

DAR-Policy and Strategic Research Service. Case Study of Joint Venture Agreement Between Tagdangua CARP Beneficiaries Cooperative (TCBC) and Mabini Industrial Tree Plantation, Incorporated (MITPI) in Barangay Tagdangua, Pantukan, Compostela Valley (Banana). Case Studies on Agribusiness Venture Arrangements (AVAs) Between Investors and Agrarian Reform Beneficiaries (ARBs). November 2006.

The case study aimed to document the experiences of agrarian reform beneficiaries (ARBs) in entering into and implementing the joint venture arrangement (JVA) between Tagdangua CARP Beneficiaries Cooperative (TCBC), the organized cooperative of farmers, and the investor, Mabini Industrial Tree Plantation, Incorporated (MITPI), formerly Landasan Timber Corporation (LANTICOR). Under the JVA, TCBC and MITPI created a business entity known as Tagdangua Development Corporation (TAGDECOR) wherein under the contract, TAGDECOR is 65 percent owned by MITPI and 35 percent owned by TCBC. This JVA was selected based on the following criteria: the type of AVA peculiar to the province; AVA with the most number of ARBs and biggest area in hectares involved; and with the longest duration (in years) of AVA implementation. The findings of the study show that TAGDECOR was a successful joint venture of an ARB cooperative and an investor which has brought many benefits that improved the lives of the ARBs. The results of the study also show that the community has become better-off compared to its situation prior to the establishment of TAGDECOR i.e., in terms of improvement of the ARBs' housing conditions and their capacity to acquire valuable assets. However, it was cited that although ARBs are technically capable of running the operation of the plantation, they lack knowledge in the field of management, financial, and marketing aspects of the agribusiness venture. The JVA entered into by TCBC and MITPI is a showcase of a successful implementation of joint venture agreement wherein if implemented properly and fairly, JVA is a good alternative farm management option for the ARBs and investors.