



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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 2414

Introduced by Hon. Felimon M. Espares

AN ACT
PROVIDING FOR THE RESTRUCTURING AND CONDONATION OF UNPAID
INTERESTS, PENALTIES, AND SURCHARGES ON LOANS SECURED BY
FARMERS, FISHERFOLKS, CDA-REGISTERED COOPERATIVES AND
AGRARIAN REFORM BENEFICIARIES FROM
THE DEPARTMENT OF AGRARIAN REFORM, THE DEPARTMENT OF
AGRICULTURE, THE PEOPLE'S CREDIT AND FINANCE CORPORATION, THE
COOPERATIVE DEVELOPMENT AUTHORITY, THE NATIONAL FOOD
AUTHORITY, AND THE QUEDAN AND RURAL CREDIT GUARANTEE
CORPORATION

EXPLANATORY NOTE

This bill seeks to condone the unpaid interests, penalties, and surcharges of loans secured by the farmers, fisherfolks, and agrarian reform beneficiaries from various government agencies, namely: the Department of Agrarian Reform (DAR), Department of Agriculture-Agricultural Credit Policy Council (DA-ACPC), Cooperative Development Authority (CDA), National Food Authority (NFA) and the Quedan and Rural Guarantee Corporation.

The facts are glaring: farmers and fisherfolk continue to be the poorest sectors of society.¹ In 2023, the poverty incidence among farmers stood at 27.0%, while among fisherfolk it reached 27.5%. This means that a significant portion of these populations do not earn the minimum income required to meet basic food and non-food needs, much less settle their outstanding loan obligations.

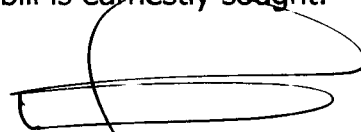
By providing blanket relief from burdensome interests, penalties, and surcharges, this bill aims to give our farmers, fisherfolk, and agrarian reform beneficiaries a fresh start – free from the weight of compounding debt. This will allow them to refocus their efforts on food production and agricultural development, while preserving their capacity to settle the principal amounts of their loans, and which the government may still collect under flexible and realistic terms.

¹ <https://psa.gov.ph/statistics/poverty>

Over the past six years, the agriculture sector has experienced a consistent decline in annual production, reflecting structural and financial challenges that have yet to be resolved. Without targeted intervention, our food producers will continue to struggle that threatens both their livelihoods and the country's food security.

This measure is more than financial relief—it is a gesture of solidarity and recognition. It sends a clear message that the government values the critical role of farmers and fisherfolk and is committed to standing with them. By restoring their credit standing and providing them with a clean slate, we empower these sectors to recover, rebuild, and continue contributing to national development.

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

A handwritten signature in black ink, consisting of a large, stylized 'F' and 'E' followed by a horizontal line.

FELIMON M. ESPARES



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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 "*Agrarian and Agricultural Loan Restructuring and Condonation Act*".

SEC. 2. Declaration of Policy. – The State shall promote comprehensive rural development and agrarian reform through the provision of measures that will release farmers, fisherfolks, and agrarian reform beneficiaries from the bondage of debt. To this end, it shall be the objective of the State to provide farmers, fisherfolks, and agrarian reform beneficiaries the opportunity to regain access to government and commercial credit facilities through the condonation of unpaid interests, penalties, and surcharges on their existing loans obtained through government lending programs.



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1 ***SEC. 3. Definition of Terms. – As used in this Act:***

2 (a) *Agrarian reform beneficiaries* refer to farmers who were granted lands
3 under Presidential Decree No. 27, known as the Emancipation of Tenants and Transfer
4 of Ownership of Land They Till, and Republic Act No. 6657, otherwise known as the
5 Comprehensive Agrarian Reform Law of 1988, as amended, and other existing
6 agrarian reform laws. These include regular farmworkers, irrespective of tenurial
7 arrangement, who benefited from the redistribution of lands, including their
8 organizations and cooperatives which have availed of the credit programs enumerated
9 in Section 5 hereof;

10 (b) *Agricultural and agrarian reform credit* refers to loans granted for
11 agricultural production; promotion of agricultural business and exports including, but
12 not limited to, the acquisition of work animals, farm equipment and machinery, seeds,
13 fertilizers, poultry, livestock, feeds construction, acquisition and repair of agricultural
14 facilities;

15 (c) *Condonation* refers to the relief granted by law in the payment of unpaid
16 interests, penalties and surcharges;

17 (d) *Delinquent borrower* refers to a borrower with at least three (3)
18 consecutive unpaid amortizations or whose total unpaid amortization has reached
19 twenty percent (20%) of the total outstanding balance of the loan regardless of the
20 number of unpaid amortizations as of the effectivity of this Act;

21 (e) *Farmers* refer to any natural person whose primary livelihood is the
22 cultivation of land or the production of agricultural crops, livestock, and agricultural



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products, either by themselves or primarily with the assistance of their immediate farm household or workers, whether the land is owned by them or by another person, under a leasehold agreement or other similar arrangements;

(f) *Fisherfolks* refer to people directly or personally and physically engaged in taking or culturing and processing fishery and/or aquatic resources;

(g) *Force Majeure* refers to events whether natural or political, beyond the reasonable control of a loan borrower, which have a material adverse effect on the ability of the borrower to pay an obligation;

(h) *Market aberrations* refer to unusual adverse movements in market prices which have detrimental effects on the yield and income of farmers, fisherfolks and agrarian reform beneficiaries;

(i) *Loan restructuring* refers to a process where the principal terms and conditions of the original loan are modified in accordance with an agreement setting forth a new plan or schedule of payment; and

(j) *Terminated lending programs* refer to lending programs instituted by the government which are no longer existing and operational yet with intractable records of loans.

SEC. 4. Condonation. – All unpaid interests, penalties, and surcharges of agricultural and agrarian reform credit secured by farmers, fisherfolks, agrarian reform beneficiaries, Cooperative Development Authority (CDA)-registered cooperatives, agrarian reform beneficiary organizations and farmer organizations from the Department of Agrarian Reform (DAR), Department of Agriculture (DA), People's



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Credit and Finance Corporation (PCFC), CDA, National Food Authority (NFA), and the Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) prior to the effectivity of this Act are hereby condoned upon approval of the application for condonation of a borrower qualified under this Act: *Provided*, That the bases for the condonation shall be limited to cases involving force majeure or market aberration, and shall, in no case be applied to cases resulting from the willful default of the borrower to pay such loans: *Provided, further*, That accumulated payments of not less than two percent (2%) of the loan principal shall have been paid at the time of application for condonation: *Provided, furthermore*, That, a graduation process shall be followed in consonance with the plan of payment, such that a borrower shall be granted a one-time condonation only to encourage borrowing discipline and enhance credit worthiness: *Provided, finally*, That the condonation of unpaid interests, penalties, and surcharges from loans acquired through conduit banks, financial institutions, and the agencies mentioned above shall be in conformity with the applicable general banking laws and regulations of the Bangko Sentral ng Pilipinas (BSP).

This Act shall likewise apply to all unpaid interests, penalties, and surcharges of agricultural and agrarian reform credit that will accrue in favor of the national government, government agencies, or government-owned and -controlled corporations in the event of abolition, dissolution, or cessation of existence of any of the above entities where it was principally availed from.

SEC. 5. Coverage. – The following accounts are covered by the condonation program:



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(a) Agricultural and agrarian reform credit secured through the Credit Assistance Program – Program Beneficiaries Development of the DAR;

(b) Agricultural and agrarian reform credit secured through the terminated credit program schemes of the DAR, such as the Dutch Rural Development Assistance Program (DRDAP), DAR Direct Lending Financing Program (DDLFP), DAR Special Projects Office (SPO) Direct, and the SPO Window III Financing Program for Agrarian Reform Beneficiaries of the DAR and the Development Bank of the Philippines;

(c) Loans secured under the Resettlement Loan Assistance Program of the DAR for individual agrarian reform beneficiaries;

(d) Agricultural credit secured through the High Yield Crop Loan Assistance Program of the DA;

(e) Agricultural credit secured through Microfinance Program for Small Farmers and Fisherfolk and the Household of the PCFC;

(f) Loans secured under the Cooperative Development Loan Fund of the CDA;

(g) Loans secured under the Farmers Level Grain Center of the NFA; and

(h) Loans secured under the Comprehensive Agrarian Reform Program – Barangay Marketing Center (CARPBMC) and all agri-credit guarantee programs of QUEDANCOR.

SEC. 6. Qualified Beneficiaries. – Delinquent farmers, fisherfolks, agrarian reform beneficiaries, CDA-registered cooperatives, agrarian reform beneficiary organizations and farmer organizations that secured agricultural and agrarian reform



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1 credit under any of the accounts enumerated in Section 5 of this Act and who are
2 delinquent borrowers may apply for condonation of unpaid interests, penalties, and
3 surcharges with the concerned government agency or corporation.

4 ***SEC. 7. Approval of Application for Condonation.*** – The government
5 agency or corporation managing the accounts secured from the various programs and
6 agencies enumerated in Section 5 hereof shall review and approve an application for
7 condonation and loan restructuring. The period for payment of the restructured loan
8 shall be determined according to the financial capacity of the farmers, fisherfolks,
9 agrarian reform beneficiaries, CDA-registered cooperatives, agrarian reform
10 beneficiary organizations and farmer organizations upon the approval of the
11 application. The approval of an application for condonation shall serve as the basis for
12 the concerned government agency or corporation to write off the unpaid interests,
13 penalties, and surcharges condoned.

14 ***SEC. 8. Collection of Payment.*** – The annual collection from payments of
15 loans under the terminated credit programs as provided in Section 5(b) of this Act
16 shall accrue to the Agrarian Reform Fund and be remitted to the Bureau of Treasury.

17 ***SEC. 9. Restoration of Non-performing Loans to Good Standing***
18 ***Status.*** – Loans restructured under this Act shall be restored to good standing status
19 upon three (3) consecutive payments by the borrower of the required periodic
20 amortizations under the restructured loan as determined. Upon satisfaction of the said
21 condition, government agencies may issue the appropriate certifications to the
22 borrower thereby facilitating their reintegration into the financial and banking system.



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1 ***SEC. 10. Writing off of Loans from the Books of Terminated Lending***

2 ***Programs.*** – The concerned agencies shall write off from their books the loans
3 secured under lending programs that have been terminated provided that the
4 programs are clearly identified, and the accounts involved are past due. The procedure
5 for the writing off of loans shall be provided for in the rules and regulations to be
6 issued to implement this Act.

7 ***SEC. 11. Implementing Rules and Regulations (IRR).*** – Within sixty (60)
8 days from the effectivity of this Act, the Secretary of the DAR shall, in consultation
9 with the secretaries and heads of offices of the DA, CDA, NFA, QUEDANCOR, the
10 Agriculture Credit Policy Council (ACPC) and the BSP promulgate rules and regulations
11 for the effective implementation of this Act.

12 ***SEC. 12. Repealing Clause.*** – All laws, executive orders, issuances or parts
13 thereof inconsistent with the provisions of this Act are hereby amended, repealed or
14 modified accordingly.

15 ***SEC. 13. Separability Clause.*** – If any provision of this Act is declared
16 unconstitutional, the remainder of this Act or any provisions not affected thereby shall
17 remain in full force and effect.

18 ***SEC. 14. Effectivity.*** – This Act shall take effect fifteen (15) days after its
19 publication in the Official Gazette or in a newspaper of general circulation.

20 *Approved,*

21