



Introduced by **Representative Arthur Yap**

EXPLANATORY NOTE

While the Philippines posted a 6.3% average growth in 2012-2014, the government needs to address the fact that: 1) agriculture sector grew by only 0.2% to Gross Domestic Product (GDP); and, 2) poverty still exists, particularly the majority of the poor people who live in rural areas and work in the agricultural sector. Indeed, in the Philippines, poverty is mainly a rural phenomenon.

In fact, the 2009 poverty incidence data indicated that the 57% agricultural households, is three-fold percentage higher compared to the 17% from the non-agricultural.

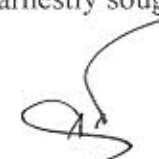
One of the identified main causes of poverty in the country is the failure to develop the agriculture sector (ADB, 2009). A study recently conducted by the Australian Aid – the Asia Foundation, likewise highlights how legal limitations in the country hamper agricultural growth/development and poverty reduction. It also pointed out that several land laws written and approved in the early 1900s (when the Philippines was still a predominantly agricultural society) have not been amended or repealed to keep pace with the recent transformation of the country.

Commonwealth Act No. 141, otherwise known as the Public Land Act, is one of those outdated land laws, which negatively impact the 2,961,186 free patents issued by the government in the last twenty-five (25) years (1980-2014). For the period 2009 to 2014, the Department of Environment and Natural Resources (DENR) issued 542,000 free patents. Under Sections 118, 119, 121, 122 and 123 of Commonwealth Act No. 141, beneficiaries of these patents are covered by the five (5) year prohibition to sell or transfer said property after the patent is awarded and gives the owner and/or heirs the right to repurchase the land from the buyer, within a period of five (5) years from the date of conveyance. This affects some 432,926 hectares in terms of land area.

These restrictions tend to increase transaction costs and hamper investment critical for job creation and poverty reduction. It is a hindrance for our Filipino farmers to improve their entrepreneurial skills, as well as their ability to fully develop the potentials of these lands. Farmers are deprived of the opportunity to make use of the land as collateral for credit and are barriers to the prospective buyers/developers.

This bill proposes to repeal the restrictions of the Public Land Act, specifically Sections 118, 119, 121, 122 and 123 on agricultural free patents to make these agricultural land titles accessible for commercial and credit transactions so that free patent beneficiaries can have access to credit which leads to increase productivity, job generation, poverty reduction and improve economic conditions.

In view of the foregoing considerations, the passage of this bill is earnestly sought.


ATTY. ARTHUR C. YAP
Representative

HOUSE OF REPRESENTATIVE
House Bill No. **4379**

Introduced by REPRESENTATIVE ARTHUR YAP

AN ACT REMOVING THE RESTRICTIONS UNDER SECTIONS 118, 119, 121, 122 and 123 OF COMMONWEALTH ACT NO. 141, AS AMENDED, ON FREE PATENTS ISSUED UNDER SECTION 44 THEREOF

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

SECTION. 1. Short Title. - This Act shall be known as the **"Agricultural Free Patent Reform Act."**

Sec. 2. Removal of Restrictions. -Agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions regarding encumbrances, conveyances, transfers or dispositions imposed under Sections 118, 119, 121, 122 and 123 of Commonwealth Act No. 141, as amended.

Sec. 3. Retroactive Effect -This Act shall have retroactive effect and restrictions regarding encumbrances, conveyances, transfers or dispositions imposed under Sections 118, 119, 121, 122 and 123 of Commonwealth Act No. 141, as amended, on free patents issued under Section 44 thereof before the effectivity of this Act shall likewise be removed and are hereby immediately lifted.

Section 4. Repealing Clause. - All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 5. Separability Clause. - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.

Section 6. Effectivity Clause. - This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,