



23 JAN 12 P3:28

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

RECEIVED BY:

SENATE  
S.B. No. 1660

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Introduced by **SENATOR IMEE R. MARCOS**

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**AN ACT**  
**FULFILLING THE EMANCIPATION OF AGRARIAN REFORM**  
**BENEFICIARIES FROM THE DEBT BURDEN THROUGH THE SUBROGATION**  
**BY THE NATIONAL GOVERNMENT OF AGRARIAN REFORM BENEFICIARIES**  
**UNDER THE VOLUNTARY LAND TRANSFER AND DIRECT PAYMENT**  
**SCHEMES AND THE ASSUMPTION OF THEIR DEBTS THEREUNDER, TO**  
**APPROPRIATE FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The use of property bears a social function, and this is emphatically asserted in the paramount law. Article II, Section 21 of the 1987 Constitution states that, "*the State shall promote comprehensive rural development and agrarian reform*". Likewise, Article XIII, Section 4 provides that "*the State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof.*"

On 21 October 2022, the country will celebrate the fiftieth (50th) anniversary of Presidential Decree (P.D.) No. 27, making it the longest land reform program in history. 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*".

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. The leading cause for low agricultural growth in the country lack of investment in the sector due to uncertainty in the status of agricultural lands.

The current law does not enable Agrarian Reform Beneficiaries (ARBs) to use the land as a collateral for bank loans for a period of ten (10) years, which give rise to the phenomenon of the "landed poor". This phenomenon 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.

The imposition of this debt burden ignores the need to fully emancipate the Filipino farmer from the bondage of the soil. It implies that the Filipino Farmer, after being subjected to centuries of oppression, still has to pay a price for the land he has tilled. It degrades the Agrarian Reform Program as a mere installment purchase scheme. It loses sight of the social justice dimension of an authentic agrarian reform program: it is never a mere transfer of ownership of land subject to a monetary consideration; it is an emancipation transforming the serf to master.

Much emphasis has been given to the proposed condonation of the debts of the ARBs in relation to land acquired and distributed to them by the National Government through compulsory acquisition. However, it must be borne in mind that there are ARBs who opted to utilize the voluntary land transfer and direct payment schemes under R.A. No. 6657. These ARBs should not be treated differently from those who acquired land through the compulsory land acquisition process.

First, both the voluntary land transfer and the compulsory land acquisition schemes are means of land re-distribution sanctioned by R.A. No 6657. Second, both schemes impose debt burdens on the ARBs. Finally, ARBs under the voluntary land transfer scheme also face the same problems as other ARBs, especially those pertaining to the lack of capital and lack of collateral to obtain financing to invest on the awarded lands.

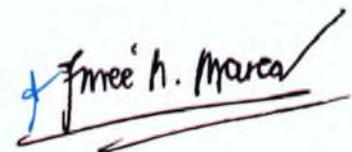
It is wholly unfair to emancipate one set of ARBs while leaving another set of ARBs still in shackles of the debt bondage simply because they chose to alleviate the burden on the National Government during the inception of the comprehensive agrarian reform program by opting for voluntary arrangements.

For these reasons, it is imperative that the ARBs under the voluntary land transfer scheme are accorded the same rights, privileges, and obligations as ARBs who acquired their land through the compulsory acquisition process.

Finally, the implementation of the Agrarian Reform Program cannot be seen as successful or complete until and unless adequate support services are given to the Agrarian Reform Beneficiaries (ARBs). However, the support services available to ARBs under the current law are limited to land surveys, titling, access to credit, infrastructures, services related to Agrarian Reform bonds, research and education, and other similar forms of assistance. The agrarian reform law ignores support services which are directly needed and indispensable for the sustenance, dwelling, clothing, medical attendance, education, transportation, and other needs of the ARBs and their families. ARBs should be assisted by the State in ensuring that the needs of their families are immediately or simultaneously addressed as soon as the farmer or farmworker is enrolled under the program. There is reason to believe that a significant number of ARBs resorted to illegally leasing or selling their awarded lands to businessmen or to the original *hacendero* out of the desperate need to raise funds for the support of the family.

The call of the times is not to end the Agrarian Reform Program. The challenge of the times is to ensure its continuation as an integral component of our national development and social justice programs. We proceed to the full emancipation of the ARBs from the Agrarian Reform debt burden by condoning their loans due to unpaid land amortizations, as well as unpaid interests, fees and charges and other payables as a consequence of their ownership of the awarded lands thereby, protecting their rights and safeguarding their welfare at all times.

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

A handwritten signature in blue ink that reads "Imee R. Marcos". The signature is written in a cursive style and is positioned above a horizontal line.

**IMEE R. MARCOS**



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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 shall be known as the "Assumption by the  
2           *Government of Voluntary Land Transfer Debts 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, the present financial burden of Agrarian Reform Beneficiaries (ARBs)  
8           must be alleviated in order for them to focus their resources into increasing the  
9           productivity and improving the resiliency of their awarded lands. For this purpose, the  
10          State shall assume all existing financial obligations of ARBs under the voluntary land  
11          transfer (VLT) and direct payment (DP) schemes.

12

1 Furthermore, the State recognizes that social justice is actualized not only when  
2 the landless farmer or farm worker becomes the owner of the land he or she tills but  
3 also when the landowner whose land has been acquired and distributed under the  
4 Comprehensive Agrarian Reform Program (CARP) is paid just compensation. Therefore,  
5 it is the policy of the State to ensure that landowners shall continue to be justly  
6 compensated for their lands.

7  
8 **SEC. 3. *Subrogation by the National Government and Assumption of Obligations***  
9 *Under VLT and DP.* – The National Government shall subrogate the ARBs and shall  
10 assume their financial obligations to pay the value of the awarded land to the  
11 landowners acquired under the VLT and DP schemes, thereby amending Section 20 of  
12 Republic Act No. 6657, as amended. Payment of the remaining balance of the  
13 compensation due the concerned landowners, if any, shall be paid by the Government  
14 from the Agrarian Reform Fund through the LBP.

15  
16 **SEC. 4. *Certificate of Assumption of Obligation.*** – Upon assumption by the  
17 National Government of the obligation of the ARB, the DAR shall issue a Certificate of  
18 Assumption of Obligation which shall be the basis for the Registry of Deeds to register  
19 the land in the name of the ARB or, in case the land is already registered in the name  
20 of the ARB, to lift the mortgage liens in favor of the landowner, if any.

21  
22 **SEC. 5. *Inventory and Verification of the Outstanding Balances of ARBs under***  
23 *the VLT and DP Schemes.* – The DAR, with the assistance of the Land Bank of the  
24 Philippines, shall conduct an inventory and verification of the outstanding balances of  
25 the ARBs under the VLT and DP schemes to prevent fraudulent claims, as well as to  
26 ensure that the National Government shall only assume principal and interest payments  
27 which have not yet prescribed.

1           **SEC. 6. *Broadened Scope of Support Services to Agrarian Reform Beneficiaries***  
2           *under the CARP.* – In addition to the support services available to the ARBs under  
3           Section 37 of R.A. No. 6657, as amended, the DAR, together with the Presidential  
4           Agrarian Reform Council (PARC), shall ensure that support services and assistance  
5           indispensable to agricultural productivity and resiliency, enterprise development, and  
6           financial literacy of the ARBs, as well as to the need for sustenance, dwelling, clothing,  
7           medical assistance, education, transportation, among others, of such beneficiaries and  
8           their families, shall be provided. Any form of support services rendered by any banking  
9           or financial institution for the benefit of the beneficiaries and their families shall be  
10          deemed a form of support under the Agrarian Reform Program thereby amending  
11          Section 37 of Republic Act No. 6657, as amended.

12  
13          This Section is without prejudice to the support services available to ARBs from  
14          other National Government Agencies, and shall not be construed as alternative  
15          compliance to Republic Act No. 10000 otherwise known as the Agri-Agra Reform Credit  
16          Act of 2009.

17  
18          **SEC. 7. *Preference to Credit Facilities and Support Services for Beneficiaries with***  
19          *Paid Amortizations.* – ARBs who have completed payments for the land, as well as  
20          interest thereon, if any, under Section 21 of Republic Act No. 6657, as amended, and  
21          other agrarian reform laws shall be given preference in the provision of support services  
22          and access to credit facilities.

23  
24          **SEC. 8. *Restitution of the Agrarian Reform Award Forfeited Solely due to Non-***  
25          *Payment of Purchase Price and Interest.* – Any pending administrative or judicial case  
26          involving the forfeiture by the landowner of the land subject to VLT or DP scheme due  
27          to the failure of the ARB to pay the purchase price thereof or any interest thereon shall  
28          immediately be dismissed *motu proprio*.

1           The execution of a final and executory administrative or judicial case decision due  
2 to the failure of an ARB to pay aforesaid purchase price or interest, resulting in the  
3 disqualification of the ARB, the cancellation of the title registered in his name, the  
4 extinguishment of the rights of possession and ownership of the land, as well as the  
5 removal of the person from the land or the dismantling of any improvements found  
6 therein, shall be immediately terminated.

7  
8           Any title cancelled as a result of the final and executory administrative or judicial  
9 case decision shall immediately be reconstituted. In the event that the agricultural land  
10 has already been awarded to another beneficiary or sold to another ARB under another  
11 land transfer or direct payment arrangement, the DAR shall, as far as equitable, award  
12 another land to the disqualified ARB.

13  
14           In all cases, the National Government shall pay to the landowner the balance of  
15 the financial obligation of the ARB, as verified by DAR.

16  
17           **SEC. 9. Disqualification of Agrarian Reform Beneficiaries due to Acts and**  
18 *Omissions Constituting Violations of Agrarian Reform Laws.* – Any person convicted by  
19 final judgment of any of the prohibited acts and omissions under Sec. 73 and meted  
20 any of the penalties under Sec. 74 of RA. No. 6657, as amended, is disqualified to avail  
21 of the benefits under this Act. Disqualification also results for any determination by final  
22 judgment that the ARB, in violation of Sec. 22 of R.A. No. 6657, as amended, willfully  
23 refused to make the awarded land as productive as possible or deliberately neglected  
24 or abandoned the awarded land continuously for a period of two (2) calendar years.  
25 Provided, That non-cultivation of the land due to non-installation of the ARBs, threats  
26 by other stakeholders or entities, lack of facilities and support services, or situations or  
27 conditions beyond the control of the ARBs not due to their fault or actuations shall not  
28 be considered as either neglect, abandonment, or grounds for disqualification.

29

1 To this effect, the DAR shall thoroughly investigate and revalidate allegations  
2 that will constitute disqualification under this Section, in a manner that will be construed  
3 liberally in the favor of the ARBs.  
4

5 **SEC. 10. *Right of the Landowner to Just Compensation.*** – It is indispensable  
6 that a landowner whose land has been subject to voluntary land transfer or direct  
7 payment scheme under CARP or other agrarian reform laws shall be entitled to just  
8 compensation from the Government as to the portion of the purchase price or interest  
9 that is still unpaid by the ARB. Nothing herein shall diminish the right of landowners to  
10 be justly compensated for their agricultural lands acquired under the said programs.  
11

12 **SEC. 11. *Implementing Rules and Regulations.*** – The DAR, in coordination with  
13 the Executive Committee of the Presidential Agrarian Reform Council (PARC ExCom),  
14 with the technical assistance of the Land Bank of the Philippines (LBP), shall, within  
15 sixty (60) days from the effectivity of this Act, formulate the necessary Implementing  
16 Rules and Regulations.  
17

18 **SEC. 12. *Agency Support.*** – All other government offices and agencies are  
19 directed to render such prompt and necessary assistance, subject to applicable laws,  
20 rules and regulations, to fully implement the provisions of this Act.  
21

22 **SEC. 13. *Funding.*** – The amount necessary for the implementation of this Act  
23 shall be charged against the Agrarian Reform Fund, as certified by the Bureau of  
24 Treasury, and the inclusion thereof in the Annual General Appropriations Act shall be  
25 subject to the existing budgeting process, rules and regulations, and to such other  
26 funds as may subsequently be authorized by Congress.  
27

28 **SEC. 14. *Repealing Clause.*** – All laws, executive orders, issuances or parts  
29 thereof inconsistent with the provisions of this Act are hereby amended, repealed or

1 modified accordingly.

2

3 **SEC. 15. *Separability Clause.*** – If any provision of this Act is declared  
4 unconstitutional, the remainder of this Act or any provisions not affected thereby shall  
5 remain in full force and effect.

6

7 **SEC. 16. *Effectivity.*** – This Act shall take effect upon its publication in the Official  
8 Gazette or in a newspaper of general circulation.

*Approved,*