



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



EIGHTEENTH CONGRESS  
First Regular Session

H. B. No. 4172

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Introduced by Representative TEODORICO "NONONG" T. HARESCO, JR.

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AN ACT  
MANDATING THE LAND BANK OF THE PHILIPPINES TO PRIORITIZE THE  
AGRICULTURAL AND FISHERIES SECTOR IN THE GRANT OF LOANS, AMENDING  
FOR THE PURPOSE REPUBLIC ACT NUMBER 3844, AS AMENDED, AND FOR OTHER  
PURPOSES

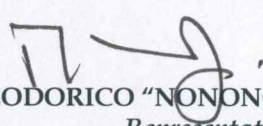
EXPLANATORY NOTE

Republic Act 3844, otherwise known as the Agricultural Land Reform Code, created the Land Bank of the Philippines (LBP), primarily to finance the acquisition and distribution of agricultural estates for division and resale to small landholders as well as the purchase of the landholding by the agricultural lessee. Over the years, LBP expanded and has now become one of the top five commercial banks in the country in terms of deposits, assets and loans.

During President Rodrigo Roa Duterte's 4<sup>th</sup> State of the Nation Address (SONA), the President call out the LBP and instructed the bank to prioritize giving loans to the agriculture sector. Credit has been the biggest problem of our famers where only two percent (2%) of loanable funds go to them.

In 2017, Land Bank, which is the country's agriculture bank, lent P62.5 billion to small farmers and fisherfolk and P84.8 billion to agri-agra businesses. However, this is only 22 percent of Land Bank's P674.5B in loans.<sup>1</sup> This bill seeks to amend the LBP Charter by prioritizing the agriculture and fisheries sector and putting a threshold limit to the amount of loans that the LBP may grant to the other sectors. This is to uphold the original mandate of Landbank which is to assist the agriculture sector.

Wherefore, the immediate passage of this bill is earnestly sought.

  
HON. TEODORICO "NONONG" T. HARESCO, JR.  
Representative  
2<sup>nd</sup> District, Province of Aklan

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<sup>1</sup> [business.inquirer.net/275470/2019-sona-good-for-agriculture](http://business.inquirer.net/275470/2019-sona-good-for-agriculture)



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

- 1 SECTION 1. Section 75, Chapter IV, of Republic Act No. 3844, as amended, is hereby  
2 further amended to read as follows:  
3  
4 "Section. 75. Powers in General. - The bank shall have the power:  
5  
6 "x x x;  
7  
8 "5. To grant short, medium, and long-term loans and advances against security of  
9 real estate and/or other acceptable assets for the establishment, development or  
10 expansion of agricultural, industrial, home building or home financing projects  
11 and other productive enterprises: PROVIDED, THAT, THE TOTAL AMOUNT  
12 OF LOANS GRANTED FOR PROGRAMS AND PROJECTS IN SECTORS  
13 OTHER THAN AGRICULTURAL AND FISHERIES SHALL NOT EXCEED  
14 TWNTY PERCENT (20%) OF THE BANK'S TOTAL LOAN PORTFOLIO.  
15  
16 "x x x"  
17  
18 SEC. 2. Validity of Existing Contracts, Agreements and Obligations. - Nothing in this  
19 Act, shall affect the validity or legality of any right, duty, or obligation created by or in  
20 respect of the Bank by virtue of its loan operations as a commercial bank prior to the  
21 effectivity of this Act. Any receivables pertaining to loans granted prior to the effectivity  
22 of this Act, which might be affected by this Act, shall be valid and enforceable upon the  
23 terms and conditions under which the loans were made, including the pledge of collateral  
24 against which they were issued, and all loans made and security or collateral therefore  
25 held by the bank shall remain enforceable according to the terms unless they may be  
26 lawfully terminated in accordance with this Act, nor shall this Act supersede the  
27 operation of any law protecting or preserving vested contractual rights or be construed  
28 to change the terms of any legal contract between the bank and any third party or to



1 impose any new conditions thereon, or to dispense with any condition expressed or  
2 authorized in any such contract entered into and taking effect prior to this Act.  
3

4 **SEC. 3. *Transition period.*** – The Land Bank of the Philippines shall have a period of ten  
5 (10) years from the effectivity of this Act to restructure its loan portfolio. The transition  
6 milestones shall be identified in the Implementing Rules and Regulations to be  
7 promulgated pursuant to Section 4 of this Act.  
8

9 **SEC. 4. *Implementing Rules and Regulations.*** – Within ninety (90) days from effectivity  
10 of this Act, the Department of Finance shall, in coordination with the Land Bank of the  
11 Philippines, promulgate the rules and regulations to effectively implement the provisions  
12 of this Act.  
13

14 **SEC. 5. *Separability Clause.*** – If any provisions of this Act or the application of such  
15 provision to any person or circumstances be declared unconstitutional, the remainder of  
16 this Act or the application of such provision to other person or circumstances shall not be  
17 affected by such declaration.  
18

19 **SEC. 6. *Repealing Clause.*** – All laws, decrees, proclamations, executive orders, rules and  
20 regulations or other issuances or parts thereof contrary to inconsistent with the  
21 provisions of this Act are hereby repealed, amended or modified accordingly.  
22

23 **SEC. 7. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the  
24 Official or in at least two (2) national newspapers of general circulation.  
25

26 *Approved,*