



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 15-Nov-2019 | Report No: PIDC27942

**BASIC INFORMATION****A. Basic Project Data**

Country Philippines	Project ID P172399	Parent Project ID (if any)	Project Name Support to Parcelization of Lands for Individual Titling (SPLIT) Project (P172399) (P172399)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Feb 18, 2020	Estimated Board Date Mar 31, 2020	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Department of Finance	Implementing Agency Department of Agrarian Reform	

Proposed Development Objective(s)

To strengthen land tenure security and property rights of agrarian reform beneficiaries (ARBs) in their CARP-awarded lands through accelerated parcelization of collective certificates of land ownership awards and generation of individual titles.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	537.00
Total Financing	585.00
of which IBRD/IDA	300.00
Financing Gap	-48.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	300.00
--	--------

Non-World Bank Group Financing

Counterpart Funding	285.00
National Government	285.00



Environmental and Social Risk Classification

High

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. The Philippines is a lower middle-income country with a population of 107 million people with more than half living in rural areas. The large majority (62.4 percent) of poor workers are primarily employed in agriculture. The country is continuously working to improve its production base of about 4.8 million agricultural farms with 9.7 million hectares, or 32 percent of the nation's total land area, to provide gainful employment and ensure adequate food supply for the growing population. An incomplete agrarian reform program, weak rural business climate, limited agriculture support services and malfunctioning land markets, have inhibited investments in the modernization of the agricultural sector.

Sectoral and Institutional Context

2. Agriculture has greatly underperformed but has high potential. Agriculture's share of GDP in 2017 was 9 percent (dropping from 13.3 percent in 1998) and its annual growth rate was much lower than other Southeast Asian countries. About 70 percent of the country's poor reside in rural areas and depend on agriculture for their livelihoods and employment. Since 1990, the value of the agriculture output in the Philippines has increased by 37.5 percent, while other Asian countries have at least doubled their output. The sector has been plagued by several challenges including a singular focus on promoting rice (a crop for which the country does not have a comparative advantage), weak land tenure, lack of crop diversity and continuous climate variability and extreme weather events.¹ These factors have inhibited the agriculture sector's contribution to economic growth, job creation, and poverty reduction.

3. Land tenure has long been a central issue affecting the country's agriculture productivity. The Philippines has an extensive history of inequitable and distorted land tenancy in the agriculture sector. Beginning with the Spanish colonial period (1565- 1898) large private estates or haciendas dominated the rural landscape. Farmers cultivated the land under inequitable share-cropping arrangements, without the freedom

¹ The Philippines Systematic Country Diagnostic: Realizing the Filipino Dream for 2040. Draft: October 2019



to choose the crops they grew or the option to own the land they tilled. By 1980 this imbalance had left 60% of the agricultural population landless.² To rectify this pervasive arrangement and reverse colonial land tenure inequalities, the government of the Philippines launched a Comprehensive Agrarian Reform Program (CARP) in 1988. This transformative program implemented by the Department of Agrarian Reform (DAR) and the Department of Environment and Natural Resources (DENR) worked to improve the lives of small farmers by offering them land security, agrarian support services and mechanisms for social justice.

4. Over the past 30 years the CARP has pursued its goal of equity and social justice, improved farming efficiency and poverty reduction. As of December 2018, the program has distributed 4.8 million hectares of land (16 percent of the nation's land) to almost 3 million agrarian reform beneficiaries (ARBs), or 54% all agricultural households. To achieve these results, the CARP efforts have been primarily two-fold. First, to acquire and distribute public and private agricultural land holdings to tenants, landless farmers or tillers who qualify as ARBs. ARBs must actively farm land not larger than 3 hectares. Second, to provide integrated support services to these small land holders including agriculture related infrastructure, technical assistance and credit. The goal is to develop the ARBs into self-reliant producers with secure land tenure. Once complete, the CARP will have redistributed over 70 percent of the land classified as alienable and disposable (A&D) in the Philippines.

5. Of all CARP land, approximately 53 percent was distributed in the form of individual Certificates of Land Ownership Award (CLOA), and an estimated 47 percent was issued as collective CLOA. Collective CLOAs were largely issued in the 1990s to expedite land redistribution, with the intention of later subdivision and individual titling. Issuance of a collective CLOA avoided the necessary and lengthy processes of subdivision surveys, inspection, verification and approval that are required for the award of an individual CLOA and title issuance. While most ARBs wish to receive an individual title, this parcelization process is voluntary, and ARBs wishing to continue to farm their land in an integrated manner, can opt out of the parcelization process.

6. The CARP has made large strides in land distribution and provisioning of support services, however limited resources and inefficient systems have hindered this process. Over the past two decades, the DAR has been incrementally subdividing collective CLOAs and issuing individual CLOAs. This process is lengthy and cumbersome (including many steps involving multiple institutions). Currently ARBs wishing to obtain individual CLOAs typically wait years even when there are no disputes.³ This process coupled with recent DAR staff reductions and budget constraints has generated a backlog of collective CLOAs awaiting 'parcelization' (subdivision). To tackle this backlog, there is a renewed push from the government to accelerate the parcelization process and complete the subdivision of remaining collective CLOA over the next 3 years.⁴ To accomplish this goal, increasing resources and fast-tracking process will be required. Strong support to complete CARP has been expressed from the current administration as well as the Department of Finance

² THE PHILIPPINES COUNTRY BRIEF: PROPERTY RIGHTS AND LAND MARKETS, Alberto Vargas, Land Tenure Center, University of Wisconsin–Madison: <https://nelson.wisc.edu/ltc/docs/philippinesbrief.pdf>

³ While there are no statistics on the average wait time, during the field visit the team met farmers who have been waiting since 1994

⁴ The project will last 5 years with a push to complete as much of the task as possible in the first 3 years.



(DOF). The DOF has sent a letter to the Bank to request financing for the project and the DAR has prepared a detailed proposal which has already been approved by the Investment Coordination Committee (ICC).

7. **The institutional structure to implement the CARP is complex and processes are largely paper-based with many redundancies.** The DAR has the prime role in implementing the CARP and is responsible for communications with the ARBs, working with the ARBs to agree on lot allocation, commissioning the surveys and preparing the legal documents necessary for registration of individual CLOAs. The Department of Environment and Natural Resources (DENR) is responsible for confirming that land covered by a collective CLOA is eligible A&D lands and for specifying and approving the survey plans for parcelization that are prepared by surveyors. The Land Registration Authority (LRA)/Registry of Deeds (RODs) are responsible for registering the collective and individual CLOA. The national title registration system is implemented by a private company under a Public-Private Partnership (PPP) contract. The title registry has largely been computerized and related e-Services are under development although processing times and performance for an influx of requests such as those anticipated under the project could be a bottleneck. Fees are charged for registration and other services, including to government agencies such as the DAR.

Relationship to CPF

8. **The high-level objective of the proposed project is to contribute to rural poverty reduction and increased rural economic growth through increased land tenure security.** This is consistent with the World Bank Group's Country Partnership Strategy (2015-2018) for the Philippines (Report No. 78286-PH) which identifies the *promotion of rapid, inclusive and sustained economic growth* as one of its goals. It also supports the next (soon to be published) Country Partnership Framework (2020-2025) that states an overarching objective to *reduce core constraints to inclusive growth and poverty reduction in relation to people, competition and key vulnerabilities*. More specifically, it emphasizes engagements that (i) *invest in Filipinos to improve human capital development and help position the Philippines to harness its future demographic advantage*; (ii) *competitiveness and economic opportunity for job creation*, and (iii) *promoting peace and building resilience*. By providing rural farmers with individual CLOAs, this project will invest in some of the poorest Filipinos. It will also facilitate small-farm owners to invest in production and agribusiness and improve their access to support services, including credit and financing. Moreover, it will encourage sustainable resource management and contribute to reduced conflict over land such as border and heritance disputes.

9. **The Philippine's Systematic Country Diagnostic: Realizing the Filipino Dream for 2040, highlighted the need for improving agricultural productivity, but also states an overarching priority of "upgrading public administration to be fit for purpose to meet the objectives and challenges set out in Amubisyon Natin 2014".** The report continues by specifying that *"what is needed is principally not policies or programs but follow-through and successful implementation of existing efforts"*. The proposed project is an example which follows this finding; to support and strengthen an existing program (CARP).

10. The Philippine Development Plan (PDP) 2017- 2022 aims to develop a competitive, sustainable, and technology-based agricultural sector to contribute to inclusive growth and poverty reduction. The proposed



project will support streamlining processes and computerizing many of the land administration and management activities that are currently being performed manually. By incorporating technology into the parcelization process, the DAR will create digital records that can be securely maintained, stored and transferred to other agencies supporting the activity. Beneficiaries of the project will have digitally transparent proof of ownership, giving them easier access to lending institutions (credit) and other agricultural or social services, and empowering them to increase crop productivity and competitiveness.

C. Proposed Development Objective(s)

To strengthen land tenure security and property rights of agrarian reform beneficiaries (ARBs) in their CARP-awarded lands through accelerated parcelization of collective certificates of land ownership awards and generation of individual titles.

Key Results (From PCN)

The proposed key results for the objective of land tenure security (and/or regularization of tenure rights) will be reflected through a clear and comprehensive public information campaign using simple language and various media, streamlined and automated processes, upgrading DAR staff digital skills and, ultimately, the number of individuals receiving CLOAs. Indicative indicators include:

- Number of ARBs informed of their rights, the processes/procedures and their status in the parcelization process
- Number of individual CLOAs issued (disaggregated by gender)
- Number of ARBs with land rights clarified
- Number of days reduced (on average) to complete the parcelization process and issuance of new individual title
- Automated digital process integrated into the parcelization and titling process.
- Number of the DAR staff to receive training on digital technology and accelerated workflows.

D. Concept Description

11. The overall concept of the project is to contribute to land tenure security (and/or the regularization of tenure and an increase in the socio-economic status) of small-scale farmers by converting collective Certificate of Land Ownership Awards (CLOA) into individual CLOAs. By issuing individual CLOAs, farmers will gain clarity and legal proof of the land they own and occupy. This security will encourage investment in agriculture productivity, and once they have occupied the land for 10 years and paid the land amortization (i.e repayment to the government for the land), they have the freedom to sell, lease out or otherwise transfer the land they have invested in. Gaining an individual title will also provide them with a personal account at the Land Bank of the Philippines⁵ (and a form of collateral), thereby facilitating access to credit and support financing from the government and other financing institutions. Lastly, resolving and solidifying land borders will reduce community conflict. While the DAR remains dedicated to their mandate of CLOA parcelization, the current process of converting collective CLOAs to individual CLOAs is cumbersome.

⁵ Land Bank of the Philippines (LBP) is owned by the Philippine government with a special focus on serving the needs of farmers and fishermen



12. The SPLIT project aims to sub-divide ('parcelize') 1,368,900 hectares in 78 provinces covering 15 regions nationwide. The entire project has been approved by the government at \$537 million USD, with 53 percent covered by the Government of Philippines (GoP) and 47 percent financed by the World Bank. The project will cover roughly 4.5 percent of the country's total land and include all collective CLOAs (with subdivision remaining optional). The project will initially determine the status of collective CLOAs including the existing ARBs through desktop verification and field validation of 1,368,883 hectares. Next, this project will work to accelerate the process of surveying and gain efficiencies in issuing individual CLOAs to roughly 750,000 ARBs within the first 3 years. Figure 1 shows the spatial distribution of the collective CLOAs by Region. While the CLOAs are widely dispersed, there are several areas of concentration, notably Region VIII with 38 percent of the total land needing parcelization. Lastly, the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) is not currently included in the SPLIT project due to ongoing decentralization and administration discussions, which includes the extent to which CARP will be implemented and the role of DAR in BARMM. These points are still under discussion within government, but in principle the project could include BARMM and if included, the project area would increase by 10 percent.

13. The project will seek to introduce specific efficiency gains in the parcelization process, thereby reducing the cost per parcel to bring it more in line with international benchmarks for survey and registration. DAR manages the subdivision process and inter-agency workflows, mainly through paper forms and records. Before a CLOA can be subdivided, DAR must verify with DENR that the land is A&D land. This is done based on the approved land classification maps and the Approved Survey Plan (ASP) that was the basis for the issuance of the collective CLOA. Based on multiple forms from DAR, the LRA/ROD is responsible for the cancellation of the collective CLOA and registering and issuing the individual CLOAs. Thus, the parcelization process involves multiple agencies and information exchanges with redundant data entry in different paper archives and IT systems using paper-based field forms, multiple site visits and input by DAR staff at municipal levels of government with central/regional/provincial level reviews and approvals. The result is a parcel cost significantly above World Bank experience both globally and in the region. Efficiency gains will be sought through streamlining procedures in the key Administrative Orders and/or automating the processes.

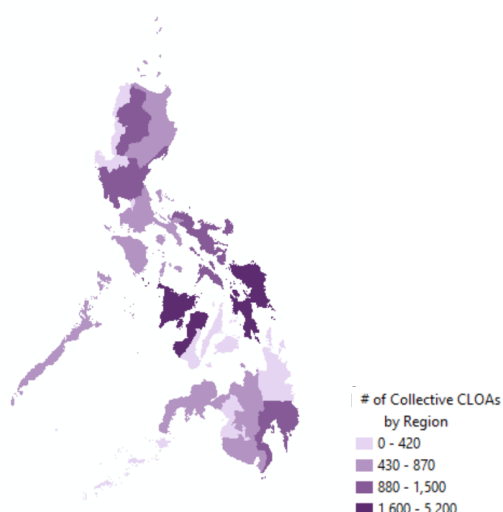




Figure 1. Map of collective CLOAs by Region proposed for parcelization in SPLIT.

14. Implementation arrangements will be led by the DAR which will perform the subdivision in-house⁶ and coordinate with the other agencies involved in the parcelization process. As the government's lead agency in CARP, the DAR has the mandate and experience of subdividing collective CLOAs into individual CLOAs. However, this process includes four other government institutions: DENR, LRA/ROD, the Land Bank of the Philippines (LBP) and the National Commission on Indigenous Peoples (NCIP). A Memoranda of Agreement is already under discussion and will be established between DAR and the other agencies. A SPLIT steering committee will be set up with representatives from all relevant institutions, and the steering committee will approve annual workplans and budgets, review and oversee project implementation and make decisions that support streamlining data flows, automating procedures, setting fees and approving processing times and service standards.

Project Components

15. The PDO will be achieved through three components. These components will expand the ongoing government program for parcelization while seeking to gain efficiency in the process through technology, rationalizing workflows and streamlining stakeholder engagement. More specifically the project will focus on supporting the processes (community consultation, preparing and approving master lists of ARBs, reaching agreement on lot allocation, completing boundary demarcation and survey and preparing and signing deeds of parcelization) necessary for the preparation of applications to cancel collective CLOA and register titles for individual CLOA.

- a. **Parcelization of Collective CLOAs** (*478 million USD, financing is 50 percent WB 50 percent GoP*) Enhancement/improvement of current major activities to accelerate generation and issuance of individual title through the conduct of the following activities: (i) field validation and consultation with ARBs; (ii) reconstitution of titles; (iii) verification survey of CLOAs which were previously surveyed but have issues; (iv) subdivision surveys; and (v) re-documentation and generation of individual titles. The component will also fund development and implementation of a digital data and workflow module and data standardization to manage field collection information, workflow and data exchange between the existing systems at the DAR, DENR, and LRA/ROD.
- b. **Capability Building and Technical Assistance** (*1 million USD financing is 100% WB*). Strengthening of DAR central and field offices and adoption of enhanced guidelines and processes. Activities would include: (i) hiring of additional legal advisors and technical staff; (ii) align with modern survey practices; (iii) cascading of new issuances/revised rules and procedures involving agrarian reform cases/processes; (iv) coaching sessions for field staff directly involved in land parcelization activities; and (v) provision of training on the use of modern survey equipment including drones, imagery and survey and mapping software programs.

⁶ Collective CLOAs larger than 50 hectares can be surveyed by contractors, but the rest are all performed by the DAR.



- c. Project Management and Monitoring and Evaluation (M&E)** (*financing is 58 million, financing is 20 percent WB, 80 percent GoP*) Provide necessary technical and funding assistance to project implementing units and partner agencies at central and field offices to support the management and coordination of project activities including planning, budgeting, technical assistance, financial management, procurement and disbursement, M&E, and environmental and social safeguards. In addition, strategic policy work on areas such as the future of land administration (particularly the efficacy of the current PPP for the title registry) and facilitating access to services and markets for the new individual title holders, will be undertaken.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

The overall environmental and social risk classification is High. The project aims to support poor farmers, a segment of the population that is often marginalized and poor including indigenous peoples, by enhancing tenure security. However, there may be situations where individual households and indigenous communities may be adversely affected. For instance, the validation and rectification of collective CLOAs with respect to official government Alienable and Disposable (A&D) land classification may result in the return of some parcels of land back to forest land and protected area status which in turn result in the attenuation of property rights of the affected ARBs, or in extreme cases result in their displacement if they are denied issuance of alternative tenurial instruments under DENR's regulation. The issuance of individual titles may also result in evictions of current occupants of parcels within the collective CLOAs, who were not the original ARBs and may have been occupying and tilling the land for quite some time. There are also risks of beneficiaries selling part of their land to pay-off taxes owed or other debts, rendering the remaining plot unable to sustain their livelihoods. The social risks are therefore considered High. The environmental risks are considered Moderate. No civil works will be financed and labor issues are manageable with only around 12 survey workers visiting a participating community.

To address these risks, the project will prepare various ESF instruments, including an ESMF, Resettlement Policy Framework, a Process Framework (if needed), Indigenous Peoples Planning Framework and Stakeholder Engagement Plan by appraisal; site-specific plans will be prepared when needed during project implementation. An Environmental and Social Assessment, and a consultation process, will be undertaken during project preparation to assess these risks and inform project design and ESF instruments. Detailed screening tools will be developed to assess potential impacts and screen out activities with significant impacts that cannot be addressed through mitigation and compensation measures; for example, CLOAs that intersect indigenous lands (land protected under the Indigenous People's Rights Act), forest and environmentally protected areas.



CONTACT POINT

World Bank

Kathrine M. Kelm, Maria Theresa G. Quinones
Sr Land Administration Specialist

Borrower/Client/Recipient

Department of Finance
Carlos Dominguez
Secretary
csdominguez@dof.gov.ph

Implementing Agencies

Department of Agrarian Reform
John Castriciones
Secretary
jrcastriciones@dar.gov.ph

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Kathrine M. Kelm, Maria Theresa G. Quinones
----------------------	---

Approved By

Practice Manager/Manager:		
Country Director:		

