

EXECUTIVE SUMMARY

Introduction

In May 2004, the Department of Agrarian Reform expressed the need for a study that would review and explore various options on actions to be taken for the expected changes in the rural setting after the completion of land acquisition and distribution (LAD). Subsequent to LAD under the Comprehensive Agrarian Reform Program (CARP), there is a need for DAR to undertake planning for the post-LAD agenda in terms of the policy framework, legislative amendments, institutional changes and programs that must be put in place to ensure the sustainability of the gains of asset reform and the support service interventions that have already been extended to agrarian reform beneficiaries (ARBs). It requested the German Technical Cooperation (GTZ) for support to conduct such a study.

Objectives

The objectives of the study were:

- (a) to briefly assess the accomplishments and impact of CARP as well as the experiences of several countries after land reform to determine future interventions for the ARBs and the agrarian reform communities (ARCs) in the post-LAD period,
- (b) to identify the policy, operational, institutional and legal components of ARB/ARC support that would be required to achieve the sustainability of the gains of the reform program,
- (c) to provide strategic options that would address the issues and problems confronting the completion of the LAD component of CARP, and
- (d) to recommend institutional and legislative measures required to prepare for the expected policy issues and concerns upon completion of LAD .

The study report is intended as a contribution to the on-going discussions on the future of CARP as the funding for the Program after June 2008 remains uncertain and on the creation of an institutional and legal structure that will ensure the successful development of the rural society in the Philippines.

Methodology

DAR, in cooperation with GTZ commissioned a team composed of an international agrarian reform expert and four national agrarian reform specialists to study the following aspects of the agrarian reform program: organizational and institutional set up, land tenure improvement, program beneficiaries development, delivery of agrarian justice, program financing, cross cutting issues and international experiences in agrarian reform.

At the onset, the team defined post-LAD from two perspectives. One perspective is a post-LAD scenario that is premised on a situation where land acquisition and distribution has been substantially completed according to targets and priorities as set forth in RA6657 and RA8532. A greater percentage of large private agricultural lands – PAL (specifically those under compulsory acquisition – CA) would have been expropriated and redistributed to farmers and farmworker beneficiaries. This is the very essence of the social equity and the land to the tiller principles underlying the Comprehensive Agrarian Reform Program. As contemplated in the above laws, the timeline for such situation would be by end 2008.

The other perspective of a post-LAD scenario is a situation where there is a policy decision to stop LAD at certain point in time (regardless of the quality of land distribution status), say end of 2008, because of the difficulty and high cost of acquisition and distribution of remaining lands – in this case large private agricultural lands under CA mode. In both perspectives, the major consideration is the attainment of the twin goal of CARP, on equity and making the land more productive towards sustainable rural development.

The study team made use of secondary data and held discussions with key stakeholders in DAR and in CARP implementing agencies in assessing the accomplishments and impact of CARP over the last 16 years (1988-2004). The preliminary findings of the team are summarized in the first six chapters of this report. The succeeding chapter presents the review of international experiences in agrarian reform.

The study team adopted the Scenario Forecasting methodology to describe a possible Program (CARP) scenario by end 2008 and as a tool to initiate discussions among CARP stakeholders on the future of CARP given the key political, economic and institutional issues surrounding its implementation. It had originally identified four Program scenarios by end 2008:

1. Business as Usual

Under this scenario, it was assumed that LAD would still be incomplete in 2008 and that CARP would still not attain its LAD target even after 2018. Acute under-funding and over-burdening of Departments and Bureaus involved in the Program would continue and lead to rural dissatisfaction.

2. Sprint to the Line

This scenario assumed that an infusion of funds, along with organizational improvements would allow the overhang of LTI and AJD to be cleared. LAD would then be substantially finished by 2008. Support service provision would, however, be relegated to a secondary strategic priority until the LAD process is finished. The post 2008 strategy would remain unclear considering that a greater number of ARBs have not been reached or covered by ARCs or ARZs and will remain unsupported with either technical and infrastructure support.

3. Clean Break

Under this scenario, it was assumed that by 2008 the overhang of complicated LTI/AJD cases was jettisoned in favor of a new paradigm of comprehensive/integrated support services that focus on economic, entrepreneurship and community needs, sufficient and regular funds would be available for rural development, including ARBs and other rural dwellers. This would help to foster economic stability and food security in rural areas as an effective response to globalization.

4. Hercules

This scenario assumed that a decrease in funds coupled with an increase in expectations would put a heavier burden on DAR and other implementing agencies in struggling with the overhang of LAD cases and in adequately providing relevant and appropriate support services. As these expectations remain unfulfilled, there would be a crisis of confidence as well as a demoralized bureaucracy and angry rural population.

These scenarios were presented and discussed at one national and five regional workshops attended by some 280 practice-oriented representatives of government agencies, local government units and civil society all around the country.

During the workshop consultations, scenarios 1 and 4 were not considered attractive to the participants. On the other hand, scenarios 2 and 3 were seen as adequate and merit a more detailed consideration in terms of the potential benefits and impact to rural societies as well as their consequences to the clientele and the implementing organizations, specifically on DAR as the lead agency for CARP implementation.

The essence of the study is in the last two chapters. Chapter IX presents the four scenarios in detail while Chapter X provides the detailed analysis of the two scenarios chosen one dealing with the immediate future, i.e. Sprint to the Line, and one for the post-LAD period, i.e. Clean Break, and identified strategic measures to substantially complete land distribution, sustain the gains of CARP and contribute to the overall development of the agricultural sector in the future.

Six institutional options and future arrangements of DAR with other rural development agencies are presented based on the study team's review of the overall institutional and legal context in which the agrarian situation is embedded.

1. Institutional Set Up And Framework For CARP Implementation

Two institutional structures give direction to the implementation of CARP: the Presidential Agrarian Reform Council (PARC) which is the highest policy-making body and the Department of Agrarian Reform (DAR) which is the lead implementing agency. The latter works in coordination with other CARP Implementing Agencies (IAs) for the implementation of the major components of the Program: with DENR, LRA and LBP for LTI; with DTI, DOLE, NIA, LBP, DPWH for PBD and with DOJ for AJD.

PARC is headed by the President of the Philippines as chairperson and the Secretary of DAR as vice-chairperson. The Secretaries and/or Heads of 13 CARP implementing agencies are members of PARC. In addition, the PARC includes three representatives of affected landowners (to represent Luzon, Visayas and Mindanao) and six representatives of ARBs (two each from Luzon, Visayas and Mindanao). The Council provides the organizational structure that facilitates the coordination, planning and supervision of CARP. Administrative support for the Council is provided by the PARC Secretariat.

The head of the Department is the Secretary. He is assisted by four Undersecretaries; for Finance, Management and Administration, for Field Operations, for Support Services and for Planning,

Policy and Legal Affairs. The Office of the Secretary directly administers several offices, among them the Special Concerns Staff (SCS), the Public Affairs Staff (PAS), the Internal Audit Staff (IAS), the DAR Adjudication Board (DARAB) and the PARC Secretariat.

DARAB arbitrates agrarian reform cases. It has Regional Agrarian Reform Adjudicators (RARADs) and Provincial Agrarian Reform Adjudicators (PARADs) as counterparts.

The offices of the Undersecretaries are supported by various Bureaus and Services which are responsible for specific tasks, such as finance and administration (FIMAS), land acquisition and distribution (BLAD), information and education (BARIE), land development (BLD), project development and management (PDMS), foreign assisted projects (FAPsO), ARB development (BARBD), agrarian legal assistance (BALA), policy and strategic research (PSRS), management information (MIS) and planning (PS).

DAR functions were not devolved to Local Government Units (LGUs); hence, DAR is one of the largest government agencies in the country. The Department has employees in 76 provinces as well as in municipal offices. Currently, DAR has a total workforce of 15,000 employees and those holding permanent positions are assigned to the following offices: Central Office: 943, Regional Offices: 3,040, Provincial Offices: 4,856, and Municipal Offices: 5,410.

DAR has a rather decentralized administrative structure with only seven percent of its total staff working in the central office. It maintains offices at Regional, Provincial and Municipal levels. With the near completion of LAD in most municipalities, there are provinces that have grouped their Municipal Offices into districts or clusters to maximize land tenure improvement (LTI) services. In addition, there are structures in place at the provincial (PARCCOM) and barangay (BARC) levels that are vested with coordination and monitoring functions.

An important lesson learned related to the institutional framework is that the frequent changes in DAR leadership have constrained the smooth implementation of CARP.

While Provincial Offices are considered to be well staffed, Municipal Agrarian Officers (MAROs), Agrarian Reform Program Technologists and Development Facilitators (DFs) on the other hand have difficulties coping with too much load due to the inadequate number of employees in the municipal level.

Field personnel from the MARO supply the information on the accomplishments of DAR. However, field personnel often focus on quantitative achievements rather than on the quality of accomplishments. The incentive structure for DAR officials is biased towards LAD.

After the completion of LAD, one of the most critical issues DAR will have to face is the redeployment of its staff. DAR has to rationalize its organizational structure accordingly relative to the shift in component focus and functions of the Department.

2. Land Tenure Improvement

Land tenure improvement is the most critical element of CARP. It covers land re-distribution and provision of secure tenancy conditions such as leasehold operations, stock distribution, among others.

The land distribution component of CARP covers all crops irrespective of existing tenurial arrangements. The total scope of LTI has been established at 8,065,000 hectares of which 4,294,000 hectares are under DAR and 3,771,000 hectares are under DENR. As of December 2004, overall accomplishment in land distribution reached 81%.

By the end of 2004, a total of 3,513,000 hectares or 84% of lands under the responsibility of DAR have been distributed to 1,972,000 farmer-beneficiaries.

Lands distributed under DENR reached 2.937 million hectares or 78% of its target which include public Alienable and Disposable (A&D) lands and Integrated Social Forestry (ISF) areas.

Land tenure improvement, i.e. land distribution and provision of secure tenancy conditions has had significant impact on the beneficiaries. Impact assessment studies conducted by various research organizations and institutions revealed that ARBs are in a better condition than non-ARBs. ARBs had higher incomes, higher output values per hectare and higher valued household assets. They were more satisfied with their economic conditions and perceived that their well being had improved compared to non-ARBs.

The socio-political stability has improved in most areas where CARP has been implemented.

Yet, inspite of the positive impact of CARP, the agricultural sector is still in a state of distress. At the macro level, the social and economic conditions in the rural communities are not any better than ten years ago. Macro policies are biased against agriculture.

Lands under the jurisdiction of DAR include private agricultural lands in the form of Operation Land Transfer (OLT), Voluntary Offer to Sell (VOS), lands owned by Government Financial Institutions (GFI), Voluntary Land Transfer (VLT) and Compulsory Acquisition (CA) as well as non-private agricultural lands in the form of Settlements, KKK Lands and Landed Estates.

According to program class, the largest land type distributed so far was that of settlements, followed by landed estates and government-owned lands all of which amount to 45 percent. The combined share of VLT and VOS accounted for roughly 30 percent. Because of lack of funds and staff and for political expediency, DAR has concentrated its activities on these areas where land acquisition is less contentious and require less funding.

Most settlement areas and Landed Estates were established between the 1950s and 1960s while KKK or government-owned lands were distributed before CARP. The recipients of these lands were de facto owners and the granting of Certificates of Land Ownership Awards (CLOAs) under CARP only legitimized their possession of the land they were tilling.

From 1987 to 2004, the number of beneficiaries awarded on a yearly basis ranged from 4,600 in 1987 to 218,600 in 1983. From 1986 to 1993 the annual number of beneficiaries increased. Beyond that period the trend has been decreasing. For 2004 the number of beneficiaries reached only 41,000.

Vital areas for reform under the CARP are those classified under compulsory acquisition and land under the Operation Land Transfer (OLT). However, OLT has been practically completed (about 90%) in the year 2000. Hence, areas that would have the greatest redistributive effects and where agrarian unrest is more pronounced are those lands under compulsory acquisition. Out of the estimated scope of 1,505,000 hectares, only 240,000 hectares or 16 percent have been distributed as of December 2004.

The balance of lands that have not yet been distributed is processed at various levels, i.e. MARO, PARO, LBP and ROD. More than 40% are pending at the lowest level (MARO). Majority or 90% of the remaining lands to be distributed are located in only 15 provinces (presented in Chapter II Table II. 5).

Irrespective of the choice of options, there are a number of issues that have to be tackled in the immediate term (2006-2008) and during the post-LAD period in order to sustain the achievements of CARP. They are summarized in the succeeding paragraphs.

In the immediate term (2006-2008), the LAD process should be accelerated. It is recommended that DAR should concentrate its activities covering the remaining LAD balance which are mainly lands under compulsory acquisition. As more than half of the remaining LAD balance is concentrated in only 15 provinces; these areas should constitute the geographic priority of an accelerated LAD process. Problems of lost or destroyed titles should be solved according to the cause of loss. If the lost title is the copy of ROD, as in the case of fire, the LRA shall reconstitute it. Reconstitution shall be funded by either LRA or from ARF. If the lost title is the owner's copy or in case he refuses to submit it, the LRA or DAR shall reconstitute it with funds from ARF. All costs and expenses involved should be deducted by LBP from the proceeds of the landowner's compensation.

The coverage of land below 5 hectares under the VLT scheme should be stopped and resources must be shifted towards compulsory acquisition.

DAR organizational structure should be streamlined. More personnel should be assigned to provinces and municipalities with high LAD balances.

The performance of field personnel which has so far been directed towards the coverage of less problematic areas like VOS, VLT and GOL should be reoriented towards the completion of CA. In addition, DAR should concentrate its efforts on areas with major land tenure problems such as coconut and sugar lands.

There are areas where there is strong landowner resistance, problems with land documentation and the need of huge amounts of funds for landowner compensation.

In order to reduce opposition from landowners towards land valuation, DAR should review the valuation guidelines of LBP. Computation should be simple, transparent and easy.

A substantial number of landowners have resorted to legal maneuvers in order to prevent coverage. They influence the lower courts to issue temporary restraining orders against DAR field staff. DAR personnel who face legal cases in the exercise of their function need to be provided with the necessary moral, logistical and financial support. Other landowners misuse the VLT scheme and the commercial farms deferment scheme. Others try to delay coverage by rejecting the land valuation of the Land Bank of the Philippines.

The current land ownership ceiling of 5 hectares with respect to agricultural lands foreclosed by banks and GFIs should be studied. Banks are reluctant to lend to the agricultural sector using farmland as collateral because of said ceiling which makes it difficult to dispose. Some ARBs resort to informal arrangements with farmer landowners and middlemen, very similar to pre-CARP situation.

Because of the limited allocation from ARF for landowners compensation there is the potential scenario of more delayed payment of compensation to landowners unless sufficient funds are remitted to the ARF.

In a post-LAD scenario, landownership may no longer be very critical. More relevant issues will be the secured rights on the use of the land, organization of agricultural production and the scale of operation.

With regard to the Leasehold Operations, CARP regulates leasehold arrangements in areas within the retention limit and in tenanted areas retained by landowners. As of December 2004, the area covered by leasehold operations totaled 1,579,000 hectares benefiting 1,146,000 farmer-beneficiaries.

While share tenancy is deemed abolished since the enactment of RA3844 in 1963, studies have shown that it is still prevailing. This is largely due to limited resources of farmers to support production operations.

There is a need to establish a framework for determining rates for land rental to ARBs of CARP awarded lands. As the rent negotiating parties are not in an equal bargaining position, DAR should issue guidelines based on equity and social justice on rental including rental floor and other basic principles. The respective department should act as an arbiter in the negotiating process.

It is also proposed to create a centralized agency for land registration and titling. This is to improve the process of land registration, to overcome the lack of reliable data on land ownership and to prevent duplication and overlapping of efforts of government agencies that issue land titles. This agency would handle all land-related transactions such as surveys, issuance of titles and registration of titles and all documents affecting the land. This would also facilitate the tracking of distributed lands whether they remain in the hand of ARBs and were made productive or whether reconsolidation has happened.

Lack of information and documentary problems have slowed down the LAD process in many areas. As LAD data are inconsistent, the lack of a systematic and reliable management information system continues to be a pressing concern for the completion of LAD.

3. Program Beneficiary Development

CARP requires the provision of support services to enhance agricultural production, recognition of farmers' and their organizations' rights to participate in program planning and execution, and provision of incentives to landowners to invest land sale proceeds.

PBD is essential because of the low agricultural productivity of the reform beneficiaries, lack of capital, limited market linkages, poor infrastructure and limited access to basic services. PBD ensures the sustainability of LTI efforts, contributes to poverty reduction and promotes social justice.

Because comprehensive PBD is costly, DAR adopted the Agrarian Reform Community (ARC) strategy in the delivery of support services. As of December 2004, some 1,614 ARCs have been identified by DAR. Fifty-five percent of them received foreign assistance. DAR also pursues PBD in ARCs not covered by FA projects and in non-ARCs but only on a limited scale primarily due to inadequacy of funds.

The ARC development strategy emphasizes on institutional development and participation. It has been proven to be an effective approach for support service delivery and has contributed in the promotion of self-reliance and the capacity of ARC members to manage their projects. According to the ARC Level of Development Assessment (ALDA) and several assessments and impact studies conducted on some FA projects, the package of support services for ARBs in the ARCs resulted in increased production of non-traditional crops and animal husbandry and in the diversification of farm production activities.

PBD interventions have helped increase social capital, increased PO membership and ARB participation in community development projects. Through the trainings provided, ARBs have improved their ability and confidence to deal with development agents and learned about their rights, basic rules and laws that contributed to their empowerment. PBD interventions in ARCs contributed to a reduction of poverty. PBD projects have made a positive impact on gender equality. In some ARCs, PBD facilitated the active participation of women in cooperative affairs and provided opportunities for women to hold leadership positions.

There are, however, ARC components that require further interventions in order to nurture the development of POs. These include programs to improve access to credit, linkage with suitable markets for their products, appropriate technology, entrepreneurial skills, economically-viable income generating activities and investment promotion to encourage agribusiness. Given the government's limited financial capability, there is a need to review DAR's mode of support services delivery by including other partners such as the state colleges and universities in the current convergence efforts.

Beyond 2008, government interventions geared towards agrarian development should be in the areas of promoting farming as an enterprise. Alternative production systems should be explored such as small-holders development, nucleus estates, cooperative production systems, joint ventures and corporate farming.

As traditional crops like rice, corn and coconut cannot generate sufficient income to draw farmers out of the poverty trap, agrarian development interventions, in a post CARP scenario should focus on providing off-farm or non-farm economic opportunities for the residents in rural communities.

Private banks and to the extent feasible GFIs, should provide credit facilities and financial support to ARBs. This would mitigate the problems associated with illegal selling and mortgaging of awarded lands and land rights. In the long term, ARBs should be able to compete in a competitive market environment, then the land market can be deregulated.

Public funds should be allocated to productivity enhancing interventions that have direct impact on income rather than for the construction of infrastructure facilities for which community support should be mobilized.

As the restructured DAR and LGUs have limited funds to support ARCs, DAR should promote ARB/POs partnership with private agribusiness firms to enhance farm productivity and link producers to markets. DAR should play an active role in the negotiation process.

The convergence strategy must be vigorously pursued to pool government resources and to reach other communities adjoining the ARCs.

Some FA projects require DAR to work closely with LGUs at various stages of project implementation. While some LGUs have been proven effective and efficient, others fell below expectations. In line with devolution of major functions, LGUs are expected to play more significant roles in support services delivery. Assistance has to be provided to LGUs to develop their internal technical capability to be efficient and effective service providers.

CARP also recognizes the need to assist affected landowners and facilitate the transfer of their capital to rural industries. LBP's program to provide support to landowners is an area where there has been very limited attention. Most of the affected landowners owned small- to medium-sized lands and are also in need of support services but have not availed of services under the Program.

4. Agrarian Justice Delivery

The primary objective of Agrarian Justice Delivery (AJD) as a core component of CARP is to arrive at a speedy, effective, fair and just resolution of all agrarian disputes that hamper the LAD process. It involves the provision of Agrarian Legal Assistance.

In the implementation of CARP, DAR is confronted with three kinds of agrarian reform cases:

1. Agrarian Law Implementation (ALI) Cases. These cases are under the jurisdiction of the DAR Secretary and his subordinates (RDs and PAROs). ALI cases include coverage under CARP, issuance of CLOAs and EPs, protests against coverage, classification, identification and qualification of beneficiaries, subdivision surveys, exemption from CARP, and land conversion issues.
2. Quasi-Judicial/Adjudication (DARAB) Cases. These cases are handled by PARADs, RARADs and DARAB. The issues that are classified under this category include the rights and obligations of persons under CARP, land valuation, compensation, ejection of tenants, annulment of judgments/sales/titles, boundary disputes, and cancellation of titles.
3. Judicial/Court Cases which are under the jurisdiction of Regular Courts, Courts of Appeals and the Supreme Court. They cover criminal cases arising under CARL, judicial determination of land valuation cases and review of appeals.

Agrarian Justice Delivery (AJD) in CARP has always been challenged by the increasing number of cases filed every year, delays in resolution as well as the lack of manpower that contribute to the continued accumulation in the backlog of cases over the years. All these cases are handled by a personnel complement of 1,272, and only 174 of them are lawyers.

By the end of 2004, the number of unresolved/ pending cases totaled 18,948 broken down as : 3,817 ALI cases, 12,515 DARAB cases and 2,616 regular court cases.

Given the magnitude of ALI and DARAB cases filed each year and the numerous pending cases, not to mention the emerging second generation legal problems it is likely that there will be more agrarian reform cases even after 2008.

The legal authorities are confronted with the following LAD-related legal issues:

- Documentation problems. The process of acquisition and distribution cannot proceed unless problems in documentation such as erroneous data, loss of titles, demarcation of untitled properties and competing claims are resolved.
- Jurisdiction. Some landowners go directly to the Regional Trial Courts instead of protesting their case before DAR.
- Exemption of lands classified as non-agricultural. Classification is made by LGUs usually based on documents presented by an applicant without any actual inspection. DAR cannot make its own classification nor approve exemptions if LGUs have classified the land as non-agricultural.
- Conversion. Conversion cases sometimes involve prime agricultural lands and where EPs and CLOAs have been distributed.
- Land titling. DAR and DENR are both responsible for LAD. There are instances where a parcel of land is awarded to several individuals or titles are issued to lands that are not alienable or disposable. Formal transfer of lands requires the intervention of the Register of Deeds. This is sometimes circumvented by ARBs by executing a de facto transfer of ownership.
- Retention as ground for ejection. Some landowners file ejection cases against their tenants on the ground that they intend to retain the land being tenanted.

DARAB and ALI cases can be expedited through mediation at the BARC or MARO level. Alternative dispute resolution is a recognized form of case settlement, thus it should be optimized to reduce the number of cases that may be formally filed or tried. In 2004, DAR received 25,596 new requests for mediation and resolved a total of 25,619 including old and new cases. It is therefore imperative that a sufficient number of DAR personnel should be trained at mediation, conciliation and negotiations.

At present, AJD is confronted with funding constraints and this situation is likely to be more serious in a post-LAD scenario. If CARP is terminated in 2008 and no extension will be legislated beyond this period, the Agrarian Reform Fund will no longer be available and AJD will have serious problems that will affect the delivery of its services.

There must be earnest efforts by both DAR and LBP to collect agrarian reform receivables since payments could also be a source of ARF to finance other activities of CARP after 2008.

5. Financial Review

The implementation of CARP is funded through the Agrarian Reform Fund (ARF). Its main sources are the Asset Privatization Trust (APT) and proceeds from the disposal of ill-gotten wealth through the Presidential Commission on Good Government (PCGG).

Program planners initially estimated that the cost of the ten-year (1987-1997) program implementation would be PhP221 billion. However, cognizant of the remaining tasks to be done under the Program, CARP was extended until 2008 with an additional PhP50 billion allocation.

CARP financing has been constrained by issues of inadequacy, misplaced priority and misallocation of scarce resources. Consequently CARP implementation has been adversely affected.

Contributions to ARF from traditional sources (APT and PCGG) have been dwindling since 1987 with the exception of two sporadic large remittances from PCGG in 1994 (PhP15 billion) and in 2004 (PhP9 billion). Outside these periods, contributions from proceeds of ill-gotten wealth ranged from as low as PhP 36 million in 2000 to PhP1.3 billion in 1998. The combined rate of decline for both APT and PCGG is about PhP0.134 billion per year.

Since 1997, CARP has also been given allocation from the General Appropriations Act (GAA). Contributions to the ARF also came from other sources like ODA grants and interest earnings on term deposits.

Between 1987 and 2004, ARF had a budget of PhP111 billion. It was composed of contributions from APT (23 percent), PCGG (28 percent), GAA (42 percent) and others (7 percent).

With regard to total fund disbursements, actual expenditures for LAD accounted for 40 percent (of which about 95 percent were spent on landowners' compensation), 9 percent on CLOA generation and 7 percent on land survey. In terms of PBD, actual expenditures amounted to 28 percent, one-third of which was spent on infrastructure. Some 23 percent of the total budget was spent on salaries.

Fund inadequacy has been one of the primary factors resulting in the delay of program implementation. Released funds were not sufficient to cover LAD.

Because of lack of funds for land acquisition, DAR concentrated its LAD activities on schemes that did not require much financial obligations, such as VLT, settlements, landed estates and KKK.

The huge funding gap for support services was addressed by DAR's aggressive mobilization of foreign loans and grants through Official Development Assistance (ODA) through Foreign Assisted Projects. From 1995 to 2004, the average annual amount was about PhP4.6 billion.

While the construction of infrastructure such as bridges and roads has improved access to central business districts, other interventions would have made more impact in terms of productivity and income of the farmer-beneficiaries.

From 1987 to 2004, estimated collectibles from land amortization payments was PhP14.3 billion however, the actual amount collected was only PhP2.5 billion (18 percent). The collection of amortization payments is constrained by high transaction costs. Administrative cost of setting up a system for collecting amortization payments from beneficiaries would be higher than the collectible amount.

Not enough attention has been given to the investment of landowner compensation in rural areas toward rural industrialization.

From a financial perspective, a crucial lesson learned is that the Program has not been a priority of all branches of government. Even if the Executive Branch could harness public interest to promote development interventions such as CARP, a landlord-dominated Congress could choke the Program by not providing the necessary support for its logistical requirements.