

# **Civil Society Monitoring of the Medium Term Philippine Development Plan (MTPDP)<sup>1</sup>**

## **Assessment of the Agrarian Reform Performance of the Macapagal-Arroyo Administration (2004-2006)**

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### **I. Introduction/Background**

The Comprehensive Agrarian Reform Program (CARP) under the current Medium-Term Philippine Development Plan (MTPDP) of the Arroyo administration has truly taken the backseat from once being the government's declared centerpiece program.

In previous MTPDPs, CARP or agrarian reform usually had one whole chapter devoted for it. However, in the latest MTPDP, agrarian reform has been simply lumped with the other so-called asset reform programs of government, namely "urban land and asset reform" and "ancestral domain reform," under one section ("*Asset Reform*") in the chapter on "*Responding to Basic Needs of the Poor*" of the MTPDP.

By the way, strictly speaking, the government does not have an urban land reform program nor an ancestral domain program. What we have is a government housing program and a law (the Indigenous People's Rights Act) that sets the mechanism for the "recognition" of the rights of the indigenous people over their ancestral domains. Under IPRA, "ownership" by IPs over certain of ancestral domains are merely recognized by the state through the issuance Certificate of Ancestral Domain Claims/Titles.

To lump CARP and agrarian reform under just one section under the MTPDP mainly indicates the Arroyo administration's total abandonment of the Constitutional mandate that we attain "industrialization and full employment based on sound agricultural development and agrarian reform."

With such indications of the Arroyo administration's failure to fully appreciate the principles behind agrarian reform and its critical role in our nation's economic development, it then becomes as no surprise that this administration has placed very little priority in the effective implementation and fast-tracked completion of the CARP, at least its land acquisition and distribution component.

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<sup>1</sup> The Civil Society Monitoring of the MTPDP is a continuing effort of the Caucus of Development NGO Networks (CODE-NGO) with other civil society organizations; for this assessment, CODE-NGO worked with the Citizens for ConCon (C4CC), Foundation for the Philippine Environment (FPE), Institute on Church and Social Issues (ICSI) People's Campaign for Agrarian Reform Network (AR Now!), Dr. Cielito F. Habito, Dr. Edsel L. Beja, Jr. and Mr. Roy Cabonegro.

Government's concern and priority over completing the LAD component of CARP is so minimal that after five years, since civil society groups (including this writer) raised the concern over the error in the Department of Agrarian Reform's (DAR) computation of its scope balance (see discussion under Section 3) in 2001, it is yet to finalize the validation of its scope and accomplishments.

As a result, the DAR has been using "un-validated" land acquisition and distribution (LAD) data for its plans and targets in the last few years.

## **II. MTPDP/SONA Targets/Commitments & Accomplishments on Agrarian Reform**

Below is a matrix (see Table No. 1) presenting the major targets and commitments made by the Arroyo administration under the Medium-Term Philippine Development Plan (MTPDP) and also in her 2001 State of the Nation Address (SONA). The matrix also presents her administration's accomplishments vis-à-vis said targets and commitments.

Based on the SONA commitment to distribute 100,000 has. of private agricultural lands (PALs) per year, it is quite clear that the DAR was unable to meet this commitment as it was only able to distribute 76,384 has. and 85,239 has. of PALs in 2004 and 2005, respectively.

Regarding the commitment to complete the LAD component of CARP by 2008, it appears that it would almost be impossible to achieve the said target as this would require the DAR to distribute a total of 650,585 has. from 2006 to 2008 or 216,861 has. per year (almost doubling its current annual LAD accomplishment). That is, if the "straight deduction" computation of the DAR's LAD balance is accurate (please see discussions regarding computation of DAR's LAD balance in the "Assessment & Analysis Section" of this paper). If the "excess accomplishments treated as zero" computation is used, then the LAD balance to be moved by the DAR from 2006 to 2008 will be 1,444,128 has. or 481,376 has. per year – an impossible task based on current DAR performance and budgetary allocation.

The Arroyo administration will also most likely fail to achieve the target to complete leasehold implementation by 2008 as documents indicate that it has set targets for leasehold implementation at 25,000 has. per year up to the 2010. Another problem is that there appears to be no definite scope of coverage for leasehold.

In terms of ARBs development, support service delivery to ARBs have been limited to those whose lands have been identified as part of Agrarian Reform Communities (ARCs). As of December 2005, the DAR has launched a total of 1,704 ARCs covering only 884,432 ARBs or just 41.5% of total ARBs, which currently stands at 2,129,654 ARBs.

With regards to the Farmland as Collateral Bill and the National Land Use Act, the legislative agenda for agrarian reform which was set under the MTPDP, it would be very unlikely for the said proposed legislations to be enacted within the 13<sup>th</sup> Congress. Bad news for advocates for the NLUA but good news for farmers groups and agrarian reform advocates who have strongly opposed the FAC bill.

**Table No. 1: 2004-2010 MTPDP Targets/SONA Commitments  
vis-à-vis Accomplishments for Agrarian Reform**

<b>MTPDP/SONA Targets</b>	<b>Accomplishments</b>	<b>Remarks</b>
1. Distribute 100,000 has. of private agricultural lands every year <sup>2</sup>	<ul style="list-style-type: none"> <li>- 76,384 has. of PALs for 2004<sup>3</sup></li> <li>- 85,239 has. of PALs for 2005<sup>4</sup></li> </ul>	
2. Complete land acquisition & distribution component of CARP by 2008	<ul style="list-style-type: none"> <li>- DAR distributed 101,032 has. in 2004 and 126,368 has. in 2005.<sup>5</sup></li> <li>- As of Dec. 2005, the remaining LAD balance for DAR is 650,585 has. (straight deduction) or 1,444,128 has.<sup>6</sup> (excess accomp. treated as zero)</li> </ul>	<ul style="list-style-type: none"> <li>- DAR LAD targets should be an average of 216,861 has. (straight deduction) or 481,376 has. (excess accomp. treated as zero) per year from 2006 to 2008</li> </ul>
3. Complete leasehold implementation by 2008	<ul style="list-style-type: none"> <li>- 1,599,061 has. involving 1,154,951 FBs were covered under leasehold<sup>7</sup></li> </ul>	<ul style="list-style-type: none"> <li>- DAR's target for leasehold coverage is 25,000 has. per year from 2006 up to 2010</li> </ul>
4. Provide development interventions to transform landless farmers and farm workers into viable small landowner-cultivators and agri-based entrepreneurs contributing significantly to national development and economic growth.	<ul style="list-style-type: none"> <li>- DAR has launched a total of 1,704 ARCs covering 884,432 ARBs</li> <li>- Of the 98 delineated KARZones, 51 were confirmed covering 556,816 non-ARC ARBs<sup>8</sup></li> </ul>	
5. Follow-up on the passage of Farmland as Collateral Bill in close coordination with the concerned POs, NGOs, and civil society.	<ul style="list-style-type: none"> <li>- DAR version of the FAC bill drafted in consultation and with inputs from CSOs</li> <li>- FAC bill in both House and Senate has not moved</li> </ul>	<ul style="list-style-type: none"> <li>- Peasant and AR groups, particularly Kilos AR and the NAPC Peasant Council, strongly lobbied against the said bill</li> <li>- CSOs took position not to endorse version of the FAC bill</li> </ul>

<sup>2</sup> Commitment made by President Arroyo during her 2002 SONA. The actual commitment was 100,000 has. of PALs and another 100,000 has. of public lands.

<sup>3</sup> Source: DAR-Planning Division

<sup>4</sup> Source: DAR-Planning Division

<sup>5</sup> Source: DAR-Planning Division

<sup>6</sup> 2004 and 2005 DAR LAD accomplishments subtracted from DAR's 2003 LAD balance using the "excess accomplishments-treated as zero" computation, which then stood at 1,671,689 has., of which 1,523,856 has were PALs.

<sup>7</sup> DAR-Planning Division

<sup>8</sup> From DAR Undersecretary Gerundio C. Madueno's presentation, entitled "Program Beneficiaries Development Status and Challenges", during the ARISP-II Evaluation Feedback Seminar held last February 13, 2006 at the Manila Peninsula Hotel in Makati City.

MTPDP/SONA Targets	Accomplishments	Remarks
6. Advocate for the passage of the National Land Use Act.	<ul style="list-style-type: none"> <li>- NLUA bill has not moved at the Senate under Sen. Cayetano's Committee on Natural Resources</li> <li>- Committee Report on the NLUA bill still to be finalized by the House Joint Committee on AR, Natural Resources and Housing.</li> <li>- Deadlock at the House over Rep. Zialcita's proposal to allow the automatic conversion of lands reclassified by LGUs</li> </ul>	

### III. Assessment and Analysis

#### 1. DAR failed to meet the SONA Commitment of 100,000 has. of PALs per year

From 2001 to 2005, the DAR has only distributed an average of 77,140 has. of PALs per year. Never did the DAR also reach the 100,000 has. mark during PGMA's term.

For 2004 and 2005 (see Table No. 2), the DAR only distributed 76,384 has. and 85,239 has. of PALs, respectively. Short of the 100,000 has. of PALs committed by PGMA.

However, in terms of total LAD accomplishment, the DAR was able to distribute in 2004 101,032 has. or 91.8% of the DAR LAD target set for that year.

On the other hand, in 2005, the DAR was able to surpass by 161 has. its target of 126,368 hectares.

**Table No. 2: MTPDP/SONA LAD Targets vs Accomplishments**  
2004 & 2005, in hectares

	2004			2005		
	Target	Accomp.	%	Target	Accomp.	%
<b>SONA</b>	100,000 PAL	76,384 <sup>9</sup>	76.4	100,000 PAL	85,239 <sup>10</sup>	85.2
<b>MTPDP/DAR</b>	110,046	101,032	91.8	126,368	126,529	100

Source: DAR-Planning Division

#### 2. "Failure of Planning": DAR has been setting targets based on un-validated and skewed computation of its LAD balance

The DAR data for its LAD balance has been computed based on a "straight deduction" method, wherein annual accomplishments, including excess accomplishments (versus scope) per land type/mode of acquisition, are summed up then subtracted from the overall.

<sup>9</sup> PALs only

<sup>10</sup> PALs only

Thus, if the accumulated annual accomplishment of the DAR for LAD from 1972 to 2005 is 3,639,868 has. and this is subtracted from the official DAR LAD Working Scope of 4,290,453 has., then we get a DAR LAD balance of 650,585 hectares. Based on this computation, the DAR would have an accomplishment rate of 84.8%.

However, 2003 DAR LAD data (see Table No. 3) from the Office of the Secretary (then headed by Secretary Ponce) showed that in 2003 the balance for PALs was still 1,523,856 hectares even though the “official”/straight deduction figure for DAR’s total balance for that year was only 878,146 hectares.

Apparently, the DAR, since 1997, has been recording excess accomplishments on its non-PAL working scope/target of 1,294,348 has. and has merely subtracted the said excess accomplishments from the overall working scope without making the appropriate adjustments to the overall scope. The DAR’s explanation for this is quite administrative in that the DAR could not simply adjust the total CARP working scope without the approval of the PARC.

As of 2005, the DAR has already exceeded its original scope for non-PALs by 312,985 hectares. Apparently, these are “newly discovered” lands which were not part of the original DAR LAD scope.

The 2003 LAD balance data also shows that even if the scope for non-PALs have already been exceeded, some 147,833 has. of non-PALs have remained undistributed (most probably part of the original DAR LAD scope that the DAR have failed to cover).

To further illustrate this error in the DAR’s computation, the DAR’s official total LAD balance as of December 2005 is 650,585 has. but official DAR data also indicates that, as of December 2005, the DAR’s total accomplishment for PALs is only 2,032,535 hectares. Subtracting this from the overall DAR scope for PALs (which is 2,996,105 has.) we would get a balance of 963,570 has. for PAL alone, which would be greater than the claimed overall DAR LAD balance of 650,585 hectares.

If the DAR does not adjust its method for computing its LAD balance, we may have a situation wherein “official” overall DAR LAD balance data indicating zero balance while a significant amount of PALs remain undistributed.

This major error in computing the DAR’s LAD balance also significantly skewed the DAR’s planning and targets setting towards the completion of CARP’s LAD component. That is, if President Arroyo’s 2002 SONA pronouncement of limiting the DAR’s target for LAD to just 100,000 has. per year already jeopardized the completion of CARP’s LAD component by 2008.

Apparently, the DAR has already taken note of the error is currently undertaking a validation of its scope and accomplishment data. The said validation is expected to be completed by September this year.

### 3. With current targets and actual accomplishments, CARP-LAD will still be unfinished even after 2010.

Using DAR's "straight deduction" computation for its LAD balance (which stood at 878,146 has. at the end of 2003) and PGMA's 100,000 has. per year target, CARP-LAD would still be unfinished by 2010 (see Table No. 4) with still some 178,146 has. left for distribution.

Even with the DAR's MTPDP targets, it will only be able to distribute a total of 770,160 has. from 2004 to 2008 still leaving a balance of 107,986 has. after 2008.

**Table No. 3: DAR LAD Balances, by Land Type**  
as of December 2003

Land Type/Mode of Acquisition	Working Scope (hectares) <sup>11</sup>	Total Accompl. <sup>12</sup>	Balance (straight deduction)	Balance (excess accomp. treated as zero) <sup>13</sup>
<b>National Summary</b>	<b>4,290,453</b>	<b>3,412,307</b>	<b>878,146</b>	<b>1,671,689</b>
<b>Private Agricultural Lands</b>	<b>2,996,105</b>	<b>1,870,912</b>	<b>1,125,193</b>	<b>1,523,856</b>
OLT	579,520	529,544	49,976	54,856
GFI	229,796	150,509	79,287	117,392
VOS	396,684	474,722	(78,038)	42,990
CA	1,505,363	226,107	1,279,256	1,279,999
VLT	284,742	490,030	(205,288)	28,619
<b>Non-PAL</b>	<b>1,294,348</b>	<b>1,541,395</b>	<b>(247,047)</b>	<b>147,833</b>
Settlements	566,332	661,766	(95,434)	37,330
Landed Estates	70,173	79,776	(9,603)	15,599
GOL/KKK	657,843	799,853	(142,010)	94,904

Source: DAR-OSEC

**Table No. 4: MTPDP/SONA LAD Targets & Balances (straight deduction)**  
in Hectares

	Balance as of Dec 2003 (straight deduction)	DAR LAD Targets								Balance after 2010 (straight deduction)
		2004	2005	2006	2007	2008	2009	2010	Total	
<b>SONA Targets<sup>14</sup></b>	878,146	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000	178,146
<b>DAR/MTPDP Targets<sup>15</sup></b>	878,146	110,046	126,368	130,000	244,000	276,746	-	-	770,160	107,986

Source: DAR-Planning Division

<sup>11</sup> As approved by PARC.

<sup>12</sup> Subject to validation pending conduct of inventory of CARP Scope.

<sup>13</sup> Regional balances figures are sums of provincial balances per land type. Excess accomplishments are treated as zero balance.

<sup>14</sup> Set during President Gloria Macapagal-Arroyo's 2002 SONA. Actual targets were 100,000 has. of PAL and another 100,000 has. of public lands.

<sup>15</sup> Source: DAR-Planning Division

Using the DAR's "excess accomplishment treated as zero" computation for its LAD balance (which stood at 1,671,689 has. at the end of 2003), the situation would clearly be far more worse (see Table No. 5). If the DAR sticks with PGMA's 100,000 has. of PAL per year, CARP-LAD would be only be completed by 2020.

With its MTPDP target, the DAR would have some 901,529 has. (which would mostly be PALs) of unmoved lands after 2008.

At DAR's current rate of PAL accomplishments in the last five years, which is at around 77,140 has. per year, CARP-LAD may not even be complete by 2024.<sup>16</sup>

**Table No. 5: MTPDP/SONA LAD Targets & Balances (excess accomplishment treated as zero)**  
in Hectares

	Balance as of Dec 2003 (excess accompl. treated as zero)	DAR LAD Targets								Balance after 2010 (excess accompl. treated as zero) <sup>17</sup>
		2004	2005	2006	2007	2008	2009	2010	Total	
<b>SONA Targets<sup>18</sup></b>	1,671,689	100,000	100,000	100,000	100,000	100,000	100,000	100,000	700,000	971,689
<b>DAR/MTPDP Targets</b>	1,671,689	110,046	126,368	130,000	244,000	276,746	-	-	770,160	901,529

Source: DAR-Planning Division

#### **4. Abuse of VLT scheme and over targeting/coverage of non-PALs place great doubt on CARP accomplishments.**

Table No. 3 above shows that the DAR, as of 2003, has already surpassed its working scope for non-PALs by as much as 247,047 has. or 19%. However, said kind of lands have continued to be covered and distributed up to the present.

Chart No. 1 below indicates that almost half (44%) of lands that the DAR has distributed (incl. Lanao Sir and Basilan) are non-PALs (i.e. Settlements, Landed Estates and GOL/KKK Lands). Chart No. 1 also shows that Government-Owned Lands/KKK Lands accounts for almost one-fourth (24%) of the total lands distributed.

<sup>16</sup> 1,671,689 has. (LAD balance as of end of 2003 based on "excess accomp. treated as zero" computation) divided by 77,140 has. (average DAR LAD-PAL accomplishment from 2001-2005) = 21.6 years. Only average PAL accomplishments are considered as the LAD balance are mostly PALs with non-PAL accomplishments have already far exceeded its original scope.

<sup>17</sup> With assumption that all targets and accomplishments will not count "excess accomplishments" per land type.

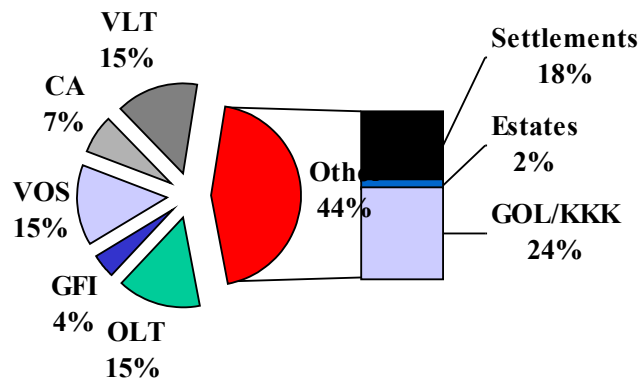
<sup>18</sup> Set during President Gloria Macapagal-Arroyo's 2002 SONA. Actual targets were 100,000 has. of PAL and another 100,000 has. of public lands.

A growing concern over the DAR's practice of over-covering non-PALs to compensate for failure to move PALs as the said practice may lead to eventual non-coverage of pending PALs (with the skewed DAR computation for CARP's balance, non-PAL areas, in effect, may be used to "cover up" or replace un-moved PAL targets). Also, there have also been cases of the DAR aggressively covering under CARP non-PALs/public lands that are also already within the ancestral domains of indigenous peoples (IPs) while PALs in the lowlands have remained undistributed.

Also notable is that of the total areas distributed under CARP only 7% were acquired and distributed through Compulsory Acquisition (CA).

**Chart No. 1: DAR LAD Accomplishments**

As of December 2005, in percentages



Source: DAR-Planning Division

Of the PALs distributed, the main modes used for acquiring and distributing these lands were through Voluntary Land Transfer (27%), Voluntary Offer to Sell (26%) and Operation Land Transfer (26%). While lands acquired under CA accounted for only 8% of the total PALs distributed.

Lands covered under OLT are rice lands which are backlogs from President Marcos' Land Reform Program (Presidential Decree 27).

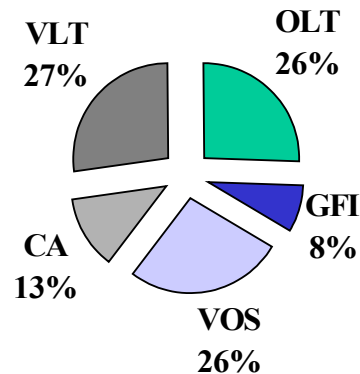
However, lands covered through VLT/Direct Payment Scheme (553,253 has.) are questionable as there have been reports of VLT contracts/arrangements being executed for mere compliance with the requirements of CARP but in actual practice are not implemented. There are also reports of VLT contracts being executed with relatives of the landowners.<sup>19</sup>

Under the VLT scheme, farmer beneficiaries (FBs) directly buys the land under CARP coverage from the landowner with the DAR merely overseeing the negotiations to ensure that the contract does not place the FBs in the short end of the deal.

<sup>19</sup> Borras, Saturnino M. Jr., *Questioning the Official CARP Land Redistribution Accomplishment Report and Working Scope*, February 2005.

Also, there should have been deadline for application for such a scheme (same with the VOS scheme) and yet the DAR continues to target and report major accomplishments under VOS and VLT up to the present.

**Chart No. 2: DAR LAD-PAL Accomplishments**  
As of December 2005, in percentages



Source: DAR-Planning Division

#### **5. Limited reach of DAR support services delivery to ARBs also limited impact of CARP.**

The DAR's strategy for support services delivery have primarily been concentrated and made through the Agrarian Reform Communities (ARCs). The ARC strategy was adopted by the DAR during the Ramos Administration as a means of concentrating the very limited resources for support services to a number of ARCs, which are clusters of contiguous land-reformed barangays. The objective was to generate maximum impact for the limited funds available for support services by concentrating them on a few areas rather than spreading-out the said funds too thinly to all agrarian reform beneficiaries.

As of December 2005, only 1,704 ARCs, covering 884,432 ARBs or just 41.5% of total ARBs<sup>20</sup>, have been organized. However, not all ARCs have received substantial support services. According to the DAR itself, only 990 ARCs (just 58% of ARCs) covering only 581,386 ARBs (just 27% of the total ARBs) have received overseas development assistance (ODA) and thus most of the support services.

Also notable is that only 142,218 ARBs or just 6.69% of the total ARBs have received credit assistance from CARP. Counting the leaseholders, credit assistance from CARP only reached 4.33%<sup>21</sup> of total FBs.

<sup>20</sup> As of December 2005, there are 2,125,375 ARBs, excluding the 1,157,309 leaseholders (data includes ARMM).

<sup>21</sup> 142,218 ARBs (incl. ARMM) who has received credit assistance divided by 3,282,684 FBs (2,125,375 ARBs + 1,157,309 leaseholders)

However, those who did receive credit assistance from the different DAR/CARP credit programs only received an average of PhP 14,727.25 per ARB.<sup>22</sup>

In general, only PhP 7 billion of credit has been extended to ARBs (see Table No. 6) by direct DAR/CARP credit programs and other financial institutions since the implementation of the CARP or an average of just PhP 392 million a year. At the average, each ARB (excluding leaseholders) received or had access to credit amounting to only PhP 3,317 over a span of 18 years.

**Table No. 6: Amount of Credit Extended to ARBs**  
in million pesos

<b>Credit Institution/Program</b>	<b>Amount of Credit Extended to ARBs</b>
DAR-LBP	176.64
DAR-TLRC	7.27
DAR-KMI	80.77
DAR-QUEDANCOR	104.49
DAR-CAP-PBD (W1) <sup>23</sup>	160.76
DAR-CAP-PBD (W2) <sup>24</sup>	123.15
DAR-CAP-PBD (Program Mgt.) <sup>25</sup>	4.01
DAR-LCAP <sup>26</sup>	1,437.39
<b><i>Direct DAR-CARP Credit Support Sub-total</i></b>	<b>2,094.48</b>
LBP (1994-May 31, 2006)	4,563.36 <sup>27</sup>
DBP	373.827
QUEDANCOR (1992-2002)	19.078 <sup>28</sup>
BSP (Agri-Agra Law)	no available segregated data for agri & agra lending
<b>Total</b>	<b>7,050.745</b>

Sources: DAR, LBP, DBP, Quedancor & BSP

While the non-ARC ARBs virtually received no support services, each of the 884,432 ARBs in the 1,704 ARCs received an average of PhP 48,172<sup>29</sup> in support services. On the other hand, each ARC received an average of PhP 25,002,957<sup>30</sup> in support services.

Although there have been promising developments in these ARCs, particularly those that received “quality support services” (ex. ARCs covered by the ARISP project have registered among its ARBs

<sup>22</sup> Total credit assistance provided by DAR to ARBs/PhP 2,094,480,000 divided by 142,218 ARBs = PhP 14,727.25

<sup>23</sup> on-going DAR credit program

<sup>24</sup> on-going DAR credit program

<sup>25</sup> on-going DAR credit program

<sup>26</sup> on-going credit programs

<sup>27</sup> PhP4.74B (total LBP credit exposure to ARBs) – PhP176.64 million (DAR-LBP:5:70:25)

<sup>28</sup> PhP 123,568,000 (total Quedancor exposure to ARBs) – PhP 104,490,000 (DAR-Quedancor)

<sup>29</sup> PhP 42,605,040,000 total support services funds for CARP divided by 884,432 ARBs.

<sup>30</sup> PhP 42,605,040,000 total support services funds for CARP divided by 1,704 ARCs.

a 20% increase in income), the lack of support service delivery (such as basic credit assistance) to non-ARC ARBs may have led to the abandonment, selling or mortgaging of awarded lands.

#### **IV. Conclusion & Over-all Assessment**

In spite of President Arroyo's rhetoric regarding honoring and sustaining the legacy of her father, President Diosdado Macapagal, as the "father" of agrarian reform, much of her actions have been towards the opposite direction.

President Arroyo set the tone of her administration's commitment towards CARP by setting at only 100,000 hectares per year her target for LAD for DAR and another 100,000 has. for DENR.

With such low targets, President Arroyo's achieved for her own legacy as the President who, in 2003, registered the lowest LAD output in a year since the enactment of CARP.

President Arroyo also strongly pushed for the enactment of the Farmland as Collateral (FAC) bill which, if enacted, would have led to the reconsolidation of CARP awarded lands.

And with CARP being relegated to the back seat of her latest MTPDP, it can be concluded CARP is, to say the least, not a priority of the Arroyo administration.

CARP/DAR targeting under the Arroyo administration has been geared towards slowing down agrarian reform implementation rather than to fast track as it is the logical strategy with 2008 fast nearing. The Arroyo administration, under whose term covers eighth of the ten years extension provided to CARP, has gone about its task in implementing and meeting the extension deadline provided CARP without a sense of urgency. Targets were not calibrated towards the urgent goals of completing the LAD component of CARP by 2008 and in ensuring that the program achieves its main objective of providing the foundation, by increasing the rural population's purchasing capacity and income through asset reform, for fueling the agro-industrialization of the countryside.

And because of these, with current trends in DAR LAD accomplishment, it can be expected that the Arroyo administration will fail to complete the LAD component of CARP by 2008 unless it exerts extra-ordinary political will to do so in the next two years. Otherwise, we can expect completion of CARP by 2020 at the earliest.

#### **V. Recommendations**

##### **1. Fast-track Land Acquisition and Distribution (LAD)**

- Set DAR's annual LAD target from 2007 to 2010 to at least 300,000 has. of PALs through Compulsory Acquisition. (Initial cash payment to landowners can be advanced

by LBP while cost for land surveys is estimated at only PhP 694.5 million<sup>31</sup> for every 300,000 hectares.)

- Reorganize the DAR bureaucracy to deploy more personnel in top backlog areas (i.e. Negros Occidental, Leyte, Camarines Sur, Masbate, Nueva Ecija, and Isabela) and to free up funds that would have been used for personnel services for LAD.
- Set up an “Agrarian Reform Battalion” that will assist DAR in disarming resisting landowners and install ARBs in CARP “hot spots” such as Bondoc Peninsula, Negros and Davao.
- The accuracy of the DAR’s data (i.e. scope, accomplishment, balance, etc.) must be established. DAR’s CARP scope validation initiative should be prioritized and completed as soon as possible.
- Upon completion of the DAR’s CARP scope validation, results of the said process should be presented to CSOs at the provincial level for on-ground validation and joint planning for coverage and distribution of the identified areas.
- Indicators of success must be changed to include actual and peaceful possession of awarded lands and economic (i.e. income, productivity, poverty, etc.) indicators among others.
- Veer away from non-distributive and highly questionable schemes of distribution under CARP (i.e. SDOs & VLTs). At the same time, a review/verification of SDO, VLT and leasehold agreements/contracts must be undertaken to determine effectiveness and compliance.
- Focus on PALs and not on Public Lands (specially those already covered by Ancestral Domains).
- Government must fast track the recovery of ill-gotten wealth. According to the PCGG, there are still some PhP 220 billion worth of ill-gotten wealth expected to be recovered. This is more than the DAR’s estimate of PhP 120 billion additional funds needed to acquire and distribute the remaining LAD balance (that is based on the direct deduction balance of 650,000 has. and excluding the payment for maturing bonds issued to landowners).
- Government should improve on the land amortization collection for CARP and use the collected funds to finance CARP.

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<sup>31</sup> Estimate for cost of land survey (based on actual DAR budget for land surveys) at PhP 2,315 per hectare multiplied by 300,000 has.

## 2. Democratize Support Services Delivery

- Delivery of “basic” support services, such as credit, should be immediately provided to the most number of ARBs or, at least, every new ARB should receive a package of support services upon issuance of CLOA and installation.
- Innovative approaches (e.g. debt-for-agrarian reform swaps) for generating funds for CARP should also be explored.
- Credit and other support services delivery schemes/programs of the Department of Agriculture should also target and cover ARBs.
- Other government agencies involved in rural development (e.g. NIA, DPWH, DTI, DENR, etc.) should also include ARBs among their main clientele.
- “Encourage” commercial banks to extend credit to ARBs through LBP and other rural lending institutions.

## 3. Pass Critical Bills

- Enact a law extending CARP funding beyond 2008 and ensuring funding support for support service delivery to ARBs.
- Immediately enact the National Land Use Act (NLUA).

July 24, 2006