

DAR-Policy and Strategic Research Service. Case Study on Lease Rental Arrangement Between NGPI and NGEI Multipurpose Cooperatives and Filipinas Palm Oil Plantation, Inc. in San Francisco and Rosario, Agusan Del Sur (Palm Oil). Case Studies on Agribusiness Venture Arrangements (AVAs) Between Investors and Agrarian Reform Beneficiaries (ARBs). November 2006.

This case study presents the experiences of the two organized cooperatives of farmers i.e., the National Development Corporation-Guthrie Plantation, Inc. (NGPI) and the National Development Corporation-Guthrie Estates, Inc. (NGEI) Multipurpose Cooperatives in San Francisco and Rosario, Agusan del Sur, respectively in separately entering into lease arrangement with Filipinas Palm Oil Plantation Inc. (FPPI). This agribusiness venture arrangement i.e., the lease arrangement 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 study indicates ARBs' dissatisfaction with some of the terms and conditions of a lease agreement (primarily on the low lease rental rate) which resulted in the filing of their complaints and staging a protest against the company, and eventually the signing of the Addendum to the 1990 Lease Agreement with an additional economic benefits for the ARBs. However, the new lease arrangement did not satisfy the ARBs which led to the filing by NGEI of a nullification case with the Provincial Agrarian Reform Adjudicator (PARAD) in Agusan del Sur. As of date the study was undertaken, the case is still pending resolution thus, the NGEI MPC officers and its members planned to takeover the plantation and manage it by themselves by end of 2007. The NGPI, although discontented, decided to continue their lease arrangement with the company until their contract expires on December 31, 2032. The most significant finding of the study is the non-improvement in the socio-economic conditions of the ARBs due to low proceeds from the lease rental payment by the company which shows that the rental being paid by the company hardly provides for the immediate basic needs of their families.