

A Draft Policy Note

**On cassava contract farming in the uplands of Southern
Mindanao**

By

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Introduction

The uplands as integral part of the ecological system, with its direct link with the lowland and coastal zones, deserve conservation for the survival and development of a country like the Philippines. Its destruction will surely result to decreasing production and revenues in the prime lowland ecological zones. Furthermore, undeveloped uplands in the Philippines are the locale of destabilising forces against peace and security (Castillo 1994).

The Mindanao uplands have a huge share of development challenges due to the magnitude of destruction from its original state. Since the magnitude of upland destruction has to be more or less equated with ameliorative efforts, a historical account of what has happened with the Mindanao uplands should be considered.

Mindanao uplands fifty years ago were covered with primary forests and inhabited by Indigenous Peoples (IPs). Upland watersheds were fully intact and very rich in biodiversity. Inasmuch as environmental conditions in the uplands are directly linked to those in the lowlands and coastal areas, the lowland environment was sound and coastal areas were affluent with fish population owing from the productive coral reefs and mangroves.

In recent decades, this well-preserved interdependent natural environment of upland, lowland and coastal area has dramatically changed for the worst. One reason for this is the indiscriminate legal and illegal logging in the past. Also the population pressure has forced lowlanders to occupy areas already cleared through logging and encouraged unsustainable farming there. Another reason may have been the taking over by large agri-business concerns of vast tracks of gently sloping lowland plantations, forcing many poor communities with no other option than to expand cultivation onto steep to very steep slopes. The original IP inhabitants practiced the slash and burn farming while the migrant lowlanders practiced lowland technologies not suited to steep uplands resulting to severe soil erosion, low productivity and very low quality of life. The fierce erosion has also resulted in extreme “poverty” in terms of biodiversity in the Mindanao uplands¹. Furthermore, the lowland dwellers, farmers and fishermen have been suffering badly due to the damaging effects of severe floods and siltation.

Presently, Mindanao uplands including natural parks are almost all inhabited and used as farmlands with less regard to prevention from damage. The situation is very serious particularly to immediate stakeholders –the people and the local leaders- who should agree on and enforce appropriate upland land use, institute the practice of sustainable agriculture, reforest suitable areas, and protect remaining patches of forest. The critical issue however, is how to mobilise resources and build capabilities to make the upland farmers protect their land and generate sufficient income.

¹ See Haribon Foundation, Power Point Presentation “ The Scary Story”, 2001

Some programmes, foremost of which is the Upland Development Programme (UDP) in Southern Mindanao (Region XI and XII), have addressed the serious concerns of Mindanao upland degradation. The problem is huge though and cannot be solved within a short period of time and requires major expense and concerted efforts to ameliorate such conditions.

The Upland Development Programme in Region XI in Southern Mindanao (UDP) is created in response to the urgent need to address the above concerns. The problem is huge and cannot be solved within a short time or in one go. It would imply enormous expenses to restore the uplands as they were. It is also totally unrealistic to assume that restoration to its original state could be achieved; neither in terms of the magnitude of investment needed nor in terms of present realities such as the already non-reversible state of deforestation and the continuous influx of migrants. What may be realistic within the present context is to preserve what is left and gradually rehabilitate the upland watersheds. Even this approach will not be that easy to achieve, taking the limited local available investment funds into account. Hence the Government of the Philippines (GOP) with support from the European Union (EU) have agreed to jointly develop and test a model that would show how sustainable upland development can be achieved within locally available capacities. It would demonstrate **how upland farmers could protect and at the same time increase incomes** from the watershed areas through applying sustainable farming practices.

State of affair in respect of the modelling process

Since a few years ago the UDP introduced the concept of diversified farming as the most potential feasible solution on addressing the two concerns of proper resource management by and increasing incomes of the upland farmers in their farmland. Diversified farming under UDP means encouraging upland farmers to apply proper protection measures and grow suitable crops through extension services, technology training including exposure to outstanding upland farms. The diversification is in respect of short term, medium term and long term crops. To help jump-start the farmer with diversifying his/her farm, minor farm inputs such as seedlings and seeds, are provided by the Programme within the context of soil and water conservation. The underlying assumption is also that if upland farmers would have a good and productive farm well protected against erosion, the need to further encroach on forestlands would vanish.

Recently a new challenge entered the Programme. In Davao Oriental, one of the Provinces covered by UDP, the San Miguel Corporation (SMC) is offering farmer co-operatives, organised under UDP, to encourage and buy cassava from its co-operators and supply it to SMC under a MOA, which has been signed already². It seems required that the Programme formulates a policy on how to go about such arrangements with big companies as there are conflicting reports on the benefits for the farmers.

² MOA in Annex

Experiences with contract farming in the Philippines

Contract farming is well spread in Mindanao. Particularly the large banana exporters like Dole, Del Monte, Lapanday are often relying on contract farmers for their supplies, although some of them such as Dole f.e. are preferring to lease the land from farmers and manage the banana plantation themselves, basically to ensure quality and a steady flow of supply. Contract farmers, whereby the farmer supplies the bananas to the exporting company, usually have more rejects and other problems than when managed directly by, say Dole. When the plantation is leased from the farmers and managed directly by the export company, presently Peso 15000 yearly is the lease amount and the farmer can get the money at a time for 3 years. In addition the farmer is offered a six-month job per year at the minimum wage (Dole).

Other contracting takes place for oil palm plantations in which the Landbank has shown interest in financing UDP farmers cooperatives.

There are conflicting reports on the real benefit for the farmers. The big companies as well as the Landbank do promote these programmes, while farmer unions, NGOs and journalists can be extremely critical not only regarding the welfare of the farmers but also because of the environmental consequences in respect of soil depletion, deforestation etc.³. The other main criticism is about the duration of contracts, very long, and the consequences that input financing of the contract farmers might have on them in case of failure to repay.

The case of Cassava

Some Upland Barangay Associations (UBA) affiliated with UDP/LGU are eager to enter into contracts with SMC for cassava growing. Concerned UBAs have already or are requesting UDP support for farm development and business development services to facilitate their cassava growing and marketing efforts.

The Programme has collected some articles and scientific papers on cassava growing and its impact on soil fertility and conservation in upland/meaning sloping areas⁴.

A recent paper by the Central Tuber Crops research Institute (ICAR) in Trivandrum, Kerala State in India, concludes that fertility of soil could be maintained when intercropped with tree crops.

In another paper dated January 2002, presented during an International Symposium Sustaining Food Security and managing Natural resources in South east Asia- Challenges for the 21st Century. By A.R. Mahlinao, F. Penning de Vries, F. Agus, R.O. Ilaog and T.D. Toan, from data collection in Vietnam it is shown that in cultivated watershed areas, the largest soils predominantly as a result of cassava production was about 4.4 Tons per Ha in 7

³ See f.e. Articles in The Manila Times, December 2004 "Cassava farmers fear loss of lands" and June 11 2004 " Governor elect Padaca backs call for probe of 2 flagship projects of Isabela Government" and in the Inquirer of July 22 2004 " Oil Palms: Palawan blessing or curse"

⁴ see attached documents

months period (January to August). The least soils loss was when cassava was intercropped in natural grasses. Further more “quote”: “ The large soil loss from primarily mono cropping compared with all cassava intercropping shows the effect of cassava intercropping systems as opposed to a cassava mono culture” end quote.

Policy

Most of the UDP farmers are growing short-term crops like corn and cassava on steep slopes, even up to 70%. The Programme is encouraging farmers to gradually switch to tree crops in a diversified farming system (DFS). For its DFS programme, UDP has adopted a policy of Slope Treatment Oriented Practices or STOP, which shows which crops (short, medium and long term), can be planted where, depending on the slope, soil depth and type.

Above 35% slope, farmers are encouraged to grow tree crops and replace their corn or cassava for that matter as a matter of urgency. Above 55%, there should be zero tilling and only tree crops can be allowed.

Below 25% slope root crops like cassava can be planted but there should be relay planting, crop rotation From 25% to 35% slope root crops like cassava, can be cultivated but there should again be relay panting, crop rotation as well as intercropping with tree crops so that in due time farmers can generate sufficient income from their tree crops and stop growing short term crops on those slopes.

This implies that the UBAs that have signed MOAs with SMC and their member farmers follow these polices on DFS and STOP, they could continue to receive UDP support if they would ask for it. In case the UBA will allow plantation/mono-cropping of cassava, no support can be extended, as this will violate the Programme’s policy. It is the view of UDP that such type of cropping will prevent proper resource management and be detrimental to the long-term welfare of the upland farmers, and UDP cannot be part of that.

In case the concerned UBA co-operators properly follow the DFS/SOP policies, still there will be a thorough evaluation of the contracts that these farmer co-operators will sign with the UBA in respect of the conditions on input supply if any. In case UDP will assess that these contracts are not favourable to the farmers, no more Programme support can be extend to the UBAs concerned. For example if farmers would get inputs as a loan in kind there should be proper safeguards/ insurance so to prevent that farmers would loose his/her land in case of failure to repay due to circumstances beyond his/her control. In case farmers would still pursue signing such contracts with the UBA, they will also fail to receive further UDP support. Also the conditions of cancelling contracts by farmers would be an issue to look into.

Furthermore there where UBAs have been incorporated into FSCs and are planning to become credit cooperatives, they should be capacitated first before they should enter into lending business with their farmer co-operators.

This policy note may be discussed in more detail with the Managers and MPTLs concerned, after it is agreed upon at PMO.