

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 685



Introduced by **Representative JOEY SARTE SALCEDA**

**AN ACT
TO PROMOTE INVESTMENTS IN AGRICULTURE BY EASING FARMLAND
LANDHOLDING RESTRICTIONS, RATIONALIZING LAND TRANSACTION
PROCESSES, CREATING FOR THESE PURPOSES THE OFFICE OF
COOPERATIVE-LED AGRICULTURAL DEVELOPMENT,
AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Land is an important factor of production in agriculture and land fragmentation has significantly reduced agriculture productivity. The 2019 study by economists Tasso Adamopoulos and Diego Restuccia found that the government's agrarian reform program has resulted in land fragmentation, reducing average farm size by 34 percent, agricultural productivity by 17%, and the share of landless individuals by 20%.¹

The current restriction on farmlands under the Comprehensive Agrarian Reform Law such as the five hectare limit and non-transferability of the land within 10 years of issuance and 30 years of amortization has effectively discouraged efficient rural land market operations, eroded the value and collateral value of awarded lands, reducing the farmers' incentive to invest in land improvements, and limiting choice of more efficient contractual arrangements.² Thus, decades into the government's land reform program it has only created a new class of people: the "landed poor".

Economies of scale dictate that there is a great advantage in the operation of larger farmlands as the cost per unit of output decreases with the increase in farmland area. Larger farms will allow farmers to introduce new and alternative technologies and farming systems. It will also encourage younger Filipinos to go into farming thereby introducing new blood in our already aging farmer population.

¹ Tasso Adamopoulos & Diego Restuccia, 2019. "Land Reform and Productivity: A Quantitative Analysis with Micro Data," NBER Working Papers 25780, National Bureau of Economic Research, Inc.
https://www.nber.org/system/files/working_papers/w25780/w25780.pdf

² Cristina David, et al., 2003. "Land Reform and Land Market Transactions in the Philippines: Terminal Report," Philippine Institute for Development Studies

Also at present, there are still 680,000 agrarian reform beneficiaries (ARBs) in 1.2 million hectares of agrarian land. These ARBs, though emancipated from their landlords, are now saddled with debts with the land that the government awarded to them. Unpaid agrarian lands are covered by restrictions, reducing the land value and farmers' options to increase their productivity to pay off the debt. It has undermined their ownership of the awarded land.

To effectively address land fragmentation and resulting decline in agricultural productivity, and persistent poverty in the sector, there is a need to ease restrictions on farm size, remove restrictions on agricultural land transactions, and condone all unpaid land amortizations of agrarian reform beneficiaries to allow them to fully utilize their land.

This bill also empowers the Department of Agriculture to take a proactive and complementary role in grassroots land consolidation by creating an Office for Cooperative-led Agricultural Development, which will work with the Cooperative Development Authority (CDA) to encourage cooperativism among agrarian reform beneficiaries.

Section 70 of Republic Act No. 6657 or the Comprehensive Agrarian Reform Law and its implementing rules and regulations have created a stumbling block in the transfers of agricultural land. It is also proposed to remove bureaucratic delays created from the need for DAR clearances in land transfers as the electronic database of the Land Registration Authority is sufficient to verify the landholding ceiling.

In view of the foregoing, the approval of this bill is urgently sought.



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

SECTION 1. *Short title.* – This Act may also be referred to as the “Agricultural Lands Easing Act of 2022.”

SEC. 2. *Declaration of principle.* – It is hereby declared the policy of the State to promote investments in agriculture and to encourage the establishment of economically viable enterprises in the countryside by easing farmland restrictions and rationalizing processes and procedures.

SEC. 3. *Fee simple title.* – Lands acquired by farmer-beneficiaries under any of the agrarian reform laws shall be considered as lands with fee simple title and thus may be sold, transferred, conveyed, mortgaged, leased, or entered into a partnership or usufruct agreements, at any time, with any person, natural or juridical, qualified to own or possess lands in the Philippines in accordance with existing laws.

SEC. 4. *Upgrading to electronic titles.* – The Department of Agrarian Reform (DAR) and the Land Registration Authority (LRA) shall implement a program for the upgrading of paper titles held by farmer-beneficiaries to electronic titles, free of charge. The appropriations necessary for the implementation of this Section shall be charged initially to existing funds of the DAR, and subsequently to the General Appropriations Act (GAA).

SEC. 5. *Landholdings’ ceiling requirement.* – Any sale, transfer or conveyance of agricultural lands shall be valid as long as the resulting total agricultural landholdings by the transferee do not exceed twenty-four (24) hectares.

SEC. 6. *Condonation of unpaid amortizations and other charges.* – The State hereby condones all unpaid amortizations, interests thereon, penalties and surcharges owing or due to the government, obtained from the acquisition of lands awarded under the Comprehensive Agrarian Reform Law and other land reform legislations. All liens and encumbrances associated with agrarian reform land acquisition that are annotated in the Certificates of Title issued to farmer beneficiaries and its derivative titles are all cancelled by operation of law. It shall not be necessary for titles to be presented to the Registry of Deeds. No further action shall be required from farmer beneficiaries for the cancellation of such annotations.

SEC. 7. *Removal of DAR clearances on transfers of ownership of agricultural lands.* – Transferees of ownership of agricultural lands shall furnish the appropriate Registry of Deeds an affidavit attesting to the fact that his/her total agricultural landholdings, as a result of the said transfer, do not exceed twenty-four (24) hectares. Such transfers shall not require any clearance from the Department of Agrarian Reform (DAR) as a prerequisite for registration of transaction with the Register of Deeds. The transfer of ownership shall be immediately registered by the Registrar of Deeds if the resulting agricultural landholdings of the transferee, based on the electronic database of the Land Registration Authority (LRA), do not exceed 24 hectares. If from the electronic records of the LRA it appears that the transferee's landholdings exceeds 24 hectares, his/her registration shall be denied and the transferee shall be notified of said fact and shall be provided with the list of the properties that is registered in his/her name. If the transferee claims that the person who has a landholding in excess of 24 hectares is only a namesake, the transferee shall be required to submit additional evidence with the Register of Deeds for verification of the transferee's identify within the prescribed processing time as may be provided in the implementing rules of this Act.

SEC. 8. *Bank mortgages.* – Banks and non-bank financial institutions duly registered with the Bangko Sentral ng Pilipinas (BSP) and allowed by law to hold mortgage rights or security interests in agricultural lands to secure loans and other obligations of borrowers, may acquire title to these mortgaged properties upon foreclosure, subject to existing banking laws. These financial institutions shall not be subject to the landholding ceiling requirement under the preceding section subject to the provision of Section 52 of Republic Act No. 8791 or the General Banking Law on disposition of acquired asset within a period of five (5) years.

SEC. 9. *Repurchase.* – In case of mortgage foreclosure, the farmer-beneficiary or his/her heirs who are in actual occupation and cultivation of the land mortgaged shall have the right to repurchase within a period of two (2) years, after which said property acquired from any agrarian reform beneficiary may be transferred to any person, both natural and juridical, subject to the limitations of law.

The Land Bank of the Philippines shall open a credit and financing facility to cover or help lower the costs of the repurchase. Other banks may open similar facilities, Provided, that loans made through the facility shall qualify as "Agriculture and agrarian reform credit" under Section 6 of Republic Act No. 10000 or the Agri-Agra Credit Reform Act.

SEC. 10. *Farmer-beneficiary information campaign.* – For the full dissemination of the features of this Act, as well as to allow farmer-beneficiaries to avail of the services provided herein, the Department of Agrarian Reform (DAR) and local agrarian reform offices, in coordination with the Philippine Information Agency (PIA) and other appropriate government

offices, shall conduct an information campaign to explain the provisions of this Act to farmer-beneficiaries.

Summaries of the key features of this Act, translated to Filipino and regional languages and dialects, shall be made widely available to farmer-beneficiaries.

SEC. 11. *Consolidation through farmer cooperatives.* – Agrarian reform beneficiaries shall be encouraged to form cooperative-led land consolidation schemes. The Department of Agriculture (DA) shall undertake a Cooperativized Land Consolidation Program under an Office for Cooperative-Led Agricultural Development, under the Office of the Secretary, to promote the economies of scope and scale among agrarian reform beneficiaries and small landholders.

The Office shall perform the following powers and functions:

(a) Promote ease of doing business and access to services for farmers' organizations within its jurisdiction;

(b) Coordinate and facilitate government processes related to the set-up and management of farmers' organizations, especially towards the consolidated use and farming of agrarian reform lands;

(c) Facilitate farmers' organizations' applications for corporate or cooperative registration;

(d) Coordinate with concerned local government units (LGUs) and municipal and provincial agriculture offices, liaise with concerned government agencies to process the duly accomplished forms submitted by the farmers' organizations;

(e) Study and monitor processes for accessing government support for farmers' organizations, and accreditation and registration procedures;

(f) Recommend improvements in aforesaid processes;

(g) Provide information and services on organizational development, management, financing for farmers' organizations;

(h) Support private sector activities relating to agricultural development;

(i) Organize mentoring programs and learning exchanges among farmer organizations;

(j) Establish private-public-civil society linkages for the development of farmers' organizations;

(k) Coordinate with schools and other institutions in providing farmers' organizations access to training in courses related to organization management or agricultural value-chain development;

(l) Provide information and support on farmers' applications for credit and financing;

- (m) Facilitate access to grants and investments into viable farmers' organizations;
- (n) Establish a databank of client farmers' organizations;
- (o) Link potential investors with viable farmers' organizations;
- (p) Assist farmers' organizations in registering agribusiness activities and in formalizing value-added agricultural products; and
- (q) Conduct other programs or projects for the development of farmers' organizations in the country.

There shall be regional program officers for the Field Offices of the DA.

SEC. 12. *Agribusiness assistance.* – The Office for Cooperative-Led Agricultural Development shall provide assistance to farmers' organizations duly engaged in agribusiness activities in the availment of innovation training, production and management training programs and marketing assistance of the Department of Trade and Industry, the Department of Science and Technology (DOST), Cooperative Development Authority (CDA), Technical Education and Skills Development Authority (TESDA) and other agencies concerned.

SEC. 13. *Coordination with Municipal Agriculture Offices (MAOs) and Provincial Agriculture Offices (PAOs).* – The Office for Cooperative-Led Agricultural Development Centers shall coordinate closely with MAOs and PAOs in the delivery of the Office's functions. MAOs and PAOs may create, under the technical supervision of the Office, such municipal or provincial-level offices with functions similar to those of the regional and national program office. MAOs and PAOs may also serve as aggregators of requests for the Office's assistance from farmers' organizations within their respective jurisdiction, especially in cases where distance and other circumstances hinder farmers from accessing the regional program officer.

SEC. 14. *Appropriations.* – The amount necessary to carry out the initial implementation of Sections 11, 12, and 13 of this Act shall be sourced from the current budget of the DA. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations. Act.

SEC. 15. *Penalties.* – Any person who knowingly or willfully violated the provision of this Act shall be punished by imprisonment of not less than one (1) month to not more than three (3) years. If the offender is a corporation or association, the officer responsible therefore shall be criminally liable.

SEC. 16. *Existing notice of coverage.* – All existing Notice of Coverage upon the effectivity of this act shall be respected and shall remain in full force and effect.

SEC. 17. *Implementing Rules and Regulations.* – The Department of Justice, through the Land Registration Authority (LRA), the Department of Agriculture, and the Department of Agrarian Reform (DAR), in coordination with Bangko Sentral Ng Pilipinas (BSP) and the Land Bank of the Philippines (LBP) shall promulgate the necessary implementing rules and regulations within one hundred twenty (120) days upon the effectivity of this Act.

SEC. 18. *Repealing Clause.* – Sections 6, 27, and 70 of RA No. 6657 and all other laws, decrees, orders, rules and regulations or parts thereof inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SEC. 19. *Separability Clause.* – If, for any reason, any provision of this Act or any part thereof be declared unconstitutional and invalid, the other parts or provisions of this Act not affected thereby shall remain in full force and effect.

SEC. 20. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,