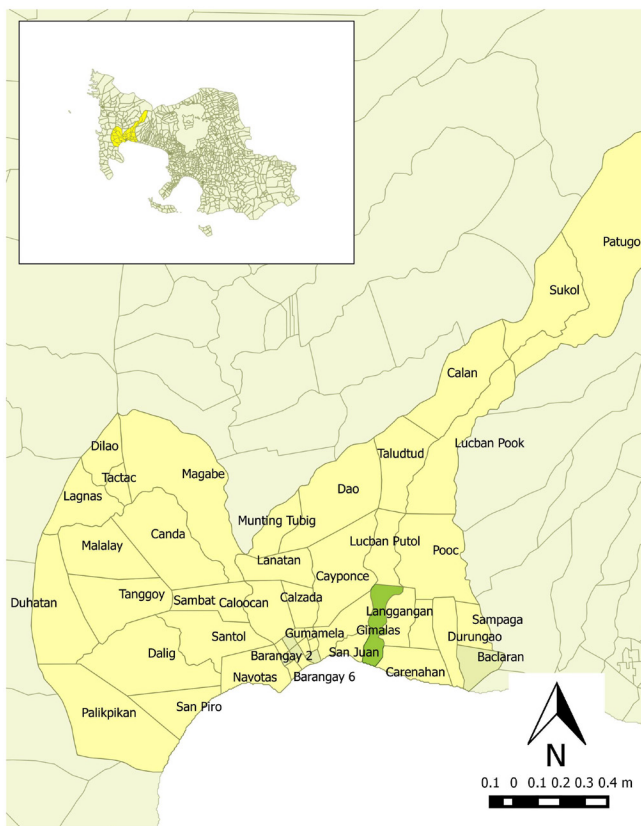


Growing real estate out of farmlands



Map of Balayan, Batangas showing the town of Gimalas
Geospatial data source: GADM

Condensed from *Conversion of Agricultural Lands to Industrial Lands in Gimalas, Batangas*. For more details of the case, contact: carrdinc@gmail.com.

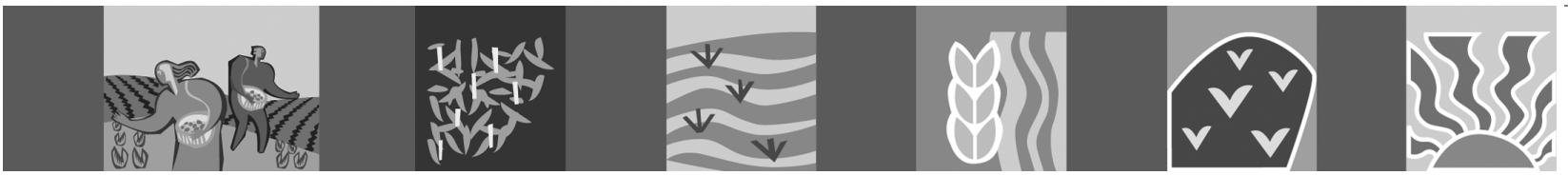
Gimalas is a quiet town in Balayan, a first-class municipality in the province of Batangas, Philippines. It is composed mostly of sprawling landscapes planted to sugarcane. In recent years, however, subdivisions and other major construction projects have sprouted around the town, converting once productive agricultural lands into other uses.

One of these “developments” is a 31-hectare (ha) science park and port being constructed by Empire East Land Holdings, Inc. (EELHI), a company of Megaworld, one of the Philippines’ leading real estate developers.

The project site was originally a retention area (under the Comprehensive Agrarian Reform Program) of the landowners Richard B. Lopez and Marilo Realty Development Corporation, who, prior to selling the land to EELHI, had it leased to a group of farmers for 25% of the income from their harvests.

A tempting offer

In order to push through with the sale to EELHI, the landowners needed the farmers to waive their rights and access to the land. This they accomplished by offering what, to the farmers, seemed like lucrative deals. Each of them was offered PhP350,000 to PhP550,000 per hectare to leave their farms, plus P400,000 to construct their



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homes in the relocation site. While seemingly huge amounts, in actuality these figures pale in comparison to the projected income that the farmers stood to earn from future annual harvests.

Furthermore, since the farmers were not organized as a group, the resulting compensation packages varied depending on the individual farmers’ capacity to negotiate. Some tenants received 140m² lots while others got a mere 35m². At the same time, most of the tenants received larger lot sizes and more money than the informal settlers within the landholding who were also included in the relocation plan. The deal was further sweetened with promises of jobs in the factories that they were told would be constructed in the area.

Although no coercion took place, it is important to keep in mind that the farmers were burdened with various concerns that largely influenced their decision to sell their rights to the land. Among them were growing debts, the lack of support services and access to credit (which ultimately led them to borrow money from their landowners), and, to a certain degree, fear since they were

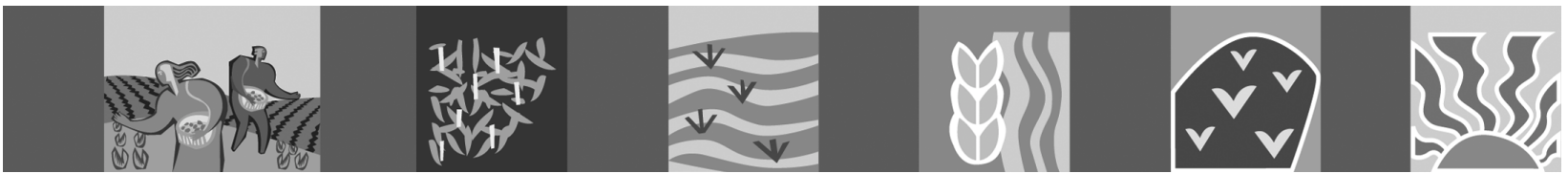
not Certificate of Land Ownership Award (CLOA) holders and did not have a standing claim to the land. They were also under enormous pressure from the strong political connections of the investors.

The role of the LGU

Despite the loss of long-term income for the farmers, the local government unit (LGU) supported the entry of EELHI because of the prospect of boosting the local economy. The industrial park and port were sure to bring in additional investments and more profit for the municipality. In contrast, smallholder farms bring in little profit. Thus, there is minimal incentive for LGUs to support the agrarian reform program which is viewed more as a concern of the national government.

As a result, EELHI was able to obtain certification from the village captain of Gimalas that the residents of the village had been consulted and had approved the project, even if, in reality, this was not so. The Municipal Government of Balayan also issued an ordinance reclassifying the land from agricultural to commercial/industrial, and granted a development permit for the industrial park and port construction.

EELHI began construction, but without the required conversion order from the Department of Agrarian Reform (DAR), which supposedly takes primacy over the LGU’s reclassification order. This prompted the Municipal Agrarian Reform Office to file a case of illegal/premature conversion against EELHI. The case is still pending at the provincial level.



Looming threats

Some of the farmers found the entry of the investment to be beneficial. They were able to build new and better houses, and to start a business or find alternative sources of income. For the larger majority, however, the future is not as bright.

Land Tenure and Rights

EELHI promised the community titles for the lots given to them for housing. But until the community members receive the actual titles and the lots are officially transferred to their names, landlessness remains a threat. Further, when the area becomes highly profitable for investments, the community may be evicted or harassed to move out.

Landlessness is a determinant of poverty. Particularly so for farmers, for whom land is the source of their livelihood, the location of their homes, and the binding force of their community. The act of farming is key to the ties within their community and to their culture. Thus, without land and farming, that social asset is taken away from them as well.

Livelihood

Since they could no longer depend on income from harvesting sugarcane to sustain their families, the farmers had to look for income elsewhere. EELHI had promised both the local government and the farmers that jobs for the local community would be created through their project. But the farmers later on realized that this promise came with conditions. They needed to have skills in construction and other tasks

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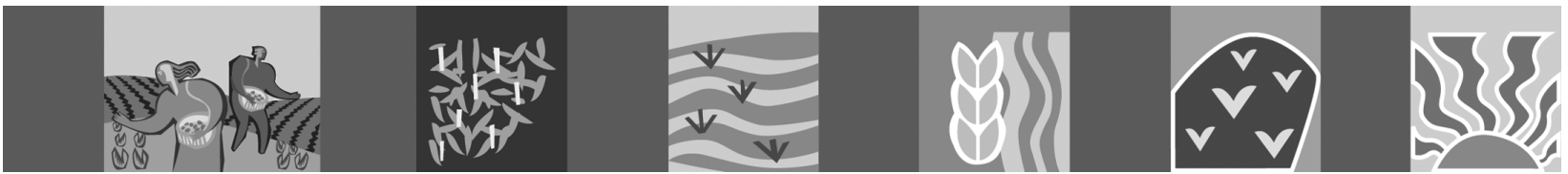
required for the project, which most of them lacked since they had been farmers most of their lives. Also, unlike farming, construction entails hard labor all throughout the day and sometimes into the night without respite. Whereas in farming work, at least they could manage their own time.

And as for jobs in the industrial park and port once construction was completed, the farmers knew that the company would hire only college graduates, while most of them had barely finished high school. In the end, very few of them were hired as laborers and, according to reports from the community, wages were paid sporadically. However, they hoped that their children would qualify for better jobs in the park.

The rest of the farmers, their families, and others from the community who could not find work nearby sought employment farther away. Some who were able to graduate from high school or college or had acquired skills apart from farming were able to get jobs overseas and send money back to their families in Gimalas.

Food Security

To date, the farmers are still enjoying the money they received from the deal with EELHI. However,



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they realize that, if they don't find stable jobs soon to replace the foregone income from farming, many in the community will go hungry.

Having limited sources of income and no access to land for farming means the community's food security is vulnerable to fluctuations in the services sector, particularly to job lay-offs and contractual employment.

At the local level, the entry of the investment is good for the municipality. The establishment of an industrial park and port will bring in more investments to the municipality and the prices of land and other assets are sure to increase. The higher tax income can then be used to improve public facilities and services.

At the macro level, however, investments, such as this project, directly compete with securing the country's food production. In an era where countries compete for and grab the lands of other countries in order to secure their own food, it is deplorable that the Philippines continues to support the takeover of farms and has not

instituted any significant measures to protect and secure its own food supply.

Farmers continue to be at the bottom rung of society, competing for support services that should be provided by the government. And there is no glory or appreciation to be found in their work. It is no wonder that many choose to sell their lands or farming rights in search of greener pastures and better opportunities.

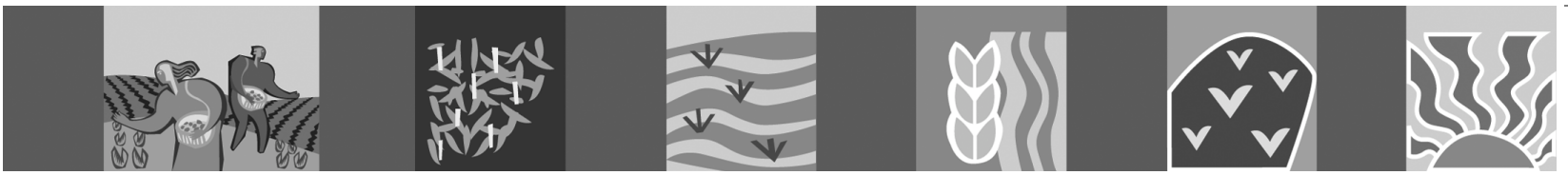
The need for a National Land Use policy, among others

At a time when real estate investments are enormously lucrative, agricultural lands – and the farmers who till them – are under serious threat. There is a need for a National Land Use policy that will provide a clear framework to guide land development initiatives, especially in areas where there are competing land uses. It must address the requirements of sustainable development, equity, poverty alleviation, food security, and environmental protection.

The enactment of such a policy would establish clear guidelines that local governments must consider and adhere to in allowing investments and development projects into their areas.

Moreover, policies must be enacted to further strengthen land governance in the Philippines. There must be strict monitoring of land conversions, turnover of lands from Agrarian Reform Beneficiaries (ARBs) to investors, and contracts between ARBs and investors.

The DAR has jurisdiction over land conversion cases. However, it is the local governments who facilitate these conversions especially when investments have the potential to improve the local economy.



The local government must be involved in protecting the rights of farmers and upholding agrarian reform as a priority. Without local government support, the gains of agrarian reform are left unprotected as LGUs continue to use their 'land classification' power to bypass the DAR.

There are many cases of investments that do return gains to the community. In such instances, development and economic pursuits are laudable when they are balanced with ensuring community rights.

Agrarian reform areas must steer clear of investments that significantly alter the landscape so as to make it non-agricultural. Investments in these areas must be agricultural in nature and ultimately benefit the agrarian reform beneficiaries and the nearby communities.

Put simply, the soul of agrarian reform is social justice. Investments that exclude farmers and displace them from their farms contradict the essence of agrarian reform. ■

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For the complete list of references, please contact the author of this case as indicated at the beginning of the article.