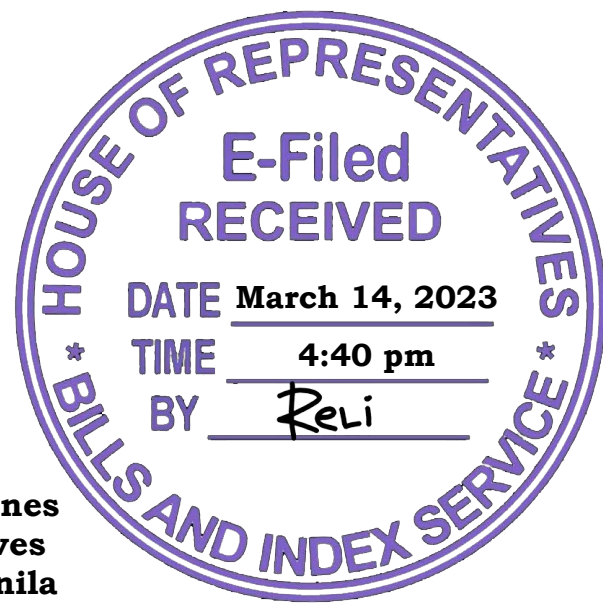




**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7590



Introduced by Representative Rudys Caesar G. Fariñas I

EXPLANATORY NOTE

This proposed measure creates The Bundled Agricultural Loan and Insurance (BALI) Program. This agricultural benefit program which provides a bundled credit loan with insurance coverage accessible to marginalized farmers and fisherfolks. The salient features of this bill include:

- The loans under the program are non-collateralized and offered with an annual interest rate of 6% with a loan maturity dependent on the harvest of the commodity. The loans shall be bundled with insurance coverage from the Philippine Crop Insurance Corporation.
- Farmers and fisherfolks must be identified and registered in the Registry System for Basic Sector in Agriculture.
- The Agricultural Credit Policy Council shall manage and control the implementation of the BALI Program through its lending conduits which shall select, evaluate, approve and collect loans from borrowers under the agreed guidelines.
- Funds shall be appropriated for the implementation of the BALI Program. The funds shall be allocated to fund the easy access loan credit facility and to subsidize the insurance premium payments of individual farmers and farmer groups.

Hence, the passage of this measure is sought.

RUDYS CAESAR G. FARIÑAS I



**Republic of the Philippines
House of Representatives
Quezon City, Metro Manila**

**Nineteenth Congress
First Regular Session**

HOUSE BILL NO. 7590

Introduced by Representative Rudys Caesar G. Fariñas I

**AN ACT
ESTABLISHING THE BUNDLED AGRICULTURAL LOAN AND INSURANCE
(BALI) PROGRAM FOR SMALL FARMERS AND FISHERFOLKS AND
APPROPRIATING FUNDS THEREFOR**

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

1 SECTION 1. Declaration of Policy. – It is the policy of the State to support the
2 development of the agriculture and fisheries sectors and ensure food security in
3 the country. Toward this end, the State needs to revitalize rural development
4 and provide adequate support and services to small farmers and fisherfolks. By
5 providing easy access to credit and insurance protection under equitable terms,
6 the State will enable small farmers and fisherfolks to improve their production
7 and earnings, uplift their lives and socio-economic status, and thus, contribute
8 to nation-building.

9
10 SEC. 2. Bundled Agricultural Loan and Insurance (BALI) Program. – The
11 Bundled Agricultural Loan and Insurance (BALI) Program is an agricultural
12 benefit program which provides a bundled credit loan with insurance coverage
13 accessible to marginalized farmers and fisherfolks. The features of the BALI
14 Program are as follows:

- 15
16 a. Non-collateralized loans;
17
18 b. Loans of up to the maximum loanable amount of Fifty thousand pesos
19 (P50,000.00) for short term crops or commodities, and up to One hundred
20 fifty thousand pesos (P150,000.00) for high value crops and long
21 gestational crops;
22
23 c. Low applicable interest rate of only six percent (6%) per annum or 0.5
24 percent per month;
25

- d. No advance interest rate shall be deducted from the loan proceeds;
- e. Loan maturity depends on crop or commodity harvested; and
- f. Borrowers may avail of new loans without the need for new credit background investigation.

The loan provided under this Act is bundled with an insurance coverage from the Philippine Crop Insurance Corporation to provide protection against loss brought about by extreme weather conditions, natural disaster, pestilence, and other natural causes.

SEC. 3. Registry System. – Small farmers and fisherfolks who are beneficiaries under this Act must be identified and registered in the Registry System for Basic Sector in Agriculture. Small farmers and fisherfolks include the following:

- a. Farmers who own not more than three (3) hectares, tenants, leaseholders, stewards or are engaged in backyard poultry and livestock raising;
- b. Farmworkers who render service for value as employee or laborer in an agriculture enterprise or farm regardless whether the compensation is paid on a daily, weekly, monthly, or pakyaw basis and regular or seasonal farm workers. Pakyaw refers to a system of hiring a labor group for the performance of a work or service and a lump-sum payment is made either through the group leader or divided among the “pakyaw” workers; and
- c. Fisherfolks who directly or indirectly engage in fishing or in taking or processing of fishery or aquatic resources.

SEC. 4. Availment of Loans. – In order to afford the small farmers or fisherfolks time to improve their financial condition, the loans availed of under the BALI Program shall be payable starting on the sixth month after receipt of the loan proceeds.

SEC. 5. Agricultural Credit Policy Council. – The Agricultural Credit Policy Council shall manage and control the implementation of the BALI Program through its lending conduits which include grassroots-based organizations such as rural banks, cooperative banks, cooperatives, and non-government organizations or associations.

The lending conduits shall select, evaluate, approve and collect loans from borrowers under the agreed guidelines issued by the Agricultural Credit Policy Council.

SEC. 6. Philippine Crop Insurance Corporation. – The Philippine Crop Insurance Corporation shall subsidize the crop insurance coverage of the small farmers and fisherfolks who avail of the BALI Program to protect them against loss and mitigate their risks. The Philippine Crop Insurance Corporation must develop sustainable agricultural insurance products for the marginal farmers and fisherfolks.

SEC. 7. Fund. – The amount of Fifteen billion pesos (P15,000,000,000.00) is hereby appropriated to implement the policies enunciated in this Act, as follows:

- a. Ten billion pesos (P10,000,000,000.00) shall be allocated to fund the easy access loan credit facility to be managed by the Agricultural Credit Policy

1 Council through its lending conduits to finance crop production, purchase
2 of farm inputs, finance farm improvement, among others, of the small
3 farmers and fisherfolks.
4

- 5 b. Five billion pesos (P5,000,000,000.00) shall be used to subsidize the
6 premium payments of individual farmers and farmer groups registered
7 under the Registry System for Basic Sectors in Agriculture who avail of the
8 bundled agricultural coverage.
9

10 SEC. 8. Implementing Rules and Regulations. – Within sixty (60) days from the
11 approval of this Act, the Secretary of Agriculture shall, in coordination with the
12 Bangko Sentral ng Pilipinas, Landbank of the Philippines, Agriculture and Credit
13 Policy Council and Philippine Crop Insurance Commission, promulgate the
14 necessary rules and regulations for the effective implementation of the provisions
15 of this Act.
16

17 SEC. 9. Repealing Clause. – All laws, decrees, executive orders, rules and
18 regulations, and other issuances or parts thereof which are inconsistent with the
19 provisions of this Act are hereby repealed, amended or modified accordingly.
20

21 SEC. 10. Effectivity. – This Act shall take effect fifteen (15) days after its
22 publication in the Official Gazette or in a newspaper of general circulation.
23

24 Approved,