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SENATE

S.B. No. 178

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Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
FULFILLING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF
THE SOIL, AMENDING P.D. NO. 27, AND R.A. NO. 6657, AS AMENDED,
AMONG OTHERS, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Article II Section 21 of the 1987 Constitution states that "*the State shall promote comprehensive rural development and agrarian reform*".

On 21 October 2022, we will celebrate the fiftieth (50th) anniversary of Presidential Decree (P.D.) No. 27. However, what we witness is the longest land-reform program in history. On the eve of this landmark date, let us determine to complete the effort of agrarian reform and finally fulfill the long-held dream of tenants from the bondage of the soil.

P.D. No. 27 breaks down agricultural estates to a maximum of 7 hectares which is also acknowledged by R.A. No. 6657 otherwise known as the, "Comprehensive Agrarian Reform Law of 1988".

In order to fulfill the agrarian reform program, the Department of Agrarian Reform (DAR) needs to address the immediate distribution of CARP-able lands to agrarian reform beneficiaries. As of 2022, DAR still has a backlog of 507,243 hectares, of which 84.5% (428,347 hectares) are to be compensated through the Land Bank. In other words, the land remaining represents the "last mile" of land reform, including lands not issued a notice of coverage or those suffering from erroneous issuance.

One of the leading causes for low agricultural growth in the country is due to lack of investment and the uncertainty in the status of agricultural lands. From 2016 to 2022, the growth of the agricultural sector varied between -1.0% to 4.2%, posting negative growth in 2016, 2020 and 2021.

For Agrarian Reform Beneficiaries (ARBs), the main reason for the inability to invest is the absence of collateral assets, which limits their ability to access the financial market. The main asset of the ARBs is the land granted to them. Unfortunately, many of these are still collective Certificate of Land Ownership Awards (CLOAs). Collective CLOAs are problematic due to property right issues associated with high uncertainty of ownership and high transaction costs associated with securing and disposing the land. As such, there is a need to expedite the individual titling of lands grants which are still under collective CLOAs.

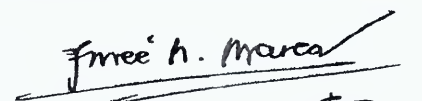
Further, the current law does not enable ARBs to use the land as a collateral for bank loans for a period of ten (10) years, which give rise to the phenomena of the "landed poor". These phenomena result in the rise of informal lending channels that circumvent the law and result in farmers paying onerous interest on production loans, leaving them with little money to spend on improving their capital stock. Article XIII, Section 2 of the 1987 Constitution recognizes the need of the State "*to create economic opportunities based on freedom of initiative and self-reliance.*"

As of 31 May 2022, ARBs still have to amortize a total of 58.20 billion pesos to the Land Bank. Of the 58.20 billion pesos to be amortized, 43.77 billion pesos is not yet receivable due to the absence of individual titles (still collective CLOA) and/or Land Distribution and Information Sheets, leaving the LBP with 14.43 billion pesos of receivables. Looking at the collection data, only 63.7% of collectibles has been collected.

The low collection rate is due to a number of reasons. First, the administrative cost needed to collect from farmer-beneficiaries is prohibitive given the geographic conditions in which the farmer-beneficiaries live. Second, the ability to pay of the farmers is heavily compromised by the exposure of the industry' to various weather disturbances. In addition, the industry also suffers from structural issues that further hamper the ability of the farmers to pay the amortization.

It is important to note that the government has a history of writing off loans and penalties in recognition of difficulties of payment. In 2019, the Social Security System (SSS) wrote off 9.5 billion pesos worth of loan penalties. This was a reimplementation of a previous program in 2017 that resulted in the condonation of 13.5 billion pesos worth of loan penalties. Therefore, writing off the agrarian reform- related receivables of the Landbank is in line with the principles of agrarian reform law, which is to uphold the welfare of landless farmers.

Given the abovementioned circumstances, the immediate passage of this bill is necessary.


IMEE R. MARCOS

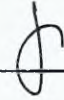
NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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

1 **SECTION 1. Short Title.** – This Act shall be known as the "*Emancipation of*
2 *Tenants Act.*"

3
4 **SEC. 2. Declaration of Policy.** – It shall be the policy of the State to have
5 equitable distribution of opportunities, income, and wealth to attain expanding national
6 and local productivity that will act as the key to raising the quality of life for all. In
7 relation to this, Agrarian Reform Beneficiaries (ARBs) must be given prioritization, in
8 line with the principles of the agrarian reform laws, in the distribution and acquisition
9 of awarded lands to provide them ease in access in the financial market.

10
11 **SEC. 3. Condonation of Unpaid Amortizations, Interest Payments, Penalties or**
12 *Surcharges.* – All unpaid amortizations and interests, including penalties or surcharges,
13 if any due from loans secured under the Comprehensive Agrarian Reform Program
14 (CARP) are hereby written-off by the Government, thereby relieving all ARBs from the
15 payment thereof. The ARBs shall be deemed as rightful owners of the lands awarded
16 to them upon the effectivity of this Act.

17
18 **SEC. 4. Free Land Distribution.** – All agricultural lands covered by the CARP
19 instituted under R.A. No. 6657, as amended, which have not been distributed at the
20 time of effectivity of this Act, shall be distributed at no cost to qualified ARBs.

1
2 **SEC. 5. *Termination of Payments on Amortizations.*** – Payments on
3 amortizations by ARBs, past due and current, or any balance thereof, including interests
4 and surcharges, for lands already distributed under P.D. No. 27 and R.A. No. 6657, as
5 amended by R.A. No. 9700, are hereby terminated and declared as written-off. The
6 ARBs of such lands already distributed shall be deemed full owners thereof, subject to
7 the conditions in Section 8 hereof, upon the effectivity of this Act.

8
9 **SEC. 6. *Termination of Payment of Compensation by Beneficiaries Under***
10 *Voluntary Land Transfer.* – All direct payments of compensation by ARBs to land owners
11 under voluntary land transfer are hereby terminated, and payments of remaining
12 balance of compensation due the concerned landowners, if any, shall be paid by the
13 Land Bank of the Philippines (LBP).

14
15 **SEC. 7. *Lands Covered by Certificates of Land Ownership Awards (CLOAs),***
16 *Certificates of Land Transfer (CLTs) and Emancipation Patents (EPs) That Were*
17 *Cancelled or are Pending Cancellation.* – Lands covered by Certificates of Land
18 Ownership Awards (CLOAs), Certificates of Land Transfer (CLTs) and Emancipation
19 Patents (EPs) that were cancelled due to the failure of ARBs thereof to pay amortizations
20 shall be restored to the possession of the said ARBs who shall be deemed full owners
21 thereof upon the effectivity of this Act. *Provided that,* such lands have been duly
22 awarded to other qualified ARBs, the payments of amortizations due thereon shall also
23 be terminated and full ownership granted to the subsequent ARBs, as provided in
24 Section 5 of this Act.

25
26 All pending cancellation proceedings of CLOAs, CLTs and EPs due to the failure
27 of ARBs to pay amortizations are hereby terminated. Lands covered by CLOAs, CLTs
28 and EPs pending cancellation due to the failure to pay amortizations shall be restored
29 to the possession of the farmer-beneficiaries who shall be deemed full owners thereof
30 in accordance with Section 2 of this Act.

31
32 **SEC. 8. *Conditions to the Grant of Full Ownership.*** – The grant of full ownership
33 of land shall be subject to the following conditions which shall be annotated on the
34 appropriate titles evidencing ownership to be issued and registered in the names of
35 qualified ARBs or farmer-beneficiaries:

36 a. Qualified farmer-beneficiaries shall comply with conditions set forth under
37 the Conditional Cash Transfer Program of the Department of Social Welfare and
38 Development (DSWD), but shall not be identified or treated as the compliance of

1 beneficiaries of the program qualified to receive conditional cash grants, but their
2 compliance shall be their investment in human resource development in their own
3 families;

4
5 b. Qualified farmer-beneficiaries shall undergo or attend at least once a year,
6 training, free of charge, in new farming techniques, the use of better quality and high
7 yielding seeds, mechanization, agri-entrepreneurship and such other skills and
8 capabilities to increase farm yields and farm incomes in any accredited farm school or
9 agriculture institute, or training programs sponsored or conducted by the Department
10 of Agriculture (DA), the Department of Agrarian Reform (DAR) and related agencies
11 and instrumentalities of government and accredited private sector agri-education
12 groups; and

13
14 c. Qualified farmer-beneficiaries shall volunteer for community service such as
15 greening and watershed protection, disaster relief and rehabilitation, irrigation and
16 water impounding system repairs and similar volunteer services that benefit their
17 farming communities.

18
19 Ownership of lands distributed under this Act shall fully revert to the government
20 when qualified ARBs or farmer-beneficiaries or their heirs, as the case may be, fail to
21 comply with the above enumerated conditions for two (2) successive years from the
22 time of the grant of ownership.

23
24 In case where the ARBs or farmer-beneficiaries are deceased at the time of or
25 after the effectivity of this Act, ownership over lands covered by this Act shall be
26 registered and titled in the name of their heirs in accordance with existing laws on
27 succession.

28
29 **SEC. 9. *Special Committee on Land Administration.*** – The DA, DAR, and the
30 Department of Environment and Natural Resources (DENR), in coordination with the
31 Land Registration Authority (LRA) and the Register of Deeds, shall create a special
32 committee to accelerate and improve the process of administrative titling, issuance of
33 certificates of title, land distribution, and adjudication of property rights of alienable and
34 disposable lands covered in this Act. The process may proceed from plot to plot and
35 shall determine landownership in a transparent and participatory manner.

36 Collective CLOAs issued shall be immediately subdivided and parceled into
37 Individual CLOAs and distributed to the farmer-beneficiaries after proper validation
38 and re-identification.

1 The Committee may be considered as a model for the eventual consolidation of
2 all titling functions under the DA, DAR, DENR, and LA, under a comprehensive land
3 administration, for a more efficient, transparent, and expeditious process. For purpose
4 of titling, the DENR and Department of Public Works and Highways (DPWH) may be
5 enjoined to assist in the identification and parceling of lands by providing drones,
6 satellite imaging, geotagging, and other applicable technologies.
7

8 **SEC. 10. Subdivision and Titling of Awarded Lands under the Comprehensive**
9 ***Agrarian Reform Program (CARP).*** – Within ninety (90) days from the effectivity of this
10 Act, the DAR is hereby directed, in consultation with the ARBs, relevant national
11 government agencies, and other pertinent stakeholders, to establish guidelines and
12 procedures to expedite the subdivision and titling of agricultural lands or parts thereof
13 awarded to ARBs under the CARP. The subdivision of collective CLOAs and titling
14 process shall prioritize portions of land that represents the home-lots of the ARBs.
15

16 Lands acquired by ARBs may be sold, transferred, or conveyed. *Provided that,*
17 the children or the spouse of the transferor ARB shall have a right to repurchase the
18 land from the government or LBP within a period of two (2) years. *Provided further*
19 *that,* such repurchase shall be for agri-business arrangement or other agri-related
20 purposes.
21

22 Any document of title, such as the CLOA, evidencing the right of the ARB to
23 the land shall be considered as *prima face* proof of the ARB's title over the property.
24

25 **SEC. 11. Acceptability of Agricultural Land as Loan Collateral.** – All agricultural
26 lands shall be accepted as collateral by any lender, bank, or other financial institution
27 to secure loans of the registered owners as appearing in the Emancipation Patent,
28 Homestead Patent, Free Patent, CLOA, Original Certificate of Title, or Transfer
29 Certificate of Title.
30

31 **SEC. 12. Conversion of Lands.** – When the land ceases to be economically
32 feasible and sound for agricultural purposes, or the locality has become urbanized and
33 the land will have a greater economic value for residential, commercial or industrial
34 purposes, the DAR, upon application of the ARB, with due notice to the affected parties,
35 and subject to existing laws, may authorize the reclassification or conversion of the land
36 and its disposition.
37

1 **SEC. 13. *Role of DAR and Landbank.*** – The DAR shall provide a list of all CARP-
2 able lands and ARBs and their heirs, if any. On the other hand, Landbank shall continue
3 to be the implementing agency of CARP involved in land evaluation, compensation to
4 owners of private agricultural lands, and collection of amortizations from CARP farmer
5 beneficiaries.

6
7 **SEC. 14. *Final Land Acquisition.*** – The land acquisition and completion
8 component provided under CARP shall be completed within December 2025.

9
10 Any case and/or proceeding, as initiated by the issuance of a Notice of Coverage
11 or Acceptance of a Voluntary Offer to Sell, involving the implementation of the
12 provisions of R.A. No. 6657, as amended, which may remain pending shall be allowed
13 to proceed until its finality and be executed even beyond such date.

14
15 **SEC. 15. *Expanding Exclusion from CARP: Following Three (3) Generations.*** –
16 Landowners of private agricultural lands primarily devoted to rice and corn under a
17 system of sharecrop or lease-tenancy provided in P.D. No. 27, may retain an area of
18 not more than fifteen (15) hectares.

19
20 **SEC. 16. *Agrarian Land Database.*** – An agrarian land database shall be
21 established by the DA, DA, DENR, LRA, National Commission on Indigenous People
22 (NCIP), in coordination with the Register of Deeds, which shall contain records of all
23 types of land such as property rights, interests, land use, regulations and restrictions,
24 and boundaries, among others. *Provided that,* such information system shall be
25 accessible to the public, including Local Government Units (LGUs).

26
27 **SEC. 17. *Expansion of the Department of Agriculture (DA).*** – The Department
28 of Agriculture (DA) shall be expanded into the "Department of Agriculture and Rural
29 Development (DARD)," to include agri-support and extension services to ARBs and
30 employees.

31
32 **SEC. 18. *Winding Down of the Department of Agrarian Reform (DAR).*** –
33 Following completion of the land distribution under the CARP, the DAR shall be wound
34 down and employees of the Department who has rendered at least ten (10) years of
35 service may avail of a special early retirement package that will provide for an additional
36 benefit equivalent to 1.5 months' salary for every year of government service. Other
37 employees may opt for lateral transfer to a commensurate position available in DARD.

1 **SEC. 19. Appropriation.** – Upon effectivity of this Act, the amount necessary to
2 carry out the provisions of this Act shall be included in the annual General Appropriations
3 Act (GA). *Provided that*, annual appropriation shall be allocated fully to support services,
4 agrarian justice delivery, and operational requirements of the DAR and other CARP
5 implementing agencies.
6

7 **SEC. 20. Implementing Rules and Regulations.** – Within sixty (60) days from
8 the effectivity of this Act, the DA and DAR, LA, in coordination with the Philippine
9 Agrarian Reform Council (PARC) and the LBP, shall promulgate the necessary rules and
10 regulations to effectively implement the provisions of this Act.
11

12 **SEC. 21. Repealing Clause.** – All laws, decrees, orders, rules and regulations
13 or other issuances or parts thereof inconsistent with the provisions of this Act are hereby
14 repealed or modified accordingly.
15

16 **SEC. 22. Separability Clause.** – If any portion or provision of this Act is declared
17 unconstitutional, the remainder of this Act or any provision not affected thereby shall
18 remain in force and effect.
19

20 **Sec. 23. Effectivity.** – This Act shall take effect after fifteen (15) days following
21 the completion of its publication either in the Official Gazette or in a newspaper of
22 general circulation in the Philippines.

Approved,