

CREATING THE AGRARIAN REFORM FUND TO SUPPORT FINANCING REQUIREMENTS OF AGRARIAN REFORM PROVIDED IN PRESIDENTIAL DECREE NO. 27 AND FOR OTHER PURPOSES.

PRESIDENTIAL DECREE NO. 85, December 24, 1972

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WHEREAS, there is an imperative need for immediate implementation of agrarian reform provided in Presidential Decree No. 27, dated October 21, 1972;

WHEREAS, such implementation calls for timely and adequate financial support in all phases involved in the execution of desired agrarian reforms;

WHEREAS, there is need to mobilize and harness properly available resources to provide necessary funds for the realization of government agrarian reform;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, as Commander-in-Chief of the Armed Forces of the Philippines and pursuant to Proclamation No. 1081, dated September 21, 1972 and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree:

SECTION 1. Establishment of the Agrarian Reform Fund. — An Agrarian Reform Fund, hereinafter referred to as the "Fund," is hereby established to finance and/or guaranty the payment of farm lots acquired under Proclamation No. 27, dated October 21, 1972, and to extend agricultural credit support and the corresponding guarantee coverage to achieve a high level of production in land reform areas of the country.

The resources of the Fund shall be drawn from the following:

- Central Bank of the Philippines
 - a. Bonds in Portfolio
- Guarantee Funds
 - a. Agricultural Guarantee Fund
 - b. Agricultural Guarantee & Loan Fund
 - c. CB-Loan Guarantee Fund (Calamity Fund)
- Development Bank of the Philippines
 - a. Preferred shares in client corporations
 - b. Government-counterpart preferred stocks in rural banks
 - c. Preferred stocks in development banks
 - d. Acquired assets
 - e. Reparations Account Receivables
 - f. Other disposable assets

- Philippine National Bank
 - a. Acquired assets
- National Investment and Development Corporation
 - a. Acquired assets
- Government Service Insurance System
 - a. Acquired assets
- Land Bank
 - a. Shares of stock owned or controlled by the Government
- Agrarian Reform Special Account
 - a. Allocation for Agricultural Guarantee Fund and Land Bank
- Proceeds from foreign loans
- Social Security System
 - a. Acquired assets
- Other disposable assets of the Government as may be available for the land reform program.
- Other funds and resources provided by law.

The resources listed above shall be turned over to the Agrarian Reform Fund at such time, terms, prices and conditions as shall be agreed upon between the Agrarian Reform Fund Commission and the financial institution and government agencies concerned, payment to be made by the former to latter in Agrarian Reform Bonds issued pursuant to Section 5 of this Decree.

SEC. 2. Utilization of the Resources of the Fund. — All resources of the Fund shall be utilized for the attainment of the objectives of the Fund as follows:

(1) Financing of acquisition of lands under any of the following modes of settlement:

- Cash payment, subject to availability of funds, for small landholdings;
- Exchange arrangement for government stocks in government-owned or controlled corporations or private corporations where the Governmental as holdings;
- Payment through the establishment of annuities of pensions with guarantee against inflation and/or medical insurance;
- Full guaranty on the payment of the fifteen (15) equal annual amortizations to be made by the tenant-farmers; and
- Such other modes of settlement as may be adopted by the Agrarian Reform Fund Commission.

(2) Financing agricultural production and/or commodity loans through banking institutions and/or issuance of guarantee of losses up to eighty-five (85%) per cent of the amount of the production loan under such terms and conditions as the Agrarian Reform Fund Commission may prescribe.

SEC. 3. Administration of the Fund. — There is hereby created an Agrarian Reform Fund Commission, hereinafter referred to as the Commission, composed of the Secretary of Finance as Chairman and the Governor of the Central Bank of the Philippines and the Secretary of Agrarian Reform as members, which shall administer the Fund. In the event that the Chairman or any members of the Commission is unable to attend any meeting thereof he shall designate the next ranking official of the office or agency concerned to represent him in the meeting of the Commission.

Operational expenses of the Commission shall be advanced by the Central Bank of the Philippines until such time as the Fund generates income sufficient for the purpose. The Commission shall reimburse the Central Bank for its advances, including interests, if any, as soon as possible.

SEC. 4. Powers and Duties of the Commission. — The Commission shall have exclusive administration and control of the Fund, which shall include the authority to invest and dispose of the assets under its administration. For this purpose, it shall be empowered to promulgate such rules and regulations necessary for effective operations of the Fund and may execute acts or perform activities for the best interest of the Fund.

SEC. 5. Issuance of Bonds. — The Secretary of Finance shall, upon recommendation of the Commission and the Monetary Board of the Central Bank and with the approval of the President of the Philippines, issue bonds, debentures and other evidences of indebtedness for the account of the Fund at such terms, rates and conditions to be determined by the Commission. Such bonds and other obligations shall be secured by the assets of the Fund and shall be fully tax exempt both as to principal and income. Said income shall be paid to the landholders every six months from the date of issue.

These bonds and other obligations issued for the account of the Fund shall be direct obligations of the Government of the Republic of the Philippines and shall be redeemable at the option of the Commission at or prior to maturity, which, in no case shall exceed twenty-five (25) years.

SEC. 6. Reorganization of the Land Bank. — The Agrarian Reform Fund Commission, as holder of all the shares of the Land Bank owned or controlled by the Government, is hereby authorized, with the approval of the President of the Philippines, to reorganize the Land Bank, modify its operations and functions and exercise its powers and manage its property, the provisions of Republic Act No. 3844, as amended, notwithstanding.

SEC. 7. Tax Exemptions. — All assets and earnings of the Fund shall be exempt from all national, provincial, municipal and city taxes and assessments now in force and may hereinafter be imposed.

SEC. 8. Repeating Clause. — All laws, executive orders, rules and regulations or parts thereof inconsistent with this Decree are hereby repealed and/or modified accordingly.

SEC. 9. Effectivity. — This Decree shall take effect immediately.

Done in the City of Manila, this 24th day of December,' in the year of Our Lord, nineteen hundred and seventy-two.

(Sgd.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(Sgd.) ALEJANDRO MELCHOR

Executive Secretary

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