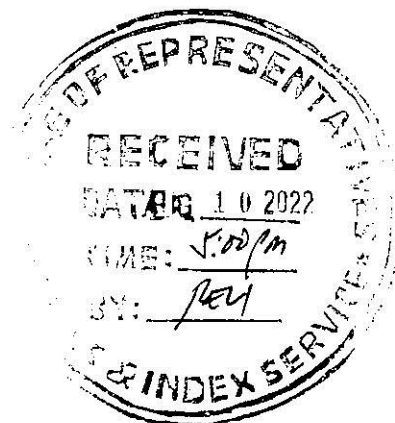


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3490



Introduced by **Representative Wilbert T. Lee**

**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

Article XIII, Section 4 of the 1987 Constitution states that “[t]he State shall, by law, undertake an agrarian reform program founded on the right of farmers and regular farmworkers who are landless, to own directly or collectively the lands they till or, in the case of other farmworkers, to receive a just share of the fruits thereof.”

In the same section, the Constitution guarantees that the “[s]tate shall encourage and undertake the just distribution of all agricultural lands, subject to such priorities and reasonable retention limits as the Congress may prescribe, taking into account ecological, developmental, or equity considerations, and subject to the payment of just compensation. In determining retention limits, the State shall respect the right of small landowners. The State shall further provide incentives for voluntary land-sharing.”

As of writing, the country is facing a compounded problem regarding the state of our food security. In the 2020 State of Food Security and Nutrition in the World Report, the Philippines recorded the most number of food insecure people in Southeast Asia from 2017 to 2019, with 59 million Filipinos suffering from moderate to severe lack of consistent access to food. Despite having some 7.9 million hectares of Philippine lands devoted to agriculture¹, 3.1 million Filipino families experienced hunger in the first quarter of 2022 according to the survey conducted by the Social Weather Stations (SWS)².

¹ Japan International Cooperation Agency (21 January 2022) *Project to address food security issues in PH via improvement of vegetable value chain begins*. Retrieved last 7 August 2022 from: https://www.jica.go.jp/philippine/english/office/topics/news/220121_02.html

² Sarao, Z. (7 June 2022) *3.1 million Filipino families experienced hunger in Q1 of 2022 – SWS*. Retrieved last 7 August 2022 from: <https://newsinfo.inquirer.net/1607293/3-1m-filipinos-experienced-hunger-in-q1-of-2022-sws-survey-shows#ixzz7bKD7XzIU>

Apart from the rising prices of food and commodities, the agriculture sector has always been weighed down by low productivity and high production costs, among many other causes³. The sad condition we aim to concretely address is despite their hard work, farmers are finding it hard to emancipate themselves from debt. The Philippine Institute for Development Studies (PIDS), revealed that the “[d]espite the large subsidy given to ARBs in terms of amortization subsidies, the collection performance of ARBs is not encouraging even in the context of cost recovery”⁴.

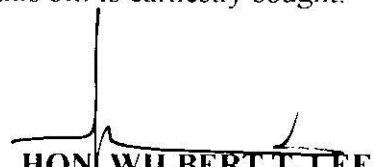
In the same report of the PIDS, About 11% of Landbank’s Agrarian Reform Receivables (ARR) accounts have been fully paid but there is also a considerable number of accounts in default. The government’s think-tank concluded that there is an apparent disregard of the land payment by some Agricultural Reform Beneficiaries (ARBs).⁵

One of the primary interventions that the Executive Branch and Legislature agreed upon is to emancipate around 650,000 ARBs from their debt⁶. Through this measure, we authorize the cancellation of the obligations owed to the government by farmer-beneficiaries for parcels of land received by amending Section 26 of Republic Act (RA) 6657, or the Comprehensive Agrarian Reform Law of 1988. Through this bill, we outrightly unburden the farmers from their loans, interests and penalties which is one of the reasons they are chained to poverty.

This representation believes that we need to empower and bolster the capacity of the backbone of our agricultural sector, our indefatigable farmers, to holistically address our food security woes. Their sacrifices in striving to provide food to every Filipino household have been sidetracked for decades and we owe them this move, rather than them owing the government. Through this relief, we allow them to further increase their productivity by providing them additional financial resources through the condonation of their annual amortization and interests, including penalties or surcharges. Likewise, necessary safeguards such as non-conversion of these agricultural lands for non-agricultural uses as well as selling or mortgaging of these awarded lands are prohibited within a ten (10) year holding period from the date of registration of the Emancipation Patent (EP), Certificate of Land Ownership Award (CLOA), or other Title issued pursuant to an agrarian reform program of the Government.

The ultimate objective of this condonation measure is to achieve the original intent of the agrarian reform program, which is the alleviation of poverty, acceleration of rural development and improvement of the lives of our agricultural workers.

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


HON. WILBERT T. LEE
Representative
AGRI PARTYLIST

³ Galang, V. (22 July 2022). *Agriculture: low productivity and high production costs*. Retrieved last 8 August 2022 from: <https://www.bworldonline.com/special-reports/2019/07/22/242980/agriculture-low-productivity-and-high-production-costs/>

⁴ Ballesteros et. Al (December 2017) *The Comprehensive Agrarian Reform Program after 30 Years: Accomplishments and Forward Options*. Retrieved last 6 August 2022 from: <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1734.pdf>

⁵ Ibid

⁶ Moaje, M. (27 July 2022) *DAR ready to work with Congress on condonation of farmers’ loans*. Retrieved last 8 August 2022 from: <https://www.pna.gov.ph/articles/1179884>

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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 principal and interests, including penalties or surcharges, if any,
3 due from loans used for land acquisition secured under the Comprehensive Agrarian Reform
4 Program are hereby condoned by the Government, thereby emancipating all farmer-
5 beneficiaries from the payment thereof: Provided, That the condonation of such all unpaid
6 principal, interests, penalties or surcharges, shall be in accordance with the applicable banking
7 laws and regulations of the Bangko Sentral ng Pilipinas: Provided, further, That upon the
8 effectivity of this Act, the Land Bank of the Philippines (LBP) shall issue the necessary
9 attestation to facilitate the issuance of a certificate of land title ownership in favor of the
10 agrarian reform beneficiary concerned: Provided, finally, That the condonation of all unpaid
11 principal, interests, penalties, or surcharges shall release all attached liens and encumbrances
12 arising from the loans secured for land acquisition. The Agrarian Reform Beneficiaries (AGBs)
13 shall be deemed as rightful owners of the lands awarded to them upon the effectivity of this
14 Act.

15 **SEC. 2. *Government Safeguards.*** All agricultural lands transferred to AGBs shall not
16 be converted into non-agricultural uses or allowed to be sold or mortgage to private individuals
17 or entities within a ten (10) year holding period.

18 The aforementioned holding period will commence from the date of registration of the
19 Emancipation Patent (EP), Certificate of Land Ownership Award (CLOA), or other Title issued
20 pursuant to an agrarian reform program of the State until the lapse of ten (10) calendar years.

21 **SEC. 3. *Implementing Rules and Regulations.*** Within thirty (30) days from the
22 effectivity of this Act, the Department of Agrarian Reform, in coordination with the Philippine
23 Agrarian Reform Council, Department of Finance and the LBP, shall promulgate the necessary
24 rules and regulations to effectively implement the provisions of this Act.

25 **SEC. 4. *Repealing Clause.*** Section 26 of Republic Act No. 6657, otherwise known as
26 the "Comprehensive Agrarian Reform Law of 1988," as amended by Republic Act No. 9700
27 is hereby repealed. All laws, decrees, orders, rules and regulations or parts thereof inconsistent
28 with any of the provisions of this Act are hereby repealed, amended or modified accordingly.

29 **SEC. 5. *Effectivity.*** This Act shall take effect fifteen (15) days following its publication
30 in three (3) newspapers of general circulation.

Approved,