



HOUSE OF REPRESENTATIVES

H. No. 6118

BY REPRESENTATIVES TEVES, GUANLAO, PANGANDAMAN (N.), ARNAIZ, PAEZ,
LAPUS, FLORES, OBILLO, GARIN (S.), BAG-AO, CERAFICA AND
DE VENECIA, PER COMMITTEE REPORT NO. 2127

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, otherwise known as
2 the "Agricultural Land Reform Code" is hereby amended by adding a new
3 subsection 74-A, to read as follows:

4 "SEC. 74-A. *SPECIAL SOCIALIZED CREDIT WINDOW.* –
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
9 MAINTAINED IN A SEPARATE SPECIAL WINDOW FOR

1 **SOCIALIZED CREDIT TO QUALIFIED SMALL FARMERS,**
2 **FISHERFOLK AND AGRARIAN REFORM BENEFICIARIES (ARBs).**
3 **THIS FACILITY SHALL SOLELY FINANCE AGRICULTURAL**
4 **PROJECTS PURSUANT TO THE PROVISIONS OF SECTION 4 OF**
5 **REPUBLIC ACT NO. 10000, OTHERWISE KNOWN AS “THE**
6 **AGRI-AGRA REFORM CREDIT ACT OF 2009”. THIS SPECIAL**
7 **SOCIALIZED CREDIT WINDOW SHALL BE EXEMPT FROM THE**
8 **STANDARD RULES ON LENDING OF THE BANGKO SENTRAL NG**
9 **PILIPINAS AND OF THE COMMISSION ON AUDIT. ALL LOANS**
10 **EXTENDED THROUGH THIS SPECIAL CREDIT WINDOW SHALL**
11 **QUALIFY AS PART OF THE BANK’S COMPLIANCE TO THE AGRI-**
12 **AGRA LAW.**

13 **“CREDIT UNDER THIS SPECIAL SOCIALIZED WINDOW**
14 **SHALL BE EXTENDED THROUGH THE FOLLOWING CONDUITS:**

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

16 **“(B) FARMERS’ AND FISHERFOLK’S ORGANIZATIONS OR**
17 **ASSOCIATIONS;**

18 **“(C) NONAGRICULTURAL COOPERATIVES (CREDIT AND**
19 **MULTIPURPOSE);**

20 **“(D) COOPERATIVE BANKS;**

21 **“(E) RURAL BANKS;**

22 **“(F) THRIFT BANKS;**

23 **“(G) AGRI-BUSINESS FIRMS OR ANCHOR FIRMS**
24 **PROVIDING CREDIT SUPPORT TO ARBs AND SMALL FARMERS**
25 **AND FISHERFOLK;**

26 **“(H) NONGOVERNMENT ORGANIZATIONS;**

27 **“(I) FOUNDATIONS WITH LENDING AUTHORITIES; AND**

28 **“(J) ALL OTHER CONDUITS THAT WILL BE DEEMED**
29 **QUALIFIED BY THE BANK.**

1 “LOANS UNDER THIS CREDIT WINDOW SHALL HAVE AN
2 INTEREST RATE EQUIVALENT TO NOT MORE THAN
3 SEVENTY-FIVE PERCENT (75%) OF THE BANK’S PREVAILING
4 RATES FOR LOANS TO COOPERATIVES: *PROVIDED*, THAT
5 THESE CONDUITS SHALL HAVE AN INTEREST SPREAD OF NOT
6 MORE THAN FIVE PERCENTAGE (5) POINTS. THE INTEREST
7 SPREAD SHALL EXCLUDE CROP INSURANCE PREMIUMS AND
8 GUARANTEE FEES.

9 “CRITERIA FOR ELIGIBILITY UNDER THIS SPECIAL
10 CREDIT WINDOW SHALL BE DETERMINED BY THE BANK AND
11 SHALL BE REFLECTED IN THE IMPLEMENTING RULES AND
12 REGULATIONS.”

13 SEC. 2. Section 75 of the same Act is hereby further amended by
14 adding a new subsection thereto to read as follows:

15 “(15) TO OFFER AND ISSUE COMMON AND PREFERRED
16 SHARES OF STOCKS TO ARBs, SMALL FARMERS AND
17 FISHERFOLK THROUGH THEIR ORGANIZATIONS,
18 COOPERATIVES, FEDERATIONS AND COOPERATIVE BANKS;
19 DEVELOPMENT PARTNERS AND STRATEGIC INVESTORS SUCH
20 AS MULTILATERAL AND BILATERAL INSTITUTIONS; RURAL
21 BANKS AND THEIR ASSOCIATIONS, IN QUANTITIES TO BE
22 DETERMINED BY THE BOARD OF DIRECTORS AND IN
23 ACCORDANCE WITH APPLICABLE LAWS, RULES AND
24 REGULATIONS: *PROVIDED, HOWEVER*, THAT THE NATIONAL
25 GOVERNMENT SHALL MAINTAIN AT ALL TIMES AT LEAST TWO-
26 THIRDS (2/3) OWNERSHIP OF THE TOTAL OUTSTANDING
27 COMMON SHARES OF THE BANK.

1 **“PREFERRED SHARES OF STOCKS SHALL BE**
2 **NON-VOTING; OTHER FEATURES OF PREFERRED SHARES**
3 **SHALL BE DETERMINED BY THE BOARD OF DIRECTORS.**

4 **“LOANS TO COOPERATIVES, FEDERATIONS,**
5 **COOPERATIVE BANKS, RURAL BANKS AND THEIR**
6 **ASSOCIATIONS WHICH OWN COMMON SHARES OF STOCK IN**
7 **THE BANK SHALL NOT BE COVERED BY RULES ON LOANS TO**
8 **DIRECTORS, OFFICERS, STOCKHOLDERS AND RELATED**
9 **INTERESTS (DOSRI).”**

10 SEC. 3. *Separability Clause.* – If any provision or part hereof is held
11 invalid, the other provisions not affected thereby shall remain and continue in
12 full force and effect.

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

16 SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days upon
17 its publication in the *Official Gazette* or in a newspaper of general circulation.

 Approved,

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