

WHERE DOES THE ROAD LEAD TO?

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Table of Contents

Introduction

Context

 Rural development

 ADB as development partner

 Banana industry of Mindanao

AVA and Agrarian Reform

The Agrarian Reform Communities Project

 Project objectives

 Project framework

 Project components

 Project areas

Case Studies: A Look at ARCP and AVA

 ARCP development support

 Augmenting income through alternative livelihood

 A. Barangay Daliaon Plantation, Toril, Davao City

Brief history and physical description

Economic status

People's organization

Transition to banana growing

PHDC and growership agreement

ARCP engagement

Environmental impact

Life goes on

 B. Tamayong ARC, Calinan, Davao City

Physical description

People's organization

Tamayong Tausug Multipurpose Cooperative (TTMPC)

Upper Tamayong Multipurpose Cooperative (UTMPC)

Entry of banana companies

Before and after scenario

Health concerns

Development needs

Perception towards ARCP

Plans for banana powder production

 ARCP, where does the road lead to?

Some Considerations

Endnotes

Annex

List of Figures and Tables

Figure 1. Philippine banana exports.

Figure 2. ARCP general framework of implementation.

- Table 1. ODA commitments by donor country or agency (with Mindanao component, 2002 to 2004, in thousand pesos.
- Table 2. Banana production by region, Philippines 1990 to 2003.
- Table 3. Area planted to banana by region, Philippines 1990 to 2003.
- Table 4. Project components.
- Table 5. Profile of ARC recipients in Mindanao.
- Table 6. Tamayong ARC profile as of December 2003.

Introduction

It has always been the belief that access to land is essential to ensuring rural development. It has been posited that the keys to the country's long term growth are: (a) the equitable distribution of productive assets, especially land; and (b) the participation of the rural poor in production growth.

The enactment of Republic Act 6657 or the Comprehensive Agrarian Reform Law (CARL) was trumpeted as a catalyst to rural development and a victory towards the attainment of equitable sharing of the benefits of growth. Indeed, in contrast to previous agrarian reform initiatives in the Philippines, which focused on land transfer alone, CARL provides for a broader agrarian reform as it covers land tenure improvement, program beneficiary development, and the delivery of agrarian justice.

However, while Law mandates that landowners be compensated for their land, such prices are either too high for farmers to repay directly or too low for landowners to voluntarily give up their land. Moreover, beneficiaries are prevented from accessing land markets or use their land as collateral for the first 10 years after land transfer. These limitations placed an inordinately heavy burden upon the state to provide support services to beneficiaries.¹

It is against this setting, coupled with the tight budgetary allocation of the Philippine government to its agencies that the Official Development Assistance (ODA) projects for agrarian reform beneficiaries (ARB) is seen by the Department of Agrarian Reform (DAR) as an important resource in the provision of support services to beneficiary farmers and to the development of agrarian reform communities (ARC) in general.

ODAs are those flows of development funds provided by bilateral and multilateral institutions, including state and local governments or their executive agencies² towards less developed countries. It is "administered with the objective of promoting economic development and welfare of developing countries, concessional in character and contains a grant element of 25 percent."³ ODA loans are referred to as soft loans because they have long

repayment periods at low interest rates, presumably for the borrowing country to gain greater benefit out of them.

ODA portfolio of the country from 1992 to 1999 is composed of 85 percent loans and 15 percent grants.⁴ As of 2004, debt servicing requirements of the Arroyo government is reported to be at PhP542.2 billion, which is approximately 81 percent of the country's gross domestic product (GDP) – up from 75 percent in 2003 and 44.3 percent in 2000.⁵

The paradox is that ODA loans, which is tapped to augment scarce domestic resources, has in the long term contributed to burgeoning national budget deficits and exacerbated underdevelopment especially in the hands of corrupt regimes.

In the mid-1960's, President Ferdinand E. Marcos started his export-oriented strategy for economic growth fueled by foreign aid. Eighty percent of aid was in the form of loans. This started the country in the export-dependent and debt-ridden path to "development." Aid was, and still is, heavily criticized by progressives as tied with structural adjustment policies and conditionalities that reflect the development perspective of agencies more than the recipient country.

National Economic Development Authority (NEDA)-Professional Information Staff (PIS) reported that of the total ODA portfolio of the Philippines from 1992 to 1999 amounting to (approximately) US\$14.13 billion, 85 percent were loans while 12 percent were grants.⁶ Japan is the biggest contributor to the total loans portfolio providing 45 percent or US\$6.3 billion of the total followed by Asian Development Bank (ADB) with 19 percent or US\$2.7 billion.

A large portion of ODA commitments from 1992 to 2003 is poured into infrastructure development. Approximately 59 percent of the total ODA loans or US\$8.3 billion were used to fund infrastructure development with only 12 percent committed for social reform and development sector projects. Comparative data from the Philippine ODA Watch (2004) shows that while commitment for infrastructure development continues to increase from 55 percent in

1992 to 1999 to 67 percent in 2003, commitment for social reform and development decreased from 12 percent to 8 percent within the 11 year period.

The 12th Annual ODA Portfolio of NEDA shows the same “major players.” Among funding sources from 2002 to 2004, the Japan Bank for International Cooperation (JBIC) remained as the largest source of ODA loans with a total of PhP69 billion.

The second largest source is the World Bank (WB) group with a total grant and loan of PhP37 billion, followed closely by the ADB with total grant and loan of PhP36 billion. The bulk of both agencies’ commitment is in loans with only less than .01 percent in grant aid. All three sources are multilateral aid agencies. JBIC, WB, and ADB combined represent 82 percent of the total 29 ODA sources that have a Mindanao component.

Table 1. ODA commitments by donor country or agency (with Mindanao component), 2002 to 2004, in thousand pesos.

Foreign Funding Agency	2002			2003 Program			2004 National Expenditure Program			2002 to 2004 Cumulative Total
	Loan	Grant	Total	Loan	Grant	Total	Loan	Grant	Total	
Japan International Cooperation (JBIC)	47,273,902	-	47,273,902	12,112,754	-	12,112,754	10,225,990	-	10,225,990	69,612,646
World Bank-International Bank for Reconstruction and Development (WB-IBRD)	28,764,443	496,929	29,261,372	3,761,697	9,665	3,771,362	4,711,784	20,000	4,731,784	37,764,518
Asian Development Bank (ADB)	26,232,486	2,584	26,235,070	4,927,762	-	4,927,762	5,000,749	-	5,000,749	36,163,581

Source: Department of Budget and Management

Hence, the question that begs to be asked is: Is the cost of the ODA outweighed by the perceived benefits to the rural poor? Are the ARCs really empowered? Are the ODA projects relevant and beneficial to the agrarian reform beneficiaries and communities?

It is with this background that AFRIM undertook a preliminary study on the ADB-funded Agrarian Reform Communities Project (ARCP). The study hopes to provide insight into

the range of motivations that guide the project, and its impact, into the living condition of ARCs and ARBs as far as their access and control of the land is concerned. Specifically, the study aims to: (i) examine the extent of the implementation of an ADB-funded project in Tamayong and Daliaon Plantation ARCs in Davao City; and (ii) explore and present the impact of these projects with particular focus to ARB's access and control over the land.

Context

Rural development

The Department of Agrarian Reform, in the implementation of the CARL, envisions a more egalitarian distribution of lands which will reduce poverty and boost productivity. Through agrarian reform, the State intervenes in the economic system to bring about more equitable distribution of productive resources (land, human and infrastructures). Agrarian reform is seen to level the economic playing fields by enhancing the capability of Filipino farmers to become efficient agricultural producers. Consequently, the country benefits from rural labor utilization and higher rural incomes. Further, it facilitates the involvement of the rural poor in the mainstream of the free market economy, and directly encourages the expansion of domestic demand for local services and manufactured goods. As a result, it increases the ability of both agriculture and industry to compete more effectively in the world market.⁷

In 1993, ARC development was adopted by DAR as a key strategy in the provision of comprehensive development interventions on land tenure improvement and program beneficiaries' development to ensure the economic, political, socio-cultural and ecological viability of agrarian reform communities.⁸ ARC development was seen to accelerate the implementation of Comprehensive Agrarian Reform Program (CARP) by improving the tenurial status of farmers/tillers to bring about not only social justice but also increase in productivity and income in the rural areas.

Since CARP is concerned with, aside from land distribution, social infrastructure and local capability building to empower the farmers by allowing them to participate in decision-making processes in charting their development, ARCs were made the venue where ARB

organizations are capacitated to manage and operate sustainable area-based enterprises towards domestic and global competitiveness. By June 1999, a total of 1,016 ARCs were established nationwide covering about 800,000 hectares of land and benefiting 355,709 ARBs who have been awarded an average of 2.18 hectares each.⁹

Essentially, the establishment of ARCs makes the dispatch and provision of support services to ARBs effective with the joining together of contiguous *barangays* under CARP and in organizing ARBs into associations or cooperatives. This was seen as cost-effective measure given the DAR's budgetary constraints. Under then DAR Secretary Ernesto Garilao's watch, the agency was able to mobilize approximately US\$1 million for support services for ARCs.

The ARCs' need for support services from the government became the portal for the Philippine Government, DAR in particular, to tap foreign resources. To qualify as a beneficiary of an ODA project related to agrarian reform and rural development a recipient must have an ARC established and a people's organization (PO) organized in the area.

The National ARC Report in June 1999 showed a dismal 8 percent of the total 1.6 million ARBs in CARP-covered areas were members of ARB organizations and only 12 percent have been reached through various development interventions by the Department. Further:

- In terms of Organization Building and Strengthening, *377 ARB organizations nationwide have been organized and strengthened with a membership of 190,690 wherein 18, 310 (67 percent) are ARBs. These ARB members represent 32 percent of the total number of ARBs in the ARCs. Majority of these are primary cooperatives and the rest are farmers associations and women's groups. These organizations are found in CARP-distributed lands where there are 356,000 ARBs.*
- Coordinative mechanisms such as the Barangay Agrarian Reform Communities (BARC) and the people's organization/non-governmental organization (PO/NGO) Consultations have been installed at the ARC level. To date, there are 2,167 BARCs organized nationwide which have resolved half of the recorded 2,007 cases filed for mediation and conciliation. The BARCs are also instrumental in accessing support

services for 17,000 ARBs and have also assisted DAR in other LTI-related concerns. The PO/NGO consultations serve as a mechanism for POs and NGOs to participate in agrarian reform and rural development implementation.

- The Credit Assistance Program, one of the support programs for ARBs, has provided credit access to 54 percent of the 2,377 organizations.
- Under the Physical Infrastructure Support component, which includes the construction and/or rehabilitation of roads, bridges irrigation systems and pre and post-harvest facilities (PHF), 971 farm-to-market (FMR) projects have been implemented in 610 ARCs; 360 bridges were constructed in 76 ARCs; 40 ARCs were provided with 598 irrigation facilities with a service area of about 75,000 hectares; and 80 percent of the total 3,994 PHF for 465 ARCs were provided in ARCs with foreign-assisted projects (FAP). Most of the irrigation and PHF are managed and operated by the ARB organizations in these ARCs.
- In terms of capacity building interventions for ARBs, only 39 percent of the total number of ARBs in the ARCs have been trained on ARC development.

In light of the above situation, DAR adopted a Sustainable Rural Development Framework for Agrarian Reform Communities, which aimed to serve as the critical link between agricultural growth, rural industrialization, and household welfare. Among the components of the program is social infrastructure and local capacity building which is primarily geared towards developing ARBs' social capital and democratization of power.¹⁰

ADB as development partner

The Asian Development Bank's assistance for the socioeconomic development of the Philippines dates back to 1969. Since then, the Bank has provided loans amounting to over US\$6 billion and technical assistance of about US\$90 million for a range of development projects and programs in the country. In addition to this direct development assistance, the Bank has taken the lead in arranging co-financing of about US\$3 billion through 47 projects.¹¹

Cumulative ADB lending to the Philippines as of 31 December 2003 reflects a development paradigm that targets poverty alleviation in the rural areas. Total ADB lending amounts to US\$8.22 billion with a total of 189 loans in its portfolio, of which, 63 loans with a total amount of US\$1,920 million were used for agriculture and natural resources.

ADB studies have shown that rural poverty is particularly common among upland farmers working on steeply sloped land, lowland landless agricultural workers, tenants and leaseholders, and artisan fisherfolk. Consequently, ADB found that any strategy of growth with equity needs to aim at a significant reduction in rural poverty over the next decade. The slow progress in rural poverty reduction in the past was due to a number of facts, foremost of which are: (i) slow growth of agricultural production; (ii) lack of rural infrastructure and basic social services; and (iii) inequality in the distribution of land, the key economic asset for the rural population.¹²

In its operational strategy for the Philippines, ADB is guided by the theory that the lack of rural infrastructure facilities and support services reduce the profitability of agricultural activities. Further, irrigation and the density of rural roads is seen as having a substantial impact on the use of inputs, such as fertilizers and tractors by farmers, and hence on farm output.

As such, most development projects of ADB for the agriculture sector have a rural infrastructure component since this is considered a prerequisite for a developing country to attract private sector investments, particularly in raising productivity and income in the rural areas. This focus runs parallel to the ARC development plan of DAR wherein infrastructure is seen as an important element in rural development.

In fact, the ADB-funded ARCP reflects the development framework of both ADB and DAR. This is a package of assistance that combines the establishment of physical infrastructure in the form of farm to market roads and agribusiness development – Two elements considered by both agencies as essential for the development of rural agriculture.

ARCP is a six-year development project that covers 140 ARCs in 35 provinces across the archipelago. The project is financed through an ADB loan with a total amount of US\$93.162M. The project commenced in July 1999 and is set to phase out by December 2005.¹³

The project involves rehabilitation and construction of farm to market roads, bridges, culvert; improvement/rehabilitation of existing wells, installation of additional wells and development of spring sources, survey of 100,000 hectares of alienable and disposable lands and distribute land titles to beneficiaries; implement alternative farming systems and small enterprise to coops and agrarian reform beneficiaries; and provision of trainings and credit facilities to extension workers, leaders and cooperatives on enterprise planning.¹⁴

In Mindanao, selected ARCs in regions X, XI, XII, Caraga IV-B, and ARMM are being supported by the project. In Davao City, three ARCs qualified as recipient, particularly in the provision or enhancement of infrastructure facilities such as roads and water systems which form part of support services that the government pursues in the implementation of the agrarian reform program.

However, it is interesting to note that Davao City ARCs have been in transition from being vegetable or subsistence farmers to becoming contract growers of banana corporations. Is the ADB project, therefore, related to plantation expansion in these areas? There is no specific clause in the project design that tells us of a direct relationship between banana expansion in the Davao City ARCs and the entry of ARCP in the area. But, in the project design, provision of rural enterprise development is outlined under the ARC development support component in that the project will assist cooperatives in “joint venture, marketing and production agreements, and other schemes with the private sector.”¹⁵

It is important to mention that these Davao City ARCs are in upland areas; the elevation is conducive in the production of premium, sweeter bananas, which is gaining huge demand in the world market. Also, ARBs have become contract growers of banana corporations such as DOLE-Stanfilco, Soriano Fruits Inc. (SFI), and Davao Fruits Corporation (DFC), among others.

Primarily, the installation of farm to market roads in these ARCs may be reflective of the development paradigm of ADB, which is that infrastructure development boosts agricultural production and attracts private sector investments.

Banana industry of Mindanao

On the surface, nothing is suspect in ADB's focus in the expansion of banana plantations in the country. In fact, it seems logical, considering that the banana industry has grown into a large agribusiness undertaking and that a big chunk of the country's banana export comes from Mindanao. The industry is, therefore, seen as a means toward development in rural areas that are viable for planting bananas.

The Philippines contributes 8 to 11 percent of the global banana trade in recent years. From 1990 to 2003, banana exports have steadily (with minor variations) increased in quantity and in value (see Figure 1). By mid-2004, the Philippine Daily Inquirer¹⁶ reported that the increase in total Philippine production indicates that the country stands a chance at overtaking Costa Rica out of its top 2 post as a major banana exporter in the world market.

In terms of production by region, Davao is the top producer of banana in Mindanao (see Table 2) with about 51.4 percent increase in production spread over a 13 year period. Logically, it follows that total area planted to banana in the region increased by about the same percentage (48 percent).

Figure 1. Philippine banana export.¹⁷

1990-2003 Philippine Banana Export

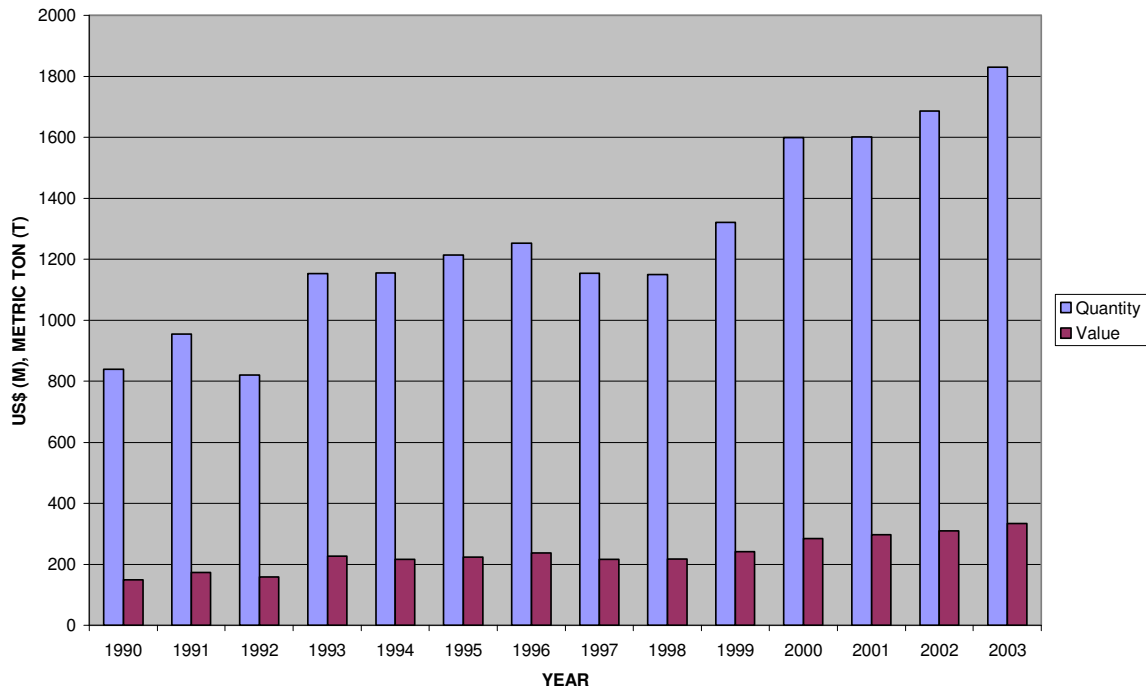


Table 2. Banana production by region, Philippines 1990 to 2003.¹⁸

Year	Philippines	Region					
		Davao Peninsula	Zamboanga Peninsula	Northern Mindanao	SOCCKSARGEN	CARAGA	ARMM
1990	3,539,616	1,045,107	163,479	273,503	34,344	266,238	188,847
1995	4,236,253	1,590,395	185,200	351,774	335,348	247,480	225,724
1999	4,570,640	1,753,361	151,661	468,990	361,935	192,158	312,770
2000	4,929,570	1,920,759	159,603	488,434	401,210	197,289	350,820
2001	5,059,360	2,015,732	162,069	518,596	429,480	197,848	357,193
2002	5,274,826	2,081,419	170,865	534,815	522,746	197,912	375,150
2003	5,368,977	2,149,556	168,019	515,502	582,088	203,180	376,346

Production: metric tons

Table 3. Area planted to banana by region, Philippines 1990 to 2003.¹⁹

Year	Philippines	Region					
		Davao	Zamboanga Peninsula	Northern Mindanao	SOCCKSARGEN	CARAGA	ARMM
1990	311,819	32,050	15,022	18,719	18,609	25,664	20,289
1995	339,398	45,788	16,304	23,019	16,278	26,153	23,188
1999	372,127	51,576	17,242	31,467	17,506	26,985	26,435
2000	382,491	54,470	16,833	34,287	19,178	27,000	27,548
2001	386,703	56,280	17,478	34,621	19,403	27,208	27,672
2002	398,005	58,237	19,691	35,171	23,036	26,988	29,386
2003	409,831	61,535	20,126	35,544	23,255	27,035	30,576

Unit: In hectares

The bulk of the country's banana export is absorbed by the Japanese market. The Philippines is the largest supplier of fresh bananas to Japan, accounting for 75.2 percent of the Japanese market.²⁰ It is here that ADB's focus and support in the expansion of banana plantations in the barangays of Tamayong, Daliaon Plantation and Tugbok of in Davao City becomes suspect: Japan is one of ADB's two largest shareholders, along with the USA. It contributes more or less 1/3 of the fund for ADB's concessional loan window, the Asian Development Fund.²¹

Therefore, it is not unfounded to state that the ADB's involvement in the government's agrarian program may be but a part of the larger picture of Japan's keen interest in the Philippine banana export industry.

Indeed, as Japan dominates the Philippine banana export market as well as cornering almost 60 percent of it.²² It is only reasonable that it be concerned with this industry not only because of its direct investments in it but also because of the industry's niche in the world agricultural trade.

The comparative advantage of Region XI in producing the demand for Cavendish and premium bananas makes it attractive for plantation companies to convince landowners to enter into Agri-Venture Agreements (AVA) with them. Agrarian reform may have actually made it easier for companies to convince ARBs given the farmer-turned-landowners do not have ready financial capital for farm inputs.

But, does AVA really work for the poor?

AVA and Agrarian Reform

The CARP was trumpeted as the most progressive of all land reform initiatives in the Philippines. Under the program, distribution of land was combined with a variety of support services such as economic and physical infrastructure support services, and human resources and institutional development or social infrastructure building and strengthening. Yet, the government “still allowed so many loopholes that the former owners benefit from it more than the workers.”²³

A case in point is the agrarian reform implementation in the banana industry. CARL provided for the immediate distribution of agri-business lands operated by multinational companies. However, it gave a 10-year deferment or extension period, for land acquisition and distribution of other commercial farms operated by Filipino agribusiness companies to qualified farm workers.

Commercial farms, as provided for under RA 6657, are “private agricultural lands devoted to commercial livestock, poultry and swine raising, and aquaculture including saltbeds, fishponds and prawn ponds, fruit farms, orchards, vegetable and cut-flower farms, and cacao, coffee and rubber plantations”.

The 10-year deferment period watered down the implementation of CARL and lay the ground in securing the continuous control of former landowners over their land.

For instance, Section 4 of DAR Administrative Order (AO) No. 9 provides that priority is given to the farmworker who worked the longest on the land continuously; however, in the case of Worldwide Agricultural Development Corporation (WADECOR), it was reported that there are about 70 retrenched farmworkers who worked with WADECOR for about 20 years were excluded in the list of beneficiaries.²⁴

The selection of beneficiaries has been one of the basic issues in CARP implementation in banana plantations. It has been reported that there are about 20,000 retrenched farmworkers including married women, who worked in these farms during the deferment period and were illegally dismissed or encouraged to resign due to employee reduction or reorganization programs.²⁵

By the time the 10-year deferment period came to a close, the landowners had weeded out those who were entitled to be beneficiaries under RA 6657. It was reported that majority of the retrenched workers were militant union members who opposed the leaseback scheme promoted by DAR in the commercial farm sector.

Further aggravating the plight of the rightful CARP beneficiaries is the DAR policy of "One Plantation-One ARB organization." A DAR decision on WADECOR which required retrenched farmworkers included in the master list to become members of the company-supported union before they could be considered as ARBs. Consequently, prior to the release of the Master of ARB beneficiaries by DAR, it was reported that company management made farmworkers sign membership agreements with the company cooperative Wadecor Employees ARB Multipurpose Cooperative (WEARBEMCO).

WADECOR farmerworkes were also reported to have been required to sign an attached blank paper which they later learned contained their supposed approval of a 30-year lease contract to be entered into by the cooperative with the company.

Based on a copy of the 30-year lease contract dated 20 June 2000, WADECOR is leasing the whole distributed area of 473.5987 hectares from WEARBEMCO for the amount of PhP6,000.00 per hectare per year for the first 10 years and a PhP1,000.00 increase every five years. Thus, by year 2030, WEARBEMCO will be receiving PhP10,000.00 per hectare.²⁶ On the average, Cavendish banana production per hectare is 3,500 boxes. If price per box is pegged at US\$1.50/box, gross income per hectare is US\$5,250. Such an amount is a far cry from what the farmer receives from his/her lease contract and highlights how onerous lease contracts are.

RA 6657 and DAR AO 9 Series of 1998 allowed ARBs to form agri-venture agreements with former owners of the land, such as, but not limited to:

- a. joint venture agreement;
- b. lease arrangement;
- c. contract growing;
- d. management contract; and
- e. build-operate-transfer scheme

This reflects the government's inherent bias against farm workers' initial low level of capability to manage the commercial farms. Rightful or not, this bias encouraged the farmers' continued dependence on landowners and capitalists/investors.

However, even as DAR considers AVA as a vehicle to optimize the operating size of redistributed farms for agricultural production and as a means to ensure agricultural security of tenure and security of income to beneficiaries,²⁷ it is also aware that such an arrangement may be utilized to the detriment of the ARBs.

CARP mandates that DAR protects the welfare of ARBs: to ensure that their control over their land is preserved and to guarantee that the AVA contracts entered into by ARBs is fair and just. However, this does not readily translate to reality. In fact, from the interview with the Provincial Agrarian Reform Officer (PARO) and DAR Provincial Office (DARPO) Region XII staff, they admit to the difficulty of ensuring that ARBs consult them with the AVAs they enter into.

For DARPO XI, capital for farm input is crucial to the development of ARCs. They posit that under a fair contract, growership agreements are beneficial to the capital-challenged ARBs. It is for this reason that they want to institutionalize the role of DAR, specifically the Provincial Agrarian Reform Committee (PARCOMM) in contracts being entered into by ARBs. It is their assertion that this would protect the ARBs from usurious contracts.

Under growership agreements, ARBs own the land and commit, either collectively through a cooperative or individually to produce certain crops for an investor or agribusiness firm that contracts to buy the produce at pre-arranged terms.²⁸ This is the prevalent agreement entered into by banana companies with ARBs and small landowners in ARCs in Daliaon plantation in Toril and Tamayong in Calinan. The same ARCs included as one of the recipients of the ADB-funded ARCP.

The Agrarian Reform Communities Project

Project objectives

The primary objective is poverty reduction. Specifically, it aims to increase the income of farmer beneficiaries and improve the quality of life in the ARCs by providing basic social infrastructure and enhance agricultural production and productivity in a sustainable manner. At the end of the program period, the project should have:

- a) Provided rural infrastructure in response to a participatory identification process.
- b) Facilitated improved access to resources and markets.
- c) Expedited the survey and titling of public alienable and disposable lands under CARP.
- d) Provided support for project implementation, including support to CARP line agencies, local government units (LGU), and POs for the delivery of resources and services that will enhance income of beneficiaries and their POs.

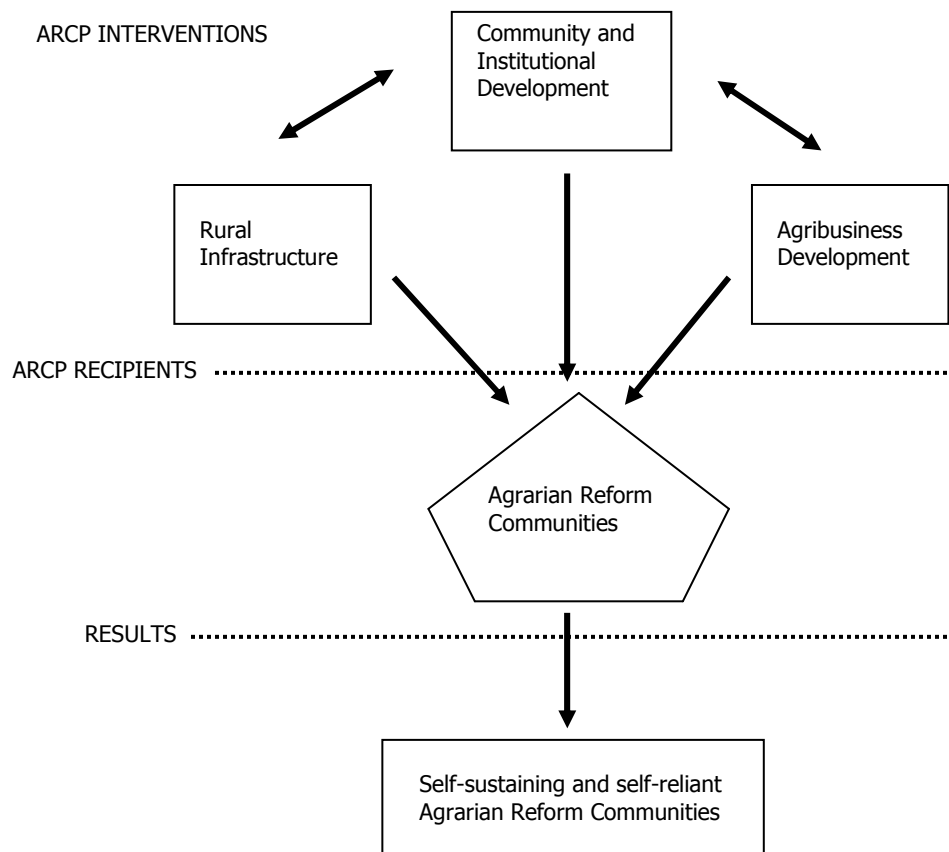
Project framework

By project phase out, the ARCP shall have developed self-sustaining and self-reliant agrarian reform communities. This will be achieved through a package of assistance combining rural infrastructure, community and institutional development, and agribusiness development. These elements are in consonance with the ARC development approach of DAR wherein the principled partnership of government, civil society and business is present. Social infrastructure and capability building towards social capital formation in the rural areas is stressed as this recognizes the inherent capability of farmer beneficiaries and rural communities to manage and

direct their own development. Physical infrastructures in rural areas are assumed to bring in development and agribusiness investments needed to jumpstart rural economies.

The figure that follows illustrates the process by which the ARCP envisions how development in ARCs is best achieved. The project’s three-pronged intervention is believed to be comprehensive and holistic in the achievement of “self-sustaining and self-reliant ARCs.”

Figure 2. ARCP General Framework of Implementation²⁹



Project components

The ARCP has four major components. The components complement one another to meet the goals and targets set by the project towards poverty reduction in the rural areas.

Table 4. Project components.

Component	Objective and Sub-Components
Rural Infrastructure	To facilitate access to markets and resources. a) Farm to market roads and bridges b) Communal irrigation system c) Improvement or rehabilitation of potable water system
Land Survey	To expedite the distribution and titling of approximately 100,000 hectares of public alienable and disposable lands.
Development Support	To increase income of ARBs. a) Agricultural development support b) Rural enterprise development c) Community and institutional development d) Agribusiness credit
Program Management and Capability Building	To transfer essential skills to stakeholders. Creation of Central Project Management Office (CPMO) and Area Project Offices (APO) to provide technical support and assistance to LGUs and POs in project implementation.

One mechanism put in place by the ARCP to ensure that the FMR implemented in the ARCs are of good quality and will still be in good condition for the next 10 years is the establishment of the RWC or Rural Infrastructure Working Committee. The committee is responsible for monitoring and evaluation, quality control, and operation and road maintenance. There is a clause in their contract that in the event that the FMR becomes defective within the 10 year period, this will be converted as a loan of the Barangay LGU from the Government of the Philippines (GOP).

Counterpart funds are required from the LGU and the PO. The equity of the LGU depends on its revenue; for the 1st to 3rd district, 20 percent, for the 4th to 6th, 17 percent of the total cost of, say, farm to market road. To ensure that the LGUs understand this mechanism and the fact that the project is funded under a loan of the Government of the Philippines from the ADB, DARPO XI conducted a project orientation prior to commencement.

For POs, they were to provide unskilled labor as their counterpart. In fact, a compensation scheme was planned with the goal of augmenting the income of people and to help generate CBU with the cooperative—10 percent of the total daily wage of the worker will form part of his/her CBU. In the course of ARCP implementation in Davao City, there was no

need for unskilled labor since infrastructure projects were contracted out by the LGU. Labor was machine-intensive. Thus, labor from the barangay/community became unnecessary.

Project areas

ADB sent a team to the country in 1997 to validate the loan proposal³⁰ submitted by the GOP for funding of the ARCP and to consult with DAR and other government agencies. It conducted barangay workshops in several ARCs from Luzon to Mindanao to determine major constraints and common development needs of communities.

Regions I, II, III, V, VI, VIII, X, XI, XII, Caraga, IV-B, and ARMM were included as project areas with 150 ARCs qualified as recipients. Recipient ARCs were chosen by DAR Foreign-Assisted Projects Office (FAPsO) according to the following criteria: (i) at least 75 percent of the land area subject for distribution under agrarian reform has already been distributed and titled; (ii) provincial and municipal LGUs are keen to participate; (iii) people's organizations/farmers are sufficiently developed and committed to the project; and (iv) the ARCs lack basic infrastructure and support services.

In Mindanao the following ARCs met the criteria for assistance under the project:³¹

Table 5. Profile of ARC recipients in Mindanao.

Region		Province				ARCs/ Municipalities
	CARP Percentage of Completion ³²	Name	Income Class	Poverty ³³ (in Percent)	CARP Percentage of Implementation	Total No.
X	81.9	Bukidnon	1	58.6	85.1	12
		Camiguin	4	61.3	71.6	3
		Misamis Occidental	3	58.9	51.7	4
XI	77.2	Davao del Sur	1	47.7	79.1	11
		South Cotabato	2	47.2	85.8	7
		Saranggani	3	59.3	61.1	6
		Davao City	1	47.2	65.8	5
XII	69.1	North Cotabato	1	52.9	63.5	9
		Lanao del Norte	2	52.3	71.4	3
		Sultan Kudarat	2	50.6	72.0	4
CARAGA	87.0	Surigao del Sur	1	50.0	82.6	14
ARMM		Maguindanao	2	47.7		15
		Sulu	3	71.1		9
		Tawi-Tawi	6	53.3		5

		Lanao del Sur	2	53.1	74.6	8
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(Source: ADB, RRP: PHI 30540)

According to the PARO of Region XI, 50 ARCs were covered by the project in Mindanao. In Davao City, the ADB Mission consulted with POs and line agencies in Tamayong, Calinan District and Daliaon Plantation, Toril. Geographically, these are highland areas and were planted with vegetables and fruit trees. In the validation of findings, the need for infrastructure development specifically of farm to market roads that would service the farmers surfaced. This was, in fact, already identified by the people as a top priority in their barangay plan.

DARPO-XI reported that out of 11 ARCs in Davao City, three were chosen as recipients of ARCP assistance; namely Daliaon Plantation-Tungkalan, Tamayong-Subasta, and TABEMABBIG, (Tacunan, Talandang, Biao, Escuela, Matina Biao and Biao Guinga) in Tugbok. All the ARCs are located within the 3rd congressional district of Davao City – Baguio District, Calinan, and Toril. It is however, important to mention that according to the proposal data, CARP implementation in Davao City is 65.8 percent accomplished, which is approximately a 10 percent variance to the criteria of at least 75 percent CARP implementation to be able to qualify for assistance.

Case studies: A look at ARCP and AVA

ARCP development support

Although ARCP is focused on infrastructure, particularly of the establishment of farm to market roads, micro-projects and trainings related to agricultural, community and institutional development (CID) were also implemented. The ARCP Area Project Office (APO) Davao CID framework for implementation states that development support is based on the ARC Development Plan of DAR and aims to (i) increase productivity and income, and (ii) provide technical, social and economic services. The subcomponents are: (i) community and institutional development, (ii) agricultural development support, (iii) rural enterprise development support, and (iv) credit. For community development, the targets are to develop effective ARB participation and to enable ARCs to manage their own development project.

Such is the role of the Integrated Small Farmers Institute (ISFI), a non-government organization based in Davao City. ISFI was engaged by ARCP to provide support to ARCs covered by the project in Davao City. They provided community and institutional development to the three ARCs, which include Tamayong and Daliaon Plantation. Aside from provision of organizational development trainings, part of their engagement is the coordination of livelihood trainings with the end goal of transferring important skills to community members, particularly for women to have alternative and additional means to augment their household income.

Augmenting income through alternative livelihood

In Tamayong and Daliaon Plantation, ISFI provided trainings on slipper making, mushroom culture, paper making, and coco midrib, among others. From the focus group discussion (FGD) conducted with the three POs, participants expressed their inability to replicate the livelihood skills learned since the materials were not readily available in their areas. Their areas are planted with vegetables, Cavendish banana, coffee, durian, and cacao. The main material for paper making is banana stalk. Those who availed of the paper making project innovated using Cavendish banana stalk since this is their main produce. Sadly for them, this did not yield quality paper at par with commercial standards.

In line with the farming systems development program already introduced by DAR, agricultural development support in the form of extension and training towards agricultural technology dissemination is one focus of the project. The project introduced East West technology, a “cutting edge” high-yielding hybrid seed variety that promises increase in farmers’ yield. “Farmer cooperators” of the East-West Seed technology were asked to implement a demo farm as a showcase of the technology, and to gain the interest of other farmers in the community.

Five farmer cooperators for Tamayong and Daliaon plantation were eligible to avail of the project. Some of the cooperators contend that the project was limited in the sense that East-West Seeds produced huge-sized vegetable varieties that were difficult to sell in the local

market since people tend to buy the small-sized vegetable varieties in small quantities. An average family usually buys only in small amounts (*tingi*) rather than in bulk.

There was a lack of market linkage, which the farmer cooperators saw helpful in selling this hybrid vegetable variety. The east-west variety has a specific market (export, companies of supermarkets) and the cooperators recognized that if this market was tapped prior to harvesting then it might have had better chances at being a success. In fact, DAR Municipal Office (DARMO) Calinan recognized four problems in the techno-transfer project: (1) the misconception that ARCP, being a government project, is free (it is, in fact, a loan intended to increase the capital build-up (CBU) of the cooperative), (2) east-west technology was not successfully adapted by the farmer cooperators since they prefer the local farming system they have been used to, (3) insufficient technical assistance from the supplier/dealer, and (4) delayed inter-agency response to feedback. Apparently, the need for market linkage has been identified but the agency fell short on addressing this.

This feedback is validated by the experience of the farmer cooperators. In the FGD, cooperators conveyed that the demo farm and east-west technology was unable to generate significant increase in income. The technology has not been sustained and cooperators complained of high cost of inputs.

A. Barangay Daliaon Plantation, Toril, Davao City

Brief history and physical description³⁴

Barangay Daliaon is a highland community some 18 kilometers from Toril *poblacion* and 34 kilometers from the city proper. It used to be a host to an abaca plantation in the first half of the 1900s. During this period, the plantation was managed by a Japanese-owned firm, the Furukawa Plantation. The name Daliaon Plantation stuck even with the Furukawa Plantation's closure during the Second World War.

After the war, the indigenous people “sold” their land to lowlanders and veterans of war. Payments were often in kind—cigarettes, sardines, or sugar—commodities perceived by the indigenous people as “valuable.”

Daliaon was predominantly a Bagobo-speaking community until the Fifties. By that time, migrants from Cebu, Bohol, Ilonggo-speaking provinces, Surigao and the Ilocos region came to settle together with the indigenous inhabitants of the area. Now, it is a predominantly Cebuano community. 2002 figures show that 65 percent of the total 2,668 population are migrants from Cebu. Only 16 percent of its population remains to be of Manobo, Tagabawa and Diangan Bagobo-speaking descent.

Daliaon Plantation is classified as low elevation highland. Ninety percent of its total 1,028 hectares land area is low elevation highland, with 500 to 1,000 meter elevation. Eighty percent is of medium elevation at 1,000 to 2,000 meter and more than 50 percent or 530.34 hectares is of very steep slope.

A high percentage of the soil area is of San Miguel loam quality; its fertility makes it conducive for most agricultural crops. Heavy rains come in May, August and November. Light to moderate rainfalls come the rest of the year, making the area more suitable for agricultural production. Vegetables, bananas and coconuts are produced all year round while fruits are available from August to December. Crops planted in the area are coffee, coconut, corn, banana, beans, tomatoes, carrots and spring onions, which Daliaon plantation is popularly known for.

Economic status

Of the total 929 household heads and spouses surveyed in 1999, 722 are farmers. Majority of the 740 household heads and spouses surveyed have annual cash incomes ranging between PhP10,000.00 to PhP20,000.00. This is extremely below the preliminary project data that says average ARB income is PhP35,000.00, which in itself is way below the poverty line in rural areas.

Even with support engagements by DAR and NGOs since CARP was implemented in 1992, farmers remain enmeshed in poverty. In fact, the twin goal of land tenure improvement and provision of support services did not change the economic life of people in the area. The Daliaon Plantation Multipurpose Cooperative (DPMPC) was organized by DAR in 1995 and along this period the agency partnered with Technical Assistance Center for the Development of the Rural and Urban Poor (TACDRUP) to implement the Southern Mindanao Agricultural Project (SMAP). The project focused on sustainable agriculture initiatives, providing training and extension services to farmers. To jumpstart DMPC's operation, funding was provided by DAR and the SMAP for the establishment of a multipurpose building and the provision of capital build up in the amount of PhP45,000.00.

Still, no dent was made in the poverty situation. Lack of capital for agricultural production still drives majority of the households to resort to loans from financiers and usurers. More often than not they make cash advances for their daily consumption from usurers who, as payment for the amount advanced, buy the farmers' produce at very low prices. Farmers do not earn much from selling their produce to the usurers but are left with no other option. Their situation is exacerbated by the fact that the transportation cost is high given the lack of good and accessible farm to market roads. The quality of produce by the time it reaches the market declines because of the long travel time and rough road condition. These factors drastically lower their income from individual farming. Thus, majority of the farmers remains impoverished.

People's organization

From 1992 onwards, there was a considerable lag in NGO or even of DAR's engagement. The next significant point in the community's timeline was when the Progressive Highland Development Cooperative (PHDC) was organized in 2002.

PHDC was organized by a core of 25 growers of Soriano Farms Incorporated (SFI) led by Mr. Emilio Araneta, a landowner. Aside from growership, PHDC has a consumer and lending store to provide providential and other financial services to its members. The Board devised a scheme of savings – growers retain PhP5.00/box of banana sold—PhP2.00 goes to the CBU of

the member, PhP1.00 as forced savings, and PhP2.00 for funds that could be withdrawn by the member at his/her pleasure.

As part of its services, the cooperative contracts labor for spraying, harvesting, and packing. Salaries of the laborers form part of the deduction of total gross sales of growers.

Transition to banana growing

Strong opposition met the entry of Soriano Farms Incorporated (SFI) in 1997. SFI is a subsidiary of AMS Farming Corporation. Apparently, one of the strategies employed to entice the farmers to go into growership contract was the provision of cash advances amounting to PhP20,000.00, which is already a big amount for the farmers.³⁵

The opposition led by the Daliaon Plantation Farmers Association for Health and Environmental Protection (DPFAHEP) was based on perceived risks to human and ecological health brought about by banana farming as shown by the experiences of other plantation areas. This advocacy is especially crucial considering that the barangay is located within the vicinity of the Mt. Talomo-Lipadas Watershed Area. Lead, pesticide, and herbicide contamination of the watershed would have huge implications to the health and safety of Davao City residents whose main source of potable water is the Mt. Talomo-Lipadas Watershed.

A petition was submitted by 82 concerned residents and 48 individuals from adjacent communities questioning the ecological soundness of aerial spraying. As a result, the City Council required SFI to submit an Environmental Compliance Certificate (ECC). In 2000, DPFAHEP launched a petition for DENR to hold the ECC in abeyance until SFI has conducted an Environmental Impact Assessment.

The varied reception and perception of the BOD and the members on the entry of SFI in Daliaon Plantation caused a split within DPMPC. The faction that was convinced of the benefits of growership arrangement with the banana company formed PHDC in 2002. Those who continued to oppose the entry of the plantation remained with the original cooperative and

continued to lobby for the protection of the watershed. They joined forces with organizations like Kinaiyahan Foundation, Inc. (KFI), Konsumo Dabaw, and IDIS.

PHDC and growership agreement

ARCP started in 1999, which is about three years before the entry of banana companies in the area. Within this period, there seemed to be no improvement in the income of its beneficiaries. People believed that with growership, they would have access to farm capital and a ready market for their produce. Growership was perceived as a “permanent” source of income. Small landowners still consider this a very important factor in making their CARP lands productive. They say it is not just ownership of land that is important but financial capital as well. Growership is perceived as an answer to this gap.

The first banana grower farm in Daliaon Plantation started July 2002 in the farm lot of Mr. Emilio Araneta; a non-ARB. Convinced of the benefits of the undertaking, he organized and now heads PHDC. From thereon, a number of small landowners in the area became interested in the growership with SFI. Management operations for all small growers are centralized in the cooperative. The cooperative provides the seedlings, fertilizers and other inputs as well as crop protection, harvesting and processing. The growers work in their lot areas with the cooperative paying their wages in advance. Cash advances have an interest rate of 18 percent per annum.

The cooperative has a 15 year contract, renewable for another 10 years, with SFI. Growers are now into their 3rd year of growership with the company. Until now, however, PHDC growers said they still do not have a copy of the contract entered into with SFI.

A producer of premium sweet mountain banana, PHDC has a marketing agreement with Sumifru, an import fruits sales subsidiary of Sumitomo Corporation, through SFI. A well-established Japanese company, Sumitomo Corporation has diverse global business interests from food and consumer goods to natural resources, from infrastructure to information technology. Sumifru, its subsidiary, has been a major player in the banana development and

import industry over the last 30 years. SFI, for its part, does the quality control of bananas before shipment; it also attends to market allocation, and documentation.

SFI's buying price is US\$2.00 per carton of 13.5 kilogram fresh bananas. It provided initial financial assistance of PhP180,000 per hectare to cover the cost of land preparation and payable for a period of 10 years at 18 percent per annum interest. Development cost – seedlings, fertilizers and agrochemicals, and other farm inputs needed for the succeeding harvests would be automatically deducted from the growers.

SFI classifies bananas into Class A or premium and Class B or tropix. Class A bananas sell at PhP121 per box while Class B sells within the range of PhP38 to PhP41 per box. Growers strive hard to achieve Class A in their harvests because Class B means that they will not profit from the sale given the many deductions from their gross income. SFI deducts development cost, labor for spraying, harvesting and packing, maintenance, tax and retention for CBU and forced savings. The amount SFI pays the farmers is the net after deductions.

Growers interviewed admit that it is difficult to say if their income indeed has improved in their entrant as growers because of the many deductions. But the situation is perceived to be better than having no income to expect at all -- farmers want to be assured of daily income but cash flow is a perennial problem. SFI quality control is very strict that it is impossible for them to have all their bananas classified as Class A. Growers feel the need to take a more proactive stance to improve their stake in the banana industry. Recently, PHDC's representative attended a meeting among growers of Tamayong, Saro, Serib, and Subasta to discuss how they can better engage the companies to listen to their concerns on the pricing, on deductions, and other pressing issues they might have.

ARCP engagement

Infrastructure projects have been allotted a total funding of US\$13,748 from the ADB. Counterpart funds were required from the local government units. POs were to provide unskilled labor as their counterpart. However, the FMR built was implemented through contract mode so there was little need for unskilled labor on the part of the PO.

In 2002, ARCP built a 4-kilometer FMR from *Purok 2* to *Purok 6*. An FMR connecting the barangay to another *sitio* and the establishment of a potable water system were originally planned but have not been accomplished as of the first quarter of 2005. From the FGD, speculations emerged regarding the reason why the water system and the total kilometer plan for the FMR were not realized. The people believe that the conflict between pro-growers and the anti-grower groups represented by PHDC and DPMPC, respectively, was the reason the remaining infrastructure projects were “pulled out.” PHDC blames DPMPC for creating the problem.

Local officials and PHDC officials and members interviewed stated that the ADB-assisted road projects still greatly benefited them. Lesser travel time to and from the place as well as access to social services such as schools and health care and job opportunities outside of the barangay are some of the benefits mentioned. Some, however, contend the FMR meant good business for the banana company because this lessened the transportation and hauling cost of their growers’ produce.

Environmental impact

As to the ecological effects of the entry of monoculture commercial banana farming to Daliaon Plantation, local residents have yet to experience the impact of agrochemicals in the fertility of the soil, as well as the health impact of fertilizers to the community. Some contend that although it is a concern, it is a sacrifice they have to make for their barangay to develop and for the households to have a better quality of life. The debate on the effect of agrochemicals to the Mt. Talomo-Lipadas watershed area is still ongoing. DPMPC is still very much involved in the advocacy for the protection of the watershed.

Life goes on

For PHDC, meanwhile, life goes on as growers for SFI. They believe that as farmers, access to farming capital is very important. This, they say, will allow them to make their lands productive and will ensure that they are able to pay their amortizations with the Land Bank of

the Philippines. If not, the land they won through CARP is in danger of being “foreclosed” by the Bank and they will go back to being landless and impoverished. Being growers give them a sense of security for at least 15 years. It accords them ready access to capital for farm inputs and a steady source of income. Although they do not have a strong voice on the price of banana per box and control on the ever changing criteria on the classification of bananas to either Class A/premium or Class B/tropix, the growers continue to hope for a better deal.

PHDC plans to expand its livelihood opportunities to augment the income of its members. Aware that in the future, mono-cropping will take a toll on their land, the Board led by Mr. Araneta plans to avail of trainings on enterprise development, particularly on the use of banana stalks for fiber, planting of bamboo for low-cost construction needs and venture into herbal medicine. This way, a safety net is in place to ensure continued economic security in the years to come.

B. Tamayong ARC, Calinan Davao City

Physical description

Tamayong and Daliaon Plantation share similarities in characteristics with both being highland villages south of Davao City, along the ridges of Mindanao Central Highlands. CARP had been implemented in both and have already been established as ARCs by DAR. Both are host to export banana plantations.

Tamayong is some 16 kilometers from Calinan poblacion and 48 kilometers from the city proper of Davao. In the south, north and the east, it is bounded by neighboring barangays of Cadalian, Sirib and Cawayan, all of Calinan while in the west it borders with Kidapawan ridges in North Cotabato. Nearby is barangay Subasta which, since the 1980’s, had hosted export banana farms, particularly Davao Fruits Corporation (DFC) of the Soriano Group of Companies.

Land type in the area is clay loam, suitable for all kinds of agricultural production. Coupled with cold climate and with no pronounced wet and dry seasons, the area is all the more ideal for agriculture. Eighty percent of its 1,518 hectares of land or 1,303 hectares is for

agricultural use. The area is being planted with vegetables like bell pepper, Chinese pechay, potatoes, beans, cauliflower and cabbage including exotic fruits like durian, lanzones, mangosteen and sweet pomelo. Coffee is also grown in the area.

People's organization

The community has three people's organizations namely; Tausug Tamayong Multipurpose Cooperative (TTMPC) organized in 1993, Upper Tamayong Multipurpose Cooperative (UTMPC) organized in 1991, and Tamayong Integrated Saging Cooperative (TAM-IS) in 2000. UTMPC and TTMPC were organized by DAR. TAM-IS is a cooperative of ARBs and small landowners who entered into growership with Highland Banana Corporation.

TTMPC and UTMPC were separately organized owing to the geographical distance of the two barangays. More so, the origins of the two cooperatives were different in character. The former was initially a closed-type cooperative with membership based on cultural factors; i.e. ethnicity as formerly, membership was only for Tausug ARBs. The latter was more open-type and composed of mixed membership of small corporate growers and ARBs.

Table 6. Tamayong ARC profile as of December 2003.

A. Barangay Profile	Statistics		
Population	3,266		
Number of Household	627		
Average Household Size	5-6		
Total Land Area	1,507.80		
Total Agricultural Area	1,137		
CARP Scope (hectare)	293		
Area Distributed (hectare)	282		
Number of ARBs	214		
B. Organization	UTMPC	TTMPC	TAM-IS
Year Organized	1991	1993	2000
Year Registered/ Agency	1991/CDA	1993/CDA	2000/CDA
Total Membership	84	103	21
ARB Membership	40	34	25; 15 are also members of UTMPC
Savings	680.00	6,268.29	-
Share Capital	185,132.19	141,678.51	383,373.48

Total Amount of Loans	None	100,000.00	None
Status of Loans		Overdue	
Source of Funds		DTI	
Type of Business Operations	Consumer/ Marketing	Consumer	Lending

To date, DAR has reported 100 percent distribution of the 272 hectare target. CARP implementation in the area started in 1996.

Tamayong Tausug Multipurpose Cooperative

TTMPC was organized by DAR in 1993 to prepare its members for the eventual implementation of CARP. Members were provided trainings on institutional strengthening and livelihood. Awarded lands do not have the same hectarage since the basis of distribution was on the existing occupied land of the ARB. Some have 2.5 hectares, some only 0.5. A total of 15.5 hectares was under Certificate of Land Ownership Award (CLOA) and 30 ARBs were awarded lands in Barangay Lower Tamayong. TTMPC started out as a closed-type cooperative with only Tausug ARBs as members but over the years, membership became open to non-Tausug and non-ARBs.

With the topographical and climactic conditions of Tamayong, it is host to a number of agro-industrial projects and entrepreneurial ventures. Among others, DAR facilitated a coffee growing contract with Nestle Philippines from 1998 to 2001. The barangay allotted a total of 55 hectares for coffee. Nestle provided a total of PhP100,000 worth of coffee seedlings and farm inputs during this period. Respondents said they were unable to sustain this undertaking due to a decrease in coffee harvest, low price of coffee, and the fact that they absorb the transportation cost of hauling coffee beans to the Nestle depot.

Former Senator Nikki Coseteng provided durian seedlings to Tausug Tamayong Multipurpose Cooperative in 1998. A total of 30 hectares was planted to durian by members who availed of the loan package. Although the seedlings were under a grant from Senator Coseteng, the cooperative devised an income generating scheme wherein the seedlings became a loan of the member to the cooperative. Repayment will form part of the CBU.

Also during this period, the cooperative was also able to access funds from the Department of Trade and Industry (DTI) worth PhP150,000.00 released in three tranches of PhP50,000 each. This was used for the cooperative's lending project. The cooperative successfully repaid the first tranche of PhP50,000.00. The remaining balance to date is still payable to DTI. SMAP also financed a 30-hectare banana plantation as well as a 20-hectare vegetable farm with Technical Assistance Center for the Development of the Rural and Urban Poor (TACDRUP) providing several trainings on sustainable farming systems.

Access to services of NGOs and agencies for livelihood support is gained through the initiative of TTMPIC officials and the MARO. At present, TTMPIC has the following projects: (i) consumer store, (ii) savings mobilization, (iii) production loan, (iv) marketing, (v) demo farm, and (vi) technology transfer. ARCP released a PhP40,000.00 capital for a consumer store.

Upper Tamayong Multipurpose Cooperative

UTMPC was organized by DAR in 1992, during which the CLOA has been awarded to ARBs. Trainings on organizational development, farming systems, banana, corn and vegetable production were provided. ARBs planted vegetables, coffee, corn and *lakatan* banana then. From 1992 to 1998, they engaged in consumer store, banana (*lakatan*) and corn marketing, and lending. UTMPC was able to access PhP50,000.00 as capital for lending from Congressman Elias Lopez.

In 1999, farmers changed crop and planted solely Cavendish banana as they entered into a growership contract with Highland Banana Corporation and DFC. Some went into lease agreement with DOLE-Stanfilco. Several factors contributed to this decision; the area was hit by a typhoon in 1998 that devastated their crop. Lacking financial capital to start anew, growership and lease agreements were seen as a viable solution.

Networking remains to be important for the cooperative. UTMPC has networked with DAR, Department of Trade and Industry (DTI), TACDRUP, and the Office of the City

Agriculturist of Davao City. In 2003, they were able to access PhP100,000 from the Government of Japan for their multipurpose hall. This is a joint project of DAR and Representative Lopez.

Entry of banana companies

In 1998, representatives from banana companies such as DOLE-STANFILCO and grower Soriano Farms Inc. (SFI), started to scout for lands for their expansion in Tamayong. At the same time, SFI was also expanding in Daliaon Plantation. It was in 2000 that Davao Fruits Corp. (a sister company of SFI) started operation. DOLE began operations the next year while Highland Plantation of the J.V. Ayala and Associates followed in 2002.

DOLE-Stanfilco campaigned for lease agreement with TTMP and other households in the lower Tamayong area at PhP12,000.00 per hectare per year. Only one ARB in the lower Tamayong area entered into a lease agreement. Majority of lower Tamayong ARBs decided not to enter into growership because they were not interested to change crops to Cavendish banana since they were already planting durian and other exotic fruits. In the FGD, TTMP members' perception is that it was easier for Upper Tamayong to change crops since their area is still forested and lands are contiguous and therefore conducive to plantation growing. These factors were not present in lower Tamayong since most of the lots were used for residential purposes.

During the time when liaison officers from companies conducted intense house to house campaigns for lease agreement, the ARBs talked and weighed the advantages and disadvantages. ARBs and small landowners perceived that they would lose control over their land if they went into lease agreement. They would not have any other role except as title holders and as an entity to be paid a rental fee by DOLE-Stanfilco every year. Otherwise, their control on types of crops to plant, in farming systems, land productivity, etc. is voided as DOLE-Stanfilco will have complete access and control over planting, harvesting and selling of produce. Moreover, they considered the implications of heavy use of fertilizers in banana plantations as hazardous especially where there is a concentration of residential areas as lower Tamayong. They remained farmers of coffee, durian, and cacao.

On the contrary, as TTMPC made a decision not to go into growership, UTMPC entered into 10-year contracts with DOLE-Stanfilco, Highland Banana Corporation of the Ayalas, and DFC. DOLE has 20 hectares under lease agreement, Highland 54 hectares, and DFC the largest with 100 hectares under growership. Why were they convinced? UTMPC members remembered that liaison officers from the banana companies conducted an intensive house to house campaign enticing them with the big monetary returns of growership. One of the biggest factors in the decision to be growers is the destruction of their lakatan banana crops due to strong wind and rain that hit the area. ARBs got convinced that the Cavendish variety is sturdier since it is shorter in height and has thicker trunk compared to lakatan making it less vulnerable to strong winds and rain. The fact that the companies would provide financial capital for farm inputs is also considered a big advantage, they say. Under ordinary circumstances, ARBs would have to make ends meet and borrow from usurers, for them to be able to start planting and even harvest crops.

Before and after scenario

Before export banana productions went into full operation, ARBs and small landowners convinced of the benefits that growership agreement and leasing their lands to banana companies, were overwhelmingly supportive of the entry of banana companies to Tamayong. For the first harvest, most growers received half of their earnings. The remaining 50 percent for partial payment of the development cost/loan extended to them for land preparation. Aside from this, they received wages from the company as workers.

However, in the follow-up visits, interviews and focused groups discussions conducted, respondents started airing problems with the growership agreement. One, they said that it was difficult to understand how the companies computed their earnings. Respondents admitted they were already deep in debt due to the many deductions on development costs, maintenance such as aerial spraying, labor, and other inputs the companies provided such as seedlings, agro-chemicals and bagging materials and technical services, quality control, transport and shipment.

More often than not, majority if not all, end up with new debts every harvest season. This adds on to their outstanding debts incurred in the past harvest seasons. One ARB laughingly narrated that she has a million-peso worth of outstanding loan with the companies but life goes on, she says. Without the companies, she will not be able to send her children to school.

Incomes of banana growers vary. For the small percentage of ARBs who went into lease agreement, DOLE-Stanfilco rents the land initially at PhP12,000.00 per hectare per year then gradually increases it to PhP15,000.00. Now they are being paid to PhP20,000.00 per hectare per annum. If they own three hectares their income is about PhP60,000.00 per annum. Contract growers, on the other hand, say they earn a net income of approximately PhP75,000.00 per annum. Monthly income for lease or contract growers is within the range of PhP5,000.00 to PhP6,250.00 -- figures that are still way below the per capita poverty threshold for Region XI of PhP11,276.00³⁶

In a sense, banana plantation farming seems to be a welcome development only for those who have (1) bigger lands leased to the banana corporate growers; (2) sources of income other than farming including household member/s working abroad or small/medium scale business ventures in and out of the barangay; and (3) absentee landowners who do not have enough capital to develop their farm lands who now augment their income with earnings from the banana companies.

Health concerns

At present, the UTMPC is lobbying for companies to cease aerial spraying since this is not only very expensive but a health hazard, as well. People complain of difficulty in breathing, palpitations, respiratory and skin diseases due to the chemicals being sprayed. During aerial spraying, people observe that animals and insects die and small children get sick. One woman ARB was able to get health and hospitalization assistance from the company after she threatened to sue them for the health hazard the company caused the community. DFC has

lessened aerial spraying but Highland Banana Corporation still has not considered their request.

Interface Development Interventions (IDIS) Executive Director, in a recent press release (2005), claimed residents of Barangay Tamayong are threatened by the possible deadly effects of a banana company's aerial spraying practice to their health and to the environment –citing that spray drift from aerial spraying can contaminate open or exposed bodies of water such as rivers, wetlands and springs where people get drinking water. Some houses within plantation areas such as in Tamayong still depend on rainwater and spray drifts contaminate their roofs where they collect rainwater -- further bolstering the claim of the frightening link between people's pesticide exposure and their (serious) illnesses and diseases.

At present, there is no data on the cost of medicines and hospitalization for illnesses in the community directly attributed to pesticides. This is an important information to reckon with because the cost of getting sick may be higher than their income from contract growing.

Development needs

The following development needs were identified by the barangay: (i) FMR, (ii) potable water system, and (iii) rural electrification. Only the FMR was implemented by ARCP. The water system is still problematic. Their groundwater has since been contaminated by chemicals and fertilizers that their level 1 water source has been made unsafe for human consumption.

Residents do not want to take chances, even water from rain is perceived to be unsafe that they resort to purchasing drinking water from the packing plant of DFC. Moreover, natural spring water easily dries up during the hot season. Water from the mountainous parts of the barangay is being surveyed but still remains untapped.

In 2000, ADB-assisted ARCP started implementation in Tamayong. ADB listed the following fast-track projects for Tamayong ARC:

- a) PhP2,800,000 potable water system installation,
- b) PhP4,400,000 8.3 kilometer road gravelling project from Purok 1 to Purok 6, and

c) PhP598,000 road ditching project in the same stretch of paved road.

ADB extended a PhP7,798,000.00 ODA package for the projects. The LGU provided counterpart funds of PhP2,449,000.00. The potable water system has not been realized reportedly due to the low capacity of the water reservoir.

ARCP funded the 7-kilometer farm to market road, which connects the 2.5 kilometer road built through the initiative of both DAR and the two cooperatives. The 2-kilometer road concreting was sourced out from DAR funds in 1999 and the 0.5-kilometer and 3-meter road was funded by Representative Elias Lopez of Calinan district.

Perception towards ARCP

Reactions to the ARCP projects are mixed. A number, mostly small growers, were quite happy with the road construction and ditching. Somehow, transporting their vegetable produce was made easier at lesser cost. With the improved road, their produce now reaches the market less damaged. Before they had to use horse or carabao drawn wooden carriage and ply the muddy "road" to sell their produce in Calinan.

Moreover, access to education, health and other social services has become easy and convenient. They can now send their children to high school because it is now inexpensive to do so; they no longer have to install them in boarding houses. In 2000, electricity was funded by the LGU and was made possible to install because of the better road conditions in the area. Growers perceive that the FMR will attract investors because big hauling trucks can easily enter their barangay.

But local critics point out that the overall situation remains the same. The road in Tamayong improved but not the road in Barangay Cawayan which they pass going to and from the market. Their produce, they said, continues to be damaged along the way to the market. Barangay Cawayan is not an ARC and therefore, not a recipient of the project. This shows that among ARCs and non-ARCs, there is inequity in the provision of development support from the State.

This illustrates the contention that CARP has, so far, produced mixed results. Most of the success or claims of success are in ARCs benefiting from donor-funded or ODA programs. Anti-CARP actors argue that agrarian reform does not result to development elsewhere, especially in the areas where state-managed support service are either deficient or totally absent.

Plans for banana powder production

The most recent project that UTMPC is collaborating with DARMO is banana powder production. This project has been the brainchild of DARMO together with UTMPC as part of the endeavor to diversify livelihood options for the community. UTMPC sees the project as a logical expansion of its business and a way to augment its members' income as contract growers. To ensure their produce is utilized to the maximum, bananas that do not meet the quality control of banana companies will be the main ingredient of the cooperative's banana powder production. This way, they minimize wastage of produce and ensure continuous income flow.

The proposal showed promise. In February 2005, they signed a contract with the Department of Labor and Employment (DOLE) for a grant worth PhP100,000.00 as a start-up capital for this business endeavor. ARCP is also set to provide funds for additional capital for equipment and other materials needed.

ARCP, where does the road lead to?

As an oft-repeated argument states, economic growth does not always lead to socially beneficial outcomes. ARBs of DPMPC, PHDC, and UTMPC measure the impact of land reform in terms of the income they generate from their growership agreement with the banana companies.

DPMPC, PHDC, TTMPC, and UTMPC perceive farm to market roads established under ADB-ARCP as a major contribution of the project to the community. Change in their quality of

life is attributed to their entry as contract growers, which is not necessarily directly attributed to the project. They measure the impact of growership in their capacity to send their children to school, in their ability to purchase household appliances such as television and stereo, in their ability to purchase a motorcycle, and in their access to financial capital for production. All these they consider as positive impacts of growership in their overall quality of life.

It is in the same way that the MARO of Calinan considers the entry of the banana companies in Tamayong as beneficial to the ARC due to its perceived contribution in the increase of the income of the ARBs. Banana companies are considered as a viable source of steady income for growers as well as employment for community members since they have established packing plants in the area. Comparative data shows that in 1994, when the Barangay was established as an ARC, income was PhP20,000.00 per annum and by the end of 1998, during which Upper Tamayong entered into growership agreement with DOLE-Stanfilco, Highland Banana Corporation, and Davao Fruits Corporation, income was at PhP60,000.00 per annum. In 2004, figures of DARMO shows annual income to be at PhP104,000.00 or about PhP8,666.00 per month.

Still, 2003 regional poverty estimates pegged monthly per capita poverty threshold of Region XI at PhP11,276.00. ARCP and AVA clearly did not make a significant improvement in the income poverty in these ARCs.

Where then does the road take the ARBs of Calinan and Toril? Indeed, when one looks at the larger picture, the change is not that significant. In fact, while the ARBs who went into growership contracts have improved their economic status, the irony is that (i) they are slowly drowning in debt with the company/ies they entered into contract with, (ii) their control and access over their land is but an illusory land title they hold as ARBs "surrender" their control over their land for 15 or more years with their signing of the growership contract. They enter a contract where the type of crop to plant is fixed for a given number of years, where they will sell to the investor for a fixed price for a given number of years, where they are vulnerable to policies of the investors for a given number of years, where after the land becomes barren from mono-cropping, investors transfer to more nutrient-rich soils, (iii) their health and that of their

children is jeopardized by chemicals and fertilizers in plantations, and (iv) ecological concerns take a back seat.

In reality, AVA schemes benefit banana companies more than the ARBs considering that agribusiness companies are not just ensured a constant supply of high value produce. More importantly, the risk is transferred to the growers; companies and investors do not have to contend with labor and management, they do not absorb losses brought about by fluctuations in the world market, and they can easily transfer and expand to other areas when the need arises or when resources of the soil has been depleted without having to provide buffer and safety net mechanisms to the communities they left behind.

In all actuality, entering into an AVA with a corporate banana grower is a surrender of the ARBs control over their land. For the period encompassing the agreement, the ARB is hostage to the policies of the company: it is the corporation in actual fact and practice that controls the land; the company has the power to dictate what crop to produce and at what price, does the quality control on the produce it will buy from the growers; and make deductions, the details of which the direct producers do not necessarily comprehend.

It is ironic that to get away from the local financiers, who are in control of their vegetable productions before becoming growers, the small landowners actually fall into the same situation of debt and poverty. This time, however, the milieu involves bigger, more powerful corporate entities.

As it is, ARBs turned growers accrue debt after debt from one production period to the next and inevitably meet difficulties in paying amortization of the land awarded to them through CARP.

The fear of losing the option of eventually owning the land actually imprisons the ARBs to the thinking that AVAs will lead them to the promised prosperity in agribusiness.

All told, such prospects have not been realized for many Mindanaoans. This is rooted from the fact that policy makers and government regulators have done little to protect the rights of the small farmers in agribusiness contracts.³⁷

What then is the contribution of ARCP in terms of achieving its goal of poverty alleviation? The local milieu of the communities entered into by ARCP is (i) geographically highland areas, (ii) CARP accomplishment is more than 90 percent, (iii) banana companies have started liaising with ARBs and non-ARBs to go into growership or leaseback agreement, (iv) glaring lack of farm to market roads to service the farmers and the community, (v) lack of social infrastructure such as potable water system, and (vi) majority of the households live below the poverty line.

ARCP intervention is three-pronged, (i) rural infrastructure, (ii) community and institutional development, and (iii) agribusiness development. Given such, the entry of the project could be considered in consonance with the agribusiness-driven development espoused by DAR and banana companies. In fact the people feel that ARCP comes imbedded with the advent of AVA in their areas and vice versa such that when asked about the impact of the project, most people cannot separate their perception of its benefits with that of the benefits of AVA.

Ultimately, in the same way that AVAs benefits the banana companies more than the ARBs, the FMR component of the ARCP benefits the banana companies more than the ARBs. It is but sad reality that the State is increasingly dependent on ODA as a means of providing support services to its people. Rural development is fueled by ODA projects and yet poverty, in all its aspects, remains unaddressed in these areas.

In putting the ODA projects in perspective, therefore, one can conclude that it did lead to an improvement in the quality of life of the ARBs: with the improved road, transporting their vegetable produce was made easier at lesser cost; their produce reaches the market less damaged than before. Further, ARBs perceive that the farm to market road will attract investors because big hauling trucks can easily enter their barangay.

At the end of the day, however, for as long as banana companies have control and ultimately benefit from government intervention and donor-funded programs, prosperity will be difficult to attain by the people of Mindanao. Agrarian reform becomes but a change in the actors within a feudal relationship from landlord-peasant prior to CARP to plantation companies-growers in post-distribution if the control and access to land is not in the hands of ARBs.

Some considerations

AVAs in CARPed lands and ODA projects in the ARCs remain to be a reality in our capital and budget-challenged country. It is in such context that the following challenges are put forth:

1. There is a need for close ODA monitoring by civil society, especially in Mindanao where a significant number of ODA projects are poured into. Advocacy on genuine participation, transparency and accountability is especially important because the State is increasingly dependent on ODA to fund support/social services. As it is, the State might just be parroting the development formulae of donor agencies, as what is reflected in the study.
2. There is a need for a strong political will in the enforcement of CARP AVA policies. The policy for the protection of farmers under AVA is present but the teeth of enforcement are weak and malleable to the demands of big agribusiness companies.
3. Harnessing the presence of progressives within the rank of DARMO and DARPO becomes an important foothold into an agency that still has the potential to execute positive changes in the lives farmers and the rural poor.
4. ODA proponents should put into consideration the relevance of projects to local conditions. Relevance and appropriateness are of foremost importance as these have great bearing into project feasibility and sustainability. If an intervention does not

consider the dynamics and the character of the local milieu, it veers dangerously into becoming extinct after the project phases out.

5. Empowerment is, in essence, value formation. Organizing and capacity building is therefore a long, continuous process towards instilling in people the value of having a broad development framework for their community. One that is founded on the principle of relevance and complementarity of initiatives and of people-centeredness; an engagement that is authentic in its being participatory.

6. Creation of coalitions and federations among cooperatives is important to have a strong bargaining front. There is unity in numbers and in having a common goal. Cooperatives have an innate power within them because it is built on a common goal and founded by people who share similar aspirations. Once this advantage is understood and harnessed, negotiations could become stronger when cooperatives and associations form a united front to air their concerns and grievances to companies and government agencies.

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ANNEX

List of Persons Interviewed

A. Key Informant Interview

- | | |
|----------------------|-----------------------------------|
| 1. Victor Cubita | PARO II, DARPO-XI |
| 2. Santiago Paclibar | CARPO, DARPO-XI |
| 3. Jaime Coloma | Engr. II, DARPO-XI |
| 4. Ruel Larosa | SARPO/PPF, DARPO-XI |
| 5. Herminia Ferrer | CIDO, DARPO-XI |
| 6. Elizabeth Caparo | MARO, DARMO-XI |
| 7. Regina Isidro | Development Facilitator, DARMO-XI |

B. Focus Group Discussion

Progressive Highland Development Cooperative (PHDC), Daliaon Plantation, Toril

- | | |
|--------------------------|------------------|
| 8. Belinda Geraldez | Treasurer |
| 9. Rosalinda Bernardo | BOD |
| 10. Ricardo Celda | BOD |
| 11. Orlando Onoon | BOD |
| 12. Roy Pellicer | BOD |
| 13. Marcelo Berando, Sr. | _____ |
| 14. Zenaldez Olante | Vice Chairperson |
| 15. Mumar Luren | Office Secretary |
| 16. Nurico Enriquez | BOD |
| 17. Edilberto Eifore | Chairperson SAIC |
| 18. Emilio Araneta | BOD |

Tausug Tamayong Multipurpose Cooperative (TTMPC), Tamayong, Calinan

- | | |
|------------------------|-------------|
| 19. Josephine Teng | Bookkeeper |
| 20. Sauda Calim | Chairperson |
| 21. Abdu Abbas | Member |
| 22. Salih Abbas | Member |
| 23. ____ Gradi | Member |
| 24. Cesario Barbadillo | Member |
| 25. Ajam Asta | Member |

Upper Tamayong Multipurpose Cooperative (UTMPC), Tamayong, Calinan

- | | |
|-------------------------|------------------|
| 26. Vicente Teroy | Treasurer |
| 27. Lilia Ocat | Chairperson |
| 28. Estrella Acierto | BOD |
| 29. Joven Revilla | Vice Chairperson |
| 30. Concepcion Libot | Manager |
| 31. Emilia Destrajo | Secretary |
| 32. Rosario Separa | BOD |
| 33. Ermelinda Mumar | Member |
| 34. Carolina Velasco | Member |
| 35. Erlinda Macalalad | Member |
| 36. Ma. Vicenta Olguera | Member |