

THE THIRD MOST POPULAR DESTINATION FOR FOREIGN LAND ACQUISITIONS

The Philippines first appeared in the World Bank's Doing Business (DB) ranking in 2007, and recently shot up 40 spots from its lowest ranking of 148 (out of 189 countries) in 2011 to 108 in the 2014 rankings.¹ The country is now hailed as a top ten reformer² as a direct result of making economic, regulatory, and administrative policy changes following the advice and direction of the World Bank. As a result of these changes, in 2013 the Philippines became the third most popular destination for foreign investment in land in the world, with 5.2 million hectares acquired since 2006.³

DOING BUSINESS REFORMS REWARDED IN THE PHILIPPINES

The following are examples of what the World Bank considers "good reforms" that were implemented in the Philippines in recent years. These reforms fast-track investors' opportunities to exploit the country's natural resources while dismantling existing policies that provide social or economic good.

- ✓ The World Bank has heavily backed market-based land reform policies and suggested them as a replacement to the government's own Comprehensive Agrarian Reform Program (CARP).⁸
- ✓ In 2011, the World Bank noted subnational reforms in the Filipino regions of Caloocan, Malabon, Navotas, and Valenzuela that made it easier to buy and transfer land by reducing the fee for notarizing the deed of sale for property registration from a range of 1 to 3% of the property value in 2008 to just 1% of property value by 2010.⁹
- ✓ In 2010, the Philippines eased the tax burden on businesses by reducing corporate income tax rate from 35% to 30%.¹⁰

THE PHILIPPINES AND THE WORLD BANK

Through the Filipino government's Comprehensive Agrarian Reform Program (CARP), the country has been implementing land reform centered on the redistribution of land to landless farmers and farm workers. However, since 2005 the World Bank and the Australian Agency for International Development (AusAID) have worked on a \$40.59 million Land Administration and Management Project that strives to implement institutional and legal reforms to create an accelerated land titling program and establish a "fair and uniform property valuation system."⁴

By pushing for market-led reforms that follow a "willing seller and willing buyer" model, the World Bank champions reforms that take the initiative away from the government and public financing,⁵ in favor of a model that has been shown to exacerbate inequality and transfer land away from poor communities to elites.⁶

DOING BUSINESS AND THE FILIPINO AGRICULTURAL SECTOR

The Philippines has made a large jump in the World Bank's rankings in recent years, and continues to be a top destination for foreign direct investment (FDI) in agricultural lands. As the World Bank pushes for further liberalization and increased FDI, deals that hurt the most vulnerable communities will continue to increase. In the last decade, foreign investors such as US-based A. Brown Company (palm oil), the UK's San Carlos Bio-Energy (bioethanol), and Japan's Green Future Innovation (bioethanol) have already destroyed livelihoods and displaced large numbers of farming communities in order to develop large-scale monoculture plantations.⁷ In line with the World Bank's goals, as new foreign companies come in and current investors expand operations, the current trend of long term foreign land leases will continue.



ENDNOTES

- 1 World Bank. *Economy Rankings*. <http://www.doingbusiness.org/rankings> (accessed February 11, 2014).
- 2 World Bank. *Most Improved in Doing Business 2014*. <http://www.doingbusiness.org/reforms/top-reformers-2014> (accessed February 11, 2014).
- 3 Alejandro, J. and L. Patrick. *World Trade Report 2013: Factors Shaping the Future of World Trade*. World Trade Organization, 2013, p. 172. http://www.wto.org/english/res_e/booksp_e/world_trade_report13_e.pdf (accessed February 14, 2014).
- 4 World Bank. *Projects and Operations, Land Administration and Management II Project*, <http://www.worldbank.org/projects/P073206/land-administration-management-ii-project?lang=en&tab=overview> (accessed February 16, 2014).
- 5 Fabrizio, B. *Land Reform, Rural Development, and Poverty in the Philippines: Revisiting the Agenda*, Technical Working Paper, World Bank, 2009. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/07/21/000334955_20090721030353/Rendered/PDF/495030ESWoWHIT1FinalReport1FULLTEXT.pdf (accessed February 11, 2014).
- 6 Borras, Jr., Saturnino, D. Carranza, and J. Franco. "Anti-poverty or Anti-poor? The World Bank's Market-Led Agrarian Reform Experiment in the Philippines," *Third World Quarterly* 28, no. 8 (2007): 1557–1576.
- 7 GRAIN. *Land Grabs Data Set*. <http://www.grain.org/article/entries/4479-grain-releases-data-set-with-over-400-global-land-grabs> (accessed February 16, 2014).
- 8 Borras, Jr., Saturnino, D. Carranza, J. Franco, and M. Mahan. *Anti-Land Reform Land Policy?: The World Bank's Development Assistance to Agrarian Reform in the Philippines*. Focus On The Global South, 2009. <http://focusweb.org/sites/www.focusweb.org/files/WORLDBANK-Boras-Carranza-Franco-Manahan.pdf> (accessed February 14, 2014).
- 9 World Bank. *Doing Business in the Philippines 2011*. World Bank, 2011, p. 8. <http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Subnational-Reports/DB11-Sub-Philippines.pdf> (accessed February 11, 2014).
- 10 World Bank. *Business Reforms in Philippines*, <http://www.doingbusiness.org/reforms/overview/economy/philippines> (accessed February 11, 2014).

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