



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

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 11076



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

AN ACT
STRENGTHENING CREDIT ACCESS FOR SMALL FARMERS AND FISHERFOLK, MANDATING FINANCIAL INSTITUTIONS TO ALLOCATE A PORTION OF THEIR LOAN PORTFOLIOS FOR AGRI-FISHERY BORROWERS, ESTABLISHING AN AGRI CREDIT GUARANTEE FUND, AND PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

Agriculture and fisheries remain vital sectors of the Philippine economy, sustaining millions of livelihoods and ensuring food security. However, small farmers and fisherfolk continue to face significant barriers in accessing affordable credit, including high interest rates, stringent collateral requirements, and limited financial inclusion.

Despite existing policies such as the Agriculture and Fisheries Modernization Act (Republic Act No. 8435) and the Agri-Agra Reform Credit Act of 2009 (Republic Act No. 10000), access to financing for small-scale producers remains inadequate. Many financial institutions continue to fall short of meaningful support, and compliance mechanisms have not fully addressed the structural constraints faced by the sector.

To address these gaps, this bill mandates financial institutions to allocate a portion of their loan portfolio specifically for agri-fishery borrowers, ensures affordable interest rates, removes collateral barriers through a government-backed guarantee mechanism, and strengthens institutional support for inclusive agricultural financing.

By establishing an Agri Credit Guarantee Fund and promoting accessible, low-interest, and collateral-free loans, this measure seeks to empower small farmers and fisherfolk, increase productivity, reduce rural poverty, and enhance national food security.

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



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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 “*Small Farmers and Fisherfolk Credit Access Act*”

SECTION 2. *Declaration of Policy.* -- It is hereby declared the policy of the State to promote inclusive rural development, ensure equitable access to financial

resources for small farmers and fisherfolk, and strengthen agricultural productivity and food security. The State shall facilitate affordable, accessible, and responsive credit systems that address the unique needs and vulnerabilities of the agri-fishery sector, and shall remove structural barriers to financing, including high interest rates and collateral requirements.

SECTION 3. *Definition of Terms.* – For purposes of this Act:

- (a) *Small Farmers* refers to an individuals engaged in agriculture with landholdings of not more than five (5) hectares;
- (b) *Fisherfolk* refers to an individual engaged in fishing, aquaculture, or fish processing, including municipal fisherfolk;
- (c) *Agri-Fishery Loans* refers to the loans extended for agricultural and fisheries production, processing, marketing, and related activities;
- (d) Agri Credit Guarantee Fund (ACGF) refers to a government-backed fund that guarantees loans extended to eligible borrowers under this Act.

SECTION 4. *Mandatory Credit Allocation.* -- All covered financial institutions shall allocate at least ten percent (10%) of their total loan portfolio for agri-fishery loans to small farmers and fisherfolk. Compliance with this requirement shall be direct and shall not be substituted by alternative compliance mechanisms unless expressly authorized under this Act. The Bangko Sentral ng Pilipinas (BSP) shall issue guidelines to ensure effective implementation and monitoring.

SECTION 5. *Preferential Interest Rates.* – The loans granted under this Act shall be extended at concessional interest rates ranging from three percent (3%) to five percent (5%) per annum, inclusive of all charges directly related to the extension

of credit, excluding only reasonable service fees as may be determined by the Bangko Sentral ng Pilipinas (BSP).

The Department of Finance (DOF), in coordination with the Bangko Sentral ng Pilipinas (BSP) and the Department of Agriculture (DA), shall determine mechanism for an interest rate support mechanism, including interest subsidies, rediscounting windows, credit enhancements, or other fiscal and monetary instruments.

SECTION 6. *Collateral-Free Lending and Risk Mitigation.* -- Loans extended to qualified small farmers and fisherfolk under this Act shall, as far as practicable, be granted without the requirement of traditional collateral, particularly for loans below a threshold amount to be determined by the BSP in coordination with the Department of Agriculture (DA).

In lieu of conventional collateral, covered financial institutions are hereby encouraged to adopt alternative credit assessment and risk management mechanisms, including but not limited to cash flow-based lending, character-based lending, group or cooperative guarantees, warehouse receipts, crop liens, value chain financing, and digital or data-driven credit scoring systems. To mitigate risks and encourage lending, all eligible loans shall be covered by the Agri Credit Guarantee Fund established under this Act. Guarantee coverage shall be designed to reduce credit exposure while ensuring prudent lending practices.

The BSP, in coordination with the DOF and DA, shall issue guidelines on risk-sharing arrangements, eligibility for collateral-free loans, and safeguards to prevent moral hazard and ensure responsible lending.

SECTION 7. *Establishment of the Agri Credit Guarantee Fund* – Thereby established an Agri Credit Guarantee Fund (ACGF), which shall provide guarantee coverage for loans extended to qualified small farmers and fisherfolk under this Act. The Fund shall be administered by a designated government financial institution under the policy guidance of the Department of Finance and in coordination with the Department of Agriculture.

The Agri Credit Guarantee Fund shall have the following powers and functions:

- (a). Provide partial or full credit guarantees, covering a portion of the principal and/or interest of eligible loans, subject to risk-sharing parameters to be determined in the implementing rules and regulations;
- (b) Establish guarantee ceilings, coverage ratios, and claim procedures to ensure fiscal sustainability and operational efficiency;
- (c) Reduce the credit risks borne by participating financial institutions and incentivize increased lending to the agri-fishery sector;
- (d) Support innovative and inclusive financing mechanisms, including climate-resilient and value chain financing models;
- (e) Establish streamlined claims processing mechanisms to ensure timely settlement of guarantee claims; and

(f) Maintain actuarial soundness and financial sustainability through appropriate fund management policies.

SECTION 8. *Eligibility and Priority Beneficiaries.* — The benefits under this Act shall be made available to qualified small farmers and fisherfolk, as defined under this Act, who are engaged in agricultural and fisheries activities, whether individually or as part of organized groups. Priority shall be given to marginalized and vulnerable sectors, including but not limited to subsistence farmers and fisherfolk, agrarian reform beneficiaries, women and youth engaged in agriculture and fisheries, indigenous peoples, and duly registered cooperatives and associations of farmers and fisherfolk.

The Department of Agriculture, in coordination with Local Government Units and relevant agencies, shall establish a system for the identification, validation, and prioritization of eligible beneficiaries, including the use of existing registries.

SECTION 9: *Incentives for Compliance.* – Covered financial institutions that exceed the mandatory credit allocation under this Act shall be entitled to incentives, subject to applicable laws, rules, and regulations.

Such incentives may include, but shall not be limited to, preferential access to government guarantee facilities, eligibility for rediscounting or refinancing programs, and regulatory incentives as may be determined by the Bangko Sentral ng Pilipinas (BSP), including possible adjustments in reserve requirements or capital treatment, consistent with prudential standards.

SECTION 10. *Penalties for Non-Compliance.* — Failure of covered financial institutions to comply with the mandatory credit allocation requirement under this Act shall subject them to appropriate penalties to be imposed by the Bangko Sentral ng Pilipinas (BSP).

Such penalties may include, but shall not be limited to, monetary fines proportionate to the degree of non-compliance, imposition of corrective action plans, restrictions on certain banking privileges, or other regulatory sanctions consistent with the supervisory powers of the BSP.

SECTION 11. *Capacity Building and Support Services.* The Department of Agriculture (DA) , in coordination with the Department of Agrarian Reform (DAR), Department of Trade and Industry (DTI), Technical Education and Skills Development Authority (TESDA), and Local Government Units (LGUs), shall provide comprehensive support services to beneficiaries under this Act.

Support services shall include technical assistance on farm and fishery productivity, financial literacy and loan management, enterprise development, value chain integration, climate-resilient practices, and digital financial inclusion. The DA shall likewise facilitate linkages between beneficiaries and markets, cooperatives, and support institutions to enhance the productive use of credit and improve repayment capacity.

Financial institutions are encouraged to complement these efforts by providing borrower education, advisory services, and monitoring support to ensure responsible credit utilization and reduce default risks.

SECTION 12. *Monitoring and Evaluation.* – The BSP, in coordination with the DA and DOF, shall establish a monitoring and evaluation system to track compliance, loan performance, and impact on beneficiaries. An annual report shall be submitted to Congress.

SECTION 13. *Funding.* – The initial funding for the Agri Credit Guarantee Fund shall be sourced from the General Appropriations Act of Department of Agriculture (DA) and/or the Department of Finance (DOF).

SECTION 14. *Implementing Rules and Regulations (IRR).* – Within ninety (90) days from the effectivity of this Act, the Bangko Sentral of Philippines (BSP), in coordination with Department of Finance (DOF) and Department of Agriculture (DA), shall promulgate the necessary rules and regulations.

SECTION 15. *Separability Clause.* – If any provision of this Act is declared unconstitutional, the remaining provisions shall remain in full force and effect.

SECTION 16. *Repealing Clause.* – All laws, decrees, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,