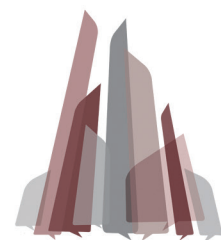


## CARP extension anew

On 11 June 2014, President Aquino certified urgent for immediate action the measure which extends the land acquisition and distribution (LAD) component of the Comprehensive Agrarian Reform Program (CARP). The LAD which has twice been extended since the CARP Law (RA 6657) was enacted in 1988 was set to expire on 30 June 2014. The House Committee on Agrarian Reform had earlier (on 4 June 2014) filed Committee Report 305 (on HB 4592), which is actually a substitute bill of HB 4296. HB 4592 provides for the completion of land acquisition and distribution with the budgetary allocation of P150 billion. It also includes additional agricultural lands not covered by CARP.

In the hope of passing the law alongside the President's certification, Committee Report 330 (which reported out HB 4296 without amendments) was filed on 11 June 2014. This bill is almost identical to the Senate-approved version (except for one section). The provision for funding was removed to accelerate the approval, since retaining the budgetary provisions in the bill will require subsequent referral to the Appropriations Committee.

The Senate, for their part, approved SB 2278, their version of the CARP extension bill, on third reading last 17 September 2014, while HB 4296 (Committee Report 330) continues to remain pending for plenary discussion in the House. Both the House and Senate leadership agreed to pass the bill during the resumption of session from 4 May to 10 June 2015.



**PROPOSED CARP EXTENSION BILLS**

	HOUSE BILL 4296 (Committee Report 330)	SENATE BILL 2278
TITLE	Mandating the completion of the land acquisition and distribution (LAD) component of the Comprehensive Agrarian Reform Program (CARP) by June 30, 2016	Mandating the completion of the land acquisition and distribution (LAD) component of the Comprehensive Agrarian Reform Program (CARP) by June 30, 2016
DATE FILED	11 June 2014	10 June 2014
SPONSOR	Rep. Teddy Brawner Baguilat	Sen. Gregorio Honasan II
STATUS	Pending Second Reading	Approved on Third Reading on 17 September 2014

**Common points in HB 4296 and SB 2278**

SEC. 1. The land acquisition and distribution component of the comprehensive agrarian reform program shall be completed by June 30, 2016.

SEC. 2. Section 30 of Republic Act No. 9700 is hereby amended to read as follows:  
**“Section 30. ISSUANCE OF NOTICES OF COVERAGE, ACCEPTANCE OF VOLUNTARY OFFER TO SELL AND Resolution of CaseS AND/OR PROCEEDINGS- THE DAR SHALL CONTINUE TO ISSUE NOTICES OF COVERAGE AND ACCEPT VOLUNTARY OFFERS TO SELL BY LANDOWNERS OF AGRICULTURAL LANDS COVERED BY REPUBLIC ACT NO. 6657, AS AMENDED UNTIL JUNE 30, 2016. SUCH ISSUANCE OF NOTICE OF COVERAGE OR ACCEPTANCE OF VOLUNTARY OFFER TO SELL STARTS THE PROCEEDINGS IN THE IMPLEMENTATION OF THE PROVISIONS OF REPUBLIC ACT NO. 6657, AS AMENDED.**

Any case and/or proceeding, **AS INITIATED BY THE ISSUANCE OF A NOTICE OF COVERAGE OR ACCEPTANCE OF A VOLUNTARY OFFER TO SELL**, involving the implementation of the provisions of Republic Act No. 6657, as amended, which may remain pending on June 30, **2016** shall be allowed to proceed to its finality and be executed even beyond such date.”

SEC. 3. The funding source provided under Section 21 of Republic Act No. 9700 shall further be utilized from the effectivity of this Act until **THE COMPLETE ACQUISITION AND DISTRIBUTION OF ALL AGRICULTURAL LANDS COVERED BY THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP).**

Provided, that after the completion of the land acquisition and distribution component of the CARP, the yearly appropriation shall be allocated fully to support services, agrarian justice delivery and operational requirements of the DAR and the other CARP implementing agencies.

SEC. 4. The term of the Congressional Oversight Committee (COCAR). The term of the COCAR shall end **SIX (6) MONTHS AFTER JUNE 2016.**

SEC. 5. Repealing Clause. - All other laws, decrees, executive orders, issuances, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 6. Separability Clause. - If, for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions not affected thereby shall remain in full force and effect.

SEC. 7. Effectivity Clause. - This Act shall take effect on July 1, 2014 after its publication in at least two (2) newspapers of general circulation. **(SB 2278)**

SEC. 7. This Act shall take effect after fifteen (15) days upon publication in at least two (2) newspapers of general circulation. **(HB 4296)**

To recall, CARP was the flagship program of the Corazon Aquino administration recognizing the failure of past administrations to carry out land tenure especially for poor farmers. Prior to this, shortly after the proclamation of Martial Law, President Marcos decreed that the entire country be a land reform area. He then ordered the emancipation of land in favor of the farmers, particularly for those devoted to rice and corn.

The Cory Aquino government's RA 6657 expanded the scope of agrarian reform to cover all agricultural lands, regardless of produce and tenurial arrangement. The law also provided for the establishment of support mechanisms such as credit extension facilities, marketing services, technology and research assistance, as well as infrastructure support in the form of access trails, irrigation, public utilities, and storage facilities.

### **CARP Implementation**

#### **Presidential Decrees 2 and 27**

- PD 2, signed on 26 September 1972 proclaims the entire country as a land reform area
- PD 27, signed 21 October 1972 decrees the emancipation of tenants and the transfer of ownership of the land they till covers agricultural lands primarily devoted to rice and corn

#### **Republic Act 6657**

- enacted 10 June 1988 to be implemented for a period of 10 years
- covers all agricultural lands (except aquaculture and livestock farms) regardless of commodity produced and tenurial arrangement
- provides that qualified agrarian reform beneficiaries may own not more than three hectares of agricultural land

#### **Republic Act 8532**

- enacted 23 February 1998 to provide additional funding to implement CARP for another ten 10 years, until 2008
- aside from usual funding source, provides additional P50 B, and P3 B yearly appropriation from the national budget

#### **HB 4296 / SB 2278**

- proposes to complete land acquisition and distribution by 30 June 2016
- allows any case or proceeding that has already been initiated by the issuance of a notice of coverage or acceptance of a voluntary offer to sell, to proceed to its finality and be executed even beyond 30 June 2016

#### **Republic Act 9700**

- enacted 7 August 2009 to implement final acquisition and distribution of all remaining unacquired and undistributed agricultural lands for another five years, until 30 June 2014
- provides additional P150 B, and increases annual appropriation to P5 B
- exempts landholdings of landowners with a total area of five hectares and below

From 1972 to December 2013, CARPable lands spanned over 9 million hectares with some 6.07 million agrarian reform beneficiaries (ARBs). Of this number, 8,273,993 hectares have already been distributed and covers over 5.25 million ARBs. As of 31 December 2013, the remaining balance is 964,901 hectares with 812,277 ARBs.

**STATUS OF LAND DISTRIBUTION (1972-2013)**

LAND TYPE	SCOPE	ACCOMPLISHMENT	BALANCE
<b>DAR</b>	5,163,751 hectares 3,017,254 ARBs	4,598,975 hectares 2,610,032 ARBs	801,920 hectares 407,222 ARBs
<b>DENR</b>	3,837,999 hectares 3,048,578 ARBs	3,675,018 hectares 2,643,523 ARBs	162,981 hectares 405,055 ARBs
<b>Total</b>	9,001,750 hectares 6,065,832 ARBs	8,273,993 hectares 5,253,555 ARBs	964,901 hectares 812,277 ARBs

Source: Presidential Agrarian Reform Council (PARC)

The initial implementation period under RA 6657 is 10 years, which was twice extended for a total implementation period of 35 years. The total government spending for CARP from July 1987 to December 2013 is already pegged at P244.5 billion. Over this period, 8,006,879 hectares have been distributed affecting 5,178,019 ARBs. Despite these, less than a million hectares remain undistributed, hence, the ensuing debates on whether or not to allow another CARP extension, specifically to complete the acquisition and distribution of land until 30 June 2016.

**The CARP debate**

Experts are divided with their assessment of CARP, hence, are at opposite ends with the proposal to extend the program anew. National Scientist and Former Dean of the University of the Philippines School of Economics Raul Fabella, in arguing that it is time to let go of CARP, highlighted several points:

1. CARP seemed to have created a new class of farmers: "the landed poor." According to the 2011 Agrarian Reform Community (ARC) Level Development Assessment (ALDA), poverty incidence among ARC-affiliated ARBs is high at 54%. Related to this, the 2009 Family Income and Expenditure Survey (FIES) showed 36% of farmer households nationwide fell below the poverty line.
2. For crops that came under land reform with CARP, the productivity figures are chilling, considering that ARCs are where most of the government and non-government aid get poured.<sup>1</sup> Data from the same survey showed that average yield (ton/hectare) among ARC beneficiaries in palay was 10% higher than the national average; and in corn it was 50% higher. However, average yield was 40% lower in coconut, and in sugar it was 8% lower.
3. With the billions spent on implementing CARP, better gains would have been achieved when direct grants were instead given to beneficiaries. When measured against income, an Asia-Pacific Policy Center (APPC) Study, updated in 2008, suggested that there is no significant difference in being an ARB or ARC member; hence CARP is an "inferior type of ownership."

<sup>1</sup> Agrarian Reform Communities (ARC) is a barangay or cluster of barangays within a municipality where majority of CARPable lands have been awarded to a critical mass of Agrarian Reform Beneficiaries (ARBs). DAR adopted the ARC approach to consolidate government efforts, as well as of NGOs and other private entities in terms of support services and training to farmer-beneficiaries. ARCs are also assisted in order to facilitate access to market, technology support and credit facilities.

Founding NEDA Director General Gerardo Sicat elaborated on Fabella's discussion of CARP's design and implementation flaws. He contends that the five hectare limit on land ownership actually stunted agricultural productivity, as later studies which included "land quality" variable<sup>2</sup> showed that larger farms are more efficient. Even so, it takes years of amortization payments before lands could be fully paid, and then individually titled. While on their way to final titling, such parcel of land becomes part of the collective title to the farmer beneficiaries, evidenced by the Certificate of Land Ownership Awards (CLOAs). Each recipient cannot separately use the title to avail of formal credit, making the land a frozen financial asset, and as such, productivity is hampered. This situation is further aggravated when the farmer is forced to turn into informal channels where terms are much costly.

Sicat explained that unstable property rights results in uncertainty and low investments in agriculture. The sizeable plantations of banana, pineapple, and rubber were also affected when CARP was extended to all kinds of produce and all forms of tenurial arrangements. This set-up further discouraged corporate farming, especially those which involves foreign direct investment.

Meanwhile, in another UP discussion paper, "Time to let go of CARP? Not so fast?," Toby Monsod and Sharon Piza refuted Fabella's thesis.

The two contended that it was inaccurate to say poverty worsened with CARP because the figures used, the 2009 FIES and the 2011 ALDA, were incomparable. FIES is a national survey covering a sample of about 50,000 households out of 18.4 million in the country. ALDA on the other hand is a targeted survey on ARB households residing in ARCs. A 50,000 sample is also drawn, but from a universe of about 1.43 million households in 9,635 barangays. The proper comparison was mentioned by the earlier APPC Study in 2007 which found that poverty incidence in ARC barangays went down to 25% in 2000 from 40% in 1990.

Fabella, they claimed, was also mistaken in claiming that farm productivity figures are chilling. Average yields in rice and corn, which represent 62% of the area planted in ARCs, are higher than the national averages. When compared to productivity figures in 2005, Monsod and Piza showed that the average yields have actually improved in all four crops. Their paper further illustrated that the ARC strategy had a significant and positive effect on household welfare, such that ARBs residing in an ARC barangay are better off than those residing in a non-ARC barangay, or than a non-ARB outside the ARC barangay even if the latter owns land.

According to Prof. Solita Monsod, another former NEDA director general, the abovementioned milestones and other gains still outweigh the losses from CARP, even if the achievements were below the expected outcomes. In fact, Monsod said that the key findings of the APPC Study identified steps to be undertaken and that these included the completion of CARP. Monsod, in her newspaper column went further to say that if every government program was to be scrapped because

---

<sup>2</sup>Relates to the nature of the inputs brought into land cultivation or the ability – technical, managerial or entrepreneurial skills – of the farmer-manager

of underperformance, then the country would have no education program, nor a Commission on Elections. Even the entire medium-term development plan should be dropped altogether. Furthermore, Monsod argued for the full implementation of CARP, citing the report by Dr. Cielito Habito in 2008, which found that 81% of CARP beneficiaries said they are better off now than before CARP despite of the difficulties they experienced.

### **Beyond CARP**

Whether gains have been attained or expectations not met, and whether to extend CARP or not, the agrarian reform program's fate is in the hands of the legislators. This is more significant for the House of Representatives where the bill has yet to hurdle plenary debates, before voting on second and third reading. Former Rep. Edcel Lagman said that Congress has extended the LAD twice before, thus a third extension to complete the program is but logical, reasonable, and constitutional. Certain incumbent solons, especially those who belong or are related to families with large landholdings, it must be noted, are being criticized for allegedly "sitting" if not blocking the measure. Meanwhile, there are also representatives who are opposed to extending CARP simply because they are pushing for an alternate, House Bill 252, or what is referred to as the "Genuine Agrarian Reform Bill (GARB)."

GARB has been introduced even in previous Congresses because the proponents believe that CARP had only worsened landlessness of farmers and perpetuated land monopoly in the country. This is contrary to the declared state policy to promote social justice and to move the nation toward sound rural development and industrialization.<sup>3</sup>

In this regard, several issues have been identified as either reasons to not extend CARP or complementary measures necessary to realize the law's objectives:

- Enable farmer beneficiaries to have access to formal credit by allowing farmlands as loan collateral. **[HBs 309, 474, and 1388 – Pending in Committee]**
- Institute reforms in land administration, including government agencies in charge of identifying, mapping, and titling of lands. **[HBs 1981, 2044, and 3109, and SBs 99, 431, 1041, 1682, and 1748 – Pending in Committee]**
- Rationalize land use by instituting a National Land Use Policy, and its corresponding local plans and frameworks **[HB 4382 – Approved on Third Reading; SBs 7, 63 and 150 – Pending in Committee]**
- Impose heavy taxes on idle and abandoned lands to encourage owners to make their lands productive. **[HBs 1257 and 4460, and SB 948 – Pending in Committee]**

Aside from the proposals requiring legislation, other issues that need to be addressed and considered include the following:

- Shift the national agriculture objective from attaining rice self-sufficiency at all costs to food security.
- Address illegal selling and mortgaging, illegal conversion, and other incidents that negate

---

<sup>3</sup>Section 2 of Republic Act 6657

the gains of CARP and other government policies.

- Modernize the farming system and improve incentives in order to attract young, talented and highly motivated workers, taking stock of the need to bring down the current average farming age of 57.
- Promote local and foreign investments in agriculture and agriculture-related activities, which include support and ancillary services – farm-to-market roads, cold storage facilities, modern plantations, etc.
- Integrate long-term agricultural roadmaps with industry development plans to improve farm productivity and create more jobs through downstream and value-adding industries and activities.

**References:**

Adriano, Fermin. *CARP Institutional Assessment in a Post-2008 Transition Scenario: Toward a New Rural Development Architecture*. Makati City: Philippine Institute for Development Studies (PIDS), 2008.

Fabella, Raul. "Comprehensive Agrarian Reform Program (CARP): Time to Let Go." *UP School of Economics Discussion Papers*, 2014.

Honasan, Gregorio. "Senate Bill 2278." *Mandating the completion of the land acquisition and distribution (LAD) component of the Comprehensive Agrarian Reform Program (CARP) by June 30, 2016*. 16th Congress Senate of the Philippines, June 10, 2014.

Legislative Budget Research and Monitoring Office (LBRMO). "Budget Facts and Figures: 25 years of CARP." [www.senate.gov.ph](http://www.senate.gov.ph). April-June 2014.  
[http://www.senate.gov.ph/publications/LBRMO%20July%202014%20-%2025%20YEARS\\_CARP\(final\)%20PDF.pdf](http://www.senate.gov.ph/publications/LBRMO%20July%202014%20-%2025%20YEARS_CARP(final)%20PDF.pdf) (accessed January 2015).

Monsod, Solita. "Time to let go - or not?" *Philippine Daily Inquirer*, March 15, 2014.

Monsod, Toby, and Sharon Piza. "Time to let go of CARP? Not so fast." *UP School of Economics Discussion Papers*, 2014.

Paez, Cresente. "House Bill 4296." *Mandating the completion of the land acquisition and distribution (LAD) component of the Comprehensive Agrarian Reform Program (CARP) by June 30, 2016*. 16th Congress House of Representatives, June 11, 2014.

Presidential Agrarian Reform Council. "personal communication." April 17, 2015.

Sicat, Gerardo. "Agrarian reform and economic development: 'equity' with efficiency." *Philippine Star*, February 26, 2014.

The **CongressWatch Report** is a regular publication of the Makati Business Club. Its main mission is to promote accountability and transparency of elected government officials. For inquiries, suggestions, and additional information, please call CongressWatch at telephone nos. 751-1143 to 45 or email [patrick.chua@mbc.com.ph](mailto:patrick.chua@mbc.com.ph).

Project Coordinator  
**Patrick D.P. Chua**

Editor  
**Paolo B. Monteiro**

Design & Layout  
**Robi F. Del Rosario**

