

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

**18<sup>th</sup> Congress**  
**First Regular Session**

House Bill No. 1976



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Introduced by **HON. RODRIGO A. ABELLANOSA**

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**EXPLANATORY NOTE**

Agriculture plays a significant role in the Philippine economy. Data from the Canadian International Development Agency-Philippines-Canada Local Government Support Program, about 40 percent of Filipino workers, it contributes an average of 20 percent to the Gross Domestic Product. This output comes mainly from agribusiness, which in turn accounts for about 70 percent of the total agricultural output.

Apart from its role in the economy, agriculture is the primary key in ensuring to food security. However, over the recent years, the country's agriculture sector has seen a decrease in productivity and high production costs. As it must be the policy of the State to provide support this sector, this bill seeks to consolidate existing agricultural credit programs for Micro, Small, and Medium Enterprises (MSMEs), thereby creating the *Farmers and Fisherfolk Quick Credit Program* (FFQCP), a lending facility which shall provide small farmers, fisherfolk and MSMEs in the agriculture and fisheries sectors direct, adequate, affordable, and timely credit for their farming and fishing activities.

Through the FFQCP, the government shall be able to guarantee a continued and systematic provision of agricultural support and an even distribution of resources that will hopefully translate into higher agricultural output.

In view of the evident need for renewed support for the MSMEs in the agricultural sector, passage of this Bill is earnestly sought.

A handwritten signature in black ink, appearing to read "Rodrigo A. Abellanos".

**RODRIGO A. ABELLANOSA**

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**AN ACT**  
**UNIFYING ALL EXISTING AGRICULTURAL CREDIT PROGRAMS FOR**  
**THE FARMERS, FISHERFOLD AND MICRO, SMALL AND MEDIUM**  
**ENTERPRISES (MSMEs) ENGAGED IN AGRICULTURE AND FISHERIES,**  
**CREATING THE FARMERS AND FISHERFOLD QUICK CREDIT**  
**PROGRAM, ESTABLISHING THE AGRICULTURAL CREDIT AUTHORITY**  
**OF THE PHILIPPINES (ACAP), AND PROVIDING FUNDS THEREFOR, IN**  
**ORDER TO PROMOTE THE DEVELOPMENT OF ENTREPRENEURSHIP IN**  
**THE AGRICULTURE AND FISHERIES SECTORS**

*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 “*Farmers, Fisherfolk and MSMEs Engaged in Agriculture/Fisheries Quick Credit Act of 2019.*”

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to increase agricultural productivity and food production in the countryside through the provision of adequate, affordable, and timely credit to small farmers and fisherfolk, including the micro, small, and medium enterprises engaged in agriculture and fisheries.

SEC. 3. *Definition of Terms.* - For purposes of this Act, the following terms are herein defined:

a) “Agricultural Sector” refers to the sector engaged in the cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry, or fish, including the harvesting and marketing of such farm products, and other farm activities and practices;

b) “Department” refers to the Department of Agriculture

c) “Fisheries Sector” refers to the sector engaged in the production, growing, harvesting, processing, marketing, developing, conserving, and managing of aquatic resources and fisheries areas;

d) "Small Farmers and Fisherfolk" refers to natural persons dependent on small-scale subsistence farming and fishing activities as their primary source of income. Small crop growers are actual tillers of agricultural land of not more than 3 hectares. Small fisherfolk includes (i) those who own or operate fishing boats and paraphernalia with a capacity of not more than 3 gross tons; (ii) those whose fishing activities are within 25-kilometer radius from the shoreline; (iii) owners or operators of not more than 5 hectares of fishpond; and (iv) workers of fishponds and fishing boats.

e) "Micro, Small, and Medium Enterprise (MSME) in agriculture-related business activities: refers to any business activity or enterprise engaged in agribusiness and/or services related to agriculture, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories: (i) Micro – not more than P3,000,000; (ii) Small – P3,000,001 to P15,000,000; (iii) Medium – P15,000,001 to P100,000,000.

SEC. 4. *Creation of the Farmers and Fisherfolk Quick Credit Program.* - A lending facility to be called the *Farmers and Fisherfolk Quick Credit Program* (FFQCP) is hereby created to provide small farmers, fisherfolk and MSMEs in the agriculture and fisheries sectors direct, adequate, affordable, and timely credit for their farming and fishing activities. FFQCP loan shall be provided with no collateral, at a low interest rate and with minimal documentary/identification requirements.

All existing agricultural credit programs, including the remaining loan funds from the terminated programs, shall be unified/consolidated into the FFQCP.

The FFQCP shall provide loans for the requirements for agricultural and fisheries production, processing and trading, working capital, other agricultural livelihood and agri-based enterprise projects of the small farmers and fisherfolk, cooperatives, farmers'/fisherfolk's organization, and MSMEs engaged in agriculture and fisheries.

The FFQCP shall provide grant/financing assistance for the relief and rehabilitation of small farmers, fishers and MSMEs engaged in agriculture/fisheries affected by calamities/fortuitous events. The FFQCP shall likewise provide grants and other subsidies for the education, institution capacity building activities, and training of small farmers, fisherfolk and MSMEs engaged in agriculture/fisheries, and their organizations on credit awareness, loan acquisition, loan repayment, and on financial literacy.

SEC. 5. *Termination of Agreements and Transfer of Resources.* - Upon the effectivity of this Act, all agreements providing for the administration and implementation of previously created agricultural credit programs which are herein being directed to be transferred to the FFQCP shall be deemed terminated, and all government agencies concerned and partner financial institutions, shall take steps, in no case later than three (3) months from effective date hereof, for the smooth and expeditious transfer to the FFQCP of said funds, as well as all assets and liabilities of such funds, and other resources.

Upon the transfer of the said funds to the FFQCP, the Secretary of DA shall assume all rights and obligations pertaining to the administration of the funds transferred to the FFQCP: *Provided*, That the termination of the various agreements shall not affect the obligations incurred by third parties, which obligations shall

continue to be in force and effect until such time that such obligations are fully liquidated.

Funds involved in foreign-assisted projects may be transferred to the FFQCP subject of negotiations with the respective foreign institutions concerned.

SEC. 6. *Revolving Fund of FFQCP.* - Php 50 Billion shall be initially appropriated for the use of the FFQCP. In addition, the remaining cash balance from the consolidated credit programs shall also form part of the FFQCP Fund. Collections from receivables under the consolidated/terminated/pre-terminated credit programs and sourced from the General Appropriations Act (GAA) for FFQCP shall accrue to the FFQCP Fund. Likewise, all interest earnings shall be reverted to the FFQCP fund. The FFQCP Fund shall be treated as a revolving fund and shall no longer pass through the budgetary process. The FFQCP Fund shall be kept and deposited in a designated authorized government depository bank.

SEC. 7. *Creation of the Agricultural Credit Authority of the Philippines (ACAP).* - The Agricultural Credit Authority of the Philippines (ACAP), is hereby referred to as the "ACAP", an agency to be governed by a Board, is hereby established to replace the Agricultural Credit Policy Council (ACPC), to administer and implement the *Farmers and Fisherfolk Quick Credit Program (FFQCP)*, a direct credit facility. The ACAP is authorized to lend directly to the small farmers, fisherfolk and MSMEs engaged in agriculture/fisheries and/or their organizations. The assets and other resources including the manpower complement of the ACPC shall be transferred to the ACAP.

SEC. 8. *Principal Office.* - The ACAP shall maintain its principal office in the Metro Manila area but it may establish branches or agencies within the Philippines as may be necessary for the proper conduct of its operations.

SEC. 9. *The ACAP Governing Board and Officers.* - The Governing Board shall be composed of: The Secretary, Department of Agriculture as Chairman; the Administrator, ACAP and the Secretary, Department of Agrarian Reform as Vice-Chairpersons; the Secretary, Department of Environment and Natural Resources; the Secretary, Department of Budget and Management; the Secretary, Department of Finance; one Farmer Sector Representative, and one Fisherfolk Sector Representative, as members.

The Governing Board shall appoint an Administrator of the ACAP. The Administrator shall implement the programs, projects and decisions of the Board.

SEC. 10. *Powers and Duties of the ACAP Governing Board.* - The Governing Board shall have the following powers and duties:

- A) To provide direction and formulate policies on the implementation of the FFQCP;
- B) To approve the annual budget of ACAP;
- C) To administer, direct, and manage the implementation of the policies of the Governing Board;
- D) To act on issues or concerns relative to the program implementation;
- E) To maintain a management information system on its clients consisting of farmers, fisherfolk and MSMEs engaged in agriculture/fisheries;
- F) To devise monitoring and evaluation system, including collection strategies, for the program;



G) To conduct information dissemination campaigns on the credit facility among farmers, fisherfolk and MSMEs engaged in agriculture/fisheries;

H) To conduct policy research studies, and other rural finance empowerment activities

I) To prepare the annual budget of ACAP;

J) To receive all reports and documents of all programs with agricultural credit and financing components;

K) To enter into, make and execute contracts of any kind as may be necessary or incidental to the attainment of ACAP and FFQCP's purposes and, generally, to exercise all the powers necessary to achieve the purposes and objectives for which ACAP is organized;

L) To undertake measures of increasing FFQCP fund base;

M) To establish the internal organization of the ACAP and fix the salaries and the remunerations, emoluments, allowances and other fringe benefits of its officers and employees, subject to the provisions of pertinent compensation law and regulations;

N) To establish or cause the establishment of branches or agencies, within the Philippines, whenever deemed necessary by the Board;

O) To create and establish, a "Provident Fund" which shall consist of contributions made both by the ACAP and its officers and employees to a common fund for the payment of retirement and other benefits to such officers and employees or their heirs under such terms and conditions as the Board may fix; and

P) To exercise such other powers as may be necessary and proper for the effective enforcement of this law and the implementing rules and regulations.

SEC. 12. *Agricultural Insurance Coverage.* - All FFQCP loans shall be covered by the Philippine Crop Insurance Corporation.

SEC. 13. *Use of Registry of Farmers, Fisherfolk and MSMEs Engaged in Agriculture/Fisheries.* -FFQCP loans shall only be provided to small farmers, fisherfolk and MSMEs engaged in agriculture/fisheries listed in an authorized census or registry by the government. The governance and updating of a registry system for farmers, fisherfolk and MSMEs engaged in agriculture/fisheries shall be the responsibility of the Department of Agriculture.

SEC. 14. *Annual Appropriation.* - The Department of Budget and Management (DBM) is hereby mandated to include annually, in the President's Program of expenditures for submission to Congress, and release, an amount proposed by the Department of Agriculture for the implementation of this Act. The DBM shall expedite the approval of the staffing pattern of the ACAP, not later than thirty (3) days from the effectivity of this Act.

SEC. 15. *Operating Fund of the ACAP.* - As operational funds, interest earnings of the FFQCP Fund shall be used to augment the operating budget of ACAP under the General Appropriations Act. Five percent (5%) of the interest earnings shall be set aside annually for institution capacity building activities to strengthen the small farmers, fisherfolk and MSMEs engaged in agriculture/fisheries, and their organizations.

SEC. 16. *Implementing Rules and Regulations.* - The Department of Agriculture shall, within ninety (90) days after the effectivity of this Act, prepare and issue the necessary policies, rules and regulations, and guidelines to implement this Act.

SEC. 17. *Automatic Review.* - Every five (5) years after the effectivity of this Act, an independent review panel, composed of experts to be appointed by the Secretary of the Department of Agriculture, shall review the policies and programs relevant this Act and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SEC. 18. *Penalty for Delinquent Borrowers.* - A farmer, fisherfolk or MSME engaged in agriculture/fisheries borrower or its organization that fails to pay the loan availed from the FFQCP after being given re-structuring or re-financing plans based on merit shall be blacklisted from the program.

SEC. 19. *Repealing Clause.* - All laws, decrees, executive issuance, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 20. *Separability Clause.* - The provisions of this Act are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

SEC. 21. *Effectivity.* - This Act shall take effect thirty (30) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,