

Agrarian Reform in the Philippines

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an inventory of the “Comprehensive
Agrarian Reform Program” and its
effect on agricultural production

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Jord reformen på Filippinerna
- en inventering av “Comprehensive Agrarian Reform Program”
och dess effect på jordbruks produktionen

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PREFACE

This is a master's thesis at Lund Institute of Technology, Department of Surveying in Sweden, written in Lund between 1998 and 2003. We had the opportunity to visit the Philippines during ten weeks in the fall of 1998 to do our research and interviews.

First of all we would like to thank the Swedesurvey team, all included, without whose help very little of our work would have been possible.

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Finally we would like to thank all the people who took time to talk to us in Manila, Los Baños, Iloilo and Batangas.

ABSTRACT

A new agrarian reform was introduced in 1988 in the Philippines. There had been earlier agrarian reforms, but none had been as extensive as this one. The basis of Philippine agriculture should according to the reform be the establishment of ownercultivatorship and economic-size farms.

This thesis is a description made of the latest agrarian reform, the Comprehensive Agrarian Reform Program, which is abbreviated CARP. A short description of the history of landownership and land reforms in the Philippines is made so that the reader will get a better understanding of why there was a need for a new agrarian reform in the 1980s. The purpose of this thesis is to discuss how CARP affect the agricultural production. Interviews have been done in 1998 with personal at the responsible department and with farmers concerned with CARP.

Abstract in Swedish

En ny jordreform introducerades 1988 på Filippinerna. Den har förkommit av ett antal tidigare jordreformen, men ingen har varit så omfattande som den senaste. Grunden för det filippinska jordbruket skall enligt reformen utgöras av gårdar som ägs av brukarna och som är ekonomiskt bärkraftiga.

I denna uppsats beskrivs den senaste jordreformen, Comprehensive Agrarian Reform Program, förkortat CARP. För att få en bättre förståelse för dagens jordreform beskrivs kortfattat hur markägandet i Filippinerna har sett ut under historien och vilka övriga jordreformer som funnits. Syftet med uppsatsen är att beskriva hur CARP påverkar jordbrukets produktivitet. Intervjuer har 1998 gjorts med bla personal på ansvarigt departement och berörda bönder.

SUMMARY

Land reform and agrarian reform are not a modern phenomenon, it has been an occurrence in many countries for at least twenty-six centuries. The objectives for land reform vary widely among countries and over time. The two main motives for undertaking land reform during the nineteenth and the first half of the twentieth centuries have been greater political stability and social justice. Objectives in recent years have also been improved agricultural productivity, economic growth, more equal income distribution, a slow-down in population growth and preservation of the environment.

If there had been no land reforms or agrarian reforms implemented in the world between 1900 and 1980 there would have been twice as many landless families today. This reflects that land reforms and agrarian reforms actually carried out has been one of the most sweeping social and political processes of the twentieth century. Some of these reforms have been carried out as part of a process of violent or non-violent peasant-based revolution others have resulted from foreign pressure or occupation. There are several reforms that have been implemented by regimes without any immediate revolutionary threat or a recent major change in character. Governments anxious to accumulate peasant support have implemented some of these.

This thesis is about the latest agrarian reform in the Philippines and its effect on agricultural production. The Philippines is an archipelago located in South East Asia, with about 80 million inhabitants. Its closest neighbors are Indonesia, Malaysia, Vietnam, China and Taiwan. The Philippines has a long history of colonial oppression. Malays, Chinese and Arabs inhabited the archipelago over 2000 years ago. Since the 16th century the country has been a colony to Spain, United States and Japan. It was first in 1946 that the Philippines became independent.

The Philippines also has a very long and turbulent history of land reforms. The latest one, the Comprehensive Agrarian Reform Program (CARP), was instituted in July 1988. The implementation of a new agrarian reform was necessary to suppress the increased peasant unrest with violent demonstrations. The main reason to why Corazon Aquino was elected to be President in 1986 was that she promised a new agrarian reform. The implementation of the CARP was from the beginning thought to end in 1998, but in 1998 the reform was extended another ten years.

The CARP includes acquisition and distribution of 8.1 million hectares of both private and public agricultural land together with support services such as credit, irrigation facilities, education and training, infrastructure development, post-harvest facilities etc. In 1997 about 4.6 million hectares had been distributed to about 3.15 million people.

The acquisition and distribution is carried out in two steps, first the land is transferred to the Republic of the Philippines and the landowner gets compensation for the land. The landowner is allowed to keep five hectares for himself. In the next step the land is transferred to Agrarian Reform Beneficiaries (ARBs), which are those who own less than three or none hectares of agricultural land. The government finances the differens between the compensation paid to the landowner and the price paid by the ARBs.

As we mentioned erlier the CARP also includes support service. The support service is however only available for areas that are selected as Agrarian Reform Communities (ARCs).

The target is to launch 1,000 ARCs. These ARCs covers only a very small part of the total number of all ARBs. In 1997, 921 ARCs were launched nationwide. As part of our thesis we have visited six of the ARCs to find out how the CARP works in reality.

During the ten weeks we were in the Philippines there were almost an article about the agrarian reform every day in the daily newspaper. An incident that proves that agrarian reform is a hot topic was that the daughter of the secretary of the Department of Agrarian Reform was kidnapped at a shopping mal in Manila, by some landowners. She was however released a couple of hours later. During the years several people have been killed due to the CARP.

In this thesis we do a theoretical discussion on what impact the CARP has on the agricultural productivity. This we have conducted through general theory of agricultural productivity, specific information from the Philippines and field studies.

The discussion on agricultural productivity often focuses on better farming methods, increase supplies of fertilizer, how to provide better seeds and more extensive irrigation. But the improvement of the institutional framework of agriculture and landownership is also a very important factor in increasing the productivity. It is not too difficult to import fertilizer and buy a tractor to developing areas, provided that the necessary capital is available. It is far more difficult to change traditions and the dominating position of large landowners since it will affect the economic and social balance in the whole society.

The effect of an agrarian reform on agricultural productivity is a debated aspect. Opponents of agrarian reform argue that large agricultural units are in most cases more productive because of economics of scale, they can be more easily mechanized and can use rural infrastructure more efficiently. Opponents also insist that peasant cultivators lack know-how and education comparable to that of large landowners.

Proponents of agrarian reform argue that it is actually the smallholders who are the more efficient producer. Since land is an important source of prestige and political power in rural societies, landlords often own more than they can effectively cultivate. Peasant cultivators, on the other hand, tend to farm their plots very intensively because their families' living standards depend on raising productivity. This incentives do not hired laborers on large estates have, since they gain little from raising productivity. The difference in motivation may explain why a study, made before the latest agrarian reform in the Philippines, showed that the agricultural yield was twice as high in Japan, South Korea and Taiwan where smallholders cultivated their own land as in the Philippines where the land was cultivated by tenant farmers.

The basis of Philippine agriculture should according to the CARP be the establishment of ownercultivatorship and economic-size farms, which in the Philippines is thought to be 3 hectares. One fundamental idea in CARP is that land is being distributed with full ownership. Our conclusion of this thesis is that in the long run the agrarian reform will lead to an increase of agricultural productivity due to:

- Farmers who own his or her own land will work harder to increase the output, because the farmer can keep all of it.
- Small farmers tend to cultivate their land more intensively than farmers who own large landholdings.
- Access to support service helps former tenants and farm workers in their transformation into efficient farmers.

- A more stable society, i.e. no peasant unrest etc as there was before the agrarian reform (except for Mindanao, located in the south parts of the Philippines), is a good environment for the new farmers to grow into efficient farmers.

Since not all ARBs have access to support services it is important to create a cheap, simple and reliable system for dealing with credit. An important factor is a reliable land administrative system. The spine of the economical development in the Western World has been a safe and reliable land administrative system.

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I INTRODUCTION

1. INTRODUCTION

1.1 Background

The Philippines has a long history of land reforms, starting from the beginning of the 20th century. The latest one, The Comprehensive Agrarian Reform Program (CARP) of 1988, is the most serious attempt to adjust inequalities of access to agricultural land. The majority of the poor people in the Philippines lives in rural areas and is landless farm-workers, tenants or small farmers.

Agriculture's role in economic development is central because most of the people in poor countries make their living from the land. This is why access to land is very important in the Philippines and other developing countries and why land ownership means power.

As surveying students we wanted to get more knowledge about landowning matters in a developing country. In our program at the Institute of Technology in Lund we had mostly studied facts about Sweden in this matter and wanted to get an international perspective of questions concerning surveying matters. We took contact with Ola Wennerby at Swedesurvey and he helped us to get in contact with Rikard Lundgren and Jens Rosbäck, who were placed in the Philippines working with a surveying/mapping/cadastral project for Swedesurvey. Our instructor in the Philippines was Emanuell "Bunny" Alfiler, who was an official at the Department of Agrarian Reform.

1.2 Objectives

Our main objective is;

- to discuss the influence of the Comprehensive Agrarian Reform Program on agricultural productivity.

To fulfill our main objective we also have two sub-objectives, namely;

- to describe the Comprehensive Agrarian Reform Program, and
- to describe how the Comprehensive Agrarian Reform Program is applied in reality through field-studies.

1.3 Method

Our work consists of three working phases. First we did literature studies in Sweden then we spent ten weeks in 1998 gathering information in the Philippines, mostly in Manila, and our third phase was to compile and analyze the material.

The literature studies in Sweden were on national and international material about land reform theories and some materials about the Philippines and the Philippine agrarian reform. In the Philippines we gathered written information about the agrarian reform from the Department of Agrarian Reform (DAR) and from the University of the Philippines at Los Baños Institute of Agrarian Studies. We also gathered statistics and literature from the Department of Agriculture and the Bureau of Agricultural Statistics.

Interviews were made with DAR personnel at the central office in Manila, at provincial and municipal level. We also interviewed farmers affected by the agrarian reform. The persons

and their titles are listed as references at the end of this thesis. The interviews were made to clarify what we read in the literature and to see how CARP is applied in reality. The interviews were made as discussion around a certain topic. We made field trips to six Agrarian Reform Communities where we spoke to the farmers and local DAR personnel.

1.4 Limitations

Most of the literature about CARP is produced by DAR themselves. We are aware of the fact that DAR can have an interest in making CARP look as successful as possible. Except for studying the material critically, we also tried to get facts and opinions confirmed from other sources, through literature, interviews and statistics.

Some of the written material that we gathered in the Philippines does not have the year printed out when the material was published. However, from its contents we were able to estimate the year of publishing.

From different sources we have heard that much of the statistic material about productivity figures from earlier years in the Philippines are not reliable. There are also lags in all statistics that we were interested in. Due to this, we had to focus on a more descriptive approach to our thesis rather than a more analytic, that we first intended to.

There are nine agrarian reform implementing agencies, but we have focused our studies on DAR which is the main agency.

We were only able to visit six Agrarian Reform Communities in two different provinces. The intention of these field studies was only to get an insight and an understanding of how CARP works, or not works, in reality for the farmers who are the actual beneficiaries of the CARP. We also got another aspect of agrarian reform, different from the ones in literature and from central office.

In this thesis we have assumed that the reader have some knowledge of real property law and land administration systems.

2. AGRARIAN REFORM - THEORY

The purpose of this introductory chapter is to give a theoretical background of land reform and agrarian reform. A description is made about different objectives for a reform and how the reform is carried out in different countries depending on the political background. The chapter also consists of an attempt to explain what kind of questions that must be answered before a land reform or an agrarian reform can be implemented.

Most theories and researches on land reforms and agrarian reforms date from the 1950s, 60s and 70s even though it still is an ongoing process in many countries all over the world and the need for rural development still exists. Many studies on rural development today instead focus on targeting increasing income for poor, gender issues or sustainable development (Sobhan, 1993).

Agrarian policies during the 1950s to the 70s-80s were mainly characterized by the protection of the agricultural sector through protected markets, controlled prices, subsidized agricultural services and inputs. (Herrera et al, 1997) This is far from the free trade and globalized markets that dominate the debate today.

In a Food and Agriculture Organization (FAO) report from 1997, "Recent FAO experiences in land reform and land tenure", some new trends in agrarian reform have been identified. Due to the political and economic liberalization in the world from the end of the 1980s, the role of the state has been reduced in many countries. In the agricultural sector, this has often meant reduction of state participation in the agricultural services, protection of rural markets and price controls, and elimination of subsidies. At the same time, market liberalization policies call for the development of a more efficient agriculture with secure access to resources and sustainable use. A new agrarian reform in this framework has to meet both needs to fill the institutional vacuum left by the reduction of state participation, and the need to develop efficient and productive agricultural alternatives for rural producers. In this respect, land reform must involve the development of a comprehensive institutional framework that ensures rights and security for farmers. (Herrera et al, 1997)

2.1 Definition of terms

Agrarian reform and land reform have no absolute definitions and are often misused in the context of land redistribution programs. It is therefore important to define these terms as they are to be used in this thesis.

2.1.1 Land reform

The traditionally accepted definition of land reform is the redistribution of property rights in land for the benefit of small farmers and agricultural laborers (Warriner, 1969). Usually it is redistribution of landownership in almost equal parcels to tenants, small landholders and/or landless rural laborers. The people who receive the new holdings have usually lived on or near them before the land reform.

2.1.2 Agrarian reform

Agrarian reform is redistribution of land, as a land reform, combined with complementary programs to support the reform such as access to credit, infrastructure projects, irrigation, education, training, marketing facilities etc.

Today's reform in the Philippines is an agrarian reform.

Instead of a land reform an agrarian reform could include a tenancy reform or it could include both a tenancy reform and a land reform. In a tenancy reform legally binding contracts are to be used to reduce and/or stabilize rents paid by tenants and to give relatively secure access to the land they cultivate. In situations where these contracts are effectively enforced the resulting benefits can be much the same as if land ownership was redistributed.

2.1.3 Colonization and consolidation

Other concepts that are often misused or confused with land reform are:

- Colonization - opening up of previously uncultivated (and usually uninhabited) lands to agricultural production. (Fones-Sundell, 1980)
- Consolidation - small holdings are united into one larger unit usually in the name of efficiency or rationalization, this is really the opposite of land reform. (Fones-Sundell, 1980)

2.2 Objectives for land reform or agrarian reform

Land reform and agrarian reform are not a modern phenomenon; it has been an occurrence in many countries for at least twenty-six centuries. The objectives for land reform vary widely among countries and over time. The two main motives for undertaking land reform during the nineteenth and the first half of the twentieth centuries have been greater political stability and social justice (Sandoval, 1976). Objectives in recent years have also been improved agricultural productivity, economic growth, more equal income distribution, a slow-down in population growth and preservation of the environment (Handelman, 1996, chapter 5).

As mentioned above there are many objectives to start a land reform or an agrarian reform but the underlying factor is in the majority of cases unequal land distribution.

2.2.1 Unequal land distribution

It is estimated that about 500 million people in the developing world earn most of their income on farmland that they do not own. (Handelman, 1996, chapter 5) Also millions of smallholders (farmers who own a very small piece of land) lack sufficient land to support their families adequately. In some countries, such as Bangladesh, Rwanda, El Salvador, and Peru, the ratio of rural families to total farmland is so high that even an equitable distribution of farmland would fail to meet all of the peasantry's needs. But in many other developing countries the problem of landlessness and land shortage could be solved by a land reform, because the lack of land for greater mass of people is due to the concentration of agricultural land to a small group of large landowners. (Handelman, 1996, chapter 5)

Misdistribution of land is most pronounced in Latin America, where large estates, sometimes measuring thousands of acres, contain a substantial proportion of the region's farmland. In Brazil 57 % of all farmland belongs to 2 % of the nation's farms. In the Dominican Republic 2 % of the country's farms control over 55 % of the total farmland. At the same time peasant smallholder units, each five hectares or less, compose nearly 82 % of the country's farms but only 12 % of the total farmland. (Handelman, 1996, chapter 5) The situation is the same in the Philippines, where 5,5 % of all landowning families owned 44 % of the arable land in 1996. (Tujan JR, 1996).

Most Asian countries, except from the Philippines, lack agricultural estates of the same magnitude as Latin America because of far higher population density and different historical traditions. In Bangladesh for example, one of the worlds most densely populated countries, the largest farms rarely exceed 5 to 10 hectares. (Handelman, 1996, chapter 5)

The misdistribution of land creates a tension between landowners and landless people in rural areas. This tension can be one of the triggering factors for the country's government to feel the need to start a land reform or an agrarian reform. At the same time it is also one of the major obstacles in implementing a land reform or an agrarian reform, due to landowners' resistance to redistribute their land to landless people. We will discuss this problem further on.

There is also a political and economic tension between rural and urban areas. Even though there has been a substantial urbanization in recent decades most of the people in the developing world remain rural. Almost 60 % of the families in the developing countries earn their livelihood from agriculture. Despite this, the political power and economic domination is concentrated in the cities, which consequently make the government policies often to be in favor for the urban residents. There is also a big gap between urban and rural population, in favor for the urban, in annual income, literacy, life expectancy, and the availability of health care. (Handelman, 1996, chapter 5)

2.2.2 Social justice

Land reform and agrarian reform from a political and social aspect is essential both for rural development and the creation of an equitable social structure. Ownership of land and water resources is a measure of political influence and power in rural areas. Among the poorest of the poor in the developing world are the over 500 million people with very little or no land. They are usually also politically weak and in the hands of landlords, the police, local politicians, or the military. (Handelman, 1996, chapter 5)

Misdistribution of land is not the only reason, but the greatest, why peasants have little influence in politics. Peasants are also limited by their poverty, lack of education, dependency of outsiders, physical isolation from each other and from the centers of national power. (Handelman, 1996, chapter 5)

For most rural poor a land reform or an agrarian reform is an important step toward a broader political participation and greater socioeconomic equity. (Handelman, 1996, chapter 5)

2.2.3 Political stability

Statistical analyses show that the risk for rural unrest and revolutionary activity increases in developing countries if there is a significant proportion of landless peasants and if there is high inequality of landownership. So from the perspective of the developing world's policy makers and their foreign advisors an objective for land reform or agrarian reform is to hold back peasant unrest. (Handelman, 1996, chapter 5)

The most recent example of a situation involving land reform and political instability is Zimbabwe where black so called war veterans have been occupying white-owned farms, demanding redistribution of the land.

After World War II the United States had a desire to stop communist insurgency or peasant unrest by imposing land reform in some of the countries in Asia and Latin America which was U.S. allies or under U.S. occupation. (Handelman, 1996, chapter 5)

2.2.4 Income distribution and economic growth

Unequal accesses to productive resources, such as land and water, leads to inequality of income distribution in the developing countries. Since landownership is the principal source of economic and political power in most of these countries, a successfully implemented land reform or agrarian reform will create a more equitable society. Land reform or agrarian reform is therefore seen as an effective and relatively permanent mean of raising overall living standards and bringing the majority of the rural population into the development process. (Handelman, 1996, chapter 5)

Existence of poverty and inequality slows down economic development. If many people are desperately poor there is very little demand for industrial and agricultural products. People are concentrating all their efforts on survival and have not much time or money over for schooling and job training. But when their living standard improves and their purchasing power increases, they consume more of the country's manufactured goods and thereby stimulating industrial growth. According to Handelman "it is no coincidence, then, that postwar economic development in Japan, Taiwan, and South Korea initially followed on the heels of agrarian reform. In contrast, Latin America's concentrated pattern of farmland ownership is partially responsible for its highly inequitable distribution of income, ultimately adversely affecting economic growth." (Handelman, 1996, page 116)

It is important that the money from development, or the increase in Gross National Product, goes to the right group of people in the country. People with high incomes who get even more money usually spend it on luxury goods that mostly are imported instead of buying goods produced in their own country. This obviously leads to an export/foreign trade deficit that do not improve the situation of the rural poor. This again shows how important it is to develop the rural sector. (Gillis et al, 1996, chapter 16)

Another argument in favor for land reform and agrarian reform is that small peasant farms utilize family labor intensely, a cheap input in the initial state of developing countries that have a labor surplus situation, i.e. too many people in the rural sector who are not fully employed. This situation is for example found in most Asian countries. Large farms on the other hand need to import machinery, fuel, and chemicals and thereby drawing upon scarce foreign exchange and/or credit, which increase the export/foreign trade deficit. (Gillis et al, 1996, chapter 16)

Some argue that for a land reform or an agrarian reform to have a major impact on the distribution of income, the land has to be taken from landlords without compensation, or at least without anything close to full compensation. If landlords receive payments equal to the full market value of the land from the new landowners, the society's distribution of wealth will be the same as before. The new owner will be just as poor and the old landlords just as rich as before. The agrarian reforms in Japan and South Korea after World War II involved little or no compensation for confiscated assets of landlords. (Gillis et al, 1996, chapter 16) However, this is confiscating private assets and it is not possible to do in a democratic society.

2.2.5 Productivity

Land has become an increasingly scarce resource. While the agricultural land area is more or less fixed, the need for land to provide basic needs, such as food, of an increasing population continues to mount. Therefore it is extremely important to use the available land more efficient, i.e. try to increase the productivity. (Jacoby, 1968)

The discussion on productivity often focuses on better farming methods, increase supplies of fertilizer, how to provide better seeds and more extensive irrigation. But the improvement of the institutional framework of agriculture and landownership is also a very important factor in increasing the productivity. It is not too difficult to import fertilizer and buy a tractor to developing areas, provided that the necessary capital is available. It is far more difficult to change traditions and the dominating position of large landowners since it will affect the economic and social balance in the whole society. (Jacoby, 1968)

The effect of an agrarian reform on agricultural productivity is a debated aspect. Opponents of agrarian reform argue that large agricultural units are in most cases more productive because of economies of scale, since large farms can be more easily mechanized and can use rural infrastructure more efficiently. They also insist that peasant cultivators lack know-how and education comparable to that of large landowners. (Handelman, 1996, chapter 5)

Proponents of agrarian reform argue that it is actually the smallholders who are the more efficient producer. Since land is an important source of prestige and political power in rural societies landlords often own more than they can effectively cultivate. Peasant cultivators, on the other hand, tend to farm their plots very intensively because their families' living standards depend on raising productivity. This incentives do not hired laborers on large estates have, since they gain little from raising productivity. (Handelman, 1996, chapter 5)

2.2.6 Population growth and urban migration

A big problem in many developing countries is the fast growing number of people. This might not be a problem if the food supply were increasing at the same pace. If it is not possible to increase food output the high population growth has to slow down. Poor people in rural areas tend to have larger and younger families than rich farmers. These large poor families lack social and economic security. If an agrarian reform succeeds to redistribute income more evenly there will be less poor people and then the population growth most likely will slow down. (Cornista in Gordoncillio, 1992)

Many countries which have undertaken agrarian reforms have been able to slow down the migration of peasants to the cities. Giving peasants an economic stake in the countryside has made the countryside able to "hold" labor until the industry and service sectors in the cities can absorb more workers. The decline in rural-to-urban migration thereby has alleviating the tremendous strain on infrastructure and social structure currently being experienced by many cities of the developing countries. (Gillis et al, 1996, chapter 8 and 16)

2.2.7 Environmental issues

First in recent years international aid agencies and government policy makers have begun to relate land reform and agrarian reform to ecological issues and preservation of the environment. Each year an area of approximately the size of Denmark is being destroyed in the Amazonian tropical forest. The trees are set on fire to clear the land for ranching or agriculture. This is believed to contribute substantially to the greenhouse effect on world climate and also have consequence for the Amazonian forest's critical effect on the world's

oxygen supply. Large-scale farmers and ranchers cause a substantial portion of this devastation, but also peasant settlers contribute to the process. Peasants are coming from the nation's poorest regions in search of a better life in the jungle. The jungle soil quickly loses its nutrients and they have to move on, clearing new forest land. Land reform or agrarian reform in Brazil's non-forest regions would reduce landlessness, give tenant farmers a stake in the land they already farm, and thereby reduce migration to the Amazonian basin. Similar arguments have been used for land reform and agrarian reform in other parts of the world. (Handelman, 1996, chapter 5)

An increasing population and absence of economic growth in the rural sector also has an environmental aspect. As mentioned above it leads to a flow of job seeking people from the countryside to the cities, which makes the cities in the developing world overcrowded and creates a growing environmental problem in the cities.

2.3 Political backgrounds for agrarian reforms

If there had been no land reform and agrarian reform implemented in the world between 1900 and 1980 there would have been twice as many landless families today. This reflects that land reforms and agrarian reforms actually carried out has been one of the most sweeping social and political processes of the twentieth century. Some of these reforms have been carried out as part of a process of violent or non-violent peasant-based revolution. Others have resulted from foreign pressure or occupation. There are several actions that have been undertaken by regimes without any immediate revolutionary threat or a recent major change in character. Government anxious to accumulate peasant support, has implemented some of these. (Posterman, 1987, and Handelman, 1996, chapter 5)

The table below shows under what circumstances some of the twentieth-century land reforms and agrarian reform have occurred.

After a revolution:

Russia	Cuba
China	Ethiopia
North Vietnam	Nicaragua
Mexico (earlier stages)	Bolivia
Egypt	

Under the existing government, while under a substantial revolutionary threat:

Ireland	South Vietnam
Taiwan	El Salvador
Philippines*	

Under the existing government, which had undergone significant change for reasons other than internal revolution, for example pressure from another country:

Bulgaria	Japan
Romania	Yugoslavia
Poland	South Korea

Under the existing government, without revolutionary threat or significant change:

Finland	Mexico (later stages)
Great Britain	India

*Figure 1. A categorization of some of the 20th century land reforms (Posterman, 1987, chapter 1). * = Our interpretation of the latest agrarian reform in the Philippines.*

Most developing countries have some kind of land reform legislation on the books, but relatively few have experienced real reform. In some countries no serious efforts have been made to enforce the legislation. In other countries the legislation has been enforced but has little effect because of legal loopholes. (Gillis et al, 1996, chapter 16) In absence of peasant unrest policy makers tend to be relatively indifferent to the injustices of land tenure patterns. (Handelman, 1996, chapter 5)

2.3.1 Revolutionary transformation

The problem of inadequate tenure system of agricultural land is one of the most fundamental political and economic problems of our age, and also the root of a high proportion of the most violent civil conflicts (Posterman, 1987, chapter 1). A society with large tenant and landless

farm worker population that is controlled by landowning classes may find itself faced with increasing rural unrest.

The two main purposes of a land reform or agrarian reform that takes place after a revolution are to eliminate the economic base of the landowning class and to consolidate support for the revolution among the rural poor. (Gillis et al, 1996, chapter 16)

Agrarian reform has been the fundamental goal of both Marxist revolutions (China, Vietnam, Cuba, and Nicaragua) and non-Marxist revolutions (Mexico, Bolivia, and Algeria) in the twentieth-century (Handelman, 1996, chapter 5). The difference between them is that after a Marxist revolution the agrarian reform program favors collective farming (state farm or cooperative farming) rather than peasant smallholdings. But even some non-Marxist revolutions such as Mexico's have distributed land through cooperatives.

2.3.2 Externally imposed reform

The U.S. occupation forces carried out the agrarian reform in Japan after World War II. This reform is together with Taiwan's and South Korea's agrarian reform one of the most successful agrarian reforms. (Internet 1)

The U.S. Occupation government in Japan saw peasant smallholder as a solid base on which to build a future democratic and stable Japan. In contrast, the landlord class was believed to have been an important supporter of the forces in Japanese society that brought about World War II. Land ownership was limited to ten acres and the number of landless farmers was reduced from 28 % to 10 % of the population. The Japanese landlords were not in position to offer resistance to the reform. There were little or no compensation offered to the landlords for confiscated assets. (Handelman, 1996, chapter 5 and, Gillis et al, 1996, chapter 16)

Encouraged by pressure from United States, Taiwan and South Korea implemented similar reforms as the one in Japan. The transformation of the rural society in all three countries was very successful. The agrarian reforms improved rural living standards, raised agricultural productivity, and strengthening the political stability. (Handelman, 1996, chapter 5) The reforms are also an important factor behind these countries industrial and economic development.

Later efforts made by the United States to implement land reform or agrarian reform in other countries, have been far less effective. In Central America and Southeast Asia landlords were powerful actors in their nations' political systems and agrarian reforms were never successfully implemented. (Handelman, 1996, chapter 5)

This modest accomplishment of later attempts of externally imposed agrarian reforms depends on that the three unique conditions that existed in postwar East Asia that never have occurred again. The first unique element were the depth of United States commitment to reform, because of the fear of communist agrarian revolution would spread from China to other Far Eastern nations. The second condition was the fact that the Japanese were under U.S. military occupation, and the Taiwanese and South Korean governments were strongly connected to the United States. The third and probably most important factor was that the landed elite in Japan, Taiwan and South Korea were weakened and poorly positioned to defend their interest as landowners. (Handelman, 1996, chapter 5)

2.3.3 Moderate reformism

Most agrarian reform programs result neither from foreign intervention nor from revolution, though external pressures and the threat of political instability may be a factor of importance. Colombia, Chile, Venezuela, and Peru all enacted moderate land reform programs in the 1960s. (Handelman, 1996, chapter 5)

Due to the abolition of literacy requirements for voting or rise in rural literacy rates, peasants have been transformed into important voters. Thus, after calling for agrarian reform, parties in Chile, Peru, and Venezuela all won national elections with extensive peasant support. Once in office, they implemented redistributive policies of varying magnitudes. Similarly, in Asia, a mix of rural unrest and electoral politics contributed to agrarian reform in the Philippines and in some Indian states. (Handelman, 1996, chapter 5)

Advantages of moderate reformism are that they by definition are relatively free of violence, which often is associated with revolutionary programs. However, its reach has often been far more limited than either externally imposed redistribution or revolutionary transformation. In Latin America, for example, the most far-reaching land redistribution efforts have followed revolutions in Cuba, Bolivia, Nicaragua, and Mexico. By comparison, most moderate reforms in the region have been far more limited. Reforms in Bangladesh, Thailand, the Philippines, and India have also shown meager results when compared to revolutionary land redistributions in China and Vietnam. (Handelman, 1996, chapter 5)

The reason why moderate reformism normally results in more limited and often ineffective agrarian transformations is that it takes place in countries where the landed elite is still sufficiently strong to limit the scope of change. Often, for example, moderate reform laws require monetary compensation for landlords losing land. Given the state's limited economic resources, such a mandate limits the scope of land redistribution. Heavy bureaucracy and court challenges also slow down the pace of redistribution. Sometimes uncultivated public property is distributed, because it is easier than redistribute private property that belongs to the landed elite. This land is often of marginal quality. When it is forested areas that are distributed, such as the jungle frontier in Venezuela or Brazil, it is a serious danger to the environment. (Handelman, 1996, chapter 5) The above said is also the situation in the Philippines.

2.4 Limitations and implementation of an agrarian reform

The implementation of agrarian reform programs creates a variety of political and administrative difficulties and confronts governments with complicated problems. There are many options to choose between regarding the way to implement an agrarian reform. Many questions have to be analyzed before and during the implementation of an agrarian reform.

After our literature studies we listed some questions that we thought should be answered before an agrarian reform can be implemented. These questions are according to us key issues in the limitation and implementation of an agrarian reform. However, the list below of question is not complete, it is only an attempt to try to give the reader a clue of what kind of question the implementing agencies in countries bound for agrarian reform are faced with.

Limitations questions:

- What type of land, i.e. all agricultural land or only for example rise-land, is to be included in the agrarian reform?
- What should be the size of the landholdings received by beneficiaries and what should be the retention limit for the landowner?
- From whom is the land to be taken?

Implementation questions:

- Is land going to be redistributed or is the reform only going to include a land-tenure reform?
- If land is to be redistributed, is it to be in the form of private holdings or cooperative holdings?
- What should be the criteria to obtain land?
- Is compensation to be offered to former landowners and if so, how much is to be offered in compensation?
- How much must the beneficiaries pay for the land they receive?
- Which additional support services are to be provided, if any, and how?
- How is the redistribution going to be administered?
- What administrative capacity, financial resources, political support exist for implementing such programs?
- Is the implementation going to be finished in 5, 15 or 25 years?

The answers to these questions are very individual for each country. These questions for the Philippines latest agrarian reform will be answered later on in this thesis.

The chosen policy for agrarian reform also depends on the existing land tenure structure. In much of Latin America and in the Philippines the land owning structure consists of very large holdings operated by landlord families or commercial farms which dominate the rural areas economically and politically. Outside the large estates, usually on inferior and marginal lands, live the majority of rural families and they have a hard time trying to produce enough for their own subsistence. (Fones-Sundell, 1980)

In most other countries in South and Southeast Asia access to land are not as highly concentrated to a few large landowners as in the Philippines. One reason for this could be the heavy population pressure on arable land. Because of this heavy population pressure and the

absence of alternative employment opportunities, wages for farm workers are very low and the conditions for tenants severe. (Fones-Sundell, 1980)

In much of tropical Africa there is gross sufficiency of land to meet present demands, but with very low productivity per acre because of weak soils, inadequate technologies, poor infrastructure, low rainfall, and insufficient production inputs. Land is often owned communally, but privatization is spreading rapidly, often without legal sanction. This could lead to a serious land shortage especially with the current rate of population growth in the rural areas. (Fones-Sundell, 1980)

2.4.1 Land distribution

When land distribution is included in the agrarian reform land is given to the tiller - in the majority of cases to the former tenant or land worker - with or without compensation to the landowner. In the case where the landowner receives compensation a government can pass a law setting a ceiling on the number of acres an individual can own, the retention limit, and then force individuals to sell all land over that limit. The reform law can also state that only those who actually till the land can own it, and all other land must be sold. A key issue in this kind of reform is whether the former landowner receives full or only partial compensation for the land that he or she must give up. (Gillis et al, 1996, chapter 16)

2.4.2 Tenant reform

A reform of the land-tenure systems can take many different forms. The least radical one is the reform of rent contracts that ensure the tenure of a tenant farmer. Many peasants lease land at the will of the landowners and can easily be removed at the end of the season. A reform of the land-tenure system can pass laws that require long-term contracts that restrict the landowner's right to remove the lessee. Such contract will improve the tenant's willingness to maintain and invest in the land, and also give a degree of stability into the family's life. This is a fairly fast and uncomplicated way to improve tenants' situation. Still it is just a limited measure for a limited group of farmers. A tenant reform can also be a part of a larger land redistributing agrarian reform. (Gillis et al, 1996, chapter 16)

Another activity that may be included in the reform of the land-tenure system is rent reduction and/or the abolishment of share-cropping system, where the landowner receives a percentage of the tenant's crop, i.e. not a fixed rent. The reform usually involves a ceiling on the percentage share of the crop that a landowner can demand as rent.

2.4.3 Support services

To stand a meaningful chance of increasing agricultural production, improving rural living standards and establishing political stability, land redistribution must be supplemented with different kinds of services to the beneficiaries. Unfortunately, agrarian reform programs often fail to provide these additional supports in sufficient quantities. This is a major reason why many agrarian reforms have failed. (Handelman, 1996)

These supplementary services go under different names in the literature, but here we use the term support services. Support services are services provided by the government and other institutions concerned with implementation of the agrarian reform program. The services are given to program beneficiaries to assist them in making the transition from sharecroppers/tenants/farm-workers to landowners. The most common support services to the program beneficiaries are access to credit, education, infrastructure, irrigation and marketing

assistance. Services can also be given to former large landowners to assist them in investing their money received from land compensation.

For successful delivery of support services, several conditions have to be satisfied. Government commitment along with adequate financial resources must exist. Local community organizations must get involved to speed up the delivery of the services and to help the government to choose the appropriate measures for the provision of support services. Attention must also be given to a variety of specific conditions that exist in different rural communities affected by the agrarian reform. (DAR 1) The issue of support service is further discussed in chapter 5.

2.4.4 Evaluation

Evaluation of the reform is an important activity that should be done frequently during and after the implementation of an agrarian reform. The evaluation should recognize obstacles and measure failures compared to the objectives of the legislation. Independent evaluation is necessary to make an objective evaluation. Since the implementing government agency often is the one who also makes the evaluation it is important that the government is open to criticism, which takes a high degree of political and administrative maturity. (Jacoby 1966)

The final results of an agrarian reform program should always be viewed from a long-term perspective, but the short-term achievements or failures can have an importance of their own and may become the starting point for new development. (Jacoby 1966)

2.5 Lessons learned

The result of land reforms or agrarian reforms has been argued in different academic and technical forums. In general it has been agreed that agrarian reform has proved unsuccessful for several reasons.

- It failed to address the target population.
- Support services and inputs that were part of agrarian reform programs did not benefit agrarian reform beneficiaries.
- Political support for land redistribution was insufficient.
- The economic cost of land distribution and land regularization were too high.
- Security of tenure was not provided due to the lack of land titling and land registration programs. (Herrera et al, 1997)

The legislative techniques used when an agrarian reform is implemented can also be the reason for problems of implementation. Examples are ambiguity of legal wording, inconsistency, impracticability from an administrative point of view, and loopholes in the regulations. Another obstacle to implementation is a reform law that is overextended in relation to the administrative and the financial capacity. (Jacoby, 1966)

Lessons learned from the past show that land reform or agrarian reform should not only target landless farmers, but also strengthen economic and productive possibilities of agricultural producers. It should be a priority for land reforms and agrarian reforms to remove obstacles that discourage farmers to invest in their land. A comprehensive set of rules and a legal framework, a clarification of individual rights, land regularization and land titling, are also seen as important mechanisms to ensure security and favor producers' investment in agriculture. (Herrera et al, 1997)

II THE PHILIPPINES AND THE CARP

3. THE PHILIPPINES NOW AND THEN

The purpose of this chapter is to give a brief description of the Philippines and the country's history of landownership and land reforms. After reading this chapter the reader will get a better understanding of why there was a need for a new agrarian reform in the 1980s.

3.1 The Philippines today

The information in this chapter is taken from *Landstrategi Filippinerna - Landanalys* written by SIDA (1996), *The Ramos Legacy in Agrarian Reform – A Transition Report* by Secretary Ernesto D. Garilao, DAR (1997), *Philippines* by Jens Peters (1997) and *Nationalencyklopedin* by Bra Böcker (1991) and www.worldbank.org.

3.1.1 Geography and climate

The Philippines is an archipelago with about 7 000 islands, located in South East Asia, see map below. Its closest neighbors are Indonesia, Malaysia, Vietnam, China and Taiwan. The archipelago is a creation of many years of volcanic activity and there are 37 volcanoes on the islands today, but only 18 of them are active. The last big eruption was the volcano Mount Pinatubo in 1991. In year 2001 there was a smaller eruption of the Mayonvolcano. The two biggest islands are Luzon in the north and Mindanao in the south. The islands between these two big islands are called the Visayas, see map below. The total land area is about 300 000 square meter, about two-thirds of the size of Sweden. The Philippines has tropical climate with hot and humid weather all year around. The average temperature is about 25 °C throughout the year. Because of the humid climate the Philippines islands are very green. Luzon and north Visayas are located in a typhoon area. Between June and January these heavy storms occur with lots of rain.

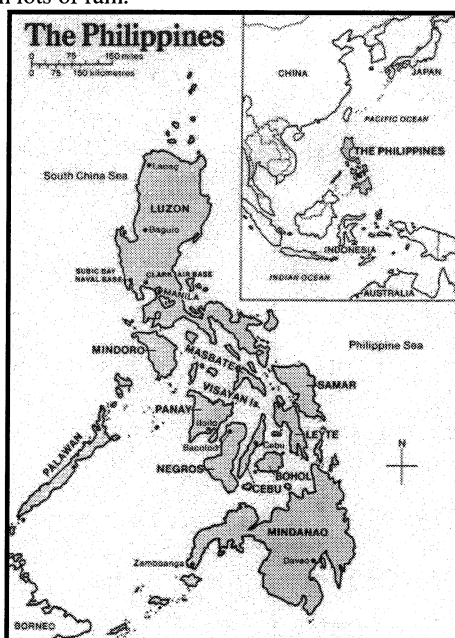


Figure 2. Map of the Philippines.

3.1.2 Population and language

Of the 7 000 islands only about 2 000 are inhabited. The total population is about 77 million people. There are about 60 different ethnic groups. Over 90 percent of the population claim to be Christian and 80 % of these are Roman Catholic, this fact makes the Philippines the only Christian country in Asia. Muslims are the largest of the religious minority groups with about 8 percent of the population. Most of the Muslims live on the island Mindanao and in the Sulu Archipelago, which is located southwest of Mindanao.

40 % of the population lives in the countryside and nearly half of the labor force works in agriculture. 38 % of the land is cultivated. The major crops are rice and corn, other crops grown in the Philippines are coconut, sugarcane, banana and pineapple. A problem for the agriculture is occasionally occurring typhoons and floods that totally destroy the harvest.

The official languages are English and Tagalog. Beside these two languages there is a variety of other languages spoken in the country. English is for the most part used in the administration, the judicial system, by the army, by the police and by the media.

3.1.3 Administrative structure

According to the Filipino constitution the power is divided between an executive, a legislative and a judicial power. The Congress has the legislative power and is composed of the Senate (Upper House with 24 senators) and the House of Representatives (Lower House with 250 members). The president has the executive power, he or she is selected by public elections every sixth year and is only allowed to govern for one term of office.

Manila is the capital, with approximately 9 million people, and is located on the island Luzon. The Republic of the Philippines is divided into 13 regions consisting of 76 provinces. Each province has a provincial capital and several municipalities, which in their turn are divided into village communities called barangays. The barangay is the smallest socio-political administrative unit in the Philippines and has an elected 'barangay captain'.

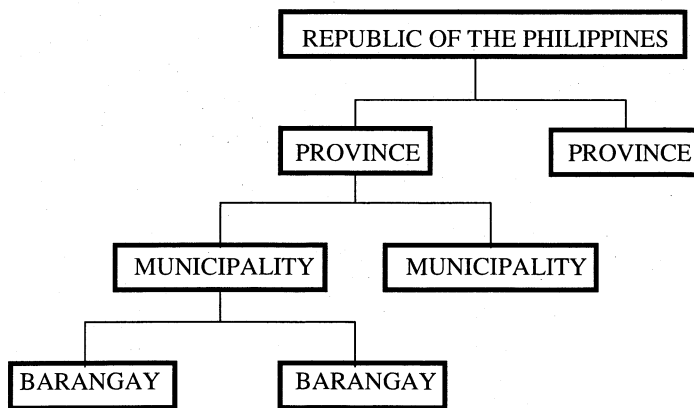


Figure 3. The structure of the Philippine society.

3.1.4 History, politics and economy

The Philippines has a long history of colonial oppression. Malays, Chinese and Arabs inhabited the archipelago already over 2000 years ago. Along with the Spaniards invasion in the 16th century came some radical changes. The majority of the population converted from some form of Malaya religion to Catholicism, except for a Muslim minority in Mindanao. After the war between Spain and the United States in 1898 the Philippines became an American colony. Before the Philippines became a colony to the United States the country was a republic for a few years. The United States introduced an American educational system and English as educational language. This is one of the reasons to why the Filipinos have adopted the American culture. Japan occupied the country in 1942. After World War II ended the Philippines became independent in 1946 and a constitution, in many parts similar to the American one, was passed. Even after the independence the United States had a great influence. Until the early 1990s the United States had military bases in the Philippines.

A local elite of wealthy landowners had been established during the colonial era. These people held a prominent position in the country's political and economical life even after the independence. Although there is a democratic system in all administrative levels today, the political life is still in some ways dominated by a few powerful groups that are looking after their privileges. An example of such groups is the big landowners who still dominate in rural areas. Others are industrialists and powerful businessmen.

Ferdinand Marcos became president 1965. He introduced an export-oriented economy. Internal political problems grew and in 1972 Marcos proclaimed a state of emergency, which gave Marcos more power. In 1981 the state of emergency was withdrawn. The political and economical misrule, with political repression and corruption, under Marcos rule led to a deep in debt-crisis in the beginning of the 1980s. In 1986 Marcos fled into exile in Hawaii. Under later presidents, Corazon Aquino 1986 – 1992, Fidel Ramos 1992 – 1998, and Joseph Estrada 1998 – 2001 (he was removed from office due to among other things a bribe scandal), Gloria Arroyo 2001 -, rule some essential improvements have been made. Not just reestablish democracy and improvement of the country's economy, but also in the area of decentralization, law reform, tax collection and to a certain extent also the struggle against poverty. Corazon Aquino was for example the one who started the implementation of CARP.

The Philippines is today an open economy, which attract foreign capital, even though the Asian crisis has put a damper on the economy. The Philippines is still considered to belong to one of the least successful South East Asian countries. Both Gross National Income and the production of the industry are much higher in countries such as South Korea, Taiwan, Thailand and Malaysia.

The struggle against poverty has also been less successful in the Philippines than in other South East Asian countries. In 1960, 59% of the Philippine population was considered poor, this number had declined to 39% in 1991. In a regional comparison it is a small decline (see diagram 1). An important reason is that the economic growth in the 1980s was not as good in the Philippines as in the more dynamic neighboring countries. The poverty is also consequence of the uneven distribution of income and resources. 20% of the wealthiest people in the Philippines obtained more than half of the total income in 1994. The source of this uneven society is among others the distribution of land; 5,5% of all the landowning families owned 44% of the arable land in 1996 (Tujan JR, 1996).

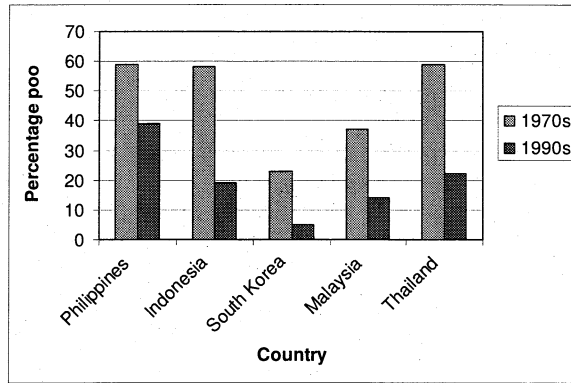


Diagram 1. Percentage poor in the 1970s and in the 1990s in some South East Asian countries. Source: World Bank

There are great regional differences in standard of living in the Philippines, where the big island Luzon and especially Metro Manila have a high standard of living. In other regions it is difficult to distinguish one or some provinces that are especially poor since the uneven distribution of wealth occur in the provinces themselves. However, the provinces on the island Mindanao are the most neglected due to decades of armed conflicts between the government and the Muslim separatists on the island. The Abu-Sayaf guerilla is well known to the whole word for kidnapping and guerilla attacks.

Many conflicts in the Philippines are due to uneven income distribution in the country, uneven ownership to land and the foreign control over production resources. The Filipino communist party and its armed movement New Peoples Army have during more than twenty years been in conflict with the regime. A certain amount of support for the New Peoples Army will probably remain among the people as long as the social gap and the distribution problem still exist.

3.2 History of agrarian reform in the Philippines

The Philippines has a very long and turbulent history of land reforms. To be able to understand today's situation and the problems of today's agrarian reform it is important to have an orientation of the Philippine history of landownership and land reforms. The information in this chapter is from H. T. Alvarez, 1986, page 6-11; J. L. Florentino, G. Hart, 1989, chapter 6 and Fely V. Sicam, 1998.

3.2.1 Pre-colonial era

Among the first nomadic inhabitants of the Philippines, the concept of private ownership of land was unknown. But as people settled down in communities, barangays, the idea of communal ownership was born. The four social groups found in the barangay were; The *datu* or the chiefly group, who were the leaders in the economic, military, social and religious affairs.

The *maharlika* or freemen composed of privileged persons.

The *timagua* or *timawa*, who were the common masses.

The *alipin*, who were slaves.

This led to a social system that was feudal, like the Medieval Europe. The *datu*, as the leaders of the barangay, exercised almost totalitarian power, which also included ownership and disposal of land. Control of land therefore became a symbol of power since only those belonging to the upper classes were given that privilege.

The most productive lands were assigned to the leading class while the less arable lands were used in common and could be cultivated by anyone in the barangay. In this system the pre-colonial Filipinos recognized both private and public systems of landholdings.

The power of the *datu* to distribute the land as he wished was the beginning of the tenancy system. The higher classes had so much productive land that they could not till all of it by themselves and at the same time the common lands were difficult to cultivate. This situation led to that the common people could use the productive land if they paid a certain fee or land rent to the higher class.

3.2.2 Spanish era

3.2.2.1 *The encomienda system*

At the beginning of the Spanish colonial period, which started 1565 and lasted until the end of the 19th century, lands were divided and granted to encourage Spanish settlers or reward Spanish soldiers. These grants were called *encomiendas* and the grantees *encomenderos*. The *encomenderos* had to defend the natives from external attack, maintain peace and order, support missionaries and in return they were allowed to collect tributes from the people of the *encomienda*. The *encomiendas* were never meant to be grants of land, only the right to collect tributes. However, in many cases the system degenerated into abuse of power where the *encomenderos* authorized tributes became cannons or land rents. The people within the *encomienda* became tenants and the *encomenderos* became the first group of haciendas in the country.

Meanwhile, the colonial government took the place of the *datu*s. The *datu*s were now called *cabezas de barangay* but it was the *encomenderos* who held the real power in the community.

3.2.2.2 *Land acquisition*

The Spaniards brought about radical changes in the system of holding land. They introduced the system of private land ownership and ignored the communal ownership, which had been the most common way of owning land. All unoccupied lands in the Philippines were declared to belong to the Spanish Crown which the king could dispose of in perpetuity.

Along with the system of private land ownership the Spaniards also introduced the system of land titling. Because of the poor understanding of land titling among the common Filipino many of the religious corporations and the Filipino elite took advantage of the situation and registered former communal lands as their private property.

The Filipino elite expanded their landholdings by taking advantage of institutional practices and the newfound economic importance of land. *Pacto de retroventa*, *venta real* and *usurpacion* were ways they used to get more land, these three ways are explained below.

When the native farmers needed money they had to ask for loans from wealthy people. The loans were granted only if they mortgaged their land in a *pacto de retroventa* wherein the farmer executed a deed of sale in favor of the lender, but with the right to reclaim the land

within a given period of time. This made the lender the actual owner of the land, and the farmer a tenant who received only the tenant's share of the harvest. Under those conditions it was difficult for the farmer to pay back the loan and he usually became a tenant on the land which he formerly owned.

Another practice was called *venta real*. This was the situation when a small land owner was in great need for money and some wealthy person offered to buy his land, but to a much lower price than its actual value. The farmer, who needed the money, sold his land and the new owner then hired him to work on the land as tenant.

Usurpacion was when land was simply stolen from the Filipinos. Through bribes etc. and through taking advantage of the ignorance of the Filipinos about Spanish legal procedures, people who wanted a parcel of land was able to get it. This practice was made easier by the fact that many Filipino owners did not bother to have their lands titled under the new system.

However, those practices did not trigger agrarian unrest. Both the *pacto de retroventa* and *venta real* appeared legal when influential persons acquired land and *usurpacion* was also accepted since most Filipinos did not understand the Spanish legal system.

3.2.2.3 Landowners

During the Spanish era there were four classes of owners of estate in the Philippines. The first and most considerable were the friars representing religious orders. The second class was the Spanish proprietors. The third consisted of the mestizos. The fourth were the natives who generally possessed a small strip of land situated around their dwellings or at the out skirts of the settlements.

The estates of the religious orders were too large to be cultivated by the friars themselves. First they employed native farmers as sharecroppers but as the estate grew they found it difficult to manage such large numbers of individual share tenant. The friars then leased their lands to both natives and mestizos. They were known as the *inquilinos*. The *inquilinos* hired share tenants who did the actual work on the farm and who they gave only a small share of the harvest and kept the bulk for themselves. Therefore, by being *inquilinos*, they earned more than the estate owners themselves without doing any work. In time, the *inquilinos* also became large landowners themselves.

This way a system was created where land was leased by native farmers who tilled the land with help from tenants whom they hired on a share-cropping basis. The system grew and along with it the exploitation of the tenant-tillers.

Although the Spanish authorities were aware of the exploiting system no effective measures were made in spite of two royal Decrees issued in 1880 and 1884 urging landholders to secure titles. The government granted a term of one year during which claims for free titles were to be filed. But since the great majority of the peasants did not understand the law or regarded the procedure to be too complicated and foreign, only a few took advantage of the offer.

3.2.3 Philippine republic

After the Philippine Revolution of 1896, the first Philippine republic was established. The new government tried to confiscate large landed estates, especially the friar lands. However, since the Republic was short-lived, very little was done.

3.2.4 United States regime

In 1898 a war between Spain and the United States broke out. Spain lost and the Philippines became a colony of the United States. Both the United States and Spain ignored the fact that the Philippines now were its own republic. The American colonization of the Philippines lasted for about 40 years. During this period, there were about 400 000 Filipinos who did not have titles to the land which they had traditionally possessed. No record was available to determine the numbers of tenants, but sharecropping was a widespread phenomenon all over the country. The situation was further worsened by absence of records of issued titles or clear and accurate surveys. Land disputes began and agrarian troubles worsened.

Instead of attacking the problem of private haciendas, American land policy focused on public lands. The Philippine Organic Act of 1902 regulated the maximum area from the public domain that could be acquired by individuals or corporations. Free patents were also granted to occupants of public lands who had cultivated the area for a certain length of time. Even though the Act tried to create a class of independent farmers, the landlord-tenant relationship, which was accepted in the earlier days, changed to conditions almost equal to slavery.

In the Friar Lands Act of 1903 estates were to be bought and then subdivided and sold to the actual settlers or tenants. The Act did not reach its intentions due to a number of reasons. One of the reasons was that the religious orders refused to let go of their landholdings. The only lands they sold were the scarcely inhabited and less arable lands. Another reason was that when the lands were offered for sale the prices were too high for the farmers and there were no credit facilities available. Unable to save enough money to buy the land many of the tenants in the former friar lands therefore remained as tenants.

The U.S. introduced the Torrens titling system. Under this system it was assumed that the occupant of the land was the rightful owner unless otherwise proven by another person by showing a title to the land. Courts for land registration were established to receive applications for titles based on cadastral surveys. However, the Filipino peasants who did not understand legal procedures, and who did not have the money to pay for court expenses, were unable to get titles for the lands, which they had traditionally occupied. Disputes were inevitable when other people later claimed ownership by showing titles to the lands. As land disputes were decided through the courts, the peasants lost the legal battle almost every time. By introducing the Torrens titling system the land problem was worsened, the opposite of the intended.

In 1910, the government provided for the cadastral survey of whole municipalities. But this was a very difficult task when there was lack of technical personnel. Moreover, landowners sometimes refused to do the paperwork because of payments require for the certificates.

The friar lands proved to be the major difficulty even during the American regime because these large estates were covered by land titles issued as far back as the early Spanish regime. But by 1919, the government had succeeded to dispose about 69 % of the total friar lands. The Filipino bureaucrats were among the ones who took the opportunity to amass large areas. Their money enabled them to purchase much of the friar lands and their knowledge gave them the chance to take advantage of the land titling system.

The Filipino elite prospered. The colonial administration tolerated their malpractice as long as their estates yielded the export crops and raw materials, which the Americans desired. In turn, the Filipino leaders tolerated the increasing American economic activities in the country.

3.2.5 Commonwealth regime

Among the major problems that confronted the Philippines in the 1930s was the problem of the stability of the country. The uprising of peasant organizations was an indication of the country's political and economic instability.

The Commonwealth government passed several laws to solve the agrarian problems. It created a National Land Settlement Administration and a Rural Progress Administration to promote small land ownership. They legislated against ejection of tenants from farms and the Rice Share Tenancy Act was passed. Among other things the latter provided for a 50-50 sharing arrangement i.e. 50 % of the harvest goes to the landowner and 50 % goes to the tenant.

Unfortunately, many of the laws that were passed did not lead to any real changes since most of the legislators and implementers belonged to the land owning class. So the regulations designed to ease the worsening agrarian situation failed due either to lack of government support or due to the presence of large loopholes. An example was the Rice Share Tenancy Act that could only be implemented in the provinces if a majority in each provincial council approved it. Since the members of the provincial council were either landowners or controlled by landowners the Act was never passed in the provinces. Agrarian unrest continued.

3.2.6 The Japanese occupation

During a brief period (1942-1944) during the World War II the Japanese occupied the Philippines. The Japanese military rule broke the monopolistic hold of the landholding elite on social power and prestige. Due to the decline in food production during the war, many non-farmers, including urban-based landowners, went hungry. As a result farmers rose in importance and, in the eyes of many farmers, the landowners lost their image of total control of the society. These developments led to changes in the agrarian situation. Farmers began to understand that they had their own importance in the agrarian sector and started to form the core of organizations, which fought for agrarian equity.

3.2.7 Postwar period

In 1944 the United States recaptured the Philippines from Japan. On July 4th 1946 the Philippines received full independence as the United States had promised them in 1935. After the re-establishment of the Philippine independence the country faced many problems and agrarian unrest remained one of the dominant problems.

After the war the profits of the large estates were adversely affected by the decrease in export quotas of the Philippine agricultural products. This gave the way for the industrialists and big business men to grab the top positions in the upper class, leaving the landowners only in third place. The landowners also lost their monopoly in politics. The new politicians, who no longer were large landowners tried to get votes from the Filipino peasants by promising to work for benefits and protection of the farmers.

The Congress of the Philippines was forced to revise the tenancy laws. In 1946 share-tenancy contracts were regulated. In 1954 the relations between landowners and tenant farmers were further regulated by recognizing two systems, namely, share-tenancy and leasehold. Furthermore, the law provided the security of tenure of tenants.

The Land Reform Act was passed in 1955. This Act created the Land Tenure Administration who was an agency that was responsible for the acquisition and distribution of large private agricultural lands.

After a large political battle the Agricultural Land Reform Code was passed in 1963 (Republic Act 3844). It raised the hopes of the Filipino tenants who believed that land ownership was only the privilege of a wealthy few. The Agricultural Land Reform Code was never really implemented, due to lack of funds and because of stiff opposition from the landowners. Share-cropping was forbidden in this Act. Later the Agricultural Land Reform Code of 1963 became the basic foundation of today's agrarian reform program of the Philippines.

3.2.8 Marcos era

Ferdinand E. Marcos became president in 1965. In 1971 the Republic Act 6389 was passed to amend Republic Act 3844. The major changes were to elevate land reform concerns to the Cabinet, i.e. national, level. Marcos then issued Executive Order No. 347, which drew up the guidelines to establish the Department of Agrarian Reform, DAR.

After Marcos proclaimed material law in September 21 1971, he issued Presidential Decree (P.D.) 2, which declared the whole country as land reform area. Then on October 21 1972, he issued P.D. 27, or the Tenant Emancipation Act, which was to be the core of the agrarian reform program of his regime.

The decree provided for the emancipation of the tenants through a program called Operation Land Transfer, OLT. This program covered all tenanted private rice and corn lands in excess of seven hectares. The tenants in the areas covered by OLT were issued Certificates of Land Transfer, CLT, which declared that they were owners of the land that they were tilling. The value of the land was to be amortized by the tenant for a period of 15 years with an interest rate of 6% per year. The landowners were allowed to retain not more than seven hectares and the tenants on these lands were required to pay a fixed rent. The rent could not exceed 25% of the average normal harvest of the land during the last three agricultural years prior to the institution of leasehold.

3.3 Why a new agrarian reform

Ownership to land has been strongly connected with the social structure in the Philippines and the uneven distribution of land has during the years always been one of the most important reasons to peasant unrest.

The Philippines has as described above tried to implement different land reforms and agrarian reforms during the 20th century as an attempt to reduce the uneven distribution of land. Uneven distribution of land is one of the most important reasons to the existents of poverty and inequality and if nothing is done to improve the situation it will lead to political and social instability and peasant unrest. The different land reform programs have been no success due to different reasons. One of the reasons to the failure has been considered to stem from the lack of political will to close the loopholes of laws and regulation as well as to mobilize sufficient resources for program operations. (Hayami et al, 1987)

Below are some other examples of flaws in the design of the previous agrarian reform program (PD 27):

- Application of the program was limited to tenanted lands; this created a strong incentive for landlords to evict tenants and cultivate their land under direct administration. These lead to a shift from production systems that were labor-using to systems that were labor-saving in nature. Furthermore, the limitation lead to that some rich people kept their land idle rather than letting tenants cultivate it.
- The program's application was limited to rice and corn lands. This limitation induced landlords to divert their land to other crops, often at the expense of both efficiency and equity, e.g., planting labor-saving crops such as coconuts on potentially productive rice land with higher income-earning and labor-absorptive capacity.
- Regulations on tenancy contracts, especially the prohibition of share tenancy, and control on land reduced the incentive of large landholders to rent out their land in small parcels with the result of reduction in social product as well as labor income. (Hayami et al, 1987)

Since the last agrarian reform program (PD 27) failed to achieve a structure of homogeneous family-sized farms it was time for the creation of a new agrarian reform. One of the reasons to why Corazon Aquino in 1986 was elected to be President was that she promised to implement a new agrarian reform if she was elected. So when she won the election she introduced the Comprehensive Agrarian Reform Program (CARP). The implementation of a new agrarian reform was also necessary to suppress the increased peasant unrest with violent demonstrations. (Garilao, 1997, chapter 3) CARP is what we in chapter 2 called moderate reformism.

While the previous programs had limited scope, the CARP was proclaimed comprehensive and the most radical agrarian reform the Philippines has ever seen. The coverage of the agrarian reform has expanded from 822 000 hectares of rice and corn lands under PD 27 to 8,1 million hectares of public and private agricultural lands under the CARP. (Tujan JR, 1996)

4. COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP)

In this chapter we will describe the Comprehensive Agrarian Reform Program abbreviated CARP. To get a better understanding we will start by giving a brief introduction to the CARP and thereafter continue with more detailed information.

4.1 A brief description of CARP

The Comprehensive Agrarian Reform Program (CARP) was instituted in July 1988 under President Corazon Aquino's rule. In the presidential election two years earlier she promised to implement an agrarian reform if she was elected. The Comprehensive Agrarian Reform Law (CARL) underscores the need for a more equitable distribution and ownership of land. The basis of Philippine agriculture should according to the law be the establishment of ownercultivatorship and economic-size farms. The implementation of the agrarian reform was from the beginning thought to be carried out by 1998, but it was extended another ten years. The organization behind the CARP consists of a coordination body, which operates at the national, provincial and barangay levels and nine implementing agencies. The fact that there is a barangay level in the organization makes CARP a more decentralized reform than earlier ones. Department of Agrarian Reform is the head-implementing agency. The other eight agencies are Department of Environment and Natural Resources, Land Bank of the Philippines, Land Registration Authority, Department of Agriculture, Department of Public Works and Highways, Department of Trade and Industry, Department of Labour and Employment and National Irrigation Agency.

The CARP includes acquisition and distribution of land together with support services such as credit, irrigation facilities, education and training, infrastructure development, post-harvest facilities etc. The land that are acquisitioned and distributed are both private and public agricultural land. The landowner is allowed to keep five hectares for himself and three hectares for each child over 15 years by June 1988, but the rest of his agricultural land is subject to distribution. The acquisition and distribution is carried out in two steps, first the land is transferred to the Republic of the Philippines and the landowner gets compensation for the land.

CARP

Started: July 1988

Introduced by: President Corazon Aquino

Applying law: Comprehensive Agrarian Reform Law (CARL) together with older agrarian reform laws such as Presidential Decree 27.

Organization: A coordinating body which operates at the national, provincial and barangay levels and nine implementing agencies.

Implementing agencies: Department of Agrarian Reform, Department of Environment and Natural Resources, Land Bank of the Philippines, Land Registration Authority, Department of Agriculture, Department of Public Works and Highways, Department of Trade and Industry, Department of Labour and Employment and National Irrigation Agency.

Why: To get an equitable distribution of ownership of land, that in the long run will lead to a development of the Philippines economy. Another reason was to settled peasant unrest.

Content: Acquisition and distribution of agricultural lands from landowners to Agrarian Reform Beneficiaries together with support services.

Coverage: 8.1 million hectares agricultural land.

Finance: Allocated money from the government budget and from foreign grants and loans.

In the next step the land is transferred to farmers who own none or less than three hectares of agricultural land. These Agrarian Reform Beneficiaries (ARBs) can be awarded land up to a total of three hectares. The ARBs shall pay a price, determined by the production of the land, for the land to the Land Bank of the Philippines in 30 annual amortizations at six percent interest. The government pays for the difference between the compensation paid to the landowner and the price paid by the ARBs.

The ARBs must follow a number of rules otherwise the land will be taken away from them. First of all they must pay their amortization. Further they may not sell or transfer the land within a period of ten years and they may not illegally convert the use of the land to non-agricultural uses.

As mentioned earlier in this chapter the CARP also includes support service. The support service is however only available for those barangays that are selected as Agrarian Reform Communities (ARCs). The ARC concept was launched in 1993 as a major strategy to improve the farm productivity and income level of the ARBs. An ARC consists of one barangay or a cluster of contiguous barangays. Support services are distributed to the farmers through a cooperative organization in the ARC. These ARCs are thought to be growth points which shall serve as guides for other barangays that are not selected as ARCs. In 1997 there were 921 ARCs in the whole Philippines.

CARP is financed by tax money and sale of ill-gotten wealth of earlier administration but also foreign grants and loans. Foreign funds are almost always used solely for support services.

In 1997 some 4.6 million hectares of total 8.1 million hectares have been distributed and some 3.149 million ARBs have been awarded land.

4.2 Goals and vision

The skewed land asset distribution in the Philippines, which has been prevailing for decades, is a major source of the constant inequality in the countryside. The previous chapter shows that small landowners have been steadily disappearing and turning into tenants and landless rural workers. Inadequate access to production resources such as market infrastructure, irrigation, technology and market information is another major source of inequality. The goal of agrarian reform is to correct these inequities. (Garilao, 1997, chapter 1)

CARP is anchored on the Social Justice Principle enunciated in the 1986 Constitution. Article XIII. Section 1 mandate that:

The Congress shall give highest priority to the enactment of measure that protect and enhance the right of all the people to human dignity, reduce social, economic and political inequalities, and remove cultural inequalities by equitably diffusing wealth and political power for the common good.

The goal of the CARP is that agrarian reform is thought to give economic, cultural and political effects. The economic effects are thought to give incentives for the farmers to produce more which means higher farm yields and larger income for the individual farmer. The economic effects also mean more employment. When the farmers have more money to spend it leads to an expansion of the domestic market. This will lead to a greater industrial and agricultural production. The cultural and political effects are thought to lead to a higher consciousness and social concerns which is thought to lead to broader based democracy. If these developments are true the Philippines will in the end have a public satisfaction, national development and a dynamic democracy. See figure 4 on the next page.

This goal can also be described as:

“An empowered rural population

where there are:

owner-cultivated, highly diversified and intensively cultivated small or cooperative farms

leading to

surplus income for the farmers enabling them to consume more goods

thus

developing a domestic market

capable of

consuming higher level of industrial goods and services

therefore enhancing

industrialization and stronger labor demand” (DAR 2)

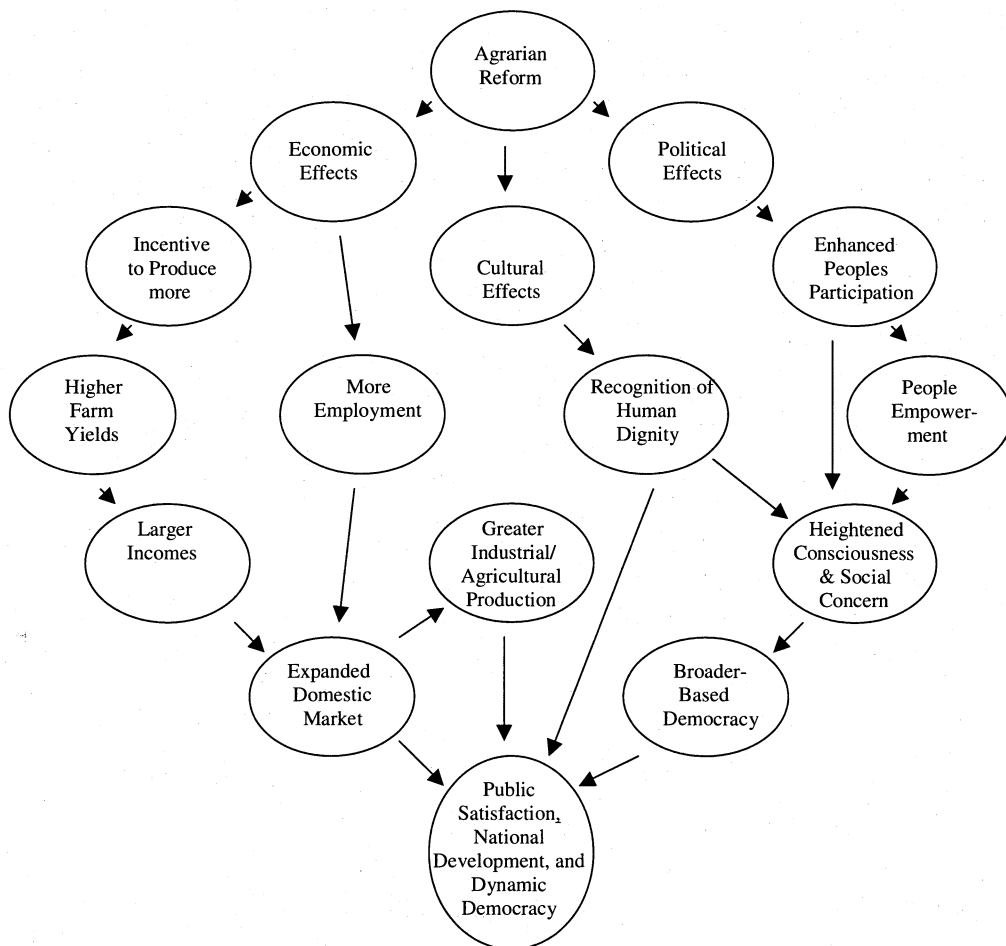


Figure 4. Implications of Agrarian Reform, Source: DAR 3.

4.3 Organization structure

The Comprehensive Agrarian Reform Program management and implementation structure consists of a coordinating body which operates at the national level (Presidential Agrarian Reform Council), at the provincial level (Provincial Agrarian Reform Coordinating Committee) and at the barangay level (Barangay Agrarian Reform Committee) and nine implementing agencies. These nine implementing agencies are:

- The Department of Agrarian Reform, DAR, which is the lead agency of the nine implementing government agencies,
- The Department of Environment and Natural Resources, DENR,
- The Land Bank of the Philippines, LBP,
- The Land Registration Authority, LRA,
- The Department of Agriculture, DA,

- The Department of Public Works and Highways, DPWH,
- The Department of Trade and Industry, DTI,
- The Department of Labour and Employment, DOLE, and
- The National Irrigation Agency, NIA.

The purpose of having a coordinating body which operates at national, provincial and barangay levels is an attempt to make CARP a community-based program where people at all levels participate in the decision making. One of the weaknesses with the previous land reform (P.D. 27) was the lack of such grassroot participation in the planning and implementation. The grassroot participation was for example one of the factors that made the agrarian reform in Taiwan, Korea and Japan successful.

Below we will make a short description of the above mentioned bodies and some of the agencies.

4.3.1 The Presidential Agrarian Reform Council

The Presidential Agrarian Reform Council is the highest policymaking body in all matters concerning the CARP and it is also the coordinating body between the different CARP implementing agencies. It has the power to issue policies and guidelines to carry out the objectives of CARP.

The Presidential Agrarian Reform Council is lead by the President of the Philippines together with the Secretary from the Department of Agrarian Reform, the Secretary from the Department of Agriculture and the Secretary from the Department of Environment and Natural Resources, as vice chairmen and representatives from the other six implementing agencies. There are also six Agrarian Reform Beneficiary representatives and three landowner representatives. (Garilao, 1997)

There is an Executive Committee of the Presidential Agrarian Reform Council, with the Secretary of the Department of Agrarian Reform as chairman, has a more executive role and decide on any matter in between meetings of the Presidential Agrarian Reform Council. (CARL, chapter 6, section 42)

A Presidential Agrarian Reform Council Secretarial provides general support to the implementing agencies and coordinate services such as inter agency linkage. (CARL, chapter 6, section 43)

4.3.2 The Provincial Agrarian Reform Coordinating Committee

The Provincial Agrarian Reform Coordinating Committee coordinates and monitors the implementation of the Comprehensive Agrarian reform Program in the provinces. It is lead by a chairman, who has been appointed by the President and by an executive officer, who is called the Provincial Agrarian Reform Officer. Other members of the Provincial Agrarian Reform Coordinating Committee are representatives from DA, DENR, LBP, farmer's organizations, cooperatives, landowners, Agrarian Reform Beneficiaries, farmers and Non Government Organizations, NGOs. (AO no.5, 1989)

4.3.3 The Barangay Agrarian Reform Committee

The Barangay Agrarian Reform Committee participates and assists in the CARP implementation at barangay level. Some of the functions of the Barangay Agrarian Reform Committee are to mediate and conciliate agrarian reform conflicts, assist Agrarian Reform

Beneficiaries, coordinate support services and perform other functions delegated by the Presidential Agrarian Reform Council, the Provincial Agrarian Reform Coordinating Committee or the DAR Secretary. (CARL, chapter 6, section 47)

Because of the various functions of the Barangay Agrarian Reform Committee the members are from many different agencies and sectors such as the DAR, DA, DENR, LBP, Barangay Council, NGOs, landowners, Agrarian Reform Beneficiaries etc. (Garilao, 1997)

4.3.4 The nine implementing agencies

Land acquisition and distribution as well as support services are provided by the above mentioned nine implementing agencies. The agencies that are responsible for land acquisition and distribution are:

- Department of Agrarian Reform,
- Department of Environmental and Natural Resources,
- Land Bank of the Philippines, and
- Land Registration Authority.

The agencies that provide support services are:

- All agencies mentioned above except for Land Registration Authority,
- Department of Public Workers and Highway,
- Department of Trade and Industry,
- Department of Labor and Employment,
- National Irrigation Administration, and
- Department of Agriculture.

Department of Agrarian Reform, DAR

The Department of Agrarian Reform, DAR, is the lead agency of the nine implementing government agencies. Besides from being responsible for the organization for the actual implementation of the CARP, the DAR is responsible for the distribution of private agricultural land and some public land. The department is also responsible for Non-Land Transfer Activities such as Leasehold Operation, Production and Profit-Sharing and Stock Distribution Option.

The DAR is headed by a Secretary and assisted by three Undersecretaries, three Assistant Secretaries five Bureau Directors and eight Staff Directors. In the field operations there are 13 Regional Offices, each headed by a Regional Director. There are 72 Provincial Offices and 1500 Municipal Offices, each headed respectively by a Provincial Agrarian Reform Officer, PARO, and Municipal Agrarian Reform Officer, MARO.

Other departments of interest are:

The Department of Environment and Natural Resources, DENR, distributes also land under the CARP, but only government land and resettlement areas. The department is also responsible for the cadastral surveys, resource protection, geological surveys, reforestation, Land Management Programs etc. Under the Land Management Program is, among other things, the important approval of survey plans which is necessary to generate land titles and which is a bottleneck in the land distribution process.

The land Bank of the Philippines, LBP, serves as the financial arm of the CARP. The bank is responsible for the land valuation, pays the compensation for the land to the landowners and

collects the amortization from the Agrarian Reform Beneficiaries. In addition, they provide credit facilities and other technical assistance to the beneficiaries but also in some cases to the landowners. The LBP also operates as a universal bank, which means that it performs commercial banking functions and follows commercial banking policies.

The Department of Agriculture, DA, aims to increase the level of agricultural production and improve livelihood activities in rural areas. The DA provides various educational projects to the Agrarian Reform Beneficiaries in modern agricultural techniques. DA works with the CARP implementation both on a national and local level.

The National Irrigation Authority, NIA, is a government organization, which aims to provide irrigation facilities to new areas as well as improve the already existing systems. NIA works with the CARP implementation both on a national and local level.

The Department of Public Works and Highways, PDWH, is involved in the construction, implementation and maintenance of various infrastructure projects like highways, water supply etc.

Important offices for the implementation of CARP are Registry of Deeds and the Assessor's Office.

The Registry of Deeds is the agency in charge of the registration of titles including those awarded to the Agrarian Reform Beneficiaries.

The Assessor's Office is responsible for the transfer of the assessment of the land to each tenant, which shall be based upon the actual use whether residential or agricultural.

Local government units also take part in the CARP implementation.

Figure 5 describes briefly what the different agencies are responsible of in the CARP implementation.

Program Components	Concerned CARP Implementing Agencies
A. Land Transfer Activities	
Land Survey	DENR, DAR
Land Valuation and Compensation	LBP
Land Titling and Registration	LRA
Land Distribution	DAR, DENR
B. Non-Land Transfer Activities	DAR
Leasehold Operation	
Production and Profit-Sharing	
Stock Distribution Option	
C. Beneficiaries Development	
Extension Services (i.e., Training, Technical Assistance, Institutional Development, etc)	DAR, DTI, DOLE, NIA, DA
Credit Assistance	LBP
Infrastructure Support	
Rural Roads/Bridges/MPPs	DPWH
Communal Irrigation Projects	NIA
Common Service Facilities/ Agro-industrial Prototype Projects	DTI
D. Delivery of Agrarian Justice	DAR

Figure 5. CARP components and the implementing agencies (Tujan JR, 1996)

4.4 What land does CARP cover?

The Comprehensive Agrarian Reform Program covers public and private land suitable for agricultural activity. Agricultural activity refers to the cultivation of the soil, planting of crops, growing fruit trees, harvesting farm products and other farm activities and practices performed by an individual farmer or farm workers at a company such as commercial farms. This means that land classified as mineral, forest, residential, commercial or industrial land is not covered by CARP (DAR 4).

Under PD 27 it was only rice and corn lands that were covered by the agrarian reform. In today's agrarian reform there are no such restriction i.e. all agricultural lands is covered regardless of the agricultural products raised or that can be raised on the land. Neither does the existing tenurial arrangement matter.

It is not quite true that all lands suitable for agricultural activity are covered. In section 10, chapter 2 of the CARL are land listed that are not covered by the CARP. These lands are "Lands actually, directly and exclusively used and found to be necessary for:

- (a) parks, wildlife, forest reserves, fish sanctuaries and breeding grounds, watersheds and mangroves;
- (b) lands for reforestation;
- (c) lands used for national defense, government school sites and campuses, government seeds and seedlings research and pilot production centers, penal colonies and penal farms, and government research and quarantine centers;
- (d) lands with 18% slope and over, except those already developed;
- (e) church sites and convents, mosque sites and Islamic centers, communal burial grounds and cemeteries;
- (f) private school sites and campuses, private research and quarantine centers. "

In the above definition of agricultural activity, prawn farms and fishponds are not included. This, however, has not always been the case, before March 1995 the CARP also covered them. But on March 12, 1995, the Republic Act No. 7881 took effect, which was the first amendment to the Comprehensive Agrarian Reform Law (CARL). In this act prawn farms and fishponds are exempted from the scope of CARP and the act also removed the phrase "raising of livestock, poultry and fish" from the definition of agricultural activity. Prawn farms and fishponds, which had already been distributed to ARBs were not exempted from CARP coverage. (DAR 5)

The Republic Act No. 7881 also opened an opportunity for the landowners to keep their lands by converting the lands to fishponds and prawn farms. This is an example of that CARP to some extent has been watered down during the years and it is possible to find loopholes in the law. (Tujan JR, 1996)

We have now discussed which type of land that are and are not covered by CARP and one might wonder how much land that actually is going to be distributed. The Department of Agrarian Reform, which is responsible for private lands, government owned lands and resettlement/landed estates, are going to distribute a total of about 4.3 million hectares. The Department of Environment and Natural Resources, which is responsible for alienable and disposable land and integrated social forestry areas, are going to distribute a total of about 3.8 million hectares. This gives a total scope of land of 8.1 million hectares. (Garilao, chapter 5, 1997) See figure 6.

From the start of CARP's implementation the scope was thought to be about 10.3 million hectares. Since then executive issuance, administrative orders, Supreme Court rulings, and amendments to the CARL have been introduced, which have led to exemption from the original scope. (Tujan JR, 1996) The difference in numbers is also to some extent due to surveying techniques (Garilao, 1997, chapter 5).

Compared to PD 27 the total scope of land has increased from 0.6 million hectares of rice and corn land to 8.1 million of almost all agricultural lands.

Government agency	Original scope million hectares	Revised scope million hectares
DAR		
Private Agricultural lands	3.2	2.8
Government owned lands	0.1	0.9
Resettlement/landed estates	0.5	0.6
<u>Subtotal</u>	<u>3.8</u>	<u>4.3</u>
DENR		
Public A and D lands*	4.6	2.3
ISF areas**	1.9	1.2
<u>Subtotal</u>	<u>6.5</u>	<u>3.8</u>
Grand total	10.3	8.1
*A and D lands = Alienable and Disposable lands		
**ISF areas = Integrated Social Forestry areas		

Figure 6. Comparative scope of land acquisition and distribution under CARP Source: Department of Agrarian Reform

4.4.1 Conversion

Many landowners of agricultural lands do not approve of the agrarian reform and they try in different ways to avoid coverage of their land under CARP. One way is to try to get their land converted to other use than agricultural land such as residential, commercial or industrial. These uses are as mentioned above not covered by the CARP. The subject of land conversion is very interesting and an important subject. Below we will give a brief description of it, since it is important to know of land conversion when we discuss agrarian reform.

Conversion is as mentioned above the act of changing the current use of agricultural land into non-agricultural use. The landowner that wants to convert his land has to send in an application to the DAR, which has the exclusive authority to approve or disapprove applications for conversion of agricultural lands. The guiding principle on land use conversion is to preserve prime agricultural land for food production while at the same time recognizing the need of the other sectors, such as housing, industry and commerce, for land. (AO No. 7, 1997)

According to Administrative Order No 7 series of 1997, conversion may be allowed in three situations. The first situation when conversion may be allowed is if the land is reclassified as commercial, industrial, residential or other non-agricultural uses in the new or revised town

plans made by the local government unit and approved by the Housing and Land Use Regulatory Board. If the city/municipality does not have a town plan, the DAR has to determine if the dominant use of the surrounding areas no longer is agricultural, or if the proposed use of the land subject of the application for conversion is similar to the dominant use of the surrounding areas.

A third situation when conversion also may be allowed is if the land still falls within the agricultural zone but:

- the land is not anymore economically feasible for agricultural purposes, as certified by the Regional Director of the Department of Agriculture, or
- the area has become highly urbanized and the land will have a greater economic value for residential, commercial or industrial purposes, as certified by the Local Government Unit. (AO No 7, 1997)

Since the government wants to protect prime agricultural land and especially those with access to irrigation, some agricultural lands are non-negotiable for conversion. These are:

- all irrigated lands where water is available to support crop production,
- all irrigated lands where water is not available for crop production but within areas programmed for irrigation facility rehabilitation by the Department of Agriculture and National Irrigation Administration, and
- all irrigable lands already covered by irrigation projects with firm funding commitments at the time of the application for land use conversion. (AO No 7, 1997)

For the DAR to approve an application of conversion and issue an Order of Conversion the landowner and/or the developer must be able to show evidence that the project is viable and beneficial to the community affected. They must also show that the project can be completed within one year after issuance of the Order of Conversion if the area is five hectares or less. If the area exceeds five hectares, an extra year is allowed for every five hectares, but under no circumstances is the development phase allowed to be longer than five years from issuance of the Order of Conversion. With these requirements the DAR tries to prevent circumvention of coverage under the CARP. (AO No 7, 1997)

If the DAR approves the application for conversion, the tenants/leaseholders on the land are entitled to disturbance compensation. The disturbance compensation is equivalent to five times the average of the annual gross value of the harvest on the actual area they occupy during the last five calendar years. The owners and/or the developers of the land shall also be encouraged to provide skills training and relocation sites, and give priority in employment for the farmers and their children. Investment arrangements such as joint ventures and partnership, which give affected farmers opportunity to participate in the development of the land shall be preferred. (AO No 7, 1997)

In the last years conversion of agricultural lands to residential, commercial and industrial land use has increased tremendously in the Philippines, especially in the area close to Manila. There are a number of factors that tend to encourage land use conversion. Some of these factors are:

- increasing demand for residential lands due to increase in population,
- increasing demand for industrial sites brought about by the implementation of industrialization programs and the country's aim to become a Newly Industrialized Country,
- speculation for expected increase in demand for more residential and commercial/industrial land as a result of expected improvement of the economy, and
- landowner's desire to cash-in on their lands and/or circumvent the Comprehensive Agrarian Reform Program. (Peñalba in Gordoncillio, 1992)

4.5 How is land distributed?

The DAR is responsible for the distribution of private lands, government owned lands and resettlement/landed estates and the DENR is responsible for the distribution of alienable and disposable lands and integrated social forestry areas. In this thesis we have concentrated us on DAR and the distribution of private lands.

Private agricultural lands can be acquired and distributed in three different ways; by Compulsory Acquisition, by Voluntary Offer to Sell or by Voluntary Land Transfer. The CARP also includes non-physical land transfer program such as Corporate Stock Distribution and Production and Profit Sharing Plan. The idea with non-physical transfer program is to preserve the productivity gains from technology and industrial management (economies of scale) in the farm by not fragmenting the land and still accomplish the equity objective in CARP.

The transfer of land from landowner to the beneficiaries is in Compulsory Acquisition and Voluntary Offer to Sell considered as two separate transactions between the landowner and the government, on one hand, and the government and the beneficiary, on the other hand. The intention with separate transactions was to enable for the DAR to pursue land transfer activities simultaneously as one activity is not dependent on the termination of another. Under Voluntary Land Transfer the land is transferred directly from the landowner to the beneficiary.

The acquisition and distribution of most of the land included in CARP were, according to section 7, chapter 2 in CARL, thought to be done within ten years, starting from June 10th 1988. In 1998 the program was extended another ten years.

Acquisition of agricultural lands was from the beginning, according to section 7, chapter 2 in CARL, also thought to follow a schedule with three phases. Acquisition of private agricultural lands should start from the largest landholdings down to the smallest. The order in the schedule was as intended but the time frame has been changed. Below is the schedule of priority of land that is going to be acquired and distributed, as it was printed from the beginning in 1988;

Phase 1 (1988-1992)

- tenanted rice and corn lands under PD 27,
- all idle and abandoned lands,
- all private lands voluntarily offered for sale,
- lands foreclosed by government financial institutions,
- lands acquired by the Presidential Commission on Good Government, and
- government lands devoted to or suitable for agriculture.

Phase 2 (1988-1992)

- all other public lands not covered by Phase 1, and
- private agricultural lands in excess of 50 ha, in so far as the excess hectares are concerned.

Phase 3-A (1992-1995)

- private agricultural lands in excess of 24 ha up to 50 ha.

Phase 3-B (1994-1998)

- lands in excess of the retention limit of five hectares up to 24 ha.

Any sale, disposition, lease, management contract or transfer of possession of private agricultural lands executed by the original landowner in violation of CARL shall be invalid. Those executed prior to CARL shall be valid only if they were registered with the Register of Deeds within a period of three months after the effectivity of CARL in 1988. Thereafter, the Register of Deeds shall inform the DAR within 30 days of any transaction involving agricultural lands in excess of five hectares. (CARL, chapter 2, section 6)

4.5.1 Compulsory Acquisition

Of the three possible ways of acquisition and distribution mentioned above is compulsory acquisition the most compelling.

The process of acquisition and distribution starts when the DAR, together with the Barangay Agrarian Reform Committee, BARC, identifies the landowners whose land might be covered under CARP. All persons, natural or legal, who own or claim to own agricultural land and who has not been registered previously were supposed to file a sworn statement in the assessor's office within 180 days after the effectivity of CARL (CARL, chapter 4, section 14). But this was not mandatory only directory, which means that most landowners did not do it on time. So then DAR and the BARC have to identify them instead. The registration of the landowner should include a description and area of the property, the average gross income from the property for at least three years, the names of all tenants and farm workers on the property, the crops planted on the property and the area covered by each crop as of June 1, 1987, the term of mortgages, leases and management contracts existing on June 1, 1987 and the latest declared market value of the land as determined by the city or provincial assessor.

When a landowner is identified an issuance of the Notice of Coverage and Field Investigation (NCFI) will be sent to the landowner. The NCFI will also be posted publicly in the municipal building and in the barangay hall (CARL, chapter 5, section 16). After that the DAR together with LBP, BARC and DENR conduct a field investigation. These field investigations could sometimes cause problems when the landowner will not cooperate. During the implementation of CARP authority personal has been kidnapped or even killed due to this kind of problem.

After landowners and their land have been properly identified it is time to identify those who qualify to become Agrarian Reform Beneficiaries, ARBs. Land covered by CARP shall as much as possible be distributed to landless farmers of the same barangay or municipality as the landowners land. According to the law, a landless worker is one who owns less than three hectares of agricultural land. It is the DAR, with the assistance of the BARC, which selects and register the actual beneficiaries. Data that should be registered are the names of members of the potential beneficiaries' immediate household, owners or administrators of the land they work, crops planted and their share in the harvest or amount of rental paid or wages received. A list of all the potential ARB should be posted publicly in the barangay. (CARL, chapter 4, section 15)

According to section 22, chapter 7 in CARL the following order of priority shall be applied when ARBs are selected and land distributed;

- 1) agricultural lessees and share tenants
- 2) regular farm workers
- 3) seasonal farm workers
- 4) other farm workers
- 5) actual tillers or occupants of public lands
- 6) collectives or cooperatives of the above beneficiaries
- 7) other directly working on the land

If an Agrarian Reform Beneficiary or a beneficiary from the last land reform (P.D. 27), has abused his rights and obligations he will be disqualified to become a beneficiary again. To sell and to abandon awarded land or neglecting to pay the amortization for three years are examples of acts, which will lead to disqualification.

When the covered land has been identified it is time to conduct a field survey. In distribution of private land the survey is in most cases conducted by private surveyors. The survey has to be approved by the DENR.

The landowner is allowed to keep five hectares of his agricultural landholdings - the retention limit. All agricultural areas above these five hectares (except those areas that are exempted, see chapter 4.4) are covered by CARP and are as such subject to distribution. Under P.D. 27 the landowners were allowed to keep seven hectares and those landowners that were covered by P.D. 27 are allowed to keep the originally retained area also under CARP. (DAR 4)

We were unable to find any explanation to why the retention limit of 5 hectares was chosen. Under PD 27 the retention limit was 7 hectares. We could not find any explanation for this either, but according to one person at DAR, number 7 was President Marcos lucky number. If this is true or only a tall tale, we do not know.

Each of the landowner's children may be awarded three hectares of land. To be awarded land the child had to be at least 15 years old on June 15, 1988 and the child also has to actually be tilling the land or directly managing the farm from June 15, 1988 to the filing of the application for retention. Landowner's children according to the law are legitimate, recognized illegitimate, or legally adopted children of the landowner. Adoption made after June 15, 1988 do not entitle the adopted child to the award. (DAR 4)

The Land Bank of the Philippines (LBP) is mandated to compensate the landowner for the land, that has been taken away from the landowner under CARP. It is the DAR with assistance of the BARC, who determines the value of the land of the landowner i.e. the compensation that is going to be paid to the landowner. (DAR 4) The amount the DAR determines as just compensation shall be agreed upon by the LBP (AO No 6, 1989). According to section 17, chapter 6 in the CARL the following factors shall be taken into account when the DAR determines the value:

- the cost of acquisition of the land,
- the current value of similar properties,
- its nature, actual use and income,
- the sworn valuation by the owner,
- the assessment made by government assessors,
- the social and economic benefit contributed by the farmers, farm workers and by the government,
- taxes and loans, and
- tax declarations.

The landowner is informed of the offer of compensation by personal delivery or by registered mail. The landowner has to reply within 30 days. If he accepts the land value the compensation will then be paid to the landowner after he has executed and delivered a deed of transfer and surrendered the Certificate of Title. A title in the name of the Republic of the Philippine will then be issued.

The compensation is only in part paid in cash to the landowner and the cash portion varies according to the size of the landholdings. The larger the landholdings are, the smaller is the cash portion. The underlying principle is that small landowners are presumed to have greater need for cash to aid them in their effort to shift their capital from agriculture to industry.

Payment of cash shall be made in the following terms and conditions:

- | | |
|---|----------|
| • lands above 50 hectares | 25% cash |
| • lands above 24 hectares and up to 50 hectares | 30% cash |
| • lands 24 hectares and below | 35% cash |

(CARL, chapter 6, section 18)

The rest of the compensation is made in one of the following modes at the option of the landowner:

- in shares of stocks in government-owned or controlled corporations,
- LBP preferred shares,
- physical assets or other qualified investments in accordance with rules set by the Presidential Agrarian Reform Council,
- in tax credits which can be used against any tax liability, or
- in LBP bonds

(CARL, chapter 6, section 18)

If the landowner rejects the offer or does not reply in due time the DAR will conduct a summary administrative procedure to determine the just compensation. At the same time a Certification of Deposit to DAR is issued and on the basis of this document does the Registry of Deeds issues a transfer of title to the Republic of the Philippine. This is done so that the distribution of land can continue at the same time as the compensation to the landowner is processed. The disagreement concerning the compensation can first be brought to the

Secretary of Agrarian Reform. If it remains unsettled this can be raised to the Special Agrarian Court for the final determination of just compensation (AO No 6, 1989).

Within ten days after receipt of order from DAR the LBP shall deposit the compensation in the name of the landowner in a bank. When the landowner has received the compensation or the amount has been deposited in the bank, the DAR sees to that the Register of Deeds will cancel the title of the landowner and issue a Transfer Certificate of Title in the name of the Republic of the Philippines. After that procedure the DAR will continue with the distribution of land to the beneficiaries.

Within 180 days from the time when the DAR took possession of the land they should make an award of the land to the Agrarian Reform Beneficiary, ARB. Agrarian Reform Beneficiaries can be awarded a maximum of three hectares of land, which may be all in one parcel or composed of several parcels of land. If an ARB already owns land but owns less than three hectares he or she can be awarded land so that he or she will own a total of three hectares after the distribution. (CARL, chapter 7, section 24)

The beneficiaries' proof of ownership to the awarded land is the Certificate of Land Ownership Award, CLOA, that is recorded in the Register of Deeds and sign on the Certificate of Title (CARL, chapter 7, section 24). The CLOA is a document that except of being evidence of ownership of the land awarded to the ARB by DAR also contains the restrictions and conditions connected with the award according to CARL and other applicable laws (AO No. 3, 1990).

According to Gloria J Fabia, Director of Bureau of Land Acquisition and Distribution the procedure starting with acquisition the land from the landowner to the distribution of land and issue of a CLOA to an ARB could in reality take from six months up to three years to complete and sometimes even longer. This is one of the major problems with the implementation of CARP.

4.5.2 Voluntary Offer to Sell

It is possible for a landowner to sell his land voluntarily instead of going through the process of compulsory acquisition. This alternative process is called Voluntary Offer to Sell. Although, the DAR will only buy land that is suitable for agriculture and only pay a just compensation for the land.

The process is the same as for Compulsory Acquisition. The differences are that the process is carried through without any compulsion and that the cash part in the landowner's compensation will be bigger than under Compulsory Acquisition. An additional five percent cash payment are given as incentives. Payment of cash is then made in the following terms and conditions:

- lands above 50 hectares 30% cash
- lands above 24 hectares and up to 50 hectares 35% cash
- lands 24 hectares and below 40% cash

(CARL, chapter 6, section 19)

The rest of the compensation is as under Compulsory Acquisition paid in other modes, see chapter 4.5.1.

If the landowner does not accept the purchase price, the Voluntary Offer to Sell shall be treated as a Compulsory Acquisition and it is not possible for the landowner to withdraw his offer. (DAR 4)

A landowner who voluntarily offers to sell his land is entitled to the same retention limit and land award to qualified children as if it was a compulsory acquisition, i.e. five hectares for the landowner and three hectares to each qualified child. (DAR 4)

4.5.3 Voluntary Land Transfer

Voluntary Land Transfer is a voluntary agreement between a landowner and a qualified beneficiary to directly transfer land from the landowner to the beneficiary. In contrast from the process in Compulsory Acquisition and Voluntary Offer to Sell, the possession does not go over the Republic of the Philippines but directly from the landowner to the beneficiary.

The transferred land can not be more than five hectares or more than the area leading to a total landholding of more than five hectares for the beneficiary.

The conditions for the Voluntary Land Transfer should not be less favorable for the beneficiary than if it would have been a compulsory acquisition and distribution.

A Voluntary Land Transfer was only possible to do within the first year of the schedule of acquisition and distribution, i.e. Phase 1 to 3.

If the landowner and the beneficiary can not agree on the conditions of the Voluntary Land Transfer within one year, the land shall be subject to Compulsory Acquisition. (CARL, chapter 6, section 20)

4.5.4 Collective CLOA

The normal situation is that the ARBs individually receives the land and individually owns the land and gets an individual CLOA. It is also possible for the beneficiaries to choose collective ownership, like co-ownership or a farmer's cooperative. The title, a collective CLOA, should then be issued in the name of the co-owners or the cooperative. (CARL, chapter 7, section 25)

The award ceiling of three hectares of land is the same for a beneficiary with collective CLOA, i.e. the total landholdings should not exceed an average of maximum three hectares per co-owner or cooperative member.

To make it easier and speed up the implementation of CARP it is fairly common to distribute a collective CLOA temporarily. When it is possible to identify the individual lots and beneficiaries and the necessary survey plans have been made the intention is to distribute individual CLOAs. But this sometimes takes longer time than expected due to the lack of money and technical personal.

4.5.5 Commercial farms

An exception from the general time schedule is land that commercial farms own. Commercial farms are in the law defined as private agricultural lands devoted to commercial livestock, poultry and swine raising, aquaculture including salt beds, fishponds and prawn ponds, fruit farms, orchards, vegetable and cut-flower farms, cacao, coffee and rubber plantations. They were not subject to acquisition and distribution until after ten years from the start of CARP, i.e. in June 1998. (CARL, chapter 2, section 11)

4.5.6 Non-physical land transfer program

The Comprehensive Agrarian Reform Program includes not only physical but also non-physical land transfer program. The non-physical land transfer program will be described since it is mentioned in the law but the description will be brief since it is very rarely used in reality. The alternatives in this program are Corporate Stock Distribution, and Production and Profit Sharing Plan.

Corporate landowners have the alternative to issue shares of corporate stocks instead of redistribute the land. The idea as mentioned earlier in this chapter is to preserve the productivity gains from technology and industrial management in the farm by not fragmenting the land and still accomplish the equity objective in CARP.

Corporate Stock Distribution is a voluntary alternative that the landowner and the majority of the ARBs should agree upon. In this case the ARBs are farm workers. The Stock Distribution Plan should have been approved within two years from June 15 1988.

Qualified beneficiaries are given the right to purchase corporate stocks equal to the proportion that the agricultural land bears in relation to the corporation's total assets. Since the same rules as for Voluntary Land Transfer are applied, the beneficiaries should not be worse off than if the transfer were made through Compulsory Acquisition. The stocks should be of the same class and value and with the same rights and features as all other shares. (CARL, chapter 6, section 20)

Beneficiaries are allowed to transfer their stocks, but only to other Agrarian Reform Beneficiaries, just like with awarded land.

Production and Profit Sharing Plan is a temporary way of providing farm workers a just share of the production of the land while waiting for the final distribution of land or corporate stocks.

Any enterprise or individual operating under a production venture, lease, and management contract or as a Multinational Corporation (CARL, chapter 2, section 8) or a Commercial Farm (CARL, chapter 2, section 11) is obligated to adopt a Production and Profit Sharing Plan.

According to the CARL, covered landowners should distribute 3% of their annual gross sale, from June 15, 1988 until the land, or the stocks, are finally distributed to the ARBs. In addition to this, a landowner who makes a profit should also give 10% of the net profit to the ARBs. (CARL, chapter 8, section 32)

4.6 What rights and obligations do Agrarian Reform Beneficiaries have ?

Under CARP an Agrarian Reform Beneficiary can be awarded a maximum of three hectares (CARL, chapter 7, section 23). Three hectares are chosen because this amount of hectares is identified as an economic-sized family farm. If the beneficiary already has some agricultural land he can only be awarded land so that his total agricultural landholdings will be three hectares.

During the previous agrarian reform, PD 27, the beneficiary was awarded three hectares of irrigated rice and corn land or five hectares unirrigated rice and corn land.

Tenants in the landowners retained area have two options. One option is to stay in the retained area as a leaseholder, but then he loses his right to be a beneficiary under CARP. The other option is to transfer to another landholding as a beneficiary, and then he loses the right to continue as leaseholder in the retained area. The tenant should make this decision within one year from the time the landowner has identifies his retention area. (DAR 4)

For land distributed under Compulsory Acquisition and Voluntary Offer to Sell the beneficiary receives as mentioned above a title called Certificate of Land Ownership Award (CLOA), as proof of land ownership. The corresponding title for public land distributed to a beneficiary is Free Patent.

As a beneficiary of the Integrated Social Forestry Program covering agro-forest public lands whose ownership cannot be transferred, the beneficiary will receive a Certificates of Stewardship Contract which is good for 25 years, renewable for another 25 years, from the Department of Environment and Natural Resources.

Land awarded to beneficiaries should be paid for in 30 annual amortizations at 6 % interest per annum to the Land Bank of the Philippines. A 2 % interest reduction is given if the payments are made on time. Payment by the beneficiaries is not necessary tied up with the market value of the land, although this is the compensation to landowners. These are two separate transactions. While landowners will be paid what is considered to be a just compensation, farmer-beneficiaries will pay, what according to CARL is, an affordable price. (CARL, chapter 7, section 26)

Payments for the first three years shall not exceed 2.5% of the value of the Annual Gross Production (AGP) of the awarded land. The AGP is the average of the three normal crop production on the awarded land immediately preceding June 15, 1988. (CARL chapter 7, section 26.)

Payments for the fourth and fifth years shall not exceed 5 % of the value of AGP and payments for the sixth to the thirtieth years shall not exceed 10 % of the value of AGP. (CARL, chapter 7, section 26)

Beneficiaries covered by PD 27 had their payment extended from the original 15 years period to twenty years.

All lands distributed by DAR are mortgaged in favor of the LBP until the beneficiaries make full payment.

Deliberate failure to pay the annual obligation for three years will result in the foreclosure of the land by the LBP except if the failure to pay is due to natural calamity or force majeure. The beneficiary has the right to recover it within two years. Once the beneficiary's land has been the subject of foreclosure, he or she will be permanently disqualified from being a beneficiary under CARP. (EO No. 229, chapter 3, section 12)

Land acquired by a beneficiary may not be sold, transferred or conveyed for a period of ten years from the issuance and registration of the Certificate of Land Ownership Award. (DAR 4). Neither can the ARB sublease it to someone else nor subdivide the land among his or her children because the three hectares is by CARP identified as an economic-sized family farm.

This should be preserved as a single operating unit to promote the farm's economic viability. However in case of death or permanent incapacity, the land may be transferred to the heirs through hereditary succession. Except for hereditary succession do the above limitations not apply for lands sold, transferred or conveyed to the government, or to the Land Bank of the Philippines, or to other qualified beneficiaries. The children or the spouse of the beneficiaries have the right to repurchase the land from the government or the Land Bank within the period of two years. (CARL, chapter 7, section 27)

The CLOA awarded to the beneficiaries can also be cancelled if:

- the beneficiary misuse or divert financial or support services extended to him or her,
- the beneficiary cause substantial and unreasonable damage on the land causing depletion and deterioration of soil fertility and improvements thereon,
- the beneficiary illegally converted the use of the land to other non-agricultural uses, or
- the beneficiary neglect or abandon the awarded land continuously for a period of two calendar years.

If the CLOA has been cancelled due to violation of the agrarian laws, rules and regulations, then all rights as CARP beneficiary shall be forfeited as well as the amortization paid.

Since the willingness, aptitude and ability to cultivate and make the land as productive as possible are basic qualifications of a beneficiary, the DAR are obligated to adopt a system of monitoring the performance of each beneficiary. (CARL, chapter 7, section 22) If the beneficiaries or his heirs fail to cultivate the land themselves then the land shall be transferred to the LBP and the beneficiaries shall be compensated for the amounts he has already paid, together with the value of improvements he has made on the land. The LBP shall give notice of the availability of the land to the DAR and distribute it to qualified beneficiaries. According to interviewed DAR-officials the monitoring of this kind only exists on paper.

4.7 How is CARP financed?

The original cost of implementing the CARP was in 1986 estimated to an amount of 221 billion pesos (1 dollar = 50 Filipino pesos, 2003-02-23). Of this total about 0.5 % would be allocated for preliminary activities, 36 % for land acquisition and distribution and 63 % for support service. (Garilao, 1997)

An amount of 53 billion pesos were initially allocated to CARP from the annual government budget. Funds were also allocated for support to agencies involved in implementing agrarian reform. (EO No. 229, section 20 and 21)

When the CARP was signed in June 1988, the Filipino government assigned economic assets, apart from regular funds in the annual government budget for DAR, to create an Agrarian Reform Fund. The Agrarian Reform Fund receives its money from:

- sale of assets by the Asset Privatization Trust, which includes sale of ill-gotten wealth of earlier administration,
- foreign grants and loan, and
- cost recovery efforts by the program itself through land amortization and loan repayments.

The donors of the foreign funds determine together with the DAR what the funds are going to be used for. These funds are almost always used solely for support services and non-land transfer schemes, i.e. they are not used for land distribution.

The Congress passed a Republic Act in February 1998 saying that an additional amount of 50 billion pesos was authorized to the CARP. This amount shall be funded from the Agrarian Reform Fund until year 2008. (Republic Act 8532)

4.8 Situation report of the Philippines

From the beginning the Comprehensive Agrarian Reform Program was thought to be controversial and unpopular. It was rejected by the landowners because they thought it was confiscatory. The farmers did not like it because they thought it was watered down. It led to division among the members of the Congress. Technocrats, the academic and other institutions said it was unrealistic, that the government did not have the political will to see it through and that it would be next to impossible to accomplish it within a democracy. Still there were those who felt it was worth implementing. The CARP is an improvement over earlier laws. (Garilao, 1997)

The agrarian reform is a very debated subject in the Philippines. The debate and the opposition were loudest in the beginning of the implementation of the CARP, but it is still very much alive. During the ten weeks we were in the Philippines there was an article about the agrarian reform almost every day in the daily newspaper. An incident that proves that agrarian reform still is a hot topic was that the daughter of the secretary of the DAR was kidnapped at a shopping mall in Manila, by some landowners opposing the CARP. She was however released a couple of hours later.

4.8.1 Land tenure improvement

The target is that 8.1 million hectares will be covered by CARP, 4.3 million under DAR and 3.8 million hectares under DENR. Land covered under DAR is privately owned agricultural lands, settlements/landed estates and some government owned lands. Up until December 1997 the DAR has covered 2.7 million hectares or 63 percent. The DAR has completed the distribution of 47 percent of the total 3 million hectares land distribution target in private lands. Total DAR has 1.6 million hectares left to cover. The DENR is responsible for distribution of public alienable and disposable lands and integrated social forestry areas. Until December 1997 1.9 million hectares or 50 percent were covered. Totally has 4.6 million hectares of the total 8.1 million hectares been covered and 3.15 million beneficiaries have received land. (Garilao, 1997, page 60)

At current capacities it is estimated that the program will be able to complete the distribution of lands by the year 2004.

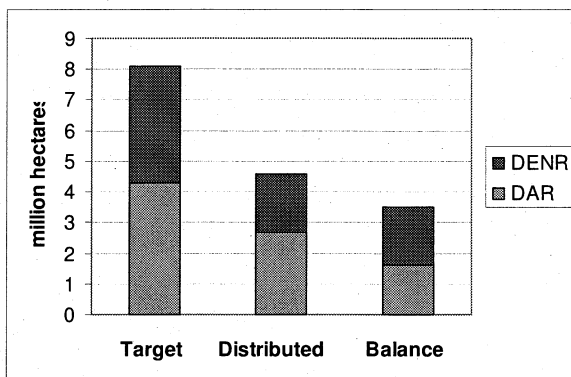


Diagram 2. The DAR's and the DENR's target for land distribution, the land actually distributed and the balance as of December 1997. Source: Department of Agrarian Reform.

4.8.2 Finances

The total cost for the CARP as of 31st December 1997 was about 45 billion pesos. This is 90 percent of the about 50 billion pesos net allotments released during the period July 1987 to December 1997. Land Acquisition and Development had a 37 % share of the total cost, while Program Beneficiaries Development or support services accounted for 30 %. The remaining 33 % represents the Operational Support component, which included all of the nine agencies' total personnel services, maintenance and other operating expenses and capital outlays. It is believed that the program will require another 115 billion pesos from July 1998 to the year 2004 (exclusive of bond servicing for landowners after the year 2004, this amounts to 37 billion pesos) (Garilao, 1997, chapter 7)

4.8.3 Agrarian justice

The DAR receives many complaints about the DAR Adjudication Board slow pace of resolving agrarian reform cases. The DAR has the target that a case should have less than a year in waiting time. In December 1997, 95 percent of the cases fulfilled this target. However appealed cases at the Central Office level remains a problem. (Garilao, 1997)

4.8.4 Problems

The CARP had a slow take off partly caused by the frequent changes in the DAR leadership, which contributed to the erosion of the public confidence in CARP. Today there are still problems, some of these are mentioned below.

- **Land transfer process.** The land transfer who involves the transfer of land from the landowner to the government and from the government to beneficiaries is tedious and long. It requires the participation of at least four government agencies, namely: the DAR for land distribution in private and government-owned lands and settlement areas; the Land Bank of the Philippines for land valuation and landowner compensation; the DENR for land survey and approval of survey plans, and land distribution of public lands; and the Land Registration Authority for land titling and registration. (Cornista, 1990) The process is not only tedious and long it also has high personnel cost, which is showed by the fact that the operational support component costs uses 33 % of the total CARP cost.

- **Land valuation.** A major problem in CARP is land valuation. The law provides for just compensation to landowners. In computing land values 10 factors are used. These factors are costs of acquisition of the land, current value of similar properties, its nature, actual use and income, sworn valuation by the owner, tax declarations, and government assessor's assessment. The social and economic benefits contributed by farmers and government to the property as well as the non-payment of taxes or loans secured from any government financing institution are to be considered as additional factors in determining compensation. An identified problem in the use of the multifactor formula is the lack of systematic and reliable data base particularly on land sales. (Cornista, 1990) The landowner often disagrees with the DAR's valuation, he or she may then go to the DAR Adjudication Board for the preliminary determination of valuation. If the landowner is still not satisfied, the landowner can file a case with the Special Agrarian Courts. The legal process takes a long time.
- **Conversion.** Illegal conversion i.e. conversion of agricultural land to non-agricultural land without prior DAR clearance is an increasing problem especially in the area close to Manila. At present there are no strong deterrent available to curb the illegal conversion, the penalty that exist is imprisonment for one month to three years or a fine of P1,000 to P15,000. (Garilao, 1997, chapter 7)
- **Selling of titles.** According to a study made by the Institute of Agrarian Studies of the University of the Philippines in Los Baños, around 20 % of farmer-beneficiaries included in the study violated the CARL either by transferring their lands or by not tilling the land. The study used a sample of twenty provinces and involved some 4,300 ARBs. The extent of selling cannot be monitored since, in most instances, the sales are not registered. There are no official records of sale. Unless there are people who will come forward to attest to these sales, the DAR will not be able to determine whether a sale did occur. There are plans to set up a national monitoring system for distributed lands to determine whether ARBs still occupy their awarded lands. One drawback of such monitoring system is that it probably will entail the utilization of most of the DAR's field personnel. (Garilao, chapter 7, 1997)

Other problems are:

- failure to install farmer-beneficiaries on awarded lands,
- cancellation of CLOAs, due to additional laws and judicial problems,
- subdivision of master CLOA,
- ensuring the payment of land amortization by beneficiaries, and
- monitoring the violations made by ARBs. (Garilao, 1997, chapter 9)

In 1996 there was still a concentration of wealth and power in the hands of the landlord class and foreign monopoly business.

- the top 5.5 % of all the landowning families own 44 % of all the arable land in the country;
- the richest 15% of all families account for 52.5 % of all the nation's income, and
- in 1991, only 10 corporations accounted for 26% of all revenues; 40% of all net income; and 34% of the total assets of the top 1 000 corporations.

(Tujan JR, 1996)

But compared with figures from 1988 there have been an improvement in the distribution of agricultural land. In 1988 5,5% of all agricultural families owned 65% of all agricultural land. In 1996 they owned only 44%. (Internet 1)

5. SUPPORT SERVICE AND AGRARIAN REFORM COMMUNITIES

The following chapter starts with a description of what kind of support services that are distributed in an agrarian reform. In order to optimize the allocation and use of limited resources for support services in the Philippines, the DAR has decided to focus the distribution of support services to Agrarian Reform Communities, ARCs. These ARCs consists of one or more barangays. The concept of ARCs is described in this chapter. For us to get a better understanding about CARP we visited six ARCs, the information we gathered on these fieldtrips are described at the end of this chapter.

5.1 Support services

Support services are services provided by the government and other institutions concerned with the implementation of the agrarian reform program to support beneficiaries and to assist them in making the transition from sharecroppers/tenants/laborers to landowners/managers.

The most common kinds of support services are credit support, education, infrastructure, marketing assistance and post harvest facilities. (DAR 6)

Support services play an essential role in deciding the success or failure of any agrarian reform program. Previous experiences from agrarian reforms in the Philippines and in other countries show that without any support from the government, besides from the distribution of land, there is little possibility for the agrarian reform beneficiaries to succeed as landowners. Many of the beneficiaries have worked as farmworkers without real insight in the complete process of farming. These services aim to improve the socio-economic status of the beneficiaries. (Jacoby, 1968 and Garilao, 1997)

In some cases support services also aim to help former large landowners to invest their compensation in enterprises that can benefit the development of the community and the country as a whole. (DAR 3)

For successful delivery of support services, three conditions have to be satisfied. First, government commitment along with adequate financial resources must exist. Second, local community organizations must get involved to speed up the delivery of the support services and to help the government to choose the appropriate measures for the provision of support services. Third, attention must be given to a variety of specific conditions that exist in different rural communities affected by the agrarian reform. (DAR 1)

In the Philippines, the government has chosen to canalize support services through Agrarian Reform Communities, ARCs. ARCs are described in chapter 5.2. This way the government hopes to create a greater impact than if the limited recourses were scattered over all Philippine farmers. (Garilao, 1997)

5.1.1 Credit support

One of the main reasons why many agrarian reform programs have made little impact on rural development is its failure to generate financial resources for the beneficiaries. With credit support the farm beneficiaries will be able to acquire needed production inputs and aid them

during the initial phase of production. Moreover, it will prevent them from selling their land rights to the former landowner that commonly results to the persistence of old tenurial relations. (Octavio in Gordoncillio, 1992 and Posterman, 1987, chapter 8)

Two different approaches have dominated regarding the provision of credit to the beneficiaries. The free market orientation that sees subsidizes credit and government lending as distortions in the financial market and therefore tries to limit it. The other one favors subsidized credit and collateral-free loans and sees it as an important way to canalize government funds. The CARP use the latter when it stressed the importance of government assistance in the delivery of rural credit. (Octavio in Gordoncillio, 1992 and Posterman, 1987, chapter 8)

5.1.2 Education

Agricultural and rural development programs worldwide recognize extensions or education as a major component. Lack of participation of beneficiaries in deciding the components of the agrarian reform programs led to a growing discontent in the implementation of earlier agrarian reforms. Education emphasizes on community organizing and people's participation. Education services are also concerned with training beneficiaries regarding modern agricultural techniques, institutional and organization development, financial management and entrepreneurial development. Assistance is given to develop farmer's institutions such as cooperatives to enable them to participate in economic activities collectively and give them greater bargain power. (Jacoby, 1968 and DAR 6)

5.1.3 Infrastructure

Difficult access to markets for the produce of the farmers is one of the major reasons why the agrarian sector is underdeveloped. Poor roads and bridges affect prices of the yield through high transportation costs. Moreover, the transfer of technology to farmers has been impeded by poor infrastructure. It is difficult for people to meet and exchange knowledge and ideas and thus the spreading of development becomes a slow process. The kind of infrastructure services needed is mainly construction of farm to market roads, production plants etc. (Pabuayon in Gordoncillio, 1992)

Another form of infrastructure important to agricultural development is appropriate irrigation facilities. Irrigation can make a more reliable and secure agricultural output and can increase the number of harvests per year.

5.1.4 Marketing arm

Marketing assistance is concerned with giving information to beneficiaries regarding potential markets for their produce, protecting farmers from unscrupulous middlemen or help them become their own middleman/marketing arm (Pabuayon in Gordoncillio, 1992). An important part of the CARP is to educate the beneficiaries how to start and run cooperatives that will act as a marketing arm.

5.1.5 Post harvest facilities

Post harvest facilities can be everything from a concrete plate to dry rice on to sugar-mills and silos. These facilities are an important part of support services even if they only have an indirect effect on productivity. No matter how high the productivity is, if the crops are ruined after the harvest nothing is gained. (DAR 6)

Post harvest losses in the rice sector were in 1992 as high as 37 percent of total output in the Philippines. High post harvest losses are primarily due to the inadequacy of appropriate post harvest facilities and the inability of farmers to adopt inherent technologies. (Pabuayon in Gordoncillio, 1992)

5.2 Agrarian Reform Communities, ARCs

The information in this chapter is taken from "Operations manual on Agrarian Reform Communities development" and "Rural transformation through Program Beneficiaries Development", both written by DAR.

5.2.1 ARC - vision and goals

Experiences from earlier land reforms in the Philippines has shown that one of the main difficulties has been to distribute support service in a way that really made an impact on the lives of the farmers.

In order to optimize the allocation and use of limited resources and create an impact, the DAR has therefore adopted a geographical focus, and realigned its priorities towards the development of Agrarian Reform Communities, ARCs. It is in the ARCs that DAR will focus their operations in land tenure improvement and support service delivery to increase farm production, improve household income, and promote ecologically friendly development and behavior. The Department of Agrarian Reform works with the ARBs and the farmers through the Development Facilitator, DF.

The Agrarian Reform Community concept in CARP was launched in 1993. ARCs shall serve as growth points in the countryside that can lead to a development in the area around the ARC and in the extension, in the whole country.

An ARC consists of one barangay or a cluster of contiguous barangays where the farmers and farm-workers are in need of a full implementation of agrarian reform. The idea is to choose a limited number of areas, or communities, all over the country and to start the implementation of the agrarian reform, especially concerning support services. Resources, mainly support services, from implementing governmental agencies should be distributed to the farmers through organizations in the ARCs. Since it is through the organizations, and not directly to the ARBs, that support services are being canalized, it is very important to have well functioning organizations, such as cooperatives. The ARC concept is therefore very much focused on organizational building. ARC members are all people living in the determined geographical area, weather they are ARBs or not.

The ARC concept also has goals for income and income distribution among the households in the ARCs. The goal for at least 70 percent of the total number of beneficiaries in the ARCs is to have an average annual household income above the national poverty line (DAR 1). To achieve this goal it is said that all ARBs and non-ARBs in the ARCs have full access to basic support services, which will lead to increased productivity and household income.

Figure 7 shows what different support services can achieve in an ARC.

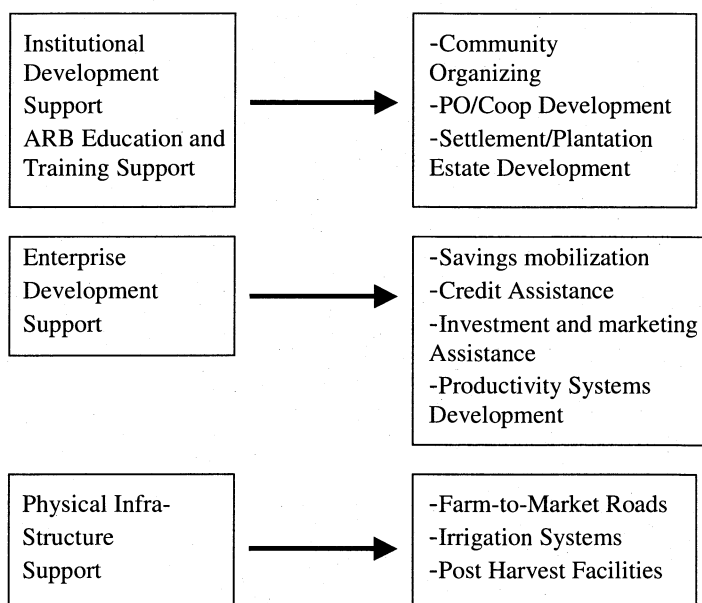


Figure 7. Support services. Source: DAR 2, page 5

5.2.2 How are ARCs chosen

The provinces were in 1993 given the prerogative to choose the number of ARCs to be developed. The number of ARCs to be developed shall depend on the capability of the DAR provincial offices and the field development facilitators access resources and mobilize partners in the development work. At the minimum, there should at least be one ARC per congressional district.

ARC selection is based on “must” and “want” criteria.

The “must” criteria;

- The area has a large CARP scope that has been distributed or has a high potential for distribution in one or two years.
- The area has high density of actual agrarian reform beneficiaries and potential agrarian reform beneficiaries.
- The area is economically depressed.

The “want” criteria;

- The presence of people’s organizations, POs, and non-governmental organizations, NGOs.
- Farmers have high potential for development.
- Farmers clamor for agrarian reform and are willing to participate in CARP implementation.
- Projects and other support services have already been made/are available.
- There is a high potential for agro-industrial development.

As said before an ARC can consist of one or more barangays. When the size of an ARC is determined, political, environmental, economic, and social elements must be considered. The DAR Provincial Office has the flexibility to decide on the size of the ARC. "Efficiency" will be a basic consideration in as much as efforts and resources will be channeled to these ARCs. Each ARC shall cover about 2,000 hectares with two hectares average landholding per farmer beneficiary as the original goal for the lot size. Below different ways to select the area of an ARC are described.

- The natural link of the ecosystem
If there for example is a natural waterway or an irrigation system that traverses a cluster of barangays, the cluster can be considered as one ARC.
- The economic standpoint of the area
If an agricultural production is located in one barangay and the processing unit is located in an adjacent barangay, the two barangays should be considered as one ARC.
- The organizational and cultural make up of the population.
Where they can be integrated into one community should also be a basic consideration.
- Coverage of the NGO/PO partners.
If an active NGO/PO partner operates in the area and its coverage extends beyond the barangay, then the entire area of the NGO/PO coverage may be considered an ARC.
- Mode of acquisition
If an estate, hacienda, or other private agricultural land, which is being acquired or has been acquired under the various modes of acquisition, covers several barangays, then the entire area may be an ARC. (DAR 2)

5.2.3 Construction of ARCs

The delivery of support services to make ARB lands productive and farming profitable is important. In an ARC the support services are distributed through one or more organizations such as cooperatives.

In the ARC development process, the formation of an organization or strengthening of existing ones will be the entry point in reaching the majority of ARBs in the community. An organized group can effectively carry out coordination and mobilization work needed to pursue plans and programs for the development of the community.

The building and development of an ARC is called community organizing process. The community organizing process consists of four different phases of institutional development. These phases are as follows:

Phase 1: Social preparation

Phase 2: Organizational building

Phase 3: Capability building

Phase 4: Enterprise development and alliance building

It is not necessary for an ARC to start from Phase 1, some areas may be at more advanced phases. Therefore, before making his or her entry to the community, the Development Facilitator, DF, makes an assessment of the community, determine its level of development and identify the activities that have to be undertaken. For the same reasons of different levels

of development, the activities in the four phases do not need to be undertaken in the exact same order/sequence.

Under the ARC development framework, land distribution and land tenure improvement are interwoven in the community organizing process.

Phase 1; Social preparation phase

It is in this phase that the agrarian reform communities are first identified and selected. It is here that the foundation of Agrarian Reform Communities development is laid down. According to the ARC vision the intention is to get the community to realize the importance of agrarian reform and the need for collective action to accomplish this goal.

Phase 2; Organizational phase

In this phase the ARBs formalize the organization in the ARC. The vision, mission, goal and objective of the ARC are defined and all available resources are structured. Organizations such as ARB cooperatives are formed. The DAR sees ARB cooperatives as very important factors in a well functioning ARC. If the ARBs are not fully convinced that a cooperative is necessary, the DF can for example start an informal group until most ARBs according to CARP vision, realize the necessity of a cooperative.

During Phase 2 ARB savings mobilization is started to prepare for eventual credit programs. Different education seminars and training in organizational building is also held for the ARBs.

Phase 3; Capability building phase

During the Capability Building Phase leaders and members of the ARC are being trained in leadership and as entrepreneurs. It is important that all organizations have been installed and that the ARBs have the right knowledge, since it is in this phase that the provision of services and implementation of projects take place. The DF together with officers from the ARC organization first constructs a five-year strategic development plan for the ARC.

Following the approval of the development plan, the organization will in this phase start providing services to the ARC members. These services may be for example the operation and management of a consumer's store, provision of credit, marketing of farm inputs and produce and implementation of small livelihood projects.

Phase 4; Enterprise development and alliance building phase

The major areas of concern in Phase 4 are focused on economic improvement and organization's sustainability and viability. Higher level and project specific training are provided at this stage. This is also the time where the organization should try to establish networks with other ARCs, NGOs, POs and government agencies.

Viability evaluations of the organization, their services and projects are being done. These evaluations are used to develop a sustainability plan where the major area of concern is how to ensure the sustainable growth in the ARC.

5.2.4 Financing, credit assistance and resource mobilization

Out of the 2,169 ARB organizations in the ARCs, 984 had in 1997 accessed credit from government agencies, financial institutions, development funds of legislative officials and non-government organizations. Compared to 1996 figures, this shows an increment of 303

organizations (40% increase) which were able to avail of credit assistance. The amount accessed has also increased to P 2,3 million or 61% more than the 1996 release. (DAR 2)

The DAR, through its credit banks and in coordination with other government agencies, has also extended credit assistance to the ARCs:

- **Credit Assistance Program for Beneficiaries Development.**
It is a special lending window for ARB cooperatives and farmer organizations in ARCs that are deemed not eligible under LBP's accreditation requirements. Credit should support agricultural production inputs, acquisition of pre and post harvest facilities and fixed assets to ARB cooperatives or farmer organizations in the ARCs. As of 1997 19 cooperatives, with 1,123 ARBs, have accessed a total of P 22 millions under the program.
- **DAR - National Livelihood Support Fund, Livelihood Credit Assistance Program.**
It is a re-lending program for livelihood micro-projects in ARCs, implemented through accredited program partners/conduits, which relend the funds to end beneficiaries. As of 1997, P 91 millions have been approved as credit facilities for 22 programs partners/conduits in 10 regions, out of which P 21 millions have been released to 9 program partners benefiting 1,455 ARBs.
- **DAR-Technology and Livelihood Resources Center, Partnership Program for Non-Rice Livelihood Project**
This project is geared towards supporting agri-based projects of cooperative federations in ARCs under the Technology and Livelihood Resources Center-Barangay agro-industrial Development- Integrated People's Livelihood Cooperative System Program. As of 1997, only 50 ARBs have availed from the funding assistance, amounting to P 900,000.
- **DAR-QUEDANCOR Program for CARP Barangay Marketing Centers Program**
This program seeks to uplift income opportunities and livelihood of ARBs through proper grain and post harvest practice. It provides credit to primary cooperatives in the construction/expansion/acquisition of on-farm warehouse with solar dryers, rice mill and other ancillary equipment and in the marketing of grains. As of 1997, the total amount disbursed for the project is P 78,000 benefiting 10,782 ARBs. A total of 75 CARP Barangay Marketing centers have been constructed, 21 are ongoing construction and 89 applications are being processed.
- **DAR-Land Bank Countryside Partnership (5:25:70 Scheme for Production and Fixed Assets)**
This partnership makes available production credit and affordable ownership of pre and post harvest facilities and other fixed assets to ARC cooperatives. Eligible borrowers are small farmer cooperatives where majority of the members are agrarian reform beneficiaries and agri-based cooperatives that meet the LBP's basic eligibility requirements. 70% of the total project cost is financed by LBP, DAR provides 25% of the total cost as an interest-free loan, and 5% comes from the borrowers as equity. In 1997, a total of 104 projects were approved, benefiting 7,974 ARBs and 70 cooperatives nationwide.

Besides from credit assistance, the ARCs are also able to avail of financial assistance for the construction and rehabilitation of physical infrastructure facilities and basic social services from government agencies, NGOs and foreign donors. Total amount mobilized is P 2.86 billion. (DAR 7)

5.2.5 Accomplishments

In 1997, 921 ARCs were launched nationwide, covering 797 municipalities and 2,321 barangays. These represent 92 % of DAR's total target of launching 1,000 ARCs nationwide by year 1998. The number of foreign-assisted ARCs total 262. The cumulative land distribution accomplishment in the 912 ARCs is 645,000 hectares, which is 80% of the total scope of 800,000 hectares. The area placed under leasehold operation is 79,000 hectares. This benefited 350,000 ARBs with an average landholding of 1.84 hectares. The foreign-assisted ARCs have a total scope of 293,000 hectares, with 216,000 hectares (73%) already distributed to 97,000 ARBs. The leasehold coverage is 29,000 hectares benefiting 14,000 ARBs. (DAR 2)

Compared with the total amount of 8.1 million hectares that are going to be distributed around the whole Philippines, it is obvious that the targeting 1,000 ARC compose of only a small part of the total amount of all ARBs.

5.2.6 Non-governmental organizations and peoples organization

The development of Agrarian Reform Communities requires complementary and synchronized efforts, including resources from line agencies, local government units, non-governmental organizations and peoples organization, and is aimed at community-based poverty alleviation and countryside development. Each partner shall have a role to play and responsibilities to assume based on expertise, available resources and experiences.

People's organizations (POs) and non-governmental organizations (NGOs) are partners in development and are consulted by the DAR a matters relative to CARP implementation in ARCs. In 1997, a total of 6,221 PO and 1,507 NGO consultations were conducted nationwide involving 5,113 POs and 672 NGOs.

5.3 ARCs visited

After studying literature, gathering information about CARP and interviewing several of the officials at the Department of Agricultural Reform we wanted to catch a glimpse of how the CARP is implemented in reality and find out what kind of problems that exit in the transformation. We decided to visit six ARC, three in the province of Batangas and three in the province of Iloilo. Batangas is located close to Manila and Iloilo is located on an island in the Western Visayas. The intention for the field study was never thought to be statistical quantitative, just a way for us to get a better understanding of the CARP. The fieldtrip was very interesting and informative, therefore we have chosen to describe the six ARCs below.

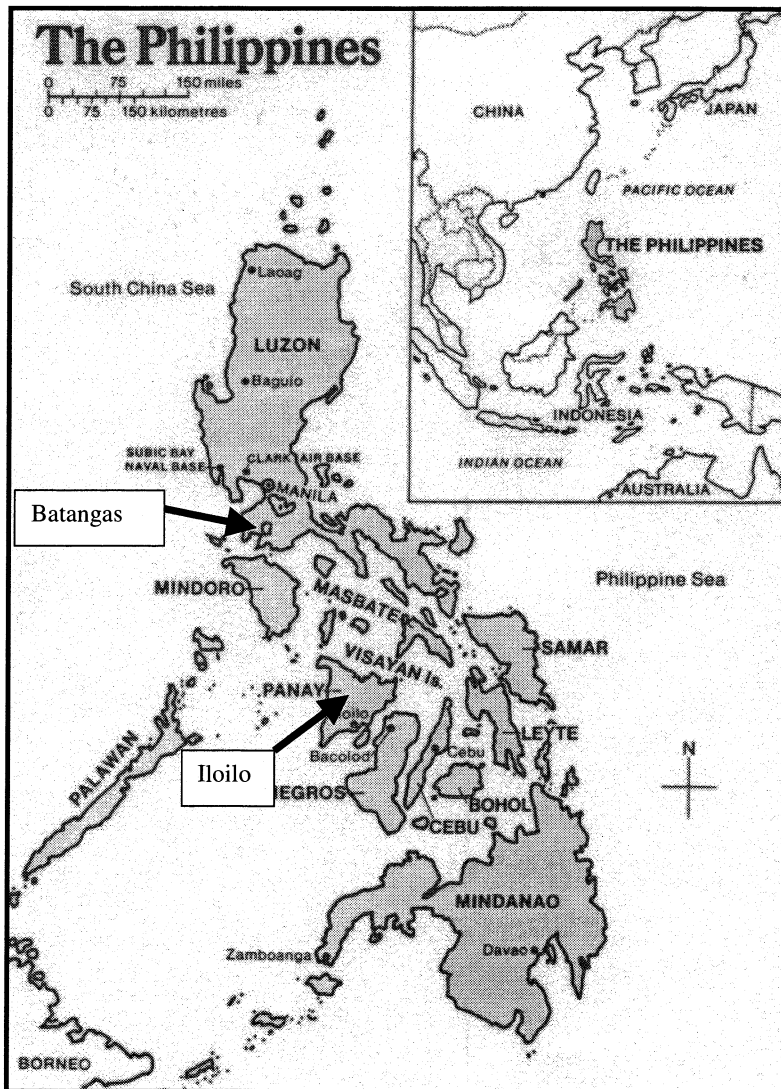


Figure 8. Map of the Philippines.

The province of Batangas is situated in the southwest of Luzon. Batangas together with the provinces of Cavite, Rizal, Laguna and Quezon are called the CALABAZON area. The CALABAZON is an expansive area close to Metro Manila, where lots of lands are converted into commercial, industrial and residential areas. The development in this area is due to the closeness to Manila. The main economic activity in the province of Batangas is, however, still agriculture. Major crops grown are rice, sugarcane, coconut, coffee and cacao. In Batangas we visited three ARCs; Hacienda Palico, Jaybanga and San Celestino/Sto Toribio

The province of Iloilo is situated in the Western Visayas on the island Panay. Iloilo is a leading rice producer of the Philippines. The climate condition in the area varies from wet to dry. Wet season is experienced from the month of May to December and dry season during the rest of the year. In Iloilo we visited three ARCs; Jaguimitan, Sto. Rosario and Sto. Tomas.

This six ARCs were chosen because the distribution of land was almost completed, and some form of support service had been delivered. We chose ARCs which had a high ARC Level of Development, ALDA. ALDA is an estimation carried out by DAR and it measures the level of impact of CARP. We also thought it would be interesting to see if there were different problems if the ARC was located close to Manila or far out in the provinces on a smaller island.

The interviewed persons are listed under References at the end of this thesis.

5.3.1 The six ARCs

ARC Hacienda Palico

The ARC Hacienda Palico, which comprises seven barangays, is located on the east side of the Batangas province, close to the city Nasugbu. The ARC was launched in 1994. In 1998 there were 3150 households and 1070 ARBs in the ARC. The total land area of the ARC is about 4130 hectares and the main crop is sugarcane.

Approximately half of the total land area is covered by the CARP and in 1998, 98% of the CARP-able land was distributed. In 1993 most of the land was distributed as a collective CLOA to the 1070 ARBs. Since 1995 DAR has identified individual farm lots and was in 1998 in the process of transferring the collective CLOA to individual CLOAs. The collective CLOA was just a middle phase, since it was the quickest and easiest way to get the land from the landowner. Even if it is a collective CLOA the ARBs are not tilling the land together instead they till their own individual lots. Before CARP and the distribution of the land there were 204 farmworkers and 866 leasehold on the Hacienda Palico. The ones who were leaseholders received the land they were actually occupying, although no more than three hectares. The farmworkers shared what was left of the land and they got an average lot size of 1.6 hectares. The landowner retained 103 hectares because some of the land was classified as commercial and industrial areas.

One family, the Roxas and Company Inc, formerly owned the property. During the first two years of distribution, 1993 – 1995, the landowner protested in as many ways as they could. The landowner tried most of the administrative ways of protesting just to delay the process. Since the Roxas and Company Inc. also is the owner of a nearby sugarmill the landowner refused to process sugarcane from the ARBs for two years. The DAR helped the ARBs to find another sugarmill, which was much further away. After two years the landowner accepted the situation and he invited the ARBs to leave their sugarcane in his sugarmill. In

1998 he proposed that the ARBs could rent his old machines and offered them production loans. The payment will be done with sugarcanes at harvest time.

The land valuation is settled and the ARBs are satisfied with the price but the landowner is not. The market price in this area is increasing very rapidly due to the industrial development in the CALABAZON area.

The main crop is still sugarcane even after the distribution. This is because sugarcane can survive both typhoons and floodings, which for example vegetables do not. Both these natural disasters are common in the area during rainy season. Another reason to grow sugarcane is the closeness of the sugarmill.

ARC Jaybanga

Jaybanga ARC, which was launched in 1993, is a remote upland barangay. The ARC is about two hours jeepney ride from Lobo. During rainy season, no motor vehicle can reach the area, the only way is to hike for about five to six hours to get to the barangay. In 1998 there were 264 household and 459 ARBs. Jaybanga has a total land area of 1200 hectares. The main crops are banana and coconut. Other crops are mango, atis, tamarind and guava. Palay is grown for home consumption while fruits are traded in local market.

CARP covers 942 hectares and all of it has been distributed. The land was formerly owned by five landowners, whom were not tilling the land themselves. Some of the distributed land was also owned by the government. There were 459 share-tenants and farm-workers and today all of them are ARBs with their own individual CLOA. The former share-tenants own the same lot as they used to lease before. The land has been distributed through Voluntary Offer to Sell. The compensation has been settled and even though both parties think the price is low, the landowners have not protested.

San Celestino and Sto Toribio ARC

The ARC consists of the two neighboring barangays San Celestino and St Toribio, which are located about 13 kilometers from Lipa City. In 1998 there were 575 household and 107 ARBs. Most of the ARBs live in the more mountainous areas of the ARC. The ARC has a total land area of approximately 860 ha. The main crop is coconut, but also palaya and cash crops such as vegetables, ginger, black pepper are important.

Before the CARP was implemented the land was owned by private landowners with relatively small landholdings, 5-24 ha. Large areas were owner cultivated but there were also sharecropping arrangements, even though this by law is forbidden since 1963. Most of the ARBs were former leaseholders under sharecropping arrangements. Through the CARP the land was distributed to the actual tiller-tenants. No land was distributed to farmworkers. The land distribution has been made through PD 27, compulsory acquisition, voluntary offer to sell and voluntary land transfer.

In the CARP all sharecropping arrangements are converted in to regular leasehold contracts with restricted conditions. New leasehold arrangements or remaining contracts are to be approved and registered by the DAR. Normal conditions for sharecroppers, in the ARC and generally, before CARP implementation was 50% to the landowner and 50% to the tenant, 50-50, or even 60-40. Today the condition normally is 25-75, but the DAR can accept other arrangements as long as they are not less favorable to the tenant. In San Celestino and Sto Toribio the DAR has also accepted alternative arrangements for example 50-50 together with

additional favors to the lessee such as free schooling for the children. Compared to before the CARP implementation the situation for leaseholders has improved and is more stable and secure.

There were no major conflicts, for example strong landowner resistance, concerning the actual land acquisition and distribution. Instead the evaluation of the compensation to landowners has become a problem. The Land Bank had not yet in 1998 decided the final amount of compensation.

ARC Jaguimitan

The ARC Jaguimitan was launched in 1993. In 1998 there were 313 household and 271 ARBs. Sugarcane is the primary crop, but also rice, corn and vegetables are grown.

531 hectares is covered under CARP and all of it is distributed. Before the distribution the land was owned by five landowners and the ARBs were farmworkers. Only a few of the ARBs had in 1998 received individual CLOAs and the rest of the land of about 400 hectares was still under collective CLOA in 1998. The intention is to distribute the CLOAs individually since the land is already individually cultivated. Average size of the lots is 1,96 hectares. There were no problems with landowner resistance under CARP, but previously under PD 27. The landowners understood that the government was sincere with the CARP and therefore they cooperated.

ARC Sto. Rosario

The ARC Sto. Rosario is located 80 kilometers from the commercial and industrial center of Iloilo city. The ARC is also strategically located three kilometers from Culasi wharf, a port of entry for traders coming from Negros Occidental. Tricycles are the mean of transportation in reaching the ARC, mainly due to the poor road conditions within the ARC. The ARC was launched in 1994. In 1998 there were 322 household and 134 ARBs in the ARC. The total land area is 1033 hectares, but only 501 hectares is agricultural land. The main crops are rice and coconut. The secondary crops are bamboo, banana, coffee, vegetables and root crops.

Both PD 27 and CARP have covered the land of the ARC. The total land area covered under the programs is 168 hectares and almost all of it has been redistributed. 10 hectares are under leasehold contract. Farmers that have received land under PD 27 have received their individual Emancipate Patents, but the ones covered under CARP still (1998) have a collective CLOA, even though the land is individually farmed. The goal is to give the farmers individual CLOAs, but it is lack of money that slows down the process. Before the redistributed of land there were 7 – 8 landowners and the tenants had a 50 –50 sharing system. The average area for each farm is 2.21 hectares.

The ARC is involved in reforestation project together with the local government.

ARC Sto. Tomas

The ARC Sto. Tomas is located approximately 12 kilometers from Passi commercial center, 8 kilometers from KLT-Passi fruit processing plant and 14 kilometers from two sugar centrals. In 1996 the barangay Sto. Tomas was launched as an ARC. In 1998 there were 296 household and 596 ARBs in the ARC. The total land area is 1 179 hectares, 95 percent of the total land area is devoted to agriculture. Major crops cultivated in the area are rice, sugarcane and pineapple. Minor crops raised include corn, coffee, coconut, banana, bamboo, vegetables and fruit trees.

Prior to CARP implementation there was one landowner, a haciennero who owned all land. Most of the land area was planted with sugarcane. Capable residents were obliged to work in the hacienda as laborers, receiving low wage rate. The rice farmers in lowland areas were share tenants who agreed to have 50-50 sharing arrangement before deducting all operational expenses. Farmers were so dependent on the hacienda as a source of their additional income that they approach the landowner for whatever they needed. Borrowing before harvest and immediately paying after harvest was one of the common practices of the farmers.

1 085 hectares is covered under the PD 27 and CARP and all of it has been distributed. About 14 percent of this land has been distributed under PD 27 in 1974. The farmers benefiting from this distribution have received their Emancipate Patent. The others who have received their land under Voluntary Offer to Sell (CARP) have only a collective CLOA, but the land has been individually surveyed. The land was redistributed in 1992. Individual CLOAs were in process during 1998. Collective CLOA was used to speed up the process of redistribution. There was no resistance from the landowner.

The landowner has received payment for the land under PD 27, but he has not received any compensation for the CARP land, even though he turned in all necessary papers six years ago. This is mostly due to technical problems and the turnover of the personal at the DAR. During this period it is the Land Bank of the Philippines who has paid the taxes.

Average size of the ARBs farms is approximately two hectares. Farmers who have previously received land under PD 27 have also received land under CARP up to the maximum limit of three hectares.

5.3.2 Cooperatives and support services in the six ARCs

Below we will discuss cooperatives and support services in the six ARCs.

Cooperative

In all the ARCs there is at least one cooperative. The purpose of the cooperatives is to distribute support service to the ARC and its members, especially loans to the members of the cooperatives. The members of the cooperatives are both ARBs and non-ARBs.

In the ARC Hacienda Palico there is one cooperative with 181 members in 1998. It is a multi-purpose cooperative, which lends money to its members but also is involved in projects such as cattle fattening and handicraft. In the ARC Jaybanga there are three cooperatives. One operates a rice mill and an irrigation system and has 40 members. Another lends money to its 80 members. This cooperative is also involved in projects such as hog fattening and cattle fattening. The third cooperative runs an irrigation system.

In the ARC San Celestino and Sto. Toribio there are two multipurpose cooperatives, one in each barangay with about 55 members in each. The main purpose of the cooperatives is to lend money to its members and to run a sari-sari (convenience) store. In the ARC Jaguimitan there is one cooperative with 151 members in 1998 and about 90 % are ARBs. The main purpose is to lend money to its members and to run a sari-sari store.

In the ARC Sto Rosario there is one cooperative with 93 members, of which 65 are ARBs. The purpose of the cooperative is to lend money to its members. The cooperative is also involved in palaya buying and runs a marketing center. In the ARC Sto Tomas there are two cooperatives. One with 220 members in 1997 which coordinates the pineapple production and one with 78 members that gives the members access to loan from a nearby sugar central. The credit is given in forms of tractors, plows, fertilizer etc. and is only available for sugar production.

There were of course cooperatives before CARP but now they get better support, for example help with bookkeeping, strategic planning etc from the DAR.

Support service

EDUCATION

All the ARCs visited get training in modern farming technology for different crops. What kinds of crops the ARC gets training for depends on the ARC. The training is funded and carried out by the DAR together with others such as the Department of Agriculture, University of the Philippine Los Banos, the Land Bank of the Philippines, the Department of Environment and Natural Resources etc.

In the ARC Jaybanga and the ARC San Celestino/Sto Toribio much of the education is done in an informal way as the DF visits the households and gives advice about agricultural techniques. Inside the ARC Hacienda Palico there is a model farm, closely monitored by the University of the Philippines, Los Banos. Everyone is welcomed to visit the farm, not just the inhabitants of the ARC. In this model farm the farmers can learn about modern farming techniques.

In most of the ARCs the DAR is giving training to the cooperatives in bookkeeping, leadership, cooperative management, strategic planning etc.

In the ARC San Celestino/Sto Toribio and the ARC Sto Rosario the Philippine Coconut Authority gives the farmers free fertilizer and free training in how to use it as efficiently as possible. In the ARC Sto Rosario the farmers also get assistance from Nestle in coffee production. They receive coffeeplant siblings and technical knowledge.

There was training in the barangays before CARP but not as much as now.

CREDIT

According to the DFs it is not possible for the ARBs to borrow money by themselves from the Land Bank of the Philippines, since there are too many requirements. Instead the cooperative can borrow money from the Land Bank of the Philippines and then relend it to its members. This is done in all the ARCs. The money is often used to buy fertilizer and other agricultural inputs. For other needs the farmers borrow from friends, relatives, neighbors and private moneylenders. According to the DFs the interest on the money borrowed from private moneylenders is much higher than from the cooperatives. An example is that the cooperatives charge a 5-6 % interest rate and the private moneylenders an interest rate of 15-20 %.

The cooperative in the ARC Hacienda Palico takes for example part in the 5-25-70 DAR-LBP-Countrywide Partnership program. This means that the loans is by 70 % funded by DAR

with a zero percent interest, 25 % funded by the Land Bank of the Philippines (with 12 % interest) and 5 % is funded by the members of the cooperatives.

INFRASTRUCTURE

In five out of the six ARCs visited it is the local government, which is responsible for the maintenance of the roads. In the ARC Hacienda Palico rebuilding of the roads and bridges, those who were destroyed by typhoons and flooding was funded by the DAR. The DAR has also funded a concrete road in the ARC Jaybanga. This road is also used as a solar-dryer. In the ARC Sto. Tomas a nearby sugar central facilitated the construction of the sugarcane road network.

In Jaybanga and Sto Rosario the road conditions are poor, even if the local government is responsible for the maintenance. During the rainy season no motor vehicles can reach the ARC Jaybanga and only tricycles can reach the ARC Sto. Rosario.

IRRIGATION

The responsible department for irrigation is the National Irrigation Authority. In two out of the six ARCs, the National Irrigation Authority have been involved with irrigation projects. In the ARC Hacienda Palico eight units of shallow tubes have been built for irrigation since the launch in 1994. The tubes have been sponsored by the DAR, the Department of Agriculture and the National Irrigation Authority. In 1998 these irrigation units had provided only 80 hectares out of 500 hectares needed.

In the ARC Jaybanga there are two different irrigation systems, each operated by cooperatives. The National Irrigation Authority initially funded these irrigation systems. The irrigation facilities in ARC Sto. Tomas consist of two small water-impounding dams. Together they irrigate 12,5 hectares. There are several creeks in the ARC, these creeks supply water needs to the lowland rice areas of approximately 24 hectares through hired or personally owned irrigation pumps.

In the other three ARCs there are no irrigation facilities. The farmers are then dependent on rainfall. According to the DF the farmers in the ARC Sto. Rosario could have three cropping instead of two if they had access to irrigation facilities.

POST-HARVEST FACILITIES

Both ARC Jagumitan and Sto. Tomas have a solar-dryer sponsored by the local government. A solar-dryer is usually a concrete slab where the rice can be dried by the sun. A nearby sugarmill provide free sugarcane trucking assistance to the ARC Sto. Tomas. The ARC Jagumitan has a marketing arm through two nearby sugarmills and a planter's organization.

ARC Sto. Rosario has a multi-purpose pavement sponsored by the local government and a barangay marketing-center, which consist of a warehouse and a solar-dryer, sponsored by the DAR. The ARC Jaybanga has a one-kilometer concrete road used as a solar-dryer. The Department of Agriculture and the DAR have together funded a rice-mill in the ARC Jaybanga.

In the ARC Hacienda Palico and the ARC San Celestino and Sto. Toribio there are no post-harvest facilities.

III AGRICULTURAL PRODUCTION

6. WHAT IS EFFICIENT LAND USE

The Comprehensive Agrarian Reform Program is a political reform and its goal is to create equal distribution of resources since land is a scarce resource. The program also aims to promote efficient land use. In this chapter we will discuss the theory of efficient land use. In the next chapter we will try to analyze the situation in the Philippines.

The goal for the Philippines is to be self-sufficient of basic crops such as rice and corn. Some economists argue that it is a danger for poor countries like the Philippines to be dependent on import from other countries. At one extreme is the view that any dependence on foreign trade is dangerous to a country's economy, and dependence on food imports is simply one part of this broader danger. More common is the opinion that food is a basic or strategic good. If a country is dependent on others for food, the suppliers of that food will be in a position to bring the dependent country to its knees. Others argue that population growth is rapidly tearing on the world's food surpluses, and that countries relying on food imports will soon find themselves paying a very high price in order to get what they need. (Gillis et al, 1996, chapter 16)

6.1 Definition of efficient land use

Land in general has to be used for what it is most suitable for regarding location, the areas development, soil quality etc. Prime agricultural land should in most cases not be used for commercial, residential or industrial uses unless the need for non-agricultural uses is higher than agricultural. In this thesis we are limited to agricultural land.

According to the introduction of this chapter it is important to use agricultural land as efficient as possible. To use agricultural land as efficient as possible must imply to increase the productivity of the land as much as possible. The increase of agricultural productivity can however not be done at the expense of the environment, it has to be a sustainable development.

Agricultural productivity refers to the efficiency of input or a set of input factors compared to the output, usually measured in yield per hectare. Yield per hectare is also what we are going to use in this thesis. Inputs can for example be seeds, fertilizer, pesticides, know-how, labor, machines and irrigation.

Besides from the input factors the productivity may also be dependent on the size of the farm, what kind of access to the land the tiller has i.e. is he tenant, farm worker or owner of the land. The extent of support service is also important. This three; farm size, access to land and support service have been changed under the CARP. We are going to discuss them below.

The productivity is of course also dependant on other things such as how skillful the farmer is, the quality of the soil, climate, the quality of seeds, fertilizer and pesticide etc. In this thesis we have focused on the three things mentioned above, since they are directly affected by an agrarian reform.

6.2 Productivity and different forms of access to land

There are three different ways of having access to land:

- to own the land yourself,
- to be a tenant, or
- to own land through a cooperative.

It is a general assumption that farmers who till land which they own are willing to work hard to increase the output on their land and also make investments to increase the output.

Except from the three forms of access to land there is a fourth way of being a tiller of the land and that is to be a farm worker.

Farm workers are those who are employed at a farm and receive a fixed salary. This group has no incentives to increase the productivity unless they get some compensation for their effort. This means that a farm worker is less willing to work harder to increase the productivity than for example a landowner who keeps all of the increased productivity.

There are two types of tenancy arrangements, sharecropping tenants and regulated lease tenants. Sharecropping is a form of tenancy where the tenant pays a percentage of his output to the landowner. Common share-cropping arrangements have been as harsh as 30% to the tenants and 70% to the landowner, but more common today is that the tenants pay 30 to 50% to the landowner. Sharecropping arrangements are very common in Asia and have been very common in the Philippines. As mentioned earlier in this thesis share-cropping is formally forbidden since 1963 in the Philippines.

A regulated lease tenant pays a fixed rent, set in advance, which does not vary according to the production output each year as a share-cropping arrangement does.

As a tenant in a developing country the farmer in most cases has an insecure position. Either he has no lease contract at all or a contract with no guarantees for a continuation, fixed lease etc. This could mean that the land might be taken away from him. An insecure tenant has little incentives to invest in land improvement, soil conservation, or so-called biological capital such as timber or fruit trees. These disincentives extend to technological changes as well. (Herring, chapter 9, 1983) This tenant tends to take what he or she can from the holding without regard to the long-term maintenance of the land. (Herrera et al, 1997)

Such tenancy arrangements as discussed above do not encourage sustainable development. If a farmer owns his land he will be more careful with the land and this promotes sustainable development.

A tenant with a secured tenancy with fixed lease is the closest thing to ownership. Since the farmer has a fixed lease all of the increased productivity due to his additional investments, whether in cash, kind, or labor power, will be his. One difference is that a tenant can not mortgage his land as a landowner can do, and access to capital is an important factor in increasing productivity. A problem could also be that the land, since it is not the tenant's land and he or she can move on to another piece of land, might be used in a less sustainable way, i.e. the tenants might use too much fertilizer or pesticide so it will drain the land. Though, this is maybe only a theoretical problem, because in reality it could be hard to find a new piece of land to lease. The farmer and his close family might also want to stay close to their family and

friends, who help each other. This is important in countries such as the Philippines where there is no well functioning social security.

Farms under share-cropping arrangements could either be a success or a failure it all depends on the landlord, i.e. if he or she is a "good" landlord or a "bad" landlord. Good landlords share the risk of investment on the land with the tenant.

Bad landlords are often absent and are not involved in the agricultural production or just want to get as much money as possible from the share-croppers. A share-tenant with a "bad" landlord invest less in his land than a landowner or a fixed lease tenant, because the share-tenant bears the full cost of the investment but receives only half of the increased output, in a 50-50 sharing arrangement. He will rationally resist heavy expenditures on working capital (whether in cash, kind, or labor power) and long-term capital formation. Compared to owner-operated farms the result is lower output per unit of land (yield) and technological stagnation. (Herring, 1983, chapter 9)

In the best cases the "good" landlords' estate can be centers of education and progress and the landlords can decide cropping patterns, provide and determine the level of use of fertilizer, provide credit etc. A major constraint on technical change in a poor economy is that few can afford to take risks. By sharing the risk, and perhaps providing "subsistence insurance" in case of failure, the good landlord may increase the likelihood and rate of tenant adoption relative to that of poor owner-operators. (Herring, 1983, chapter 9)

The farmer who is a landowner or a regular lease tenant, with a fixed rent, takes all the risk but also receive all returns on investments and labor.

Because of the above discussed some argue that the share contract can achieve the same degree of efficiency as the fixed-rent contract and owner farming. (Hayami et al, 1987)

Cooperative owning is also interesting to compare with individual owning, because this is a possible form for many commercial farms. Commercial farms are private agricultural lands that are devoted to fruit farms, vegetable farms, cut flower farms, salt beds, orchards, coffee, and cacao and rubber plantations.

"Some argue that cooperative-ownership have advantages over individual ownership because of:

1. Economies of scale, both internal (reducing unit costs by spreading fixed-capital costs over a greater output) and external (marketing, credit, etc). There are also social or administrative economies of scale, as in taxing, extension, and credit, when the state deals with one large unit rather than hundreds of small units.
2. Greater investment potential generated from (a) a large investible surplus per unit of land resulting from scale efficiency, and (b) the pooling of resources to purchase capital items (tubewells, for example) and subsidiary investment to generate additional sources of income (such as livestock, processing equipment, etc)
3. Improved efficiency in utilization of labor, resulting in a greater potential for nonmonetized capital creation and improvements in management through specialization and increasing the talent pool (assuming that of any group proprietors, not all are equally qualified for managerial roles, yet under present conditions all are, performe, managers.)" (Herring, 1983, page 263)

In reality it can be difficult to manage and organize a cooperative. Cooperatives require creative administration efforts to make members feel like direct landowners and create incentives for the farmers in the cooperative to do their very best. (Herring, 1983, chapter 9)

6.4 Productivity and the size of the farm

Opponents of land reforms argue that land redistribution lowers agricultural output, thereby diminishing food supplies for the cities and export earnings. Due to economies of scale, they argue that large agricultural units are generally more productive because they can be more easily mechanized and can use rural infrastructure (such as irrigation or roads) more efficiently. They also insist that peasant cultivators lack education and know-how comparable to that of large landowners. (Handelman, 1996, chapter 5)

Proponents of agrarian reform say that it is smallholders who are actually more efficient producers. Although a growing number of landowners now employ modern productive techniques, many of the landed elite still farm their land very inefficiently. Because land is an important source of prestige and political power in rural societies, landlords often own more land than what they can effectively cultivate. Small landowners, on the other hand, tend to till their plots very intensively because their families' living standard depends on raising productivity. (Handelman, 1996, chapter 5)

Data collected in Asia and Latin America since the 1950s reveal that labor-intensive smallholders generally have higher yields per acre than large-scale, capital-intensive (mechanized) producers. Some studies, made in the Philippines as well as in many other developing countries, even show an inverse relationship between large farms and the productivity. The larger the farm, the lower its output per hectare and per input of capital (such as machinery). (Handelman, 1996, chapter 5)

A study made in the Philippines in 1987 showed that economies of scale do not exist in the production of most tree crops such as coconuts, coffee and cacao. Production and marketing of these crops require neither large-scale machinery nor central management, both of which could be possible sources of economies of scale. There seemed to be no significant difference in yield between large and small farms. (Hayami et al, 1987)

Another thing that differs from large farms which might be run like a company and small farms which are tilled by the farmer's family is how they look at marginal cost and return. Small landowners continue to add labor to the production process even if the marginal return to a unit of labor is very low. In contrast, a farmer hiring labor will presumably conform to neoclassical rationality, at the point at which marginal returns from a unit of labor equal the marginal cost of that unit, the farmer will apply no more labor, as each additional unit will cost more than its return. (Herring, 1983, chapter 9)

The small peasant farmer does not confront the same economic calculus because there is a situation of labor surplus, i.e. many people who are under employed and who will work for very low wages. The cost of family labor is to a large extent fixed; the family must be maintained whether they contribute five, ten, or zero hours of labor per day. Alternative economic opportunities, particularly for children, are limited, and thus family labor has little, if any, opportunity cost. Since any increment to family income is important, the small farmer employs labor-intensive techniques, even if the return to additional labor hours is very low. Because of this labor market dualism, the same intensification would prove economically irrational for a farmer who had to hire labor at the market rate for the same purpose. On large

farms, a much higher percentage of total labor is hired. Intensification on smallholdings may be manifest in such yield-increasing techniques as meticulous seed bed and ground preparation, weeding, care of the field channels, and pest prevention. More significantly, intensity of land use may be increased by multiple cropping, taking catch crops, intercultivation, and so on, wherever agronomically feasible. (Herring, 1983, chapter 9)

At the same time there can be a problem if the farm size is reduced too much, then the farm is too small to be efficient and to serve its purpose to support a family. The serious constraints under which small landowners live are often forgotten in these discussions. When farm size becomes too small there is no possibility of diversifying the crops and, even if the yield is high, the total surplus is not large enough to support a family. In a situation like this it is also very difficult for the farmer to plan for investments for higher productivity in the future.

6.5 Productivity and Support Service

Owning land seems to be the best form of access to land when it comes to increase the productivity. It is important that the landowner, especially newly become landowners, receives support services such as credit, education, infrastructure, irrigation etc.

Those who believe that the productivity will not increase after an agrarian reform where farm workers and tenants are made into small landowners often use arguments that are related to support services. Such as lack of know-how, everything from how to optimize fertilizers to how to get their goods on the market, lack of credit and access to post-harvest facilities.

The tradition between landowners and farm workers and/or tenants can affect the productivity of new small peasants. If the tradition was that landlords made all the decisions and the farm workers and/or tenants were tightly controlled, the agrarian reform beneficiaries have very little experience of responsibility over agricultural production prior to the reform. Agrarian reform beneficiaries in such regions may require more technical assistance from the state in their transformation to landowners. (Handelman, 1996, chapter 5)

An important, maybe the most important, support service is credit. To create a reliable credit system it is very important that the country has a well-functioning land titling and cadastral system. A system like the ones existing in the more developed world that we take for granted. This is needed so that the borrower can use his or her property as collateral for a loan in the bank. To be able to mortgage the land there have to exist a secure system of registration of property which shows who the owner is and the borders of the property. This system has to be secure and easy to use and understand. Historically the Filipino farmers have never cared or been shown the importance of getting their land registered as described in chapter 3.2. One reason has been that the general opinion was that the registration fee was too expensive. Therefore the credit system must be cheap and maybe subsidized by the state. It is also important with information that tries to get the people to understand the importance of registration. Today land is still sold and divided in to smaller lots without registration in the Philippines.

The main reason for economies of scale in large plantations are mostly due to the use of expensive machines, higher and more long-term investments with larger risks. Support services can in many ways reduce the effect of economies of scale. The study made on economies of scale in the Philippines in 1987, earlier referred to, also looked at sugar plantations. Sugar is often grown in large plantations and many argue that due to use of large

tractors needed for deep plowing economies of scale exist in these plantations. This bottleneck for smallholders may be solved through arrangements of custom plowing service of tractors, whereby tractor owners rent out their tractors with drivers to smaller farmers. (Hayami et al, 1987) This is an example that shows economies of scale exist in some cases but that it also can be reduced if support services are used in the right way.

In the case of commercial crops economies of scale also exist in processing activities. If small producers are properly organized through contract farming with processing industries, there will be no loss in efficiency corresponding to the breakdown of plantations into family farm units. (Hayami et al, 1987) Support services in terms of organize building and education can be very efficient to overcome problems like this where small farmers have problems reaching out to the market.

Most support services is distributed and financed by the countries government. Foreign loans and organization do also help. A very important organization in distributing and financing support services is None Governmental Organizations.

7. EFFICIENT LAND USE IN THE PHILIPPINES DUE TO CARP

One of the most hotly debated aspects of agrarian reform has been its effect on agricultural productivity. In this chapter we will discuss our point of view on CARP and agricultural productivity.

To use land for agricultural production is in some parts of the Philippines in conflict with the development of the country, thus needed for housing, industry and infrastructure. It is therefore important to use the agricultural land as efficient as possible, i.e. increase the productivity. But the increase of the agricultural productivity can not be done at the expense of the environment, it has to be a sustainable development. A landuse plan is an important tool in finding a balance between agriculture and the industrial development. Such a plan is under construction in the Philippines.

There is no study made that can show if the productivity due to the implementation of the CARP has increased the agricultural productivity in the whole Philippines. Smaller studies have been made but they show no distinct results whether the production has decreased or increased due to CARP. Institution of Agrarian Studies-University of the Philippines Los Baños (IAST-UPLB) made in 1997 a survey that showed that farm yields in the ARCs surveyed were either close to or exceeded the national averages. (Garilao, 1997, chapter 7) It is very complex to compare ARCs with other agricultural areas, because for an area to become an ARC they have to meet certain prerequisites, see chapter 5, and this could make them not comparable with the national average.

Another study also made by IAST-UPLB, covering 426 ARBs growing rice, sugarcane and coconut compared average yields before and after CARP. The findings were that the production of rice increased by 32%, sugarcane decreased by 27%, and coconut increased by 9%. Before CARP, 92% of the rice ARBs, 50% of the sugarcane ARBs and 44% of the coconut ARBs were share tenants. After CARP all of the rice ARBs, 50% of the coconut ARBs and 73% of the sugarcane ARBs became owners of their land. IAST-UPLB's conclusion was that "the effect of CARP is mainly on land tenure improvement but not on productivity". (IAST-UPLB 1) This is just one study among many others, but it shows the complexity of productivity studies before and after CARP.

At the Bureau of Agrarian Statistics we gathered information about the yield in the whole Philippines for rice, corn, rubber, coconut, pineapple and sugarcane. The yield is in metric tons per hectare. The statistics are from 1980 until 1997 for coconut, rice and corn, from 1985 until 1997 for rubber and sugarcane, and from 1990 until 1997 for pineapple. We have been warned that the numbers might not always be reliable. The yield for rice (palay), corn, rubber and pineapple has increased over the years, and the yield for coconut and sugarcane has both increased and decreased, see diagram 3 and 4.

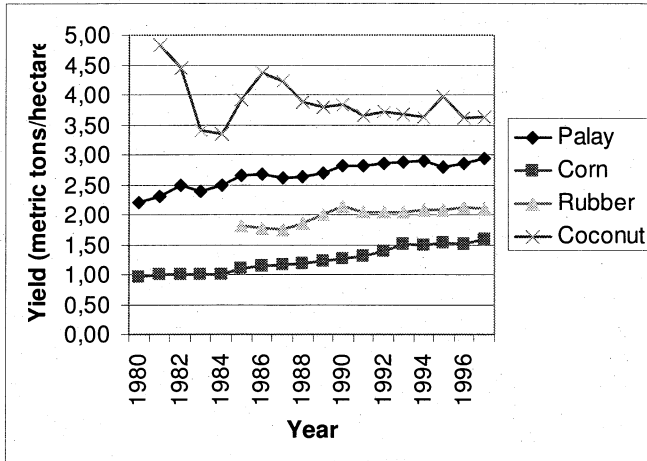


Diagram 3. Yields for palay (rice), corn, rubber and coconut in the Philippines between 1980 and 1997. (Source: Bureau of Agrarian Statistics, DA 1, DA 2 and DA 3)

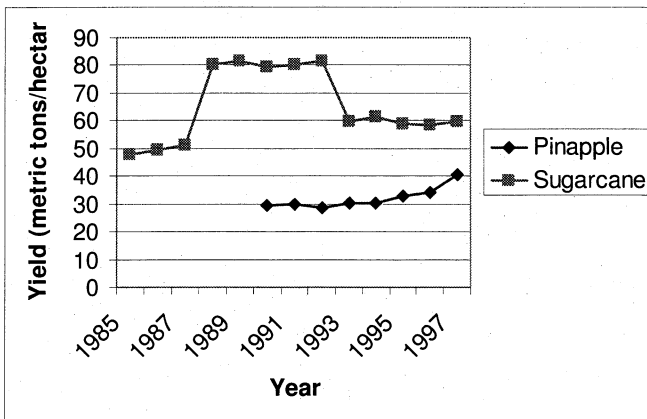


Diagram 4. Yields for pineapple and sugarcane in the Philippines between 1985 and 1997. (Source: Bureau of Agrarian Statistics, DA 1, DA 2 and DA 3)

According to Professor Jose T Domingo it is difficult after such short period see if the changes in productivity are due to CARP. It will take many years and even then it may be difficult to distinguish CARP's role alone in the productivity increase or decrease. The agricultural productivity is dependent on many factors not only the ones the CARP changes such as access to land, farm size and support service. Other factors are weather conditions and new farm technology.

Since it is not possible to make any conclusions from the existing statistics or studies made by others about productivity we have made a theoretical discussion of what effects CARP could have on the productivity. In this theoretical discussion we have used information that we have gathered on our field studies of the six ARCs and our interviews.

One fundamental idea in CARP is that land is being distributed with full ownership. As we discussed in previous chapter this is a factor that in most circumstances will increase the productivity. The efficiency in small farms may surprise many in industrialized countries who believe that larger units are unquestionably more efficient. But in undeveloped rural areas with a surplus of labor, it is cost effective to use family or hired labor intensively. Out of economic necessity, peasant cultivators work hard, exploiting their own family labor. On the other hand, large estates are generally farmed by tenants with share-cropping arrangements or farmworkers who gain little for raising productivity. That difference in motivation may explain why a study, made before the Philippine agrarian reform, showed that the agricultural yield was twice as high in Japan, South Korea and Taiwan where smallholders cultivated their own land as in the Philippines where the land was cultivated by tenant farmers (Handelman, 1996, chapter 5).

The agrarian reforms in the Philippines have had an impact on the structure of the farms. The average farm size has decreased and the number of small farms below 3 hectares has increased, see figure 9 and 10 below. This findings is however not so surprising since this is the goal of the reforms. According to our discussion in the previous chapter and to the above said we estimate that the productivity will increase when the amount of small landowning increases.

The average farm size has decreased between 1960 and 1991, which is due to the fact that in 1991 there were more farms with 3 hectares or less, than there were in 1960.

Average farm size (in hectares)		
Crop	1960	1991
Rice (palay)	3.0	1.8
Corn	2.5	2.0
Sugarcane	14.0	7.2
Tobacco	1.7	1.0
Coconut	4.4	3.6
Coffee	4.2	2.9
Philippines (total)	3.6	2.2

Figure 9. Average farm size year 1960 and 1991. Source: Garilao, page 47, 1997

As shown in the figure on the next page we can see that the numbers and the area of farms with 3 hectares or less has increased between 1960 and 1991, from 1,350,000 farms with 1,920,000 hectares to 3,640,000 farms with 3,750,000 hectares. The numbers and the area of farms above 10 hectares have decreased during the same period, from 120,000 farms with 2,580,000 hectares to 100,000 farms with 2,320,000. The total agricultural area for all farms has increased from 7,780,000 hectares in 1960 to 9,950,000 hectares in 1991. The increase of area for farms with 3 hectares and less and the total increase of agricultural area is due to that land not earlier used as agricultural land has been distributed. The conclusion of figure 10 is that agrarian reforms in the Philippines, both PD 27 and CARP, have made an impact on the structure of landowning, especially after 1980.

farm size (hectares)	No. of farms	% to total no. of farms	area controlled (hectares)	% of total area
1960				
Under 1.00 ha	250,000	12	120,000	2
1.00 to 2.99 ha	1,100,000	51	1,800,000	23
3.00 to 4.99 ha	400,000	18	1,430,000	18
5.00 to 9.99 ha	290,000	13	1,850,000	24
10.00 ha & over	120,000	6	2,580,000	33
Total:	2,160,000	100	7,780,000	100
1971				
Under 1.00 ha	320,000	14	160,000	2
1.00 to 2.99 ha	1,120,000	47	1,890,000	22
3.00 to 4.99 ha	560,000	24	2,010,000	24
5.00 to 9.99 ha	240,000	10	1,550,000	18
10.00 ha & over	120,000	5	2,880,000	34
Total:	2,360,000	100	8,490,000	100
1980				
Under 1.00 ha	780,000	23	370,000	4
1.00 to 2.99 ha	1,580,000	46	2,520,000	26
3.00 to 4.99 ha	590,000	17	2,070,000	21
5.00 to 9.99 ha	360,000	11	2,240,000	23
10.00 & over	120,000	3	2,520,000	26
Total:	3,430,000	100	9,720,000	100
1991				
Under 1.00 ha	1,680,000	37	720,000	7
1.00 to 2.99 ha	1,960,000	43	3,030,000	30
3.00 to 4.99 ha	520,000	11	1,840,000	19
5.00 to 9.99 ha	320,000	7	2,040,000	21
10.00 & over	100,000	2	2,320,000	23
Total:	4,580,000	100	9,950,000	100

Figure 10. Size distribution of farm in 1960, 1971, 1980 and 1991. Source: Bureau of Agricultural Statistics, DA 2.

Some say that there is a conflict between agrarian reform and the traditional view of the efficiency of large-scale agriculture. This might be true in the Western World, but for countries such as the Philippines, where there is a labor surplus, it is not for sure that there are any large-scale benefits for crops such as rice and corn. Even though the opportunity cost for the society is high since this people could have done something more productive, but for the single farmer, as it is today, the opportunity cost is low since there are no other jobs. Most likely will the farmer's income increase when he now owns his own land and can keep more of the production than when he was a share-tenant. This incentive will make the farmer willing to work harder to increase the production.

Also technical progress such as high yield varieties will increase his production and income. When the farmer's income increases, he will be able to buy more things and this will lead to a development of the whole country. The vision for the CARP is that this will create more jobs and the farmers children might want to work in an industry and not become farmers. The ones who still want to become farmers can buy land from the ones that do not want to be farmers

anymore. In the future there will be large farms again, but then the Philippines, hopefully, will be a developed country. This has been the development in developed countries.

As mentioned in the previous chapter there are three factors that are affected by an agrarian reform two of these we have discussed above; farm size and access to land. The third factor is support service. To help former tenants and farm workers in their transformation to become efficient and productive landowners access to support services, such as education, credit, irrigation, post-harvest facilities etc, is an important factor. In CARP it is only a very small group of ARBs who have received and will receive support service from DAR. The ARBs who receives support service are those living in a barangay that has been chosen to become an ARC, see chapter 5. Since there are not enough money to distribute support services to all ARBs the DAR has chosen the model of ARCs and the goal is that these ARCs are going to be growth points in the rural area.

Since not all ARBs have access to support service this might increase the risk that there will be no general increase of productivity. Above all, the shortage of access to credit is the biggest problem. Before the farmers could borrow from the landlord if the landlord was a "good landlord". After the distribution of land the farmers might be forced to borrow from moneylenders who will charge a very high interest rate and if they are not able to pay the rent they might be forced to leave their land. Therefore it is extremely important to create a stable and reliable property-register so that the farmers can mortgage their property. All the ARCs we interviewed thought that the most important support service is credit.

Some farmers are afraid of borrowing, to overcome this there is a need for:

- A safe and simple system that the farmers can trust.
- Education of the farmers so that they can understand that by borrowing and invest the money in the land they can be better off in the future.

With credit irrigation facilities can be built, which might increase the harvest periods from two to three. It requires training to manage an irrigation facility and also education about how to organize the people who will be running the facility.

Other important support services are education, see discussion above, but also practical training about agriculture and how to organize the farmers to enable for their products to reach the market. Infrastructure is another important factor. It is no use to have high productivity if the farmers do not have access to roads so that they can transport the crops to the market. One example of bad road condition is the ARC Jaybanga. The farmers in this ARC could not reach the market during the wet-season due to the poor road conditions.

A very positive development in the Philippines is the rise of non-government organizations and people's organization that are willing to participate in agrarian reform and rural development. There is already a widespread awareness of the important role that they can play in the delivery of support service to individual beneficiaries. (Cornista, 1990)

When we were visiting the different ARCs, which are described in chapter 5, we asked them if the productivity had increased or decreased and what factors that affect the productivity. From the answers we got our conclusion is that the productivity has in most ARCs increased. The most important support services to promote a higher yield are credit and education. Below we have made a short description of what the people in each ARC answered.

ARC Hacienda Palico

The productivity has increased and the ownership of land is the most important factor of the productivity increase. If one owns the land one is more willing and more motivated to put more effort in to it. Before when the share-cropping tenants paid a percent of his or her harvest to the landowner he or she was not motivated to increase the productivity.

Today the ARBs use the right amount of inputs and fertilizer thanks to education and that they own the land. Before when the landowner gave the tenants fertilizer, sometimes the leaseholder sold some of the fertilizer because he needed money.

The lot size does not affect the productivity output. It is depending on the soil and on the farmers' skills.

ARC Jaybanga

There has been a high increase in productivity mainly due to training in modern farming technology. But most important for productivity is general financial assistance. The size of the farm does not affect the productivity per hectares. The productivity is depending on the soil and on the farmers' skill.

Agricultural productivity is limited by several factors such as poor roads, insufficient water supply for the irrigation during dry season, lack of credit, marketing and technology assistance.

San Celestino and Sto Toribio ARC

The productivity has not changed due to the implementation of CARP. The only productivity increase was on coconut, but that was due to supply of coconut fertilizer, but after the dry seasons due to El Nino, the effect was gone.

The average household lot size is about 1,5 ha and that has not changed significantly since the CARP was implemented. The lot size is big enough to support a family depending on the family size and the farmer's ability to cultivate the land. Many households, though, have side-incomes such as carpentry, farm work, industry work etc.

The productivity of the farm is more depending on the skills of the farmer than on the actual farm size. No economies of scale or anything alike is found in the ARC farms.

Through the DF and the DAR the framers have become much more aware of their rights as landowners, leaseholders or farm workers, this is very important and gives the farmer more options and more security.

ARC Jaguimitan

They could not say if the productivity had increased or decreased. The most important support services for the production are credit and technology. Technology in the terms of high yield varieties and change in cultural practices i.e. ways of cultivating the land.

If a farmer has a smaller lot he is forced to cultivate it harder and that is why smaller lots sometimes have higher productivity than larger ones. But the productivity is highly dependent on the access to credit for more fertilizer, pesticides, high yield varieties etc.

ARC Sto. Rosario

The production has increased thanks to modern farming technology such as high yield varieties. Both palaya and coconut production has increased. But due to El Niño coconut production has decreased by 80 percent.

The ARBs who are in full control of the land maximizes full utilization of each parcel awarded to them; thereby getting higher yield.

Besides from credit, the most important project today is to get irrigation facilities because then the farmers might get three harvests in one year instead of today's two. The production is free from chemicals, it is a good thing but the production is low.

ARC Sto. Tomas

The productivity in the ARC has increased due to new technology such as farm styles and capability training. Credit and technology are the most important factors for the productivity. The productivity is not dependant on the lot size but on the individual.

The former landowner and today's barangay captain has not seen an increase in the productivity due to the CARP. This is due to the lack of knowhow of the new owners, technology etc according to him.

IV EPILOGUE

8. CONCLUDING REMARKS

8.1 About CARP

Is CARP going to be a successful or an unsuccessful agrarian reform? In chapter 2.5 five occasions were displayed when an agrarian reform has proved unsuccessful. These occasions are once again described below and thereafter we will discuss the CARP in the context of these five occasions.

An agrarian reform has been unsuccessful when:

- The reform failed to address the target population.
- Support services and inputs that were part of agrarian reform programs did not benefit agrarian reform beneficiaries.
- Political support for land redistribution was insufficient.
- The economic costs of land distribution and land regularization were too high.
- Security of tenure was not provided due to the lack of land titling and land registration programs.

8.1.1 Targeted population

According to the Comprehensive Agrarian Reform Law the ARBs should first and foremost be tenants and farm workers on the distributed land. According to material we have read and interviews and field trips we have made, our conclusion is that this also the way it works in reality.

Carp is far more extensive than all other previous land reforms in the Philippines. Still the scope of targeted land has decreased during the process and all targeted land has not yet been distributed.

In a bigger perspective you can also consider that far from all poor, landless people in the rural areas will never become agrarian reform beneficiaries.

8.1.2 Support services

As mentioned in chapter 5, support services play an essential role in deciding the success or failure of an agrarian reform. Experiences from other agrarian reforms show that without support services there is little possibility for the ARBs to succeed as landowners. The support services are extra important if the ARBs have worked as farm workers without real insight in the complete process of farming.

The financial resources for the CARP are scarce and therefore only about 10 % of the distributed land is accompanied with support services. The other 90 % of the distributed land is not accompanied with support services and this could be a problem. The 10 % belongs to areas that have been selected as ARCs. The meaning of the ARC is that they are thought to be growth points and that they shall transmit knowledge such as education and organization building to surrounding areas. The ARCs are spread all over the country. The support services are distributed through cooperative organizations in the ARCs. In most cases it is only the members of the organization who receives the support services. In the six ARCs we visited, it was only a few of the ARBs who were members in the cooperative organizations. The other ARBs wanted to wait and see how the work with the cooperative organization developed before they joined. If this is a common trend in all ARCs it could be a problem, since then the

spreading of the knowledge is limited to the ones who are members and it may take a longer time.

Since there are not enough money to distribute support services to all ARBs it seems right to go out with the whole package of support services to some chosen ARBs, as the Filipino government is doing. The fact that the ARCs are spread all over the country is from our point of view a sake of justice to the Filipino people.

The presence of NGOs is very important if the ARCs are going to be successful growth points to the neighboring areas, both when working in ARCs and outside ARCs.

8.1.3 Political support

The fact that in December 1997 about 57 % of the total 8.1 million hectares have been distributed shows that there is political support for the implementation of the CARP.

Corazon Aquino was elected to be President due to the fact that she promised a new agrarian reform. The landless farmers are an important group of voters, so if the political support for land redistribution is insufficient there will be peasant unrest again as there were in the 1980s. But since there still are big landowners involved in the politics there are some loopholes in the law. One such loophole is that the distribution of commercial farms shall start first after teen years.

8.1.4 Economic costs

The cost for the agrarian reform consists of three parts. The first part is related to the land acquisition. The Filipino government buys the land from the landowner and the landowner gets a just compensation, often the market value of the land. Then the land is distributed to the ARBs, which pays an affordable price. The difference between the price paid to the landowner and the price paid by the ARB is financed by the Filipino government.

The second part of the costs is related to support services. The third part concerns personnel costs. The personnel cost for CARP is much higher as calculated from the beginning, due to personal changes and stiff bureaucracy. We believe that the high cost have made the implementation extended another ten years. The CARP is now supposed to be completed in 2008 instead of 1998.

Lack of funding was also showed in the six ARCs we visited. Four of them had a collective CLOA, which was due to lack of money and also technical personnel.

8.1.5 Land titling

To support CARP there is a functioning surveying and land titling system. The problem with the surveying and land titling system is the lack of resources and is therefore a very slow process. We have many examples of this and in some of the ARCs visited, the land had been distributed but none of the new landowners had yet their individual CLOA, only a collective CLOA for the whole ARC. This of course undermines the security for the new landowners and limits his access to credit.

Avery important task is also to change the attitude of both former landowners, new landowners and the rest of the Filipino society.

New landowners has to realize the importance of registration of land. There is a risk that the ARBs will sell the land back to the former landowner.

According to one study made by the Institute of Agrarian Studies of the University of the Philippines in Los Baños about 20 % of the ARBs violated the Comprehensive Agrarian Reform Law either by transferring the land or by not tilling the land.

8.1.6 Conclusion

In 20 or 30 years we will know if the agrarian reform in the Philippines has been a success. The most important factors to if the reform will be successful is if the ARCs will work as growth points and if the new landowners (i.e. ARBs) realize the importance of land titling and registration.

The Development Facilitaters and NGOs play an essential role in the process, since they are working close with the new landowners.

With this thesis we have realized that the base for economic growth is to have a secure and reliable titling system, where one could be sure of whom the owner is. Such a system we take for granted in the Western World.

8.2 About agricultural productivity and CARP

Our goal with this thesis was to analyze changes in the agricultural production due to CARP through showing statistical figures. But since we have not been able to find enough reliable data we have instead focused on a theoretical discussion on what impact the reform has on the productivity. This we have conducted through general theory of agricultural productivity, specific information from the Philippines, field studies and interviews. Our conclusion is that in the long run the reform will lead to an increase of agricultural productivity due to the following:

- Farmers who own his or her own land will work harder to increase the output, because the farmer can keep all of it.
- Small farmers tend to cultivate their land more intensively than farmers who own large landholdings.
- Access to support service helps former tenants and farm workers in their transformation into efficient farmers.
- A more stable society, i.e. no peasant unrest etc as there was before the agrarian reform (except for Mindanao), is a good environment for the new farmers to grow into efficient farmers.

The most important support services are access to credit and education/training. Since not all ARBs have access to support services and therefore also credit it is important to create a cheap, simple and reliable system for dealing with credit. To create such a system there is a need for a reliable land administrative system, similar to the ones we have in the Western World. The spine of the economical development in the Western World has been a safe and reliable land administrative system.

With this thesis we have also realized that it is difficult to measure CARPs impact on the productivity since the productivity depends on other factors such as weather condition, soil, seeds etc. A better way to measure if the reform has had any impact on people's lives in the

Philippines is to measure the ARBs change in income. The increase in productivity can be due to increased amount of inputs such as pesticides and seeds. This also means a higher cost for the farmer but if he does not increase the output so much that the extra income will exceed the extra cost for the inputs his income will be the same or even decrease.

When we were in the Philippines we found a lot of studies made on farmers' income. So the problem of measuring productivity is the Filipinos already aware of and therefore concentrated on income studies.

At last we will make the conclusion as others have made before us that the agrarian reform in the Philippines differs from the successful agrarian reforms in Japan and Taiwan, in the sense that the one in the Philippines is democratic. This means that the agrarian reform in the Philippines will not have the same impact on the development of the country as the ones in Japan and Taiwan.

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ABBREVIATIONS

AGP	Annual Gross Production
ALDA	Agrarian Reform Communities Level of Development
ARB	Agrarian Reform Beneficiary
ARC	Agrarian Reform Communities
AO	Administrative Order
BARC	Barangay Agrarian Reform Committee
CARL	Comprehensive Agrarian Reform Law
CARP	Comprehensive Agrarian Reform Program
CLOA	Certificate of Land Ownership Award
CLT	Certificates of Land Transfer
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DENR	Department of Environment and Natural Resources
DF	Development Facilitator
DOLE	Department of Labour and Employment
DPWH	Department of Public Works and Highways
DTI	Department of Trade and Industry
EO	Executive Order
FAO	Food and Agriculture Organization
IAST-UPLB	Institution of Agrarian Studies-University of the Philippines Los Baños
LBP	Land Bank of the Philippines
LRA	Land Registration Authority
MARO	Municipal Agrarian Reform Officer
NCFI	Notice of Coverage and Field Investigation
NGO	Non-Governmental Organizations
NIA	National Irrigation Agency
OLT	Operation Land Transfer
PARO	Provincial Agrarian Reform Officer
PD	Presidential Decree
PO	People's Organizations