



HOUSE OF REPRESENTATIVES

H. No. 2176

Introduced by Representative **Vilma Santos-Recto**
6th District of Batangas

AN ACT
PRIORITIZING THE AGRICULTURAL SECTOR IN THE GRANT OF LOANS BY THE
LAND BANK OF THE PHILIPPINES, AMENDING FOR THE PURPOSE REPUBLIC ACT
NUMBER THREE THOUSAND EIGHT HUNDRED FORTY-FOUR, AS AMENDED

Explanatory Note

The Land Bank of the Philippines (LBP) is a government financial institution that ranks among the top commercial banks in the Philippines in terms of deposits, assets, loans and capital. LBP's original intent was limited to financing the acquisition by the Government of land for distribution and resale to small landholders as well as the purchase of landholdings by agricultural lessees as provided for under Republic Act 3844 or the Agricultural Land Reform Code. Today, LBP is one of the formal credit institutions with the highest level of visibility in the countryside. From being the financing arm of the agrarian reform program, the LBP has since expanded into a full-service commercial bank.

In 2014, LBP recorded a P385.9 billion in gross loan portfolio. However, much of the bank's loan portfolio was offered to industries other than the agricultural sector. In the same year, 57.0% of the bank's loan portfolio was extended to public utilities, micro, small and medium enterprises (MSMEs), housing, transportation, education, communications, environment projects, healthcare and tourism, while another 14.1% was tendered to other sectors like local government units, government-owned or -controlled corporations (GOCCs)¹. This leaves only 28.9% of the bank's gross loan portfolio to support small farmers and fisherfolk and to bolster agribusiness, aqua-business and agriculture-related projects of private enterprises, local government units (LGUs) and GOCCs.

This bill proposes to amend the charter of the Land Bank of the Philippines (LBP), allowing it to focus on the provision of affordable credit to the agriculture sector where most poor Filipinos belong. It amends the LBP Charter by giving priority to the agriculture sector and putting a cap to the amount of loans the bank may grant for programs and projects in sectors other than agriculture. Such move will allow the agricultural sector, particularly the small farmers and fisherfolks to share in the responsibility and fruits of growth and development.

This bill seeks to restore the original intent for the creation of the Land Bank of the Philippines, which is to assist farmers and other agricultural workers, and to contribute to the fruition of agricultural development projects.

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


VILMA SANTOS-RECTO

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

1 **SECTION 1.** Section 75 of Republic Act No. 3844, as amended by Presidential Decree Number 251, is
2 hereby further amended to read as follows:

3 “Sec. 75. *Powers in General.* The bank shall have the power:

4 “x xx;

5 "5. To grant short, medium and long term loans and advances against security of
6 real estate and/or other acceptable assets for the establishment, development or
7 expansion of agricultural, industrial, home building or home financing projects and
8 other productive enterprises: **PROVIDED, THAT THE TOTAL AMOUNT OF LOANS**
9 **GRANTED FOR PROGRAMS AND PROJECTS IN SECTORS OTHER THAN**
10 **AGRICULTURE SHALL NOT EXCEED TWENTY PERCENT (20%) OF THE BANK'S**
11 **TOTAL LOAN PORTFOLIO.**

12 “x xx.”

13 **SEC. 2. *Savings Clause.*** – Nothing in this Act, shall affect the validity or legality of any right,
14 duty, or obligation created by or in respect of the Bank by virtue of its loan operations as a
15 commercial bank prior to this Act. Any receivables pertaining to loans granted prior to this Act,
16 which might be affected by this Act, shall be valid and enforceable upon the terms and conditions
17 under which the loans were made, including the pledge of collateral against which they were issued,
18 and all loans made and security or collateral therefore held by the bank shall remain enforceable
19 according to the terms unless they may be lawfully terminated in accordance with this Act, nor shall
20 this Act supersede the operation of any law protecting or preserving vested contractual rights or be
21 construed to change the terms of any legal contract between the bank and any third party or to impose
22 any new conditions thereon, or to dispense with any condition expressed or authorized in any such
23 contract entered into and taking effect prior to this Act.

1 **SEC. 3. *Separability Clause.*** – If any provision of this Act is held invalid or
2 unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.

3 **SEC. 4. *Repealing Clause.*** – Pertinent provisions of all other laws, decrees, executive
4 orders and rules and regulations contrary to or inconsistent with the provisions of this Act are
5 hereby repealed or modified accordingly.

6 **SEC. 5. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its publication
7 in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,