


THIRTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

04 JUN 30 P2:36

RECEIVED BY: 

S E N A T E

S. No 206

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law (CARL) was enacted to fortify the Constitutional mandate to promote comprehensive rural development and agrarian reform.

The vision of CARL was to emancipate the farmer from the exploitative hold of the landlord. However, the failure to develop institutions that could take the place of the tenancy relationship has left the farmer isolated from markets for his products, and sources of production inputs such as credit and technology.

Among its provisions, the CARL prohibits farmer beneficiaries from selling, transferring or conveying the land upon full payment thereof, and from mortgaging their rights to it during the period of time when full payment has not been conveyed. The objective of this provision is clearly to prevent farmer-beneficiaries from reversing the effects of agrarian reform by relinquishing ownership of the land through the sale or mortgage.

However, this prohibition against mortgages on the CARL-subjected land has effectively dried up the credit market in the rural areas, and doomed the agricultural sector to a long spell of stagnation.

This bill seeks to remedy this problem by allowing farmer-beneficiaries to sell, transfer, convey, lease, usufruct or mortgage the land. In this manner, the farmer-beneficiary is being given the economic decision on what to do with the land awarded to him. Farmer-beneficiaries are allowed to dispose of their entire awarded land or parts thereof. This will remove the restriction of the Department of Agrarian Reform prohibiting the disposition of only a portion of the awarded land and thus allow the farmer to dispose of that part of land that will satisfy his financial needs.

Also, lands which have already been redistributed pursuant to the Comprehensive Agrarian Reform Program, including those retained by the landowner may be sold, transferred or conveyed to any person, and said person shall no longer be subject to any limitation on the total area of lands he owns.

The social justice principle had already been served with the redistribution of the lands. This will also allow the banks and other lenders to own lands, as a result of foreclosure, in excess of the 5-hectare limit.

The goals of agricultural modernization and rural development can only become feasible in a free market environment where individuals have freedom of choice in their investment and production decisions. The strictures imposed by the CARL stand in the way of such an environment obtaining in rural markets.

In view of the foregoing, early passage of this bill is earnestly requested.


SERGIO OSMEÑA III
Senator

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SENATE

S. No. 206

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AN ACT
AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NUMBERED 6657,
OTHERWISE KNOWN AS "THE COMPREHENSIVE AGRARIAN REFORM
LAW OF 1988", AS AMENDED, AND FOR OTHER PURPOSES

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

1 SECTION 1. Section 2 of Republic Act No. 6657, otherwise known as the
2 Comprehensive Agrarian Reform Law of 1988, is hereby amended to read as
3 follows:

4 "SEC. 2. *Declaration of Principles and Policies.* – It is the
5 policy of the State to pursue a Comprehensive Agrarian Reform
6 Program (CARP). The welfare of the landless farmers and
7 farmworkers will receive the highest consideration to promote social
8 justice and to move the nation toward sound rural development and
9 industrialization, and the establishment of owner cultivatorship of
10 economic-size farms as the basis of Philippine agriculture.

11 "To this end, a more equitable distribution and ownership of
12 land, with due regard to the rights of landowners to just
13 compensation and to the ecological needs of the nation, shall be
14 undertaken to provide farmers and farmworkers with the
15 opportunity to enhance their dignity and improve the quality of their
16 lives through greater productivity of agricultural lands.

1 “The agrarian reform program is founded on the right of
2 farmers and regular farmworkers, who are landless, to own directly
3 or collectively the lands they till or, in the case of other
4 farmworkers, to receive a just share of the fruits thereof. To this
5 end, the State shall encourage and undertake the just distribution of
6 all agricultural lands, subject to the priorities and retention limits set
7 forth in this Act, taking into account ecological, developmental, and
8 equity considerations, and subject to the payment of just
9 compensation. The State shall respect the right of small
10 landowners, and shall provide incentives for [voluntary land-
11 sharing] THE USE OF MECHANISMS FOR THE COLLECTIVE
12 SHARING OF BENEFITS AND RESOURCES, INCLUDING
13 COOPERATIVE AND CORPORATIVE FARMING.

14 x x x “

15 SEC. 2. Section 6 of the same law is likewise hereby amended to read as
16 follows:

17 “SEC. 6. *Retention Limits.* -- Except as otherwise provided
18 in this Act, no [person] LANDOWNER may own or retain, directly or
19 indirectly, any public or private agricultural land, [the size of which
20 shall vary according to factors governing a viable family-size farm,
21 such as commodity produced, terrain, infrastructure, and soil fertility
22 as determined by the Presidential Agrarian Reform Council (PARC)
23 created hereunder, but in no case shall retention by the landowner]
24 WHICH exceedS five (5) hectares. Three (3) hectares may be
25 awarded to each child of the landowner, subject to the following
26 qualifications: (1) that he is at least fifteen (15) years of age; and (2)
27 that he is actually tilling the land or directly managing the farm:
28 *Provided, That* landowners whose lands have been covered by
29 Presidential Decree No. 27 shall be allowed to keep the area

1 originally retained by them thereunder: *Provided, further, That*
2 original homestead grantees or their direct compulsory heirs who
3 still own the original homestead at the time of the approval of this
4 Act shall retain the same areas as long as they continue to cultivate
5 said homestead.

6 x x x"

7 SEC. 3. Section 27 of the same law is likewise hereby amended to read
8 as follows:

9 "SEC. 27. *Transferability of Awarded Lands.* -- Lands, OR
10 PARTS THEREOF, acquired by beneficiaries under this Act may
11 [not] be sold, transferred, [or] conveyed, LEASED, OR
12 USUFRUCTED TO ANY PERSON, NATURAL OR JURIDICAL.
13 [except through hereditary succession, or to the government, or to
14 the LBP, or to other qualified beneficiaries for a period of ten (10)
15 years: *Provided, however, That* the children or the spouse of the
16 transferor shall have the right to repurchase the land from the
17 government or LBP within a period of two (2) years. Due notice of
18 the availability of the land shall be given by the LBP to the
19 Barangay Agrarian Reform Committee (BARC) of the barangay
20 where the land is situated. The Provincial Agrarian Reform
21 Coordinating Committee (PARCCOM) as herein provided, shall, in
22 turn, be given due notice thereof by the BARC.]

23 "THE SALE, TRANSFER, OR CONVEYANCE OF THE
24 LANDS SHALL NOT REQUIRE THE APPROVAL OF THE DAR:
25 PROVIDED, THAT THE DAR SHALL BE INFORMED AND GIVEN
26 A COPY OF THE AGREEMENT OF SUCH SALE, TRANSFER OR
27 CONVEYANCE.

28 "[If the land has not yet been fully paid by the beneficiary, the
29 rights to the land may be transferred or conveyed, with prior

1 approval of the DAR, to any heir of the beneficiary or to any other
2 beneficiary who, as a condition for such transfer or conveyance,
3 shall cultivate the land himself. Failing compliance herewith, the
4 land shall be transferred to the LBP, which shall give due notice of
5 the availability of the land in the manner specified in the
6 immediately preceding paragraph]

7 "[In the event of such transfer to the LBP, the latter shall
8 compensate the beneficiary in one lump sum for the months the
9 latter has already paid, together with the value of improvements he
10 has made on the land.]"

11 Sec. 4. A new section is hereby inserted after Section 27, to be
12 designated as Section 27-A, to read as follows:

13 "SEC. 27-A. *AWARDED LAND AS COLLATERAL.* -- THE
14 LAND AWARDED TO THE FARMER-BENEFICIARY MAY BE
15 MORTGAGED TO ANY PERSON, NATURAL OR JURIDICAL.

16 "IN THE EVENT OF DEFAULT BY THE FARMER-
17 BENEFICIARY, THE MORTGAGEE MAY FORECLOSE ON THE
18 LAND SUBJECT TO EXISTING LAW: *PROVIDED*, THAT THE
19 FARMER-BENEFICIARY SHALL HAVE THE RIGHT TO REDEEM
20 THE LAND WITHIN TWO (2) YEARS.

21 "LANDS WHICH HAVE ALREADY BEEN SUBJECTED TO
22 REDISTRIBUTION UNDER THE COMPREHENSIVE AGRARIAN
23 REFORM PROGRAM INCLUDING LANDS RETAINED BY THE
24 ORIGINAL LANDOWNER SUBJECT TO RETENTION LIMITS IN
25 SECTION 6, MAY BE SOLD, TRANSFERRED OR CONVEYED
26 TO ANY PERSON AND SUCH PERSON SHALL NOT BE
27 SUBJECT TO ANY LIMITATION ON THE TOTAL AREA OF
28 LANDS HE MAY OWN."

1 SEC. 5. A new section after Section 27 is hereby inserted, to be
2 designated as Section 27-B, to read as follows:

3 "SEC. 27-B. *MORTGAGE OR SALE OF CULTIVATION*
4 *RIGHTS.* -- THE FARMER-BENEFICIARY MAY MORTGAGE OR
5 SELL HIS CULTIVATION RIGHTS OVER THE LAND TO ANY
6 PERSON.

7 "IN CASE OF DEFAULT, THE MORTGAGEE MAY
8 ASSUME THE CULTIVATION RIGHTS OVER THE LAND."

9 SEC. 6. Section 70 of the same law is hereby amended to read as
10 follows:

11 "Sec. 70. *Disposition of Private Agricultural Lands.* -- [The
12 sale or disposition of agricultural lands retained as a consequence
13 of Section 6 hereof shall be valid as long as the total landholdings
14 that shall be owned by the transferee thereof inclusive of the land to
15 be acquired shall not exceed the landholding ceilings provided for
16 in this Act.]

17 x x x

18 "[Transferees of agricultural lands shall furnish the
19 appropriate Register of Deeds and BARC an affidavit attesting that
20 his total landholdings as a result of the said acquisition do not
21 exceed the landholding ceiling. The Register of Deeds shall not
22 register the transfer of any agricultural land without submission of
23 this sworn statement with the proof of service of a copy thereof to
24 the BARC.]

25 SEC. 7. Sec. 73 of the same law is likewise amended to read as
26 follows:

27 "SEC. 73. *Prohibited Acts and Omissions.* -- The following
28 are prohibited:

“(a) The ownership or possession, for the purpose of circumventing the provisions of this Act, of agricultural lands in excess of the total retention limits or award ceilings by any person, natural or juridical, except those under collective ownership by farmer-beneficiaries AND THOSE PURSUANT TO SECTION 27-A HEREOF.

X X X

“[(f) The sale, transfer or conveyance by a beneficiary of the right to use or any other usufructuary right over the land he acquired by virtue of being a beneficiary, in order to circumvent the provisions of this Act.]”

SEC. 8. Within sixty (60) days from the effectivity of this Act, the Department of Agrarian Reform (DAR) shall draft the necessary rules and regulations (IRR) to implement the provisions of this Act. Said IRR shall be submitted to the Congressional Oversight Committee (COC) which shall review, revise and approve the same *within a period of sixty (60) days from the date of receipt thereof* after which the DAR shall promulgate the IRR.

SEC. 9. There is hereby created a Congressional Oversight Committee (COC) to be headed by the Chairs of the Committee on Agrarian Reform of both Houses, and composed of four (4) other members from the Senate and four (4) other members from the House of Representatives, who shall be appointed by the Senate President and the Speaker of the House of Representatives, respectively, based on proportional representation: *Provided*, that at least two (2) of the members from both the Senate and from the House of Representatives shall come from the minority: *Provided, further*, that after the COC has approved the IRR, it shall thereafter become *functus officio*, and therefore cease to exist.

SEC. 10. All laws, decrees, executive orders, rules and regulations, or parts hereof inconsistent with the provision of this Act are hereby repealed, amended or modified accordingly.

1 SEC. 11. This Act shall take effect fifteen (15) days following its
2 publication in at least two (2) newspapers of general circulation.

Approved,