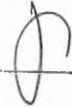


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'22 AUG -9 P3:35

SENATE

RECEIVED BY



S.B. No. 1112

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT
FULFILLING THE EMANCIPATION OF AGRARIAN REFORM
BENEFICIARIES FROM THE DEBT BURDEN THROUGH THE FREE AWARD OF
AGRICULTURAL LANDS UNDER THE COMPREHENSIVE AGRARIAN REFORM
PROGRAM, TO APPROPRIATE FUNDS THEREFOR,
AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The use of property bears a social function, and this is emphatically asserted in the paramount law. Article II, Section 21 of the 1987 Constitution states that, "*the State shall promote comprehensive rural development and agrarian reform*". Likewise, Article XIII, Section 4 provides that "*the State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof.*"

On 21 October 2022, the country will celebrate the fiftieth (50th) anniversary of Presidential Decree (P.D.) No. 27, making it the longest land reform program in history. P.D. No. 27 breaks down agricultural estates to a maximum of 7 hectares which is also acknowledged by R.A. No. 6657 otherwise known as the, "*Comprehensive Agrarian Reform Law of 1988*".

From 2016 to 2022, the growth of the agricultural sector varied between -1.0% to 4.2%, posting negative growth in 2016, 2020 and 2021. The leading cause for low agricultural growth in the country lack of investment in the sector due to uncertainty in the status of agricultural lands. Land distributed under agrarian reform suffers from restrictions associated with lack of individual land titles. Collective Certificate of Land Ownership Awards (Collective CLOAs) are problematic due to property right issues associated with high uncertainty of ownership and high transaction costs associated with securing and disposing the land. As such, there is a need to expedite the individual titling of land grants.

In addition, the current law does not enable ARBs to use the land as a collateral for bank loans for a period of ten (10) years, which give rise to the phenomenon of the "landed poor". This phenomenon result in the rise of informal lending channels that circumvent the law and result in farmers paying onerous interest on production loans, leaving them with little money to spend on improving their capital stock.

The imposition of this debt burden ignores the need to fully emancipate the Filipino farmer from the bondage of the soil. It implies that the Filipino Farmer, after being subjected to centuries of oppression, still has to pay a price for the land he has tilled. It degrades the Agrarian Reform Program as a mere installment purchase scheme. It loses sight of the social justice dimension of an authentic agrarian reform program: it is never a mere transfer of ownership of land subject to a monetary consideration; it is an emancipation transforming the serf to master.

In order to fulfill the agrarian reform program, the Department of Agrarian Reform (DAR) needs to address the immediate distribution of land to agrarian reform beneficiaries. As of January 2022, DAR still has a backlog of 507,243 hectares, of which 84.5% (428,347 hectares) are to be compensated through the Land Bank.

As of 1 August 2022, 654,047 ARBs still have to amortize a total of 58.13 billion pesos to the Land Bank. Of the 58.13 billion pesos to be amortized, 43.67 billion pesos due from 390,714 beneficiaries is not yet receivable due to the absence of individual titles (still collective CLOA) and/or Land Distribution and Information Sheets, leaving the LBP with 14.46 billion pesos of receivables.

Looking at 2021 collection data, only 19.6% of collectibles were collected. The low collection rate is due to a number of reasons. First, the administrative cost needed to collect from farmer-beneficiaries is prohibitive given the geographic conditions in which the farmer-beneficiaries live. Second, the ability to pay of the farmers is heavily compromised by the exposure of the industry' to various weather disturbances. The industry also suffers from structural issues that further hamper the ability of the farmers to pay the amortization.

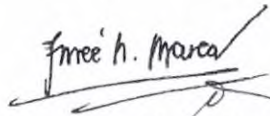
It is important to note that the government has a history of writing off loans and penalties in recognition of difficulties of payment. Therefore, writing off the agrarian reform-related receivables of the Landbank is in line with the principles of agrarian reform law, which is to uphold the welfare of landless farmers. Condonation and individual titling of agrarian reform lands will complete the emancipation of landless farmers from the feudal system of land ownership. In addition, it will also generate 70 million pesos worth of savings for the Land Bank of the Philippines.

Moreover, the implementation of the Agrarian Reform Program cannot be seen as successful or complete until and unless adequate support services are given to the Agrarian Reform Beneficiaries (ARBs). However, the support services available to ARBs under the current law are limited to land surveys, titling, access to credit,

infrastructures, services related to Agrarian Reform bonds, research and education, and other similar forms of assistance. The agrarian reform law ignores support services which are directly needed and indispensable for the sustenance, dwelling, clothing, medical attendance, education, transportation, and other needs of the ARBs and their families. ARBs should be assisted by the State in ensuring that the needs of their families are immediately or simultaneously addressed as soon as the farmer or farmworker is enrolled under the program. There is reason to believe that a significant number of ARBs resorted to illegally leasing or selling their awarded lands to businessmen or to the original *hacendero* out of the desperate need to raise funds for the support of the family.

The call of the times is not to end the Agrarian Reform Program. The challenge of the times is to ensure its continuation as an integral component of our national development and social justice programs. We proceed to the full emancipation of the ARBs from the Agrarian Reform debt burden by condoning their loans due to unpaid land amortizations, as well as unpaid interests, fees and charges and other payables as a consequence of their ownership of the awarded lands thereby, protecting their rights and safeguarding their welfare at all times.

Given the abovementioned circumstances, the immediate passage of this bill is necessary.


IMEE R. MARCOS

NINETEENTH CONGRESS OF THE)
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AND FOR OTHER PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** – This shall be known as the “*New Emancipation Act.*”
2

3 **SEC. 2. Declaration of Policy.** – It shall be the policy of the State to have
4 equitable distribution of opportunities, income, and wealth to attain expanding national
5 and local productivity that will act as the key to raising the quality of life for all. In
6 relation to this, the present financial burden of Agrarian Reform Beneficiaries (ARBs)
7 must be alleviated in order for them to focus their resources into increasing the
8 productivity and improving the resiliency of their awarded lands.
9

10 Furthermore, the State recognizes that social justice is actualized not only when
11 the landless farmer or farm worker becomes the owner of the land he or she tills but
12 also when the landowner whose land has been acquired and distributed under the
13 Comprehensive Agrarian Reform Program (CARP) is paid just compensation. Therefore,
14 it is the policy of the State to ensure that landowners shall continue to be justly
15 compensated for their lands.
16

1 **SEC. 3. *Condonation of the Agrarian Reform Debt.*** – All unpaid amortizations
2 and interests, including penalties or surcharges, if any, of Agrarian Reform Beneficiaries
3 (ARBs) due from loans secured under the CARP or from other agrarian reform programs
4 are hereby condoned by the Government and, all ARBs are relieved from the payment
5 thereof.

6
7 **SEC. 4. *Termination of Payment of Compensation by Agrarian Reform***
8 ***Beneficiaries (ARBS) Under Voluntary Land Transfer.*** – The financial obligation of the
9 ARBs to pay the value of the awarded land to the landowners acquired under the
10 voluntary land transfer scheme is hereby extinguished. Payment of the remaining
11 balance of the compensation due the concerned landowners under the voluntary land
12 transfer scheme, if any, shall be paid by the Government from the Agrarian Reform
13 Fund through the Land Bank of the Philippines (LBP).

14
15 **SEC. 5. *Free Land Distribution to Agrarian Reform Beneficiaries.*** – Agrarian
16 Reform Beneficiaries who are still to receive their awarded lands under the CARP or
17 any other agrarian reform program shall do so without any obligation to pay any
18 amortization. All agricultural lands covered under the CARP or any other agrarian
19 reform program which have not been distributed at the time of effectivity of this Act,
20 shall be distributed at no cost to the qualified beneficiaries.

21
22 **SEC. 6. *Broadened Scope of Support Services to Agrarian Reform Beneficiaries***
23 ***Under the Comprehensive Agrarian Reform Program.*** – In addition to the support
24 services available to the ARBs under Section 37 of R.A. No. 6657, as amended, and
25 without prejudice to the support services available to ARBs from other National
26 Government Agencies, the DAR, together with the Presidential Agrarian Reform Council
27 (PARC), shall ensure that support services and assistance indispensable for agricultural
28 productivity and resiliency, enterprise development, and financial literacy of the ARBs
29 are readily accessible and that the need of the ARBs for sustenance, dwelling, clothing,
30 medical assistance, education, transportation, among others, are duly addressed. Any
31 form of support services rendered by any banking or financial institution for the benefit
32 of the beneficiaries and their families shall be deemed a form of support under the
33 Agrarian Reform Program.

34
35 **SEC. 7. *Preference to Credit Facilities and Support Services for Beneficiaries with***
36 ***Paid Amortizations.*** – Agrarian Reform Beneficiaries who have completed the payment

1 of the amortizations and interest charges under Section 26 of Republic Act No. 6657,
2 as amended, Section 6 of Executive Order No. 228 of 1987, and other agrarian reform
3 laws shall be given preference in the provision of support services and access to credit
4 facilities.

5
6 **SEC. 8. *Issuance of Agrarian Reform Title.*** – The proper Registry of Deeds shall
7 issue the Emancipation Patent, the Certificate of Land Ownership Award, or any other
8 title based on the applicable agrarian reform law within sixty (60) days from the
9 registration of the title in the name of the Republic of the Philippines.

10
11 **SEC. 9. *Condition for Availing of the Benefits under this Act.*** – It is indispensable
12 that an ARB shall continuously exhibit the willingness, aptitude, and ability to cultivate
13 and make the awarded land as productive as possible, as provided under Section 22 of
14 R.A. No. 6657, as amended, in order for said beneficiary to avail of all the benefits
15 under this Act.

16
17 **SEC. 10. *Restitution of the Agrarian Reform Award Forfeited Solely due to Non-***
18 ***Payment of the Annual Amortizations and Interest Charges.*** – Any pending
19 administrative or judicial case involving the forfeiture by the DAR of the agrarian reform
20 award solely due to the failure of an ARB to pay the thirty-year amortization plus six
21 percent (6%) annual interest shall immediately be dismissed *motu proprio*, by the office
22 or the court.

23
24 The execution of a final and executory administrative or judicial decision due to
25 the failure of an ARB to pay the thirty-year amortization plus six percent (6%) annual
26 interest, resulting to the disqualification of the ARB, the cancellation of the agrarian
27 reform title, and the extinguishment of the rights of possession and ownership of the
28 awarded land, as well as the removal of the person from the awarded land or the
29 dismantling of any improvements found therein, shall be immediately terminated. The
30 agrarian reform award shall immediately be restored to the ARB and the forfeiture
31 decision shall accordingly be reversed. Any agrarian reform title cancelled as a result
32 of the final and executory administrative or judicial decision shall immediately be
33 reconstituted. In the event that the agricultural land has already been awarded to
34 another beneficiary, the DAR shall, as far as equitable, award another land to the
35 disqualified ARB.

1 **SEC. 11.** *Disqualification of Agrarian Reform Beneficiaries due to Acts and*
2 *Omissions constituting Violations of Agrarian Reform Laws.* – Any person convicted by
3 final judgment of any of the prohibited acts and omissions under Section 73 and meted
4 with any of the penalties under Section 74 of Republic Act No. 6657, as amended, shall
5 be disqualified from availing the benefits provided under this Act. A finding by final
6 judgment that an ARB has failed to continuously exhibit the willingness, aptitude, and
7 ability to cultivate and make the awarded land as productive as possible or has
8 neglected or abandoned the awarded land continuously for a period of two (2) calendar
9 years, as provided under Section 22 of R.A. No. 6657, as amended, shall disqualify such
10 beneficiary from availing the provisions of this Act.
11

12 **SEC. 12.** *Right of the Landowner to Just Compensation.* – Nothing in this Act
13 shall be interpreted in such a manner as to diminish the right of landowners to be justly
14 compensated for their agricultural lands acquired under the CARP and other agrarian
15 reform programs.
16

17 **SEC. 13.** *Implementing Rules and Regulations.* – The DAR, with the technical
18 assistance of the Land Bank of the Philippines (LBP), shall, within sixty (60) days from
19 the effectivity of this Act, formulate the necessary Implementing Rules and Regulations
20 (IRR).
21

22 **SEC. 14.** *Agency Support.* – All other government offices and agencies are
23 directed to render such prompt and necessary assistance, subject to applicable laws,
24 rules, and regulations, to fully implement the provisions of this Act.
25

26 **SEC. 15.** *Appropriation.* – The amount necessary for the implementation of this
27 Act shall be charged against the Agrarian Reform Fund. The funding requirements for
28 the implementation of this Act shall be included in the annual budget of the DAR
29 through the LBP.
30

31 **SEC. 16.** *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
32 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
33 repealed or modified accordingly.
34

1 **SEC. 17. *Separability Clause.*** – If any portion or provision of this Act is declared
2 unconstitutional, the remainder of this Act or any provision not affected thereby shall
3 remain in force and effect.

4

5 **SEC. 18. *Effectivity.*** – This Act shall take effect after fifteen (15) days following
6 the completion of its publication either in the Official Gazette or in a newspaper of
7 general circulation in the Philippines.

Approved,