

23 JAN 12 P3:30

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

RECEIVED BY:



SENATE
S.B. No. 1662

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT
EMANCIPATING AGRARIAN REFORM
BENEFICIARIES FROM THE DEBT BURDEN BY CONDONING UNPAID
AMORTIZATIONS AND INTERESTS ON AGRICULTURAL LANDS AWARDED
UNDER THE COMPREHENSIVE AGRARIAN REFORM PROGRAM AND OTHER
AGRARIAN REFORM PROGRAMS, 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. Land distributed under agrarian reform suffers from restrictions associated with lack of individual land titles. Collective Certificate of Land Ownership Awards (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 land grants.

In addition, 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 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.

In order to fulfill the agrarian reform program, the Department of Agrarian Reform (DAR) needs to address the immediate distribution of land to agrarian reform beneficiaries. As of January 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.

As of 1 August 2022, 654,047 ARBs still have to amortize a total of 58.13 billion pesos to the Land Bank. Of the 58.13 billion pesos to be amortized, 43.67 billion pesos due from 390,714 beneficiaries 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 14.46 billion pesos of receivables.

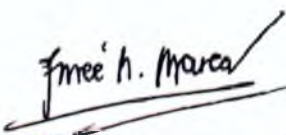
Looking at 2021 collection data, only 19.6% of collectibles were collected. The low collection rate is due to a number of reasons. First, the administrative cost needed to collect from farmer-beneficiaries is prohibitive given the geographic conditions in which the farmer-beneficiaries live. Second, the ability to pay of the farmers is heavily compromised by the exposure of the industry' to various weather disturbances. 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. 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. Condonation and individual titling of agrarian reform lands will complete the emancipation of landless farmers from the feudal system of land ownership. In addition, it will also generate 70 million pesos worth of savings for the Land Bank of the Philippines.

Moreover, 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.


IMEE R. MARCOS



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AND FOR OTHER PURPOSES**

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 "Condonation of Unpaid
2 *Amortizations and Interests on Agricultural Lands under the Comprehensive Agrarian*
3 *Reform Program Act.*"

4
5 **SEC. 2.** *Declaration of Policy.* – It shall be the policy of the State to have
6 equitable distribution of opportunities, income, and wealth to attain expanding national
7 and local productivity that will act as the key to raising the quality of life for all. In
8 relation to this, the present financial burden of Agrarian Reform Beneficiaries (ARBs)
9 must be alleviated in order for them to focus their resources into increasing the
10 productivity and improving the resiliency of their awarded lands.

11
12 Furthermore, the State recognizes that social justice is actualized not only when
13 the landless farmer or farm worker becomes the owner of the land he or she tills but
14 also when the landowner whose land has been acquired and distributed under the

1 Comprehensive Agrarian Reform Program (CARP) is paid just compensation. Therefore,
2 it is the policy of the State to ensure that landowners shall continue to be justly
3 compensated for their lands.

4
5 **SEC. 3. *Condonation of the Agrarian Reform Debt.*** – The existing loan of
6 Agrarian Reform Beneficiaries (ARBS) due to unpaid amortization or interest shall be
7 condoned and written off. All unpaid amortizations and interests, including penalties or
8 surcharges, if any, due from loans secured under the Comprehensive Agrarian Reform
9 Program (CARP) or from other agrarian reform programs or laws are hereby condoned
10 by the Government, relieving all ARBs from the payment thereof, thereby repealing
11 Section 26 of Republic Act No. 6657, as amended, Section 6 of Executive Order No.
12 228, series of 1987, as well as the pertinent provisions of other agrarian reform laws.
13 Provided That, the Department of Agrarian Reform (DAR) shall thereafter issue,
14 whenever necessary, a Certificate of Condonation that shall be annotated on the
15 Emancipation Patent (EP), Certificate of Land Ownership Award (CLOA), or any other
16 title based on the applicable agrarian reform law. *Provided further,* That condonation
17 as provided herein shall lift all mortgage liens in favor of the National Government, as
18 represented by the Land Bank of the Philippines (LBP), attached to the land acquired.
19 *Provided furthermore,* That such condonation shall be in accordance with the applicable
20 banking laws and regulations of the Bangko Sentral ng Pilipinas.

21
22 **SEC. 4. *Broadened Scope of Support Services to Agrarian Reform Beneficiaries***
23 *under the CARP.* – In addition to the support services available to the ARBs under
24 Section 37 of R.A. No. 6657, as amended, the DAR, together with the Presidential
25 Agrarian Reform Council (PARC), shall ensure that support services and assistance
26 indispensable to agricultural productivity and resiliency, enterprise development, and
27 financial literacy of the ARBs, as well as the need for sustenance, dwelling, clothing,
28 medical assistance, education, transportation, among others, of such beneficiaries and
29 their families, shall be provided. Any form of support services rendered by any banking

1 or financial institution for the benefit of the beneficiaries and their families shall be
2 deemed a form of support under the Agrarian Reform Program thereby amending
3 Section 37 of Republic Act No. 6657, as amended.

4
5 This Section is without prejudice to the support services available to ARBs from
6 other National Government Agencies, and shall be construed as alternative compliance
7 to Republic Act No. 10000, otherwise known as the Agri-Agra Reform Credit Act of 2009.

8
9 **SEC. 5. Preference to Credit Facilities and Support Services for Beneficiaries with**
10 *Paid Amortizations.* – ARBs who have completed the payment of the amortization
11 schedule and the payment of interest charges under Section 26 of Republic Act No.
12 6657, as amended, Section 6 of Executive Order No. 228 of 1987, and other agrarian
13 reform laws shall be given preference in the provision of support services and access to
14 credit facilities.

15
16 **SEC. 6. Issuance of Agrarian Reform Title.** – The proper Registry of Deeds shall
17 register the Emancipation Patent, the Certificate of Land Ownership Award, or any other
18 title based on the applicable agrarian reform law within sixty (60) days from the
19 issuance of the title in the name of the Republic of the Philippines. It shall likewise
20 annotate the Notice of Condonation on all affected EPs, CLOAs, or any other titles based
21 on the applicable agrarian reform law within sixty (60) days from its issuance by the
22 DAR.

23
24 **SEC. 7. Restitution of the Agrarian Reform Award Forfeited Solely due to Non-**
25 *Payment of the Annual Amortizations and Interest Charges.* – Any pending
26 administrative or judicial case involving the forfeiture by the DAR of the agrarian reform
27 award solely due to the failure of an ARB to pay the thirty-year amortization plus six
28 percent (6%) annual interest shall immediately be dismissed *motu proprio*, by the office
29 or the court.

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The execution of a final and executory administrative or judicial decision due to the failure of an ARB to pay the thirty-year amortization plus six percent (6%) annual interest resulting in the disqualification of the ARB, the cancellation of the agrarian reform title, and the extinguishment of the rights of possession and ownership of the awarded land, as well as the removal of the person from the awarded land or the dismantling of any improvements found therein, shall be immediately terminated, the agrarian reform award immediately restored, and the forfeiture decision accordingly be reversed. Any agrarian reform title cancelled as a result of the final and executory administrative or judicial decision shall immediately be reconstituted. In the event that the agricultural land has already been awarded to another beneficiary, the DAR shall, as far as equitable, award another land to the disqualified ARB.

SEC. 8. *Disqualification of Agrarian Reform Beneficiaries due to Acts and Omissions constituting Violations of Agrarian Reform Laws.* – Any person convicted by final judgment of any of the prohibited acts and omissions under Section 73 and meted any of the penalties under Section 74 of Republic Act No. 6657, as amended, is disqualified to avail of the benefits provided under this Act. Disqualification also results for any determination by final judgment that the ARB, in violation of Section 22 of R.A. 6657, as amended, willfully refused to make the awarded land as productive as possible or deliberately neglected or abandoned the awarded land continuously for a period of two (2) calendar years. *Provided,* That non-cultivation of the land due to non-installation of the ARBs, threats by other stakeholders or entities, lack of facilities and support services, or situations or conditions beyond the control of the ARBs not due to their fault or actuations shall not be considered as either neglect, abandonment, or grounds for disqualification.

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

4
5 **SEC. 9. *Right of the Landowner to Just Compensation.*** – It is indispensable that
6 a landowner whose land has been acquired and distributed to qualified beneficiaries
7 under CARP or any other agrarian reform program is paid just compensation. Nothing
8 herein shall diminish the right of landowners to be justly compensated for their
9 agricultural lands acquired under said programs.

10
11 **SEC. 10. *Implementing Rules and Regulations.*** – The DAR, in coordination with
12 the Executive Committee of the Presidential Agrarian Reform Council (PARC ExCom),
13 with the technical assistance of the Land Bank of the Philippines (LBP), shall, within
14 sixty (60) days from the effectivity of this Act, formulate the necessary Implementing
15 Rules and Regulations.

16
17 **SEC. 11. *Agency Support.*** – All other government offices and agencies are
18 directed to render such prompt and necessary assistance, subject to applicable laws,
19 rules and regulations, to fully implement the provisions of this Act.

20
21 **SEC. 12. *Funding.*** – The amount necessary for the implementation of this Act
22 shall be charged against the Agrarian Reform Fund, as certified by the Bureau of
23 Treasury, and the inclusion thereof in the Annual General Appropriations Act shall be
24 subject to the existing budgeting process, rules and regulations, and to such other funds
25 as may subsequently be authorized by Congress.

26
27 **SEC. 13. *Repealing Clause.*** – All laws, executive orders, issuances or parts
28 thereof inconsistent with the provisions of this Act are hereby amended, repealed or
29 modified accordingly.

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2 **SEC. 14. *Separability Clause.*** – If any provision of this Act is declared
3 unconstitutional, the remainder of this Act or any provisions not affected thereby shall
4 remain in full force and effect.

5

6 **SEC. 15. *Effectivity.*** – This Act shall take effect after fifteen (15) days following
7 the completion of its publication either in the Official Gazette or in a newspaper of
8 general circulation in the Philippines.

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Approved,