

DAR-Policy and Strategic Research Service. Case Study on Production and Purchase Agreement Between Kenram Agrarian Reform Beneficiaries (ARBs) Multipurpose Cooperative (KARBEMPCO), Mapantig Agrarian Reform Beneficiaries (ARBs) Multipurpose Cooperative (MAPARBEMPCO) and Kenram Industrial Development, Incorporated (KIDI) in Isulan, Sultan, Kudarat (Oil Palm). Case Studies on Agribusiness Venture Arrangements (AVAs) Between Investors and Agrarian Reform Beneficiaries (ARBs). November 2006.

This case study pertains to the two agrarian reform beneficiary (ARB) cooperatives, i.e., of Kenram ARB Multipurpose Cooperative (KARBEMPCO) and of the Mapantig ARB Multipurpose Cooperative (MAPARBEMPCO), which entered into Production and Purchase Agreement (PPA) with Kenram Industrial Development Incorporated (KIDI). The study aimed to gain insights from the experiences of the ARBs in forging partnership with an investor. The criteria for the selection of the sample AVA are: 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. Results of the study show that the PPA through the cooperative-managed type of plantation is a successful type of AVA as indicated by the higher incomes derived by the ARBs and the improved financial and social status of the cooperatives. Moreover, the positive perception of the ARBs on the significant changes in their living conditions indicates the successful implementation of the PPA. The success of the KARBEMPCO and MAPARBEMPCO in implementing the PPA could be attributed to the following factors: full takeover of the plantation by the cooperatives; active involvement of an NGO i.e., the Rural Development Institute of Sultan Kudarat (RDISK); the support of the former landowner; the inclusion of the management staff of Kenram Plantation, Inc. as beneficiaries of the CARP and their capability to handle the management of the plantation; continuous education and information dissemination to ARBs; and highly educated, strong and experienced leaders.