

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session



HOUSE BILL NO. 6735

Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

LANDBANK was established on August 8, 1963 as part of the **Agricultural Land Reform Code** as part of a program of **land reform in the Philippines**. It was to help with the purchase of agricultural estates for division and resale to small landholders and the purchase of land by the agricultural lessee. In 1965, LANDBANK's by-laws were approved and its first **board of trustees** was formed, with the Secretary of Finance as Chairman.

On October 21, 1972, Presidential Decree No. 27, signed by President Ferdinand Marcos, emancipated all tenant farmers working on private agricultural lands devoted to rice and corn, whether working on a landed estate or not. The system was implemented through a system of **sharecropping or lease-tenancy**. LANDBANK was tasked to collect 15-year land **amortizations** from beneficiaries at the cost of the value of the land plus six percent interest per annum.

By 1973, LANDBANK was in financial distress. It lacked the resources and the capital needed to implement the land reform programs and lacked the structure to implement the programs efficiently. On July 21, Marcos signed Presidential Decree No. 251 which revitalized the bank. The decree granted LANDBANK a universal banking license (the first bank in the Philippines to be issued such a license) with a social mission to spur countryside development. The

decree expanded LANDBANK's powers to include lending for agricultural, industrial, homebuilding and home-financing projects and other productive enterprises, as well as lending to farmers' **cooperatives and associations** to facilitate production, marketing of crops and acquisition of essential commodities. LANDBANK was also required by the decree to provide timely and adequate support in all phases involved in the execution of agrarian reform and also increased its authorized capital to 3 billion pesos. It also became exempted from all national, provincial, city and municipal taxes and assessments.

LANDBANK was reorganized in 1977 when it was divided into three sectors to better assess the needs of its customers. It was divided into Agrarian, Banking and Operations sectors to strengthen operations and ensure long-term viability.

In 1982, the **Agricultural Credit Administration** (ACA), established under the same law as Landbank, was abolished and all its assets and functions transferred to Landbank. ACA's function was to **extend credit to small farmers**. Also in this year, **Union Bank of the Philippines** (UnionBank) was formed, with LANDBANK having a 40-percent stake in the government-owned commercial bank.

LANDBANK became the **financial intermediary** for the **Comprehensive Agrarian Reform Program** (CARP) in 1988. It was also in that year that UnionBank started a gradual privatization. The **Aboitiz Group of Companies** acquired **Landbank's 40% share of UnionBank** then which it continues to own. LANDBANK also became the third member of **Expressnet**, an interbank network in December 1991 but now a **BancNet** member.

On February 23, 1995, LANDBANK's charter was once again amended. Its authorized capital was increased to **nine billion pesos** and it became an official **government depository**. The number of members of the board of trustees was also increased to nine. On August 25, 1998, Landbank's authorized capital was once again increased to **25 billion pesos**, and it then increased to **200 billion pesos**, after the DBP-LANDBANK merger in 2016.

AFFILIATES AND SUBSIDIARIES

- LBP Leasing Corporation
- LBP Insurance Brokerage
- LBP Resources and Development Corporation (former LB (LANDBANK) Realty Development Corporation)

- Masaganang Sakahan, Inc.
- LBP Countryside Development Foundation, Inc.

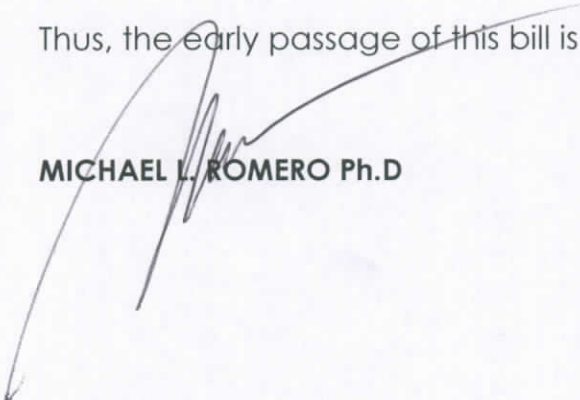
CURRENT OPERATIONS

LANDBANK competes against the major banks such as **Metrobank, BPI, Banco de Oro and Philippine National Bank**. In rural areas, depending on the situation, it either competes against or complements rural banks.

On the other end of the spectrum, LANDBANK takes on a dual role with the **Development Bank of the Philippines**, which is another government-owned bank. It either competes against or works with DBP, depending on the situation involved.

This House Bill seeks to foster the continuity and expansion of responsive financial and support services to all our farmers and fisher folk.

Thus, the early passage of this bill is earnestly requested.



MICHAEL L. ROMERO Ph.D

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AN ACT

MANDATING THE **LAND BANK OF THE PHILIPPINES (LBP)** TO FOCUS ON ITS CHARTER TO ALLOCATE **SIXTY (60) PERCENT** OF ITS TOTAL LOAN PORTFOLIO IN SOLELY PROVIDING SUPPORT AND FINANCING SERVICES FOR FARMERS AND FISHERFOLKS ALL OVER THE COUNTRY, TO PROMOTE INCLUSIVE GROWTH AND IMPROVE THE QUALITY OF LIFE ESPECIALLY IN THE COUNTRYSIDE THROUGH THE DELIVERY OF INNOVATIVE SCHEMES, AND FOR OTHER PURPOSES

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

SECTION 1. DECLARATION OF POLICY – It is hereby a declared policy of the state to provide comprehensive livelihood programs and schemes to all our farmers and fisherfolks.

- a. It shall hereby be a policy of the state to mandate the **Landbank of the Philippines (LBP)** to allocate **sixty (60) percent** of its total loan portfolio for

the sustainability and development of our **thirty (30) million** farmers and fisherfolks;

- b. It shall hereby be a policy of the state to provide sustainable livelihood support for agricultural cooperatives and farmer/fisherfolk associations all over the country;
- c. It shall hereby be a policy of the state to establish and create micro-financing schemes for developmental purposes, irrigational requirements of farmlands, seedling and fertilizer requirements;
- d. It shall hereby be a policy of the state to provide short term working capital funding for the sole usage of our farmers and fisherfolks; and
- e. It shall hereby be a policy of the state to promote financial and support services in a successive and progressive manner.

SECTION 2. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 3. IMPLEMENTING RULES AND REGULATIONS – The departments and agencies charged, with carrying out the provisions of this Act, shall within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 4. REPEALING CLAUSE – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. SEPARABILITY CLAUSE – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 6. EFFECTIVITY CLAUSE – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,