

PROVIDING AN AGRARIAN REFORM CREDIT AND FINANCING SYSTEM FOR AGRARIAN REFORM BENEFICIARIES THROUGH BANKING INSTITUTIONS.

PRESIDENTIAL DECREE NO. 717, May 29, 1975

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WHEREAS, it is a declared national policy to give first priority to measures for the adequate and timely financing of the Agrarian Reform Program;

WHEREAS, government and private banking institutions are in the best position to extend adequate agrarian reform credit to agrarian reform beneficiaries;

WHEREAS, there is a need of flexibility of government policy on agrarian reform credit and for a realistic approach to the credit needs of agrarian reform beneficiaries;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order to be part of the laws of the land the following:

SECTION 1. There shall be evolved an agrarian reform credit and financing system for the beneficiaries of agrarian reform, namely: tillers, tenant-farmers, settlers, agricultural lessees, amortizing owners, owner-cultivators, farmers cooperatives and compact farms, through government and private banking institutions.

Agrarian reform credit, as used herein, shall include production or other types of loans for acquisition of work animals, farm equipment and machinery, seeds, fertilizers, poultry, livestock, feeds and other similar items; acquisition of lands authorized under the Agrarian Reform Code of the Philippines and its amendments; construction and/or acquisition of facilities for production, processing, storage and marketing; and efficient and effective merchandising of agricultural commodities stored and/or processed by the facilities aforecited in domestic and foreign commerce.

SEC. 2. The credit mentioned in the next preceding Section may be extended to the beneficiaries named therein based on the feasibility of the project and their paying capacity, their estimated production, and/or securities they can provide as well as such assets as may be acquired by them from the proceeds of the loan.

SEC. 3. All banking institutions, whether government or private, shall set aside at least twenty-five per cent (25%) of their loanable funds for agricultural credit in general, of which at least ten per cent (10%) of the (loanable funds shall be made available for agrarian reform credit to beneficiaries mentioned in Section 1 hereof: Provided, however, that loanable funds as used in this Section shall refer to funds generated from the date of effectivity of this Decree; Provided, further, that the National Economic and Development Authority may increase or decrease such percentages whenever so recommended by the Department of Agrarian Reform and the Central Bank of the Philippines taking into consideration the magnitude of the credit needs of the beneficiaries of agrarian reform.

SEC. 4. The Central Bank of the Philippines, in consultation with and/or upon the recommendation of the Department of Agrarian Reform, shall promulgate such rules and regulations as may be necessary to implement the provisions of this Decree. Subject to such rules and regulations, banking institutions may be allowed to:

- Invest, in such government securities as may be declared eligible by the Central Bank of the Philippines, any portion of the amount set aside for agrarian reform credit not actually loaned out; Provided, however, that the issuing government entity shall stand ready to monetize, encash or repurchase such securities whenever funds are needed by the banks holding the said securities, for lending to the beneficiaries of agrarian reform; and
- Rediscount with the Central Bank of the Philippines eligible paper covering agrarian reform credits.

SEC. 5. All laws, decrees, rules and regulations, or parts thereof, as may be inconsistent herewith are hereby repealed or modified accordingly.

SEC. 6. This Decree shall take effect immediately.

Done in the City of Manila, this 29th day of May, in the year of Our Lord, nineteen hundred and seventy-five.

(Sgd.)

FERDINAND E. MARCOS

President

Republic of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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