DAR-Policy and Strategic Research Service. Revisiting the Implementation of Agribusiness Venture Arrangement (AVA): Banana Sales and Marketing Agreement Between Hijo Employees Agrarian Reform Beneficiaries Cooperative 2 (HEARBCO 2) and Lapanday Foods Corporation (LFC), Barangay Madaum, Tagum City, Davao del Norte (Banana). June 2012.

This is a follow-through study on the implementation of the Banana Sales and Marketing Agreement between Hijo Employees Agrarian Reform Beneficiaries Cooperative (HEARBCO 2) and an investor, Lapanday Foods Corporation (LFC) to determine the changes that have transpired during the last five (5) years i.e., from the time the previous case study was conducted by the Policy and Strategic Research Service (PSRS) in 2005. This study is one of the seven (7) cases of agribusiness venture arrangements (AVAs) that were covered by the previous PSRS in-house study in 2005. The findings of the study show significant changes that have occurred in the implementation of the Banana Sales and Marketing Agreement and on the status of operation of HEARBCO 2. These changes are: 1) financial losses experienced by HEARBCO 2 since 2004 because of chemical sabotage done by some of its members; 2) huge amount of loans incurred by HEARBCO 2 from LFC and other financial institutions due to its financial losses; 3) several amendments on the Banana Sales and Marketing Agreement to meet the demands of the cooperative’s operation, to pay its outstanding obligations from LFC, and to cope up with its financial losses; 4) adoption of individual farming by ARB-members since 2008 due to financial losses incurred by the cooperative; 5) income generating activities of HEARBCO 2 ceased its operation because of its focus on individual farming; and 6) minimal provision of financial benefits by the cooperative to its ARB-members due to shift from collective into individual farming. Moreover, majority of the ARBs expressed preference for individual farming due to increased income derived from their farms. Some ARB-participants in the FGD claim that there are no changes in their socio-economic conditions after five (5) years since the conduct of the PSRS study. They also claim that the implementation of the Banana Sales and Marketing Agreement is no longer a success because of the change in leadership in LFC, strict quality requirements imposed by the LFC on the banana produced by the ARBs, and the low buying price of banana by LFC.