

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



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SENATE

S. No. 1179

RECEIVED BY.

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Introduced by Senator Manuel "Lito" M. Lapid

AN ACT
CONDONING UNPAID INTEREST, PENALTIES, SURCHARGES ON LOANS
AND AMORTIZATIONS OF LANDS AWARDED TO COMPREHENSIVE
AGRARIAN REFORM BENEFICIARIES, REPEALING FOR THE PURPOSE,
SECTION 26 OF REPUBLIC ACT NO. 6657 OTHERWISE KNOWN AS THE
COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

In a discussion paper published by the Food and Fertilizer Technology Center for the Asian and Pacific Region, former DAR Secretary Virgilio R. de los Reyes reported that a total amount for payment by 906,997 beneficiaries amount to Php 58,617 billion (US \$ 1.144 billion). This represents 84% of the total landowner compensation requirements of Php 69.443 billion (US \$1.356 billion). The difference of Php 10.826 billion (US \$ 211.404 million) are regular subsidies and adjustments in valuation as a result of just compensation cases decided by the legal courts. These are charged to the account of the government. In 2017, the total amount to be amortized by ARBs is at Php 58.617 billion (US \$ 1.144billion) of which Php 4.699 billion (US \$91.174 million) have already been collected leaving a balance of Php 53.948 billion (US \$1.053 billion)¹.

The same report further said that, in terms of payment performance of ARBs, a total of 715,783 hectares of land awarded to 464,842 ARBs considered as agrarian reform receivables (ARR) amounting to Php 15.658 billion or 27% of total expected


¹ Limbo R. C. (2017, November) Amortization on Awarded Lands by Beneficiaries in the Philippines: Cost Implications of Non-Payment

amortization of Php 58.617 billion. The other 73% or Php 42.959 billion is not booked as ARR and considered as Lands Purchased and Expropriated (LPEX) due to the absence of Land Distribution Information Sheets (LDIS) and / or Land Amortization Schedule (LAS).

Clearly, there are challenges in collecting land amortization, one reason is the absence of an efficient administrative system due to prohibitive administrative costs². The other one is the high cost of expenses and effects of climate change on agriculture such as lower crop yields due to drought, heat waves and flooding as well as increases in pests and plant diseases leaving our agrarian reform beneficiaries struggling in amortizing the land they incurred from the agrarian reform.

This bill seeks to help our farmers to recover and overcome the fallout of COVID-19 crisis, slow economic growth and escalating wars. Condoning their land amortization will provide them the much-needed financial resources that shall develop their farms, increase their productivity and advance an agriculture driven economy. In the end, it desires to improve the lives of farmers, reduce poverty, accelerate rural development and promote food security.

To sustain the gains of the agrarian reform program, the swift passage of this measure is earnestly sought.


MANUEL "LITO" M. LAPID
Senator

² Arlanza, R. S., et. al. (2006 April). The Comprehensive Agrarian Reform Program: Scenarios and Options for Future Development. Quezon City: Department of Agrarian Reform.

SENATE
S. No 179

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

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SECTION 1. *Condonation of Unpaid Amortizations.* — All unpaid interest, penalties, surcharges on loans and amortizations due from farmer-beneficiaries as of the effectivity of this Act are hereby condoned by the Government, thereby relieving all farmer-beneficiaries from the payment thereof. The agrarian reform beneficiaries, as of the effectivity of this Act, shall be deemed to have completed payment and are hereby authorized to perform all the remaining acts necessary to establish full ownership of the lands awarded to them.

SECTION. 2. *Implementing Rules and Regulations.* — Within thirty (30) days from the effectivity of this Act, the Department of Agrarian Reform (DAR), in coordination with the Philippine Agrarian Reform Council and the Land Bank of the Philippines (LBP), shall promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

1 SECTION. 3. *Repealing Clause.* — All laws, decrees, orders, rules and
2 regulations or parts thereof inconsistent with any of the provisions of this Act are
3 hereby repealed, amended or modified accordingly.

4 SECTION. 4. *Effectivity Clause.* - This Act shall take effect fifteen (15) days
5 after its complete publication in the Official Gazelle or in at least two (2) newspapers
6 of general circulation.

7 *Approved,*