

CASE 1

POVERTY ALLEVIATION IN RURAL AREAS: ASSET REFORM VIA GRASSROOTS AND COOPERATIVE INITIATIVES

THE CASE OF AGRARIAN REFORM COMMUNITIES (ARCs) IN BULACAN

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INTRODUCTION

1. BACKGROUND

Poverty alleviation has achieved a significant breakthrough in Bulacan, a province that ranks consistently high in human development. Bulacan strives to keep its grassroots anti-poverty programs effective and durable by upholding the interests of local stakeholders and practicing accountability, responsibility, efficiency, and coherence in administrative governance. The province is noted for having minimal bureaucratic constraints and working hard to provide adequate human, natural, economic, and financial resources for its anti-poverty efforts. Fortunately, Bulacan has ample natural assets, strong local government support, and access to national government and ODA assistance.

In Bulacan, the poverty situation is considered relatively manageable. However, the number of program stakeholders continues to grow, resulting in organization and management problems. Conflict among sectors has arisen. In agrarian reform, in particular, the tension is between landowners and real estate developers on one side and farmer beneficiaries on the other. These sectors have different levels of competence, sensitiveness, and social preparedness. This disparity adds to the tension.

There also is more competition over scarce resources, even among government agencies. Line agencies that need to improve their coordination include the Departments of Agrarian Reform (DAR), Trade and Industry (DTI), Environment and Natural Resources (DENR), Agriculture (DA), Labor and Employment (DOLE), Social Work and Community Development (DSWD), and Education, Culture, and Sports (DECS). Both national and local

government agencies also need to minimize a marked tendency to expand and protect their turf.

In Bulacan, as in much of the country, agrarian reform is a poverty alleviation strategy founded on asset reform – that is, redistributing to the poor the capacity to control resources needed to become productive. The control of productive resources – farmland, in the case of agrarian reform – is a requirement for empowering poor communities.

This case study assesses the role played by the Agrarian Reform Community (ARC) approach in reducing poverty in the province. The case study discusses the relationship between the ARCs and the flourishing cooperative movement in the province. (Bulacan has the most extensive network of cooperatives in the country.)

The case study makes the following observations:

- In many areas in Bulacan, ARCs have been integrated into local development programs. Informants cite many instances of local officials giving strong support to ARC-related initiatives, especially in enacting local resolutions that increases financial support to ARC communities. In many cases, barangay and municipal officials work hand-in-hand with ARC officers and members.
- The DAR has given adequate management support to ARCs in the province. It has set up several coordinating bodies that bring together different stakeholders, such as, farmer-beneficiaries, cooperative officials and members, representatives of people's organizations, local entrepreneurs, landowners, and government agency representatives (DTI, Land Bank, DENR, and DA).
- There is still room for improvement. Farmer beneficiaries (also called "agrarian reform beneficiaries" or ARBs) need to diversify their income sources in order to enhance their market competitiveness. To help bring this about, ARC officials – especially those at the grassroots – need reorientation. Heretofore, their main task has been to improve land acquisition and distribution (LAD) and increase agricultural productivity by providing agricultural support service and inputs (e.g., irrigation, farm-to-market roads, fertilizers, pesticides, farm implements, etc.). With LAD completed in the ARC areas, ARC officials must move toward strengthening the sustainability and increasing the productivity of agricultural resources, while ensuring greater social and economic equity.
- There is an emerging need to address "second-generation" land problems that can affect the tenurial status of farmer beneficiaries in ARC areas. These problems result from

actions that violate the provisions of the Comprehensive Agrarian Reform Law (CARL). They include efforts to convert farmlands to non-agricultural purposes. They also include schemes by agrarian reform beneficiaries to resell their farmlands. Second-generation land problems threaten food security, and hinder the country's economic growth.

- Greater social awareness among local ARC managers, facilitators, and the community people themselves is needed in order to mobilize support not just from ARBs but from the other members of the community. As a strategy to reduce poverty, the ARC program affects all the major sectors of the community including women, the entrepreneurs, and the local governments.

Governance Indicators for the Case Study

The study looks at five key governance indicators of effective poverty alleviation programs in Bulacan, specifically through the ARCs. They are as follows:

- Leadership. The study looks at the role played by political and community leadership in ensuring the success of the ARCs. The study inquires into the proper mix of formal and informal leadership that apparently led to greater ARC success.
- Participation. The study asks whether all major ARC stakeholders participated in making decisions and implementing these decisions. It also considers whether "outsiders" or those indirectly concerned with agrarian reform were included in ARC decision-making.
- Transparent and participatory evaluation and monitoring. In assessing the success, progress, and sustainability of the ARCs, the study looks into the objectiveness of the evaluation instruments. It also considers the extent that community members participated in the assessment of their affairs and programs.
- Social preparation. The study asks if there were adequate and appropriate measures by local and national government agencies to enable ARCs to sustain their momentum.
- Capacities. The study inquires into whether ARC initiatives are self-sustaining or rely too heavily on external support.

2. BACKGROUND INFORMATION ON BULACAN

Area Profile

Located north of Metropolitan Manila, Bulacan is one of the Central Luzon provinces (Figure 1). It has a land area of about 265,000 hectares – roughly 14 percent of the total land area of Central Luzon. Around 28 percent (73,500 hectares) of this land area is farmland.¹ Bulacan is bounded north-northeast by Nueva Ecija, east by Quezon, south by Rizal and Metropolitan Manila, and west by Pampanga west. In the southwest, five of Bulacan's 24 municipalities lie along the coast of Manila Bay. (Bulacan began as a cluster of small fishing settlements.)

Coastal areas are low and swampy and generally drain out to the Pampanga and Angat Rivers. The western side is dominated by plains. The eastern side consists of uplands. These are foothills of the Sierra Madre Mountain, which help to protect the province from harsh weather coming from the Pacific. The topography makes the province an ideal agricultural area, even if it adjoins the highly populated and polluted areas of Metropolitan Manila.

Bulacan is a significant agricultural base of Luzon. The soil is generally fertile with sufficient irrigation. The weather is generally cooperative throughout the year. Main agricultural crops are rice, corn, sugarcane, watermelon, bamboo, mangoes, and vegetables. Coffee is now cultivated in the upland areas. Other principal industries include leather tanning, cement bag making, hollow blocks, ceramics, textiles, chemicals, food processing, metal, shoemaking, and machinery. There also are several cottage industries.

The province has benefited from the prosperity of its next-door neighbor, Metropolitan Manila. Much of the province has become urbanized and oriented toward manufacturing and merchandising. In 1994 about one-third of families in the province derived their income from agricultural activities, such as, farming, livestock and poultry raising, and fishing. The rest derived it from manufacturing, retail, mining, construction, and other non-farm activities (Table 1). Labor force participation is about 22 percent for agriculture and 78 percent for non-agriculture.

The province has 568 barangays spread out over 24 municipalities and is divided into four congressional districts. Bulacan has 357,000 households and an estimated population of 1.8 million. The population density is around 570 per sq. km. The

¹ Roberto Pagdanganan, *A Call for Cooperative Revolution* (Quezon City: Foundation for Local Autonomy and Good Governance, 1999), p. 242.

crime rate is lower than the national average (about 5 crime incidents per 100,000 compared with the national average of 19).²

In 1992, Bulacan had three municipalities classified as first class (Hagonoy, Malolos, and Meycauayan), eight as fourth class (Angat, Bulacan, Bustos, Calumpit, Obando, Pandi, Pulilan, and San Rafael), and one as fifth class (Doña Remedios Trinidad or DRT). The remaining municipalities are third class municipalities. By 1995, DRT had become a third class municipality while only two municipalities remained fourth class (Bustos and Pandi) from the previous eight. By this time too, there were already 10 first class municipalities (Baliuag, Bulacan, Hagonoy, Malolos, Marilao, Meycauayan, Norzagaray, San Jose del Monte, San Miguel, and Santa Maria). In the period 1992 to 1995, Meycauayan had the highest average annual income (P54.02 million) while Pandi had the lowest (P10.19 million).³

Poverty incidence in Bulacan is lower than the national. In 1988, the proportion of families below the poverty line was 36.2 percent, compared with 40.2 percent for the country during the same year. In 1999, the poverty threshold for Bulacan was estimated at 17.3 percent with a 3.06 percent malnutrition rate.⁴

The province has an extensive infrastructure system. It has over 2,500 kilometers of roads, 700 kilometers of them made of concrete and asphalt. Road density is about 0.98 kilometers per square kilometer. The province has an irrigation system that services almost 29,000 hectares of the more than 72,000 hectares covered by the Comprehensive Agrarian Reform Program (CARP) in the province. In addition, there are numerous communal irrigation systems, making the province a comparably well-irrigated agricultural area. Bulacan has attracted many investors and corporations, including those that relocated from Metropolitan Manila.

Household income has risen over the years. In 1985, census data showed that the average annual family income was around P41,600 or about P3,470 per month. This was higher than the national average of P2,600 per month per family established for that year by the National Statistics Office (NSO). In 1994, around three-fourths of families in the province earned between P60,000 to P249,000 a year (Table 3).⁵ By 1997, the average annual household income in Bulacan had increased more than 300 percent to P142,923.⁶

² Pagdanganan, p. 242.

³ See *Provincial Socio-Economic Profile*, Provincial Planning and Development Office (PPDO), Malolos (1998).

⁴ This is according to figures released by the PPDO in Malolos.

⁵ *Provincial Socio-Economic Profile*, p. 20.

⁶ Pagdanganan, p. 244.

Cooperativism in the Province

Since the late 1980s, Bulacan's main poverty alleviation strategy has been to steadily expand the middle class.⁷ At the same time, the province continues to support its cooperative movement. Bulacan has a long experience of cooperativism, although that experience has been positive only since 1986. Before 1986, most of Bulacan's cooperatives – organized by the Farmers Cooperative Marketing Association (FACOMA) and Samahang Nayons of the Marcos administration – were failures.⁸ When Roberto Pagdanganan became governor (1986-1995), his administration extended unprecedented support to cooperatives. He turned them into channels for capital and credit to small- and medium-scale enterprises (SMEs), as well as to ARBs.

THE KPP AND OTHER LOCAL GOVERNMENT INNOVATIONS

⁷ Ibid, p. 241.

⁸ Ibid.

Throughout the latter half of the 1980s and well into the 1990s, the principal strategy for poverty alleviation through cooperative development was the Kaunlaran sa Pagkakaisa Program (KPP). Established in August 1986, the KPP is the principal instrument for the provincial government to promote cooperative enterprise development. Also established with the KPP was the Provincial Agro-Industrial Development Office (PAIDO) which was later renamed the Provincial Cooperatives and Enterprise Development Office (PCEDO) with substantial support from Governor Pagdanganan.

The PAIDO/PCEDO acted as a secretariat support for the Cooperative Development Council or KATANGKILIK composed of volunteer cooperative leaders. The PCEDO is said to be the first provincial department in Bulacan and in the entire Philippines specifically

devoted to cooperatives development at the LGU level. Bulacan was also the first province to have its own local cooperatives trainors taught and accredited by the Cooperatives Development Authority (CDA) allowing it to instruct some 9,800 cooperative leaders and members.

Source: *Provincial Socio-Economic Profile*, Provincial Planning and Development Office (PPDO), Malolos (1998).

Under Governor Pagdanganan, the local government established the Kaunlaran sa Pagkakaisa Program (KPP) in 1986 to promote cooperative enterprise development. The KPP was one of several provincial government innovations that revitalized the cooperative movement throughout the province. In 1985, there were 52 registered cooperatives in Bulacan with total assets of about P50 million. By 1997, the number had increased to 990, of which 838 were multi-purpose cooperatives, 82 credit cooperatives, 24 producer cooperatives, and 13 federations.⁹ Their assets combined reached almost P2.7 billion (Table 4).

3. POVERTY ALLEVIATION THROUGH ASSET REFORM

Agrarian Reform

Sixty percent of Filipinos live in rural areas. Around half the labor force engages in agricultural production.¹⁰ As much as 70 percent of the country's poor depend on agriculture and agriculture-based industries for their livelihood. To make a significant impact

⁹ *Provincial Socio-Economic Profile*, p. 1998.

¹⁰ Department of Agrarian Reform (DAR), Memorandum Circular Number 5, "Subject: A Sustainable Rural Development Framework for Agrarian Reform Communities" (23 March 1999), p. 3.

on poverty incidence, therefore, a national poverty alleviation program must focus on reducing rural poverty. More specifically, it must contribute to raising farm productivity and income. In Bulacan, farm production contributes about 50 percent of the total provincial production.¹¹

In the Philippines, a strategy to reduce rural poverty must give agricultural producers and communities the ability to sustainably manage, nurture, and develop their production resources and assets. The most important of these resources is farmland. Land redistribution is the basis for genuine asset reform in rural areas. Land acquisition and distribution gives landless cultivators a stake in the economic system by transforming them from tenants into tenured farmers. It gives them the potential to become efficient agricultural producers by giving them more control over production decisions and a bigger share in the fruits of their labor.

Agrarian Reform Communities

The ARC approach was launched during the term of DAR Secretary Ernesto D. Garilao (1991-1996). An ARC is a cluster of barangays within a municipality or a physically contiguous area where land acquisition and distribution (LAD) under the national government's Comprehensive Agrarian Reform Program (CARP) is complete.¹² In the ARCs, there are "owner-cultivated, diversified, and intensively cultivated small or cooperative farms."¹³ The main development agenda in an ARC is to raise the agricultural productivity of agrarian reform beneficiaries.

As a development strategy, the ARC increases the access of ARBs to productive resources, improves the delivery to them of support services, and protects the gains of agrarian reform in the area through such measures as social preparation (for mobilizing community-wide support) and legal action (to address second-generation LAD problems, for example). ARCs are meant to be convergence points for the service delivery of government agencies concerned with rural productivity (Environment and Natural Resources, National Irrigation Administration, Agriculture, Trade and Industry), financial institutions like the Land Bank of the Philippines, nongovernment organizations, people's organizations, and local government units. Because an ARC is a local structure, it allows ARBs direct participation in planning and implementing local development projects.

¹¹ This is according to the Development Facilitators (DFs) who participated in the focused group discussion in Baliuag, 11 February 2000.

¹² DAR, Memorandum Circular Number 5, p. 1.

¹³ Ma. Lisa Dacanay, "A Study on Agrarian Reform Communities," unpublished, Department of Agrarian Reform (October 1998), p. 5.

**MANAGING AGRARIAN REFORM
STAKEHOLDERS: THE PARCCOM IN
BULACAN AND ITS TRI-SECTORAL
APPROACH**

The DAR established Provincial Agrarian Reform Coordinating Committees (PARCCOM) in all of the country's provinces. PARCCOM is a multi-sector and inter-agency assembly that coordinates efforts and initiatives to resolve agrarian reform problems in the province. Bulacan's PARCCOM meets regularly (about once a month) and is participated in by major program stakeholders – farmers, landowners, and government officers. According to Miguel Mendoza, Provincial Agrarian Reform Officer (PARO), the PARCCOM follows what is known as a "trisectoral approach" to CARP management, meaning it always involves the government, the people's organizations (POs), and the private sector. PARCCOM in Bulacan has meant more transparency in provincial CARP management.

The PARCCOM includes representatives from line agencies such as the Departments of Trade and Industry, Environment and Natural Resources, Public Works and Highways, Land Bank, local ARC managers, and people's organizations, especially farmers' associations. The PARCCOM is often employed to air grievances and, whenever possible, resolve differences among stakeholders of the agrarian reform program. For example, a frequent complaint of landowners is that they do not get proper compensation for their land because farmer-beneficiaries are over-represented in the land valuation committees. For their part, farmers complain of illegal conversion activities by landowners and developers. Issues involving coordination between line agencies are also taken up.

ARCs and Poverty Alleviation in Bulacan: the Institutional Dimension

As of June 1999, around 355,700 ARBs (71 percent) have benefited from the 1,016 ARCs established all over the country.¹⁴ Nationwide, ARCs cover 800,000 hectares of land, with an average of 2.18 hectares per ARB.¹⁵ The DAR's goal is to expand ARC coverage to 1.8 million hectares by the year 2004.¹⁶ There are 2,330 ARB organizations throughout the country with a membership of over 190,600. Of these, over half (129,200) are ARBs. There are also Barangay Agrarian Reform Committees (BARCs) and numerous NGO/PO consultative and coordinating bodies that have been organized and installed at both the ARC and provincial levels. There are currently 2,160 BARCs nationwide where more than 2,000 cases have been filed for mediation and

¹⁴ DAR, Memorandum Circular Number 5, p. 1.

¹⁵ DAR Memorandum Circular Number 19, "Subject: Social Infrastructure and Local Capability building Framework for Agrarian Reform Communities" (3 November 1999), p. 1.

¹⁶ DAR, Memorandum Circular Number 5, p. 4.

conciliation.¹⁷ Although a large number of ARBs have been organized, their number represents less than 10 percent of the total ARBs covered by the agrarian reform program.¹⁸ To date, only 12 percent of the ARBs have actually been reached by various CARP-related programs and interventions nationwide.¹⁹

Sixteen Bulacan municipalities have Municipal Agrarian Reform Offices headed by Municipal Agrarian Reform Officers (MAROs). Total CARP-covered land for the province is about 72,300 hectares of which 41,400 hectares have been distributed to ARBs. This is a 57 percent distribution rate, slightly lower than the national average of 66 percent.²⁰ In 1999, out of a working scope of 8,552 hectares involving ARCs in the province, only about 4,900 hectares were distributed for a 58 percent distribution rate.

As of May 1999, Bulacan had 20 ARCs. Within these ARCs are about 350 BARCs with a membership of almost 3,000 ARBs – including those who have yet to receive Certificates of Land Ownership Award (CLOAs) to qualify as actual farmer-beneficiaries (potential ARBs). By the end of 1999, several new ARCs were established in the province. This added 2,100 new ARC members, about half of them ARBs.²¹

In addition to the 20 ARCs, Bulacan also has an Agrarian Reform Municipality, which is Doña Remedios Trinidad (DRT). The land area of this municipality covers almost one-third of the province. As an Agrarian Reform Municipality, DRT can now benefit from the DAR's convergence strategy of channeling agricultural and infrastructure support from various sources to the ARBs. Incidentally, DRT is one of only two Agrarian Reform Municipalities in the country.

Within an ARC, the DAR has specified eight components of beneficiary assistance:²²

- 1) Land tenure improvement (LTI), which involves the acquisition and distribution of land to farmer-beneficiaries;
- 2) Organization building and strengthening (OBAS);
- 3) Physical infrastructure and economic support services (PIESS);
- 4) Agri-farm productivity and income improvement (AFPII);

¹⁷ DAR, Memorandum Circular Number 19, p. 1.

¹⁸ It is estimated that of the total number of ARBs nationwide only about 24 percent reached by ARCs have achieved a significant degree of poverty alleviation. This is according to discussions with Ms. Lisa Dacanay, Project Manager, DAR-ADB Agrarian Reform Communities (ARC) Project and Ramon Duran, DAR, Quezon City (18 February 2000).

¹⁹ DAR, Memorandum Circular Number 19, p. 2.

²⁰ However, the CARP working scope for the province is a little over 49,600 hectares suggesting a much higher accomplishment rate of 83 percent. The actual working scope for CARP does not include lands exempted from agrarian reform.

²¹ Not all ARC members are ARBs. Some ARCs started out as agricultural cooperatives before being transformed into ARCs.

²² Based on FGD with selected DFs: Remedios "Rhem" Faustino (San Francisco ARC), Consolacion "Connie" Santa Ana (Umpucan ARC), Rodolfo "Odie" de Lara (San Jose ARC), Candido "Didong" Estacion, Pedro "Pete" de Leon, Epifanio "Panyong" Robles (DRT-ARM), Baliuag (11 February 2000).

- 5) Agri-based rural industrialization (ABRI), which looks for linkages between agriculture and industry;
- 6) Basic social services (BSS), which involves assistance in health and education;
- 7) Eco-system development (ESD), which involves efforts to ensure environmental sustainability; and,
- 8) Gender and development (GAD), which promotes equity between sexes and the empowerment of women.

In addition to these DAR initiatives, there are also the support mechanisms provided by the local government. These include the Provincial Planning and Development Office (PPDO) and the various Municipal Planning and Development Coordinators (MPDCs) assigned to the ARC municipalities. There also are the numerous local policy issuances by the provincial council, municipal councils, and barangay councils that support ARC management, development, and promotion. Typically, these councils initiate resolutions and ordinances that facilitate resource acquisition and ensure infrastructure support for ARC projects.

The Provincial Agrarian Reform Office (PARO) is located in Baliuag. The provincial government has merged the Provincial Agrarian Reform Coordinating Committee (PARCCOM with its Provincial CARP Implementing

Team (PCIT) into a multi-sector, inter-agency body to coordinate the implementation of the agrarian reform program at the provincial level.

The province regularly monitors its ARCs through Development Managers (DMs) and Development Facilitators (DFs), with the help of the DAR. Development Managers are actually the MAROs of those municipalities that have ARCs. Development Facilitators are staff members of the Municipal Agrarian Reform Office and they act as principal conduits for feedback and support services provision between the DAR and the ARCs.

DOÑA REMEDIOS TRINIDAD: MOVING FORWARD AS AN AGRARIAN
REFORM MUNICIPALITY

Doña Remedios Trinidad (DRT) is the largest municipality in Bulacan. It has an area of over 93,000 hectares covering almost one-third of the entire province. Notwithstanding its size and abundant natural resources, DRT remains agriculturally and economically backward relative to the rest of the province. There are only a few kilometers of good roads, no telephone and water systems. This is perhaps what prompted the national government to declare DRT an agrarian reform municipality (ARM).

The terrain of DRT is cool and mountainous. It is made up of eight barangays with a population of about 16,000. With the municipality as an ARM it is expected that the area will be able to benefit from the national government's convergence strategy for poverty alleviation. Despite its poverty and isolation, the municipality is still able to hold its own, agriculturally and politically. Local residents plant various vegetables, coffee, and other fruit crops along the rough terrain. The municipality also has a thriving women's association, Samahan ng mga Kababaihan sa DRT, established by Evelyn Paulino, wife of the mayor, Steve Paulino. The women's association has undertaken several livelihood projects to supplement the farming income of households in the municipality.

Agrarian reform initiatives are coordinated in the municipality by four development facilitators. At the same time, the local chief executive, Mayor Paulino, is especially supportive of agrarian reform initiatives in the

municipality. The mayor has likewise implemented a total log ban in the municipality to protect watershed areas.

Source: Olan Santos, "Donyang-donya ka sa Doña Remedios Trinidad," *Muhon*, Volume 1, Number 3 (December 1999) 9-10.

Unlike social workers and community organizers who do general development work, the DF focuses mainly on providing immediate support services to a particular group of farmer-beneficiaries. The DFs spend most of their time (typically three days a week) at the community where the ARC is based or located. One day is spent at the MARO and another day (typically Friday) is spent at the provincial head office. Every Friday, the different DFs for the province meet in Baliuag to report on what they have accomplished as well as raise issues and problems. The province currently has 16 full-time DFs. Four of these DFs are assigned to Doña Remedios Trinidad.

4. FACTORS FOR SUCCESSFUL POVERTY ALLEVIATION THROUGH QUALITY OF GOVERNANCE

Political and Administrative Structure

Local government support is a definite factor for successful ARC development. In many cases in Bulacan, provincial and municipal officials and workers actively cooperate with efforts to organize and increase the capacities of ARBs. This is evident in Umpucan ARC in San Ildefonso. Covering some 700 hectares of agricultural land with some 300 ARBs, Umpucan has completed land acquisition and distribution, and is receiving coordinated support from national and local government sources to increase farm productivity and income. There is cohesion between the barangay governments and the ARC – a virtual "interlocking directorate" – and this has significantly contributed to the ARC's effectiveness. It has made it possible for the ARC to address its own resource problems and constraints with the help of relevant resolutions from the LGU.²³

²³ This came up during discussions with Eddie Ibabao, Co-Chairman for the PO Chairmen and Development Managers Association of Bulacan (2 February 2000) and validated further in discussions with Leonil Peruel, Acting Manager for Umpucan MPCI (ARC), Baby Tenorio for Palapala MPCI (ARC), and Mercedita dela Vega, Municipal Planning and Development Coordinator (MPCI), San Ildefonso (18 February 2000).

Participatory Mechanisms

ARCs encourage people's participation. There is a strong sense of "bayanihan" or volunteerism among the members of the community and the ARC organization. The local government in Bulacan encourages participation and interaction among the different sectors and stakeholders, including those involved in asset reform issues. This has resulted in complementation and close coordination between LGU and ARC.

Within the ARC organization, however, stronger effort is still needed to erase membership apathy and misunderstanding. This could threaten the spirit of "bayanihan" that is so important to the stability of an ARC.²⁴

The ARC structure has increased the participation of women in agrarian reform. Nationwide, women in ARCs hold from 22 to 25 percent of all elective positions in both municipal and barangay councils. Gender and development mechanisms have allowed for the increasing sensitivity of DAR programs to the needs and capacities of women. In the case of the Umpucan ARC, out of some 300 ARBs, about one-third are women. In San Jose, the ratio of women to men members is one out of five. (Other than the simple involvement of women in land tenure improvement, it is not yet clear how gender sensitivity measures can be instituted within the ARC communities.)²⁵

Convergence and Coordination Strategies

There is clear coherence in the convergence and coordination strategies for the ARCs. For example, the DAR consistently follows a tripartite formula to decision-making and program implementation. This is an enabling factor that strengthens the poverty alleviation effort in the province.

This has its downsides, however. Tripartite discussions on agrarian reform are more likely to consume plenty of time on contentious issues since they bring naturally opposing parties in frequent, direct contact. For instance, there is the "natural" antagonism between ARBs and landowners over issues of land compensation and remuneration. There is also the conflict between small farmers and large real estate developers on the issue of land conversion and the questionable sale of lands by ARBs.²⁶ This is prevalent in areas adjacent to rapidly urbanizing parts of the province and to Metropolitan Manila. Here, developers are making deals with farmers to sell their land and to have them

²⁴ This was discussed during the FGD with selected DFs, Baliuag (11 February 2000).

²⁵ Dacanay, p. 9.

²⁶ This was another issue during the Joint Monthly Meeting of the Provincial Agrarian Reform Coordinating Committee (PARCCOM)-Provincial CARP Implementation Team (PCIT), Baliuag (27 January 2000).

re-classified by declaring these lands as non-arable or agriculturally non-productive.

*THE PO CHAIRMEN AND
DEVELOPMENT MANAGERS'
ASSOCIATION: TOWARD
INSTITUTIONALIZING ARCS*

The Association of PO Chairmen and Development Managers in Bulacan is another mechanism that allows for the ventilation of issues and concerns among the ARC leaders and the municipal agrarian reform officers (MAROs) under the DAR. In the first meeting it held for the year 2000, the Co-Chair of the Association representing the POs, Marcelo de Guzman, voiced a complaint that land developers especially subdivision owners were illegally converting agricultural farmlands. He also articulated the problem in some areas in the province where there were supposedly farm-to-market roads being built but there were no farms in the area indicating that these roads are meant to serve later non-agricultural development purposes. During the same meeting, the Vice-Governor, Aurelio Plamenco, was the principal guest speaker and he immediately took note of these complaints.

Convergence and coordination is not always without wrinkles among the different line agencies operating in the ARCs. The most common concerns inconsistencies in the way the DAR, the DENR, and the DA classify and evaluate the market value of private lands earmarked for acquisition and distribution. There are also disputes between the DAR and the Department of Justice over the proper adjudication of land ownership cases.

There also are contentious points between the ARCs and certain local and national government offices. Farmers claimed that the road was built in an area with no farms and accused the

government of building it to pave the way for real estate development. In another case, government-owned dump trucks from Baliuag were supposedly used to landfill rice lands earmarked for subdivision development.²⁷

Monitoring and Evaluation

Monitoring and evaluation of ARC performance is a crucial activity. In general, ARCs are assessed using various measures of productivity, organizational maturity, and level of development. The DAR uses a tool called "ARC Level of Development Assessment" (ALDA) that has 288 different indicators and variables. The ALDA index is used as a principal means for evaluating ARC performance. The higher the index figure, the better the ARC's performance. The ALDA index has three levels:

- Level I is for an ARC just beginning to establish itself as a community organization for ARBs;
- Level II is for an ARC in the process of sustaining its programs; and,
- Level III is for an ARC that is considered self-sustaining.

All data used in the rating system is generated from local reports submitted by DFs and ARC officers and are processed by DAR officials at the provincial, regional, and national levels.

As of the ALDA rating for 1999, there were only 20 ARCs in the entire country that earned a Level III rating. Seven of these were in the Central Luzon Region (Region 3). Of these seven, five were in Bulacan. Of the 21 ARCs (including DRT-ARM) in Bulacan, only two were Level I. Fourteen other ARCs received a Level II rating.²⁸

In Bulacan, the current concern is to maintain the high ALDA ratings for the Level III ARCs and raise the ratings for the others. While this case study was being prepared, the Dulong Malabon ARC in Pulilan was downgraded from Level II to Level I. Dulong Malabon has a total agricultural area of 520 hectares and has about 359 ARBs. The downgraded rating was prompted by the ARC's reduced financial capacities – the consequence of having purchased several pieces of heavy farm equipment (particularly tractors). The equipment was purchased on credit. The ARC defaulted on payments to its creditor bank, which foreclosed the loan. The equipment had to be returned to the bank or sold at a loss.²⁹

²⁷ This was brought up by Marcelo de Guzman, Chairman of PARCCOM-PCIT during the meeting of the PO Chairmen and Development Managers Association of Bulacan, Baliuag (2 February 2000).

²⁸ This is part of the report of Miguel Mendoza, PARO for Bulacan during the Weekly Meeting of Development Facilitators (DFs), Baliuag (28 January 2000).

²⁹ This came up during the FGD with DFs, Baliuag (11 February 2000).

Resource Availability and Mobilization

Obviously, the availability of financial resources can affect ARC performance. In the case of Umpucan ARC, its success relied partly on its effectiveness in attracting external donors and partner agencies for farm ventures. However, an ARC that relies too much on outside funding slows its ability to learn how to become self-sustaining. External sources of funding are always timebound and finite. An ARC needs to have a program for achieving self-sufficiency. Right now, the main sources of funding for ARC programs are international lending or donor institutions such as the Asian Development Bank, the Food and Agriculture Organization, and the Official Development Assistance (ODA) programs of governments such as Japan, the United States, and the European Union.

A related problem with external funding is that it is usually heavily donor-driven. Mature ARCs can more easily retool their programs to satisfy donor biases and requirements. However, ARCs do not have equal capabilities to respond to the specific interests of donor institutions. This means some ARCs might be more skillful in getting support from foreign-assisted programs. Weaker ARCs get left out.

3. SUMMARY OF OBSERVATIONS

Three reasons seem to explain the strength and effectiveness of anti-poverty programs in Bulacan:

- The programs try to remedy the root causes of persistent poverty. Principal strategies include asset reform, particularly agrarian reform. The province has put to use the national government's Agrarian Reform Community or ARC approach to propel the welfare of thousands of its farmer beneficiaries. In addition to protecting the gains of its agrarian reform beneficiaries, Bulacan's local governments have put in place policies, legislation, local initiatives, and financing mechanisms to improve agricultural productivity. Through the ARCs, local governments also support efforts to diversify the income sources of farmers so that they would not be dependent on uncertain, unstable, or less productive activities.³⁰
- Local leadership is enlightened and committed to the fight against poverty. This kind of leadership emerged with the coming to office of former Governor Roberto Pagdanganan,

³⁰ This can be increasingly noted in Bulacan as more people rely on non-farming and off-farm activities as a principal source of income. This was also brought up by Ma. Lisa Dacanay, Project Manager, DAR-ADB Agrarian Reform Communities (ARC) Project, DAR, Quezon City (18 February 2000).

who is acknowledged as the father of Bulacan's anti-poverty effort. It is significant to note that during his term Governor Pagdanganan supported measures to make poverty alleviation programs more sustainable and not reliant on political personalities, including himself. He took steps to make the provincial bureaucracy more facilitative, transparent, effective, and responsible. Today, this bureaucracy is able to empower concerned sectors in the province to become major stakeholders. Common ownership has led to a more serious and determined anti-poverty effort.³¹

- The door is open for civil society groups to participate in local poverty alleviation programs. These groups enjoy autonomy of action and are not herded into predetermined directions by the local government. Within the ARCs, organizations and their leaders have remained vibrant and free to criticize their counterparts from the government and the private sector in multisector forums like the PARCCOM.

In order to maintain the effectiveness of its anti-poverty programs, Bulacan needs to address the following issues:

- The over-reliance on external sources for ARC funding. Because ARC development relies heavily on external funding, it is probable that certain initiatives have been "tailor-made" to the specifications and agenda of certain donors. This could result in anti-poverty initiatives that promote donor interests rather than community interests. It also is likely that certain ARCs have become more skillful than others in attracting external funds. Needed are mechanisms to ensure more equity in sharing of funds and identification of funding recipients.
- Occurrence of "second-generation" agrarian reform problems. These are post-land distribution issues that include lack of access to credit, illegal land conversion and reselling, and weak linking with industry. In Bulacan, the ARC can be an effective approach to reducing these second-generation problems. As a target area for the coordinated delivery of support services, the ARC can give farmer beneficiaries better access to production credit – and, hence, improved opportunities to raise and sustain farm productivity. Since the ARC maintains several multisector bodies, it is potentially an effective forum for anticipating and

³¹ This is according to former Bulacan governor Roberto Pagdanganan, Quezon City (20 February 2000).

resolving problems of land conversion and the selling by farmer beneficiaries of lands distributed to them by the Comprehensive Agrarian Reform Program. Again, because the ARC has multisector participation and links with national government agencies and donor institutions, it can be the mechanism for developing a clear and coherent development framework that would link farm production with industry.

- Reluctance to try new methods. There is a need to overcome the reluctance of certain agrarian reform beneficiaries and their households to try new ways of achieving agricultural productivity, economic viability, and competitiveness. Some ARC leaders, after having experienced increased agricultural productivity and income, have made conventional investment decisions that actually drained their financial resources. This happened to one ARC that went into equipment financing (specifically the purchase of farm tractors). This proved to be inappropriate given the soil and farm conditions in the locality, and the high maintenance costs of tractors. In other areas, farmer beneficiaries refused to adopt more appropriate, sustainable and potentially profitable farming methods like crop diversification and inter-cropping.
- Need to provide more support to Development Managers and Development Facilitators. The DMs and DFs are employees of the Department of Agrarian Reform. They need constant support, especially in terms of training and reorientation, so that they can become effective community change agents and not just conduits of service delivery.

Table 1. Basic Accounting Data, Province of Bulacan, 1997-1999.

	1997	1998	1999
IRA	396,884,632.00	424,197,700.00	513,270,245.00
Total Income	549,298,625.65	581,967,833.99	730,430,064.13
Total Appropriations	629,486,281.00	638,834,281.00	802,852,978.00
Total Expenditures	542,778,305.58	563,369,446.40	703,706,588.75
IRA as % of Income	72.25	72.89	70.27
IRA as % of Expend.	73.12	75.30	72.94

Source: Provincial Planning and Development Office of Bulacan.

Table 2. Other Income Sources, Province of Bulacan, 1999.

Income Source	Amount	%
Borrowings	34,711,500.00	15.98431061
Real Property Tax	93,682,686.52	43.13997262
Transfer Tax	27,673,256.58	12.74326747
Hospital Fees	30,855,700.00	14.20875193
Others	30,236,676.03	13.92369737
Total	217,159,819.13	100

Source: Provincial Planning and Development Office of Bulacan.

Table 3. Appropriations vs. Disbursements, Province of Bulacan, 1998-1999.

Budget Item	1998		1999	
	Appropriations	Disbursements	Appropriations	Disbursements
General Public Services	225,844,115.29	205,400,085.63	265,768,028.00	246,033,720.11
Educ., Culture, Sports, & Manpower Development	15,208,941.68	12,162,849.62	15,040,000.00	14,647,657.24
Health Services	151,960,358.01	141,915,859.39	159,990,751.00	151,444,860.83
Housing & Community Services	48,932,084.60	47,347,795.84	46,413,700.00	45,908,580.38
Social Welfare Services	16,077,735.34	14,777,770.33	18,925,612.00	17,837,188.21
Economic Purposes	133,601,905.08	110,645,264.43	225,614,835.00	194,233,195.27
Other Purposes	47,209,141.00	31,119,821.16	71,100,052.00	33,601,386.71
Total	638,834,281.00	563,369,446.40	802,852,978.00	703,706,588.75

Table 4. Number of Families in Bulacan by Income Source.

Source of Income	Number of Families
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Wages and Salaries	308,259
Agricultural	25,296
▪ Crop Farming	15,859
▪ Livestock and Poultry	1,896
▪ Fishing	15,541
Non-Agricultural	41,288
▪ Wholesale and Retail	17,369
▪ Manufacturing	4,627
▪ Community Services	5,659
▪ Transportation and Communication	10,482
▪ Mining and Quarrying	641
▪ Construction	836
▪ Entrepreneurial Activities	1,673
▪ Other Sources	57,897
Others	27,233
Total	402,076

Source: 1994 Family Income and Expenditures Survey (FIES) National Statistics Office.

Table 5. Municipality by Income Classification, 1992 and 1995.

Municipality	Class in 1992	Class in 1995	Municipality	Class in 1992	Class in 1995
Angat	4th	3rd	Meycauayan	1st	1st
Balagtas	3rd	2 nd	Norzagaray	3rd	1st
Baliuag	2nd	1 st	Obando	4th	3rd
Bocaue	2nd	1 st	Pandi	4th	4th
Bulacan	4th	3 rd	Paombong	3rd	2nd
Bustos	4th	4 th	Plaridel	3rd	2nd
Calumpit	4th	2 nd	Pulilan	4th	2nd
DRT	5th	3 rd	San Ildefonso	3rd	2nd
Guiguinto	3rd	3 rd	San Jose del Monte	2nd	1st
Hagonoy	1st	1 st	San Miguel	2nd	1st
Malolos	1st	1 st	San Rafael	4th	3rd
Marilao	2nd	1 st	Santa Maria	2nd	1st

Source: Provincial Treasurer's Office, Malolos, Bulacan.

Table 7. Number of Families by Level of Annual Family Income.

Income (Pesos)	Number of Families
Under 15,000	418
15,000 - 19,999	1,059
20,000 - 29,999	5,437
30,000 - 39,999	10,482
40,000 - 59,999	48,756
60,000 - 99,999	111,753
100,000 - 249,999	113,572
250,000 and Over	16,782
Total	308,259

Source, 1994 FIES,NSO.

Table 8. Number of Cooperatives in Bulacan and Estimated Assets, 1985-1997.

Year	Number of Cooperatives	Estimated Assets (P)
1985	52	50.0 M
1986	56	78.0 M
1987	64	129.0 M
1988	97	181.0 M
1989	227	214.0 M
1990	357	240.0 M
1991	549	504.0 M
1992	727	807.0 M
1993	767	1.1 B
1994	847	1.3 B
1995	905	1.7 M
1996	741	1.912 M
1997	990	2.7 B

Source: Provincial Socio-Economic Profile, Malolos, Bulacan.

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2. Pagdanganan, Roberto. *A Call for Cooperative Revolution*. Quezon City: Foundation for Local Autonomy and Good Governance, 1999.
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1. Department of Agrarian Reform. Memorandum Circular Number 5, "Subject: A Sustainable Rural Development Framework for Agrarian Reform Communities." 23 March 1999.
2. _____. Memorandum Circular Number 19, "Subject: Social Infrastructure and Local Capability building Framework for Agrarian Reform Communities." 3 November 1999.
3. Provincial Planning and Development Office (PPDO). *Provincial Socio-Economic Profile*. Province of Bulacan, Malolos, 1998.

Key Informant Interviews:

1. Susie Carpio, Chief Agrarian Reform Program Officer (CARPO), Bulacan Province, Baliuag, 27 and 28 January 2000.
2. Ma. Lisa Dacanay with Ramon Duran, Project Manager, DAR-ADB Agrarian Reform Communities (ARC) Project, Department of Agrarian Reform (DAR), Quezon City, 18 February 2000.
3. Eddie Ibabao, PO Chairman for San Jose del Monte, Baliuag, 2 February 2000.
4. Miguel Mendoza, Provincial Agrarian Reform Officer (PARO), Bulacan Province, Baliuag, 28 January 2000.
5. Roberto Pagdanganan,, former Governor of Bulacan Province, Quezon City, 20 February 2000.
6. Dinia Quetua and Wilfredo Abiog. Project Development Officers, Provincial Planning and Development Office (PPDO) Representative, Bulacan Province, Malolos, 1 February 2000.
7. Gladys Cruz Santa Rita, Provincial Administrator, Bulacan Province, Malolos, 17 February 2000.

Focus Group Discussions:

1. Baliuag, 11 February 2000, Remedios "Rhem" Faustino (San Francisco ARC), Consolacion "Connie" Santa Ana (Umpucan ARC), Rodolfo "Odie" de Lara (San Jose ARC), Candido "Didong" Estacion, Pedro "Pete" de Leon, Epifanio "Panyong" Robles (DRT-ARM).
2. San Idefonso, 18 February 2000, Leonil Peruel, Acting Manager for Umpucan MPCl (ARC), Baby Tenorio for Palapala MPCl (ARC), and Mercedita dela Vega, Municipal Planning and Development Coordinator (MPDC).

Meetings Observed:

1. Joint Monthly Meeting of the Provincial Agrarian Reform Coordinating Committee (PARCCOM)-Provincial CARP Implementation Team (PCIT) Chaired by Marcelo de Guzman, Baliuag, 27 January 2000.
2. First Meeting for 2000 of the PO Chairmen and Development Managers' Association With PARO Miguel Mendoza and PO Chairman Eddie Ibabao, Vice-Governor Aurelio Plamenco as Guest Speaker, Baliuag, 2 February 2000.
3. Weekly Meeting of Development Facilitators (DFs), Baliuag, 28 January 2000.

