

**DEPARTMENT OF AGRARIAN REFORM
CY 2006 ACCOMPLISHMENT REPORT**

I. INTRODUCTION

The year 2006 saw events that at the onset look very promising for the DAR bureaucracy and could very well describe the present agrarian reform situation and the challenges it faces. First, the year marked the CARP's 18th anniversary and the event was made as a springboard for the launching of DAR's battlecry: Walk for CARP beyond 2008. The battlecry is a manifestation of the urgent need to legislate the program's extension. The DAR contends that lessons learned and experiences earned from almost two decades of program implementation would almost certainly warrant an extension largely to sustain its gains and intensify government efforts for rural development. The response to the challenge from the legislative as well as the executive branches of government, shall invariably chart the direction of the program after 2008.

A forum on CARP was also held in July 2006 wherein prominent authorities and advocates of agrarian reform were in attendance to discuss the future of the Program. The forum further galvanized the need to extend the life of the program and not allowed to remain in the realm of rhetoric. The forum also brought to fore the need for the active participation of the various stakeholders: 1) local government units; 2) non-governmental and people's organizations; 3) the business sector; and 4) the donor community.

Second, the emergence of ARC Connectivity or the concept of clustering of Agrarian Reform Communities (ARCs) that are economically viable is seen as a practical approach to optimize utilization of resources and capitalize on investments already in place in these ARCs. The model shall further ensure the structured and coordinated delivery of a variety of services at farm levels. Add to this the continuing effort of the DAR to mainstream the agrarian reform beneficiaries (ARBs) into the free market economy and one foresees a vibrant rural setting within the medium-term. The connectivity model as well as the sustained endeavors to improve the well-being of farmers are in keeping with the growing trend to focus on their total human development.

The DAR has also continued to adopt an integrated and differentiated manner of target-setting to complete land distribution in ARCs. In concrete terms, target-setting now has also taken into account the number of beneficiaries and communities it intends to serve, rather than solely on the number of lands available for acquisition and distribution thus giving the distributed lands a human face. Land distribution is almost complete (92 percent) in ARCs where there are strong farmers' organizations and farmer-entrepreneurs.

Third, the DAR has continued to link up with the donor communities, the NGOs and other stakeholders in delivering agrarian services to its clientele. For instance, it has coordinated with the National Commission on Indigenous Peoples (NCIP) and the Japan Social Fund for Indigenous People through the World Bank in launching various multi-million peso livelihood projects for indigenous peoples (IPs) in various ARCs in Mindanao and Luzon. These projects are intended to integrate the covered IPs into the agrarian reform and development process. It has also coordinated with the Department of Agriculture (DA) for possible consolidation of agrarian reform areas for contract growing arrangements and agri-business ventures with privately owned companies engaged in food processing.

Fourth, the continuing conduct of the Inventory of CARP Scope (ICS) Project has also resulted in precise target-setting and the establishment of scenarios and time-lines to complete land

distribution. The targets set until 2008 and beyond is a testament to the present administration's intention to maintain the momentum in land distribution and complete the same within the extension period.

Fifth, the institution of mechanisms for the systematic adjudication of legal disputes, the fast resolution of flashpoint cases, and ensuring accountability and transparency in resolving cases have helped in building the confidence of farmers and other stakeholders on the program. The DAR has consistently scored high in resolving cases and has reduced the number of pending cases despite the increase in legal disputes due to the contentious nature of the present phase of the program.

All of these events show the resolve of the DAR to create a condition to hurdle the obstacles and challenges that lie in its path and ultimately empower the clientele of the program.

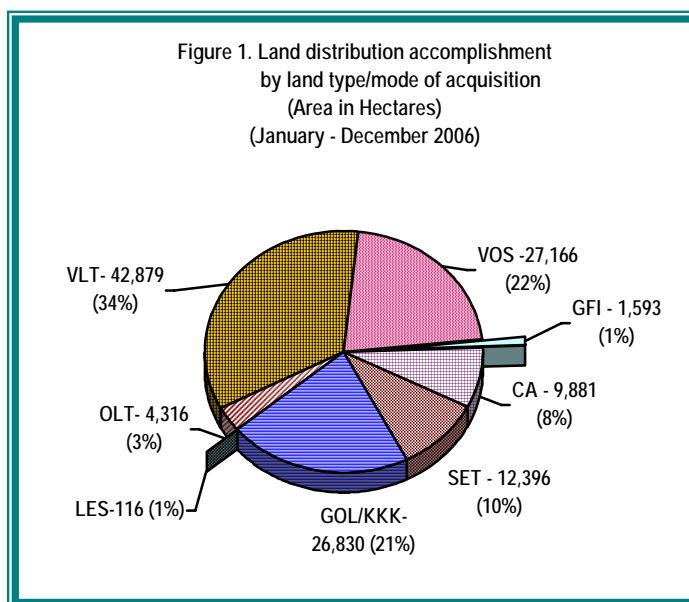
II. Highlights of Performance

A. Land Tenure Improvement (LTI)

LTI is one of DAR's core programs under the Comprehensive Agrarian Refrom Program. It aims to provide tenurial security to landless farmers and farmworkers either through physical transfer/distribution of the land or leasehold as provided for under different land reform laws.

1. Land Distribution (Tables 3, 3a, 3b, 3c)

For CY 2006, the Department distributed CLOAs and EPs covering 125,177 hectares of agricultural lands to 72,280 ARBs. The area distributed is equivalent to 96 percent of the 130,000-hectare land distribution target for the year. The documentation and processing of the undistributed target of 4,823 hectares have been completed but remains pending with the Registry of Deeds for registration.



Lands distributed during the year comprised 69 percent (85,835 hectares) private agricultural lands (PAL) and 31 percent (39,342 hectares) non-PAL.¹ Specifically, lands distributed during the year are broken down as follows: 34 percent VLT (42,879 hectares); 22 percent VOS (27,166 hectares); 21 percent government-owned lands (26,830 hectares); 10 percent settlements (12,396 hectares); 8 percent CA (9,881 hectares); 3 percent OLT (4,316

¹ Include government lands under the coverage of DAR pursuant to E.O. 407/448, resettlements and landed estates.

hectares); 1 percent GFI (1,593 hectares); and less than 1 percent landed estates (116 hectares).

Figure 1 shows the DAR performance on land distribution by land type and by mode of acquisition.

In terms of regional performance rates, thirteen regions exceeded their targets for the year. These were: Region IX (181 percent), CARAGA (148 percent), Region II (140 percent), Region X (137 percent), Region IV-A (136 percent), Region I (124 percent), CAR (121 percent), Regions VII and Region XI (118 percent), Region VIII (115 percent), Region XII (108 percent), Region III (109 percent), and Region IV-B (106 percent). Region V and Region VI, although failing to meet their respective targets due to contentious landholdings in these areas, made significant contributions in terms of volume of lands distributed. The combined area of 26,608 hectares distributed by the two regions account for 21 percent of the total area distributed during the year.

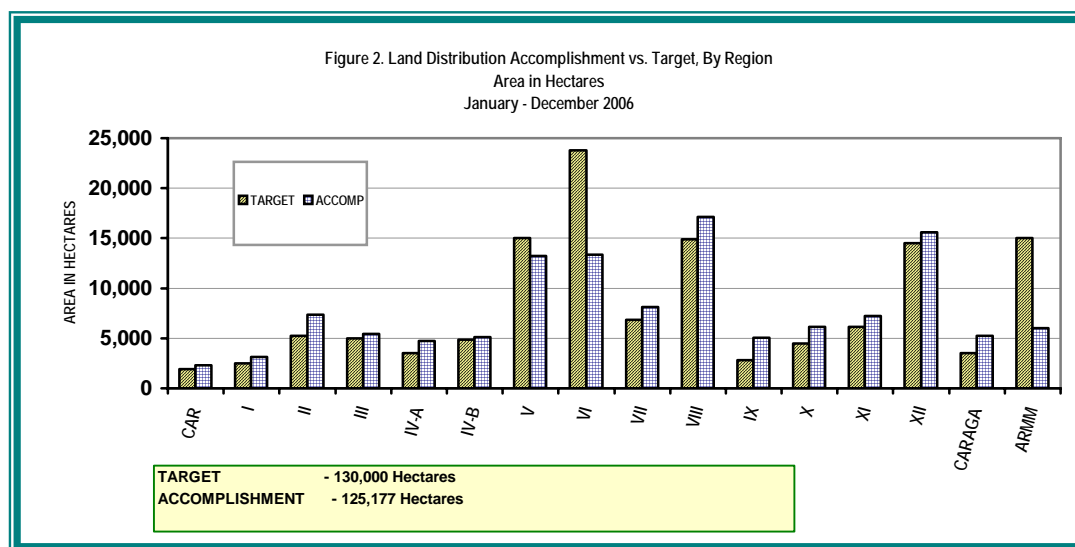


Figure 2 shows the regional configuration of lands distributed during the year.

This year's accomplishment of 125,177 hectares brought to 3,826,214² hectares the total lands distributed by the Department from 1972 to December 2006 with Region XII (438, 181 hectares), Region III (387,083 hectares), and Region VIII (374,522 hectares) having the biggest volume of CARP lands distributed. About 2.201 million ARBs have been given land titles in the form of EPs and CLOAs since 1972. The regions with the highest number of ARBs are Regions III (244,970 ARBs), VI (238,914 ARBs) and XII (186,750 ARBs).

It was also during the year that the Inventory of Balance component of DAR's *Inventory of CARP Scope (ICS) Project* was completed. Based on the result of the inventory, DAR's land distribution balance as of the end of December 2006 is 1.337 million hectares. The three other components of the ICS Project, namely, Inventory of Orders, Inventory of Landholdings

² Including all ARMM provinces.

Covered by Orders, Inventory of Approved Survey Plans, and Inventory of EPs/CLOAs, have yet to be completed.

Statistical details of accomplishment are presented in Tables 1, 1a, 1b, 1c.

Land Distribution involves the systematic transfer to ARBs of agricultural lands covered by CARP. It is a five-stage process consisting of (1) identification of qualified beneficiaries, landowners and the respective lands to be covered; (2) survey of the actual area for redistribution; (3) land documentation and processing, valuation of the land and payment of compensation to the landowners; (4) generation and registration of the Emancipation Patents (EPs) and Certificates of Land Ownership Award (CLOAs); and (5) issuance of the EPs and CLOAs to the ARBs.

The land valuation and payment of compensation to landowners, as well as the registration of EPs and CLOAs are within the purview of the Land Bank of the Philippines (LBP) and the Registry of Deeds (ROD), respectively. The DAR's performance in land survey and claimfolder preparation—two critical stages in land distribution—are discussed in detail below.

Land Survey (Tables 1, 1a, 1b)

Survey is undertaken to subdivide the agricultural lands that shall be allocated to each ARB. It is done either by administration through DAR's own survey teams or by contract with a private surveying company.

For the year, newly acquired lands for distribution were moduled for survey covering 116,795 hectares or 90 percent of the DAR's target of 130,000 hectares. Region XII had the largest area moduled with 22,605 hectares. Regions VI, VIII, and the Autonomous Region for Muslim Mindanao, or ARMM followed with 15,498 hectares, 12,540 hectares and 12,125 hectares, respectively. Collectively, these four regions contributed more than 62,000 hectares or 54 percent to the total accomplishment.

Movement during the year of remaining survey projects since 1993 resulted in the completion of survey plans covering 123,704 hectares which are now in the process of verification and approval by the Land Management Service (LMS)-DENR. Of these, LMS-DENR has also approved survey returns covering 82,312 hectares. Cumulatively, there are 237,766 hectares still pending with LMS-DENR for approval. Once approved these shall be generated into EPs and CLOAs for distribution in CY 2007.

Claimfolder (CFs) Preparation for Landowners' Compensation (Tables 2, 2a)

It must be stressed that the DAR does not make the final decision in the valuation of the land. For LBP-compensable lands like rice and corn under Operation Land Transfer (OLT), other private agricultural lands under voluntary offer to sell (VOS) or under compulsory acquisition (CA), and lands foreclosed by Government Financing Institutions (GFI), DAR coordinates with the other government agencies in determining and collecting the data and documents, i.e., field inspection report, approved-survey plans, etc., necessary to determine the value of the lands

being covered. The landowners' claimfolders are then prepared by the DAR and transmitted to the LBP for the valuation of the land and payment of the LO concerned.

For non-LBP compensable private lands or those lands voluntarily transferred (VLT) by landowners to qualified beneficiaries, the DAR prepares land documentation folders (LDFs) containing, among others, the terms and conditions of payments to be made by the beneficiary to the landowner.

For CY 2006, the DAR processed and transmitted to LBP a total of 5,461 CFs. These folders cover an aggregate area of 47,974 hectares of private agricultural lands of which 42,956 hectares were distributed during the year. This accomplishment represents 48 percent of the target (100,000 hectares). The level of performance indicates the difficulty of acquiring new private agricultural lands, which in most cases have been found to be contentious.

| <i>Box 1. Accomplishment in CFs processing, by mode of acquisition January - December 2006</i> | | |
|--|--------------|--------------------|
| PARTICULARS | CFs (NUMBER) | AREA (IN HECTARES) |
| <i>OLT</i> | 366 | 2,715 |
| <i>VOS</i> | 3,732 | 34,379 |
| <i>CA</i> | 1,042 | 9,616 |
| <i>E.O. 407</i> | 321 | 1,264 |
| GRAND TOTAL | 5,461 | 47,974 |

Despite the difficulty, the performance in terms of volume is still 12,114 hectares or 34 percent higher compared to last year's accomplishment. This only shows that the DAR is slowly making headways in overcoming the obstacles in acquiring private agricultural lands. The institutionalization of mechanisms designed to improve the processes in covering agricultural lands has finally seen positive results. First, the DAR has directed its field implementers to issue notices of coverage (NOCs) to all remaining landholdings verified to be CARPable. Second, participatory approach in acquiring contentious lands should be adopted. Finally, data from the ICS Project have been judiciously utilized in identifying lands to be covered and acquired.

Regional performance shows that Region XII had the highest transmittal of CFs covering 14,630 hectares, followed by Region VI (11,893 hectares), Region V (3,354 hectares), Region III (3,223 hectares), and CARAGA (2,729 hectares).

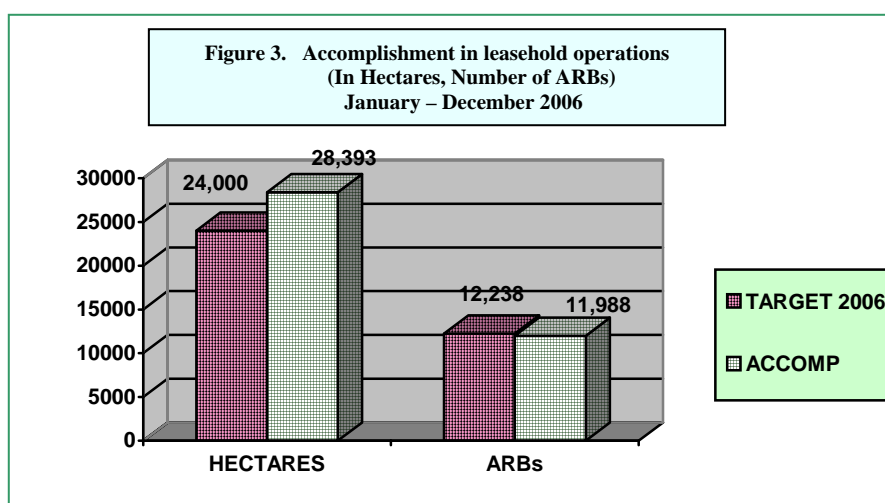
2. Leasehold Operation (Tables 4, 4a, 4b)

Under leasehold operation, all tenanted agricultural lands covered by CARP but still not distributed and those retained by the landowners are placed under leasehold. This ensures the farmers' continued possession of the land they till and liberate them from pernicious practices brought about by sharecrop tenancy.

Under this program, a leasehold arrangement requires the lessee (farmer) to pay a fixed rental to the landowner which should not be more than 25 percent of the average normal harvest during the last three years preceding the date the leasehold was established.

For CY 2006, the Department placed under leasehold 28,393 hectares involving 11,988 tenant-tillers. Of these, 8,679 and 3,309 tenant-tillers are now lessees in 18,019 hectares of retained areas, and 10,374 hectares of land that are yet to be acquired and distributed, respectively.

This accomplishment represents 118 percent of the 24,000-hectare target for the year. The target for the year was surpassed in compliance to the Secretary's directive to insure leasehold coverage particularly in coconut areas. The performance is also higher by 3,086 hectares or 12 percent compared to the previous year's accomplishment.



In terms of absolute volume, Region XII posted the highest accomplishment of 10,150 hectares followed by Region V (4,151 hectares), Region VIII (4,149 hectares), X (2,033 hectares), and ARMM (1,323 hectares).

As of the end of the year, a total of 1,632,757 hectares have been placed under leasehold benefiting 1,169,297 tenant-tillers.

Area placed under leasehold during the period covered the following crops:

*Box 2. Accomplishment in leasehold, by crop
January - December 2006*

| PARTICULARS | AREA (IN HECTARES) | NUMBER OF FBs |
|------------------------|--------------------|---------------|
| <i>RA 3844 / PD 27</i> | 3,170 | 1,648 |
| RICE AND CORN | 3,170 | 1,648 |
| <i>RA 6657</i> | 25,223 | 10,340 |
| COCONUT | 5,285 | 1,357 |
| SUGARCANE | 154 | 79 |
| OTHERS * / | 19,784 | 8,904 |
| GRAND TOTAL | 28,393 | 11,988 |

* / Includes rice and corn under R.A. 6657, banana, pineapple, cacao, root crop, orchard, and vegetable

B. Delivery of Agrarian Justice

There are legal problems arising from the implementation of agrarian legislations and mandates. Issues concerning rights to ownership, expropriation of property, payment of compensation, determination of rents to be paid by tenants, ejection and reinstatement of ARBs, arbitrations of landowner-tenant disputes, exemptions from CARP coverage and land use conversion and even questions involving the constitutionality of the program and its provisions are some of the legal problems that crop up in the course of program implementation. These are being addressed by the DAR through its agrarian legal assistance and case adjudication programs.

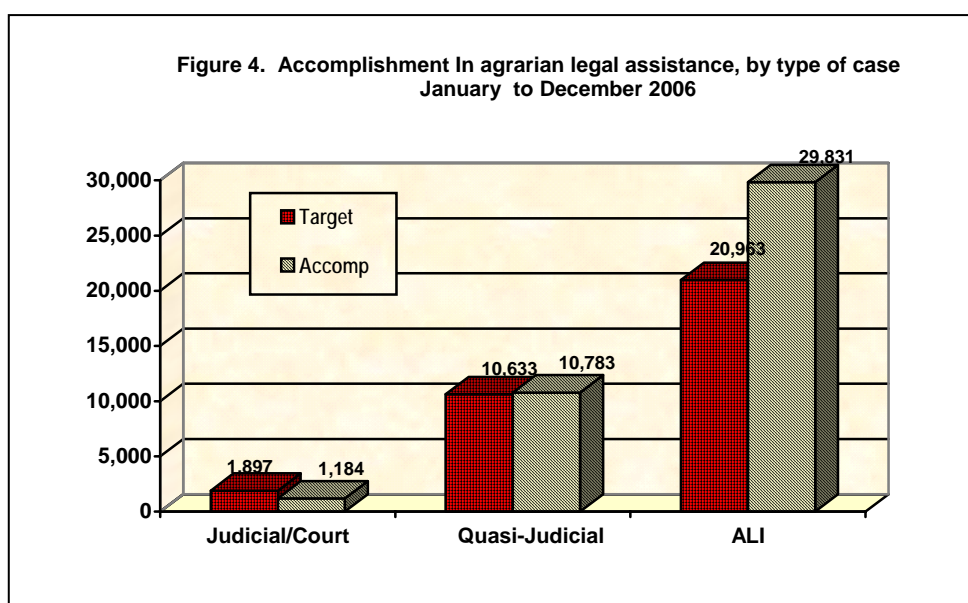
1. Agrarian Legal Assistance (Tables 5, 5a, 5b, 5c, 5d, 5e)

There are three types of cases that are classified under the agrarian legal assistance program, namely: agrarian law implementation cases, judicial, and quasi-judicial cases.

A corp of DAR lawyers handles/resolves agrarian law implementation (ALI) cases that are strictly related to the administrative implementation of R.A. 6657 such as classification and identification of landholdings; conversion of agricultural lands for commercial, residential and industrial purposes; exemption/retention from CARP coverage, protest actions; and other matters related to agrarian laws, rules and regulations. Cases that are judicial and quasi-judicial in nature are filed at and resolved by regular courts and adjudication boards. The DAR lawyers represent the farmers before these courts.

For the year 2006, a total of 41,798 cases (including ARMM) involving 312,276 hectares of agricultural land and 83,782 ARBs were settled/disposed by the DAR. The accomplishment rate for all three types of cases is 125 percent of the target.

Figure 4 shows the DAR's accomplishment on legal assistance by type of case.

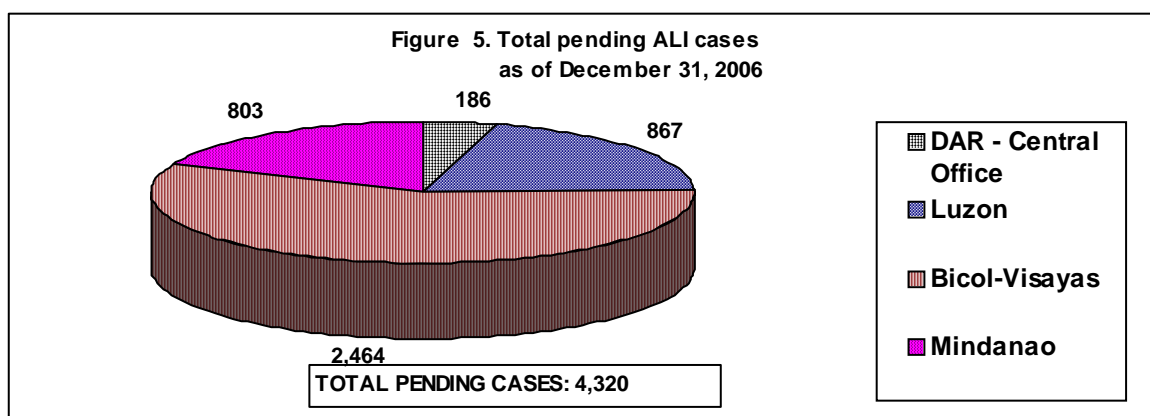


Among regions, Region V had the highest number of cases resolved/disposed with 6,445 cases involving an area of 7,187 hectares. This was followed by Region VI (5,146 cases - 13,248 ha) and Region VIII (4,940 cases - 6,884 ha). Against caseload, CAR recorded the highest performance rate of 94 percent closely followed by CARAGA and Region IV-B with 92 percent and 91 percent, respectively.

In terms of the DAR resolution of ALI cases, Camarines Sur had the highest number of cases resolved (1,694 cases) followed by the CARAGA Regional Office (1,214 cases) and Iloilo (1,208 ALI cases).

The total number of pending ALI cases as of end of 2006 stood at 4,320. Majority of these pending cases are below 1 year old. It is worthy to note that all provinces of Regions of IV-A, IV-B, CAR, and CARAGA attained a zero backlog as of end of the year. Other provinces with zero backlog are Ilocos Sur, Pangasinan, Nueva Vizcaya, Nueva Ecija North, Albay, Siquijor, Eastern Samar, Bukidnon, and Davao Oriental.

Figure 5 shows the total number of pending ALI cases by island group.



Moreover, a total of 9,705 cases that require judicial and quasi-judicial processes are still pending with the DAR for disposition. The bulk of these cases are in Regions V (1,406 cases) and IV-A (1,120 cases)

The DAR during the year also utilized a more aggressive alternative dispute resolution (ADR) method in mediation to resolve conflicts thus prevent them from maturing into court cases. For the period covered, 29,691 cases were settled by DAR. This represents 99 percent resolution rate against the current caseload of 30,126 cases.

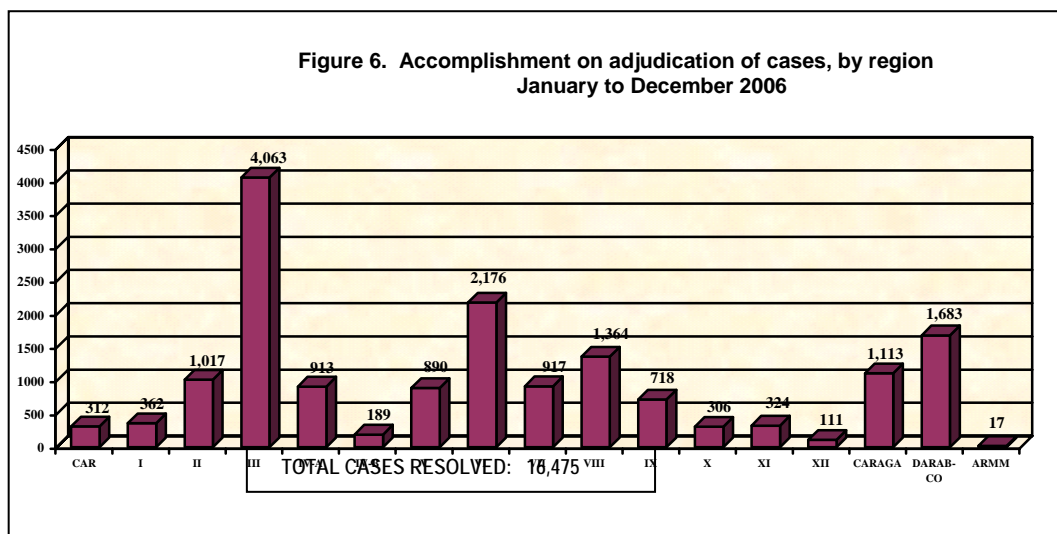
2. Adjudication of Cases (Tables 6, 6a, 6b)

The nature of cases handled by the agrarian reform adjudicators include landowners' compensation, reinstatement and ejection of ARBs to and from the land, fixing and collection of lease rentals, recovery of possession of the land, cancellation of EPs/CLOAs, etc..

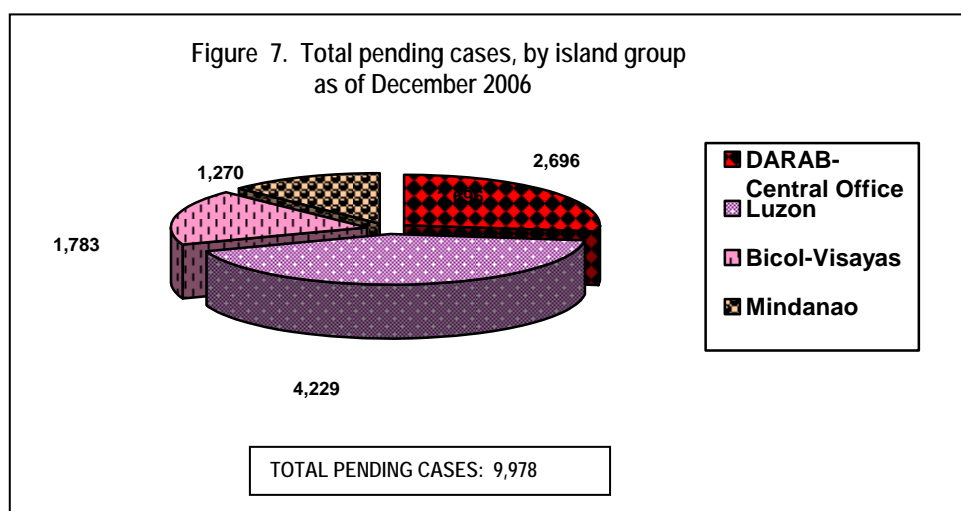
The total caseload for the year stood at 26,453 cases (including ARMM). Of these, 11,065 were pending cases beginning January 2006 while 15,388 were new cases received from January to December 2006. Of the total caseload, 16,475 cases (62 percent) were settled, with CAR

posting the highest performance rate of 87 percent. In terms of the volume of cases resolved, the top performers were: Region III (4,063 cases), Region VI (2,176 cases), DARAB-CO (1,683 cases) and Region VIII (1,364 cases). Five regions, namely: II, III, VI, VIII and CARAGA made significant accomplishments by surpassing their targets for the year. Likewise, DARAB Central Office surpassed its target with 160 percent accomplishment rate.

In terms of provincial performance, Bulacan resolved the highest number of cases (1,825) during the period followed by Nueva Ecija- South (867 cases) and Iloilo (710 cases).



By the end of 2006, 9,978 cases remained pending for resolution (Figure 7). Most of these are concentrated at DARAB- Central Office (2,696 cases), Region III (1,814 cases), and Region II (1,064 cases). Most of these pending cases are aged 1 year and below.



C. **Program Beneficiaries Development (PBD)**

The measure of a successful agrarian reform is not confined on its equity objective of transferring to actual tillers the ownership of the land they till but also on its goal of mainstreaming farmers in the rural economy by transforming them into responsible and successful rural entrepreneurs thus lifting them from poverty and contributing to national economic growth..

Through the DAR's dynamic PBD program, intervention strategies were introduced to empower farmers and make them partners in catalyzing change in the community. Start-up activities include social and institutional capability building to re-orient ARBs and shift their mindset from being dependent on the government to managing their own development. Another imperative intervention is economic and entrepreneurial trainings to mobilize community resources for farmers to engage in economic endeavor. The package of development interventions constitutes a series of activities that involve training and actual demonstration of knowledge and concepts to ensure proper application. For a holistic development of ARBs, infrastructure support to improve crop production and facilitate marketing of produce and basic social services are also provided.

1. Agrarian Reform Communities (ARCs) (Tables 7, 7a, 7b)

As the DAR moves toward finishing distribution of land to farmers, there is an increasing number of ARBs that must be provided with the necessary support services to make their lands productive. However, given DAR's limited resources, there is a need to optimize the results of intervention services for the benefit of a greater number of farmers. The ARC strategy which focuses support services on a specific geographic area particularly a barangay or a cluster of barangays, enables the DAR to showcase the possibility of improving the lives of farmers and their community.

For the year, 75 new ARCs equivalent to 97 percent of the target were confirmed. This brought to 1,859 the total ARCs confirmed since 1993 covering 7,789 barangays.

To realize the development potential of an ARC, the DAR provides and/or facilitates the construction of physical infrastructure facilities such as irrigation, roads and bridges to boost the communities' economic potential and mainstream farmers in the rural economy. Other equally important support services include economic support in the form of credit accessing and marketing, and institutional assistance in the form of training to enhance farmers' technological, entrepreneurial and organizational capability. This aims to help farmers produce high quality products and increase farmers' leverage in the market place to command a higher price for their produce.

During the latter part of the year, the DAR through its Bureau Agrarian Reform Agrarian Reform Beneficiaries Development (BARBD) conducted an assessment of the ARC development level. The result of the assessment shows the number of ARCs by development level:

| Box 3. ARCs by level of development, as of December 2006 | | |
|--|--------------|------------|
| Level of Development (5 – highest; 1-lowest) | No. of ARCs | % |
| 5 | 630 | 39 |
| 4 | 475 | 29 |
| 3 | 328 | 20 |
| 2 | 129 | 8 |
| 1 | 58 | 4 |
| Total | 1,620 | 100 |

Out of the 1,620 ARCs assessed, 1,105 (68%) were categorized in levels 4-5 which means that these ARCs level of development in terms of six key result areas, namely: LTI, OM, ECOPISS, FPI, BSS, GAD ranged from 69 to 100%. One hundred eighty-seven ARCs (12%) belonged to levels 1-2. Compared with their level last year, there are 254 ARCs in higher levels that slid down to lower levels of development which might have been pulled down by low OM rating; 823 maintained the same level, and 518 made advancement. Although the overall trend is positive there is a cause for alarm due to the deviation from the expected direction by majority of the ARCs as others just maintained their 2005 status while others retrogressed.

Meanwhile, there is a need to carefully scrutinize the delivery mechanism for support services to farmers to refocus and re-direct efforts in ensuring that intervention support are responsive to the actual needs of the ARBs and ARCs.

| Box 4. National average per key result area | |
|---|---------|
| KRA | Percent |
| Land Tenure Improvement (LTI) | 92.51 |
| Organizational Maturity (OM) | 66.90 |
| Economic & Physical Infrastructure Support Services (ECOPISS) | 70.41 |
| Farm Productivity Improvement (FPI) | 67.51 |
| Basic Social Services (BSS) | 88.25 |
| Gender & Development (GAD) | 52.36 |

The rating on **LTI** shows that the extent of land distribution is 92 percent complete equivalent to 1.70 million hectares. The rating per ARC ranges from 33 to 100 percent. There are 274 ARCs with 100 percent accomplishment rate on land distribution while majority has more than 80 percent accomplishment rate. Meanwhile, 241,470 hectares are placed under leasehold. Both LTI and leasehold secured the land tenure of 1.06 million farmers.

The **OM** assesses the functionality and financial viability of the organizations. The rating of individual ARC ranges between 15 to 97 percent with an average of 67, showing low level of maturity.

The **ECOPISS** measures the provision of credit, marketing services, rural-based industries, farm to market roads, irrigation facilities, among others. It has a modest rating of 70 percent. Development of individual ARC in terms of ECOPISS ranges from 16 to 100 percent.

An important output indicator that translates the interventions to a more meaningful measure is the **FPI** which evaluates the adoption of appropriate technology that results in increased productivity and income of farmers. The rating of individual ARC falls between 19 to 100 percent. On the national average, the rating is 68 percent denoting a low productivity level.

The **BSS** which assesses the existence of and access of ARBs to basic social services had a high development rating of 88 percent, next highest to LTI. The individual rating ranges from 39 to 100 percent.

The **GAD** had the lowest rating of 52 percent. This is primarily because a little over than 50 percent of the women have access to land and participate in community programs and projects.

Overall, the sustainable rural development index (SRDI) which translates all KRAs into a composite index yielded a modest rating of 73 percent. This implies that the Department has to evaluate comprehensively the package of support service intervention and focus more on key result areas that need to be improved. In terms of average, only **LTI** and **BSS** can be considered high while the rest of the KRAs warrant particular attention particularly the **FPI** to improve the overall welfare of the ARCs and ARBs.

Similarly, data analysis disclosed extreme values in terms of development in 6 KRAs, an indication of unproportionate delivery of development intervention. While some ARCs greatly benefited by having 100 percent rating, others measily received support services.

ARC Connectivity

The DAR shifted focus from the development of KALAHI AR Zone to ARC connectivity. As a development approach, the former requires more investment while the latter can just capitalize on the initial investment already in place in the ARCs. The ARC connectivity are clusters of ARCs that will serve as convergence points for optimum utilization of resources and expertise of partner government agencies, LGUs, business sector, and the civil society, which includes the non-government organizations. This shall take advantage of economies of scale and build on the gains of ARCs with high level of development. This pragmatic strategy is seen to boost the achievement of DAR's commitment in the medium-term plan to develop two million hectares of new agri-business land.

The connectivity concept can be operationalized in different perspectives: First, is by clustering adjacent ARCs for more focused and manageable approach and convergence of resources among development stakeholders. Second, by identifying clusters that are economically viable notwithstanding administrative and geographic boundaries. Third, by improving access to physical, social, economic, and information intervention. Lastly, by optimizing access to FAPS by ARCs/ARC clusters/Special Agrarian Areas (SACs).

Further to this, the ARC Connectivity may be developed along the following area development considerations: a) industry/crop oriented, b) market-oriented, c) resource-based, and d) technology-oriented.

1.1 Social Infrastructure and Local Capability Building

a. Organizational Development (Table 8)

An important element in the development of successful ARCs is the presence of farmers' organizations, a strong grass root structure that serves as voice and arm of the farmers to link up with government entities and with other peoples' organizations to learn and improve their ways of farming and to serve as conduit of support services. As a policy, these organizations are the channel of support services from which their members can access credit, marketing support, trainings, among others. Such assistance is exclusive to members, hence, non-members are encouraged to join organizations.

Although the Department is not directly engaged in organizing, it encourages farmers specifically the ARBs to join cooperatives or farmers associations to be able to avail of various support services that are beneficial to them. Overall, there are 5,430 organizations in the ARCs with 580,339 members where 340, 632 are ARBs which represent 59 percent of the total membership. However, when compared with the total ARB population nationwide, these organized ARBs constitute only 11 percent.

Along with the evaluation of the ARCs is the evaluation of farmers' associations to gauge the level of their maturity or functional ability. From the results, essential interventions are provided to scale up their maturity level.

The table below presents the results of the assessment of the maturity level of 4,190 organizations:

| Box 5. ARC Organizations by level of maturity, as of December 2006 | | |
|---|----------------------|------------|
| Level of Maturity (5- highest; 1-lowest) | No. of Organizations | Percent |
| 5 | 1,242 | 30 |
| 4 | 672 | 16 |
| 3 | 689 | 16 |
| 2 | 502 | 12 |
| 1 | 1,085 | 26 |
| Total | 4,190 | 100 |

While majority of the organizations are functional in terms of organizational management, resource management, special enterprises operations and local governance and alliance building (levels 3-5), still a big percentage (37%) falls in levels 1 and 2. These grassroots structure being the farmers' link to government entities and federated farmers' organizations that provide support services should be equipped with internal systems to successfully manage the undertakings of their organizations. An analysis of the dynamic of the organizations revealed that 618 retrogressed while 2,035 maintained their CY 2005 level. Aggregately, this comprised 70 percent of the total organizations assessed, an indication of the unhealthy state of ARB organizations. Given this situation, the DAR should differentiate the type of intervention per organization to achieve the desired level of maturity.

The financial status of the organizations disclosed that as of end of December 2006, combined savings and capital build-up amounted to PhP2.38 billion while their combined assets of PhP8.28 billion outweighed their obligations or liabilities amounting to PhP6.86 billion, or a networth of PhP1.42 billion. A close look at each organization revealed that some organizations warrant additional or maybe case-specific intervention to improve their financial condition since their liabilities is greater than their assets.

b. Agrarian Reform Beneficiaries Training (Table 9)

The ARBs are the key players and partners of the Department in crafting a vibrant rural economy. They undergo various training programs to enhance their skills to enable them to engage in agri-business endeavor or to diversify their existing farm enterprise. The trainings provided include necessary expertise on new technologies for them to increase their farm productivity and entrepreneurial skills so that their produce can be more competitive in the market. Through these trainings farmers gained wider opportunity to venture in other aspects of business aside from farming.

For CY 2006, the Department trained a total of 66,029 ARBs in 1,807 ARCs who are members of 2,597 organizations nationwide. These trainings were on Mediation and Conciliation, Organizational Development and Management, Financial Management, Crop and Animal Production, Bio-organic Soil Conservation, among others.

c. Marketing Assistance Program (Table 10)

This program was primarily conceptualized to link the farmers to market specifically with agri-business firms which also provide technology support for efficient production and processing of ARBs produce. This program has four components and the activities under each component are as follows:

1. Capability and Skills Upgrading for Program Implementers - This component involves provision of necessary skills training and upgrading for both implementers at all levels and ARBs to cope with the recent development and demands in the global market. During the year, a total of 1,067 skills training were conducted and attended by 949 program implementers and 17,949 ARBs.
2. Market Information - this component is a support mechanism which focuses on updating, promoting, and publishing brochures and articles through a network of print-ads, T.V. and radio programs about agricultural products. During the period a total of 2,641 brochures were prepared and distributed to about 19,544 ARBs which served as their guide in marketing their produce. A total of 855 marketing orientations were conducted involving 869 farmers/people's organizations. These were attended/participated by 22,263 ARBs in 984 ARCs.
3. Product Development and Marketing - under this component continuous development of ARC products is important. It involves product assessment and packaging to ensure the marketability of the products, preparation of the product for promotion and preparation of marketing plans. Likewise, trade fairs are being organized/conducted to promote and introduce the products in the local and foreign markets. During the year, the traditional national trade fair was conducted on the

occasion of the 18th anniversary of CARP. The trade fair generated an estimated PhP 6.3 million sales and a total of PhP 778, 947 firmed-up negotiated sales, or a total of PhP 7.1 million ARC products sold.

4. Marketing Assistance - this component focuses on product matching and market linkaging through the conduct of fora with various agri-business firms and farmers organizations. This activity culminates with the forging of marketing contracts/agreements between ARBs and agri-business firms.

For the period, a total of 741 new marketing contracts were signed/executed between 424 agri-business firms and 403 ARBs'/peoples' organizations involving 15,276 farmers in 394 ARCs. The value of sales generated from these contracts amounted to PhP 57 million. Four regions were able to generate a total value of sales of PhP 42 million equivalent to 75 percent of the total sales. Region IX sold PhP 13.20 million worth of ARBs' products followed closely by Region I with PhP 11.9 million, Region VIII with PhP 9.50 million and Region VI with PhP 7.8 million respectively.

Moreover, there were 421 carry-over contracts from the previous years that were implemented involving 280 agri-business firms and 359 peoples' organizations benefitting 19,876 ARBs in 704 ARCs.

1.2 Sustainable Agribusiness and Rural Enterprise Development

Agrarian reform addresses not only the ownership structure and control of the land but also the production structure that would promote sustainable development. DAR implements this through its sustainable agri-business and rural enterprise development program with the operationalization of the KFCs and provision of loan assistance.

a. KALAHI Farmers' Center (KFC) (Table 11)

The KALAHI Farmers' Center is a support arm in implementing CARP. It is implemented under the principle of shared responsibility and accountability for technical and financial resources among partners from the government, civil society, business sector, and farmer's organizations. This serves as an extension center for learning, harnessing and exchange of knowledge, skills and behavior between and among beneficiaries and rural development practitioners for the promotion of increased productivity and higher income for farmers.

These KFCs provide assistance to the farmers in the form of technology information dissemination, education and training, establishment of demo farms, technology research, experiments, laboratory works for products to be processed, processing and packaging technology, market accessing and market information and other services that would help spur economic development through agri-business promotion in the ARCs.

The Department has established 91 KFCs as of 2006 in partnership with 64 state colleges and universities and 26 other organizations such as NGOs, information technology centers, research institutions, and LGUs.

Thirty-five fully functional and operational KFCs have assisted 291 ARCs and have served 33,325 beneficiaries in ARCs and non-ARC areas.

b. Credit Programs for ARBs (Tables 12,12a,12b)

The DAR's credit programs were conceptualized to support the promotion of livelihood and enterprise development of farmer's associations and cooperatives. These provide financial assistance in the form of loans and grants to farmers. The mainstreaming of ARBs in the formal financial market is intended to enable them access financing for their economic undertakings that will redound to higher income and eventually create significant impacts in their lives.

The various financial institutions tapped by DAR to serve as conduits of loans to ARBs are the Land Bank of the Philippines (LBP), Quedancor, National Livelihood Support Fund (NLSF), and a non-government organization Kaunlaran ng Magsasaka, Inc. (KMI).

| BOX. 6 Status of DAR's Lending programs as of December 2006 | | | | |
|--|---|---|---------------------------------------|------------------------|
| CREDIT PROGRAMS | NO. OF PROJECTS APPROVED | PROJECT COST ^{3/} (PHP M) | AMOUNT AVAILED (PHP M) | NO. OF ARBs |
| A. Completed/Terminated Credit Windows | | | | |
| DAR - LBP ^{4/} | 254 | 462.84 | 176.64 | 15,447 |
| DAR - TLRC ^{5/} | 8 | 7.27 | 7.27 | 742 |
| DAR - KMI | 37 | 80.77 | 80.77 | 9,808 |
| DAR - QUEDANCOR ^{6/} | 100 | 133.44 | 104.49 | 12,169 |
| Sub-Total | 399 | 684.32 | 369.17 | 38,166 |
| B. On-going Credit Windows | | | | |
| CAP - PBD (W I) ^{7/} | 208 | 155.42 | 155.42 | 8,063 |
| CAP - PBD (W II) | 6 | 186.05 | 123.92 | 1,664 |
| DAR - LCAP | 849 | 2,075.81 | 2,075.81 | 169,786 |
| Sub-Total | 1,063 | 2,417.28 | 2,355.15 | 179,513 |
| C. Grant Windows | | | | |
| CAP - PBD (Program Mgt.) ^{8/} | 96 | 4.36 | 4.19 | 3,215 |
| Grant-Total | 1,558 | 3,105.96 | 2,728.51 | 220,894 |

As of end of CY 2006, PhP 2.73 billion has been availed by ARB cooperatives under the different lending programs. This amount was utilized for the implementation of 1,558 projects that benefited 220,894 ARBs. Of the said amount, PhP 2.72 billion was in the form of loan while PhP 4.19 million was provided as grant DAR-LCAP provided the biggest loan take out amounting to PhP2.08 billion that benefited 169,786 ARBs.

^{3/} Includes proponent's equity, DAR's and GFI 's counterpart

^{4/} Lending terminated as of 14 May 2003

^{5/} Lending terminated as of June 2001

^{6/} Lending completed as of December 2005

^{7/} Lending ended as of September 2006

^{8/} For Institutional development and project management

For CY 2006, 198 projects worth PhP 638.59 million were approved for funding under the DAR-LCAP and CAP-PBD Institutional Development Grant Window benefiting 68,440 ARBs.

The details of the on-going credit windows are presented below:

b.1 Credit Assistance Program for Program Beneficiaries Development (CAP-PBD)

The CAP-PBD which is a joint DAR-LBP credit program is envisioned to be a transitory program implemented from 1996 - 2006 to assist non-bank eligible agrarian reform cooperatives to become eligible borrowers from the Land Bank's regular windows and from other financing institutions.

Farmers engaged in the production of traditional crops can avail loan from CAP-PBD Window I while those engaged in the rehabilitation of rubber plantation can avail loan from CAP-PBD Window II. There is also CAP-PBD Program Management Fund that finances capability building and strengthening of ARBs and CARP implementers.

In September 2006, CAP-PBD Window I was terminated. Overall, it was able to fund 208 projects with a total loan amount of PhP155.42 million benefiting 8,063 ARBs. The loan was intended for the production of sugarcane, palay, corn, coffee, and for acquisition of farm machinery in support to agricultural enterprise.

CAP-PBD Window II extended loan for 6 projects situated in Region IX and ARMM worth PhP123.92 million benefiting a total of 1,664 ARBs.

To enhance project management skills of ARBs on profitable and systematic business operation, PhP 4.19 million was released from the Program Management Fund. The amount was used for 96 training programs conducted for 3,215 ARBs.

b.2 DAR – Local Credit Assistance Program

The fund under this program is being managed by the Office of the National Livelihood Support Fund (NLSF). The concept of this re-lending program revolves around the provision of credit funds to accredited program partners that will serve as conduits to re-lend fund to end-beneficiaries who will directly operate micro-livelihood projects, e.g. livestock and poultry production, vegetable and root crops production, dried and smoked fish processing, sari-sari store, and handicraft making.

For CY 2006, 194 projects were approved for the benefit of 68,329 ARBs. This brought to PhP 2.08 billion the total project cost of 849 projects of accredited cooperatives that benefitted 169,786 ARBs.

1.3 Access Facilitation and Enhancement Services

This program shall facilitate ARBs' access to economic, physical, and basic social services to increase farm productivity and household income and improve the overall well-being of the ARBs.

a. Infrastructure Support Projects (Tables 13, 13a, 13b)

Once the land is distributed, the next important task is to capacitate farmers to make their lands productive and provide the necessary enabling condition such as irrigation and post-harvest facilities that allows optimization and realization of the full potential of the land.

Along this line, new bridges and roads are built to connect ARCs to the market thereby resulting in the smooth transportation of raw materials and products. Irrigation projects are likewise constructed to increase agricultural production through increased crop productivity, expanded crop areas, increased crop intensity and crop diversification. Post-harvest-facilities provide efficient processing and storage of crops. With the adoption of modern technology, the income level of ARBs have substantially increased due to higher yields resulting in marketable surplus which are stored to anticipate higher prices. Through postharvest facilities farmers can engage in value adding activities to produce products that are more marketable and profitable. Access to these quality infrastructure facilities by the ARBs is essential. It is the backbone of a sustainable community capable of long-term economic growth and development.

For CY 2006, the Department facilitated the completion of 532 projects worth PhP 2,760 million in the ARCs. These are 271 projects with a total cost of PhP 764 million funded under ARF and 261 projects worth PhP 1,996 million funded under ODA. These projects are broken down as follows: 149 irrigation systems with a total service area of 57,894 hectares; 321 roads and bridges with a total length of 845 kilometers; and 63 units of post-harvest-facilities.

As of December 2006, cumulative accomplishments totaled 7,229 projects with a total cost of Php 20.525 billion. These are as follows:

| Box 7. Status of infrastructure completed as of December 2006 | | | |
|--|----------------------------|-------------|-------------------------|
| Project | No. of Projects | Unit | Cost (Php B) |
| Farm-to-Market Road | 6,052 | 11,598 km | 11.750 |
| Irrigation System | 838 | 199,873 ha | 7.919 |
| Bridges | 107 | 8,616 lm | 0.651 |
| Post-Harvest-Facilities | 232 | 237 units | 0.205 |
| TOTAL | 7,229 | | 20,525 |

On the other hand, there are ongoing constructions of 345 farm-to-market roads and 33 bridges with an aggregate length of 1,431 kilometers being undertaken by the DPWH. For completion are 171 irrigation projects undertaken by NIA that will serve 31,314 hectares. Fifty-eight post-harvest-facilities are also under construction.

Based on the ARC assessment, the physical infrastructure component along with economic support has a rating of 70 percent which is just three points percentage higher than that of last year. This minimal increase implies that intervention support on this aspect is much warranted.

Other facilities to support the basic needs of farm families were also provided: 132 school buildings, 96 rural health centers, 17 rural electrification projects, 415 potable water supply systems, four flood control structures, three market structures, 163 multi-purpose buildings/centers, 45 sanitation systems, 260 solar power technology projects and one wharf.

b. Foreign Resource Mobilization (Table 14)

The increasing number of ARBs implies the need for more resources to fully provide intervention services that would lead to their becoming self-reliant, empowered, and able to raise the status of their community to a livable standard. With inadequate funds being allocated for support services compared with the number of farmers to be served by the program, the Department faces the task of looking for alternative sources. Through the NEDA-Investment and Coordinating Committee which handles the country's investment portfolio, the DAR initially tried to access grant assistance for the preparation of feasibility studies and other technical support projects from bilateral and multi-lateral funding institutions. With the successful implementation of these projects, the DAR packaged proposals for bigger projects that include capital assistance for the construction of the necessary physical infrastructure support such as irrigation facilities, roads, and bridges in the ARCs. Some projects also include components on agricultural productivity, rural finance, community and institutional development, among others, to make up a complete package of support services to ARBs.

From 1992 to end of December 2006, a total of 57 projects are in the different stages of implementation. Thirty-five projects have already been completed. Twelve capital assistance and eight technical assistance projects are ongoing, and two are awaiting implementation. Some of these projects are in their second and third phases, an indication of donors' satisfaction of DAR's implementation of these projects as shown by the high absorptive capacity of DAR in terms of ODA utilization.

| Box 8 . Summary of foreign resources mobilized, as of December 2006 | | | | | |
|--|-----------------|--------------------------|-----------------|------------------|------------------|
| Particulars | No. of Projects | Total Cost (PhP Million) | | | Total |
| | | Loan | Grant | GOP | |
| <i>Completed</i> | 35 | 6,478.69 | 3,989.00 | 4,325.02 | 14,792.71 |
| <i>On-Going</i> | 20 | 27,422.64 | 2,196.31 | 8,542.12 | 38,161.07 |
| - Capital Assistance (CA) | 12 | 27,422.64 | 1,437.84 | 8,516.06 | 37,376.54 |
| - Technical Assistance (TA) | 8 | - | 758.47 | 26.06 | 784.53 |
| For Implementation | 2 | 7,314.48 | - | 2,048.15 | 9,362.63 |
| Total | 57 | 41,215.81 | 6,185.31 | 14,915.29 | 62,316.41 |

The countries and institutions that support DAR's projects are from: Asia - Asian Development Bank (ADB), Japan Bank for International Cooperation (JBIC), Japan Social Development Fund (JSDF); outside Asia - World Bank (WB), European Union (EU), government of Belgium, United Kingdom, Germany, Spain, Australia, State of Israel; other aid institutions - Food and Agriculture Organization (FAO), International Fund for Agricultural Development (IFAD), and United Nations Development Programme (UNDP).

The implementation of the different project components totaled PhP 62.32 billion of which PhP 41.21 billion was in the form of loans and PhP 6.18 billion was grant from donor institutions. The Philippine government put up a counterpart fund of PhP 14.91 billion.

These projects benefited 627,345 farmers in 1,053 ARCs. The reach of these projects is a little over 30 percent of the total ARBs awarded with land titles. To reach out to a wider ARB coverage, the DAR proposed 38 new projects worth PhP 61.20 billion.

| Box 9. Foreign-assisted projects distribution by island group as of December 2006 | | | |
|---|--------------|------------------|----------------|
| Island | No. of ARCs | No. of Barangays | No. of ARBs |
| Luzon | 322 | 1,401 | 216,123 |
| Visayas | 256 | 1,210 | 155,354 |
| Mindanao | 475 | 1,735 | 255,868 |
| Total | 1,053 | 4,346 | 627,345 |

The ultimate success of agrarian reform is measured in terms of improved standard of living of farmers and their graduation from subsistence farming to productive sustainable agriculture leading to surplus production for industry and non-farming households. This is a result of holistic approach provided by DAR to farmers in addressing their farm system needs as well as basic social infrastructure needs of the community.

The immediate impacts of the different components covering five^{9/} projects are as follows:

1. Physical infrastructure support such as roads, bridges, and irrigation and water facilities promoted enabling condition to improve accessibility and agricultural growth.
 - Increased daily traffic of light vehicles by 41% from an average of 17 vehicles to 24;
 - Increased daily traffic of heavy vehicles by 100% from an average of 5 vehicles to 10;
 - Reduced average travel time by 39% from 38 to 23 minutes;
 - Reduced cost of transporting agricultural inputs such as fertilizer by about 6%;
 - Reduced average cost of hauling palay by 71% from P17.00 to P5.00;
 - Irrigated additional 2,829 hectares; and
 - Reduced time in fetching water due to strategic location of the common faucets from an average baseline of 6 minutes to 4 minutes.

^{9/}The five projects evaluated are Agrarian Reform Community Project (ARCP), Mindanao Sustainable Settlement Area Development Project (MINSSAD), Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP), Support to Agrarian Reform in Central Mindanao (STARCM), and Western Mindanao Community Initiatives Project (WMCIP).

2. Community and institutional development support involved capacitation and strengthening of ARBs, organizations,
3. Project partners in the ARCs had meaningful participation in local development processes. As an organization, they are empowered to analyze their development status and from there, plan as a community and identify their common needs for their farming system and their community resulting to:
 - Improved savings of POs by 640% from a baseline of PhP10,000.00 to PhP74,034.00;
 - Increased CBU of new POs and coops by 41% from a baseline of PhP227,314.00 to PhP321,405.00; and
 - Increased membership of POs by 38% or from a baseline of 527 to 727.
4. Agricultural productivity and rural enterprise development provided assistance through training and adoption of new and improved technology. Important support mechanisms under this component are agricultural extension, support service facilities, and establishment of community-based credit system.
 - 109 ARCs were recipients of various alternative farming systems offered by MINSSAD.
 - *About 3,346 farmers in these ARCs are currently into hybrid rice and corn production and testing of new coconut production.
5. Gender and Development

Mainstreaming gender and development is achieved by involving women in community organizing, planning and in other aspects of ARC development.

 - Increased number of women members in organizations by 16% from a baseline of 1,553 to 1,790 female members;
 - Increased proportion of female board members from 42% to 47%;
 - Established 52 women groups with 1,468 members; and
 - Organized 167 production groups with total membership of 3,540 wherein 1,584 of the members are engaged in agri-business enterprises.
6. Land Tenure Improvement

Assistance provided consisted of processing and distribution of a total of 32,276 land titles to some 31,638 ARBs

c. Greater Medical Access Sa Bayan-Anihan (Table 15)

Good health is a vital factor to keep one's body physically and mentally fit which enables a man to attain good quality of life. President GMA acknowledges this fact and directed government instrumentalities to include social health insurance as a priority program for the welfare of the 15 million indigent Filipinos. To operationalize this concern, the Department entered into an agreement with the Philippine Health Insurance Corporation (PhilHealth) for the implementation of Greater Medical Access Sa Bayan-Anihan. This is also in compliance with Section 2 of RA 6657 which states the provision of basic social services to ARBs including health. It has three-models to wit:

- *DAR Agraryong Pangkalusugan*

This is a community-based program that aims to provide quality and affordable health support to agrarian reform beneficiaries. During the year, the Department was able to enroll a total of 3,873 enrollees. Under this model they enjoy the benefits of social health insurance. It involves four cooperatives with 3,722 ARB-members and 151 non-ARB members

- *Advocacy On Sponsored Program for Agrarian Reform Beneficiaries*

This health insurance model aims to cover a greater number of ARB-enrollees as well as non-ARBs. Active participation and support of the local government units in the implementation of this program is significant and political will of sectors concerned is a key factor to its success. Massive information campaign is being done at all levels to win the trust and confidence of the LGUs and the ARBs as well.

During the year, an aggregate of 134,080 farmers and community members enrolled in PhilHealth and availed of the benefits of social health insurance. Forty-five percent (59,764) of them are ARBs and 55 percent are non-ARBs (74,316). Region IX topped among regions by posting the highest number of enrollees (50,416) of which a huge number of enrollees were non-ARBs totalling 38,605 (77%) while only 11,810 (33%) are ARB-members.

A new scheme was introduced entitled "ARC Saves for Health Micro-Insurance (ARCs-HMI) where ARBs save 25 percent of their insurance premium in the cooperative. This is a 4-year program in collaboration with GlaxoSmithKline and PhilHealth through a Memorandum of Agreement signed last year. This shall be piloted in selected AR areas where the LGUs shall provide 50 percent of the premiums and 50 percent will be shouldered by PhilHealth until such time that the ARBs gradually graduate from Sponsorship Program towards the Individually Paying Program. The savings of the ARBs shall be used to pay their insurance premium after the 4th year.

Initial activities undertaken for the period were advocacy campaigns with various LGUs to win their support to the program and orientation-meetings with the community key players to properly disseminate information on the program. The pilot areas were Pangasinan, Davao Norte and Compostela Valley with 500 ARB-enrollees.

- Advocacy on Individually Paying Program (IPP) of Philhealth for Agrarian Reform Beneficiaries

ARB-members of cooperatives with capacity to pay their respective health insurance premiums are encouraged to enroll under this model. For the period, a total of 4,490 members were enrolled. It comprised 2,317 ARBs and 2,173 non-ARBs. This covers eight regions with CARAGA placing number one in terms of number of PhilHealth membership with 1,1627 enrollees. It was followed by Region IX and III with 1,120 and 1,055 enrollees, respectively.

D. Support Activities

1. Public Relations Information and Social Marketing (PRISM)

The Public Relations Information and Social Marketing program seeks to promote the Department's policy thrusts, progressive achievements and success stories on CARP. Being the lead agency in implementing a social-equity program, it has become imperative for the Department to disseminate its gains and milestones. Public information and social marketing enables DAR to dispel doubts and minimize criticisms from CARP's critics and opponents. At the same time, such strategy broadens the support-base of the program as stakeholders get to understand and appreciate its objective and contribution to rural development and nation building.

In CY 2006, the PRISM efforts of the Department proved to have gained impact on its clientele as it received recognition from a group of agricultural journalists. "Tuloy-Tuloy Pinoy," a radio program that gives insight to the farmers and beneficiaries of CARP was cited "Best Agricultural Radio Program" during the Binhi Awards sponsored by the Philippine Agricultural Journalists. Hosted by Deo Macalma on DZRH, the show aims to promote Filipino values through inspirational stories from the countryside. Talent of one PAS personnel was also acclaimed as photographer Manuel Trinos won the first and third prizes in the recent photo contest conducted by the Philippine Coconut Authority.

1.1 Print Media

• PAS Publications

From January to December, PAS released six issues of Dyaryo DAR to address the information requirements of the Department's 15,000-workforce. Dyaryo DAR carries news and feature stories on program implementation all over the country. Aside from inspirational and heart-warming stories on farmer-beneficiaries, Dyaryo DAR also features out interesting stories about DAR's personnel.

The first issue highlighted two articles entitled "Continued Implementation of CARP is a Must" and "Support Services Check Rising Cost of Farm Inputs". The former focused on the imperatives of continuing the agrarian reform program and the latter discussed the role of support services in helping CARP succeed. The second issue featured an article entitled "DAR is shifting to rural development" emphasizing on the

preparations undertaken by the Department after the land acquisition and distribution phase in 2008. The third issue highlighted the 18th CARP Anniversary which featured CARP awardees comprising of the most outstanding farmer-beneficiary, agrarian reform community, and cooperative. The July-August issue on the other hand, highlighted the stories on the P2.6-B worth of projects in 18 provinces as well as the DAR's policy direction beyond 2008. On the other hand, the September-October issue carried a banner news on the appreciation of a team of scholars for the above par performance of DAR in the implementation of CARP which has reportedly contributed to the improvement of socio-economic equity in the rural areas. The last issue for the year highlighted the article "Mindanao a 'Super Region Soon'", following the President's policy thrust in developing super regions in the country. About 48,000 copies of the newsprint were distributed for the whole year.

Another publication is a magazine-type reading material called *Landmarks*, intended for DAR's outside clientele. The first issue had the theme "Use your Coconut" and featured stories about the benefits and advantages of the coconut trees. The second issue highlighted stories on "Pinoy Agricultural Festivities" while the third issue had the cover title "Tribong Pinoy" which featured different tribes and ethnic cultures in the country. A fourth issue, carrying the theme "Yan ang Pinoy", is slated for printing. It features the Filipinos' innate talents, craftsmanship and culture. About 7,500 copies of *Landmarks* were produced and distributed to the publics.

In response to requests from program clients as well as from the program's implementers, DAR also produced and distributed various collaterals and laws pertinent to CARP, such as Republic Act 6657, Republic Act 3844, as well as administrative issuances (Book 10). It also updated and developed the primer on DAR and CARP. The new primer contains updates on the program and illustrations to make it both informative and reader-friendly.

Students, farmers, landowners, legal practitioners, and other clienteles of the Department who requested for information about agrarian laws were provided with said information materials. A total of 3,464 copies of these printed materials were given out during the period.

- **Print Media**

The Department takes advantage of the role of the tri-media in disseminating information. The PAS prepares news stories, feature articles, advertorials and photo stories farmed-out to major dailies and newspapers of general circulation for publication. During the period, 211 news stories, 41 feature articles, 18 advertorials from DAR were published in Metro Manila newspapers to disseminate CARP updates and accomplishments. Among the news dailies, Manila Bulletin and People's *Balita* printed the most number of favorable news stories both on CARP and the Department. The most frequent news releases which came out during the period were on the following topics: Marcos wealth, Hacienda Luisita, extension of CARP, PhP2.59-B rural infrastructure projects poured in 18 provinces nationwide, Aklan farmers go hi-tech and DAR creates special fund for agrarian justice.

Media analysis and trending is part of the PAS system to assess the news items that appear in the print media. PAS uses a point system in every news or photo story, be it favorable or unfavorable to the Department. Stories are classified into positive, negative and neutral, while those that are of general information are classified as others. The point system does not refer to the number of stories but to the impact of the stories to the reading public.

For the period, some 38,314 positive points were earned by DAR from the 689 favorable stories carried by various national dailies, compared to only 6,907 negative points from 112 unfavorable stories. This only showed that the DAR has continued to perform well as it projected favorably in the eyes of the public.

1.2 Broadcast Media

The broadcast media particularly television and radio were utilized to air highlights and major events on CARP. It is also accessed regularly as outlets to disseminate information about DAR and CARP.

For the period, PAS prepared 64 television and 164 radio releases which were aired at least twice per week. Television and radio guestings of the Secretary and other officials were also arranged by PAS as an avenue for exchanging information and interaction to thresh out certain issues.

Radio guestings included: DZRH “Tuloy-Tuloy Pinoy” hosted by Deo Macalma discussing the DAR’s foreign assisted projects, and at Radio Veritas “Mano-Mano” hosted by Ariel Ayala & Melo Acuña discussing CARP projects. Other radio stations visited during the early part of the year were the following:

| | |
|----------------|---|
| DZRJ | Nildo Fable and Direktahan by Nildo Fable |
| DZBB | Saglit Lang by Mao dela Cruz |
| Radio Davao | Outsider Magazine by Atty. Jun Artillo |
| Radyo ng Bayan | Kapihan sa Manila |
| RMN-DZXL | Programang Kwadrado |

Topics discussed in the interviews were: the Department’s accomplishment, policy thrusts and directions, Hacıeda Luisita controversy, status of the Marcos Wealth, Upland Farming, Secretary’s trip in Brazil, ARCs as tourist spots, DAR’s foreign-assisted projects, the 18th CARP Anniversary, farmers’ products and the Agraryo Trade Fair.

TV guestings included the following: “The Morning Show” hosted by Bobby Guanzon & Veronica Baluyot-Jimenez at NBN 4 on July 31 (8:00 am) and December 20 (8:00 am), “Pilipinas, Gising ka na ba?” hosted by Jay Sonza, Daniel Razon, & Atty. Batas Mauricio at UNTV Channel 21 on August 2 (7:00 am), “Radyo Kongreso sa Telebisyon” hosted by Atty. Vic Felipe at IBC 13 on August 10 (6:00 pm).

Other TV programs where the Secretary and DAR officials guested were as follows:

| | |
|-----------------|-------------------------------------|
| NBN Channel 4 | Talk Ko 'To |
| | Serbisyo Muna |
| | Teledyaryo ng Bayan |
| | Tinig ng Bayan |
| | Morning Show |
| Radio Davao | Davao Magazine by Atty. Jun Artillo |
| UHTV Channel 37 | News |
| QTV Channel 11 | News |
| IBC 13 | Kapihan sa Manila |
| | Linawin Natin |
| Net 25 | News |

PAS also provided regular media coverage and photo documentation for the Secretary and the other DAR officials. Regular coverage team composed of writers, video, and photo documenters were sent to cover activities on program implementation especially on foreign-assisted projects and field operations.

PAS served 130 clients as it reproduced/dubbed 198 tapes on Secretary's field visits, ARC launching, CLOA distribution, MOA signing and other DAR activities.

1.3 Special Projects

During the early part of the year, PAS spearheaded a number of activities which highlighted CARP's milestones, DAR's accomplishments, thrust and directions, as well as lobbied for the extension of CARP beyond 2008. These were as follows:

- A walkathon from Roxas Boulevard to Quirino Grandstand entitled "Walk for CARP beyond 2008." The activity was participated by DAR employees and officials aimed to drumbeat to the publics the lobby for the extension of CARP beyond 2008.
- A Press Conference with the Secretary to brief the members of the media regarding the celebration of the 18th Anniversary of CARP and its advocacy campaign for CARP extension.
- A Photo exhibit mounted at the SM Mega Mall Trade Hall as part of the Agraryo Trade Fair to reach the urban audience. The exhibit visualizes DAR and CARP as the program continues to move on and Filipino farmers progress. Copies of R.A. No. 6657, R.A. No. 3844, Primer on DAR and CARP were distributed to the clients during the exhibit.
- The DAR 6th nationwide On-the-Spot Art Contest co-sponsored by the Development Academy of the Philippines (DAP) to draw awareness and stimulate interest and support from among student artists on the implementation of CARP. The activity takes cognizance of the active role and contribution of the youth towards the successful implementation of CARP. The contest was held at DAP Tagaytay and was

participated by 100 students nationwide. Lance Kirby Yaneza of Eulogio Amang Rodriguez Institute of Science and Technology (EARIST) was adjudged the grand prize winner. Jesus Ramos Tejada and Bernis Aure garnered the 2nd and 3rd place, respectively, also both from EARIST. Other winners were: Clarence Cantiveros who bagged the 1st honorable mention and Dhavee Morato of Western Visayas College of Science and Technology who got the 2nd honorable mention.

- A special publication of the Free Press magazine focusing on CARP. The issue carried the cover story “Five years more” which contains the following stories: “CARP After 18 Years,” “Anticipating a Future After CARP,” “Soldiering on for Agrarian Reform, Breaking the Cycle of Poverty,” and “Sleeping Economic Giant (DOLEPHIL Agrarian Reform Beneficiaries Cooperative, Inc.)”
- The Production of the institutional song entitled “Luningning ng Bukirin” interpreted by Ms. Faith Cuneta.

Moreover, PAS sponsored five radio programs with 13 airings. These were: “Bangon Kalikasan” every Saturday from 1-2 pm (up to July only); “Simple” every Saturday from 8-9 am at RMN (up to July only); “Saglit Lang,” Saturdays from 8-9 am at DWBB; and “Tuloy-tuloy Pinoy” Wednesday from 6:00-6:30 pm at DZRH.

PAS facilitated the conduct of media coverage or Pasyal ARC at Sigilo ARC and Siari Valley Estate ARC in Zamboanga del Norte. Media practitioners from print and broadcast media joined the documentation of the ARCs. The news stories were published in Philippine Daily Inquirer, Philippine Star, Business Mirror, Tempo and People’s Journal.

1.4 Communication Research

PAS continued monitoring the print and broadcast media. Items monitored covered all CARP-related articles, agricultural and other related issues appearing on broadsheets and tabloids. Monitoring and clipping of newspapers as well as radio programs were done everyday starting at 4:00 a.m. These news items were compiled as daily news advisory and distributed to various DAR offices while regional offices were given copies through fax. Some non-government organizations that requested for a copy were also provided. For the year, the print monitoring team monitored 1,624 agrarian-related items.

For radio, the following stations were monitored: DZRV, DZRH, DZBB, RMN News Manila, DWIZ, and DZMM. Selected television stations were also monitored from Monday to Friday.

1.5 Communication Networking

PAS continued implementing its Social Marketing Program to strengthen and improve the nationwide communications network at the Provincial and Regional Level through its provincial and regional information officers.

It also replicated its work nationwide with the able support of Regional and Provincial Information Officers. They mobilized the press, conducted press conferences, and held live radio coverages in their respective areas. The Regional Officers also produced in-house publications aside from disseminating PAS publications.

PAS also regularly attended information-sharing conference conducted by the Office of the Press Secretary through the Bureau of Broadcast Communications and Philippine Information Agency.

1.6 Highlights of Regional and Provincial Accomplishment

The regional and provincial officers' regular activities include: preparation of news and photo releases, feature articles, and information dissemination using more interpersonal communication.

All RIOs had their respective news bulletin and exhibits to disseminate information. Some of them conducted lectures in universities on updates on the programs, thrusts and directions of the DAR. Audio video presentations were also held during school campus tours.

The RIOs also conducted regular radio, TV, broadsheet and tabloid monitoring. Direct interaction with agrarian reform stakeholders through the conduct of dialogues, pulong-pulong, symposia, information caravan, legal cliniquing and press conference also formed part of their networking activities and information and education campaigns. Most of the RIOs maintained mini-libraries to provide the public access to reading materials and information on CARP and DAR. Other activities in the field level included updating of ARC profile, radio and TV guestings, publication of newsletters, audio-visual presentations on AR, agro and mega trade fairs.

2. PO/NGO Consultation

The Department acknowledges the importance of partnership with its stakeholders (e.g., peoples' and non-government organizations) in the implementation of agrarian reform program in compliance with Section 2, paragraph 4 of R.A. 6657. An open door policy is adopted as a mechanism to address different issues and concerns of these groups pertaining to the implementation of CARP. This policy showcases the principles of transparency and good governance in the bureaucracy done through the conduct of dialogue-consultations with organizations seeking the resolution or update on their specific concerns.

Issues and concerns raised during the consultations mostly pertain to identification of ARBs, cancellation of EPs/CLOAs, leasehold implementation, illegal sale/transfer of land, ARB installation, etc. In preparation for the consultation, case review is done to provide accurate and updated status to the farmers. Although cases and ARBs concerns can not be resolved in just a one-day consultation, the assurance that is being given priority by the DAR can appease farmers.

During the year, the Department through its Special Concerns Staff and the Field Operations Office conducted a total of 181 consultation dialogues with different POs/NGOs and other civil society groups nationwide. One hundred consultations/dialogues were conducted at the DAR Central Office. Region IV-A conducted the most number of consultations/dialogues among all regions with 43.

Most of the issues and concerns raised during the consultations at field level were elevated to the DAR Central Office for resolution specially at the DARAB and the Bureau of Legal Assistance Office (BALA).

Below is the list of POs/NGOs that actively participated in the consultations/dialogues:

1. UNORKA - Pambansang Ugnayan Ng Mga Nagsasariling Lokal Na Organisasyon Sa Kanayunan
2. KASAMA-KA - Katipunan Ng Mga Samahan Na Maralitan Mamamayan Sa Kanayunan
3. KASAKA-TK - Katipunan Ng Mga Samahan Sa Kanayunan-Timog Katagalugan
4. PEACE - Philippine Ecumenical Action for Community Empowerment
5. SENTRA - Sentro Ng Para Sa Tunay Na Repormang Agraryo
6. KMP - Kilusang Magbubukid Ng Pilipinas
7. AMMMA - Aniban Ng Mga Magsasaka, Mangingisda at KATIPUNAN Mangagawa Sa Agrikultura
8. NMGL - Nagkakaisang Magsasaka Ng Gitnang Luzon
9. PHILNET - Philippine Network of Rural Development Institute
10. AMKB - Alyansa Ng Mga Magsasaka Sa Kanluran Batangas

3. Research and Policy Studies (Table 16)

Conduct of research and policy studies is an essential support activity to the operations of the Department since it provides the management actual field situation on different areas of concern such as implementation of specific policies or state of the agrarian reform beneficiaries at the community level. Results of these studies are tools to improve policies and processes leading to a more simplified but meaningful program implementation.

For CY 2006, four in-house studies and one commissioned research were completed. One research initiative is also being proposed for possible implementation in CY 2007.

Completed In-House Studies

The study is a series of case studies on agribusiness venture arrangements (AVAs) between investors and agrarian reform beneficiaries (ARBs). It aims to document the experiences of ARBs who entered into and implemented various types of agribusiness arrangements (AVAs) with the investors with the end view of coming up with inputs for policy and program planning and/or program impact assessment and evaluation.

1. Case Study on Lease Agreement: The 60 Agrarian Reform Beneficiaries (ARBs) and An Investor in Barangay Balabag, La Carlota City, Negros Occidental (Sugarcane)

Findings

- The lessors are the 60 ARBs who used to work as sugarcane farmworkers of Hacienda Sto. Tomas, a 113-hectare farm, located in Barangay Balabag, La Carlota City, Negros Occidental. A co-ownership type collective CLOA was distributed to the farmers in 2002.
- The lessee is a known investor in the sugarcane farms in the area for more than a decade. However, he does not own any agricultural lands since he claims that he is already contented in leasing farmlands. He employs the ARBs as laborers in the plantation. The lessee markets his farm produce to the Central Azucarera de la Carlota, a company engaged in milling of sugarcane.
- The lease agreement was signed by both parties on July 9, 2003 which shall be in effect for a period of 3 years.
- The terms stipulated in the lease agreement in favor of the ARBs are:
 - Lease rental payment of PhP10,000 per hectare per crop year;
 - Salary of Php 840 per week for regular workers while Php 400 per week for seasonal workers;
 - Provision of 13th month pay, social amelioration bonus, SSS, and Philhealth membership;
 - Interest-free loans, hospitalization, and burial assistance.
- The benefits derived by the community from the lease agreement are:
 - employment and income for the beneficiaries and their dependents;
 - infrastructure development specifically road maintenance and improvement.
- An assessment by the DARPO on the 60 ARBs revealed that they are not yet capable to undertake any agribusiness venture arrangement and to manage the farms awarded to them because they lack the capability to make their lands productive.

Lessons Learned

- Lack of social preparation prior to transfer of landownership to the ARBs made them unprepared to assume their new role as landowners.
- The lack of cooperative or association among the ARBs has hampered their development.
- Lack of information on the different types of agribusiness venture arrangements made ARBs sit in the negotiation panel unprepared and signed the contract without understanding its contents and implications.
- Leasing the land would not help the ARBs in developing their technical and managerial capabilities in making their lands productive.

Recommendations

- Implement DAR Administrative Order No. 2, Series of 1999 regarding the provision of support services for joint economic enterprises, specifically on the preparation of a program and action plan.
 - Undertake social preparation activities for ARBs prior to actual acquisition and distribution of lands. This would entail the dissemination of information materials, and the conduct of seminars for the farmworkers pertaining to their rights and obligations as ARBs, and the factors to consider in facilitating negotiations with business partners/investors on the terms and conditions of the agribusiness contracts that are fair and just to both parties.
 - Encourage ARBs to organize into an association or cooperative that would enable them to have easy access to necessary support services. DAR should also conduct massive campaign and training programs and activities that would strengthen the organization.
 - Continuously monitor the implementation of agribusiness venture arrangements to ensure that the agreement will benefit parties involved.
2. *Case Study on Banana Production and Purchase Agreement: DAPCO United Small Growers Multipurpose Cooperative (DUSGROW MPC) and DOLE Philippines, Inc. – Stanfilco in Barangay DAPCO, Panabo City, Davao del Norte (Banana)*

The contract on Banana Production and Purchase Agreement was signed by concerned officers and members of the DUSGROW MPC and by the management of DOLE PHILIPPINES, INC. – Stanfilco in October 1998. The Agreement covers an area of 24.36 hectares owned by the ARBs of DUSGROW MPC. The initial term of the agreement is 11 years since they feel secured with Stanfilco compared to other buyers. Among the provisions stated in the contract was that in case something happens (for

instance, when suddenly there is no market for bananas), Stanfilco would still pay for the bananas at half of the original price.

Findings

- The ARBs of the DAPCO United Small Growers Multi-purpose Cooperative (DUSGROW MPC) were originally part of the Arico, Labajo, Dayot and Arlos (ALDA) Cooperative, one of the three cooperatives that emerged from Stanfilco Employees Agrarian Reform Beneficiaries Association, Inc. (SEARBAI).
- As former employees of Stanfilco, the ARBs of DUSGROW MPC chose to secure a contract with Stanfilco because they believe that it would be more favorable to them as it ranks first in the banana industry.
- DOLE Philippines, Inc. – Stanfilco is the marketing arm of DUSGROW MPC. DOLE is the world’s largest producer and marketer of fresh fruits. Its operations are located in Mindanao areas. It also helps in the technical aspect of growing bananas through the use of appropriate technology based on existing standard operating procedures of the company.
- Under the agreement, the ARBs opted to engage in individual farming. They find this form of farming more beneficial than a cooperative-managed type because they exercise full ownership and management of their lands and obtain higher farm incomes.
- DUSGROW MPC has two sources of funds that are utilized for the expenses of the cooperative, the common fund and the proceeds from the theoretical boxes. Theoretical boxes are the 18-cluster special product boxes that are produced by the ARBs. They comprise four to seven fingers of bananas and weigh between 750 to 900 grams.
- The target average production is 5,000 boxes per hectare per year. If the ARBs meet the required production, they give bonus to their help-outs. If their income is big, they share it with their help-outs.
- DUSGROW MPC provides the following benefits to its members:
 - a. A credit line with one of the hospitals in Panabo City in case of hospitalization of its members and dependents;
 - b. PhP 5,000.00 Mortuary Fund for each ARB and his dependent in case of death;
 - c. A Credit Fund established from the contribution of each member wherein each member could borrow as much as PhP15,000.00 depending on the amount that they have contributed to the Fund.

- d. The cooperative officers are also sent to seminars and trainings on cooperative-related matters.
- One of the future plans of DUSGROW MPC is to install their own mobile packing plant through a loan in the amount of PhP1.5M. The proposed mobile packing plant to be located within the plantation is seen to lessen product damage and lower overhead cost.

DUSGROW MPC also plans to expand their area of production by buying other parcels of land where they could also plant bananas. They also plan to engage in rice production.

- The main benefit derived by the ARBs in entering into Banana Production and Purchase Agreement is the high incomes generated from the farms they are individually tilling.

For 2004, each of the 13 ARBs who entered into a Banana Production and Purchase Agreement with Stanfilco earned an average gross income of PhP721,385.00, ranging from as high as PhP1,225,036.00 to as low as PhP538,198.00. After deducting all the expenses, the ARBs' annual income ranges from PhP213,310.00 to PhP522,766.00 or an average of PhP393,822.00 per annum.

- Another perceived benefit derived by the ARBs from their partnership with a multinational company like Stanfilco is the stability or the sustainability of their cooperative's operation. Likewise, they acknowledged that through the partnership, they gained substantial management experience and have learned to adopt new technology.
- DUSGROW MPC believes that the following factors were contributory to the successful implementation of the Agribusiness Venture Arrangement (AVA):
 - the trainings that they acquired when they were still employees of Stanfilco made them good managers of their respective farms;
 - the high educational background of the officers of the cooperative which helped them forge good partnership with the company;
 - the several years of work experience with Stanfilco as office staff helped them in carrying out their present functions in the cooperative;
 - the open communication lines between the parties easily helped the ARBs solve whatever problems they encounter relative to their farms.

Lessons Learned

- The Banana Production and Purchase Agreement implemented through individual farming by the ARBs of DUSGROW MPC seems to be a successful type of AVA as shown by its smooth implementation, and higher incomes derived by the ARBs as manifested in their standard of living. The ARBs were also able to finance the education of their children and other various household expenses. Likewise, the

ARBs did not encounter problems in the implementation of the Agreement as the company is very supportive with the ARBs' undertakings. Thus, the ARBs feel satisfied and secured with the present arrangement and intend to renew its contract with Stanfilco after its expiration.

- The lack of uniformity in the application of chemicals in individual farms became a major concern on the sustainability of banana production under the individual farming system. The farmers, however, assured that they will strictly abide by the standard operating procedures (SOPs) of the company.
- The employment of farm laborers or help-outs by the ARBs raises contradicting two issues between empowering them to become farm managers and making them "second-generation landowners" who may re-establish unjust tenurial arrangements on sharing practices among the farmworkers who did not have the access to own directly the land they till.

Recommendations

- Institute safeguard mechanisms to sustain the gains achieved by the ARBs in producing the quantity and quality of bananas that meet the export market requirements.
 - Come up with a framework or working model for monitoring of ARBs' status.
 - Conduct further studies on the viability and sustainability of individual farming in commercial farms and plantations.
3. *Case Study on the Development Contract (Pineapple) and Land Use Management (Banana) Agreement: ARB Members of the CARABAO Farmers Cooperative (CFC) and Del Monte Philippines, Inc. (DMPI) and Skyland, DOLE Philippines, Inc. in Brgy. Cawayan, Impasug-ong, Bukidnon*

This study involves the evaluation of two separate agreements entered into by CARABAO Farmers Cooperative (CFC) with Del Monte Philippines, Inc. (DMPI) and DOLE Philippines, Inc.

The land subject of the agreement has an area of 81.5 hectares and was awarded to the cooperative in 1989. The lease contract entered into by the CARABAO Farmers' Cooperative and Del Monte Philippines, Inc. was under the guise of "development contract" which covers an area of 32 hectares for a period of 25 years starting 2001.

The CARABAO Farmers Cooperative (CFC) is the only farmers' organization in Barangay Cawayan, Impasug-ong, Bukidnon organized by the KANIB Foundation, Inc. in 1991. Based on its 2003 organizational profile, the cooperative has a total capital build-up (CBU) of PhP108,000, total assets of PhP661,148.00, and liabilities of PhP551,000.00.

Findings on Agreement with DMPI

Del Monte Philippines, Inc. (DMPI) is an international corporation established in 1926 and employs 7,000 people in the country. Its local operations cover the processing, manufacturing, and packing of pineapple and tomato products. The DMPI's pineapple plantation in Bukidnon is a 30,000-hectare farm covering the municipalities of Manolo Fortich, Libona, Impasug-ong, Sumilao and Malaybalay. It is considered as the largest pineapple plantation in the Far East.

As part of the DMPI's program to expand their area for pineapple plantation, they approached the CARABAO Farmers' Cooperative of Cawayan and offered a possible lease arrangement. During that time, the members of the cooperative had difficulty in paying their land amortizations. Hence, the DMPI offer was a solution to their long standing land amortization problem.

The guaranteed minimum profit or lease rental payment of PhP 5,150 per arable hectare per annum received by 15 CFC members who entered a contract with DMPI could not sustain their basic household needs. In terms of house and homelot ownership, housing facilities and household assets, there is no improvement which could be attributed to the lease arrangement they entered into. Even trainings and seminars which hopefully could contribute to the improvement of socio-economic condition of the ARBs were scarcely provided.

Before the contract of ARBs with DMPI, their annual household income ranged from PhP16,200.00 to PhP37,000.00. Under the lease contract, the household income of ARBs in 2003 ranged from PhP10,725.00 to PhP54,800.00

Findings on Agreement with DOLE Philippines

- Skyland is a division of Dole Philippines, Inc. located in Malaybalay, Bukidnon. It employs 12 personnel who man and operate the office. The company's banana plantation in Bukidnon covers 3,000 hectares spread out over seven municipalities with a total of 6,000 farmworkers. In 2004, CFC entered into a contract for land use management for 15 years covering an area of 49.5 hectares with Skyland-DOLE Phils., Inc.

Before the lease contract with Dole, the annual household income of the ARBs ranged from PhP7,000.00 to PhP54,000.00, which was mostly derived from farm and non-farm sources. Under the lease arrangement, the ARBs household income in 2003 increased, ranging from PhP10,000.00 to PhP188,224.00 which is derived from two sources, employment from Dole and the lease rental payment they are receiving from the company.

- Generally, the ARBs who individually entered into contract with Dole are better off than those who forged agreement with DMPI. Aside from having their land amortizations paid by the company, the lease rentals they received are higher and that they, as well as their family members, were employed in the plantation as farmworkers.

Lessons Learned

- The Development Contract and Land Use Management Agreement entered into by the cooperative members with DMPI and Dole, respectively are actually lease arrangements in practice.
- The inability of ARBs to pay their land amortization forced them to enter into lease agreements with DMPI and Dole.
- The ARBs' cooperative lacks the capability to deal with investors and manage the operations of the cooperative.

Recommendations

- Strengthen the managerial and technical capabilities of the Board of Directors and Officers of the Cooperative through conduct of intensive trainings, seminars and educational tours.
 - Promote unity and cooperation among ARB members of the Cooperative.
 - Monitor and document the progress of the implementation of the AVA.
 - Develop a framework or working model for monitoring ARBs' performance.
 - Provide microfinance credit to ARBs for the establishment of livelihood/income-generating projects.
4. *A Case Study on Production and Purchase Agreement Between Kenram Industrial Development Incorporated (KIDI) and Kenram Agrarian Reform Beneficiaries Multipurpose Cooperative (KARBEMPCO) and Mapantig Agrarian Reform Beneficiaries Multipurpose Cooperative (MAPARBEMPCO) in Isulan, Sultan, Kударat (Palm Oil)*

The two cooperatives, the Kenram ARB Multipurpose Cooperative (KARBEMPCO) and the Mapantig ARB Multipurpose Cooperative (MAPARBEMPCO) were awarded in 1999 1,558.762 hectares of oil palm plantation in Barangays Kenram and Mapantig in Isulan, Sultan Kudarat.

The oil palm plantation was formerly owned by Kenram Philippines, Incorporated (KPI). In 1988, KPI applied for a 10-year commercial farm deferment (CFD) which was approved by the DAR. Prior to the expiration of the CFD, the KPI incorporators established the Kenram Industrial Development, Inc. (KIDI). After its establishment, KPI sold to KIDI a portion of the landholding where the milling plant and the nursery farm are located covering about 100 hectares. When KPI offered the landholding for VOS, the portion of the landholding sold to KIDI was excluded from CARP coverage.

When the two cooperatives took over the oil palm plantations in April 2002, they entered into Production and Purchase Agreement (PPA) with KIDI, the company which now operates the milling plant on June 28, 2002. There were two separate agreements signed by the officers of the two cooperatives, with the same terms and conditions. The main condition is for the ARBs' cooperatives to sell the fresh fruit bunches (FFBs) to KIDI.

The PPA entered into by the ARBs' cooperatives with KIDI is for a period of five (5) years from the issuance of Certificate of Land Ownership Award (CLOA) to the beneficiaries and may be renewable upon mutual agreement of the parties, subject to the provisions of DAR A.O. No. 9 Series of 1998.

Major Findings

- The success of the ARB cooperatives' handling of the operations of the plantation and its PPA with KIDI has brought financial benefits to the members. Primarily, the ARBs are provided employment in the plantation, housing assistance (in case of KARBEMCO), and monetary benefits like dividends and patronage refund.
- Under the PPA, the income of ARB-members of KARBEMPCO significantly increased. In 2002, only a year after the cooperative's takeover of the plantation, each ARB received in dividends, PhP5,475.00 per hectare or PhP16,426.00 for three hectares allocated to them. In 2004, with the remarkable increase in the cooperative's net income, ARBs' dividends also significantly increased by 170 percent, each receiving PhP31,403.00 per hectare or PhP94,209.00 for three hectares.
- In case of ARB-members of MAPARBEMPCO, with the implementation of the PPA, ARBs derived income from their employment in the plantation and from the dividends and patronage refunds given by the cooperative. In 2002, only a year after the cooperative's takeover of the plantation, each ARB received PhP2,275.00 per hectare or PhP3,867.00 in dividends for 1.7 hectares allocated to them. In 2004, there was a remarkable increase in the cooperative's net income which brought a significant increase in ARBs' dividends, each receiving PhP20,073.00 per hectare or PhP34,124.00 for 1.7 hectares.
- The success of the two cooperatives in implementing the PPA could be attributed to the following factors:
 1. The award of the oil palm plantation to the ARBs' cooperatives and their full takeover of the plantation
 2. The active involvement of an NGO, the Rural Development Institute of Sultan Kudarat (RDISK), in organizing rural communities.
 3. The support given by the former landowner in terms of allowing the cooperatives to use the office space of KIDI for free until the cooperatives had acquired its own, and the "lease-to-buy option" offered to the cooperative for some of the farm equipments at reasonable cost.

4. The inclusion of the management staff of KPI as ARBs of the CARP and their capability to handle the management of the plantation.
 5. Continuous education and information dissemination to ARBs and staff of the cooperatives
 6. Highly educated, strong and experienced leaders.
- The implementation of the PPA is perceived by the ARBs and everyone else in the area as very successful as indicated by the remarkable changes in the living conditions of the beneficiaries. One of the prominent changes is the appearance of residential houses inside the plantation area which are now built of concrete materials and modern designs, and fully lighted with electricity, unlike in the past when one could only see oil palm trees inside the plantation and bunkhouses used as residence by the farmworkers.

Lessons Learned

- The progressive status of the AVA and the operations of the cooperatives could be attributed to the efforts and participation of various stakeholders who are determined to make a change in the people's lives, particularly the DAR, DA, RDISK, LGUs, LBP, other government agencies, and the former owner of the plantation. Specifically, these efforts are manifested through the following:
 - a. greater participation of RDISK (an NGO) and other stakeholders;
 - b. the inclusion of the former management staff of KPI as ARBs of the program;
 - c. the support given by the landowner;
 - d. the spirit of cooperation displayed by the officers of the two cooperatives; and
 - e. continuous education and information dissemination program to the ARBs and staff of the cooperative.
- The experiences gained by the members of KARBEMPCO, especially those holding supervisory and administrative positions, helped them in carrying out their present responsibilities with their cooperative and the plantation, and also enabled them to provide trainings in managing the operation of the MAPARBEMCO and their plantation.

Recommendations

- KARBEMPCO and MAPARBEMCO are showcases of successful cooperatives' full takeover of oil palm plantation through the Production and Purchase Agreement they have entered into with the investor which brought improvement on the standard of

living of the ARBs. Hence, the sustainability of the gains that have been achieved has to be ensured by the cooperatives through the continuous conduct of seminars, trainings and other information drives which would enable them to have a clear understanding of matters relating to the operations of the plantation and the cooperative and which would further develop their assertiveness and confidence.

- The learning and experiences from the operations of KARBEMPCO and MAPARBEMCO can be adopted by other ARB cooperatives to ensure continuous economic and social benefits for its members.
- All KPI employees, including those holding managerial and supervisory positions, were awarded lands when KPI's landholdings were covered by the CARP though they are not qualified beneficiaries pursuant to DAR A.O. No. 7, S'2003.

Notably however, the inclusion of the former management staff of KPI as beneficiaries of the program proved to be an advantage because of their capability to handle the management of the plantation. Thus, there is a need to review the aforementioned provision of Administrative Order No. 7, Series of 2003 to consider those holding managerial and supervisory position in the company as ARBs of the CARP.

- There is a need for the DAR to come up with a framework or working model for monitoring the performance and status of ARBs and the ARBs' cooperatives engaged in AVAs so that specific policy actions can be formulated and implemented to address their problems and ensure the sustainability of gains that have already been achieved.

Completed Commissioned Studies

The Comprehensive Agrarian Reform Program: Scenarios and Options for Future Development (formerly reported as "Study on Post-LAD Scenario")

Project Goal: To initiate change processes among main stakeholders of the CARP (i.e. DA, DENR, DAR, LBP, NIA, DPWH, farmers, landowners, NGOs) for the post-LAD scenario.

Specific Objectives:

- The study which was funded by the German-Technical Cooperation (GTZ) intends to explore various options on what should be done between now and 2008 in preparation for the expected changes in the rural setting due to the completion of land acquisition and distribution (LAD).
- The outputs of the study are expected to provide inputs to planning for the post-LAD agenda in terms of policy framework, legislative amendments and institutional changes that should be put in place to ensure the sustainability of gains of assets

reform and the support service interventions that have been extended to agrarian reform beneficiaries.

Major Findings of the Study by Component

1. Institutional/Organizational Review
 - a. Despite efforts of PARC, the smooth operation of CARP is handicapped by weak coordination among CARP implementing agencies;
 - b. Frequent changes in DAR leadership have constrained the smooth implementation of CARP;
 - c. DAR's functions are broadened to cover all aspects of rural development;
 - d. Other agencies of government, which are more specialized, also deliver PBD/support services;
 - e. DAR has to rationalize its organizational structure to reflect necessary changes in functional focus.

2. Land Tenure Improvement (LTI)
 - a. Land distribution and providing secure tenancy condition have significant impact on the beneficiaries;
 - b. ARBs are generally better off than non-ARBs;
 - c. ARBs have higher income, higher output values per hectare and higher value of household assets;
 - d. Socio-political stability has improved in most areas where CARP has been implemented;
 - e. There is an increasing trend in the number of illegal land conversions, illegal selling/mortgaging of distributed lands and land reform reversals.

3. Program Beneficiaries Development (PBD)
 - a. ARC development strategy is an effective approach for support services delivery because it contributed to promotion of self-reliance and the development of capacity of ARC members to manage their projects, increase production of major crops, and diversify production activities.
 - b. Many ARBs got equal opportunities to access credit, marketing and other technical and support services as landowners and owner-cultivators.
 - c. PBD helped increase social capital in ARCs, and increased PO membership and ARB participation in community development projects.
 - d. Capability building programs have improved ARBs' ability and confidence to deal with development agents. They learned about their rights, basic rules and laws which contributed to people empowerment.

4. Agrarian Justice Delivery (AJD)
 - a. Backlog of AR cases is due to inadequate number of legal personnel due to a very high turn-over rate because of low compensation;

- b. Cumbersome procedures of handling DARAB cases which go through regular judicial proceedings that are more formal and more structured in nature and require a longer period of time;
- c. Mediation/alternative dispute resolution (ADR) cases have increased.

5. Financing

- a. Funding for the program has not been a priority of all branches of government.
- b. Inadequate funding resulted in delayed program implementation, particularly in acquisition of private agricultural lands.
- c. DAR's aggressive external resource mobilization contributed an average annual budget of PhP4.6 Billion from 1995-2004 but this budget was mainly spent for PBD interventions in ARCs.

6. General Impact and Concerns

The CARP, especially the promotion of ARCs, have provided the basis for political, social and economic growth in the countryside.

a. Political concerns

- Peace and order situation has improved in areas where CARP has been successfully implemented.

b. Social concerns

- There are higher rates of social capital and participation in collective action;
- Social equity has improved for two million formerly landless families;
- School attendance has improved among children of ARBs;
- There is no major improvement in the role of women despite the move on gender equality;
- No significant effect was observed on ethnic minorities.

c. Economic concerns

- Conditions of ARBs have improved in terms of household assets and income. However, poverty among ARBs is still high.
- Agricultural production has increased for certain crops.
- Gross value added in agriculture has increased continuously from 1989 but economic situation of rural population has not improved to the same extent.
- Trade liberalization had lead to price increases for agricultural inputs which negatively affected both ARBs and non-ARBs.
- Agricultural trade balance has been deteriorating since CARP, reversing the country status from net agricultural exporter to net importer. However, this trend is not the result of CARP but more of an open trade policy.
- Government investment in agriculture has been relatively low.
- Private investment has increased in export crops and agricultural machinery.

- ARBs have invested significantly in their newly acquired farms.
- There were no investments made by landowners of their compensation payments in rural areas.

Recommendations

1. Given the current status of CARP, trends, scenarios and options for institutional arrangements, the study team came up with the following strategic thrusts and directions to be considered in completing LAD:

- a. Government/DAR should demonstrate the resolve or political will to fast track the distribution of large private agricultural land under compulsory acquisition.

The strategies for accelerating LAD under the compulsory acquisition (CA) processes are:

- Concentrate and increase human and other resources in the 15 provinces where the LAD balance is high
- Improve coordination among CARP implementing agencies
- Establish list of priority landholdings to be covered by year and closely keep track of performance by landholdings
- Establish an agency for land survey and registration
- Set up a comprehensive data management system
- Hasten decision making on LAD-related cases so as not to stall the LAD process.

- b. Advocate for the passage of a bill extending schedule for LAD and providing funding for the CARP

c. Intensify fund generation for agrarian reform

d. Define and establish the total ARC landscape nationwide

e. Companion measures to sustain the gains of the reform program

- Improved Land Registration and Titling System
- Passage of National Land Use Act
- Establishing a Framework for land rent determination under CARP
- Passage of bill on farmland as collateral or Agricultural Credit Act
- Legal assistance to support beneficiaries in negotiations

2. Following the substantial completion of LAD in 2008 (or by 2012) important policies, legal and institutional reforms have to be in place for the paradigm shift towards rural development:

- a. Strengthen the legal sector, particularly the Bureau of Agrarian and Legal Assistance (BALA)

- b. DARAB should be reorganized and its Rules of Procedures reviewed
 - c. Study the feasibility of employing law students as paralegals
 - d. Establish appropriate policies for Rural Development
 - e. Extend basic support services to the farming community at large
 - f. Design programs to promote agribusiness investment
 - g. Encourage LGU participation in support service delivery
 - h. Continue strengthening POs to sustain institutional development gains
 - i. Subdivide collective CLOAs to individual ARBs
 - j. Review SDO guidelines
 - k. Review leaseback arrangements
 - l. Intensify collection of agrarian reform receivables
3. The study team recommended five options as to the future role of DAR and its arrangements with other rural development agencies:
- a. DAR continues to exist and operate as at present and expands its functions towards Rural Development
 - b. DAR focuses on LTI and AJD functions
 - c. DAR focuses on AJD functions
 - d. DAR shifts from LAD to Support Services
 - e. DAR shifts to Rural Development and merges with DA into a new Department of Agriculture and Rural Development (DARD)

B. Research Initiatives

CARP Impact Assessment (CARP-IA) Studies Phase II

The general objective of the second phase of CARP-IA Studies is to undertake a resurvey of sample respondents covered by the 1990 and 2000 surveys that will generate information on the overall changes brought about by the CARP on the standard of living and capabilities of ARBs, vis-à-vis non-ARBs, and the impact of CARP at the ARB and the household, community, and macro levels of the economy in comparison with data obtained in 1990 and 2000.

As of December 2006, the draft and revised research study proposals submitted by the Research Contractors were reviewed and comments prepared for consideration in the finalization of the proposals. The DAR Management approved the local funding of CARP-IA Phase II and preparatory activities were undertaken for the commissioning of Research Contractors. Preliminary activities for the conduct of the research such as preparation of survey questionnaires and interview guides and discussion thereof have also been undertaken.

4. Formulation of Implementing Guidelines

Formulation of implementing guidelines is an integral part of the Department's mandate to ensure the successful implementation of CARP. It is a continuing endeavor of DAR in view of the dynamic and evolving character of the program as well as its response to

the recent legislative and jurisprudential developments and operational issues and challenges which affect CARP implementation.

For CY 2006, the Department issued nine administrative orders which are mostly revision of existing guidelines, and seven memorandum circulars dealing with improving interventions for ARBs, to wit:

Administrative Orders

1. Administrative Order No. 1, Series of 2006 - “Supplemental Guidelines in the Implementation and Monitoring of Approved Stock Distribution Option (SDO) Plans”
 - a) This set guidelines covers all Stock Distribution Option (SDO) plans approved by the Presidential Agrarian Reform Council (PARC). It seeks to address issues raised regarding the non-compliance of some corporations to the terms and conditions stipulated in the SDO plan.
 - b) It supplements Administrative Order No. 10, Series of 1988 regarding procedures for the availment of corporate landowners of the Stock Distribution Plans pursuant to Section 31 of R.A. No. 6657.
 - c) It provides the procedures and mechanisms for the following:
 - regular monitoring of the corporation on the terms and conditions set forth in the approved SDO plans and the MOA;
 - periodic audit of books of the corporation;
 - election of the beneficiaries’ representatives to the corporation’s Board of Directors; and
 - transfer of shares of stock.
 - d) It also establishes the procedures to be observed in the disposition and resolution of complaints/protests on reported violations on the provisions of SDO plans and MOA.
 - e) It reconstitutes the Task Force on SDO at the DAR provincial, regional and central offices, and provides for their respective composition and functions.

2. Administrative Order No. 2, Series of 2006 - “Revised Rules and Procedures Governing Leasehold Implementation in Tenanted Agricultural Lands”
 - a) The guidelines aim to provide mechanisms to implement leasehold and improve the method for determining and fixing lease rentals.

 - b) It covers all tenanted agricultural lands, regardless of crop produced and tenancy relations established. These lands may belong to any of the following categories:
 - Retained areas;
 - Tenanted agricultural lands not yet acquired for distribution under the CARP;
 - All other tenanted lands which may be validly covered under the existing laws, including but not limited to:

- Tenanted landholdings that may be within the purview of DOJ Opinion No. 44, Series of 1990 but actual use remains agricultural;
 - All other tenanted landholdings that may otherwise qualify for exemption or exclusion from CARP coverage or land use conversion, for as long as actual use remains agricultural.
- c) It also provides specific policies for the implementation of leasehold system on lands primarily devoted to sugarcane and coconut; the rights and obligations, and prohibitions on agricultural lessees and lessors; supervision of harvest while there is a pending dispute for resolution.
- d) It modifies and/or repeals the following guidelines:
- A.O. No. 6, Series of 2003, A.O. No. 4, Series of 1997, M.C. No. 11, Series of 1994, A.O. No. 5, Series of 1993, A.O. No. 9, Series of 1991, A.O. No. 4, Series of 1989, and all other issuances inconsistent therewith;
 - The unrepealed provisions of R.A No. 1199, as amended, R.A No. 3844, as amended and applicable provisions of R.A. No. 6657 are hereby adopted and made integral part of the administrative guidelines.
3. Administrative Order No. 3, Series of 2006 - “Audit Agenda of the Internal Audit Service for CY 2006”

The guidelines reiterate the legal mandate of the DAR Internal Audit Service and defines the activities to be undertaken by the office for CY 2006. These include:

- a) Audit of Unliquidated Cash Advance (based on 2005 COA Annual Audit Report)
 - b) Supply and Property Systems Audit (Compliance with R.A .No. 9184)
 - c) Operations and Performance Audit for CY 2005
 - d) Validation of EP/CLOAs Issued/Awarded for CY 1988-2001
 - e) Land Use Conversion Cases (LUC) Inventory Audit
 - f) Agrarian Legal Implementation (ALI) Cases Inventory Audit
 - g) DARAB Administrative System and Procedures Audit (CY2005)
 - h) Land Survey Fund Management System Audit for CY 2004
 - i) Financial Management System Audit (under NGAS)
 - j) Special Audit Assignments as called upon by the Secretary
4. Administrative Order No. 4, Series of 2006 - “Revised Guidelines Governing the Turn Over of Lots Allocated for Public Use and/or Actually Utilized for Public Purposes Within DAR-Administered Landed Estates and Settlement Projects and Lands Acquired under Executive Order No. 448 in Favor of the Government Agencies Concerned”

This guidelines provide an orderly and systematic turn-over of lots classified as public and/or actually utilized for public purposes such as government centers, public school sites, public cemetery sites, nursery or demonstration farms, roads and other lots within the DAR-administered landed estates acquired under Commonwealth Act No. 539, Republic Act Nos. 1160, 1266 and 1400, and settlement projects and lands

acquired under Executive Order No. 448, in favor of the local government units (LGUs) or national government agencies (NGAs) concerned for their development, maintenance and administration. This includes conduct of semestral monitoring of the transferee's compliance on the agreed use of the land or conditions and agreements of the transfer.

Lots covered by this guidelines shall be turned-over to the government agencies concerned upon official request through the execution of a Deed of Transfer by the DAR Secretary and the head or any duly authorized representative of the LGU or NGA concerned, subject to the following conditions/restrictions/prohibitions:

- They shall be exclusively utilized for the purpose for which they are classified and/or being actually utilized for public purposes and shall be maintained and developed in accordance with existing rules and regulations;
- They shall not be sold, transferred or in any manner encumbered;
- All expenses for the registration of transfer documents and the corresponding issuances of title, including fees, taxes or charges, if there is any, shall be borne exclusively by the transferee; and
- The conditions/restrictions/prohibitions stated shall be incorporated in the Deed of Transfer (DOT) to be executed and shall be annotated in the title to be issued in favor of the transferee and/or its successor-in-interest (e.g., newly created government agency/ies in lieu of the transferee, if the same is abolished/merged)

The registration of the DOT and titling of the registrable untitled lots in settlement projects previously turned-over to an LGU or NGA under Memorandum Circular No. 26, Series of 1995, shall be effected in accordance with the applicable provisions of Art. II, Sec. 4, Item 4.6.2 (b) of the A.O.

5. Administrative Order No. 5, Series of 2006 - "Guidelines on the Acquisition and Distribution of Agricultural Lands Subject of Conveyance under Section 6, 70 and 73(a) of R.A. No. 6657

The guidelines seek to address the gaps on the procedures and processes in the acquisition and distribution of private agricultural lands which fall under the following prohibited transactions:

- o those conveyed before June 15, 1988 but registered after 13 September 1988; and
- o those conveyed on or after June 15, 1988

All lands subject of acquisition shall be validated based on ownership documents and on the projection by the DAR on DENR land classification maps to determine whether or not the areas are alienable and disposable. If found to have been illegally conveyed, the lands shall be acquired based on the operating procedures provided under Item IV.

All pending claimfolders being documented by the DAR for purposes of CARP coverage and those without Memorandum of Valuation (MOV) shall be

redocumented in accordance with this guidelines and A.O. No. 2 and 4, Series of 2005.

It repeals DAR M.C. Nos. 2, Series of 2001 and 18, Series of 2004 and modifies or amends DAR A.O. No. 2, Series of 2003 and all other orders, circulars, issuances or portions which are inconsistent therewith.

6. Administrative Order No. 6, Series of 2006 – “Revised Guidelines on Award to Children of Landowners Pursuant to Sections 6 and 22 of Republic Act No. 6657”

This guideline lays down the qualifications, rights and obligations, rules and procedures on the award of lands to children of landowners who are qualified to be awarded with a portion of the agricultural land of their parent-landowners covered under the Comprehensive Agrarian Reform Program pursuant to Section 6 and 22 of R.A. No. 6657.

It provides a mechanism for appeal in case of protests by the concerned children of the landowner whereby they must be filed with the Regional Director (RD) in writing together with the pertinent documents/evidence within fifteen (15) days from receipt of the Order of Denial. The resolution of protest shall be in accordance with the rules and procedures for agrarian law implementation (ALI) cases (A.O. No. 3, Series of 2003).

It imposes a sanction of either imprisonment from 1 month to not more than 3 years or a fine of not less than fifteen thousand pesos (P15,000) to those who violate this guidelines.

It supersedes M.C. No. 4, Series of 1994 and modifies or amends accordingly all other rules, regulations and issuances inconsistent therewith.

7. Administrative Order No. 7, Series of 2006 - Amendment of DAR Administrative Order No. 2, Series of 2005, entitled, Rules and Procedures Governing the Acquisition of Agricultural Lands Subject of Voluntary Offer to Sell and Compulsory Acquisition and those Covered Under Executive Order No. 407

The guidelines amend certain provisions of A.O. No. 2, Series of 2005 specifically on the exclusion from CARP coverage of lands proclaimed as settlement areas and awarded to settlers or beneficiaries under the settlement program earlier implemented by DAR and its predecessor offices.

Salient points of the A.O. are as follows:

- a) It amends Paragraph III.8 of A.O. No. 2, Series of 2005, to read as follows:

“Lands proclaimed as settlement areas and awarded to settlers or beneficiaries under the resettlement program earlier implemented by DAR and its predecessor offices and covered by Homestead patents shall be acquired and redistributed

under the CARP if the original homestead grantees or direct compulsory heirs no longer continue to cultivate the same, subject to the five-hectare retention right of the original homestead grantee or his/her direct compulsory heir/s.”

- b) It lays down the following policy statements:
- Applications for VOS involving retained areas or those landholdings with an aggregate area of five (5) hectares and below per landowner shall not be accepted.
 - A child or direct compulsory heir/s of original homestead grantees shall not qualify as Agrarian Reform Beneficiary/ies (ARB/s) of homestead areas covered under CARP which are no longer cultivated by them.
 - Contribution of the old settler to the social and economic benefits of the land shall be considered as additional factor to determine the land valuation and shall entitle them to the payment of just compensation pursuant to Section 17 of R.A. No. 6657.

8. Administrative Order No. 8, Series of 2006 - Guidelines on Standing Crops on Lands Acquired by the Government Pursuant to Sections 16(e) and 28 of R.A. No. 6657

The guidelines aim to resolve the issue of standing crops in lands to be acquired and distributed under CARP. Among the issues confronting the DAR are confusion and varying interpretations on what shall be considered standing crops and as to when a particular standing crop is considered harvestable or completely harvested. It shall apply to private agricultural lands covered under compulsory acquisition and voluntary offer to sell scheme of the CARP and those covered under E.O. No. 407.

Some salient points of the administrative order are as follows:

The landowner shall retain his/her share of any standing crops unharvested at the time the DAR takes actual possession of the land and shall be given a reasonable time to harvest the same.

The presence of standing crops shall not pose as a hindrance to the exercise by the ARBs of their right of possession over the land/s awarded to them through CLOAs issued regardless of whether or not an order from the DAR directing the physical possession of the land by the ARBs has been secured.

Crops that were introduced from the time of or after the former LO's receipt of the notice/advice that the landholding/s has/have already been effectively acquired by the State as evidenced by a Certificate of Deposit (COD) shall be considered as plantings or sowings done in bad faith by the former landowner. The crops shall automatically redound to the benefit of the CLOA titleholders whether already installed or not. However, the CLOA titleholder may demand for the removal of what has been planted, built or sown at the expense of the planter or sower in bad faith.

Crops which are not yet harvestable and introduced by the former LO prior to the latter's receipt of the notice/advice is considered plantings or sowings in good faith.

Since they are not considered standing crops the right to harvest the same shall already belong to the CLOA holders. The planter shall be entitled to reimbursement for the cost of plantings or sowings; the payment thereof shall only be made after the CLOA holders had obtained the proceeds from the initial harvest of such plantings. The CLOA-holders may, however, choose to make earlier reimbursements.

Failure of DAR officials and employees to comply with their duties and responsibilities without justifiable reason shall be a ground for immediate filing of proper administrative and/or criminal actions against them pursuant to Sections 73 and 74 of R.A. No. 6657 and other applicable laws.

9. Administrative Order No. 9, Series of 2006 - Revised Rules and Regulations Governing Agribusiness Venture Arrangements (AVAs) in Agrarian Reform Areas

This set of guidelines seeks to address certain problems and issues arising from the implementation of A.O. No. 2, Series of 1999, entitled "Rules and Regulations Governing Joint Economic Enterprise in Agrarian Reform Areas" particularly in joint economic enterprise contracts with terms disadvantageous to agrarian reform beneficiaries (ARBs)/ ARB cooperatives or associations and arrangements which infringe on land acquisition and distribution (LAD)-related implementing rules and regulations.

The salient features of the administrative order are as follows:

1. Additional general and specific policy statements relating to preconditions for AVAs, investors' qualifications, and application procedures which are consistent with existing LAD-related policy issuances;
2. A set of criteria for the review, evaluation and approval of AVA contracts;
3. The creation of the AVA-Task Force (AVA-TF), National AVA Evaluation Committee (NAEC), and NAEC-Technical Working Group (TWG) which could evaluate the AVA contracts at the provincial and national level prior to endorsement to PARCCOM and PARC or PARC ExCom;
4. Comprehensive operating procedures for the filing of application, and review and approval of AVA contracts;
5. Detailed operating procedures for the reporting and monitoring of AVA contracts;
6. Procedures for resolution of disputes (mediation or arbitration) arising from the implementation of AVA contracts;
7. Provisions for the expiration and extension of AVA contracts;
8. Provisions for the grounds and procedure for the revocation/cancellation of AVA contracts; and
9. Corollary AVA Forms to be used during the application, reporting and monitoring processes to ensure proper documentation and enable validation of compliance to procedures prescribed therein.

Memoranda Circular

1. Memorandum Circular No. 1, Series of 2006 - "Guidelines on the Management, Operation and Use of the DAR Multi-Purpose Gymnasium, Officials' Lounge, Guest House and HRD Center/Dormitory and Setting Up of Revolving Fund on the Income Derived from the Rental Therefrom"

The guidelines consolidate various issuances in the management, administration and operation of the Department's Human Resources Development (HRD) Dormitory, Guest House, Official's Lounge, and Multi-Purpose Gymnasium. The salient features of the memorandum circular are as follows:

- It determines the clientele usage fees and charges and procedures for reservation, registration and payment;
- It establishes a revolving fund on the income derived from the rentals; and
- It provides a system for reporting and monitoring monthly inventories and collections.

2. Memorandum Circular No. 2, Series of 2006 – "Implementing Guidelines on Operation and Maintenance of Completed Rural Infrastructure Sub-Projects of the DAR-ADB Agrarian Reform Communities Project (ARCP)"

The guidelines aim to institute the system that will govern the determination of proper compliance with the requirements spelled-out in the operation and maintenance MOA/Manual in DAR-ADB-ARCP completed rural infrastructure sub-projects. It provides the rating system, evaluation criteria, persons responsible and procedures in the periodic inspection and assessment of ARCP sub-projects. It also provides the functions of the Dispute Settlement Committee (DSC) and Provincial Inspectorate Teams (PITs).

3. Memorandum Circular No. 3, Series of 2006 – "Intensified Rural Development Through Agrarian Reform Communities (ARCs) Connectivity"

The memorandum circular seeks to address emerging concerns regarding KARZone development and the urgency to fast-track the delivery of the needed basic support services to ARBs and non-ARBs in these areas. It aims to provide alternative support services delivery schemes that would jumpstart the coverage of a wider ARB reach through the adoption of the intensified rural development framework.

The intensified rural development framework shall be anchored and implemented through the ARC Development Framework and ARC Connectivity strategies.

The ARC Development Framework is the main strategy for Program Beneficiaries Development. It involves the development of ARCs and the expansion of the development interventions to include non-ARC areas or neighboring barangays outside ARCs, covering ARBs not located in existing ARCs. The intensification of the ARC development shall involve the following strategies: continued development interventions in the ARC, launching of special ARCs, and expansion of ARCs.

ARC Connectivity Framework on the other hand, is an alternative to the KARZone development strategy which envisions to help create a thick web of relations that will facilitate access to input sources, markets, technology, social processes and political institutions.

The guidelines also identified support implementing mechanisms such as accelerated and rationalized resource mobilization and foreign-assisted projects and locally funded projects that will be tapped to implement ARC Connectivity.

4. Memorandum Circular No. 4, Series of 2006 – “Guidelines Implementing the Agrarian Reform Beneficiaries Carding and Identification System for ARBs Covered under LAD Targets in CY 2006”

The guidelines aim to implement the ARB Carding and ID system as a means to enhance and update the ARB database by determining the whereabouts and the magnitude of the ARBs who still own and cultivate the lands awarded to them. Specifically, the ARB Carding and ID System shall:

- Develop and maintain a database of all actual ARBs covered by CARP at various levels (municipal to national);
- Provide a mechanism for monitoring the actual holders of EP/CLOA, lease contract, homestead patents and landed estates and the status of ownership of the lands distributed;
- Issue ARB ID Cards to all registered beneficiaries who have received EPs or CLOAs, recipients of land titles to agricultural landed estates, homestead patents in settlement areas and registered lease contracts as proof that he/she is a bona fide beneficiary of the CARP.

5. Memorandum Circular No. 5, Series of 2006 – “Implementing Guidelines on Community-based Basic Social Services Systems Development Through Participatory Governance in Agrarian Reform Areas”

The circular aims to develop and establish community-managed social services systems that will promote the general welfare of the community and enhance the well-being of ARBs in collaboration with LGUs and other stakeholders towards the attainment of gender equality and sustainable agrarian communities. It provides the policy framework which is anchored on the rights-based approach as a means to implement the Community-based Basic Social Services Systems Development through Participatory Governance (CBSSD-PG). It discusses the multi-stakeholder partnership development and enterprise development and credit and finance accessing as the program’s strategy in implementing the same as well as the program’s intervention components.

6. Memorandum Circular No. 6, Series of 2006 - “Revised Implementing Policies and Guidelines on the “ARB Agribusiness Entrepreneurship Development Program (AREDP)”

The memorandum circular modifies M. C. No. 5, Series of 2005 by providing a more detailed discussion on the policies and guidelines in the implementation of the ARB Agribusiness Entrepreneurship Development Program (AREDP). AREDP is a program of the DAR which primarily involves the establishment of sustainable value-adding agri-based enterprises in the countryside and the development and expansion of both local and foreign markets for high quality, processed agricultural products. The guidelines also identify the strategies and approaches which the program shall utilize towards transforming small farmers into agri-business entrepreneurs. It likewise defines the roles and responsibilities of various program stakeholders such as the DAR, AREDP National Program Management Office (AREDP NPMO), DAR-Civil Society Organization (CSO) Committee, the Philippine Fruit and Vegetable Industries, Incorporated (PFVII), Civil Society Organizations (CSO), ARB Cooperatives and ARBs.

7. Joint DAR-LBP Memorandum Circular No. 7, Series of 2006 - "Guidelines in the Implementation of Credit Assistance Program for Program Beneficiaries Development Window III (CAP-PBD Window III)"

The circular seeks to implement the Credit Assistance Program for Program Beneficiaries Development Window III (CAP-PBD Window III), a 10-year extension of the CAP-PBD Window I. The lending program is an alternative credit window to non-bankable cooperatives and farmers' associations of ARBs in the agrarian reform areas, comprising of ARCs and non-ARCs and to help them become bank-eligible organizations later. The program is being financed out of the remaining funds and receivables under the unified CAP-PBD Windows I and II, and 5:25:70 Countryside Partnership Scheme.

The circular lays down the policies for the availment which includes: provision of credit, institutional strengthening, enterprise development and capability development. Implementing structures composed of representatives from DAR and LBP at different levels were also established to ensure smooth program implementation. It provides a system for monitoring and evaluation which includes: program monitoring and evaluation, conduct of program management meetings and program assessments, and knowledge management.

5. President Diosdado Macapagal Scholarship Program (Table 17)

The level of education an individual can have depends on his economic status. For most farm households who are engaged in subsistence farming, education is a wealth that they want to bequeath to their children. To assist farmers in making their dream a reality, the Department established a scholarship program which grants free education to qualified and deserving ARBs' descendants. This is awarded to eligible children of ARBs which provides P1,500 tuition fee per semester, P500 book allowance, and P800 monthly stipend.

The criteria for the scholarship grant are as follows:

- Must be a direct descendant of an agrarian reform beneficiary
- High school graduate during the time of application
- Overall weighted average is not lower than 80%
- Passed the university/college admission test
- Single and not more than 25 years of age

Since the start of the program in 2003, 1,824 children of ARBs qualified as scholars in different state colleges and universities to pursue agriculture-related courses, 70 of which already graduated. The highest number of enrollees is in Region VI (277 scholars). This is followed by 217 scholars in Region V and 199 scholars in ARMM.

6. Human Resources Development (Table 18)

In response to the challenges faced by the DAR workforce in implementing CARP, the Department continuously sends its personnel to pursue further education through scholarship grants and trainings here and abroad. These new undertakings will help them view their work in a different perspective that will further improve performance and personal growth. The ultimate beneficiaries of this enhanced capability are the CARP stakeholders and other clientele.

From January to December 2006, 3,929 participants from the central and field offices attended a total of 281 training classes. Majority of the training classes conducted by DAR and other agencies are in support to managing the bureaucracy (161 classes) and program beneficiaries development (95 classes).

Specifically, these trainings dealt with:

a. Managing the Bureaucracy

- Advance Computer Literacy Program
- Basic News and Feature Writing
- Basic News Writing for DAR Infoline Point Person
- Basic Occupational Safety and Health Training
- Capacity Development Program/Enhancing Facilitation Skills
- Conference on Rationalization Plan Formulation
- Enhanced Information Technology
- Enhancing Communication Skills, Sharpening Analytical Skills and Personal Strategic Planning
- Personnel Information System, Payroll System and Payroll Index-Sub-System
- Self-Transformation Seminar for Executives
- Seminar on New Government Accounting System
- Session on Basic Power Point Presentation
- Six Sigma Blackbelt Program
- Workshop on Comprehensive Land Use Planning

b. Program Beneficiaries Development

- Appreciation and Training Course on Micro-Finance
- ARCDP2 Review and Planning Workshop
- Coco-Coir Production
- Community Organizing and Development in the ARCs and KALAHI ARZones
- Conference on Convergence Initiatives
- Data Entry System User's Training Under the ARB Carding and Identification System
- Dishwashing Liquid and Powder Laundry Soap Making
- Enterprise-based Agrarian Reform Community Development
- Gender-Based Effectiveness Skills Training
- Geotextile (Coconet) Production Technology
- Hands-on Training on Contour Farming
- KALAHI ARZones Anchored in Enterprise Development
- Mushroom Technology Festival and Investment Forum
- Nursery Management and Sustainable Agriculture
- Organic Fertilizer and Organic Farming Training
- Participatory Area Planning Approach
- Seminar on Bio-Technology
- Seminar Workshop on Basic Course in Project Development
- Simple Bookkeeping for Development Facilitators
- Slippers Making
- Training on Enhancing the Capability of ARBs on Post Harvest Technology and Enterprise Development
- Trainers' Training on Program on Natural Farming System

c. Agrarian Justice Delivery

- Enhancement Training for DAR Lawyers
- Mandatory Continuing Legal Education
- Paralegal Development Program
- Trainer's Training for ARB Paralegals
- Training on AR Laws and Paralegal Skills for Farmer Leaders in Southern Tagalog Provinces

d. Land Tenure Improvement

- Assessment and Planning Workshop on the Inventory of CARP Survey Project
- Assessment and Systems Problem-Solving Session on Field Operation Files
- Continuing Agrarian Reform Education

For CY 2006, DAR employees have availed 10 local and 22 foreign scholarships. The local scholars will take up Masters in Rural Development, Graduate Certificate in Business Intelligence, and CPA and BAR Review Classes. On the other hand, grantees of foreign scholarships will pursue the following field of study: Graduate Diploma in Rural Systems Management, Master of Arts in Sustainable International Development, Master of Science in Programme “Geo-Information Management”, Multi-Country Study Mission on Best Practices in Rural Entrepreneurship Development, Application of GIS for Land Development Planning, Environmental Conservation Category of the 2nd Batch of 2005 Japan-ASEAN Youth Friendship Programme for the 21st Century, Agriculture Week of Texas Cooperative Extension, Digital Video Documentation Workshop, Long-Term Training on Agriculture and Integrated Development, Single Country Group in the Agriculture Category of the 1st Batch of 2006 Philippine-Japan Youth Friendship Program for the 1st Century, and Regional Training Program on Participatory Monitoring and Evaluation-Trainers’ Training Program.

