

Republic of the Philippines
Congress of the Philippines
Metro Manila

Sixteenth Congress

Third Regular Session



Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand fifteen.

[REPUBLIC ACT NO. **10878**]

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:

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 hereby 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 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), 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'.

"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 assets as may be acquired by them from the proceeds of the loan.

"This facility will be funded through the operations of the Bank itself and will not require additional government funding.

"All loans extended through this special socialized credit facility shall qualify as part of the Bank's compliance with the Agri-Agra Law.

"Credit under this special socialized credit facility shall be extended through the following conduits:

"(a) Farmers' and fisherfolk's cooperatives;

"(b) Farmers' and fisherfolk's organizations or associations;

"(c) Nonagricultural 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; and

"(h) Duly accredited microfinance nongovernment organizations by the Microfinance NGO Regulatory Council.

"Loans under this special socialized credit facility 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 conduits shall have an interest spread of not more than five (5) percentage points. The interest spread shall exclude crop insurance premiums and guarantee fees: *Provided, further*, That a conduit cannot lend to another conduit.

"Criteria for eligibility under this special socialized credit facility shall be determined by the Bank and shall be reflected in the implementing rules and regulations."

SEC. 2. Section 75 of Republic Act No. 3844, as amended, is hereby 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 in accordance with applicable laws and regulations."

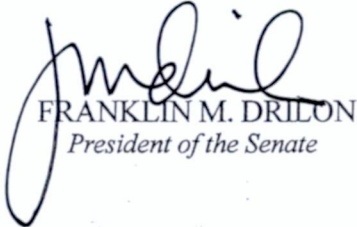
SEC. 3. *Implementing Rules and Regulations.* – The Bangko Sentral ng Pilipinas, in consultation with the Land Bank of the Philippines, shall formulate the rules and regulations necessary for the implementation of this Act.

SEC. 4. *Repealing Clause.* – All laws, executive orders, rules and regulations or parts thereof inconsistent with any provision hereof are hereby repealed or modified accordingly.

SEC. 5. *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.


SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any newspaper of general circulation.

Approved,


FRANKLIN M. DRILON
President of the Senate


FELICIANO BELMONTE JR.
*Speaker of the House
of Representatives*

This Act which originated in the House of Representatives was passed by the House of Representatives on February 17, 2014, amended by the Senate on February 1, 2016, and which amendments were concurred in by the House of Representatives on May 23, 2016.


OSCAR G. YABES
Secretary of the Senate


MARILYN B. BARUA-YAP
*Secretary General
House of Representatives*

Approved:

BENIGNO S. AQUINO III
President of the Philippines

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Lapsed into law on JUL 17 2016
Without the signature of the President.
In accordance with Article VI, Section
27 (1) of the Constitution.