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Agrarian Reform Communities (ARCs) and ARC Clusters: Strategies and Policies for Strengthening Connectivity and Mobilizing Resources for Agrarian Reform in the Philippines

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ABSTRACT

The Agrarian Reform Community (ARC) development strategy was adopted in 1993 as an integrated approach to development of communities. It complemented land distribution with interventions designed to improve the productivity of the land and the farmers. The strategy was later expanded as KALAHI Agrarian Reform Zones (KARZones) in order to further extend the coverage of ARCs in terms of geographic area and number of ARBs including other farmers in adjacent barangays and municipalities. The ARC Development Strategy was further enhanced through the ARC Cluster Development (ARC-CD) which focuses on cluster(s) of ARCs within a province where there is a critical mass of target beneficiaries. It utilized the strength of higher level ARCs, serving as integrators. Investment in the ARCs has been substantial, including local and foreign assistance.

INTRODUCTION

The Department of Agrarian Reform (DAR) adopted the Agrarian Reform Community (ARC) development strategy in 1993 as an integrated and holistic approach to development of communities of Agrarian Reform Beneficiaries (ARBs). It was considered as DAR's key operating mechanism to accelerate community development and sustain national growth.

The ARC strategy complemented land distribution with interventions designed to improve the productivity of the land and the farmers. The Social Reform Agenda (SRA), adopted in 1995, identified the ARCs, among others as convergence areas where various agencies and entities, both local and foreign, to focus their resources, services and interventions (Edillon and Velarde, 2004).

Republic Act (R.A.) No. 7905: An Act to Strengthen the Implementation of the Comprehensive Agrarian Reform Program, and for Other Purposes which was approved on

February 23, 1995 required among others, the establishment of at least one (1) ARC per legislative district in the next five (5) years or by year 2000. It officially defined an ARC as a *barangay* (village) or a cluster of *barangays* primarily composed and managed by agrarian reform beneficiaries (ARBs) who are willing to be organized and undertake the integrated development of an area and/or their organizations/cooperatives. It also reiterated the authority of the DAR to package project proposals and receive grants, aids and other forms of financial assistance from any source.

The ARC development framework

In 1999, through the issuance of DAR Memorandum Circular (M.C.) No. 5, DAR redefined the ARC development framework through the launching of new ARCs, consolidation or clustering of existing ARCs and expansion of the development interventions to include *barangays* outside of the ARCs, covering the ARBs in the existing ARCs.

The following are the modalities of ARCs based on levels of development and potential at the time of identification:

1. *Prime areas* - These are ARCs with available high technology, with high level of agricultural productivity and critical infrastructure facilities that make them potential key production centers for specific crops following an integrated agribusiness systems approach.
2. *Semi-prime agricultural areas* - with lands not fully utilized, with limited infrastructure facilities, and scale of production unable to meet market demands, but which can be developed to provide production support to prime areas to or to serve as processing or marketing centers linking the prime agricultural areas and the satellite areas.
3. *Satellite agricultural areas* – relatively inaccessible, with low soil fertility, low production, inadequate support facilities, and limited access to government services.

In April 2003, DAR issued M.C. No. 4 to promote the development of Kapit-Bisig Laban sa Kahirapan (KALAHI) Agrarian Reform Zones or KARZones in order to further expand the coverage of ARCs in terms of geographic area and number of ARBs including other farmers in adjacent *barangays* and municipalities. Similar to R.A. No. 7905, DAR M.C. 4 also called for the delineation of at least one (1) KARZone per legislative district. These KARZones, should consist of at least 2 ARCs in addition to the non-ARC *barangays* were to serve as expanded convergence areas, basically to enhance efforts in the development of agribusiness lands.

The KARZones became the convergence sites of DAR's support services operations in collaboration with other agencies. Aside from the Department of Agriculture (DA), Department of Social Welfare and Development (DSWD) and the Department of Science and Technology (DOST), DAR also engaged other agencies such as Philippine Coconut Authority (PCA), Quedan Corporation (QUEDANCOR), Philippine Health Insurance Corporation (PhilHealth), Technical Education and Skills Development Authority (TESDA) and non-government organizations. The KALAHI Farmer Centers (KFCs) served as venues for extension services and technology promotion by government, state universities and colleges and agribusiness firms. Around 85 KFCs were established as of 2004 but only 22 were operational (Arlanza *et, al.*, 2006).

The 2006 study by Arlanza *et, al.* for the German Technical Cooperation (GTZ) cited that the ARC strategy has proved to be working effectively but noted that it is not a question of strategy but of a wider reach to non-ARCs, ARBs and other farm stakeholders, requiring more financing.

It suggested that a convergence approach between various agencies must also avoid duplication of efforts in already covered areas to the detriment of the larger non-ARC farmers and ordinary farmers covered by DA and local government units (LGUs).

Special Agrarian Reform Communities (SARCs)

Based on M.C. No. 02, Series of 2007, SARCs are land reform areas under special or distinct settings with limited development interventions and which would require customized development assistance considering their land scope, ARB density, and poverty incidence. Special ARCs were categorized as:

1. *Geographically Isolated Areas (GIA)* - ARCs in islands or mountainous areas which are often not prioritized because of the cost and difficulty of providing goods and services effectively and accessible only by special forms of transportation due to absence of road networks.
2. *Calamity Prone Areas (CPA)* - ARCs frequented by both natural calamities (typhoons, earthquake, and volcanic eruptions) and environmental-related and man-made calamities (such as flashfloods, landslides, fish kill, siltation and chemical poisoning).
3. *Agro-Tourism Areas (ATA)* - ARCs with distinct natural characteristics for cultural and tourism development.

Connectivity through ARC cluster development

The ARC Development Strategy was further emphasized through the ARC Cluster Development or ARC Connectivity which encouraged the formation of cluster(s) of ARCs within a province building from the strength of higher level ARCs, which serve as integrators, in complementation with other ARCs with strong economic potential. M.C. No. 3, Series of 2006 entitled “Intensified Rural Development through Agrarian Reform Communities (ARCs) Connectivity” was issued to effect the establishment of ARC Clusters.

The following points were considered in the development of ARC clusters:

1. *Presence of two or more ARCs.* The ARCs with higher ARC Level of Development Assessment (ALDA) rating serve as nucleus areas of the clusters, with the least developed being promoted to support the main economic activity of the prime ARC(s).
2. *Geography and Accessibility.* Geographical scope is based on the expanse of influence and accessibility of the nuclei ARCs relative to the other ARCs regardless of province or district where said ARCs belong; availability of agricultural land for commercial production; presence of financing institutions, markets and other support facilities; and accessibility of basic utilities including national and provincial roads leading to the major provincial and regional.
3. *Commodity-based Development.* The ARC cluster has the capacity to produce competitively the identified primary and secondary crops in commercial quantities. Production of non-traditional crops of high commercial value and strong market demand is one advantage. In addition, at least 1 ARC is engaged in semi-processing of the crops produced in the cluster.
4. *Governance.* This consideration emphasizes the presence of support of local government units (LGUs) necessary for integration of ARC development plans into local (*barangay*, municipal and provincial) plans and ensuring that participative, consultative process is

observed during community or area development planning, project implementation, monitoring and evaluation.

5. *Socio-cultural Aspects*. Preservation of the culture and practices of indigenous peoples/communities (IP/IC) including coastal and upland communities;

Modalities of ARC Clusters. The formation of ARC Clusters are based on their identified agribusiness capacities and potential:

1. *Specialized crop production clusters* are ARC clusters classified into production clusters specializing in the production of specific crops and livestock, based on their natural comparative advantages to produce said crops and livestock, with the prime ARC serving as integrators.
2. *Integrated production, post-harvest and marketing clusters* are clusters where the prime ARCs are considered to be capable of being integrators of produce, provide post-harvest facilities and market the produce in the other ARCs.
3. *Nucleus/agro-industrial estates* consist of existing ARCs with potential to undertake initial processing of commercially grown crops, and serve as locations for agri-based industries that process raw materials from production cluster/ARCs.

Expanded connectivity

The connectivity strategy was not limited to existing geographical and administrative boundaries. Based on existing policies, ARC clusters can be expanded to include not only those ARCs within the same municipality, congressional district or province, but also other ARCs from adjacent municipalities or provinces, if deemed necessary and economically viable. It is an inter-provincial area development approach.

Confirmation of ARCs and ARC clusters

As of December 2017, a total of 2,216 ARCs have been confirmed by the DAR National ARC Task Force, covering 1,288 municipalities, 9,724 barangays with 1.52 M ARBs. A total of 116 ARC Clusters have been confirmed as of December 2017 with the most number found in Central Luzon and Caraga regions.

Integration with LGU plans and activities

ARC Development Plans (ARCDPs) are mainstreamed into the development plans of concerned local government units (LGUs) for updating every 5 years to ensure the integration of ARCDPs.

Resource Mobilization for the ARCs and ARC Clusters

Local and foreign funding from Official Development Assistance (ODA) were utilized to develop the ARCs and ARC Clusters.

Development interventions in ARCs were focused on five (5) major areas, namely, physical infrastructure, community and institutional development, agricultural productivity and rural enterprise development and basic social services. Several Foreign-Assisted Projects (FAPs) provided support for the Land Tenure Improvement (LTI) component of the agrarian reform

program through assistance in land survey activities, skills enhancement of DAR survey teams and provision of land survey equipment (DAR-FAPsO, 2012).

De los Reyes (2016) in his end of term report as DAR Secretary recognized that the considerable inflow of ODA from multi-lateral and bilateral development partners became the significant source of needed funds to supplement limited government budget for the development of ARBs and ARCs. From 1992-2012, investment in the ARCs were substantial, encompassing a wide spectrum of development assistance to ARBs including smallholder farmers, landless workers, fisherfolks, indigenous people, rural women and the other marginalized sector in the rural communities. The increased ODA portfolio of DAR manifested the strong support and confidence of donor communities and international financial institutions to implement development cooperation programs.

As of 2012, around PhP 84 billion or approximately US\$ 1.585 billion were accessed by DAR for 65 FAPs, which include loan and grant proceeds and counterpart funds from the Government of the Philippines (DAR-FAPsO, 2012).

The same report of de los Reyes (2016) noted that DAR's foreign assisted projects (FAPs) enabled the transformation of ARCs into economic growth points in rural areas and continue to serve as convergence areas for inter-agency collaboration and meaningful partnership with international development partners. The FAPs provided DAR with considerable leverage in implementing integrated area-focused development, particularly the ARC and ARC Cluster Development strategies which enabled ARBs to expand production areas, establish better market opportunities and accessed credit.

CONCLUSION

The development of ARCs and ARC Clusters are strategies which have evolved into policies that are still part of the operational mechanisms of DAR. Launching and confirmation of ARCs and ARC clusters is an important output indicator for the agency. Successes were demonstrated through mobilization of foreign and local assistance for implementation of critical support projects. Still, much remains to be done to be able to serve the other beneficiaries who received minimum support services, to mobilize more local and foreign development assistance and to sustain the gains achieved in recent years.

Sustainability of ARC clusters also depend on the efforts of the concerned LGUs since the completed projects in ARCs were turned-over to them being at frontline of community services and as part of established mechanisms. Continued assistance from the agriculture and trade agencies, state universities and colleges and other extension service and market linkaging organizations is also necessary.

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