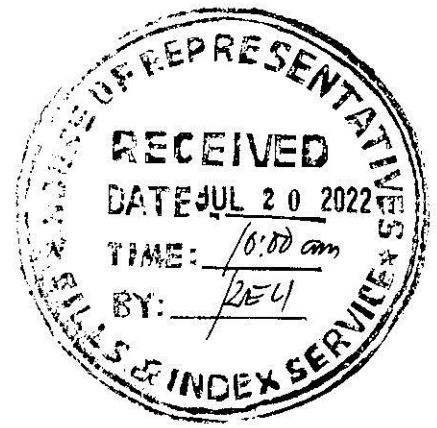


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

H. B. No. 2182

Introduced by Representative Ralph G. Recto

AN ACT
CONDONING ALL UNPAID AMORTIZATIONS, INTERESTS, PENALTIES OR
SURCHARGES ON LOANS SECURED UNDER THE COMPREHENSIVE
AGRARIAN REFORM PROGRAM AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Financing the Comprehensive Agrarian Reform Program (CARP) is one of the major challenges in implementing land reform in the country. Apart from meager appropriations for agrarian reform support services, the program also suffers from low repayment rates from agrarian reform beneficiaries. The Senate Economic Planning Office (SEPO) estimated that from 1987 to 2004, only P2.5 billion of the projected P14.3 billion collectible land amortization payments was actually collected. A Philippine Institute for Development Studies (PIDS) study revealed that CARP loan collection performance by Land Bank of the Philippines (LBP) as of March 2015 is about 51.55% for amortization and interest payments.

The cause for the low collection rate is two-fold. On the one hand, an administrative system to collect loan proceeds from farmer-beneficiaries was not fully established due to its prohibitive administrative costs. On the other hand, the high cost of agricultural inputs, low farm outputs, and the onset of devastating meteorological calamities, among others, have left the agrarian reform beneficiaries bereft of any means to pay for the loan they have secured under CARP.

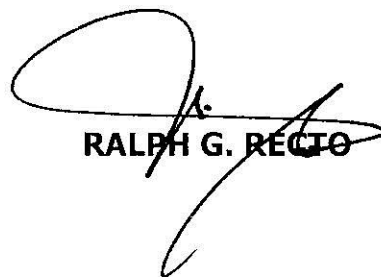
This bill seeks to accomplish several undertakings. First, it seeks to further increase the productivity of agrarian reform beneficiaries by providing them additional

financial resources through the condonation of their annual amortization and interests, including penalties or surcharges, if any. Second, it strives to reduce the administrative cost of implementing the agrarian reform program.

Ultimately, it endeavors to achieve the original intent of the agrarian reform program, which is to improve the lives of farmers, reduce rural poverty and accelerate rural development. Such intervention is founded on the principles of the agrarian reform law, which seek to uphold the welfare of landless farmers and farmworkers with the goal of promoting social justice, sound rural development and industrialization.

To sustain the gains of the agrarian reform program, the swift passage of this measure is earnestly sought.

/mdg



RALPH G. RECTO

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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**CONDONING ALL UNPAID AMORTIZATIONS, INTERESTS, PENALTIES OR
SURCHARGES ON LOANS SECURED UNDER THE COMPREHENSIVE
AGRARIAN REFORM PROGRAM AND FOR OTHER PURPOSES**

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

1 Section 1. *Condonation of Unpaid Amortizations, Interest Payments, Penalties*
2 *or Surcharges.* – All unpaid amortizations and interests, including penalties or
3 surcharges, if any, due from loans secured under the Comprehensive Agrarian Reform
4 Program (CARP) are hereby condoned by the Government, thereby relieving all
5 farmer-beneficiaries from the payment thereof. The agrarian reform beneficiaries shall
6 be deemed as rightful owners of the lands awarded to them upon the effectivity of
7 this Act.

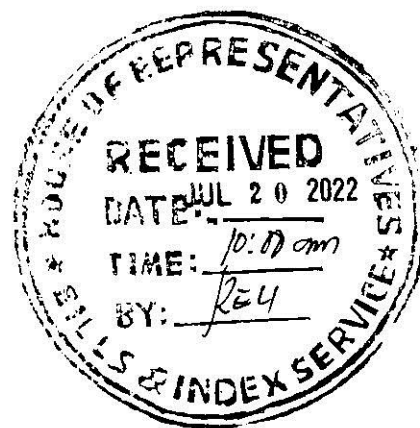
8 Sec. 2. *Implementing Rules and Regulations.* – Within thirty (30) days from the
9 effectivity of this Act, the Department of Agrarian Reform (DAR), in coordination with
10 the Philippine Agrarian Reform Council (PARC) and the Land Bank of the Philippines
11 (LBP), shall promulgate the necessary rules and regulations to effectively implement
12 the provisions of this Act.

13 Sec. 3. *Repealing Clause.* – Section 26 of Republic Act No. 6657, otherwise
14 known as the "*Comprehensive Agrarian Reform Law of 1988*," as amended, is hereby
15 repealed. All laws, decrees, orders, rules and regulations or parts thereof inconsistent
16 with any of the provisions of this Act are hereby repealed, amended or modified
17 accordingly.

1 Sec. 4. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
2 complete publication in the *Official Gazette* or in at least two (2) newspapers of general
3 circulation.

Approved,

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