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Editor's Notes

Drs. Ballesteros and de la Cruz's paper—the main feature in this issue—again underscores a glaring sad truth about social and economic inequality in the Philippines. That is, in a government where the majority of lawmakers and officials come from landowning families, a genuine land reform program is quite beyond one's reach. A lucid fact is the way authorities have ignored the evasion tactics of landowners. These tactics enabled them to avoid the redistribution of their lands to small farmers. The introduction of provisions in the law (that is, the Comprehensive Agrarian Reform Law) that favor the landowners such as the corporate stock distribution option that they may opt in lieu of a direct land transfer is also said to have contributed to the dilution of the concretization of a true land reform in the country.

It is no wonder, therefore, that even if every administration has hailed land reform as its centerpiece for economic development (from Macapagal to Estrada, that is), it has not truly led to a genuine deconcentration and distribution of land ownership in the country. In many instances, the highly politicized land reform has only propagated the cycle of rural poverty and economic stagnation, and, not to forget, social unrest. **12**

What's Inside

- 6 Banking on the benefits of English as a common language for APEC
- 9 Experts underscore need to regulate financial conglomerates
- 10 Philippines' hybrid rice program unsuccessful
- 11 Third PIDS Corner dedicated



Has land reform changed land ownership concentration?

Source: Ariel Javelana, International Rice Research Institute

Historically, *haciendas* (which consist of hundreds or thousands of hectares of land) have characterized Philippine land ownership. Possession of vast lands is a major representation of wealth in the Philippines—a privilege enjoyed only by the so-called ruling class since the Spanish and American periods. This ownership of huge tracts of land has resulted in huge political, social, and economic inequalities.

To address these inequalities, a major redistributive type of land program has been implemented in the Philippines starting 1972. This program involved both tenancy reform and land redistribution. Tenancy reform rules out the practice of share tenancy, regulates leasehold rent at a low level, and prohibits eviction of tenants. Land redistribution, on the other hand, sets a ceiling on the maximum landholding and transfers ownership right of land in excess of the ceiling to the actual cultivators. In order to preserve the status of the agrarian reform beneficiaries, the law discourages the transfer of ownership or use rights of the beneficiaries.

The land reform program has been governed by two laws—Presidential Decree (PD) 27 of 1972 and Republic Act (RA) 6657 of 1998 or the Comprehensive Agrarian Reform Law (CARL). PD 27 covered all rice and corn areas. A ceiling of seven hectares on landholding was imposed on existing landowners with each legal heir allocated up to three hectares. Under CARL, on the other hand, land reform was expanded to cover all agricultural lands, not only corn and rice lands. It further reduced the ceiling on land ownership to five hectares but maintained the three-hectare cap for each legal heir.

Unlike PD 27 where acquisition of private land was made compulsory, CARL provided several modes of land transfer. In particular, the voluntary offer

to sell (VOS) and the voluntary land transfer (VLT) schemes were introduced under the CARL. In the VOS, landlords may voluntarily surrender their land for land reform. In the VLT, the landlord may opt for a direct payment arrangement in cash or in kind with the farmer-beneficiary guided by a contract agreement approved by the Department of Agrarian Reform (DAR). The government has no monetary obligation to the landowner under the VLT.

The implementation of these land reform programs is a testament to the determined action of the government to address the land ownership inequality in the country. The question now is how successful are these programs. Did they really change land ownership and land distribution? This is the subject of "Land reform and changes in land ownership concentration: evidence from rice-growing villages in the Philippines," a study by Marife Ballesteros and Alma dela Cruz, senior research fellow at PIDS and professor at the Central Luzon State University, respectively.

Changes

The study focused on two different rice-farming environments in the province of Nueva Ecija, the biggest rice producer in Central Luzon and an area where landlordism has also been pervasive.

The study villages were labeled as Nueva Ecija 1 (NE1) and Nueva Ecija 2 (NE2). NE1 is irrigated and has two cropping seasons. Prior to the land reform, it was mainly operated under the *hacienda* system, with one dominant family owning over 100 hectares of land and a few landowners. NE2 is rainfed and has one cropping season. In the pre-land reform period, it had several medium-sized landowners having 20-65 hectares of land but with no one family owning a large tract of the whole village.

Prior to PD 27, 53 percent of the rice land in the whole Nueva Ecija was cultivated under tenancy agreement, which reflected the high ownership concentration in the province. Recent land reform programs, however, resulted in the reduction in tenancy

arrangements and increased owner cultivation. In 1980, for instance, rice land under tenancy declined to 42 percent from 53 percent in 1971 while ownership cultivation increased from 32 percent in 1971 to 56 percent in 1980 for the entire province.

The extent of tenancy used to be higher in the study villages. An initial survey conducted in 1985, 13 years after PD 27 was implemented, showed that 62 percent of rice land in NE1 was cultivated under tenancy arrangement; in NE2, it was 51 percent. Through the years, however, a significant number of tenants have become owner-cultivators. The extent of tenancy at present in these villages has been reduced to about 30 percent.

Compared to other regions, the land distribution program has been vigorously implemented in Nueva Ecija. Overall, 24 percent of total agricultural land in the entire province was subjected to the Operation Land Transfer (OLT) program. In the study villages, the scope of the OLT was higher corresponding to 54 percent of the total agricultural land in NE1 and 43 percent in NE2. If the percentage of land distribution is higher in NE1 than in NE2, this can be because there were already several small landowners or owner-cultivators operating in NE2 compared with NE1.

As a whole, a 100-percent accomplishment rate in land distribution based on targets was achieved in the study villages. But the rate of implementation was slower in NE1 than in NE2. While 74 percent of the land subject to the reform in NE2 had already been distributed under PD 27, only 55 percent had been distributed in NE1. This implies that land reform in these villages was not completed under the first comprehensive land reform program (i.e., P.D 27). About 30 percent for NE1 and 20 percent for NE2 of land reform targets were accomplished under CARL.

Implications

At a glance, the series of land reform measures implemented by government have achieved their basic objective of breaking



up vast lands and providing land ownership to tenants. The average landholding per household was reduced from 9 to 2 hectares in NE1 and from 5 to 2 hectares in NE2. Landowners also increased dramatically in NE1, from 50 families to 189 families. In NE2, there were only 74 family owners before but this number more than doubled with the implementation of land reform.

The success, however, stops there. About 40 percent of landowning households own less than one hectare of land. The registered lands of farmer-beneficiaries are mainly homelots based on Assessors and DAR records. It is estimated that about 69 percent of the land in NE1 and 55 percent in NE2 are still owned by the top 10 percent of families, including their relatives, in these villages (Table 1).

The evasion tactics of landlords have worked to retain these lands to their family. These evasion tactics ranged from the registration of excess landholding to their legal or even dummy relatives; selling or mortgaging of excess lands to defer land reform enforcement; firing out of tenants since owner-cultivated lands are exempted from land reform; and abuse in the use of the VLT. In NE1, for instance, 78 percent of the total land subject for redistribution by the largest owning family was distributed to relatives through the VLT. Thus, only less than 30 percent of the land that should have been distributed to the farmer-beneficiaries reached the latter. For NE2, a similar evasion scheme was implemented (Table 2).

Table 1. Distribution of estimated land ownership by size (family + relatives)

Size	Pre-1972 Land Reform				Land Reform Period				Post-Land Reform			
	No. of Household Owners	%	Area Covered (hectares)	%	No. of Household Owners	%	Area Covered (hectares)	%	No. of Household Owners	%	Area Covered (hectares)	%
NE 1												
0 ≤ 1.0	0	0.0	0.00	0.0	75	52.4	9.80	2.3	73	52.9	10.01	2.3
1.01 - 2.0	4	15.4	7.13	1.6	23	16.1	32.24	7.4	19	13.8	25.96	6.0
2.01 - 3.0	2	7.7	4.80	1.1	21	14.7	54.97	12.7	20	14.5	52.39	12.1
3.01 - 4.0	2	7.7	6.30	1.5	10	7.0	32.49	7.5	10	7.2	33.22	7.6
4.01 - 5.0	2	7.7	8.79	2.0	1	0.7	4.49	1.0	3	2.2	13.16	3.0
> 5.0	16	61.5	407.42	93.8	13	9.1	300.45	69.2	13	9.4	299.70	69.0
Total	26	100.0	434.44	100.0	143	100.0	434.44	100.0	138	100.0	434.44	100.0
Average			16.71				3.04				3.15	
NE 2												
0 ≤ 1.0	11	25.0	2.37	0.6	39	33.9	19.68	5.4	41	37.3	17.02	4.7
1.01 - 2.0	7	15.9	9.04	2.5	34	29.6	52.06	14.3	28	25.5	41.94	11.5
2.01 - 3.0	4	9.1	10.42	2.9	18	15.7	45.67	12.5	14	12.7	35.17	9.6
3.01 - 4.0	3	6.8	10.86	3.0	10	8.7	36.05	9.9	10	9.1	35.66	9.8
4.01 - 5.0	1	2.3	4.31	1.2	0	0.0	0.00	0.0	0	0.0	0.00	0.0
> 5.0	18	40.9	327.89	89.9	14	12.2	211.45	57.9	17	15.5	235.11	64.4
Total	44	100.0	364.89	100.0	115	100.0	364.91	100.0	110	100.0	364.90	100.0
Average			8.29				3.17				3.32	

Note: The periods are as follows: pre-1972 land reform or the year prior to the enactment of PD 27 in 1972; land reform period or the distribution phase, which represents the period from the identification of farmer-beneficiaries under PD 27 and CARL to the issuance and registration of land titles, i.e., Emancipation Patents (EPs) or Certificate of Landownership Awards (CLOAs); and post-land reform or the land distribution phase, which is the period from the registration of titles up to the survey year (2005).

Is it also possible that consolidation is taking place? Reports from the DAR showed the prevalence of selling and/or mortgaging of awarded lands. Transfer by sale—supposedly regulated by DAR—is also done through other modes aside from pawning such as waiver of rights and land conversion (see related Box). Based on the records of transfers from the Assessors office, some consolidation indeed seems to have taken place. In NE1, the number of landowners decreased from 143 to 138 households in the post-land reform period. The average land size also increased from 3.04 hectares to 3.15 hectares (Table 1). Likewise, in NE2, the number of landowners decreased from 115 to 110 households in the same period while average land size increased from 3.17 hectares to 3.32 hectares.

Moreover, it has been observed that the land transfers are not only between the original owners and the farmer-beneficiaries. Families of overseas contract workers with their newfound economic power has enabled them to participate in the land market.

Conclusion

Despite the shortcomings of the various land reform programs, it cannot be denied that they have been successful in providing lands to tenants and in breaking up large tracks of land formerly owned by a few. However, they have failed to effectively address land ownership concentration. This can be attributed to the evasion tactics of landlords, which, in most cases, were just ignored by the government. As the authors have put it, the various schemes of landlords to evade land reform have prevented real land redistribution to take place in the country.

An efficient land information system would be useful in controlling evasion and in monitoring land ownership. Ballesteros and de la Cruz also noted that there is a need to revisit discussions on the importance of instituting a progressive agriculture land tax in the country. The transactions of farmer-beneficiaries in the rural land market have yet minimal effect on landownership changes but if left unchecked can lead to widening land ownership distribution. **CSM**

Table 2. Distribution of estimated landholdings of prominent landlords in the study villages

	Own Land & Heirs (hectares)	Transfer to Relatives ^a (hectares)	Land Reform Beneficiaries (hectares)					
			Relatives	% to total	Tenant	% to total	Total	Mode of transfer to relatives
NE 1								
OLO A	14.8613				16.2243	100.00	16.2243	
OLO B	9.6307				22.2386	100.00	22.2386	
OLO C	17.0391		9.0000	59.08	6.2337	40.92	15.2337	VLT
OLO D	27.2553	19.0017			2.4700	100.00	2.4700	OLT
OLO E	28.8192	24.7258	63.154	77.98	17.8384	22.02	80.9924	VLT
NE 2								
OLO A	6.4375				9.9587	100.00	9.9587	
OLO B	4.000	9.8169	4.0032	100.00			4.0032	OLT/VLT
OLO C	14.8347				9.2874	100.00	9.2874	
OLO D	26.0834				3.5000	100.00	3.5000	
OLO E					30.4883	100.00	30.4883	
OLO F	13.638				30.5565	100.00	35.5565	
OLO G	6.0200	40.0266	22.8710	100.00			22.8710	OLT/VLT

Source of basic data: Updated 2005 DAR Masterlist; AO records and Key Informant Interviews.

^a Relatives include third to fourth generation blood relation; second family and dummies.

VLT - Voluntary Land Transfer; OLT - Operation Land Transfer.

Box 1. Different schemes used by farmer-beneficiaries in selling the land awarded to them**Direct Sale**

1. Farmer-beneficiary approaches a possible buyer, who is usually a person with available cash.
2. Farmer-beneficiary and buyer agree on the price and other conditions of sale.
3. Farmer-beneficiary files with the DAR Municipal Office a written request to transfer landholding with the following documents (DAR Administrative Order 8 series of 1995/1996): (a) certification of full payment of amortization to be issued by the Land Bank of the Philippines (LBP) or the DAR for Voluntary Land Transfer and Direct Payment schemes; (b) certification of full payment of irrigation fees; (c) certification of loans from DAR or LBP; (d) tax clearance; and (e) affidavit saying that the land has no pending case with the DARAB, DAR, Courts, or the Office of the President.
4. Buyer submits the following documents: (a) affidavit of aggregate area of agricultural landholding in the country; (b) certification of the provincial Assessors Office regarding the extent of buyer's landholding within the province; and (c) copy of income tax return and residence certificate.
5. DAR Provincial Office reviews and evaluates the documents and provides recommendation.
6. DAR Regional Office reviews the documents and recommendations of the DAR Provincial Office.
7. Regional Director approves or disapproves the recommendations of the DAR Provincial Office
8. The decision of the Regional Director is forwarded to the legal division for proper disposition. Copies of the decision will be given to the contracting parties, DAR Provincial Office, and DAR Municipal Office.
9. The decision of the Regional Director may be appealed to the DAR Secretary through the Bureau of Agrarian Legal Assistance.

Sale through Waiver of Rights

1. Farmer-beneficiary approaches a possible buyer, who is usually a person with available cash.
2. Farmer-beneficiary and buyer agree on the price and other conditions of sale.
3. Farmer-beneficiary executes "waiver of rights" in favor of the buyer.
4. Surviving heirs also sign the waiver of rights to indicate their agreement to the sale.
5. The barangay chairman, BARC, or other local officials affix their signature as witnesses.
6. Buyer and farmer-beneficiary submit waiver to the DAR Municipal Office and sign additional documents: (a) affidavit of acceptance of new farmer-beneficiary (i.e., buyer); (b) OLT Form No. 9; (c) recommendation of ARBA/SN/BARC; (d) production survey form of former farmer-beneficiary (seller); (e) investigation report; and (f) farmer's undertaking.
7. DAR Municipal Office issues Transfer Action Order to serve as basis for releasing the new title in favor of the new farmer-beneficiary.
8. The new farmer-beneficiary will be listed in the PARO Masterlist Record.

Sale via Pawning

1. Farmer-beneficiary in need of cash offers to pawn his land to relatives or to a "rich" farmer or person.
2. Written contract or loan agreement is executed by the farmer-beneficiary and lender (or pawnee) and witnessed by the barangay chairman and/or BARC. If between relatives, a BARC clearance is not required.
3. The pawning contract is usually for 2 years.
4. Upon giving the cash loan, the lender takes over the cultivation of the land or hires laborers ("porsiyentohan") to work on the farm.
5. The loan remains outstanding until the farmer-beneficiary repays the loan.
6. Farmer-beneficiary may draw additional loan from the land in which case, the lender may require that a waiver of rights be executed.
7. If the farmer is unable to pay the large loan for a long time, the pawnee offers to buy the land.
8. If the farmer-beneficiary agrees, the documentation for the sale transaction is started.

Sale via Land Conversion

1. A buyer convinces the farmer-beneficiary to sell his land usually by offering a price above the current market price of the land.
2. If the beneficiary agrees to the price, the buyer prepares the documents for land conversion with the farmer-beneficiary as applicant.
3. DAR evaluates and approves land conversion.
4. Upon conversion, the buyer registers the land transfer in the Registry of Deeds.

Banking on the benefits of English as a common language for APEC

English language skill has become more valuable with the continuing human migration and international trade among countries around the world, specifically in the Asia-Pacific region. Knowledge of English will definitely make way for effective communication among people with different languages and is an important tool to foster linkages for economic development and use of new technologies.

Why English?

While ranking only second in terms of number of users, English is more widely distributed than all other languages in the world. It is the official language in 52 countries as well as in a number of colonies and territories. English is also the language used for communication among embassies in many countries.

In “English as the language of trade, finance and technology in APEC: an East Asia perspective,” authors Dorothea C. Lazaro and Erlinda M. Medalla, PIDS research analyst and senior research fellow, respectively, em-

phasized how the use of English as a common language could help bridge language barriers and build mutual understanding and cooperation among the member countries of the Asia-Pacific Economic Cooperation (APEC).

APEC has 21 members (see photo). The majority of these member-economies use English as their official business language.

Knowledge of English in the local workforce of a country is undeniably a competitive advantage. Specifically in outsourcing industries such as contact centers, the Philippines and India have widely benefited from having a relatively larger pool of fluent English-speaking workers.

The A.T Kearney’s 2004 Offshore Location Attractiveness Index noted that Asian countries like India ranks first; China, second; Malaysia, third; Singapore, fifth; and the Philippines, sixth and are the prime movers in the Top 10 most attractive offshore destinations.

Now widely used for conducting business and even education, the Internet carries content mostly in the English language. English is also the main language in the field of research and development as well as in science and technology. English language skill is also needed to acquire knowledge in information and communication technology (ICT).

ICT is regarded as one of the main drivers of globalization. While globalization has reduced the distance among countries, a common language such as English will further enable the virtual economic integration across space because of ICT.



<http://www2.embachile-australia.com/en/bilateral/images/Apecmapa.jpg>



English is the main language in the fields of research and development, science and technology and in the information and communication technology.

Meanwhile, ICT-based language learning through satellite, computer, video/television, and distance technologies facilitates promotion and usage of the English language.

Current initiatives

Seeing the invaluable role of the English language in trade, technology, and economic integration, the teaching of English as a foreign language has steadily increased among non-English-speaking APEC member countries such as Japan, Hong Kong, Korea, and China.

There has also been a shift of emphasis in the teaching of English, from grammar and translation to communication, as English becomes a working and official business language.

In Japan, globalization pressures and company restructuring have heightened the daily usage of English within companies. In line with this, the English for Specific Purposes (ESP) training, which aims to improve English communication in specific professions, came into fruition. Examples include English for Medical Professionals, English for Legal Professionals, English for Certified Public Accountants (CPAs), and English for Academic Preparation.

The Japanese with English Abilities (JEA) is a five-year action plan that started in 2003.

It has two components: the English language abilities required for all Japanese people and the English language skills required for people in specialized fields and involved in international settings.

Meanwhile, China is aggressively implementing its own English proficiency training program to become more competitive in the contact center industry. Foreign teachers of English are now being employed in universities and colleges. In 2001, an option was introduced to engage students to learn English as early as in the primary school.

Taiwan for its part has largely followed the American education system. English is a compulsory subject in junior and senior high school. A Nine-Year Integrated Curriculum Plan started in 2001 also made significant changes in education objectives and redefined the starting age of learning English as a foreign language.

In Hong Kong, the government has encouraged secondary schools since 1987 to employ native English speakers as teachers. In 1998-1999, an enhanced native English teacher scheme was also introduced to provide all public secondary schools with native English teachers.

On the other hand, Singapore has long adopted English as its primary language.

English is the compulsory medium of instruction in all subjects at all levels. Employers are also encouraged to enroll their workers in nonformal basic education such as the Basic Education for Skills Training (BEST) program that gives basic literacy and numeracy training and the Worker Improvement through Secondary Education (WISE) program that provides English and Math training to adults.

In Thailand, however, only a small percentage of the population can read and write in English. As more Thai workers realize the usefulness of English proficiency in the job market, many have begun to take interest in learning English but the main obstacle is the scarcity of English language centers and teachers. The Ministry of Education answered this need with its pilot project of special English program at the Burana School under the Ministry's General Education Department's "bi-ed" program. In 2002, the Education Reform Act was also enacted, which sought to prepare Thai students for the new economy by implementing a new curriculum that incorporated English education.

Meanwhile, the demand for English proficiency has increased in Malaysia since it became a high technology hub. Not only is English being taught in universities, it is also a compulsory subject at all levels and now the second language in all schools. It is also the language of instruction for Science and Math.

In Indonesia, English is widely used in Jakarta but not in other parts of the country. Although it is the only compulsory foreign language, the teaching of English in primary schools is still being debated even if it has been introduced as early as 1994.

In contrast, English is widely read, written, and spoken in the Philippines. It is used not only in schools but also in government and in legal transactions and business. It is said to be the Philippines' major advantage in attracting outsourcing businesses such as contact centers. However, this advantage is being threatened by the decline in the qual-

ity of education because of poor management and lack of funding for classrooms, teacher training, and books, among others.

The challenge ahead

There is no question about the importance of English as a common language of trade, finance, and technology in APEC. The challenge, however, lies in the smooth translation of this mantra into action.

The APEC Human Resources Development Working Group has endeavored to address the difficulties through capacity-building activities such as the establishment of an APEC Business School Network that will push for English as the official language for business in the APEC region.

For its part, the APEC Economic and Technical Cooperation (ECOTECH) has also listed in its priorities the promotion of knowledge-based economies; improvement of intellectual property rights facilitation, protection and enforcement; and implementation of the e-APEC Strategy, which seeks to achieve the goal of community-based Internet access for APEC's 2.5 billion people by 2010.

Support will also be provided for science and technology innovation, upgrading of the English language and computer skills in the workforce for an efficient use of the Internet, and promotion of cyber-education and ICT capacity building, including for small and microenterprises.

Workforce retraining is also critical for all APEC economies. According to the Labour and Social Protection Network (LSPN), the proposal to develop and disseminate digital English instruction media will enable workforces to access and benefit from the Internet and English-language printed materials.

It will also be wise to have a comparative study of the strategies used in each country to determine which among them have been useful and helpful in improving English proficiency. **CSM**

Experts underscore need to regulate financial conglomerates

Financial conglomerates (FCs) in the Philippines need to be regulated more efficiently in order to eliminate or reduce the potential risks of a financial crisis that may arise as a result of insufficient laws and supervision. The imposition of sufficient laws and supervision would ensure the soundness of these multifaceted businesses.

This was one of the major recommendations of the Asian Shadow Financial Regulatory Committee (ASFRC) in its statement on 5 February. The ASFRC is composed of 19 financial experts and economists from 12 countries that analyze developing trends in the financial services industry and make policy recommendations that promote and ensure public interest.

A financial conglomerate is a group of companies that have common ownership and control and are engaged in several services such as banking, insurance, and fund management. Prime examples of FCs in the Philippines are the Bank of the Philippine Islands and the Metropolitan Bank and Trust Co. According to the statement of the ASFRC, FCs “have become a popular form of financial business.” On account of their multiple services, FCs offer the benefits of economies of scope and scale. In the same vein, however, “they could generate potentially serious social costs . . . as a financial institution, it is exposed to all the problems arising from informational asymmetry. As a business group, it is also exposed to all the problems of business groups, particularly in Asian economies with opaque ownership, weak corporate governance, and inadequate legal systems.”

While there are laws and regulations concerning banks, insurance companies, and security firms, problems may arise when these merge into a conglomerate. The group said FCs “exacerbate the risk of contagion as problems in a company trigger a run on another affiliated company.” In addition, FCs aggravate “conflicts of interest, both in the marketing of financial products and in related-party financial transactions.” As such, there is a need to prevent the incidence of contagion, conflict of interest, and regulatory arbitrage.

According to the ASFRC, other countries have taken steps to supervise FCs more efficiently. The United States, for example, passed the Sarbanes-Oxley Act that imposes more disclosure of company ownership and greater independence of the board of



Members of the Asian Shadow Financial Regulatory Committee expressed concern that financial conglomerates in the Philippines must be efficiently regulated to reduce any potential risk of financial crisis.

directors. On the other hand, central banks in many Asian countries have approval powers over banks' boards and see to it that they have sufficient stature and independence. However, the ASFRC pointed out that "these measures can be inadequate when the legal and regulatory systems are weak and enforcement is unreliable." The ASFRC stated that the Philippines "must adapt (its) regulatory structures to address the new problems in corporate governance, capital adequacy, risk management, and transparency.

In view of this, the ASFRC recommended that a single regulatory body—"with authority and independence"—be appointed to review the corporate governance of FCs: look into the ownership structure and board of directors of each FC to ensure that each subsidiary has adequate capital, and "that the capital of one subsidiary is not entangled in obligations to another, possibly riskier, subsidiary." The regulatory body must also be "empowered to regulate the ownership of a bank to guard against effective control by a party that has an interest in securing related party loans."

Dr. Melanie Milo, PIDS senior research fellow, said that at the moment, the Bangko Sentral ng Pilipinas (BSP) may fit the bill of a "super-regulator." She said the BSP has been aggressive enough in regulating FCs but she conceded that there are limits to what the BSP can accomplish since other components of the FCs are regulated by other bodies such as the Securities and Exchange Commission (SEC) and the Insurance Commission (IC). This, according to Dr. Milo, is a potentially weak point.

In response to the statement of the ASFRC, BSP Governor Amando Tetangco said that the central bank is open to setting up an integrated regulatory body that will supervise FCs. He said an integrated body that includes the IC and SEC can be formed immediately by formalizing the "Financial Sector Forum" composed of the BSP, IC, and SEC. The three regulatory bodies earlier signed a memorandum of understanding that enables them to coordinate efforts to monitor the financial sector, including the activities of financial conglomerates.

BFG

Philippines' hybrid rice program unsuccessful

A new study released by PIDS under its research paper series shows that the Philippines' Hybrid Rice Commercialization Program, for which the government poured in substantial resources (at least 10 billion pesos), has failed to meet its objectives. Dr. Cristina David, PIDS senior research fellow, conducted the study.

According to David, the farmer's adoption rate has remained low, at only about 5 percent of the total rice area, despite concerted efforts and massive subsidies. The reason: most rice farmers did not find the currently available hybrid rice varieties to be economically superior to inbred varieties. The yield advantage of hybrid varieties has not compensated for the higher cost of seeds, labor, and other inputs these varieties usually require.

To continue using hybrid varieties, farmers should purchase the seeds every cropping season unlike the inbred varieties which they can grow.

The program has also been very costly given its highly subsidized approach and has, in certain instances, even created opportunities for corruption that weakened the quality of governance.

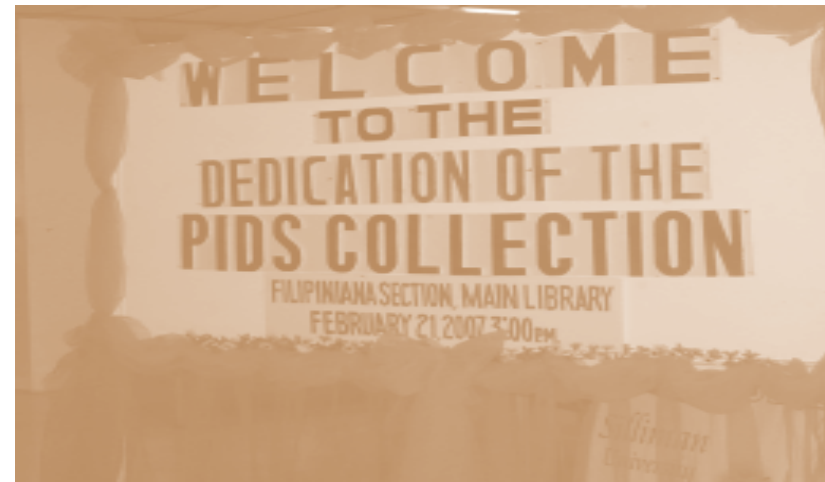
As a recommendation, David urged the government to quickly phase out the present system of subsidies on hybrid seeds, fertilizers, chemicals, and other agricultural inputs, which are all private goods. Public sector research and development, she said, must be focused on inbred varieties, with modest regular subsidy from the government. **DRN**



Third PIDS Corner Dedicated

A solemn but inspiring ceremony punctuated the dedication of the PIDS Collection/Corner at the Filipiniana section of the Silliman University Library last February 21. Located in Dumaguete City in the province of Negros Oriental, Silliman University—that “great university by the seas” and an internationally renowned institution of higher learning—becomes the PIDS’ third and latest partner in the setting up of a PIDS Corner consisting of the PIDS studies produced through the years for the purpose of making such studies more accessible to the reading public in areas outside of Metro Manila.

In his opening remarks, PIDS president, Dr. Josef Yap, thanked Silliman University officials for their warm welcome and special preparations for the dedication ceremony. He noted that he considers the university, as exemplified by one of its former presidents and distinguished alumni, Dr. Angel Alcala, as an institution with great minds and humble hearts, and that he is both proud and humbled by the



fact that PIDS is able to share its modest knowledge resources with this highly respected institution through its collection. He likewise expressed his wish to establish more collaborative activities between PIDS and Silliman University apart from the PIDS Corner/Collection and the SocioEconomic Research Portal for the Philippines (SERP-P) project where Silliman is a member and contributor.



Dr. Josef Yap, PIDS President; Dr. Betsy Joy Tan, VP for Academic Affairs of Silliman University; and Ms. Lorna Yso, Silliman University Librarian.

Meanwhile, PIDS Director for Research Information, Ms. Jennifer Liguton, enlightened the audience on the background and rationale of the PIDS Corner. She said it is both a dissemination strategy where PIDS research results are made more visible in various areas in the country especially at the local and community levels, and an outreach instrument where research materials focusing on policy development issues, in particu-

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Editor's Notes...from p. 1

While monitoring and controlling of evasion is important, equally crucial at this point is looking into the reasons why farmer beneficiaries of land reform are increasingly selling or mortgaging the lands awarded to them. Is this because they are unable to adjust to their new status as owner-cultivators? If this is the case, what happened to the package of support services that should have been made available to the beneficiaries? For farmers to truly appreciate landownership, it should translate to tangible economic and social benefits and to help them realize this, the government should see to it that they have access to credit, capital, technology, management skills, and marketing information. **DRN**

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PIDS corner... from p. 11

lar, those relating to economic concerns, are made available to researchers, students, faculty, and others in need of such information for planning and decision-making.

She also indicated that because PIDS cannot set up PIDS corners in so many libraries within the country due to budget limitations, they have to select sites based on certain guidelines. These include the strategic location of the institution/library; the relevance and use of the materials vis-à-vis the institutions' research interests and needs; the availability/nonavailability of similar types of materials in the area; and the maintenance/upkeep of the collection.

On the part of the University, Dr. Betsy Joy Tan, Vice President for Academic Affairs, thanked the PIDS for sharing its re-

search collection with the University. She acknowledged the contributions of PIDS as a research institution in the overall policy and decisionmaking process in the country and for its "empowering the frontiers of knowledge." She cited this newest addition to the Silliman Library collection, saying that "Silliman University is now more equipped in the task of improving the knowledge base of the students" and that the addition of the PIDS collection to the University is long overdue.

The ceremony proved to be very memorable to both the PIDS and Silliman officials and staff, what with the University Librarian, Ms. Lorna Yso, seeing to it that songs of praise and gratitude rendered in between presentations and speeches underscored the prevailing message of the day—sharing of each other's knowledge gifts. **DRN**