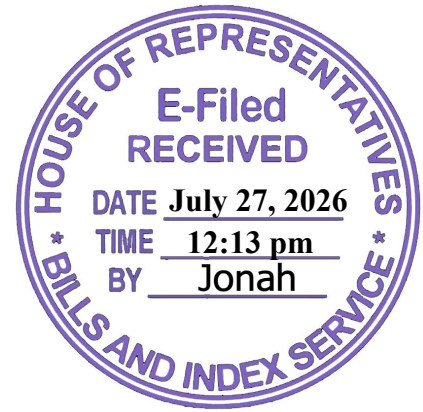


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**TWENTIETH CONGRESS**  
Second Regular Session

**House Bill No. 10245**



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Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

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**EXPLANATORY NOTE**

Agriculture remains a critical pillar of the Philippine economy, yet small farmers and fisherfolk continue to face persistent structural constraints. Despite existing financing mandates under Republic Act No. 11901, known as the The Agriculture, Fisheries And Rural Development Financing Enhancement Act Of 2022, many rural producers still lack access to affordable, appropriate, and well-integrated financial services. Credit is often extended as stand-alone lending, disconnected from markets, postharvest systems, insurance, and other support necessary for sustainable income generation.

Recent data underscore the urgency of reform. Farmers and fisherfolk remain among the poorest sectors in the country, with poverty incidence rates significantly higher than the national average.<sup>1</sup> At the same time, Philippine agriculture continues to face productivity challenges, climate risks, and supply chain inefficiencies, all of which weaken the ability of borrowers to repay loans and discourage financial institutions from deeper engagement in the sector.

This measure seeks to address these gaps by strengthening smallholder agricultural value chain financing (AVCF) within the framework of RA 11901. Rather than creating a new system, the bill operationalizes what the law already envisions: financing that is linked to the full agricultural cycle—from input supply and production to aggregation, processing, and market access.

International experience demonstrates that this approach is more effective than traditional credit models. The Food and Agriculture Organization notes that value chain

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<sup>1</sup> Philippine Statistics Authority, *Poverty Incidence Among Basic Sectors*, 2023.

financing improves access to credit by tying lending to actual market relationships, reducing risks for both lenders and borrowers.<sup>2</sup> Similarly, studies by the Philippine Institute for Development Studies highlight that agricultural finance yields better outcomes when linked to technology adoption, market participation, and coordinated value chain support rather than isolated lending.<sup>3</sup>

The proposed amendments are likewise consistent with developments across ASEAN. Regional frameworks recognize that smallholder farmers must be integrated into value chains involving cooperatives, agribusinesses, financial institutions, and institutional buyers. The Association of Southeast Asian Nations has explicitly emphasized responsible and inclusive agricultural investment that connects smallholders to markets and supply chains.<sup>4</sup>

In practice, several ASEAN countries have already moved in this direction. Vietnam has supported value chain-based financing arrangements linked to export-oriented agricultural sectors such as rice and coffee, enabling farmers to access credit backed by supply contracts and market demand.<sup>5</sup> Indonesia has expanded agricultural financing programs that incorporate cooperatives, off-takers, and agribusiness firms, improving credit access through structured market linkages.<sup>6</sup> Thailand, through its specialized agricultural bank, has long combined credit with marketing support, cooperative strengthening, and value chain development.<sup>7</sup> These experiences show that integrating finance with markets and support services improves both productivity and repayment performance.

This bill builds on these lessons by clarifying definitions, expanding eligible financing activities, promoting market linkage arrangements, strengthening reporting requirements, and supporting capacity-building for farmers' organizations, cooperatives, and rural financial institutions. It also encourages the use of digital payments, insurance,

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<sup>2</sup> Food and Agriculture Organization, "Agricultural Value Chain Finance," FAO, accessed 2026.

<sup>3</sup> Charlotte Bayudan-Dacuy and Marife Ballesteros, *Sustainable Value Chain Financing for Smallholder Agricultural Production in the Philippines* (Quezon City: Philippine Institute for Development Studies, 2022).

<sup>4</sup> Association of Southeast Asian Nations, *ASEAN Guidelines on Promoting Responsible Investment in Food, Agriculture and Forestry* (Jakarta: ASEAN Secretariat, 2018).

<sup>5</sup> World Bank, *Vietnam Sustainable Agriculture Transformation Project (VnSAT): Implementation Completion and Results Report* (Washington, DC: World Bank, 2023), 23–24, noting coffee credit-line financing, preferential rates, and supply/offtake contracts for coffee value chains.

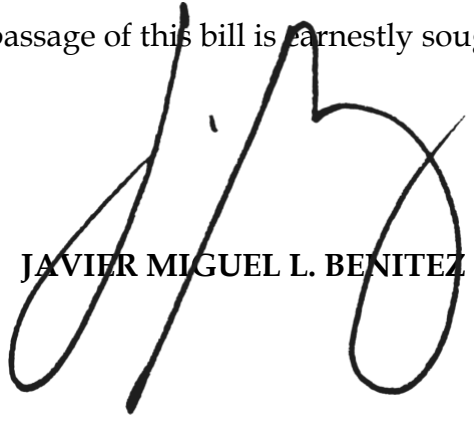
<sup>6</sup> World Bank, *Indonesia Agriculture Value Chain Development Project (ICARE): Project Appraisal Document* (Washington, DC: World Bank, 2022), 14–15, discussing Indonesia's agribusiness-led value chains and the role of private actors as processors, buyers, input providers, logistics providers, and financiers.

<sup>7</sup> Bank for Agriculture and Agricultural Cooperatives, "About BAAC," accessed May 2, 2026; Witsanu Attavanich, "Case Study of Bank for Agricultural Cooperatives (BAAC) Rice Value Chain Implementation," FFTC Agricultural Policy Platform, July 3, 2018.

credit information systems, and investments in postharvest and logistics infrastructure, all of which are essential to modern agricultural value chains.

By embedding value chain financing more explicitly within RA 11901, the measure aims to ensure that agricultural credit is not only counted for compliance, but actually works for smallholders. The ultimate goal is to improve access to finance, stabilize farmgate prices, reduce risks, strengthen repayment capacity, and increase rural incomes.

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



JAVIER MIGUEL L. BENITEZ

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

**TWENTIETH CONGRESS**  
Second Regular Session

House Bill No. **10245**

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Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

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**AN ACT AMENDING REPUBLIC ACT NO. 11901, OTHERWISE KNOWN AS THE AGRICULTURE, FISHERIES AND RURAL DEVELOPMENT FINANCING ENHANCEMENT ACT OF 2022, TO STRENGTHEN SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING AND MARKET LINKAGES**

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

**SEC. 1. *Short Title.*** - This Act shall be known as the “*Smallholder Agricultural Value Chain Financing Enhancement Act.*”

**SEC. 2.** Section 2 of Republic Act No. 11901 is hereby amended by inserting a new paragraph after the first paragraph, to read as follows:

**“THE STATE SHALL FURTHER PROMOTE AN INTEGRATED AGRICULTURAL VALUE CHAIN FINANCING APPROACH THAT LINKS CREDIT WITH MARKET ACCESS, INSURANCE, SAVINGS FORMATION, DIGITAL PAYMENTS, CREDIT INFORMATION SYSTEMS, POSTHARVEST SUPPORT, STORAGE, PROCESSING, AND PARTICIPATION OF COOPERATIVES, RURAL FINANCIAL INSTITUTIONS, INPUT SUPPLIERS, AGGREGATORS, PROCESSORS, AND INSTITUTIONAL BUYERS. FINANCING UNDER THIS ACT SHALL NOT BE LIMITED TO STAND-ALONE LENDING, BUT SHALL SUPPORT THE BROADER PRODUCTION, MARKETING, PROCESSING, STORAGE, DISTRIBUTION, AND INCOME-GENERATING NEEDS OF RURAL COMMUNITY BENEFICIARIES.”**

**SEC. 3.** Section 3 of Republic Act No. 11901 is hereby amended by inserting the following definitions:

“

- a) INSTITUTIONAL BUYER REFERS TO A PUBLIC OR PRIVATE ENTITY THAT PURCHASES AGRICULTURAL OR FISHERY PRODUCTS ON A REGULAR OR ORGANIZED BASIS, INCLUDING GOVERNMENT AGENCIES, LOCAL GOVERNMENT UNITS, SCHOOLS, HOSPITALS, FOOD PROCESSORS, RETAILERS, EXPORTERS, AND OTHER ENTITIES ENGAGED IN PROCUREMENT, PROCESSING, OR DISTRIBUTION.
- b) MARKET LINKAGE REFERS TO A FORMAL OR ORGANIZED ARRANGEMENT CONNECTING RURAL COMMUNITY BENEFICIARIES WITH BUYERS, PROCESSORS, TRADERS, AGGREGATORS, COOPERATIVES, OR DISTRIBUTION CHANNELS FOR THE PURPOSE OF IMPROVING MARKET ACCESS, STABILIZING FARMGATE PRICES, REDUCING TRANSACTION COSTS, AND STRENGTHENING REPAYMENT CAPACITY.
- c) SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING REFERS TO FINANCING PRODUCTS, SERVICES, OR ARRANGEMENTS THAT SUPPORT SMALL FARMERS, FISHERFOLK, FARMWORKERS, FISHWORKERS, AGRARIAN REFORM BENEFICIARIES, AND THEIR COOPERATIVES, ASSOCIATIONS, ORGANIZATIONS, OR MICRO, SMALL AND MEDIUM ENTERPRISES, THROUGH COORDINATED FINANCING LINKED TO INPUT SUPPLY, PRODUCTION, AGGREGATION, POSTHARVEST HANDLING, STORAGE, PROCESSING, TRANSPORT, MARKETING, DISTRIBUTION, INSURANCE, SAVINGS, AND PAYMENT SYSTEMS.
- d) VALUE CHAIN SUPPORT FACILITIES REFER TO POSTHARVEST FACILITIES, STORAGE FACILITIES, WAREHOUSES, COLD CHAIN SYSTEMS, PROCESSING EQUIPMENT, TRANSPORT AND LOGISTICS FACILITIES, BUYING STATIONS, MARKET INFRASTRUCTURE, DIGITAL PLATFORMS, AND OTHER SUPPORT FACILITIES DIRECTLY LINKED TO AGRICULTURAL OR FISHERY PRODUCTION AND MARKET ACCESS.”

**SEC. 4.** Section 4 of Republic Act No. 11901 is hereby amended by inserting a new paragraph after the second paragraph, to read as follows:

“IN DESIGNING AND IMPLEMENTING AGRICULTURE, FISHERIES, AND RURAL DEVELOPMENT FINANCING, BANKING INSTITUTIONS AND IMPLEMENTING AGENCIES SHALL, WHENEVER FEASIBLE, ADOPT AN AGRICULTURAL VALUE CHAIN FINANCING APPROACH. SUCH APPROACH MAY INCLUDE FINANCING FOR INPUT PROCUREMENT, PRODUCTION, AGGREGATION, POSTHARVEST HANDLING, STORAGE, PROCESSING, COLD CHAIN, LOGISTICS,

**MARKETING, DIGITAL PAYMENTS, CROP AND FISHERIES INSURANCE, SAVINGS FORMATION, CREDIT INFORMATION SYSTEMS, AND OTHER SERVICES THAT IMPROVE PRODUCTIVITY, MARKET ACCESS, INCOME, AND REPAYMENT CAPACITY OF RURAL COMMUNITY BENEFICIARIES."**

**SEC. 5.** A new Section 4-A is hereby inserted after Section 4 of Republic Act No. 11901, to read as follows:

**"SEC. 4-A. SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING AND MARKET LINKAGE PROGRAM. - THE AGRICULTURAL CREDIT POLICY COUNCIL (ACPC), IN COORDINATION WITH THE DEPARTMENT OF AGRICULTURE (DA), DEPARTMENT OF AGRARIAN REFORM (DAR), BANGKO SENTRAL NG PILIPINAS (BSP), LAND BANK OF THE PHILIPPINES (LBP), DEVELOPMENT BANK OF THE PHILIPPINES (DBP), PHILIPPINE CROP INSURANCE CORPORATION (PCIC), COOPERATIVE DEVELOPMENT AUTHORITY (CDA), LOCAL GOVERNMENT UNITS, AND OTHER RELEVANT AGENCIES, SHALL PROMOTE SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING AND MARKET LINKAGE PROGRAMS FOR RURAL COMMUNITY BENEFICIARIES.**

**THESE PROGRAMS SHALL INTEGRATE CREDIT WITH APPROPRIATE SUPPORT SERVICES, INCLUDING:**

- a) LINKAGES AMONG LENDERS, RURAL FINANCIAL INSTITUTIONS, COOPERATIVES, FARMERS' AND FISHERFOLK'S ORGANIZATIONS, INPUT SUPPLIERS, AGGREGATORS, PROCESSORS, TRADERS, INSTITUTIONAL BUYERS, AND LOCAL GOVERNMENT UNITS;**
- b) CREDIT PRODUCTS ALIGNED WITH PRODUCTION CYCLES, HARVEST PERIODS, PURCHASE AGREEMENTS, SUPPLY CONTRACTS, AGGREGATION ARRANGEMENTS, OR OTHER MARKET-BASED MECHANISMS;**
- c) CROP, FISHERIES, LIVESTOCK, CLIMATE, OR OTHER APPROPRIATE INSURANCE PRODUCTS TO REDUCE PRODUCTION, MARKET, AND REPAYMENT RISKS;**
- d) SAVINGS FORMATION, BASIC DEPOSIT ACCOUNTS, FINANCIAL LITERACY, AND REPAYMENT DISCIPLINE MECHANISMS;**
- e) DIGITAL PAYMENT SYSTEMS, ELECTRONIC WALLETS, CASH AGENT ARRANGEMENTS, AND OTHER FINANCIAL TECHNOLOGY SOLUTIONS TO REDUCE TRANSACTION COSTS AND IMPROVE TRANSPARENCY;**
- f) CREDIT INFORMATION SYSTEMS, BORROWER RECORDS, PRODUCTION AND REPAYMENT HISTORIES, AND DATA-**

**SHARING ARRANGEMENTS, SUBJECT TO THE DATA PRIVACY ACT OF 2012 AND OTHER APPLICABLE LAWS;**

- g) FINANCING OR SUPPORT FOR POSTHARVEST, STORAGE, COLD CHAIN, PROCESSING, TRANSPORT, LOGISTICS, MARKET INFRASTRUCTURE, AND SIMILAR VALUE CHAIN SUPPORT FACILITIES DIRECTLY BENEFITING RURAL COMMUNITY BENEFICIARIES; AND**
- h) CAPACITY-BUILDING FOR COOPERATIVES, FARMERS' AND FISHERFOLK'S ORGANIZATIONS, RURAL FINANCIAL INSTITUTIONS, AND OTHER VALUE CHAIN ACTORS."**

**SEC. 6.** Section 7 of Republic Act No. 11901 is hereby amended by inserting a new paragraph after paragraph (j), to read as follows:

**"FOR PURPOSES OF COMPLIANCE WITH THE MANDATORY AGRICULTURE, FISHERIES, AND RURAL DEVELOPMENT FINANCING REQUIREMENT, BANKS MAY EXTEND LOANS, INVESTMENTS, OR OTHER FINANCING ARRANGEMENTS THAT SUPPORT SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING, INCLUDING:**

- a) FINANCING OF COOPERATIVES, FARMERS' AND FISHERFOLK'S ORGANIZATIONS, RURAL FINANCIAL INSTITUTIONS, MICROFINANCE INSTITUTIONS, AND OTHER QUALIFIED ENTITIES THAT PROVIDE CREDIT, AGGREGATION, MARKET LINKAGE, OR VALUE CHAIN SUPPORT SERVICES TO RURAL COMMUNITY BENEFICIARIES;**
- b) FINANCING OF POSTHARVEST, STORAGE, COLD CHAIN, PROCESSING, TRANSPORT, LOGISTICS, BUYING STATIONS, MARKET INFRASTRUCTURE, AND OTHER FACILITIES DIRECTLY LINKED TO SMALLHOLDER AGRICULTURAL OR FISHERY PRODUCTION AND MARKET ACCESS;**
- c) FINANCING OF DIGITAL PLATFORMS, PAYMENT SYSTEMS, CREDIT INFORMATION SYSTEMS, ELECTRONIC MARKETPLACES, TRACEABILITY SYSTEMS, AND OTHER TECHNOLOGY-BASED SYSTEMS THAT FACILITATE AGRICULTURAL VALUE CHAIN FINANCING AND SUPPLY CHAIN TRANSACTIONS;**
- d) FINANCING ARRANGEMENTS INVOLVING INSTITUTIONAL BUYERS, INPUT SUPPLIERS, AGGREGATORS, PROCESSORS, TRADERS, COOPERATIVES, OR LOCAL GOVERNMENT UNITS, PROVIDED THAT SUCH ARRANGEMENTS DEMONSTRABLY BENEFIT RURAL COMMUNITY BENEFICIARIES; AND**

- e) INVESTMENTS OR FINANCING SUPPORT FOR INSURANCE, GUARANTEE, OR RISK-SHARING MECHANISMS THAT IMPROVE ACCESS TO CREDIT BY SMALL FARMERS, FISHERFOLK, FARMWORKERS, FISHWORKERS, AGRARIAN REFORM BENEFICIARIES, AND THEIR ORGANIZATIONS."

SEC. 7. Section 8 of Republic Act No. 11901 is hereby amended by adding a new paragraph after the first paragraph, to read as follows:

**"THE ANNUAL REPORT SHALL INCLUDE SPECIFIC INFORMATION ON THE IMPLEMENTATION OF AGRICULTURAL VALUE CHAIN FINANCING, INCLUDING:**

- a) TOTAL AMOUNT OF FINANCING EXTENDED TO SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING ARRANGEMENTS;
- b) NUMBER AND LOCATION OF SMALL FARMERS, FISHERFOLK, FARMWORKERS, FISHWORKERS, AGRARIAN REFORM BENEFICIARIES, COOPERATIVES, ASSOCIATIONS, AND RURAL FINANCIAL INSTITUTIONS REACHED;
- c) NUMBER AND TYPE OF MARKET LINKAGE ARRANGEMENTS SUPPORTED;
- d) USE OF CROP AND FISHERIES INSURANCE, GUARANTEE MECHANISMS, SAVINGS PRODUCTS, DIGITAL PAYMENTS, AND CREDIT INFORMATION SYSTEMS;
- e) FINANCING PROVIDED FOR POSTHARVEST, STORAGE, COLD CHAIN, PROCESSING, TRANSPORT, LOGISTICS, AND MARKET FACILITIES; AND
- f) ASSESSMENT OF REPAYMENT PERFORMANCE, MARKET ACCESS, FARMGATE PRICE EFFECTS, AND INCOME-RELATED OUTCOMES, WHENEVER AVAILABLE."

SEC. 8. Section 9 of Republic Act No. 11901 is hereby amended by inserting a new paragraph after the paragraph allocating twenty percent (20%) of penalties for organizational, capacity, and institution-building programs, to read as follows:

**"CAPACITY-BUILDING PROGRAMS FUNDED UNDER THIS SECTION MAY INCLUDE TRAINING AND TECHNICAL ASSISTANCE ON AGRICULTURAL VALUE CHAIN FINANCING, COOPERATIVE STRENGTHENING, MARKET LINKAGE DEVELOPMENT, CREDIT RECORD-KEEPING, DIGITAL FINANCIAL SERVICES, SAVINGS FORMATION, INSURANCE LITERACY, POSTHARVEST MANAGEMENT, AND BUSINESS PLANNING FOR RURAL COMMUNITY BENEFICIARIES AND THEIR ORGANIZATIONS."**

SEC. 9. Section 11 of Republic Act No. 11901 is hereby amended by inserting a new paragraph after paragraph (b), to read as follows:

**“THE CREDIT FACILITY UNDER THIS SECTION MAY BE USED TO SUPPORT SMALLHOLDER AGRICULTURAL VALUE CHAIN FINANCING PROGRAMS, INCLUDING LOANS AND SUPPORT SERVICES FOR COOPERATIVES, FARMERS’ AND FISHERFOLK’S ORGANIZATIONS, RURAL FINANCIAL INSTITUTIONS, MICROFINANCE INSTITUTIONS, POSTHARVEST AND STORAGE FACILITIES, DIGITAL PAYMENT SYSTEMS, CREDIT INFORMATION SYSTEMS, INSURANCE AND GUARANTEE MECHANISMS, AND MARKET LINKAGE ARRANGEMENTS THAT DIRECTLY BENEFIT RURAL COMMUNITY BENEFICIARIES.”**

**SEC. 10. *Monitoring and Review.*** - The ACPC, in coordination with the BSP, DA, DAR, LBP, DBP, PCIC, CDA, and other relevant agencies, shall conduct a periodic review of the implementation of smallholder agricultural value chain financing under this Act. The review shall assess whether financing programs are improving access to credit, market access, repayment capacity, insurance coverage, savings participation, and income outcomes among rural community beneficiaries.

The results of the review shall be included in the annual report submitted to Congress under Section 8 of Republic Act No. 11901, as amended.

**SEC. 11. *Implementing Rules and Regulations.*** - Within ninety (90) days from the effectivity of this Act, the BSP, in consultation with the ACPC, DA, DAR, LBP, DBP, PCIC, CDA, banking industry, rural financial institutions, microfinance institutions, cooperatives, farmers’ and fisherfolk’s organizations, and other relevant stakeholders, shall amend or supplement the implementing rules and regulations of Republic Act No. 11901 to carry out the provisions of this Act.

**SEC. 12. *Separability Clause.*** - If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

**SEC. 13. *Repealing Clause.*** - All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof inconsistent with this Act are hereby repealed, amended, or modified accordingly.

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

*Approved,*