

Terra Firma



How the West was won



Through “Handog Titulo”, a joint project of the Local Government of Pakil led by Mayor Vipops Martinez and the Department of Environment and Natural Resources (DENR) Region IV A, about 65 owners of untitled land were recently awarded with their respective land titles under RA 10023 or the Residential Free Patent Act.

“It was gratifying to see residential landowners getting their titles. [This is] the start of a transformative economic event in their lives and that of their families,” said Calixto V. Chikiamco, President, Foundation for Economic Freedom (FEF), who was chosen as the guest speaker because of FEF’s support for the titling of activities of the DENR and the LGU through the Property Rights for Economic Progress (PREP) Project. “Perhaps the title could kickstart a Pakil entrepreneur’s dreams,” he added.

A public advocacy and economic development organization, FEF believes that a secure property rights regime is a key ingredient for economic success in the country.

“Unleashing dead capital ceased to be an abstract concept,” said Chikiamco. “As they say, this was how the West was won -- with secure property rights,” he asserted.

FEF, through The Asia Foundation and the United States Agency for International Development (USAID), has been closely working with the DENR and various LGUs in the country in the implementation of the Residential Free Patent Act, a law authorizing the administrative issuance of free patents for residential lands.

PROPERTY RIGHTS SECURED PROPERTY RIGHTS SECURED PRO



(L) Handong Titulo beneficiaries cheer over new titles.
(R) DENR representative proudly shows the title for distribution to beneficiaries.

This law cuts the lengthy, tedious and financially-demanding court process to gain legal rights on the residential land that has been occupied and cultivated for a minimum of ten years.

FEF provides training and technical support in the creation of local policies and land management offices to facilitate the rolling out of land titles to qualified Filipinos. It counts among its members former and

present Cabinet secretaries and undersecretaries, leading figures in the academe, respected media personalities and opinion makers, and prominent members in the business and finance community.

Also present at the event were DENR Region IV-A officials: Atty. Marlou Alutaya, OIC Chief, Land Management Division; Engr. Olive Bejo, Chief, Land Management Sector; and Isidro Mercado, Chief, PENRO-Laguna. FEF PREP Team Members Atty. Reynante Orceo, LGU Consultant and Atty. Ricardo P. Balatbat, Executive Director, also graced the event.

From the Regions

FEF signs partnership agreements with DENR-CLAMP and DENR-NCR

The Foundation for Economic Freedom (FEF) and the Center for Land Administration and Management-Philippines (CLAMP) under the Land Management Bureau of the Department of Environment and Natural Resources signed a Memorandum of Cooperation (MOC) on mainstreaming LAM systems and innovations towards securing property rights in the country last December 7, 2011.

Both FEF and CLAMP agreed to advocate and disseminate the implementation of Republic Act No. 10023 and DENR Administrative Order No. 2011-06 amongst different agencies and LGUs to provide and exchange technical assistance, data information and capacity building; and to facilitate dialogues to define future initiatives for the strengthening of land administration and management at the local level.

CLAMP was established to serve as a training center and knowledge center for land administration and management in the Philippines.

It aims to integrate all new LAM technologies as part of the reform process, propel the use of LAM innovations within the DENR and other agencies, and sustain continued development of innovations.

FEF is a policy research and advocacy institute that is currently implementing a Program called "Property Rights for Economic Progress" to improve the security of property rights, with

support from the United States Agency for International Development (USAID) and The Asia Foundation (TAF).

Meanwhile, partnership between FEF and DENR-NCR was also sealed last 28 December 2011 in North Avenue, Quezon City. FEF was represented by President Calixto V. Chikiamco and DENR-NCR, Regional Executive Director Nilo B. Tamoria.



Public Land Titling Program in Batangas and Laguna

Fifteen LGUs from high potential titling areas in the provinces of Batangas and Laguna attended the Orientation on the DENR-LGU mainstreaming of public land titling last October 21, 2011 held at Hotel Pontefino, Batangas City and 10 November 2011 at the Isdaan, Calauan, Laguna, respectively.

Participants included LGU Officers, Sanggunian members and even vice-mayors and mayors from the municipalities of Tingloy, Mabini, Lobo, Sto. Tomas, Bauan, San Pascual and Batangas City of the province of Batangas and municipalities of Famy, Pangil, Nagcarlan, Mabitac, Santa Maria, Pakil, Siniloan and the City of San Pablo for the province of Laguna.

The activity encouraged the LGUs to create public land titling programs within their jurisdiction in partnership with the DENR primarily for secure property rights.

Creation of land offices to facilitate titling and the deputation of LGU personnel as Deputized Public Land Inspector were also promoted as contained in the DENR Administrative Order No. 2011-06.



Mayor Juanita Manzano of Pangil, Laguna asking technical guidance on the disposition of an area covered by the UP Land grant to the LGU.

Titling of actually occupied LGU properties such as municipal halls, plazas, parks and other areas used for public use and public purpose is also included in the titling program for the LGUs.

The orientations were organized by the DENR Region IV-A, PENRO-Batangas and PENRO-Laguna in partnership with the Foundation for Economic Freedom and with support from The Asia Foundation and USAID.

To date, four LGUs from Region IV-A namely: Angono, Rizal; Lucban, Quezon; Indang, Cavite and Mabini, Batangas have created their own Land Management Councils and Offices for the purpose of public land titling, in support of the implementation of Republic Act No. 1003 or the Residential Free Patent Act which extends issuance of free patents to residential lands.

FEF, DENR orient Albayanos on Land Titling

The Albayanos showed an overwhelming interest and support to RA 10023 when a total of ninety-five (95) participants from its eighteen (18) Local Government Units (LGUs) and from the Department of Environment and Natural Resources (DENR) Region 5 actively joined the first ALBAY ORIENTATION ON PUBLIC LAND TITLING AND RESIDENTIAL FREE PATENT held on January 11, 2012 at People's Hall, Albay Capitol, Legazpi City.

Atty. Erwin Tiamson apprised the participants about RA 10023 by providing the pertinent background of the said act and discussing its coverage, the qualifications for applicants under it,



the respective agencies involved and the processes undertaken for the issuance of the corresponding patents applied for as compared to other existing related laws on land titling. Albay Provincial Environment and Natural Resource Officer (PENRO) Rodolfo Matusalem also expanded the discussion on the Procedures for

Residential Titling under RA 10023. Community Environment and Natural Resource Officer (CENRO) Benjamin J. Medel presented updated information on Potential Lots in Abay for Residential Titling based on the Estimated Workable Lots for Residential Titling submitted by the respective Assessors of each LGU in Albay. It showed that currently, there are around 1,000 lots in Albay ripe for residential titling. Additionally, RTD Pedro L. Noble provided a comprehensive presentation on Municipal Base Maps for Resolution of Political Boundary Disputes in Albay. According to him, based on existing records, there are at least two political boundary disputes within the province.

2 LGUs in Cebu receive RFP training

A training of adjudicators for the Municipality of San Fernando and the City of Naga in Cebu, was conducted by the DENR Region 7 at Maestro's Music Lounge, San Fernando last December 5-7, 2011. This is in preparation for the implementation of RA 10023, Residential Free Patent Act.

The training consisted of presenting the benefits of an LGU-initiated

titling project details for the application of a Residential Free Patent, processes of systematic adjudication, roles and responsibilities as of adjudicators, and actual systematic adjudication experiences.

The training was organized by the DENR VII in partnership with the Foundation for Economic Freedom and with support from The Asia Foundation and USAID.



PENRO Eduardo Enting shows an example of a Consolidated Cadastral Map and explains how rapid land tenure appraisal is undertaken.

Foundation Updates

FEF Fellows are development entrepreneurs



The Asia Foundation (TAF), led by Philippine Representative Dr. Steven Rood, recently unveiled a pioneering book on Philippine economic reform. USAID Mission Director Gloria Steele and AusAID Minister-Counsellor Titon Mitra also spoke of their support at the book's intimate launch on November 21, 2011 at the Intercontinental Hotel in Makati.

Aptly titled "Built on Dreams, Grounded in Reality," the book documents successful and unsuccessful cases on property rights, infrastructure, rice, tax administration, and

regulation, and presents a fresh and promising approach on economic policy and reform administration.

A chapter of the book is devoted to the property rights reform in the Philippines – an FEF-led project, with support from TAF and USAID, to aid the implementation of the Residential Free Patent Act. Written by FEF President Calixto Chikiamco and FEF Fellow and National Scientist Dr. Raul Fabella, the article highlights the importance of stakeholder management and the creation of a guerrilla-like team that is both technically-adept and reform-committed.

Other contributing FEF fellows are Enrico Basilio, founding president of REID Foundation and a convenor of the Philippine PPP Coalition; Cherry Lyn Rodolfo, faculty member of the UA&P School of Economics, and Karl Kendrick Chua, country economist of the World Bank for the Philippines.

Jaime Faustino, director of TAF's Economic Reform and Development Program in the Philippines, and Dr. Fabella wrote extensively about the concept of development entrepreneurship – a new and exciting method for development professionals – integrating technical and political dimensions in executing reforms.

Other authors include Dr. Bruce Tolentino, TAF's Country Representative in Afghanistan; Mary Grace Santos, TAF consultant on telecoms and ICT; and Beulah de la Pena, independent consultant on agriculture.

Like us on 

**Support to RA 10023
(Residential Free Patent
Act Implementation)**

SPOTLIGHT

Nilo B. Tamoria, DENR-NCR Regional Executive Director

Nilo Tamoria, the Department of Environment and Natural Resources-National Capital Region (DENR-NCR) Regional Executive Director, views the Residential Free Patent Act as a concrete opportunity to continue the thrust of the State in providing security of tenure to its constituents, a more important outcome which is beyond compliance of targets. Having previously experienced working with communities on housing concerns, he has recognized the need of both communities and individuals for security of tenure.

Insights on LGUs' involvement in public land titling

RED Tamoria explains that the role of our Local Government Units (LGUs) in public land titling is important because DENR cannot do it alone, considering the continuous decrease in manpower complement, especially with the rationalization program of the government.

He clarifies that public land titling is a mandate of DENR but it needs to be slowly devolved to the LGUs. Nowadays, LGUs slowly recognize their role in land administration and it is DENR which will facilitate their engagement on different land administration functions.

He observes that the fact that DENR deputizes other people apart from its present manpower resources, such as forest rangers, is an indication that the sector cannot do it alone, and one of the solutions is the engagement of LGUs.

This would also depend on the openness of the LGU to strengthen its role on land administration. LGUs can readily allocate manpower and financial resources on identified programs/projects. At the end of the day, the government will benefit, not only because targets are complied with at the national and local level, but also because other benefits are attained for the title

applicants and the LGU themselves. Expectation on DENR is big on titling, so there is a need to strategize and open its doors to concerned stakeholders who are willing to extend assistance. He is happy that an organization like the Foundation for Economic Freedom, with support from The Asia Foundation and USAID, is getting involved and is helping the government realize its objectives of providing security of tenure. Mobilizing other stakeholders and government agencies, not only in the lands sector, is the key towards achieving good results.



Before assuming significant positions in DENR such as Deputy Head of the Task Force on Sagip Kalikasan, Acting Director for Operations of the National Anti-Environment Crime Task Force (NAECTAF), Director of the Special Concerns Office and Regional Executive Director of the DENR-CALABARZON Region, RED Tamoria was previously engaged with the Housing and Urban Development Coordinating Council (HUDCC) where he served as a Consultant for its flagship programs.



Foundation Updates

FEF is not anti-environment

FEF's Official Statement on

Renewable Energy

Letter to the Editor - Philippine Star

January 30, 2012

In the January 29 issue of Philippine Star, the columnist Federico Pascual in his column Why the objections to Renewable Energy? seemed to imply that certain specific individuals are responsible for the Foundation for Economic Freedom's position against the current Feed-in-Tariff petition of Renewable Energy Developers before the Energy Regulatory Commission.

For the record, Mr. Ramon del Rosario Jr. and Mr. Delfin Lazaro serve in the Board of Advisers and are not in any way responsible for the official positions of the Foundation for Economic Freedom. The official position of the FEF is adopted by members of the FEF board. Thus, no single individual, particularly Mr. Ramon del Rosario and Mr. Delfin Lazaro, who are not members of the FEF Board, is responsible for the position of FEF.

For the record too, the **FEF is NOT, repeat, NOT against Renewable Energy.** The FEF is not against renewable sources like geothermal and hydro, whose generation cost are competitive with traditional sources of energy.

The **FEF is also not against the use of renewable energy in off-grid**

Join our cause on



**NO to Electricity HIKE
for Filipinos**



"There remains a path to recovery to achieve internal and external rebalancing fostered by strong reforms and international cooperation," says International Monetary Fund (IMF) Resident Representative Dennis Botman as he presents IMF's World Economic Outlook to FEF Fellows and their guests at the foundation's monthly meeting on September 28, 2011.

areas, where the avoided cost of using diesel is high and it makes sense to use RE sources like solar.

What the FEF is against is forcing Filipino consumers to pay twice the cost of conventional energy from wind and more than three times the cost of conventional energy for solar by way of a forced surcharge on Filipino power consumers. This surcharge will be paid for by Filipino consumers for twenty years even if the cost of technology goes down to guarantee a rate of return of 17 percent per annum to RE developers.

What the FEF is also against is the awarding of RE projects under the FIT system without competitive bidding. **Awarding of projects without competitive bidding is against the "matuwid na daan"** of President Aquino and is unfair to Filipino consumers.

To underscore the anomaly of the present FIT petition of the Renewable Energy developers before the ERC, it should be mentioned that their petition for the FIT rate for solar is 17.95 pesos per kilowatt hour when it is only an average of 7 pesos per kilowatt hour in China and India.

We hope this makes clear that contrary to the effort to paint FEF as anti-environment, the FEF is very much for economically efficient renewable energy and loves the planet as much as environmentalists do. However, it's vehemently against any attempt to exploit the Filipino consumer under the guise of saving the planet.

Sincerely yours,
Calixto V. Chikiamco
President
Foundation for Economic Freedom



There are business entrepreneurs, tech entrepreneurs, and lately, even social entrepreneurs, but development entrepreneurs?

According to Jaime Faustino and Raul Fabella, editors of the book *Built on Dreams, Grounded in Reality: Economic Policy Reform in the Philippines* (Asia Foundation, 2011), “development entrepreneurs” are “individuals who take responsibility for the reform challenge and for seeing to the achievement of the outcome. They are generally self-motivated; that is, with or without a helping hand from others or from development agencies, whether within or without the government, these individuals continue to pursue the reform and development outcome.”

Like other types of entrepreneurs, “resources at their disposal are very limited. Relative financial independence and time-space flexibility seem to characterize these individuals.”

The need to coin the term development entrepreneurship stems from the recognition that the old model practiced by multilateral and bilateral aid agencies has repeatedly failed to effect any significant change or marginally positive development outcome. Millions, if not billions, have been poured as aid to the Philippines, and other developing countries for that matter, without any result. Critics in the aid community even say that the correlation between aid and development outcome has been negative since the aid is often misused by recipient governments or used as an excuse not to undertake any lasting reform. The miracle countries in Asia like Taiwan, Malaysia, and China have not been major recipients of aid.

To Faustino and Fabella, the answer of why aid doesn't produce results is simple. Development agencies have been fixated on technical solutions, ignoring the political economy of reform. They prescribe one-size-fits-all technical solutions, ignoring local context and political motiva-

Development entrepreneurship

by Calixto V. Chikiamco, FEF President

tions. They are locked in a “log-frame” mentality that counts meetings, papers produced, and conferences held within a specific time frame as metrics of success, rather than forging coalitions for change. They hire technically proficient but politically clueless individuals as contractors, rather than fully committed, politically savvy “development entrepreneurs.”

Development agencies have been fixated on technical solutions, ignoring the political economy of reform. They prescribe one-size-fits-all technical solutions, ignoring local context and political motivations.

According to Faustino and Fabella, development agencies need to move toward a new model where politics and political economic analysis are central to the approach. After all, any policy change will disrupt the political and economic forces with a vested interest in the old order. Changing the old order will require political action. Attempts by the World Bank and the ADB, for example, to reform the National Food Authority have resulted in repeated failure because the NFA had no incentive to change and had powerful political backers.

To protect itself from the charge of political interference, Faustino and Fabella suggest for development agencies to work through intermediaries who will act as development venture capitalists. As development venture capitalists, the intermediaries' principal role will be to identify, nurture and foster lasting relationships with development entrepreneurs.

Faustino and Fabella's analysis and proposals weren't developed in the abstract, but distilled from practice. The book contains case studies of successful and unsuccessful reform efforts. These case studies include: “The Philippine Roll-On Roll-Off Experience” by Dr. Enrico L. Basilio; “Exploring the Political Economy of Civil Aviation Reforms” by Professor Maria Cherry Lyn Salazar-Rodolfo; “The Privatization of the Metropolitan Waterworks and Sewerage System: How and Why It Was Won”

by Dr. Raul Fabella; “The Philippine Telecommunications Reform Story” by Mary Grace Mirandilla-Santos; “Property Rights Reform and the Free Patent Act” by yours truly; “Stymied Reforms in Rice Marketing in the Philippines” by Dr. Bruce Tolentino and Beulah Ma. de la Peña; “BIR Reform Initiatives: Why is Success so Elusive?” by Dr. Raul Fabella and Karl Kendrick Chua.

I had the privilege of co-writing with Dr. Fabella the case study on property rights reform and the Residential Free Patent Act. If you read that case study, of how a small team was able to pass a landmark law that attacks a huge property rights problem -- half of all land parcels in the Philippines remains untitled -- you will see why getting a reform done is more entrepreneurship than project management. Ability to improvise, EQ (Emotional Quotient), resilience, tenacity, patience, and political smarts matter more than IQ and technical proficiency. A development entrepreneur should be more MacGyver than Einstein.

A development entrepreneur should be more MacGyver than Einstein.

Particularly worth reading is the chapter on “Development Thinking and the Rise of Human Agency” by Dr. Raul Fabella, the only living national scientist in economic science. It's a brilliant summation of the evolution in development thinking and a theoretical piece on the role of development entrepreneurs in institutional change. To Fabella, institutional change is a collective action problem, and development entrepreneurs strengthen and redirect collective action toward the common good.

Readers who want a copy of the book may call Asia Foundation at 8511466. Ask for Abi or Robbie. Or they can download the chapters at the Asia Foundation web site at <http://bit.ly/tlCxCS>.

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<http://www.bworld.com.ph/content.php?section=Opinion&title=Development-entrepreneurship&id=43893>

Only half of Philippine land parcels titled

by Boo Chanco, FEF Fellow

Apparently, our land registration system is more horrible than I imagined. I am told that only about half of the estimated 22 million land parcels in this country are titled. Much of the rest are only covered by land patents or at worse, only by property tax declarations which are not acceptable as bank collaterals for loans.

This situation is why, some economists have pointed out, our countryside is unable to benefit from the formal banking system. In a sense, there is so much wealth trapped because the land they inherited or own cannot be leveraged to produce more wealth or as capital in a business.

Not surprisingly, there is already a law that is supposed to address that problem, the Residential Free Patent Law (RA 10023) passed some years ago. The previous judicial free patent route was costly, protracted, and complex. This new law gives a faster administrative option to free patent.

According to Calixto Chikiamco, president of the Foundation for Economic Freedom (FEF), this law is about formalizing the land ownership of many residential lot owners and homeowners who only have tax declarations as proof of ownership. The purpose of the law is to “unlock dead capital” by giving formal titles to the occupants.

This law was supported by the Chamber of Thrift Banks and the Rural Bankers Association. They have been complaining about a lack of supply of titles as collateral for lending and this of course, limits their ability to grant loans and make the rural banking industry more viable.

But as with all the good intentions behind laws passed by Congress, the problem was the implementation. DENR, the agency with authority over land patents, does not have the manpower and the resources to really implement the law. Local governments on the other hand, do not have the trained manpower or the organization to do it too. Before RA 10023, the number of judicial free patents issued every year was 1,000. So it would have taken more than 6,000 years to finish the backlog.

This is how the FEF ended up doing more than expressing its collective opinion on an economic issue. If talk is cheap, getting their hands dirty in the field takes resources. With the help of the US Agency for International Development and the Asia Foundation the FEF launched a program to help in the implementation, primarily by developing the concept of LGU-led land titling.

The joint program is called “Property Rights for Economic Progress,” and technical assistance and training are now being provided to interested LGUs leading to the establishment of land offices for the implementation of the Residential Free Patent Act. In other words, the program seeks to have DENR empower LGUs (with DENR’s supervision and cooperation, of course) to implement the RFP law and move faster to erase the huge backlog of about 6 to 7 million untitled residential lands.

Chikiamco explained FEF’s involvement saying that the law will hopefully spur entrepreneurial activity through the buying and selling of lands and would give more opportunities for title holders to credit facilities of banks and other financial institutions using their land titles as collateral for loans.

“Our vision is that each LGU will have Land or Cadastral Offices which shall have complete land information using technologies like GPS and geo-tagging not only for tax purposes, but also for governance, such as crime prevention, public health, disaster management, etc. In Cebu, for example, their Land Office tracks the outbreak of dengue using these land information maps,” Chikiamco explained.

FEF started the program last year by choosing pilot areas and then develop a toolkit that can be rolled out to other LGUs. In Metro Manila, it seems that Pasig and Las Piñas still have plenty of untitled properties with only tax declarations as proof of ownership. Tanay, Rizal is also a candidate pilot area because most of the lands there are untitled. But the program got a big push in Cebu with a very cooperative LGU.

Although most of Cebu is titled (one of the first in the country to have cadastral proceedings), there are pockets of untitled but occupied public property, such as lands in Barangay Tinago and San Roque, which could yield as many as 2,000 titles. There is some initial success in Cebu City where an office had been established with a very competent team, composed of land specialist lawyers and a geodetic engineer.

But all the work in titling land will be for naught unless the integrity of our Torrens Title system is upheld by our national officials. We cannot have a parallel LRA producing authentic looking copies of land titles out of some second hand bookstores of Claro M Recto Avenue.

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Editorial Board

Editor-in-chief: Calixto V. Chikiamco

Associate Editor: Atty. Ricardo P. Balatbat

Managing Editors: Rhealyn M. Dealca & Ethel B. Briones

For comments/suggestions, email fef@fef.org.ph

Foundation for Economic Freedom

303 PSSC Bldg. Commonwealth, Diliman, Quezon City

Telefax: (02) 453 2375 Website: www.fef.org.ph

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