

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

22 NOV -8 A9:31

SENATE

RECEIVED BY: 

S. B. No. 1476

---

Introduced by **SENATOR JOEL VILLANUEVA**

---

**AN ACT**  
**PROVIDING FOR THE CONDONATION OF ALL UNPAID PRINCIPAL**  
**INTERESTS, PENALTIES, OR SURCHARGES ON LOANS SECURED BY**  
**AGRARIAN REFORM BENEFICIARIES UNDER THE COMPREHENSIVE**  
**AGRARIAN REFORM PROGRAM AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

The Comprehensive Agrarian Reform Program, implemented pursuant to Republic Act No. 6657, as amended, seeks to empower landless farmers and farmworkers through the equitable distribution of land and the provision of support services. Despite the substantial land acquisition and distribution accomplishments of CARP, however, the implementation of the program continues to be challenged by a number of issues, which in turn, impede the development of the sector and the promised economic empowerment and improvement of the lives of its farmer beneficiaries.

Among the most glaring problems in the implementation of the CARP is the low loan repayment rates. According to a study conducted by the Philippine Institute for Development Studies (PIDS), the loan collection performance of farmer beneficiaries as of March 2015 is low at only 51.55% on principal and interest. The same study reports that despite the subsidy given to agrarian reform beneficiaries (ARBs), in terms of amortization subsidies, only 11% of the total 898,952 individual farmer accounts under the Land Bank of the Philippines (LBP) have been fully paid, while a considerable number of accounts are in default.<sup>1</sup>

The PIDS also reported that the bulk of ARBs (64%) fall under the “distributed, not yet paid” category, which means that the LBP has not been able to initiate amortization because of lack of documentation. Meanwhile, the amount collected annually is only around Php1 billion, which represents only 0.03% of government revenues.<sup>2</sup>

---


<sup>1</sup> PIDS. Ballesteros, Ancheta, and Ramos. *The Comprehensive Agrarian Reform Program after 30 Year. Accomplishments and Forward Options*. Published in December 2017. Available at <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1734.pdf> (Accessed on 4 November 2022).

<sup>2</sup> PIDS. *Comments on House Bills for the Condonation of Land Amortization Liabilities of ARBs*. Published on 10 October 2022. Available at [https://pidswebs.pids.gov.ph/CDN/document/1666742808\\_63587a183f4d8.pdf](https://pidswebs.pids.gov.ph/CDN/document/1666742808_63587a183f4d8.pdf) (Accessed on 4 November 2022).

This default, the low productivity and income of the sector, and the increasing prices of farm inputs, food, and commodities result in a cycle of poverty among ARBs that warrants intervention from the State. In fact, according to the Philippine Statistics Authority (PSA), farmers posted the highest poverty incidence in 2018 at 31.6 percent.<sup>3</sup>

In order to provide a needed lifeline to ARBS, this proposed measure seeks to emancipate ARBs from debt burden through the condonation of all unpaid principal and interests, including penalties or surcharges, if any, due from loans used for land acquisition secured under the Comprehensive Agrarian Reform Program. This is essential in addressing rural poverty and improving the lives of Filipino farmers.

Thus, the passage of this measure is earnestly sought.

  
SENATOR JOEL VILLANUEVA

<sup>3</sup> PSA. *Farmers, Fisherfolks, Individuals Residing in Rural Areas and Children Posted the Highest Poverty Incidences Among the Basic Sectors in 2018*. Released on 3 June 2020. Available at <https://psa.gov.ph/content/farmers-fisherfolks-individuals-residing-rural-areas-and-children-posted-highest-poverty> (Accessed on 4 November 2022).

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

22 NOV -8 A9:31

SENATE

RECEIVED BY: \_\_\_\_\_



Senate Bill No. 1476

Introduced by SENATOR JOEL VILLANUEVA

**AN ACT**  
**PROVIDING FOR THE CONDONATION OF ALL UNPAID PRINCIPAL INTERESTS, PENALTIES, OR SURCHARGES ON LOANS SECURED BY AGRARIAN REFORM BENEFICIARIES UNDER THE COMPREHENSIVE AGRARIAN REFORM PROGRAM AND FOR OTHER PURPOSES**

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

1       **SECTION 1. Condonation of Unpaid Amortizations, Interest Payments,**  
2 **Penalties, or Surcharges.** – All unpaid principal and interests, including penalties or  
3 surcharges, if any, due from loans used for land acquisition secured under the  
4 Comprehensive Agrarian Reform Program are hereby condoned by the Government to  
5 relieve all agrarian reform beneficiaries from the payment thereof: *Provided*, That the  
6 condonation of such unpaid principal, interests, penalties, or surcharges shall be in  
7 conformity with the applicable banking laws and regulations of the *Bangko Sentral ng*  
8 *Pilipinas* (BSP): *Provided, further*, That upon the effectivity of this Act, the Land Bank of  
9 the Philippines (LBP) shall issue the certification necessary to facilitate the issuance of a  
10 certificate of land title ownership in favor of the agrarian reform beneficiary concerned:  
11 *Provided, finally*, That the condonation of all unpaid principal, interests, penalties, or  
12 surcharges shall release all attached liens and encumbrances arising from the loans  
13 secured for land acquisition.

14  
15       **SEC. 2. Implementing Rules and Regulations.** – Within thirty (30) days from the  
16 effectivity of this Act, the Department of Agrarian Reform (DAR), in coordination with the  
17 Philippine Agrarian Reform Council (PARC), the Department of Finance (DOF), and the  
18 LBP, and upon consultation with relevant stakeholders, shall promulgate the necessary  
19 rules and regulations to effectively implement the provisions of this Act.

20  
21       **SEC. 3. Repealing Clause.** – Section 26 of Republic Act No. 6657, as amended,  
22 otherwise known as the “Comprehensive Agrarian Reform Law of 1988,” is hereby  
23 repealed. All other laws, decrees, orders, rules and regulations or parts thereof  
24 inconsistent with any of the provisions of this Act are hereby repealed, amended, or  
25 modified accordingly.

26  
27       **SEC. 4. Effectivity.** – This Act shall take effect fifteen (15) days after its publication  
28 in the *Official Gazette* or in at least two (2) newspapers of general circulation.

*Approved,*