

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**SEVENTEENTH CONGRESS
First Regular Session**

House Bill No. 5486



Introduced by Representatives Peter "Sr. Pedro" M. Unabia,
Jocelyn S. Limkaichong, Ruwel Peter Gonzaga, Rodrigo A. Abellanos,
Gil "Kabarangay" P. Acosta, Marisol C. Panotes, Carlito S. Marquez,
Jennifer Austria Barzaga, Rolando "Klarex" A. Uy, Teodoro G. Montoro,
Anna Marie Villaraza-Suarez and Anthony M. Bravo, Ph.D.

EXPLANATORY NOTE

Access to timely and affordable credit of farmers, fisherfolk and micro, small and medium enterprises (MSMEs) engaged in agriculture and fisheries, is the key to increasing agricultural productivity and food production. However, credit access remains limited. This despite the government's mandatory requirement of allocating 25% of their loanable funds to agriculture and agrarian reform beneficiaries (RA 10000) and the existence of a number of government-funded lending programs for small farmers and fisher folk. Government lending programs, under the AFMA credit framework (RA 8435), are implemented through banks and other financing institutions (such as the Land Bank of the Philippines, rural and cooperative banks, cooperatives, and microfinance NGOs), which have stringent requirements, long processing periods, and high interest rate charges.

There is, therefore, a need to enact a law which would create a lending facility that would provide farmers, fisherfolk and MSMEs engaged in agriculture/fisheries adequate, affordable, and timely credit for their farming, fishing and agri-related activities, and establish the Agricultural Credit Authority of the Philippines (ACAP), which is mandated to provide direct lending to small farmers, fisherfolk and MSMEs engaged in agriculture/fisheries.

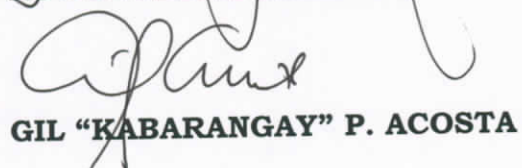
In view of the foregoing, the immediate passage of this bill is earnestly sought.

PETER "SR. PEDRO" M. UNABIA

JOCELYN S. LIMKAICHONG



RUWEL PETER GONZAGA



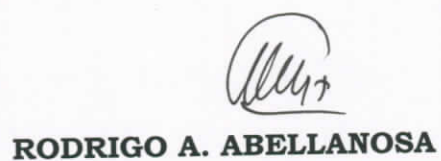
GIL "KABARANGAY" P. ACOSTA



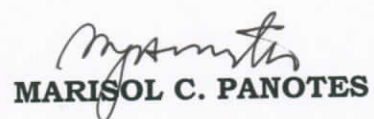
CARLITO S. MARQUEZ

ROLANDO "KLAREX" A. UY

ANNA MARIE VILLARAZA-SUAREZ



RODRIGO A. ABELLANOSA



MARISOL C. PANOTES

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AN ACT

**UNIFYING ALL EXISTING AGRICULTURAL CREDIT PROGRAMS FOR
THE FARMERS, FISHERFOLK AND MICRO, SMALL AND MEDIUM
ENTERPRISES (MSMEs) ENGAGED IN AGRICULTURE AND FISHERIES,
CREATING THE FARMERS AND FISHERFOLK QUICK CREDIT
PROGRAM, ESTABLISHING THE AGRICULTURAL CREDIT AUTHORITY
OF THE PHILIPPINES (ACAP), AND PROVIDING FUNDS THEREFOR, IN
ORDER TO PROMOTE THE DEVELOPMENT OF ENTREPRENEURSHIP IN
THE AGRICULTURE AND FISHERIES SECTORS**

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

SECTION 1. *Short Title.* - This Act shall be known as the "*Farmers,
Fisherfolk and MSMEs Engaged in Agriculture/Fisheries Quick Credit Act of
2017.*"

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the
State to increase agricultural productivity and food production in the
countryside through the provision of adequate, affordable, and timely credit
to small farmers and fisherfolk, including the micro, small, and medium
enterprises engaged in agriculture and fisheries.

1 SEC. 3. *Definition of Terms.* - For purposes of this Act, the following
2 terms are herein defined:

- 3 a) "Agricultural Sector" refers to the sector engaged in the cultivation of the
4 soil, planting of crops, growing of fruit trees, raising of livestock, poultry,
5 or fish, including the harvesting and marketing of such farm products, and
6 other farm activities and practices;
- 7 b) "Department" refers to the Department of Agriculture;
- 8 c) "Fisheries Sector" refers to the sector engaged in the production, growing,
9 harvesting, processing, marketing, developing, conserving, and managing
10 of aquatic resources and fisheries areas;
- 11 d) "Small Farmers and Fisherfolk" refers to natural persons dependent on
12 small-scale subsistence farming and fishing activities as their primary
13 source of income. Small crop growers are actual tillers of agricultural land
14 of not more than 3 hectares. Small fisherfolk includes: (i) those who own
15 or operate fishing boats and paraphernalia with a capacity of not more
16 than 3 gross tons; (ii) those whose fishing activities are within 25 kilometer
17 radius from the shoreline; (iii) owners or operators of not more than 5
18 hectares of fishpond; and (iv) workers of fishponds and fishing boats.
- 19 e) "Micro, Small, and Medium Enterprise (MSME) in agriculture-related
20 business activities" refers to any business activity or enterprise engaged in
21 agribusiness and/or services related to agriculture, whether single
22 proprietorship, cooperative, partnership or corporation whose total assets,
23 inclusive of those arising from loans but exclusive of the land on which the
24 particular business entity's office, plant and equipment are situated, must
25 have value falling under the following categories:
26 (i) Micro - not more than ₱3,000,000; (ii) Small - ₱3,000,001 to
27 ₱15,000,000; (iii) Medium - ₱15,000,001 to ₱100,000,000.

28 SEC. 4. *Creation of the Farmers and Fisherfolk Quick Credit Program.* -
29 A lending facility to be called the *Farmers and Fisherfolk Quick Credit Program*
30 (FFQCP) is hereby created to provide small farmers, fisherfolk and MSMEs in
31 the agriculture and fisheries sectors direct, adequate, affordable, and timely
32 credit for their farming and fishing activities. FFQCP loan shall be provided

1 with no collateral, at a low interest rate and with minimal documentary/
2 identification requirements.

3 All existing agricultural credit programs, including the remaining loan
4 funds from the terminated programs, shall be unified/consolidated into the
5 FFQCP.

6 The FFQCP shall provide loans for the requirements for agricultural and
7 fisheries production, processing and trading, working capital, other
8 agricultural livelihood and agri-based enterprise projects of the small farmers
9 and fisherfolk, cooperatives, farmers'/fisherfolk's organization, and MSMEs
10 engaged in agriculture and fisheries.

11 The FFQCP shall provide grant/financing assistance for the relief and
12 rehabilitation of small farmers, fishers and MSMEs engaged in
13 agriculture/fisheries affected by calamities/fortuitous events. The FFQCP
14 shall likewise provide grants and other subsidies for the education, institution
15 capacity building activities, and training of small farmers, fisherfolk and
16 MSMEs engaged in agriculture/fisheries, and their organizations on credit
17 awareness, loan acquisition, loan repayment, and on financial literacy.

18 SEC. 5. *Termination of Agreements and Transfer of Resources.* - Upon
19 the effectivity of this Act, all agreements providing for the administration and
20 implementation of previously created agricultural credit programs which are
21 herein being directed to be transferred to the FFQCP shall be deemed
22 terminated, and all government agencies concerned and partner financial
23 institutions, shall take steps, in no case later than three (3) months from
24 effective date hereof, for the smooth and expeditious transfer to the FFQCP of
25 said funds, as well as all assets and liabilities of such funds, and other
26 resources.

27 Upon the transfer of the said funds to the FFQCP, the Secretary of DA
28 shall assume all rights and obligations pertaining to the administration of the
29 funds transferred to the FFQCP: *Provided*, That the termination of the various
30 agreements shall not affect the obligations incurred by third parties, which
31 obligations shall continue to be in force and effect until such time that such
32 obligations are fully liquidated.

1 Funds involved in foreign-assisted projects may be transferred to the
2 FFQCP subject to negotiations with the respective foreign institutions
3 concerned.

4 SEC. 6. *Revolving Fund of FFQCP.* - Php 50 Billion shall be initially
5 appropriated for the use of the FFQCP. In addition, the remaining cash
6 balance from the consolidated credit programs shall also form part of the
7 FFQCP Fund. Collections from receivables under the
8 consolidated/terminated/pre-terminated credit programs and sourced from
9 the General Appropriations Act (GAA) for FFQCP shall accrue to the FFQCP
10 Fund. Likewise, all interest earnings shall be reverted to the FFQCP fund. The
11 FFQCP Fund shall be treated as a revolving fund and shall no longer pass
12 through the budgetary process. The FFQCF Fund shall be kept and deposited
13 in a designated authorized government depository bank.

14 SEC. 7. *Creation of the Agricultural Credit Authority of the Philippines*
15 *(ACAP).* - The Agricultural Credit Authority of the Philippines (ACAP),
16 hereinafter referred to as the "ACAP", an agency to be governed by a Board, is
17 hereby established to replace the Agricultural Credit Policy Council (ACPC),
18 to administer and implement the *Farmers and Fisherfolk Quick Credit Program*
19 *(FFQCP)*, a direct credit facility. The ACAP is authorized to lend directly to
20 the small farmers, fisherfolk and MSMEs engaged in agriculture/fisheries
21 and/or their organizations. The assets and other resources including the
22 manpower complement of the ACPC shall be transferred to the ACAP.

23 SEC. 8. *Principal Office.* - The ACAP shall maintain its principal office
24 in the Metro Manila area but it may establish branches or agencies within the
25 Philippines as may be necessary for the proper conduct of its operations.

26 SEC. 9. *The ACAP Governing Board and Officers.* - The Governing Board
27 shall be composed of: The Secretary, Department of Agriculture as Chairman;
28 the Administrator, ACAP and the Secretary, Department of Agrarian Reform
29 as Vice-Chairpersons; the Secretary, Department of Environment and Natural
30 Resources; the Secretary, Department of Budget and Management; the
31 Secretary, Department of Finance; one Farmer Sector Representative, and one
32 Fisherfolk Sector Representative, as members.

1 The Governing Board shall appoint an Administrator of the ACAP. The
2 Administrator shall implement the programs, projects and decisions of the
3 Board.

4 SEC. 10. *Powers and Duties of the ACAP Governing Board.* - The
5 Governing Board shall have the following powers and duties:

- 6 a) To provide direction and formulate policies on the implementation of
7 the FFQCP;
- 8 b) To approve the annual budget of ACAP;
- 9 c) To approve programs and other projects to be financed under the
10 FFQCP;
- 11 d) To monitor the over-all performance of the program; and
- 12 e) To call on any instrumentalities of the Government for assistance and
13 support in the form of human, technical and financial resources toward
14 the attainment of the policy of the State.

15 SEC. 11. *Powers and Duties of the Administrator of ACAP.* - The
16 Administrator of the ACAP shall have the following powers and duties:

- 17 a) To oversee and implement the FFQCP;
- 18 b) To lend directly to small farmers, fisherfolk and MSMEs engaged in
19 agriculture/fisheries and/or their organizations using the FFQCP
20 Fund;
- 21 c) To administer, direct, and manage the implementation of the policies of
22 the Governing Board;
- 23 d) To act on issues or concerns relative to the program implementation;
- 24 e) To maintain a management information system on its clients consisting
25 of farmers, fisherfolk and MSMEs engaged in agriculture/fisheries;
- 26 f) To devise monitoring and evaluation system, including collection
27 strategies, for the program;
- 28 g) To conduct information dissemination campaigns on the credit facility
29 among farmers, fisherfolk and MSMEs engaged in agriculture/fisheries;
- 30 h) To conduct policy research studies, and other rural finance
31 empowerment activities;
- 32 i) To prepare the annual budget of ACAP;

- 1 j) To receive all reports and documents of all programs with agricultural
- 2 credit and financing components;
- 3 k) To enter into, make and execute contracts of any kind as may be
- 4 necessary or incidental to the attainment of ACAP and FFQCP's
- 5 purposes and, generally, to exercise all the powers necessary to achieve
- 6 the purposes and objectives for which ACAP is organized;
- 7 l) To undertake measures of increasing FFQCP fund base;
- 8 m) To establish the internal organization of the ACAP and fix the salaries
- 9 and the remunerations, emoluments, allowances and other fringe
- 10 benefits of its officers and employees, subject to the provisions of
- 11 pertinent compensation law and regulations;
- 12 n) To establish or cause the establishment of branches or agencies, within
- 13 the Philippines, whenever deemed necessary by the Board;
- 14 o) To create and establish, a "Provident Fund" which shall consist of
- 15 contributions made both by the ACAP and its officers and employees to
- 16 a common fund for the payment of retirement and other benefits to such
- 17 officers and employees or their heirs under such terms and conditions
- 18 as the Board may fix; and
- 19 p) To exercise such other powers as may be necessary and proper for the
- 20 effective enforcement of this law and the implementing rules and
- 21 regulations.

22 SEC. 12. *Agricultural Insurance Coverage.* - All FFQCP loans shall be

23 covered by the Philippine Crop Insurance Corporation.

24 SEC. 13. *Use of Registry of Farmers, Fisherfolk and MSMEs Engaged in*

25 *Agriculture/Fisheries.* - FFQCP loans shall only be provided to small farmers,

26 fisherfolk and MSMEs engaged in agriculture/fisheries listed in an authorized

27 census or registry by the government. The governance and updating of a

28 registry system for farmers, fisherfolk and MSMEs engaged in

29 agriculture/fisheries shall be the responsibility of the Department of

30 Agriculture.

31 SEC. 14. *Annual Appropriation.* - The Department of Budget and

32 Management (DBM) is hereby mandated to include annually, in the

33 President's Program of expenditures for submission to Congress, and release,

1 an amount proposed by the Department of Agriculture for the implementation
2 of this Act. The DBM shall expedite the approval of the staffing pattern of the
3 ACAP, not later than thirty (30) days from the effectivity of this Act.

4 SEC. 15. *Operating Fund of the ACAP.* - As operational funds, interest
5 earnings of the FFQCP Fund shall be used to augment the operating budget
6 of ACAP under the General Appropriations Act. Five percent (5%) of the
7 interest earnings shall be set aside annually for institution capacity building
8 activities to strengthen the small farmers, fisherfolk and MSMEs engaged in
9 agriculture/fisheries, and their organizations.

10 SEC. 16. *Implementing Rules and Regulations.* - The Department of
11 Agriculture shall, within ninety (90) days after the effectivity of this Act,
12 prepare and issue the necessary policies, rules and regulations, and
13 guidelines to implement this Act.

14 SEC. 17. *Automatic Review.* - Every five (5) years after the effectivity of
15 this Act, an independent review panel, composed of experts to be appointed
16 by the Secretary of the Department of Agriculture, shall review the policies
17 and programs relevant to this Act and shall make recommendations, based
18 on its findings, to the President and to both Houses of Congress.

19 SEC. 18. *Penalty for Delinquent Borrowers.* - A farmer, fisherfolk or
20 MSME engaged in agriculture/fisheries borrower or its organization that fails
21 to pay the loan availed from FFQCP after being given re-structuring or re-
22 financing plans based on merit shall be blacklisted from the program.

23 SEC. 19. *Repealing Clause.* - All laws, decrees, executive issuance,
24 rules and regulations inconsistent with this Act are hereby repealed or
25 modified accordingly.

26 SEC. 20. *Separability Clause.* - The provisions of this Act are hereby
27 declared to be separable, and in the event one or more of such provisions are
28 held unconstitutional, the validity of the other provisions shall not be affected
29 thereby.

30 SEC. 21. *Effectivity.* - This Act shall take effect thirty (30) days from
31 the date of its publication in the Official Gazette or in at least two (2)
32 newspapers of general circulation.

33 Approved,