

Rural Banks: Creating Greater Significance in Communities



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Significance of Rural Banks

- Catalysts for comprehensive rural development, channels of equitable distribution of opportunities, income and wealth, support for expanded productivity in rural communities (Tetangco, 2008)
- Key driver of agricultural development
- Bridge the gap in the flow of credit to the rural poor.

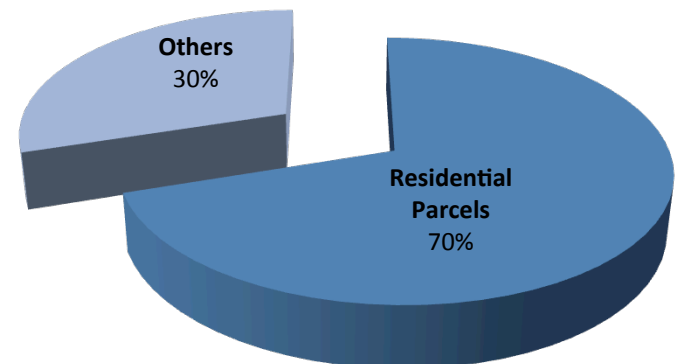
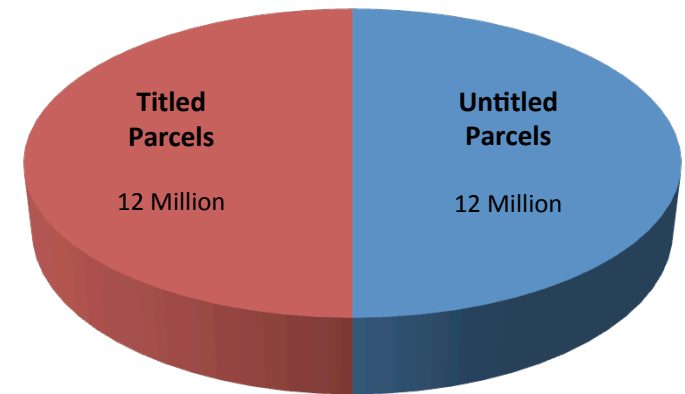
End Goal: Raise quality of life



PROPERTY RIGHTS AS A CREDIT ENHANCEMENT MECHANISM

Property Rights in the Philippines

- There are **24** million land parcels in the Philippines
- Almost **50%** or **12 M** parcels are untitled
- Approximately 60-70% or 7 to 8 million untitled parcels are urban residential lands
- Many of the untitled parcels are in high-value urban lands



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RA 10023

- Act Authorizing the Issuance of Free Patents to Residential Lands is a law promulgated by then Pres. Gloria M. Arroyo on March 9, 2010 to provide security of tenure to occupants and possessors of untitled residential lands through a simplified, streamlined and cost effective process of administrative titling.

H. No. 5618
S. No. 3429

Republic of the Philippines
Congress of the Philippines
Metro Manila
Fourteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, two thousand nine.

[REPUBLIC ACT NO. 10023]

AN ACT AUTHORIZING THE ISSUANCE OF FREE PATENTS
TO RESIDENTIAL LANDS

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

SECTION 1. Qualifications. — Any Filipino citizen who is an actual occupant of a residential land may apply for a Free Patent Title under this Act: *Provided*, That in highly urbanized cities, the land should not exceed two hundred (200) square meters; in other cities, it should not exceed five hundred (500) square meters; in first class and second class municipalities, it should not exceed seven hundred fifty (750) square meters; and in all other municipalities, it should not exceed one thousand (1,000) square meters: *Provided, further*, That the land applied for is not needed for public service and/or public use.



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History of RA 10023

- Idea started in 2006 from a phone call of Vic Consunji of One Network Bank to then NEDA Secretary Romulo Neri
- Fruit of the efforts of RBAP and CTB

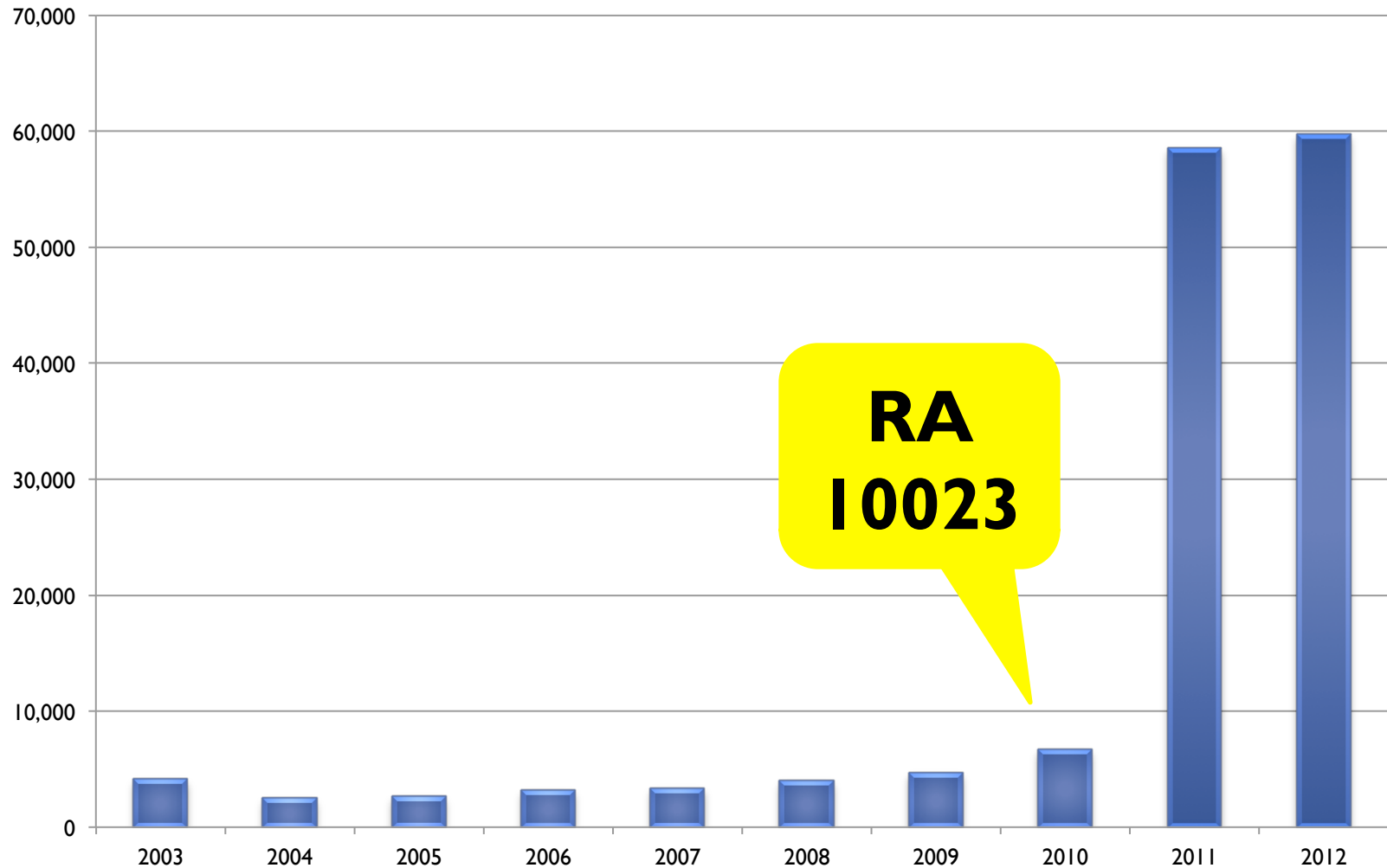
Key Provisions of RA 10023

- Gives titles to “owners” at no cost
- Administrative procedure (not judicial)
- Proof of ownership reduced from 30 to 10 years
- No restrictions on transfer and other conveyances for titles
- ***Special Patents*** allowing national and local governments to properly title lands used for public purposes such as public schools, municipal halls, public plazas, parks etc.



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Residential Free Patents Issued

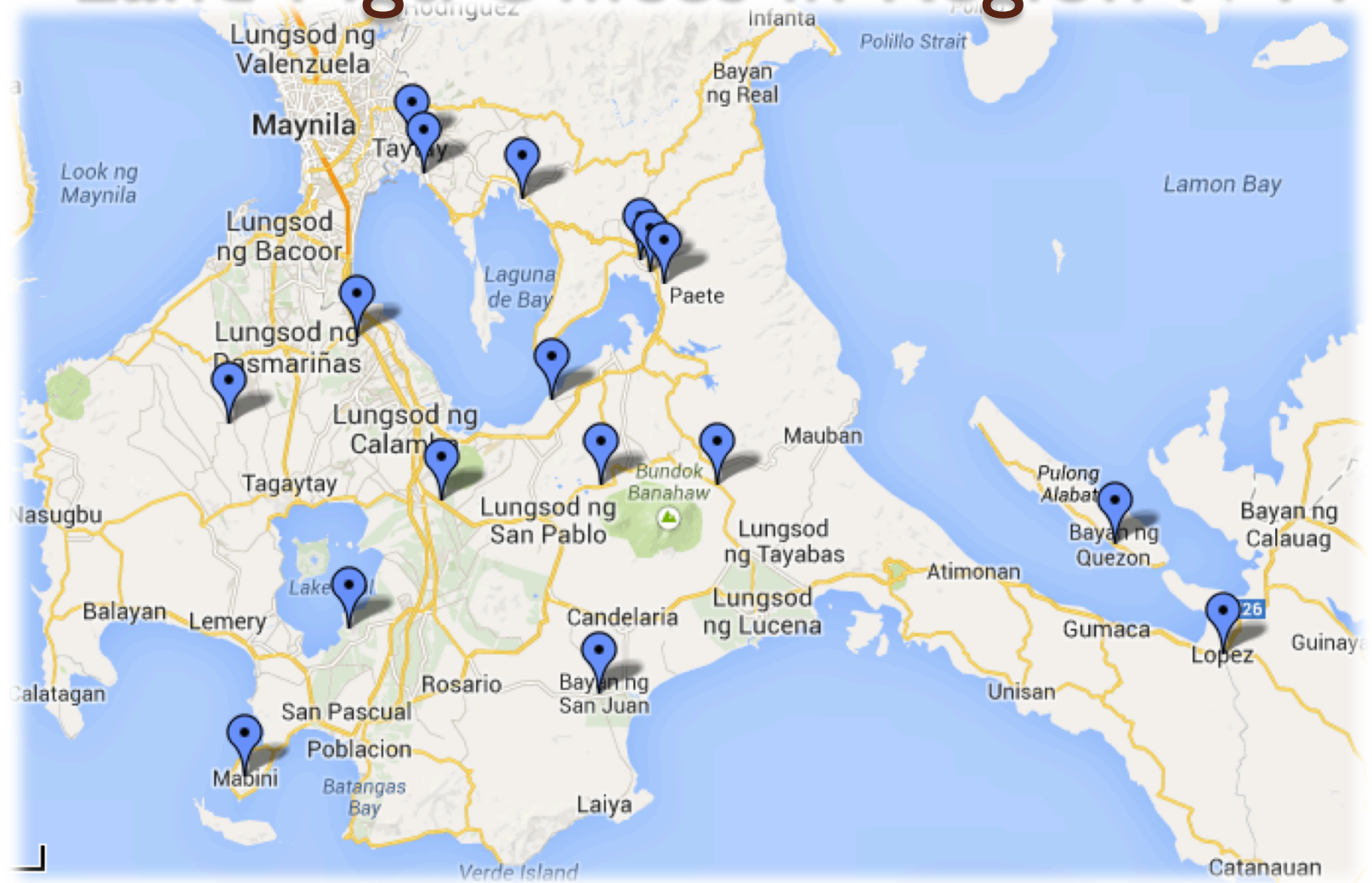


Source: DENR, 2013

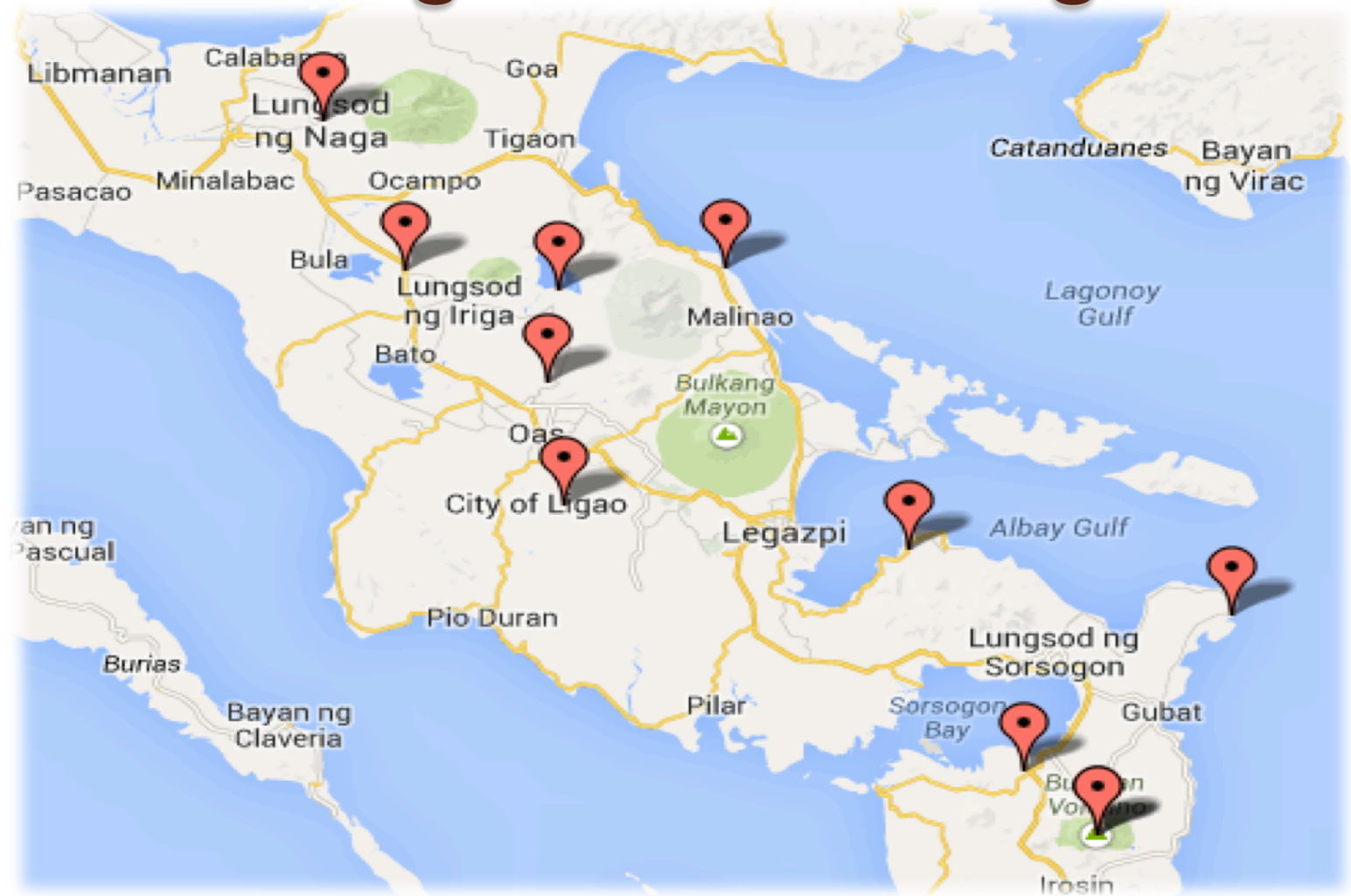
Land Management Offices

Region	Count
IV-A	17
V	10
VI	2
VII	61
X	10
CARAGA	10
Total	110

Land Mgt. Offices in Region IV-A



Land Mgt. Offices in Region V



Land Mgt. Offices in Region VI



A map of Negros Island, Philippines, with 30 green location pins indicating the centers of the Dakbayan (Municipalities). The pins are distributed across the island, with a high concentration in the central and southern regions. Labels for various municipalities are visible, including Dakbanwa sang Cadiz, Dakbayan sang Sagay, Dakbanwa sang Bacolod, Dakbayan sang Bago, Aguisan, Negros, Bayan ng Mabinay, Dakbayan sa Bais, Dakbayan sa Tanjay, Dakbayan sa Carcar, Argao, Dakbayan sa Talisay, Cebu Island, Lun, Tuburan, Bog City, Dakbayan sa Ormoc, Dakbayan sa Danao, Dakbayan sa Maasin, and Dakbayan sa Tagb.

Land Mgt. Offices in Region X and XIII



Advancing Philippine Competitiveness (COMPETE)

- The COMPETE Project is intended to contribute to higher growth through the better provision of infrastructure, increased competitiveness of key industries, and **increased access to credit**.
- COMPETE will promote increased trade and investment through three approaches: through the better provision of infrastructure, increased competitiveness of key industries, and **increased access to credit**.



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Property Rights as a Credit Enhancement Mechanism (PRCEM)

- Desired Impact: More people with access to credit by providing them with secure collateral acceptable to banks and financial institutions.
- Objective: To improve access to credit of land titling beneficiaries and establish cooperative activities among financial institutions, LGUs, the DENR and other stakeholders.

ACTIVITIES OF PRCEM PROJECT

- Assist Banks to convert their tax declarations into titled collateral through the RFP.
- Assist Banks to market bank services to Residential Free Patent beneficiaries
- Assist Banks to set up titling services
- Assist Banks to set up partnership/ coordination with the DENR.



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NATURE OF COOPERATION

USAID	RBAP
Provide technical assistance, materials and resource persons in the promotion of access to credit of titling beneficiaries;	Facilitate individual partnership arrangements with member banks;
Provide technical assistance to RBAP Members in the titling of land evidenced by tax declarations; and,	Support trainings, information dissemination and other activities in the promotion of access to credit; and
Provide assistance to RBAP members in marketing bank services to land title beneficiaries.	Undertake to provide information dissemination mechanisms in all of its members to propagate access to credit of public land titling beneficiaries.

POSSIBLE ACTIVITIES OF THE PARTNERSHIP WITH RBAP

- Trainings/workshops on the promotion of access to credit; conversion of tax decs to residential free patents; titling process (including land investigation)
- Advocacy and dissemination of information on access to credit and public land titling

WHAT THE BANKS WILL GAIN

With PRCEM, the banks will:

- Increase and widen client base to include those with residential free patents and possible applicants for residential free patent titling
- Increase knowledge/expertise of banks on access to credit and public land titling
- Develop new line of credit services



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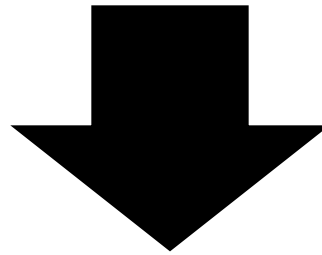
Lipa Bank Services

- Titling services
- Conversion of tax declarations to residential free patents
- Tapping HGC Guaranty Facility to extend to loan beneficiaries
- Marketing services to potential RFP beneficiaries



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- Rural Banks provide communities options on credit for agriculture production, house improvement, business, education, etc. using titles as collaterals



End Goal: Raise quality of life

For inquiries, you may e-mail
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call us **(02)4532375**.

Visit us at **www.fef.org.ph**.



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