Department of Agrarian Reform

Republic Act 6657



Comprehensive Agrarian Reform Law

DEPARTMENT OF AGRARIAN REFORM
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MESSAGE

Republic Act 6657, or the Comprehensive Agrarian Reform Law (CARL) of 1988, is the legal basis for the implementation of the Comprehensive Agrarian Reform Program (CARP) aimed at giving the majority of the Filipinos real and rightful stake in the vast potential of the Philippine agriculture.

Implementing the CARP means the transfer and distribution of agricultural lands. It started since the administration of the late President Ramon Magsaysay in the middle 1950s. It went on under the leadership of the late Diosdado Macapagal, and the late President Ferdinand Marcos.

After declaring CARP as the centerpiece of her administration President Corazon Aquino issued in June 1990 three key executive orders: EO 405 vested to the Land Bank of the Philippines the primary responsibility for land valuation; EO 406, emphasized that CARP is central to the government's efforts to hasten rural agro-industrial development; and EO 407, directed all government instrumentalities, financial institutions and corporations, to turn over to DAR all lands suitable for agriculture for coverage under CARP.

The launching of the Agrarian Reform Community (ARC) in 1993 became the cornerstone of President Fidel V. Ramos's administration in its bid to raise the level of productivity of farmer-beneficiaries. The ARC program seeks to concentrate the DAR's support services delivery in selected areas for greater productivity and social infrastructure building.

Under President Benigno Simeon Aquino III, efforts are geared toward completing the distribution of the remaining less than a million hectares of farmland on or before his term ends in 2016.

Thus, one of my marching orders was the mass processing of claim folders nationwide, especially in areas with more than 60 percent LAD balance, to systematize and speed up the processing of required documents.

I also adopted the "right to information" policy to give all CARP stakeholders access to all matters relevant to agrarian cases. In line with this, we develop the department's Legal Information System online to give the public access to the DAR's policies and decisions, its activities and the direction it is heading to through its website.

Now, that everything has been put in place, I am confident that the DAR is ready to go in full swing in all aspects of the program – land acquisition and distribution and delivery of support services – in support of President Aquino's aspirations of alleviating rural poverty and ensuring food security.

VIRGILIO R. DE LOS REYES
Secretary
Department of Agrarian Reform

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Republic of the Philippines
Congress of the Philippines
Metro Manila
First Regular Session

Begun and held in Metro Manila, on Monday, the twenty-seventh day of July, nineteen hundred and eighty-seven.

(REPUBLIC ACT NO. 6657)

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES.

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

CHAPTER I
PRELIMINARY CHAPTER

SECTION 1. *Title.* - This Act shall be known as the Comprehensive Agrarian Reform Law of 1988.

SECTION 2. *Declaration of Principles and Policies.* - It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless farmers and farmworkers will receive the highest consideration to promote social justice and to move the nation towards sound rural development and industrialization, and the establishment of owner cultivatorship of economic-size farms as the basis of Philippine agriculture.

To this end, a more equitable distribution and ownership of land, with due regard to the rights of landowners to just compensation and to the ecological needs of the nation, shall be undertaken to provide farmers and farmworkers with the opportunity to enhance their dignity and improve the quality of their lives through greater productivity of agricultural lands.

The agrarian reform program is founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to the priorities and retention limits set forth in this Act, having taken into account ecological, developmental, and equity considerations, and subject to the payment of just compensation. The State shall respect the right of small landowners and shall provide incentives for voluntary land-sharing.

The State shall recognize the right of farmers, farmworkers and landowners, as well as cooperatives and other independent farmers' organization, to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate

financial, production, marketing and other support services.

The State shall apply the principles of agrarian reform or stewardship, whenever applicable, in accordance with law, in the disposition or utilization of other natural resources, including lands of the public domain, under lease or concession, suitable to agriculture, subject to prior rights, homestead rights of small settlers and the rights of indigenous communities to their ancestral lands.

The State may resettle landless farmers and farmworkers in its own agricultural estates, which shall be distributed to them in the manner provided by law.

By means of appropriate incentives, the State shall encourage the formation and maintenance of economic-size family farms to be constituted by individual beneficiaries and small landowners.

The State shall protect the rights of subsistence fishermen, especially of local communities, to the preferential use of communal marine and fishing resources, both inland and offshore. It shall provide support to such fishermen through appropriate technology and research, adequate financial, production and marketing assistance and other services. The State shall also protect, develop and conserve such resources. The protection shall extend to offshore fishing grounds of subsistence fishermen against foreign intrusion. Fishworkers shall receive a just share from their labor in the utilization of marine and fishing resources.

The State shall be guided by the principles that land has a social function and land ownership has a social responsibility. Owners of agricultural land have the obligation to cultivate directly or through labor administration the lands they own and thereby make the land productive.

The State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment and privatization of public sector enterprises. Financial instruments used as payment for lands shall contain features that shall enhance negotiability and acceptability in the marketplace.

The State may lease undeveloped lands of the public domain to qualified entities for the development of capital-intensive farms, traditional and pioneering crops especially those for exports subject to the prior rights of the beneficiaries under this Act.

SECTION 3. *Definitions*. - For the purpose of this Act, unless the context indicates otherwise:

(a) Agrarian Reform means the redistribution of lands, regardless of crops or fruits produced, to farmers and regular farmworkers who are landless, irrespective of tenurial arrangement, to include the totality of factors and support services designed to lift the economic status of the beneficiaries and all other arrangements alternative to the physical redistribution of lands, such as production or profit-sharing, labor administration, and the distribution of shares of stock, which will allow beneficiaries to receive a just share of the fruits of the lands they work.

(b) Agriculture, Agricultural Enterprise or Agricultural Activity means the cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry or fish, including the harvesting of such farm products, and other farm activities and practices performed by a farmer in conjunction with such farming operations done by persons whether natural of juridical.

(c) Agricultural Land refers to land devoted to agricultural activity as defined in this Act and not classified as mineral, forest, residential, commercial or industrial land.

(d) Agrarian Dispute refers to any controversy relating to tenurial arrangements, whether leasehold, tenancy, stewardship or otherwise, over lands devoted to agriculture, including disputes concerning farmworkers' associations or representation of persons in negotiating, fixing, maintaining, changing or seeking to arrange terms or conditions of such tenurial arrangements.

It includes any controversy relating to compensation of lands acquired under this Act and other terms and conditions of transfer of ownership from landowners to farmworkers, tenants and other agrarian reform beneficiaries, whether the disputants stand in the proximate relation of farm operator and beneficiary, landowner and tenant, or lessor and lessee.

(e) Idle or Abandoned Land refers to any agricultural land not cultivated, tilled or developed to produce any crop nor devoted to any specific economic purpose continuously for a period of three (3) years immediately prior to the receipt of notice of acquisition by the government as provided under this Act, but does not include land that has become permanently or regularly devoted to non-agricultural purposes. It does not include land which has become unproductive by reason of force majeure or any other fortuitous event: Provided, that prior to such event, such land was previously used for agricultural or other economic purposes.

(f) Farmer refers to a natural person whose primary livelihood is cultivation of land or the production of agricultural crops, either by himself, or primarily with the assistance of his immediate farm household, whether the land is owned by him, or by another person under a leasehold or share tenancy agreement or arrangement with the owner thereof.

(g) Farmworker is a natural person who renders services for value as an employee or laborer in an agricultural enterprise or farm regardless of whether his compensation is paid on a daily, weekly, monthly or "pakyaw" basis. The term includes an individual whose work has ceased as a consequence of, or in connection with, a pending agrarian dispute and who has not obtained a substantially equivalent and regular farm employment.

(h) Regular Farmworker is a natural person who is employed on a permanent basis by an agricultural enterprise or farm.

(i) Seasonal Farmworker is a natural person who is employed on a recurrent, periodic or intermittent basis by an agricultural enterprise or farm, whether as a permanent or a non-permanent laborer, such as "dumaan", "sacada", and the like.

(j) Other Farmworker is a farmworker who does not fall under paragraphs (g), (h) and (i).

(k) Cooperatives shall refer to organizations composed primarily of small agricultural producers, farmers, farmworkers, or other agrarian reform beneficiaries who voluntarily organize themselves for the purpose of pooling land, human, technological, financial or other economic resources, and operated on the principle of one member, one vote. A juridical person may be a member of a cooperative, with the same rights and duties as a natural person.

CHAPTER II
COVERAGE

SECTION 4. *Scope.* - The Comprehensive Agrarian Reform Law of 1988 shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 and Executive Order No. 229, including other lands of the public domain suitable for agriculture.

More specifically, the following lands are covered by the Comprehensive Agrarian Reform Program:

(a) All alienable and disposable lands of the public domain devoted to or suitable for agriculture. No reclassification of forest or mineral lands to agricultural lands shall be undertaken after the approval of this Act until Congress, taking into account ecological, developmental and equity considerations, shall have determined by law, the specific limits of the public domain;

(b) All lands of the public domain in excess to the specific limits as determined by Congress in the preceding paragraph;

(c) All other lands owned by the Government devoted to or suitable for agriculture; and

(d) All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.

SECTION 5. *Schedule of Implementation.* - The distribution of all lands covered by this Act shall be implemented immediately and completed within ten (10) years from the effectivity thereof.

SECTION 6. *Retention Limits.* - Except as otherwise provided in this Act, no person may own or retain, directly, or indirectly any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size farm, such as commodity produced, terrain, infrastructure, and soil fertility as

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determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall retention by the landowner exceed five (5) hectares. Three (3) hectares may be awarded to each child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm; Provided, That landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the area originally retained by them thereunder, further, That original homestead grantees or direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead.

The right to choose the area to be retained, which shall be compact or contiguous, shall pertain to the landowner; Provided, however, That in case the area selected for retention by the landowner is tenanted, the tenant shall have the option to choose whether to remain therein or be a beneficiary in the same or another agricultural land with similar or comparable features. In case the tenant chooses to remain in the retained area, he shall be considered a leaseholder and shall lose his right to be a beneficiary under this Act. In case the tenant chooses to be a beneficiary in another agricultural land, he loses his right as a leaseholder to the land retained by the landowner. The tenant must exercise this option within a period of one (1) year from the time the landowner manifests his choice of the area for retention.

In all cases, the security of tenure of the farmers or farmworkers on the land prior to the approval of this Act shall be respected.

Upon the effectivity of this Act, any sale, disposition, lease, management contract or transfer of possession of private lands executed by the original landowner in violation of this Act shall be null and void: Provided, however, That those executed prior to this Act shall be valid only when registered with the Register of Deeds within a period of three (3) months after the effectivity of this Act . Thereafter, all Registers of Deeds shall inform the DAR within thirty (30) days of any transaction involving agricultural lands in excess of five (5) hectares.

SECTION 7. *Priorities.* - The DAR, in coordination with the PARC shall plan and program the acquisition and distribution of all agricultural lands through a period of ten (10) years from the effectivity of this Act. Lands shall be acquired and distributed as follows:

Phase One: Rice and corn lands under Presidential Decree No. 27; all idle or abandoned lands; all private lands voluntarily offered by the owners for agrarian reform; all lands foreclosed by government financial institutions; all lands acquired by the Presidential Commission on Good Government (PCGG); and all other lands owned by the government devoted to or suitable for agriculture, which shall be acquired and distributed immediately upon the effectivity of this Act, with the implementation to be completed within a period of not more than four (4) years;

Phase t[illegible] alienable and disposable public agricultural lands; all arable public agricu[illegible] lands under agro-forest, pasture and agricultural leases already culti[illegible] and planted to crops in accordance with Section 6, Article [illegible]II of the C[illegible] tion; all public agricultural lands which are to be opened for

new development and resettlement; and all private agricultural lands in excess of fifty (50) hectares, insofar as the excess hectarage is concerned, to implement principally the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till, which shall be distributed immediately upon the effectivity of this Act, with the implementation to be completed within a period of not more than four (4) years.

Phase Three: All other private agricultural lands commencing with large landholdings and proceeding to medium and small landholdings under the following schedule:

(a) Landholdings above twenty-four (24) hectares up to fifty (50) hectares, to begin on the fourth (4th) year from the effectivity of this Act and to be completed within three (3) years; and

(b) Landholdings from the retention limit up to twenty-four (24) hectares, to begin on the sixth (6th) year from the effectivity of this Act and to be completed within four (4) years; to implement principally the right of farmers and regular farmworkers who are landless, to own directly or collectively the lands they till.

The schedule of acquisition and redistribution of all agricultural lands covered by this program shall be made in accordance with the above order of priority, which shall be provided in the implementing rules to be prepared by the Presidential Agrarian Reform Council (PARC), taking into consideration the following: the need to distribute lands to the tillers at the earliest practicable time; the need to enhance agricultural productivity; and the availability of funds and resources to implement and support the program.

In any case, the PARC, upon recommendation by the Provincial Agrarian Reform Coordinating Committee (PARCCOM), may declare certain provinces or regions as priority land reform areas, in which case the acquisition and distribution of private agricultural lands therein may be implemented ahead of the above schedules.

In effecting the transfer within these guidelines, priority must be given to lands that are tenanted.

The PARC shall establish guidelines to implement the above priorities and distribution scheme, including the determination of who are qualified beneficiaries: Provided, That an owner-tiller may be a beneficiary of the land he does not own but is actually cultivating to the extent of the difference between the area of the land he owns and the award ceiling of three (3) hectares.

SECTION 8. *Multinational Corporations.* - All lands of the public domain leased, held or possessed by multinational corporations or associations, and other lands owned by the government or by government-owned or controlled corporations, associations, institutions or entities, devoted to existing and operational agri-business or agro-industrial enterprises, operated by multinational corporations and associations, shall be programmed for acquisi-

tion and distribution immediately upon the effectivity of this Act, with the implementation to be completed within three (3) years.

Lands covered by the paragraph immediately preceding, under lease, management, grower or service contracts, and the like, shall be disposed of as follows:

(a) Lease, management, grower or service contracts covering such lands covering an aggregate area in excess of 1,000 hectares, leased or held by foreign individuals in excess of 500 hectares are deemed amended to conform with the limits set forth in Section 3 of Article XII of the Constitution.

(b) Contracts covering areas not in excess of 1,000 hectares in the case of such corporations and associations, and 500 hectares, in the case of such individuals shall be allowed to continue under their original terms and conditions but not beyond August 29, 1992, or their valid termination, whichever comes sooner, after which, such agreements shall continue only when confirmed by the appropriate government agency. Such contracts shall likewise continue even after the land has been transferred to beneficiaries or awardees thereof, which transfer shall be immediately commenced and implemented and completed within the period of three (3) years mentioned in paragraph 1 hereof.

(c) In no case will such leases and other agreements now being implemented extend beyond August 29, 1992, when all lands subject hereof shall have been distributed completely to qualified beneficiaries or awardees.

Such agreements can continue thereafter only under a new contract between the government or qualified beneficiaries or awardees, on the one hand, and said enterprises, on the other.

Lands leased, held or possessed by multinational corporations, owned by private individuals and private non-governmental corporations, associations, institutions, and entities, citizens of the Philippines, shall be subject to immediate compulsory acquisition and distribution upon the expiration of the applicable lease, management grower or service contract in effect as of August 29, 1987, or otherwise, upon its valid termination, whichever comes sooner, but not later than after ten (10) years following the effectivity of this Act. However, during the said period of effectivity, the government shall take steps to acquire these lands for immediate distribution thereafter.

In general, lands shall be distributed directly to the individual worker-beneficiaries. In case it is not economically feasible and sound to divide the land, then they shall form a workers' cooperative or association which will deal with the corporation or business association or any other proper party, for the purpose of entering into a lease or growers agreement and for all other legitimate purposes. Until a new agreement is entered into by and between the workers' cooperative or association and the corporation or business association or any other proper party, any agreement existing at the time this Act takes effect between the former and the previous landowner shall be respected by both the workers' cooperative or association and the corporation, business association or such other proper party. In no case shall the implementation or application of this Act justify or result in the

reduction of status or diminution of any benefits received or enjoyed by the worker-beneficiaries, or in which they may have a vested right, at the time this Act becomes effective.

The provisions of Section 32 of this Act, with regard to production and income-sharing shall apply to farms operated by multinational corporations.

During the transition period, the new owners shall be assisted in their efforts to learn modern technology in production. Enterprises which show a willingness and commitment and good faith efforts to impart voluntarily such advanced technology will be given preferential treatment where feasible.

In no case shall a foreign corporation, association, entity or individual enjoy any rights or privileges better than those enjoyed by a domestic corporation, association, entity or individual.

SECTION 9. *Ancestral Lands*. - For purposes of this Act, ancestral lands of each indigenous cultural community shall include, but not be limited to, lands in the actual, continuous and open possession and occupation of the community and its members; Provided, That the Torrens System shall be respected.

The rights of these communities to their ancestral lands shall be protected to ensure their economic, social and cultural well-being. In line with the principles of self-determination and autonomy, the systems of land ownership, land use, and the modes of settling land disputes of all these communities must be recognized and respected.

Any provision of law to the contrary notwithstanding, the PARC may suspend the implementation of this Act with respect to ancestral lands for the purpose of identifying and delineating such lands: Provided, That in the autonomous regions, the respective legislatures may enact their own laws on ancestral domain subject to the provisions of the Constitution and the principles enunciated in this Act and other national laws.

SECTION 10. *Exemptions and Exclusions*.- Lands actually, directly and exclusively used and found to be necessary for parks, wildlife, forest reserves, reforestation, fish sanctuaries and breeding grounds, watersheds and mangroves, national defense, school sites and campuses including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production centers, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already developed shall be exempt from the coverage of this Act.

SECTION 11. *Commercial Farming*. - Commercial farms, which are private agricultural lands devoted to commercial livestock, poultry and swine raising, and aquaculture including saltbeds, fishponds and prawn ponds, fruit farms, orchards, vegetable and cut-flower farms, and cacao, coffee and rubber plantations, shall be subject to immediate compulsory acquisition and distribution after ten (10) years

from the effectivity of this Act. In the case of new farms, the ten-year period shall begin from the first year of commercial production and operation, as determined by DAR. During the ten-year period, the government shall initiate the steps necessary to acquire these lands, upon payment of just compensation for the land and the improvements thereon, preferably in favor of organized cooperatives or associations, which shall thereafter manage the said lands for the worker-beneficiaries.

If the DAR determines that the purposes for which this deferment is granted no longer exist, such areas shall automatically be subject to redistribution.

The provisions of Section 32 of this Act, with regard to production-and-income-sharing shall apply to commercial farms.

CHAPTER III
IMPROVEMENT OF TENURIAL AND LABOR RELATIONS

SECTION 12. *Determination of Lease Rentals.* - In order to protect and improve the tenurial and economic status of the farmers in tenanted lands under the retention limit and lands not yet acquired under this Act, the DAR is mandated to determine and fix immediately the lease rentals thereof in accordance with Section 34 of R. A. No. 3844 as amended; Provided, That the DAR shall immediately and periodically review and adjust the rental structure for different crops, including rice and corn, of different regions in order to improve progressively the conditions of the farmer, tenant or lessee.

SECTION 13. *Production-Sharing Plan.* - Any enterprise adopting the scheme provided for in Section 32 or operating under a production venture, lease, management contract or other similar arrangement and any farm covered by Sections 8 and 11 hereof is hereby mandated to execute within ninety (90) days from the effectivity of this Act, a production-sharing plan under guidelines prescribed by the appropriate government agency.

Nothing herein shall be construed to sanction the diminution of any benefits such as salaries, bonuses, leaves and working conditions granted to the employee-beneficiaries under existing laws, agreements, and voluntary practice by the enterprise, nor shall the enterprise and its employee-beneficiaries be prevented from entering into any agreement with terms more favorable to the latter.

CHAPTER IV
REGISTRATION

SECTION 14. *Registration of Landowners.* - Within one hundred eighty (180) days from the effectivity of this Act, all persons, natural or juridical, including government entities, that own or claim to own agricultural lands, whether in their names or in the name of others, except those who have already registered pursuant to Executive Order No. 229, who shall be entitled to such incentives as may be provided for by PARC, shall file a sworn statement in the proper assessors office in the form to be prescribed by the DAR, stating the following information:

(a) The description and area of the property;

(b) The average gross income from the property for at least three (3) years;

(c) The names of all tenants and farmworkers therein;

(d) The crops planted in the property and the area covered by each crop as of June 1,1987;

(e) The terms of mortgages, leases, and management contracts subsisting as of June 1, 1987; and

(f) The latest declared market value of the land as determined by the city or provincial assessor.

SECTION 15. *Registration of Beneficiaries.* - The DAR in coordination with the Barangay Agrarian Reform Committee (BARC) as organized in this Act, shall register all agricultural lessees, tenants and farmworkers who are qualified to be beneficiaries of the CARP. These potential beneficiaries with the assistance of the BARC and the DAR shall provide the following data:

(a) names and members of their immediate farm household;

(b) owners or administrators of the lands they work on and the length of tenurial relationship;

(c) location and area of the land they work;

(d) crops planted; and

(e) their share in the harvest or amount of rental paid or wages received.

A copy of the registry or list of all potential CARP beneficiaries in the barangay shall be posted in the barangay hall, school or other public buildings in the barangay where it shall be open to inspection by the public at all reasonable hours.

CHAPTER V
LAND ACQUISITION

SECTION 16. *Procedure for Acquisition of Private Lands.*- For purposes of acquisition of private lands, the following procedures shall be followed:

(a) After having identified the land, the landowners and the beneficiaries, the DAR shall send its notice to acquire the land to the owners thereof, by personal delivery or registered mail, and post the same in a conspicuous place in the municipal building and barangay hall of the place where the property is located. Said notice shall contain the offer of the DAR to pay a corresponding value in accordance with the valuation set forth in Sections 17, 18, and other

pertinent provisions hereof.

(b) Within thirty (30) days from the date of receipt of written notice by personal delivery or registered mail, the landowner, his administrator or representative shall inform the DAR of his acceptance or rejection of the offer.

(c) If the landowner accepts the offer of the DAR, the LBP shall pay the landowner the purchase price of the land within thirty (30) days after he executes and delivers a deed of transfer in favor of the Government and surrenders the Certificate of Title and other muniments of title.

(d) In case of rejection or failure to reply, the DAR shall conduct summary administrative proceedings to determine the compensation for the land by requiring the landowner, the LBP and other interested parties to submit evidence as to the just compensation for the land, within fifteen (15) days from the receipt of the notice. After the expiration of the above period, the matter is deemed submitted for decision. The DAR shall decide the case within thirty (30) days after it is submitted for decision.

(e) Upon receipt by the landowner of the corresponding payment or, in case of rejection or no response from the landowner, upon the deposit with an accessible bank designated by the DAR of the compensation in cash or in LBP bonds in accordance with this Act, the DAR shall take immediate possession of the land and shall request the proper Register of Deeds to issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries.

(f) Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation.

CHAPTER VI
COMPENSATION

SECTION 17. *Determination of Just Compensation.* - In determining just compensation, the cost of acquisition of the land, the current value of like properties, its nature, actual use and income, the sworn valuation by the owner, the tax declarations, and the assessment made by government assessors, shall be considered. The social and economic benefits contributed by the farmers and the farmworkers and by the government to the property as well as the nonpayment of taxes or loans secured from any government financing institution on the said land shall be considered as additional factors to determine its valuation.

SECTION 18. *Valuation and Mode of Compensation.* - The LBP shall compensate the landowner in such amount as may be agreed upon by the landowner and the DAR and the LBP in accordance with the criteria provided for in Sections 16 and 17 and other pertinent provisions hereof, or as may be finally determined by the court as the just compensation for the land.

The compensation shall be paid in one of the following modes, at the option of the landowner:

(1) Cash payment, under the following terms and conditions:

(a) For lands above fifty (50) hectares, insofar as the excess hectarage is concerned	-	Twenty-five percent (25%) cash to be paid in government financial instruments negotiable at any time.
(b) For lands above twenty-four (24) hectares and up to fifty (50) hectares	-	Thirty percent (30%) cash, the balance to be paid in government financial instruments negotiable at any time.
(c) For lands twenty-four (24) hectares and below	-	Thirty-five percent (35%) cash, the balance to be paid in government financial instruments negotiable at any time.

(2) Shares of stock in government-owned or controlled corporations, LBP preferred shares, physical assets or other qualified investments in accordance with guidelines set by the PARC;

(3) Tax credits which can be used against any tax liability;

(4) LBP bonds, which shall have the following features:

(a) Market interest rates aligned with 91-day treasury bill rates. Ten percent (10%) of the face value of the bonds shall mature every year from the date of issuance until the tenth (10th) year: Provided, That should the landowner choose to forego the cash portion, whether in full or in part, he shall be paid correspondingly in LBP bonds;

(b) Transferability and negotiability. Such LBP bonds may be used by the landowner, his successors in interest or his assigns, up to the amount of their face value for any of the following:

(i) Acquisition of land or other real properties of the government, including assets under the Assets Privatization Program and other assets foreclosed by government financial institutions in the same province or region where the lands for which the bonds were paid are situated;

(ii) Acquisition of shares of stock of government-owned or controlled corporations or shares or stock owned by the government in private corporations;

(iii) Substitution for surety or bail bonds for the provisional release of accused persons, or for performance bonds;

(iv) Security for loans with any government financial institution, provided the proceeds of the loans shall be invested in an economic enterprise, preferably in a small and medium-scale industry, in the same province or region as the land for which the bonds are paid;

(v) Payment for various taxes and fees to the government: Provided, That the use of these bonds for these purposes will be limited to a certain percentage of the outstanding balance of the financial instruments: Provided, further, That the PARC shall determine the percentage mentioned above;

(vi) Payment for tuition fees of the immediate family of the original bondholder in government universities, colleges, trade schools and other institutions;

(vii) Payment for fees of the immediate family of the original bondholder in government hospitals; and

(viii) Such other uses as the PARC may from time to time allow.

In case of extraordinary inflation, the PARC shall take appropriate measures to protect the economy.

SECTION 19. *Incentives for Voluntary Offers for Sale.* – Landowners, other than banks and other financial institutions, who voluntarily offer their lands for sale shall be entitled to an additional five percent (5%) cash payment.

SECTION 20. *Voluntary Land Transfer.* - Landowners of agricultural lands subject to acquisition under this Act may enter into a voluntary arrangement for direct transfer of their lands to qualified beneficiaries subject to the following guidelines:

(a) All notices for voluntary land transfer must be submitted to the DAR within the first year of the implementation of the CARP. Negotiations between the landowners and qualified beneficiaries covering any voluntary land transfer which remain unresolved after one (1) year shall not be recognized and such land shall instead be acquired by the government and transferred pursuant to this Act.

(b) The terms and conditions of such transfer shall not be less favorable to the transferee than those of the government 's standing offer to purchase from the landowner and to resell to the beneficiaries, if such offers have been made and are fully known to both parties.

(c) The voluntary agreement shall include sanctions for non-compliance by either party and shall be duly recorded and its implementation monitored by the DAR.

SECTION 21. *Payment of Compensation by Beneficiaries Under Voluntary Land Transfer.*- Direct payment in cash or in kind may be made by the farmer-beneficiary to the landowner under terms to be mutually agreed upon by both parties, which shall be binding upon them, upon registration with and approval by

the DAR. Said approval shall be considered given, unless notice of disapproval is received by the farmer-beneficiary within 30 days from the date of registration.

In the event they cannot agree on the price of the land, the procedure for compulsory acquisition as provided in Section 16 shall apply. The LBP shall extend financing to the beneficiaries for purposes of acquiring the land.

CHAPTER VII
LAND REDISTRIBUTION

SECTION 22. *Qualified Beneficiaries*. - The lands covered by the CARP shall be distributed as much as possible to landless residents of the same barangay, or in the absence thereof, landless residents of the same municipality in the following order of priority:

(a) agricultural lessees and share tenants;

(b) regular farmworkers;

(c) seasonal farmworkers;

(d) other farmworkers;

(e) actual tillers or occupants of public lands;

(f) collective or cooperatives of the above beneficiaries; and

(g) others directly working on the land.

Provided, however, That the children of landowners who are qualified under Section 6 of this Act shall be given preference in the distribution of the land of their parents; and: Provided, further, that actual tenant -tillers in the landholding shall not be ejected or removed therefrom.

Beneficiaries under Presidential Decree No. 27 who have culpably sold, disposed of, or abandoned their land are disqualified to become beneficiaries under this Program.

A basic qualification of a beneficiary shall be his willingness, aptitude and ability to cultivate and make the land as productive as possible. The DAR shall adopt a system of monitoring the record or performance of each beneficiary, so that any beneficiary guilty of negligence or misuse of the land or any support extended to him shall forfeit his right to continue as such beneficiary. The DAR shall submit periodic reports on the performance of the beneficiaries to the PARC.

If, due to landowner's retention rights or to the number of tenants, lessees, or workers on the land, there is not enough land to accommodate any or some of them, they may be granted ownership of other lands available for distribution under this Act, at the option of the beneficiaries.

Farmers already in place and those not accommodated in the distribution of privately-owned lands will be given preferential rights in the distribution of lands from the public domain.

SECTION 23. *Distribution Limit*. - No qualified beneficiary may own more than three (3) hectares of agricultural land.

SECTION 24. *Award to Beneficiaries*. - The rights and responsibilities of the beneficiary shall commence from the time the DAR makes an award of the land to him, which award shall be completed within one hundred eighty (180) days from the time the DAR takes actual possession of the land. Ownership of the beneficiary shall be evidenced by a Certificate of Land Ownership Award, which shall contain the restrictions and conditions provided for in this Act, and shall be recorded in the Register of Deeds concerned and annotated on the Certificate of Title.

SECTION 25. *Award Ceilings for Beneficiaries*. - Beneficiaries shall be awarded an area not exceeding three (3) hectares, which may cover a contiguous tract of land or several parcels of land cumulated up to the prescribed award limits.

For purposes of this Act, a landless beneficiary is one who owns less than three (3) hectares of agricultural land.

The beneficiaries may opt for collective ownership, such as co-ownership or farmers' cooperative or some other form of collective organization: Provided, That the total area that may be awarded shall not exceed the total number of co-owners or members of the cooperative or collective organization multiplied by the award limit above prescribed, except in meritorious cases as determined by the PARC. Title to the property shall be issued in the name of the co-owners or the cooperative or collective organization as the case may be.

SECTION 26. *Payment by Beneficiaries*. - Lands awarded pursuant to this Act shall be paid for by the beneficiaries to the LBP in thirty (30) annual amortizations at six percent (6%) interest per annum. The payments for the firs three (3) years after the award may be at reduced amounts as established by the PARC : Provided, That the first five (5) annual payments may not be more than five percent (5%) of the value of the annual gross production as established by the DAR. Should the scheduled annual payments after the fifth year exceed ten percent (10%) of the annual gross production and the failure to produce accordingly is not due to the beneficiary's fault, the LBP may reduce the interest rate or reduce the principal obligation to make the repayment affordable.

The LBP shall have a lien by way of mortgage on the land awarded to the beneficiary; and this mortgage may be foreclosed by the LBP for non-payment of an aggregate of three (3) annual amortizations. The LBP shall advise the DAR of such proceedings and the latter shall subsequently award the forfeited landholding to other qualified beneficiaries. A beneficiary whose land, as provided herein, has been foreclosed shall thereafter be permanently disqualified from becoming a beneficiary under this Act.

SECTION 27. *Transferability of Awarded Lands.* - Lands acquired by beneficiaries under this Act may not be sold, transferred or conveyed except through hereditary succession, or to the government, or to the LBP, or to other qualified beneficiaries for a period of ten (10) years: Provided, however, That the children or the spouse of the transferor shall have a right to repurchase the land from the government or LBP within the period of two (2) years. Due notice of the availability of the land shall be given by the LBP to the Barangay Agrarian Reform Committee (BARC) of the barangay where the land is situated. The Provincial Agrarian Reform Coordinating Committee (PARCCOM), as herein provided, shall, in turn, be given due notice thereof by the BARC.

If the land has not yet been fully paid by the beneficiary, the rights to the land may be transferred or conveyed, with prior approval of the DAR, to any heir of the beneficiary or to any other beneficiary who, as a condition for such transfer or conveyance, shall cultivate the land himself. Failing compliance herewith, the land shall be transferred to the LBP which shall give due notice of the availability of the land in the manner specified in the immediately preceding paragraph.

In the event of such transfer to the LBP, the latter shall compensate the beneficiary in one lump sum for the amounts the latter has already paid, together with the value of improvements he has made on the land.

SECTION 28 . *Standing Crops at the Time of Acquisition.* - The landowner shall retain his share of any standing crops unharvested at the time the DAR shall take possession of the land under Section 16 of this Act, and shall be given a reasonable time to harvest the same.

CHAPTER VIII
CORPORATE FARMS

SECTION 29. *Farms Owned or Operated by Corporations or Other Business Associations.* - In the case of farms owned or operated by corporations or other business associations, the following rules shall be observed by the PARC.

In general, lands shall be distributed directly to the individual worker-beneficiaries.

In case it is not economically feasible and sound to divide the land, then it shall be owned collectively by the worker-beneficiaries who shall form a workers' cooperative or association which will deal with the corporation or business association. Until a new agreement is entered into by and between the workers' cooperative or association and the corporation or business association, any agreement existing at the time this Act takes effect between the former and the previous landowner shall be respected by both the workers' cooperative or association and the corporation or business association.

SECTION 30. *Homelots and Farmlots for Members of Cooperatives.* -The individual members of the cooperatives or corporations mentioned in the preceeding section shall be provided with homelots and small farmlots for their family use, to be taken from the land owned by the cooperative or corporation.

SECTION 31. *Corporate Landowners.* - Corporate landowners may voluntarily transfer ownership over their agricultural landholdings to the Republic of the Philippines pursuant to Section 20 hereof or to qualified beneficiaries, under such terms and conditions consistent with this Act, as they may agree upon, subject to confirmation by the DAR.

Upon certification by the DAR, corporations owning agricultural lands may give their qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the agricultural land, actually devoted to agricultural activities, bears in relation to the company's total assets, under such terms and conditions as may be agreed upon by them. In no case shall the compensation received by the workers at the time the shares of stocks are distributed be reduced. The same principle shall be applied to associations, with respect to their equity or participation.

Corporations or associations which voluntarily divest a proportion of their capital stock, equity or participation in favor of their workers or other qualified beneficiaries under this section shall be deemed to have complied with the provisions of this Act: Provided, That the following condition are complied with:

(a) In order to safeguard the right of beneficiaries who own shares of stocks to dividends and other financial benefits, the books of the corporation or association shall be subject to periodic audit by certified public accountants chosen by the beneficiaries;

(b) Irrespective of the value of their equity in the corporation or association, the beneficiaries shall be assured of at least one (1) representative in the board of directors, or in a management or executive committee, if one exists, of the corporation or association;

(c) Any shares acquired by such workers and beneficiaries shall have the same rights and features as all other shares; and

(d) Any transfer of shares of stocks by the original beneficiaries shall be void ab initio unless said transaction is in favor of a qualified and registered beneficiary within the same corporation.

If within two (2) years from the approval of this Act, the land or stock transfer envisioned above is not made or realized or the plan for such stock distribution approved by the PARC within the same period, the agricultural land of the corporate owners or corporation shall be subject to the compulsory coverage of this Act.

SECTION 32. *Production-Sharing.* - Pending final land transfer, individuals or entities owning, or operating under lease or management contract, agricultural lands are hereby mandated to execute a production-sharing plan with their farmworkers or farmworkers' organization, if any, whereby three percent (3%) of the gross sales from the production of such lands are distributed within sixty (60) days at the end of the fiscal year as compensation to regular and other farmworkers in such lands over and above the compensation they currently receive: Provided,

That these individuals or entities realize gross sales in excess of five million pesos per annum unless the DAR, upon proper application, determines a lower ceiling.

In the event that the individual or entity realizes a profit, an additional ten percent (10%) of the net profit after tax shall be distributed to said regular and other farmworkers within ninety (90) days at the end of the fiscal year.

To forestall any disruption in the normal operation of lands to be turned over to the farmworker-beneficiaries mentioned above, a transitory period, the length of which shall be determined by the DAR, shall be established.

During this transitory period, at least one percent (1%) of the gross sales of the entity shall be distributed to the managerial, supervisory and technical group in place at the time of the effectivity of this Act, as compensation for such transitory managerial and technical functions as it will perform, pursuant to an agreement that the farmworker-beneficiaries and the managerial, supervisory and technical group may conclude, subject to the approval of the DAR.

SECTION 33. *Payment of Shares of Cooperative or Association.* - Shares of a cooperative or association acquired by farmer-beneficiaries or worker-beneficiaries shall be fully paid for in an amount corresponding to the valuation as determined in the immediately succeeding section. The landowner and the LBP shall assist the farmer-beneficiaries and worker-beneficiaries in the payment for said shares by providing credit financing.

SECTION 34. *Valuation of Lands.* - A valuation scheme for the land shall be formulated by the PARC, taking into account the factors enumerated in Section 17, in addition to the need to stimulate the growth of cooperatives and the objective of fostering responsible participation of the worker-beneficiaries in the creation of wealth.

In the determination of a price that is just not only to the individual but to society as well, the PARC shall consult closely with the landowner and the workers-beneficiaries.

In case of disagreement, the price as determined by the PARC, if accepted by the worker-beneficiaries, shall be followed, without prejudice to the landowner's right to petition the Special Agrarian Court to resolve the issue of valuation.

CHAPTER IX
SUPPORT SERVICES

SECTION 35. *Creation of Support Services Office.* - There is hereby created the Office of Support Services under the DAR to be headed by an Undersecretary.

The office shall provide general support and coordinative services in the implementation of the program, particularly in carrying out the provisions of the following services to farmer-beneficiaries and affected landowners:

(1) Irrigation facilities, especially second crop or dry season irrigation facilities;

(2) Infrastructure development and public works projects in areas and settlements that come under agrarian reform, and for this purpose, the preparation of the physical development plan of such settlements providing suitable barangay sites, potable water and power resources, irrigation systems and other facilities for a sound agricultural development plan.

(3) Government subsidies for the use of irrigation facilities

(4) Price support and guarantee for all agricultural produce;

(5) Extending to small landowners, farmers and farmers' organizations the necessary credit, like concessional and collateral-free loans, for agro-industrialization based on social collaterals like the guarantees of farmers' organizations;

(6) Promoting, developing and extending financial assistance to small and medium-scale industries in agrarian reform areas;

(7) Assigning sufficient numbers of agricultural extension workers to farmers' organization;

(8) Undertake research, development and dissemination of information on agrarian reform and low-cost and ecologically sound farm inputs and technologies to minimize reliance on expensive and imported agricultural inputs;

(9) Development of cooperative management skills through intensive training;

(10) Assistance in the identification of ready markets for agricultural produce and training in other various aspects of marketing; and

(11) Administration, operation, management and funding of support services programs and projects including pilot projects and models related to agrarian reform as developed by the DAR.

SECTION 36. *Funding for Support Services.* - In order to cover the expenses and cost of support services at least twenty-five percent (25%) of all appropriations for agrarian reform shall immediately be set aside and made available for this purpose. In addition, the DAR shall be authorized to package proposals and receive grants, aids and other forms of financial assistance from any source.

SECTION 37. *Support Services to the Beneficiaries.* - The PARC shall ensure that support services to farmer-beneficiaries are provided, such as:

(a) Land surveys and titling;

(b) Liberalized terms on credit facilities and production loans;

(c) Extension services by way of planting, cropping, production and

post-harvest technology transfer, as well as marketing and management assistance and support to cooperatives and farmers' organizations;

(d) Infrastructure such as access trails, mini-dams, public utilities, marketing and storage facilities; and

(e) Research, production and use of organic fertilizers and other local substances necessary in farming and cultivation.

The PARC shall formulate policies to ensure that support services to farmer-beneficiaries shall be provided at all stages of land reform.

The Bagong Kilusang Kabuhayan sa Kaunlaran (BKKK) Secretariat shall be transferred and attached to the LBP, for its supervision, including all its applicable and existing funds, personnel, properties, equipment and records.

Misuse or diversion of the financial and support services herein provided shall result in sanction against the beneficiary guilty thereof, including the forfeiture of the land transferred to him or lesser sanctions as may be provided by the PARC, without prejudice to criminal prosecution.

SECTION 38. *Support Services to Landowners.* - The PARC, with the assistance of such other government agencies and instrumentalities as it may direct, shall provide landowners affected by the CARP and prior agrarian reform programs with the following services:

(a) Investment information, financial and counseling assistance;

(b) Facilities, programs and schemes for the conversion or exchange of bonds issued for payment of the lands acquired with stocks and bonds issued by the National Government, the Central Bank and other government institutions and instrumentalities;

(c) Marketing of LBP bonds, as well as promoting the marketability of said bonds in traditional and non-traditional financial markets and stock exchanges; and

(d) Other services designed to utilize productively the proceeds of the sale of such lands for rural industrialization.

A landowner who invests in rural-based industries shall be entitled to the incentives granted to a registered enterprise engaged in a pioneer or preferred area of investment as provided for in the Omnibus Investment Code of 1987, or to such other incentives as the PARC, the LBP, or other government financial institutions may provide.

The LBP shall redeem a landowner's LBP bonds at face value, provided that the proceeds thereof shall be invested in a BOI- registered company or in any agri-business or agro-industrial enterprise in the region where the landowners has previously made investments, to the extent of thirty percent (30%) of the face value of said LBP bonds, subject to guidelines that shall be issued by the LBP.

SECTION 39. *Land Consolidation.* - the DAR shall carry out land consolidation projects to promote equal distribution of landholdings, to provide the needed infrastructure in agriculture, and to conserve soil fertility and prevent erosion.

CHAPTER X
SPECIAL AREAS OF CONCERN

SECTION 40. *Special Areas of Concern.* - As an integral part of the Comprehensive Agrarian Reform Program, the following principles in these special areas of concern shall be observed:

(1) Subsistence Fishing. - Small fisher folk, including seaweed farmers, shall be assured of greater access to the utilization of water resources;

(2) Logging and Mining Concessions. - Subject to the requirement of a balanced ecology and conservation of water resources, suitable areas, as determined by the Department of Environment and Natural Resources (DENR), in logging, mining and pasture areas, shall be opened up for agrarian settlements whose beneficiaries shall be required to undertake reforestation and conservation of production methods. Subject to existing laws, rules and regulations, settlers and members of tribal communities shall be allowed to enjoy and exploit the products of the forests other than timber within the logging concessions.

(3) Sparsely Occupied Public Agricultural Lands. - Sparsely occupied agricultural lands of the public domain shall be surveyed, proclaimed and developed as farm settlements for qualified landless people based on an organized program to ensure their orderly and early development.

Agricultural land allocations shall be made for ideal family-size farms as determined by the PARC. Pioneers and other settlers will be treated equally in every respect.

Subject to the prior rights of qualified beneficiaries, uncultivated lands of the public domain shall be made available on a lease basis to interested and qualified parties. Parties who will engage in the development of capital-intensive, traditional or pioneering crops shall be given priority.

The lease period, which shall not be more than a total of fifty (50) years, shall be proportionate to the amount of investment and production goals of the lessee. A system of evaluation and audit shall be instituted.

(4) Idle, Abandoned, Foreclosed and sSequestered Lands. - Idle, abandoned, foreclosed and sequestered lands shall be planned for distribution as home lots and family-size farm lots to actual occupants. If land area permits, other landless families shall be accommodated in these lands.

(5) Rural Women. - All qualified women members of the agricultural labor force must be guaranteed and assured equal rights to ownership of the land, equal shares of the farm's produce, and representation in advisory or appropriate decision-making

bodies.

(6) Veterans and Retirees. - In accordance with Section 7 of Article XVI of the Constitution, landless war veterans and veterans of military campaigns, their surviving spouses and orphans, retirees of the Armed Forces of the Philippines (AFP) and the Integrated National Police (INP), returnees, surrenderees, and similar beneficiaries shall be given due consideration in the disposition of agricultural lands of the public domain.

(7) Agriculture Graduates. - Graduates of agricultural schools who are landless shall be assisted by the government, through the DAR, in their desire to own and till agricultural lands.

CHAPTER XI
PROGRAM IMPLEMENTATION

SECTION 41. *The Presidential Agrarian Reform Council.* - The Presidential Agrarian Reform Council (PARC) shall be composed of the President of the Philippines as Chairman, the Secretary of Agrarian Reform as Vice-Chairman and the following as members: Secretaries of the Departments of Agriculture; Environment and Natural Resources; Budget and Management ; LocalGovernment; Public Works and Highways; Trade and Industry; Finance; Labor and Employment; Director-General of the National Economic and Development Authority; President, Land Bank of the Philippines; Administrator, National Irrigation Administration; and three (3) representatives of affected landowners to represent Luzon, Visayas and Mindanao; six (6) representatives of agrarian reform beneficiaries, two (2) each from Luzon, Visayas and Mindanao, provided that one of them shall be from the cultural communities.

SECTION 42. *Executive. Committee.* - There shall be an Executive Committee (EXCOM) of the PARC composed of the Secretary of the DAR as Chairman, and such other members as the President may designate, taking into account Article XIII, Section 5 of the Constitution. Unless otherwise directed by the PARC, the EXCOM may meet and decide on any and all matters in between meetings of the PARC: Provided, however, That its decisions must be reported to the PARC immediately and not later than the next meeting.

SECTION 43. *Secretariat.* - A PARC Secretariat is hereby established to provide general support and coordinative services such as inter-agency linkages; program and project appraisal and evaluation and general operations monitoring for the PARC.

The Secretariat shall be headed by the Secretary of Agrarian Reform who shall be assisted by an Undersecretary and supported by a staff whose composition shall be determined by the PARC Executive Committees and whose compensation shall be chargeable against the Agrarian Reform Fund. All officers and employees of the Secretariat shall be appointed by the Secretary of Agrarian Reform.

SECTION 44. *Provincial Agrarian Reform Coordinating Committee (PARCCOM).* - A Provincial Agrarian Reform Coordinating Committee (PARCCOM) is hereby created in each province, composed of a Chairman, who shall be appointed by the President upon the recommendation of the EXCOM, the Provincial Agrarian Reform Officer as Executive Officer, and one (1) representative each from the Department of Agriculture, Department of Environment and Natural Resources and from the LBP; one (1) representative each from existing farmers' organizations, agricultural cooperatives and non-governmental organizations in the province; two (2) representatives from landowners at least one (1) of whom shall be a producer representing the principal crop of the province; and two (2) representatives from farmer and farmworker beneficiaries, at least one (1) of whom shall be a farmer or farm worker representing the principal crop of the province, as members: Provided, That in areas where there are cultural communities, the latter shall likewise have one (1) representative.

The PARCCOM shall coordinate and monitor the implementation of the CARP in the province. It shall provide information on the provisions of the CARP, guidelines issued by the PARC and on the progress of the CARP in the province.

SECTION 45 *Province-by-Province Implementation.* - The PARC shall provide the guidelines for the province-by-province implementation of the CARP. The ten-year program of distribution of public and private lands in each province shall be adjusted from year to year by the province's PARCCOM in accordance with the level of operations previously established by the PARC, in every case ensuring that support services are available or have been programmed before actual distribution is effected.

SECTION 46. *Barangay Agrarian Reform Committee (BARC).* - Unless otherwise povided in this Act, the provisions of Executive Order No. 229 regarding the organization of the Barangay Agrarian Reform Committee (BARC) shall be in effect.

SECTION 47. *Functions of the BARC.* - In addition to those provided in Executive Order No. 229, the BARC shall have the following functions:

(a) Mediate and conciliate between parties involved in an agrarian dispute including matters related to tenurial and financial arrangements;

(b) Assist in the identification of qualified beneficiaries and landowners within the barangay;

(c) Attest to the accuracy of the initial parcellary mapping of the beneficiary's tillage;

(d) Assist qualified beneficiaries in obtaining credit from lending institutions;

(e) Assist in the initial determination of the value of the land;

(f) Assist the DAR representative in the preparation of periodic reports on the CARP implementation for submission to the DAR;

(g) Coordinate the delivery of support services to beneficiaries; and

(h) Perform such other functions as may be assigned by the DAR .

(i) The BARC shall endeavor to mediate, conciliate and settle agrarian disputes lodged before it within thirty (30) days from its taking cognizance thereof. If after the lapse of the thirty day period, it is unable to settle the dispute, it shall issue a certification of its proceedings and shall furnish a copy thereof upon the parties within seven (7) days after the expiration of the thirty day period.

SECTION 48. *Legal Assistance.* - The BARC or any member thereof may, whenever necessary in the exercise of any of its functions hereunder, seek the legal assistance of the DAR and the provincial, city, or municipal government.

SECTION 49. *Rules and Regulations.* - The PARC and the DAR shall have the power to issue rules and regulations, whether substantive or procedural, to carry out the objects and purposes of this Act. Said rules shall take effect ten (10) days after publication in two (2) national newspapers of general circulation.

CHAPTER XII
ADMINISTRATIVE ADJUDICATION

SECTION 50. *Quasi-Judicial Powers of the DAR.* - The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all matters involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the Department of Agriculture (DA) and the Department of Environment and Natural Resources (DENR).

It shall not be bound by technical rules of procedure and evidence but shall proceed to hear and decide all cases, disputes or controversies in a most expeditious manner, employing all reasonable means to ascertain the facts of every case in accordance with justice and equity and the merits of the case. Toward this end, it shall adopt a uniform rule of procedure to achieve a just, expeditious and inexpensive determination of every action or proceeding before it.

It shall have the power to summon witnesses, administer oaths, take testimony, require submission of reports, compel the production of books and documents and answers to interrogatories and issue subpoena, and subpoena duces tecum and to enforce its writs through sheriffs or other duly deputized officers. It shall likewise have the power to punish direct and indirect contempts in the same manner and subject to the same penalties as provided in the Rules of Court .

Responsible farmer leaders shall be allowed to represent themselves, their fellow farmers, or their organizations in any proceedings before the DAR: Provided, however, that when there are two or more representatives for any individual or group,

the representatives should choose only one among themselves to represent such party or group before any DAR proceedings.

Notwithstanding an appeal to the Court of Appeals, the decision of the DAR shall be immediately executory.

SECTION 51. *Finality of Determination.* - Any case or controversy before it shall be decided within thirty (30) days after it is submitted for resolution. Only one (1) motion for consideration shall be allowed. Any order, ruling or decision shall be final after the lapse of fifteen (15) days from receipt of a copy thereof.

SECTION 52. *Frivolous Appeals.* - To discourage frivolous or dilatory appeals from the decisions or order on the local or provincial levels, the DAR may impose reasonable penalties, including but not limited to, fines or censures upon erring parties.

SECTiON 53. *Certification of the BARC.* - The DAR shall not take cognizance of any agrarian dispute or controversy unless a certification from the BARC that the dispute has been submitted to it for mediation and conciliation without any success of settlement is presented: Provided, however, that if no certification is issued by the BARC within thirty (30) days after a matter or issue is submitted to it for mediation or conciliation, the case or dispute may be brought before the PARC.

CHAPTER XIII
JUDICIAL REVIEW

SECTION 54. *Certiorari.* - Any decision, order, award or ruling of the DAR on any agrarian dispute or on any matter pertaining to the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform may be brought to the Court of Appeals by certiorari except as otherwise provided in this Act within fifteen (15) days from receipt of a copy thereof.

The findings of fact of the DAR shall be final and conclusive if based on substantial evidence.

SECTION 55. *No Restraining Order or Preliminary Injunction.*- No court in the Philippines shall have jurisdiction to issue any restraining order or writ of preliminary injunction against the PARC or any of its duly authorized or designated agencies in any case, dispute or controversy arising from, necessary to, or in connection with the application, implementation, enforcement, or interpretation of this Act and other pertinent laws on agrarian reform.

SEC.TION 56. *Special Agrarian Court.* - The Supreme Court shall designate at least one (1) branch of the Regional Trial Court (RTC) within each province to act as a Special Agrarian Court.

The Supreme Court may designate more branches to constitute such addi-

tional Special Agrarian Courts as may be necessary to cope with the number of agrarian cases in each province. In the designation, the Supreme Court shall give preference to the Regional Trial Courts which have been assigned to handle agrarian cases or whose presiding judges were former judges of the defunct Court of Agrarian Relations.

The Regional Trial Court (RTC) judges assigned to said courts shall exercise said special jurisdiction in addition to the regular jurisdiction of their respective courts.

The Special Agrarian Courts shall have the powers and prerogatives inherent in or belonging to the Regional Trial Courts.

SECTION 57. *Special Jurisdiction* . - The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts unless modified by this Act.

The Special Agrarian Courts shall decide all appropriate cases under their special jurisdiction within thirty (30) days from submission of the case for decision.

SECTION 58. *Appointment of Commissioners*. - The Special Agrarian Courts, upon their own initiative or at the instance of any of the parties, may appoint one or more commissioners to examine, investigate and ascertain facts relevant to the dispute, including the valuation of properties, and to file a written report thereof with the court.

SECTION 59. *Orders of the Special Agrarian Courts*. - No order of the Special Agrarian Courts on any issue, question, matter or incident raised before them shall be elevated to the appellate courts until the hearing shall have been terminated and the case decided on the merits.

SECTION 60. *Appeals*.- An appeal may be taken from the decision of the Special Agrarian Courts by filing a petition for review with the Court of Appeals within fifteen (15) days from receipt of notice of the decision; otherwise, the decision shall become final.

An appeal from the decision of the Court of Appeals, or from any order, ruling or decision of DAR, as the case may be, shall be by a petition for review with the Supreme Court within a non-extendible period of fifteen (15) days from receipt of a copy of said decision.

SECTION 61. *Procedure on Review*. - Review by the Court of Appeals or the Supreme Court, as the case may be, shall be governed by the Rules of Court. The Court of Appeals, however, may require the parties to file simultaneous memoranda within a period of fifteen (15) days from notice, after which the case is deemed submitted for decision.

SECTION 62. *Preferential Attention in Courts*. - All courts in the Philippines, both trial and appellate, shall give preferential attention to all cases arising from or in connection with the implementation of this Act.

All cases pending in court arising from or in connection with the implementation of this Act shall continue to be heard, tried and decided into their finality, notwithstanding the expiration of the ten-year period mentioned in Section 5 hereof.

CHAPTER XIV
FINANCING

SECTION 63. *Funding Source*.- The initial amount needed to implement this Act for the period of ten (10) years upon approval hereof shall be funded from the Agrarian Reform Fund created under Sections 20 and 21 of Executive Order No. 229.

Additional amounts are hereby authorized to be appropriated as and when needed to augment the Agrarian Reform Fund in order to fully implement the provisions of this Act.

Sources of funding or appropriations shall include the following:

(a) Proceeds of the sales of the Assets Privatization Trust;

b) All receipts from assets recovered and from sale of ill-gotten wealth recovered through the Presidential Commission on Good Government;

(c) Proceeds of the disposition of the properties of the Government in foreign countries;

(d) Portion of amounts accruing to the Philippines from all sources of official foreign aid grants and concessional financing from all countries, to be used for the specific purposes of financing production credits, infrastructures, and other support services required by this Act;

(e) Other government funds not otherwise appropriated.

All funds appropriated to implement the provisions of this Act shall be considered continuing appropriations during the period of its implementation.

SECTION 64. *Financial Intermediary for the CARP*. - The Land Bank of the Philippines shall be the financial intermediary for the CARP, and shall insure that the social justice objectives of the CARP shall enjoy a preference among its priorities.

CHAPTER XV
GENERAL PROVISIONS

SECTION 65. *Conversion of Lands* . - After the lapse of five (5) years from its award, when the land ceases to be economically feasible and sound for agricultural purposes, or the locality has become urbanized and the land will have a greater economic value for residential, commercial or industrial purposes, the DAR, upon application of the beneficiary or the landowner, with due notice to the affected parties, and subject to existing laws, may authorize the reclassification or conversion of the land and its disposition: Provided, That the beneficiary shall have fully paid his obligation.

SECTION 66. *Exemptions from Taxes and Fees of Land Transfers.* Transactions under this Act involving a transfer of ownership, whether from natural or juridical persons, shall be exempted from taxes arising from capital gains. These transactions shall also be exempted from the payment of registration fees, and all other taxes and fees for the conveyance or transfer thereof: Provided, That all arrearages in real property taxes, without penalty or interest, shall be deductible from the compensation to which the owner may be entitled.

SECTION 67. *Free Registration of Patents and Titles.* - All Registers of Deeds are hereby directed to register, free from payment of all fees and other charges, patents, titles and documents required for the implementation of the CARP.

SECTION 68. *Immunity of Government Agencies from Undue Interference.* - No injunction, restraining order, prohibition or mandamus shall be issued by the lower courts against the Department of Agrarian Reform (DAR), Department of Agriculture (DA), the Department of Environment and Natural Resources (DENR), and the Department of Justice (DOJ) in their implementation of the Program.

SECTION 69. *Assistance of Other Government Entities.*- The PARC, in the exercise of its functions, is hereby authorized to call upon the assistance and support of other government agencies, bureaus and offices, including government-owned and controlled corporations.

SECTION 70. *Disposition of Private Agricultural Lands.* - The sale or disposition of agricultural lands retained by a landowner as a consequence of Section 6 hereof shall be valid as long as the total landholdings that shall be owned by the transferee thereof inclusive of the land to be acquired shall not exceed the landholding ceiling provided for in this Act.

Any sale or disposition of agricultural lands after the effectivity of this Act found to be contrary to the provisions hereof shall be null and void.

Transferees of agricultural lands shall furnish the appropriate Register of Deeds and the BARC an affidavit attesting that his total landholdings as a result of the said acquisition do not exceed the landholding ceiling. The Register of Deeds shall not register the transfer of any agricultural land without the submission of his sworn statement together with proof of service of a copy thereof to the BARC.

SECTION 71. *Bank Mortgages.* - Banks and other financial institutions 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, regardless of area, subject to existing laws on compulsory transfer of foreclosed assets and acquisition as prescribed under Section 16 of this Act.

SECTION 72 . *Lease, Management, Grower or Service Contracts, Mortgages and Other Claims.* - Lands covered by this Act under lease, management, grower or service contracts, and the like shall be disposed of as follows:

(a) Lease, management, grower or service contracts covering private lands may continue under their original terms and conditions until the expiration of the same even if such land has, in the meantime, been transferred to qualified beneficiaries.

(b) Mortgages and other claims registered with the Register of Deeds shall be assumed by the government up to an amount equivalent to the landowner's compensation value as provided in this Act.

SECTION 73. *Prohibited Acts and Omissions.* - The following are prohibited:

(a) The ownership or possession, for the purpose of circumventing the provisions of this Act, of agricultural lands in excess of the total retention limits or award ceilings by any person, natural or juridical, except those under collective ownership by farmer-beneficiaries.

(b) The forcible entry or illegal detainer by persons who are not qualified beneficiaries under this Act to avail themselves of the rights and benefits of the Agrarian Reform Program;

(c) The conversion by any landowner of his agricultural land into any non-agricultural use with intent to avoid the application of this Act to his landholdings and to dispossess his tenant farmers of the land tilled by them;

(d) The willful prevention or obstruction by any person, association or entity of the implementation of the CARP;

(e) The sale, transfer, conveyance or change of the nature of lands outside of urban centers and city limits either in whole or in part after the effectivity of this Act. The date of the registration of the deed of conveyance in the Register of Deeds with respect to titled lands and the date of the issuance of the tax declaration to the transferee of the property with respect to unregistered lands, as the case may be, shall be conclusive for the purpose of this Act;

(f) The sale, transfer or conveyance by a beneficiary of the right to use or any other usufructuary right over the land be acquired by virtue of being a beneficiary, in order to circumvent the provisions of this Act.

SECTION 74 . *Penalties.* - Any person who knowingly or willfully violates the provisions of this Act shall be punished by imprisonment of not less than one

(1) month to not more than three (3) years or a fine of not less than fifteen thousand pesos (P15,000.00), or both, at the discretion of the court.

If the offender is a corporation or association, the officer responsible therefor shall be criminally liable

SECTION 75. *Suppletory Application of Existing Legislation.* - The provisions of Republic Act Number 3844, as amended, Presidential Decree Numbers 27 and 266 as amended, Executive Order Numbers 228 and 229, both Series of 1987, and other laws not inconsistent with this Act shall have suppletory effect.

SECTION 76. *Repealing Clause.* - Section 35 of Republic Act Number 3844, Presidential Decree Number 316, the last two paragraphs of Section 12 of Presidential Decree No. 946, Presidential Decree Number 1038, and all other laws, decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 77. *Separability Clause.* - If, for any reason, any section or provision of this Act is declared null and void, no other section, provision or part thereof shall be affected and the same shall remain in full force and effect.

SECTION 78. *Effectivity Clause.* - This Act Shall take effect immediately after publication in at least two (2) national newspapers of general circulation.

Approved:

(SGD.) RAMON V. MITRA
Speaker of the House of Representatives

(SGD.) JOVITO R. SALONGA
President of the Senate

This Act which is a consolidation of Senate Bill No. 249 and House Bill No. 400 was finally passed by both the Senate and the House of Representatives on June 7, 1988.

(SGD.) QUIRINO D. ABAD SANTOS, JR.
Secretary of the House of Representatives

(SGD.) EDWIN P. ACOBA
Acting Secretary of the Senate

Approved: June 10, 1988

(SGD.) CORAZON C. AQUINO
President of the Philippines

MALACANANG
Manila
PRESIDENTIAL DECREE NO. 27

DECREEING THE EMANCIPATION OF TENANTS FROM THE BONDAGE OF THE SOIL TRANSFERRING TO THEM THE OWNERSHIP OF THE LAND THEY TILL AND PROVIDING THE INSTRUMENTS AND MECHANISM THEREFORE.

Inasmuch as the old concept of land ownership by a few has spawned valid and legitimate grievances that gave rise to violent conflict and social tension.

The redress of such legitimate grievances being one of the fundamental objectives of the New Society.

Since Reformation must start with the emancipation of the tiller of the soil from his bondage.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander in Chief of the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1 dated September 22, 1972, as amended do hereby decree and order the emancipation of all tenant farmers as of this, October 21, 1972.

This shall apply to tenant-farmers of private agricultural lands primarily devoted to rice and corn under a system of share-crop or lease-tenancy, whether classified as landed estate or not;

The tenant-farmer, whether in land classified as landed estate or not shall be deemed owner of a portion constituting a family-size farm of five (5) hectares if not irrigated and three (3) hectares if irrigated;

In all cases, the landowner may retain an area of not more than seven (7) hectares if such landowner is cultivating such area or will now cultivate it.

For the purpose of determining the cost of the land to be transferred to the tenant-farmer pursuant to this Decree, the value of the land shall be equivalent to two and one half (2 ½) times the average harvest of three normal crop years immediately preceding the promulgation of this Decree;

The total cost of the land, including interest at the rate of six (6) percentum per annum, shall be paid by the tenant in fifteen (15) years of fifteen (15) equal annual amortizations;

In case of default, the amortizations due shall be paid by the farmer's cooperative in which the defaulting tenant-farmer is a member, with the cooperatives having a right of resource against him;

The government shall guarantee such amortizations with shares of stock in government-owned and government controlled corporations;

No title to the land owned by the tenant-farmers under this Decree shall be actually issued to a tenant-farmer unless and until the tenant-farmer has become a full-pledged member of a duly recognized farmer's cooperative;

Title to land acquired pursuant to this Decree or the Land Reform Program of the Government shall not be transferable except by hereditary succession or to the Government in accordance with the provisions of this Decree, the Code of Agrarian Reform and other existing laws and regulations.

The Department of Agrarian Reform through its Secretary is hereby empowered to promulgate rules and regulations for the implementation of this Decree.

All laws, executive orders, decrees and rules and regulations, or parts thereof, inconsistent with this Decree are hereby repealed and/or modified accordingly.

Done in the City of Manila this 21st day of October, in the year of Our Lord, nineteen hundred and seventy-two.

(SGD.) FERDINAND E. MARCOS
President of the Philippines

MALACANANG PALACE
Manila

PROCLAMATION NO. 131
INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM

WHEREAS, we have proclaimed the revival and development of the full potential of Philippine agriculture to be an economic priority of our new democracy so as to provide a firm foundation for the industrialization of our economy, and thereby assure the genuine independence of our country;

WHEREAS, it is necessary to make our new democracy meaningful by increasing the productivity of the farming sector and increasing the incomes of farmers, regular farmworkers, and other farmworkers;

WHEREAS, the essential element in any policy of agricultural revival and development is a comprehensive and realistic agrarian reform program;

WHEREAS, such an agrarian reform program will encourage the shift of capital from land to industry;

WHEREAS, realizing these imperatives, the President declared in the 1986 Presidential campaign that she would undertake an agrarian reform program;

WHEREAS, there is a need for all to address agrarian reform in the spirit of cooperation, harmony, and understanding, a spirit which must pervade the process as a whole, in its voluntary as well as non-voluntary aspects, for the country faces problems and challenges that require national unity;

WHEREAS, agrarian reform indispensably entails the participation of all concerned in the planning, organization, and management of the program;

WHEREAS, the entire Filipino people, together with all government agencies and private organizations, must extend priority support and full cooperation to implement this program effectively;

WHEREAS, there is a need for the program to be realistic and flexible in order to succeed, to take account of differences from place to place, from community to community, so that no single and rigid prescription would be unfairly and unwisely applied to all regardless of special features and circumstances, and to be within the present and foreseeable capabilities of the nation;

WHEREAS, the program further requires available funding that is definite as to source and timing;

WHEREAS, the education, re-orientation, and motivation of farmers, regular farmworkers, and other farmworkers, in their new role and responsibilities, along with steps to ensure that the program will result in increased productivity and

better income for the beneficiaries, are also called for;

WHEREAS, all these and other infrastructure requirements must further be provided for by other legislation and measures;

WHEREAS, the President recognizes as a partner to this continuing undertaking the co-equal Branch of the Congress of the Philippines, whose Senate is elected at large and therefore speaks for the nation, and whose House of Representatives articulates the needs and problems of the constituencies and sectors in the land;

WHEREAS, in the last analysis, the times undeniably call for change, and the need to undertake the agrarian reform program can no longer wait, so that alternative lies but to adopt a program that is workable, sufficiently funded and, above all, aimed to succeed for the nation can no more afford its failure than its lack;

WHEREAS, the forces of history and the Constitution, the pressing needs of the times, the capabilities of the present, and the age-old aspirations of the Filipino people demand such an agrarian reform program.

WHEREFORE, the Constitution of the Philippines provides the following:

"ART. II"

"DECLARATION OF PRINCIPLES AND STATE POLICIES"

x x x

"SECTION 21. The state shall promote comprehensive rural development and agrarian reform."

"ART. XXII"

"NATIONAL ECONOMY AND PATRIMONY"

x x x

"SECTION 1 par. 2: The state shall promote industrialization and full employment based on sound agricultural development and agrarian reform, x x x ".

"ART. XIII"

"SOCIAL JUSTICE AND HUMAN RIGHTS"

x x x

"AGRARIAN AND NATURAL RESOURCES REFORM"

"SECTION 4. The State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively the lands they till or in the case of other farmworkers, to receive a just share of the fruits thereof. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation. In determining the retention limits, the State shall respect the right of small landowners. The State shall further provide incentives for voluntary landsharing."

"SECTION 5. The State shall recognize the right of the farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers' organizations to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services."

"SECTION 6. The State shall apply the principles of agrarian reform or stewardship, whenever applicable in accordance with law, in the disposition or utilization of other natural resources, including lands of the public domain under lease or concession suitable to agriculture, subject to prior rights, homestead rights of small settlers, and the right of indigenous communities to their ancestral lands.

The State may resettle landless farmers and farmworkers in its own agricultural estates which shall be distributed to them in the manner provided by law."

xx xx xx

"SECTION 8. The State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment creation, and privatization of public sector enterprises. Financial instruments used as payment for their lands shall be honored as equity in enterprises of their choice."

Art. XVIII

TRANSITORY PROVISIONS

x x x

"SECTION 22. At the earliest possible time, the Government shall expropriate idle or abandoned agricultural lands as may be defined by law, for distribution to the beneficiaries of the agrarian reform program."

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. *Scope.* A Comprehensive Agrarian Reform Program (CARP) is hereby instituted which shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in the Constitution, including whenever applicable in accordance with law, other lands of the public domain suitable to agriculture.

SECTION 2. *Agrarian Reform Fund.* There is hereby created a special fund, to be known as the Agrarian Reform Fund, an initial amount of FIFTY BILLION PESOS (P50,000,000,000.00) to cover the estimated cost of the Comprehensive Agrarian Reform Program from 1987 to 1992 which shall be sourced from the receipts of the sale of the assets of the Asset Privatization Trust and receipts of sale of ill-gotten wealth received through the Presidential Commission on Good Government and such other sources as government may deemed appropriate. The amounts collected and accruing to this special fund shall be considered automatically appropriated for the purpose authorized in this Proclamation.

SECTION 3. *Implementation.* The provisions for the mechanisms needed initially to implement the Comprehensive Agrarian Reform Program are set forth in Executive Order No. 229 dated July 22, 1987, which is a companion measure to this Proclamation.

SECTION 4. *Effectivity and Repealing Clause.* This Proclamation shall take effect immediately upon its approval and repeals or amends accordingly all laws, issuances, decrees or any parts thereof inconsistent with its provisions.

APPROVED, in the City of Manila, Philippines, this 22nd day of July 1987.

(SGD.) CORAZON C. AQUINO
President

By the President:

JOKER P. ARROYO
Executive Secretary

MALACAÑANG
Manila

EXECUTIVE ORDER NO. 229

PROVIDING THE MECHANISMS FOR THE IMPLEMENTATION OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM

WHEREAS, by virtue of Proclamation No. 131 dated July 22, 1987 the Comprehensive Agrarian Reform Program has been instituted;

WHEREAS, there is a need to provide for the mechanisms to start the implementation of the program;

WHEREAS, public hearings and consultations were held to determine appropriate mechanisms capable of being established;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

CHAPTER I. COVERAGE

SECTION 1. *Scope.* The Comprehensive Agrarian Reform Program (CARP) shall cover, regardless of tenurial arrangement and commodity produced, all public and private agricultural lands as provided in Proclamation No. 131 dated July 22, 1987, including whenever applicable in accordance with law, other lands of the public domain suitable to agriculture.

SECTION 2. *Implementation.* Land acquisition and distribution shall be implemented as provided in this Order as to all kinds of lands under the coverage of the program, subject to such priorities and reasonable retention limits as the Congress may under the Constitution prescribed, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation.

SECTION 3. *Exemptions.* Lands actually used and found to be necessary for national defense, school sites and campuses, religious purposes, penal colonies, and government research and quarantine centers, are exempted from the coverage of the program.

SECTION 4. *Compulsory Registration.* Within one hundred eighty (180) days from the effectivity of this Order all natural and juridical persons, including government entities, owning, leasing or managing agricultural lands, shall file a sworn statement in the proper Assessor's Office in the form to be prescribed by the Department of Agrarian Reform (DAR). This statement shall include among others, (a) the description and area of the property; (b) the estimated average gross income from the property; (c) the names of all tenants and regular farmworkers therein; (d) the crop(s) planted in the property and the area covered by each crop as of June 1, 1987; (e) the terms of mortgages, leases, and management contracts

subsisting as of June 1, 1987; (f) the latest declared market value of the land as determined by the City/Provincial Assessor; and (g) a sworn declaration of the current fair market value, which the owner wishes to received if the property should be acquired by the government for agrarian reform purposes.

If the landowner fails to register within the prescribed period, the government shall base the valuation of his property for landowner compensation purposes on the City/Provincial Assessor's value. Beginning with the quarter immediately following this registration, the real property tax payable shall be based on the above mentioned owner's declaration of current fair market value.

CHAPTER II. PRIVATE LAND ACQUISITION

SECTION 5. *Procedure of Acquisition.* After the land, landowners, and beneficiaries shall have been identified, the DAR shall publish its decision to acquire the land and notify the landowners thereof, together with the offer of the DAR to pay for the land as provided in Section 6 hereunder.

Wherein fifteen (15) days from publication and notice, landowner shall signify to the DAR his acceptance or rejection of the offer.

If the landowner accepts the offer of the DAR, the Land Bank of the Philippines (LBP) shall pay the landowner the purchase price of the land within fifteen (15) days after he surrenders the Certificates of Title and other relevant documents required by the DAR and the LBP.

In case of rejection or if no reply is received, the DAR shall conduct administrative summary proceedings to determine the compensation for the land, requiring the landowner, the LBP, and other interested parties to submit within fifteen (15) days from the receipt of notice, evidence as to the compensation for the land. After the expiration of the above period, the matter is deemed submitted for decision.

Within fifteen (15) days from receipt of the decision, the LBP shall establish a trust fund for the landowner concerned in the amount decided and notify the landowner and the DAR of its establishment.

Any party who disagrees with the decision may bring the matter to the proper court for determination of just compensation.

After the establishment of the trust fund or receipt by the DAR of the landowner's acceptance of the offer the DAR shall take immediate possession of the land. Upon formal notification by the DAR, the Register of Deeds shall issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines as Trustee for and in behalf of qualified beneficiaries. Thereupon, the DAR shall proceeds with the redistribution of the land to the qualified beneficiaries.

The rights and responsibilities of ownership by the beneficiaries commence at the time of their designation as awardees-owners by the DAR, as evidenced by a Certificate of Landownership Award in their favor.

SECTION 6. *Compensation to Landowners.* The LBP shall compensate the landowner an amount to be established by the government, which shall be based on the owner's declaration of current fair market value as provided in Section 4 hereof, but subject to certain controls to be defined and promulgated by the Presidential Agrarian Reform Council (PARC) as provided in Section 18 hereof. The compensation shall be paid in any of the following modes, at the option of the landowner:

(a) Bond payment over ten (10) years, with ten (10%) percent of the value of the land payable immediately in cash and the balance in the form of LBP bonds bearing market rates of interest that are aligned with 91-day treasury bills rates, net of applicable final withholding tax. One-tenth of the face value of the bonds shall mature every year from the date of issuance until the tenth year.

The LBP bonds issued hereunder shall be eligible at face value for the purchase of government assets to be privatized;

(b) Direct payment in cash or kind by the farmer-beneficiaries with the terms to be mutually agreed upon by the beneficiaries and landowners and subject to the approval of the DAR; and

(c) Other modes of payment as may be prescribed or approved by the PARC.

SECTION 7. *Assistance to Landowners.* Landowners affected by this Order shall be assisted and provided by the LBP with the following services:

(a) Investment information and counseling assistance;

(b) Conversion and/or exchange of LBP bonds; to/from government stocks and/or with government assets; and

(c) Marketing of LBP bonds.

CHAPTER III. LAND TRANSFER, UTILIZATION AND SHARING

SECTION 8. *Voluntary Land Transfer.* Landowners whose lands are subject to redistribution under this Order have the option of entering into a voluntary agreement for direct transfer of their lands to appropriate beneficiaries, under terms and conditions acceptable to both parties and subject to the approval of the DAR: The general guidelines for voluntary land transfer are:

(a) The beneficiaries are determined by the DAR to be the same individuals who would be eligible to purchase the land in case the government under this Order acquired the land for resale;

(b) The area of land to be transferred is no less than the area which the government, under this Order, would otherwise acquire for resale;

(c) The terms and conditions of the government's standing offer

to purchase from the landowner and standing offer to resell to the beneficiaries are fully known and understood by both parties;

(d) The voluntary transfer agreement shall include sanctions for non-compliance by either party and shall be binding and irrevocable for both parties, and shall be duly recorded at and monitored by the DAR.

SECTION 9. *Voluntary Offer to Sell.* The government shall purchase all agricultural lands it deems productive and suitable to farmer cultivation voluntarily offered for sale to it at a valuation determined in accordance with Section 6. Such transactions shall be exempt from the payment of capital gains tax and other taxes and fees.

SECTION 10. *Corporate Landowners.* Corporate landowners may give their workers and other qualified beneficiaries the right to purchase such proportion of the capital stock of the corporation that the land assets bear in relation to the corporation's total assets, and grant additional compensation which may be used for this purpose. The approval by the PARC of a plan for such stock distribution, and its initial implementation, shall be deemed compliance with the land distribution requirements of the CARP.

SECTION 11. *Leases, Management Contracts, Mortgages, and Claims* Leases and management contracts on land covered by land distribution ar registered with the Register of Deeds prior to the approval of this Ord may continue under their original terms and conditions, but not beyon five (5) years from the effectivity of the Order; provided that upon expiratior leases and management contracts may only be renewed subject to the agreement of the qualified beneficiaries; and provided further that upon the distribution or award of the land, where the existing lease rentals are not acceptable to the qualified beneficiaries, such rentals shall be renegotiated with the assistance of the Barangay Agrarian Reform Council (BARC). If the parties fail to agree, the DAR shall determine the rental Mortgages and other claims registered with the Register of Deeds will be assumed by the Government up to the landowner's compensation value as provided for in Section 6 hereof.

SECTION 12. *Payment of Beneficiaries.* Land acquired and redistributed by the government shall be paid for by the beneficiaries in thirty (30) equal annual payments at six (6) percent per annum interest with the first payment due one year after resale, and a two (2) percent interest rebate for amortizations paid on time, provided, that in no case shall the annual amortizations exceed ten (10) percent of the land's annual value of gross production. Should the amortization exceed ten (10) percent, the LBP shall reduce the interest rate and or reduce the principal obligation to make the repayments affordable. Incentives shall be given for prepayments.

The LBP shall have a lien by way of mortgage on the land acquired by the beneficiary and this mortgage may be foreclosed by the LBP when the outstanding principal balance unpaid and past due reaches the equivalent of the three (3) annual amortizations.

SECTION 13. *Credit Support.* Upon land transfer, each beneficiary who actually farms his land shall be eligible for a production loan to finance one crop cycle under terms and conditions to be determined by the LBP on a case to case basis, renewable upon repayment.

SECTION 14. *Collective or Individual Ownership.* For lands with multiple beneficiaries, ownership of whole parcels or estates may be transferred to the farmer-beneficiaries collectively or individually, at the option of the beneficiaries, provided, that in collective ownership, each beneficiary shall have an undivided share of the land held in common equivalent to not more than the applicable retention limit. The beneficiaries may collectively decide on the continued operation of the parcels/estate as a whole or to subdivide the same into individual lots and determine the manner in which such subdivision is to be implemented.

SECTION 15. *Distribution and Utilization of Public Lands.* All alienable and disposable lands of the public domain suitable for agriculture and outside proclaimed settlements shall be distributed by the Department of Environment and Natural Resources (DENR) to qualified beneficiaries as certified to jointly by the DAR and the DENR.

SECTION 16. *Production Sharing.* Individuals or entities owning and/or operating under lease agricultural lands with gross sales in excess of Five Million Pesos (P5 million) per annum are hereby mandated to execute a production sharing plan whereby at least two and one-half (2.5) percent of the gross sales from the production/cultivation of such lands are distributed as compensation to the farmworkers over and above the compensation they currently receive, provided that such individuals or entities are not obligated to pay more than 100 percent of the regular annual compensation of the farmworkers.

CHAPTER IV. IMPLEMENTING AND COORDINATING MECHANISMS

SECTION 17. *Quasi-Judicial Powers of the DAR.* The DAR is hereby vested with quasi-judicial powers to determine and adjudicate agrarian reform matters, and shall have exclusive original jurisdiction over all matter involving implementation of agrarian reform, except those falling under the exclusive original jurisdiction of the DENR and the Department of Agriculture (DA).

The DAR shall have powers to punish for contempt and to issue subpoena, *subpoena duces tecum* and writs to enforce it orders or decisions.

The decisions of the DAR may, in proper cases, be appealed to the Regional Trial Courts but shall be immediately executory notwithstanding such appeal.

SECTION 18. *The Presidential Agrarian Reform Council (PARC).* To coordinate the implementation of the CARP and to ensure the timely and effective delivery of the necessary support services, there is hereby created the Presidential Agrarian Reform Council composed of the President as Chairman, and the Secretary or Heads of the following agencies, as follows:

Department of Agrarian Reform	-	Vice Chairman
Department of Agriculture	-	Vice Chairma
Department of Environment and Natural Resources	-	Vice Chairman
Executive Secretary	-	Member
Department of Budget and Management	-	Member

Department of Finance	-	Member
Department of Justice	-	Member
Department of Labor and Employment	-	Member
Department of Local Government	-	Member
Department of Public Works and Highways	-	Member
Department of Trade and Industry	-	Member
Department of Transportation and Communications	-	Member
National Economic and Development Authority	-	Member
Land Bank of the Philippines	-	Member
Presidential Commission on Good Government	-	Member

The President shall appoint representatives of agrarian reform beneficiaries and affected landowners as members of PARC.

The DAR shall provide the Secretariat for the PARC and the Secretary of Agrarian Reform shall be the Director-General thereof.

The PARC shall formulate and/or implement the policies, rules and regulations necessary to implement each component of the CARP, and may authorize any of its members to formulate rules and regulations concerning aspects of agrarian reform falling within their area of responsibility. These policies, rules and regulations shall include the following:

a. Recommended small farm economy areas, which shall be specific by crop and based on thorough technical study and evaluation.

b. The schedule of acquisition and redistribution of specific agrarian reform areas, provided that such acquisition shall not be implemented until all the requirements are completed, including the first payment to the landowners concerned.

c. Control mechanisms for evaluating the owner's declaration of current fair market value as provided in Section 4 hereof in order to establish the government's compensation offer as provided in Section 6 hereof, taking into account current land transactions in the locality, the landowner's annual income from his land, and other factors.

PARC shall have an Executive Committee composed of the Secretary of Agrarian Reform as Chairman, and Secretaries or Heads of the following agencies as members:

Executive Secretary
Department of Agriculture
Department of Environment and Natural Resources
Department of Finance
Department of Public Works and Highways
Land Bank of the Philippines

Within ninety (90) days from the effectivity of this Order, the Executive Committee of PARC shall complete a program of implementation incorporating the physical targets, implementation schedule and support requirements of agrarian

reform, and shall submit the same to the PARC approval. Such programs of implementation shall take into account, and be consistent with, priorities and retention limits that Congress may in the meantime prescribe, and the following basic policies and guidelines set forth in the Constitution:

a. The CARP is founded on the right of farmers and regular farmworkers, who are landless, to own directly or collectively, the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof;

b. The right of small landowners shall be respected;

c. Voluntary land-sharing shall be encouraged;

d. Farmers, farmworkers, landowners, cooperatives and/or independent farmers' organizations have the right to participate in the planning, organization and management of the CARP;

e. In lands of the public domain, the CARP shall respect prior rights, homestead rights of small settlers and the rights of indigenous communities to their ancestral lands;

f. Support to agriculture through appropriate technology and research, and adequate financial, production, marketing and other support services must be provided;

g. Landowners shall be encouraged to invest the proceeds of the agrarian reform program to promote industrialization, employment, creation, and privatization of public sector enterprises; and

h. At the earliest possible time, idle or abandoned agricultural lands as may be defined by law shall be expropriated for distribution to the beneficiaries of the agrarian reform program.

SECTION 19. *Barangay Agrarian Reform Council (BARC).* On matters related to agrarian reform, the DAR shall convened at the barangay level, a Barangay Agrarian Reform Council. The BARC shall be operated on a self-help basis and will be composed of the following:

a. Representative/s of farmer and farmworker beneficiaries;
b. Representative/s of farmer and farmworker non-beneficiaries;
c. Representative/s of agricultural cooperatives;
d. Representative/s of other farmer organizations;
e. Representative/s of the Barangay Council;
f. Representative/s of non-government organization (NGOs);
g. Representative/s of Landowners;
h. DA official assigned to the barangay;
i. DENR official assigned to the area;
j. DAR Agrarian Reform Technologist assigned to the area who shall act as the Secretary; and
k. Land Bank of the Philippines representative.

The functions of the BARC shall be:

a. To participate and give support to the implementation of programs on agrarian reform;

b. To mediate, conciliate or arbitrate agrarian conflicts and issues that are brought to it for resolution; and

c. To perform such other functions that the PARC, its Executive Committee, or the DAR Secretary may delegate from time to time.

CHAPTER V. FINANCING

SECTION 20. *Agrarian Reform Fund.* As provided in Proclamation No. 131 dated July 22, 1987, a special fund is created, known as the Agrarian Reform Fund, an initial amount of FIFTY BILLION PESOS (P50 billion) to cover the estimated cost of the CARP from 1987 to 1992 which shall be sourced from the receipts of the sale of the assets of the Asset Privatization Trust (APT) and receipts of sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and such other sources as government may deem appropriate. The amount collected and accruing to this special fund shall be considered automatically appropriated for the purpose authorized in this Order.

SECTION 21. *Supplemental Appropriations.* The amount of TWO BILLION SEVEN HUNDRED MILLION PESOS (P2.7 billion) is hereby appropriated to cover the supplemental requirements of the CARP for 1987, to be sourced from the receipts of the sale of ill-gotten wealth recovered through the Presidential Commission on Good Government and the proceeds from the sale of assets by the APT. The amount collected from these sources shall accrue to the Agrarian Reform Fund and shall likewise be considered automatically appropriated for the purpose authorized in this Order.

CHAPTER VI. SANCTIONS

SECTION 22. *Permanent Disqualification.* Persons, associations, or entities who prematurely enter the land to avail themselves of the rights and benefits hereunder, shall be permanently disqualified from receiving benefits and shall forfeit their rights hereunder.

SECTION 23. *Contempt.* Persons, associations, or entities who willfully prevent or obstruct the implementation of the CARP shall be liable for contempt.

CHAPTER VII. GENERAL PROVISIONS

SECTION 24. *Ancestral Lands.* Within the framework of national unity and development, the rights of indigenous cultural communities to their ancestral lands are hereby protected to ensure their economic, social, and cultural well-being.

SECTION 25. *Immunity of Government Agencies from Undue Interference.* No injunction, restraining order, prohibition or mandamus shall be issued by the lower courts against the DAR, the DA, the DENR and the Department of Justice

in their implementation of the CARP.

SECTION 26. *Assistance of other Government Entities.* The PARC in the exercise of its functions is hereby authorized to call upon the assistance and support of other government agencies, bureaus, and offices, including government-owned or controlled corporation.

SECTION 27. *Application of Existing Legislation.* Presidential Decree No. 27, as amended, shall continue to operate with respect to rice and corn lands, covered thereunder. The provisions of Republic Act No. 3844 and other agrarian laws not inconsistent with this Order shall have suppletory effect.

SECTION 28. *Free Registration of Patents and Titles.* All Registers of Deeds are hereby directed to register free from payment of all fees, patents, titles, and documents required in the implementation of the CARP.

SECTION 29. *Separability Clause.* If, for any reason, any section or provision of this Order shall be held unconstitutional or invalid, no other section or provision hereof shall be affected thereby.

SECTION 30. *Repealing Clause.* All laws, issuances, decrees, or any part or parts thereof inconsistent with the provisions of this Order are hereby repealed or amended accordingly.

SECTION 31. *Effectivity Clause.* The Executive Order shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general circulation in the Philippines.

APPROVED, in the City of Manila, Philippines, this 22nd day of July 1987.

(SGD.) CORAZON C. AQUINO
President

By the President:

JOKER P. ARROYO
Executive Secretary

MALACAÑANG PALACE
Manila
Executive Order No. 228

DECLARING FULL LAND OWNERSHIP TO QUALIFIED FARMER BENEFICIARIES COVERED BY PRESIDENTIAL DECREE NO. 27; DETERMINING THE VALUE OF REMAINING UNVALUED RICE AND CORN LANDS SUBJECT OF P.D. NO. 27; AND PROVIDING FOR THE MANNER OF PAYMENT BY THE FARMER BENEFICIARY AND MODE OF COMPENSATION TO THE LANDOWNER

WHEREAS, Presidential Decree No. 27, for purposes of determining the cost of the land to be transferred to the tenant-farmer, provided that valuation shall be determined by crop productivity;

WHEREAS, there is a need to complete the Operation Land Transfer and accelerate the payment to landowners of land transferred to tenant-farmers; and

WHEREAS, there is also a need to maintain the financial viability of the Land Bank of the Philippines, the financing arm of the agrarian reform program of the government;

NOW, THEREFORE, I CORAZON C. AQUNO, President of the Philippines, by virtue of the powers vested by the Constitution, hereby order that:

SECTION 1. All qualified farmer beneficiaries are now deemed full owners as of October 21, 1972 of the land they acquired by virtue of Presidential Decree No. 27 (hereinafter referred to as P.D. No. 27).

SECTION 2. Henceforth, the valuation of rice and corn lands covered by P.D. No. 27 shall be based on the average gross production determined by the Barangay Committee on Land Production in accordance with Department Memorandum Circular No. 26, series of 1973 and related issuances and regulation of the Department of Agrarian Reform. The average gross production per hectare shall be multiplied by two and a half (2.5), the product of which shall be multiplied by Thirty Five Pesos (P35.00), the government support price for one cavan of 50 kilos of palay on October 21, 1972, or Thirty One Pesos (P31.00), the government support price for one cavan of 50 kilos of corn on October 21, 1972, and the amount arrived at shall be the value of rice and corn land, as the case may be, for the purpose of determining its cost to the farmer and compensation to the landowner.

Lease rentals paid to the landowner by the farmer beneficiary after October 21, 1972, shall be considered as advance payment for the land. In the event of dispute with the landowner regarding the amount of lease rental paid by the farmer beneficiary, the Department of Agrarian Reform and the Barangay Committee on Land Production concerned shall resolve the dispute within thirty (30) days from its submission pursuant to Department of Agrarian Reform Memorandum Circular No. 26, series of 1973, and other pertinent issuances. In the event a party questions in court the resolution of the dispute, the landowner's compensation claim shall still by the Trust Department of the Land Bank in accordance with the provisions of Section

5 hereof, pending the resolution of the dispute before the court.

SECTION 3. Compensation shall be paid to the landowners in any of the following modes, at the option of the landowners:

(a) Bond payment over ten (10) years, with ten percent (10%) of the value of the land payable immediately in cash, and the balance in the form of LBP bonds bearing market rates of interest that are aligned with 90-day treasury bills rates, net of applicable final withholding tax. One-tenth of the face value of the bonds shall mature every year from the date of issuances until the tenth year.

The LBP bonds issued hereunder shall be eligible for the purchase of government assets to be privatized.

(b) Direct payment in cash or in kind by the farmer-beneficiaries with the term to be mutually agreed upon by the beneficiaries and landowners and subject to the approval of the Department of Agrarian Reform; and

(c) Other modes of payment as may be prescribed or approved by the Presidential Agrarian Reform Council.

SECTION 4. All outstanding Land Bank bonds that are retained by the original landowners-payee or by their heirs, are deemed matured up to one-twenty fifth (1/25) of their yearly face value from their date of issue to the date of this Executive Order and may be claimed by the original landowner-payee by surrendering the bonds to the Land Bank. The original landowner-payee may claim payment for the remaining unmatured period of the surrendered bonds under any of the modes of compensation provided in Section 3, sub-sections (a), (b), or (c) hereof.

In order to meet the financial requirements mentioned in this Section, the Central Bank shall remit to Land Bank such sums as may be necessary from the Sinking Fund established by the Land Bank from the retirement of its bonds and other long-term obligations and which Sinking Fund is administered by the Central Bank; Provided, however, that there is no change in maturity of other outstanding Land Bank bonds acquired and held by transferees from original bondholders.

The landowner is exempt from capital gains tax on the compensation paid to him under this Executive Order.

SECTION 5. In the event the landowner does not accept payment of the compensation due him, his compensation shall be held in trust for him by the Trust Department of the Land Bank. The cash portion of the compensation and such portions that mature yearly shall be invested by the Trust Department only in government securities fully guaranteed by the Republic of the Philippines. All the net earnings of the investment shall be for the benefit of the landowner, his heirs or successors in interest.

The rights of the landowners may be exercised by his heirs upon his death.

SECTION 6. The total cost of the land including interest at the rate of six

percent (6%) per annum with a two percent (2%) interest rebate for amortizations paid on time, shall be paid by the farmer-beneficiary or his heirs to the Land Bank over a period of up to twenty (20) years in twenty (20) equal annual amortizations. Lands already valued and financed by Land Bank are likewise extended a 20-year period of payment of twenty (20) annual amortizations. However, the farmer-beneficiary if he so elects, may pay in full before the twentieth year or may request the Land Bank to structure a repayment period of less than twenty (20) years if the amount to be financed and the corresponding annual obligations are well within the farmer's capacity to meet. Ownership of lands acquired by farmer-beneficiary may be transferred after full payment of amortizations.

SECTION 7. As of the date of this Executive Order, a lien by way of mortgage shall exist in favor of the Land Bank on all lands it has financed and acquired by the farmer-beneficiary by virtue of P.D. No. 27 for all amortizations, both principal and interest, due from the farmer-beneficiary or a valid transferee until the amortizations are paid in full.

SECTION 8. Henceforth, failure on the part of the farmer-beneficiary to pay three (3) annual amortizations shall be sufficient cause for the Land Bank to foreclose on the mortgage.

SECTION 9. Thirty (30) days after final notice for payment to the defaulting tenant-farmer, a copy of which notice shall be furnished to the Department of Agrarian Reform, the Land Bank may foreclose on the mortgage by registering certification under oath of its intent to foreclose with the Registry of Deeds of th city or province where the land is located attaching thereto: a copy of the fin notice for payment; proof of service to the tenant-farmer and the Department o Agrarian Reform of the final notice for payment; and a certification that at least three (3) annual amortizations on the land or the sum thereof remain unpaid. The mortgage is deemed foreclosed upon registration of said documents with the Registry of Deeds.

In the event the defaulting tenant-farmer could not be served the final notice for payment, the Land Bank shall post the notice for payment in the town hall, public market and barangay hall or any other suitable place frequented by the public of the barangay where the defaulting tenant-farmer resides. A certification by the Land Bank to this effect will substitute for the proof of service of the final notice of payment for purpose of foreclosure.

The Registry of Deeds of all cities and provinces are directed to have a separate registry book to enter all the requirements of foreclosure as provided herein.

SECTION 10. The tenant-farmer, or any of his compulsory heirs may lift the foreclosure within a period of two (2) years from its registration by paying the Land Bank all unpaid amortizations on the land with interest thereon of six percent (6%) per annum. In case of failure to lift the foreclosure with the period, ownership of the land shall be deemed transferred to the Land Bank.

SECTION 11. The Land Bank, not later than three (3) months after its acquisition of the land, shall sell the foreclosed land to any interested landless farmer duly certified to as a bona fide landless farmer by the Department of Agrarian

Reform of the barangay or the two closest barangays where the land is situated. The cost of the land is the unpaid amortizations due on the land as of the date of the sale with interest thereon of six percent (6%) per annum. In the event that there is more than one interested buyer, the actual buyer shall be determined by lottery in the presence of all the buyers or their representatives and a representative of the Department of Agrarian Reform. The Deed of Conveyance executed by the Land Bank in favor of the farmer transferee shall be registered with the Registry of Deeds of the city or province where the land is located. Ownership shall transfer to the farmer transferee only upon registration with the Registry of Deeds. The lien of the Land Bank by way of mortgage on the remaining unpaid amortizations shall subsist on the title of the transferee.

SECTION 12 . The Land Bank, at least one (1) month prior to the sale, shall furnish the Department of Agrarian Reform with a notice of sale and shall post a similar notice in the town hall, public market and barangay hall or any other suitable place frequented by the public of the barangay where the property is located. The notice shall state the description of the property subject of the sale, the price, the date and the place of sale.

SECTION 13. The National Land Titles and Deeds Registration Administration is hereby authorized to issue such rules and regulations as may be necessary relative to the registration with the Register of Deeds of all transactions/activities required herein taking into consideration the need to protest the integrity of the Torrens systems, the interests of the parties and innocent third parties.

All transactions/activities and their corresponding documents that are registered with the Register of Deeds pursuant to the requirements of P.D. No. 27 and this Executive Order shall be free from all documentary stamps and registration fees.

SECTION 14. The Department of Agrarian Reform and the Land Bank are authorized to issue the additional implementing guidelines of this Executive Order which shall not be later than sixty (60) days from the date hereof.

SECTION 15. To ensure the successful implementation of the Agrarian Reform Program, an Agrarian Reform Operating Fund (Agrarian Fund) shall be set up by the National Government in the Land Bank. The amount of this Agrarian Fund to be determined by the Government Corporation Monitoring and Coordinating Committee (hereinafter referred to as GCMCC), with source the funding requirements for Land Bank to carry out the full implementation of this program which will include the net operating losses directly and indirectly attributable to this program and the credit facilities to farmers and farmers' organizations. Within thirty (30) days from the effectivity of this Executive Order, the Land Bank shall submit to the GCMCC its funding requirements for 1987. Thereafter, within sixty (60) days after the end of each calendar year, the Land Bank shall submit to the GCMCC an accounting of all drawings the Land Bank had made against the fund. At the same time, it will also submit its prospective funding requirements for the current year for review and validation of the GCMCC. The amount approved by the GCMCC shall be deemed appropriated and the amount programmed for release in coordination with the Department of Finance, Budget and Management

and the National Economic and Development Authority. Within thirty (30) days from GCMCC's approval, such funds shall be remitted to the Land Bank for credit to the Agrarian Fund.

SECTION 16. If any part of this Executive Order is declared invalid or unconstitutional, it shall not affect any other part thereof.

SECTION 17 . All laws, presidential decrees, orders, letters or instructions, rules and regulations, and other issuances or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 18. This Executive Order shall take effect upon its signing and publication as provided by law.

DONE in the city of Manila, this 17th day of July in the year of Our Lord, nineteen hundred and eighty-seven.

(SGD.) CORAZON C. AQUINO
President

By the President:

(SGD.) JOKER P. ARROYO
Executive Secretary

MALACAÑANG
Manila

EXECUTIVE ORDER NO. 129-A

MODIFYING EXECUTIVE ORDER NO. 129 REORGANIZING AND STRENGTHENING DEPARTMENT OF AGRARIAN REFORM AND FOR OTHER PURPOSES

WHEREAS, Executive Order No 129 dated January 30, 1987 was suspended;

WHEREAS, Presidential Proclamation No. 131 and Executive Order No. 229, both dated July 22, 1987 instituted a Comprehensive Agrarian Reform Program (CARP) and provided the mechanisms for its implementation;

WHEREAS, Executive Order No. 229 vests on the Department of Agrarian Reform quasi-judicial powers to determine and adjudicate agrarian reform matters;

WHEREAS, there is a need to strengthen and expand the functions of the Department of Agrarian Reform to be more effective in implementing the Comprehensive Agrarian Reform Program;

WHEREAS, under Article XVIII, Section 6, of the 1987 Constitution, the President shall continue to exercise legislative powers until the First Congress convenes;

NOW, THEREFORE, I CORAZON C. AQUINO, PRESIDENT OF THE PHILIPPINES, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. *Title.* This Executive Order shall otherwise be known as the Reorganization Act of the Department of Agrarian Reform.

SECTION 2. *Reorganization.* The Department of Agrarian Reform is hereby reorganized structurally and functionally, hereinafter referred to as the Department, in accordance with the provisions of this Executive Order.

SECTION 3. *Declaration of Policy.* It is the declared policy of the State to completely abolish all remnants of feudalism and all other types of unjust tenurial arrangements, implement the comprehensive agrarian reform program, increase the productivity of the direct producers, and strengthen the agricultural base for increased industrialization.

Pursuant to this policy, the State shall:

(a) Establish owner-cultivated, economic, family-size farms and collectively-owned/cooperatively-cultivated farms as the foundation of Philippine agriculture;

(b) Prohibit absentee land ownership;

(c) Rechannel and divert landlord capital in agriculture to industrial development;

(d) Assist in the preservation and conversion of prime lands for agricultural purposes;

(e) Encourage the establishment and protect the autonomy and independence of institutions of farmers and farmworkers that will safeguard their interests and ensure their dignified existence free from pernicious restraints and practices;

(f) Create just and viable socio-economic structures in agriculture conducive to greater productivity and higher incomes through the cooperative system of production, processing, marketing, distribution, and credit services;

(g) Accelerate the disposition of public alienable, disposable, and cultivable land to actual cultivators and other qualified beneficiaries and develop agrarian communities for full utilization of land for human growth and development;

(h) Institutionalize partnerships between government and organizations of farmers and farmworkers in agrarian reform policy formulation, program implementation, and evaluation;

(i) Provide specific investment opportunities, alternative employment, and other incentives for landowners affected by agrarian reform;

(j) Ensure adequate funding support for the agrarian reform program as well as timely, affordable, and appropriate financing schemes to its beneficiaries;

(k) Implement an agricultural land tax scheme that will prevent land hoarding and/or speculation.

SECTION 4. *Mandate.* The Department shall be responsible for implementing the Comprehensive Agrarian Reform Program and, for such purpose, it is authorized to:

(a) Acquire, determine the value of, subdivide into family-size farms or organize into collective or cooperative farms and develop private agricultural lands for distribution to qualified tillers, actual occupants, and displaced urban poor;

(b) Administer and dispose all cultivable portions of the public domain declared as alienable and disposable for agricultural purposes transferred to it by the Department of Environment and Natural Resources;

(c) Acquire, by purchase or grant, real estate properties suited for agriculture that have been foreclosed by the national government;

(d) Undertake land consolidation, land reclamation, land forming, and conservation in areas subject to agrarian reform;

(e) Facilitate the compensation of landowners covered by agrarian reform;

(f) Issue emancipation patents to farmers and farmworkers who have been given lands under the agrarian reform programs as may be provided for by law;

(g) Provide free legal services to agrarian reform beneficiaries and resolve agrarian conflicts and land tenure problems;

(h) Develop and implement alternative land tenure systems such as cooperative farming and agro-industrial estates among others;

(i) Undertake land use management and land development studies and projects in agrarian reform areas;

(j) Approve or disapprove the conversion, restructuring or readjustment of agricultural lands into non-agricultural uses;

(k) Monitor and evaluate the progress of agrarian reform implementation;

(l) Assist the Office of the Solicitor General in providing evidence for the reversion proceedings to be filed with respect to lands of the public domain, occupied by private individuals and their tenants or farmworkers, which are subject to land reform, and real rights, connected therewith which have been acquired in violation of the Constitution or the public land laws or through corrupt practices;

(m) Submit progress reports to the Office of the President to Congress, and to the people at the end of each year and at all times make available to the general public information on the current status of its programs.

SECTION 5. *Powers and Functions.* Pursuant to the mandate of the Department and in order to ensure the successful implementation of the Comprehensive Agrarian Reform Program, the Department is hereby authorized to:

(a) Advise the President and the Presidential Agrarian Reform Council on the promulgation of executive/administrative orders, other regulative issuances and legislative proposals designed to strengthen agrarian reform and protect the interests of the beneficiaries thereof;

(b) Implement all agrarian laws, and for this purpose, punish for contempt and issue *subpoena, subpoena duces tecum,* writs of execution of its decisions, and other legal processes to ensure successful and

expeditious program implementation; the decisions of the Department may in proper cases, be appealed to the Regional Trial Courts but shall be immediately executory notwithstanding such appeal;

(c) Establish and promulgate operational policies, rules and regulations and priorities for agrarian reform implementation;

(d) Coordinate program implementation with the Land Bank of the Philippines and other relevant civilian and military government agencies mandated to support the agrarian reform program;

(e) Acquire, administer, distribute, and develop agricultural lands for agrarian reform purposes;

(f) Undertake surveys of lands covered by agrarian reform;

(g) Issue emancipation patents to farmers and farmworkers covered by agrarian reform for both private and public lands and when necessary, make administrative corrections of the same;

(h) Provide free legal service to agrarian reform beneficiaries and resolve agrarian conflicts and land tenure related problems as may be provided for by law;

(i) Promote the organization and development of cooperatives and other associations of agrarian reform beneficiaries;

(j) Conduct continuing education and promotion programs on agrarian reform for beneficiaries, landowners, government personnel, and the general public;

(k) Institutionalize the participation of farmers, farmworkers, other beneficiaries, and agrarian reform advocates in agrarian reform policy formulation, program implementation, and evaluation;

(l) Have exclusive authority to approve or disapprove conversion of agricultural lands for residential, commercial, industrial, and other land uses as may be provided for by law;

(m) Call upon any government agency, including the Armed Forces of the Philippines, and non-government organizations (NGOs) to extend full support and cooperation to program implementation;

(n) Exercise such other powers and functions as may be provided for by law or directed by the President, to promote efficiency and effectiveness in the delivery of public services.

SECTION 6. *Structural Organizations.* The Department shall consist of the Department Proper, the staff offices, the staff bureaus and the regional/provincial/ municipal agrarian reform offices.

The Department Proper shall consist of the following:

a) Office of the Secretary
b) Offices of the Undersecretaries;
c) Offices of the Assistant Secretaries;
d) Public Affairs Staff;
e) Special Concerns Staff;
f) Agrarian Reform Adjudication Board.

The staff sectoral bureaus, on the other hand shall be composed of:

a) Bureau of Land Acquisition and Distribution;
b) Bureau of Land Development;
c) Bureau of Agrarian Legal Assistance;
d) Bureau of Agrarian Reform Information and Education;
e) Bureau of Agrarian Reform Beneficiaries Development.

The field office shall consist of the Department regional offices, the provincial offices and the municipal agrarian reform offices.

SECTION 7. *Secretary of Agrarian Reform.* The authority and responsibility for the exercise of the mandate of the Department and the discharge of its powers and functions shall be vested in the Secretary of Agrarian Reform, hereinafter referred to as Secretary, who shall have supervision and control over the Department and shall be appointed by the President.

SECTION 8. *Office of the Secretary.* The Office of the Secretary shall consist of the Secretary, his immediate staff, the Public Affairs Staff and the Special Concerns Staff.

SECTION 9. *Undersecretary.* The Secretary shall be assisted by four (4) Undersecretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate, assign and/or reassign the respective functional areas of responsibility of the undersecretaries, *provided*, That such responsibility shall be with respect to the mandate and objectives of the Department; and *provided*, Further that no Undersecretary shall be assigned primarily administrative responsibilities.

SECTION 10. *Assistant Secretary.* The Secretary and the Undersecretaries shall also be assisted by seven (7) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate, assign and/or reassign the respective functional areas of responsibility of the Assistant Secretaries, provided, That such responsibility shall be with respect to the mandate and objectives of the Department.

SECTION 11. *Public Affairs Staff.* There is hereby created a Public Affairs Staff, under the Office of the Secretary, to be headed by a Director and assisted by an Assistant Director, which shall serve as the public information arm of the Department. It shall be responsible for disseminating information and agrarian reform policies, plans, programs and projects; and respond to public queries related to the implementation of the agrarian reform program.

SECTION 12. *Special Concerns Staff.* There is hereby created a Special Concerns Staff under the Office of the Secretary, to be headed by a Director and assisted by an Assistant Director, which shall be responsible for handling priority areas/subjects identified by the Secretary that necessitate special and immediate attention.

SECTION 13. *Agrarian Reform Adjudication Board.* There is hereby created an Agrarian Reform Adjudication Board under the Office of the Secretary. The Board shall be composed of the Secretary as chairman, two (2) Undersecretaries as may be designated by the Secretary, the Assistant Secretary for Legal Affairs, and three (3) others to be appointed by the President upon the recommendation of the Secretary as members. A Secretariat shall be constituted to support the Board. The Board shall assume the powers and functions with respect to the adjudication of agrarian reform cases under Executive Order No. 229 and this Executive Order. These powers and functions may be delegated to the regional offices of the Department in accordance with rules and regulations to be promulgated by the Board.

SECTION 14. *Planning and Project Management Office.* There is hereby created a Planning and Project Management Office within the Department Proper which shall be responsible for coordinating and initiating the development, integration and prioritization of plans, programs and projects of the Departme monitoring and evaluating agrarian reform program and implementation; esta lishing linkages with foreign funding institutions; and coordinating the activit of the different Offices, Bureaus and Attached Agencies of the Department.

SECTION 15. *Policy and Strategic Research Office.* There is hereby created a Policy and Strategic Research Office within the Department Proper which shall be responsible for establishing and implementing a computerized management information system as well as for coordinating and/or initiating research and studies for planning and policy formulation purposes.

SECTION 16. *Finance, Management and Administrative Office.* There is hereby created a Finance, Management and Administrative Office within the Department Proper which shall be responsible for the proper and timely allocation of funds to support approved programs, projects and activities; the appropriate management control and accounting of funds; the management of the Department's physical assets; and the provision of services to ensure effective and efficient personnel management and manpower career development, and for the establishment of management systems and procedures.

SECTION 17. *Field Operations Office.* There are hereby created Field Operations Offices for Luzon, Visayas and Mindanao within the Department Proper which shall monitor and assess the implementation of the Department's policies, plans and programs at the regional, provincial and municipal levels.

SECTION 18. *Legal Affairs Office.* There is hereby created a Legal Affairs Office within the Department Proper which shall be responsible for the review of contracts and other legal matters, the rendition of legal assistance to Department

personnel and those who will be affected by the agrarian reform program.

SECTION 19. *Bureau of Land Acquisition and Distribution.* There is hereby created the Bureau of Land Acquisition and Distribution which shall absorb the relevant functions of the Bureaus of Land Acquisition, Distribution and Development, and of Land Tenure Improvement. The Bureau of Land Acquisition and Distribution, to be headed by a Director and Assisted by an Assistant Director, shall be responsible for the development of policies, plans, programs, standard operating procedures, and for providing technical assistance, relative to the acquisition and distribution of private agricultural lands covered by the agrarian reform program including land tiller-landowner identification, land valuation, and landowners' compensation, transfer of ownership to actual tiller, leasehold arrangements, stewardship, and land transfer actions.

SECTION 20. *Bureau of Land Development.* There is hereby created the Bureau of Land Development which shall absorb the relevant functions of the Bureau of Land Acquisition, Distribution and Development. The Bureau of Land Development, to be headed by a Director and assisted by Assistant Director, shall be responsible for the development of policies, plans and programs, and for providing technical assistance, relative to land surveys, land use, capability and classification, engineering services, and land consolidation.

SECTION 21. *Bureau of Agrarian Legal Assistance.* The Bureau of Agrarian Legal Assistance shall be strengthen and shall be responsible for developing guidelines, plans and programs for legal assistance including developing, maintaining and coordinating para-legal services for those who will be affected by the Comprehensive Agrarian Reform Program. It shall be headed by a Director and assisted by an Assistant Director.

SECTION 22. *Bureau of Agrarian Reform Information and Education.* There is hereby created the Bureau of Agrarian Reform Information and Education which shall absorb the functions of the Agrarian Reform Education Service which is abolished by this Executive Order. The Bureau of Agrarian Reform Information and Education, to be headed by a Director and assisted by an Assistant Director, shall be responsible for developing and conducting continuing training and education programs for the acquisition of knowledge, values formation, and development of skills and favorable attitudes among beneficiaries and personnel of the Department and other agencies, and the increase of awareness, participation and acceptance of agrarian reform by the public through the dissemination of information and communication materials.

SECTION 23. *Bureau of Agrarian Reform Beneficiaries Development.* There is hereby created the Bureau of Agrarian Reform Beneficiaries Development which shall absorb the relevant functions of the Bureau of Resettlement. The Bureau of Agrarian Reform Beneficiaries Development, to be headed by a Director and assisted by an Assistant Director, shall be responsible for the development of policies, plans and programs, and for providing technical assistance, relative to the development of settlement areas into viable agrarian communities. It shall also be responsible for promoting the organization of agrarian reform beneficiaries, liaison with farmer and farmworkers organizations to ensure the raising of farm incomes, the promotion of all forms of farm cooperation, the achievement

of a dignified existence and the creation of a viable economic structure conducive to greater productivity and higher farm income.

SECTION 24. *Regional Offices.* The Department shall have twelve (12) Regional Offices. Each Regional Office shall be headed by a Regional Director who shall be assisted by an Assistant Regional Director for Operations and an Assistant Regional Director for Administration.

The Regional Offices shall be responsible for the implementation of laws, policies, plans, programs, projects, rules and regulations of the Department in its administrative region. For such purposes, it shall have the following functions:

(a) Prepare and submit plans and programs for the regions on:

1) Land acquisition and distribution
2) Information and education;
3) Land use management and land development
4) Agrarian reform beneficiaries development;

(b) Provide technical assistance to Provincial Offices and Municipal Agrarian Reform Offices in the implementation of approved plans and programs;

(c) Conduct operations research and evaluation of agrarian reform implementation within the region;

(d) Coordinate with other government and private agencies and farmer and farm workers organizations at the regional level, to carry out programs/ projects for the general welfare of agrarian reform beneficiaries;

(e) Maintain an information system in coordination with the established monitoring system;

(f) Review and evaluate reports and other documents submitted by the Provincial Offices and Municipal Agrarian Reform Offices and agrarian reform clientele;

(g) Submit periodic feedback as may be necessary in the service of the Department's clientele.

SECTION 25. *Provincial Offices.* The Agrarian Reform District offices are hereby abolished and in their stead the Department shall create Provincial Agrarian Reform Offices as may be necessary in promoting efficiency and effectiveness in the delivery of its services. Each Provincial Agrarian Reform Office shall be headed by a Provincial Agrarian Reform Officer.

The Provincial Agrarian Reform Offices shall be responsible for directing and coordinating the operations and activities of the Municipal Agrarian Reform Offices operating within the provinces and has the following functions:

(a) Set priorities, specific targets, schedules, and deadlines for the execution

of approved plans, programs, and projects on:

(1) Land acquisition, distribution, transfer of land ownership to actual tillers, including land-tiller-landowner identification, tenurial security, leasehold arrangements, land surveys, land valuation and landowner's compensation as may be provided for by law;

(2) Continuing information and education programs on agrarian reform;

(3) Encouraging the organizational development of agrarian reform beneficiaries' cooperatives and other associations and institutionalizing farmer-government partnership in agrarian reform policy formulation, program implementation and evaluation;

(4) Landowners' compensation and rechanneling landowner capital to industrial development;

(5) Development and implementation of alternative land tenure systems such as cooperative farming cooperative cultivatorship schemes, and agro-industrial estates, among others;

(6) Land use management;

(7) Compact farming, integrated farming system, sloping agricultural land technology, and other land conservation measures in agrarian reform areas, in coordination with farmer and farm workers organizations;

(8) Provision of legal services to those affected by agrarian reform and resolution of agrarian conflicts and land tenure problems.

(b) Provide administrative services to the Municipal Agrarian Reform Officer within the province;

(c) Provide legal services to agrarian reform beneficiaries in cases arising from or connected with agrarian reform disputes, handling of expropriation proceedings, registering cooperatives and reviewing and acting on all matters initially investigated and elevated by Municipal Agrarian Reform Office;

(d) Provide technical assistance to Municipal Agrarian Reform Offices in the implementation of approved plans and programs;

(e) Coordinate with governmental private agencies, and farmer and farm workers organizations at the provincial level, to carry out programs;

(f) Conduct periodic performance audit survey in collaboration with the regional office and monitor agrarian reform program accomplishments, including operational problems and constraints, and recommend appropriate

remedial measures for effective program implementation;

(g) Perform such other functions as may be necessary in the service of the Department's clientele.

SECTION 26. *Municipal Agrarian Reform Offices.* The Department shall have as many Municipal Agrarian Reform Offices as may be necessary in promoting efficiency and effectiveness in the delivery of its services, which shall be headed by a Municipal Agrarian Reform Officer.

The Municipal Agrarian Reform Office shall be responsible for directly implementing agrarian reform programs and delivering expected results at the municipal level. For such purpose, it shall have the following functions:

(a) Implement policies and programs on land acquisition and distribution and transfer of landowners to actual tillers, including identification of farms, landowners, and beneficiaries, leasehold arrangements, land valuation, landowner's compensation and transfer actions as determined in accordance with law;

(b) Undertake continuing information and education programs on agrarian reform among the beneficiaries thereof;

(c) Encourage and promote the organization and development of agrarian reform beneficiaries and assist in the registration of organized cooperatives;

(d) Institutionalize beneficiaries' participation in agrarian reform policy formulation and program implementation;

(e) Organize/establish compact farms, land consolidation integrated farm systems, sloping agricultural land technology and other cooperative-cultivatorship schemes;

(f) Provide assistance in agrarian reform research;

(g) Provide assistance to various legal services, including legal information and legal counseling, documentation and preliminary processing of applications for patents, and applications to purchase lots, preliminary investigation of conflicting claims of lot boundaries and appraisal of properties, and mediation of different problems arising from implementation of the agrarian reform program; execution and registration of lease contracts, initial investigation of administrative cases, and other legal services;

(h) Provide assistance on project identification, formulation, and development that would uplift the socio-economic status of the beneficiaries including projects that would channel landlord capital to industrial development;

(i) Coordinate with other government and private agencies and farmer and farm worker organization within the area of coverage for effective program/ project implementation;

(j) Submit periodic reports on program/project accomplishments including identified problems and recommended solutions thereto;

(k) Implement projects supportive of national priority programs which the Department is committed to assist;

(l) Perform such other functions as may be assigned from time to time, to promote efficiency and effectiveness in the delivery of public services.

SECTION 27. *Attached Agency*

(a) The Department shall, subject to the approval of the Presidential Agrarian Reform Council, create the Foundation for Agrarian Reform Movement of the Philippines (FARM-Philippines) to administer, operate, and manage programs and project developed by the Department and initiate alternative livelihood projects for displaced small landowners. It shall be attached to the Office of the Secretary and shall be governed by a Board of Trustees. The Foundation will be authorized to raise funds and to contract foreign and domestic loans for its projects.

SECTION 28. *Transitory Provisions.* In accomplishing the acts of reorganization herein prescribed, the following transitory provisions shall be complied with, unless otherwise provided elsewhere in this Executive Order;

(a) The transfer of a government unit shall include the functions, appropriations, funds, records, equipment, facilities, chosen in action, rights, other assets, and liabilities, if any, of the transferred unit as well as the personnel thereof, as may be necessary, who shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits. Those personnel from the transferred unit whose positions are not included in the Department's new positions structure and staffing pattern approved and prescribed by the Secretary or who are not reappointed shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of Section 29 hereof.

(b) The transfer of functions which results in the abolition of the government unit that exercised them shall include the appropriations, funds, records, equipment, facilities, chosen in action, rights, other assets and personnel as may be necessary to the proper discharge of the transferred functions. The abolished unit's remaining appropriations and funds, if any, shall revert to the General Fund and its remaining assets, if any, shall be allocated to such appropriate units as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its liabilities, if any, shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Its personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and received their corresponding salaries and benefits. Its personnel whose positions are not included in the Department's structure and staffing pattern approved and

prescribed by the Secretary under Section 29 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 29.

(c) Any transfer of functions which does not result in the abolition of the government unit that has exercised them shall include the appropriations, funds, records, equipment, facilities, chosen in action, rights, and assets and personnel as may be necessary to the proper discharge of the transferred functions. The liabilities, if any, that may have been incurred in connection with the discharge of the transferred functions, shall be treated in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated from the service. Any personnel whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 29 hereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 29.

(d) In case of the abolition of a government unit which does not result in the transfer of its functions to another unit, the appropriations and funds of the abolished entity shall revert to the General Fund, while the records, equipment, facilities, chosen in action, rights, and other assets thereof shall be allocated to such appropriate entities as the Secretary shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. Such personnel shall, in a hold-over capacity, continue to perform their duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated from the service. Any personnel whose position, are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 29 thereof or who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 29.

(e) In case of merger or consolidation of government units, the new or surviving unit shall exercise the functions (subject to the reorganization herein prescribed and the laws, rules and regulations, pertinent to the exercise of such functions) and shall acquire the appropriations, funds, records, equipment, facilities, chosen in action, rights, other assets, liabilities if any, and personnel, as may be necessary, of the units that composed the merged unit shall in a hold-over capacity, continue to perform their respective duties and responsibilities and receive their corresponding salaries and benefits unless in the meantime they are separated from the service. Any such personnel, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 29 who are not reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 29.

(f) In case of termination of a function which does not result in

the abolition of the government unit which performed such function, the appropriations and funds intended to finance the discharge of such function shall revert to the General Fund while the records, equipment, facilities, chosen in action, rights and other assets used in connection with the discharge of such function shall be allocated to the appropriate units as the Department shall determine or shall otherwise be disposed in accordance with the Government Auditing Code and other pertinent laws, rules and regulations. The liabilities, if any, that may have been incurred in connection with the discharge of such function shall likewise be treated in accordance with the Government Auditing Code and other pertinent laws and regulations. The personnel who have performed such function, whose positions are not included in the Department's new position structure and staffing pattern approved and prescribed by the Secretary under Section 29 hereof or who have not been reappointed, shall be deemed separated from the service and shall be entitled to the benefits provided in the second paragraph of the same Section 29 hereof.

SECTION 29. *New Structure and Pattern.* Upon approval of this Executive Order, the officers and employees of the Department shall, in a hold-over capacity, continue to perform their respective duties and responsibilities and receive the corresponding salaries and benefits unless in the meantime they are separated from government service.

The new position structure and staffing pattern of the Department shall be approved and prescribed by the Secretary within sixty (60) days from the effectivity of this Executive Order and the authorized positions created thereunder shall be filled with regular appointments by him or the President as the case may be. Those incumbent whose positions are not included therein or who are not reappointed shall be deemed separated from the service. Those separated from the service shall receive the retirement benefits to which they be entitled under existing laws, rules and regulations. Otherwise, they shall be paid the equivalent of one (1) month basic salary for every year of service in the government, or a fraction thereof, computed on the basis of the highest salary received, but in no case shall such payment exceed the equivalent to twelve (12) months salary.

SECTION 30. *Periodic Performance Evaluation.* The Department of Agrarian Reform hereby required to formulate and enforce a system measuring and evaluating periodically and objectively the performance of the Department and submit the same annually to the President.

SECTION 31. *Notice or Consent Requirement.* If any reorganizational change herein authorized is of such substance or materiality as to prejudice third persons with rights recognized by law or contract such that notice to our consent of creditors is required to be made or obtained pursuant to any agreement entered into with any of such creditors, such notice or consent requirements shall be complied with prior to the implementation of such organizational change.

SECTION 32. *Prohibition Against Structural Changes.* No change in the

reorganization herein prescribed shall be valid except upon prior approval of the President for the purpose of promoting efficiency and effectiveness in the delivery of public services.

SECTION 33. *Funding.* Funds needed to carry out the provisions of this Executive Order shall be taken from funds available in the Department.

SECTION 34. *Implementing Authority of the Secretary.* The Secretary shall issue orders, rules and regulations and other issuances as may be necessary to ensure the effective implementation of the provisions of this Executive Order.

SECTION 35. *Separability.* Any portion or provision of this Executive Order that may be declared unconstitutional shall not have the effect of nullifying other portions or provisions hereof as long as such remaining portions can still subsist and be given effect in their entirely.

SECTION 36. *Repealing Clause.* All laws, ordinances, rules and regulations and other issuances or parts thereof, which are inconsistent with this Executive Order, are hereby repealed or modified accordingly.

SECTION 37. *Effectivity.* This Executive Order shall take effect immediately.

APPROVED in the City of Manila, Philippines, this 26th day of July, in the year of Our Lord, Nineteen Hundred and Eighty Seven.

(SGD.) CORAZON C. AQUINO
President

By the President:

(SGD.) JOKER P. ARROYO
Executive Secretary

Republic of the Philippines
Congress of the Philippines
Metro Manila

Tenth Congress

Fourth Special Session

Begun and held in Metro Manila, on Wednesday the eleventh day of February, nineteen hundred and ninety-eight

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[REPUBLIC ACT NO. 8532]

AN ACT STRENGTHENING FURTHER THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP), BY PROVIDING AUGMENTATION FUND THEREFOR, AMENDING FOR THE PURPOSE SECTION 63 OF REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS "THE CARP LAW OF 1988"

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

SECTION 1. Section 63 of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law of 1988, is hereby amended to read as follows:

"**Section 63.** *Funding Source.* – "The amount needed to implement this Act until the year 2008 shall be funded from the Agrarian Reform Fund.

"Additional amounts necessary for this purpose are hereby authorized to be appropriated in excess of the initial funds, amounting to Fifty billion pesos (P50,000,000,000.00) provided under Sections 20 and 21 of Executive Order No. 229.

"The additional amount hereby authorized to be appropriated shall in no case exceed Fifty billion pesos (P50,000,000,000.00).

"Sources of funding or appropriations shall include the following:

"a) Proceeds of the sales of the Assets Privatization Trust;

"b) All receipts from assets recovered and from sales of ill-gotten wealth recovered through the Presidential Commission on Good Government;

"c) Proceeds of the disposition of the properties of the Government in foreign countries, for the specific purposes of financing production credits, infrastructure and other support services required by this Act;

"d) All income and collections arising from the agrarian reform operations, projects and programs of CARP implementing agencies;

"e) Portion of amounts accruing to the Philippines from all sources of official foreign aid grants and concessional financing from all countries, to be used for the specific purposes of financing production, credits, infrastructures, and other support services required by this Act;

"f) Yearly appropriations of not less than Three billion pesos (P3,000,000,000.00) from the General Appropriations Act;

"g) Other government funds not otherwise appropriated."

SECTION 2. This Act shall take effect within fifteen (15) days following the completion of its publication in at least two (2) newspapers of general circulation.

Approved,

(SGD.) JOSE DE VENECIA, JR.
Speaker of the House of Representatives

(SGD.) NEPTALI A. GONZALES
President of the Senate

This Act which is a consolidation of Senate Bill No. 2170 and House Bill No. 4808 was finally passed by the Senate and the House of Representatives on February 4, 1998 and February 13, 1998, respectively.

(SGD.) ROBERTO P. NAZARENO
Secretary General
House of Representatives

(SGD.) HAZEL P. GACUTAN
Secretary of the Senate

Approved:

(SGD.) FIDEL V. RAMOS
President of the Philippines

The Department Proper shall consist of the following:

a) Office of the Secretary
b) Offices of the Undersecretaries;
c) Offices of the Assistant Secretaries;
d) Public Affairs Staff;
e) Special Concerns Staff;
f) Agrarian Reform Adjudication Board.

The staff sectoral bureaus, on the other hand shall be composed of:

a) Bureau of Land Acquisition and Distribution;
b) Bureau of Land Development;
c) Bureau of Agrarian Legal Assistance;
d) Bureau of Agrarian Reform Information and Education;
e) Bureau of Agrarian Reform Beneficiaries Development.

The field office shall consist of the Department regional offices, the provincial offices and the municipal agrarian reform offices.

SECTION 7. *Secretary of Agrarian Reform.* The authority and responsibility for the exercise of the mandate of the Department and the discharge of its powers and functions shall be vested in the Secretary of Agrarian Reform, hereinafter referred to as Secretary, who shall have supervision and control over the Department and shall be appointed by the President.

SECTION 8. *Office of the Secretary.* The Office of the Secretary shall consist of the Secretary, his immediate staff, the Public Affairs Staff and the Special Concerns Staff.

SECTION 9. *Undersecretary.* The Secretary shall be assisted by four (4) Undersecretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate, assign and/or reassign the respective functional areas of responsibility of the undersecretaries, *provided*, That such responsibility shall be with respect to the mandate and objectives of the Department; and *provided*, Further that no Undersecretary shall be assigned primarily administrative responsibilities.

SECTION 10. *Assistant Secretary.* The Secretary and the Undersecretaries shall also be assisted by seven (7) Assistant Secretaries who shall be appointed by the President upon the recommendation of the Secretary. The Secretary is hereby authorized to delineate, assign and/or reassign the respective functional areas of responsibility of the Assistant Secretaries, provided, That such responsibility shall be with respect to the mandate and objectives of the Department.

SECTION 11. *Public Affairs Staff.* There is hereby created a Public Affairs Staff, under the Office of the Secretary, to be headed by a Director and assisted by an Assistant Director, which shall serve as the public information arm of the Department. It shall be responsible for disseminating information and agrarian reform policies, plans, programs and projects; and respond to public queries related to the implementation of the agrarian reform program.

SECTION 12. *Special Concerns Staff.* There is hereby created a Special Concerns Staff under the Office of the Secretary, to be headed by a Director and assisted by an Assistant Director, which shall be responsible for handling priority areas/subjects identified by the Secretary that necessitate special and immediate attention.

SECTION 13. *Agrarian Reform Adjudication Board.* There is hereby created an Agrarian Reform Adjudication Board under the Office of the Secretary. The Board shall be composed of the Secretary as chairman, two (2) Undersecretaries as may be designated by the Secretary, the Assistant Secretary for Legal Affairs, and three (3) others to be appointed by the President upon the recommendation of the Secretary as members. A Secretariat shall be constituted to support the Board. The Board shall assume the powers and functions with respect to the adjudication of agrarian reform cases under Executive Order No. 229 and this Executive Order. These powers and functions may be delegated to the regional offices of the Department in accordance with rules and regulations to be promulgated by the Board.

SECTION 14. *Planning and Project Management Office.* There is hereby created a Planning and Project Management Office within the Department Proper which shall be responsible for coordinating and initiating the development, integration and prioritization of plans, programs and projects of the Departme monitoring and evaluating agrarian reform program and implementation; esta lishing linkages with foreign funding institutions; and coordinating the activit of the different Offices, Bureaus and Attached Agencies of the Department.

SECTION 15. *Policy and Strategic Research Office.* There is hereby created a Policy and Strategic Research Office within the Department Proper which shall be responsible for establishing and implementing a computerized management information system as well as for coordinating and/or initiating research and studies for planning and policy formulation purposes.

SECTION 16. *Finance, Management and Administrative Office.* There is hereby created a Finance, Management and Administrative Office within the Department Proper which shall be responsible for the proper and timely allocation of funds to support approved programs, projects and activities; the appropriate management control and accounting of funds; the management of the Department's physical assets; and the provision of services to ensure effective and efficient personnel management and manpower career development, and for the establishment of management systems and procedures.

SECTION 17. *Field Operations Office.* There are hereby created Field Operations Offices for Luzon, Visayas and Mindanao within the Department Proper which shall monitor and assess the implementation of the Department's policies, plans and programs at the regional, provincial and municipal levels.

SECTION 18. *Legal Affairs Office.* There is hereby created a Legal Affairs Office within the Department Proper which shall be responsible for the review of contracts and other legal matters, the rendition of legal assistance to Department