



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ADMINISTRATIVE ORDER NO. 09
Series of 2006

SUBJECT : **REVISED RULES AND REGULATIONS GOVERNING
AGRIBUSINESS VENTURE ARRANGEMENTS (AVAs) IN
AGRARIAN REFORM AREAS**

Pursuant to Republic Act (R.A.) No. 6657, known as the "Comprehensive Agrarian Reform Law of 1988", as amended, and the applicable provisions of Executive Order (E.O.) No. 129-A, known as the "Reorganization Act of the Department of Agrarian Reform", the following rules and regulations are hereby issued to amend/update the existing policies and procedures under Administrative Order (A.O.) No. 2, Series of 1999 in order to effectively implement and monitor agribusiness venture arrangements in agrarian reform areas.

**ARTICLE I
PRELIMINARY PROVISIONS**

Section 1. Framework and Objectives. To augment the support services extended by the government to the agrarian reform beneficiaries (ARBs), the formation of agribusiness venture arrangements is encouraged as a means by which investment of financial and other resources by the private sector can be channeled to agrarian reform areas through productive and collaborative ventures between the private sector and the ARBs. These collaborative ventures seek to:

- 1.1 Mobilize private sector investments in developing agrarian reform areas;
- 1.2 Provide adequate support services and facilities to ARBs;
- 1.3 Optimize the operating size of distributed lands for agricultural production;
- 1.4 Ensure security of ownership, tenure and income of participating ARBs;
- 1.5 Enhance and sustain the productivity and profitability of commercial farms;
- 1.6 Hasten the transformation of ARBs into farmer-entrepreneurs; and
- 1.7 Contribute to the realization of a globally competitive local agriculture sector and the attainment of food security.

Sec. 2. Coverage. These rules and regulations shall apply to all awarded lands distributed under the Comprehensive Agrarian Reform Program (CARP).

Individual ARBs and ARB cooperatives or associations, who are bonafide holders of Emancipation Patent (EP), Certificate of Land Ownership Award (CLOA) or similar tenorial instruments issued by the Department of Agrarian Reform (DAR) or its predecessor may apply for AVA provided herein.

Retained areas of small landowners (LOs) and lands of ARBs that are fully paid or where the ten-year prohibitory period under Sec. 27 of R.A. No. 6657 has

already lapsed may also be covered by these rules and regulations provided the said LOs and ARBs opt to include the said landholdings in the AVAs under this Order.

Sec. 3. Definition of Terms. For purposes of this Order, the following terms are hereunder defined:

- 3.1 *Agrarian Reform Beneficiaries (ARBs)* refer to qualified individual beneficiaries under Presidential Decree (P.D.) No. 27 or R.A. No. 6657, or their cooperative or association duly registered with the Cooperative Development Authority (CDA), the Securities and Exchange Commission (SEC) or the Bureau of Rural Workers (BRW) of the Department of Labor and Employment (DOLE).
- 3.2 *Agribusiness Venture Arrangement (AVA)* refers to entrepreneurial collaboration between ARBs and investors to implement an agribusiness venture involving lands distributed under CARP.
- 3.3 *Arbitration* is a method of voluntary conciliation whereby the contending parties submit their dispute to an arbitral committee who, in turn, shall conduct hearings and make final decisions binding upon both parties.
- 3.4 *Association* refers to ARBs who voluntarily form a group duly recognized by the SEC or BRW and organized for the purpose of entering into an AVA with a common investor, among others.
- 3.5 *Build-Operate-Transfer (BOT)* is an AVA scheme wherein the investor builds, rehabilitates or upgrades, at his own cost, capital assets, infrastructure and facilities applied to the production, processing and marketing of agricultural products and operates the same at his expense for an agreed period after which the ownership thereof is conveyed to the ARBs who own the land where such improvements and facilities are located.
- 3.6 *Cooperative* refers to a group of ARBs duly organized under R.A. No. 6938, otherwise known as the "Cooperative Code of the Philippines", for the purpose of pooling land, human, technological, financial and/or other economic resources to achieve social and economic ends, and to make equitable contributions and accept fair risks and benefits of the cooperative's undertakings.
- 3.7 *Equity* is the value of the shares subscribed and paid for by each party in relation to the authorized capital stock of a joint venture corporation.
- 3.8 *Investors* refer to either former landowners, private individuals, corporations, non-government organizations, ARB cooperatives/associations, government owned and/or controlled corporations or any entity duly authorized by law, who are willing and able to contribute their capital, equipment and facilities, technology, and/or management services in an AVA and whose application has been approved pursuant to Art. III of this Order.
- 3.9 *Joint Venture Agreement (JVA)* is an AVA scheme wherein the ARBs and investors form a joint venture corporation (JVC) to manage farm operations. The beneficiaries contribute the use of the land held individually or in common and the facilities and improvements, if any. On the other hand, the investor furnishes capital and technology for production, processing and marketing of agricultural goods, or construction, rehabilitation, upgrading and operation of agricultural capital assets, infrastructure and facilities.

- 3.10 *Joint Venture Corporation (JVC)* is a corporation formed by the investor and the ARB cooperative/association and is governed by the joint venture agreement. It has all the powers and attributes of a duly organized and registered corporation pursuant to Batas Pambansa (B.P.) Blg. 68, otherwise known as the "Corporation Code of the Philippines", provided that, agricultural lands contributed by the ARBs to the JVC are subject to the restriction on transferability of awarded lands under Section 27 of R.A. No. 6657.
- 3.11 *Lease Agreement* is an AVA scheme wherein the beneficiaries bind themselves to give the former landowner or any other investor general control over the use and management of the land for a certain amount and for a definite period.
- 3.12 *Management Contract* is an AVA scheme wherein the ARBs hire the services of a contractor who may be an individual, partnership or corporation to assist in the management and operation of the farm for the purpose of producing high value crops or other agricultural crops in exchange for a fixed wage and/or commission.
- 3.13 *Marketing Agreement* is an AVA scheme wherein the investor explores possible markets/buyers for the ARB's produce and in turn receives commission for actual sales.

It is distinct from the direct marketing arrangement/contracts of ARBs or their cooperative/association wherein the regional/provincial marketing assistance officer of DAR helps or assists in the sale and marketing of ARBs produce to a regular market, e.g., institutional buyers such as Cargill Philippines or San Miguel Corporation (SMC) for yellow/hybrid corn. This arrangement is under the DAR marketing assistance program (MAP) and not considered as an AVA scheme.

- 3.14 *Production/Contract Growing/Growership* is an AVA scheme wherein the ARBs commit to produce certain crops which the investor buys at pre-arranged terms (e.g., volume, quality standard, selling price). This may come in the form of production and processing agreements.
- 3.15 *Service Contract* is an AVA scheme wherein the ARBs engage the services of a contractor for mechanized land preparation, cultivation, harvesting, processing, post-harvest operations and/or other farm activities for a fee.
- 3.16 *Mediation* is a method of voluntary conciliation whereby the DAR Provincial Agrarian Reform Officer (PARO), acting as a neutral facilitator, assists the parties in reaching their own settlement through conference and discussion resulting to compromise.
- 3.17 *Voluntary Conciliation* is a mode of resolving disputes arising from the execution of AVA contracts, whereby, the contending parties engage in voluntary and mutually acceptable means of arriving at resolutions, particularly mediation and arbitration.
- 3.18 *Party-in-Interest* is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit.
- 3.19 *Transfer* is the conveyance of the use and possession of CARP awarded lands from one person or entity to another.

ARTICLE II
STATEMENT OF POLICIES

Sec. 4. General Policies. The agribusiness venture arrangement shall be governed by the following policies:

- 4.1 ARBs (whether individual or organized as cooperative/association) who are already awarded with EP, CLOA or similar tenurial instruments issued by the DAR or its predecessor and are in possession of their land, may enter into an AVA with qualified investors of their own choice. In no case shall potential ARBs be allowed to enter into AVA or any interim agreement prior to the award of EP, CLOA or similar tenurial instruments issued by the DAR or its predecessor, and the possession of the land.
- 4.2 ARBs organized as cooperatives or associations may enter into an AVA provided that the Board of Directors, with the technical support of their executive officers, shall secure the vote of approval by the general membership in accordance with its articles of cooperation/association and by laws. In the absence thereof, a vote of approval of at least 2/3 of the general membership shall be secured.
- 4.3 Former landowners may qualify as investors under AVAs provided that they have no outstanding obligations with the ARBs, such as, among others, separation pay and unpaid benefits under the Labor Code.
- 4.4 Prospective investors under AVA must provide sufficient evidence, as specified under Sec. 11 of this A.O., to reasonably demonstrate or prove that they have organizational, technical and financial capabilities to meet the obligations they commit in the proposed AVA contract.
- 4.5 All AVAs which will require transfer of or allow the use and possession of the land in favor of the investor or former landowner, such as lease agreement, joint venture agreement, build-operate-transfer and combination or phased implementation of these schemes, or other schemes/arrangements analogous to the above shall be reviewed/evaluated by the National AVA Evaluation Committee (NAEC) upon endorsement by the Provincial Agrarian Reform Coordinating Committee (PARCCOM) and shall be approved by the Presidential Agrarian Reform Council (PARC) or PARC Executive Committee (ExCom).

All other AVAs such as production/contract growing/growership, marketing contract, management contract, service contract and other emerging schemes where there is no transfer in the use and possession of the land in favor of the investor or former LO shall be reviewed by the Provincial Agrarian Reform Officer (PARO). These shall not be required to go through the NAEC and PARC or PARC ExCom review and approval process under this Order.

- 4.6 In order to ensure that the rights and welfare of the ARBs and their cooperative/association are protected, the DAR shall be a signatory to the AVA contract, subject to the review and favorable endorsement by the NAEC or the AVA-Task Force (TF) at the DAR Provincial Office (DARPO), as the case may be.

For lands that are not yet fully paid or are within the ten-year prohibition period pursuant to Sec. 27 of R.A. No. 6657, the DAR Undersecretary of Policy Planning and Legal Affairs Office (PPLAO) or the PARO shall affix his/her

signature as a nominal party to the contract, in accordance with the following category:

- A. DAR PPLAO Undersecretary - All AVAs which will require the transfer of or allow the use and possession of the subject land in favor of the investor or former LO; or
- B. PARO - All other AVAs where there is no transfer in the use and possession of the land in favor of the investor or former LO.

For lands that are fully paid or the ten-year prohibition period pursuant to Sec. 27 of R.A. No. 6657 has lapsed, the DAR PPLAO Undersecretary or the PARO shall affix his/her signature as a witness to the AVA contract in accordance with the abovementioned category. The PARCCOM shall be furnished with a copy of the AVA contract duly witnessed by the DAR PPLAO Undersecretary and the PARO.

- 4.7 The terms and conditions of the AVA contract shall be mutually agreed upon by the ARBs and the investor. The approval of AVA contracts by the PARC or PARC ExCom shall be strictly guided by the conditions stipulated in Art. III of this Order.

The terms and conditions of the AVA contract shall be fully known to all parties. If warranted, the parties may translate the contract into the local dialect known to the ARBs. It shall be the responsibility of the concerned DAR field officials to ensure that the ARBs are made fully aware of and understand the options available to them, including their rights and obligations under the AVA contract.

- 4.8 The PARCCOM, NAEC and PARC or PARC ExCom shall act on the AVA within thirty (30) days **each** reckoned from the completion of all the required documents. Pending the approval of the AVA, the transitory provision under Sec. 33, Item (a) of DAR A.O. No. 9, Series of 1998 shall apply.

- 4.9 The AVA contract shall take effect only upon receipt by the contracting parties of the PARC or PARC ExCom resolution approving such contract, or upon the affixing of the PARO's signature as a witness or nominal party to the contract. The absence of PARC or PARC ExCom approval or signature of the PARO shall render the said AVA contract null and void.

- 4.10 The AVA shall be approved only if it guarantees the security of ownership and tenure of ARBs, and ensure an increase of their income. Further, there must be sufficient and reliable basis to reasonably conclude that the economic viability and productivity of the farms are ensured. The AVA contract shall not be approved if it will result in the transfer of ownership, exemption/exclusion from CARP coverage and/or conversion of the subject landholding to non-agricultural use except those necessary for the operation of the AVA.

- 4.11 A member can only transfer his/her share to a qualified ARB through the cooperative/association. Any transfer of shares by the original beneficiaries shall be void *ab initio* unless said transaction is in favor of a qualified and registered beneficiary within the same cooperative/association. Such transfer of shares shall be in accordance with the provisions under Item VI.2, paragraph 2 of Joint DAR-CDA A.O. No. 2, Series of 1997 for cooperative and pertinent provisions of the Civil Code of the Philippines for associations.

- 4.12 The landholding subject of AVA shall be used solely for agricultural purposes and the investor shall not use or allow the use of the subject landholding for illegal or prohibited purposes or for other purposes not covered under the AVA contract.
- 4.13 The duration or period of the AVA contract shall be mutually agreed by all parties taking into consideration the following parameters: (1) crop or production cycle; (2) gestation period of the crop; (3) economic lifespan of existing major and essential facilities/infrastructure (if any); (4) payback or recoup period of investments; and (5) term of office of cooperative/association officers and Board of Directors (if applicable).
- 4.14 To allow for some changes in the economic assumptions and/or the prevailing economic conditions at the time of AVA application and processing as well as changes on the physical attributes of the land, the critical terms of the contracts (i.e., duration and amounts involved) shall be periodically reviewed and/or renegotiated by the contracting parties. The review and/or renegotiation shall be undertaken upon request or petition of any of the parties on the following grounds: (1) extraordinary increase of inflation rate; (2) drastic change in price fluctuation on both input and output; (3) declaration of the areas as calamity or disaster areas due to *force majeure*; and (4) other meritorious grounds.

All renegotiated/renewed/extended contracts and their effectivity shall be subject to the same process of review and approval by the PARC or PARC ExCom and PARO as provided in this Order.

- 4.15 The AVA shall balance and address the farmers'/farmworkers' distinctive roles and rights as cooperative member, employee/farmworker and ARB. The ARB's membership in the cooperative or association shall be in accordance with the Cooperative Code (R.A. No. 6938) or Civil Code/Corporation Code (B.P. No. 68), as may be applicable, as well as the appurtenant implementing guidelines thereof. His/her beneficiary status shall be determined by the CARL (R.A. No. 6657) and its relevant policy issuances, while his/her employment relation shall be governed by the Labor Code and related legislations.
- 4.16 For the duration of the contract, whenever applicable, the investor shall provide funds necessary to ensure ecological protection of both the farm and its workers, particularly for the conservation and maintenance of land quality, proper handling, storage and disposal of hazardous residues and waste products, and proper protective and acceptable safe methods of application of fertilizers and other chemicals.
- 4.17 For the duration of the AVA contract, the DAR must ensure the viability and stability of the cooperative/association as a business partner and entity through effective periodic monitoring and intervention measures/strategies.
- 4.18 As a general rule, the AVA shall provide for the participation of ARBs in farm management operations and shall include a human resource development plan/program aimed at providing management capability building and transfer of technology to ARBs and hastening their transformation into rural entrepreneurs.
- 4.19 The DAR shall ensure that the AVA contract shall include provisions to help promote the development and transformation of ARBs from mere laborers and labor union members to farm owners, cooperative members and business entrepreneurs and managers.

- 4.20 The AVA shall include provisions for worker's productivity and quality incentives for the employed ARBs over and above the compensation they shall receive as employees of the AVA.
- 4.21 The AVA contract shall provide sanctions for non-compliance by either parties and shall be periodically monitored by the DAR. All AVAs entered into by and between the ARBs and the investors shall be governed by the provisions under Sec. 73(e) and (f), and Sec. 74 of R.A. No. 6657, respectively.
- 4.22 Voluntary conciliation methods shall be preferred in resolving disputes arising from the execution of AVA contracts. The AVA contract shall stipulate mediation by the PARO as the first recourse for the resolution of disputes and if it fails, the parties shall resort to arbitration in accordance with Art. VI, Sec. 15 of this Order and R.A. No. 9285 known as the *Alternative Dispute Resolution Act of 2004* or other arbitration laws. The stipulation of voluntary conciliation methods as preferred means of resolving disputes in the AVA contract shall be observed without prejudice to the parties' right to submit the decision of the arbitrators to the proper court, tribunal or quasi-judicial agency.
- 4.23 The DAR, through its regional and provincial offices, shall monitor, together with the PARCCOM, the progress and implementation of AVAs in accordance with Art. VII of this Order. With prior notice to the parties, the DAR shall be given access to the records and premises subject of AVA and conduct inspection on the property to determine the extent of its development and use, and the parties' compliance with the terms and conditions of the AVA contract. It shall recommend remedial measures when warranted.

This shall include the monitoring of all AVAs previously approved under A.O. No. 2, Series of 1999 where said contracts may be revoked or amended pursuant to Secs. 12 (last par.) and 15 of the said A.O.

- 4.24 Any party-in-interest may file the petition for the revocation of the AVA contract to the PARO. Upon the recommendation of the AVA-TF through the NAEAC, the PARC or PARC ExCom, or the DAR Adjudication Board (DARAB), as the case may be, may revoke and/or terminate the AVA contract if and when it has reasonably/justifiably proven after determination on the merits that the welfare of the ARBs and their cooperative/association have not improved after a period of five (5) years from the implementation of the AVA, or the concerned party/ies has/have committed any violation on the AVA contract, or any of the grounds provided under Art. VIII, Sec. 19 of this Order.

For those contracts which were not approved by the PARC or those executed prior to this Order, any party may file for the revocation of the AVA contract with the DARAB pursuant to Secs. 50 and 3(d) of R.A. No. 6657.

- 4.25 Subject to the provisions of this Order, the contracting parties may combine the features of any or all of the AVA schemes, or provide for a phased implementation thereof. For instance, production and processing of agricultural crops may be covered by a contract growing arrangement, while marketing may be under a joint venture, or, a small grower may engage in production, while a corporation may undertake processing and marketing. Likewise, lease agreement may initially be undertaken and then shift to contract growing.

Sec. 5. Specific Policies. The different types of agribusiness partnership or arrangement shall be governed by the following specific policies:

- 5.1 **Joint Venture Agreement.** The ARBs and investors shall form a joint venture corporation (JVC) to manage farm operations. The beneficiaries shall contribute use of the land held individually or in common and the facilities and improvements, if any, while the investor shall furnish capital and technology for production, processing and marketing of agricultural goods, or construction, rehabilitation, upgrading and operation of agricultural capital assets, infrastructure and facilities. It shall be governed by the following policies:
- 5.1.1 The JVC, which had been duly organized and registered with the Securities and Exchange Commission (SEC), shall have juridical personality separate and distinct from that of the contracting parties in accordance with Batas Pambansa (B.P.) Blg. 68, otherwise known as the "Corporation Code of the Philippines".
 - 5.1.2 The JVC shall acquire merely usufructuary, but not ownership, rights over the land for an agreed period, subject to the limitations provided for under Art. 605 of the Civil Code, and subject, further to the condition that it shall preserve the form and substance thereof. Ownership of the land remains with the ARBs and the property cannot be used to settle obligations of the JVC in the event of insolvency or bankruptcy.
 - 5.1.3 The JVC shall be liable for taxes due on the improvements, while the ARBs are accountable for taxes due on the land pursuant to Arts. 596 and 597 of the Civil Code.
 - 5.1.4 The equity participation of the ARBs may be determined by both parties based on prevailing market rates or as appraised by a registered and accredited independent appraiser chosen by the parties.
 - 5.1.5 The equity shall serve as basis for determining the voting shares in the JVC. Through an equity review mechanism, increases in the fair market value of the use of the land, facilities and improvements may result in a corresponding increase in equity. For this purpose, the ARBs and the investors may engage the services of independent appraisers or valuers.
 - 5.1.6 The equity of the ARBs shall not be, in any manner, subject to dilution in case of additional issuance by the JVC of shares of the capital stock. For this purpose, additional issuance shall consist of non-voting shares.
 - 5.1.7 The JVC shall be managed jointly by the investors and the ARBs. The ARBs shall be given a fixed number of seats in its Board of Directors corresponding to their equity. They may be given additional seats in the board, as agreed by the parties, as special privilege as incorporators or founders pursuant to Sec. 7 of B.P. Blg. 68.
 - 5.1.8 ARBs and/or their dependents shall be given preference for employment in the joint venture. Employed ARBs shall receive salaries/wages for their labor in accordance with existing labor laws, in addition to dividends on their equity interest, to be given every crop year, and other income that may be due the registered owner for the land used under the joint venture, as the case may be.

- 5.1.9 The joint venture agreement shall provide for the creation of a social fund which shall be managed by the Board of Directors. The Board of Directors of the JVC shall formulate and implement the relevant policies and guidelines for the creation, establishment and management of a social fund which shall be made available to the members of the cooperative. The social fund shall be established through any or all of the following sources: (1) proceeds of the joint venture as determined by the Board of Directors; (2) income generated out of business opportunities made available by the investor to the cooperative; or (3) such other available funds the Board of Directors or the administrators of the social fund may identify/determine. The social fund shall be used to support social welfare, livelihood and other income-generating projects for the ARBs and their dependents.
- 5.1.10 The agreement shall provide for the establishment of a fund which will guarantee the payment of land amortization and real property taxes of the ARBs in case of contingency.
- 5.1.11 The JVC articles and by-laws and the joint venture agreement shall incorporate the applicable specific policies and basic features provided herein.
- 5.1.12 Upon dissolution and winding up of the joint venture corporation after due process, the ARBs or their cooperative/association shall assume full control of the land.
- 5.1.13 In cases of permanent total incapacity of a member, he/she has the option to sell his/her share capital to the cooperative or nominate his/her successor to the cooperative. In case of death, his/her heirs have the option either to monetize his/her share capital or nominate his/her successor to the cooperative. In both cases, the nominated successor should be qualified as an ARB and approved by the cooperative and the DAR.

- 5.2 ***Production/Contract Growing/Growership/Marketing Contract.*** In production/contract growing/growership, the ARBs shall commit to produce certain crops which the investor buys at pre-agreed terms (e.g., volume, quality standard, selling price) and maintain ownership of the land.

In marketing contracts, the ARB shall engage the services of an investor who will explore possible markets/buyers for his/her produce.

The contracts shall be governed by the following policies:

- 5.2.1 The production/growing/growership/marketing contract shall stipulate the terms of sale which shall include the quality, quantity and price of agricultural produce to be bought by the investor.
- 5.2.2 In production/contract growing/growership, the investor may provide at reasonable cost, the technology and other farm inputs prescribed for the production of agricultural goods according to the quality standards set by the growership contract. Any loss resulting from arbitrary adjustments in the quality standards shall be borne by the investor unless the ARBs are informed, at the earliest opportunity, of the adjustments and are provided with reasonable means to cope therewith.

- 5.2.3 If the application of the prescribed production technology results in the degradation of the substance and form of the land, the ARBs shall be justified in applying alternative and equally effective production technology upon proper notice to the investor.
- 5.2.4 The schedule of deduction and amounts representing the cost or value of the use of the technology, equipment, facilities, service and other farm inputs provided by the investor to the beneficiaries shall be agreed upon by both parties and shall be clearly stipulated in the contract.
- 5.2.5 Agricultural produce of ARBs which fail to meet the pre-agreed quality standards may be rejected by the investor, the liabilities for which shall be borne by the ARBs, provided, that such sub-standard produce are not due to the technology, equipment or inputs specifically prescribed by the investor.

The parties shall avail of a crop insurance from which the costs shall be recovered in case sub-quality standard produce is due to *force majeure*. In case the agreement is one of production/contract growing/growership, the premium shall be charged to both parties as deductible expenses. If it is a marketing contract, the premium shall be charged to the ARBs.

- 5.2.6 The period for acceptance by the investor of the products delivered shall be stated in the growership contract. Acceptance is implied by the investor's failure to notify the ARBs of its rejection of the products after the lapse of the agreed period.
- 5.2.7 If production exceeds the volume of crops agreed upon in the contract, the ARBs may dispose of the excess to other interested buyers, subject to the investor's right of first refusal. The proceeds of the sale of the excess shall accrue exclusively to the ARBs.
- 5.2.8 The agreement shall incorporate a price review mechanism, including the disclosure of prices and post harvest and marketing cost, taking into consideration industry practice, prevailing market prices, and other appropriate factors.
- 5.2.9 The investor/buyer is solely responsible for generating financial resources to pay for the ARBs' produce and advance payments.
- 5.2.10 In case the investor assigns/delegates his/her marketing rights in the marketing contract to other investors, he/she shall inform the ARBs, in writing, on the matter, with the assurance that the terms and conditions of the existing marketing contract shall be honored and respected by the assignee. He/She shall furnish the AVA-TF a copy of the written assurance.

5.3 **Lease Agreement.** The beneficiaries shall bind themselves to give the former landowner or any other investor general control over the use and management of the land for a certain amount and for a definite period. It shall be governed by the following policies:

- 5.3.1 The ARBs lease the land to the investor, who may be the former landowner or other investors. However, leaseback arrangements should be the last resort/option pursuant to Sec. 3 of R.A. No. 7905.

The ARBs and the investor shall first consider other types of agribusiness arrangements before deciding to enter into a lease agreement. They shall submit document/s (e.g., economic and social justification of lease arrangement, matrix of comparative analysis of all applicable AVAs) as proof that other types of AVAs were considered in the negotiation.

- 5.3.2 The lessors or ARBs shall allow or authorize the lessee to exclusively use and cultivate their land for the purpose of agricultural production.
- 5.3.3 The lessee or investor shall provide the capital to develop, cultivate, plant, harvest or process the agricultural crops, extend all technical and management services for the efficient operation of the farm, and assume the risk of loss of agricultural operations. Notwithstanding crop failure due to natural calamities or *force majeure*, the lessee shall ensure payment of lease rental as stipulated in the contract.
- 5.3.4 The annual lease rental to be paid by the lessee to the lessor shall be more than the annual land amortization value per hectare and the annual real property tax per hectare.
- 5.3.5 The lessee/investor shall have the right to construct buildings and introduce other physical improvements or facilities on the property subject of lease, necessary for agricultural operations. In no case, however, shall any improvement on the property decrease the aggregate agricultural area to the extent of lowering the land rental and other privileges accruing to the ARBs.
- 5.3.6 Property taxes due on buildings or any other improvements on the land shall be for the account of the lessee/investor. Property taxes on the lands shall be the liability of the lessors/ARBs.
- 5.3.7 All buildings, roads, bridges and other immovable permanent structures/improvements and facilities on the land constructed or developed by the investor during the term of the lease contract, including fruits thereon, shall accrue or belong to the ARBs upon termination of the lease. Notwithstanding, all infrastructure, facilities and improvements, including buildings, roads, machinery, receptacles, irrigation and drainage system, packing plants, cables, instruments or implements, and the like, permanently attached to the land, and are necessary and beneficial to the operations of the farm as determined by the DAR, may be acquired at the option of the ARBs, subject to the amount agreed upon by both parties. In case of disagreement, the valuation procedures of the LBP shall apply.

For non-permanent improvements on the land, the ARB shall have the option to buy said improvements which are beneficial to the land at the amount agreed upon by both parties. Otherwise, the lessee/investor shall have the option to remove or transfer any non-permanent improvement, prior to or upon termination/expiration of the agreement at the investor's own expense, and in any manner not to cause damage to the land.

- 5.3.8 The lessee/investor shall give priority to qualified and willing ARBs and their dependents for employment in the enterprise. In such case, they shall be treated as employees of the lessee/investor and shall be

entitled to the mandated minimum wage and other economic benefits granted under the Labor Code and other existing laws.

- 5.3.9 The lease agreement shall only be intended to enable the ARBs or their organization to develop the skills necessary to assume general control and management of the farm. As such, the lease agreement, after the expiration of the lease contract, may shift to other options/arrangements or the lessor may opt to immediately assume full control and management of the land.
- 5.3.10 In case of insolvency or bankruptcy of the lessee-investor, the lease agreement shall be deemed terminated and the subject landholdings shall be returned/turned over to the ARBs. The ARBs should not be precluded from filing claims against the lessee-investor (e.g., salaries, wages, lease rentals, and other benefits).
- 5.4 **Management Contract.** The ARBs shall hire the services of a contractor who may be an individual, partnership, or corporation to assist in the management and operation of the farm for the purpose of producing high value crops or other agricultural crops in exchange for a fixed wage and/or commission. It shall be governed by the following policies:
- 5.4.1 The farms shall remain under the control and possession of the ARBs and the management contractor shall receive a fixed compensation, commission or other forms of remuneration for his services, to be stipulated in the contract.
- 5.4.2 The management contractor shall prepare the development plan, cost estimates, annual budget, and manpower requirements of the agribusiness enterprise, subject to approval of the ARBs, and assist in sourcing funds to finance its operations.
- 5.4.3 Employees of the management contractor shall essentially be limited to managerial positions and those engaged in the introduction and transfer of appropriate technology. The ARBs shall provide the labor necessary for farm operations.
- 5.4.4 A human resource development program for members of the cooperative, association or federation shall be implemented in coordination with DAR's Beneficiaries Development and Coordination Division (BDCD) and Regional Support Services Division (RSSD), to facilitate transfer of technology and management techniques to enable them to eventually directly manage and operate the farm.
- 5.4.5 All income from the operation of the farm shall accrue exclusively to the ARBs. Disbursements shall be made jointly by the management contractor and the ARBs through their duly authorized representatives.
- 5.5 **Service Contract.** The ARBs shall engage the services of a contractor for mechanized land preparation, cultivation, harvesting, processing, post-harvest operations and/or other farm activities for a fee. It shall be governed by the following policies:
- 5.5.1 The farms shall remain under the control and possession of the ARBs while the service contractors provide the necessary equipment, facilities or other services for a period of time and at specifications stipulated in the service contract.

5.5.2 The service contractors shall receive a fixed compensation, commission or other forms of remuneration to be stipulated in the contract.

5.6 ***Build-Operate-Transfer (BOT)***. The investor may build, rehabilitate or upgrade, at his own cost, capital assets, infrastructure and facilities applied to the production, processing and marketing of agricultural products. He/She shall operate the same at his/her expense for an agreed period after which the ownership thereof is conveyed to the ARBs who own the land where such improvements and facilities are located. It shall be governed by the following policies:

5.6.1 The investor shall build infrastructure or rehabilitate facilities and improvements necessary to make the lands productive and shall directly operate the same for a specified period and under the terms stipulated in the BOT contract.

5.6.2 The facilities and improvements shall be constructed at the investor's own expense. The use of government funds that would otherwise be available for financing or capital for ARBs shall not be used for this purpose.

5.6.3 The ARBs shall receive a reasonable amount (i.e., rent or profit sharing arrangement) or any other equitable arrangement advantageous to the ARBs for the use of the land while the investor operates the infrastructure/facilities. The determination of the rent shall take into consideration relevant factors such as, among others, the area utilized and amount of amortization pursuant to the implementing rules and regulations regarding lease rental under lease agreement. In no case shall the rent be less than the yearly amortization and taxes to be paid by the ARBs on the land.

5.6.4 The ARBs shall continue to engage in production activities on portions of the land not affected by the facilities being constructed/ rehabilitated.

5.6.5 The investor shall be liable for taxes due on the improvements while the ARBs shall be responsible for taxes due on the land pursuant to Articles 596 and 597 of the Civil Code.

ARTICLE III PARAMETERS FOR APPROVING AGRIBUSINESS VENTURE ARRANGEMENT CONTRACTS

Sec. 6. *Parameters for Agribusiness Venture Arrangement.* The approval of AVAs shall depend on the following considerations:

6.1 ***Economic Viability/Profitability.*** The AVA shall promote the economic viability and profitability of the venture and take into consideration the following:

6.1.1 Identified and reliable markets for the planned production on a long-term basis;

6.1.2 Reasonable levels of risks;

- 6.1.3 Realistic and attractive rates of return on investments and other economic indicators (i.e., Benefit-Cost Ratio {BCR}, Internal Rate of Return {IRR}, Net Present Value {NPV}, etc.);
 - 6.1.4 Availability and suitability of basic facilities necessary for the AVA undertaking;
 - 6.1.5 Availability of necessary inputs including labor; and
 - 6.1.6 Suitability of the economic environment for the AVA to succeed.
- 6.2 *Legal Enforceability.* The AVA contract shall not contain any provision that is contrary to existing agrarian and other laws. Further, the procedures for the application, review and approval of AVA contracts must be in consonance with the operating procedures prescribed under Art. V of this Order.
- 6.3 *Ecological Soundness.* The AVA shall only adopt/apply farming technologies, methods, implements and inputs that are generally determined to be safe for the environment and which would not diminish the productive capacity and sustainability of the land and the natural resources therein.
- 6.4 *ARBs Skills Development.* The AVA shall utilize and employ the services of the ARBs and shall programmatically promote the development of their skills and competence in managing farm operations.
- 6.5 *Non-Transferability.* Notwithstanding Sec. 27 of R.A. No. 6657, there shall be no provision in the AVA contract stipulating the sale or transfer of land ownership from the ARBs to the management contractor/lessee/investor firm during the term of the AVA or in the renewal thereof.

Sec. 7. Financial and Organizational Capability of the Investor and ARB Cooperatives/Associations. The approval of AVAs shall depend on the financial and organizational capability of the investor and ARB cooperative/association such as:

- 7.1 good financial standing for the past three (3) years;
- 7.2 must have established stable business relations/undertaking or good track record with major business partners;
- 7.3 possess enough liquid assets; and
- 7.4 proof of its capability to manage and operate the AVA undertaking.

ARTICLE IV NATIONAL AVA EVALUATION COMMITTEE (NAEC) AND PROVINCIAL AVA TASK FORCE

Sec. 8. National AVA Evaluation Committee. The National AVA Evaluation Committee (NAEC) is hereby created at the DAR Central Office to be composed of the Undersecretary for Support Services (SSO) as Chairperson, the Assistant Secretary for Policy, Planning and Legal Affairs (PPLAO) and the Assistant Secretary for Field Operations (FOO) as Co-Chairpersons, and the Head Executive Assistant (HEA) and respective Directors of the following DAR units as members: Bureau of Agrarian Reform Beneficiaries Development (BARBD), Bureau of Agrarian Legal Assistance (BALA), Bureau of Land Acquisition and Distribution (BLAD), Project

Development and Management Service (PDMS), Policy and Strategic Research Service (PSRS) and PARC Secretariat. The NAEC shall have the following functions:

- 8.1 Formulate and prescribe the appropriate and specific parameters of evaluation indicated under Art. III, Secs. 6 and 7 of this Order;
- 8.2 Evaluate the AVA application based on the recommendation made by the NAEC-Technical Working Group (TWG), taking into consideration the policies and procedures in this Order;
- 8.3 Review and evaluate the recommendation of the NAEC-TWG on the petitions for cancellation/revocation of the AVA; and
- 8.4 Recommend to the PARC/PARC ExCom the approval or disapproval of AVA applications and petitions for revocation/cancellation of the AVA.

Sec. 9. National AVA Evaluation Committee-Technical Working Group.

There is hereby created a National AVA Evaluation Committee-Technical Working Group (NAEC-TWG) at DAR Central Office to be headed by a senior staff from the Office of the Undersecretary for Support Services and one (1) representative from the following DAR units as members: Office of the Secretary (OSEC), BARBD, BALA, FOO, BLAD, PDMS, PSRS and PARC Secretariat. The NAEC-TWG shall perform the following functions:

- 9.1 Ascertain if the AVA application has complied with the procedures as prescribed in Art. V of this Order;
- 9.2 Determine if the ARBs, investor/s and the subject land are qualified, capable and eligible to enter into an AVA subject to the rules and regulations provided in this Order;
- 9.3 Assess if all of the terms and conditions of the proposed AVA contract are consistent with the provisions of this Order and do not violate any other DAR issuances and pertinent laws;
- 9.4 Evaluate the soundness of the assumptions used in projecting the productivity of the farm and the economic viability and profitability of the AVA;
- 9.5 Assess the inclusion of a mechanism or program for ARBs' entrepreneurial development in the AVA and evaluate the same;
- 9.6 Initially review and evaluate AVA applications endorsed by the PARCCOM and petitions for revocation/cancellation of the AVA based on the policies, procedures and criteria provided in this Order; and
- 9.7 Provide recommendations and technical assistance to the NAEC in the final evaluation of the AVA.

The Office of the Undersecretary for Support Services shall designate its technical staff to act as secretariat and shall provide technical and administrative support to the NAEC and its TWG. It shall likewise provide logistical support to the NAEC and its TWG.

Sec. 10. AVA Task Force. An AVA Task Force (TF) shall be created in concerned Department of Agrarian Reform Provincial Offices (DARPOs) composed of the PARO II as the Chairperson and the Regional Director or his designated representative as Co-Chairperson, and the following DARRO/DARPO officers and

personnel as members: CARPO for Regional Support Services Division (RSSD); Provincial CARPO for Operations; CARPO for Beneficiaries Development Coordination Division (BDCD); Chief DARPO Legal Division, designated Marketing Assistance Officer (MAO), MARO concerned and Commercial Farms (CF) point person and DARPO personnel appointed by the PARO. The Task Force shall perform the following functions:

- 10.1 Undertake initial evaluation of all proposed AVA applications and contracts and provide recommendation on the matter to the PARCCOM or the PARO, as the case may be;
- 10.2 Assess the business proposal, feasibility study and human resource development program of the proposed AVA;
- 10.3 Appraise the organizational, technical and financial capability of prospective investors;
- 10.4 Ascertain compliance to application procedures provided in this Order;
- 10.5 Undertake initial review/evaluation of petitions for cancellation/revocation of AVA contract;
- 10.6 Maintain an updated data base of all AVA applications, whether approved or disapproved by the PARC or PARC ExCom, signed/witnessed by the DAR PPLAO Undersecretary or PARO, and all other contracts implemented, and submit periodic reports to the NAEC, copy furnished the PARC Secretariat and DARRO; and
- 10.7 Conduct regular monitoring of all AVAs implemented in the province pursuant to Art. VII, Sec. 18 of this Order.

The AVA Task Force shall have a Secretariat (AVA-TF Secretariat) to be composed of technical staff from DARPO-BDCD to be designated by the PARO. It shall be responsible for providing administrative support to the AVA-TF including the proper documentation of all proceedings of all AVA-TF meetings and maintaining files of all documents for the AVA-TF.

ARTICLE V OPERATING PROCEDURES

Sec. 11. *Filing of Application.* The following operating procedures shall govern the filing of application for AVAs by the prospective investor and ARBs (See AVA Annex "C" for the Process Flow):

- 11.1 The prospective investor and individual ARBs/ARB cooperative/association shall:
 - 11.1.1 Negotiate to enter into AVA, including the terms and conditions of the AVA pursuant to Art. II, Sec. 4.2 of this Order.
 - 11.1.2 Prepare and submit the AVA contract based on the results of the negotiation and the following applicable documentary requirements together with the accomplished joint application for AVA (AVA Form No. 2) to the PARO through the DARPO AVA-TF:
 - A. For individual ARBs/ARB Cooperative or Association:

- i Individual ARBs:
 - a. Certified photocopy of individual EP or CLOA.
 - b. Updated amortization schedule; and
 - c. Baseline data on production/yield of crop produced.
 - ii. ARB Cooperative or Association:
 - a. Certified photocopy of collective CLOA;
 - b. CDA/SEC registration, constitution or charter or by-laws;
 - c. Profile of the cooperative/association including audited financial statements for the past three (3) years, if applicable;
 - d. Baseline data on production/yield of crops produced;
 - e. List of incumbent officers and Board of Directors (BOD); and
 - f. Proof on the vote of approval/consent by the general membership (AVA Form No. 3) and authorization for the BOD members and other designated officers to negotiate for an AVA.
- B. For Prospective Investor:
- a. Feasibility study;
 - b. Accomplished investor information sheet (AVA Form No. 1);
 - c. SEC or Department of Trade and Industry (DTI) registration (for corporations);
 - d. Human resource development program/plan for ARBs for joint venture agreement, BOT, management contract and lease agreement;
 - e. Copy of latest Collective Bargaining Agreement (CBA);
 - f. Description and evidentiary documents demonstrating the financial, organizational and technical capability of the prospective investor to meet its commitments in the proposed AVA contract, e.g., audited financial statement or Income Tax Return (ITR) submitted to the Bureau of Internal Revenue (BIR);
 - g. Proof/evidence of settlement of any outstanding obligation with ARBs, if applicable pursuant to Art. II, Sec. 4.3 of this Order; and

- h. Track record of business undertaking (i.e., markets, linkages, membership in organizations, etc.).

11.2 Subsequent to the receipt of documents mentioned under Art. V, Sec. 11, Item 11.1.2 of this Order, the AVA-TF shall undertake the following:

- 11.2.1 Check submitted documents for completeness using AVA Checklist "A" (AVA Annex "A") and ensure their authenticity, and assign reference number and record in a logbook. In case of lacking documents, inform the parties of the deficiencies and require compliance thereof.
- 11.2.2 Upon receipt of AVA application, conduct initial evaluation and review of the AVA application to:
 - a. Ascertain the compliance with the application procedures, policies and criteria provided in this Order, otherwise, return the same to the applicants for compliance;
 - b. Assess the business proposal, feasibility study and human resource development program/plan;
 - c. Appraise the organizational, technical and financial capability of prospective investors;
 - d. If the prospective investor is the former landowner, ascertain whether he/she has outstanding obligations with the ARBs;
 - e. Determine if the AVA contract shall be forwarded to the PARC or PARC ExCom for approval; and
 - f. Prepare a report containing the findings/results of its evaluation and the concomitant recommendation duly signed by the AVA-TF members.

11.3 The PARO shall:

- 11.3.1 For AVA application and AVA contract with favorable results, affix his/her signature as witness to the AVA contract for lands that are fully paid or the ten-year prohibitory period under Sec. 27 of R.A. No. 6657 has lapsed, or as nominal party to the contract for lands that are not yet fully paid or still within the ten-year prohibitory period pursuant to Art. II, Sec. 4, Item 4.6 of this Order, copy furnished the PARCCOM.

For contracts requiring addendum, modifications, revisions or amendment/s of the provisions and terms of the contract, the PARO shall advise concerned parties to supplement/amend/revise the contract accordingly and return the same to the AVA-TF, copy furnished the PARCCOM;

- 11.3.2 For AVA application and AVA contract recommended for PARC or PARC ExCom approval, endorse to the PARCCOM the two (2) sets of the AVA documentation folder (DF) which shall contain the documents submitted by the individual ARBs/ARB cooperative/association and the prospective investor pursuant to Art. V, Sec. 11, Item 11.1.2 of this Order using AVA Form No. 4 together with the evaluation report and concomitant recommendation; or

- 11.3.3 For disapproved application and AVA contract, return the application and contract to the contracting parties, including the findings and recommendations of the AVA-TF, copy furnished the PARCCOM.

Sec. 12. Review and Approval of Lease Agreement, JVA and Combination or Phased Implementation of These Schemes, or Other Schemes/Arrangements Analogous to the Foregoing. Subsequent to the submission of the Agribusiness Venture Arrangement-Documentation Folder (AVA-DF) pursuant to Art. V, Sec. 11.3.2 of this Order, the following procedures shall be observed in reviewing and/or approving AVA contracts (See AVA Annex "D" for the Process Flow):

12.1 The PARCCOM shall:

- 12.1.1 Upon receipt of the AVA-DF, evaluate the AVA application and the proposed AVA contract based on the initial review and recommendation of the AVA-TF and determine whether they satisfactorily complied with the rules and regulations prescribed under this Order and meet the parameters provided under Art. III, Secs. 6 and 7 of this Order.

If necessary, the PARCCOM may require the presence of the investor and duly authorized representatives of the individual ARBs/ARB cooperative/association pursuant to Art. II, Sec. 4.2 of this Order to clarify the terms and conditions of the AVA contract.

- 12.1.2 Prepare a resolution containing its recommendations on the AVA application and AVA contract and endorse the same, together with the AVA application, AVA contract and AVA-DF, to the NAEC-TWG through the AVA-TF, copy furnished the PARC Secretariat.

12.2 The NAEC Secretariat shall:

- 12.2.1 Verify the content of the AVA-DF using AVA Checklist "B" (AVA Annex "B"). If the AVA-DF is complete, receive and record the same in a logbook designated for such purpose, otherwise, send a letter to the AVA-TF instructing the same to coordinate with the contracting parties to submit lacking documents; and

- 12.2.2 Undertake administrative activities in relation to the schedule, conduct and documentation of meeting to discuss the AVA applications by the NAEC-TWG.

- 12.3 The NAEC-TWG shall review and evaluate the AVA application and subject contract pursuant to Art. IV, Sec. 9 of this Order.

The NAEC-TWG Chair shall present the recommendation(s)/agreement(s) made by the NAEC-TWG members on the AVA applications during the NAEC meeting.

- 12.4 The NAEC shall, upon receipt of the NAEC-TWG recommendations, review the evaluation and recommendation made by the NAEC-TWG members on the AVA application/s. It shall affirm or reverse the recommendations of the NAEC-TWG and endorse/forward its recommendation/s to the PARC or PARC ExCom through the PARC Secretariat.

For contracts requiring addendum, modifications, revisions or amendment/s of the provisions and terms of the contract, the NAEC shall advise concerned

parties to supplement/amend/revise the contract accordingly and return the same to the NAEC copy furnished the AVA-TF and PARCCOM.

- 12.5 The PARC or PARC ExCom shall deliberate on the recommendations of the NAEC for the approval or disapproval of the AVA application and AVA contract.

The decision of the PARC or PARC ExCom to approve or disapprove the AVA contract shall be contained in a Resolution to be transmitted to the contracting parties through the PARC Secretariat, copy furnished the DARRO, AVA-TF and the PARCCOM.

- 12.6 Upon approval by the PARC or PARC Excom, the DAR PPLAO Undersecretary shall affix his/her signature in the AVA contract prior to its transmittal to the ARB's cooperative/association and the investor.

Sec. 13. Contract Annotation. The following procedures shall be undertaken in the annotation of the approved AVA contract in the appropriate EP/CLOA (See AVA Annex "E" for the Process Flow). The AVA-TF shall:

- 13.1 Upon receipt of the approved AVA contract and PARC or PARC ExCom Resolution, record these in the designated logbook and advise concerned parties to prepare five (5) copies of the same for distribution to the following: two (2) copies for the contracting parties; one (1) copy for the DARRO; one (1) copy for the AVA-TF; and one (1) copy for the PARCCOM.
- 13.2 Provide assistance to the concerned parties for the annotation of the AVA contract at the back of the EP/CLOA filed at the Register of Deeds (ROD) using AVA Form No. 5.
- 13.3 Maintain and update the list of signed AVA contracts which were duly annotated at the back of the EP/CLOA for reporting and monitoring purposes.

ARTICLE VI RESOLUTION OF DISPUTES

Sec. 14. Mediation. As a general rule, voluntary conciliation methods shall be preferred in resolving disputes arising from the execution of AVA contracts. The AVA contract shall provide that any dispute arising from the execution of the AVA contract shall be resolved first through mediation and, if unsuccessful, through arbitration. During the mediation process, the PARO or his duly authorized representative shall act as the mediator and the contending parties shall settle the dispute/s through discussions and negotiations pursuant to Art. II, Sec. 4, Item 4.22 of this Order.

Sec. 15. Arbitration. If the parties fail to arrive at an agreement through mediation, their second recourse is to submit their dispute for arbitration in accordance with R.A. No. 876, also known as the "Arbitration Law", as amended by R.A. No. 9285 or the *Alternative Dispute Resolution System Act of 2004* or other pertinent arbitration laws, as the case may be. For this purpose, the AVA contract shall contain prior consent by both parties to submit themselves to arbitration when the need arises.

If the parties fail to settle their dispute through voluntary conciliation, the aggrieved party may file its protests or complaints with the appropriate agency.

Sec. 16. Jurisdiction. In case the dispute remains unresolved, it may be brought to either of the following, for resolution, depending on the principal cause of action:

- 16.1 DAR Adjudication Board (DARAB), if it involves interpretation and enforcement of an agribusiness agreement or an agrarian dispute as defined in Sec. 3 (d) of R.A. No. 6657;
- 16.2 Securities and Exchange Commission (SEC), if the issues involved are corporate in nature and consistent with the provisions of the Corporation Code of the Philippines and the Securities Regulation Code;
- 16.3 Regional Trial Court (RTC), if within the jurisdiction as defined under Section 5.2 of R.A. No. 8799 or the Securities Regulations Code;
- 16.4 Cooperative Development Authority (CDA), if it involves an internal cooperative dispute; or
- 16.5 National Labor Relations Commission (NLRC), if it involves employer-employee relations.

The DAR Secretary, in his/her capacity as Chairman of the PARC Executive Committee, may issue orders, as may be appropriate, to maintain the status quo and preserve peace and order in the farm subject of AVAs, particularly in the following cases pursuant to Sec. 5(b) in relation to Sec. 7 of E.O. No. 129-A:

- a. Where there is clear and imminent threat to life or property;
- b. Where the dispute will cause serious and irreparable damage to either party or to the AVA; or
- c. Where, in the Secretary's judgment, there is an urgent need to protect the national interest.

ARTICLE VII REPORTING AND MONITORING OF AGRIBUSINESS VENTURE ARRANGEMENT

Sec. 17. Reporting of AVA Contracts. The following procedures shall be observed in the reporting of AVA contracts (*See AVA Annex "F" for the Process Flow*):

- 17.1 The DARPO through the AVA-TF shall:
 - 17.1.1 Maintain an updated data base of all AVA Applications (AVA Form No. 6) and approved AVA Contracts (AVA Form No. 7) at the end of every quarter.

The data base of AVA application shall contain the following information: date filed; name of ARBs/ARB cooperative or association; name of investor; type of AVA; location of landholding; land area (in hectares); status of AVA application; date of PARC/PARC ExCom decision or PARO's signature on the contract (if applicable) and contract duration.

The data base for approved AVA contracts shall contain the following information: name of ARBs/ARB cooperative or association; name of investor; type of AVA; location of landholding; land area (in hectares); date of approval of AVA contract; contract duration; and date of annotation of AVA contract by the ROD.

17.1.2 Submit the data base of AVA contracts duly certified by the PARO to the NAEC, copy furnished the PARC Secretariat and DARRO.

17.2 The NAEC-Secretariat shall:

17.2.1 Consolidate all provincial data bases of AVA contracts;

17.2.2 Prepare a master data base of all AVA contracts that have been decided upon by the PARC or PARC ExCom, including those which are annotated for the quarter. The same shall be attached to the consolidated provincial data base and added to the national data base of AVA contracts; and

17.2.3 Transmit copies of the national data base to the NAEC, Management Information Service (MIS), Planning Service, and PARC or PARC ExCom.

Sec. 18. Monitoring of AVA Contracts (See AVA Annex "G" for the Process Flow). The DARPO through the AVA-TF, in collaboration with the PARCCOM, shall have visitorial power to monitor the implementation of AVA contracts. The following monitoring procedures shall be observed:

18.1 One year after the execution of AVA contract, or whenever deemed necessary, the AVA-TF shall:

18.1.1 Conduct an inspection of landholding based on the data base of AVA contracts (AVA Form No. 7) to determine the following:

- a. Parties' compliance to the terms and conditions of the AVA contract;
- b. Overall viability of the AVA's implementation;
- c. Status of the ARBs and improvement in the income level of the ARBs;
- d. Level of acceptance of the AVA implementation of the ARBs (through focused group discussion and/or key informant/ interviews); and
- e. Problems/issues/concerns on AVA implementation.

Henceforth, succeeding inspection of the subject landholding shall be conducted every semester thereafter or as often as it is deemed necessary.

18.1.2 Require the contracting parties to submit the following documents as deemed appropriate which shall be used in monitoring and evaluating the implementation of AVA:

- i. Employment and other benefits received by the beneficiary including documents like payrolls, etc;
 - ii. Updated master list of beneficiaries; and
 - iii. Annual reports of the enterprise/company, including the audited financial statements, declaration/distribution of dividends and trainings conducted.
- 18.1.3 Prepare and submit to the NAEC, PARC or PARC ExCom a report on the results of its monitoring activities, including the concomitant recommendations, duly attested by the PARCCOM Chairman, and the list of problems/issues/concerns on AVA implementation (AVA Form No. 8) containing the following information:
- a. name of investor;
 - b. name of individual ARB/ARBs cooperative or association;
 - c. type of AVA;
 - d. location of landholding;
 - e. date of approval of AVA contract;
 - f. nature of problems/issues/concerns;
 - g. action taken (e.g., filed for mediation, arbitration, litigation, etc.);
 - h. status (e.g., resolved, under negotiation/consideration/trial); and,
 - i. recommendations.

If the findings in the monitoring report warrant, the DARPO, through the AVA-TF, shall *motu proprio* file a case against the adverse party with the following:

- i. Regional Agrarian Reform Adjudicator (RARAD) pursuant to Rule II, Section 1 of the DARAB 2003 Rules of Procedure; or
- ii. Regional Director (RD) pursuant to Rule I, Section 2 of A.O. No. 3, Series of 2003 titled, "2003 Rules for Agrarian Law Implementation Cases".

The procedures for the resolution of cases filed with the RARAD or RD shall be governed by the pertinent provisions of the abovementioned guidelines.

In case the issue is not within the jurisdiction of the DAR, the DARPO, through the AVA-TF, may refer the matter to the DOLE, CDA or SEC as maybe appropriate.

18.2 The NAEC shall:

- 18.2.1 Evaluate the findings and recommendations of the AVA-TF and if deemed appropriate, conduct field inspection to validate the matter;

- 18.2.2 Prepare a report on the results of its evaluation;
 - 18.2.3 Determine whether there are appropriate action(s)/intervention(s) necessary to resolve the problems/issues/concerns and direct the appropriate DAR office/unit to act on the matter; and
 - 18.2.4 Recommend to the PARC or PARC ExCom the appropriate action to be undertaken on the matter including the revocation of the AVA contract.
- 18.3 The PARC or PARC ExCom shall review and decide on the report of the NAEC. Its decision shall be contained in a resolution to be forwarded to the NAEC for implementation or appropriate action.

**ARTICLE VIII
REVOCATION/CANCELLATION OF
AGRIBUSINESS VENTURE ARRANGEMENT CONTRACTS**

Sec. 19. Revocation/Cancellation of AVA Contracts Implementation.
Pursuant to Art. II, Sec. 4, Item 4.24 of this Order, the PARC or the PARC ExCom or the DARAB, after due process, may revoke/cancel and terminate the implementation of the AVA contracts based on the following grounds:

- 19.1 Gross violation or non-compliance of the terms and conditions of the contract such as, but not limited to:
 - 19.1.1 non-implementation of the human resources development plan provisions;
 - 19.1.2 non-employment of the ARBs;
 - 19.1.3 concealment of the true financial status of the enterprise; and
 - 19.1.4 fraud.
- 19.2 When, without justifiable reasons, the AVA fails to provide benefits and incentives stipulated in the approved/witnessed AVA contracts, such as but not limited to, dividends accruing to ARB's equity shares, production and quality incentives. For this purpose, situations/conditions beyond the control of the investor such as *force majeure* are considered justifiable reasons;
- 19.3 When the AVA is no longer financially and economically viable;
- 19.4 When a portion of the commercial farm subject of the AVA is converted or fragmented into non-agricultural use without prior written consent of the general membership of the cooperative or association or a majority of the ARBs;
- 19.5 Action resulting to the transfer of ownership of the landholding subject of AVA to the investors; or
- 19.6 Other meritorious grounds.

Sec. 20. Procedure for the Revocation/Cancellation of AVA (See AVA-Annex "H" for the Process Flow). Any party in interest may file a petition for revocation/cancellation of the AVA contract to the PARO.

20.1 The PARO shall forward the petition for revocation/cancellation of AVA to the AVA-TF.

20.2 The AVA-TF shall:

20.2.1 Initially review and evaluate the petition for revocation/cancellation;

20.2.2 Conduct preliminary investigation on the petition for revocation/cancellation and prepare investigation report on the matter; and

20.2.3 Submit the petition for revocation/cancellation and the duly signed investigation report by the AVA-TF Chairperson to the NAEC through the NAEC-TWG.

20.3 The NAEC-TWG shall:

20.3.1 Upon receipt of the petition for revocation and investigation report, review and evaluate the same petition for revocation/cancellation and prepare its recommendation to the NAEC. If necessary, conduct an investigation to determine whether the AVA contract will be revoked/canceled or not; and

20.3.2 Submit its recommendation and the duly signed investigation report, if any, to the NAEC.

The NAEC-TWG Chairperson shall present the recommendation to the NAEC.

20.4 The NAEC shall:

20.4.1 Review and evaluate the recommendation of the NAEC-TWG on the petition for revocation/cancellation of the AVA; and

20.4.2 Recommend to the PARC or PARC ExCom the approval/disapproval of the petition for revocation/cancellation of the AVA.

20.5 The PARC or PARC ExCom shall deliberate on the recommendations of the NAEC for the approval or disapproval of the petition for revocation/cancellation of the AVA.

The decision of the PARC or PARC ExCom to approve or disapprove the petition for the revocation/cancellation of the AVA shall be contained in a resolution to be transmitted to the contracting parties through the PARC Secretariat, copy furnished the DARRO, the AVA-TF and the PARCCOM.

20.6 The AVA-TF shall, upon receipt of the PARC or PARC ExCom Resolution, record these in the designated logbook and update the list of signed AVA contracts, which were duly annotated at the back of the EP/CLOA for reporting and monitoring purposes.

For approved petitions for revocation/cancellation of the AVA, the AVA-TF shall cause the annotation of the said approved petition at the back of the EP/CLOA filed at the ROD.

**ARTICLE IX
EXPIRATION OF AGRIBUSINESS VENTURE
ARRANGEMENT CONTRACTS**

Sec. 21. Expiration of AVA Contract. Upon expiration of the AVA contract, the individual ARBs/ARB cooperative/association:

- 21.1 May assume full control and management of the land;
- 21.2 Has the option to renew or extend the AVA contract with the existing investor;
or
- 21.3 May enter into a new contract with another investor.

For options 21.2 and 21.3, the approval of the AVA contract shall be in accordance with the provisions of this Order.

**ARTICLE X
FINAL PROVISIONS**

Sec. 22. Transitory Provision. This A.O. shall apply to AVA applications pending at the DARPO/AVA-TF and new AVA applications submitted after its approval and effectivity.

The monitoring of existing AVAs shall be conducted subject to the applicable rules and regulations of this Order.

Sec. 23. Repealing Clause. A.O. No. 2 Series of 1999 and all other Orders, Circulars, rules and regulations inconsistent herewith are hereby amended, modified or superseded accordingly.

Sec. 24. Separability Clause. Any provision of this Order declared unconstitutional shall not affect the validity of the other provisions.

Sec. 25. Effectivity Clause. This Order shall take effect ten (10) days after publication in two (2) newspapers of general circulation.

Diliman, Quezon City, December 08, 2006.



NASSER C. PANGANDAMAN
OIC-Secretary

Published in two (2) National
Newspapers of general circulation:
1. Manila Bulletin
2. Philippine Star

Date of Publication December 13, 2006




Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM
ELLIPTICAL ROAD, DILIMAN, QUEZON CITY • TELS. 928-7031 TO 39

CERTIFICATION

This is to certify that Administrative Order No. 09, Series of 2006 entitled **“REVISED RULES AND REGULATIONS GOVERNING AGRIBUSINESS VENTURE ARRANGEMENTS (AVAs) IN AGRARIAN REFORM AREAS”** is published today, 13 December 2006 at Manila Bulletin and Philippine Star newspapers.

Issued this 13th day of December 2006 for whatever purpose it may serve.


HUGO D. YONZON III
Director, PAS

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM

Province: _____
Municipality: _____

AVA INVESTOR'S INFORMATION SHEET

A. Business/Company Profile

1. Name of Business or Individual: _____			
2. Business Address: _____			
2.a. Tel./Fax No. _____			
2.b. E-mail Address: _____			
3. Type of Business: <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation			
3.a If Corporation: <input type="checkbox"/> Stock		3.b Non-Government Organization? <input type="checkbox"/> Yes	
<input type="checkbox"/> Non-Stock		<input type="checkbox"/> No	
4. Registered with: <input type="checkbox"/> SEC	4.a Registration No.: _____		_____
<input type="checkbox"/> DTI	4.b Date of Registration: _____		_____
<input type="checkbox"/> CDA	4.c Place of Registration: _____		
5. Type of AVA being proposed:	<input type="checkbox"/> Joint Venture	<input type="checkbox"/> BOT	
	<input type="checkbox"/> Production/Contract Growing/ Growership	<input type="checkbox"/> Service Contract	
	<input type="checkbox"/> Lease Agreement	<input type="checkbox"/> Management Contract	
	<input type="checkbox"/> Marketing Contract	<input type="checkbox"/> Combined/Phased Implementation	
6. No. of Years in Operation: _____	7. Business/Service Specialization: _____		
8. List of past and existing businesses/tie-ups/contracts (be it domestic and foreign) including description, type of services, client, cost/contract amount.			

9. Give description of the proposed AVA scheme in terms of:			
9.a Corporate and investment structure (e.g., equity shares, management decision):			

(Use additional sheets if necessary)

9.b Operations (e.g., production/cultivation, processing, manufacturing) and ARB-Investor relations (e.g., investor as employer, as lessor, as exclusive buyer, as supplier of farm implements):

(Use additional sheets if necessary)

Give detailed description of the investor's technical capability to engage in agribusiness venture in terms of:

10. Previous experience with the selected type of agribusiness venture (e.g., number of years, previous clients, description of services whether production, BOT, etc.)

(Use additional sheets and attach evidentiary documents when necessary)

11. Investor's human resources and skills (e.g., size of managerial, consultative, administrative staff)

(Use additional sheets and attach evidentiary documents when necessary)

Give description of investor's financial capability in terms of:

12. Sources of financial capital to be invested by the investor (e.g., loan, corporate/personal savings, grant)

(Use additional sheets when necessary)

13. As proof of investor's financial stability, the following financial statements are hereby submitted:

For corporation and partnership:	For individual investor:
<input type="checkbox"/> Audited Financial Statement or Income Tax Return submitted to the Bureau of Internal Revenue (BIR) for the past three (3) years	<input type="checkbox"/> Duly notarized Statement of Assets and Liabilities
<input type="checkbox"/> Balance Sheet for the past three (3) years	<input type="checkbox"/> Income Tax Return submitted to the BIR for the past three (3) years

I declare under the penalties of perjury that this Investor Information Sheet has been accomplished in good faith, verified by me and to the best of my knowledge and believe is a true, correct and complete statement pursuant to the provisions of pertinent laws, rules and regulations of the Republic of the Philippines. I also authorize the DAR Municipal Office (DARMO)/DAR Provincial Office (DARPO) representative to verify/validate the contents stated herein.

Signature Over Printed Name of Prospective Investor or
Duly Authorized Representative

Date

- Distribution of Copies:
- Original : AVA Documentation Folder
 - Duplicate : AVA TF

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
Province: _____

**LETTER OF INTENT TO VENTURE INTO
AGRIBUSINESS VENTURE ARRANGEMENT (AVA)**

Date

Provincial Agrarian Reform Officer (PARO)

Sir/Madam:

We wish to apply for an Agribusiness Venture Arrangement (AVA), in the form of:

Type of AVA:

- Production/Contract Growing/Growership
- Joint Venture Agreement
- Lease Agreement
- Build-Operate-Transfer (BOT)
- Service Contract
- Management Contract
- Marketing Contract
- Combined/Phased Implementation

under the terms and conditions mutually agreed upon by and between _____ (name of individual agrarian reform beneficiary {ARB}) or (for ARB cooperative/association):

Name of Cooperative/Association : _____
CDA/SEC Registration Number : _____

and _____ (name of prospective investor) pursuant to Sections 35 and 49 of R.A. No. 6657, and Sec. 3 of R.A. No. 7905 as implemented by Administrative Order No. _____, Series of _____, relative to the agricultural land described as follows:

EP/CLOA No./s : _____
Total Area (Has.) : _____
Location : _____

We hereby declare that this proposed AVA will not only maintain but also improve the economic viability and productivity of the farm and ensure the security of ownership, tenure and increase income of the ARB/s. In view thereof, we submit this joint written Letter of Intent to signify our willingness to comply with all the procedures necessary to make this proposed AVA applicable and binding.

Very truly yours,

Signature Over Printed Name of ARB or
Authorized Representative of ARB
Cooperative/Association

Signature Over Printed Name of
Prospective Investor or Duly Authorized
Representative

Distribution of Copies:

Original	:	AVA Documentation Folder
Duplicate	:	Individual ARB/ARB Cooperative or Association
Triplicate	:	Prospective Investor
Quadruplicate	:	AVA TF

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
 Province: _____

CERTIFICATE OF CONDUCT AND RESULT OF REFERENDUM

This certifies that a referendum was conducted on ____ day of _____, 20 ____ and was participated in by the agrarian reform beneficiaries (ARBs)/members of _____ (name of cooperative/association), to decide on the proposed Agribusiness Venture Arrangement (AVA) with _____ (name of prospective investor), pursuant to the cooperative's/ association's article of cooperation/association and by laws or, in the absence of the former, Administrative Order (A.O.) No. _____, Series of _____.

This further certifies that the referendum results are as follows:

1. Total number of qualified voters: _____
2. Total number of actual voters : _____
3. Voter Turnout (i.e., total number of actual voters/total number of qualified voters) : _____
4. Total number of spoiled ballots : _____
5. Winning option [] approval of AVA contract
[] disapproval of AVA contract
6. Total votes for winning option : _____
7. Percentage of ARBs who voted for winning option (i.e., total votes for winning option/total number of qualified voters) : _____

Furthermore, this certifies that the following irregularities or referendum incidents occurred (If applicable):

PERSONS INVOLVED	PARTICULARS

PERSONS INVOLVED	PARTICULARS

(Use additional sheets if necessary)

Done this ___ day of _____, 20__.

Certified true and correct:

Signature Over Printed Name of
ARB/ARB Cooperative or Association
Representative to Election Committee

Signature Over Printed Name of Investor
Representative to Election Committee

Distribution of Copies:

Original : AVA Documentation Folder
Duplicate : PARCCOM
Triplicate : AVA TF

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
Province: _____

MEMORANDUM OF TRANSMITTAL

DATE : _____
FOR : _____
Chairman
Provincial Agrarian Reform Coordinating Committee
FROM : _____
Provincial Agrarian Reform Officer
SUBJECT : **TRANSMITTAL OF AGRIBUSINESS VENTURE ARRANGEMENT
(AVA) DOCUMENTATION FOLDER**

Pursuant to Article II, Section 4, Item 4.5 of the DAR Administrative Order No. ____, Series of 200__, we respectfully submit the Agribusiness Venture Arrangement (AVA) Documentation Folder (DF) of the herein parties, _____ (name of Agrarian Reform Beneficiary {ARB}/ ARB Cooperative or Association), and _____ (name of investor), containing the following documents:

- AVA Investor's Information Sheet (AVA Form No. 1);
- Letter of Intent to Venture into Agribusiness Venture Arrangement (AVA Form No. 2);
- Draft AVA contract including all attachments cited in the contract;
- Certificate of Conduct and Result of Referendum (AVA Form No. 3); and
- Other applicable documents under Art. V, Sec. 11, Item 11.1.2 of the abovementioned A.O. (specify):

For the Chairman's consideration and appropriate action.

Signature Over Printed Name of PARO

Distribution of Copies:
Original : PARCCOM
Duplicate : AVA Documentation Folder
Triplicate : AVA Task Force

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM

Province: _____
Municipality: _____

**ANNOTATION OF THE AGRIBUSINESS VENTURE
ARRANGEMENT (AVA) CONTRACT**

On this _____ day of _____, 20__ at _____ (AM/PM),
the attached instrument (in five copies) titled, AGRIBUSINESS VENTURE
ARRANGEMENT (AVA) CONTRACT formally executed by and between
_____ (Agrarian Reform
Beneficiary {ARB}/ARB cooperative or association), and _____
_____ (Investor) was presented for recording
and annotation by _____ (Name of Provincial
Agrarian Reform Officer or duly authorized representative).

This Contract is hereby recorded and annotated at the back of Emancipation
Patent (EP)/Certificate of Land Ownership Award (CLOA) No. _____ for
the landholding located in _____ at
the time and date mentioned above.

Entry No. _____
Page No. _____

Recorded by: _____
Signature Over Printed Name of Register of Deeds Staff

Noted by: _____
Signature Over Printed Name of Register of Deeds

NOTE: Copies of this Annotation Certificate shall be given to the AVA TF for
distribution to the concerned parties and for inclusion in the general file of
approved AVA Documentation Folders.

Distribution of Copies:

- Original : Register of Deeds
- Duplicate : Individual ARB/ARB Cooperative or Association
- Triplicate : Investor
- Quadruplicate : AVA Documentation Folder
- Quintuplicate : AVA Task Force

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
 Province of _____

MASTER LIST OF AGRIBUSINESS VENTURE ARRANGEMENT (AVA) APPLICATIONS

Date Filed	Name of ARB/ARB Cooperative or Association	Name of Investor	Type of AVA	Location of Landholding	Land Area (has.)	Status of AVA Application (Approved/ Disapproved/ Under Process)	Date of PARC/ PARC ExCom Decision or PARO's signature on the AVA Contract (if applicable)	Contract Duration (Specify Yr. ___ to Yr. ___)

Prepared by: _____

Certified correct by: _____

Signature Over Printed Name of ARPT/SARPT

Signature Over Printed Name of PARO

Date

Date

Distribution of Copies: Original : NAEC
 Duplicate : PARC Secretariat
 Triplicate : DARRO
 Quadruplicate : AVA-TF

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
 Province of _____

MASTER LIST OF APPROVED AGRIBUSINESS VENTURE ARRANGEMENT (AVA) CONTRACTS

Name of ARB/ARB Cooperative or Association	Name of Investor	Type of AVA	Location of Landholding	Land Area (has.)	Date of Approval of AVA Contract	Contract Duration (Specify Yr. ____ to Yr. ____)	Date of Annotation of AVA Contract at the Back of EP/CLOA

Prepared by: _____

Certified correct by: _____

Signature Over Printed Name of ARPT/SARPT

Signature Over Printed Name of PARO

Date

Date

Distribution of Copies: Original : NAEC
 Duplicate : PARC Secretariat
 Triplicate : DARRO
 Quadruplicate : AVA-TF

Republic of the Philippines
DEPARTMENT OF AGRARIAN REFORM
 Province: _____

MASTER LIST OF PROBLEMS, ISSUES AND CONCERNS ON AVA IMPLEMENTATION

Name of Investor	Name of ARBs/ ARB Cooperative or Association	Type of AVA	Location of Landholding	Date of Approval of AVA Contract	Nature of Problem/ Issues/Concerns*	Action Taken	Status	Recommendation

Prepared by: _____

Attested by: _____

Signature Over Printed Name of SARPT/SARPO _____

_____ Date

Signature Over Printed Name of PARO _____

_____ Date

Distribution of Copies:
 Original : OUSS
 Duplicate : NAEC
 Triplicate : PARC Secretariat

* (1) Non-compliance of the terms and conditions of the AVA contract, such as, but not limited to, non-implementation of human resource development plans, non-employment of ARBs, concealment of true financial status of the company, fraud; (2) unjustified non-provision of benefits/incentives; (3) financial/economic non-viability of operation; (4) conversion of landholding to non-agricultural use; (5) transfer of ownership of landholding to the investor, etc.

Sample Guide Questions for Monitoring the Implementation of AVA Contracts

1. Are the terms and conditions of the contract complied with (e.g., payment of lease rental fees, employment of majority of agrarian reform beneficiaries {ARBs} and/or their dependents and payment of mandated salaries and wages, provision of benefits stipulated in the contract, etc.)?
2. Is the implementation of the AVA viable and sustainable based on the following:
 - a. Level of production/yields/year (compare with the level of production of the preceding two years to determine the % of increase/decrease)
 - b. Income and profit earned per year (compare with the income and profit earned of the preceding two years to determine the % of increase/decrease)
 - c. Possibilities for business expansion (projected income for the immediate and long-term);
 - d. Market linkage/business tie-ups forged/transacted/concluded
3. Status and improvement in economic standing of ARBs with regard to:
 - a. Ratio of employed ARBs and/or dependents to non-ARB employees in the firm/company
 - b. Ratio of ARBs and dependents assigned/promoted to supervisory and technical positions
 - c. Average household or individual income (% of increase/decrease by source i.e., farm/off-farm/non-farm)
 - d. Average household expenditures (% of increase/decrease)
 - e. Average ARB savings (% of increase/decrease)
 - f. Ownership/Acquisition of household assets
 - g. Availment of financial assistance/credit/loans and level of exposure
 - h. Capability of ARBs to pay obligations (i.e., amortizations, taxes, loans, etc.)
4. Level of ARBs' acceptance of the AVA implementation:
 - a. % of ARBs in favor of the AVA implementation (present)
 - b. % of ARBs satisfied with the management and operation of the plantation
 - c. % of ARBs favoring continued implementation of AVA
5. Nature of problems/issues/concerns on the implementation of the AVA
6. Required documents to support monitoring and evaluation of AVA implementation:
 - a. Payrolls for salaries and wages, benefits, Collective Bargaining Agreement (CBA)
 - b. ARB Masterlist
 - c. Audited Financial Statements
 - d. Annual Reports
 - e. Declaration/Distribution of dividends documents
 - f. Trainings conducted

Agribusiness Venture Agreement (AVA) Checklist A
(To be used upon filing of AVA application)

- AVA Investor's Information Sheet (AVA Form No. 1)
- Letter of Intent to Venture Into AVA (AVA Form No. 2)
- Proposed AVA Contract including all attachments or annexes cited
- Certified photocopy of Individual EP/CLOA or Collective CLOA (underline one)
- Updated amortization schedule (if individual ARBs)
- Baseline data on production/yield of crop produced
- Cooperative Development Authority (CDA)/Securities and Exchange Commission (SEC) registration, constitution or charter or by-laws, if applicable
- Profile of the cooperative/association including audited financial statements for the past three (3) years, if applicable
- List of incumbent officers and Board of Directors (BOD), if applicable
- Proof on the vote of approval/consent by the general membership (AVA Form No. 3) and authorization for the BOD members and other designated officers to negotiate for an AVA
- Feasibility study
- SEC or Department of Trade and Industry (DTI) (underline one) registration of prospective investor (for corporations)
- Human resource development program/plan for ARBs for joint venture agreement, Build-Operate-Transfer (BOT), management contract and lease agreement
- Copy of latest Collective Bargaining Agreement (CBA)
- Description and evidentiary documents demonstrating the financial, organizational and technical capability of the prospective investor to meet its commitments in the proposed AVA contract, e.g., audited financial statement or Income Tax Return (ITR) submitted to the Bureau of Internal Revenue (BIR)
- Proof/evidence of settlement of any outstanding obligation with ARBs, if applicable pursuant to the existing guidelines on AVA
- Track record of business undertaking (i.e., markets, linkages, membership in organizations, etc.)

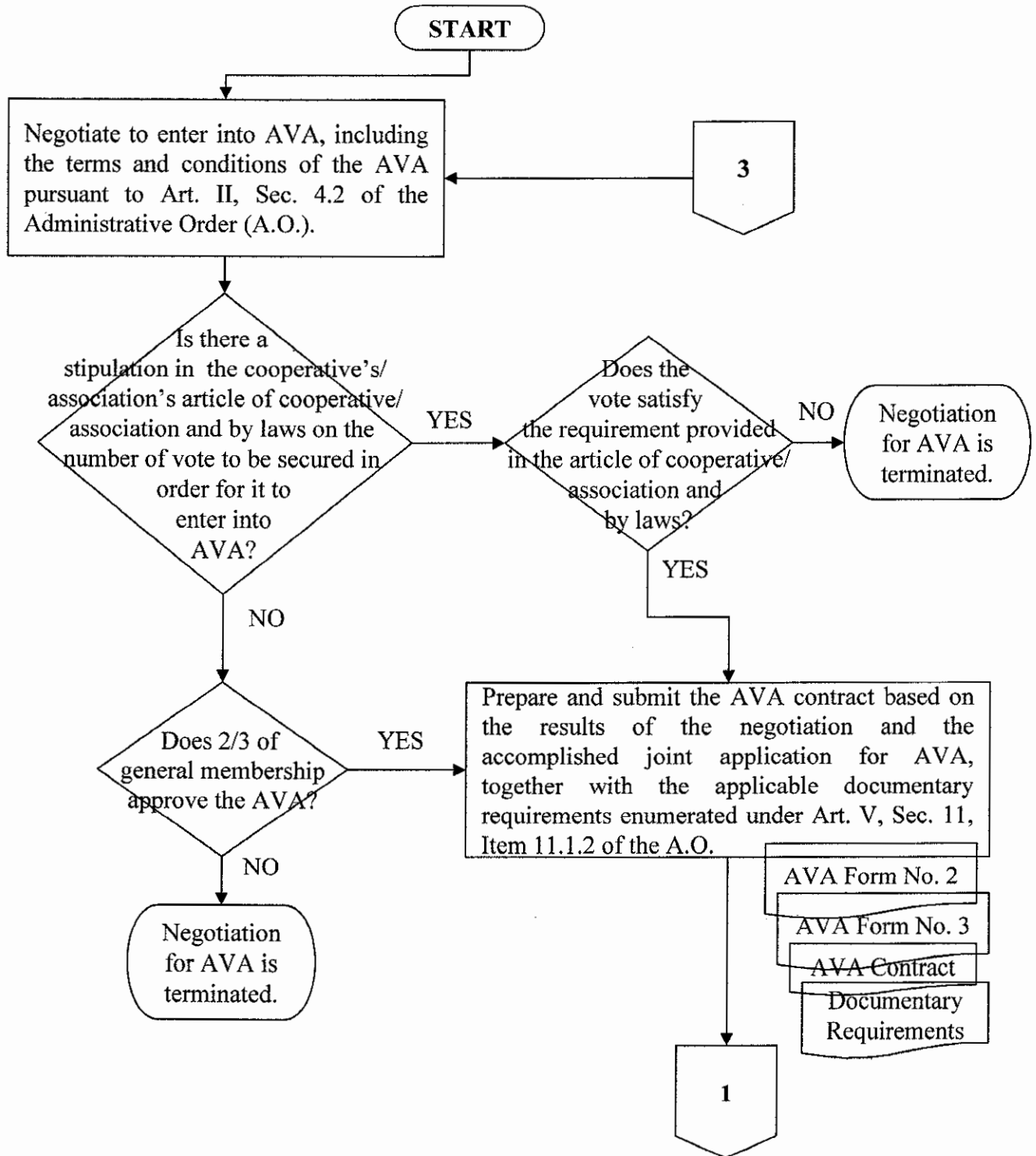
Agribusiness Venture Agreement (AVA) Checklist B
(To be used by NAEC Secretariat upon receipt of AVA Documentation Folder)

- AVA Investor's Information Sheet (AVA Form No. 1)
- Letter of Intent to Venture Into AVA (AVA Form No. 2)
- Proposed AVA Contract including all attachments or annexes cited
- Certified photocopy of Individual EP/CLOA or Collective CLOA (underline one)
- Updated amortization schedule (if individual ARBs)
- Baseline data on production/yield of crop produced
- Cooperative Development Authority (CDA)/Securities and Exchange Commission (SEC) registration, constitution or charter or by-laws, if applicable
- Profile of the cooperative/association including audited financial statements for the past three (3) years, if applicable
- List of incumbent officers and Board of Directors (BOD), if applicable
- Proof on the vote of approval/consent by the general membership (AVA Form No. 3) and authorization for the BOD members and other designated officers to negotiate for an AVA
- Feasibility study
- SEC or Department of Trade and Industry (DTI) (underline one) registration of prospective investor (for corporations)
- Human resource development program/plan for ARBs for joint venture agreement, Build-Operate-Transfer (BOT), management contract and lease agreement
- Copy of latest Collective Bargaining Agreement (CBA)
- Description and evidentiary documents demonstrating the financial, organizational and technical capability of the prospective investor to meet its commitments in the proposed AVA contract, e.g., audited financial statement or Income Tax Return (ITR) submitted to the Bureau of Internal Revenue (BIR)
- Proof/evidence of settlement of any outstanding obligation with ARBs, if applicable pursuant to the existing guidelines on AVA
- Track record of business undertaking (i.e., markets, linkages, membership in organizations, etc.)
- Transmittal of AVA Documentation Folder (AVA Form No. 4)
- AVA Task Force Report
- PARCCOM Resolution

Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 11. Filing of Application

Agrarian Reform Beneficiaries (ARBs)/
ARB Cooperative/Association and
Prospective Investor

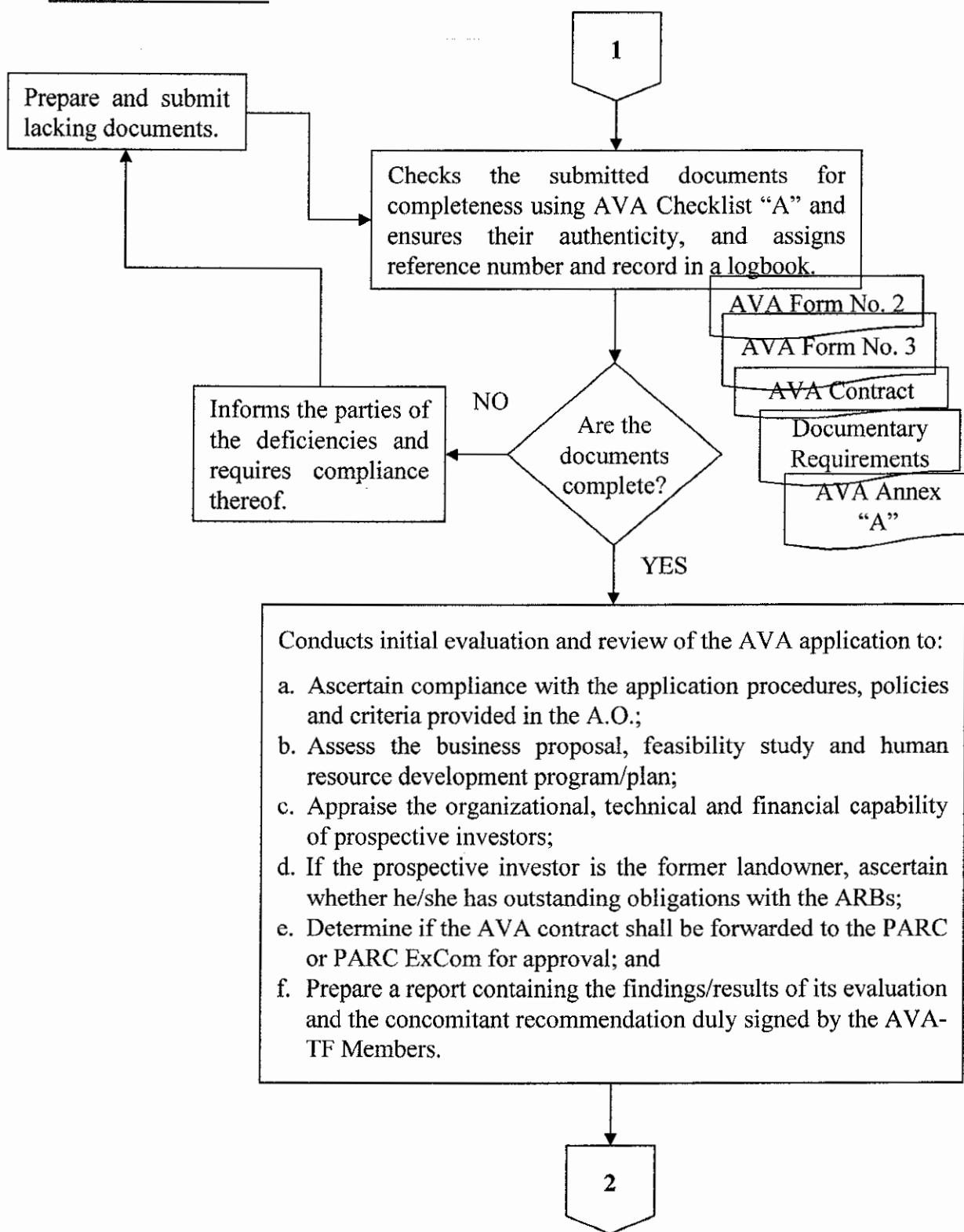


Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 11. Filing of Application

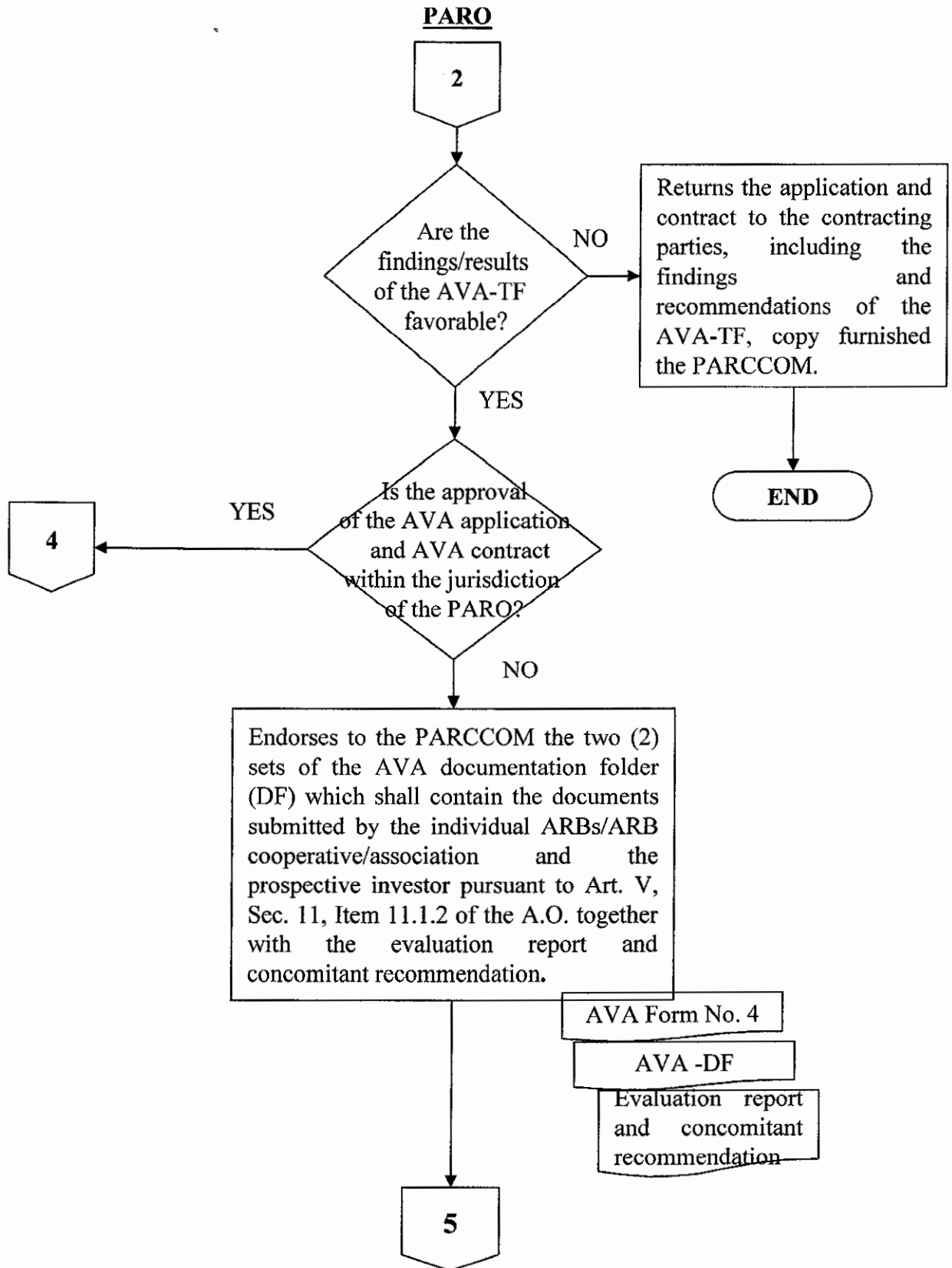
ARBs/ARB Cooperative/Association and
Prospective Investor

AVA-Task Force



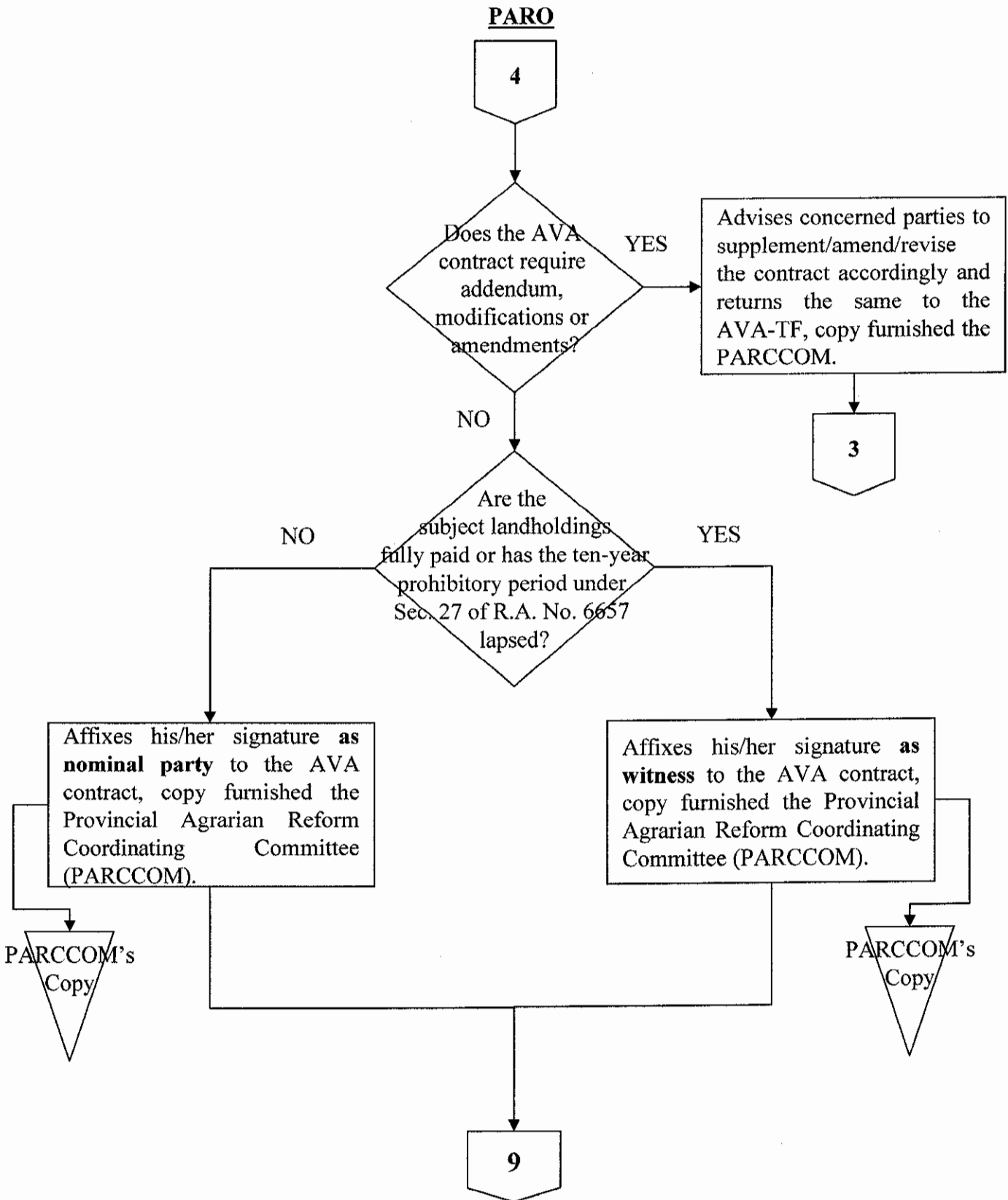
Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 11. Filing of Application



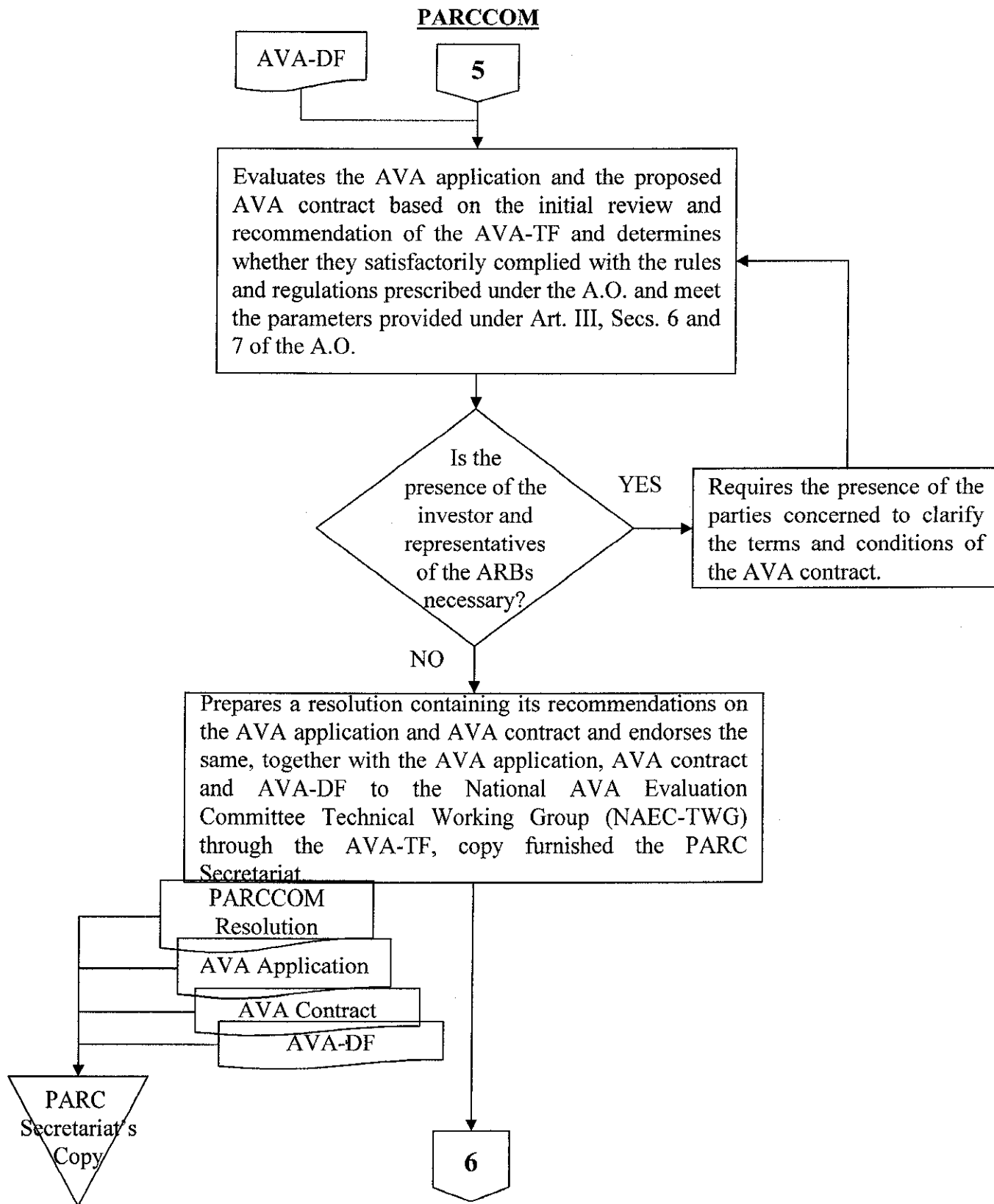
Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 11. Filing of Application



Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

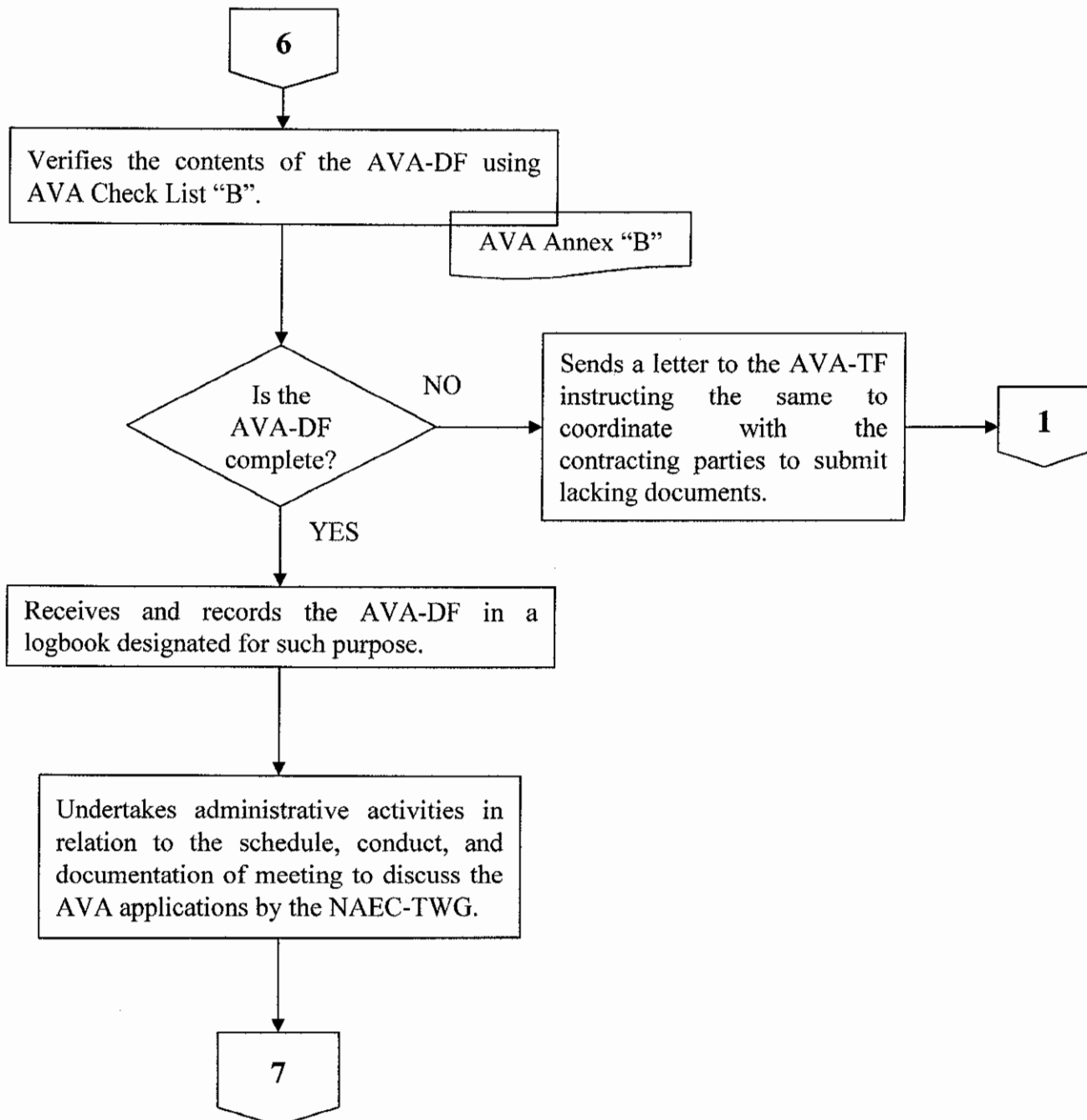
Sec. 12. Review and Approval of Lease Agreement, JVA and Combination or Phased Implementation of these Schemes, or Other Schemes/Arrangements Analogous to the Foregoing



Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 12. Review and Approval of Lease Agreement, JVA and Combination or Phased Implementation of these Schemes, or Other Schemes/Arrangements Analogous to the Foregoing

National AVA Evaluation Committee (NAEC) Secretariat



Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 12. Review and Approval of Lease Agreement, JVA and Combination or Phased Implementation of these Schemes, or Other Schemes/Arrangements Analogous to the Foregoing

NAEC-TWG

7

Reviews and evaluates the AVA application and subject contract pursuant to Art. IV, Sec. 9 of the A.O.

The NAEC-TWG Chair presents the recommendation(s)/agreement(s) made by the NAEC-TWG members on the AVA applications during the NAEC meeting.

NAEC

Reviews the evaluation and recommendation of the NAEC-TWG.

Affirms or reverses the recommendations of the NAEC-TWG.

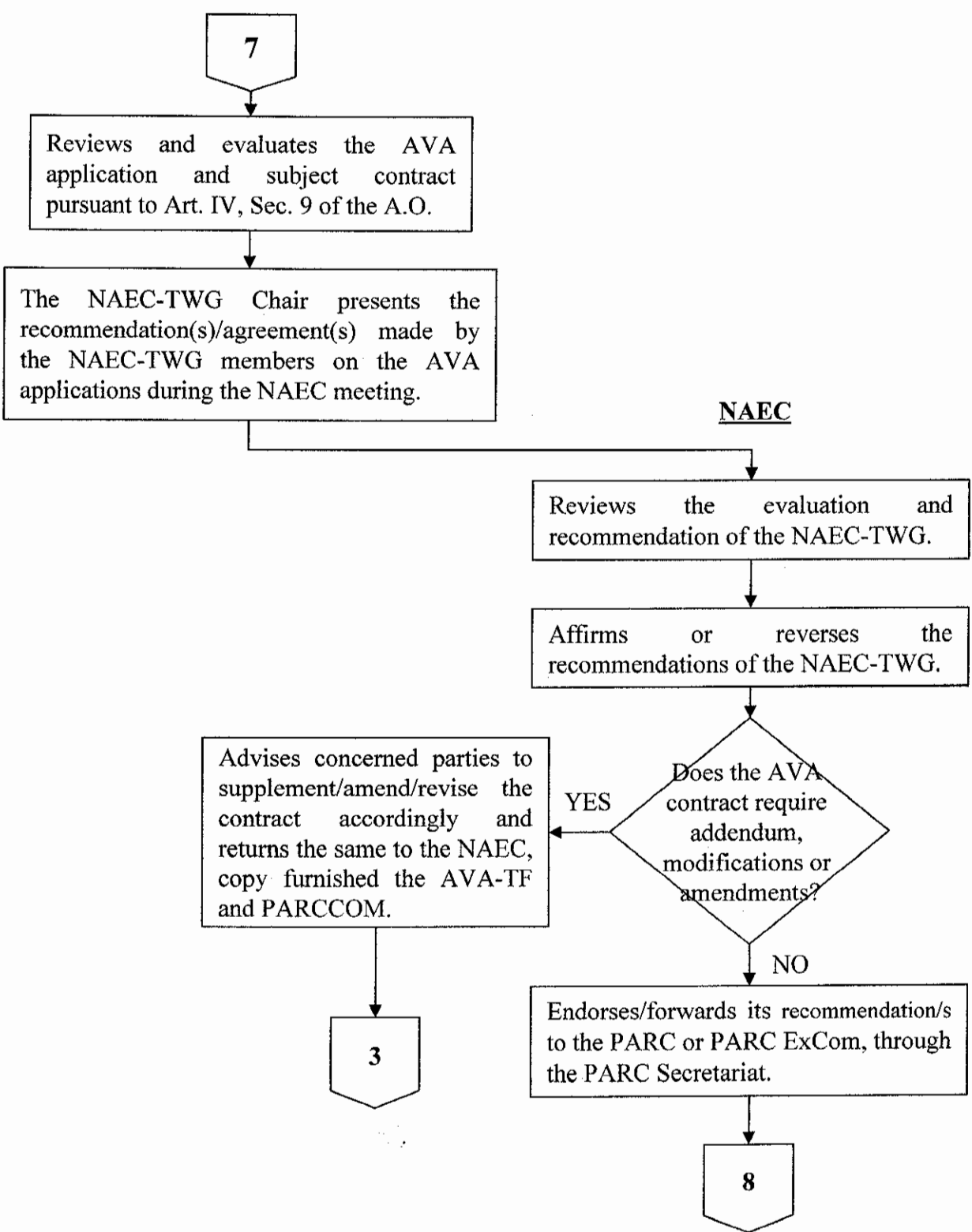
Does the AVA contract require addendum, modifications or amendments?

Advises concerned parties to supplement/amend/revise the contract accordingly and returns the same to the NAEC, copy furnished the AVA-TF and PARCCOM.

Endorses/forwards its recommendation/s to the PARC or PARC ExCom, through the PARC Secretariat.

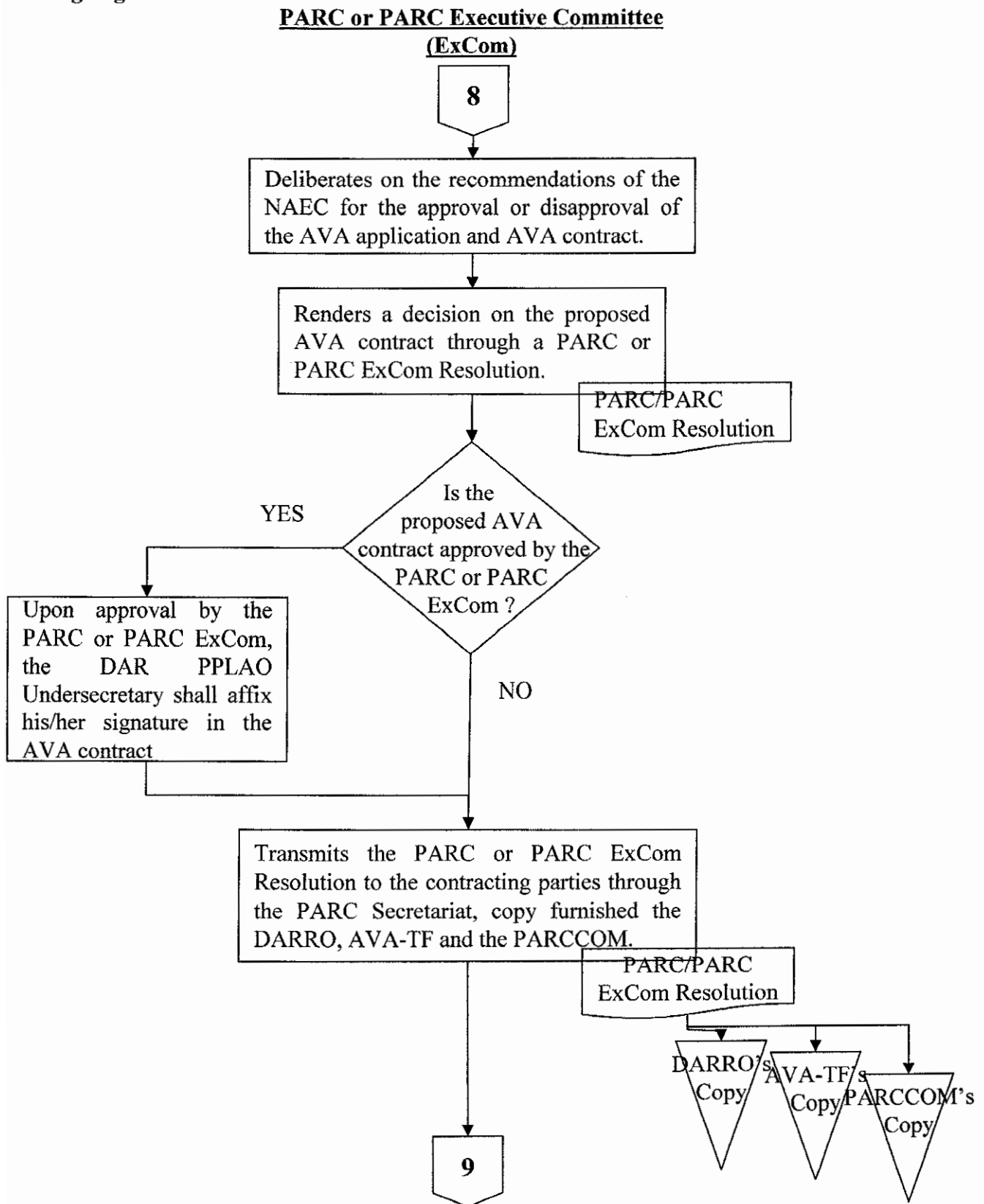
3

8



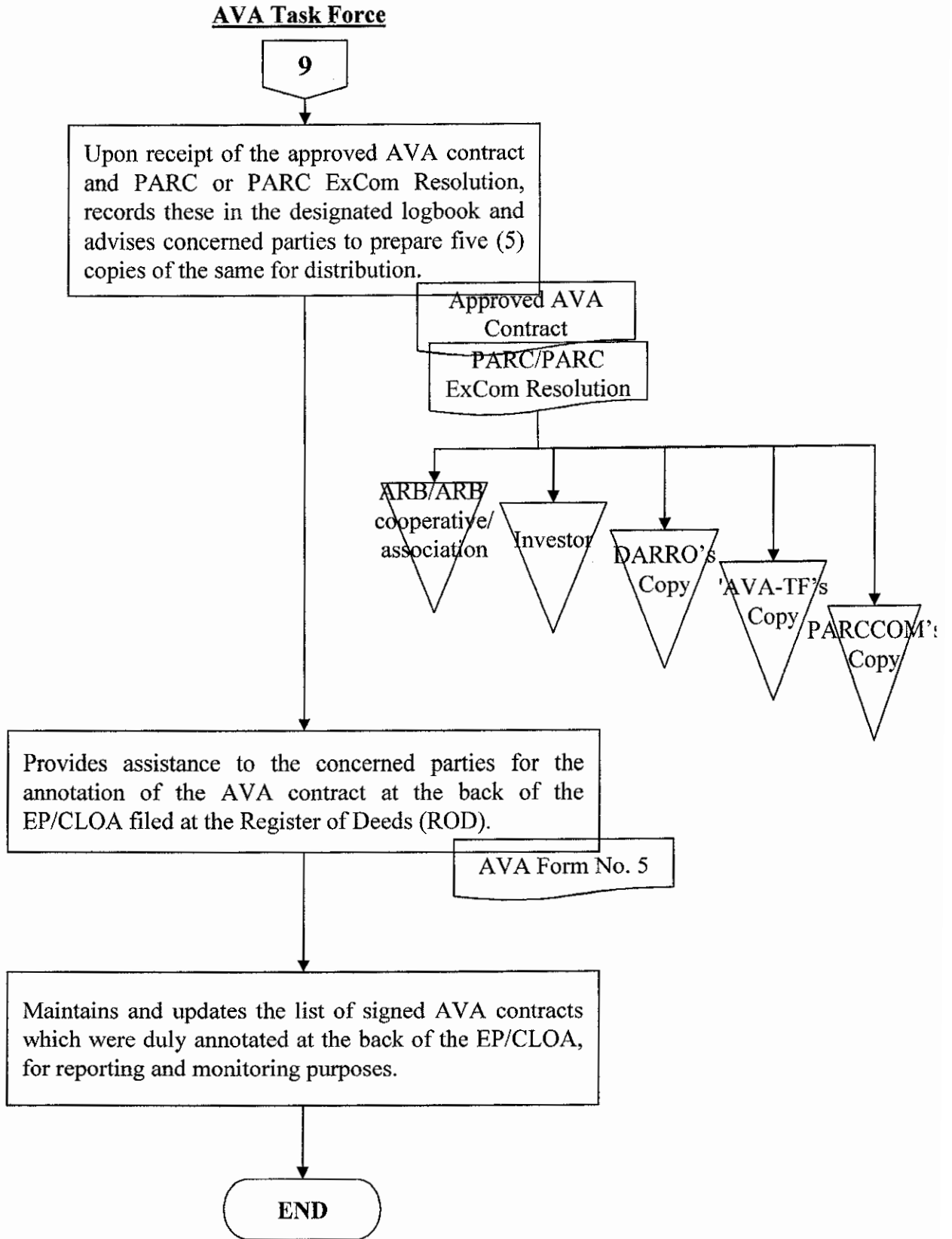
Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 12. Review and Approval of Lease Agreement, JVA and Combination or Phased Implementation of these Schemes, or Other Schemes/Arrangements Analogous to the Foregoing



Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

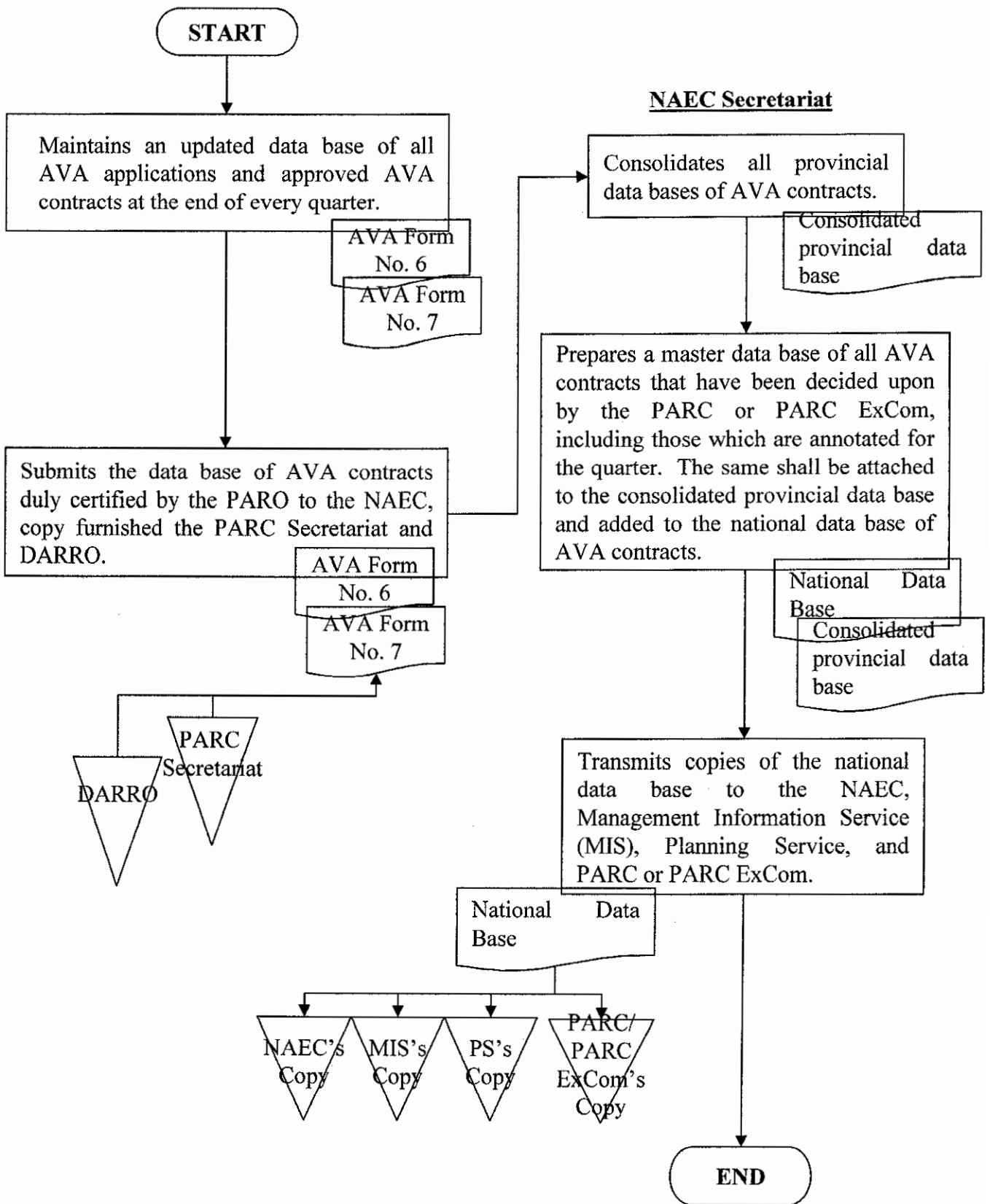
Sec. 13. Contract Annotation



Operating Procedures on Application for Agribusiness Venture Arrangement (AVA)

Sec. 17. Reporting of AVA Contracts

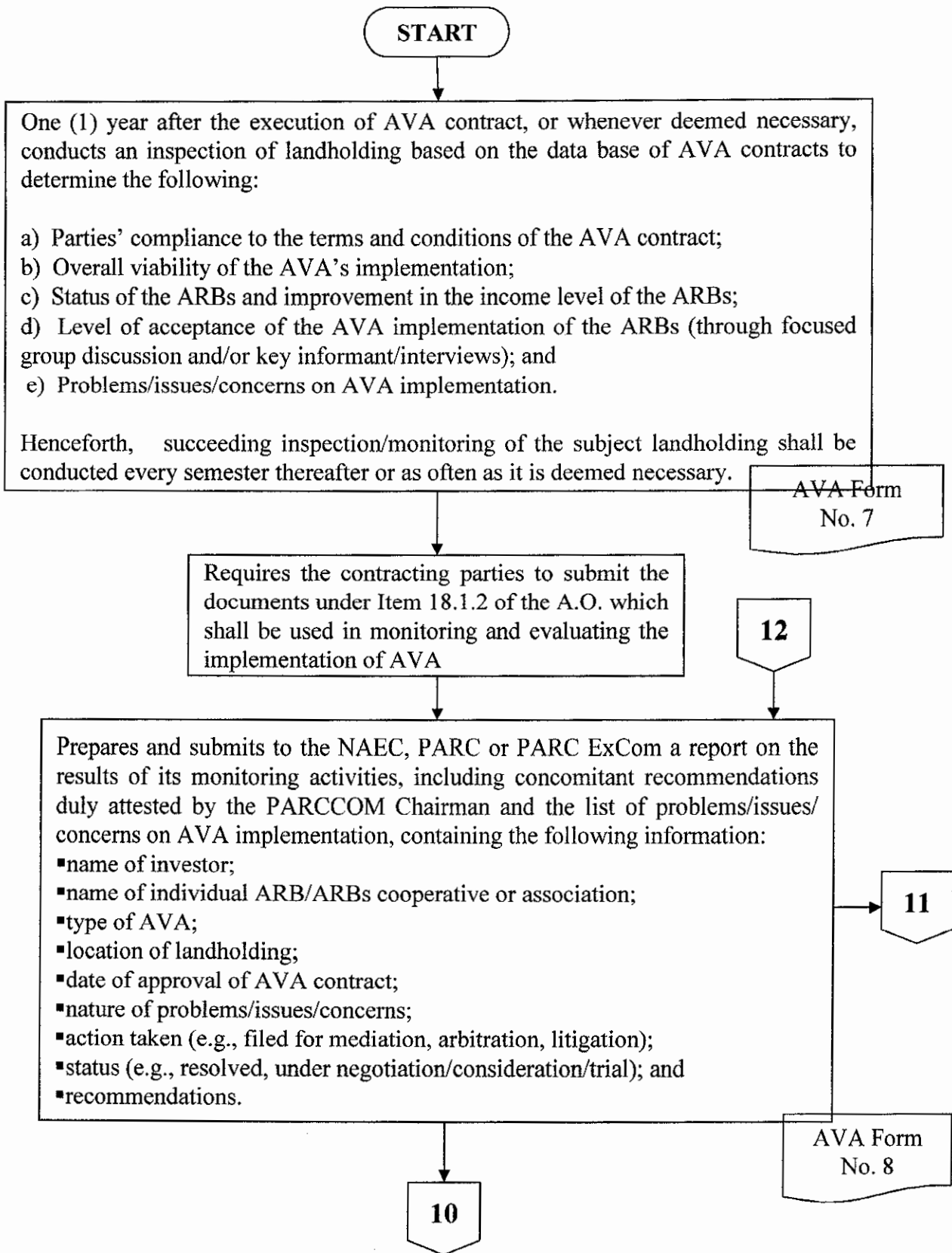
DARPO (AVA-TF)



Operating Procedures on Application for Agribusiness Venture Agreement (AVA)

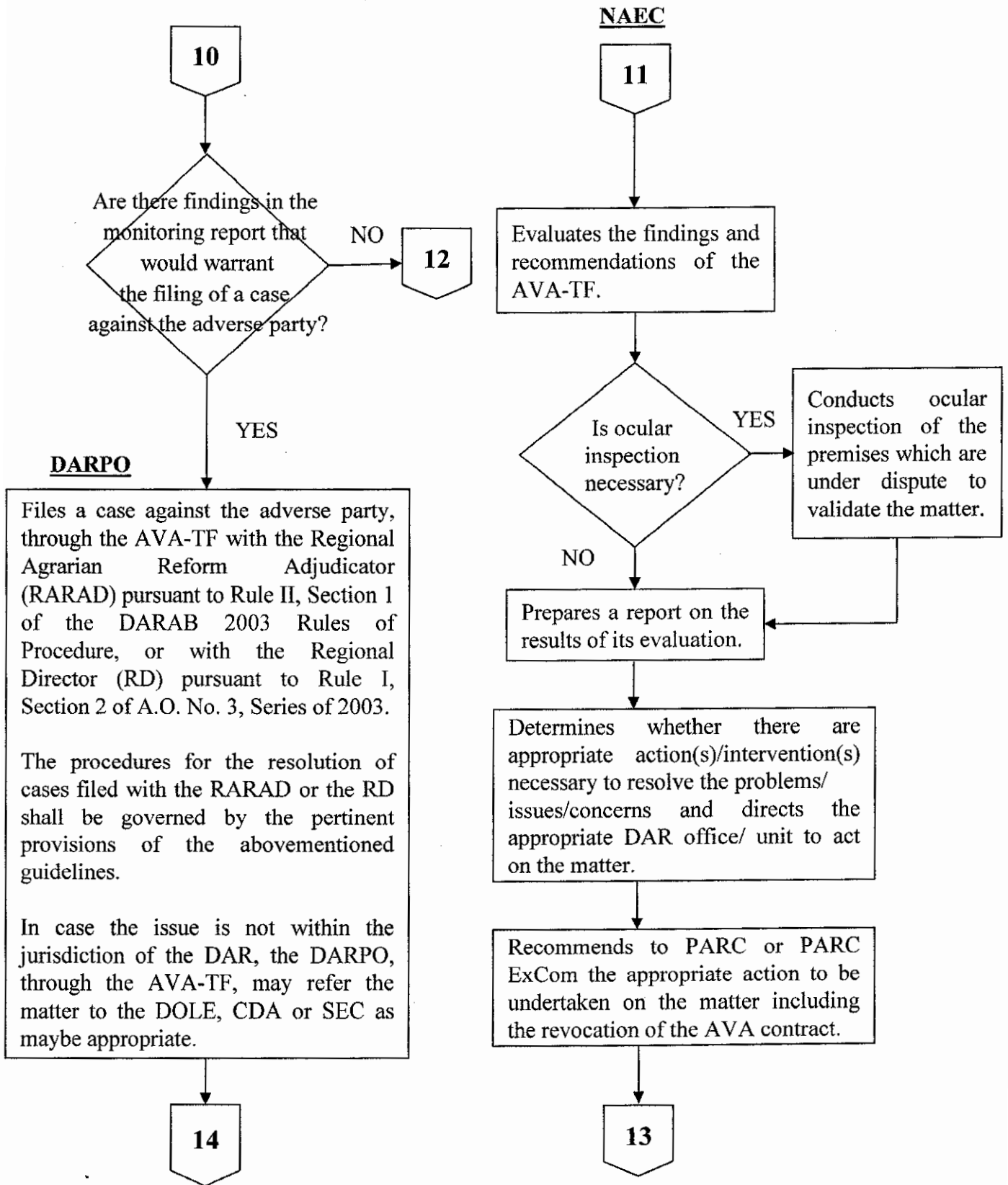
Sec. 18. Monitoring of AVA Contracts

AVA-Task Force



Operating Procedures on Application for Agribusiness Venture Agreement (AVA)

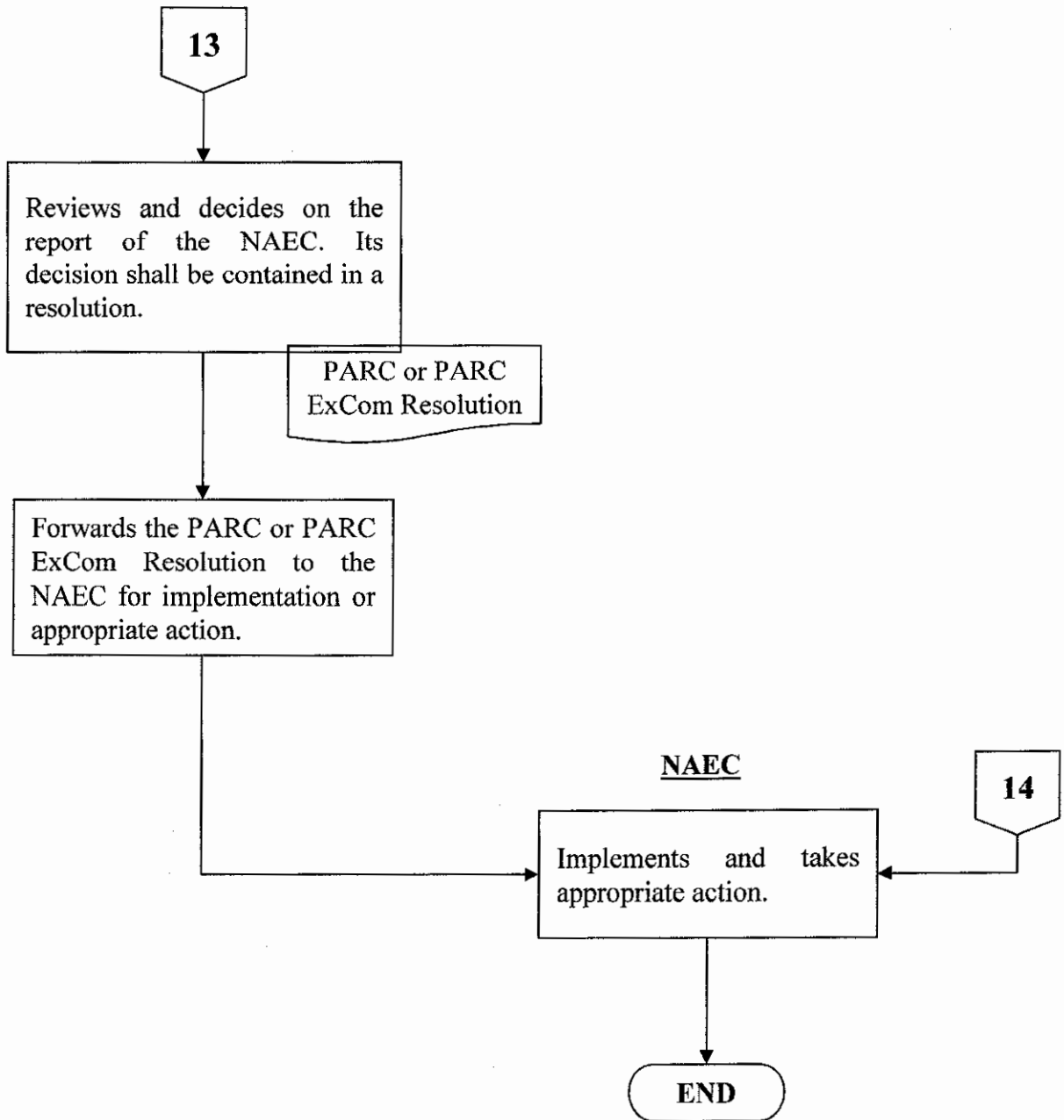
Sec. 18. Monitoring of AVA Contracts



Operating Procedures on Application for Agribusiness Venture Agreement (AVA)

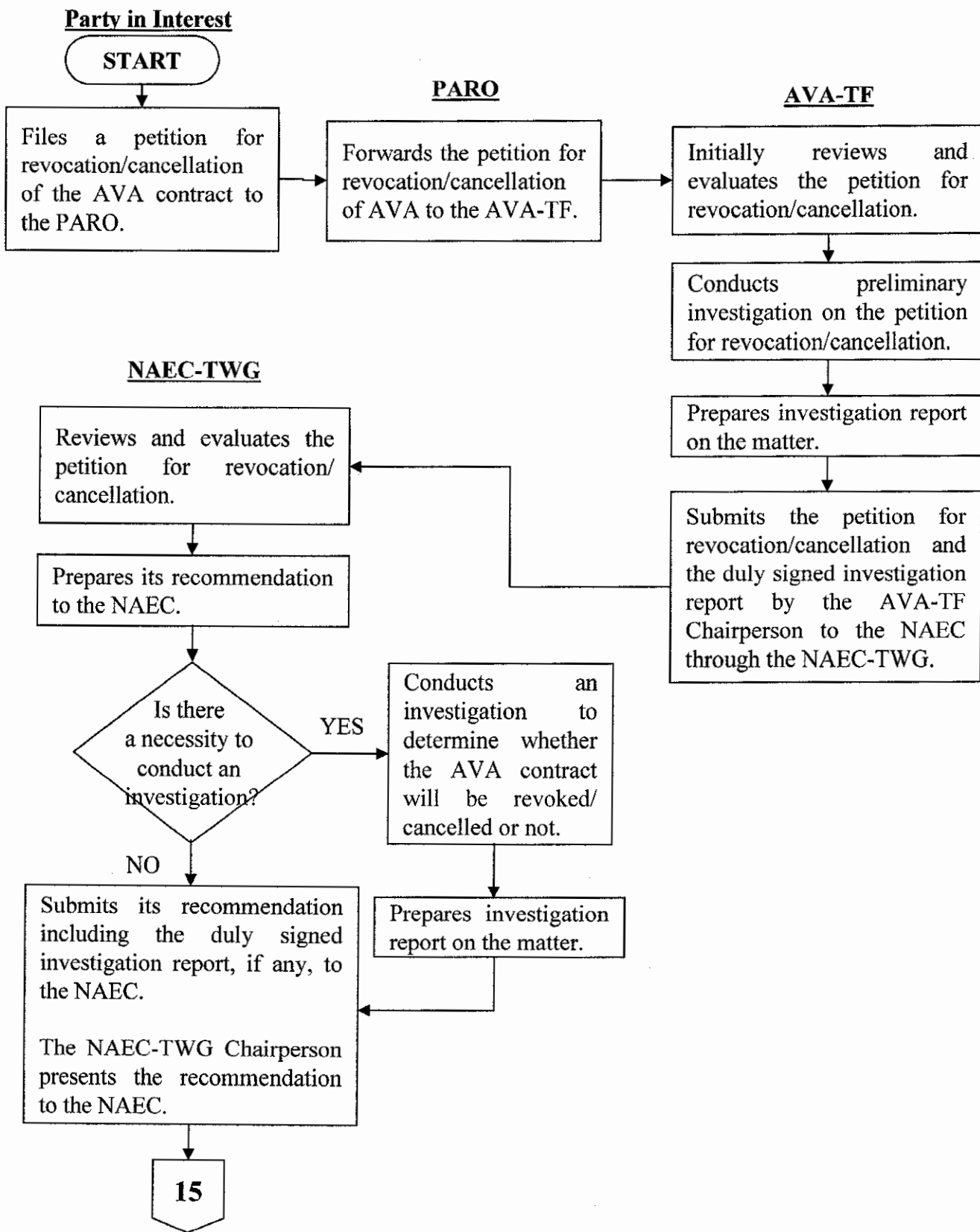
Sec. 18. Monitoring of AVA Contracts

PARC/PARC ExCom



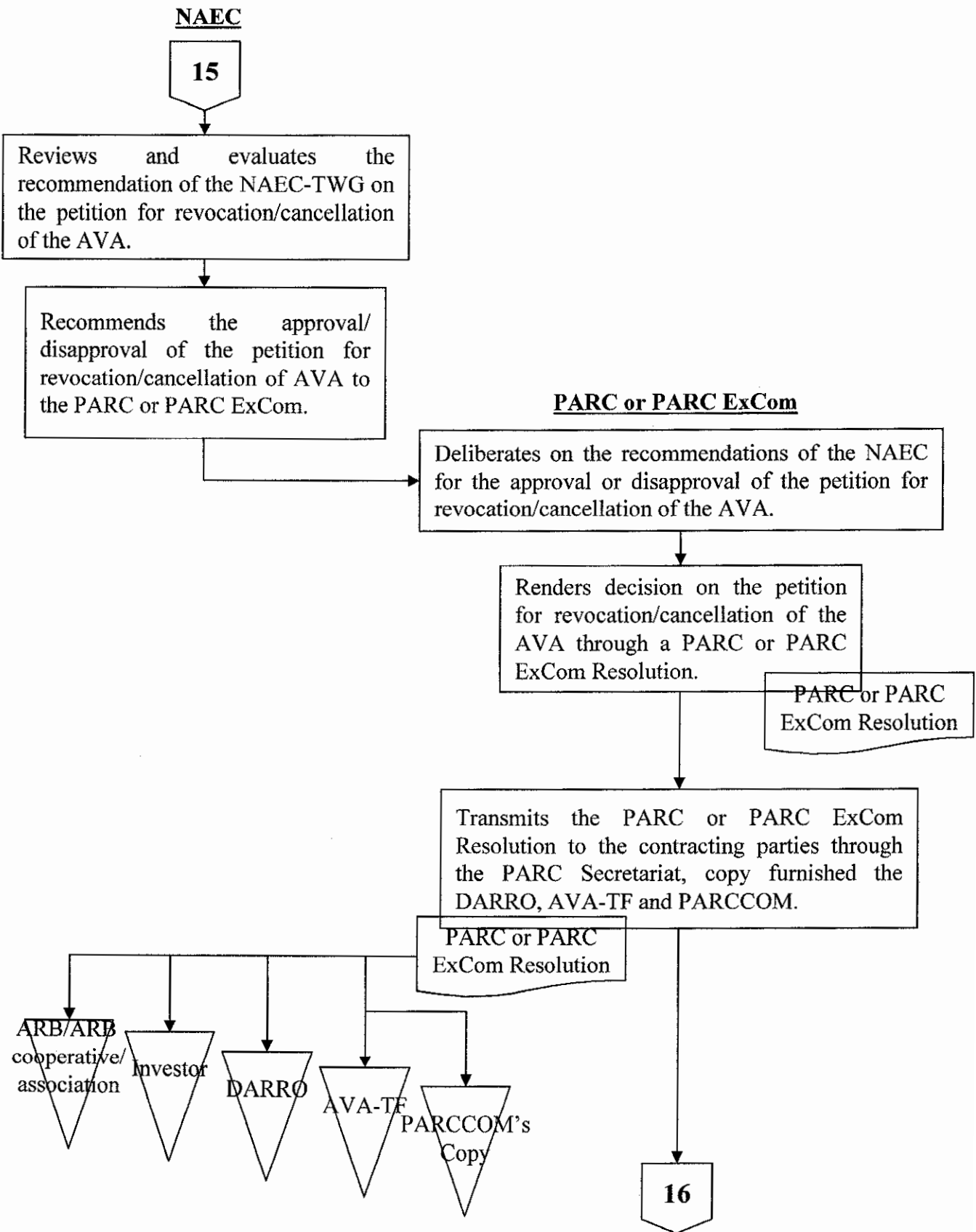
Revocation/Cancellation of Agribusiness Venture Arrangement (AVA)

Sec. 20 – Procedure for the Revocation/Cancellation of AVA



Revocation/Cancellation of Agribusiness Venture Arrangement (AVA)

Sec. 20 – Procedure for the Revocation/Cancellation of AVA



Revocation/Cancellation of Agribusiness Venture Arrangement (AVA)

Sec. 20 – Procedure for the Revocation/Cancellation of AVA

AVA Task Force

