



# Policy Brief

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*Studies find that benefits such as improved tenurial status and increased income of farmer beneficiaries were derived from the implementation of Comprehensive Agrarian Reform Program (CARP) in the Philippines. Despite these gains, millions of farmers and farm workers remain landless and are still awaiting the full attainment of the promise of agrarian reform enshrined in the 1987 Constitution. The farmers' clamor for another extension of CARP has therefore now become more pronounced.*

## Broadening and Reinforcing the Benefits of Land Reform in the Philippines

### I. Introduction

After 20 years of implementing the Comprehensive Agrarian Reform Program or CARP in 1987, evidence to suggest that it has contributed to solving the poverty problem in the Philippine rural sector remains deficient. After spending a total of P137 billion<sup>1</sup> on land distribution and support services to the program beneficiaries, the outcome is deemed lacking in terms of achieving social justice for the landless farmers and farm workers.

Results of the assessment studies of experts on the accomplishments of CARP nonetheless point to various positive socio-economic impacts. These include higher farm income and yield, improved land tenure, access to market and credit, and reduction of poverty incidence among farmer-beneficiaries. In contrast, critics claim that despite these gains, the program came short of eliminating the problems of inefficient production facilities, inadequate capital, poor technology and underdeveloped market infrastructure and therefore have left the agricultural sector sluggish. Albeit these contrasting views, key stakeholders are moving for the extension of a land reform program with the recommendation of incorporating policy reforms in order to harness more gains and reduce, if not completely eliminate, administrative bottlenecks.

Meanwhile, the clamor of the farmers for another extension of the CARP has become louder now that the law expired last June. Proposals to extend the program are now pending in the Senate and the House of Representatives. For the meantime, the proposal to continue the services and the budget of the Department of Agrarian Reform (DAR) until December 2008 is now awaiting concurrence by both Houses.

This paper aims to present the major results of various impact assessment studies made independently by DAR, multilateral donor agencies and public policy research practitioners underscoring the socio-economic benefits and costs of CARP. This paper also aims to identify critical areas of reform which the policymakers may consider in crafting legislative interventions to broaden and reinforce further the gains of land reform in the country.



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<sup>1</sup> Excludes DAR utilization of Fund 101. Source: DAR

## II. Overview of CARP

Land reform has been the cornerstone of every administration in the Philippines, from President Manuel Quezon’s program on crop sharing and leaseback to President Marcos’ rice and corn program (PD 27), and to President Aquino’s CARP. CARP’s twin objectives of improving equity and productivity in the agriculture sector by distributing agricultural lands to landless farmers, farm workers and tenants were geared towards achieving the societal goal of promoting social justice, rural development and industrialization.

CARP, thru its enabling law, Republic Act 6657 or the Comprehensive Agrarian Reform Law or CARL, was an enhancement of the land distribution program under the Marcos administration. It included the following features not previously covered:

- All public and private agricultural lands, regardless of tenurial arrangement and commodity produced shall be covered by CARP;
- Landowners may retain land not exceeding 5 hectares and 3 hectares to each of his/her qualified heir;
- Provision for a just compensation to the landowner; and
- Provision for complementary support services to the program beneficiaries.

The mechanisms for the implementation of the CARP were embodied in Executive Order 229.<sup>2</sup> At the start of the program, a total of about 10.2 million hectares were earmarked for distribution within a period of 10 years. Lands distributed by DAR include private agricultural lands which were acquired in the form of Operation Land Transfer (OLT), Voluntary Offer to Sell (VOS), Voluntary Land Transfer (VLT) and Compulsory Acquisition (CA), and lands owned by Government Financial Institutions (GFIs), as well as non-private agricultural lands in the form of Settlements, KKK lands and Landed Estates. Most of these settlement areas and Landed Estates were established between the 1950s and 1960s while KKK or government-owned lands were distributed before CARP (Arlanza, 2006). Table 1 provides a breakdown

of the land for distribution under the original scope of RA 6657.

**Table 1. Original Scope of CARP (1987)**

Phase/Land Type	Hectares
Phase 1	1,454,800
Tenanted Rice and Corn (PD 27)	727,800
Idle and Abandoned*	250,000
Voluntary Offer To Sell	400,000
Sequestered Marcos Crony (PCGG) Lands	2,500
Government Owned Lands	74,500
Phase 2	7,387,900
Public Alienable and Disposable	4,495,000
Integrated Social Forestry	1,880,000
Settlements	478,500
Private Lands Above 50 Hectares	534,400
Phase 3	1,352,900
Private Lands 24-50 Hectares	303,100
Private Lands 5-24 Hectares	1,049,800
<b>TOTAL</b>	<b>10,195,600</b>

Sources: Presidential Agrarian Reform Council, *Comprehensive Agrarian Reform Program of the Phils.*, vols. 1&2, cited in Jeffrey Riedinger, *Agrarian Reform of the Phils: Democratic Transitions and Redistributive Reform* (Stanford: Stanford University Press, 1995)

\* private estates

However, the full implementation of CARP was delayed primarily because funds released were not sufficient to cover the costs of land acquisition and distribution (LAD) including landowners’ compensation. In 1997, the total amount of funds generated for the program was only about P49 billion or roughly 25 percent of the estimated fund requirement.

The extension of CARP in February 1998 for another 10 years through RA 8532 gave the program an additional P50 billion lodged under the Agrarian Reform Fund (ARF).<sup>3</sup> Ten years after its extension, CARP was still beset with the same problems and difficulties that derailed CARP, namely: i) the inadequate capacity of implementing agencies, such as in the conduct of cadastral surveys and facilitating arbitration; ii) the frequent change in leadership which inhibits continuity; and iii) the issuances of collective Certificate of Land Ownership Awards (CLOAs) as the preferential mode of program implementation.

<sup>3</sup> The ARF was created under Proclamation No. 131 with an initial amount of P50 billion to cover the estimated cost of the CARP from 1987 to 1992.

<sup>2</sup> Source: 2008 DAR Budget Briefing Paper

In 2004, the cumulative amount of funds released to CARP implementing agencies was only 50 percent of the requirement. By 2007, a total of P137 billion was released for the program, much less than the P222 billion programmed in 1988. In addition, credit assistance to Agrarian Reform Beneficiaries (ARBs) was inadequate, while the participation of the Department of Agriculture (DA) in support of service delivery which was devolved to local government units (LGUs) was also limited. Moreover, CARP became largely dependent on official development assistance (ODA) for its foreign assisted projects which focused mostly on support services delivery.<sup>4</sup>

The financial distress affecting CARP implementation was likewise largely due to low collection of amortization payments from ARBs. From 1987 to 2004, collectibles from land amortization payments was estimated at P14.3 billion, of which only P2.5 billion (or 18%) was actually collected. The low collection rate was partly due to high administrative costs such that setting up a system for collecting amortization payments from ARBs would be higher than the collectible amount. (Arlanza, 2006) In many instances, the collection of amortization is low for the simple reason that borrowers did not have the money to pay the bank (Llanto & Estanislao, 1993).

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*“CARP remains an orphan program because it is lacking state support, resources, and plain good faith.”*

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Overall, the lack of financial support from the government was the key factor that hampered the attainment of CARP’s objectives. From 1999 to 2005,

<sup>4</sup> Support services include physical and social (organizational development) infrastructure; training, credit and marketing assistance for ARBs, public information and social marketing assistance.

the DAR reported that the agrarian reform program’s share in the National Government expenditure program was relatively small compared to other sectoral allocations and fluctuated yearly from as high as 1.51 percent in 2000 to as low as 1.0 percent in 2004. Hence, Walden Bello (2005) professed that “CARP remains an orphan program because it is lacking state support, resources, and plain good faith.” He nevertheless recognized the “pockets of improvement” that the program has achieved.

By June 2007, after 20 years of CARP implementation, 6.758 million out of the 8.81 million hectares or 77 percent of private and public agricultural lands were distributed to about 4.2 million ARBs. Of these, DAR distributed a total of about 3.7 million hectares of lands to about 2.2 million ARBs nationwide (including in ARMM). Of the land distributed, 56 percent are private agricultural lands (PAL) while 44 percent are non-PAL (See Table 2 and 3.).

**Table 2. Land Distribution Accomplishment and Balance\*  
As of June 2007**

LAND TYPE	SCOPE	ACCOMPLISHMENT	
		TOTAL	BALANCE
DAR	4,972,617	3,669,983	1,302,634
Private Agricultural Lands (Ha.)		2,066,196	
Non-private Agricultural Lands (Ha.)		1,603,787	
Total No. of ARBs		2,176,960	1,078,204
DENR	3,837,999	3,088,109	749,890
Public Alienable & Disposable Lands (Ha.)	2,502,000	1,752,110	749,890
ISF/CBFM Areas (Ha.)	1,335,999	1,335,999	
Total No. of ARBs	2,847,012	1,986,479	860,533
TOTAL CARP (Ha.)	8,810,616	6,758,092	2,052,524
TOTAL CARP (No. of ARBs)	6,102,176	4,163,439	1,938,737

Source: Department of Agrarian Reform;  
\*under adjusted scope

DAR claims to have provided significant support services to the ARBs in infrastructure development and capacity building. For instance, a total of 1,871 agrarian reform communities (ARCs) were established and more than half a million agrarian cases have been resolved as of April 2007. Credit amounting to P217.3

**Table 3. DAR's Land Redistribution Accomplishment: by Administration, 1972-2007 (June)**

Mode of Acquisition	Grand Total (1972-2007 <sup>a</sup> ) 35 years	Marcos (1972-1985) 13 years	Aquino (1986-1992) 6 years	Ramos (7/1992-6/1998) 6 years	Estrada (7/1988-12/2000) 2.5 years	Arroyo <sup>b</sup> (1/2001-6/2007) 6.5 years
Philippines	3,911,724	70,175	848,519	1,900,034	333,385	759,611
NON-Privately Owned Agricultural Lands	1,732,330	55,116	399,833	1,050,171	113,353	113,857
Gov't Owned Lands (GOL)	930,429	-	166,348	655,171	77,105	31,805
Settlements	721,139	44,075	208,795	356,646	35,277	76,346
Landed estates	80,762	11,041	24,690	38,354	971	5,706
Private Agricultural Lands	2,179,394	15,059	448,686	849,863	220,032	645,754
Voluntary Offer To Sell (VOS)	569,172		55,332	256,032	76,893	180,915
Voluntary Land Transfer (VLT)	616,184		20,734	330,092	73,344	192,014
Compulsory Acquisition (CA)	69,502		13,713	20,888	47,771	87,130
Operation Land Transfer <sup>c</sup> (OLT)	563,257	15,059	358,907	142,851	18,664	27,776
Gov't Financial Institutions (GFIs)	161,279		-	-	3,360	157,919

Source: Bello (2005)

<sup>a</sup> As of June 2007

<sup>b</sup> Estimates only, GOL distributed until 2002 only

<sup>c</sup> under Marcos' PD 27 [rice and corn lands]

billion was made available to 4.74 million farmer-beneficiaries primarily through the Land Bank of the Philippines (See Table 4.)

### III. Socio-Economic Impact of CARP

Deininger (2004) observes that in many developing countries like the Philippines, the lack of land ownership or land tenure prevents a large part of the populace from gaining economic benefits such as investment incentives and credit market access including non-economic benefits like access to training and technical support services. In a cross-country study comparing land policies of selected developing countries including the Philippines, Deininger concluded that security of land tenure complemented by an effective land administration system is a key strategy in poverty reduction. The same study points out that land reform in the Philippines is one of the least successful in Asia in terms of land distribution due primarily to lack of political will and the lack of harmony in terms of functions among CARP-implementing agencies of the government.

Views on the success or failure of the program are divergent, as several studies find that CARP made considerable positive impacts on tenurial status, farm productivity, farm income, market access and entrepreneurship in the rural areas.

#### A. Land Tenure Improvement (LTI) and Land Productivity

A 2007 survey by the Asia Pacific Policy Center (APPC) finds that there was an improvement in the tenurial status of respondents from 1990 to 2006. By 2006, more than two-thirds of the survey respondents already own the land they cultivate compared to only one-third in 1990. In addition, the number of non-cultivators and share tenants were almost halved in 2006 from 1990. Using the Census of Agriculture, the study also finds that while "there were moderate increases in the share of lands under Certificate of Land Title (CLT), CLOA, and other owner-like possession," there were also decreases in the tenanted and leased lands as well.

**Table 4. CARP Implementation Status  
As of June 30, 2007**

Program Beneficiaries Development (PBD)	No.
No. of Agrarian Reform Communities (ARCs) established	1,871
<b>Social Infrastructure and Capability Building</b>	
No. of ARB Organizations Assisted	5,496
No. of FB-Members in the Organizations	343,405
Development of Access to Technology & Training	
No. of KALAHI Farmers' Centers Established	91
No. of FBs Trained (service count)	3,782,275
Credit Accessed for ARB Agri-business Development	
Land Bank of the Phils. Financing Assistance*	
Amount (billion pesos)	208.0
ARBs/Farmers Assisted (Service Count)	3,805,679
Credit Programs for ARBs	
Amount (billion pesos)	9.3
ARBs/Farmers Assisted (Service Count)	934,939
<b>Completed Infrastructure Support Projects (ARF &amp; FAPS)</b>	
Farm to market roads (kms)	12,245
Communal Irrigation Projects (hectares)	212,549
Bridges (linear meters)	9,069
Pre/Post-Harvest Facilities (units)	280
Potable Water Supply (systems)	812
Rural Electrification (kilometers)	63
Solar Power Technology (Systems)	6,240
School building (classrooms)	518
Health Centers (units)	127
Jobs Generated	519,360
Agrarian Justice Delivery (AJD)	
Agrarian Cases Resolved**	551,251
Pending cases	15,422

Source: DAR, *CARP Current Status and Strategic Directions, 2007*

\*As of April 2007

\*\* Adjudication of Cases and Agrarian Law Implementation Cases

DAR reports that by the end of June 2007, a total of 6,758,092 hectares of land have been distributed through various modes, i.e., compulsory acquisition, voluntary offer to sell, etc. Of the total, 3,669,983 hectares were under DAR and 3,088,109 hectares were under DENR. The lands distributed by DAR comprise about 77 percent of the covered lands.

Meanwhile, those farmers who were actual tillers of specific areas of land were given CLOAs as they were considered de facto owners. DAR claims that "the number of farmer-beneficiaries awarded on a yearly basis increased from 4,600 in 1987 to 218,600 in 1993. In 2004, however, the number of farmer-beneficiaries awarded with lands declined to 41,000."

This may be due to the fact that in year 2000, land transfer under the VOS and VLT was almost complete reaching about 90 percent. However, about 1.50 million hectares are still to be distributed under the CA mode (See Table 5). These areas can be found in 20 provinces where agrarian unrest is most prevalent and where the redistributive effect is purported to be highest (Arlanza, 2006). In addition, majority of the ARBs do not have their individual CLOAs. Instead they hold collective CLOAs which could not account if the ARB is tilling his own parcel of land. Sometimes ARBs would enter into crop-sharing agreement with other farmers who are not CARP beneficiaries. This finding reinforces the claim that after 1993, less and less ARBs were able to acquire individual land titles because of the impediments of facilitating compulsory arbitration.

**Table 5. Land Balance for DAR distribution via  
Compulsory Acquisition, by Province  
As of June 2006, (In thousand hectares)**

PROVINCE	WORKING CARP SCOPE	DISTRI- BUTED	Balance to be distributed	% of Balance
<b>PHILIPPINES (Excl. ARRM)</b>	<b>5,037</b>	<b>3,517</b>	<b>1,483</b>	<b>100%</b>
Negros Occidental	264	143	121	8%
Iloilo	169	56	112	8%
Zamboanga del Sur <sup>1/</sup>	212	132	80	5%
Zamboanga Sibugay <sup>1/</sup>				
Leyte	220	156	64	4%
Davao del Sur	90	30	59	4%
Capiz	113	53	59	4%
Cotabato	256	198	58	4%
Bukidnon	211	157	54	4%
Zamboanga Del Norte	108	55	53	4%
Cagayan	173	124	49	3%
Isabela	187	141	46	3%
Masbate	94	52	42	3%
Davao Oriental	95	54	41	3%
Albay	86	47	39	3%
Lanao del Norte	103	65	38	3%
Davao del Norte <sup>2/</sup>	134	102	32	2%
Compostela Valley <sup>2/</sup>				
Sultan Kudarat	151	120	31	2%
Camarines Norte	58	28	30	2%
Sorsogon	53	25	29	2%
Camarines Sur	118	91	28	2%

Source: *DAR 2006 in Adriano (2008)*

Note: 1/ Scope, Accomplishment and Balance of Zamboanga Sibugay are combined with Zamboanga del Sur.

2/ Scope, Accomplishment and Balance of Compostela Valley are combined with Davao del Norte

In terms of land size, the APPC study observes that there was an increase in the mean size of landholdings of both ARBs and non-ARBs from 1990 to 2000. In 2006, however, the average landholding size of the

non-ARBs experienced a decline while that of the ARBs' was maintained. Balisacan (2007) attributed such trend to population pressure and/or losses of agricultural lands to non-agricultural lands.

In terms of agricultural inputs, the ARBs use more four-wheeled tractors, chemical fertilizers, chemical pest controls, certified seeds and crop rotations than non-ARBs. However, there is no clear evidence that the ARBs are investing significantly more or obtaining higher yield than when they were tenants or workers (APPC, 2007). An assessment study of World Bank (2007), on the other hand, reveals that among coconut farmers, "the shift from share tenancy to amortizing ARBs resulted in a 47-percent increase in copra yield." As ARBs, they also cultivate bananas, pineapple, root crops and vegetables in addition to rice and corn.

Studies suggest that the provision of support services specifically in infrastructure helps improve farm productivity. This observation has already been established much earlier in the study by the Japan Bank for International Cooperation or JBIC (2004) which reported that there was an increase in agricultural productivity of about 55 to 64 percent increase in yield and higher mean marketable surplus for rice compared to non-Agrarian Reform Infrastructure Support Project (ARISP) site in the successful ARCs due to improved irrigation systems, introduction of high-yield crops and modern technology. The JBIC study, however, cautioned that "while the concept of ARISP is integrated, it only provides the basic infrastructure facilities in support of production." It recognizes and recommends the incorporation of other elements such as agricultural technology and extension services, accessible and affordable capital, and marketing support for beneficiaries to be able to optimize the gains derived from the ARISP project.

### **B. Investment Impact on Agriculture Sector**

A World Bank study (2007) on public expenditure in agriculture highlights that CARP resulted in a mixed investment behavior or decisions among landowners/ARBs. Landowners who have strong sentiments against CARP tend to veer away from agriculture or agribusiness. This is particularly true with sugarcane and coconut landowners. However, investments in

fruit farms have not declined much particularly the banana sector as it took advantage of the 10-year deferment offered by the law for corporate farms when CARP was implemented in 1988. In most fruit farms, the land cultivated for production is not necessarily owned by the corporate farm. Production is done either through contract growing or leasehold. Both contract growing and leasehold provide corporate owners control over management and outputs of production, and minimize costs associated with land ownership, as well as uncertainties due to CARP.

On the other hand, ARBs who eventually took possession of the land pursued higher investment demands since they could no longer depend on previous landowners for land improvement. The ARBs seek credit to be able to invest more in farm assets. Habito (2003) estimates investment by ARBs to be about P15,752 per hectare compared to non-ARBs. This increase in investment by ARBs has been suggested in a study of cereal, fruit, sugarcane, and coconut farmers (Habito, et. al., 2003). Another study (Deininger, et.al., 1999) also suggests that ARBs located in rice-growing villages increased investments not only in physical assets but on human capital as well. The study shows that children of ARBs stay 60 to 83 percent longer in school compared to children of non-ARBs.

### **C. Market and Credit Access**

Direct selling of farm outputs to households had increased significantly from 2000 to 2006 for both ARBs and non-ARBs. This indicates a lower dependence on traders and middlemen in the marketing of goods and possibly an opportunity to command a better price for the farmers' produce (APPC, 2007). In 2000, only 2.2 percent of the ARBs relied on cooperatives in selling their produce. The number was even reduced to 1.5 percent by 2006.

Access to formal credit, however, remains few and far between. Most ARBs obtain credit from informal moneylenders or enter credit arrangements with traders and contract buyers (APPC, 2007). Stringent credit policies of the banks discourage many of the farmer-beneficiaries, if not most of the farmers in general. Meanwhile, credit cooperatives did not flourish, and were unable to utilize their potential in

helping farmers obtain credit. Worse, most cooperatives defaulted in their debt to the Land Bank of the Philippines.

#### D. Poverty Reduction Impact

Successful agrarian reform programs in China, Korea, Taipei and Vietnam showed that substantial reforms were instituted resulting in a strong initial condition critical for reducing poverty in these countries (ADB, 2005). Much of these successes were bestowed upon by strong political will and leadership. In the Philippines, majority of the ARISP communities surveyed by JBIC in 2004 claimed that since 1996 their incomes improved due to higher yield brought about by adequate irrigation. In fact, net-on-farm income of ARBs increased by 227 percent in successful ARISP sites and by 60 to 80 percent in other sites.

Results of the APPC study (2007) in fact reinforce the results of the JBIC survey. The APPC study finds that poverty incidence among ARBs declined, though slightly, from 45.8 percent in 2000 to 44.8 percent in 2006 (Table 6). Its previous study also showed that poverty incidence among ARBs declined to 45.2 percent in 2000 from 47.6 percent in 1990. It can be said therefore that CARP, in part, was successful in transferring a portion of the economic return of land from the landowners to the ARBs. Furthermore, the study shows that poverty incidence is greater among non-ARBs than the ARBs.

APPC explains that CARP has not improved much the economic status of many farm communities because of two reasons: (1) CARP has excluded some of the landless agricultural workers who are among the poorest of the poor; and (2) land reform reduced the access of the poor to land markets because of the apprehension of landowners to accept tenants who are potential ARBs. As a result, land remains to be largely concentrated in the hands of a few even in rice farm areas where CARP has been expansively implemented.

Adriano (2008) adds that the “evidence on whether or not CARP led to a more equitable distribution of income in the country, particularly in the rural areas, is far from being robust.” Referring to data from NEDA (2004), he underscores that poverty in the rural areas was 48.8 percent compared to only 18.6 percent in the urban areas. It only shows that transferring land to the poor does not necessarily lead to a more equitable asset distribution.

#### E. Institutional Impact

Bello (2005) finds that effective agrarian reform program requires technical expertise, planning, mapping, administration, taxation, and extension services. Above all this wide array of functions is the speedy distribution of land to qualified beneficiaries. CARP, however, is faced with administrative bottlenecks. Bello explains further that budgetary cuts, bureaucratic corruption, and most particularly massive land conversions have compromised the expected outcomes of the program. Massive conversions of agricultural lands into industrial and residential were, in many instances, used by landowners to circumvent CARP (e.g., Case of MAPALAD Farmers vs. Quisumbing). According to Bello, between 1987 and 1998, there were 67,466 hectares of agricultural lands that had been legally approved for conversion or a conversion average of 6,133 hectares per year. Moreover, based on DAR records, a total of 41,891.5 hectares of land had been approved for conversion from 1979 to 2004, while applications covering 8,689 hectares had been pending since July 2005.

**Table 6. Poverty Incidence by type of respondent and by period CARP-IA II: 2007**

Year			Type of Respondent		
			ARB	Non-ARB	TOTAL
2000	Poor	Count	358	448	806
		%	45.8 %*	53.3 %*	49.7 %*
	Not poor	Count	424	393	817
		%	54.2 %	46.7 %	50.3 %
	Total	Count	782	841	1623
		%	100 %	100 %	100 %
2006	Poor	Count	343	448	791
		%	44.8 %	53.1 %	49.2 %
	Not poor	Count	422	395	817
		%	55.2 %	46.9 %	50.8 %
	Total	Count	765	843	1608
		%	100 %	100 %	100 %

Source: APPC, 2007

\* poverty incidence among ARBs and non-ARBs is significantly different at 7.5%; distribution of poverty incidence is not significantly different between 2000 and 2006 at 1% for ARBs and 0.2% for non-ARBs

**Land Administration.** Ballesteros (2007) elucidates that the weak land administration and management in the country has adversely affected the implementation of CARP, specifically the land distribution component. Land distribution encompasses: (1) identification of the scope of CARP coverage; (2) acquisition or possession by government of private lands; (3) determination of land values or just compensation; and (4) land titling and registration of titles. According to Ballesteros, “the poor land records, the lack of information-sharing among government land agencies, the tedious land titling and registration process, and the unclear land policies have resulted not only in prolonged implementation of the program but also flawed land redistribution.” For example, the VOS and VLT schemes became an opportunity for land speculation where landowners can offer values beyond its true market value or productive capacity.

Moreover, Ballesteros argues that the low accomplishment of DAR on redistributing private lands (63% of which is mainly distributed through PD 27 or under Marcos’ rice and corn program) is due to protests of landowners on coverage and their rejection of land valuation or compensation. While the Land Bank of the Philippines conducts and approves land valuation based on its own assessment of the land, in many instances it is being contested by the landowner in court. The matter becomes worse when the landowner tries to manipulate the compensation formula through the use of other estimates of market value, e.g., assessed market value based on tax declaration, market value based on consumer’s price index, and the declaration of fair market value made during the land registration program of 1987 and 1988. This brings to fore the lack of a clear and uniform standard of land valuation that exacerbates the process of determining a just compensation for the landowners.

**Agrarian Justice Delivery.** One of the thrusts of CARP is to have, through the provision of legal assistance, a speedy, effective, fair and just resolution of all agrarian disputes which hamper the LAD process.

At the end of 2004, the number of unresolved/pending cases totaled 18,948 broken down as follows:

3,817 Agrarian Law Implementation (ALI) cases; 12,515 DAR Adjudication Board (DARAB) cases; and 2,616 regular court cases. By June 2006, a total case load of 24,302 was filed at the DARAB. Of these, only about 61 percent was resolved (Adriano, 2008). This record though is already deemed impressive considering that there are less than 30 lawyers in the DARAB attending to tens of thousands of cases and considering that it takes longer time to resolve agrarian-related cases.

In addition, the different modes of distribution such as the VOS, VLT and stock transfer schemes violated the very principle of land reform which is to give land to landless farmers. In the stock transfer schemes, for example, farmers are given stocks or a portion of the earnings of the land owned or operated by a corporation, instead of an actual parcel of land which the farmers can work on autonomously. This, plus the slow process of land distribution gave the landowners enough elbowroom to find legal loopholes and use them to evade CARP. DAR reported that a “substantial number of landowners have resorted to legal maneuvering in order to prevent coverage. In some cases, they influence the lower courts to issue temporary restraining orders against the DAR field staff. Other landowners misuse the VLT and the commercial farm deferment scheme. Others try to delay coverage by rejecting the land valuation of the LBP.”

Leonen (2008) explains that CARP has been designed to distribute outcomes through redefining relationships and not through guaranteeing significant welfare gains. The various arrangements or relationships between the landowners and farmer-beneficiaries allowed under CARP have likewise exposed the program to legal exercises to delay the process. He points out that by “altering legal entitlements (e.g. CLOAs, Emancipation Patents or EPs), presumptions, burdens of proof and dispute processing mechanisms resulted to more conflicts.” These conflicts are generally resolved through adjudication that entails layers of processes (i.e. Provincial Agrarian Reform Adjudicator Division or PARAD being reviewed by DARAB, which may be reviewed by Court of Appeals, and in special cases referred to Supreme Court). In addition, Leonen points out that even “the quasi-judicial process also suffers from delays in the presentation of evidence, crowded dockets including abuse and corruption.”



**Land Markets.** Agricultural land markets remain weak and undeveloped especially in the rural areas. The APPC study (2007) reveals that there was an increased pawning, mortgaging and leasing out and informal transfer of agricultural land among ARBs. The difficulty of securing credit from banks by farmer-beneficiaries exacerbates the problem. Loanable value of agricultural land is only 50 percent at most of the latest declared market value as compared to 80 percent at most for non-agricultural land. As a result, the mortgaging and informal transfer of agricultural lands have prejudiced the chances of landless workers to become due owners.

CARP has also resulted in various forms of rural land market transactions within and outside the program because even with the awarding of land titles, many farmer-beneficiaries resorted to lease-back and contract growing arrangements with the landowners. This practice persisted because of the incapacity of many farmer-beneficiaries to make investments on their own land. In cases when individual land titles are unavailable, the ARBs similarly were not encouraged to make long-term investments because of the uncertainties and were hurdled oftentimes by high transactions costs that come along with obtaining a title.

Moreover, a formal and effectual land market system does not necessarily result in an equitable arrangement. In cases when small holders do not have access to credit or insurance or when there are economies of scale, individual titling is not always the best answer to a more efficient use of the land. In addition, liberalizing the land market will most likely lead to a concentration of land assets to producers who are not necessarily efficient. The challenge for policymakers therefore is to consider either (i) removing the distortions that create disadvantages for small farm holders hence making land markets work for them, or (ii) designing institutions and projects that provide access to land for small farmers in spite of market distortions, such as making land rental markets more competitive and increasing the bargaining power of tenants.

**Community/Cooperatives Development.** In partnership with NGOs and LGUs, DAR has embarked on community organizing and capacity building

activities in the ARCs under the CARP’s support and extension services. Table 7 shows the accomplishments of CARP in community and institutional development. As of 2006, a total of 944 ARC organizations were set up and 34,109 ARBs were given proper leadership training. However, the APPC study also finds that the ARCs only cover 1.67 million hectares or 46 percent of the total distributed land signifying that the LAD activities of CARP remain sluggish.

**Table 7. CARP Community and Institutional Development: 2006**

Indicator	Target	Accomp.
Agrarian Reform Communities Development Plan (# of ARCs)	165	165
No. of ARC Organizations Strengthened	766	944
CBU* Generated (Php M)	19.2	71
No. of ARBs Organized	34,129	34,109
No. of Leaders Trained- at least 4 training programs	1,981	2,379
No. of ARC Leaders Trained	8,759	10,128
No. of Staff Trainings		
DAR	336	549
LGU	215	290

Source: *DAR-ADB Agrarian Reform Communities Project Annual Report, 2006*

\*CBU = Capital Build-Up

As APPC has discovered, “most cooperatives which should have been the agent of change in the ARC approach are not functioning well and are not providing market access to their members.” The better performing cooperatives nevertheless have been helpful in providing the ARBs access to credit and training opportunities.

#### IV. Conclusion and Recommendations

Various studies find that benefits such as improvements in tenurial status, higher income of farmer-beneficiaries, and higher yields brought about by increased inputs and investments on land were derived from the implementation of the CARP. Positive benefits were also gained from the provision of support services like the organization of ARCs. Accordingly, the ARC approach yielded a positive net present value of P30.3 billion compared to P26.9 billion for the ‘mainstream’ agricultural development strategy being undertaken by other agencies (APPC, 2007).

The JBIC's evaluation study in 2004 likewise gathered evidence regarding the positive impacts of CARP on income and yield. It further emphasized that in terms of institutional development the ARISP has "rekindled and strengthened the spirit of cooperativism in the ARCs through participatory approach to community organizing."

Despite these gains, CARP continues to be plagued by administrative and implementation problems. After 20 years, program implementors are still struggling for funding, logistics, and support services to the ARCs while the ARBs and millions of landless farmers are still waiting for the full realization of the promise of agrarian reform that is enshrined in the 1987 Constitution.

While share tenancy is deemed abolished since the start of agrarian reform way back in 1963, several studies have shown that it is still rampant. All these encompass the lingering challenges of CARP which operate behind the backdrop of population pressure, deteriorating infrastructure in the recent years, fiscal constraints and frequent natural calamities. But the main challenge facing CARP is how it would contribute to reducing poverty among the landless farmers in the country.

There is no apparent debate on whether or not a genuine land reform program in the country should be perpetuated beyond 2008. The key stakeholders are one, however, in claiming that the CARP envisioned in 1987 and was extended in 1998 was defective and slow in generating the expected pro-farmer outputs. Extending AND reforming CARP should be able to reverse such outcome.

With CARL expiring last June, it is but most opportune to learn from the 20 years of implementation, draw important lessons that can be used in formulating the law and in designing programs that will bring land reform to its final homestretch. The following is a summary of the recommendations put forward by the various assessment studies on CARP.

**Efficient Allocation of Funds.** Assessment studies point to areas of reform where the program can be improved and targets can be accomplished. These

include the acceleration of land transfer especially those under compulsory arbitration, broadening the coverage of the ARCs, provision and widening access to credit and capital markets, capacitating the LGUs and local agency partners in performing land reform functions and continuation of effective support services delivery such as infrastructure and agricultural technology. Such would entail more budgetary support from both the government and private partners.

DAR estimates that CARP will require about P161.7 billion in the next 10 years to be able to specifically concentrate on acquiring and distributing the LAD balance, expediting and resolving pending agrarian cases, and providing support services to ARBs. World Bank (2007), however, suggests prioritizing allocative efficiency' rather than increasing expenditure on this program. This means improving the composition of expenditure, using more funds in developing land markets, for example, which may accelerate positive impact on pro-poor agricultural growth.

**Land Valuation System.** One of the major hindrances to improving land markets is the flimsy standard of agricultural land valuation. Landowners tend to oppose the valuation of LBP which, according to Arlanza (2006), is complicated and unclear. To reduce such opposition, DAR should review the valuation guidelines of LBP or even perhaps seek a rational and uniform land valuation system for each type of land which the government and business sector can subscribe to.

**Devolution of Functions.** There is a need for a serious discussion to harmonize the core mandates of CARP-implementing agencies in order to arrive at an integrated approach to infrastructure and community development. The experience of ARISP sites is a proof that inter-agency collaboration is effective if proper mechanisms are in place. Convergence necessitates strengthening of partnerships for implementation of CARP with other agencies and gradually devolving the agencies' duties and functions to other mandated organizations such as the LGUs and agrarian communities.

Researchers believe that the benefits of CARP would be highest if the "budget resources are linked

with a strategy geared towards non-institutionalizing the support services of DAR.” This implies a strong link with LGUs, local NGOs and community organizations and the preparation of a ‘time-bound exit’ strategy of DAR so that efficient LGUs and other local agencies can take on the job, especially in the area of capacity building.

Adriano (2008) suggests specifically shifting the manpower and financial resources towards local units of DAR, i.e., DARAB down to the field offices, which are engaged in land distribution and adjudication of cases and in areas where the LAD balance is highest. In terms of the DAR’s thrust of clustering ARCs for the purpose of establishing agriculture enterprises (i.e., agribusiness), Adriano recommends the re-tooling or re-training of DAR’s field personnel while forging new institutional arrangements between ARBs and potential agribusiness investors.

***Rationalization of Land Administration and Management System.*** Ensuring tenurial security is elemental in achieving the CARP objective of promoting equity and social justice. It is also found to provide incentive for ARBs to invest on their lands. The APPC study (2007) reports that investment doubles and values of land consequently increase by 30 to 80 percent with greater tenurial security than those without a secure tenure. However, land administration institutions that are inefficient, or corrupt, and are poorly coordinated will increase transaction costs and, consequently, will exclude the poor from benefiting from programs such as CARP (WB, 2007). Indeed, in this kind of situation, institutional reform such as rationalizing the land administration process and improving coordination with the private sector is fundamental.

In this regard, the approval of the proposed Land Administration Reform Act (LARA) bill, which seeks to rationalize the present inefficient and fragmented system of land administration and management in the country, is deemed critical (Ballesteros, 2007).

***Compulsory Arbitration of Cases.*** One of the major bottlenecks in the successful implementation of CARP is the tedious and contentious cases of disputes between landowners and farmer beneficiaries. Leonen (2008) suggests that rather than

permanent adjudicators, DAR should maintain a pool of arbiters specially trained in agrarian issues coming from various sectors (legal, academe, agrarian reform advocates, land specialists). Compulsory arbitration, according to him, should cover issues relating to tenancy, terms and conditions of work, leasehold contracts, rights of tenants, and correction and cancellation of CLOAs. Leonen argues that compulsory arbitration is more effective and efficient than adjudication as the parties concerned get to select the arbiters whom they believe are the best to handle their case. Arbiters, meanwhile, are able to establish their reputation based on the success and duration of dispute or conflict resolution. In so doing, continued training programs, including alternative dispute processing methods, for all arbiters and agrarian reform lawyers and paralegals should be provided. In addition, DAR personnel who face legal cases in the exercise of their function need to be provided with the necessary legal, moral, logistical, and financial support.

***Improving Access to Infrastructure and Other Services.*** Reducing poverty in the rural areas and improving agricultural productivity cannot be addressed by land distribution alone. Complementary support services such as infrastructure development, high-yield crops and modern farming technology, irrigation system, credit and market facilities are equally critical factors in uplifting the lives of the ARBs and the poor farmers in general. Other than these, uninterrupted services to aid the farmer-beneficiaries gain access to education/training and health services are also paramount in helping them pursue the route out of poverty.

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*“The key stakeholders are one however in claiming that the CARP envisioned in 1987 and was extended in 1998 was defective and slow in generating the expected pro-farmer outputs. Extending AND reforming CARP should be able to reverse such outcome.”*

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