

SENATE
S.B. No. 849



Senate
Office of the Secretary

19 AUG 1 AM 11:39

Introduced by **SENATOR IMEE R. MARCOS**

RECEIVED

**AN ACT FULFILLING THE EMANCIPATION OF TENANTS FROM THE
BONDAGE OF THE SOIL, AMENDING P.D. NO. 27, AND R.A. NO. 6657, AS
AMENDED, AMONG OTHERS, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

On 21 October 2022, we celebrate the fiftieth (50th) anniversary of Presidential Decree (P.D.) No. 27. However, what we witness is the longest land-reform program in history. On the eve of this landmark date, let us determine to complete the effort of agrarian reform and finally fulfill the long-held dream of tenants from the bondage of the soil.

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*".

In order to fulfill the agrarian reform program, the Department of Agrarian Reform (DAR) needs to address the immediate distribution of CARPable lands to agrarian reform beneficiaries. Despite the lapse of 31 years, DAR was able to distribute 4,718,845 hectares of land of which 1,773,209 hectares are Land Bank compensable lands. As of 2015, DAR still has a backlog of 621,085 hectares. Of the said backlog, 92.6% (575,272 hectares) are private agricultural land and 88.3% (548,467 hectares) are to be compensated through the Land Bank. In other words, the land remaining represents the "last mile" of lands.

One of the leading causes for low agricultural growth in the country is due to lack of investment and the uncertainty in the status of agricultural lands. The growth of the agricultural sector varied between -1.7% to 4.6% during the same time period, posting negative growth in 2016.

For Agrarian Reform Beneficiaries (ARBs), the main reason for the inability to invest is the absence of collateral assets, which limits their ability to access the financial market. The main asset of the ARBs is the land granted to them. Unfortunately, many of these are still collective Certificate of Land Ownership Awards (CLOAs). 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 lands grants which are still under collective CLOAs.

Further, 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 phenomena of the "landed poor". These phenomena 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. Article XIII, Section 2 of the 1987 Constitution recognizes the need of the State "to create economic opportunities based on freedom of initiative and self-reliance."

As of 30 June 2019, ARBs have to pay a total of 64.48 billion pesos in order to acquire 1.60 million hectares of land which were acquired through the Land Bank. In addition to the 64.48 billion pesos due to be amortized by the farmers, there is a remaining 548,467 hectares of land that will be acquired. At the prevailing land value of 200,000 pesos per hectare, the acquisition of the remaining private lands will cost an additional 109.70 billion pesos wherein which the whole land reform program is expected to cost at 174.18 billion pesos.

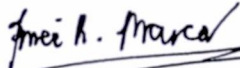
Of the 64.48 billion pesos that the ARBs currently owe, 44.12 billion pesos is not yet receivable due to the absence of individual titles (still collective CLOA) and/or

Land Distribution and Information Sheets (LDIS), leaving the LBP with 20.36 billion pesos worth of receivables. Out of the 20.36 billion pesos worth of receivables, 10.69 billion pesos is already due and collectible. Only 62% (6.77 billion pesos) of the 10.69 billion pesos has been 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. In addition, 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. Just this year, the Social Security System (SSS) wrote off 9.5 billion pesos worth of loan penalties. This was a reimplementaion of a previous program in 2017 that resulted in the condonation of 13.5 billion pesos worth of loan penalties. 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.

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


IMEE R. MARCOS
Senator

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



SENATE
S.B. No. 849

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT FULFILLING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF THE SOIL, AMENDING P.D. NO. 27, AND R.A. NO. 6657, AS AMENDED, AMONG OTHERS, AND FOR OTHER PURPOSES

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

1 SECTION 1. *Short Title.* – This Act shall be known as the "*Emancipation of*
2 *Tenants Act of 2019.*"

3 Sec. 2. *Policy.* – It shall be the policy of the State to have equitable
4 distribution of opportunities, income, and wealth to attain expanding national and
5 local productivity that will act as the key to raising the quality of life for all. In
6 relation to this, Agrarian Reform Beneficiaries (ARBs) must be given prioritization, in
7 line with the principles of the agrarian reform laws, in the distribution and acquisition
8 of awarded lands to provide them ease in access in the financial market.

9 Sec. 3. *Condonation of Unpaid Amortizations, Interest Payments, Penalties or*
10 *Surcharges.* – All unpaid amortizations and interests, including penalties or
11 surcharges, if any due from loans secured under the Comprehensive Agrarian
12 Reform Program (CARP) are hereby written-off by the Government, thereby relieving
13 all ARBs from the payment thereof. The ARBs shall be deemed as rightful owners of
14 the lands awarded to them upon the effectivity of this Act.

15 Sec. 4. *Free Land Distribution.* – All agricultural lands covered by the CARP
16 instituted under R.A. No. 6657, as amended, which have not been distributed at the
17 time of effectivity of this Act, shall be distributed at no cost to qualified ARBs.

18 Sec. 5. *Termination of Payments on Amortizations.* - Payments on
19 amortizations by ARBs, past due and current, or any balance thereof, including
20 interests and surcharges, for lands already distributed under P.D. No. 27 and R.A.

1 No. 6657, as amended by R.A. No. 9700, are hereby terminated and declared as
2 written-off. The ARBs of such lands already distributed shall be deemed full owners
3 thereof, subject to the conditions in Section 8 hereof, upon the effectivity of this Act.

4 *Sec. 6. Termination of Payment of Compensation by Beneficiaries Under*
5 *Voluntary Land Transfer.* – All direct payments of compensation by ARBs to land
6 owners under voluntary land transfer are hereby terminated, and payments of
7 remaining balance of compensation due the concerned landowners, if any, shall be
8 paid by the Land Bank of the Philippines (LBP).

9 *Sec. 7. Lands Covered by Certificates of Land Ownership Awards (CLOAs),*
10 *Certificates of Land Transfer (CLTs) and Emancipation Patents (EPs) That Were*
11 *Cancelled or are Pending Cancellation.* – Lands covered by Certificates of Land
12 Ownership Awards (CLOAs), Certificates of Land Transfer (CLTs) and Emancipation
13 Patents (EPs) that were cancelled due to the failure of ARBs thereof to pay
14 amortizations shall be restored to the possession of the said ARBs who shall be
15 deemed full owners thereof upon the effectivity of this Act. *Provided that,* such lands
16 have been duly awarded to other qualified ARBs, the payments of amortizations due
17 thereon shall also be terminated and full ownership granted to the subsequent ARBs,
18 as provided in Section 5 of this Act.

19 All pending cancellation proceedings of CLOAs, CLTs and EPs due to the
20 failure of ARBs to pay amortizations are hereby terminated. Lands covered by
21 CLOAs, CLTs and EPs pending cancellation due to the failure to pay amortizations
22 shall be restored to the possession of the farmer-beneficiaries who shall be deemed
23 full owners thereof in accordance with Section 2 of this Act.

24 *Sec. 8. Conditions to the Grant of Full Ownership.* – The grant of full
25 ownership of land shall be subject to the following conditions which shall be
26 annotated on the appropriate titles evidencing ownership to be issued and registered
27 in the names of qualified ARBs or farmer-beneficiaries:

28 a. Qualified farmer-beneficiaries shall comply with conditions set forth under
29 the Conditional Cash Transfer Program of the Department of Social Welfare and
30 Development (DSWD), but shall not be identified or treated as the compliance of
31 beneficiaries of the program qualified to receive conditional cash grants, but their

1 compliance shall be their investment in human resource development in their own
2 families;

3 b. Qualified farmer-beneficiaries shall undergo or attend at least once a year,
4 training, free of charge, in new farming techniques, the use of better quality and
5 high yielding seeds, mechanization, agri-entrepreneurship and such other skills and
6 capabilities to increase farm yields and farm incomes in any accredited farm school
7 or agriculture institute, or training programs sponsored or conducted by the
8 Department of Agriculture (DA), the Department of Agrarian Reform (DAR) and
9 related agencies and instrumentalities of government and accredited private sector
10 agri-education groups; and

11 c. Qualified farmer-beneficiaries shall volunteer for community service such as
12 greening and watershed protection, disaster relief and rehabilitation, irrigation and
13 water impounding system repairs and similar volunteer services that benefit their
14 farming communities.

15 Ownership of lands distributed under this Act shall fully revert to the
16 government when qualified ARBs or farmer-beneficiaries or their heirs, as the case
17 may be, fail to comply with the above enumerated conditions for two (2) successive
18 years from the time of the grant of ownership.

19 In case where the ARBs or farmer-beneficiaries are deceased at the time of or
20 after the effectivity of this Act, ownership over lands covered by this Act shall be
21 registered and titled in the name of their heirs in accordance with existing laws on
22 succession.

23 *Sec. 9. Special Committee on Land Administration.* – The DA, DAR, and the
24 Department of Environment and Natural Resources (DENR), in coordination with the
25 Land Registration Authority (LRA) and the Register of Deeds, shall create a special
26 committee to accelerate and improve the process of administrative titling, issuance
27 of certificates of title, land distribution, and adjudication of property rights of
28 alienable and disposable lands covered in this Act. The process may proceed from
29 plot to plot and shall determine landownership in a transparent and participatory
30 manner.

1 Collective CLOAs issued shall be immediately subdivided and parceled into
2 individual CLOAs and distributed to the farmer-beneficiaries after proper validation
3 and re-identification.

4 The Committee may be considered as a model for the eventual consolidation
5 of all titling functions under the DA, DAR, DENR, and LRA, under a comprehensive
6 land administration, for a more efficient, transparent, and expeditious process. For
7 purpose of titling, the DENR and Department of Public Works and Highways (DPWH)
8 may be enjoined to assist in the identification and parceling of lands by providing
9 drones, satellite imaging, geotagging, and other applicable technologies.

10 Sec. 10. *Subdivision and Titling of Awarded Lands under the Comprehensive*
11 *Agrarian Reform Program (CARP).* – Within ninety (90) days from the effectivity of
12 this Act, the DAR is hereby directed, in consultation with the ARBs, relevant national
13 government agencies, and other pertinent stakeholders, to establish guidelines and
14 procedures to expedite the subdivision and titling of agricultural lands or parts
15 thereof awarded to ARBs under the CARP. The subdivision of collective CLOAs and
16 titling process shall prioritize portions of land that represents the home-lots of the
17 ARBs.

18 Lands acquired by ARBs may be sold, transferred, or conveyed. *Provided that,*
19 *the children or the spouse of the transferor ARB shall have a right to repurchase the*
20 *land from the government or LBP within a period of two (2) years. Provided further*
21 *that, such repurchase shall be for agri-business arrangement or other agri-related*
22 *purposes.*

23 Any document of title, such as the CLOA, evidencing the right of the ARB to
24 the land shall be considered as *prima facie* proof of the ARB's title over the property.

25 Sec. 11. *Acceptability of Agricultural Land as Loan Collateral.* – All agricultural
26 lands shall be accepted as collateral by any lender, bank, or other financial
27 institution to secure loans of the registered owners as appearing in the Emancipation
28 Patent, Homestead Patent, Free Patent, CLOA, Original Certificate of Title, or
29 Transfer Certificate of Title.

30 Sec. 12. *Conversion of Lands.* – When the land ceases to be economically
31 feasible and sound for agricultural purposes, or the locality has become urbanized
32 and the land will have a greater economic value for residential, commercial or

1 industrial purposes, the DAR, upon application of the ARB, with due notice to the
2 affected parties, and subject to existing laws, may authorize the reclassification or
3 conversion of the land and its disposition.

4 Sec. 13. *Role of DAR and Landbank.* – The DAR shall provide a list of all
5 CARPable lands and ARBs and their heirs, if any. On the other hand, Landbank shall
6 continue to be the implementing agency of CARP involved in land evaluation,
7 compensation to owners of private agricultural lands, and collection of amortizations
8 from CARP farmer beneficiaries.

9 Sec. 14. *Final Land Acquisition.* – The land acquisition and completion
10 component provided under CARP shall be completed within December 2022.

11 Any case and/or proceeding, as initiated by the issuance of a Notice of
12 Coverage or Acceptance of a Voluntary Offer to Sell, involving the implementation of
13 the provisions of R.A. No. 6657, as amended, which may remain pending shall be
14 allowed to proceed until its finality and be executed even beyond such date.

15 Sec. 15. *Expanding Exclusion from CARP: Following Three (3) Generations.* –
16 Landowners of private agricultural lands primarily devoted to rice and corn under a
17 system of sharecrop or lease-tenancy provided in P.D. No. 27, may retain an area of
18 not more than fifteen (15) hectares.

19 Sec. 16. *Agrarian Land Database.* – An agrarian land database shall be
20 established by the DA, DAR, DENR, LRA, National Commission on Indigenous People
21 (NCIP), in coordination with the Register of Deeds, which shall contain records of all
22 types of land such as property rights, interests, land use, regulations and
23 restrictions, and boundaries, among others. *Provided that,* such information system
24 shall be accessible to the public, including Local Government Units (LGUs).

25 Sec. 17. *Expansion of the Department of Agriculture (DA).* – The Department
26 of Agriculture (DA) shall be expanded into the “Department of Agriculture and Rural
27 Development (DARD),” to include agri-support and extension services to ARBs and
28 employees.

29 Sec. 18. *Winding Down of the Department of Agrarian Reform (DAR).* –
30 Following completion of the land distribution under the CARP, the DAR shall be
31 wound down and employees of the Department who has rendered at least ten (10)
32 years of service may avail of a special early retirement package that will provide for

1 an additional benefit equivalent to 1.5 months' salary for every year of government
2 service. Other employees may opt for lateral transfer to a commensurate position
3 available in DARD.

4 Sec. 19. *Appropriation.* – Upon effectivity of this Act, the amount necessary to
5 carry out the provisions of this Act shall be included in the annual General
6 Appropriations Act (GAA). *Provided that,* annual appropriation shall be allocated fully
7 to support services, agrarian justice delivery, and operational requirements of the
8 DAR and other CARP implementing agencies.

9 Sec. 20. *Implementing Rules and Regulations.* – Within sixty (60) days from
10 the effectivity of this Act, the DA and DAR, LRA, in coordination with the Philippine
11 Agrarian Reform Council (PARC) and the LBP, shall promulgate the necessary rules
12 and regulations to effectively implement the provisions of this Act.

13 Sec. 21. *Repealing Clause.* – All laws, decrees, orders, rules and regulations
14 or other issuances or parts thereof inconsistent with the provisions of this Act are
15 hereby repealed or modified accordingly.

16 Sec. 22. *Separability Clause.* – If any portion or provision of this Act is
17 declared unconstitutional, the remainder of this Act or any provision not affected
18 thereby shall remain in force and effect.

19 Sec. 23. *Effectivity.* – This Act shall take effect after fifteen (15) days
20 following the completion of its publication either in the Official Gazette or in a
21 newspaper of general circulation in the Philippines.

22

23 *Approved,*