

PRIMER □ Delfin Sd. Perez

What is the Land Bank?

THE great concern of the government in assuring the continued visibility of the land reform program is reflected in the growing strength of the Land Bank of the Philippines (LBP), a government corporation created by Republic Act No. 3844, as amended. The LBP has now an authorized capital of P3 billion, and a total paid-up capital of P873 million (as of end 1975), a far cry from its minuscule funding before the proclamation of martial law.

The basic functions of the LBP are:

- To provide timely and adequate support to the implementation of the agrarian reform program in all its phases; and

- To administer agricultural guarantee funds.

The LBP is intimately involved in three stages of the land reform program: 1) the transfer of agricultural land from landowners to the tenant-farmers; 2) the diversion of landlord capital to industry or other productive projects; and 3) the creation of a strong and viable economic structure in agriculture conducive to greater productivity and higher farm incomes.

Administration. The LBP is headed by a seven-man Board of Directors with representatives from both the government and the private sectors. Only government representatives have as yet been appointed. They are: chairman, Finance Secretary Cesar E. A. Virata; vice-chairman and president, Basilio Estanislao; and ex-officio members—Labor Secretary Blas F. Ople and Agrarian Reform Secretary Conrado F. Estrella.

Land Transfer. The landowner has a wide range of payment modes to choose from when the government steps in to arrange transfer of ownership to the tenants. The land transfers are financed by the LBP through two methods:

- The tenant-farmers pay the landowners directly in 15 equal yearly amortizations at 6 percent interest annually, with the LBP guaranteeing the payment of amortizations.

- The LBP, instead of the tenants, pays the landowner compensation for the land; the LBP takes charge of collecting the yearly amortizations from the tenants.

In the latter case, the landowner can choose from a number of payment methods:

- 1) Cash payment of 10 percent and balance in 25-year, tax-free 6-percent Land Bank bonds;

- 2) Payment of 30-percent in preferred shares of stocks issued by the Bank, the balance in 25-year LBP bonds;

In addition to these modes of payment, President Ferdinand E. Marcos has issued Letter of Instruction No. 273 providing for the adoption of another mode of payment as an additional option for small landowners. In accordance with this LOI, landowners, whose total tenanted rice and/or corn landholdings are less than 24 hectares, may choose to get paid by the Land Bank in cash equivalent to 20% of the cost of the land and the balance payable in 25-year tax-free 6% LB Bonds.

Besides the bigger cash payment, small landowners are also entitled to the following benefits:

- Additional cash payment or loans at low interest rate. The small landowner may get an additional 10% cash payment, over and above the 20% he has received, if the additional cash payment will be used for any of the following purposes: education, the security of his children's future, such as insurance, or housing.

- Collateral. On the other hand, if the landowner does not want to avail of the additional cash payment but decides instead to secure a loan from the Bank for investment purposes, he may borrow at a low 10% interest rate using his LB Bonds as collateral.

- Tax Exemption. Payment by the Land Bank to the landowner is



LBP President Basilio Estanislao

exempted from the capital gains tax; the interest that shall accrue on the bonds is exempted from income tax.

For the landowner, LBP's assistance in shifting landlord capital to industry and other production endeavors consist of a variety of financial as well as technical assistance to help him identify, develop, establish and manage productive and profitable projects or businesses in fields of investment high in the priority of the government, as well as expand already existing ones.

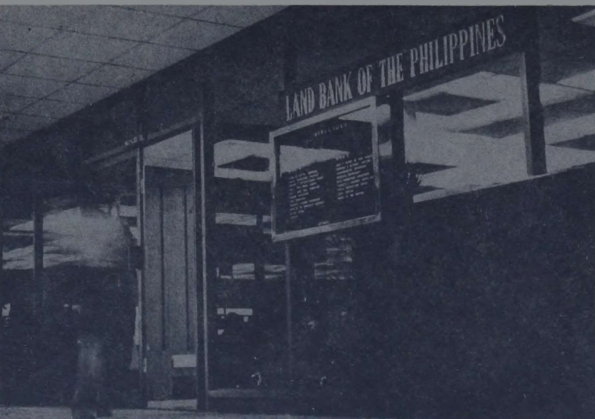
For the farmer-beneficiary, LBP's assistance is two-pronged:

- 1) Provide the farmer with financial as well as technical support aimed at increasing his farm production; and

- 2) Help him set up small or medium-scale projects, such as cottage industries, livestock raising or some other off-farm venture, which shall augment his income from traditional sources (rice or corn production).

At present, the LBP administers two sets of guarantee funds, namely: 1. A guarantee fund created by contributions from the GSIS, SSS, USAID-NEDA and the national government which is now being used to guarantee agricultural production loans granted by PNB and rural banks under the supervised credit scheme (notably the Masagana 99 Program); and 2. A guarantee fund created by R.A. No. 6390 now being used to guarantee loans granted by PNB and rural banks for corn, sorghum and other feedgrain production programs and medium and long-term loans granted by rural banks and stock savings and loan associations to the beneficiaries of the land reform program and to shipping boat operators, under the third CB-LBRD rural credit program.

Through its guarantee operations, the LBP encourages lending institutions to grant to farmer-beneficiaries agricultural production loans to help them increase their productive capacity as well as medium and long-term loans to, among other purposes, facilitate the mechanization of farms. Through these guarantee operations, the LBP sees to it that the farmer-beneficiaries get the financial support they need to increase



Land Bank headquarters: servicing former tenants and landowners.

A home for all of us

THE almost forgotten dream of President Quezon's vision of a government center will soon be realized with the revival of the plan to put up a National Government Center. President Marcos, recently after meeting with government planners, has urged the early completion of said plans. Under this plan, the physical structures of the Government Center will express the spirit and courage of the men and women of this generation that have made this age "An Age of New Beginnings".

With the construction of the National Government Center, walking from one government office to another will become a pleasant experience—what with the parks and green open spaces near and around the government buildings.

This Government Center is necessary for the following reasons:

1. To help promote efficiency, economy and responsiveness in public administration;

2. To provide a desirable working environment, conducive to promoting the above desirable policy objectives;

3. To increase the opportunities for sharing relevant experience and expertise;

4. To promote friendly competition in the areas of improving service and upgrading of skill and competence; and

5. To solve the problem arising from the present irrational distribution of government offices.

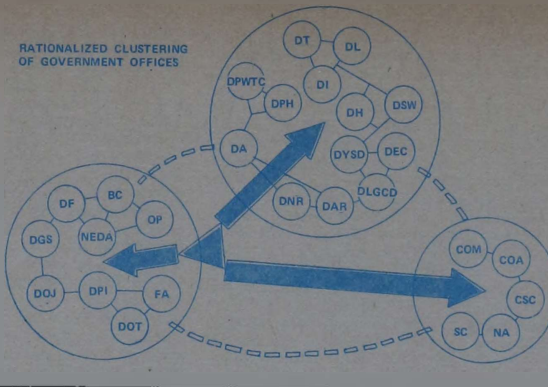
For reasons of security and support systems, there shall be more than one site for the Government Center to lead to a balanced development. A thorough and comprehensive study was made of

the implications for Metro Manila, and the nation, of placing the center in two sites. The proposed design is viewed in the context of a national planning frame and a metro-local planning frame. Based on the data collected, the functional and transactional relationships between the different government agencies are established. A clustering concept is used to create stronger unity and to give distinct character for the design. This would save space, facilitate communication, and encourage cooperation among government agencies. Under this concept, seven departments which are policy-making agencies will be grouped together in one area, while fourteen departments which are implementing agencies will be in another area. Construction of government offices out of downtown Manila is designed to decongest the area and to help ease the traffic problem. Under this plan, the proposed sites are: Quezon City, where the implementing agencies will be placed and the Manila-Cavite Coastal Reclamation Area, for the policy-making agencies.

The uncomplicated transactional procedures and easily accessible services is synonymous with an effective service-oriented government. Public oriented services will be located where they will be most accessible to facilitate business transactions.

This Government Center, designed to be an administrative and political center for the Filipino people, will project a strong national image—the creativeness, strength and resilience of the Filipino spirit. For the Filipino, it is a symbol of his nation, and for all, a symbol of the Philippines. □

RATIONALIZED CLUSTERING OF GOVERNMENT OFFICES



their productivity and improve their income.

A Unique Bank. Strictly speaking, LBP is not a commercial bank. Neither is it a development bank, a savings bank nor an investment house. It is a unique

financial institution with very special objectives. Nevertheless, it is empowered to perform operations that normally are performed only by the aforementioned financial institutions.

This simply means that LBP is empowered to: extend loans; accept demand, savings and time deposits; accept deposit substitutes—which is simply another form of borrowing from the public, just like deposits—and to re-lend the funds generated thereby; to engage in the financing of imports and exports; to perform other international banking transactions; to engage in trust operations; and to engage in other similar financial operations.

To assist tenant-farmers increase their production or augment their income, LBP grants them or their cooperatives loans for production, marketing and processing. It also helps in the identification and financing of small industrial or business projects.

Its financial operations enable LBP to generate the funds needed, in addition to government capitalization, to meet the massive financing requirements of the agrarian reform program. The generation of income enables it to maintain solvency and to operate as a viable, self-sustaining financial institution. □