ECONSTOR
Make Your Publications Visible.

A Service of
ZBW
Leibniz-Informationszentrum Wirtschaft
Leibniz Information Centre for Economics

Llanto, Gilberto M.; Ballesteros, Marife M.

Working Paper

Land Issues in Poverty Reduction Strategies and the Development Agenda: Philippines

PIDS Discussion Paper Series, No. 2003-03

Provided in Cooperation with:
Philippine Institute for Development Studies (PIDS), Philippines

Suggested Citation: Llanto, Gilberto M.; Ballesteros, Marife M. (2003) : Land Issues in Poverty Reduction Strategies and the Development Agenda: Philippines, PIDS Discussion Paper Series, No. 2003-03, Philippine Institute for Development Studies (PIDS), Makati City

This Version is available at:
https://hdl.handle.net/10419/127806

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

WWW.ECONSTOR.EU

Mitglied der Leibniz-Gemeinschaft

Philippine Institute for Development Studies
Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

Land Issues in Poverty Reduction Strategies and the Development Agenda: Philippines

Gilberto M. Llanto and Marife M. Ballesteros

DISCUSSION PAPER SERIES NO. 2003-03

The *PIDS Discussion Paper Series* constitutes studies that are preliminary and subject to further revisions. They are being circulated in a limited number of copies only for purposes of soliciting comments and suggestions for further refinements. The studies under the *Series* are unedited and unreviewed.

The views and opinions expressed are those of the author(s) and do not necessarily reflect those of the Institute.

Not for quotation without permission from the author(s) and the Institute.

March 2003

For comments, suggestions or further inquiries please contact:
The Research Information Staff, Philippine Institute for Development Studies
3rd Floor, NEDA sa Makati Building, 106 Amorsolo Street, Legaspi Village, Makati City, Philippines
Tel Nos: 8924059 and 8935705; Fax No: 8939589; E-mail: publications@pidsnet.pids.gov.ph
Or visit our website at http://www.pids.gov.ph

Abstract

The paper discusses critical land issues in the Philippines and assesses the integration of those issues in the national development agenda and poverty reduction strategies. It covers issues related to agriculture, forest and urban lands, land administration and management and government programs on agrarian reform and housing development. Severe problems affect the land markets in the country and these arise from unclear and inconsistent land laws, policies and inadequacies in land administration and management. These inefficiencies have to be addressed to have sustained growth and alleviate poverty. Land reform is the critical policy intervention in the agrarian and urban sector. The implementation of the program, however, has been hampered by a number of land use and ownership issues. It has been noted that land redistribution per se is not sufficient to motivate rural development. Sustainable management of natural resources and efficient infrastructure development has to be undertaken to make agriculture viable and create balanced regional development. Some priority measures that need to be undertaken are as follows: (1) Completion of cadastral survey of the entire country and use of cadastral maps as bases for land use and physical planning, tax mapping, and other activities; (2) Identification and delineation of forestlands that can be used for agricultural expansion/activities and non-agricultural activities; (3) Identification and delineation of existing and potential agricultural production areas and the provision of necessary support infrastructure, facilities and services; (4) Mapping protected areas and establishing a database for such areas; and (5) Identification and protection of priority infrastructure rights-of-way.

Keywords: land administration, poverty reduction, agrarian reform, housing and urban development, property rights

REVISED
February12, 2003

LAND ISSUES IN POVERTY REDUCTION STRATEGIES AND THE DEVELOPMENT AGENDA: PHILIPPINES

Gilberto M. Llanto and Marife M. Ballesteros*

I. Introduction

Access to land and productive inputs is a strong predicate for poverty alleviation. In the Philippines, the poor are strongly dependent on access to land for their livelihood and welfare. Three fourths of the poor (i.e. more than 20 million people) make a living out of agriculture and fisheries activities.[1] Likewise, the urban poor, who account for 25 percent of total poor population in the country, are also dependent on land since housing provides them access to the urban economy.[2] For many urban poor families, the house serves as base for income-generating activities (e.g. food vending, tailoring, processing of recyclable materials, etc.). Thus, sustainable economic activities in agriculture and fisheries sector and the urban economy that could address poverty alleviation depend on efficient and socially accepted distribution of land resources.

The paper's objectives are three-fold: (i) identify and summarize key land issues in the Philippines; (ii) assess the integration of those issues in the national development agenda and poverty reduction strategies and (iii) identify steps that could be taken to improve the process. A motivation is that the presence of a well-functioning land market is a major factor to sustained growth and poverty reduction strategies. An efficient land market maximizes the use of land while well-defined land or property rights can overcome credit market imperfections, provide effective

---

* Vice-President and Research Fellow, respectively, Philippine Institute for Development Studies. The views and insights of this paper are solely the responsibility of the authors and do not necessarily reflect those of the Philippine Institute for Development Studies.

[1] A. Balisacan (2002). Pathways to Sustained Poverty Alleviation: Agrarian Reform Communities and Beneficiaries and the New Economic Paradigm. Agrarian Reform Communities Development Project. World Bank

[2] _____ (1994). *Poverty, Urbanization and Development Policy A Philippine Perspective*. Quezon City: University of the Philippine Press

insurance against shocks, help households improve their health status and provide decent shelter. However, the Philippine land market has not been efficiently functioning. Land was highly unequally distributed. Problems of boundary disputes, illegal occupation of state and forestlands, fake titles, inappropriate land valuation, and lack of commitment to environmental sustainability constrain the efficiency of land markets. These problems arise from unclear and inconsistent land policy and poor and inadequate land administration and management that constrain the land markets.

Recognizing the critical role played by land markets and the access to land resources by the poor in poverty reduction strategies and the development agenda, the Philippine government has crafted the Medium Term Philippine Development Plan (MTPDP) 2001-2004, which outlines several reform measures in the land markets. The MTPDP seeks not only better access and secure land tenure for the poor but also efficient land use management for sustainable economic growth. The challenge lies in a resolute implementation of the identified strategies and reform measures.

The Comprehensive Agrarian Reform Program (CARP) has been the fundamental strategy for poverty reduction and for increasing productivity in the agriculture sector. It was envisaged as the main instrument to correct inequities in land distribution and to provide secure tenure to former agricultural tenants. Unfortunately, however, the ensuing performance of agrarian reform seems to have fallen short of the expectations from this instrument.

The government has adopted a strategy of improving the livability of poor communities and provision of access to basic urban infrastructure and services to build sustainable urban communities. In this regard, the government has started to improve land administration and management. It has embarked on a long-term program to improve the processes and infrastructure for better cadastre, record-keeping and information dissemination. Decentralization has paved the way for local governments to be responsible for the management of local resources including land. However, the government has yet to define a national land use policy for the country that can guide allocation and use of resources. The unprecedented urbanization in the country has been put tremendous pressure on land resources and the absence of a land

use policy underscores land conversion disputes and other land-related problems. The tension between continued use of certain lands for agriculture on the one hand, and the demand of rapid urbanization on the other, has led to conflict among various interested parties such as land developers, agricultural workers and landowners.

Section II of the paper identifies priority and critical land issues in the country. Section III analyzes how these issues are addressed in the recent national development and poverty alleviation strategies. Section IV provides key areas for action and research.

II. Priority and Critical Land Issues

Several weaknesses in land use policy, administration and management adversely affect the efficiency of land markets and thus, the country's economic growth potential and equity. These are as follows: (1) unclear and inconsistent land policies; (2) inefficient land administration infrastructure; (3) highly politicized land tax system; (4) inefficient agrarian reform program; and (5) inefficient housing development program.

Unclear and Inconsistent Land Policy

There are three categories of lands in the Philippines: (i) protected areas, (ii) alienable and disposable lands and (iii) privately owned lands. Of the total Philippine land area of 30 million hectares, 15.88 million hectares are forestlands or protected areas and 14.12 million hectares are alienable and disposable lands, which are mostly (64.8%) titled and- privately owned (**Table 1**).[3] These figures, however, does not reflect actual land use due to the unclear delineation of forestlands. Forestlands have been defined as lands with slope higher than 18 degrees. However, forestlands may be reclassified into agricultural uses if such lands are deemed more valuable for agricultural use. To illustrate a dimension of this problem, existing maps indicate certain areas as forestlands but these have not taken into account the actual patterns of

[3] The remaining alienable and disposable lands are patrimonial properties, which are public lands presently owned by the State for public use but which can be alienated if present use is no longer appropriate.

land use. Thus, there is a need to establish whether some forestlands or lands with slope higher than 18 degrees are actually devoted to forest or agricultural use.

The other main issue on protected areas pertains to conflict over property rights. Protected areas are characterized as common property, that is, they are owned by the State but private parties or groups through arrangements such as leasehold can enjoy usufruct rights. Philippine land law by virtue of the Indigenous Peoples Rights Act (Republic Act 8371 of 1997) recognizes, protects and promotes ancestral domain rights, that is, pre-conquest ownership of protected lands by tribal or cultural communities[4]. The enactment of this law raised some property rights issues. For instance, with regards to mineral lands, the Philippine Constitution under the principle of *Jura Regalia* provides that all natural resources particularly minerals are owned by the State. On the other hand, under the Indigenous People's Rights Act ancestral domains include mineral lands and thus, the indigenous peoples or cultural communities have claims of ownership over those lands. Some sectors have interpreted the Indigenous Peoples property rights as superior over other rights, e.g., concession rights, which the government can grant through the market economy's land registration and titling system. [5]

[4] "Pre-conquest ownership" refers to the period before the arrival of Spanish colonizers starting from the 16th century. As of 1997, indigenous cultural communities throughout the country have a population of about 12 million

[5] In January 2001, the Supreme Court upheld the constitutionality of IPRA, which legalizes the issuance of Certificate of Ancestral Domain Titles and the Certificate of Ancestral Land Titles. However, there is still a need to reconcile with other government agencies on the extent of ancestral domain and on development programs for these areas.

Table 1. Status of Land Classification by Region (in hectares), 1997

Region	Total Area	Certified A & D	Forest Land								
			Total	Unclassified	Classified						
					Total	Established for Res.	Established timberland	National parks GRBS/WA	Military & naval reservation	Civil reservation	Fishpond
Philippines	**30,000,000**	**14,117,244**	**15,882,756**	**881,197**	**15,001,599**	**3,272,912**	**10,015,866**	**1,340,997**	**130,330**	**165,946**	**75,548**
NCR	63,600	48,232	15,368	14,740	628	0	237	59	0	0	332
CAR	1,829,368	340,656	1,488,712	21,135	1,467,577	804,795	655,321	6,907	554	0	0
Region 1	1,284,019	810,062	473,957	33,155	440,802	226,846	199,140	12,999	288	923	606
Region 2	2,683,758	960,064	1,723,694	146,305	1,577,389	209,288	1,331,281	26,388	412	8,931	1,089
Region 3	1,823,082	1,051,908	771,174	26,874	744,300	166,104	422,729	32,780	117,019	804	4,864
Region 4	4,692,416	2,161,264	2,531,152	160,348	2,370,844	455,395	831,218	1,029,442	3,835	45,278	5,676
Region 5	1,763,249	1,222,060	541,189	29,873	511,316	69,939	412,996	25,276	0	63	3,042
Region 6	2,022,311	1,408,782	613,529	1,606	611,923	135,344	428,939	23,505	0	235	23,900
Region 7	1,495,142	959,223	535,919	69,555	466,364	49,407	397,450	15,054	4	114	4,335
Region 8	2,143,169	1,023,715	1,119,454	38,925	1,080,529	51,508	1,018,238	4,108	176	862	5,637
Region 9	1,599,734	762,252	837,482	26,871	810,611	424,924	370,288	2,607	46	2,611	10,135
Region 10	2,299,843	878,728	1,421,115	44,068	1,377,047	223,546	1,084,355	53,319	0	5,197	10,630
Region 11	2,714,059	1,079,824	1,634,235	115,649	1,518,586	144,783	1,299,769	53,643	0	19,127	1,264
Region 12	1,437,274	546,828	890,446	49,631	840,815	122,346	608,674	20,552	7,996	80,789	458
Region 13	988,147	320,819	667,328	7,789	659,539	164,328	489,547	2,415	0	1,012	2,237
ARMM	1,160,829	542,827	618,002	94,673	523,329	24,359	465,684	31,943	0	0	1,343

Source: 1997 Philippine Forestry Statistics

Another weakness of Philippine land policy is the failure to clearly identify society's preferences regarding land use. The transcending importance of efficient land use to society is well understood but the political economy of establishing social preferences regarding land use is the problematic part. Thus, significant problems in land use and allocation arise, e.g., the continuing tension behind the conversion of agrarian reform lands to non-agriculture use. Thus, without a clear and consistent land use policy, the government finds itself in a policy bind: supporting sectors that would favor agricultural use over urban use at one time and on other occasions, favoring those sectors that demand land for housing, business and other non-agricultural uses.

Various laws have been enacted for the classification or reclassification of lands into different uses. In particular, the laws paramount to land classification are the following: (1) Presidential Decree 399 which reserves strip lands along highways or public roads for human settlements and other non-agricultural uses; (2) Republic Act (RA) 7279 which defines urban lands and lands with potential urban use and reserves them for urban development and social housing purposes; (3) RA 7916 which identifies areas reserved for economic zone development and prescribes the manner of identifying such areas; (4) RA 7160 (Local Government Code) which provides for the mechanism for apportioning agricultural lands at the local level; (5) RA 6657 which provides restrictions on the classification of agricultural and agrarian lands including protected areas; (6) RA 7357 and 7668 which reserves certain lands for tourism development; (7) RA 8435 or the Agriculture and Fisheries modernization Act (AFMA) which identifies a network of protected areas for agriculture and agro-industrial development in effect impinging on existing laws on protected areas under the Department of Environment and Natural Resources; (8) RA 8850 or Philippine Fisheries Code which has provisions that run counter to earlier laws defining the utilization and disposal of mangroves; (9) RA 8370, the Indigenous Peoples' Rights Act that recognizes ancestral domains on lands including mineral lands and gives priority rights to indigenous peoples and (10) RA 7942 Mining Act, which provides that all natural resources particularly minerals are owned by the State. There is a need to review these laws in order to craft a consistent and socially acceptable land policy framework that supports the requirements of sustainable economic growth, equity and poverty alleviation.

Inefficient Land Administration Infrastructure

The land administration infrastructure, including the land information system in the Philippines is poor and inadequate. Information about land ownership, location, boundaries, actual land uses and land values cannot be provided systematically in many local governments. One result is fraud in land titling that yields land ownership conflicts, which takes years to resolve. In particular, the Philippine land administration system has the following characteristics.[6] *First*, there are 19 agencies involved in land administration but their operations are not coordinated and information integration is poor. There is considerable overlapping and fragmentation of institutional responsibilities among land agencies, e.g., the Land Registration Authority under the Department of Justice and the Bureau of Land Management under the Department of Environment and Natural Resources. There also seems no institutional mechanism in place to resolve conflicting issues. *Second*, major land administration laws are outdated and some are not in accord with recent land use legislation. For instance, on land registration, the governing law is the Property Registration Decree from 1978 (PD 1529). The law is comprehensive yet it no longer addresses some of the weaknesses of the current land administration system. All title disputes (including smallest corrections on title) have to go to the courts. This has caused widespread delays and invited abuse. *Third*, existing land records management is inefficient. There are limited inventories of land records. A large proportion of records have been missing due to destruction from war, theft, and fire and water damage. Some were also misplaced due to frequent transfer of records. Many of the remaining records are in fragile conditions and some have been illegally altered. *Fourth*, cadastral information is inadequate. There is no complete set of cadastral maps that show titled and untitled properties and the boundaries of private, public and forest land parcels. The most convenient way for a person to obtain information about the land is to visit the site, make inquiries and have the land resurveyed to check boundaries. *Fifth*, information in the land registry is not easily accessible. Title records in the Registry of Deeds, which is the ultimate repository of

[6] This section draws from the following sources: GHK International (2000). Development of Poor Urban Communities Project (DPUCP) Philippines. ADB: Philippines (Appendix C); National Economic Development Authority (NEDA) National Land Use Committee.

land titles in the country, cannot be matched with parcel or cadastral map number. The Land Management Bureau (LMB) under the Department of Environment and Natural Resources keeps the original cadastral surveys and record maps while the Land Registration Authority under the Department of Justice keeps copies of subsequent surveys on titled property and the municipal index maps. These maps neither show nor match the cadastral information stored with LMB. Because of this mismatch, problems of duplication and/or overlap are not easily detected. The system of access is also manual and hence, inefficient. Corollary, to this is the fact that some land title records have not been updated. Ownership titles issued in the past have not been perfected into the Torrens registration system and records of these ownership titles are not available. *Sixth*, there is an absence of a national standard and method for real property valuation. Several systems and methodologies are applied in the valuation of real properties. Thus, property valuation varies depending on the purpose for which land is being assessed. There is valuation of land for real property taxation, for compensation of land acquired for public investment and valuation under the Comprehensive Agrarian Reform Program (CARP). The private sector also provides its own valuation for purposes of bank lending, insurance, purchase and sale of real property by investors.

The inefficient land administration system results in high transaction costs in securing, registering and transferring property rights. There is no efficient mechanism to resolve land disputes, and the land administration system does not generate reliable information needed by the courts to hear land cases. Also, the high cost of registering land discourages registration and consequently investments on land.

Poor land administration can erode public confidence and trust in the titling and land registration system and this puts the especially the poor at a great disadvantage. Under the current land registration system, it takes between six months to several years to obtain original titles and between several weeks to a few months to register subsequent land transactions.[7] The percentage of untitled lands in rural areas is high, estimated at approximately 1/3 of land parcels in rural areas. Informal land

[7] World Bank (2000). Project Appraisal Document on a Proposed Learning and Innovation Loan. Land Administration and Management Project. Rural Development and Natural Resource Sector.

transactions to obtain access to land are the only avenues left to the landless. In the urban areas, this is illustrated by informal settlements or squatting.

A system of land planning has been instituted to manage land resources in the country. In 1978, a comprehensive system of permits and licensing was implemented. This system involved the drawing up of town plans in every municipality. However, the town plans of most municipalities and cities were inadequate and irrelevant as basis for guiding urban growth. Many town plans were found to be not technically sound.[8] These plans are mainly physical plans prepared for built up areas with unclear basis for land allocation. With the shift to a decentralized system of governance in 1991, the formulation or updating of comprehensive plans has become the responsibility of the local governments. However, land use planning remains inadequate because local governments generally lack the capacity and resources for planning, mapping, environmental and waste management. As of end 2001, only 10% of the total municipalities and cities in the country have updated town plans.[9] About 38% have no town plans and the rest have town plans that have not been updated. Aside from the lack of sufficiently skilled technical staff at the local level, city and municipal planning offices face budgetary constraints. Completing a municipal or city Comprehensive Land Use Plan cost about US$100,000 and involves more than one year of studies, planning and public consultations. The political returns may be too small given a political cycle of only three years for elective local officials.[10]

A weak link exists between land use and infrastructure planning of government. In March 2000, a National Urban Planning Agenda (NUPA) was formulated to provide policy directions and measures that will address urban development concerns. The NUPA is comprehensive, integrative, promoting urban-rural linkages and private sector participation in urban development issues. A National and Regional Physical Framework Plans that integrates physical planning at the national and regional levels supported it. These plans though have yet to be put in action.

---

[8] W. Silva (1993). Land Use Conversion: Present Problems and Possible Solutions. Technical Support to Agrarian Reform and Rural Development Project. Manila: Food and Agriculture Organization (FAO).
[9] Housing and Land Use Regulatory Board,
[10] World Bank, 2000

In the absence of clear land use plans, urban development has been poorly managed and industrialization is seen to be competing with the goals of agrarian and land reform laws in the country. Although a National Land Use Inter-agency Committee has been created to address problems of land allocation, utilization and management, and among others help to resolve land use conflicts, the Committee has limited powers (i.e. no quasi-judicial powers). A draft National Land Use Act prepared by the Committee to provide a mechanism for the implementation of a national land use policy has been languishing in Congress.

Highly Politicized Property Tax System

Because the cost of holding idle, unimproved land in the country is minimal, there is opportunity for land speculation and concentration of land ownership. An appropriate land tax system may be needed for efficient land markets. Although the property tax system is well designed, land taxation is not used effectively to generate revenue or to encourage active land markets. The authority to impose land taxes is with the local government units sharing in the revenue according to a fixed formula. Provinces can impose taxes up to 1% (2% in cities) plus special education surcharge of 1% of the assessed value. Local governments can also impose an idle land tax of up to 5% of the value of the land. In addition, capital gains taxes (6% of gross selling price or fair market value whichever is higher) are also paid from sale of lands. The implementation of these taxes is, however, poor. This is partly blamed to inefficient land valuation but the significant factor is political. A landowner dominated local council may not support efficient land taxation, including the periodic assessment of land values to establish an appropriate tax base. Political pressure may also come from local businessmen or banks in possession of foreclosed lands. Thus, local government effort may largely be confined to town planning without the opportunities for raising local revenues through schemes such as idle land taxation, betterment levies, land conversion tax, etc.

On the other hand, the implementation of the idle land tax has been neglected despite provisions in the law that mandate local governments to keep a record of idle lands within their jurisdiction (Section 239 of the Local Government Code) and to

impose a tax on idle lands at 5% of assessed value of the property (Sections 236 and 237 of the Local Government Code and Section 42 of the Urban Development and Housing Act). Monitoring of idle lands has remained undone and only one municipality so far has implemented the idle land tax.[11]

The efficient allocation of lands to their best use has been constrained by relatively low tax burdens. This practice has encouraged land speculation and undermined the generation of significant revenues for land ownership. It also provided an incentive to overvalue real property and underestimate property-related risk. Doubtful and contested land valuations have also caused long delays in the implementation of government and private sector projects due to contestations in courts. In particular, it has significant implications on infrastructure development in the country. A major factor that causes delays in infrastructure completion is the right of way acquisition.[12] Inefficient land valuation has persisted as a major issue overtime. Different agencies have provided widely disparate estimates of land valuation. For instance, the Bureau of Internal Revenue (BIR), the local government assessors, the Bankers Association of the Philippines and the different private realty appraisers' associations all tend to apply different valuation to the same property. The courts have been asked to resolve the disagreements on valuation but this has caused further delays given the slow pace at which land expropriation cases are resolved and the backlog of court cases that are not just on property-related problems alone.

Recently, Congress approved Republic Act 8974 and Republic Act 8975, which intend to expedite acquisition of right-of-way. Republic Act 8974 upholds the Bureau of Internal Revenue's zonal valuation as basis for the computation of "just compensation" for the acquisition of right of way acquisition. Courts are given 60 days to determine just compensation in cases when no such zonal valuations are available. On the other hand, Republic Act 8975 prohibits the lower courts from issuing restraining orders and injunctions on infrastructure projects. These laws, however, only addresses the issue of right-of-way acquisition. Different standards in land valuation still remains as a big problem in the land markets.

---

[11] Housing and Urban Development and Coordinating Council (HUDCC). Regional Housing Summit. August 2001.

[12] R. Manasan and R. Mercado (2001). An Assessment of the Absorptive Capacity of Agencies Involved in Public Sector Works. PIDS Discussion Paper 2001-17.

Inefficient Agrarian Reform program

In the 1970s, government embarked on a land reform program as a critical policy intervention for growth, equity/poverty alleviation in the rural sector. This program consisted of both tenancy reforms and land redistribution programs. The tenancy reform rules out the practice of share tenancy, regulates the leasehold rent, and protects tenants. The land redistribution policy sets the ceiling on the maximum size of landholding and transfers the ownership right of land in excess of the ceiling to the actual tiller, who mortgages the property to the government for compensation payments to the landlord. The former tenants will amortize the mortgage with the government over a long period.[13] The program was initially limited to rice and corn under Presidential Decree Numbers 2 and 27. In 1988, Congress enacted the Comprehensive Agrarian Reform Law that expanded the coverage to include all private and public agricultural lands regardless of the type of commodity produced.

The land reform program in the country seems to have been successful in promoting social equity through the transfer of lands to landless or tiller farmers. Studies showed that distributional reform has had positive impact on yields specifically in the rice sector. The impact is highest in lands where technical change, e.g., adoption of high yielding varieties of rice has occurred.[14] Recent studies also showed that agrarian reform had a positive impact on poverty alleviation.[15] The incidence of poverty among agrarian reform beneficiaries is observed to be lower than that of non-agrarian reform beneficiaries (**Table 2**). There has been a decline in the poverty incidence among agrarian reform households from 47.6% in 1990 to 45.2% in 2000 (**Table 3**). In contrast, the proportion of poor households among non-agrarian reform beneficiaries has increased from 55.1% in 1990 to 56.4% in 2000. The greater proportion of agrarian reform beneficiaries who became non-poor suggests that the probability for an agrarian reform beneficiary to move out of poverty is higher than that for non-agrarian reform beneficiaries.

---

[13] Under the Comprehensive Agrarian Reform Law, amortization period is 30 years. Under the earlier land reform law, Presidential Decree 27, amortization period is 15 years.

[14] K. Otsuka (1991) Determinannts and consequences of land reform implementation in the Philippines. Journal of Development Economics 35,p. 229-355.

[15] C. Reyes (2002). Impact of Agrarian Reform on Poverty. PIDS Discussion Paper Series No. 2002-02. Makati: Philippine Institute for Development Studies.

Table 2. Poverty Incidence by Location

Region	Total				NARB				ARB			
	Poor		Non-poor		Poor		Non-poor		Poor		Non-poor	
	Dist	Prop	Dist	Prop	Dist	Prop	Dist	Prop	Dist	Prop	Dist	Prop
	100.0	**51.1**	**100.0**	**48.9**	**100.0**	**56.3**	**100.0**	**43.7**	**100.0**	**45.1**	**100.0**	**54.9**
CAR	1.5	42.4	2.1	57.6	1.6	36.0	3.8	64.0	1.3	62.5	0.6	37.5
Ilocos	6.7	61.4	4.4	38.6	5.5	63.8	4.0	36.2	8.4	59.3	4.7	40.7
Cagayan Valley	10.1	36.2	18.7	63.8	5.5	37.0	12.0	63.0	16.8	35.8	24.8	64.2
Central Luzon	4.6	31.4	10.6	68.6	2.0	33.3	5.2	66.7	8.4	30.8	15.5	69.2
Southern Tagalog	11.1	53.1	10.2	46.9	12.0	53.7	13.4	46.3	9.7	52.1	7.3	47.9
Bicol	9.7	61.2	6.4	38.8	8.2	65.2	5.6	34.8	11.8	57.7	7.1	42.3
Western Visayas	15.8	54.2	13.9	45.8	19.3	63.9	14.1	36.1	10.8	39.0	13.8	61.0
Central Visayas	6.0	54.9	5.2	45.1	8.6	60.3	7.3	39.7	2.4	37.5	3.2	62.5
Eastern Viasyas	13.7	59.9	9.6	40.1	16.2	62.2	12.7	37.8	10.0	55.1	6.7	44.9
Western Mindanao	8.3	72.6	3.3	27.4	8.9	76.6	3.5	23.4	7.3	66.7	3.0	33.3
Northern Mindanao	3.0	82.4	0.7	17.6	3.1	77.3	1.2	22.7	2.9	91.7	0.2	8.3
Southern Mindanao	8.3	51.7	8.1	48.3	7.7	53.8	8.5	46.2	9.2	49.3	7.8	50.7
Central Mindanao	1.3	35.3	2.5	64.7	1.5	33.3	3.8	66.7	1.0	40.0	1.3	60.0
CARAGA			4.5	100.0			5.2	100.0			3.9	100.0

Source: C. Reyes. Impact of Agrarian Reform on Poverty, PIDS Discussion Paper No. 2002-02.

Table 3. Poverty Incidence in 1990 and 2000

	1990	2000
ARB	47.6	45.2
Non-ARB	55.1	56.4

Source: C. Reyes. Impact of Agrarian Reform on Poverty, PIDS Discussion Paper No. 2002-02.

The downside is that agrarian reform has constrained the rural land markets and has placed restrictions on the trading of agricultural lands[16]. The law prohibits lands acquired by beneficiaries from being "sold, transferred or conveyed except to through hereditary succession or to the government for a period of ten years" (Sec.27 RA 6657 of 1988). It also prohibits banks from foreclosing and owning properties secured by emancipation patent or certificate of land ownership award. If an agrarian reform beneficiary is unable to pay the bank loan, the bank has to turn over the emancipation patent or certificate of land award to government that will dispose of the property to another agrarian beneficiary. The net effect is an inactive formal agricultural land market. The curious phenomenon is the rise in transactions in the informal land markets such as buying

[16] G. Llanto and B. Estanislao (1993). The Comprehensive Agrarian Reform Program and the Collateral Value of Agricultural Lands., Agribusiness Assistance Program (ASAP) Publication No. 1.09. Philippines:United States Agency for International Development (USAID)

and trading of usufruct rights to the agrarian reform land. Another deleterious effect is the drying up of credit to agriculture because private financial institutions refuse to lend to agrarian reform beneficiaries under the conditions imposed by the law. The credit markets see the emancipation patents and the certificate of land award as very imperfect instruments of ownership and as very poor substitutes to the traditional transfer certificate of title. The tedious land registration processes of registering those emancipation patents and certificates of land awards as transfer certificates of title compounds the situation. The lack of credit, inadequate infrastructure and the inability of land markets, among others, to respond to the best economic opportunities constrain the potential growth in agriculture productivity envisioned under the agrarian reform program. This translates into lower land values for these lands that further erode the acceptability of those lands as loan collateral to the banks.

The slow distribution of agricultural lands, particularly private lands has also hampered the rural and agricultural land markets.[17] The Department of Agrarian Reform, on the average, has accomplished only 70% of its target from 1987 to September 2001 and most redistributed lands are public agricultural lands (**Table 4**). One constraint is the lack of financing. The financing problem arises not only because of the huge fiscal deficit but also the inefficient financing structure of the agrarian reform program. There is a mismatch between the mode of compensation to landowners and the payment of beneficiaries. Landowners receive cash payment equivalent to 25-35 percent of the total value of land and the balance is paid in government bonds with a maturity of 10 years. On the other hand, beneficiaries amortize the loan for a period of 30 years. Moreover, in the event of foreclosure, the law provides a redemption period of two years for the original beneficiary or his heirs to recover the property.[18] In the event of a transfer to another beneficiary, the original beneficiary has to be reimbursed in cash, the amount paid on the property plus the value of existing improvements that have been made on the land. The repayment performance of agrarian reform beneficiaries has also been poor. All these conditions place government's fiscal position at a high risk.

[17] World Bank (2002) Public Expenditure, Procurement and Financial Management Review: Agriculture and Agrarian Reform.
[18] The loan is considered in default after non-payment of an aggregate of three annual amortizations.

Table 4. Land Redistribution Accomplishments by Year (000 hectares)

Year	DAR Target	DAR Accomplishments			
		Total	*%*	*Private Lands*	*Non-Private Lands*
1995	540	289.32	54	159.16	130.12
1996	360.06	300.2	83	184.21	115.99
1997	230.54	210.13	91	136.49	73.64
1998	195	137.36	70	102.27	35.09
1999	171.54	132.07	77	90.03	41.99
2000	158.41	110.48	70	74.76	35.72
2001 Sept.	101.32	45.38	45	37.84	7.54
Total	**1756.87**	**1224.94**	**70**	**784.76**	**440.09**

Source: DAR Planning Service

Other factors that contributed to the slow redistribution of private lands are the following:[19] (1) cumbersome land valuation; (2) slow pace in land survey process; (3) tedious documentation and difficulty of coordination of land-reform related activities; (4) counterclaims by landowners at the Department of Agrarian Reform Adjudication Board; (5) opposition of some local governments to land acquisition and distribution and their bias for land conversion in view of higher tax revenues from lands devoted to non-agricultural use.

Land valuation takes time to accomplish due to lack of accurate information for proper assessment of the price of land and the need to conform to the valuation indices specified in the agrarian reform law. Extensive field and secondary research have to be done and with the limited resources (staff and budget) at the Land Bank of the Philippines (LBP) the process has often encountered significant delays.[20] Cost sharing among agencies involved in agrarian reform and the Land Bank is not practiced since the latter makes an independent land valuation. Each agency does its own field investigation. Department of Agrarian Reform (DAR) initiates an ocular inspection to identify the landowners and prospective farmer-beneficiaries and the area to be covered for reform. It also gathers data relating to land (e.g. production data). DENR also does its own field investigation to look into CARP and non-CARP areas and boundaries. LBP gathers the same information as DAR and DENR. DAR's

[19] L. Adriano (1994). DAR, Land Reform-Related Agencies and the CARP: A Study of Government and Alternative Approaches to Land Acquisition and Distribution. PIDS Discussion Paper Series No. 94-13, Makati: Philippine Institute for Development Studies.

[20] Land valuation for land acquisition and distribution is handled by the Land Bank of the Philippines (LBP).

formula for computing "just compensation" has changed three times between 1988 and 1992. Compounding this problem is the lack of standardized definitions of what should be covered by CARP and of who has the final decision in determining land value (i.e, the DAR Adjudication Board decision vs. LBP's estimate). Each agency also requires different documentary requirements.

The presence of problematic lands and lands without proper documentation also hampered the program. A significant percentage (21%) of the 1.2 million hectares of CARP scope is composed of problematic lands. These are lands, which have ownership conflicts or with conflicts regarding the actual area of land that is covered by agrarian reform. It is possible that portions of a land parcel have been covered by an exemption (i.e the land has been zoned non-agricultural). Other CARP lands have no proper documentation (18%). There are also CARP identified lands that have to be validated due to possible error in the identification of the land (33%). Some of these lands may not be covered by the comprehensive agrarian reform program and thus have to be deducted from the CARP scope. A third problem is the failure to install ARBs on awarded lands due to unsettled and pending cases of counterclaims by landowners at the DAR Adjudication Board. Fourth, some local governments are opposed to the land acquisition and disposal program. Some local governments help landowners to convert their lands to non-agricultural uses in view of higher tax revenues from non-agricultural uses. Fifth, regulations on land conversion issues are unclear.

While these issues await resolution, the agrarian reform lands remain outside transactions in the formal land markets although as mentioned earlier informal transactions such as buying and selling of usufruct rights over the lands in question has emerged as an informal response to non-existent formal land markets.

Another issue that merits close investigation is the impact of natural resource degradation resulting from indiscriminate conversion of forest and agricultural lands to urban use on the profitability of agrarian reform lands targeted for distribution. Farming has become unprofitable in those areas. Forty-five percent of the country's land area suffers moderate to severe soil erosion. Agricultural yields in the lowlands are stagnating, increasingly beset by salinity and water logging. Moreover, the forest

cover in the Philippines has been substantially reduced over the last forty years due to shifting cultivation, increasing urbanization, illegal logging and forest fires. Coastal areas are deteriorating from marine and land-based pollution sources. The country's coral reefs are under threat from siltation, pollution, over-fishing and destructive fishing techniques. Mangrove forests are also disappearing rapidly due to conversion to aquaculture and indiscriminate cutting for firewood and construction. There has been an increased pressure on marine fisheries over the last 20 years from a rapidly growing population and rise in exports of marine products such as shrimps.

There are incentives to land conversion and even beneficiaries of agrarian reform are tempted to part with their land for the right price – a price difficult to match with earnings from agriculture. Potential agrarian reform beneficiaries would want land distribution to go on because land has become even more a tradable asset but not necessarily for agricultural reasons. A major danger of this is that it can potentially lead to rural squatting. We now might be witnesses to a new crop of landless rural households because of the sale of "rights" to agrarian land. In addition, the urban political economy may lead one to surmise that rapid urbanization and the concomitant urban and industrial functions of the economy may have created a shift from the traditional protagonists in land tenure issue, i.e., landowner vs. tenant to farmers vs. real estate developers/new landowners; farm workers vs. industrial plantation owners; community vs. capitalist entrepreneurs, etc. The inefficiency in rural land markets may be contributory to this phenomenon.

Inefficient Housing Development Programs

An urban land reform and housing program through the Urban Land Reform Act of 1978 (Presidential Decree 1517) has attempted to provide opportunities for informal settlers to own lands that they have occupied to prevent unreasonable increases in the price of urban lands. However, the practice of identifying urban land reform sites was discontinued in 1989 due to opposition from landowners and the regressive effect of the law on land markets. Problems on multiple ownership, land valuation problems, refusal of landowners to sell property or refusal of some informal settlers to pay for the property have stymied urban land reform efforts. Instead, the government scaled up community-based housing programs to provide the landless urban poor access to

and secure tenure on urban lands. One of these programs is the Community Mortgage Program (CMP) that provided low cost financing to organized household communities for land acquisition and development. The CMP has mixed results. On one hand, it has enabled informal settlers to purchase the lands they occupied, thus, obtaining some form of secure tenure. On the other hand, CMP's sustainability is doubtful due to the informal settlers' poor loan repayment performance. Several shortcomings have been noted:[21] *First*, the program does not always provide a realistic option for addressing tenure concerns because either some landowners have no intention of dealing with the community or some communities lack the requisite negotiating skills. *Second*, while the CMP is designed mainly to help squatters on private lands but it does not offer much help to low-income renters who also might want to have secure tenure through ownership. *Third*, the main benefit from CMP is access to land but it does not meet problems of slum upgrading and provision of basic services or infrastructure.

However, the bigger issue is the wrong incentives created by the Urban and Housing Development Act of 1990 which provided squatters quasi-legal rights over lands. One observation is that the law has encouraged the development of informal urban land markets.[22] It has motivated outright occupation and possession of both public and private lands as a common mode of "acquiring" those lands

Land markets have been constrained by the presence of a third party that have no legal claims over possession and enjoyment of the land but only *quasi-legal* or *de facto* rights over use of the land. The presence of squatters has increased transaction cost in the land market. Evicting them is no easy task. The law entitles squatters to due process before eviction and demolition can be undertaken. Litigation, however, is a slow and tedious process. Resolution of squatting cases takes years. Carrying out a court order is even more difficult. Local governments which are tasked to carry out eviction orders but they cannot easily implement these orders because the Urban and Housing Development Act first requires them to find resettlement or relocation areas for squatters. Under this law resettlement and relocation can be carried out only

[21] These problems are discussed in detail in M. Lee, 1995;
[22] Pal Baross (1993) The Operation of Informal Land Markets in Four Regional Cities in the Philippines. Summary Report. Shelter Strategies for the Lowest Income Groups Project. UNDP and UNCHS.

under a court order and only when preliminary conditions, that is, relocation site, fair compensation to the squatters, availability of basic public services at the relocation site, etc., have been satisfied. Many local government units neither have the resources nor the sites to relocate the squatters. There is also an incentive problem on the part of some local officials who are reluctant to carry out this responsibility due to its implications on their local election chances. The squatters represent a big block of voters which local officials court to put them in elective positions.

III. Policy Reforms and Strategies that Address Critical Land Issues

The Medium Term Philippine Development Program (MTPDP) 2001-2004 provides a comprehensive and integrated approach to poverty alleviation focusing not only on providing access and secure land tenure but also on preserving the productivity of land resources through better management of land. To address land critical issues the following shall be done: (1) expanding access and secure tenure; (2) promoting sustainable management; (3) accelerating infrastructure development; and (4) improving land administration and management.

Expanding Access and Secure Tenure[23]

Land distribution and disposal under the CARP is envisioned to be completed during the period 2001-2004. An important measure that will facilitate its full implementation is the completion of forestland demarcation. Forestland demarcation shall establish the forest limits and total agricultural lands to settle issues relating to the current utilization of forestlands for agricultural purposes and the release of marginal forestlands for agricultural purposes. Other support measures are the following: (1) strengthening the database and information system to facilitate planning and monitoring of agrarian reform areas and beneficiaries; (2) partnership with peasant organizations, non-governmental organizations, people's organizations, local governments, landowners for advocacy and budgetary support; (3) determination of other funding sources to finance private land distribution; and (4) speedy delivery of agrarian justice by strengthening the Department of Agrarian Reform adjudication

[23] The succeeding discussions draw from the 2001-2004 Medium Term Philippine Development Plan.

board[24]. Improvements in the land administration and management to be spearheaded by Department of Environment and Natural Resources shall complement these measures.

The creation of Agrarian Reform Communities (ARCs) is expected to provide a more effective mechanism for delivering support services to agrarian reform beneficiaries. Support services, include capacity building, credit, infrastructure and livelihood, intended to enhance smallholder productivity. About 1,313 ARCs have been established all over the country (**Table 5**). These ARCs consist of about three fourths of total ARB-households.

Table 5. ARCs Launched by Year

Year	Luzon	Bicol-Visayas	Mindanao	Philippines
1993	115	137	87	339
1994	71	91	84	246
1995	62	46	12	120
1996	75	41	54	170
1997	39	0	14	53
1998	29	13	3	45
1999	25	15	21	61
2000	140	45	89	274
2001 June	42	5	7	54
Total	**598**	**393**	**371**	**1,313**

Source: DAR Planning Service

Some policy issues on the implementation of the agrarian reform have still to be addressed. Recently, experiments with "negotiated" or market-based land reform are being carried out in Latin America, South Africa and Thailand with assistance from the World Bank.[25] This scheme, which relies on voluntary land transfers based on negotiation between buyers and sellers and where government's role is limited to government mediation and subsidization, is expected to facilitate land redistribution and relieve government of financial burden.[26] The other policy issue to consider is

[24] By engaging the services of more lawyers, enhancing field personnel in dispute resolution and mediation and ensuring better case management and feedback mechanism.

[25] K. Deininger (1999). Making Negotiated Land Reform Work: Initial Experience from Colombia, Brazil and South Africa. *World Development* 27, p.651-672.

[26] Independent studies conducted on market-based land reform, however, showed doubts on the effectiveness of the scheme. There are indications that lands put on the market are frequently of low quality and that negotiations on land purchases are under the control of the local governments rather

that land redistribution per se cannot guarantee efficient and viable small-scale family farms. Additional policy reforms are needed including reforms removing distortionary subsidies or taxes and providing adequate access to markets by reform beneficiaries.[27] The urbanization of the countryside and the "premature" conversion of agricultural lands to non-agricultural uses has to be addressed. One reason for such "premature" conversion has been the long delay in the implementation of the agrarian reform. On the other hand, this could also be due to the absence of a clear and consistent policy and legal framework over land use.

Access and secure tenure for shelter will be expanded in urban areas. The housing programs have a bias in favor of homeownership regardless of the households' economic capacity. This bias rests on wrong assumptions of the housing demand. Not everyone can afford to buy and own a house. Society's real problem is how to provide access to affordable, secure and decent shelter. Thus, households should be given a choice among ownership through purchase or private transfers, renting private units or accessing public rental housing targeted for certain sectors of society. For ownership, government's strategy now is to focus on community-based housing programs for the bottom 40% of the income distribution. The government also has earmarked parcels of public lands that are informally occupied for distribution to the urban poor. The main benefit from these programs is improvement in tenure status of squatters. Infrastructure improvement remains a problem and this will certainly be a major challenge in the development agenda.

In the case of renting, the provision of low-cost rental housing is encouraged. Efficient rental markets will be promoted through incentives for private sector participation, provision of on-site and off-site services and adoption of rent-to-own schemes[28].

---

than the landless. Jeffrey Frank (2002) Two Models of Land Reform and Development. Land Research Action Network. http://www.landaction.org.

[27] A. Balisacan, N. Fuwa and M. Debuque (forthcoming). The Political Economy of Philippine Rural Development since the 1960s. in *Dynamism of Rural Sector Growth, Policy Lessons from East Asian Countries*. Washington: The World BAnk

[28] Congress has recently enacted a law that extended rent control for low cost apartments. This is inconsistent with the government's market-driven housing strategy.

Promotion of Sustainable Management[29]

The natural resources degradation and the declining quality of coastal and marine resources in the country contribute to low productivity in agriculture and fishery. Four key strategies to sustainable development are the following: (1) integrating environmental concerns in planning and decision-making at all levels of the bureaucracy; (2) broader participation of stakeholders in the management and protection of natural resources; (3) equitable access to productive resources and resources by the issuance of ancestral domain titles to indigenous peoples; and (4) promotion of technology-based production in the forestry and natural resources. The enactment of the Agriculture and Fisheries Modernization Act (AFMA) in 1997 has initiated actions along these strategies. The law spelled out specific principles and guidelines for irrigation and watershed development, the devolution of communal systems to local governments and private participation in development of irrigation systems. Strategic Agriculture and Fisheries Development Zones (SAFDZ), which are suitable agricultural areas, have been identified to be protected from unreasonable land conversion. Each SAFDZ will have an in Integrated Development Plan, complete with infrastructure and marketing programs, which will be integrated into the local agriculture and fishery modernization plan.

The government has shifted to a policy of contract reforestation in 1988 in lieu of issuance of licenses to cut down timber. Massive contract reforestation efforts undertaken between 1989 and 1993 revealed a significant improvement in survival rate (76%) in contrast to the 26% rate of government reforestation efforts. In 1995, government also shifted from government-managed forestry to community-led forest management. About 4.9 million hectares of forestlands have been under community management as of 1998 compared to only 32,000 hectares in 1982. This community-oriented forestry initiative has allowed for longer tenure and has provided an incentive towards conservation and sustainable management of the remaining forests. By 2004, government intends not only to increase forestlands under community management but also to recognize and issue certificates on ancestral domain claim areas.

[29] This section draws from report by the RCDS, NEDA

Accelerating Infrastructure Development

Infrastructure including those for transportation, water supply, power, education, health and other services supports economic and other social activities. Infrastructure development is a major priority since it will support the modernization of the agricultural sector, tourism and the objective of pursuing a balanced regional development. The infrastructure requirements of the country remain large, and, thus, several strategies will be pursued to accelerate infrastructure development. *First*, the government shall increasingly rely on the private sector to fund the huge investment requirements specifically of transport, power and water infrastructures. Government financial assistance will focus on socially and economically desirable but financially unprofitable investments. User charges and fees shall be adjusted to encourage private sector participation while at the same time allowing the poor access to basic infrastructure. *Second*, integrated planning and improved coordination among government agencies and the private sector address diverse issues in developing infrastructure (e.g. rural-urban linkages, access of the poor to basic infrastructure service, environmental and safety regulations, etc.). Infrastructure development will be linked with physical regional planning to achieve spatial organization and balanced regional development. *Third*, infrastructure investments will shift from the highly developed mega urban centers, like Metro Manila, to designated regional growth centers. This shall stimulate development of the countryside and relieve the pressure of rapid rural-to-urban migration on infrastructure services[30]. Efficient transportation networks linking Metro Manila to major industrial centers shall increase the supply of urban lands and increase the areas that can serve as alternative investment sites to Metro Manila. This can lead to a reduction in urban congestion and a tempering of increases in land and housing prices in urban centers, principally, Metro Manila.

[30] Urban centers in other regions will be encouraged to grow and link to Metro Manila. A large proportion of the country's population and economic activities have been concentrated in Metro Manila.

Land Administration and Management Project (LAMP)

The LAMP is government's first step towards the implementation of a long-term (about 15-20 years) land administration and management program. This program, which was initiated in 2000, aims to foster efficient land markets through the development of an efficient system of land titling and administration based on clear, transparent, coherent and consistent policies and laws supported by appropriate institutional structure. Initially, a three-year program will be undertaken, which will consist of three components, namely: (1) conduct of land policy studies that will look into property valuation, finance and fee structure, fragmented land laws and institutional arrangement in land administration; (2) pilot testing of innovative solutions on collaboration on land administration and title reconstruction and record management; and (3) institutional development in project management and monitoring.

The institutional support for the project has already been set in place. The prototype on land titling and administration, specifically cadastral index mapping, has shown significant progress (**Table 6**). The one-stop shop has been launched and the infrastructure and operational support completed. Comparatively, Prototype 2, which is being implemented in Manila, shows slow progress. In cadastral mapping, very slow progress was made in the retrieval of titles from the registry of deeds. Field validation of reconstituted titles has also made slow progress because residents have not been receptive to the activity. Only 17% of the targeted households responded. Delays in release of funds have also been experience due to the frequent change in the administration of the Department of Environment and Natural Resources, the lead government agency in the project. Except for some problems in title reconstitution at Quezon City, the other components of the project are proceeding with success. The continuing success of the project, however, will depend largely on the political support by succeeding administrations and public support. Some sectors are still apprehensive of the project because it is seen to favor the landed. The perception is that LAMP is too focused on insuring the efficiency of the land titling system while the issue of land redistribution is not given importance.[31]

[31] Sectoral Representative Report, National Economic Development Authority

Table 6. Land Administration and Management Project (LAMP) Project Status Report, 2001

Component	Lead Agency/Region	Accomplishments	Remarks
I. Land Policy Studies a) Land Development Process b) Forest boundaries Delineation c) Fragmented Land Laws d) Finance and Fee e) Valuation f) Institutional Structure	NEDA DENR DOJ DOF DOF DBM	- Terms of reference and other arrangements for the conduct of studies have been finalized - Request for proposals on-going	
II. Prototype Projects Prototype 1 – Land Titling and administration	Region 8 - Leyte	<u>Management</u> - Developed manual of operations for one-stop-shop. - Temporary one-stop-shop office operational since Dec. 2000 - Construction of one-stop-shop building completed waiting final inspection and acceptance - Local advisory group organized and activated <u>Cadastral Index Mapping (CIM)</u> - Inventory of land records accomplished by 149%. A total of 178,650 records out of the targeted 120,000 were properly inventoried - Encoding of inventory results completed - CIM preparation 100% accomplished - Manual plotting and mapping of surveyed lots on CIM 103% accomplished - Index 236 titled lots (88%) and cross indexed 55% of untitled lots. <u>Systematic Adjudication</u> - Discussions with DAR on subdivision of collective CLOAs on-going - Administrative titling through issuance of Homestead patents over untitled agricultural lands were piloted. The scheme was put on hold in other barangays.	- Slow turn-out due to unavailability of coordinates - Issuance of Homestead patents not feasible in other barangays due to technical deficiency and constraints (i.e., bias against women), shifted to judicial titling.
Prototype II – Land Records and Info Prototype	Quezon City	<u>Management</u> - Local advisory group organized and activated <u>Cadastral Index Mapping (CIM)</u> - Only 8% of the target titles were retrieved - Retrieval of tax assessment records completed <u>Field Validation and Reconstitution of Title</u> - Only 17% of households responded to pilot-testing activities	- Inventory at the ROD on-going - Households not receptive

Source: LAMP Project Management Office, DENR.

IV. Concluding Remarks

While the Medium Term Philippine Development Plan (2001-2004) presents a comprehensive approach to integrate land issues in poverty reduction strategies and the broader development agenda, much more remains to be done in the areas of actual implementation of the identified strategies, in producing the resources to fund the development measures and in harmonizing different vested interests toward addressing problems of growth and poverty reduction. Severe problems affect the land markets in the country. These arise from unclear and inconsistent land laws, policies and inadequacies in land administration and management. There is need to review the legal and policy framework affecting land resources including the institutional arrangements that are the basic infrastructure for efficient land markets. The government has implemented land programs in the agrarian and urban sectors but the serious attempts to address land problems in those sectors have been constrained by a number of issues. There is a need for an in-depth analysis of those issues, most especially, a clear articulation of land use policy and societal preferences in respect to the use of land resources. In particular, there is a need to evaluate very closely the impact of agrarian reform on land markets and on economic growth, review its implementation to solve bottlenecks and avoid further deadweight loss burden on the economy.

The establishment of an integrated land information system for efficient land administration and management is crucial. The vast data generated from land classification, geodetic controls, land use, cadastral surveys, land titling, land registration, and from various administrative, legal and fiscal aspects of land need to be processed into meaningful, accessible and comprehensive information over specific geographic locations. Specifically, this would require the conduct of a national benchmarking activity and the establishment of a unified database.

Given the finite and irreversible character of land as well as its function as economic base, it is critical to provide a consistent policy, legal and institutional framework that would motivate efficient allocation, use and management of the land. Some priority measures that need to be undertaken are as follows:

- Completion of cadastral survey of the entire country and use of cadastral maps as bases for land use and physical planning, tax mapping, and other activities.
- Identification and delineation of forestland that can be used for agricultural expansion/activities, and non-agricultural activities, particularly that of housing, tourism, industry and other settlement expansion areas.
- Identification and delineation of existing and potential agricultural production areas, based on regional supply and demand requirements and productivity trends, and subsequent protection of such areas from conversion and identification and provision of necessary support infrastructure, facilities, and services[32].
- Mapping of the boundaries of protected areas, including disaster, hazard, and risk-prone areas, establishing a database for such areas with appropriate development limits and specifications. Identification and protection of priority infrastructure rights-of-way.

[32] However, these SAFDZs have yet to be incorporated in the local governments' comprehensive land use plans. An emerging issue is the overlapping boundaries of SAFDZs arising from unsettled boundary disputes in some local governments, which are brought about by the lack of cadastral maps. Another issue is the incentive to some LGUs to have their whole territory demarcated as SAFDZs because of priority funding of public investments in those areas as mandated by law.

References

Adriano, Lourdes, S. 1991. *A General Assessment of the Comprehensive Agrarian Reform Program*. Working Paper Series No. 91-03, Makati: Philippine Institute for Development Studies.

_____. 1994. *DAR, Land Reform-Related Agencies and the CARP: A Study of Government and Alternative Approaches to Land Acquisition and Distribution*. PIDS Discussion Paper Series No. 94-13, Makati: Philippine Institute for Development Studies.

Balisacan, Arsenio M., N. Fuwa and M. Debuque (forthcoming). The Political Economy of Philippine Rural Development since the 1960s. in *Dynamism of Rural Sector Growth, Policy Lessons from East Asian Countries*. Washington: The World Bank

Balisacan, Arseion M. 2002. *Pathways to Sustained Poverty Alleviation: Agrarian Reform Communities and Beneficiaries and the New Economic Paradigm*. Agrarian Reform Communities Development Project, World Bank.

_____ 1994. *Poverty, Urbanization and Development Policy A Philippine Perspective*. Quezon City: University of the Philippine Press.

Ballesteros, Marife M. 2000. *The Urban Land and Real Estate Market: A Socio-economic Analysis*. PhD Dissertation. Katholieke Universiteit of Nijmegen, The Netherlands.

Baross, Pal. 1993. *The Operation of Informal Land Markets in Four Regional Cities in the Philippines*. Summary Report. Shelter Strategies for the Lowest Income Groups Project. UNDP and UNCHS.

Deininger, K. 1999. Making Negotiated Land Reform Work: Initial Experience from Colombia, Brazil and South Africa. *World Development* 27, p.651-672.

Filamor, Alberto E. 1997. *Philippine Real Estate Law and Jurisprudence*. Manila: Philippine Copyright.

Goson, G. Sancianco y. 1975. *The Progress of the Philippines*: Manila: National Historical Institute.

Hayami, Yujiro M., and M. Kikuchi. 2000. *A Rice Village Saga: Three Decades of Green Revolution in the Philippines.* Lanbum, Boulder, New York: Barnes and Noble, London: McMillan, Philippines: International Rice Research Institute.

Hayami, Yujiro M., and A. R. Quisumbing, and L. S. Adriano. 1990. *Toward An Alternative Land Reform Paradigm: A Philippine Perspective.* Ateneo de Manila University Press.

Lee, M. 1995. The Community Mortgage Program: An Almost Successful Alternative for some Urban Poor. *Habitat International*, 19 (4) 1995.

Llanto, Gilberto M. and B. Estanislao. 1993. *The Comprehensive Agrarian Reform Program and the Collateral Value of Agricultural Lands*. Agribusiness Assistance Program (ASAP) Publication No. 1.09. Philippines: United State Agency for International Development (USAID).

_____ and Aniceto Orbeta, Jr. 2001. *The State of Philippine Housing Programs: A Critical Look at how Philippine Housing Subsidies Work*. Makati City: Philppine Institute for Development Studies.

_____ 1996. *Housing Subsidies: A Closer Look at the Issues*. PIDS Policy Notes 96-02. Makati City: Philippine Institute for Development Studies.

Manasan, Rosario G. and Ruben G. Mercado. *An Assessment of the Absorptive Capacity of Agencies Involved in the Public Work Sector*. PIDS Discussion Paper Series No. 2000-17, Makati: Philippine Institute for Development Studies.

National Anti-Poverty Action Agenda. 2000. "*ERAP Para sa Mahihirap Breaking Free from Poverty*", Manila: National Economics Development Authority.

National Economic Development Authority (NEDA). 2000. *National Urban Policy Agenda*. Manila: National Economic Development Authority, March 2000.

_____. 2001. *The Medium-Term Philippine Development Plan 2001-2004*. Manila: National Economic Development Authority, November.

National Land Use Committee. 2000. *National Framework for Physical Planning: 2001-2030*, Manila: National Economic Development Authority.

Otsuka, K. 1991. Determinants and Consequences of Land Reform Implementation in the Philippines. *Journal of Development Economics,* 35, p. 229-355.

Republic of the Philippines and Asian Development Bank. 2001. "Poverty Partnership Agreement," Manila: Asian Development Bank.

Reyes, Celia M. 2002. *Impact of Agrarian Reform on Poverty*, PIDS Discussion Paper Series No. 2002-02, Makati: Philippine Institute for Development Studies.

Silva, W. P.T. 1993. *Land Use Conversion: Present Problems and Possible Solutions*. Technical Support to Agrarian Reform and Rural Development Project. Manila: Food and Agriculture Organization (FAO).

Wolters, W. 1999. The Development of Property Rights in Land: The Philippines Mid-19th Century to the 1920s. *Property Rights and Economic Development: Land and Natural Resources in Southeast Asia and Oceania.* Edited by T. van Meiji and F. von Benda Beckmann. London: Kegan Paul International.

The World Bank. 2000. "The State of the Environmental: A Wake-up Call," in *Philippine Environmental Monitor 2000*, World Bank, July.

_____. 2000. Project Appraisal Document on a Proposed Learning and Innovation Loan Land Administration and Management Project. Rural Development and Natural Resources Sector, World Bank.

_____. 2001. Impact Assessment Report. Agrarian Reform Communities Project, FAO/SARC/PSSARD.

_____. 2001. *Philippine Poverty Assessment, Volume I*: Main Report, World Bank, May 31.

_____. 2001. *Land Policy and Administration: Lesson Learned and New Challenges for the Bank's Development Agenda*. World E-Conference on Land Issues.