

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH (16TH) CONGRESS
First Regular Session

HOUSE BILL NO. 1844



Introduced by: HON. DELPHINE GAN LEE

EXPLANATORY NOTE

The Constitution, Article 13, Section 5, provides:

Section 5. The State shall recognize the right of farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers' organizations to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services.

Microcredit is the extension of small loans to poor borrowers designed to spur entrepreneurship or for whatever worthy cause the state may designate. One such target beneficiary of a microcredit program is the agricultural sector, where subsistence farmers are often without any access to additional funding. They fall prey to loan sharks who approach them in times of natural calamities or other unfortunate financial conditions. Bettering the plight of our farmers is still one of the main challenges of the Philippine government and it is still primarily a rural phenomenon. Microcredit is regarded as an innovative financial intermediation scheme aimed to reduce the incidence of poverty especially in the rural areas.

Based on the 2009 official poverty statistics for the basic sectors of the National Statistical Coordination Board¹, fishermen posted the highest poverty incidence for nine basic sectors in the Philippines at 41.4%, the same level in 2006, followed by farmers and children at poverty incidences of 36.7% from 37.2% in 2006 and 35.1% from 32.7% in 2006, respectively. Poverty Incidences for fishermen, farmers, children, self-employed and unpaid family workers are higher than the poverty incidence among population in the Philippines at 26.5% in 2009. Given this state of affairs, it is imperative that we craft a law that will help our farmers and fishermen in times of financial need.

This bill seeks to extend microcredit services to our farmers and fishermen through the Land Bank of the Philippines to benefit from the bank branches and facilities that are already available nationwide.

¹ http://www.nscb.gov.ph/pressreleases/2012/PR-201206-SS2-01_pov2009.asp



HON. DELPHINE GAN LEE

Representative, AGRI Party-list

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**AN ACT TO INSTITUTIONALIZE MICRO-CREDIT
FINANCING FOR THE AGRICULTURAL SECTOR**

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Agriculture Micro-
2 Credit Act of 2013.”

3 **SEC. 2. Declaration of Policy.** – Agriculture and Aquaculture are essential for
4 national development and progress. The State shall give priority to those who engage in
5 these sectors.

6 In line with the above, it is hereby declared the policy of the State to promote the
7 development of the country’s agriculture and aquaculture manpower in line with
8 economic development and to provide the capability required in the areas of research,
9 development, innovation, as well as their utilization. It is thus important that the State
10 provide micro-credit facilities to our farmers and fishermen.

11 The State shall develop a policy environment, especially in the area of savings
12 generation, supportive of the basic sector initiatives dedicated to serving the needs of
13 the poor sectors particularly the agricultural sector in terms of microfinance services.

14 The existing government programs for credit and guarantee shall therefore be
15 rationalized to promote the mechanisms needed for the implementation of
16 microfinance services.

17 **SEC. 3. Micro-credit for the Agricultural Sector.**—The Land Bank of the
18 Philippines shall have the power to grant loans to farmers, fishermen, and to their
19 cooperatives and associations to facilitate the production, marketing, delivery and/or
20 distribution of crops and acquisition of essential equipment, machinery, tools, and

1 commodities as well as to extend uncollateralized loans of not less than five thousand
2 pesos (P5,000.00) and not more than thirty thousand pesos (P30,000.00) for
3 agricultural purposes.

4 Production loans and loans for the purchase of work animals, tillage equipment,
5 seeds, fertilizers, poultry, livestock, feed and other similar items, may be extended to
6 small farmers, based upon their paying capacity and such securities as they can provide,
7 and under such terms and conditions as the Bank may impose, provided the amount
8 thereof does not exceed fifty thousand pesos, or such amount as may be fixed by the
9 President, but in no case shall the amount of loan exceed seventy per centum of the
10 value of the collateral pledged. In instances where credit is extended for items which are
11 not consumed in their use, such items may be pledged as security therefor. The Bank
12 shall promulgate such rules and regulations as may be necessary in the extension of the
13 loans herein authorized so as to assure their repayment as well as the modes of
14 payment: Provided, that such rules and regulations shall follow and be in accordance
15 with generally accepted financing practices and procedures.

16 **SEC. 4. Report to Congress.** – The Land Bank shall submit an annual report to
17 Congress of its Micro-lending Operations with emphasis on the number of beneficiaries,
18 repayment rates, reach out activities, and other relevant matters.

19 **SEC. 5. Funding, recruitment, and information program.** – The amount of
20 twenty five billion pesos (P25,000,000,000.00) is hereby appropriated for the
21 establishment of branches and the hiring of additional field personnel to conduct
22 information and training programs on micro-financing, proper enforcement of program
23 policies and procedures, and the necessary lending technology terms or mechanisms for
24 micro-lending as provided in this Act.

25 **SEC. 6. Separability Clause.** – If any provision or part hereof, is held invalid or
26 unconstitutional, the remainder of the law or the provision not otherwise affected shall
27 remain valid and subsisting.

28 **SEC. 7. Repealing Clause.** – All laws, decrees, executive orders, proclamations,
29 and administrative regulations or parts thereof inconsistent herewith are hereby
30 repealed or modified accordingly.

31 **SEC. 8. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
32 publication in the Official Gazette and at least two (2) newspapers of general circulation.

Approved,