALL FARMERS, FISHERFOLK AND AGRARIAN
11 REFORM BENEFICIARIES (ARBS). THIS FACILITY SHALL SOLELY
12 FINANCE AGRICULTURAL PROJECTS PURSUANT TO THE
13 PROVISIONS OF SECTION 4 OF REPUBLIC ACT NO. 10000,
14 OTHERWISE KNOWN AS 'THE AGRI-AGRA REFORM CREDIT ACT
15 OF 2009'. THIS SPECIAL SOCIALIZED CREDIT WINDOW SHALL BE
16 EXEMPT FROM THE STANDARD RULES ON LENDING OF THE
17 BANGKO SENTRAL NG PILIPINAS AND OF THE COMMISSION ON
18 AUDIT.

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

22 "CREDIT UNDER THIS SPECIAL SOCIALIZED CREDIT WINDOW
23 SHALL BE EXTENDED THROUGH THE FOLLOWING CONDUITS:

24 "(A) FARMERS' AND FISHERFOLK'S COOPERATIVES;

25 "(B) FARMERS' AND FISHERFOLK'S ORGANIZATIONS OR
26 ASSOCIATIONS;

27 "(C) NONAGRICULTURAL COOPERATIVES (CREDIT AND
28 MULTIPURPOSE);

29 "(D) COOPERATIVE BANKS;

- 1 “(E) RURAL BANKS;
2 “(F) THRIFT BANKS;
3 “(G) AGRI-BUSINESS FIRMS OR ANCHOR FIRMS
4 PROVIDING CREDIT SUPPORT TO ARBS, AND SMALL FARMERS
5 AND FISHERFOLK;
6 “(H) NONGOVERNMENT ORGANIZATIONS;
7 “(I) FOUNDATIONS WITH LENDING AUTHORITIES; AND
8 “(J) ALL OTHER CONDUITS THAT WILL BE DEEMED
9 QUALIFIED BY THE BANK.

10 “LOANS UNDER THIS SPECIAL SOCIALIZED CREDIT WINDOW
11 SHALL HAVE AN INTEREST RATE EQUIVALENT TO NOT MORE
12 THAN SEVENTY-FIVE PERCENT (75%) OF THE BANK'S
13 PREVAILING RATES FOR LOANS TO COOPERATIVES: *PROVIDED*,
14 THAT THESE CONDUITS SHALL HAVE AN INTEREST SPREAD OF
15 NOT MORE THAN FIVE (5) PERCENTAGE POINTS. THE INTEREST
16 SPREAD SHALL EXCLUDE CROP INSURANCE PREMIUMS AND
17 GUARANTEE FEES.

18 “CRITERIA FOR ELIGIBILITY UNDER THIS SPECIAL
19 SOCIALIZED CREDIT WINDOW SHALL BE DETERMINED BY THE
20 BANK AND SHALL BE REFLECTED IN THE IMPLEMENTING RULES
21 AND REGULATIONS.”

22 SEC. 2. Section 75 of Republic Act No. 3844, as amended, is hereby
23 further amended by adding a new subsection (15) to read as follows:

24 “(15) TO OFFER AND ISSUE COMMON AND
25 PREFERRED SHARES OF STOCKS TO ARBS, SMALL FARMERS AND
26 FISHERFOLK THROUGH THEIR ORGANIZATIONS, COOPERATIVES,
27 FEDERATIONS AND COOPERATIVE BANKS; DEVELOPMENT
28 PARTNERS AND STRATEGIC INVESTORS SUCH AS MULTILATERAL
29 AND BILATERAL INSTITUTIONS; RURAL BANKS AND THEIR

1 ASSOCIATIONS, IN QUANTITIES TO BE DETERMINED BY THE
2 BOARD OF DIRECTORS AND IN ACCORDANCE WITH APPLICABLE
3 LAWS, RULES AND REGULATIONS: *PROVIDED, HOWEVER, THAT*
4 *THE NATIONAL GOVERNMENT SHALL MAINTAIN, AT ALL*
5 *TIMES, AT LEAST TWO-THIRDS (2/3) OWNERSHIP OF THE TOTAL*
6 *OUTSTANDING COMMON SHARES OF THE BANK.*

7 "PREFERRED SHARES OF STOCK SHALL BE NON-VOTING.
8 OTHER FEATURES OF PREFERRED SHARES SHALL BE
9 DETERMINED BY THE BOARD OF DIRECTORS.

10 "LOANS TO COOPERATIVES, FEDERATIONS, COOPERATIVE
11 BANKS, RURAL BANKS AND THEIR ASSOCIATIONS WHICH OWN
12 COMMON SHARES OF STOCK IN THE BANK SHALL NOT BE
13 COVERED BY RULES ON LOANS TO DIRECTORS, OFFICERS,
14 STOCKHOLDERS AND RELATED INTERESTS (DOSRI)."

15 SEC. 3. *Repealing Clause.* - All laws, executive orders, rules and
16 regulations or parts thereof inconsistent with any provision hereof are hereby
17 repealed or modified accordingly.

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

21 SEC. 5. *Effectivity.* - This Act shall take effect fifteen (15) days after
22 its publication in the *Official Gazette* or in any newspaper of general
23 circulation.

Approved,