



Republic of the Philippines  
Department of Agrarian Reform

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# **PHILIPPINE AGRARIAN REFORM: PARTNERSHIPS FOR SOCIAL JUSTICE, RURAL GROWTH, AND SUSTAINABLE DEVELOPMENT**

**(Country Paper on Agrarian Reform and Rural Development in the Philippines)**

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## I. INTRODUCTION

The Philippines is an archipelago consisting of 7,107 islands in the heart of Southeast Asia. To the north, the Philippines is bounded by three progressive countries: Taiwan, Hong Kong and China; Malaysia and Thailand to the west; and the islands of Borneo and Indonesia to the south-west. Eleven islands make up 95 percent of the land area. The majority of the Filipino people inhabit three large islands groups: Luzon, Visayas and Mindanao. These three island groups are further subdivided into 14 regions, 79 provinces, 60 cities, 1542 municipalities and 41,825 barangays.

Filipinos are of Indo-Malay, Chinese and Spanish ancestry. The national language is Filipino or *Tagalog*, which is a derivative of Malay. There are over 70 other local languages and dialects in the Philippines today. English is understood in many areas but generally only widely spoken among the dominant classes. Small minorities of the people speak Spanish and Chinese languages. The poor and indigenous communities speak in their native languages and are less comfortable with the Western culture and power structures that have been adopted by the rich (Philippines, National Economic and Development, 1975).

Eighty-six percent of the Filipinos are Catholic, and the remaining 14% are Muslim and Protestant. While the Philippines boasts a high literacy rate, 93.1 percent in urban areas; 76.9 percent in rural areas, communication is still difficult given its historical, cultural, religious and language and economic diversity in each region.

At the end of the 20<sup>th</sup> century, the population of the Philippines was recorded at 76.5 million or about 15.3 million families with an average of five persons each. Around 36.75 million persons (48.05%) reside in the urban areas while 39.75 million (51.95%) are living in the rural areas. The Philippines is the world's fourteenth populated country. It is third to Indonesia and Vietnam among the Southeast Asian countries, with a total population of 214.4 million and 79.2 million people, respectively (UNDP, Human Development Report, 2003). It is also one of Asia's smallest country in terms of land mass. Thus, it has the highest population density rate in Asia, an average of 237 people per square kilometer (Garcia 1994). With a population growth rate of 2.02 percent per year, the Philippine population was estimated to be 77.2 million in 2001, 81.1 million in 2003 and projected to rise to 98.8 million by 2020 and 114.3 million by 2040 (NSBC, 1997)<sup>1</sup>.

The intense population pressure on a fragile land base is exacerbated by the manner in how the land is controlled and used (Meyer 1993). As the population exponentially increases, the number of non-land-owning agricultural workers continues to expand. Over half of the Filipino population is currently dependent on agriculture, working in rice paddies, cornfields, and cutting sugarcanes to provide a living to their families. Agricultural workers or peasants are engaged in mono cropping agricultural system, thus are unable to make a meaningful contribution to the country's economic development. In addition, the landless rural poor are using the forestlands to make a living. Poor fisher folks often resort to dynamiting and other illegal means, which permanently damage the ecosystem (Pineda-Ofreneo 1991). The natural resource depletion, poverty and the pressure it exerts on the environment have already done too much damage like illegal logging has resulted to deforestation and flash flooding devastating the country (Meyer 1993).

The Philippines in its quest to become a modern and prosperous country, has undergone various critical transformation over the last 50 years. It continues, however, to face several development

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<sup>1</sup> Country paper presented by Secretary Nasser Pangandaman, Department of Agrarian Reform, Philippines, in the International Conference for Agrarian Reform and Rural Development (ICARRD), Porto Alegre, Brazil on March 7-10 2006.

<sup>2</sup> NCSB is the National Statistical Coordinating Board, the highest policy-making and coordinating body on statistical matters in the country. It is the agency that releases the official poverty statistics in the Philippines



challenges in the 21<sup>st</sup> century. The most formidable is the need to reduce the number and proportion of poor families.

Against a backdrop of modest economic growth, poverty incidence in the Philippines remains relatively high at 33%, with 3 out of 4 poor Filipinos (about 73%) residing in rural areas. Poverty level in rural areas is much higher at 48% against 18% in urban areas. The task of combating poverty and inequity thus draws immediate attention to the rural population, which depends on agriculture for income and livelihood. The poorest of the rural population are the landless rural workers, small farmers, fisher folk, and indigenous group in rice, corn, coconut and sugarcane crop production

The Philippine Government has recognized that one of the root causes of poverty and underdevelopment is the inequitable land ownership and a comprehensive redistribution of land ownership in a poor agrarian society is key to local economic development (regional, national and global economy). The Comprehensive Agrarian Reform Program (CARP), implemented in June 1988, aims to address the inequitable access to land and other productive resources, and ultimately to promote the welfare of agrarian reform beneficiaries (ARBs).

## II. HISTORICAL PERSPECTIVE: STRUGGLE FOR LAND AND RESOURCES

The current poverty problem may be understood in the context of the historical struggle for equitable distribution of land and, thus, for social justice. Thus, agrarian reform in the Philippine has evolved, and continues to evolve, from this struggle.

This struggle has undergone the ever-recurring political dynamics of unrest/rebellion, suppression, and legislation. The historical injustices have been committed to the peasant present since Spanish colonization. The Philippine Revolution of 1896 exemplifies the dynamic of rebellion against the concentration of lands in the hands of the Spanish friars, among other issues. This led to the establishment of the Philippine Republic, the first in Asia. The republic, however, was short-lived, as the Americans occupied the Philippines in 1898. After two years of Filipino-American War, the Americans set up a colonial government, although armed resistance continued for another seven years. The American occupation, thus, represented an act of suppression of the struggle for social justice.

Peasants' injustices intensified when American colonizers brought in capitalism following the export trade patterns. They expanded agricultural production and perpetuated the hacienda system. But while hacienda meant increasing export crop production, it also meant increasing landless farmers. The Americans introduced the Torrens system of land ownership in 1902, which nullified all traditional ownership practices; set the ceilings for lands to be acquired at 16 hectares for individuals and 1024 hectares for private corporations. They passed the Public Lands Act in 1903, which promoted settlements by issuing titles for 16-hectare homesteads to settlers. That same year, the administration of Governor Howard Taft bought some 165,000 hectares of 23 friar lands at US\$6.9 million for redistribution to tenants. Under the Friar Lands Act of 1904, some 60,000 tenants were given preference to buy the lands at cost, but since the tenants could not afford the price, most of the lands went to new property owners, American firms, and businesspersons. This aggravated the peasant's poverty and insecurity. Usury forced people into debt dependency. Indebtedness went beyond the purely economic and financial transactions; it included mutual social obligations and expectations where the tenants ended up as virtual slaves and the landlords as masters not only of the land but also of the lives and happiness of their tenants. Thus, peasants suffered as much during the American colonization as they did during the Spanish *encomienda* regime.

Agrarian unrest broke out again in the 1930s, during the Commonwealth period, highlighted by the uprising of farmers called *Sakdalistas*. In response, the administration of President Manuel Quezon passed the Rice Tenancy Act to set a 50-50 sharing arrangement. However, the law achieved very little as it practically did not take effect since it could only be implemented if the local governments enacted an enabling law. Quezon also established the National Land Settlement Administration (NLSA), which opened three major settlements—the Koronadal and Allah valleys in Cotabato (Mindanao) and the Mallig valley in Isabela (Northern Luzon). By the time the Pacific War broke out in 1941, at least 8,300 families were resettled.



After the Pacific War, many newly independent countries like the Philippines have implemented land reform program to reduce widespread poverty among landless peasants brought about by extreme disparities between landed and landless in the rural sector. The basic direction was to attain political stability and sustained economic growth. The provision of secured tenure rights to farmers is an essential step in promoting the dual objectives of food production and promoting wider distribution of benefits of agrarian progress. President Ramon Magsaysay pursued a more vigorous resettlement program to break the backbone of the peasant-based, communist-led Huk rebellion. He opened up vast areas to distribute 24-hectare homesteads to former rebels and landless farmers.

The resettlement programs may have helped ease social unrest, but in turn they created another serious problem: they intensified competition for land space utilization. Since the homesteads and resettlement areas intruded into the ancestral lands, they became a source of resentment for the indigenous peoples, especially the Muslim communities. This problem soon erupted into violent conflicts that continue to this day.

Moves to improve the tenancy system from the Commonwealth period to the immediate post-war years did not deal concretely with the problem of landlessness. Attempts to really address the problem started with the administration of President Diosdado Macapagal, which enacted Republic Act 3844, or the Land Reform Code of 1963. The law officially abolished share tenancy and instituted a leasehold system in which tenants would eventually own the land they tilled through amortization. However, the program did not gain momentum as Macapagal was defeated in the 1965 elections.

President Ferdinand Marcos was the first to implement a redistributive type of land reform. In 1972 he issued Presidential Decree (PD) No. 2, declaring the whole country a land reform area and PD No. 27 instituting the distribution of rice and corn lands to actual tillers through operation land transfer (OLT). Beneficiaries of land transfer were issued titles called emancipation patents (EPs).

Marcos' land reform achieved limited gains primarily because of the lack of support services and the burdensome process of obtaining land. Other factors that may have contributed to reduced performance were the limited coverage (only rice and corn lands) and the high retention limit (7 hectares).

#### **1986: People Power and Call for Genuine Agrarian Reform**

When Corazon Aquino became president after Marcos was ousted by the People Power revolt in 1986, the immediate demand raised by farmers and civil society was the implementation of a "genuine" agrarian reform program. The present Constitution, ratified in 1987, provides under Section 21 of Article II, that "The state shall promote comprehensive rural development and Agrarian reform." President Aquino issued a series of Executive Orders that laid the ground work for the crafting of the comprehensive agrarian reform program (CARP). One of them was Executive Order No. 229, which left to the Philippine Congress the determination of the priorities and retention limits to be adopted under CARP. **At that point in our history, government had laid the policy that agrarian reform was to be a comprehensive, radical, and massive restructuring of the agrarian landscape in the country, aimed at promoting social justice and improving farmers' incomes and productivity.**

It took the Congress nearly a year to come up with a legislation that would govern the implementation of CARP. This period was marked by passionate speeches and debates in numerous public consultations and forums within and outside the halls of Congress.

At that time, the landowning class contended that a comprehensive agrarian reform program would be communistic, unconstitutional, and anti-developmental. They insisted that agrarian reform should be limited to the distribution of public lands and delivery of support services, and that private lands should be left untouched.

On the other hand, the farmers saw the proposed agrarian reform measure as a means toward attaining their age-old aspiration of owning the lands they tilled. They vigorously clamored for a radical agrarian reform program. To press the demand, militant farmers staged a rally near Malacañang Palace, seat of the office of the President, in January 1987. The 15,000-peasant strong rally ended in what is known as the Mendiola Massacre, which left 17 farmers dead and a hundred others wounded.



In May of the same year, the Congress for a People's Agrarian Reform (CPAR), a coalition of 13 major peasant and fisher folk organizations representing a cross section of the agricultural and fisheries sector was founded to push for a genuine agrarian reform. CPAR's agenda was based on a broad program for asset reform and was one of the strongest lobby groups for agrarian reform in Congress.

Thus, the crafting of the agrarian reform law showed democracy at work. Voices throughout the entire political spectrum were raised and heard.

**1988: The Comprehensive Agrarian Reform Law (CARL)**

On June 10, 1988, Republic Act No. 6657, or the Comprehensive Agrarian Reform Law, was signed by President Aquino. It was said to be far from perfect, but it was, nonetheless, still considered by many as a major breakthrough for the cause of the peasantry.

CARL called for the institution of CARP "to promote social justice and industrialization." The program drew criticisms from all sides. Landowners described it as harsh and confiscatory. Militant groups denounced it as bogus and pro-landowner. Others observed that it was too ambitious, and doubted if it could be pursued at all. From the start, it was met with skepticism, but many still believed that, for all its shortcomings and imperfections, it remains a landmark legislation and it was the best that could be had during those difficult times. It was crafted within the context of a democratic process, where conflicting views and interests were given room for expression, it was and remains to be the most comprehensive model for agrarian reform in the world, and it was a demand-driven initiative – not something simply imposed by the government. The price that the law had to pay for democracy was the cumbersome process of implementing CARP.

Table 1 summarizes the key features of Philippine agrarian reform laws since the colonization of the American. These laws were the legal bases for the operationalization of the agrarian reform program in the Philippines.

**Table 1: FEATURES OF PHILIPPINE AGRARIAN REFORM LAWS**

ADMINISTRATION	AGRARIAN LAW	FEATURES	CAUSES OF FAILURES
American	Philippine Organic Act (1902)	Set the ceiling for lands to be acquired; 16 ha. for private individual & 1024 ha. for corporation	Hardly implemented, it only enabled the American agricultural interests to control huge tracts of land
	Land Registration Act of 1902	Provided the systematic registration of land under Torrens system	Tillers were unaware of the law, they either were ejected from the land or became tenants, spawned land grabbing
	Public Land Act of 1903	Homestead system established which provided 16 ha. of uncultivated public lands to settlers	Government did not provide financial assistance to the settlers, slow in conducting survey to delineate the land
Quezon	Commonwealth Rice Tenancy Act 1120 (CA 4054)	Legalized the 50-50 sharing system between landlords and tenants, established 10% maximum ceiling for leases extended to tenants	Landlord dominated Municipal Council blocked its implementation, contracts were effective for one year, subject to renewal of landlords, many tenants were evicted
Roxas/Quirino	(RA 34)	Legalized the 70-30 sharing arrangement between landlords and tenants	This was not implemented
Magsaysay	Tenancy Act of 1954 (RA 1199)	Gave share tenants the option to shift to leasehold arrangement, provided security of tenure	coverage of leasehold areas were limited to rice and corn areas only



	Tenancy Act of 1955 (RA1400)	Guaranteed the expropriation of tenanted landed estates, reduced the rental/interest rates, secured land title for small holders	Retention limit set by Congress at 300 ha. for individual and 600 ha. for corporation, failed to break up big estates, expropriation was allowed when majority of tenants petitioned for it, accommodated share tenancy
	Establishment of NARRA	hastened the distribution of lands of public domain to landless tenants and farm workers	It was a political move to avert peasant struggle
Macapagal	Agricultural Land Reform Code (RA 3844)	Abolition of share tenancy, lowered retention limit of land lords from 300 ha. to 75 ha., instituted leasehold system	Retention limit of 75 ha. Reduced the number of beneficiaries, it only covered rice and corn lands, compulsory leasehold took effect only when an area is declared a land reform area, exempted plantation crops from coverage, no timetable set, Congress did not provided funding
Marcos	P.D. 27	Introduced Operations Land Transfer wherein tenants will become full owners after 15 equal annual amortization payment, covered rice and corn areas only, lowered the ceiling of landowners to 7 ha.	Lack of services to new landowners, limited to rice and corn areas, amortization rate was too high, a slow distribution of Certificate of Land Transfer, exemption of untenanted lands gave landlords incentive to discharge tenants and hire seasonal laborers instead
Aquino	Comprehensive Agrarian Reform Law (RA 6657)	covers all types of land (public and private) regardless of crop, retention limit was set at 5 ha and each heir is provided 3 years, landlords whose lands were covered by PD 27 and homestead owners were allowed to retain their original retained areas, 10 year period was given to complete the program, 10 year deferment period was given to commercial farms, implemented both land transfer scheme and non-land transfer scheme, exemption and exclusions from coverage, provision of support services, establishment of ,PARCOM, BARC, PARC, and DARAB P50 billion funding.	
Ramos	R.A. 8532	extend the implementation for another 10 years and additional of P50 billion funding	

Source: Department of Agrarian Reform

### III. THE PHILIPPINE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP)

#### A. Principles and Goals

CARP pursues "a more equitable distribution and ownership of land" to: promote social justice, move the nation toward sound rural development and industrialization, and establish owner-cultivatorship of economic-size farms as the basis of Philippine agriculture (RA 6657, Chapter I, Section 2).

Among the principles that underlie the pursuit of its aims are i) highest consideration to the welfare of the landless farmers and farm workers; ii) due regard to the rights of landowners to just compensation; iii) recognition of the rights of farmers, farm workers, landowners, cooperatives, and other independent organizations to participate in the planning, organization, and management of



CARP; iv) provision of support to agriculture through appropriate technology and research; and v) provision of adequate financial, production, marketing, and other support services.

CARP is unique in that it integrates both land distribution and delivery of support services, to include agrarian justice delivery, as integral components in rural development. This makes more organized and systematic the empowerment of farmer-beneficiaries and their communities in pursuit of economic and social development goals. The strategic goals of this feature is to ensure and fully secure the land tenure security of the farmer-beneficiaries

## B. CARP Scope and Coverage

Another unique feature of CARP is that its coverage and scope is one of the broadest and most comprehensive in the world. CARP covers all agricultural lands, private and public, regardless of crops produced and of tenurial status. Its scope is the redistribution of 8.01 million hectares to some 5 million farmers. Of this scope, Department of Agrarian Reform (DAR) is tasked to distribute 4.42 million hectares of public agricultural lands (PALs) to some 3 million farmers, while the Department of Environment and Natural Resources (DENR) is tasked to distribute 3.72 million hectares of public agricultural lands to some 2 million farmers. (See Table 2)

**Table 2: CARL Land Acquisition and Distribution Scope**

Program/Activity	Scope (in ha)
Land Tenure Improvement	
1. Land distribution	
DAR	4,428,357
Private Agr. Lands	3,093,251
Non Private Agr. Lands	1,335,106
DENR	
Public A&D lands	2,502,000
ISF-CBFM	1,269,411
<b>Total CARP areas</b>	<b>8,199,768</b>

Landowners are allowed retention of 5 hectares, plus 3 hectares for each of his or her children, provided the children are at least 15 years of age and are directly tilling or managing the farm. Landowners also have the right to choose the area to be retained. In case the area chosen for retention is tenanted, the tenant may choose to remain therein and become a leaseholder, or be a beneficiary in another agricultural land.

Exempted from CARP coverage are lands with a slope of more than 18%; reserved lands such as forests, watersheds, parks, and sanctuaries; lands used for national defense and education;

## C. Program Components

CARP has three major components: land tenure improvement (LTI), program beneficiaries development (PBD), and delivery of agrarian justice.

### *Land tenure improvement (LTI)*

LTI includes land acquisition and distribution (LAD), which involves the major processes of land survey, processing of claim folders for landowners' compensation, registration of the awarded lands with the LRA, and issuance of certificates of land ownership award (CLOAs) to ARBs.

There are two types of land distribution: the land transfer and non-land transfer schemes. Under the land transfer scheme, the modes of land acquisition are i) compulsory acquisition (CA), ii) operation



land transfer (OLT, for rice and corn lands), iii) voluntary offer to sell (VOS), and iv) voluntary land transfer/ direct payment scheme (VLT/DPS).

Under the non-land transfer scheme are leasehold operation, stock distribution option (SDO), and production and profit sharing (PPS). Leasehold operation applies to lands that are within the retention limit of landowners or have not been acquired for distribution. The DAR implements leasehold operation to improve the economic and tenurial status of the tenants involved. The right of the farmer-lessee is protected through the execution of a leasehold contract, with a sharing arrangement of 75-25 of the net harvest in favor of the farmer-lessee.

**Table 3: DAR's Land Redistribution Accomplishment (1972-2005) Area in Hectares;  
By Mode of Acquisition**

Mode of Acquisition	Grand Total (1972-2005)	Marcos (1972-1986) 13 years (PD 27 era)	Aquino (1986-1992) 6 years (CARP era)	Ramos (July 1992-June 1998) 6 years	Estrada (July 1998-Dec. 2000) 2.5 years	Arroyo (Jan 2001-Dec. 2005) 5 years
<b>Philippines</b>	<b>3,696,963</b>	<b>70,178</b>	<b>848,515</b>	<b>1,900,039</b>	<b>333,389</b>	<b>544,842</b>
<b>Private Agr'l Lands</b>	<b>2,065,154</b>	<b>15,061</b>	<b>471,621</b>	<b>955,243</b>	<b>228,622</b>	<b>394,607</b>
OLT	557,041	15,061	358,915	142,847	18,708	21,510
GFI	160,190	0	22,938	105,498	11,906	19,848
VOS	533,080	0	55,079	257,373	76,896	143,732
CA	256,754	0	13,952	120,828	47,767	74,207
VLT	558,089	0	20,737	328,697	73,345	135,310
<b>Non-PAL</b>	<b>1,631,809</b>	<b>55,117</b>	<b>376,894</b>	<b>944,796</b>	<b>104,767</b>	<b>150,235</b>
SETTLEMENT	705,798	44,076	208,792	356,763	35,276	60,891
LANDED ESTATES	80,600	11,041	25,781	41,201	971	1,606
GOL/KKK	845,411	0	142,321	546,832	68,520	87,738

Source: Department of Agrarian Reform, Planning Service

As can be noted from Table 3, PALs acquired through compulsory acquisition total 256,754 hectares, or only 17% of total PALs targeted to be acquired under the CA mode.

#### Program Beneficiaries Development (PBD)

PBD, on the other hand, is a major service delivery program that involves a wide range of interventions. It aims to provide farmers access to the necessary support services that would make their lands more productive, enable them to venture into income-generating enterprises, and allow them to actively participate in community governance.

Development interventions include the provision of infrastructure support, establishment of one-stop-shop training centers for farmers, capability-building of farmer-beneficiaries, credit and marketing assistance, and rural enterprise development, among others. Agrarian reform beneficiaries (ARBs) and other farmers are given access to capital, technology, information, and markets. Through these interventions, agrarian reform aims to improve farm productivity and increase household income.

In empowering the agrarian reform beneficiaries (ARBs) and the agrarian reform communities (ARCs), CARP has made conscious efforts to promote gender equality and to ensure that women beneficiaries receive the same benefits and privileges as the male beneficiaries. Land titles, called certificates of land ownership award (CLOAs), are now also issued in their names, and their membership in organizations and participation in the development processes are ensured.



### *Delivery of Agrarian Justice*

Integral to both LTI and PBD components is the delivery of agrarian justice. This involves the determination and adjudication of agrarian reform matters and extension of free legal assistance to ARBs affected by agrarian cases.

There are three types of cases: judicial or court cases, quasi-judicial cases, and cases related to agrarian law implementation (ALI). The first two types involve representation of farmers by DAR lawyers before the regular courts and the DAR Adjudication Board (DARAB), respectively. The third type involves administrative rendering of decisions on land conversion, exemption from CARP coverage, and retention.

DAR receives an average of 35,000 cases per year, aside from 4,000 ALI cases pending for decisions. On the other hand, the DARAB receives an average of 15,000 cases, and another 10,000 cases pending. The number of cases had been increasing every year, and lack of manpower had contributed to delays in resolution of cases and in the accumulation of backlogs.

DAR had been burdened by attempts of landowners to challenge the primacy of DAR on agrarian cases before the courts, the justice department, and even the Office of the President. DAR had won substantial victory with the Supreme Court ruling affirming its primary jurisdiction over agrarian cases.

## **IV. CARP's Contribution to Rural Development**

### **A. Program Gains and Impacts**

The central importance of CARP is its strategic role in alleviating rural poverty and promoting rural development. As of 2003, 24.7% of Filipino families (or 30.4% of Filipinos) and were considered poor. Philippine poverty is still essentially a rural phenomenon. CARP has made significant headway toward easing this problem. In a summary prepared by the CARP-Impact Assessment Study Team, which conducted the latest impact assessment study in 2000, among the gains made by CARP are as follows:

#### **1. Changes in tenurial relations**

Survey results from ARB and non-ARB respondents have shown a strong increase in owner-cultivatorship (both in the ARB and non-ARB population) and significant declines in share tenancy, leaseholding, and incidence of owner non-cultivators between 1989 and 1999. These are consistent with the land-to-the-tiller emphasis of the agrarian reform program and targets.

#### **2. Higher farm investments and higher human capital investments by ARBs**

Studies on land market, productivity and investment have shown that ARBs and LAD (Land Acquisition and Distribution) – compliant landowners invest more on farm assets compared to non-ARBs and LAD-pending landowners. This renders support to the hypothesis that a more secure land tenure and secure ownership of land bestows confidence and higher willingness to invest on landowners and tillers.

Studies done by other experts also point to higher educational attainment for children (translating into higher human capital investments) of ARBs, although the last study finds this trend accompanied by an offsetting tendency of more educated youth in rural areas leaving agriculture. The higher investments for physical and human capital give the benefiting rural families stronger ammunition to attain economically viable ventures and incomes.

#### **3. Better perception of economic and social conditions and more optimism**

The study also shows that ARBs have better perceptions of their economic and social conditions, and to have more optimism about their future, compared to non-ARBs. The increased security in land tenure and clearer property rights provide strong subjective and psychological improvement in one's



perception of life. This psychological and emotional feeling may be an important factor that has been underestimated by the more economic approach to agrarian reform and rural development.

#### **4. Length of Period Being an ARB and Being in an ARC Reduces the Probability of Being Poor**

The poverty study, using regression analyses, finds evidence that it is not just being an ARB that reduces the chances of being poor (compared to a non-ARB), but the length of time being an ARB, and being in an ARC reduces one's chances of being poor. This of course is related to the previous results. If an ARB (compared to a non-ARB) invests more in farm assets and education, and has a more optimistic view of life, this translates over time into an accumulation of ammunition that will allow him to cope better economically. A caveat has to be made here, however. The positive result is only in comparison with non-ARBs. As the poverty study itself shows (using the Annual Poverty Indicators Survey or APIS), being an ARB does not provide a magic amulet against poverty as ARBs are still vulnerable to exogenous shocks like the El Niño drought, financial crisis, and bad macro conditions, as we shall discuss later.

#### **5. Proper Implementation of the ARC Strategy Improves Incomes and Social Capital**

As shown by the regression analyses in the poverty study, and as the case studies in the social capital studies show, the ARC strategy, if properly implemented, improves the economic conditions, social capital, civic entrepreneurship, and democratic participation of the communities. These are supported by studies made by the FAO-assisted Technical Support to Agrarian Reform and Rural Development (TSARRD – 1998), the World Bank-assisted Agrarian Reform Communities Development Project (ARCDP), and the Bureau of Agrarian Reform Beneficiaries Development (BARBD). The ARC concept of a community-based integrated and holistic approach to beneficiaries' development allow support services to be introduced together with the appropriate infrastructure, institutional setting (contributions of local government and local organizations), and economic environment. Proper training and seminars can be useful, especially if integrated into a holistic setting for rural development.

#### **6. Introduction of Higher Value-Added Crops**

The study also points to some cases of successful lease and leaseback arrangements wherein higher value-added crops, such as banana and pineapple, replaced lower value-added crops (such as coconut) as farmers' organizations lease their land to corporate farms. Many family cultivated farms also benefit with contract growing arrangements with large corporate buyers of high value-added crops.

#### **7. Contribution to Peace and Security and Reduction of Social Conflict**

The studies also provide some evidence that agrarian reform in some of the studied sites contributed to the reduction of social conflicts and increased peace and order in the area. Agrarian reform has always been linked to reducing peasant unrest and reducing revolutionary pressures from the countryside. These are of course more likely in areas where agrarian reform has been implemented successfully without strong landlords' resistance and delays.

### **B. CARP and the National Development Agenda**

#### **The 10-Point Agenda**

Under the presidency of GMA, the implementation of the agrarian reform program is anchored on a 10-point national development agenda that focus on economic growth and job generation (through infrastructure development and decongestion of urban centers), social justice (thru basic needs provision, asset reform, and peace and order), and good governance with the end in view of alleviating poverty and attaining rural prosperity.



These 10-point legacy agenda of the President have then become the basis for crafting the Medium-Term Philippine Development Plan (MTPDP) for 2004-2010, the country's roadmap towards eventual poverty eradication. Specifically, the MTPDP 2004-2010 strategies, policies, and action plan have been synchronized towards the attainment of the MDG goals and targets.

### **The Medium-Term Philippine Development Plan 2004-2010**

Some of the more pertinent socio-economic targets of the government under the MTPDP 2004-2010 are the following:

- GDP growth rate to accelerate from 4.9%-5.8% to 7%-8%
- Unemployment rate to go down from 12.1% to 8.9%
- Reduction of poverty incidence (of families) from 28.4% to 17.88%-19.81%

To achieve these targets and to eventually reach the overall goals of fighting poverty and building prosperity for the greatest number of Filipinos, the MTPDP has been focused on five (5) key result areas: (1) Economic Growth and Job Creation, (2) Energy, (3) Social Justice and Basic Needs, (4) Education and Youth Opportunity, and (5) Anti-Corruption and Good Governance.

Under each area are the multiplicities of theme-specific goals, programs, and action plans that would support the overall goals and targets. Let us focus on those areas where concerns of the agriculture, agrarian reform, and natural resources (AARNR) sector are tackled in detail.

**On Economic Growth and Job Creation.** The government has determined that what is needed is a more holistic approach in reducing poverty that will not only address the production bottlenecks in agriculture but also its inherent vulnerabilities. In view of these, government will aim to:

Develop two million hectares of new agribusiness lands within the next six years in order to create at least two million jobs, or one job per hectare. This will entail expanding the effective production areas for agriculture and fisheries, and expanding as well the product mix grown within the agribusiness lands.

In line with this plan, the government is bent on establishing Mindanao (Southern Philippines) as the country's main agro-fishery export zone to tap the island's full potential as an agribusiness hub. Its strategic location within the East Asian region makes it potentially a major transshipment point and center of trade in the region. With almost a third of its 10.2 million hectare land area devoted to agriculture, it accounts for over 40% of the Philippines' food requirements and contributes more than 30% to the national food trade. We intend to harness this competitive advantage to eventually capture a substantial share of the \$150 billion global Halal food market.

Make food plentiful at competitive prices where the cost of priority "wage goods" (such as rice, sugar, vegetables, poultry, pork and fish) and other important non-wage goods (such as corn) must be reduced. This will entail three sets of measures: (a) production support to enhance farm and fishery productivity, (b) logistical support to raise distribution efficiency, and (c) governance and institutional support to provide a policy and regulatory environment conducive to efficient production and distribution of agribusiness commodities.

**On Social Justice and Basic Needs.** During the period 2001-2004, the government implemented a comprehensive and integrated convergence approach called the Kapit-Bisig Laban sa Kahirapan (KALAHI) or "Linking Arms Against Poverty" as a focused, accelerated, convergent, and expanded anti-poverty strategy. This pro-poor strategy consists of: acceleration of asset and ancestral domain reforms; improving access and quality of essential human development services and social protection interventions; employment, livelihood, and entrepreneurial opportunities to the poor; security and protection of the poor and identified vulnerable groups; and empowerment through fuller and meaningful participation of the basic sectors in governance and decision-making in all levels of government. For the period 2004-2010, the government intends to continue employing this strategy in battling for a steady reduction in the country's poverty incidence.

**On Anti-Corruption and Good Governance.** To establish a bureaucracy that will effectively be responsive to the demands of a productive and enterprising agricultural sector, the government is



working to improve the efficiency, effectiveness, convergence, and complementation of the AARNR service agencies (DA, DAR, DENR) and related offices by enforcing measures to address institutional overlaps, thus address the needs of a greater number of farm beneficiaries.

### **C. CARP Towards the Attainment of MDGs**

Through CARP, the Philippine government enhances its compliance with its commitments to the Millennium Development Goals (MDGs) in terms of alleviating poverty through job creation, promoting gender equality, developing partnerships for development, and ensuring environmental sustainability.

As more lands are distributed, more opportunities are opened to farmer-beneficiaries as they are provided training and skills, in project planning, farm productivity, and rural enterprise management. More women in the rural communities are now also participating, and even leading various activities in the development process. Through forging of partnership, cooperation and collaboration, CARP projects have received broad support from partners and stakeholders, including the private sector, the academe, and others. Ecological and environmental concerns are being integrated into ARB and ARC development plans, especially since adequate supply of water for farming and protection of fisheries and marine resources are essential to enhancing the livelihood and income opportunities of ARBs and other farmers.

Initiatives under the Philippine agrarian reform program have made the following major strides relevant to the specific MDGs:

#### **MDG: Halve the proportion of people living in extreme poverty by 2015**

Using the World Bank's international poverty line of \$1/day, the Philippine poverty situation slightly improved with the proportion of the population living below \$1/day declining from 13.5% in 2000 to only 11.1% in 2003. Philippine poverty is still essentially a rural phenomenon with three out of four poor Filipinos or 75% residing in the rural areas. Compared to its Asian neighbors, the Philippines has wider disparity between its higher and lower income groups.

Malnutrition remains a major threat to the survival of 0 to 5-year-old Filipino children. Despite the more than adequate food supply, a lot of Filipinos have continued to grapple with food insecurity primarily due to poverty. Although the prevalence of underweight preschool children declined from 30.6% in 2001 to 27.6% in 2003, the average annual percentage point reduction of 0.53% was below the target of 0.69%.

On the other hand, household access to safe water supply increased from 78.5% in 2000 to 80% in 2002 or by an annual average of 2%. Also, the proportion of households that take less than 15 minutes to draw water from the source and bring it to their households slightly increased from 86.2% in 1998 to 87% in 2003.

The contribution of CARP-related projects to this overarching goal cannot be understated. As of June 2005, a survey of immediate impact reported an annual average income of PhP67,082, which is 23% higher than the baseline figure of around PhP53,863 in nominal terms.

To determine, however, whether CARP's initiatives are making a dent in the government's effort to reduce poverty, comparison is made with current poverty threshold levels. Using available rural poverty threshold estimates, the 2005 rural household poverty threshold is generated and is estimated to be about PhP62,479. The aforementioned annual average household income level of the sampled beneficiaries is thus higher by about 7%. Relying solely on the averages, however, does not say anything about the poverty incidence "spread" across the sample households. Estimated income distribution levels across household beneficiaries in the three project sites indicate that poverty incidence is still high at about 72.72% relative to the PhP62,479 level. Similar distributional analysis of baseline data shows incidence levels of about 74.87% relative to poverty incidence at the baseline year. Therefore, overall reduction in poverty incidence in surveyed project sites is about 2.15 percentage points. This translates roughly to about 4,020 households covered by several CARP-related projects, graduating from poor to non-poor.



**MDG: Eliminate gender disparity in primary and secondary education, preferably by 2005, and all levels of education not later than 2015**

The results of the 2002 Annual Poverty Indicators Survey (APIS) showed more females attending school than males (72% vs. 66%) – a trend consistent in both urban and rural areas. With more females successfully completing high school and generally more predisposed to schooling, higher education is still female-dominated. It was also noted that the entry of females into several of the “traditionally” male-dominated disciplines have steadily continued.

Broadly, in this regard, CARP has contributed to the narrowing of gender disparities in peoples’ organizations (POs) with the increase in the number of women comprising these POs reported at 16%. There was also a reported increase in the proportion of female members comprising the board of directors of these POs from 42% to 47%.

**V. CONVERGENCE**

CARP is unique in many ways compared to past asset reform programs implemented in other countries. For one, it is being pursued through democratic means, recognizing both the rights of beneficiaries and landowners. This makes the process of implementation slow and cumbersome, but it earns dividends in terms of gradually forging a strong unity among the various social sectors toward the national goal of rural development and economic growth.

For another, CARP is pursued through partnerships and the participation of the broadest sectors of society, including civil society groups, the private sector, local government units, and even former landowners. This program is slowly building up, strengthening, and institutionalizing the principles and practice of such development approaches as participatory planning, integrated area development, and others. The active participation of civil society groups results in enhancing the accountability and sense of responsibility of both program implementers and farmer-beneficiaries in ensuring the success of asset reform.

**The ARC Strategy**

In 1993, the National Government adopted the agrarian reform community (ARC) development strategy as an approach to effectively achieve the objectives of agrarian reform and poverty reduction. With this strategy, it embarked on a massive resource mobilization to address the growing demand for basic infrastructure and support services of the farmers in the rural areas. This area-focused approach called for the concentration of efforts in land distribution as well as support services delivery in selected areas to fast-track the improvement of farm productivity and develop the capability of farmers to become efficient agricultural producers and entrepreneurs.

As of 30 June 2005, the Government has launched a total of 1,719 ARCs, covering about 932,929 farmer-beneficiaries in about 2.3 million hectares of cultivated lands, 1.7 million hectares of which have already been distributed. This figure represents 86% of the overall target of 2,000 ARCs within the last phase of CARP. Development interventions in these ARCs are focused in five major areas: physical infrastructure, community and institutional development, agricultural productivity and rural enterprise, basic social services, and land tenure improvement.

Through the ARC development strategy, the Government has won the confidence and support of the foreign donor community because of its logical concept, manageability in terms of scale, and its multi-stakeholder and participatory approach to project identification and implementation. In a period of ten (10) years, the Philippines was able to generate about P40 billion for CARP to finance 41 technical and capital assistance projects in the form of grants and loans from multilateral organizations such as the Asian Development Bank, European Union, International Fund for Agricultural Development, United Nations Development Programme, and World Bank; and bilateral funders such as the governments of Belgium, Canada, Italy, Japan, Sweden, and United States.

However, despite this extensive support, only more than half of target areas and farmers have been covered.



### **Evolution of the KARZone Strategy**

Thus, after a decade of employing the ARC strategy, the Government, in 2003, came up with an expanded ARC development concept, or the development of agrarian reform zones (ARZs), and initiated a planning strategy of partnering with several adjacent LGUs and relevant national government agencies (NGAs) to provide development support and management services to ARZs, which are now referred to as KALAHI ARZs.

The KALAHI ARZ development strategy is an interlocal and integrated development concept in implementing agrarian reform, aiming at the convergence of support services from various LGUs and NGAs, and the expansion of outreach and coverage of assistance to additional ARCs and non-ARC barangays. DAR provincial offices will promote the clustering of ARCs in adjacent municipalities to form an ARZ. Integrated socio-economic profiles are prepared with LGU and community participation, which become the basis for the ARZ development plan. The development of KALAHI ARZs is expected to facilitate a geographic concentration of interventions and an up scaling of coverage resulting in greater regional impact.

In addition, a more targeted geographic coverage, focused on ARZs, will allow CARP-related projects to significantly increase LGUs' capacities and to have strategic regional impact. A strategic regional context could also justify the provision of sufficient national counterpart funding to achieve equity in providing infrastructure to low-income provinces with high poverty incidence and to balance fiscal insufficiencies in poor LGUs.

To a large extent, ARCs are still the main areas of operation in the delivery of support services to farmer-beneficiaries. However, with the inception of the ARZ concept, their focus has now come to include special areas such as settlements, areas under Certificate of Ancestral Domain Claims (CADCs), and Integrated Social Forestry (ISF) program which are, for the most part, occupied by marginalized groups, especially the indigenous peoples (IPs) and upland farmers.

## **VI. BOTTLENECKS TO AGRARIAN REFORM**

Even with the positive results described above, the CARP impact assessment studies also identified several bottlenecks to some aspects of agrarian reform, which can lead us to certain directions on where increased efforts should be made.

### **1. Landlords' Resistance and Difficulties in Land Valuation**

The social capital studies show some evidence of landlord's resistance and lack of cooperation in agrarian reform processes, including not presenting the necessary documents, legally combating the processes, using connections in the upper hierarchy of government, and attempting to circumvent the law (such as subdivision of land among children or siblings, and land conversion where land originally classified for agricultural purposes is converted into commercial or industrial land). The difficult process of land valuation also has held up LAD processes in many areas and has stalled the acquisition of secure land rights for many potential beneficiaries. Many of these problems abound in, but are not exclusive to, the more depressed and more unequal areas of sugar and coconut lands, which only CARP has attempted to seriously tackle in our modern history.

Together with dwindling incomes, landlords' resistance and delay of land valuation and land transfer may be the biggest reasons why a significant minority of respondents' claims that CARP has failed in its implementation, as the studies show.

### **2. "Second Generation" Land Distribution and Ownership Issues**

A large and growing number of "second generation" land distribution and land ownership issues are arising, e.g., some of the land distributed are still collectively owned under "Mother CLOAs"; survey and land registration procedures are complicated and are difficult to complete by ARBs; land held under CLOAs cannot be used as collateral; etc. The failure to confer legal title has led to the emergence of informal markets and illegal land transactions, and thus to the distortion of land markets.



### **3. Dominance of Trader-Lenders: Lack of Access to Credit, Input and Output Markets**

In the studies conducted, many farmers have complained of a shift from "unequal" landlord-tenant relations to "unequal" trader-farmer relations. The "unequal" aspects of the latter's relationship is the farmers' lack of access to credit, input markets, output markets, transportation, post-harvest and storage facilities, which the traders usually have. Thus the farmers tend to sell their products to the traders at lower-than-market prices and incur interlinked credit-output-input market relationships with them. That is, the trader provides credit by advancing money or inputs to farm production, and the farmers are asked to sell part or all of their output exclusively to the trader with equivalent deductions for the advanced credit, at specified rates that are higher (and often usurious) than those in the formal credit market.

### **4. Repayment Problems from Some Credit Cooperatives and Other Problems of Farmers' Organizations**

The mechanism to partially reduce this marketing-credit problem of the farmer cultivator is usually the promotion of farmers' cooperatives which start out often as credit cooperatives but with possibilities to branch out into marketing and processing cooperatives for the output and input markets. The studies also point to some problems here, especially some credit cooperatives with credit lines from the Land Bank of the Philippines (LBP). Repayment problems arise due to the lack of income of farmers as well as a general attitude that government funds need not be repaid since it is the government's role to help the people.

Other problems related to farmers' organizations found in the meso and social capital studies stem from bad relations between the farmers and corporate farms in either the stock distribution option (SDO) or lease (or leaseback) arrangements. Agrarian reform options that do not entail land distribution (such as the SDO, lease, and leaseback arrangements) assume healthy cooperative relations between the corporate farms and the members of the farmers' organizations. Otherwise the farmers' economic conditions suffer as in the case of the Nagasi, Negros Occidental ARBs whose SDO arrangement in a nominal ARC led to inferior conditions compared to the counterpart ARBs in a non-ARC who were able to obtain their lands through LAD.

Other problems with farmers' organizations involve internal problems dealing with the fixed size and membership of cooperatives. The macro study found that one of the sites visited in a lease arrangement in Mindanao had aging and retiring members of farmers' organizations whose goal is no longer to make the farm productive over the long run (and lease it to the best corporate farm), but to sell the land and profit in the short run. This obviously calls for farmers' organizations directly involved in the agrarian reform processes to have a fair representation of all farmer-beneficiaries, including the younger and less powerful ones.

All the above point to the need for clearer rules and regulations guiding membership of farmers' organizations and cooperatives involved directly in agrarian reform processes as well as the need for fair arbitration between corporate farms and landowners, on one hand, and farmers' organizations and their members, on the other.

### **5. Lack of Support Services and Infrastructure**

Increasingly, the needs of ARBs in terms of support services have evolved into broader community needs; in part encouraged by donor support for community-based initiatives. This has significantly broadened the focus of DAR's services. In spite of this, only 572,000 of the 2.05 million ARBs have received support services from DAR, raising questions about both the impact and sustainability of this approach, especially given the budgetary strain this is placing on the core budget and staff of DAR.

Other problems presented by the studies lie with the lack of capital, the existence of pests and diseases, and lack of access to facilities including storage, processing, transportation, irrigation, and roads. All of these lie within the framework of support services and beneficiaries' development, which the fiscal study shows is obtaining a lower-than targeted share of funding so far, especially in recent