

Anti-Land Reform Land Policy?: The World Bank's Development Assistance to Agrarian Reform in the Philippines

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¹ The section on the World Bank's effort during the second half of the 1990s to sell its market assisted land reform draws from Jennifer Franco's article in 1999 that was published in *Conjuncture of the Institute for Popular Democracy (IPD)*. The section on Community Managed Agrarian Reform and Poverty Reduction Program (CMARPRP) draws from the article by Borras, Carranza and Franco published by the *Third World Quarterly*, volume 28, no. 8, December 2007. We would like to thank these publishers for allowing us to use parts of those published materials for this paper.

Abstract

Historically the World Bank (WB) has been actively involved in land policies, specifically in land reform and private land titling campaigns, worldwide. The Philippines has been among the significant recipients of the World Bank's policy advice and development assistance on land issues over the past decades. The highlights of the World Bank's land policy work in the Philippines have been: (i) active political and financial support to the brutal military Marcos dictatorship, using land reform largely as a counter-insurgency measure and to legitimize the military rule in the country; (ii) starting in the mid-1990s, its campaign to pressure the Philippine government to immediately halt its state-driven Comprehensive Agrarian Reform Program (CARP) due to World Bank claims, among others, that it makes the rural economy environment insecure for financial investors and that the program is "expensive"; and (iii) for the government to adopt the market-led agrarian reform policy model being promoted by the World Bank in different countries which is built upon the principle of "willing seller, willing buyer" voluntary land sales transaction formula. On balance, the impact of the World Bank's recent development assistance on land reform is that it likely undermined, not complemented, whatever remaining redistributive potential of the existing state-led land reform in the Philippines.

Introduction

The World Bank is one of the largest sources of development finance in the developing world. Every year, it moves US\$ 18–20 billion across Asia, Africa, Latin America and Europe in loans and grants in a bid to foster economic growth and reduce poverty. Considered the "foremost international development agency" among development policy circles, the World Bank was founded in 1944 in Bretton Woods, New Hampshire, USA. Its initial mission was to assist the reconstruction of the war-torn economies in Europe. Since then, it has expanded from a single institution – the International Bank for Reconstruction and Development – to five institutions that are involved in particular areas of operation². These range from financing, advisory, and technical support for physical and institutional infrastructure such as energy, transportation, and communication and restructuring of key sectors of the economy such as education, water supply and sanitation, education, and agriculture, to private sector development and settlement of investment disputes between foreign investors and their host countries.

From the original 44 member countries, its membership has grown to 186 to date. As a public sector and multilateral institution, the World Bank is owned by many countries as shareholders and supported by taxpayers through direct financing of its portfolio or debt repayment. The number of shares or capital subscription a country has is based roughly on the size of its economy and operates under the one dollar, one vote policy – in sharp contrast to the United Nations principle of one member, one vote. The United States is the largest single shareholder with 16.4 % share, and so, with the same percentage of votes, followed by Japan (7.87 %), Germany (4.49 %), the United Kingdom, and France (both with 4.31 %). The remaining shares are divided among the other member countries, most of which are from the developing world. Naturally, the World Bank derives its policy agenda largely from its top shareholders, most of which are from the G8. As is well-known, the World Bank is a very politically powerful and influential institution.

The Philippines is one of the World Bank's original members. Currently the country ranks 32nd as a shareholder, with 0.44 % voting power in the Board of Governors – the highest policy making body in the World Bank. Obviously, this shareholder percentage and its corresponding voting rights are no match to the big players inside the institution. The Philippines has to share a seat in the 24-member Board of Executive Directors with eight other developing member countries – Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Panama, Suriname, and Trinidad and Tobago.³

² Collectively called the World Bank Group, it comprises the International Bank for Reconstruction and Development, Multilateral Investment Guarantee Agency, International Development Assistance, International Court for Settlement of Investment Disputes, and International Finance Corporation. See www.worldbank.org for more information.

The Philippines however remains important to the World Bank – as a long-time client, a borrower. Since 1957, the Philippines has borrowed more than US\$ 14 billion from the World Bank. As of July 2009, about US\$2 billion of the total loans have been cancelled either due to non-performance, implementation problems or government's inability to pay commitment fees or put up its counterpart; while US\$ 10.2 billion have been disbursed by the World Bank. The Philippine government has repaid US\$ 7.5 billion and has US\$ 2.7 billion outstanding obligations. As of 2007, the World Bank had provided the Philippines with more than 222 loans and nine credits. In the same year, the World Bank loans accounted for US\$ 1.84 billion Philippine loans, which is 19 % of the country's borrowing from multilateral and bilateral donors. The World Bank account of the Philippines is third, next only to the Japanese Government's total development assistance fund through its Japan Bank for International Cooperation (JBIC), and the Asian Development Bank (NEDA 2007).

The Philippines is officially categorized as a low-middle income country by the World Bank. As such, the country remains important in terms of poverty reduction-oriented development projects funded by the World Bank. As late as 2005, despite a series of anti-poverty campaigns by the central government with direct assistance from multilateral and bilateral development agencies, poverty remained significant among Filipinos: at 33 % of the population; with three out of four poor Filipinos residing in the rural areas (ADB 2005). Inequitable access to land is a central part of the causes and consequences of poverty. The persistence of inequality and poverty in the countryside has largely fanned the flames of peasant revolts and a communist-led insurgency. Partly to address this insurgency, the World Bank channeled a total of US\$3.3 billion to the country's rural sector by 2008. This makes up 26 % of cumulative lending to the Philippines since its first approved loan in 1957.⁴ It financed various rural development, agriculture and land reform-related projects, ranging from the Green Revolution and its package of technologies to land resettlement and administration, and area development projects. The extent to which such initiatives have had significant impact upon rural-oriented reforms and development is not always clear and unproblematic. A closer examination of the World Bank's land reform and land-related policies and projects can contribute to a better understanding of the agency's role in land property rights reforms and rural development initiatives in the country.

Banking on the Rural Poor: A Historical Overview

As the leading multilateral development bank, the World Bank sets the trends in land reform and rural development lending. In the Philippines, it has played a major role in shaping the direction and agenda directly through financing projects and policy analyses, formulation, and advisory support. The World Bank's lending to the Philippines has its ebb and flow— one that follows its internal policies and priorities, the development policies, strategies and socio-political and economic context of its borrowing member country (depending on the administration). As well, it is influenced by other factors such as the global socio-economic and political environment, global trends in development financing, pressures from powerful countries, domestic elites, social movements and civil society.

Financing and Managing Rural Development

The lending for land-related and rural development initiatives rose significantly, more than sixteen-fold, from the 1960s to 1970s, both in volume and value or amount of projects. In 1965, the World Bank approved its first agriculture loan to the country, called the "Agriculture Project." The project, which amounted to US\$ 5 million, provided medium and long-term credit to farmers for the purchase of farm equipment and for the development of small private irrigation systems. Prompted by the United States, this was the period when the World Bank began to expand its agricultural lending by making loans to

3 In 2008, the Executive Director and Alternate Director were from Brazil and Colombia, respectively.

4 The first approved loan was the Binga Power Project worth US\$ 22 million.

fairly wealthy farmers for on-farm investments and support to technical services, processing industries, storage, marketing, forestry and fishing rather than merely focusing on infrastructure.⁵

The late 1960s and early 1970s were also marked by a crisis of Philippine agriculture characterized by a generally low productivity of the sector. For the World Bank, the problem lay in the lack of land for cultivation and the low productivity of the peasantry. Their solution to the crisis: modernizing agriculture and rural development aimed at "meeting the basic needs" of people living in absolute poverty. This strategy formed part of the new global paradigm introduced by Robert McNamara when he became World Bank president in 1968, i.e. ending global poverty via a program, which sought to sidestep difficult problems associated with social reforms by focusing aid on improving the "productivity of the poor and smallholders and their labor-power" (World Bank 1975). The emphasis was on raising output and incomes through the Green Revolution package. But during this period, there was also a global consensus among mainstream agencies like the World Bank and the USAID on the importance of land reform and land titling programs, both as economic policy for efficiency and for counter-insurgency purposes. The Agriculture Sector Working Paper of June 1972, for instance, stated that land represented a high proportion of total wealth in developing countries and that skewed land ownership patterns were a major source of income inequality. In its 1975 Land Reform Sector Policy Paper, the World Bank affirmed the need to address the land distribution issues (World Bank 1975b, 38). The World Bank's major recommendations included (1) formal land titling as a precondition for a modern agricultural development; (2) abandonment of the communal tenure systems in favor of free-hold title and subdivision of the commons; (3) promotion of land markets for more efficient land transfers; (4) support for land redistribution on the grounds of efficiency and equity.

This translated to massive lending for agriculture, land reform and rural development projects in the country. From 1965 to 1979, lending rose from US\$ 51.5 million to US\$ 814.4 million. Under the World Bank-backed Ferdinand Marcos dictatorship⁶, the Philippines borrowed more than US\$ 1.5 billion in loans and grants, close to half of the total lending for rural development, agriculture and land reform-related projects (see table 1). The majority of these went to irrigation, credit, and rural infrastructure projects. In terms of volume or number of projects, Marcos also received the most number of projects any Philippine administration had, representing 60 % of the total number of projects approved by the World Bank.

Credit, irrigation, and land reform (Presidential Decree 27) were the three pillars of Marcos' "agrarian revolution." These pillars served the overlapping (official and tacit) purposes of increasing productivity and levels of production, legitimizing the authoritarian regime, crushing the land-based elite and political opponents of Marcos, and dousing the peasant-based communist guerilla movement.

"Masagana 99", a nationwide credit program, offered credit packages with low interest rates and no collateral for small holders and tenant farmers. Patterned after earlier credit projects of the World Bank, access to credit was tied to the use of high-yielding variety (HYV) of seeds, fertilizers, pesticides and herbicides, which according to World Bank experts, would increase production and consequently, the farmers' incomes. The success of the World Bank-funded and supported rural development projects rested on the increased use of this new technology — HYV seeds, and chemical-intensive agriculture. By the end of Marcos' term, the World Bank had channeled US\$ 211 million-worth of credit-related projects. However, this credit program was highly criticized by World Bank critics and left-wing peasant organizations. It collapsed into a crisis in 1981 when most borrowers defaulted on repaying their loans. Many studies show that instead of increasing rural incomes, the Green Revolution and the accompanying Masagana 99 credit program spun indebtedness because of the high costs of chemical inputs that the

5 In the 1950s, under Eugene Black's presidency, the Bank focused on infrastructure lending — roads, railroads, electric power, and ports as characteristic of project type. Growth of GNP was also the primary definition of development (Payer 1982).

6 When Marcos declared Martial Law, McNamara welcomed the move with open arms. In a meeting with World Bank officials, he declared: "A miracle has occurred in the Philippines. Philosophically, it is distressing, however, that the miracle occurred under the auspices of a military dictatorship... The order of the day is to work within the system.... We should aim to lend on average \$120 million a year in Fiscal Year 1974-78, 50% more than proposed." (World Bank, "Notes on the Philippines Country Program Review, 28 July 1972," prepared by H. Schulmann on 15 August 1972, in Kapur, Lewis and Webb (1997: 303-304). This also appears in Bello, Walden *et al's*, *Development Debacle: The World Bank in the Philippines*, 1982.

Table 1: World Bank Lending for Agriculture, Rural Development (RD) and Land Reform (LR): Number of Projects and Amount Lent, 1968-2007 (in million dollars)*

Presidencies/ Period	Number of agriculture, RD and LR Projects (1)	Amount Lent for Agri, RD and LR Projects (2)	Average Amount Lent per year	Lending for Agriculture as a percentage of Total Lending**
1965-1986 (Marcos)	41	1548.6	73.74	12.2
1986-1992 (Aquino)	7	760.3	126.72	6.0
1992-1998 (Ramos)	6	382.2	63.7	3.0
1998-2001 (Estrada)	4	183.54	61.18	1.4
2001-present (Arroyo)	10	492	82	3.9
Total	68	3366.64	80.16	26.5

Source: World Bank Projects in the Philippines, www.worldbank.org

* Year was divided by presidency

** Rounded Figures

(1) Not including the 3 projects that were dropped: Private Sector Support for Rural Finance, River Basin and Watershed Management Project and Liguasan Marsh Wetland Biodiversity Conservation amounting to 110 million US dollars, 21.6 M US dollars, 1 million US dollars, respectively.

(2) Including grant money and credit from the International Development Agency

HYV seeds required. These include the *Development Debacle: The World Bank in the Philippines* by Walden Bello, David Kinley, and Elaine Elinson published in 1982, which is an authoritative exposé of the involvement of the Bank in the country during the Marcos regime.

Large-scale irrigation projects in the form of dams, on the other hand, were the largest investment of the World Bank in rural development. Out of the 14 irrigation projects, 7 involved dam constructions. By 1986, Marcos had received US\$ 645.2 million, representing 72 % of total lending for irrigation projects (see table 2). For the Bank, this was a clear-cut mechanism to address energy and flood control needs, promote agricultural development and in the process, small farmers' welfare. But reality contradicted rhetoric: the projects displaced many small farmers, landless, rural poor, both men and women, who were supposedly the "targeted beneficiaries." The cases of Pantabangan Dam in Pampanga, which displaced thousands of farming families, and the Chico River Basin Development Project in Mountain Province, which was strongly opposed and successfully stopped by indigenous communities despite Martial Law, are but two examples of the World Bank's development debacles.⁷ US government officials and academics, who gathered in the seminar sponsored by the US Air Force-funded Rand Corporation in Washington, DC. in 1977, also came to the conclusion that "without personal investments, the irrigation systems had proven to be a windfall gain for the landlords who have seen an increase in the productivity of their land."⁸

The third pillar, Presidential Decree 27 of 1972, Marcos' land reform program, also enjoyed a good deal of backing from the World Bank. In 1979, the Philippines received US\$ 66.5 million as direct financial assistance to the program. It focused on distributing rice and corn lands to effect a more equitable distribution of land, and to stimulate an increase in agricultural production. This program was reinforced

⁷ A popular resistance led by the peoples of Kalinga and Bontoc to stop the Chico river dam project drew widespread support from inside and outside the country. Because of the sheer determination and courage of the dam-affected people led by indigenous community leader Macli-ing Dulag, the World Bank withdrew its funding and later on, prompted the institution to formulate its operational guidelines for projects affecting indigenous peoples.

⁸ Rand Corporation, "Agrarian Reform in the Philippines", in *The Philippines: A Reader* by David Schirmer and Stephen Roskamm Shalom, 1987.

by the area development schemes. Marcos dubbed this as integrated area development (IAD), a coherent "development package" that concentrated financial resources on several interrelated efforts such as infrastructure, marketing facilities, water supplies, electricity and even security, within a specific area or region. Similar to the new style approach-invention of McNamara, the IAD is largely a counter-insurgency mechanism designed to control the expansion of the peasant-based communist guerilla, New Peoples' Army. The World Bank, for its part, (co)financed three IAD projects — Samar Island Rural Development Project worth US\$ 27 million, Mindoro Rural Development Project worth US\$ 25 million and the Central Visayas Regional Project, which amounted to US\$ 25.6 million.⁹ This represents 27 % of the World Bank total lending made to area development schemes. What made this controversial was the context in which these projects were implemented— within an overall military plan, which cast a shadow over the political neutrality and real intention of World Bank projects in the Philippines.

Marcos heralded land reform as the cornerstone of his "New Society" which is what he called his martial law regime. He declared that: "land reform is the only gauge for the success or failure of the New Society. If land reform fails, there is no New Society (Schirmer and Shalmo 1987)." History bears witness to the failure of his land reform, and the demise of the New Society. Several scientific studies would later examine how the Marcos land reform failed to deliver on its promise (see, e.g. Putzel 1992).

Since the program only applied to rice and corn tenants, other segments of the rural poor such as the landless and farm workers did not benefit at all from the reform. At the time Marcos was overthrown in 1986, only 444,277 peasant beneficiaries covering 766,630 hectares of land and 690,207 leasehold contracts had been awarded to 645,808 tenants, below the original 1.8 million hectares and one million peasants targeted by the program (Putzel 1992,127-156; Kerkvliet 1979). Further, by focusing on rice and corn lands, the majority of the agricultural lands, including several million hectares devoted to export crops, were exempted. Therefore, the equity goal fell far too short of bringing about any significant redistribution of land or income. By the late 1970s, external debt had ballooned from less than US\$ 1 billion in 1966 to US\$ 28 billion, when Marcos fled the country in February 1986.

This era also marked the period of the World Bank-instigated export-led development strategy, forcing the Marcos dictatorship to abandon any inspiration from the earlier import-substitution industrialization. This meant liberalizing the economy, i.e. lowering tariffs to create the enabling and favorable investment climate for foreign investors. In 1981 and 1983, the World Bank granted the first two structural adjustment loans (SALs), worth US\$ 200 and US\$ 300, respectively, aimed at stabilizing the economy by advancing national development through export promotion, tariff reform, financial sector reform, and trade liberalization (see Bello et al. 2004). According to Robin Broad (1988), the introduction of structural adjustment lending marked the culmination of a change in the World Bank emphasis from narrower project lending toward broader multi-sectoral, sectoral or economy-wide policy-based lending, accompanied by macroeconomic conditions.

This also explains why the World Bank promoted plantation-type models of production and out-grower schemes in tandem with its smallholder strategy. For example, the 1984 Agriculture Inputs Loan, worth US\$ 150 million, approved through a Letter of Intent to the International Monetary Fund, formed the basis of the Balanced Agro-Industrial Development Strategy that removed government's price and marketing control over agricultural inputs, allowed the import of fertilizers and feeds by the private sector, and increased the incentives for foreign investors and corporations to engage in agribusiness operations (Ochoa 1994). This translated to projects like "cash crop-Mindanao" to complement the export drive. By 1979, half of the World Bank loans for agriculture and rural development had been spent to spur agribusiness development.

Trends in World Bank financing, however, showed a shift in priorities. From 1976 to 1980, the value of actual loans to agriculture, land reform and rural development was three times the amount of loans made to the manufacturing industry. These two sectors assumed roughly the same billing during the 1980s, each about one-third of the total lending for the Philippines (Mariano 1994) A major reason for the decline of financing for rural development can be attributed to the shift from financing projects to policy-

9 The Australian government through the Australian Development Assistance Bureau provided Aus\$ 25 million to the project. See the "Philippines: Dubious Aid" in the *New Internationalist*, March 1982.

Table 2. World Bank/IDA Lending for Agriculture and Rural Development, by Subsector, 1965-2007 (in million US dollars)

Subsector	1965-1986	1986-1992	1992-1998	1998-2001	2001-2007	Total	Percentage (vs. total lending to agriculture) (1)	Rank
Agriculture credit/finance	211.1	150	150	150	-	661.1	19.6	2
Area development (e.g. ARC, island dev't)	77.6	-	50	28.75	134	290.35	8.6	6
Irrigation (including dam construction)	645.2	91.2	109.3	-	50	895.7	26.6	1
Livestock	73	-	-	-	-	73	2.2	8
Agricultural trade and marketing	-	-	-	-	60	60	1.8	9
Fisheries	22.4	-	-	-	-	22.4	0.7	10
Natural Resources and Environment/ Forestry	58	224	-	-	50	33.2	9.9	5
Land Settlement/ Administration and Support	15	-	-	4.79	79	98.79	2.9	7
General Agriculture (e.g. grain processing, equipments, inputs)	260.8	121.8	50	-	-	432.6	12.8	4
Rural infrastructure (roads, electricity and water services)	185.5	173.3	22.9	-	119	500.7	14.9	3
Total	1548.6	760.3	382.2	183.54	492	3366.64	100.1	

Source: World Bank Projects in the Philippines, www.worldbank.org
 (1) rounded figures, may not equal to 100 %

based reforms. This World Bank new style of lending, particularly the structural adjustment programs, became even more pronounced when Corazon Aquino came into power through a popular and peaceful uprising in 1986. This will also be seen, most recently and as will be highlighted in this paper, in the World Bank's advocacy for market-assisted land reform and formalization/privatization of the remaining public lands.

From the Center to the Margins

Overall World Bank lending for agriculture, land reform and rural development declined by almost half during Aquino's term. However, in terms of annual lending, Aquino received US\$ 126.72 million — the biggest amount that was given to any administration. Most World Bank lending went to natural resources management, amounting to about US\$ 224 million. This was followed by rural infrastructure and agriculture credit with US\$ 173.3 million and US\$150 million, respectively.

The initial decline of World Bank lending to rural development projects can be partly accounted for by the initial reluctance of the World Bank to support Aquino's administration, with the shift from an authoritarian to a democratic form of government. Attila Karaosmanoglu, the World Bank Vice President for East Asia and the Pacific Region at the time, wrote in a rather lukewarm internal note on the new democratic regime, "We expect the decision-making process will be more difficult than in the past, because of a more collegial nature of the new [economic] team, the enhanced role of the legislative branch, and the populist tendencies of the new government" (Kapur et al. 1997: 565, note 102).

However, the World Bank eventually decided to support the new government, with the US backing Aquino. It was also at this time that the World Bank established the Resident Mission in the country headed by Rolando Arrivillaga in October 1986.¹⁰

Like Marcos, Aquino initially recognized the importance of agrarian reform as a development strategy for the country's rehabilitation — with an electoral promise that she would start the reform in her own backyard by distributing the 6,400-hectare Hacienda Luisita sugarcane plantation to the more than 4,000 farm workers (Putzel, 1992; Carranza 1994; 2004). The World Bank set up a team to review the Executive Order on land reform signed by Aquino in July 1987 directing the new Philippine Congress to pass a law on land reform. Led by Martin Karcher, the World Bank mission lauded the avowed objectives of the program, namely redistributive justice and greater equality. However, the mission was critical of the non-redistributive provisions of the 1987 Executive Order on land reform, namely (i) the slow implementation of all phases of the program, (ii) high land ceiling retention limit for landowners, (iii) high costs of the program due to market-priced landowner compensation, (iv) excessive land prices charged to land reform beneficiaries, (v) the top-down, centralized implementation approach, and (vi) the "60-30-10" scheme as alternative land reform for the sugar plantations in the province of Negros Occidental, the bastion of landlordism in the country.¹¹ It is most likely that due to its criticism, the World Bank report, which was done upon the request of the Philippine government, was not made public. It concluded that "without fundamental changes her proposals would not accomplish the goals of social justice and equity mandated by the Philippine constitution." The World Bank said that "Aquino's land reform proposals wouldn't work even if they were to become law: proposals don't go far or fast enough" (Bello and Collins 1987). But the World Bank recommendations would not see any significant influence in the final policy making process which would be located in the newly-formed Congress (De Guzman, Garrido and Manahan 2004: 37). The most authoritative analysis of the dynamics of the policy making process that eventually produced the Comprehensive Agrarian Reform Law in 1988 was done by James Putzel (1992). But we will not go into the details of this process in this paper.

10 As Resident Mission head, Rolando Arrivillaga, contributed to the design and execution of SALs (Structural Adjustment Loans) in the financial, industrial and agricultural sector. Some of the programs included the rehabilitation of the Development Bank of the Philippines, the privatization of the Philippine National Bank, and privatization of assets of the public companies. Robin Broad (1988) recounted that the WB-IMF had lengthy individual meetings with the economic team of Aquino -- Finance Secretary Jaime

11 Ongpin, the brother of Marcos' industry minister and the Harvard MBA who headed the Philippines' biggest mining company, Central Bank Governor Jose Fernandez, who also served under Marcos, and Trade and Industry Secretary Jose Concepcion. The three expressed their willingness to work closely with the World Bank and the IMF. And it was Ongpin who asked that a World Bank office in Manila be set up.

Other recommendations included (i) simultaneous implementation of all phases of the program, a uniform ceiling of 7 hectares for all agricultural landholdings, and a ban on the transfer or subdivision of landholdings greater than 7 hectares, (ii) significant lowering of the overall cost of the program by limiting the compensation of landowner to "the value declared by the owner and/or assessed for tax purposes, which is ever lower, and (iii) local-level participation in all aspects of the reform.

The pro-land reform stance of the World Bank technocrats (and US development officials) can be partly explained by the lingering anti-communist insurgency framework on land reform that has witnessed most of the USAID and World Bank's initiatives around land reform policies worldwide (Putzel, 1992; Bello and Collins 1987).

As history would reveal, CARP saw troubled and anemic implementation dynamics under the Aquino administration. Fraught with scandals, corruption, dubious performance accomplishment, conflicting development strategies, and four secretaries of the Department of Agrarian Reform in four years, CARP's overall outcome during this period was far below what was officially promised. Even the World Bank shied away from supporting CARP after a string of anomalies beset Aquino's administration.

Moreover, another major reason for the non-focus on land reform was the shift to and dominance of structural adjustment loans in the World Bank's portfolio and operations. In fact, lending picked up again — mostly for stabilizing and restructuring the Philippine economy. In 1989 and 1992, the World Bank lent US\$ 1.324 billion to restart the stalled structural adjustment program (SAPs) during the Marcos dictatorship. Not only was structural adjustment hailed as the key to growth and economic development but also as the solution to the debt crisis. Failing to distance herself from her predecessor, Aquino accepted SAPs and their policy conditionalities, with open arms.

Despite the World Bank-Aquino stabilization programs, the economy continued to be problematic—and external debt skyrocketed. The macroeconomic setting was not favorable to any progressive land reform: in 1990, the national budget was cut by PhP 3.9 billion in favor of debt servicing. And, as government decreased its support to the small farmers in the form of subsidized fertilizers and seeds, SAP encouraged monopoly in credit and access to market by usurers and traders as the "alternative" source of capital. The key policy framework here that started during the early 1980s and would continue up to the present Arroyo administration is based on the World Bank's neoliberal export-oriented national development, a policy that has been carried out in other countries as well. But the Philippines would become an important country that would demonstrate policy outcomes that are the exact opposite of what was promised. After years of neoliberal agrarian restructuring, the Philippines has been transformed into a net agricultural importer (see Borras 2008a).

By the end of Aquino's term in 1992, agrarian reform and rural development projects were only 20 % of total World Bank lending. It was clear that the sector had been sidestepped in favor of the liberalization strategy. This trend continued during the time of Fidel Ramos and Joseph Estrada. The World Bank lent US\$ 382.2 million to Ramos, which was a 50 % decline from the Aquino period. Consistent with the previous administrations, the majority of these were earmarked for rural credit and irrigation projects. While this amount represents only 18.5 % of the total lending made by the World Bank to the Ramos administration, what is interesting to note is that during the 1990s, the amount of rural development lending increased to more than 40 % from the previous decade. One explanation for the upsurge is the big amount provided for rural finance projects. Three projects namely, Rural Finance Project 1 (1991), 2 (1995) and 3 (1998), already amounted to US\$ 450 million, more than one-third of the rural development lending at the time. (see World Bank Projects in the Philippines, www.worldbank.org)

During the Ramos presidency, a significant amount of development assistance was provided for the Agrarian Reform Communities (ARC) Development Project. The ARC is a home-grown "innovation" by then agrarian reform Secretary Ernesto Garilao partly to mobilize external funding to develop redistributed farms, and partly to develop "show cases" of successful land reform implementation for political reasons (Borras 2008b). To bolster farm productivity, the program concentrated the delivery of support services such as farm-to-market roads, irrigation, credit, technical assistance, etc. to a cluster of areas benefiting a threshold number of agrarian reform beneficiaries as well as non-farmer beneficiaries. Garilao attracted overseas development assistance funds of up to PhP22.5 billion to finance his ARC initiative. Exactly what has been the impact of such a massive external funding of land reform communities remains unclear to date. Yet, whatever possible modest accomplishment the ARC strategy gained over time, it is probable that an equally significant extent of counter-agrarian reforms could have partly undermined such progress. This can be seen during the Ramos period in the form of widespread land-use conversion partly avoiding land redistribution and partly reversing earlier land redistribution in several urban sprawls across the

country. The promotion of extractive industries, tourism enclaves, and commercial-residential complexes, has coincided with the neoliberal policy regime promoted by the World Bank.

During Estrada's brief period, the World Bank rural development lending continued to decline, with only US\$ 183.54 million. This represented 18.2 % of total World Bank lending at the time, a slight decrease from Ramos' term. There were only three rural development projects approved by the Bank during Estrada's administration — Land Administration and Management Project (US\$ 4.79 million), the Third Rural Finance Project (US\$ 150 million), and the Mindanao Rural Development Project (US\$ 27.5 with US\$ 1.25 grant component). The last one was the first of a series of adaptable program loans covering a period of 3–4 years, which was designed as a "targeted poverty reduction program for the rural and indigenous communities of 24 provinces in Mindanao" aimed at improving their incomes and food security. The amount lent by the World Bank would however significantly increase again during the Arroyo administration (see table 1), and continue the Land Administration and Management Project (LAMP) and the Community-Managed Agrarian Reform and Poverty Alleviation Program.

Taking an Anti-CARP Position: The World Bank's Recent Philippine Land Policy

In the mid-1990s, the World Bank released its official policy towards the Philippines entitled, "A Strategy to Fight Poverty." It is a re-assertion of the importance of market-driven mechanisms for economic growth, which is expected to eradicate poverty. The first two in its short list of fundamental principles are: (a) continuing the strong focus on economic growth driven by openness and competitiveness, accompanied by macroeconomic stability, and (b) improving access to the means of production of the rural poor by focusing rural land reform on the do-able, promoting tenancy reforms and market-assisted land reform, and ensuring the essential investments in rural infrastructure and improvements of extension services necessary to raise productivity and, thus, incomes (World Bank 1995, ii-iii).

This official policy would partly alter the course of land reform implementation dynamics in the subsequent years – veering towards the use of market mechanisms as pushed by the World Bank. The new market-oriented land reform framework was based on the World Bank's critique of the Comprehensive Agrarian Reform Program (CARP). The World Bank explains that, "the uncertainty surrounding [CARP] has discouraged the flow of investments into agriculture as well as encouraged non-planting and premature conversion of agricultural lands into non-agricultural uses. It has also diminished the collateral value of agricultural lands" (World Bank 1995, 18). The World Bank elaborated further "another dilemma with CARP ... is its restriction of tenancy forms. Evidence now argues against the traditional view that tenancy is correlated with poverty. Instead, it seems land reform programs constraining the scope of tenure choice tend to defeat the objective of promoting efficient resource allocation in rural areas.... Tenancy prohibitions close the opportunity for the landless poor to move up the 'agricultural ladder' and especially hurt the poorest of the poor – the landless rural farmworkers. As the wage worker accumulates experience and financial capital, he or she can become a tenant farmer and eventually an owner-cultivator" (ibid). These are, of course, heavily contested claims both theoretically and empirically, in the Philippines and elsewhere. But despite the centrality of this critique of the World Bank's subsequent framing of its alternative policy proposition, it has offered no systematic empirical evidence to back up its claims. This 1995 World Bank claim about tenancy for example attempts to reject all the analysis of previous scholars, Filipinos and non-Filipinos, about the relationship between tenancy and rural poverty. It and wants the country to drop its 1960s law banning tenancy because the World Bank believes that tenancy could be good for the poor.

Meanwhile, the World Bank has identified economic and financial efficiency as the sole basis for or against a land reform policy. In the same official policy in 1995, the World Bank declared: "The cost alone makes full implementation of CARP unlikely" (World Bank 1995, 19). It would then make a number of policy recommendations to the Philippine government, including: (a) "land reform efforts should be reconsidered (or halted) in peri-urban and rapidly urbanizing areas where the value of land in non-agricultural areas exceeds that in agricultural uses", and (b) "the government should not proceed with implementation of the program's third phase affecting private lands smaller than 50 hectares... This phase will be much more difficult and costly than phase one or phase two since it implies distribution of smaller, more scattered private plots." The World Bank recommendations would cover vast tracts of

lands, perhaps the majority of lands under the land reform coverage. For one, a very significant part of the country's prime agricultural lands are precisely those in the plains and along river networks where taxpayer's money was invested in irrigation and farm roads over time. Most of these lands are devoted to rice, corn and vegetable – the staple for Filipinos. Naturally, farms in these areas have been sites of political battles between landed and landless classes over land property rights. What the World Bank's policy implies is for these struggling peasants to simply give up their historical struggles over these lands, and for the country to forget any aspiration for its own food sovereignty. Moreover, the World Bank's recommendation of giving up the land redistribution effort in farms 50 hectares and below is tantamount to declaring that the government should forget about CARP altogether. This is because it is open knowledge that most big landowners in the Philippines, for various reasons, have parcelized formal land titles to their properties (see Putzel 1992).

Finally, after explaining why CARP should be stopped, the World Bank then suggested to the Philippine government to instead pursue a new framework on land reform. The World Bank (1995, 20; original emphasis) declares:

The administrative complexity of land reform, the time-consuming disputes that arise because of land valuation problems and the issues of exemptions for "efficient users" of land probably cannot be resolved in the context of a government-sponsored and administered program being executed in a democratic society. An alternative is to move towards market-assisted land reform, which would involve removing all regulations and subsidies that artificially raise the value of land and imposing a stiff land tax. Such changes would encourage large landholders to sell voluntarily and would reduce incentives to hold land out of production and retain efficient production patterns. To enhance the impact such a scheme could have on the rural poor, beneficiaries could receive partial grants to enable them to buy land without incurring unmanageable debt burdens. Such a program, which could well be less costly, should be evaluated for the Philippine context. A decentralized structure capable of assisting with the provision of infrastructure and social and agricultural services would also be essential for the success of the program.

The extended quote from the World Bank official policy in 1995 summarized the institution's position on CARP and what it wants to happen in the land policy front in the Philippines. And while there is always an official story within international development agency about the so-called "national ownership" in development policies and projects, we will see, in the rest of the paper, that the World Bank is not keen on listening and supporting what the Philippine national government might want. The World Bank is keen only on initiatives that fit its framework. Not long after the release in late 1995 of its official policy toward the Philippines, the World Bank would decide not to extend its heavy infrastructure support to CARP; its continuity would be linked to the promotion of market-assisted land reform.

Recently, the World Bank revisited CARP in light of the roiling global economic crisis and the program's reform and extension. One month before the June deadline of CARP's extension, the WB conducted a consultation with NGOs working on agrarian reform and rural development, where it presented the findings of its report, "Land Reform, Rural Development and Poverty in the Philippines: Revisiting the Agenda." In a nutshell, the Bank reiterated its long-standing analyses and proposals vis-à-vis CARP. Its ultimate proposal to maximize efficiency and minimize the extension timeframe: a decentralized, area, and negotiations-based approach to agrarian reform. The Bank recommended that the Community-Managed Agrarian Reform Program Project (CMARP), a local version of the MALR, be scaled up, in particular with windows for negotiations of rice and corn lands, and with a flexi-year scheme for sugar lands. In this model, LGUs will facilitate the negotiations, the DAR will provide training in "negotiations skills", and the beneficiaries will need to prepare individual business plans (with external support) before qualifying. The compulsory acquisition, which is the heart and soul of CARP and the main mode in which the state exercises its expropriatory powers for large land holdings, will be the last resort. The irony of this proposal, however, is that the Bank concedes to the analysis that "compulsory acquisition is the modality with the strongest impact and doubles CARP's contribution to the rate of poverty reduction", and yet makes it only a last resort, when negotiations fail.

In essence, this model intends to reactivate the land market, make lands more transferable, and pin down the delivery of support services upon participating LGUs. Its non-preference for compulsory acquisition stems from its analysis that CARP is too expensive, controversial, and cumbersome to implement.

Therefore, this modality should “ideally be minimized in favor of government support services and attracting investments in agriculture from the private sector.” This, of course, is coherent with its development mantra of rolling back the state and allowing the market to be the ultimate arbiter. While the Bank tries hard to repackage its proposal as a new rural development strategy, these are but old prescriptions, rehashed and renamed.

Still, the Bank stands on its claims that CMARP lowered the prices of land to 30 % compared to the Land Bank valuations, minimized conflicts and related costs, and allowed greater empowerment of beneficiaries. However, the ensuing analysis on the World Bank’s experiments with market-assisted land reform in the Philippines – its main land policy framework for the country, will paint a different picture.

Market-Led Agrarian Reform Experiments in the Philippines

The World Bank’s first attempt to recruit government officials to embrace its market-led agrarian reform or MLAR was in 1996, when it started to promote its official policy as explained above. Under Ernesto Garilao, the DAR rejected the World Bank proposal and subsequent noisy public protest from agrarian reform activist circles drove the World Bank officials to hasten away from the Philippine CARP. They came back three years later, with renewed vigor and persistence, making some modest policy inroads (Franco 1999). In early 1999, the World Bank officials tried to convince the then new DAR leadership of Horacio Morales to at least support a small pilot MLAR project in the context of exploring other “complementary approaches” in implementing land reform. For different reasons, including the hope of receiving new loans from the World Bank amidst a creeping shortage of public funds, the DAR leadership expressed interest in exploring the possibilities of MLAR. In late 2000, and after a long, complex negotiation process, it was agreed that a much smaller project – a feasibility study – would be carried out. The feasibility study started in October 2000 with funding of US \$398,000.¹² This is different from, although broadly related to, the DENR project on land management and administration with a US \$5.4 million funding from the World Bank and AusAid. Throughout 1999 and onwards, NGOs and peasant movements from the broad political spectrum rejected MLAR or any pilot program for it (see Franco 1999, Reyes 1999 and UNORKA 2000), forcing the World Bank to re-label MLAR the “Philippines Community-Managed Agrarian Reform Program” or CMARP.

The MLAR feasibility study largely involved desk-bound macro-policy studies and produced papers favorable to the pro-market policy model. For example, Esguerra (2001) predicted MLAR’s economic viability, though he warned about the less controllable institutional, organizational and financial factors that could prevent a demand-driven process, among others. Edillion (2001) presented elaborate comparative data between different land acquisition schemes in different crops, and likewise predicted MLAR’s financial viability, though like Esguerra, she cautioned about the unpredictability of factors in the field. Mamon (2001) endorsed the continuation of the feasibility-cum-pilot project but underscored the crucial role of autonomous social preparation in the communities involved. Finally, an operational manual (DAR-ARCDP 2001) was produced, outlining the ways and means through which MLAR could be implemented in the country.

The feasibility project also involved two community-based test cases from which reports were produced. The contents of these documents, however, are routine, pre-project evaluations of standard operating procedures: profiles of prospective buyers and sellers, characteristics of the lands for sale, and so on. A more thorough reading of the documents and interviews with some of those directly involved in the feasibility study at the community level, however, yielded additional data and insights.

The first project site, in Barangay Sibula, Lopez Jaena, Misamis Occidental, involved a tenanted 178-hectare stretch of (provincial) government-owned land (48 hectares of which were idle, while 130 hectares were planted to coconut and subsistence crops). There were 178 potential buyer-beneficiaries. The buyers were chosen through the usual DAR/CARP process; that is, mainly by the DAR but with the participation

¹² Letter from Assistant Secretary Antoinette Raquiza to DAR Secretary Horacio Morales, Jr., dated 27 February 2001.

of all potential beneficiaries and an assisting NGO. The government – the seller in this case – originally set the land price at PhP 31,000 per hectare, but that was rejected by the local beneficiaries and other parties in the arrangement. The government’s final offer was PhP 16,000 per hectare payable in 10 years (UPSARDFI 2001, 94–95). The buyers would shoulder the full cost of the land (MUCEP 2001).

The other project site, in Barangay Hagonghong, Buenavista, Bondoc Peninsula Quezon, involved a tenanted 48-hectare stretch of private marginal farmland planted to coconut and subsistence crops. The land had been for sale since 1989 and was being sold to the DAR when discussions about the MLAR feasibility project began. The landlord originally set the land price at PhP 35,000 per hectare payable through a 25 % down payment, with the balance paid in installments over 10 years. Nineteen potential beneficiary households were chosen through the normal DAR/CARP process (again, mainly by the DAR but with the active participation of the potential beneficiaries and an assisting NGO). The relatively organized potential beneficiary households rejected the landlord’s asking price and bargained for a much lower price. The final price was set at PhP 6,000 per hectare. The buyers would shoulder the full cost of the land to be paid in cash through a loan from the LBP at commercial interest rates (UPSARDFI 2001,94).¹³

From the first case, the key lesson seems to be that even a government entity can be tempted to overprice land slated for sale to peasants under the direct sale process. The second case, at a glance, seems interesting, especially how the land price was bargained down. Yet we cannot take this case as representative because the balance of power was overwhelmingly in favor of the peasants due to the direct assistance of national-provincial-local government and nongovernment actors in pressuring the landlord to abide by the prevailing land price levels in the isolated village. Such concerted intervention from highly autonomous and militant groups is unlikely to be replicated on a wide scale.

Despite, or because of, the limited insights that could be derived from the feasibility study, the World Bank decided to continue and expand it into a small pilot program. After completion of the feasibility study, the World Bank expanded the project into a pilot program. The small pilot program, called Community-Managed Agrarian Reform and Poverty Reduction Program (CMARPRP), started in mid-2003. It aimed to facilitate the sale of 1,000 hectares to 1,000 rural poor households in 10 provinces across the country. Its basic operational method does not differ much from the feasibility study, i.e. it is technically and legally anchored on the use of the Voluntary Land Transfer (VLT) scheme (see Borras 2008b, for background). The MLAR pilot program was integrated in the ongoing World Bank-funded Agrarian Reform Community Development Program, a support program for agrarian reform beneficiaries heavily oriented toward infrastructure building. The pilot program was supposed to have been completed within two years. The short period of implementation was used by the program managers to justify dropping the supposedly required component of civil society (NGO) involvement in the project as their inclusion would most likely result in extended project implementation processes. While this may have been true, another most likely reason is the fact that almost all NGOs and peasant organizations in the Philippines are opposed to the World Bank’s MLAR concept and to any form of pilot-testing (see, e.g. UNORKA,2000 and Reyes 1999). Initial data from the field are suggestive of a number of anomalous transactions within the scheme, including the problematic use of VLT and overpricing in land valuation. But again, its coverage in terms of peasant households and quantity of land is miniscule compared to the scale of the state-driven CARP.

The declared aim of CMARPRP is to: a) “empower [beneficiaries] so that they may actively participate in land market transactions, gain access to credit and other critical services to increase their production and income,” and b) “contribute to poverty reduction in rural areas by introducing land tenure improvement modalities in agrarian reform that are faster, more cost-effective and that can generate higher farm productivity” (DAR ARCDP 2 2007). To achieve these goals, CMARPRP adopts the following principles of textbook market-led land reform: a) accelerated land transfer via negotiated willing seller-willing buyer scheme aided by local government; b) demand-driven approach; c) integrated land transfer and support services delivery; and d) centrality of income generation goals via farm productivity enhancement and credit financing.¹⁴

13 From a letter dated 30 October 2001 from DAR’s Assistant Secretary Jose Mari Ponce to World Bank Country Director Robert Vance Pulley. The money would come from a grant by the Japan Social Development Fund (JSDF).

14 For an extended explanation about market-led agrarian reform, with empirical reference to Colombia, Brazil, and South Africa, refer to Borras (2008a).

Four years into its implementation in the nine provinces, CMARPRP had reached 972 hectares of land, 650 beneficiaries, 68 landowners, and 17 villages. A total of US\$2 million had been spent or fully committed, not including the land purchase cost. The project fund distribution (by component) has been: 17.6% for social preparation; 4.8% for technical assistance and services; 71.4% for technical services and financing (demand-driven small scale rural infrastructure and on-farm investment); and 6.2% for project monitoring and evaluation. By April 2007, the pilot project was declared near-complete, with only the related infrastructure projects pending. New land titles had been issued for 785 hectares of land (some were delayed due to technical problems related to land survey) and the project had already been declared a success.

The World Bank's local project office has summarized the CMARPRP achievements and "lessons learned":

- (1) Quick land transfer process and production of land titles (785 hectares, 656 beneficiaries);
- (2) the willing seller-willing buyer land transfer scheme should be adopted more widely;
- (3) the government should adopt the CMARPRP land purchase repayment scheme for its national land reform strategy in order to increase beneficiary repayment rate (45% of buyers were fully paid in less than four years, the rest made partial payments; one site declared 100% full repayment upon land purchase);
- (4) should provide lessons on the need to "retool" (i.e. become more "efficient") the regular government land reform bureaucracy;
- (5) the need to force beneficiaries to pay their land taxes after receiving lands; and
- (6) giving the multi-stakeholder committee (local government, lines agencies, private sector, landlord and peasant representatives) a central role in agrarian reform (DAR ARCDP 2 2007,1).

The World Bank project office painted a very rosy picture indeed of what the CMARPRP achieved, justifying its subsequent recommendation to mainstream the program nationwide. But what is the real story?

CARP versus CMARPRP

Standard criticism of the market-led model suggests two ways to compare the government CARP and the World Bank's CMARPRP: (i) accomplishment in terms of land area and number of beneficiaries, and (ii) the average program cost. (Refer to tables 3 and 4).

	Area (In Hectares)	Average Area per year in Ha.	Number of Beneficiary Households	Average No. of Beneficiary	Start Year
Mode 1: Government CARP Land distribution	6 million	315,789	3 million households	157,895	1988
Mode 2: Government CARP Land Transfer plus Leasehold Reform	7 million	368,421	3.5 million	184,211	1988
Mode 3: World Bank CMARPRP Land Transfer Output	785	196	656	164	April 2003

Source: Borras, Carranza and Franco (2007).

Taking a closer look at Tables 3 and 4, we can draw several conclusions. First, CARP has so far delivered far greater land redistribution output, both in absolute terms (7 million hectares) and in yearly average (368,421 hectares), and it has benefited a greater number of people (3.5 million households; or 184,211 households/year) – compared to CMARPRP's meager 785 and 196 hectares, and 656 and 164 households, respectively (see table 1). Second, the huge difference between the two approaches in terms of accomplishment holds even if we cut the government CARP's land redistribution outcome by half – assuming that a significant portion of its reported accomplishment does not represent any real reform, as explained in Borras (2008b). A significant portion of CARP's non-redistributive outcomes is actually composed of the VLT transactions. Third, the costs in the World Bank's scheme are far greater than in

	Average Cost of Reform Per Hectare of Land	Average Cost Per Beneficiary Household
Government CARP (land distribution only)	US\$417 PhP16,667*	US\$833 PhP33,333*
Government CARP (land distribution plus Leasehold reform)	US\$357 PhP14,285*	US\$714
World Bank's CMARPRP	US\$2,547 PhP137,283**	US\$3,049 PhP164,341**

Note: These are rough but arguably very close estimates, based on the data: more or less 6 million hectares were redistributed through CARP to about 3 million peasant households; leasehold data = 1 million hectares benefiting 500,000 households. The "Average Cost of Reform per hectare" does not mean the average price of land hectare. It simply means the average cost of reform that includes cost of land purchases and support services as well as administrative cost for the government CARP; for CMARPRP it only covers support services and administrative cost because 100% of the cost of land purchase is shouldered by the buyer. *exchange rate: US\$1 = PhP40; 1990 – Apr 2007 (average); ** exchange rate: US\$1 = PhP53.90; Jan 2003 – Apr 2007 (average). Source: Borras, Carranza and Franco (2007).

the government CARP – US\$357/hectare and \$714/household for the government CARP versus \$2,547/hectare and \$3,049/household for the World Bank’s model.

From this angle, the state-led land reform appears to have delivered greater results than the World Bank program – and for far less amount of money. And yet, while relevant, even this negative balance sheet is already too optimistic because it assumes that the CMARPRP processes and outcomes were clear and straightforward, or at least more so than those under the state-led CARP. This proves to not be the case, however. A closer look at the details of how the project was implemented in specific instances is warranted.

A Critical Examination of the Local Projects ¹⁵

Guinyangan, Quezon

This site involved 146 hectares of “public” land planted to coconut, marked by a three-way land claim conflict. First, an individual not living in the community had claimed the land by paying the municipal tax on it. Second, 71 poor peasants had lived in and worked the land their entire lifetime and most refused to pay the land rent demanded by another elite claimant (only 10% paid land rent). A CMARPRP document stated: “Although the [beneficiaries] believe that they are the rightful owners of the land, they did not have any document to back up their claims” (DAR-ARCDP2 2007:35). Third, this other elite claimant (also not from the community) had recently emerged and, through connections with the local government leader, had been able to impose land rent collection on a few of the peasant households. It was later confirmed that the village chief had indeed connived with the second elite claimant in falsifying legal documents. Meanwhile, a legal case between the two absentee elite claimants had been lodged in the court and at the Office of the President. One of the two elite claimants received a favorable decision from the Office of the President, facilitating his entry into the CMARPRP process.

When the successful elite claimant tried to sell the land for PhP30,000/hectare, the peasants refused to buy, insisting that they were already the rightful owners. The town mayor intervened, enticed to push for the land’s sale largely because there was a promise from the CMARPRP staff that development projects would be forthcoming. He proceeded to stop the other elite claimant from pursuing his land claim by threatening to sue him in court for earlier falsifying documents. The mayor then convinced the favored elite claimant to sell the land for PhP10,000/hectare. Finally, the mayor asked the peasants to drop their land claim, to recognize the land ownership of the favored elite claimant, and then to buy the land. In exchange, the road to their village would be cemented through the CMARPRP fund and more livelihood projects would come via the same project. But if they did not accept, they would be evicted from the land. In the face of this carrot-and-stick offer, the peasants relented. In short, instead of settling competing claims over a public landholding in favor of those actually working the land, the CMARPRP assisted in settling it in favor of the elite claimant and then forced the poor to pay for the land. An internal document admitted that: “for those farmers who used to know that the land belonged to them, it is hard for them to accept the [arrangement]; but for them, just to end a long time battle to gain ownership, it is time to cooperate...” (DAR ARCDP2 – Quezon 2006, 9).

15 Data gathering for the local case studies was carried out through a combination of research methods. Following the national-level research, explained in footnote number 1, the authors were able to secure most of the available unpublished, internal documents from all the CMARPRP field sites, giving us a rare opportunity to take a close critical look at the “un-polished project reports.” This exercise, linked to the national-level analysis, provided us with a good overview of the entire project dynamics. In addition, we carried out field visits in five project sites: Isabela, Zambales, Quezon, Negros Oriental and Davao del Norte. Borrás did the Davao field visit; Carranza in Quezon. We also recruited a few trusted research assistants to gather data for us in the field, equipped with pre-determined/semi-structured set of questionnaires: Danny Gatche for Pangasinan, Bong Gonzal for Negros, Leslie Inso for Mindoro, Wendy Ludovico for Quezon, Santiago Corpuz for Isabela, and Ronita Buenaventura for Davao. These research assistants were extremely familiar with the local agrarian structures in the project sites they were assigned to visit. These field visits were carried out in various dates in 2005-2006. Interviewed key informants included CMARPRP local project site staff, local government officials including mayors, municipal administrators, and village officials, as well as the CMARPRP beneficiaries. On most occasions, focused group discussions (FGDs) were done.

Santa Cruz, Mindoro Occidental

This site is inside an indigenous people's (Mangyan) territory on the island of Mindoro. It is marked by (sub-)subsistence peasant economy; isolated upland, no paved road, no potable water system, no electricity connection. The area is part of the 74,200 hectares of land under a Certificate of Ancestral Domain Claim (CADC) that was issued before the formal enactment of the Indigenous Peoples' Rights Act (IPRA) in the mid-1990s. Since then the Mangyan claimants have been lobbying the government to convert the "certified claim" (CADC) into a "title" (Certificate of Ancestral Domain Title), considered to be a more "secure" document under state law. Their efforts had become urgent in recent years because of the increasing encroachment of lowlanders into the territory.

By 2003, there were at least a dozen claims on portions of the land being made by elite, non-indigenous lowlanders. One of these claims involved 110 hectares by an influential person. According to the Mangyans and also some of the local agrarian reform officials interviewed for this study, the elite claimant in this case first staked his claim in 1964 when he was a fiscal (state prosecutor). Like other elite claimants, the affected Mangyans recall, this man started by befriending their parents and grandparents and giving them goods and gifts during holidays. Returning the gesture, their (grand) parents agreed to let these friendly lowlanders use parts of their land for grazing livestock. Later, the lowlanders began turning their informal access into formal land claims by using their connections to local court and municipal government officials. Some succeeded in acquiring dubious land titles. According to the Mangyans interviewed for this study, this is most likely what happened to the 110 hectares being offered to them through CMARPRP by heirs of the so-called "owner" for PhP25,000/hectare (US\$500).

Believing the land to already be theirs, the Mangyans refused the sales offer. In a series of "negotiations" between the Mangyans and the CMARPRP staff, the seller lowered the price to PhP15,000 (\$300), payable in cash within five years. For a community where the average household income is far below a dollar a day, and insufficient for daily subsistence, such an amount is ridiculous. Again, the Mangyans resisted. Only the convergence of two factors eventually broke their resolve. On the one hand, the Mangyans say that the seller (and some CMARPRP staff) told them that if they did not enter into the land sales transaction, they would be evicted. Without the much-awaited CADT (title), they felt that they were on shaky ground. On the other hand, the CMARPRP staff promised them significant support services and infrastructure that could be used to indirectly pay the land cost in due time. This combination of factors – blackmail, coercion and sweet promises – broke their resolve and they finally agreed to join the process. But three years into it, the promised infrastructure and support services had not yet arrived, according to the Mangyans (DAR ARCDP2 Mindoro 2006, 6).

Bataan

The next site is in Central Luzon. A CMARPRP document brightly describes the case: "A total of 92.87 hectares of land were acquired from nine [landowners] and distributed to 38 [beneficiaries]... The land transfer process went smoothly. All of the [beneficiaries] participated in negotiation with [landowners], all the [Certificates of Land Ownership Award, or CLOAs] have been distributed, and the [landowners] have been fully compensated and all the [beneficiaries] have fully paid amortization" (DAR ARCDP2 2007,25). Unfortunately, we were not able to visit this site. But a closer examination of the same document, however, suggests anomalies.

The report found that "many of the [beneficiaries] are relatives of the landowner and do not reside in the [said community]. Five out of nine landowners chose their family members as the beneficiaries of the land transaction" (DAR ARCDP2 2007,19 and 25). Moreover, a beneficiary organization was reported to have been organized, but it was discovered that none of these beneficiaries ever attended any of the meetings. The CMARPRP poured in significant amounts of money to construct a farm-to-market road and to finance agro-enterprise development and capacity-building activities. Building on our joint knowledge about this province and general VLT practices, it is likely that this is a case of a "faked" land reform process where VLT mechanisms facilitated the nominal transfer of land to family members without any real reform in property relations. The data also suggests that some possible real estate transactions were declared instead to be "land reform." No wonder that three years after the so-called land purchase nobody knows where the beneficiaries are, not even the World Bank/DAR project implementers.

Cabangan, Zambales

The next site, also in Central Luzon, involved 102 hectares, 17 landowners and 81 buyers. Much of the area was untitled “public” land (seven out of 14 properties) for which the sellers had no land titles (DAR ARCDP 2007, 30). Three of the titled seven properties were in fact Alienable and Disposable (A&D) lands with free patents that had been given by the government only a few months before the consummation of the CMARPRP sales transactions. Legally, lands with A&D free patents cannot be sold during the first five years after the grant of the free patent. Overall, 85 hectares out of the total of 102 hectares of the lands sold to CMARPRP did not have titles and had no existing surveys. Moreover, the lands being claimed by an elite entity and being transacted in CMARPRP were also being contested by an indigenous peoples’ community. The latter had previously indicated to the project staff that these lands were part of their ancestral territory under an existing Certificate of Ancestral Domain Claim (CADC).

Notwithstanding this pre-existing legal status, the CMARPRP staff, in collaboration with the town mayor, pushed for the land sales anyway despite the indigenous peoples’ protestations; the latter even “threatened that they will prevent the CMARPRP survey team from conducting the survey” (DAR ARCDP 2007, 22). As one CMARPRP document sighed: “there are [indigenous peoples] in the CMARPRP area who can hardly understand or may misunderstand our intention” (DAR ARCDP2 2005, 10). The mayor later “talked” to the indigenous peoples’ chieftain, which enabled the CMARPRP process to push forward. And so the contested landholdings, a majority of which were already claimed by an indigenous peoples’ community and had already been certified by the DENR as under the public domain, nevertheless were sold to an elite claimant.

Another bewildering aspect of this case was that on the same day of the formal land sales transaction, 76 out of the total 81 beneficiaries were declared to have fully paid for the lands they purchased covering 97 hectares. As an external evaluation team later discovered, “Unfortunately... most of the identified [beneficiaries]... in these landholdings are relatives of the landowners... other [beneficiaries] either reside outside the municipality or abroad. For example, one [beneficiary works in [the financial district of Manila]... Others [9 beneficiaries] live and work in the USA...” (DAR ARCDP2 2007, 21–22). In fact, 16 out of 17 landowners had “sold” their lands to family members (ibid, 7). This is a classic case of elite land claimants who tried to control public lands, and used VLT to undermine land reform and worse -- since in this case VLT was also used to legalize what appears to be a land-grab of indigenous territory already covered by a CADC and under public domain. The problematic nature of the transaction was further revealed when CMARPRP staff came to deliver their promised support services, such as a farm-to-market road, livestock dispersal and other services to the “beneficiaries”, only to discover that “the [beneficiaries] cannot identify which lot belongs to them” (DAR ARCDP Zambales 2005, 5). It seems the buyers “fully paid” for land they could not even identify. Despite such disturbing signs, the CMARPRP staff pushed through with the delivery of support services to the “beneficiaries.”

Other Sites

The other remaining local project sites share at least two features with the four cases just described. First, there is a similar preponderance of untitled “public” lands involved. In Isabela province the sellers could not have sold their landholdings in the land market because these were untitled and part of the public domain. Yet a CMARPRP document stated: [the landowners... seem to benefit well in the CMARPRP project. In the case of Flores [landholding], it was untitled and would not classify for other land distribution scheme but because of the CMARPRP, they were able to gain from it” (DAR ARCDP2 2007, 27). In Misamis Occidental, the sellers of untitled public land had earlier tried to sell parcels through the regular land reform process, but were rejected because the land was hilly, rocky and unsuitable for farming. Undeterred, the CMARPRP project bought the untitled lands, with all the survey and titling costs provided for free. In Negros Oriental, the DENR found out that the lands being sold to the CMARPRP program were classified as “timberland” and thus ineligible for private titling. Meanwhile, the CMARPRP staff dismissed extant claims by peasants on the land: “Although the [beneficiaries] believe that they are the rightful owners of the land, they did not have any document to back up their claims” (DAR ARCDP2 2007, 47).

Second, the predominance of non-poor beneficiaries is a common feature. For example, of the 45 beneficiary respondents interviewed for an external evaluation in early 2007 in Misamis, 15 were residing in the city,

had businesses and other non-farming jobs, and all were family members of the [seller]; another [seller] sub-divided his land among his eight children and entered this “transaction” in the CMARPRP process (DAR ARCDP2 2007, 13). In Unisan, Quezon, “the [beneficiaries] are close relatives, fathers, mothers, brothers, sisters, uncles and cousins [of the seller]. Some [beneficiaries] are just nominal [beneficiaries] like sons and daughters [of the sellers] who are either studying or working and who are actually not working in the farm (ibid, 17).

Critical Insights

(i) Questionable ownership, questionable sellers

In most project sites, the lands sold were public lands for which there were no titles, but where competing claimants already existed, including peasants claiming rightful ownership on the basis that they were the actual tillers. But instead of a land reform process that would settle competing claims in favor of poor peasants, the CMARPRP process settled the matter in favor of elite sellers. Local government officials, not particularly interested in land reform, but instead in the possible inflow of funded development projects, have frequently intervened. Their actions, celebrated by project staff, have tended to compel peasant land claimants to drop legitimate claims on lands they have been tilling, and instead to recognize the dubious, untitled claims of elite actors and then to agree to buy “their own land” from the elite sellers at commercial rates. Their efforts to persuade the occupant-tillers have typically been backed up by threats of eviction. Meanwhile, in at least four out of nine provinces, the land subjected to the program carried established and distinct territorial claims by indigenous peoples’ communities. Again, instead of the mandated land reform process for indigenous territories, i.e. IPRA, the CMARPRP facilitated a legalization of elite land grabbing. Like their counterparts in the public land areas, and likewise under the threat of eviction if they did not comply, the affected indigenous peoples’ communities in effect were robbed of their land, forced to recognize outsiders’ dubious land claims, and then coerced to buy back their land at commercial prices.

(ii) Questionable buyers, questionable beneficiaries

In all the CMARPRP project sites, there was also the phenomenon of highly questionable beneficiaries, and in several sites this constituted a defining feature of the pilot. Highly questionable beneficiaries include those who are non-poor elite individuals, often family members of the seller or land speculators and often residing in nearby cities, as well as outright fictitious “paper” beneficiaries. Ostensibly the main target beneficiaries of any purportedly “anti-poverty” project, the poor in fact did not end up becoming the bulk of the buyers under CMARPRP. As in other market-oriented land transfer schemes noted earlier in this paper, such a result can be seen as part and parcel of a seller’s successful effort to gain (or retain), rather than forfeit (or relinquish) control of a desired piece of land. In the context of an existing land reform law (e.g., CARP), which for all its weaknesses nonetheless did threaten all agricultural lands with reform and did offer some important new legal restrictions on land use and ownership (such as lower retention limits, prioritized beneficiaries’ lists, and land use restrictions, to name a few), such a result constitutes an evasion, not complementation, of land reform. Ironically, in some cases, this evasion of land reform was even amply rewarded with land sales tax exemption, free land survey provision, free land titling and registration, an influx of new infrastructure (such as roads) and aid money.

Notably, the CMARPRP-driven transfer of land to questionable beneficiaries has led to some ironic situations, such as when an external evaluation team discovered that two out of three household respondents interviewed in the beginning of the CMARPRP process could no longer be tracked down just three years later in early 2007. Probing further, the team determined that: (i) the majority had “migrated” to other places (61%), while (ii) others were missing for reasons that could not be discerned (29%). Combined, these two explanations account for 90% of CMARPRP’s ‘missing beneficiaries’ (DAR ARCDP2 2007, 3-6), making the World Bank-required longitudinal comparative evaluation (before and after CMARPRP) not feasible.

(iii) Questionable land transfers, questionable development projects

The phenomenon of coerced and missing beneficiaries suggests that an anomalous land transfer process has taken place; any ensuing farm development efforts and related investments in the area will thus most likely simply ratify and institutionalize the anti-reform orientation already established. Following this logical sequence, and as confirmed by our findings discussed earlier, we can safely anticipate that most of

the CMARPRP-sponsored development interventions through infrastructure building and other support services served primarily outside elite interests.

(iv) Questionable intentions, questionable interventions

While the Bank's local project staff praised the role played by local government officials in the CMARPRP process, our findings show little reason to celebrate. Local government officials have indeed gotten directly involved in the project's implementation in most sites, apparently for reasons that have little to do with concern for social justice or redistributive land reform. Instead, their involvement in CMARPRP has stemmed from a calculation that minimal investment of time and seed funds can lead to significant profit, in the form of expensive infrastructure such as roads, as well as of support services for at least some of their constituents. However it is important to note too that while this was the promise of CMARPRP, it has not always panned out, leaving local government officials in the lurch and leading to tensions and at times even open conflict between CMARPRP staff and local government officials. For instance, tensions have arisen over competing ideas about the project's "co-ownership" and "co-financing" (as in the case of Zambales).

Meanwhile, local officialdom's role in facilitating land sales and the influx of development projects has not been neutral, but selective -- sidelining legitimate actors while including others whose qualifications are questionable. This role has also tended to take center stage in the process, at the expense of community participation. As one project document reveals, more than half (54%) of the beneficiaries interviewed said that they were never involved in the land sales negotiation -- and yet they were CMARPRP buyers and beneficiaries (DAR ARCDP2 2007, 26). Moreover, of those interviewed, 62% said they were not aware of any CMARPRP area committee -- a body that is supposed to be the main driver of the entire development process. And a whopping 71% were not aware of any area development plan (ibid., 30). It would seem that when they got involved, local government officials (principally the mayors) tended to actually take command of the project, to the extent of even forcing peasants and indigenous groups to drop their land claims in favor of questionable elite sellers, as revealed earlier. Indeed, they seemed to have done all that they could during the land purchase process to secure the promised funded development package, even if at the expense of poor constituents.

In short, the celebrated claims of the World Bank's CMARPRP are highly questionable and belied by the empirical evidence. Its empowerment claims are contradicted by the facts.

Concluding Remarks

From the 1960s until the late 1980s, the land policy framework of the World Bank for the Philippines was firmly framed within its global fight against communist revolutions and its promotion of the market-based, technology-driven Green Revolution. These twin frameworks informed the World Bank's land reform policy toward the Philippines, leading to its massive financial support to the hated and brutal military dictatorship under Ferdinand Marcos from 1972 to 1986. In the context of land reform, the 1980s and early 1990s, marked by the World Bank's aggressive promotion of Structural Adjustment Programs (SAPs), were sort of a transition. Confronted by the dynamics of national regime transition in 1986-1988, the World Bank initially pushed for a more progressive version of the land reform legislation. It would then make a modest support for infrastructure project for the Comprehensive Agrarian Reform Program (CARP). But this progressive position was short-lived.

By 1995, the World Bank released its country policy for the Philippines. This would mark a paradigm shift not totally surprising. The World Bank attacked the state-driven land reform via CARP, among others, as too expensive and creating uncertainty for investors in the rural economy, and thus should be halted. For the World Bank, the Philippine government should instead embrace the market-assisted land reform which is based on the willing seller-willing buyer principle; it is a voluntary land reform. It went on to withdraw its support to CARP, and shifted to support for the promotion of market-assisted land reform.

The latter took the form of a feasibility study, and later, a pilot program. The outcome of which was very similar to those in Colombia, Brazil, South Africa and other places where the same market model for land reform was adopted: landlords and local officials manipulated the project in their favor. The outcomes were not at all favorable to most of the declared beneficiaries of the project, the landless rural poor. In the context of the Philippines, the same experiment has also been undermining any remaining potential of CARP for real redistributive reforms, as landlords and corrupt bureaucrats continue to press for the use of voluntary land transfer scheme as a way to escape land reform.

Moreover, this paper has shown that the much hyped issue of “national ownership” of national governments on foreign donor-funded projects is very good only in theory. In the particular reality demonstrated here, what has been shown is that a multilateral development agency, the World Bank, attempted to undermine, with partial success, a national policy on redistributive land reform. It explicitly asked to Philippine government to halt the implementation of a national land reform law, as it asked the Philippine government to instead embrace its own land reform policy model designed by economists in Washington DC. The promotion of and respect for “national ownership” of policies and projects in the case of the World Bank and the Philippines around the land reform issue is quite problematic.

Finally, the findings in this paper have some implications for the work of development policy practitioners -- be they government bureaucrats, NGOs, or peasant organizations: often, development practitioners deal with the merits or demerits, success or failure, of a policy or project based on very local circumstances and conditions. This is of course important and critical because in the end it is the actual lives and livelihoods of poor villagers that matter in such development processes. However, as shown in this case study, it may be equally important as well not to lose the strategic perspective by always critically examining the interaction between the micro and the macro policy and project processes. The World Bank land reform experience may be easier to critically examine because at both levels, the process and outcome were evidently problematic. But there are other projects that may show some scattered gains at the very local level, while undermining strategic interests of a greater number of people at the macro level. Arguably, to some extent, this is the case for a World Bank co-funded project, the Land Administration and Management Project (LAMP) which, unfortunately, will not be discussed here.

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Overseas Aid and Agrarian Reform Working Papers Series

The Overseas Aid and Agrarian Reform Working Papers Series is a joint research initiative and publication of the Belgian Alliance of North-South Movements (11.11.11) and the Focus on the Global South-Philippines. Activist researchers from various non-governmental research institutions have come together to carry out this collective undertaking.

To date, three out of four poor people in the Philippines are rural poor. Land remains central to their autonomy and capacity to construct, sustain and defend their livelihoods, social inclusion and political empowerment. But to a large extent, land remains under the monopoly control of the landed classes in the country, while in many parts of the country poor peoples' access to land is seriously threatened by neoliberal policies. This is despite two decades of land redistribution, with relatively modest accomplishment, under the Comprehensive Agrarian Reform Program (CARP). The mainstream development policy community has taken a keen interest in land in recent years, developing land policies to guide their intervention in developing countries, including the Philippines. Internationally, while generally well-intentioned, not all of these land policies advance the interest of the rural poor. In fact, in other settings, these may harm the interest of the poor. Widespread privatization of land resources facilitates the monopoly control of landed and corporate interests in such settings. Local, national and transnational rural social movements and civil society networks and coalition have taken the struggle for land onto global arenas of policy making. In the Philippines, CARP has been the focus of overseas development assistance around land since the mid-1980s. Huge amounts of money, both aid and loans, went to various projects directly and indirectly linked to agrarian reform. Except for occasional officially commissioned project evaluation studies, there has been no systematic and comprehensive critical examination of such development intervention in the Philippine countryside. This is perhaps one reason why the advocacy work of autonomous rural social movements in the Philippines around the issue of overseas development assistance and land reform has been quite unsystematic and ad hoc at best.

It is in the context of providing modest assistance to rural social movements and other civil society groups that are engaged in land reform campaign that this research has been undertaken and the working paper series launched. It aims to provide a one-stop resource to activists engaged in local and national campaigns for progressive land policy reforms. The research covers analysis of the policies of the following institutions and themes: (1) World Bank, (2) European Union; (3) International Fund for Agricultural Development (IFAD); (4) Belgian Development Aid; (6) Canadian International Development Assistance (CIDA), (7) Japanese aid, (8) Asian Development Bank (ADB), (9) a Mindanao-focused study covering various aid agencies, and (9) an overview analytical paper that covers the remainder of aid agencies (FAO, UNDP, AusAid, GTZ, USAID) and links the various findings to the broader issue of agrarian transformation and development in the Philippine countryside.

The research is coordinated, and the working paper series edited, by Jun Borras, Jennifer Franco, Mary Ann Manahan, and Eduardo C. Tadem.

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