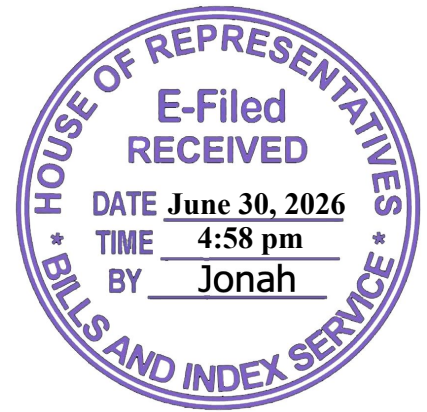


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9994



Introduced by Representative Jan “Atty. JP” D. Padiernos

EXPLANATORY NOTE

The Philippine agricultural sector, the backbone of our nation’s food security, remains shackled by a persistent and debilitating cycle of indebtedness. While the New Agrarian Emancipation Act (RA 11953) provided landmark relief by condoning debts related to agrarian reform land awards, it addressed only one facet of the crisis. It left a significant portion of the farming population—specifically smallholder farmers with private-sector and commercial bank obligations—without a lifeline.

Currently, distressed agricultural loans prevent farmers from accessing formal credit markets, rendering them "un-bankable." This financial exclusion forces producers into the hands of informal lenders and predatory interests, often leading to "pawning" or the outright loss of agricultural lands. Without a dedicated mechanism to resolve these non-performing loans, the sector cannot modernize or achieve the productivity levels required for national food security.

Through the establishment of the Agricultural Debt Management Corporation (ADMC), this measure introduces a strategic, long-term solution to debt restructuring, ensuring that our agricultural producers can transition from financial distress toward sustainable productivity. The ADMC aims to restore the creditworthiness of small farmers through proactive loan negotiations and rehabilitation, allowing their reentry into the formal banking system under sustainable terms. Likewise, the ADMC seeks to safeguard national food security through the management of non-performing assets to prevent the loss of productive lands to premature conversion or land grabbing.

Lastly, this measure secures the future of Philippine agriculture by keeping land in the hands of those who till it. It empowers our farmers and creates the stable financial foundation required to build a truly resilient agricultural economy for the benefit of all Filipinos.

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


Rep. Jan “Atty. JP” D. Padiernos
GP (GALING SA PUSO)
Partylist

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TWENTIETH CONGRESS
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HOUSE BILL NO. 9994

Introduced by Representative Jan “Atty. JP” D. Padiernos

AN ACT ESTABLISHING THE AGRICULTURAL DEBT MANAGEMENT CORPORATION (ADMC) TO PROVIDE FOR THE DEBT REHABILITATION AND ASSET PROTECTION OF SMALL FARMERS AND FISHERFOLK, AND APPROPRIATING FUNDS THEREFOR

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 "The Agricultural Financial Recovery Act of 2026."

SECTION 2. Declaration of Policy. – It is the policy of the State to ensure national food security by protecting the financial viability of small farmers and fisherfolk. The State shall provide a mechanism to rehabilitate distressed agricultural credit, prevent the alienation of productive lands, and transition rural producers from informal, predatory lending toward the formal financial system.

SECTION 3. Creation of the Agricultural Debt Management Corporation (ADMC). – The Agricultural Debt Management Corporation (ADMC) is hereby established as an attached agency of the Department of Finance (DOF). The ADMC shall possess the powers of a corporation and is specifically mandated to perform the following functions:

- a. To purchase non-performing loans (NPLs) from government financial institutions (GFIs) and private banks. Acquisitions shall be valued based on the Net Present Value (NPV) of the collateral, ensuring no windfall profits for selling institutions.
- b. To offer eligible borrowers a Rehabilitation Plan with a grace period of up to ten (10) years and a fixed interest rate not exceeding 1.5 % per annum.
- c. To provide refinancing for farmers with proven informal debts (usury), provided such debts are verified by the Barangay Agrarian Reform Committee (BARC).
- d. To automatically trigger a two-year foreclosure moratorium in provinces declared under a State of Calamity.

SECTION 4. Eligibility. –

- a. Coverage. – The benefits of this Act shall apply to small farmers owning or cultivating not more than five (5) hectares of agricultural land, and fisherfolk utilizing fishing vessels of three (3) gross tons or less.
- b. Anti-Moral Hazard and Distressed Status. – Eligibility for debt rehabilitation shall be strictly limited to "distressed" borrowers whose delinquency is directly attributable to *force majeure*, significant market fluctuations, or documented crop failure. Any "strategic default," characterized by a borrower's intentional or willful refusal to pay despite having the financial capacity to do so, shall result in immediate disqualification and the acceleration of the original debt.
- c. Productivity and Insurance Linkage. – To maintain their restructured status and the 2% preferential interest rate, borrowers are required to:
 - 1. Enroll in the Department of Agriculture's (DA) relevant technical assistance and extension programs; and
 - 2. Register with the Philippine Crop Insurance Corporation (PCIC) to mitigate future credit risks.
Failure to comply with these linkages shall be grounds for the cancellation of the Rehabilitation Plan.
- d. Financial Graduation and Credit Incentivization. – Borrowers who have successfully settled at least fifty percent (50%) of the principal amount of their restructured debt under the ADMC Rehabilitation Plan, and have maintained a consistent repayment record for at least three (3) consecutive years, shall be issued a "Certificate of Credit Eligibility."
 - 1. The Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) shall establish a dedicated credit window for certified borrowers to provide immediate access to low-interest production loans.
 - 2. Any new credit extended by banking institutions to a holder of a Certificate of Credit Eligibility shall be entitled to a two-hundred percent (200%) credit valuation for the purpose of compliance with the mandatory twenty-five percent (25%) agriculture, fisheries, and rural development financing requirement under Republic Act No. 11901.
 - 3. The Bangko Sentral ng Pilipinas (BSP) shall, within sixty (60) days from the effectivity of this Act, issue guidelines to lower the risk-weighting of loans extended to certified "Credit-Rehabilitated" borrowers to further encourage private sector participation.

SECTION 5. Funding.– The ADMC shall have an authorized capital stock subscribed by the National Government, the structure and payment of which shall be determined by the DOF and DBM. The sum necessary for its initial and

continued operations is hereby authorized to be appropriated and included in the annual General Appropriations Act (GAA).

b) Regulatory Incentives. – The BSP, in coordination with the DOF, shall prescribe the rules for ADMC instruments, including their eligibility for statutory compliance, tax treatment, and other incentives to encourage private sector participation.

SECTION 6. Sunset Clause. – The ADMC shall have a corporate term of twenty-five (25) years, after which its assets and remaining functions shall be absorbed by the Land Bank of the Philippines.

SECTION 7. Separability Clause. – If any provision is declared unconstitutional, the remaining sections shall remain valid.

SECTION 8. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or two (2) newspapers of general circulation.

Approved.