

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Fifteenth Congress
First Regular Session

HOUSE BILL NO. 374

Introduced by Anakpawis Partylist Representative RAFAEL "Ka Paeng" V. MARIANO, Bayan Muna Representatives TEODORO A. CASIÑO and NERI J. COLMENARES, Gabriela Women's Party Representatives LUZVIMINDA C. ILAGAN and EMERENCIANA A. DE JESUS, Kabataan Partylist Representative RAYMOND V. PALATINO, and ACT Teacher's Partylist Representative ANTONIO L. TINIO

EXPLANATORY NOTE

Social Justice. Liberation from feudal bondage. Land to the Landless.

These are the demands of our landless farmers which this bill seeks to address. It seeks to implement genuine agrarian reform in order to finally realize for our farmers the promise embodied in Article II, Section 10 of our Constitution. It states that "the State shall promote social justice in all phases of national development" for which, as elaborated in its Article XIII, Section 1, Congress is mandated to "give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by diffusing wealth and political power for the common good."

Our country remained agricultural and Filipino farmers are still the most numerous of our population. Our farmers serve as the backbone of our economy, toiling the soil to produce our most basic needs. Yet, in fulfilling this important economic role, they are the most exploited and oppressed.

Our farmers are exploited and oppressed because of land monopoly of a few landlords and foreign control of our lands whose origins can be rooted in our colonial past. The Spanish colonial regime introduced in our country the *encomienda* system, followed by the hacienda and tenancy systems which still persisted to this day as the pillars of land monopoly. These property regimes set into historical motion the massive dispossession of the lands of our farmers that would later be entrenched by successive economic developments our country had undergone since the mid-19th century up to the present.

This has resulted to landlessness of our farmers which now constitutes the fundamental problem of our country, a social injustice with all its ramifications of social, economic, and political inequalities that have deprived our landless farmers of human dignity. As such, it demands the highest priority of this Congress as mandated by our Constitution.

The magnitude of such landlessness can be seen at the start of the implementation of the Comprehensive Agrarian Reform Program (CARP). Only 9,500 families composed of the biggest landowners of the country, own the 20% or 2,820,000 hectares of agricultural lands. Such monopoly that spawned in the countryside, it caused widespread landlessness locking out our farmers from opportunities for decent livelihood. Thus, unemployment and poverty level in the countryside are at highest,

where 71% of the poor Filipinos live in the rural areas. They are further denied of access to education, health and other social services. Moreover, this land monopoly has imposed various forms of feudal and semi-feudal demands that enable a few landowners to accumulate the social product and the national wealth in their hands, while our farmers are kept in bondage.

It is a fundamental problem that has not been resolved by all agrarian reform programs implemented in this country, including the CARP. Past agrarian reforms have failed because they were designed not as a social justice program, but more of a program to protect the property rights of feudal landowners through the provisions of just compensation, exclusion, exemption and retention. Owing to the entrenched political power of the landowning class in this country, CARP unfortunately inherited this skewed concept of social justice and added its own array of measures further protecting the landed interests through deferment, non-distributive forms of land tenure such as the "stock distribution option" and, finally, through the provision allowing land use reclassification and conversion.

In protecting the interests of these feudal landowners, it redesigned into a "market-oriented land reform" proving its flexibility to consolidate our lands and the labor of our farmers to meet the requirements for the globalization and liberalization of our agriculture. Since the country was usher to membership in the World Trade Organization (WTO), it is CARP, through its promotion of joint venture, lease and leaseback, agribusiness venture arrangements, corporative schemes and massive land use conversion, which serves as the battering ram for dismantling the barriers in accessing our agricultural lands for foreign investments, thereby dispossessing hundreds of thousands of our farmers. The polished accomplishment reports that the Department of Agrarian Report (DAR) churns out each year cannot hide the reality that most of the lands it claims to have distributed are not in the possession of their supposed beneficiaries. These lands are now under the control of foreign and local agribusiness corporations or have reverted to the control of their former landowners.

The most recent of this process of redesigning CARP is the "reform the agrarian reform" policy of the Arroyo administration anchored on the proposal to extend the program for another ten years. As shown by the commitments of the Arroyo administration in the suspended RP-China Farms Agreement, the main content of the proposed extension is to accomplish where attempts to change the Constitution to allow 100 per cent foreign ownership of our lands have failed - the full-swing opening of our agricultural lands to foreign investments.

CARP, in its own right, is undermining our agriculture and small farmers which reinforce the destructive impact of globalization and liberalization. With fewer lands the program covered amid the high growth of the population in the countryside and the increase of landless farmers, CARP has caused the further fragmentation of our farm units which makes our small farmers even smaller and more economically vulnerable to the onslaught of foreign agricultural products brought about by the full liberalization of our agriculture. At present, our farmers survive the murderous competition on an average farm unit of 1.5 - 2 hectares, decreasing from the level of 3.5 hectares in the 1980s. But in many areas, the lands received by farmers from CARP are less than a hectare and most of these small plots are in marginalized lands. This testifies that CARP is ruining the viability of our farm units apart from the destruction that globalization and liberalization are inflicting on our agriculture. In a study conducted by the Project Development Institute, 30 out of 100 farmer-beneficiaries of CARP have abandoned their farms in the last five years because, to them, farming had ceased to be a viable occupation.

With the disintegration of our farms into less viable production units, coupled by the lack of support services, our agricultural production has remained backward. Some 48 % or

2.38 million of our farms, out of a total of 4.8 million, still rely on the plow, of which 42 % are not even owned by our farmers. Only 30 % or 2.9 million hectares of the total farm area in the country are irrigated which are in various degrees of deterioration. Losses are high because of low-level development of post-harvest facilities and farm-to-market roads. Production costs are high but our farmers do not have access to credit and production support. It is in this condition that our small farmers have been thrust by the government in the highly-competitive global arena of trade liberalization which has intensified the dumping of foreign agricultural products in the domestic market. Consequently, local agriculture is tottering on the brink of collapse due to the onerous weight of trade deficits, to the tune of \$1.03 billion each year, it incurred since 1995. Our small farmers, by and large, are at the losing end of the uneven playing field of unbridled trade liberalization

Today, contrary to the rosy statistics of the DAR, 70 % of our farmers do not own the land they till. In regions designated as "growth areas" (now, "super regions"), the rate of landlessness has risen to 80 %, the result of massive dispossession of farmers in favor of economic projects and programs designed to smarten the country for foreign investments. According to the 2002 Census on Agriculture, tenancy exists in 52 % of our farms, increasing from the level of 26 % in 1980, covering 51 % or some 4.8 million hectares of the total farm area. This indicates that all past and present agrarian reform programs of successive administrations have not only failed to address the problem of landlessness but even worsened it, amplified and widened the social, economic, and political inequalities in the countryside in which the few big landowners are getting richer and their lands bigger while our farmers are getting poorer.

The social injustice our farmers have suffered does not only involve landlessness, poverty and the experience of frequent hunger. In their struggle to advance the cause of genuine agrarian reform and keep their lands from greedy big landowners, speculators and foreign corporations, they have paid their dues in so many revolts which claimed the lives of their best sons and daughters. They have experienced political repression, hamletting, forced evacuations, abductions and other violation of their human rights. They were massacred, spanning from the Lapiang Malaya Massacre in the 1960s through Mendiola Massacre in 1987 and to the Hacienda Luisita Massacre in 2004. In the recent surge of extra-judicial killings, 176 of the more than 800 victims were farmers, farmer-activists, and agrarian reform advocates. In all these, they have not seen the light of penal justice.

The recent passage of the CARP Extension with Reforms or CARPER (RA 9700) worsens the anti-peasant and pro-landlord character of its predecessor, RA 6657 or the CARP of 1988. The worst and most vicious features of CARP remain intact: exemption and retention, land use conversion and reclassification, non-land transfer schemes such as stock distribution option, leaseback agreements, and agribusiness venture arrangements and mechanisms that allows cancellation of certificates of land ownerships.

CARPER provided big landlords additional legal machinations to evade land distribution. In essence, CARPER has strengthened big landlords' monopoly and control over vast tracts of lands. Whether it is CARP or its extended version, clearly, it has no intention to emancipate the Filipino peasantry from the bondage of the soil.

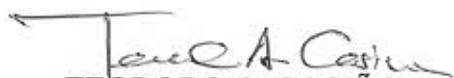
It is in view of the foregoing that this bill is submitted. It aims to present an alternative agrarian reform program that picks on the lessons of the failure of previous agrarian reforms and stands on the hard experiences of our farmers. These lessons and experiences illustrate that genuine agrarian reform is the only way to end this centuries-old feudal bondage.

Along this line, this bill seeks to enable the State to muster the political will to finally confront the fundamental problem of our society, break up land monopoly and foreign control of our lands, and implement free land distribution that will render social justice to millions of landless farmers in accordance with the policy direction mandated by our Constitution. It also aims to integrate the delivery of holistic support services to land distribution in order to raise the productivity of our farmers and increase their income and living standards. In proposing to implement genuine agrarian reform, this bill further seeks to lay the foundation for national industrialization and put the development of our economy on strong and sound fundamentals.

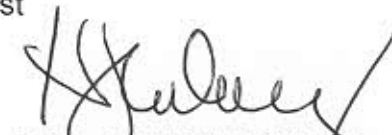
It is, therefore, earnestly requested that this bill be urgently approved.



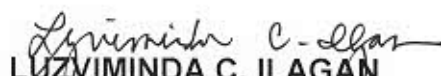
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**AN ACT INSTITUTING GENUINE AGRARIAN REFORM IN THE COUNTRY AND
CREATING THE MECHANISM FOR ITS IMPLEMENTATION
AND OTHER PURPOSES**

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

I. Title

Section 1. This bill shall be known as the *Genuine Agrarian Reform Act of 2010*.

II. Statement of State Principles, Policies, and Objectives

Section 2. State Policies and Principles – The State firmly recognizes that our agriculture has remained backward and stagnant because land, its most vital resource for development, has for centuries been monopolized by a few landowning class and subjected to foreign control and domination; that this land monopoly and foreign control has spawned feudal and semi-feudal forms of exploitation that keep our farmers, including agricultural workers, fisherfolk, and indigenous peoples, in social and economic bondage, fetter their productive capabilities and cause the widespread landlessness, high unemployment and extreme poverty in our countryside. The State realizes that past agrarian reform programs, including R. A. 6657, have failed to liberate our farmers from feudal bondage and poverty because these programs lacked the political will to break up land monopoly.

The State thus resolves to adopt the policy to break up the monopoly of a few landowners and foreign control of our lands and implement genuine agrarian reform in order to finally end the feudal and semifeudal exploitation of our farmers; to render them social and historical justice, unleash their productive powers and set our agriculture on the right path of development.

The State recognizes that the pursuit of such policy requires the highest degree of political will; that in order to muster such political will, the State must harness the involvement of all farmers, other stakeholders of genuine agrarian reform and the entire Filipino people in the tremendous task of rectifying a historical wrong and fundamentally transforming our society; and that it must act firmly and swiftly. With such political will, the State, applying the principles of social justice, adopts the policy of selective compensation in breaking up land monopoly and to implement free distribution of lands

to all landless toilers of the soil and other deserving sections of the population, including rural women, who are willing to till the land.

In implementing genuine land distribution, the State adheres to the empowerment of rural women and respects the rights to ancestral domain and self-determination of indigenous peoples.

The State believes that to better serve the ends of social justice and achieve the optimal but equitable utilization of land, the land distribution must be based on the quality and availability of land in relation to the economic needs and productive capabilities of its intended beneficiaries.

The State recognizes that land distribution alone cannot liberate our farmers from poverty and misery; that centuries of land monopoly has so exploited, oppressed, and bludgeoned them to the ground that they need societal and governmental help for them to be able to stand back on their own feet. Genuine land distribution must thus be complemented with an integrated and holistic program of support services that will help our farmers regain confidence in themselves, nurture them back to productive strength, and carry them through the spirit of cooperativism toward improving their productivity, increasing their income and, finally, transforming them into vibrant and efficient producers.

The State adheres to the principle that genuine land distribution, alongside an integrated and holistic program of support services for promoting cooperatives and improving productivity, will unleash our farmers from the fetters of land monopoly and foreign control. A thoroughgoing land distribution that liberates our farmers from feudal bondage and economically empowers them will put the development of Philippine agriculture on sustainable and firm grounds.

Finally, the State realizes that an agriculture sector developing on the basis of vibrant and efficient producers lays the foundation for the development of national industrialization. It broadens the domestic market that will pave the way for nurturing the mutual development of both agriculture and industries. The State believes that genuine land distribution is the starting point for building a fundamentally sound economy.

Section 3. Objectives -This Act aims to achieve the following objectives:

1. to break up land monopoly and implement free distribution of the lands covered by this Act within a period that is just to farmer-beneficiaries and eliminate all forms of oppression and exploitation in the countryside and thereby usher the advent of genuine social justice;
2. to transform the farmer-beneficiaries into efficient producers through the institution of an integrated and holistic program of support services that will nurture them toward improving their productive capabilities;
3. to increase the income of farmer-beneficiaries and raise their living standard through the promotion of cooperatives and other forms of mutual-aid as the main vehicle for improving their productivity; and
4. to install the social mechanism and measures that will secure the lands of farmer-beneficiaries from loss and prevent the restoration of land monopoly; and
5. to launch the thoroughgoing development of our agricultural sector and lay the foundation for national industrialization.

Section 4. Definition of Terms – In the context of this Act, the following terms are used to mean the following:

Agribusiness plantations – refer to large tracts of lands owned by big landowners or by the state or consolidated out of small landholdings mainly used and operated for commercial purposes by local and transnational corporations for the large-scale production of export crops; in this Act, depending on the context, it is used interchangeably with agribusiness operations or agribusiness enterprise;

Agribusiness transnational corporations – refer to any transnational corporation as defined herein whose business and operation in the Philippines involves maintaining large tracts of lands for the large-scale production of agricultural export crops, tree crops or livestock;

Agricultural estates – otherwise known as haciendas or the large tracts of lands normally owned by a single family and used for the large-scale production of agricultural export crops, other commercial crops or staple crops;

Agricultural lands – refer to lands, regardless of classification, that are devoted to agricultural production and such other uses connected with agriculture such as cattle and livestock farms, aquaculture, including foreshore, pasture farms, and lands that are agricultural in dominant use or with the potential for agricultural use;

Alternative collateral systems – also known as non-land collateral system, refer to collateral systems for obtaining credit or loan that do not use land as collateral; in such systems, the collateral used are crops, livestock or social guarantees or the guarantee of farmers' organizations or cooperatives or local government officials;

Collective ownership – is a type of ownership in which the property is wholly owned by a group, sector, or class, with the members of the group, sector, or class sharing only the fruits and income of the property;

Confiscation – refer to the State act of extraordinary exercise of its powers of eminent domain involving the taking away, without compensation, of private agricultural land and non-land assets necessary and vital to the operation of an agricultural activity;

Compulsory Acquisition Order – The Order to be issued by the Department of Agrarian Reform to effect the confiscation of sullied landholdings;

The Department - The Department of Agrarian Reform;

DA - Department of Agriculture;

DENR - Department of Environment and Natural Resources;

DTI - Department of Trade and Industry;

Expropriation – refer to the State act of exercising its powers of eminent domain involving the taking of private agricultural land and non-land assets necessary and vital to the operation of an agricultural activity for public use with just compensation; in this Act, the taking of the agricultural land and non-land assets is in pursuance of state and public policy;

Farmers – refer to those who earn their income by working on the land. As used in this Act, it includes agricultural workers, fisherfolk, indigenous peoples, including rural women, and workers in cattle and livestock farms, aquaculture, and pasture lands.

Higher-income farmers – refer to farmers who own lands and adequate farm tools, working animals or machineries that give them an income which is more than enough to sustain the needs of their families;

Joint corporate undertaking – a type of business undertaking between agricultural workers who own the land and the owner of the non-land assets in which the agricultural workers control and manage the business operation;

Landless farmers – refer to farmers who do not own any land. In this Act, the term includes farmers who own lands which are inadequate to their available labor force or who own lands of low quality as to cause the inadequacy of their income;

Land Reform Support Services Fund – the trust fund for ensuring the delivery of support services to farmer-beneficiaries;

Land Reform Zones – refer to the basic unit of operation for the land distribution program of this Act;

Land use conversion -refers to the process of converting agricultural lands into commercial, industrial, or residential uses. In this Act, it covers any act of the landowner or the real estate developer or their agent or representative, in the process of conversion, which deprives the farmers the agricultural use of the land;

Middle-income farmers – refer to farmers who own lands that give them an income enough to sustain the needs of their families;

Nationalization – the act of the State's confiscation and ownership of the agricultural land and non-land assets of an agribusiness enterprise;

Non-land assets – refer to immovable, apart from land, and movable properties that are used as facilities, equipment, or accessories in the operation of agribusiness enterprise and other structures, instruments and improvements vital and necessary to, or simply used in, the operation of an agribusiness enterprise; in the case of cattle and livestock farms, aquaculture and pasture, the non-land assets include the breeding ponds and stables, fish cages, machines and equipment and other improvements, structures and instruments vital and necessary to their operation, and the cattle, livestock, prawns and fishes, and all other animals raised and grown therein;

PCCAR - People's Coordinating Council for Agrarian Reform;

Producers' cooperatives – refer to a form of cooperative based on the labor and production contribution of the members;

Sullied landholdings – refer to landholdings acquired through fraud, deception, intimidation, or the use of force or violence, and landholdings whose landowners have maintained private armed groups which are known to farmers as having been involved in extra-judicial execution and abduction of farmers or have used such private armies against farmers and farmers' organizations in connection with agrarian disputes;

Title of Full Emancipation – the ownership title that will be conferred on the land awarded or distributed to farmer-beneficiaries under this Act;

TNCs -transnational corporations; and

Transnational corporations – refer to any corporation, registered and doing business in the Philippines for and in behalf of its mother corporation in another country, the capitalization of which is fully or partly funded by its mother corporation.

III. Scope

Section 5. Scope and coverage -This Act shall cover all agricultural lands of the country. Its coverage shall include:

- a) all private agricultural lands, regardless of crops planted and tenancy relations;
- b) all lands operated as agribusiness plantations by transnational corporations (TNCs), commercial farms, agricultural estates, and all lands operated as cattle and livestock farms, aquaculture and pasture, including those which are presently under various schemes considered as alternative to land transfer;
- c) all agricultural lands already distributed by Presidential Decree No. 27 and Republic Act 6657, as amended by RA 9700, but have passed into the ownership, possession or control of persons or corporations which are not qualified beneficiaries as mentioned in this Act, including lands distributed but placed under various schemes and modes of accessing the land to foreign and local corporations;
- d) all lands that have been declared by various Presidential Decrees, Presidential Proclamations, other laws and issuances as part of reserved or devoted areas for tourism development, military reservations, human settlements projects, special economic development authorities, export processing zones, regional industrial centers, or special economic zones but have remained undeveloped or agricultural in dominant use or presently occupied and tilled by farmers.

In the case of military reservations, the determination of developed portion and the segregation of undeveloped lands shall be based on the actual use for military installations such as camps, barracks, ammunition depots, and perimeter outposts.

In the case of lands affected by public sector development projects located in the reservations of special economic development authorities, regional industrial centers, special economic zones, where such development projects have not started because no funds were appropriated by the national or local government in the last three (3) years, such lands shall be included in the segregation for coverage of land distribution of this Act;

- e) all lands that have been reclassified as commercial, industrial or residential (CIR) lands by local government units and other government line departments and agencies but have remained undeveloped according to their legislated classification, agricultural in dominant use, or presently occupied and tilled by farmers;

- f) all agricultural lands with approved land use conversion authority but have remained undeveloped and all agricultural lands with pending land use conversion applications;

In the case of agricultural lands with approved land use conversion authority, this Act hereby declares the revocation of their conversion authority. If the development of the land has not started, the entire landholding shall be covered by this Act; otherwise, only the undeveloped portion shall be covered. In the case of lands with pending land use conversion applications, this Act hereby declares such applications as terminated and denied.

- g) all lands that are part of the reservations of state colleges and universities but predominantly used for commercial agricultural production, or presently occupied and tilled by farmers, or have remained undeveloped or lain idle for the last five (5) years; and lands of private schools which are not actually used for educational purposes and

have remained undeveloped or agricultural in dominant use or presently occupied and tilled by farmers;

h) all agricultural lands which had been tilled by farmers and the subject of their land distribution claims but were taken away from them by the government or the landowner for use or lease by foreign institutions;

i) all timber and mineral lands, including those with existing concessions and exploration agreements with logging and mining companies, which have been placed under agricultural cultivation or use by farmers or their present occupants;

j) all government-owned lands that are agricultural in dominant use or presently occupied and tilled by farmers or have remained undeveloped, including those portions in excess of their use as penal colonies; and all public agricultural lands and alienable and disposable lands of the public domain that have remained undistributed, including settlement areas and foreshore lands presently occupied by farmers, settlers, and fishers for the last five years; and

k) all private and public lands that have remained idle and abandoned and with potential for agricultural use except those necessary to maintain the ecological balance.

IV. Time Frame and Priorities

Section 6. *Time frame* – The distribution of lands covered by this Act shall be completed within a period of five (5) years from the effectivity of this Act. The Department of Agrarian Reform (the Department) is hereby mandated to complete the land distribution of this Act within the specified time frame.

Section 7. *Prioritization within simultaneous distribution* – The Department shall exert all efforts to simultaneously distribute the lands covered by this Act. It shall create the appropriate implementing arms and mechanism in order to carry out the simultaneous distribution of the different categories and classifications of lands enumerated in Section 5; Provided, That in carrying out the simultaneous distribution of lands, it shall give priority to lands mentioned in enumeration (a) to (h) of the same Section.

V. Free Land Distribution

Section 8. *Free land distribution* – The lands covered by this Act shall be distributed at no cost to farmer beneficiaries.

Section 9. *Writing off of amortization on lands distributed under P. D. 27 and R. A. 6657, as amended by R.A. 9700* – The amortization schedule or any balance thereof of lands already distributed under P. D. 27 and R. A. 6657, as amended by R.A. 9700, are hereby declared by this Act as written off. The farmer-beneficiaries of such lands shall be deemed their full owners upon the effectivity of this Act.

Section 10. *Restoration to farmer-beneficiaries of lands under cancelled CLOAS, CLTs and EPs or with pending cancellation proceedings due to non-payment* – The lands of Certificates of Land Ownership Awards (CLOAs), Certificate of Land Transfers (CLTs), and Emancipation Patents (EPs) already cancelled due to the failure of farmer-beneficiaries to amortize, where such lands have not yet been awarded to other qualified farmer-beneficiaries, are hereby restored to the ownership and possession of original farmer-beneficiaries who shall be deemed full owners of the land upon the effectivity of this Act. If such lands were already awarded to other qualified farmer-beneficiaries, the award shall be deemed good and the amortization schedule for the land or the balance thereof are hereby likewise declared as written off such that the

rights of full ownership over such lands shall devolve upon the subsequent qualified farmer-beneficiaries in accordance with Section 9.

All pending cancellation proceedings of CLOAS, CLTs and EPs due to the failure of farmers to amortize their lands are hereby declared terminated and resolved in favor of farmer-beneficiaries. The lands covered by such CLOAs, CLTs and EPs shall be immediately restored to the ownership and peaceful possession of farmer-beneficiaries who shall be deemed full owners of the land in accordance with Section 9.

Section 11. *Issuance of Title of Full Emancipation* – All lands distributed to farmer-beneficiaries under this Act shall be issued, at no cost, a Title of Full Emancipation.

VI. Modes of Acquisition

Section 12. *State acquisition of lands covered for distribution* –The State, through the Department, shall acquire and distribute all public and private agricultural lands exceeding five (5) hectares and for this purpose shall notify the landowner within fifteen days upon the effectivity of this Act. However, a minimum of five (5) hectares shall remain to the landowner and the excess shall be subject to expropriation provided that the land does not fall under Sec. 16 of this Act. Provided further, That the landowner shall personally cultivate the retained lands.

With regard to public and government-owned lands that fall under the scope of land distribution mentioned in Section 5, within fifteen (15) days after the effectivity of this Act, the departments, agencies, and all other government instrumentalities and institutions, including government financial institutions and government-owned or controlled corporations, including further local government units, which exercise administration or control over such lands shall turn these lands over to the Department for land distribution.

For purposes of land distribution, the Department shall assume jurisdiction over all alienable and disposable lands of the public domain under the jurisdiction of the Department of Environment and Natural Resources (DENR). Within fifteen (15) days after the effectivity of this Act, the DENR shall turn over the lands to the Department.

The public and government-owned lands turned over under this Section shall be integrated into the Land Reform Zones, as mentioned in Section 24, where these lands are located.

Section 13. *Nationalization of lands and agribusiness enterprises operated by TNCs* – This Act hereby declares the nationalization of agribusiness enterprises, including the land and non-land assets, of all agribusiness TNCs operating within the territory and jurisdiction of this country. The nationalization of their lands, non-land assets, and agribusiness enterprises shall take effect immediately upon the effectivity of this Act.

The nationalization and acquisition of such agribusiness enterprises shall be made in the following manner:

- a) The lands operated by TNCs, where these lands have remained in private ownership, including all non-land assets of TNCs shall be confiscated by the State and the control and management of their agribusiness enterprise shall be turned over to the agricultural workers employed, regardless of employment status, in the operation of the TNCs; or
- b) Where these lands have remained public or government-owned lands and undistributed, the contracts causing the TNCs' continued possession, control and

operation of the land are hereby rescinded and terminated and the government agency, instrumentality and institution, including government financial institutions and government-owned or controlled corporations, administering the land shall turn over the land to the Department in accordance with Section 12 hereof. Likewise, the non-land assets of the TNCs shall be confiscated by the State and the control and management of their agribusiness enterprise shall be turned over to the agricultural workers employed, regardless of employment status, in the operations of the TNCs.

Where the lands operated by TNCs were already awarded to cooperatives and agricultural workers' organizations under Section 8 of R. A. 6657, as amended by R.A. 9700, the contracts causing the TNCs' continued possession, control, and operation of the land shall be similarly rescinded and terminated.

Section 14. *Expropriation of lands of commercial farms, agricultural estates, cattle and livestock farms, aquaculture and pasture owned and operated by Filipino landowners or corporations* - Lands of commercial farms and agricultural estates owned or operated by Filipino landowners or corporations shall also be expropriated.

However, if such lands and their non-land assets are found to fall under the category of sullied landholdings, as defined in this Act, the same shall be confiscated in accordance with Section 16 hereof.

In the case of lands operated as cattle and livestock farms, aquaculture, and pasture, the expropriation of such lands shall include their non-land assets, and other improvements, structures and instruments vital and necessary to their operation. If such lands and their non-land assets are found to fall under the category of sullied landholdings, the same shall be confiscated in accordance with Section 16.

Section 15. *On the non-land assets in commercial farms and agricultural estates and the Right of First Refusal of agricultural workers* - The non-land assets of commercial farms and agricultural estates shall remain in the ownership of Filipino landowners or corporations which may use the property to enter into joint corporate undertaking with the agricultural workers who are beneficiaries of land distribution of commercial farms and agricultural estates. If the Filipino landowners or corporations opt to sell their non-land assets, they must first offer to sell the property to the agricultural workers to whom the land would be awarded; provided, That if the agricultural workers, by any reason, cannot purchase the non-land assets as first offered, the State, through the DA and Department, shall purchase the non-land assets and turn them over to the agricultural workers who shall receive the land in accordance with Section 41.

Section 16. *Confiscation of sullied landholdings* - Landholdings which are proven to have been acquired by their landowners through fraud, deception, intimidation, or the use of force or violence, and landholdings whose landowners have maintained private armed groups which are known to farmers as having been involved in extra-judicial execution and abduction of farmers or have used such private armies against farmers and farmers' organizations in connection with agrarian disputes shall be confiscated. The confiscation shall include the non-land assets on the land, except the residential house of the landowner; provided, That if the landowner has other residential house in some other place, the residential house attached to the land shall be included in the confiscation. The confiscated non-land assets shall be distributed to the qualified farmer-beneficiaries in accordance with Section 36.

Section 17. *Small landowners option to sell* - In all other lands not exceeding fifteen (15) hectares, including the lands of retirees, professionals, and low and middle-income employees, the landowners shall be given the option to sell their lands in excess of five

hectares to the State within a year after the effectivity of this Act. Provided, that the remaining five hectares shall be personally cultivated by the landowner.

If they use the option to sell within the prescribed period, the just compensation for their lands shall be based on the price agreed to in the negotiations procedure provided for in subsection (b), Section 44. If they fail to exercise their option to sell after a year, their lands shall be paid just compensation in accordance with subsection (c), Section 44.

Section 18. *No expropriation of landholdings below five (5) hectares and lands owned by higher-income and middle-income farmers* – Lands that are below five (5) hectares and the lands of middle-income and higher-income farmers shall not be expropriated. However, in the case of lands below five (5) hectares whose owners do not personally till the land, the landowners shall be encouraged to sell the land.

VII. Procedure for Nationalization and Confiscation

Section 19. *Effecting the nationalization of the agribusiness operations of TNCs* – Within twenty-four (24) hours after the effectivity of this Act, the Department shall issue a notice to the agribusiness TNCs and the private landowners of the lands operated by TNCs that the Government of the Republic of the Philippines, acting in behalf of Filipino agricultural workers, has cancelled their business permit and has placed the entire operation of their agribusiness enterprise, including the land and non-land assets, under State control. In the case of public or government-owned lands operated by agribusiness TNCs, the notice shall include informing the TNCs that the contract allowing their continued possession, control, and operation of the land has been rescinded and terminated.

In either case, the notice shall include an order for the TNC concerned to effect the turnover of the land and non-land assets, control, supervision, and management of its agribusiness enterprise to its employed agricultural workers. After the agricultural workers have assumed control of the land, non-land assets and the entire agribusiness enterprise, the TNC shall be allowed to conduct the wrap up of their operations to be completed within fifteen (15) days.

Section 20. *Liability of alien and Filipino officers who refuse to vacate* – After the agricultural workers have assumed the control and management of the land and non-land assets, any officer or representative of the TNCs, or any person acting in their behalf, who refuses to vacate the land and its premises or who resists the enforcement of the demand to vacate the land and its premises, if such officer or representative is a foreign citizen, shall be declared an undesirable alien and be deported immediately; if such officer or representative is a Filipino, he/she shall be liable for prosecution under Section 70 of this Act.

Section 21. *Validation of the list of sullied landholdings* – In each Land Reform Zone, the People's Coordinating Council for Agrarian Reform (PCCAR) shall conduct consultations with organizations of farmers, agricultural workers, fisherfolk and indigenous peoples to draw the list of landowners with sullied landholdings, as defined in this Act, and submit the list to the Department. The list shall be accompanied by the documentation of the profile of the landowners, the character of their land ownership, the history of their acquisition and their employment practices and treatment of their tenants, agricultural workers, employees and other farmers and workers tilling or working on their land and the specific cases of the involvement of the landowners' private armed groups in extra-judicial executions and abductions of farmers, including the cases of their use of such private armed groups against the farmers and farmers' organizations in connection with agrarian disputes. The documentation shall be under oath and duly notarized, to be signed by the officers of the organization or the farmer who have/has direct knowledge of the character of the landowner, history of acquisition

of the land and his employment practices.

The PCCAR shall also gather such other documents and evidences that are necessary to substantiate the factual averments of the documentation.

Section 22. Summary hearing for sullied landholdings - Within three (3) days after receiving the documentation mentioned in the preceding paragraph, the Department, through the Secretary, shall conduct a summary hearing to determine whether the landowner is entitled to just compensation.

Section 23. Issuance of Compulsory Acquisition Order and liability of the landowner – If, after the lapse of fifteen (15) days, the landowner fails to vacate the land, the Department shall issue a Compulsory Acquisition Order against the landowner and, within three (3) days, send the order to the Department Sheriff for execution. The Compulsory Acquisition Order shall particularly and clearly delineate the boundaries of the lands to be confiscated and clearly name and describe the non-land assets to be seized.

The Department Sheriff shall execute the Compulsory Acquisition Order within three (3) days from receiving the Order from the Secretary. In executing the Compulsory Acquisition Order, the Department Sheriff shall form volunteers from farmers' organizations and agrarian reform advocates from the church sector.

The landowner or any person acting in his behalf who refuses to vacate the land and its premises or who resists the enforcement of the demand or order to vacate after the lapse of fifteen days (15) mentioned in the last paragraph of the preceding Section, shall be liable for prosecution under Section 70 of this Act without prejudice to such other liabilities he/she may incur under the Revised Penal Code.

VIII. Land Reform Zones

Section 24. Pooling and constitution of covered lands into Land Reform Zones - All lands covered by this Act shall be pooled and constituted into Land Reform Zones which shall correspond to a size not bigger than a province but not smaller than a congressional district. The Land Reform Zones shall serve as the basic unit of operation for the land distribution of this Act.

The Land Reform Zones shall have an operation center that coordinates all activities related to land distribution and serves as clearing house for the exchange of data and information regarding land availability, number of beneficiaries, status of land distribution in relation to the number of beneficiaries, problems encountered, and other information relevant and necessary to hastening or resolving difficulties in land distribution.

Section 25. Conduct of survey of beneficiaries - In each Land Reform Zone, the Department, through its field offices, shall conduct a survey of the beneficiaries which must be completed within a period of thirty (30) days after the effectivity of this Act. For this purpose, the Department shall enlist, through the PCCAR, the participation and help of farmers' organizations. The survey shall identify and categorize the population of beneficiaries according to their landholdings, tenorial status as farmers and employment status as agricultural workers, the size of their family, their income and monthly expenditures, and the available labor force of their family.

Section 26. Land distribution plan – In each Land Reform Zone, the Department, after the conduct of the survey, shall convene the PCCAR in order to craft a land distribution plan to be drawn from the participation and inputs of farmers' organizations, including rural women, agrarian reform advocates, advocates of rural development, food

security and environment protection and other stakeholders of agrarian reform. The land distribution plan shall be based on the criteria for equitable distribution of land and optimized land utilization for achieving increased income of the beneficiaries as mentioned in Section 28 of this Act, further taking into consideration the factors of food security, ecological soundness and sustainable development.

Section 27. *Creation of national data base of all information collected from the survey* - The Department shall establish a national data base of all the data and information on the land covered by land distribution of this Act and the data and information gathered from the survey. The national data base shall be networked with the regional, provincial, and municipal offices of the Department and centers of operation of Land Reform Zones. The Department shall cause its posting in the Internet for public consumption and easy access to farmers' organizations and agrarian reform advocates and ensure that it is periodically updated.

IX. Determining the Size of Land for Distribution to Farmer-Beneficiaries

Section 28. *Factors for determining the size of land for distribution to beneficiaries* - The Department, in close coordination with farmers' organizations, shall distribute the lands to the beneficiaries in accordance with the land distribution plan crafted by PCCAR for each Land Reform Zone. As to each farmer-beneficiary, the distribution shall be based on the quality of the land, the available labor force of the family of the farmer-beneficiary, and the crops planted or recommended by the land distribution plan for improved production and family income of the farmer-beneficiaries; provided, That the size of land to be awarded to the farmer-beneficiaries shall not exceed what they can actually personally till, but not to exceed five (5) hectares.

Section 29. *Restructuring the cropping system in lands operated by TNCs* - Where, upon consultation with farmers' organizations and environmental advocates, the Department, and the DA in consideration of food security, ecological soundness and sustainable agricultural development, the agricultural workers in lands operated by agribusiness TNCs may decide to reduce the hectarage devoted to monoculture export production for the cultivation of staple food crops and such other crops found to be suitable with the natural and human endowments of the area.

Section 30. *Provision for homelots and sources of additional or alternative livelihoods* - The land distribution shall include provision for the homelot of farmer-beneficiaries. In the case of commercial farms, agricultural estates, and lands operated by TNCs, and the lands operated as cattle and livestock farms, aquaculture and pasture, a portion of such lands shall be allotted at no cost for the housing needs of their agricultural workers and for other sources of livelihood. The housing facilities of TNCs shall be given to the most needy among the agricultural workers employed in the operation of nationalized agribusiness enterprise.

Section 31. Where the lands of a municipality are inadequate to satisfy the land distribution requirements in relation to the number of farmer-beneficiaries, the names of farmer-beneficiaries who do not receive any land or who receive inadequate land shall be immediately forwarded to the center of operation of the Land Reform Zone for inclusion in the land distribution in other municipalities where there are available lands for distribution. Such farmer-beneficiaries shall be considered as having preferential right to land distribution under paragraph (c) of Section 33.

X. Beneficiaries

Section 32. *Beneficiaries of land distribution* - The beneficiaries of the land distribution program of this Act shall be:

- a.) all landless farmers, as defined in this Act, who have not received any land from all previous agrarian reform programs, tenants and leaseholders in tenanted private agricultural lands;
- b.) farmers, who became beneficiaries of P.D. 27 and R. A. 6657, as amended by R.A. 9700, whose lands are not enough to sustain the economic needs of their families in relation to their available labor force;
- c.) agricultural workers informally employed in the farm units of small landowners; the agricultural workers of commercial farms and agricultural estates, regardless of employment status; and the workers of cattle and livestock farms, aquaculture and pasture, regardless of employment status; provided, That in the case of tenanted agricultural estates, the land shall be distributed to the tenants of the agricultural estate.
- d.) fishers occupying foreshore lands;
- e.) settlers and tillers in alienable and disposable lands of the public domain and settlement areas; and
- f.) in all other lands, the present farmer-occupants and other landless farmers in nearby barrios or municipalities.

Farmers who became beneficiaries of land distribution under P. D. 27 and R. A. 6657, as amended by R.A. 9700, but who lost their land for any reason shall not be disqualified as beneficiaries of this Act.

Section 33. *Preferential treatment of beneficiaries* - In distributing the land using the factors and process mentioned in Section 28, the land distribution plan shall observe the following preferential treatment of beneficiaries:

- a. With regard to lands owned by private landowners, the preferential beneficiaries shall be their tenants, leaseholders, or the farmers presently occupying and tilling the land;
- b. With regard to lands operated as commercial farms, agricultural estates, livestock and cattle farms, aquaculture, pasture, the beneficiaries shall be the agricultural workers and workers employed regularly, contractually or seasonally in the commercial farm, agricultural estate, livestock and cattle farms, aquaculture, or pasture and the tenants in the case of tenanted agricultural estates;
- c. With regard to all other lands, the beneficiaries shall be the farmers, agricultural workers, and fisherfolk, presently occupying and tilling the land and other landless farmers in nearby barrios or municipalities in a given Land Reform Zone; the same rule shall apply to alienable and disposable lands of the public domain and settlement areas, pasture lands without pasture lease agreements, and foreshore lands.

Section 34. *Dispute resolution among beneficiaries* – Any dispute arising from the application of preferential treatment of farmer beneficiaries shall be resolved by the existing farmers' organizations in the barrio or municipality where the land is located. The farmers' organization shall endeavor to amicably resolve the dispute as soon as possible.

Section 35. *Provision for internally-displaced farmers* – Tenants, leaseholders and other farmers who return to the land they had left because they were harassed into flight by the landowner or evicted by court order or ousted through the use of threats, intimidation, force and violence by the landowner, or because of militarization, shall not lose their rights to the land if the land is not yet occupied by another farmer. If the land

is already occupied and tilled by another farmer-beneficiary, the internally-displaced farmers shall be given land from the available lands in the barrio or municipality or Land Reform Zone.

Section 36. Cooperative distribution of non-land assets in sullied landholdings –

The confiscated non-land assets in sullied landholdings shall be distributed to the farmer-beneficiaries in the concept of cooperative ownership.

Section 37. Landowners as part of the beneficiaries –landowners who are entitled to five (5) hectares and willing to till the land personally shall form part of the beneficiaries of land distribution subject to the preferential right of farmer-beneficiaries.

Section 38. Other beneficiaries - Subject to the factors mentioned in Section 28, middle-income and higher-income farmers shall also be considered part of the beneficiaries of land distribution in order to raise their income provided that they till the land personally.

Overseas Filipino workers and all other persons of good standing who have left their home barangays and who wish to return to their barangays of origin in order to engage in farming may upon return be given due share of the land being distributed, subject to the availability of land and to the consent of farmers' organizations existing in the said barangays; provided, That they shall substantially till the land themselves.

Section 39. Periodic monitoring of landowners who are beneficiaries - The Department shall periodically monitor the compliance of landowners who are included as beneficiaries of land distribution. If they are found to have failed to personally till the land, the land shall be confiscated and turned over to the farmers' organization or cooperative existing in the barrio or municipality where the land is situated.

Section 40. Start of ownership rights of beneficiaries – For purposes of reckoning the start of enjoyment of rights, protection, and privileges, the ownership rights of farmer-beneficiaries over the land awarded them shall commence at the moment of their identification by the Department as beneficiary of land distribution. But for purposes of reckoning the start of obligations, the ownership rights of farmer-beneficiaries shall be deemed to commence on the date of actual installation or occupation or, in the case of farmers who have occupied the land before the effectivity of this Act, on the date of their identification as beneficiary.

XI. Provisions for the Beneficiaries of Nationalized and Confiscated Lands and Lands of Commercial Farms, Agricultural Estates, Livestock and Cattle Farms, Aquaculture and Pasture

Section 41. Collective ownership of beneficiaries in commercial farms, agricultural estates, livestock and cattle farms, aquaculture and pasture lands – Upon democratic consultation with the agricultural workers, the lands of commercial farms, agricultural estates, livestock and cattle farms, orchards, fruit farms, aquaculture, and pasture lands shall be distributed to the agricultural workers or workers in the concept of producers' cooperatives or collective ownership. In the case of livestock and cattle farms, aquaculture and pasture, the lands to be distributed shall include the non-land assets. The organization of agricultural workers or workers which receives the land and non-land assets shall act as mere administrator and all its decisions and acts involving the property shall have the consent and approval of the majority of agricultural workers or workers.

Being in the nature of producers' cooperatives and collective ownership, agricultural workers or workers who get employed in the joint corporate undertaking or in the cattle and livestock farms, aquaculture, and pasture lands after the land distribution shall be

considered part of the producers' cooperatives or collective ownership, as the case maybe, and shall be entitled to a share of the income, profits and all other benefits the land and non-land assets will generate.

Section 42. *Management or decision making body of joint corporate undertaking*

– The joint corporate undertaking that will be formed between the agricultural workers and the owner of the non-land assets shall be managed by a three-man management committee. Two of the members of the management committee shall come from the ranks of agricultural workers, chosen by and among themselves, who shall serve on the pleasure of the agricultural workers.

However, if the lands of commercial farms and agricultural estates are found to fall under the category of sullied landholdings, such lands and their non-land assets shall be managed and operated by the agricultural workers in the same manner as the nationalized agribusiness enterprise of TNCs.

Section 43. *Livestock and cattle farms, aquaculture and pasture lands to be operated as producers' cooperatives* – The livestock and cattle farms, aquaculture and pasture shall be operated by their beneficiaries as producers' cooperatives. The Department in collaboration with the existing organization of farmers in the barangay or municipality where the land is situated shall assist the beneficiaries in forming a producers' cooperative.

XII. Just Compensation

Section 44. *Determining just compensation for lands subject to expropriation* – The lands subject to expropriation shall be paid just compensation to be determined in accordance with the following:

- a. In all landholdings above fifteen (15) hectares, the just compensation shall be based on, whichever is lower, the purchase price of the land or the average tax assessment on the land for the immediate last three (3) years prior to the effectivity of this Act.
- b. In the case of landowners who are given the option to sell provided in Section 17, and landowners with landholdings below five (5) hectares, the just compensation for their lands shall be the price agreed to after negotiations involving the Department, the tenants or farmers or agricultural workers tilling the land, the farmers' organizations and the landowner concerned.

Within five (5) days after a landowner offers his land for sale to the State, the PCCAR shall call a valuation negotiation meeting to be participated by the landowner concerned, a Department representative, the tenants or agricultural workers of the landowner and a representative of the farmers' organization in the municipality where the land is located. Where the landowner has no tenant or agricultural worker, the farmers occupying and tilling the land shall be allowed to participate in the valuation negotiation meeting.

If the negotiations cannot reach an agreement after a month, the lands shall be paid just compensation based on the average tax assessment for the last three years prior to the effectivity of this Act.

In the case of retirees, overseas Filipino workers, professionals, and low and middle-income employees who have acquired landholdings within the last five (5) years before the effectivity of this Act, if the negotiations cannot reach an agreement after a month, their lands shall be paid just compensation based on the purchase price.

c. In the case of landowners who are given the option to sell under Section 17 but failed to avail of their option within the prescribed period, the just compensation for their lands shall be the average tax assessment for the last three years as mentioned prior to the effectivity of this Section.

Section 45. Modes of payment – The compensation for the expropriated lands shall be made through a combination of any of the following:

- a. cash payment;
- b. shares of investment in industrial or commercial enterprise;
- c. tax credits which can be used to offset against any tax liability; and
- d. set-off of unpaid loans from any financial institution.

XIII. Exclusive Jurisdiction and Immunity of the Department From Judicial Intervention

Section 46. Exclusive and primary jurisdiction of the Department – The Department and its deputized People's Coordinating Council for Agrarian Reform shall have exclusive and primary jurisdiction over all cases involving the adjudication of issues, questions and controversies, including the determination of just compensation, necessary and related to the implementation of this Act.

Section 47. Preliminary determination of the case by the Department – No court, tribunal, or prosecutor shall take cognizance of any case, civil or criminal, designed to remove, eject, oust, exclude, or harass potential, qualified and awarded farmer-beneficiaries of this Act, unless certified by the Secretary of the Department that the case is proper for trial or hearing by a court or judge or other officer of competent jurisdiction. If any such case is filed with any court, tribunal or prosecutor, the case shall be referred to the Secretary of the Department for a preliminary determination if the case is an agrarian matter, dispute or controversy as defined under this Act. If the Secretary of the Department finds that the case is a proper case for the court or judge or other hearing officer to hear, he/she shall so certify and such court, judge or other hearing officers may assume jurisdiction over the dispute or controversy.

The preliminary determination of the Secretary of the Department that the case, dispute or controversy is an agrarian matter, shall be final and binding upon the judge, prosecutor or any other officer of competent jurisdiction.

If the case is certified as a proper case for trial, said certification is not binding upon the court or judge or hearing officer. Said court or judge or hearing officer may, after due hearing, affirm, reverse or modify said preliminary determination, as the evidence and substantial merits of the case may warrant.

Section 48. Immunity of the Department from judicial intervention – No temporary restraining order, injunction, prohibition or mandamus shall be issued by the lower courts against the Department in the exercise of its exclusive and primary jurisdiction and in the performance of its duties and functions necessary and relevant to the implementation of this Act.

XIV. Provisions For the Protection of the Lands of Beneficiaries

Section 49. Prohibition against sale, mortgage, transfer or any conveyance or disposition – The sale, mortgage, transfer or any conveyance or disposition of the lands awarded to farmer-beneficiaries shall be prohibited except where the transfer is by hereditary succession. In the case of transfer by hereditary succession, the land shall be given to the heir who is willing to personally till the land and the most needy among the children of the farmer-beneficiary.

If the farmer-beneficiary can no longer till the land for one reason or another, he/she shall turn over the land to the farmers' organization or cooperative existing in the barrio or municipality. The farmers' organization or cooperative shall then select the most qualified farmer-beneficiary.

Section 50. *Prohibition against land reclassification and land use conversion* –

The lands covered by land distribution or already awarded to farmer-beneficiaries under this Act shall not be subject to reclassification by any government unit, agency, institution or instrumentality. Consequently, the conversion to other uses of the lands covered by land distribution or already awarded to farmer-beneficiaries under this Act shall be prohibited. All pending reclassification proceedings shall be terminated upon the effectivity of this Act.

Section 51. *Immunity of covered lands from levy on unpaid taxes and writing off of tax arrears and delinquencies* –

The lands covered by this Act and already awarded to farmer-beneficiaries shall be immune from any levy on unpaid taxes. In all cases of unpaid taxes of farmer-beneficiaries, it shall be the obligation of the farmers' organization in the barrio or municipality to come to the aid of farmer-beneficiaries by negotiating in their behalf with the local government unit or other revenue-collecting agencies of the government for such terms and conditions that will enable the farmer-beneficiaries to pay their tax arrearages and delinquencies without compromising the needs of their families. The terms and conditions reached in the negotiations shall have the consent of the farmer-beneficiary concerned.

If the tax arrearages of farmer-beneficiaries are caused by crop failure brought about by fortuitous event or force majeure, the farmer-beneficiaries shall enjoy a three-year tax moratorium to enable them to recover from the crop failure.

The arrearages and delinquencies incurred by farmer-beneficiaries in the payment of property tax attached to the amortization schedule of lands already distributed under P.D. 27 and R. A. 6657, as amended by R.A. 9700, are hereby declared as written off.

Section 52. *Indefeasibility of the land distribution of this Act* – The act of land distribution to the farmer-beneficiaries under this Act shall be indefeasible, except on the issue of adverse claim of another farmer-beneficiary to preferential right over the land, and its indefeasibility takes effect upon the identification by the Department of the farmer-beneficiaries as beneficiary of land distribution.

In no case shall any lower court or judge take cognizance of any case, complaint, or petition filed by any person questioning the award directly or collaterally.

Any adverse claim of ownership to the land or to just compensation shall not in any way affect nor constitute a bar to the distribution of the land to the farmer-beneficiaries.

Section 53. *Land Reform Zones as protected areas* – The Land Reform Zones are hereby declared as protected areas from any economic activity that causes destruction in the ecological system as to affect the productivity of the lands awarded to farmer-beneficiaries or any economic activity in which the farmer-beneficiaries run the risk of losing their livelihood and control over their lands. Such activities shall be strictly prohibited from the Land Reform Zones.

XV. Promotion of Cooperatives

Section 54. *Promotion of cooperatives among the farmer-beneficiaries* – The Department shall promote the formation, harmonized and synchronized with land distribution, of the farmer-beneficiaries into cooperatives and other organizations of

mutual-aid. It shall encourage the farmer-beneficiaries to pool together their productive resources and labor in order to increase their production and income and to equitably share in the benefits of improved production. It shall endeavor to make the cooperative the basic unit of production among the beneficiaries.

Section 55. Integrating the cooperative education program in the process of land distribution – The Department shall devise and develop an education and training program for the promotion of cooperatives among the farmer-beneficiaries. Such program shall include the imparting and development of skills in cooperative organizing, cooperative administration, cooperative finance, and cooperative production. It shall be integrated into the land distribution process.

Section 56. Incentives program for beneficiaries' cooperatives - The Department, together with the PCCAR, farmers' organizations and the DA, shall devise an incentives program for cooperatives of farmer-beneficiaries.

XVI. Support Services and Improving the Productivity And Working Conditions of the Beneficiaries

Section 57. Support services – The State shall implement a program for the delivery of support services to farmer-beneficiaries. The program shall be based on a holistic approach to human and social development and integrated into the land distribution program with the long term end view of increasing the productivity of farmer-beneficiaries in order to transform them into cooperatives or organizations of efficient member-producers.

Along this thrust, the program of support services shall consist of credit facilities, production support, post-harvest, market access and market, price guarantees and such other services necessary to making their production viable and increase their income. The credit facility shall have an interest rate affordable to the farmer-beneficiaries and shall make full use of alternative collateral systems that do not put up as collateral the land of farmer-beneficiaries.

The support services for production shall include research for the development of sustainable farming technology to sever the farmer-beneficiaries from dependence on imported technology and inputs.

Section 58. State support to agricultural workers' enterprise in nationalized lands; and provision for same incentives and privileges – The State, through the Department together with the DA and DTI and other appropriate government agencies, shall extend to the agricultural workers operating the farms or plantations in nationalized lands all the indispensable and necessary support, incentives, and privileges to make their enterprise viable.

Section 59. Improving the working conditions of agricultural workers in nationalized lands, commercial farms, and agricultural estates - a) The status of employment, rank, wages and benefits of agricultural workers in nationalized agribusiness enterprise and in joint corporate relations shall not be diminished from the level they received prior to land distribution; b) there shall be no cut-off in the length of service of all agricultural workers under the new operations of lands distributed; c) all seasonal, casual, contractual, project employee, piece-rate workers and other employees shall be considered regular employees; and, d) the agricultural workers shall be entitled to a share in the income and profit of the enterprise.

Section 60. Improving the working conditions of agricultural workers employed by higher-income and middle-income farmers - Higher-income and middle-income

farmers who are employing agricultural workers shall increase the wages and improve the working conditions of their agricultural workers.

XVII. Budgetary Provision and Strengthening the Department

Section 61. *Progressive augmentation of Department budget* – During the five years of implementation of the land distribution program of this Act, the Department shall have a progressively augmented regular annual budget starting with Twenty Billion Pesos (P20 B) on the first year which shall increase by not less than Two Billion Pesos (P 2 B) every year thereafter.

Section 62. *Augmentation of personnel* – To carry out its mandate under this Act, subject to civil service laws and rules, the Department shall recruit additional personnel for the various tasks and functions involved in the land distribution program; provided, That the annual total expenditures for the recruitment of additional personnel shall not exceed twenty per cent (20 %) of the annual total increment to the total budget.

Section 63. *The PCCAR and Strengthening the links of the Department with farmers' organizations and other agrarian reform stakeholders* - The Department shall immediately initiate the creation of a People's Coordinating Council for Agrarian Reform to be composed of representatives from the Department and the DA and leaders of all cooperatives and organizations of farmers, agricultural workers, fisherfolk, indigenous peoples, rural women, and agrarian reform advocates existing in a Land Reform Zone, or any representative appointed by such organizations. The PCCAR shall be the deputized people's coordinating council and support arm of the Department in conducting the survey of beneficiaries, drawing the land distribution plan, assessing the quality of the lands, conducting education and information campaign, promoting cooperatives and in delivering support services to the farmer-beneficiaries. It shall serve as coordinating body for involving the broad ranks of farmers and agrarian reform advocates, through their leaders and chosen representatives, in all aspects of the land distribution so the Department can harness and deploy the personnel and resources of such organizations and sectors in carrying out land distribution.

XVII. The Land Reform Support Services Fund

Section 64. *Land Reform Support Services Fund* -In addition to the annual budget of the Department, the amount of Fifty Billion Pesos (P50 B) is hereby allocated for the implementation of the support services program of this Act. The amount shall be constituted as Land Reform Support Services Fund which shall primarily serve as trust fund to ensure the delivery of support services to farmer-beneficiaries.

The local government units in Land Reform Zones shall augment the Land Reform Support Services Fund by allocating ten (10) per cent of their annual budget to the provision of support services for the farmer-beneficiaries in their area of jurisdiction.

Section 65. *Releases of Land Reform Support Services Fund, annual total budget and particular allocation* – The Land Reform Support Services Fund shall be released to the Department in tranches of Ten Billion Pesos (P10 Billion) each year for the five-year period of implementation of this Act. The annual tranche releases shall be integrated into the annual budget of the Department to constitute the total annual budget (annual regular budget of the Department plus tranche releases from the Land Reform Support Services Fund); provided That sixty (60) per cent of the total annual budget shall be allocated as follows:

- a. Thirty per cent (30 %) for credit facilities;
- b. Thirty per cent (30 %) for production support;

c. Thirty-five per cent (35 %) for post-harvest facilities development, market access, marketing, and price guarantees; and

d. Five per cent (5 %) for research and development .

XIX. Transitory Provisions

Section 66. *Reduction of all land rents to ten (10) per cent of the net harvest during the implementation period* – During the five (5) year land distribution period, all leasehold or tenancy rents in lands covered by land distribution but not yet actually distributed, shall be reduced to 10% of the net harvest in favor of the farmer leaseholder or tenant; provided, That the cost of production shall be shouldered equally by the landowner and the leaseholder or tenant.

Section 67. *Education and information drive* – The PCCAR in each Land Reform Zone shall conduct a top-to-bottom education and information drive on the provisions of this Act. For this purpose, it shall involve and mobilize the organizations of farmers, agricultural workers, fisherfolk, indigenous peoples and other agrarian reform stakeholders. The education and information campaign shall reach out not only to the population of farmer-beneficiaries but also to workers, businessmen, government officials, teachers, students and other sectors in order to develop among these various sectors the sense of public stake in genuine agrarian reform.

Section 68. *Duty of Notaries Public and Register of Deeds* – In no case shall any Notary Public notarize a document involving the sale, mortgage, transfer, conveyance, or any disposition of agricultural lands. The Notary Public who notarizes any document involving the sale, mortgage, transfer, conveyance or disposition of any land shall furnish the Department a copy of the document within three (3) days after notarizing the document.

The Register of Deeds shall likewise report to the Department any application for registration involving the sale, mortgage, transfer, conveyance or any disposition of agricultural lands within twenty-four (24) hours after the receipt of such application. In filing the report, the ROD shall furnish the Department all documents, including the history of ownership of the land, necessary and relevant to determining whether the transaction is with the intent to evade land distribution. The ROD shall not act on the application unless the Department issues a certification that the land is not covered by land distribution. If the Department certifies that the land is covered by land distribution, the ROD shall deny the application.

Section 69. *Five-year tax holiday for farmer-beneficiaries* – To gain headstart in tilling the land as owners, the farmer-beneficiaries of land distribution shall enjoy a five-year tax holiday to be reckoned from the date of their actual occupation and tilling of the land.

XX. Prohibited Acts and Penal Provisions

Section 70. *Prohibited Acts* -The following acts and omissions shall be prohibited:

1. The sale, mortgage, transfer, conveyance, or any disposition of agricultural lands by the landowner upon the effectivity of this Act is prohibited except when the transfer is by hereditary succession;
2. The ousting by the landowner of his tenants, leaseholders or farmers actually tilling the land for any reason;

3. The submission by the landowner of persons who are not actual tillers of the land in order to install fake or dummy beneficiaries;
4. Inducing or using coercion, threat or intimidation on the farmer-beneficiaries to sell, mortgage, transfer, convey or dispose the lands awarded them in violation of Section 49 of this Act;
5. Inducing or using coercion, threat or intimidation on the farmer-beneficiaries to effect the conversion of the lands awarded them in violation of Section 50 of this Act;
6. Converting lands covered by this Act or already awarded to farmer-beneficiaries to uses other than agricultural in violation of Section 50;
7. Refusal to vacate the premises of the land and resisting the enforcement of the compulsory acquisition order;
8. Concealing properties identified by the Department as part of the land and non-land assets to be expropriated or confiscated or damaging such properties to render them useless to the farmer-beneficiaries;
9. The act of notarizing, in violation of the first paragraph of Section 68, by a Notary Public any document involving the sale, mortgage, transfer, conveyance or any disposition of agricultural lands or the failure of the Notary Public to furnish the Department a copy of the document as mentioned in the same Section; and
10. The misdeclaration, submission of false report or the failure of the ROD, in violation of the second paragraph of Section 68, to report any application for registration involving the sale, mortgage, transfer, conveyance or disposition of lands covered by this Act;

Section 71. Penalties – a.) The commission of any of the prohibited acts or omissions mentioned in the preceding Section, except in the case of failure of the Notary Public to furnish the Department a copy of the document mentioned in Section 68, shall, upon conviction, be punished by imprisonment of not less than six (6) years and one (1) day but not exceeding ten (10) years and by imposition of a fine of not less than One Hundred Fifty Thousand Pesos (P150,000) but not exceeding Two Hundred Fifty Thousand Pesos (P250,000). If the convicted person is a government official or employee, he/she shall suffer the additional penalty of permanent disqualification to hold any public office.

b.) The failure of the Notary Public to furnish the Department a copy of the document mentioned in the first paragraph of Section 68 shall, upon conviction, be punished by imprisonment of not less than four (4) months but not exceeding six (6) months and by imposition of a fine of not less than Twenty Five Thousand Pesos (P25,000) but not exceeding Fifty Thousand Pesos (P50,000). In addition, he/she shall be permanently disqualified to hold the commission of Notary Public.

c.) Any prosecutor or judge who violates the prohibitions mentioned in Section 47 and the second paragraph of Section 52 shall, upon conviction, be punished by imprisonment of not less than four (4) years but not exceeding six (6) years and by imposition of a fine of not less than One Hundred Thousand Pesos (P100,000) but not exceeding One Hundred Fifty Thousand Pesos (P150,000). In addition, he/she shall be permanently disqualified to hold any public office.

XXI. Miscellaneous Provisions

Section 72. *Implementing Rules and Regulations* – The Department, in consultation with the PCCAR, farmers' organizations and advocates of agrarian reform, shall issue the Implementing Rules and Regulations of this Act within fifteen (15) days from its effectivity. However, the Department shall immediately implement the provision on nationalization as mentioned in Section 19.

Section 73. *Separability Clause* – If any portion of this Act is declared as unconstitutional or void, it shall not affect the remaining portion which shall have full force and effect.

Section 74. *Repealing Clause* – P. D. No. 27 and R. A. 6657 as amended by R.A.9700 are hereby repealed, including all laws, decrees, presidential proclamations, executive and administrative orders, ordinances and other issuances that are inconsistent with this Act.

Section 75. *Effectivity Clause* – This Act shall take effect immediately upon its publication in two (2) national newspapers of general circulation.

Approved.