

EXECUTIVE ORDER NO. 229

(July 22, 1987)

PROVIDING THE MECHANISMS FOR THE IMPLEMENTATION OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM

WHEREAS, by virtue of Proclamation No. 131 dated July 22, 1987 the Comprehensive Agrarian Reform Program has been instituted;

WHEREAS, there is a need to provide for the mechanisms to start the implementation of the program;

WHEREAS, public hearings and consultations were held to determine appropriate mechanisms capable of being established.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

CHAPTER I

Coverage

SECTION 1. *Scope.* — The Comprehensive Agrarian Reform Program (CARP) shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 dated July 22, 1987, including whenever applicable in accordance with law, other lands of the public domain suitable to agriculture.

SECTION 2. *Implementation.* — Land acquisition and distribution shall be implemented as provided in this Order as to all kinds of lands under the coverage of the program, subject to such priorities and reasonable retention limits as the Congress may under the Constitution prescribe, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation.

SECTION 3. *Exemptions.* — Lands actually used and found to be necessary for national defense, school sites and campuses, religious purposes, penal colonies and government research and quarantine centers, are exempted from the coverage of the program.

SECTION 4. *Compulsory Registration.* — Within one hundred eighty (180) days from the effectivity of this Order all natural and juridical persons,

including government entities, owning, leasing or managing agricultural lands shall file a sworn statement in the proper Assessor's Office in the form to be prescribed by the Department of Agrarian Reform (DAR). This statement shall include among others, (a) the description and area of the property; (b) the estimated average gross income from the property; (c) the names of all tenants and regular farmworkers therein; (d) the crop(s) planted in the property and the area covered by each crop as of June 1, 1978; (e) the terms of mortgages, leases, and management contracts subsisting as of June 1, 1987; (f) the latest declared market value of the land as determined by the City/Provincial Assessor, and (g) a sworn declaration of the current fair market value, which the owner wishes to receive if the property should be acquired by the government for agrarian reform purposes.

If the landowner fails to register within the prescribed period, the government shall base the valuation of his property for landowner compensation purposes on the City/Provincial Assessors's value. Beginning with the quarter immediately following this registration, the real property tax payable shall be based on the abovementioned owner's declaration of current fair market value.

CHAPTER II

Private and Acquisition

SECTION 5. *Procedure of Acquisition.* — After the land, landowners, and beneficiaries shall have been identified, the DAR shall publish its decision to acquire the land and notify the landowners thereof, together with the offer of the DAR to pay for the land as provided in Section 6 hereunder.

Within fifteen (15) days from publication and notice, the landowner shall signify to the DAR his acceptance or rejection of the offer.

If the landowner accepts the offer of the DAR, the Land Bank of the Philippines (LBP) shall pay the landowner the purchase price of the land within fifteen (15) days after he surrenders the Certificate of Title and other relevant documents required by the DAR and the LBP.

In case of rejection or if no reply is received, the DAR shall conduct administrative summary proceedings to determine the compensation for the land, requiring the landowner, the LBP, and other interested parties to submit within fifteen (15) days from the receipt of notice, evidence as to the compensation for the land. After the expiration of the above period, the matter is deemed submitted for decision.

Within fifteen (15) days from receipt of the decision, the LBP shall establish a trust fund for the landowner concerned in the amount decided and notify the landowner and the DAR of its establishment.

Any party who disagrees with the decision may bring the matter to the proper court for determination of just compensation.

After the establishment of the trust fund or receipt by the DAR of the landowner's acceptance of the offer, the DAR shall take immediate possession of the land. Upon formal notification by the DAR, the Register of Deeds shall issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines as Trustee for and in behalf of qualified beneficiaries. Thereupon, the DAR shall proceed with the redistribution of the land to the qualified beneficiaries.

The rights and responsibilities of ownership by the beneficiaries commence at the time of their designation as awardees-owners by the DAR, as evidenced by a Certificate of Landownership Award in their favor.

SECTION 6. *Compensation to Landowners.* — The LBP shall compensate the landowner an amount to be established by the government, which shall be based on the owner's declaration of current fair market value as provided in Section 4 hereof, but subject to certain controls to be defined and promulgated by the Presidential Agrarian Reform Council (PARC) as provided in Section 18 hereof. The compensation shall be paid in any of the following modes, at the option of the landowner:

- (a) Bond payment over ten (10) years, with ten (10) percent of the value of the land payable immediately in cash and the balance in the form of LBP bonds bearing market rates of interest that are aligned with 91-day treasury bills rates, net of applicable final withholding tax. One-tenth of the face value of the bonds shall mature every year from the date of issuance until the tenth year;

The LBP bonds issued hereunder shall be eligible at face value for the purchase of government assets to be privatized;

- (b) Direct payment in cash or kind by the farmer-beneficiaries with the terms to be mutually agreed upon by the beneficiaries and landowners and subject to the approval of the DAR; and
- (c) Other modes of payment as may be prescribed or approved by the PARC.

SECTION 7. *Assistance to Landowners.* — Landowners affected by this Order shall be assisted and provided by the LBP with the following services:

- (a) Investment information and counselling assistance;
- (b) Conversion and/or exchange of LBP bonds to/from government stocks and/or with government assets; and
- (c) Marketing of LBP bonds.

CHAPTER III

Land Transfer, Utilization, and Sharing

SECTION 8. *Voluntary Land Transfer.* — Landowners whose lands are subject to redistribution under this Order have the option of entering into a voluntary agreement for direct transfer of their lands to appropriate beneficiaries, under terms and conditions acceptable to both parties and subject to the approval of the DAR. The general guidelines for voluntary land transfer are:

- (a) The beneficiaries are determined by the DAR to be the same individuals who would be eligible to purchase the land in case the government under this Order acquired the land for resale;
- (b) The area of land to be transferred is no less than the area which the government, under this Order, would otherwise acquire for resale;
- (c) The terms and conditions of the government's standing offer to purchase from the landowner and standing offer to resell to the beneficiaries are fully known and understood by both parties;
- (d) The voluntary transfer agreement shall include sanctions for non-compliance by either party and shall be binding and irrevocable for both parties, and shall be duly recorded at and monitored by the DAR.

SECTION 9. *Voluntary Offer to Sell.* — The government shall purchase all agricultural lands it deems productive and suitable to farmer cultivation voluntarily offered for sale to it at a valuation determined in accordance with Section 6. Such transactions shall be exempt from the payment of capital gains tax and other taxes and fees.

SECTION 10. *Corporate Landowners.* — Corporate landowners may give their workers and other qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the land assets bear in relation to the corporation's total assets, and grant additional compensation which may be used for this purposes. The approval by the PARC of a plan for such stock distribution, and its initial implementation, shall be deemed compliance with the land distribution requirements of the CARP.

SECTION 11. *Leases, Management Contracts, Mortgages, and Claims.* — Leases and management contracts on land covered by the land distribution and registered with the Register of Deeds prior to the approval of this Order may continue under their original terms and conditions, but not beyond five (5) years from the effectivity of this Order; provided that upon expiration, leases, and management contracts may only be renewed subject to the agreement of the qualified beneficiaries; and provided further that upon the distribution or award of the land, where the existing lease rentals are not acceptable to the qualified beneficiaries, such rentals

shall be renegotiated with the assistance of the Barangay Agrarian Reform Council (BARC). If the parties fail to agree, the DAR shall determine the rental. Mortgages and other claims registered with the Register of Deeds will be assumed by the government up to the landowner's compensation value as provided for in Section 6 hereof.

SECTION 12. *Payment of Beneficiaries.* — Land acquired and redistributed by the government shall be paid for by the beneficiaries in thirty (30) equal annual payments at six (6) percent per annum interest, with the first payment due one year after resale, and a two (2) percent interest rebate for amortizations paid on time, provided, that in no case shall the annual amortizations exceed ten (10) percent of the land's annual value of gross production. Should the amortization exceed ten (10) percent, the LBP shall reduce the interest rate and/or reduce the principal obligation to make the repayments affordable. Incentives shall be given for prepayments.

The LBP shall have a lien by way of mortgage on the land acquired by the beneficiary and this mortgage may be foreclosed by the LBP when the outstanding principal balance unpaid and past due reaches the equivalent of three (3) annual amortizations.

SECTION 13. *Credit Support.* — Upon land transfer, each beneficiary who actually farms his land shall be eligible for a production loan to finance one crop cycle under terms and conditions to be determined by the LBP on a case to case basis, renewable upon repayment.

SECTION 14. *Collective or Individual Ownership.* — For lands with multiple beneficiaries, ownership of whole parcels or estates may be transferred to the farmer-beneficiaries collective or individually, at the option of the beneficiaries, provided, that in collective ownership, each beneficiary shall have an undivided share of the land held in common equivalent to not more than the applicable retention limit. The beneficiaries may collectively decide on the continued operation of the parcel/estate as a whole or to subdivide the same into individual lots and determine the manner in which such subdivision is to be implemented.

SECTION 15. *Distribution and Utilization of Public Lands.* — All alienable and disposable lands of the public domain for agriculture and outside proclaimed settlements shall be distributed by the Department of Environment and Natural Resources (DENR) to qualified beneficiaries as certified to jointly by the DAR and the DENR.

SECTION 16. *Production Sharing.* — Individual's or entities owning and/or operating under lease agricultural lands with gross sales in excess of Five Million Pesos (P5 million) per annum are hereby mandated to execute a production sharing plan whereby at least two and one-half (2.5) percent of the gross sales from the production/cultivation of such lands are distributed as compensation to the

farmworkers over and above the compensation they currently receive, provided that such individuals or entities are not obligated to pay more than 100 percent of the regular and annual compensation of the farmworkers.

CHAPTER IV

Implementing and Coordinating Mechanisms

SECTION 17. *Quasi-Judicial Powers of the DAR.* — The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive original jurisdiction over all matters involving implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

The DAR shall have powers to punish for contempt and to issue *subpoena*, *subpoena duces tecum* and writs to enforce its orders or decisions.

The decisions of the DAR may, in proper cases, be appealed to the Regional Trial Courts but shall be immediately executory notwithstanding such appeal.

SECTION 18. *The Presidential Agrarian Reform Council (PARC).* — To coordinate the implementation of the CARP and to ensure the timely and effective delivery of the necessary support services, there is hereby created the Presidential Agrarian Reform Council composed of the President as Chairman, and the Secretaries or Heads of the following agencies, as follows:

Department of Agrarian Reform	— Vice Chairman
Department of Agriculture	— Vice Chairman
Department of Environment and Natural Resources	— Vice Chairman
Executive Secretary	— Member
Department of Budget and Management	— Member
Department of Finance	— Member
Department of Justice	— Member
Department of Labor and Employment	— Member
Department of Local Government	— Member
Department of Public Works and Highways	— Member
Department of Trade and Industry	— Member
Department of Transportation and Communications	— Member
National Economic and Development Authority	— Member
Land Bank of the Philippines	— Member
Presidential Commission on Good Government	— Member

The President shall appoint representatives of agrarian reform beneficiaries and affected landowners as members of PARC.

The DAR shall provide the Secretariat for the PARC and the Secretary of Agrarian Reform shall be the Director-General thereof.

The PARC shall formulate and/or implement the policies, rules and regulations necessary to implement each component of the CARP, and may authorize any of its members to formulate rules and regulations concerning aspects of agrarian reform falling within their area of responsibility. These policies, rules and regulations shall include the following:

- a. Recommended small farm economy areas, which shall be specific by crop and based on thorough technical study and evaluation;
- b. The schedule of acquisition and redistribution of specific agrarian reform areas, provided that such acquisition shall not be implemented until all the requirements are completed, including the first payment to the landowners concerned.
- c. Control mechanisms for evaluating the owner's declaration of current fair market value as provided in Section 4 hereof in order to establish the government's compensation offer as provided in Section 6 hereof, taking into account current land transactions in the locality, the landowner's annual income from his land, and other factors.

PARC shall have an Executive Committee composed of the Secretary of Agrarian as Chairman, and Secretaries or Heads of the following agencies as members:

Executive Secretary
Department of Agriculture
Department of Environment and Natural Resources
Department of Finance
Department of Public Works and Highways
Land Bank of the Philippines

Within ninety (90) days from the effectivity of this Order, the Executive Committee of PARC shall complete a Program of implementation incorporating the physical targets, implementation schedule and support requirements of agrarian reform, and shall submit the same to the PARC, for approval. Such program of implementation shall take into account, and be consistent with, priorities and retention limits that Congress may in the meantime prescribe, and the following basic policies and guidelines set forth in the Constitution:

- a. The CARP is 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;
- b. The right of small landowners shall be respected;
- c. Voluntary land-sharing shall be encouraged;
- d. Farmers, farmworkers, landowners, cooperatives and/or independent farmers' organizations have the right to participate in the planning, organization, and management of the CARP;
- e. In lands of the public domain, the CARP shall respect prior rights, homestead rights of small settlers, and the rights of indigenous communities to their ancestral lands;
- f. Support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services must be provided;
- g. Landowners shall be encouraged to invest the proceeds of the agrarian reform program to promote industrialization, employment creation, and privatization of public sector enterprises; and
- h. At the earliest possible time, idle or abandoned agricultural lands as may be defined by law shall be expropriated for distribution to the beneficiaries of the agrarian reform program.

SECTION 19. *Barangay Agrarian Reform Council (BARC)*. — On matters related to agrarian reform, the DAR shall convene at the barangay level, a Barangay Agrarian Reform Council. The BARC shall be operated on a self-help basis and will be composed of the following:

- a. Representative/s of farmers and farmworkers beneficiaries;
- b. Representative/s of farmer and farmworkers non-beneficiaries;
- c. Representative/s of agricultural cooperatives;
- d. Representative/s of other farmer organizations;
- e. Representative/s of the Barangay Council;
- f. Representative/s of non-government organizations (NGOs);

- g. Representative/s of landowners;
- h. DA official assigned to the barangay;
- i. DENR official assigned to the area;
- j. DAR Agrarian Reform Technologist assigned to the area who shall act as the Secretary; and
- k. Land Bank of the Philippines representative.

The functions of the BARC shall be:

- a. To participate and give support to the implementation of programs on agrarian reform;
- b. To mediate, conciliate or arbitrate agrarian conflicts and issues that are brought to it for resolution; and
- c. To perform such other functions that the PARC, its Executive Committee, or the DAR Secretary may delegate from time to time.

CHAPTER V

Financing

SECTION 20. *Agrarian Reform Fund.* — As provided in Proclamation No. 131 dated July 22, 1987, a special fund is created, known as The Agrarian Reform Fund, an initial amount of FIFTY BILLION PESOS (P50 billion) to cover the estimated cost of the CARP from 1987 to 1992 which shall be sourced from the receipts of the sale of the assets of the Asset Privatization Trust (APT) and receipts of sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and such other sources as government may deem appropriate. The amount collected and accruing to this special fund shall be considered automatically appropriated for the purpose authorized in this Order.

SECTION 21. *Supplemental Appropriations.* — The amount of TWO BILLION SEVEN HUNDRED MILLION PESOS (P2.7 billion) is hereby appropriated to cover the supplemental requirements of the CARP for 1987, to be sourced from the receipts of the sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and the proceeds from the sale of assets by the APT. The amount collected from these sources shall accrue to The Agrarian Reform Fund and shall likewise be considered automatically appropriated for the purpose authorized in this Order.

CHAPTER VI

Sanctions

SECTION 22. *Permanent Disqualification.* — Persons, associations, or entities who prematurely enter the land to avail themselves of the rights and benefits hereunder, shall be permanently disqualified from receiving benefits and shall forfeit their rights hereunder.

SECTION 23. *Contempt.* — Persons, associations, or entities who wilfully prevent or obstruct the implementation of the CARP shall be liable for contempt.

CHAPTER VII

General Provisions

SECTION 24. *Ancestral Lands.* — Within the framework of national unity and development, the rights of indigenous cultural communities to their ancestral lands are hereby protected to ensure their economic, social, and cultural well-being.

SECTION 25. *Immunity of Government Agencies from Undue Interference.* — No injunction, restraining order, prohibition or *mandamus* shall be issued by the lower courts against the DAR, the DA, the DENR and the Department of Justice in their implementation of the CARP.

SECTION 26. *Assistance of other Government Entities.* — The PARC in the exercise of its functions is hereby authorized to call upon the assistance and support of other government agencies, bureaus, and offices, including government-owned or controlled corporations.

SECTION 27. *Applications of Existing Legislation.* — Presidential Decree No. 27, as amended, shall continue to operate with respect to rice and corn lands, covered thereunder. The provisions of Republic Act No. 3844 and other agrarian laws not inconsistent with this Order shall have suppletory effect.

SECTION 28. *Free Registration of Patents and Titles.* — All Registers of Deeds are hereby directed to register free from payment of all fees, patents, titles, and documents required in the implementation of the CARP.

SECTION 29. *Separability Clause.* — If, for any reason, any section or provisions of this Order shall be held unconstitutional or invalid, no other section or provision hereof shall be affected thereby.

SECTION 30. *Repealing Clause.* — All laws, issuances, decrees or any part or parts thereof inconsistent with the provisions of this Order are hereby repealed or amended accordingly.

SECTION 31. *Effectivity Clause.* — This Executive Order shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

APPROVED, in the City of Manila, Philippines, this 22nd day of July, 1987.