

Cooperatives in the Implementation of Philippine Agrarian Reform: Towards Creation of Enterprising Communities

Ma. Elena C. Cabañas
Asst. Director, DAR-BARBD

Presented during the International Conference on "Cooperative Enterprises: Key to Sustainable Economic And Social Progress, 8-10 November 2012, UPLB, College Laguna, Phil.

Discussion Points:

- History and key features of recent AR programs
- Tracing the participation of cooperatives in AR implementation
- Some successful experiences in engaging cooperatives on enterprise and economic development in AR areas
- Key challenges for sustaining partnership with Coops on AR



History and key features of land/ agrarian reform

- ◆ **RA 34** (Pres. Roxas/1946-48) Established the 70-30 sharing arrangements and regulating share-tenancy contracts
- ◆ **RA 1160, s.54** (Pres Magsaysay/1953-1957) Created the Natl Resettlement and Rehabilitation Administration (NARRA) to relocate rebels and landless farmers and provide them farmlands and home lots in Palawan and Mindanao
- ◆ **RA1199** (Agricultural Tenancy Act of 1954) -- provided security of tenure of tenants; created the Court of Agrarian Relations.
- ◆ **RA1400** (Land Reform Act of 1955) -- Created the Land Tenure Administration (LTA) which was responsible for the acquisition and distribution of large tenanted rice and corn lands over 200 hectares for individuals and 600 hectares for corporations.
- ◆ **RA 821** (Creation of Agricultural Credit Cooperative Financing Administration) -- Provided small farmers and share tenants loans with low interest rates of six to eight percent.

History and key features of land/ agrarian reform

- ◆ **RA 3844, s. 1963** (Agricultural Land Reform Code) -- Abolished share tenancy, institutionalized leasehold, set retention limit at 75 hectares, invested rights of preemption and redemption for tenant farmers, provided for an administrative machinery for implementation, institutionalized a judicial system of agrarian cases, incorporated extension, marketing and supervised credit system of services of farmer beneficiaries.



History and key features of land/ agrarian reform

- ◆ **RA6389**, (Code of Agrarian Reform) and **RA No. 6390** of 1971 -- Created the Department of Agrarian Reform and the Agrarian Reform Special Account Fund. It strengthened the position of farmers and expanded the scope of agrarian reform.; Introduced the Operation Land Transfer (OLT) and Operation Land Leasehold (OLL)
- ◆ Presidential Decree No. 2, September 26, 1972 -- Declared the country under land reform program. It enjoined all agencies and offices of the government to extend full cooperation and assistance to the DAR. It also activated the Agrarian Reform Coordinating Council
- ◆ Presidential Decree No. 27, October 21, 1972 -- Restricted land reform scope to tenanted rice and corn lands and set the retention limit at 7 hectares.



History and key features of land/ agrarian reform

- ◆ **RA6657**, June 10, 1988 (Comprehensive Agrarian Reform Law) – launch of CARP and extension of agrarian reform to cover all agricultural lands; promote social justice and industrialization; providing the mechanism for its implementation and for other purposes.

Components:

- > Land Adjudication and Distribution/ Land Tenure Improvement
- > Program Beneficiaries Development
 - ARC Strategy (1993): targeting support services to selected agrarian reform communities
- > Agrarian Justice Delivery: adjudication and land valuation

Qualified Farmer Beneficiaries

- Agricultural lessees and share tenants;
- Regular farmworkers;
- Seasonal farmworkers;
- Other farmworkers;
- Actual tillers or occupants of public lands;
- Collective or cooperatives of the FBs; and
- Others directly working on the land

History and key features of land/ agrarian reform

- ◆ **AR initiatives under Pres Fidel Ramos:**
 - Set conditions to limit conversion of specific agri lands;
 - Exempted fishponds and prawns from the coverage of CARP.
 - Provided an additional Php50 billion for CARP and extended its implementation for another 10 years.
- ◆ **AR Initiative under Pres. Joseph Estrada**
 - Executive Order N0. 151, Sept. 1999 (Farmer's Trust Fund) - Allowed the voluntary consolidation of small farm operation into medium and large scale integrated enterprise that can access long-term capital.
 - launched the Magkabalikat Para sa Kaunlarang Agraryo or **MAGKASAKA**: promote joint ventures with private investors into agrarian sector to make FBs competitive.
- ◆ **AR Initiatives under Pres. Gloria Macapagal Arroyo**
 - Vigorous LAD activities;
 - Provision of package of support services: credit, extension services, irrigation facilities, roads and bridges, marketing facilities, and training and technical support programs;
 - Infra Projects – transform ARCs into rural economic zones, help in job creation in the countryside.
 - Launched **KALAH** AR Zone
 - Clear backlog of agrarian cases by hiring more paralegal officers

Salient features of RA9700

- ◆ Republic Act 9700 or the Comprehensive Agrarian Reform Program Extension with Reforms (CARPER), signed into law on August 7, 2009
 - ◆ Strengthened and improved CARL; RA 6657 has not been superseded by RA 9700. It further strengthened and improved it;
 - ◆ Accelerate delivery of support services;
 - ◆ 150 billion budget
 - ◆ Restored compulsory acquisition and has extended the land acquisition and distribution component for five years starting July 1, 2009 up to June 30, 2014;
 - ◆ Creation of the Congressional Oversight Committee on Agrarian Reform (COCAR) to oversee, monitor and evaluate progress of CARP implementation within the five (5) year time frame.



Mode of Acquisition

- ◆ Compulsory Acquisition (CA)
- ◆ Voluntary Offer to Sell (VOS)
- ◆ Voluntary Land Transfers (VLT)
- ◆ Non-private Agricultural Lands (settlements, government owned lands, landed estates)
- ◆ Operation Land Leasehold (OLL)
- ◆ Titling in Public A&D Lands (DENR): Forestry Sector CBFM/ISF

DAR CARP Accomplishment as of June 2010

Total Scope (hectares)	5,153,857
Total LAD Accomplishment (hectares)	4,273,202.30 (82.91%)
Total Agrarian Reform Beneficiaries (ARBs) covered	2.495 Million
Average land area distributed per ARBs	1.712 hectares
Total areas issued with leasehold contract	1,711,000 hectares
Total ARB benefited	1,202,000 ARBs
Total ARCs launched	2,149 ARCs covering 9,336 brgys
Total ARB orgns/ cooperatives assisted	6,317 orgns
Total amount of credit/MF facilitated	P4.114 Billion
Total ARBs benefited	303,738 ARBs
Total number of funded projects	23,995 projects
ARBs & N-ARBs facilitated access to BSS	1,305,864 beneficiaries
Foreign Resource Mobilization	P57.4 B for 61 projects
FMR completed (Km)	7,67 Km
PHF constructed	543 units

COOPERATIVE PARTICIPATION IN THE IMPLEMENTATION OF AR

- ◆ **1940's:** Cooperative Marketing Law which directed the organization of farmers into marketing cooperatives;
- ◆ Republic Act 583 Created the Small Farmers Cooperative Loan Fund Republic Act 821 created the Agricultural Credit Financing Administration (ACFA) which organized the Farmers' Cooperative Marketing Associations (FACOMAs)
- ◆ **1950's:** Establishment of the Federation of Free Farmers (FFF); which became the largest organizations of rural workers in the Philippines Members are fishermen, agricultural laborers, agricultural tenants, owner-cultivators, and settlers. As active supporter of agrarian reform and rural development program, FFF has helped rural workers participate in government decision-making and implementation. Over the years, it has helped cooperatives manage projects.

COOPERATIVE PARTICIPATION IN THE IMPLEMENTATION OF AR

- ◆ **1960's,** Establishment of Agricultural Credit Cooperative Institute (ACCI); Enacted the Agrarian Reform Code; Land Bank of the Philippines was also established during the same year. In 1969, the Agrarian Reform Code was passed, mandating that coops be utilized as primary conduits for credit, supply and marketing services to agrarian reform beneficiaries.
- ◆ **1972:** Under the Land Reform Program during the Martial Law, the tenant-farmers were obliged to compulsory join a pre-cooperative organization called Samahang Nayon
- ◆ **1990s,** the Cooperative Code of the Philippines was enacted, the Cooperative Development Authority was created, the National Cooperative Movement (NCM) and the Philippine Cooperative Center (PCC) were organized; In 1998, the Coop National Confederation of Cooperatives (NATCCO) Network Party was formed by members of NATCO and landing a seat in the House of Representatives.

COOPERATIVE PARTICIPATION IN THE IMPLEMENTATION OF AR

- ◆ 1986: Section 2, RA 6657, recognized the key role of cooperatives in CARP: as among the key dimensions/elements to be promoted under CARP.

The State shall recognize the right of farmers, farm workers and landowners, as well as cooperatives and other independent farmers' organization, to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing and other support services

COOPERATIVE PARTICIPATION IN THE IMPLEMENTATION OF AR

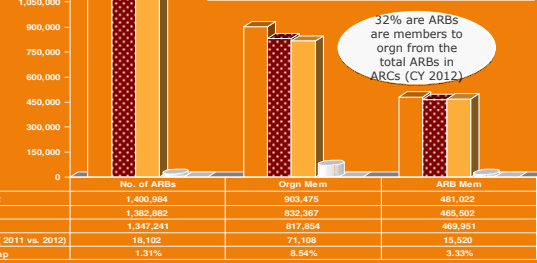
- ◆ Section 29, RA 6657,
- ◆ In general, lands shall be distributed directly to the individual worker-beneficiaries.
- ◆ In case it is not economically feasible and sound to divide the land, then it shall be owned collectively by the worker-beneficiaries who shall form a workers' cooperative or association which will deal with the corporation or business association. Until a new agreement is entered into by and between the workers' cooperative or association and the corporation or business association, any agreement existing at the time this Act takes effect between the former and the previous landowner shall be respected by both the workers' cooperative or association and the corporation or business association.

The ARC strategy

- ◆ Meant to empower and capacitate agrarian reform beneficiaries
- ◆ Delivery of support services to ARBs: post harvest facilities, farm to market roads, irrigation, technical extension
- ◆ CDD based approach mainstreamed in local development plans
- ◆ Area-based approach focusing on maximizing scope of impact
- ◆ Excellent tool for attracting ODA

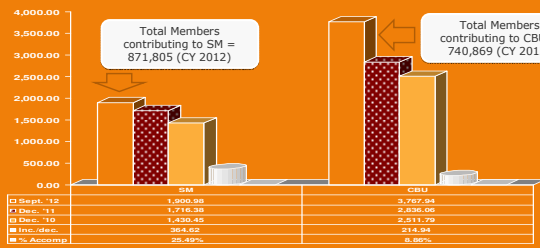
Membership

Year	Ave. Members/ Orgn	Ave. ARB Members/ Orgn
Sept. 2012	143	76
CY 2011	133	75
CY 2010	133	77



Financial Status CBU & SM (in Million pesos)

Year	Ave. CBU Orgn	Ave. CBU Mem	Ave. SM Orgn	Ave. SM Mem
Sep. 2012	P596,651.03	P4,170.50	P300,978.41	P2,104.08
CY 2011	P453,914.48	P3,407.22	P274,708.82	P2,062.05
CY 2010	P409,419.18	P4,322.85	P233,162.09	P3,718.02



Examples of Successful Experiences in Engaging Cooperatives

AGRI-PRODUCTION AND TECHNOLOGY

Five (5) ARB rubber plantation-based cooperatives managing multi-million pesos enterprises after they have adopted industry standard compliant rubber production system, supervised credit, and customized CapDev program

PRODUCTIVE ASSETS AND MARKETS

- 11 ARB cooperatives managing village level food processing centers and producing products compliant with FDA standards
- 350 cooperatives engaged in food processing business and shall be assisted to secure FDA licenses

INFORMATION AND KNOWLEDGE

Six (6) cooperatives engaged under E-Agrikultura to manage ICT equipment for last mile connection and facilitate access to information related to agri technology and markets

ACCESS FACILITATION TO BASIC SOCIAL SERVICES

- Mangloy MPC and 18 other ARB cooperatives successfully initiated and operationalized a cooperative-managed and community-based health insurance w/h have generated P4.7M health fund
- 29 ARB cooperatives as adoptors of low-cost technology to install water and sanitation facilities to introduce change in behavior and practices on health, hygiene and sanitation

15 cooperatives adopted community-based knowledge system which enhanced their planning and collective decision-making processes

Examples of Successful Experiences in Engaging Cooperatives

Baug CARP Beneficiaries Multi-Purpose Cooperative



Incoming Engagement with Cooperatives

AGRI-PRODUCTION AND TECHNOLOGY

Six (6) cooperatives to continue to be engaged in a process of establishing market-led production system through the clustering approach

1 ARCESS project per province which is expected to produce enterprises managed by coops

ACCESS FACILITATION TO BASIC SOCIAL SERVICES

-Additional 30 cooperatives to be developed as adoptors of low-cost WATSAN technologies to have an access to clean and potable water and promote improved behavior and practices on health, hygiene and sanitation

PRODUCTIVE ASSETS AND MARKETS

-Under DAR-NATCGO MICOOP program, 48 coops were strengthened as MF conduit able to disbursed P738M in the form of loans to member-borrowers, generated a combined savings and share capital of P227M

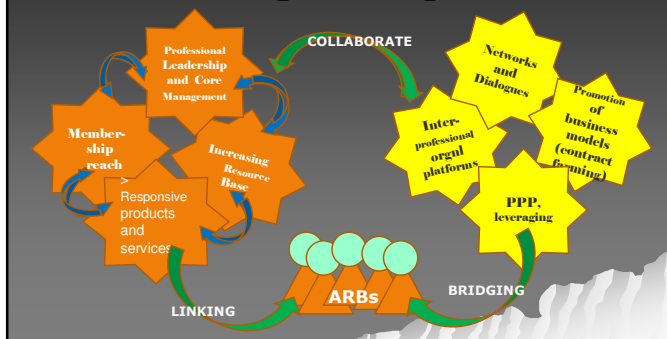
- Under the DAR-CARD MF Devt Program, strengthened 22 coops as MF conduits extending loan to 15,999 members, released P105M loans, and raised a combine savings and CBU of P41.8M funds

- Creation of network of community retail store to be managed by cooperatives as alternative distribution channel of basic goods

INFORMATION AND KNOWLEDGE

79 cooperatives to be trained on the various aspects of developing and managing business and social enterprises by way of deploying enterprise organizers and coaches

Key Challenge for Sustainable Partnership with Coops on AR



Thank you for listening...