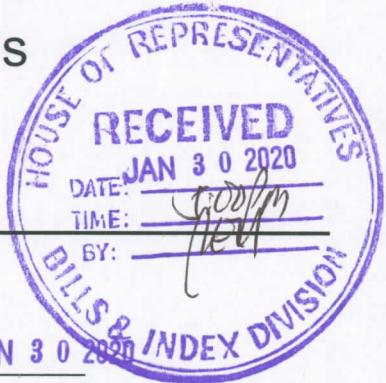


# House of Representatives

Quezon City  
EIGHTEENTH CONGRESS  
First Regular Session



COMMITTEE REPORT No. 210

Submitted by the Committee on Banks and Financial Intermediaries on JAN 30 2020

**6134**

Re: House Bill No. \_\_\_\_\_

Recommending its approval in substitution of House Bill No. 5681

Sponsor: Representatives Junie E. Cua, Tiangco, John Reynald M., Padiernos, Jose Gay G., Singson Jr., Jose "Bonito" C., Paduano, Joseph Stephen "Caraps" S., Macnell M. Lusotan, Alfredo A. Garbin Jr., and Henry S. Oaminal.

Mr. Speaker:

The Committee on Banks and Financial Intermediaries to which was referred House Bill 5681, introduced by Representative Junie E. Cua, entitled:

"AN ACT  
MANDATING BANKING INSTITUTIONS TO STRENGTHEN THE FINANCING SYSTEM  
FOR AGRICULTURAL, FISHERIES AND RURAL DEVELOPMENT  
IN THE PHILIPPINES"

**6134**

has considered the same and hereby recommends the approval of House Bill \_\_\_\_\_ entitled:

"AN ACT  
MANDATING BANKING INSTITUTIONS TO STRENGTHEN THE FINANCING SYSTEM  
FOR AGRICULTURAL, FISHERIES AND RURAL DEVELOPMENT  
IN THE PHILIPPINES"

in substitution of House Bill 5681, with Representatives Cua, Junie E; Tiangco, John Reynald M., Padiernos, Jose Gay G., Singson Jr., Jose "Bonito" C., and Paduano, Joseph Stephen "Caraps" S., Lusotan, Macnell M., Garbin Jr., Alfredo A., and Oaminal, Henry S., as authors thereof.

Respectfully submitted,



JUNIE E. CUA  
Chairperson

THE SPEAKER  
HOUSE OF REPRESENTATIVES

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

Congress  
First Regular Session

6134  
House Bill No. \_\_\_\_\_

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Introduced by Representatives Junie E. Cua, John Reynald M. Tiangco, Joseph Stephen "Caraps" S. Paduano, Jose Gay G. Padiernos, Jose "Bonito" C. Singson, Jr., Macnell M. Lusotan, Alfredo A. Garbin, Jr., and Henry S. Oaminal.

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

AN ACT  
MANDATING BANKING INSTITUTIONS  
TO STRENGTHEN THE FINANCING SYSTEM  
FOR AGRICULTURAL, FISHERIES AND RURAL DEVELOPMENT  
IN THE PHILIPPINES

ARTICLE I  
GENERAL PROVISIONS

1 SECTION 1. *Short Title.* – This Act shall be known as the "Rural Agricultural and  
2 Fisheries Development Financing System Act".

3 SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to  
4 promote inclusive and broad-based economic growth by ensuring equal access to  
5 opportunities under an environment of sustained growth and expanding productivity as the  
6 key to raising the quality of life for all. Towards this end, the State shall promote rural  
7 development by enhancing access of rural communities and agricultural and fisheries  
8 households to financial services and programs that increase productivity, enhance market  
9 efficiency, promote modernization and improve the welfare and economic prospects of  
10 beneficiaries in rural communities through active participation of banking institutions.

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

12 (a) *Agrarian Reform Beneficiary* (ARB) refers to a farmer who was granted land  
13 under Presidential Decree No. 27, the Comprehensive Agrarian Reform Law and Republic  
14 Act No. 9700 or the "Comprehensive Agrarian Reform Extension with Reforms" and a  
15 regular farm worker who is landless, irrespective of tenurial arrangement, who benefited from  
16 the redistribution of land, regardless of crops or fruits produced, to include the totality of  
17 factors and support services designed to lift the economic status of the beneficiary and all  
18 other alternative arrangements to the physical distribution of lands, such as production or  
19 profit sharing, labor administration, and the distribution of shares of stock which will allow  
20 the beneficiary to receive a just share of the fruits of the lands one works. The term shall  
21 also include registered agrarian reform beneficiaries' cooperatives/associations/other farm

1 groups, respectively endorsed as comprising of agrarian reform beneficiaries by the nearest  
2 office of the DAR, as well as ARB households.

3 (b) *Agrarian Reform Community* (ARC) refers to a barangay or a cluster of barangays  
4 primarily composed and managed by agrarian reform beneficiaries which is organized and  
5 willing to undertake the integrated development of an area and/or their  
6 organizations/cooperatives;

7 (c) *Agri-Business* refers to agriculture and fishery-related activities that put farmers,  
8 fisherfolk processors, distributors, and consumers within a system that produces, processes,  
9 transports, markets, and distributes agricultural and fishery products. It encompasses input  
10 production, farm and fishery operations and management, equipment and supplies  
11 manufacturing, food/non-food processing, trading, and retailing;

12 (d) *Agri-Tourism*, also referred to as “Farm Tourism” under Republic Act No. 10816,  
13 or the “Farm Tourism Development Act of 2016”, refers to the practice of attracting visitors  
14 and tourists to farm areas for production, educational and recreational purposes. It involves  
15 any agricultural- or fishery-based operation or activity that brings to a duly-accredited farm  
16 tourism camp, visitors, tourists, farmers and fisherfolk who want to be educated and trained  
17 on farming and its related activities;

18 (e) *Agricultural lessee* refers to any person who, with or without help from one's  
19 immediate farm household, cultivates the land owned by another for a certain price in money,  
20 in produce, or in both;

21 (f) *Agricultural or fisheries household* refers to a household with at least one member  
22 of the household who is a farmer, a fisherman, an agrarian reform beneficiary, a settler, an  
23 agricultural lessee, an amortizing owner, a farmworker, a fishworker, an owner-cultivator, a  
24 compact farmer, or a tenant farmer;

25 (g) *Agricultural value chain* (AVC) refers to a set of actors/players, such as *farmers*,  
26 *fisherfolk*, traders, suppliers, processors, and aggregators, who make up the linked sequence  
27 of value-adding activities undergone by an agricultural product when converted from raw  
28 material to the final form it is presented to the consumers;

29 (h) *Agricultural value chain financing* (AVCF) refers to the financial products and  
30 services made available to an AVC following the appropriate evaluation the AVC's  
31 composition, goal, size and capacity;

32 (i) *Agro-Industry Modernization Credit and Financing Program* (AMCFP) refers to  
33 the umbrella credit/financing program of the government for the agriculture and fisheries  
34 sector created under Republic Act No. 8435, or the “Agriculture and Fisheries Modernization  
35 Act of 1992”;

36 (j) *Amortizing owners* refer to landowners who amortize payment for the land to a  
37 private individual or to the State;

38 (k) *Compact farmers* refer to those farmers with adjoining farms operating as a single  
39 unit under one management, farm plan and budget.

40 (l) *Farmer* refers to a natural person whose primary livelihood is the cultivation of  
41 land or the production of agricultural crops, agroforest products, or livestock, either by

1 oneself, or primarily with the assistance of their immediate farm household, whether the land  
2 is owned by them or by another person under a leasehold or share tenancy agreement or  
3 arrangement with the owner thereof;

4 (m) *Farmworker* refers to a natural person who renders service for value as an  
5 employee or laborer in an agricultural enterprise or farm regardless of whether the  
6 compensation is paid on a daily, weekly, monthly or "pakyaw" or contracted project. The  
7 term includes an individual whose work has ceased as a consequence of, or in connection  
8 with, a pending agrarian dispute who has not obtained a substantially equivalent and regular  
9 farm employment.

10 (n) *Farmers' cooperatives* refer to organizations composed primarily of small  
11 agricultural producers, farmers, farmworkers, or other agrarian reform beneficiaries who  
12 voluntarily organize themselves for the purpose of pooling land, manpower, technological,  
13 financial or other economic resources, and operate on the principle of "one member, one  
14 vote". A juridical person may be a member of a cooperative, with the same rights and duties  
15 as a natural person.

16 (o) *Farmers and fisherfolk organizations or associations* refer to farming or fishing  
17 cooperatives, associations or corporations duly registered with the appropriate government  
18 agencies and which are composed primarily of small agricultural producers, farmers,  
19 farmworkers, agrarian reform beneficiaries, and fisherfolk who voluntarily join together to  
20 form business enterprises or non-business organizations which they themselves own, control  
21 and patronize;

22 (p) *Farm-to-market road* refers to a road linking the agriculture and fisheries  
23 production sites, coastal landing point and post-harvest facility to the market and an arterial  
24 road or highway;

25 (q) *Financial services* refer to services extended by banks and financial institutions  
26 such as credit/lending, deposits, rediscounting, and insurance;

27 (r) *Fisherfolk* refers to people directly or personally and physically engaged in  
28 catching and processing fishery and/or aquatic resources, and in fish farming or aquaculture  
29 whether the fish specie is grown in tanks, fishponds or other types of enclosures;

30 (s) *Fishworker* refers to a person whether or not regularly employed in commercial  
31 fishing and related industries, whose income is either from wages, profit sharing or stratified  
32 sharing basis, including those working in fishpens, fish corral/traps, fishponds, prawn farms,  
33 sea farms, salt beds, fish ports, fishing boat or trawlers, or fish processing and/or packing  
34 plants, but excluding administrators, security guards and overseers;

35 (t) *Green finance* refers to financial services and products designed to promote the  
36 flow of finance towards green economic activities and projects. Aside from financing to  
37 promote climate change adaptation and mitigation, green finance also covers environmental  
38 and efficiency improvements in natural capital preservation and resource mobilization;

39 (u) *Micro, small and medium enterprise* (MSME) refers to any business activity or  
40 enterprise defined as such under existing laws;

41 (v) *Newly-established bank* refers to a domestic or foreign bank without banking  
42 presence in the Philippines prior to the issuance of its certificate of authority to operate. It

1 shall not include banks that have been formed through the acquisition, purchase of ownership  
2 of the voting stock of an existing domestic bank or the merger or consolidation of banks;

(w) *Owner-cultivators* refer to natural persons who own lands by purchase, inheritance, or land distribution by the State. Owner-cultivators can operate the farm themselves, supervise wage labor or delegate operations to farmers;

(x) Post-harvest activities refer to threshing, drying, milling, grading, storing, and handling of produce and such other activities of a similar nature such as stripping, winnowing, chipping and washing.

(y) Post-harvest facilities refer to threshers, moisture meters, dryers, weighing scales, milling equipment, fish ports, fish landings, ice plants and cold storage facilities, processing plants, warehouses, buying stations, market infrastructure and transportation facilities, and such other facilities supporting post-harvest activities.

(z) *Public rural infrastructure* refers to infrastructure in rural communities such as highways, streets, bridges, tunnels, railways, railroad, transport systems, ports, airports, hydropower projects, canals, dams, irrigation, government buildings and housing projects, public schools, public hospitals, public health centers, public markets, slaughterhouses, warehouses, solid waste management, sewerage, flood control, drainage, dredging and other similar infrastructure projects;

19 (aa) *Rural community* refers to an area that is defined as such by the Philippine  
20 Statistics Authority (PSA);

(bb) *Rural financial institution* (RFI) refers to any financial institution established and is operating in a rural community.

(cc) *Settlers* refer to persons who range from the forest-clearing pioneers, including indigenous people, with a subsistence economy to the better equipped and more experienced farmers;

(dd) *Tenant farmer* refers to one who cultivates another's land under a sharing or leasehold agreement.

## ARTICLE II

### AGRICULTURAL FISHERIES AND RURAL DEVELOPMENT FINANCING SYSTEM

**SEC. 4. Agriculture, Fisheries and Rural Development Financing System.** – There shall be an agricultural, fisheries and rural development financing system to improve the welfare, competitiveness, income and productivity of the members of a rural community particularly the farmers, fisherfolk, agrarian reform beneficiaries, agrarian reform communities, settlers, agricultural lessees, amortizing owners, farmworkers, fishworkers, owner-cultivators, compact farmers, tenant farmers, and members of their households and their MSMEs, as well as farmers and fisherfolk cooperatives, organizations and associations, through government and private banking institutions.

39 Agricultural, fisheries and rural development financing, as used herein, shall consist  
40 of loans, investments and grants to finance activities that shall enhance productivity and

1 increase income of an agricultural and fisheries household, thereby promoting agricultural  
2 sector productivity and competitiveness, as well as the sustainable development of rural  
3 communities. These shall include the activities identified under the AMCFP as enumerated  
4 under Chapter 3, Section 23 of Republic Act No. 8435, off-farm/fishery activities,  
5 agricultural mechanization/ modernization, agri-tourism, green finance projects, acquisition  
6 of lands authorized under the Agrarian Reform Code of the Philippines and its amendments,  
7 efficient and effective marketing, processing, distribution and storage of agricultural and  
8 fishery commodities, public rural infrastructure, as well as programs that shall address the  
9 developmental needs of rural communities, such as projects that promote the livelihood, skills  
10 enhancement, and other capacity-building activities of the rural community beneficiaries and  
11 all other activities consistent or analogous to the foregoing, as may be determined by the  
12 Agricultural and Fisheries Finance and Capacity-Building Council (AFFCC), as created  
13 under Article III of this Act.

14 SEC. 5. *Rural Community Beneficiaries of the Development Financing System.* – The  
15 financing system mentioned in the preceding section shall be extended to cooperatives,  
16 associations, MSMEs or organizations in good standing of such beneficiaries located in rural  
17 communities, regardless of capitalization based on the feasibility of the project and their  
18 paying capacity, their estimated production, and/or securities they can provide as well as such  
19 assets as may be acquired by them from the proceeds of the loan, investments and grants.

20 SEC. 6. *Credit Quota.* – All banking institutions, whether government or private,  
21 except newly-established banks for a period of five (5) years from the date of commencement  
22 of the banks' operations, shall set aside a credit quota, or a minimum mandatory agricultural  
23 and fisheries financing requirement of at least twenty-five percent (25%) of their total  
24 loanable funds.

25 The total loanable funds generated by a banking institution shall be defined by the  
26 *Banco Sentral Ng Pilipinas* (BSP). During the first year of the effectivity of this Act, the  
27 total loanable funds generated shall be computed starting from 20 April 2010, the effectivity  
28 of Republic Act No. 10000, or the "Agri-Agra Reform Credit Act of 2009", after which the  
29 bank's total loanable funds shall be determined based on funds generated starting from the  
30 second year of effectivity of this Act.

31 SEC. 7. *Modes of Compliance With the Mandatory Credit to Agri-Agra Beneficiaries.*  
32 - Banks may comply with the mandatory credit requirement by lending to rural community  
33 beneficiaries to finance agricultural and fishery-related activities identified under the AMCFP  
34 as enumerated under Chapter 3 Section 23 of Republic Act No. 8435, off-farm/fishery  
35 activities, agricultural mechanization/modernization, agri-tourism, green finance projects,  
36 marketing, processing, distribution and storage of agricultural and fishery commodities,  
37 livelihood projects, skills enhancement or capacity-building programs.

38 Banks may also comply with the mandatory financing requirement through other  
39 means as follows:

40 (a) Investing in debt securities, including those issued by the *Development Bank of*  
41 *the Philippines* (DBP) and the *Land Bank of the Philippines* (LBP): *Provided*,  
42 That the proceeds from said debt securities shall be used to finance activities  
43 under Section 4 hereof: *Provided, further*, That the proceeds from debt securities  
44 issued by the DBP and the LBP shall be separately accounted for and shall not be  
45 considered for purposes of computing the loanable funds of the said banks as  
46 described in Section 6 hereof;

- 1  
2       (b) Opening deposit accounts with rural financial institutions: *Provided*, That the  
3           deposit accounts shall be separately accounted for by the depository bank and  
4           shall not be considered for purposes of computing the loanable funds of the said  
5           banks as described in Section 6 hereof;
- 6       (c) Rediscounting with banks eligible paper covering agriculture, fisheries and  
7           agrarian reform credits: *Provided*, That a rediscounted paper shall no longer be  
8           eligible as compliance on the part of the originating bank;
- 9       (d) Investing directly in shares of stock of rural financial institutions, subject to  
10          prevailing laws, rules or regulations or lend wholesale to rural financial  
11          institutions: *Provided*, That the wholesale loans shall be credited as compliance of  
12          the bank acting as wholesale lender alone;
- 13       (e) Lending for the construction and upgrading of infrastructure, including farm-to-  
14           market roads, as well as the provision of post-harvest facilities and other public  
15           rural infrastructure that will benefit the agriculture, fisheries and agrarian reform  
16           sector;
- 17       (f) Lending to agri-business enterprises that maintain agricultural commodity supply-  
18           chain arrangements directly with rural community beneficiaries;
- 19       (g) Undertaking agricultural value chain financing to actors or players in the AVC  
20           that benefits rural communities; and
- 21       (h) Investing in shares of stock of the Philippine Crop Insurance Corporation or in  
22           companies that primarily engage in activities under Section 4 hereof that benefit  
23           rural community beneficiaries:

24       *Provided*, That, the loans and investments that are counted as compliance are not funded by  
25          proceeds from the issuance of debt securities, and/or lending of other banks that have been  
26          counted as compliance with the mandatory credit: *Provided, further*, That loans to finance  
27          activities that shall generally benefit agrarian reform beneficiaries, agrarian reform  
28          communities, or other priority sectors, as may be determined by the AFFCC, shall be counted  
29          at not more than ten (10) times their outstanding amount, or as otherwise prescribed by the  
30          BSP, for purposes of determining compliance with the mandatory agricultural and fisheries  
31          financing requirement.

32       The modes of compliance provided herein shall be subject to review by the AFFCC  
33          once implemented to determine whether or not these are adequate to support the financing  
34          requirements of rural communities and to gather the data to form the basis of  
35          recommendations for remedial legislation, if necessary.

36       SEC. 8. *Penalty Clause.* – The BSP shall impose administrative sanctions and other  
37          penalties on the lending institutions for violation of any of the provisions of this Act.  
38          Penalties on non-compliance or under-compliance with the mandatory agricultural and  
39          fisheries financing requirement shall be computed at one-half of one percent (0.5%) of non-  
40          compliance or under-compliance, or at rates prescribed by the BSP Monetary Board. Upon  
41          collection of the penalties, the BSP shall remit the same to the AFFCC for deposit to the  
42          Special Fund created under Article IV of this Act. Ten percent (10%) of the penalties  
43          collected shall be retained by the BSP to cover administrative expenses.

### ARTICLE III AGRICULTURAL AND FISHERIES FINANCE AND CAPACITY BUILDING COUNCIL (AFFCC)

**SEC. 9. Agricultural And Fisheries Finance and Capacity-Building Council (AFFCC).** — There shall be created an Agricultural and Fisheries Finance and Capacity-Building Council (AFFCC) which shall be composed of the heads, or their designated representatives, of the following agencies: the Department of Agriculture (DA), as Chair; the Bangko Sentral ng Pilipinas (BSP); the Department of Agrarian Reform (DAR); the Department of Trade and Industry (DTI); the Cooperative Development Authority (CDA); the Land Bank of the Philippines (LBP); the Development Bank of the Philippines (DBP); and nine (9) representatives from the private sector as members, one of whom shall be appointed as Vice-Chair. The private sector representatives shall include the heads or the designated representatives of: the Bankers Association of the Philippines (BAP), as Vice-Chair; the Rural Bankers Association of the Philippines (RBAP); the Chamber of Thrift Banks (CTB); the Cooperative Banks Federation of the Philippines (BANGKOOP); the Microfinance Council of the Philippines, Inc. (MCPI); the Philippine Chamber of Commerce and Industry (PCCI); and a representative each from the cooperative sector, the farmers, and the fisherfolk sector.

19 SEC. 10. *Powers, Duties and Functions of the AFFCC.* — The AFFCC shall have the  
20 following powers, duties, and functions:

- a) to set the target amount for the Special Fund to meet the organizational- and capacity-building requirements of cooperatives and other duly-registered organizations of rural agricultural and fisheries households over a period of ten (10) years;
  - b) to determine the annual requirement of the Special Fund;
  - c) to identify eligible recipients of the Special Fund;
  - d) to identify eligible agricultural- and fishery-related activities and capacity building programs that may be financed by the Special Fund;
  - e) to ensure the effective implementation and programs financed by the special fund and, for this purpose, to employ or outsource resources and expertise from the banking industry that can provide project coordination and fund management services;
  - f) to periodically assess the adequacy of the fund capital in financing the capacity-building requirements of rural cooperatives and other duly-registered organizations of rural agricultural and fisheries households; and
  - g) to ensure compliance with the reporting, monitoring, evaluation and audit requirements of the Special Fund and activities financed.

## ARTICLE IV

### AGRICULTURE MANAGEMENT CAPACITY AND INSTITUTION-BUILDING FUND

41 SEC. 11. There shall be created a special fund to be known as the Agribusiness  
42 Management Capacity And Institution-Building Fund, hereinafter referred to as the Special  
43 Fund, to finance agricultural- and fishery-related activities as well as organizational-,  
44 capacity- and institution-building programs of cooperatives and other duly-registered  
45 organizations of rural agricultural and fisheries households. The AFFCC shall ensure that the  
46 special fund is sufficient for the effective implementation of the aforementioned activities and

1 programs. For this purpose, banks may comply with the mandatory credit requirement by  
2 providing contributions to the special fund.

3 SEC. 12. The initial amount of the Special Fund shall be at least be Ten billion pesos  
4 (P10,000,000,000.00) and shall include penalties due from banks on their non-compliance or  
5 under-compliance with the mandatory Agri-Agra credit requirement under Republic Act No.  
6 10000, collected after the effectivity of this Act, net of the ten (10) percent amount to be  
7 retained by the BSP. In case of a shortfall, the banks shall advance a maximum amount of  
8 Two billion pesos (P2,000,000,000.00), which shall be chargeable against future penalties  
9 under this Act, and shall not be considered as a mode of compliance under Section 11 hereof.

10 SEC 13. Banks, duly-registered training and capacity-building organizations,  
11 cooperatives and other duly-registered organizations that support rural agricultural and  
12 fisheries households may apply with the AFFCC for funding for their capacity and  
13 institution-building programs and activities.

**14** SEC. 14. *Audit.* – The Special Fund shall be audited by the Commission on Audit  
**15** (COA) in accordance with existing auditing laws, rules and regulations.

## ARTICLE V MISCELLANEOUS PROVISIONS

**18 SEC. 15. Oversight Committee.** – There shall be an oversight committee over the

**19 implementation of this Act composed of the following:** the Chairperson of the Committee on

**20 Banks and Financial Intermediaries of the House of Representatives, Chairperson of the**

**21 Committee on Banks, Financial Institutions and Currencies of the Senate, a representative**

**22 from the Office of the President and a representative from the Commission on Audit (COA).**

23 SEC. 16. *Annual Reports.* – The BSP shall furnish reports on the compliance with the  
24 mandatory agricultural and fisheries financing requirement to the Congress of the Philippines  
25 on a yearly basis. The BSP shall, as part of its regulatory functions, monitor the compliance  
26 by banks with the requirements of this Act.

*SEC. 17. Duration of the Effectivity of the Credit Quota & Special Fund for Capability Building Program.* - The provisions related to the mandatory credit quota under Article II as well as the management and administration of the Special Fund under Article IV hereof shall cease to have effect ten (10) years from approval of this Act.

*SEC. 18. Implementing Rules and Regulations.* – The BSP shall promulgate such rules and regulations as may be necessary to implement the provisions of this Act within ninety (90) days after effectivity of this Act.

34 SEC. 19. *Separability Clause.* – If any part, section or provision of this Act is held  
35 invalid or unconstitutional, other provisions not affected thereby shall remain in force and  
36 effect.

37 SEC. 20. *Repealing Clause.* –The provisions of Republic Act No. 10000, Executive  
38 Order No. 113 and any other laws, presidential decrees, executive orders, rules and  
39 regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed  
40 or modified accordingly.

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

3           Approved.

## FACT SHEET

6134

### House Bill No. 5681

(As Approved by the Committee on Banks And Financial Intermediaries  
on 18 December 2019 and 27 January 2020)

## **"AN ACT MANDATING BANKING INSTITUTIONS TO STRENGTHEN THE FINANCING SYSTEM FOR AGRICULTURAL AND RURAL DEVELOPMENT IN THE PHILIPPINES"**

*Introduced by: REPRESENTATIVE JUNIE E.CUA*

*Committee Referral: COMMITTEE ON BANKS AND FINANCIAL INTERMEDIARIES*

*Chairperson: REPRESENTATIVE JUNIE E. CUA*

### **OBJECTIVES:**

- To promote rural development by enhancing access to financial services and programs of agriculture and fisherfolk communities and their households to increase productivity, enhance market efficiency, promote modernization, and improve the welfare and economic prospects of rural communities through the active participation of banking institutions in partnership with the government.
- To promote inclusive and broad-based economic growth by ensuring equal access to opportunities under an environment of sustained growth and expanding productivity as the key to raising the quality of life for all.

### **KEY PROVISIONS:**

- Establishes an enhanced financing system that would provide financial services and support in the form of loans, grants and investments to qualified Agri-Agra beneficiaries, as well as their organizations and households, in order to improve their welfare, competitiveness, income and productivity, and of rural communities at large.

- Expands the modes of alternative compliance under the Agri-Agra Reform Credit Act of 2009 (R.A. 10000) to include, among others, off-farm/fishery undertakings, agricultural mechanization, agri-tourism, green finance, the marketing, processing, distribution and storage of agricultural and fishery commodities (agricultural value chain), livelihood projects, and skills enhancement or capacity-building programs.
- Creates a Special Fund to finance well-defined agriculture-related activities and the organization and capacity/institution building of farmers and fisherfolk cooperatives and organizations, to which banks are mandated to contribute up to P2 billion chargeable to future penalties.
- Establishes the Agricultural Agricultural and Fisheries Finance and Capacity-Building Council (AFFCC) composed of private and public sector representatives and tasked with, among others, the setting up and management of the Special Fund, identification of projects or programs and eligible beneficiaries, and determination of annual funding requirements.
- Provides for a sunset provision stipulating that the mandatory credit requirement under RA 10000 as well as the Special Fund hereby created shall cease to have effect ten (10) years from the approval of the law.

#### **RELATED LAWS:**

RA 10000 (Agri-Agra Reform Credit Act of 2009)  
RA 8435 (Agriculture and Fisheries Modernization Act of 1997)  
RA 6657 (Comprehensive Agrarian Reform Law of 1988)  
RA 9520 (Philippine Cooperative Code of 2008)