

Manasan, Rosario G. and Ruben G. Mercado. An Evaluation of the Fiscal Aspect of the Comprehensive Agrarian Reform Program. CARP Impact Assessment Studies, Volume 6. Department of Agrarian Reform, Diliman, Quezon City. 2003.

The study analyzed the national government's expenditures on agrarian reform vis-à-vis the allocation with other priority sectors; the utilization of the CARP funds; and the amount of resources needed to complete the CARP. To assess the utilization and actual allocation for agrarian reform agencies and activities, the absorptive capacity indices developed by Manasan and Mercado (2001) together with the data obtained from the Department of Budget and Management (DBM), the CARP implementing agencies, and the Presidential Agrarian Reform Council (PARC) were used. The study shows that spending for agrarian reform more than doubled from PhP29 billion in 1975-1985 to PhP71 billion in 1987-1999, with remittances from the APT/PCGG in 1987 to 1991, contributing to this dramatic growth. Relative to GDP, there was quadrupling of government expenditures on agrarian reform from an average of 0.1 percent of GDP in the pre-CARP period to 0.4 percent of GDP in the post-CARP period. Moreover, the share of agrarian reform in the aggregated national government after deducting debt service increased from 0.6 percent to about 3 percent of the budget during the same period. By activity, the LAD spending was low in the early years (1988-1992) and high in the later years (1993-1999) which is in contrast with PBD, where proportion of spending was high in the early years (1988-1992) and low in the later years (1993-1999). During the period 1987-1999, fund utilization by agencies relative to the PARC approved budget had been low as a result of the comparably low fund release to the CARP implementing agencies on the average. However, utilization of funds programmed by DBM had been relatively high except for two agencies. The study also shows that PhP283.3 billion is needed to finance the remaining CARP activities by the end of 2018 i.e., 63 percent for LAD, 26.3 percent for administrative support, and 10.3 percent for PBD. There is a financing gap of PhP1.7 billion to PhP6.5 billion yearly in 2003-2007 under a scenario where the government not only collects all FBs amortizations that are due from private agricultural land (PAL) efficiently but also charges farmer-beneficiaries from non-PAL lands. The results of the study highlight the need for an efficient mechanism for collecting amortization from the farmer-beneficiaries. Moreover, additional resources for CARP implementation should be drawn from savings from organizational streamlining among the CARP implementing agencies.