

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 2389



Introduced by **HON. GWENDOLYN F. GARCIA**

The Comprehensive Agrarian Reform Project or CARP is one of the most ambitious socio-economic programs of the government. It was launched in 1988 with the enactment of R.A. No. 6657 which was hailed as the "centerpiece legislation of the Aquino administration. Its primary and lofty objectives are:

- (1) Increased agricultural productivity
- (2) Reduced poverty and enhanced the dignity and quality of the lives of the farmers and farmworkers.
- (3) Promote rural development and industrialization.

The DAR is the principal agency charged with the implementation of the CARP which, under Sec. 5 of R.A. No. 6657, is to be completed within a period of Ten (10) Years from effectivity of the Act.

After an implementation period that stretched for Twenty (20) years (the original 10-year period having been extended for another ten (10) years by R.A. No. 8532) and after spending more than ONE HUNDRED THIRTY BILLION PESOS (130,000,000.00) the question that may be asked, at this point is: Has actual performance in implementation of CARP measured up to its lofty ambition?

There is a famous Latin Maxim: "Res ipsa loquitur" which means: the thing speaks for itself". Perhaps, it would be injudicious or even self-serving for its principal implementor – the DAR, to speak for CARP. So, let us the FACTS – the uncomfortable yet undeniable facts speak.

FACT NO. 1

Whether some quarters will like it or not, the fact remains that CARP failed to meet two (2) self-imposed deadlines. Under R.A. No. 6657, the CARP implementation was supposed to be completed in Ten (10) Years after the effectivity of Act, or 1998. Its principal implementor, DAR, failed to meet the deadline. So DAR came to Congress to ask for an extension of Ten (10) Years for the completion of CARP's implementation or until 2008. Congress obliged by passing R.A. 8532 and extended CARP until 2008. DAR FAILED again to meet this deadline set by R.A. No. 8532. So DAR, after TWO (2) failures, DAR again asked for another extension of FIVE YEARS from Congress and the latter granted the request with the enactment of R.A. No. 9700. As a friend of mine put it: "This is truly one of those very rare instances where a program's failure is used to justify its continuation." By the way, the CARP is the longest running program in the world.

Incidentally, according to the DAR GTZ Report (DAR's study on CARP implementation funded by the German Technical Corporation – GTZ), of the thirty-three (33) countries in the world that adopted an agrarian reform program, all failed except three, namely Japan, Taiwan and Korea. And, in these three countries, their programs

were implemented in less than 10 years. In the Philippines, if you add to 1963, then we have 45 years of agrarian reform – the longest running agrarian reform program in the whole world – record deserving of entry in the “Guinness Book of World Records”.

FACT NO. 2

Agrarian Productivity Has Not Increased with CARP. Instead, It Has Deteriorated.

Again, according to DAR's own GTZ-DAR Report, Philippine agriculture is now in a “state of distress”. The agricultural trade balance has had a clear deteriorating trend since the enactment of the CARP law, with the country having been transformed from a net agricultural exporter into a net agricultural importer.

This deterioration has been compounded by the fact of DAR's erroneous mindset that agrarian reform consists ONLY in the physical redistribution of lands and the measure of its advancement is by number of hectares it has physically redistributed. This mindset has resulted in the irrational and indiscriminate fragmentation of agricultural practices. On this point, the GTZ-DAR Report states:

“a worldwide review of agrarian reform initiatives over the last 50 years reveals that redistributive land reform has frequently not succeeded in attaining its prescribed goals. Lands distribution patterns unequal and rural poverty remains unchanged.”

Our country's average agricultural growth rate from 1985 to 1994 was 1.5% the lowest among 11 countries in Asia. From 1995-2000, it merely increased to almost 2% making the Philippines 8th among the 11. Our rice yield of 2.5 tons per hectare is the lowest in Asia. In recent years, we have been the largest single importer of Vietnam's rice export (Dr. Bolisacan, Economist, poverty expert and UP Los Baños Professor).

FACT NO. 3

CARP Has Not Reduced Rural Poverty Nor Promoted Rural Development.

(a) According to the same GTZ-DAR Report already referred to above despite a total of 34 years of Agrarian reform “it has failed to significantly reduce rural poverty levels”.

(b) In the book: *The Anti-Development State: The Political Economy of Permanent Crisis in the Philippines*, Prof. Walden Bello, et. al., point out:

“according to DAR's own ARC Level of Development Assessment (2000), over 80% of agrarian reform communities have average household incomes below the national average. Clearly despite the finding that CARP does benefit farmers, it does not raise the majority of them above the poverty line. CARP beneficiaries cannot show proof that they are better than majority of the poor in this country.”

(c) Recent surveys by the Center for Peasant Education Services (CPES) in Southern Tagalog and Central Luzon showed that 3 out of 5 beneficiaries of Certificate of Land Transfer (CLOAS) or Emancipation Patents sold their rights or mortgage then abandoned their properties because of poverty.

Having said all of the above, the next question that arises is:

WHAT'S WRONG WITH CARP OR ITS IMPLEMENTATION?

Consider the following:

- 1) DAR is implementing CARP in a manner that violates the letter and spirit of the Constitution and the Rule of Law. Result: widespread of injustice, conflict and confrontation, illegal and corrupt practices.
- 2) DAR's erroneous mindset that Agrarian Reform consists only in the physical distribution of lands (forgetting that under R.A. No. 6657 there are other lawful arrangements alternative to physical redistribution of lands) has brought about the irrational fragmentation of agricultural lands. The average farm-size of the more than 4 Million ARB's is 1.4 hectares, thereby making it extremely difficult to modernize and mechanize and apply the economics scale in the operation of these farms. Results: Decreasing agricultural productive and worsening rural poverty.
- 3) The prohibition against the sale, lease or mortgage of agricultural lands has unreasonably locked up or frozen hundreds of Billions of Pesos of investible capital from land assets. This capital could have been used to promote economic development and create more jobs and economic benefits for our people. This self-imposed prohibition is simply illogical unrealistic and even, perhaps, masochistic.

This Bill is intended to correct the ambiguities and inadequacies of R.A. No. 6657 and the errors of its implementation by DAR which have been mainly responsible for the unfortunate state of CARP in the country today, and in order that the lofty and ambitious objectives of CARP – increased agricultural productivity, poverty alleviation, rural development and industrialization may be achieved in a manner consistent with the Constitution mandate and the Rule of Law.

Hence, early approval of this Bill earnestly and respectfully requested.


HON. GWENDOLYN F. GARCIA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. **2389**

Introduced by **HON. GWENDOLYN F. GARCIA**

AN ACT
TO STRENGTHEN AND RATIONALIZE THE IMPLEMENTATION OF THE COMPREHENSIVE AGRARIAN REFORM PROGRAM SO AS TO CONFORM TO THE MANDATE OF THE CONSTITUTION AND UPGRADE AGRICULTURAL MANAGEMENT AND PRODUCTIVITY AND THEREBY CONTRIBUTE TO NATIONAL ECONOMIC DEVELOPMENT AND THE UPLIFTMENT OF THE ECONOMIC STATUS OF THE FARMERS AND FARMWORKERS WHO ARE THE LEGITIMATE BENEFICIARIES OF THE PROGRAM, AMENDING FOR THE PURPOSE R.A. NO. 6657, AS AMENDED.

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

SECTION 1. This Act shall be known as the Agrarian Reform Rationalization and Modernization Act of 2010.

SEC. 2. Paragraph (d) of Section 3 of R.A. No. 6657, as amended, otherwise known as the Comprehensive Agrarian Reform Law of 1988, is hereby further amended to read as follows:

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

"(a) x x x x x

"(b) x x x x x

"(c) x x x x x

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

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

"(e) x x x x x"

SEC. 3. Section 6 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 6. *Retention Limits.* – WHENEVER ANY PRIVATE AGRICULTURAL LAND IS EXPROPRIATED BY THE GOVERNMENT FOR REDISTRIBUTION TO THE FARMERS OR REGULAR FARMWORKERS IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT, [Except as otherwise provided in this Act, no person may own or retain, directly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-sized farm, such as commodity produced, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC) created hereunder, but in no case shall the retention by] the landowner SHALL BE ENTITLED TO RETAIN SUCH PORTION OF THE LAND REMAINING AFTER THE AWARD TO QUALIFIED BENEFICIARIES OR AT LEAST AN AREA OF SUCH LAND NOT EXCEEDING [exceed] five (5) hectares[.] AND AN ADDITIONAL AREA OF THREE [Three] (3) hectares FOR EVERY [may be awarded to each] child of the landowner, subject to the following qualifications: (1) that he is at least fifteen (15) years of age; and (2) that he is actually tilling the land or directly managing the farm. *PROVIDED, HOWEVER,* THAT IN CASE THE FARMERS OR REGULAR FARMWORKERS WAIVE OR ARE NOT INTERESTED TO EXERCISE THEIR RIGHT TO OWN THE LANDS THEY TILL BUT DECIDE TO CONTINUE TILLING THE LAND AS FARMERS OR REGULAR FARMWORKERS, THE DAR SHALL RESPECT THEIR DECISION AND THE LANDOWNER SHALL GUARANTEE THEIR SECURITY OF TENURE AND SHALL HAVE THE OBLIGATION TO ASSIST THE FARMERS OR REGULAR FARMWORKERS IN CULTIVATING THE LAND SO AS TO MAKE IT PRODUCTIVE; *PROVIDED, FURTHER,* THAT SAID FARMERS OR REGULAR FARMWORKERS SHALL BE ENTITLED TO RECEIVE ALL THE BENEFITS DUE THEM UNDER EXISTING LAWS [: *Provided,* That landowners whose lands have been covered by Presidential Decree No. 27 shall be allowed to keep the area originally retained by them thereunder; *Provided, further,* That original homestead grantees or direct compulsory heirs who still own the original homestead at the time of the approval of this Act shall retain the same areas as long as they continue to cultivate said homestead].

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

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

"Upon the effectivity of this Act, any sale, disposition, lease, management contract or transfer of possession of private lands executed by the original landowner in violation of this Act shall be null and void: *Provided, however,* That those executed prior to this Act shall be valid only when registered with the

Register of Deeds within a period of three (3) months after the effectivity of this Act. Thereafter, all Registers of Deeds shall inform the DAR within thirty (30) days of any transaction involving agricultural lands in excess of five (5) hectares.]”

SEC. 4. Paragraph (c) of Section 10 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

“SEC. 10. *Exemptions and Exclusions.* -

“(a) x x x x x

“(b) x x x x x

“(c) Lands actually, directly and exclusively used and found to be necessary for national defense, school sites and campuses, including experimental farm stations operated by public or private schools for educational purposes, seeds and seedlings research and pilot production center, church sites and convents appurtenant thereto, mosque sites and Islamic centers appurtenant thereto, communal burial grounds and cemeteries, penal colonies and penal farms actually worked by the inmates, government and private research and quarantine centers and all lands with eighteen percent (18%) slope and over, except those already TILLED AND developed BY TENANTS OR LESSEES, shall be exempt from the coverage of this Act.”

SEC. 5. Section 13 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

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

“IN CASE THE FARM IS OPERATED BY THE LANDOWNER OR UNDER LABOR ADMINISTRATION THROUGH THE EMPLOYMENT OF FARMWORKERS, THE LANDOWNER SHALL COMPLY WITH THE MINIMUM WAGE AND LABOR STANDARDS FIXED BY EXISTING LABOR LAWS.

“x x x x x”

SEC. 6. There shall be incorporated a new section under Chapter III of Republic Act No. 6657, as amended, to be known as Section 13-A to read as follows:

“SEC. 13-A. *AGRO-INDUSTRIAL ENTERPRISES.* IN ORDER TO ENCOURAGE AND ACCELERATE AGRICULTURAL MODERNIZATION AS MANDATED BY R.A. NO. 8435, OTHERWISE KNOWN AS THE AGRICULTURAL AND FISHERIES MODERNIZATION ACT, AND TO TAKE ADVANTAGE OF THE ECONOMIES OF SCALE, MECHANIZATION AND THE APPLICATION OF NEW TECHNOLOGIES, PRIVATE AGRICULTURAL LANDS MAY BE OPERATED AS AGRO-INDUSTRIAL ENTERPRISES THROUGH LABOR ADMINISTRATION AS A MODE OF AGRARIAN REFORM ALTERNATIVE TO PHYSICAL REDISTRIBUTION, AS PROVIDED UNDER SEC. 3(A) HEREOF; PROVIDED, THAT THE FARMWORKERS SHALL BE GRANTED ALL THE MONETARY AND OTHER BENEFITS DUE THEM UNDER R.A. NO. 3844 AND EXISTING LABOR LAWS.

"IN THE CASE OF AGRICULTURAL LANDS ALREADY DISTRIBUTED IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT, R.A. NO. 3844 OR P.D. NO. 27, THE AGRARIAN REFORM BENEFICIARIES MAY POOL AND CONSOLIDATE THEIR FARM LOTS AND ENTER INTO JOINT-VENTURE AGREEMENTS WITH THE LANDOWNER OR OTHER AGRO-INDUSTRIAL INVESTORS FOR THE PRODUCTIVE UTILIZATION AND DEVELOPMENT OF THEIR CONSOLIDATED FARMS."

SEC. 7. Section 16 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

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

"(a) AS MANDATED BY SECTION 4, ARTICLE XIII OF THE CONSTITUTION, ONLY FARMERS (TENANTS, LESSEES) AND REGULAR FARMWORKERS WHO ARE LANDLESS ARE ENTITLED TO OWN THE LANDS THEY TILL [After having identified the land, the landowners and the beneficiaries, the DAR shall send its notice to acquire the land to the owners thereof, by personal delivery or registered mail, and post the same in a conspicuous place in the municipal building and barangay hall of the place where the property is located. Said notice shall contain the offer of the DAR to pay a corresponding value in accordance with the valuation set forth in Sections 17, 18, and other pertinent provisions hereof].

"(b) UPON WRITTEN APPLICATION BY THE FARMERS OR BY MAJORITY OF THE REGULAR FARMWORKERS WORKING ON THE LAND FILED WITH THE DAR SIGNIFYING THEIR INTENTION TO OWN THE LANDS THEY TILL, THE DAR SHALL SEND ITS NOTICE TO ACQUIRE THE LAND COVERED BY THE APPLICATION TO THE LANDOWNER THEREOF BY PERSONAL DELIVERY OR REGISTERED MAIL. SAID NOTICE SHALL CONTAIN A TECHNICAL DESCRIPTION OF THE LAND OR PORTION THEREOF SOUGHT TO BE ACQUIRED AND AN OFFER TO PAY THE JUST COMPENSATION FOR THE LAND [Within thirty (30) days from the date of receipt of written notice by personal delivery or registered mail, the landowner, his administrator or representative shall inform the DAR of his acceptance or rejection of the offer].

"(c) WITHIN THIRTY (30) DAYS FROM RECEIPT OF THE NOTICE, THE LANDOWNER OR HIS REPRESENTATIVE SHALL INFORM THE DAR OF HIS ACCEPTANCE OR REJECTION OF THE PROPOSED ACQUISITION OF HIS LAND OR THE JUST COMPENSATION OFFERED [If the landowner accepts the offer of the DAR, the LBP shall pay the landowner the purchase price of the land within thirty (30) days after he executes and delivers a deed of transfer in favor of the Government and surrenders the Certificate of Title and other muniments of title].

"(d) IF THE LANDOWNER ACCEPTS THE PROPOSED ACQUISITION AND THE JUST COMPENSATION OFFERED, THE LBP SHALL PAY THE LANDOWNER THE PURCHASE PRICE OF THE LAND WITHIN THIRTY (30) DAYS AFTER THE EXECUTION OF THE DEED OF TRANSFER IN FAVOR OF THE GOVERNMENT; PROVIDED, HOWEVER, THAT THE TITLE TO THE LAND SHALL NOT BE TRANSFERRED TO THE GOVERNMENT UNTIL FULL PAYMENT OF THE PURCHASE PRICE [In case of rejection or failure to reply, the DAR shall conduct summary administrative proceedings to determine the compensation of the land by requiring the landowner, the LBP and other

interested parties to submit evidence as to the just compensation for the land, within fifteen (15) days from the receipt of the notice. After the expiration of the above period, the matter is deemed submitted for decision. The DAR shall decide the case within thirty (30) days after it is submitted for decision].

“(e) IN CASE OF OBJECTION TO THE PROPOSED ACQUISITION OR TO THE PRICE OFFERED OR FAILURE TO REPLY ON THE PART OF THE LANDOWNER AFTER THIRTY (3) DAYS FROM RECEIPT OF THE NOTICE, THE DAR, UPON SPECIFIC AUTHORIZATION BY PARC, SHALL PROCEED TO THE COMPULSARY ACQUISITION OF THE LAND BY FILING THE NECESSARY EXPROPRIATION PROCEEDING, IN ACCORDANCE WITH RULE 67 OF THE RULES OF COURT, WITH THE SPECIAL AGRARIAN COURT [Upon receipt by the landowner of the corresponding payment or in case of rejection or no response from the landowner, upon the deposit with an accessible bank designated by the DAR of the compensation in cash or LBP bonds in accordance with this Act, the DAR shall take immediate possession of the land and shall request the proper Register of Deeds to issue a Transfer Certificate of Title (TCT) in the name of the Republic of the Philippines. The DAR shall thereafter proceed with the redistribution of the land to the qualified beneficiaries].

“(f) THE CITY OR MUNICIPALITY IN WHICH THE LAND IS LOCATED SHALL BE NOTIFIED OF THE EXPROPRIATION PROCEEDING AND SHALL BE ALLOWED TO INTERVENE IN CASE THE INTENDED ACQUISITION IS IN CONFLICT WITH ITS LAND USE AND DEVELOPMENT PLAN [Any party who disagrees with the decision may bring the matter to the court of proper jurisdiction for final determination of just compensation].”

SEC. 8. Section 22 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

“SEC. 22. *Qualified Beneficiaries.* - The lands covered by the CARP shall be distributed as much as possible to landless residents of the same barangay, or in the absence thereof, landless residents of the same municipality WHO ARE THE TILLERS OF SAID LANDS in the following order of priority:

“X X X X X

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

“LANDLESS SEASONAL AND OTHER WORKERS ARE ENTITLED TO RECEIVE A JUST SHARE OF THE FRUITS OF THE LAND BUT THEY MAY BE RESETTLED AND GIVEN LAND IN LANDS OF THE PUBLIC DOMAIN OR IN AGRICULTURAL ESTATES OWNED BY THE GOVERNMENT.

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

“X X X X X”

SEC. 9. Section 24 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 24. *Award to Beneficiaries.* - The rights and responsibilities of the beneficiaries shall commence from their receipt of a duly registered emancipation patent or certificate of land ownership award and their actual physical possession of the awarded land. Such award shall be completed in not more than one hundred eighty (180) days from the date of registration of the title in the name of the Republic of the Philippines: *PROVIDED, THAT THE TITLE OF THE EXPROPRIATED LAND SHALL NOT BE TRANSFERRED TO THE GOVERNMENT UNTIL FULL PAYMENT OF THE COMPENSATION TO THE LANDOWNER AND PROVIDED FURTHER, THAT IN TRANSACTIONS DEALING WITH LANDS REGISTERED UNDER THE LAND REGISTRATION ACT, THE REGISTER OF DEEDS SHALL OBSERVE STRICTLY THE PROVISIONS OF SAID ACT AND THE PROPERTY REGISTRATION DECREE. Provided FURTHER,* That the emancipation patents, the certificates of land ownership award, and other titles issued under any agrarian reform program shall be indefeasible and imprescriptible after one (1) year from its registration with the Office of the Registry of Deeds, subject to the conditions, limitations and qualifications of this Act, the property registration decree, and other pertinent laws. The emancipation patents or the certificates of land ownership award being titles brought under the operation of the torrens system, are conferred with the same indefeasibility and security afforded to all titles under the said system, as provided for by Presidential Decree No. 1529, as amended by Republic Act No. 6732.

"X X X X X"

SEC. 10. Section 50 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 50. *Quasi-Judicial Powers of the DAR.* - The DAR is hereby vested with primary jurisdiction to determine and adjudicate agrarian reform matters and shall have exclusive original jurisdiction over all AGRARIAN DISPUTES AS DEFINED IN SECTION 3(D) OF THIS ACT [matters] involving the implementation of agrarian reform, except those falling under the exclusive jurisdiction of the SPECIAL AGRARIAN COURTS, Department of Agriculture (DA) and the DENR.

"X X X X X"

SEC. 11. Section 57 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 57. *Special Jurisdiction.* - The Special Agrarian Courts shall have original and exclusive jurisdiction over all petitions for EXPROPRIATION FOR THE COMPULSARY ACQUISITION OF PRIVATE AGRICULTURAL LANDS FOR THE AGRARIAN REFORM PROGRAM AND the determination of just compensation to landowners, and the prosecution of all criminal offenses under this Act. The Rules of Court shall apply to all proceedings before the Special Agrarian Courts unless modified by this Act[,] AND ALL OTHER CASES INVOLVING RIGHTS WHICH ARE LEGALLY DEMANDABLE AND ENFORCEABLE UNDER RA 6657, RA 3844, AS AMENDED, PRESIDENTIAL DECREE NOS. 27 AND 266 AND OTHER AGRARIAN LAWS.

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

SEC. 12. Section 63 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 63. *Funding Source.* - The amount needed to further implement the CARP as provided in this Act, until June 30, 2014, upon expiration of funding under Republic Act No. 8532 and other pertinent laws, shall be funded from the Agrarian Reform Fund and other funding sources in the amount of at least One hundred fifty billion pesos (P150,000,000,000.00).

"Additional amounts are hereby authorized to be appropriated as and when needed to augment the Agrarian Reform Fund in order to fully implement the provisions of this Act during the five (5)-year extension period.

"THE ADDITIONAL AMOUNT HEREBY AUTHORIZED TO BE APPROPRIATED SHALL BE SPREAD OVER A PERIOD OF FIVE (5) YEARS, *PROVIDED*, THAT FIFTY PERCENT (50%) OF SAID AMOUNT SHALL BE DEVOTED AND SPENT FOR SUPPORT SERVICES UNDER CHAPTER IX (SUPPORT SERVICES) OF THIS ACT AND THE MODERNIZATION OF AGRICULTURE, THE PROVISION OF SEC. 36 NOTWITHSTANDING; *PROVIDED FURTHER*, THAT THE PROVISIONS ON LAND ACQUISITION AND REDISTRIBUTION SHALL BE DONE ON A PROVINCE-BY-PROVINCE IMPLEMENTATION PURSUANT TO SECTION 45 OF THIS ACT AND AS DETERMINED AND DIRECTED BY PARC AFTER TAKING INTO CONSIDERATION THE INTERESTS OF BOTH THE BENEFICIARIES AND LANDOWNERS, AGRICULTURAL EFFICIENCY AND PRODUCTIVITY AND THE CONCERNS OF THE LOCAL AND NATIONAL ECONOMY AND; *PROVIDED FINALLY*, THAT LAND ACQUISITION AND REDISTRIBUTION AS A MODE OF AGRARIAN REFORM SHALL DEFINITELY EXPIRE ON JUNE 30, 2014. THEREAFTER, THE CARP SHALL BE PURSUED AND IMPLEMENTED UNDER THE TENURIAL OR OTHER ARRANGEMENTS ALTERNATIVE TO PHYSICAL DISTRIBUTION OF LANDS AS RECOGNIZED AND AUTHORIZED BY RA 3844 AND RA 6657.

"X X X X X"

SEC. 13. Section 65 of R.A. No. 6657, as amended, is hereby further amended to read as follows:

"SEC. 65. *Conversion of Lands.* - After the lapse of five (5) years from its award, when the land ceases to be economically feasible and sound for agricultural purposes, or the locality has become urbanized and the land will have a greater economic value for residential, commercial or industrial purposes, the DAR, upon application of the beneficiary or the landowner with respect only to his/her retained area which is tenanted, with due notice to the affected parties, and subject to existing laws, may authorize the reclassification or conversion of the land and its disposition: *Provided*, That THE BENEFICIARY SHALL HAVE FULLY PAID HIS OBLIGATION. *PROVIDED, HOWEVER*, THAT EVEN BEFORE THE LAPSE OF FIVE (5) YEARS, THE LANDOWNER AND THE BENEFICIARY MAY, FOR THEIR MUTUAL BENEFIT AND INTERES, AGREE ON THE RECLASSIFICATION OR CONVERSION OF THE LAND BY MEANS OF A PUBLIC INSTRUMENT DULY FILED WITH THE DAR AND REGISTERED WITH THE REGISTER OF DEEDS, AND *PROVIDED, FURTHER*, THAT THE LAND BANK OF THE PHILIPPINES OR THE GOVERNMENT, THROUGH THE DAR, SHALL BE REIMBURSED FOR WHATEVER AMOUNT BY WAY OF COMPENSATION THUS FAR PAID FOR THE LAND.

"[i]f the applicant is a beneficiary under agrarian laws and the land sought to be converted is the land awarded to him/her or any portion thereof, the applicant,

after the conversion is granted, shall invest at least ten percent (10%) of the proceeds coming from the conversion in government securities: *Provided, [further,]* That the applicant upon conversion shall fully pay the price of the land: *Provided, FURTHER [furthermore]*, That irrigated and irrigable lands, shall not be subject to conversion: *Provided, finally*, That the National Irrigation Administration shall submit a consolidated data on the location nationwide of all irrigable lands within one (1) year from the effectivity of this Act.

"Failure to implement the conversion plan within five (5) years from the approval of such conversion plan or any violation of the conditions of the conversion order due to the fault of the applicant shall cause the land to automatically be covered by CARP."

SEC. 14. Section 70 of R.A. No. 6657, as amended, is hereby amended to read as follows:

"SEC. 70. *Disposition, LEASE OR MORTGAGE of Private Agricultural Lands.* - The sale AND [or] disposition, LEASE OR MORTGAGE of PRIVATE agricultural lands FOR WHICH NO EXPROPRIATION PROCEEDING HAS BEEN FILED WITH THE SPECIAL AGRARIAN COURT BY DAR SHALL BE LAWFUL AND VALID: *PROVIDED*, THAT SUCH SALE AND DISPOSITION, LEASE OR MORTGAGE IS WITH THE CONFORMITY OF THE FARMERS OR REGULAR FARM WORKERS WORKING ON THE LAND, AND *PROVIDED, FURTHER*, THAT THEIR SECURITY OF TENURE AND OTHER RIGHTS UNDER EXISTING LAWS ARE NOT IMPAIRED. [retained by a landowner as a consequence of Section 6 hereof shall be valid as long as the total landholdings that shall be owned by the transferee thereof inclusive of the land to be acquired shall not exceed the landholdings ceilings provided for in this Act. Any sale or disposition of agricultural lands after the effectivity of this Act found to be contrary to the provisions hereof shall be null and void.]

"Transferees, LESSEES OR MORTGAGEES of agricultural lands shall REGISTER THE SALE, CONVEYANCE, LEASE OR MORTGAGE WITH THE REGISTER OF DEEDS AND furnish A COPY THEREOF TO THE DAR. THE TRANSFEREE OR LESSEE SHALL, IN ADDITION, EXECUTE AN AFFIDAVIT TO THE EFFECT THAT HE, TOGETHER WITH HIS TENANTS OR WITH HIS FARMWORKERS, THROUGH LABOR ADMINISTRATION, SHALL MAKE THE LAND PRODUCTIVE. THIS AFFIDAVIT SHALL BE FILED WITH THE REGISTER OF DEEDS AND COPY FURNISHED TO THE DAR. [the appropriate Register of Deeds and the BARC with an affidavit attesting that his total landholdings as a result of the said acquisition do not exceed the landholding ceiling. The Register of Deeds shall not register the transfer of any agricultural land without the submission of this sworn statement together with proof of service of a copy thereof to the BARC.]"

SEC. 15. Paragraphs (a) and (e) of Section 73 of R.A. No. 6657, as amended, are hereby amended to read as follows:

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

"(a) The ownership or possession, for the purpose of circumventing the provisions of this Act, of agricultural lands EXPROPRIATED AND DISTRIBUTED PURSUANT TO THE PROVISIONS OF THIS ACT, in excess of the total retention limits or award ceilings ADJUDICATED IN THE CASE by any person, natural or juridical, except those under collective ownership by farmer-beneficiaries.

"X X X X X

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

"X X X X X"

SEC. 16. Any law, decree, executive order, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 17. This Act shall take effect immediately after publication in two (2) newspapers of general circulation in the Philippines.

Approved,