



Republic of the Philippines  
**OFFICE OF THE SECRETARY**  
Elliptical Road, Diliman 1100 Quezon City  
+63(2) 8928-8741 to 64 and +63(2) 8273-2474

## MEMORANDUM ORDER

No. 60

SERIES OF 2024

**SUBJECT: GUIDELINES ON THE SUSPENSION OF GRANT ASSISTANCE TO ALL BENEFICIARIES OF THE DEPARTMENT OF AGRICULTURE BANNER PROGRAMS WHO ARE DELINQUENT BORROWERS UNDER THE AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND CREDIT PROGRAM**

---

### I. RATIONALE

Over the past seven (7) years, the ACEF Credit Program is being implemented by Land Bank of the Philippines (LBP) by virtue of Republic Act (RA) No. 8178 as amended by RA Nos. 9496 and 10848 and its Implementing Rules and Regulations (IRR) per DA-LBP-CHED Joint Memorandum (JM) No. 1, Series of 2017, as amended in 2021. It has reported to the Agricultural Competitiveness Enhancement Fund (ACEF) Executive Committee (EXECOM), to ensure the attainment of the fund's objectives, the increasing number of delinquent loans under the program and proposed various measures to possibly address the matter. One of LBP's proposals is for this Department to consider the suspension of providing grant assistance to the beneficiaries of the various Department of Agriculture (DA) Banner Programs who are willfully not paying their loans under the said credit program until such time that said beneficiaries would have settled their loan obligations.

Pursuant to the authority of the Secretary, who oversees the Department's Banner Programs implementation and chaired the ACEF EXECOM, concurred with the proposal of the LBP and recommended to this Department the adoption of said proposed measure by virtue of ACEF EXECOM Resolution No. 2023-006. This resulted in the issuance of a memorandum from the Secretary dated 28 November 2023 directing all concerned DA offices to adopt the measure. These offices, however, requested the mechanics and procedures that will enable them to clearly and more effectively implement the directive. Hence, the issuance of this guidelines.

### II. SCOPE AND COVERAGE

This guidelines cover all beneficiaries of the DA Banner Programs (Rice, Corn, High Value Crops, Livestock, Fisheries, Organic Agriculture, Halal) who are delinquent loan borrowers under the ACEF Credit Program.

### III. DEFINITION OF TERMS

- A. DA Banner Programs** – refers to the priority programs of the Department that are focused on the development of the various agricultural and fisheries sectors implemented by the respective Program Offices on Rice, Corn, High Value Crops, Livestock, Fisheries, Organic Agriculture and Halal, to ensure food security, poverty alleviation and sustainable growth through increased farm and fishery productivity and efficiency.
- B. DA Banner Program Beneficiaries** – refers to individual farmers, fisherfolk, or cooperatives and associations receiving grant assistance from the DA Banner Programs.
- C. DA Banner Program Implementing Units** – refers to the offices/operating units particularly those under the DA Regional Field Offices (RFOs) charged with the implementation of the DA Banner Programs at the regional level.
- D. Delinquent Borrowers** - refers to borrowers under the ACEF Credit Program who have willfully defaulted on their loans.
- E. Grant Assistance** – refers to all forms of support and subsidies provided by the DA through its Banner Programs to individual farmers and fisherfolk and cooperatives and associations in the form of, among others, direct cash assistance and subsidy vouchers, agricultural and fishery inputs (i.e., seeds, fertilizers and other production inputs), crop insurance, and machinery/equipment/facilities.
- F. Loan Default** – refers to failure of the borrower to make loan payment/s on due date/s or pay less than the required amount for a certain period, as specified in the loan terms and conditions.
- G. Loan Settlement** - refers to the updating, restructuring or payment in full of loans in default.
- H. Willful Default on Loan** – refers to loan default plus failure of the borrower to proactively communicate with the LBP on his/her plan to address the loan in default in accordance with the terms of the loan agreement, and with the following events transpiring:
1. default in repayment of loan by the borrower a day after being served with two (2) collection letters; and
  2. default in repayment of loan borrower despite two (2) loan restructuring.

#### **IV. DUTIES AND RESPONSIBILITIES**

##### **A. DA Banner Program Implementing Units**

1. Defer the provision of grant assistance to program beneficiaries who are included in the list of delinquent borrowers under the ACEF Credit Program as furnished by the LBP primarily through its Lending Centers (LCs).
2. Upon receipt of the list of delinquent borrowers who have settled their loans in default under the ACEF Credit Program and cleared by the LBP, to proceed with the provision of grant assistance that have been previously deferred.
3. Coordinate closely with the ACEF Regional Coordinating Units (RCUs) in the execution of their duties and responsibilities as specified in the preceding as well as in dealing with issues/concerns that may arise in the course of executing said duties/responsibilities.

##### **B. ACEF Regional Coordinating Units (RCUs)**

1. Coordinate with the concerned LBP LCs in relation to the latter's submission on a monthly basis of the following:
  - a. The current/updated list of delinquent borrowers under the ACEF Credit Program, to include information on the nature/type of their respective loans; and
  - b. The list of delinquent borrowers cleared by the LBP for settling their loans in default under the ACEF Credit Program.
2. Forward to the DA Banner Program Implementing Units the above-mentioned lists as provided by the LBP LCs.
3. Conduct a revalidation and verification of the lists provided through proper coordination and collaboration with all concerned offices/agencies such as the concerned LBP LCs and Municipal Agriculture Offices (MAOs).
4. Provide support to all delinquent borrowers needing/seeking assistance in settling their loans in default under the ACEF Credit Program.
5. Report to and coordinate regularly with the ACEF Program Management Office (PMO) on issues/concerns that may be encountered by any of the concerned agencies/offices during the implementation of the guidelines herein, especially those that may need to be elevated to the ACEF Program Management Committee (PMC) and/or the ACEF EXECOM for resolution/decision.
6. Provide on a regular basis updates/status report to both the ACEF PMC/EXECOM through the ACEF PMO on all matters pertaining to the implementation of the guidelines herein.

### C. ACEF Program Management Office (PMO)

1. Act as the overall coordinator to ensure the smooth implementation of the guidelines herein.
2. Regularly coordinate and collaborate with the concerned offices in the LBP to ensure that the latter shall:
  - a. Provide on a monthly basis the lists of delinquent borrowers as specified in Section IV.B.1.a-b of this guidelines, both at the national and regional levels; and
  - b. Address issues/concerns that may be encountered by the concerned offices/agencies implementing this guidelines that are within the jurisdiction or mandate of the LBP.
3. Ensure that all issues/concerns raised and encountered in the implementation of this guidelines and requires ACEF PMC/EXECOM resolution/decision are properly documented and presented to these committees.

### V. EFFECT OF MEMBERSHIP OF A DELINQUENT BORROWER

The membership of a delinquent individual borrower in a cooperative or association do not disqualify the latter from receiving grant assistance from the DA Banner Programs and delinquency of the borrower cooperative or association do not affect any of its members to avail of the assistance provided by the DA Banner Programs.


### VI. LIFTING THE SUSPENSION OF ASSISTANCE

The suspension of grant assistance to concerned DA Banner Program beneficiaries who are delinquent borrowers under the ACEF Credit Program is immediately lifted once these beneficiaries' loans in default are settled as confirmed by the LBP through its LCs.

### VII. EFFECTIVITY CLAUSE

This guidelines shall take effect immediately.

Done this 20<sup>th</sup> day of DECEMBER, 2024.

  
**FRANCISCO P. TIU LAUREL JR.**  
Secretary



DA-CO-OSEC-MIO20241220-00031