

SENATE

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S. No. 268



Introduced by Senator Ralph G. Recto

AN ACT
CONDONING ALL UNPAID AMORTIZATIONS, INTERESTS, PENALTIES OR
SURCHARGES ON LOANS SECURED UNDER THE COMPREHENSIVE AGRARIAN
REFORM PROGRAM AND FOR OTHER PURPOSES

Explanatory Note

Financing the Comprehensive Agrarian Reform Program (CARP) is one of the major challenges in implementing land reform in the country. Apart from meager appropriations for agrarian reform support services, the program also suffers from low repayment rates from agrarian reform beneficiaries. The Senate Economic Planning Office (SEPO) estimated that from 1987 to 2004, only P2.5 billion of the projected P14.3 billion collectible land amortization payments was actually collected¹. A Philippine Institute for Development Studies (PIDS) study revealed that CARP loan collection performance by Land Bank of the Philippines (LBP) as of March 2015 is about 51.55% for amortization and interest payments².

The cause for the low collection rate is two-fold. On the one hand, an administrative system to collect loan proceeds from farmer-beneficiaries was not fully established due to its prohibitive administrative costs³. On the other hand, the high cost of agricultural inputs, low farm outputs, and the onset of devastating meteorological calamities, among others, have left the agrarian reform beneficiaries bereft of any means to pay for the loan they have secured under CARP.

This bill seeks to accomplish several undertakings. First, it seeks to further increase the productivity of agrarian reform beneficiaries by providing them additional financial resources through the condonation of their annual amortization and interests, including penalties or surcharges, if any. Second, it strives to reduce the administrative cost of implementing the agrarian reform program. Ultimately, it endeavors to achieve the original intent of the agrarian reform program, which is to improve the lives of farmers, reduce rural poverty and accelerate rural development. Such intervention is founded on the principles of the agrarian reform law, which seek to uphold the welfare of landless farmers and farmworkers with the goal of promoting social justice, sound rural development and industrialization.

To sustain the gains of the agrarian reform program, the swift passage of this measure is earnestly sought.

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RALPH G. RECTO

¹ Senate Economic Planning Office (2008, July). Broadening and Reinforcing the Benefits of Land Reform in the Philippines. *Policy Brief*. Pasay City: Senate of the Philippines.

² Ballesteros, M. M., Ancheta, J. And Ramos, T. (2017). The Comprehensive Agrarian Reform Program after 30 Years: Accomplishments and Forward Options. *Discussion Paper Series No. 2017-34*. Quezon City: Philippine Institute for Development Studies

³ Arlanza, R. S., et. al. (2006 April). The Comprehensive Agrarian Reform Program: Scenarios and Options for Future Development. Quezon City: Department of Agrarian Reform.

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

1 **SECTION 1.** *Condonation of Unpaid Amortizations, Interest Payments, Penalties or*
2 *Surcharges.* – All unpaid amortizations and interests, including penalties or surcharges, if any,
3 due from loans secured under the Comprehensive Agrarian Reform Program (CARP) are hereby
4 condoned by the Government, thereby relieving all farmer-beneficiaries from the payment
5 thereof. The agrarian reform beneficiaries shall be deemed as rightful owners of the lands
6 awarded to them upon the effectivity of this Act.

7 **SEC. 2.** *Implementing Rules and Regulations.* – Within thirty (30) days from the
8 effectivity of this Act, the Department of Agrarian Reform (DAR), in coordination with the
9 Philippine Agrarian Reform Council (PARC) and the Land Bank of the Philippines (LBP), shall
10 promulgate the necessary rules and regulations to effectively implement the provisions of this
11 Act.

12 **SEC. 3.** *Repealing Clause.* – Section 26 of Republic Act No. 6657, otherwise known as
13 the “*Comprehensive Agrarian Reform Law of 1988*,” as amended by Republic Act No. 9700 is
14 hereby repealed. All laws, decrees, orders, rules and regulations or parts thereof inconsistent with
15 any of the provisions of this Act are hereby repealed, amended or modified accordingly.

16 **SEC. 4.** *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete
17 publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

18 Approved,