

Beyond 2000: Assessment of the Economy  
and Policy Recommendations  
– Dealing with Agrarian Reform

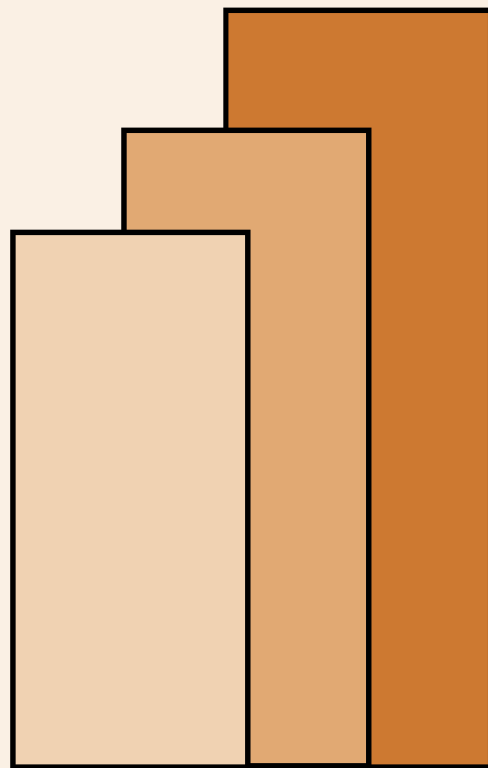
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**BEYOND 2000: ASSESSMENT OF THE  
ECONOMY AND POLICY  
RECOMMENDATIONS - SOCIAL SECTOR  
DEALING WITH AGRARIAN REFORM**

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# **BEYOND 2000: ASSESSMENT OF THE ECONOMY AND POLICY RECOMMENDATIONS - SOCIAL SECTOR DEALING WITH AGRARIAN REFORM**

## **1.0 INTRODUCTION**

Agrarian reform is an intervention to promote social justice aimed to equalize access to land. Its legal framework is anchored on the 1987 Philippine Constitution which states that:

*The State shall promote comprehensive rural development and agrarian reform (Article II, Sec. 21).*

*The State, shall by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers who are landless, to own directly or collectively the lands they till, or in the case of other farmworkers, to receive a just share of the fruits, thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable extension limits as the Congress may prescribe, taking into account ecological, developmental or equity considerations, and subject to the payment of just compensation (Article XIII, Sec. 4).*

The Comprehensive Agrarian Reform Program (CARP) was brought to fore with the enactment of the Comprehensive Agrarian Reform Law (CARL), also known as Republic Act (RA) 6657. This law was enacted last June 10, 1988. Consistent with the Medium Term Philippine Development Plan under the Aquino and Ramos administration, the program is generally aimed at improving the lot of the Filipino farmers and alleviating poverty in the countryside.

## **1.1 Purpose of the Paper**

This paper is aimed at addressing the issue of whether agrarian reform as an intervention strategy has accomplished its goals and objectives. It is also aimed at assessing the impact of agrarian reform on the beneficiaries in terms of equity, productivity, savings, investment, and sustainable growth. Furthermore, it is aimed at coming up with policy directions and recommendations pertaining to the planning and implementation of agrarian reform in the Philippines.

## **1.2 Organization of the Paper**

The second part of the paper presents the conceptual framework which relates agrarian reform to the transformation of the rural economy. It discusses how agrarian reform can bring about development in the rural sector.

The third part of the paper presents agrarian reform (primarily the CARP) as an intervention to equalize access to land, and consequently provide access to other productive resources (i.e., labor and capital). It is focused on the program goals, objectives and targets, accomplishments, as well as the emerging issues and problems confronting program planning and implementation.

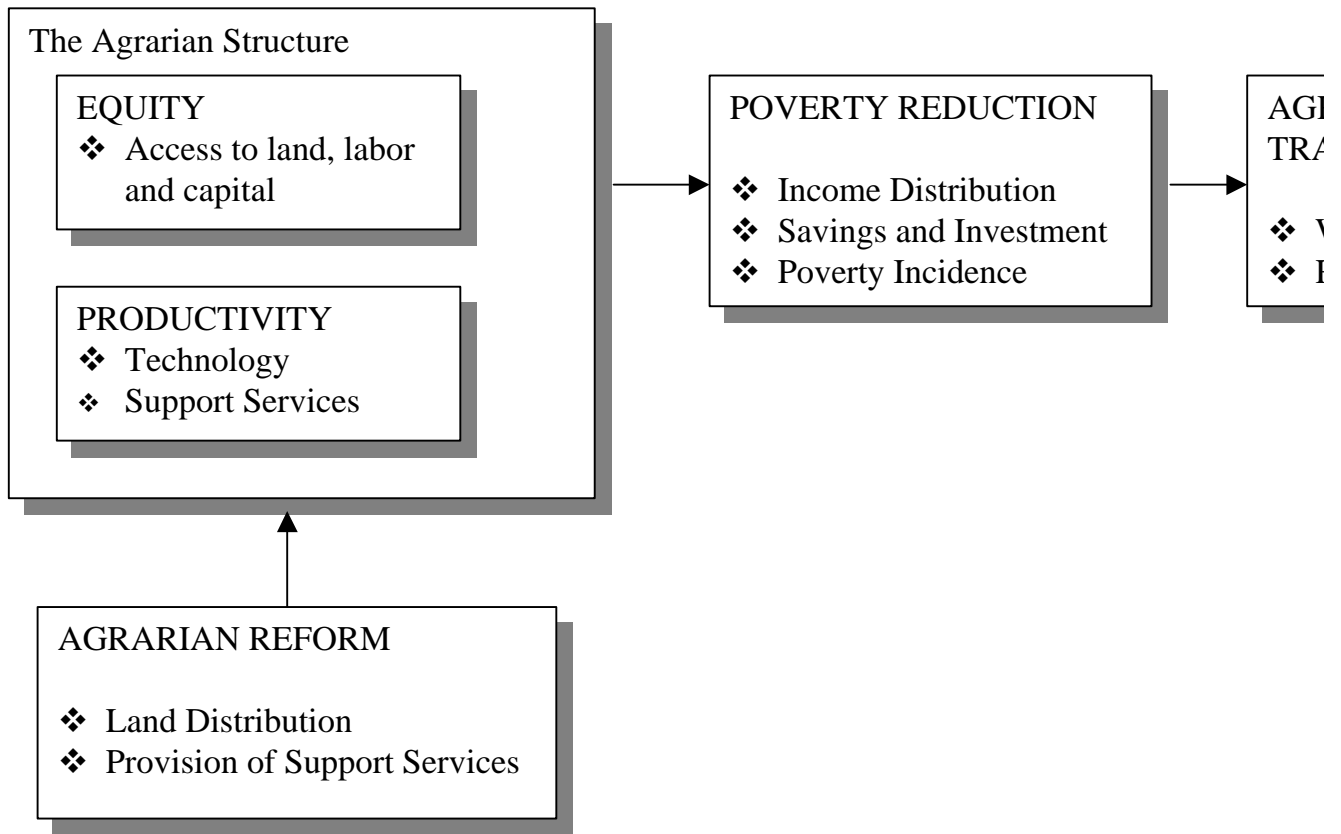
The fourth part of the paper presents some key performance indicators to analyze the current state of the beneficiaries of agrarian reform programs in the Philippines. Discussions were drawn mostly from research results of the Institute of Agrarian Studies – UP Los Baños.

The last part of the paper identifies policy directions and recommendations pertaining to the implementation of agrarian reform and how it affects the lives of the beneficiaries.

## **2.0 CONCEPTUAL FRAMEWORK**

Figure 1 presents the conceptual framework on the linkage between agrarian reform and the transformation of the rural economy. Through agrarian reform, lands are distributed and support services are provided to the agrarian reform beneficiaries (ARBs). Hence, ARBs get access to land, labor and capital. Moreover, their productivity levels are improved through the provision of support services and adoption of new technologies. As a consequence, incomes, savings and investment are increased while poverty incidence is decreased. With these, the welfare of the ARBs will improve thereby initiating rural development.

**Figure 1**  
**Conceptual Framework on Agrarian Reform and the Transformation of the Rural Economy**



### **3.0 THE COMPREHENSIVE AGRARIAN REFORM PROGRAM**

#### **3.1 Design and Implementation of the CARP**

##### ***3.1.1 Principles Behind Agrarian Reform***

The fundamental principle behind agrarian reform is social justice. This means democratization of income and wealth by equalizing access to land as the basic productive resource. Agrarian reform is also envisioned to be the foundation for the promotion of agri-industrialization.

Another principle being adopted in the implementation of agrarian reform in the Philippines is the provision of just compensation to landowners. This means that fair market value is primarily considered in the land valuation process. Furthermore, the involvement of both the farmer beneficiaries and landowners in the planning and implementation of agrarian reform is primordial, they being the principal actors of the program.

##### ***3.1.2 Enabling Laws to Implement Agrarian Reform***

Some of the more recent laws to implement agrarian reform program in the Philippines include:

**RA 3844.** This law, enacted in 1963, is an act to ordain the agricultural land reform code and to institute land reform in the Philippines, including the abolition of share tenancy and the channeling of capital into industry. It also stipulates the provision of the necessary implementing agencies and appropriation of funds for agrarian reform and other related purposes.

**PD 27.** Signed in 1972, this is an act emancipating the tenants from the bondage of the soil.

**RA 6657.** This is the act instituting the CARP to promote social justice and industrialization. The act also provides for the mechanism for its implementation and for other purposes.

### **3.1.3 Goals and Objectives of CARP**

The CARP has three major goals: (a) social justice or equity in terms of access to, use and control of land, (b) increase in productivity and income, and (c) development of beneficiaries into self-reliant farmers (PARC).

These goals could be related with the vision for CARP as contained in the strategy paper of the Asian Institute of Management (AIM) and adopted by the Department of Agrarian Reform (DAR):

*By the year 2000, a typical Filipino farmer will be a prosperous farmer with access to modern farming technology, farmer-controlled financial system, an efficient national marketing system, and a farmer-owned-and-run training and research center. His family will be gainfully employed in rural enterprises and industrial villages dispersed in the countryside.*

*The farmer's organizations and federation will be controlling forces in the area of production, marketing, and financing of the strategic farming businesses. By this time, there will be a reverse flow of resources. Whereas before the completion of a successful CARP, wealth was generated in the countryside but flowed in the urban centers, by then, wealth will be generated in the countryside and will be reinvented in the countryside.*

### **3.1.4 Components of the CARP**

The CARP consists of three key components namely: (a) land tenure improvement; (b) support services and productivity improvement; and (c) delivery of agrarian justice.

**Land tenure improvement** is being implemented through both the physical land transfer and non-land transfer activities. Physical land transfer entails the acquisition and distribution of private and state owned lands to qualified beneficiaries. Non-land transfer entails the improvement in the tenurial arrangements of farmers through the shift from share tenancy to leasehold, stock distribution option, production and profit sharing, among others.

A total of 8.2 million hectares are being targeted for acquisition and distribution under the CARP. These constitute about 83% of the total area of farmlands (about 9.9 million hectares) in the Philippines based on the 1991 Census of Agriculture.

**Support services and productivity improvement** involves the provision of extension services, credit, and infrastructure support, among others to farmer-beneficiaries of the program. These support services are being provided by the different government agencies implementing the CARP.

Through the years of CARP implementation, several strategies have been adopted to promote this component. At this point, the concept of the Agrarian Reform Community (ARC) is being adopted as a strategy to provide support services to beneficiaries of the program in key agrarian reform areas of the country. An ARC <sup>1/</sup> is a barangay at the minimum or a cluster of barangays where there is a critical mass of agrarian reform beneficiaries clamoring for the implementation of agrarian reform and where DAR shall focus holistic development efforts.

A total of 1,000 ARCs is envisioned to be established, with a total of half a million households all over the country. It is targeted that about 70% of these households will be alleviated from poverty after the implementation of the CARP.

**Delivery of agrarian justice** entails the settlement of cases which are related to landlord and tenant relationships. It also deals with cases pertaining to land valuation. It is targeted that the resolution of each agrarian case filed to be done within a period of less than a year.

### ***3.1.5 Scope and Coverage of CARP***

The CARP covers all agricultural lands regardless of crops planted and tenurial arrangements.

**Original Scope and Coverage.** At the onset of CARP implementation (1988), about 10.3 million hectares of agricultural lands have been initially targeted for acquisition for a period of 10 years, i.e., from 1988-1998. Of these, about 63% are under the jurisdiction of the DENR. The remaining 37% of the CARPable lands are under the jurisdiction of the DAR. The DAR is responsible for the acquisition and distribution of private agricultural

lands (the compensable lands) and non- private agricultural lands (mostly non-compensable such as settlements, landed estates, KKK lands). On the other hand, the DENR is responsible for the distribution of public alienable and disposable (A & D) lands and those covered by the Integrated Social Forestry (ISF) Program.

**Revised Scope and Coverage.** The original scope and coverage of CARP were validated through the CARP Scope Validation (CSV)<sup>21</sup> activity of the DAR. This activity was started late 1992. Initial CSV results led to a reduction of CARP scope and coverage to 7.2 million hectares. Further validation of CARP scope resulted to a slight increase of CARP scope and coverage to 8.2 million hectares (Table 1).

There is a significant decline in CARP scope and coverage by about 2.1 million hectares. This means a 20% reduction from the initial overall target for CARP. The decline in scope and coverage of the program is primarily due to a number of exemptions and exclusions identified during the process of program implementation.

Of the revised 8.2 million hectares of CARPable lands, the proportion under the jurisdiction of the DAR increased to 54%. This is because some of the public A & D lands initially identified as CARPable under the DENR have already been titled to private individuals and automatically fell under the DAR jurisdiction of compensable lands.

Private agricultural lands (PAL) under the jurisdiction of the DAR constitute 37% of the total CARP scope. These include tenanted rice and corn lands, Voluntary Offer to Sell (VOS), Voluntary Land Transfer (VLT), lands owned by government financial institutions (GFIs), lands under Compulsory Acquisition (CA), and areas under Commercial Farms Deferment (CFD). About 16% of the CARP scope under the DAR are classified as non-PAL such as settlements, landed estates and *Kilusang Kabuhayan at Kaunlaran* (KKK) lands.

Of the lands under the DENR jurisdiction (46% of the total), 31% are public A & D lands and 15% are under the Integrated Social Forestry (ISF) Program.

**Table 1**  
**CARP Scope by Land Type, DAR and DENR Jurisdiction**

Land Type	Scope	
	Area (has.)	Percent
<b>DAR</b>		
Tenanted Rice and Corn Lands	579,520	7
Voluntary Offer to Sell (VOS)	396,684	5
Voluntary Land Transfer (VLT)	305,488	4
Government Financial Institution (GFI)	229,796	3
Compulsory Acquisition - > 50 hectares	456,588	6
Compulsory Acquisition - > 24-50 hectares	312,355	4
Compulsory Acquisition -> 5-24 hectares	736,420	9
Deferred Commercial Farms (CFD)	35,365	*
Total Private Agricultural Lands (PAL)	3,052,486	37
KKK Lands	657,843	8
Settlements	608,559	7
Landed Estates	79,246	1
Total Non-PAL	1,345,648	16
<b>Total for DAR</b>	<b>4,398,134</b>	<b>54</b>
<b>DENR</b>		
Public A & D Lands	2,502,000	31
ISF Areas	1,269,411	15
<b>Total for DENR</b>	<b>3,771,411</b>	<b>46</b>
<b>Total CARP Scope</b>	<b>8,169,545</b>	<b>100</b>

\* less than 1%

Source of Data: DAR

**Phasing of CARP Implementation.** The CARP scope and coverage is further disaggregated by phase of implementation. Less than half (49% or about 2.2 million hectares) of the total target area, is under Phase I (Table 2). These include lands under OLT, VLT, and VOS, GFI-owned and KKK lands. These lands are scheduled to be acquired from June 1988 to June 1992.

About 26% of the CARPable lands (1.1 million hectares) are under Phase II. These include the landed estates, settlements, and private agricultural lands greater than 50 hectares. These lands are supposed to be acquired from June 1988 to June 1992. This is the same period as that of Phase I schedule.

**Table 2**  
**CARP Scope by Land Category and by Phase, DAR Jurisdiction**

Phase/Land Category	Scope	
	Area (has.)	Percent
Phase I (June 1988 - June 1992)	2,169,331	49
↗ Operation Land Transfer	579,520	13
↗ Voluntary Offer to Sell	396,684	9
↗ Voluntary Land Transfer	305,488	7
↗ GFI-owned	229,796	5
↗ KKK Lands/EO448	657,843	15
Phase II (June 1988 - June 1992)	1,144,393	26
↗ Landed Estates	79,246	2
↗ Settlements	608,559	14
↗ Private Lands > 50 has.	456,588	10
Phase III (June 1992 - June 1998)	1,048,775	24
↗ Private Lands > 24 - 50 has.	312,355	7
↗ Private Lands > 5-24 has.	736,420	17
Phase IV	35,635	1
↗ Deferred Commercial Farm	35,635	1
<b>Total</b>	<b>4,398,134</b>	<b>100</b>

*Source of Data: DAR*

About 24% (1 million hectares) of CARPable lands are under Phase III. These include private agricultural lands less than 24 to 50 hectares and more than 5 to 24 hectares. These are the medium-sized agricultural lands which are difficult to acquire because of strong resistance from the landowners. Nonetheless, these lands are supposed to be acquired and distributed from June 1992 to June 1998.

Starting 1998, deferred commercial farms will already be covered by CARP. These are now considered under Phase IV of program implementation. Some 35,000 hectares of commercial farms (or barely 1% of the CARP target) are being targeted for acquisition and distribution under this phase. Included under these commercial farms are the more efficient plantations of commercial crops in the country. Resistance from acquisition and distribution of these farms stems from the possibility of disrupting existing farm operations and declining productivity and profitability once these lands are acquired and distributed.

The phasing of land acquisition and distribution by crop would be another aspect of assessing accomplishments of the CARP. It was not possible, though, because the data on LAD are not disaggregated by crop.

**Comprehensiveness of the CARP.** The 8.2 million hectares of agricultural lands as the total scope and coverage of CARP is still comprehensive if compared with the total area of farmlands in the country. As earlier mentioned, the total CARP scope constitutes about 80% of the total farmlands in the Philippines that would benefit about 38% of the total farming households in the country. Nonetheless, considering that still a significant proportion of the CARPable lands are privately owned and very difficult to acquire, the comprehensiveness of the program remains a matter of conjecture.

### ***3.1.6 Exemptions and Exclusions from CARP***

Initially, exemptions from CARP include only those lands identified for public use (as stipulated in RA 6657). However, there are additional exemptions and exclusions from the program to include livestock and poultry farms; prawn farms and fishponds; and agricultural lands approved for conversion by the DAR. Deferred commercial farms are temporarily excluded from program coverage. In addition, the provision on Sec. 20 of the Local Government Code pertaining to the reclassification of agricultural lands pose a big threat to the program scope and coverage.

**Livestock and Poultry Farms.** Sec. 3 of RA 7881 amends Sec. 11 of RA 6657, excluding commercial livestock, poultry and swine raising, and aquaculture, including fishpond and prawn farms that are due for coverage under the CARP after a ten-year deferment period <sup>3/</sup>. DAR Administrative Order (A.O.) No. 9, S. 1993 enumerates the rules and regulations governing the exclusion of agricultural lands used for livestock, poultry and swine raising from the coverage of CARP. However, certain conditions have to be met (i.e., animal population per unit area) for the said farms to remain excluded from CARP coverage.

**Prawn Farms and Fishponds.** Sec. 2 of RA 7881 which amends Sec. 10 of RA 6657 exempts private lands actually, directly and exclusively used for prawn farms and fishponds as of March 12, 1991, provided that said lands have not been distributed and no Certificate of Land Ownership Awards (CLOAs) have been issued to ARBs. Rules and regulations on the exclusion of

fishpond and prawn farms CARP are contained in DAR A.O. No. 8, S. 1995.

**Land Use Conversion.** Applications for the conversion of agricultural lands to non-agricultural uses are being processed by the DAR (Table 3). From 1987 until March 1997, a total of 63,286 hectares of agricultural lands have already been applied for conversion with the DAR. The bulk of these applications (51% or 32,063 hectares) are covered by Department of Justice (DOJ) Opinion No. 44. It states that lands classified as non-agricultural prior to June 15, 1988 remain to be classified as such, although the current use is agricultural. Some 29% (18,657 hectares) of the total area applied for conversion were approved, while some 15% are being processed. There is only a 5% rate of disapproval of land use conversion applications.

Most of the applications for land use conversion are in Regions IV and III. Particularly, these are in the provinces of Laguna, Cavite, Pampanga and Tarlac. Pending applications for land use conversion are mostly in the CALABARZON areas and the provinces of Pampanga and Tarlac.

**Deferred Commercial Farms.** Farms planted to commercial crops are temporarily excluded from acquisition and distribution. Commercial farms with approved application for deferment from CARP will be acquired and distributed from 1998 onwards.

To date, some 58,000 hectares of commercial farms have been approved for deferment from acquisition and distribution (Table 4). These farms are mostly planted to banana, rubber, palm oil, citrus, mango, coffee and cacao, among others. Some 30,000 hectares of poultry and livestock farms, as well as aquaculture farms had applications for deferment before, but applied for exemption and exclusion from CARP under certain provisions of RA 7881.

Nonetheless, results of the study on CFD (Bravo, Pacificador and Pantoja et. al)<sup>4/</sup> showed that a significant proportion of commercial farms deferred under the CARP have already been subjected to compulsory acquisition, voluntary offer to sell and voluntary land transfer. Some of these lands have already been converted to non-agricultural uses, while some have already been subdivided among the children of the landowners.

**Table 3**  
**Countrywide Land Use Conversion Status, by Region,**  
**As of 31 March 1997**

Region	Approved		Disapproved		DOJ Opinion		Under Process		Total	
	No. of Applications	Area in has.	No. of Applications	Area in has.	No. of Applications	Area in has.	No. Of Applications	Area in has.	No. Of Applications	Area in has.
<b>Philippines</b>	1,656	18,657.1675	118	3,079.2692	869	32,062.9463	513	9,486.2315	3,156	63,285.6145
<b>CAR</b>	24	49.8420	2	1.1684	3	15.7137	8	29.7602	37	96.4843
<b>I</b>	56	174.5719	6	7.1721	2	144.4974	6	86.5813	70	412.8227
<b>II</b>	177	189.0186	5	10.9204	21	43.3265	4	25.5153	207	268.7808
<b>III</b>	207	2,758.1805	18	1,113.7973	70	2,598.7069	68	1,948.8284	363	8,419.5131
<b>IV</b>	561	8,680.0467	32	461.6111	551	21,383.9457	166	3,660.2289	1,310	34,185.8321
<b>V</b>	78	466.4595	8	138.7191	26	390.3535	39	616.8945	151	1,612.4266
<b>VI</b>	99	1,590.6178	9	408.5870	70	1,253.0961	78	1,492.7880	256	4,745.0889
<b>VII</b>	49	294.3923	5	197.0978	18	205.3790	32	315.6120	104	1,012.4811
<b>VIII</b>	26	90.1908	2	90.2521	23	1,024.0048	7	16.5546	58	1,221.0023
<b>IX</b>	20	240.8610	0	0.0000	5	37.6437	9	42.6073	34	321.1110
<b>X</b>	105	1,096.3338	15	287.3619	14	3,450.5353	35	346.5206	169	5,180.7516
<b>XI</b>	194	2,572.6704	16	362.5820	58	1,417.9667	51	862.9914	319	5,216.2105
<b>XII</b>	59	449.3714	0	0.0000	8	97.7780	8	24.7249	75	571.8743
<b>XIII</b>	1	4.6108	0	0.0000	0	0.0000	2	16.6241	3	21.2349

Source of Data: DAR

**Table 4**  
**Accomplishment on Commercial Farms Deferment**  
**As of End of December 1996**

Region	No. of CFD Applications									
	Filed		Processed		Approved		Disapproved		Exempted	
	No.	Area (Ha.)	No.	Area (Ha.)	No.	Area (Ha.)	No.	Area (Ha.)	No.	Area (Ha.)
<b>Philippines</b>	4675	219,580.4507	4,444	198,405.8635	1,619	58,402.1423	2,460	109,785.4497	365	30,218.2715
<b>I</b>	100	3,851.3220	87	3,422.9065	31	1,084.2762	52	1,988.2744	4	350.3559
<b>II</b>	64	11,163.0611	59	3,429.9750	5	181.2828	43	2,725.0463	11	523.6459
<b>CAR</b>	15	820.2122	15	819.4119	8	172.3114	5	106.0726	2	541.0279
<b>III</b>	650	26,589.2828	610	25,975.9264	317	13,174.3609	235	10,529.3248	58	2,272.2407
<b>IV</b>	645	28,367.5736	605	22,729.3378	127	3,551.1479	415	14,139.6529	63	5,038.5370
<b>V</b>	179	19,054.0592	166	17,992.6470	5	169.9700	112	10,178.3927	49	7,644.2843
<b>VI</b>	655	24,129.8635	649	23,216.3181	295	6,978.1750	345	15,993.2454	9	244.8977
<b>VII</b>	184	7,291.4256	179	7,184.0651	27	1,082.5078	146	5,799.2400	6	302.3173
<b>VIII</b>	111	12,772.1280	89	11,108.5051	19	1,647.1098	45	4,216.4689	25	5,244.9264
<b>IX</b>	419	24,467.6741	419	24,439.5200	107	5,751.7700	249	16,415.5300	63	2,272.2200
<b>X</b>	268	9,564.7570	268	9,538.7859	108	2,123.3424	152	7,075.0564	8	340.3871
<b>XI</b>	1,093	38,580.0415	1,086	37,896.7410	475	17,731.6325	552	15,619.6436	59	4,545.4649
<b>XII</b>	214	9,227.8139	134	7,138.4280	69	4,195.1031	57	2,045.3585	8	897.9664
<b>CARAGA</b>	78	3,701.2362	78	3,513.2957	26	559.1525	52	2,954.1432	0	0.000

Source of Data: DAR

A critical issue on deferred commercial farms is how to sustain current productivity and profitability levels given the possibility of fragmenting the said farms under the CARP. Thus, alternative production arrangements such as contract growing and joint venture agreements maybe considered as options to address the issue being raised by the landowners and operators of the said commercial farms.

**Agricultural Lands for Reclassification.** Section 20 of the Local Government Code states that 5-15% of the total agricultural lands in the cities and municipalities could be reclassified by the local government units through the *Local Sanggunian*.

This would eventually mean conversion of lands for urban uses, depending on the extent of population growth. The reclassification of agricultural lands could eventually pose threats on the scope and coverage of the program.

A critical issue here is the technical validity and soundness of the land use plans to be prepared by the local government units in order to reflect the proper land use and preserve the prime agricultural lands.

## **3.2 Accomplishments Under the CARP**

### **3.2.1 Lands Acquired and Distributed**

**Accomplishments.** About 4.3 million hectares of agricultural lands have already been acquired and distributed under the CARP (Table 5). These include about 2.6 million hectares covered by the DAR and about 1.8 million hectares, by the DENR. The bulk of these lands were acquired and distributed from 1992 to 1996.

On the average, about 480,000 hectares of land were distributed per year. For the DAR, the average rate of acquisition of land is about 285,000 hectares per year; while for the DENR, about 196,000 hectares per year.

The accomplishments in land acquisition and distribution constitute about 53% of the total CARP scope and coverage. This means that the remaining 47% or about 3.8 million hectares are supposed to be acquired and distributed yet. Considering that the 10-year duration of program implementation is almost over, the accomplishments on CARP is rather low.

**Table 5**  
**CARP Land Acquisition and Distribution Status by Land Type,**  
**DAR and DENR Jurisdiction, 1972-1996**

Land Type	Scope (has.)	Accomplishment		Balance
		Area (has.)	%	
<b>DAR</b>				
Tenanted Rice and Corn Lands	579,520	500,643	86.39	78,877
Voluntary Offer to Sell (VOS)	396,684	265,744	66.99	130,940
Voluntary Land Transfer (VLT)	305,488	276,307	90.45	29,181
Government Financial Institution (GFI)	229,796	148,900	64.80	80,896
Compulsory Acquisition - > 50 hectares	456,588	74,687	16.36	381,901
Compulsory Acquisition - > 24-50 hectares	312,355	6,251	2.00	306,104
Compulsory Acquisition -> 5-24 hectares	736,420	20,483	2.78	715,937
Deferred Commercial Farms (CFD)	35,365	-		35,635
Total Private Agricultural Lands (PAL)	3,052,486	1,293,015	42.36	1,759,471
KKK Lands	657,843	606,347	92.17	51,496
Settlements	608,559	585,521	96.21	23,038
Landed Estates	79,246	77,206	97.42	2,040
Total Non-PAL	1,345,648	1,269,074	94.31	76,574
<b>Total for DAR</b>	<b>4,398,134</b>	<b>2,562,089</b>	<b>58.25</b>	<b>1,836,045</b>
<b>DENR</b>				
Public A & D Lands	2,502,000	927,734	37.08	1,574,266
ISF Areas	1,269,411	832,651	65.59	436,760
<b>Total for DENR</b>	<b>3,771,411</b>	<b>1,760,385</b>	<b>46.68</b>	<b>2,011,026</b>
<b>Total CARP</b>	<b>8,169,545</b>	<b>4,322,474</b>	<b>52.91</b>	<b>3,847,071</b>

*Source of Data: DAR*

**Remaining CARPable Lands.** For the DAR, the bulk of the unfinished business remains to be the compulsory acquisition of private agricultural lands. These are the lands greater than 50 hectares, greater than 5 to 24 hectares, and greater than 24 to 50 hectares in size, where only 16%, 3% and 2% respectively of the targeted lands have been acquired and distributed to beneficiaries. These are the small and medium - sized farms which would be very difficult to acquire not only because of disagreements on land valuation but also because of the strong resistance to CARP among landowners.

There are some 78,877 hectares of tenanted rice and corn lands (under the former PD 27) that still have to be acquired and distributed. These constitute the remaining 14% of the targeted areas under this land type. These are the lands which are supposed to have been acquired in 1972, i.e., some 25 years ago.

Moreover, even the non-compensable lands such as KKK lands and settlements are not spared from constraints related to land acquisition and distribution. Some 4-6% of the targeted area remain to be for distribution under the program.

For the DENR, the bulk of the backlog is on public A & D in which only 37% of the target areas have been distributed. This means a backlog of about 1.7 million hectares for distribution to beneficiaries. The process of acquisition and distribution of public A & D lands though is not as problematic for the DENR as with private agricultural lands for the DAR. The problems here would mostly be on boundary conflicts and those related to documentation.

For ISF areas, some 436,000 hectares of land are for still for distribution to potential beneficiaries. These constitute about 35% of the targeted area for distribution.

#### **CARP Accomplishments by Phase of Implementation.**

Another way of assessing the accomplishments on CARP is by looking at whether the targets have been met by phasing of operation for lands under the DAR jurisdiction.

Under Phase I of the program, about 83% of the target have been met (Table 6). The backlogs here are mostly on lands under the Voluntary Offer to Sell. Under Phase II, about 64% of the target have been accomplished. While the distribution of landed estates and settlements are almost done, the balance is mostly on private lands more than 50 hectares. Only 16% of the CARPable lands have been accomplished under this land category. Phase III has very low accomplishment at less than 3% of the target. These are the private agricultural lands that are less than 50 hectares.

**Table 6**  
**Land Acquisition and Distribution by Land Category and by Phase,**  
**DAR Jurisdiction, 1972-1996**

Phase/Land Category	Scope (has.)	Accomplishment		Balance
		Area (has.)	%	
<b>Phase I (June 1988 - June 1992)</b>	2,169,331	1,797,941	82.88	371,390
☞ Operation Land Transfer	579,520	500,643	86.39	78,877
☞ Voluntary Offer to Sell	396,684	265,744	66.99	130,940
☞ Voluntary Land Transfer	305,488	<sup>1/</sup> 276,307	90.45	29,181
☞ GFI-owned	229,796	148,900	64.80	80,896
☞ KKK Lands/EO448	657,843	606,347	92.17	51,496
<b>Phase II (June 1988 - June 1992)</b>	1,144,393	737,414	64.44	406,979
☞ Landed Estates	79,246	<sup>2/</sup> 77,206	97.42	2,040
☞ Settlements	608,559	<sup>3/</sup> 585,521	96.21	23,038
☞ Private Lands > 50 has.	456,588	74,687	16.36	381,901
<b>Phase III (June 1992 - June 1998)</b>	1,048,775	26,734	2.55	1,022,041
☞ Private Lands > 24 - 50 has.	312,355	6,251	2.00	306,104
☞ Private Lands > 5-24 has.	736,420	20,483	2.78	715,937
<b>Phase IV</b>	35,635			35,635
☞ Deferred Commercial Farm	35,635			35,635
<b>Total</b>	4,398,134	2,562,089	58.25	1,836,045

<sup>1/</sup> Additional target of 20,476 hectares for the years 1997-1998 were added to the officially adopted interim working scope of 284,142 hectares

<sup>2/</sup> Excess accomplishment of 7,083 hectares and additional target of 2,040 hectares for the years 1997-1998 were added to the officially adopted interim working scope of 70,173 hectares

<sup>3/</sup> Excess accomplishment of 10,189 hectares and additional target of 23,038 hectares for the years 1997-1998 were added to the officially adopted interim working scope of 566,332 hectares

*Source of Data: DAR*

An assessment of the accomplishments in terms of crops covered is not possible given that the DAR do not have any data on the targets and accomplishments by type of crop planted.

Delays in the implementation of CARP could partly be attributed to the observance of due process of law in land acquisition and distribution. This is because the CARP is being implemented under the legal democratic framework. For instance, on matters related to land valuation, concerned landowners could file protests if values attached to their properties covered by the program are unacceptable to them. This leads to agrarian cases to resolve issues on land valuation. While lands could be distributed even with pending protests from concerned landowners, there could be delays in terms of the payment of land amortization by the farmer beneficiaries.

**Directions on Land Acquisition and Distribution.** The question on whether CARP will be continued after 1998 has already been answered. By virtue of the recent issuance of DOJ Opinion No. 9, S. 1997, the implementation of the program after 1998 is merely directory. This means that the concerned implementing agencies will continue to implement agrarian reform after 1998. Projections made by the DAR for the period 1997-2004 are concentrated on the acquisition and distribution of private agricultural lands and deferred commercial farms (Table 7). The target is to acquire a total of about 1.8 million hectares of land under the jurisdiction of the DAR. It is being projected that the acquisition of lands under Phase I will be finished in 1999; Phase II in 2001; Phases III and IV in 2004.

A new development, though, is the enactment of RA 8532 last February 11, 1998. This act strengthens further the CARP by providing additional PhP 50B to the ARF to implement the CARP until 2008. Moreover, a yearly appropriation of PhP 3B from the General Appropriations Act has also been provided for.

On the average, about 229,000 hectares are being targeted by the DAR for acquisition from 1997-2004. This maybe comparable with the previous accomplishments (i.e., 1972-1996). However, it has to be emphasized that the remaining agricultural lands would be very difficult to acquire. This means really exerting a lot of efforts on the part of the implementing agencies to acquire these lands.

**Table 7**  
**CARP Land Acquisition and Distribution Projections,**  
**DAR, 1997-2004**

Phase/Land Category	Balance End of 1996 <sup>1/</sup>	Targets							
		1997	1998	1999	2000	2001	2002	2003	2004
<b>Phase I (June 1988 - June 1992)</b>	371,390	120,281	82,510	168,599	0	0	0	0	0
⌘ Operation Land Transfer	78,877	20,317	18,145	40,415	0	0	0	0	0
⌘ Voluntary Offer to Sell	130,940	47,813	37,697	45,430	0	0	0	0	0
⌘ Voluntary Land Transfer	29,181	25,828	3,353	0	0	0	0	0	0
⌘ GFI-owned	80,898	13,460	18,882	48,554	0	0	0	0	0
⌘ KKK Lands/EO448	51,496	12,863	4,433	34,200	0	0	0	0	0
<b>Phase II (June 1988 - June 1992)</b>	406,979	54,372	77,187	50,000	150,420	75,000	-	-	-
⌘ Landed Estates	2,040	946	1,094	0	0	0	0	0	0
⌘ Settlements	23,038	6,918	16,120	0	0	0	0	0	0
⌘ Private Lands > 50 has.	381,901	46,508	59,973	50,000	150,420	75,000	0	0	0
<b>Phase III (June 1992 – June 1998)</b>	1,022,041	70,347	35,137	21,401	79,111	175,000	250,000	250,000	141,045
⌘ Private Lands > 24 - 50 has.	306,104	28,405	24,841	15,000	75,000	162,858	0	0	0
⌘ Private Lands > 5-24 has.	715,937	41,942	10,296	6,401	4,111	12,142	250,000	250,000	141,045
<b>Phase IV</b>	35,635		5,166	10,000	20,469	0	0	0	0
⌘ Deferred Commercial Farm	35,635		5,166	10,000	20,469	0	0	0	0
<b>Total</b>	1,836,045	245,000	200,000	250,000	250,000	250,000	250,000	250,000	141,045

<sup>1/</sup> Includes lands of about 554,000 hectares that are problematic

Source of Data: DAR

### **3.2.2 Number of Farmer-Beneficiaries with Land Titles**

Under the CARP, farmers are issued Emancipation Patent (EP) or Certificate of Land Ownership Award (CLOA). Under the previous agrarian reform program, though, beneficiaries of settlements were issued Homestead Patents. Beneficiaries of landed estates were given Deed of Sale documents.

Emancipation Patent is the title of land issued to the tenant upon fulfillment of all the requirements of the government. It is the proof of the tiller's full emancipation from the bondage of tenancy. As of 1996, a total of 405,920 ARBs were issued EPs (Table 8). Majority of the recipients are beneficiaries of non-compensable lands. It could be noted here that some of the EP holders are beneficiaries of PD27 who were initially issued a Certificate of Land Transfer (CLT). A CLT is a certificate which guarantees ownership of the land of the farmer and which proves that he has started paying the taxes and amortization of the land.

**Table 8**  
**Number of Farmer-Beneficiaries, Distributed EPs and CLOAs, by Region and Province, 1996**

Region/Province	No. of Farmer Beneficiaries		
	CLOAs	EPs	All
<b>Philippines</b>	<b>405,920</b>	<b>1,582,840</b>	<b>1,988,760</b>
Region I	37,169	51,961	89,130
Ilocos Norte	2,188	10,750	12,938
Ilocos Sur	7,560	14,945	22,505
La Union	1,723	7,292	9,015
Pangasinan	25,698	18,974	44,672
Region II	71,852	61,486	133,338
Batanes	-	741	741
Cagayan	24,263	28,986	53,249
Isabela	45,162	19,040	64,202
Nueva Vizcaya	958	8,024	8,982
Quirino	1,469	4,695	6,164
CAR	1,451	27,527	28,978
Abra	304	8,554	8,858
Apayao	607	932	1,539
Benguet	211	5,639	5,850
Ifugao	144	6,247	6,391
Kalinga	152	3,470	3,622
Mt. Province	33	2,685	2,718
Region III	121,259	66,394	187,653
Bataan	1,365	9,281	10,646
Bulacan	7,555	11,718	19,273
Nueva Ecija (North)	45,716	10,127	55,843
Nueva Ecija (South)	20,809	7,944	28,753
Pampanga	18,395	9,172	27,567
Tarlac	25,759	8,627	34,386
Zambales	1,930	9,525	11,455
Region IV	24,516	106,994	131,510
Aurora	228	6,437	6,665
Batangas	3,675	10,726	14,401
Cavite	1,315	4,195	5,510
Laguna	1,523	4,410	5,933
Marinduque	464	23,451	23,915
Occ. Mindoro	6,998	10,019	17,017
Or. Mindoro	2,607	6,043	8,650
Palawan	506	13,542	14,048
Quezon I	2,272	9,632	11,904
Quezon II	1,142	13,152	14,294
Rizal	2,928	3,388	6,316
Romblon	858	1,999	2,857
Region V	39,435	49,598	89,033
Albay	12,165	12,234	24,399
Camarines Sur	16,724	14,475	31,199
Camarines Norte	832	4,332	5,164
Catanduanes	275	1,542	1,817
Masbate	4,477	11,160	15,637
Sorsogon	4,992	5,765	10,757

**Table 8**  
**Continued**

Region/Province	No. of Farmer Beneficiaries		
	CLOAs	EPs	All
Region VI	25,165	90,537	115,702
Aklan	432	15,299	15,731
Antique	963	7,176	8,139
Capiz	6,714	8,908	15,622
Guimaras	1,557	4,781	6,338
Iloilo	8,483	13,040	21,523
Negros Occ.	7,466	41,333	48,799
Region VII	14,488	32,825	47,313
Bohol	4,546	6,465	11,011
Cebu	4,053	3,786	7,839
Negros Oriental	5,889	22,502	28,391
Siquijor		72	72
Region VIII	16,109	60,667	76,776
Biliran	933	2,409	3,342
Eastern Samar	325	11,606	11,931
Leyte	10,975	25,410	36,385
Northern Samar	987	4,020	5,007
Western Samar	2,058	11,423	13,481
Southern Leyte	831	5,799	6,630
Region IX	8,168	88,060	96,228
Basilan	114	10,681	10,795
Zamboanga del Norte	2,272	24,948	27,220
Zamboanga del Sur	5,710	49,149	54,859
Region X	9,286	548,513	557,799
Bukidnon	5,736	531,047	536,783
Camiguin	213	4,794	5,007
Misamis Occ	1,566	1,543	3,109
Misamis Or.	1,771	11,129	12,900
Region XI	12,421	108,249	120,670
Davao City	974	6,719	7,693
Davao Oriental	623	13,944	14,567
Davao Province			
Davao del Sur	1,198	19,143	20,341
Saranggani	1,872	5,092	6,964
South Cotabato	4,516	29,642	34,158
CARAGA	4,698	204,983	209,681
Agusan del Norte	1,565	7,936	9,501
Agusan del Sur	1,369	174,648	176,017
Surigao del Norte	639	10,532	11,171
Surigao del Sur	1,125	11,867	12,992
ARMM			
Sulu	72	1,475	1,547
Tawi-tawi	-	1,807	1,807
Maguindanao			

Source of Data: DAR

A CLOA is a document evidencing ownership of the land granted to the beneficiary by DAR, and contains the restriction and conditions provided for in RA 6657 and other applicable laws. As of 1996, some 1.6 million farmer-beneficiaries were given CLOAs.

### **3.2.3 Land Valuation**

The issue on land valuation has always been a point of contention among landowners. More often, concerned landowners contest the valuation being given their agricultural lands on the ground that values do not approximate the fair market value.

As provided for under RA 6657, a number of factors have to be considered in computing for land values. These include:

- cost of acquisition of the land;
- current value of like properties, its nature, actual use and income;
- sworn valuation by the owner;
- tax declaration;
- assessment made by government assessors;
- social and economic benefits contributed by the farmers; and
- non-payment of taxes.

As in other Asean countries, land valuation in the Philippines is heavily based on crop yields or productivity. Under PD 27, the land valuation formula used was:

$$LV = 2.5 \times AGP \times \text{Price of Paddy (1972)}$$

where: LV = Land Valuation  
AGP = Average Gross Production

This formula has been directly copied from the Taiwan agrarian reform program. Under RA 6657, land valuation has been based on a combination of crop yields (Asian countries) and comparable sales, market value, and assessment by government assessor. The latter considerations were the factors used in the land valuation among the Latin American countries that implemented agrarian reform.

The latest land valuation formula under RA 6657 is as follows:

$$LV = (CS \times 0.3) + (CNI \times 0.6) + (MVTD \times 0.1)$$

where LV = Land Valuation  
CS = Comparable Sales  
CNI = Capitalized Net Income  
MVTD = Market Value based on Tax Declaration

There are difficulties in the implementation of the above formula. The comparable sales data are not always available. According to the Land Bank, only about 20 % of the claimholders of landowners previously processed had data on comparable sales. This implies the very limited buying and selling land transactions in the country.

In the absence of CS data, the weight of CNI increases to 90%. Thus, the land valuation formula approximates the income earning capacity of the land, i.e., considering the productivity and profitability of the farming enterprise. Nonetheless, there are difficulties in the computations of CNI because of problems on gathering of realistic and valid production and cost of operations data.

The adoption of the new land valuation formula led to the increased acceptance among two out of three landowners (out of 472 claims) (Figure 2). Accordingly, land values increased by 50% compared with the adoption of an earlier formula under RA 6657 (Cornista and Bravo, 1994).

The above discussions imply that land valuation under agrarian reform program should always consider the interests of the landowners, affordability of farmer-beneficiaries and ability of the government (given the financial resources) to pay for landowners' compensation.

Given the agrarian reform program in the Philippines, the buying and selling of agricultural lands beyond the landowners' retention limits are not allowed. In cases of agricultural land sales transactions, the DAR issues certification that lands being sold are not covered by the CARP. Thus, with agrarian reform, land markets are quite distorted.

**Figure 2**  
**Money Rather Than Blood - Buying Out Landowners**  
**Land Valuation for CARP**

	Formula	Value of Land Per Hectare
PD 27	2.5 x Ave. Gross Prod'n x Price of Paddy (1972)	P5,377
CARL (Old Formula)	(CS x 0.3) + (CNI x 0.4) + (MV x 0.3)	P14,201
CARL (New Formula)	(CS x 0.3) + (CNI x 0.6) + (MV x 0.1)	Up to 50% ; 472 claims; acceptable to 2/3 landowners

*Source: Cornista and Bravo, 1994*

### **3.2.4 Agrarian Reform Models**

Under the CARP, there are agrarian reform models other than individual ownership and actual cultivatorship of land. Among these options are the (a) stock distribution option (SDO), (b) leaseback arrangement, and (c) leasehold arrangement (Cornista and Bravo, 1994). A comparison of these agrarian reform models is presented in Figure 3.

**Stock Distribution Option.** Chapter VII Sec. 31 of the CARL states that corporate landowners who voluntarily divest a portion of their capital stock, equity or participation in favor of their workers and other qualified beneficiaries are deemed to have complied with the law, subject to certain conditions. Under the stock option, land as a corporate asset is being considered in the computation of the value and number of shares of stocks for distribution to farmer-beneficiaries.

There are certain variations as to the implementation of the stock option. There are corporations who divested their stocks to individual farmworker-beneficiaries, while there are corporations who distributed the shares of stocks to cooperatives of CARP beneficiaries.

**Figure 3**  
**Comparison of Selected Agrarian Reform Models**

MODEL/FEATURES	BENEFITS	CRITIQUE
<p>1. Stock Ownership (Hacienda Luisita)</p> <ul style="list-style-type: none"> <li>• Dist'n of 1/3 of corporate stocks corresponding to value of land (excluding standing crop)</li> <li>• 3% share of gross value of prod'n</li> <li>• Homelots</li> </ul>	<ul style="list-style-type: none"> <li>• 1/3 stock ownership dividends based on retained earnings</li> <li>• 4 reps to the BOD</li> <li>• 3% prod'n share - P1,200/FWB/yr</li> <li>• Homelots (220-240 sq.m.)</li> </ul>	<ul style="list-style-type: none"> <li>• Inability to gain majority control</li> <li>• Uncertainty of receiving shares of stocks</li> <li>• No guarantee of receiving dividends</li> <li>• Homelots good only while FWBs work on hacienda</li> </ul>
<p>2. Leaseback Arrangement (Del Monte Phil. Inc.)</p> <ul style="list-style-type: none"> <li>• Organization of FWBs to coop (DEARBCI)</li> <li>• Lease rental of 3,000/ha/yr for 10 years</li> <li>• Prod'n bonus</li> </ul>	<ul style="list-style-type: none"> <li>• Dividends from coop</li> <li>• Prod'n and profit shares</li> </ul>	<ul style="list-style-type: none"> <li>• Non-inclusion of non-DMPI employees as beneficiaries</li> <li>• Difficulty of negotiating new rates (renewal)</li> <li>• Complete take-over and contract growing</li> </ul>
<p>3. Leasehold (Balayan, Batangas sugar-cane farmers)</p>	<ul style="list-style-type: none"> <li>• Rent reduction to 25%</li> <li>• Flexibility in production decisions</li> <li>• Improvement of sharing system</li> </ul>	<ul style="list-style-type: none"> <li>• Long and tedious process</li> <li>• Slow decisions on protest by landowners</li> </ul>

*Source: Cornista and Bravo, 1994*

### **3.2.5 Other Agrarian Reform Models**

The joint venture agreement and contract growing schemes are two of the management options that could be adopted in the eventual acquisition and distribution of (deferred) commercial farms. A framework on the joint venture scheme has already been made by the Management Association of the Philippines and is now being subjected by the group to a number of discussions.

It could be said, though, that the financial, marketing, management and organizational viability, though, would depend on the scale of farm operation, level of capital and technology, farm size, type of crop, and level of processing, among others (Bravo, et. al., 1996).<sup>4/</sup>

### **3.2.6 Agrarian Reform Models in Other Countries**

The analysis of agrarian reform models could be drawn from the experiences of other countries.

In Peru, most of the expropriated lands were redistributed as production cooperatives called *Cooperativas Agrícola de Produccion* (CAPs) and *Sociedades Agricolas de Interes Social* (SAIS). The permanent workers of the CAPs as crop producing haciendas became the cooperative members and they worked the land together as a single production unit. On the other hand, the SAIS were organized from large livestock haciendas. The SAIS included ex-hacienda workers and members of surrounding peasant communities as beneficiaries (Thiesenhusen, 1989).

Nonetheless, while these haciendas were able to function as centralized production units, majority of them failed to become viable and thus became inefficient. This failure, though, was due to their bias on investment in urban industrial development and assured cheap foodstuff for the urban population. In addition, wages for laborers were so high and became more expensive because of the additional expenses for the provision of basic social services. These led to the parcellation into small peasant farms of the former CAPs and SAIS.

In Taiwan, though, beneficiaries of the agrarian reform program succeeded on their efforts in land consolidation. This is similar to the concept of “land banking” wherein the various small farms distributed under the agrarian reform program were consolidated into big farms in order to avail of economies of scale in terms of mechanization, spraying, harvesting, and postharvest activities.

The above results imply that the success of implementation of an agrarian reform model whether small or large, would depend on the financial, marketing, management and organizational viability of the farming enterprise.

### ***3.2.7 Institutional Mechanisms for CARP Implementation***

There are several coordinating bodies in the implementation of the CARP by virtue of RA 6657. The CARL mandates the creation of the Presidential Agrarian Reform Council (PARC) at the national level, Provincial Agrarian Reform Provincial Coordinating Committee (PARCCOM) at the provincial level, and the Barangay Agrarian Reform Committee (BARC) at the barangay level.

**The PARC.** The Presidential Agrarian Reform Council is the highest policy making body for the CARP. It is chaired by the President of the Philippines. The DAR Secretary serves as vice-chairman. The members of the PARC include the Secretaries of the DENR, Department of Trade and Industry (DTI), Department of Public Works and Highways (DPWH), Department of Budget and Management (DBM), Department of the Interior and Local Government (DILG), Department of Finance (DOF), Department of Labor and employment (DOLE); the Director General of National Economic and Development Authority (NEDA); President of the Land Bank of the Philippines (Land Bank); Administrator of National Irrigation Administration (NIA); three representatives of landowners (from Luzon, Visayas, Mindanao); and six representatives of agrarian reform beneficiaries (2 from each island grouping, with one representative from cultural communities).

There is a PARC Executive Committee (ExCom) which is in-charge of matters occurring between matters at the PARC. This is headed by the DAR Secretary. Its members are the Secretaries/Heads of the DA, DENR, DPWH, DTI, DBM, DOF, Land Bank, NEDA and the Executive Secretary of the PARC Secretariat. Whenever necessary, invited to meetings are other

members of the PARC, as well as Heads of the Land Registration Authority (LRA), Department of Transportation and Communication (DOTC), Presidential Commission on Good Government (PCGG), Asset Privatization Trust (APT), and National Statistics Office (NSO).

There is a PARC Technical Committee (TechCom) (composed of representatives from the PARC Executive Committee) which is tasked to study and deliberate on important policy-related matters prior to presentation to the ExeCom.

There is a PARC Secretariat that provides general support and coordinative services, program and project appraisal, and evaluation and monitoring for CARP. The PARC Secretariat is administratively attached to the DAR.

**The PARCCOM.** The chairman of the PARCCOM is appointed by the President of the Philippines, upon the recommendation of the PARC. The members include the DAR Provincial Agrarian Reform Officer (PARO), as the Executive Officer; one representative each from the DA, DENR, and Land Bank; one representative each from existing farmer's organizations, agricultural cooperatives and NGOs in the province; two representatives from landowners; two from farmers and farmworker beneficiaries; and one representative of cultural communities in case these exist in the province. Representatives from various sectors are elected by the various sectors.

The PARC Secretariat is currently in the process of energizing the PARRCOM in order to maximize their participation in CARP implementation. Efforts are being directed towards critically selecting the representatives to the Committee (specially the PARRCOM chairman to be recommended to the President) and further defining their roles in program implementation.

**The BARC.** The Barangay Agrarian Reform Committee is mandated to assist in the implementation of the CARP, expected to mediate and conciliate in agrarian disputes, assist in the identification of qualified beneficiaries and landowners, attest to the accuracy of the parcellary mapping of CARP lands, assist in obtaining credit, assist in the initial implementation of land values, help in the preparation of periodic reports on CARP, coordinate in the delivery of social services, and perform other functions as maybe assigned by the DAR.

Members of the BARC consist of seven (7) regular voting members and six (6) ex-officio non-voting members. The regular voting members include four representatives from the farmers and farmworker beneficiaries (landless farmworker, share-tenant, lessee, amortizing owner), one small owner-cultivator, one representative of cooperatives or farmers' association; and one representative from landowners. The ex-officio non-voting members include one representative each from the DAR (to act as secretary), DA, DENR, Land Bank, Barangay Council, and locally-based NGOs.

The institutional mechanism for CARP implementation seems to be ideal considering that there is broad representation from among the different sectors of the society - the government, landowners, farmer-beneficiaries, and the private sector. However, several issues have to be addressed in order to make the mechanism work.

CARP implementation has always been associated with the DAR, it being the lead agency. Nonetheless, it has to be considered that the focus of the DAR is primarily on land tenure improvement. While there is a Support Services Office at the DAR (lowest at the provincial level), the existing staff complement would not be sufficient to cater to the needs of the current agrarian reform beneficiaries. A lot would depend on the participation of the different CARP implementing agencies given their respective roles in program implementation as well as their own agency mandates. This calls for the need to synchronize the efforts of various CARP implementing agencies in the provision of support services. This means that the package of support services that will be provided has to be studied very carefully, if the intention is really to create an impact not only on the individual agrarian reform beneficiary but also on the agrarian communities. For instance, it is necessary to socially prepare the farmers both for land tenure and support services components of the program. It has to be emphasized that after distributing the lands to farmer-beneficiaries, they are supposed to be weaned from the patron-client relationship they experienced for many years. As such, an integration of the efforts of various government agencies and even NGOs participating in the program would be necessary. Furthermore, support services that have to be provided should be based on the actual needs of farmer-beneficiaries.

### 3.2.8 Funds for Agrarian Reform Program

**Funds Allocation.** Under the CARL, a total of PhP 50 billion have been allocated for the implementation of the program through the Agrarian Reform Fund (ARF). Of these, some PhP 48.7 B have been remitted to the National Treasury (Table 9). Most of the funds came from the sales of properties under the Asset Privatization Trust (APT) and those sequestered by the Presidential Commission on Good Government (PCGG).

**Table 9**  
**Status of Agrarian Reform Fund**

<b>Item</b>	<b>Amount (Billion Pesos)</b>
Initial ARF Allocation	P 50.00
Remitted to Bureau of Treasury (1987-1996) 1/	48.70
Released by DBM to Implementing Agencies 2/	47.57
Unreleased to CIAs	1.13
Unobligated 1987-94 Allotments Reverted to ARF	3.77
Available Balance, Ending 1996	4.91

1/ by APT, PCGG and others

2/ Actual obligation incurred = P38.3

*Source of Data: Presidential Agrarian Reform Council (PARC) Secretariat*

A total of PhP 47.56 B has been released to the different government agencies implementing the CARP. The bulk of these (45%) went to the Land Bank (Table 10). Some 30% went to the DAR. The other implementing agencies that received funds from CARP include DENR, LRA, NIA, DA, DTI, DOLE, DPWH, and TLRC.

**Table 10**  
**Status of Agrarian Reform Fund**  
**As of December 31, 1996**  
**(In Billion Pesos)**  
**(Preliminary)**

Item	1987-1995	1996	Total
A. Beginning Balance	-	9.240	-
B. Add: Total Remittances to BTr	47.927	0.772	48.699
APT	22.734	0.482	23.216 1/
PCGG	19.312	0.290	19.602
Others	5.881 2/	0.000 2/	5.881
C. Total Funds Available	47.927	10.012	48.699
D. Less: Released by DBM to Agencies			
Per Advice of Allotment/SARO	39.839	7.726	47.565 3/
DAR	12.119	2.052	14.171
LBP	16.815	4.617	21.432
DENR	2.137	0.216	2.353
LRA	0.280	0.084	0.364
NIA	2.832	0.484	3.316
DA	2.602	0.000 4/	2.602
DTI	0.504	0.036	0.540
DOLE	0.009	0.002	0.011
DPWH	2.276	0.235	2.511
TLRC	0.265	0.000 4/	0.265
E. Add: Reversion of Unobligated Balance, CY 1987-1994	1.152	2.622	3.774 5/
F. Funds Available (Preliminary)	9.240	4.908 5/	4.908 5/

1/ Net of P765 million A/A released to APT for custodianship expenses, pursuant to special provision of the APT under the GAA.

2/ Until 1993 only. Retroactive January 01, 1994, the BTr treated the interest on fixed term deposits and interests of LBP bonds as income of the General Fund.

3/ Total of the agencies differ due to rounding off.

4/ No budget allocation.

5/ Excludes other unobligated balances of about P273 million which are for reversion to the Fund.

*Source of Data: PARC Secretariat*

**Funds Utilization.** To date, some PhP 38.3 B have been reported utilized by the CARP implementing agencies. Some PhP 3.77 B remain unobligated by the CARP implementing agencies. This means about 80% utilization of CARP funds.

ARF funds were spent on personal services (22%), maintenance and other operating expenses (22%) and capital outlay (25%) (Table 11). The payment of landowners' compensation by the Land Bank is under the operating expenses which amounted to PhP 9.5 B or about 35% of total CARP funds.

In terms of utilization of ARF by major activities, these were spent on land acquisition and distribution (36%), program beneficiaries development (32%), and operational support (32%). Key activities under land acquisition and distribution include land surveys, land title generation and registration, landowners compensation, and legal assistance, among others. The bulk of the expense under program beneficiaries development was for infrastructure projects. Other activities under the key activity include the provision of extension services, dispersal activities, and the conduct of special projects. Operational support include personal services, other maintenance and operating expenses and other capital outlay.

**Funds Balance and Additional Requirement.** To date, the available balance is only about PhP 4.9 billion. This amount will be insufficient if the intention is to finish land acquisition and distribution in the next seven (7) years.

It would be recalled that RA 8532 was passed increasing the Agrarian Reform Fund from PhP 50 billion to PhP 100 billion. As projected by the PARC, however, the bulk of the budgetary requirement will be for land acquisition and distribution (54%). The rest will be for operational support (25%) and for program beneficiaries development (21%) (Table 12). The proposed budgetary requirement does not include yet the amount of PhP 39.5 B to service landowners' compensation bonds for the period 2005 to 2015.

**Table 11**  
**Summary of ARF Utilization (Obligation Incurred)**  
**By Agency, By Expense Class**  
**July 1987 - December 1996**  
**(In Million Pesos)**  
**Preliminary\***

Agency	Expense Class				% of Total
	PS	MOE	CO	Total	
LBP	1,783.599	11,240.9831/	2,413.008	15,437.590	40.3%
DAR	5,401.579	5,278.645	1,223.786	11,904.010	31.1%
NIA	128.394	101.901	3,036.457	3,266.752	8.5%
DA	299.863	1,570.675	509.497	2,380.035	6.2%
DPWH	0.000	0.000	2,285.182	2,285.182	6.0%
DENR	510.241	1,340.996	184.355	2,035.592	5.3%
DTI	253.042	136.952	43.883	433.877	1.1%
TLRC	0.000	265.080	0.000	265.080	0.7%
LRA	208.090	67.114	32.309	307.513	0.8%
DOLE	2.567	4.441	0.304	7.313	0.02%
<b>TOTAL</b>	<b>8,587.374</b>	<b>20,006.787</b>	<b>9,728.781</b>	<b>38,322.942</b>	<b>100%</b>
<b>% of Total</b>	<b>22%</b>	<b>52%</b>	<b>25%</b>	<b>100%</b>	

\* Report of some regions are not yet included.

1/ Includes P9,480 million for LO compensation.

*Source of Data: PARC Secretariat*

**Table 12**  
**Comprehensive Agrarian Reform Program**  
**Financial Profile**  
**(In Billion Pesos)**

Particulars	Amount	Amount
INFLOWS/REFLOWS TO ARF		
Remittances by PCGG and APT:		
Actual as of 12-31-96	48.699	48.699
Projected Remittances, 1997-2004	1.301 <sup>2/</sup>	20.562 <sup>3/</sup>
Sub-total	50.000	69.261
Projected Remittances by PAGCOR of 5% of its Income, 1996-2000	0.000	2.110
Projected Collections from Agrarian Reform Operations, 1997-2004 of LBP	0.000	6.476
Appropriations from other sources of the National Government	0.000	21.000
<b>TOTAL INFLOWS/REFLOWS TO ARF</b>	<b>50.000</b>	<b>98.847</b>
Less: BUDGETARY REQUIREMENTS:		
Actual ARF Utilization (Obligation Incurred) 1987-1996		
1987	0.256	0.256
1988	1.336	1.336
1989	3.445	3.445
1990	3.938	3.938
1991	4.974	4.974
1992	4.994	4.994
1993	4.042	4.042
1994	4.345	4.345
1995	5.320	5.320
1996	5.673	5.673
<b>Sub-total</b>	<b>38.323</b>	<b>38.323</b>
BUDGETARY REQUIREMENT TO COMPLETE CARP IMPLEMENTATION - 1997-2014		
Projected Budgetary Requirement, 1997-2004	109.245	109.245
Land Acquisition and Distribution	58.843	58.843
Program Beneficiaries Development	22.500	22.500
Operational Support	27.902	27.902
Projected Requirement for Servicing of Landowner's Compensation Bonds, 2005-2014	39.478	39.478
Sub-total	148.723	148.723
Estimated Total Cost to the Government for the Complete Implementation of CARP, 1987-2014 <sup>1/</sup>	187.046	187.046
CARP FUNDING GAP <sup>1/</sup>	137.046	88.199

1/ May increase due to probable upward land valuation

2/ Projected remittances, 1997-2004 is P20.562 billion but if ARF bill will not be passed it is possible that only P1.301 billion to complete P50.0 billion will be credited to ARF.

3/ The DAR is undertaking Resources Mobilization thru Official Development Assistance (ODA) to lessen the gap

*Source of Data: PARC Secretariat*

## 4.0 THE CURRENT STATE OF AGRARIAN REFORM BENEFICIARIES (ARBs)

Discussions on the current state of the agrarian reform beneficiaries are drawn mostly from a study conducted by the Institute of Agrarian Studies-UP Los Baños in 1996<sup>5/</sup>.

The current state of ARBs will be assessed using five key performance indicators namely, land tenure, productivity, income, technology and compliance with obligations as ARBs. Other indicators that will reflect the performance of the ARBs include access to support services, access to credit, marketing of agricultural produce and access to basic social services.

In assessing the state of the ARBs, comparisons against national figures were done. The “before and after” analysis is another method which could provide a picture of the current state of the ARBs. However, due to the absence of benchmark data, this could not be done.

### 4.1 *Land Tenure*

#### 4.1.1 *Predominant land tenure and tenurial changes*

**Forms of tenure.** Majority of the ARBs (73%) have a single form of tenure (Table 13). Most of those with a single form of tenure are owner cultivators (23%), amortizing owners (18%) and leaseholders (10%). Seventeen percent have mixed tenure while 10% have double tenure. The predominant types of double tenure are owner cultivator-share tenants (1%), share tenant-amortizing owner (1%), leaseholder-owner cultivator (1%) and amortizing owner-owner cultivator (1%). Less than 1% have mixed tenure.

**Changes in land tenure.** The changes in tenure of ARBs with a single form of tenure were traced for four time periods: (1) before 1972; (2) 1972-1985; (3) 1986-1994; and (4) 1994-1995. There has been a decrease in the proportion of share tenants from 67% (before 1972) to 30% in 1972-1985 (Table 14). This proportion dropped further to 7% and 3%, in 1986-1994 and 1994-1995, respectively. The transformation of share tenancy is seen as the main accomplishment of the agrarian reform program in the Philippines.

**Table 13**  
**Number and Percent of ARBs by Tenure,**  
**Crop Year 1994-1995**

Tenure	ARBs	
	Number	Percentage
<b>Single</b>	<b>1,034,184</b>	<b>72.98</b>
Share tenant	44,846	3.16
Owner cultivator	321,214	22.67
Leaseholder	139,278	9.83
Owner non-cultivator	46,820	3.30
Amortizing owner	250,211	17.66
Cultivator awaiting land valuation	117,999	8.33
<b>Double</b>	<b>135,807</b>	<b>9.58</b>
<b>Mixed</b>	<b>9,034</b>	<b>0.64</b>
<b>Others</b>	<b>237,971</b>	<b>16.79</b>
<b>Total</b>	<b>1,416,986</b>	<b>100.00</b>

*Source: Institute of Agrarian Studies, 1996*

**Table 14**  
**Percent Distribution of ARBs with Single Form of Tenure**  
**by Time Period and Tenure**

Tenure	Time Period Covered			
	Before 1972	1972-1985	1986-1994	1994-1995
	(N=726,111)	(N=1,193,904)	(N=1,408,158)	(N=1,416,996)
Share tenant	67	30	7	3
Owner Cultivator	2	5	16	23
Leaseholder	8	15	12	10
Owner non-cultivator	*	*	1	3
Amortizing owner	0	15	21	18
Cultivator awaiting land Valuation	*	1	5	8
Cultivator not paying Amortization	*	1	6	8

\* less than 1%

*Source: Institute of Agrarian Studies, 1996*

Consequently, there is an increase in the percentage of owner- cultivators. Only 2% of the ARBs were owner cultivators before 1972. In 1972-195, the proportion of ARBs who are owner cultivators became 5%; in 1986-1994, 16%; and in 1994-1995, 23%.

The percentage of amortizing owners also increased through time. Before 1972, there were no amortizing owners. Due to the implementation of PD 27, the proportion of ARBs in 1972-1985 rose to 15%. This percentage increased further to 21% in 1986-1994. However, in 1994-1995, the proportion of amortizing owners dropped to 18%. This could be due to the fact that some amortizing owners had paid their amortization fully and therefore became owner-cultivators. This is consistent with the findings that there has been an increase in the percentage of owner cultivators from 1986-1994 to 1994-1995.

The percentage of leaseholders grew from 8% (before 1972) to 15% (in 1972-1985). Since then, the proportion of leaseholders decreased to 12% (in 1986-1994) and 10% (in 1994-1995).

During the four time periods, there has been an emergence of new types of tenure. These are cultivators awaiting land valuation (some with pending protest from landowners) and cultivators not paying amortization (also because of land valuation problems). Before 1972, these tenure types did not exist. In 1972-1985, there were 1% each of ARBs who are cultivators awaiting land valuation and cultivators not paying amortization. In 1986-1994, these percentages rose to 5% and 6%, respectively. In 1994-1995, these increased further to 8% each. These types of tenure constitute the unfinished business of agrarian reform.

It is also worth noting that there is a growing number of owner non-cultivators among ARBs. From less than 1% before 1972 and in 1972-1985, the percentage of owner cultivators rose to 1%. This grew to 3% in 1994-1995.

#### **4.1.2 Changes in sharing arrangements**

Although the proportion of share tenancy dropped, the shares of some of those who have remained as tenants have worsened. Before 1972, only 4% of share tenants received a share of 25% or less (Table 15). This percentage remained the same from 1972-1985. From 1986-1994, this rose to 7%. For crop year 1994-1995, about 8% of the share tenants got a share of 25% or less.

**Table 15**  
**Percent Distribution of ARB Share Tenants by Time period and Sharing Arrangement**

Share of ARB	Time Period			
	Before 1972 (N=675,857)	1972-1985 (N=539,635)	1986-1994 (N=195,265)	1994-1995 (N=134,770)
	%	%	%	%
25% or less	4.33	4.28	7.27	7.62
26-50%	46.01	38.76	35.42	41.19
51-75%	47.84	54.03	51.55	45.95
>75%	1.82	2.87	5.75	5.24
Total	100.00	100.00	100.00	100.00

*Source: Institute of Agrarian Studies, 1996*

## 4.2 Compliance with Obligations as ARBs

### 4.2.1 Categories of ARBs

Sixty-four percent of the ARBs are classified as ARBs of good standing (Table 16). They are those who have complied with their duties and responsibilities as ARBs. The remaining 12% are those ARBs who have committed certain forms of violations.

The ARBs with violations were disaggregated further. Twenty-four percent are still tilling all or portions of the parcels that were given to them through CARP. Meanwhile, 12% are no longer working on the lands that were awarded to them.

**Table 16**  
**Percent Distribution of ARBs by Classification, 1995**

Classification	Percent
	(N=1,416,996)
ARB of good standing (without violations)	64
ARB with violations	36
Tiller	24
Non-tiller	12

*Source: Institute of Agrarian Studies, 1996*

#### 4.2.2 Forms of Violations and Reasons for the Violations

Most violations are related to payment of amortization. Eleven percent of the ARBs are not paying their land amortization regularly; 7% are not paying their amortization at all; and 5% have stopped paying their amortization (Table 17). The major reasons cited for such violations include low production, financial incapability, absence of land valuation, payment of other debts, and absence of collector in the area.

**Table 17**  
**Percent Distribution of ARBs by Violations Committed, 1995**

Violations	% to Total ARBs
Payment of Land Amortization	
Irregularly paying amortization	11
Not paying amortization at all	7
Has stopped paying amortization	5
Payment of Lease Rental	
Irregular payment of lease rental	2
Non-payment of lease rental	2

*Source: Institute of Agrarian Studies, 1996*

About 2% of the ARBs are not paying their lease rental at all while another 2% are paying their lease rental irregularly (2%). Nearly 2% of the ARBs gave their lands to relatives, mostly to children as gifts while 1% abandoned their CARP lands (Table 18). Less than 1% of the ARBs committed the following violations:

- ▶▶ mortgaging of CARP land;
- ▶▶ mortgaging of land rights;
- ▶▶ sub-tenancy of CARP land;
- ▶▶ sub-leasing of CARP land;
- ▶▶ conversion of land;
- ▶▶ land surrendered or taken back by landowner; and
- ▶▶ stopped tilling.

**Table 18**  
**Percent Distribution of ARBs by Other Violations**  
**Committed, 1995**

Violation	Percent (N=1416996)
Mortgaging of land	*
Abandonment of land	1.25
Mortgaging of land rights	*
Sub-tenancy of land	*
Sub-leasing of land	*
Selling of land	*
Conversion of land	*
Land surrendered or taken back by landowner	*
Land given to relative	1.66
Stopped tilling	*

\* Less than 1%

*Source: Institute of Agrarian Studies, 1996*

### 4.3 **Productivity**

#### 4.3.1 **Farm Characteristics**

**Land classification.** The ARBs cultivate an estimated number of 1,731,528 parcels nationwide in crop year 1994-1995. About 70% of these parcels are rainfed (Table 19). Only about 25% of the total number of parcels are lowland irrigated. Forty-three percent of the parcels are lowland, rainfed. This represents the potential irrigable areas.

**Cropping system.** Majority of the ARBs (78%) still adopt the monocropping system.

**Farm area.** The average farm area cultivated by the ARBs is 1.85 hectares (Table 20). This is lower than the national average of 2.16 hectares in the 1991 Census of Agriculture.

The average area planted to rice by ARBs is 2.11 hectares; to corn, 1.80 hectares; and to coconut, 2.01 hectares.

**Table 19**  
**Characteristics of Farm Parcels, 1995**

Characteristics of Parcel	Percent
	(N=1,731,528)
Land Classification	
Irrigated	30.14
Lowland	24.58
Upland	5.56
Rainfed	69.86
Lowland	42.76
Upland	27.10
Cropping system	
Monocropping	78.37
Alternate cropping	4.08
Multiple cropping/intercropping	12.50
Others	5.05

*Source: Institute of Agrarian Studies, 1996*

**Table 20**  
**Average Farm Size by Crop, 1995**

Crop	Area (Hectares)
All crops	1.85
Rice	2.11
Corn	1.80
Coconut	2.01

*Source: Institute of Agrarian Studies, 1996*

**Proportion of area cultivated by ARBs to national area planted.** The estimated area planted to palay by ARBs nationwide is 1,956,500 hectares (Table 21). This is 54% of the total area planted to palay in the Philippines (3,651,500 hectares). Of the total area planted to corn (3,005,800 hectares) nationwide, the ARBs covered 16% (489,327 hectares). Meanwhile, the ARBs covered 10% (299,560 hectares) of the total area planted to coconut in the Philippines which is 489,327 hectares.

**Table 21**  
**Total Area Planted by ARBs vis-à-vis Total Area Planted**  
**Nationwide, 1995**

Crop	ARBs		Total Area Planted Nationwide (ha.)
	Total Area Planted by ARBs (ha.)	% of ARB Total to National Total	
Rice	1,956,500	53.58	3,651,500
Corn	489,327	16.28	3,005,800
Coconut	299,560	9.77	3,066,700

*Sources of Data: Philippine Statistical Yearbook, 1995; Institute of Agrarian Studies, 1996*

#### **4.3.2 Productivity Levels by Major Crop**

The major crops planted by the ARBs are rice (74%), corn (22%) and coconut (12%) (Table 22).

**Table 22**  
**Percent Distribution of ARBs by Major Crops**  
**Planted, 1994-1995**

Major Crops	Percent (N=1,249,274)
Rice	74.35
Corn	21.73
Coconut	11.91
Vegetables	4.11
Sugarcane	3.83
Banana	4.19
Rubber	1.33
Root crops	3.10

*Source: Institute of Agrarian Studies, 1996*

In crop year 1994-95, the average yield per hectare for rice is 2.9 metric tons; corn, 1.8 metric tons; and coconut (in copra terms), 1.2 metric tons (Table 23). These levels are equal to or slightly higher than the national level. The average yield for rice at the national level (including both ARBs and non-ARBs) is 2.9 mt/ha; for corn, 1.6 mt/ha; and for coconut (in copra terms), 1.2 mt/ha. However, the average yields of the ARBs are still way below the potential yields. For instance, experimental data have indicated that yields for rice could go as high as 10 mt/ha. For corn, the potential yield is 5 mt/ha and for coconut, (in copra terms), 3 mt/ha.

**Table 23**

**Average Yield by ARBs and at the National Level, by Crop,  
Crop Year 1994-1995**

Crop	Average Yield (mt/ha)	
	ARBs	National
Rice	2.9	2.9
Corn	1.8	1.6
Coconut	1.2	1.2

*Source: Institute of Agrarian Studies, 1996*

### 4.3.3 Contribution of ARBs to National Production

**Palay.** For crop year 1994-1995, it is estimated that ARBs produced a total of 5.6 million metric tons of palay (Table 24). This accounts for 53% of the total national production of 10.5 million metric tons. It is worth noting that this proportion is almost equal to the proportion of area planted to palay by the ARBs (54%) vis-à-vis the total area devoted to palay in the Philippines. This indicates that there is equity in terms of the contribution of the ARBs to the national production of palay. Moreover, it shows that the productivity levels of ARBs producing palay is the same as the non-ARBs.

**Table 24**  
**Total Production of ARBs vis-à-vis Total National  
Production, 1994-1995**

Crop	ARBs Total Production (MT)	% of ARB Total to National Total	Total National Production* (MT)
Rice	5,631,112	53.44	10,538,100
Corn	821,786	18.18	4,519,300
Coconut	337,386	8.99	3,751,433

*Sources of Data: Philippine Statistical Yearbook, 1995; Institute of Agrarian Studies, 1996*

**Corn.** The total national production for corn is 4.5 million metric tons. Of these, 18% was contributed by the ARBs who produced 0.8 million metric tons. The percent contribution of the ARBs to national production of corn is slightly higher than the area covered by the ARBs. As mentioned earlier, the ARBs cultivated 16% of the total area devoted to corn in the Philippines. This shows that there is equity in terms of contribution of the ARBs to national corn production. It also implies that yield levels of ARBs are slightly higher than those of non-ARBs.

**Coconut.** Coconut ARBs had a total production of 0.3 million metric tons in copra terms. This is about 9% of total national copra production of 3.8 million metric tons. As mentioned previously, the ARBs covered 10% of the total area planted to coconut. Thus, there is equity in terms of the contribution of the ARBs to national production of coconut. Congruently, the yield of ARBs are just about the same as non-ARBs.

#### **4.3.4 *Production-related Problems***

More than four-fifths of the ARBs averred that they encountered production-related problems (Table 25). The most common problems they had were occurrence of pest and diseases (49%), natural calamities (45%), lack of irrigation facilities (24%) and inadequate capital (16%). Most of these problems cited are caused by natural and other agro-climatic factors.

These production problems cannot be addressed entirely through the land tenure improvement component of CARP but rather through the provision of support services. These include technology transfer, technical assistance by concerned agencies such as the DA, as well as the development of irrigable lands and rehabilitation of existing irrigated areas.

**Table 25**  
**Common Crop Production Related Problems Encountered**  
**by ARBs, in Number and Percent, 1995**

Item	Number	Percent
With problems	1,074,845	86.04
Without problems	174,429	13.96
All	1,249,274	100.00
Crop production problems		
Natural calamities	480,149	44.67
Pests and diseases	527,727	49.10
Lack of irrigation facilities	262,509	24.42
Inadequate capital	176,571	16.43
Inadequate inputs	101,536	9.45
Low crop quality	55,205	5.14
No postharvest facilities/ machinery	18,539	1.72
High lease rental	4,817	0.45
Others	17,342	1.61

*Source: Institute of Agrarian Studies, 1996*

#### **4.4 Marketing of Agricultural Produce**

##### **4.4.1 Market Outlets**

Majority of the ARBs (90%) marketed their produce while only 10% did not (i.e., produce was solely for home consumption) (Table 26). Congruently, most of the ARBs who cultivated rice (90%), corn (92%) and coconut (95%) sold their produce.

Traders were the major market outlets for rice (50%) and corn (45%) ARBs. Traders were major market outlets because of credit-marketing tie-ups entered into by the traders and ARBs. Buying stations or mills were also major market outlets of rice and corn ARBs (26% and 32%, respectively). A larger proportion of coconut ARBs sold their produce to copra mills or buying stations (47%) and traders (42%).

**Table 26**  
**Marketing and Marketing Outlet Chosen by ARBs by Crop, 1995**

Major Market Outlet	Rice	Corn	Coconut	All Crops
	(N=928,856)	(N=271,422)	(N=148,831)	(N=1,249,274)
Market produce	90.40	91.70	94.70	89.80
Do not market produce	9.60	8.30	5.30	10.20
Major Market Outlet	(N=587,909)	(N=71,034)	(N=180,346)	(N=839,289)
Traders	50.44	44.67	42.42	48.28
Market	13.51	11.66	12.70	14.14
Buying stations/ Mills	26.11	32.66	46.60	27.39
Input Dealers	5.78	11.52	2.44	6.17

Source: *Institute of Agrarian Studies, 1996*

#### 4.4.2 Marketing problems

About half (51%) of the ARBs encountered market-related problems (Table 27). The most common market-related problems cited are low farm gate prices (74%), high input prices (32%) and high transportation costs (23%).

**Table 27**  
**Distribution of ARBs by Common Market-Related Problems, 1995**

Common Market-Related Problems	Percent
With Marketing problems	(N= 1,249,274) 51.09
Without marketing problem	48.91
Common market related problems	(N=638,275)
Low farm gate prices	74.35
High input prices	32.46
High transportation cost	22.55
Inaccurate weighing scale	4.27
Others	2.86

Source: *Institute of Agrarian Studies, 1996*

#### 4.5 Income

#### 4.5.1 Average Household Income and Sources

**Average household income.** The ARBs obtained an average net household income of ₱ 47,884 per annum in crop year 1994-1995. This is slightly higher than the 1995 poverty threshold of ₱ 46,995 for a family of five members <sup>6/</sup>.

**Income by source.** Forty-eight percent of the household income of ARBs came from on-farm sources (Table 28). An almost equal percentage (47%) came from non-farm sources while off-farm sources contributed about 6%. This indicates the seeming dependence of farming households on non-farming sources.

**Table 28**  
**Average Household Income by Source, 1995**

Source	Amount (Pesos)	Percent
Net on-farm*	22,917.53	47.86
Off-farm	2,650.77	5.54
Non-farm	22,315.39	46.60
All	47,883.69	100.00

\* Farm expenditures had been deducted from gross farm income

*Source: Institute of Agrarian Studies, 1996*

**Average household income by ARB type.** A comparison of the incomes derived by type of ARB showed that the non-tillers derived a higher average net household income (P54,793) than the other types of ARBs (Table 29). Meanwhile, the average net household income of ARBs of good standing (P47,093) and tillers with violations (P46,598) are almost the same. The higher household net income of non-tillers could be partly attributed to the fact that they are employed twice as much as tillers. Non-tillers work for an average of 164 mandays a year while tillers work for an average of 82 mandays per annum (Table 30).

**Table 29**  
**Average Net Income of ARBs by Classification, 1995**

Classification	Average Net Household Income (P/annum)
Tiller of good standing	47,092.84
Tiller with non-compliance	46,597.60
Non-tiller	54,793.20
All	47,883.69

*Source: Institute of Agrarian Studies, 1996*

**Table 30**  
**Average Annual Employment of ARBs by Source, 1995**

Source	Classification				All ARBs	
	Tiller		Non-tiller			
	Mandays	%	Mandays	%	Mandays	%
On-farm	37	45	0	0	33	36
Off-farm	15	18	37	23	17	19
Non-farm	30	37	127	77	41	45
Total	82	100	164	100	91	100

*Source: Institute of Agrarian Studies, 1996*

#### **4.5.2 Income Distribution**

There is inequity in terms of the proportion of the income of ARB households vis-à-vis the total households in the Philippines. While the estimated total number of ARB households (1,416,996) is 11% of the total households in the Philippines (12,625,200 based on the 1994 FIES), their share to total household income (P1,076 billion in the 1994 FIES) is only 5% (about P54 billion).

The income inequity is further shown by the fact that nearly one-third (32%) of the ARBs belong to the poorest income decile (Table 31). Those belonging to the lowest income decile earn P19,368 and below. More than half (54%) belong to the three lowest income decile. These are those who receive P34,694 or below. Furthermore, 62% of the ARBs receive incomes of P43,059 and below. This implies that more than three-fifths of the ARBs live below the poverty threshold of P46,955.

**Table 31**  
**Income Decile of ARBs, 1995**

<b>Decile</b>	<b>Cut-Off (Pesos)</b>	<b>N</b>	<b>%</b>	<b>Cumulative Percent</b>
			<b>(N=1,416,996)</b>	
<b>1</b>	19368.15	452543	31.9	31.9
<b>2</b>	27051.00	175447	12.4	44.3
<b>3</b>	34694.40	129621	9.1	53.5
<b>4</b>	43058.56	117100	8.3	61.7
<b>5</b>	52992.20	113113	8.0	69.7
<b>6</b>	65962.73	113063	8.0	77.7
<b>7</b>	83946.47	99390	7.0	84.7
<b>8</b>	113189.90	92107	6.5	91.2
<b>9</b>	170436.24	77092	5.4	96.6
<b>10</b>		47520	3.4	100.0

*Sources: Institute of Agrarian Studies, 1996 and 1994 FIES*

Given this situation, only a small proportion of the ARBs are capable of saving. This is substantiated by the results of the Phase I survey of the IASt study. It showed that 60% of the respondents could not save. Consequently, most of the ARBs do not have the capability to invest. IASt (1996) showed that although 78% of the ARBs had farm investments, most of these investments are basic farm implements such as plow, harrow and sprayers. About 64% invested in backyard level production of livestock and poultry.

It has been hypothesized that as the income decile to which a farmer belongs to rises, the proportion of income coming from non-farm sources increases. This is because they have more non-farm opportunities thus they become less dependent on farm related sources. Nevertheless, Table 32 shows that there is no correlation between income source and decile to which the ARBs belong to. Those belonging to the eight decile had the lowest percentage (12%) contribution of non-farm sources. Meanwhile, ARBs belonging to the sixth decile had the highest proportion (22%) of non-farm income. Moreover, those from the tenth decile got about 18% from non-farm sources which is lower than those of the third (20%), fourth (19%), and seventh (21%) deciles. Even in the average amount contributed by non-farm sources, there seems to be no trend. It could be noted that those from the fifth decile had a lower average net non-farm income (P 6,681) than those from the fourth decile (P 7,271). Likewise, those from the eight decile had lower average non-farm income than those from the sixth and seventh deciles.

**Table 32**  
**Average Income by Source and by Decile, 1995**

Income Decile	Income Source							
	On-farm		Off-farm		Non-farm		All	
	Ave. Amt.	%	Ave. Amt.	%	Ave. Amt.	%	Ave. Amt.	%
1	8,404.34	73.09	1,301.86	11.32	1,793.06	15.59	11,499.26	100.00
2	17,852.29	77.27	1,397.05	6.05	3,854.23	16.68	23,103.57	100.00
3	22,360.61	72.97	2,239.71	7.31	6,044.12	19.72	30,644.58	100.00
4	27,957.96	72.42	3,376.71	8.75	7,271.45	18.83	38,606.13	100.00
5	39,793.24	83.63	1,108.45	2.33	6,680.78	14.04	47,582.47	100.00
6	45,116.25	75.76	1,076.72	1.81	13,360.62	22.43	59,553.59	100.00
7	57,208.80	77.26	1,465.07	1.98	15,376.79	20.77	74,050.67	100.00
8	82,406.30	85.86	1,739.03	1.81	11,827.79	12.32	95,973.09	100.00
9	117,703.09	86.79	432.77	0.32	17,475.09	12.89	135,610.95	100.00
10	220,669.97	82.00	475.31	0.68	47,964.62	17.82	269,109.90	100.00

*Source: Institute of Agrarian Studies, 1996*

There is also no trend between crops planted by ARBs and their income decile as indicated in Table 33. It is expected that as the income decile rises, a greater percentage of the ARBs will be growing high value crops (e.g., sugarcane, rubber, fruit trees) rather than the traditional cash crops (e.g., rice, corn).

For those cultivating rice, the three highest percentages are those from the ninth (91%), eight (86%) and tenth (82%) deciles. Meanwhile, those belonging to the first decile reported the lowest proportion of 46%.

For sugarcane, there is no trend, too. However, the proportion of sugarcane growers in the ninth and tenth deciles are quite high compared with the other deciles. This is probably because only those ARBs coming from these deciles who can afford to shoulder the high cost of producing sugarcane.

As to the correlation between income decile and educational attainment of the ARBs, Table 34 shows that again there are no trends. Just like the lower deciles, a bigger portion of those from the tenth decile have reached or graduated from elementary level.

**Table 33**  
**Percent Distribution of ARBs by Crops Planted**  
**and by Income Decile, 1995**

Income Decile	No. of ARBs	Crops Planted							
		Rice	Corn	Coco-nut	Vegetables	Sugarcane	Banana	Root Crops	Rubber
		<b>(In percent)</b>							
<b>1</b>	452,543	45.72	26.55	15.80	3.69	0.41	4.40	4.08	1.69
<b>2</b>	175,447	65.33	17.22	10.66	3.71	2.47	4.85	3.73	2.78
<b>3</b>	129,621	68.85	17.77	11.83	1.75	4.09	6.61	0.72	1.80
<b>4</b>	117,100	61.60	24.61	9.65	2.55	1.83	5.11	2.21	0.00
<b>5</b>	113,113	76.87	12.30	6.26	4.32	3.73	2.93	4.03	1.02
<b>6</b>	113,063	77.14	15.25	6.44	2.28	2.47	2.03	0.26	0.00
<b>7</b>	99,390	76.26	17.10	10.61	2.22	4.82	0.84	1.39	0.08
<b>8</b>	92,107	85.98	12.31	5.29	7.20	7.72	1.24	4.71	0.00
<b>9</b>	77,092	90.52	10.55	3.35	2.32	12.85	0.12	0.06	0.00
<b>10</b>	47,520	82.36	9.04	4.07	13.56	12.93	1.50	0.00	1.50

*Source: Institute of Agrarian Studies, 1996*

**Table 34**  
**Percent Distribution of ARBs by Educational Attainment**  
**and by Income Decile, 1995**

Income Decile	No. of ARBs	Educational Attainment							
		None	Elem. Under grad	Elem. Grad	HS Under grad	High School Grad	College Level	College Grad	Post Graduate
		<b>(In percent)</b>							
<b>1</b>	452,543	5.55	38.58	32.54	9.54	7.50	4.01	0.00	0.85
<b>2</b>	175,447	7.92	34.88	33.32	7.37	11.99	2.49	0.00	0.25
<b>3</b>	129,621	3.35	34.42	39.98	9.27	7.12	2.45	0.11	2.75
<b>4</b>	117,100	2.61	35.47	34.80	11.91	9.27	2.76	0.07	0.73
<b>5</b>	113,113	1.34	37.43	30.77	12.57	10.73	4.86	0.00	0.29
<b>6</b>	113,063	4.07	34.28	33.51	12.93	8.52	1.67	0.05	0.38
<b>7</b>	99,390	2.12	39.67	28.66	10.68	8.80	1.41	1.09	1.10
<b>8</b>	92,107	1.13	25.78	33.71	13.37	16.21	4.05	0.33	0.00
<b>9</b>	77,092	1.02	32.94	27.74	15.93	7.94	5.87	0.72	0.55
<b>10</b>	47,520	6.67	29.50	29.51	11.54	7.04	5.31	0.00	0.11

*Source: Institute of Agrarian Studies, 1996*

## **4.6 Technology Adoption**

Results of the 1996 IASt study indicated that 76% of the ARBs use farm machinery (Table 35). The most commonly used farm machinery are threshers (83%), rice mill (80%) and hand tractors (64%). The study also showed that majority (80%) of the ARBs do not adopt any soil conservation measure (Table 36).

While the IASt study gathered data on the use of high yielding varieties, fertilizers, pesticides and other chemicals, it failed to process the data given the limited time and voluminous data set. Nevertheless, the 1996 Agricultural Indicators System indicated that from 1984 to 1992, more than 87% of total irrigated area planted to palay was planted with high yielding varieties (Table 37). Moreover, from 1991 to 1993, more than three-fourths of total area planted to palay was fertilized (Table 38). During the same time period, more than one-half of the total area planted to corn was fertilized.

## **4.7 Access to Support Services**

### **4.7.1 Support Services Availed**

Two-thirds (67%) of the ARBs claimed that they were able to avail of support services. The remaining 33% were not able to access any support service (Table 39). Government organizations were the major source of assistance of 96% of those who availed of support services. The most common government agencies which provided assistance are the DA (67%), LGUs (33%), DAR (31%) and DPWH (11%). The most common forms of assistance received are trainings/seminars (55%), technology transfer (51%), infrastructure (47%), seed dispersal (34%), fertilizer dispersal (23%) and animal dispersal (19%).

Majority of the ARBs who plant rice (70%), corn (77%) and coconut (57%) were able to get support services (Table 40). This is likely the reason why average yields per hectare of ARBs for these three crops are comparable with the national level.

**Table 35**  
**Distribution of ARBs by Farm Machinery**  
**Utilization, 1995**

Farm Machinery Utilization	Percent (N=1,249,274)
Using farm machinery	75.89
Not using farm Machinery	24.11
Farm machinery commonly used	(N=1,249,274)
Thresher	82.51
Ricemill	79.98
Hand tractor	64.41

*Source: Institute of Agrarian Studies, 1996*

**Table 36**  
**Distribution of ARBs by Soil Conservation Measure Adopted and**  
**Reasons for Non-adoption**

Soil Conservation measures /Strategies	Percent (N=1,249,274)
Adoption	
Adopting	19.87
Not adopting	80.13
Measures/Strategies Adopted	(N=248,191)
Use of Organic fertilizers	51.38
Crop rotation	19.34
Reasons for Non-adoption	(N=1,001,083)
Not aware	46.20
Additional work	25.01
Soil is still fertile	24.49
Not applicable to their farm	13.23

*Source: Institute of Agrarian Studies, 1996*

**Table 37**  
**Percentage of Area Planted to HYVs and Percentage of Area, Lowland and Upland Palay,**  
**Philippines, 1984-1992**

YEAR	AREA (ha.) UNDER LOWLAND PALAY				AREA (ha.) UNDER UPLAND PALAY				TOTAL AREA UNDER PALAY			
	HYV	OV	Total	HYV as a percentage of total	HYV	OV	Total	HYV as a percentage of total	HYV	OV	Total	HYV as a percentage of total
<b>1984</b>	2,721,610	281,310	3,002,920	90.6	31,540	127,880	159,420	19.8	2,753,150	409,190	3,162,340	87.1
<b>1985</b>	2,863,670	306,190	3,169,860	90.3	23,310	113,300	136,610	17.1	2,886,980	419,490	3,306,470	87.3
<b>1986</b>	2,994,060	297,160	3,291,220	91.0	27,220	145,770	172,990	15.7	3,021,280	442,930	3,464,210	87.2
<b>1987</b>	2,789,680	348,680	3,138,360	88.9	17,730	99,810	117,540	15.1	2,807,410	448,490	3,255,900	86.2
<b>1988</b>	2,939,690	366,230	3,305,920	88.9	14,720	72,030	86,750	17.0	2,954,410	438,260	3,392,670	87.1
<b>1989</b>	3,080,160	323,790	3,403,950	90.5	12,730	80,600	93,330	13.6	3,092,890	404,390	3,497,280	88.4
<b>1990</b>	2,947,520	300,180	3,247,700	90.8	10,440	60,580	71,020	14.7	2,957,960	360,760	3,318,720	89.1
<b>1991</b>	3,175,150	145,220	3,320,370	95.6	16,000	88,590	104,590	15.3	3,191,150	233,810	3,424,960	93.2
<b>1992</b>	2,992,000	206,000	3,198,000	93.6	*	*	*	*	2,992,000	206,000	3,198,000	93.4

*Note: HYV - High Yielding Variety*

*OV - Other Variety*

*\* - Data not available for upland rice*

*Source: Agricultural Indicators System, 1996*

**Table 38**  
**Percentage of Palay and Corn Area Applied with Fertilizer, by Region,**  
**Philippines, 1991-1993**

Crop and Season	1991		1992		1993	
	Area Fertilized		Area Fertilized		Area Fertilized	
	In hundred ha.	Percent-age*	In hundred ha.	Percent-age*	In hundred ha.	Percent-age*
<b>Palay Irrigated</b>						
Jan - June	8,437	96	7,233	88	7,596	87
July - Dec	8,406	93	8,853	87	9,216	72
Jan - Dec	16,843	94	16,086	88	16,813	90
<b>Palay Rainfed</b>						
Jan - June	2,149	59	2,069	57	2,220	64
July - Dec	6,290	83	5,952	84	6,281	77
Jan - Dec	8,440	75	8,022	75	8,501	73
<b>All Palay</b>						
Jan - June	10,586	85	9,302	78	9,816	81
July - Dec	14,897	88	14,805	86	15,497	86
Jan - Dec	25,283	89	24,108	83	25,314	84
<b>White Corn</b>						
Jan - June	4,255	56	3,838	53	3,243	46
July - Dec	9,920	53	8,728	54	6,215	44
Jan - Dec	14,175	54	12,566	53	9,458	45
<b>Yellow Corn</b>						
Jan - June	3,552	82	3,012	84	3,032	81
July - Dec	4,909	68	4,157	67	5,681	84
Jan - Dec	8,461	73	7,169	73	8,713	83
<b>All Corn</b>						
Jan - June	7,807	65	6,850	63	6,275	58
July - Dec	14,829	57	12,885	57	11,896	57
Jan - Dec	22,636	60	19,735	59	18,171	57

Note: \* - represents area fertilized as a percentage of area harvested  
Source: Agricultural Indicators System, 1996

**Table 39**  
**Distribution of ARBs by Source of Assistance, Assistance Availed**  
**and Government Agencies, 1995**

Assistance	%
	(N=1,416,996)
<b>Availment of assistance</b>	66.62
<b>Did not avail of assistance</b>	33.38
<b>Sources of assistance</b>	(N=944,031)
GOs	96.16
NGOs	4.17
POs	7.38
<b>Most common assistance availed</b>	
Training/seminars	55.10
Technology transfer	51.01
Infrastructure	47.00
Seed dispersal	33.64
Fertilizer dispersal	22.76
Animal dispersal	18.77
<b>Most common government agencies which provided assistance</b>	
Department of Agriculture	67.19
Local Government Units	33.21
Department of Agrarian Reform	31.24
Department of Public Works and Highways	11.29

*Source: Institute of Agrarian Studies, 1996*

**Table 40**  
**Proportion of ARBs with and without Support Services, by Crop, 1995**

Crop	With Support Services		Without Support Services		All	
	N	%	N	%	N	%
Rice	654,000	70.4	274,856	29.6	928,856	100.0
Corn	209,568	77.2	61,854	22.3	271,422	100.0
Coconut	84,998	57.0	64,168	43.0	149,166	100.0

*Source: Institute of Agrarian Studies, 1996*

#### 4.7.2 Comparison of Yields of ARBs With and Without Assistance

Based on their average yield levels, some ARBs who availed of support services seem to have an edge over those who did not get any assistance. The ARBs who produced rice and were given assistance had a yield of 3.0 metric tons/ha while those who did not get any assistance yielded 2.6 metric tons/ha (Table 41). For corn, ARBs with assistance produced 1.9 metric tons/ha while those without assistance, 1.4 metric tons/ha. Provision of support services did not seem to have any effect on ARBs planting coconut since both those with and without support services had the same yield at 1.2 metric tons/ha.

**Table 41**  
Average Yield per Hectare of those who Availed and Did not Avail of Assistance by Crop, 1995

Crops	Average Yield (mt/ha)	
	With Assistance	W/out Assistance
Rice	3.04	2.59
Corn	1.87	1.39
Coconut	1.17	1.24

Source: Institute of Agrarian Studies, 1996

#### 4.8 Provision of Credit

Seventy-two percent of the ARBs said that credit sources are available within their municipality (Table 42). However, only 30% of the ARBs availed of credit.

Of those who availed of credit, majority (72%) borrowed from informal sources while only 30% got loans from formal sources. The major sources of credit are: private moneylenders (23%), cooperatives (23%), traders (22%), and relatives/friends/neighbors (18%).

**Table 42**  
**Distribution of ARBs by Credit Availability, Availment, and**  
**Sources of Credit, 1995**

Item	Percent
	(N=1,416,996)
<b>Availability of credit sources in the municipality</b>	
Available	71.68
Not available	28.32
All	100.00
<b>Loan availment</b>	
Availed	29.79
Did not avail	70.21
All	100.00
<b>Sources of credit*</b>	
	(N=422,056)
Formal	30.42
Cooperative	23.08
Banks	6.99
Lending investors	0.35
Informal	71.69
Traders	22.28
Private moneylenders	23.10
Relatives/friends/neighbors	17.54
Input dealers	8.13
Landowners	0.55
Others	0.09

\*multiple response

Source: *Institute of Agrarian Studies, 1996*

The average interest rate paid by the ARB borrowers is 37% per annum (Table 43). Informal sources charged an average of 40% per annum while formal sources charged only an average of 28% per annum. Among credit sources, private moneylenders charged the highest average interest rate (49%/annum) while relatives/friends/neighbors charged the lowest interest rate, averaging 21%/annum. Traders and input dealers charged relatively high annual interest rates, too (44% and 43%, respectively). Meanwhile, cooperatives and banks charge an average annual interest rate of about 28% and 29%, respectively.

**Table 43**  
**Average Interest Rate by Source of Credit, 1995**

Sources of Credit	Average Interest Rate (%/annum)
<b>Formal</b>	28.16
Cooperative	28.03
Bank	28.55
Lending Investors	29.63
<b>Informal</b>	40.24
Traders	44.43
Private moneylenders	49.45
Relatives/friends/neighbors	21.48
Input dealers	42.85
Landowners	25.54
<b>All</b>	36.92

*Source: Institute of Agrarian Studies, 1996*

Majority of those who borrowed from informal sources such as traders (56%), private money lenders (67%), relatives/friends/neighbors (87%), input dealers (51%) and landowners (97%) were not required collateral. This partly explains why in spite of the higher interest rates they charge, informal sources are preferred over the formal sources. A large percentage though of those who borrowed from traders (41%) and input dealers used their farm produce as collateral. This points to the predominance of credit-marketing tie-up arrangements between farmers and informal lenders like traders and input dealers.

The collateral required by the formal credit sources varied. Nevertheless, majority of those who borrowed from the informal sources were not required any collateral (Table 44). Fifty-one percent of those who borrowed from cooperatives claimed that they were not asked for a collateral. Land, farm produce and work animals are the collateral asked by the banks. The lending investors accepted vehicles and land as collateral.

**Table 44**  
**Collateral Required by Source of Credit, 1995**

Collateral	Credit Sources								
	Formal			Informal					All
	1	2	3	4	5	6	7	8	
	Percent (N=422,056)								
None	51.23	26.13	28.49	56.10	67.10	86.76	50.91	97.29	60.38
Farm produce	17.35	20.18	6.35	40.77	29.10	14.42	44.46	2.71	26.07
Land	18.89	37.33	22.75	2.93	2.98	-	-	-	8.14
Work animal	15.19	16.52	-	2.38	1.90	0.72	-	-	5.80
Vehicle	-	0.97	42.40	-	0.94	-	-	-	0.24

Note: 1 = Cooperatives  
 2 = Banks  
 3 = Lending investors  
 4 = Traders  
 5 = Private money lenders  
 6 = Relatives/friends/neighbors  
 7 = Input dealers  
 8 = Landowners

Source: Institute of Agrarian Studies, 1996

#### **4.9 Access to Basic Social Services**

Provision of basic social services is necessary for the attainment of a better quality of life among ARBs. Majority of the ARBs said that social services such as health (92%), day care (86%), primary education (95%), electricity (85%), public transportation (92%) and recreational facilities (75%) are usually available at the barangay (Table 45). In contrast, secondary education (20%), potable water system (43%) and telecommunication facilities (9%) are hardly found in their respective barangays.

Not all ARBs who have access to the basic social services were able to avail of such services. Among the available basic social services, the services which have been availed of are health (90%), primary education (63%), recreation facilities (79%), electricity (64%) and public transportation (100%).

**Table 45**  
**Availability and Availment of Basic Social Services**  
**by the ARBs, 1995**

Availability/Availment to Basic Social Services	Percent (N=1,416,996)
<b>Availability of Basic Social Services</b>	
Health	91.89
Day Care	86.24
Primary Education	94.80
Secondary Education	20.24
Electricity	84.67
Water	42.67
Telecommunications	9.49
Public Transportation	92.31
Recreation	75.18
<b>Availment of Basic Social Services</b>	
	<b>% of ARBs with Available Basic Social Services</b>
Health	89.74
Day Care	43.55
Primary Education	63.02
Recreation	78.53
Electricity	63.87
Public Transportation	99.52

*Source: Institute of Agrarian Studies, 1996*

The quality of life of the ARBs could also be gauged through the amenities in life that they have or are using. It is worth noting that a large proportion of the ARBs (61%) still use artesian wells/pumps as source of drinking water (Table 46). More than three-fourths (76%) utilize firewood as cooking fuel. Despite the presence of electricity in the communities of the ARBs, only 53% use electric power as lighting system. Nevertheless, many (65%) already have water sealed toilets.

**Table 46**  
**Percent Distribution of ARBs by Household Facilities, 1995**

Household Facilities	%
	(N=1,416,996)
<b>Toilets</b>	
Water Sealed	65.23
Open Pit	12.61
Close Pit	11.82
Others	2.88
None	7.46
<b>Predominant Lighting System</b>	
Electric	52.81
Kerosene/Oil/Coleman	44.76
Others	2.42
<b>Sources of Water Supply</b>	
Artesian/Pump well	61.33
Open Well	13.07
Piped Water	12.92
Spring/River	11.62
Others	1.07
<b>Cooking Fuel</b>	
Firewood	75.91
LPG	19.06
Others	5.04

*Source: Institute of Agrarian Studies, 1996*

## **5.0 SUMMARY AND CONCLUSION**

The success of agrarian reform as a government intervention could be assessed in terms of meeting its goals and objectives. The current Philippine agrarian reform program (the CARP) has three main objectives: (a) social justice or equity in terms of access to, use and control of the land; (b) increasing productivity and income; and (c) development of beneficiaries into self-reliant farmers.

**5.1** The objective of social justice or equity in terms of access to land could be viewed with limited success. The scope and coverage of CARP is comprehensive since it covers all agricultural lands (regardless of crops planted and tenurial arrangement). Nonetheless, the original scope has declined to about 8.2 million hectares because of a number of exclusions and exemptions from the program. Among these are the exemption of poultry and livestock, as well as fishponds and prawn farms.; land use conversion; commercial farms deferment, and land reclassification under the Local Government Code.

The program was able to provide access to, use and control of only about half of what has been targeted (4.3 million hectares) and benefited some 2 million farmer - beneficiaries constituting about 38% of the total number of farmers in the country. Nonetheless, the major accomplishment of the program is the land tenure improvement among the beneficiaries. Primarily, this pertains to the transformation of share tenancy to leasehold and owner-cultivatorship.

Still, a significant proportion of the CARPable lands remain to be the unfinished business of agrarian reform. These are mostly the small and medium agricultural lands (i.e., >5-24 hectares; >24-50 hectares) which are quite difficult to acquire because of strong resistance from the landowners.

The delays in program implementation could be partially attributed to the implementation of agrarian reform under a legal democratic framework. As such, the due process of law is being practiced on critical matters related to land acquisition and distribution. Among these are issues pertaining to land valuation. As a consequence, some ARBs have not paid their amortization since they are still awaiting land valuation.

**5.2** The objective of increasing productivity and income among the beneficiaries of agrarian reform is hardly met. While the CARP beneficiaries contribute significantly to crop production (say about 54% of total rice production in the country), their productivity levels are just at par with the other farmers in the country. This means that the agrarian reform beneficiaries are not better-off than the rest of those in the farming

community.

Low productivity is attributed to a number of production-related factors such as lack of irrigation facilities, occurrence of pests and diseases, natural calamities, non-adoption of new technologies, and inadequate farm investments. Furthermore, there is limited availability of support services as well as credit for the farmer-beneficiaries. Market-related problems that serve as disincentive to increasing productivity are the low farm gate prices of produce, high cost of inputs, and high transportation cost.

Consequently, the household incomes of agrarian reform beneficiaries fall below the poverty threshold. Despite the transformation that farming households obtain about half of their income from non-farming sources, their income levels are still very low. More than half of the ARB households fall within the bottom 30% of the total households in the Philippines. This implies the inability to save among most of them. Corrolarily, they do not have the financial capability to invest either on farm and non-farm enterprises.

While agrarian reform beneficiaries' households contribute about 11% to total Philippine households, their contribution to income is only about 5% of the total. Thus, there is inequity in terms of income distribution among farmer-beneficiaries.

**5.3** Consistent with the second objective would be the third objective - to develop the agrarian reform beneficiaries into self-reliant farmers. This is possible only if farmers will be able to reach a certain income level to meet at least their basic/subsistence needs. In the ARC strategy, one of the targets is for ARBs to attain a household income of P60,000.

Land tenure improvement *per se* could not improve the productivity and income of the farmer-beneficiaries. Although tenure improvement is seen as the major accomplishment of the agrarian reform program, its gains have to be sustained. This could be possible through the provision of the necessary support services to increase productivity and reduce the income inequality among the farmers and other sectors of the society. Perhaps the adoption of the ARC strategy would be a big step towards the provision of an integrated support services delivery system among the communities of agrarian reform beneficiaries.

## **6.0 SOME POLICY DIRECTIONS**

### **6.1 Agrarian Reform**

Agrarian reform as an intervention from above (i.e., the government) is aimed to address issues pertaining to social equity, rural development, and poverty alleviation.

Even after June 1998, the implementation of CARP will continue. This is because according to the Department of Justice Opinion No. 9, S. 1997, the implementation of the CARP after 1998 is directory. As such, strategies are geared towards fast tracking the acquisition and distribution of small and medium agricultural lands owned by private individuals. Because these are the lands where resistance to CARP is quite high, it is necessary to review existing land valuation formulas to come up with more acceptable land values and accelerate the process of land acquisition. It is also important to come up with a package of incentives and/or support services to the small and medium landowners who will be affected by the program.

The area planted to (deferred) commercial crops is quite small, compared with to traditional crops (being cultivated by ARBs). However, their contribution to employment and foreign exchange earnings (for export crops) are significant. These farms are also characterized as technically and economically efficient. Thus, their farm owners and operators are clamoring for the adoption of appropriate schemes to sustain the current operations and profitability of growing commercial crops. The implementation of joint venture agreements between the farmers and commercial farm operators is being spoused by them. It maybe worth to analyze the features of the scheme, as well as the benefits that would accrue to both the farmers and operators.

The gains of agrarian reform could further be sustained if the landowners affected by the program could be made to flow back the capital (from the landowners' compensation) to the countryside. This could mean the establishment of agri-based industries where availability of raw materials could warrant sustaining the operations of such industries. Establishment of these industries would translate to additional employment opportunities particularly to members of the ARBs' households. To encourage the landowners to invest in the countryside, they should be provided with support services such as investment counseling, provision of additional capital and technical assistance.

On the part of the farmer-beneficiaries, strategies have to be directed towards sustaining the gains from agrarian reform through the provision of support services, particularly transfer of appropriate new technologies. The DAR has taken on the Agrarian Reform Community (ARC) strategy to hasten the development of agrarian communities. It is worth looking at the effectiveness of the adoption of ARC as a strategy in terms of improving the socio-economic status of the ARBs. Furthermore, since the ARC is a holistic approach, an important aspect that should be considered in its implementation is the provision of livelihood projects that will augment incomes of the ARBs' households.

## **6.2 Land Use**

Rationalization of land use policies should be geared towards striking a balance between lands to meet urban and food requirement of the populace. Policies related to rationalization of land use must be directed towards meeting the urban land requirement of the population as well as protecting the prime agricultural lands in the context of food self-sufficiency and food security.

Strategies related to land use should be towards firming up the rules and regulations on land use conversion. Moreover, efforts should be directed towards coming up with a law to penalize people who are into illegal land use conversion. Likewise, it could be worth to look at the imposition of land use conversion tax for those (legally) applying for conversions.

Section 20 of the Local Government Code stipulates that the local government units, through the Local Sanggunian, could reclassify about 5-15% of the total land area to meet the requirements of urbanization. There is a need to take a closer look at this provision in the context of rationalizing land use. Moreover, efforts should be done to assist local government units in coming up with comprehensive development cum land use plan in their respective areas of jurisdiction. The intention is to come up with a more realistic plan to meet the demand for land of their constituents.

A Land Information System or a Land Use Monitoring System has to be in place. This is brought about by the need to come up with a database on land as critical inputs to land use planning and land (re)classification. It is to be noted that a lot of the data set are readily available in different government offices such as the Bureau of Soils and Water Management (BSWM), NAMRIA, and DENR, among others.

### **6.3 Productivity Improvement**

Improvement in farm productivity is necessary in order to meet the food requirement of the increasing population. It is also important to be able to provide raw materials for the agri-based industries.

Given the decreasing area of farm lands in the Philippines, strategies to support agriculture have to be focused on the adoption of appropriate technologies to enhance farm productivity. The development of irrigable areas in the different parts of the country would greatly enhance productivity. In the case of rice production, this means doubling the production from palay for the irrigated rice lands. The rehabilitation of existing irrigated areas would also contribute to increasing farm productivity. It is also worth to look at the adoption of high yielding varieties and fertilizer, as well as integrated pest management in order to increase productivity. Furthermore, another strategy to enhance farm productivity is the intensification of land use through crop diversification. This means increasing the potential on-farm income and reducing the risks of agricultural production.

Furthermore, credit and market assistance would greatly help the farmers improve productivity and income. Mobilization of farmers, primarily through farmers organizations and cooperatives would enhance the receiving of support services from the government, non-government organizations, and the private sector.

R & D in agriculture is still relevant in order to develop productivity enhancing technologies.

## Notes

<sup>1/</sup> The criteria for the selection of ARCs are:

- (a) high number of ARCs in the area;
- (b) preferably with the presence of Non-government Organizations (NGOs) and People's Organizations (POs);
- (c) high farmers' potential for development;
- (d) expressed willingness to participate in the implementation of agrarian reform; and
- (e) economically depressed (Low Income Municipality) criteria.

<sup>2/</sup> Revisions to CARP scope and coverage followed standard procedures under the CSV. All agricultural landholdings are documented using the Tax Declaration at the Municipal Offices. These are captured in CSV Form No. 1. At the MARO level, all landholdings that are already covered or being covered by the DAR are inputted into CSV Form 2. Data from the Assessor's Office and the DAR MARO are then cross referenced, compared and consolidated into one list known as CSV Form 3.

Outputs of CSV Form No. 3 are subjected to consultations at the barangay level consisting of the Barangay Council, Barangay Agrarian Reform Committee (BARC), Non-Government Organizations (NGOs), and residents. These consultations serve as the validation of the reports as indicated in CSV Form Numbers 1 and 2.

CSV Form No. 3 already identifies the estimated area to be deducted from CARP coverage to include the following: retention area exempted/converted, not suitable for agriculture, with questionable classification (e.g., forestry areas, and others).

Landholdings with further questions are subjected to further validation with the LMS and the ROD. After the LMS and ROD validation, a decision has to be made at the MARO level. The MARO could include or exclude such landholdings, but if in doubt, he may still include in the Estimated Deductible Area the doubtful area under the classification Questionable.

<sup>3/</sup> In the case of Luz Farms vs. the Honorable Secretary of the DAR (GR No.86889, 4 December 1990), the Supreme Court held that lands devoted to the raising of livestock and poultry and swine be excluded from the coverage of RA 6657.

<sup>4/</sup> In the study, sensitivity analysis was done to determine which of the four management options being spoused in the Center for Research and Communication (CRC) study would be feasible. The management options include full takeover, contract growing, joint venture agreement, and leaseback arrangement.

<sup>5/</sup> The title of the study is **Agrarian Reform Beneficiaries (ARBs) Performance Monitoring and Evaluation System (M&E) System**. Its overall objective was to design a system of monitoring and evaluation of the performance of CARP beneficiaries. The study had two phases: I and II. In Phase I, a survey of 1,000 ARB respondents were conducted in order to pre-test the system. In Phase II, the system was operationalized. A nationally representative sample of 3,411 ARBs were randomly selected from 20 provinces using a stratified four-stage sampling design with major island groups (Luzon, Visayas and Mindanao) as domains of study. Using sampling weights, the study was able to estimate that the total number of ARBs nationwide is 1,416, 996.

<sup>6/</sup> The poverty threshold was computed using the 1994 NSCB figures inflated using the May 1995 CPI.

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