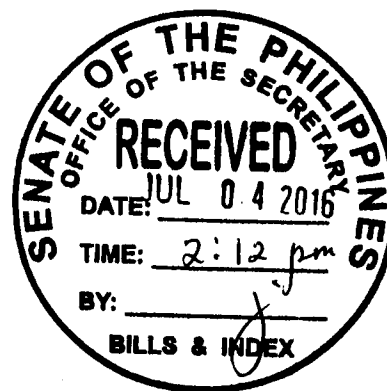


SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

SENATE
S.B. 342



Introduced by Senator Poe

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

Explanatory Note

Agricultural sector in other countries are successful and sustainable due to substantial state subsidy. In the Philippines, however, the agricultural sector has been considered the “poor man’s sector” as workers in said sector are considered the most marginalized and neglected 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 work force.

In 1995, the agriculture sector shares a relatively high value of 14.8% of the country’s Gross Domestic Product (GDP). However, it is now one of the smallest contributor amounting to only 10% of the GDP.¹ To further sustain the declining share of state investments in agriculture, the sector must be transformed into a sustainable and competitive one with proper management and government support, and with indispensable and wide-ranging reform. It is high time that the government strengthen assistance and institutionalize support services to the agricultural sector such as electric irrigation pumps “electrification” with the renewable energy to provide power for production and processing, tractor pools,

¹ http://www.nscb.gov.ph/beyondthenumbers/2013/04122013_jrga_agri.asp

transplanting and harvesting machines, rice mills, transport equipment, etc. Seed funds must also be provided.

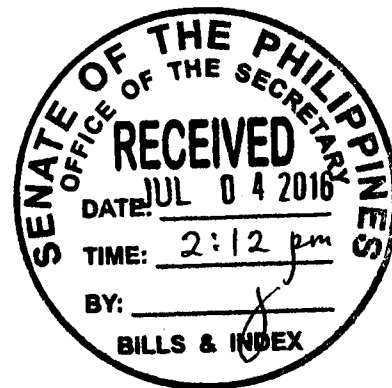
In view of the foregoing, immediate passage of the bill is a must.


GRACE POE

SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES

First Regular Session

SENATE
S.B. 342



Introduced by Senator Poe

**AN ACT
STRENGTHENING ASSISTANCE TO FARMERS, FISHERFOLK 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 House of Representatives of the Philippines in
Congress assembled:*

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

4
5 "Sec. 74 Creation. – To finance the acquisition by the Government of
6 landed estates for division and resale to small landholders, as well as the
7 purchase of the landholding by the agricultural lessee from the landowner,
8 there is hereby established a body corporate to be known as the '
9 AGRICULTURAL BANK of the Philippines (AGRIBANK) ', hereinafter
10 called the 'bank', which shall have its principal place of business in Manila.
11 The legal existence of the Bank is extended for a period of fifty (50) years
12 from the expiration of its original term on 08 August 2013, renewable for
13 another fifty (50) years. The Bank shall be subject to such rules and
14 regulations as the [Central Bank] BANGKO SENTRAL NG PILIPINAS may
15 from time to time promulgate.

16

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

16
17 **“ALL LOANS EXTENDED THROUGH THIS SPECIAL**
18 **SOCIALIZED CREDIT WINDOW SHALL QUALIFY AS PART OF**
19 **THE BANK’S COMPLIANCE WITH THE AGRI-AGRA LAW.**

20
21 **“CREDIT UNDER THIS SPECIAL SOCIALIZED WINDOW**
22 **SHALL BE EXTENDED THROUGH THE FOLLOWING MEANS:**

23 **“(A) FARMERS’ AND FISHERFOLK’S COOPERATIVES;**

24 **“(B) FARMERS’ AND FISHERFOLK’S ORGANIZATIONS OR**
25 **ASSOCIATIONSAND FEDERATIONS;**

26 **“(C) NON-AGRICULTURAL COOPERATIVES (CREDIT AND**
27 **MULTIPURPOSE);**

28 **“(D) COOPERATIVE BANKS;**

29 **“(E) RURAL BANKS;**

30 **“(F) THRIFT BANKS;**

31 **“(G) AGRI-BUSINESS FIRMS OR ANCHOR FIRMS**
32 **PROVIDING CREDIT SUPPORT TO ARBs, AND SMALL FARMERS**
33 **AND FISHERFOLK;**

1 **“(H) NON-GOVERNMENT ORGANIZATIONS;**
2 **“(I) FOUNDATIONS WITH LENDING AUTHORITIES**
3 **“(J) ALL OTHER MEANS THAT WILL BE DEEMED**
4 **QUALIFIED BY THE BANK.**

5
6 **LOANS UNDER THIS SOCIALIZED CREDIT WINDOW**
7 **SHALL HAVE AN INTEREST RATE EQUIVALENT TO NOT MORE**
8 **THAN SEVENTY-FIVE PERCENT (75%) OF THE BANK’S**
9 **PREVAILING RATES FOR LOANS TO COOPERATIVES;**
10 **PROVIDED, THAT THESE MEANS SHALL HAVE AN INTEREST**
11 **SPREAD OF NOT MORE THAN FIVE (5) PERCENTAGE POINTS.**
12 **THE INTEREST SPREAD SHALL EXCLUDE CROP INSURANCE**
13 **PREMIUMS AND GUARANTEE FEES.**

14
15 **“CRITERIA FOR ELIGIBILITY UNDER THIS SPECIAL**
16 **SOCIALIZED CREDIT WINDOW SHALL BE REFLECTED IN THE**
17 **IMPLEMENTING RULES AND REGULATIONS.”**

18
19
20 **SECTION 2.** Section 75 of the Republic Act No. 3844, as amended, is further
21 amended by adding a new subsection (15) to read as follows:

22
23 **“(15) TO OFFER AND ISSUE COMMON AND PREFERRED**
24 **SHARES OF STOCKS TO ARBs, SMALL FARMERS AND**
25 **FISHERFOLK THROUGH THEIR ORGANIZATIONS,**
26 **COOPERATIVES, FEDERATIONS AND COOPERATIVE BANKS;**
27 **DEVELOPMENT PARTNERS AND STRATEGIC INVESTORS SUCH**
28 **AS MULTILATERAL AND BILATERAL INSTITUTIONS; RURAL**
29 **BANKS AND THEIR ASSOCIATIONS, IN QUANTITIES TO BE**
30 **DETERMINED BY THE BOARD OF DIRECTORS AND IN**
31 **ACCORDANCE WITH APPLICABLE LAWS, RULES AND**
32 **REGULATIONS; PROVIDED, HOWEVER, THAT THE NATIONAL**
33 **GOVERNMENT SHALL MAINTAIN, AT ALL TIMES, AT LEAST**

1 TWO-THIRDS (2/3) OWNERSHIP OF THE TOTAL OUTSTANDING
2 COMMON SHARES OF THE BANK.”

3
4 “PREFERRED SHARES OF STOCK SHALL BE NON-VOTING.
5 OTHER FEATURES OF PREFERRED SHARES SHALL BE
6 DETERMINED BY THE BOARD OF DIRECTORS.”

7
8 “LOANS TO COOPERATIVES, FEDERATIONS,
9 COOPERATIVE BANKS, RURAL BANKS AND THEIR
10 ASSOCIATIONS WHICH OWN COMMON SHARES OF STOCKS IN
11 THE BANK SHALL NOT BE COVERED BY RULES ON LOANS TO
12 DIRECTORS, OFFICERS, STOCKHOLDER AND RELATED
13 INTERESTS (DOSRI).”

14
15 **SECTION 3. Repealing Clause.** - All laws, executive orders, rules and regulations or
16 parts thereof inconsistent with any provision hereof are hereby repealed or modified
17 accordingly.

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

22
23 **SECTION 5. Effectivity.** - This Act shall take effect fifteen (15) days after its
24 publication in the official gazette or in any newspaper of general circulation.

25
26 Approved.